

**PUBLIC JOINT-STOCK COMPANY
MOSCOW EXCHANGE
MICEX-RTS**

**Consolidated Interim Condensed Financial Statements
For the Three-Month Period Ended March 31, 2020**

Table of Contents

	Page
Consolidated Interim Condensed Statement of Profit or Loss	3
Consolidated Interim Condensed Statement of Comprehensive Income.....	4
Consolidated Interim Condensed Statement of Financial Position	5
Consolidated Interim Condensed Statement of Cash Flows.....	6
Consolidated Interim Condensed Statement of Changes in Equity	8
Notes to the Consolidated Interim Condensed Financial Statements	
1. Organization.....	9
2. Basis of Preparation and Significant Accounting Policies	11
3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty	12
4. Fee and Commission Income	14
5. Interest and Other Finance Income	15
6. Interest Expense.....	15
7. Net Gain on Financial Assets at Fair Value through Other Comprehensive Income ...	15
8. Foreign Exchange Gains Less Losses.....	16
9. Other Operating Income.....	16
10. General and Administrative Expenses	17
11. Personnel Expenses	18
12. Other Operating Expenses	19
13. Movement in Allowance for Expected Credit Losses.....	20
14. Income Tax.....	22
15. Cash and Cash Equivalents	23
16. Financial Assets at Fair Value through Profit or Loss.....	23
17. Due from Financial Institutions.....	24
18. Central Counterparty Financial Assets and Liabilities.....	24
19. Financial Assets at Fair Value through Other Comprehensive Income	25
20. Property and Equipment	25
21. Intangible Assets	26
22. Investments in Associates.....	27
23. Assets Held for Sale	27
24. Other Assets.....	28
25. Balances of Market Participants.....	29
26. Overnight bank loans	29
27. Distributions payable to holders of securities	30
28. Other Liabilities.....	30
29. Share Capital and Share Premium	30
30. Retained Earnings.....	31
31. Earnings per Share.....	31
32. Operating Segments.....	32
33. Commitments and Contingencies.....	34
34. Transactions with Related Parties	35
35. Fair Value Measurements.....	37
36. Events after the Reporting Date	38

**Consolidated Interim Condensed Statement of Profit or Loss (unaudited)
for the Three-Month Period Ended March 31, 2020**
(in millions of Russian rubles)

	Notes	Three-Month Period Ended March 31, 2020 (unaudited)	Three-Month Period Ended March 31, 2019 (unaudited)
Fee and commission income	4	7 909,9	6 117,5
Interest and other finance income	5	3 503,7	3 950,2
Interest expense	6	(652,6)	(546,7)
Net gain on financial assets at fair value through other comprehensive income	7	701,8	0,7
Foreign exchange gains less losses	8	439,8	506,7
Other operating income	9	85,8	254,7
Operating Income		11 988,4	10 283,1
General and administrative expenses	10	(1 883,5)	(1 981,0)
Personnel expenses	11	(1 794,7)	(1 755,9)
Profit before Other Operating Expenses and Tax		8 310,2	6 546,2
Other operating expenses	12	(871,0)	(2 653,5)
Profit before Tax		7 439,2	3 892,7
Income tax expense	14	(1 535,2)	(797,2)
Net Profit		5 904,0	3 095,5
Attributable to:			
Equity holders of the parent		5 903,2	3 085,6
Non-controlling interest		0,8	9,9
Earnings per share (rubles)			
Basic earnings per share	31	2,62	1,37
Diluted earnings per share	31	2,62	1,37



Chairman of the Executive Board

Y.O. Denisov

May 15, 2020
Moscow



**Chief Financial Officer,
Executive Board Member
M.V. Lapin**

May 15, 2020
Moscow

**Consolidated Interim Condensed Statement of Comprehensive Income (unaudited)
for the Three-Month Period Ended March 31, 2020**
(in millions of Russian rubles)

	Notes	Three-Month Period Ended March 31, 2020 (unaudited)	Three-Month Period Ended March 31, 2019 (unaudited)
Net profit		5 904,0	3 095,5
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		8,1	(0,9)
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		(2 802,1)	1 380,7
Movement in the credit risk of financial assets at fair value through other comprehensive income	13	771,2	60,5
Net loss on investments at fair value through other comprehensive income reclassified to profit or loss	7	(701,8)	(0,7)
Income tax relating to items that may be reclassified	14	546,5	(288,1)
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		(2 178,1)	1 151,5
Total comprehensive income		3 725,9	4 247,0
Attributable to:			
Equity holders of the parent		3 717,0	4 242,0
Non-controlling interest		8,9	5,0

The notes 1-36 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Financial Position (unaudited)
as at March 31, 2020
(in millions of Russian rubles)

	Notes	March 31, 2020 (unaudited)	December 31, 2019
ASSETS			
Cash and cash equivalents	15	686 739,2	466 098,8
Financial assets at fair value through profit or loss	16	16 884,1	13 695,4
Due from financial institutions	17	158 587,6	60 424,0
Central counterparty financial assets	18	3 575 328,0	3 262 670,6
Financial assets at fair value through other comprehensive income	19	194 022,0	179 313,4
Investments in associates	22	21,8	-
Property and equipment	20	5 451,7	5 446,6
Intangible assets	21	16 767,5	16 989,0
Goodwill		15 971,4	15 971,4
Current tax prepayments		942,4	1 481,9
Assets held for sale	23	-	105,4
Deferred tax asset	14	1 291,7	1 701,5
Other assets	24	4 338,4	4 696,4
TOTAL ASSETS		4 676 345,8	4 028 594,4
LIABILITIES			
Balances of market participants	25	913 544,1	565 922,6
Overnight bank loans	26	-	49 229,1
Central counterparty financial liabilities	18	3 575 328,0	3 262 670,6
Distributions payable to holders of securities	27	44 161,6	11 714,1
Margin account		120,5	0,6
Current tax payables		202,6	1 041,5
Liabilities related to assets held for sale	23	-	5,8
Deferred tax liability	14	2 276,4	2 361,0
Other liabilities	28	5 190,0	3 796,7
TOTAL LIABILITIES		4 540 823,2	3 896 742,0
EQUITY			
Share capital	29	2 495,9	2 495,9
Share premium	29	32 207,5	32 199,8
Treasury shares	29	(1 502,2)	(1 504,3)
Reserves relating to assets held for sale	23	-	(14,6)
Investments revaluation reserve		(588,0)	1 598,2
Share-based payments		475,4	457,6
Retained earnings		102 338,3	96 435,1
Total equity attributable to owners of the parent		135 426,9	131 667,7
Non-controlling interest		95,7	184,7
TOTAL EQUITY		135 522,6	131 852,4
TOTAL LIABILITIES AND EQUITY		4 676 345,8	4 028 594,4

The notes 1-36 form an integral part of these consolidated interim condensed financial statements.



