

# **AO UniCredit Bank**

Condensed Interim Consolidated  
Financial Statements  
for the Six-Month Period Ended  
30 June 2021 (unaudited)

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021:

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# AO UniCredit Bank

## Statement of Management's Responsibilities for the Preparation and Approval of the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021

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Management of AO UniCredit Bank is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of AO UniCredit Bank and its subsidiary (collectively – the “Group”) as at 30 June 2021, and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three and six-month periods then ended and a summary of significant accounting policies and selected notes to the condensed interim consolidated financial statements (the “condensed interim consolidated financial statements”) in compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting (“IAS 34”).

In preparing the condensed interim consolidated 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 IAS 34 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s consolidated financial position and financial performance; and
- Making an assessment of the Group’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 Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial statements of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2021 were approved by the Board of Management of AO UniCredit Bank on 12 August 2021.

  
**K. Zhukov-Emelyanov**  
Chairman of the Board of Management



  
**G. Chernysheva**  
Chief Accountant

12 August 2021  
Moscow

## **REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To: the Shareholder and the Supervisory Board of AO UniCredit Bank

### **Introduction**


We have reviewed the accompanying condensed interim consolidated statement of financial position of AO UniCredit Bank and its subsidiary (the “Group”) as of 30 June 2021, the related condensed interim consolidated statement of comprehensive income for three and six months then ended, condensed interim consolidated statements of 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 condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial information Performed by the Independent Auditor of the Entity. A review of condensed interim consolidated 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.

## Conclusion

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

  
Zdanevich Anna Mikhaylovna  
Engagement partner

12 August 2021



The Entity: AO UniCredit Bank

Licensed by the Central Bank of the Russian Federation on 22.12.2014, License No.1.

Primary State Registration Number: 1027739082106

Certificate of registration in the Unified State Register series 77 № 007773325 of 19.08.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation №39.

Address:  
9, Prechistsenskaya emb., Moscow, Russia 119034.

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

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

# AO UniCredit Bank


## Condensed Interim Consolidated Statement of Financial Position as at 30 June 2021 (in thousands of Russian Rubles)

	Notes	30 June 2021 (unaudited)	31 December 2020
<b>ASSETS</b>			
Cash and cash balances	5	19 981 982	28 949 714
Debt securities held for trading	6		
- held by the Group		5 232 906	1 082 892
- pledged under repurchase agreements		142 353	-
Derivative financial assets	8	30 046 958	39 606 302
Derivative financial assets designated for hedging	8	13 131 274	18 583 515
Changes in fair value of portfolio hedged items		3 596 242	10 214 637
Financial assets at amortized cost			
- Debt securities	11		
- held by the Group		72 245 080	67 986 636
- pledged under repurchase agreements		2 743 971	-
- Amounts due from credit institutions	7	332 724 580	380 383 482
- Loans to customers	9	689 573 920	646 035 934
Financial assets at fair value through other comprehensive income	10		
- held by the Group		34 239 608	46 876 408
- pledged under repurchase agreements		2 244 744	-
Investments in associate	12	10 313 777	9 669 851
Fixed assets		11 873 481	12 255 064
Intangible assets		7 278 659	7 647 521
Deferred income tax assets		3 812 442	3 805 548
Current income tax assets		159 966	672 017
Other assets		9 942 420	8 162 123
<b>TOTAL ASSETS</b>		<b>1 249 284 363</b>	<b>1 281 931 644</b>
<b>LIABILITIES</b>			
Amounts due to credit institutions	14	55 707 332	29 103 365
Amounts due to customers	15	909 660 024	945 130 002
Derivative financial liabilities	8	30 431 455	39 932 210
Derivative financial liabilities designated for hedging	8	19 799 037	30 177 965
Changes in fair value of portfolio hedged items		3 640 408	6 446 605
Current income tax liabilities		47 287	12 621
Other liabilities		17 589 865	16 609 892
<b>TOTAL LIABILITIES</b>		<b>1 036 875 408</b>	<b>1 067 412 660</b>
<b>EQUITY</b>			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		(23 391)	251 015
Revaluation reserve for financial assets at fair value through other comprehensive income		(469 952)	1 674 972
Foreign currency translation reserve		(8 074)	(4 822)
Fixed assets revaluation reserve		4 271 461	4 231 960
Retained earnings		166 413 824	166 140 772
<b>TOTAL EQUITY</b>		<b>212 408 955</b>	<b>214 518 984</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1 249 284 363</b>	<b>1 281 931 644</b>

  
**K. Zhukov-Emelyanov**  
Chairman of the Board of Management

12 August 2021  
Moscow



  
**G. Chernysheva**  
Chief Accountant

The accompanying notes 1-20 are an integral part of these consolidated financial statements.

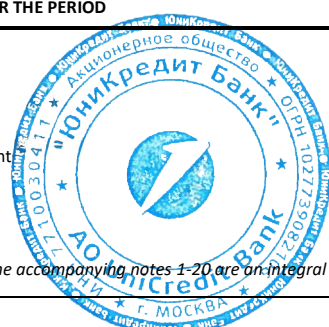
# AO UniCredit Bank

## Condensed Interim Consolidated Statement of Comprehensive Income for the Three and Six-Month Periods Ended 30 June 2021 (in thousands of Russian Rubles)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income and similar revenues		20 286 096	24 195 715	40 076 190	49 543 906
Interest expense and similar charges		(10 539 009)	(14 636 414)	(20 286 730)	(30 250 840)
<b>Net interest income</b>		<b>9 747 087</b>	<b>9 559 301</b>	<b>19 789 460</b>	<b>19 293 066</b>
Fee and commission income		1 949 816	2 315 103	3 841 224	5 020 839
Fee and commission expense		(559 739)	(492 360)	(1 082 637)	(1 156 822)
<b>Net fee and commission income</b>		<b>1 390 077</b>	<b>1 822 743</b>	<b>2 758 587</b>	<b>3 864 017</b>
Dividend income		2	2	2	2
(Losses)/gains on financial assets and liabilities held for trading and foreign currencies	18	(289 464)	300 995	(1 099 894)	3 947
Fair value adjustments in portfolio hedge accounting		(105 889)	(48 225)	(232 269)	(13 904)
Gains on disposal of:					
- financial assets at amortized cost		87 342	969 957	90 584	1 152 423
- financial assets at fair value through other comprehensive income		74 546	315 998	525 935	2 386 107
<b>OPERATING INCOME</b>		<b>10 903 701</b>	<b>12 920 771</b>	<b>21 832 405</b>	<b>26 685 658</b>
(Allowance)/recovery of allowance for expected credit losses on:					
- financial assets at fair value through other comprehensive income		(32 633)	7 634	(46 666)	(24 322)
- financial assets at amortized costs	7,9,11	2 554 629	(5 229 594)	798 629	(8 787 894)
- other financial transactions	16	(610 239)	(183 019)	(621 656)	(144 416)
<b>NET INCOME FROM FINANCIAL ACTIVITIES</b>		<b>12 815 458</b>	<b>7 515 792</b>	<b>21 962 712</b>	<b>17 729 026</b>
Personnel expenses		(2 682 883)	(2 579 027)	(5 379 231)	(5 243 726)
Other administrative expenses		(1 770 788)	(2 076 645)	(3 510 409)	(3 854 807)
Depreciation of fixed assets		(313 635)	(260 899)	(573 317)	(531 579)
Depreciation of rights-of-use		(118 567)	(143 760)	(237 717)	(278 089)
(Impairment)/write-backs on fixed assets		(14)	(3 118)	3 345	(14 840)
Amortization of intangible assets		(608 383)	(461 624)	(1 066 036)	(916 101)
Recovery of other provisions/(other provisions)		14 281	(661)	(3 444)	77 883
Other operating income/(expenses)		3 067	(32 571)	(29 055)	(97 956)
<b>Operating costs</b>		<b>(5 476 922)</b>	<b>(5 558 305)</b>	<b>(10 795 864)</b>	<b>(10 859 215)</b>
Share of gains of associate	12	340 282	461 147	694 842	729 570
Gain on fixed assets measured at fair value		1 182	231	1 182	231
Gains on disposal of fixed assets		1 084	342	4 218	1 368
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>7 681 084</b>	<b>2 419 207</b>	<b>11 867 090</b>	<b>7 600 980</b>
Income tax expense	13	(1 529 532)	(426 129)	(2 340 478)	(1 449 781)
<b>PROFIT FOR THE PERIOD</b>		<b>6 151 552</b>	<b>1 993 078</b>	<b>9 526 612</b>	<b>6 151 199</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Fixed assets revaluation reserve		114 163	(17 544)	114 163	(17 544)
<b>Items that may be reclassified subsequently to profit or loss</b>					
Cash flow hedge reserve – effective portion of changes in fair value, net of tax:					
- fair value changes		79 824	(5 455)	(279 048)	618 134
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the period		2 669	6 745	4 642	8 437
Revaluation reserve for financial assets at fair value through other comprehensive income, net of tax:					
- fair value changes		32 625	1 684 113	(1 076 177)	1 316 878
- reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period		(262 310)	(497 563)	(1 061 083)	(1 634 619)
Share of other comprehensive income/(loss) of associate:					
- revaluation reserve for financial assets at fair value through other comprehensive income, net of tax		(5 333)	2 479	(7 664)	6 175
- foreign currency translation reserve		(136 528)	(106 003)	(3 252)	889
<b>Other comprehensive (loss)/income for the period, net of tax</b>	13	<b>(174 890)</b>	<b>1 066 772</b>	<b>(2 308 419)</b>	<b>298 350</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5 976 662</b>	<b>3 059 850</b>	<b>7 218 193</b>	<b>6 449 549</b>

K. Zhukov-Emelyanov  
Chairman of the Board of Management

12 August 2021  
Moscow




G. Chernysheva  
Chief Accountant

The accompanying notes 1-20 are an integral part of these consolidated financial statements.

# AO UniCredit Bank

## Condensed Interim Consolidated Statement of Changes in Equity for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

	Share capital	Share premium	Cash flow hedge reserve	Revaluation reserve for financial assets at fair value through other comprehensive income	Share of other comprehensive income/(loss) of associate Revaluation reserve for financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Fixed assets revaluation reserve	Retained earnings	Total equity
<b>1 January 2020</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(381 731)</b>	<b>1 977 526</b>	<b>23 200</b>	<b>(71 830)</b>	<b>4 294 938</b>	<b>165 161 425</b>	<b>213 228 615</b>
<b>Total comprehensive income</b>									
Profit for the period (unaudited)	-	-	-	-	-	-	-	6 151 199	6 151 199
Other comprehensive income/(loss) (unaudited)	-	-	626 571	(317 741)	6 175	889	(17 544)	-	298 350
<b>Total comprehensive income/(loss) for the period (unaudited)</b>	<b>-</b>	<b>-</b>	<b>626 571</b>	<b>(317 741)</b>	<b>6 175</b>	<b>889</b>	<b>(17 544)</b>	<b>6 151 199</b>	<b>6 449 549</b>
Transfer of revaluation reserve upon depreciation (unaudited)	-	-	-	-	-	-	(73 538)	73 538	-
<b>30 June 2020 (unaudited)</b>	<b>41 787 806</b>	<b>437 281</b>	<b>244 840</b>	<b>1 659 785</b>	<b>29 375</b>	<b>(70 941)</b>	<b>4 203 856</b>	<b>171 386 162</b>	<b>219 678 164</b>

  
K. Zhukov-Emelyanov  
Chairman of the Board of Management

12 August 2021  
Moscow



  
G. Chernysheva  
Chief Accountant


The accompanying notes 1-20 are an integral part of these consolidated financial statements.



