

Sberbank of Russia and its subsidiaries

Interim Condensed Consolidated Financial Statements
and Report on Review

30 June 2020

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and the Supervisory Board of Sberbank of Russia:

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Sberbank of Russia and its subsidiaries (together – the “Group”) as at 30 June 2020 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, interim consolidated statements of changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

AO PricewaterhouseCoopers Audit

29 July 2020
Moscow, Russian Federation

EA



E.N. Kriventsev, certified auditor (certificate number 01-000198)
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia

Record made in the Unified State Register of Legal Entities on 16 August 2002 under State Registration Number 1027700132195

Taxpayer Identification Number 7707083893

117997, Russian Federation, Moscow, Vavilova 19

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under number 008.890

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

Taxpayer Identification Number 7705051102

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

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


Interim Consolidated Statement of Financial Position

<i>in billions of Russian Roubles</i>	Note	30 June 2020 (unaudited)	31 December 2019
ASSETS			
Cash and cash equivalents		2,567.4	2,083.2
Mandatory cash balances with central banks		246.8	235.5
Due from banks		1,481.3	1,083.2
Loans and advances to customers	5	21,192.5	20,363.5
Securities	6	3,961.0	4,182.4
Financial instruments pledged under repurchase agreements	7	884.0	187.3
Derivative financial assets		278.7	193.9
Deferred tax asset		20.9	14.6
Premises, equipment and right-of-use assets		708.5	695.1
Assets of the disposal groups and non-current assets held for sale	8	31.2	11.3
Other assets	9	1,011.1	908.9
TOTAL ASSETS		32,383.4	29,958.9
LIABILITIES			
Due to banks		712.1	770.3
Due to individuals	10	15,108.2	14,209.6
Due to corporate customers	10	8,204.2	7,364.8
Debt securities in issue		809.1	729.7
Other borrowed funds		22.1	24.6
Derivative financial liabilities and obligations to deliver securities		293.8	175.8
Deferred tax liability		46.8	30.4
Other liabilities	11	1,712.0	1,547.1
Subordinated debt		647.5	619.9
TOTAL LIABILITIES		27,555.8	25,472.2
EQUITY			
Share capital and share premium		320.3	320.3
Treasury shares		(25.2)	(21.5)
Other reserves	17	190.8	130.3
Retained earnings		4,333.1	4,049.2
Total equity attributable to shareholders of the Bank		4,819.0	4,478.3
Non-controlling interest		8.6	8.4
TOTAL EQUITY		4,827.6	4,486.7
TOTAL LIABILITIES AND EQUITY		32,383.4	29,958.9

Approved for issue and signed on behalf of the Executive Board on 29 July 2020.



Alexander Vedyakhin,
Acting CEO

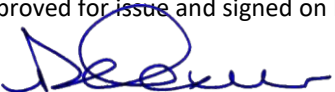


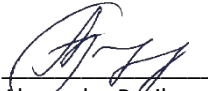
Alexandra Buriko,
Senior Vice-President

Interim Consolidated Statement of Profit or Loss

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Six months ended 30 June		Three months ended 30 June	
		2020	2019	2020	2019
Continuing operations					
Interest income calculated using the effective interest method	12	1,119.3	1,116.0	566.0	572.2
Other interest income	12	58.9	69.9	28.8	33.3
Interest expense calculated using the effective interest method	12	(366.5)	(440.3)	(182.6)	(224.7)
Other interest expense	12	(10.5)	(12.3)	(5.5)	(6.2)
Deposit insurance expenses	12	(30.8)	(42.7)	(8.2)	(21.5)
Net interest income	12	770.4	690.6	398.5	353.1
Net credit loss allowance charge for debt financial assets		(264.5)	(26.5)	(126.5)	(9.2)
Net interest income after credit loss allowance charge for debt financial assets		505.9	664.1	272.0	343.9
Fee and commission income	13	342.3	305.5	164.9	163.7
Fee and commission expense	13	(95.9)	(85.9)	(44.9)	(47.0)
Net (losses) / gains from non-derivative financial instruments at fair value through profit or loss	5	(27.4)	(17.3)	21.2	9.2
Net gains from financial instruments at fair value through other comprehensive income		14.9	1.5	8.5	0.1
Net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	14	22.2	37.2	9.9	8.4
Net losses arising on initial recognition of financial instruments and loan modification		(27.6)	(0.7)	(27.6)	(0.7)
Impairment of non-financial assets		(0.8)	—	(0.7)	—
Net (charge for) / recovery of other provisions and allowances		(28.4)	1.6	(3.9)	(1.2)
Revenue of non-core business activities		21.9	12.3	13.5	6.6
Cost of sales and other expenses of non-core business activities		(19.7)	(9.5)	(12.7)	(5.3)
Net premiums from insurance and pension fund operations		80.0	108.0	28.1	56.2
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations		(65.8)	(109.0)	(37.2)	(56.0)
Income from operating lease of equipment		4.7	4.4	2.4	2.2
Expenses related to equipment leased out		(2.6)	(2.4)	(1.4)	(1.3)
Other net operating (expense) / income		(15.5)	0.5	(10.8)	(3.2)
Operating income		708.2	910.3	381.3	475.6
Staff and administrative expenses	15	(341.6)	(319.2)	(172.4)	(168.5)
Profit before tax		366.6	591.1	208.9	307.1
Income tax expense		(79.4)	(119.1)	(42.2)	(61.2)
Profit from continuing operations		287.2	472.0	166.7	245.9
Profit from discontinued operations (attributable to shareholders of the Bank)		—	4.9	—	4.4
Profit for the period		287.2	476.9	166.7	250.3
Attributable to:					
- shareholders of the Bank		287.2	477.1	167.0	250.1
- non-controlling interest		—	(0.2)	(0.3)	0.2
Earnings per ordinary share based on profit for the period attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	16	13.38	21.45	7.78	10.90
Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	16	13.38	21.23	7.78	10.70

Approved for issue and signed on behalf of the Executive Board on 29 July 2020.


Alexander Vedyakhin,
Acting CEO


Alexandra Buriko,
Senior Vice-President

Interim Consolidated Statement of Comprehensive Income

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Profit for the period	287.2	476.9	166.7	250.3
Other comprehensive income:				
Continuing operations				
<i>Items to be reclassified to profit or loss in subsequent periods</i>				
Debt financial instruments measured at fair value through other comprehensive income:				
- Net change in fair value, net of tax	46.1	48.8	83.3	38.2
- Accumulated gains transferred to profit or loss upon disposal, net of tax	(11.9)	(1.2)	(6.8)	(0.1)
Exchange differences on translating foreign operations for the period	30.4	(18.0)	(13.1)	(2.1)
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	64.6	29.6	63.4	36.0
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Change in valuation of office premises transferred to other classes of assets, net of tax	(0.3)	(0.3)	(0.1)	(0.2)
Remeasurement of defined benefit pension plans	(0.9)	0.8	(0.9)	(0.4)
Total other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods	(1.2)	0.5	(1.0)	(0.6)
Total other comprehensive income from continuing operations	63.4	30.1	62.4	35.4
Total other comprehensive loss of discontinued operations to be reclassified to profit or loss upon disposal, net of tax	—	(20.1)	—	(2.2)
Total other comprehensive income	63.4	10.0	62.4	33.2
Total comprehensive income for the period	350.6	486.9	229.1	283.5
Attributable to:				
- shareholders of the Bank	350.6	487.1	229.5	283.3
- non-controlling interest	—	(0.2)	(0.4)	0.2
Total comprehensive income for the period, attributable to shareholders of the Bank from:				
- continuing operations	350.6	502.3	229.5	281.1
- discontinued operations	—	(15.2)	—	2.2

Interim Consolidated Statement of Changes in Equity

<i>in billions of Russian Roubles</i>	Note	Attributable to shareholders of the Bank						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves (Note 17)	Retained earnings	Total		
Balance as at 31 December 2018		87.7	232.6	(18.1)	(10.9)	3,560.7	3,852.0	3.8	3,855.8
Changes in equity for the six months ended 30 June 2019 (unaudited)									
Net result from treasury shares transactions		—	—	2.2	—	0.8	3.0	—	3.0
Dividends declared	16	—	—	—	—	(360.1)	(360.1)	—	(360.1)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(2.3)	2.3	—	—	—
Acquisition of subsidiaries and changes in ownership interest in subsidiaries		—	—	—	—	—	—	(2.5)	(2.5)
<i>Profit / (loss) for the period</i>		—	—	—	—	477.1	477.1	(0.2)	476.9
<i>Other comprehensive income for the period</i>		—	—	—	10.0	—	10.0	—	10.0
Total comprehensive income / (loss) for the period		—	—	—	10.0	477.1	487.1	(0.2)	486.9
Balance as at 30 June 2019 (unaudited)		87.7	232.6	(15.9)	(3.2)	3,680.8	3,982.0	1.1	3,983.1
Balance as at 31 December 2019		87.7	232.6	(21.5)	130.3	4,049.2	4,478.3	8.4	4,486.7
Changes in equity for the six months ended 30 June 2020 (unaudited)									
Net result from treasury shares transactions		—	—	(3.7)	—	(5.7)	(9.4)	—	(9.4)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(2.4)	2.4	—	—	—
Acquisition of subsidiaries and changes in ownership interest in subsidiaries		—	—	—	—	—	—	0.2	0.2
Recognition of liabilities reserve for buyout of non-controlling interest		—	—	—	(0.5)	—	(0.5)	—	(0.5)
<i>Profit for the period</i>		—	—	—	—	287.2	287.2	—	287.2
<i>Other comprehensive income for the period</i>		—	—	—	63.4	—	63.4	—	63.4
Total comprehensive income for the period		—	—	—	63.4	287.2	350.6	—	350.6
Balance as at 30 June 2020 (unaudited)		87.7	232.6	(25.2)	190.8	4,333.1	4,819.0	8.6	4,827.6

Interim Consolidated Statement of Cash Flows

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Six months ended 30 June	
		2020	2019
Cash flows from operating activities			
Interest income calculated using the effective interest method received		1,073.5	1,195.2
Other interest income received		54.1	60.0
Interest expense calculated using the effective interest method paid		(352.7)	(437.2)
Other interest expense paid		(8.4)	(14.3)
Deposit insurance expenses paid		(36.7)	(41.2)
Fees and commissions received		354.6	339.5
Fees and commissions paid		(95.7)	(90.7)
Net gains received / (losses incurred) on non-derivative financial instruments at fair value through profit or loss		13.6	(12.5)
Net gains received from financial instruments at fair value through other comprehensive income		14.9	2.1
Dividends received		2.2	2.3
Net gains received on derivatives, trading in foreign currencies and operations with precious metals		37.2	37.0
Revenue received from non-core business activities		24.0	13.1
Expenses paid on non-core business activities		(30.7)	(11.0)
Insurance premiums received		64.8	101.9
Claims, benefits and acquisition costs on insurance operations paid		(21.9)	(15.8)
Pension fund premiums received		11.4	5.4
Claims, benefits and acquisition costs on pension fund operations paid		(5.5)	(9.5)
Income received from operating lease of equipment		4.8	5.1
Expenses paid related to equipment leased out		(0.1)	(0.2)
Other net operating income received		13.2	2.3
Staff and administrative expenses paid		(247.6)	(242.9)
Income tax paid		(68.9)	(141.2)
Cash flows from operating activities before changes in operating assets and liabilities		800.1	747.4
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with central banks		(7.8)	(46.4)
Net increase in due from banks		(354.7)	(177.6)
Net (increase) / decrease in loans and advances to customers		(632.9)	47.2
Net increase in securities and financial instruments pledged under repurchase agreements		(326.2)	(663.4)
Net increase in derivative financial assets		(0.3)	(6.2)
Net (increase) / decrease in other assets		(118.8)	11.1
Net decrease in due to banks		(55.6)	(411.4)
Net increase in due to individuals		604.1	353.6
Net increase in due to corporate customers		381.6	952.1
Net increase / (decrease) in debt securities in issue		79.2	(139.9)
Net decrease in other borrowed funds		(0.1)	(29.7)
Net increase in obligations to deliver securities		31.6	11.5
Net increase in other liabilities		60.6	94.6
Net cash from operating activities		460.8	742.9

Interim Consolidated Statement of Cash Flows (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Six months ended 30 June	
		2020	2019
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(64.1)	(68.8)
Proceeds from disposal of premises, equipment and intangible assets		19.7	19.1
Proceeds from disposal of investment property		—	0.4
Acquisition of associates and joint ventures		(0.6)	(4.7)
Proceeds from disposal of associates and joint ventures		—	5.2
Acquisition of subsidiaries net of cash and cash equivalents acquired		—	(0.8)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of		—	5.6
Net cash used in investing activities		(45.0)	(44.0)
Cash flows from financing activities			
Funds received from subordinated debt issued or reissued		0.9	1.0
Redemption of subordinated debt		(5.4)	(63.9)
Cash received from non-controlling shareholders		(0.6)	1.4
Purchase of treasury shares		(107.5)	(77.4)
Proceeds from disposal of treasury shares		96.7	80.4
Cash outflow to settle principal amount of lease liabilities		(12.0)	(9.2)
Dividends paid	16	(1.6)	(355.1)
Net cash used in financing activities		(29.5)	(422.8)
Effect of exchange rate changes on cash and cash equivalents		97.9	(105.3)
Net increase in cash and cash equivalents		484.2	170.8
Cash and cash equivalents of discontinued operations at the beginning of the period		—	269.6
Cash and cash equivalents of continuing operations at the beginning of the period		2,083.2	2,098.8
Cash and cash equivalents of discontinued operations at the end of the period		—	212.2
Cash and cash equivalents of continuing operations at the end of the period		2,567.4	2,327.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

1 Introduction

These interim condensed consolidated financial statements of Sberbank of Russia (Sberbank, the “Bank”) and its subsidiaries (together referred to as the “Group” or “Sberbank Group”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” for the six months ended 30 June 2020. Principal subsidiaries include Russian and foreign commercial banks and other companies controlled by the Group. A list of principal subsidiaries included in these interim condensed consolidated financial statements is disclosed in Note 24.

The Bank is a public joint-stock commercial bank established in 1841 and operating in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation.

Currently the Bank’s principal shareholder is the National Welfare Fund which owns 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding ordinary and preference shares of the Bank. The ultimate controlling shareholder of the Bank is the Government of the Russian Federation represented by the Ministry of Finance of the Russian Federation (the “Ministry of Finance”). As at 31 December 2019 the Bank’s principal and ultimate controlling shareholder was the Central Bank of the Russian Federation (the “Bank of Russia”) which owned 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding ordinary and preference shares of the Bank. In February 2020 the Bank of Russia and the Ministry of Finance announced that they reached an agreement on the sale of 50.0% plus 1 share in Sberbank’s share capital from the Bank of Russia to the National Welfare Fund, in April - May 2020 the transaction was closed. The management of the Group does not expect any changes in the Group’s strategy following the change of its principal shareholder.

As at 30 June 2020 the Supervisory Board of the Bank is headed by Sergey M. Ignatiev, Chairman of the Bank of Russia in the period of 2002-2013. The Supervisory Board of the Bank includes representatives from the Bank, the Bank of Russia and independent directors.

The Bank operates under a general banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian. The Bank is regulated and supervised by the Bank of Russia as a united regulator for banking, insurance and financial markets activities in the Russian Federation. The Group’s banks / companies operate under the banking / companies regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian Roubles, support of clients’ export / import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 30 June 2020 the Group conducts its business in Russia through Sberbank with its network of 11 (31 December 2019: 11) regional head offices, 77 (31 December 2019: 77) branches and 14,145 (31 December 2019: 14,167) banking offices, and through principal subsidiaries located in Russia such as Sberbank Leasing JSC, Sberbank Capital LLC, SB CIB Holding LLC, Sberbank Investments LLC, Non-state Pension Fund of Sberbank JSC, Insurance company “Sberbank life insurance” LLC, Insurance company “Sberbank insurance” LLC, Sberbank Factoring LLC, Digital Technologies LLC and Cetelem Bank LLC. The Group carries out banking operations in Ukraine, Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe and also conducts operations through a branch office in India, representative offices in Germany and China and Group companies located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions. On 31 July 2019 the Group closed the deal on disposal of DenizBank, the former subsidiary bank operating in Turkey.

The actual headcount of the Group’s full-time employees as at 30 June 2020 was 276,598 (31 December 2019: 281,338).

Registered address and place of business. The Bank’s registered address is: Vavilova str., 19, Moscow, Russian Federation.

Presentation currency. These interim condensed consolidated financial statements are presented in Russian Roubles (“RR”). All amounts are expressed in RR billions unless otherwise stated.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

1 Introduction (continued)

At 30 June 2020 the principal rates of exchange used for translating foreign currency monetary balances and each entity's functional currency into the Group's presentation currency were as follows:

	/RR	/UAH	/BYN	/KZT	/EUR	/CHF
RR/	1.000	0.382	0.034	5.786	0.013	0.014
USD/	69.951	26.725	2.401	404.705	0.889	0.947
EUR/	78.681	30.060	2.701	455.212	1.000	1.065

At 31 December 2019 the principal rates of exchange used for translating foreign currency monetary balances and each entity's functional currency into the Group's presentation currency were as follows:

	/RR	/UAH	/BYN	/KZT	/EUR	/CHF
RR/	1.000	0.383	0.034	6.166	0.014	0.016
USD/	61.906	23.700	2.104	381.724	0.893	0.973
EUR/	69.341	26.546	2.356	427.569	1.000	1.090

2 Operating Environment of the Group

Russian Federation. The major part of the Group's operations is conducted in the Russian Federation.

Starting from the end of the first quarter of 2020 significant changes in the economic environment were observed:

- reduction in industrial production and activity in many sectors of the economy as a result of the state restrictions imposed in response to the COVID-19 pandemic;
- development and implementation of the government support measures for individuals and business due to the COVID-19 pandemic;
- high volatility of prices for different commodities;
- a substantial volatility in activity and prices on the equity market;
- a significant depreciation of the Russian Rouble against major foreign currencies, high volatility of the foreign exchange market.

The changes in the economic environment, described above, have an impact on the Group's operations.

The following main activities are performed by the Group to support its clients in the current economic environment:

- offering loan restructuring under the state support programs;
- development and offering loan restructuring programs for customers that are not subject to the state support programs;
- expansion of products and services offering through digital service channels.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

2 Operating Environment of the Group (continued)

According to IFRS 9 “Financial Instruments”, the Group uses forecast information in the expected credit loss models, including forecasts of macroeconomic indicators. For the purpose of calculating credit loss allowances as at 30 June 2020, the Group took into account expectations regarding:

- decrease in income of individuals and business caused by a limited economic activity;
- the GDP reduction;
- updated forecasts for prices of major commodities and exchange rates of the Russian Rouble to major foreign currencies;
- measures of state support to individuals and business;
- impact of changes in economic environment on different sectors of economy.

In addition, the Group applied the following international practices consistent with the recommendations of the International Accounting Standards Board and the European Banking Authority to reflect appropriately the uncertainty associated with the COVID-19 pandemic:

- refinement of macro-adjustment calculation approach;
- application of downturn loss given default coefficients;
- adjustment to approach for forecasting early repayments for the purposes of estimation of exposure at default (EAD);
- and other measures.

