

SBI Bank LLC

Interim Condensed Financial Statements
for the First Half of 2021 (unaudited)

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Statement of Management's Responsibilities for the Preparation and Approval of the Interim Condensed Financial Statements for the First Half of 2021

The management of SBI Bank Limited Liability Company (hereinafter – the “Bank”) is responsible for the preparation of the interim condensed financial statements that present fairly in all material respects the financial position of the Bank as at 30 June 2021, and the results of its operations, cash flows and changes for the six months then ended, in compliance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting (hereinafter – “IAS 34”).

In preparing the interim condensed financial statements, management is responsible for:

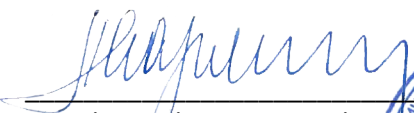
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank’s financial position and financial performance;
- Making an assessment of the Bank’s ability to continue as a going concern.

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Bank;
- Maintaining adequate accounting records that are sufficient to show and explain the Bank’s transactions and disclose with reasonable accuracy at any time the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Maintaining statutory accounting records in compliance with Russian legislation and accounting standards;
- Taking all reasonably available measures to safeguard the assets of the Bank; and
- Detecting and preventing fraud and other violations.

The interim condensed financial statements for the first half of 2021 were approved by the Management Board on 30 August 2021.

On behalf of the Management Board:


Karyakin Andrei Dmitrievich
Chairman of the Board




Sytenko Vadim Gennadievich
Chief Accountant

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the participants of SBI Bank LLC

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SBI Bank LLC (the “Bank”) as of 30 June 2021 and the related interim condensed statements of profit and loss, comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

Except for the facts, provided for in the Basis for Qualified Conclusion section, we conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review of interim financial statements 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.

Basis for Qualified Conclusion

As at 30 June 2021 the Bank has created an allowance for expected credit losses on a loan to a client that is in the third stage of impairment according to IFRS 9 Financial Instruments, in the amount of RUB 34 867 thousand, which comprises 29% of the gross carrying amount of the loan totaling RUB 120 000 thousand. We were not provided with appropriate justification of the assumptions used in calculations. Consequently, we were unable to perform the procedures we considered necessary concerning the adequacy of the allowance for expected credit losses as at 30 June 2021. Maximum possible misstatement of the allowance for expected credit losses which we could detect if we had been able to complete the procedures we consider necessary amounts to RUB 85 133 thousand as at 30 June 2021. An adjustment of the maximum possible misstatement could lead to a decrease in the Bank’s equity and assets as at 30 June 2021, an increase in the expenses related to the allowance for ECL, a decrease in the financial result and comprehensive income for the six months then ended, by RUB 85 133 thousand.

Qualified Conclusion

Except for the adjustments to the interim condensed financial statements that we might have become aware of had it not been for the situation described in the Basis for Qualified Conclusion section of our report, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Ekaterina Vladimirovna Ponomarenko
Engagement partner

30 August 2021



Company: SBI Bank LLC

Certificate of State Registration No. 035.102, issued on 30 December 1994 by the Moscow Registration Chamber on 08 January 2003.

Primary State Registration Number: 1037739028678

Certificate of Registration in the Unified State Register of Legal Entities: No. 1037739028678, issued by the Moscow Federal Tax Service on 11 March 2003.

Address: 125315, Moscow, 72 Leningradsky ave., bld. 2, 3

Audit firm: AO "Deloitte & Touche CIS"

Certificate of State Registration No. 018.482, issued by the Moscow Registration Chamber on 30 October 1992.

Primary State Registration Number: 1027700425444

Certificate of Registration in the Unified State Register of Legal Entities: series 77 No. 004840299, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation No. 39 on 13 November 2002.

Member of Self-Regulated organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

**Interim Condensed Statement of Financial Position
as at 30 June 2021
(in thousands of Russian rubles)**

On behalf of the Management Board:

30 August 2021

The notes on pages 10-56 form an integral part of these interim condensed financial statements.

SBI Bank LLC

Interim Condensed Statement of Profit or Loss for the First Half of 2021 (in thousands of Russian rubles)

	Notes	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Interest income		871 370	642 372
Interest expenses		(203 748)	(201 911)
Net interest income before impairment losses on assets	14	667 622	440 461
Impairment losses recovery/(recognition) on interest bearing assets	4, 5, 6, 7	(134 919)	(564 640)
Net interest income after impairment losses on interest bearing assets		532 703	(124 179)
Fee and commission income	15	150 717	112 209
Fee and commission expenses	15	(51 381)	(45 699)
Net gain/(loss) on financial instruments operations		3 785	(6 453)
Net gain/(loss) on trading in foreign currency		12 904	(80 107)
Net gain/(loss) on foreign currency translation		6 525	86 054
Recovery/(charge) of other provisions	16	2 567	14 026
Other net income		22 652	17 744
Net non-interest income/(expenses)		147 769	97 774
Operating income/(expenses)		680 472	(26 405)
Operating expenses	17	(638 370)	(613 148)
Profit/(loss) before income tax		42 102	(639 553)
Income tax	18	(2 387)	(894)
Net profit/(loss) for the period		39 715	(640 447)


On behalf of the Management Board:


Karyakin Andrei Dmitrievich
Chairman of the Board

30 August 2021

The notes on pages 10-56 form an integral part of these interim condensed financial statements.



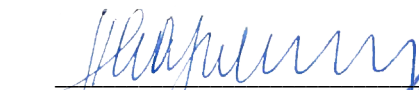

Sytenko Vadim Gennadievich
Chief Accountant

SBI Bank LLC


Interim Condensed Statement of Other Comprehensive Income for the First Half of 2021 (in thousands of Russian rubles)

	Notes	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Net profit/(loss) for the period		39 715	(640 447)
<i>Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:</i>			
– change of the revaluation reserve of financial assets at FVTOCI	13	(19 525)	(9 875)
– change of the credit risk on financial assets measured at FVTOCI	13	(1 255)	2 459
Items that may be reclassified to profit or loss		(20 780)	(7 416)
Other comprehensive income/(loss)		(20 780)	(7 416)
Total comprehensive income/(loss) for the period		18 935	(647 863)
Profit/(loss) for the period recorded in the statement of profit or loss		39 715	(640 447)

On behalf of the Management Board:


Karyakin Andrei Dmitrievich
Chairman of the Board




Sytenko Vadim Gennadievich
Chief Accountant

30 August 2021

The notes on pages 10-56 form an integral part of these interim condensed financial statements.

SBI Bank LLC

Interim Condensed Statement of Changes in Equity for the First Half of 2021 (in thousands of Russian rubles)

	Note	Share capital	Share premium	Other reserves	Reserve funds		(Accumulated deficit)/retained earnings	Total
					Revaluation reserve for financial assets at FVTOCI	Allowance for impairment losses on financial assets at FVTOCI		
1 January 2021		1 746 000	4 922 900	4 000 000	12 841	3 743	(3 633 237)	7 052 247
Increase in share capital (unaudited)		178 179	821 821	-				1 000 000
Profit/(loss) for the period (unaudited)		-	-	-	-	-	39 715	39 715
Other comprehensive income/(loss) for the period, net of income tax								
Change in the fair value of financial assets at FVTOCI (unaudited)		-	-	-	(19 525)	-	-	(19 525)
Change of the credit risk on financial assets at FVTOCI (unaudited)		-	-	-	-	(1 255)	-	(1 255)
Total other comprehensive income/(loss) for the period (unaudited)	13	-	-	-	(19 525)	(1 255)	-	(20 780)
30 June 2021 (unaudited)	13	1 924 179	5 744 721	4 000 000	(6 684)	2 488	(3 593 522)	8 071 182

SBI Bank LLC

Interim Condensed Statement of Changes in Equity for the First Half of 2021 (in thousands of Russian rubles)

	Note	Share capital	Share premium	Reserve funds		(Accumulated deficit)/retained earnings	Total
				Revaluation reserve for financial assets at FVTOCI	Allowance for impairment losses on financial assets at FVTOCI		
1 January 2020		1 746 000	4 922 900	17 508	2 912	(2 415 819)	4 273 501
Loss for the period (unaudited)		-	-	-	-	(640 447)	(640 447)
Other comprehensive income for the period, net of income tax							
Change in the fair value of financial assets at FVTOCI (unaudited)		-	-	(9 875)	-	-	(9 875)
Change of the credit risk on financial assets at FVTOCI (unaudited)		-	-	-	2 459	-	2 459
Total other comprehensive income/(loss) for the period (unaudited)	15	-	-	(9 875)	2 459	-	(7 416)
30 June 2020 (unaudited)	15	1 746 000	4 922 900	7 633	5 371	(3 056 266)	3 625 638


On behalf of the Management Board:


Karyakin Andrei Dmitrievich
Chairman of the Board

30 August 2021

The notes on pages 10-56 form an integral part of these interim condensed financial statements.



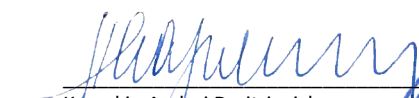

Sytenko Vadim Gennadievich
Chief Accountant

SBI Bank LLC

Interim Condensed Statement of Cash Flows for the First Half of 2021 (in thousands of Russian rubles)

	Notes	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Cash flows from operating activities			
Interest received		814 779	608 911
Interest paid		(176 843)	(111 710)
Gains less losses (losses less gains) from financial instrument transactions		3 308	(8 123)
Gains less losses (losses less gains) from trading in foreign currency		15 489	(84 278)
Fee and commission income		205 889	108 291
Fee and commission expenses		(51 381)	(45 699)
Other operating income received/(expenses paid)		12 663	17 687
Administrative and other operating expenses paid		(563 021)	(546 297)
Income tax paid		(2 362)	(942)
Cash flows used in operating activities before changes in operating assets and liabilities			
		258 521	(62 160)
Net decrease/(increase) in cash balances with the Central Bank of the RF		(15 666)	(46 989)
Net decrease/(increase) in deposits with financial institutions		1 410 812	(379 627)
Net decrease/(increase) in loans to customers		(6 156 151)	(976 719)
Net decrease/(increase) in other assets		(33 604)	29 527
Net (decrease)/increase in due to banks		1 900 000	299 946
Net (decrease)/increase in customer accounts		906 522	(518 471)
Net decrease/(increase) in other liabilities		(41 958)	(23 075)
Net cash used in operating activities			
		(1 771 524)	(1 677 568)
Cash flows from investing activities			
Purchase of investment securities		(311 661)	(50 006)
Proceeds from redemption and sale of investments securities		318 128	108 982
Purchase of property and equipment and intangible assets		(22 004)	(71 262)
Proceeds from sale of non-current assets held for sale		99 000	-
Net cash and cash equivalents used in investing activities			
		83 463	(12 286)
Cash flows from financing activities			
Contributions to share capital		1 000 000	-
Repayment of lease liabilities		(33 260)	(31 377)
Net cash and cash equivalents received from financing activities			
		966 740	(31 377)
Effect of changes in CBR foreign exchange rate on cash and cash equivalents		(43 900)	383 019
Net increase/(decrease) in cash and cash equivalents			
		(765 221)	(1 338 212)
Cash and cash equivalents, beginning of period	4	2 411 979	2 852 211
Cash and cash equivalents, end of period	4	1 646 758	1 513 999


On behalf of the Management Board:


Karyakin Andrei Dmitrievich
Chairman of the Board

30 August 2021

The notes on pages 10-56 form an integral part of these interim condensed financial statements.




Sytenko Vadim Gennadievich
Chief Accountant

SBI Bank LLC

Notes to the Interim Condensed Financial Statements for the First Half of 2021 (in thousands of Russian Rubles, unless otherwise indicated)

1. General information

SBI Bank Limited Liability Company (hereinafter – the “Bank”) is a limited liability company registered in the Russian Federation in 1994. The activity of the Bank is regulated by the Central Bank of the Russian Federation and is carried out on the basis of a general license for banking operations with funds in rubles and foreign currency (with the right to attract deposits from individuals) and banking operations with precious metals, registration number 3185.

All Bank’s operations are carried out within the Russian Federation only.

