TCS Group Holding PLC

International Financial Reporting Standards Separate Financial Statements and Independent Auditor's Report

31 December 2019

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Board of Directors
Constantinos Economides, Chairman
Alexios Ioannides
Mary Trimithiotou
Jacques Der Megreditchian
Martin Robert Cocker

The above all served throughout 2019 and through to the date of these separate financial statements. Philippe Delpal retired from the Board on 16 August 2019.

The Company's Articles of Association include regulations for the retirement by rotation of Directors at each annual general meeting. These regulations will operate in 2020 on the basis of the composition of the Board at the relevant date.

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

Registered office
25 Spyrou Araouzou
Berengaria 25, 5th floor,
3036, Limassol, Cyprus

1. The Board of Directors presents its report together with the audited separate financial statements of TCS Group Holding PLC (the "Company") for the year ended 31 December 2019.

Principal activities and nature of operations of the Company

2. The principal activities of the Company are holding of investments in subsidiary companies operating in the Russian Federation and offering call center services to customers and potential customers in the Russian Federation following the launch of Cyprus based home call center. The main subsidiaries are JSC "Tinkoff Bank" (the "Bank"), JSC "Tinkoff Insurance" (the "Insurance company"), LLC "Phoenix", LLC "CloudPayments", LLC "Tinkoff Mobile", Tinkoff Software DC, LLC "Fintech DC" and LLC "Tinkoff Capital" (the Company and its subsidiaries collectively the "Group"). Refer to Note 1.

3. The Bank specialises in retail banking for individuals, individual entrepreneurs ("IE"), small and medium-sized enterprises ("SME") and brokerage services. The Bank, which is fully licensed by the Central Bank of Russia, launched its operations in the Summer of 2007 and is a member of the Russian Deposit Insurance System. The Insurance Company specialises in providing non-life insurance coverage such as accident, property, travel, credit protection and auto insurance. LLC "Phoenix" is a debt collection agency. LLC "CloudPayments" is a developer of online payment solutions whose core business is online merchant acquiring in Russia. LLC "Tinkoff Mobile" is a mobile virtual network operator set up in 2017 to provide mobile services. Tinkoff Software DC provides software development services to the Group. The founder and controlling shareholder of the Company is Oleg Tinkov.

Review of developments, position and performance of the Company's business

4. During 2019 the Company actively continued the development of its call center and software development services in Cyprus. The Company continues to increase its call center work force, providing training so that these employees can provide services to Tinkoff Bank and, indirectly, its customers.

5. The Bank operates a flexible business model. Its virtual network enables it to quickly and easily increase business or slow down customer acquisition depending upon the availability of funding and market conditions. The Bank's primary customer acquisition channels are Internet and Mobile, but it also uses Direct Sales Agents and partnerships (co-brands) to acquire new customers. These customer acquisition models, combined with the Bank's virtual network, afford it a geographic reach across all of Russia's regions resulting in a highly diversified portfolio.

6. During 2019 the Company completed a secondary public offering ("SPO") of its "class A" shares in the form of Global Depositary Receipts (GDRs) raising by RR 18,916 million (USD 300 million) gross of costs. This provides additional necessary capital to take advantage of profitable growth opportunities whilst maintaining sufficient capital buffers for the future (Note 1 and 13).

7. The key offerings of JSC "Tinkoff Insurance" are personal accident insurance, collective insurance against accidents and illnesses, travel insurance, motor vehicle insurance and property insurance, compulsory third party liability insurance (CTP) and voluntary third party liability insurance (VTP). The Insurance Company focuses on online sales.

8. The profit of the Company for the year ended 31 December 2019 was RR 15,816 million (2018: loss of RR 23 million). On 31 December 2019 the total assets of the Company were RR 263,567 million (2018: RR 222,216 million) and the net assets were RR 260,273 million (2018: RR 193,046 million). On 20 December 2019 the Company issued two tranches of Euro-Commercial Paper (ECP) denominated in USD and EUR maturing on 20 November 2020. The USD denominated ECP has a nominal value of USD 10 million with a discount of 3.6% and the EUR denominated ECP has a nominal value of EUR 15 million with a discount of 1.0%. On 19 February 2019 the Company issued Euro-Commercial Paper (ECP) denominated in EUR maturing on 18 February 2020 with a nominal value of EUR 12 million and at a discount of 1.25%. During 2019 the Company distributed dividends in accordance with its dividend policy in the amount of RR 5,856 million (2018: RR 12,265 million).

Environmental matters

9. As the Group, and, by extension the Company is an online-only financial institution, the management of the Company believes that none of the Company's business relationships, products or services are likely to have any significant actual or potential significant environmental impacts and do not believe its operations are exposed to any material environmental risks. Management, in reaching this view, have taken into account the risk of adverse impacts that may stem from the Company's own activities as well as its business relationships including its supply and subcontracting chains. This belief is based on continuous scrutiny of the business. The Company is continuously reviewing its processes to identify opportunities to reduce their environmental impact.

Human resources

10. Empowerment is an important ingredient in the success of our organization. To achieve this, decision making is delegated to the levels deep below the management team; discussion, idea generation and exchange and transparency is actively promoted and encouraged; and an open leadership style ensures that information can move freely. The Company utilizes all types of forums to promote continual dialogue – such as email, online chat rooms, flash meetings, as well as formalized meeting structures. The Company offers a clear far-reaching career path for its employees, a unique work environment and a fair and transparent compensation.

11. Clear performance evaluation processes and fair compensation are essential. Compensation is a combination of fixed rate salary and supplemental bonuses and is based on employee performance. Employees are evaluated on a regular basis in order to monitor their achievement against their Key Performance Indicators as well as to provide feedback which can be used for their career development and to determine incentive compensation.

12. Prior to its IPO in 2013, the Company set up share-based management long term incentive plans ('MLTIP') as retention and motivational tools for key and senior managers of the Company's subsidiaries. In March 2016, the Company announced a consolidated long-term management incentive and retention plan, covering around 50 key, senior and middle managers. Since then the number of participants has increased to over 80. Total size of the MLTIP pool is 5.4% of the Company's share capital as at 31 December 2018 before the SPO (Note 13). The plan is designed to align more closely managers' interests with those of shareholders to grow the Company's value. The plan is awarded over four years with each such annual award vesting over the subsequent three years. The Company believes that participation in its share capital is an effective motivation and retention tool. The new management incentive and retention plan now embraces more managers, for two main reasons: firstly, internal promotions as some employees were promoted to key managerial positions; and, secondly, as part of its expansion and transformation into a financial marketplace, the Bank and other companies of the Group have hired a significant number of new managers to develop and manage new business lines and to strengthen internal controls, including cyber security.

Non-Financial Information and Diversity Statement

13. The Company's policies and other information that provide an understanding of the development, performance, position and impact of the Company's activities in the areas of environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters can be found in the Company's most recently published Non-Financial Information and Diversity Statement. The Company will publish its Non-Financial Information and Diversity Statement for the year ended 2019, on the Company's website, www.tcsgh.com.cy (and www.tinkoff.ru/eng) no later than 30 June 2020.

Principal risks and uncertainties

14. The Company's business and financial results are impacted by the uncertainties and volatilities in the Russian economic environment which can be impacted by global factors and/or by national factors.

15. The Company's subsidiaries and the Company on its own are subject to a number of principal risks which might adversely impact its performance. The principal activities of the Company through its subsidiaries are banking and insurance operations and so it is within this area that the principal risks occur. Management considers that those principal risks are: financial risks, operational risks and legal risks. Financial risks comprise market risks (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

16. The Board has put in place arrangements to identify, evaluate and manage the principal risks and uncertainties faced by the Company. The Company has an established risk management program that focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. This is overseen by a dedicated Risk Management function, which works with senior management of the operating companies in Russia as well as the Board of Directors in this area. The primary objectives of the financial risk management function are to establish acceptable risk limits, and then ensure that the exposures remain within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures that minimize operational and legal risks. The risk management strategy is established so as to identify, assess, monitor and manage the risks arising from Company's and subsidiaries' activities. These risks as well as other risks and uncertainties, which affect the Company and how these are managed, are presented in Notes 19 and 20 of the separate financial statements.

17. In addition, late in 2019, news first emerged from China about the COVID-19 (Coronavirus). At the end of 2019 a limited number of cases of an unknown virus had been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally resulting in an announcement of pandemic status by the World Health Organization in March 2020.

    Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have had a significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on the business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company's subsidiaries may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the impact of COVID-19 on the subsidiaries' business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy. Management considers this outbreak to be a non-adjusting post balance sheet event. While this is still an evolving situation at the time of issuing these separate financial statements, to date there has been no discernible impact on the Group's business, however the future effects cannot be predicted. As the situation is rapidly evolving, we do not consider it is practicable at present to determine a quantitative estimate of the potential impact of this outbreak on the Group.

    Management will continue to monitor the potential impact and will take steps to mitigate any effects where required. Further discussion of the potential impact on the Group of COVID 19 together with the responses of management are detailed in Note 2.

Contingencies

18. The Company's contingencies are disclosed in Note 20 to the separate financial statements.

Future developments

19. The strategic objective for the Group and so, by extension, the Company is to be a full service, online financial and lifestyle ecosystem with a broad range of financial, insurance and quasi-financial products, serving customers through a high-tech online and mobile platform that offers premium quality service and convenience, while maintaining high growth rates, profitability and effective data-driven risk management.

Results

20. The Company's results for the year are set out on page 2 of the separate financial statements. Information on distribution of profits is presented in Note 17.

Any important events for the Company that have occurred after the end of the financial year

21. Important events for the Company that have occurred after the end of the financial year are presented in Note 24.

Share capital

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

23. On 2 July 2019 the Company completed a SPO on the London Stock Exchange plc and issued 16,666,667 "Class A" shares of the Company in the form of GDRs at a price of USD 18.00 per GDR (RR 1,135 per GDR), raising aggregate gross proceeds of USD 300 million (RR 18,916 million) which would ensure the necessary capital to seize the current profitable growth opportunities whilst maintaining ample capital buffers in the future.

24. As at 31 December 2019 the number of issued "class A" shares is 119,291,268 and issued "class B" shares is 80,014,224 (31 December 2018: the number of issued "class A" shares is 96,239,291 and issued "class B" shares is 86,399,534).

Research and development activities

25. The Company has not undertaken any significant research and development activities during the year ended 31 December 2019 though it continues to identify opportunities and ways to further develop its business in line with its strategic objective as set out above.

Treasury shares

26. At 31 December 2019 the Group held 4,185,166 (2018: 6,604,353) of its own GDRs, equivalent to approximately RR 3,164 million (2018: RR 3,670 million) and which represent 2.1% (2018: 3.6%) of the issued shares.

27. Treasury shares are GDRs of TCS Group Holding PLC that are held by a special purpose trust which has been specifically created for the long-term incentive programme for the management of the Company's subsidiaries (MLTIP) (see Note 23 for further information).

28. In 2019, the Company repurchased no GDRs (2018: the Company repurchased 2,094,126 GDRs at market price for RR 2,455 million representing 1.1% of the issued share capital).

29. During 2019 the Company transferred 2,419,187 GDRs (2018: 1,804,894 GDRs), representing 1.21% (2018: 1.0%) of the issued shares, upon vesting under the MLTIP. This resulted in a transfer of RR 506 million (2018: RR 372 million) out of treasury shares to retained earnings.

Board of Directors

30. The members of the Board of Directors as of 31 December 2019 and at the date of this report are presented above. All served throughout the year ended 31 December 2019 and through to the date of these separate financial statements, except from Philippe Delpal, who retired from the Board on 16 August 2019.

31. There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Branches

32. The Company did not operate through any branches during the year.

Independent auditor

33. The Independent Auditor, PricewaterhouseCoopers Limited, has expressed its willingness to continue in office. A resolution giving authority to the Board of Directors to fix its remuneration will be proposed at the Annual General Meeting.

Going concern

34. Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the separate financial statements based on the fact that, after making enquiries and following a review of the Company's budget for 2020, including cash flows and funding facilities, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future. This assessment was made with the available information to the Company as at the date of approving the financial statements

Corporate Governance Statement

GDRs of TCS Group Holding PLC, with each GDR issued under a deposit agreement dated on or about 24th October 2013 with JPMorganChase Bank N.A. as depositary representing one Class A share, are listed on the London Stock Exchange. The Company's GDRs are also listed on the Moscow Exchange. No shares of TCS Group Holding PLC are listed on any exchange.