More detailed description of the changes in approach for expected credit loss assessment and their impact on the results of the Group’s operations for the six and three months ended 30 June 2020 is disclosed in Note 4.

Other jurisdictions. In addition to Russia the Group conducts operations in Belarus, Kazakhstan, Ukraine, Central and Eastern Europe (Austria, Czech Republic, Bosnia and Herzegovina, Slovenia, Serbia, Hungary, Croatia), Switzerland and some other countries.

The economic environment in other countries of the Group’s presence has also been affected by the COVID-19 pandemic.

The management of the Group continues to monitor the situation and takes all necessary measures to reduce the possible negative impact on the Group.

3 Basis of Preparation and Significant Accounting Policies

Basis of Preparation. These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2019.

These interim condensed consolidated financial statements do not contain all the explanatory notes as required for a full set of consolidated financial statements.

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2019 in the Note “Basis of preparation and significant accounting policies”, except (i) for income tax expense which is recognized in these interim condensed consolidated financial statements based on management’s best estimates of the weighted average income tax rate expected for the full financial year, and (ii) for the changes introduced by the transition from the trade date accounting to the settlement date accounting as detailed below.

Starting from 1 January 2020 “regular way” purchases and sales of financial instruments are recorded by the Group at settlement date. Previously the Group recognized “regular way” purchases and sales at trade date. The effect of these changes for the Group’s balances and results of operations was immaterial.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies, Adoption of New or Revised Standards and Interpretations, Reclassifications

The following amended standards and interpretations became effective for the Group from 1 January 2020, but did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020);
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020);
- Definition of material – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020);
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

Management's estimates and judgements. Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2019. Management has not identified new areas of judgement or critical estimates except for those disclosed in this Note below.

Measurement of expected credit loss ("ECL") allowance. The measurement of expected credit loss allowance for financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Assessment of the quality of data and measurement models for assets expected to be received as a result of procedures on settlement of problem loans.

The Group makes estimates and judgments, which are constantly analyzed based on statistical data, actual and forecast information, as well as management experience, including expectations regarding future events that are reasonable in current circumstances.

In order to reflect objectively the impact of the prevailing macroeconomic conditions and in accordance with the recommendations of the International Accounting Standards Board and the European Banking Authority, starting from the first quarter 2020 the Group adjusted the main approaches to assessing the level of expected credit losses that have the most significant effect on the amounts recorded in the consolidated financial statements:

- The Group refined the approach to calculating macro-adjustments to the probability of default (PD) of borrowers. Macro-adjustment models were applied which reflect more accurately changed economic conditions, and the updated forecast of macroeconomic indicators was used prepared by the Group's Center for Macroeconomic Research based on the most relevant information. When calculating macro-adjustments for loans to legal entities and mortgage loans to individuals, not only forecasts for the coming year were taken into account, but also forecasts for the next two years. Equal weights were assigned to the macroeconomic scenarios for different periods. Thus, forecasts reflecting post-crisis economic recovery gained additional influence. For other (mostly short-term) loans to individuals, the forecast for one year period was taken into account. These refinements led to an increase in macro-adjustments (increasing coefficients) to 12-months PDs as at 31 March 2020 and 30 June 2020 compared to 31 December 2019 as follows:
 - loans to legal entities – on average from 9,9% to 24,4%,
 - mortgage loans – on average from 8,8% to 38,5%,
 - other loans to individuals – on average from 2,9% to 22,25%.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies, Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

The Group increased macro-adjustments for other financial instruments as well.

- for instruments in default assessed on a collective basis, the Group applied the downturn coefficients of loss given default;
- when forecasting the exposure at default, the Group decided not to apply the prepayment forecasts for the next months when assessing expected credit losses for loans to individuals, small and medium-size businesses, and corporate clients operating in the sectors most affected by the COVID-19 pandemic;
- when assessing the expected cash flows for loans assessed on an individual basis, the Group took into account the most relevant macroeconomic forecasts and the specifics of customers' activities in the current circumstances;
- the Group has adjusted the procedures for issuing new loans, the conditions for credit lines drawdowns and the monitoring procedures for loans issued.

Impact of the changed macroeconomic conditions assessed using the approaches described above was the main factor for the significant increase in cost of risk in the first quarter of 2020.

In addition, in the second quarter of 2020 based on the most relevant information available (including information on restructured loans) the Group:

- updated the assessment of credit quality of loans to legal entities;
- supplemented the indications of significant increase in credit risk for loans to small and micro businesses with the criteria of the loan restructuring performed;
- in assessing the probability of default for loans to individuals, the Group took into account the impact of growth in the volume of restructured loans without formal indications of deterioration in quality.

Further refinement of mid-term expectations regarding macroeconomic conditions and their impact on the credit quality was the main driver for the high cost of risk in the second quarter of 2020.

In the first quarter of 2020 the Group has implemented new generation of credit risk estimation models for mortgage and consumer loans including probability of default estimation models and models for assessing losses in case of default. Implementation of these models has allowed to make more accurate expected credit loss assessment as well as to achieve more precise identification of instruments with significant increase of credit risk. The result of these models implementation was a decrease of the expected credit loss allowance in the amount of RR 21.6 billion for mortgage loans portfolio and increase of the expected credit loss allowance in the amount of RR 23.5 billion for consumer loans portfolio.

In the second quarter of 2020 the Group has implemented the new probability of default estimation model for the subsegment "Financing of residential property" (which is included in the segment "Project finance loans") and the new model for assessing losses in case of default for the segment "Project finance loans" which allowed to make more accurate expected credit loss assessment for corresponding loan portfolio. The result of these models implementation was a decrease of the expected credit loss allowance in the amount of RR 9.5 billion for the subsegment "Financing of residential property" and increase of the expected credit loss allowance in the amount of RR 13.7 billion for the segment "Project finance loans".

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
Loans and advances to customers at amortized cost	20,170.0	19,410.8
Loans and advances to customers at fair value through profit or loss	1,022.5	952.7
Total loans and advances to customers	21,192.5	20,363.5

Loans and advances to customers at amortized cost

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	30 June 2020		
	Gross carrying amount	Credit loss allowance	Amortized cost
Commercial loans to legal entities	11,632.5	(944.3)	10,688.2
Project finance loans to legal entities	1,984.7	(243.6)	1,741.1
Mortgage loans to individuals	4,480.9	(72.4)	4,408.5
Consumer and other loans to individuals	2,770.5	(265.1)	2,505.4
Credit cards and overdrafts to individuals	822.1	(123.1)	699.0
Car loans to individuals	138.9	(11.1)	127.8
Total loans and advances to customers at amortized cost	21,829.6	(1,659.6)	20,170.0

<i>in billions of Russian Roubles</i>	31 December 2019		
	Gross carrying amount	Credit loss allowance	Amortized cost
Commercial loans to legal entities	11,378.0	(834.2)	10,543.8
Project finance loans to legal entities	1,561.3	(183.6)	1,377.7
Mortgage loans to individuals	4,291.2	(79.6)	4,211.6
Consumer and other loans to individuals	2,631.6	(186.0)	2,445.6
Credit cards and overdrafts to individuals	794.0	(94.1)	699.9
Car loans to individuals	140.6	(8.4)	132.2
Total loans and advances to customers at amortized cost	20,796.7	(1,385.9)	19,410.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

The tables below show the credit quality analysis of the Group's loans and advances to customers at amortized cost as at 30 June 2020 and 31 December 2019. Credit quality in the table below is based on the credit risk grades developed internally by the Group.

	30 June 2020				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Commercial loans to legal entities					
Minimum credit risk	1,264.3	7.6	—	—	1,271.9
Low credit risk	6,366.3	517.9	—	—	6,884.2
Moderate credit risk	1,651.1	716.0	—	—	2,367.1
High credit risk	10.0	116.0	—	—	126.0
Default	—	—	947.1	36.2	983.3
Gross carrying amount of commercial loans to legal entities	9,291.7	1,357.5	947.1	36.2	11,632.5
Credit loss allowance	(101.4)	(143.6)	(682.2)	(17.1)	(944.3)
Total commercial loans to legal entities	9,190.3	1,213.9	264.9	19.1	10,688.2

	31 December 2019				
<i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Commercial loans to legal entities					
Minimum credit risk	1,464.2	2.0	—	—	1,466.2
Low credit risk	6,628.4	283.1	—	—	6,911.5
Moderate credit risk	1,447.5	490.9	—	0.1	1,938.5
High credit risk	1.7	79.8	—	—	81.5
Default	—	—	944.7	35.6	980.3
Gross carrying amount of commercial loans to legal entities	9,541.8	855.8	944.7	35.7	11,378.0
Credit loss allowance	(74.6)	(91.8)	(652.1)	(15.7)	(834.2)
Total commercial loans to legal entities	9,467.2	764.0	292.6	20.0	10,543.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

	30 June 2020				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Project finance loans to legal entities					
Minimum credit risk	77.1	0.3	—	—	77.4
Low credit risk	833.7	77.0	—	—	910.7
Moderate credit risk	563.0	104.5	—	—	667.5
High credit risk	11.0	64.8	—	—	75.8
Default	—	—	250.3	3.0	253.3
Gross carrying amount of project finance loans to legal entities	1,484.8	246.6	250.3	3.0	1,984.7
Credit loss allowance	(40.4)	(40.1)	(163.0)	(0.1)	(243.6)
Total project finance loans to legal entities	1,444.4	206.5	87.3	2.9	1,741.1

	31 December 2019				
<i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Project finance loans to legal entities					
Minimum credit risk	108.0	0.2	—	—	108.2
Low credit risk	690.9	27.5	—	—	718.4
Moderate credit risk	408.2	54.6	—	—	462.8
High credit risk	0.2	63.6	—	—	63.8
Default	—	—	204.1	4.0	208.1
Gross carrying amount of project finance loans to legal entities	1,207.3	145.9	204.1	4.0	1,561.3
Credit loss allowance	(25.6)	(19.2)	(138.7)	(0.1)	(183.6)
Total project finance loans to legal entities	1,181.7	126.7	65.4	3.9	1,377.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

	30 June 2020				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Mortgage loans to individuals					
Minimum credit risk	3,430.7	34.0	—	—	3,464.7
Low credit risk	641.0	187.3	—	—	828.3
Moderate credit risk	6.7	94.1	—	—	100.8
High credit risk	0.2	18.0	—	0.1	18.3
Default	—	—	68.0	0.8	68.8
Gross carrying amount of mortgage loans to individuals	4,078.6	333.4	68.0	0.9	4,480.9
Credit loss allowance	(8.9)	(15.4)	(47.7)	(0.4)	(72.4)
Total mortgage loans to individuals	4,069.7	318.0	20.3	0.5	4,408.5

	31 December 2019				
<i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Mortgage loans to individuals					
Minimum credit risk	1,368.7	11.9	—	—	1,380.6
Low credit risk	2,588.7	110.7	—	—	2,699.4
Moderate credit risk	54.9	62.8	—	—	117.7
High credit risk	0.3	10.1	—	—	10.4
Default	—	—	82.2	0.9	83.1
Gross carrying amount of mortgage loans to individuals	4,012.6	195.5	82.2	0.9	4,291.2
Credit loss allowance	(23.6)	(10.1)	(45.6)	(0.3)	(79.6)
Total mortgage loans to individuals	3,989.0	185.4	36.6	0.6	4,211.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

	30 June 2020				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Consumer and other loans to individuals					
Minimum credit risk	397.0	0.6	—	—	397.6
Low credit risk	1,813.5	33.3	—	—	1,846.8
Moderate credit risk	199.1	59.6	—	—	258.7
High credit risk	6.5	57.2	—	—	63.7
Default	—	—	203.7	—	203.7
Gross carrying amount of consumer and other loans to individuals	2,416.1	150.7	203.7	—	2,770.5
Credit loss allowance	(42.6)	(34.5)	(188.0)	—	(265.1)
Total consumer and other loans to individuals	2,373.5	116.2	15.7	—	2,505.4

	31 December 2019				
<i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Consumer and other loans to individuals					
Minimum credit risk	72.7	—	—	—	72.7
Low credit risk	1,913.7	27.8	—	—	1,941.5
Moderate credit risk	352.7	40.3	—	—	393.0
High credit risk	3.8	34.5	—	—	38.3
Default	—	—	186.1	—	186.1
Gross carrying amount of consumer and other loans to individuals	2,342.9	102.6	186.1	—	2,631.6
Credit loss allowance	(29.9)	(12.9)	(143.2)	—	(186.0)
Total consumer and other loans to individuals	2,313.0	89.7	42.9	—	2,445.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

	30 June 2020				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Credit cards and overdrafts to individuals					
Minimum credit risk	87.3	0.1	—	—	87.4
Low credit risk	541.5	3.3	—	—	544.8
Moderate credit risk	21.6	38.5	—	—	60.1
High credit risk	—	22.4	—	—	22.4
Default	—	—	107.4	—	107.4
Gross carrying amount of credit cards and overdrafts to individuals	650.4	64.3	107.4	—	822.1
Credit loss allowance	(7.8)	(18.1)	(97.2)	—	(123.1)
Total credit cards and overdrafts to individuals	642.6	46.2	10.2	—	699.0

	31 December 2019				
<i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Credit cards and overdrafts to individuals					
Minimum credit risk	89.2	—	—	—	89.2
Low credit risk	547.0	3.1	—	—	550.1
Moderate credit risk	22.9	33.2	—	—	56.1
High credit risk	—	14.2	—	—	14.2
Default	—	—	84.4	—	84.4
Gross carrying amount of credit cards and overdrafts to individuals	659.1	50.5	84.4	—	794.0
Credit loss allowance	(6.4)	(11.8)	(75.9)	—	(94.1)
Total credit cards and overdrafts to individuals	652.7	38.7	8.5	—	699.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

	30 June 2020				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Car loans to individuals					
Minimum credit risk	1.9	—	—	—	1.9
Low credit risk	123.7	0.1	—	—	123.8
Moderate credit risk	—	—	—	—	—
High credit risk	1.2	1.6	—	—	2.8
Default	—	—	10.4	—	10.4
Gross carrying amount of car loans to individuals	126.8	1.7	10.4	—	138.9
Credit loss allowance	(1.8)	(0.8)	(8.5)	—	(11.1)
Total car loans to individuals	125.0	0.9	1.9	—	127.8

	31 December 2019				
<i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Car loans to individuals					
Minimum credit risk	1.6	—	—	—	1.6
Low credit risk	128.6	—	—	—	128.6
Moderate credit risk	0.8	—	—	—	0.8
High credit risk	—	0.5	—	—	0.5
Default	—	—	9.1	—	9.1
Gross carrying amount of car loans to individuals	131.0	0.5	9.1	—	140.6
Credit loss allowance	(0.6)	(0.2)	(7.6)	—	(8.4)
Total car loans to individuals	130.4	0.3	1.5	—	132.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

The following tables explain the changes in the credit loss allowance of loans and advances to customers at amortized cost between the beginning and the end of the reporting periods.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Total loans and advances to customers at amortized cost					
At 1 January 2020	160.7	146.0	1,063.1	16.1	1,385.9
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	8.0	(20.2)	(3.0)	—	(15.2)
- to lifetime ECL not credit-impaired	(19.1)	126.8	(19.6)	—	88.1
- to lifetime ECL credit-impaired	(1.9)	(52.7)	120.3	—	65.7
Changes to ECL measurement model assumptions and estimates	11.4	15.7	35.3	—	62.4
Net other remeasurement of credit loss allowance	38.0	30.8	(14.0)	1.9	56.7
Total movements with impact on credit loss allowance charge for the period	36.4	100.4	119.0	1.9	257.7
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(42.2)	(0.7)	(42.9)
Foreign exchange differences and exchange differences on translating foreign operations	5.8	6.0	37.0	0.3	49.1
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	24.9	—	24.9
Other movements	—	0.1	(15.0)	—	(14.9)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.2)	—	(0.2)
Total movements without impact on credit loss allowance charge for the period	5.8	6.1	4.5	(0.4)	16.0
At 30 June 2020	202.9	252.5	1,186.6	17.6	1,659.6

