Independent auditor’s report
on the consolidated financial statements of
Public Joint-Stock Company “SPB Exchange”
and its subsidiaries
for 2020 and 2019

November 2021

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Independent auditor's report

To the shareholders and the Board of Directors of
Public Joint-Stock Company "SPB Exchange"

Opinion

We have audited the consolidated financial statements of Public Joint-Stock Company "SPB Exchange" (the Company) and its subsidiaries (the Group) (formerly PJSC "Saint-Petersburg Exchange), which comprise the consolidated statement of comprehensive income for 2020 and 2019, the consolidated statement of financial position as at 31 December 2020 and 31 December 2019, the consolidated statement of changes in equity and the consolidated statement of cash flows for 2020 and 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020 and 31 December 2019, and its consolidated financial performance and consolidated cash flows for 2020 and 2019, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's responsibility for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 1 "Corporate information" and Note 35 "Events after the reporting period" to the consolidated financial statements, which disclose the fact that on 2 July 2021 the Company changed its legal name from PJSC "Saint-Petersburg Exchange" to PJSC "SPB Exchange". Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for 2020 and 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue	
The major part of the Group's revenue for 2019 and 2020 that includes fees for clearing center services and fees for the stock market services is recognized based on information automatically generated by the Group's trading and clearing system. Modules of the trading and clearing system process significant volumes of data on transactions in the stock market and clearing transactions, calculate the amounts of fees based on various tariff plans and transfer these data to the accounting systems. The recognition of revenue in the Group's consolidated financial statements greatly depends on the corresponding highly complex information systems and the availability of reliable control procedures. Due to the significance of revenue indicators and the exposure to the risk of inadequate functioning of automated and manual controls, this matter was considered one of the most significant matters for our audit. Information on revenue is presented in Note 7 *Fee and commission income*.	Our audit procedures with respect to fees for clearing center services and fees for the stock market services included, among others, the following: ► Analysis of the Group's accounting policy with respect to revenue recognition and its comparison with key principles of IFRS 15 *Revenue from Contracts with Customers*; ► Analysis of the control environment ensuring the functioning of information technologies and calculations, information systems related to accounting for revenue, as well as controls over changing and segregating user rights and testing of these controls, as well as analysis of data transfer procedures, involving our specialists with information technology competences; ► Tests of design and operational efficiency of controls over the revenue recognition process, including the collection of data on trading volumes, authorization of changes in tariff plans and input of these data in automated systems, as well as analysis of the fee calculation algorithm; ► Selective reconciliation of data on tariffs included in the automated calculation systems with approved orders and published tariff plans;

Key audit matter	How our audit addressed the key audit matter
	► Recalculation of the amounts of fees on a selective basis and analytical procedures that include, in particular, analysis of the dependency of fee income on trading volumes; ► Reconciliation of revenue data in automated calculation systems with revenue data included in accounting systems; ► Procedures to obtain independent confirmations from the Group's counterparties with respect to accounts receivable balances on a selective basis; ► Selective reconciliation of cash proceeds from counterparties with invoices issued to them. We also analyzed fee and commission income disclosed in the consolidated financial statements.
Accounting for a business combination due to the acquisition of PJSC Best Efforts Bank	
As described in Note 5 *Business combination under common control*, the Group recognized the acquisition of control over PJSC Best Efforts Bank (the Bank) as a business acquisition under common control. The Group recalculated its financial indicators as if the controlling ownership interest in the Bank had been transferred in the earliest period presented regardless of the actual date of the combination. The above matter was one of the most significant matters for our audit as the process of recalculating the Group's financial indicators in order to include the Bank's financial information in the consolidated financial statements for 2019 and 2020 was complicated and involved a number of judgments with respect to the application of a unified accounting policy, as well as the conclusion that the Bank and the Group were under common control at the date of the business combination.	In the course of out audit procedures, we analyzed the recalculation of the Group's financial indicators as at 31 December 2019 and 31 December 2020, as well as for 2019 and 2020 performed due to the inclusion of the Bank's financial information in the consolidated financial statements. We also reviewed the recognition of the Bank's assets and liabilities at their adjusted carrying amounts considering the requirement of a unified accounting policy for the Group's organizations, and analyzed management's conclusion that the Bank and the Group were under common control. We studied the documents confirming the owner of the Bank and the Group at the date of the business combination. We reviewed the disclosures in the consolidated financial statements that relate to the business combination.

Other information included in the "Annual report of PJSC Sainst-Petersburg Exchange for 2020"

Other information consists of the "Annual report of PJSC Sainst-Petersburg Exchange for 2020" other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Audit Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with these parties all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, threat mitigation actions or related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is E.V. Zaichikova.

E.V. Zaichikova
Partner
Ernst & Young LLC

3 November 2021

Details of the audited entity

Name: Public Joint-Stock Company "SPB Exchange"
Record made in the State Register of Legal Entities on 21 January 2009, State Registration Number 1097800000440.
Address: Russia 127006, Moscow, Dolgorukovskaya ulitsa, 38, building 1, floor 2, unit 1, offices 19, 20.

Details of the auditor

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2020	2019
Fee and commission income	7	2,769,426	539,568
Interest income	8	279,333	170,722
Net trade and investment income/(expenses)	9	16,743	(12,033)
Net income from dealing in foreign currencies	10	75,016	17,348
Other operating income		154,287	–
Total operating revenue		**3,294,805**	**715,605**
Direct operating expenses	11	(902,785)	(300,622)
Interest expense	12	(53,960)	(50,390)
Provision for impairment of financial assets	13	(8,524)	(3,593)
Gross operating result		**2,329,536**	**361,000**
Administrative expenses	14	(713,398)	(355,139)
Other income		1,948	114
Other expenses	15	(22,193)	(5,000)
Profit before tax		**1,595,893**	**975**
Income tax expense	16	(327,079)	(6,910)
Profit/(loss) for the period		**1,268,814**	**(5,935)**
Profit/(loss) attributable to:			
Equity holders of the parent		1,197,635	(26,545)
Non-controlling interest	28	71,179	20,610
Profit/(loss) for the year attributable to SPB shareholders per ordinary share:	27		
- Basic earnings/(loss) per share, RUB		11.41	(0.35)
- Diluted earnings/(loss) per share, RUB		10.94	(0.35)
Other comprehensive (loss)/income, including:		**(5,694)**	**29,193**
(Losses)/gains from revaluation of financial assets at fair value through other comprehensive income (less income tax)		(5,694)	29,193
Total comprehensive income		**1,263,120**	**23,258**
Attributable to:			
Equity holders of the parent		1,193,437	(5,020)
Non-controlling interest		69,683	28,278

Authorized and signed on behalf of management of PJSC SPB Exchange:

R.Y. Goryunov
General Director
PJSC SPB Exchange

3 November 2021

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «СПБ БИРЖА» ОГРН 1097800000440 МОСКВА
СПББИРЖА

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	17	11,089,421	1,142,457
Financial assets at amortized cost	18	5,749,976	5,793,639
Financial assets at fair value through other comprehensive income	19	750,848	696,994
Financial assets at fair value through profit or loss	20	561	746
Intangible assets	21	584,987	64,795
Property and equipment	22	105,729	97,255
Current income tax assets		20	506
Deferred tax assets	16	31,334	88,373
Other assets	24	14,133	5,522
Total assets		**18,327,009**	**7,890,287**
Equity and liabilities			
Liabilities			
Financial liabilities at amortized cost	25	14,693,117	6,512,715
Financial liabilities at fair value through profit or loss	26	131,805	39,184
Current income tax liability		23,263	12,826
Other liabilities	27	48,014	38,345
Total liabilities		**14,896,199**	**6,603,070**
Equity			
Share capital	28	427,823	316,050
Treasury shares		–	(24,869)
Share premium	28	1,266,954	54,588
Revaluation reserve	28	4,250	8,448
Retained earnings	28	1,194,844	479,332
Other contributions by shareholders	28	142,924	142,214
Total equity attributable to equity holders of the parent		**3,036,795**	**975,763**
Non-controlling interests	29	394,015	311,454
Total equity and reserves		**3,430,810**	**1,287,217**
Total equity and liabilities		**18,327,009**	**7,890,287**

Authorized and signed on behalf of management of PJSC SPB Exchange:

R.Y. Goryunov
General Director
PJSC SPB Exchange

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «СПБ БИРЖА» ОГРН 1097800000440 МОСКВА
СПБ БИРЖА

3 November 2021

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the parent								
	Note	Share capital	Treasury shares	Share premium	Revaluation reserve	Other contributions by shareholders	Retained earnings	Total	Non-controlling interests	Total equity and reserves
Balance at 1 January 2019		**316,050**	**(64,220)**	**54,588**	**(13,077)**	**120,624**	**520,871**	**934,836**	**322,622**	**1,257,458**
Income/(loss) for the period		–	–	–	–	–	(26,545)	**(26,545)**	20,610	**(5,935)**
Other comprehensive income (revaluation of financial assets at fair value through other comprehensive income)		–	–	–	21,525	–	–	**21,525**	7,668	**29,193**
Total comprehensive income/(loss) for the period		**–**	**–**	**–**	**21,525**	**–**	**(26,545)**	**(5,020)**	**28,278**	**23,258**
Other contributions by shareholders		–	–	–	–	21,620	–	**21,620**	–	**21,620**
Transactions with treasury shares		–	39,351	–	–	–	93,649	**133,000**	–	**133,000**
Transactions with shares of subsidiaries not resulting in loss of control		–	–	–	–	(30)	(1,663)	**(1,693)**	1,693	**–**
Dividends paid	27	–	–	–	–	–	(106,980)	**(106,980)**	(41,139)	**(148,119)**
Balance at 31 December 2019		**316,050**	**(24,869)**	**54,588**	**8,448**	**142,214**	**479,332**	**975,763**	**311,454**	**1,287,217**

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

		Attributable to equity holders of the parent								
	Note	**Share capital**	**Treasury shares**	**Share premium**	**Revaluation reserve**	**Other contributions by shareholders**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity and reserves**
Balance at 1 January 2020		**316,050**	**(24,869)**	**54,588**	**8,448**	**142,214**	**479,332**	**975,763**	**311,454**	**1,287,217**
Income for the period		–	–	–	–	–	1,197,635	**1,197,635**	71,179	**1,268,814**
Other comprehensive loss (revaluation of financial assets at fair value through other comprehensive income)		–	–	–	(4,198)	–	–	**(4,198)**	(1,496)	**(5,694)**
Total comprehensive income/(loss) for the period		**–**	**–**	**–**	**(4,198)**	**–**	**1,197,635**	**1,193,437**	**69,683**	**1,263,120**
Other contributions by shareholders		–	–	–	–	680	–	**680**	–	**680**
Transactions with treasury shares		–	24,869	–	–	–	8,825	**33,694**	–	**33,694**
Additional share issue of the parent	5	111,773	–	1,212,366	–	–	(507,138)	**817,001**	–	**817,001**
Acquisition of NCI in existing subsidiaries	1	–	–	–	–	–	10,927	**10,927**	(10,927)	**–**
Incorporation of subsidiary with NCI		–	–	–	–	–	–	**–**	39,099	**39,099**
Transactions with shares of subsidiaries not resulting in loss of control		–	–	–	–	30	5,263	**5,293**	(15,294)	**(10,001)**
Balance at 31 December 2020		**427,823**	**–**	**1,266,954**	**4,250**	**142,924**	**1,194,844**	**3,036,795**	**394,015**	**3,430,810**

Authorized and signed on behalf of management of PJSC SPB Exchange:

R.Y. Goryunov
General Director
PJSC SPB Exchange

3 November 2021

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020	2019
Cash flows from operating activities			
Profit/(loss) before income tax		1,595,893	975
Adjustments:			
Depreciation of property and equipment and amortization of intangible assets	21, 22	27,716	16,667
Loss from write-off of intangible assets and revaluation of fixed assets	14, 21, 22	29,429	–
Net change in ECL allowances	13	8,524	3,593
Interest income	8	(279,333)	(170,722)
Interest expense	12	53,960	50,390
Net (gains)/losses from revaluation of foreign currency-nominated assets and liabilities	10	(205,602)	52,644
Operating profit/(loss) before changes in working capital and provisions		**1,230,587**	**(46,453)**
Changes in working capital			
Decrease/(increase) in financial assets at amortized cost	18	1,270,782	(3,264,998)
Decrease in financial assets at fair value through profit or loss	20	129	2,839
Increase/(decrease) in financial liabilities at amortized cost	24	6,904,220	2,963,868
Increase in financial liabilities at fair value through profit or loss	25	92,621	36,642
Decrease/(increase) in other assets	23	(8,611)	(4,519)
Increase/(decrease) in other liabilities	26	9,669	24,180
Cash flows from / (used in) operating activities before income tax and interest paid		**9,499,397**	**(288,441)**
Interest paid		(56,387)	(55,283)
Interest received		283,217	169,513
Income tax paid	16	(252,163)	(19,451)
Net cash flows / (used in) from operating activities		**9,474,064**	**(193,662)**
Cash flows from investing activities			
Net (increase)/decrease in financial assets at fair value through other comprehensive income	19	(17,505)	893,901
Acquisition of property and equipment and intangible assets	21, 22	(287,152)	(8,325)
Loans issued	18	(216,000)	(48,200)
Repayment of loans issued		63,731	7,517
Purchase of shares of subsidiaries		(10,001)	–
Redemption of debt securities		–	20,051
Proceeds from dividends on securities		56	–
Other proceeds		1,000	–
Net cash flows (used in) / from investing activities		**(465,871)**	**864,944**

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	2020	2019
Cash flows from financing activities			
Proceeds from issue of shares	28	817,001	–
Dividends paid	27	–	(148,119)
Acquisition of treasury shares		–	(87,945)
Disposal of treasury shares, including under option program		3,806	238,899
Shareholder contributions		850	21,775
Repayment of lease liabilities		(6,340)	(3,598)
Net cash flows from financing activities		**815,317**	**21,012**
Net increase in cash and cash equivalents		**9,823,510**	**692,294**
Effect of exchange rate changes on cash and cash equivalents		126,502	(69,578)
Cash and cash equivalents at the beginning of the period less allowance for impairment	17	1,142,457	519,786
Change in allowance for impairment		(3,048)	(45)
Cash and cash equivalents at the end of the period less allowance for impairment	17	**11,089,421**	**1,142,457**

Authorized and signed on behalf of management of PJSC SPB Exchange:

R.Y. Goryunov
General Director
PJSC SPB Exchange

3 November 2021

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

1. CORPORATE INFORMATION

Principal activities

Public Joint-Stock Company "SPB EXCHANGE" (formerly, "SAINT PETERSBURG EXCHANGE") (hereinafter, "SPB Exchange") was established on 21 January 2009 following the reorganization of Non-Profit Partnership Stock Exchange Saint-Petersburg established in 2002 into Open Joint-Stock Company Saint-Petersburg Exchange. In 2015, the charter documents were amended so that Open Joint-Stock Company Saint-Petersburg Exchange was renamed into Public Joint-Stock Company "SAINT PETERSBURG EXCHANGE". As disclosed in Note 35 "*Events after the reporting period*" on 2 July 2021 a new legal name PJSC SPB Exchange had been registered.