The Company is required to comply with the UK corporate governance regime to the extent it applies to foreign issuers of GDRs listed on the London Stock Exchange. The Company has not adopted corporate governance measures of the same standard in all respects as those adopted by UK incorporated companies or companies with a premium listing on the London Stock Exchange.

As the Class A shares themselves are not listed on the Cyprus Stock Exchange (or elsewhere), the Cypriot corporate governance regime, which only relates to companies that are listed on the Cyprus Stock Exchange, does not apply to the Company and accordingly the Company does not monitor its compliance with that regime.

The Company's Home State is Cyprus.

A description of the terms and conditions of the GDRs can be found at 'Terms and Conditions of the Global Depositary Receipts', 'Summary of the Provisions relating to the GDRs whilst still in Master Form' and 'Description of Arrangements to Safeguard the Rights of the Holders of the GDRs' in the Prospectus issued by the Company dated 22 October 2013 and on the website at www.tinkoff.ru/eng. Refer to Note 1 for the description of the rights of each class of shares.

Copies of the Articles of Association of the Company adopted on 21 October 2013, the terms of reference of the Committees, and other corporate governance related as well as investor relations related materials can also be found on the website www.tinkoff.ru/eng, at the Company's main website (www.tcsgh.com.cy), on the Company's page on the London Stock Exchange website (www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary) and at the official site of the Department of Registrar of Companies, Cyprus (http://www.mcit.gov.cy/).

Board of Directors

The role of the Board is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic objectives, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management's performance. The Board also sets the Company's values and standards and ensures that its obligations towards the shareholders and other stakeholders are understood and met.

The Board operates under a formal schedule of matters reserved to the Board for its decision, approved by shareholders in 2013.

The authorities of the members of the Board are specified by the Articles of Association of the Company and by law. The current five strong Board of Directors is comprised of three executive directors including the chairman, and two non-executive directors both of whom are independent. Other than the retirement of Mr. Philippe Delpal on 16 August 2019, there was no change in the composition of the Board or status of the directors in 2019. The Board of Directors currently contains no B Directors.

The longest serving director is Mr. Constantinos Economides who became a director in 2008, and later took over the role of Chairman of the Board of Directors in June 2015. The names of the people who served on the Board during 2019 are listed at Board of Directors and other officers.

The Company has established two Committees of the Board. Specific responsibilities have been delegated to those committees as described below.

The Board is required to undertake a formal and rigorous review annually of its own performance, that of its committees and of its individual directors. That review was recently carried out, in-house, in relation to 2019, looking at overall performance. All directors completed detailed questionnaires on the Board's, the committees' and the individual director's performance. Analysis of the resultant feedback was discussed at a meeting of the Board of Directors on 10 March 2020, and there were no changes in the performance of the Board, its committees or individual directors.

The Board has not appointed a senior independent director. There are only two independent directors of whom at least one will retire each year. The role of appraising the Chairman of the Board for FY2019 was performed by the Chairman of the Audit Committee.

Committees of the Board of Directors

The Company has established two Committees of the Board of Directors: the Audit Committee and the Remuneration Committee. Their terms of reference are summarized below. Both Committees were formed in October 2013. The Board reserves the right to amend their terms of reference and arranges a periodic review of each Committee's role and activities and considers the appropriateness of additional committees.

Committees - current composition

The Audit Committee is chaired by an independent non-executive director Mr Martin Cocker, and had, until 16 August 2019, two other members both non-executive directors, one of whom was independent. From 16 August 2019 the Audit Committee has comprised of its chairman Mr Martin Cocker and one independent non-executive director.

The Remuneration Committee is also chaired by an independent non-executive director, Mr Jacques Der Megreditchian, and had until 16 August 2019 two other members both non-executive directors, one of whom was independent. From 16 August 2019 the Remuneration Committee has comprised of its chairman Mr Jacques Der Megreditchian and one independent non-executive director.

The current terms of reference of both Committees are available to the public and can be found on the Group's website. A short summary of both is set out below.

Role of the Audit Committee

The Audit Committee's primary purpose and responsibility is to assist the Board in its oversight responsibilities. In executing this role the Audit Committee monitors the integrity of the separate financial statements of the Company prepared under International Financial Reporting Standards ("IFRS") and any formal announcements relating to the Group's and the Company's financial performance, reviewing significant financial reporting judgments contained in them, oversees the financial reporting controls and procedures implemented by the Company and monitors and assesses the effectiveness of the Company's internal financial controls, risk management systems, internal audit function, the independence and qualifications of the independent auditor and the effectiveness of the external audit process. The Audit Committee is required to meet at appropriate times in the reporting and audit cycle but in practice meets more often as required.

Under its terms of reference, the Audit Committee is required, at least once each year, to review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and to recommend any changes it considers necessary for Board approval. The Audit Committee met this obligation through members participating in the main Board review described above. After consideration of the review, no changes were proposed to the committee's terms of reference. The Audit Committee operates a structured framework around the extensive work it does on non-financial statement matters holding at least two additional meetings annually, at least one of which would be held at the Bank's head office in Moscow, to consider specific, non-financial statement related areas within its terms of reference. One such meeting was held in 2019 with a further two are planned for 2020.

The Audit Committee has developed a risk matrix which constantly evolves to reflect new risks, the perceived impact of, and the Group's appetite for, any given risk and the measures taken to mitigate those risks. This matrix is run in conjunction with the internal audit function.

A new post of chief information security officer was created in late 2017 and filled, with additional personnel expert in cyber-security recruited, in a very competitive market, through 2018 and 2019 to support the Group's ever-increasing efforts to stay ahead of trends and threats in this sphere. The Group has further broadened its top management team with a new chief investment officer and new chief operating officer appointed in 2020 and now in place.

Role of the Remuneration Committee

The Remuneration Committee is responsible for determining and reviewing among other things the framework of remuneration of the executive directors, senior management and its overall cost and the Group's remuneration policies. The objective is to ensure that the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are in a fair and responsible manner rewarded for their individual contributions to the success of the Company. The Remuneration Committee's Terms of Reference include reviewing the design and determining targets for any performance related pay schemes and reviewing the design of all share incentive plans for approval by the Board. The Remuneration Committee is required to meet at least twice a year but in practice meets far more often.

The Remuneration Committee continued with its work into 2019 on its ongoing review of the operation of the Company's MLTIP which launched in 2016 and in considering additional awards to both existing and new participants for this and subsequent years. The Remuneration Committee recommended 10 members of management be invited to join MLTIP in Q1 2019, but made no such recommendations in Q1 2020.

The Committee has also been working on plans for an incentive and compensation plan to supplement MLTIP for when, in the period 2022 to 2024, existing awards made to MLTIP joiners in 2016-2017 start to enter into run off.

Under its terms of reference the Remuneration Committee is required at least once each year to review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and to recommend any changes it considers necessary for Board approval. The Remuneration Committee met this obligation through members participating in the main Board review (described above) under which detailed questionnaires were completed by all directors assessing the operation of the Board and both committees as well as individual directors. Although earlier reviews had resulted in certain minor changes to the Remuneration Committee's terms of reference, no further changes were felt required based on the most recent review. The Committee continues to meet as required. In 2019 it convened 5 times.

Appointment, retirement, rotation and removal of directors

The directors of the Company are appointed by the general meeting of shareholders with the sanction of an ordinary resolution. Such an appointment may be made to fill a vacancy or as an additional director. But no director may be appointed unless nominated by the Board of Directors or by a committee duly authorized by the Board of Directors or by a shareholder or shareholders together holding or representing shares which in aggregate constitute or represent at least 5% in number of votes carried or conferred by the shares giving a right to vote at a general meeting.

Notwithstanding that, one or more Directors B (a special category of director) may be appointed only by Class B shareholders, together holding or representing Class B shares which constitute or represent in aggregate over 50% in nominal capital paid up on the Class B shares upon serving notice to the Company.

The Board of Directors may at any time appoint any person to the office of director either to fill a vacancy or as an additional director and every such director shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation.

One third of the directors (or if their number is not a multiple of three, the number nearest to three but not exceeding one-third) shall retire by rotation at every annual general meeting. Directors holding an executive office and Directors B are excluded from retirement by rotation.

Directors including Directors B may be removed from office by the shareholders at a general meeting with the sanction of an ordinary resolution, subject to giving 28 days' notice to that director in accordance with the Articles of Association. Directors B may at any time be removed from office by Class B shareholders together holding or representing Class B shares which constitute or represent over 50% in nominal capital paid up on the Class B Shares upon giving notice to the Company.

The office of director shall be vacated if the director:

- becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- becomes prohibited from being a director by reason of any court order made under Section 180 (disqualification from holding the position of director on the basis of fraudulent or other conduct) of the Cyprus Companies Law; or
- becomes, or may be, of unsound mind; or
- resigns his office by notice in writing to the Company left at the registered office; or
- is absent from meetings of the Board for six consecutive months without permission of the Board of Directors and his alternate director (if any) does not attend in his place and the Board of Directors resolves that his office be vacated.

At any time when Class B Shares cease to exist by virtue of conversion into Class A Shares, each Director B shall thereby become (undesignated) a director and shall remain in office until the next annual general meeting and such director will not be taken into account in determining the directors who are to retire by rotation at such meeting.

Significant direct/indirect holdings

For the significant direct and indirect shareholdings held in the share capital of the Company, please refer to Note 1 of the separate financial statements.

Internal control and risk management systems in relation to the financial reporting process

Policies, procedures and controls exist around financial reporting. Management is responsible for executing and assessing the effectiveness of these controls.

Financial reporting process

The Board of Directors is responsible for the preparation of the separate financial statements in accordance with IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the separate financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board has delegated to the Audit Committee the responsibility for reviewing the separate financial statements to ensure that they are in compliance with the applicable framework and legislation and for recommending these to the Board for approval. The Audit Committee is responsible for overseeing the Company's financial reporting process.

Internal Controls and Risk Management

Management is responsible for setting the principles in relation to risk management. The risk management organisation is divided between Policy Making Bodies and Policy Implementation Bodies. Policy Making Bodies are responsible for establishing risk management policies and procedures, including the establishment of limits. The main Policy Making Bodies are the Board of Directors, the Management Board, the Finance Committee, the Credit Committee and the Business Development Committee.

In addition the Company has implemented an online analytical processing management system based on a common SAS data warehouse that is updated on a daily basis. The set of daily reports includes but is not limited to sales reports, application processing reports, reports on the risk characteristics of the card portfolios, vintage reports, transition matrix (roll rates) reports, reports on the pre-, early and late collections activities, reports on compliance with CBR requirements, capital adequacy and liquidity reports, operational liquidity forecast reports and information on intra-day cash flows.

Diversity policy

The Company is committed to offering equal opportunity to all current and prospective employees, such that no applicant or employee is discriminated in favour of or against on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation in recruitment, training, promotion or any other aspect of employment. Recruitment, training and promotion are exclusively based on merit. All the

Company's and the Group's employees involved in the recruitment and management of staff are responsible for ensuring the policy is fairly applied within their areas of responsibility. The Company applies this approach throughout, at all levels. This includes its administrative, management and supervisory bodies, including the Board of Directors of the Company.

The composition and diversity information of the Board of Directors of the Company for the year ended and as at 31 December 2019 is set out below:

Name	Age	Male/Female	Educational/professional background
Constantinos Economides	44	Male	ICAEW, MSc in Management Sciences, experience in 'Big Four' professional services firms
Alexios Ioannides	43	Male	ICAEW, ICPAC, BSc in Business Administration, experience in 'Big Four' professional services firms
Mary Trimithiotou	42	Female	ICPAC, FCCA, Licensed insolvency practitioner, experience in 'Big Four' professional services firms
Martin Robert Cocker	60	Male	ICAEW, BSc in Mathematics and Economics, experience in 'Big Four' professional services firms
Philippe Delpal (resigned on 16 August 2019)	46	Male	BSc in IT, Telecoms and Economics, senior executive experience in banking industry
Jacques Der Megreditchian	60	Male	BSc in Business Administration and in Financial Analysis, banking and finance experience

Further details of the corporate governance regime of the Company can be found on the website: https://www.tinkoff.ru/eng/investor-relations/corporate-governance/.