The Bank is covered by the federal government’s deposit insurance scheme introduced by Russian Federal Law No.177-FZ Insurance of Individual’s Bank Deposits in the Russian Federation dated 23 December 2003 – certificate No. 872 dated 26 August 2005.

The state deposit insurance scheme guarantees reimbursement of 100% for insured deposit not exceeding RUB 1 400 thousand for each individual in case of revocation of the banking license and moratorium on payments declared by the CBR.

On 24 June 2021 ACRA upgraded a credit rating of SBI Bank LLC to BBB(RU) with a stable outlook.

The bank’s legal and business address as at the reporting date: Russian Federation, 125315, Moscow, Leningradsky Avenue, 72, bld. 2, bld. 4.

As at 30 June 2021 there are 324 employees in the Bank, as at 31 December 2020 – 311 employees.

As at 30 June 2021 and 31 December 2020 the Bank had the following participants:

	30 June 2021	31 December 2020
SBI Holdings, Inc.	90.74%	100.00%
RDIF Investment Management- 3 LLC	4.63%	-
RUSSIA-JAPAN INVESTMENT FUND, L.P.	4.63%	-
Total	100.00%	100.00%

SBI Holdings, Inc. is the main participant of SBI Bank LLC. SBI Holdings, Inc. is a large financial group specializing in the implementation and development of Internet technologies, which operates in such areas as asset management, brokerage operations, investment banking, financial services, real estate operations, development of system software solutions.

SBI Holdings, Inc. is a large international corporation with offices and representative offices in many countries of the world, mainly in Asia (Singapore, Malaysia, Hong Kong, China, South Korea, etc.). The company is headquartered in Japan.

Notes to the Interim Condensed Financial Statements (continued) for the First Half of 2021 *(in thousands of Russian rubles, unless otherwise indicated)*

1. General information (continued)

In the reporting period Russian Direct Investment Fund (RDIF, a sovereign fund of the Russian Federation) and Russia-Japan Investment Fund (RJIF, RDIF is created, Japan Bank for International Cooperation and JBIC IG Partners) became participants of the Bank. A total increase in the share capital amounted to RUB 1 000 000 thousand (See Statement of changes in equity).

The Bank does not have any branches. The Bank's financial statements are available on the Bank's website: www.SBIbankLLC.ru.

Going concern assumption. These interim condensed financial statements are prepared based on the principles of going concern. The Bank has no intention or need to reduce substantially its business operations. The Bank's management and main participant intend to develop the Bank's business in the Russian Federation. The Management believes that the going concern assumption is appropriate for the Bank 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.

2. Significant accounting principles

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

These interim condensed financial statements are unaudited.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. The Bank omitted disclosures, which would substantially duplicate the information contained in its audited annual financial statements for 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies, risk management policy and details of accounts, which have not changed significantly in amount or composition.

Due to the fact that the results of operations of the Bank are closely related and subject to changes in market conditions, the results of operations of the Bank for the interim period are not necessarily indicative of the full year ended 31 December 2021.

These interim condensed financial statements are presented in thousands of Russian Rubles ("RUB thousand"), unless otherwise indicated.

The following abbreviations are used in these interim condensed financial statements:

- FVTOCI – measured at fair value through other comprehensive income;
- FVTPL – measured at fair value through profit or loss;
- ECL – expected credit losses;
- IA – intangible assets;
- IE – individual entrepreneurs;
- CBR or Bank of Russia – Central Bank of the Russian Federation.

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
(in thousands of Russian rubles, unless otherwise indicated)

2. Significant accounting principles (continued)

Foreign currency exchange rates in which the Bank conducted transactions in the largest amounts compared to other currencies are presented as follows:

	30 June 2021	31 December 2020
Closing exchange rates (to RUB)		
USD 1	72.3723	69.9513
EUR 1	86.2026	78.6812
JPY 100	65.3534	65.2683

The same accounting policies, presentation and methods of computation have been followed in these interim condensed financial statements as were applied in the preparation of the Bank's financial statements for the year ended 31 December 2020, except for the Standards and Interpretations effective on 1 January 2021:

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Materiality
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform and its Effects on Financial Reporting
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The above standards and interpretations were reviewed by the Bank's management, but did not have a material impact on the Bank's interim condensed financial statements.

New and revised IFRSs in issue but not yet effective

At the time of approval of these interim condensed financial statements, the Bank had not applied the following new and revised IFRSs in issue but not yet effective:

IFRS 17	<i>Insurance Contracts</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1 (within the project for the formation of Annual Improvements to IFRSs 2010-2012 Cycles)	<i>Presentation of Financial Statements</i>
Amendments to IFRS 3	<i>Business Combinations</i>
Amendments to IAS 16	<i>Property, Plant and Equipment</i>
Amendments to IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
Amendments to (within the project for the formation of Annual Improvements to IFRS 2018-2020 cycles):	
- IFRS 1	<i>First Time Adoption of International Financial Reporting Standards</i>
- IFRS 9	<i>Financial Instruments</i>
- IAS 41 and	<i>Agriculture</i>
- illustrative examples accompanying IFRS 16.	<i>Leases</i>

The Bank does not expect that the application of the Standards above will have a significant impact on the financial statements of the Bank in subsequent periods.

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
(in thousands of Russian rubles, unless otherwise indicated)

3. Critical accounting judgments and key sources of estimation uncertainty

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

Key sources of estimation uncertainty. The below are listed key estimations that the management have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in the financial information:

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario. When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. As at 30 June 2021 forward looking information was updated and macroeconomic scenarios were revised taking into account the consequences of COVID-19.

Probability of default: Probability of default (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4. Cash and cash equivalents

	30 June 2021 (unaudited)	31 December 2020
Correspondent accounts with other banks	1 127 865	81 923
Correspondent accounts with the Central Bank of the Russian Federation	350 552	201 445
Cash on hand	110 489	99 595
Correspondent accounts with the banks of the Russian Federation	57 852	134 016
Term deposits with original maturities up to 30 days	-	1 700 118
Term deposits with maturity up to 30 days with the Central Bank of the Russian Federation	-	195 000
Total cash and cash equivalents before allowance	1 646 758	2 412 097
Less allowance for expected credit losses	(40)	(111)
Total cash and cash equivalents	1 646 718	2 411 986
Allowance for expected credit losses	40	111
Accrued interests on cash and cash equivalents	-	(118)
Cash and cash equivalents for the purposes of the statement of cash flows	1 646 758	2 411 979

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
(in thousands of Russian rubles, unless otherwise indicated)

4. Cash and cash equivalents (continued)

Funds on the correspondent accounts with the banks of other countries as at 30 June 2021 and 31 December 2020 were placed in Japan and Austria. As at 30 June 2021 and 31 December 2020, the Bank had deposits from a Russian subsidiary of a non-resident bank (Japan), the amount and terms are disclosed in Note 10.

As at 31 December 2020 term deposits with initial maturity of up to 30 days are placed with the CBR and the banks of the Russian Federation only in the currency of the Russian Federation, maturity date is till 11 January 2021, placement rates are from 3.25% to 4.40 % per annum.

The movements in the allowance for impairment losses on cash and cash equivalents for the first half of 2021 and the first half of 2020 are presented in the table below:

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Allowance for ECL as at the beginning of the reporting period	111	187
Charge /(recovery) of the provision during the reporting period	(71)	(149)
Allowance for ECL as at the end of the reporting period	40	38

5. Due from financial institutions

	30 June 2021 (unaudited)	31 December 2020
Repurchase receivables	733 451	2 146 955
Accounts for settlements with plastic cards	47 411	42 621
Other accounts with financial institutions	263	2 064
Total due from financial institutions before allowance	781 125	2 191 640
Less allowance for expected credit losses	(437)	(686)
Total due from financial institutions	780 688	2 190 954

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
(in thousands of Russian rubles, unless otherwise indicated)

5. Due from financial institutions (continued)

The fair value of pledged financial instruments and the carrying amount of reverse repurchase transactions were:

Instrument description	30 June 2021 (unaudited)		31 December 2020	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Clearing Certificate of Participation	233 000	233 000	1 896 926	1 899 800
Corporate bonds	299 999	335 526	250 031	262 970
CBR bonds	200 452	217 721	-	-
Allowance for expected credit losses	(3)	-	(176)	-
Total	733 448	786 247	2 146 781	2 162 770

The movements in the allowance for impairment losses on due from financial institutions for the first half of 2021 and the first half of 2020 are presented in the table below:

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Allowance for ECL as at the beginning of the reporting period	686	72
Charge /(recovery) of the provision during the reporting period	(249)	93
Allowance for ECL as at the end of the reporting period	437	165

6. Loans to customers

The total balance of loans and advances to customers is measured at amortized cost.

	30 June 2021 (unaudited)	31 December 2020
Loans to legal entities	16 649 653	10 272 961
Allowance for expected credit losses	(1 923 198)	(1 825 567)
Total loans to legal entities	14 726 455	8 447 394
Loans to individuals	2 329 492	2 546 156
Allowance for expected credit losses	(1 195 640)	(1 205 994)
Total loans to individuals	1 133 852	1 340 162
Loans to customers before allowance	18 979 145	12 819 117
Allowance for expected credit losses	(3 118 838)	(3 031 561)
Total loans to customers	15 860 307	9 787 556

As at 30 June 2021 and 31 December 2020 all loans were provided to companies operating in the Russian Federation.

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
(in thousands of Russian rubles, unless otherwise indicated)

6. Loans to customers (continued)

The movements in the allowance for impairment losses on loans to customers for the first half of 2021 and the first half of 2020 are presented in the table below:

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Allowance for ECL as at the beginning of the reporting period	3 031 561	2 403 559
Charge /(recovery) of the provision during the reporting period	136 494	562 237
Assets written off during the reporting period as uncollectible	(49 217)	-
Allowance for ECL as at the end of the reporting period	3 118 838	2 965 796

Changes in the allowance for impairment losses, including the impact of changes in the gross amount of the financial asset on the allowance for the first half of 2021 and the first half of 2020 are provided for in Note 22.

Loans to customers by industries are presented below.

	30 June 2021 (unaudited)		31 December 2020	
	Amount	%	Amount	%
Wholesale and retail trade	4 553 002	23.99%	2 853 238	22.26%
Construction	2 502 179	13.18%	283 310	2.21%
Financial and insurance activities	2 331 965	12.29%	2 429 392	18.95%
Individuals	2 329 492	12.27%	2 546 156	19.86%
Manufacturing	2 091 450	11.02%	1 005 466	7.84%
Professional, scientific and technical activities	1 198 505	6.31%	1 002 022	7.82%
IT and telecommunications	1 045 516	5.51%	632 023	4.93%
Real estate activities	847 852	4.47%	864 781	6.75%
Supply of electricity, gas, steam Air conditioning	487 212	2.57%	-	0.00%
Transportation and storage	400 308	2.11%	166 707	1.30%
Activities in the field of health and social services	357 179	1.88%	317 060	2.47%
Activities in the field of culture, sports, leisure and entertainment	295 000	1.55%	295 000	2.30%
Activities of hotels and catering establishments	267 870	1.41%	290 438	2.27%
Water supply. Wastewater disposal, waste collection and disposal, pollution elimination activities	137 693	0.73%	99 297	0.77%
Administrative activities and related additional services	104 766	0.55%	5 091	0.04%
Agriculture, forestry, hunting, fishing and fish farming	29 136	0.15%	29 136	0.23%
Activities of households as employers. Undifferentiated goods- and services-producing activities of private households for own use	20	0.00%	-	0.00%
Total loans before allowance for expected credit losses	18 979 145	100.00%	12 819 117	100.00%
Allowance for expected credit losses	(3 118 838)		(3 031 561)	
Total loans to customers	15 860 307		9 787 556	

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7. Investment assets

According to the adopted accounting policy, investment assets are represented by securities at FVTOCI.