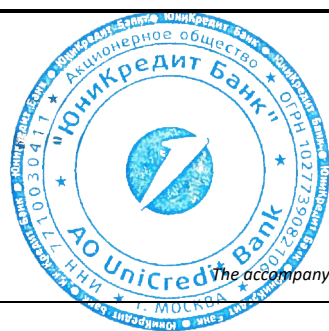
# AO UniCredit Bank

## Condensed Interim Consolidated Statement of Changes in Equity for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

	Share capital	Share premium	Cash flow hedge reserve	Revaluation reserve for financial assets at fair value through other comprehensive income	Share of other comprehensive income/(loss) of associate		Fixed assets revaluation reserve	Retained earnings	Total equity
					Revaluation reserve for financial assets at fair value through other comprehensive income	Foreign currency translation reserve			
1 January 2021	41 787 806	437 281	251 015	1 643 275	31 697	(4 822)	4 231 960	166 140 772	214 518 984
<b>Total comprehensive income</b>									
Profit for the year (unaudited)	-	-	-	-	-	-	-	9 526 612	9 526 612
Other comprehensive (loss)/income (unaudited)	-	-	(274 406)	(2 137 260)	(7 664)	(3 252)	114 163	-	(2 308 419)
<b>Total comprehensive (loss)/income for the period (unaudited)</b>	-	-	(274 406)	(2 137 260)	(7 664)	(3 252)	114 163	9 526 612	7 218 193
Transfer of revaluation reserve upon depreciation (unaudited)	-	-	-	-	-	-	(74 662)	74 662	-
<b>Transactions with owner, directly recorded in equity</b>									
Dividends paid on ordinary shares								(9 328 222)	(9 328 222)
<b>Total transactions with owner</b>								(9 328 222)	(9 328 222)
<b>30 June 2021 (unaudited)</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(23 391)</b>	<b>(493 985)</b>	<b>24 033</b>	<b>(8 074)</b>	<b>4 271 461</b>	<b>166 413 824</b>	<b>212 408 955</b>

  
K. Zhukov-Emelyanov  
Chairman of the Board of Management

12 August 2021  
Moscow





  
G. Chernysheva  
Chief Accountant

The accompanying notes 1-20 are an integral part of these consolidated financial statements.

**Condensed Interim Consolidated Statement of Cash Flows  
for the Six-Month Period Ended 30 June 2021  
(in thousands of Russian Rubles)**

	Note	Six-month period ended 30 June 2021 (unaudited)	Six-month period ended 30 June 2020 (unaudited)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>15 143 858</b>	<b>22 390 083</b>
<b>Net cash flows from/(used in) operating activities before income tax</b>		<b>557 502</b>	<b>(17 299 021)</b>
Corporate income tax paid		(1 253 166)	(4 544 384)
<b>Net cash flows used in operating activities</b>		<b>(695 664)</b>	<b>(21 843 405)</b>
<b>Cash flows from investing activities</b>			
Dividends received		2	2
Purchase of financial assets at fair value through other comprehensive income		(11 772 807)	(118 895 347)
Proceeds from redemption and sale of financial assets at fair value through other comprehensive income		19 394 539	212 629 155
Purchase of financial assets at amortized cost - debt securities		(5 115 206)	(30 032 862)
Proceeds from sale of fixed and intangible assets		82	1 999
Purchase of fixed and intangible assets		(988 727)	(760 599)
<b>Net cash flows from investing activities</b>		<b>1 517 883</b>	<b>62 942 348</b>
<b>Cash flows from financing activities</b>			
Dividends paid on ordinary shares		(9 328 222)	-
Redemption of subordinated debt	20	-	(37 381 559)
Cash outflow for lease liabilities		(220 695)	(311 087)
<b>Net cash flows used in financing activities</b>		<b>(9 548 917)</b>	<b>(37 692 646)</b>
Effect of exchange rates changes on cash and cash balances		(241 034)	847 278
<b>Net (decrease)/increase in cash and cash balances</b>		<b>(8 967 732)</b>	<b>4 253 575</b>
<b>Cash and cash balances, beginning of the period</b>	<b>5</b>	<b>28 949 714</b>	<b>24 268 658</b>
<b>Cash and cash balances, ending of the period</b>	<b>5</b>	<b>19 981 982</b>	<b>28 522 233</b>

  
K. Zhukov-Emelyanov  
Chairman of the Board of Management

  
G. Chernysheva  
Chief Accountant

12 August 2021  
Moscow



# AO UniCredit Bank

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

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### 1. Principal activities

These condensed interim consolidated financial statements include the financial statements of AO UniCredit Bank (hereinafter – the “Bank”) and its subsidiary. AO UniCredit Bank, its subsidiary and associate are hereinafter collectively referred to as the “Group”.

The Bank (the former International Moscow Bank) was established in 1989 as a closed joint-stock company under the laws of the Russian Federation. The Bank operates under General Banking License issued by the Central Bank of Russia (hereinafter – the “CBR”) for banking operations for No. 1, as well as the license of the CBR for operations with precious metals for No. 1, both issued on 22 December 2014. The Bank also possesses licenses of the professional securities market participant for dealing, brokerage and depository activities issued by the Federal Securities Commission on 25 April 2003, as well as authorized to speak to the customs authorities as a guarantor starting from 1 November 2013. On 7 October 2020 the Bank was included in the list of investment advisors. The Bank is a member of the state deposit insurance system in the Russian Federation starting from 16 December 2004. The Bank also possesses cryptographic licence starting from 7 April 2015.

As at 30 June 2021 the Group comprises the Bank, the leading operating entity of the Group, LLC UniCredit Leasing, a leasing company as its subsidiary, and holding company BARN B.V. as its associate. LLC UniCredit Leasing owns 100% of the shares in LLC UniCredit Garant. Both companies operate in the financial leasing industry on the local market. BARN B.V. is the holding company based in the Netherlands, which owns 100% of the shares in JSC RN Bank.

As at 30 June 2021 and 31 December 2020 the Bank has 13 branches and 9 representative offices throughout the Russian Federation and one representative office in the Republic of Belarus.

The Bank’s registered legal address is 9, Prechistenskaya Embankment, Moscow, Russian Federation, 119034.

The primary activities of the Group are deposit taking, lending, providing payments and settlement services, transactions with foreign currencies and securities, providing finance leases and auxiliary activities in financial services and insurance.

The Group operates in industries where significant seasonal or cyclical variations in operating income are not experienced during the financial year. However, since the results of the Group’s operations closely relate to and depend on changing market conditions, the results of the Group’s operations for the interim period are not necessarily indicative of the results for the year ending 31 December 2021.

### 2. Basis of preparation

**Statement of compliance.** These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2020 prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for 2020 prepared in accordance with IFRS.

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

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### 2. Basis of preparation (continued)

The management believes that the disclosures in these condensed interim consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group's annual consolidated financial statements for 2020 prepared in accordance with IFRS. In the opinion of the management, these financial statements reflect all adjustments necessary to present fairly the Group's consolidated position, results of operations, statements of changes in shareholders' equity and cash flows for the interim reporting periods.

**Basis of measurement.** These condensed interim consolidated financial statements are prepared on the historical cost basis except that financial instruments held for trading, assets at fair value through other comprehensive income, derivative financial instruments and real estate are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Presentation currency.** These condensed interim consolidated financial statements are presented in Russian Rubles (hereinafter – "RUB"). Amounts in Russian Rubles are rounded to the nearest thousand.

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

	30 June 2021	31 December 2020
RUB/US Dollar	72.3723	73.8757
RUB/Euro	86.2026	90.6824

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**Use of estimates and judgements.** The preparation of financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed interim consolidated financial statements the significant judgements made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

In the second quarter of 2021, the Group made a number of changes in the estimates of expected credit losses. In particular, the Group has updated its macroeconomic forecast to reflect expected credit losses in order to take into account the impact of recent changes in the economy in accordance with the Group approach and the requirements of IFRS 9.

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 2. Basis of preparation (continued)

Also in the second quarter of 2021, the Group revised the model for quantifying a significant increase in credit risk (SICR, significant increase of credit risk). Thus, the approach to the transfer between the stages of impairment has been changed. Instead of a simplified approach to quantify a significant increase in credit risk based on measuring the probability of default over a 12-month time horizon, a targeted approach based on measuring the probability of default over the entire life of a financial instrument is applied from the second quarter of 2021. This modification is a change in the accounting estimates and was reflected prospectively in accordance with IAS 8. A separate assessment of the quantitative impact of the change in the approach to the allocation between stages of impairment was not carried out, because the structure of the distribution of the loan portfolio by stages of impairment was also affected by the update of information about counterparties, including financial statements. The overall effect of these changes led to an increase of gross loans to customers in Stage 2 by RUB 47 610 868 thousand, as well as the impairment charge in the amount of RUB 300 600 thousand for the three-month period ended 30 June 2021.

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

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

### 3. Significant accounting policies

**Interim measurement period.** Income tax expense is recognized in these condensed interim consolidated financial statements based on the management's best estimate of the weighted average effective annual income tax rate expected for the full financial year. Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

**New or amended standards issued but not yet effective.** The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New or amended standard or interpretation	Effective date - for annual periods beginning on or after
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> regarding the classification of liabilities as current or non-current and disclosure of accounting policies	1 January 2023
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> regarding the definition of accounting estimates	1 January 2023
Amendments to IFRS 3 <i>Business combinations</i>	1 January 2022
Amendments to IAS 16 <i>Property and equipment</i>	1 January 2022
Amendments to IAS 37 <i>Provisions, contingent liabilities and contingent assets</i>	1 January 2022
Amendments to (within the project for the formation of Annual Improvements to IFRS 2018-2020 cycles) IFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB

### 3. Significant accounting policies (continued)

The same accounting policies, presentation and methods of computation have been followed in these condensed interim consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2020 except for income tax which is calculated based on the expected annual tax rate and for the standards or interpretations became effective starting 1 January 2021 as described below:

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

In 2019, the Group has early adopted the “Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform” (Phase 1). The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

These standards or interpretations were considered by the management of the Group but have not material impact on the Group's condensed interim consolidated financial statements.

### 4. Operating segments

For the management purposes, the Group has four reporting business segments:

**Corporate and Investment banking** (hereinafter – “CIB”) includes corporate lending, project and commodity and corporate structured finance, corporate sight and term deposit services, securities, foreign currency and derivatives trading and custody services.

**Retail banking** comprises banking services to private individuals and Small and Medium Entities (hereinafter – “SME”), credit and debit card services, retail sight and term deposit services, lending to SME and retail lending (consumer loans, car loans and mortgages).

**Leasing** – represents the leasing activities of the Group.

**Other** – represents the Group's funding activities and other unallocated items.

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
for the Six-Month Period Ended 30 June 2021  
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## 4. Operating segments (continued)

Information about each segment is measured on the same basis as the information used for decision making purposes for allocating resources to segments and assessing segment performance and is prepared on the same basis as the condensed interim consolidated financial statements. Decisions on the allocation of resources between segments and the evaluation of performance results are carried out by the Board of Management.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers included in segment net interest income. Interest charged for these funds is based on the Group's funds transfer pricing policy.

Segment breakdown of assets and liabilities is set out below:

	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
<b>Assets</b>		
CIB	969 691 143	1 038 155 125
Retail banking	143 771 132	142 833 935
Leasing	43 030 802	35 507 258
Other	92 791 286	65 435 326
<b>Total assets</b>	<b>1 249 284 363</b>	<b>1 281 931 644</b>
<b>Liabilities</b>		
CIB	676 333 683	716 308 604
Retail banking	317 533 628	339 109 196
Leasing	2 228 006	2 153 258
Other	40 780 091	9 841 602
<b>Total liabilities</b>	<b>1 036 875 408</b>	<b>1 067 412 660</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 30 June 2021 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income/(expense) from external customers	6 872 473	2 563 403	439 571	(128 360)	9 747 087
Inter-segment (expense)/income	(1 881 276)	373 813	-	1 507 463	-
<b>Net interest income</b>	<b>4 991 197</b>	<b>2 937 216</b>	<b>439 571</b>	<b>1 379 103</b>	<b>9 747 087</b>
Net fee and commission income from external customers	917 463	477 763	(4 030)	(1 119)	1 390 077
Dividend income	-	-	-	2	2
(Losses)/gains on financial assets and liabilities held for trading and foreign currencies from external customers	(611 469)	295 674	(152)	26 483	(289 464)
Fair value adjustments in portfolio hedge accounting	-	-	-	(105 889)	(105 889)
Gains on disposals of financial assets	75 089	86 799	-	-	161 888
<b>Operating income</b>	<b>5 372 280</b>	<b>3 797 452</b>	<b>435 389</b>	<b>1 298 580</b>	<b>10 903 701</b>
Recovery of allowance/(allowance) for expected credit losses on loans and other financial transactions	765 984	1 154 569	(8 796)	-	1 911 757
<b>Net income from financial activities</b>	<b>6 138 264</b>	<b>4 952 021</b>	<b>426 593</b>	<b>1 298 580</b>	<b>12 815 458</b>
Operating costs including:	(2 016 690)	(3 742 275)	(82 377)	364 420	(5 476 922)
- depreciation on fixed assets and rights of use and amortization of intangible assets	(353 486)	(685 689)	(1 410)	-	(1 040 585)
- impairment of fixed assets	-	(14)	-	-	(14)
Gains on disposal of fixed assets	-	-	-	1 084	1 084
Gain on fixed assets measured at fair value	-	-	-	1 182	1 182
Share of gains in associate	-	-	-	340 282	340 282
<b>Profit before income tax expense</b>	<b>4 121 574</b>	<b>1 209 746</b>	<b>344 216</b>	<b>2 005 548</b>	<b>7 681 084</b>
Income tax expense					(1 529 532)
<b>Profit for the period</b>					<b>6 151 552</b>
Cash flow hedge reserve					82 493
Revaluation reserve for financial assets at fair value through other comprehensive income					(235 018)
Fixed assets revaluation reserve					114 163
Foreign currency translation reserve					(136 528)
<b>Total comprehensive income for the period</b>					<b>5 976 662</b>



## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 30 June 2020 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income/(expense) from external customers	5 681 918	3 502 060	486 300	(110 977)	9 559 301
Inter-segment (expense)/income	(1 094 654)	(360 692)	-	1 455 346	-
<b>Net interest income</b>	<b>4 587 264</b>	<b>3 141 368</b>	<b>486 300</b>	<b>1 344 369</b>	<b>9 559 301</b>
Net fee and commission income from external customers	1 056 262	759 751	6 730	-	1 822 743
Dividend income	-	-	-	2	2
(Losses)/gains on financial assets and liabilities held for trading and foreign currencies from external customers	(5 227)	140 188	(114)	166 148	300 995
Fair value adjustments in portfolio hedge accounting	-	-	-	(48 225)	(48 225)
Gains on disposals of financial assets	1 285 955	-	-	-	1 285 955
<b>Operating income</b>	<b>6 924 254</b>	<b>4 041 307</b>	<b>492 916</b>	<b>1 462 294</b>	<b>12 920 771</b>
Allowance for expected credit losses on loans and other financial transactions	(2 740 126)	(2 519 960)	(144 893)	-	(5 404 979)
<b>Net income from financial activities</b>	<b>4 184 128</b>	<b>1 521 347</b>	<b>348 023</b>	<b>1 462 294</b>	<b>7 515 792</b>
Operating costs including:	(1 811 938)	(3 156 152)	(136 053)	(454 162)	(5 558 305)
- depreciation on fixed assets and rights of use and amortization of intangible assets	(248 449)	(616 352)	(1 482)	-	(866 283)
- impairment of fixed assets	(896)	(2 222)	-	-	(3 118)
Gains on disposal of fixed assets	-	-	-	342	342
Gain on fixed assets measured at fair value	-	-	-	231	231
Share of gains in associate	-	-	-	461 147	461 147
<b>Profit/(loss) before income tax expense</b>	<b>2 372 190</b>	<b>(1 634 805)</b>	<b>211 970</b>	<b>1 469 852</b>	<b>2 419 207</b>
Income tax expense					(426 129)
<b>Profit for the period</b>					<b>1 993 078</b>
Cash flow hedge reserve					1 290
Revaluation reserve for financial assets at fair value through other comprehensive income					1 189 029
Fixed assets revaluation reserve					(17 544)
Foreign currency translation reserve					(106 003)
<b>Total comprehensive income for the period</b>					<b>3 059 850</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
for the Six-Month Period Ended 30 June 2021  
(in thousands of Russian Rubles)**

**4. Operating segments (continued)**

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

	<b>CIB</b>	<b>Retail banking</b>	<b>Leasing</b>	<b>Other</b>	<b>Total</b>
Net interest income/(expense) from external customers	13 574 337	5 475 101	889 617	(149 595)	19 789 460
Inter-segment (expense)/income	(3 387 666)	628 050	-	2 759 616	-
<b>Net interest income</b>	<b>10 186 671</b>	<b>6 103 151</b>	<b>889 617</b>	<b>2 610 021</b>	<b>19 789 460</b>
Net fee and commission income from external customers	1 807 635	955 938	(5 095)	109	2 758 587
Dividend income	-	-	-	2	2
(Losses)/gains on financial assets and liabilities held for trading and foreign currencies from external customers	(1 513 439)	501 143	573	(88 171)	(1 099 894)
Fair value adjustments in portfolio hedge accounting	-	-	-	(232 269)	(232 269)
Gains on disposals of financial assets	527 324	89 195	-	-	616 519
<b>Operating income</b>	<b>11 008 191</b>	<b>7 649 427</b>	<b>885 095</b>	<b>2 289 692</b>	<b>21 832 405</b>
(Allowance)/recovery of allowance for expected credit losses on loans and other financial transactions	(605 228)	694 095	41 440	-	130 307
<b>Net income from financial activities</b>	<b>10 402 963</b>	<b>8 343 522</b>	<b>926 535</b>	<b>2 289 692</b>	<b>21 962 712</b>
Operating costs including:	(3 924 139)	(7 387 456)	(210 264)	725 995	(10 795 864)
- depreciation on fixed assets and right-of-use-assets and amortization of intangible assets	(616 491)	(1 257 742)	(2 837)	-	(1 877 070)
- recovery of impairment of fixed assets	-	3 345	-	-	3 345
Gain on disposal of fixed assets	-	-	-	4 218	4 218
Gain on fixed assets measured at fair value	-	-	-	1 182	1 182
Share of gains in associate	-	-	-	694 842	694 842
<b>Profit before income tax expense</b>	<b>6 478 824</b>	<b>956 066</b>	<b>716 271</b>	<b>3 715 929</b>	<b>11 867 090</b>
Income tax expense					(2 340 478)
<b>Profit for the period</b>					<b>9 526 612</b>
Cash flow hedge reserve					(274 406)
Revaluation reserve for financial assets at fair value through other comprehensive income					(2 144 924)
Fixed assets revaluation reserve					114 163
Foreign currency translation reserve					(3 252)
<b>Total comprehensive income for the period</b>					<b>7 218 193</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 4. Operating segments (continued)

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

	CIB	Retail banking	Leasing	Other	Total
Net interest income/(expense) from external customers	12 455 858	6 829 597	967 309	(959 698)	19 293 066
Inter-segment (expense)/income	(2 791 953)	(576 627)	-	3 368 580	-
<b>Net interest income</b>	<b>9 663 905</b>	<b>6 252 970</b>	<b>967 309</b>	<b>2 408 882</b>	<b>19 293 066</b>
Net fee and commission income from external customers	1 892 179	1 961 440	10 398	-	3 864 017
Dividend income	-	-	-	2	2
(Losses)/gains on financial assets and liabilities held for trading and foreign currencies from external customers	(336 529)	391 981	(1 303)	(50 202)	3 947
Fair value adjustments in portfolio hedge accounting	-	-	-	(13 904)	(13 904)
Gains on disposals of financial assets	3 510 519	28 011	-	-	3 538 530
<b>Operating income</b>	<b>14 730 074</b>	<b>8 634 402</b>	<b>976 404</b>	<b>2 344 778</b>	<b>26 685 658</b>
Allowance for expected credit losses on loans and other financial transactions	(4 474 305)	(4 144 207)	(338 120)	-	(8 956 632)
<b>Net income from financial activities</b>	<b>10 255 769</b>	<b>4 490 195</b>	<b>638 284</b>	<b>2 344 778</b>	<b>17 729 026</b>
Operating costs including:	(3 488 722)	(6 165 349)	(281 094)	(924 050)	(10 859 215)
- depreciation on fixed assets and right-of-use-assets and amortization of intangible assets	(498 880)	(1 223 953)	(2 936)	-	(1 725 769)
- impairment of fixed assets	(896)	(13 944)	-	-	(14 840)
Gain on disposal of fixed assets	-	-	-	1 368	1 368
Gain on fixed assets measured at fair value	-	-	-	231	231
Share of gains in associate	-	-	-	729 570	729 570
<b>Profit/(loss) before income tax expense</b>	<b>6 767 047</b>	<b>(1 675 154)</b>	<b>357 190</b>	<b>2 151 897</b>	<b>7 600 980</b>
Income tax expense					(1 449 781)
<b>Profit for the period</b>					<b>6 151 199</b>
Cash flow hedge reserve					626 571
Revaluation reserve for financial assets at fair value through other comprehensive income					(311 566)
Fixed assets revaluation reserve					(17 544)
Foreign currency translation reserve					889
<b>Total comprehensive income for the period</b>					<b>6 449 549</b>

# AO UniCredit Bank

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 5. Cash and cash balances

Cash and cash balances comprise:

	30 June 2021 (unaudited)	31 December 2020
Cash on hand	12 409 798	14 704 211
Current accounts with the CBR	7 572 184	14 245 503
<b>Cash and cash balances</b>	<b>19 981 982</b>	<b>28 949 714</b>

### 6. Debt securities held for trading

Debt securities held for trading comprise:

	30 June 2021 (unaudited)	31 December 2020
<b>RUB denominated</b>		
Russian government bonds	5 375 259	1 082 892
<b>Debt securities held for trading</b>	<b>5 375 259</b>	<b>1 082 892</b>

As at 30 June 2021, there are trading securities sold under repurchase agreements in the amount of RUB 142 353 thousand (31 December 2020: none) (see Note 14 for details).

### 7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2021 (unaudited)	31 December 2020
Current accounts with credit institutions	70 066 385	75 968 665
Time deposits	108 338 618	59 436 252
Reverse repurchase agreements with credit institutions	143 214 868	232 800 157
Obligatory reserve with the CBR	11 263 014	12 351 304
<b>Gross amounts due from credit institutions</b>	<b>332 882 885</b>	<b>380 556 378</b>
Less: allowance for expected credit losses	(158 305)	(172 896)
<b>Amounts due from credit institutions</b>	<b>332 724 580</b>	<b>380 383 482</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
for the Six-Month Period Ended 30 June 2021  
(in thousands of Russian Rubles)**

**7. Amounts due from credit institutions (continued)**

Credit institutions are required to maintain a non-interest earning cash deposit (obligatory reserve) with the CBR, the amount of which depends on the level of funds attracted by the credit institution. The Group's ability to withdraw such deposit is significantly restricted by statutory legislation.

A reconciliation of the allowance for expected credit losses by stages is as follows:

	Three-month period ended 30 June 2021 (unaudited)			Three-month period ended 30 June 2020 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>204 671</b>	<b>-</b>	<b>204 671</b>	<b>248 936</b>	<b>21 310</b>	<b>270 246</b>
(Recovery)/ allowance for the period	(39 568)	315	(39 253)	245 810	(20 676)	225 134
Effect of exchange rate changes	(7 107)	(6)	(7 113)	(15 450)	(472)	(15 922)
<b>Allowance for expected credit losses at the end of the period</b>	<b>157 996</b>	<b>309</b>	<b>158 305</b>	<b>479 296</b>	<b>162</b>	<b>479 458</b>

	Six-month period ended 30 June 2021 (unaudited)			Six-month period ended 30 June 2020 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>158 455</b>	<b>14 441</b>	<b>172 896</b>	<b>206 678</b>	<b>-</b>	<b>206 678</b>
Transfer to stage 1	14 441	(14 441)	-	-	-	-
(Recovery)/ allowance for the period	(6 367)	315	(6 052)	274 613	162	274 775
Effect of exchange rate changes	(8 533)	(6)	(8 539)	(1 995)	-	(1 995)
<b>Allowance for expected credit losses at the end of the period</b>	<b>157 996</b>	<b>309</b>	<b>158 305</b>	<b>479 296</b>	<b>162</b>	<b>479 458</b>

The following table shows gross amounts due from credit institutions and related expected credit losses distributed by stages according to IFRS 9:

	30 June 2021 (unaudited)			31 December 2020		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross amounts due from credit institutions	331 771 393	1 111 492	332 882 885	379 084 348	1 472 030	380 556 378
Allowance for expected credit losses	(157 996)	(309)	(158 305)	(158 455)	(14 441)	(172 896)
<b>Total amounts due from credit institutions</b>	<b>331 613 397</b>	<b>1 111 183</b>	<b>332 724 580</b>	<b>378 925 893</b>	<b>1 457 589</b>	<b>380 383 482</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 7. Amounts due from credit institutions (continued)

As at 30 June 2021, there are two counterparties with balances that individually exceed 10% of the Group's equity. As at 30 June 2021, the aggregate amount of these balances is RUB 242 252 861 thousand (31 December 2020: three counterparties with aggregate amount of RUB 292 497 714 thousand). As at 30 June 2021, an allowance of RUB 99 976 thousand was recognized against these loans (31 December 2020: RUB 97 177 thousand).

