

ROSBANK Group

**Interim condensed consolidated
financial statements**

*6 months ended 30 June 2021
(unaudited)*

ROSBANK GROUP

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Report on Review of Interim Financial Information

To the shareholders and
Board of Directors of
Public joint stock company ROSBANK

Introduction

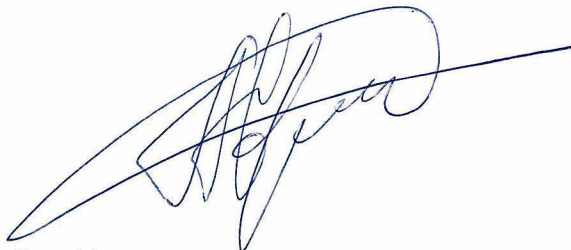
We have reviewed the accompanying interim condensed consolidated financial statements of Public joint stock company ROSBANK and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2021, the interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements (interim financial information). Management of Public joint stock company ROSBANK 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*.



A.V. Sorokin
Partner
Ernst & Young LLC

18 August 2021

Details of the entity

Name: Public joint stock company ROSBANK
Record made in the State Register of Legal Entities on 25 October 2002, State Registration Number 1027739460737.
Address: Russia 107078, Moscow, Mashk Poryvaevoy st., 34.

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.

ROSBANK GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021 (UNAUDITED) (in millions of Russian Roubles)

	Notes	30 June 2021 (unaudited)	31 December 2020
ASSETS			
Cash and cash equivalents	6, 29	274,661	301,646
Mandatory cash balances with the Central Bank of the Russian Federation		10,805	10,910
Financial assets at fair value through profit or loss	7, 9, 29	46,239	57,058
Due from banks	8, 29	20,392	13,633
Loans to customers	10, 29	812,380	792,338
Investments at fair value through other comprehensive income	11, 29	63,273	30,982
Investments at amortized cost	12, 29	107,468	103,865
Property and equipment and right-of-use assets		25,882	26,591
Intangible assets		9,255	8,277
Current income tax assets		803	632
Deferred income tax assets	26	591	3,893
Other assets		15,226	13,611
Total assets		1,386,975	1,363,436
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities at fair value through profit or loss	9, 13, 29	42,783	54,676
Due to banks and international financial institutions	14, 29	42,680	44,710
Customer accounts	15, 29	975,362	924,638
Debt securities issued	16, 29	86,369	108,033
Other provisions	28	1,329	859
Current income tax liabilities		243	20
Deferred income tax liabilities	26	17	2,076
Other liabilities		21,640	20,599
Subordinated debt	17, 29	21,010	21,450
Total liabilities		1,191,433	1,177,061
EQUITY			
Share capital	18	17,587	17,587
Share premium	18	59,709	59,709
Perpetual subordinated debt	19, 29	21,710	22,162
Property and equipment revaluation reserve		2,960	3,497
Fair value reserve		107	204
Cash flow hedge		395	(137)
Retained earnings		93,074	83,353
Total equity		195,542	186,375
TOTAL LIABILITIES AND EQUITY		1,386,975	1,363,436


Acting Chairman of the Management Board
P.Sh. Shaykhina

18 August 2021
Moscow



The notes on pages 10-38 form an integral part of these interim condensed consolidated financial statements.

ROSBANK GROUP

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles, except for earnings per share which are in Roubles)

	Notes	6 months ended 30 June (unaudited)		3 months ended 30 June (unaudited)	
		2021	2020	2021	2020
Interest income at effective interest rate	20, 29	40,984	44,100	20,950	21,414
Other interest income	20, 29	59	151	33	57
Interest expense	20, 29	(16,296)	(20,268)	(8,203)	(9,702)
Net interest income before credit loss expense		24,747	23,983	12,780	11,769
Credit loss expense	21	(2,093)	(7,494)	(792)	(5,089)
Net interest income		22,654	16,489	11,988	6,680
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards	22, 29	(387)	789	(229)	(2,194)
Net gain/(loss) on foreign exchange operations	23	835	3,580	(505)	581
Net gain/(loss) on precious metals operations		1	1	—	—
Net realized (loss)/gain on investments at fair value through other comprehensive income		(15)	(7)	(8)	—
Net (loss)/gain on investments at amortized cost		(1)	—	—	1
Fee and commission income	24, 29	8,841	7,864	4,700	3,873
Fee and commission expense	24, 29	(2,503)	(2,240)	(1,161)	(987)
Other provisions and recoveries/(impairment)	21	197	(51)	(53)	(9)
Other income	29	287	401	118	140
Net non-interest income		7,255	10,337	2,862	1,405
Operating income		29,909	26,826	14,850	8,085
Operating expenses	25	(18,024)	(18,160)	(8,837)	(8,734)
Other non-operating income/(expense)		139	(41)	1	(36)
Profit/(loss) before income tax		12,024	8,625	6,014	(685)
Income tax (expense)/income	26	(1,991)	(1,363)	(1,058)	101
Net profit/(loss) for the period		10,033	7,262	4,956	(584)
EARNINGS/(LOSS) PER SHARE					
Basic and diluted (in RUB)	27	6.47	4.68	3.19	(0.38)


Acting Chairman of the Management Board
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18 August 2021
Moscow




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ROSBANK GROUP

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

	6 months ended 30 June (unaudited)		3 months ended 30 June (unaudited)	
	2021	2020	2021	2020
Net profit/(loss) for the period	10,033	7,262	4,956	(584)
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	665	(402)	135	(836)
Income tax on cash flow hedge	(133)	81	(27)	167
Net change in fair value of investments and loans at fair value through other comprehensive income	(130)	103	(80)	103
Income tax on fair value of investments and loans at fair value through other comprehensive income during the period	24	(24)	15	(24)
Impairment of investments and loans at fair value through other comprehensive income	9	11	4	6
Other comprehensive income/(expense) after income tax	435	(231)	47	(584)
Total comprehensive income/(expense)	10,468	7,031	5,003	(1,168)


Acting Chairman of the Management Board
P.Sh. Shaykhina

18 August 2021
Moscow



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ROSBANK GROUP

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Roubles)

	Share capital	Share premium	Common shares repurchased	Perpetual subordinated debt	Property and equipment revaluation reserve	Fair value reserve	Cash flow hedge	Retained earnings	Total equity
31 December 2019	17,587	59,707	(17)	18,572	3,993	50	(37)	72,144	171,999
Net profit for the period	-	-	-	-	-	-	-	7,262	7,262
Other comprehensive income/(expense) for the period	-	-	-	-	-	90	(321)	-	(231)
Total comprehensive income (expense) for the period	-	-	-	-	-	90	(321)	7,262	7,031
Property and equipment disposal (net of deferred tax of RUB 42 millions)	-	-	-	-	(169)	-	-	169	-
Payment of interest on perpetual subordinated debt	-	-	-	-	-	-	-	(1,228)	(1,228)
Effect of exchange rate changes on perpetual subordinated debt	-	-	-	2,413	-	-	-	(2,413)	-
Tax effect of exchange rate changes on perpetual subordinated debt	-	-	-	-	-	-	-	482	482
Sale of shares	-	2	17	-	-	-	-	-	19
30 June 2020 (unaudited)	17,587	59,709	-	20,985	3,824	140	(358)	76,416	178,303
31 December 2020	17,587	59,709	-	22,162	3,497	204	(137)	83,353	186,375
Net profit for the period	-	-	-	-	-	-	-	10,033	10,033
Other comprehensive income/(expense) for the period	-	-	-	-	-	(97)	532	-	435
Total comprehensive income (expense) for the period	-	-	-	-	-	(97)	532	10,033	10,468
Property and equipment disposal (net of deferred tax of RUB 134 millions)	-	-	-	-	(537)	-	-	537	-
Payment of interest on perpetual subordinated debt	-	-	-	-	-	-	-	(1,213)	(1,213)
Effect of exchange rate changes on perpetual subordinated debt	-	-	-	(452)	-	-	-	452	-
Tax effect of exchange rate changes on perpetual subordinated debt	-	-	-	-	-	-	-	(88)	(88)
30 June 2021 (unaudited)	17,587	59,709	-	21,710	2,960	107	395	93,074	195,542

