ROSBANK Group

Interim condensed consolidated financial statements

3 months ended 31 March 2019
(unaudited)

ROSBANK GROUP

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2019 (UNAUDITED)
(in millions of Russian Roubles)

	Notes	31 March 2019 (unaudited)	31 December 2018
ASSETS			
Cash and cash equivalents	6, 29	200,388	191,279
Mandatory cash balances with the Central Bank of the Russian Federation	6	8,020	7,722
Financial assets at fair value through profit or loss	7, 8, 29	33,631	43,025
Due from banks	9, 29	6,032	9,391
Loans to customers	10, 29	742,324	723,972
Investments at fair value through other comprehensive income	11 , 29	51,678	46,180
Investments at amortized cost	12	90,597	94,118
Property and equipment and right-of-use assets		24,407	18,922
Intangible assets		4,464	3,686
Current income tax assets		40	295
Deferred income tax assets		1,896	1,272
Other assets		14,232	12,660
Total assets		**1,177,709**	**1,152,522**
LIABILITIES AND EQUITY			
LIABILITIES:			
Financial liabilities at fair value through profit or loss	8 , 13 , 29	34,183	41,959
Due to the Central Bank of the Russian Federation		21	25
Due to banks and international financial institutions	14 , 29	46,406	72,445
Customer accounts	15 , 29	787,323	740,531
Debt securities issued	16 , 29	111,853	99,908
Other provisions	28	299	683
Current income tax liabilities		800	333
Deferred income tax liabilities		907	1,081
Other liabilities		13,695	11,675
Subordinated debt	17 , 29	18,865	31,077
Total liabilities		**1,014,352**	**999,717**
EQUITY:			
Share capital	18	17,587	17,587
Share premium	18	59,707	59,707
Perpetual subordinated debt	19 , 29	19,440	10,421
Cumulative translation reserve		162	172
Property and equipment revaluation reserve		4,074	4,218
Fair value reserve		(15)	4
Cash flow and NIFE hedge		(13)	62
Retained earnings		62,415	60,634
Total equity		**163,357**	**152,805**
TOTAL LIABILITIES AND EQUITY		**1,177,709**	**1,152,522**

Публичное акционерное общество РОСБАНК г. Москва

Chairman of the Management Board
I.A. Polyakov

Member of the Management Board – Chief Financial Officer
A.A. Ovchinnikov

29 May 2019
Moscow

The notes on pages 8-37 form an integral part of these interim condensed consolidated financial statements.

ROSBANK GROUP

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 3 MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

(in millions of Russian Roubles, except for earnings per share which are in Roubles)

	Notes	3 months ended 31 March 2019 (unaudited)	
		2019	2018
Interest income at effective interest rate	20 , 29	22,645	20,978
Other interest income		24	66
Interest expense		(11,165)	(11,338)
Net interest income before credit loss expense/ provision for impairment losses		**11,504**	**9,706**
Credit loss expense/ provision for impairment losses	21 , 29	(2,146)	(1,029)
Net interest income		**9,358**	**8,677**
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards	22 , 29	(593)	(257)
Net gain/(loss) on foreign exchange operations	23	718	664
Net gain/(loss) on precious metals operations		26	1
Net realized gain on sale of Investments at fair value through other comprehensive income		(5)	-
Fee and commission income	24 , 29	3,746	3,296
Fee and commission expense	24 , 29	(1,087)	(850)
Other provisions	21 , 29	(13)	(96)
Other income		166	211
Net non-interest income		**2,958**	**2,969**
Operating income		**12,316**	**11,646**
Operating expenses	25 , 29	(9,537)	(9,299)
Other non-operating income/(expense)		(4)	(35)
Profit/(loss) before income tax		**2,775**	**2,312**
Income tax credit/(expense)	26	(567)	(854)
Net profit/(loss) for the period		**2,208**	**1,458**
EARNINGS PER SHARE			
Basic and diluted (in RUB)	27	1.42	0.94

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ROSBANK GROUP

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR 3 MONTHS ENDED 31 MARCH 2019 (UNAUDITED)
(in millions of Russian Rubles)

	Notes	3 months ended 31 March (unaudited) 2019	2018
Net profit/(loss) for the period		**2,208**	**1,458**
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(13)	(103)
Income tax on translating foreign operations		3	4
Cash flow and NIFE hedge		(92)	(11)
Income tax on cash flow and NIFE hedge		17	3
Changes in allowance for expected credit losses of investments and loans at fair value through other comprehensive income		-	1
Net change in fair value of investments and loans at fair value through other comprehensive income		(24)	(3)
Income tax on fair value of investments and loans at fair value through other comprehensive income during the period		5	-
Other comprehensive income/(expense) after income tax		**(104)**	**(109)**
Total comprehensive income/(expense)		**2,104**	**1,349**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR 3 MONTHS ENDED 31 MARCH 2019 (UNAUDITED)
(in millions of Russian Roubles)

	Share capital	Share premium	Perpetual subor-dinated debt	Cumulative translation reserve	Property and equipment revaluation reserve	Fair value reserve	Cash flow and NIFE hedge	Retained earnings	Total equity
31 December 2017	**17,587**	**59,707**	**-**	**429**	**4,941**	**(1,073)**	**31**	**50,975**	**132,597**
Impact of adopting IFRS 9	-	-	-	-	-	1,144	-	(2,867)	(1,723)
Restated opening balance under IFRS 9	**17,587**	**59,707**	**-**	**429**	**4,941**	**71**	**31**	**48,108**	**130,874**
Net profit/(loss) for the period	-	-	-	-	-	-	-	1,458	1,458
Other comprehensive income/(expense) for the period	-	-	-	(99)	-	(2)	(8)	-	(109)
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**(99)**	**-**	**(2)**	**(8)**	**1,458**	**1,349**
Property and equipment disposal (net of deferred tax of RUB 48 millions)	-	-	-	-	(193)	-	-	193	-
Perpetual subordinated debt	-	-	8,664	-	-	-	-	-	8,664
31 March 2018 (unaudited)	**17,587**	**59,707**	**8,664**	**330**	**4,748**	**69**	**23**	**49,759**	**140,887**
31 December 2018	**17,587**	**59,707**	**10 421**	**172**	**4,218**	**4**	**62**	**60,634**	**152,805**
Net profit/(loss) for the period	-	-	-	-	-	-	-	2,208	2,208
Other comprehensive income/(expense) for the period	-	-	-	(10)	-	(19)	(75)	-	(104)
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**(10)**	**-**	**(19)**	**(75)**	**2,208**	**2,104**
Property and equipment disposal (net of deferred tax of RUB 36 millions)	-	-	-	-	(144)	-	-	144	-
Perpetual subordinated debt	-	-	9,019	-	-	-	-	-	9,019
Payment of interest on perpetual subordinated debt	-	-	-	-	-	-	-	(713)	(713)
Tax on payment of interest on perpetual subordinated debt	-	-	-	-	-	-	-	142	142
31 March 2019 (unaudited)	**17,587**	**59,707**	**19,440**	**162**	**4,074**	**(15)**	**(13)**	**62,415**	**163,357**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR 3 MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

(in millions of Russian Roubles)