By Order of the Board

Constantinos Economides
Chairman of the Board

Limassol
9 April 2020

Independent Auditor's Report

To the Members of TCS Group Holding PLC

Report on the Audit of the Separate Financial Statements

Our opinion

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of parent company TCS Group Holding PLC (the "Company") as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the separate financial statements which are presented in pages 1 to 43 and comprise:

- the separate statement of financial position as at 31 December 2019;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the separate financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the separate financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality	• Overall materiality: Russian Roubles ("RR") 1 301 million, which approximately represents 0.5% of total equity.
Key audit matters	We have identified the following key audit matter: • Valuation of investments in subsidiaries.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the separate financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Overall materiality	RR 1 301 million
How we determined it	Approximately 0.5% of total equity
Rationale for the materiality benchmark applied	The Company is a holding company with limited operations. It elects to measure its investments in subsidiaries at fair value. Therefore, we chose total equity as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users. We chose 0.5%, which in our experience is an acceptable quantitative materiality threshold for this benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above RR 65 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investments in subsidiaries	
We focused on this area because the management makes judgements over the fair value of investments in subsidiaries. The estimated fair value of investments in subsidiaries recognises that the majority of the value of TCS Group Holding PLC resides in its main operating subsidiaries JSC "Tinkoff Bank", JSC "Tinkoff Insurance", LLC "Phoenix" and Tinkoff Software DC. Thus in estimating the total fair value of the subsidiaries the primary input is the market quote of the Company's GDRs which are traded on the London and Moscow Stock Exchanges. Other inputs include the estimated fair value of the assets and liabilities held by the Company other than its investments in the subsidiaries. Note 3, Significant Accounting Policies, Note 4, Critical Accounting Estimates and Judgements in Applying Accounting Policies, Note 9, Investments in Equity Securities, and Note 21, Fair Value of Financial Instruments, and Note 24, Events after the End of the Reporting Period, included in the separate financial statements, provide detailed information on the valuation of investments in subsidiaries.	We assessed the reasonableness of the valuation technique followed by management in estimating the total fair value of the investments in subsidiaries. We tested the accuracy of the inputs used in the valuation, with the main input being the market quote of the GDRs of the Company. We also assessed the sensitivity of the valuation to the key inputs used. We also reviewed the appropriateness of the non-adjusting post balance sheet events disclosures in Note 24 in respect of this valuation. Based on the evidence obtained we found the valuation technique and inputs used to be appropriate and the outputs to be reasonable.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, including the Corporate Governance Statement, which we obtained prior to the date of this auditor's report, and the Company's complete Annual Report, which is expected to be made available to us after that date. Other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

Responsibilities of the Board of Directors and those charged with governance for the Separate Financial Statements

The Board of Directors is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company in 2008 by the members of the Company for the audit of the separate financial statements for the year ended 31 December 2007. Our appointment has been renewed annually, since then, by shareholder resolution. In December 2008 the Company listed Euro denominated bonds on the Swedish Stock Exchange (NASDAQ OMX Stockholm) and accordingly the first financial year after the Company qualified as a a European Union Public Interest Entity was the year ended 31 December 2009. Since then, the total period of uninterrupted engagement appointment was 11 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 9 April 2020 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the separate financial statements or the management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the separate financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the separate financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

The engagement partner on the audit resulting in this independent auditor's report is George C. Kazamias.

George C. Kazamias
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
PwC Central, 43 Demostheni Severi Avenue,
CY-1080 Nicosia Cyprus

9 April 2020

TCS Group Holding PLC
Separate Statement of Financial Position

In millions of RR	Note	31 December 2019	31 December 2018
ASSETS			
Cash and cash equivalents	7	598	761
Loans and deposit placements with related parties	8	5,594	379
Financial derivatives		-	86
Tangible fixed assets and right-of-use assets		4	2
Investments in debt securities		-	425
Investments in equity securities	9	257,293	219,249
Other financial assets		64	1,300
Other non-financial assets		14	14
TOTAL ASSETS		**263,567**	**222,216**
LIABILITIES			
Loans received	10	-	23,243
Debt securities in issue	11	2,460	3,754
Financial derivatives		-	1
Deferred income tax liabilities		168	1,187
Other financial liabilities	12	81	222
Other non-financial liabilities	12	585	763
TOTAL LIABILITIES		**3,294**	**29,170**
EQUITY			
Share capital	13	230	188
Share premium	13	26,998	8,623
Treasury shares	13	(3,164)	(3,670)
Share-based payment reserve		1,039	1,232
Accumulated losses		(10,901)	(20,861)
Revaluation reserve		246,071	207,534
TOTAL EQUITY		**260,273**	**193,046**
TOTAL LIABILITIES AND EQUITY		**263,567**	**222,216**

Approved for issue and signed on behalf of the Board of Directors on 9 April 2020.

Constantinos Economides
Director

Mary Trimithiotou
Director

In millions of RR	Note	2019	2018
Interest income calculated using the effective interest rate method	14	272	107
Other similar income	14	28	84
Interest expense calculated using the effective interest rate method	14	(732)	(1,404)
Net interest expense		**(432)**	**(1,213)**
Credit loss allowance for debt financial instruments		-	(19)
Net interest expense after credit loss allowance		**(432)**	**(1,232)**
Dividend income	9	17,158	1,351
Net (losses)/gains from derivatives revaluation		(678)	538
Net gains/(losses) from foreign exchange translation		477	(560)
Net gains from operations with foreign currencies		111	195
Net gains/(losses) from debt instruments at FVTPL		31	(112)
Net gains from disposals of debt securities at FVOCI		-	90
Administrative and other operating expenses	15	(251)	(347)
Other operating income		284	140
Profit before tax		**16,700**	**63**
Income tax expense	16	(884)	(86)
Profit/(loss) for the year		**15,816**	**(23)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Debt securities at FVOCI:			
- Net gains arising during the year, net of tax		-	78
- Net gains reclassified to profit or loss upon disposal, net of tax		-	(79)
Items that will not be reclassified subsequently to profit or loss:			
Net gains arising during the year on investments in equity securities at fair value through other comprehensive income		37,362	10,148
Income tax credit/(charge) recorded directly in other comprehensive income		1,019	(622)
Other comprehensive income for the year, net of tax		**38,381**	**9,525**
Total comprehensive income for the year		**54,197**	**9,502**

In millions of RR	Note	Share capital	Share premium	Revaluation reserve	Share-based payment	Accumulated (losses)/ income	Treasury shares	Total
Balance at 31 December 2017		**188**	**8,623**	**197,717**	**1,286**	**(8,593)**	**(1,587)**	**197,634**
Effect of initial application of IFRS 9 – ECL remeasurement, net of tax		-	-	1	-	(1)	-	-
Effect of initial application of IFRS 9 – other		-	-	(21)	-	21	-	-
Restated balance at 1 January 2018		**188**	**8,623**	**197,697**	**1,286**	**(8,573)**	**(1,587)**	**197,634**
Loss for the year		-	-	-	-	(23)	-	(23)
Other comprehensive income:								
Investments in equity securities at FVOCI		-	-	10,148	-	-	-	10,148
Investments in debt securities at FVOCI				(1)	-	-	-	(1)
Income tax charge recorded directly in other comprehensive income		-	-	(622)	-	-	-	(622)
Total comprehensive income for the year		**-**	**-**	**9,525**	**-**	**(23)**	**-**	**9,502**
GDRs buy-back	13	-	-	-	-	-	(2,455)	(2,455)
Share-based payment reserve	13	-	-	312	(54)	-	372	630
Dividends	17	-	-	-	-	(12,265)	-	(12,265)
Balance at 31 December 2018		**188**	**8,623**	**207,534**	**1,232**	**(20,861)**	**(3,670)**	**193,046**
Profit for the year		-	-	-	-	15,816	-	15,816
Other comprehensive income:								
Investments in equity securities at FVOCI		-	-	37,362	-	-	-	37,362
Income tax credit recorded directly in other comprehensive income		-	-	1,019	-	-	-	1,019
Total comprehensive income for the year		**-**	**-**	**38,381**	**-**	**15,816**	**-**	**54,197**
Shares issued	13	42	18,874	-	-	-	-	18,916
Secondary public offering costs	13	-	(499)	-	-	-	-	(499)
Share-based payment reserve	13	-	-	156	(193)	-	506	469
Dividends	17	-	-	-	-	(5,856)	-	(5,856)
Balance at 31 December 2019		**230**	**26,998**	**246,071**	**1,039**	**(10,901)**	**(3,164)**	**260,273**

In millions of RR	Note	2019	2018
Cash flows used in operating activities			
Interest income calculated using the effective interest rate method received		248	78
Other similar income received		-	71
Interest expense calculated using the effective interest rate method paid		(741)	(998)
Administrative and other operating expenses paid		(456)	(532)
Income tax paid		(26)	(20)
Cash (paid)/received from operations with financial derivatives		(651)	342
Cash received from trading in foreign currencies		111	195
Other operating income received		300	-
Cash flows used in operating activities before changes in operating assets and liabilities		**(1,215)**	**(864)**
Changes in operating assets and liabilities			
Net (increase)/decrease in loans and deposit placement with related parties		(5,215)	199
Net decrease in investments in debt securities at FVTPL		410	466
Net decrease in other non-financial liabilities		(373)	(144)
Net cash used in operating activities		**(6,393)**	**(343)**
Cash flows from/(used in) investing activities			
Dividend received from subsideries		17,583	-
Acquisition of debt securities at FVOCI		(21,317)	(12,545)
Proceeds from sale and redemption of debt securities at FVOCI		21,312	12,667
Acquisition of investments in equity securities at FVOCI		(416)	(606)
Proceeds from investments in equity securities at FVOCI		206	-
Acquisition of tangible fixed assets		-	(2)
Net cash generated from/(used in) investing activities		**17,368**	**(486)**
Cash flows (used in)/from financing activities			
Proceeds from secondary public offering	13	18,916	-
Secondary public offering costs paid	13	(499)	-
Proceeds from debt securities in issue	18	2,527	3,622
Repayment of debt securities in issue	18	(3,418)	(3,204)
Loans repaid	18	(23,092)	-
Loans received	10	-	14,955
Dividends paid	17	(5,601)	(11,946)
Repayment of principal of lease liabilities		(3)	-
GDR buy back	13	-	(2,455)
Net cash (used in)/generated from financing activities		**(11,170)**	**972**
Effect of exchange rate changes on cash and cash equivalents		32	233
Net (decrease)/increase in cash and cash equivalents		**(163)**	**376**
Cash and cash equivalents at the beginning of the year	7	**761**	**385**
Cash and cash equivalents at the end of the year	7	**598**	**761**

1 Introduction

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") for the year ended 31 December 2019 for TCS Group Holding PLC (the "Company"), and in accordance with the requirements of the Cyprus Companies Law, Cap.113. The Company has also prepared and issued consolidated financial statements for the year ended 31 December 2019.

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

The Board of Directors of the Company at the date of authorisation of these of these separate financial statements consists of: Constantinos Economides, Alexios Ioannides, Mary Trimithiotou, Jacques Der Megreditchian and Martin Robert Cocker.

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

At 31 December 2019 and 2018 the share capital of the Company is comprised of "class A" shares and "class B" shares. A "class A" share is an ordinary share with a nominal value of USD 0.04 per share and carrying one vote. A "class B" share is an ordinary share with a nominal value of USD 0.04 per share and carrying 10 votes. As at 31 December 2019 the number of issued "class A" shares is 119,291,268 and issued "class B" shares is 80,014,224 (31 December 2018: the number of issued "class A" shares is 96,239,291 and issued "class B" shares is 86,399,534). Refer to Note 13 for the information about main changes during the year in the number of "class A" and "class B" shares.

On 25 October 2013 the Company completed an initial public offering of its "Class A" ordinary shares in the form of global depository receipts (GDRs) listed on the London Stock Exchange plc. On 2 July 2019 the Company completed a secondary public offering (SPO) of its "class A" shares in the form of GDRs. Refer to Note 13 for the information about SPO. On 28 October 2019 the Company's GDRs started trading also on the Moscow Exchange.

