

CREDIT BANK OF MOSCOW
(public joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the six-month period
ended 30 June 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 30 June 2021 and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three- and six-month periods ended 30 June 2021 and the related consolidated interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2021, 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)

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

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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 30 June 2021, and for the three- and six-month periods ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Tatarinova E.V.

JSC "KPMG"

Moscow, Russia

21 August 2021

CREDIT BANK OF MOSCOW (public joint-stock company)
Consolidated Interim Condensed Statements of Profit or Loss and Other Comprehensive Income
for the three- and six- month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

	Notes	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Interest income calculated using the effective interest method	4	78 885	74 177	41 511	36 909
Other interest income	4	3 549	3 947	2 046	2 331
Interest expense	4	(47 137)	(50 625)	(24 330)	(24 400)
Net interest income	4	35 297	27 499	19 227	14 840
(Charge) or recovery for credit losses on debt financial assets	11, 12, 14, 15	562	(12 941)	(581)	(5 417)
Net interest income after credit losses on debt financial assets		35 859	14 558	18 646	9 423
Fee and commission income	5	8 644	6 397	4 626	2 850
Fee and commission expense	5	(2 271)	(1 682)	(1 322)	(790)
Net gain or (loss) on loans to customers at FVTPL		(2 327)	702	(737)	409
Net gain or (loss) on financial assets at FVTPL		(624)	4 757	(22)	5 055
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI		96	944	69	919
Net realised gain or (loss) on Investment financial assets at amortised cost		-	136	-	136
Net gain or (loss) on Investment financial assets at FVTPL		(261)	2 805	(778)	153
Net foreign exchange gains or (losses)	8	(7 073)	(3 613)	(5 137)	(5 526)
Net gain on change in financial liabilities measured at fair value through profit or loss		290	234	(63)	(485)
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	(259)	(282)	(498)	(157)
Operating lease income		41	12	23	4
Net other operating income or (expense)	9	(1 163)	(2 792)	(482)	(1 330)
Non-interest income or (expense)		(4 907)	7 618	(4 321)	1 238
Operating income		30 952	22 176	14 325	10 661
Salaries and employment benefits	6	(9 861)	(7 435)	(5 301)	(3 804)
Administrative expenses	6	(3 023)	(2 241)	(1 815)	(1 208)
Depreciation of premises and equipment and right-of-use assets		(958)	(1 003)	(508)	(530)
Operating expense		(13 842)	(10 679)	(7 624)	(5 542)
Profit before income taxes		17 110	11 497	6 701	5 119
Income tax expense	10	(3 560)	(2 373)	(1 427)	(1 147)
Profit for the period		13 550	9 124	5 274	3 972

The consolidated interim condensed statements of profit or loss and other comprehensive income are 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 Statements of Profit or Loss and Other Comprehensive Income
for the three- and six- month period ended 30 June 2021 (continued)
(in millions of Russian Roubles unless otherwise stated)

Notes	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Profit for the period	13 550	9 124	5 274	3 972
Other comprehensive (loss) or income				
Items that are or may be reclassified				
subsequently to profit or loss:				
<i>Movement in fair value reserve (debt</i>				
<i>instruments):</i>				
- net change in fair value	(12 293)	(252)	(1 803)	146
- net amount transferred to profit or loss	(96)	(944)	(70)	(919)
- income tax related to movement in fair				
value reserve	2 477	238	374	153
<i>Change in fair value of financial</i>				
<i>liability attributable to changes in credit</i>				
<i>risk</i>	(164)	233	(67)	(10)
<i>Income tax related to change in fair</i>				
<i>value of financial liability attributable</i>				
<i>to changes in credit risk</i>	33	(47)	14	2
Other comprehensive (loss) or income				
for the period, net of income tax	(10 043)	(772)	(1 552)	(628)
Total comprehensive (loss) or income				
for the period	3 507	8 352	3 722	3 344
Basic and diluted earnings per share				
(in RUB per share)	0,39	0,25	0,15	0,11

Chairman of the Management Board

Chief Accountant



[Signature]
[Signature]

Vladimir A. Chubar

Svetlana V. Sass

The consolidated interim condensed statements of profit or loss and other comprehensive income are 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 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020
ASSETS			
Cash and cash equivalents	11	838 364	683 283
Obligatory reserves with the Central bank of the Russian Federation		23 108	22 244
Due from credit and other financial organizations	12	682 040	778 837
Trading financial assets	13	118 892	78 816
- <i>held by the Group</i>	13	116 488	75 608
- <i>pledged under sale and repurchase agreements</i>	13	2 404	3 208
Loans to customers	14	1 143 159	1 009 165
- <i>loans to corporate clients</i>	14	1 004 562	888 802
- <i>loans to individuals</i>	14	138 597	120 363
Investment financial assets	15	334 283	323 365
- <i>held by the Group</i>	15	300 115	280 881
- <i>pledged under sale and repurchase agreements</i>	15	34 168	42 484
Investments in associates		2 468	2 446
Property and equipment		11 156	8 950
Deferred tax asset		169	120
Assets held for sale		1 141	999
Other assets		11 266	8 240
Total assets		3 166 046	2 916 465
LIABILITIES AND EQUITY			
Deposits by the Central Bank of the Russian Federation		5 472	10 041
Due to credit institutions	16	929 364	721 682
Due to customers	17	1 725 360	1 737 515
- <i>due to corporate customers</i>	17	1 215 446	1 235 998
- <i>due to individuals</i>	17	509 914	501 517
Financial liabilities measured at fair value through profit or loss	19	15 331	19 330
Debt securities issued	18	216 109	171 465
Deferred tax liability		4 774	5 399
Other liabilities		13 728	16 537
Total liabilities		2 910 138	2 681 969
Equity			
Share capital	20	34 292	30 692
Additional paid-in capital		77 290	58 210
Perpetual debt issued	20	38 262	41 950
Revaluation surplus for buildings		494	536
Fair value reserve for securities		(11 019)	(1 107)
Change in fair value of financial liabilities attributable to changes in the credit risk		94	225
Retained earnings		116 495	103 990
Total equity		255 908	234 496
Total liabilities and equity		3 166 046	2 916 465

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 six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

	Notes	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		81 303	74 294
Interest payments		(47 076)	(59 649)
Fees and commission receipts		8 228	6 389
Fees and commission payments		(1 943)	(1 423)
Net receipts from operations with securities		172	5 989
Net receipts (payments) from foreign exchange		(11 542)	12 463
Net other operating income or (expense)		(1 296)	(2 376)
Salaries and employment benefits paid		(9 768)	(7 260)
Administrative expenses paid		(2 792)	(2 513)
Income tax paid		(1 595)	(2 892)
Operating cash flows before changes in operating assets and liabilities		13 691	23 022
(Increase) decrease in operating assets			
Obligatory reserves with the Central bank of the Russian Federation		(616)	(1 353)
Due from credit and other financial organizations		90 936	(149 865)
Trading financial assets		(47 959)	(19 966)
Loans to customers		(135 089)	(76 333)
Other assets		(2 659)	(1 794)
Increase (decrease) in operating liabilities			
Deposits by the Central bank of the Russian Federation		(4 569)	10 002
Due to credit institutions except for syndicated loans		213 093	207 405
Due to customers except for subordinated loans		(28 325)	19 432
Other liabilities		(3 832)	218
Net cash from (used in) operations		94 671	10 768
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment financial assets		(45 684)	(503 963)
Proceeds from disposal and redemption of investment financial assets		33 841	378 584
Net cash received on acquisition of subsidiaries	27, 11	5 961	(105)
Net result on purchase and sale of property and equipment and intangible assets		(357)	(196)
Sale of investment property		741	-
Net cash from (used in) investing activities		(5 498)	(125 680)

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 six-month period ended 30 June 2021 (continued)
(in millions of Russian Roubles unless otherwise stated)

	Notes	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		22 680	-
Proceeds from placement and issuance of perpetual debt		424	2 861
Repayment and redemption of perpetual debt issued		(3 399)	(3 989)
Interest on perpetual debt paid		(2 082)	(1 943)
Proceeds from syndicated borrowings		-	17 653
Repayments of syndicated borrowings		-	(27 998)
Proceeds from placement and issuance of subordinated bonds		277	82
Partial redemption of subordinated bonds		(142)	(2 317)
Proceeds from placement and issuance of other bonds		54 694	94 847
Repayments of other bonds		(4 801)	(105 223)
Cash outflow from lease liabilities		(401)	(590)
Net cash from (used in) financing activities		67 250	(26 617)
Effect of exchange rates changes on cash and cash equivalents		(1 677)	35 339
Effect of changes in ECL on cash and cash equivalents	11	335	851
Change in cash and cash equivalents		155 081	(105 339)
Cash and cash equivalents, beginning of the period		683 283	953 645
Cash and cash equivalents, end of the period	11	838 364	848 306

Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

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 six-month period ended 30 June 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
Balance as at 1 January 2020	30 692	58 210	37 871	407	1 146	64	82 042	210 432
Total comprehensive (loss) or income for the period (Unaudited)	-	-	-	-	(958)	186	9 124	8 352
Perpetual debt redemption (Unaudited)	-	-	(3 989)	-	-	-	-	(3 989)
Issuance of perpetual debt (Unaudited)	-	-	2 861	-	-	-	-	2 861
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(1 943)	(1 943)
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	4 014	-	-	-	(4 014)	-
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	1 189	1 189
Balance as at 30 June 2020 (Unaudited)	30 692	58 210	40 757	407	188	250	86 398	216 902
Balance as at 1 January 2021	30 692	58 210	41 950	536	(1 107)	225	103 990	234 496
Total comprehensive (loss) or income for the period (Unaudited)	-	-	-	-	(9 912)	(131)	13 550	3 507
Issue of share capital (Unaudited)	3 600	19 080	-	-	-	-	-	22 680
Perpetual debt redemption (Unaudited)	-	-	(3 399)	-	-	-	-	(3 399)
Issuance of perpetual debt (Unaudited)	-	-	424	-	-	-	-	424
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(2 082)	(2 082)
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	(713)	-	-	-	713	-
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	282	282
Transfer of revaluation reserve upon disposal (Unaudited)	-	-	-	(42)	-	-	42	-
Balance as at 30 June 2021 (Unaudited)	34 292	77 290	38 262	494	(11 019)	94	116 495	255 908

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 the Russian Federation by assets and conducts its business in the Russian Federation with a branch network comprising 180 branches, 1 212 ATMs and 14 175 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, %	
			30 June 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%
JSC "UK MKB Investments"	Russia	Brokerage operations	100%	0%
KOLTSO 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 KOLTSO URALA CB LLC and 100% of the equity interests of JSC "UK MKB Investments", see Note 27.

In July 2021 Investment Bank VESTA (LLC) was changed into Blanc bank LLC.

Shareholders

The Bank's shareholders as at 30 June 2021 are (unaudited):

- LLC Concern Rossium – 58,73%*
- Region FinanceResurs JSC – 7,56%
- LLC IC Algoritm – 5,84%
- Other shareholders – 27,87%

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 CREDIT BANK OF MOSCOW (public joint-stock company), which includes the direct ownership share of LLC Concern Rossium for 55,42% and the ownership share of the Company's subsidiaries for 3,31%

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:

	30 June 2021	31 December 2020
USD	72,3723	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 change in average macro-adjustment and SICR for individual loans portfolio.

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.

4 Net interest income

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Interest income calculated using the effective interest method				
Financial assets measured at amortised cost				
Loans to customers	37 057	32 034	19 470	16 780
Due from credit and other financial organizations and the CBR	32 660	33 962	17 161	16 200
Debt securities measured at amortised cost	887	869	476	473
	70 604	66 865	37 107	33 453
Debt financial assets measured at FVOCI	8 281	7 312	4 404	3 456
Interest income calculated using the effective interest method	78 885	74 177	41 511	36 909
Other financial instruments at fair value through profit or loss	2 079	1 621	1 308	1 190
Loans to customers at FVTPL	1 470	2 326	738	1 141
Other interest income	3 549	3 947	2 046	2 331
	82 434	78 124	43 557	39 240
Interest expense				
Due to customers	(28 177)	(32 566)	(14 053)	(15 492)
Due to credit institutions	(12 788)	(12 437)	(7 242)	(6 330)
Debt securities issued	(6 050)	(5 504)	(2 967)	(2 519)
Lease liabilities	(122)	(118)	(68)	(59)
	(47 137)	(50 625)	(24 330)	(24 400)
Net interest income	35 297	27 499	19 227	14 840

5 Net fee and commission income

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Fee and commission income				
Guarantees and letters of credit	2 523	1 944	1 270	1 078
Plastic cards	1 247	1 146	661	490
Other cash operations	1 159	865	680	354
Settlements and wire transfers	1 071	651	668	245
Insurance contracts processing	904	588	552	177
Cash handling	622	494	286	205
Financial services fees, trust management and brokerage commission	545	365	204	142
Opening and maintenance of bank accounts	262	164	139	79
Currency exchange commission	214	165	106	70
Other	97	15	60	10
	8 644	6 397	4 626	2 850
Fee and commission expense				
Plastic cards	(1 264)	(1 031)	(715)	(451)
Settlements and wire transfers	(395)	(324)	(278)	(157)
Guarantees and other credit related facilities received	(296)	(241)	(162)	(121)
Agency fees	(212)	(36)	(108)	(36)
Other	(104)	(50)	(59)	(25)
	(2 271)	(1 682)	(1 322)	(790)
Net fee and commission income	6 373	4 715	3 304	2 060

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

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Salaries	8 368	6 262	4 609	3 358
Social security costs	1 493	1 173	692	446
Salaries and employment benefits	9 861	7 435	5 301	3 804
Property maintenance	515	327	343	199
Advertising and business development	459	523	297	275
Operating taxes	442	354	265	201
Computer maintenance and software expenses	331	195	213	124
Insurance	274	100	125	63

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Communications	253	153	159	88
Legal and consulting services	241	151	119	39
Security	212	189	131	88
Write-off of low-value fixed assets	156	173	81	82
Occupancy	51	52	15	26
Other	89	24	67	23
Administrative expenses	3 023	2 241	1 815	1 208

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 six-month period ended 30 June 2021 are as follows (unaudited):

	Other financial assets	Non-financial assets	Provisions for financial guarantees and credit related commitments	Provisions for claims and other provisions	Total
Balance at the beginning of the period	807	299	827	888	2 821
Acquisition of subsidiaries (Unaudited)	56	-	-	-	56
Net charge or (recovery) (Unaudited)	63	278	(24)	(58)	259
Net foreign exchange gain (Unaudited)	-	-	(1)	(2)	(3)
Write-offs (Unaudited)	(17)	(266)	-	(37)	(320)
Balance at the end of the period (Unaudited)	909	311	802	791	2 813

Movements in the impairment allowance for the six-month period ended 30 June 2020 are as follows (unaudited):

	Other financial assets	Non-financial assets	Provisions for financial guarantees and credit related commitments	Provisions for claims and other provisions	Total
Balance at the beginning of the period	761	210	601	1 481	3 053
Net charge or (recovery) (Unaudited)	4	36	198	44	282
Net foreign exchange gain (Unaudited)	-	-	28	35	63
Write-offs (Unaudited)	-	(24)	-	(184)	(208)
Balance at the end of the period (Unaudited)	765	222	827	1 376	3 190

8 Net foreign exchange gains or (losses)

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Realized profit or (loss) from derivatives transactions including conversion deals	(11 542)	12 463	(14 947)	(54 407)
Unrealized profit or (loss) from derivatives transactions including conversion deals	(994)	8 044	(7 245)	21 414
Profit or (loss) from revaluation of foreign currency balances	5 463	(24 120)	17 055	27 467
	<u>(7 073)</u>	<u>(3 613)</u>	<u>(5 137)</u>	<u>(5 526)</u>

9 Other net operating income or (expense)

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Income / (loss) on loans other than interest or commission income	437	76	355	47
Gain / (loss) on acquisition of subsidiaries	27	(260)	-	(260)
Net gain / (loss) on redemption of own securities	(228)	(676)	(46)	(274)
Software and license expenses	(234)	(448)	(137)	(283)
State deposit insurance scheme contributions	(1 030)	(1 348)	(536)	(558)
Other income / (expenses)	(135)	(136)	(118)	(2)
Net other operating income or (expense)	<u>(1 163)</u>	<u>(2 792)</u>	<u>(482)</u>	<u>(1 330)</u>

10 Income tax

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)
Current tax charge	2 002	1 686
Deferred taxation	1 558	687
Income tax expense	<u>3 560</u>	<u>2 373</u>

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

	30 June 2021 (Unaudited)	31 December 2020
Cash on hand	19 263	18 969
Correspondent account with the Central bank of the Russian Federation	83 539	82 776
Nostro accounts with other banks		
rated from AA+ to AA-	3 475	3 268
rated from A+ to A-	3 327	2 881
rated from BBB+ to BBB-	5 272	6 919
rated from BB+ to BB-	685	548
rated from B+ to B-	8	6
not rated	993	2 054
Total nostro accounts with other banks	13 760	15 676
Deposits in credit and other financial organizations with maturity of less than 1 month		
Deposits with the Central bank of the Russian Federation	963	19 592
rated from AA+ to AA-	-	1 029
rated from BBB+ to BBB-	10 072	6 609
rated from BB+ to BB-	4 000	1 181
rated from B+ to B-	12 323	24 800
not rated	694 787	513 325
Total deposits in credit and other financial organizations with maturity of less than 1 month	722 145	566 536
Total gross cash and cash equivalents	838 707	683 957
Credit loss allowance	(343)	(674)
Total cash and cash equivalents	838 364	683 283

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 30 June 2021, not rated Cash and cash equivalents include counterparties with ratings equivalent to Low credit risk for amount of RUB 911 million (31 December 2020: RUB 2 001 million), counterparties with ratings equivalent to Moderate credit risk for amount of RUB 694 869 million (31 December 2020: RUB 513 378 million).

As at 30 June 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 694 787 million secured by liquid securities under agreements to resell (reverse repo): bonds with rating from BBB- to BBB+ (97,1%) and stocks (2,9%).

