

**CREDIT BANK OF MOSCOW**  
**(public joint-stock company)**

Consolidated Interim Condensed  
Financial Statements  
for the three-month period  
ended 31 March 2021

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# Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

**To the Shareholders and Supervisory Board**

**CREDIT BANK OF MOSCOW (public joint-stock company)**

## Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of CREDIT BANK OF MOSCOW (public joint-stock company) (the Bank) and its subsidiaries (the Group) as at 31 March 2021 and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated interim condensed financial information (the consolidated interim condensed financial information). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

## Scope of Review

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

Reviewed entity: CREDIT BANK OF MOSCOW (public joint-stock company).

Registration No. in the Unified State Register of Legal Entities 1027739555282.

Moscow, Russian Federation.

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation.

Registration number in the Unified State Register of Legal Entities: No. 1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations: No. 12006020351.



**CREDIT BANK OF MOSCOW (public joint-stock company)**

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## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2021 and for the three-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Tatarinova E.V.

JSC "KPMG"

Moscow, Russia

30 May 2021

*CREDIT BANK OF MOSCOW (public joint-stock company)*  
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income*  
*for the three-month period ended 31 March 2021*  
*(in millions of Russian Roubles unless otherwise stated)*

	Notes	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Interest income calculated using the effective interest method	4	37 374	37 268
Other interest income	4	1 503	1 616
Interest expense	4	(22 807)	(26 225)
<b>Net interest income</b>	4	<b>16 070</b>	<b>12 659</b>
(Charge) or recovery for credit losses on debt financial assets	11, 12, 14, 15	1 143	(7 524)
<b>Net interest income after credit losses on debt financial assets</b>		<b>17 213</b>	<b>5 135</b>
Fee and commission income	5	4 018	3 547
Fee and commission expense	5	(949)	(892)
Net gain or (loss) on loans to customers at FVTPL		(1 590)	293
Net gain or (loss) on financial assets at FVTPL		(602)	(298)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI		27	25
Net gain or (loss) on Investment financial assets at FVTPL		517	2 652
Net foreign exchange gains or (losses)	8	(1 936)	1 913
Net gain on change in financial liabilities measured at fair value through profit or loss		353	719
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	7	239	(125)
Operating lease income		18	8
Net other operating income or (expense)	9	(681)	(1 462)
<b>Non-interest income or (expense)</b>		<b>(586)</b>	<b>6 380</b>
<b>Operating income</b>		<b>16 627</b>	<b>11 515</b>
Salaries and employment benefits	6	(4 560)	(3 631)
Administrative expenses	6	(1 208)	(1 033)
Depreciation of premises and equipment and right-of-use assets		(450)	(473)
<b>Operating expense</b>		<b>(6 218)</b>	<b>(5 137)</b>
<b>Profit before income taxes</b>		<b>10 409</b>	<b>6 378</b>
Income tax expense	10	(2 133)	(1 226)
<b>Profit for the period</b>		<b>8 276</b>	<b>5 152</b>

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

*CREDIT BANK OF MOSCOW (public joint-stock company)*  
*Statement of Profit or Loss and Other Comprehensive Income*  
*for the three-month period ended 31 March 2021 (continued)*  
*(in millions of Russian Roubles unless otherwise stated)*

	Notes	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
<b>Profit for the period</b>		<b>8 276</b>	<b>5 152</b>
<b>Other comprehensive (loss) or income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve (debt instruments):			
- net change in fair value		(10 490)	(398)
- net amount transferred to profit or loss		(26)	(25)
- income tax related to movement in fair value reserve		2 103	85
<i>Change in fair value of financial liability attributable to changes in credit risk</i>		(97)	210
<i>Income tax related to change in fair value of financial liability attributable to changes in credit risk</i>		19	(16)
<b>Other comprehensive (loss) or income for the period, net of income tax</b>		<b>(8 491)</b>	<b>(144)</b>
<b>Total comprehensive (loss) or income for the period</b>		<b>(215)</b>	<b>5 008</b>
<b>Basic and diluted earnings per share (in RUB per share)</b>	26	<b>0,25</b>	<b>0,14</b>

Chairman of the Management Board

Chief Accountant



*[Signature]*

Vladimir A. Chubar

Svetlana V. Sass

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

*CREDIT BANK OF MOSCOW (public joint-stock company)*  
*Consolidated Interim Condensed Statement of Financial Position as at 31 March 2021*  
*(in millions of Russian Roubles unless otherwise stated)*

	Notes	31 March 2021 (Unaudited)	31 December 2020
<b>ASSETS</b>			
Cash and cash equivalents	11	953 429	683 283
Obligatory reserves with the Central bank of the Russian Federation		25 180	22 244
Due from credit and other financial organizations	12	632 383	778 837
Trading financial assets	13	103 505	78 816
- <i>held by the Group</i>	13	103 463	75 608
- <i>pledged under sale and repurchase agreements</i>	13	42	3 208
Loans to customers	14	1 071 251	1 009 165
- <i>loans to corporate clients</i>	14	941 715	888 802
- <i>loans to individuals</i>	14	129 536	120 363
Investment financial assets	15	331 731	323 365
- <i>held by the Group</i>	15	313 014	280 881
- <i>pledged under sale and repurchase agreements</i>	15	18 717	42 484
Investments in associates		2 458	2 446
Property and equipment		10 702	8 950
Deferred tax asset		144	120
Assets held for sale		1 152	999
Other assets		10 429	8 240
<b>Total assets</b>		<b>3 142 364</b>	<b>2 916 465</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits by the Central Bank of the Russian Federation		15 001	10 041
Due to credit institutions	16	854 563	721 682
Due to customers	17	1 779 532	1 737 515
- <i>due to corporate customers</i>	17	1 267 509	1 235 998
- <i>due to individuals</i>	17	512 023	501 517
Financial liabilities measured at fair value through profit or loss	19	16 675	19 330
Debt securities issued	18	224 537	171 465
Deferred tax liability		4 405	5 399
Other liabilities		14 225	16 537
<b>Total liabilities</b>		<b>2 908 938</b>	<b>2 681 969</b>
<b>Equity</b>			
Share capital	20	30 692	30 692
Additional paid-in capital		58 210	58 210
Perpetual debt issued	20	42 780	41 950
Revaluation surplus for buildings		536	536
Fair value reserve for securities		(9 520)	(1 107)
Change in fair value of financial liability attributable to changes in the credit risk		147	225
Retained earnings		110 581	103 990
<b>Total equity</b>		<b>233 426</b>	<b>234 496</b>
<b>Total liabilities and equity</b>		<b>3 142 364</b>	<b>2 916 465</b>

Chairman of the Management Board

Chief Accountant



Vladimir A. Chubar

Svetlana V. Sass

The consolidated interim condensed statement of financial position is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

*CREDIT BANK OF MOSCOW (public joint-stock company)*  
*Consolidated Interim Condensed Statement of Cash Flows for the three-month period ended 31 March 2021*  
*(in millions of Russian Roubles unless otherwise stated)*

	Notes	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest receipts		35 407	34 224
Interest payments		(22 747)	(28 140)
Fees and commission receipts		4 022	4 014
Fees and commission payments		(814)	(757)
Net receipts from operations with securities		329	280
Net receipts (payments) from foreign exchange		3 405	66 869
Net other operating income or (expense)		(704)	(1 535)
Salaries and employment benefits paid		(3 439)	(2 877)
Administrative expenses paid		(796)	(898)
Income tax paid		(709)	(2 187)
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>13 954</b>	<b>68 993</b>
<b>(Increase) decrease in operating assets</b>			
Obligatory reserves with the Central bank of the Russian Federation		(2 688)	(414)
Due from credit and other financial organizations		167 981	(14 142)
Trading financial assets		(23 324)	(23 115)
Loans to customers		(54 221)	(42 692)
Other assets		(1 377)	(7 818)
<b>Increase (decrease) in operating liabilities</b>			
Deposits by the Central bank of the Russian Federation		4 960	215 036
Due to credit institutions except syndicated loans		121 103	(24 314)
Due to customers except subordinated loans		(8 584)	(47 551)
Other liabilities		(4 279)	(524)
<b>Net cash from (used in) operations</b>		<b>213 525</b>	<b>123 459</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment financial assets		(23 369)	(204 521)
Proceeds from disposal and redemption of investment financial assets		20 042	152 595
Net cash received on acquisition of subsidiaries	27	6 789	-
Net result on purchase and sale of property and equipment and intangible assets		(147)	(105)
<b>Net cash from (used in) investing activities</b>		<b>3 315</b>	<b>(52 031)</b>

The consolidated interim condensed statement of cash flows is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.



*CREDIT BANK OF MOSCOW (public joint-stock company)*  
*Consolidated Interim Condensed Statement of Cash Flows for the three-month period ended 31 March 2021 (continued)*  
*(in millions of Russian Roubles unless otherwise stated)*

	Notes	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from placement and issuance of perpetual debt		325	236
Repayment and redemption of perpetual debt issued		(413)	(3 775)
Interest on perpetual debt paid		(1 189)	(1 055)
Proceeds from syndicated borrowings		-	2 683
Repayments of syndicated borrowings		-	(27 998)
Proceeds from placement and issuance of subordinated bonds		92	68
Partial redemption of subordinated bonds		(142)	(1 685)
Proceeds from placement and issuance of other bonds		53 827	84 867
Repayments of other bonds		(2 662)	(89 292)
Cash outflow from lease liabilities		(203)	(309)
<b>Net cash from (used in) financing activities</b>		<b>49 635</b>	<b>(36 260)</b>
<b>Effect of exchange rates changes on cash and cash equivalents</b>		<b>3 597</b>	<b>58 659</b>
<b>Effect of changes in ECL on cash and cash equivalents</b>	11	74	826
<b>Change in cash and cash equivalents</b>		<b>270 146</b>	<b>94 653</b>
Cash and cash equivalents, beginning of the period		683 283	953 645
<b>Cash and cash equivalents, end of the period</b>	11	<b>953 429</b>	<b>1 048 298</b>

Chairman of the Management Board

Chief Accountant



Vladimir A. Chubar

Svetlana V. Sass

The consolidated interim condensed statement of cash flows is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

*CREDIT BANK OF MOSCOW (public joint-stock company)*  
*Consolidated Interim Condensed Statement of Changes in Equity for the three-month period ended 31 March 2021*  
*(in millions of Russian Roubles unless otherwise stated)*

	Share capital	Additional paid-in capital	Perpetual debt issued	Revaluation surplus for buildings	Fair value reserve for securities	Change in fair value of financial liability attributable to changes in the credit risk	Retained earnings	Total equity
<b>Balance as at 1 January 2020</b>	<b>30 692</b>	<b>58 210</b>	<b>37 871</b>	<b>407</b>	<b>1 146</b>	<b>64</b>	<b>82 042</b>	<b>210 432</b>
Total comprehensive income for the period (Unaudited)	-	-	-	-	(338)	194	5 152	<b>5 008</b>
Perpetual debt redemption (Unaudited)	-	-	(3 775)	-	-	-	-	<b>(3 775)</b>
Issuance of perpetual debt (Unaudited)	-	-	236	-	-	-	-	<b>236</b>
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(1 055)	<b>(1 055)</b>
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	7 760	-	-	-	(7 760)	-
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	1 760	<b>1 760</b>
<b>Balance as at 31 March 2020 (Unaudited)</b>	<b>30 692</b>	<b>58 210</b>	<b>42 092</b>	<b>407</b>	<b>808</b>	<b>258</b>	<b>80 139</b>	<b>212 606</b>
<b>Balance as at 1 January 2021</b>	<b>30 692</b>	<b>58 210</b>	<b>41 950</b>	<b>536</b>	<b>(1 107)</b>	<b>225</b>	<b>103 990</b>	<b>234 496</b>
Total comprehensive loss for the period (Unaudited)	-	-	-	-	(8 413)	(78)	8 276	<b>(215)</b>
Perpetual debt redemption (Unaudited)	-	-	(413)	-	-	-	-	<b>(413)</b>
Issuance of perpetual debt (Unaudited)	-	-	325	-	-	-	-	<b>325</b>
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(1 189)	<b>(1 189)</b>
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	918	-	-	-	(918)	-
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	422	<b>422</b>
<b>Balance as at 31 March 2021 (Unaudited)</b>	<b>30 692</b>	<b>58 210</b>	<b>42 780</b>	<b>536</b>	<b>(9 520)</b>	<b>147</b>	<b>110 581</b>	<b>233 426</b>

Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

# 1 Background

## Principal activities

These consolidated interim condensed financial statements include the financial statements of CREDIT BANK OF MOSCOW (public joint-stock company) (the Bank) and its subsidiaries (together referred to as the Group).