P. Sh. Shaykhina
Acting Chairman of the Management Board
P.Sh. Shaykhina

18 August 2021
Moscow

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ROSBANK GROUP

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Roubles)

	Notes	6 months ended 30 June (unaudited)	
		2021	2020
Cash flows from operating activities			
Interest received		41,799	45,263
Interest paid		(18,729)	(20,499)
Fees and commissions received		8,803	7,446
Fees and commissions paid		(2,514)	(2,278)
Receipts from/(payment for) financial assets at fair value through profit or loss		(480)	(620)
Receipts from/(payment for) trading in foreign currencies		(1,334)	2,077
Other operating income received		287	401
Receipts from/(payment for) precious metals operations		4	105
Administrative and other operating expenses paid		(16,028)	(16,251)
Income tax received/(paid)		(893)	(1,065)
Cash flows from/(used in) operating activities before changes in operating assets and liabilities		10,915	14,579
Changes in operating assets and liabilities			
Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation		105	(1,416)
Net (increase)/decrease in financial assets at fair value through profit or loss		2,063	2,086
Net (increase)/decrease in due from banks		(6,820)	4,197
Net (increase)/decrease in loans to customers		(24,063)	(16,196)
Net (increase)/decrease in other assets		(3,336)	5,050
Net increase/(decrease) in financial liabilities at fair value through profit or loss		(358)	101
Net increase/(decrease) in due to the Central Bank of the Russian Federation		-	(2)
Net increase/(decrease) in due to banks and international financial institutions		(1,354)	(17,962)
Net increase/(decrease) in customer accounts		63,559	119,061
Net increase/(decrease) in debt securities issued, other than bonds issued		(302)	(12,493)
Net increase/(decrease) in other liabilities		2,903	474
Net cash from/(used in) operating activities		43,312	97,479
Cash flows from investing activities			
Purchase of financial assets at fair value through other comprehensive income		(62,000)	(80,900)
Proceeds from disposal and redemption of financial assets at fair value through other comprehensive income		30,000	141,975
Proceeds from sale and redemption of financial assets at amortised cost		10,240	23,624
Purchase of financial assets at amortised cost		(15,182)	(24,388)
Purchase of property, equipment and intangible assets		(4,026)	(4,736)
Proceeds from disposal of property and equipment		673	74
Net cash from/(used in) investing activities		(40,295)	55,649
Cash flows from financing activities			
Redemption of bonds issued by the Group		(20,000)	(5,836)
Issue of bonds		-	10,000
Buy back of bonds issued		(1,122)	(2,439)
Payment of interest on perpetual subordinated debt		(1,213)	(1,228)
Payments of the lease liability		(691)	(643)
Sale of shares		-	19
Net cash from/(used in) financing activities		(23,026)	(127)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(6,956)	16,976
Effect of expected credit losses on cash and cash equivalents		(20)	2
Net increase/(decrease) in cash and cash equivalents		(26,985)	169,979
CASH AND CASH EQUIVALENTS, beginning of the period	6	301,646	190,970
CASH AND CASH EQUIVALENTS, end of the period	6	274,661	360,949

Acting Chairman of the Management Board
P.Sh. Shaykhina

18 August 2021
Moscow

The notes on pages 10-38 form an integral part of these interim condensed consolidated financial statements.

ROSBANK GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

1. Organization

ROSBANK (initially named “Nezavisimost”) is a joint stock bank which was incorporated in the Russian Federation in 1993. Over the subsequent five years, ROSBANK customers were mainly comprised of medium-sized trade, finance and technology companies, for which it conducted a variety of activities, including corporate lending, settlement, government bond trading, foreign exchange and money market transactions. In 1998 ROSBANK was acquired by the Interros Group with the initial purpose of providing banking services to Interros Group companies. In 2000 ROSBANK acquired Uneximbank which was merged into ROSBANK and ceased to exist as a legal entity. In 2002 the businesses of ROSBANK and Commercial Bank “MFK Bank”, specializing in investment banking, were consolidated. In 2003 the Interros Group acquired OVK group – one of Russia’s largest retail banking institutions. The integration of OVK with ROSBANK has transformed ROSBANK into a financial institution capable of offering universal services.

Societe Generale became the owner of 20% minus 1 share of Rosbank in 2006. In February 2008 Societe Generale became the owner of Rosbank controlling stock interest by exercising the option for acquisition of 30% stocks. In March 2008 Societe Generale offered to buy the stakes of minority shareholders at 194.09 roubles per share. Having performed the buy-out Societe Generale raised its interest in Rosbank to 57.57%. On 23 March 2009 ROSBANK issued 26,665,928 shares by way of public subscription. The issue was bought by Societe Generale and PHARANCO HOLDINGS CO. LIMITED in the proportion 60.6786% and 39.3214%, respectively. On 27 May 2009 Societe Generale increased its share in Rosbank by 7% after the purchase of this share from PHARANCO HOLDINGS CO. LIMITED.

In February 2010, Societe Generale with the consent of other shareholders of Rosbank Group took the decision to reorganize the legal structure of its Russian subsidiaries in order to build a major financial group.

The first step was achieved in January 2011 with the acquisition of 100% of the share capital of Rusfinance and Delta Credit. The two companies kept acting as separate entities, Rusfinance being mainly dedicated to consumer credit and Delta Credit to mortgages.

The second step was achieved in July 2011 with the merger of the two universal banks ROSBANK and BSGV into a single and unified company ultimately operating under a single brand. Benefiting from their differentiated positioning on both corporate and retail segments, the new structure aims at improving its financial performance by increasing revenues through cross-selling strategy and developing synergies in order to reduce operational costs.

During 2013, Societe Generale further consolidated its positions in Russian market by acquiring in December 2013 an additional 10% stake in ROSBANK equity from VTB Group, increasing it up to 92.4%. As part of the agreement ROSBANK sold to VTB Group certain Russian assets: shares listed on Moscow Exchange as well as some loans and real-estate assets.

In April 2015 Societe Generale acquired further 7% of ROSBANK’s share capital from Interros group, raising its stake to 99.4%, in line with its strategy of building up the Group’s stake in ROSBANK.

On 1 June 2019 the merger process of the mortgage bank Delta Credit and Rosbank is officially completed. “Rosbank Dom” branch has become part of the retail business of Rosbank.

On 1 March 2021 the merger process of the Rusfinance Bank LLC and Rosbank is officially completed. “Rosbank Avto” branch specializing in car loans has become part of the retail business of Rosbank.

ROSBANK is regulated by the Central Bank of the Russian Federation (the “CBR”) and conducts its business under license number 2272. ROSBANK is engaged in a full range of banking activities, including commercial and investment banking and custodial services.

The registered office of ROSBANK is located at 34, Masha Poryvaeva Street, Moscow, 107078, Russian Federation.

As of 30 June 2021 and 31 December 2020 ROSBANK had 10 branches operating in the Russian Federation.

ROSBANK GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

ROSBANK (“the Bank”) is the parent company of a banking group (the “Group”) which consists of the following material enterprises as of 30 June 2021, 31 December 2020 and 30 June 2020:

Name	Country of incorporation	Group's ownership interest / voting rights, %			Type of operations
		30 June 2021	31 December 2020	30 June 2020	
Rusfinance Bank LLC	Russia	Merged	100/100	100/100	Banking
Rusfinance LLC	Russia	100/100	100/100	100/100	Commerce
RB Factoring LLC	Russia	100/100	100/100	100/100	Factoring
RB Leasing LLC	Russia	100/100	100/100	100/100	Leasing
ORS JSC	Russia	Liquidated	100/100	100/100	–
RB Specialized Depository LLC	Russia	100/100	100/100	100/100	Depository services
RB Service LLC	Russia	100/100	100/100	100/100	Service company
Telsikom LLC	Russia	100/100	100/100	100/100	Telecommunication services
SG Finance CJSC	Russia	100/100	100/100	100/100	Leasing
RB Capital AM LLC	Russia	100/100	100/100	–	Asset Management
RB Trading	Russia	100/100	–	–	Dealer activity

On 12 March 2020 the Group took decision to close its subsidiary – ORS JSC. On 9 March 2021 the liquidation of ORS JSC was completed.