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

	Class of shares	31 December 2019	31 December 2018	Country of Incorporation
Guaranty Nominees Limited (JP Morgan Chase Bank NA)	Class A	59.85%	52.70%	United Kingdom
Altoville Holdings Limited	Class B	18.47%	23.65%	Cyprus
Nemorenti Limited	Class B	21.68%	23.65%	Cyprus
Ioanna Georgiou	Class A	0.00%	0.00%	Cyprus
Panagiota Charalambous	Class A	0.00%	0.00%	Cyprus
Maria Vyra	Class A	0.00%	0.00%	Cyprus
Marios Panayides	Class A	0.00%	0.00%	Cyprus
Chloi Panagiotou	Class A	0.00%	0.00%	Cyprus
Leonora Chagianni	Class A	0.00%	0.00%	Cyprus
Total		**100.00%**	**100.00%**	

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

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

1 Introduction (Continued)

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

The Company owns 100% of the shares and has 100% of the voting rights (directly or indirectly) of the following subsidiaries at 31 December 2019 and 2018: JSC "Tinkoff Bank" ("the Bank"), LLC "Microfinance company "T-Finans", LLC TCS, LLC "Phoenix", Tinkoff Software DC, LLC "Tinkoff Mobile", Goward Group Limited (since February 2018 Goward Group Ltd was in liquidation process, and on 16 April 2019 the company was liquidated), LLC "Fintech DC", LLC "Tinkoff Capital" and ANO "Tinkoff Education". As at 31 December 2019 the Company owns 80.08% and the Bank owns 9.92% of the shares of the JSC "Tinkoff Insurance" ("the Insurance Company"). In June 2019 the Insurance company repurchased 10% of its shares. The Company and its subsidiaries together referred to as the "Group".

At 31 December 2019, the Company owns directly 55% of the shares of LLC "CloudPayments". Additional 40% of the shares of LLC "CloudPayments" is held indirectly through the shares owned by the Bank (31 December 2018: 55% to the Company).

Principal activity. The Company's principal business activities are the holding of investments in Russian subsidiary companies and starting from December 2017 offering Cyprus based home call center services to customers and potential customers outside of Russia. The Bank operates under general banking license No. 2673 issued by the Central Bank of the Russian Federation ("CBRF") since 8 December 2006. The Insurance Company operates under an insurance license issued by the CBRF.

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

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

The subsidiary LLC "Microfinance company "T-Finans" provides micro-finance services to clients.

The subsidiary LLC "TCS" provides printing and distribution services to the Bank.

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

The subsidiary LLC "Tinkoff Mobile" is a mobile virtual network operator set up in 2017 to provide mobile services.

The subsidiary LLC "CloudPayments" is a developer of online payment solutions whose core business is online merchant acquiring in Russia.

The subsidiary LLC "Phoenix" is a debt collection agency.

The subsidiary Tinkoff Software DC and LLC "Fintech DC" provides software development services to the Group.

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

ANO "Tinkoff Education" is a non-commercial organization set up by the Bank as the sole founder.

EBT is a special purpose trust which has been specifically created for the long-term incentive programme for Management of the Group (MLTIP).

Registered address and place of business. The Company's registered address is 25 Spyrou Araouzou, 25 Berengaria, 5th floor, Limassol, Cyprus.

Presentation currency. These separate financial statements are presented in millions of Russian Rubles (RR).

2 Operating Environment of the Company

Russian Federation. The Company's main subsidiaries all operate within the Russian Federation, which displays certain characteristics of an emerging market. Its economy is particularly sensitive to the price of oil and gas on the world market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 21).

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

In March 2020, oil prices dropped significantly, which resulted in the immediate weakening of Russian Ruble against major currencies at the date of approval of these separate financial statements as compared to the end of 2019.

With respect to Rouble interest rates, CBRF "key rate" amounted to 6.25% per annum as at 31 December 2019 (31 December 2018: 7.75%).

The Group actively monitors the situation in the Russian banking sector and the activity of CBRF in response to current and newly developed requirements, or any sanctions against the participants who breach them. In particular in 2019 CBRF introduced certain macroprudential adjustments (for example borrowers' debt burden limit) to manage macroeconomic risks related to primarily unsecured lending. Management of the Group believes it is highly important to participate in the discussion of legislation development in the banking sphere and supports the intention of the CBRF to make the finance market more transparent and disciplined.

In addition, late in 2019, news first emerged from China about the COVID-19 (Coronavirus). At the end of 2019 a limited number of cases of an unknown virus had been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally resulting in an announcement of pandemic status by the World Health Organization in March 2020.

Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have had a significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on the business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company's subsidiaries may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the impact of COVID-19 on the subsidiaries' business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

Management considers this outbreak to be a non-adjusting post balance sheet event. While this is still an evolving situation at the time of issuing these separate financial statements, to date there has been no discernible impact on the Group's business, however the future effects cannot be predicted. As the situation is rapidly evolving, we do not consider it is practicable at present to determine a quantitative estimate of the potential impact of this outbreak on the Group.

However, the Company has developed a stress scenario of the possible impact on the current operating environment on the Company's cash flows and liquidity position. The scenario demonstrated the Company's ability to continue as a going concern.

Also several pieces of legislation have been adopted, with two particularly relevant provisions affecting the Company and its subsidiaries:

- Payment holidays for consumer loans of borrowers that have lost more than 30% of their income or have been diagnosed with COVID-19. Until the end of September 2020 troubled borrowers will be able to request a payment holiday of up to 6 months when supported by certain official documentation. During this period, interest can be accrued in an amount equating to 2/3 of the average market interest rate (PSK) for the product. At the end of the payment holiday, the original loan balance prior to the payment holidays returns to its contractual interest rate, while the additional interest accrued during the payment holiday is converted into a 720-day instalment loan, with instalments added to the regular payments of the original loan.

- Caps on interchange and acquiring fees for online purchases of certain goods: interchange and acquiring fees for online purchases of certain goods were temporarily reduced until the end of September 2020.

2 Operating Environment of the Company (Continued)

The overall impact on the Company and its subsidiaries will therefore depend on the number of borrowers that ask for payment holidays. While we are not yet in a position to predict this number, it is likely that the Group will be affected by a partial and temporary loss of interest income on rescheduled exposures, and an increase in risk costs as these loans would be reclassified to Stage 2 or 3 under IFRS. The effect of this negative situation will be reflected in impairment losses and expected credit losses in 2020, as a result of updating the expected credit loss model for statistical data and macroeconomic forecasts.

Using flexible business structure the Group swiftly moved some of its employees from acquisition to collection functions. The Group has been able to offer some of its cloud call center services to government institutions in support of dealing with increased enquiries coming from the Coronavirus outbreak. The Group reiterates its ability to withstand shocks and its positive long-term outlook. The Group has a highly liquid, FX-hedged, and well-capitalized balance sheet. The Group has the ability to delivery services digitally, and it intends to use this opportunity to heavily promote its mobile lifestyle app, current accounts, and brokerage business. Therefore, while management recognizes the near-term challenges, it is confident that the Group's business model and response function will lead to come out of the current volatility.

Management will continue to monitor the potential impact and will take steps to mitigate any effects where required.

3 Significant Accounting Policies

Basis of preparation. These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law Cap.113.

The Company has prepared these separate financial statements for compliance with the requirements of the Cyprus Income Tax Law and the Disclosure Rule as issued by the Financial Security Authority of the United Kingdom. The Company has also prepared consolidated financial statements in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law Cap. 113 for the Company and its subsidiaries ("the Group").

The consolidated financial statements can be obtained from 25 Spyrou Araouzou, 25 Berengaria, 5th floor, Limassol, Cyprus and the website of the Company www.tinkoff.ru.

The separate financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 16 effective from 1 January 2019, these policies have been consistently applied to all the periods presented, unless otherwise stated. Refer to Note 5.

Management prepared these separate financial statements on a going concern basis.

Financial instruments – key measurement terms. Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the quoted price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

3 Significant Accounting Policies (Continued)

The price within the bid-ask spread which management considers to be the most representative of fair value for quoted financial assets and liabilities is the last bid price of the business day. A portfolio of financial derivatives or other financial assets and liabilities that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (an asset) for a particular risk exposure or paid to transfer a net short position (a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date.

This is applicable for assets carried at fair value on a recurring basis if the Company: (a) manages the group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the entity's key management personnel; and (c) the market risks, including duration of the entity's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities is substantially the same.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 21.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the separate statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or secured that are integral to the effective interest rate such as origination fees.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

3 Significant Accounting Policies (Continued)

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs that are incremental and directly attributable to the acquisition or the issue of the financial asset or financial liability. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Company uses discounted cash flow valuation techniques to determine the fair value of currency swaps, foreign exchange forwards that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique. The differences are immediately recognised in profit or loss if the valuation uses only level 1 or level 2 inputs.

Financial assets – classification and subsequent measurement – measurement categories. The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on:

- the Company's business model for managing the related assets portfolio; and
- the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is:

- solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"); or
- to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell");
- if neither of i) and ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Based on the analysis performed the Company included the following financial instruments in the business model "hold to collect contractual cash flows" since the Company manages these financial instruments solely to collect contractual cash flows: cash and cash equivalents, loans and deposit placements with related parties and other financial assets. The Company included debt securities at FVOCI in the business model "hold to collect contractual cash flows and sell" since the Company manages these financial instruments to collect both the contractual cash flows and the cash flows arising from the sale of assets (for 2018 only). The Company included debt securities measured at FVTPL and financial derivatives in the business model "other".

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest (the SPPI test). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

3 Significant Accounting Policies (Continued)

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. However, if the contractual terms of the asset are modified, the Company considers if the contractual cash flows continue to be consistent with a basic lending arrangement in assessing whether the modification is substantial. See below for "Financial assets – modification".

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Company did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets – impairment – credit loss allowance for ECL. The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and for the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date.

The measurement of ECL reflects:

1) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
2) the time value of money; and
3) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the separate statement of financial position net of the allowance for ECL.

For financial guarantees a separate provision for ECL is recognised as a financial liability in the separate statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Company applies a "three stage" model for impairment in accordance with IFRS 9, based on changes in credit quality since initial recognition:

1) A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL").
2) If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("lifetime ECL"). Refer to Note 19 for a description of how the Company determines when a SICR has occurred.
3) If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a lifetime ECL. Refer to Note 19 for a description of how the Company defines credit-impaired assets and default.

Note 19 provides information about inputs, assumptions and estimation techniques used in measuring ECL.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

3 Significant Accounting Policies (Continued)

Financial assets – derecognition. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial assets – modification. The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset, or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred.

The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities).

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

3 Significant Accounting Policies (Continued)

Cash and cash equivalents. Cash and cash equivalents include deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Loans and deposit placements with related parties. Loans and deposit placement with related parties are recorded when the Company advances money to purchase or originate an unquoted non-derivative receivable from related party due on fixed or determinable dates and has no intention of trading the receivable. Loans and deposit placement with related parties are classified within held to collect business model, pass SPPI and are carried at amortised cost using effective interest rate. Refer to Note 8 for details of ECL measurement for loans and deposit placements with related parties.

Financial derivatives. Financial derivatives represented by foreign exchange swaps and forwards are carried at their fair value. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of financial derivatives are recorded within Net (losses)/gains from derivatives revaluation. The Company does not apply hedge accounting.

Tangible fixed assets. Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalised, and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of tangible fixed assets. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Depreciation of each item of tangible fixed assets is calculated using the straight-line method to allocate its cost to its residual value over its estimated useful life as follows:

	Useful lives in years
Equipment	3 to 10

The residual value of an asset is an estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

3 Significant Accounting Policies (Continued)

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

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

The lease term includes any non-cancellable and optional extension periods which have been assessed as reasonably certain to be exercised. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

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

As an exception to the above, the Company accounts for short-term leases and leases of low value assets by recognising the lease payments as an operating expense in profit or loss on a straight line basis. Short-term leases are leases with a lease term of 12 months or less, and the lease does not provide for the possibility of repurchase of the asset at the end of the contract. Low value assets are assets with a value of RR 300,000 or less at the date of conclusion of the contract.

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

Right-of-use asset are reviewed for impairment in accordance with the Company's accounting policy for impairment of non-financial assets.

Accounting for operating leases by the Company as a lessee prior to 1 January 2019. Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss for the year (rental expense within administrative and other operating expenses) on a straight-line basis over the period of the lease. Leases embedded in other agreements are separated if (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets and (b) the arrangement conveys a right to use the asset. When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

Investments in debt securities. Based on the business model and the contractual cash flow characteristics, the Company classifies investments in debt securities as carried at AC, FVOCI or FVTPL.

Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

3 Significant Accounting Policies (Continued)

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI except for net results from operations with foreign currencies and interest income calculated using the effective interest rate method. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVOCI. The Company may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

Sale and repurchase agreements and lending of securities. Sale and repurchase agreements ("repo agreements"), which effectively provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The securities are not reclassified in the separate statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase receivables. The corresponding liability is presented within amounts loans received.

