

CREDIT BANK OF MOSCOW
(public joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the nine-month period
ended 30 September 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 September 2021 and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three- and nine-month periods ended 30 September 2021 and the related consolidated interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 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 and a member firm of the KPMG global organization of independent member firms. All rights reserved. For more detail about the structure of the KPMG global organization please visit home.kpmg/governance.

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



Tatarinova E.V.

JSC "KPMG"

Moscow, Russia

17 November 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 nine-month period ended 30 September 2021
(in millions of Russian Roubles unless otherwise stated)

	Notes	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Interest income calculated using the EIR method	4	124 788	111 219	45 903	37 042
Other interest income	4	5 496	5 548	1 947	1 601
Interest expense	4	(73 216)	(74 226)	(26 079)	(23 601)
Net interest income	4	57 068	42 541	21 771	15 042
(Charge) or recovery for credit losses on debt financial assets	10, 11, 13, 14	(4 408)	(15 844)	(4 970)	(2 903)
Net interest income after credit losses on debt financial assets		52 660	26 697	16 801	12 139
Fee and commission income	5	17 823	10 389	9 179	3 992
Fee and commission expense	5	(3 855)	(2 757)	(1 584)	(1 075)
Net gain or (loss) on loans to customers at FVTPL		(2 297)	1 009	30	307
Net gain or (loss) on financial assets at FVTPL		(847)	4 719	(223)	(38)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI		22	804	(74)	(140)
Net realised gain or (loss) on Investment financial assets at amortised cost		-	139	-	3
Net gain or (loss) on Investment financial assets at FVTPL		98	2 642	359	(163)
Net foreign exchange gains or (losses)	8	(11 347)	(2 325)	(4 274)	1 288
Net gain on change in financial liabilities measured at FVTPL		482	(58)	192	(292)
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	(310)	(108)	(51)	174
Operating lease income		57	25	16	13
Net other operating income or (expense)		(493)	(3 533)	670	(741)
Non-interest income or (expense)		(667)	10 946	4 240	3 328
Operating income		51 993	37 643	21 041	15 467
Salaries and employment benefits	6	(14 783)	(10 625)	(4 922)	(3 190)
Administrative expenses	6	(5 087)	(3 659)	(2 064)	(1 418)
Depreciation of premises and equipment and ROU		(1 437)	(1 439)	(479)	(436)
Operating expense		(21 307)	(15 723)	(7 465)	(5 044)
Profit before income taxes		30 686	21 920	13 576	10 423
Income tax expense	9	(5 859)	(4 818)	(2 299)	(2 445)
Profit for the period		24 827	17 102	11 277	7 978

The consolidated interim condensed statement 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 Profit or Loss and Other Comprehensive Income
for the nine-month period ended 30 September 2021 (continued)
(in millions of Russian Roubles unless otherwise stated)

Notes	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Profit for the period	24 827	17 102	11 277	7 978
Other comprehensive (loss) or income				
Items that are or may be reclassified subsequently to profit or loss:				
<i>Movement in FV reserve (debt instruments):</i>				
- net change in FV	(14 647)	(4 390)	(2 354)	(4 138)
- net amount transferred to profit or loss	(21)	(804)	75	140
- income tax related to movement in FV reserve	2 933	1 038	456	800
<i>Change in FV of financial liability attributable to changes in credit risk</i>	(153)	214	10	(18)
<i>Income tax related to change in FV of financial liability attributable to changes in credit risk</i>	30	(43)	(2)	3
Other comprehensive (loss) or income for the period, net of income tax	(11 858)	(3 985)	(1 815)	(3 213)
Total comprehensive (loss) or income for the period	12 969	13 117	9 462	4 765
Basic and diluted earnings per share (in RUB per share)	0.71	0.49	0.32	0.24

Acting Chairman of the Management Board

Chief Accountant



Mikhail V. Polunin

Svetlana V. Sass

The consolidated interim condensed statement 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 September 2021
(in millions of Russian Roubles unless otherwise stated)

	Notes	30 September 2021 (Unaudited)	31 December 2020
ASSETS			
Cash and cash equivalents	10	1 044 772	683 283
Obligatory reserves with the CBR		26 270	22 244
Due from credit and other financial organizations	11	561 159	778 837
Trading financial assets	12	117 246	78 816
- <i>held by the Group</i>	12	110 710	75 608
- <i>pledged under sale and repurchase agreements</i>	12	6 536	3 208
Loans to customers	13	1 180 428	1 009 165
- <i>loans to corporate clients</i>	13	1 037 562	888 802
- <i>loans to individuals</i>	13	142 866	120 363
Investment financial assets	14	322 362	323 365
- <i>held by the Group</i>	14	272 529	280 881
- <i>pledged under sale and repurchase agreements</i>	14	49 833	42 484
Investments in associates		2 479	2 446
Property and equipment		11 643	8 950
Deferred tax asset		105	120
Assets held for sale		1 122	999
Other assets		18 317	8 240
Total assets		3 285 903	2 916 465
LIABILITIES AND EQUITY			
Deposits by the CBR		5 347	10 041
Due to credit institutions	15	757 891	721 682
Due to customers	16	1 939 132	1 737 515
- <i>due to corporate customers</i>	16	1 398 410	1 235 998
- <i>due to individuals</i>	16	540 722	501 517
Financial liabilities measured at FVTPL	18	15 132	19 330
Debt securities issued	17	281 554	171 465
Deferred tax liability		5 386	5 399
Other liabilities		18 747	16 537
Total liabilities		3 023 189	2 681 969
Equity			
Share capital	19	34 292	30 692
Additional paid-in capital		77 290	58 210
Perpetual debt issued	19	38 243	41 950
Treasury shares		(1 788)	-
Revaluation surplus for buildings		411	536
FV reserve for securities		(12 842)	(1 107)
Change in FV of financial liabilities attributable to changes in the credit risk		102	225
Retained earnings		127 006	103 990
Total equity		262 714	234 496
Total liabilities and equity		3 285 903	2 916 465

Acting Chairman of the Management Board

Chief Accountant



Mikhail V. Polunin

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

	Notes	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		122 582	108 023
Interest payments		(69 735)	(81 230)
Fees and commission receipts		16 866	10 837
Fees and commission payments		(3 379)	(2 384)
Net receipts from operations with securities		390	6 191
Net receipts (payments) from foreign exchange		(12 301)	52 787
Net other operating income or (expense)		2 601	(3 323)
Salaries and employment benefits paid		(14 174)	(10 189)
Administrative expenses paid		(4 762)	(3 914)
Income tax paid		(2 524)	(3 857)
Operating cash flows before changes in operating assets and liabilities		35 564	72 941
(Increase) decrease in operating assets			
Obligatory reserves with the Central bank of the Russian Federation		(3 778)	(1 033)
Due from credit and other financial organizations		212 774	(308 958)
Trading financial assets		(49 408)	(23 918)
Loans to customers		(173 819)	(126 298)
Other assets		(9 766)	(1 760)
Increase (decrease) in operating liabilities			
Deposits by the Central bank of the Russian Federation		(4 694)	10 006
Due to credit institutions except for syndicated loans		40 146	255 625
Due to customers except for subordinated loans		184 943	869
Other liabilities		(4 291)	(262)
Net cash from (used in) operations		227 671	(122 788)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment financial assets		(66 834)	(578 498)
Proceeds from disposal and redemption of investment financial assets		67 416	477 312
Net cash received on acquisition of subsidiaries	26, 10	5 961	(105)
Net result on purchase and sale of property and equipment and intangible assets		(768)	(341)
Sale of investment property		741	-
Net cash from (used in) investing activities		6 516	(101 632)

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

	Notes	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		22 680	-
Repurchase of own shares		(1 788)	-
Proceeds from placement and issuance of perpetual debt		445	3 073
Repayment and redemption of perpetual debt issued		(3 615)	(4 927)
Interest on perpetual debt paid		(2 959)	(3 117)
Proceeds from syndicated borrowings		-	17 653
Repayments of syndicated borrowings		-	(27 998)
Proceeds from placement and issuance of subordinated bonds		351	231
Partial redemption of subordinated bonds		(193)	(2 764)
Proceeds from placement and issuance of other bonds		122 339	97 808
Repayments of other bonds		(8 024)	(114 706)
Cash outflow from lease liabilities		(531)	(844)
Net cash from (used in) financing activities		128 705	(35 591)
Effect of exchange rates changes on cash and cash equivalents		(1 614)	59 347
Effect of changes in ECL on cash and cash equivalents	10	211	941
Change in cash and cash equivalents		361 489	(199 723)
Cash and cash equivalents, beginning of the period		683 283	953 645
Cash and cash equivalents, end of the period	10	1 044 772	753 922