**Consolidated Interim Condensed Statement of Cash Flows (unaudited)
for the Three-Month Period Ended March 31, 2020**
(in millions of Russian rubles)

Notes	Three-Month Period Ended March 31, 2020 (unaudited)	Three-Month Period Ended March 31, 2019 (unaudited)
Cash flows from operating activities:		
Profit before tax	7 439,2	3 892,7
Adjustments for:		
Depreciation and amortisation charge	10 795,7	872,8
Net change in deferred commission income	-	(109,9)
Revaluation of derivatives	1 137,8	511,6
Share-based payment expense	11 31,7	60,3
Unrealized gain on foreign exchange operations	(15,4)	(27,4)
Gain on disposal of financial assets at FVTOCI	(701,8)	(0,7)
Net change in interest accruals	(1 709,9)	425,6
Net gain on disposal of property and equipment	(1,6)	-
Change in allowance for expected credit losses	13 856,8	294,9
Change in other provisions	28 14,2	2 140,3
Gain on disposal of assets held for sale	23 (71,4)	-
Cash flows from operating activities before changes in operating assets and liabilities		
	7 775,3	8 060,2
Changes in operating assets and liabilities:		
<i>(Increase)/decrease in operating assets:</i>		
Due from financial institutions	(51 095,6)	16 426,8
Financial assets at FVTPL	448,7	151,5
Central counterparty financial assets	(304 819,1)	(72 499,5)
Other assets	556,9	1 120,0
<i>Increase/(decrease) in operating liabilities:</i>		
Balances of market participants	178 021,7	297 317,8
Overnight bank loans	(49 229,1)	43 515,7
Central counterparty financial liabilities	304 819,1	72 499,5
Distributions payable to holders of securities	31 985,4	(15 074,3)
Margin account	119,9	(824,0)
Other liabilities	137,9	383,9
Cash flows from operating activities before taxation		
	118 721,1	351 077,6
Income tax paid	(962,9)	(409,0)
Cash flows from operating activities		
	117 758,2	350 668,6

The notes 1-36 form an integral part of these consolidated interim condensed financial statements.



**Consolidated Interim Condensed Statement of Cash Flows (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles)

	Notes	Three-Month Period Ended March 31, 2020 (unaudited)	Three-Month Period Ended March 31, 2019 (unaudited)
Cash flows from / (used in) investing activities:			
Purchase of financial assets at FVTOCI		(33 237,4)	(12 528,7)
Proceeds from disposal of financial assets at FVTOCI		33 829,1	28 671,6
Purchase of property and equipment and intangible assets		(574,1)	(241,3)
Proceeds from disposal of property and equipment and intangible assets		1,6	-
Proceeds from disposal of assets held for sale		21,5	-
Cash flows from investing activities		40,7	15 901,6
Cash flows from / (used in) financing activities:			
Cash outflow for lease liabilities		(46,7)	(29,3)
Cash flows used in financing activities		(46,7)	(29,3)
Effect of changes in foreign exchange rates on cash and cash equivalents		102 880,2	(41 878,5)
Net increase in cash and cash equivalents		220 632,4	324 662,4
Cash and cash equivalents, beginning of period	15	466 107,3	416 395,9
Cash and cash equivalents, end of period	15	686 739,7	741 058,3

Interest received by the Group during the period ended March 31, 2020, amounted to RUB 2 108,8 million (March 31, 2019: RUB 4 327,7 million). Interest paid by the Group during the period ended March 31, 2020, amounted to RUB 653,1 million (March 31, 2019: RUB 534,7 million).

Consolidated Interim Condensed Statement of Changes in Equity (unaudited) for the Three-Month Period Ended March 31, 2020

(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Reserves relating to assets held for sale	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2018	2 495,9	32 140,2	(1 768,2)	(1 758,2)	710,1	(20,9)	-	93 623,3	125 422,2	182,4	125 604,6
Net profit	-	-	-	-	-	-	-	3 085,6	3 085,6	9,9	3 095,5
Other comprehensive income/(loss)	-	-	-	1 152,4	-	4,0	-	-	1 156,4	(4,9)	1 151,5
Total comprehensive income for the period	-	-	-	1 152,4	-	4,0	-	3 085,6	4 242,0	5,0	4 247,0
Foreign currency translation reserve relating to Assets held for sale	-	-	-	-	-	16,9	(16,9)	-	-	-	-
Share-based payments	-	45,9	229,7	-	(229,6)	-	-	-	46,0	-	46,0
Total transactions with owners	-	45,9	229,7	-	(229,6)	16,9	(16,9)	-	46,0	-	46,0
March 31, 2019	2 495,9	32 186,1	(1 538,5)	(605,8)	480,5	-	(16,9)	96 708,9	129 710,2	187,4	129 897,6
December 31, 2019	2 495,9	32 199,8	(1 504,3)	1 598,2	457,6	-	(14,6)	96 435,1	131 667,7	184,7	131 852,4
Net profit	-	-	-	-	-	-	-	5 903,2	5 903,2	0,8	5 904,0
Other comprehensive income/(loss)	-	-	-	(2 186,2)	-	-	-	-	(2 186,2)	8,1	(2 178,1)
Total comprehensive income for the period	-	-	-	(2 186,2)	-	-	-	5 903,2	3 717,0	8,9	3 725,9
Share-based payments	-	7,7	2,1	-	17,8	-	-	-	27,6	-	27,6
Disposal of assets held for sale	-	-	-	-	-	-	14,6	-	14,6	(97,9)	(83,3)
Total transactions with owners	-	7,7	2,1	-	17,8	-	14,6	-	42,2	(97,9)	(55,7)
March 31, 2020	2 495,9	32 207,5	(1 502,2)	(588,0)	475,4	-	-	102 338,3	135 426,9	95,7	135 522,6

The notes 1-36 form an integral part of these consolidated interim condensed financial statements.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020**
(in millions of Russian rubles, unless otherwise indicated)

1. Organization

Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) is a stock exchange based in Moscow, Russian Federation. It was established as closed joint-stock company "Moscow Interbank Currency Exchange" (MICEX) in 1992. In December 2011 the company was reorganized into the form of open joint-stock company and renamed to Open Joint-Stock Company MICEX-RTS. In July 2012 the name of the company was changed to Open Joint-Stock Company Moscow Exchange MICEX-RTS. On April 28, 2015 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) the company's new business name as Public Joint Stock Company Moscow Exchange MICEX-RTS was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the Charter of Moscow Exchange took effect from May 13, 2015, the day the registration authority recorded new version of the Charter.

The legal address of Moscow Exchange: 13 Bolshoy Kislovsky per., Moscow, the Russian Federation.

Moscow Exchange Group ("the Group") is an integrated exchange structure that provides financial market participants with a full set of competitive trading, clearing, settlement, depository and information services. The Group operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

Moscow Exchange is the parent company of the Group, which includes the following entities:

Name	Principal activities	March 31, 2020	December 31, 2019
		Voting rights, %	Voting rights, %
JSC Central Counterparty National Clearing Centre (former Bank National Clearing Centre JSC) (NCC)	Clearing operations	100%	100%
JSC National Settlement Depository (NSD)	Depository, clearing, repository and settlement services	99,997%	99,997%
JSC National Mercantile Exchange (NAMEX)	Commodities exchange operations	65,08%	65,08%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	-	60,82%
MICEX Finance LLC (MICEX Finance)	Financial activities	100%	100%
MOEX Innovations LLC (MOEX Innovations)	Fintech start-ups, financial activities	100%	100%
MOEX Information Security LLC (MOEX Information Security)	Information security services	100%	100%

NCC performs functions of a clearing organization and central counterparty on the financial market and holds licences for clearing operations and banking operations for non-banking credit institutions - central counterparties issued by the CBR.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

1. Organization (continued)

NSD is the central securities depository of the Russian Federation. NSD is the Russian national numbering agency and the substitute numbering agency for the Commonwealth of Independent States (CIS), authorized to assign the international ISIN, CFI, as well as Local Operating Unit of a global system of legal entities identification, authorized to assign LEI codes to the legal entities. NSD holds licences for depository, repository, clearing and settlement operations issued by the Central Bank of Russia (CBR).