PJSC SPB Exchange is located in the Russian Federation, Moscow, Dolgorukovskaya str., 38, building 1.

PJSC SPB Exchange together with its subsidiaries constitutes an integrated stock exchange structure (hereinafter, the "Group").

The principal activities of the SPB Exchange are the stock market services and commodities market services.

As at the date of preparation of these consolidated financial statements, there are more than 1,700 Russian and foreign instruments (shares, depositary receipts and bonds) listed on PJSC SPB Exchange. The foreign instruments mainly include shares included in S&P 500 and securities of European issuers.

The shares of PJSC SPB Exchange are listed on PJSC SPB Exchange.

At 31 December 2020, the Group employed 200 employees (31 December 2019: 141).

All the Group companies are registered in the Russian Federation.

In 2020, the SPB Exchange acquired shares of PJSC Best Efforts Bank (hereinafter, the "Bank") following a contribution by the Group's major shareholder − Association of Financial Market Participants Nonprofit Partnership for the Development of the Financial Market RTS (hereinafter, "NP RTS Association") of the Bank's shares to pay for the additional issue of shares of PJSC SPB Exchange. This information is disclosed in Note 5 *Business combination under common control*.

In November 2020, Joint-Stock Company Best Stocks was incorporated. The founders of the company are PJSC SPB Exchange and PRYTEK INVESTMENT HOLDINGS PTE LTD. The SPB Exchange owns 50.1% of the share capital of JSC Best Stocks. The principal activities of JSC Best Stocks are the provision of analytical data.

The Group's structure is presented below:

	Share of controlled capital, %		
	31 December 2020	**31 December 2019**	**Activity**
PJSC SPB Exchange			Parent Trading arrangements services in stock and commodity markets, repository activities
CC Clearing Center MFB (JSC)	96.71	84.09	Clearing and central counterparty services
PJSC Best Efforts Bank	73.73	73.73	Brokerage services, depository services, settlement depositary services, banking transactions services
JSC Best Execution	70.44	69.61	Information and technical support services
JSC Voskhod	100.00	100.00	Computer and IT-related services
JSC Best Stocks	50.10	−	Provision of analytical data

Central Counterparty Clearing Center MFB (joint-stock company) (hereinafter, "CC Clearing Center MFB (JSC)") is registered at the US tax authority (The Internal Revenue Service (IRS)) as a Participating Foreign Financial Institution under registration number (Global Intermediary Identification Number (GIIN)) V77P0L.99999.SL.643. PJSC Best Efforts Bank is also registered at the Internal Revenue Service as a Participating Foreign Financial Institution under registration number (Global Intermediary Identification Number (GIIN)) B57WNA.99999.SL643. The Internal Revenue Service assigned PJSC Best Efforts Bank Qualified Intermediary − Employer Identification Number (QI-EIN) 98-0242949.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

1. CORPORATE INFORMATION (continued)

As at 31 December 2020 and 31 December 2019, the voting shares of PJSC SPB Exchange were held by the following shareholders:

	31 December 2020	31 December 2019
NP RTS Association	54.12%	60.71%
Freedom Holding Corp.	12.82%	–
PJSCB DERZHAVA	5.77%	4.52%
Other shareholders with less than 5% votes	27.29%	34.77%
Total shares	**100.00%**	**100.00%**

As at 31 December 2020, 7.16% (31 December 2019: 11.25%) of the share capital of PJSC SPB Exchange were owned by individuals, including the Group's key management personnel. These shareholders concluded shareholders' agreements with the NP RTS Association, according to which the NP RTS Association may provide shareholders with mandatory instructions on voting during general shareholders' meetings. As at 31 December 2020, the total voting share of the NP RTS Association, the shareholders' agreements included, was 61.28% (31 December 2019: 71.97%).

On 30 April 2021, the Group has issued its consolidated financial statements for the year 2020 and 2019. The current financial statements are issued in addition to those financial statements to provide the readers with information on the subsequent events occurred between 30 April 2021 and the date of approval of these financial statements, as well as to provide certain additional disclosures on the Group's operations. The following changes were made in these consolidated financial statements compared to the Group's consolidated financial statements approved on 30 April 2021:

- These consolidated financial statements exclude comparative financial information as of and for the year ended 31 December 2018;
- Basic and diluted earnings per share were disclosed taking into account adjusting subsequent event – split of shares (see Note 27 and Note 35);
- The Group changed the approach to the management accounts' analysis and presented the segment analysis in Note 29 in different, more comprehensive way;
- The Group added disclosures on transactions with related parties-trading participants and on acquisition of intangible assets from related parties in Note 34;
- The Group updated disclosure on subsequent events in Note 35.

2. BASIS OF PRESENTATION

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

PJSC SPB Exchange, CC Clearing Center MFB (JSC) and PJSC Best Efforts Bank maintain accounting records in accordance with Industry-Specific Accounting Standards (hereinafter, "ISAS") approved by the Bank of Russia for non-credit and credit financial institutions. Other companies of the Group maintain accounting records in accordance with Russian Accounting Standards (hereinafter, "RAS") developed by the Russian Ministry of Finance. The accompanying consolidated financial statements based on the accounting records have been appropriately adjusted to conform to IFRS requirements.

The consolidated financial statements have been prepared under the historical cost convention except for owned buildings and certain financial assets and liabilities measured at fair value in accordance with IFRS 9.

These consolidated financial statements have been presented as if PJSC Best Efforts Bank was under the Group's control since the date when the controlling shareholder of the Group acquired control over the Bank, and the SPB Exchange owned the same share as it owned as at 31 December 2020. Given these circumstances, it was possible to consolidate PJSC Best Efforts Bank retrospectively: 2019 comparative figures were restated to include the Bank's financial position and performance.

2. BASIS OF PREPARATION (continued)

The Bank's financial indicators were included in the consolidated financial statements based on the pooling of interests method; therefore, the Bank's assets and liabilities in each group were not measured at fair value for the purposes of business combinations except for certain assets of the Bank, such as financial assets and liabilities at fair value and the owned building that the Bank always measured at fair value. Other assets and liabilities were measured based on amounts included in the financial statements of PJSC Best Efforts Bank prepared in accordance with IFRS, which were initially included in the consolidated financial statements of the NP RTS Association.

Key estimates and assumptions

These consolidated financial statements have been prepared using the going concern basis of accounting. The Group has no intention or need to reduce operating activities.

Management and shareholders intend to keep developing the stock exchange business and accompanying services. Management assessed the Group's ability to continue as a going concern in the nearest future under external influence on the going concern. The going concern assumption of the Group is based on high capital adequacy ratios, a balanced structure of assets and liabilities and the ability to effectively manage processes both within the Group and when interacting with other financial market participants, as well as a high potential for the development of financial services in the Russian Federation. Based on previous experience, management believes that short-term liabilities will be easily refinanced in the normal course of business.

The preparation of financial statements requires making estimates and assumptions that may affect the reported amounts of assets and liabilities, including disclosed amounts of income and expenses generated during the reported period. The major part of the Group's accounting policies includes the most significant provisions reflecting its financial position and performance and requiring the Group's management to make the most complex, subjective and comprehensive assumptions.

Due to the uncertainty of factors related to accounting estimates and judgments used in the preparation of the Group's financial statements, actual results may vary from these estimates.

Sections of the financial statements deemed the most important by the management, which are affected by professional estimates and assumptions, are presented below.

Fair value measurement of financial instruments. In determining fair values of financial instruments, the Group uses observable market inputs to the extent that they are available. If there are no such inputs, the Group uses internal assessment models to determine the fair value of financial instruments.

Lease liabilities and right-of-use assets measurement. The Group determines the expected lease term based on management's plans rather than on contractual obligations. The present value of lease liabilities is calculated based on borrowing rates applicable to each lessee in accordance with IFRS 16.

Impairment of property and equipment and intangible assets. At each reporting date, management assesses the carrying amounts of tangible and intangible assets to identify possible indications that they may be impaired. Measurement of impairment loss is subjective.

Allowance for expected credit losses (ECL allowance) for financial assets at amortized cost and debt financial assets at fair value through other comprehensive income. At each reporting date, management assesses expected credit losses. Impairment for these assets are calculated as the difference between all the contractual cash flows and all the cash flows that the entity expects to receive. Expected credit losses are determined based on the probability of default of a counterparty (PD) applied to the exposure at default (EAD) of the asset, and loss given default of a counterparty (LGD) considering the time value of money. Estimation of probability of default, changes in credit risk and exposure at default requires the Group's management to apply professional judgment.

Useful lives of property and equipment. The estimation of the useful life of an item of property and equipment is subject to management's judgment, which is based on the experience of using other similar assets. In determining the useful life of assets, management considers such factors as the pace of technical obsolescence, physical wear and conditions of use. Changes in the factors may affect depreciation rates in the future.

Useful lives of intangible assets. The Group assesses initially the useful live of intangible assets and reconfirm it annually. In assessing the useful life of an asset, management considers such factors as the expected use of an asset, usual life cycle, technical obsolescence, etc.

2. BASIS OF PREPARATION (continued)

Taxation

The provisions of the Russian tax legislation may be interpreted ambiguously.

Management's interpretation of tax legislation as applied to the Group's transactions and activities may be challenged by the relevant regional or federal authorities. The tax authorities may take a more assertive position in their review of tax assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, additional taxes, penalties and interest may be accrued.

Management believes that the Group's interpretation of the tax legislation is appropriate and that its tax positions will be sustained. Usually, tax authorities review taxpayers' tax returns for the last three calendar years preceding the year of review. However, completed tax reviews do not exclude the possibility of additional tax reviews by a higher-level tax authority.

The Group recognizes deferred tax assets and liabilities as a result of expected future tax consequences of differences between the amounts of assets and liabilities in the consolidated financial statements and their tax bases, and as a result of the use of prior year tax losses in future periods and provision of tax credits at tax rates that are expected to be effective at the time of reversal of these differences.

Functional and presentation currency

The monetary unit used as the functional currency and the presentation currency of these consolidated financial statements is the Russian ruble (RUB or ruble), which reflects the nature of the Group's business. The financial statements are presented in thousands of Russian rubles, unless otherwise indicated.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES

Consolidated financial statements

Subsidiaries are all companies, in which the Group directly or indirectly owns more than half of the voting shares or controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the those companies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date when control is transferred to the Group (acquisition date) and are deconsolidated from the date when such control ceases.

The Group accounts for business combinations by applying the acquisition method except for business combination under common control. The consideration transferred in a business combination is measured at fair value, which is the sum of the acquisition-date fair values of the assets, the liabilities incurred and the equity interests issued. In case the business combination results from a single transaction, the acquisition date is the date of which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquire − the closing date. In case the business combination is performed in stages by gradually acquiring shares, the acquisition date is the date on which it obtains control over a subsidiary.

All intragroup transactions, balances and unrealized gains on those transactions are eliminated. Unrealized losses are also eliminated, unless the cost cannot be recovered. The SPB Exchange and all its subsidiaries use unified accounting policies, consistent with the Group's policies.

The non-controlling interest is the part of the net results and equity in a subsidiary not attributable, directly or indirectly, to the Group. The non-controlling interest forms a separate component of the Group's equity.

Business combinations under common control

The acquisition of subsidiaries from controlling shareholders by the Group is recognized as transactions under common control and accounted for using the pooling of interests method. The assets and liabilities of an acquired subsidiary are not necessarily measured at fair value for the purposes of business combinations. The assets and liabilities of an acquired subsidiary are included in the consolidated financial statements of the Group retrospectively since the date the controlling shareholder of the Group obtained control over this subsidiary. Comparatives as at previous reporting dates are restated including financial results and financial position of an acquired subsidiary.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

The consideration transferred in a business combination is measured at fair value, which is the sum of the acquisition-date fair values of the assets, the liabilities incurred and the equity interests issued. In case the business combination results from a single transaction, the acquisition date is the date of which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquire − the closing date. In case the business combination is performed in stages by gradually acquiring shares, the acquisition date is the date on which it obtains control over a subsidiary. The financial result of business combinations under common control is directly taken to the Group's retained earnings.

Investment in associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but over which the Group does not obtain control or joint control. Investment in associates is accounted for under the equity method and is initially recognized at cost, including goodwill. Subsequent changes in the carrying amount reflect the post-acquisition changes in the share of net assets of the associate. The Group's share of its associates' profits or losses is recognized in the consolidated statement of comprehensive income, and its share of movements in provisions is recognized in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds the cost of investment in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments to, or on behalf of the associate.

Unrealized gains on transactions between PJSC SPB Exchange and its associates are eliminated in proportion of the Group's share in the associates; unrealized losses are also eliminated unless the evidence of an impairment of the asset is provided.

Cash and cash equivalents

Cash and cash equivalents comprise cash, cash on clearing accounts with credit institutions, and bank deposits maturing within less than 3 months from the origination date.

Financial instruments

Classification of financial assets

Financial assets are classified as subsequently measured at ***amortized cost, at fair value through other comprehensive income or at fair value through profit or loss***, based on the following:

(a) The Group's business model for managing financial assets.

(b) The financial asset's contractual cash flow characteristics.

A financial asset is measured at ***amortized cost*** if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at ***fair value through other comprehensive income*** if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at ***fair value through profit or loss*** unless it is measured at amortized cost or fair value through other comprehensive income.

The Group may make an irrevocable election at initial recognition of certain investments in equity instruments that otherwise would be measured at fair value through profit or loss to present subsequent changes in their fair value in other comprehensive income.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

At initial recognition, the Group may make an irrevocable election to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise due to the use of different bases to measure assets or liabilities or the recognition of associated profit or loss.

Classification of financial liabilities

Financial liabilities are classified as measured subsequently at amortized cost, except:

(a) Financial liabilities at fair value through profit or loss.

(b) Financial liabilities arising when the transfer of a financial asset does not qualify for derecognition or the principle of accounting for continuing involvement is applied.

(c) Financial guarantee contracts. After initial recognition, a party issuing such contract should subsequently measure such contract at the higher of the following:

  (i) Amount of provision for losses, and

  (ii) Initially recognized amount less, as applicable, total amount of income recognized in accordance with IFRS 15.

(d) Loan commitments at below-market interest rates. A party assuming such commitment should subsequently measure it at the higher of the following:

  (i) Amount of provision for losses, and

  (ii) Initially recognized amount less, as applicable, total amount of income recognized in accordance with IFRS 15.

(e) Contingent consideration recognized by the acquirer under the business combination regulated by IFRS 3. Such contingent consideration is measured subsequently at fair value through profit or loss.