Acting Chairman of the Management Board

Chief Accountant



Mikhail V. Polunin

Svetlana V. Sass

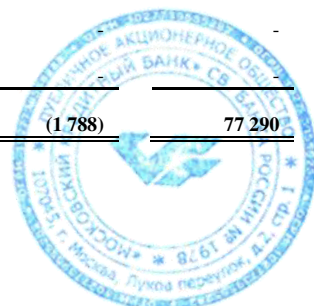
The consolidated interim condensed statement of cash flows is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

CREDIT BANK OF MOSCOW (public joint-stock company)
Consolidated Interim Condensed Statement of Changes in Equity for the nine-month period ended 30 September 2021
(in millions of Russian Roubles unless otherwise stated)

	Share capital	Treasury shares	Additional paid-in capital	Perpetual debt issued	Revaluation surplus for buildings	FV reserve for securities	Change in FV 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 income for the period (Unaudited)	-	-	-	-	-	(4 156)	171	17 102	13 117
Perpetual debt redemption (Unaudited)	-	-	-	(4 927)	-	-	-	-	(4 927)
Issuance of perpetual debt (Unaudited)	-	-	-	3 073	-	-	-	-	3 073
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	-	(3 117)	(3 117)
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	-	8 927	-	-	-	(8 927)	-
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	-	2 400	2 400
Balance as at 30 September 2020 (Unaudited)	30 692	-	58 210	44 944	407	(3 010)	235	89 500	220 978
Balance as at 1 January 2021	30 692	-	58 210	41 950	536	(1 107)	225	103 990	234 496
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	(11 735)	(123)	24 827	12 969
Issue of share capital (Unaudited)	3 600	-	19 080	-	-	-	-	-	22 680
Net result from treasury shares transactions (Unaudited)	-	(1 788)	-	-	-	-	-	-	(1 788)
Perpetual debt redemption (Unaudited)	-	-	-	(3 615)	-	-	-	-	(3 615)
Issuance of perpetual debt (Unaudited)	-	-	-	445	-	-	-	-	445
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	-	(2 959)	(2 959)
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	-	(537)	-	-	-	537	-
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	-	486	486
Transfer of revaluation reserve upon disposal (Unaudited)	-	-	-	-	(125)	-	-	125	-
Balance as at 30 September 2021 (Unaudited)	34 292	(1 788)	77 290	38 243	411	(12 842)	102	127 006	262 714

Acting Chairman of the Management Board

Chief Accountant



Mikhail V. Polunin

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) and its subsidiaries.

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 CBR, renewed on 21 January 2013. In December 2004 the Bank was admitted to the state program for individual deposit insurance.

The Bank is among the 10 largest banks in Russia by assets and conducts its business in Russia with a branch network comprising 217 branches, 1 215 ATMs and 13 631 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 September 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%
Blanc Bank (LLC) (formerly IB 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 26.

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

Shareholders

The Bank's shareholders as at 30 September 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.

* The ownership share of PJSC "CREDIT BANK OF MOSCOW", 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%

Related party transactions are detailed in Note 21.

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 FVTPL and through OCI income are stated at FV 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 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 September 2021	31 December 2020
USD	72.7608	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.

Abbreviations used

Below is provided the list of standard abbreviations used in these financial statements:

AEIR	Average effective interest rate
DFI	Derivative financial instruments
ECL	Expected credit losses
EIR	Effective interest rate
EUR	Euro (the single European currency)
FV	Fair value
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IFRS	International Financial Reporting Standards
OCI	Other comprehensive income
ROU	Right-of-use assets
RUB	Russian Ruble
SICR	Significant increase in credit risk
The Bank	CREDIT BANK OF MOSCOW (public joint-stock company)
The CBR	The Central Bank of the Russian Federation
The Group	CREDIT BANK OF MOSCOW (public joint-stock company) and its subsidiaries
USD	United States Dollar

3 Significant accounting policies

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

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

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

Standards issued but not yet effective.

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

4 Net interest income

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Interest income calculated using the EIR method				
Financial assets measured at amortised cost				
Loans to customers	60 248	47 850	23 191	15 816
Due from credit and other financial organizations and the CBR	50 395	50 015	17 735	16 053
Debt securities measured at amortised cost	1 391	1 504	504	635
	112 034	99 369	41 430	32 504
Debt financial assets measured at FVOCI	12 754	11 850	4 473	4 538
Interest income calculated using the EIR method	124 788	111 219	45 903	37 042
Other financial instruments at FVTPL	3 458	2 395	1 379	774
Loans to customers at FVTPL	2 038	3 153	568	827
Other interest income	5 496	5 548	1 947	1 601
	130 284	116 767	47 850	38 643
Interest expense				
Due to customers	(42 728)	(46 799)	(14 551)	(14 233)
Due to credit institutions	(20 370)	(18 886)	(7 582)	(6 449)
Debt securities issued	(9 911)	(8 368)	(3 861)	(2 864)
Lease liabilities	(207)	(173)	(85)	(55)
	(73 216)	(74 226)	(26 079)	(23 601)
Net interest income	57 068	42 541	21 771	15 042

5 Net fee and commission income

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Fee and commission income				
Financial services fees, trust management and brokerage commission	5 068	435	4 523	70
Guarantees and letters of credit	3 936	3 454	1 413	1 510
Plastic cards	1 973	1 808	726	662
Other cash operations	1 779	1 318	620	453
Settlements and wire transfers	1 742	1 027	671	376
Insurance contracts processing	1 512	937	608	349
Cash handling	965	766	343	272
Opening and maintenance of bank accounts	398	252	136	88
Currency exchange commission	290	354	76	189
Other	160	38	63	23
	17 823	10 389	9 179	3 992
Fee and commission expense				

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Plastic cards	(2 095)	(1 659)	(831)	(628)
Settlements and wire transfers	(699)	(507)	(304)	(183)
Guarantees and other credit related facilities received	(440)	(347)	(144)	(106)
Agency fees	(331)	(141)	(119)	(105)
Other	(290)	(103)	(186)	(53)
	(3 855)	(2 757)	(1 584)	(1 075)
Net fee and commission income	13 968	7 632	7 595	2 917

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

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Salaries	12 582	8 950	4 214	2 688
Social security costs	2 201	1 675	708	502
Salaries and employment benefits	14 783	10 625	4 922	3 190
Property maintenance	915	550	400	223
Advertising and business development	860	917	401	394
Operating taxes	735	591	293	237
Computer maintenance and software expenses	551	290	220	95
Communications	417	279	164	126
Legal and consulting services	417	203	176	52
Insurance	412	210	138	110
Security	352	268	140	79
Write-off of low-value fixed assets	237	236	81	63
Occupancy	88	79	37	27
Other	103	36	14	12
Administrative expenses	5 087	3 659	2 064	1 418

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 nine-month period ended 30 September 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)	79	350	99	(218)	310
Net foreign exchange gain (Unaudited)	-	-	(1)	(2)	(3)
Write-offs (Unaudited)	(17)	(337)	-	(40)	(394)
Balance at the end of the period (Unaudited)	925	312	925	628	2 790

Movements in the impairment allowance for the nine-month period ended 30 September 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)	10	62	1 403	(1 367)	108
Net foreign exchange gain (Unaudited)	-	-	10	96	106
Write-offs (Unaudited)	-	(55)	-	(197)	(252)
Balance at the end of the period (Unaudited)	771	217	2 014	13	3 015

8 Net foreign exchange gains or (losses)

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Realized profit or (loss) from DFI including conversion deals	(12 301)	52 787	(759)	40 324
Unrealized profit or (loss) from DFI including conversion deals	(2 976)	8 099	(1 982)	55
Profit or (loss) from revaluation of foreign currency balances	3 930	(63 211)	(1 533)	(39 091)
	(11 347)	(2 325)	(4 274)	1 288

9 Income tax

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)
Current tax charge	3 145	3 050
Deferred taxation	2 714	1 768
Income tax expense	5 859	4 818

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.

