

# **SBI Bank LLC**

Interim Condensed Financial Statements  
for the 1st half of 2020 (unaudited)

# SBI Bank LLC

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# SBI Bank LLC

## Statement of Management's Responsibilities for the Preparation and Approval of the Interim Condensed Financial Statements for the First Half of 2020

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The management of SBI Bank Limited Liability Company (hereinafter - the "Bank") is responsible for the preparation of the interim condensed financial statements that present fairly the financial position of the Bank as at 30 June 2020, the results of its operations, cash flows and changes in equity for the six months of 2020, in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

In preparing the interim condensed financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- Making an assessment of the Bank's ability to continue as a going concern.

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Bank;
- Maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Maintaining statutory accounting records in compliance with Russian legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- Detecting and preventing fraud and other violations.

The interim condensed financial statements for the first half of 2020 were approved by the Management Board on 31 August 2020.

### On behalf of the Management Board:

  
Karyakin Andrei Dmitrievich  
Chairman of the Board



  
Sytenko Vadim Gennadievich  
Chief Accountant

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the sole participant SBI Bank LLC

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of SBI Bank LLC (the "Bank") as at 30 June 2020 and the related interim condensed statements of profit and loss, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion this interim condensed consolidated statement of financial position based on our review.

### Scope of Review

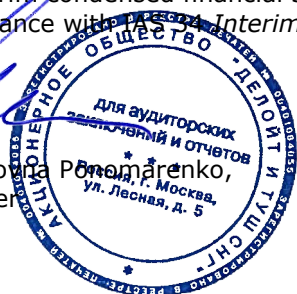
We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the interim condensed financial statements consists of making inquiries, primarily of persons responsible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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statement is not prepared, in all material respects, in accordance with *Interim Financial Reporting*.

  
Ekaterina Vladimirovna Romanenko  
Engagement Partner

31 August 2020



Company: SBI Bank LLC

State registration certificate No. 035.102 issued on 30 December 1994 by the state institution Moscow Registration Chamber on 8 January 2003.

Primary state registration number: 1037739028678

Certificate of registration in the Unified State Register of Legal Entities: № 1037739028678, issued by the Moscow Federal Tax Service on 11 March 2003.

Location: 125315, Moscow, 72 Leningradskiy ave., bld. 2, office 4

Audit Firm: AO Deloitte & Touche CIS

State Registration Certificate No. 018.482 issued by Moscow Registration Chamber on 30 October 1992.

Primary state registration number: 1027700425444

Certificate of registration in the Unified State Register of Legal Entities: series 77 No. 004840299 of 13 November 2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

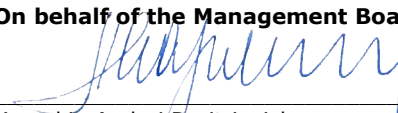
Member of Self-Regulated Organization of Auditors "Sodruzhestvo" (Association), ORNZ 12006020384.

# SBI Bank LLC

## Interim Condensed Statement of Financial Position as at 30 June 2020 (in thousands of Russian rubles)

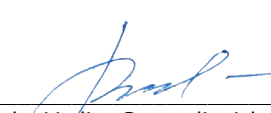
	Notes	30 June 2020 (unaudited)	31 December 2019
<b>ASSETS</b>			
Cash and cash equivalents	5	1 513 961	2 852 024
Mandatory cash balance with the Central Bank of the RF		97 659	50 670
Due from financial institutions	6	908 132	525 282
Loans to customers	7	9 549 745	9 120 776
Investment assets	8	619 001	675 525
Property, plant and equipment and intangible assets	9	573 706	553 816
Other assets	10	82 128	80 455
Non-current assets held for sale	11	252 630	293 947
<b>Total assets</b>		<b>13 596 962</b>	<b>14 152 495</b>
<b>LIABILITIES</b>			
Due to banks	12	910 004	605 200
Customer accounts	13	8 678 667	8 824 162
Other liabilities	14	382 653	449 632
<b>Total liabilities</b>		<b>9 971 324</b>	<b>9 878 994</b>
<b>EQUITY</b>			
Share capital		1 746 000	1 746 000
Share premium		4 922 900	4 922 900
Other reserves		13 004	20 420
Accumulated deficit		(3 056 266)	(2 415 819)
<b>Total equity</b>	15	<b>3 625 638</b>	<b>4 273 501</b>
<b>Total liabilities and equity</b>		<b>13 596 962</b>	<b>14 152 495</b>

On behalf of the Management Board:

  
Karyakin Andrei Dmitrievich  
Chairman of the Board

31 August 2020



  
Sytenko Vadim Gennadievich  
Chief Accountant

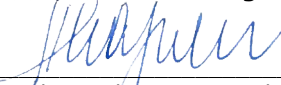
The notes on pages 9-50 form an integral part of these interim condensed financial statements.

# SBI Bank LLC

## Interim Condensed Statement of Profit and Loss for the First Half of 2020 (in thousands of Russian rubles)


	Notes	First half of 2020 (unaudited)	First half of 2019 (unaudited)
Interest income		642 372	317 998
Interest expense		(201 911)	(94 959)
<b>Net interest income before loss from impairment of assets</b>	16	<b>440 461</b>	<b>223 039</b>
Impairment losses recovery/(charge) on interest bearing assets	5, 6, 7, 8	(564 640)	(96 892)
<b>Net interest income after impairment losses on interest bearing assets</b>		<b>(124 179)</b>	<b>126 147</b>
Fee and commission income	17	112 209	36 474
Fee and commission expense	17	(45 699)	(34 645)
Net gain/(loss) on financial instruments operations	18	(6 453)	3 966
Net gain/(loss) from trading in foreign currencies		(80 107)	32 839
Net foreign exchange translation gain/(loss)		86 054	(11 890)
Recovery/(charge) of other provisions	19	14 026	(41 228)
Other net income/(expense)	20	17 744	533
<b>Net non-interest income/(expense)</b>		<b>97 774</b>	<b>(13 951)</b>
<b>Operating income/(expense)</b>		<b>(26 405)</b>	<b>112 196</b>
Operating expense	21	(613 148)	(505 594)
<b>Loss before tax</b>		<b>(639 553)</b>	<b>(393 398)</b>
Income taxes	22	(894)	(123)
<b>Net loss for the period</b>		<b>(640 447)</b>	<b>(393 521)</b>

On behalf of the Management Board:

  
Karyakin Andrei Dmitrievich  
Chairman of the Board

31 August 2020



  
Sytenko Vadim Gennadievich  
Chief Accountant


The notes on pages 9-50 form an integral part of these interim condensed financial statements.

# SBI Bank LLC

## Interim Condensed Statement of Other Comprehensive Income for the First Half of 2020 (in thousands of Russian rubles)

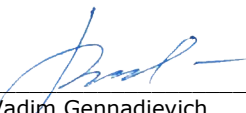
	Notes	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<b>Net loss for the period</b>		<b>(640 447)</b>	<b>(393 521)</b>
<i>Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss</i>			
Change of revaluation reserve of financial assets at FVTOCI	15	(9 875)	12 815
Change of credit risk on financial assets measured at FVTOCI	15	2 459	1 493
<b>Items that can be reclassified to profit or loss</b>		<b>(7 416)</b>	<b>14 308</b>
<b>Other comprehensive income/(loss)</b>		<b>(7 416)</b>	<b>14 308</b>
<b>Total comprehensive loss for the period</b>		<b>(647 863)</b>	<b>(379 213)</b>

On behalf of the Management Board:

  
Karyakin Andrei Dmitrievich  
Chairman of the Board

31 August 2020



  
Sytenko Vadim Gennadievich  
Chief Accountant

The notes on pages 9-50 form an integral part of these interim condensed financial statements.

## SBI Bank LLC

### Interim Condensed Statement of Changes in Equity for the First Half of 2020 (in thousands of Russian rubles)

	Note	Share capital	Share premium	Other reserves		(Accumulated deficit)/ Retained earnings	Total
				Investment revaluation reserve	Credit risk on financial assets measured at FVTOCI		
<b>1 January 2020</b>		<b>1 746 000</b>	<b>4 922 900</b>	<b>17 508</b>	<b>2 912</b>	<b>(2 415 819)</b>	<b>4 273 501</b>
Increase in share capital (unaudited)		-	-	-	-	-	-
Loss for the period (unaudited)		-	-	-	-	(640 447)	<b>(640 447)</b>
<b>Other comprehensive income for the year, net of income tax</b>							
Fair value movements of debt instruments at FVTOCI (unaudited)		-	-	(9 875)	-	-	<b>(9 875)</b>
Provision for impairment losses of investment assets (unaudited)		-	-	-	2 459	-	<b>2 459</b>
<b>Total other comprehensive income for the period (unaudited)</b>	15	-	-	(9 875)	2 459	-	<b>(7 416)</b>
<b>30 June 2020 (unaudited)</b>	15	<b>1 746 000</b>	<b>4 922 900</b>	<b>7 633</b>	<b>5 371</b>	<b>(3 056 266)</b>	<b>3 625 638</b>

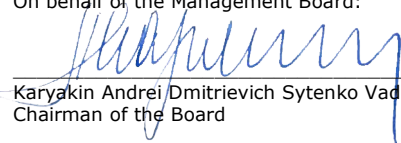


# SBI Bank LLC

## Interim Condensed Statement of Changes in Equity for the First Half of 2020 (in thousands of Russian rubles)

	Note	Share capital	Share premium	Other reserves		Other reserves	(Accumulated deficit)/ Retained earnings	Total
				Investment revaluation reserve	Credit risk on financial assets measured at FVTOCI			
<b>1 January 2019</b>		<b>1 300 000</b>	<b>3 331 300</b>	<b>(7 909)</b>	<b>2 645</b>	-	<b>(1 256 551)</b>	<b>3 369 485</b>
Increase in share capital (unaudited)		219 000	781 000	-	-	-	-	<b>1 000 000</b>
Loss for the period (unaudited)		-	-	-	-	-	(393 521)	<b>(393 521)</b>
<b>Other comprehensive income for the period, net of income tax</b>								
Fair value movements of debt instruments at FVTOCI (unaudited)		-	-	12 815	-	-	-	<b>12 815</b>
Provision for impairment losses of investment assets (unaudited)		-	-	-	1 493	-	-	<b>1 493</b>
<b>Total other comprehensive income for the period (unaudited)</b>		-	-	12 815	1 493	-	-	<b>14 308</b>
<b>30 June 2019 (unaudited)</b>		<b>1 519 000</b>	<b>4 112 300</b>	<b>4 906</b>	<b>4 138</b>	-	<b>(1 650 072)</b>	<b>3 990 272</b>

On behalf of the Management Board:

  
Karyakin Andrei Dmitrievich Sytenko Vadim Gennadiyevich  
Chairman of the Board

31 August 2020



  
Chief Accountant

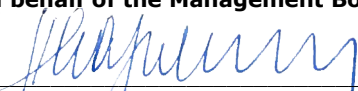
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# SBI Bank LLC

## Interim Condensed Statement of Cash Flows for the First Half of 2020 (in thousands of Russian rubles)

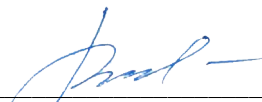
Notes	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<b>Cash flows from operating activities</b>		
Interest received	608 911	312 024
Interest paid	(111 710)	(70 015)
Gains less losses (losses less gains) from financial derivatives transactions	(8 123)	172
Gains less losses (losses less gains) from trading in foreign currency	(84 278)	31 441
Fees and commissions received	108 291	57 977
Fees and commissions paid	(45 699)	(34 645)
Other operating income received/(expenses paid)	17 687	116
Administrative and other operating expenses paid	(546 297)	(449 424)
Income tax paid	(942)	(165)
<b>Cash flows used in operating activities before changes in operating assets and liabilities</b>		
	<b>(62 160)</b>	<b>(152 519)</b>
Net decrease/(increase) in cash balances with the Central Bank of the RF	(46 989)	45
Net (decrease)/increase in deposits with financial institutions	(379 627)	897 361
Net decrease/(increase) in loans to customers	(976 719)	(3 200 977)
Net decrease/(increase) in other assets	29 527	(74 529)
Net (decrease)/increase in deposits of other banks	299 946	(601 201)
Net (decrease)/increase in customer accounts	(518 471)	1 019 970
Net decrease/(increase) in other liabilities	(23 075)	(19 813)
<b>Net cash used in operating activities</b>		
	<b>(1 677 568)</b>	<b>(2 131 663)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments securities	(50 006)	(258 598)
Proceeds from disposal and sale of investments securities	108 982	139 091
Acquisition of property and equipment and intangible assets	(71 262)	(64 508)
<b>Net cash and equivalents used in investing activities</b>		
	<b>(12 286)</b>	<b>(184 015)</b>
<b>Cash flows from financing activities</b>		
Contributions to share capital	-	1 000 000
Settlement of lease liabilities	(31 377)	(47 845)
<b>Net cash and cash equivalents (used in)/from financing activities</b>		
	<b>(31 377)</b>	<b>952 155</b>
Effect of changes in foreign exchange rate of the CBR on cash and cash equivalents	383 019	(39 964)
<b>Net increase/(decrease) in cash and cash equivalents</b>		
	<b>(1 338 212)</b>	<b>(1 403 487)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>5</b>	<b>2 852 211</b>
<b>Cash and cash equivalents, end of period</b>	<b>5</b>	<b>1 513 999</b>

On behalf of the Management Board:

  
Karyakin Andrei Dmitrievich  
Chairman of the Board

31 August 2020



  
Sytenko Vadim Gennadievich  
Chief Accountant

The notes on pages 9-50 form an integral part of these interim condensed financial statements.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

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### 1. General information

SBI Bank Limited Liability Company (the "Bank") is a limited liability company incorporated in the Russian Federation in 1994. The activity of the Bank is regulated by the Central Bank of the Russian Federation and is carried out on the basis of a general license for banking operations with funds in rubles and foreign currency (with the right to attract deposits from individuals) and banking operations with precious metals, registration number 3185.