As at 31 December 2020, deposits in not rated credit and other financial institutions 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 30 June 2021, receivables under reverse sale and repurchase agreements included in Cash and cash equivalents are RUB 717 183 million (31 December 2020: RUB 545 915 million).

As at 30 June 2021, the fair value of securities that serve as collateral under reverse sale and repurchase agreements is RUB 765 031 million (31 December 2020: RUB 585 970 million).

As at 30 June 2021, Cash and cash equivalents for which external benchmark information represents a significant input into measurement of ECL are RUB 111 503 million (31 December 2020: RUB 148 618 million).

Movements in cash and cash equivalents credit loss allowance for the six-month period ended 30 June 2021 and six-month period ended 30 June 2020 are as follows:

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)
Balance at the beginning of the period	674	1 577
Acquisition of subsidiaries	4	-
Net recovery	(335)	(851)
Balance at the end of the period	343	726

As at 30 June 2021 and 30 June 2020 the Group recognizes expected loss allowance in the amount of 12-month expected credit losses.

12 Due from credit and other financial organizations

	30 June 2021 (Unaudited)	31 December 2020
Term deposits		
rated from AA+ to AA-	29	5 019
rated from A+ to A-	1 890	1 466
rated from BBB+ to BBB-	10 405	17 516
rated from BB+ to BB-	4 255	6 906
rated from B+ to B-	8 589	5 652
not rated	657 468	743 719
Total gross due from credit and other financial organizations	682 636	780 278
Credit loss allowance	(596)	(1 441)
Total net due from credit and other financial organizations	682 040	778 837

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

As at 30 June 2021, not rated due from credit and other financial organizations include counterparties with ratings equivalent to Moderate credit risk for amount of RUB 657 468 million (31 December 2020: RUB 743 719 million).

As at 30 June 2021, deposits included in not rated credit and other financial organizations are receivables in the amount of RUB 653 872 million secured by liquid securities under agreements to resell (reverse repo): bonds with investment grade rating (94,6%) and stocks (5,4%).

As at 31 December 2020 deposits included in not rated credit and other financial institutions 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 (93,7%) and stocks (6,3%).

As at 30 June 2021, receivables under reverse sale and repurchase agreements included in due from credit and other financial organizations are RUB 658 555 million (31 December 2020: RUB 751 383 million).

As at 30 June 2021, the fair value of securities that serve as collateral under reverse sale and repurchase agreements is RUB 741 687 million (31 December 2020: RUB 834 131 million).

As at 30 June 2021, Deposits from credit and other financial organizations for which external benchmark information represents a significant input into measurement of ECL are RUB 24 413 million (31 December 2020: RUB 35 837 million).

Movements in due from credit and other financial organizations credit loss allowance for the six-month period ended 30 June 2021 and six-month period ended 30 June 2020 are as follows:

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)
Balance at the beginning of the period	1 441	308
Acquisition of subsidiaries	9	-
Net charge or (recovery)	(852)	160
Write-offs	(2)	(29)
Balance at the end of the period	596	439

As at 30 June 2021 and 30 June 2020 the Group recognizes expected loss allowance in the amount of 12-month expected credit losses.

13 Trading financial assets

	30 June 2021 (Unaudited)	31 December 2020
<u>Held by the Group</u>		
Government and municipal bonds		
Russian Government Federal bonds	30 738	3 240
Russian Government eurobonds	2 958	1 463
Regional authorities and municipal bonds	2	-
Moscow Government bonds	2 638	-
Corporate bonds		
rated from A+ to A-	46	73
rated from AA+ to AA-	-	13
rated from BBB+ to BBB-	19 412	16 948
rated from BB+ to BB-	4 969	4 879
rated from B+ to B-	1 443	527
not rated	21 124	9 732
Foreign government bonds		
rated from BBB+ to BBB-	2 643	1 083
Equity investments		
rated from BBB+ to BBB-	1 616	941
not rated	10	24
Derivative financial instruments	28 889	36 685
Total held by the Group	116 488	75 608
<u>Pledged under sale and repurchase agreements</u>		
Corporate bonds		
rated from BBB+ to BBB-	2 097	2 527
rated from BB+ to BB-	82	121
not rated	225	560
Total pledged under sale and repurchase agreements	2 404	3 208
Total trading financial assets	118 892	78 816

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

As at 30 June 2021, trading financial assets in the amount of RUB 47 552 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

	30 June 2021 (Unaudited)	31 December 2020
Loans to customers at amortised cost		
Loans to corporate clients	974 023	840 675
Credit loss allowance	(37 253)	(37 036)
Total loans to corporate clients at amortised cost, net	936 770	803 639
Loans to individuals		
Cash loans	94 147	85 581
Mortgage loans	46 160	37 183
Credit card loans	3 230	3 244
Auto loans	6 916	5 617
Credit loss allowance	(12 947)	(12 938)
Total loans to individuals at amortised cost, net	137 506	118 687
Total gross loans to customers at amortised cost	1 124 476	972 300
Credit loss allowance	(50 200)	(49 974)
Total net loans to customers at amortised cost	1 074 276	922 326
Loans to customers at FVTPL		
Loans to corporate clients	67 792	85 163
Loans to individuals	1 091	1 676
Total loans to customers at amortised cost and FVTPL	1 143 159	1 009 165

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 30 June 2021 and 31 December 2020:

	30 June 2021 (Unaudited)	31 December 2020
Loans to customers		
- Not past due	1 141 472	1 006 659
- Not past due but impaired	18 596	16 111
- Overdue less than 31 days	1 511	1 416
- Overdue 31-60 days	733	1 882
- Overdue 61-90 days	913	730
- Overdue 91-180 days	3 406	6 764
- Overdue 181-360 days	2 969	5 612
- Overdue more than 360 days	23 759	19 965
Total gross loans to customers	1 193 359	1 059 139
Credit loss allowance	(50 200)	(49 974)
Total net loans to customers	1 143 159	1 009 165

As at 30 June 2021, the gross amount of overdue loans with payments that are overdue at least for one day totals RUB 33 291 million, which represents 2,8% of the gross loan portfolio (31 December 2020: RUB 36 369 million and 3,4%, respectively).

As at 30 June 2021, non-performing loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 30 134 million or 2,5% of the gross loan portfolio (31 December 2020: RUB 32 341 million and 3,1%, respectively).

As at 30 June 2021, the ratio of total credit loss allowance to overdue loans equals 150,8%, the ratio of total credit loss allowance to NPLs equals 166,6% (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 30 June 2021 and 31 December 2020:

	30 June 2021 (Unaudited)	31 December 2020
Loans to corporate clients		
- Not past due	1 002 375	885 196
- Not past due but impaired	18 596	16 111
- Overdue less than 31 days	24	15
- Overdue 31-60 days	92	15
- Overdue 61-90 days	50	52
- Overdue 91-180 days	1 835	5 705
- Overdue 181-360 days	304	110
- Overdue more than 360 days	18 539	18 634
Total gross loans to corporate clients	1 041 815	925 838
Credit loss allowance	(37 253)	(37 036)
Total net loans to corporate clients	1 004 562	888 802

Credit quality analysis

	30 June 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<u>Loans to corporate clients at amortised cost</u>					
Low credit risk	395 901	465	-	-	396 366
Moderate credit risk	496 796	2 352	-	-	499 148
High credit risk	23 652	15 670	-	1 077	40 399
Distressed assets	-	-	32 305	5 805	38 110
Total	916 349	18 487	32 305	6 882	974 023
Credit loss allowance	(10 809)	(947)	(25 497)	-	(37 253)
Carrying amount	905 540	17 540	6 808	6 882	936 770
<u>Loan commitments</u>					
Undrawn loan commitments to individuals	8 602	67	-	-	8 669
Credit loss allowance	(80)	(10)	-	-	(90)
Carrying amount (allowance)	(80)	(10)	-	-	(90)
<u>Financial guarantee contracts</u>					
Low credit risk	8 769	-	-	-	8 769
Moderate credit risk	42 212	-	-	-	42 212
High credit risk	2 309	1 401	-	-	3 710
Total	53 290	1 401	-	-	54 691
Credit loss allowance	(624)	(90)	-	-	(714)
Carrying amount	(712)	(92)	-	-	(804)

CREDIT BANK OF MOSCOW (public joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

	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
<u>Loans to corporate clients at amortised cost</u>					
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
Total	778 677	21 467	34 064	6 467	840 675
Credit loss allowance	(10 375)	(1 310)	(25 351)	-	(37 036)
Carrying amount	768 302	20 157	8 713	6 467	803 639
<u>Loan commitments</u>					
Low credit risk	20 316	-	-	-	20 316
Undrawn loan commitments to individuals	8 586	71	-	-	8 657
Credit loss allowance	(104)	(8)	-	-	(112)
Carrying amount (allowance)	(104)	(8)	-	-	(112)
<u>Financial guarantee contracts</u>					-
Low credit risk	13 354	-	-	-	13 354
Moderate credit risk	25 637	-	31	-	25 668
High credit risk	1 359	1 817	-	-	3 176
Total	40 350	1 817	31	-	42 198
Credit loss allowance	(532)	(148)	(30)	-	(710)
Carrying amount	(706)	(151)	(31)	-	(888)