10 Cash and cash equivalents

	30 September 2021 (Unaudited)	31 December 2020
Cash on hand	18 608	18 969
Correspondent account with the CBR	167 114	82 776
Nostro accounts with other banks		
rated from AA+ to AA-	11 221	3 268
rated from A+ to A-	2 628	2 881
rated from BBB+ to BBB-	7 233	6 919
rated from BB+ to BB-	747	548
rated from B+ to B-	9	6
not rated	852	2 054
Total nostro accounts with other banks	22 690	15 676
Deposits in credit and other financial organizations with maturity of less than 1 month		
Deposits with the CBR	8 451	19 592
rated from AA+ to AA-	-	1 029
rated from BBB+ to BBB-	18 256	6 609
rated from BB+ to BB-	-	1 181
rated from B+ to B-	-	24 800
not rated	810 120	513 325
Total deposits in credit and other financial organizations with maturity of less than 1 month	836 827	566 536
Total gross cash and cash equivalents	1 045 239	683 957
Credit loss allowance	(467)	(674)
Total cash and cash equivalents	1 044 772	683 283

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

The correspondent account with the CBR represents balances held with the CBR related to settlement activity, and was available for withdrawal at the period end.

As at 30 September 2021, not rated Cash and cash equivalents include counterparties with ratings equivalent to Low credit risk for amount of RUB 2 706 million (31 December 2020: RUB 2 001 million), counterparties with ratings equivalent to Moderate credit risk for amount of RUB 808 266 million (31 December 2020: RUB 513 378 million).

As at 30 September 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 810 120 million secured by liquid securities under agreements to resell: bonds with rating from BBB- to BBB+ (98.8%) and stocks (1.2%).

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: bonds with rating from BBB- to BBB+ (97.9%), stocks (2.1%).

As at 30 September 2021, receivables under reverse sale and repurchase agreements included in Cash and cash equivalents are RUB 828 375 million (31 December 2020: RUB 545 915 million).

As at 30 September 2021, the FV of securities that serve as collateral under reverse sale and repurchase agreements is RUB 878 199 million (31 December 2020: RUB 585 970 million).

As at 30 September 2021, Cash and cash equivalents for which external benchmark information represents a significant input into measurement of ECL are RUB 205 700 million (31 December 2020: RUB 148 618 million).

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

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)
Balance at the beginning of the period	674	1 577
Acquisition of subsidiaries	4	-
Net recovery	(211)	(941)
Balance at the end of the period	467	636

As at 30 September 2021 and 30 September 2020 the Group recognizes expected loss allowance in the amount of 12 month ECL.

11 Due from credit and other financial organizations

	30 September 2021 (Unaudited)	31 December 2020
Term deposits		
rated from AA+ to AA-	9	5 019
rated from A+ to A-	2 195	1 466
rated from BBB+ to BBB-	14 418	17 516
rated from BB+ to BB-	4 266	6 906
rated from B+ to B-	4 326	5 652
not rated	536 657	743 719
Total gross due from credit and other financial organizations	561 871	780 278
Credit loss allowance	(712)	(1 441)
Total net due from credit and other financial organizations	561 159	778 837

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

As at 30 September 2021, not rated due from credit and other financial organizations include counterparties with ratings equivalent to Moderate credit risk for amount of RUB 536 657 million (31 December 2020: RUB 743 719 million).

As at 30 September 2021, deposits included in not rated credit and other financial organizations are receivables in the amount of RUB 530 802 million secured by liquid securities under agreements to resell: bonds with investment grade rating (93.6%) and stocks (6.4%).

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: bonds with investment grade rating (93.7%) and stocks (6.3%).

As at 30 September 2021, receivables under reverse sale and repurchase agreements included in due from credit and other financial organizations are RUB 542 536 million (31 December 2020: RUB 751 383 million).

As at 30 September 2021, the FV of securities that serve as collateral under reverse sale and repurchase agreements is RUB 619 442 million (31 December 2020: RUB 834 131 million).

As at 30 September 2021, Deposits from credit and other financial organizations for which external benchmark information represents a significant input into measurement of ECL are RUB 24 442 million (31 December 2020: RUB 35 837 million).

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

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)
Balance at the beginning of the period	1 441	308
Acquisition of subsidiaries	9	-
Net charge or (recovery)	(737)	991
Write-offs	(1)	-
Balance at the end of the period	712	1 299

As at 30 September 2021 and 30 September 2020 the Group recognizes expected loss allowance in the amount of 12 month ECL.

12 Trading financial assets

	30 September 2021 (Unaudited)	31 December 2020
<u>Held by the Group</u>		
Government and municipal bonds		
Russian Government Federal bonds	28 257	3 240
Russian Government eurobonds	2 456	1 463
Regional authorities and municipal bonds	8	-
Moscow Government bonds	683	-
Corporate bonds		
rated from A+ to A-	10	73
rated from AA+ to AA-	4	13
rated from BBB+ to BBB-	19 103	16 948
rated from BB+ to BB-	5 212	4 879
rated from B+ to B-	1 579	527
not rated	24 467	9 732
Foreign government bonds		
rated from BBB+ to BBB-	2 624	1 083
Equity investments		
rated from BBB+ to BBB-	70	941
not rated	22	24
DFI	26 215	36 685
Total held by the Group	110 710	75 608
<u>Pledged under sale and repurchase agreements</u>		
Corporate bonds		
rated from BBB+ to BBB-	5 603	2 527
rated from BB+ to BB-	576	121
not rated	357	560
Total pledged under sale and repurchase agreements	6 536	3 208
Total trading financial assets	117 246	78 816

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

As at 30 September 2021, trading financial assets in the amount of RUB 42 608 million (31 December 2020: RUB 13 401 million) are qualified to be pledged against borrowings from the CBR.

13 Loans to customers

	30 September 2021 (Unaudited)	31 December 2020
Loans to customers at amortised cost		
Loans to corporate clients	1 004 413	840 675
Less ECL	(33 273)	(37 036)
Total loans to corporate clients at amortised cost, net	971 140	803 639
Loans to individuals		
Cash loans	91 726	85 581
Mortgage loans	52 253	37 183
Credit card loans	3 305	3 244
Auto loans	7 520	5 617
Less ECL	(13 250)	(12 938)
Total loans to individuals at amortised cost, net	141 554	118 687
Total gross loans to customers at amortised cost	1 159 217	972 300
Less ECL	(46 523)	(49 974)
Total net loans to customers at amortised cost	1 112 694	922 326
Loans to customers at FVTPL		
Loans to corporate clients	66 422	85 163
Loans to individuals	1 312	1 676
Total loans to customers at amortised cost and FVTPL	1 180 428	1 009 165

Credit quality of loan portfolio

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

	30 September 2021 (Unaudited)	31 December 2020
Loans to customers		
- Not past due	1 182 345	1 006 659
- Not past due but impaired	11 121	16 111
- Overdue less than 31 days	7 521	1 416
- Overdue 31-60 days	732	1 882
- Overdue 61-90 days	473	730
- Overdue 91-180 days	1 659	6 764
- Overdue 181-360 days	5 146	5 612
- Overdue more than 360 days	17 954	19 965
Total gross loans to customers	1 226 951	1 059 139
Less ECL	(46 523)	(49 974)
Total net loans to customers	1 180 428	1 009 165

As at 30 September 2021, the gross amount of overdue loans with payments that are overdue at least for one day totals RUB 33 485 million, which represents 2.7 % of the gross loan portfolio (31 December 2020: RUB 36 369 million and 3.4 %, respectively).

As at 30 September 2021, non-performing loans, or loans with payments that are overdue over ninety days, amount to RUB 24 759 million or 2.0 % of the gross loan portfolio (31 December 2020: RUB 32 341 million and 3.1 %, respectively).

As at 30 September 2021, the ratio of total credit loss allowance to overdue loans equals 138.9 %, the ratio of total credit loss allowance to non-performing loans equals 187.9 % (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 September 2021 and 31 December 2020:

	30 September 2021 (Unaudited)	31 December 2020
Loans to corporate clients		
- Not past due	1 039 217	885 196
- Not past due but impaired	11 121	16 111
- Overdue less than 31 days	5 874	15
- Overdue 31-60 days	10	15
- Overdue 61-90 days	11	52
- Overdue 91-180 days	123	5 705
- Overdue 181-360 days	2 041	110
- Overdue more than 360 days	12 438	18 634
Total gross loans to corporate clients	1 070 835	925 838
Less ECL	(33 273)	(37 036)
Total net loans to corporate clients	1 037 562	888 802

Credit quality analysis

	30 September 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	443 898	493	-	-	444 391
Moderate credit risk	494 774	2 021	-	-	496 795
High credit risk	15 463	16 263	-	1 101	32 827
Distressed assets	-	-	21 214	9 186	30 400
Total	954 135	18 777	21 214	10 287	1 004 413
Less ECL	(9 439)	(2 473)	(18 459)	(2 902)	(33 273)
Carrying amount	944 696	16 304	2 755	7 385	971 140
<u>Loan commitments</u>					
Undrawn loan commitments to individuals	9 555	53	8	-	9 616
Less ECL	(96)	(8)	(1)	-	(105)
Carrying amount (allowance)	(96)	(8)	(1)	-	(105)
<u>Financial guarantee contracts</u>					
Low credit risk	6 183	-	-	-	6 183
Moderate credit risk	53 790	-	-	-	53 790
High credit risk	938	2 007	-	-	2 945
Total	60 911	2 007	-	-	62 918
Less ECL	(600)	(220)	-	-	(820)
Carrying amount	(690)	(235)	-	-	(925)

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	31 December 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
<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
Less ECL	(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
Less ECL	(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
Less ECL	(532)	(148)	(30)	-	(710)
Carrying amount	(706)	(151)	(31)	-	(888)

As at 30 September 2021, Loans to customers for which external benchmark information represents a significant input into measurement of ECL are RUB 24 638 million (31 December 2020: RUB 21 051 million).