As at 30 June 2021 the Group entered into reverse repurchase agreements with a number of Russian banks. Pledged under these agreements are Russian government bonds, corporate and bank bonds with the total fair value of RUB 155 733 609 thousand (31 December 2020: RUB 251 237 782 thousand).

As at 30 June 2021 securities in amount of RUB 1 360 114 thousand (31 December 2020: 1 728 806 thousand) were repledged under repurchase agreements with credit institutions (see Note 14 for details). The Group has the obligation to return these securities at the maturity of the related reverse repurchase agreements.

As at 30 June 2021 88% (31 December 2020: 86%) of amounts due from credit institutions were placed with banks rated not lower than "BBB-".

As at 30 June 2021 the Group had no term placements with the CBR (31 December 2020: RUB 2 000 000 thousand, an allowance of RUB 1 750 thousand).

### 8. Derivative financial instruments

The Group enters into derivative financial instruments principally for trading and hedging purposes. The tables below show the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or notional amount to which reference rate or index is applied and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of reporting period and are indicative of neither the market risk nor the credit risk.

The Group values the derivative financial instruments using widely accepted valuation techniques, which are based on market interest rates and forward currency rates. Significant changes in these variables could cause the fair value of the derivatives to change materially.

The table below shows the fair value of derivative financial instruments held for trading, recorded as assets or liabilities, together with their notional amounts.

	30 June 2021 (unaudited)			31 December 2020		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	313 728 029	19 656 496	(18 703 032)	322 101 001	22 686 500	(23 824 408)
Interest rate swaps and options	381 051 098	7 007 873	(8 113 813)	430 173 912	12 024 043	(11 393 217)
Foreign exchange forwards, options and swaps	161 271 567	3 382 589	(3 614 610)	256 814 962	4 895 759	(4 714 585)
<b>Total derivative assets/(liabilities)</b>		<b>30 046 958</b>	<b>(30 431 455)</b>		<b>39 606 302</b>	<b>(39 932 210)</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 8. Derivative financial instruments (continued)

The table below shows the fair value of derivative financial instruments designated for hedging, recorded as assets or liabilities, together with their notional amounts.

	30 June 2021 (unaudited)			31 December 2020		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
<b>Cash flow hedge</b>						
Interest rate swaps	267 229 326	5 156 669	(4 494 681)	267 314 196	6 881 015	(6 226 165)
Cross-currency interest rate swaps	64 686 056	564 717	(4 781 902)	88 695 152	1 230 983	(7 468 346)
<b>Total cash flow hedge</b>		<b>5 721 386</b>	<b>(9 276 583)</b>		<b>8 111 998</b>	<b>(13 694 511)</b>
<b>Fair value hedge</b>						
Interest rate swaps	639 972 902	7 409 888	(10 522 454)	755 477 864	10 471 517	(16 483 454)
<b>Total fair value hedge</b>		<b>7 409 888</b>	<b>(10 522 454)</b>		<b>10 471 517</b>	<b>(16 483 454)</b>
<b>Total derivative financial assets/ (liabilities) designated for hedging</b>		<b>13 131 274</b>	<b>(19 799 037)</b>		<b>18 583 515</b>	<b>(30 177 965)</b>

### 9. Loans to customers

Loans to customers comprise:

	30 June 2021 (unaudited)	31 December 2020
Corporate customers	525 258 273	499 985 082
Retail customers, including SME	161 356 799	162 960 416
Lease receivables	39 406 069	32 875 918
Reverse repurchase agreements with companies	9 732 074	2 629 473
<b>Gross loans to customers</b>	<b>735 753 215</b>	<b>698 450 889</b>
Less: allowance for expected credit losses	(46 179 295)	(52 414 955)
<b>Loans to customers</b>	<b>689 573 920</b>	<b>646 035 934</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**9. Loans to customers (continued)**

A reconciliation of the allowance for expected credit losses is as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>53 945 270</b>	<b>48 739 556</b>	<b>52 414 955</b>	<b>44 120 032</b>
(Recovery)/ allowance for the period	(2 466 650)	4 989 809	(754 324)	8 487 881
Assets sold or recovered through repossession of collateral during the period	(2 345 637)	(3 988 523)	(2 383 089)	(5 314 963)
Assets written-off during the period	(3 080 324)	(226 635)	(3 650 301)	(445 484)
Effect of allowance for accrued interest at Stage 3	553 258	485 353	872 789	964 311
Effect of exchange rate changes	(426 622)	(1 157 861)	(320 735)	1 029 922
<b>Allowance for expected credit losses at the end of the period</b>	<b>46 179 295</b>	<b>48 841 699</b>	<b>46 179 295</b>	<b>48 841 699</b>

A reconciliation of the allowance for expected credit losses by stages in accordance with IFRS 9 is as follows:

	Three-month period ended 30 June 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>5 880 228</b>	<b>8 532 030</b>	<b>39 533 012</b>	<b>53 945 270</b>
Transfer to stage 1	1 584 472	(1 584 472)	-	-
Transfer to stage 2	(877 002)	921 558	(44 556)	-
Transfer to stage 3	-	(110 963)	110 963	-
(Recovery)/ allowance for the period	(1 420 036)	1 720 636	(2 767 250)	<b>(2 466 650)</b>
Loans sold or recovered through repossession of collateral during the period	-	-	(2 345 637)	<b>(2 345 637)</b>
Loans written-off during the period	-	-	(3 080 324)	<b>(3 080 324)</b>
Effect of allowance for accrued interest at Stage 3	-	-	553 258	<b>553 258</b>
Effect of exchange rate changes	(80 002)	(103 311)	(243 309)	<b>(426 622)</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>5 087 660</b>	<b>9 375 478</b>	<b>31 716 157</b>	<b>46 179 295</b>

Most part of the recovery of impairment losses (83%) in Stage 3 in the second quarter of 2021 is mainly due to reduction of exposure of one corporate customer because of refinancing in another bank and release of impairment of several corporate customers in connection with planned sales in the third quarter of 2021.



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**9. Loans to customers (continued)**

	Three-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>7 928 780</b>	<b>4 109 115</b>	<b>36 701 661</b>	<b>48 739 556</b>
Transfer to stage 1	258 982	(258 982)	-	-
Transfer to stage 2	(672 591)	752 975	(80 384)	-
Transfer to stage 3	-	(1 372 240)	1 372 240	-
(Recovery)/ allowance for the period	(465 845)	4 682 905	772 749	<b>4 989 809</b>
Loans sold or recovered through repossession of collateral during the period	(17 755)	-	(3 970 768)	<b>(3 988 523)</b>
Loans written-off during the period	-	-	(226 635)	<b>(226 635)</b>
Effect of allowance for accrued interest at Stage 3	-	-	485 353	<b>485 353</b>
Effect of exchange rate changes	(199 670)	(90 516)	(867 675)	<b>(1 157 861)</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>6 831 901</b>	<b>7 823 257</b>	<b>34 186 541</b>	<b>48 841 699</b>
	Six-month period ended 30 June 2021 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>5 604 317</b>	<b>9 675 184</b>	<b>37 135 454</b>	<b>52 414 955</b>
Transfer to stage 1	1 890 617	(1 890 617)	-	-
Transfer to stage 2	(1 021 537)	1 132 240	(110 703)	-
Transfer to stage 3	-	(1 187 150)	1 187 150	-
(Recovery)/ allowance for the period	(1 311 595)	1 700 741	(1 143 470)	<b>(754 324)</b>
Loans sold or recovered through repossession of collateral during the period	-	-	(2 383 089)	<b>(2 383 089)</b>
Loans written-off during the period	-	-	(3 650 301)	<b>(3 650 301)</b>
Effect of allowance for accrued interest at Stage 3	-	-	872 789	<b>872 789</b>
Effect of exchange rate changes	(74 142)	(54 920)	(191 673)	<b>(320 735)</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>5 087 660</b>	<b>9 375 478</b>	<b>31 716 157</b>	<b>46 179 295</b>
	Six-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>6 344 008</b>	<b>3 289 021</b>	<b>34 487 003</b>	<b>44 120 032</b>
Transfer to stage 1	526 790	(526 790)	-	-
Transfer to stage 2	(905 057)	985 441	(80 384)	-
Transfer to stage 3	-	(1 397 851)	1 397 851	-
Allowance for the period	696 924	5 534 922	2 256 035	<b>8 487 881</b>
Loans sold or recovered through repossession of collateral during the period	(17 755)	-	(5 297 208)	<b>(5 314 963)</b>
Loans written-off during the period	-	-	(445 484)	<b>(445 484)</b>
Effect of allowance for accrued interest at Stage 3	-	-	964 311	<b>964 311</b>
Effect of exchange rate changes	186 991	(61 486)	904 417	<b>1 029 922</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>6 831 901</b>	<b>7 823 257</b>	<b>34 186 541</b>	<b>48 841 699</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**9. Loans to customers (continued)**

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers during the three-month period ended 30 June 2021 per stages:

	Three-month period ended 30 June 2021 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Gross loans to customers at the beginning of the period</b>	<b>654 298 682</b>	<b>54 613 302</b>	<b>47 182 141</b>	<b>756 094 125</b>
New loans to customers originated	76 581 153	-	-	<b>76 581 153</b>
Transfer to stage 1	20 567 199	(20 567 199)	-	-
Transfer to stage 2	(47 610 868)	47 828 840	(217 972)	-
Transfer to stage 3	-	(1 242 577)	1 242 577	-
Loans to customers that have been derecognized	(79 664 499)	(2 153 156)	(2 925 125)	<b>(84 742 780)</b>
Assets sold or recovered through repossession of collateral during the period	-	-	(2 595 582)	<b>(2 595 582)</b>
Assets written-off during the period	-	-	(3 080 324)	<b>(3 080 324)</b>
Effect of exchange rate changes	(8 170 604)	(982 076)	(249 962)	<b>(9 402 642)</b>
Other changes	4 605 502	(1 177 073)	(529 164)	<b>2 899 265</b>
<b>Gross loans to customers at the end of the period</b>	<b>620 606 565</b>	<b>76 320 061</b>	<b>38 826 589</b>	<b>735 753 215</b>

Other changes represent changes in the gross carrying amount of loans under existing agreements not included in the rows above.

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers during the three-month period ended 30 June 2020 per stages:

	Three-month period ended 30 June 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Gross loans to customers at the beginning of the period</b>	<b>789 293 085</b>	<b>40 325 448</b>	<b>45 848 603</b>	<b>875 467 136</b>
New loans to customers originated	31 721 409	-	-	<b>31 721 409</b>
Transfer to stage 1	9 681 823	(9 681 823)	-	-
Transfer to stage 2	(63 367 444)	63 388 966	(21 522)	-
Transfer to stage 3	-	(3 723 133)	3 723 133	-
Loans to customers that have been derecognised	(50 598 438)	(2 761 903)	(183 428)	<b>(53 543 769)</b>
Assets sold or recovered through repossession of collateral during the period	(4 504 845)	-	(4 184 261)	<b>(8 689 106)</b>
Assets written-off during the period	-	-	(226 635)	<b>(226 635)</b>
Effect of exchange rate changes	(23 864 017)	(3 089 249)	(1 137 771)	<b>(28 091 037)</b>
Other changes	(37 921 446)	(1 445 220)	(24 743)	<b>(39 391 409)</b>
<b>Gross loans to customers at the end of the period</b>	<b>650 440 127</b>	<b>83 013 086</b>	<b>43 793 376</b>	<b>777 246 589</b>

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**9. Loans to customers (continued)**

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers during the six-month period ended 30 June 2021 per stages:

	Six-month period ended 30 June 2021 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Gross loans to customers at the beginning of the period</b>	<b>583 238 462</b>	<b>68 117 321</b>	<b>47 095 106</b>	<b>698 450 889</b>
New loans to customers originated	171 437 797	-	-	<b>171 437 797</b>
Transfer to stage 1	27 032 504	(27 032 504)	-	-
Transfer to stage 2	(48 885 083)	49 034 528	(149 445)	-
Transfer to stage 3	-	(3 405 683)	3 405 683	-
Loans to customers that have been derecognised	(108 077 525)	(8 362 344)	(4 328 784)	<b>(120 768 653)</b>
Assets sold or recovered through repossession of collateral during the period	-	-	(2 678 118)	<b>(2 678 118)</b>
Assets written-off during the period	-	-	(3 650 301)	<b>(3 650 301)</b>
Effect of exchange rate changes	(6 051 405)	(534 179)	(200 158)	<b>(6 785 742)</b>
Other changes	1 911 815	(1 497 078)	(667 394)	<b>(252 657)</b>
<b>Gross loans to customers at the end of the period</b>	<b>620 606 565</b>	<b>76 320 061</b>	<b>38 826 589</b>	<b>735 753 215</b>