The Bank is primarily engaged in the following operating activities:

1. Corporate banking:
  - opening and maintenance of current and settlement accounts;
  - bank deposits;
  - overdrafts, loan and other credit facilities;
  - financial guarantees issuance;
  - transactions with foreign currency and derivative financial instruments (hereinafter - DFI);
2. Retail banking:
  - opening and maintaining current accounts of individuals;
  - deposits from individuals;
  - credit and debit cards;
  - consumer loans and mortgages;
3. Investing activities: trading and REPO operations with financial instruments.

Main types of banking operations:

- Performing transactions with securities;
- Granting loans to legal entities and individuals;
- Attracting deposits;
- Bank guarantees.

The Bank operates in the Russian Federation only.

The Bank is a member of the state deposit insurance scheme as approved by Federal Law No. 177-FZ "On Insurance of Individual Bank Deposits in the Russian Federation" dated 23 December 2003 – Certificate № 872 dated 26 August 2005.

The state deposit insurance scheme guarantees reimbursement of 100% for insured deposit not exceeding RUB 1 400 thousand for each individual in case of revocation of the banking license and moratorium on payments declared by the CBR.

On 23 June 2020, ACRA assigned SBI Bank LLC a credit rating of BBB-(RU), outlook: Stable.

The bank's legal and business address as at the reporting date: Russian Federation, 125315, Moscow, Leningradsky Avenue, 72, bld. 2, bld. 4.

As at 30 June 2020 the number of staff employed is 294 people, as at 31 December 2019 - 281 people.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 1. General information (continued)

As at 30 June 2020 and 31 December 2019 the Bank had the following participants:

	<b>30 June 2020</b>	<b>31 December 2019</b>
SBI Holdings, Inc.	100.00%	100.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

SBI Holdings, Inc. is the sole participant of SBI Bank LLC with 100% stake.

SBI Holdings, Inc. is a large financial group specializing in the implementation and development of Internet technologies, which operates in such areas as asset management, brokerage operations, investment banking, financial services, real estate operations, development of system software solutions.

SBI Holdings, Inc. is a large international corporation with offices and representative offices in many countries of the world, mainly in Asia (Singapore, Malaysia, Hong Kong, China, South Korea, etc.). The company is headquartered in Japan. The Bank does not have any branches.

The Bank's financial statements are available on the Bank's website ([www.SBIbankLLC.ru](http://www.SBIbankLLC.ru)).

In preparation of the current financial statements management of the Bank assumed that the Bank will continue as a going concern in the foreseeable future and has no plans to discontinue or significantly reduce activities, therefore its obligations will be discharged in due terms.

In the first half of 2020, the Bank has recurring losses from its operating activities in the amount of RUB 640 447 thousand. During the six months of 2020 the Bank operated in accordance with the updated Strategy approved for the 2019-2023 period and adopted by the Board of Directors on 21 February 2019 (approved by the Minutes of the Board of Directors No. 02/19 of 21 February 2019). This strategy provides for planned unprofitable activities for the period of 2020 and the assistance of the participant (raising additional investments and funding) with the achievement of a break-even at the end of 2021.

The world saw an outbreak of COVID-19 at the beginning of 2020, which resulted in the World Health Organization (WHO) announcing a pandemic in March 2020. COVID-19 prevention efforts taken by many countries lead to significant operating straits for many businesses and have a significant impact on international financial markets. The rapid spread of COVID-19 can significantly affect many businesses operating in various industries, including, but not limited to, disruption of operations due to production interruptions/shutdowns, supply chain disruptions, staff quarantine, decrease in demand and funding issues. COVID-19 may also affect the Bank more seriously due to its negative impact on the global economy and major financial markets. The effect of COVID-19 on the Bank's operations is largely dependent on the duration of the pandemic and its impact on the global and Russian economies.

As mentioned above, the changing economic situation, the spread of COVID-19, and the introduction of non-working days can significantly affect the Bank's operations and financial indicators, including the quality of its loan portfolio, liquidity, and capital.

Due to that, the Bank carried out an in-depth analysis of the current situation and modeled the potential impact of stress scenarios on the Bank's operations and financial performance, taking into account the possible negative effect of the above events.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 *(in thousands of Russian Rubles, unless otherwise indicated)*

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### 1. General information (continued)

Based on the modeling results, the Bank has compiled a list of possible counter-crisis tools to minimize the consequences of negative scenarios, developed a plan of appropriate measures, such as reviewing the policy on issuing and monitoring loans, maintaining a closed currency position, limiting operations with derivative financial instruments, managing market risk on the securities portfolio, attracting additional funding from the shareholder, reducing the Bank's operating expenses, for more information, see note 27.

In accordance with the results obtained, the Bank considers that the additional charge of estimated provisions for expected credit losses in the amount of RUB 100 684 thousand at the reporting date is the best estimate of the possible negative effect of expected credit losses in accordance with IFRS 9. The Bank completed additional accrual of these provisions in August 2020. The mentioned provisions are fully reflected in these financial statements.

At the time of signing these statements, the Bank received a letter from the participant, in which he expressed his intention to support the Bank over the next 12 months, including in a situation that may arise as a result of the negative impact of the factors described above.

Based on this, Management concluded that the going concern assumption applies to the Bank, and that the Bank's financial stability in the foreseeable future will depend on external economic conditions, Strategy implementation, and Participant support.

The Bank's activities in the first half of 2020 were carried out in accordance with the objectives set for the first stage of implementation of the development Strategy for the period 2020-2023, and are characterized by the achievement of the following results:

- Development of competitive products for small and medium-sized Businesses (SMEs) (lending, bank guarantees, package products for cash and settlement services);
- Start of marketing policy implementation in the target strategic directions, testing of communication channels and conducting necessary research of the target audience and market;
- Optimization of the risk management system in order to ensure an optimal balance between the profitability of business areas and the risks levels accepted by the Bank;
- Development of the risk management system taking into account the specifics of the chosen business model;
- Step-by-step development of remote service channels for corporate clients, testing and implementation of express products and business processes for servicing SMEs.

Confirmation of ACRA's BBB-(RU) stable outlook in the 1st half of 2020 allowed the Bank to continue working in the express guarantees market, which is strategically important for its business model, for participation in state procurement.

As at the reporting date, 61% of the Bank guarantee portfolio is "express guarantees" issued under the Federal laws N 44-FZ "On the Contract System of the Federal and Municipal Procurement of Goods" dated 05 April 2013; N 223-FZ "On Purchase of Goods, Works, Services by Certain Types of Legal Entities" dated 18.07.2011.

Taking into account the results of a comprehensive analysis of the development of business areas and service functions, including information technology, as well as taking into account external factors, the Bank decided to update the Bank's development strategy. While maintaining the chosen business model of the universal Bank, in the planning horizon of 2020-2023, the Bank's scenario parameters were clarified, priority tools and mechanisms for implementing strategic goals and objectives were updated, and a number of financial and non-financial indicators were adjusted.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

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### 1. General information (continued)

When planning the development of corporate business for the period of 2020-2023, the Bank focuses on attracting Russian customers from small and medium-sized businesses (SMEs) and rendering comprehensive services to them, as well as large business.

While working with clients of the SME segment, the Bank first of all focuses on:

- Creating a modern high-tech digital bank for small and medium-sized businesses.
- Customer service throughout the Russian Federation through remote channels (primarily the Internet and Mobile platforms).
- Use of qualified partner courier services to ensure direct contact with customers when opening accounts.
- The primary focus is on the cities with a population of more than 100 thousand people, which together cover at least 80% of Russian SME companies.
- Creating own wide agency network to attract clients working in the state procurement market.
- Ensuring the work of remote client services in 24x7 mode.
- Formation of a general product range, which includes both the Bank's own "express products" and high-tech partner solutions.

Attracting customers of small and medium-sized businesses will be carried out through remote channels (including the Internet), as well as through partnerships with electronic trading platforms, marketplaces, agents and brokers.

The Bank's retail business development business model is focused on providing customers with banking products, payment services, and commission services through the system created in 2019 create an innovative digital platform for households "Svoy Krug". This solution allows you to simultaneously involve all family members, including children, in using the Bank's products and services.

### 2. Significant accounting principles

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

These interim condensed financial statements are unaudited.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. The Bank omitted disclosures, which would substantially duplicate the information contained in its audited annual financial statements for 2019 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies, risk management policies and details of accounts, which have not changed significantly in amount or composition.

Since the results of the Bank's operations closely relate to and depend on changing market conditions, the results of the Bank's operations for the interim period are not necessarily indicative of the results for the year ending 31 December 2020.

These interim condensed financial statements are presented in *thousand of Russian Rubles* ("RUB thousand"), unless otherwise indicated.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 2. Significant accounting principles (continued)

The following abbreviations have been used in these financial statements:

- FVTOCI refers to fair value through other comprehensive income;
- FVTPL refers to fair value through profit or loss;
- ECL refers to expected credit losses;
- NCAHS refers to non-current assets held for sale.

The exchange rates of foreign currencies in which the Bank transacts in the largest volumes compared to other currencies are as follows:

	30 June 2020	31 December 2019
<b>Exchange rate at the end of the period (to RUB)</b>		
USD 1	69.9513	61.9057
EUR 1	78.6812	69.3406
JPY 100	65.2683	56.7032

In preparation of these interim condensed financial statements the Bank followed the same accounting, presentation and calculation guidelines as in preparation of its financial statements for the year ended 31 December 2019, except for the impact of adopted standards and interpretations effective 1 January 2020.

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform and its Effects on Financial Reporting
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The above standards and interpretations were reviewed by the Bank's management, but did not have a material impact on the Bank's financial statements.

#### New and revised IFRSs in issue but not effective

**New and revised IFRSs in issue but not effective.** At the time of approval of these condensed interim financial statements, the Bank had not applied the following new and revised IFRSs in issue but not yet effective:

IFRS 17	Insurance contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1 (Annual Improvements to IFRSs 2010-2012 Cycle)	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 3	Business Combinations
Amendments to IAS 16	Property, plant and equipment
Amendments to IAS 37	Provisions, contingent liabilities and assets
Annual Improvements to IFRSs (2018–2020 cycle)	
- IFRS 1;	
- IFRS 9;	First-time adoption of International Financial Reporting Standards
- IAS 41; and	Financial instruments
- illustrative examples accompanying IFRS 16	Agriculture
	Leases

The Bank does not expect that the application of the Standards above will have a significant impact on financial statements of the Bank in subsequent periods.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 3. Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Bank's annual financial statements for 2019 prepared in accordance with IFRS.

In preparing this interim financial information, the Bank applied all accounting judgments made in the Bank's annual financial statements for 2019.