Analysis of movements in the expected credit loss

Movements in the expected credit loss for loans to corporate clients by three ECL stages for the nine-month period ended 30 September 2021 and 30 September 2020 are as follows:

	Nine-month period ended 30 September 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 12-month ECL	32	(18)	(14)	-	-
Transfer to lifetime ECL not credit-impaired	(37)	37	-	-	-
Transfer to lifetime ECL credit-impaired	(95)	-	95	-	-
Derecognition of financial assets due to modification	-	-	(1 908)	-	(1 908)
Net remeasurement of ECL	(2 896)	611	2 919	2 548	3 182

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Nine-month period ended 30 September 2021 (Unaudited)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Originated credit- impaired	Total
Financial assets originated or purchased	6 884	1 155	230	-	8 269
Financial assets that have been fully repaid	(5 802)	(270)	(390)	-	(6 462)
Write-offs and cessations	922	(403)	(8 736)	-	(8 217)
Recoveries of amounts previously written-off	-	-	187	-	187
Unwinding of discount	-	-	193	68	261
Acquisition of subsidiaries	68	51	532	-	651
Foreign exchange and other movements	(12)	-	-	286	274
Balance at the end of the period	9 439	2 473	18 459	2 902	33 273

During the nine-month period ended 30 September 2021 the Group recognised loss on initial recognition of purchased or originated credit impaired loans in the amount of RUB 1 594 million.

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

During the nine-month period ended 30 September 2021 the Group recognised loss on loans at non-market rate in the amount of RUB 236 million.

Nine-month period ended 30 September 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					
Balance at the beginning of the period	10 610	2 468	20 904	-	33 982
Transfer to 12-month ECL	347	(346)	(1)	-	-
Transfer to lifetime ECL not credit-impaired	(1 467)	1 467	-	-	-
Transfer to lifetime ECL credit-impaired	(35)	-	35	-	-
Net remeasurement of ECL	440	(89)	3 201	-	3 552
Financial assets originated or purchased	7 861	617	98	77	8 653
Financial assets that have been fully repaid	(4 285)	(183)	(347)	-	(4 815)
Write-offs and cessations	(321)	(310)	(3 162)	-	(3 793)
Recoveries of amounts previously written-off	-	-	557	-	557
Unwinding of discount	-	-	493	-	493
Acquisition of subsidiaries	129	3	112	-	244
Foreign exchange and other movements	913	103	354	-	1 370
Balance at the end of the period	14 192	3 730	22 244	77	40 243

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 nine-month period ended 30 September 2021 are presented below:

	Nine-month period ended 30 September 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 12-month ECL	583	(569)	(14)	-	-
Transfer to lifetime ECL not credit-impaired	(1 789)	1 789	-	-	-
Transfer to lifetime ECL credit-impaired	(1 659)	(15)	1 674	-	-
Derecognition of financial assets due to modification	-	-	(5 451)	-	(5 451)
Financial assets originated or purchased	584 909	8 207	261	3 233	596 610
Financial assets that have been fully repaid	(288 342)	(4 097)	(662)	-	(293 101)
Write-offs	-	-	(6 401)	-	(6 401)
Sales	(99 626)	-	(3 248)	-	(102 874)
Acquisition of subsidiaries	2 016	2 673	831	-	5 520
Partial repayment and other changes	(20 634)	(10 678)	160	587	(30 565)
30 September 2021	954 135	18 777	21 214	10 287	1 004 413

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

	Nine-month period ended 30 September 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>					
31 December 2019	593 440	13 722	29 788	5 229	642 179
Transfer to 12-month ECL	4 009	(4 008)	(1)	-	-
Transfer to lifetime ECL not credit-impaired	(29 083)	29 089	(6)	-	-
Transfer to lifetime ECL credit-impaired	(297)	(6)	303	-	-
Financial assets originated or purchased	381 868	10 246	112	1 173	393 399
Financial assets that have been fully repaid	(232 440)	(2 363)	(373)	-	(235 176)
Write-offs	-	-	(346)	-	(346)
Cessions	(3 125)	-	(3 752)	-	(6 877)
Acquisition of subsidiaries	3 032	110	84	-	3 226
Partial repayment and other changes	9 366	(4 091)	999	27	6 301
30 September 2020	726 770	42 699	26 808	6 429	802 706

Credit quality of loans to individuals

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

30 September 2021 (Unaudited)					
	Cash loans	Mortgage loans	Credit card loans	Auto loans	Total
Loans to individuals					
- Not past due	80 416	52 554	3 028	7 130	143 128
- Overdue less than 31 days	1 194	270	30	153	1 647
- Overdue 31-60 days	525	144	1	52	722
- Overdue 61-90 days	370	44	20	28	462
- Overdue 91-180 days	1 362	53	60	61	1 536
- Overdue 181-360 days	2 737	205	102	61	3 105
- Overdue more than 360 days	5 122	295	64	35	5 516
Gross loans to individuals	91 726	53 565	3 305	7 520	156 116
Less ECL	(12 356)	(396)	(340)	(158)	(13 250)
Net loans to individuals	79 370	53 169	2 965	7 362	142 866

30 September 2021 (Unaudited)				
	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	138 889	2 574	357	141 820
- Overdue less than 31 days	505	1 010	126	1 641
- Overdue 31-60 days	10	640	73	723
- Overdue 61-90 days	1	419	44	464
- Overdue 91-180 days	1	8	1 527	1 536
- Overdue 181-360 days	1	1	3 103	3 105
- Overdue more than 360 days	-	-	5 515	5 515
Total loans to individual clients at amortised cost	139 407	4 652	10 745	154 804
Less ECL	(2 508)	(1 809)	(8 933)	(13 250)
Total loans to individual clients at amortised cost, net	136 899	2 843	1 812	141 554

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
Less ECL	(12 054)	(333)	(454)	(97)	(12 938)
Net loans to individuals	73 527	38 526	2 790	5 520	120 363

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	31 December 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	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
Less ECL	(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 expected credit loss

Movements in the expected credit loss by classes of loans to individuals and by three ECL stages for the nine-month period ended 30 September 2021 are as follows:

	Nine-month period ended 30 September 2021 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
<u>Cash loans</u>				
Balance at the beginning of the period	2 671	2 930	6 453	12 054
Transfer to 12-month ECL	1 326	(1 252)	(74)	-
Transfer to lifetime ECL not credit-impaired	(135)	212	(77)	-
Transfer to lifetime ECL credit-impaired	(140)	(972)	1 112	-
Net remeasurement of ECL	(1 818)	820	2 233	1 235
Financial assets originated or purchased	762	152	129	1 043
Financial assets that have been fully repaid	(566)	(195)	(393)	(1 154)
Write-offs and cessions	(1)	-	(3 731)	(3 732)
Recoveries of amounts previously written-off	-	-	1 202	1 202
Unwinding of discount	-	-	505	505
Acquisition of subsidiaries	50	11	1 143	1 204
Foreign exchange and other movements	-	(1)	-	(1)
Balance at the end of the period	2 149	1 705	8 502	12 356
<u>Mortgage loans</u>				
Balance at the beginning of the period	180	17	136	333
Transfer to 12-month ECL	16	(6)	(10)	-
Transfer to lifetime ECL not credit-impaired	(4)	5	(1)	-
Transfer to lifetime ECL credit-impaired	(3)	(2)	5	-
Net remeasurement of ECL	(53)	16	(33)	(70)
Financial assets originated or purchased	84	2	-	86
Financial assets that have been fully repaid	(24)	(7)	(24)	(55)
Write-offs and cessions	-	-	(27)	(27)
Recoveries of amounts previously written-off	-	-	120	120
Unwinding of discount	-	-	8	8