Securities purchased under agreements to resell ("reverse repo agreements"), which effectively provide a lender's return to the Company, are recorded as loans received. The difference between the sale and repurchase price, adjusted by interest and dividend income collected by the counterparty, is treated as interest income and accrued over the life of reverse repo agreements using the effective interest method.

Securities lent to counterparties for a fixed fee are retained in the separate financial statements in their original category in the separate statement of financial position unless the counterparty has the right by contract or custom to sell or repledge the securities, in which case they are reclassified and presented separately.

Securities borrowed for a fixed fee are not recorded in the separate financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded in profit or loss for the year within gains less losses arising from trading securities. The obligation to return the securities is recorded at fair value in other borrowed funds.

Based on classification of securities sold under the sale and repurchase agreements, the Company classifies repurchase receivables into one of the following measurement categories: AC, FVOCI, FVTPL.

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Company. Investments in equity securities are measured at FVTPL, except where the Company elects at initial recognition to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments (including Invesments in subsidiaries) as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns.

When the FVOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the Company's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

Investments in equity securities include investments in subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In cases of acquisitions of subsidiaries from entities under common control or subsidiaries of the Company, the cost of acquisition is determined to be the fair value of the investment acquired as opposed to the transaction price.

Any differences between the transaction price and the fair value of the investment acquired reflect notional contributions/distributions from entities under common control or subsidiaries and are recognised as such, i.e. directly in equity in cases of transactions with common control entities and as an additional contribution to or distribution from the subsidiary transferring the investment to the Company.

3 Significant Accounting Policies (Continued)

Debt securities in issue. Debt securities are stated at amortised cost. If the Company purchases its own debt securities in issue, they are removed from the separate statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in a separate line of the separate statement of profit or loss and other comprehensive income.

Loans received. Loans received are non-derivative financial liabilities to corporate entities and are carried at amortised cost using effective interest rate. In case a loan is received at a rate below market the corresponding deferred income on recognition of the loan at a rate below market is included in loans received balance and is amortised over the lifetime of the loan received on the straight-line basis.

Other liabilities. Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income taxes. Income taxes have been provided for in the separate financial statements in accordance with Cyprus legislation enacted or substantively enacted as of the end of the reporting period. The income tax (charge)/credit comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is not recognised on post-acquisition retained earnings and other post acquisition movements in reserves of subsidiaries where the Company controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future. Provision for deferred tax on the undistributed profits of the Company's subsidiaries is made when the dividend payment is probable to be made out of economic resources of the subsidiaries at the balance sheet date and is recognised in other comprehensive income. Withholding taxes incurred on actual dividend distributions by subsidiaries are recognised in profit or loss once the right of dividend income is established.

Uncertain tax positions. The Company's uncertain tax positions are assessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted at the end of reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

3 Significant Accounting Policies (Continued)

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds and debited against share premium.

Share premium. Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. The share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Treasury shares. Where the Company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental external costs, net of income taxes, is deducted from equity attributable to the owners of the Company until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently disposed of or reissued, any consideration received is included in equity. The value of GDRs transferred out of treasury shares for the purposes of the long-term incentive programme for management of the Group are determined based on the weighted average cost.

The Company's equity instruments acquired by employee share trust entity are treated as treasury shares when the Company retains the majority of the risks and rewards relating to the funding arrangement for the trust entity.

Share-based payments. The Company grants equity settled share based payments to employees of its subsidiary. No share-based payment charge is recognised as no employees are providing services to the Company. The Company records a debit to the investment in the subsidiaries as a capital contribution from the parent to the subsidiary and a credit to share-based payment reserve within equity. When the rewards granted under share-based payment programs vest the Company reclassifies accumulated share based payment reserve to revaluation reserve.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the separate financial statements are authorised for issue, are disclosed in the Note "Events after the End of the Reporting Period". The separate financial statements of the Company prepared in accordance with IFRS as adopted by the EU and in accordance with Cyprus Companies Law is the basis of available reserves for distribution. Management considers the Revaluation Reserve to be a distributable reserve. Dividend distribution to the Company's shareholders is recognised as a liability in the Company's separate financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Interest income and expense recognition. Interest income and expense are recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability. Commitment fees received by the Company to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Company does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

i) financial assets that have become credit-impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC (net of the ECL provision); and

ii) financial assets that are purchased or originated credit-impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

3 Significant Accounting Policies (Continued)

Other income and expense recognition. All other income is generally recorded on an accrual basis by reference to completion of the specific performance obligation assessed on the basis of measurement of the Company's progress towards complete satisfaction of that performance obligation.

All other expenses are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Other similar income. Other similar income represents interest income recorded for debt instruments measured at fair value through profit or loss ("FVTPL") and is recognised on an accrual basis using nominal interest rate.

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

Foreign currency translation. The functional currency of the Company is the national currency of the Russian Federation, Russian Rouble ("RR"), as, based on the principles of the International Accounting Standard IAS 21 "The Effects of Changes in Foreign Exchange Rates", this currency reflects the economic substance of the underlying events and circumstances of the Company. The Russian Rouble is also the presentation currency of the Company.

Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBRF are recognised in profit or loss for the year as Net gains/(losses) from foreign exchange translation.

Foreign exchange gains and losses resulting from the settlement of transactions with foreign currencies are recognised in profit or loss for the year as Net gains from operations with foreign currencies.

At 31 December 2019 the rate of exchange used for translating foreign currency balances was USD 1 = RR 61.9057 (31 December 2018: USD 1 = RR 69.4706), and the average rate of exchange was USD 1 = RR 64.7362 (2018: USD 1 = RR 62.7078).

Offsetting. Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

Amendments of the separate financial statements after issue. The Board of Directors of the Company has the power to amend the separate financial statements after issue.

Changes in presentation. In these separate financial statements the management of the Company improved the presentation of the results of operations with foreign currencies, derivatives revaluation and foreign exchange translation and disclosed separately in the separate statement of profit or loss and other comprehensive income the following line items: Net gains from operations with foreign currencies, Net (losses)/gains from derivatives revaluation, Net gains/(losses) from foreign exchange translation.

The effect of changes described above on the separate statement of profit or loss and other comprehensive income for the year ended 31 December 2018 is as follows:

In millions of RR	**As originally presented**	**Reclassification**	**As reclassified**
Net (losses)/gains from derivatives revaluation	-	538	538
Net gains/(losses) from foreign exchange translation	-	(560)	(560)
Net gains from operations with foreign currencies	173	22	195

3 Significant Accounting Policies (Continued)

The effect of changes described above on the separate statement of cash flows for the year ended 31 December 2018 is as follows:

In millions of RR	**As originally presented**	**Reclassification**	**As reclassified**
Cash (paid)/received from operations with financial derivatives	-	342	342
Cash received from trading in foreign currencies	-	195	195
Cash received from trading in foreign currencies and operations with financial derivatives	537	(537)	-

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Investments in subsidiaries. The estimated fair value of investments in subsidiaries recognises that the majority of the value of TCS Group Holding PLC resides in its main operating subsidiaries. Thus in estimating the fair value of the subsidiaries the primary input is the market quote of the Company's GDRs which are traded on the London Stock Exchange. Other inputs include the estimated fair value of the assets and liabilities held by the Company other than its investment in the subsidiaries. Refer to Note 21.

Perpetual subordinated bonds. The Company from time to time invests in perpetual subordinated bonds issued by third parties. The Company has taken into consideration that there are genuine contingent settlement provisions that could arise and as such has classified the investments in perpetual subordinated bonds as investments in debt securities on the basis of terms of issue which stipulate the possible redemption of the instrument in several cases other than liquidation of the issuer.

The investments in these instruments are classified as debt investment securities measured at FVTPL since the analysis of the contractual cash flow characteristics resulted in acquired perpetual bonds not passing SPPI test. If the Company had recognized this instrument as equity instrument, then it could have been measured at FVTPL or FVOCI as the Company does not hold it for trading purposes.

Initial recognition of related party transactions. In the normal course of business the Company enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 23.

Determination of functional currency. The Company follows the guidance of IAS 21 "The Effects of Changes in Foreign Exchange Rates" for the determination of the functional currency of the Company. The Company's functional currency is RR.

Tax legislation. Cypriot and Russian tax, currency and customs legislation are subject to varying interpretations. Refer to Note 20.

5 Adoption of New or Revised Standards and Interpretations

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

Adoption of IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The Company has adopted IFRS 16 with a date of transition of 1 January 2019 and applied the standard using the modified retrospective method, without restatement of comparatives (Note 3). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing.

Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model.

On adoption of IFRS 16, the Company recognised a right of use asset of RR 6 million against a corresponding lease liability. Right-of-use assets are mainly represented by leases of office premises. A reconciliation of the operating lease commitments as of 31 December 2018 and the lease liability recognized at 1 January 2019 is as follows:

In millions of RR	**1 January 2019**
Lease payments under operating lease	7
Future lease payments under IFRS 16	**7**
Effect of discounting	(1)
Lease liabilities under IFRS 16	**6**
Right-of-use assets under IFRS 16	**6**

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

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures” (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

6 New Accounting Pronouncements

Certain new amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2020:

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020). The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates (‘IBORs’). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

6 New Accounting Pronouncements (Continued)

The following other new pronouncements are not expected to have any material impact on the Company when adopted:

(a) IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021)*.

(b) Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).

(c) Amendments to IFRS 3: Definition of a business (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020)*.

(d) Amendments to IAS 1 and IAS 8: Definition of materiality (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).

(e) Amendments to IAS 1: Classification of liabilities as current or non-current (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022)*.

(f) Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an Investor and its associate or joint venture (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)*.

The Company is currently assessing the impact of the above standards on its separate financial statements.

* Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.

7 Cash and Cash Equivalents

In millions of RR	**31 December 2019**	**31 December 2018**
Placements with other banks with original maturities of less than three months		
- placements with UK Bank (A+ rated)	596	760
- placements with European bank (CCC+ rated)	2	-
- placements with European bank (B rated)	-	1
Total Cash and Cash Equivalents	**598**	**761**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2019. The gross carrying amount of cash and cash equivalents at 31 December 2019 below also represents the Company's maximum exposure to credit risk on these assets:

In millions of RR	**Total**
Placements with other banks with original maturities of less than three months	
Excellent	596
Doubtful	2
Total cash and cash equivalents	**598**

7 Cash and Cash Equivalents (Continued)

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2018. The gross carrying amount of cash and cash equivalents at 31 December 2018 below also represents the Company's maximum exposure to credit risk on these assets:

In millions of RR	**Total**
Placements with other banks with original maturities of less than three months	
Excellent	760
Sub-standard	1
Total cash and cash equivalents	**761**

Refer to Note 19 for the description of the Company's credit risk grading system.

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The ECL for these balances represents an immaterial amount, therefore the Company did not recognise any credit loss allowance for cash and cash equivalents. Amounts of cash and cash equivalents are not collateralised. Refer to Note 19 for the ECL measurement approach. Interest rate, maturity and geographical risk concentration analysis of cash and cash equivalents is disclosed in Note 19. Information on related party balances is disclosed in Note 23. Refer to Note 21 for the disclosure of the fair value of cash and cash equivalents.

8 Loans and Deposit Placements with Related Parties

In millions of RR	**31 December 2019**	**31 December 2018**
Deposit placements with subsidiary Bank	5,594	379
Total loans and deposit placements with related parties	**5,594**	**379**

At 31 December 2019 the deposit placements with subsidiary Bank are represented by three deposits: deposit placement in USD with a nominal value of RR 2,114 million at 2.5% per annum maturing on 10 August 2020, deposit placement in EUR with a nominal value of RR 1,806 million at 0.35% per annum maturing on 7 February 2020, deposit placement in RR with a nominal value of RR 1,674 million at 7.5% per annum maturing on 25 December 2020.

At 31 December 2018 the deposit placements with subsidiary Bank are represented by a deposit with a nominal value of RR 379 million at 8.5% per annum maturing on 14 September 2019.

For the purpose of ECL measurement deposit placements with subsidiary Bank balances are included in Stage 1. The ECL for these balances represents an immaterial amount, therefore the Company did not create any credit loss allowance for deposit placements with subsidiary Bank. Refer to Note 19 for the ECL measurement approach.

