

Report on Review of Interim Financial Information  
*Joint stock company Russian Agricultural Bank  
and its subsidiaries*  
for the nine-month period ended 30 September 2021

*November 2021*

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and its subsidiaries

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## Report on Review of Interim Financial Information

To the Shareholder and Supervisory Board of  
Joint stock company Russian Agricultural Bank

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Joint stock company Russian Agricultural Bank and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 September 2021, the interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (interim financial information). Management of Joint stock company Russian Agricultural Bank is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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 interim 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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



G.A. Shinin  
Partner  
Ernst & Young LLC

11 November 2021

### **Details of the entity**

Name: Joint stock company Russian Agricultural Bank  
Record made in the State Register of Legal Entities on 22 October 2002, State Registration Number 1027700342890.  
Address: Russia 119034, Moscow, Gagarinsky pereulok, 3.

### **Details of the auditor**

Name: Ernst & Young LLC  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".  
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

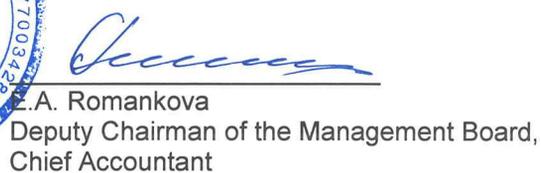
**Russian Agricultural Bank Group**  
**Interim Consolidated Statement of Financial Position**  
**as at 30 September 2021**

<i>In millions of Russian Roubles</i>	Note	30 September 2021 (unaudited)	31 December 2020
<b>Assets</b>			
Cash and cash equivalents		238 386	378 303
Mandatory cash balances with the Bank of Russia		28 826	24 999
Trading securities	5	40 341	42 756
Due from other banks		44 139	43 299
Derivative financial instruments	19	27 822	25 973
Loans and advances to customers	6	2 778 901	2 692 254
Investment securities	7	585 165	492 797
Investment securities pledged under repurchase agreements	7	19 108	-
Current income tax assets		329	186
Deferred income tax asset		13 487	15 291
Intangible assets		14 890	10 825
Premises, equipment and right-of-use assets		57 632	56 681
Other assets		36 181	34 753
Assets classified as held for sale		1 227	1 671
<b>Total assets</b>		<b>3 886 434</b>	<b>3 819 788</b>
<b>Liabilities</b>			
Due to other banks	8	161 826	254 175
Derivative financial instruments	19	6 037	5 416
Customer accounts	9	3 001 284	2 862 321
Promissory notes issued		69 832	67 023
Bonds issued	10	166 049	168 988
Current income tax liability		298	24
Deferred income tax liability		716	1 915
Other liabilities		83 901	73 338
<b>Total liabilities before subordinated debts</b>		<b>3 489 943</b>	<b>3 433 200</b>
Subordinated debts		148 797	151 885
<b>Total liabilities</b>		<b>3 638 740</b>	<b>3 585 085</b>
<b>Equity</b>			
Share capital		480 733	470 733
Perpetual bonds	11	51 369	52 296
Revaluation reserve for premises		2 744	2 789
Revaluation reserve for investment securities at fair value through other comprehensive income		(3 637)	3 599
Accumulated loss		(283 514)	(294 591)
<b>Equity attributable to the Bank's shareholder</b>		<b>247 695</b>	<b>234 826</b>
Non-controlling interest		(1)	(123)
<b>Total equity</b>		<b>247 694</b>	<b>234 703</b>
<b>Total liabilities and equity</b>		<b>3 886 434</b>	<b>3 819 788</b>

Approved for issue and signed on behalf of the Management Board on 11 November 2021.

  
 B.P. Listov  
 Chairman of the Management Board



  
 E.A. Romankova  
 Deputy Chairman of the Management Board,  
 Chief Accountant

**Russian Agricultural Bank Group**  
**Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the nine months ended 30 September 2021**

<i>(Unaudited)</i>		For the nine months ended 30 September		For the three months ended 30 September	
<i>In millions of Russian Roubles</i>	Note	2021	2020	2021	2020
Interest income at effective interest rate	12	177 755	166 934	63 875	53 397
Other interest income	12	8 967	7 166	3 340	2 688
Interest expense	12	(116 039)	(116 391)	(40 134)	(37 104)
<b>Net interest income</b>		<b>70 683</b>	<b>57 709</b>	<b>27 081</b>	<b>18 981</b>
Credit loss expense	13	(21 400)	(24 276)	(11 263)	(3 747)
<b>Net interest income after credit loss expense</b>		<b>49 283</b>	<b>33 433</b>	<b>15 818</b>	<b>15 234</b>
Fee and commission income	14	25 093	17 851	7 236	7 296
Fee and commission expense	14	(2 668)	(2 385)	(1 003)	(877)
(Losses net of gains)/gains less losses from trading securities		(814)	(202)	85	24
Gains less losses/(losses net of gains) from financial instruments and loans to customers at fair value through profit or loss		2 401	(689)	882	(500)
Gains less losses/(losses net of gains) from investment securities at fair value through other comprehensive income		467	2 507	(259)	727
Foreign exchange translation (Losses net of gains)/gains less losses		(4 327)	17 268	(1 666)	11 962
Gains less losses/(losses net of gains) from derivative financial instruments		1 026	(10 803)	723	(9 945)
Gains less losses from dealing in foreign currencies		2 021	1 470	581	336
Gains from non-banking activities		14 248	16 686	4 864	5 197
Losses from non-banking activities		(14 068)	(15 643)	(4 915)	(4 908)
Losses from disposal of subsidiaries	22	(485)	(976)	(485)	-
Other operating income		1 423	1 485	822	322
Administrative and other operating expenses		(54 864)	(47 424)	(18 675)	(15 095)
<b>Profit before tax</b>		<b>18 736</b>	<b>12 578</b>	<b>4 008</b>	<b>9 773</b>
Income tax expense		(4 625)	(2 719)	(3 026)	(1 324)
<b>Profit for the period</b>		<b>14 111</b>	<b>9 859</b>	<b>982</b>	<b>8 449</b>
<b>Profit/(loss) is attributable to:</b>					
Shareholder of the Bank		14 113	9 872	982	8 449
Non-controlling interest		(2)	(13)	-	-
<b>Profit for the period</b>		<b>14 111</b>	<b>9 859</b>	<b>982</b>	<b>8 449</b>
<b>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</b>					
Debt securities at fair value through other comprehensive income:					
- Net losses on debt securities at fair value through other comprehensive income		(7 328)	(1 177)	(965)	(3 591)
- Realised revaluation reserve on debt securities (at disposal)		(467)	(2 507)	259	(727)
- Changes in allowance for expected credit losses of debt securities at fair value through other comprehensive income		(367)	208	(181)	(214)
Income tax release/(expense)		926	(123)	166	574
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>(7 236)</b>	<b>(3 599)</b>	<b>(721)</b>	<b>(3 958)</b>
<b>Total other comprehensive loss</b>		<b>(7 236)</b>	<b>(3 599)</b>	<b>(721)</b>	<b>(3 958)</b>
<b>Total comprehensive income for the period</b>		<b>6 875</b>	<b>6 260</b>	<b>261</b>	<b>4 491</b>
<b>Total comprehensive income/(loss) for the period is attributable to:</b>					
Shareholder of the Bank		6 877	6 273	261	4 491
Non-controlling interest		(2)	(13)	-	-
<b>Total comprehensive income for the period</b>		<b>6 875</b>	<b>6 260</b>	<b>261</b>	<b>4 491</b>

The notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

**Russian Agricultural Bank Group**  
**Interim Consolidated Statement of Changes in Equity**  
**for the nine months ended 30 September 2021**

<i>In millions of Russian Roubles</i>	Attributable to shareholder of the Bank						Non-controlling interest	Total equity
	Share capital	Perpetual bonds	Revaluation reserve for premises	Revaluation reserve for investment securities	Accumulated loss	Total		
<b>Balance at 31 December 2019</b>	<b>440 233</b>	<b>48 398</b>	<b>2 829</b>	<b>6 733</b>	<b>(298 842)</b>	<b>199 351</b>	<b>(101)</b>	<b>199 250</b>
Income for the period, net of tax	-	-	-	-	9 872	<b>9 872</b>	(13)	<b>9 859</b>
Other comprehensive income for the period, net of tax	-	-	-	(3 599)	-	<b>(3 599)</b>	-	<b>(3 599)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 599)</b>	<b>9 872</b>	<b>6 273</b>	<b>(13)</b>	<b>6 260</b>
Share issue	20 000	-	-	-	-	<b>20 000</b>	-	<b>20 000</b>
Realised revaluation reserve for premises	-	-	(40)	-	40	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	(11)	(11)
Buy back of perpetual bonds	-	(9)	-	-	-	<b>(9)</b>	-	<b>(9)</b>
Foreign exchange translation of perpetual bonds	-	4 442	-	-	(4 442)	-	-	-
Dividends declared	-	-	-	-	(115)	<b>(115)</b>	-	<b>(115)</b>
Coupon paid and due under perpetual bonds	-	-	-	-	(2 795)	<b>(2 795)</b>	-	<b>(2 795)</b>
<b>Balance at 30 September 2020 (unaudited)</b>	<b>460 233</b>	<b>52 831</b>	<b>2 789</b>	<b>3 134</b>	<b>(296 282)</b>	<b>222 705</b>	<b>(125)</b>	<b>222 580</b>
<b>Balance at 31 December 2020</b>	<b>470 733</b>	<b>52 296</b>	<b>2 789</b>	<b>3 599</b>	<b>(294 591)</b>	<b>234 826</b>	<b>(123)</b>	<b>234 703</b>
Profit for the period, net of tax	-	-	-	-	14 113	<b>14 113</b>	(2)	<b>14 111</b>
Other comprehensive income for the period, net of tax	-	-	-	(7 236)	-	<b>(7 236)</b>	-	<b>(7 236)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 236)</b>	<b>14 113</b>	<b>6 877</b>	<b>(2)</b>	<b>6 875</b>
Share issue	10 000	-	-	-	-	<b>10 000</b>	-	<b>10 000</b>
Realised revaluation reserve for premises	-	-	(45)	-	45	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	124	<b>124</b>
Buy back of perpetual bonds	-	(107)	-	-	-	<b>(107)</b>	-	<b>(107)</b>
Sale of previously bought back perpetual bonds	-	107	-	-	-	<b>107</b>	-	<b>107</b>
Foreign exchange translation of perpetual bonds	-	(927)	-	-	927	-	-	-
Dividends paid	-	-	-	-	(1 160)	<b>(1 160)</b>	-	<b>(1 160)</b>
Coupon paid and due under perpetual bonds	-	-	-	-	(2 848)	<b>(2 848)</b>	-	<b>(2 848)</b>
<b>Balance at 30 September 2021 (unaudited)</b>	<b>480 733</b>	<b>51 369</b>	<b>2 744</b>	<b>(3 637)</b>	<b>(283 514)</b>	<b>247 695</b>	<b>(1)</b>	<b>247 694</b>

The notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

**Russian Agricultural Bank Group**  
**Interim Consolidated Statement of Cash Flows**  
**for the nine months ended 30 September 2021**

<i>(Unaudited)</i> In millions of Russian Roubles	For the nine months ended 30 September	
	2021	2020
<b>Cash flows from operating activities</b>		
Interest received	184 686	177 492
Interest paid	(108 225)	(110 289)
Income received from trading in securities and financial instruments at fair value through profit or loss	457	18
Income received/(expenses incurred) from derivative financial instruments	1 341	(6 152)
Income received from dealing in foreign currencies	1 943	1 822
Fees and commissions received	25 022	17 799
Fees and commissions paid	(2 668)	(2 385)
Other operating income received/(expenses incurred)	539	(14)
Net income received from insurance operations	11 088	10 973
Income received from non-banking activities	1 623	3 730
Losses incurred from non-banking activities	(639)	(3 771)
Administrative and other operating expenses paid	(50 376)	(43 110)
Taxes paid	(3 255)	(2 648)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>61 536</b>	<b>43 465</b>
<b>Changes in operating assets and liabilities</b>		
<i>Net (increase)/decrease in operating assets</i>		
Mandatory cash balances with the Bank of Russia	(3 827)	(1 658)
Trading securities	1 277	(18 765)
Due from other banks	(3 598)	19 335
Loans and advances to customers	(117 999)	(287 320)
Other assets	(7 552)	(15 620)
<i>Net increase/(decrease) in operating liabilities</i>		
Due to other banks	(91 957)	36 847
Customer accounts	150 703	70 742
Promissory notes issued	3 071	11 977
Other liabilities	4 765	(2 595)
<b>Net cash used in operating activities</b>	<b>(3 581)</b>	<b>(143 592)</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(4 772)	(7 502)
Proceeds from disposal of premises and equipment	1 133	1 019
Acquisition of intangible assets	(5 174)	(1 912)
Acquisition of investment securities at FVTPL	(2 792)	(570)
Acquisition of investment securities at FVTPL (mandatory)	(26 442)	(32 985)
Proceeds from sales of investment securities at FVTPL (mandatory)	15 437	-
Acquisition of investment securities at FVOCI	(438 245)	(254 955)
Proceeds from redemption and sales of investment securities at FVOCI	322 856	203 281
Acquisition of investment securities at amortised cost	(4 700)	(7 707)
Proceeds from redemption of investment securities at amortised cost	13 214	14 600
Proceeds from disposal of subsidiaries less cash and cash equivalents disposed of as a result of the sale	(16)	189
Dividends received	4	5
<b>Net cash used in investing activities</b>	<b>(129 497)</b>	<b>(86 537)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1 160)	-
Amounts paid on perpetual bonds	(3 567)	(3 519)
Buy back of perpetual bonds	(107)	(9)
Proceeds from sale of previously bought back perpetual bonds	107	-
Buy back of subordinated debt	(4 331)	(5 681)
Proceeds from sale of previously bought back subordinated debts	681	1 537
Proceeds from bonds issued	30 200	6 008
Buy back of bonds issued at or prior to put option date	(4 611)	(6 798)
Proceeds from sale of previously bought back bonds issued on domestic market	21 848	-
Repayment of bonds and Eurobonds issued	(51 305)	(21 155)
Payments in respect of lease obligations (IFRS 16)	(1 557)	(548)
Issue of ordinary shares	10 000	20 000
Proceeds from sale of non-controlling interests in consolidated mutual funds	74	70
Payments on disposal of non-controlling interests in consolidated mutual funds	(39)	(43)
<b>Net cash used in financing activities</b>	<b>(3 767)</b>	<b>(10 138)</b>
Effect of exchange rate changes on cash and cash equivalents	(3 084)	19 578
Effect of expected credit losses on cash and cash equivalents	12	-
<b>Net decrease in cash and cash equivalents</b>	<b>(139 917)</b>	<b>(220 689)</b>
Cash and cash equivalents at the beginning of the period	378 303	403 564
<b>Cash and cash equivalents at the end of the period</b>	<b>238 386</b>	<b>182 875</b>

## 1 Introduction

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) for the nine months ended 30 September 2021 for Joint stock company Russian Agricultural Bank (the “Bank”) and its subsidiaries (together referred to as the “Group”).

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a joint stock company limited by shares and was set up in accordance with Russian regulations.

The Bank’s only shareholder is the Russian Federation acting through the Federal Agency for Managing State Property which holds the Bank’s issued and outstanding ordinary shares (80.46% from total share capital (31 December 2020: 80.04% from total share capital)), the Ministry of Finance of the Russian Federation which holds the Bank’s issued and outstanding preference shares (5.21% from total share capital (31 December 2020: 5.32% from total share capital)) and the State Corporation “Deposit Insurance Agency” which holds the Bank’s issued and outstanding preference shares (14.33% from total share capital (31 December 2020: 14.64% from total share capital)).

The Group’s structure comprises of the Bank and its subsidiaries. Principal subsidiaries of the Bank are Joint-stock company “RSHB-Insurance” (ownership interest of the Bank is 100%), RSHB Capital S.A. (Luxembourg) (structured entity incorporated for Eurobonds issue for the Bank), “RSHB Asset Management” Limited Liability Company (ownership interest of the Bank is 100%), “RSHB Factoring” Limited Liability Company (ownership interest of the Bank is 100%), “RSHB Leasing” Limited Liability Company (ownership interest of the Bank is 100%) and 25 companies operating in agricultural and other industries and mutual funds.

**Principal activity.** The Bank’s principal business activity is commercial and retail banking operations in the Russian Federation with emphasis on lending to agricultural enterprises. The main objectives of the Bank are:

- To participate in realisation of the monetary policy of the Russian Federation in the area of agricultural production;
- To develop within the agricultural industry a national system of lending to the domestic agricultural producers; and
- To maintain an effective and uninterrupted performance of the settlement system in the area of agricultural production across the Russian Federation.

The Bank has operated under a full banking license issued by the Bank of Russia since 13 June 2000. The Bank participates in the State deposit insurance scheme, which was introduced by Federal Law # 177-FZ *Deposits of Individuals Insurance in Russian Federation* dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual and/or individual entrepreneur current accounts and deposits up to RR 1 400 thousand per individual or individual entrepreneur. Since 2019, similar guarantees are applied to legal entities considered in accordance with the legislation as small enterprises. Since 2020, the guaranteed reimbursement also applies to other individual cases, the maximum amount of payments for which is not more than RR 10 000 thousand.

The Bank has 66 (31 December 2020: 66) branches within the Russian Federation. The Bank’s registered address is 119034 Russia, Moscow, Gagarinsky pereulok, 3. The Bank’s principal place of business is 123112 Russia, Moscow, Presnenskaya naberezhnaya, 10, building 2.

The number of the Group’s employees as at 30 September 2021 was 32 503 (31 December 2020: 31 900).

**Presentation currency.** These interim condensed consolidated financial statements are presented in Russian Roubles (“RR”). All amounts are expressed in RR millions unless otherwise stated.

## **2 Operating Environment of the Group**

**Russian Federation.** The economy of the Russian Federation exhibits some characteristic features inherent in developing markets. Legal, tax and administrative systems are subject to frequent changes and allow various interpretations. The country's economy is especially sensitive to changes in oil and gas prices. Continuing international sanctions against some Russian companies, including Joint stock company Russian Agricultural Bank, and citizens still have a negative impact on the Russian economy.

Due to the ongoing COVID-19 coronavirus pandemic, the Russian Federation has maintained various measures to fight the COVID-19 pandemic. These measures affected the global supply chain, the demand for goods and services, and also had a significant impact on the level and scale of business activity of market participants.

During the nine months ended 30 September 2021, there continues to be significant volatility in the stock, currency and commodity markets, including fluctuations in the price of oil and stock indices, as well as the exchange rate of the Rouble against the US Dollar and the Euro.

In the period of 2020 and nine months of 2021, the Russian economy was affected by the unstable market situation and the slowdown in economic growth in other countries of the world, as well as instability in the capital markets and deterioration of liquidity in the banking sector.

The Group monitors its current liquidity position on a daily basis and considers it sufficient for the sustainable functioning of the Group.

Such economic environment has a significant impact on the Group's operations and financial position. Management takes all necessary measures to ensure the sustainability of the Group's operations. However, the future consequences of the current economic situation are difficult to predict, and current expectations and management estimates may differ from actual results.

During the nine months ended 30 September 2021, the following were the key changes in selected macro-economic indicators:

- The Bank of Russia exchange rate appreciated from RR 73.8757 to RR 72.7608 per US Dollar;
- The Bank of Russia key rate increased from 4.25% p.a. to 6.75% p.a.;
- The RTS index increased from 1 387.5 to 1 777.7.

## **3 Summary of Significant Accounting Policies**

**Basis of preparation.** These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS.

The functional currency of the Bank and its subsidiaries, and the Group's presentation currency is the national currency of the Russian Federation, Russian Roubles. As at 30 September 2021 the principal rates of exchange used for translating foreign currency balances were USD 1 = RR 72.7608 (31 December 2020: USD 1 = RR 73.8757), EUR 1 = RR 84.8755 (31 December 2020: EUR 1 = RR 90.6824).

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the changes introduced as at 1 January 2021 or as at the date indicated.

### 3 Summary of Significant Accounting Policies (Continued)

#### ***New requirements effective from 1 January 2021***

##### ***Interest Rate Benchmark Reform — Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.***

In August 2020 the IASB issued *Interest Rate Benchmark Reform — Phase 2* Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, (IBOR reform Phase 2) to address the accounting issues which arise upon the replacement of an IBOR with a RFR.

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The amendments did not have a significant impact on the Group's consolidated financial statements.

#### ***New requirements effective from 1 January 2022 or later***

##### ***IFRS 9 Financial Instruments — Fees in the '10 per cent' test for derecognition of financial liabilities.***

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

***IFRS 17 Insurance Contracts.*** In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. In 2021, the Group will continue to assess the potential effect of IFRS 17 on its consolidated financial statements.

#### 4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The accounting estimates and judgements applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2020.

Judgements that have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include:

**Expected credit losses (ECL) / Impairment losses on financial assets.** The measurement of impairment losses both under IFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit rating model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs. Thus, the functional dependence of the level of defaults on macroeconomic factors is determined by evaluating the regression between the values of the default level and various transformations of this indicator taking into account macroeconomic factors such as GDP growth rate, growth rate of the agro-industrial complex, oil prices, inflation rate, etc.;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

**Fair value of financial instruments.** Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Additional details are provided in Note 20.

**Fair value of derivatives.** The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect fair values at the reporting period. Refer to Note 19.

**Deferred income tax asset recognition.** The recognised deferred tax asset represents income taxes recoverable through future deductions from taxable profits, and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium term business plan prepared by management and extrapolated results thereafter.