	30 June 2021 (unaudited)	31 December 2020
CBR bonds	331 825	23 071
Corporate bonds	261 094	500 710
Credit institution eurobonds	93 234	101 022
Corporate eurobonds	-	93 696
Total investment assets	686 153	718 499

Debt securities have the following characteristics as at 30 June 2021 and 31 December 2020, respectively:

	Maturity, month/year		Annual coupon rate, %%		30 June 2021 (unaudited)
	from	to	from	to	
CBR bonds	August 21	August 23	7.00	7.50	331 825
Corporate bonds	October 25	October 30	6.70	11.00	261 094
Credit institution eurobonds	February 24	February 24	5.15	5.15	93 234
Total debt securities	-	-	-	-	686 153

	Maturity, month/year		Annual coupon rate, %%		31 December 2020
	from	to	from	to	
Corporate bonds	January 23	April 24	6.70	13.10	500 710
Credit institution eurobonds	February 24	February 24	5.15	5.15	101 022
Corporate eurobonds	May 21	May 21	3.37	3.37	93 696
CBR bonds	August 21	August 21	7.50	7.50	23 071
Total debt securities	-	-	-	-	718 499

The movements in the allowance for impairment losses on investment assets for the first half of 2021 and the first half of 2020 are presented in the table below. The allowance is recorded in equity and does not change the carrying amount of investment securities (see Statement of changes in equity).

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Allowance for ECL as at the beginning of the reporting period	3 743	2 912
Charge /(recovery) of the provision during the reporting period	(1 255)	2 459
Allowance for ECL as at the end of the reporting period	2 488	5 371

Notes to the Interim Condensed Financial Statements (continued)
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8. Other assets

	30 June 2021 (unaudited)	31 December 2020
Recognized penalties and fines for late payment of bank claims	20 592	17 213
Other receivables	17 451	8 777
Outstanding settlements	13 861	10 320
Fair value of swap, spot transactions	-	12
Total other financial assets before allowance	51 904	36 322
Less allowance for expected credit losses	(35 135)	(25 532)
Total other financial assets	16 769	10 790
Advances paid	65 005	46 665
Deferred expenses on issued guarantees	28 740	-
Advances to employees	282	88
Other	46	1 213
Prepaid taxes and duties except for income tax	3	6
Total other non-financial assets	94 076	47 972
Total other assets	110 845	58 762

According to the adopted accounting policy, the line "Receivables under swap, spot transactions" as at 31 December 2020 records the revaluation of foreign currency under spot transactions in the net amount of RUB 12 thousand.

Movements in the allowance for expected credit losses on other financial assets for the first half of 2021 and the first half of 2020 are presented in the tables below:

1st half of 2021 (unaudited)	Outstanding settlements	Recognized penalties and fines for late payment of bank claims	Other receivables	Total
Allowance for ECL as at the beginning of the reporting period	1	16 806	8 725	25 532
Charge /(recovery) of the provision during the reporting period	(1)	1 529	8 847	10 375
Assets written off during the reporting period as uncollectible	-	(590)	(182)	(772)
Allowance for ECL as at the end of the reporting period	-	17 745	17 390	35 135

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
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8. Other assets (continued)

1st half of 2020 (unaudited)	Outstanding settlements	Recognized penalties and fines for late payment of bank claims	Other receivables	Total
Allowance for ECL as at the beginning of the reporting period	1	19 047	4 633	23 681
Charge /(recovery) of the provision during the reporting period	-	(1 752)	2 323	571
Assets written off during the reporting period as uncollectible	-	-	(48)	(48)
Allowance for ECL as at the end of the reporting period	1	17 295	6 908	24 204

9. Non-current assets held for sale

31 December 2020	89 089
Property sold	(89 089)
30 June 2021 (unaudited)	-

The Bank accounts for non-current assets received as compensation for outstanding loans – land plots – as non-current assets held for sale. Non-current assets held for sale were recorded at fair value determined in the amount of the borrower's (debtor's) terminated obligations under the agreement for the provision (placement) of funds. Subsequently, the fair value of these assets will be periodically updated.

During the reporting period the Bank did not receive assets by taking possession of collateral.

In the first half of 2021 the Bank sold all non-current assets held for sale for RUB 99 000 thousand. Gain from disposal amounted to RUB 9 911 thousand in a net estimate.

10. Due to banks

	30 June 2021 (unaudited)	31 December 2020
Term deposits from other banks	2 831 137	910 178
Total due to banks	2 831 137	910 178

As at 30 June 2021 and 31 December 2020, the funds received under fixed – term contracts with the Bank of the Russian Federation, a subsidiary of a non-resident bank (Japan), were included in the term deposits from other banks. The expiration date of the contracts is September 2021 – April 2022, rates from 5.5% to 7.00%.

Notes to the Interim Condensed Financial Statements (continued)
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11. Due to customers

	30 June 2021 (unaudited)	31 December 2020
Loans to legal entities		
- current/settlement accounts	2 567 222	1 964 675
- term deposits	532 117	764 146
Individual entrepreneurs		
- current/settlement accounts	39 461	7 759
- term deposits	-	6
Individuals		
- current/demand accounts	651 429	590 147
- term deposits	4 476 744	4 066 352
Total customer accounts	8 266 973	7 393 085

As at 30 June 2021 and 31 December 2020 the Bank had 8 and 12 customers, respectively, with balances exceeding 1% of the Bank's equity in the amount of RUB 2 026 604 thousand and RUB 1 824 908 thousand, respectively, which amounts to 25% and 25% of the total customer accounts and represents significant concentration.

The table below provides information on customer accounts by industries.

	30 June 2021 (unaudited)		31 December 2020	
	Amount	%	Amount	%
Individuals	5 128 173	62.03%	4 656 499	62.98%
Financial and insurance activities	1 247 051	15.08%	202 347	2.74%
Professional, scientific and technical activities	401 444	4.86%	534 935	7.24%
Manufacturing	370 080	4.48%	244 119	3.30%
IT and telecommunications	300 695	3.64%	502 818	6.80%
Wholesale and retail trade	290 861	3.52%	830 421	11.23%
Construction	187 118	2.26%	192 623	2.61%
Real estate activities	123 993	1.50%	83 162	1.12%
Activities of hotels and catering establishments	78 889	0.95%	14 022	0.19%
Other	39 616	0.48%	61 435	0.83%
Activities in the field of culture, sports, leisure and entertainment	33 616	0.41%	35 568	0.48%
Transportation and storage	24 821	0.30%	3 627	0.05%
Administrative activities and related additional services	16 894	0.20%	12 589	0.17%
Activities in the field of health and social services	12 646	0.15%	2 920	0.04%
Mineral extraction	5 044	0.06%	5 049	0.07%
Supply of electricity, gas, steam Air conditioning	3 020	0.0%	-	0.00%
Water supply. Wastewater disposal, waste collection and disposal, pollution elimination activities	1 842	0.02%	174	0.00%
Education	1 020	0.01%	10 453	0.14%
Agriculture, forestry, hunting, fishing and fish farming	122	0.00%	295	0.00%
Activities of extraterritorial organizations and bodies	28	0.00%	29	0.00%
Total customer accounts	8 266 973	100.00%	7 393 085	100.00%

Notes to the Interim Condensed Financial Statements (continued)
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12. Other liabilities

	30 June 2021 (unaudited)	31 December 2020
Deferred fee and commission income on issued guarantees	179 109	128 471
Lease liabilities	127 612	155 081
Payables to personnel on payroll and unused vacations	41 939	34 475
Settlements on other transactions	13 783	41 241
Allowance for financial guarantees	9 689	32 561
Fair value of swap, spot transactions	2 832	-
Total other financial liabilities	374 964	391 829
Provisions for non-credit commitments	113 614	102 849
Provisions for loan commitments (unused credit lines, "overdrafts")	11 207	12 042
Taxes and duties payable, other than current income taxes	9 968	11 794
Income tax	429	404
Other	1	1
Deposit insurance liability	-	5 005
Total other non-financial liabilities	135 219	132 095
Total other liabilities	510 183	523 924

According to the adopted accounting policy, the line "Fair value of swap, spot transactions" as at 30 June 2021 records the revaluation of foreign exchange spot transactions in the net amount of RUB 2 832 thousand.

Type of derivative	31 December 2021			
	Nominal amount		Fair value	
	Amounts recoverable	Amounts to maturity	Asset	Liability
Derivative financial instruments – derivatives held for trading:				
Foreign currency spot	343 871	(346 703)	38	(2 870)
Total	343 871	(346 703)	38	(2 870)

Movements in the allowance for expected credit losses on financial guarantees and loan commitments for the first half of 2021 and the first half of 2020 are presented in the tables below:

1st half of 2021 (unaudited)	Warranties	Loan commitments	Letters of credit	Total
Allowance for ECL as at the beginning of the reporting period	32 561	12 042	-	44 603
Charge /(recovery) of the provision during the reporting period	(22 872)	(835)	-	(23 707)
Allowance for ECL as at the end of the reporting period	9 689	11 207	-	20 896

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
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12. Other liabilities (continued)

1st half of 2020 (unaudited)	Warranties	Loan commitments	Total
Allowance for ECL as at the beginning of the reporting period	53 786	8 119	61 905
Charge /(recovery) of the provision during the reporting period	(11 063)	(3 534)	(14 597)
Allowance for ECL as at the end of the reporting period	42 723	4 585	47 308

Minimum undiscounted payments less prepaid lease expenses are presented in the table below.

	30 June 2021 (unaudited)	31 December 2020
Maturity analysis:		
Year 1	70 179	68 183
Year 2	68 161	72 274
Year 3	-	31 142
Less: interests not received	(10 728)	(16 518)
	127 612	155 081
By types:		
Non-current	62 184	97 245
Current	65 428	57 836

13. Equity

The share capital of the Bank consists of the notional value of the shares of its participants and is presented in Russian rubles.

In the reporting period Russian Direct Investment Fund (RDIF, a sovereign fund of the Russian Federation) and Russia-Japan Investment Fund (RJIF, RDIF is created, Japan Bank for International Cooperation and JBIC IG Partners) became participants of the Bank. A total increase in the share capital amounted to RUB 1 000 000 thousand (See Statement of changes in equity).

At the time of preparation of these interim condensed financial statements, the Bank has not accounts payable to its participants and there is no information on the submission of statements by the participants about seizing their membership. The shares are paid in full.

Reserve funds represent a fund/(deficit) for the revaluation of financial assets at FVTOCI and include accumulated income and expenses arising from the revaluation of financial assets at FVTOCI recognized in other comprehensive income, less amounts reclassified to profit or loss on disposal as well as a credit impairment fund for such assets.

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14. Net interest income

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
<i>Interest income on financial assets measured at amortized cost calculated using the EIR method</i>		
Interest income on loans to customers	804 121	604 118
Interest income on balances due from credit organizations	39 503	13 303
Interest income on the balances in the CBR	6 043	312
Interest income on due from correspondent accounts	21	42
Total	849 688	617 775
<i>Interest income of financial assets measured at fair value through other comprehensive income calculated using the EIR method</i>		
Interest income on bonds:		
- interest income from other residents' bonds	15 597	18 915
- interest income from bonds of the Russian Federation	3 453	882
- interest income from other non-residents' bonds	2 632	2 396
- interest income from bonds of credit institutions	-	2 404
Total	21 682	24 597
Total interest income	871 370	642 372
<i>Interest expenses on financial liabilities measured at amortized cost calculated using the EIR method</i>		
Interest expenses on funds attracted to term deposits of individuals	(113 378)	(143 636)
Interest expenses on balances due from credit organizations	(63 949)	(26 296)
Interest expense on funds attracted to current/settlement accounts	(13 311)	(7 154)
Interest expense on customer accounts	(7 319)	(16 914)
Interest expenses on lease liabilities	(5 791)	(7 911)
Total interest expense	(203 748)	(201 911)
Net interest income	667 622	440 461

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15. Fee and commission income and expenses

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Fee and commission income from bank guarantees and sureties issuance operations	116 874	91 035
Fee and commission income from settlement and teller services	17 431	7 641
Fee and commission income from carrying out the functions of the currency control	7 315	3 814
Fee and commission income from opening and maintenance of bank accounts	4 527	3 085
Fee and commission income from money transfers	3 933	5 892
Fee and commission income from other operations	618	702
Fee and commission income from operations with currency values	19	40
Total fee and commission income	150 717	112 209
Fee and commission expenses on intermediary services under broker and similar agreements	(35 050)	(28 936)
Fee and commission expenses on services on cash transfers including services of payment and settlement systems	(12 971)	(13 905)
Fee and commission expenses on guarantees and sureties received	(1 779)	(1 004)
Other fee and commission expenses	(732)	(665)
Fee and commission expenses on opening and maintenance of bank accounts	(510)	(638)
Fee and commission expenses on operations with currency values	(339)	(551)
Total fee and commission expenses	(51 381)	(45 699)
Net fee and commission income/(expenses)	99 336	66 510

16. Recovery/(charge) of other provisions

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Change in ECL on obligations under financial guarantee contracts	22 872	11 063
Change in ECL on loan commitments	835	3 534
Change in allowance for impairment losses on other financial assets	(10 375)	(571)
Change in provisions for non-credit commitments	(10 765)	-
Total change in other provisions	2 567	14 026

Movements in the allowance for expected credit losses on financial guarantees and loan commitments for the first half of 2021 and the first half of 2020 are presented in Note 12, on other financial assets – in Note 8.