	Notes	3 months ended 31 March (unaudited) 2019	3 months ended 31 March (unaudited) 2018
Cash flows from operating activities:			
Interest received		22,275	21,957
Interest paid		(10,687)	(11,814)
Fees and commissions received		3,746	3,271
Fees and commissions paid		(1,087)	(835)
Receipts from/(payment for) financial assets at fair value through profit or loss		2,117	(209)
Receipts from/(payment for) trading in foreign currencies		(1,025)	(1,270)
Other operating income received		108	133
Receipts from/(payment for) precious metals operations		57	23
Administrative and other operating expenses paid		(6,996)	(9,559)
Income tax received/(paid)		(476)	(1,075)
Cash flows from operating activities before changes in operating assets and liabilities		**8,032**	**622**
Changes in operating assets and liabilities			
Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation		(298)	(1,190)
Net (increase)/decrease in financial assets at fair value through profit or loss		(2,298)	(1,365)
Net (increase)/decrease in due from banks		1,940	974
Net (increase)/decrease in loans to customers		(29,772)	19,653
Net (increase)/decrease in other assets		(1,105)	(2,472)
Net increase/(decrease) in financial liabilities at fair value through profit or loss		483	173
Net increase/(decrease) in due to the Central Bank of the Russian Federation		(4)	(82)
Net increase/(decrease) in due to banks and international financial institutions		(23,835)	34,778
Net increase/(decrease) in customer accounts		58,863	(61,997)
Net increase/(decrease) in debt securities issued, other than bonds issued		802	629
Net increase/(decrease) in other liabilities		337	1,466
Net increase/(decrease) in other liabilities on law cases		-	(4)
Net cash from/(used in) operating activities		**13,145**	**(8,815)**
Cash flows from investing activities			
Purchase of financial assets at fair value through other comprehensive income		(50,406)	(17,801)
Proceeds from disposal and redemption of financial assets at fair value through other comprehensive income		44,975	18,753
Proceeds from redemption of financial assets at amortised cost		939	3,515
Purchase of financial assets at amortised cost		-	(7,558)
Purchase of property, equipment and intangible asstes		(1,780)	(997)
Proceeds from disposal of property and equipment		187	144
Net cash from/(used in)investing activities		**(6,085)**	**(3,944)**
Cash flows from financing activities			
Redemption of bonds issued by the Group		-	(5,196)
Issue of bonds		10,000	-
Proceeds from sale of previously bought back bonds issued		-	182
Buy back of bonds issued		125	(2,379)
Payment of interest on perpetual subordinated debt		(713)	-
Net cash from/(used in) financing activities		**9,412**	**(7,393)**
Effect of exchange rate changes on the balance of cash held in foreign currencies		(7,366)	(1,116)
Net increase/(decrease) in cash and cash equivalents		**9,106**	**(21,268)**
CASH AND CASH EQUIVALENTS, beginning of the period	6	**191,285**	**209,810**
CASH AND CASH EQUIVALENTS, end of the period	6	**200,391**	**188,542**

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The notes on pages 9-37 form an integral part of these interim condensed consolidated financial statements.

1. Organization

ROSBANK (initially named "Nezavisimost") is a joint stock bank which was incorporated in the Russian Federation in 1993. Over the subsequent five years, ROSBANK customers were mainly comprised of medium-sized trade, finance and technology companies, for which it conducted a variety of activities, including corporate lending, settlement, government bond trading, foreign exchange and money market transactions. In 1998 ROSBANK was acquired by the Interros Group with the initial purpose of providing banking services to Interros Group companies. In 2000 ROSBANK acquired Uneximbank which was merged into ROSBANK and ceased to exist as a legal entity. In 2002 the businesses of ROSBANK and Commercial Bank "MFK Bank", specializing in investment banking, were consolidated. In 2003 the Interros Group acquired OVK group – one of Russia's largest retail banking institutions. The integration of OVK with ROSBANK has transformed ROSBANK into a financial institution capable of offering universal services.

Societe Generale became the owner of 20% minus 1 share of Rosbank in 2006. In February 2008 Societe Generale became the owner of Rosbank controlling stock interest by exercising the option for acquisition of 30% stocks. In March 2008 Societe Generale offered to buy the stakes of minority shareholders at 194.09 roubles per share. Having performed the buy-out Societe Generale raised its interest in Rosbank to 57.57%. On 23 March 2009 ROSBANK issued 26,665,928 shares by way of public subscription. The issue was bought by Societe Generale and PHARANCO HOLDINGS CO. LIMITED in the proportion 60.6786% and 39.3214%, respectively. On 27 May 2009 Societe Generale increased its share in Rosbank by 7% after the purchase of this share from PHARANCO HOLDINGS CO. LIMITED.

In February 2010, Societe Generale with the consent of other shareholders of Rosbank Group took the decision to reorganize the legal structure of its Russian subsidiaries in order to build a major financial group.

The first step was achieved in January 2011 with the acquisition of 100% of the share capital of Rusfinance and Delta Credit. The two companies kept acting as separate entities, Rusfinance being mainly dedicated to consumer credit and Delta Credit to mortgages.

The second step was achieved in July 2011 with the merger of the two universal banks ROSBANK and BSGV into a single and unified company ultimately operating under a single brand. Benefiting from their differentiated positioning on both corporate and retail segments, the new structure aims at improving its financial performance by increasing revenues through cross-selling strategy and developing synergies in order to reduce operational costs.

During 2013, Societe Generale further consolidated its positions in Russian market by acquiring in December 2013 an additional 10% stake in ROSBANK equity from VTB Group, increasing it up to 92.4%. As part of the agreement ROSBANK sold to VTB Group certain Russian assets: shares listed on Moscow Exchange as well as some loans and real-estate assets.

In April 2015 Societe Generale acquired further 7% of ROSBANK's share capital from Interros group, raising its stake to 99.4%, in line with its strategy of building up the Group's stake in ROSBANK.

ROSBANK is regulated by the Central Bank of the Russian Federation (the "CBR") and conducts its business under license number 2272. ROSBANK is engaged in a full range of banking activities, including commercial and investment banking and custodial services.

The registered office of ROSBANK is located at 34, Masha Poryvaeva Street, Moscow, 107078, Russian Federation.

As of 31 March 2019 and 31 December 2018 ROSBANK had 8 branches operating in the Russian Federation.

ROSBANK ("the Bank") is the parent company of a banking group (the "Group") which consists of the following material enterprises as of 31 March 2019, 31 December 2018 and 31 March 2018:

Name	Country of incorporation	Group's ownership interest / voting rights, %			Type of operations
		31 March 2019	31 December 2018	31 March 2018	
Delta Credit Bank JSC	Russia	100/100	100/100	100/100	Banking
Rusfinance Bank LLC	Russia	100/100	100/100	100/100	Banking
Rusfinance LLC	Russia	100/100	100/100	100/100	Commerce
RB Factoring LLC	Russia	100/100	100/100	100/100	Factoring
Rosbank (Switzerland) SA	Switzerland	100/100	100/100	100/100	In liquidation
RB LEASING LLC	Russia	100/100	100/100	100/100	Leasing
ORS JSC	Russia	100/100	100/100	100/100	Processing
RB Specialized Depositary LLC	Russia	100/100	100/100	100/100	Depositary servises
RB Service LLC	Russia	100/100	100/100	100/100	Service company
Telsikom CJSC	Russia	100/100	100/100	100/100	Telecommunication servises
SG Finance	Russia	100/100	100/100	100/100	Leasing

On 14 July 2010 the Group took decision to close its foreign subsidiary in Switzerland – Rosbank (Switzerland) SA. In May 2017 the licence for banking activities was withdrawn. The liquidation process is authorized n by Swiss banking authorities. The Group does not anticipate any substantial impact on its financial results nor its financial position as a result of the aforementioned liquidation.

In October 2017 the Group acquired 100% shares in SG Finance, a company operating in leasing. The purchase consideration amounted to RUB 168 million, which was settled in cash.

In September 2018 the Group announced the merger of Rosbank and DeltaCredit expected to take place in the middle of 2019. The merger of resources, teams and businesses of Rosbank and DeltaCredit will allow the Group achieve further growth of its mortgage business and ensure more cross-sell opportunities.

As of 31 March 2019 and 31 December 2018, the controlling shareholder of ROSBANK is Societe Generale S.A. with share more than 99%.

2. Going concern

These interim condensed consolidated financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

The management and shareholders have the intention to further develop the business of the Group in the Russian Federation both in corporate and retail segments. Management believes that the going concern assumption is appropriate for the Group due to its sufficient capital adequacy ratio and based on historical experience that short-term obligations will be refinanced in the normal course of business.

3. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for 2018 prepared in accordance with IFRS. Management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group's annual consolidated financial statements for 2018 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in equity and cash flows for the interim reporting periods.

Since the results of the Group's operations closely relate to and depend on changing market conditions, the results of the Group's operations for the interim period are not necessarily indicative of the results for the full year.

Other basis of presentation criteria

These interim condensed consolidated financial statements have been prepared assuming that the Group is a going concern and will continue operation for the foreseeable future.

These interim condensed consolidated financial statements are presented in millions of Russian Roubles ("mRUB"), unless otherwise indicated.

These interim condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values, and certain land and buildings that are measured at revalued amounts according to International Accounting Standard 16 *Property, Plant and Equipment* ("IAS 16"). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these interim condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Bank and its consolidated companies, registered in the Russian Federation, maintain their accounting records in accordance with Russian Accounting Standards (RAS), foreign consolidated companies of the Group maintain their accounting records in accordance with the law of the countries, in which they operate. These interim condensed consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent of the Group is the Russian rouble (RUB). The presentation currency of the interim condensed consolidated financial statements of the Group is the RUB. All values are rounded to the nearest million RUB, except when otherwise indicated.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the interim condensed consolidated statement of financial position only when there is a currently legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense is not offset in the interim condensed consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation permitted by any IFRS, and as specifically disclosed in the accounting policies of the Group.

4. Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2018, except for the accounting policies and impact of the adoption of the Standards and Interpretations described below.

Rates of exchange and commodity prices

The exchange rates and commodity prices at period-end used by the Group in the preparation of the interim condensed consolidated financial statements are as follows:

	31 March 2019	**31 December 2018**
RUB/1 US Dollar	64.8012	69.4706
RUB/1 Euro	72.8884	79.4605
RUB/Gold (1 ounce)	83,943.47	88,852.90
RUB/Platinum (1 ounce)	55,081.02	54,742.83
RUB/Palladium (1 ounce)	90,073.67	88,227.66
RUB/Silver (1 ounce)	978.50	1,062.55

Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for 2018 prepared in accordance with IFRS.

The Group adopted new Standards effective as of 1 January 2019 as described below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Application of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the impact of each amendment is described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Nature of the effect of adoption of IFRS 16

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

• Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

• Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

• Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

• Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or in-substance fixed lease payments.

• Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below 300,000 RUB). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

• Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
The Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

A reconciliation of the operating lease commitments to this liability is as follows:

	mRUB
Lease payments under operating lease on 31.12.2018 with VAT	**7,659**
Lease payments under operating lease on 31.12.2018 without VAT	**6,961**
Adjustments to the amount of lease payable:	
Future lease payments that are due in periods subject to lease extension options that are reasonably certain to be exercised	695
Recognition exemption: short term leases	(178)
Recognition exemption: the underlying asset is of low value	(226)
Future lease payments under IFRS 16	**7,252**
Effect of discounting	(1,751)
Lease Liability under IFRS 16 on 01.01.2019	**5,500**
Amount of prepayments and irrevocable security payments on agreements	163
Right of use under IFRS 16 on 01.01.19	**5,663**

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2019 mRUB (unaudited)	**31 December 2018 mRUB**
Cash	13,110	18,931
Balances with the Central Bank of the Russian Federation	44,672	99,221
Current accounts in banks	43,442	10,028
Demand deposits in banks	9,365	6,116
Loans under reverse repurchase agreements	4,520	7,655
Due from banks with original maturity within 90 days	85,282	49,334
Cash and cash equivalents	**200,391**	**191,285**
Less – Allowance for impairment	(3)	(6)
Total cash and cash equivalents	**200,388**	**191,279**

Fair value of assets pledged and carrying value of loans under the reverse repurchase agreements as at 31 March 2019 and 31 December 2018 comprise:

	31 March 2019 mRUB (unaudited)		**31 December 2018 mRUB**	
	Carrying value of loan	**Fair value of collateral**	**Carrying value of loan**	**Fair value of collateral**
Bonds of Russian companies	-	-	2,539	2,870
Bonds of the Russian Federation	3,491	3,036	1,536	1,618
Bonds of the Russian banks	-	-	2,684	3,096
Shares of Russian banks	1,029	1,594	896	1,381
Total loans under reverse repurchase agreements	**4,520**	**4,630**	**7,655**	**8,965**

7. Financial assets at fair value through profit or loss

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Debt securities	1,258	453
Derivative financial instruments (Note 8)	32,182	42,381
Shares	191	191
Total financial assets at fair value through profit or loss	**33,631**	**43,025**

The debt securities included in financial assets at fair value through profit or loss relate entirely to financial assets held-for-trading.

	31 March 2019 (unaudited)		31 December 2018	
	Nominal interest rate %	Amount mRUB	Nominal interest rate %	Amount mRUB
Debt securities:				
Debt securities of the Russian Federation	6.4 - 8.48 %	1,258	6.4-8.02%	453
		1,258		**453**

8. Derivative financial instruments

Derivative financial instruments comprise:

	31 March 2019 mRUB (unaudited)			31 December 2018 mRUB		
	Nominal value	Fair value Assets	Fair value Liabilities	Nominal value	Fair value Assets	Fair value Liabilities
Derivative financial instruments:						
Foreign exchange contracts						
Swaps	325,953	1,988	(3,444)	336,482	4,676	(4,782)
Forwards	120,687	927	(272)	121,812	348	(1,913)
IRS/CIRS	427,684	26,391	(26,275)	429,200	34,211	(31,601)
Cash flow and NIFE hedge	3,157	292	(116)	3,184	608	(105)
Foreign exchange and Interest rate options	68,941	915	(972)	66,985	790	(828)
Total foreign exchange contracts		**30,513**	**(31,079)**		**40,633**	**(39,229)**
Contracts on precious metals and commodities						
Forwards	3,863	200	(200)	3,948	285	(285)
Swaps	571	6	(4)	118	20	–
Options	16,953	1,463	(1,463)	16,704	1,443	(1,443)
Total contracts on precious metals and commodities		**1,669**	**(1,667)**		**1,748**	**(1,728)**
Total		**32,182**	**(32,746)**		**42,381**	**(40,957)**

Embedded derivatives

The Group issued structural bonds with embedded derivatives included in financial assets at fair value through profit and loss in amount RUB 3,175 million as at 31 March 2019 and in amount RUB 3,569 million as at 31 December 2018, respectively. Simultaneously the Group entered into interest rate swap contracts to compensate future cash flows to be paid on structural bonds issued. The fair value of interest rate swaps included in financial liabilities at fair value through profit and loss amounted to RUB 3,165 million as at 31 March 2019 and amounted to RUB 3,561 million as at 31 December 2018, respectively.

9. Due from banks

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Term deposits in banks	6,032	9,392
Less – Allowance for impairment	-	(1)
Total due from banks	**6,032**	**9,391**

10. Loans to customers

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Loans at amortised cost		
Loans to Corporate business		
Loans to legal entities	294,881	287,856
Net investments in finance lease	17,289	17,778
Account receivable from RF Government on financed loans	1,415	1,880
Loans to Retail business		
Loans to individuals	471,085	457,318
Total loans at amortized cost	**784,670**	**764,832**
Loans at fair value through other comprehensive income		
Loans to individuals at fair value through other comprehensive income	3,022	3,203
Total loans at fair value through other comprehensive income	**3,022**	**3,203**
Total loans to customers before impairment	**787,692**	**768,035**
Less – Allowance for impairment	(45,368)	(44,063)
Total loans to customers	**742,324**	**723,972**

As of 31 March 2019 the aggregate amount of loans to customers included loans measured at FVTOCI in the amount of RUB 3,022 million.

As of 31 March 2019 the Group had loans to one group of customers which individually exceeded 10% of the Group's equity.