Net other remeasurement of credit loss allowance includes movements due to net remeasurement of credit loss allowance within the same stage, new originated or purchased loans and impact of other increases in gross carrying amount, loans derecognized during the period and impact of other decreases in gross carrying amount, and other movements.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Total loans and advances to customers at amortized cost					
At 31 March 2020	181.2	205.0	1,207.0	17.4	1,610.6
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	4.0	(10.2)	(1.0)	—	(7.2)
- to lifetime ECL not credit-impaired	(11.0)	65.5	(7.7)	—	46.8
- to lifetime ECL credit-impaired	(1.7)	(26.1)	68.7	—	40.9
Changes to ECL measurement model assumptions and estimates	4.3	4.3	7.5	—	16.1
Net other remeasurement of credit loss allowance	28.8	22.5	(24.8)	—	26.5
Total movements with impact on credit loss allowance charge for the period	24.4	56.0	42.7	—	123.1
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(20.2)	—	(20.2)
Foreign exchange differences and exchange differences on translating foreign operations	(2.7)	(8.5)	(38.8)	0.2	(49.8)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	11.9	—	11.9
Other movements	—	—	(15.9)	—	(15.9)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.1)	—	(0.1)
Total movements without impact on credit loss allowance charge for the period	(2.7)	(8.5)	(63.1)	0.2	(74.1)
At 30 June 2020	202.9	252.5	1,186.6	17.6	1,659.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated/ credit- impaired	Total
Total loans and advances to customers at amortized cost					
At 1 January 2019	171.5	176.5	1,139.5	9.8	1,497.3
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	21.8	(38.3)	(10.1)	—	(26.6)
- to lifetime ECL not credit-impaired	(17.9)	76.1	(5.6)	—	52.6
- to lifetime ECL credit-impaired	(10.4)	(37.0)	96.5	—	49.1
Changes to ECL measurement model assumptions and estimates	0.7	0.9	(1.4)	—	0.2
Net other remeasurement of credit loss allowance	9.1	5.2	(63.3)	3.5	(45.5)
Total movements with impact on credit loss allowance charge for the period	3.3	6.9	16.1	3.5	29.8
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(85.2)	—	(85.2)
Foreign exchange differences and exchange differences on translating foreign operations	(4.4)	(7.0)	(40.9)	(0.1)	(52.4)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	20.3	0.1	20.4
Other movements	(0.1)	(1.3)	1.9	0.1	0.6
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.1)	—	(0.1)
Total movements without impact on credit loss allowance charge for the period	(4.5)	(8.3)	(104.0)	0.1	(116.7)
At 30 June 2019	170.3	175.1	1,051.6	13.4	1,410.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Total loans and advances to customers at amortized cost					
At 31 March 2019	163.9	181.9	1,114.1	11.0	1,470.9
<i>Movements with impact on credit loss allowance charge from continuing operations for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	14.1	(23.3)	(5.2)	—	(14.4)
- to lifetime ECL not credit-impaired	(5.2)	41.1	(3.0)	—	32.9
- to lifetime ECL credit-impaired	(0.7)	(28.0)	60.3	—	31.6
Changes to ECL measurement model assumptions and estimates	(0.1)	(2.9)	0.2	—	(2.8)
Net other remeasurement of credit loss allowance	(0.1)	9.0	(50.9)	2.4	(39.6)
Total movements with impact on credit loss allowance charge from continuing operations for the period	8.0	(4.1)	1.4	2.4	7.7
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(69.3)	—	(69.3)
Foreign exchange differences and exchange differences on translating foreign operations	(1.3)	(1.3)	(8.0)	(0.1)	(10.7)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	11.3	0.1	11.4
Other movements	(0.3)	(1.4)	2.1	—	0.4
Total movements without impact on credit loss allowance charge for the period	(1.6)	(2.7)	(63.9)	—	(68.2)
At 30 June 2019	170.3	175.1	1,051.6	13.4	1,410.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Loans and advances to legal entities at amortized cost					
At 1 January 2020	100.2	111.0	790.8	15.8	1,017.8
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	4.2	(7.3)	(0.6)	—	(3.7)
- to lifetime ECL not credit-impaired	(11.3)	62.6	(16.2)	—	35.1
- to lifetime ECL credit-impaired	(1.5)	(25.4)	52.9	—	26.0
Changes to ECL measurement model assumptions and estimates	16.6	3.4	13.4	—	33.4
Net other remeasurement of credit loss allowance	28.0	33.7	(5.4)	2.0	58.3
Total movements with impact on credit loss allowance charge for the period	36.0	67.0	44.1	2.0	149.1
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(25.5)	(0.7)	(26.2)
Foreign exchange differences and exchange differences on translating foreign operations	5.6	5.7	35.8	0.1	47.2
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	16.5	—	16.5
Other movements	—	—	(16.3)	—	(16.3)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.2)	—	(0.2)
Total movements without impact on credit loss allowance charge for the period	5.6	5.7	10.3	(0.6)	21.0
At 30 June 2020	141.8	183.7	845.2	17.2	1,187.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Loans and advances to legal entities at amortized cost					
At 31 March 2020	129.2	153.9	892.4	17.0	1,192.5
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	2.4	(3.7)	(0.3)	—	(1.6)
- to lifetime ECL not credit-impaired	(6.3)	26.1	(6.4)	—	13.4
- to lifetime ECL credit-impaired	(1.4)	(8.2)	30.2	—	20.6
Changes to ECL measurement model assumptions and estimates	(3.6)	3.8	7.5	—	7.7
Net other remeasurement of credit loss allowance	23.5	20.5	(21.3)	0.1	22.8
Total movements with impact on credit loss allowance charge for the period	14.6	38.5	9.7	0.1	62.9
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(10.2)	—	(10.2)
Foreign exchange differences and exchange differences on translating foreign operations	(2.0)	(8.7)	(38.0)	0.1	(48.6)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	7.8	—	7.8
Other movements	—	—	(16.4)	—	(16.4)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.1)	—	(0.1)
Total movements without impact on credit loss allowance charge for the period	(2.0)	(8.7)	(56.9)	0.1	(67.5)
At 30 June 2020	141.8	183.7	845.2	17.2	1,187.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Loans and advances to legal entities at amortized cost					
At 1 January 2019	121.2	149.1	921.2	8.7	1,200.2
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	18.5	(27.2)	(3.3)	—	(12.0)
- to lifetime ECL not credit-impaired	(9.7)	37.4	(3.4)	—	24.3
- to lifetime ECL credit-impaired	(9.8)	(21.6)	55.0	—	23.6
Changes to ECL measurement model assumptions and estimates	1.7	(2.4)	(1.2)	—	(1.9)
Net other remeasurement of credit loss allowance	(4.8)	9.5	(58.9)	3.6	(50.6)
Total movements with impact on credit loss allowance charge for the period	(4.1)	(4.3)	(11.8)	3.6	(16.6)
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(77.8)	—	(77.8)
Foreign exchange differences and exchange differences on translating foreign operations	(4.0)	(7.1)	(39.5)	—	(50.6)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	13.0	—	13.0
Other movements	(0.1)	(1.3)	1.4	0.1	0.1
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.1)	—	(0.1)
Total movements without impact on credit loss allowance charge for the period	(4.1)	(8.4)	(103.0)	0.1	(115.4)
At 30 June 2019	113.0	136.4	806.4	12.4	1,068.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Loans and advances to legal entities at amortized cost					
At 31 March 2019	111.3	146.1	884.8	10.0	1,152.2
<i>Movements with impact on credit loss allowance charge from continuing operations for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	12.5	(17.2)	(2.0)	—	(6.7)
- to lifetime ECL not credit-impaired	(3.2)	23.7	(2.0)	—	18.5
- to lifetime ECL credit-impaired	(0.4)	(19.3)	37.5	—	17.8
Changes to ECL measurement model assumptions and estimates	(0.1)	(2.9)	0.2	—	(2.8)
Net other remeasurement of credit loss allowance	(5.7)	8.9	(47.9)	2.4	(42.3)
Total movements with impact on credit loss allowance charge from continuing operations for the period	3.1	(6.8)	(14.2)	2.4	(15.5)
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(65.1)	—	(65.1)
Foreign exchange differences and exchange differences on translating foreign operations	(1.1)	(1.5)	(8.1)	—	(10.7)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	7.4	—	7.4
Other movements	(0.3)	(1.4)	1.6	—	(0.1)
Total movements without impact on credit loss allowance charge for the period	(1.4)	(2.9)	(64.2)	—	(68.5)
At 30 June 2019	113.0	136.4	806.4	12.4	1,068.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Mortgage loans to individuals at amortized cost					
At 1 January 2020	23.6	10.1	45.6	0.3	79.6
<i>Movements with impact on credit loss allowance charge for the period:</i>					
<i>Transfers and corresponding remeasurement of credit loss allowances:</i>					
- to 12-month ECL	1.9	(5.4)	(1.8)	—	(5.3)
- to lifetime ECL not credit-impaired	(2.0)	10.9	(2.2)	—	6.7
- to lifetime ECL credit-impaired	—	(1.9)	9.0	—	7.1
Changes to ECL measurement model assumptions and estimates	(15.2)	2.6	(0.1)	—	(12.7)
Net other remeasurement of credit loss allowance	0.5	(0.9)	(3.4)	(0.1)	(3.9)
Total movements with impact on credit loss allowance charge for the period	(14.8)	5.3	1.5	(0.1)	(8.1)
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(1.5)	—	(1.5)
Foreign exchange differences and exchange differences on translating foreign operations	0.1	—	0.1	0.2	0.4
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	2.0	—	2.0
Total movements without impact on credit loss allowance charge for the period	0.1	—	0.6	0.2	0.9
At 30 June 2020	8.9	15.4	47.7	0.4	72.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Mortgage loans to individuals at amortized cost					
At 31 March 2020	5.8	13.0	46.2	0.4	65.4
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	0.1	(0.9)	(0.1)	—	(0.9)
- to lifetime ECL not credit-impaired	(0.2)	4.1	(0.5)	—	3.4
- to lifetime ECL credit-impaired	—	(1.2)	3.5	—	2.3
Changes to ECL measurement model assumptions and estimates	3.1	0.3	—	—	3.4
Net other remeasurement of credit loss allowance	0.2	—	(1.3)	(0.1)	(1.2)
Total movements with impact on credit loss allowance charge for the period	3.2	2.3	1.6	(0.1)	7.0
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(0.5)	—	(0.5)
Foreign exchange differences and exchange differences on translating foreign operations	(0.1)	0.1	(0.6)	0.1	(0.5)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	1.0	—	1.0
Total movements without impact on credit loss allowance charge for the period	(0.1)	0.1	(0.1)	0.1	—
At 30 June 2020	8.9	15.4	47.7	0.4	72.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Mortgage loans to individuals at amortized cost					
At 1 January 2019	19.5	11.6	47.0	1.1	79.2
<i>Movements with impact on credit loss allowance charge for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	0.9	(3.1)	(3.6)	—	(5.8)
- to lifetime ECL not credit-impaired	(0.8)	6.5	(1.4)	—	4.3
- to lifetime ECL credit-impaired	(0.1)	(1.9)	7.0	—	5.0
Changes to ECL measurement model assumptions and estimates	—	(0.5)	—	—	(0.5)
Net other remeasurement of credit loss allowance	2.7	(0.2)	(3.1)	(0.1)	(0.7)
Total movements with impact on credit loss allowance charge for the period	2.7	0.8	(1.1)	(0.1)	2.3
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(0.6)	—	(0.6)
Foreign exchange differences and exchange differences on translating foreign operations	—	0.1	(0.5)	(0.1)	(0.5)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	1.3	0.1	1.4
Total movements without impact on credit loss allowance charge for the period	—	0.1	0.2	—	0.3
At 30 June 2019	22.2	12.5	46.1	1.0	81.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
Mortgage loans to individuals at amortized cost					
At 31 March 2019	20.8	12.6	44.7	1.0	79.1
<i>Movements with impact on credit loss allowance charge from continuing operations for the period:</i>					
Transfers and corresponding remeasurement of credit loss allowances:					
- to 12-month ECL	0.6	(1.8)	(1.4)	—	(2.6)
- to lifetime ECL not credit-impaired	(0.4)	2.9	(0.6)	—	1.9
- to lifetime ECL credit-impaired	(0.1)	(1.0)	3.7	—	2.6
Net other remeasurement of credit loss allowance	1.3	(0.3)	(0.6)	—	0.4
Total movements with impact on credit loss allowance charge from continuing operations for the period	1.4	(0.2)	1.1	—	2.3
<i>Movements without impact on credit loss allowance charge for the period:</i>					
Write-offs	—	—	(0.2)	—	(0.2)
Foreign exchange differences and exchange differences on translating foreign operations	—	0.1	(0.2)	(0.1)	(0.2)
Remeasurement of credit loss allowance to reflect all contractually receivable interest	—	—	0.7	0.1	0.8
Total movements without impact on credit loss allowance charge for the period	—	0.1	0.3	—	0.4
At 30 June 2019	22.2	12.5	46.1	1.0	81.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

Other loans to individuals include consumer and other loans, credit cards and overdrafts and car loans to individuals.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total other loans to individuals at amortized cost				
At 1 January 2020	36.9	24.9	226.7	288.5
<i>Movements with impact on credit loss allowance charge for the period:</i>				
Transfers and corresponding remeasurement of credit loss allowances:				
- to 12-month ECL	1.9	(7.5)	(0.6)	(6.2)
- to lifetime ECL not credit-impaired	(5.8)	53.3	(1.2)	46.3
- to lifetime ECL credit-impaired	(0.4)	(25.4)	58.4	32.6
Changes to ECL measurement model assumptions and estimates	10.0	9.7	22.0	41.7
Net other remeasurement of credit loss allowance	9.5	(2.0)	(5.2)	2.3
Total movements with impact on credit loss allowance charge for the period	15.2	28.1	73.4	116.7
<i>Movements without impact on credit loss allowance charge for the period:</i>				
Write-offs				
	—	—	(15.2)	(15.2)
Foreign exchange differences and exchange differences on translating foreign operations				
	0.1	0.3	1.1	1.5
Remeasurement of credit loss allowance to reflect all contractually receivable interest				
	—	—	6.4	6.4
Other movements				
	—	0.1	1.3	1.4
Total movements without impact on credit loss allowance charge for the period	0.1	0.4	(6.4)	(5.9)
At 30 June 2020	52.2	53.4	293.7	399.3

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total other loans to individuals at amortized cost				
At 31 March 2020	46.2	38.1	268.4	352.7
<i>Movements with impact on credit loss allowance charge for the period:</i>				
Transfers and corresponding remeasurement of credit loss allowances:				
- to 12-month ECL	1.5	(5.6)	(0.6)	(4.7)
- to lifetime ECL not credit-impaired	(4.5)	35.3	(0.8)	30.0
- to lifetime ECL credit-impaired	(0.3)	(16.7)	35.0	18.0
Changes to ECL measurement model assumptions and estimates	4.8	0.2	—	5.0
Net other remeasurement of credit loss allowance	5.1	2.0	(2.2)	4.9
Total movements with impact on credit loss allowance charge for the period	6.6	15.2	31.4	53.2
<i>Movements without impact on credit loss allowance charge for the period:</i>				
Write-offs				
	—	—	(9.5)	(9.5)
Foreign exchange differences and exchange differences on translating foreign operations				
	(0.6)	0.1	(0.2)	(0.7)
Remeasurement of credit loss allowance to reflect all contractually receivable interest				
	—	—	3.1	3.1
Other movements				
	—	—	0.5	0.5
Total movements without impact on credit loss allowance charge for the period	(0.6)	0.1	(6.1)	(6.6)
At 30 June 2020	52.2	53.4	293.7	399.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total other loans to individuals at amortized cost				
At 1 January 2019	30.8	15.8	171.3	217.9
<i>Movements with impact on credit loss allowance charge for the period:</i>				
Transfers and corresponding remeasurement of credit loss allowances:				
- to 12-month ECL	2.4	(8.0)	(3.2)	(8.8)
- to lifetime ECL not credit-impaired	(7.4)	32.2	(0.8)	24.0
- to lifetime ECL credit-impaired	(0.5)	(13.5)	34.5	20.5
Changes to ECL measurement model assumptions and estimates	(1.0)	3.8	(0.2)	2.6
Net other remeasurement of credit loss allowance	11.2	(4.1)	(1.3)	5.8
Total movements with impact on credit loss allowance charge for the period	4.7	10.4	29.0	44.1
<i>Movements without impact on credit loss allowance charge for the period:</i>				
Write-offs				
	—	—	(6.8)	(6.8)
Foreign exchange differences and exchange differences on translating foreign operations				
	(0.4)	—	(0.9)	(1.3)
Remeasurement of credit loss allowance to reflect all contractually receivable interest				
	—	—	6.0	6.0
Other movements				
	—	—	0.5	0.5
Total movements without impact on credit loss allowance charge for the period	(0.4)	—	(1.2)	(1.6)
At 30 June 2019	35.1	26.2	199.1	260.4

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit loss allowance			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total other loans to individuals at amortized cost				
At 31 March 2019	31.8	23.2	184.6	239.6
<i>Movements with impact on credit loss allowance charge from continuing operations for the period:</i>				
Transfers and corresponding remeasurement of credit loss allowances:				
- to 12-month ECL	1.0	(4.3)	(1.8)	(5.1)
- to lifetime ECL not credit-impaired	(1.6)	14.5	(0.4)	12.5
- to lifetime ECL credit-impaired	(0.2)	(7.7)	19.1	11.2
Net other remeasurement of credit loss allowance	4.3	0.4	(2.4)	2.3
Total movements with impact on credit loss allowance charge from continuing operations for the period	3.5	2.9	14.5	20.9
<i>Movements without impact on credit loss allowance charge for the period:</i>				
Write-offs				
	—	—	(4.0)	(4.0)
Foreign exchange differences and exchange differences on translating foreign operations				
	(0.2)	0.1	0.3	0.2
Remeasurement of credit loss allowance to reflect all contractually receivable interest				
	—	—	3.2	3.2
Other movements				
	—	—	0.5	0.5
Total movements without impact on credit loss allowance charge for the period	(0.2)	0.1	—	(0.1)
At 30 June 2019	35.1	26.2	199.1	260.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

Loans and advances to customers at fair value through profit or loss

The following tables set out the credit quality analysis of the Group's loans and advances to customers measured at fair value through profit or loss as at 30 June 2020 and 31 December 2019 using the credit risk grades same as for loans and advances to customers at amortized cost:

	30 June 2020					
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Minimum credit risk	Low credit risk	Moderate credit risk	High credit risk	Default	Total
Commercial loans to legal entities	—	42.7	32.3	0.2	67.5	142.7
Project finance loans to legal entities	3.0	243.5	390.1	103.8	81.8	822.2
Consumer and other loans to individuals	7.0	40.6	—	10.0	—	57.6
Total loans and advances to customers at fair value through profit or loss	10.0	326.8	422.4	114.0	149.3	1,022.5

	31 December 2019					
<i>in billions of Russian Roubles</i>	Minimum credit risk	Low credit risk	Moderate credit risk	High credit risk	Default	Total
Commercial loans to legal entities	1.2	76.6	104.5	0.8	3.7	186.8
Project finance loans to legal entities	—	276.6	283.6	88.5	90.6	739.3
Consumer and other loans to individuals	20.1	—	—	6.5	—	26.6
Total loans and advances to customers at fair value through profit or loss	21.3	353.2	388.1	95.8	94.3	952.7

For the six months ended 30 June 2020 net losses from non-derivative financial instruments at fair value through profit or loss include RR 35.5 billion (for the six months ended 30 June 2019: RR 27.8 billion) of negative revaluation of loans and advances to customers at fair value through profit or loss which is mainly driven by a change in credit quality of respective assets. For the three months ended 30 June 2020 there was a negative revaluation of loans and advances to customers at fair value through profit or loss in the amount of RR 6.4 billion (for the three months ended 30 June 2019 positive revaluation comprised RR 0.4 billion).