The business plan is based on management expectations that are believed to be reasonable under the circumstances and approved by the management of the Bank. A key assumption in the business plan is to obtain profits in subsequent financial years through widening of product range and client base.

**Structured entities.** The Group considers RSHB Capital S.A. incorporated for Eurobonds issue for the Bank as consolidated structured entity under IFRS 12 requirements. As at 30 September 2021 the Group guarantees all obligations of the consolidated structured entity represented by subordinated debts in the amount of RR 24 642 million (31 December 2020: subordinated debts in the amount of RR 27 869 million). During nine months ended 30 September 2021 and the year ended 31 December 2020 the Group did not provide any other financial support to the consolidated structured entity. The Group has no other current obligation or intention neither to provide financial or other support to the consolidated structured entity nor to assist it in obtaining financial support.

## 5 Trading Securities

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Federal loan bonds (OFZ)	34 173	35 397
Corporate bonds	6 168	7 359
<b>Total trading securities</b>	<b>40 341</b>	<b>42 756</b>

Trading securities are carried at fair value which also reflects any credit risk related write-downs.  
Refer to Note 20 for the disclosure of fair value hierarchy for trading securities.

## 6 Loans and Advances to Customers

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>Loans to legal entities</b>	<b>2 376 430</b>	<b>2 324 223</b>
- Loans to corporates	2 375 117	2 322 603
- Lending for food interventions	1 313	1 620
<b>Loans to individuals</b>	<b>621 899</b>	<b>563 390</b>
<b>Total loans and advances to customers at amortised cost (before impairment)</b>	<b>2 998 329</b>	<b>2 887 613</b>
Less: allowance for impairment	(276 200)	(278 534)
<b>Total loans and advances to customers at amortised cost</b>	<b>2 722 129</b>	<b>2 609 079</b>
Loans to customers at fair value through profit or loss	56 772	83 175
<b>Total loans and advances to customers</b>	<b>2 778 901</b>	<b>2 692 254</b>

Lending for food interventions is represented by loans to the company under the control of the Russian Federation.

As at 30 September 2021, the Group has loans before impairment to ten largest borrowers (groups of borrowers) in the total amount of RR 775 873 million, or 26% of total loans and advances to customers before impairment (31 December 2020: the Group has loans before impairment to ten largest borrowers (groups of borrowers) in the total amount of RR 823 681 million, or 29% of total loans and advances to customers before impairment).

Certain loans to customers did not meet the SPPI criterion. Therefore, Group classifies these loans as financial assets at FVTPL.

The Group makes estimates and judgments, which are constantly analyzed based on statistical data, forecast information, and management experience, including expectations regarding future events that are reasonable in the light of current circumstances.

**6 Loans and Advances to Customers (Continued)**

An analysis of changes in the ECL allowances during the nine months ended 30 September 2021 is, as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>Loans to legal entities</b>					
<b>ECL as at 1 January 2021</b>	<b>20 681</b>	<b>26 175</b>	<b>203 177</b>	<b>3 543</b>	<b>253 576</b>
Transfers to Stage 1	770	(768)	(2)	-	-
Transfers to Stage 2	(1 012)	4 797	(3 785)	-	-
Transfers to Stage 3	(101)	(165)	266	-	-
Impact on period end ECL of exposures transferred between stages during the period and changes to models and inputs used for ECL calculations (including expense on new issue and income from repayments)	(2 718)	12 893	6 413	1 780	<b>18 368</b>
Unwind of discount (recognised in interest income)	-	-	1 908	-	<b>1 908</b>
Amounts written off	-	-	(3 747)	-	<b>(3 747)</b>
Foreign exchange adjustments	(40)	(508)	(12)	(83)	<b>(643)</b>
Allowance for loans sold during the period	-	-	(19 775)	-	<b>(19 775)</b>
Recovery of loans previously written off sold during the period	-	-	99	-	<b>99</b>
Recovery of loans previously written off	-	-	44	-	<b>44</b>
<b>ECL as at 30 September 2021</b>	<b>17 580</b>	<b>42 424</b>	<b>184 586</b>	<b>5 240</b>	<b>249 830</b>

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans to individuals</b>				
<b>ECL as at 1 January 2021</b>	<b>3 394</b>	<b>839</b>	<b>20 724</b>	<b>24 957</b>
Transfers to Stage 1	434	(184)	(250)	-
Transfers to Stage 2	(73)	260	(187)	-
Transfers to Stage 3	(172)	(430)	602	-
Impact on period end ECL of exposures transferred between stages during the period and changes to models and inputs used for ECL calculations (including expense on new issue and income from repayments)	701	512	2 498	<b>3 711</b>
Unwind of discount (recognised in interest income)	-	-	187	<b>187</b>
Amounts written off	-	-	(672)	<b>(672)</b>
Allowance for loans sold during the period	-	-	(1 813)	<b>(1 813)</b>
<b>ECL as at 30 September 2021</b>	<b>4 284</b>	<b>997</b>	<b>21 089</b>	<b>26 370</b>

## 6 Loans and Advances to Customers (Continued)

An analysis of changes in the ECL allowances during the nine months ended 30 September 2020 is, as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loans to legal entities</b>					
<b>ECL as at 1 January 2020</b>	<b>13 320</b>	<b>21 721</b>	<b>236 372</b>	<b>1 409</b>	<b>272 822</b>
Transfers to Stage 1	2 953	(2 861)	(92)	-	-
Transfers to Stage 2	(857)	4 422	(3 565)	-	-
Transfers to Stage 3	(218)	(6 569)	6 787	-	-
Impact on period end ECL of exposures transferred between stages during the period and changes to models and inputs used for ECL calculations (including expense on new issue and income from repayments)	3 954	(3 529)	12 284	412	<b>13 121</b>
Unwind of discount (recognised in interest income)	-	-	3 410	-	<b>3 410</b>
Amounts written off	-	-	(3 449)	-	<b>(3 449)</b>
Foreign exchange adjustments	1 207	2 839	693	-	<b>4 739</b>
Allowance for loans sold during the period	(211)	(220)	(27 724)	-	<b>(28 155)</b>
Recovery of loans previously written off sold during the period	-	-	161	-	<b>161</b>
Recovery of loans previously written off	-	-	144	-	<b>144</b>
Disposal of subsidiaries	-	-	194	-	<b>194</b>
<b>ECL as at 30 September 2020</b>	<b>20 148</b>	<b>15 803</b>	<b>225 215</b>	<b>1 821</b>	<b>262 987</b>

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loans to individuals</b>				
<b>ECL as at 1 January 2020</b>	<b>2 677</b>	<b>880</b>	<b>29 659</b>	<b>33 216</b>
Transfers to Stage 1	334	(106)	(228)	-
Transfers to Stage 2	(89)	438	(349)	-
Transfers to Stage 3	(182)	(573)	755	-
Impact on period end ECL of exposures transferred between stages during the period and changes to models and inputs used for ECL calculations (including expense on new issue and income from repayments)	1 376	545	3 491	<b>5 412</b>
Unwind of discount (recognised in interest income)	-	-	576	<b>576</b>
Amounts written off	-	-	(6 897)	<b>(6 897)</b>
Allowance for loans sold during the period	-	-	(3 064)	<b>(3 064)</b>
<b>ECL as at 30 September 2020</b>	<b>4 116</b>	<b>1 184</b>	<b>23 943</b>	<b>29 243</b>

Refer to Note 20 for the disclosure of fair value of each class of loans and advances to customers and fair value hierarchy for loans and advances to customers. The information on related party transactions is disclosed in Note 21.

## 7 Investment Securities

Investment securities including those pledged under repurchase agreements comprise:

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Investment securities at fair value through other comprehensive income	485 686	380 456
Investment securities at fair value through profit or loss (mandatory)	78 393	66 646
Investment securities at amortised cost	36 499	44 777
Investment securities at fair value through profit or loss	3 695	918
<b>Total investment securities</b>	<b>604 273</b>	<b>492 797</b>

Investment securities at fair value through other comprehensive income and investment securities at amortised cost are included in Stage 1 for ECL calculations.

<i>In millions of Russian Roubles</i>	<b>31 September 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>Investment securities at fair value through other comprehensive income</b>		
Federal loan bonds (OFZ)	250 362	221 834
Bank of Russia bonds	90 831	-
Corporate bonds	81 130	98 008
Corporate Eurobonds	32 266	53 139
State Eurobonds	5 854	-
Foreign government bonds	4 405	45
Municipal and subfederal bonds	1 603	7 307
<b>Total debt securities at fair value through other comprehensive income</b>	<b>466 451</b>	<b>380 333</b>
Federal loan bonds (OFZ)	9 942	-
Corporate Eurobonds	9 166	-
<b>Total debt securities at fair value through other comprehensive income pledged under repurchase agreements</b>	<b>19 108</b>	<b>-</b>
Equity securities	127	123
<b>Total investment securities at fair value through other comprehensive income</b>	<b>485 686</b>	<b>380 456</b>

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>Investment securities at amortised cost</b>		
Federal loan bonds (OFZ)	14 091	11 721
Corporate bonds	13 771	24 381
Municipal and subfederal bonds	6 074	6 661
Corporate Eurobonds	2 710	2 262
Less: allowance for impairment	(147)	(248)
<b>Total investment securities at amortised cost</b>	<b>36 499</b>	<b>44 777</b>

## 7 Investment Securities (Continued)

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>Investment securities at fair value through profit or loss (mandatory)</b>		
Corporate bonds	70 836	59 139
Credit linked notes	2 205	2 198
Investments in mutual funds	83	104
<b>Total debt securities at fair value through profit or loss (mandatory)</b>	<b>73 124</b>	<b>61 441</b>
Equity securities	5 269	5 205
<b>Total investment securities at fair value through profit or loss (mandatory)</b>	<b>78 393</b>	<b>66 646</b>

Refer to Note 20 for the disclosure of the fair value hierarchy for investment securities.

## 8 Due to Other Banks

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Correspondent accounts and overnight placements of other banks	33 672	25 331
Borrowings from other banks with term to maturity:		
- repo deals less than 30 days	8 553	23
- less than 30 days	14 928	17 765
- from 31 to 180 days	36 177	105 688
- from 181 days to 1 year	-	76
- from 1 year to 3 years	15 700	15 889
- more than 3 years	6	2 298
Borrowings from the Bank of Russia with term to maturity:		
- repo deals from 31 to 180 days	9 564	-
- less than 30 days	1 112	39
- from 31 to 180 days	1 242	38 036
- from 181 days to 1 year	3 828	9 741
- more than 1 year	37 044	39 289
<b>Total due to other banks</b>	<b>161 826</b>	<b>254 175</b>

Refer to Note 20 for the disclosure of the fair value and fair value hierarchy for due to other banks. The information on related party transactions is disclosed in Note 21.