Since the results of the Bank's operations closely relate to and depend on changing market conditions, the results of the Bank's operations for the interim period are not necessarily indicative of the results for the year ending 31 December 2020.

**Key sources of estimation uncertainty.** The following are key estimations that the Bank's directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in financial information:

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. As at 30 June 2020, forecasts were updated and macroeconomic scenarios were revised to take into account the consequences COVID-19. The updates were implemented based on salary forecasts from the Economist Intelligence Unit (EIU).

Probability of default (PD): Probability of default (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

### 4. Prior period reclassification

Bank made the following reclassifications to the financial for the first half of 2019 to conform to the presentation for the first half of 2020. The result of the adjustments is shown in the table below:

Item of statement of profit and loss	Reflected in the financial statements for the 1st half of 2019	Adjustment	Reflected in the financial statements for the 1st half of 2020 (adjusted for 2019)
	Amount in RUB thousand		
<b>Total interest expense</b>	<b>(94 014)</b>	<b>(945)</b>	<b>(94 959)</b>
including:			
- interest expense on funds raised in term deposits of individuals	(27 173)	(350)	(27 523)
- interest expenses on due to customers	(6 270)	(595)	(6 865)
- interest expenses on subordinated loan	(44 685)	-	(44 685)
- interest expense on finance lease obligations	(12 653)	-	(12 653)
- interest expense on funds due to banks	(1 173)	-	(1 173)
- interest expense on funds raised to settlement/current accounts	(2 060)	-	(2 060)
<b>Net gain/(loss) on operations with financial instruments</b>	<b>3 021</b>	<b>945</b>	<b>3 966</b>
including:			
- net gain/(loss) on financial assets at fair value through profit or loss	172	-	172
- net income/(loss) on financial assets at fair value through other comprehensive income	2 909	-	2 909
- net income/(loss) on loans and receivables	(60)	76	16
- net income/(loss) on financial liabilities measured at amortized cost	-	476	476
- net income/(loss) on financial liabilities measured at amortized cost placed at below/(above) market rates	-	393	393



## SBI Bank LLC

### Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

#### 5. Cash and cash equivalents

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Correspondent accounts with banks in other countries	1 063 656	933 170
Correspondent accounts with the Central Bank of the Russian Federation	297 246	135 686
Cash on hand	102 453	51 858
Correspondent accounts with the banks of the Russian Federation	50 644	81 497
Time deposits with original maturities up to 30 days	-	1 650 000
<b>Total cash and cash equivalents before provision</b>	<b>1 513 999</b>	<b>2 852 211</b>
Less provision for expected credit losses	(38)	(187)
<b>Total cash and cash equivalent</b>	<b>1 513 961</b>	<b>2 852 024</b>
Provision for expected credit losses	38	187
<b>Cash and cash equivalents for the purposes of the statement of cash flows</b>	<b>1 513 999</b>	<b>2 852 211</b>

Term deposits as at 31 December 2019 with original maturity of up to 30 days are placed in Sberbank, Bank FC Otkritie PJSC, VTB (PJSC) only in the currency of the Russian Federation, the placement period is until 9 January 2020, and the placement rates range from 5,5% to 6,75% per annum.

Funds on correspondent accounts with banks in other countries as at 30 June 2020 and 31 December 2019 year are located in Mizuho Bank, Ltd. (Japan), RAIFFEISEN BANK INTERNATIONAL AG (Austria), 94,37% and 94,33% of funds in correspondent accounts with banks in other countries are balances with Mizuho Bank, Ltd. (Japan), respectively. As at 30 June 2020 and 31 December 2019 the Bank has deposits raised from Mizuho Bank Moscow JSC, the amount and terms are disclosed in note 12.

The movements in the provision for impairment of cash and cash equivalents for the first half of 2020 and first half of 2019 comprised:

	<b>First half of 2020 (unaudited)</b>	<b>First half of 2019 (unaudited)</b>
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>187</b>	<b>27</b>
Charge/(recovery) of the provision during the reporting period	(149)	23
<b>Provision for ECL as at the end of the reporting period</b>	<b>38</b>	<b>50</b>

## SBI Bank LLC

### Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

#### 6. Due from financial institutions

	30 June 2020 (unaudited)	31 December 2019
Accounts receivable under reverse repurchase agreements	900 334	500 970
Accounts for settlements with plastic cards	7 868	24 269
Other accounts with financial institutions	95	115
<b>Total due from financial institutions before provision</b>	<b>908 297</b>	<b>525 354</b>
Less provision for expected credit losses	(165)	(72)
<b>Total due from financial institutions</b>	<b>908 132</b>	<b>525 282</b>

The fair value of pledged financial instruments and the carrying amount of reverse REPO transactions were as follows:

Name of the instrument	30 June 2020 (unaudited)		31 December 2019	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Corporate bonds	650 334	736 145	250 925	304 088
Clearing certificate of participation	250 000	250 000	250 045	250 000
Provision for expected credit losses	(4)	-	(15)	-
<b>Total</b>	<b>900 330</b>	<b>986 145</b>	<b>500 955</b>	<b>554 088</b>

Information on the movement of the provision for impairment of funds due from financial institutions for the first half of 2020 and the first half of 2019 the year is shown in the table below:

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>72</b>	<b>272</b>
Charge/(recovery) of the provision during the reporting period	93	24
<b>Provision for ECL as at the end of the reporting period</b>	<b>165</b>	<b>296</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 7. Loans to customers

The total balance of loans and advances to customers is measured at amortized cost.

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Loans to legal entities	9 804 360	9 267 928
Provision for expected credit losses	(1 856 328)	(1 868 706)
<b>Total loans to legal entities</b>	<b>7 948 032</b>	<b>7 399 222</b>
Loans to individuals	2 711 181	2 256 407
Provision for expected credit losses	(1 109 468)	(534 853)
<b>Total loans to individuals</b>	<b>1 601 713</b>	<b>1 721 554</b>
Loans to customers before provision	<b>12 515 541</b>	<b>11 524 335</b>
Provision for expected credit losses	(2 965 796)	(2 403 559)
<b>Total loans to customers</b>	<b>9 549 745</b>	<b>9 120 776</b>

As at 30 June 2020 and 31 December 2019, all loans were granted to companies operating in the Russian Federation.

Some of the Bank's borrowers independently coped with the impact of the economic crisis and the epidemic of COVID-19. For borrowers working in sectors of the economy particularly affected by the new coronavirus infection, a smooth revival and recovery from the crisis is predicted in the near future. The recovery of the Bank's lending sectors is also facilitated by measures taken by the state and the Central Bank of the Russian Federation to support enterprises.

In the first half of 2020, the Bank, taking into account the consequences of COVID-19, restructured:

- 7 loan agreements with legal entities with a carrying value of RUB 1 404 312 thousand;
- 200 credit agreements of individuals with a carrying value of RUB 399 410 thousand.

Information on movements in the provision for impairment of loans to customers for the first half of 2020 and the first half of 2019 the year is shown in the table below:

	<b>First half of 2020 (unaudited)</b>	<b>First half of 2019 (unaudited)</b>
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>2 403 559</b>	<b>2 046 950</b>
Charge/(recovery) of the provision during the reporting period	562 237	96 045
Other changes	-	(693)
Assets written off as uncollectible during the reporting period	-	(24 271)
<b>Provision for ECL as at the end of the reporting period</b>	<b>2 965 796</b>	<b>2 118 031</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 7. Loans to customers (continued)

Note 27 provides for disclosure of changes in the impairment provision, including the effect of the change in the carrying amount of the financial instrument for the amount of the provision for the six months of 2020 and the six months of 2019.

The distribution of loans to customers by industry is presented below. The Bank, according to the accounting policy adopted for 2020, starting with the reporting for 2020, uses grouping by industry in the context of sections "OK 029-2014 (NACE version 2) National classifier of economic activities of the Russian Federation (approved by RosStandard Order No. 14-st dated 31 January 2014). In this regard, the comparative information is aligned with the new method of grouping by industry.

	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Wholesale and retail trade. Repair of motor vehicles and motorcycles	2 873 137	22.96%	2 831 096	24.57%
Individuals	2 711 181	21.66%	2 256 407	19.58%
Financial and insurance activities	2 162 512	17.28%	2 252 483	19.55%
Manufacturing	1 364 117	10.90%	1 310 650	11.37%
Real estate operations	836 604	6.68%	833 013	7.23%
Professional, scientific and technical activities	702 743	5.61%	708 994	6.15%
IT and telecommunications	554 958	4.43%	424 641	3.68%
Activities in the field of health and social services	347 867	2.78%	296 005	2.57%
Activities in the field of culture, sports, leisure and entertainment	295 000	2.36%	295 000	2.56%
Construction	293 024	2.34%	60 496	0.52%
Activities of hotels and catering companies	198 789	1.59%	150 048	1.30%
Transportation and storage	130 285	1.04%	51 869	0.45%
Agriculture, forestry, hunting, fishing and fish farming	30 190	0.24%	29 136	0.25%
Administrative activities and related additional services	15 134	0.12%	24 497	0.21%
<b>Total loans before provision for expected credit losses</b>	<b>12 515 541</b>	<b>100.00%</b>	<b>11 524 335</b>	<b>100.00%</b>
Provision for expected credit losses	(2 965 796)		(2 403 559)	
<b>Total loans to customers</b>	<b>9 549 745</b>		<b>9 120 776</b>	

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 8. Investment assets

According to the adopted accounting policy, investment assets are represented by securities of the FVTOCI category.

	30 June 2020 (unaudited)	31 December 2019
Corporate bonds	432 125	389 962
Credit institution bonds	82 761	77 228
Corporate Eurobonds	80 768	73 973
CBR bonds	23 347	23 239
Bonds issued by credit institutions	-	111 123
<b>Total investment assets</b>	<b>619 001</b>	<b>675 525</b>

Debt securities have the following characteristics as at 30 June 2020 and 31 December 2019 years respectively:

	Maturity month/year		Annual coupon rate, %%		30 June 2020 (unaudited)
	from	to	from	to	
Corporate bonds	20 Dec	26 Sep	8.15	13.10	432 125
Credit institution bonds	24 Feb	24 Feb	5.15	5.15	82 761
Corporate Eurobonds	21 May	21 May	3.37	3.37	80 768
CBR bonds	21 Aug	21 Aug	7.50	7.50	23 347
<b>Total debt securities</b>	-	-	-	-	<b>619 001</b>

	Maturity month/year		Annual coupon rate, %%		31 December 2019
	from	to	from	to	
Corporate bonds	20 Dec	26 Sep	8.15	13.10	389 962
Corporate Eurobonds	21 May	21 May	3.37	3.37	73 973
CBR bonds	21 Aug	21 Aug	7.50	7.50	23,239
Bonds issued by credit institutions	29 Mar	29 Mar	9.25	9.25	111 123
Credit institution bonds	24 Feb	24 Feb	5.15	5.15	77 228
<b>Total debt securities</b>	-	-	-	-	<b>675 525</b>

Information on movements in the provision for impairment of investment securities for the first half of 2020 and the first half of 2019 the year is shown in the table below. The provision is recognized in equity and does not change the carrying amount of investment securities (see the statement of capital flows).