As of 31 December 2018 the Group had loans to two groups of customers which individually exceeded 10% of the Group's equity.

As of 31 March 2019 the amount receivable from RF Government on the financed car loan program amounted to RUB 1,415 million (as of 31 December 2018 – to RUB 1,880 million).

11. Investments at fair value through other comprehensive income

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Debt securities	51,678	46,180
Investments at fair value through other comprehensive income	**51,678**	**46,180**

	31 March 2019 (unaudited)		31 December 2018	
	Nominal interest rate %	Amount mRUB	Nominal interest rate %	Amount mRUB
Debt securities:				
Bonds of the Russian Federation	6.5% - 7.75%	51,678	6.5-7.75%	46,180
		51,678		**46,180**

12. Investments at amortised cost

	31 March 2019 (unaudited)		31 December 2018	
	Nominal annual interest rate	Amount mRUB	Nominal annual interest rate	Amount mRUB
Eurobonds of the Russian Federation	4.5 -7.5%	37,677	3.5-7.5%	40,937
Bonds of the Russian Federation	7.0 -8.15%	52,872	7.0-8.15%	53,137
Eurobonds of Russian companies	4.95%	72	4.95%	78
Less – Allowance for impairment		(24)		(34)
Investments at amortised cost		**90,597**		**94,118**

13. Financial liabilities at fair value through profit or loss

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Derivative financial instruments	32,746	40,957
Short position on securities purchased	1,437	1,002
Total financial liabilities at fair value through profit or loss	**34,183**	**41,959**

Derivative financial instruments are disclosed in Note 8.

14. Due to banks and international financial institutions

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Time deposits	4,824	34,467
Demand accounts	40,940	37,431
Loans under repurchase agreements	642	547
Total due to banks and international financial institutions	**46,406**	**72,445**

The Group is obligated to comply with financial covenants in relation to certain balances deposited by banks and international financial institutions deposits. These covenants include various financial performance ratios. As of 31 March 2019 and 31 December 2018 the Group has not breached any of these covenants.

As at 31 March 2019 and 31 December 2018 included in due to banks and international financial institutions are RUB 16,668 million and RUB 18,825 million (10% and 12% of Group equity), respectively, that were due to three and three banks, respectively, which represents a significant concentration.

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 March 2019 and 31 December 2018 comprise:

	31 March 2019 (unaudited)		31 December 2018	
	Carrying value of loans mRUB	Fair value of collateral mRUB	Carrying value of loans mRUB	Fair value of collateral mRUB
Bonds of the Russian Federation	642	641	547	547
Total	**642**	**641**	**547**	**547**

15. Customer accounts

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Corporate		
Time deposits	339,598	258,578
Repayable on demand	151,546	192,993
Total corporate	**491,144**	**451,571**
Individuals		
Time deposits	154,468	139,826
Repayable on demand	141,711	149,134
Total individuals	**296,179**	**288,960**
Total customer accounts	**787,323**	**740,531**

Customer accounts which were held as security against letters of credit and guarantees issued and other transaction related contingent obligations of the Group are presented in Note 28.

16. Debt securities issued

	Annual coupon rates %	31 March 2019 mRUB (unaudited)	Annual coupon rates %	31 December 2018 mRUB
Bonds of Deltacredit due in 2019-2026	5.00%-12.40%	56,811	5.00-12.40%	55,712
Bonds of Rosbank due in 2020-2026	7.50%-10.40%	28,189	7.50-10.40%	17,639
Bonds of Rusfinancebank due in 2020-2021	9,55%-9.95%	3,337	2.00-10.00%	3,425
Exchange structual bonds of Rosbank due in 2024	9.27%-9.89%	10,285	9.27-9.89%	10,164
Discount bearing promissory notes	0.00%-8.55%	13,231	0.00-8.55%	12,968
Total debt securities issued		**111,853**		**99,908**

During the period January - March 2019 the following bonds were redeemed:

Issuer	Issue date	Maturity date	Debt volume, mRUB	Annual coupon rate, %
Rosbank	29.01.2019	31.01.2022	10 000	9.0%

17. Subordinated debt

	Currency	Interest Rate %	31 March 2019 mRUB (unaudited)	Interest Rate, %	31 December 2018 mRUB
Societe Generale S.A. due in 2020-2023	USD	6.5 - 6.8%	18,865	6.5-10.2%	31,077
Total subordinated debt			**18,865**		**31,077**

In January 2019 the terms of subordinated loan attracted by the Group from Societe General S.A. in August 2012 in the amount of USD 150 million and annual interest rate of 8.13% and maturity in December 2022 were modified (Note 19).

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

18. Share capital

As of 31 March 2019 and 31 December 2018 the nominal share capital totaling RUB 17,587 - million issued and fully paid comprised 1,551,401,853 ordinary shares with par value of RUB 10 each. All shares are ranked equally and carry one vote. The hyperinflation effect has been recorded in the amount of RUB 2,073 million.

As of 31 March 2019 and 31 December 2018 share premium totaling RUB 59,707 million represents an excess of contributions received in share capital over the nominal value of shares issued.

As at 31 March 2019 and 31 December 2018 the Group's share capital comprised the following number of shares of RUB 10 each:

	Share capital authorized	Share capital authorized but not issued	Share capital repurchased	Share capital issued and paid in
Number of ordinary shares	1,846,461,466	295,059,613	-	1,551,401,853

19. Perpetual subordinated debt

The Group accounts for the perpetual subordinated loans as an equity instrument in the consolidated statement of financial position due to undefined maturity and an option for cancellation of both the debt and the interest payment by the Group.

Interest payments may be cancelled in accordance with the terms of the perpetual subordinated loan. At the moment the interest under the perpetual subordinated loan becomes non-cancellable, it is recorded as a part of equity.

Central Bank of Russian Federation has approved the inclusion of the perpetual subordinated loan in the regulatory capital calculation of the Bank.

	Currency	Interest Rate %	31 March 2019 mRUB (unaudited)	Interest Rate, %	31 December 2018 mRUB
Societe Generale S.A.	USD	7.25%*	9,720	7.25%	10,421
Societe Generale S.A.	USD	LIBOR 6M + 687 bp	9,720	-	-
Total subordinated debt			**19,440**		**10,421**

* Annual initial interest rate of 7.25% and annual interest payment. Rate of interest is to be reset every 5 years.

In January 2019 the terms of subordinated loan attracted by the Group from Societe General S.A. in August 2012 in the amount of USD 150 million and annual interest rate of 8.13% and maturity in December 2022 were modified. According to amended terms of the agreement Societe Generale S.A. granted to the Group perpetual subordinated loan in the amount of USD 150 million with an interest rate of LIBOR 6M + 687 bp and half-annual interest payment.