The Bank was formed on 5 August 1992 as an open joint-stock company, then re-registered as a limited liability company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganised as an open joint-stock company. On 16 May 2016 the Bank was re-registered as a public joint-stock company under the legislation of the Russian Federation. The Bank's registered legal address is 2 (bldg. 1), Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central bank of the Russian Federation (the CBR), renewed on 21 January 2013. In December 2004 the Bank was admitted to the state program for individual deposit insurance.

The Bank is among the 10 largest banks in Russia by assets and conducts its business in Russia with a branch network comprising 178 branches, 1 248 ATMs and 14 061 payment terminals.

The Group operates in industry where significant seasonal or cyclical variations in operating income are not experienced during the financial year.

The principal subsidiaries of the Group are as follows:

Name	Country of incorporation	Principal activities	Degree of control, %	
			31 March 2021 (unaudited)	31 December 2020
"CBOM Finance p.l.c."	Ireland	Raising finance	100%	100%
JSC NCO "INKAKHRAN"	Russia	Cash handling	100%	100%
LLC "Inkakhra-Servis"	Russia	Cash handling	100%	100%
LLC "Bank SKS"	Russia	Investment banking	100%	100%
Investment Bank VESTA (LLC)	Russia	Investment banking	100%	100%
JSC "RUSNARBANK"	Russia	Investment banking	100%	100%
LLC "MKB Investments"	Russia	Brokerage operations	100%	100%
LLC "UK MKB Investments"	Russia	Brokerage operations	100%	0%
KOLTZO URALA CB LLC	Russia	Banking	100%	0%

The Bank does not have any direct or indirect shareholdings in the subsidiary "CBOM Finance p.l.c.". "CBOM Finance p.l.c." was established to raise capital by the issue of debt securities and to use the proceeds of each such issuance to advance loans to the Bank.

In March 2021 the Group acquired 100% of the equity interests of KOLTZO URALA CB LLC and 100% of the equity interests of LLC "UK MKB Investments", see Note 27.

## Shareholders

The Bank's shareholders as at 31 March 2021 are:

- LLC Concern Rossium – 59,78%\*
- Region FinanceResurs JSC – 8,56%
- LLC IC Algoritm – 6,64%
- Other shareholders – 25,02%

The majority participant of LLC Concern Rossium, is Roman I. Avdeev, who is the ultimate controlling party of the Group.

Related party transactions are detailed in Note 22.

\* The ownership share of PJSC "CREDIT BANK OF MOSCOW", which includes the direct ownership share of LLC Concern Rossium for 56,07% and the ownership share of the Company's subsidiaries for 3,71%

### **Russian business environment**

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial risks in the markets of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

Sanctions imposed on several Russian legal entities and individuals, political disputes, high volatility of the country's economy to energy commodities prices lead to increased economic uncertainty and can affect the Group's financial results in future. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

The consolidated interim condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

## **2 Basis of preparation**

### **Statement of compliance**

The accompanying consolidated interim condensed financial statements are prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

### **Basis of measurement**

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and through other comprehensive income are stated at fair value and buildings are stated at revalued amounts.

### **Functional and presentation currency**

The functional currency of the Bank and the majority of its subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in RUB is rounded to the nearest million.

Foreign currencies, particularly USD, play significant role in determination of economic parameters for many business operations conducted in the Russian Federation. The table below sets out exchange rates for USD against RUB, defined by the CBR:

	<b>31 March 2021</b>	<b>31 December 2020</b>
USD	75,7023	73,8757

### Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these consolidated interim condensed financial statements the critical judgments made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020, except for the change in average macro-adjustment.

## 3 Significant accounting policies

The accounting policies applied in these consolidated interim condensed financial statements are the same as those applied in the last annual financial statements.

A number of new amendments to standards are effective from 1 January 2021 and they have no significant impact on the Group's consolidated interim condensed financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform — Phase 2

### Standards issued but not yet effective.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. However, the Group has not early adopted them in preparing these consolidated interim condensed financial statements.

## 4 Net interest income

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
<b>Interest income calculated using the effective interest method</b>		
<b>Financial assets measured at amortised cost</b>		
Loans to customers	17 587	15 254
Due from credit and other financial organizations and the CBR	15 499	17 762
Debt securities measured at amortised cost	411	396
	<b>33 497</b>	<b>33 412</b>
<b>Debt financial assets measured at FVOCI</b>	<b>3 877</b>	<b>3 856</b>
<b>Interest income calculated using the effective interest method</b>	<b>37 374</b>	<b>37 268</b>
Other financial instruments at fair value through profit or loss	771	431
Loans to customers at FVTPL	732	1 185
<b>Other interest income</b>	<b>1 503</b>	<b>1 616</b>
	<b>38 877</b>	<b>38 884</b>
<b>Interest expense</b>		
Due to customers	(14 124)	(17 074)
Due to credit institutions	(5 546)	(6 107)
Debt securities issued	(3 083)	(2 985)
Lease liabilities	(54)	(59)
	<b>(22 807)</b>	<b>(26 225)</b>
<b>Net interest income</b>	<b>16 070</b>	<b>12 659</b>

## 5 Net fee and commission income

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
<b>Fee and commission income</b>		
Guarantees and letters of credit	1 253	866
Plastic cards	570	656
Other cash operations	479	511
Settlements and wire transfers	403	406
Insurance contracts processing	352	411
Financial services fees and brokerage commission	341	223
Cash handling	336	289
Opening and maintenance of bank accounts	123	85
Currency exchange commission	108	95
Other	53	5
	<b>4 018</b>	<b>3 547</b>
<b>Fee and commission expense</b>		
Plastic cards	(549)	(580)
Settlements and wire transfers	(117)	(167)
Guarantees and other credit related facilities received	(134)	(120)
Other	(149)	(25)
	<b>(949)</b>	<b>(892)</b>
<b>Net fee and commission income</b>	<b>3 069</b>	<b>2 655</b>

Depending on the type of the service commission income when not an integral part of the effective interest rate on a financial asset is recognized either at a point of time or over time according to the pattern the Group fulfills a performance obligation under the contract:

- commission fee for settlement transactions and wire transfers, cash operations, plastic cards, insurance contracts processing, cash handling, currency exchange and brokerage commission, opening and maintenance of bank accounts commission are charged for the execution of payment order in accordance with tariffs depending on the type of the transaction and recognised as income at the moment of the transaction execution;
- commission fee on guarantees and letters of credit issued is paid in advance and is recognized as income over the time of the relevant guarantee or letter of credit.

## 6 Salaries, employment benefits and administrative expenses

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Salaries	3 759	2 904
Social security costs	801	727
<b>Salaries and employment benefits</b>	<b>4 560</b>	<b>3 631</b>
Operating taxes	177	153
Property maintenance	172	128
Advertising and business development	162	248
Insurance	149	37
Legal and consulting services	122	112
Computer maintenance and software expenses	118	71
Communications	94	65

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Security	81	101
Write-off of low-value fixed assets	75	91
Occupancy	36	26
Other	22	1
<b>Administrative expenses</b>	<b>1 208</b>	<b>1 033</b>

The Group does not have pension arrangements separate from the State pension system of the Russian Federation. The Russian Federation system requires current contributions by the employer calculated as a percentage of current gross salary payments. Such expense is charged to profit or loss in the period the related compensation is earned by the employee.

## **7 Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions**

Movements in the impairment allowance and credit loss allowance for the three-month period ended 31 March 2021 are as follows:

	Other financial assets	Non-financial assets	Provisions for financial guarantees and credit related commitments	Provisions for claims and other provisions	Total
<b>Balance at the beginning of the period</b>	<b>807</b>	<b>299</b>	<b>827</b>	<b>888</b>	<b>2 821</b>
Acquisition of subsidiaries (Unaudited)	56	-	-	-	56
Net charge or (recovery) (Unaudited)	97	77	(383)	(30)	(239)
Net foreign exchange gain (Unaudited)	-	-	-	2	2
Write-offs (Unaudited)	(16)	(151)	-	(1)	(168)
<b>Balance at the end of the period (Unaudited)</b>	<b>944</b>	<b>225</b>	<b>444</b>	<b>859</b>	<b>2 472</b>

Movements in the impairment allowance and credit loss allowance for the three-month period ended 31 March 2020 are as follows:

	Other financial assets	Non-financial assets	Provisions for financial guarantees and credit related commitments	Provisions for claims and other provisions	Total
<b>Balance at the beginning of the period</b>	<b>758</b>	<b>184</b>	<b>596</b>	<b>1 480</b>	<b>3 018</b>
Net charge or (recovery) (Unaudited)	(27)	35	39	78	125
Net foreign exchange gain (Unaudited)	-	-	9	100	109
Write-offs (Unaudited)	-	(18)	-	(150)	(168)
<b>Balance at the end of the period Unaudited)</b>	<b>731</b>	<b>201</b>	<b>644</b>	<b>1 508</b>	<b>3 084</b>

## 8 Net foreign exchange gains or (losses)

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Realized profit or (loss) from derivatives transactions	3 405	66 869
Unrealized profit or (loss) from derivatives transactions	6 251	(13 369)
(Loss) or profit from revaluation of foreign currency balances	(11 592)	(51 587)
	<b>(1 936)</b>	<b>1 913</b>

## 9 Net other operating income or (expense)

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
State deposit insurance scheme contributions	(494)	(790)
Net gain / (loss) on redemption of own securities	(182)	(402)
Software and license expenses	(97)	(165)
Income / (loss) on loans other than interest or commission income	82	29
Gain / (loss) on acquisition of subsidiaries	27	-
Other income / (expenses)	(17)	(134)
<b>Net other operating income or (expense)</b>	<b>(681)</b>	<b>(1 462)</b>

## 10 Income tax

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Current tax charge	990	764
Deferred taxation	1 143	462
<b>Income tax expense</b>	<b>2 133</b>	<b>1 226</b>

Russian legal entities must report taxable income and remit income taxes thereon to the appropriate authorities. The statutory income tax rate is 20% in 2021 and 2020.

## 11 Cash and cash equivalents

	31 March 2021 (Unaudited)	31 December 2020
Cash on hand	19 159	18 969
Correspondent account with the Central bank of the Russian Federation	85 046	82 776
<b>Nostro accounts with other banks</b>		
rated from AA+ to AA-	2 115	3 268
rated from A+ to A-	4 454	2 881
rated from BBB+ to BBB-	6 271	6 919
rated from BB+ to BB-	646	548
rated from B+ to B-	7	6
not rated	1 001	2 054
<b>Total nostro accounts with other banks</b>	<b>14 494</b>	<b>15 676</b>



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	<b>31 March 2021</b> <b>(Unaudited)</b>	<b>31 December 2020</b>
<b>Deposits in credit and other financial organizations with maturity of less than 1 month</b>		
Deposits with the Central bank of the Russian Federation	1 471	19 592
rated from AA+ to AA-	-	1 029
rated from BBB+ to BBB-	10 623	6 609
rated from BB+ to BB-	1 499	1 181
rated from B+ to B-	18 457	24 800
not rated	803 284	513 325
<b>Total deposits in credit and other financial organizations with maturity of less than 1 month</b>	<b>835 334</b>	<b>566 536</b>
<b>Total gross cash and cash equivalents</b>	<b>954 033</b>	<b>683 957</b>
Credit loss allowance	(604)	(674)
<b>Total cash and cash equivalents</b>	<b>953 429</b>	<b>683 283</b>

Ratings are based on Fitch, Moody's and Standard & Poor's rating system.

The correspondent account with the Central bank of the Russian Federation represents balances held with the Central bank of the Russian Federation related to settlement activity, and was available for withdrawal at the period end.

As at 31 March 2021, not rated Cash and cash equivalents include counterparties with ratings equivalent to Low credit risk for amount of RUB 947 million (31 December 2020: RUB 2 001 million), counterparties with ratings equivalent to Moderate credit risk for amount of RUB 803 338 million (31 December 2020: RUB 513 378 million).

As at 31 March 2021, deposits in not rated credit and other financial organizations with maturity of less than 1 month include term deposits in the amount of RUB 803 284 million secured by liquid securities under agreements to resell (reverse repo): bonds with rating from BBB- to BBB+ (98.6%) and stocks (1.4%).