Recognition of financial instruments

The Group recognizes financial assets or liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Measurement of financial instruments

Except for trade accounts receivable, initially, the Group measures a financial assets or financial liability at fair value which is increased or decreased, for financial assets or liabilities not measured at fair value through profit or loss, by transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

At initial recognition, the Group measures trade accounts receivable at cost that approximates fair value at origination date.

Subsequent to initial recognition, the Group measures financial assets at:

(a) Amortized cost;

(b) Fair value through other comprehensive income;

(c) Fair value through profit or loss.

Subsequent to initial recognition, the Group measures financial liabilities at amortized cost and at fair value through profit or loss.

Amortized cost

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition minus payments of principal, plus or minus the cumulative amortization calculated using the effective interest rate method (of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating income or expense to the relevant period.

The effective interest rate is the rate that exactly discounts the estimated future cash inflows over the expected useful life of the debt instrument or a shorter period, where appropriate, to the net carrying amount at initial recognition.

The effective interest rate method is not used and the effective interest rate is not determined in the following cases:

- Financial instruments mature within less than one year at initial recognition.
- Financial instruments mature within more than one year at initial recognition, and the difference between the amortized cost of the financial instrument determined based on the effective interest rate method, and the amortized cost of the financial instrument determined on a straight-line basis is insignificant.
- Financial instruments mature on demand.

Fair values of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction on an organized market between two willing independent parties, other than in a forced sale or liquidation, and is best evidenced by the quoted market price of a financial instrument.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its *highest and best use* or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation models that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The following methods and assumptions are used to measure fair value:

- Cash and cash equivalents, accounts receivable and payable approximate their carrying amounts mainly due to the short maturity of these instruments.
- The fair value of loans and borrowings is calculated by discounting future cash flows using market interest rates on debt liabilities issued on similar terms and having similar credit risk and remaining maturities.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques using inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

Recognition of expected credit losses

The Group recognizes an allowance for ECL for financial assets at amortized cost and debt financial assets at fair value through other comprehensive income.

The ECL allowance for financial assets at fair value through other comprehensive income is recognized in other comprehensive income and does not decrease the carrying amount of the financial asset in the statement of financial position.

The Group measures the ECL allowance for a financial instrument in the amount equal to expected credit losses over the entire life if there has been a significant increase in credit risk since the date of initial recognition. For accounts receivable, the Group measures the ECL allowance in an amount equal to lifetime expected credit losses.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

If credit risk of a financial instrument has not increased significantly since its initial recognition, the Group measures the ECL allowance for this financial instrument in an amount equal to 12-month expected credit losses.

If in the previous reporting period the Group assessed the ECL allowance for a financial instrument in an amount of lifetime expected credit losses, and determines at the current reporting dates that the requirements have not been met, the Group assesses the allowance in an amount equal to 12-month expected credit losses at the current reporting dates.

The Group recognizes the amount of expected credit losses (or its reversal), required to adjust the allowance for losses at the reporting dates to the amount that should be recognized in accordance with IFRS 9, within profit or loss as impairment profit or loss.

Derecognition

The Group writes off financial assets only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and the respective risks and rewards to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize its interest in such asset and the associated liabilities. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognize the financial asset and recognizes the amounts received on such transfer as a secured loan. The Group also derecognizes assets received under reverse repurchase transactions when no obligations arise to pay ultimate buyers any amounts if the Group does not receive equivalent amounts on the initial asset.

Repurchase and reverse repurchase agreements

Securities sold under an obligation to repurchase on a specified date in the future (direct repo agreements) are not derecognized in the statement of financial position. The respective amount of cash received including interest accrued is recognized in the statement of financial position within financial liabilities at amortized cost. The difference between the sale price and the subsequent repurchase price is treated as interest expense within respective line item of consolidated statement of comprehensive income and accrued over the life of the agreement using the effective interest rate method.

Securities acquired with an obligation to sell at a specified date in the future (reverse repurchase agreements) are not recognized in the statement of financial position. The respective amount of cash paid including interest accrued is recognized in the statement of financial position within financial assets at amortized cost. The difference between the purchase price and the subsequent sale price is treated as interest income within respective line item of consolidated statement of comprehensive income and accrued over the life of the agreement using the effective interest rate method.

Acting as a central counterparty, CC Clearing Center MFB (JSC) becomes a party in each repo agreement between the clearing participants. Repo agreements of the central counterparty are recognized as financial assets and liabilities at amortized cost. Interest income and expense on repo transactions with the central counterparty are recognized on a net basis if they meet offsetting criteria in accordance with IAS 32 *Financial Instruments: Presentation*.

In cases stipulated by IFRS 9, CC Clearing Center MFB (JSC) derecognizes assets under reverse repurchase agreements when CC Clearing Center MFB (JSC) has no obligation to pay amounts to the ultimate recipients unless it collects equivalent amounts from the initial asset.

Assets and liabilities under repurchase agreements are partially set off in accordance with IAS 32. Offsetting of financial assets and financial liabilities in the consolidated statement of financial position is disclosed in Note 31.

Provisions − contingencies

Provisions are recognized when the Group has an obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

The amount of the recorded provision is determined as the best estimate of the amount required to settle the liabilities at the reporting dates, taking into account the risks and uncertainties specific to such liabilities. When the provision is measured using the cash flows estimated to settle the liability, the provision for future expenses is determined as the discounted amount of such cash flows.

If payments required to settle the obligations are expected to be partially or fully reimbursed by a third party, the corresponding receivables are recognized as an asset if the Group is virtually certain that the reimbursement will be received and if the amount of such receivables can be reliably estimated.

Contingent assets and liabilities are not recognized in the financial statements but are disclosed if an inflow or outflow of economic benefits is possible.

Intangible assets

Intangible assets acquired separately

Intangible assets are initially measured at cost.

The cost of a separately acquired intangible asset comprises:

(a) The purchase price of the intangible asset, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

(b) Any directly attributable cost of preparing the asset for its intended use.

Internally generated intangible assets

Development costs directly attributable to identifiable and unique software that is controlled by the Group are capitalized, and the internally generated intangible asset is recognized only if it is highly likely to generate future economic benefits exceeding costs beyond one year, and if the development costs can be reliably estimated. An internally generated intangible asset is recognized only if the Group has the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. Direct cost includes personnel expenses, depreciation of equipment used to generate an intangible asset, and lease payments. Expenditure on research are recognized as an expense when incurred.

Subsequent measurement

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Amortization is charged on a straight-line basis over the useful lives of intangible assets. The estimated useful live are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for prospectively.

The estimated useful lives of intangible assets for the current and comparative periods are as follows:

Group	Useful life, years
Software	5-15
Licenses and other intangible assets	1-8

Derecognition of intangible assets

An intangible asset is derecognized upon sale or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Property and equipment

Property and equipment in the category *Buildings and constructions* owned by the Group, the fair value of which can be reliably measured, are carried at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Items of this category are remeasured at least once every three years.

Property and equipment of other groups are carried at acquisition cost less accumulated depreciation and any accumulated impairment loss.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amounts of property and equipment are reviewed by the Group at the end of each reporting year to assess whether they exceed recoverable amounts. If the carrying amount of property and equipment exceeds their recoverable amount, the carrying amount of property and equipment is reduced to their recoverable amount. Impairment is recognized in the respective period and is included in administrative expenses.

Depreciation is accrued to write off the cost of assets using the straight-line method over their expected useful lives. Expected useful lives and residual values of assets are reviewed at each year-end. Changes in these measurements are accounted for prospectively.

The table below presents the ranges of useful lives of property and equipment by group:

Group	Useful life, years
Buildings and constructions owned	10-50
Buildings and constructions leased	2-5
Office and other equipment	3-10
Furniture	3-10

Impairment of tangible assets and intangible assets

The carrying amount of assets, other than deferred tax assets, is reviewed annually for any indication of impairment. If any such impairment is identified, the recoverable amount of the corresponding assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is measured as the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the asset. For assets not generating cash flows independent of those from other assets, the recoverable amount is determined for all the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying amount, less their residual value (if any), on a straight-line basis over their remaining useful lives.

Where an impairment loss reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized immediately in profit or loss.

Inventories are measured at the lower of cost and net realizable value.

Retirement obligations

In the course of its business, the Group makes mandatory contributions to the Pension Fund of the Russian Federation on behalf of its employees. Mandatory contributions to the governmental pension fund are recognized when incurred. Pension contributions are recognized within personnel expenses in the consolidated statement of comprehensive income.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at the official foreign exchange rate of the Bank of Russia ruling at the date of the transaction. Monetary assets and liabilities nominated in foreign currencies at the reporting dates are translated to the functional currency at the exchange rate ruling at the reporting dates. Non-monetary assets and liabilities nominated in a foreign currency and recorded at historical cost are translated to the functional currency at the exchange rate effective at the date of the transaction. Non-monetary assets and liabilities nominated in foreign currencies that are recorded at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Translation differences arising from changes in exchange rates are recognized within *Net income from foreign currencies transactions* in the consolidated statement of comprehensive income.

Exchange rates of the Russian ruble to key currencies, in which the Group operates, set by the Bank of Russia at the reporting dates are as follows:

	31 December 2020	31 December 2019
USD	73.8757	61.9057
EUR	90.6824	69.3406

Recognition of revenue

Revenue is recognized at the fair value of consideration received or receivable and represents the amount receivable for services provided in the normal course of business, net of VAT and discounts.

Fee and commission income

Fee and commission income and expense are recognized when services are rendered. Key types of fee and commission income are included in the following categories:

Clearing center services: CC Clearing Center MFB (JSC) collects payments for providing access to clearing services and a clearing fee comprising fixed and variable parts calculated based on tariff plans that apply to clearing participants, and other fees and commissions for providing services related to clearing.

Stock market services: SBP Exchange collects the following fees: a fixed fee for providing access to organized securities trading, a fee for issuing extracts from the register of applications and the register of contracts, and an exchange fee for concluding contracts to be paid by the trading participants of various categories.

Brokerage services: the Bank collects fees for providing services to professional financial market participants for granting access to the Russian (Saint-Petersburg and Moscow Exchanges) and international (CME Group, EBS currency market, American and European stock markets) platforms.

Information services: the Group generates revenue from providing summarized stock information on a subscription basis and data on risk rates that may be used to determine the amount of initial margin for brokers' customers. The amount comprises fixed and variable tariffs depending on the number of instruments for which the information is provided.

Servicing and maintaining bank accounts: the Bank collects fees from customers for opening and maintaining settlement and current accounts in rubles and foreign currencies, making payments in Russia and abroad, performing all types of cash transactions, acceptance and transfer of cash on accounts, online banking services using the "Client-Bank" system, purchase and sale of foreign currencies for rubles in cash and non-cash forms on stock and interbank markets, issue of statements of transactions and account status, issue of copies of payment documents, cash collection and forwarding of valuables, acting as a currency control agent, etc.

Repository services: as a repository, SPB Exchange collects fees for centralized post-trading collection and electronic storage of data on OTC transactions with financial instruments.

Listing services: SPB Exchange collects fees for performing preliminary document review, inclusion of securities in the List, listing of securities during placement (service rendered to issuers of securities) or during trading (service rendered to issuers of securities and other stakeholders), maintaining securities in the List, registration of exchange-traded bonds.

3. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES (continued)

Commodity market services: SPB Exchange collects a fixed fee for providing access to trading and access of goods, as well as an exchange fee from participants trading in the commodity section of SPB Exchange for registration of exchange contracts. The amount of the exchange fee is calculated as a percentage of the amount of exchange contracts for a month and is limited by a minimal threshold.

Market maker services: the Bank as a market maker collects fees for services to maintain trading volumes in stock exchanges.

Depositary transactions: the Bank collects fees for opening, maintaining of and issuing statements from depository accounts, issuing statements of transactions performed, performing inventory transactions with securities, registering securities in the shareholders' register and acting as a settlement depository.

Other operating income

The Group generates other income from brokerage activity, other than fee and commission income.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis and calculated using the effective interest rate method, where applicable.

Income tax

Income tax expenses represent the sum of current and deferred taxes.

Current income tax

The amount of current tax is determined on the basis of taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expenses that are taxable or deductible in other periods, and does not include items that are never taxable or deductible. Current income tax liabilities are measured based on tax rates that have been enacted or substantively enacted at the reporting dates.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities as recognized in the consolidated financial statements and their tax base. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Tax assets and liabilities are not recognized in the financial statements if the temporary differences are related to goodwill or arise from the initial recognition of other assets and liabilities in transactions (other than business combinations) that affect neither the taxable profit nor the accounting profit.

Deferred income tax assets and liabilities are measured using tax rates and tax laws enacted or substantively enacted at the reporting dates and expected to apply in the period when the tax asset is realized or the liability is settled. The measurement of deferred tax liabilities and assets reflects tax consequences of management's intentions (as at the reporting dates) with respect to the methods used to recover or settle the carrying amount of assets and liabilities.

Deferred tax assets and liabilities are recorded on a net basis when there is a legally enforceable right to set off current tax assets against current tax liabilities related to income taxes levied by the same taxation authority and management intends to settle current tax assets and liabilities in such a way.

Current and deferred taxes for the reporting periods

Current and deferred taxes are recognized in profit or loss in the consolidated statement of comprehensive income, except when they relate to items directly credited or debited either in other comprehensive income or in equity (in that case the tax is also recognized directly in equity), or if they are recognized as a result of initial accounting for business combinations. The tax effect of business combinations is recorded when accounting for those transactions.

Earnings/loss per share

Earnings/loss per share are determined by dividing net profit or loss attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares outstanding during the reporting year.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

4. NEW STANDARDS AND INTERPRETATIONS

The following amendments to the existing standards became effective on or after 1 January 2019:

IFRS 16 *Leases* became effective on 1 January 2019, and the Group changed its accounting policies amending the procedure for recognition, measurement, presentation and disclosure of leases in its financial statements.

The Group applied the standard using the modified retrospective method without restating comparative information. When adopting IFRS 16 *Leases*, the Group decided to use a practical expedient allowing not to revise the results of the previous assessment of transactions to identify leases. The Group applied IFRS 16 *Leases* only to those contracts that were previously identified as leases. Accordingly, the definition of a lease under IFRS 16 *Leases* was applied only to contracts concluded on or after 1 January 2019.

The Group recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost and subsequently at cost less accumulated depreciation and impairment losses, adjusted for the purposes of recognition of revalued lease liabilities.

Lease liabilities are initially measured at the present value of lease payments not yet made at the commencement date of the lease and discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses the market borrowing rate as a discount rate.

Subsequently, the carrying amount of a lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. It is remeasured where there is a change in future lease payments resulting from a change in an index or a rate, or where there is a change in the expected amounts payable under residual value guarantees, or a change in the assessment of whether the purchase or renewal options are reasonably certain to be exercised or the termination option is reasonably certain not to be exercised, where applicable.