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Nine-month period ended 30 September 2021 (Unaudited)				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Acquisition of subsidiaries	1	-	-	1
Balance at the end of the period	197	25	174	396
<i>Credit card loans</i>				
Balance at the beginning of the period	62	114	278	454
Transfer to 12-month ECL	38	(38)	-	-
Transfer to lifetime ECL not credit-impaired	(4)	4	-	-
Transfer to lifetime ECL credit-impaired	(2)	(23)	25	-
Net remeasurement of ECL	(6)	25	95	114
Financial assets originated or purchased	24	3	9	36
Financial assets that have been fully repaid	(12)	(36)	(27)	(75)
Write-offs and cessions	-	(2)	(307)	(309)
Recoveries of amounts previously written-off	-	-	93	93
Unwinding of discount	-	-	25	25
Acquisition of subsidiaries	1	-	1	2
Balance at the end of the period	101	47	192	340
<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	(2)	(7)	9	-
Net remeasurement of ECL	61	14	25	100
Financial assets originated or purchased	43	15	5	63
Financial assets that have been fully repaid	(19)	(6)	(24)	(49)
Write-offs and cessions	(64)	-	(2)	(66)
Recoveries of amounts previously written-off	-	-	13	13
Balance at the end of the period	61	32	65	158

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

Nine-month period ended 30 September 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	331	(295)	(36)	-
Transfer to lifetime ECL not credit-impaired	(110)	142	(32)	-
Transfer to lifetime ECL credit-impaired	(132)	(778)	910	-
Net remeasurement of ECL	1 070	1 378	4 207	6 655
Financial assets originated or purchased	912	176	375	1 463
Financial assets that have been fully repaid	(145)	(551)	(72)	(768)
Write-offs and cessions	(3)	-	(2 758)	(2 761)
Recoveries of amounts previously written-off	-	-	354	354
Unwinding of discount	-	-	521	521
Acquisition of subsidiaries	4	-	19	23
				27

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	Nine-month period ended 30 September 2020 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Foreign exchange and other movements	6	-	-	6
Balance at the end of the period	2 985	1 909	6 629	11 523
<i>Mortgage loans</i>				
Balance at the beginning of the period	57	20	142	219
Transfer to 12-month ECL	20	(9)	(11)	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	(2)	(3)	5	-
Net remeasurement of ECL	32	6	41	79
Financial assets originated or purchased	43	-	52	95
Financial assets that have been fully repaid	(7)	(6)	(22)	(35)
Write-offs and cessions	-	-	(250)	(250)
Recoveries of amounts previously written-off	-	-	183	183
Unwinding of discount	-	-	18	18
Acquisition of subsidiaries	3	-	12	15
Foreign exchange and other movements	-	-	4	4
Balance at the end of the period	146	8	174	328
<i>Credit card loans</i>				
Balance at the beginning of the period	48	67	192	307
Transfer to 12-month ECL	6	(6)	-	-
Transfer to lifetime ECL not credit-impaired	(12)	12	-	-
Transfer to lifetime ECL credit-impaired	(3)	(25)	28	-
Net remeasurement of ECL	29	123	168	320
Financial assets originated or purchased	13	9	9	31
Financial assets that have been fully repaid	(11)	(22)	(8)	(41)
Write-offs and cessions	-	-	(169)	(169)
Recoveries of amounts previously written-off	-	-	35	35
Unwinding of discount	-	-	36	36
Foreign exchange and other movements	-	-	3	3
Balance at the end of the period	70	158	294	522
<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	(1)	(3)	4	-
Net remeasurement of ECL	(4)	4	12	12
Financial assets originated or purchased	14	1	-	15
Financial assets that have been fully repaid	(7)	-	-	(7)
Write-offs and cessions	-	-	(14)	(14)
Recoveries of amounts previously written-off	-	-	7	7
Acquisition of subsidiaries	32	4	12	48
Balance at the end of the period	34	7	22	63

Changes in the gross carrying amount

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

	Nine-month period ended 30 September 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	4 089	(3 937)	(152)	-
Transfer to lifetime ECL not credit-impaired	(3 015)	3 123	(108)	-
Transfer to lifetime ECL credit-impaired	(2 298)	(1 930)	4 228	-
New financial assets originated or purchased	57 908	343	198	58 449
Financial assets that have been fully repaid	(22 506)	(995)	(530)	(24 031)
Write-offs and cessions	(2 674)	(12)	(4 111)	(6 797)
Partial repayment and other changes	(12 133)	(336)	1 535	(10 934)
Acquisition of subsidiaries	5 301	45	1 146	6 492
Balance at the end of the period	139 407	4 652	10 745	154 804

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

	Nine-month period ended 30 September 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	1 585	(1 462)	(123)	-
Transfer to lifetime ECL not credit-impaired	(4 743)	4 781	(38)	-
Transfer to lifetime ECL credit-impaired	(3 754)	(2 822)	6 576	-
New financial assets originated or purchased	35 795	404	634	36 833
Financial assets that have been fully repaid	(18 189)	(523)	(157)	(18 869)
Write-offs and cessions	-	(1 096)	(3 194)	(4 290)
Partial repayment and other changes	(9 060)	(279)	991	(8 348)
Acquisition of subsidiaries	3 985	18	76	4 079
Balance at the end of the period	104 344	5 981	8 921	119 246

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 industry. Comparative information was revised accordingly.

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

	30 September 2021 (Unaudited)	31 December 2020
Loans to individuals	156 116	133 301
Commerce and trading	259 054	166 001
Crude oil production and trading	236 054	283 697

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	30 September 2021 (Unaudited)	31 December 2020
Residential and commercial construction and development	155 274	105 034
Finance	85 858	37 520
Property rental	72 254	92 666
Equipment leasing	47 037	31 167
Automotive, motorcycles and spare parts	43 239	52 476
Metallurgical	41 792	38 733
Petroleum refining / production and trading	32 768	26 787
Transport services	22 764	23 806
Services	20 078	17 887
Electric utility	11 163	14 698
Industrial and infrastructure construction	10 293	2 621
Food and farm products	7 649	13 351
Consumer electronics, appliances and computers	5 329	324
Clothing, shoes, textiles and sporting goods	5 208	5 686
Industrial equipment and machinery	3 946	2 834
Consumer chemicals, perfumes and hygiene products	2 618	2 757
Industrial chemicals	1 324	1 746
Construction and decorative materials, furniture	1 317	2 572
Paper, stationery and packaging products	1 072	1 312
Transport infrastructure contractors	993	287
Products for home, gifts, jewelry and business accessories	400	-
Pharmaceutical and medical products	360	549
Telecommunications	335	233
Government and municipal bodies	192	399
Books, video, print and copy	55	78
Other	2 409	617
Total gross loans to customers	1 226 951	1 059 139
Less ECL	(46 523)	(49 974)
Net loans to customers	1 180 428	1 009 165

14 Investment financial assets

	30 September 2021 (Unaudited)	31 December 2020
Investment financial assets measured at FVOCI – debt instruments, including pledged under repurchase agreements	270 181	263 668
Investment financial assets measured at amortized cost, including pledged under repurchase agreements	33 610	39 533
Investment financial assets at FVTPL	18 571	20 164
Total investment financial assets	322 362	323 365

As at 30 September 2021, Investment financial assets in the amount of RUB 229 667 million are qualified to be pledged against borrowings from the CBR (31 December 2020: RUB 238 277 million).