As at 31 December 2020, deposits in not rated credit and other financial organizations with maturity of less than 1 month include term deposits in the amount of RUB 513 325 million secured by liquid securities under agreements to resell (reverse repo): bonds with rating from BBB- to BBB+ (97.9%), stocks (2.1%).

As at 31 March 2021, receivables under reverse sale and repurchase agreements included in Cash and cash equivalents are RUB 833 864 million (31 December 2020: RUB 545 915 million).

As at 31 March 2021, the fair value of securities that serve as collateral under reverse sale and repurchase agreements is RUB 877 213 million (31 December 2020: RUB 585 970 million).

As at 31 March 2021, Cash and cash equivalents for which external benchmark information represents a significant input into measurement of ECL are RUB 117 719 million (31 December 2020: RUB 148 618 million).

Movements in cash and cash equivalents credit loss allowance for the three-month period ended 31 March 2021 and three-month period ended 31 March 2020 are as follows:

	<b>Three-month period ended 31 March 2021</b> <b>(Unaudited)</b>	<b>Three-month period ended 31 March 2020</b> <b>(Unaudited)</b>
<b>Balance at the beginning of the period</b>	<b>674</b>	<b>1 577</b>
Acquisition of subsidiaries	4	-
Net recovery	(74)	(826)
<b>Balance at the end of the period</b>	<b>604</b>	<b>751</b>

As at 31 March 2021 and 31 March 2020 the Group recognizes expected loss allowance in the amount of 12-month expected credit losses.

## 12 Due from credit and other financial organizations

	31 March 2021 (Unaudited)	31 December 2020
<b>Term deposits</b>		
rated from AA+ to AA-	952	5 019
rated from A+ to A-	1 075	1 466
rated from BBB+ to BBB-	7 190	17 516
rated from BB+ to BB-	3 291	6 906
rated from B+ to B-	2 714	5 652
not rated	618 192	743 719
<b>Total gross due from credit and other financial organizations</b>	<b>633 414</b>	<b>780 278</b>
Credit loss allowance	(1 031)	(1 441)
<b>Total net due from credit and other financial organizations</b>	<b>632 383</b>	<b>778 837</b>

Ratings are based on Fitch, Moody's and Standard & Poor's rating system.

As at 31 March 2021, not rated due from credit and other financial organizations include counterparties with ratings equivalent to Moderate credit risk for amount of RUB 618 192 million (31 December 2020: RUB 743 719 million).

As at 31 March 2021, deposits included in not rated credit and other financial organizations are receivables in the amount of RUB 617 577 million secured by liquid securities under agreements to resell (reverse repo): bonds with investment grade rating (93.7%) and stocks (6.3%).

As at 31 December 2020 deposits included in not rated credit and other financial organizations are receivables in the amount of RUB 742 494 million secured by liquid securities under agreements to resell (reverse repo): bonds with investment grade rating (95.9%), stocks (3%) and American depositary receipts (1.1%).

As at 31 March 2021, receivables under reverse sale and repurchase agreements included in due from credit and other financial organizations are RUB 618 274 million (31 December 2020: RUB 751 383 million).

As at 31 March 2021, the fair value of securities that serve as collateral under reverse sale and repurchase agreements is RUB 703 816 million (31 December 2020: RUB 834 131 million).

As at 31 March 2021, Deposits from credit and other financial organizations for which external benchmark information represents a significant input into measurement of ECL are RUB 14 402 million (31 December 2020: RUB 35 837 million).

Movements in due from credit and other financial organizations credit loss allowance for the three-month period ended 31 March 2021 and three-month period ended 31 March 2020 are as follows:

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
<b>Balance at the beginning of the period</b>	<b>1 441</b>	<b>308</b>
Acquisition of subsidiaries	9	-
Net charge or (recovery)	(419)	459
<b>Balance at the end of the period</b>	<b>1 031</b>	<b>767</b>

As at 31 March 2021 and 31 March 2020 the Group recognizes expected loss allowance in the amount of 12-month expected credit losses.

## 13 Trading financial assets

	31 March 2021 (Unaudited)	31 December 2020
<b><u>Held by the Group</u></b>		
<b>Government and municipal bonds</b>		
Russian Government Federal bonds	26 077	3 240
Russian Government eurobonds	1 588	1 463
<b>Corporate bonds</b>		
rated from A+ to A-	24	73
rated from AA+ to AA-	4	13
rated from BBB+ to BBB-	19 048	16 948
rated from BB+ to BB-	5 442	4 879
rated from B+ to B-	501	527
not rated	10 285	9 732
<b>Foreign government bonds</b>		
rated from BBB+ to BBB-	985	1 083
<b>Equity investments</b>		
rated from AA+ to AA-	1 034	-
rated from BBB+ to BBB-	2	941
rated from BB+ to BB-	3	-
not rated	15	24
<b>Derivative financial instruments</b>	38 455	36 685
<b>Total held by the Group</b>	<b>103 463</b>	<b>75 608</b>
<b><u>Pledged under sale and repurchase agreements</u></b>		
<b>Corporate bonds</b>		
rated from BBB+ to BBB-	42	2 527
rated from BB+ to BB-	-	121
not rated	-	560
<b>Total pledged under sale and repurchase agreements</b>	<b>42</b>	<b>3 208</b>
<b>Total trading financial assets</b>	<b>103 505</b>	<b>78 816</b>

Ratings are based on Fitch, Moody's and Standard & Poor's rating system.

As at 31 March 2021, trading financial assets in the amount of RUB 36 613 million (31 December 2020: RUB 13 401 million) are qualified to be pledged against borrowings from the Central bank of the Russian Federation.

## 14 Loans to customers

	31 March 2021 (Unaudited)	31 December 2020
<b>Loans to customers at amortised cost</b>		
Loans to corporate clients	895 623	840 675
Credit loss allowance	(36 254)	(37 036)
<b>Total loans to corporate clients at amortised cost, net</b>	<b>859 369</b>	<b>803 639</b>
<b>Loans to individuals</b>		
Cash loans	93 635	85 581
Mortgage loans	40 326	37 183
Credit card loans	3 336	3 244
Auto loans	6 105	5 617
Credit loss allowance	(15 344)	(12 938)
<b>Total loans to individuals at amortised cost, net</b>	<b>128 058</b>	<b>118 687</b>
<b>Total gross loans to customers at amortised cost</b>	<b>1 039 025</b>	<b>972 300</b>

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	31 March 2021 (Unaudited)	31 December 2020
<b>Credit loss allowance</b>	<b>(51 598)</b>	<b>(49 974)</b>
<b>Total net loans to customers at amortised cost</b>	<b>987 427</b>	<b>922 326</b>
<b>Loans to customers at FVTPL</b>		
Loans to corporate clients	82 346	85 163
Loans to individuals	1 478	1 676
<b>Total loans to customers at amortised cost and FVTPL</b>	<b>1 071 251</b>	<b>1 009 165</b>

#### Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 31 March 2021 and 31 December 2020:

	31 March 2021 (Unaudited)	31 December 2020
<b>Loans to customers</b>		
- Not past due	1 066 916	1 006 659
- Not past due but impaired	16 345	16 111
- Overdue less than 31 days	3 204	1 416
- Overdue 31-60 days	923	1 882
- Overdue 61-90 days	686	730
- Overdue 91-180 days	1 926	6 764
- Overdue 181-360 days	8 346	5 612
- Overdue more than 360 days	24 503	19 965
<b>Total gross loans to customers</b>	<b>1 122 849</b>	<b>1 059 139</b>
<b>Credit loss allowance</b>	<b>(51 598)</b>	<b>(49 974)</b>
<b>Total net loans to customers</b>	<b>1 071 251</b>	<b>1 009 165</b>

As at 31 March 2021, the gross amount of overdue loans with payments that are overdue at least for one day totals RUB 39 588 million, which represents 3.5% of the gross loan portfolio (31 December 2020: RUB 36 369 million and 3.4%, respectively).

As at 31 March 2021, non-performing loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 34 775 million or 3.1% of the gross loan portfolio (31 December 2020: RUB 32 341 million and 3.1%, respectively).

As at 31 March 2021, the ratio of total credit loss allowance to overdue loans equals 130.3%, the ratio of total credit loss allowance to NPLs equals 148.4% (31 December 2020: 137.4%, 154.5%, respectively).

#### Credit quality of loans to corporate clients portfolio

The following table provides information on credit quality of loans to corporate clients as at 31 March 2021 and 31 December 2020:

	31 March 2021 (Unaudited)	31 December 2020
<b>Loans to corporate clients</b>		
- Not past due	935 574	885 196
- Not past due but impaired	16 345	16 111
- Overdue less than 31 days	1 640	15
- Overdue 31-60 days	84	15
- Overdue 61-90 days	77	52
- Overdue 91-180 days	170	5 705
- Overdue 181-360 days	5 217	110
- Overdue more than 360 days	18 862	18 634

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	31 March 2021 (Unaudited)	31 December 2020
Total gross loans to corporate clients	977 969	925 838
Credit loss allowance	(36 254)	(37 036)
Total net loans to corporate clients	941 715	888 802

Credit quality analysis

	31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<b><u>Loans to corporate clients at amortised cost</u></b>					
Low credit risk	407 709	904	-	-	408 613
Moderate credit risk	408 439	1 754	-	-	410 193
High credit risk	19 429	16 816	-	1 055	37 300
Distressed assets	-	-	33 901	5 616	39 517
<b>Total</b>	<b>835 577</b>	<b>19 474</b>	<b>33 901</b>	<b>6 671</b>	<b>895 623</b>
<b>Credit loss allowance</b>	<b>(9 917)</b>	<b>(893)</b>	<b>(25 444)</b>	<b>-</b>	<b>(36 254)</b>
<b>Carrying amount</b>	<b>825 660</b>	<b>18 581</b>	<b>8 457</b>	<b>6 671</b>	<b>859 369</b>
<b><u>Loan commitments</u></b>					
Low credit risk	124	19	-	-	143
Undrawn loan commitments to individuals	8 163	139	-	-	8 302
<b>Credit loss allowance</b>	<b>(99)</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>(118)</b>
<b>Carrying amount (allowance)</b>	<b>(99)</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>(118)</b>
<b><u>Financial guarantee contracts</u></b>					
Low credit risk	5 320	-	-	-	5 320
Moderate credit risk	15 975	-	-	-	15 975
High credit risk	5 773	1 584	-	-	7 357
<b>Total</b>	<b>27 068</b>	<b>1 584</b>	<b>-</b>	<b>-</b>	<b>28 652</b>
<b>Credit loss allowance</b>	<b>(197)</b>	<b>(128)</b>	<b>-</b>	<b>-</b>	<b>(325)</b>
<b>Carrying amount</b>	<b>(197)</b>	<b>(128)</b>	<b>-</b>	<b>-</b>	<b>(325)</b>

	31 December 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<b><u>Loans to corporate clients at amortised cost</u></b>					
Low credit risk	397 554	42	-	-	397 596
Moderate credit risk	346 705	76	-	-	346 781
High credit risk	34 374	21 349	6 382	1 032	63 137
Distressed assets	44	-	27 682	5 435	33 161
<b>Total</b>	<b>778 677</b>	<b>21 467</b>	<b>34 064</b>	<b>6 467</b>	<b>840 675</b>
<b>Credit loss allowance</b>	<b>(10 375)</b>	<b>(1 310)</b>	<b>(25 351)</b>	<b>-</b>	<b>(37 036)</b>
<b>Carrying amount</b>	<b>768 302</b>	<b>20 157</b>	<b>8 713</b>	<b>6 467</b>	<b>803 639</b>
<b><u>Loan commitments</u></b>					
Low credit risk	20 316	-	-	-	20 316
Undrawn loan commitments to individuals	8 586	71	-	-	8 657

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	31 December 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<b>Credit loss allowance</b>	<b>(104)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>(112)</b>
<b>Carrying amount (allowance)</b>	<b>(104)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>(112)</b>
<b><i>Financial guarantee contracts</i></b>					<b>-</b>
Low credit risk	13 354	-	-	-	13 354
Moderate credit risk	25 637	-	31	-	25 668
High credit risk	1 359	1 817	-	-	3 176
<b>Total</b>	<b>40 350</b>	<b>1 817</b>	<b>31</b>	<b>-</b>	<b>42 198</b>
<b>Credit loss allowance</b>	<b>(532)</b>	<b>(148)</b>	<b>(30)</b>	<b>-</b>	<b>(710)</b>
<b>Carrying amount</b>	<b>(706)</b>	<b>(151)</b>	<b>(31)</b>	<b>-</b>	<b>(888)</b>

As at 31 March 2021, Loans to customers for which external benchmark information represents a significant input into measurement of ECL are RUB 24 885 million (31 December 2020: RUB 21 051 million).