Current and past-due loans analysis. For the purposes of these interim condensed consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case the aggregate amount of all amounts due from borrower under the respective loan agreement including accrued interest and commissions is recognized as past due. For the purposes of these interim condensed consolidated financial statements restructured loans are classified as not past due if there are no past due payments on these loans.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

The table below shows the analysis of loans at amortized cost and credit loss allowance as at 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross carrying amount of loans	Credit loss allowance	Total amortized cost of loans	Credit loss allowance to gross carrying amount of loans
Commercial loans to legal entities				
Loans not past due	10,857.8	(358.2)	10,499.6	3.3%
Loans 1 to 90 days overdue	246.9	(160.7)	86.2	65.1%
Loans over 90 days overdue	527.8	(425.4)	102.4	80.6%
Total commercial loans to legal entities	11,632.5	(944.3)	10,688.2	8.1%
Project finance loans to legal entities				
Loans not past due	1,789.3	(104.8)	1,684.5	5.9%
Loans 1 to 90 days overdue	14.5	(2.8)	11.7	19.3%
Loans over 90 days overdue	180.9	(136.0)	44.9	75.2%
Total project finance loans to legal entities	1,984.7	(243.6)	1,741.1	12.3%
Total loans to legal entities	13,617.2	(1,187.9)	12,429.3	8.7%
Mortgage loans to individuals				
Loans not past due	4,361.2	(20.9)	4,340.3	0.5%
Loans 1 to 90 days overdue	70.4	(11.7)	58.7	16.6%
Loans over 90 days overdue	49.3	(39.8)	9.5	80.7%
Total mortgage loans to individuals	4,480.9	(72.4)	4,408.5	1.6%
Consumer and other loans to individuals				
Loans not past due	2,492.2	(55.1)	2,437.1	2.2%
Loans 1 to 90 days overdue	88.6	(30.1)	58.5	34.0%
Loans over 90 days overdue	189.7	(179.9)	9.8	94.8%
Total consumer and other loans to individuals	2,770.5	(265.1)	2,505.4	9.6%
Credit cards and overdrafts to individuals				
Loans not past due	674.2	(11.7)	662.5	1.7%
Loans 1 to 90 days overdue	42.3	(15.0)	27.3	35.5%
Loans over 90 days overdue	105.6	(96.4)	9.2	91.3%
Total credit cards and overdrafts to individuals	822.1	(123.1)	699.0	15.0%
Car loans to individuals				
Loans not past due	125.4	(1.7)	123.7	1.4%
Loans 1 to 90 days overdue	3.3	(1.0)	2.3	30.3%
Loans over 90 days overdue	10.2	(8.4)	1.8	82.4%
Total car loans to individuals	138.9	(11.1)	127.8	8.0%
Total loans to individuals	8,212.4	(471.7)	7,740.7	5.7%
Total loans and advances to customers at amortized cost at 30 June 2020	21,829.6	(1,659.6)	20,170.0	7.6%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

The table below shows the analysis of loans at amortized cost and credit loss allowance as at 31 December 2019:

<i>in billions of Russian Roubles</i>	Gross carrying amount of loans	Credit loss allowance	Total amortized cost of loans	Credit loss allowance to gross carrying amount of loans
Commercial loans to legal entities				
Loans not past due	10,900.3	(457.1)	10,443.2	4.2%
Loans 1 to 90 days overdue	73.5	(38.8)	34.7	52.8%
Loans over 90 days overdue	404.2	(338.3)	65.9	83.7%
Total commercial loans to legal entities	11,378.0	(834.2)	10,543.8	7.3%
Project finance loans to legal entities				
Loans not past due	1,371.0	(62.5)	1,308.5	4.6%
Loans 1 to 90 days overdue	37.1	(7.6)	29.5	20.5%
Loans over 90 days overdue	153.2	(113.5)	39.7	74.1%
Total project finance loans to legal entities	1,561.3	(183.6)	1,377.7	11.8%
Total loans to legal entities	12,939.3	(1,017.8)	11,921.5	7.9%
Mortgage loans to individuals				
Loans not past due	4,203.0	(38.3)	4,164.7	0.9%
Loans 1 to 90 days overdue	41.8	(7.9)	33.9	18.9%
Loans over 90 days overdue	46.4	(33.4)	13.0	72.0%
Total mortgage loans to individuals	4,291.2	(79.6)	4,211.6	1.9%
Consumer and other loans to individuals				
Loans not past due	2,422.8	(43.6)	2,379.2	1.8%
Loans 1 to 90 days overdue	47.7	(11.5)	36.2	24.1%
Loans over 90 days overdue	161.1	(130.9)	30.2	81.3%
Total consumer and other loans to individuals	2,631.6	(186.0)	2,445.6	7.1%
Credit cards and overdrafts to individuals				
Loans not past due	683.6	(9.9)	673.7	1.4%
Loans 1 to 90 days overdue	28.1	(9.2)	18.9	32.7%
Loans over 90 days overdue	82.3	(75.0)	7.3	91.1%
Total credit cards and overdrafts to individuals	794.0	(94.1)	699.9	11.9%
Car loans to individuals				
Loans not past due	130.4	(0.6)	129.8	0.5%
Loans 1 to 90 days overdue	1.3	(0.3)	1.0	23.1%
Loans over 90 days overdue	8.9	(7.5)	1.4	84.3%
Total car loans to individuals	140.6	(8.4)	132.2	6.0%
Total loans to individuals	7,857.4	(368.1)	7,489.3	4.7%
Total loans and advances to customers at amortized cost at 31 December 2019	20,796.7	(1,385.9)	19,410.8	6.7%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

5 Loans and Advances to Customers (continued)

The table below shows the analysis of loans at fair value as at 30 June 2020 and 31 December 2019:

<i>in billions of Russian Roubles</i>	Loans and advances at fair value through profit and loss	
	30 June 2020 (unaudited)	31 December 2019
Commercial loans to legal entities		
Loans not past due	135.2	183.7
Loans 1 to 90 days overdue	0.3	0.8
Loans over 90 days overdue	7.2	2.3
Total commercial loans to legal entities	142.7	186.8
Project finance loans to legal entities		
Loans not past due	745.8	659.6
Loans over 90 days overdue	76.4	79.7
Total project finance loans to legal entities	822.2	739.3
Total loans to legal entities	964.9	926.1
Consumer and other loans to individuals		
Loans not past due	57.5	26.6
Loans 1 to 90 days overdue	0.1	—
Total consumer and other loans to individuals	57.6	26.6
Total loans to individuals	57.6	26.6
Total loans and advances to customers at fair value	1,022.5	952.7

Economic sector risk concentration. Economic sector risk concentrations within loans and advances to customers of the Group are as follows:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals	8,270.0	36.2%	7,884.0	36.2%
Real estate	1,992.5	8.7%	1,719.3	7.9%
Metallurgy	1,760.5	7.7%	1,638.6	7.5%
Oil and gas	1,728.6	7.6%	1,681.8	7.7%
Food and agriculture	1,261.2	5.5%	1,155.0	5.3%
Trade	1,229.1	5.4%	1,309.9	6.0%
Transport and logistics	1,048.9	4.6%	805.0	3.7%
Energy	810.1	3.5%	684.2	3.1%
Construction	806.1	3.5%	800.9	3.7%
Telecommunications	771.6	3.4%	750.8	3.5%
Machinery	750.8	3.3%	715.1	3.3%
Chemical industry	631.1	2.8%	614.3	2.8%
Government and municipal bodies	529.6	2.3%	623.7	2.9%
Services	477.6	2.1%	489.1	2.2%
Timber industry	107.1	0.5%	110.7	0.5%
Other	677.3	2.9%	767.0	3.7%
Total loans and advances to customers (before credit loss allowance for loans at amortized cost)	22,852.1	100.0%	21,749.4	100.0%

As at 30 June 2020 the Group had 20 largest groups of related corporate borrowers with aggregated loan amounts due from each of these groups exceeding RR 120.7 billion (31 December 2019: 20 largest groups of related corporate borrowers with aggregated loan amounts due from each of these groups exceeding RR 110.2 billion). The total aggregate amount of these loans was RR 5,638.9 billion or 24.7% of the total gross loan portfolio of the Group (31 December 2019: RR 5,252.6 billion or 24.2%).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

6 Securities

	30 June 2020 (unaudited)	31 December 2019
<i>in billions of Russian Roubles</i>		
Securities measured at fair value through other comprehensive income - debt instruments	1,929.5	2,351.0
Securities measured at amortized cost	1,485.2	1,302.6
Securities mandatorily measured at fair value through profit or loss	544.2	527.0
Securities designated at fair value through other comprehensive income - equity instruments	1.8	1.7
Securities designated at fair value through profit or loss	0.3	0.1
Total securities	3,961.0	4,182.4

Securities measured at fair value through other comprehensive income - debt instruments

The composition of debt securities at fair value through other comprehensive income as at 30 June 2020 and 31 December 2019 is presented below:

	30 June 2020 (unaudited)	31 December 2019
<i>in billions of Russian Roubles</i>		
Russian federal loan bonds (OFZ bonds)	909.2	1,238.7
Corporate bonds	618.8	466.0
Russian Federation Eurobonds	161.5	209.8
Foreign government and municipal bonds	125.5	86.6
Mortgage-backed securities	89.3	98.4
Russian municipal and subfederal bonds	15.6	11.6
Bonds of the Bank of Russia	8.4	238.6
Promissory notes	1.2	1.3
Total securities measured at fair value through other comprehensive income - debt instruments	1,929.5	2,351.0

Securities measured at amortized cost

The composition of securities measured at amortized cost as at 30 June 2020 and 31 December 2019 is presented below:

	30 June 2020 (unaudited)	31 December 2019
<i>in billions of Russian Roubles</i>		
Corporate bonds	889.4	766.2
Russian federal loan bonds (OFZ bonds)	345.9	302.8
Russian municipal and subfederal bonds	181.8	170.3
Russian Federation Eurobonds	53.0	45.8
Foreign government and municipal bonds	26.1	25.2
Promissory notes	—	0.1
Total securities at amortized cost before credit loss allowance	1,496.2	1,310.4
Credit loss allowance	(11.0)	(7.8)
Total securities at amortized cost	1,485.2	1,302.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

6 Securities (continued)

Securities mandatorily measured at fair value through profit or loss

The composition of securities mandatorily measured at fair value through profit or loss as at 30 June 2020 and 31 December 2019 is presented below:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
Russian federal loan bonds (OFZ bonds)	207.4	250.1
Corporate bonds	151.9	147.9
Foreign government and municipal bonds	13.6	7.6
Russian Federation Eurobonds	8.3	7.4
Russian municipal and subfederal bonds	0.9	—
Total debt securities mandatorily measured at fair value through profit or loss	382.1	413.0
Corporate shares	107.0	88.1
Investments in mutual funds	55.1	25.9
Total securities mandatorily measured at fair value through profit or loss	544.2	527.0

7 Financial Instruments Pledged under Repurchase Agreements

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
Securities measured at fair value through other comprehensive income - debt instruments	861.6	171.3
Securities mandatorily measured at fair value through profit or loss	15.0	5.4
Securities measured at amortized cost	7.4	10.6
Total financial instruments pledged under repurchase agreements	884.0	187.3

Securities measured at fair value through other comprehensive income pledged under repurchase agreements - debt instruments

The composition of debt securities measured at fair value through other comprehensive income pledged under repurchase agreements as at 30 June 2020 and 31 December 2019 is presented below:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
Russian federal loan bonds (OFZ bonds)	799.6	132.7
Russian Federation Eurobonds	46.2	19.4
Foreign government and municipal bonds	11.5	0.3
Corporate bonds	4.3	8.3
Bonds of the Bank of Russia	—	10.6
Total securities measured at fair value through other comprehensive income pledged under repurchase agreements - debt instruments	861.6	171.3

8 Disposal Groups and Non-Current Assets Held for Sale

In line with ecosystem development plans Sberbank made a decision to reorganize the businesses run jointly with Yandex and in particular to sell to Yandex a 45.0% share in Yandex.Market B.V. During the second quarter of 2020 the parties have signed legally binding documents, thus in these interim condensed consolidated financial statements investment in Yandex.Market B.V. with a carrying value of RR 22.1 billion was classified as non-current assets held for sale according to IFRS 5 “Non-current assets held for sale and discontinued operations”. The deal was closed in July 2020. The consideration received amounted to RR 42.0 billion.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

9 Other Assets

	30 June 2020 (unaudited)	31 December 2019
<i>in billions of Russian Roubles</i>		
Other financial assets		
Receivables on bank cards settlements	303.3	171.2
Investments in associates and joint ventures	122.9	152.9
Margin calls transferred	45.2	17.4
Settlements on operations with securities	40.8	9.5
Settlements on foreign exchange operations	20.3	79.0
Trade receivables	19.3	19.7
Accrued fees and commissions	16.0	30.9
Funds in settlement	10.3	16.3
Restricted cash balances	9.1	2.9
Receivables from Deposit Insurance Agency	—	5.9
Other	17.0	9.5
Total other financial assets before credit loss allowance	604.2	515.2
Less credit loss allowance	(17.2)	(10.6)
Total other financial assets after credit loss allowance	587.0	504.6
Other non-financial assets		
Inventory	107.6	98.3
Intangible assets	69.3	78.4
Prepayments for premises and other assets	67.3	58.0
Prepayment on income tax	9.5	18.9
Intangible assets under development	59.2	49.1
Precious metals	53.5	53.4
Tax settlements (other than on income tax)	17.0	19.6
Goodwill	14.0	13.6
Investment property	5.3	4.7
Prepaid expenses	4.1	2.3
Other	35.7	23.9
Total other non-financial assets before provision for impairment	442.5	420.2
Less provision for impairment of other non-financial assets	(18.4)	(15.9)
Total other non-financial assets after provision for impairment	424.1	404.3
Total other assets	1,011.1	908.9

As at 30 June 2020 receivables on bank cards settlements of RR 303.3 billion (31 December 2019: RR 171.2 billion) represent receivables due within 30 days on operations of the Group's customers with banking cards and receivables related to settlements with international payment systems and for the purpose of ECL measurement are included in Stage 1 (12-month ECL).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

10 Due to Individuals and Corporate Customers

	30 June 2020 (unaudited)	31 December 2019
<i>in billions of Russian Roubles</i>		
Individuals:		
- Current/demand accounts	4,681.0	3,869.5
- Term deposits	10,427.2	10,340.1
Total due to individuals	15,108.2	14,209.6
State and public organizations:		
- Current/settlement accounts	485.6	219.9
- Term deposits	262.4	978.0
- Direct repo agreements	612.5	20.2
Total due to state and public organizations	1,360.5	1,218.1
Other corporate customers:		
- Current/settlement accounts	3,037.3	2,464.7
- Term deposits	3,790.5	3,674.9
- Direct repo agreements	15.9	7.1
Total due to other corporate customers	6,843.7	6,146.7
Total due to corporate customers	8,204.2	7,364.8
Total due to individuals and corporate customers	23,312.4	21,574.4

As at 30 June 2020 included in due to corporate customers are deposits of RR 282.8 billion (31 December 2019: RR 264.4 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 20.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

11 Other Liabilities

	30 June 2020 (unaudited)	31 December 2019
<i>in billions of Russian Roubles</i>		
Provisions on insurance and pension fund operations		
Provisions on pension fund operations	665.0	642.2
Provisions on insurance operations	446.5	427.7
Provision on unearned premium	9.5	11.8
Total provisions on insurance and pension fund operations	1,121.0	1,081.7
Other financial liabilities		
Accrued employee benefit costs	89.6	48.5
Lease liabilities	88.2	79.3
Margin calls received	61.9	38.9
Funds in settlement	40.6	20.8
Payables	30.7	22.5
Payables on bank card settlements	30.2	39.2
Settlements on operations with securities	23.6	7.3
Deposit insurance system fees payable	15.5	21.4
Other	70.0	61.2
Total other financial liabilities	450.3	339.1
Other non-financial liabilities		
Credit loss allowance for credit related commitments and provision for other contingencies and commitments	62.2	45.0
Taxes payable other than on income	35.7	26.1
Advances received	19.6	30.9
Prepayments on bank card commissions	9.1	10.2
Deferred commissions received on guarantees issued and undrawn credit lines	4.0	3.1
Income tax payable	2.3	3.7
Other	7.8	7.3
Total other non-financial liabilities	140.7	126.3
Total other liabilities	1,712.0	1,547.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

12 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Interest income calculated using the effective interest method				
Interest income on debt financial assets measured at amortized cost:				
- Loans and advances to customers measured at amortized cost	976.4	963.8	492.9	492.5
- Debt securities measured at amortized cost	49.1	41.2	25.1	20.8
- Due from banks measured at amortized cost	11.4	25.7	6.0	14.1
- Cash and cash equivalents measured at amortized cost	1.7	4.4	0.6	2.7
- Other	0.4	—	0.2	—
	1,039.0	1,035.1	524.8	530.1
Interest income on debt financial assets measured at fair value through other comprehensive income:				
- Debt securities measured at fair value through other comprehensive income	80.3	80.9	41.2	42.1
	80.3	80.9	41.2	42.1
Total interest income calculated using the effective interest method	1,119.3	1,116.0	566.0	572.2
Other interest income:				
- Loans and advances to customers at fair value through profit or loss	33.2	33.4	16.4	15.7
- Securities at fair value through profit or loss	13.3	15.7	6.5	8.6
- Due from banks at fair value through profit or loss	12.4	20.8	5.9	9.0
Total other interest income	58.9	69.9	28.8	33.3
Interest expense on financial liabilities calculated using the effective interest method				
Interest expense on financial liabilities measured at amortized cost:				
- Due to individuals - term deposits - measured at amortized cost	(200.2)	(230.2)	(99.6)	(118.8)
- Due to corporate customers - term deposits - measured at amortized cost	(82.3)	(120.9)	(38.7)	(62.4)
- Debt securities in issue measured at amortized cost	(22.1)	(21.0)	(12.5)	(10.6)
- Subordinated debt measured at amortized cost	(19.4)	(19.3)	(9.8)	(9.3)
- Due to individuals - current/demand accounts - measured at amortized cost	(16.7)	(13.0)	(9.0)	(6.7)
- Due to corporate customers - current/settlement accounts - measured at amortized cost	(14.7)	(20.2)	(7.1)	(10.3)
- Due to banks measured at amortized cost	(6.4)	(13.0)	(2.6)	(5.2)
- Lease liabilities	(4.3)	(2.4)	(3.1)	(1.2)
- Other borrowed funds measured at amortized cost	(0.2)	(0.3)	(0.1)	(0.2)
- Other	(0.2)	—	(0.1)	—
Total interest expense calculated using the effective interest method	(366.5)	(440.3)	(182.6)	(224.7)
Other interest expense:				
- Due to banks measured at fair value through profit or loss	(9.7)	(11.1)	(5.2)	(5.5)
- Obligation to deliver securities	(0.8)	(1.2)	(0.3)	(0.7)
Total other interest expense	(10.5)	(12.3)	(5.5)	(6.2)
Deposit insurance expenses	(30.8)	(42.7)	(8.2)	(21.5)
Net interest income	770.4	690.6	398.5	353.1

Reduction in deposit insurance expenses in the second quarter of 2020 compared to the first quarter of 2020 and the second quarter of 2019 was mainly due to the changes in regulatory requirements for the level of charges.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

13 Fee and Commission Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Fee and commission income				
Operations with banking cards:				
- Acquiring, commissions of payment systems and other similar commissions	134.3	129.9	63.3	69.0
- Service fees	32.5	28.7	16.3	14.7
- Other	3.0	2.4	1.5	1.3
Cash and settlements transactions	112.9	98.2	56.8	52.7
Client operations with foreign currencies and precious metals	28.1	23.4	12.0	12.6
Documentary and other credit related commitments commissions	12.3	9.5	5.8	5.7
Securities and commodities brokerage, custodian and investment banking (including syndications) commissions	6.1	3.5	3.3	2.1
Agent commissions	3.8	3.2	2.4	2.0
Other	9.3	6.7	3.5	3.6
Total fee and commission income	342.3	305.5	164.9	163.7
Fee and commission expense				
Operations with banking cards:				
- Commissions to payment systems and other similar commissions	(64.0)	(56.0)	(29.1)	(30.1)
- Loyalty programs	(20.4)	(20.2)	(9.4)	(11.2)
- Other	(4.8)	(3.5)	(3.6)	(2.2)
Settlement transactions	(2.7)	(2.6)	(1.2)	(1.5)
Client operations with foreign currencies	(0.3)	(0.1)	(0.1)	—
Other	(3.7)	(3.5)	(1.5)	(2.0)
Total fee and commission expense	(95.9)	(85.9)	(44.9)	(47.0)
Net fee and commission income	246.4	219.6	120.0	116.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

13 Fee and Commission Income and Expense (continued)

The table below disaggregates IFRS amounts of fee and commission income by the reportable segments for the six months ended 30 June 2020 and 30 June 2019.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Russia	Other countries	Russia	Other countries
Fee and commission income				
Operations with bank cards				
- Acquiring, commissions of payment systems and other similar commissions	132.4	1.9	128.1	1.8
- Service fees	30.5	2.0	27.0	1.7
- Other	3.0	—	2.3	0.1
Cash and settlements transactions	108.6	4.3	93.9	4.3
Client operations with foreign currencies and precious metals	25.0	3.1	21.1	2.3
Documentary and other credit related commitments commissions	11.6	0.7	8.8	0.7
Securities and commodities brokerage, custodian and investment banking (including syndications) commissions	6.0	0.1	3.4	0.1
Agent commissions	3.6	0.2	3.0	0.2
Other	8.7	0.6	5.7	1.0
Total fee and commission income	329.4	12.9	293.3	12.2