As at 30 June 2021, Loans to customers for which external benchmark information represents a significant input into measurement of ECL are RUB 24 214 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 six-month period ended 30 June 2021 and 30 June 2020 are as follows:

	Six-month period ended 30 June 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<u>Loans to corporate clients</u>					
Balance at the beginning of the period	10 375	1 310	25 351	-	37 036
Transfer to lifetime ECL not credit-impaired	(54)	54	-	-	-
Transfer to lifetime ECL credit-impaired	(95)	-	95	-	-
Net remeasurement of loss allowance	(2 360)	(480)	1 798	-	(1 042)
Financial assets originated or purchased	6 971	440	1 865	-	9 276
Financial assets that have been fully repaid	(4 982)	(270)	(390)	-	(5 642)
Financial assets that have been derecognised due to modification	-	-	(1 908)	-	(1 908)
Write-offs and cessations	922	(158)	(2 126)	-	(1 362)
Recoveries of amounts previously written-off	-	-	86	-	86
Unwinding of discount	-	-	194	-	194
Acquisition of subsidiaries	68	51	532	-	651
Foreign exchange and other movements	(36)	-	-	-	(36)
Balance at the end of the period	10 809	947	25 497	-	37 253

CREDIT BANK OF MOSCOW (public joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

During the six-month period ended 30 June 2021 the Group recognised loss on significant modification in the amount of RUB 28 million.

During the six-month period ended 30 June 2021 the Group recognised loss on loans at non-market rate in the amount of RUB 755 million.

	Six-month period ended 30 June 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>					
Balance at the beginning of the period	10 609	2 468	20 905	-	33 982
Transfer to 12-month ECL	494	(494)	-	-	-
Transfer to lifetime ECL not credit-impaired	(992)	992	-	-	-
Transfer to lifetime ECL credit-impaired	(65)	-	65	-	-
Net remeasurement of loss allowance	343	719	3 025	-	4 087
Financial assets originated or purchased	5 425	440	103	75	6 043
Financial assets that have been fully repaid	(3 760)	(1)	(347)	-	(4 108)
Write-offs and cessions	(659)	(609)	(1 219)	-	(2 487)
Recoveries of amounts previously written-off	-	-	556	-	556
Unwinding of discount	-	-	349	-	349
Acquisition of subsidiaries	129	3	112	-	244
Foreign exchange and other movements	370	46	157	-	573
Balance at the end of the period	11 894	3 564	23 706	75	39 239

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 six-month period ended 30 June 2021 are presented below:

	Six-month period ended 30 June 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>					
31 December 2020	778 677	21 467	34 064	6 467	840 675
Transfer to lifetime ECL not credit-impaired	(1 257)	1 257	-	-	-
Transfer to lifetime ECL credit-impaired	(1 625)	(15)	1 640	-	-
Financial assets originated or purchased	421 583	5 280	5 133	-	431 996
Financial assets that have been fully repaid	(260 551)	(4 097)	(662)	-	(265 310)
Financial assets that have been derecognized	-	-	(5 451)	-	(5 451)
Write-offs	-	-	(27)	-	(27)
Cessions	(2 802)	-	(3 248)	-	(6 050)
Acquisition of subsidiaries	2 016	2 673	831	-	5 520
Partial repayment and other changes	(19 692)	(8 078)	25	415	(27 330)
30 June 2021	916 349	18 487	32 305	6 882	974 023

Changes in the gross carrying amount of loans to corporate clients, which resulted in a change in the allowance for ECL for six-month period ended 30 June 2020 are presented below:

	Six-month period ended 30 June 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
Loans to corporate clients					
31 December 2019	593 440	13 722	29 788	5 229	642 179
Transfer to 12-month ECL	5 640	(5 640)	-	-	-
Transfer to lifetime ECL not credit-impaired	(22 395)	22 395	-	-	-
Transfer to lifetime ECL credit-impaired	(166)	-	166	-	-
Financial assets originated or purchased	290 787	7 948	105	1 146	299 986
Financial assets that have been fully repaid	(195 401)	(7)	(347)	-	(195 755)
Cessions	(3 125)	-	(1 531)	-	(4 656)
Acquisition of subsidiaries	2 825	261	333	-	3 419
Partial repayment and other changes	738	(4 996)	627	345	(3 286)
30 June 2020	672 343	33 683	29 141	6 720	741 887

Credit quality of loans to individuals

The following tables provide information on the credit quality of loans to individuals as at 30 June 2021:

	30 June 2021 (Unaudited)				
	Cash loans	Mortgage loans	Credit card loans	Auto loans	Total
Loans to individuals					
- Not past due	83 286	46 319	2 926	6 566	139 097
- Overdue less than 31 days	1 026	261	32	168	1 487
- Overdue 31-60 days	576	39	1	25	641
- Overdue 61-90 days	711	105	23	24	863
- Overdue 91-180 days	1 271	201	50	49	1 571
- Overdue 181-360 days	2 462	40	113	50	2 665
- Overdue more than 360 days	4 815	286	85	34	5 220
Gross loans to individuals	94 147	47 251	3 230	6 916	151 544
Credit loss allowance	(12 098)	(361)	(360)	(128)	(12 947)
Net loans to individuals	82 049	46 890	2 870	6 788	138 597

	30 June 2021 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loans to individual clients at amortised cost				
- Not past due	134 688	2 911	407	138 006
- Overdue less than 31 days	501	822	164	1 487
- Overdue 31-60 days	3	546	92	641
- Overdue 61-90 days	2	752	109	863
- Overdue 91-180 days	-	6	1 565	1 571
- Overdue 181-360 days	-	-	2 665	2 665
- Overdue more than 360 days	-	-	5 220	5 220
Total loans to individual clients at amortised cost	135 194	5 037	10 222	150 453
Credit loss allowance	(2 454)	(2 067)	(8 426)	(12 947)
Total loans to individual clients at amortised cost, net	132 740	2 970	1 796	137 506

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

	31 December 2020				
	Cash loans	Mortgage loans	Credit card loans	Auto loans	Total
Loans to individuals					
- 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
Gross loans to individuals	85 581	38 859	3 244	5 617	133 301
Credit loss allowance	(12 054)	(333)	(454)	(97)	(12 938)
Net loans to individuals	73 527	38 526	2 790	5 520	120 363

	31 December 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<u>Loans to individual clients at amortised cost</u>				
- 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
Total loans to individual clients at amortised cost	114 735	8 351	8 539	131 625
Credit loss allowance	(2 952)	(3 078)	(6 908)	(12 938)
Total loans to individual clients at amortised cost, net	111 783	5 273	1 631	118 687

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 six-month period ended 30 June 2021 are as follows:

	Six-month period ended 30 June 2021 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i>Cash loans</i>				
Balance at the beginning of the period	2 671	2 930	6 453	12 054
Transfer to 12-month ECL	1 317	(1 260)	(57)	-
Transfer to lifetime ECL not credit-impaired	(152)	232	(80)	-
Transfer to lifetime ECL credit-impaired	(98)	(911)	1 009	-
Net remeasurement of loss allowance	(1 890)	1 034	1 523	667
Financial assets originated or purchased	550	52	20	622
Financial assets that have been fully repaid	(306)	(127)	(276)	(709)
Write-offs and cessations	-	-	(2 896)	(2 896)
Recoveries of amounts previously written-off	-	-	800	800
Unwinding of discount	-	-	357	357
Acquisition of subsidiaries	50	11	1 143	1 204
Foreign exchange and other movements	-	(1)	-	(1)
Balance at the end of the period	2 142	1 960	7 996	12 098

CREDIT BANK OF MOSCOW (public joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

Six-month period ended 30 June 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i>Mortgage loans</i>				
Balance at the beginning of the period	180	17	136	333
Transfer to 12-month ECL	13	(7)	(6)	-
Transfer to lifetime ECL not credit-impaired	(4)	4	-	-
Transfer to lifetime ECL credit-impaired	(3)	(1)	4	-
Net remeasurement of loss allowance	(54)	19	(33)	(68)
Financial assets originated or purchased	50	-	-	50
Financial assets that have been fully repaid	(17)	(6)	(23)	(46)
Write-offs and cessations	-	-	(32)	(32)
Recoveries of amounts previously written-off	-	-	117	117
Unwinding of discount	-	-	6	6
Acquisition of subsidiaries	1	-	-	1
Balance at the end of the period	166	26	169	361
<i>Credit card loans</i>				
Balance at the beginning of the period	62	114	278	454
Transfer to 12-month ECL	39	(39)	-	-
Transfer to lifetime ECL not credit-impaired	(4)	4	-	-
Transfer to lifetime ECL credit-impaired	(1)	(21)	22	-
Net remeasurement of loss allowance	(11)	27	64	80
Financial assets originated or purchased	14	-	1	15
Financial assets that have been fully repaid	(8)	(27)	(19)	(54)
Write-offs and cessations	-	-	(216)	(216)
Recoveries of amounts previously written-off	-	-	61	61
Unwinding of discount	-	-	18	18
Acquisition of subsidiaries	1	-	1	2
Balance at the end of the period	92	58	210	360
<i>Auto loans</i>				
Balance at the beginning of the period	39	17	41	97
Transfer to 12-month ECL	4	(2)	(2)	-
Transfer to lifetime ECL not credit-impaired	(1)	1	-	-
Transfer to lifetime ECL credit-impaired	(1)	(8)	9	-
Net remeasurement of loss allowance	37	16	9	62
Financial assets originated or purchased	28	4	-	32
Financial assets that have been fully repaid	(15)	(5)	(15)	(35)
Write-offs and cessations	(37)	-	(2)	(39)
Recoveries of amounts previously written-off	-	-	11	11
Balance at the end of the period	54	23	51	128

