

TCS Group Holding PLC

**International Financial Reporting Standards
Consolidated Condensed Interim Financial Information
(Unaudited)**

30 September 2019

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Report on review of Consolidated Condensed Interim Financial Information

To TCS Group Holding PLC

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of TCS Group Holding PLC and its subsidiaries (the 'Group') as at 30 September 2019 and the related consolidated condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and consolidated condensed interim statements of changes in equity and cash flows for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

18 November 2019
Nicosia
Cyprus

*PricewaterhouseCoopers Ltd, PwC Central, 43 Demostheni Severi Avenue, CY-1080 Nicosia, Cyprus
P O Box 21612, CY-1591 Nicosia, Cyprus
T: +357 22 - 555 000, F: +357 - 22 555 001, www.pwc.com.cy*

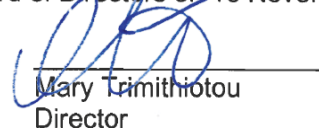
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TCS Group Holding PLC
Consolidated Condensed Interim Statement of Financial Position

<i>In millions of RR</i>	Note	30 September 2019 (Unaudited)	31 December 2018
ASSETS			
Cash and cash equivalents	7	42,356	33,802
Mandatory cash balances with the CBRF		3,255	2,435
Due from other banks		1,851	776
Loans and advances to customers	8	319,884	198,489
Financial derivatives		847	1,710
Investments in debt securities	9	96,996	100,140
Repurchase receivables		-	1,182
Guarantee deposits with payment systems		8,886	4,603
Current income tax assets		1,373	1,104
Deferred income tax assets		925	-
Tangible fixed assets and right-of-use assets		10,882	8,369
Intangible assets		4,943	4,223
Other financial assets		12,894	15,642
Other non-financial assets		2,539	3,024
TOTAL ASSETS		507,631	375,499
LIABILITIES			
Due to banks		873	2,708
Customer accounts	10	346,665	280,916
Debt securities in issue		28,069	9,605
Financial derivatives		107	3
Current income tax liabilities		-	51
Deferred income tax liabilities		-	1,821
Subordinated debt		19,220	20,644
Insurance provisions		5,875	2,859
Other financial liabilities		16,483	11,201
Other non-financial liabilities		6,949	3,441
TOTAL LIABILITIES		424,241	333,249
EQUITY			
Share capital	11	230	188
Share premium	11	26,998	8,623
Treasury shares	11	(3,164)	(3,670)
Share-based payment reserve	21	950	1,232
Retained earnings		55,814	36,785
Revaluation reserve for investments in debt securities		2,394	(1,144)
Equity attributable to shareholders of the Company		83,222	42,014
Non-controlling interest		168	236
TOTAL EQUITY		83,390	42,250
TOTAL LIABILITIES AND EQUITY		507,631	375,499

Approved for issue and signed on behalf of the Board of Directors on 18 November 2019.


Constantinos Economides
Director


Mary Trimitziotou
Director

TCS Group Holding PLC
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

<i>In millions of RR</i>	Note	Unaudited			
		Nine months ended 30 September 2019	Three months ended 30 September 2019	Nine months ended 30 September 2018	Three months ended 30 September 2018
Interest income calculated using the effective interest rate method	12	78,982	28,841	54,441	18,922
Other similar income	12	118	-	344	123
Interest expense calculated using the effective interest rate method	12	(15,406)	(5,426)	(11,107)	(3,941)
Other similar expense	12	(107)	(39)	-	-
Expenses on deposit insurance	12	(1,331)	(487)	(823)	(308)
Net margin		62,256	22,889	42,855	14,796
Credit loss allowance for loans and advances to customers	8	(19,603)	(7,952)	(9,280)	(3,059)
Credit loss allowance for debt securities at FVOCI		225	83	(158)	(52)
Total credit loss allowance for debt financial instruments		(19,378)	(7,869)	(9,438)	(3,111)
Net margin after credit loss allowance		42,878	15,020	33,417	11,685
Fee and commission income	13	25,696	9,359	19,117	7,015
Fee and commission expense	13	(11,276)	(4,040)	(7,280)	(2,796)
Customer acquisition expense	14	(13,888)	(4,154)	(9,801)	(3,173)
Net (losses)/gains from operations with foreign currencies		(855)	(477)	(199)	252
Net gains from disposals of debt securities at FVOCI		277	137	358	43
Net gains/(losses) from debt instruments at FVTPL		390	-	(649)	(321)
Insurance premiums earned		9,520	4,262	4,578	1,975
Insurance claims incurred		(3,282)	(1,374)	(1,307)	(528)
Administrative and other operating expenses	15	(20,461)	(7,394)	(15,567)	(5,524)
Other operating income		3,168	1,125	2,095	955
Profit before tax		32,167	12,464	24,762	9,583
Income tax expense		(7,045)	(2,730)	(5,741)	(2,311)
Profit for the period		25,122	9,734	19,021	7,272
Other comprehensive income/(loss) <i>Items that may be reclassified to profit or loss</i>					
Debt securities at FVOCI and Repurchase receivables:					
- Net gains/(losses) arising during the period, net of tax		3,760	1,126	(2,635)	(1,260)
- Net gains reclassified to profit or loss upon disposal, net of tax		(222)	(110)	(287)	(35)
Other comprehensive income/(loss) for the period, net of tax		3,538	1,016	(2,922)	(1,295)
Total comprehensive income for the period		28,660	10,750	16,099	5,977
Profit/(loss) is attributable to:					
- Shareholders of the Company		25,119	9,730	19,002	7,288
- Non-controlling interest		3	4	19	(16)
Total comprehensive income/(loss) is attributable to:					
- Shareholders of the Company		28,657	10,746	16,080	5,993
- Non-controlling interest		3	4	19	(16)
Earnings per share for profit attributable to the Shareholders of the Company, basic (expressed in RR per share)		136.76	49.96	108.49	41.64
Earnings per share for profit attributable to the Shareholders of the Company, diluted (expressed in RR per share)		134.37	49.14	105.19	40.37

TCS Group Holding PLC
Consolidated Condensed Interim Statement of Changes in Equity

	Attributable to shareholders of the Company									
	Share capital	Share premium	Share-based payment reserve	Revaluation reserve for investments in debt securities	Treasury shares	Retained earnings	Total	Non-controlling Interest	Total equity	
<i>In millions of RR</i>	Note									
Balance at 31 December 2017	188	8,623	1,286	1,436	(1,587)	31,797	41,743	202	41,945	
Effect of initial application of IFRS 9 – ECL remeasurement, net of tax	-	-	-	292	-	(10,108)	(9,816)	-	(9,816)	
Effect of initial application of IFRS 9 – other, net of tax	-	-	-	39	-	(39)	-	-	-	
Restated balance at 1 January 2018	188	8,623	1,286	1,767	(1,587)	21,650	31,927	202	32,129	
Profit for the period	-	-	-	-	-	19,002	19,002	19	19,021	
Other comprehensive loss: Investments in debt securities at FVOCI and Repurchase receivables	-	-	-	(2,922)	-	-	(2,922)	-	(2,922)	
Total comprehensive income/(loss) for the period (Unaudited)	-	-	-	(2,922)	-	19,002	16,080	19	16,099	
GDRs buy-back	11	-	-	-	(2,214)	-	(2,214)	-	(2,214)	
Share-based payment reserve	21	-	(196)	-	373	313	490	-	490	
Dividends declared	16	-	-	-	-	(8,918)	(8,918)	-	(8,918)	
Balance at 30 September 2018 (Unaudited)	188	8,623	1,090	(1,155)	(3,428)	32,047	37,365	221	37,586	
Balance at 1 January 2019	188	8,623	1,232	(1,144)	(3,670)	36,785	42,014	236	42,250	
Profit for the period	-	-	-	-	-	25,119	25,119	3	25,122	
Other comprehensive income: Investments in debt securities at FVOCI and Repurchase receivables	-	-	-	3,538	-	-	3,538	-	3,538	
Total comprehensive income/(loss) for the period (Unaudited)	-	-	-	3,538	-	25,119	28,657	3	28,660	
Shares issued	11	42	18,874	-	-	-	18,916	-	18,916	
Secondary public offering costs	11	-	(499)	-	-	-	(499)	-	(499)	
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	-	(376)	(376)	(71)	(447)	
Share-based payment reserve	21	-	(282)	-	506	156	380	-	380	
Dividends declared	16	-	-	-	-	(5,870)	(5,870)	-	(5,870)	
Balance at 30 September 2019 (Unaudited)	230	26,998	950	2,394	(3,164)	55,814	83,222	168	83,390	

The notes № 1-22 are an integral part of this Consolidated Condensed Interim Financial Information.

TCS Group Holding PLC
Consolidated Condensed Interim Statement of Cash Flows

<i>In millions of RR</i>	Note	Unaudited	
		Nine months ended 30 September 2019	Nine months ended 30 September 2018
Cash flows from operating activities			
Interest income received calculated using the effective interest rate method		75,550	51,879
Other similar income received		175	300
Interest expense paid calculated using the effective interest rate method		(15,162)	(10,297)
Recoveries from written-off loans	8	2,440	2,592
Expenses on deposits insurance paid		(1,185)	(694)
Fees and commissions received		25,540	18,860
Fees and commissions paid		(11,425)	(7,358)
Customers acquisition expense paid		(14,771)	(9,847)
Cash (paid)/received from trading in foreign currencies and operations with financial derivatives		(1,136)	2,833
Cash received from insurance operations		8,552	3,427
Other operating income received		3,075	1,240
Administrative and other operating expenses paid		(17,681)	(13,281)
Income tax paid		(10,991)	(4,661)
Cash flows from operating activities before changes in operating assets and liabilities		42,981	34,993
Changes in operating assets and liabilities			
Net increase in CBRF mandatory reserves		(820)	(512)
Net (increase)/decrease in due from banks		(1,075)	212
Net increase in loans and advances to customers		(135,570)	(47,095)
Net decrease in debt securities measured at FVTPL		5,781	458
Net increase in guarantee deposits with payment systems		(4,702)	(81)
Net decrease in other financial assets		4,053	3,022
Net decrease/(increase) in other non-financial assets		1,183	(416)
Net (decrease)/increase in due to banks		(1,835)	273
Net increase in customer accounts		68,933	51,721
Net increase in other financial liabilities		3,557	1,035
Net decrease in non-financial liabilities		(524)	(127)
Net cash (used in)/from operating activities		(18,038)	43,483
Cash flows from/(used in) investing activities			
Acquisition of tangible fixed assets		(1,526)	(1,945)
Acquisition of intangible assets		(1,870)	(1,423)
Acquisition of debt securities at FVOCI and repurchase receivables		(64,221)	(67,856)
Proceeds from sale and redemption of debt securities at FVOCI		64,614	43,926
Net cash used in investing activities		(3,003)	(27,298)
Cash flows from/(used in) financing activities			
Proceeds from secondary public offering		18,916	-
Secondary public offering costs paid		(451)	-
Proceeds from debt securities in issue		21,615	-
Proceeds of perpetual loan participation notes		46	-
Dividends paid	16	(5,618)	(8,660)
Cash outflow for lease liabilities		(987)	-
Repayment of debt securities in issue		(3,200)	(551)
Repayment of subordinated loan		-	(5,209)
Repayment of perpetual loan participation notes		-	(49)
GDR's buy-back		-	(2,214)
Net cash from/(used in) financing activities		30,321	(16,683)
Effect of exchange rate changes on cash and cash equivalents		(726)	609
Net increase in cash and cash equivalents		8,554	111
Cash and cash equivalents at the beginning of the period	7	33,802	23,850
Cash and cash equivalents at the end of the period	7	42,356	23,961

The notes № 1-22 are an integral part of this Consolidated Condensed Interim Financial Information.

1 Introduction

This consolidated condensed interim financial information for the nine months ended 30 September 2019 for TCS Group Holding PLC (the “Company”) and its subsidiaries (together referred to as the “Group” or “TCS Group Holding PLC”) has been prepared in accordance with International Accounting Standard 34 (IAS 34) “Interim Financial Reporting” as adopted by the European Union.