20. Net interest income

	3 months ended 31 March mRUB (unaudited)	
	2019	**2018**
Interest income at effective interest rate:		
Interest income on financial assets recorded at amortized cost:		
Interest on loans to individuals	13,993	12,812
Interest on loans to corporate customers	5,112	4,481
Interest on due from banks	1,138	2,345
Interest on investments at amortised cost	1,383	1,017
Interest income on financial asssets recorded at fair value through other comprehensive income		
Interest income on investments at fair value through other comprehensive income	941	323
Interest on loans to individuals at fair value through other comprehensive income	78	-
Total interest income at effective interest rate	**22,645**	**20,978**
Other interest income		
Interest income on financial assets at fair value through profit and loss	24	66
Total other interest income	**24**	**66**
Total interest income	**22,669**	**21,044**
Interest expense:		
Interest expense on financial liabilities recorded at amortized cost:		
Interest on corporate customer accounts	4,840	4,140
Interest on debt securities issued	2,304	3,267
Interest on deposits from individuals	2,691	2,772
Interest on subordinated debt	411	627
Interest on deposits from banks	778	529
Interest on deposits of the Central Bank of the Russian Federation	-	3
Other interest expense	141	-
Total interest expense	**11,165**	**11,338**
Net interest income before loss expense/ provision for impairment losses	**11,504**	**9,706**

21. Credit loss expense and other provisions

For 3 months ended 31 March 2019 and 2018 the amount of credit loss expenses / allowance for impairment losses in the interim condensed consolidated statement of profit or loss comprises:

	3 months ended 31 March mRUB (unaudited)	
	2019	**2018**
Net allocations	2,121	1,254
Recoveries of loans written off	(4)	(239)
Write offs not covered by provisions	29	14
Credit loss expenses/ allowance for impairment losses	**2,146**	**1,029**

An analysis of changes in the ECLs for financial assets for 3 months ended 31 March 2019 is, as follows:

	Cash and cash equivalents and due from banks mRUB (unaudited)	Loans to Corporate business mRUB (unaudited)	Loans to Retail business mRUB (unaudited)	Investments at amortised cost mRUB (unaudited)	Investments and loans at FVOCI mRUB (unaudited)	Total mRUB (unaudited)
Stage 1						
ECL as at 1 January 2019	**7**	**601**	**4,838**	**34**	**3**	**5,483**
Transfers to Stage 1	-	-	184	-	-	184
Transfers to Stage 2	-	(23)	(53)	-	-	(76)
Transfers to Stage 3	-	-	(24)	-	-	(24)
Allowance charge	9	180	1,386	-	3	1,578
Recoveries	(13)	(216)	(1,452)	(9)	(4)	(1,694)
Foreign exchange adjustments	-	(18)	(31)	(1)	-	(50)
ECL as at 31 March 2019	**3**	**524**	**4,848**	**24**	**2**	**5,401**
Stage 2						
ECL as at 1 January 2019	**-**	**35**	**1,204**	-	**-**	**1,239**
Transfers to Stage 1	-	-	(149)	-	-	(149)
Transfers to Stage 2	-	23	118	-	-	141
Transfers to Stage 3	-	(1)	(752)	-	-	(753)
Allowance charge	-	74	1,122	-	-	1,196
Recoveries	-	(23)	(200)	-	-	(223)
Foreign exchange adjustments	-	-	(3)	-	-	(3)
ECL as at 31 March 2019	**-**	**108**	**1,340**	**-**	**-**	**1,448**
Stage 3						
ECL as at 1 January 2019	**-**	**10,108**	**27,268**	-	**-**	**37,376**
Transfers to Stage 1	-	-	(35)	-	-	(35)
Transfers to Stage 2	-	-	(65)	-	-	(65)
Transfers to Stage 3	-	2	776	-	-	778
Allowance charge	-	1,663	1,556	-	-	3,219
Recoveries	-	(715)	(1,136)	-	-	(1,851)
Amounts written off	-	(5)	(555)	-	-	(560)
Foreign exchange adjustments	-	(211)	(113)	-	-	(324)
ECL as at 31 March 2019	**-**	**10,842**	**27,696**	**-**	**-**	**38,538**
POCI						
ECL as at 1 January 2019	-	**-**	**9**	-	**-**	**9**
Allowance charge	-	-	1	-	-	1
ECL as at 31 March 2019	**-**	**-**	**10**	-	**-**	**10**
Total at 1 January 2019	**7**	**10,744**	**33,319**	**34**	**3**	**44,107**
Total at 31 March 2019	**3**	**11,474**	**33,894**	**24**	**2**	**45,397**

An analysis of changes in the ECLs for financial assets for three months ended 31 March 2018 is, as follows:

	Cash and cash equivalents and due from banks mRUB (unaudited)	Loans to Corporate business mRUB (unaudited)	Loans to Retail business mRUB (unaudited)	Investments at amortised cost mRUB (unaudited)	Investments at FVOCI mRUB (unaudited)	Total mRUB (unaudited)
Stage 1						
ECL as at 1 January 2018	**8**	**1,244**	**4,707**	**56**	**3**	**6,018**
Transfers to Stage 1	-	-	119	-	-	119
Transfers to Stage 2	-	-	(20)	-	-	(20)
Transfers to Stage 3	-	-	(7)	-	-	(7)
Allowance charge	19	69	986	5	3	1,082
Recoveries	(19)	(106)	(1,033)	(16)	(4)	(1,178)
Foreign exchange adjustments	-	(1)	-	-	-	(1)
ECL as at 31 March 2018	**8**	**1,206**	**4,752**	**45**	**2**	**6,013**
Stage 2						
ECL as at 1 January 2018	**3**	**74**	**1,051**	**-**	**-**	**1,128**
Transfers to Stage 1	-	-	(66)	-	-	(66)
Transfers to Stage 2	-	246	28	-	-	274
Transfers to Stage 3	-	(7)	(360)	-	-	(367)
Allowance charge	-	16	737	-	-	753
Recoveries	(3)	(249)	(202)	-	-	(454)
Foreign exchange adjustments	-	1	(1)	-	-	-
ECL as at 31 March 2018	**-**	**81**	**1,187**	**-**	**-**	**1,268**
Stage 3						
ECL as at 1 January 2018	**-**	**9,761**	**33,640**	**-**	**-**	**43,401**
Transfers to Stage 1	-	-	(53)	-	-	(53)
Transfers to Stage 2	-	(246)	(8)	-	-	(254)
Transfers to Stage 3	-	7	367	-	-	374
Allowance charge	-	713	1,785	-	-	2,498
Recoveries	-	(20)	(1,427)	-	-	(1,447)
Amounts written off	-	-	(1,133)	-	-	(1,133)
Foreign exchange adjustments	-	1	(5)	-	-	(4)
ECL as at 31 March 2018	**-**	**10,216**	**33,166**	**-**	**-**	**43,382**
Total at 1 January 2018	**11**	**11,079**	**39,398**	**56**	**3**	**50,547**
Total at 31 March 2018	**8**	**11,503**	**39,105**	**45**	**2**	**50,663**

For 3 months ended 31 March 2019 and 2018 the amount of other provision comprises:

	3 months ended 31 March mRUB (unaudited)	
	2019	**2018**
Net allocations	12	92
Recoveries of debtors receivables written off	(8)	(6)
Write offs not covered by provisions	9	10
Other provisions	**13**	**96**

The information about other provisions of the Group is disclosed in Note 28.

Allowance for impairment losses on assets is deducted from the respective assets. Provision for impairment losses on financial guarantees issued, claims and other commitments is presented in liabilities.

An analysis of changes in the ECLs for other financial assets financial guarantees, credit lines, letters of credit and for 3 months ended 31 March 2019 is, as follows:

	Provisions for financial guarantees, credit lines, letters of credit mRUB (unaudited)	Provision for other assets mRUB (unaudited)	Total mRUB (unaudited)
Stage 1			
ECL as at 1 January 2019	**107**	**-**	**107**
Transfers to Stage 1	-	-	-
Transfers to Stage 2	(2)	-	(2)
Transfers to Stage 3	-	-	-
Allowance charge	53	6	59
Recoveries	(60)	(2)	(62)
Foreign exchange adjustments	2	2	4
ECL as at 31 March 2019	**100**	**6**	**106**
Stage 2			
ECLs as at 1 January 2019	**23**	**4**	**27**
Transfers to Stage 1	-	-	-
Transfers to Stage 2	(2)	-	(2)
Transfers to Stage 3	-	-	-
Allowance charge	7	1	8
Recoveries	(7)	(1)	(8)
Foreign exchange adjustments	(2)	-	(2)
ECL as at 31 March 2019	**19**	**4**	**23**
Stage 3			
ECLs as at 1 January 2019	**127**	**952**	**1,079**
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Accounting transfer	-	-	-
Allowance charge	80	185	265
Recoveries	(189)	(178)	(367)
Amounts written off	-	(6)	(6)
Foreign exchange adjustments	(11)	-	(11)
ECL as at 31 March 2019	**7**	**953**	**960**
Total at 1 January 2019	**257**	**956**	**1,213**
Total at 31 March 2019	**126**	**963**	**1,089**