**Analysis of movements in the credit loss allowance**

Movements in the credit loss allowance for loans to corporate clients by three ECL stages for the three-month period ended 31 March 2021 and 31 March 2020 are as follows:

	Three-month period ended 31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<b><i>Loans to corporate clients</i></b>					
<b>Balance at the beginning of the period</b>	<b>10 375</b>	<b>1 310</b>	<b>25 351</b>	<b>-</b>	<b>37 036</b>
Transfer to 12-month ECL	31	(31)	-	-	-
Transfer to lifetime ECL not credit-impaired	(20)	20	-	-	-
Net remeasurement of loss allowance	(1 515)	(80)	(730)	-	(2 325)
Financial assets originated or purchased	4 597	177	-	-	4 774
Financial assets that have been fully repaid	(3 614)	(203)	-	-	(3 817)
Financial assets that have been derecognised due to modification	-	(28)	-	-	(28)
Write-offs and cessations	(3)	(323)	(32)	-	(358)
Recoveries of amounts previously written-off	-	-	221	-	221
Unwinding of discount	-	-	137	-	137
Acquisition of subsidiaries	68	51	532	-	651
Foreign exchange and other movements	(2)	-	(35)	-	(37)
<b>Balance at the end of the period</b>	<b>9 917</b>	<b>893</b>	<b>25 444</b>	<b>-</b>	<b>36 254</b>

During the three-month period ended 31 March 2021 the Group recognised loss on significant modification in the amount of RUB 28 million.

During the three-month period ended 31 March 2021 the Group recognised loss on loans at non-market rate in the amount of RUB 97 million.

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	Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<i>Loans to corporate clients</i>					
<b>Balance at the beginning of the period</b>	<b>10 610</b>	<b>2 468</b>	<b>20 904</b>	<b>-</b>	<b>33 982</b>
Transfer to 12-month ECL	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(1 158)	1 158	-	-	-
Transfer to lifetime ECL credit-impaired	(1)	-	1	-	-
Net remeasurement of loss allowance	277	406	1 165	-	1 848
Financial assets originated or purchased	3 872	190	-	73	4 135
Financial assets that have been fully repaid	(2 762)	(1)	(346)	-	(3 109)
Write-offs and cessions	-	(324)	(33)	-	(357)
Recoveries of amounts previously written-off	-	-	249	-	249
Unwinding of discount	-	-	269	-	269
Foreign exchange and other movements	877	110	303	-	1 290
<b>Balance at the end of the period</b>	<b>11 715</b>	<b>4 007</b>	<b>22 512</b>	<b>73</b>	<b>38 307</b>

**Changes in the gross carrying amount**

Changes in the gross carrying amount of loans to corporate clients, which resulted in a change in the allowance for ECL for the three-month period ended 31 March 2021 are presented below:

	Three-month period ended 31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<i>Loans to corporate clients</i>					
<b>31 December 2020</b>	<b>778 677</b>	<b>21 467</b>	<b>34 064</b>	<b>6 467</b>	<b>840 675</b>
Transfer to 12-month ECL	568	(568)	-	-	-
Transfer to lifetime ECL not credit-impaired	(314)	314	-	-	-
Transfer to lifetime ECL credit-impaired	(15)	(15)	30	-	-
Financial assets originated or purchased	265 101	2 840	157	-	268 098
Financial assets that have been fully repaid	(190 892)	(3 434)	-	-	(194 326)
Write-offs	-	-	(27)	-	(27)
Cessions	(272)	-	(700)	-	(972)
Acquisition of subsidiaries	2 016	2 673	831	-	5 520
Partial repayment and other changes	(19 292)	(3 803)	(454)	204	(23 345)
<b>31 March 2021</b>	<b>835 577</b>	<b>19 474</b>	<b>33 901</b>	<b>6 671</b>	<b>895 623</b>

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Changes in the gross carrying amount of loans to corporate clients, which resulted in a change in the allowance for ECL for three-month period ended 31 March 2020 are presented below:

	Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<b>Loans to corporate clients</b>					
<b>31 December 2019</b>	<b>593 440</b>	<b>13 722</b>	<b>29 788</b>	<b>5 229</b>	<b>642 179</b>
Transfer to 12-month ECL	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(26 138)	26 138	-	-	-
Transfer to lifetime ECL credit-impaired	(166)	-	166	-	-
Financial assets originated or purchased	193 524	3 470	-	1 122	198 116
Financial assets that have been fully repaid	(144 578)	(7)	(346)	-	(144 931)
Cessions	(3 125)	-	(21)	-	(3 146)
Partial repayment and other changes	17 033	(2 848)	595	201	14 981
<b>31 March 2020</b>	<b>629 990</b>	<b>40 475</b>	<b>30 182</b>	<b>6 552</b>	<b>707 199</b>

**Credit quality of loans to individuals**

The following tables provide information on the credit quality of loans to individuals as at 31 March 2021:

	31 March 2021 (Unaudited)				
	Cash loans	Mortgage loans	Credit card loans	Auto loans	Total
<b>Loans to individuals</b>					
- Not past due	81 646	40 994	2 905	5 797	131 342
- Overdue less than 31 days	1 165	250	1	148	1 564
- Overdue 31-60 days	585	186	48	20	839
- Overdue 61-90 days	538	31	20	20	609
- Overdue 91-180 days	1 651	22	39	44	1 756
- Overdue 181-360 days	2 862	77	143	47	3 129
- Overdue more than 360 days	5 188	244	180	29	5 641
<b>Gross loans to individuals</b>	<b>93 635</b>	<b>41 804</b>	<b>3 336</b>	<b>6 105</b>	<b>144 880</b>
<b>Credit loss allowance</b>	<b>(14 357)</b>	<b>(355)</b>	<b>(508)</b>	<b>(124)</b>	<b>(15 344)</b>
<b>Net loans to individuals</b>	<b>79 278</b>	<b>41 449</b>	<b>2 828</b>	<b>5 981</b>	<b>129 536</b>

	31 March 2021 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<b>Loans to individual clients at amortised cost</b>				
- Not past due	123 767	5 557	552	129 876
- Overdue less than 31 days	660	585	309	1 554
- Overdue 31-60 days	2	676	160	838
- Overdue 61-90 days	2	447	160	609
- Overdue 91-180 days	-	2	1 754	1 756
- Overdue 181-360 days	-	-	3 128	3 128
- Overdue more than 360 days	-	-	5 641	5 641
<b>Total loans to individual clients at amortised cost</b>	<b>124 431</b>	<b>7 267</b>	<b>11 704</b>	<b>143 402</b>
<b>Credit loss allowance</b>	<b>(3 291)</b>	<b>(2 351)</b>	<b>(9 702)</b>	<b>(15 344)</b>
<b>Total loans to individual clients at amortised cost, net</b>	<b>121 140</b>	<b>4 916</b>	<b>2 002</b>	<b>128 058</b>



The following tables provide information on the credit quality of loans to individuals as at 31 December 2020:

	<b>31 December 2020</b>				
	<b>Cash loans</b>	<b>Mortgage loans</b>	<b>Credit card loans</b>	<b>Auto loans</b>	<b>Total</b>
<b>Loans to individuals</b>					
- Not past due	75 272	37 936	2 863	5 392	121 463
- Overdue less than 31 days	994	310	-	97	1 401
- Overdue 31-60 days	1 589	215	36	27	1 867
- Overdue 61-90 days	614	25	23	16	678
- Overdue 91-180 days	934	33	59	33	1 059
- Overdue 181-360 days	5 151	128	192	31	5 502
- Overdue more than 360 days	1 027	212	71	21	1 331
<b>Gross loans to individuals</b>	<b>85 581</b>	<b>38 859</b>	<b>3 244</b>	<b>5 617</b>	<b>133 301</b>
<b>Credit loss allowance</b>	<b>(12 054)</b>	<b>(333)</b>	<b>(454)</b>	<b>(97)</b>	<b>(12 938)</b>
<b>Net loans to individuals</b>	<b>73 527</b>	<b>38 526</b>	<b>2 790</b>	<b>5 520</b>	<b>120 363</b>

	<b>31 December 2020</b>			
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL not credit-impaired</b>	<b>Stage 3 Lifetime ECL credit-impaired</b>	<b>Total</b>
<b><u>Loans to individual clients at amortised cost</u></b>				
- Not past due	114 289	5 313	188	119 790
- Overdue less than 31 days	443	755	200	1 398
- Overdue 31-60 days	2	1 763	103	1 868
- Overdue 61-90 days	1	516	161	678
- Overdue 91-180 days	-	3	1 056	1 059
- Overdue 181-360 days	-	1	5 501	5 502
- Overdue more than 360 days	-	-	1 330	1 330
<b>Total loans to individual clients at amortised cost</b>	<b>114 735</b>	<b>8 351</b>	<b>8 539</b>	<b>131 625</b>
<b>Credit loss allowance</b>	<b>(2 952)</b>	<b>(3 078)</b>	<b>(6 908)</b>	<b>(12 938)</b>
<b>Total loans to individual clients at amortised cost, net</b>	<b>111 783</b>	<b>5 273</b>	<b>1 631</b>	<b>118 687</b>

#### **Analysis of movements in the credit loss allowance**

Movements in the credit loss allowance by classes of loans to individuals and by three ECL stages for the three-month period ended 31 March 2021 are as follows:

	<b>Three-month period ended 31 March 2021 (Unaudited)</b>			
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL not credit-impaired</b>	<b>Stage 3 Lifetime ECL credit-impaired</b>	<b>Total</b>
<b><i>Cash loans</i></b>				
<b>Balance at the beginning of the period</b>	<b>2 671</b>	<b>2 930</b>	<b>6 453</b>	<b>12 054</b>
Transfer to 12-month ECL	1 302	(1 267)	(35)	-
Transfer to lifetime ECL not credit-impaired	(191)	229	(38)	-
Transfer to lifetime ECL credit-impaired	(64)	(845)	909	-
Net remeasurement of loss allowance	(953)	1 195	603	845
Financial assets originated or purchased	300	12	-	312
Financial assets that have been fully repaid	(126)	(67)	(97)	(290)
Write-offs	-	-	(507)	(507)
Recoveries of amounts previously written-off	-	-	550	550
Unwinding of discount	-	-	187	187

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Three-month period ended 31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
Acquisition of subsidiaries	50	11	1 143	1 204
Foreign exchange and other movements	2	-	-	2
<b>Balance at the end of the period</b>	<b>2 991</b>	<b>2 198</b>	<b>9 168</b>	<b>14 357</b>
<i>Mortgage loans</i>				
<b>Balance at the beginning of the period</b>	<b>180</b>	<b>17</b>	<b>136</b>	<b>333</b>
Transfer to 12-month ECL	16	(9)	(7)	-
Transfer to lifetime ECL not credit-impaired	(13)	13	-	-
Transfer to lifetime ECL credit-impaired	(2)	(1)	3	-
Net remeasurement of loss allowance	(33)	19	(31)	(45)
Financial assets originated or purchased	19	-	-	19
Financial assets that have been fully repaid	(6)	(3)	(23)	(32)
Write-offs	-	-	(28)	(28)
Recoveries of amounts previously written-off	-	-	103	103
Unwinding of discount	-	-	3	3
Acquisition of subsidiaries	1	-	-	1
Foreign exchange and other movements	1	-	-	1
<b>Balance at the end of the period</b>	<b>163</b>	<b>36</b>	<b>156</b>	<b>355</b>