In February 2021 the Group took decision to increase the authorized capital of RB Capital LLC by additional contribution of 178 million Roubles to the amount of 224 million Roubles.

In March 2021 the Group took decision to establish “RB Trading” Limited Liability Company. The Group's share in the company's authorized capital is 100% with a nominal value of 45 million Roubles.

On 5 April 2021 the official registration of RB Trading LLC took place.

As of 30 June 2021 and 31 December 2020, the controlling shareholder of ROSBANK is Societe Generale S.A. with share more than 99%.

2. Going concern

These interim condensed consolidated financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

The management and shareholders have the intention to further develop the business of the Group in the Russian Federation both in corporate and retail segments. Management believes that the going concern assumption is appropriate for the Group due to its sufficient capital adequacy ratio and based on historical experience that short-term obligations will be refinanced in the normal course of business.

3. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for 2020 prepared in accordance with IFRS. Management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group's annual consolidated financial statements for 2020 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in equity and cash flows for the interim reporting periods.

Since the results of the Group's operations closely relate to and depend on changing market conditions, the results of the Group's operations for the interim period are not necessarily indicative of the results for the full year.

Effect of COVID-19 pandemic

Due to rapid spread of COVID-19 pandemic in the early of 2020 many governments, including the Russian Government, have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain area. These measures have affected the global supply chain, demand for goods and services, as well as scale of business activity. It is expected that pandemic itself as well as measures for its consequences' minimization may influence the business of the entities in wide range of industries.

Support measures were introduced by the Government and the Central Bank of Russia to counter the economic downturn caused by the COVID-19 pandemic. These measures include, among others, subsidized lending to affected industries and individuals, payment holidays and easing of certain regulatory restrictions to help the financial sector maintain its capabilities to provide resources and to help customers avoid liquidity shortages as a result of the COVID-19 containment measures.

In 2021, the economic gradually began to recover after 2020, but the recovery is still unstable. The duration of the pandemic remains uncertain, the epidemiological situation is affected by the emergence of new COVID-19 strains, restrictive measures still operate in certain business areas and economy sectors. In 2021 support measures from the Government remain one of the key areas of the economic.

The Group continues to assess the expected impact of these trends on its operations and financial position.

Other basis of presentation criteria

These interim condensed consolidated financial statements are presented in millions of Russian Roubles ("mRUB"), unless otherwise indicated.

These interim condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values, and certain land and buildings that are measured at revalued amounts according to International Accounting Standard 16 *Property, Plant and Equipment* ("IAS 16"). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these interim condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ROSBANK GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

The Bank and its consolidated companies, registered in the Russian Federation, maintain their accounting records in accordance with Russian Accounting Standards (RAS), foreign consolidated companies of the Group maintain their accounting records in accordance with the law of the countries, in which they operate. These interim condensed consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent of the Group is the Russian rouble (RUB). The presentation currency of the interim condensed consolidated financial statements of the Group is the RUB. All values are rounded to the nearest million RUB, except when otherwise indicated.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the interim condensed consolidated statement of financial position only when there is a currently legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense is not offset in the interim condensed consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation permitted by any IFRS, and as specifically disclosed in the accounting policies of the Group.

4. Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2020, except for the accounting policies and impact of the adoption of the Standards and Interpretations described below.

Rates of exchange and commodity prices

The exchange rates and commodity prices at period-end used by the Group in the preparation of the interim condensed consolidated financial statements are as follows:

	30 June 2021	31 December 2020
RUB / 1 US Dollar	72.3723	73.8757
RUB / 1 Euro	86.2026	90.6824
RUB / Gold (1 ounce)	127,603.22	139,447.77
RUB / Platinum (1 ounce)	76,642.27	78,899.25
RUB / Palladium (1 ounce)	195,911.82	173,016.89
RUB / Silver (1 ounce)	1,864.67	1,956.60

Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for 2020 prepared in accordance with IFRS.

The Group adopted new Standards effective as of 1 January 2021 as described below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

5. Application of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted in the preparation of the 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 adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the impact of each amendment is described below:

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Cash	10,787	15,078
Balances with the Central Bank of the Russian Federation	33,522	76,521
Current accounts in banks	34,640	55,312
Demand deposits in banks	32,254	12,776
Loans under reverse repurchase agreements	31,711	10,618
Due from banks with original maturity within 90 days	131,776	131,350
Cash and cash equivalents	274,690	301,655
Less – credit loss allowance	(29)	(9)
Total cash and cash equivalents	274,661	301,646

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Fair value of assets pledged and carrying value of loans under the reverse repurchase agreements as at 30 June 2021 and 31 December 2020 comprise:

		30 June 2021 mRUB (unaudited)		31 December 2020 mRUB
	Carrying value of loan	Fair value of collateral	Carrying value of loan	Fair value of collateral
Eurobonds of Russian companies	9,915	12,044	—	—
Eurobonds of Russian banks	8,102	8,859	—	—
Bonds of Russian companies	7,201	7,492	—	—
Shares of Russian companies	3,596	5,229	3,174	4,600
Bonds of the Russian Federation	1,492	1,611	1,853	1,964
Shares of Russian banks	1,405	2,139	1,188	1,813
Eurobonds of central government of the Russian Federation	—	—	4,403	4,674
Total loans under reverse repurchase agreements	31,711	37,374	10,618	13,051

7. Financial assets at fair value through profit or loss

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Debt securities	1,008	2,413
Derivative financial instruments (Note 9)	45,034	54,454
Shares	197	191
Total financial assets at fair value through profit or loss	46,239	57,058

The debt securities included in financial assets at fair value through profit or loss relate entirely to financial assets held-for-trading.

	30 June 2021 Amount mRUB (unaudited)	31 December 2020 Amount mRUB
Debt securities		
Debt securities of the Russian Federation	1,008	2,413
Total debt securities	1,008	2,413

8. Due from banks

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Term deposits in banks	20,406	13,651
Less – credit loss allowance	(14)	(18)
Total due from banks	20,392	13,633

As of 30 June 2021 and 31 December 2020 the Group didn't have loans and advances to banks, which individually exceeded 10% of the Group's equity.

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9. Derivative financial instruments

Derivative financial instruments comprise:

	30 June 2021 mRUB (unaudited)			31 December 2020 mRUB		
	Nominal value	Fair value Assets	Fair value Liabilities	Nominal value	Fair value Assets	Fair value Liabilities
Derivative financial instruments						
Foreign exchange and interest rate contracts						
Swaps	206,689	1,296	(2,063)	197,228	1,183	(2,593)
Forwards	100,448	1,609	(681)	86,275	2,023	(1,151)
IRS/CIRS/CDS	592,351	37,164	(35,223)	608,402	44,882	(43,502)
Cash flow hedge	10,423	1,471	(60)	10,211	1,385	(416)
Fair value hedge	10,500	243	(67)	17,559	42	(264)
Foreign exchange and interest rate options	171,855	2,912	(2,917)	199,669	4,729	(4,749)
Total foreign exchange and interest rate contracts		44,695	(41,011)		54,244	(52,675)
Contracts on precious metals, commodities and equities						
Commodities and equities options	5,674	339	(339)	6,046	210	(210)
Total contracts on precious metals, commodities and equities		339	(339)		210	(210)
Total		45,034	(41,350)		54,454	(52,885)

Cash flow hedge

Cash flow hedging is represented by a swap agreement (hedging instrument) that provides the Group with protection against adverse changes in future cash flows related to a subordinated loan, received from Societe General, denominated in US Dollars, as a result of a change in exchange rate. As at 30 June 2021, this portion of the group's cash flow hedging relates to a portion of the subordinated loan in the amount of USD 154 million.

Another part of the group's cash flow hedge relates to the risk of changes in the estimated cash flows of financial liabilities related to the Societe General Group share-based payment program.