The effect on the consolidated financial statements at the transition date:

	1 January 2019
Operating lease payments due (less than 1 year) recognized in the financial statements at 31 December 2018 within contingencies	7,474
Future lease payments under IFRS 16 considering the expected lease terms and renewal options	12,849
Effect of discounting	(2,453)
Lease liabilities	**17,870**
Right-of-use assets	**17,870**

At transition date, the Group recognized lease liabilities in the amount of RUB 17,870 thousand, and right-of-use assets in the equal amounts. The transfer to accounting for leases under IFRS 16 *Leases* had no impact on retained earnings for previous periods.

The following amendments to the existing standards became effective on 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, they clarify that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 7, IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any hedging relationships that could be affected by the interest rate benchmark reform.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

4. NEW STANDARDS AND INTERPRETATIONS (continued)

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition which states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users of the financial statements. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

5. BUSINESS COMBINATION UNDER COMMON CONTROL

The report on the results of the additional issue of PJSC SPB Exchange’s securities was registered in March 2020. In the course of the issue, 745,154 ordinary shares at par value of RUB 150 per share were placed. The shares were purchased by both new investors and the existing shareholders of PJSC SPB Exchange. The shares were placed at RUB 1,777 per share. The total amount of cash contributed to pay for the placed securities was RUB 817,001 thousand. The NP RTS Association contributed ordinary shares of PJSC Best Efforts Bank of RUB 507,138 thousand to pay for the placed shares. As a result, PJSC SPB Exchange acquired control over PJSC Best Efforts Bank.

SPB Exchange and the NP RTS Association commonly owned the following interests in the share capital of PJSC Best Efforts Bank:

	31 December 2020	31 December 2019
NP RTS Association	25.36%	92.85%
PJSC SPB Exchange	73.73%	6.25%
Total ownership interest in the Bank	**99.09%**	**99.10%**

After acquiring 67.49% of shares of PJSC Best Efforts Bank from the NP RTS Association in January 2020, the ownership interest of SPB Exchange in the share capital of the Bank comprised 73.73%. As a result of the business combination under common control, the extent of control over PJSC Best Efforts Bank by SPB Exchange and its parent generally did not change. As the NP RTS Association is the controlling shareholder of SPB Exchange and was also the controlling shareholder of the Bank before the transfer of the Bank’s shares, the business combination is a common-control transaction. SPB Exchange’s 6.25% share in the share capital of the Bank acquired before January 2020 was remeasured at fair value as at the date of gaining control over the Bank.

The Group applied a retrospective approach to the recognition of the common-control transaction and the inclusion of performance indicators of PJSC Best Efforts Bank in these consolidated financial statements.

6. CHANGES IN COMPARATIVE INFORMATION

The items of the consolidated statement of comprehensive income and consolidated statement of financial position of these consolidated financial statements mainly differ from the indicators presented in the previous financial statements at the same reporting dates and for the same periods due to the application of a retrospective approach to the PJSC Best Efforts Bank consolidation. The Bank’s financial position and performance indicators less intragroup balances and turnovers comprise the difference.

The Group changed its accounting policies regarding the presentation of the consolidated statement of cash flows. Starting from the year ended 31 December 2020, the Group presents cash flows from operating activities using the indirect method instead of the direct method that had been applied in previous periods. The Group believes that the indirect method of presenting cash flows from operating activities shows more relevant and reliable information to users of the financial statements and investors since it corresponds to market practice and allows comparing indicators with those of industry peers. The consolidated statement of cash flows for the year ended 31 December 2019 is presented according to the new approach.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

6. CHANGES IN COMPARATIVE INFORMATION (continued)

In addition to the retrospective inclusion of the Bank in these consolidated financial statements and the amendment to accounting policies regarding the consolidated statement of cash flows, comparatives were adjusted as described below. These changes did not have any material effect on EPS for 2019.

Recognition of the option program under IFRS 2 *Share-based Payment*

The Group retrospectively revised the approach to the recognition of the option program. In 2018, the Group provided loans to employees to purchase PJSC SPB Exchange's shares with limited recourse on the following terms: loans were issued for five years at a below-market interest rate, the shares were pledged to the Group until a loans are repaid; and during the term of the loans, the employees should either repay the loan in cash (in which case shares become free from any encumbrances) or withdraw from the arrangement (in which case shares should be returned). During the term of the loans, employees were not required to achieve any performance conditions. According to IFRS 2 *Share-based Payment,* these arrangements are share-based payments that do not depend on subsequent achievement of a performance condition by the employees; therefore, these expenses are recognized in full at the grant date fair value of the renumeration. The terms of these arrangements are similar to the terms of options exercisable within five years. Accordingly, option fair value was measured based on the option valuation model. Earlier, these arrangements were recognized as disposal of treasury shares with deferred payment. Adjustments to the financial statements are presented below:

Item of the consolidated statement of financial position	Adjustments at 31 December 2019
Financial assets at amortized cost	(27,122)
Deferred tax assets	(677)
Effect of changes on assets	**(27,799)**
Treasury shares	(30,505)
Retained earnings	2,706
Effect of changes on equity and liabilities	**(27,799)**

Item of the consolidated statement of comprehensive income	Adjustments for 2019
Trade and investment income less expenses	264
Interest income	(2,390)
Administrative expenses	–
Income tax expense	425
Profit/(loss) for the period	**(1,701)**

Item of the consolidated statement of changes in equity	Adjustments for 2019			
	Treasury shares	Share premium	Retained earnings	Total
Disposal of treasury shares	(1,631)	(371)	–	**(2,002)**
Retained earnings	–	–	(1,701)	**–**

In 2020, loans payable by employees were transferred to the NP RTS Association.

Write-off of revaluation reserve for intangible assets

The Group revised retrospectively the approach to the recognition of a part of intangible assets earlier measured at fair value. The Group retrospectively excluded the revaluation reserve adjusting intangible assets to cost. Adjustments to the financial statements are presented below:

Item of the consolidated statement of financial position	Adjustments at 31 December 2019
Intangible assets	(75,204)
Deferred tax assets	4,236
Effect of changes on assets	**(70,968)**
Revaluation reserve	(70,146)
Uncovered loss	(822)
Effect of changes on equity and liabilities	**(70,968)**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

6. CHANGES IN COMPARATIVE INFORMATION (continued)

Item of the consolidated statement of comprehensive income	Adjustments for 2019
Administrative expenses	8,227
Income tax expense	(1,645)
Profit/(loss) for the period	**6,582**

	Adjustments for 2019		
Item of the consolidated statement of changes in equity	Revaluation reserve	Uncovered loss	Total
Amortization of revaluation reserve for intangible assets	4,765	(4,765)	–

Repurchase agreements concluded with the central counterparty Clearing Center MFB (JSC)

The Group recognizes repurchase agreements with certain counterparties on a net basis in accordance with IAS 32. Due to the clarification of criteria for offsetting counter claims, it became necessary to additionally recognize certain repurchase agreements in the consolidated statement of financial position without offsetting. Adjustments to the consolidated financial statements are presented below:

Item of the consolidated statement of financial position	Adjustments at 31 December 2019
Financial assets at amortized cost	41,158
Effect of changes on assets	**41,158**
Financial liabilities at amortized cost	(41,158)
Effect of changes on equity and liabilities	**(41,158)**

7. FEE AND COMMISSION INCOME

	2020	2019
Clearing center services	1,760,944	226,165
Stock market services	780,407	100,720
Brokerage services	134,237	122,677
Information services	24,916	20,862
Servicing and maintaining bank accounts	24,831	14,335
Repository services	9,790	7,777
Listing services	9,546	8,456
Commodity market services	6,442	8,784
Information and technical support services	6,353	5,197
Outsourcing	4,548	4,657
Market maker services	2,998	9,449
Depositary operations	2,075	7,426
Other fee and commission income	2,339	3,063
Total	**2,769,426**	**539,568**

8. INTEREST INCOME

	2020	2019
Interest income on repurchase agreements	221,381	87,558
Interest income on financial assets at fair value through other comprehensive income	45,840	78,194
Interest income on loans issued	12,111	4,011
Interest income on amounts due from credit institutions	1	(75)
Interest income on financial assets at amortized cost	–	1,034
Total	**279,333**	**170,722**

Interest income of all categories is calculated based on the effective interest rate method.

9. NET TRADE AND INVESTMENT INCOME/(EXPENSES)

	2020	2019
Losses less gains from financial instruments mandatorily classified as at fair value through profit or loss	(5,066)	(21,287)
Gains less losses from derivative financial instruments with securities as an underlying asset	5,932	4,382
Gains less losses from financial instruments classified as at fair value through other comprehensive income	15,877	4,939
Losses less gains from recognition and derecognition of financial assets at amortized cost	–	(67)
Total	**16,743**	**(12,033)**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

10. NET INCOME FROM DEALING IN FOREIGN CURRENCIES

	2020	2019
Net losses from derivative financial instruments with foreign currency as an underlying asset, including	(77,646)	(4,149)
Swaps	*(79,908)*	*(4,130)*
Other derivative financial instruments	*2,262*	*(19)*
Net (losses)/gains from revaluation of foreign currency denominated assets and liabilities	205,602	(52,644)
Net gains/(losses) from purchase and sale of foreign currency	(52,940)	74,141
Total	**75,016**	**17,348**

11. DIRECT OPERATING EXPENSES

	2020	2019
Brokerage services	(602,167)	(146,154)
Market maker services	(120,217)	(11,143)
Clearing services	(76,844)	(24,401)
Depositary services	(39,698)	(72,725)
Stock market services	(27,695)	(18,432)
Obtaining market data	(19,907)	(12,448)
Technical and software support services	(12,315)	(12,847)
Submitting applications	(3,942)	(2,091)
Other direct operating expenses	–	(381)
Total	**(902,785)**	**(300,622)**

12. INTEREST EXPENSE

	2020	2019
Interest expense on loans and borrowings	(28,336)	(39,906)
Interest expense on repurchase agreements	(22,167)	(8,416)
Interest expense on leases	(1,822)	(1,207)
Interest expense on current accounts and deposits from customers	(1,635)	(861)
Total	**(53,960)**	**(50,390)**

Interest expense of all categories is calculated based on the effective interest rate method.

13. ALLOWANCES FOR IMPAIRMENT OF FINANCIAL ASSETS

Information on changes in the allowance for impairment and expected credit losses (hereinafter, "ECL") on the Group's financial assets is presented below:

		Financial assets at amortized cost					
	Cash and cash equivalents	**Amounts due from financial institutions**	**Amounts transferred under repurchase agreements**	**Loans and borrowings issued**	**Debt securities**	**Accounts receivable**	**Total**
Allowance at 31 December 2018	**8**	**7,466**	**83**	**5,728**	**20**	**1,961**	**15,266**
Net change in ECL allowance	45	(225)	80	4,201	(20)	(488)	**3,593**
Write-off against allowance	–	–	–	–	–	(422)	**(422)**
Allowance at 31 December 2019	**53**	**7,241**	**163**	**9,929**	**–**	**1,051**	**18,437**
Net change in ECL allowance	3,048	5,511	1,755	(4,474)	–	2,684	**8,524**
Write-off against allowance	–	–	–	–	–	(15)	**(15)**
Allowance at 31 December 2020	**3,101**	**12,752**	**1,918**	**5,455**	**–**	**3,720**	**26,946**

As at 31 December 2019, the Group charged 100% allowance on the investment in an associate for RUB 80 thousand. In 2020, the investment was written off against the allowance.

Allowances except for allowances for accounts receivable are charged for 12-month ECL. Allowances for accounts receivable are charged for lifetime ECL. There were no transfers of either assets or allowances between 12-month ECL and lifetime ECL categories during reporting periods.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

14. ADMINISTRATIVE EXPENSES

	2020	2019
Personnel expenses	(509,778)	(252,977)
Information and advisory services	(61,760)	(20,696)
Loss from write-off of intangible assets (Note 21) and revaluation of fixed assets (Note 22)	(29,429)	–
Maintenance and software support expenses	(16,698)	(8,524)
Amortization of intangible assets	(15,254)	(9,107)
License fees and intellectual property usage expenses	(14,066)	(8,981)
Taxes other than income tax	(12,884)	(9,032)
Depreciation of property and equipment	(12,462)	(7,560)
Communications	(11,878)	(11,916)
Office supplies	(8,193)	(3,184)
Current repair and maintenance	(6,193)	(5,874)
Banking	(4,193)	(6,585)
Representation expenses	(1,798)	(1,848)
Lease and maintenance of office premises and equipment	(1,020)	(1,176)
Advertising	(483)	(670)
Security	(230)	(306)
Insurance	(90)	(725)
Other	(6,989)	(5,978)
Total	**(713,398)**	**(355,139)**

15. OTHER EXPENSES

	2020	2019
Self-regulated organizations (SRO)	(7,000)	(5,000)
Other	(15,193)	–
Total other expenses	**(22,193)**	**(5,000)**

16. INCOME TAX

	2020	2019
Current tax	(268,641)	(8,755)
Deferred tax	(58,438)	1,845
Total	**(327,079)**	**(6,910)**

Reconciliation between the estimated and actual income tax is provided below:

	2020	2019
Profit (loss) before income tax	**1,595,893**	**975**
Tax at the statutory tax rate (20%)	**(319,179)**	**(195)**
Tax at tax rates other than the base rate	(995)	(3,262)
Adjustment on non-deductible expense	(6,905)	(3,453)
Total	**(327,079)**	**(6,910)**

The Group calculates income tax based on the tax accounts maintained in accordance with the Russian tax legislation, which may differ from International Financial Reporting Standards.