Notes to the Interim Condensed Financial Statements (continued)
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17. Operating expenses

	1st half of 2021 (unaudited)	1st half of 2020 (unaudited)
Staff costs	329 055	315 636
Taxes and duties on payroll	84 480	80 672
Telecommunication and information systems services	48 001	65 739
Other organization and management expenses	43 199	29 282
Total expenses from the transactions with property and equipment, incl.:	35 547	40 559
- depreciation of right-of-use assets	27 734	27 887
- depreciation of property and equipment	7 813	6 897
- repairs and maintenance expenses	-	5 775
Total expenses from the transactions with intangible assets, incl.:	29 947	16 588
- amortization of intangible assets	29 947	16 588
Rentals on leased property and equipment and other property	28 283	20 083
Consulting and legal services, including Call Center services	11 278	15 177
Expenses on writing off the cost of inventories	-	10 481
Expenses from the operations with long-term assets held for sale in total, including:	-	3 799
- impairment expenses	-	3 799
Advertising	14 538	13 978
Other expenses	14 042	1 154
Total operating expenses	638 370	613 148

The growth of the main operating expenses is planned as part of the Bank Strategy implementation.

18. Income tax

As at 30 June 2021, income tax expense consists only of securities tax expense in the amount of RUB 2 387 thousand (as at 30 June 2020 – RUB 894 thousand). The current income tax in 2021 is 20% (2020: 20%). In addition to the above, the Bank pays tax on income from the operations with securities at the rate of 15%.

The Bank does not recognize the resulting deferred tax assets, since, according to the adopted Development Strategy, it is at the stage of planned loss-making activities.

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19. Future period commitments and contingencies

In the normal course of business, the Bank becomes 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 Bank applies the same credit policy to off-balance sheet commitments as it does to the balance sheet financial instruments.

Allowance for losses on contingent financial liabilities totaled RUB 20 896 thousand and RUB 44 603 thousand as at 30 June 2021 and 31 December 2020, respectively.

As at 30 June 2021 and 31 December 2020, contingent financial liabilities comprise:

	30 June 2021 (unaudited)	31 December 2020
Guarantees issued and similar commitments of future periods	8 297 137	8 103 005
Commitments on loans in future periods and unused credit lines	4 279 390	3 855 379
Letters of credit and other transaction related contingent liabilities	-	39 000
Total loan commitments and contingencies	12 576 527	11 997 384
Less allowance for expected credit losses	(20 896)	(44 603)
Total	12 555 631	11 952 781

Extension of loans to customers within credit line limits is approved by the Bank on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions.

At the reporting date 73% of the bank guarantee portfolio is "express guarantees" issued under the Federal Law No. 44-FZ "On the Contract System for State and Municipal Procurement of Goods, Work, and Services" dated 5 April 2013; No. 223-FZ "On Purchasing Goods, Work, and Services by Certain Types of Legal Entities" dated 18 July 2011.

Movements in the allowance for expected credit losses on financial guarantees and loan commitments for the first half of 2021 and the first half of 2020 are presented in Note 12.

Litigation

From time to time and in the normal course of business, claims against the Bank are received from customers and counterparties. Management is of the opinion that in major cases no material losses will be incurred and, accordingly, no provision has been made in these financial statements. However, as at 30 June 2021 and 31 December 2020, the Bank formed a provision for potential claims, the fulfillment probability of which is high. The amount of the recognized provision was RUB 113 614 thousand and RUB 102 849 thousand, respectively (see Note 12).

Notes to the Interim Condensed Financial Statements (continued)
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19. Future period commitments and contingencies (continued)

Taxation

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation. As a result, the existing tax calculation methods may be challenged by future tax audits. As a rule, tax authorities are entitled to review statements for three calendar years preceding the reporting year. Under certain circumstances, reviews may be extended to longer periods.

The Bank's management believes that it has accrued for all taxes that are applicable based on its interpretations of the tax legislation. However, tax authorities may take a different position on the interpretation of the effective tax legislation, which may have a significant impact on financial statements.

20. Fair value of financial instruments

IFRS defines fair value as 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.

Fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2021 (unaudited)	31 December 2020		
Investment assets (see Note 9)	686 153	718 499	Level 1	Quoted bid prices in an active market
Derivative financial assets (see Note 9, 13)	(2 832)	12	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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20. Fair value of financial instruments (continued)

The levels correspond to the possibility of directly identifying fair value based on market data:

- (i) Level 1 includes estimates on quoted prices (unadjusted) in active markets for similar assets or liabilities,
- (ii) Level 2 includes estimates obtained using valuation techniques in which all significant inputs used are directly or indirectly observable for the asset or liability (i.e., for example, prices), and
- (iii) Level 3 includes estimates, which are not based on observable market data (i.e., based on non-observable inputs).

Management applies judgment in categorizing 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.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Bank's management consider that the carrying amounts of financial assets and financial liabilities of the Bank recognized in the financial statements approximate their fair values.

	30 June 2021 (unaudited)		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to customers	15 860 307	16 458 035	9 787 556	10 007 338
Due to banks	2 831 137	2 835 756	910 178	927 253
Due to customers	8 266 973	8 293 106	7 393 085	7 420 595

The Bank's valuation approach and fair value hierarchy categorization for the financial instruments that are not recognized at fair value is as follows:

	30 June 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	1 646 718	-	-	1 646 718
Mandatory cash balance with the Central Bank of the RF	71 365	-	-	71 365
Due from financial institutions	-	-	780 688	780 688
Loans to customers	-	-	16 458 035	16 458 035
Other financial assets	-	-	16 769	16 769
Due to banks	-	-	2 835 756	2 835 756
Due to customers	-	-	8 293 106	8 293 106
Other financial liabilities	-	-	374 964	374 964

Notes to the Interim Condensed Financial Statements (continued)
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20. Fair value of financial instruments (continued)

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	2 411 986	-	-	2 411 986
Mandatory cash balance with the Central Bank of the RF	55 699	-	-	55 699
Due from financial institutions	-	-	2 190 954	2 190 954
Loans to customers	-	-	10 007 338	10 007 338
Other financial assets	-	-	10 790	10 790
Due to banks	-	-	927 253	927 253
Due to customers	-	-	7 420 595	7 420 595
Other financial liabilities	-	-	391 829	391 829

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

21. Capital risk management

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the CBR in supervising the Bank.

During the reporting period, the Bank complied in full with all its externally imposed capital requirements.

As at 30 June 2021 and 31 December 2020, the Bank's equity includes the shareholders' equity, reserve funds and retained earnings disclosed in the statement of changes in equity and Note 13.

The Bank's overall capital risk management policy has remained unchanged from 2020.

The table below presents the composition of the Bank's equity (capital) calculated in accordance with Regulation of the Bank of Russia No. 646-P dated 04 July 2018 "On the methodology for determining of equity (capital) of credit organizations ("Basel III")" as at 30 June 2021 and 31 December 2020:

	For the period ended 30 June 2021 (unaudited)	For the period ended 31 December 2020
Base capital	6 930 606	6 254 531
Principal capital	6 930 606	6 254 531
At the reporting date	6 930 606	6 254 531
Risk-weighted assets	28 800 220	23 379 000

Base and core capital consist of the funds contributed to the share capital and accumulated deficit.

Notes to the Interim Condensed Financial Statements (continued)
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21. Capital risk management (continued)

Capital adequacy ratio (capital) is calculated in accordance with the Bank of Russia Instruction No. 180-I dated 28 June 2017 "On Banks' Required Ratios" and as at 30 June 2021 and 31 December 2020 is presented as follows:

	For the period ended 30 June 2021 (unaudited)	For the period ended 31 December 2020
Capital adequacy ratio (capital) (N1.0) (minimum 8%)	24.0640	26.7528
Common equity adequacy ratio N1.1 (minimum 4,5%)	24.0640	26.7528
Core equity adequacy ratio N1.2 (minimum 6%)	24.0640	26.7528

22. Risk management policies

The main risks inherent to the Bank's operations are those related to market risks (including currency risk, interest rate risk and other price risks), credit risk, and liquidity risk.

There have been no changes in the risk management department since year end or in any risk management policies.

Internal ratings of credit risk. The Bank determines the probability of default of a Corporate Client based on the internal rating of the counterparty, which is transferred to the scale of the international rating agency Moody's (hereinafter – Moody's). The Bank assigns the probability of a Corporate Client's default based on Moody's statistics. The table below reflects the Bank's financial assets according to the internal credit rating as at 30 June 2021 and 31 December 2020.

	Investment rating	Speculative rating	Default rating	Not rated	Total
30 June 2021 (unaudited)					
Cash and cash equivalents	1 534 477	1 752	-	110 489	1 646 718
Mandatory cash balance with the Central Bank of the RF	71 365	-	-	-	71 365
Due from financial institutions	733 448	47 240	-	-	780 688
Loans to customers	12 661 217	1 905 540	145 079	1 148 471	15 860 307
Investment assets	331 825	354 328	-	-	686 153
Other financial assets	13 045	71	187	3 466	16 769
31 December 2020					
Cash and cash equivalents	1 747 299	565 091	-	99 596	2 411 986
Mandatory cash balance with the Central Bank of the RF	55 699	-	-	-	55 699
Due from financial institutions	2 146 822	44 132	-	-	2 190 954
Loans to customers	6 955 755	1 491 639	-	1 340 162	9 787 556
Investment assets	214 070	504 429	-	-	718 499
Other financial assets	8 236	2 096	-	458	10 790

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

Below there is an analysis of outstanding loans by groups of assessment of expected credit losses (on an individual and collective basis).

30 June 2021 (unaudited)				
	Gross value before allowance for impairment	Allowance for impairment	Carrying amount	Allowance for impairment to gross loans before deduction of the allowance for impairment
<i>Loans to customers individually determined to be impaired, total:</i>	17 548 526	(2 748 955)	14 799 571	15.66%
Including:				
– loans to legal entities and IE	16 140 116	(1 918 103)	14 222 013	11.88%
– loans to individuals	1 408 410	(830 852)	577 558	58.99%
<i>Loans to customers collectively determined to be impaired, total:</i>	1 430 619	(369 883)	1 060 736	25.85%
Including:				
– loans to legal entities and IE	509 537	(5 095)	504 442	1.00%
– loans to individuals	921 082	(364 788)	556 294	39.60%
Total	18 979 145	(3 118 838)	15 860 307	16.43%
Including:				
– loans to legal entities and IE	16 649 653	(1 923 198)	14 726 455	11.55%
– loans to individuals	2 329 492	(1 195 640)	1 133 852	51.33%

31 December 2020				
	Gross value before allowance for impairment	Allowance for impairment	Carrying amount	Allowance for impairment to gross loans before deduction of the allowance for impairment
<i>Loans to customers individually determined to be impaired, total:</i>	11 457 336	(2 355 981)	9 101 355	20.56%
Including:				
- loans to legal entities and IE	10 272 357	(1 825 561)	8 446 796	17.77%
- loans to individuals	1 184 979	(530 420)	654 559	44.76%
<i>Loans to customers collectively determined to be impaired, total:</i>	1 361 781	(675 580)	686 201	49.61%
Including:				
- loans to legal entities and IE	604	(6)	598	0.99%
- loans to individuals	1 361 177	(675 574)	685 603	49.63%
Total	12 819 117	(3 031 561)	9 787 556	23.65%
Including:				
- loans to legal entities and IE	10 272 961	(1 825 567)	8 447 394	17.77%
- loans to individuals	2 546 156	(1 205 994)	1 340 162	47.37%

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

As at 30 June 2021 and 31 December 2020 loans in the amount of RUB 1 686 262 thousand and RUB 1 684 971 thousand, respectively, those individually recognized as impaired were collateralized by collateral that was taken to reduce ECL. The collateral value of the said collateral was RUB 2 615 328 thousand and RUB 2 459 265 thousand respectively.