Fair value hedge

The group's fair value hedge relates to the risk of changes in the fair value of securities carried at amortized cost due to changes in interest rates. In Q1 2021 some hedging relationships were revoked. Accumulated negative change in fair value of eurobonds ceased to be hedged is RUB 89 million and will be amortized as interest income during their residual maturity. As at 30 June 2021, the fair value hedge relates to Government bonds of Russian Federation at fixed rate with a par value of RUB 5,000 million and Government eurobonds of Russian Federation at fixed rate with a par value of USD 76 million. As at 31 December 2020, the fair value hedge relates to Government bonds of Russian Federation at fixed rate with a par value of RUB 5,000 million and Government eurobonds of Russian Federation at fixed rate with a par value of USD 170 million (USD 34 million with maturity in 2026; USD 60 million with maturity in 2027; USD 76 million with maturity in 2029)

Embedded derivatives

The Group issued structural bonds with embedded derivatives included in financial assets at fair value through profit and loss in amount RUB 2,468 million as at 30 June 2021 and in amount RUB 2,638 million as at 31 December 2020, respectively. Simultaneously the Group entered into interest rate swap contracts to compensate future cash flows to be paid on structural bonds issued. The fair value of interest rate swaps included in financial liabilities at fair value through profit and loss amounted to RUB 2,468 million as at 30 June 2021 and amounted to RUB 2,638 million as at 31 December 2020, respectively.

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10. Loans to customers

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Loans at amortised cost		
<i>Loans to Corporate business</i>		
Loans to legal entities	254,247	276,320
Net investments in finance lease	28,269	21,187
<i>Loans to Retail business</i>		
Loans to individuals	560,382	530,304
Total loans at amortized cost	842,898	827,811
Loans at fair value through other comprehensive income		
Loans to individuals	8,220	7,354
Total loans at fair value through other comprehensive income	8,220	7,354
Total loans to customers before credit loss allowance	851,118	835,165
Less – credit loss allowance	(38,738)	(42,827)
Total loans to customers	812,380	792,338

As of 30 June 2021 and 31 December 2020 the Group had no loans to groups of customers which individually exceeded 10% of the Group's equity.

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

As of 30 June 2021 the modifications are non-substantial.

11. Investments at fair value through other comprehensive income

		30 June 2021 (unaudited) Amount mRUB		31 December 2020 Amount mRUB
Debt securities	Nominal interest rate %		Nominal interest rate %	
Bonds of the Russian Federation	5.50%-6.50%	62,858	4.25%-6.50%	30,554
Eurobonds of Russian companies	5.00%	415	5.00%	428
Total investments at fair value through other comprehensive income		63,273		30,982

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12. Investments at amortised cost

		30 June 2021 (unaudited) Amount mRUB		31 December 2020 Amount mRUB
	Nominal annual interest rate		Nominal annual interest rate	
Bonds of the Russian Federation and its subjects	6.00%-8.50%	82,026	6.00%-8.50%	78,301
Eurobonds of the Russian Federation	4.25%-7.50%	23,669	4.25%-7.50%	24,773
Bonds of Russian companies	6.75%-8.90%	2,166	6.75%-8.90%	680
Changes in fair value of hedged items		(366)		134
Less – credit loss allowance		(27)		(23)
Total investments at amortised cost		107,468		103,865

13. Financial liabilities at fair value through profit or loss

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Derivative financial instruments	41,350	52,885
Short position on securities	1,433	1,791
Total financial liabilities at fair value through profit or loss	42,783	54,676

Derivative financial instruments are disclosed in Note 9.

14. Due to banks and international financial institutions

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Demand accounts	38,952	42,110
Time deposits	3,728	2,600
Total due to banks and international financial institutions	42,680	44,710

As at 31 June 2021 and 31 December 2020 included in due to banks are RUB 21,578 million and RUB 21,082 million (11% and 11% of Group equity), respectively, that were due to four and three banks, respectively, which represents a significant concentration.

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15. Customer accounts

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Corporate		
Time deposits	339,876	297,090
Repayable on demand	318,847	293,268
Total corporate	658,723	590,358
Individuals		
Time deposits	102,094	123,689
Repayable on demand	214,545	210,591
Total individuals	316,639	334,280
Total customer accounts	975,362	924,638

Customer accounts which were held as security against letters of credit and guarantees issued and other transaction related contingent obligations of the Group are presented in Note 28.

16. Debt securities issued

	Annual coupon rates %	30 June 2021 mRUB (unaudited)	Annual coupon rates %	31 December 2020 mRUB
Bonds of Rosbank due in 2021-2026	5.60%-12.00%	75,292	5.60%-12.00%	96,669
Exchange structural bonds of Rosbank due in 2024	6.71%-9.89%	10,132	5.65%-9.89%	10,126
Discount bearing promissory notes	7.61%-8.37%	945	7.61%-8.37%	1,238
Total debt securities issued		86,369		108,033

During the period January – June 2021 the following bonds were redeemed:

Issuer	Issue date	Maturity date	Debt volume, mRUB	Annual coupon rate, %
Rosbank	26.04.2019	27.04.2021	10,000	8.50%
Rosbank	29.05.2020	30.05.2021	10,000	5.60%

17. Subordinated debt

	Currency	Interest Rate, %	30 June 2021 mRUB (unaudited)	Interest Rate, %	31 December 2020 mRUB
Societe Generale S.A. due in 2029	USD	LIBOR 6M + 268 bp	21,010	LIBOR 6M + 268 bp	21,450
Total subordinated debt			21,010		21,450

In January 2019 the terms of subordinated loan attracted by the Group from Societe Generale S.A. in August 2012 in the amount of USD 150 million and annual interest rate of LIBOR 6M + 765.2 bp and maturity in December 2022 were modified (Note 19).

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In December 2019 the terms of subordinated loans attracted by the Group from Societe General S.A. in February 2008 and January 2010 in the amount of USD 125 million, 165 million and annual interest rates of 6.5% и 6.8% and maturity in February 2023 and January 2023 were modified. According to amended terms of the agreement Societe Generale S.A. granted to the Group subordinated loans in the amount of USD 125 million, 165 million with an annual initial interest rate of LIBOR 6 months + 268 bp and half year interest payment. Rate of interest is to be reset every half year.

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

18. Share capital

As of 30 June 2021 and 31 December 2020 the nominal share capital totaling RUB 17,587 million issued and fully paid comprised 1,551,401,853 ordinary shares with par value of RUB 10 each. All shares are ranked equally and carry one vote. The hyperinflation effect has been recorded in the amount of RUB 2,073 million.

As of 30 June 2021 and 31 December 2020 share premium totaling RUB 59,709 million represents an excess of contributions received in share capital over the nominal value of shares issued.

As at 30 June 2021 and 31 December 2020 the Group's share capital comprised the following number of shares of RUB 10 each:

	Share capital authorized	Share capital authorized but not issued	Share capital issued and paid in
Number of ordinary shares	1,846,461,466	295,059,613	1,551,401,853

19. Perpetual subordinated debt

The Group accounts for the perpetual subordinated loans as an equity instrument in the consolidated statement of financial position due to undefined maturity and an option for cancellation of both the debt and the interest payment by the Group.

Interest payments may be cancelled in accordance with the terms of the perpetual subordinated loan. At the moment the interest under the perpetual subordinated loan becomes non-cancellable, it is recorded as a part of equity.

Central Bank of Russian Federation has approved the inclusion of the perpetual subordinated loan in the regulatory capital of the Bank.

	Currency	Interest Rate %	30 June 2021 mRUB (unaudited)	Interest Rate, %	31 December 2020 mRUB
Societe Generale S.A.	USD	7.25%*	10,855	7.25%*	11,081
Societe Generale S.A.	USD	LIBOR 6M + 687 bp	10,855	LIBOR 6M + 687 bp	11,081
Total perpetual subordinated debt			21,710		22,162

* Annual initial interest rate of 7.25% and annual interest payment. Rate of interest is to be reset every 5 years.

In January 2019 the terms of subordinated loan attracted by the Group from Societe General S.A. in August 2012 in the amount of USD 150 million and annual interest rate of 6M + 765.2 and maturity in December 2022 were modified. According to amended terms of the agreement Societe Generale S.A. granted to the Group perpetual subordinated loan in the amount of USD 150 million with an interest rate of LIBOR 6M + 687 bp and half-annual interest payment.