## 9 Customer Accounts

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
State and public organisations		
- Current/settlement accounts	21 227	28 317
- Term deposits	473 362	326 475
Other legal entities		
- Current/settlement accounts	342 714	277 044
- Term deposits	722 613	888 097
Individuals		
- Current/demand accounts	313 828	239 398
- Term deposits	1 127 540	1 102 990
<b>Total customer accounts</b>	<b>3 001 284</b>	<b>2 862 321</b>

State and public organisations exclude state-controlled joint stock companies.

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>		<b>31 December 2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals	1 441 368	48	1 342 388	47
State and public organisations	494 589	16	354 792	12
Manufacturing	290 499	10	302 868	11
Agriculture	200 521	7	176 649	6
Construction	151 130	5	150 251	5
Trading	87 987	3	130 824	5
Financial services and pension funds	64 417	2	91 134	3
Insurance	62 595	2	52 809	2
Real estate	27 476	1	39 124	1
Transport	18 871	1	21 280	1
Leasing	602	-	3 608	-
Communication	1 378	-	3 315	-
Other	159 851	5	193 279	7
<b>Total customer accounts</b>	<b>3 001 284</b>	<b>100</b>	<b>2 862 321</b>	<b>100</b>

Refer to Note 20 for the disclosure of the fair value and fair value hierarchy for customer accounts. The information on related party transactions is disclosed in Note 21.

## 10 Bonds Issued

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Bonds issued on domestic market	166 049	168 988
<b>Total bonds issued</b>	<b>166 049</b>	<b>168 988</b>

As at 30 September 2021, bonds issued consist of Russian Roubles and US Dollars denominated bonds issued on domestic market with a coupon rate up to 10.50% per annum and maturity in 2021-2038 (31 December 2020: Russian Roubles denominated bonds issued on domestic market with a coupon rate up to 10.50% per annum and maturity in 2021-2038).

Refer to Note 20 for the disclosure of the fair value and fair value hierarchy for bonds issued.

## 11 Perpetual Bonds

As at 30 September 2021, the Group's perpetual bonds in circulation equal to RR 51 369 million (as at 31 December 2020: RR 52 296 million).

As at 30 September 2021, perpetual bonds consist of Russian Roubles, US Dollars and Euros denominated bonds issued on domestic market.

<b>Currency of denomination</b>	<b>Nominal value, in million of currency, in circulation</b>	<b>Carrying amount, in millions of Russian Roubles</b>	<b>Year of issue</b>	<b>Coupon rate</b>
Russian Roubles	35 000	35 000	2016-2018	9.00%-14.50%
US Dollars	50	3 638	2018	9.00%
Euros	150	12 731	2019	5.00%

As at 31 December 2020, perpetual bonds consist of Russian Roubles, US Dollars and Euros denominated bonds issued on domestic market.

<b>Currency of denomination</b>	<b>Nominal value, in million of currency, in circulation</b>	<b>Carrying amount, in millions of Russian Roubles</b>	<b>Year of issue</b>	<b>Coupon rate</b>
Russian Roubles	35 000	35 000	2016-2018	9.00%-14.50%
US Dollars	50	3 694	2018	9.00%
Euros	150	13 602	2019	5.00%

## 12 Interest Income and Expense

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>For the nine months ended 30 September</b>		<b>For the three months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Interest income on debt financial assets carried at amortised cost</b>				
Loans and advances to legal entities	111 364	102 442	40 714	33 673
Loans and advances to individuals	42 379	39 320	14 928	13 035
Cash equivalents	3 630	4 663	660	428
Investment securities at amortised cost	1 902	2 249	562	698
Due from other banks	1 730	1 491	620	285
	<b>161 005</b>	<b>150 165</b>	<b>57 484</b>	<b>48 119</b>
<b>Interest income on debt financial assets carried at fair value through other comprehensive income</b>				
Investment securities at FVOCI including pledged under repurchase agreements	16 750	16 769	6 391	5 278
	<b>16 750</b>	<b>16 769</b>	<b>6 391</b>	<b>5 278</b>
<b>Total interest income at effective interest rate</b>	<b>177 755</b>	<b>166 934</b>	<b>63 875</b>	<b>53 397</b>
Investment securities at fair value through profit or loss	4 395	2 861	1 758	979
Loans to customers at fair value through profit or loss	2 334	2 194	824	870
Trading securities	2 238	2 111	758	839
<b>Total other interest income</b>	<b>8 967</b>	<b>7 166</b>	<b>3 340</b>	<b>2 688</b>
<b>Interest expense at effective interest rate</b>				
Term deposits of individuals	(41 701)	(46 520)	(13 915)	(15 218)
Term deposits of legal entities	(40 870)	(39 515)	(15 690)	(11 638)
Bonds issued	(9 346)	(10 164)	(2 876)	(3 290)
Subordinated debts	(7 465)	(6 183)	(2 386)	(2 358)
Current/settlement accounts	(6 952)	(6 527)	(2 314)	(1 946)
Term deposits of other banks	(3 454)	(1 509)	(997)	(546)
Term deposits of the Bank of Russia	(3 274)	(3 381)	(964)	(1 167)
Promissory notes issued	(2 496)	(2 124)	(834)	(783)
<b>Total interest expense at effective interest rate</b>	<b>(115 558)</b>	<b>(115 923)</b>	<b>(39 976)</b>	<b>(36 946)</b>
Lease liabilities	(481)	(468)	(158)	(158)
<b>Total other interest expense</b>	<b>(481)</b>	<b>(468)</b>	<b>(158)</b>	<b>(158)</b>
<b>Net interest income</b>	<b>70 683</b>	<b>57 709</b>	<b>27 081</b>	<b>18 981</b>

During the nine months ended 30 September 2021, the Group made payments to the Deposit Insurance Fund in the amount of RR 5 259 million (for the nine months ended 30 September 2020: RR 4 321 million). These expenses are included in the line "Administrative and other operating expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The information on related party transactions is disclosed in Note 21.

### 13 Credit Loss Expense

The table below shows the ECL charges on financial instruments recorded in the income statement for the nine months ended 30 September 2021:

<i>(Unaudited)</i>						
<i>In millions of Russian Roubles</i>						
	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents		(12)	-	-	-	(12)
Due from other banks		(20)	-	14	-	(6)
Loans to customers at amortised cost	6	(2 057)	12 897	8 899	1 697	21 436
Debt securities measured at amortised cost		(100)	-	-	-	(100)
Debt securities measured at FVOCI		(367)	-	-	-	(367)
Other financial assets		-	-	456	-	456
Credit related commitments		(5)	(2)	-	-	(7)
<b>Total credit loss expense</b>		<b>(2 561)</b>	<b>12 895</b>	<b>9 369</b>	<b>1 697</b>	<b>21 400</b>

The table below shows the ECL charges on financial instruments recorded in the income statement for the nine months ended 30 September 2020:

<i>(Unaudited)</i>						
<i>In millions of Russian Roubles</i>						
	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Due from other banks		7	-	-	-	7
Loans to customers at amortised cost	6	8 478	(5 394)	20 081	412	23 577
Debt securities measured at amortised cost		115	-	-	-	115
Debt securities measured at FVOCI		208	-	-	-	208
Other financial assets		-	-	43	-	43
Credit related commitments		339	(13)	-	-	326
<b>Total credit loss expense</b>		<b>9 147</b>	<b>(5 407)</b>	<b>20 124</b>	<b>412</b>	<b>24 276</b>

### 14 Fee and Commission Income and Expense

<i>(Unaudited)</i>	For the nine months ended 30 September		For the three months ended 30 September	
	2021	2020	2021	2020
<i>In millions of Russian Roubles</i>				
<b>Fee and commission income</b>				
Commission on cash and settlements transactions	6 360	6 717	2 271	2 549
Fees for sale of insurance contracts and agency services	5 982	5 031	2 052	2 288
Financial services fees and brokerage commission	4 493	324	99	120
Commission on banking cards	3 918	3 269	1 546	1 260
Commission on guarantees issued	1 569	1 158	538	417
Fees for currency control	326	262	121	100
Commission received from the Deposit Insurance Agency	35	7	24	2
Other	2 410	1 083	585	560
<b>Total fee and commission income</b>	<b>25 093</b>	<b>17 851</b>	<b>7 236</b>	<b>7 296</b>
<b>Fee and commission expense</b>				
Commission on settlement transactions	(2 095)	(1 936)	(774)	(712)
Commission on cash collection	(243)	(264)	(93)	(101)
Other	(330)	(185)	(136)	(64)
<b>Total fee and commission expense</b>	<b>(2 668)</b>	<b>(2 385)</b>	<b>(1 003)</b>	<b>(877)</b>
<b>Net fee and commission income</b>	<b>22 425</b>	<b>15 466</b>	<b>6 233</b>	<b>6 419</b>

## 15 Gains less Losses/(Losses Net of Gains) from Non-banking Activities

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	For the nine months ended 30 September		For the three months ended 30 September	
	2021	2020	2021	2020
Sales of goods	1 083	3 135	176	732
Including:				
- Meat and dairy products	260	394	-	131
- Feed	293	487	-	153
- Sugar	7	1 119	-	51
- Other goods and services	523	1 135	176	397
Cost of goods sold	(841)	(2 566)	(161)	(277)
Provision for impairment for trade receivables, prepayments and other financial assets	(64)	(2)	(158)	(228)
Net income from insurance operations	2 875	2 084	1 132	468
Other non-banking income	739	992	119	266
Other non-banking expenses	(3 612)	(2 600)	(1 159)	(672)
<b>Total gains less losses from non-banking activities</b>	<b>180</b>	<b>1 043</b>	<b>(51)</b>	<b>289</b>

Net income from insurance operations is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	For the nine months ended 30 September		For the three months ended 30 September	
	2021	2020	2021	2020
<b>Insurance premiums</b>				
Premium earned	14 595	15 712	5 550	5 417
Reinsurers share in premiums earned	(2 169)	(3 153)	(887)	(992)
<b>Net insurance premiums earned</b>	<b>12 426</b>	<b>12 559</b>	<b>4 663</b>	<b>4 425</b>
<b>Insurance benefits and claims</b>				
Net claims incurred during the period	(12 464)	(13 319)	(5 265)	(5 136)
Acquisition costs	(501)	(523)	(124)	(196)
Reinsurers share in claims incurred during the period	3 414	3 367	1 858	1 375
<b>Net insurance benefits and claims</b>	<b>(9 551)</b>	<b>(10 475)</b>	<b>(3 531)</b>	<b>(3 957)</b>
<b>Net income from insurance operations</b>	<b>2 875</b>	<b>2 084</b>	<b>1 132</b>	<b>468</b>

## 16 Significant Risk Concentrations

As at 30 September 2021, correspondent accounts and deposits with other banks (excluding the Bank of Russia) with original maturities less than one month within cash and cash equivalents included no balances individually above 10% of the Group's equity (31 December 2020: correspondent accounts and deposits with other banks with original maturities less than one month within cash and cash equivalents included balances with one Russian banking group with rating of the parent bank at Baa3 (Moody's), individually above 10% of the Group's equity, in the amount of RR 45 492 million, or 12% of total cash and cash equivalents).