The Company was incorporated, and is domiciled, in Cyprus in accordance with the provisions of the Companies Law, Cap.113.

The Board of Directors of the Company at the date of authorisation of this consolidated condensed interim financial information consists of: Constantinos Economides, Alexios Ioannides, Mary Trimithiotou, Jacques Der Megreditchian and Martin Robert Cocker.

The Company Secretary is Caelion Secretarial Limited, 25 Spyrou Araouzou, 25 Berengaria, 5th floor, Limassol 3036, Cyprus.

At 30 September 2019 and 31 December 2018 the share capital of the Group is comprised of “class A” shares and “class B” shares. A “class A” share is an ordinary share with a nominal value of USD 0.04 per share and carrying one vote. A “class B” share is an ordinary share with a nominal value of USD 0.04 per share and carrying 10 votes. As at 30 September 2019 the number of issued “class A” shares is 119,291,268 and issued “class B” shares is 80,014,224 (31 December 2018: the number of issued “class A” shares is 96,239,291 and issued “class B” shares is 86,399,534). On 25 October 2013 the Group completed an initial public offering of its “Class A” ordinary shares in the form of global depository receipts (GDRs) listed on the London Stock Exchange plc. On 2 July 2019 the Group completed a secondary public offering (SPO) of its “class A” shares in the form of GDRs. Refer to Note 11 for the information about SPO. On 28 October 2019 the Group’s GDRs started trading on the Moscow Exchange (Note 22).

As at 30 September 2019 and 31 December 2018 the entities and the individuals holding either Class A or Class B shares of the Company were:

	Class of shares	30 September 2019 (Unaudited)	31 December 2018	Country of Incorporation
Guaranty Nominees Limited (JP Morgan Chase Bank NA)	Class A	59.85%	52.70%	United Kingdom
Altoville Holdings Limited	Class B	18.47%	23.65%	Cyprus
Nemorenti Limited	Class B	21.68%	23.65%	Cyprus
Ioanna Georgiou	Class A	0.00%	0.00%	Cyprus
Panagiota Charalambous	Class A	0.00%	0.00%	Cyprus
Maria Vyra	Class A	0.00%	0.00%	Cyprus
Marios Panayides	Class A	0.00%	0.00%	Cyprus
Chloi Panagiotou	Class A	0.00%	0.00%	Cyprus
Leonora Chagianni	Class A	0.00%	0.00%	Cyprus

Total		100.00%	100.00%	
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Guaranty Nominees Limited is a company holding class A shares of the Company for which global depository receipts are issued under a deposit agreement made between the Company and JP Morgan Chase Bank NA signed in October 2013.

As at 30 September 2019 and 31 December 2018 the beneficial owner of Altoville Holdings Limited and Nemorenti Limited was Russian entrepreneur Mr. Oleg Tinkov. The six individuals listed above each hold one share. The individuals hold them as nominees of Altoville Holdings Limited.

As at 30 September 2019 and 31 December 2018 the ultimate controlling party of the Company is Mr. Oleg Tinkov. Mr. Oleg Tinkov controls approximately 87.03% of the aggregated voting rights attaching to the Class A and B shares as at 30 September 2019 (31 December 2018: 89.98%) excluding voting rights attaching to TCS Group Holding PLC GDRs he holds, if any.

The subsidiaries of the Group are set out below. Except where stated the Group owns 100% of shares and has 100% of voting rights of each of these subsidiaries as at 30 September 2019 and 31 December 2018.

1 Introduction (Continued)

JSC “Tinkoff Bank” (the “Bank”) provides on-line retail banking services in Russia. The Bank specialises in issuing credit cards.

JSC “Tinkoff Insurance” (the “Insurance Company”) provides insurance services such as accident, property, travellers', financial risks and auto insurance.

LLC “Microfinance company “T-Finans” provides micro-finance services.

TCS Finance D.A.C. is a structured entity which issued debt securities including subordinated perpetual bonds for the Group. The Group neither owns shares nor has voting rights in this company. However, this entity was consolidated as it was specifically set up for the purposes of the Group, and the Group has exposure to substantially all risks and rewards through outstanding guarantees of the entity's obligations.

LLC “TCS” provides printing, distribution and other services to the Group.

Goward Group Ltd is an investment holding company which managed part of the Group's assets. Since February 2018 Goward Group Ltd was in liquidation process, and on 16 April 2019 the company was liquidated.

LLC “Phoenix” is a debt collection agency.

LLC “Tinkoff Software DC” and LLC “Fintech DC” provide software development services.

LLC “Tinkoff Mobile” is a mobile virtual network operator set up in 2017 to provide mobile services.

LLC “CloudPayments” is a developer of online payment solutions whose core business is online merchant acquiring in Russia. On 22 May 2019 the Group acquired an additional 35% shareholding in LLC “CloudPayments” and increased its stake to 90%.

ANO “Tinkoff Education” is a non-commercial organization set up by the Bank as the sole founder. This entity is in the process of receiving of educational license.

LLC “Tinkoff Capital” is an asset management company established in June 2019 to manage investment funds, mutual funds and non-state pension funds.

EBT is a special purpose trust which has been specifically created for the long-term incentive programme for Management of the Group (MLTIP). The Group neither owns shares nor has voting rights in EBT.

Principal activity. The Group's principal business activities are retail banking to private individuals, individual entrepreneurs' (“IE”) and small and medium enterprises' (“SME”) accounts and banking services, brokerage services and insurance operations within the Russian Federation through the Bank and the Insurance Company. The Bank operates under general banking license No. 2673 issued by the Central Bank of the Russian Federation (“CBRF”) on 8 December 2006. The Insurance Company operates under an insurance license issued by the CBRF.

The Bank participates in the state deposit insurance scheme, which was introduced by Federal Law No. 177-FZ “Deposits insurance in banks of the Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of insurance compensation up to RR 1.4 million of individual, individual entrepreneur and small enterprise deposits in case of the withdrawal of a license of a bank or a CBRF-imposed moratorium on payments.

Registered address and place of business. The Company's registered address is 25 Spyrou Araouzou, Berengaria 25, 5th floor, Limassol, Cyprus, and principal place of business is Office 403, Lophitis Business Centre I, Corner of 28th October/Emiliou Chourmouziou Streets, Limassol 3035 Cyprus. The Bank's registered address is 1-st Volokolamsky proezd, 10, building 1, 123060, Moscow, Russian Federation. The Insurance Company's registered address is 2-nd Khutorskaya Street, building 38A, 127287, Moscow, Russian Federation. The Group's principal place of business is the Russian Federation.

Presentation currency. This consolidated condensed interim financial information is presented in millions of Russian Rubles (RR).

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 19).

In recent years, the Russian economy has been negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

The financial markets continue to be volatile. This operating environment has a significant impact on the Group's operations and financial position. Management regularly takes necessary measures to maximize the stability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

With respect to Rouble interest rates, CBRF "key rate" amounted to 7% per annum as at 30 September 2019 (1 January 2018: 7.75%).

The Group actively monitors the situation in the Russian banking sector and the activity of CBRF in response to current and newly developed requirements, or any sanctions against the participants who breach them. Management of the Group believes it is highly important to participate in the discussion of legislation development in the banking sphere and supports the intention of the CBRF to make the finance market more transparent and disciplined.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables (Note 3). As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

3 Significant Accounting Policies

Basis of preparation. This consolidated condensed interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU) and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018 which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the requirements of the Cyprus Companies Law, Cap. 113.

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this consolidated condensed interim financial information as compared with the annual consolidated financial statements for the year ended 31 December 2018.

Right-of-use assets and lease liabilities. From 1 January 2019, leases, where the Group is the lessee, are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable under cancellable and non-cancellable operating leases
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

3 Significant Accounting Policies (Continued)

The lease term for IFRS 16 includes any non-cancellable and optional extension periods which have been assessed as reasonably certain to be exercised. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are included in tangible fixed assets, lease liabilities are included in other non-financial liabilities in the consolidated condensed interim statement of financial position. Depreciation of right-of-use assets are recognised in administrative and other operating expenses in the consolidated condensed interim statement of profit or loss and other comprehensive income. Finance cost is recognised within other similar expense line of the consolidated condensed interim statement of profit or loss and other comprehensive income. Cash outflow for lease liabilities is disclosed within cash flows from financing activities of the consolidated condensed interim statement of cash flows.

Other similar expense. Other similar expense represents finance cost related to the discounted lease payments using the incremental borrowing rate.

Forward-looking information incorporated in the ECL models. The calculation of ECLs incorporates forward-looking information. During three months ended 31 March 2019 the Group has updated the key economic variables impacting credit risk and ECLs for each portfolio, which resulted in a decrease in credit loss allowances by RR 73 million (during three months ended 30 June 2019 and 30 September 2019: no changes). The list of key variables is as follows:

- Russian stock market index MOEX;
- Indicative offered interest rate on the Russian money market MosPrime Rate;
- Debt load of Russian population based on statistics from bureaus of credit history.

The impact of these economic variables on the ECL has been determined by performing statistical regression analysis in order to understand the way how changes in these variables historically impacted default rates. Three different scenarios are used: base, optimistic and pessimistic. The scenarios are weighted accordingly with base scenario having the highest weight and with optimistic and pessimistic scenarios having approximately equal weights. If a 100% weight is applied to any of the scenarios the effect on the ECL is not material.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

Effective interest rate. Starting from 1 April 2019 as a result of development of its database and IT systems the Group identified the part of customer acquisition expenses which can be directly linked to the particular borrower and which are incremental in nature, such as partnership, call-centre expenses and related VAT expenses as well as changed the pattern of recognition of certain types of expenses which were included into the effective interest rate. Having obtained sufficient and representative statistical information the management of the Group changed the accounting policy in relation to these expenses and allocated them directly to the originated financial instruments and included them in the effective interest rate. The effect of this change in accounting policy for prior periods was credited to the consolidated condensed statement of profit or loss and other comprehensive income for the three months ended 30 June 2019. Prior periods were not amended due to the change not resulting in a material impact for any individual prior period.

Seasonality. The management does not consider that the Group's business exhibits material differences due to seasonality.

3 Significant Accounting Policies (Continued)

Foreign currency translation. At 30 September 2019 the rate of exchange used for translating foreign currency balances was USD 1 = RR 64.4156 (31 December 2018: USD 1 = RR 69.4706), and the average rate of exchange was USD 1 = RR 65.0789 for the nine months ended 30 September 2019 and USD 1 = RR 64.5685 for the three months ended 30 September 2019 (nine months ended 30 September 2018: USD 1 = RR 61.4358, three months ended 30 September 2018: USD 1 = RR 65.5323).

Changes in presentation. Starting from 1 July 2019 the Group identified the part of customer acquisition expenses, as well as the part of fee and commission expenses which can be directly linked to the debit product customers and which are incremental in nature, such as partnership and internet advertising expenses and allocated them directly to the originated financial instruments and included them in the effective interest rate.

In June 2019 the management of the Group refined its approach to the presentation of expenses related to the direct settlement of losses in auto insurance in the consolidated condensed interim statement of profit or loss and other comprehensive income. The management concluded it was appropriate to reclassify these expenses from Administrative and other operating expenses to Insurance claims incurred.

In January 2019 the management of the Group made a detailed review of the VAT expenses recognised in administrative and other operating expenses and using improved technical reports identified the part of VAT expenses which is related to customer acquisition expenses. The management concluded it was appropriate to reclassify these expenses from Administrative and other operating expenses to Customer acquisition expense.