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20. Net interest income

	6 months ended 30 June mRUB (unaudited) 2020		3 months ended 30 June mRUB (unaudited) 2020	
	2021		2021	
Interest income at effective interest rate				
<i>Interest income on financial assets recorded at amortized cost</i>				
Interest on loans to individuals	26,359	27,825	13,060	13,654
Interest on loans to corporate customers	8,278	9,883	4,298	4,912
Interest on investments at amortised cost	3,083	2,876	1,854	1,540
Interest on due from banks	1,242	1,824	564	695
<i>Interest income on financial assets recorded at fair value through other comprehensive income</i>				
Interest income on investments at fair value through other comprehensive income	1,722	1,552	995	513
Interest on loans to individuals at fair value through other comprehensive income	300	140	179	100
Total interest income at effective interest rate	40,984	44,100	20,950	21,414
Other interest income				
Interest income on financial assets at fair value through profit and loss	59	151	33	57
Total other interest income	59	151	33	57
Total interest income	41,043	44,251	20,983	21,471
Interest expense at effective interest rate				
<i>Interest expense on financial liabilities recorded at amortized cost</i>				
Interest on corporate customer accounts	8,072	9,525	4,160	4,371
Interest on debt securities issued	3,564	3,831	1,686	1,791
Interest on deposits from individuals	3,496	5,495	1,730	2,569
Interest on subordinated debt	518	450	248	330
Interest on deposits from banks	433	792	274	551
Total interest expense calculated using effective interest rate	16,083	20,093	8,098	9,612
Other interest expense				
Lease liabilities	213	175	105	90
Total other interest expense	213	175	105	90
Total interest expense	16,296	20,268	8,203	9,702
Net interest income	24,747	23,983	12,780	11,769

21. Credit loss expense and other provisions

For 6 and 3 months ended 30 June 2021 and 2020 the amount of credit loss expenses in the interim consolidated statement of profit or loss comprises:

	6 months ended 30 June mRUB (unaudited) 2020		3 months ended 30 June mRUB (unaudited) 2020	
	2021		2021	
Stage 1 net allocations	266	439	793	783
Stage 2 net allocations	847	3,339	1	1,811
Stage 3 net allocations	942	3,716	(36)	2,496
POCI net allocations	—	(1)	—	—
Recoveries of loans written off	(2)	(1)	(1)	(1)
Write offs not covered by provisions	40	2	35	—
Credit loss expenses	2,093	7,494	792	5,089

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An analysis of changes in the ECLs for financial assets for 6 months ended 30 June 2021 is, as follows:

	Cash and cash equivalents and due from banks mRUB (unaudited)	Loans to Corporate business mRUB (unaudited)	Loans to Retail business mRUB (unaudited)	Investments at amortised cost mRUB (unaudited)	Investments and loans at FVOCI mRUB (unaudited)	Total mRUB (unaudited)
Stage 1						
ECL as at 1 January 2021	27	689	8,850	23	1	9,590
Transfers to Stage 1	–	144	621	–	–	765
Transfers to Stage 2	(5)	(12)	(95)	–	–	(112)
Transfers to Stage 3	–	(4)	(80)	–	–	(84)
Net allocations	20	(11)	248	4	1	262
Foreign exchange adjustments	–	(3)	(6)	–	–	(9)
ECL as at 30 June 2021	42	803	9,538	27	2	10,412
Stage 2						
ECL as at 1 January 2021	–	644	1,310	–	–	1,954
Transfers to Stage 1	–	(141)	(195)	–	–	(336)
Transfers to Stage 2	5	12	390	–	–	407
Transfers to Stage 3	–	(6)	(1,039)	–	–	(1,045)
Net allocations	(4)	(178)	997	–	–	815
Foreign exchange adjustments	–	(4)	–	–	–	(4)
ECL as at 30 June 2021	1	327	1,463	–	–	1,791
Stage 3						
ECL as at 1 January 2021	–	5,751	25,570	–	–	31,321
Transfers to Stage 1	–	(3)	(426)	–	–	(429)
Transfers to Stage 2	–	–	(295)	–	–	(295)
Transfers to Stage 3	–	10	1,119	–	–	1,129
Net allocations	–	(672)	1,146	–	–	474
Amounts sold and written off	–	(2,346)	(3,205)	–	–	(5,551)
Foreign exchange adjustments	–	(32)	(23)	–	–	(55)
ECL as at 30 June 2021	–	2,708	23,886	–	–	26,594
POCI						
ECL as at 1 January 2021	–	–	13	–	–	13
Allowance charge	–	–	–	–	–	–
ECL as at 30 June 2021	–	–	13	–	–	13
Total at 1 January 2021	27	7,084	35,743	23	1	42,878
Total at 30 June 2021	43	3,838	34,900	27	2	38,810

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An analysis of changes in the ECLs for financial assets for 6 months ended 30 June 2020 is, as follows:

	Cash and cash equivalents and due from banks mRUB (unaudited)	Loans to Corporate business mRUB (unaudited)	Loans to Retail business mRUB (unaudited)	Investments at amortised cost mRUB (unaudited)	Investments and loans at FVOCI mRUB (unaudited)	Total mRUB (unaudited)
Stage 1						
ECL as at 1 January 2020	8	622	4,868	15	2	5,515
Transfers to Stage 1	—	6	302	—	—	308
Transfers to Stage 2	—	(52)	(136)	—	—	(188)
Transfers to Stage 3	—	(3)	(90)	—	—	(93)
Net allocations	9	72	351	5	(1)	436
Foreign exchange adjustments	1	14	32	—	—	47
ECL as at 30 June 2020	18	659	5,327	20	1	6,025
Stage 2						
ECL as at 1 January 2020	—	52	1,413	—	—	1,465
Transfers to Stage 1	—	(4)	(169)	—	—	(173)
Transfers to Stage 2	—	53	200	—	—	253
Transfers to Stage 3	—	(2)	(1,448)	—	—	(1,450)
Net allocations	—	364	2,990	—	—	3,354
Foreign exchange adjustments	—	(9)	1	—	—	(8)
ECL as at 30 June 2020	—	454	2,987	—	—	3,441
Stage 3						
ECL as at 1 January 2020	—	5,237	25,129	—	—	30,366
Transfers to Stage 1	—	(2)	(133)	—	—	(135)
Transfers to Stage 2	—	(1)	(64)	—	—	(65)
Transfers to Stage 3	—	5	1,538	—	—	1,543
Net allocations	—	23	3,552	—	—	3,575
Amounts sold and written off	—	(43)	(5,816)	—	—	(5,859)
Foreign exchange adjustments	—	355	85	—	—	440
ECL as at 30 June 2020	—	5,574	24,291	—	—	29,865
POCI						
ECL as at 1 January 2020	—	—	14	—	—	14
Allowance charge	—	—	(1)	—	—	(1)
ECL as at 30 June 2020	—	—	13	—	—	13
Total at 1 January 2020	8	5,911	31,424	15	2	37,360
Total at 30 June 2020	18	6,687	32,618	20	1	39,344

For 6 and 3 months ended 30 June 2021 and 2020 the amount of other provision comprises:

	6 months ended 30 June mRUB (unaudited)		3 months ended 30 June mRUB (unaudited)	
	2021	2020	2021	2020
Net allocations	71	(3)	61	(24)
Recoveries of debtors receivables written off	(59)	(44)	(25)	(18)
Write offs not covered by provisions	27	56	15	41
Net repossessed collateral (recoveries)/impairment	(236)	42	2	10
Other provisions and impairment	(197)	51	53	9

The information about other provisions of the Group is disclosed in Note 28.

Allowance for impairment losses on assets is deducted from the respective assets. Provision for impairment losses on financial guarantees issued, claims and other commitments is presented in liabilities.