The analysis of the Bank's credit risk as at 30 June 2021 and 31 December 2020 for each class of financial assets by stages of impairment, taking into account the impact of collateral accepted to reduce the provision, is presented in the tables below. For investment assets, the expected credit loss allowance is recognized directly in equity and does not reduce the carrying amount. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

In accordance with the results obtained at the date of these financial statements, the Bank believes that the additional accrual of provisions for expected credit losses in the amount of RUB 86 467 thousand at the reporting date is the best estimate of the possible negative effect of expected credit losses in accordance with IFRS 9. The Bank completed the additional accrual of these provisions in August 2021. In these interim condensed financial statements these provisions are recorded in full.

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22. Risk management policies (continued)

All information received by the Bank after the reporting date on the conditions existing at the reporting date is specified in these reports taking into account this new information.

Name of the class of financial instrument carrying credit risk	30 June 2021 (unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<i>Cash and cash equivalents</i>				
Gross value	1 646 758	-	-	1 646 758
Loss provision	(40)	-	-	(40)
Carrying amount	1 646 718	-	-	1 646 718
<i>Due from financial institutions:</i>				
Gross value	781 125	-	-	781 125
Loss provision	(437)	-	-	(437)
Carrying amount	780 688	-	-	780 688
<i>Loans to customers:</i>				
Gross value	15 582 728	343 311	3 053 106	18 979 145
Loss provision	(161 532)	(46 628)	(2 910 678)	(3 118 838)
Carrying amount	15 421 196	296 683	142 428	15 860 307
<i>Investment assets:</i>				
Gross value	686 153	-	-	686 153
Loss provision	(2 488)	-	-	(2 488)
Carrying amount	686 153	-	-	686 153
<i>Other financial assets:</i>				
Gross value	14 103	477	37 324	51 904
Loss provision	(6)	(239)	(34 890)	(35 135)
Carrying amount	14 097	238	2 434	16 769
<i>Guarantees issued and similar commitments of future periods:</i>				
Gross value	8 271 894	14 148	11 095	8 297 137
Loss provision	(3 409)	-	(6 280)	(9 689)
<i>Commitments on loans and unused credit lines:</i>				
Gross value	4 278 448	106	836	4 279 390
Loss provision	(10 913)	(55)	(239)	(11 207)

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

Name of the class of financial instrument carrying credit risk	31 December 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<i>Cash and cash equivalents</i>				
Gross value	2 412 097	-	-	2 412 097
Loss provision	(111)	-	-	(111)
Carrying amount	2 411 986	-	-	2 411 986
<i>Due from financial institutions:</i>				
Gross value	2 191 640	-	-	2 191 640
Loss provision	(686)	-	-	(686)
Carrying amount	2 190 954	-	-	2 190 954
<i>Loans to customers:</i>				
Gross value	9 592 931	508 593	2 717 593	12 819 117
Loss provision	(246 698)	(93 148)	(2 691 715)	(3 031 561)
Carrying amount	9 346 233	415 445	25 878	9 787 556
<i>Investment assets:</i>				
Gross value	718 499	-	-	718 499
Loss provision	(3 743)	-	-	(3 743)
Carrying amount	718 499	-	-	718 499
<i>Other financial assets:</i>				
Gross value	10 439	102	25 781	36 322
Loss provision	(9)	(52)	(25 471)	(25 532)
Carrying amount	10 430	50	310	10 790
<i>Guarantees issued and similar commitments of future periods:</i>				
Gross value	8 097 224	5 464	317	8 103 005
Loss provision	(32 244)	-	(317)	(32 561)
<i>Commitments on loans and unused credit lines:</i>				
Gross value	3 700 833	153 250	1 296	3 855 379
Loss provision	(9 419)	(1 372)	(1 251)	(12 042)
<i>Letters of credit and other contingent commitments related to settlement operations:</i>				
Gross value	39 000	-	-	39 000
Loss provision	-	-	-	-

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

The tables below provide the analysis of significant changes in the gross carrying amount of financial assets during the period that resulted in changes in the allowance for losses, as well as the analysis of changes in the allowance for expected credit losses for the first half of 2021 and the first half of 2020, by asset and liability items.

Cash and cash equivalents	1st half of 2021 (unaudited)	
	Stage 1	Total
Changes in the gross amount		
Gross value as at the beginning of the period	2 412 097	2 412 097
Financial assets originated or newly purchased	1 225 358	1 225 358
Financial assets that have been derecognized	(1 990 697)	(1 990 697)
Gross value as at the end of the period	1 646 758	1 646 758
Changes of ECL		
ECL as at the beginning of the period	111	111
Increase/(Decrease) due to change in credit risk	23	23
Financial assets that have been derecognized	(94)	(94)
ECL as at the end of the period	40	40

Cash and cash equivalents	1st half of 2020 (unaudited)	
	Stage 1	Total
Changes in the gross amount		
Gross value as at the beginning of the period	2 852 211	2 852 211
Financial assets originated or newly purchased	311 788	311 788
Financial assets that have been derecognized	(1 650 000)	(1 650 000)
Gross value as at the end of the period	1 513 999	1 513 999
Changes of ECL		
ECL as at the beginning of the period	187	187
Financial assets that have been derecognized	(149)	(149)
ECL as at the end of the period	38	38

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

Due from financial institutions for	1st half of 2021 (unaudited)	
	Stage 1	Total
Changes in the gross amount		
Gross value as at the beginning of the period	2 191 640	2 191 640
Financial assets originated or newly purchased	738 242	738 242
Financial assets that have been derecognized	(2 148 757)	(2 148 757)
Gross value as at the end of the period	781 125	781 125
Changes of ECL		
ECL as at the beginning of the period	686	686
Increase/(Decrease) due to change in credit risk	(77)	(77)
Financial assets originated or newly purchased	3	3
Financial assets that have been derecognized	(175)	(175)
ECL as at the end of the period	437	437
1st half of 2020 (unaudited)		
Due from financial institutions for	1st half of 2020 (unaudited)	
	Stage 1	Total
Changes in the gross amount		
Gross value as at the beginning of the period	525 354	525 354
Financial assets originated or newly purchased	900 405	900 405
Financial assets that have been derecognized	(517 462)	(517 462)
Gross value as at the end of the period	908 297	908 297
Changes of ECL		
ECL as at the beginning of the period	72	72
Increase/(Decrease) due to change in credit risk	104	104
Financial assets originated or newly purchased	4	4
Financial assets that have been derecognized	(15)	(15)
ECL as at the end of the period	165	165

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
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22. Risk management policies (continued)

Loans to customers for	1st half of 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Changes in the gross amount				
Gross value as at the beginning of the period	9 592 931	508 593	2 717 593	12 819 117
Transfers to Stage 1	133 101	(94 973)	(38 128)	-
Transfers to Stage 2	(136 130)	136 169	(39)	-
Transfers to Stage 3	(280 179)	(160 046)	440 225	-
Financial assets originated or newly purchased	19 056 435	247 424	-	19 303 859
Financial assets that have been derecognized	(12 804 678)	(298 268)	(16 179)	(13 119 125)
Changes in the gross amount of an asset	26 962	4 412	(1 092)	30 282
Change resulting from foreign exchange revaluation of an asset	(5 714)	-	(57)	(5 771)
Write-off of financial assets against the provision	-	-	(49 217)	(49 217)
Gross value as at the end of the period	15 582 728	343 311	3 053 106	18 979 145
Changes of ECL				
ECL as at the beginning of the period	246 698	93 148	2 691 715	3 031 561
Transfers to Stage 1	51 716	(14 613)	(37 103)	-
Transfers to Stage 2	(16 198)	16 229	(31)	-
Transfers to Stage 3	(23 475)	(111 838)	135 313	-
Financial assets originated or newly purchased	48 509	521	-	49 030
Financial assets that have been derecognized	(51 625)	(3 298)	(13 141)	(68 064)
Increase/(Decrease) due to change in credit risk	(95 429)	63 565	181 020	149 156
Changes in the gross amount of an asset	1 336	2 914	2 179	6 429
Change resulting from foreign exchange revaluation of an asset	-	-	(57)	(57)
Write-off as a result of the sale of an asset	-	-	(49 217)	(49 217)
ECL as at the end of the period	161 532	46 628	2 910 678	3 118 838

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
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22. Risk management policies (continued)

	1st half of 2020 (unaudited)			
Loans to customers for	Stage 1	Stage 2	Stage 3	Total
<i>Changes in the gross amount</i>				
Gross value as at the beginning of the period	9 350 571	117 612	2 056 152	11 524 335
Transfers to Stage 1	1 271	(470)	(801)	-
Transfers to Stage 2	(337 985)	338 070	(85)	-
Transfers to Stage 3	(347 578)	(116 662)	464 240	-
Financial assets originated or newly purchased	2 261 710	55 916	-	2 317 626
Financial assets that have been derecognized	(1 296 062)	(18 785)	(11 573)	(1 326 420)
Gross value as at the end of the period	9 631 927	375 681	2 507 933	12 515 541
<i>Changes of ECL</i>				
ECL as at the beginning of the period	245 474	102 123	2 055 962	2 403 559
Transfers to Stage 1	1 030	(231)	(799)	-
Transfers to Stage 2	(51 819)	51 904	(85)	-
Transfers to Stage 3	(49 353)	(101 415)	150 768	-
Increase/(Decrease) due to change in credit risk	59 800	104 672	275 094	439 566
Financial assets originated or newly purchased	135 544	230	-	135 774
Financial assets that have been derecognized	(9 446)	(458)	(3 199)	(13 103)
ECL as at the end of the period	331 230	156 825	2 477 741	2 965 796

Investment assets for	1st half of 2021 (unaudited)	
	Stage 1	Total
Changes in the gross amount		
Gross value as at the beginning of the period	718 499	718 499
Financial assets originated or newly purchased	311 661	311 661
Financial assets that have been derecognized	(334 698)	(334 698)
Changes in the gross amount	(4 074)	(4 074)
Impact of foreign exchange revaluation	(5 235)	(5 235)
Gross value as at the end of the period	686 153	686 153
Changes of ECL		
ECL as at the beginning of the period	3 743	3 743
Financial assets originated or newly purchased	388	388
Financial assets that have been derecognized	(1 595)	(1 595)
Changes in the gross amount	(27)	(27)
Impact of foreign exchange revaluation	(31)	(31)
Increase/(Decrease) due to change in credit risk	10	10
ECL as at the end of the period	2 488	2 488

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

Investment assets for	1st half of 2020 (unaudited)	
	Stage 1	Total
Changes in the gross amount		
Gross value as at the beginning of the period	675 525	675 525
Financial assets originated or newly purchased	54 923	54 923
Financial assets that have been derecognized	(111 447)	(111 447)
Gross value as at the end of the period	619 001	619 001
Changes of ECL		
ECL as at the beginning of the period	2 912	2 912
Increase/(Decrease) due to change in credit risk	2 855	2 855
Financial assets originated or newly purchased	118	118
Financial assets that have been derecognized	(514)	(514)
ECL as at the end of the period	5 371	5 371