NAMEX is a commodity exchange operating in Russia.

ETS is a commodity exchange, which has a licence for organisation of trading in commodities in Kazakhstan. In February 2020 the Group reduced its ownership in ETS by selling a 40,82% stake in the company and therefore ceding control over this subsidiary (for details refer to Note 23). Further sale of 15% share in ETS is expected until the end of 2024.

MICEX Finance is established for facilitating financial activities of the Group.

MOEX Innovations concentrates on start-ups development in the fintech sphere.

MOEX Information Security was established in Russia in October 2018 for providing information security services.

Moscow Exchange and all subsidiaries are located in Russia, except for ETS which is located in Kazakhstan.

The Group has 1 813 employees as at March 31, 2020 (December 31, 2019: 1 791 employees).

Operating environment. The Russian economy continued to be negatively impacted by ongoing political tension in the region and continuing international sanctions imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In March 2020 oil prices dropped for more than 40%, which resulted in weakening of Russian Ruble against major currencies.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the 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 and financial disruption for many companies and have significant impact on global economy and global financial markets. The significance of the effect of COVID-19 on the Group's business largely depends on the duration of the pandemic effects and the impact of new coronavirus spread prevention measures on the world and Russian economy.

The Group is currently evaluating the potential short-term and long-term implications of COVID-19 on its consolidated financial statements and on the capital and liquidity position of its regulated subsidiaries. Management currently believes that it has adequate capital and liquidity position to continue to operate the business and mitigate the risks associated with COVID-19 for the foreseeable future.

The Group has a well-established mechanism to ensure continuity of trading, and during the high volatility in the first quarter of 2020, the exchange has seen an increase in turnover compared to the same period last year.

The financial statements approval. These Consolidated Interim Condensed Financial Statements of the Group were approved for issue by the Management on May 15, 2020.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

2. Basis of Preparation and Significant Accounting Policies

Statement of compliance

These Consolidated Interim Condensed Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Statements".

Basis of preparation

These Consolidated Interim Condensed Financial Statements are presented in millions of Russian rubles rounded to one decimal place, unless otherwise indicated. These Consolidated Interim Condensed Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

These Consolidated Interim Condensed Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

The Russian ruble exchange rates applied in the preparation of these Interim Condensed Consolidated Financial Statements are presented below:

	March 31, 2020	December 31, 2019
USD	77,7325	61,9057
EUR	85,3161	69,3406

Inflation accounting

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Group applied IAS 29 *Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at December 31, 2002 by applying the relevant inflation indices to the historical cost, and that these restated values were used as a basis for accounting in subsequent periods.

Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of these Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2019.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB that are relevant to its operations and effective for reporting periods ending on December 31, 2020:

- Amendments to the Conceptual Framework for Financial Reporting
- Amendments to IFRS 3 *Definition of business*
- Amendments to IAS 1 and IAS 8 *Definition to Material*
- Amendments to IFRS 9 and IFRS 7 *Interest rate benchmark reform*

The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and critical estimates made by the Group in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2019, except for the following updates made to ECL estimation model:

- refined approach to LGD estimation;
- refined approach to EAD estimation;
- updated macro-adjustments calculation methodology.

These updates in methodology itself (model effect) did not impact significantly the amount of the expected credit loss allowance. The major impact on provision amount is driven by shock in economic environment (specifically global oil market) that affected counterparties' probabilities of default (PD). Given the structure of financial assets subject to IFRS 9, the most severe effect in provisions due to market fluctuations showed financial assets at FVTOCI (Note 13).

Critical accounting judgements

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. The Group's conducts continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change and so a prospective change to the classification of those assets.

Significant increase of credit risk

Expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers both quantitative and qualitative information that is reasonable, including historical experience and forward-looking information that is available without undue cost or effort.

Recoverability of deferred tax assets

The management of the Group is confident that no valuation allowance against deferred tax assets at the reporting date is considered necessary, because it is more likely than the deferred tax asset will be fully realised. The carrying value of deferred tax assets amounted to RUB 1 291,7 mln and RUB 1 701,5 mln as at March 31, 2020 and December 31, 2019, respectively.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

Probability of default

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

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Provision

The companies of the Group are subject to litigations. Such litigations may lead to orders to pay against the entities of the Group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. The Group determines whether there is a possible obligation from past events, evaluates the probability that an outflow will occur and estimates the potential amount of the outflow. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. See Note 33 for further information.

Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Useful lives of intangible assets

The Group annually examines the estimated useful life of its intangible assets. When determining the asset's useful life, the factors taken into account include the anticipated use of the asset, its typical life cycle, technical obsolescence, etc.

Valuation of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same;
- a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 35.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the instrument and volatility and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

4. Fee and Commission Income

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Money market	1 722,2	1 771,3
Securities market	1 909,0	1 083,0
- equities	1 117,2	414,4
- bonds	655,1	537,2
- listing and other services	136,7	131,4
Depository and settlement services	1 393,6	1 186,5
Derivatives	1 099,1	655,4
Foreign exchange	1 070,4	871,6
Information services	291,2	212,7
Sale of software and technical services	210,9	197,6
Other	213,5	139,4
Total fee and commission income	7 909,9	6 117,5

With effect from 1 January 2020, the Group applied a new tariff for foreign currency bank accounts, according to which the Group reimburses interest expense on customers' cash placements at negative interest rates with correspondent banks from customers. The maintenance fee for such accounts is recognized in fee and commission income, negative interest rate is recognized in interest expense (Note 6) and offset interest is recognized in interest income (Note 5).

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

5. Interest and Other Finance Income

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Gain/(loss) on financial assets at FVTPL		
Interest income	111,8	31,1
Net (loss)/gain on financial assets at FVTPL	(314,5)	36,1
Total (loss)/gain on financial assets at FVTPL	(202,7)	67,2
Interest income on financial assets other than at FVTPL		
Interest income on financial assets at FVTOCI	2 222,3	2 568,5
Interest on cash and cash equivalents and due from financial institutions	1 484,1	1 314,5
Total interest income on financial assets other than at FVTPL	3 706,4	3 883,0
Total interest and other finance income	3 503,7	3 950,2

6. Interest Expense

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Interest expense on cash and cash equivalents and due from financial institutions	436,6	-
Interest expense on interbank loans and deposits	123,5	416,1
Interest expense on accounts of clearing participants	80,8	112,5
Interest expense on stress collateral	10,0	13,8
Interest expense on lease liabilities	1,2	3,6
Interest expense on repo agreements and other	0,5	0,7
Total interest expense	652,6	546,7

7. Net Gain on Financial Assets at Fair Value through Other Comprehensive Income

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Bonds issued by Russian Federation	677,9	-
Bonds issued by foreign companies	18,3	-
Bonds issued by Russian companies	3,3	0,1
Bonds issued by Russian commercial banks	2,3	0,6
Total net gain on financial assets at FVTOCI	701,8	0,7

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

8. Foreign Exchange Gains Less Losses

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Foreign exchange swaps	424,1	520,7
Net result from other foreign exchange operations	15,7	(14,0)
Total foreign exchange gains less losses	439,8	506,7

Net gain on foreign exchange swaps includes gains/(losses) from swap deals used to hedge open foreign currency position of the Group and gain from swap transactions used to earn interest income from ruble-denominated funds.