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>2 912</b>	<b>2 645</b>
Charge/(recovery) of the provision during the reporting period	2 459	1 493
<b>Provision for ECL as at the end of the reporting period</b>	<b>5 371</b>	<b>4 138</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 9. Property and equipment and intangible assets

		Office and computer equipment	Other property and equipment	Leases (assets in the form of a right of use)	Software licenses	Total
Gross value as at	31.12.2019	78 463	1 465	251 597	375 161	<b>706 686</b>
Gross value as at	30.06.2020	82 738	1 671	251 597	441 944	<b>777 950</b>
Accumulated depreciation and amortization as at	31.12.2019	(44 301)	(851)	(55 928)	(51 790)	<b>(152 870)</b>
Accumulated depreciation and amortization as at	30.06.2020	(51 006)	(1 045)	(83 815)	(68 378)	<b>(204 244)</b>
<b>Carrying amount as at</b>	<b>31.12.2019</b>	<b>34 162</b>	<b>614</b>	<b>195 669</b>	<b>323 371</b>	<b>553 816</b>
Additions		4 274	205	-	66 783	<b>71 262</b>
Depreciation and amortization		(6 704)	(193)	(27 887)	(16 588)	<b>(51 372)</b>
<b>Carrying amount as at</b>	<b>30.06.2020</b>	<b>31 732</b>	<b>626</b>	<b>167 782</b>	<b>373 566</b>	<b>573 706</b>

		Office and computer equipment	Other property and equipment	Leases (assets in the form of a right of use)	Software licenses	Total
Gross value as at	31.12.2018	30 312	13 909	-	91 413	<b>135 634</b>
Gross value as at	30.06.2019	41 946	15 283	349 075	142 913	<b>549 217</b>
Accumulated depreciation and amortization as at	31.12.2018	(29 315)	(11 848)	-	(32 227)	<b>(73 390)</b>
Accumulated depreciation and amortization as at	30.06.2019	(29 698)	(12 988)	(38 502)	(42 280)	<b>(123 468)</b>
<b>Carrying amount as at</b>	<b>31.12.2018</b>	<b>997</b>	<b>2 061</b>	<b>-</b>	<b>59 186</b>	<b>62 244</b>
Additions		11 634	1 374	349 075	51 500	<b>413 583</b>
Disposals		-	-	-	-	<b>-</b>
Depreciation and amortization		(383)	(1 140)	(38 502)	(10 053)	<b>(50 078)</b>
<b>Carrying amount as at</b>	<b>30.06.2019</b>	<b>12 248</b>	<b>2 295</b>	<b>310 573</b>	<b>100 633</b>	<b>425 749</b>

As at 30 June 2020 and 31 December 2019 year-end fixed assets include items of fixed assets for which depreciation has accumulated in the amount of 100%, the cost of such items is RUB 38 821 thousand and RUB 38 821 thousand, respectively.

The Bank rents office space. The term remaining until the end of the lease, as at 30 June 2020 is 3 years, as at 31 December 2019 years 3,5 years.

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<b>Amounts recognized in profit and loss</b>		
Depreciation expense on right-of-use assets	27 887	38 502
Interest expenses on lease liabilities	7 911	12 653

As at 30 June 2020 and 31 December 2019 the Bank has a short-term lease liability in the amount of RUB 181 038 thousand and RUB 204 504 thousand, respectively (see note 14).

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 10. Other assets

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Security deposits that guarantee the performance of liabilities	25 151	25 151
Recognized forfeits and penalties for late repayment of bank claims	17 716	19 112
Other receivables	7 422	4 828
Outstanding settlements	6 636	7 825
Fair value of contracts for "swap" and "spot" transactions	-	1 112
<b>Total other financial assets before provision for impairment losses</b>	<b>56 925</b>	<b>58 028</b>
Less provision for expected credit losses	(24 204)	(23 681)
<b>Total other financial assets</b>	<b>32 721</b>	<b>34 347</b>
Advances paid	47 232	46 027
Prepayments o taxes and duties, other than income tax	2 124	-
Other	51	81
<b>Total other non-financial assets</b>	<b>49 407</b>	<b>46 108</b>
<b>Total other assets</b>	<b>82 128</b>	<b>80 455</b>

According to the adopted accounting policy for the line "Accounts receivable for swap, spot transactions" as at 31 December 2019 foreign currency revaluation on spot transactions is recorded in the amount of net position RUB 14 thousand and transactions with derivative financial instruments (hereinafter-DFI) is recorded in the amount of net position RUB 1 098 thousand for the total amount of RUB 1 112 thousand. These assets are recorded at fair value.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

## SBI Bank LLC

Notes to the Interim Condensed Financial Statements (continued)  
for the First Half of 2020  
(in thousands of Russian Rubles, unless otherwise indicated)

### 10. Other assets (continued)

Type of DFI	31 December 2019			
	Nominal amount		Fair value	
	Amounts due	Amounts to maturity	Asset	Liability
<b>Derivative financial instruments held for trading:</b>				
<b>Foreign currencies</b>				
Swaps	2 551 596	(2 550 498)	1 278	(180)
<b>Total derivative financial instruments held for trading</b>	<b>2 551 596</b>	<b>(2 550 498)</b>	<b>1 278</b>	<b>(180)</b>
<b>Purchase or sale on standard terms:</b>				
<b>Foreign currencies</b>				
Swaps	46 401	(46 429)	-	(28)
Spot	23 897	(23 856)	42	-
<b>Total purchase or sale on standard terms</b>	<b>70 298</b>	<b>(70 285)</b>	<b>42</b>	<b>(28)</b>
<b>Total derivative financial instruments held for trading</b>	<b>2 621 894</b>	<b>(2 620 783)</b>	<b>1 320</b>	<b>(208)</b>

Information on movements in the provision for expected credit losses on other financial assets for the first half of 2020 and the first half of 2019 is as follows:

	Other financial assets			Total
	Outstanding settlements	Recognized forfeits and penalties for late repayment of bank claims	Other receivables	
<b>1st half of 2020 (unaudited)</b>				
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>1</b>	<b>19 047</b>	<b>4 633</b>	<b>23 681</b>
Charge/(recovery) of the provision during the reporting period	-	(1 752)	2 323	571
Assets written off as uncollectible during the reporting period	-	-	(48)	(48)
<b>Provision for ECL as at the end of the reporting period</b>	<b>1</b>	<b>17 295</b>	<b>6 908</b>	<b>24 204</b>



# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 10. Other assets (continued)

	<b>Other financial assets</b>	
	<b>Security deposits that guarantee the performance of liabilities</b>	<b>Total</b>
<b>1st half of 2019 (unaudited)</b>		
<b>Provision for ECL as at the beginning of the reporting period</b>	-	-
Charge/(recovery) of the provision during the reporting period	2 613	2 613
<b>Provision for ECL as at the end of the reporting period</b>	<b>2 613</b>	<b>2 613</b>

### 11. Non-current assets held for sale

<b>31 December 2019</b>	<b>293 947</b>
Property sold	(37 518)
Impairment	(3 799)
<b>30 June 2020 (unaudited)</b>	<b>252 630</b>

Under the item non-current assets held for sale, the Bank accounts for non-current assets received as debt settlement for outstanding loans - suburban land plots. NCAHS were recorded at fair value determined in the amount of the borrower's (debtor's) terminated liabilities under the agreement for the provision (placement) of funds. Subsequently, the fair value of the items is updated periodically.

As a result of the analysis of the land market, as well as the study of various analytical materials on the sale of land plots as at 30 June 2020, it was found that the consequences of the COVID-19 pandemic did not significantly affect the cost of land plots.

During the reporting period the Bank did not receive assets by foreclosure on guarantee.

In the first half of 2020, the Bank sold objects with a fair value of RUB 37 518 thousand for RUB 55 000 thousand. Net income from disposal amounted to RUB 17 482 thousand. (refer to Note 20).

### 12. Deposits by banks

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Term deposits from other banks	910 004	605 200
<b>Total due to banks</b>	<b>910 004</b>	<b>605 200</b>

As at 30 June 2020 and 31 December 2019, term deposits of other banks include deposits of Mizuho Bank JSC (Moscow) with maturities in 2021 at rates from 6,93% to 7,25%.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 13. Due to customers

	30 June 2020 (unaudited)	31 December 2019
<b>Legal entities (incl. IE)</b>		
- current/settlement accounts	1 591 822	1 613 655
- term deposits	2 224 280	2 783 381
<b>Individuals</b>		
- current/demand accounts	400 628	328 245
- term deposits	4 461 937	4 098 881
<b>Total customer accounts</b>	<b>8 678 667</b>	<b>8 824 162</b>

As at 30 June 2020 and 31 December 2019 during the year, the Bank had 13 and 17 clients, respectively, with balances exceeding 1% of the Bank's capital in the amount of RUB 3 296 748 thousand and RUB 3 993 480 thousand, respectively, which is 38% and 45% of total customer accounts and represents a significant concentration.

The table below shows information about customer accounts by industry. The Bank, according to the accounting policy adopted for 2020, starting with the reporting for 2020, uses grouping by industry in the context of sections "OK 029-2014 (NACE version 2) National classifier of economic activities of the Russian Federation (approved by RosStandard Order No. 14-st dated 31 January 2014). In this regard, the comparative information is aligned with the new method of grouping by industry.

	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals	4 862 565	56.0%	4 427 126	50.17%
Financial and insurance activities	2 377 026	27.4%	1 982 613	22.47%
Wholesale and retail trade. Repair of motor vehicles and motorcycles	346 315	4.0%	1 094 597	12.40%
Construction	243 512	2.8%	30 750	0.35%
Activities in the field of culture, sports, leisure and entertainment	171 341	2.0%	103 954	1.18%
Professional, scientific and technical activities	168 225	1.9%	449 712	5.10%
Real estate operations	163 214	1.9%	151 653	1.72%
Manufacturing	128 434	1.5%	99 615	1.13%
IT and telecommunications	125 440	1.4%	234 758	2.66%
Activities of hotels and catering companies	35 787	0.4%	188 395	2.13%
Mining	15 056	0.2%	15 058	0.17%
Activities in the field of health and social services	12 824	0.1%	7 967	0.09%
Transportation and storage	10 848	0.1%	8 501	0.10%
Other	8 701	0.1%	19 468	0.22%
Administrative activities and related additional services	8 339	0.1%	9 732	0.11%
Agriculture, forestry, hunting, fishing and fish farming	986	0.0%	87	0.00%
Activities of extraterritorial organizations and bodies	28	0.0%	27	0.00%
Water usage Water disposal, waste collection and disposal, pollution elimination activities	26	0.0%	147	0.00%
Education	-	0.0%	2	0.00%
<b>Total customer accounts</b>	<b>8,678,667</b>	<b>100.00%</b>	<b>8,824,162</b>	<b>100.00%</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 14. Other liabilities

	30 June 2020 (unaudited)	31 December 2019
Lease liability	181 038	204 504
Deferred commission income on guarantees	104 727	116 950
Provision for financial guarantees	42 723	53 786
Payables to personnel for unused vacations	29 722	22 372
Settlements on other transactions	5 776	25 894
Fair value of contracts for "swap" and "spot" transactions	4 158	-
Deposit insurance liability	-	6 541
<b>Total other financial liabilities</b>	<b>368 144</b>	<b>430 047</b>
Taxes and fees payable, other than current income taxes	9 826	11 320
Provisions for loan commitments (undrawn credit lines, overdrafts)	4 585	8 119
Income taxes	97	145
Other	1	1
<b>Total other non-financial liabilities</b>	<b>14 509</b>	<b>19 585</b>
<b>Total other liabilities</b>	<b>382 653</b>	<b>449 632</b>

According to the adopted accounting policy, the line "Fair value of contracts for swap and spot transactions" as at 30 June 2020 reflects the revaluation of spot transactions for the purchase/sale of foreign currency in the net position of RUB 4 158 thousand.

Type of Derivatives	30 June 2020 (unaudited)			
	Nominal amount		Fair value	
	Amounts due	Amounts to maturity	Asset	Liability
<b>Purchase or sale on standard terms:</b>				
<b>Foreign currencies</b>				
Swaps	3 013 345	(3 017 481)	5 726	(9 861)
Spot	10 336	(10 359)	63	(86)
<b>Total purchase or sale on standard terms</b>	<b>3 023 681</b>	<b>(3 027 840)</b>	<b>5 789</b>	<b>(9 947)</b>

Information on movements in the provision for expected credit losses on financial guarantees and loan commitments for the first half of 2020 and the first half of 2019 is shown in the tables below:

1st half of 2020 (unaudited)	Guarantees	Loan commitments	Total
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>53 786</b>	<b>8 119</b>	<b>61 905</b>
Charge/(recovery) of the provision during the reporting period	(11 063)	(3 535)	(14 598)
<b>Provision for ECL as at the end of the reporting period</b>	<b>42 723</b>	<b>4 584</b>	<b>47 307</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 14. Other liabilities (continued)

<b>1st half of 2019 (unaudited)</b>	<b>Guarantees</b>	<b>Loan commitments</b>	<b>Total</b>
<b>Provision for ECL as at the beginning of the reporting period</b>	<b>10 524</b>	<b>3 314</b>	<b>13 838</b>
Charge/(recovery) of the provision during the reporting period	38 604	11	38 615
<b>Provision for ECL as at the end of the reporting period</b>	<b>49 128</b>	<b>3 325</b>	<b>52 453</b>

The minimum non-discounted lease payments are shown in the table below.