Deferred taxes reflect net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Temporary differences are mainly related to the revaluation of buildings, revaluation of securities at fair value not included in the tax records, the ability to offset accumulated tax losses in future periods, and other differences in the tax value of certain assets and liabilities from that recorded in the financial statements.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

16. INCOME TAX (continued)

The main deferred tax assets and liabilities recognized by the Group and their movements during the reporting periods were as follows:

	Statement of financial position		Statement of comprehensive income, differences recorded within profit and loss for 2020	Statement of comprehensive income, differences recorded within equity for 2020
	At 31 December 2020	At 1 January 2020		
Tax effect of deductible temporary differences				
Cash and cash equivalents	620	11	609	–
Financial assets at fair value through profit or loss	66	32	34	–
Financial assets at amortized cost	1,528	3,564	(2,036)	–
Property and equipment	9,317	4,830	4,487	–
Intangible assets	2,317	351	1,966	–
Other liabilities	7,288	1,744	5,544	–
Tax losses carried forward	10,224	81,157	(70,933)	–
Other assets	738	–	738	–
Financial liabilities at amortized cost	3,757	444	3,313	–
Total tax effect of deductible temporary differences	**35,855**	**92,133**	**(56,278)**	**–**
Tax effect of taxable temporary differences				
Financial assets at fair value through other comprehensive income	(2,102)	(2,451)	(1,050)	1,399
Financial liabilities at amortized cost	(1,937)	–	(1,937)	–
Financial assets at fair value through profit or loss	–	(3)	3	–
Property and equipment	(443)	–	(443)	–
Intangible assets	(39)	(1,306)	1,267	–
Total tax effect of taxable temporary differences	**(4,521)**	**(3,760)**	**(2,160)**	**1,399**
Deferred tax assets	**31,334**	**88,373**	**–**	**–**
Deferred tax liabilities	**–**	**–**	**–**	**–**
Deferred tax expense/benefit	**–**	**–**	**(58,438)**	**1,399**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

16. INCOME TAX (continued)

	Statement of financial position		Statement of comprehensive income, differences recorded within profit and loss	Statement of comprehensive income, differences recorded within equity
	At 31 December 2019	**At 1 January 2019**	**for 2019**	**for 2019**
Tax effect of deductible temporary differences				
Cash and cash equivalents	11	2	9	–
Financial assets at fair value through profit or loss	32	430	(398)	–
Financial assets at amortized cost	3,564	1,695	1,869	–
Investment in an associate	–	16	(16)	–
Property and equipment	4,830	5,098	(268)	–
Intangible assets	351	380	(29)	–
Other liabilities	1,744	574	1,170	–
Financial liabilities at amortized cost	444	340	104	–
Tax losses carried forward	81,157	87,263	(6,106)	–
Total tax effect of deductible temporary differences	**92,133**	**95,798**	**(3,665)**	**–**
Tax effect of taxable temporary differences				
Financial assets at fair value through other comprehensive income	(2,451)	(2,119)	5,015	(5,347)
Financial assets at fair value through profit or loss	(3)	–	(3)	–
Financial assets at amortized cost	–	(428)	428	–
Intangible assets	(1,306)	(1,376)	70	–
Total tax effect of taxable temporary differences	**(3,760)**	**(3,923)**	**5,510**	**(5,347)**
Deferred tax assets	**88,373**	**91,875**	**–**	**–**
Deferred tax liabilities	**–**	**–**	**–**	**–**
Deferred tax expense/benefit	**–**	**–**	**1,845**	**(5,347)**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

17. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on clearing accounts	9,339,341	782,236
Cash on correspondent accounts	1,376,672	276,147
Cash on accounts with the Bank of Russia (other than obligatory reserves)	337,505	46,479
Cash on hand	36,808	37,572
Cash on settlement accounts	2,196	76
Allowance for ECL	(3,101)	(53)
Total	**11,089,421**	**1,142,457**

The Group consistently determines the composition and measurement of cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows.

The Group has no restricted cash.

As at 31 December 2020, cash and cash equivalents in the amount of RUB 9,336,686 thousand or 82.20% were placed with one credit institution (31 December 2019: RUB 782,215 thousand or 68.47%).

18. FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2020	31 December 2019
Amounts transferred under reverse repurchase agreements	4,801,750	5,068,518
Amounts due from financial institutions	606,363	638,355
Loans and borrowings receivable	228,548	61,969
Financial receivables	84,737	–
Accounts receivable	28,578	24,797
Total	**5,749,976**	**5,793,639**

Each type of financial assets at amortized cost is presented below:

Amounts transferred under repurchase agreements

	Currency	31 December 2020	31 December 2019
Amounts transferred under repurchase agreements and collateralized by securities	US dollars	1,016,452	2,876,928
Effective rate, %		*(1.25)-6%*	*0.02-6%*
Amounts transferred under repurchase agreements and collateralized by securities	Russian Rubles	3,787,216	2,151,190
Effective rate, %		*0.3-9%*	*0.5-7%*
Amounts transferred under repurchase agreements and collateralized by securities	Euros	–	40,563
Effective rate, %		–	*0-6%*
Allowance for ECL		(1,918)	(163)
Total		**4,801,750**	**5,068,518**

Amounts transferred under reverse repurchase agreements and secured by securities comprise cash paid by the Group when purchasing securities under the first part of reverse repurchase agreements with the seller's obligation to repurchase the securities at a fixed future date.

Fair value of these securities received as collateral under reverse repurchase agreements and not recorded in the consolidated statement of financial position is presented below. These securities were received under reverse repurchase agreements concluded at a Russian stock exchange and over-the counter to generate investment income.

	Issuer's rating group	31 December 2020	31 December 2019
Securities			
Corporate shares	Investment rating	1,139,179	2,015,505
Bonds	Investment rating	3,201,654	3,626,597
Eurobonds of foreign governments and municipal Eurobonds		56,807	–
Depository receipts	Investment rating	–	1,728
Investment units	Investment rating	–	259
Total		**4,397,640**	**5,644,089**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

18. FINANCIAL ASSETS AT AMORTIZED COST (continued)

Amounts due from financial institutions

	31 December 2020	31 December 2019
Cash on brokerage accounts	502,924	621,172
Obligatory reserves with the CBR	116,191	24,424
Allowance for ECL	(12,752)	(7,241)
Total	**606,363**	**638,355**

Loans and borrowingsreceivable

	Currency	Nominal rate, %	Effective rate, %	31 December 2020	31 December 2019
Loans to legal entities	Russian rubles	6.5-9.3%	6.5-9.3%	228,648	66,074
Loans to customers	Russian rubles	13%	13%	5,355	5,824
Allowance for ECL				(5,455)	(9,929)
Total				**228,548**	**61,969**

Financial receivables

Financial receivables comprise settlements on foreign exchange operations under conversion transactions, derivative financial instruments, operations with securities and receivables from counterparties under agreements, under which securities are delivered on the next day after the day of entering into an agreement. The respective payment liabilities of the Group are recognized in the consolidated statement of financial position as financial liabilities at amortized cost as disclosed in Note 24.

Accounts receivable

In most cases, the age of accounts receivable under services rendered and other operations does not exceed one month.

Analysis of credit quality of financial assets at amortized cost

31 December 2020	**Current**	**Past due**	**Impaired**	**Total**
Amounts transferred under repurchase agreements	4,803,668	–	–	**4,803,668**
Amounts due from financial institutions	619,115	–	–	**619,115**
Loans and borrowings receivable	234,003	–	–	**234,003**
Financial receivables	84,737	–	–	**84,737**
Fees and commissions receivable	17,764	124	–	**17,888**
Other accounts receivable	13,470	–	940	**14,410**
Allowance for ECL	(22,781)	(124)	(940)	**(23,845)**
Total other financial assets at amortized cost	**5,749,976**	**–**	**–**	**5,749,976**

31 December 2019	**Current**	**Past due**	**Impaired**	**Total**
Amounts transferred under repurchase agreements	5,068,681	–	–	**5,068,681**
Amounts due from financial institutions	645,596	–	–	**645,596**
Loans and borrowings receivable	71,898	–	–	**71,898**
Fees and commissions receivable	12,779	2,571	–	**15,350**
Other accounts receivable	9,899	–	599	**10,498**
Allowance for ECL	(17,663)	(122)	(599)	**(18,384)**
Total financial assets at amortized cost	**5,791,190**	**2,449**	**–**	**5,793,639**

The analysis of changes in the gross carrying amount of financial assets and respective allowances for ECL demonstrates additions and repayments of financial assets at amortized cost and revaluation of financial assets nominated in foreign currencies. In the periods presented in the financial statements, no transfers of assets took place between categories where risks are measured for 12-month ECL or lifetime ECL; no transfers occurred to/from credit-impaired financial assets, either. Therefore, there were no movements in ECL allowances between these categories.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classes of financial assets at fair value through other comprehensive income

	Issuer's rating group	31 December 2020	31 December 2019
Debt instruments			
Corporate bonds and Eurobonds		**401,170**	**393,200**
	-BBB- to BBB rated	287,971	318,981
	-BB- to BB+ rated	84,959	66,899
	-B- to B+ rated	28,240	7,320
Bonds and Eurobonds of credit institutions		**184,701**	**188,523**
	-BBB- to BBB rated	45,670	76,592
	-BB- to BB+ rated	135,050	98,892
	-B- to B+ rated	3,981	13,039
Eurobonds of foreign governments and municipal Eurobonds		**58,968**	**–**
	-BB- to BB+ rated	22,574	–
	-B- to B+ rated	36,394	–
Bonds and Eurobonds of the Russian Federation	-BBB- to BBB rated	106,009	115,271
Total		**750,848**	**696,994**

For financial assets at fair value through other comprehensive income, the Group applies the impairment requirements to recognize and measure the allowance for credit losses. The allowance is recognized in other comprehensive income and does not decrease the carrying amount of a financial asset in the consolidated statement of financial position. Based on the analysis of expected credit losses as at 31 December 2020, the amount of the allowance is nil (31 December 2019: nil).

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes financial assets that are mandatorily classified as at fair value through profit or loss and represented by corporate shares of foreign issuers with high credit ratings.

21. INTANGIBLE ASSETS

	Software	Licenses and other intangible assets	Total
Cost			
At 1 January 2019	**109,176**	**3,628**	**112,804**
Additions	7,174	660	**7,834**
Disposals	(230)	(2,196)	**(2,426)**
At 31 December 2019	**116,120**	**2,092**	**118,212**
At 1 January 2020	**116,120**	**2,092**	**118,212**
Additions	537,800	3,631	**541,431**
Disposals	(10,164)	–	**(10,164)**
At 31 December 2020	**643,756**	**5,723**	**649,479**
Amortization			
At 1 January 2019	**(44,085)**	**(2,644)**	**(46,729)**
Charges	(8,864)	(243)	**(9,107)**
Disposals	223	2,196	**2,419**
At 31 December 2019	**(52,726)**	**(691)**	**(53,417)**
At 1 January 2020	**(52,726)**	**(691)**	**(53,417)**
Charges	(14,823)	(431)	**(15,254)**
Disposals	4,179	–	**4,179**
At 31 December 2020	**(63,370)**	**(1,122)**	**(64,492)**
Net book value			
At 31 December 2018	**65,091**	**984**	**66,075**
At 31 December 2019	**63,394**	**1,401**	**64,795**
At 31 December 2020	**580,386**	**4,601**	**584,987**

As at 31 December 2020, the gross carrying amount of fully amortized intangible assets in use is RUB 22,861 thousand (31 December 2019: RUB 19,111 thousand).

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

22. PROPERTY AND EQUIPMENT

	Buildings		Office and			
	Owned by the Group	RUA	other equipment	Furniture	Construction in progress	Total
Cost / revalued amount						
At 1 January 2019	**85,737**	**17,870**	**11,480**	**807**	**–**	**115,894**
Additions	–	–	498	–	–	**498**
Disposals	–	–	(1,040)	(426)	–	**(1,466)**
At 31 December 2019	**85,737**	**17,870**	**10,938**	**381**	**–**	**114,926**
At 1 January 2020	**85,737**	**17,870**	**10,938**	**381**	**–**	**114,926**
Additions (for RUA: entering into new agreements)	–	17,683	18,305	–	9,766	**45,754**
Disposals (for RUA: modification, revision of lease terms)	–	(4,106)	–	–	–	**(4,106)**
Revaluation	(26,874)	–	–	–	–	**(26,874)**
At 31 December 2020	**58,863**	**31,447**	**29,243**	**381**	**9,766**	**129,700**
Depreciation						
At 1 January 2019	**–**	**–**	**(10,822)**	**(755)**	**–**	**(11,577)**
Charge for the period	(1,714)	(5,454)	(379)	(13)	–	**(7,560)**
Disposals	–	–	1,040	426	–	**1,466**
At 31 December 2019	**(1,714)**	**(5,454)**	**(10,161)**	**(342)**	**–**	**(17,671)**
At 1 January 2020	**(1,714)**	**(5,454)**	**(10,161)**	**(342)**	**–**	**(17,671)**
Charge for the period	(1,716)	(8,562)	(2,182)	(2)	–	**(12,462)**
Disposals (for RUA: modification, revision of lease terms)	–	2,732	–	–	–	**2,732**
Revaluation	3,430	–	–	–	–	**3,430**
At 31 December 2020	**–**	**(11,284)**	**(12,343)**	**(344)**	**–**	**(23,971)**
Net book value						
At 31 December 2018	**85,737**	**–**	**658**	**52**	**–**	**86,447**
At 31 December 2019	**84,023**	**12,416**	**777**	**39**	**–**	**97,255**
At 31 December 2020	**58,863**	**20,163**	**16,900**	**37**	**9,766**	**105,729**

Right-of-use assets (RUA) represent rights under leases for office premises recognized in accordance with IFRS 16 *Leases*.

As at 31 December 2020 and 31 December 2019, the Group had no pledged items of property and equipment.

As at 31 December 2020, the gross carrying amount of fully depreciated property and equipment in use was RUB 10,841 thousand (31 December 2019: RUB 7,555 thousand).

23. OTHER ASSETS

As at 31 December 2020 and 31 December 2019, the Group had the following non-financial assets:

	31 December 2020	31 December 2019
Advances issued	6,807	3,235
Value added tax	6,647	465
Other taxes	491	1,799
Inventories	188	23
Total	**14,133**	**5,521**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

24. FINANCIAL LIABILITIES AT AMORTIZED COST

Amounts due to customers are represented by amounts payable to legal entities, the vast majority of which are professional participants in the securities market:

	31 December 2020	31 December 2019
Amounts of clearing participants	8,042,073	2,552,918
Amounts received under repurchase agreements	2,678,673	2,137,570
Brokerage accounts of the Bank's customers and amounts borrowed from higher-ranking brokers	2,293,741	1,184,123
Loans payable	505,342	502,705
Current accounts of the Bank'scustomers	472,213	76,525
Accounts payable	435,469	28,477
Deposits of the Bank's customers	162,315	17,492
Settlements on foreign exchange operations, derivative financial instruments and operations with securities	82,158	–
Finance lease liabilities	21,133	12,905
Total	**14,693,117**	**6,512,715**

Amounts of clearing participants

Amounts of clearing participants represent contributions made by participants to ensure that they discharge their obligations under concluded transactions and to pay the commission fee (individual or other collateral). As at 31 December 2020, amounts due to five major clearing participants are RUB 7,504,316 thousand or 77% (31 December 2019: RUB 2,283,247 thousand or 89%) of the total amounts of clearing participants.

Brokerage accounts of the Bank's customers and amounts borrowed from higher-ranking brokers

Brokerage accounts represent the amounts due to customers of PJSC Best Efforts Bank. As at 31 December 2020, amounts of five customers on brokerage accounts with PJSC Best Efforts Bank total RUB 829,531 thousand or 66% (31 December 2019: RUB 744,428 thousand or 63%). The currency and maturity analysis of amounts due to customers is disclosed in Note 32.