9. Other Operating Income

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Reversal of legal case provision	-	218,3
Other operating income	85,8	36,4
Total other operating income	85,8	254,7

Other operating income for the three-months period ended March 31, 2020 includes RUB 71,4 million gain on sale of investment in ETS (Note 23).

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

9. Other Operating Income (continued)

In December 2015, a brokerage company defaulted on its liabilities to the Group that were foreclosed via standard default management procedures explicitly stipulated by the Law "On clearing, clearing activities and the central counterparty" to cover the liabilities to bona fide market and clearing participants. In September 2016, the broker was declared bankrupt. In October 2017, the bankruptcy manager filed a lawsuit with the arbitration court, seeking to declare the deals on foreclosure as void. During the year 2018 the courts of first and second instances ruled to fulfil plaintiffs demands. The Group made a 100% provision (Note 33) and filed a cassation which was satisfied. As a result the provision was conservatively decreased to 25% of the amount claimed to RUB 218,3 million. In January 2019 the plaintiffs applied to the Supreme Court. As of March 31, 2019 the Group performed additional risk-assessment and recovered the provision in full. In the second quarter 2019 The Supreme Court rejected to satisfy the plaintiffs' claim.

10. General and Administrative Expenses

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Amortisation of intangible assets (Note 21)	586,0	523,2
Equipment and intangible assets maintenance	373,4	332,1
Depreciation of property and equipment (Note 20)	209,7	349,6
Market makers fees	151,9	155,0
Taxes, other than income tax	133,1	132,3
Professional services	107,5	155,5
Registrar and foreign depository services	92,5	79,0
Rent and office maintenance	77,1	72,9
Advertising and marketing costs	45,8	45,3
Information services	45,7	69,5
Communication services	18,7	23,0
Business trip expenses	10,2	16,2
Charity	9,2	2,5
Security expenses	7,7	7,5
Transport expenses	3,6	4,7
Other	11,4	12,7
Total general and administrative expenses	1 883,5	1 981,0

Professional services comprise consulting, audit, legal and other services.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

11. Personnel Expenses

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Employees benefits except for share-based payments	1 351,6	1 349,1
Payroll related taxes	411,4	346,5
Share-based payment expense on equity settled instruments	27,6	46,0
Share-based payment expense on cash settled instruments	4,1	14,3
Total personnel expenses	1 794,7	1 755,9

Rights to purchase equity instruments granted to some employees give holders a choice either to only purchase the full number of shares at exercise price or also to sell back shares at the market price for the same ruble value. The majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is four years. The maximum contractual term of the contracts granted in 2017 is three and a half years. The fair value of the rights is measured at the grant date using a binomial model taking into account the terms and conditions under which the instruments were granted.

In 2017 the new program of cash settled instruments was introduced. The amount of cash consideration to be received by the employees is linked to the future market price of the Group's shares. The majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is three and a half years. The fair value of the rights is remeasured at each reporting date using a binomial model.

The following table illustrates the number and weighted average exercise prices (WAEP), and movements in rights to purchase equity settled instruments:

	Number	WAEP
Outstanding at January 1, 2019	49 734 517	98,97
Exercised (Note 29)	(3 378 726)	69,41
Forfeited	(200 000)	109,40
Redeemed	(11 621 274)	69,41
Outstanding at March 31, 2019	34 534 517	111,75
Outstanding at January 1, 2020	30 466 667	109,94
Exercised (Note 29)	(30 961)	103,89
Redeemed	(324 039)	103,89
Outstanding at March 31, 2020	29 911 667	110,19

WAEP for exercised rights in the table above is calculated based on the contractual exercise price.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

11. Personnel Expenses (continued)

No cash settled instruments were granted during the three-month period ended March 31, 2020 and March 31, 2019. The weighted average remaining contractual life of outstanding instruments is 0,65 years (December 31, 2019: 0,37 years).

246 375 cash settled instruments were exercised during the three-month period ended March 31, 2020 with WAEP of RUB 101,54 (March 31, 2019: 120 920 with WAEP of RUB 88,00).

The number of equity rights exercisable as at March 31, 2020 is 13 666 667 with WAEP of RUB 115,50 (December 31, 2019: 12 916 667 with WAEP of RUB 114,42).

No equity rights were granted during the three-month period ended March 31, 2020 (March 31, 2019: none).

The range of exercise prices and weighted average remaining contractual life of equity rights are as follows:

Exercise price	March 31, 2020		December 31, 2019	
	Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
62,0 - 77,0	-	-	-	-
77,0 - 102,0	6 280 000	1,12	6 700 000	1,28
107,0 - 122,0	23 631 667	0,23	23 766 667	0,34
	29 911 667	0,42	30 466 667	0,55

The volatility assumption is based on implied volatilities of quoted shares of Moscow Exchange.

Equity settled instruments are measured at grant date and cash settled instruments are remeasured at each reporting date.

12. Other Operating Expenses

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Movement in allowance for ECL (Note 13)	856,8	294,9
Provision for losses related to potential commodity market shortages	14,2	2 358,6
Total other operating expenses	871,0	2 653,5

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

12. Other Operating Expenses (continued)

Grain

In the first quarter of 2019, a subsidiary of the Group that operates as a Commodity Delivery Operator (CDO) found, during regular inspections of commodities stored in grain warehouses, several instances where grain stockpiles used as collateral under swap trades were missing, allegedly due to theft. This risk related to use of a partner's infrastructure for storing commodity assets is inherent exclusively to the agricultural products market. The Group's risk protection system and risk monitoring on the grain market consists of evaluation of technical condition and financial position of counterparty (certification), regular independent surveys with rotation of surveyors, and insurance coverage, including covering the risk of fraud, which size which size was sufficient to cover possible losses based on previous cases in the market. The Group has undertaken all necessary actions, such as: has filed 13 claims for the initiation of criminal and civil proceedings, demanding the execution of trades, reclaiming missing collateral and claiming insurance.

The amount receivable from the accredited grain elevators and sugar warehouses is presented as other assets (Note 24), for which a 100% provision has been created. The total amount of provisions for CDO operations as at 31 March 2020 is RUB 2 382,3 million.

Sugar

Despite the fact that there have been no instances of missing sugar stocks, the Group has applied a conservative approach to creating provisions for sugar stockpiles at warehouses. On a regular basis, the Group conducts on-site inspections to ensure the security and quality of sugar stockpiles.

13. Movement in Allowance for Expected Credit Losses

The information on the movement in the allowance for expected credit losses of the Group for the three-month periods ended March 31, 2020 and March 31, 2019, is provided below.

	Cash and cash equivalents	Due from financial institutions	Financial assets at FVTOCI	Other financial assets	Total
<i>Note</i>	<i>15</i>	<i>17</i>		<i>24</i>	
December 31, 2018	4,7	36,3	192,0	84,5	317,5
Net (reversal) / charge for the period	(1,4)	(1,5)	60,5	237,3	294,9
Write-offs	-	-	-	(5,6)	(5,6)
March 31, 2019	3,3	34,8	252,5	316,2	606,8
December 31, 2019	1,7	0,1	219,3	2 442,3	2 663,4
Net (reversal) / charge for the period	(1,2)	99,6	771,2	(12,8)	856,8
Write-offs	-	-	-	(3,8)	(3,8)
March 31, 2020	0,5	99,7	990,5	2 425,7	3 516,4

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

13. Movement in Allowance for Expected Credit Losses (continued)

In the first quarter 2019 the Group's management had detected several incorrectly processed administrative payments not connected with the Group's trading and clearing activities. Management immediately introduced a set of necessary measures to resolve the situation and improved control procedures to avoid similar mistakes in the future. Also, the Group's management created the provision on receivables at the amount of RUB 259,1 million. As at December 31, 2019, the receivables in the amount of RUB 223,8 million were written off against provision as uncollectible, the excess of provision was recovered.