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers during the six-month period ended 30 June 2020 per stages:

	Six-month period ended 30 June 2020 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
<b>Gross loans to customers at the beginning of the period</b>	<b>716 641 844</b>	<b>17 781 963</b>	<b>43 466 752</b>	<b>777 890 559</b>
New loans to customers originated	141 467 014	-	-	<b>141 467 014</b>
Transfer to stage 1	2 908 887	(2 908 887)	-	-
Transfer to stage 2	(78 687 089)	78 778 283	(91 194)	-
Transfer to stage 3	-	(5 898 241)	5 898 241	-
Loans to customers that have been derecognised	(108 294 598)	(3 873 569)	(482 904)	<b>(112 651 071)</b>
Assets sold or recovered through repossession of collateral during the period	(4 504 845)	-	(5 785 624)	<b>(10 290 469)</b>
Assets written-off during the period	-	-	(445 484)	<b>(445 484)</b>
Effect of exchange rate changes	24 174 670	3 397 821	1 227 380	<b>28 799 871</b>
Other changes	(43 265 756)	(4 264 284)	6 209	<b>(47 523 831)</b>
<b>Gross loans to customers at the end of the period</b>	<b>650 440 127</b>	<b>83 013 086</b>	<b>43 793 376</b>	<b>777 246 589</b>

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### Loans to customers (continued)

**Write-off and sale of loans.** The decision to write-off the loan is made by the authorized body of the Group. Loans are written-off under the conditions where further debt collection is not possible.

The decision to sell the loans is taken individually for each case, for both corporate and retail loans. The decision is taken by the authorized body of the Group based on the analysis of all possible alternative strategies for debt collection, the main criterion for the adoption of which is to minimize the losses of the Group's impaired assets.

The following table shows gross loans to customers and related expected credit losses as at 30 June 2021 (unaudited):

	Gross loans	Allowance for expected credit losses	Net loans
<b>Corporate customers</b>			
- Not past due	509 764 462	(15 031 820)	494 732 642
- Past due less than 31 days	2 366 068	(1 921 986)	444 082
- Past due 91-180 days	27 238	(24 787)	2 451
- Past due over 180 days	13 100 505	(10 571 366)	2 529 139
<b>Total loans to corporate customers</b>	<b>525 258 273</b>	<b>(27 549 959)</b>	<b>497 708 314</b>
<b>Retail customers and SME</b>			
- Not past due	144 870 570	(4 550 927)	140 319 643
- Past due less than 31 days	2 276 059	(836 069)	1 439 990
- Past due 31-90 days	1 036 072	(585 493)	450 579
- Past due 91-180 days	882 776	(628 872)	253 904
- Past due over 180 days	12 291 322	(10 984 541)	1 306 781
<b>Total loans to retail customers and SME</b>	<b>161 356 799</b>	<b>(17 585 902)</b>	<b>143 770 897</b>
<b>Lease receivables</b>			
- Not past due	38 688 753	(863 640)	37 825 113
- Past due less than 31 days	481 513	(65 723)	415 790
- Past due 31-90 days	189 683	(46 055)	143 628
- Past due 91-180 days	9 780	(5 611)	4 169
- Past due over 180 days	36 340	(29 039)	7 301
<b>Total lease receivables</b>	<b>39 406 069</b>	<b>(1 010 068)</b>	<b>38 396 001</b>
<b>Reverse repurchase agreements with companies</b>			
- Not past due	9 732 074	(33 366)	9 698 708
<b>Total loans to customers</b>	<b>735 753 215</b>	<b>(46 179 295)</b>	<b>689 573 920</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 9. Loans to customers (continued)

The following table shows gross loans to customers and related expected credit losses as at 31 December 2020:

	Gross loans	Allowance for expected credit losses	Net loans
<b>Corporate customers</b>			
- Not past due	478 483 197	(13 822 591)	464 660 606
- Past due less than 31 days	1 011 003	(960 453)	50 550
- Past due 31-90 days	1 170 531	(1 036 742)	133 789
- Past due 91-180 days	3 696 244	(2 835 712)	860 532
- Past due over 180 days	15 624 107	(12 399 622)	3 224 485
<b>Total loans to corporate customers</b>	<b>499 985 082</b>	<b>(31 055 120)</b>	<b>468 929 962</b>
<b>Retail customers and SME</b>			
- Not past due	144 945 848	(6 009 056)	138 936 792
- Past due less than 31 days	1 804 268	(646 419)	1 157 849
- Past due 31-90 days	1 717 556	(944 160)	773 396
- Past due 91-180 days	1 343 479	(989 156)	354 323
- Past due over 180 days	13 149 265	(11 537 926)	1 611 339
<b>Total loans to retail customers and SME</b>	<b>162 960 416</b>	<b>(20 126 717)</b>	<b>142 833 699</b>
<b>Lease receivables</b>			
- Not past due	32 011 659	(885 247)	31 126 412
- Past due less than 31 days	279 780	(28 742)	251 038
- Past due 31-90 days	346 967	(119 632)	227 335
- Past due 91-180 days	74 222	(40 743)	33 479
- Past due over 180 days	163 290	(132 969)	30 321
<b>Total lease receivables</b>	<b>32 875 918</b>	<b>(1 207 333)</b>	<b>31 668 585</b>
<b>Reverse repurchase agreements with companies</b>			
- Not past due	2 629 473	(25 785)	2 603 688
<b>Total loans to customers</b>	<b>698 450 889</b>	<b>(52 414 955)</b>	<b>646 035 934</b>

# AO UniCredit Bank

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 9. Loans to customers (continued)

The following table shows gross loans to customers and related expected credit losses distributed by stages according to IFRS 9 as at 30 June 2021 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
<b>Corporate customers</b>				
Gross loans	442 488 618	59 238 304	23 531 351	525 258 273
Allowance for expected credit losses	(2 969 519)	(5 910 138)	(18 670 302)	(27 549 959)
<b>Net loans to corporate customers</b>	<b>439 519 099</b>	<b>53 328 166</b>	<b>4 861 049</b>	<b>497 708 314</b>
<b>Retail customers and SME</b>				
Gross loans	132 601 842	14 173 235	14 581 722	161 356 799
Allowance for expected credit losses	(1 828 291)	(3 079 549)	(12 678 062)	(17 585 902)
<b>Net loans to retail customers and SME</b>	<b>130 773 551</b>	<b>11 093 686</b>	<b>1 903 660</b>	<b>143 770 897</b>
<b>Lease receivables</b>				
Gross lease receivables	35 784 031	2 908 522	713 516	39 406 069
Allowance for expected credit losses	(256 484)	(385 791)	(367 793)	(1 010 068)
<b>Net lease receivables</b>	<b>35 527 547</b>	<b>2 522 731</b>	<b>345 723</b>	<b>38 396 001</b>
<b>Reverse repurchase agreements with companies</b>				
Gross loans	9 732 074	-	-	9 732 074
Allowance for expected credit losses	(33 366)	-	-	(33 366)
<b>Net reverse repurchase agreements with companies</b>	<b>9 698 708</b>	<b>-</b>	<b>-</b>	<b>9 698 708</b>
<b>Total loans to customers</b>	<b>615 518 905</b>	<b>66 944 583</b>	<b>7 110 432</b>	<b>689 573 920</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 9. Loans to customers (continued)

The following table shows gross loans to customers and related expected credit losses distributed by stages according to IFRS 9 as at 31 December 2020:

	Stage 1	Stage 2	Stage 3	Total
<b>Corporate customers</b>				
Gross loans	431 509 537	37 822 483	30 653 062	499 985 082
Allowance for expected credit losses	(3 610 960)	(4 109 722)	(23 334 438)	(31 055 120)
<b>Net loans to corporate customers</b>	<b>427 898 577</b>	<b>33 712 761</b>	<b>7 318 624</b>	<b>468 929 962</b>
<b>Retail customers and SME</b>				
Gross loans	120 271 524	27 230 919	15 457 973	162 960 416
Allowance for expected credit losses	(1 648 315)	(5 236 408)	(13 241 994)	(20 126 717)
<b>Net loans to retail customers and SME</b>	<b>118 623 209</b>	<b>21 994 511</b>	<b>2 215 979</b>	<b>142 833 699</b>
<b>Lease receivables</b>				
Gross lease receivables	28 827 928	3 063 919	984 071	32 875 918
Allowance for expected credit losses	(319 257)	(329 054)	(559 022)	(1 207 333)
<b>Net lease receivables</b>	<b>28 508 671</b>	<b>2 734 865</b>	<b>425 049</b>	<b>31 668 585</b>
<b>Reverse repurchase agreements with companies</b>				
Gross loans	2 629 473	-	-	2 629 473
Allowance for expected credit losses	(25 785)	-	-	(25 785)
<b>Net reverse repurchase agreements with companies</b>	<b>2 603 688</b>	<b>-</b>	<b>-</b>	<b>2 603 688</b>
<b>Total loans to customers</b>	<b>577 634 145</b>	<b>58 442 137</b>	<b>9 959 652</b>	<b>646 035 934</b>

As at 30 June 2021 the Group entered into reverse repurchase agreements with a number of Russian companies. Pledged under these agreements are Russian government bonds, corporate and bank bonds with the total fair value of RUB 11 155 689 thousand (31 December 2020: RUB 2 806 062 thousand).

As at 30 June 2021 the Group had RUB 226 050 709 thousand due from its ten largest borrowers (31% of gross loan portfolio) (31 December 2020: RUB 201 968 446 thousand or 29%). An allowance of RUB 404 321 thousand was recognized against these loans (31 December 2020: RUB 372 857 thousand).

As at 30 June 2021 the Group had six borrowers or groups of borrowers with aggregate loan amounts that individually exceeded 10% of equity (31 December 2020: five borrowers or groups of borrowers). As at 30 June 2021 the aggregate gross amount of these loans is RUB 175 841 303 thousand (31 December 2020: RUB 141 151 093 thousand). As at 30 June 2021, an allowance of RUB 315 660 thousand was recognized against these loans (31 December 2020: RUB 272 429 thousand).

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## 10. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

	30 June 2021 (unaudited)	31 December 2020
<b>Debt and other fixed income investments</b>		
<b>RUB denominated</b>		
Russian government Bonds	25 907 137	34 394 361
Corporate and bank bonds	10 453 523	12 358 355
<b>Total debt and other fixed income investments measured at fair value through other comprehensive income</b>	<b>36 360 660</b>	<b>46 752 716</b>
<b>Equity investments</b>		
Equity investments in financial institutions	123 692	123 692
<b>Total equity investments measured at fair value through other comprehensive income</b>	<b>123 692</b>	<b>123 692</b>
<b>Total financial assets at fair value through other comprehensive income</b>	<b>36 484 352</b>	<b>46 876 408</b>

The table below provides information on debt and other fixed-income securities measured at fair value through other comprehensive income and the corresponding amount of expected credit losses in the distribution by stages in accordance with IFRS (IFRS) 9:

	30 June 2021 (unaudited)			31 December 2020		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross debt and other fixed income instruments	34 585 739	1 859 043	36 444 782	46 812 530	-	46 812 530
Allowance for expected credit losses	(54 729)	(29 393)	(84 122)	(59 814)	-	(59 814)
<b>Debt and other fixed income instruments</b>	<b>34 531 010</b>	<b>1 829 650</b>	<b>36 360 660</b>	<b>46 752 716</b>	<b>-</b>	<b>46 752 716</b>

As at 30 June 2021, there are debt and other fixed-income securities in the amount of RUB 2 244 744 thousand sold under repurchase agreements (31 December 2020: none) (see Note 14 for details).



## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 11. Debt securities measured at amortized costs

Debt securities measured at amortised cost comprise:

	30 June 2021 (unaudited)	31 December 2020
<b>RUB denominated</b>		
Russian government bonds	75 018 630	68 054 468
Less: allowance for expected credit losses for securities measured at amortised cost	(29 579)	(67 832)
<b>Total debt securities measured at amortised cost</b>	<b>74 989 051</b>	<b>67 986 636</b>

As at 30 June 2021, there are securities measured at amortised cost in the amount of RUB 2 743 971 thousand which were sold under repurchase agreements (31 December 2020: none) (see Note 14 for details).

### 12. Investments in associate

Information about associate of the Group as at reporting date is set out below:

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest by the Group	
			30 June 2021	31 December 2020
BARN B.V.	Holding company	Netherlands	40%	40%

The above associate is accounted for using the equity method.

The summarized financial information in respect of BARN B.V. as of 30 June 2021 and as of 31 December 2020 is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

	30 June 2021 (unaudited)	31 December 2020
Total assets	111 487 603	105 261 280
Total liabilities	86 321 249	81 704 743
Equity	25 166 354	23 556 537
Net profit	1 737 104	3 480 755

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 12. Investments in associate (continued)

The carrying amounts of the Group's interest in BARN B.V. as of reporting date 30 June 2021 and as of 31 December 2020 are as follows:

	30 June 2021 (unaudited)	31 December 2020
Net assets of BARN B.V.	25 166 354	23 556 537
Proportion of the Group's ownership interest in BARN B.V.	10 066 542	9 422 616
Goodwill	247 235	247 235
<b>Carrying amount of the Group's interest in BARN B.V.</b>	<b>10 313 777</b>	<b>9 669 851</b>

The reconciliation of the above financial information to the carrying amount of the interest in associate recognized in the consolidated financial statements is as follows:

<b>Carrying amount of the Group's interest in BARN B.V. as at 1 January 2020</b>	<b>8 202 044</b>
Share of post-acquisition net profit of associate	729 570
Share of post-acquisition other comprehensive income of associate	7 064
<b>Carrying amount of the Group's interest in BARN B.V. as at 30 June 2020 (unaudited)</b>	<b>8 938 678</b>
<b>Carrying amount of the Group's interest in BARN B.V. as at 1 January 2021</b>	<b>9 669 851</b>
Share of post-acquisition net profit of associate	694 842
Share of post-acquisition other comprehensive loss of associate	(10 916)
Dividends received	(40 000)
<b>Carrying amount of the Group's interest in BARN B.V. as at 30 June 2021 (unaudited)</b>	<b>10 313 777</b>

### 13. Taxation

The corporate income tax expense comprises:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Current tax charge	450 237	(133 354)	1 772 995	4 107 433
Deferred tax charge – origination/ (reversal) of temporary differences	1 079 295	559 483	567 483	(2 657 652)
<b>Income tax expense</b>	<b>1 529 532</b>	<b>426 129</b>	<b>2 340 478</b>	<b>1 449 781</b>

Recognition of deferred tax assets as at 30 June 2021 is mainly driven by the excess of negative revaluation of derivatives designated for trading and hedging purposes and also hedged items over its positive revaluation.

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**13. Taxation (continued)**

Tax effect relating to significant components of other comprehensive income comprises:

	Three-month period ended 30 June 2021 (unaudited)			Three-month period ended 30 June 2020 (unaudited)		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	103 116	(20 623)	82 493	1 613	(323)	1 290
Revaluation reserve for financial assets at fair value through other comprehensive income	(292 440)	57 422	(235 018)	1 485 665	(296 636)	1 189 029
Foreign currency translation reserve	(136 528)	-	(136 528)	(106 003)	-	(106 003)
Fixed assets revaluation reserve	142 704	(28 541)	114 163	(21 930)	4 386	(17 544)
<b>Other comprehensive income</b>	<b>(183 148)</b>	<b>8 258</b>	<b>(174 890)</b>	<b>1 359 345</b>	<b>(292 573)</b>	<b>1 066 772</b>

	Six-month period ended 30 June 2021 (unaudited)			Six-month period ended 30 June 2020 (unaudited)		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	(343 008)	68 602	(274 406)	783 214	(156 643)	626 571
Revaluation reserve for financial assets at fair value through other comprehensive income	(2 679 239)	534 315	(2 144 924)	(391 003)	79 437	(311 566)
Foreign currency translation reserve	(3 252)	-	(3 252)	889	-	889
Fixed assets revaluation reserve	142 704	(28 541)	114 163	(21 930)	4 386	(17 544)
<b>Other comprehensive income</b>	<b>(2 882 795)</b>	<b>574 376</b>	<b>(2 308 419)</b>	<b>371 170</b>	<b>(72 820)</b>	<b>298 350</b>

**14. Amounts due to credit institutions**

Amounts due to credit institutions comprise:

	30 June 2021 (unaudited)	31 December 2020
Current accounts	8 078 009	11 781 431
Time deposits and loans	41 871 582	15 657 080
Repurchase agreements with credit institutions (Notes 6, 7, 10 and 11)	5 757 741	1 664 854
<b>Amounts due to credit institutions</b>	<b>55 707 332</b>	<b>29 103 365</b>

As at 30 June 2021 ten largest deposits represented 90% of total amounts due to credit institutions (31 December 2020: 76%).

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 14. Amounts due to credit institutions (continued)

As at 30 June 2021, the Group has one counterparty with aggregate balances that individually exceeded 10% of equity (31 December 2020: no counterparty).

As at 30 June 2021 included in repurchase agreements with credit institutions are agreements in the amount of RUB 4 597 905 thousand (31 December 2020: none) which are secured by bonds with fair value of RUB 4 959 131 thousand (see Notes 6, 10, 11 and 19 for details).

As at 30 June 2021 included in repurchase agreements with credit institutions are agreements in the amount of RUB 1 159 836 thousand (31 December 2020: 1 664 854 thousand) which are secured by bonds with fair value of RUB 1 360 114 thousand (31 December 2020: 1 728 806 thousand) obtained under reverse repurchase agreements with credit institutions (see Note 7 for details).

### 15. Amounts due to customers

The amounts due to customers include the following:

	30 June 2021 (unaudited)	31 December 2020
Current accounts	367 405 852	321 343 242
Time deposits	541 225 440	622 615 443
Lease liabilities under IFRS 16	1 028 732	1 171 317
<b>Amounts due to customers</b>	<b>909 660 024</b>	<b>945 130 002</b>

As at 30 June 2021, 29% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2020: 30%).

Analysis of customer accounts by type of customers is as follows:

	30 June 2021 (unaudited)	31 December 2020
<b>Corporate</b>		
Current accounts	173 380 386	120 161 550
Time deposits	417 840 024	484 824 203
<b>Total corporate accounts</b>	<b>591 220 410</b>	<b>604 985 753</b>
<b>Retail</b>		
Current accounts	194 025 466	201 181 692
Time deposits	123 385 416	137 791 240
<b>Total retail accounts</b>	<b>317 410 882</b>	<b>338 972 932</b>
<b>Lease liabilities under IFRS 16</b>	<b>1 028 732</b>	<b>1 171 317</b>
<b>Amounts due to customers</b>	<b>909 660 024</b>	<b>945 130 002</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 15. Amounts due to customers (continued)

As at 30 June 2021 included in retail time deposits are deposits of individuals in the amount of RUB 110 582 349 thousand (31 December 2020: RUB 122 651 211 thousand). In accordance with the Russian Civil Code, the Group is obliged to repay such deposits upon demand of the depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, the related interest rate on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the contract. Group's experience shows that majority of the time deposits of individuals mature according to contractual terms and can be treated as stable customer base. As at 30 June 2021 the remaining part of retail time deposits in the amount of RUB 12 803 067 thousand (31 December 2020: RUB 15 140 029 thousand) is represented by deposits placed by SME.

The analysis by the economic sector is presented in the table below:

	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
Energy	183 280 807	143 024 133
Trade	116 114 279	143 535 287
Mining and metallurgy	50 699 345	82 811 259
Telecommunications	38 693 205	39 870 531
Chemicals	36 936 798	34 089 043
Machinery construction	36 185 082	46 338 505
Other manufacturing	33 002 868	45 910 332
Real estate and construction	29 266 126	46 136 200
Russian regional authorities	28 459 105	94 593
Transportation	24 803 635	16 076 009
Agriculture and food	15 181 236	11 323 104
Finance	14 433 720	17 225 124
Timber processing	3 413 544	8 998 292
Other	47 473 238	44 566 774
<b>Total legal entities</b>	<b>657 942 988</b>	<b>679 999 186</b>
<b>Total individuals</b>	<b>250 688 304</b>	<b>263 959 499</b>
<b>Amounts due to customers</b>	<b>908 631 292</b>	<b>943 958 685</b>

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**16. Credit related commitments and contingencies**

Credit related commitments and contingencies include the following:

	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020</b>
Undrawn loan commitments	382 041 208	407 463 107
Undrawn commitments to issue documentary instruments	292 924 155	312 940 662
Guarantees issued	176 768 477	159 734 098
Letters of credit	51 772 386	47 894 648
Other commitments	1 498 558	-
<b>Gross credit related commitments and contingencies</b>	<b>905 004 784</b>	<b>928 032 515</b>
Allowance for credit related commitments and contingencies according to IFRS 9	(3 330 229)	(3 124 475)
Provision for credit related commitments and contingencies according to IAS 37	(1 812 479)	(1 396 577)
<b>Net credit related commitments and contingencies</b>	<b>899 862 076</b>	<b>923 511 463</b>

Other commitments represent commitments to buy debt securities.

A reconciliation of the allowance for expected credit losses for financial guarantees by stages in accordance with IFRS 9 is as follows:

	Three-month period ended 30 June 2021 (unaudited)				Three-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>788 780</b>	<b>246 646</b>	<b>279 270</b>	<b>1 314 696</b>	<b>729 792</b>	<b>196 382</b>	<b>19 701</b>	<b>945 875</b>
Transfer to stage 1	66 094	(66 094)	-	-	3 876	(3 876)	-	-
Transfer to stage 2	(155 882)	155 882	-	-	(65 680)	65 680	-	-
(Recovery)/ allowance for the period	(1 225)	200 604	(185 921)	<b>13 458</b>	28 594	(27 188)	(10 830)	<b>(9 424)</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>697 767</b>	<b>537 038</b>	<b>93 349</b>	<b>1 328 154</b>	<b>696 582</b>	<b>230 998</b>	<b>8 871</b>	<b>936 451</b>

	Six-month period ended 30 June 2021 (unaudited)				Six-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>792 445</b>	<b>288 342</b>	<b>232 895</b>	<b>1 313 682</b>	<b>612 400</b>	<b>10 423</b>	<b>49 668</b>	<b>672 491</b>
Transfer to stage 1	65 263	(65 263)	-	-	62	(62)	-	-
Transfer to stage 2	(99 781)	99 781	-	-	(67 354)	67 354	-	-
Transfer to stage 3	-	-	-	-	-	(51)	51	-
(Recovery)/ allowance for the period	(60 160)	214 178	(139 546)	<b>14 472</b>	151 474	153 334	(40 848)	<b>263 960</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>697 767</b>	<b>537 038</b>	<b>93 349</b>	<b>1 328 154</b>	<b>696 582</b>	<b>230 998</b>	<b>8 871</b>	<b>936 451</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**16. Credit related commitments and contingencies (continued)**

A reconciliation of the allowance for expected credit losses for other undrawn commitments by stages in accordance with IFRS 9 is as follows:

	Three-month period ended 30 June 2021 (unaudited)				Three-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>1 296 235</b>	<b>334 144</b>	<b>98 564</b>	<b>1 728 943</b>	<b>1 285 500</b>	<b>199 767</b>	<b>150 758</b>	<b>1 636 025</b>
Transfer to stage 1	174 060	(174 060)	-	-	59 401	(59 401)	-	-
Transfer to stage 2	(225 046)	229 125	(4 079)	-	(38 826)	39 576	(750)	-
Transfer to stage 3	-	(3 490)	3 490	-	-	(4 876)	4 876	-
(Recovery)/ allowance for the period	(260 229)	239 572	293 789	<b>273 132</b>	154 731	89 874	(116 588)	<b>128 017</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>985 020</b>	<b>625 291</b>	<b>391 764</b>	<b>2 002 075</b>	<b>1 460 806</b>	<b>264 940</b>	<b>38 296</b>	<b>1 764 042</b>