The effect of changes described above on the consolidated condensed interim statement of profit or loss and other comprehensive income for the prior periods is as follows:

<i>In millions of RR</i>	Unaudited		
	As originally presented	Reclassification	As reclassified
Six months ended 30 June 2019:			
Interest expense calculated using the effective interest rate method	(9,610)	(370)	(9,980)
Customer acquisition expense	(9,983)	249	(9,734)
Fee and commission expense	(7,357)	121	(7,236)
Nine months ended 30 September 2018:			
Interest expense calculated using the effective interest rate method	(10,828)	(279)	(11,107)
Customer acquisition expense	(9,140)	(661)	(9,801)
Insurance claims incurred	(1,226)	(81)	(1,307)
Administrative and other operating expenses	(16,588)	1,021	(15,567)
Three months ended 30 September 2018:			
Interest expense calculated using the effective interest rate method	(3,840)	(101)	(3,941)
Customer acquisition expense	(2,984)	(189)	(3,173)
Insurance claims incurred	(496)	(32)	(528)
Administrative and other operating expenses	(5,846)	322	(5,524)

3 Significant Accounting Policies (Continued)

The effect of changes on the consolidated condensed interim statement of cash flows for the nine months ended 30 September 2018 is as follows:

<i>In millions of RR</i>	Unaudited		
	As originally presented	Reclassification	As reclassified
Nine months ended 30 September 2018:			
Interest expense paid calculated using the effective interest rate method	(10,018)	(279)	(10,297)
Customer acquisition expense paid	(9,186)	(661)	(9,847)
Administrative and other operating expenses paid	(14,302)	1,021	(13,281)
Cash received from insurance operations	3,508	(81)	3,427

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognized in the consolidated condensed interim financial information and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the consolidated condensed interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2018 except for the changes in ECL measurement models described in Note 3.

5 Adoption of New or Revised Standards and Interpretations

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the consolidated financial statements for the year ended 31 December 2018, became effective for the Group from 1 January 2019.

Adoption of IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The Group has adopted IFRS 16 with a date of transition of 1 January 2019 and applied the standard using the modified retrospective method, without restatement of comparatives (Note 3). The Group recognised a right of use asset of RR 1,684 million against a corresponding lease liability on 1 January 2019. Right-of-use assets are mainly represented by office premises. A reconciliation of the operating lease commitments to this liability is as follows:

<i>In millions of RR</i>	30 September 2019 (Unaudited)	1 January 2019
Future lease payments under operating lease	2,076	1,892
Future lease payments that are due in the periods subject to lease extension options that are reasonably certain to be exercised	5	9
Effect of discounting to present value (the incremental borrowing rate used 7.62% (weighted average))	(210)	(217)
Total lease liabilities	1,871	1,684

5 Adoption of New or Revised Standards and Interpretations (Continued)

The following amended standards and interpretations became effective for the Group from 1 January 2019, but did not have any material impact on the Group:

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (issued on 12 October 2017).
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" (issued on 7 February 2018).
- Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017).

6 New Accounting Pronouncements

Certain new amendments have been issued that are mandatory for the 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). The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

The Group is currently assessing the impact of the amendments on its financial statements.

7 Cash and Cash Equivalents

<i>In millions of RR</i>	30 September 2019 (Unaudited)	31 December 2018
Cash on hand	7,926	5,839
Cash balances with the CBRF (other than mandatory reserve deposits)	12,210	11,158
Placements with other banks and non-bank credit organizations with original maturities of less than three months	22,220	16,805
Total cash and cash equivalents	42,356	33,802

Cash on hand includes cash balances in ATMs and cash balances in transit. Placements with other banks and organizations with original maturities of less than three months include placements under reverse sale and repurchase agreements in the amount of RR 14,968 million as at 30 September 2019 (31 December 2018: RR 11,147 million). The Group has a right to sell or repledge securities received under reverse sale and repurchase agreements.

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The ECL for these balances represents an immaterial amount, therefore the Group did not recognise any credit loss allowance for cash and cash equivalents. Except for reverse sale and repurchase agreements, amounts of cash and cash equivalents are not collateralised. As at 30 September 2019 the fair value of collateral under reverse sale and repurchase agreements was RR 15,549 million (31 December 2018: RR 12,389 million). There is no material impact of collateral on credit loss allowance for cash and cash equivalents. Refer to Note 20 for the disclosure of the fair value of cash and cash equivalents.

8 Loans and Advances to Customers

<i>In millions of RR</i>	30 September 2019 (Unaudited)			31 December 2018		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Credit card loans	238,591	(40,439)	198,152	178,396	(33,296)	145,100
Cash loans	62,735	(6,707)	56,028	35,194	(2,331)	32,863
POS loans	24,000	(875)	23,125	15,275	(460)	14,815
Other loans	43,632	(1,053)	42,579	5,845	(134)	5,711
- Secured loans	25,246	(324)	24,922	2,644	(16)	2,628
- Car loans	17,641	(629)	17,012	2,838	(85)	2,753
- Loans to IE and SME	745	(100)	645	363	(33)	330
Total loans and advances to customers at AC	368,958	(49,074)	319,884	234,710	(36,221)	198,489

Credit cards are issued to customers for cash withdrawals or payment for goods or services, within the range of limits established by the Bank. These limits may be increased or decreased from time-to-time based on management decision. Credit card loans are not collateralized.

Cash loans represent a product for the borrowers who have a positive credit history and who do not have overdue loans in other banks. Cash loans are loans provided to customers via the Bank's debit cards. These loans are available for withdrawal without commission.

POS ("Point of sale") loans represent POS lending through the Bank's programme "POS loans". This programme funds online and offline purchases through internet and offline shops for individual borrowers.

Secured loans represent loans secured with a car or real estate.

Car loans represent loans for the purchase of a vehicle which is used as collateral under the loan.

Loans to IE and SME represent loans provided by Bank to individual entrepreneurs and small and medium businesses for the purpose of working capital management.

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors. The main movements in the tables presented below are described as follows:

- new originated or purchased category represents the gross carrying amounts of purchased loans and loans to new borrowers (for this particular product) before their first repayment became due. The related ECL represents the day one ECL on the purchase or origination of these loans;
- transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL. Transfers present the amount of credit loss allowance charged or recovered at the moment of transfer of a loan among the respective stages;
- movements other than transfers and new originated or purchased loans category represent all other movements of ECL in particular related to changes in gross carrying amounts (including drawdowns, repayments, and accrued interest), as well as changes in ECL model assumptions including those arising from update of inputs to ECL model in the period;
- write-offs of allowances are related to assets that were written-off during the period;
- unwinding of discount (for Stage 3) category represents adjustment to credit loss allowance and gross carrying amount for Stage 3 loans to increase it to discounted amount of the expected cash shortfalls to the reporting date using the effective interest rate.

8 Loans and Advances to Customers (Continued)

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers between the beginning and the end of the reporting periods:

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Credit card loans								
At 31 December 2018	9,266	4,708	19,322	33,296	145,732	6,654	26,010	178,396
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	3,994	-	-	3,994	48,972	-	-	48,972
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2,512)	6,221	-	3,709	(10,515)	10,515	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(2,988)	(3,994)	15,042	8,060	(13,303)	(5,140)	18,443	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	251	(794)	(15)	(558)	1,167	(1,149)	(18)	-
Movements other than transfers and new originated or purchased loans	3,208	916	(3,407)	717	24,048	257	(4,199)	20,106
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2019	1,953	2,349	11,620	15,922	50,369	4,483	14,226	69,078
<i>Movements without impact on credit loss allowance charge the nine months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	2,175	2,175	-	-	2,175	2,175
Write-offs	-	-	(8,656)	(8,656)	-	-	(8,656)	(8,656)
Sales	-	-	(739)	(739)	-	-	(843)	(843)
Modification of original cash flows without derecognition	-	-	(1,559)	(1,559)	-	-	(1,559)	(1,559)
At 30 September 2019	11,219	7,057	22,163	40,439	196,101	11,137	31,353	238,591

8 Loans and Advances to Customers (Continued)

	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
<i>In millions of RR</i>								
Credit card loans								
At 30 June 2019	10,392	6,489	19,479	36,360	185,195	9,767	27,657	222,619
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	551	-	-	551	10,727	-	-	10,727
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2,144)	5,370	-	3,226	(9,094)	9,094	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(259)	(4,878)	6,054	917	(1,109)	(6,428)	7,537	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	367	(1,097)	(33)	(763)	1,778	(1,738)	(40)	-
Movements other than transfers and new originated or purchased loans	2,312	1,173	(1,111)	2,374	8,604	442	(1,538)	7,508
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2019	827	568	4,910	6,305	10,906	1,370	5,959	18,235
<i>Movements without impact on credit loss allowance charge the three months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	932	932	-	-	932	932
Write-offs	-	-	(2,385)	(2,385)	-	-	(2,385)	(2,385)
Sales	-	-	(222)	(222)	-	-	(259)	(259)
Modification of original cash flows without derecognition	-	-	(551)	(551)	-	-	(551)	(551)
At 30 September 2019	11,219	7,057	22,163	40,439	196,101	11,137	31,353	238,591

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Credit card loans								
At 1 January 2018	9,064	5,319	21,689	36,072	121,988	6,958	25,874	154,820
<i>Movements with impact on credit loss allowance charge for the nine months ended 30 September 2018:</i>								
New originated or purchased	2,236	-	-	2,236	22,286	-	-	22,286
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(1,709)	4,549	-	2,840	(6,707)	6,707	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(2,073)	(4,491)	12,947	6,383	(8,000)	(6,889)	14,889	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	307	(964)	(33)	(690)	1,273	(1,237)	(36)	-
Movements other than transfers and new originated or purchased loans	1,440	861	(2,807)	(506)	6,440	1,680	(3,326)	4,794
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2018	201	(45)	10,107	10,263	15,292	261	11,527	27,080
<i>Movements without impact on credit loss allowance charge for the nine months ended 30 September 2018:</i>								
Unwinding of discount (for Stage 3)	-	-	2,507	2,507	-	-	2,507	2,507
Write-offs	-	-	(12,984)	(12,984)	-	-	(12,984)	(12,984)
Sales	-	-	(222)	(222)	-	-	(238)	(238)
Modification of original cash flows without derecognition	-	-	(1,022)	(1,022)	-	-	(1,022)	(1,022)
At 30 September 2018	9,265	5,274	20,075	34,614	137,280	7,219	25,664	170,163

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Credit card loans								
At 30 June 2018	9,039	5,515	21,072	35,626	131,621	7,385	26,330	165,336
<i>Movements with impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
New originated or purchased	552	-	-	552	6,179	-	-	6,179
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(1,438)	3,777	-	2,339	(5,577)	5,577	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(160)	(3,580)	4,237	497	(597)	(4,345)	4,942	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	384	(1,209)	(17)	(842)	1,670	(1,630)	(40)	-
Movements other than transfers and new originated or purchased loans	888	771	(822)	837	3,984	232	(1,169)	3,047
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2018	226	(241)	3,398	3,383	5,659	(166)	3,733	9,226
<i>Movements without impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
Unwinding of discount (for Stage 3)	-	-	695	695	-	-	695	695
Write-offs	-	-	(4,554)	(4,554)	-	-	(4,554)	(4,554)
Sales	-	-	(74)	(74)	-	-	(78)	(78)
Modification of original cash flows without derecognition	-	-	(462)	(462)	-	-	(462)	(462)
At 30 September 2018	9,265	5,274	20,075	34,614	137,280	7,219	25,664	170,163

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash loans								
At 31 December 2018	1,116	545	670	2,331	32,651	1,776	767	35,194
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	2,091	-	-	2,091	42,027	-	-	42,027
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(487)	2,543	-	2,056	(5,038)	5,038	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(547)	(496)	2,583	1,540	(2,126)	(640)	2,766	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	14	(76)	-	(62)	419	(419)	-	-
Movements other than transfers and new originated or purchased loans	34	(745)	86	(625)	(13,203)	(993)	340	(13,856)
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2019	1,105	1,226	2,669	5,000	22,079	2,986	3,106	28,171
<i>Movements without impact on credit loss allowance charge the nine months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	91	91	-	-	91	91
Write-offs	-	-	(305)	(305)	-	-	(305)	(305)
Sales	-	-	(83)	(83)	-	-	(89)	(89)
Modification of original cash flows without derecognition	-	-	(327)	(327)	-	-	(327)	(327)
At 30 September 2019	2,221	1,771	2,715	6,707	54,730	4,762	3,243	62,735