The table below disaggregates IFRS amounts of fee and commission income by the reportable segments for the three months ended 30 June 2020 and 30 June 2019.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 June 2020		Three months ended 30 June 2019	
	Russia	Other countries	Russia	Other countries
Fee and commission income				
Operations with bank cards				
- Acquiring, commissions of payment systems and other similar commissions	62.3	1.0	68.0	1.0
- Service fees	15.2	1.1	13.8	0.9
- Other	1.5	—	1.2	0.1
Cash and settlements transactions	54.7	2.1	50.4	2.3
Client operations with foreign currencies and precious metals	10.5	1.5	11.4	1.2
Documentary and other credit related commitments commissions	5.4	0.4	5.3	0.4
Securities and commodities brokerage, custodian and investment banking (including syndications) commissions	3.2	0.1	2.0	0.1
Agent commissions	2.3	0.1	1.9	0.1
Other	3.3	0.2	3.2	0.4
Total fee and commission income	158.4	6.5	157.2	6.5

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

14 Net gains / (losses) from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Net gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation:				
- Net foreign exchange translation losses	(4.3)	(11.4)	(52.5)	(6.2)
- Net gains from operations with foreign currency and foreign currency interest rate derivatives	—	15.7	42.9	1.6
- Net gains from trading in foreign currencies	17.2	15.7	9.0	6.6
Net gains / (losses) from operations with precious metals, precious metals derivatives and precious metals accounts translation	6.3	3.0	7.2	(0.5)
Net gains from operations with other derivatives	3.0	14.2	3.3	6.9
Total net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	22.2	37.2	9.9	8.4

15 Staff and Administrative Expenses

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Staff costs	217.5	205.4	110.5	103.6
Depreciation of premises, equipment and right-of-use assets	41.1	33.7	21.0	16.9
Repairs and maintenance of premises and equipment	16.7	12.7	8.6	8.3
Administrative expenses	16.2	17.6	8.3	10.8
Amortization of intangible assets	14.3	10.6	7.3	5.6
Taxes other than on income	12.9	13.7	4.5	9.8
Telecommunication expenses	12.3	8.9	6.6	6.7
Consulting and assurance services	3.0	2.3	1.8	1.4
Advertising and marketing services	2.9	3.0	1.8	2.1
Operating lease expenses	1.0	4.8	0.5	2.4
Other	3.7	6.5	1.5	0.9
Total staff and administrative expenses	341.6	319.2	172.4	168.5

For the six months ended 30 June 2020 expenses for defined benefit pension contribution plans amounted to RR 32.7 billion (for the six months ended 30 June 2019: RR 31.3 billion). For the three months ended 30 June 2020 expenses for defined benefit pension contribution plans amounted to RR 15.1 billion (for the three months ended 30 June 2019: RR 14.9 billion).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

16 Earnings per Share and Dividends

Basic earnings per share are calculated by dividing the profit attributable to the holders of ordinary shares of the Bank by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. The Bank has no dilutive potential ordinary shares, therefore the diluted earnings per share equal to the basic earnings per share.

Earnings per ordinary share based on profit for the period attributable to the shareholders of the Bank, basic and diluted, are calculated in the table below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Profit for the period attributable to the shareholders of the Bank	287.2	477.1	167.0	250.1
Less preference dividends declared	—	(15.6)	—	(15.6)
Profit attributable to the ordinary shareholders of the Bank	287.2	461.5	167.0	234.5
Weighted average number of ordinary shares in issue (billions)	21.5	21.5	21.5	21.5
Earnings per ordinary share based on profit for the period attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	13.38	21.45	7.78	10.90

Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted, are calculated in the table below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Profit from continuing operations attributable to the shareholders of the Bank	287.2	472.2	167.0	245.7
Less preference dividends declared	—	(15.6)	—	(15.6)
Profit from continuing operations attributable to the ordinary shareholders of the Bank	287.2	456.6	167.0	230.1
Weighted average number of ordinary shares in issue (billions)	21.5	21.5	21.5	21.5
Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	13.38	21.23	7.78	10.70

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

16 Earnings per Share and Dividends (continued)

On 17 March 2020 the Supervisory Board recommended to the General Shareholders Meeting to pay RR 422.4 billion to shareholders as dividends for the year ended 31 December 2019: on ordinary shares of the Bank – in the amount of RR 18.70 per one share, on preference shares of the Bank – in the amount of RR 18.70 per one share. The General Shareholders Meeting is announced to be held on 25 September 2020.

For 2018, in May 2019 the Annual General Shareholders' Meeting of the Bank declared dividends of RR 361.4 billion (including RR 0.9 billion of ordinary dividends and RR 0.4 billion of preference dividends attributable to the subsidiaries of the Bank).

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Ordinary	Preference	Ordinary	Preference
Dividends payable as at 1 January	3.0	0.4	1.6	0.3
Dividends declared during the period	—	—	344.5	15.6
Dividends paid during the period	(1.6)	—	(341.2)	(13.9)
Dividends payable as at 30 June	1.4	0.4	4.9	2.0
Dividends per share declared during the period (expressed in RR per share)	—	—	16.00	16.00

17 Other Reserves

<i>in billions of Russian Roubles</i>	Attributable to shareholders of the Bank					Total
	Revaluation reserve for office premises	Fair value reserve for debt instruments measured at FVOCI	Liabilities reserve for buyout of non-controlling interest	Foreign currency translation reserve	Remeasurement of defined benefit pension plans	
Balance as at 31 December 2018	56.2	(35.1)	—	(29.6)	(2.4)	(10.9)
Changes in equity for the six months ended 30 June 2019 (unaudited)						
Transfer of revaluation reserve for office premises upon disposal or depreciation	(2.3)	—	—	—	—	(2.3)
Other comprehensive (loss) / income for the period	(0.3)	49.6	—	(40.1)	0.8	10.0
Balance as at 30 June 2019 (unaudited)	53.6	14.5	—	(69.7)	(1.6)	(3.2)
Balance as at 31 December 2019	44.6	88.2	(2.2)	1.8	(2.1)	130.3
Changes in equity for the six months ended 30 June 2020 (unaudited)						
Transfer of revaluation reserve for office premises upon disposal or depreciation	(2.4)	—	—	—	—	(2.4)
Other comprehensive (loss) / income for the period	(0.3)	34.2	—	30.4	(0.9)	63.4
Recognition of liabilities reserve for buyout of non-controlling interest	—	—	(0.5)	—	—	(0.5)
Balance as at 30 June 2020 (unaudited)	41.9	122.4	(2.7)	32.2	(3.0)	190.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – Central head office, 11 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these interim condensed consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
 - Central head office of the Group,
 - Regional head office of Moscow,
 - Subsidiaries of the Group located in the region.

- **Central and Northern regions of European part of Russia, including:**

Regional head offices:

 - Severo-Zapadny – Saint-Petersburg,
 - Tsentralno-Chernozemny – Voronezh,
 - Srednerussky – Moscow;

Subsidiaries of the Group located in the region.

- **Volga region and South of European part of Russia, including:**

Regional head offices:

 - Volgo-Vyatsky – Nizhniy Novgorod,
 - Povolzhsky – Samara,
 - Yugo-Zapadny – Rostov-on-Don;

Subsidiaries of the Group located in the region.

- **Ural, Siberia and Far East of Russia, including:**

Regional head offices:

 - Uralsky – Ekaterinburg,
 - Sibirsky – Novosibirsk,
 - Dalnevostochny – Khabarovsk,
 - Baikalsky – Irkutsk;

Subsidiaries of the Group located in the region.

- **Other countries, including:**
 - Subsidiaries located in Ukraine, Kazakhstan, Belarus,
 - Subsidiaries located in Austria and Switzerland,
 - Subsidiaries of Sberbank Europe AG located in Central and Eastern Europe,
 - Sberbank CIB group companies located in the USA, the United Kingdom, Cyprus and certain other jurisdictions,
 - A branch office in India,
 - Representative offices in Germany and China.

The Management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of resources and assessment of segments' business results. The segment reporting and operating results which are provided to the Management of the Group for analysis are prepared mainly under Russian accounting standards, except the segment reporting of the subsidiaries which is prepared under International Financial Reporting Standards.

Intersegment operations are performed on the basis of internal transfer pricing rates which are established, approved and regularly revised by the Management of the Group.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

The activity of each subsidiary is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 June 2020 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	16,904.7	4,597.4	4,000.6	4,642.9	1,952.7	32,098.3
Total liabilities	11,828.6	5,585.5	4,247.6	4,400.2	1,449.9	27,511.8

Segment reporting of the Group's assets and liabilities as at 31 December 2019 is as follows:

<i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	14,774.2	4,493.9	3,893.0	4,442.8	1,988.9	29,592.8
Total liabilities	10,887.9	5,199.1	4,016.1	4,076.0	1,194.0	25,373.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as at 30 June 2020 and 31 December 2019 is as follows:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)		31 December 2019	
	Total assets	Total liabilities	Total assets	Total liabilities
Total segment assets and liabilities	32,098.3	27,511.8	29,592.8	25,373.1
Difference in netting sets	87.5	87.5	90.9	90.9
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	—	(0.6)	—	(3.0)
Adjustment of credit loss allowance for debt financial assets	102.9	—	138.5	—
Accounting for derivatives at fair value	(3.4)	(1.1)	(3.0)	(2.8)
Write-down of low value assets	(4.5)	—	(10.8)	—
Adjustment of other provisions	190.7	—	161.9	—
Adjustment of depreciation and initial cost or revalued amount of premises, equipment and right-of-use assets	11.5	3.9	72.1	61.4
Accounting for financing by the effective rate method and early redemption of debt securities in issue	(95.7)	(90.7)	(76.3)	(78.1)
Adjustments for customer loyalty programs	—	(11.7)	—	(13.9)
Currency translation of investments in subsidiaries and associates	(3.3)	—	(3.3)	—
Adjustment for credit related commitments credit loss allowance	—	(2.8)	—	(1.6)
Adjustment for legal claims provision	—	4.2	—	2.6
Commission income adjustment	1.5	(1.5)	4.6	(1.5)
Reclassification of securities between portfolios	(5.9)	(0.3)	(1.4)	2.8
Adjustment for deferred tax	(10.6)	46.0	(9.9)	39.8
Accounting for loans at fair value	1.7	0.1	8.1	—
Other	12.7	11.0	(5.3)	2.5
The Group's total assets/liabilities under IFRS	32,383.4	27,555.8	29,958.9	25,472.2

Adjustment of other provisions is mainly related to impairment provisions for intercompany investments recorded in the Russian accounting standards.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2020 is as follows:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	544.2	241.7	209.4	218.1	43.1	(40.8)	1,215.7
Interest expense	(243.5)	(82.1)	(59.9)	(57.7)	(15.8)	40.8	(418.2)
Intersegment income / (expense)	78.5	(25.2)	(26.8)	(26.5)	—	—	—
Net interest income	379.2	134.4	122.7	133.9	27.3	—	797.5
Net fee and commission income	37.2	67.6	59.1	64.8	10.4	(7.4)	231.7
Net trading income and fair valuation results	24.2	1.8	1.0	1.3	(6.0)	2.2	24.5
Other net operating losses	(2.4)	(8.7)	(6.4)	(5.6)	(1.8)	(8.2)	(33.1)
Net operating income before credit loss allowance	438.2	195.1	176.4	194.4	29.9	(13.4)	1,020.6
Net credit loss allowance charge for debt financial assets	(191.6)	(47.2)	(43.0)	(41.3)	(11.1)	0.3	(333.9)
Staff and administrative expenses	(127.1)	(69.0)	(64.5)	(67.3)	(23.5)	12.0	(339.4)
Profit/(loss) before tax (Segment result)	119.5	78.9	68.9	85.8	(4.7)	(1.1)	347.3
Other disclosures							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	23.8	5.0	4.9	5.0	2.8	—	41.5
Depreciation of premises, equipment and right-of-use assets and amortisation of intangible assets	(32.9)	(3.8)	(4.4)	(3.9)	(3.4)	—	(48.4)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2020 is as follows:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	272.8	120.3	103.9	109.4	21.1	(20.5)	607.0
Interest expense	(118.1)	(37.8)	(27.3)	(26.6)	(7.3)	20.3	(196.8)
Intersegment income / (expense)	41.8	(13.2)	(14.3)	(14.3)	—	—	—
Net interest income	196.5	69.3	62.3	68.5	13.8	(0.2)	410.2
Net fee and commission income	17.2	33.2	28.7	32.1	5.1	(1.5)	114.8
Net trading income and fair valuation results	25.0	1.3	0.5	0.6	21.4	0.2	49.0
Other net operating losses	(17.1)	(9.7)	(6.5)	(5.5)	(2.1)	(7.3)	(48.2)
Net operating income before credit loss allowance	221.6	94.1	85.0	95.7	38.2	(8.8)	525.8
Net credit loss allowance charge for debt financial assets	(112.7)	(39.2)	(31.9)	(35.9)	(6.8)	—	(226.5)
Staff and administrative expenses	(66.8)	(35.7)	(33.5)	(34.8)	(11.2)	6.5	(175.5)
Profit before tax (Segment result)	42.1	19.2	19.6	25.0	20.2	(2.3)	123.8
Other disclosures							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	16.5	3.6	3.3	3.5	1.4	—	28.3
Depreciation of premises, equipment and right-of-use assets and amortisation of intangible assets	(16.5)	(1.9)	(2.3)	(2.0)	(1.8)	—	(24.5)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2019 is as follows:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	597.2	214.7	181.7	208.3	159.8	(56.6)	1,305.1
Interest expense	(287.4)	(100.7)	(75.1)	(79.7)	(91.1)	53.4	(580.6)
Intersegment income / (expense)	70.4	(22.3)	(24.1)	(24.0)	—	—	—
Net interest income	380.2	91.7	82.5	104.6	68.7	(3.2)	724.5
Net fee and commission income	27.2	62.3	53.0	57.3	31.2	(12.3)	218.7
Net trading income and fair valuation results	37.5	0.9	1.0	0.6	12.3	(3.7)	48.6
Other net operating gains/(losses)	34.3	0.1	(2.0)	(1.3)	2.3	(1.0)	32.4
Net operating income before credit loss allowance	479.2	155.0	134.5	161.2	114.5	(20.2)	1,024.2
Net credit loss allowance charge for debt financial assets	(38.1)	(10.8)	(11.3)	(11.3)	(25.6)	0.2	(96.9)
Staff and administrative expenses	(114.0)	(64.9)	(60.8)	(64.2)	(43.1)	9.8	(337.2)
Profit before tax (Segment result)	327.1	79.3	62.4	85.7	45.8	(10.2)	590.1
Other disclosures							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	39.5	5.1	8.7	5.4	21.5	—	80.2
Depreciation of premises and equipment and amortisation of intangible assets	(25.8)	(3.3)	(3.8)	(3.5)	(5.6)	—	(42.0)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2019 is as follows:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	303.5	106.0	90.7	104.3	78.0	(24.0)	658.5
Interest expense	(144.7)	(51.0)	(38.3)	(40.6)	(43.1)	26.6	(291.1)
Intersegment income / (expense)	36.8	(11.6)	(12.8)	(12.4)	—	—	—
Net interest income	195.6	43.4	39.6	51.3	34.9	2.6	367.4
Net fee and commission income	15.6	32.8	27.9	30.2	15.1	(6.3)	115.3
Net trading income and fair valuation results	24.4	0.8	0.6	0.3	9.7	(7.2)	28.6
Other net operating gains/(losses)	22.4	(0.4)	(1.4)	(1.4)	(2.5)	(0.9)	15.8
Net operating income before credit loss allowance	258.0	76.6	66.7	80.4	57.2	(11.8)	527.1
Net credit loss allowance charge for debt financial assets	9.4	(6.4)	(7.2)	(7.5)	(6.4)	1.0	(17.1)
Staff and administrative expenses	(58.5)	(33.9)	(31.5)	(33.9)	(19.5)	5.0	(172.3)
Profit before tax (Segment result)	208.9	36.3	28.0	39.0	31.3	(5.8)	337.7
Other disclosures							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	13.5	3.0	7.8	3.3	7.6	—	35.2
Depreciation of premises and equipment and amortisation of intangible assets	(13.3)	(1.6)	(1.9)	(1.8)	(2.5)	—	(21.1)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

18 Segment Analysis (continued)

Reconciliation of profit before tax for the reportable segments with the Group's profit before tax under IFRS for the six months ended 30 June 2020 and 30 June 2019 is as follows:

<i>(unaudited)</i> in billions of Russian Roubles	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Total segments result	347.3	590.1	123.8	337.7
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	2.8	0.1	3.6	(1.9)
Adjustment of credit loss allowance and other provisions	14.1	24.2	76.9	13.6
Accounting for derivatives at fair value	(2.2)	(3.7)	0.2	(12.8)
Write-down of low value assets	(3.7)	(0.9)	(2.2)	—
Adjustment of depreciation and initial cost or revalued amount of premises, equipment and right-of-use assets	(0.3)	(0.6)	(1.1)	—
Accounting for financing by the effective rate method and early redemption of debt securities in issue	(0.3)	(2.9)	(1.1)	(0.5)
Adjustments for customer loyalty programs	(0.7)	(2.9)	2.2	(3.9)
Currency translation of investments in subsidiaries and associates	5.1	—	5.1	—
Adjustment for credit related commitments credit loss allowance	2.0	(4.7)	3.2	(3.4)
Adjustment for legal claims provision	(1.6)	(1.1)	(1.6)	0.3
Commission income adjustment	(1.0)	(1.5)	(1.6)	(2.3)
Reclassification of securities between portfolios	(1.4)	(0.1)	6.2	(6.5)
Accounting for mortgage loans securitisation	(0.2)	(1.9)	(0.1)	(1.9)
Effect of initial recognition of financial instruments at fair value	—	—	—	(3.3)
Accounting for loans at fair value	(6.1)	(8.7)	(22.0)	(11.5)
Other	12.8	10.9	17.4	8.5
The Group's profit before tax under IFRS	366.6	596.3	208.9	312.1

The differences shown above arise from classification variances as well as different accounting policies.

Adjustment of provisions is related to the temporary differences between methodology applied in statutory accounting records used primarily as a basis for management reporting and IFRS impairment methodology.

For the six months ended 30 June 2020 the Group's revenues from customers in the Russian Federation amounted to RR 1,540.0 billion (for the six months ended 30 June 2019: RR 1,590.5 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 53.7 billion (for the six months ended 30 June 2019: RR 189.4 billion). For the six months ended 30 June 2020 intersegment revenues amounted to RR 89.1 billion (for the six months ended 30 June 2019: RR 84.1 billion).

For the three months ended 30 June 2020 the Group's revenues from customers in the Russian Federation amounted to RR 778.3 billion (for the three months ended 30 June 2019: RR 823.5 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 26.6 billion (for the three months ended 30 June 2019: RR 90.7 billion). For the three months ended 30 June 2020 intersegment revenues amounted to RR 47.7 billion (for the three months ended 30 June 2019: RR 40.7 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10.0% or more of the Group's total revenue during the six months and the three months ended 30 June 2020 and 30 June 2019.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

19 Financial Risk Management

The Bank manages the following types of risks: credit risk, market risk, liquidity risk, insurance risk, operational risk, compliance risk and other types of risks.