Total net charge of the allowance for expected credit losses of the Group for the three-month period ended at March 31, 2020 and 2019 is included in other operating expense within Consolidated Interim Condensed Statement of Profit or Loss (Note 12).

As at March 31, 2020 and December 31, 2019, the allowance for expected credit losses of financial assets at fair value through other comprehensive income is included in investments revaluation reserve. The movement of the allowance is reflected within consolidated interim condensed statement of comprehensive income.

The allowance for expected credit losses of the Group consists of the loss allowance measured at an amount equal to 12-month expected credit losses for Stage 1 assets, and the loss allowance measured at an amount equal to lifetime expected credit losses for Stage 2 and Stage 3 assets. The composition of the Group's financial assets and correspondent allowances for expected credit losses by stages as at March 31, 2020 and December 31, 2019 is provided below.

	Cash and cash equivalents	Due from financial institutions	Financial assets at FVTOCI	Other financial assets	Total
<i>Note</i>	<i>15</i>	<i>17</i>		<i>24</i>	
March 31, 2020					
Stage 1 assets	686 739,0	158 687,3	194 022,0	1 076,9	1 040 525,2
Stage 2 assets	-	-	-	31,7	31,7
Stage 3 assets	-	-	-	2 364,3	2 364,3
Total financial assets	686 739,0	158 687,3	194 022,0	3 472,9	1 042 921,2
Allowance for Stage 1 assets	(0,5)	(99,7)	(990,5)	(57,1)	(1 147,8)
Allowance for Stage 2 assets	-	-	-	(4,3)	(4,3)
Allowance for Stage 3 assets	-	-	-	(2 364,3)	(2 364,3)
Total allowance for expected credit losses	(0,5)	(99,7)	(990,5)	(2 425,7)	(3 516,4)
December 31, 2019					
Stage 1 assets	466 100,5	60 424,1	179 313,4	721,4	706 559,4
Stage 2 assets	-	-	-	358,3	358,3
Stage 3 assets	-	-	-	2 396,4	2 396,4
Total financial assets	466 100,5	60 424,1	179 313,4	3 476,1	709 314,1
Allowance for Stage 1 assets	(1,7)	(0,1)	(219,3)	(6,2)	(227,3)
Allowance for Stage 2 assets	-	-	-	(39,7)	(39,7)
Allowance for Stage 3 assets	-	-	-	(2 396,4)	(2 396,4)
Total allowance for expected credit losses	(1,7)	(0,1)	(219,3)	(2 442,3)	(2 663,4)



**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

14. Income Tax

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition, as well as to recorded values of certain assets.

The tax rate used for the reconciliations between tax expense and accounting profit is the corporate tax rate of 20% payable by corporate entities in the Russian Federation on taxable profits under the tax law in that jurisdiction.

Reconciliation of income tax expense and accounting profit for the three-month periods ended March 31, 2020 and 2019, are explained below:

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Profit before income tax	7 439,2	3 892,7
Tax at the statutory tax rate (20%)	1 487,8	778,5
Tax effect of income taxed at rates different from the prime rate	(82,7)	(80,1)
Non-deductible expenses for tax purposes	129,0	98,8
Adjustments in respect of current income tax of previous years	1,1	-
Income tax expense	1 535,2	797,2
Current income tax expense	662,4	3 052,8
Current income tax expense related to previous years	1,1	-
Deferred taxation movement due to origination and reversal of temporary differences	3 304,4	(2 257,2)
Deferred taxation movement due to tax losses carried forward	(2 432,7)	1,6
Income tax expense	1 535,2	797,2

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Beginning of the period – deferred tax assets	1 701,5	125,1
Beginning of the period – deferred tax liabilities	(2 361,0)	(3 821,4)
Changes in deferred income tax balances recognised in other comprehensive income	546,5	(288,1)
Change in deferred income tax balances recognised in profit or loss	(871,7)	2 255,6
End of the period - deferred tax assets	1 291,7	782,7
End of the period - deferred tax liabilities	(2 276,4)	(2 516,2)

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

15. Cash and Cash Equivalents

	March 31, 2020	December 31, 2019
Correspondent accounts and overnight deposits with banks	650 043,3	415 657,5
Balances with the CBR	36 676,5	50 416,2
Receivables on broker and clearing operations	13,2	22,5
Cash on hand	6,0	4,3
Total cash and cash equivalents	686 739,0	466 100,5
Less allowance for ECL (Note 13)	(0,5)	(1,7)
Total cash and cash equivalents	686 738,5	466 098,8
Total cash and cash equivalents before allowance for ECL	686 739,0	466 100,5
Accrued interest with maturity of more than 1 working day	0,7	-
Cash and cash equivalents attributable to Assets of disposal group held for sale	-	6,8
Cash and cash equivalents for the purpose of Consolidated Statement of Cash Flows	686 739,7	466 107,3

16. Financial Assets at Fair Value through Profit or Loss

	March 31, 2020	December 31, 2019
Eurobonds issued by Russian companies	16 523,2	13 418,5
Derivative financial instruments	151,1	69,6
Shares issued by Russian companies	141,3	139,8
Shares issued by foreign companies	68,5	67,5
Total financial assets at FVTPL	16 884,1	13 695,4

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

17. Due from Financial Institutions

Due from financial institutions are presented as follows:

	March 31, 2020	December 31, 2019
Interbank loans and term deposits	86 593,4	7 789,3
Reverse repo receivables from financial institutions	38 413,1	48 445,5
Term deposits with the CBR	28 027,3	-
Correspondent accounts and deposits in precious metals	5 602,9	4 189,1
Other loans	49,6	-
Receivables on broker and clearing operations	1,0	0,2
Total due from financial institutions	158 687,3	60 424,1
Less allowance for ECL (Note 13)	(99,7)	(0,1)
Total due from financial institutions	158 587,6	60 424,0

As at March 31, 2020, interbank loans and term deposits include restricted amounts on correspondent account with Euroclear Bank S.A./N.V., Brussels, which relate to foreign securities (coupon and principal repayments) owned by the depositary clients, in the amount of RUB 9 515,1 million (December 31, 2019: RUB 7 683,7 million). Balances of market participants include balances due to these clients in respect of those securities in the amount of RUB 9 515,1 million (December 31, 2019: RUB 7 683,7 million).

18. Central Counterparty Financial Assets and Liabilities

	March 31, 2020	December 31, 2019
Repo transactions	3 543 008,8	3 259 579,2
Currency transactions	32 319,2	3 091,4
Total CCP financial assets and liabilities	3 575 328,0	3 262 670,6

CCP financial assets are receivables under currency and repo transactions and CCP financial liabilities are payables under offsetting transactions, which the Group entered with market participants as a CCP.

As at March 31, 2020 and December 31, 2019, none of these assets were past due.