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An analysis of changes in the ECLs for other financial assets, financial guarantees, credit lines, letters of credit and for 6 months ended 30 June 2021 is, as follows:

	Provisions for financial guarantees, credit lines, letters of credit mRUB (unaudited)	Provision for other assets mRUB (unaudited)	Total mRUB (unaudited)
Stage 1			
ECL as at 1 January 2021	134	8	142
Transfers to Stage 1	6	11	17
Transfers to Stage 2	(4)	–	(4)
Transfers to Stage 3	(2)	–	(2)
Net allocations	(2)	6	4
Foreign exchange adjustments	(2)	–	(2)
ECL as at 30 June 2021	130	25	155
Stage 2			
ECLs as at 1 January 2021	68	4	72
Transfers to Stage 1	(6)	–	(6)
Transfers to Stage 2	4	–	4
Transfers to Stage 3	(6)	–	(6)
Net allocations	33	(1)	32
Foreign exchange adjustments	(3)	–	(3)
ECL as at 30 June 2021	90	3	93
Stage 3			
ECLs as at 1 January 2021	63	1,278	1,341
Transfers to Stage 1	–	(11)	(11)
Transfers to Stage 2	–	–	–
Transfers to Stage 3	8	–	8
Net allocations	409	59	468
Amounts sold and written off	–	(13)	(13)
Foreign exchange adjustments	–	(2)	(2)
ECL as at 30 June 2021	480	1,311	1,791
Total at 1 January 2021	265	1,290	1,555
Total at 30 June 2021	700	1,339	2,039

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An analysis of changes in the ECLs for other financial assets, financial guarantees, credit lines, letters of credit and for 6 months ended 30 June 2020 is, as follows:

	Provisions for financial guarantees, credit lines, letters of credit mRUB (unaudited)	Provision for other assets mRUB (unaudited)	Total mRUB (unaudited)
Stage 1			
ECL as at 1 January 2020	118	7	125
Transfers to Stage 1	1	—	1
Transfers to Stage 2	(5)	—	(5)
Transfers to Stage 3	—	—	—
Net allocations	(8)	11	3
Foreign exchange adjustments	5	1	6
ECL as at 30 June 2020	111	19	130
Stage 2			
ECLs as at 1 January 2020	17	4	21
Transfers to Stage 1	(1)	—	(1)
Transfers to Stage 2	38	—	38
Transfers to Stage 3	—	—	—
Net allocations	(15)	—	(15)
Foreign exchange adjustments	1	—	1
ECL as at 30 June 2020	40	4	44
Stage 3			
ECLs as at 1 January 2020	44	1,058	1,102
Transfers to Stage 1	—	—	—
Transfers to Stage 2	(33)	—	(33)
Transfers to Stage 3	—	—	—
Net allocations	42	99	141
Amounts sold and written off	—	(41)	(41)
Foreign exchange adjustments	—	(1)	(1)
ECL as at 30 June 2020	53	1,115	1,168
Total at 1 January 2020	179	1,069	1,248
Total at 30 June 2020	204	1,138	1,342

The movements in provisions according to IAS 37 were as follows:

	Provision for claims and other commitments mRUB (unaudited)
Provision as at 1 January 2020	298
Allowance charge	61
Recoveries	(64)
Amounts written off	(31)
Foreign exchange adjustments	2
Provision as at 30 June 2020	266
Provision as at 1 January 2021	594
Allowance charge	224
Recoveries	(153)
Amounts written off	(36)
Foreign exchange adjustments	—
Provision as at 30 June 2021	629

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22. Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards

Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards comprises:

	6 months ended 30 June		3 months ended 30 June	
		mRUB (unaudited)		mRUB (unaudited)
	2021	2020	2021	2020
Net (loss)/gain on operations with financial assets and liabilities at fair value through profit or loss comprise:				
Realized gain on trading operations	123	(64)	(10)	(283)
Unrealized revaluation of securities at fair value through profit or loss	(158)	(7)	(17)	360
Net (loss)/gain on operations with derivative financial instruments, except forex swaps and forwards	(352)	860	(202)	(2,271)
Total net (loss)/gain on operations with financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards	(387)	789	(229)	(2,194)

23. Net gain/(loss) on foreign exchange operations

	6 months ended 30 June		3 months ended 30 June	
		mRUB (unaudited)		mRUB (unaudited)
	2021	2020	2021	2020
Net gain/(loss) on foreign exchange operations	1,507	2,848	849	2,615
Exchange differences	(287)	1,210	(1,007)	(2,079)
Effect of foreign currency swap instruments	(385)	(478)	(347)	45
Total net gain/(loss) on foreign exchange operations	835	3,580	(505)	581

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24. Fee and commission income and expense

	6 months ended 30 June		3 months ended 30 June	
		mRUB (unaudited)		mRUB (unaudited)
	2021	2020	2021	2020
Fee and commission income				
Agency operations	2,424	1,931	1,332	892
Plastic cards operations	2,388	2,131	1,269	1,023
Settlements	1,436	1,455	726	807
Documentary operations	837	689	429	365
Internet bank	567	591	312	277
Cash operations	279	217	164	95
SMS-informing	150	185	75	65
Other operations	760	665	393	349
Total fee and commission income	8,841	7,864	4,700	3,873
Fee and commission expense				
Plastic cards operations	1,710	1,388	847	688
Agency operations	258	302	5	118
Settlements	184	162	96	50
Cash operations	143	195	98	61
Documentary operations	12	53	4	5
Other operations	196	140	111	65
Total fee and commission expense	2,503	2,240	1,161	987

25. Operating expenses

	6 months ended 30 June		3 months ended 30 June	
		mRUB (unaudited)		mRUB (unaudited)
	2021	2020	2021	2020
Salary and bonuses	6,940	7,875	3,341	3,777
Unified social tax contribution	2,284	2,288	1,103	1,036
Depreciation charge on property and equipment and right-of-use assets	3,679	2,654	1,899	1,361
Professional services	1,404	1,065	722	746
Repairs and maintenance expense	979	1,070	458	584
Deposit insurance charge	713	727	353	187
Advertising and marketing expenses	705	499	310	214
Communications	347	497	155	209
Operating lease expense	108	135	29	69
Security	87	89	44	44
Transportation expenses	52	100	7	55
Other	726	1,161	416	452
Total operating expenses	18,024	18,160	8,837	8,734

26. Income tax

The Group measures and records its current income tax payable in its assets and liabilities in accordance with the tax regulations of RF and countries where the Group and its subsidiaries operate, which may differ from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

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Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as of 30 June 2021 and 31 December 2020 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by corporate entities in the RF on taxable profits (as defined) under tax law in that jurisdiction.

Based on semi-annual tax business planning exercise, the Group believes that it will generate sufficient taxable profits to recover the deferred tax assets recognized as of 30 June 2021.

Income tax expense for 6 and 3 months ended 30 June 2021 and 2020 comprise:

	6 months ended 30 June mRUB (unaudited)		3 months ended 30 June mRUB (unaudited)	
	2021	2020	2021	2020
Current tax charge	857	2,290	199	1,030
Deferred tax charge – origination and reversal of temporary differences and tax loss carried forward	1,243	(984)	871	(1,274)
Less: deferred tax recognized directly in other comprehensive income	(109)	57	(12)	143
Income tax expense/(income)	1,991	1,363	1,058	(101)

27. Earnings per share attributable to equity holders of the parent

	6 months ended 30 June mRUB (unaudited)		3 months ended 30 June mRUB (unaudited)	
	2021	2020	2021	2020
Profit/(loss)				
Net profit/(loss) attributable to equity holders of the parent for the period (mRUB)	10,033	7,262	4,956	(584)
Weighted average number of ordinary shares				
For basic and diluted earnings per share	1,551,401,853	1,551,218,395	1,551,401,853	1,551,125,137
Earnings/(loss) per share – basic and diluted (RUB)	6.47	4.68	3.19	(0.38)

28. Commitments and contingencies

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the statement of financial position.

The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations. Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions.

	30 June 2021 mRUB (unaudited)	31 December 2020 mRUB
Litigations and other provisions	629	594
Provision for losses on letters of credit and guarantees	700	265
Total other provisions	1,329	859

As of 30 June 2021 and 31 December 2020, letters of credit and other transactions related to contingent obligations covered by cash on customers' accounts amounted to RUB 277 million and RUB 167 million, respectively and guarantees issued covered by cash amounted RUB 20 million as of 31 December 2020.