As at 30 September 2021, cash and cash equivalents included the balances with the Bank of Russia in the total amount of RR 145 816 million, or 61% of total cash and cash equivalents (31 December 2020: RR 201 455 million, or 53% of total cash and cash equivalents).

## **16 Significant Risk Concentrations (Continued)**

As at 30 September 2021, due from other banks included no balances individually above 10% of the Group's equity (31 December 2020: due from other banks included no balances individually above 10% of the Group's equity).

As at 30 September 2021, due to other banks included balances with the Bank of Russia above 10% of the Group's equity in the amount of RR 52 790 million, or 33% of total due to other banks (31 December 2020: due to other banks included balances with the Bank of Russia above 10% of the Group's equity in the amount of RR 87 105 million, or 34% of total due to other banks).

As at 30 September 2021, due to other banks included no balances, individually above 10% of the Group's equity (31 December 2020: due to other banks included balances with one Russian banking group with rating of the parent bank at Baa3 (Moody's), individually above 10% of the Group's equity, in the amount of RR 29 832 million, or 12% of total due to other banks).

As at 30 September 2021, customer accounts included balances with nine customers each above 10% of the Group's equity (31 December 2020: balances with eight customers each above 10% of the Group's equity). The aggregate balance of these customers was RR 729 253 million, or 24% of total customer accounts (31 December 2020: RR 610 530 million, or 21% of total customer accounts).

## **17 Segment Analysis**

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Management Board has been identified as the CODM.

The Management Board of the Bank performs geographic analysis of the Bank's operations and therefore the Bank's regional branches have been designated as operating segments.

Taking into account the administrative-territorial division of Russia, federal districts of the Russian Federation have been designated as reportable segments.

The Management Board of the Bank assesses efficiency of operating segments based on a financial performance measure prepared from statutory accounting data.

The accounting policy of the operating segments is based on Russian Accounting Rules (RAR) and differs from policies described in the summary of significant accounting policies in the Group's last annual consolidated financial statements.

**17 Segment Analysis (Continued)**

Segment reporting of the Group's revenue and profit/(loss) for the nine months ended 30 September 2021 and for the nine months ended 30 September 2020 and segment reporting of the Group's assets and liabilities at 30 September 2021 and 31 December 2020 are as follows:

<i>In millions of Russian Roubles</i>	<b>Head office</b>	<b>Central federal district</b>	<b>Far-Eastern federal district</b>	<b>Volga federal district</b>	<b>North-West federal district</b>	<b>North-Caucasian federal district</b>	<b>Siberian federal district</b>	<b>Ural federal district</b>	<b>Southern federal district</b>	<b>Total</b>
<b>For the nine months ended 30 September 2021 (unaudited)</b>										
<b>Revenue from external customers</b>	<b>62 764</b>	<b>51 171</b>	<b>7 086</b>	<b>24 585</b>	<b>11 112</b>	<b>6 542</b>	<b>11 698</b>	<b>6 011</b>	<b>20 788</b>	<b>201 757</b>
- Interest income from loans and advances to customers, due from other banks and other placed funds	56 801	46 023	6 037	21 479	9 654	5 154	9 374	5 318	18 784	<b>178 624</b>
- Net fee and commission income from credit related operations	5 963	5 148	1 049	3 106	1 458	1 388	2 324	693	2 004	<b>23 133</b>
Gains less losses/(losses net of gains) arising from securities, derivative financial instruments and foreign currency	2 353	(3 762)	(787)	736	554	134	705	429	(500)	<b>(138)</b>
Interest expenses from due to other banks, customer accounts and bonds issued	(56 595)	(22 959)	(2 978)	(12 087)	(9 255)	(1 990)	(6 700)	(3 388)	(4 445)	<b>(120 397)</b>
(Provision)/recovery of provision for impairment	(6 574)	(18 064)	(1 217)	3 122	(1 770)	(1 500)	(224)	1 007	(3 166)	<b>(28 386)</b>
Administrative and maintenance expense	(35 997)	(2 498)	(674)	(1 771)	(759)	(665)	(1 170)	(393)	(835)	<b>(44 762)</b>
- Including depreciation charge	(2 091)	(332)	(80)	(263)	(107)	(132)	(206)	(54)	(121)	<b>(3 386)</b>
Other expenses less other income*	(5 744)	2 062	(16)	436	218	48	329	94	724	<b>(1 849)</b>
Income tax expense	(3 732)	-	-	-	-	-	-	-	-	<b>(3 732)</b>
<b>(Loss)/profit of reportable segments</b>	<b>(43 525)</b>	<b>5 950</b>	<b>1 414</b>	<b>15 021</b>	<b>100</b>	<b>2 569</b>	<b>4 638</b>	<b>3 760</b>	<b>12 566</b>	<b>2 493</b>
<b>Intersegment income/(expense)**</b>	<b>24 459</b>	<b>3 234</b>	<b>(995)</b>	<b>(9 434)</b>	<b>2 526</b>	<b>(3 719)</b>	<b>(3 184)</b>	<b>(2 187)</b>	<b>(10 700)</b>	<b>-</b>

\* Other expenses less other income include losses from disposal of loans under cession agreements.

\*\* Intersegment income and expense are used by CODM for information purpose only and not for identification of profit or loss of the operating segments.

**17 Segment Analysis (Continued)**

<i>In millions of Russian Roubles</i>	<b>Head office</b>	<b>Central federal district</b>	<b>Far-Eastern federal district</b>	<b>Volga federal district</b>	<b>North-West federal district</b>	<b>North-Caucasian federal district</b>	<b>Siberian federal district</b>	<b>Ural federal district</b>	<b>Southern federal district</b>	<b>Total</b>
<b>For the nine months ended 30 September 2020 (unaudited)</b>										
<b>Revenue from external customers</b>	<b>49 756</b>	<b>47 293</b>	<b>7 593</b>	<b>23 387</b>	<b>11 932</b>	<b>6 669</b>	<b>10 642</b>	<b>5 373</b>	<b>20 741</b>	<b>183 386</b>
- Interest income from loans and advances to customers, due from other banks and other placed funds	48 658	41 596	6 407	20 419	10 609	5 366	8 511	4 761	18 337	<b>164 664</b>
- Net fee and commission income from credit related operations	1 098	5 697	1 186	2 968	1 323	1 303	2 131	612	2 404	<b>18 722</b>
Gains less losses/(losses net of gains) arising from securities, derivative financial instruments and foreign currency	(27 831)	27 730	15 011	(4 917)	(191)	(574)	(5 764)	(3 118)	8 563	<b>8 909</b>
Interest expenses from due to other banks, customer accounts and bonds issued	(56 065)	(24 769)	(3 434)	(13 002)	(8 290)	(2 168)	(6 751)	(3 146)	(4 426)	<b>(122 051)</b>
(Provision)/recovery of provision for impairment	(1 676)	(10 028)	(346)	(3 337)	(1 780)	(2 777)	(2 079)	(1 604)	21	<b>(23 606)</b>
Administrative and maintenance expense	(31 345)	(2 098)	(600)	(1 605)	(674)	(635)	(1 185)	(365)	(782)	<b>(39 289)</b>
- Including depreciation charge	(1 769)	(252)	(57)	(199)	(87)	(114)	(172)	(44)	(89)	<b>(2 783)</b>
Other expenses less other income*	(4 285)	519	(61)	181	(319)	(340)	443	3	1 670	<b>(2 189)</b>
Income tax expense	(1 902)	-	-	-	-	-	-	-	-	<b>(1 902)</b>
<b>(Loss)/profit of reportable segments</b>	<b>(73 348)</b>	<b>38 647</b>	<b>18 163</b>	<b>707</b>	<b>678</b>	<b>175</b>	<b>(4 694)</b>	<b>(2 857)</b>	<b>25 787</b>	<b>3 258</b>
<b>Intersegment income/(expense)**</b>	<b>73 541</b>	<b>(35 147)</b>	<b>(16 935)</b>	<b>57</b>	<b>423</b>	<b>(2 132)</b>	<b>1 814</b>	<b>2 835</b>	<b>(24 456)</b>	<b>-</b>
<b>Total assets</b>										
30 September 2021 (unaudited)	2 375 652	1 445 163	164 556	576 728	388 662	182 266	278 305	119 429	403 818	<b>5 934 579</b>
31 December 2020	3 279 930	1 709 743	244 666	648 705	421 208	209 256	315 573	152 938	479 372	<b>7 461 391</b>
<b>Total liabilities</b>										
30 September 2021 (unaudited)	2 211 035	1 439 086	163 109	561 484	388 459	179 673	273 567	115 669	391 246	<b>5 723 328</b>
31 December 2020	3 075 417	1 709 617	244 633	648 480	421 104	209 233	315 471	152 938	479 366	<b>7 256 259</b>

\* Other expenses less other income include losses from disposal of loans under cession agreements.

\*\* Intersegment income and expense are used by CODM for information purpose only and not for identification of profit or loss of the operating segments.

## 17 Segment Analysis (Continued)

Segment reporting of the Group's revenue and (loss)/profit for the three months ended 30 September 2021 and for the three months ended 30 September 2020 are as follows:

<i>In millions of Russian Roubles</i>	Head office	Central federal district	Far-Eastern federal district	Volga federal district	North-West federal district	North-Caucasian federal district	Siberian federal district	Ural federal district	Southern federal district	Total
<b>For the three months ended 30 September 2021 (unaudited)</b>										
<b>Revenue from external customers</b>	<b>22 357</b>	<b>18 083</b>	<b>2 566</b>	<b>8 682</b>	<b>4 045</b>	<b>2 193</b>	<b>4 083</b>	<b>2 039</b>	<b>7 292</b>	<b>71 340</b>
- Interest income from loans and advances to customers, due from other banks and other placed funds	21 986	16 386	2 187	7 600	3 536	1 700	3 297	1 808	6 559	65 059
- Net fee and commission income from credit related operations	371	1 697	379	1 082	509	493	786	231	733	6 281
Gains less losses/(losses net of gains) arising from securities, derivative financial instruments and foreign currency	542	(677)	333	(8)	170	84	(40)	(61)	(416)	(73)
Interest expenses from due to other banks, customer accounts and bonds issued	(19 950)	(7 867)	(965)	(4 060)	(3 211)	(678)	(2 277)	(1 168)	(1 532)	(41 708)
(Provision)/recovery of provision for impairment	(2 590)	(2 748)	(107)	(5)	(769)	(1 427)	(482)	(380)	(2 569)	(11 077)
Administrative and maintenance expense	(12 383)	(844)	(243)	(642)	(265)	(246)	(405)	(136)	(323)	(15 487)
- Including depreciation charge	(730)	(114)	(28)	(95)	(38)	(47)	(71)	(19)	(44)	(1 186)
Other expenses less other income*	(1 228)	1 205	4	136	84	66	52	59	368	746
Income tax expense	(2 721)	-	-	-	-	-	-	-	-	(2 721)
<b>(Loss)/profit of reportable segments</b>	<b>(15 973)</b>	<b>7 152</b>	<b>1 588</b>	<b>4 103</b>	<b>54</b>	<b>(8)</b>	<b>931</b>	<b>353</b>	<b>2 820</b>	<b>1 020</b>
<b>Intersegment income/(expense)**</b>	<b>11 307</b>	<b>(4 082)</b>	<b>(1 056)</b>	<b>(2 450)</b>	<b>384</b>	<b>(986)</b>	<b>(873)</b>	<b>(160)</b>	<b>(2 084)</b>	<b>-</b>

\* Other expenses less other income include losses from disposal of loans under cession agreements.