Three-month period ended 31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i>Credit card loans</i>				
<b>Balance at the beginning of the period</b>	<b>62</b>	<b>114</b>	<b>278</b>	<b>454</b>
Transfer to 12-month ECL	31	(31)	-	-
Transfer to lifetime ECL not credit-impaired	(9)	9	-	-
Transfer to lifetime ECL credit-impaired	-	(17)	17	-
Net remeasurement of loss allowance	6	40	6	52
Financial assets originated or purchased	5	-	-	5
Financial assets that have been fully repaid	(4)	(15)	(7)	(26)
Write-offs	-	-	(34)	(34)
Recoveries of amounts previously written-off	-	-	44	44
Unwinding of discount	-	-	11	11
Acquisition of subsidiaries	1	-	1	2
<b>Balance at the end of the period</b>	<b>92</b>	<b>100</b>	<b>316</b>	<b>508</b>
<i>Auto loans</i>				
<b>Balance at the beginning of the period</b>	<b>39</b>	<b>17</b>	<b>41</b>	<b>97</b>
Transfer to 12-month ECL	2	(2)	-	-
Transfer to lifetime ECL not credit-impaired	(1)	1	-	-
Transfer to lifetime ECL credit-impaired	(1)	(12)	13	-
Net remeasurement of loss allowance	2	14	11	27
Financial assets originated or purchased	11	-	-	11
Financial assets that have been fully repaid	(7)	(1)	(2)	(10)
Write-offs	-	-	(5)	(5)
Recoveries of amounts previously written-off	-	-	4	4
<b>Balance at the end of the period</b>	<b>45</b>	<b>17</b>	<b>62</b>	<b>124</b>

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Movements in the credit loss allowance by classes of loans to individuals and by three ECL stages for the three-month period ended 31 March 2020 are as follows:

Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i><b>Cash loans</b></i>				
<b>Balance at the beginning of the period</b>	<b>1 052</b>	<b>1 837</b>	<b>3 141</b>	<b>6 030</b>
Transfer to 12-month ECL	328	(286)	(42)	-
Transfer to lifetime ECL not credit-impaired	(209)	274	(65)	-
Transfer to lifetime ECL credit-impaired	(29)	(952)	981	-
Net remeasurement of loss allowance	662	3 555	(130)	4 087
Financial assets originated or purchased	346	10	-	356
Financial assets that have been fully repaid	(50)	(35)	(32)	(117)
Write-offs	(3)	-	(746)	(749)
Recoveries of amounts previously written-off	-	-	172	172
Unwinding of discount	-	-	148	148
Foreign exchange and other movements	10	-	-	10
<b>Balance at the end of the period</b>	<b>2 107</b>	<b>4 403</b>	<b>3 427</b>	<b>9 937</b>

Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i><b>Mortgage loans</b></i>				
<b>Balance at the beginning of the period</b>	<b>57</b>	<b>20</b>	<b>142</b>	<b>219</b>
Transfer to 12-month ECL	26	(10)	(16)	-
Transfer to lifetime ECL not credit-impaired	(1)	3	(2)	-
Transfer to lifetime ECL credit-impaired	(2)	(3)	5	-
Net remeasurement of loss allowance	(43)	3	(6)	(46)
Financial assets originated or purchased	16	-	-	16
Financial assets that have been fully repaid	(2)	(5)	(6)	(13)
Write-offs	-	-	(114)	(114)
Recoveries of amounts previously written-off	-	-	99	99
Unwinding of discount	-	-	11	11
Foreign exchange and other movements	-	-	3	3
<b>Balance at the end of the period</b>	<b>51</b>	<b>8</b>	<b>116</b>	<b>175</b>

Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i><b>Credit card loans</b></i>				
<b>Balance at the beginning of the period</b>	<b>48</b>	<b>67</b>	<b>192</b>	<b>307</b>
Transfer to 12-month ECL	6	(6)	-	-
Transfer to lifetime ECL not credit-impaired	(17)	17	-	-
Transfer to lifetime ECL credit-impaired	(1)	(20)	21	-
Net remeasurement of loss allowance	64	140	28	232
Financial assets originated or purchased	5	-	-	5
Financial assets that have been fully repaid	(2)	(11)	(4)	(17)

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Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
Write-offs	-	-	(55)	(55)
Recoveries of amounts previously written-off	-	-	15	15
Unwinding of discount	-	-	10	10
Foreign exchange and other movements	-	1	2	3
<b>Balance at the end of the period</b>	<b>103</b>	<b>188</b>	<b>209</b>	<b>500</b>
<i>Auto loans</i>				
<b>Balance at the beginning of the period</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>2</b>
Net remeasurement of loss allowance	-	-	2	2
Write-offs and cessions	-	-	(3)	(3)
Recoveries of amounts previously written-off	-	-	1	1
<b>Balance at the end of the period</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>2</b>

**Changes in the gross carrying amount**

Changes in the gross carrying amount of loans to individuals by three ECL stages for the the three-month period ended 31 March 2021 are as follows:

Three-month period ended 31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<b>Gross loans to individuals at amortised cost</b>				
<b>Balance at the beginning of the period</b>	<b>114 735</b>	<b>8 351</b>	<b>8 539</b>	<b>131 625</b>
Transfer to 12-month ECL	3 891	(3 800)	(91)	-
Transfer to lifetime ECL not credit-impaired	(4 661)	4 716	(55)	-
Transfer to lifetime ECL credit-impaired	(630)	(1 531)	2 161	-
New financial assets originated or purchased	17 302	26	-	17 328
Financial assets that have been fully repaid	(6 197)	(391)	(734)	(7 322)
Write-offs and cessions	(562)	(4)	(3)	(569)
Partial repayment and other changes	(4 748)	(145)	741	(4 152)
Acquisition of subsidiaries	5 301	45	1 146	6 492
<b>Balance at the end of the period</b>	<b>124 431</b>	<b>7 267</b>	<b>11 704</b>	<b>143 402</b>

Changes in the gross carrying amount of loans to individuals by three ECL stages stages for the three-month period ended 31 March 2020 are as follows:

Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<b>Gross loans to individuals at amortised cost</b>				
<b>Balance at the beginning of the period</b>	<b>98 725</b>	<b>6 960</b>	<b>4 156</b>	<b>109 841</b>
Transfer to 12-month ECL	1 528	(1 379)	(149)	-
Transfer to lifetime ECL not credit-impaired	(8 847)	8 931	(84)	-
Transfer to lifetime ECL credit-impaired	(79)	(2 228)	2 307	-
New financial assets originated or purchased	17 689	17	-	17 706
Financial assets that have been fully repaid	(7 046)	(191)	(75)	(7 312)
Write-offs and cessions	-	-	(921)	(921)
Partial repayment and other changes	(3 735)	(102)	345	(3 492)
<b>Balance at the end of the period</b>	<b>98 235</b>	<b>12 008</b>	<b>5 579</b>	<b>115 822</b>

## Industry and geographical analysis of the loan portfolio

In 2021 the Group revised its approach to allocation of industries. Due to materiality and market practices “Commerce and trading” was singled out into separate industry. Comparative information was revised accordingly.

Loans to customers were issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

	31 March 2021 (Unaudited)	31 December 2020
Loans to individuals	144 880	133 301
Crude oil production	304 723	283 700
Commerce and trading	181 173	169 390
Residential and commercial construction and development	121 719	105 992
Property rental	80 934	90 599
Automotive, motorcycles and spare parts	49 128	52 475
Services	49 021	49 690
Finance	39 582	32 958
Equipment leasing	33 986	31 167
Petroleum refining / production	36 492	27 153
Metallurgical	22 540	26 282
Electric utility	15 155	14 698
Food and farm products	11 158	13 450
Industrial equipment and machinery	10 903	7 158
Clothing, shoes, textiles and sporting goods	5 194	5 694
Industrial and infrastructure construction	3 425	4 781
Construction and decorative materials, furniture	2 668	2 572
Consumer chemicals, perfumes and hygiene products	2 326	2 757
Industrial chemicals	1 161	1 745
Paper, stationery and packaging products	1 100	1 312
Pharmaceutical and medical products	444	548
Consumer electronics, appliances and computers	301	324
Transport infrastructure contractors	289	287
Telecommunications	282	233
Government and municipal bodies	98	399
Banking	76	-
Books, video, print and copy	72	78
Other	4 019	396
<b>Total gross loans to customers</b>	<b>1 122 849</b>	<b>1 059 139</b>
Credit loss allowance	(51 598)	(49 974)
<b>Net loans to customers</b>	<b>1 071 251</b>	<b>1 009 165</b>

## 15 Investment financial assets

	31 March 2021 (Unaudited)	31 December 2020
Investment financial assets measured at fair value through other comprehensive income – debt instruments, including pledged under repurchase agreements	270 488	263 668
Investment financial assets measured at amortized cost, including pledged under repurchase agreements	40 493	39 533
Investment financial assets at fair value through profit or loss	20 750	20 164
<b>Total investment financial assets</b>	<b>331 731</b>	<b>323 365</b>

As at 31 March 2021, Investment financial assets in the amount of RUB 243 298 million are qualified to be pledged against borrowings from the Central bank of the Russian Federation (31 December 2020: RUB 238 277 million).

**Investment financial assets measured at fair value through other comprehensive income - debt instruments**

	31 March 2021 (Unaudited)	31 December 2020
<b><u>Held by the Group</u></b>		
Russian Government Federal bonds (OFZ)	164 417	162 955
Russian Government eurobonds	4 104	4 447
Regional authorities and municipal bonds	41	-
Central Bank of the Russian Federation bonds	9 058	9 053
Corporate bonds	69 774	49 932
Foreign government bonds	4 929	2 533
Corporate eurobonds	6 495	5 464
<b>Total held by the Group</b>	<b>258 818</b>	<b>234 384</b>
<b><u>Pledged under sale and repurchase agreements</u></b>		
Russian Government Federal bonds (OFZ)	4 307	4 790
Corporate bonds	4 299	17 837
Foreign government bonds	2 838	6 245
Corporate eurobonds	226	412
<b>Total pledged under sale and repurchase agreements</b>	<b>11 670</b>	<b>29 284</b>
<b>Total investment financial assets measured at fair value through other comprehensive income – debt instruments</b>	<b>270 488</b>	<b>263 668</b>

**Investment financial assets measured at amortised cost**

	31 March 2021 (Unaudited)	31 December 2020
<b><u>Held by the Group</u></b>		
Russian Government Federal bonds (OFZ)	634	-
Regional authorities and municipal bonds	5	-
Corporate eurobonds	24 029	25 744
Corporate bonds	8 876	722
Promissory notes	450	450
<b>Total held by the Group</b>	<b>33 994</b>	<b>26 916</b>
<b><u>Pledged under sale and repurchase agreements</u></b>		
Corporate eurobonds	7 064	6 251
Corporate bonds	-	6 980
<b>Total pledged under sale and repurchase agreements</b>	<b>7 064</b>	<b>13 231</b>
Credit loss allowance	(565)	(614)
<b>Investment financial assets measured at amortized cost</b>	<b>40 493</b>	<b>39 533</b>

**Investment financial assets measured as at fair value through profit or loss**

	31 March 2021 (Unaudited)	31 December 2020
Equity investments	18 989	18 469
Debt instruments	1 761	1 695
<b>Total investment financial assets measured as at fair value through profit or loss</b>	<b>20 750</b>	<b>20 164</b>

During the three-month period ended 31 March 2021 the acquisition of shares measured at FVTPL in the amount of RUB 3 million was a non-monetary transaction (31 December 2020: none).

Movements in the credit loss allowance of investment financial assets measured at fair value through other comprehensive income by three ECL stages for the three-month period ended 31 March 2021 and 31 March 2020 are as follows:

<b>Three-month period ended 31 March 2021</b> <b>(Unaudited)</b>				
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL not credit- impaired</b>	<b>Stage 3 Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Investment financial assets measured at fair value through other comprehensive income - debt instruments</b>				
<b>Balance at the beginning of the period</b>	<b>630</b>	<b>5</b>	<b>-</b>	<b>635</b>
Net recovery	(61)	(1)	-	(62)
Acquisition of subsidiaries	30	-	-	30
<b>Balance at the end of the period</b>	<b>599</b>	<b>4</b>	<b>-</b>	<b>603</b>

<b>Three-month period ended 31 March 2020</b> <b>(Unaudited)</b>				
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL not credit- impaired</b>	<b>Stage 3 Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Investment financial assets measured at fair value through other comprehensive income - debt instruments</b>				
<b>Balance at the beginning of the period</b>	<b>379</b>	<b>-</b>	<b>-</b>	<b>379</b>
Net charge	305	18	-	323
<b>Balance at the end of the period</b>	<b>684</b>	<b>18</b>	<b>-</b>	<b>702</b>

Movements in the credit loss allowance of investment financial assets measured at amortized cost by three ECL stages for the three-month period ended 31 March 2021 and 31 March 2020 are as follows:

<b>Three-month period ended 31 March 2021</b> <b>(Unaudited)</b>				
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL not credit- impaired</b>	<b>Stage 3 Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Investment financial assets measured at amortized cost</b>				
<b>Balance at the beginning of the period</b>	<b>164</b>	<b>-</b>	<b>450</b>	<b>614</b>
Net recovery	(47)	-	-	(47)
Acquisition of subsidiaries	(2)	-	-	(2)
<b>Balance at the end of the period</b>	<b>115</b>	<b>-</b>	<b>450</b>	<b>565</b>

<b>Three-month period ended 31 March 2020</b> <b>(Unaudited)</b>				
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL not credit- impaired</b>	<b>Stage 3 Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Investment financial assets measured at amortized cost</b>				
<b>Balance at the beginning of the period</b>	<b>130</b>	<b>-</b>	<b>450</b>	<b>580</b>
Net charge	64	-	-	64
<b>Balance at the end of the period</b>	<b>194</b>	<b>-</b>	<b>450</b>	<b>644</b>

During the three-month period ended 31 March 2021 there were no transfers from 12-month ECL to lifetime ECL on non-credit-impaired assets (31 December 2020: transfers in the amount of RUB 295 million resulted in increase of ECL allowance in the amount of RUB 5 million).

### Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt instruments as at 31 March 2021 and 31 December 2020:

31 March 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
<b><u>Debt investment securities at amortised cost</u></b>				
rated from A+ to A-	73	-	-	73
rated from BBB+ to BBB-	30 206	-	-	30 206
rated from BB+ to BB-	10 222	-	-	10 222
not rated	107	-	450	557
<b>Total</b>	<b>40 608</b>	<b>-</b>	<b>450</b>	<b>41 058</b>
<b>Credit loss allowance</b>	<b>(115)</b>	<b>-</b>	<b>(450)</b>	<b>(565)</b>
<b>Carrying amount</b>	<b>40 493</b>	<b>-</b>	<b>-</b>	<b>40 493</b>
<b><u>Debt investment securities at FVOCI</u></b>				
rated from A+ to A-	81	-	-	81
rated from BBB+ to BBB-	242 154	-	-	242 154
rated from BB+ to BB-	8 528	-	-	8 528
rated from B+ to B-	1 060	-	-	1 060
not rated	18 374	291	-	18 665
<b>Total</b>	<b>270 197</b>	<b>291</b>	<b>-</b>	<b>270 488</b>
<b>Credit loss allowance</b>	<b>(599)</b>	<b>(4)</b>	<b>-</b>	<b>(603)</b>
<b>Carrying amount – fair value</b>	<b>270 197</b>	<b>291</b>	<b>-</b>	<b>270 488</b>
31 December 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
<b><u>Debt investment securities at amortised cost</u></b>				
rated from BBB+ to BBB-	29 956	-	-	29 956
rated from BB+ to BB-	9 741	-	-	9 741
not rated	-	-	450	450
<b>Total</b>	<b>39 697</b>	<b>-</b>	<b>450</b>	<b>40 147</b>
<b>Credit loss allowance</b>	<b>(164)</b>	<b>-</b>	<b>(450)</b>	<b>(614)</b>
<b>Carrying amount</b>	<b>39 533</b>	<b>-</b>	<b>-</b>	<b>39 533</b>
<b><u>Debt investment securities at FVOCI</u></b>				
rated from BBB+ to BBB-	235 377	-	-	235 377
rated from BB+ to BB-	9 381	-	-	9 381
rated from B+ to B-	727	-	-	727
not rated	17 882	301	-	18 183
<b>Total</b>	<b>263 367</b>	<b>301</b>	<b>-</b>	<b>263 668</b>
<b>Credit loss allowance</b>	<b>(630)</b>	<b>(5)</b>	<b>-</b>	<b>(635)</b>
<b>Carrying amount – fair value</b>	<b>263 367</b>	<b>301</b>	<b>-</b>	<b>263 668</b>



Ratings are based on Fitch, Moody's and Standard & Poor's rating system.

As at 31 March 2021 included in not rated Debt investment securities at amortized cost (excluding credit-impaired securities) are counterparties with credit ratings equivalent to Low credit risk category in the amount of RUB 106 million (31 December 2020: none).

As at 31 March 2021 included in not rated Debt investment securities at FVOCI are counterparties with credit ratings equivalent to Low credit risk category in the amount of RUB 6 571 million (31 December 2020: RUB 6 538 million), to Moderate credit risk category RUB 12 094 million (31 December 2020: RUB 11 645 million).

As at 31 March 2021 Investment financial assets balances for ECL calculation for which external benchmark information represents a significant input into measurement of ECL are RUB 202 594 million (31 December 2020: RUB 186 770 million).

## 16 Due to credit institutions

	31 March 2021 (Unaudited)	31 December 2020
Payables under repurchase agreements	798 322	652 988
Term deposits	15 270	33 751
Current accounts	40 971	34 943
<b>Total due to credit institutions</b>	<b>854 563</b>	<b>721 682</b>

As at 31 March 2021, the fair value of securities that serve as collateral under sale and repurchase agreements is RUB 868 949 million (31 December 2020: RUB 715 616 million).

As at 31 March 2021, the fair value of securities received as collateral under reverse repo deals being pledged for direct repo deals is RUB 850 631 million (31 December 2020: RUB 662 534 million).

## 17 Due to customers

	31 March 2021 (Unaudited)	31 December 2020
<b>Corporate customers</b>		
Term and demand deposits	1 071 405	1 041 375
Current accounts	149 288	149 043
Subordinated debt	45 243	44 896
Term notes	1 082	399
Payables under repurchase agreements	491	285
<b>Total corporate customers</b>	<b>1 267 509</b>	<b>1 235 998</b>
<b>Individuals</b>		
Term and demand deposits	401 298	400 712
Current accounts	110 725	100 805
<b>Total individuals</b>	<b>512 023</b>	<b>501 517</b>
<b>Total due to customers</b>	<b>1 779 532</b>	<b>1 737 515</b>

As at 31 March 2021, the fair value of securities that serve as collateral under sale and repurchase agreements is RUB 532 million (31 December 2020: RUB 268 million).

As at 31 March 2021, the fair value of securities received as collateral under reverse repo deals being pledged for direct repo deals is RUB 541 million (31 December 2020: RUB 268 million).

## 18 Debt securities issued

	31 March 2021 (Unaudited)	31 December 2020
Bonds	187 437	135 824
Subordinated bonds	37 100	35 641
<b>Total debt securities issued</b>	<b>224 537</b>	<b>171 465</b>

## 19 Financial liabilities measured at fair value through profit or loss

	31 March 2021 (Unaudited)	31 December 2020
Structured bonds issued designated at FVTPL	9 218	9 477
Other financial liabilities (derivatives)	7 457	9 853
<b>Total financial liabilities measured at fair value through profit or loss</b>	<b>16 675</b>	<b>19 330</b>

## 20 Share capital

Share capital consists of ordinary shares and was contributed by the shareholders in Roubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital at 31 March 2021 comprises 29 829 709 866 shares (31 December 2020: 29 829 709 866 shares) with par value of 1 RUB per share. In addition, at 31 March 2021 the Bank has 170 170 290 134 authorised but unissued ordinary shares with an aggregate nominal value of RUB 170 170 million. The total hyperinflation adjustment related to equity as at 31 December 2002 was RUB 862 million.

As at 31 March 2021 and 31 December 2020 the Group has perpetual debt issued. As the Group has discretion in relation to coupon and principal repayment, the Group classified subordinated perpetual Eurobonds and bonds as equity instruments in the consolidated interim condensed statement of financial position. The CBR approved the inclusion of the perpetual subordinated Eurobonds and bonds in the calculation of statutory capital adequacy ratio. The Eurobonds and bonds are Basel-III compliant and eligible for inclusion into the Group's Additional Tier 1 capital upon receiving approval from the CBR (Note 23).

The USD denominated subordinated perpetual Eurobonds are translated to its RUB equivalent at the period-end exchange rate with exchange differences recorded in retained earnings when incurred. Issuance costs are also recorded in retained earnings when incurred.

## 21 Contingencies

### Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on property or relating to operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

### Litigation

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the

financial condition or the results of future operations.

### **Taxation contingencies**

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances, a tax year may remain open for a longer period. Recent events in the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. These provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply five market price determination methods prescribed by the Tax Code.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules in the Russian Federation and changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Since the current Russian transfer pricing rules became effective relatively recently, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

## **22 Related party transactions**

The outstanding balances with related parties and related average interest rates as at 31 March 2021 are as follows:

Unaudited	Parent company		Management		Associated company		Under control of principal beneficiary		TOTAL
	Amount	AER, %	Amount	AER, %	Amount	AER, %	Amount	AER, %	
Cash and cash equivalents	-		-		21		-		21
Trading financial assets	-		-		-		6 839		6 839
Loans to customers, gross	-		350	8,9%	775	8,0%	19 484	9,0%	20 609
Allowance for credit losses	-		(6)		(8)		(267)		(281)
Other assets	1		5		34		58		98
Due to credit institutions	-		-		487		189		676
Due to customers									
Term deposits by customers	-		518	4,2%	7		14 373	6,8%	14 898
Demand deposits by customers	3 366		217		4		3 107		6 694
Financial liabilities measured at fair value through profit or loss	-		-		-		858		858
Debt securities issued	-		-		-		5 675	15,6%	5 675
Guarantees issued	-		-		131		91		222

The outstanding balances with related parties and related average interest rates as at 31 December 2020 are as follows:

	Parent company		Management		Associated company		Under control of principal beneficiary		TOTAL
	Amount	AER, %	Amount	AER, %	Amount	AER, %	Amount	AER, %	
Cash and cash equivalents	-		-		16		-		16
Due from credit and other financial organizations	-		-		-		600		600

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	Parent company		Management		Associated company		Under control of principal beneficiary		TOTAL
	Amount	AER, %	Amount	AER, %	Amount	AER, %	Amount	AER, %	
Trading financial assets	-		-		-		7 155		7 155
Loans to customers, gross	-		317	9,1%	775	7,7%	14 628	8,2%	15 720
Allowance for credit losses	-		(10)		(12)		(204)		(226)
Other assets	1		5		480		66		552
Due to credit institutions	-		-		859		61		920
Due to customers									
Term deposits by customers	-		611	4,3%	-		15 392	6,2%	16 003
Demand deposits by customers	7 660		234		8		2 418		10 320
Financial liabilities measured at fair value through profit or loss	-		-		-		952		952
Debt securities issued	-		-		-		5 450	15,6%	5 450
Guarantees issued	-		-		131		91		222

As at 31 March 2021 (Unaudited), the company under control of principal beneficiary has an investment in perpetual debt issued in the amount of RUB 9 753 million (31 December 2020: RUB 9 806 million).

During the three-month period ended 31 March 2021 (Unaudited) the company under control of principal beneficiary received coupon payments on perpetual debt issued from the Group in the amount of RUB 416 million (three-month period ended 31 March 2020 (Unaudited): 270 million).

As at 31 March 2021 (Unaudited), the undrawn loan commitments under credit line agreements for principal beneficiary and for management are RUB 73 million (31 December 2020: RUB 77 million).

Amounts included in profit or loss and other comprehensive income for the three-month period ended 31 March 2021 and 31 March 2020 in relation to transactions with related parties are as follows:

Unaudited	Parent company	Management	Associated company	Under control of principal beneficiary	TOTAL
Interest income to customers	-	7	15	474	496
Interest expense by customers	(25)	(6)	(6)	(431)	(468)
Commission income	5	-	41	183	229
Commission expense	-	-	(65)	-	(65)
Net foreign exchange gains or (losses)	-	-	-	(379)	(379)

Amounts included in profit or loss and other comprehensive income for the three-month period ended 31 March 2020 in relation to transactions with related parties are as follows:

Unaudited	Parent company	Management	Associated company	Under control of principal beneficiary	TOTAL
Interest income to customers	-	14	18	449	481
Interest expense by customers	(36)	(17)	(10)	(524)	(587)
Commission income	4	-	50	162	216
Commission expense	-	(1)	(100)	-	(101)
Net foreign exchange gains or (losses)	-	-	-	(5 996)	(5 996)

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the three-month period ended 31 March 2021 and 31 March 2020 (refer to Note 6) is as follows:

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Board Members of the Management Board	(64)	(54)
Members of the Supervisory Board	(29)	(32)
	<b>(93)</b>	<b>(86)</b>

## 23 Capital management

The CBR sets and monitors capital requirements for the Group.