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

	30 September 2021 (Unaudited)	31 December 2020
<u>Held by the Group</u>		
Russian Government Federal bonds	163 399	162 955
Russian Government eurobonds	2 010	4 447
CBR bonds	9 078	9 053
Moscow Government bonds	2 677	-
Corporate bonds	52 203	49 932
Foreign government bonds	4 479	2 533
Corporate eurobonds	3 412	5 464
Total held by the Group	237 258	234 384
<u>Pledged under sale and repurchase agreements</u>		
Russian Government Federal bonds	-	4 790
Russian Government eurobonds	1 692	-
Corporate bonds	20 295	17 837
Foreign government bonds	9 160	6 245
Corporate eurobonds	1 776	412
Total pledged under sale and repurchase agreements	32 923	29 284
Total investment financial assets measured at FVOCI – debt instruments	270 181	263 668

Investment financial assets measured at amortised cost

	30 September 2021 (Unaudited)	31 December 2020
<u>Held by the Group</u>		
Russian Government Federal bonds	374	-
Corporate eurobonds	13 053	25 744
Corporate bonds	3 287	722
Promissory notes	-	450
Total held by the Group	16 714	26 916
<u>Pledged under sale and repurchase agreements</u>		
Corporate eurobonds	16 918	6 251
Corporate bonds	-	6 980
Total pledged under sale and repurchase agreements	16 918	13 231
Credit loss allowance	(22)	(614)
Investment financial assets measured at amortized cost	33 610	39 533

Investment financial assets measured at fair value through profit or loss

	30 September 2021 (Unaudited)	31 December 2020
Equity investments	18 571	18 469
Debt instruments	-	1 695
Total investment financial assets measured at FVTPL	18 571	20 164

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

Nine-month period ended 30 September 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 FVOCI - debt instruments				
Balance at the beginning of the period	630	5	-	635
Net charge (recovery)	(312)	(5)	-	(317)
Acquisition of subsidiaries	30	-	-	30
Balance at the end of the period	348	-	-	348
Nine-month period ended 30 September 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 FVOCI - debt instruments				
Balance at the beginning of the period	379	-	-	379
Net charge	411	6	-	417
Balance at the end of the period	790	6	-	796

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

Nine-month period ended 30 September 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	(141)	-	(449)	(590)
Acquisition of subsidiaries	(2)	-	-	(2)
Balance at the end of the period	21	-	1	22
Nine-month period ended 30 September 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	56	-	-	56
Balance at the end of the period	186	-	450	636

During the nine-month period ended 30 September 2021 there were no transfers from 12-month ECL to lifetime ECL on non-credit-impaired assets (31 December 2020: transfers in the amount of RUB 295 million resulted in increase of ECL allowance in the amount of RUB 5 million).

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt instruments as at 30 September 2021 and 31 December 2020:

	30 September 2021 (Unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	
Debt investment securities at amortised cost				
rated from A+ to A-	73	-	-	73
rated from BBB+ to BBB-	24 743	-	-	24 743
rated from BB+ to BB-	6 944	-	-	6 944
rated from B+ to B-	1 764	-	-	1 764
not rated	107	-	1	108
Total	33 631	-	1	33 632
Credit loss allowance	(21)	-	(1)	(22)
Carrying amount	33 610	-	-	33 610
Debt investment securities at FVOCI				
rated from A+ to A-	54	-	-	54
rated from BBB+ to BBB-	245 266	-	-	245 266
rated from BB+ to BB-	6 260	-	-	6 260
rated from B+ to B-	464	-	-	464
not rated	18 137	-	-	18 137
Total	270 181	-	-	270 181
Credit loss allowance	(348)	-	-	(348)
Carrying amount – FV	270 181	-	-	270 181
	31 December 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	
Debt investment securities at amortised cost				
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
Debt investment securities at FVOCI				
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 – FV	263 367	301	-	263 668

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

As at 30 September 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 September 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 12 794 million (31 December 2020: RUB 6 538 million), to Moderate credit risk category RUB 5 343 million (31 December 2020: RUB 11 645 million).

As at 30 September 2021 Investment financial assets balances for ECL calculation for which external benchmark information represents a significant input into measurement of ECL are RUB 199 652 million (31 December 2020: RUB 186 770 million).

15 Due to credit institutions

	30 September 2021 (Unaudited)	31 December 2020
Payables under repurchase agreements	696 476	652 988
Term deposits	23 406	33 751
Current accounts	38 009	34 943
Total due to credit institutions	757 891	721 682

As at 30 September 2021, the FV of securities that serve as collateral under sale and repurchase agreements is RUB 772 708 million (31 December 2020: RUB 715 616 million).

As at 30 September 2021, the FV of securities received as collateral under reverse repurchase agreements deals being pledged for direct repurchase agreements deals is RUB 716 101 million (31 December 2020: RUB 662 534 million).

16 Due to customers

	30 September 2021 (Unaudited)	31 December 2020
Corporate customers		
Term and demand deposits	1 122 828	1 041 375
Current accounts	229 462	149 043
Subordinated debt	44 344	44 896
Term notes	1 744	399
Payables under repurchase agreements	32	285
Total corporate customers	1 398 410	1 235 998
Individuals		
Term and demand deposits	414 474	400 712
Current accounts	126 248	100 805
Total individuals	540 722	501 517
Total due to customers	1 939 132	1 737 515

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

As at 30 September 2021, the FV of securities received as collateral under reverse repurchase agreements deals being pledged for direct repurchase agreements deals is RUB 30 million (31 December 2020: RUB 268 million).

17 Debt securities issued

	30 September 2021 (Unaudited)	31 December 2020
Bonds	245 434	135 824
Subordinated bonds	36 120	35 641
Total debt securities issued	281 554	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.

In July 2021, the Bank placed a full bond issue of series 001P-03 in the amount of RUB 10 billion at par with a fixed coupon rate of 8.35% p.a. and maturity of 3 years.

In August 2021, the Bank placed a full bond issue of series 001P-04 in the amount of RUB 20 billion at par with a fixed coupon rate of 8.42% p.a. and maturity of 4 years.

In September 2021, the Bank placed a second issue of senior Eurobonds in the amount of USD 500 million at par with a fixed coupon rate of 3.875% p.a. and maturity of 5 years.

18 Financial liabilities measured at fair value through profit or loss

	30 September 2021 (Unaudited)	31 December 2020
Structured bonds issued designated at FVTPL	9 174	9 477
Other financial liabilities (DFI)	5 958	9 853
Total financial liabilities measured at FVTPL	15 132	19 330

19 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 September 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 September 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 September 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 22).

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.

In the 3rd quarter of 2021, the Bank repurchased its own shares from minority shareholders in the quantity of 270 074 500 shares at the market price as part of the reorganization of CREDIT BANK OF MOSCOW (public joint-stock company) in the form of a merger with KOLTSO URALA CB LLC.

20 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.

21 Related party transactions

The outstanding balances with related parties and related average interest rates as at 30 September 2021 are as follows (unaudited):

(Unaudited)	Parent company		Management		Associated company		Under control of principal beneficiary		TOTAL
	Amount	AEIR, %	Amount	AEIR, %	Amount	AEIR, %	Amount	AEIR, %	
Cash and cash equivalents	-		-		48		2 925		2 973
Trading financial assets	-		-		-		16 821		16 821
Loans to customers, gross	-		271	8.9%	775	10.2%	25 475	10.3%	26 521
<i>Allowance for credit losses</i>	-		(4)		(4)		(286)		(294)
Other assets	3		5		42		905		955
Due to credit institutions	-		-		500		1 900		2 400
Due to customers									
<i>Term deposits by customers</i>	-		1 298	5.3%	11		6 558	6.2%	7 867
<i>Demand deposits by customers</i>	1 341		390		9		1 639		3 379
Financial liabilities measured at FVTPL	-		-		-		2 223		2 223
Debt securities issued	-		-		-		14 042	8.4%	14 042
Other liabilities	-		1		10	0.0%	612	7.8%	623
Guarantees issued	-		-		112		3 282		3 394

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	AEIR, %	Amount	AEIR, %	Amount	AEIR, %	Amount	AEIR, %	
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 FVTPL	-		-		-		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 September 2021 (unaudited), the company under control of principal beneficiary has an investment in perpetual debt issued in the amount of RUB 8 728 million (31 December 2020: RUB 9 806 million).

During the nine-month period ended 30 September 2021 (unaudited) the company under control of principal beneficiary received coupon payments on perpetual debt issued from the Group in the amount of RUB 1 168 million (nine-month period ended 30 September 2020 (unaudited): 1 213 million).

As at 30 September 2021 (unaudited), the undrawn loan commitments under credit line agreements for principal beneficiary and for management are RUB 65 million (31 December 2020: RUB 77 million).