Movements in the credit loss allowance by classes of loans to individuals and by three ECL stages for the six-month period ended 30 June 2020 are as follows:

Six-month period ended 30 June 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<i>Cash loans</i>				
Balance at the beginning of the period	1 052	1 837	3 141	6 030
Transfer to 12-month ECL	324	(288)	(36)	-
Transfer to lifetime ECL not credit-impaired	(248)	295	(47)	-
Transfer to lifetime ECL credit-impaired	(94)	(725)	819	-
Net remeasurement of loss allowance	1 008	2 539	2 999	6 546
Financial assets originated or purchased	688	106	62	856
				26

CREDIT BANK OF MOSCOW (public joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

Six-month period ended 30 June 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Financial assets that have been fully repaid	(94)	(488)	(46)	(628)
Write-offs and cessions	(3)	-	(1 788)	(1 791)
Recoveries of amounts previously written-off	-	-	233	233
Unwinding of discount	-	-	323	323
Acquisition of subsidiaries	4	-	19	23
Foreign exchange and other movements	3	-	-	3
Balance at the end of the period	2 640	3 276	5 679	11 595
<i>Mortgage loans</i>				
Balance at the beginning of the period	57	20	142	219
Transfer to 12-month ECL	26	(9)	(17)	-
Transfer to lifetime ECL not credit-impaired	(2)	3	(1)	-
Transfer to lifetime ECL credit-impaired	(3)	(4)	7	-
Net remeasurement of loss allowance	(26)	11	(11)	(26)
Financial assets originated or purchased	34	5	20	59
Financial assets that have been fully repaid	(2)	(5)	(22)	(29)
Write-offs and cessions	-	-	(116)	(116)
Recoveries of amounts previously written-off	-	-	142	142
Unwinding of discount	-	-	15	15
Acquisition of subsidiaries	3	-	12	15
Foreign exchange and other movements	-	-	2	2
Balance at the end of the period	87	21	173	281
<i>Credit card loans</i>				
Balance at the beginning of the period	48	67	192	307
Transfer to 12-month ECL	7	(7)	-	-
Transfer to lifetime ECL not credit-impaired	(14)	14	-	-
Transfer to lifetime ECL credit-impaired	(3)	(25)	28	-
Net remeasurement of loss allowance	31	134	122	287
Financial assets originated or purchased	10	4	2	16
Financial assets that have been fully repaid	(6)	(17)	(6)	(29)
Write-offs and cessions	-	-	(112)	(112)
Recoveries of amounts previously written-off	-	-	22	22
Unwinding of discount	-	-	23	23
Foreign exchange and other movements	-	-	1	1
Balance at the end of the period	73	170	272	515
<i>Auto loans</i>				
Balance at the beginning of the period	-	1	1	2
Transfer to 12-month ECL	1	(1)	-	-
Transfer to lifetime ECL not credit-impaired	(1)	1	-	-
Transfer to lifetime ECL credit-impaired	-	(3)	3	-
Net remeasurement of loss allowance	(4)	10	(5)	1
Financial assets originated or purchased	1	-	-	1
Financial assets that have been fully repaid	(6)	-	-	(6)
Write-offs and cessions	-	-	(3)	(3)
Recoveries of amounts previously written-off	-	-	4	4
Acquisition of subsidiaries	32	4	12	48
Balance at the end of the period	23	12	12	47

Changes in the gross carrying amount

Changes in the gross carrying amount of loans to individuals by three ECL stages for the six-month period ended 30 June 2021 are as follows:

Six-month period ended 30 June 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Gross loans to individuals at amortised cost				
Balance at the beginning of the period	114 735	8 351	8 539	131 625
Transfer to 12-month ECL	4 121	(4 002)	(119)	-
Transfer to lifetime ECL not credit-impaired	(3 117)	3 230	(113)	-
Transfer to lifetime ECL credit-impaired	(1 386)	(1 744)	3 130	-
New financial assets originated or purchased	40 675	102	26	40 803
Financial assets that have been fully repaid	(13 854)	(702)	(388)	(14 944)
Write-offs and cessations	(1 461)	(7)	(3 169)	(4 637)
Partial repayment and other changes	(9 820)	(236)	1 170	(8 886)
Acquisition of subsidiaries	5 301	45	1 146	6 492
Balance at the end of the period	135 194	5 037	10 222	150 453

Changes in the gross carrying amount of loans to individuals by three ECL stages for the six-month period ended 30 June 2020 are as follows:

Six-month period ended 30 June 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Gross loans to individuals at amortised cost				
Balance at the beginning of the period	98 725	6 960	4 156	109 841
Transfer to 12-month ECL	1 463	(1 332)	(131)	-
Transfer to lifetime ECL not credit-impaired	(7 714)	7 786	(72)	-
Transfer to lifetime ECL credit-impaired	(2 320)	(2 693)	5 013	-
New financial assets originated or purchased	22 221	524	136	22 881
Financial assets that have been fully repaid	(11 123)	(310)	(117)	(11 550)
Write-offs and cessations	-	(1 092)	(2 022)	(3 114)
Partial repayment and other changes	(7 336)	(209)	678	(6 867)
Acquisition of subsidiaries	3 985	18	76	4 079
Balance at the end of the period	97 901	9 652	7 717	115 270

Industry 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” and “Transport services” were singled out into separate industries. 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:

	30 June 2021 (Unaudited)	31 December 2020
Loans to individuals	151 544	133 301
Crude oil production and trading	284 709	283 697
Commerce and trading	180 862	166 001
Residential and commercial construction and development	155 317	105 034
Property rental	72 170	92 666
Finance	67 280	37 520

	30 June 2021 (Unaudited)	31 December 2020
Petroleum refining / production and trading	50 740	26 787
Metallurgical	45 885	38 733
Transport services	23 314	23 806
Services	17 896	17 887
Equipment leasing	38 738	31 167
Automotive, motorcycles and spare parts	31 100	52 476
Industrial and infrastructure construction	18 431	2 621
Electric utility	15 018	14 698
Food and farm products	12 681	13 351
Clothing, shoes, textiles and sporting goods	7 321	5 686
Consumer electronics, appliances and computers	5 591	324
Industrial equipment and machinery	4 091	2 834
Consumer chemicals, perfumes and hygiene products	2 773	2 757
Construction and decorative materials, furniture	2 394	2 572
Industrial chemicals	1 339	1 746
Paper, stationery and packaging products	1 040	1 312
Transport infrastructure contractors	678	287
Pharmaceutical and medical products	466	549
Products for home, gifts, jewelry and business accessories	421	-
Telecommunications	289	233
Government and municipal bodies	100	399
Books, video, print and copy	55	78
Other	1 116	617
Total gross loans to customers	1 193 359	1 059 139
Credit loss allowance	(50 200)	(49 974)
Net loans to customers	1 143 159	1 009 165

15 Investment financial assets

	30 June 2021 (Unaudited)	31 December 2020
Investment financial assets measured at fair value through other comprehensive income – debt instruments, including pledged under repurchase agreements	275 948	263 668
Investment financial assets measured at amortized cost, including pledged under repurchase agreements	40 124	39 533
Investment financial assets at fair value through profit or loss	18 211	20 164
Total investment financial assets	334 283	323 365

As at 30 June 2021, Investment financial assets in the amount of RUB 242 552 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

	30 June 2021 (Unaudited)	31 December 2020
<u>Held by the Group</u>		
Russian Government Federal bonds (OFZ)	165 046	162 955
Russian Government eurobonds	3 649	4 447
Regional authorities and municipal bonds	41	-
Central Bank of the Russian Federation bonds	9 065	9 053
Moscow Government bonds	2 642	-
Corporate bonds	54 861	49 932
Foreign government bonds	13 817	2 533
Corporate eurobonds	3 824	5 464
Total held by the Group	252 945	234 384
<u>Pledged under sale and repurchase agreements</u>		
Russian Government Federal bonds (OFZ)	946	4 790
Corporate bonds	20 148	17 837
Foreign government bonds	-	6 245
Corporate eurobonds	1 909	412
Total pledged under sale and repurchase agreements	23 003	29 284
Total investment financial assets measured at fair value through other comprehensive income – debt instruments	275 948	263 668