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash loans								
At 30 June 2019	1,922	1,450	1,675	5,047	54,396	4,229	1,984	60,609
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	465	-	-	465	11,741	-	-	11,741
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(389)	1,648	-	1,259	(3,121)	3,121	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(119)	(870)	1,331	342	(336)	(1,100)	1,436	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	33	(164)	(2)	(133)	960	(958)	(2)	-
Movements other than transfers and new originated or purchased loans	309	(293)	(31)	(15)	(8,910)	(530)	85	(9,355)
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2019	299	321	1,298	1,918	334	533	1,519	2,386
<i>Movements without impact on credit loss allowance charge the three months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	39	39	-	-	39	39
Write-offs	-	-	(137)	(137)	-	-	(137)	(137)
Sales	-	-	(24)	(24)	-	-	(26)	(26)
Modification of original cash flows without derecognition	-	-	(136)	(136)	-	-	(136)	(136)
At 30 September 2019	2,221	1,771	2,715	6,707	54,730	4,762	3,243	62,735

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash loans								
At 1 January 2018	268	151	156	575	6,478	438	161	7,077
<i>Movements with impact on credit loss allowance charge for the nine months ended 30 September 2018:</i>								
New originated or purchased loans	864	-	-	864	20,096	-	-	20,096
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(109)	626	-	517	(1,224)	1,224	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(74)	(122)	402	206	(258)	(161)	419	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	4	(23)	-	(19)	102	(102)	-	-
Movements other than transfers and new originated or purchased loans	(89)	(246)	128	(207)	(2,905)	(228)	169	(2,964)
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2018	596	235	530	1,361	15,811	733	588	17,132
<i>Movements without impact on credit loss allowance charge for the nine months ended 30 September 2018:</i>								
Unwinding of discount (for Stage 3)	-	-	26	26	-	-	26	26
Write-offs	-	-	(181)	(181)	-	-	(181)	(181)
Sales	-	-	(13)	(13)	-	-	(13)	(13)
Modification of original cash flows without derecognition	-	-	(56)	(56)	-	-	(56)	(56)
At 30 September 2018	864	386	462	1,712	22,289	1,171	525	23,985

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash loans								
At 30 June 2018	687	235	371	1,293	16,066	703	419	17,188
<i>Movements with impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
New originated or purchased loans	379	-	-	379	9,853	-	-	9,853
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(89)	460	-	371	(890)	890	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(20)	(111)	178	47	(54)	(132)	186	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	6	(29)	(1)	(24)	152	(151)	(1)	-
Movements other than transfers and new originated or purchased loans	(99)	(169)	(7)	(275)	(2,838)	(139)	-	(2,977)
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2018	177	151	170	498	6,223	468	185	6,876
<i>Movements without impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
Unwinding of discount (for Stage 3)	-	-	10	10	-	-	10	10
Write-offs	-	-	(64)	(64)	-	-	(64)	(64)
Sales	-	-	(10)	(10)	-	-	(10)	(10)
Modification of original cash flows without derecognition	-	-	(15)	(15)	-	-	(15)	(15)
At 30 September 2018	864	386	462	1,712	22,289	1,171	525	23,985

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
POS loans								
At 31 December 2018	190	81	189	460	14,560	505	210	15,275
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	265	-	-	265	20,445	-	-	20,445
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(49)	417	-	368	(1,476)	1,476	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(52)	(88)	443	303	(344)	(128)	472	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	1	(7)	-	(6)	116	(116)	-	-
Movements other than transfers and new originated or purchased loans	(114)	(219)	(66)	(399)	(10,796)	(752)	(54)	(11,602)
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2019	51	103	377	531	7,945	480	418	8,843
<i>Movements without impact on credit loss allowance charge the nine months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	16	16	-	-	16	16
Write-offs	-	-	(89)	(89)	-	-	(89)	(89)
Sales	-	-	(16)	(16)	-	-	(18)	(18)
Modification of original cash flows without derecognition	-	-	(27)	(27)	-	-	(27)	(27)
At 30 September 2019	241	184	450	875	22,505	985	510	24,000

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
POS loans								
At 30 June 2019	196	177	322	695	17,662	1,135	363	19,160
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	133	-	-	133	11,742	-	-	11,742
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(34)	233	-	199	(785)	785	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(10)	(127)	207	70	(54)	(166)	220	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	3	(16)	-	(13)	323	(322)	(1)	-
Movements other than transfers and new originated or purchased loans	(47)	(83)	(38)	(168)	(6,383)	(447)	(30)	(6,860)
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2019	45	7	169	221	4,843	(150)	189	4,882
<i>Movements without impact on credit loss allowance charge the three months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	3	3	-	-	3	3
Write-offs	-	-	(39)	(39)	-	-	(39)	(39)
Sales	-	-	(4)	(4)	-	-	(5)	(5)
Modification of original cash flows without derecognition	-	-	(1)	(1)	-	-	(1)	(1)
At 30 September 2019	241	184	450	875	22,505	985	510	24,000

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	
POS loans								
At 1 January 2018	133	46	125	304	4,462	162	129	4,753
<i>Movements with impact on credit loss allowance charge for the nine months ended 30 September 2018:</i>								
New originated or purchased	189	-	-	189	8,602	-	-	8,602
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(23)	177	-	154	(466)	466	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(24)	(40)	149	85	(112)	(46)	158	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	1	(5)	-	(4)	29	(29)	-	-
Movements other than transfers and new originated or purchased loans	(103)	(113)	3	(213)	(3,350)	(224)	5	(3,569)
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2018	40	19	152	211	4,703	167	163	5,033
<i>Movements without impact on credit loss allowance charge for the nine months ended 30 September 2018:</i>								
Unwinding of discount (for Stage 3)	-	-	15	15	-	-	15	15
Write-offs	-	-	(110)	(110)	-	-	(110)	(110)
Sales	-	-	(9)	(9)	-	-	(9)	(9)
Modification of original cash flows without derecognition	-	-	(6)	(6)	-	-	(6)	(6)
At 30 September 2018	173	65	167	405	9,165	329	182	9,676

8 Loans and Advances to Customers (Continued)

	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			
<i>In millions of RR</i>	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
POS loans								
At 30 June 2018	141	62	152	355	6,151	259	165	6,575
<i>Movements with impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
New originated or purchased	104	-	-	104	5,438	-	-	5,438
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(16)	104	-	88	(286)	286	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(4)	(38)	60	18	(15)	(49)	64	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	1	(5)	-	(4)	51	(51)	-	-
Movements other than transfers and new originated or purchased loans	(53)	(58)	(8)	(119)	(2,174)	(116)	(10)	(2,300)
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2018	32	3	52	87	3,014	70	54	3,138
<i>Movements without impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
Unwinding of discount (for Stage 3)	-	-	6	6	-	-	6	6
Write-offs	-	-	(33)	(33)	-	-	(33)	(33)
Sales	-	-	(7)	(7)	-	-	(7)	(7)
Modification of original cash flows without derecognition	-	-	(3)	(3)	-	-	(3)	(3)
At 30 September 2018	173	65	167	405	9,165	329	182	9,676

8 Loans and Advances to Customers (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount between the beginning and the end of the reporting periods for car loans, secured loans and loans to IE and SME combined as the amount of such changes for these products is not significant.

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Other loans								
At 31 December 2018	84	36	14	134	5,727	102	16	5,845
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	422	-	-	422	29,347	-	-	29,347
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(71)	580	-	509	(1,892)	1,892	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(45)	(28)	196	123	(268)	(38)	306	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	-	(3)	-	(3)	25	(25)	-	-
Movements other than transfers and new originated or purchased loans	90	(225)	(1)	(136)	8,558	(125)	3	8,436
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2019	396	324	195	915	35,770	1,704	309	37,783
<i>Movements without impact on credit loss allowance charge the nine months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	12	12	-	-	12	12
Modification of original cash flows without derecognition	-	-	(8)	(8)	-	-	(8)	(8)
At 30 September 2019	480	360	213	1,053	41,497	1,806	329	43,632

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance				Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Other loans								
At 30 June 2019	351	200	98	649	29,601	924	136	30,661
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	179	-	-	179	15,171	-	-	15,171
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(56)	418	-	362	(1,354)	1,354	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(10)	(79)	110	21	(51)	(134)	185	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	2	(23)	(1)	(22)	225	(222)	(3)	-
Movements other than transfers and new originated or purchased loans	14	(156)	2	(140)	(2,095)	(116)	7	(2,204)
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2019	129	160	111	400	11,896	882	189	12,967
<i>Movements without impact on credit loss allowance charge the three months ended 30 September 2019:</i>								
Unwinding of discount (for Stage 3)	-	-	12	12	-	-	12	12
Modification of original cash flows without derecognition	-	-	(8)	(8)	-	-	(8)	(8)
At 30 September 2019	480	360	213	1,053	41,497	1,806	329	43,632

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited							
	Credit loss allowance			Total	Gross carrying amount			
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Other loans								
At 1 January 2018	-	-	-	-	-	-	-	-
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated or purchased	30	-	-	30	1,277	-	-	1,277
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(1)	8	-	7	(24)	24	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	-	-	-	(1)	-	1	-
Movements other than transfers and new originated or purchased loans	-	(3)	-	(3)	-	-	-	-
Total movements with impact on credit loss allowance charge for the nine months ended 30 September 2018	29	5	-	34	1,252	24	1	1,277
At 30 September 2018	29	5	-	34	1,252	24	1	1,277

8 Loans and Advances to Customers (Continued)

	Credit loss allowance			Gross carrying amount				Total
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	
<i>In millions of RR</i>								
Other loans								
At 30 June 2018	11	1	-	12	376	2	-	378
<i>Movements with impact on credit loss allowance charge for the three months ended 30 September 2018:</i>								
New originated or purchased	21	-	-	21	930	-	-	930
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(1)	8	-	7	(23)	23	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	-	-	-	-	(1)	1	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	1	(1)	-	-
Movements other than transfers and new originated or purchased loans	(2)	(4)	-	(6)	(32)	1	-	(31)
Total movements with impact on credit loss allowance charge for the three months ended 30 September 2018	18	4	-	22	876	22	1	899
At 30 September 2018	29	5	-	34	1,252	24	1	1,277

The credit loss allowance charge during nine months ended 30 September 2019 presented in the tables above differs from the amount presented in the consolidated condensed interim statement of profit or loss and other comprehensive income for the period due to RR 2,440 million recovery of amounts previously written-off as uncollectible (three months ended 30 September 2019: recovery of RR 838 million), and due to RR 325 million release of ECL for credit related commitments (three months ended 30 September 2019: release of RR 54 million).

The credit loss allowance charge during nine months ended 30 September 2018 presented in the tables above differs from the amount presented in the consolidated condensed interim statement of profit or loss and other comprehensive income for the period due to RR 2,592 million recovery of amounts previously written-off as uncollectible (three months ended 30 September 2018: recovery of RR 1,013 million), and due to RR 2 million charge of ECL for credit related commitments (three months ended 30 September 2018: charge of RR 81 million).

8 Loans and Advances to Customers (Continued)

The amount of the recovery from written-off loans received during the period was credited directly to the credit loss allowance line in the consolidated condensed interim statement of profit or loss and other comprehensive income.

The amount of the ECL for credit related commitments is accounted separately from ECL for credit cards loans and is included in other financial liabilities in the consolidated condensed interim statement of financial position.

During nine months ended 30 September 2019 the Group sold credit-impaired loans to third parties (external debt collection agencies) with a gross amount of RR 950 million (three months ended 30 September 2019: RR 290 million) and credit loss allowance of RR 838 million (three months ended 30 September 2019: RR 250 million). The difference between the carrying amount of these loans and the consideration received was recognised as losses in the amount of RR 53 million within credit loss allowance for loans and advances to customers for the nine months ended 30 September 2019 (three months ended 30 September 2019: RR 18 million as losses).

During nine months ended 30 September 2018 the Group sold credit-impaired loans to third parties (external debt collection agencies) with a gross amount of RR 260 million (three months ended 30 September 2018: RR 95 million) and credit loss allowance of RR 244 million (three months ended 30 September 2018: RR 91 million). The difference between the carrying amount of these loans and the consideration received was recognised as losses in the amount of RR 2 million within credit loss allowance for loans and advances to customers for the nine months ended 30 September 2018 (three months ended 30 September 2018: RR 3 million).