As at 31 December 2019 for the purpose of credit risk measurement loans and deposit placements with related parties balances are included in "Monitor" credit risk grade based on credit risk grademaster scale (31 December 2018: same). Refer to Note 19 for the description of the credit risk grading system.

Refer to Note 21 for the disclosure of the fair value of loans and deposit placements with related parties. Interest rate, maturity and geographical risk concentration analysis are disclosed in Note 19. Information on related party balances is disclosed in Note 23.

9 Investments in Equity Securities

In millions of RR	**31 December 2019**	**31 December 2018**
Investments in subsidiaries, including:	256,443	218,818
- Investments in financial institutions	231,459	203,192
- Investments in non-financial institutions	24,984	15,626
Other investments in equity securities	850	431
Total investments in equity securities	**257,293**	**219,249**

As at 31 December 2019 investments in financial institutions include investments in share capital of JSC “Tinkoff Bank”, JSC “Tinkoff Insurance”, LLC "Microfinance company “T-Finans” (2018: same).

As at 31 December 2019 investments in non-financial institutions include investments in share capital of LLC “CloudPayments”, LLC “Tinkoff Mobile”, LLC “Phoenix”, Tinkoff Software DC, LLC “TCS”, LLC “Fintech DC”, LLC “Tinkoff Capital” and ANO “Tinkoff Education” (2018: LLC LLC “CloudPayments”, LLC “Tinkoff Mobile”, LLC “Phoenix”, Tinkoff Software DC, LLC TCS and Goward Group Limited). On 16 April 2019 Goward Group Limited was liquidated.

The Bank is registered in the Russian Federation and was purchased by the Company in November 2006 (Note 1). The Bank is 100% owned and controlled by the Company.

The Insurance Company is registered in the Russian Federation and was purchased by the Company in August 2013 (Note 1). In June 2019 the Company sold 10% in the Insurance Company for cash consideration of RR 206 million, there were no transfers of any cumulative gain or loss within equity relating to these changes. As at 31 December 2019 the Company owns 80.08% of the shares of the Insurance Company and controls it, the Bank owns 9.92% of the shares of the Insurance Company (2018: the Company owns 90.08%, the Bank owns 9.92%).

In October 2017 the Company acquired a 55% shareholding in LLC “CloudPayments”. During 2019 the Bank acquired a 40% shareholding in LLC “CloudPayments”, and thus the Company owns directly and indirectly a 95% holding in the shares of LLC “CloudPayments”.

Investments in subsidiaries are stated at fair value at the end of each reporting period (Notes 3, 4 and 21).

The movements in investments in subsidiaries for the period ended 31 December 2019 are as follows:

In millions of RR	**2019**
Carrying amount at 1 January	**218,818**
Investments in subsidiaries	(206)
Revaluation of investment in subsidiaries	37,362
Share-based payment	469
Carrying amount at 31 December	**256,443**

The movements in investments in subsidiaries for the period ended 31 December 2018 are as follows:

In millions of RR	**2018**
Carrying amount at 1 January	**207,834**
Investments in subsidiaries	206
Revaluation of investment in subsidiaries	10,148
Share-based payment	630
Carrying amount at 31 December	**218,818**

9 Investments in Equity Securities (Continued)

Dividend income from investments in subsidiaries recognised during the year is as follows:

In millions of RR	**2019**	**2018**
Investment in JSC "Tinkoff Bank"	12,697	-
Investment in JSC "Tinkoff Insurance"	4,461	1,351
Total dividend income	**17,158**	**1,351**

Interest rate, maturity and geographical risk concentration analysis of investment in equity securities are disclosed in Note 19. Refer to Note 21 for the disclosure of the fair value of investments in equity securities.

10 Loans Received

In millions of RR	**2019**	**2018**
Loans from subsidiary Bank	-	20,655
Loans from subsidiary company	-	1,792
Loans from other companies	-	796
Total loans received	**-**	**23,243**

As at 31 December 2018 loans from subsidiary Bank had contractual maturities from 30 October 2019 to 29 October 2021 and nominal interest rate from 5.5% to 7%. In 2019 loans were repaid before maturity.

As at 31 December 2018 loans from a subsidiary company have a contractual maturity from 15 March 2020 and 6 June 2021 and nominal interest rate from 5.5% to 7%. In 2019 loans were repaid before maturity.

As at 31 December 2018 loans from other companies represent a loan from related party in the amount of RR 796 million, which has a contractual maturity 20 December 2019 and nominal interest rate 4%. The loan was repaid before maturity.

Loans received were unsecured (2018: unsecured).

Refer to Note 21 for the disclosure of the fair value of loans received. Interest rate, maturity and geographical risk concentration analyses of loans received is disclosed in Note 19. Information on related party balances is disclosed in Note 23. Reconciliation of liabilities arising from financing activities is disclosed in Note 18.

11 Debt Securities in Issue

In millions of RR	**Date of maturity**	**31 December 2019**	**31 December 2018**
EUR denominated ECP issued in December 2019	20 November 2020	1,030	-
EUR denominated ECP issued in February 2019	18 February 2020	831	-
USD denominated ECP issued in December 2019	20 November 2020	599	-
EUR denominated ECP issued in December 2018	19 December 2019	-	2,392
USD denominated ECP issued in December 2018	19 December 2019	-	1,266
RR denominated ECP issued in December 2018	19 December 2019	-	96
Total Debt Securities in Issue		**2,460**	**3,754**

On 20 December 2019 the Company issued two tranches of Euro-Commercial Paper (ECP) denominated in USD and EUR maturing on 20 November 2020. USD denominated ECP has a nominal value of USD 10 million at 3.6% coupon rate. EUR denominated ECP has a nominal value of EUR 15 million at 1.0% coupon rate.

11 Debt Securities in Issue (Continued)

On 19 February 2019 the Company issued Euro-Commercial Paper (ECP) denominated in EUR maturing on 18 February 2020. EUR denominated ECP has a nominal value of EUR 12 million at 1.25% coupon rate.

On 20 December 2018 the Company issued three tranches of Euro-Commercial Paper (ECP) denominated in USD, EUR and RR maturing on 19 December 2019. USD denominated ECP has a nominal value of USD 19 million at 4.25% coupon rate. EUR denominated ECP has a nominal value of EUR 30.5 million at 1.25% coupon rate. RR denominated ECP has a nominal value of RR 105 million at 9.5% coupon rate. The Company redeemed all outstanding ECP of this issue at maturity.

Refer to Note 21 for the disclosure of the fair value of debt securities in issue. Maturity analysis of debt securities in issue are disclosed in Note 19. Reconciliation of liabilities arising from financing activities is disclosed in Note 18.

12 Other Financial and Non-financial Liabilities

In millions of RR	**31 December 2019**	**31 December 2018**
Other Financial Liabilities		
Advances payable	63	-
Accrued audit and accountancy fees	18	14
Enhanced exclusivity agreement payable	-	208
Total Other Financial Liabilities	**81**	**222**
Other Non-financial Liabilities		
Dividends payable under GDRs repurchased for MLTIP purposes	582	760
Other provision	3	3
Total Other Non-financial Liabilities	**585**	**763**

Interest rate, maturity and geographical risk concentration analysis of other financial liabilities are disclosed in Note 19. Refer to Note 21 for disclosure of fair value of other financial liabilities.

13 Share Capital

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

During three months ended 31 March 2019 Altoville Holdings Limited converted 6,385,310 “Class B” shares into “Class A” (on a one-to-one basis), which was 3.49% of its share, and then sold them to the market.

On 2 July 2019 the Company completed a SPO on the London Stock Exchange plc. and issued 16,666,667 “Class A” shares of the Company in the form of GDRs at a price of USD 18.00 per GDR (RR 1,135 per GDR), raising aggregate gross proceeds of USD 300 million (RR 18,916 million). All issued ordinary shares are fully paid.

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

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

In June 2019 the Company’s shareholders approved a resolution to increase authorised share capital to USD 8,401,385.92 by the creation of 18,263,882 new undesignated ordinary shares of nominal value USD 0.04 each.

In May 2018 the Company’s shareholders approved a resolution to increase authorized share capital to USD 7,670,830.64 by the creation of 1,291,266 new undesignated ordinary shares of nominal value USD 0.04 each.

At 31 December 2019 the total number of authorised shares is 210,034,648 shares (2018: 191,770,766 shares) with a par value of USD 0.04 per share (2018: USD 0.04 per share).

At 31 December 2019 the total number of treasury shares is 4,185,166 (2018: 6,604,353).

As at 31 December 2019 and 2018 treasury shares represent GDRs of the Company repurchased from the market for the purposes permitted by Cyprus law including contribution to MLTIP. Refer to Note 23.

During the year ended 31 December 2019 no GDRs were repurchased by the Company (2018: 2,094,126 GDRs at market price for RR 2,455 million). Refer to Note 23. Information on dividends is disclosed in Note 17.

14 Interest income and expense

In millions of RR	**2019**	**2018**
Interest income calculated using the effective interest rate method		
Loans and deposit placement with related parties, including:		
Deposit placement with subsidiary Bank	228	46
Subordinated loans to subsidiary Bank	-	32
Debt securities and repurchase receivables at FVOCI	44	29
Total Interest income calculated using the effective interest rate method	**272**	**107**
Other similar income		
Debt securities and repurchase receivables at FVTPL	28	84
Total Interest Income	**300**	**191**
Interest expense calculated using the effective interest rate method		
Loans from subsidiary Bank	536	1,161
Euro-Commercial Papers	100	124
Loans from subsidiary company	86	104
Other loans received	10	15
Total Interest expense calculated using the effective interest rate method	**732**	**1,404**
Net interest expense	**(432)**	**(1,213)**

15 Administrative and Other Operating Expenses

In millions of RR	**2019**	**2018**
Legal and consulting fees	110	92
Staff costs	99	10
Audit and accountancy fees	30	32
Taxes other than income tax	5	-
Depreciation of right-of-use assets	3	-
Depreciation of tangible fixed assets	1	-
Enhanced exclusivity agreement expense	-	208
Other administrative expenses	3	5
Total administrative and other operating expenses	**251**	**347**

The total fees charged by the Company's statutory auditor for the statutory audit of the annual consolidated and separate financial statements of the Company for the year ended 31 December 2019 amounted to RR 2.8 million (2018: RR 2.7 million). The total fees charged by the Company's statutory auditor for the year ended 31 December 2019 for other assurance services amounted to RR 3.8 million (2018: RR 4.7 million), for tax advisory services amounted to RR 2.3 million (2018: RR 5.7 million) and for other non-assurance services amounted to RR 2.2 million (2018: nil).

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

In millions of RR	**2019**	**2018**
Statutory social contribution to the non-budget funds	12	2

At 31 December 2019 there are 63 employees employed by the Company (31 December 2018: 29). The average number of employees employed by the Company during the reporting year was 53 (2018: 23).

16 Income Taxes

Income tax expense comprises the following:

In millions of RR	**2019**	**2018**
Corporation tax	26	19
Overseas tax withheld at source	858	67
Total income tax expense	**884**	**86**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

In millions of RR	**2019**	**2018**
Profit/(Loss) before income tax	**16,700**	**63**
Theoretical tax charge at statutory rate of 12.5% (2018: 12.5%)	2,088	8
Tax effect of expenses not deductible for tax purposes	111	217
Tax effect of allowances and income not subject to tax	(2,191)	(214)
Overseas tax withheld at source	858	67
Under provision of tax for prior year	18	8
Income tax expenses for the year	**884**	**86**

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax. At 31 December 2019 and 2018 the Company had no tax losses carried forward.

Differences between IFRS and statutory taxation regulations in Cyprus give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of RR	**31 December 2018**	**Credited to OCI**	**31 December 2019**
Investments in subsidiaries	(1,187)	1,019	(168)
Net deferred tax liabilities	**(1,187)**	**1,019**	**(168)**

In millions of RR	**31 December 2017**	**Charged to OCI**	**31 December 2018**
Investments in subsidiaries	(565)	(622)	(1,187)
Net deferred tax liabilities	**(565)**	**(622)**	**(1,187)**

The Government of the Russian Federation requested Ministry of Finance of the Russian Federation to make review of existing double tax treaties and submit by 24 April to the Government the draft regulation approving the drafts of double tax treaties to increase tax rates on dividends to a level of at least 15% from 1 January 2021.