Investment financial assets measured at amortised cost

	30 June 2021 (Unaudited)	31 December 2020
<u>Held by the Group</u>		
Russian Government Federal bonds (OFZ)	777	-
Regional authorities and municipal bonds	5	-
Corporate eurobonds	18 570	25 744
Corporate bonds	9 281	722
Promissory notes	409	450
Total held by the Group	29 042	26 916
<u>Pledged under sale and repurchase agreements</u>		
Corporate eurobonds	11 183	6 251
Corporate bonds	-	6 980
Total pledged under sale and repurchase agreements	11 183	13 231
Credit loss allowance	(101)	(614)
Investment financial assets measured at amortized cost	40 124	39 533

Investment financial assets measured at fair value through profit or loss

	30 June 2021 (Unaudited)	31 December 2020
Equity investments	18 211	18 469
Debt instruments	-	1 695
Total investment financial assets measured as at fair value through profit or loss	18 211	20 164

Movements in the credit loss allowance of investment financial assets measured at fair value through other comprehensive income by three ECL stages for the six-month period ended 30 June 2021 and 30 June 2020 are as follows:

Six-month period ended 30 June 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Investment financial assets measured at fair value through other comprehensive income - debt instruments				
Balance at the beginning of the period	630	5	-	635
Net charge (recovery)	(160)	(5)	1	(164)
Acquisition of subsidiaries	30	-	-	30
Balance at the end of the period	500	-	1	501

Six-month period ended 30 June 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Investment financial assets measured at fair value through other comprehensive income - debt instruments				
Balance at the beginning of the period	379	-	-	379
Net charge	428	18	-	446
Balance at the end of the period	807	18	-	825

Movements in the credit loss allowance of investment financial assets measured at amortized cost by three ECL stages for the six-month period ended 30 June 2021 and 30 June 2020 are as follows:

Six-month period ended 30 June 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Investment financial assets measured at amortized cost				
Balance at the beginning of the period	164	-	450	614
Net recovery	(61)	-	(450)	(511)
Acquisition of subsidiaries	(2)	-	-	(2)
Balance at the end of the period	101	-	-	101

Six-month period ended 30 June 2020 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Investment financial assets measured at amortized cost				
Balance at the beginning of the period	130	-	450	580
Net charge	26	-	-	26
Balance at the end of the period	156	-	450	606

During the six-month period ended 30 June 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).

During the six-month period ended 30 June 2021 the Stage 3 credit loss allowance in the amount of RUB 450 million was recovered due to redemption after the reporting date.

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 30 June 2021 and 31 December 2020:

	30 June 2021 (Unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	
<u>Debt investment securities at amortised cost</u>				
rated from A+ to A-	74	-	-	74
rated from BBB+ to BBB-	32 745	-	-	32 745
rated from BB+ to BB-	6 890	-	-	6 890
not rated	107	-	409	516
Total	39 816	-	409	40 225
Credit loss allowance	(101)	-	-	(101)
Carrying amount	39 715	-	409	40 124
<u>Debt investment securities at FVOCI</u>				
rated from A+ to A-	78	-	-	78
rated from BBB+ to BBB-	250 026	-	-	250 026
rated from BB+ to BB-	7 663	-	-	7 663
rated from B+ to B-	1 020	-	-	1 020
not rated	17 161	-	-	17 161
Total	275 948	-	-	275 948
Credit loss allowance	(500)	-	(1)	(501)
Carrying amount – fair value	275 948	-	-	275 948
31 December 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
<u>Debt investment securities at amortised cost</u>				
rated from BBB+ to BBB-	29 956	-	-	29 956
rated from BB+ to BB-	9 741	-	-	9 741
not rated	-	-	450	450
Total	39 697	-	450	40 147
Credit loss allowance	(164)	-	(450)	(614)
Carrying amount	39 533	-	-	39 533
<u>Debt investment securities at FVOCI</u>				
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
Total	263 367	301	-	263 668
Credit loss allowance	(630)	(5)	-	(635)
Carrying amount – fair value	263 367	301	-	263 668

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

As at 30 June 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 107 million (31 December 2020: none).

As at 30 June 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 9 315 million (31 December 2020: RUB 6 538 million), to Moderate credit risk category RUB 7 846 million (31 December 2020: RUB 11 645 million).

As at 30 June 2021 Investment financial assets balances for ECL calculation for which external benchmark information represents a significant input into measurement of ECL are RUB 199 863 million (31 December 2020: RUB 186 770 million).

16 Due to credit institutions

	30 June 2021 (Unaudited)	31 December 2020
Payables under repurchase agreements	861 102	652 988
Term deposits	18 499	33 751
Current accounts	49 763	34 943
Total due to credit institutions	929 364	721 682

As at 30 June 2021, the fair value of securities that serve as collateral under sale and repurchase agreements is RUB 945 223 million (31 December 2020: RUB 715 616 million).

As at 30 June 2021, the fair value of securities received as collateral under reverse repo deals being pledged for direct repo deals is RUB 912 748 million (31 December 2020: RUB 662 534 million).

17 Due to customers

	30 June 2021 (Unaudited)	31 December 2020
Corporate customers		
Term and demand deposits	1 009 901	1 041 375
Current accounts	148 879	149 043
Subordinated debt	44 443	44 896
Term notes	12 119	399
Payables under repurchase agreements	104	285
Total corporate customers	1 215 446	1 235 998
Individuals		
Term and demand deposits	389 790	400 712
Current accounts	120 124	100 805
Total individuals	509 914	501 517
Total due to customers	1 725 360	1 737 515

As at 30 June 2021, the fair value of securities that serve as collateral under sale and repurchase agreements is RUB 98 million (31 December 2020: RUB 268 million).

As at 30 June 2021, the fair value of securities received as collateral under reverse repo deals being pledged for direct repo deals is RUB 98 million (31 December 2020: RUB 268 million).

18 Debt securities issued

	30 June 2021 (Unaudited)	31 December 2020
Bonds	180 981	135 824
Subordinated bonds	35 128	35 641
Total debt securities issued	216 109	171 465

In January 2021, the Group placed senior Loan Participation Notes in the total amount of EUR 600 million at par with a fixed coupon rate of 3.1% p.a. and maturity of 5 years.

19 Financial liabilities measured at fair value through profit or loss

	30 June 2021 (Unaudited)	31 December 2020
Structured bonds issued designated at FVTPL	9 384	9 477
Other financial liabilities (derivatives)	5 947	9 853
Total financial liabilities measured at fair value through profit or loss	15 331	19 330

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 30 June 2021 (unaudited) comprises 33 429 709 866 shares (31 December 2020: 29 829 709 866 shares) with par value of 1 RUB per share. In addition, at 30 June 2021 (unaudited) the Bank has 166 570 290 134 ordinary registered shares which the Bank is entitled to place in addition to the placed registered but not issued nominal value of RUB 166 570 million. The total hyperinflation adjustment related to equity as at 31 December 2002 was RUB 862 million.

In May 2021 the Bank placed an additional share issue on the Moscow Exchange with a total volume of 3 600 000 000 pieces. The offer price was set at 6.3 rubles per share. Income from Proposals in the amount of RUB 22.7 billion was included in the Tier 1 capital.

As at 30 June 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 30 June 2021 are as follows (unaudited):

(Unaudited)	Parent company		Management		Associated company		Under control of principal beneficiary		TOTAL
	Amount	AER, %	Amount	AER, %	Amount	AER, %	Amount	AER, %	
Cash and cash equivalents	-		-		18		2 181		2 199
Trading financial assets	-		-		-		16 941		16 941
Loans to customers, gross	-		308	9,1%	775	9,0%	22 521	10,0%	23 604
<i>Allowance for credit losses</i>	-		(4)		(8)		(340)		(352)
Other assets	1		5		16		377		399
Due to credit institutions	-		-		277		309		586
Due to customers									
<i>Term deposits by customers</i>	-		772	3,1%	7		6 473	4,8%	7 252
<i>Demand deposits by customers</i>	6 489		885		9		4 272		11 655
Financial liabilities measured at fair value through profit or loss	-		-		-		1 557		1 557
Debt securities issued	-		-		-		447	7,5%	447
Other liabilities	-		1		10	6,2%	632	7,8%	643
Guarantees issued	-		-		132		3 380		3 512

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
Trading financial assets	-		-		-		7 155		7 155
Loans to customers, gross	-		317	9,1%	775	7,7%	14 628	8,2%	15 720
<i>Allowance for credit losses</i>	-		(10)		(12)		(204)		(226)
Other assets	1		5		480		66		552
Due to credit institutions	-		-		859		61		920
Due to customers									
<i>Term deposits by customers</i>	-		611	4,3%	-		15 392	6,2%	16 003
<i>Demand deposits by customers</i>	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
Other liabilities	-		1		12		3		16
Guarantees issued	-		-		131		91		222

As at 30 June 2021 (unaudited), the company under control of principal beneficiary has an investment in perpetual debt issued in the amount of RUB 5 704 million (31 December 2020: RUB 9 806 million).

During the six-month period ended 30 June 2021 (unaudited) the company under control of principal beneficiary received coupon payments on perpetual debt issued from the Group in the amount of RUB 833 million (six-month period ended 30 June 2020 (unaudited): 790 million).