As of 30 June 2021 and 31 December 2020, the nominal or contract amounts were:

	30 June 2021 (unaudited) Nominal amount mRUB	31 December 2020 Nominal amount mRUB
Contingent liabilities and credit commitments		
Guarantees issued and similar commitments	163,803	150,593
Commitments on loans and unused credit lines	100,605	172,169
Letters of credit and other transaction related contingent obligations	51,925	59,729
Total contingent liabilities and credit commitments	316,333	382,491

The Group has commitments to provide funds under credit lines facilities. However, the Group has a right not to exercise such commitments due to certain conditions.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred.

Taxation

The current provisions of the Russian tax legislation are characterized by a significant degree of uncertainty, allow ambiguous interpretation, selective and inconsistent application, and are subject to frequent changes with the possibility of their retrospective application. Every year the approach of the Russian tax authorities in interpreting tax legislation becomes tougher. As a result, previously uncontested tax accounting positions could be challenged in future tax audits.

Russian transfer pricing regulations set out reporting and documentation requirements of the Group's companies aimed to control prices in transactions between related parties and certain transactions with related parties. In light of the uncertainty and absence of extensive practice of application of the Russian transfer pricing legislation it cannot be excluded that in case the prices applied in controlled transactions differ from the market level, the amounts of taxable income/expenses on such transactions could be disputed by the Russian tax authorities, including based on special rules provided for transactions with securities and derivative financial instruments. The sum of potential liabilities from tax authorities pertaining to the transfer pricing could not be reliably estimated. In the Management's opinion prices applied by the related parties of the Group in controlled transactions at arm length principle; the Group's methodology for determining market level in transactions between related parties comply with the Russian transfer pricing rules.

Russian tax legislation establishes the obligation for taxpayers that are constituent entities of a multinational group to submit a Country by country report ("CbCR"). Group companies are obliged to provide Russian tax authorities with CbCR Notification.

Russian tax legislation establishes the procedure for the automatic exchange of information on financial accounts with foreign countries (territories). As part of the requirements for the automatic exchange of information on the financial accounts of a company, the Group is obliged to perform additional procedures to identify its clients, their beneficiaries and (or) persons controlling them, in order to identify tax residents of foreign countries (territories), and to submit annual reports on the accounts of such entities to the Federal Tax Service. The Management believes that the Group companies that are subject to reporting obligations are in compliance with the abovementioned procedures and requirements.

Russian and international tax legislation sets out a number of double tax treaty application requirements to be met in order to apply a tax exemption or reduced withholding tax rates to payments made in favor of non-residents. The implementation of these requirements is associated with an increase of the administrative, and, in some cases, the tax burden on Russian taxpayers. The Group companies apply a tax exemption or reduced withholding tax rates envisaged by the double tax treaties concluded by Russia to payments made in favor of non-residents based on the established procedure for analyzing and documenting the beneficial ownership of the income recipient. In the Management's opinion the procedures applied by the Group allow to minimize the potential tax risks arising from taxation of income paid in favor of non-residents.

The Russian tax law sets out the general anti-avoidance rules that allow the Russian tax authorities to deny recovery of input VAT and challenge the deductibility of certain expenses for profits tax purposes. In the Management's opinion the Group companies comply with the general anti-avoidance rules.

The COVID-19 coronavirus pandemic has affected many processes, including taxation, of companies in various industries around the world. In these circumstances the Group companies comply with all tax legislation requirements for reporting and paying taxes on time.

Generally, fiscal periods remain open and subject to review by the Russian tax authorities 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.

In the Management's opinion in 2021 year the provisions of the tax legislation were appropriately applied to the Group companies.

Operating environment

Emerging markets such as Russian Federation are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russian Federation continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russian Federation is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russian Federation produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market, which has shown significant degree of volatility over 2018-2021. Management is unable to reliably estimate the effects of any further price fluctuations on the Group's financial position.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen, companies and financial instruments. Global geopolitical landscape remains complicated due to stress around numerous regions.

Starting from 2020, several countries, including Russian Federation, introduced restrictive measures to combat the spread of the coronavirus.

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As the COVID-19 outbreak continues there remains uncertainty about further developments of pandemic duration and the extent of the possible economic recovery in the nearest future. Government responses, their corresponding effects are still evolving and the Group's management continues its estimation of increased risks and effects of the pandemic and the measures taken by the government.

As a consequence of these factors, Russian financial assets have suffered a material rise in volatility over 2018-2021. These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, weakening of the Russian rouble and other negative economic consequences.

The impact of further political and economic developments in Russian Federation on future operations and financial position of the Group is at this stage difficult to determine.

Share-based payments

The Group engages in cash settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares initially on the date of the grant and then subsequently at each reporting date. The cost of the employee services received in respect of the shares granted is recognized in the interim condensed consolidated statement of profit or loss within administrative expenses, over the period that the services are received, which is the vesting period. A liability equal to the portion of the goods and services received is recognized at the current fair value determined at each balance sheet date for cash settled payments.

29. Transactions with related parties

Transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

		30 June 2021 mRUB (unaudited) Total category as per financial statement caption		31 December 2020 mRUB Total category as per financial statement caption
	Related party transactions		Related party transactions	
Cash and cash equivalents, gross	153,800	274,690	129,033	301,655
- shareholders	153,782		129,028	
- related parties under common control with the Group	18		5	
Financial assets at fair value through profit or loss	16,272	46,239	19,981	57,058
- shareholders	16,272		19,981	
Loans to customers, gross	4,208	851,118	4,526	835,165
- key management personnel of the Group	3		3	
- related parties under common control with the Group	4,205		4,523	
Other assets	1,095	15,226	1,364	13,611
- shareholders	322		664	
- related parties under common control with the Group	773		700	
Financial liabilities at fair value through profit or loss	24,412	42,783	32,520	54,676
- shareholders	24,412		32,520	
Due to banks and international financial institutions	15,312	42,680	11,991	44,710
- shareholders	9,972		10,501	
- related parties under common control with the Group	5,340		1,490	
Customer accounts	4,026	975,362	3,589	924,638
- key management personnel of the Group	169		162	
- related parties under common control with the Group	3,857		3,427	

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		30 June 2021 mRUB (unaudited)		31 December 2020 mRUB
	Related party transactions	Total category as per financial statement caption	Related party transactions	Total category as per financial statement caption
Debt securities issued	481	86,369	992	108,033
- related parties under common control with the Group	481		992	
Other liabilities	639	21,640	522	20,599
- shareholders	603		481	
- related parties under common control with the Group	36		41	
Subordinated debt	21,010	21,010	21,450	21,450
- shareholders	21,010		21,450	
Perpetual subordinated debt	21,710	21,710	22,162	22,162
- shareholders	21,710		22,162	
Guarantees issued and similar commitments	16,024	163,803	13,404	150,593
- shareholders	9,280		9,000	
- related parties under common control with the Group	6,744		4,404	
Commitments on loans and unused credit lines	8,759	100,605	49,613	172,169
- shareholders	4,785		45,441	
- key management personnel of the Group	6		6	
- related parties under common control with the Group	3,968		4,166	
Guarantees received	6,229	542,898	7,567	535,097
- shareholders	5,996		7,284	
- key management personnel of the Group	4		—	
- related parties under common control with the Group	229		283	

Included in the interim consolidated statements of profit or loss for the 6 months ended 30 June 2021 and 2020 are the following amounts which arose due to transactions with related parties:

	6 months ended 30 June 2021 mRUB (unaudited)		6 months ended 30 June 2020 mRUB (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	255	41,043	326	44,251
- shareholders	134		228	
- related parties controlled by, or under common control with the Group	121		98	
Interest expense	(587)	(16,296)	(688)	(20,268)
- shareholders	(445)		(500)	
- key management personnel of the Group	(2)		(4)	
- related parties under common control with the Group	(140)		(184)	
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards	1,916	(387)	455	789
- shareholders	1,916		455	
Net gain/(loss) on foreign exchange operations and on precious metals operations	(469)	836	(101)	3,581
- shareholders	(469)		(101)	
Fee and commission income	2,009	8,841	1,717	7,864
- shareholders	145		153	
- related parties under common control with the Group	1,864		1,564	
Fee and commission expense	(31)	(2,503)	(58)	(2,240)
- shareholders	(31)		(58)	
Operating expense (other than compensation)	(108)	(8,800)	(46)	(7,997)
- shareholders	(108)		(30)	
- related parties under common control with the Group	—		(16)	
Other income	3	287	2	401
- related parties under common control with the Group	3		2	
	32			

For the 6 months ended 30 June 2021 and 2020 total remuneration of the key management amounted to RUB 220 million including share-based payments amounted to RUB 44 million and RUB 268 million including share-based payments amounted to RUB 49 million, respectively.