17 Dividends

The movement in dividends during the year are as follows:

In millions of RR	**2019**	**2018**
Dividends payable at 1 January	**760**	**377**
Dividends declared during the year	5,856	12,265
Dividends paid during the year	(5,601)	(11,946)
Dividends paid under MLTIP after vesting date	(524)	(144)
Foreign exchange loss on dividends payable	91	208
Dividends payable at 31 December	**582**	**760**
Dividends per share declared during the year (in USD)	**0.49**	**1.07**
Dividends per share paid during the year (in USD)	**0.49**	**1.07**

Dividends declared in the table above represent dividends declared by the Board of Directors and are reduced by RR 25 million for the year ended 31 December 2019 due to dividends on GDRs acquired by the Company from the market not for the immediate purposes of the existing MLTIP.

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

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

On 25 November 2018 the Board of Directors declared an interim dividend of USD 0.28 (RR 18.39) per share/per GDR amounting to USD 51.1 million (RR 3,358 million). Declared dividends were paid in USD in December 2018.

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

On 29 May 2018 the Board of Directors declared a regular interim dividend of USD 0.24 (RR 14.95) per share/per GDR amounting to USD 43.8 million (RR 2,730 million). Declared dividends were paid in USD on 21 and 27 June 2018.

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

Dividends were declared and paid in USD throughout the years ended 31 December 2019 and 2018. Dividends payable at 31 December 2019 related to treasury shares acquired under MLTIP amounting to RR 582 million are included in other non-financial liabilities (31 December 2018: RR 760 million).

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

18 Reconciliation of Liabilities Arising from Financing Activities

The table below sets out an analysis of the Company's debt and the movements in the Company's debt for each of the periods presented. The debt items are those that are reported as financing in the separate statement of cash flows.

	Liabilities from financing activities		
In millions of RR	**Debt securities in issue**	**Loans received**	**Total**
Net debt at 1 January 2018	**2,769**	**7,833**	**10,602**
Cash flows	418	14,955	15,373
Realised foreign exchange adjustments	435	-	435
Unrealised foreign exchange adjustments	132	-	132
Other non-cash movements	-	455	455
Net debt at 31 December 2018	**3,754**	**23,243**	**26,997**
Cash flows	(891)	(23,092)	(23,983)
Realised foreign exchange adjustments	(336)	-	(336)
Unrealised foreign exchange adjustments	(67)	45	(22)
Other non-cash movements	-	(196)	(196)
Net debt at 31 December 2019	**2,460**	**-**	**2,460**

19 Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk. The Company takes on exposure to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the debt financial instruments, cash and cash equivalents and Company's lending and other transactions with counterparties giving rise to financial assets.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the separate statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant. The credit risk is controlled by management of the Company, by approving limits on the level of credit risk by borrowers.

Credit risk grading system. For measuring credit risk and grading financial instruments by the level of credit risk, the Company applies risk grades estimated by external international rating agencies in case these financial instruments have risk grades estimated by external international rating agencies (Fitch and in case of their absence - Moody's or Standard & Poor's ratings adjusting them to Fitch's categories using a reconciliation table):

Master scale credit risk grade	**Corresponding ratings of external international rating agency (Fitch)**
Excellent	AAA, AA+ to AA-, A+ to A-
Good	BBB+ to BBB-, BB+
Monitor	BB to B+
Sub-standard	B, B-
Doubtful	CCC+ to CC-
Default	C, D

19 Financial Risk Management (Continued)

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – high credit quality with lowest or very low expected credit risk;
- *Good* – good credit quality with currently low expected credit risk;
- *Monitor* – adequate credit quality with a moderate credit risk;
- *Sub-standard* – moderate credit quality with a satisfactory credit risk;
- *Doubtful* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

For measuring credit risk and grading those financial instruments which do not have risk grades estimated by external international rating agencies, the Company applies risk grades and the corresponding range of probabilities of default (PD):

Master scale credit risk grade	Corresponding interval
Excellent	non-overdue for the last 12 months with PD < 5% or with early repayments
Good	all other non-overdue loans
Monitor	1-30 days overdue
Sub-standard	31-90 days overdue
NPL	90+ days overdue

The condition of early repayments is satisfied, as described in the table above, if the cumulative amount of early repayments exceed 5% of the gross carrying amount at the date of recognition of the loan.

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with minimum expected credit risk;
- *Good* – adequate credit quality with low expected credit risk;
- *Monitor* – adequate credit quality with a moderate credit risk;
- *Sub-standard* – low credit quality with a substantial credit risk;
- *NPL* – financial instruments for which a default has occured.

The rating models are regularly reviewed by the Credit Risk Department, backtested on actual default data and updated if necessary.

Expected credit loss (ECL) measurement – definitions and description of estimation techniques*. ECL* is a probability-weighted estimate of the present value of future cash shortfalls (i.e. the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). ECL measurement is based on the following components used by the Company:

Default occurs when a financial asset is 90 days past due.

Probability of Default (PD) – an estimate of the likelihood of default to occur over a given time period.

Exposure at Default (EAD) – an estimate of exposure at a future default date, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Loss Given Default (LGD) – an estimate of the loss arising on default as a percentage of the EAD. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive.

Discount Rate – a rate to discount an expected loss to its present value at the reporting date. The discount rate represents the effective interest rate (EIR) for the financial instrument or an approximation thereof.

Lifetime period – the maximum period over which ECL should be measured. For financial instruments held by the Company the lifetime period is equal to contractual maturity of the respective financial instruments.

19 Financial Risk Management (Continued)

Lifetime ECL – losses that result from all possible default events over the remaining lifetime period of the financial instrument.

12-month ECL – the portion of lifetime ECLs that represent the ECLs resulting from default events on a financial instrument that are possible within 12 months after the reporting date that are limited by the remaining contractual life of the financial instrument.

Credit Conversion Factor (CCF) – a coefficient that shows that the probability of conversion of an off-balance sheet amount to exposure on the statement of financial position within a defined period. It can be calculated for a 12-month or lifetime period. Based on the analysis performed, the Company considers that 12-month and lifetime CCFs are the same.

Default and credit-impaired assets – assets for which a default event has occurred.

The default definition stated above should be applied to all types of financial assets of the Company.

An instrument is considered to no longer be in default (i.e. to have "cured") when it no longer meets any of the default criteria.

Significant increase in credit risk (SICR) - the SICR assessment is performed on an individual basis for all financial assets by monitoring the triggers stated below. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Company's Risk Management Department.

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- award of risk grade "Doubtful";
- decrease of assigned external rating by 2 notches, which corresponds to an approximate increase of PD by 2.5 times.

If the SICR criteria are no longer met, the instrument will be transferred back to Stage 1.

General principle of techniques applied

For financial assets, ECLs are generally measured based on the risk of default over one of two different time periods, depending on whether or not the credit risk of the borrower has increased significantly since initial recognition.

This approach can be summarised in a three-stage model for ECL measurement:

- Stage 1 – a financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition, the loss allowance is based on 12-month ECLs;
- Stage 2 – if since the date, which was assumed to be the date of initial recognition has identified a SICR, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired, the loss allowance is based on lifetime ECLs;
- Stage 3 – if the financial instrument is credit-impaired or restructured, the financial instrument is then moved to Stage 3 and the loss allowance is based on lifetime ECLs.

The Group carries out the following approach for ECL measurement:

- For financial instruments which have external ratings – assessment based on external ratings;
- For financial instruments which do not have external ratings – assessment based on discounted cash flow technique.

Principles of assessment based on external ratings – the principles of ECL calculations based on external ratings are the same as for their assessment on a portfolio basis. Credit risk parameters (PD and LGD) are taken from the default and recovery statistics published by international rating agencies (Fitch and in case of their absence – Moody's or Standard & Poor's).

19 Financial Risk Management (Continued)

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rate and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which are monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, the management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2019				At 31 December 2018			
In millions of RR	**Non-derivative monetary financial assets**	**Non-derivative monetary financial liabilities**	**Derivatives**	**Net balance sheet position**	**Non-derivative monetary financial assets**	**Non-derivative monetary financial liabilities**	**Derivatives**	**Net balance sheet position**
RR	1,738	-	-	1,738	1,679	(22,557)	(4,258)	(25,136)
US Dollars	2,710	(677)	-	2,033	1,185	(2,062)	1,935	1,058
EUR	1,808	(1,864)	-	(56)	1	(2,600)	2,408	(191)
Total	**6,256**	**(2,541)**	**-**	**3,715**	**2,865**	**(27,219)**	**85**	**(24,269)**

The above analysis includes only monetary assets and liabilities. Non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period, with all other variables held constant:

	At 31 December 2019		At 31 December 2018	
In millions of RR	**Impact on profit for the year**	**Impact on total equity**	**Impact on profit for the year**	**Impact on total equity**
USD strengthening by 20% (2018: by 20%)	385	385	(77)	(77)
USD weakening by 20% (2018: by 20%)	(385)	(385)	77	77
EUR strengthening by 20% (2018: by 20%)	(11)	(11)	14	14
EUR weakening by 20% (2018: by 20%)	11	11	(14)	(14)

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event of unexpected movements. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken. The table below summarises the Company's exposure to interest rate risk. The table presents the aggregated amounts of the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

In millions of RR	**On demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Non-interest bearing financial instruments**	**Total**
31 December 2019						
Total financial assets	598	1,870	3,788	-	257,293	263,549
Total financial liabilities	-	(912)	(1,629)	-	-	(2,541)
Net interest sensitivity gap at 31 December 2019	**598**	**958**	**2,159**	**-**	**257,293**	**261,008**

19 Financial Risk Management (Continued)

At 31 December 2019 if interest rates at that date had been 200 basis points higher/lower (2018: 200 basis points higher/lower), with all other variables held constant, profit and equity would have been RR 72 million higher/lower (2018: RR 455 million higher/lower).

In millions of RR	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non-interest bearing financial instruments	Total
31 December 2018						
Total financial assets	2,147	-	379	425	219,249	222,200
Total financial liabilities	(15)	(208)	(4,643)	(22,354)	-	(27,220)
Net interest sensitivity gap at 31 December 2018	**2,132**	**(208)**	**(4,264)**	**(21,929)**	**219,249**	**194,980**

The Company monitors interest rates for its financial instruments. The table below summarises effective interest rates set as at 31 December 2019 and 2018 based on reports reviewed by key management personnel:

	2019			2018		
In % p.a.	RR	USD	EUR	RR	USD	EUR
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Loans and deposit placements with related parties						
- Deposit placements with subsidiary Bank	7.5	2.5	0.4	8.5	-	-
Investments in debt securities	-	-	-	-	10.3	-
Liabilities						
Loans received	-	-	-	8.0	4.4	-
Debt securities in issue	-	3.8	1.2	9.8	4.4	1.4

The sign "-" in the table above means that the Company does not have the respective assets or liabilities in the corresponding currency.

Other price risk. The Company has exposure to equity price risk mainly as a result of a decrease in the fair value of investments in subsidiaries. Sensitivity analysis of investments in subsidiaries is disclosed in Note 21.

Geographical risk concentrations. The geographical concentration of the Company's financial assets and liabilities at 31 December 2019 is set out below:

In millions of RR	Russian Federation	OECD	Other Non-OECD	Total
Financial assets				
Cash and cash equivalents	-	596	2	598
Loans and deposit placements with related parties	5,594	-	-	5,594
Investments in equity securities	257,293	-	-	257,293
Other financial assets	-	-	64	64
Total financial assets	**262,887**	**596**	**66**	**263,549**
Financial liabilities				
Debt securities in issue	2,460	-	-	2,460
Other financial liabilities	15	63	3	81
Total financial liabilities	**2,475**	**63**	**3**	**2,541**
Net separate statement of financial position	**260,412**	**533**	**63**	**261,008**

19 Financial Risk Management (Continued)

The geographical concentration of the Company's financial assets and liabilities at 31 December 2018 is set out below:

In millions of RR	Russian Federation	OECD	Other Non-OECD	Total
Financial assets				
Cash and cash equivalents	1	760	-	761
Loans and deposit placements with related parties	379	-	-	379
Financial derivatives	-	86	-	86
Investments in debt securities	411	-	14	425
Investments in equity securities	219,249	-	-	219,249
Other financial assets	1,300	-	-	1,300
Total financial assets	**221,340**	**846**	**14**	**222,200**
Financial liabilities				
Loans received	22,447	-	796	23,243
Debt securities in issue	3,754	-	-	3,754
Financial derivatives	-	1	-	1
Other financial liabilities	14	-	208	222
Total financial liabilities	**26,215**	**1**	**1,004**	**27,220**
Net separate statement of financial position	**195,125**	**845**	**(990)**	**194,980**

Assets and liabilities have been based on the country in which the counterparty is located. Cash and cash equivalents have been allocated based on the country in which they are physically held.