\*\* Intersegment income and expense are used by CODM for information purpose only and not for identification of profit or loss of the operating segments.

**17 Segment Analysis (Continued)**

<i>In millions of Russian Roubles</i>	<b>Head office</b>	<b>Central federal district</b>	<b>Far-Eastern federal district</b>	<b>Volga federal district</b>	<b>North-West federal district</b>	<b>North-Caucasian federal district</b>	<b>Siberian federal district</b>	<b>Ural federal district</b>	<b>Southern federal district</b>	<b>Total</b>
<b>For the three months ended 30 September 2020 (unaudited)</b>										
<b>Revenue from external customers</b>	<b>14 867</b>	<b>16 391</b>	<b>1 482</b>	<b>7 943</b>	<b>3 735</b>	<b>2 347</b>	<b>3 708</b>	<b>1 874</b>	<b>7 742</b>	<b>60 089</b>
- Interest income from loans and advances to customers, due from other banks and other placed funds	14 390	14 434	977	6 768	3 206	1 804	2 845	1 611	6 732	<b>52 767</b>
- Net fee and commission income from credit related operations	477	1 957	505	1 175	529	543	863	263	1 010	<b>7 322</b>
Gains less losses/(losses net of gains) arising from securities, derivative financial instruments and foreign currency	(19 177)	17 461	8 327	(2 971)	(549)	(582)	(3 285)	(2 190)	5 333	<b>2 367</b>
Interest expenses from due to other banks, customer accounts and bonds issued	(17 906)	(7 866)	(1 023)	(4 098)	(2 653)	(654)	(2 112)	(992)	(1 430)	<b>(38 734)</b>
(Provision)/recovery of provision for impairment	(1 937)	(5 989)	22	(863)	888	(1 378)	(1 067)	(569)	(99)	<b>(10 992)</b>
Administrative and maintenance expense	(9 525)	(785)	(224)	(555)	(270)	(223)	(407)	(122)	(286)	<b>(12 397)</b>
- Including depreciation charge	(634)	(88)	(20)	(67)	(31)	(39)	(58)	(15)	(30)	<b>(982)</b>
Other expenses less other income*	(384)	172	(65)	267	37	(66)	861	7	116	<b>945</b>
Income tax expense	(846)	-	-	-	-	-	-	-	-	<b>(846)</b>
<b>(Loss)/profit of reportable segments</b>	<b>(34 908)</b>	<b>19 384</b>	<b>8 519</b>	<b>(277)</b>	<b>1 188</b>	<b>(556)</b>	<b>(2 302)</b>	<b>(1 992)</b>	<b>11 376</b>	<b>432</b>
<b>Intersegment income/(expense)**</b>	<b>30 847</b>	<b>(17 963)</b>	<b>(7 893)</b>	<b>1 336</b>	<b>428</b>	<b>(69)</b>	<b>1 589</b>	<b>2 153</b>	<b>(10 428)</b>	<b>-</b>

\* Other expenses less other income include losses from disposal of loans under cession agreements.

\*\* Intersegment income and expense are used by CODM for information purpose only and not for identification of profit or loss of the operating segments.

## 17 Segment Analysis (Continued)

Reconciliation of profit/(loss) of the reportable segments results is as follows:

<i>(Unaudited)</i> In millions of Russian Roubles	For the nine months ended 30 September		For the three months ended 30 September	
	2021	2020	2021	2020
<b>Total profit of reportable segments (after tax)</b>	<b>2 493</b>	<b>3 258</b>	<b>1 020</b>	<b>432</b>
Adjustments for impairment (ECL)	(218)	(3 341)	(4 857)	5 434
Effect of consolidation	1 748	(3 611)	1 041	(1 189)
Accounting for financial instruments at fair value	1 318	1 470	(478)	(262)
Adjustment of deferred tax	93	414	38	(335)
Gains less losses from financial instruments at fair value through profit or loss	319	(242)	5	353
Adjustment of accrued staff costs	(140)	(36)	(103)	(164)
Reclassification of perpetual bonds	2 775	8 113	1 037	3 860
Adjustments of financial assets and liabilities carried at amortised cost	2 394	3 356	(539)	1 308
Other	3 329	478	3 818	(988)
<b>The Group's profit under IFRS after tax</b>	<b>14 111</b>	<b>9 859</b>	<b>982</b>	<b>8 449</b>

The CODM reviews financial information prepared based on Russian accounting standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- Adjustments for impairment arises mainly due to the different consolidation perimeter in the RAR and IFRS statements.
- Adjustments of derivative financial instruments to their fair value arise from the difference in the accounting treatment of currency swaps under RAR (which are the basis for management reporting) and IFRS reporting. Under RAR foreign exchange swaps are recognised as back-to-back deposits, whereas in IFRS financial statements such transactions are recognised at fair value. Refer to Note 19. Providing reconciliation, accounting for deals described above under RAR assumes also adjustments related to interest income/expense and total assets of reportable segments.
- Balances of intercompany settlements related to regional branches of the Bank are presented under RAR as assets and liabilities, while in IFRS such balances are shown on a net basis.
- Adjustments of deferred income tax expense and accrued staff costs arise from the timing difference in recognition of certain expenses (mainly related to bonuses paid after the end of the reporting period) under RAR compared to IFRS and regulatory requirements of tax-filing date.
- Adjustments for perpetual bonds are due to the fact that in RAR interest expenses and foreign currency revaluation are reflected in the income statement, while in IFRS statements they are reflected directly in equity.

All other adjustments also result from the differences between RAR (used as the basis for management reporting) and IFRS.

## **18 Contingencies and Commitments**

**Legal proceedings.** From time to time in the normal course of business, claims against the Group are received. As at 30 September 2021, based on its own estimates and both internal and external professional advice the Group's management is of the opinion that no material losses will be incurred in respect of the claims in excess of the amounts already provided for in these interim condensed consolidated financial statements (31 December 2020: Group's management is of the opinion that no material losses will be incurred in respect of the claims in excess of the amounts already provided for in consolidated financial statements).

**Tax contingencies.** Certain provisions of Russian tax, currency and customs legislation as currently in effect are vaguely drafted which may often result in their different interpretation (which, inter alia, may apply retrospectively), inconsistent and selective application and frequent and unpredictable changes. Interpretation of this legislation by the Group in relation to the operations and activities of the Group may be challenged by the respective state authorities.

Recently, further implementation of mechanisms aimed at combating tax evasion, including the use of aggressive tax planning structures, has been carried out. In particular, the Russian tax legislation introduced norms that prohibit the reduction of the tax base by a taxpayer as a result of distortion of information about the facts of economic life and objects of taxation or as a result of transactions whose main purpose is non-payment (incomplete payment) of the amount of tax, as well as in cases when the obligation under the transaction (operation) is performed by a person who is not a party to the contract concluded with the taxpayer, and (or) by a person to whom the obligation to perform the transaction (operation) is transferred under the contract or law. Due to the fact that there is currently no unambiguous practice of applying the above-mentioned norms, there is uncertainty about the procedure for their application and possible interpretation by the Russian tax authorities, including with regard to the procedure for taxation of the Group's operations.

The tax authorities may be taking a more assertive position in their interpretation of the applicable legislation, in carrying out tax audits and in making tax assessments. Consequently, the tax authorities may challenge transactions and tax accounting methods that have not been challenged in the past.

Fiscal periods remain open and subject to review by the tax authorities in course of the on-site tax audits for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances tax reviews may cover longer periods. Russian transfer pricing legislation allows the Russian tax authority under certain circumstances to apply transfer pricing adjustments and impose additional profits tax and VAT liabilities in respect of all controlled transactions if the transaction price differs from the market level of prices determined for tax purposes and such deviation resulted in the underpayment of the tax to the revenue. The list of controlled transactions includes transactions performed with interdependent parties (with certain exceptions) and certain types of cross-border transactions.

During nine months ended 30 September 2021, the Group determined its tax liabilities arising from the controlled transactions using actual transaction prices.

Due to the absence of the stable practice of the application of the Russian transfer pricing legislation, the Russian tax authorities may challenge the level of prices applied by the Russian companies of the Group for tax purposes under the "controlled" transactions and accrue additional tax liabilities in relation to such transactions, unless the Group is able to demonstrate that the respective transactions are arms' length for tax purposes.

As at 30 September 2021, the Management of the Group believes that its interpretation of the applicable legislation is reasonable and will be sustained.

**Compliance with covenants.** The Group is subject to certain covenants primarily relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including an increase of the borrowing costs and announcement of the default. The Group's Management believes that the Group is in compliance with the covenants.

**Credit related commitments.** The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

## 18 Contingencies and Commitments (Continued)

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

**Performance guarantees.** Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. The risk under performance guarantee contracts is the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs.

Outstanding credit related commitments and performance guarantees are as follows:

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Undrawn credit lines	232 932	185 237
Letters of credit	4 795	9 438
Less: provisions for ECL	(923)	(930)
<b>Total credit related commitments</b>	<b>236 804</b>	<b>193 745</b>
Performance guarantees	132 789	142 382
Less: provision	(393)	-
<b>Total credit related commitments and performance guarantees</b>	<b>369 200</b>	<b>336 127</b>

An analysis of changes in the ECL during the nine months ended 30 September 2021 are, as follows:

<i>(Unaudited) In millions of Russian Roubles</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL as at 1 January 2021</b>	<b>929</b>	<b>1</b>	<b>-</b>	<b>930</b>
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(2)	2	-	-
Transfers to Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period (including expense on new issue and income from repayments)	(5)	(2)	-	(7)
<b>ECL as at 30 September 2021</b>	<b>922</b>	<b>1</b>	<b>-</b>	<b>923</b>

An analysis of changes in the ECL during the nine months ended 30 September 2020 are, as follows:

<i>(Unaudited) In millions of Russian Roubles</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL as at 1 January 2020</b>	<b>497</b>	<b>11</b>	<b>-</b>	<b>508</b>
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(2)	2	-	-
Transfers to Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period (including expense on new issue and income from repayments)	339	(13)	-	326
<b>ECL as at 30 September 2020</b>	<b>834</b>	<b>-</b>	<b>-</b>	<b>834</b>

## 18 Contingencies and Commitments (Continued)

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Credit related commitments and performance guarantees are denominated in currencies as follows:

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Russian Roubles	348 562	314 233
US Dollars	15 679	13 640
Euros	4 959	8 254
<b>Total credit related commitments and performance guarantees</b>	<b>369 200</b>	<b>336 127</b>

**Assets pledged and restricted.** The Group had the following assets pledged and restricted:

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Assets pledged under loan agreements with banks (including the Bank of Russia)	6 152	7 430
Repurchase agreements	19 108	-

As at 30 September 2021, mandatory cash balances with the Bank of Russia in the amount of RR 28 826 million (31 December 2020: RR 24 999 million) represent mandatory reserve deposits which are not available to finance the Group's day to day operations.