As at 30 June 2021 (unaudited), the undrawn loan commitments under credit line agreements for principal beneficiary and for management are RUB 75 million (31 December 2020: RUB 77 million).

Amounts included in profit or loss and other comprehensive income for the six-month period ended 30 June 2021 and 30 June 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	31	1 231	1 276
Interest expense by customers	(35)	(15)	(11)	(648)	(709)
Commission income	16	-	119	516	651
Commission expense	-	(1)	(169)	-	(170)
Net foreign exchange gains or (loss)	-	-	-	467	467

Amounts included in profit or loss and other comprehensive income for the six-month period ended 30 June 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	-	17	36	679	732
Interest expense by customers	(55)	(30)	(16)	(1 049)	(1 150)
Commission income	7	-	62	177	246
Commission expense	-	(1)	(218)	-	(219)
Net foreign exchange gains or (loss)	-	-	-	(1 007)	(1 007)

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the six-month period ended 30 June 2021 and 30 June 2020 (refer to Note 6) is as follows:

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)
Board Members of the Management Board	(669)	(522)
Members of the Supervisory Board	(57)	(59)
	(726)	(581)

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 30 June 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 30 June 2021 (unaudited) and 31 December 2020.

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 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021 (Unaudited)	31 December 2020
Tier 1 capital		
Share capital and additional paid-in capital	111 582	88 902
Retained earnings	116 495	103 990
Intangible assets	(1 945)	(1 611)
Core tier 1 capital	226 132	191 281
Additional capital		
Perpetual debt issued	38 262	41 950
Total tier 1 capital	264 394	233 231
Tier 2 capital		
Revaluation surplus for buildings	494	536
Fair value reserve for securities	(11 019)	(1 107)
Subordinated debt		
Subordinated loans	61 690	65 067
Subordinated bonds	33 593	34 603
Total tier 2 capital	84 758	99 099
Total capital	349 152	332 330
Risk-weighted assets		
Banking book	1 523 683	1 339 205
Trading book	143 141	100 383
Operational risk	117 361	117 361
Total risk weighted assets	1 784 185	1 556 949
Total core tier 1 capital expressed as a percentage of risk-weighted assets (core tier 1 capital ratio) (%)	12,7	12,3
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%)	14,8	15,0
Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%)	19,6	21,3

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 Provision 511 “On the Procedure for Calculating the Market Risk Value by Credit Institutions” and 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”, KOLTSO URALA CB LLC. 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.

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

	30 June 2021 (Unaudited)	31 December 2020
ASSETS		
Corporate banking	1 062 463	938 577
Retail banking	146 184	133 482
Investment	1 720 912	1 666 707
Treasury	154 506	124 717
Cash operations	12 617	18 092
Subsidiary banks	69 364	34 890
Total assets	3 166 046	2 916 465
LIABILITIES		
Corporate banking	1 205 165	1 241 574
Retail banking	490 081	495 579
Investment	888 311	699 596
Treasury	263 490	211 140
Cash operations	5 653	6 726
Subsidiary banks	57 438	27 354
Total liabilities	2 910 138	2 681 969

CREDIT BANK OF MOSCOW (public joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

Segment information for the main reportable segments for the six-month period ended 30 June 2021 is set below (unaudited):

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Subsidiary banks	Total
Interest income	30 234	7 665	41 425	1 159	54	1 897	82 434
Interest expense	(12 711)	(10 774)	(16 622)	(6 480)	(9)	(541)	(47 137)
Transfer (expense) / income	(7 935)	10 001	(17 081)	15 015	-	-	-
Net interest income	9 588	6 892	7 722	9 694	45	1 356	35 297
Charge for credit losses on debt financial assets	(1 013)	(584)	1 239	624	6	290	562
Net interest income after credit losses on debt financial assets	8 575	6 308	8 961	10 318	51	1 646	35 859
Fee and commission income	3 299	2 195	326	80	1 536	1 208	8 644
Fee and commission expense	(98)	(1 104)	(49)	(513)	(21)	(486)	(2 271)
Net (loss) or gain on loans to customers at FVTPL	(2 330)	-	-	-	-	3	(2 327)
Net gain or (loss) on financial assets at FVTPL	1 356	-	(1 433)	(553)	6	-	(624)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI	-	-	113	-	-	(17)	96
Net (loss) on Investment financial assets at FVTPL	(261)	-	-	-	-	-	(261)
Net foreign exchange gains or (losses)	153	(114)	1 938	(9 181)	(111)	242	(7 073)
Net gain on change in financial liabilities measured at fair value through profit or loss	-	-	-	290	-	-	290
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	19	(230)	-	11	(26)	(33)	(259)
State deposit insurance scheme contributions	(43)	(953)	-	-	-	(34)	(1 030)
Net other operating income or (expense)	183	(44)	(239)	(23)	(80)	111	(93)
Operating income	10 853	6 058	9 617	429	1 355	2 640	30 952
General administrative and other expenses	(3 271)	(5 226)	(1 698)	(207)	(1 806)	(1 634)	(13 842)
Internal provision of services	(40)	294	(108)	(146)	-	-	-
Segment result before income taxes	7 542	1 126	7 811	76	(451)	1 006	17 110

CREDIT BANK OF MOSCOW (public joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2021
(in millions of Russian Roubles unless otherwise stated)

Segment information for the main reportable segments for the six-month period ended 30 June 2020 is set below (unaudited):

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Subsidiary banks	Total
Interest income	26 880	7 570	39 257	3 780	13	624	78 124
Interest expense	(18 219)	(14 405)	(11 615)	(6 030)	(6)	(350)	(50 625)
Transfer income / (expense)	(2 119)	15 060	(24 203)	11 262	-	-	-
Net interest income	6 542	8 225	3 439	9 012	7	274	27 499
Charge for credit losses on debt financial assets	(6 145)	(7 051)	862	(597)	3	(13)	(12 941)
Net interest income after credit losses on debt financial assets	397	1 174	4 301	8 415	10	261	14 558
Fee and commission income	2 975	2 305	(200)	(106)	1 225	198	6 397
Fee and commission expense	(18)	(1 058)	-	(547)	(14)	(45)	(1 682)
Net gain or (loss) on loans to customers at FVTPL	701	-	-	-	-	1	702
Net (loss) or gain on financial assets at FVTPL	(9)	1	1 424	3 341	-	-	4 757
Net gain from sale and redemption of Investment financial assets at FVOCI	-	-	909	35	-	-	944
Net gain on Investment financial assets at FVTPL	2 805	-	-	-	-	-	2 805
Net realised gain on Investment financial assets at amortised cost	-	-	136	-	-	-	136
Net foreign exchange (losses) or gains	(1 057)	(96)	2 554	(5 019)	-	5	(3 613)
Net gain on change in financial liabilities measured at fair value through profit or loss	-	-	-	234	-	-	234
Impairment (loss) or gain on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	(124)	(154)	-	(37)	33	-	(282)
State deposit insurance scheme contributions	(83)	(1 263)	-	-	-	(2)	(1 348)
Net other operating (expense) or income	(172)	(209)	(371)	(643)	(37)	-	(1 432)
Operating income	5 415	700	8 753	5 673	1 217	418	22 176
General administrative and other expenses	(3 482)	(3 450)	(1 403)	(309)	(1 645)	(390)	(10 679)
Internal provision of services	(192)	164	325	(297)	-	-	-
Segment result before income taxes	1 741	(2 586)	7 675	5 067	(428)	28	11 497

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 30 June 2021 (unaudited):

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Cash and cash equivalents	-	838 364	-	838 364	838 364
Obligatory reserves with the CBR	-	23 108	-	23 108	23 108
Due from credit and other financial organizations	-	682 040	-	682 040	682 040
Trading financial assets	118 892	-	-	118 892	118 892
Loans to customers	68 883	1 074 276	-	1 143 159	1 183 023
Investment financial assets	18 211	40 124	275 948	334 283	335 936
Other financial assets	-	5 734	-	5 734	5 734
	205 986	2 663 646	275 948	3 145 580	3 187 097
Deposits by the Central Bank of the Russian Federation	-	5 472	-	5 472	5 472
Due to credit institutions	-	929 364	-	929 364	929 364
Due to customers	-	1 725 360	-	1 725 360	1 725 286
Debt securities issued	-	216 109	-	216 109	224 197
Financial liabilities measured at fair value through profit or loss	15 331	-	-	15 331	15 331
Other financial liabilities	-	8 517	-	8 517	8 517
	15 331	2 884 822	-	2 900 153	2 908 167

The main assumptions used by management to estimate the fair values of financial instruments as at 30 June 2021 are:

- discount rates from 5.4% to 10.8% (roubles) and from 1.6% to 5.5% (foreign currency) are used for discounting future cash flows from corporate loans;
- discount rates from 7.6% to 23.4% (roubles) and from 4.0% to 7.8% (foreign currency) are used for discounting future cash flows from loans to individuals;
- discount rates from 4.4% to 5.4% (roubles) and from 0.5% to 1.9% (foreign currency) are used for discounting future cash flows from corporate deposits;
- discount rates from 3.1% to 5.4% (roubles) and from 0.2% to 1.0% (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
	185 819	2 449 699	263 668	2 899 186	2 930 636

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Deposits by the Central bank of the Russian Federation	-	10 041	-	10 041	10 041
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
	19 330	2 651 247	-	2 670 577	2 685 024

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 financial 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 30 June 2021 (unaudited) and 31 December 2020:

30 June 2021 (Unaudited)	Level 1	Level 2	Level 3	Total
Trading financial assets	59 469	52 456	6 967	118 892
Loans to customers	-	-	1 183 023	1 183 023
Investment financial assets	292 771	22 451	20 714	335 936
Due to customers	-	1 725 286	-	1 725 286
Financial liabilities measured at fair value through profit or loss	-	15 331	-	15 331
Debt securities issued	224 197	-	-	224 197

31 December 2020	Level 1	Level 2	Level 3	Total
Trading financial assets	30 565	45 769	2 482	78 816
Loans to customers	-	-	1 038 557	1 038 557
Investment financial assets	302 099	13 029	10 295	325 423
Due to customers	-	1 743 598	-	1 743 598
Financial liabilities measured at fair value through profit or loss	-	19 330	-	19 330
Debt securities issued	179 829	-	-	179 829

During the six-month period ended 30 June 2021 there was transfer of assets between Level 1 and Level 3 in the amount of RUB 10 612 million (unaudited) (31 December 2020: RUB 940 million).