An analysis of changes in the ECLs for other financial assets for three months ended 31 March 2018 is, as follows:

	Provisions for financial guarantees, credit lines, letters of credit mRUB (unaudited)	Provision for other assets mRUB (unaudited)	Total mRUB (unaudited)
Stage 1			
ECL as at 1 January 2018	**69**	**-**	**69**
Transfers to Stage 1	3	-	3
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Allowance charge	33	-	33
Recoveries	(44)	-	(44)
Foreign exchange adjustments	2	-	2
ECL as at 31 March 2018	**63**	**-**	**63**
Stage 2			
ECLs as at 1 January 2018	**65**	**4**	**69**
Transfers to Stage 1	(3)	-	(3)
Transfers to Stage 2	15	-	15
Transfers to Stage 3	-	-	-
Allowance charge	18	1	19
Recoveries	(67)	(1)	(68)
Foreign exchange adjustments	(1)	-	(1)
ECL as at 31 March 2018	**27**	**4**	**31**
Stage 3			
ECLs as at 1 January 2018	**92**	**832**	**924**
Transfers to Stage 1	-	-	-
Transfers to Stage 2	(15)	-	(15)
Transfers to Stage 3	-	-	-
Allowance charge	76	56	132
Recoveries	(3)	-	(3)
Amounts written off	-	(176)	(176)
Foreign exchange adjustments	-	-	-
ECL as at 31 March 2018	**150**	**712**	**862**
Total at 1 January 2018	**226**	**836**	**1 062**
Total at 31 March 2018	**240**	**716**	**956**

The movements in provisions according to IAS 36 and IAS 37 were as follows:

	Provision for claims and other commitments mRUB (unaudited)	Provision for repossessed assets mRUB (unaudited)	Total mRUB (unaudited)
Provision as at 1 January 2018	**201**	**495**	**696**
Allowance charge	63	-	63
Recoveries	(39)	(1)	(40)
Amounts written off	-	(19)	(19)
Foreign exchange adjustments	(3)	-	(3)
Provision as at 31 March 2018	**222**	**475**	**697**
Provision as at 1 January 2019	**426**	**574**	**1,000**
Allowance charge	9	28	37
Recoveries	(4)	(21)	(25)
Amounts written off	(245)	(2)	(247)
Foreign exchange adjustments	(13)	-	(13)
Provision as at 31 March 2019	**173**	**579**	**752**

22. Net gain/(loss) on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards

Net loss on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards comprises:

	3 months ended 31 March mRUB (unaudited) 2019	2018
Net gain/(loss) on operations with financial assets and liabilities held-for-trading comprise:		
Realized gain/(loss) on trading operations	(123)	(31)
Unrealized revaluation of securities at fair value through profit or loss	38	63
Net gain/(loss) on operations with derivative financial instruments, except forex swaps and forwards	(508)	(289)
Total net gain/(loss) on operations with financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards	**(593)**	**(257)**

23. Net gain/(loss) on foreign exchange operations

	3 months ended 31 March mRUB (unaudited) 2019	2018
Net gain/(loss) on foreign exchange operations	788	655
Exchange differences	80	86
Effect of foreign currency swap instruments	(150)	(77)
Total net gain/(loss) on foreign exchange operations	**718**	**664**

24. Fee and commission income and expense

	3 months ended 31 March mRUB (unaudited) 2019	2018
Fee and commission income:		
Plastic cards operations	985	842
Agency operations	959	910
Settlements	458	463
Documentary operations	348	240
SMS-informing	308	235
Internet bank	246	204
Cash operations	157	141
Other operations	285	261
Total fee and commission income	**3,746**	**3,296**
Fee and commission expense:		
Plastic cards operations	637	477
Cash operations	149	152
Agency operations	146	97
Settlements	109	77
Documentary operations	8	18
Other operations	38	29
Total fee and commission expense	**1,087**	**850**

25. Operating expenses

	3 months ended 31 March mRUB (unaudited)	
	2019	**2018**
Salary and bonuses	4,560	4,381
Unified social tax contribution	1,266	1,244
Depreciation charge on property and equipment and right-of-use assets	1,068	566
Deposit insurance charge	483	370
Professional services	442	426
Repairs and maintenance expense	322	626
Advertising and marketing expenses	305	223
Communications	233	219
Transportation expenses	25	27
Operating lease expense	94	606
Security	55	69
Other	684	542
Total operating expenses	**9,537**	**9,299**

26. Income tax

The Group measures and records its current income tax payable in its assets and liabilities in accordance with the tax regulations of RF and countries where the Group and its subsidiaries operate, which may differ from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as of 31 March 2019 and 31 December 2018 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax - book bases' differences for certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by corporate entities in the RF on taxable profits (as defined) under tax law in that jurisdiction.

Based on semi-annual tax business planning exercise, the Group believes that it will generate sufficient taxable profits to recover the deferred tax assets recognized as of 31 March 2019.

Income tax (credit)/expense for 3 months ended 31 March 2019 and 2018 comprise:

	3 months ended 31 March mRUB (unaudited)	
	2019	**2018**
Current tax charge	1,198	565
Deferred tax (credit)/charge- origination and reversal of temporary differences and tax loss carried forward	(799)	260
Less: deferred tax recognized directly in other comprehensive income	168	29
Income tax (credit)/expense	**567**	**854**

27. Earnings per share attributable to equity holders of the parent

	3 months ended 31 March mRUB (unaudited)	
	2019	**2018**
Profit/(loss)		
Net profit/(loss) attributable to equity holders of the parent for the period (mRUB)	2,208	1,458
Weighted average number of ordinary shares		
For basic and diluted earnings per share	1,551,401,853	1,551,401,853
Earnings per share - basic and diluted (RUB)	**1.42**	**0.94**

28. Commitments and contingencies

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the statement of financial position.

The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations. Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions.

	31 March 2019 mRUB (unaudited)	31 December 2018 mRUB
Litigations and other provisions	173	426
Provision for losses on letters of credit and guarantees	126	257
Total other provisions	**299**	**683**

As of 31 March 2019 and 31 December 2018, letters of credit and other transactions related to contingent obligations covered by cash on customers' accounts amounted to RUB 633 million and RUB 1,129 million, respectively and guarantees issued covered by cash amounted to RUB 27 million and RUB 65 million, respectively.

As of 31 March 2019 and 31 December 2018, the nominal or contract amounts were:

	31 March 2019 (unaudited) Nominal amount mRUB	31 December 2018 Nominal amount mRUB
Contingent liabilities and credit commitments		
Guarantees issued and similar commitments	110,400	110,822
Commitments on loans and unused credit lines	97,598	99,146
Letters of credit and other transaction related contingent obligations	28,013	24,642
Total contingent liabilities and credit commitments	**236,011**	**234,610**

The Group has commitments to provide funds under credit lines facilities. However, the Group has a right not to exercise such commitments due to certain conditions.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred.

Taxation – The current provisions of the Russian tax legislation are characterized by a significant degree of uncertainty, allow ambiguous interpretation, selective and inconsistent application, and are subject to frequent changes with the possibility of their retrospective application. Every year the approach of the Russian tax authorities in interpreting tax legislation becomes tougher. As a result, previously uncontested approaches to calculating taxes could be challenged in future tax audits.

Russian transfer pricing regulations set out reporting and documentation requirements of the Group's companies aimed to control prices in transactions between related parties. In case the prices applied in controlled transactions differ from the market level, the amounts of taxable income / expenses on such transactions could be disputed by the Russian tax authorities. The sum of potential liabilities from tax authorities pertaining to the transfer pricing could not be estimated. In the management's opinion prices applied by the related parties of the Group in controlled transactions at arm length principle; the Group's methodology for determining market level in transactions between related parties comply with the Russian transfer pricing rules.