The Group defines as capital those items defined by statutory regulation as capital for banking groups. Since 1 January 2016 the Group calculated amount of capital in accordance with Provision of the CBR dated 3 December 2016 No. 509-P 'On Calculation of Amount of Own Funds (Capital), Economic Ratios and Amounts (Limits) of Open Currency Positions of Banking Groups'. As at 31 March 2021 and 31 December 2020, minimum levels of basic capital ratio (ratio N20.1), main capital ratio (ratio N20.2), own funds (capital) ratio (ratio N20.0) are 4.5%, 6.0% and 8.0%, accordingly.

Starting from 1 January 2016 the Group should comply with capital mark-ups: capital conservation mark-up, countercycle mark-up and mark-up for systematical importance. Management believes that the Group maintains capital adequacy at the level appropriate to the nature and volume of its operations.

The Group provides the territorial CBR office that supervises the Bank with information on mandatory ratios in accordance with regulatory requirements. The Accounting Department controls on a daily basis compliance with capital adequacy ratios.

In case capital adequacy ratios become close to limits set by the CBR and the Group's internal limits this information is communicated to the Management Board and the Supervisory Board. The Group is in compliance with the statutory capital ratios as at 1 April 2021 (Unaudited) and 1 January 2021.

The capital adequacy ratio of the Group calculated in accordance with the Basel III requirements as adopted in the Russian Federation, based on the IFRS financial statements as at 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021 (Unaudited)	31 December 2020
<b>Tier 1 capital</b>		
Share capital and additional paid-in capital	88 902	88 902
Retained earnings	110 581	103 990
Intangible assets	(1 783)	(1 611)
<b>Core tier 1 capital</b>	<b>197 700</b>	<b>191 281</b>
<b>Additional capital</b>		
Perpetual debt issued	42 780	41 950
<b>Total tier 1 capital</b>	<b>240 480</b>	<b>233 231</b>
<b>Tier 2 capital</b>		
Revaluation surplus for buildings	536	536
Fair value reserve for securities	(9 520)	(1 107)
<b>Subordinated debt</b>		
Subordinated loans	64 119	65 067
Subordinated bonds	34 962	34 603
<b>Total tier 2 capital</b>	<b>90 097</b>	<b>99 099</b>
<b>Total capital</b>	<b>330 577</b>	<b>332 330</b>
<b>Risk-weighted assets</b>		
Banking book	1 461 374	1 339 205
Trading book	116 632	100 383
Operational risk	117 361	117 361
<b>Total risk weighted assets</b>	<b>1 695 367</b>	<b>1 556 949</b>
<b>Total core tier 1 capital expressed as a percentage of risk-weighted assets (core tier 1 capital ratio) (%)</b>	<b>11.7</b>	<b>12.3</b>
<b>Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%)</b>	<b>14.2</b>	<b>15.0</b>
<b>Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%)</b>	<b>19.5</b>	<b>21.3</b>

In June 2015 the State Corporation “Deposit Insurance Agency” provided a subordinated loan of RUB 20 231 million to the Bank in a form of federal loan bonds (OFZ). The Bank has an obligation to return securities received back to the lender at the maturity of the agreement. The Bank pays charges equal to coupons on the bonds transferred plus a fixed margin. The contract also includes certain restrictions on ability of the Bank to sell or pledge securities received. The arrangement is a securities lending transaction.

The Group does not recognise securities received and a subordinated obligation to return them to the lender in the consolidated interim condensed statement of financial position of the Group. The obligation to return securities received to the State Corporation “Deposit Insurance Agency” is subordinated to other ordinary obligations of the Group and the terms of the loan satisfy the criteria for inclusion of the loan into the regulatory capital of the Bank in accordance with Russian banking legislation. As such, the Bank includes the amount of the subordinated loan described above into its tier 2 capital for the purpose of statutory regulatory capital and capital calculated for capital management purposes in accordance with Basel III.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees.

In preparation of consolidated interim condensed financial statements for more precise calculation of risk weighted assets the approach defined in normative acts of the Central Bank of Russia was applied. For the calculation of RWA on loans to corporate clients and investment securities the approach defined in the Instruction 199 of CBR “On mandatory ratios and premiums to capital adequacy ratios for banks with universal licence” was applied. The calculation of the amount of market risk was based on the principles set out in Instruction 178 “On establishment of the size (limits) of open foreign exchange positions, the methodology of their calculation and the specifics of supervision over their observance by credit institutions”.

## **24 Analysis by segment**

The Group has six reportable segments, as described below, which are strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chairman of the Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments:

- Corporate business comprises corporate lending, overdraft lending, factoring, financial and operating leasing, letters of credit, guarantees, corporate deposit services, settlements and money transfers
- Retail banking comprises retail demand and term deposit services; retail lending, including cash loans, car loans and mortgages, money transfers and private banking services; banking card products, settlements and money transfers
- Investment comprises securities trading and brokerage in securities, repo transactions, foreign exchange services
- Treasury comprises interbank lending and borrowings from banks, issuance of domestic bonds and promissory notes, securities trading
- Cash operations comprises all operations connected with cash, cash handling, calculation and transportation
- Subsidiary banks consist of JSC “RUSNARBANK”, Investment Bank VESTA (LLC), LLC “Bank SKS”, LLC “CB Koltso Urala”. In accordance with IFRS 8 “Operating segments” a new subsidiary must be assigned to the existing reportable segment, except “Subsidiary banks” segment, in case if it reports to the management of that reportable segment. Otherwise, it should be assigned to the “Subsidiary banks” segment, if such accountability has not been established.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, which is calculated based on consolidated interim condensed financial information prepared in accordance with IFRS, as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm’s length basis.

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The segment breakdown of assets and liabilities is set out below:

	<b>31 March 2021</b> <b>(Unaudited)</b>	<b>31 December 2020</b>
<b>ASSETS</b>		
Corporate banking	992 202	938 577
Retail banking	137 668	133 482
Investment	1 838 015	1 666 707
Treasury	94 700	124 717
Cash operations	12 682	18 092
Subsidiary banks	67 097	34 890
<b>Total assets</b>	<b>3 142 364</b>	<b>2 916 465</b>
<b>LIABILITIES</b>		
Corporate banking	1 258 236	1 241 574
Retail banking	493 404	495 579
Investment	821 100	699 596
Treasury	275 478	211 140
Cash operations	5 187	6 726
Subsidiary banks	55 533	27 354
<b>Total liabilities</b>	<b>2 908 938</b>	<b>2 681 969</b>

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Segment information for the main reportable segments for the three-month period ended 31 March 2021 (unaudited) is set below:

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Subsidiary banks	Total
Interest income	14 281	3 791	19 467	574	31	733	38 877
Interest expense	(5 878)	(5 522)	(7 838)	(3 355)	(4)	(210)	(22 807)
Transfer income / (expense)	(4 242)	5 087	(8 142)	7 297	-	-	-
<b>Net interest income</b>	<b>4 161</b>	<b>3 356</b>	<b>3 487</b>	<b>4 516</b>	<b>27</b>	<b>523</b>	<b>16 070</b>
Charge for credit losses on debt financial assets	1 390	(839)	426	162	6	(2)	1 143
<b>Net interest income after credit losses on debt financial assets</b>	<b>5 551</b>	<b>2 517</b>	<b>3 913</b>	<b>4 678</b>	<b>33</b>	<b>521</b>	<b>17 213</b>
Fee and commission income	1 660	967	26	205	694	466	4 018
Fee and commission expense	(4)	(520)	(11)	(220)	(6)	(188)	(949)
Net gain or (loss) on loans to customers at FVTPL	(1 599)	-	-	-	-	9	(1 590)
Net gain or (loss) on financial assets at FVTPL	(1 255)	-	(646)	(504)	-	-	(2 405)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI	-	-	44	-	-	(17)	27
Net gain or (loss) on Investment financial assets at FVTPL	2 320	-	-	-	-	-	2 320
Net foreign exchange gains or (losses)	(85)	(130)	1 772	(3 498)	(12)	17	(1 936)
Net gain on change in financial liabilities measured at fair value through profit or loss	-	-	-	353	-	-	353
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	372	(162)	-	10	(10)	29	239
State deposit insurance scheme contributions	(23)	(467)	-	-	-	(4)	(494)
Net other operating income or (expense)	125	(69)	(953)	(61)	(108)	897	(169)
<b>Operating income</b>	<b>7 062</b>	<b>2 136</b>	<b>4 145</b>	<b>963</b>	<b>591</b>	<b>1 730</b>	<b>16 627</b>
General administrative and other expenses	(2 014)	(1 701)	(862)	(173)	(841)	(627)	(6 218)
Internal provision of services	(6)	143	(9)	(128)	-	-	-
<b>Segment result before income taxes</b>	<b>5 042</b>	<b>578</b>	<b>3 274</b>	<b>662</b>	<b>(250)</b>	<b>1 103</b>	<b>10 409</b>



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Segment information for the main reportable segments for the 31 March 2020 (unaudited) is set below:

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Subsidiary banks	Total
Interest income	12 806	3 766	21 250	815	7	240	38 884
Interest expense	(9 801)	(7 327)	(5 697)	(3 234)	(3)	(163)	(26 225)
Transfer income / (expense)	592	7 492	(15 662)	7 578	-	-	-
<b>Net interest income</b>	<b>3 597</b>	<b>3 931</b>	<b>(109)</b>	<b>5 159</b>	<b>4</b>	<b>77</b>	<b>12 659</b>
Charge for credit losses on debt financial assets	(2 983)	(4 522)	606	(620)	3	(8)	(7 524)
<b>Net interest income after credit losses on debt financial assets</b>	<b>614</b>	<b>(591)</b>	<b>497</b>	<b>4 539</b>	<b>7</b>	<b>69</b>	<b>5 135</b>
Fee and commission income	1 494	1 121	-	199	695	38	3 547
Fee and commission expense	(16)	(593)	-	(274)	(8)	(1)	(892)
Net gain or (loss) on loans to customers at FVTPL	293	-	-	-	-	-	293
Net gain or (loss) on financial assets at FVTPL	3	-	524	(825)	-	-	(298)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI	-	-	24	1	-	-	25
Net gain or (loss) on Investment financial assets at FVTPL	2 652	-	-	-	-	-	2 652
Net foreign exchange gains or (losses)	(1 861)	19	1 385	2 369	-	1	1 913
Net gain on change in financial liabilities measured at fair value through profit or loss	-	-	-	719	-	-	719
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	(113)	(14)	-	(19)	21	-	(125)
State deposit insurance scheme contributions	-	(790)	-	-	-	-	(790)
Net other operating income or (expense)	(130)	(90)	(627)	198	(14)	(1)	(664)
<b>Operating income</b>	<b>2 936</b>	<b>(938)</b>	<b>1 803</b>	<b>6 907</b>	<b>701</b>	<b>106</b>	<b>11 515</b>
General administrative and other expenses	(1 245)	(1 951)	(272)	(653)	(878)	(138)	(5 137)
Internal provision of services	(150)	35	(60)	175	-	-	-
<b>Segment result before income taxes</b>	<b>1 541</b>	<b>(2 854)</b>	<b>1 471</b>	<b>6 429</b>	<b>(177)</b>	<b>(32)</b>	<b>6 378</b>

## 25 Financial assets and liabilities: fair values and accounting classifications

### Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2021 (unaudited):

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Cash and cash equivalents	-	953 429	-	953 429	953 429
Obligatory reserves with the CBR	-	25 180	-	25 180	25 180
Due from credit and other financial organizations	-	632 383	-	632 383	632 383
Trading financial assets	103 505	-	-	103 505	103 505
Loans to customers	83 824	987 427	-	1 071 251	1 094 885
Investment financial assets	20 750	40 493	270 488	331 731	333 419
Other financial assets	-	5 138	-	5 138	5 138
	<b>208 079</b>	<b>2 644 050</b>	<b>270 488</b>	<b>3 122 617</b>	<b>3 147 939</b>
Deposits by the Central Bank of the Russian Federation	-	15 001	-	15 001	15 001
Due to credit institutions	-	854 563	-	854 563	854 563
Due to customers	-	1 779 532	-	1 779 532	1 770 087
Debt securities issued	-	224 537	-	224 537	231 036
Financial liabilities measured at fair value through profit or loss	16 675	-	-	16 675	16 675
Other financial liabilities	-	9 029	-	9 029	9 029
	<b>16 675</b>	<b>2 882 662</b>	<b>-</b>	<b>2 899 337</b>	<b>2 896 391</b>

The main assumptions used by management to estimate the fair values of financial instruments as at 31 March 2021 are:

- discount rates from 4.7% to 15.8% (roubles) and from 1.6% to 5.5% (foreign currency) are used for discounting future cash flows from corporate loans;
- discount rates from 7.5% to 23.9% (roubles) and from 4.8% to 7.9% (foreign currency) are used for discounting future cash flows from loans to individuals;
- discount rates from 4.3% to 6.1% (roubles) and from 0.4% to 2.7% (foreign currency) are used for discounting future cash flows from corporate deposits;
- discount rates from 2.6% to 4.9% (roubles) and from 0.2% to 0.7% (foreign currency) are used for discounting future cash flows from retail deposits.