Presented below is an analysis of issued, activated and utilised cards based on their credit card limits as at the end of the reporting period:

<i>In units</i>	30 September 2019 (Unaudited)	31 December 2018
Credit card limits		
Up to 20 RR thousand	760,055	651,290
20-40 RR thousand	468,891	443,659
40-60 RR thousand	433,334	423,030
60-80 RR thousand	454,711	427,986
80-100 RR thousand	427,111	361,803
100-120 RR thousand	319,034	285,574
120-140 RR thousand	369,522	341,017
140-200 RR thousand	702,934	402,002
More than 200 RR thousand	159,665	109,482
Total cards	4,095,257	3,445,843

Table above only includes credit cards less than 180 days overdue.

The following table contains an analysis of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below also represents the Group's maximum exposure to credit risk on these loans.

8 Loans and Advances to Customers (Continued)

Loans and advances to customers at 30 September 2019 are disclosed as follows:

<i>In millions of RR</i>	Unaudited			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
Credit card loans				
- Current	188,454	1,127	-	189,581
- Monitor	7,647	3,851	-	11,498
- Sub-standard	-	6,159	5,751	11,910
- NPL	-	-	25,602	25,602
Gross carrying amount	196,101	11,137	31,353	238,591
Credit loss allowance	(11,219)	(7,057)	(22,163)	(40,439)
Carrying amount	184,882	4,080	9,190	198,152
Cash loans				
- Current	54,266	2,926	-	57,192
- Monitor	464	701	-	1,165
- Sub-standard	-	1,135	490	1,625
- NPL	-	-	2,753	2,753
Gross carrying amount	54,730	4,762	3,243	62,735
Credit loss allowance	(2,221)	(1,771)	(2,715)	(6,707)
Carrying amount	52,509	2,991	528	56,028
POS loans				
- Current	22,387	688	-	23,075
- Monitor	118	138	-	256
- Sub-standard	-	159	17	176
- NPL	-	-	493	493
Gross carrying amount	22,505	985	510	24,000
Credit loss allowance	(241)	(184)	(450)	(875)
Carrying amount	22,264	801	60	23,125

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Unaudited			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
Other loans				
- Current	41,285	1,163	-	42,448
- Monitor	212	364	-	576
- Sub-standard	-	279	-	279
- NPL	-	-	329	329
Gross carrying amount	41,497	1,806	329	43,632
Credit loss allowance	(480)	(360)	(213)	(1,053)
Carrying amount	41,017	1,446	116	42,579

Loans and advances to customers at 31 December 2018 are disclosed as follows:

<i>In millions of RR</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Credit card loans				
- Current	138,466	974	-	139,440
- Monitor	7,266	2,212	-	9,478
- Sub-standard	-	3,468	4,774	8,242
- NPL	-	-	21,236	21,236
Gross carrying amount	145,732	6,654	26,010	178,396
Credit loss allowance	(9,266)	(4,708)	(19,322)	(33,296)
Carrying amount	136,466	1,946	6,688	145,100
Cash loans				
- Current	32,504	1,274	-	33,778
- Monitor	147	207	-	354
- Sub-standard	-	295	72	367
- NPL	-	-	695	695
Gross carrying amount	32,651	1,776	767	35,194
Credit loss allowance	(1,116)	(545)	(670)	(2,331)
Carrying amount	31,535	1,231	97	32,863

8 Loans and Advances to Customers (Continued)

<i>In millions of RR</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
POS loans				
- Current	14,499	385	-	14,884
- Monitor	61	60	-	121
- Sub-standard	-	60	6	66
- NPL	-	-	204	204
Gross carrying amount	14,560	505	210	15,275
Credit loss allowance	(190)	(81)	(189)	(460)
Carrying amount	14,370	424	21	14,815
Other loans				
- Current	5,707	49	-	5,756
- Monitor	20	27	-	47
- Sub-standard	-	26	-	26
- NPL	-	-	16	16
Gross carrying amount	5,727	102	16	5,845
Credit loss allowance	(84)	(36)	(14)	(134)
Carrying amount	5,643	66	2	5,711

Stage 3 includes restructured loans that are less than 90 days overdue which are not considered as NPL according to the Group's credit risk grading master scale.

Loans in courts are included in Stage 3 and are loans to delinquent borrowers, against which the Group has filed claims to courts in order to recover outstanding balances. As at 30 September 2019 the gross carrying amount of the loans in courts was RR 17,550 million (31 December 2018: RR 15,390 million).

Refer to Note 20 for the estimated fair value of loans and advances to customers. Information on related party balances is disclosed in Note 21.

9 Investments in Debt Securities

The table below discloses investments in debt securities at 30 September 2019 by measurement categories and classes:

<i>In millions of RR</i>	Unaudited Debt securities at FVOCI
Corporate bonds	57,160
Russian government bonds	33,278
Municipal bonds	6,558
Total investments in debt securities at 30 September 2019 (fair value/carrying value)	96,996
Including credit loss allowance	260

9 Investments in Debt Securities (Continued)

The table below discloses investments in debt securities at 31 December 2018 by measurement categories and classes:

<i>In millions of RR</i>	Debt securities at FVOCI	Debt securities measured at FVTPL	Total
Corporate bonds	65,140	-	65,140
Russian government bonds	23,560	-	23,560
Municipal bonds	5,774	-	5,774
Perpetual corporate bonds	-	5,666	5,666
Total investments in debt securities at 31 December 2018 (fair value/carrying value)	94,474	5,666	100,140
Including Credit loss allowance	481	-	481

Refer to Note 20 for the disclosure of the fair value of investments in debt securities.

10 Customer Accounts

<i>In millions of RR</i>	Note	30 September 2019 (Unaudited)	31 December 2018
Individuals			
- Current/demand accounts		169,212	137,637
- Term deposits		131,285	100,227
IE and SME			
- Current/demand accounts	17	45,261	41,702
Other legal entities			
- Current/demand accounts		781	552
- Term deposits		126	798
Total customer accounts		346,665	280,916

Refer to Note 20 for the disclosure of the fair value of customer accounts. Information on related party balances is disclosed in Note 21.

11 Share Capital

<i>In millions of RR except for the number of shares</i>	Number of authorised shares	Number of outstanding shares	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2018	190,479,500	182,638,825	188	8,623	(1,587)	7,224
Shares issued	1,291,266	-	-	-	-	-
GDRs buy-back	-	-	-	-	(2,455)	(2,455)
GDRs and shares transferred under MLTIP	-	-	-	-	372	372
At 31 December 2018	191,770,766	182,638,825	188	8,623	(3,670)	5,141
Shares issued	18,263,882	16,666,667	42	18,874	-	18,916
Secondary public offering costs	-	-	-	(499)	-	(499)
GDRs and shares transferred under MLTIP	-	-	-	-	506	506
At 30 September 2019 (Unaudited)	210,034,648	199,305,492	230	26,998	(3,164)	24,064

On 2 July 2019 the Group completed a SPO on the London Stock Exchange plc. and issued 16,666,667 “Class A” shares of the Company in the form of GDRs at a price of USD 18.00 per GDR, raising aggregate gross proceeds of USD 300 million (RR 18,916 million). All issued ordinary shares are fully paid.

All the incurred SPO costs were primary direct expenses and were accounted within share premium.

At 30 September 2019 the total number of outstanding shares is 199,305,492 shares (31 December 2018: 182,638,825 shares) with a par value of USD 0.04 per share (31 December 2018: USD 0.04 per share).

In June 2019 the Company’s shareholders approved a resolution to increase authorised share capital to USD 8,401,385.92 by the creation of 18,263,882 new undesignated ordinary shares of nominal value USD 0.04 each. At 30 September 2019 the total number of authorised shares is 210,034,648 shares (31 December 2018: 191,770,766 shares) with a par value of USD 0.04 per share (31 December 2018: USD 0.04 per share).

As at 30 September 2019 and 31 December 2018 treasury shares represent GDRs of the Group repurchased from the market for the purposes permitted by Cyprus law including contribution to MLTIP. Refer to Note 21.

12 Net margin

<i>In millions of RR</i>	Note	Unaudited			
		Nine months ended 30 September 2019	Three months ended 30 September 2019	Nine months ended 30 September 2018	Three months ended 30 September 2018
Interest income calculated using the effective interest rate method					
Loans and advances to customers, including:					
<i>Credit card loans</i>		60,527	21,573	46,578	15,827
<i>Cash loans</i>		8,529	3,364	2,415	1,133
<i>POS loans</i>		2,363	925	1,030	295
<i>Secured loans</i>		1,346	733	1	1
<i>Car loans</i>		856	475	31	28
<i>Loans to IE and SME</i>		214	87	-	-
Debt securities and repurchase receivables at FVOCI		4,835	1,556	4,053	1,492
Placements with other banks and non-bank credit organizations with original maturities of less than three months		312	128	332	146
Other interest income		-	-	1	-
Total interest income calculated using the effective interest rate method		78,982	28,841	54,441	18,922
Other similar income					
Debt securities and repurchase receivables at FVTPL		118	-	344	123
Total interest income		79,100	28,841	54,785	19,045
Interest expense calculated using the effective interest rate method					
Customer accounts, including:					
<i>Individuals</i>					
- Current/demand accounts		6,365	2,332	4,222	1,706
- Term deposits		5,078	1,923	3,768	1,250
<i>IE and SME</i>	17	1,110	307	798	273
<i>Other legal entities</i>		33	8	63	20
Subordinated debt		1,388	465	1,613	471
RR denominated bonds		769	316	526	176
Due to banks		587	49	26	12
Euro-Commercial Paper		76	26	91	33
Total interest expense calculated using the effective interest rate method		15,406	5,426	11,107	3,941
Other similar expense					
Lease liabilities		107	39	-	-
Total interest expense		15,513	5,465	11,107	3,941
Expenses on deposit insurance		1,331	487	823	308
Net margin		62,256	22,889	42,855	14,796

13 Fee and Commission Income and Expense

<i>In millions of RR</i>	Unaudited			
	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
Fee and commission income				
IE and SME current accounts commission	6,007	2,193	4,753	1,895
Acquiring commission	4,627	1,539	2,802	1,007
Credit protection fee	4,364	1,252	4,235	1,264
Interchange fee	2,555	1,016	2,030	805
SMS fee	2,347	843	1,596	575
Foreign currency exchange transactions fee	2,084	869	1,247	483
Card to card commission	1,348	589	896	341
Income from MVNO services	551	258	-	-
Cash withdrawal fee	519	192	654	236
Brokerage operations	447	239	140	51
Marketing services fee	207	103	41	41
Mortgage agency fee	136	15	284	111
Placement fee	87	48	138	47
Other fees receivable	417	203	301	159
Total fee and commission income	25,696	9,359	19,117	7,015

IE and SME current accounts commission represents commission for services to individual entrepreneurs and small to medium businesses. Credit protection fee income represents agency fee for providing voluntary credit insurance to borrowers of the Group. Merchant acquiring commission represents commission for processing card payments from online and offline points of sale.

<i>In millions of RR</i>	Unaudited			
	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
Fee and commission expense				
Payment systems	8,952	3,165	5,853	2,146
Service fees	1,416	502	1,133	515
Costs of MVNO services	607	299	-	-
Banking and other fees	301	74	294	135
Total fee and commission expense	11,276	4,040	7,280	2,796

Payment systems fees represent fees for MasterCard, Visa and other payment systems' services. Service fees represent fees for statement printing, mailing services and sms services. Costs of MVNO services represent expenses for the traffic, telecommunications service and roaming.

14 Customer Acquisition Expense

<i>In millions of RR</i>	Unaudited			
	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
Marketing and advertising	6,695	1,813	4,373	1,302
Staff costs	4,558	1,391	3,920	1,373
Taxes other than income tax	1,090	297	869	264
Credit bureaux	501	159	380	136
Telecommunication expenses	256	75	208	65
Other acquisition	788	419	51	33
Total customer acquisition expenses	13,888	4,154	9,801	3,173

Customer acquisition expenses represent expenses paid by the Group on services related to origination of customers which are not directly attributable to the recognised assets and are not incremental. The Group uses a variety of different channels for the acquisition of new customers.