As at 30 September 2021 and 31 December 2020, assets pledged under loan agreements with banks (including the Bank of Russia) mainly include loans and advances to customers pledged to the Bank of Russia under loan agreements in accordance with the Bank of Russia Act # 4801-U *On the Forms and Conditions of Refinancing of Credit Institutions Secured by Assets* dated 22 May 2018.

## 19 Derivative Financial Instruments

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties. As a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms, derivative financial instruments are recognized as assets (in case of positive fair value) or liabilities (in case of negative fair value).

As at 30 September 2021, in the aggregate amount of foreign exchange swaps with original settlement dates of more than 30 working days prevails swaps structured as loans issued by the Group in Japanese Yens (31 December 2020: in Japanese Yens) to one large OECD bank with maturities from March 2023 to May 2023, and deposits in Russian Roubles received from the same counterparties with the same maturities ("back-to-back loans").

## 19 Derivative Financial Instruments (Continued)

The table below reflects gross positions in derivative financial instruments before netting of any counterparty positions as at 30 September 2021 and covers the contracts with settlement dates after the respective end of the reporting period:

<i>In millions of Russian Roubles</i>	Principal or agreed amount at fair value of assets receivable	Principal or agreed amount at fair value of assets payable	Positive fair value	Negative fair value
<b>Forwards</b>				
- Currency	3 651	(3 843)	-	(192)
- Securities	101 775	(95 430)	7 228	(883)
- Interest rate	16	(15)	16	(15)
- Precious metals	251	(259)	-	(8)
<b>Swaps</b>				
- Interest rate	14 651	(14 084)	3 114	(2 547)
- Currency	712 973	(697 928)	17 341	(2 296)
- Precious metals	5 739	(5 712)	27	-
<b>Options</b>				
- Currency	18 075	(18 015)	71	(58)
- Interest rate	24	(35)	24	(35)
- Precious metals	24	(28)	1	(3)
<b>Total derivative financial instruments</b>	<b>857 179</b>	<b>(835 349)</b>	<b>27 822</b>	<b>(6 037)</b>

The table below reflects gross positions in derivative financial instruments before netting of any counterparty positions as at 31 December 2020 and covers the contracts with settlement dates after the respective end of the reporting period:

<i>In millions of Russian Roubles</i>	Principal or agreed amount at fair value of assets receivable	Principal or agreed amount at fair value of assets payable	Positive fair value	Negative fair value
<b>Forwards</b>				
- Currency	6 116	(6 160)	120	(164)
- Securities	116 506	(109 521)	8 579	(1 594)
- Commodity	1 847	(1 847)	146	(146)
<b>Swaps</b>				
- Interest rate	13 234	(11 453)	2 849	(1 068)
- Currency-interest rate	17 491	(18 113)	652	(1 274)
- Currency	404 391	(391 936)	13 606	(1 151)
- Precious metals	3 009	(3 010)	4	(5)
<b>Options</b>				
- Currency	5 911	(5 975)	4	-
- Interest rate	16 204	(16 206)	13	(14)
<b>Total derivative financial instruments</b>	<b>584 709</b>	<b>(564 221)</b>	<b>25 973</b>	<b>(5 416)</b>

As at 30 September 2021 and 31 December 2020, the Group had no single counterparty foreign exchange swaps with fair value above 10% of the Group's equity.

Refer to Note 20 for the disclosure of fair value hierarchy for derivative financial instruments. The information on related party transactions is disclosed in Note 21.

## 20 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

**Financial instruments carried at fair value.** Trading securities, investment securities at fair value through other comprehensive income, and related trading and investment securities pledged under repurchase agreements are carried on the interim consolidated statement of financial position at their fair value based on quoted market prices and valuation techniques with all material inputs observable.

Financial instruments at fair value through profit or loss and derivative financial instruments are carried on the interim consolidated statement of financial position at their fair value based on valuation technique with inputs observable in markets. Derivative financial instruments are measured at fair value as assets when fair value is positive and as liabilities when fair value is negative. The Group uses discounted cash flow techniques with observable market data inputs as offshore and onshore yield curves, as well as market data, reflecting the distribution of the probability of default over time.

The Group determines the fair value in relation to securities that are not traded in an active market as a price of a security, which can be determined taking into account the specific conditions of the transaction, the circulation characteristics of the security and other indicators, information about which may serve as a basis for such a calculation, including the involvement of an independent appraiser to assess the fair value.

**Cash and cash equivalents** are carried at amortised cost which approximates current fair value.

**Loans and receivables.** The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate bearing placements is based on discounted cash flows using current market interest rates for instruments with similar credit risk and similar maturity.

Certain loans to customers did not meet the SPPI criterion. Therefore, these loans are classified by the Group as financial assets at FVTPL.

Loans at fair value through profit or loss are valued using a combination of approaches. Where appropriate, loans are valued with reference to observable prices of debt securities issued by the borrower or by comparable entities. In other cases, valuation is performed using internal models based on present value techniques or, in some circumstances (for example, in respect of cash flow from assets held as collateral), external valuation reports. The non-observable inputs to the models include adjustments for credit, market and liquidity risks associated with the expected cash flows from the borrower's operations or in respect of collateral valuation.

**Investment securities carried at amortised cost.** The fair value for investment securities carried at amortised cost is based on quoted market prices and valuation techniques with all material inputs observable.

**Liabilities carried at amortised cost.** The fair value of bonds issued is based on market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and similar remaining maturity.

## 20 Fair Value of Financial Instruments (Continued)

### (a) Fair value of financial instruments carried at amortised cost and at fair value

<i>In millions of Russian Roubles</i>	30 September 2021 (unaudited)		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets carried at amortised cost</b>				
Cash and cash equivalents	238 386	238 386	378 303	378 303
Mandatory cash balances with the Bank of Russia	28 826	28 826	24 999	24 999
Due from other banks	44 139	47 065	43 299	47 596
Loans and advances to customers:				
- Loans to corporates	2 125 295	2 118 624	2 069 034	2 075 687
- Lending for food interventions	1 305	1 305	1 612	1 612
- Loans to individuals	595 529	589 495	538 433	543 888
Investment securities:				
- Corporate bonds	13 665	13 679	24 164	24 785
- Municipal and subfederal bonds	6 067	6 354	6 653	7 253
- Federal Loan bonds (OFZ)	14 067	13 998	11 702	11 804
- Corporate Eurobonds	2 700	2 700	2 258	2 258
Other financial assets	9 948	9 948	11 903	11 903
<b>Total financial assets carried at amortised cost</b>	<b>3 079 927</b>	<b>3 070 380</b>	<b>3 112 360</b>	<b>3 130 088</b>
Financial assets carried at fair value	692 709	692 709	599 924	599 924
<b>Total financial assets</b>	<b>3 772 636</b>	<b>3 763 089</b>	<b>3 712 284</b>	<b>3 730 012</b>
<b>Financial liabilities carried at amortised cost</b>				
Due to other banks:				
- Term borrowings from other banks	75 364	76 486	141 739	143 254
- Term borrowings from the Bank of Russia	52 790	52 614	87 105	86 384
- Correspondent accounts and overnight placements of other banks	33 672	33 672	25 331	25 331
Customer accounts:				
- State and public organisations	494 589	494 698	354 792	355 159
- Other legal entities	1 065 327	1 063 943	1 165 141	1 166 223
- Individuals	1 441 368	1 438 144	1 342 388	1 358 598
Promissory notes issued	69 832	69 832	67 023	67 023
Bonds issued	166 049	170 470	168 988	181 445
Other financial liabilities	24 618	24 618	23 256	23 256
<b>Total financial liabilities carried at amortised cost before subordinated debts</b>	<b>3 423 609</b>	<b>3 424 477</b>	<b>3 375 763</b>	<b>3 406 673</b>
Subordinated debts	148 797	154 934	151 885	158 785
<b>Total financial liabilities carried at amortised cost</b>	<b>3 572 406</b>	<b>3 579 411</b>	<b>3 527 648</b>	<b>3 565 458</b>
Financial liabilities carried at fair value	6 037	6 037	5 416	5 416
<b>Total financial liabilities</b>	<b>3 578 443</b>	<b>3 585 448</b>	<b>3 533 064</b>	<b>3 570 874</b>

### (b) Analysis by fair value hierarchy of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- (i) Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- (ii) Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- (iii) Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

## 20 Fair Value of Financial Instruments (Continued)

**Fair value hierarchy.** For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Analysis of financial and non-financial instruments as at 30 September 2021 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with non- observable inputs (Level 3)	Total
<b>Assets measured at fair value</b>				
Trading securities	40 341	-	-	40 341
Investment securities	444 050	123 597	127	567 774
Derivative financial instruments	-	27 822	-	27 822
Loans to customers at fair value through profit or loss	-	-	56 772	56 772
Office premises	-	-	30 810	30 810
<b>Assets for which fair values are disclosed</b>				
Cash and cash equivalents	-	238 386	-	238 386
Mandatory cash balances with the Bank of Russia	-	-	28 826	28 826
Due from other banks	-	47 065	-	47 065
Loans and advances to customers	-	-	2 709 424	2 709 424
Investment securities	33 277	3 454	-	36 731
Other financial assets	-	-	9 948	9 948
<b>Total financial and non-financial assets</b>	<b>517 668</b>	<b>440 324</b>	<b>2 835 907</b>	<b>3 793 899</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	6 037	-	6 037
<b>Liabilities for which fair values are disclosed</b>				
Due to other banks	-	162 772	-	162 772
Customer accounts	-	-	2 996 785	2 996 785
Promissory notes issued	-	-	69 832	69 832
Bonds issued	133 673	36 797	-	170 470
Other financial liabilities	-	-	24 618	24 618
<b>Total financial liabilities before subordinated debts</b>	<b>133 673</b>	<b>205 606</b>	<b>3 091 235</b>	<b>3 430 514</b>
Subordinated debts	27 701	127 233	-	154 934
<b>Total financial liabilities</b>	<b>161 374</b>	<b>332 839</b>	<b>3 091 235</b>	<b>3 585 448</b>