Credit related contingent liabilities for	1st half of 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Changes in the gross amount				
Gross value as at the beginning of the period	11 837 058	158 714	1 612	11 997 384
Transfers to Stage 1	204 383	(204 136)	(247)	-
Transfers to Stage 2	(14 959)	14 981	(22)	-
Transfers to Stage 3	(10 601)	(642)	11 243	-
Created or newly acquired credit-related contingent liabilities	12 167 281	57 703	654	12 225 638
Credit-related contingent liabilities, which have been derecognized	(11 632 820)	(12 366)	(1 309)	(11 646 495)
Gross value as at the end of the period	12 550 342	14 254	11 931	12 576 527
Changes of ECL				
ECL as at the beginning of the period	41 663	1 372	1 568	44 603
Transfers to Stage 1	9 487	(9 455)	(32)	-
Transfers to Stage 2	(8)	26	(18)	-
Transfers to Stage 3	(11)	(69)	80	-
Movement due to change in credit risk	(11 183)	8 155	5 404	2 376
Created or newly acquired credit-related contingent liabilities	22 221	119	82	22 422
Credit-related contingent liabilities, which have been derecognized	(47 847)	(93)	(565)	(48 505)
ECL as at the end of the period	14 322	55	6 519	20 896

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22. Risk management policies (continued)

	1st half of 2020 (unaudited)			
Credit related contingent liabilities for	Stage 1	Stage 2	Stage 3	Total
<i>Changes in the gross amount</i>				
Gross value as at the beginning of the period	6 957 053	664	1 400	6 959 117
Transfers to Stage 1	73	(43)	(30)	-
Transfers to Stage 2	(203 607)	203 607	-	-
Transfers to Stage 3	(737)	-	737	-
Created or newly acquired liabilities	3 363 878	114 402	373	3 478 653
Credit-related contingent liabilities, which have been derecognized	(3 065 794)	(177 170)	(1 369)	(3 244 333)
Gross value as at the end of the period	7 050 866	141 460	1 111	7 193 437
<i>Changes of ECL</i>				
ECL as at the beginning of the period	60 108	398	1 399	61 905
Transfers to Stage 1	68	(38)	(30)	-
Transfers to Stage 2	(813)	813	-	-
Transfers to Stage 3	(72)	-	72	-
Movement due to change in credit risk	6 431	(690)	976	6 717
Created or newly acquired credit-related contingent liabilities	25 482	508	-	25 990
Credit-related contingent liabilities, which have been derecognized	(45 587)	(349)	(1 368)	(47 304)
ECL as at the end of the period	45 617	642	1 049	47 308

Under the Bank's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers and more specifically for retail lending exposures because for corporate lending and other exposures there is more borrower specific information available which is used to identify significant increase in credit risk. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

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22. Risk management policies (continued)

The analysis of the credit quality of outstanding loans to legal entities and individuals as at 30 June 2021 and 31 December 2020 is presented in the tables below.

Loans to legal entities and IE	30 June 2021 (unaudited)			
	Gross value before allowance for impairment	Allowance for impairment	Carrying amount	Allowance for impairment to gross loans before deduction of the allowance for impairment
Individually impaired				
Not past due	14 226 003	(89 122)	14 136 881	0.63%
Past due:				
From 91 to 180 days	127 228	(42 095)	85 133	33.09%
Over 180 days	1 786 885	(1 786 886)	(1)	100.00%
Total individually impaired loans	16 140 116	(1 918 103)	14 222 013	11.88%
Collectively measured				
Not past due	499 492	(4 995)	494 497	1.00%
Total collectively measured loans	509 537	(5 095)	504 442	1.00%
Total loans to legal entities	16 649 653	(1 923 198)	14 726 455	11.55%

Loans to legal entities and IE	31 December 2020			
	Gross value before allowance for impairment	Allowance for impairment	Carrying amount	Allowance for impairment to gross loans before deduction of the allowance for impairment
Individually impaired				
Not past due	8 459 619	(15 441)	8 444 178	0.18%
Past due:				
Up to 30 days	2 618	-	2 618	0.00%
Over 180 days	1 810 120	(1 810 120)	-	100.00%
Total individually impaired loans	10 272 357	(1 825 561)	8 446 796	17.77%
Collectively measured				
Not past due	604	(6)	598	0.99%
Total collectively measured loans	604	(6)	598	0.00%
Total loans to legal entities	10 272 961	(1 825 567)	8 447 394	17.77%

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22. Risk management policies (continued)

The analysis of the credit quality of outstanding loans to individuals as at 30 June 2021 and 31 December 2020 is presented in the tables below.

Loans to individuals	30 June 2021 (unaudited)			
	Gross value before allowance for impairment	Allowance for impairment	Carrying amount	Allowance for impairment to gross loans before deduction of the allowance for impairment
Individually impaired				
Not past due	542 737	(44 929)	497 808	8.28%
Past due:				
Up to 30 days	28 931	(2 583)	26 348	8.93%
From 31 to 60 days	8 160	(2 897)	5 263	35.50%
From 61 to 90 days	17 450	(10 267)	7 183	58.84%
From 91 to 180 days	35 533	(32 880)	2 653	92.53%
Over 180 days	775 599	(737 296)	38 303	95.06%
Total individually impaired loans	1 408 410	(830 852)	577 558	58.99%
Collectively measured				
Not past due	543 645	(67 915)	475 730	12.49%
Past due:				
Up to 30 days	57 823	(9 027)	48 796	15.61%
From 31 to 60 days	19 703	(11 071)	8 632	56.19%
From 61 to 90 days	10 983	(6 894)	4 089	62.77%
From 91 to 180 days	35 515	(31 768)	3 747	89.45%
Over 180 days	253 413	(238 113)	15 300	93.96%
Total collectively measured loans	921 082	(364 788)	556 294	39.60%
Total loans to legal entities	2 329 492	(1 195 640)	1 133 852	51.33%

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22. Risk management policies (continued)

	31 December 2020			
	Gross value before allowance for impairment	Allowance for impairment	Carrying amount	Allowance for impairment to gross loans before deduction of the allowance for impairment
Loans to individuals				
Individually impaired				
Not past due	665 803	(93 395)	572 408	14.03%
Past due:				
Up to 30 days	44 759	(8 040)	36 719	17.96%
From 31 to 60 days	29 140	(5 236)	23 904	17.97%
From 61 to 90 days	47 459	(36 620)	10 839	77.16%
From 91 to 180 days	28 199	(25 757)	2 442	91.34%
Over 180 days	369 619	(361 372)	8 247	97.77%
Total individually impaired loans	1 184 979	(530 420)	654 559	44.76%
Collectively measured				
Not past due	747 297	(133 991)	613 306	17.93%
Past due:				
Up to 30 days	41 416	(12 961)	28 455	31.29%
From 31 to 60 days	21 143	(3 792)	17 351	17.94%
From 61 to 90 days	28 263	(23 596)	4 667	83.49%
From 91 to 180 days	37 982	(33 870)	4 112	89.17%
Over 180 days	485 076	(467 364)	17 712	96.35%
Total collectively measured loans	1 361 177	(675 574)	685 603	49.63%
Total loans to legal entities	2 546 156	(1 205 994)	1 340 162	47.37%

Collateral

The main types of collateral obtained by the Bank are as follows:

- For securities lending and reverse repurchase transactions, cash or securities;
- For lending – pledge of real estate, pledge of deposits, pledge of property and equipment, pledge of claims, pledge of goods in circulation, pledge of securities, sureties;
- For lending to individuals – and mortgage of real estate, mortgage of property and equipment, sureties.

However, only two types of collateral are used by the Bank to reduce allowance for expected credit losses: real estate and deposits received. The amount of such collateral as at 30 June 2021 and 31 December 2020 comprised RUB 2 615 328 thousand and RUB 2 459 265 thousand, respectively.

The gross value of loans on which collateral is accepted to reduce expected credit losses as at 30 June 2021 amounted to RUB 1 686 262 thousand, as at 31 December 2020 amounted to RUB 1 684 971 thousand. As at 30 June 2021 and 31 December 2020 the collateral received allowed the Bank to reduce provisions for such individually impaired loans by RUB 166 366 thousand and RUB 273 550 thousand, respectively.

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for expected credit losses.

The tables below show the maximum amount of credit risk for the items in the statement of financial position as at 30 June 2021 and 31 December 2020.

	Maximum credit risk exposure	Collateralized assets	Net exposure
30 June 2021 (unaudited)			
Cash and cash equivalents, less cash on hand	1 536 229	-	1 536 229
Mandatory cash balance with the Central Bank of the RF	71 365	-	71 365
Due from financial institutions	780 689	(786 247)	-
Loans to customers	15 860 307	(1 686 262)	14 174 045
Investment assets	683 665	-	683 665
Other financial assets	16 769	-	16 769
Guarantees	8 287 448	-	8 287 448
Loan commitments	4 268 183	-	4 268 183
31 December 2020			
Cash and cash equivalents, less cash on hand	2 312 390	-	2 312 390
Mandatory cash balance with the Central Bank of the RF	55 699	-	55 699
Due from financial institutions	2 190 954	(2 162 770)	28 184
Loans to customers	9 787 556	(1 684 971)	8 102 585
Investment assets	714 756	-	714 756
Other financial assets	10 790	-	10 790
Guarantees	8 070 444	-	8 070 444
Loan commitments	3 843 337	-	3 843 337
Letters of credit	39 000	(39 000)	-

In the first half of 2021 and in 2020, the main reason for the revision of loan terms was COVID-19. The revision of the terms was related to the deferment of repayment of the loan principal amount and/or interest.

The Bank carried out an analysis of the materiality of modifications on loans with changed terms. The difference between the amounts of the present value of the initial cash flows and the revised ones did not exceed 10%. The Bank believes that the revised terms do not differ significantly from the original ones and do not lead to derecognition.

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22. Risk management policies (continued)

Geographical concentration. The Risk Management Department of the Bank exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Bank's activity. This approach allows the Bank to minimize potential losses from the investment climate changes in the RF.

The geographical concentration of assets and liabilities is presented in the tables below:

30 June 2021 (unaudited)	Russian Federation	OECD countries	Other countries	Total
Financial Assets				
Cash and cash equivalents	518 887	1 127 831	-	1 646 718
Mandatory cash balance with the Central Bank of the RF	71 365	-	-	71 365
Due from financial institutions	733 710	46 978	-	780 688
Loans to customers	15 860 307	-	-	15 860 307
Investment assets	592 919	93 234	-	686 153
Other financial assets	16 769	-	-	16 769
Total assets	17 793 957	1 268 043	-	19 062 000
Financial liabilities				
Due to banks	2 831 137	-	-	2 831 137
Customer accounts	7 014 805	1 215 500	36 668	8 266 973
Other financial liabilities	374 964	-	-	374 964
Total liabilities	10 220 906	1 215 500	36 668	11 473 074

31 December 2020	Russian Federation	OECD countries	Other countries	Total
Financial assets				
Cash and cash equivalents	2 330 066	81 920	-	2 411 986
Mandatory cash balance with the Central Bank of the RF	55 699	-	-	55 699
Due from financial institutions	2 148 842	42 112	-	2 190 954
Loans to customers	9 787 556	-	-	9 787 556
Investment assets	523 780	194 719	-	718 499
Other financial assets	10 790	-	-	10 790
Total assets	14 856 733	318 751	-	15 175 484
Financial liabilities				
Due to banks	910 178	-	-	910 178
Customer accounts	7 183 971	187 951	21 163	7 393 085
Other financial liabilities	391 829	-	-	391 829
Total liabilities	8 485 978	187 951	21 163	8 695 092

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22. Risk management policies (continued)

Liquidity risk. Liquidity risk is determined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to a risk of daily calls on its cash resources with respect to overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees, as well as with respect to cash-settled guarantee payments. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The liquidity management process is supervised by the Management Board of the Bank.

The Bank tries to maintain a stable financing base consisting primarily of deposits by legal entities/individuals, as well as invest in diversified liquid asset portfolios in order to be able to quickly and easily address unexpected liquidity requirements.

Management of the Bank's liquidity requires analyzing the level of liquid assets required for settlement of liabilities as they mature; ensuring access to diverse sources of funding; ready plans of actions in case of any funding issues; and control over compliance of balance sheet liquidity ratios with statutory requirements. The Bank calculates liquidity ratios on a daily basis in accordance with the requirements of the CBR.