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
<b>Maturity analysis:</b>		
Year 1	66 206	64 324
Year 2	70 179	68 183
Year 3	68 161	72 274
Year 4	-	31 142
Less: unearned interest	(23 508)	(31 419)
	<b>181 038</b>	<b>204 504</b>
<b>By lease term:</b>		
Long-term	127 470	155 081
Short-term	53 568	49 423

The Bank does not face a significant liquidity risk with regard to its lease liabilities.

### 15. Equity

The share capital of the Bank consists of the nominal value of its participant's share and is formed in Russian rubles.

The actual value of the Bank participant's share corresponds to a part of the Bank's equity value in proportion to the size of its share.

At the time of reporting, the Bank has no debt to the participant, as there is no information about the participant's application to leave the company. All shares are fully paid.

As at 30 June 2020 and 31 December 2019 Bank's equity comprises:

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Share capital	1 746 000	1 746 000
Share premium	4 922 900	4 922 900
<b>Total equity issued</b>	<b>6 668 900</b>	<b>6 668 900</b>
Other reserves	13 004	20 420
Accumulated deficit	(3 056 266)	(2 415 819)
<b>Total other components of equity</b>	<b>(3 043 262)</b>	<b>(2 395 399)</b>
<b>Total equity</b>	<b>3 625 638</b>	<b>4 273 501</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 15. Equity (continued)

Reserve funds are a fund/(deficit) for the revaluation of financial assets of the FVTOCI category and include accumulated gains and losses arising from the revaluation of financial assets of the FVTOCI category recognized in other comprehensive income, less amounts reclassified to profit or loss on disposal, and a credit impairment fund for these assets.

The change in reserve funds is shown below.

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<b>Beginning of the period</b>	<b>20 420</b>	<b>(5 264)</b>
Net gain/(loss) on revaluation	(7 700)	12 815
Reclassified to profit or loss	(2 175)	-
Reclassification to profit or loss in case of impairment	2 459	1 493
<b>End of the period</b>	<b>13 004</b>	<b>9 044</b>

### 16. Net interest income

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
<i>Interest income on financial assets measured at amortized cost</i>		
Interest on loans to customers	604 118	199 591
Interest income on balances due from credit organizations	13 303	22 780
Interest income on due from Bank of Russia	312	70 910
Interest income on due from correspondent accounts	42	77
<b>Total</b>	<b>617 775</b>	<b>293 358</b>
<i>Interest income on financial assets at fair value through other comprehensive income</i>		
Interest income on bonds:		
- interest income from other residents' bonds	18 915	16 962
- interest income from bonds issued by credit institutions	2 404	2 367
- interest income from bonds of other non-residents	2 396	3 788
- interest income from bonds of the Russian Federation	882	1 523
<b>Total</b>	<b>24 597</b>	<b>24 640</b>
<b>Total interest income</b>	<b>642 372</b>	<b>317 998</b>
<i>Interest expense on financial liabilities recorded at amortized cost</i>		
Interest expense on funds raised in term deposits of individuals	(143 636)	(27 523)
Interest expense on due from credit organizations	(26 296)	(1 173)
Interest expense on customer accounts	(16 914)	(6 865)
Interest expense on finance lease liabilities	(7 911)	(12 653)
Interest expense on funds raised to settlement/current accounts	(7 154)	(2 060)
Interest expenses on subordinated loan	-	(44 685)
<b>Total interest expense</b>	<b>(201 911)</b>	<b>(94 959)</b>
<b>Net interest income (interest expenses)</b>	<b>440 461</b>	<b>223 039</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 17. Fee and commission income and expense

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
Commission income from issuance of Bank guarantees and sureties transactions	91 035	21 499
Commission income from settlement and teller services	7 641	5 231
Commission income from the exercise of currency control functions	5 892	2 401
Commission income from money transfers	3 814	4 411
Commission income from opening and maintaining Bank accounts	3 085	1 874
Commission income from other operations	702	1 034
Commission income from operations with currency values	40	24
<b>Total fee and commission income</b>	<b>112 209</b>	<b>36 474</b>
Commission income from intermediary services under broker and similar agreements	(28 936)	(26 556)
Commission income from services on cash transfers including services of payment and settlement systems	(13 905)	(5 876)
Commission expense on Bank guarantees received	(1 004)	-
Other commission expenses	(665)	(662)
Commission expenses for opening and maintaining bank accounts	(638)	(629)
Commission expenses on operations with currency values	(551)	(856)
Commission expenses of professional participants of the securities market related to the purchase and sale of securities, other than expenses for consulting and information services	-	(66)
<b>Total fee and commission expense</b>	<b>(45 699)</b>	<b>(34 645)</b>
<b>Net fee and commission income (expense)</b>	<b>66 510</b>	<b>1 829</b>

### 18. Net profit/(loss) from operations with financial assets

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
Net income/(loss) on financial liabilities measured at amortized cost	1 884	476
Net income/(loss) on financial assets at fair value through other comprehensive income	1 670	2 909
Net income/(loss) on financial liabilities at amortized cost placed at below/(above) market rates	1 112	393
Net income/(loss) on loans and receivables	101	16
Net income/(loss) on financial assets at fair value through profit or loss at fair value through profit or loss	(11 220)	172
<b>Total income less losses (losses less income) from financial instruments transactions</b>	<b>(6 453)</b>	<b>3 966</b>

## SBI Bank LLC

### Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

#### 19. Recovery/(charge) of other provisions

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
Change in the ECL for liabilities of financial guarantee contracts	11 063	(49 128)
Change in the ECL for loan commitments	3 534	10 513
Change of provision for impairment of other financial assets	(571)	(2 613)
<b>Total change in other provisions</b>	<b>14 026</b>	<b>(41 228)</b>

Information on movements in the provision for expected credit losses on financial guarantees and loan commitments for the first half of 2020 and the first half of 2019 for other financial assets is presented in note 10.

#### 20. Other income/expense, net

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
Income from operations with long-term assets held for sale, including:	17 482	-
- income from disposal (sale)	17 482	-
Reimbursement of damages, including insurance compensation from insurers.	133	-
Income from write-off of liabilities and unclaimed payables	57	433
Other income classified as other expenses including onetime non-recurring expenses	49	54
Income from other banking operations and transactions	23	-
Other income	-	46
<b>Total other operating income</b>	<b>17 744</b>	<b>533</b>

## SBI Bank LLC

### Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

#### 21. Operating expense

	First half of 2020 (unaudited)	First half of 2019 (unaudited)
Staff costs	315 636	244 568
Taxes and fees in the form of payroll charges	80 672	58 681
IT-expenses	65 739	62 778
<i>Expenses from transactions with property, plant and equipment total, incl.:</i>	<i>40 559</i>	<i>43 908</i>
- depreciation of right-of-use assets	27 887	38 502
- depreciation of property, plant and equipment	6 897	1 523
- expenses on repairs and maintenance	5 775	3 883
Rentals on leased property and equipment and other property	20 083	2 801
Other organization and management expenses	19 495	1 489
<i>Expenses on operations with intangible assets total, incl.:</i>	<i>16 588</i>	<i>10 053</i>
- amortization of intangible assets	16 588	10 053
Advertising	13 978	18 440
Expenses on writing off the cost of inventories	10 481	7 822
License fees for intellectual properties	5 861	24 674
Insurance	5 003	2 158
Taxes and duties charged to expenses according to the legislation of the Russian Federation	4 367	15 763
Audit services	4 153	2 744
Expenses on transactions with long-term assets held for sale, total, incl.:	3 799	-
- impairment expenses	3 799	-
Security services	2 413	2 663
Other expenses classified as other expenses including onetime non-recurring expenses	1 154	-
Transportation expenses	960	1 259
Consulting services	794	-
Business trips	573	239
Membership in organizations	565	1 172
Court and arbitrary expenses, expenses on notary services	220	674
Entertainment expenses	55	90
Recruitment expenses	-	3 618
<b>Total operating expenses</b>	<b>613 148</b>	<b>505 594</b>

The growth of core operating expenses is planned as part of the Bank's Strategy.

#### 22. Income tax

As at 30 June 2020, income tax expense consists only of securities tax expense in the amount of RUB 894 thousand. (as at 30 June 2019 – RUB 123 thousand). According to the adopted development Strategy (see note 1), the Bank is at the stage of planned loss-making activities. Income tax expenses do not arise, except as indicated here.

Russian legal entities are required to file an income tax filing and pay the amount of tax to the relevant tax authorities. The current income tax rate in 2020 is 20% (2019: 20%). The Bank also pays 15% income tax on securities transactions (in 2019: 15%).



## SBI Bank LLC

### Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

#### 23. Changes in liabilities arising from financing activities

The following table presents data on changes in the Bank's liabilities from financing activities, both arising and not arising from cash flows for the first half of 2020 and 2019 respectively.

Statement of cash flow line item	31 December 2019	30 June 2020 (unaudited)	Cash flows from financing activities	Non-monetary changes
				Exclusion of accrued interest expenses
Settlement of lease liabilities (note 16)	204 504	181 038	(31 377)	(7 911)
<b>Total</b>	<b>204 504</b>	<b>181 038</b>	<b>(31 377)</b>	<b>(7 911)</b>

Statement of cash flow line item	31 December 2018	30 June 2019 (unaudited)	Cash flows from financing activities	Non-monetary changes		
				Elimination of asset in the form of right of use	Elimination of accrued interest expenses	Elimination of accumulated depreciation
Change of subordinated debt	1 065 921	1 068 917	-	-	(2 996)	-
Settlement of lease liabilities (note 16)	-	313 883	(47 845)	(317 193)	12 653	38 502
<b>Total</b>	<b>1 065 921</b>	<b>1 382 800</b>	<b>(47 845)</b>	<b>(317 193)</b>	<b>9 657</b>	<b>38 502</b>

#### 24. Commitments and contingencies

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

The Bank applies the same credit policy to off-balance sheet commitments as it does to the balance sheet financial instruments.

Provision for losses on contingent liabilities totaled RUB 47 308 thousand and RUB 61 905 thousand as at 30 June 2020 and 31 December 2019, respectively.

As at 30 June 2020 and 31 December 2019 contingent liabilities comprise:

	30 June 2020 (unaudited)	31 December 2019
Guarantees	5 485 141	5 326 472
Liabilities to provide loans and guarantees	1 708 296	1 632 645
<b>Total gross value</b>	<b>7 193 437</b>	<b>6 959 117</b>
Less provision for impairment losses	(47 308)	(61 905)
<b>Total</b>	<b>7 146 129</b>	<b>6 897 212</b>

Extension of loans to customers within credit line limits is approved by the Bank on a case-by-case basis and depends on borrowers' financial position, credit history and other factors. As at 30 June 2020 and 31 December 2019, the amount of liabilities for such unused credit lines totaled RUB 1 708 296 thousand and RUB 1 632 645 thousand, respectively.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 24. Commitments and contingencies (continued)

Information on movements in the provision for expected credit losses on financial guarantees and loan commitments for the first half of 2020 and the first half of 2019 is presented in note 14.

#### 24.1. Litigation

From time to time and in the normal course of business, claims against the Bank are received from customers and counterparties. Management believes that no material losses will be incurred and, accordingly, no provision has been made in these financial statements.

#### 24.2. Taxation

Laws and regulations affecting business in the Russian Federation continue to change. Management's interpretation of such legislation as applied to the activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation. Therefore, the tax assessment approaches that have not been challenged in the past might be challenged during further tax audits. As a rule, tax audits cover three years preceding the reporting year. Under certain circumstances reviews may cover longer periods.

Based on their interpretation of the tax legislation, management of the Bank believes that all of the applicable taxes have been assessed. However, the tax authorities may interpret the laws differently, which may have a significant effect on the financial statements.

### 25. Fair value of financial instruments

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

#### 25.1. Fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	30 June 2020 (unaudited)	31 December 2019		
Investment assets (see note 9)	619 001	675 525	Level 1	Quoted bid prices in an active market.
Derivative financial assets (see Note 11)	-	1 098	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

The levels correspond to the possibility of directly identifying fair value based on market data:

- (i) Level 1 includes estimates on quoted prices (unadjusted) in active markets for similar assets or liabilities,
- (ii) Level 2 includes estimates obtained using valuation techniques in which all significant inputs used are directly or indirectly observable for the asset or liability (i.e., for example, prices), and
- (iii) Level 3 includes estimates, which are not based on observable market data (i.e., based on non-observable inputs).