CCP financial assets and liabilities under currency transactions represent fair values of overnight currency deals. Gross claims and liabilities with individual counterparties are offset in accordance with IAS 32.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

19. Financial Assets at Fair Value through Other Comprehensive Income

	March 31, 2020	December 31, 2019
Bonds issued by the Russian Federation	86 567,3	85 834,1
Bonds issued by foreign companies	54 870,7	40 479,8
Bonds issued by Russian companies	31 993,0	32 063,1
Bonds issued by Russian banks	19 831,2	20 167,7
Bonds issued by foreign banks	759,8	768,7
Total financial assets at FVTOCI	194 022,0	179 313,4

20. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Right- of-use assets	Total
Cost						
December 31, 2018	219,8	5 865,9	7 075,0	47,0	-	13 207,7
January 1, 2019 (with IFRS 16 effect)	219,8	5 865,9	7 075,0	47,0	269,0	13 476,7
Additions	-	-	37,7	-	11,9	49,6
Reclassification	-	-	38,0	(38,0)	-	-
Disposals	-	-	(20,4)	-	-	(20,4)
Reclassification to assets held for sale	(10,7)	(63,5)	(15,0)	-	-	(89,2)
Effect of movements in exchange rates	(0,6)	(3,8)	(0,9)	-	-	(5,3)
March 31, 2019	208,5	5 798,6	7 114,4	9,0	280,9	13 411,4
December 31, 2019	208,5	5 798,6	7 392,6	50,2	284,6	13 734,5
Additions	-	-	212,8	-	2,0	214,8
Reclassification	-	-	12,5	(12,5)	-	-
Disposals	-	-	(147,7)	-	-	(147,7)
March 31, 2020	208,5	5 798,6	7 470,2	37,7	286,6	13 801,6
Accumulated depreciation						
December 31, 2018	-	1 571,6	5 662,2	-	-	7 233,8
Charge for the period	-	29,1	274,5	-	46,0	349,6
Disposals	-	-	(20,4)	-	-	(20,4)
Reclassification to assets held for sale	-	(14,8)	(11,8)	-	-	(26,6)
Effect of movements in exchange rates	-	(0,9)	(0,7)	-	-	(1,6)
March 31, 2019	-	1 585,0	5 903,8	-	46,0	7 534,8
December 31, 2019	-	1 672,6	6 423,8	-	191,5	8 287,9
Charge for the period	-	28,9	132,2	-	48,6	209,7
Disposals	-	-	(147,7)	-	-	(147,7)
March 31, 2020	-	1 701,5	6 408,3	-	240,1	8 349,9
Net book value						
December 31, 2019	208,5	4 126,0	968,8	50,2	93,1	5 446,6
March 31, 2020	208,5	4 097,1	1 061,9	37,7	46,5	5 451,7

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

20. Property and Equipment (continued)

As at March 31, 2020, historical cost of fully depreciated property and equipment amounts to RUB 5 358,4 million (December 31, 2019: RUB 5 350,3 million).

21. Intangible Assets

	Software and licenses	Client base	Intangible assets development	Total
Cost				
December 31, 2018	5 872,1	19 606,7	777,2	26 256,0
Additions	93,6	-	95,9	189,5
Reclassification	38,2	-	(38,2)	-
Disposals	(0,8)	-	-	(0,8)
Reclassification to assets held for sale	(1,6)	-	-	(1,6)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
March 31, 2019	6 001,4	19 606,7	834,9	26 443,0
December 31, 2019	6 915,6	19 606,7	1 414,3	27 936,6
Additions	89,4	-	275,1	364,5
Reclassification	671,7	-	(671,7)	-
Disposals	(1,4)	-	-	(1,4)
March 31, 2020	7 675,3	19 606,7	1 017,7	28 299,7
Accumulated amortisation and impairment				
December 31, 2018	2 365,6	6 286,1	-	8 651,7
Charge for the period	229,1	294,1	-	523,2
Disposals	(0,8)	-	-	(0,8)
Reclassification to assets held for sale	(1,2)	-	-	(1,2)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
March 31, 2019	2 592,6	6 580,2	-	9 172,8
December 31, 2019	3 485,1	7 462,5	-	10 947,6
Charge for the period	292,3	293,7	-	586,0
Disposals	(1,4)	-	-	(1,4)
March 31, 2020	3 776,0	7 756,2	-	11 532,2
Net book value				
December 31, 2019	3 430,5	12 144,2	1 414,3	16 989,0
March 31, 2020	3 899,3	11 850,5	1 017,7	16 767,5

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

22. Investments in Associates

	March 31, 2020				
	Ownership interest	Principal place of business	Country of incorporation	Nature of activities	Carrying value
Eurasian Trade System Commodity Exchange JSC (ETS)	20,00%	Kazakhstan	Kazakhstan	Commodity exchange operations	21,8
Total investments in associates					21,8

The above associate is accounted for using the equity method.

23. Assets Held for Sale

In March 2019, the Supervisory board approved a plan to sell ETS. As at December 31, 2019 the Group presented ETS as disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations".

In February 2020 the Group disposed of 40,82% stake in ETS and therefore ceding control over this subsidiary. Further sale of 15% share in ETS is expected until the end of 2024. The remaining share of 20% is accounted for as investment in associate (Note 22).

The major classes of assets and liabilities of ETS classified as held for sale as of December 31, 2019:

December 31, 2019	
Assets of the disposal group held for sale	
Cash and cash equivalents	6,8
Due from financial institutions	16,2
Property and equipment	59,0
Intangible assets	0,5
Other assets	22,9
Total assets of the disposal group held for sale	105,4
Liabilities of the disposal group held for sale	
Other liabilities	5,8
Total liabilities of the disposal group held for sale	5,8



**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

23. Assets Held for Sale (continued)

	Three-Month Period Ended March 31, 2020
Gain on disposal of ETC	
Consideration received	28,3
Net assets disposed of	(54,8)
Non-controlling interest	89,8
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	8,1
Gain on disposal	71,4

The gain on disposal is included in other income line of the consolidated Interim Condensed Statement of Profit or Loss (Note 9).

24. Other Assets

	March 31, 2020	December 31, 2019
Other financial assets:		
Receivables on services rendered and other operations	3 472,9	3 476,1
Less allowance for ECL (Note 13)	(2 425,7)	(2 442,3)
Total other financial assets	1 047,2	1 033,8
Other non-financial assets:		
Precious metals	2 697,4	3 134,3
Prepaid expenses	515,6	447,9
Taxes receivable other than income tax	46,7	46,9
Non-current assets prepaid	21,9	24,8
Other	9,6	8,7
Total other assets	4 338,4	4 696,4

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

25. Balances of Market Participants

	March 31, 2020	December 31, 2019
Accounts of clearing participants	798 650,1	450 993,4
Other current and settlement accounts	72 610,3	83 110,5
Stress collateral	27 985,7	19 006,2
Accounts of clearing participants in precious metals	8 300,3	7 336,3
Risk-covering funds	5 997,7	5 476,2
Total balances of market participants	913 544,1	565 922,6

Accounts of clearing participants include margins deposited by clearing participants. The purpose of margins is to support clearing settlements on the market and to cover risks arising from open positions of market participants, including operations of market participants, where the Group acts as a central counterparty. If an initial margin requirement exceeds the collateral posted by a market participant in the guarantee fund, the participant is required to cover the deficit by posting additional margin for the unsettled trades or to reduce the open position to an appropriate level. The margins is payable to a market participant when it closes its positions. The Group places guarantee fund amounts on current accounts and deposits with reputable banks or repo receivables (Notes 15, 17).

Market participants also pledge traded securities to the guarantee fund as collateral for their obligations. These securities are blocked at the participants' custody accounts in NSD. These securities are not assets of the Group and are not recognised in the Consolidated Interim Condensed Statement of the Financial Position.