Staff costs represent salary expenses and related costs of employees directly involved in customer acquisition. Included in staff costs are statutory social contributions to the state non-budgetary funds in the amount of RR 1,185 million for the nine months and RR 362 million for the three months ended 30 September 2019 (RR 907 million for the nine months and RR 327 million for the three months ended 30 September 2018).

15 Administrative and Other Operating Expenses

<i>In millions of RR</i>	Unaudited			
	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
Staff costs	14,355	5,270	11,532	4,019
Taxes other than income tax	1,183	465	754	321
Depreciation of right-of-use assets	977	337	-	-
Depreciation of fixed assets	902	355	565	226
Amortization of intangible assets	899	313	623	241
Professional services	586	139	240	85
Information services	535	183	424	153
Stationery	292	96	177	70
Communication services	215	67	284	98
Security expenses	129	53	131	49
Collection expenses	112	46	116	35
Operating lease expense for premises and equipment	-	-	443	151
Other administrative expenses	276	70	278	76
Total administrative and other operating expenses	20,461	7,394	15,567	5,524

15 Administrative and Other Operating Expenses (Continued)

Included in staff costs are statutory social contributions to the non-budget funds and share-based remuneration:

<i>In millions of RR</i>	Unaudited			
	Nine months ended 30 September 2019	Three months ended 30 September 2019	Nine months ended 30 September 2018	Three months ended 30 September 2018
Statutory social contribution to the non-budget funds	2,544	885	1,710	557
Share-based remuneration	380	98	490	142

16 Dividends

The movements in dividends during nine months ended 30 September 2019 and 2018 are as follows:

<i>In millions of RR</i>	2019	2018
Dividends payable at 1 January	760	377
Dividends declared during the period	5,870	8,918
Dividends paid during the period	(5,618)	(8,660)
Dividends paid under MLTIP after vesting date	(524)	(130)
Foreign exchange (gain)/loss on dividends payable	(7)	99
Dividends payable at 30 September (unaudited)	481	604
Dividends per share declared during the period (in USD)	0.49	0.79
Dividends per share paid during the period (in USD)	0.49	0.79

The movements in dividends during three months ended 30 September 2019 and 30 September 2018 are as follows:

<i>In millions of RR</i>	2019	2018
Dividends payable at 30 June (unaudited)	471	485
Dividends declared during the period	-	2,972
Dividends paid during the period	-	(2,797)
Dividends paid under MLTIP after vesting date	-	-
Foreign exchange loss/(gain) on dividends payable	10	(56)
Dividends payable at 30 September (unaudited)	481	604
Dividends per share declared during the period (in USD)	-	0.24
Dividends per share paid during the period (in USD)	-	0.24

Dividends declared in the tables above represent dividends declared by the Board of Directors decreased by RR 11 million for the nine months ended 30 September 2019 of dividends on GDRs acquired by the Company from the market not for the immediate purposes of existing MLTIP.

On 13 May 2019 the Board of Directors declared an interim dividend of USD 0.17 (RR 11.09) per share/per GDR amounting to USD 31.05 million (RR 2,026 million). Declared dividends were paid in USD on 28 and 30 May 2019.

16 Dividends (Continued)

On 11 March 2019 the Board of Directors declared an interim dividend of USD 0.32 (RR 21.11) per share/per GDR amounting to USD 58.4 million (RR 3,855 million). Declared dividends were paid in USD on 25 and 27 March 2019.

On 27 August 2018 the Board of Directors declared a regular interim dividend of RR 16.27 (USD 0.24) per share/per GDR amounting to RR 2,972 million (USD 43.9 million). Declared dividends were paid in USD on 24, 28 and 29 September 2018.

On 29 May 2018 the Board of Directors declared a regular interim dividend of USD 0.24 (RR 14.94) per share/per GDR amounting to USD 43.8 million (RR 2,730 million). Declared dividends were paid in USD on 21 and 27 June 2018.

On 9 March 2018 the Board of Directors declared a regular interim dividend of USD 0.31 (RR 17.61) per share/per GDR amounting to USD 56.6 million (RR 3,216 million). Declared dividends were paid in USD on 4 and 9 April 2018.

Dividends were declared and paid in USD throughout the periods ended 30 September 2019 and 30 September 2018. Dividends payable at 30 September 2019 related to treasury shares acquired under MLTIP amounting to RR 481 million are included in other non-financial liabilities (31 December 2018: RR 760 million).

On 11 June 2019 the Group announced suspension of dividend payments for the three months ended 30 June and 30 September 2019 to ensure the Group will have the necessary capital to further support credit portfolio growth.

17 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the Group. The functions of CODM are performed by the Management of the Bank and the Management of the Insurance Company.

Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of 4 main business segments:

- Retail banking – representing customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans, car loans, secured loans and brokerage services to individuals.
- IE and SME accounts services – representing customer current accounts, savings, deposits services and providing loans to individual entrepreneurs and small to medium businesses.
- Insurance operations – representing insurance services provided to individuals.
- MVNO services – providing mobile services for both current Group's customers and others.

Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different services to the customers of the Group. They are managed separately because each business unit requires different marketing strategies and represents different types of businesses.

Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on International financial reporting standards adjusted to meet the requirements of internal reporting. The CODM evaluates performance of each segment based on profit before tax.

17 Segment Analysis (Continued)

Information about reportable segment profit or loss, assets and liabilities

Segment reporting of the Group's assets and liabilities as at 30 September 2019 is set out below:

<i>In millions of RR</i>	Unaudited					Total
	Retail banking	SME accounts services	Insurance operations	MVNO services	Eliminations	
Cash and cash equivalents	20,889	18,907	4,014	21	(1,475)	42,356
Mandatory cash balances with the CBRF	3,255	-	-	-	-	3,255
Due from other banks	45	-	1,806	-	-	1,851
Loans and advances to customers	321,579	645	-	-	(2,340)	319,884
Financial derivatives	847	-	-	-	-	847
Investments in debt securities	64,343	30,254	2,399	-	-	96,996
Repurchase receivables	-	-	-	-	-	-
Guarantee deposits with payment systems	8,886	-	-	-	-	8,886
Current income tax assets	1,373	-	-	-	-	1,373
Deferred income tax assets	925	-	-	-	-	925
Tangible fixed assets and right-of-use assets	10,748	-	-	134	-	10,882
Intangible assets	3,679	737	206	321	-	4,943
Other financial assets	11,536	414	1,838	103	(997)	12,894
Other non-financial assets	2,011	-	525	245	(242)	2,539
Total reportable segment assets	450,116	50,957	10,788	824	(5,054)	507,631
Due to banks	873	-	-	2,340	(2,340)	873
Customer accounts	302,879	45,261	-	-	(1,475)	346,665
Debt securities in issue	28,069	-	-	-	-	28,069
Financial derivatives	107	-	-	-	-	107
Subordinated debt	19,220	-	-	-	-	19,220
Insurance provisions	-	-	5,875	-	-	5,875
Other financial liabilities	15,435	-	1,127	918	(997)	16,483
Other non-financial liabilities	7,070	-	24	97	(242)	6,949
Total reportable segment liabilities	373,653	45,261	7,026	3,355	(5,054)	424,241

17 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2019 is set out below:

	Unaudited					Total
	Retail banking	SME accounts services	Insurance operations	MVNO services	Eliminations	
<i>In millions of RR</i>						
Nine months ended 30 September 2019						
Revenues						
Interest income calculated using the effective interest rate method	76,957	1,901	292	-	(168)	78,982
Other similar income	118	-	-	-	-	118
Fee and commission income						
<i>IE and SME current accounts commission</i>	-	6,007	-	-	-	6,007
<i>Credit protection fee</i>	4,364	-	-	-	-	4,364
<i>Acquiring commission</i>	4,554	141	-	-	(68)	4,627
<i>SMS fee</i>	2,347	-	-	-	-	2,347
<i>Interchange fee</i>	2,031	524	-	-	-	2,555
<i>Foreign currency exchange transactions fee</i>	1,871	213	-	-	-	2,084
<i>Card to card commission</i>	1,348	-	-	-	-	1,348
<i>Cash withdrawal fee</i>	519	-	-	-	-	519
<i>Income from MVNO services</i>	-	-	-	740	(189)	551
<i>Brokerage operations</i>	447	-	-	-	-	447
<i>Mortgage agency fee</i>	136	-	-	-	-	136
<i>Marketing services fee</i>	207	-	-	-	-	207
<i>Placement fee</i>	87	-	-	-	-	87
<i>Other fees receivable</i>	477	-	-	-	(60)	417
Timing of fee and commission income recognition:						
- At point in time	16,041	6,820	-	740	(317)	23,284
- Over time	2,347	65	-	-	-	2,412
Total fee and commission income	18,388	6,885	-	740	(317)	25,696
Net gains from disposals of debt securities at FVOCI	277	-	-	-	-	277
Net gains from debt instruments at FVTPL	390	-	-	-	-	390
Insurance premiums earned	223	-	9,581	-	(284)	9,520
Credit loss allowance for debt securities at FVOCI	225	-	-	-	-	225
Other operating income	2,972	46	212	1	(63)	3,168
Total revenues	99,550	8,832	10,085	741	(832)	118,376
Interest expense calculated using the effective interest rate method	(14,359)	(1,110)	-	(100)	163	(15,406)
Other similar expense	(103)	-	-	(4)	-	(107)
Expenses on deposit insurance	(1,177)	(154)	-	-	-	(1,331)
Credit loss allowance for loans and advances to customers	(19,541)	(62)	-	-	-	(19,603)
Fee and commission expense	(9,492)	(1,359)	(9)	(607)	191	(11,276)
Customer acquisition expense	(11,406)	(1,243)	(837)	(812)	410	(13,888)
Net losses from operations with foreign currencies	(848)	-	(7)	-	-	(855)
Insurance claims incurred	-	-	(3,282)	-	-	(3,282)
Administrative and other operating expenses	(16,992)	(2,060)	(830)	(621)	42	(20,461)
Segment result	25,632	2,844	5,120	(1,403)	(26)	32,167

17 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2019 is set out below:

	Unaudited					Total
	Retail banking	SME accounts services	Insurance operations	MVNO services	Elimina- tions	
<i>In millions of RR</i>						
Three months ended 30 September 2019						
Revenues						
Interest income calculated using the effective interest rate method	28,138	654	117	-	(68)	28,841
Other similar income	-	-	-	-	-	-
Fee and commission income <i>IE and SME current accounts commission</i>	-	2,193	-	-	-	2,193
<i>Credit protection fee</i>	1,252	-	-	-	-	1,252
<i>Acquiring commission</i>	1,510	51	-	-	(22)	1,539
<i>SMS fee</i>	843	-	-	-	-	843
<i>Interchange fee</i>	803	213	-	-	-	1,016
<i>Foreign currency exchange transactions fee</i>	788	81	-	-	-	869
<i>Card to card commission</i>	589	-	-	-	-	589
<i>Cash withdrawal fee</i>	192	-	-	-	-	192
<i>Income from MVNO services</i>	-	-	-	353	(95)	258
<i>Brokerage operations</i>	239	-	-	-	-	239
<i>Mortgage agency fee</i>	15	-	-	-	-	15
<i>Marketing services fee</i>	103	-	-	-	-	103
<i>Placement fee</i>	48	-	-	-	-	48
<i>Other fees receivable</i>	236	-	-	-	(33)	203
Timing of fee and commission income recognition:						
- At point in time	5,775	2,523	-	353	(150)	8,501
- Over time	843	15	-	-	-	858
Total fee and commission income	6,618	2,538	-	353	(150)	9,359
Net gains from disposals of debt securities at FVOCI	137	-	-	-	-	137
Net gains from debt instruments at FVTPL	-	-	-	-	-	-
Insurance premiums earned	77	-	4,283	-	(98)	4,262
Credit loss allowance for debt securities at FVOCI	83	-	-	-	-	83
Other operating income	1,072	15	83	1	(46)	1,125
Total revenues	36,125	3,207	4,483	354	(362)	43,807
Interest expense calculated using the effective interest rate method	(5,141)	(307)	-	(41)	63	(5,426)
Other similar expense	(35)	-	-	(4)	-	(39)
Expenses on deposit insurance	(433)	(54)	-	-	-	(487)
Credit loss allowance for loans and advances to customers	(7,947)	(5)	-	-	-	(7,952)
Fee and commission expense	(3,249)	(586)	(3)	(299)	97	(4,040)
Customer acquisition expense	(3,107)	(531)	(330)	(337)	151	(4,154)
Net losses from operations with foreign currencies	(476)	-	(1)	-	-	(477)
Insurance claims incurred	-	-	(1,374)	-	-	(1,374)
Administrative and other operating expenses	(6,374)	(524)	(237)	(284)	25	(7,394)
Segment result	9,363	1,200	2,538	(611)	(26)	12,464