Russian tax legislation establishes the order of taxation the controlled foreign companies' profits and relevant reporting requirements. The Group complies with all tax legislation requirements on reporting of controlled foreign companies.

Russian tax legislation establishes the obligation for taxpayers that are constituent entities of a multinational group to submit a Country by country report. Group companies are obliged to provide Russian tax authorities with the following documents: CbCR Notification and CbC report.

Russian tax legislation regulates the procedure for the automatic exchange of information on financial accounts with foreign countries (territories). As part of the requirements for the automatic exchange of information on the financial accounts of a company, the Group is obliged to perform additional procedures to identify its clients, their beneficiaries and (or) persons controlling them, in order to identify tax residents of foreign countries (territories), and to submit annual reports on the accounts of such entities to the Federal Tax Service.

Russian tax legislation sets out a special order for the application of certain provisions of the Double Tax Treaty Agreements. Group companies could be entitled to tax exemption or reduced tax rates stipulated by the Double Tax Treaty for income paid to foreign entities if such entity is a beneficial owner of income. At the same time, for the determining the beneficial owner of income it is possible to use "look through approach". The Group companies have developed a procedure for analyzing and documenting the existence of beneficial owner of income for foreign entities. In the management's opinion the procedures applied by the Group enable to minimize potential tax risks arising from taxation of income in favor of entities.

The Russian tax law sets out the concept of "unjustified tax benefit". Based on this concept Russian tax authorities could refuse in tax deduction input VAT and challenge the deduction expenses for profit tax purposes, due to cumulative risks and deficiencies in the counterparty's activities and transactions with it. In the management' opinion Group companies do not receive unjustified tax benefits from their business.

In the Management's opinion in Q1 2019 the provisions of the tax legislation were appropriately applied to the Group companies.

Operating environment – Emerging markets such as Russian Federation are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russian Federation continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russian Federation is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russian Federation produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market, which decreased significantly during 2015 and has shown significant degree of volatility over 2016-2019. Management is unable to reliably estimate the effects of any further price fluctuations on the Group's financial position.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. At the same time, the US Federal Reserve System is capable of delivering further interest rate hikes which should affect flows of capital to/from emerging economies such as Russian Federation. Global geopolitical landscape remains complicated due to stress around numerous regions.

As a consequence of these factors, Russian financial assets have suffered a material rise in volatility over the second half of 2018 and early 2019. These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, weakening of the Russian Rouble and other negative economic consequences.

The impact of further political and economic developments in Russian Federation on future operations and financial position of the Group is at this stage difficult to determine.

Share-based payments – The Group engages in cash settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares initially on the date of the grant and then subsequently at each reporting date. The cost of the employee services received in respect of the shares granted is recognized in the interim condensed consolidated statement of profit or loss within administrative expenses, over the period that the services are received, which is the vesting period. A liability equal to the portion of the goods and services received is recognized at the current fair value determined at each balance sheet date for cash settled payments.

29. Transactions with related parties

Transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	31 March 2019 mRUB (unaudited)		31 December 2018 mRUB	
	Related party transactions	**Total category as per financial statement caption**	**Related party transactions**	**Total category as per financial statement caption**
Cash and cash equivalents, gross	83,610	200,391	50,890	191,285
- shareholders	83,322		49,802	
- related parties under common control with the Group	288		1,088	
Financial assets at fair value through profit or loss	12,928	33,631	21,575	43,025
- shareholders	12,843		21,476	
- related parties under common control with the Group	85		99	
Loans to customers, gross	2,590	787,692	2,811	768,035
- key management personnel of the Group	2		4	
- related parties under common control with the Group	2,588		2,807	
Other assets	204	14,232	138	12,660
- shareholders	38		8	
- related parties under common control with the Group	166		130	
Financial liabilities at fair value through profit or loss	22,495	34,183	26,908	41,959
- shareholders	22,491		26,908	
- related parties under common control with the Group	4		–	
Due to banks and international financial institutions	4,193	46,406	7,523	72,445
- shareholders	3,530		5,273	
- related parties under common control with the Group	663		2,250	
Customer accounts	5,813	787,323	5,896	740,531
- key management personnel of the Group	251		268	
- related parties under common control with the Group	5,541		5,628	
Debt securities issued	95	111,853	93	99,908
- related parties under common control with the Group	95		93	
Other liabilities	636	13,695	444	11,675
- shareholders	631		428	
- related parties under common control with the Group	5		16	
Subordinated debt	18,865	18,865	31,077	31,077
- shareholders	18,865		31,077	
Perpetual subordinated debt	19,440	19,440	10,421	10,421
- shareholders	19,440		10,421	
Guarantees issued and similar commitments	4,903	110,400	4,567	110,822
- shareholders	632		708	
- related parties under common control with the Group	4,271		3,859	
Commitments on loans and unused credit lines	9,142	97,598	13,926	99,146

	31 March 2019 mRUB (unaudited)		31 December 2018 mRUB	
	Related party transactions	Total category as per financial statement caption	Related party transactions	Total category as per financial statement caption
- shareholders	4,813		5,000	
- key management personnel of the Group	8		8	
- related parties under common control with the Group	4,321		8,918	
Guarantees received	3,791	294,333	4,385	310,879
- shareholders	3,551		4,185	
- related parties under common control with the Group	240		200	–

Included in the interim condensed consolidated statements of profit or loss for the 3 months ended 31 March 2019 and 2018 are the following amounts which arose due to transactions with related parties:

	3 months ended 31 March 2019 mRUB (unaudited)		3 months ended 31 March 2018 mRUB (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	436	22,669	74	21,044
- shareholders	389		45	
- related parties controlled by, or under common control with the Group	47		29	
Interest expense	(1,029)	(11,165)	(758)	(11,338)
- shareholders	(944)		(661)	
- key management personnel of the Group	(3)		(4)	
- related parties under common control with the Group	(82)		(93)	
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards	(361)	(593)	(30)	(257)
- shareholders	(361)		(33)	
- related parties under common control with the Group	-		3	
Net gain/(loss) on foreign exchange operations and on precious metals operations	(374)	744	(97)	665
- shareholders	(374)		(105)	
- related parties under common control with the Group	-		8	
Fee and commission income	696	3,746	619	3,296
- shareholders	46		7	
- related parties under common control with the Group	650		612	
Fee and commission expense	(16)	(1,087)	(18)	(850)
- shareholders	(16)		(18)	
Operating expense (other than compensation)	(158)	(3,711)	(84)	(3,674)
- shareholders	(158)		(79)	
- related parties under common control with the Group	-		(4)	

	3 months ended 31 March 2019 mRUB (unaudited)		3 months ended 31 March 2018 mRUB (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Other income	34	166	27	211
- shareholders	30		24	
- related parties under common control with the Group	4		3	

For the 3 months ended 31 March 2019 and 2018 total remuneration of the key management amounted to RUB 97 million and RUB 294 million, respectively.