Amounts included in profit or loss and other comprehensive income for the nine-month period ended 30 September 2021 and 30 September 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	-	20	50	2 182	2 252
Interest expense by customers	(44)	(37)	(17)	(867)	(965)
Commission income	30	-	197	1 020	1 247
Commission expense	-	(1)	(280)	(23)	(304)
Net foreign exchange gains or (loss)	-	-	-	977	977

Amounts included in profit or loss and other comprehensive income for the nine-month period ended 30 September 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	-	22	51	1 038	1 111
Interest expense by customers	(63)	(40)	(22)	(1 519)	(1 644)
Commission income	10	-	108	190	308
Commission expense	-	(1)	(351)	-	(352)
Net foreign exchange gains or (loss)	-	-	-	(2 924)	(2 924)

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

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)
Board Members of the Management Board	(1 040)	(587)
Members of the Supervisory Board	(85)	(89)
	(1 125)	(676)

22 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 September 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 September 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 September 2021 (unaudited) and 31 December 2020 is as follows:

	30 September 2021 (Unaudited)	31 December 2020
Tier 1 capital		
Share capital and additional paid-in capital	111 582	88 902
Retained earnings	127 006	103 990
Treasury stock	(1 788)	-
Intangible assets	(2 143)	(1 611)
Core tier 1 capital	234 657	191 281
Additional capital		
Perpetual debt issued	38 243	41 950
Total tier 1 capital	272 900	233 231
Tier 2 capital		
Revaluation surplus for buildings	411	536
Fair value reserve for securities	(12 842)	(1 107)
Subordinated debt		
Subordinated loans	60 580	65 067
Subordinated bonds	33 520	34 603
Total tier 2 capital	81 669	99 099
Total capital	354 569	332 330
Risk-weighted assets		
Banking book	1 575 752	1 339 205
Trading book	143 547	100 383
Operational risk	117 361	117 361
Total risk weighted assets	1 836 660	1 556 949
Total core tier 1 capital expressed as a percentage of risk-weighted assets (core tier 1 capital ratio) (%)	12.8	12.3
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%)	14.9	15.0
Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%)	19.3	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 CBR 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”.

23 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 banking 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, repurchase agreement 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 September 2021 (Unaudited)	31 December 2020
ASSETS		
Corporate banking	1 109 091	938 577
Retail banking	149 031	133 482
Investment	1 639 879	1 666 707
Treasury	302 561	124 717
Cash operations	20 408	18 092
Subsidiary banks	64 933	34 890

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	30 September 2021 (Unaudited)	31 December 2020
Total assets	3 285 903	2 916 465
LIABILITIES		
Corporate banking	1 392 892	1 241 574
Retail banking	524 028	495 579
Investment	729 835	699 596
Treasury	317 227	211 140
Cash operations	7 375	6 726
Subsidiary banks	51 832	27 354
Total liabilities	3 023 189	2 681 969

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

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Subsidiary banks	Total
Interest income	49 851	11 622	63 293	2 257	105	3 156	130 284
Interest expense	(19 877)	(16 302)	(25 563)	(10 497)	(32)	(945)	(73 216)
Transfer (expense) / income	(13 263)	15 489	(25 447)	23 221	-	-	-
Net interest income	16 711	10 809	12 283	14 981	73	2 211	57 068
(Charge) or recovery for credit losses on debt financial assets	(5 431)	(1 187)	1 156	721	(1)	334	(4 408)
Net interest income after credit losses on debt financial assets	11 280	9 622	13 439	15 702	72	2 545	52 660
Fee and commission income	9 247	3 529	306	301	2 371	2 069	17 823
Fee and commission expense	(163)	(1 793)	(217)	(830)	(35)	(817)	(3 855)
Net loss on loans to customers at FVTPL	(2 290)	-	-	-	-	(7)	(2 297)
Net gain or (loss) on financial assets at FVTPL	1 417	-	(1 632)	(638)	6	-	(847)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI	-	-	54	-	-	(32)	22
Net gain on investment financial assets at FVTPL	98	-	-	-	-	-	98
Net foreign exchange gains or (losses)	280	124	2 669	(14 715)	-	295	(11 347)
Net gain on change in financial liabilities measured at FVTPL	-	-	-	482	-	-	482
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	(62)	(309)	-	10	(42)	93	(310)
State deposit insurance scheme contributions	(62)	(1 437)	-	-	-	(63)	(1 562)
Net other operating income or (expense)	5 613	(173)	(315)	(4 154)	36	119	1 126
Operating income	25 358	9 563	14 304	(3 842)	2 408	4 202	51 993
General administrative and other expenses	(5 085)	(7 950)	(2 643)	(331)	(2 766)	(2 532)	(21 307)
Internal provision of services	(46)	(49)	(390)	485	-	-	-
Segment result before income taxes	20 227	1 564	11 271	(3 688)	(358)	1 670	30 686

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

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Subsidiary banks	Total
Interest income	39 664	11 248	59 564	5 064	26	1 201	116 767
Interest expense	(25 799)	(21 120)	(17 601)	(9 153)	(8)	(545)	(74 226)
Transfer (expense) / income	(2 576)	21 927	(33 027)	13 676	-	-	-
Net interest income	11 289	12 055	8 936	9 587	18	656	42 541
Charge for credit losses on debt financial assets	(7 534)	(7 796)	144	(646)	3	(15)	(15 844)
Net interest income after credit losses on debt financial assets	3 755	4 259	9 080	8 941	21	641	26 697
Fee and commission income	4 852	3 340	(200)	(89)	1 841	645	10 389
Fee and commission expense	(20)	(1 700)	-	(845)	(23)	(169)	(2 757)
Net gain on loans to customers at FVTPL	1 003	-	-	-	-	6	1 009
Net gain on financial assets at FVTPL	32	1	1 723	2 963	-	-	4 719
Net gain from sale and redemption of Investment financial assets at FVOCI	-	-	777	27	-	-	804
Net gain or (loss) on Investment financial assets at FVTPL	2 642	-	-	-	-	-	2 642
Net realised gain on investment financial assets at amortised cost	-	-	139	-	-	-	139
Net foreign exchange (losses) or gains	(2 314)	(201)	2 555	(2 382)	-	17	(2 325)
Net gain on change in financial liabilities measured at FVTPL	-	-	-	(58)	-	-	(58)
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	23	(32)	-	(125)	45	(19)	(108)
State deposit insurance scheme contributions	(95)	(1 531)	-	-	-	(7)	(1 633)
Net other operating (expense) or income	(345)	(382)	(763)	(363)	(26)	4	(1 875)
Operating income	9 533	3 754	13 311	8 069	1 858	1 118	37 643
General administrative and other expenses	(5 011)	(5 013)	(2 012)	(455)	(2 429)	(803)	(15 723)
Internal provision of services	(271)	288	(714)	448	249	-	-
Segment result before income taxes	4 251	(971)	10 585	8 062	(322)	315	21 920

24 Financial assets and liabilities: fair values and accounting classifications

Accounting classifications and fair values

The table below sets out the carrying amounts and FV of financial assets and financial liabilities as at 30 September 2021 (unaudited):

	FVTPL	Amortised cost	FVOCI	Total carrying amount	FV
Cash and cash equivalents	-	1 044 772	-	1 044 772	1 044 772
Obligatory reserves with the CBR	-	26 270	-	26 270	26 270
Due from credit and other financial organizations	-	561 159	-	561 159	561 159
Trading financial assets	117 246	-	-	117 246	117 246
Loans to customers	67 734	1 112 694	-	1 180 428	1 222 198
Investment financial assets	18 571	33 610	270 181	322 362	323 716
Other financial assets	-	13 008	-	13 008	13 008
	203 551	2 791 513	270 181	3 265 245	3 308 369
Deposits by the Central bank of the Russian Federation	-	5 347	-	5 347	5 347
Due to credit institutions	-	757 891	-	757 891	757 891
Due to customers	-	1 939 132	-	1 939 132	1 939 119
Debt securities issued	-	281 554	-	281 554	289 839
Financial liabilities measured at FVTPL	15 132	-	-	15 132	15 132
Other financial liabilities	-	13 615	-	13 615	13 615
	15 132	2 997 539	-	3 012 671	3 020 943

The main assumptions used by management to estimate the FV of financial instruments as at 30 September 2021 are:

- discount rates from 6.6% to 15.8% (roubles) and from 1.4% to 6.4% (foreign currency) are used for discounting future cash flows from corporate loans;
- discount rates from 7.9% to 23.3% (roubles) and from 4.5% to 7.8% (foreign currency) are used for discounting future cash flows from loans to individuals;
- discount rates from 5.8% to 7.1% (roubles) and from 0.4% to 1.5% (foreign currency) are used for discounting future cash flows from corporate deposits;
- discount rates from 3.5% to 7.0% (roubles) and from 0.1% to 0.9% (foreign currency) are used for discounting future cash flows from retail deposits.

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

	FVTPL	Amortised cost	FVOCI	Total carrying amount	FV
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

	FVTPL	Amortised cost	FVOCI	Total carrying amount	FV
	185 819	2 449 699	263 668	2 899 186	2 930 636
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 FVTPL	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 FV 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 FV 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 FV should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

FV 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 FV 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 FV 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 FV 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 FV for loans to customers is based on management's assumptions.