The table below presents contractual maturities. However, in accordance with the current legislation, individuals have the right for premature withdrawal of deposits.

30 June 2021 (unaudited)	Up to 1 month	1 month to 3 months	3 month to 12 months	From 1 to 3 years	More than 3 years	Maturity undefined	Total
Cash and cash equivalents	1 646 718	-	-	-	-	-	1 646 718
Mandatory cash balance with the Central Bank of the RF	-	-	-	-	-	71 365	71 365
Due from financial institutions	733 710	-	-	46 978	-	-	780 688
Loans to customers	14 741	390 993	2 784 446	9 224 927	3 353 612	91 588	15 860 307
Investment assets	-	22 654	-	402 405	261 094	-	686 153
Other financial assets	13 861	2 908	-	-	-	-	16 769
Total financial assets	2 409 030	416 555	2 784 446	9 674 310	3 614 706	162 953	19 062 000
Due to banks	(304 068)	(809 066)	(1 718 003)	-	-	-	(2 831 137)
Customer accounts	(3 643 011)	(1 225 716)	(2 712 636)	(685 610)	-	-	(8 266 973)
Other financial liabilities	(17 733)	(17 861)	(200 534)	(121 172)	(17 664)	-	(374 964)
Total financial liabilities	(3 964 812)	(2 052 643)	(4 631 173)	(806 782)	(17 664)	-	(11 473 074)
Net liquidity gap	(1 555 782)	(1 636 088)	(1 846 727)	8 867 528	3 597 042	162 953	7 588 926
Total liquidity gap	(1 555 782)	(3 191 870)	(5 038 597)	3 828 931	7 425 973	7 588 926	

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22. Risk management policies (continued)

31 December 2020	Up to 1 month	1 month to 3 months	3 month to 12 months	From 1 to 3 years	More than 3 years	Maturity undefined	Total
Cash and cash equivalents	2 411 986	-	-	-	-	-	2 411 986
Mandatory cash balance with the Central Bank of the RF	-	-	-	-	-	55 699	55 699
Due from financial institutions	2 148 842	-	-	-	-	42 112	2 190 954
Loans to customers	508 403	245 878	2 520 904	3 842 233	2 660 528	9 610	9 787 556
Investment assets	-	-	116 767	153 523	448 209	-	718 499
Other financial assets	10 332	458	-	-	-	-	10 790
	5 079 563	246 336	2 637 671	3 995 756	3 108 737	107 421	15 175 484
Due to banks	-	-	(910 178)	-	-	-	(910 178)
Customer accounts	(3 192 617)	(476 841)	(3 082 780)	(640 847)	-	-	(7 393 085)
Other financial liabilities	(39 088)	(49 381)	(122 877)	(180 483)	-	-	(391 829)
Total financial liabilities	(3 231 705)	(526 222)	(4 115 835)	(821 330)	-	-	(8 695 092)
Net liquidity gap	1 847 858	(279 886)	(1 478 164)	3 174 426	3 108 737	107 421	6 480 392
Total liquidity gap	1 847 858	1 567 972	89 808	3 264 234	6 372 971	6 480 392	

As stated above, the liquidity risk is presented based on the contractual maturities of the carrying amount of the instruments. At the same time, the Bank, managing its liquidity, uses graphs of future interest flows and the principal amount of debt. Therefore, the cumulative liquidity gap has a lower duration/weighted average term for assets and a higher duration for liabilities.

In order to manage liquidity, the Bank performs a more detailed analysis of the liquidity risk using the GAP analysis method at least once a month. Internal limits were set for liquidity gaps in terms baskets, which were monitored and fulfilled for each month of the reporting period. At the same time, the Bank:

- builds a more accurate distribution of loans by terms baskets based on the repayment schedules of tranches and interest;
- the Bank uses the securities portfolio as a liquidity management tool that can be implemented fairly quickly (a portfolio with a low duration of <2 years and high reliability-more than 50% in federal loan bonds (OFZ)), or get secured by these securities (securities in the Lombard list) for repurchase transactions, additional liquidity, if necessary;
- estimates on the basis of statistical data the values of conditionally constant balances of individuals and legal entities and, based on their amounts, distributes them to the basket from 180 to 1 year (the rest of the balances on current customer accounts for the period "on demand").

The basket contains up to 30 days of the balance on the demand account in the amount of RUB 965 million, which was provided by the main participant of the Bank for the purpose of maintaining liquidity and it has no intention to withdraw these funds in the foreseeable future. In addition, at the time of reporting, the Bank received confirmation from the main participant about the provision of financial support in the next 12 months from the reporting date, including in case of difficulties with liquidity.

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22. Risk management policies (continued)

The following tables detail the Bank's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Bank can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Bank may be required to pay. The amount under credit related liabilities and financial guarantee contracts is the maximum amount that can be used in accordance with the credit related liabilities or under a financial guarantee contract.

30 June 2021 (unaudited)	Up to 1 month	1 month to 3 months	3 month to 12 months	From 1 to 3 years	More than 3 years	Maturity undefined	Total
Due to banks	305 425	819 537	1 784 380	-	-	-	2 909 342
Customer accounts	3 650 207	1 239 851	2 799 779	724 312	-	-	8 414 149
Other financial liabilities	18 390	19 561	206 171	123 905	17 664	-	385 691
Total financial liabilities by contractual maturity dates	3 974 022	2 078 949	4 790 330	848 217	17 664	-	11 709 182
Credit-related contingent liabilities	257 778	622 099	6 790 222	3 831 237	1 075 191	-	12 576 527
31 December 2020							
Due to banks	-	-	952 550	-	-	-	952 550
Customer accounts	3 313 885	470 497	3 152 269	682 197	-	-	7 618 848
Other financial liabilities	39 958	51 342	130 394	186 655	-	-	408 349
Total financial liabilities by contractual maturity dates	3 353 843	521 839	4 235 213	868 852	-	-	8 979 747
Credit-related contingent liabilities	1 550 580	1 774 293	3 416 076	5 256 341	94	-	11 997 384

The amounts presented in the table above for financial guarantee contracts are presented by contractual terms. Customers can submit warranty claims for execution at any time before the expiration date. Based on historical data, the Bank believes that this probability is unlikely. If the counterparty submits a claim, the maximum amount payable under financial guarantee agreements is RUB 8 297 137 thousand and RUB 8 103 005 thousand as at 30 June 2021 and 31 December 2020, respectively.

Financing facilities

Market risk. Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level of volatility of market rates or prices. Market risk covers interest rate risk, currency risk, commodity prices and equity prices that the Bank is exposed to. The structure of these risks and methods used by the Bank to assess and manage these risks have not changed.

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22. Risk management policies (continued)

Interest rate risk. According to the nature of its activities, the Bank is exposed to interest rate risk by forming a trading portfolio of debt securities sensitive to changes in market interest rates, as well as due to the following sources of interest rate risk arising from the Bank's interest rate position:

- maturity gap of assets, liabilities and liabilities on fixed interest rate instruments;
- maturity gap of assets, liabilities, off-balance claims and liabilities on instruments with the floating interest rate (interest rate re-pricing risk);
- gap in the degree of change in interest rates on attracted and placed resources.

The interest rate sensitivity analysis has been performed for financial instruments, that are sensitive to the interest rate changes as at the reporting date. The tables below show the financial instruments exposed to interest rate risk, indicating the rates in effect at the time of the analysis by type of currency.

30 June 2021 (unaudited)	RUB	USD	EUR	Other
Financial assets				
Cash and cash equivalents	-	-	-	-
Due from financial institutions	from 5.10% to 5.75%	-	-	-
Loans to customers	from 8.90% to 36.5%	-	-	3.76%
Investment assets	from 6.7% to 11.1%	-	5.15%	-
Financial liabilities				
Due to banks	from 5.50% to 7.0%	-	-	-
Customer accounts:				
– current/settlement accounts	from 0.01% to 6.50%	0.01%	0.01%	0.01%
– term deposits	from 3.50% to 7.77%	from 0.44% to 1.50%	-	from 0.05% to 0.08%
Other financial liabilities	8.50%	-	-	-

31 December 2020	RUB	USD	EUR	Other
Cash and cash equivalents	from 3.25% to 4.40%	-	-	-
Due from financial institutions	from 4.35% to 5.01%	0.25%	-	-
Loans to customers	from 10% to 36.5%	-	-	3.76%
Investment assets	from 6.7% to 13.1%	-	from 3.37% to 5.15%	-
Financial liabilities				
Due to banks	from 6.93% to 7.25%	-	-	-
Customer accounts:				
– current/settlement accounts	0.00% from 0.01% to 4.05%	0.00% 0.01%	0.00% 0.01%	0.00% 0.01%
– term deposits	from 2.50% to 7.77%	from 0.44% to 1.50%	-	from 0.05% to 0.08%
Other financial liabilities	8.50%	-	-	-

Notes to the Interim Condensed Financial Statements (continued)
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22. Risk management policies (continued)

A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Bank management's assessment of the reasonably possible change in interest rates. The assessment of the change in net interest income/(expense) is carried out as at the middle of each time interval for a period of up to a year, taking into account the time coefficient, which is calculated as the ratio of the number of days remaining from the middle of the time interval to the end of the year to the number of days in a year (an accepted assumption about a horizon of one year – 360 days).

30 June 2021 (unaudited)	Up to 1 month	1 month to 3 months	3 month to 12 months	From 1 to 3 years	More than 3 years	Maturity undefined	Total
Financial assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Due from financial institutions	733 448	-	-	-	-	-	733 448
Loans to customers	14 629	390 343	2 773 213	9 195 463	3 328 194	85 133	15 786 975
Investment assets	-	22 654	-	402 405	261 094	-	686 153
Total financial assets exposed to interest rate risk	748 077	412 997	2 773 213	9 597 868	3 589 288	85 133	17 206 576
Cash and cash equivalents	1 646 718	-	-	-	-	-	1 646 718
Mandatory cash balance with the Central Bank of the RF	-	-	-	-	-	71 365	71 365
Due from financial institutions	262	-	-	46 978	-	-	47 240
Loans to customers	112	650	11 232	29 463	25 418	6 457	73 332
Other financial assets	13 861	2 908	-	-	-	-	16 769
Total financial assets not exposed to interest rate risk	1 660 953	3 558	11 232	76 441	25 418	77 822	1 855 424
Financial liabilities							
Due to banks	(304 068)	(809 066)	(1 718 003)	-	-	-	(2 831 137)
Customer accounts	(1 547 928)	(1 225 716)	(2 712 636)	(685 610)	-	-	(6 171 890)
Other financial liabilities	(4 886)	(10 051)	(47 247)	(65 430)	-	-	(127 614)
Total financial liabilities exposed to interest rate risk	(1 856 882)	(2 044 833)	(4 477 886)	(751 040)	-	-	(9 130 641)
Customer accounts	(2 095 083)	-	-	-	-	-	(2 095 083)
Other financial liabilities	(12 847)	(7 810)	(153 287)	(55 742)	(17 664)	-	(247 350)
Total financial liabilities not exposed to interest rate risk	(2 107 930)	(7 810)	(153 287)	(55 742)	(17 664)	-	(2 342 433)
Difference between financial assets and liabilities exposed to interest rate risk	(1 108 805)	(1 631 836)	(1 704 673)	8 846 828	3 589 288	85 133	8 075 935
Difference between financial assets and liabilities exposed to interest rate risk on cumulative basis	(1 108 805)	(2 740 641)	(4 445 314)	4 401 514	7 990 802	8 075 935	-
Change in net interest income/(expenses) +200 basis points	(212 521)	(271 973)	(213 084)				
Change in net interest income/(expenses) -200 basis points	212 521	271 973	213 084				
Difference between financial assets and liabilities not exposed to interest rate risk	(446 977)	(4 252)	(142 055)	20 699	7 754	77 822	(487 009)
Difference between financial assets and liabilities not exposed to interest rate risk on cumulative basis	(446 977)	(451 229)	(593 284)	(572 585)	(564 831)	(487 009)	
Liquidity gap	(1 555 782)	(1 636 088)	(1 846 728)	8 867 527	3 597 042	162 955	7 588 926
Cumulative liquidity gap	(1 555 782)	(3 191 870)	(5 038 598)	3 828 929	7 425 971	7 588 926	