## 20 Fair Value of Financial Instruments (Continued)

Analysis of financial and non-financial instruments as at 31 December 2020 is as follows:

<i>In millions of Russian Roubles</i>	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with non- observable inputs (Level 3)	Total
<b>Assets measured at fair value</b>				
Trading securities	42 756	-	-	42 756
Investment securities	376 360	71 537	123	448 020
Derivative financial instruments	-	25 973	-	25 973
Loans to customers at fair value through profit or loss	-	-	83 175	83 175
Office premises	-	-	30 625	30 625
Other non-financial assets	137	-	-	137
<b>Assets for which fair values are disclosed</b>				
Cash and cash equivalents	-	378 303	-	378 303
Mandatory cash balances with the Bank of Russia	-	-	24 999	24 999
Due from other banks	-	47 596	-	47 596
Loans and advances to customers	-	-	2 621 187	2 621 187
Investment securities	38 387	7 713	-	46 100
Other financial assets	-	-	11 903	11 903
<b>Total financial and non-financial assets</b>	<b>457 640</b>	<b>531 122</b>	<b>2 772 012</b>	<b>3 760 774</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	5 416	-	5 416
<b>Liabilities for which fair values are disclosed</b>				
Due to other banks	-	254 969	-	254 969
Customer accounts	-	-	2 879 980	2 879 980
Promissory notes issued	-	-	67 023	67 023
Bonds issued	137 617	43 828	-	181 445
Other financial liabilities	-	-	23 256	23 256
<b>Total financial liabilities before subordinated debts</b>	<b>137 617</b>	<b>304 213</b>	<b>2 970 259</b>	<b>3 412 089</b>
Subordinated debts	31 489	127 296	-	158 785
<b>Total financial liabilities</b>	<b>169 106</b>	<b>431 509</b>	<b>2 970 259</b>	<b>3 570 874</b>

The following table show a reconciliation of the opening and closing amount of Level 3 financial assets which are recorded at fair value:

<i>In millions of Russian Roubles</i>	At 31 December 2020	Total gains included in profit or loss	Total gains included in other comprehensive income	New assets recognised	Assets derecognised	At 30 September 2021 (unaudited)
<b>Financial assets</b>						
Loans to customers at FVTPL	83 175	4 036	-	3 295	(33 734)	56 772
Investment securities at FVOCI	123	-	4	-	-	127
<b>Total level 3 financial assets</b>	<b>83 298</b>	<b>4 036</b>	<b>4</b>	<b>3 295</b>	<b>(33 734)</b>	<b>56 899</b>

20 Fair Value of Financial Instruments (Continued)

<i>In millions of Russian Roubles</i>	At 31 December 2019	Total gains	New assets recognised	Assets derecognised	At 30 September 2020 (unaudited)
<b>Financial assets</b>					
Loans to customers at FVTPL	55 791	8 593	22 383	(1 368)	85 399
Investment securities at FVOCI	128	-	-	(4)	124
<b>Total level 3 financial assets</b>	<b>55 919</b>	<b>8 593</b>	<b>22 383</b>	<b>(1 372)</b>	<b>85 523</b>

Gains or losses on Level 3 financial assets included in the profit or loss for the period comprise:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	For the nine months ended 30 September 2021			For the three months ended 30 September 2021		
	Realised gains	Unrealised gains	Total	Realised gains	Unrealised gains	Total
Total gains included in the profit or loss for the period*	3 289	747	4 036	1 719	885	2 604

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	For the nine months ended 30 September 2020			For the three months ended 30 September 2020		
	Realised gains	Unrealised gains	Total	Realised gains	Unrealised gains	Total
Total gains included in the profit or loss for the period*	2 205	6 388	8 593	875	2 986	3 861

\* Gains are recorded for Interest income and gains less losses from financial instruments and loans to customers at fair value through profit or loss. Unrealised gains/losses include foreign exchange translation losses in the amount of RR 327 million (30 September 2020: foreign exchange translation income in the amount of RR 6 281 million) recorded for foreign exchange translation gains less losses/(losses net of gains).

*Loans at fair value through profit or loss*

The Group determines the fair value of loans based on discounted cash flow models taking into account the borrower's credit risk. The models use a number of unobservable input market data, the main ones being the discount rate, collateral value and credit spread.

As of 30 September 2021, if the discount rate used by the Group in the model increases/decreases by 1%, the book value of loans will decrease by RR 1 848 million / increase by RR 1 958 million (31 December 2020: decrease by RR 2 939 million / increase by RR 3 041 million). The discount rates used are in range from 3.72% to 11.84% (31 December 2020: from 3.81% to 11.42%).

The table below reflects transfers of financial instruments measured at fair value between Level 1 and Level 2 of the fair value hierarchy during nine months ended 30 September 2021:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
<b>Financial assets</b>		
Investment securities at fair value through other comprehensive income	3 938	336
Investment securities at fair value through profit or loss (mandatory)	-	137
<b>Total transfers of financial assets</b>	<b>3 938</b>	<b>473</b>

## 20 Fair Value of Financial Instruments (Continued)

The table below reflects transfers of financial instruments measured at fair value between Level 1 and Level 2 of the fair value hierarchy during 2020:

<i>In millions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
<b>Financial assets</b>		
Investment securities at fair value through other comprehensive income	2 434	418
<b>Total transfers of financial assets</b>	<b>2 434</b>	<b>418</b>

Financial instruments are transferred from Level 2 to Level 1 of the fair value hierarchy when they become traded in active markets and fair value can be determined based on quoted prices in active markets.

Financial instruments are transferred from Level 1 to Level 2 when they ceased to be traded in active markets. The liquidity on the market is not sufficient to use market prices for valuation and as a result fair value is determined using valuation techniques with all material inputs observable.

There were no other transfers between levels of the fair value hierarchy during nine months ended 30 September 2021 and during the year ended 31 December 2020.

The following table shows the quantitative information as at 30 September 2021 about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

<b>Assets</b>	Fair value, <i>in millions of Russian Roubles</i>	Valuation technique	Inputs used		
			Input	Min	Max
Office premises (based on valuation at 31 December 2018, fair value of new objects acquired in 2019, 2020 and 2021 equals to current value)	30 810	Comparative method	Trade discount	6.0%	21.0%

The following table shows the quantitative information as at 31 December 2020 about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

<b>Assets</b>	Fair value, <i>in millions of Russian Roubles</i>	Valuation technique	Inputs used		
			Input	Min	Max
Office premises (based on valuation at 31 December 2018, fair value of new objects acquired in 2019 and 2020 equals to current value)	30 625	Comparative method	Trade discount	6.0%	21.0%

## 21 Related Party Transactions

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. The Bank's only shareholder is the Government of the Russian Federation represented by the Federal Agency for Managing State Property, the Ministry of Finance of the Russian Federation and the State Corporation "Deposit Insurance Agency". Refer to Note 1.

In these interim condensed consolidated financial statements, significant balances and transactions with the state-controlled entities and parties that are related to such entities and balances and transactions with related parties represented by key management and their close family members are disclosed.

## 21 Related Party Transactions (Continued)

The outstanding balances with related parties were as follows:

<i>In millions of Russian Roubles</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>Cash and cash equivalents</b>		
Bank of Russia	145 816	201 455
Other banks	13 152	71 526
<b>Loans and advances to customers</b>		
Loans and advances to customers (before impairment)	125 994	199 530
Key management and their family members	5	14
Less: allowance for impairment	(7 881)	(14 969)
Derivative financial instruments — assets	9 775	11 503
<b>Securities</b>		
Securities issued by Russian Federation	405 253	268 952
Securities of entities and banks	81 465	98 406
Less: allowance for impairment	(45)	(245)
Due from other banks	11 829	11 556
<b>Other assets</b>		
State Corporation Deposit Insurance Agency	838	846
<b>Customer accounts</b>		
Entities	763 966	703 198
Key management and their family members	5 815	4 200
<b>Due to other banks</b>		
Bank of Russia	52 790	87 105
Other banks	39 463	79 042
Derivative financial instruments — liabilities	2 018	624
Subordinated debts	85 416	85 685
<b>Credit related commitments</b>		
Undrawn credit lines	18 262	15 459
Performance guarantees	9 222	10 940
Less: provision for impairment	(25)	(114)
Financial guarantees received	99 953	78 349

## 21 Related Party Transactions (Continued)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>For the nine months ended 30 September</b>		<b>For the three months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Interest income on cash and cash equivalents</b>				
Bank of Russia	2 372	2 752	282	170
Other banks	867	1 304	335	211
Interest income on due from other banks	799	867	251	94
Interest income on loans and advances to customers	4 882	10 939	1 587	3 264
<b>Interest income on securities</b>				
Securities issued by Russian Federation	12 730	11 571	5 134	3 717
Securities of entities and banks	4 084	5 903	1 378	1 981
<b>Gains less losses/(losses net of gains) from securities</b>				
Securities issued by Russian Federation	456	880	122	(1)
Securities of entities and banks	(455)	854	(185)	495
<b>Fee and commission income</b>				
Commission received from the Deposit Insurance Agency	35	7	24	2
(Losses net of gains)/gains less losses from derivative financial instruments	(2 731)	(3 707)	(419)	(18)
<b>Interest expense on customer accounts</b>				
Entities	(24 449)	(26 254)	(10 044)	(7 591)
Key management and their family members	(157)	(166)	(55)	(43)
Interest expense on subordinated debts	(3 118)	(3 046)	(1 039)	(1 074)
<b>Interest expense on due to other banks</b>				
Bank of Russia	(3 274)	(3 381)	(964)	(1 167)
Other banks	(1 470)	(352)	(361)	(121)
<b>Administrative and other operating expenses</b>				
Payments to the Mandatory Deposit Insurance Fund	(5 259)	(4 321)	(1 991)	(1 477)

During nine months ended 30 September 2021, transactions with the shareholder included share capital increase, dividends paid, taxes paid and subsidies received under the government programs to subsidize lending.

Key management of the Group represents members of the Supervisory Board, the Management Board and Chief Accountant of the Bank. For the nine months ended 30 September 2021 total remuneration of the key management amounted to RR 273 million (for the nine months ended 30 September 2020: RR 504 million).

## **22 Disposal of Subsidiaries**

During nine months ended 30 September 2021, the Group lost control over JSC “Rassvet”, JSC “Luzhskiy kombikormovyy zavod”, JSC “Luzhskiy myasokombinat” (31 December 2020: the Group’s share was 99.03% of JSC “Rassvet”, 87.53% of JSC “Luzhskiy kombikormovyy zavod”, 98.46% of JSC “Luzhskiy myasokombinat”) as a result of recognition of JSC “Rassvet” and JSC “Luzhskiy kombikormovyy zavod” bankrupt and the opening of bankruptcy proceedings.

As a result of this disposal, the Group recognized a loss of RR 485 million under Losses from disposal of subsidiaries in the consolidated statement of profit or loss and other comprehensive income.