Other risk concentrations. Most financial assets are due from the subsidiary Bank.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The table below shows liabilities at 31 December 2019 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the separate statement of financial position because the separate statement of financial position amount is based on discounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2019 is as follows:

In millions of RR	On Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
Liabilities					
Debt securities in issue	4	846	1,671	-	2,521
Other financial liabilities	-	81	-	-	81
Total potential future payments for financial obligations	**4**	**927**	**1,671**	**-**	**2,602**

19 Financial Risk Management (Continued)

The maturity analysis of financial liabilities at 31 December 2018 is as follows:

In millions of RR	On Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
Liabilities					
Loans received	133	618	881	24,324	25,956
Debt securities in issue	8	40	3,895	-	3,943
Financial derivatives	4,258	-	-	-	4,258
Other financial liabilities	14	222	-	-	236
Total potential future payments for financial obligations	**4,413**	**880**	**4,776**	**24,324**	**34,393**

20 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and internal professional advice management is of the opinion that no material losses will be incurred in respect of any current or potential claims and accordingly no provision has been made in these separate financial statements.

Taxation. Cypriot tax legislation is subject to varying interpretations. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The Company is incorporated outside Russia. Tax liabilities of the Company are determined on the assumption that it is not subject to Russian profits tax because it does not have a permanent establishment in Russia. The Company is a tax resident of Cyprus only and full beneficial owner of the Bank and Insurance Company. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Company.

21 Fair Value of Financial Instruments

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

(a) Recurring fair value measurements

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

	31 December 2019				31 December 2018			
In millions of RR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE								
Financial derivatives	-	-	-	-	-	86	-	86
Investments in debt securities	-	-	-	-	425	-	-	425
Investments in subsidiaries	-	256,443	-	256,443	-	218,818	-	218,818
Other investments in equity securities	-	-	850	850	-	-	431	431
Total assets recurring fair value measurements	**-**	**256,443**	**850**	**257,293**	**425**	**218,904**	**431**	**219,760**

21 Fair Value of Financial Instruments (Continued)

Investments in subsidiaries are stated at fair value based on market valuation (2018: same).

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 2 measurements at 31 December 2019 are as follows:

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
ASSETS AT FAIR VALUE			
Investments in subsidiaries	256,443	The estimated fair value of investments in subsidiaries recognises that the majority of the value of TCS Group Holding PLC resides in its main operating subsidiaries. Thus in estimating the fair value of the subsidiaries the primary input is the market quote of the Company's GDRs which are traded on the London Stock Exchange. Other inputs include the estimated fair value of the assets and liabilities held by the Company other than its investment in the subsidiaries	Market quote of USD 21.3 for 1 share at 31 December 2019; Market interest rates
Total recurring fair value measurements at level 2	**256,443**		

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

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
ASSETS AT FAIR VALUE			
Investments in subsidiaries	218,818	The estimated fair value of investments in subsidiaries recognises that the majority of the value of TCS Group Holding PLC resides in its main operating subsidiaries. Thus in estimating the fair value of the subsidiaries the primary input is the market quote of the Company's GDRs which are traded on the London Stock Exchange. Other inputs include the estimated fair value of the assets and liabilities held by the Company other than its investment in the subsidiaries	Market quote of USD 15.56 for 1 share at 31 December 2018; Market interest rates
Foreign exchange swaps	86	Discounted cash flows adjusted for counterparty credit risk	EUR curve. USD Dollar Swaps Curve
Total recurring fair value measurements at level 2	**218,904**		
LIABILITIES AT FAIR VALUE			
Foreign exchange swaps	1	Discounted cash flows adjusted for counterparty credit risk	EUR curve. USD Dollar Swaps Curve
Total recurring fair value measurements at level 2	**1**		

There were no changes in the valuation techniques for level 2 recurring fair value measurements during the years ended 31 December 2019 and 2018. Level 2 derivatives comprise foreign exchange forwards.

21 Fair Value of Financial Instruments (Continued)

At 31 December 2019 if market quote of GDR of the Company at that date had been 60% higher/lower (2018: 39% higher/lower), with all other variables held constant, the fair value of the investments in equity securities would have been RR 154,370 million higher/lower (2018: RR 74,212 million higher/lower).

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 3 measurements at 31 December 2019 are as follows:

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
ASSETS AT FAIR VALUE			
Other investments in equity securities	850	Cost approach	Cost of acquisition. Share in post-acquisition profit
Total recurring fair value measurements at level 3	**850**		

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 3 measurements at 31 December 2018 are as follows:

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
ASSETS AT FAIR VALUE			
Other investments in equity securities	431	Cost approach	Cost of acquisition. Share in post-acquisition profit
Total recurring fair value measurements at level 3	**431**		

21 Fair Value of Financial Instruments (Continued)

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

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

	31 December 2019				31 December 2018			
In millions of RR	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Carrying value**
FINANCIAL ASSETS CARRIED AT AMORTISED COST								
Cash and cash equivalents								
Placements with Russian and UK banks	-	596	-	596	-	760	-	760
Placements with European banks	-	2	-	2	-	1	-	1
Loans and deposit placements with related parties								
Deposit placements with subsidiary Bank	-	-	5,774	5,594	-	-	411	379
Other financial assets	-	64	-	64	-	1,300	-	1,300
Total financial assets carried at amortised cost	**-**	**662**	**5,774**	**6,256**	**-**	**2,061**	**411**	**2,440**
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST								
Loans received	-	-	-	-	-	-	22,362	23,243
Debt securities in issue	-	2,460	-	2,460	-	3,754	-	3,754
Other financial liabilities	-	81	-	81	-	222	-	222
Total financial liabilities carried at amortised cost	**-**	**2,541**	**-**	**2,541**	**-**	**3,976**	**22,362**	**27,219**

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

In % p.a.	**31 December 2019**	**31 December 2018**
Assets		
Cash and cash equivalents	0.0	-
Loans and deposit placements with related parties		
- Deposit placements with subsidiary Bank	2.8	6.0
Investments in debt securities	-	10.3
Liabilities		
Loans received	-	7.0
Debt securities in issue	1.9	2.6

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

22 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) financial assets at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets measured at FVTPL mandatorily, and (ii) assets designated as such upon initial recognition.

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2019:

In millions of RR	**AC**	**FVTPL (manda-tory)**	**FVTPL (designa-ted)**	**FVOCI**	**Total**
Cash and cash equivalents	598	-	-	-	598
Loans and deposit placements with related parties:					
Deposit placements with subsidiary Bank	5,594	-	-	-	5,594
Investment in equity securities	-	-	-	257,293	257,293
Other financial assets	64	-	-	-	64
TOTAL FINANCIAL ASSETS	**6,256**	**-**	**-**	**257,293**	**263,549**

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2018:

In millions of RR	**AC**	**FVTPL (manda-tory)**	**FVTPL (designa-ted)**	**FVOCI**	**Total**
Cash and cash equivalents	761	-	-	-	761
Loans and deposit placements with related parties:					
Subordinated loan to subsidiary Bank	-	-	-	-	-
Deposit placements with subsidiary Bank	379	-	-	-	379
Loan to subsidiary	-	-	-	-	-
Financial derivatives	-	86	-	-	86
Investment in debt securities	-	411	-	14	425
Investment in equity securities	-	-	-	219,249	219,249
Other financial assets	1,300	-	-	-	1,300
TOTAL FINANCIAL ASSETS	**2,440**	**497**	**-**	**219,263**	**222,200**

As of 31 December 2019 and 2018 all of the Company's financial liabilities were carried at amortised cost.

23 Related Party Transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The outstanding balances with related parties were as follows:

	31 December 2019		31 December 2018	
In millions of RR	**Subsidiaries**	**Other related parties**	**Subsidiaries**	**Other related parties**
ASSETS				
Loans and deposit placement with related parties (contractual interest rate 2019: from 0.35% to 7.5%, 2018: from 0.1% to 14.4%)	5,594	-	379	-
Financial derivatives	-	-	86	-
Investments in equity securities	256,443	850	218,818	431
Other financial assets	64	-	1,300	-
TOTAL ASSETS	**262,101**	**850**	**220,583**	**431**
LIABILITIES				
Loans from related parties (contractual interest rate 2018: from 4% to 7% p.a.)	-	-	22,447	796
Debt securities in issue (discount: 4%)	-	2,460	-	3,754
Financial derivatives	-	-	1	-
Other financial liabilities	-	-	-	208
Other non-financial liabilities	-	582	-	680
TOTAL LIABILITIES	**-**	**3,042**	**22,448**	**5,438**

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

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

	2019		2018	
In millions of RR	**Subsidiaries**	**Other related parties**	**Subsidiaries**	**Other related parties**
Interest income calculated using the effective interest rate method	228	-	78	-
Interest expense calculated using the effective interest rate method	(622)	(110)	(1,265)	(139)
Enhanced exclusivity agreement expense	-	-	-	(208)
Credit loss allowance for loans	-	-	(19)	-
Dividend income	17,158	-	1,351	-
Net gains/(losses) from foreign exchange translation	(94)	403	68	(619)
Net gains from operations with foreign currencies	111	-	195	-
Net (losses)/gains from derivatives revaluation	(678)	-	538	-
Other comprehensive income:				
Revaluation of investments in subsidiaries	37,362	-	10,148	-

In 2019 the total remuneration of Directors listed in the Management Report amounted to RR 17,3 million (2018: RR 17,6 million).

23 Related Party Transactions (Continued)

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

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

Participants of the program receive the vested parts of their grants provided that they are employed by the Group during the vesting period. Participants are entitled to the dividends, if any. Participants who leave the Group lose their right for the unvested parts of the grants.

The fair value of the awards as at grant dates (31 March 2016, 8 February 2017, 22 February 2018 and 15 January 2019) is determined on the basis of market quotes of GDRs as at those dates.

Each grant is divided into 4 equal awards, each award is vested during 4 years in delivered equal tranches. The delivery dates as of which the GDRs are allowed to be sold by the participants correspond to the vesting dates at 14 April 2016 and each subsequent 31 March (with exception of 2019 when the vesting date for all participants was 31 January 2019) until 2022 for participants joining in 2016, until 2023 for participants joining in 2017, then until 2024 for participants joining in 2018, and until 2025 for participants joining in 2019.

The following table disclose the changes in the numbers of GDRs attributable to the MLTIP between the beginning of the program and the end of the reporting period:

In thousands	**Number of GDRs attributable to the MLTIP**
Granted during the year	7,425
Vested during the year	(464)
At 31 December 2016	**6,961**
Granted during the year	2,270
Vested during the year	(1,326)
Forfeited during the year	(60)
At 31 December 2017	**7,845**
Granted during the year	154
Vested during the year	(1,805)
Forfeited during the year	(16)
At 31 December 2018	**6,178**
Granted during the year	91
Vested during the year	(2,419)
Forfeited during the year	(68)
At 31 December 2019	**3,782**

24 Events after the End of the Reporting Period

In February 2020 the Company announced plans to invest in a new venture project to set up a fintech company providing a range of services to retail customers in Europe (excluding CIS). The startup will offer non-credit financial products. The project is due to launch in 2020, with the Company as its key seed investor. The Company will have a controlling interest in the new venture. The Company's initial commitment is up to Euro 25 million and will be contributed in tranches as the venture develops.

On 10 March 2020 the Board of Directors declared an interim dividend in line with the current dividend policy of USD 0.21 per share/per GDR with a total amount allocated for dividend payment of around USD 41.9 million.

On 19 March 2020 Altoville Holdings Limited and Nemorenti Limited (companies under control of Mr. Oleg Tinkov) transferred all of the Company's Class B shares owned by them to two Tinkov family trusts. Mr. Oleg Tinkov remains the ultimate beneficiary of his holding, and thus his voting rights are unaffected by this change. This change also has no consequences for or impact on the operations of the Company and its subsidiaries.

The quoted market price of the Company's GDRs (Moscow Exchange) has decreased by approximately 41% at the date of approval of these separate financial statements as compared to the end of 2019. The market price of the GDRs directly impacts the carrying value of investments in subsidiaries in the Company's separate financial statements.