30. Fair value of financial instruments

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IFRS 13 "Fair Value Measurement". Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- Unquoted equities and debt securities classified as available-for-sale are valued using models that use both observable and unobservable 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.
- For financial assets and liabilities that have a short term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a maturity.
- For loans and advances to banks and customers and deposits by banks and customers and promissory notes issued at variable rates management believes that carrying value may be assumed to be fair value.
- For loans and advances to banks and customers and deposits by banks and customers and promissory notes issued at fixed rates fair value has been estimated by reference to the market rates available at the balance sheet date for similar instruments of maturity equal to the remaining fixed period.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the interim condensed consolidated statement of financial position of the Group is presented below:

	31 March 2019 (unaudited)		31 December 2018	
	Carrying value, mRUB	**Fair value, mRUB**	**Carrying value, mRUB**	**Fair value, mRUB**
Cash and cash equivalents	200,388	200,388	191,279	191,279
Mandatory cash balances with the Central Bank of the Russian Federation	8,020	8,020	7,722	7,722
Financial assets at fair value through profit or loss				
- Derivative financial instruments	32,182	32,182	42,381	42,381
- Debt securities	1,258	1,258	453	453
- Shares	191	191	191	191
Due from banks	6,032	5,921	9,391	9,280
Loans to customers	742,324	750,179	723,972	731,287
Investments at fair value through other comprehensive income	51,678	51,678	46,180	46,180
Investments at amortised cost	90,597	90,660	94,118	93,181
Other financial assets	1,613	1,613	2,516	2,516
Financial liabilities at fair value through profit or loss	34,183	34,183	41,959	41,959
Due to the Central Bank of the Russian Federation	21	21	25	25
Due to banks and international financial institutions	46,406	47,066	72,445	73,120
Customer accounts	787,323	786,777	740,531	739,985
Debt securities issued	111,853	110,713	99,908	98,518
Other financial liabilities	10,048	10,048	8,314	8,314
Subordinated debt	18,865	19,088	31,077	31,300

Assets and liabilities for which fair value approximates carrying value

For financial assets and liabilities that have a short term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts.

Fair value measurements recognised in the interim condensed consolidated statement of financial position

For the purpose of fair value hierarchy disclosure as at 31 March 2019 and 31 December 2018, the Group has categorized classes of assets and liabilities at fair value into Level 1 to 3 based on the degree to which their fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Balance Sheet	**31 March 2019, mRUB (unaudited)**			**31 December 2018, mRUB**		
Category	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss						
- *Derivative financial instruments*	-	42,381	-	-	42,381	-
- *Debt securities*	453	-	-	453	-	-
- *Shares*	-	191	-	-	191	-
Investments at fair value through other comprehensive income	46,180	-	-	46,180	-	-
Loans to individuals at fair value through other comprehensive income	-	3,022	-	-	3,203	-
Financial liabilities at fair value through profit or loss	-	32,746	-	1,002	40,957	-

Possibility of transfer from Level 1 to Level 2 category is assessed as low, as liquidity control is performed by Market Risk Department. Control period of liquidity assessment is 90 days from position opening. Market risk department performs liquidity analysis using position turnover, volumes of exchange trades, availability of exchange and brokers quotations. In case of position assessment as insufficiently liquid the necessary actions to close position are taken.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Level 3 fair values of land and office buildings have been generally derived using the adjusted sales comparison approach, the income-based approach and the costs method. Unobservable inputs included in the calculations for sales comparison approach represent various adjustments considered to account for the difference between the compared properties in terms of size, location, bargain prices to which sellers are willing to go (ranging from 0% to -15%). The unobservable inputs included in the income-based approach calculations represent mainly the adjustments considered to account for the discounting rates (ranging from 10% to 12%) and capitalization rates (from 9% to 12.5%).

The sensitivity of the fair value measurement to changes in those unobservable inputs indicated above does not result in a significantly higher or lower fair value measurement.

31. Segment reporting

The Group discloses information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 “Operating segments” and other standards that require special disclosures in the form of segmental reporting.

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided. The Group's reportable segments under IFRS 8 are therefore as follows:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- Treasury and Financial institutions – representing all trading financial instruments recognized and measured at fair value through profit and loss as well as loans and borrowings initiated through interbank transactions.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Transactions between the operating segments consist only of reallocating of funds. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's marginal funding price. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The main business activity of the Group is concentrated in RF, thus no geographical segmentation is reported.

Segment information about these businesses is presented below.

	Retail banking	**Corporate banking**	**Treasury and Financial institutions**	**Unallocated**	**3 months ended 31 March 2019 (unaudited)**
Net interest margin	6,233	2,434	853	1,984	11,504
Credit loss expense	(1,327)	(815)	(1)	(3)	(2,146)
Net gain/(loss) on financial transactions	134	(2)	176	(162)	146
Net fee and commission income	1,600	936	126	(3)	2,659
Other provisions	-	-	-	(13)	(13)
Other income	8	30	12	116	166
(Expense)/income from other segments	806	1,047	66	(1,919)	-
Total operating income	**7,454**	**3,630**	**1,232**	**-**	**12,316**
Operating expenses	(7,932)	(977)	(525)	(103)	(9,537)
(Expense)/income from other segments	(86)	(7)	(10)	103	-
Other non-operating income/(expense)	(1)	(3)	-	-	(4)
Profit before income tax	**(565)**	**2,643**	**697**	**-**	**2,775**
Income tax expense	(130)	(393)	(44)	-	(567)
Net profit/(loss) for the period	**(695)**	**2,250**	**653**	**-**	**2,208**
Segment assets as at 31 March 2019 (unaudited)	**535,261**	**576,411**	**52,056**	**13,981**	**1,177,709**
Segment liabilities as at 31 March 2019 (unaudited)	**370,953**	**584,066**	**46,292**	**13,041**	**1,014,352**

Segment information for 3 months ended 31 March 2018 is presented below:

	Retail banking	Corporate banking	Treasury and Financial institutions	Unallocated	3 months ended 31 March 2018 (unaudited)
Net interest margin	6,204	2,127	254	1 121	9,706
Provisions for impairment losses on interest bearing assets	(632)	(466)	(2)	71	(1,029)
Net gain/(loss) on financial transactions	89	(5)	343	(19)	408
Net fee and commission income	1,857	506	114	(31)	2 446
Other provisions	-	(13)	-	(83)	(96)
Other income	70	21	13	107	211
(Expense)/income from other segments	273	827	91	(1,191)	-
Total operating income	**7,861**	**2,997**	**813**	**(25)**	**11,646**
Operating expenses	(7,550)	(1,009)	(544)	(196)	(9 299)
(Expense)/income from other segments	(119)	(56)	(21)	196	-
Other non-operating income/(expense)	(8)	(24)	(3)	-	(35)
Profit before income tax	**184**	**1,908**	**245**	**(25)**	**2,312**
Income tax expense	(194)	(594)	(66)	-	(854)
Net profit/(loss) for the period	**(10)**	**1,314**	**179**	**(25)**	**1,458**
Segment assets as at 31 December 2018	**523,902**	**553,412**	**63,168**	**12 040**	**1,152,522**
Segment liabilities as at 31 December 2018	**370,070**	**549,845**	**68,532**	**11,270**	**999,717**

For the purpose of the segment reporting disclosure the category “Net gain/(loss) on financial transactions” includes the following categories:

- Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards;
- Net gain/(loss) on foreign exchange operations;
- Net gain/(loss) on precious metals operations.

32. Subsequent events

In April 2019 new bonds were issued and redeemed:

Issuer	Issue date	Maturity date	Debt volume, mRUB	Annual coupon rate, %
Rosbank	26.04.2019	27.04.2021	10,000	8.50%

Issuer	Issue date	Maturity date	Debt volume, mRUB	Annual coupon rate, %
DeltaCredit Bank	30.03.2016	01.04.2019	5,000	10.57%

23 May 2019 Moody's Investors Service ("Moody's") upgraded the baseline credit assessment (BCA) of PJSC ROSBANK (Rosbank) to ba2 from ba3, adjusted BCA to baa3 from ba1, deposit ratings to Baa3/Prime-3 from Ba1/Not-Prime, counterparty risk ratings (CRRs) to Baa2/Prime-2 from Baa3/Prime-3 as well as senior unsecured rating and senior unsecured credit facility to Baa3 from Ba1. Concurrently, Moody's has upgraded its the Counterparty Risk Assessment (CR Assessment) to Baa2(cr)/Prime-2(cr) from Baa3(cr)/Prime-3(cr). The outlook on the long-term debt and deposit ratings remains stable.

Chairman of the Management Board
I.A. Polyakov

29 May 2019
Moscow

Member of the Management Board –
Chief Financial Officer
A.A. Ovchinnikov

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