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22. Risk management policies (continued)

31 December 2020	Up to 1 month	1 month to 3 months	3 month to 12 months	From 1 to 3 years	More than 3 years	Maturity undefined	Total
Financial assets							
Cash and cash equivalents	1 895 024	-	-	-	-	-	1 895 024
Due from financial institutions	2 146 779	-	-	-	-	-	2 146 779
Loans to customers	508 271	245 871	2 520 507	3 816 073	2 648 544	-	9 739 266
Investment assets	-	-	116 767	153 523	448 209	-	718 499
Total financial assets exposed to interest rate risk	4 550 074	245 871	2 637 274	3 969 596	3 096 753	-	14 499 568
Cash and cash equivalents	516 962	-	-	-	-	-	516 962
Mandatory cash balance with the Central Bank of the RF	-	-	-	-	-	55 699	55 699
Due from financial institutions	2 063	-	-	-	-	42 112	44 175
Loans to customers	132	7	397	26 160	11 984	9 610	48 290
Other financial assets	10 332	458	-	-	-	-	10 790
Total financial assets not exposed to interest rate risk	529 489	465	397	26 160	11 984	107 421	675 916
Financial liabilities							
Due to banks	-	-	(910 178)	-	-	-	(910 178)
Customer accounts	(1 952 267)	(476 841)	(3 082 780)	(640 847)	-	-	(6 152 735)
Other financial liabilities	(4 674)	(9 125)	(44 036)	(97 245)	-	-	(155 080)
Total financial liabilities exposed to interest rate risk	(1 956 941)	(485 966)	(4 036 994)	(738 092)	-	-	(7 217 993)
Customer accounts	(1 240 350)	-	-	-	-	-	(1 240 350)
Other financial liabilities	(34 414)	(40 256)	(78 841)	(83 238)	-	-	(236 749)
Total financial liabilities not exposed to interest rate risk	(1 274 764)	(40 256)	(78 841)	(83 238)	-	-	(1 477 099)
Difference between financial assets and liabilities exposed to interest rate risk	2 593 133	(240 095)	(1 399 720)	3 231 504	3 096 753	-	7 281 575
Difference between financial assets and liabilities exposed to interest rate risk on cumulative basis	2 593 133	2 353 038	953 318	4 184 822	7 281 575	7 281 575	
Change in net interest income/(expenses) +200 basis points	497 017	(40 016)	(174 965)				
Change in net interest income/(expenses) -200 basis points	(497 017)	40 016	174 965				
Difference between financial assets and liabilities not exposed to interest rate risk	(745 275)	(39 791)	(78 444)	(57 078)	11 984	107 421	(801 183)
Difference between financial assets and liabilities not exposed to interest rate risk on cumulative basis	(745 275)	(785 066)	(863 510)	(920 588)	(908 604)	(801 183)	
Liquidity gap	1 847 858	(279 886)	(1 478 164)	3 174 426	3 108 737	107 421	6 480 392
Cumulative liquidity gap	1 847 858	1 567 972	89 808	3 264 234	6 372 971	6 480 392	

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22. Risk management policies (continued)

If the Bank's interest rates had changed by 200 basis points while keeping all other variables at the same level, then profit for the first half of 2021 and 2020 would have been decreased/increased by RUB 697 578 thousand and RUB 282 036 thousand respectively. This is mainly due to the Bank's exposure to the risk of fluctuations in interest rates on borrowed funds.

Currency risk. Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Information on currency risk level is presented below.

	RUB	USD 1 = RUB 72,3723	EUR 1 = RUB 86,2026	JPY 100 = RUB 65,3534	Other currency and precious metals	Total
30 June 2021 (unaudited)						
Financial assets						
Cash and cash equivalents	415 514	130 085	45 675	1 015 778	39 666	1 646 718
Mandatory cash balance with the Central Bank of the RF	71 365	-	-	-	-	71 365
Due from financial institutions	733 709	1	46 978	-	-	780 688
Loans to customers	15 800 288	158	-	59 861	-	15 860 307
Investment assets	592 919	-	93 234	-	-	686 153
Other financial assets	8 124	25	8 620	-	-	16 769
Total financial assets	17 621 919	130 269	194 507	1 075 639	39 666	19 062 000
Financial liabilities						
Due to banks	(2 831 137)	-	-	-	-	(2 831 137)
Customer accounts	(6 586 837)	(456 783)	(99 586)	(1 074 450)	(49 317)	(8 266 973)
Other financial liabilities	(355 149)	(19 812)	(3)	-	-	(374 964)
Total financial liabilities	(9 773 123)	(476 595)	(99 589)	(1 074 450)	(49 317)	(11 473 074)
Net currency balance sheet position	7 848 796	(346 326)	94 918	1 189	(9 651)	7 588 926
Foreign exchange spot transactions	(242 268)	320 874	(93 099)	-	11 661	(2 832)
Net currency position	7 606 528	(25 452)	1 819	1 189	2 010	7 586 094

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22. Risk management policies (continued)

	RUB	USD 1 = RUB 73,8757	EUR 1 = RUB 90,6824	Other currency and precious metals	Total
31 December 2020					
Financial assets					
Cash and cash equivalents	2 210 110	62 627	28 768	110 481	2 411 986
Mandatory cash balance with the Central Bank of the RF	55 699	-	-	-	55 699
Due from financial institutions	2 000 966	147 876	42 112	-	2 190 954
Loans to customers	9 719 984	-	-	67 572	9 787 556
Investment assets	523 780	-	194 719	-	718 499
Other financial assets	10 764	26	-	-	10 790
Total financial assets	14 521 303	210 529	265 599	178 053	15 175 484
Financial liabilities					
Due to banks	(910 178)	-	-	-	(910 178)
Customer accounts	(6 730 584)	(396 554)	(98 664)	(167 283)	(7 393 085)
Other financial liabilities	(391 688)	(141)	-	-	(391 829)
Total financial liabilities	(8 032 450)	(396 695)	(98 664)	(167 283)	(8 695 092)
Net currency balance sheet position	6 488 853	(186 166)	166 935	10 770	6 480 392
Foreign exchange spot transactions	-	181 377	(181 365)	-	12
Net currency position	6 488 853	(4 789)	(14 430)	10 770	6 480 404

Currency risk sensitivity. The following table details the Bank's sensitivity to a 30-percent (2020: by 30%) increase or decrease in the RUB against the relevant foreign currencies. The sensitivity analysis addresses only balances related to monetary items denominated in foreign currency and adjusts their translation at the period end for a 30% change (2020: (30%)).

The positive amount indicated below reflects an increase in profit and other capital items with a 30% appreciation of the ruble against the corresponding currency (2020: by 30%). For a 30% weakening of the RUB against the relevant currency (2020: by 30%), there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	for 1 January 2021		for 1 January 2020	
	Impact on			
	profit or loss	equity	profit or loss	equity
US Dollar strengthening by 30% (2020: 30%)	(7 636)	(6 108)	(68 850)	(55 080)
US Dollar weakening by 30% (2020: 30%)	7 636	6 108	68 850	55 080
Euro strengthening by 30% (2020: 30%)	546	437	56 321	45 057
Euro weakening by 30% (2020: 30%)	(546)	(437)	(56 321)	(45 057)
Japanese yen strengthening by 30% (2020: 30%)	357	285	-	-
Japanese yen weakening by 30% (2020: 30%)	(357)	(285)	-	-
Other currency strengthening by 30% (2020: 30%)	603	482	258 395	206 716
Other currency weakening by 30% (2020: 30%)	(603)	(482)	(258 395)	(206 716)

This risk mainly relates to cash balances on the Bank's cash office and in correspondent accounts, as well as balances of the Bank's customers on current and/or settlement accounts and deposits.

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23. Related party transactions

In accordance with IAS 24 Related Party Disclosures, related parties are the parties one of which has control or significant influence over the operating and financial decisions of the other party.

In considering each possible related party relationship, attention is directed to the substance of the relationship not merely the legal form.

Related parties may enter into transactions that unrelated parties would not. Transactions between related parties may be on different terms, conditions and amounts than the transactions between unrelated parties. In accordance with the Bank's policy, terms and conditions for arm's-length transactions are applicable to all the related party transactions. These transactions included settlements, loans, deposit taking and foreign currency transactions.

Below are related party balances as at 30 June 2021 and 31 December 2020.

Item of statement of financial position	30 June 2021 (unaudited)		31 December 2020	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Loans to customers	7 808	18 979 145	460 934	12 819 117
- the parent	-		-	
- entities under common control of SBI Holdings, Inc	-		455 836	
- key management personnel	4 785		1 659	
- other related parties	3 023		3 439	
Allowance for impairment of loans	(950)	(3 118 838)	(3 253)	(3 031 561)
- the parent	-		-	-
- entities under common control of SBI Holdings, Inc	-		(2 337)	-
- key management personnel	(586)		(298)	-
- other related parties	(364)		(618)	
Customer accounts	1 144 110	8 266 973	150 269	7 393 085
- the parent	1 068 931		96 391	
- entities under common control of SBI Holdings, Inc	29		436	
- key management personnel	30 720		31 584	
- other related parties	44 430		21 858	
Unused credit lines	995	4 279 390	47 602	3 855 379
- the parent	-		-	
- entities under common control of SBI Holdings, Inc	-		47 000	
- key management personnel	597		300	
- other related parties	398		302	

As at 30 June 2021 and 31 December 2020, the principal participant issued a guarantee to counterparty banks in order to assist the Bank in attracting interbank loans. This guarantee allows the Bank to attract medium-term and long-term funding from banks in the amount of USD 40 million or an equivalent in another currency (as at 31 December 2020 – USD 20 million or an equivalent in another currency).

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
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23. Related party transactions (continued)

The following amounts which were recognized as related party transactions are included in the statement of profit or loss for the first half of 2021 and for the first half of 2020.

Item of the statement of profit or loss	30 June 2021 (unaudited)		30 June 2020 (unaudited)	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Interest income	22 758	871 370	585	642 372
- the parent	-		-	
- entities under common control of SBI Holdings, Inc	22 365		-	
- key management personnel	187		582	
- other related parties	206		3	
Interest expense	(406)	(203 748)	(377)	(201 911)
- the parent	(33)		(107)	
- entities under common control of SBI Holdings, Inc	-		-	
- key management personnel	(278)		(209)	
- other related parties	(95)		(61)	
Fee and commission income	54	150 717	44	112 209
- the parent	9		10	
- entities under common control of SBI Holdings, Inc	25		17	
- key management personnel	9		16	
- other related parties	11		1	
Fee and commission expenses	(5 069)	(51 381)	-	(45 699)
- the parent	(1 779)		-	
- entities under common control of SBI Holdings, Inc	(3 271)		-	
- key management personnel	-		-	
- other related parties	(19)		-	
Net gain(loss) on foreign exchange transactions	32	12 904	32	(80 107)
- the parent	-		-	
- entities under common control of SBI Holdings, Inc	-		-	
- key management personnel	42		36	
- other related parties	(10)		(4)	
Operating expense	(42 546)	(638 370)	(63 168)	(613 148)
- the parent	-		(1 004)	
- entities under common control of SBI Holdings, Inc	(255)		-	
- key management personnel	(42 022)		(62 162)	
- other related parties	(269)		(2)	

Remuneration to key management personnel (excluding social security contributions) for the first half of 2021 was RUB 41 902 thousand (for the first half of 2020: RUB 51 912 thousand). Short-term liabilities for unused vacations to key management personnel associated with the Bank as at 30 June 2021 amounted to RUB 17 664 thousand, as at 30 June 2020 amounted to RUB 5 924 thousand.

Notes to the Interim Condensed Financial Statements (continued)
for the First Half of 2021
(in thousands of Russian rubles, unless otherwise indicated)

24. Subsequent events

There are no non-adjusting events after the reporting date that are material to the users of these financial statements.

Approved for issue and signed on 30 August 2021
On behalf of the Management Board:

		
Karyakin Andrei Dmitrievich		Sytenko Vadim Gennadievich
Chairman of the Management Board		Chief Accountant