Amounts received under repurchase agreements

Amounts received under repurchase agreements are nominated in US dollars, rubles and euros, maturing in 1-2 days. As at 31 December 2020, the effective interest rates under the transactions were 0-9% (31 December 2019: 0-5.9%). As at 31 December 2020, amounts received under repurchase agreements totaled RUB 75,899 thousand (31 December 2019: RUB 2,096,413 thousand). The Group pledged securities received as collateral under reverse repurchase agreements to secure the discharge of liabilities under repurchase agreements. Liabilities under repurchase agreements were paid at maturity dates after the reporting date.

Information on the Group's exposure to financial risks with respect to amounts transferred and received under repurchase agreements is disclosed in Note 32 "*Capital and financial risk management*".

Loans payable

As at 31 December 2020 and 2019, loans received represent the amortized cost of one subordinated RUB-nominated deposit from the Group's shareholder, the NP RTS Association, received by PJSC Best Efforts Bank on the following terms: the deposit matures in 2027, the interest rate equals the key rate of the Bank of Russia.

Accounts payable

	31 December 2020	31 December 2019
Settlements with suppliers and contractors	366,892	11,719
Other liabilities	57,783	12,612
Taxes payable other than income tax	10,792	2,828
Remuneration to employees	2	11
Dividends payable	–	1,307
Total	**435,469**	**28,477**

Finance lease liabilities

As at 31 December 2020 and 2019, finance lease liabilities represent the present value of lease payments under leases of office premises accounted for pursuant to IFRS 16 *Leases* from 1 January 2019. The discount rates applied in the calculation of lease liabilities by the Group's companies ranged from 6.86% to 9.88% p.a. Lease terms stipulated by agreements or meeting management's expectations range from two to five years.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The table below presents the fair value of contracts for delivery of securities concluded by the Bank as at 31 December 2020 and 2019.

	31 December 2020	31 December 2019
Obligations to deliver securities and foreign currency, including:	131,805	38,512
Obligations to deliver securities	*131,553*	*38,512*
Forwards and swaps	*252*	*672*
Total financial liabilities at fair value through profit or loss	**131,805**	**39,184**

26. OTHER LIABILITIES

As at 31 December 2020 and 2019, the following classes of the Group's non-financial liabilities are presented in the consolidated statement of financial position.

	31 December 2020	31 December 2019
Provisions for unused vacations	41,243	17,703
Advances received	6,771	20,496
Other non-financial liabilities	–	146
Total	**48,014**	**38,345**

27. EQUITY

Share capital and share premium

As at 31 December 2020, the share capital of SPB Exchange is represented by 2,852,154 ordinary registered uncertified shares, amounting to RUB 427,823,100 (31 December 2019: by 2,107,000 ordinary registered uncertified shares, amounting to RUB 316,050,000).The report on the results of PJSC SPB Exchange's additional issue of securities was registered in March 2020. In the course of the issue, 745,154 ordinary shares at par value of RUB 150 per share were placed. The shares were purchased by new investors as well as existing shareholders of PJSC SPB Exchange. The shares were placed at RUB 1,777 per share. The total amount of cash contributed to pay for all placed securities was RUB 817,000,628. The NP RTS Association contributed ordinary shares of PJSC Best Efforts Bank in the amount of RUB 507,138,030 to pay for the acquired PJSC SPB Exchange's shares. As a result, PJSC SPB Exchange gain the control over PJSC Best Efforts Bank as described in Note 5 to these consolidated financial statements.

As presented in Note 35*,* on 14 May 2021 the extraordinary General Meeting of shareholders of PJSC SPB Exchange approved decision to split the issued ordinary shares of PJSC SPB Exchange into new ordinary shares with split ratio 40. New issue was registered in June 2021 and exercised in July 2021. As a result of the share split of the share capital of PJSC SPB Exchange consists of 114,086,160 ordinary shares with par value of 3.75 ruble each as of the date of issue of these consolidated financial statements.

Earnings per share

Earnings per share were calculated for 2020 and 2019 retrospectively taking into consideration share split described above. The calculation of basic and diluted earnings per share was as follows:

	2020	2019
Profit for the year attributable to SPB shareholders	1,197,635	(26,545)
Weighted average number of ordinary shares	**105,000,327**	**75,320,057**
Dilutive effect of option program (shares)	4,488,193	–
Weighted average number of ordinary shares, assuming dilution (shares)	**109,488,520**	**75,320,057**
Profit per share of ordinary stock attributable to SPB shareholders (in Russian rubles):		
Basic earnings per ordinary share, RUB	11.41	(0.35)
Diluted earnings per ordinary share, RUB	10.94	(0.35)

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

27. EQUITY AND RESERVES (continued)

Revaluation reserve

	Financial assets at fair value through other comprehensive income
Revaluation reserve at 1 January 2019	**(13,077)**
Change in revaluation reserve for the reporting period	26,906
Deferred tax accrued through revaluation reserve for the reporting period	(5,381)
Revaluation reserve at 31 December 2019	**8,448**
Revaluation reserve at 1 January 2020	**8,448**
Change in revaluation reserve for the reporting period	(5,247)
Deferred tax accrued through revaluation reserve for the reporting period	1,049
Revaluation reserve at 31 December 2020	**4,250**

Other contributions by shareholders

	Other contributions by shareholders
Proceeds from shareholders	21,620
Changes in ownership interest without loss of control	(30)
At 31 December 2019	**142,214**
Proceeds from shareholders	680
Changes in ownership interest without loss of control	30
At 31 December 2020	**142,924**

Retained earnings / accumulated loss

No dividends were declared in 2020; in 2019, PJSC Best Efforts Bank accrued and paid dividends in the amount of RUB 148,119 thousand. Dividends in the amount of RUB 145,949 thousand in 2019 were paid to the Group parent, the NP RTS Association, which was a shareholder of PJSC Best Efforts Bank as at the dates when the dividends were declared. The retrospective inclusion of the Bank's financial statements in the consolidated financial statements of the Group resulted in the incomparability of information on payments of dividends calculated in the effective ownership interests and the actually paid dividends recorded in the consolidated statement of cash flows.

28. NON-CONTROLLING INTERESTS

Financial information on subsidiaries in which significant non-controlling interests are held is provided below.

Effective ownership interests in the share capitals of subsidiaries of PJSC SPB Exchange held by non-controlling shareholders:

	31 December 2020	31 December 2019
CC Clearing Center MFB (JSC)	3.29%	15.91%
PJSC Best Efforts Bank	26.27%	26.27%
JSC Best Execution	29.56%	30.39%
JSC Best Stocks	49.90%	–

After the transfer of the controlling interest in PJSC Best Efforts Bank to SPB Exchange as described in Note 5 to these consolidated financial statements, the NP RTS Association retained 25.36% of the above 26.27% of the Bank's shares that are beyond the control of SPB Exchange.

The cumulative shares of equity of subsidiaries of PJSC SPB Exchange attributable to non-controlling interests comprise the following:

	31 December 2020	31 December 2019
CC Clearing Center MFB (JSC)	51,002	26,485
PJSC Best Efforts Bank	299,084	278,260
JSC Best Execution	34,888	6,709
JSC Best Stocks	9,041	–
Total	**394,015**	**311,454**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

28. NON-CONTROLLING INTERESTS (continued)

The profit for the reporting periods received by subsidiaries of PJSC SPB Exchange and attributable to the non-controlling interests is as follows:

	2020	2019
CC Clearing Center MFB (JSC)	50,536	2,895
PJSC Best Efforts Bank	22,320	17,317
JSC Best Execution	2,534	398
JSC Best Stocks	(4,211)	–
Total	**71,179**	**20,610**

The summarized financial information on these subsidiaries is provided below. This information is based on amounts before the elimination of intragroup transactions:

Summarized statement of financial position as at 31 December 2020

	CC Clearing Center MFB (JSC)	PJSC Best Efforts Bank	JSC Best Execution	JSC Best Stocks
Assets	13,916,941	6,822,615	31,905	70,736
Liabilities	(12,368,935)	(5,683,945)	(1,318)	(820)
Total equity	**1,548,006**	**1,138,670**	**30,587**	**69,916**
Attributable to:				
Equity holders of the parent	1,497,004	839,586	21,546	35,028
Non-controlling interest	51,002	299,084	9,041	34,888

Summarized statement of financial position as at 31 December 2019

	CC Clearing Center MFB (JSC)	PJSC Best Efforts Bank	JSC Best Execution
Assets	3,048,424	5,275,455	23,490
Liabilities	(2,881,966)	(4,216,067)	(1,413)
Total equity	**166,458**	**1,059,388**	**22,077**
Attributable to:			
Equity holders of the parent	139,973	781,128	15,368
Non-controlling interest	26,485	278,260	6,709

Summarized statement of profit or loss and other comprehensive income for 2020

	CC Clearing Center MFB (JSC)	PJSC Best Efforts Bank	JSC Best Execution	JSC Best Stocks
Fee and commission income	2,564,368	1,169,910	7,806	591
Operating expenses	(1,323,521)	(841,965)	4,696	(4)
Administrative expenses	(136,504)	(361,990)	(1,862)	(10,645)
Other income/(expenses)	1	141,042	–	–
Profit/(loss) before tax	**1,104,344**	**106,997**	**10,640**	**(10,058)**
Income tax benefit/(expense)	(222,789)	(22,204)	(2,129)	1,620
Net profit/(loss) for the period	**881,555**	**84,703**	**8,511**	**(8,438)**
Profit/(loss) attributable to:				
Equity holders of the parent	831,019	62,473	5,977	(4,227)
Non-controlling interest	50,536	22,320	2,534	(4,211)
Other comprehensive income, including:	**–**	**(5,694)**	**–**	**–**
Revaluation of financial assets at fair value through other comprehensive income	–	(5,694)	–	–
Total comprehensive income	**881,555**	**79,099**	**8,511**	**(8,438)**
Attributable to:				
Equity holders of the parent	831,019	58,275	5,977	(4,227)
Non-controlling interest	50,536	20,824	2,534	(4,211)

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

28. NON-CONTROLLING INTERESTS (continued)

Summarized statement of profit or loss and other comprehensive income for 2019

	CC Clearing Center MFB (JSC)	PJSC Best Efforts Bank	JSC Best Execution
Fee and commission income	344,024	265,202	5,562
Operating (expenses)/income	(268,624)	54,299	(2,568)
Administrative expenses	(45,789)	(243,069)	(1,357)
Other income/(expenses)	(1,254)	24	–
Profit before tax	**28,357**	**76,456**	**1,637**
Income tax expense	(9,839)	(10,345)	(328)
Net profit for the period	**18,518**	**66,111**	**1,309**
Profit attributable to:			
Equity holders of the parent	15,623	48,794	911
Non-controlling interest	2,895	17,317	398
Other comprehensive (loss)/income, including:	**(321)**	**29,193**	**–**
Revaluation of financial assets at fair value through other comprehensive income	(321)	29,193	–
Total comprehensive income	**18,197**	**95,304**	**1,309**
Attributable to:			
Equity holders of the parent	15,302	70,319	911
Non-controlling interest	2,895	24,985	398

29. SEGMENT ANALYSIS

For the purpose of segment analysis and management, the Group identifies four operating segments, which are the Group's strategic business units. These strategic business units offer different services and are managed separately because they require different strategies. In general, activities of each of the reporting segments can be described as follows:

- Clearing and central counterparty services;
- Trade organizer services;
- Depository services, settlement depositary services, brokerage services, banking services;
- Information and technical support services.

The Group identifies reporting segments that correspond to operating segments.

In 2nd quarter 2021 the Group changed the approach to the management accounts' analysis and presented the segment analysis in more comprehensive way compared to the segment analysis presented in the Group's financial statements approved by the Group's management on 30 April 2021.

The allocation of assets and liabilities to segments can be presented as follows:

31 December 2020	Clearing and central counterparty activity	Trade organizer activity	Brokerage, depository, banking, and settlement depositary activities	Information and technical support	Elimination of intragroup transactions	Total
Assets	13,916,941	2,278,335	6,822,615	103,041	(4,793,923)	**18,327,009**
Liabilities	(12,368,935)	(293,598)	(5,683,945)	(2,367)	3,452,646	**(14,896,199)**
Intersegment settlements	387,471	13,697	(436,410)	35,242	–	**–**

31 December 2019	Clearing and central counterparty activity	Trade organizer activity	Brokerage, depository, banking, and settlement depositary activities	Information and technical support	Elimination of intragroup transactions	Total
Assets	3,048,424	482,445	5,275,455	23,731	(939,768)	**7,890,287**
Liabilities	(2,881,966)	(32,279)	(4,216,067)	(1,582)	528,824	**(6,603,070)**
Intersegment settlements	120,286	18,447	(139,876)	1,143	–	**–**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

29. SEGMENT ANALYSIS (continued)

Information on profit/(losses) of reporting segments for 2020 and 2019 can be presented as follows:

	Year ended 31 December 2020					
	Clearing and central counterparty activity	Trade organizer activity	Brokerage, depository, banking and settlement depository activities	Information and technical support	Elimination of intragroup transactions	Total
Fee and commission income from external customers	1,785,023	807,663	169,796	6,944	–	**2,769,426**
Intersegment fee and commission income	3,274	3,625	166,413	1,454	(174,766)	**–**
Interest income	122,739	14,149	150,258	1,593	(9,406)	**279,333**
Net trade and investment income/ (expenses)	5,320	221	15,716	–	(4,514)	**16,743**
Net income from dealing in foreign currencies	61,764	(24)	13,276	–	–	**75,016**
Other operating income	–	–	154,287	–	–	**154,287**
Total operating revenue	**1,978,120**	**825,634**	**669,746**	**9,991**	**(188,686)**	**3,294,805**
Direct operating expenses, including	(711,901)	(245,448)	(122,082)	(2,853)	179,499	**(902,785)**
Intersegment direct operating expenses	*(71,906)*	*(98,766)*	*(51)*	*(464)*	*171,187*	**–**
Interest expense	(4,004)	(783)	(47,891)	(97)	(1,185)	**(53,960)**
(Provision for impairment) / Reversal of provision for impairment of financial assets	(21,370)	(6,212)	(17,542)	6,024	30,576	**(8,524)**
Gross operating result	**1,240,845**	**573,191**	**482,231**	**13,065**	**20,204**	**2,329,536**
Administrative expenses	(136,504)	(203,701)	(361,076)	(13,206)	1,089	**(713,398)**
Other income	102	–	1,846	–	–	**1,948**
Other expenses	(101)	(7,000)	(15,092)	–	–	**(22,193)**
Profit/(loss) before tax	**1,104,342**	**362,490**	**107,909**	**(141)**	**21,293**	**1,595,893**
Income tax expense	(222,789)	(75,655)	(22,204)	(369)	(6,062)	**(327,079)**
Profit/(loss) for the period	**881,553**	**286,835**	**85,705**	**(510)**	**15,231**	**1,268,814**