17 Segment Analysis (Continued)

Segment reporting of the Group's assets and liabilities as at 31 December 2018 is set out below:

<i>In millions of RR</i>	Retail banking	SME accounts services	Insurance operations	MVNO services	Elimina- tions	Total
Cash and cash equivalents	19,621	13,110	3,537	15	(2,481)	33,802
Mandatory cash balances with the CBRF	2,435	-	-	-	-	2,435
Due from other banks	-	-	776	-	-	776
Loans and advances to customers	199,513	330	386	-	(1,740)	198,489
Financial derivatives	1,710	-	-	-	-	1,710
Investments in debt securities	68,375	30,394	1,371	-	-	100,140
Repurchase receivables	1,182	-	-	-	-	1,182
Guarantee deposits with payment systems	4,603	-	-	-	-	4,603
Current income tax assets	1,104	-	-	-	-	1,104
Tangible fixed assets	8,280	-	-	89	-	8,369
Intangible assets	3,214	547	264	198	-	4,223
Other financial assets	15,316	173	542	46	(435)	15,642
Other non-financial assets	2,344	-	618	150	(88)	3,024
Total reportable segment assets	327,697	44,554	7,494	498	(4,744)	375,499
Due to banks	2,708	-	-	1,344	(1,344)	2,708
Customer accounts	242,092	41,702	-	-	(2,878)	280,916
Debt securities in issue	9,605	-	-	-	-	9,605
Financial derivatives	3	-	-	-	-	3
Current income tax liabilities	51	-	-	-	-	51
Deferred income tax liabilities	1,821	-	-	-	-	1,821
Subordinated debt	20,644	-	-	-	-	20,644
Insurance provisions	-	-	2,859	-	-	2,859
Other financial liabilities	9,746	-	1,711	213	(469)	11,201
Other non-financial liabilities	3,367	-	63	64	(53)	3,441
Total reportable segment liabilities	290,037	41,702	4,633	1,621	(4,744)	333,249

17 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2018 is set out below:

	Unaudited					Total
	Retail banking	SME accounts services	Insurance operations	MVNO services	Eliminations	
<i>In millions of RR</i>						
Nine months ended 30 September 2018						
Revenues						
Interest income calculated using the effective interest rate method	53,088	1,259	165	-	(71)	54,441
Other similar income	344	-	-	-	-	344
Fee and commission income						
<i>IE and SME current accounts commission</i>	-	4,753	-	-	-	4,753
<i>Credit protection fee</i>	4,235	-	-	-	-	4,235
<i>Acquiring commission</i>	3,055	-	-	-	(253)	2,802
<i>Interchange fee</i>	1,729	301	-	-	-	2,030
<i>SMS fee</i>	1,596	-	-	-	-	1,596
<i>Foreign currency exchange transactions fee</i>	1,130	117	-	-	-	1,247
<i>Card to card commission</i>	896	-	-	-	-	896
<i>Cash withdrawal fee</i>	654	-	-	-	-	654
<i>Mortgage agency fee</i>	284	-	-	-	-	284
<i>Brokerage operations</i>	140	-	-	-	-	140
<i>Placement fee</i>	138	-	-	-	-	138
<i>Marketing services fee</i>	41	-	-	-	-	41
<i>Other fees receivable</i>	209	-	-	92	-	301
Timing of fee and commission income recognition:						
- At point in time	12,511	5,076	-	92	(253)	17,426
- Over time	1,596	95	-	-	-	1,691
Total fee and commission income	14,107	5,171	-	92	(253)	19,117
Net gains from disposals of debt securities at FVOCI	358	-	-	-	-	358
Insurance premiums earned	-	-	4,580	-	(2)	4,578
Other operating income	2,070	28	39	4	(46)	2,095
Total revenues	69,967	6,458	4,784	96	(372)	80,933
Interest expense calculated using the effective interest rate method	(10,311)	(838)	-	(29)	71	(11,107)
Expenses on deposit insurance	(766)	(57)	-	-	-	(823)
Credit loss allowance for loans and advances to customers	(9,280)	-	-	-	-	(9,280)
Credit loss allowance for debt securities at FVOCI	(158)	-	-	-	-	(158)
Fee and commission expense	(6,384)	(732)	-	(164)	-	(7,280)
Customer acquisition expense	(7,541)	(1,605)	(510)	(400)	255	(9,801)
Net (losses)/gains from operations with foreign currencies	(213)	-	14	-	-	(199)
Net losses from debt instruments at FVTPL	(649)	-	-	-	-	(649)
Insurance claims incurred	-	-	(1,307)	-	-	(1,307)
Administrative and other operating expenses	(12,909)	(1,652)	(693)	(359)	46	(15,567)
Segment result	21,756	1,574	2,288	(856)	-	24,762

17 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2018 is set out below:

<i>In millions of RR</i>	Unaudited					Total
	Retail banking	SME accounts services	Insurance operations	MVNO services	Eliminations	
Three months ended 30 September 2018						
Revenues						
Interest income calculated using the effective interest rate method	18,394	493	69	-	(34)	18,922
Other similar income	123	-	-	-	-	123
Fee and commission income						
<i>IE and SME current accounts commission</i>	-	1,895	-	-	-	1,895
<i>Credit protection fee</i>	1,264	-	-	-	-	1,264
<i>Acquiring commission</i>	1,098	-	-	-	(91)	1,007
<i>Interchange fee</i>	675	130	-	-	-	805
<i>SMS fee</i>	575	-	-	-	-	575
<i>Foreign currency exchange transactions fee</i>	443	40	-	-	-	483
<i>Card to card commission</i>	341	-	-	-	-	341
<i>Cash withdrawal fee</i>	236	-	-	-	-	236
<i>Mortgage agency fee</i>	111	-	-	-	-	111
<i>Brokerage operations</i>	51	-	-	-	-	51
<i>Placement fee</i>	47	-	-	-	-	47
<i>Marketing services fee</i>	41	-	-	-	-	41
<i>Other fees receivable</i>	98	-	-	61	-	159
Timing of fee and commission income recognition:						
- At point in time	4,405	2,019	-	61	(91)	6,394
- Over time	575	46	-	-	-	621
Total fee and commission income	4,980	2,065	-	61	(91)	7,015
Net gains from operations with foreign currencies						
	245	-	7	-	-	252
Net gains from disposals of debt securities at FVOCI						
	43	-	-	-	-	43
Insurance premiums earned						
	-	-	1,977	-	(2)	1,975
Other operating income						
	931	15	19	-	(10)	955
Total revenues	24,716	2,573	2,072	61	(137)	29,285
Interest expense calculated using the effective interest rate method						
	(3,680)	(281)	-	(14)	34	(3,941)
Expenses on deposit insurance						
	(285)	(23)	-	-	-	(308)
Credit loss allowance for loans and advances to customers						
	(3,059)	-	-	-	-	(3,059)
Credit loss allowance for debt securities at FVOCI						
	(52)	-	-	-	-	(52)
Fee and commission expense						
	(2,361)	(328)	-	(107)	-	(2,796)
Customer acquisition expense						
	(2,350)	(526)	(191)	(199)	93	(3,173)
Net losses from debt instruments at FVTPL						
	(321)	-	-	-	-	(321)
Insurance claims incurred						
	-	-	(528)	-	-	(528)
Administrative and other operating expenses						
	(4,558)	(602)	(216)	(158)	10	(5,524)
Segment result	8,050	813	1,137	(417)	-	9,583

17 Segment Analysis (Continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

<i>In millions of RR</i>	Unaudited			
	Nine Months Ended	Three Months Ended	Nine Months Ended	Three Months Ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
Total revenues for reportable segments	119,208	44,169	81,305	29,422
Intercompany transactions	(832)	(362)	(372)	(137)
Total consolidated revenues	118,376	43,807	80,933	29,285

Total consolidated revenues comprise interest income calculated using the effective interest rate method, other similar income, fee and commission income, net gains from disposals of debt securities at FVOCI, net gains from debt instruments at FVTPL, insurance premiums earned and other operating income.

<i>In millions of RR</i>	Unaudited			
	Nine Months Ended	Three Months Ended	Nine Months Ended	Three Months Ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
Total reportable segment result	32,167	12,464	24,762	9,583
Profit before tax	32,167	12,464	24,762	9,583

<i>In millions of RR</i>	30 September 2019	31 December 2018
	(Unaudited)	
Total reportable segment assets	512,685	380,243
Intercompany balances	(5,054)	(4,744)
Total consolidated assets	507,631	375,499

<i>In millions of RR</i>	30 September 2019	31 December 2018
	(Unaudited)	
Total reportable segment liabilities	429,295	337,993
Intercompany balances	(5,054)	(4,744)
Total consolidated liabilities	424,241	333,249

18 Management of Capital

The Group's objectives when managing capital are (i) for the Bank to comply with the capital requirements set by the Central Bank of Russian Federation (CBRF), (ii) for the Insurance Company to comply with the capital requirements set by the legislation of the Russian Federation, (iii) for the Group to comply with the financial covenants set by the terms of securities issued; (iv) to safeguard the Group's ability to continue as a going concern.

18 Management of Capital (Continued)

The Group considers total capital under management to be equity attributable to shareholders of the Company as shown in the consolidated condensed interim statement of financial position. The amount of capital that the Group managed as of 30 September 2019 was RR 83,222 million (31 December 2018: RR 42,014 million).

Compliance with capital adequacy ratios set by the CBRF is monitored daily and submitted to the CBRF monthly with reports outlining their calculation reviewed and signed by the Bank's Chief Executive Officer and Chief Accountant. Other objectives of capital management are evaluated annually. The amount of regulatory capital of Tinkoff Bank calculated in accordance with the methodology set by CBRF as at 30 September 2019 was RR 91,785 million, and the equity capital adequacy ratio (N1.0) was 11.87% (31 December 2018: RR 74,375 million and 13.92%). Minimum required statutory equity capital adequacy ratio (N1.0) was 8% as at 30 September 2019 (31 December 2018: 8%).

The Group also monitors capital requirements including capital adequacy ratio under the Basel III methodology of the Basel Committee on Banking Supervision: global regulatory framework for more resilient banks and banking systems (hereinafter "Basel III"). The amounts of total capital and Tier 1 capital calculated in accordance with the methodology set by Basel Committee with capital adjustments as set out in Basel III as at 30 September 2019 were RR 97,499 million (31 December 2018: RR 58,435 million). Total capital adequacy ratio and Tier 1 capital adequacy ratio were 20.11% (31 December 2018: 14.86%).

The Group and the Bank have complied with all externally imposed capital requirements throughout the nine and three months ended 30 September 2019 and year ended 31 December 2018.

The Insurance Company has complied with all capital requirements set by the legislation of the Russian Federation throughout the nine and three months ended 30 September 2019 and the year ended 31 December 2018.