Stress collateral is an additional individual clearing collateral used on foreign exchange, securities and derivative markets. Stress collateral is calculated based on the volume of risk on transactions with partial collateral concluded by the clearing participants with the Central Counterparty. Requirements for depositing stress collateral arise for clearing participants who have average daily positions in excess of positions of other participants in the relevant market. NCC is obliged to pay an interest to the clearing participants for the right to use funds deposited as stress collateral.

The risk-covering funds comprise contributions deposited by market participants. The purpose of these funds is to provide additional insurance to the market participants in respect of the ability of the Group to guarantee proper settlements of open positions in case of a market participant default. The minimum contribution amount per one participant is determined by the NCC Supervisory Board and it is approved by the Derivatives Market Committee, the Currency Market Committee, the Securities Market Committee and the Securities Lending & REPO Committee. Risk-covering funds amounts are only used to cover the deficit if a margin posted by a trading participant is not sufficient to cover its losses. Cash received from the market participants in the risk-covering funds is placed with top-rated banks (Notes 15, 17).

26. Overnight bank loans

	March 31, 2020	December 31, 2019
Overnight bank loans	-	49 229,1
Total overnight bank loans	-	49 229,1

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

27. Distributions payable to holders of securities

Distributions payable to holders of securities comprise dividends and coupon amounts received by the Group from the issuers of securities on behalf of customers of the Group, for which the Group provides depository services.

The normal settlement period for distribution of dividends and coupon amounts to its customers is three days. Amounts of dividends and coupons payable to clients are stated at their contractual values.

28. Other Liabilities

	March 31, 2020	December 31, 2019
Other financial liabilities		
Derivative financial liabilities	1 252,1	32,8
Trade and other payables	529,7	720,6
Payables to employees	553,5	337,2
Lease liabilities	52,3	86,6
Dividends payable	0,3	0,3
Total other financial liabilities	2 387,9	1 177,5
Other non-financial liabilities		
Personnel remuneration provision	1 542,8	1 723,2
Taxes payable, other than income tax	737,7	435,5
Advances received	464,9	258,0
Provision	46,1	31,7
Tax agent liabilities regarding distributions payable to holders of securities	10,6	170,8
Total other liabilities	5 190,0	3 796,7

29. Share Capital and Share Premium

The share capital of Moscow exchange comprises ordinary shares with a par value of RUB 1 each:

	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2018	2 276 401 458	(26 014 430)
Exercised equity instruments (Note 11)	-	3 378 726
March 31, 2019	2 276 401 458	(22 635 704)
December 31, 2019	2 276 401 458	(22 131 768)
Exercised equity instruments (Note 11)	-	30 961
March 31, 2020	2 276 401 458	(22 100 807)

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

29. Share Capital and Share Premium (continued)

Share premium represents an excess of contributions received over the nominal value of shares issued.

As at March 31, 2020 and December 31, 2019, the number of authorized shares is 12 095 322 151.

30. Retained Earnings

During the three-month periods ended March 31, 2020 and March 31, 2019 the Group did not pay or declare dividends on ordinary shares.

The Group's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of the Group members. Non-distributable reserves comprise a reserve fund, which is created according to the statutory regulations, to cover risks, including future losses and other unforeseen risks and contingencies, as well as funds of NCC required to comply with regulations of CBR relating to CCP activities.

31. Earnings per Share

The calculation of earnings per share is based on the profit for the period attributable to shareholders of the Group and the weighted average number of ordinary outstanding during the period, calculated as shown below.

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Net profit attributable to ordinary equity holders of the parent	5 903,2	3 085,6
Weighted average number of shares	2 254 276 012	2 253 117 779
Effect of dilutive share options	704 900	2 879 212
Weighted average number of shares adjusted for the effect of dilution	2 254 980 912	2 255 996 991
Basic earnings per share, RUB	2,62	1,37
Diluted earnings per share, RUB	2,62	1,37

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

32. Operating Segments

The Group distinguishes the following operating segments for management purposes depending on the types of products and services:

Operating segment **"Trading services"** includes the Group's trading services in foreign exchange, securities, derivatives and money markets, listing and other trading services.

In the Foreign Exchange Market of Moscow Exchange spot and swap transactions are performed with different maturities in the following currencies: USD, EUR, CNY, HKD, GBP, CHF, TRY, KZT and BYR. Deliverable forward contracts for currency pairs are also traded in the foreign exchange market, and transactions with precious metals are performed (gold and silver).

In the **Money Market** Moscow Exchange provides repo services with shares and bonds of the following types: repo with the CCP, including repo with General Collateral Certificates with CCP (GCC-repo), inter-dealer repo, direct repo with the CBR. Participants can also perform depositary-credit operations, in particular, funds placement auctions on bank deposits.

In the **Securities Market** of Moscow Exchange primary and secondary trades in shares, Russian government bonds (OFZ), municipal and corporate bonds, foreign state and corporate eurobonds, depositary receipts, fund shares, ETFs are performed.

In the **Derivatives Market** of Moscow Exchange the following derivative instruments are traded: futures contracts on indices, Russian and foreign shares, Russian government bonds (OFZ) and eurobonds Russia-30, currency pairs, interest rates, precious metals, crude oil and sugar, and option contracts on futures.

Listing services – inclusion and maintenance of securities in the List of securities admitted to on-exchange trading.

Operating segment **"Clearing"** includes mainly CCP clearing services and other clearing services.

The CCP guarantees stability in the serviced market segments through the risk-management system implementation, and provides clearing services to the market participants. The CCP guarantees that all obligations to all non-defaulting parties of the contracts signed with the CCP, regardless of whether obligations to the CCP are met or not, are fulfilled.

Operating segment **"Depositary"** includes depositary and settlement services provided to participants in the on-exchange and OTC markets, OTC transaction registration services (repository services), collateral management services and information services.

Operating segment **"Other services"** includes the Group's results from information products, software and technical services provision and unallocated income and expense.

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

32. Operating Segments (continued)

Software, technical and information services include a wide range of professional instruments used for access to the Exchange markets, electronic trade based on modern exchange trade technologies, real time market data, trading results data and indices.

Less than 1% of the Group's income from external clients is earned outside of the Russian Federation. Less than 1% of the Group's non-current assets are situated outside of the Russian Federation. The business of the Group on the territory of the Republic of Kazakhstan does not have any significant influence on the financial statements of the Group. Therefore, it is not distinguished as a separate operating segment.

Segment reports and the segment financial results provided to Management of the Group for analysis are prepared according to the International Financial Reporting Standards and are adjusted for intersegment transfers. Management of the Group evaluates the segment financial results, using the segment total income and operating profit figures, taking into account differences in products and services of different segments.

The information on income and expenses of the Group broken down into operating segments for the three-month periods ended March 31, 2020 and March 31, 2019, is provided below.