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020:

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Cash and cash equivalents	-	683 283	-	683 283	683 283
Obligatory reserves with the CBR	-	22 244	-	22 244	22 244
Due from credit and other financial organizations	-	778 837	-	778 837	778 837
Trading financial assets	78 816	-	-	78 816	78 816
Loans to customers	86 839	922 326	-	1 009 165	1 038 557
Investment financial assets	20 164	39 533	263 668	323 365	325 423
Other financial assets	-	3 476	-	3 476	3 476
	<b>185 819</b>	<b>2 449 699</b>	<b>263 668</b>	<b>2 899 186</b>	<b>2 930 636</b>
Deposits by the Central Bank of the Russian Federation	-	10 041	-	10 041	10 041

	<b>FVTPL</b>	<b>Amortised cost</b>	<b>FVOCI</b>	<b>Total carrying amount</b>	<b>Fair value</b>
Russian Federation					
Due to credit institutions	-	721 682	-	721 682	721 682
Due to customers	-	1 737 515	-	1 737 515	1 743 598
Debt securities issued	-	171 465	-	171 465	179 829
Financial liabilities measured at fair value through profit or loss	19 330	-	-	19 330	19 330
Other financial liabilities	-	10 544	-	10 544	10 544
	<b>19 330</b>	<b>2 651 247</b>	<b>-</b>	<b>2 670 577</b>	<b>2 685 024</b>

The main assumptions used by management to estimate the fair values of financial instruments as at 31 December 2020 are:

- discount rates from 4.7% to 15.8% (roubles) and from 2.1% to 5.5% (foreign currency) are used for discounting future cash flows from corporate loans;
- discount rates from 7.9% to 23.3% (roubles) and from 5.4% to 7.4% (foreign currency) are used for discounting future cash flows from loans to individuals;
- discount rates from 4.0% to 4.8% (roubles) and from 0.1% to 3.0% (foreign currency) are used for discounting future cash flows from corporate deposits;
- discount rates from 3.4% to 4.8% (roubles) and from 0.3% to 0.8% (foreign currency) are used for discounting future cash flows from retail deposits.

The estimates of fair value are intended to approximate 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist, Monte Carlo and polynomial-option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models to determine the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps.

There is no active market for loans to customers. The estimation of fair value for loans to customers is based on management's assumptions.

### **Fair value hierarchy**

The Group measures fair values for financial instruments recorded in the consolidated interim condensed statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from

- market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following tables show an analysis of financial instruments recorded at fair value and financial instruments recorded at amortised cost for which fair value does not approximate their carrying amount as at 31 March 2021 (unaudited) and 31 December 2020:

<b>31 March 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Trading financial assets	48 311	48 081	7 113	<b>103 505</b>
Loans to customers			1 094 885	<b>1 094 885</b>
Investment financial assets	297 865	15 407	20 147	<b>333 419</b>
Due to customers		1 770 087		<b>1 770 087</b>
Financial liabilities measured at fair value through profit or loss	-	16 675	-	<b>16 675</b>
Debt securities issued	231 036			<b>231 036</b>
<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Trading financial assets	30 565	45 769	2 482	<b>78 816</b>
Loans to customers	-	-	1 038 557	<b>1 038 557</b>
Investment financial assets	302 099	13 029	10 295	<b>325 423</b>
Due to customers	-	1 743 598	-	<b>1 743 598</b>
Financial liabilities measured at fair value through profit or loss	-	19 330	-	<b>19 330</b>
Debt securities issued	179 829	-	-	<b>179 829</b>

During the three-month period ended 31 March 2021 there was transfer of assets between Level 1 and Level 3 in the amount of RUB 9 452 million (unaudited) (31 December 2020: RUB 940 million).

A reconciliation of movements in fair value of loans to customers at FVTPL for the three-month period ended 31 March 2021 and 31 March 2020 is as follows:

	<b>Loans to individuals</b>	<b>Corporate loans</b>	
	<b>31 March 2021</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Fair value at beginning of the period	1 676	85 163	77 175
Loan issues	1 943	-	200
Loan repayments	(2 194)	(1 212)	(56)
Interest income recognised	45	687	1 185
Changes in fair value measurement	8	(1 599)	294
Write-offs and cessations	-	-	(1 259)
Net foreign exchange (loss) gain	-	(693)	12 014
<b>Fair value at the end of period</b>	<b>1 478</b>	<b>82 346</b>	<b>89 553</b>

A reconciliation of movements in fair value of trading and investment financial assets for the three-month period ended 31 March 2021 and 31 March 2020 is as follows:

	<b>Trading financial assets</b>	<b>Investment financial assets</b>	
	<b>31 March 2021</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Fair value at beginning of the period	2 482	10 295	111
Total gains/(losses) reported in profit or loss	(32)	(76)	-
Foreign currency revaluation	(16)	-	-

	<b>Trading financial assets</b>	<b>Investment financial assets</b>	
	<b>31 March 2021 (Unaudited)</b>	<b>31 March 2021 (Unaudited)</b>	<b>31 March 2020 (Unaudited)</b>
Total losses reported in other comprehensive income	-	142	-
Purchases	378	4 888	-
Transfers	4 770	4 682	-
Sales	(469)	-	-
Acquisition of subsidiaries	-	216	-
<b>Fair value at the end of the period</b>	<b>7 113</b>	<b>20 147</b>	<b>111</b>

The table below sets out information about significant unobservable inputs used in the measuring of financial instruments categorised as Level 2 and Level 3 in the fair value hierarchy as at 31 March 2021:

Type of instrument	Fair values	Valuation technique	Significant unobservable input	Unobservable inputs used
Loans to customers at FVTPL	83 824	Discounted cash flow from operating activities	Risk-adjusted discount rate	RUB: 6,2% - 9,2% USD: 6,6% EUR: 2,9% - 3,8%
Structured bonds issued designated at FVTPL	9 218	Sum of FV of the ordinary bond (discounted cash flow) and FV of the embedded option (simulation modeling)	Non-applicable	Non-applicable
Trading financial assets	7 113	Discounted cash flow	Credit spread	0,93 - 1,14
Investment financial assets	20 032	Discounted cash flow	Credit spread	0,93 - 1,14

The table below sets out information about significant unobservable inputs used in the measuring of financial instruments categorised as Level 2 and Level 3 in the fair value hierarchy as at 31 December 2020:

Type of instrument	Fair values	Valuation technique	Significant unobservable input	Unobservable inputs used
Loans to customers at FVTPL	86 839	Discounted cash flow from operating activities	Risk-adjusted discount rate	RUB: 5,5% - 9,2% USD: 6,7% EUR: 2,9% - 3,8%
Structured bonds issued designated at FVTPL	9 477	Sum of FV of the ordinary bond (discounted cash flow) and FV of the embedded option (simulation modeling)	Non-applicable	Non-applicable
Trading financial assets	2 395	Discounted cash flow	Credit spread	1,80
Investment financial assets	10 184	Discounted cash flow	Credit spread	1,80

If discount rates differ by plus/minus one percent, fair values of the loans to customers at FVTPL would be RUB 79 536 million and RUB 84 425 million respectively (31 December 2020: RUB 83 289 million – RUB 88 874 million).

If credit spreads differ by plus/minus one percent, fair values of the Trading financial assets would be RUB 7 107 million and RUB 7 125 million respectively (31 December 2020: RUB 2 380 million – RUB 2 411 million).

If credit spreads differ by plus/minus one percent, fair values of the Investment financial assets would be RUB 19 920 million and RUB 20 143 million respectively (31 December 2020: RUB 10 156 million – RUB 10 211 million).

## 26 Earnings per share

Basic earnings per share are calculated by dividing (loss) profit for the three-month period ended 31 March 2021 by the weighted average number of ordinary shares in issue during the period. Basic earnings per share are calculated as follows:

	Three-month period ended 31 March 2021 (Unaudited)	Three-month period ended 31 March 2020 (Unaudited)
Profit for the period	8 276	5 152
Interest paid on perpetual debt issued, net of tax	(951)	(843)
Total profit for the period	7 325	4 309
Weighted average number of ordinary shares in issue	29 829 709 866	29 829 709 866
<b>Basic and diluted earnings per share (in RUB per share)</b>	<b>0.25</b>	<b>0.14</b>

## 27 Acquisition of subsidiaries

In March 2021 the Group acquired 100% of the equity interests of Commercial Bank Koltso Urala (LLC) and 100% of the equity interests of Asset Management Company MKB Investments (JSC).

For the purpose of determining goodwill on acquisition the fair values of identifiable assets and liabilities of Commercial Bank Koltso Urala (LLC) were as follows:

	Amounts on acquisition
<b>ASSETS</b>	
Cash and cash equivalents	10 894
Obligatory reserves with the Central bank of the Russian Federation	248
Investment financial assets	12 316
Loans to customers	10 152
Property and equipment	1 359
Other assets	2 117
<b>LIABILITIES</b>	
Due to customers	31 691
Other liabilities	593
<b>Identifiable net assets acquired</b>	<b>4 802</b>
Consideration given	4 758
less fair value of identifiable net assets acquired	(4 802)
<b>Difference between consideration given and fair value of acquired net assets</b>	<b>(44)</b>

The excess of fair value of acquired net assets over consideration was credited as gain to profit or loss for the period and presented within the line Net other operating income or (expense). As part of consideration in the amount of RUB 828 million was paid in April 2021, the amount of net cash received on acquisition of subsidiaries within Consolidated Interim Condensed Statement of Cash Flows was adjusted accordingly.

The amount of net income of Commercial Bank Koltso Urala (LLC) since the acquisition date included in consolidated interim condensed statement of profit or loss and other comprehensive income is RUB 39 million.

For the purpose of determining goodwill on acquisition the fair values of identifiable assets and liabilities of Asset Management Company MKB Investments (JSC) were as follows:

	Amounts on acquisition
<b>ASSETS</b>	
Cash and cash equivalents	22
Investment financial assets	61
Property and equipment	166
	46

	<b>Amounts on acquisition</b>
Other assets	101
<b>LIABILITIES</b>	
Other liabilities	168
<b>Identifiable net assets acquired</b>	<b>182</b>
Consideration given	201
less fair value of identifiable net assets acquired	(182)
<b>Excess of consideration given over fair value of acquired net assets</b>	<b>19</b>

The excess of cost over fair value of acquired net assets was written off to profit or loss for the period and presented within the line “Net other operating income or (expense)”.

## 28 Events subsequent to the reporting date

In April 2021, the Bank paid out the 3rd coupon in the amount of RUB 416.4 million or RUB 41.64 per bond on domestic bonds series 001P-01. The issue was originally placed on 04 October 2019 (additional issue – 31 October 2019). The nominal value of the issue is RUB 10 billion.

In April 2021, the Group paid out the coupon in the amount of USD 16.5 million on 10.5-year 7.5% subordinated Eurobonds due 2027 with the nominal value of USD 600 million.

In April 2021, “Expert RA” rating agency affirmed the Bank’s credit rating to ruA, stable outlook.

In May 2021, the Group paid out the coupon in the amount of USD 6.2 million on the senior 5-year 5.875% Eurobonds due in 2021 with the nominal value of USD 500 million.

In May 2021, the Group paid out the coupon in the amount of USD 12.0 million on perpetual subordinated Eurobonds with the nominal value of USD 700 million.

In May 2021 the Bank placed an additional issue of ordinary shares through the facilities of Moscow Exchange for the total amount of 3,600,000,000 shares. The offer price was set at RUB 6.3 per share. Proceeds from the Offering in the amount of RUB 22.7 billion will be included to the Group’s core tier 1 capital.

In May 2021, the Group paid out the coupon in the amount of RUB 412.5 million on subordinated 10.5-year 16.5% Eurobonds due 2025 with the nominal value RUB 5 billion.