19 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and internal professional advice, management is of the opinion that no material unprovided losses will be incurred in respect of claims.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods. The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties), if such transactions are not on an arm's length.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. The Company is a tax resident of Cyprus only and full beneficial owner of the Bank and Insurance Company. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

19 Contingencies and Commitments (Continued)

The Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). The CFC income is subject to a 20% tax rate if the CFC is controlled by a legal entity and a rate of 13% if it is controlled by an individual. As a result, management reassessed the Group's tax positions and recognised current tax expense as well as deferred taxes that arose from the expected taxable manner of recovery of the relevant Group's operations to which the CFC legislation applies to and to the extent that the Group (rather than its owners) is obliged to settle such taxes.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group. As at 30 September 2019 and 31 December 2018 no material tax risks were identified.

Compliance with covenants. The Group is subject to certain covenants related primarily to its subordinated perpetual debt. Non-compliance with such covenants may result in negative consequences for the Group. Management believes that the Group was in compliance with all such covenants as at 30 September 2019 and 31 December 2018.

Credit related commitments and performance guarantees issued. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused portions of authorizations to extend credit in the form of credit card loans, guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. Most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs. The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Group uses a scoring model to predict levels of such payments. Claims must be made before the contract matures and most claims are settled within short term. This allows the Group to achieve a high degree of certainty about the estimated payments and therefore future cash flows.

Outstanding credit related commitments and performance guarantees are as follows:

<i>In millions of RR</i>	30 September 2019 (Unaudited)	31 December 2018
Unused limits on credit card loans	149,001	110,478
Credit loss allowance	(1,716)	(2,041)
Total credit related commitments, net of credit loss allowance	147,285	108,437
Performance guarantees issued	455	-
Total performance guarantees issued	455	-

19 Contingencies and Commitments (Continued)

The total outstanding contractual amount of unused limits on contingencies and commitments liability does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. In accordance with credit card service conditions the Group has a right to refuse the issuance, activation, reissuing or unblocking of a credit card, and is providing a credit card limit at its own discretion and without explaining its reasons.

The following table contains an analysis of credit related commitments by credit quality at 30 September 2019 based on credit risk grades.

	Unaudited			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
<i>In millions of RR</i>				
Credit related commitments				
- Current	141,102	60	-	141,162
- Monitor	7,649	190	-	7,839
Unrecognised gross amount	148,751	250	-	149,001
Credit loss allowance	(1,706)	(10)	-	(1,716)
Unrecognised net amount	147,045	240	-	147,285

The following table contains an analysis of credit related commitments by credit quality at 31 December 2018 based on credit risk grades.

	Stage 1	Stage 2	Stage 3	Total
	(12-months ECL)	(lifetime ECL for SICR)	(lifetime ECL for credit impaired)	
<i>In millions of RR</i>				
Credit related commitments				
- Current	101,418	71	-	101,489
- Monitor	8,827	162	-	8,989
Unrecognised gross amount	110,245	233	-	110,478
Credit loss allowance	(2,024)	(17)	-	(2,041)
Unrecognised net amount	108,221	216	-	108,437

Also the Group may decide to increase or decrease a credit card limit using a scoring model, which is based on the client's behaviour model. Therefore, the fair value of the contractual amount of revocable unused limits on contingencies and commitments is close to zero. Credit related commitments are denominated in RR.

Mandatory cash balances with the CBRF of RR 3,255 million (31 December 2018: RR 2,435 million) represent mandatory reserve deposits which are not available to finance the Bank's day to day operations.

20 Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated condensed interim statement of financial position at the end of each reporting period. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<i>In millions of RR</i>	30 September 2019 (Unaudited)				31 December 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE								
Financial derivatives	-	847	-	847	-	1,710	-	1,710
Investments in debt securities	96,996	-	-	96,996	100,140	-	-	100,140
Repurchase receivables	-	-	-	-	1,182	-	-	1,182
Total assets recurring fair value measurements	96,996	847	-	97,843	101,322	1,710	-	103,032
LIABILITIES AT FAIR VALUE								
Financial derivatives	-	107	-	107	-	3	-	3
Total liabilities recurring fair value measurements	-	107	-	107	-	3	-	3

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 2 measurements at 30 September 2019 are as follows:

<i>In millions of RR</i>	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Foreign exchange swaps and forwards	847	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. EUR Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2 (Unaudited)	847		
LIABILITIES AT FAIR VALUE			
Foreign exchange swaps and forwards	107	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. EUR Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2 (Unaudited)	107		

20 Fair Value of Financial Instruments (Continued)

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 2 measurements at 31 December 2018 are as follows:

<i>In millions of RR</i>	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Foreign exchange swaps and forwards	1,710	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2	1,710		
LIABILITIES AT FAIR VALUE			
Foreign exchange swaps and forwards	3	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2	3		

There were no changes in the valuation techniques for level 2 recurring fair value measurements during the period ended 30 September 2019. Level 2 derivatives comprise foreign exchange forwards and swaps.

The foreign exchange forwards have been fair valued using forward exchange rates that are quoted in an active market. Foreign exchange swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for level 2 derivatives.

20 Fair Value of Financial Instruments (Continued)**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

<i>In millions of RR</i>	30 September 2019 (Unaudited)				31 December 2018			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
FINANCIAL ASSETS CARRIED AT AMORTISED COST								
Cash and cash equivalents								
- Cash on hand	7,926	-	-	7,926	5,839	-	-	5,839
- Cash balances with the CBRF (other than mandatory reserve deposits)	-	12,210	-	12,210	-	11,158	-	11,158
- Placements with other banks and non-bank credit organizations with original maturities of less than three months	-	22,220	-	22,220	-	16,805	-	16,805
Mandatory cash balances with the CBRF	-	3,255	-	3,255	-	2,435	-	2,435
Due from other banks	-	1,851	-	1,851	-	776	-	776
Loans and advances to customers	-	-	319,884	319,884	-	-	198,489	198,489
Guarantee deposits with payment systems	-	-	8,886	8,886	-	-	4,603	4,603
Other financial assets								
Settlement of operations with plastic cards receivable	-	8,162	-	8,162	-	12,694	-	12,694
Other receivables	-	4,732	-	4,732	-	2,948	-	2,948
Total financial assets carried at amortised cost	7,926	52,430	328,770	389,126	5,839	46,816	203,092	255,747

20 Fair Value of Financial Instruments (Continued)

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

<i>In millions of RR</i>	30 September 2019 (Unaudited)				31 December 2018			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST								
Due to banks	-	873	-	873	-	2,708	-	2,708
Customer accounts								
<i>Individuals</i>								
-Current/demand accounts	-	169,212	-	169,212	-	137,637	-	137,637
-Term deposits	-	132,346	-	131,285	-	102,829	-	100,227
<i>SME</i>								
-Current/demand accounts	-	45,261	-	45,261	-	41,702	-	41,702
<i>Other legal entities</i>								
-Current/demand accounts	-	781	-	781	-	552	-	552
-Term deposits	-	126	-	126	-	847	-	798
Debt securities in issue								
RR Bonds issued on domestic market	24,271	-	-	23,776	5,919	-	-	5,851
Euro-Commercial Paper	-	4,293	-	4,293	-	3,754	-	3,754
Subordinated debt								
Perpetual subordinated bonds	20,399	-	-	19,220	20,505	-	-	20,644
Other financial liabilities								
Settlement of operations with plastic cards	-	8,987	-	8,987	-	4,904	-	4,904
Trade payables	-	5,069	-	5,069	-	3,189	-	3,189
Credit related commitments	-	-	-	1,716	-	-	-	2,041
Other financial liabilities	-	711	-	711	-	1,067	-	1,067
Total financial liabilities carried at amortised cost	44,670	367,659	-	411,310	26,424	299,189	-	325,074

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. Where quoted market prices are not available, the Group used valuation techniques. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

As at 30 September 2019 and 31 December 2018 the fair value of the debt securities in issue and subordinated debt has been calculated based on quoted prices from Moscow Exchange MICEX-RTS and Global Exchange Market, where the Group's debt securities are listed and traded.

20 Fair Value of Financial Instruments (Continued)

Weighted average discount rates used in determining fair value as of 30 September 2019 and 31 December 2018 depend on currency:

<i>In % p.a.</i>	30 September 2019 (Unaudited)	31 December 2018
Assets		
Cash and cash equivalents	0.0	0.0
Due from other banks	5.7	5.9
Loans and advances to customers	37.5	42.7
Investments in debt securities	4.8	5.5
Repurchase receivables	-	4.3
Liabilities		
Due to banks	4.0	6.0
Customer accounts	4.6	4.4
Debt securities in issue	7.8	7.6
Subordinated debt	7.3	9.8

21 Related Party Transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party 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. The outstanding balances with related parties were as follows:

<i>In millions of RR</i>	30 September 2019 (Unaudited)		31 December 2018	
	Key management personnel	Other related parties	Key management personnel	Other related parties
ASSETS				
Gross amounts of loans and advances to customers (contractual interest rate: 11.65-25.7% (31 December 2018: 11.65-27.8%))	14	159	9	100
Other financial assets	-	830	-	431
TOTAL ASSETS	14	989	9	531
LIABILITIES				
Customer accounts (contractual interest rate: 0.48-7.21% (31 December 2018: 4.2% p.a.))	1,702	306	1,349	798
Debt securities in issue (discount: 4%)	-	4,293	-	3,754
Other non-financial liabilities	1,069	-	888	-
TOTAL LIABILITIES	2,771	4,599	2,237	4,552
EQUITY				
Share-based payment reserve - Management long-term incentive programme	850	-	1,102	-
TOTAL EQUITY	850	-	1,102	-

Other related parties in the tables above are represented by entities which are under control of the Group's ultimate controlling party Oleg Tinkov.

21 Related Party Transactions (Continued)

The income and expense items with related parties were as follows:

	Unaudited							
	Nine Months Ended 30 September 2019		Three Months Ended 30 September 2019		Nine Months Ended 30 September 2018		Three Months Ended 30 September 2018	
	Key management personnel	Other related parties	Key management personnel	Other related parties	Key management personnel	Other related parties	Key management personnel	Other related parties
<i>In millions of RR</i>								
Interest income calculated using the effective interest rate method	2	19	1	12	2	-	1	-
Interest expense calculated using effective interest rate method	(53)	(76)	(23)	(76)	(35)	(39)	(12)	(11)
Unrealised foreign exchange translation gains less losses	-	24	-	8	-	(43)	-	10
Other operating income	-	(2)	-	(26)	-	-	-	-
Administrative and other operating expenses	(1,523)	-	(598)	-	(2,045)	-	(890)	-

Key management compensation is presented below:

	Unaudited			
	Nine Months Ended 30 September 2019	Three Months Ended 30 September 2019	Nine Months Ended 30 September 2018	Three Months Ended 30 September 2018
<i>In millions of RR</i>				
<i>Short-term benefits:</i>				
- Salaries	651	220	559	182
- Short-term bonuses	531	290	1,048	581
<i>Long-term benefits:</i>				
- Management long-term incentive programme	341	88	438	127
Total	1,523	598	2,045	890

Management long-term incentive program. On 31 March 2016 the Group introduced a MLTIP as both a long-term incentive and a retention tool for the management of the Group.

On 15 January 2019 the Group granted shares to new participants in MLTIP which resulted the total number of GDRs attributable to the Management of 9,940 thousand as at 30 September 2019 (31 December 2018: 9,849 thousand).

Participants cannot own or exercise their shareholder rights over GDRs within MLTIP directly. Participants are entitled to the dividends, if any.

The fair value as at recognition dates of the equity-settled share-based payments (31 March 2016, 8 February 2017, 22 February 2018 and 15 January 2019) is determined on the basis of a market quote.

21 Related Party Transactions (Continued)

The delivery dates as of which the GDRs are allowed to be sold by the participants correspond to the vesting dates at 14 April 2016 and each subsequent 31 March (with exception of 2019 when the vesting date for all participants was 31 January 2019) until 2022 for participants joining in 2016, until 2023 for participants joining in 2017, then until 2024 for participants joining in 2018, and until 2025 for participants joining in 2019.

22 Events after the End of the Reporting Period

On 15 October 2019 the Group acquired an additional 5% shareholding in LLC “CloudPayments” and increased its stake to 95%.

On 28 October 2019 the Group’s GDRs started trading on Moscow Exchange. The Group's GDRs have been included in the Level 1 List.