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 25. Fair value of financial instruments (continued)

Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

#### 25.2. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the Bank's management consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	30 June 2020 (unaudited)		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to customers	9 549 745	8 076 750	9 120 776	9 588 380
Due to banks	910 004	954 898	605 200	632 104
Customer accounts	8 678 667	8 704 914	8 824 162	8 621 952

The Bank's valuation approach and fair value hierarchy categorization for financial instruments not recognized at fair value is as follows:

	30 June 2020 (unaudited)			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	1 513 961	-	-	1 513 961
Mandatory cash balance with the Central Bank of the RF	97 659	-	-	97 659
Due from financial institutions	-	908 132	-	908 132
Loans to customers	-	-	8 076 750	8 076 750
Other financial assets	-	-	32 721	32 721
Due to banks	-	-	954 898	954 898
Customer accounts	-	-	8 704 914	8 704 914
Other financial liabilities	-	-	368 144	368 144

	31 December 2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	2 852 024	-	-	2 852 024
Mandatory cash balance with the Central Bank of the RF	50 670	-	-	50 670
Due from financial institutions	-	525 282	-	525 282
Loans to customers	-	-	9 588 380	9 588 380
Other financial assets.	-	-	34 347	34 347
Due to banks	-	-	632 104	632 104
Customer accounts	-	-	8 621 952	8 621 952
Other financial liabilities	-	-	430 047	430 047

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 26. Capital risk management

The Bank manages its capital to ensure that entities will be able to continue as a going concern while maximizing the return to participants through the optimization of the debt and equity balance.

The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the CBR in supervising the Bank.

During the reporting period, the Bank had complied in full with all its externally imposed capital requirements.

As at 30 June 2020 and 31 December 2019 the Bank's equity includes the sole participant's own shares, reserve funds and retained earnings, which are disclosed in the statement of changes in equity and note 16.

The Bank's overall capital risk management policy has remained unchanged from 2016.

The table below shows the composition of the Bank's capital (equity) calculated in accordance with the Bank of Russia Regulation No. 646-P dated 04 July 2018 "On the methodology of determination of equity (capital) of the credit organizations (Basel III)" as at 30 June 2020 and 31 December 2019:

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Base capital	3 321 041	3 919 050
Core capital	3 321 041	3 919 050
<b>At the reporting date</b>	<b>3 321 041</b>	<b>3 919 050</b>
<b>Risk-weighted assets</b>	<b>20 521 048</b>	<b>19 808 532</b>

Base and core capital consist of funds contributed to the share capital and accumulated loss.

Capital adequacy ratios (equity) calculated in accordance with the Bank of Russia's Instruction No. 180-I dated 28 June 2017 "About the Obligatory Standards of Banks" as at 30 June 2020 and 31 December 2019 the years are presented as follows:

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Bank's owner's equity adequacy ratio N1.0 (minimum 8%)	16.1840	19.7847
Common equity adequacy ratio N1.1 (minimum 4,5%)	16.1840	19.7847
Core capital adequacy ratio N1.2 (minimum 6%)	16.1840	19.7847

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 *(in thousands of Russian Rubles, unless otherwise indicated)*

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### 27. Risk management policies

The main risks inherent to the Bank's operations are those related to market risk (including currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

There have been no changes in the risk management department since year-end or in any risk management policies, except those related to changes listed below.

**Credit risk management.** When calculating the provision for counterparties assessed on an individual basis, the Bank took into account the effect of COVID-19.

Each counterparty assessed on an individual basis was assigned a risk category (high, medium, low) for the impact of coronavirus infection. In this regard, the Bank adjusted the model for each borrower, taking into account the possible effect of the economic downturn. Namely, the following indicators have been adjusted.

For a high risk category.

1. The loan was assigned "Stage 2" due to a significant increase in credit risk;
2. Changed the "Qualitative assessment of the counterparty" in the "Financial policy" field - assigned "score 1" High financial risk, "Financial policy increases the risk of debt restructuring in various economic conditions."

For the average risk category.

1. Changed the "Qualitative assessment of the counterparty" in the "Financial policy" field - assigned "score 1" High financial risk, "Financial policy increases the risk of debt restructuring in various economic conditions."

For the low risk category, everything is left unchanged.

During the period of introduction of restrictive measures due to the spread of a new coronavirus infection, the Bank strengthened its control over the financial condition of borrowers by:

- Monthly analysis of transactions on current accounts of clients-borrowers opened with other banks;
- Analysis of turnover on current accounts of the borrower in the Bank;
- Strengthening control over the intended use of credit funds by the borrower;
- The systematization of all the information received from open sources.

These measures made it possible to respond immediately in the event of negative trends in the financial and economic activities of borrowers.

The table below presents the analysis of significant changes in the gross carrying amount of financial assets during the period that led to changes in the amount of the loss provision and changes in the provision for expected credit losses in the first half of 2020 and 2019 within assets and liabilities classes:

## SBI Bank LLC

Notes to the Interim Condensed Financial Statements (continued)  
for the First Half of 2020  
(in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Cash and cash equivalents	First half of 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Changes in gross value for the six months ended 30 June 2020</b>				
<b>Gross value as at the beginning of the period</b>	<b>2 852 211</b>	-	-	<b>2 852 211</b>
Increase/(Decrease) due to change in credit risk	311 788	-	-	311 788
Financial assets that have been derecognized	(1 650 000)	-	-	(1 650 000)
<b>Total gross value (unaudited)</b>	<b>1 513 999</b>	-	-	<b>1 513 999</b>
<b>Changes in expected credit losses for the first half of 2020</b>				
<b>ECL</b>	<b>187</b>	-	-	<b>187</b>
Financial assets that have been derecognized	(149)	-	-	(149)
<b>Total expected credit losses (unaudited)</b>	<b>38</b>	-	-	<b>38</b>

Cash and cash equivalents	First half of 2019 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Changes in gross value for the six months ended 30 June 2019</b>				
<b>Gross value as at the beginning of the period</b>	<b>3 000 222</b>	<b>67 291</b>	-	<b>3 067 513</b>
Transfers to Stage 1	67 291	(67 291)	-	-
Increase/(Decrease) due to change in credit risk	(30 813)	-	-	(30 813)
New financial assets originated or purchased	1 355 920	-	-	1 355 920
Financial assets that have been derecognized	(2 727 861)	-	-	(2 727 861)
<b>Total gross value (unaudited)</b>	<b>1 664 759</b>	-	-	<b>1 664 759</b>
<b>Changes in expected credit losses for the first half of 2019</b>				
<b>ECL</b>	<b>4</b>	<b>23</b>	-	<b>27</b>
Transfers to Stage 1	23	(23)	-	-
Increase/(Decrease) due to change in credit risk	(20)	-	-	(20)
New financial assets originated or purchased	43	-	-	43
<b>Total expected credit losses (unaudited)</b>	<b>50</b>	-	-	<b>50</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Due from financial institutions	1st half of 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Changes in gross value for the six months ended 30 June 2020</b>				
<b>Gross value as at the beginning of the period</b>	<b>525 354</b>	-	-	<b>525 354</b>
Increase/(Decrease) due to change in credit risk	(16 492)	-	-	(16 492)
New financial assets originated or purchased	900 405	-	-	900 405
Financial assets that have been derecognized	(500 970)	-	-	(500 970)
<b>Total gross value (unaudited)</b>	<b>908 297</b>	-	-	<b>908 297</b>
<b>Changes in expected credit losses for the first half of 2020</b>				
<b>ECL</b>	<b>72</b>	-	-	<b>72</b>
Increase/(Decrease) due to change in credit risk	104	-	-	104
New financial assets originated or purchased	4	-	-	4
Financial assets that have been derecognized	(15)	-	-	(15)
<b>Total expected credit losses (unaudited)</b>	<b>165</b>	-	-	<b>165</b>
<b>Due from financial institutions</b>				
	1st half of 2019 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>Changes in gross value for the six months ended 30 June 2019</b>				
<b>Gross value as at the beginning of the period</b>	<b>1 457 545</b>	-	-	<b>1 457 545</b>
Increase/(Decrease) due to change in credit risk	3 776	-	-	3 776
New financial assets originated or purchased	522 611	-	-	522 611
Financial assets that have been derecognized	(1 432 858)	-	-	(1 432 858)
<b>Total gross value (unaudited)</b>	<b>551 074</b>	-	-	<b>551 074</b>
<b>Changes in expected credit losses for the first half of 2019</b>				
<b>ECL</b>	<b>272</b>	-	-	<b>272</b>
Increase/(Decrease) due to change in credit risk	48	-	-	48
New financial assets originated or purchased	16	-	-	16
Financial assets that have been derecognized	(40)	-	-	(40)
<b>Total expected credit losses (unaudited)</b>	<b>296</b>	-	-	<b>296</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Loans to customers	1st half of 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Changes in gross value for the six months ended 30 June 2020</b>				
<b>Gross value as at the beginning of the period</b>	<b>9 350 571</b>	<b>117 612</b>	<b>2 056 152</b>	<b>11 524 335</b>
Transfers to Stage 1	1 271	(470)	(801)	-
Transfers to Stage 2	(337 985)	338 070	(85)	-
Transfers to Stage 3	(347 578)	(116 662)	464 240	-
Increase/(Decrease) due to change in credit risk	380 878	(18 325)	(8 374)	354 179
New financial assets originated or purchased	1 880 832	55 916	-	1 936 748
Financial assets that have been derecognized	(1 296 062)	(460)	(3 199)	(1 299 721)
<b>Total gross value (unaudited)</b>	<b>9 631 927</b>	<b>375 681</b>	<b>2 507 933</b>	<b>12 515 541</b>
<b>Changes in expected credit losses for the first half of 2020</b>				
<b>ECL</b>	<b>245 474</b>	<b>102 123</b>	<b>2 055 962</b>	<b>2 403 559</b>
Transfers to Stage 1	1 030	(231)	(799)	-
Transfers to Stage 2	(51 819)	51 904	(85)	-
Transfers to Stage 3	(49 353)	(101 415)	150 768	-
Increase/(Decrease) due to change in credit risk	59 800	104 672	275 094	439 566
New financial assets originated or purchased	135 544	230	-	135 774
Financial assets that have been derecognized	(9 446)	(458)	(3 199)	(13 103)
<b>Total expected credit losses (unaudited)</b>	<b>331 230</b>	<b>156 825</b>	<b>2 477 741</b>	<b>2 965 796</b>



# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Loans to customers	1st half of 2019 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Changes in gross value for the six months ended 30 June 2019</b>				
<b>Gross value as at the beginning of the period</b>	<b>1 251 643</b>	<b>2 324</b>	<b>2 038 068</b>	<b>3 292 035</b>
Transfers to Stage 1	1 699	(366)	(1 333)	-
Transfers to Stage 2	(2 206)	2 317	(111)	-
Transfers to Stage 3	(2 087)	(1 064)	3 151	-
Increase/(Decrease) due to change in credit risk	59 232	(454)	29 478	88 256
New financial assets originated or purchased	3 476 303	141	1 015	3 477 459
Financial assets that have been derecognized	(347 793)	-	(201)	(347 994)
Write off of financial assets	(380)	-	(23 891)	(24 271)
Other changes	(11 963)	-	(664)	(12 627)
<b>Total gross value (unaudited)</b>	<b>4 424 448</b>	<b>2 898</b>	<b>2 045 512</b>	<b>6 472 858</b>
<b>Changes in expected credit losses for the first half of 2019</b>				
<b>ECL</b>	<b>12 974</b>	<b>1 095</b>	<b>2 032 881</b>	<b>2 046 950</b>
Transfers to Stage 1	509	(104)	(405)	-
Transfers to Stage 2	(443)	472	(29)	-
Transfers to Stage 3	(613)	(324)	937	-
Increase/(Decrease) due to change in credit risk	469	604	31 156	32 229
New financial assets originated or purchased	65 657	107	1 015	66 779
Financial assets that have been derecognized	(2 762)	-	(201)	(2 963)
Write off of financial assets	(380)	-	(23 891)	(24 271)
Other changes	(29)	-	(664)	(693)
<b>Total expected credit losses (unaudited)</b>	<b>75 382</b>	<b>1 850</b>	<b>2 040 799</b>	<b>2 118 031</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Investment assets	1st half of 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Changes in gross value for the six months ended 30 June 2020</b>				
<b>Gross value as at the beginning of the period</b>	<b>675 525</b>	-	-	<b>675 525</b>
Increase/(Decrease) due to change in credit risk	5 284	-	-	5 284
New financial assets originated or purchased	49 639	-	-	49 639
Financial assets that have been derecognized	(111 447)	-	-	(111 447)
<b>Total gross value (unaudited)</b>	<b>619 001</b>	-	-	<b>619 001</b>
<b>Changes in expected credit losses for the first half of 2020</b>				
<b>ECL</b>	<b>2 912</b>	-	-	<b>2 912</b>
Increase/(Decrease) due to change in credit risk	2 855	-	-	2 855
New financial assets originated or purchased	118	-	-	118
Financial assets that have been derecognized	(514)	-	-	(514)
<b>Total expected credit losses (unaudited)</b>	<b>5 371</b>	-	-	<b>5 371</b>
<b>1st half of 2019 (unaudited)</b>				
Investment assets	Stage 1	Stage 2	Stage 3	Total
<b>Changes in gross value for the six months ended 30 June 2019</b>				
<b>Gross value as at the beginning of the period</b>	<b>575 054</b>	-	-	<b>575 054</b>
Increase/(Decrease) due to change in credit risk	3 606	-	-	3 606
New financial assets originated or purchased	183 861	-	-	183 861
Financial assets that have been derecognized	(76 407)	-	-	(76 407)
<b>Total gross carrying amount (unaudited)</b>	<b>686 114</b>	-	-	<b>686 114</b>
<b>Changes in expected credit losses for the first half of 2019</b>				
<b>ECL</b>	<b>2 645</b>	-	-	<b>2 645</b>
Increase/(Decrease) due to change in credit risk	17	-	-	17
New financial assets originated or purchased	1 636	-	-	1 636
Financial assets that have been derecognized	(160)	-	-	(160)
<b>Total expected credit losses (unaudited)</b>	<b>4 138</b>	-	-	<b>4 138</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Commitments and contingencies of credit nature	1st half of 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Change in the total amount of credit-related contingent liabilities for the 1st half of 2020</b>				
<b>Value as at the beginning of the period</b>	<b>6 957 053</b>	<b>664</b>	<b>1 400</b>	<b>6 959 117</b>
Transfers to Stage 1	73	(43)	(30)	-
Transfers to Stage 2	(203 607)	203 607	-	-
Transfers to Stage 3	(737)	-	737	-
Changes due to change in credit risk	(327 988)	(176 560)	373	(504 175)
Credit-related contingent liabilities created or newly acquired	3 363 878	114 402	-	3 478 280
Credit-related contingent liabilities derecognized	(2 737 806)	(610)	(1 369)	(2 739 785)
<b>Total amount committed (unaudited)</b>	<b>7 050 866</b>	<b>141 460</b>	<b>1 111</b>	<b>7 193 437</b>
<b>Changes in expected credit losses for the first half of 2020</b>				
<b>ECL</b>	<b>60 108</b>	<b>398</b>	<b>1 399</b>	<b>61 905</b>
Transfers to Stage 1	68	(38)	(30)	-
Transfers to Stage 2	(813)	813	-	-
Transfers to Stage 3	(72)	-	72	-
Changes due to change in credit risk	6 431	(690)	976	6 717
Credit-related contingent liabilities created or newly acquired	25 482	508	-	25 990
Credit-related contingent liabilities derecognized	(45 587)	(349)	(1 368)	(47 304)
<b>Total expected credit losses (unaudited)</b>	<b>45 617</b>	<b>642</b>	<b>1 049</b>	<b>47 308</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

Commitments and contingencies of credit nature	1st half of 2019 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Change in the total amount of credit-related contingent liabilities for the 1st half of 2019</b>				
<b>Value as at the beginning of the period</b>	<b>1 638 958</b>	<b>88</b>	<b>1 189</b>	<b>1 640 235</b>
Transfers to Stage 1	125	(41)	(84)	-
Transfers to Stage 2	(327)	336	(9)	-
Transfers to Stage 3	(192)	(29)	221	-
Changes due to change in credit risk	(188 119)	(176)	22	(188 273)
Liabilities created or newly acquired	2 918 990	2	-	2 918 992
Credit-related contingent liabilities derecognized	(392 493)	(9)	(503)	(393 005)
<b>Total amount committed (unaudited)</b>	<b>3 976 942</b>	<b>171</b>	<b>836</b>	<b>3 977 949</b>
<b>Changes in expected credit losses for the first half of 2019</b>				
<b>ECL</b>	<b>12 703</b>	<b>64</b>	<b>1 071</b>	<b>13 838</b>
Transfers to Stage 1	106	(30)	(76)	-
Transfers to Stage 2	(25)	33	(8)	-
Transfers to Stage 3	(15)	(21)	36	-
Changes due to change in credit risk	(51)	100	176	225
Credit-related contingent liabilities created or newly acquired	41 836	2	-	41 838
Credit-related contingent liabilities derecognized	(3 007)	(9)	(432)	(3 448)
<b>Total expected credit losses (unaudited)</b>	<b>51 547</b>	<b>139</b>	<b>767</b>	<b>52 453</b>

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

**Liquidity risk and interest risk.** An analysis of liquidity and interest rate risk is presented in the following table.

30 June 2020 (unaudited)	Up to 1 month	1 month to 3 months	3 months to 12 months	From 1 to 3 years	Over 3 years	Maturity undefined	Total
<b>FINANCIAL ASSETS</b>							
Due from financial institutions	900 554	-	-	-	-	-	900 554
Loans to customers	371 876	2 240 420	4 858 393	2 291 653	1 462 663	-	11 225 005
Investment assets	-	-	217 601	72 986	328 414	-	619 001
<b>Total financial assets exposed to interest risk</b>	<b>1 272 430</b>	<b>2 240 420</b>	<b>5 075 994</b>	<b>2 364 639</b>	<b>1 791 077</b>	-	<b>12 744 560</b>
Cash and cash equivalents	1 513 961	-	-	-	-	-	1 513 961
Mandatory cash balance with the Central Bank of the RF	-	-	-	-	-	97 659	97 659
Due from financial institutions	95	-	-	-	-	7 706	7 801
Loans to customers	-	-	-	-	-	15 446	15 446
Other financial assets.	7 570	-	-	-	25 151	-	32 721
<b>Total financial assets not exposed to interest risk</b>	<b>1 521 626</b>	-	-	-	<b>25 151</b>	<b>120 811</b>	<b>1 667 588</b>
<b>FINANCIAL LIABILITIES</b>							
Due to banks	-	-	(363 425)	(620 895)	-	-	(984 320)
Customer accounts	(1 197 458)	(3 280 657)	(2 035 773)	(957 694)	-	-	(7 471 582)
Other financial liabilities	(4 256)	(8 618)	(40 694)	(127 471)	-	-	(181 039)
<b>Total financial liabilities exposed to interest risk</b>	<b>(1 201 714)</b>	<b>(3 289 275)</b>	<b>(2 439 892)</b>	<b>(1 706 060)</b>	-	-	<b>(8 636 941)</b>
Customer accounts	(1 392 651)	-	-	-	-	-	(1 392 651)
Other financial liabilities	(9 116)	(10 703)	(96 604)	(70 682)	-	-	(187 105)
<b>Total financial liabilities not exposed to interest risk</b>	<b>(1 401 767)</b>	<b>(10 703)</b>	<b>(96 604)</b>	<b>(70 682)</b>	-	-	<b>(1 579 756)</b>
<b>Difference between financial assets and liabilities exposed to interest risk</b>	<b>70 716</b>	<b>(1 048 855)</b>	<b>2 636 102</b>	<b>658 579</b>	<b>1 791 077</b>	-	<b>4 107 619</b>
<b>Difference between financial assets and liabilities exposed to interest risk on an accrual basis</b>	<b>70 716</b>	<b>(978 139)</b>	<b>1 657 963</b>	<b>2 316 542</b>	<b>4 107 619</b>	<b>4 107 619</b>	-
<b>Difference between financial assets and liabilities not exposed to interest risk</b>	<b>119 859</b>	<b>(10 703)</b>	<b>(96 604)</b>	<b>(70 682)</b>	<b>25 151</b>	-	-
<b>Difference between financial assets and liabilities, not exposed to interest risk on an accrual basis</b>	<b>119 859</b>	<b>109 156</b>	<b>12 552</b>	<b>(58 130)</b>	<b>(32 979)</b>	-	-
<b>Liquidity gap</b>	<b>190 575</b>	<b>(1 059 558)</b>	<b>2 539 498</b>	<b>587 897</b>	<b>1 816 228</b>	<b>120 811</b>	<b>4 195 451</b>
<b>Total liquidity gap</b>	<b>190 575</b>	<b>(868 983)</b>	<b>1 670 515</b>	<b>2 258 412</b>	<b>4 074 640</b>	-	-

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

31 December 2019	Up to 1 month	1 month to 3 months	3 months to 12 months	From 1 to 3 years	Over 3 years	Maturity undefined	Total
<b>FINANCIAL ASSETS</b>							
Cash and cash equivalents	1 652 407	-	-	-	-	-	<b>1 652 407</b>
Due from financial institutions	501 790	-	-	-	-	-	<b>501 790</b>
Loans to customers	138 235	603 417	3 362 193	1 660 141	1 043 176	-	<b>6 807 162</b>
Investment assets	-	-	139 104	97 212	439 209	-	<b>675 525</b>
<b>Total financial assets exposed to interest risk</b>	<b>2 292 432</b>	<b>603 417</b>	<b>3 501 297</b>	<b>1 757 353</b>	<b>1 482 385</b>	-	<b>9 636 884</b>
<b>FINANCIAL ASSETS NOT EXPOSED TO INTEREST RISK</b>							
Cash and cash equivalents	1 202 174	-	-	-	-	-	<b>1 202 174</b>
Mandatory cash balance with the Central Bank of the RF	-	-	-	-	-	50 670	<b>50 670</b>
Due from financial institutions	115	-	-	-	-	24 212	<b>24 327</b>
Loans to customers	-	-	-	-	-	786	<b>786</b>
Other financial assets.	8 937	260	-	-	25 150	-	<b>34 347</b>
<b>Total financial assets not exposed to interest risk</b>	<b>1 211 226</b>	<b>260</b>	-	-	<b>25 150</b>	<b>75 668</b>	<b>1 312 304</b>
<b>FINANCIAL LIABILITIES</b>							
Due to Other Banks	-	-	(41 804)	(646 919)	-	-	<b>(688 723)</b>
Customer accounts	(3 230 087)	(1 930 738)	(2 930 462)	(970 618)	-	-	<b>(9 061 905)</b>
Other financial liabilities	(4 130)	(7 743)	(37 551)	(124 574)	(30 506)	-	<b>(204 504)</b>
<b>Total financial liabilities exposed to interest risk</b>	<b>(3 234 217)</b>	<b>(1 938 481)</b>	<b>(3 009 817)</b>	<b>(1 742 111)</b>	<b>(30 506)</b>	-	<b>(9 955 132)</b>
<b>FINANCIAL LIABILITIES NOT EXPOSED TO INTEREST RISK</b>							
Customer accounts	(1 228 684)	-	-	-	-	-	<b>(1 228 684)</b>
Other financial liabilities	(29 815)	(42 508)	(50 485)	(102 735)	-	-	<b>(225 543)</b>
<b>Total financial liabilities not exposed to interest risk</b>	<b>(1 258 499)</b>	<b>(42 508)</b>	<b>(50 485)</b>	<b>(102 735)</b>	-	-	<b>(1 454 227)</b>
<b>Difference between financial assets and liabilities exposed to interest rate risk</b>	<b>(941 785)</b>	<b>(1 335 064)</b>	<b>491 480</b>	<b>15 242</b>	<b>1 451 879</b>	-	<b>(318 248)</b>
<b>Difference between financial assets and liabilities exposed to interest risk on an accrual basis</b>	<b>(941 785)</b>	<b>(2 276 849)</b>	<b>(1 785 369)</b>	<b>(1 770 127)</b>	<b>(318 248)</b>	<b>(318 248)</b>	
<b>Difference between financial assets and liabilities not exposed to interest risk</b>	<b>(47 273)</b>	<b>(42 248)</b>	<b>(50 485)</b>	<b>(102 735)</b>	<b>25 150</b>		
<b>Difference between financial assets and liabilities, not exposed to interest risk on an accrual basis</b>	<b>(47 273)</b>	<b>(89 521)</b>	<b>(140 006)</b>	<b>(242 741)</b>	<b>(217 591)</b>		
<b>Difference between financial assets and liabilities</b>	<b>(989 058)</b>	<b>(1 377 312)</b>	<b>440 995</b>	<b>(87 493)</b>	<b>1 477 029</b>	<b>75 668</b>	<b>(460 171)</b>
<b>Total liquidity gap</b>	<b>(989 058)</b>	<b>(2 366 370)</b>	<b>(1 925 375)</b>	<b>(2 012 868)</b>	<b>(535 839)</b>		

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

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### 27. Risk management policies (continued)

The tables above show the results of the distribution of assets and liabilities by time intervals, taking into account the expected (contractual) timing of cash flows by interest-sensitive and non-interest-sensitive instruments, as well as the aggregated balance sheet position of the Bank.