	Three-Month Period Ended March 31, 2020				
	Trading services	Clearing	Depository	Other services	Total
INCOME					
Fee and commission income	2 982,2	2 969,3	1 472,7	485,7	7 909,9
Net interest and other finance income*	1 212,9	2 313,5	466,3	-	3 992,7
Other operating income	-	-	-	85,8	85,8
Total income	4 195,1	5 282,8	1 939,0	571,5	11 988,4
EXPENSES					
Personnel expenses	(826,9)	(277,5)	(529,2)	(161,1)	(1 794,7)
General and administrative expenses, <i>Incl. depreciation and amortisation</i>	(948,7)	(254,3)	(537,0)	(143,5)	(1 883,5)
	(371,4)	(126,0)	(262,8)	(35,5)	(795,7)
Total expenses before other operating expenses	(1 775,6)	(531,8)	(1 066,2)	(304,6)	(3 678,2)
Total profit before other operating expenses and tax	2 419,5	4 751,0	872,8	266,9	8 310,2
Other operating expenses	(69,6)	(801,1)	(0,3)	-	(871,0)
Total profit before tax	2 349,9	3 949,9	872,5	266,9	7 439,2

* including net gain on financial assets at FVTOCI and net financial result from foreign exchange

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

32. Operating Segments (continued)

	Three-Month Period Ended March 31, 2019				Total
	Trading services	Clearing	Depository	Other services	
INCOME					
Commission income	2 148,3	2 345,3	1 232,6	391,3	6 117,5
Net interest and other finance income*	1 559,3	1 754,7	596,9	-	3 910,9
Other operating income	-	218,3	-	36,4	254,7
Total income	3 707,6	4 318,3	1 829,5	427,7	10 283,1
EXPENSES					
Personnel expenses	(807,4)	(279,3)	(538,7)	(130,5)	(1 755,9)
General and administrative expenses, <i>Incl. depreciation and amortisation</i>	(1 030,8)	(269,9)	(525,0)	(155,3)	(1 981,0)
	(434,1)	(136,0)	(264,5)	(38,2)	(872,8)
Total expenses before other operating expenses	(1 838,2)	(549,2)	(1 063,7)	(285,8)	(3 736,9)
Total profit before other operating expenses and tax	1 869,4	3 769,1	765,8	141,9	6 546,2
Other operating expenses	(243,4)	(2 372,6)	(37,5)	-	(2 653,5)
Total profit before tax	1 626,0	1 396,5	728,3	141,9	3 892,7

* including net gain on financial assets at FVTOCI and net financial result from foreign exchange

33. Commitments and Contingencies

Legal proceedings – From time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. Management of the Group believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these Consolidated Interim Condensed Financial Statements. During three-months period ended March 31, 2019 the Group has recovered previously created provision for a litigation (Note 9).

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

34. Transactions with Related Parties

Intragroup transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with key management

Key management personnel comprises members of the Executive Board and the Supervisory Board. The total remuneration paid to key management personnel includes short-term benefits (salary, bonuses, payroll related taxes, insurance, health care, etc.), long-term benefits and share-based payment expense.

Included in the Consolidated Interim Condensed Statement of Financial Position are the following amounts that arose on transactions with key management personnel:

	March 31, 2020	December 31, 2019
Other liabilities	236,0	403,9
Share-based payments	179,1	169,8

Included in the Consolidated Interim Condensed Statement of Profit or Loss are the following amounts that arose due to transactions with key management personnel:

	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Short-term employee benefits	77,3	110,3
Long-term employee benefits	18,2	22,5
Share-based payment expense on equity settled instruments	9,3	21,7
Total remuneration of key management personnel	104,8	154,5

(b) Transactions with associates

Included in the Consolidated Interim Condensed Statement of Financial Position are the following amounts that arose on transactions with associates:

	March 31, 2020
Due from financial institutions	49,5
Allowance for ECL on amounts due from financial institutions	(39,4)

Included in the Consolidated Interim Condensed Statement of Profit or Loss are the following amounts that arose due to transactions with associates:

	Three-Month Period Ended March 31, 2020
Interest and other finance income	0,1
Other operating expenses	(39,4)

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

34. Transactions with Related Parties (continued)

(c) Transactions with government-related entities

As at March 31, 2020 the Russian Federation exercises significant influence over Moscow Exchange.

In the ordinary course of business the Group provides trading, clearing and depositary services to government-related entities, places funds with government-related banks and bonds issued by the Russian Federation and government-related entities. According to p.26 (b) of IAS 24 the Group discloses the following significant outstanding balances and financial results on operations with government-related entities as at 31 March, 2020 and December 31, 2019, and for the three-month periods ended 31 March, 2020 and 31 March, 2019:

	March 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	127 271,9	132 337,4
Due from financial institutions	60 171,3	105,6
Central counterparty financial assets	937 011,8	947 805,0
Financial assets at FVTOCI	134 029,1	116 345,6
Other assets	420,6	427,4
LIABILITIES		
Balances of market participants	409 182,9	244 708,6
Overnight bank loans	-	42 343,1
Central counterparty financial liabilities	2 172 376,4	1 852 415,6
Distributions payable to holders of securities	30 526,4	9 354,8
Other liabilities	209,1	97,6
	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
Fee and commission income	3 665,4	2 115,9
Interest and other finance income	2 321,6	2 360,0
Interest expense	(327,3)	(462,0)
Net gain on financial assets at FVTOCI	680,7	(3,1)
Other operating income	5,4	3,4
Administrative and other expenses	(62,7)	(49,1)



**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

35. Fair Value Measurements

The Group performs a fair value assessment of its financial assets and liabilities, as required by IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures fair values for financial assets recorded on the statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies.

The fair value of the unquoted debt securities has been determined using a discounted cash flow model, by reference to quoted market prices for similar instruments.

The fair value of unquoted equity instruments has been determined based on market approach using price/net assets ratio for similar companies.

The table below analyses financial assets and liabilities measured at fair value at March 31, 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2020			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	16 523,2	151,1	209,8	16 884,1
CCP financial assets and liabilities (currency transactions)	32 319,2	-	-	32 319,2
Financial assets at FVTOCI	178 290,1	15 731,9	-	194 022,0
Derivative financial liabilities	-	(1 252,1)	-	(1 252,1)

Financial assets and liabilities measured at fair value at December 31, 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	13 418,5	69,6	207,3	13 695,4
CCP financial assets and liabilities (currency transactions)	3 091,4	-	-	3 091,4
Financial assets at FVTOCI	171 028,0	8 285,4	-	179 313,4
Derivative financial liabilities	-	(32,8)	-	(32,8)

**Notes to the Consolidated Interim Condensed Financial Statements (unaudited)
for the Three-Month Period Ended March 31, 2020 (continued)**
(in millions of Russian rubles, unless otherwise indicated)

35. Fair Value Measurements (continued)

The fair value of cash and cash equivalents, due from financial institutions, other financial assets, balances of market participants and other financial liabilities as of March 31, 2020 and December 31, 2019 refer to level 2 hierarchy of fair value.

Management of the Group considers that the fair value of financial assets and liabilities not carried at fair value in Consolidated Interim Condensed Statement of Financial Position approximates their carrying value.

Transfers between level 1 and 2

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows total amount of transfers of financial assets between level 1 and level 2. Transfers from level 2 to level 1 (from level 1 to level 2) occurred due to fact that markets for certain financial assets became (ceased to be) active during the period.

	Transfers between Level 1 and Level 2	
	Three-Month Period Ended March 31, 2020	Three-Month Period Ended March 31, 2019
<i>From Level 1 to Level 2</i>		
Financial assets at FVTOCI	9 931,4	3 342,5
<i>From Level 2 to Level 1</i>		
Financial assets at FVTOCI	1 704,0	9 229,0

36. Events after the Reporting Date

As at April 28, 2020 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) dividends for the year ended December 31, 2019 were approved and declared in the amount of RUB 18 051,9 million. The amount of dividends per share is RUB 7,93 per ordinary share (for the year ended December 31, 2018: RUB 17 528,3 million; dividends per share: RUB 7,70 taking into account interim dividends).