	Six-month period ended 30 June 2021 (unaudited)				Six-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Allowance for expected credit losses at the beginning of the period</b>	<b>1 416 822</b>	<b>287 709</b>	<b>106 262</b>	<b>1 810 793</b>	<b>1 588 327</b>	<b>100 427</b>	<b>132 033</b>	<b>1 820 787</b>
Transfer to stage 1	131 481	(131 481)	-	-	46 091	(46 091)	-	-
Transfer to stage 2	(246 517)	249 097	(2 580)	-	(48 790)	50 257	(1 467)	-
Transfer to stage 3	-	(2 638)	2 638	-	-	(2 958)	2 958	-
(Recovery)/ allowance for the period	(316 766)	222 604	285 444	<b>191 282</b>	(124 822)	163 305	(95 228)	<b>(56 745)</b>
<b>Allowance for expected credit losses at the end of the period</b>	<b>985 020</b>	<b>625 291</b>	<b>391 764</b>	<b>2 002 075</b>	<b>1 460 806</b>	<b>264 940</b>	<b>38 296</b>	<b>1 764 042</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**16. Credit related commitments and contingencies (continued)**

The table below analyses information about the significant changes in the gross carrying amount of financial guarantees by stages in accordance with IFRS 9:

	Three-month period ended 30 June 2021 (unaudited)				Three-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross financial guarantees at the beginning of the period</b>	<b>99 394 329</b>	<b>7 229 872</b>	<b>420 690</b>	<b>107 044 891</b>	<b>107 117 044</b>	<b>5 616 037</b>	<b>44 428</b>	<b>112 777 509</b>
New financial guarantees originated	40 248 469	-	-	<b>40 248 469</b>	23 441 529	-	-	<b>23 441 529</b>
Transfer to stage 1	5 070 844	(5 070 844)	-	-	1 673 345	(1 673 345)	-	-
Transfer to stage 2	(9 708 795)	9 708 795	-	-	(6 618 733)	6 618 733	-	-
Transfer to stage 3	-	(1 113)	1 113	-	-	-	-	-
Financial guarantees that have been derecognized	(19 809 917)	(421 502)	(245 239)	<b>(20 476 658)</b>	(22 069 425)	(2 564 251)	(22 748)	<b>(24 656 424)</b>
Effect of exchange rate changes	(1 876 926)	(179 085)	(3 906)	<b>(2 059 917)</b>	(5 059 593)	(444 594)	-	<b>(5 504 187)</b>
Other changes	(2 305 955)	(252 083)	(39 805)	<b>(2 597 843)</b>	(4 377 055)	(563 949)	-	<b>(4 941 004)</b>
<b>Gross financial guarantees at the end of the period</b>	<b>111 012 049</b>	<b>11 014 040</b>	<b>132 853</b>	<b>122 158 942</b>	<b>94 107 112</b>	<b>6 988 631</b>	<b>21 680</b>	<b>101 117 423</b>

	Six-month period ended 30 June 2021 (unaudited)				Six-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross financial guarantees at the beginning of the period</b>	<b>99 667 578</b>	<b>8 015 006</b>	<b>517 073</b>	<b>108 199 657</b>	<b>101 278 667</b>	<b>263 350</b>	<b>100 042</b>	<b>101 642 059</b>
New financial guarantees originated	54 006 074	-	-	<b>54 006 074</b>	41 383 247	-	-	<b>41 383 247</b>
Transfer to stage 1	5 175 459	(5 175 459)	-	-	2 274	(2 274)	-	-
Transfer to stage 2	(9 860 832)	9 860 832	-	-	(7 214 779)	7 214 779	-	-
Transfer to stage 3	-	(3 135)	3 135	-	-	(20 000)	20 000	-
Financial guarantees that have been derecognized	(30 602 904)	(1 188 920)	(324 472)	<b>(32 116 296)</b>	(38 236 841)	(259 807)	(85 553)	<b>(38 582 201)</b>
Effect of exchange rate changes	(2 095 339)	(131 446)	(2 272)	<b>(2 229 057)</b>	5 268 391	440 768	-	<b>5 709 159</b>
Other changes	(5 277 987)	(362 838)	(60 611)	<b>(5 701 436)</b>	(8 373 847)	(648 185)	(12 809)	<b>(9 034 841)</b>
<b>Gross financial guarantees at the end of the period</b>	<b>111 012 049</b>	<b>11 014 040</b>	<b>132 853</b>	<b>122 158 942</b>	<b>94 107 112</b>	<b>6 988 631</b>	<b>21 680</b>	<b>101 117 423</b>



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**16. Credit related commitments and contingencies (continued)**

The table below analyses information about the significant changes in the gross carrying amount of other undrawn commitments by stages in accordance with IFRS 9:

	Three-month period ended 30 June 2021 (unaudited)				Three-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross other undrawn commitments at the beginning of the period</b>	<b>649 079 241</b>	<b>26 318 859</b>	<b>127 771</b>	<b>675 525 871</b>	<b>603 780 177</b>	<b>60 754 664</b>	<b>220 961</b>	<b>664 755 802</b>
New other undrawn commitments originated	64 787 822	-	-	<b>64 787 822</b>	53 025 795	-	-	<b>53 025 795</b>
Transfer to stage 1	15 370 737	(15 370 737)	-	-	30 669 718	(30 669 718)	-	-
Transfer to stage 2	(50 580 623)	50 584 807	(4 184)	-	(20 723 569)	20 724 343	(774)	-
Transfer to stage 3	-	(288 016)	288 016	-	-	(18 669)	18 669	-
Other undrawn commitments that have been derecognized	(41 201 703)	(1 505 718)	(14 707)	<b>(42 722 128)</b>	(57 954 214)	(1 587 230)	(84 877)	<b>(59 626 321)</b>
Effect of exchange rate changes	(15 794)	(21)	(38)	<b>(15 853)</b>	(45 795)	(230)	(5)	<b>(46 030)</b>
Other changes	(17 361 750)	(3 970 448)	220 410	<b>(21 111 788)</b>	3 535 161	2 125 667	(102 649)	<b>5 558 179</b>
<b>Gross other undrawn commitments at the end of the period</b>	<b>620 077 930</b>	<b>55 768 726</b>	<b>617 268</b>	<b>676 463 924</b>	<b>612 287 273</b>	<b>51 328 827</b>	<b>51 325</b>	<b>663 667 425</b>

	Six-month period ended 30 June 2021 (unaudited)				Six-month period ended 30 June 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross other undrawn commitments at the beginning of the period</b>	<b>695 974 213</b>	<b>24 236 536</b>	<b>193 037</b>	<b>720 403 786</b>	<b>606 346 431</b>	<b>12 171 479</b>	<b>216 084</b>	<b>618 733 994</b>
New other undrawn commitments originated	108 965 116	-	-	<b>108 965 116</b>	97 138 583	-	-	<b>97 138 583</b>
Transfer to stage 1	17 475 177	(17 475 177)	-	-	1 831 621	(1 831 621)	-	-
Transfer to stage 2	(72 794 255)	72 796 875	(2 620)	-	(36 975 845)	36 977 463	(1 618)	-
Transfer to stage 3	-	(364 431)	364 431	-	-	(34 102)	34 102	-
Other undrawn commitments that have been derecognized	(94 652 368)	(2 072 664)	(94 078)	<b>(96 819 110)</b>	(104 261 901)	(475 111)	(60 773)	<b>(104 797 785)</b>
Effect of exchange rate changes	(20 550)	(25)	(34)	<b>(20 609)</b>	57 039	339	7	<b>57 385</b>
Other changes	(34 869 403)	(21 352 388)	156 532	<b>(56 065 259)</b>	48 151 345	4 520 380	(136 477)	<b>52 535 248</b>
<b>Gross other undrawn commitments at the end of the period</b>	<b>620 077 930</b>	<b>55 768 726</b>	<b>617 268</b>	<b>676 463 924</b>	<b>612 287 273</b>	<b>51 328 827</b>	<b>51 325</b>	<b>663 667 425</b>

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**16. Credit related commitments and contingencies (continued)**

A reconciliation of the provision for credit related commitments and contingencies in accordance with IAS 37 is as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Provision at the beginning of the period</b>	<b>1 488 830</b>	<b>1 252 657</b>	<b>1 396 577</b>	<b>1 379 882</b>
Allowance/(recovery) for the period	323 649	64 426	415 902	(62 799)
<b>Provision at the end of the period</b>	<b>1 812 479</b>	<b>1 317 083</b>	<b>1 812 479</b>	<b>1 317 083</b>

The following table shows gross financial guarantees and other credit related commitments and contingencies and related expected credit losses under IFRS 9 by stages as of 30 June 2021 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
Gross credit related commitments and contingencies	731 089 979	66 782 766	750 121	<b>798 622 866</b>
Allowance for expected credit losses for credit related commitments and contingencies	(1 682 787)	(1 162 329)	(485 113)	<b>(3 330 229)</b>
<b>Net credit related commitments and contingencies</b>	<b>729 407 192</b>	<b>65 620 437</b>	<b>265 008</b>	<b>795 292 637</b>

The following table shows gross credit related commitments and contingencies and related provision under IAS 37 as of 30 June 2021 (unaudited):

	Performing exposure	Impaired exposure	Total
Gross credit related commitments and contingencies	105 168 778	1 213 140	<b>106 381 918</b>
Provision for credit related commitments and contingencies	(760 768)	(1 051 711)	<b>(1 812 479)</b>
<b>Net credit related commitments and contingencies</b>	<b>104 408 010</b>	<b>161 429</b>	<b>104 569 439</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 16. Credit related commitments and contingencies (continued)

The following table shows gross financial guarantees and other credit related commitments and contingencies and related expected credit losses under IFRS 9 by stages as of 31 December 2020:

	Stage 1	Stage 2	Stage 3	Total
Gross credit related commitments and contingencies	795 641 791	32 251 542	710 110	<b>828 603 443</b>
Allowance for expected credit losses for credit related commitments and contingencies	(2 209 267)	(576 051)	(339 157)	<b>(3 124 475)</b>
<b>Net credit related commitments and contingencies</b>	<b>793 432 524</b>	<b>31 675 491</b>	<b>370 953</b>	<b>825 478 968</b>

The following table shows gross credit related commitments and contingencies and related provision under IAS 37 as of 31 December 2020:

	Performing exposure	Impaired exposure	Total
Gross credit related commitments and contingencies	98 375 844	1 053 228	<b>99 429 072</b>
Provision for credit related commitments and contingencies	(588 805)	(807 772)	<b>(1 396 577)</b>
<b>Net credit related commitments and contingencies</b>	<b>97 787 039</b>	<b>245 456</b>	<b>98 032 495</b>

### 17. Operating environment

The economy of the Russian Federation shows some characteristic features inherent in emerging markets. The markets of developing countries, including Russia, are exposed to economic, political, social, legal and legislative risks that differ from those of more developed markets. Laws and regulations affecting business in Russia can change quickly, and there is a possibility of their arbitrary interpretation. The future economic direction of Russia's development is heavily influenced by the fiscal and monetary policies adopted by the government, the laws and regulations adopted, as well as changes in the political environment in the country.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the prices of oil and gas on the world market. In 2020 oil prices dropped sharply, which resulted in immediate weakening of Russian Ruble against major currencies. Decrease of the key rate by the Central Bank of Russia from 6.25% as of 1 January 2020 to 5.5% as of 30 June 2021 is one of the reasons for the decrease in net interest income in both 2021 and 2020. On 23 July 2021, the Central Bank of Russia raised the key rate to 6.5%.

The political situation and new sanctions packages imposed by the U.S. and the E.U. on certain Russian officials, businessmen and companies continue to have a negative impact on Russian economy.

## **17. Operating environment (continued)**

Russian consumers and corporations continue to face increasing economic hardship, which heightens the risk of default in the retail and commercial banking sectors. This operating environment has a significant impact on the operations and financial position of the Group. Management takes the necessary measures to ensure the sustainability of the Group's operations. However, the consequences of the current economic situation are difficult to predict and management's current expectations and estimates could differ materially from actual results.

In addition to that, since 2020 a new coronavirus disease ("COVID-19") has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. COVID-19 has had a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing.

In addition, the effects of COVID-19 also appear in the form of its negative impact on the global economy and major financial markets.

Despite the fact that vaccination of the population began in 2021, the epidemiological situation remains uncertain. However, there is a recovery in most sectors of the economy, world prices for raw materials are stabilizing, and most companies are showing positive results in the first half of the year. Further economic recovery is closely related to the epidemiological situation and, as a result, to the degree of rigidity of restrictive measures.