Risk management system is the part of the overall management system of the Group which aims to provide sustainable development of the Bank and the Group members in line with the approved Development Strategy.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2019 except for those disclosed in Note 4.

Currency risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign exchange risk on open positions, mainly US dollar/Russian Rouble and Euro/Russian Rouble exchange rate fluctuations.

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 30 June 2020.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Russian Rouble	US Dollar	Euro	Other	Total
Assets					
Cash and cash equivalents	1,621.9	451.0	321.0	173.5	2,567.4
Mandatory cash balances with central banks	213.7	—	8.3	24.8	246.8
Due from banks	1,006.8	277.1	12.8	184.6	1,481.3
Loans and advances to customers	16,277.8	2,980.6	1,347.5	586.6	21,192.5
Securities	2,587.6	1,070.4	159.9	143.1	3,961.0
Financial instruments pledged under repurchase agreements	812.2	51.2	7.4	13.2	884.0
Other financial assets	476.5	69.3	23.3	17.9	587.0
Total financial assets	22,996.5	4,899.6	1,880.2	1,143.7	30,920.0
Liabilities					
Due to banks	579.9	47.7	53.3	31.2	712.1
Due to individuals	12,109.4	1,935.9	665.4	397.5	15,108.2
Due to corporate customers	4,421.6	2,903.9	463.1	415.6	8,204.2
Debt securities in issue	609.3	184.3	1.5	14.0	809.1
Other borrowed funds	—	—	22.1	—	22.1
Obligations to deliver securities	48.9	19.9	0.4	0.1	69.3
Other financial liabilities	327.7	60.0	21.9	40.7	450.3
Subordinated debt	517.6	129.9	—	—	647.5
Total financial liabilities	18,614.4	5,281.6	1,227.7	899.1	26,022.8
Net financial assets/(liabilities)	4,382.1	(382.0)	652.5	244.6	4,897.2
Net derivatives	417.0	387.5	(666.5)	(83.8)	54.2
Credit related commitments and performance guarantees before loss allowance / provision (Note 20)	5,672.8	422.3	468.7	186.1	6,749.9

Foreign exchange risk on forward and futures contracts is represented by their discounted positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates. Commodity options are shown at their fair value in relative settlement currency. Equity instruments are classified based on the country of origin of issuer.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

19 Financial Risk Management (continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 31 December 2019.

<i>in billions of Russian Roubles</i>	Russian Rouble	US Dollar	Euro	Other	Total
Assets					
Cash and cash equivalents	1,355.1	296.3	285.4	146.4	2,083.2
Mandatory cash balances with central banks	202.8	—	5.7	27.0	235.5
Due from banks	813.7	139.8	13.1	116.6	1,083.2
Loans and advances to customers	15,763.4	2,855.9	1,205.7	538.5	20,363.5
Securities	3,105.2	865.9	111.8	99.5	4,182.4
Financial instruments pledged under repurchase agreements	154.8	31.8	0.7	—	187.3
Other financial assets	374.5	21.2	104.3	4.6	504.6
Total financial assets	21,769.5	4,210.9	1,726.7	932.6	28,639.7
Liabilities					
Due to banks	645.5	44.9	56.5	23.4	770.3
Due to individuals	11,502.1	1,737.9	636.4	333.2	14,209.6
Due to corporate customers	4,140.0	2,225.7	662.5	336.6	7,364.8
Debt securities in issue	547.8	160.9	4.8	16.2	729.7
Other borrowed funds	0.1	0.1	24.4	—	24.6
Obligations to deliver securities	13.1	26.6	1.2	0.3	41.2
Other financial liabilities	261.8	35.9	15.6	25.8	339.1
Subordinated debt	501.7	118.2	—	—	619.9
Total financial liabilities	17,612.1	4,350.2	1,401.4	735.5	24,099.2
Net financial assets/(liabilities)	4,157.4	(139.3)	325.3	197.1	4,540.5
Net derivatives	124.8	318.9	(304.1)	(80.3)	59.3
Credit related commitments and performance guarantees before loss allowance / provision (Note 20)					
	5,306.2	315.6	305.9	196.2	6,123.9

The Group provides loans and advances to customers in foreign currency. Fluctuations of foreign currency exchange rates may negatively affect the ability of borrowers to repay loans, which will in turn increase the probability of loan loss.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

19 Financial Risk Management (continued)

Liquidity risk. Liquidity risk is defined as the risk of inability of the Group to finance its performance, i.e. to ensure the growth of assets and/or fulfil its obligations as far as they arise on the condition of compliance to the requirements of the local regulator in the normal course of business as well as during stress situations. The Group is exposed to daily calls on its available cash resources from interbank overnight deposits, customer's current accounts, term deposits, loan drawdowns, guarantees, margin calls and on cash settled derivative instruments.

Principles that are used to analyze liquidity position presentation and manage the Group liquidity risk management are based on the Bank's of Russia prudential initiatives and the Bank's practice:

- cash and cash equivalents represent highly liquid assets and are classified as "On demand and less than 1 month";
- securities mandatorily measured and designated at fair value through profit or loss and highly liquid portion of securities measured at fair value through other comprehensive income are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in the analysis of liquidity position as "On demand and less than 1 month";
- securities measured at fair value through other comprehensive income which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as "No stated maturity / overdue" (for equity instruments);
- securities measured at amortized cost including those pledged under repurchase agreements are classified based on the earliest of two dates: redemption offer date or maturity date of security;
- highly liquid portion of financial instruments pledged under repurchase agreements is disclosed based on the remaining maturities of repurchase agreements;
- loans and advances to customers, amounts due from banks, other assets, debt securities in issue, amounts due to banks, other borrowed funds and other liabilities are included into analysis of liquidity position based on remaining contractual maturities (for loans and advances to customers "No stated maturity / overdue" category represents only actual payments which were overdue);
- due to individuals are not disclosed as "On demand and less than 1 month" in full amount although individuals have a right to withdraw money from any account, including term deposits, before maturity date, losing the right to accrued interest;
- diversification of current accounts of individuals and corporate customers by number and type of customers and the past experience of the Group indicate that such balances provide a long-term and stable source of funding. As a result in the analysis of liquidity position current accounts of individuals and corporate customers are allocated on the basis of expected time of funds outflow and assumptions regarding the "permanent" part of current account balances. Term deposits of individuals and corporate customers are allocated on the basis of their contractual maturity for the purposes of liquidity analysis;
- assets and liabilities other than those discussed above are generally classified on the basis of their contractual maturities.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

19 Financial Risk Management (continued)

The analysis of liquidity position of the Group's assets and liabilities as at 30 June 2020 is set out below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
Assets							
Cash and cash equivalents	2,567.4	—	—	—	—	—	2,567.4
Mandatory cash balances with central banks	55.1	64.9	27.2	31.1	68.5	—	246.8
Due from banks	1,332.7	52.8	48.1	43.5	2.1	2.1	1,481.3
Loans and advances to customers	317.8	2,274.7	2,453.4	6,683.4	9,222.5	240.7	21,192.5
Securities	2,307.2	85.9	101.5	488.6	948.2	29.6	3,961.0
Financial instruments pledged under repurchase agreements	868.3	4.3	2.6	2.7	6.1	—	884.0
Derivative financial assets	56.0	34.4	82.1	75.4	30.8	—	278.7
Deferred tax asset	—	—	—	—	—	20.9	20.9
Premises, equipment and right-of- use assets	—	—	—	—	—	708.5	708.5
Assets of the disposal groups and non-current assets held for sale	—	28.5	2.7	—	—	—	31.2
Other assets	464.2	56.2	34.0	70.8	85.6	300.3	1,011.1
Total assets	7,968.7	2,601.7	2,751.6	7,395.5	10,363.8	1,302.1	32,383.4
Liabilities							
Due to banks	425.9	35.1	197.3	26.2	27.4	0.2	712.1
Due to individuals	1,741.7	5,649.0	2,102.9	2,076.4	3,537.2	1.0	15,108.2
Due to corporate customers	1,901.5	1,062.1	653.4	1,119.5	3,466.6	1.1	8,204.2
Debt securities in issue	41.6	109.0	153.1	415.3	90.1	—	809.1
Other borrowed funds	0.2	0.2	0.4	1.9	19.4	—	22.1
Derivative financial liabilities and obligations to deliver securities	108.9	42.5	37.3	85.4	19.7	—	293.8
Deferred tax liability	—	—	—	—	—	46.8	46.8
Other liabilities	262.8	65.5	105.5	232.7	970.3	75.2	1,712.0
Subordinated debt	—	34.8	3.2	181.1	428.4	—	647.5
Total liabilities	4,482.6	6,998.2	3,253.1	4,138.5	8,559.1	124.3	27,555.8
Net liquidity gap	3,486.1	(4,396.5)	(501.5)	3,257.0	1,804.7	1,177.8	4,827.6
Cumulative liquidity gap as at 30 June 2020	3,486.1	(910.4)	(1,411.9)	1,845.1	3,649.8	4,827.6	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

19 Financial Risk Management (continued)

The analysis of liquidity position of the Group's assets and liabilities as at 31 December 2019 is set out below.

<i>in billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
Assets							
Cash and cash equivalents	2,083.2	—	—	—	—	—	2,083.2
Mandatory cash balances with central banks	51.7	57.9	33.7	27.7	64.5	—	235.5
Due from banks	1,011.7	25.5	5.1	37.4	1.2	2.3	1,083.2
Loans and advances to customers	423.8	2,242.1	2,449.8	6,143.1	8,917.8	186.9	20,363.5
Securities	2,732.4	107.5	67.0	335.5	909.1	30.9	4,182.4
Financial instruments pledged under repurchase agreements	176.5	—	1.3	0.7	8.8	—	187.3
Derivative financial assets	33.6	32.8	20.6	42.8	64.1	—	193.9
Deferred tax asset	—	—	—	—	—	14.6	14.6
Premises, equipment and right-of- use assets	—	—	—	—	—	695.1	695.1
Assets of the disposal groups and non-current assets held for sale	0.5	6.7	3.7	—	—	0.4	11.3
Other assets	412.3	50.6	48.0	50.1	115.4	232.5	908.9
Total assets	6,925.7	2,523.1	2,629.2	6,637.3	10,080.9	1,162.7	29,958.9
Liabilities							
Due to banks	663.4	32.5	15.2	46.2	13.0	—	770.3
Due to individuals	1,703.5	4,691.0	2,883.8	1,786.8	3,144.5	—	14,209.6
Due to corporate customers	1,562.6	1,112.3	439.0	885.7	3,365.2	—	7,364.8
Debt securities in issue	42.1	73.6	105.6	405.0	103.4	—	729.7
Other borrowed funds	0.1	1.1	0.3	4.7	18.4	—	24.6
Derivative financial liabilities and obligations to deliver securities	70.7	9.7	18.2	38.7	38.5	—	175.8
Deferred tax liability	—	—	—	—	—	30.4	30.4
Other liabilities	199.2	83.1	85.2	208.3	909.6	61.7	1,547.1
Subordinated debt	0.3	2.7	33.5	126.6	456.8	—	619.9
Total liabilities	4,241.9	6,006.0	3,580.8	3,502.0	8,049.4	92.1	25,472.2
Net liquidity gap	2,683.8	(3,482.9)	(951.6)	3,135.3	2,031.5	1,070.6	4,486.7
Cumulative liquidity gap as at 31 December 2019	2,683.8	(799.1)	(1,750.7)	1,384.6	3,416.1	4,486.7	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

20 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and external professional advice the Management is of the opinion that no material losses will be incurred in respect of the claims in excess of the amounts already provided for in these interim condensed consolidated financial statements.

In relation to the claim against the Bank and a customer of the Bank to void the derivative deals concluded between the parties the court of first instance in the first quarter of 2019 delivered judgement in favour of the plaintiff. In the third quarter of 2019 the arbitration court approved the judgement of the court of first instance, and in the fourth quarter of 2019 the court of cassation approved the judgements of the court of first instance and the appeal court. The Group made settlements in relation to the claim. At the same time assessment of the Group has not changed, and the Group will continue to appeal the delivered judgments.

Credit related commitments and performance guarantees. Outstanding credit related commitments and performance guarantees are as follows:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
Commitments to extend credit	2,587.4	2,601.6
Commitments to extend guarantees	1,357.9	1,228.5
Undrawn credit lines	850.3	469.7
Guarantees issued:		
- Financial guarantees	851.3	764.9
- Performance guarantees	732.7	726.5
Import letters of credit and letters of credit for domestic settlements	368.1	323.5
Export letters of credit with credit risk	2.2	9.2
Total credit related commitments and performance guarantees before loss allowance / provision	6,749.9	6,123.9
Loss allowance / provision	(52.1)	(37.3)
Total credit related commitments and performance guarantees	6,697.8	6,086.6

As at 30 June 2020 included in due to corporate customers are deposits of RR 282.8 billion (31 December 2019: RR 264.4 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 10.

The total outstanding contractual amount of undrawn credit lines, commitments to extend credit and guarantees, letters of credit and guarantees issued does not necessarily represent future cash payments, as these instruments may expire or terminate without any payments being made.

21 Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following table shows an analysis of assets carried at fair value by level of the fair value hierarchy as at 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Assets carried at fair value or revalued amount				
Cash and cash equivalents	—	38.5	—	38.5
Due from banks	—	533.9	—	533.9
Loans and advances to customers	—	—	1,022.5	1,022.5
- Commercial loans to legal entities	—	—	142.7	142.7
- Project finance loans to legal entities	—	—	822.2	822.2
- Consumer and other loans to individuals	—	—	57.6	57.6
Securities				
- Securities measured at fair value through other comprehensive income	1,476.4	361.6	93.3	1,931.3
Russian federal loan bonds (OFZ bonds)	886.4	22.8	—	909.2
Corporate bonds	333.7	285.1	—	618.8
Russian Federation Eurobonds	161.5	—	—	161.5
Foreign government and municipal bonds	80.4	42.9	2.2	125.5
Mortgage-backed securities	—	—	89.3	89.3
Russian municipal and subfederal bonds	6.0	9.6	—	15.6
Bonds of the Bank of Russia	8.4	—	—	8.4
Corporate shares	—	—	1.8	1.8
Promissory notes	—	1.2	—	1.2
- Securities mandatorily measured at fair value through profit or loss	418.1	64.0	62.1	544.2
Russian federal loan bonds (OFZ bonds)	207.4	—	—	207.4
Corporate bonds	89.0	62.9	—	151.9
Corporate shares	80.8	0.1	26.1	107.0
Investments in mutual funds	19.1	—	36.0	55.1
Foreign government and municipal bonds	13.4	0.2	—	13.6
Russian Federation Eurobonds	7.9	0.4	—	8.3
Russian municipal and subfederal bonds	0.5	0.4	—	0.9
- Securities designated at fair value through profit or loss	0.3	—	—	0.3
Corporate shares	0.3	—	—	0.3
Financial instruments pledged under repurchase agreements				
- Securities measured at fair value through other comprehensive income	851.1	10.5	—	861.6
Russian federal loan bonds (OFZ bonds)	789.1	10.5	—	799.6
Russian Federation Eurobonds	46.2	—	—	46.2
Foreign government and municipal bonds	11.5	—	—	11.5
Corporate bonds	4.3	—	—	4.3
- Securities mandatorily measured at fair value through profit or loss	15.0	—	—	15.0
Russian federal loan bonds (OFZ bonds)	11.9	—	—	11.9
Corporate bonds	0.9	—	—	0.9
Foreign government and municipal bonds	1.8	—	—	1.8
Corporate shares	0.4	—	—	0.4
Derivative financial assets	—	277.9	0.8	278.7
Interest rate derivatives	—	90.5	—	90.5
Foreign currency interest rate derivatives	—	54.4	—	54.4
Foreign currency derivatives	—	54.1	—	54.1
Commodity derivatives including precious metals derivatives	—	26.4	—	26.4
Equities	—	25.2	0.5	25.7
Debt securities derivatives	—	8.7	—	8.7
Credit risk derivatives	—	0.1	—	0.1
Other derivatives	—	18.5	0.3	18.8
Investment property	—	—	5.3	5.3
Office premises	—	—	275.6	275.6
Total assets carried at fair value or revalued amount	2,760.9	1,286.4	1,459.6	5,506.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following table shows an analysis of assets carried at fair value by level of the fair value hierarchy as at 31 December 2019:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Assets carried at fair value or revalued amount				
Cash and cash equivalents	—	4.2	—	4.2
Due from banks	—	513.9	—	513.9
Loans and advances to customers	—	—	952.7	952.7
- Commercial loans to legal entities	—	—	186.8	186.8
- Project finance loans to legal entities	—	—	739.3	739.3
- Consumer and other loans to individuals	—	—	26.6	26.6
Securities				
- Securities measured at fair value through other comprehensive income	1,877.7	373.9	101.1	2,352.7
Russian federal loan bonds (OFZ bonds)	1,087.6	151.1	—	1,238.7
Corporate bonds	285.2	180.8	—	466.0
Bonds of the Bank of Russia	238.6	—	—	238.6
Russian Federation Eurobonds	209.8	—	—	209.8
Mortgage-backed securities	—	—	98.4	98.4
Foreign government and municipal bonds	54.3	31.2	1.1	86.6
Russian municipal and subfederal bonds	2.1	9.5	—	11.6
Corporate shares	0.1	—	1.6	1.7
Promissory notes	—	1.3	—	1.3
- Securities mandatorily measured at fair value through profit or loss	428.6	61.0	37.4	527.0
Russian federal loan bonds (OFZ bonds)	250.1	—	—	250.1
Corporate bonds	88.9	59.0	—	147.9
Corporate shares	64.9	—	23.2	88.1
Investments in mutual funds	11.7	—	14.2	25.9
Foreign government and municipal bonds	7.6	—	—	7.6
Russian Federation Eurobonds	5.4	2.0	—	7.4
- Securities designated at fair value through profit or loss	0.1	—	—	0.1
Corporate shares	0.1	—	—	0.1
Financial instruments pledged under repurchase agreements				
- Securities measured at fair value through other comprehensive income	168.2	3.1	—	171.3
Russian federal loan bonds (OFZ bonds)	131.9	0.8	—	132.7
Russian Federation Eurobonds	19.4	—	—	19.4
Bonds of the Bank of Russia	10.6	—	—	10.6
Corporate bonds	6.0	2.3	—	8.3
Foreign government and municipal bonds	0.3	—	—	0.3
- Securities mandatorily measured at fair value through profit or loss	5.4	—	—	5.4
Corporate shares	5.4	—	—	5.4
Derivative financial assets	—	193.2	0.7	193.9
Interest rate derivatives	—	46.9	—	46.9
Foreign currency derivatives	—	42.3	—	42.3
Foreign currency interest rate derivatives	—	37.1	—	37.1
Equities	—	27.4	0.5	27.9
Debt securities derivatives	—	16.8	—	16.8
Commodity derivatives including precious metals derivatives	—	5.2	—	5.2
Other derivatives	—	17.5	0.2	17.7
Investment property	—	—	4.7	4.7
Office premises	—	—	280.6	280.6
Total assets carried at fair value or revalued amount	2,480.0	1,149.3	1,377.2	5,006.5