	Year ended 31 December 2019					
	Clearing and central counterparty activity	Trade organizer activity	Brokerage, depository, banking and settlement depository activities	Information and technical support	Elimination of intragroup transactions	Total
Fee and commission income from external customers	246,304	126,885	161,183	5,196	–	**539,568**
Intersegment fee and commission income	3,227	849	42,571	366	(47,013)	**–**
Interest income	23,770	920	152,442	1,567	(7,977)	**170,722**
Net trade and investment income/ (expenses)	(8,270)	8,505	83,390	–	(95,658)	**(12,033)**
Net income from dealing in foreign currencies	(5,877)	373	22,852	–	–	**17,348**
Other operating income	–	–	–	–	–	**–**
Total operating revenue	**259,154**	**137,532**	**462,438**	**7,129**	**(150,648)**	**715,605**
Direct operating expenses, incl	(182,739)	(71,076)	(95,143)	(2,896)	51,232	**(300,622)**
Intersegment direct operating expenses	(3,227)	(849)	(42,571)	(366)	47,013	**–**
Interest expense	(554)	(645)	(48,093)	(108)	(990)	**(50,390)**
(Provision for impairment) / Reversal of provision for impairment of financial assets	(461)	(6,038)	299	(1,179)	3,786	**(3,593)**
Gross operating result	**75,400**	**59,773**	**319,501**	**2,946**	**(96,620)**	**361,000**
Administrative expenses	(45,789)	(67,694)	(243,069)	(2,078)	3,491	**(355,139)**
Other income	126	37	24	-	(73)	**114**
Other expenses	(1,380)	(5,000)	–	–	1,380	**(5,000)**
Profit/(loss) before tax	**28,357**	**(12,884)**	**76,456**	**868**	**(91,822)**	**975**
Income tax expense	(9,839)	(1,481)	(10,345)	(184)	14,939	**(6,910)**
Profit/(loss) for the period	**18,518**	**(14,365)**	**66,111**	**684**	**(76,883)**	**(5,935)**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

29. SEGMENT ANALYSIS (continued)

Fee and commission income, broken down by operating segments, for the year for 2020 and 2019 is as follows:

	Year ended 31 December 2020					
	Clearing and central counterparty activity	**Trade organizer activity**	**Brokerage, depository, banking and settlement depositary activities**	**Information and technical support**	**Elimination of intragroup transactions**	**Total**
Clearing center services	1,761,474	–	–	–	(530)	**1,760,944**
Stock market services	–	780,413	–	–	(6)	**780,407**
Brokerage services	–	–	137,996	–	(3,759)	**134,237**
Information services	23,757	1,747	288	–	(875)	**24,917**
Servicing and maintaining bank accounts	–	–	25,313	–	(482)	**24,831**
Repository services	–	10,780	–	–	(990)	**9,790**
Listing services	–	9,591	–	–	(45),	**9,546**
Commodity market services	–	6,442	–	–	–	**6,442**
Information and technical support services	–	–	–	7,807	(1,454)	**6,353**
Outsourcing	–	–	4,548	–	–	**4,548**
Market maker services	–	–	98,532	–	(95,534)	**2,998**
Depositary operations	–	–	68,319	–	(66,244)	**2,075**
Other fee and commission income	3,067	2,315	1,213	591	(4,847)	**2,339**
Total fee and commission income	**1,788,297**	**811,288**	**336,209**	**8,398**	**(174,766)**	**2,769,426**
Intersegment income	(3,274)	(3,625)	(166,413)	(1,454)	174,766	**–**
Total fee and commission income excluding intersegmental operations	**1,785,023**	**807,663**	**169,796**	**6,944**	**–**	**2,769,426**

	Year ended 31 December 2019					
	Clearing and central counterparty activity	**Trade organizer activity**	**Brokerage, depository, banking and settlement depositary activities**	**Information and technical support**	**Elimination of intragroup transactions**	**Total**
Clearing center services	226,186	–	–	–	(21)	**226,165**
Stock market services	–	100,726	–	–	(6)	**100,720**
Brokerage services	–	–	123,984	–	(1,307)	**122,677**
Information services	19,715	1,327	–	–	(180)	**20,862**
Servicing and maintaining bank accounts	–	–	14,675	–	(340)	**14,335**
Repository services	–	8,437	–	–	(660)	**7,777**
Listing services	–	8,460	–	–	(4)	**8,456**
Commodity market services	–	8,784	–	–	–	**8,784**
Information and technical support services	–	–	–	5 562	(365)	**5,197**
Outsourcing	–	–	4,657	–	–	**4,657**
Market maker services	–	–	47,209	–	(37,760)	**9,449**
Depositary operations	–	–	8,948	–	(1,522)	**7,426**
Other fee and commission income	3,630	–	4,281	–	(4,848)	**3,063**
Total fee and commission income	**249,531**	**127,734**	**203,754**	**5,562**	**(47,013)**	**539,568**
Intersegment income	(3,227)	(849)	(42,571)	(366)	47,013	**–**
Total fee and commission income excluding intersegmental operations	**246,304**	**126,885**	**161,183**	**5,196**	**–**	**539,568**

In 2020, the Group derived operating income from three main customers amounting to RUB 1,095,107 thousand in such segments as “Clearing and central counterparty activity”, “Trade organizer activity” and “Brokerage, depository, banking and settlement depositary activities” (2019: amounting RUB 273,378 thousand).

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

30. FAIR VALUE

The fair value of assets and liabilities is measured as follows:

- The fair value of assets and liabilities that are traded in active liquid markets is measured using the quoted price.
- The fair value of other assets and liabilities is assessed in accordance with generally accepted models and is based on the discounted cash flow analysis that relies on prices used for existing transactions in the current market.

The Group's assets which are measured at fair value on a recurring basis are presented in accordance with the fair value hierarchy in the table below.

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	–	561	–	**561**
Financial assets at fair value through other comprehensive income	750,848	–	–	**750,848**
Total	**750,848**	**561**	**–**	**751,409**

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	237	509	–	**746**
Financial assets at fair value through other comprehensive income	696,671	–	323	**696,994**
Total	**696,908**	**509**	**323**	**697,740**

As at 31 December 2020 and 2019, all financial liabilities measured at fair value through profit or loss and recorded on the balance sheet of the Group are classified at Level 1 of the hierarchy.

The fair value of cash and cash equivalents not included in the table belongs to Level 1 of the fair value hierarchy. The fair value of financial assets and liabilities carried at amortized cost is included in Level 3 of the fair value hierarchy. The Group's management believes that fair values of cash, financial assets and liabilities carried at amortized cost, as well as other assets and liabilities recorded in the consolidated statement of financial position approximate their carrying amounts recorded in these consolidated financial statements.

31. OFFSET OF FINANCIAL ASSETS AND LIABILITIES

The Group offsets a financial asset and a financial liability under repurchase and reverse repurchase transactions effected between the Group, acting as central counterparty and other clearing participants, and the net amount is presented in the consolidated statement of financial position when the criteria of IAS 32 with respect to the legal right and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously are met. The offsetting is performed when it reflects the Group's estimated future cash flows from settlements on two or more separate financial instruments.

The tables below show the amounts of repurchase transactions outstanding as at the reporting dates, which were offset and the claims on which were derecognized in the statement of financial position:

	31 December 2020		
	Gross amount	**Amount to be offset**	**Net amount**
Financial assets under Repurchase agreements with the central counterparty CC MFB (JSC)	35,763,432	(34,821,136)	**942,296**
Financial assets Repurchase agreements with central counterparty CC MFB (JSC)	**35,763,432**	**(34,821,136)**	**942,296**
Financial liabilities under Repurchase agreements with central counterparty CC MFB (JSC)	(35,763,432)	34,821,136	**(942,296)**
Financial liabilities under Repurchase agreements with central counterparty CC MFB (JSC)	**(35,763,432)**	**34,821,136**	**(942,296)**

	31 December 2019		
	Gross amount	**Amount to be offset**	**Net amount**
Financial assets under Repurchase agreements with central counterparty CC MFB (JSC)	2,660,782	(2,521,515)	**139,267**
Financial assets Repurchase agreements with central counterparty CC MFB (JSC)	**2,660,782**	**(2,521,515)**	**139,267**
Financial liabilities under Repurchase agreements with central counterparty CC MFB (JSC)	(2,660,782)	2,521,515	**(139,267)**
Financial liabilities under Repurchase agreements with central counterparty CC MFB (JSC)	**(2,660,782)**	**2,521,515**	**(139,267)**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT

Capital management

The core companies of the Group are:

- PJSC SPB Exchange;
- PJSC Best Efforts Bank;
- CC Clearing Center MFB (JSC).

All the above entities operate under the various licenses issued by the Bank of Russia.

The Group pursues a conservative capital management policy with a focus on ensuring that it will be able to continue as a going concern and sustain its financial stability in any business environment, keep the required balance of risks and profitability of effected transactions while ensuring the return on investments and minimizing losses from realization of risks of various categories.

The primary objective of the capital management process is to maintain sufficient capital levels based on business development objectives, the capital adequacy requirements imposed by the Bank of Russia, the results of a comprehensive risk assessment and stress-testing of the entity's sustainability.

Management seeks to maintain a strong capital base of each company of the Group to retain confidence of investors, creditors and market participants, and to sustain future development of the business.

The Group's capital structure comprises its share capital, which includes the placed charter capital, share premium, other contributions by shareholders and the accumulated results of the Group's financial performance.

The following regulations are stipulated for each of the Group's main companies:

- Minimum equity (capital) requirements;
- Equity (capital) adequacy ratios.

Management takes appropriate measures to maintain sufficient capital base to meet operational and strategic needs and to retain investor confidence, as well as to minimize potential negative consequences for the financial position of the companies of the Group.

As at 31 December 2020 and 2019, equity of each company of the Group is in compliance with the current legislation with respect to capital adequacy.

Ratios are calculated based on the Russian statutory financial statements. Equity (capital) adequacy ratios of the Group's companies are presented in the table below:

	Equity		Mandatory equity		Equity (capital) adequacy ratio of the Group's companies	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
PJSC SPB Exchange	1,987,671	450,166	100%	100%	153.30%	286.50%
CC Clearing Center MFB (JSC)	1,471,017	238,055	100%	–	398.20%	–
PJSC BEB	1,549,305	1,435,584	8%	8%	42.488	50.746

Equity allocation among the respective activities is largely determined by the improvement of the income received to placements ratio. The Group also considers synergies arising from joint operations, availability of management and other resources and whether operations fit its long-term strategic goals. The capital is used to support those lines of business, which ensure the Group's effective operation and market capitalization growth.

Risk management framework

Risk management is fundamental to the Group's activities and is an essential element of its operations.

Risks are managed by all companies of the Group in accordance with the size and nature of their business in compliance with the current legislation and recommendations of the Bank of Russia and the Basel Committee on Banking Supervision, where applicable. PJSC SPB Exchange, PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) have established separate risk management units and have drafted and adopted documents regulating risk management rules and procedures. Such documents are regularly updated to reflect changes in regulations, market conditions, products and services offered and emerging best practices.

32. CAPITAL AND RISK MANAGEMENT (continued)

Under the corporate governance framework, each of the companies of the Group above has established collegial managing bodies (the Board of Directors and the Management Board).

The Board of Directors carries out strategic management, establishes general risk management and internal control principles and approaches, controls the executive bodies, assesses efficiency of the risk management system and performs other key functions.

The Board of Directors is responsible for development and approval of the strategy and policy, determination of general long-term goals, tasks and priorities of the entity, as well as risk management principles, and for approving major transactions.

The Management Board is responsible for implementing the risk management strategy and policies approved by the Board of Directors, developing the management structure of the entity that meets the key risk management principles, establishing procedures whereby employees are motivated to identify risks arising from transactions. The Management Board regularly reviews analytical materials on risk assessment during its meetings.

The risk management process and principles at two entities (PJSC Best Efforts Bank and CC Clearing Center MFB (JSC)) are implemented through the functioning of collegial bodies which form the part of the risk management system:

- The following committees were formed at PJSC Best Efforts Bank:
  - Credit Committee;
  - Assets and Liabilities Committee (ALCO).
- The following committees were formed at CC Clearing Center MFB (JSC):
  - Risk Committee;

Assets and Liabilities Committee (ALCO).The independent risk management divisions of PJSC SPB Exchange, PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) are responsible for the following:

- Identification of risk areas by determining business activities exposed to risk;
- Risk identification through determining risk types and sources;
- Risk analysis that is aimed at determining risk assessment methods, the probability of these risks and the extent of their impact on the activities;
- Risk assessment by comparing the exposure with the maximum acceptable risk level established by the entity to determine risk response;
- Response to risks, including deciding on risk avoidance, risk mitigation, risk acceptance or increase;
- Risk monitoring and review by assessing changes in risks and the results of risk response.

In order to facilitate efficient decision-making, risk management roles and responsibilities are segregated between different divisions of the entities.

The companies of the Group identify and manage both external and internal risk factors throughout their organizational structure. Efforts are made to identify the full range of risk factors and determine the level of assurance over the current risk control and mitigation procedures.

Financial risk management

In the course of their activities, PJSC SPB Exchange, PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) are exposed to financial risks, including credit, market and liquidity risks.

The risk management activities are intended to minimize the potential adverse effect on the Group’s financial performance. Each company within the Group independently decides whether to hedge its financial risks.

Market risk management

Market risk is a risk of financial loss as a result of unfavorable changes in current (fair) value of financial instruments and in foreign exchange rates and/or official prices for precious metals.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

Additional market risk related to the activities of CC Clearing Center MFB (JSC) as a central counterparty is manifested only in case of a credit risk event. Volatility of prices for market instruments within exchange and over-the-counter transactions may result in losses caused by unfavorable market fluctuations should the positions be closed (contracts substituted) at market prices. Market risk may arise due to the necessity to close large positions/sell the collateral of a clearing participant who failed to fulfill its liabilities that, given the low market liquidity, might negatively affect the price at which the position is closed/collateral is sold.

PJSC SPB Exchange, PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) are exposed to market risks and manage them by determining limits which are monitored for compliance on a regular basis and reviewed and approved by the management of the Group.

Risk management of changes in financial market prices on fair value of financial assets

Fluctuations in market prices for quoted financial assets may affect the Group's financial result, as investments in financial assets at fair value through other comprehensive income comprise a substantial portion of the Group's assets. A conservative approach based on the fundamental analysis is used to determine fair value of such instruments given the high market volatility.

Currency risk management

The companies of the Group have assets and liabilities nominated in Rubles and various foreign currencies.

As a result, currency risk exposure arises in relation to the effects of fluctuations in foreign exchange rates on the Group's financial position and cash flows.

Currency risk	Market risk exposure related to open positions in foreign currencies and gold.

PJSC SPB Exchange, PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) set limits on the level of exposure in total for all currencies in accordance with regulatory requirements and monitor compliance.