30. Fair value of financial instruments

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IFRS 13 *Fair Value Measurement*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- Unquoted equities and debt securities classified at fair value through other comprehensive income are valued using models that use both observable and unobservable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.
- For financial assets and liabilities that have a short term maturity (less than 12 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a maturity.
- For loans and advances to banks and customers and deposits by banks and customers and promissory notes issued at variable rates management believes that carrying value may be assumed to be fair value.
- For loans and advances to banks and customers and deposits by banks and customers and promissory notes issued at fixed rates fair value has been estimated by reference to the market rates available at the balance sheet date for similar instruments of maturity equal to the remaining fixed period.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

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The fair value of financial assets and liabilities compared with the corresponding carrying amount in the interim consolidated statement of financial position of the Group is presented below:

	30 June 2021 (unaudited)		31 December 2020	
	Carrying value, mRUB	Fair value, mRUB	Carrying value, mRUB	Fair value, mRUB
Cash and cash equivalents	274,661	274,661	301,646	301,646
Mandatory cash balances with the Central Bank of the Russian Federation	10,805	10,805	10,910	10,910
Financial assets at fair value through profit or loss				
- <i>Derivative financial instruments</i>	45,034	45,034	54,454	54,454
- <i>Debt securities</i>	1,008	1,008	2,413	2,413
- <i>Shares</i>	197	197	191	191
Due from banks	20,392	20,405	13,633	13,658
Loans to customers	812,380	815,952	792,338	803,373
Investments at fair value through other comprehensive income	63,273	63,273	30,982	30,982
Investments at amortised cost	107,468	109,176	103,865	109,338
Other financial assets	4,524	4,524	3,892	3,892
Financial liabilities at fair value through profit or loss	42,783	42,783	54,676	54,676
Due to banks and international financial institutions	42,680	42,681	44,710	44,712
Customer accounts	975,362	975,367	924,638	926,155
Debt securities issued	86,369	86,750	108,033	110,391
Other financial liabilities	18,065	18,065	17,976	17,976
Subordinated debt	21,010	21,010	21,450	21,450

Assets and liabilities for which fair value approximates carrying value

For financial assets and liabilities that have a short term maturity (less than 12 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts.

Fair value measurements recognised in the interim condensed consolidated statement of financial position

For the purpose of fair value hierarchy disclosure as at 30 June 2021 and 31 December 2020, the Group has categorized classes of assets and liabilities at fair value into Level 1 to 3 based on the degree to which their fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Balance Sheet Category	30 June 2021 mRUB (unaudited)			31 December 2020 mRUB		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss						
- <i>Derivative financial instruments</i>	–	45,034	–	–	54,454	–
- <i>Debt securities</i>	1,008	–	–	2,413	–	–
- <i>Shares</i>	–	197	–	–	191	–
Investments at fair value through other comprehensive income	63,273	–	–	30,982	–	–
Loans to individuals at fair value through other comprehensive income	–	8,220	–	–	7,354	–
Financial liabilities at fair value through profit or loss	1,433	41,350	–	1,791	52,885	–

Possibility of transfer from Level 1 to Level 2 category is assessed as low, as liquidity control is performed by Market Risk Department. Control period of liquidity assessment is 90 days from position opening. Market risk department performs liquidity analysis using position turnover, volumes of exchange trades, availability of exchange and brokers quotations. In case of position assessment as insufficiently liquid the necessary actions to close position are taken.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The sensitivity of the fair value measurement to changes in those unobservable inputs indicated above does not result in a significantly higher or lower fair value measurement.

31. Segment reporting

The Group discloses information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 *Operating Segments* and other standards that require special disclosures in the form of segmental reporting.

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

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Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided. The Group's reportable segments under IFRS 8 are therefore as follows:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- Treasury and Financial institutions – representing all trading financial instruments recognized and measured at fair value through profit and loss as well as loans and borrowings initiated through interbank transactions.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Transactions between the operating segments consist only of reallocating of funds. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's marginal funding price. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The main business activity of the Group is concentrated in RF, thus no geographical segmentation is reported.

Segment information about these businesses is presented below.

	Retail banking	Corporate banking	Treasury and financial institutions	Unallocated	6 months ended 30 June 2021 (unaudited)
Net interest margin	14,067	5,359	865	4,456	24,747
Credit loss expense	(2,530)	472	6	(41)	(2,093)
Net gain/(loss) on financial transactions	337	–	237	(141)	433
Net fee and commission income	4,381	1,703	326	(72)	6,338
Other provisions and recovery/(impairment)	109	47	–	41	197
Other income	(6)	34	26	233	287
Income/(expense) from other segments	2,079	2,156	241	(4,476)	–
Total operating income	18,437	9,771	1,701	–	29,909
Operating expenses	(14,231)	(2,522)	(1,075)	(196)	(18,024)
(Expense)/income from other segments	(135)	(43)	(18)	196	–
Other non-operating income/(expense)	71	74	(6)	–	139
Profit before income tax	4,142	7,280	602	–	12,024
Income tax expense	(686)	(1,205)	(100)	–	(1,991)
Net profit for the period	3,456	6,075	502	–	10,033
Segment assets as at 30 June 2021 (unaudited)	770,672	509,297	90,386	16,620	1,386,975
Segment liabilities as at 30 June 2021 (unaudited)	391,054	720,929	56,221	23,229	1,191,433

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

	Retail banking	Corporate banking	Treasury and Financial institutions	Unallocated	6 months ended 30 June 2020 (unaudited)
Net interest margin	14,546	4,906	1,243	3,288	23,983
Credit loss expense	(7,124)	(355)	(2)	(13)	(7,494)
Net gain/(loss) on financial transactions	211	–	3,804	348	4,363
Net fee and commission income	4,032	1,475	263	(146)	5,624
Other provisions	(33)	(13)	–	(5)	(51)
Other income	–	99	22	280	401
Income/(expense) from other segments	1,692	1,897	163	(3,752)	–
Total operating income	13,324	8,009	5,493	–	26,826
Operating expenses	(14,030)	(2,383)	(966)	(781)	(18,160)
(Expense)/income from other segments	(635)	(100)	(46)	781	–
Other non-operating expense	(20)	(18)	(3)	–	(41)
Profit before income tax	(1,361)	5,508	4,478	–	8,625
Income tax income/(expense)	215	(870)	(708)	–	(1,363)
Net profit/(loss) for the period	(1,146)	4,638	3,770	–	7,262
Segment assets as at 31 December 2020	733,400	525,446	88,317	16,273	1,363,436
Segment liabilities as at 31 December 2020	419,879	669,601	65,670	21,911	1,177,061

For the purpose of the segment reporting disclosure the category “Net gain/(loss) on financial transactions” includes the following categories:

- Net (loss)/gain on financial assets and liabilities at fair value through profit or loss, except forex swaps and forwards;
- Net gain/(loss) on foreign exchange operations;
- Net gain/(loss) on precious metals operations.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 6 MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

32. Subsequent events

In July 2021 the following bonds were issued:

Issuer	Issue date	Maturity date	Debt volume, mRUB	Annual coupon rate, %
Rosbank	13.07.2021	15.07.2023	20,000	7.60%


Acting Chairman of the Management Board
P.Sh. Shaykhina

18 August 2021
Moscow