During the six-month period ended 30 June 2021 there was transfer of assets between Level 3 and Level 2 in the amount of RUB 768 million (unaudited) (31 December 2020: none).

A reconciliation of movements in fair value of loans to customers at FVTPL for the six-month period ended 30 June 2021 and 30 June 2020 is as follows:

	Loans to individuals		Corporate loans	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Fair value at beginning of the period	1 676	-	85 163	77 175
Loan issues	2 976	616	-	3 103
Loan repayments	(3 656)	(536)	(13 343)	(9 701)
Interest income recognised	92	20	1 378	2 306
Changes in fair value measurement	3	1	(2 330)	701
Acquisition of subsidiaries	-	1 207	-	-
Write-offs and cessations	-	-	-	(7 904)
Net foreign exchange (loss) gain	-	-	(3 076)	4 902
Fair value at the end of period	1 091	1 308	67 792	70 582

A reconciliation of movements in fair value of trading and investment financial assets for the six-month period ended 30 June 2021 and 30 June 2020 is as follows:

	Trading financial assets	Investment financial assets	
	30 June 2021 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Fair value at beginning of the period	2 482	10 295	111
Total gains/(losses) reported in profit or loss	446	408	-
Foreign currency revaluation	(33)	-	-
Total losses reported in other comprehensive income	-	257	-
Purchases	606	3 836	-
Transfers	4 121	5 723	-
Sales	(655)	(21)	-
Acquisition of subsidiaries	-	216	-
Fair value at the end of the period	6 967	20 714	111

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 30 June 2021 (unaudited):

Type of instrument	Fair values	Valuation technique	Significant unobservable input	Unobservable inputs used
Loans to customers at FVTPL	68 883	Discounted cash flow from operating activities	Risk-adjusted discount rate	RUB: 9,2% USD: 6,7% EUR: 3,0% - 3,9%
Trading financial assets	5 721	Discounted cash flow	Credit spread	0,24 - 1,77
Investment financial assets	20 056	Discounted cash flow	Credit spread	0,24 - 0,95
Structured bonds issued designated at FVTPL	9 384	Sum of FV of the ordinary bond (discounted cash flow) and FV of the embedded option (simulation modeling)	Non-applicable	Non-applicable

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%
Trading financial assets	2 395	Discounted cash flow	Credit spread	1,80
Investment financial assets	10 184	Discounted cash flow	Credit spread	1,80
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

If discount rates differ by plus/minus one percent, fair values of the loans to customers at FVTPL would be RUB 64 617 million and RUB 69 409 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 5 705 million and RUB 5 743 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 20 013 million and RUB 20 099 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 six-month period ended 30 June 2021 by the weighted average number of ordinary shares in issue during the period. Basic earnings per share are calculated as follows:

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)	Three-month period ended 30 June 2020 (Unaudited)
Profit for the period	13 550	9 124	5 274	3 972
Interest paid on perpetual debt issued, net of tax	(1 666)	(1 554)	(714)	(710)
Total profit for the period	11 884	7 570	4 560	3 262
Weighted average number of ordinary shares in issue	30 565 621 468	29 829 709 866	31 412 127 448	29 829 709 866
Basic and diluted earnings per share (in RUB per share)	0,39	0,25	0,15	0,11

27 Acquisition of subsidiaries

In March 2021 the Group acquired 100% of the equity interests of KOLTISO URALA CB LLC and 100% of the equity interests of JSC “UK MKB Investments”.

For the purpose of determining goodwill on acquisition the fair values of identifiable assets and liabilities of KOLTISO URALA CB LLC were as follows:

	Amounts on acquisition
ASSETS	
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
LIABILITIES	
Due to customers	31 691
Other liabilities	593
Identifiable net assets acquired	4 802
Consideration given	4 758
less fair value of identifiable net assets acquired	(4 802)
Difference between consideration given and fair value of acquired net assets	(44)

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 Other net operating income or (expense).

The amount of net income of KOLTISO URALA CB LLC since the acquisition date included in the consolidated interim condensed statement of profit or loss and other comprehensive income is RUB 484 million.

For the purpose of determining goodwill on acquisition the fair values of identifiable assets and liabilities of JSC “UK MKB Investments” were as follows:

	Amounts on acquisition
ASSETS	
Cash and cash equivalents	22
Trading financial assets	61
Property and equipment	166
Other assets	101
LIABILITIES	
Other liabilities	168
Identifiable net assets acquired	182
Consideration given	201
less fair value of identifiable net assets acquired	(182)
Excess of consideration given over fair value of acquired net assets	19

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 Other net operating income or (expense).

The amount of net loss of JSC “UK MKB Investments” since the acquisition date included in the consolidated interim condensed statement of profit or loss and other comprehensive income is RUB 17 million.

28 Events subsequent to the reporting date

In July 2021, the Bank paid out the 2nd coupon in the amount of RUB 19 125 or RUB 45.00 per bond and the upside return in the amount of RUB 8 160 or RUB 19.20 per bond on domestic bonds series BSO-P02. The issue was originally placed on 15 July 2019. The nominal value of the issue was RUB 425 thousand as at 30 June 2021 (299 575 repurchased securities were redeemed on 24 December 2020).

In July 2021, the Bank paid out the 2nd coupon in the amount of RUB 16 160 or RUB 40.00 per bond and the upside return in the amount of RUB 7 756.80 or RUB 19.20 per bond on domestic bonds series BSO-P03. The issue was originally placed on 15 July 2019. The nominal value of the issue was RUB 404 thousand as at 30 June 2021 (299 596 repurchased securities were redeemed on 24 December 2020).

In July 2021, the Bank paid out the 1st coupon in the amount of RUB 7 265.50 or RUB 0.10 per bond and the upside return in the amount of RUB 12.4 million or RUB 170.00 per bond on domestic bonds series BSO-P14. The issue was originally placed on 16 July 2020. The nominal value of the issue was RUB 72.655 million as at 30 June 2021.

In July 2021, the Bank paid out the 6th coupon in the amount of RUB 299.2 million or RUB 59.84 per bond on perpetual subordinated bonds series 15. The issue was originally placed on 24 July 2018. The nominal value of the issue is RUB 5 billion.

In July 2021, S&P Global Ratings upgraded the Bank’s credit rating to ‘BB’ with a stable outlook.

In July 2021, the Group paid out the coupon in the amount of USD 12.7 million on 5-year Loan Participation Notes due 2025 with the nominal value of USD 600 million.

In July 2021, the Bank placed in full bond issue series 001P-03 worth RUB 10 billion. The bonds were placed by public subscription and have six semi-annual coupons, each paying 8.35% per annum. The nominal value of one bond is RUB 1 000.

In August 2021, China Lianhe Credit Rating Co., Ltd affirmed the Bank’s credit rating on the Chinese national scale at ‘AA +’.

In August 2021, the Bank placed in full bond issue series 001P-04 worth RUB 20 billion. The bonds were placed by public subscription and have eight semi-annual coupons, each paying 8.42% per annum. The nominal value of one bond is RUB 1 000.

In August 2021, the Bank paid out the 2nd coupon in the amount of RUB 20 thousand or RUB 0.05 per bond on domestic bonds series BSO-P17. The issue was originally placed on 7 August 2020. The nominal value of the issue is RUB 400 million.

In August 2021, the Bank paid out the 2nd coupon in the amount of RUB 20 thousand or RUB 0.05 per bond on domestic bonds series BSO-P18. The issue was originally placed on 7 August 2020. The nominal value of the issue is RUB 400 million.

In August 2021, the Group paid out the coupon in the amount of USD 12 million on perpetual subordinated Loan Participation Notes with the nominal value of USD 700 million.

In August 2021, the Group paid out the coupon in the amount of USD 6.3 million on 5-year Loan Participation Notes due 2023 with the nominal value of USD 500 million.