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following table shows fair values of financial assets for which fair values are disclosed, by level of the fair value hierarchy as at 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets carried at amortized cost					
Cash and cash equivalents	2,528.9	752.8	1,776.1	—	2,528.9
Mandatory cash balances with central banks	246.8	—	246.8	—	246.8
Due from banks	947.4	—	947.4	—	947.4
Loans and advances to customers					
- Loans to corporate customers	12,429.3	—	—	12,880.0	12,880.0
- Loans to individuals	7,740.7	—	—	8,014.5	8,014.5
Securities measured at amortized cost	1,485.2	1,073.2	472.9	1.1	1,547.2
Financial instruments pledged under repurchase agreements measured at amortized cost	7.4	7.9	—	—	7.9
Other financial assets	587.0	—	—	587.0	587.0
Total financial assets carried at amortized cost	25,972.7	1,833.9	3,443.2	21,482.6	26,759.7

The following table shows fair values of financial assets for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2019:

<i>in billions of Russian Roubles</i>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets carried at amortized cost					
Cash and cash equivalents	2,079.0	641.0	1,438.0	—	2,079.0
Mandatory cash balances with central banks	235.5	—	235.5	—	235.5
Due from banks	569.3	—	569.3	—	569.3
Loans and advances to customers					
- Loans to corporate customers	11,921.5	—	—	12,156.7	12,156.7
- Loans to individuals	7,489.3	—	—	7,714.0	7,714.0
Securities measured at amortized cost	1,302.6	975.5	375.7	2.0	1,353.2
Financial instruments pledged under repurchase agreements measured at amortized cost	10.6	11.3	—	—	11.3
Other financial assets	504.6	—	—	504.6	504.6
Total financial assets carried at amortized cost	24,112.4	1,627.8	2,618.5	20,377.3	24,623.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following table shows an analysis of financial liabilities carried at fair value by level of the fair value hierarchy as at 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Financial liabilities carried at fair value				
Due to banks designated at fair value through profit or loss	—	348.7	—	348.7
Due to individuals designated at fair value through profit or loss	—	142.7	—	142.7
Due to corporate customers designated at fair value through profit or loss	—	13.0	—	13.0
Derivative financial instruments	—	221.6	2.9	224.5
Interest rate derivatives	—	85.6	—	85.6
Foreign currency derivatives	—	46.6	—	46.6
Foreign currency interest rate derivatives	—	40.3	—	40.3
Equities	—	12.7	—	12.7
Commodity derivatives including precious metals derivatives	—	19.0	—	19.0
Credit risk derivatives	—	0.1	—	0.1
Other derivatives	—	17.3	2.9	20.2
Obligation to deliver securities	69.3	—	—	69.3
Corporate shares	33.2	—	—	33.2
Russian federal loan bonds (OFZ bonds)	16.1	—	—	16.1
Corporate bonds	14.0	—	—	14.0
Russian Federation Eurobonds	5.9	—	—	5.9
Foreign government and municipal bonds	0.1	—	—	0.1
Total financial liabilities carried at fair value	69.3	726.0	2.9	798.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following table shows an analysis of financial liabilities carried at fair value by level of the fair value hierarchy as at 31 December 2019:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Financial liabilities carried at fair value				
Due to banks designated at fair value through profit or loss	—	368.3	—	368.3
Due to individuals designated at fair value through profit or loss	—	106.4	—	106.4
Due to corporate customers designated at fair value through profit or loss	—	18.6	—	18.6
Derivative financial instruments	—	132.4	2.2	134.6
Interest rate derivatives	—	53.4	—	53.4
Foreign currency derivatives	—	30.7	—	30.7
Foreign currency interest rate derivatives	—	22.1	—	22.1
Equities	—	7.8	—	7.8
Commodity derivatives including precious metals derivatives	—	3.2	—	3.2
Credit risk derivatives	—	0.2	—	0.2
Other derivatives	—	15.0	2.2	17.2
Obligation to deliver securities	32.2	9.0	—	41.2
Corporate bonds	14.9	—	—	14.9
Russian Federation Eurobonds	3.7	9.0	—	12.7
Corporate shares	9.6	—	—	9.6
Russian federal loan bonds (OFZ bonds)	3.8	—	—	3.8
Russian municipal and subfederal bonds	0.1	—	—	0.1
Investments in mutual funds	0.1	—	—	0.1
Total financial liabilities carried at fair value	32.2	634.7	2.2	669.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following table shows fair values of financial liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities carried at amortized cost					
Due to banks	363.4	—	354.9	10.7	365.6
Due to individuals					
- Current/demand accounts	4,538.3	—	4,538.3	—	4,538.3
- Term deposits and direct repo agreements	10,427.2	—	—	10,482.9	10,482.9
Due to corporate customers					
- Current/demand accounts	3,513.0	—	3,513.0	—	3,513.0
- Term deposits and direct repo agreements	4,678.2	—	—	4,815.9	4,815.9
Debt securities in issue	809.1	122.7	714.2	0.1	837.0
Other borrowed funds	22.1	—	21.2	1.0	22.2
Other financial liabilities	450.3	—	—	450.3	450.3
Subordinated debt	647.5	137.0	1.8	515.8	654.6
Total financial liabilities carried at amortized cost	25,449.1	259.7	9,143.4	16,276.7	25,679.8

The following table shows fair values of financial liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2019:

<i>in billions of Russian Roubles</i>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities carried at amortized cost					
Due to banks	402.0	—	391.1	9.7	400.8
Due to individuals					
- Current/demand accounts	3,763.1	—	3,763.1	—	3,763.1
- Term deposits and direct repo agreements	10,340.1	—	—	10,378.1	10,378.1
Due to corporate customers					
- Current/demand accounts	2,675.2	—	2,675.2	—	2,675.2
- Term deposits and direct repo agreements	4,671.0	—	—	4,615.9	4,615.9
Debt securities in issue	729.7	127.6	627.5	3.0	758.1
Other borrowed funds	24.6	—	23.8	0.8	24.6
Other financial liabilities	339.1	—	—	339.1	339.1
Subordinated debt	619.9	125.5	1.8	499.8	627.1
Total financial liabilities carried at amortized cost	23,564.7	253.1	7,482.5	15,846.4	23,582.0

Level 2 assets carried at fair value include short term liquid balances due from banks, debt securities of first-class issuers and derivative financial instruments that are not actively traded on the market. Fair value of these financial instruments was calculated using techniques for which all inputs which have a significant effect on the recorded fair value are observable on the active market. Financial characteristics of comparable financial instruments actively traded on the market were used as inputs for the fair valuation models.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The following describes the methodologies and assumptions used to determine fair values for financial instruments.

Derivatives

Derivatives valued using a valuation technique with market observable inputs derived from well-known market information systems are mainly foreign currency interest rate swaps, interest rate swaps, currency swaps, forward foreign exchange contracts and foreign exchange option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. Pricing of options is mostly done with Black-Scholes model and for certain types of options with stochastic local volatility model. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatility. In rare exceptional cases, DCF model may be applied, in case where it is impossible to obtain market data.

Securities measured at fair value through profit or loss and securities at fair value through other comprehensive income

Securities measured at fair value through profit or loss and securities measured at fair value through other comprehensive income valued using a valuation technique or pricing models primarily consist of unquoted equity and debt securities. 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.

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities measured at fair value during the six months ended 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
Financial assets		
Securities measured at fair value through other comprehensive income	94.1	237.3
Securities mandatorily measured at fair value through profit or loss	27.1	37.0
Securities measured at fair value through other comprehensive income pledged under repurchase agreements	1.7	4.7
Total transfers of financial assets	122.9	279.0
Obligation to deliver securities	4.7	9.7
Total transfers of financial liabilities	4.7	9.7

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities measured at fair value during the year ended 31 December 2019:

<i>in billions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
Financial assets		
Securities measured at fair value through other comprehensive income	133.3	241.3
Securities mandatorily measured at fair value through profit or loss	42.8	47.8
Securities measured at fair value through other comprehensive income pledged under repurchase agreements	2.3	16.5
Total transfers of financial assets	178.4	305.6
Obligation to deliver securities	9.0	0.8
Total transfers of financial liabilities	9.0	0.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

The financial instruments are transferred from Level 2 and Level 3 to Level 1 when they become actively traded and fair values are determined using quoted prices in an active market.

The financial instruments are transferred from Level 1 to Level 2 when they ceased to be actively traded, the liquidity of the market is not sufficient to use the market quotation for the valuation and fair values are consequently obtained from valuation techniques using observable market inputs.

The financial instruments are transferred to Level 3 when they ceased to be actively traded and there is no possibility to use valuation techniques with observable market inputs.

The following table shows a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded at fair value as at 30 June 2020:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	At 31 December 2019	Total gains/ (losses) reported in profit or loss	Foreign currency revaluation	Total gains/ (losses) reported in other compre- hensive income	Origination/ Purchases	Sales/ Settlements/ Transfers	Transfers to Level 3	At 30 June 2020
Securities mandatorily measured at fair value through profit or loss	37.4	(0.2)	1.2	—	24.4	(1.0)	0.3	62.1
Securities measured at fair value through other comprehensive income	101.1	2.8	0.4	0.2	0.9	(12.1)	—	93.3
Loans and advances to customers	952.7	(8.8)	86.2	—	157.5	(165.1)	—	1,022.5
Derivative financial assets	0.7	0.1	—	—	—	—	—	0.8
Investment property	4.7	—	—	—	(0.1)	—	0.7	5.3
Office premises	280.6	(3.0)	0.1	(0.4)	5.4	(7.1)	—	275.6
Total level 3 assets	1,377.2	(9.1)	87.9	(0.2)	188.1	(185.3)	1.0	1,459.6
Derivative financial liabilities	2.2	0.1	—	—	0.6	—	—	2.9
Total level 3 liabilities	2.2	0.1	—	—	0.6	—	—	2.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

For the six months ended 30 June 2020 the losses in the amount of RR 26.4 billion reported in the interim consolidated statement of profit or loss on Level 3 financial assets were unrealized.

For the six months ended 30 June 2020 the gains in the amount RR 0.2 billion reported in the interim consolidated statement of comprehensive income on Level 3 financial assets were unrealized.

Details of valuation of significant assets as at 30 June 2020 are summarised below.

Valuation of loans using valuation techniques based on non-observable inputs

The Group determined fair value of loans based on discounted cash flow models and using the pricing of embedded derivatives. The models use a number of observable and non-observable inputs on the market, key of which are the interest rates and the credit spread.

Should the interest rate used by the Group in the valuation model for loans to a chemical company with fair value of 327.0 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 8.4 billion lower / RR 8.4 billion higher. Should the credit spread used by the Group in the valuation model for loans to the company increase / decrease by 1.0%, the carrying value of the loans would be RR 4.7 billion lower / RR 4.7 billion higher.

Should the interest rate used by the Group in the valuation model for loans to another chemical company with fair value of RR 142.7 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 0.1 billion lower / RR 0.1 billion higher.

In valuation above the credit spread should be interpreted with market convention LGD equal to 75%.

The Group determined fair value of loans to oil refining companies based on discounted cash flow models and using the pricing of embedded derivatives. The models use a number of observable and non-observable inputs on the market, key of which are the discount rate and estimated cash flows.

Should the sum of discounted cash flows used by the Group in the valuation model for loans to an oil refining company with fair value of RR 103.2 billion increase / decrease by 5%, the carrying value of the loans would be RR 5.2 billion higher / RR 5.2 billion lower.

Should the sum of discounted cash flows used by the Group in the valuation model for loans to another oil refining company with fair value of RR 75.9 billion increase / decrease by 5%, the carrying value of the loans would be RR 3.8 billion higher / RR 3.8 billion lower.

Valuation of mortgage-backed securities using valuation techniques based on non-observable inputs

The model uses a number of observable and unobservable inputs to derive a valuation, key of which include risk-free curve and the credit spread for JSC "DOM.RF" (all considered observable), while portfolio aging period and behavioral adjustment on refinancing position represent key unobservable inputs.

Should the risk-free curve used by the Group in the valuation model for securities of RR 27.4 billion increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.9 billion lower / RR 0.9 billion higher. Should the JSC "DOM.RF" credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.9 billion lower / RR 0.9 billion higher.

Should the risk-free curve used by the Group in the valuation model for securities of RR 37.1 billion increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.2 billion lower / RR 1.3 billion higher. Should the JSC "DOM.RF" credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.2 billion lower / RR 1.3 billion higher.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

Should the risk-free curve used by the Group in the valuation model for securities of RR 24.8 billion increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.9 billion lower / RR 0.9 billion higher. Should the JSC “DOM.RF” credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.9 billion lower / RR 0.9 billion higher.

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded at fair value as at 31 December 2019:

<i>in billions of Russian Roubles</i>	At 31 December 2018	Total gains/ (losses) reported in profit or loss	Foreign currency revaluation	Total gains/ (losses) reported in other compre- hensive income	Origination/ Purchases	Sales/ Settlements/ Transfers	Transfers from Level 3	Transfers to Level 3	At 31 December 2019
Securities mandatorily measured at fair value through profit or loss	48.2	0.4	(0.3)	—	1.6	(12.6)	(0.8)	0.9	37.4
Securities measured at fair value through other comprehensive income	80.9	5.0	—	10.3	24.6	(21.4)	—	1.7	101.1
Loans and advances to customers	685.9	(27.2)	(49.4)	—	592.5	(249.1)	—	—	952.7
Derivative financial assets	1.1	—	—	—	0.5	(0.9)	—	—	0.7
Investment property	4.8	(0.2)	—	—	1.7	(1.6)	—	—	4.7
Office premises	288.2	(10.3)	(1.1)	(7.9)	26.4	(14.7)	—	—	280.6
Assets of discontinued operations	5.7	—	—	—	—	(5.7)	—	—	—
Total level 3 assets	1,114.8	(32.3)	(50.8)	2.4	647.3	(306.0)	(0.8)	2.6	1,377.2
Due to corporate customers	1.0	—	—	—	—	(1.0)	—	—	—
Derivative financial liabilities	—	—	—	—	2.2	—	—	—	2.2
Total level 3 liabilities	1.0	—	—	—	2.2	(1.0)	—	—	2.2

For the year ended 31 December 2019 the losses in the amount of RR 21.6 billion reported in the consolidated statement of profit or loss on Level 3 financial assets were unrealized.

For the year ended 31 December 2019 the gains in the amount RR 10.3 billion reported in the consolidated statement of comprehensive income on Level 3 financial assets were unrealized.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

21 Fair Value Disclosures (continued)

Details of valuation of significant assets as at 31 December 2019 are summarised below.

Valuation of loans using valuation techniques based on non-observable inputs

The Group determined fair value of loans based on discounted cash flow models and using the pricing of embedded derivatives. The models use a number of observable and non-observable inputs on the market, key of which are the interest rates and the credit spread.

Should the interest rate used by the Group in the valuation model for loans to a chemical company with fair value of RR 239.0 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 7.7 billion lower / RR 7.7 billion higher. Should the credit spread used by the Group in the valuation model for loans to the company increase / decrease by 1.0%, the carrying value of the loans would be RR 4.2 billion lower / RR 4.2 billion higher.

Should the interest rate used by the Group in the valuation model for loans to another chemical company with fair value of 59.4 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 0.3 billion lower / RR 0.3 billion higher. Should the credit spread used by the Group in the valuation model for loans to the company increase / decrease by 1.0%, the carrying value of the loans would be RR 0.1 billion lower / RR 0.1 billion higher.

In valuation above the credit spread should be interpreted with market convention LGD equal to 75%.

The Group determined fair value of loans to oil refining companies based on discounted cash flow models and using the pricing of embedded derivatives. The models use a number of observable and non-observable inputs on the market, key of which are the discount rate and estimated cash flows.

Should the sum of discounted cash flows used by the Group in the valuation model for loans to an oil refining company with fair value of RR 88.5 billion increase / decrease by 5%, the carrying value of the loans would be RR 4.5 billion higher / RR 4.5 billion lower.

Should the sum of discounted cash flows used by the Group in the valuation model for loans to another oil refining company with fair value of RR 75.0 billion increase / decrease by 5.0%, the carrying value of the loans would be RR 3.5 billion higher / RR 3.5 billion lower.

Valuation of mortgage-backed securities using valuation techniques based on non-observable inputs

The model uses a number of observable and unobservable inputs to derive a valuation, key of which include risk-free curve and the credit spread for JSC "DOM.RF" (all considered observable), while portfolio aging period and behavioral adjustment on refinancing position represent key unobservable inputs.

Should the risk-free curve used by the Group in the valuation model for securities of RR 31.2 billion increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.0 billion lower / RR 1.1 billion higher. Should the JSC "DOM.RF" credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.0 billion lower / RR 1.1 billion higher.

Should the risk-free curve used by the Group in the valuation model for securities of RR 43.1 billion increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.8 billion lower / RR 1.9 billion higher. Should the JSC "DOM.RF" credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.8 billion lower / RR 1.9 billion higher.

Should the risk-free curve used by the Group in the valuation model for securities of RR 24.1 billion increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.0 billion lower / RR 1.0 billion higher. Should the JSC "DOM.RF" credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.0 billion lower / RR 1.0 billion higher.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

22 Related Party Transactions

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Starting from April 2020 the Group's principal shareholder is the National Welfare Fund and the ultimate controlling shareholder is the Government of the Russian Federation. Before that date the Group's principal and ultimate controlling shareholder was the Bank of Russia. Refer to Note 1.

Other related parties in the tables below comprise associated companies and joint ventures of Sberbank Group (hereafter "Associates and JVs"), key management personnel of Sberbank Group including their close family members. Disclosures are made in Note 23 for significant transactions with state-controlled entities and regional / municipal state authorities. Information on investments in associates and joint ventures is disclosed in Note 9.

As at 30 June 2020, the outstanding balances with the Government of the Russian Federation (the "Government") (for the purposes of this Note including its federal ministries, services and agencies) and other related parties were as follows:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)		
	The Government	Associates and JVs	Key management personnel
Assets			
Derivative financial assets	—	0.5	—
Loans and advances to customers before credit loss allowance	—	86.1	—
Securities	1,685.3	—	—
Financial instruments pledged under repurchase agreements	857.7	—	—
Other assets	—	0.6	—
Liabilities			
Due to individuals	—	—	13.2
Due to corporate customers	871.6	27.2	—
Subordinated debt	150.7	—	—
Other liabilities	—	0.1	5.5
Credit related commitments			
Guarantees issued	—	13.1	—
Undrawn credit lines	—	30.3	—
Commitments to extend guarantees	—	7.3	—

There were no outstanding balances with the National Welfare Fund as at 30 June 2020.