At the moment, Russia does not apply strict quarantine measures. However, estimates of the scale and prospects for the end of the pandemic crisis have varied throughout the year, and today a high level of uncertainty remains. There remains high uncertainty about the speed of the global economic recovery, especially given the re-introduction by a number of countries of restrictive measures to prevent the spread of COVID-19, both due to the newly increasing number of diseases and the identification of new strains of the virus.

The Group takes all necessary measures to maintain the sustainability of the business and its development in the current circumstances and taking into account possible risks.

Thus, taking into account the stable financial position of the Group, it can be concluded that the current economic situation did not have a significant impact on the Group's financial ratios in the first half of 2021.

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**18. (Losses)/gains on financial assets and liabilities held for trading and foreign currencies**

(Losses)/gains on financial assets and liabilities held for trading and foreign currencies comprise:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Net (losses)/gains from trading securities	(2 413)	(14 927)	(56 670)	20 120
Net (losses)/gains from spot and derivative instruments	(177 242)	1 279 358	111 280	(5 286 106)
Translation of other foreign currency assets and liabilities	(109 809)	(963 436)	(1 154 504)	5 269 933
<b>(Losses)/gains on financial assets and liabilities held for trading and foreign currencies</b>	<b>(289 464)</b>	<b>300 995</b>	<b>(1 099 894)</b>	<b>3 947</b>

**19. Fair value of financial instruments**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	30 June 2021 (unaudited)			Total
	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>				
Debt securities held for trading				
- held by the Group	4 317 334	915 572	-	5 232 906
- pledged under repurchase agreements	142 353	-	-	142 353
Derivative financial assets	-	30 046 958	-	30 046 958
Derivative financial assets designated for hedging	-	13 131 274	-	13 131 274
Financial assets at fair value through other comprehensive income				
- held by the Group	22 155 538	11 960 378	-	34 115 916
- pledged under repurchase agreements	2 244 744	-	-	2 244 744
<b>Total</b>	<b>28 859 969</b>	<b>56 054 182</b>	<b>-</b>	<b>84 914 151</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	-	30 431 455	-	30 431 455
Derivative financial liabilities designated for hedging	-	19 799 037	-	19 799 037
<b>Total</b>	<b>-</b>	<b>50 230 492</b>	<b>-</b>	<b>50 230 492</b>

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
for the Six-Month Period Ended 30 June 2021  
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**19. Fair value of financial instruments (continued)**

	31 December 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value</b>				
Debt securities held for trading				
- held by the Group	1 082 892	-	-	1 082 892
Derivative financial assets	-	39 606 302	-	39 606 302
Derivative financial assets designated for hedging	-	18 583 515	-	18 583 515
Financial assets at fair value through other comprehensive income:				
- held by the Group	34 394 360	12 358 356	-	46 752 716
<b>Total</b>	<b>35 477 252</b>	<b>70 548 173</b>	<b>-</b>	<b>106 025 425</b>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	-	39 932 210	-	39 932 210
Derivative financial liabilities designated for hedging	-	30 177 965	-	30 177 965
<b>Total</b>	<b>-</b>	<b>70 110 175</b>	<b>-</b>	<b>70 110 175</b>

As at 30 June 2021 the table above does not include equity investments at fair value through other comprehensive income in amount of RUB 123 692 thousand (31 December 2020: RUB 123 692 thousand), which do not have a quoted market price in an active market.

During the six-month periods ended 30 June 2021 and 30 June 2020 there were no transfers between fair value levels for trading securities.

During the six-month periods ended 30 June 2021 and 30 June 2020 there were no transfers between fair value levels for financial assets at fair value through other comprehensive income.

Except as detailed in the following table, the Group consider that the carrying amounts of financial assets and financial liabilities recognized in the condensed interim consolidated statement of financial position approximate their fair value.

	30 June 2021 (unaudited)		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Financial assets at amortized cost				
- Debt securities				
- held by the Group	72 245 080	68 890 255	67 986 636	68 007 750
- pledged under repurchase agreements	2 743 971	2 572 034	-	-
- Amounts due from credit institutions	332 724 580	332 868 233	380 383 482	382 992 187
- Loans to customers	689 573 920	695 429 204	646 035 934	664 533 755
<b>Financial liabilities</b>				
Amounts due to credit institutions	55 707 332	55 843 412	29 103 365	29 342 712
Amounts due to customers	909 660 024	910 229 840	945 130 002	948 204 657

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

### 19. Fair value of financial instruments (continued)

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at amortized cost, grouped into Levels 1 to 3.

	30 June 2021 (unaudited)			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Financial assets at amortized cost				
- Debt securities				
- held by the Group	58 976 455	9 913 800	-	<b>68 890 255</b>
- pledged under repurchase agreements	2 572 034	-	-	<b>2 572 034</b>
- Amounts due from credit institutions	-	-	332 868 233	<b>332 868 233</b>
- Loans to customers	-	-	695 429 204	<b>695 429 204</b>
<b>Financial liabilities</b>				
Amounts due to credit institutions	-	-	55 843 412	<b>55 843 412</b>
Amounts due to customers	-	-	910 229 840	<b>910 229 840</b>

	31 December 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Financial assets at amortized cost				
- Debt securities	58 195 150	9 812 600	-	<b>68 007 750</b>
- Amounts due from credit institutions	-	-	382 992 187	<b>382 992 187</b>
- Loans to customers	-	-	664 533 755	<b>664 533 755</b>
<b>Financial liabilities</b>				
Amounts due to credit institutions	-	-	29 342 712	<b>29 342 712</b>
Amounts due to customers	-	-	948 204 657	<b>948 204 657</b>

### 20. Related party disclosures

As at 30 June 2021 the sole shareholder of the Group is the UniCredit S.p.A. UniCredit S.p.A. issues publicly available financial statements.

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. 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 which unrelated parties might not, and transactions between related parties may not be conducted on the same terms, conditions and amounts as transactions between unrelated parties.

**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**20. Related party disclosures (continued)**

Balances and transactions with UniCredit S.p.A were as follows:

	30 June 2021 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2020	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	2 001 011	5.5	799 215	4.8
- In EUR	30 431 051	(0.5)	741 212	0.0
- In USD	80 602 760	0.8	43 723 320	0.8
Derivative financial assets	8 324 596		11 256 449	
Derivative financial assets designated for hedging	11 458 495		16 414 444	
Other assets	129 232		111 514	
Amounts due to credit institutions				
- In Russian Roubles	1 743 238	4.0	515 610	0.0
- In EUR	30 450 445	(0.4)	434 893	1.8
- In USD	-		163 503	3.1
Derivative financial liabilities	25 076 460		32 754 421	
Derivative financial liabilities designated for hedging	15 349 447		23 278 243	
Other liabilities	506 132		498 426	
Commitments and guarantees issued	13 980 882		14 543 230	
Commitments and guarantees received	11 903 699		12 710 326	

Commitments and guarantees issued contain commitments and guarantees under which UniCredit S.p.A. is the beneficiary.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income and similar revenues	3 456 709	4 277 789	6 851 653	8 931 111
Interest expense and similar charges	(1 660 894)	(2 884 929)	(4 336 046)	(6 772 927)
Fee and commission income	2 322	2 751	4 944	4 878
Fee and commission expense	(11 465)	(13 465)	(23 910)	(23 541)
Gains/(losses) on financial assets and liabilities held for trading and foreign currencies	3 111 464	13 487 239	5 337 473	(16 411 205)
Fair value adjustments in portfolio hedge accounting	781 555	(4 104 356)	1 282 517	(1 742 757)
Personnel expenses	(31 908)	(9 161)	(60 814)	(10 934)
Other administrative expenses	(19 119)	(29 301)	(49 041)	(49 392)



**Selected Notes to the Condensed Interim Consolidated Financial Statements  
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**20. Related party disclosures (continued)**

Balances and transactions with other companies controlled by the UniCredit Group or related with UniCredit Group are as follows:

	30 June 2021 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2020	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	2 184 943	15.0	6 997 853	4.5
- In EUR	15 771 648	0.0	9 499 028	0.0
- In USD	2 853 415	0.0	3 644 303	0.0
- In other currencies	16 243	0.0	14 760	0.0
Derivative financial assets	45 446		562 324	
Derivative financial assets designated for hedging	1 120 021		1 216 591	
Loans to customers				
- In Russian Roubles	-		77 289	8.2
Intangible assets	44 760		139 502	
Other assets	250 288		184 046	
Amounts due to credit institutions				
- In Russian Roubles	3 637 232	0.8	3 475 336	2.6
- In EUR	1 489 526	2.6	2 294 519	2.5
- In USD	406 577	1.6	328 789	2.1
- In other currencies	287 855	0.0	-	
Derivative financial liabilities	1 011 236		2 097 210	
Derivative financial liabilities designated for hedging	2 901 257		3 297 093	
Amounts due to customers				
- In Russian Roubles	1 329 642	3.5	1 202 089	3.8
Other liabilities	294 442		741 372	
Commitments and guarantees issued	26 100 680		29 496 110	
Commitments and guarantees received	18 464 647		18 864 963	

Commitments and guarantees issued contain commitments and guarantees, including those under which other companies controlled by the UniCredit Group or related with the UniCredit Group are the beneficiaries.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income and similar revenues	23 971	(54 427)	67 498	(31 180)
Interest expense and similar charges	(459 273)	(251 300)	(830 348)	(505 018)
Fee and commission income	31 931	235 787	52 557	256 061
Fee and commission expense	(32 055)	(23 376)	(62 058)	(45 930)
(Losses)/gains on financial assets and liabilities held for trading and foreign currencies	(31 784)	4 354 669	199 809	(965 662)
Fair value adjustments in portfolio hedge accounting	75 525	147 801	171 552	(50 492)
Other income	121	121	242	242
Personnel expenses	(1 900)	(2 500)	(2 800)	(3 700)
Other administrative expenses	(57 391)	(72 397)	(114 897)	(144 896)

## AO UniCredit Bank

### Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

#### 20. Related party disclosures (continued)

Balances and transactions with the associate are as follows:

	30 June 2021 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2020	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Rubles	6 701 123	7.0	10 120 399	8.0
Derivative financial assets	107 165		24 460	
Financial assets at fair value through other comprehensive income	784 739	7.7	804 658	7.7
Amounts due to credit institutions				
- In Russian Rubles	35 487	0.0	9 022	0.0
- In EUR	6 892	0.0	12 351	0.0
- In USD	2 721	0.0	3 785	0.0
Derivative financial liabilities	538 972		884 888	
Investments in associate	10 313 777		9 669 851	
Commitments and guarantees issued	248 385		215 085	

Under the commitments and guarantees issued the associate is a beneficiary.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income and similar revenues	311 689	425 646	678 223	851 626
Interest expense and similar charges	(193 851)	(215 741)	(385 743)	(429 703)
Fee and commission income	7 216	138	7 288	138
Gains /(losses) on financial assets and liabilities held for trading and foreign currencies	196 423	(8 720)	416 800	(401 451)
Share of gains in associate	340 282	461 147	694 842	729 570

Balances and transactions with key management personnel are as follows:

	30 June 2021 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2020	Weighted average interest rate, %
Amounts due to customers	258 520	0.6	254 535	2.0
Other liabilities				
- accrued liabilities on remuneration	231 260		266 142	
- other liabilities	40 158		35 984	

# AO UniCredit Bank

## Selected Notes to the Condensed Interim Consolidated Financial Statements for the Six-Month Period Ended 30 June 2021 (in thousands of Russian Rubles)

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### 20. Related party disclosures (continued)

	Six-month period ended 30 June 2021 (unaudited)	Six-month period ended 30 June 2020 (unaudited)
Interest expense	(1 644)	(5 251)
Personnel expenses, including:	(172 078)	(164 774)
- short-term benefits	(84 533)	(105 515)
- long-term benefits	(85 675)	(56 813)
- post-employment benefits	(1 870)	(2 446)

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Subordinated loans from the members of the UniCredit Group were as follows:

	Six-month period ended 30 June 2021 (unaudited) UniCredit S.p.A.	Six-month period ended 30 June 2020 (unaudited) UniCredit S.p.A.
Subordinated loans at the beginning of the period	-	29 780 408
Effect of exchange rates changes	-	7 601 151
Redemption of subordinated debt	-	(37 381 559)
Subordinated loans at the end of the period	-	-

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Партнер  
АО «Делойт и Тумс ЧП»