The result of the analysis shows the presence of a negative gap (lack of liquidity) for a period of one to three months. This gap is covered by sources of short-term liquidity, formed, among other things, in the form of available interbank lending limits of the Bank in the amount exceeding RUB 1 800 000 thousand. In addition, most of the funds raised from clients for a period of one to three months relate to the shareholder's deposits (RUB 1 644 923 thousand). – see Note 28) the actual term of placement of which, in the opinion of the Bank's management, is of a long-term nature and exceeds the contractual term established at the reporting date.

For the purposes of prudential regulations in the reporting period, the Bank's liquidity position structure was maintained at the end of the first half of 2020 as a significant liquidity buffer under the Bank of Russia's liquidity standards, as well as a reserve up to the Bank's internal limits on the maximum size of the liquidity gap for baskets of various urgency, which generally characterizes a limited effect on the state of the Bank's structural balance sheet position and a moderate level of interest rate and liquidity risk as at the reporting date.

Bank of Russia's liquidity ratios

<b>Regulatory standard</b>	<b>01 July 2020</b>	<b>01 January 2020</b>
H2	117.02%	101.23%
H3	105.93%	117.08%
H4	70.39%	59.18%

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According to the data provided at the beginning and end of the reporting period, the Bank maintains prudential standards with a significant margin to the minimum values.

#### Financing facilities

**Market risk.** Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level of volatility of market rates or prices. Market risk covers interest rate risk, currency risk, commodity prices and equity prices that the Bank is exposed to. The structure of these risks and methods used by the Bank to assess and manage these risks have not changed.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

**Currency risk.** Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank's financial position and cash flows are exposed to foreign currency exchange rate fluctuations.

Information about the currency level is presented below.

	<b>RUB</b>	<b>USD</b> USD 1 = RUB 69.9513	<b>EUR</b> EUR 1 = RUB 78.6812	<b>Other currencies and precious metals</b>	<b>Total</b>
<b>30 June 2020 (unaudited)</b>					
<b>Financial assets</b>					
Cash and cash equivalents	357 043	46 047	55 872	1 054 999	<b>1 513 961</b>
Mandatory cash balance with the Central Bank of the RF	97 659	-	-	-	<b>97 659</b>
Due from financial institutions	900 419	7	7 706	-	<b>908 132</b>
Loans to customers	9 276 283	209 918	-	63 544	<b>9 549 745</b>
Investment assets	455 472	-	163 529	-	<b>619 001</b>
Other financial assets.	32 721	-	-	-	<b>32 721</b>
<b>Total financial assets</b>	<b>11 119 597</b>	<b>255 972</b>	<b>227 107</b>	<b>1 118 543</b>	<b>12 721 219</b>
<b>Financial liabilities</b>					
Due to banks	(910 004)	-	-	-	<b>(910 004)</b>
Customer accounts	(6 094 345)	(338 191)	(150 088)	(2 096 043)	<b>(8 678 667)</b>
Other financial liabilities	(368 080)	(64)	-	-	<b>(368 144)</b>
<b>Total financial liabilities</b>	<b>(7 372 429)</b>	<b>(338 255)</b>	<b>(150 088)</b>	<b>(2 096 043)</b>	<b>(9 956 815)</b>
<b>Net currency balance sheet position</b>	<b>3 747 168</b>	<b>(82 283)</b>	<b>77 019</b>	<b>(977 500)</b>	<b>2 764 404</b>
<b>Foreign exchange spot transactions</b>	<b>(984 534)</b>	<b>76 492</b>	<b>(75 141)</b>	<b>979 025</b>	<b>(4 158)</b>
<b>Net currency position</b>	<b>2 762 634</b>	<b>(5 791)</b>	<b>1 878</b>	<b>1 525</b>	<b>2 760 246</b>



# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

	RUB	USD USD 1 = RUB 61.9057	EUR EUR 1 = RUB 69.3406	Other currencies	Total
<b>31 December 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1 866 737	25 326	45 171	914 790	2 852 024
Mandatory cash balance with the Central Bank of the RF	50 670	-	-	-	50 670
Due from financial institutions	501 064	6	24 212	-	525 282
Loans to customers	8 805 458	216 150	42 371	56 797	9 120 776
Investment assets	524 324	-	151 201	-	675 525
Other financial assets.	34 347	-	-	-	34 347
<b>Total financial assets</b>	<b>11 782 600</b>	<b>241 482</b>	<b>262 955</b>	<b>971 587</b>	<b>13 258 624</b>
<b>Financial liabilities</b>					
Due to banks	(605 200)	-	-	-	(605 200)
Customer accounts	(6 513 303)	(191 924)	(285 446)	(1 833 489)	(8 824 162)
Other financial liabilities	(430 047)	-	-	-	(430 047)
<b>Total financial liabilities</b>	<b>(7 548 550)</b>	<b>(191 924)</b>	<b>(285 446)</b>	<b>(1 833 489)</b>	<b>(9 859 409)</b>
<b>Net currency balance sheet position</b>	<b>4 234 050</b>	<b>49 558</b>	<b>(22 491)</b>	<b>(861 902)</b>	<b>3 399 215</b>
<b>Foreign exchange spot transactions</b>	<b>(826 904)</b>	<b>(43 334)</b>	<b>20 802</b>	<b>850 548</b>	<b>1 112</b>
<b>Net currency position</b>	<b>3 407 146</b>	<b>6 224</b>	<b>(1 689)</b>	<b>(11 354)</b>	<b>3 400 327</b>

Currency risk sensitivity. The following table presents details of the Bank's sensitivity to increase or decrease of the ruble by 30% (corresponds to growth of the currency pair USD/RUB in February-March, 2020, in the period of the shock to financial markets resulting from the spread COVID-19) against the respective currencies. The 30% sensitivity level is used in the analysis and preparation of internal reports on currency risk for key management personnel and reflects management's assessment of reasonably possible changes in exchange rates. As part of the risk sensitivity analysis, only balances for monetary items denominated in foreign currencies are considered and the translation of these balances at the reporting date is adjusted, subject to a 30% change in exchange rates. The positive amounts shown below reflect an increase in profit and other capital items with a 30% appreciation of the ruble against the corresponding currency. For a 30% weakening of the RUB against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	As at 30 June 2020 (unaudited)		At 31 December 2019	
	profit or loss	equity	profit or loss	equity
USD strengthening by 30% (2019: 30%)	(1 737)	(1 390)	1 867	1 494
USD weakening by 30% (2019: 30%)	1 737	1 390	(1 867)	(1 494)
EUR strengthening by 30% (2019: 30%)	563	451	(507)	(405)
EUR weakening by 30% (2019: 30%)	(563)	(451)	507	405
Other currencies strengthening by 30% (2019: 30%)	458	366	(3 406)	(2 725)
Other currencies weakening by 30% (2019: 30%)	(458)	(366)	3 406	2 725

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 27. Risk management policies (continued)

For the purposes of prudential standards, the Bank in the reporting period continued to adhere to a conservative policy on currency risk management and an approach to maintaining a "near-zero" open currency position. As at 1 July 2020 the minimum size of an open currency position was formed: the maximum OCP in a separate currency (GBP) was RUB 9,1 million, balancing OCP - RUB 0,45 million. At the same time, the amount of open currency positions was less than 2% of the Bank's own funds (0,36%), and currency risk was not included in the calculation of capital adequacy ratios.

### 28. Related party transactions

In accordance with IAS 24 Related Party Disclosures, related parties are the parties one of which has control or significant influence over the operating and financial decisions of the other party. Considering each possible related party relationship, attention is directed to the substance of the relationship not merely the legal form.

Related parties may enter into transactions that unrelated parties would not. Transactions between related parties may be on different terms, conditions and amounts than the transactions between unrelated parties. In accordance with the Bank's policy, terms and conditions for arm's-length transactions are applicable to all the related party transactions.

Details of transactions between the Bank and its related parties are disclosed below:

Financial statement line item	30 June 2020 (unaudited)		31 December 2019	
	Cash flows with related parties	Total category as per the financial statements caption	Cash flows with related parties	Total category as per the financial statements caption
Loans to customers, total	9 735	12 515 541	10 226	11 524 335
- key management personnel	9 735		10 226	
Provisions for impairment of loans	(1 123)	(2 965 796)	(1 150)	(2 403 559)
- key management personnel	(1 123)		(1 150)	
Due to customers	2 176 041	8 678 667	1 859 946	8 824 162
- key management personnel	24 169		24 480	
- shareholders	2 141 847		1 835 448	
- entities under common control	451		18	
- other related parties	9 574		-	
Undrawn credit lines	976	1 708 296	568	1 632 645
- key management personnel	976		568	

As at 30 June 2020 and 31 December 2019 the sole participant issued a guarantee to counterparty banks in order to assist the Bank in attracting interbank loans. This guarantee allows the Bank to attract medium-term and long-term funding from banks in the amount of USD 20 million or equivalent in another currency (as at 31 December 2019 - 20 million USD or equivalent in another currency).

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

### 28. Related party transactions (continued)

Included in the statement of profit or loss for the first half of 2020 and 2019 there are the following amounts, which arose due to transactions with related parties.

Financial statement line item	First half of 2020 (unaudited)		First half of 2019 (unaudited)	
	Cash flows with related parties	Total category as per the financial statements caption	Cash flows with related parties	Total category as per the financial statements caption
Interest income	585	642 372	503	317 998
- key management personnel	582		503	-
- other related parties	3		-	
Interest expense	(377)	(201 911)	(45 042)	(94 959)
- key management personnel	(209)		(321)	-
- shareholders	(107)		(44 718)	-
- entities under common control	-		(3)	-
- other related parties	(61)		-	
Fee and commission income	44	112 209	403	36 474
- key management personnel	16		7	-
- shareholders	10		11	-
- entities under common control	17		385	-
- other related parties	1		-	
Net gain/(loss) on trading of foreign currency	32	(80 107)	7 923	32 839
- key management personnel	36		34	-
- shareholders	-		7 889	-
- other related parties	(4)		-	
Operating expense	(63 168)	(613 148)	(45 357)	(505 594)
- key management personnel	(62 162)		(44 452)	-
- shareholders	(1 004)		(905)	-
- other related parties	(2)		-	

Remuneration to key management personnel (excluding social security contributions) for the first half of 2020 was RUB 51 912 thousand. (for the 1st half of 2019 RUB 41 576 thousand). Short-term liabilities for unused vacations to key management personnel associated with the Bank as at 30 June 2020 amounted to RUB 5 924 thousand, as at 30 June 2019 amounted to RUB 2 721 thousand.

# SBI Bank LLC

## Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2020 (in thousands of Russian Rubles, unless otherwise indicated)

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### 29. Subsequent events

All information received by the Bank after the reporting date about the conditions that existed at the reporting date has been updated in these statements to reflect this new information.


At the beginning of 2020, the Bank was undergoing a planned inspection by the Central Bank of the Russian Federation, which was suspended due to the spread of the COVID-19 virus. In July 2020, this inspection was resumed. At the time of signing these reports, the Central Bank's audit continues.

There are no non-adjusting events after the reporting date that are of significant importance to users of this report.

Approved for issue and signed on 31 August 2020.  
on behalf of the Management Board of the Bank:

  
Karyakin Andrei Dmitrievich  
Chairperson of the Management Board



  
Sytenko Vadim Gennadievich  
Chief Accountant