In accordance with the terms of the agreement on the sale of 50.0% plus 1 share in Sberbank's share capital from the Bank of Russia to the National Welfare Fund, in the second quarter of 2020 the Bank of Russia ceded partially in favor of the Ministry of Finance claims to the Group for the nominal amount of RR 150.0 billion under the subordinated loan agreement dated 16 June 2014. The total nominal amount of loan under this agreement is RR 200.0 billion.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

22 Related Party Transactions (continued)

As at 31 December 2019, the outstanding balances with the Bank of Russia and its Group, and other related parties were as follows:

<i>in billions of Russian Roubles</i>	31 December 2019			
	Bank of Russia	Group of the Bank of Russia	Associates and JVs	Key management personnel
Assets				
Cash and cash equivalents	964.2	2.0	—	—
Mandatory cash balances with the Bank of Russia	202.8	—	—	—
Derivative financial assets	—	2.0	—	—
Due from banks	13.6	—	—	—
Loans and advances to customers before credit loss allowance	—	25.9	73.5	—
Securities	238.6	—	—	—
Financial instruments pledged under repurchase agreements	10.6	—	—	—
Other assets	—	2.4	0.2	—
Liabilities				
Due to banks	42.3	25.2	—	—
Due to individuals	—	—	—	14.4
Due to corporate customers	—	2.5	15.9	—
Derivative financial liabilities and obligations to deliver securities	—	5.2	—	—
Subordinated debt	499.9	—	—	—
Other liabilities	—	0.8	—	4.4
Credit related commitments				
Guarantees issued	—	—	6.5	—
Undrawn credit lines	—	0.8	10.8	—
Commitments to extend guarantees	—	—	11.6	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

22 Related Party Transactions (continued)

The income and expense items with the Government, the Bank of Russia and its Group, and other related parties for the six months ended 30 June 2020 are disclosed below. The results of operations with the Bank of Russia and its Group are included in the table below for the three months ended 31 March 2020. There were no operations with the National Welfare Fund during the six months and the three months ended 30 June 2020.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June 2020				
	The Government	Bank of Russia	Group of the Bank of Russia	Associates and JVs	Key management personnel
Interest income calculated using the effective interest method	40.4	3.8	1.0	3.5	—
Interest expense calculated using the effective interest method	(7.4)	(8.6)	(0.2)	(0.4)	(0.5)
Fee and commission income	—	—	—	0.2	—
Fee and commission expense	—	(0.4)	(0.1)	—	—
Other net operating income / (expense)	—	0.1	2.4	(0.1)	—
Staff and administrative expenses	—	—	—	(0.4)	(2.3)

The income and expense items with the Government and other related parties for the three months ended 30 June 2020 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 June 2020		
	The Government	Associates and JVs	Key management personnel
Interest income calculated using the effective interest method	40.4	1.9	—
Interest expense calculated using the effective interest method	(7.4)	(0.3)	(0.3)
Fee and commission income	—	0.1	—
Other net operating expense	—	0.2	—
Staff and administrative expenses	—	(0.2)	(1.6)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

22 Related Party Transactions (continued)

The income and expense items with the Bank of Russia and its Group, and other related parties for the six months ended 30 June 2019 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June 2019			
	Bank of Russia	Group of the Bank of Russia	Associates and JVs	Key management personnel
Interest income calculated using the effective interest method	15.2	2.3	3.4	—
Interest expense calculated using the effective interest method	(18.5)	(0.9)	(0.2)	(0.3)
Revenue of non-core business activities	0.1	—	—	—
Fee and commission income	—	0.1	0.1	—
Fee and commission expense	(1.0)	(0.2)	—	—
Other net operating income	0.2	7.0	0.2	—
Staff and administrative expenses	—	(0.1)	(1.3)	(4.2)
Loss of discontinued operations	—	—	(0.4)	—

The income and expense items with the Bank of Russia and its Group, and other related parties for the three months ended 30 June 2019 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 June 2019			
	Bank of Russia	Group of the Bank of Russia	Associates and JVs	Key management personnel
Interest income calculated using the effective interest method	8.2	1.4	1.6	—
Interest expense calculated using the effective interest method	(9.4)	(0.3)	(0.1)	(0.2)
Revenue of non-core business activities	0.1	—	—	—
Fee and commission income	—	0.1	0.1	—
Fee and commission expense	(0.8)	(0.1)	—	—
Other net operating income	0.1	5.8	0.1	—
Staff and administrative expenses	—	(0.1)	(0.8)	(2.2)
Loss of discontinued operations	—	—	(0.2)	—

For the six months ended 30 June 2020, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 2.2 billion (for the six months ended 30 June 2019: RR 2.3 billion). For the three months ended 30 June 2020, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 1.0 billion (for the three months ended 30 June 2019: RR 1.1 billion). Payments to the key management personnel on regular remuneration for the six months ended 30 June 2020 comprised RR 1.4 billion (for the six months ended 30 June 2019: RR 1.4 billion). Payments to the key management personnel on regular remuneration for the three months ended 30 June 2020 comprised RR 0.4 billion (for the three months ended 30 June 2019: RR 0.3 billion).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

22 Related Party Transactions (continued)

Also in 2015 the Bank has introduced a long term cash settled motivation program for the key management personnel with share-based features. The program has been designed within a framework of risk oriented remuneration and is in full compliance with the requirements of the Bank of Russia on the remuneration system for Russian credit institutions. The program parameters are as follows:

- 40% of the variable part of the annual compensation is deferred and is paid in 3 annual installments;
- payments to the participants of the program are contingent upon the Bank's positive performance, e.g. if the Bank has a loss in any of the 3 years following the year in which the award was granted, payments to the participants are forfeited for that particular year;
- awards may be fully or partially forfeited, for example, due to individual misconduct (including a breach of regulations) or termination for cause and also due to negative individual contributions to the Bank's results.

Share-based long term compensation is payable in cash, and is remeasured at each reporting date based on the forward price of the Bank's ordinary shares. For the six months ended 30 June 2020 share-based long term compensation (including remeasurement of the outstanding balance to reflect changes in the price of the Bank's ordinary shares) has amounted to RR 0.2 billion (for the six months ended 30 June 2019: RR 2.0 billion). For the three months ended 30 June 2020 share-based long term compensation (including remeasurement of the outstanding balance to reflect changes in the price of the Bank's ordinary shares) has amounted to RR 0.6 billion (for the three months ended 30 June 2019: RR 1.2 billion). There were no payments to the key management personnel on share-based long term compensation for the six months and for the three months ended 30 June 2020 and 30 June 2019.

Payables on share-based long term compensation as at 30 June 2020 amounted to RR 4.0 billion (31 December 2019: RR 3.8 billion). The related obligations are included in other financial liabilities in the interim consolidated statement of financial position until paid.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

23 Operations with State-Controlled Entities and Government Bodies

In the normal course of business, the Group enters into contractual agreements with state-controlled entities and government bodies. The Group provides these clients with a full range of banking services including, but not limited to, lending, deposit-taking, issue of guarantees, operations with securities, cash and settlement transactions. Operations with these clients are generally carried out on market terms.

Balances with the regional / municipal state authorities and state-controlled entities which are significant in terms of the carrying amounts as at 30 June 2020 are disclosed below:

		30 June 2020 (unaudited)			
<i>in billions of Russian Roubles</i>		Cash and cash equivalents / Mandatory cash balances with the Bank of Russia	Loans and advances to customers / Due from banks	Due to corporate customers / Due to banks/ Subordinated debt	Guarantees issued/ Undrawn credit lines
Client	Sector				
Client 1	Banking	1,290.0	165.0	566.6	—
Client 2	Oil and gas	—	310.9	7.8	15.1
Client 3	Energy	—	42.7	143.8	37.7
Client 4	Machinery	—	177.6	29.1	17.3
Client 5	Oil and gas	—	212.3	7.8	0.4
Client 6	Machinery	—	17.4	27.5	120.2
Client 7	Oil and gas	—	147.8	—	7.1
Client 8	Machinery	—	84.5	19.6	33.6
Client 9	Transport and logistics	—	134.4	—	—
Client 10	Machinery	—	16.6	19.3	89.4
Client 11	Telecommunications	—	100.2	—	12.4
Client 12	Energy	—	96.3	6.6	0.2
Client 13	Machinery	—	51.4	15.6	14.5
Client 14	Machinery	—	5.1	26.5	32.4
Client 15	Machinery	—	—	14.5	41.8
Client 16	Banking	—	20.3	32.4	—
Client 17	Transport and logistics	—	9.9	26.8	—
Client 18	Government and municipal bodies	—	—	34.8	—
Client 19	Government and municipal bodies	—	—	30.0	—
Client 20	Machinery	—	1.1	26.5	0.2

As at 30 June 2020 the balances with Client 1 represent balances with the Bank of Russia. The balances outstanding as at 30 June 2020 with the Government of the Russian Federation (the “Government”) (for the purposes of this Note including its federal ministries, services and agencies) and results of operations with the Government for the period from April 2020 are disclosed in Note 22.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

23 Operations with State-Controlled Entities and Government Bodies (continued)

Balances with the Government, regional / municipal state authorities and state-controlled entities as at 31 December 2019 disclosed below contain balances of clients which are significant in terms of the carrying amounts as at 30 June 2020 (Clients 2 -20), and in addition the entities with the balances which were significant as at 31 December 2019 (Clients 21-25):

<i>in billions of Russian Roubles</i>		31 December 2019		
		Loans and advances to customers / Due from banks	Due to corporate customers / Due to banks	Guarantees issued/ Undrawn credit lines
Client	Sector			
Client 2	Oil and gas	342.1	22.2	11.7
Client 3	Energy	17.1	150.0	27.9
Client 4	Machinery	147.2	34.0	14.8
Client 5	Oil and gas	174.9	10.2	0.4
Client 6	Machinery	21.8	36.3	113.4
Client 7	Oil and gas	179.7	28.9	23.2
Client 8	Machinery	84.0	10.2	0.3
Client 9	Transport and logistics	18.2	—	2.2
Client 10	Machinery	14.8	31.5	96.4
Client 11	Telecommunications	—	—	25.5
Client 12	Energy	121.6	—	—
Client 13	Machinery	58.6	17.2	26.8
Client 14	Machinery	5.4	29.6	45.1
Client 15	Machinery	—	—	58.2
Client 16	Banking	210.2	42.7	—
Client 17	Transport and logistics	—	32.1	—
Client 18	Government and municipal bodies	—	18.1	—
Client 19	Government and municipal bodies	—	30.0	—
Client 20	Machinery	6.0	41.5	12.3
Client 21	Government and municipal bodies	—	467.5	—
Client 22	Government and municipal bodies	—	172.5	—
Client 23	Banking	—	169.0	—
Client 24	Government and municipal bodies	1.5	75.8	—
Client 25	Government and municipal bodies	61.2	—	—

The balances with the Bank of Russia as at 31 December 2019 are disclosed in Note 22.

As at 30 June 2020 and 31 December 2019 the Group's investments in securities issued by state-controlled corporate entities were as follows:

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)		31 December 2019	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Securities mandatorily measured at fair value through profit or loss	99.4	20.9	100.3	18.3
Securities measured at amortized cost	367.1	—	343.2	—
Securities measured at fair value through other comprehensive income - debt instruments	264.9	—	224.6	—
Financial instruments pledged under repurchase agreements	8.3	0.2	9.6	4.9

For disclosures on investments in the regional / municipal debt securities and securities issued by the Bank of Russia please refer to Notes 6 and 7.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

24 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 June 2020:

<i>(unaudited)</i> Name	Nature of business	Percentage of ownership	Country of registration
Sberbank Europe AG	banking	100.00%	Austria
BPS-Sberbank OJSC	banking	98.43%	Belarus
SB Sberbank JSC	banking	100.00%	Kazakhstan
SBERBANK JSC	banking	100.00%	Ukraine
Sberbank (Switzerland) AG	banking	99.28%	Switzerland
Cetelem Bank LLC	banking	79.20%	Russia
Sberbank Leasing JSC	leasing	100.00%	Russia
Sberbank Capital LLC	finance	100.00%	Russia
SB CIB Holding LLC	finance	100.00%	Russia
Insurance company "Sberbank life insurance" LLC	finance	100.00%	Russia
Insurance company "Sberbank insurance" LLC	finance	100.00%	Russia
Sberbank Factoring LLC	finance	100.00%	Russia
Rublyovo-Arkhangelskoye JSC	construction	100.00%	Russia
Sberbank Investments LLC	finance	100.00%	Russia
PS Yandex.Money LLC	finance	75.00% minus one Russian Rouble	Russia
Digital Technologies LLC	digital business	100.00%	Russia
Non-state Pension Fund of Sberbank JSC	finance	100.00%	Russia

In line with ecosystem development plans Sberbank made a decision to buy out from Yandex a 25.0% + 1 Russian Rouble share in PS Yandex.Money LLC. In July 2020 the deal was closed. The consideration paid amounted to RR 2.4 billion. After the closing of the deal Sberbank has 100.0% ownership in PS Yandex.Money LLC. The Group will rebrand PS Yandex.Money LLC until the end of 2020.

During the second quarter of 2020 the Group signed legally binding documents on investments in development and on acquiring of controlling interest in service 2GIS. According to the deal the Group will obtain a 72.0% share in the company. The valuation of 100% share in the company for the purpose of the deal amounted to RR 14.3 billion. The deal is expected to be closed in the third quarter of 2020 once all necessary regulatory approvals are obtained. 2GIS is a leading Russian company specializing in development of digital maps and city guides, which provides geodata services in Russia and in other countries.

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 June 2020 was 14.8% (31 December 2019: 14.1%).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

25 Capital Adequacy Ratio

The Group's objectives when managing capital are (i) to comply with the regulatory capital requirements set by the Bank of Russia and (ii) to safeguard the Group's ability to continue as a going concern.

According to requirements set by the Bank of Russia regulatory capital ratio N1.0 has to be maintained by the Bank above the minimum level of 8.0% (31 December 2019: 8.0%). During the second quarter of 2020 and as at 30 June 2020 for the purposes of regulatory capital adequacy ratios calculation the Bank applied the new requirements of the Bank of Russia which were issued by the regulator to adopt in the Russian Federation the requirements of the Basel Committee for Banking Supervision known as "Basel 3.5".

The total regulatory capital of the Bank and regulatory capital adequacy ratios of the Bank as at 30 June 2020 and 31 December 2019 are disclosed below.

<i>in billions of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
Total capital	4,624.7	4,567.9
Common equity adequacy ratio N1.1, %	13.6	10.5
Tier 1 capital adequacy ratio N1.2, %	13.6	10.5
Total capital adequacy ratio N1.0, %	15.8	14.5

The Bank calculates capital adequacy ratios using internal ratings-based ("IRB") approach for part of certain classes of financial instruments:

- Loans to corporate customers;
- Loans to individuals;
- Debt securities;
- Derivatives;
- Credit related commitments.

The Group also monitors capital adequacy ratio on consolidated level based on requirements of Basel Committee for Banking Supervision. According to Basel Committee for Banking Supervision requirements minimum level of capital adequacy ratio is 6.0% for Tier 1 capital and 8.0% for total capital. For assessment of credit risk in calculation of capital adequacy ratio on consolidated level the Group applies IRB approach for certain part of financial instruments for which IRB approach is applied in regulatory reports.

Starting from the second quarter of 2020 the Group applies the following approaches in calculation of capital adequacy ratios on consolidated level:

- risk weighted assets to which IRB approach is applied, are calculated in accordance with requirements of Basel 3.5 standards;
- in relation to other assets standardized approach is applied in accordance with the requirements of the Basel Committee for Banking Supervision "Basel III: A global regulatory framework for more resilient banks and banking systems" (Basel 3).

Principles and methodology of IRB approach implementation for the purposes of calculation of regulatory capital adequacy ratios and capital adequacy ratios on consolidated level match and reflect Russian regulatory interpretation of Basel 3.5 requirements.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

25 Capital Adequacy Ratio (continued)

Principles and methodology of standardized approach implementation for the purposes of calculation of regulatory capital adequacy ratios and capital adequacy ratios on consolidated level match in cases where Basel 3 requirements allow to apply such national regulatory requirements. In particular, such approach was used for the following main types of assets:

- government and municipal debt financial instruments of the Russian Federation and its subjects nominated and funded in Russian Roubles;
- specific types of loans to which higher risk weights are applied in accordance with the Bank of Russia requirements;
- correspondent accounts and mandatory cash balances with the Bank of Russia.

Also the Group has aligned the approach to the calculation of risk weighted assets on credit risk for the purpose of calculation of regulatory capital adequacy ratio and capital adequacy ratio on consolidated level. The alignment includes:

- application of the macroprudential adjustments to the risk coefficients for both standardized and IRB approaches;
- application of other regulatory requirements of the Bank of Russia to risk coefficients applied.

The capital adequacy ratio of the Group as at 30 June 2020 and 31 December 2019 calculated in accordance with the Basel Committee for Banking Supervision requirements is disclosed below.

	30 June 2020 Basel 3.5 (unaudited)	30 June 2020 Basel 3 (unaudited)	31 December 2019 Basel 3
<i>in billions of Russian Roubles</i>			
Tier 1 capital			
Share capital	87.7	87.7	87.7
Share premium	232.6	232.6	232.6
Retained earnings	4,333.1	4,333.1	4,049.2
Non-controlling interest	9.7	9.7	11.9
Treasury shares	(25.2)	(25.2)	(21.5)
Other reserves	190.8	190.8	130.3
less goodwill	(14.0)	(14.0)	(13.6)
less intangible assets	(69.3)	(69.3)	(78.4)
Other deductions from capital	(24.2)	(24.2)	(22.8)
Tier 1 capital	4,721.2	4,721.2	4,375.4
Tier 2 capital			
Eligible subordinated debt	46.5	46.5	55.1
Excess of total eligible provisions over expected loss amount under IRB approach	95.5	107.7	3.0
Tier 2 capital	142.0	154.2	58.1
Total capital	4,863.2	4,875.4	4,433.5
Risk weighted assets (RWA)			
Credit risk	27,538.6	29,587.4	28,062.7
Operational risk	3,486.8	3,486.8	3,486.8
Market risk	911.0	911.0	1,084.6
Total risk weighted assets (RWA)	31,936.4	33,985.2	32,634.1
Common equity Tier 1 capital adequacy ratio (Common equity Tier 1 capital / Total RWA), %	14.8	13.9	13.4
Tier 1 capital adequacy ratio (Tier 1 capital / Total RWA), %	14.8	13.9	13.4
Total capital adequacy ratio (Total capital / Total RWA), %	15.2	14.3	13.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2020

25 Capital Adequacy Ratio (continued)

In the table below is disclosed the leverage ratio calculated in accordance with the Basel Committee requirements.

	30 June 2020 Basel 3.5 (unaudited)	30 June 2020 Basel 3 (unaudited)	31 December 2019 Basel 3
<i>in billions of Russian Roubles</i>			
Tier 1 capital	4,721.2	4,721.2	4,375.4
Total leverage ratio exposure	34,378.3	34,378.3	31,885.0
Leverage ratio, %	13.7	13.7	13.7

The Group was in compliance with external capital requirements during the six months ended 30 June 2020 and the year ended 31 December 2019.

26 Subsequent events

In July 2020 in line with ecosystem development plans Sberbank closed the deal on selling to Yandex a 45.0% share in Yandex.Market B.V. and buying out from Yandex a 25.0% + 1 Russian Rouble share in PS Yandex.Money LLC. Refer to Notes 8 and 24 for further details.

The Group plans to make additional investments in Rambler Group in the total amount of about RR 2.0 billion as part of a new round of equity financing. As part of the additional financing, the Group will buy the 6.95% of treasury shares from Rambler Group, as well as 1.5% share directly from A&NN, the second shareholder of Rambler Group. Thus, the Group's share in the capital of Rambler Group will increase to 55.0%.