Fair value hierarchy

The Group measures FV for financial instruments recorded in the consolidated interim condensed statement of financial position using the following FV 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 FV as at 30 September 2021 (unaudited) and 31 December 2020:

30 September 2021 (Unaudited)	Level 1	Level 2	Level 3	Total
Trading financial assets	56 448	49 548	11 250	117 246
Loans to customers	-	-	67 734	67 734
Investment financial assets measured at FVTPL	18 455	-	116	18 571
Investment financial assets measured at FVOCI	223 194	25 566	21 421	270 181
Financial liabilities measured at FVTPL	-	15 132	-	15 132

31 December 2020	Level 1	Level 2	Level 3	Total
Trading financial assets	30 565	45 769	2 482	78 816
Loans to customers	-	-	86 839	86 839
Investment financial assets measured at FVTPL	20 053	-	111	20 164
Investment financial assets measured at FVOCI	248 061	5 423	10 184	263 668
Financial liabilities measured at FVTPL	-	19 330	-	19 330

The following tables show an analysis of financial instruments recorded at amortized cost for which FV does not approximate their carrying amount as at 30 September 2021 (unaudited) and 31 December 2020:

30 September 2021 (Unaudited)	Level 1	Level 2	Level 3	Total
Loans to customers	-	-	1 154 464	1 154 464
Investment financial assets measured at amortized cost	34 964	-	-	34 964
Due to customers	-	1 939 119	-	1 939 119
Debt securities issued	289 839	-	-	289 839

31 December 2020	Level 1	Level 2	Level 3	Total
Loans to customers	-	-	951 718	951 718
Investment financial assets measured at amortized cost	33 985	7 606	-	41 591
Due to customers	-	1 743 598	-	1 743 598
Debt securities issued	179 829	-	-	179 829

During the nine-month period ended 30 September 2021 there was transfer of assets between Level 1 and Level 3 in the amount of RUB 8 407 million (unaudited) (31 December 2020: RUB 940 million).

During the nine-month period ended 30 September 2021 there was transfer of assets between Level 2 and Level 3 in the amount of RUB 143 million (unaudited) (31 December 2020: none).

A reconciliation of movements in FV of loans to customers at FVTPL for the nine-month period ended 30 September 2021 and 30 September 2020 is as follows:

	Loans to individuals		Corporate loans	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
FV at beginning of the period	1 676	-	85 163	77 175
Loan issues	4 211	1 813	-	59 622

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	Loans to individuals		Corporate loans	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Loan repayments	(4 705)	(1 415)	(14 554)	(60 395)
Interest income recognised	137	83	1 901	3 070
Changes in FV measurement	(7)	6	(2 290)	1 003
Acquisition of subsidiaries	-	1 207	-	-
Write-offs and cessations	-	-	-	(7 904)
Net foreign exchange (loss) gain	-	-	(3 798)	15 456
FV at the end of period	1 312	1 694	66 422	88 027

A reconciliation of movements in FV of trading and investment financial assets for the nine-month period ended 30 September 2021 and 30 September 2020 is as follows:

	Trading financial assets	Investment financial assets	
	30 September 2021 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
FV at beginning of the period	2 482	10 295	111
Total gains/(losses) reported in profit or loss	(71)	(185)	-
Foreign currency revaluation	(33)	-	-
Total gains/(losses) reported in OCI	-	774	-
Purchases	5 397	10 038	-
Transfers	4 026	4 524	-
Sales	(551)	(4 125)	-
Acquisition of subsidiaries	-	216	-
FV at the end of the period	11 250	21 537	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 FV hierarchy as at 30 September 2021 (unaudited):

Type of instrument	FV	Valuation technique	Significant unobservable input	Unobservable inputs used
Loans to customers at FVTPL	67 734	Discounted cash flow from operating activities	Risk-adjusted discount rate	RUB: 9.2% USD: 10.9% EUR: 2.9% - 4.3%
Trading financial assets	10 515	Discounted cash flow	Credit spread	0.44 – 1.44
Investment financial assets	21 002	Discounted cash flow	Credit spread	0.44 – 1.36
Structured bonds issued designated at FVTPL	9 174	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 Leve 2 and Level 3 in the FV hierarchy as at 31 December 2020:

Type of instrument	FV	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, FV of the loans to customers at FVTPL would be RUB 64 682 million and RUB 72 142 million respectively (31 December 2020: RUB 83 289 million – RUB 88 874 million).

If credit spreads differ by plus/minus one percent, FV of the Trading financial assets would be RUB 10 480 million and RUB 10 551 million respectively (31 December 2020: RUB 2 380 million – RUB 2 411 million).

If credit spreads differ by plus/minus one percent, FV of the Investment financial assets would be RUB 20 958 million and RUB 21 046 million respectively (31 December 2020: RUB 10 156 million – RUB 10 211 million).

25 Earnings per share

Basic earnings per share are calculated by dividing (loss) profit for the nine-month period ended 30 September 2021 by the weighted average number of ordinary shares in issue during the period. Basic earnings per share are calculated as follows:

	Nine-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2020 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Three-month period ended 30 September 2020 (Unaudited)
Profit for the period	24 827	17 102	11 277	7 978
Interest paid on perpetual debt issued, net of tax	(2 367)	(2 493)	(702)	(939)
Total profit for the period	22 460	14 609	10 575	7 039
Weighted average number of ordinary shares in issue	31 471 867 233	29 829 709 866	33 429 709 866	29 829 709 866
Basic and diluted earnings per share (in RUB per share)	0.71	0.49	0.32	0.24

26 Acquisition of subsidiaries

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”.

For the purpose of determining goodwill on acquisition the FV of identifiable assets and liabilities of KOLTSO 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
Due from credit and other financial institutions	-
Investment financial assets	12 316
Loans to customers	10 152
Property and equipment	1 359
Other assets	2 117
LIABILITIES	
Deposits by the Central Bank of the Russian Federation	-
Due to credit institutions	-
Due to customers	31 691
Debt securities issued	-
Other liabilities	593
Identifiable net assets acquired	4 802
Consideration given	4 758
less FV of identifiable net assets acquired	(4 802)
Difference between consideration given and FV of acquired net assets	(44)

The excess of FV 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 KOLTSO URALA CB LLC since the acquisition date included in the consolidated interim condensed statement of profit or loss and other comprehensive income is RUB 742 million.

For the purpose of determining goodwill on acquisition the FV 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	102
LIABILITIES	
Other liabilities	168
Identifiable net assets acquired	183
Consideration given	201
less FV of identifiable net assets acquired	(183)
Excess of consideration given over FV of acquired net assets	18

The excess of cost over FV 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 22 million.

27 Events subsequent to the reporting date

In October 2021, the Group completed all the procedures related to the placement of USD 350 million perpetual subordinated Eurobonds with a coupon rate of 7.625% for the first 5.5 years.

In October 2021, the Bank paid out the 4th coupon in the amount of RUB 416.4 million or RUB 41.64 per bond on domestic bonds series 001P-01. The issue was originally placed on 04 October 2019 (additional issue – 31 October 2019). The nominal value of the issue is RUB 10 billion.

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

In October 2021, Expert RA upgraded MKB's credit rating at "ruA+", stable outlook.

In October 2021, the Bank paid out the 2nd coupon in the amount of RUB 11.4 million or RUB 32.50 per bond on domestic bonds series BSO-P05. The issue was originally placed on 10 October 2019. The nominal value of the issue is RUB 350 million.

In October 2021, S&P Global Ratings upgraded MKB's stand-alone credit profile (SACP) to "bb", and affirmed its issuer credit rating (ICR) at "BB", stable outlook.

In October 2021, the Bank paid out the 2nd coupon in the amount of RUB 40 thousand or RUB 0.05 per bond on domestic bonds series BSO-P20. The issue was originally placed on 27 October 2020. The nominal value of the issue is RUB 800 million.

In November 2021, NRA rating agency assigned a "AA-/ru/" credit rating to MKB, stable outlook.

In November 2021, the Group fully redeemed and paid out the coupon in the amount USD 218.9 million on the senior 5-year 5.875% Eurobonds with the nominal value of USD 500 million.

In November 2021, the Group paid out the coupon in the amount USD 12.0 million on 8.875% perpetual subordinated Loan Participation Notes with the nominal value of USD 700 million.

In November 2021, the Bank paid out the 2nd coupon in the amount of RUB 15.0 million or RUB 30.00 per bond on domestic bonds series BSO-P07. The issue was originally placed on 13 November 2019. The nominal value of the issue is RUB 500 million.