The Group's exposure to currency risk as at 31 December 2020 is presented below:

	RUB	USD	EUR	Other	Total
Financial assets	5,084,133	12,201,680	301,931	3,062	**17,590,806**
Financial liabilities	(2,056,677)	(12,463,623)	(304,622)	–	**(14,824,922)**
Net position	**3,027,456**	**(261,943)**	**(2,691)**	**3,062**	**2,765,884**

As at 31 December 2019:

	RUB	USD	EUR	Other	Total
Financial assets	3,175,436	4,019,678	438,600	121	**7,636,836**
Financial liabilities	(3,148,830)	(3,325,475)	(77,594)	–	**(6,551,899)**
Net position	**26,606**	**694,204**	**361,006**	**121**	**1,081,937**

The following table details the sensitivity to a 25% increase or decrease in the RUB exchange rate against the US dollar and the euro. The sensitivity analysis includes only outstanding foreign currency nominated monetary items and adjusts their translation at the end of the period for a 25% change in foreign currency rates. The table below presents the effect of changes in the RUB exchange rate on the Group's financial results before tax:

	31 December 2020		31 December 2019	
	USD	**EUR**	**USD**	**EUR**
25% appreciation	(65,486)	(673)	173,551	90,252
25% depreciation	65,486	673	(173,551)	(90,252)

This risk is mainly attributable to balances of cash, amounts of clearing participants as at the reporting dates and to balances under repurchase transactions nominated in US dollars and euros. Management of the companies of the Group, when possible, balances financial assets and financial liabilities nominated in respective currencies on a daily basis to mitigate currency risk.

Risk management of interest rate changes on cash flows and fair value

Fluctuations of market interest rates affect the financial position and cash flows of the Group. The companies of the Group, when possible, balance their interest-bearing assets and liabilities in order to reduce the effect of changes in interest rates on the financial performance.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

The risk of losses related to changes in interest rates is assessed as remote due to the following:

- The main component of income received by the Group is fee and commission income. The share of interest income in the total income of the Group's companies is insignificant and amounts to maximum 10%.
- The Group is independent of borrowings, and the total liabilities affected by changes in interest rates also form an insignificant part of the Group's total liabilities.
- Companies of the Group aim to balance their interest-bearing assets and liabilities in order to reduce the effect of changes in interest rates on financial performance.

Therefore, whether in a stable financial market or in the event of shocks, fluctuations in market interest rates have an insignificant effect on the Group's financial position and cash flows.

The analysis of sensitivity of profit or loss to changes in interest rates which is based on a simplified scenario of a 100 basis point parallel fall or rise in interest rates in the yield curves and revised positions on interest-bearing assets and liabilities effective as at 31 December 2020 and 2019 may be presented as follows:

	31 December 2020	31 December 2019
100 bp parallel fall	26,259	16,829
100 bp parallel rise	(26,259)	(16,829)

Risk management of market price changes on fair value of financial assets

The risk of the effect of market price changes in financial markets on the fair value of financial assets is assessed as remote due to the following:

- The share of the Group's financial assets at fair value in the total amount of assets is insignificant.
- The Group's portfolio of financial instruments consists of highly liquid securities with credit ratings assigned by foreign and/or national rating agencies.
- The Group's portfolio of financial assets is rather diversified and consists mainly of debt obligations of issuers that are residents of the Russian Federation and foreign issuers operating in various industries, and debt obligations of the Russian Federation.
- The fair value is determined on an ongoing basis in accordance with requirements of the Russian legislation and international standards.

Therefore, whether in a stable financial market or in the event of shocks, due to the insignificant amount of investments in financial instruments at fair value, fluctuations in market prices in financial markets have an insignificant effect on the Group's financial position and cash flows.

Credit risk management

Credit risk	Risk of losses arising when the debtor (customer, counterparty, borrower) fails to discharge its contractual financial obligations to the Group's companies or discharges them in an untimely manner or not in full. The specific nature of credit risk with respect to CC Clearing Center MFB (JSC) as a central counterparty consists primarily of the risk of the non-performance (improper performance) of obligations by a clearing participant.

The Group manages credit risk in accordance with the approved policies, regulations and procedures and aims at the improvement of quality and profitability of the credit portfolio and other assets of the Group, mitigation and diversification of credit risks.

The Group manages credit risk based on the monitoring of the counterparties' financial position.

The Risk Management Department is responsible for credit risk management at PJSC SPB Exchange and CC Clearing Center MFB (JSC).

PJSC SPB Exchange manages its credit risk through regular analysis of whether the existing and potential counterparties are able to meet interest and principal repayment obligations and through changing credit limits where appropriate.

32. CAPITAL AND RISK MANAGEMENT (continued)

CC Clearing Center MFB (JSC) manages its credit risk by applying the approved policies and procedures including the requirements to control the compliance with internal limits and ratios.

Credit risk is one of the key risks assumed by CC Clearing Center MFB (JSC) in the centralized clearing process and, with respect to CC Clearing Center MFB (JSC) as a central counterparty, consists primarily in the non-performance (improper performance) of obligations by the clearing participant. Credit risk, as applied to this company acting as a credit institution, arises as a result of investing activities. In the event of default of one or several clearing participants, the central counterparty takes appropriate measures to fulfill obligations to bona fide clearing participants.

Credit risk management is mainly aimed at maintaining the optimal structure of assets and the risk return ratio by setting credit risk limits, controlling the assumed credit risk and maintaining the aggregate credit risk exposure at the appropriate level.

The following procedures are established to achieve additional objectives in the process of credit risk management:

- Identifying, assessing, aggregating credit risk as a risk relevant to CC Clearing Center MFB (JSC);
- Ensuring the capital adequacy required for the successful implementation of tasks set by the development strategy (business plan) and the risk and capital management strategy;
- Using all methods available to CC Clearing Center MFB (JSC) to obtain up-to-date and unbiased information on the status and size of credit risk, as well as to project and mitigate credit risk;
- Complying with the credit risk management requirements of the Bank of Russia.

Credit risk management objectives are achieved through the systemic comprehensive approach that focuses on the following:

- Obtaining up-to-date and unbiased information on the status and size of credit risk;
- Providing both qualitative and quantitative assessment (measurement) of credit risk;
- Establishing a credit risk monitoring system to identify negative trends and a system of prompt and adequate response aimed at preventing credit risk from reaching critical levels (risk mitigation);
- Maintaining sustainability in the process of developing and implementing new and more complex products and services;
- Assessing the adequacy of capital available to cover credit risk.

CC Clearing Center MFB (JSC) controls credit risk exposure by setting limits on counterparties and groups of related counterparties, which are determined taking into account the comprehensive assessment of the counterparties' financial position, reputation and other qualitative and quantitative factors.

Limits are approved by the authorized bodies of CC Clearing Center MFB (JSC) and monitored and revised on an ongoing basis.CC Clearing Center MFB (JSC) has developed and constantly improves the internal rating system, which ensures the weighted assessment of the financial position of counterparties and the level of related credit risks.

To decrease credit risk exposure related to the central counterparty activities, CC Clearing Center MFB (JSC) introduced a multi-tiered structure of protection of the central counterparty applicable in case of non-performance or improper performance of obligations by the clearing participant, which includes:

- Requirements to collateral. CC Clearing Center MFB (JSC) set requirements to individual and collective clearing collateral.
- Allocated capital. In accordance with Article 13.3 of Federal Law No. 7, CC Clearing Center MFB (JSC) exercises the right to limit the responsibility of the central counterparty in case of non-performance by clearing participants of their obligations to the amount of allocated capital. The amount of allocated capital is determined in accordance with the central counterparty's methodology for determining allocated capital approved by the Board of Directors and is set forth in the rules for clearing activities in the securities market and the market of derivative financial instruments. Therefore, maximum possible losses of CC Clearing Center MFB (JSC) arising from the realization of risks specific to the activities of the central counterparty are limited by the amount of allocated capital. As at 31 December 2020, allocated capital amounted to RUB 100,000 thousand.
- Contributions of bona fide participants to the guarantee fund.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

In the event of default of one or several clearing participants, CC Clearing Center MFB (JSC) takes appropriate measures to fulfill obligations to bona fide clearing participants.

PJSC Best Efforts Bank manages credit risk by applying the approved policies and procedures including the requirements to set and comply with limits of credit risk concentration, as well as the monitoring of compliance with internal limits and ratios. Key elements of effective credit risk management are the credit policy, portfolio management procedures and efficient loan administration.

The Bank's credit policy with amendments and additions thereto is reviewed by the Credit Committee and the Management Board and approved by the Bank's Board of Directors.

The credit policy governs the Bank's credit and other transactions exposed to credit risk, which are effected with retail and corporate customers, including various types of short-term and long-term loans, providing guarantees, issuing letters of credit, assuming guarantees as collateral for obligations of corporate customers, and confirming letters of credit.

The credit policy covers transactions exposed to credit risk with financial institutions (credit institutions, payment/settlement systems, depositories, clearing centers, financial companies), including interbank lending, foreign exchange transactions, limitation of risks of transactions on nostro accounts, issue/receipt of guarantees, confirmation of letters of credit, sale/purchase transactions with financial assets with deferred payments (delivery of financial assets), etc.

The internal documents of the Bank set forth the procedures for review of applications, the methodology to assess the creditworthiness of borrowers and counterparties and requirements to credit documentation. The Bank continuously monitors the status of certain loans and regularly reassesses the solvency of its borrowers. The reassessment procedures are based on the analysis of financial statements of the borrowers as at the latest reporting date or other information provided by the borrower or otherwise obtained by the Bank.

The assessment of credit risk in the form of expected credit losses is subject to estimates and assumptions in preparing these consolidated financial statements. Based on the assessment, credit risk (expected credit losses) is recorded by adjusting the carrying amount of financial assets in the consolidated statement of financial position. The impact of netting of assets and liabilities to reduce potential credit exposure is not significant. The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk is as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents	11,089,421	1,142,457
Financial assets at amortized cost	5,749,976	5,793,639
Financial assets at fair value through other comprehensive income	750,848	696,994
Financial assets at fair value through profit or loss	561	746
Total	**17,590,806**	**7,633,836**

Liquidity risk management

Liquidity risk	The risk that a company of the Group will be unable to finance its activities, i.e., discharge its obligations when they fall due without incurring losses that can impact its financial stability.

As applied to CC Clearing Center MFB (JSC) as a central counterparty, liquidity risk may arise if a clearing participant/counterparty fails to discharge or inadequately discharges its liabilities in the face of the obligation assumed by CC Clearing Center MFB (JSC) to take appropriate measures to fulfill obligations to bona fide clearing participants or counterparties.

Liquidity risk results from a mismatch of maturities of assets and liabilities (an improper balance of financial assets and financial liabilities), including due to untimely discharge of financial obligations by one or several counterparties of the Group and (or) an unforeseen need of immediate and simultaneous discharge of financial obligations by any company of the Group.

The Group's companies most exposed to liquidity risk are CC Clearing Center MFB (JSC) and PJSC Best Efforts Bank.

CC Clearing Center MFB (JSC) as a clearing entity maintains a certain liquidity level in order to ensure availability of cash required to discharge its obligations to clearing participants. The Risk Management Department constantly monitors the balance of assets and liabilities of the company and communicates the liquidity status to the company's management.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

PJSC Best Efforts Bank maintains a certain liquidity level in order to ensure availability of cash required to discharge its obligations as they fall due by supporting a diversified and stable funding base comprising debt securities, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

Liquidity of the Bank and CC Clearing Center MFB (JSC) is measured constantly. Liquidity ratios are calculated for each maturity as the amount of assets that may be settled during a given maturity to liabilities that will be claimed during this term (assets and liabilities are allocated by maturity and the ratios are calculated in accordance with the reporting framework).

Liquidity risk factors, segregation of liquidity management duties, liquidity valuation and management methods, reporting and communication principles related to liquidity management are detailed in internal documents of PJSC Best Efforts Bank and CC Clearing Center MFB (JSC). The liquidity management and control system of the Bank and CC Clearing Center MFB (JSC) includes the following:

- The Management Board responsible for the general implementation of efficient liquidity management and control;
- ALCO responsible for making decisions related to liquidity management aimed at efficient liquidity management and control, and implementing the respective decisions;
- The Risk Management Function of the Bank and the Risk Management Department of CC Clearing Center MFB (JSC) responsible for the analysis of the liquidity position;
- The Assets and Liabilities Department responsible for maintaining the established ratios and limits when performing asset transactions;
- Units providing data on proceeds and payments of customers;
- Certain internal documents regulating the liquidity level and establishing measures to maintain it, determining the procedure to analyze the liquidity position, decisions of management bodies to mobilize assets, introduce bank products, raise additional resources, etc.;
- A system for regular and timely communication and reporting of the liquidity position to authorized bodies;
- The Internal Audit Function of the Bank and the Internal Audit Department of CC Clearing Center MFB (JSC) maintaining control over compliance with procedures and mechanisms of liquidity management;
- The Bank and CC Clearing Center MFB (JSC) calculate mandatory liquidity ratios on a daily basis in accordance with the requirements of the Bank of Russia.

The Bank calculates the following liquidity ratios:

- Instant liquidity ratio (N2), which is calculated as the ratio of highly liquid assets to liabilities payable on demand;
- Current liquidity ratio (N3), which is calculated as the ratio of liquid assets to liabilities maturing within 30 calendar days;
- Long-term liquidity ratio (N4), which is calculated as the ratio of assets maturing after 1 year to capital and liabilities maturing after 1 year.

	Requirement	31 December 2020, %	31 December 2019, %
Instant liquidity ratio (N2)	At least 15%	53.4	46.8
Current liquidity ratio (N3)	At least 50%	120.5	136.2
Long-term liquidity ratio (N4)	No more than 120%	0.2	0.2

CC Clearing Center MFB (JSC) calculates the following liquidity ratio:

- Central counterparty's liquidity ratio (N4cc), which is determined as potential losses of the central counterparty in the event of default of two largest (in terms of net liabilities) clearing participants and/or individual customers in markets serviced by the central counterparty divided by the amount of highly liquid resources of the central counterparty.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

Liquidity risk management at PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) includes the following:

- Forecasting payment flows, by main currency, and determining the necessary level of liquid assets;
- Monitoring liquidity ratios for compliance with regulatory requirements and internal policies;
- Maintaining diversified sources of funds and an optimal structure of the balance sheet, by maturity of assets and liabilities;
- Planning the issuance and repayment of loans, investments in debt and other financial instruments;
- Conducting stress testing and developing action plans to recover required liquidity in adverse market conditions or in the time of crisis.

A regular review of liquidity that is based on comparison of short-term liquidity forecasts and financial reporting data is an obligatory element of liquidity management.

To estimate future liquidity, the Group prepares a short-term liquidity forecast.

Liquidity is forecast by extrapolating the current liquidity adjusted for planned changes in the structure of assets and liabilities based on data received from the structural units of the Group responsible for providing such information.

The table below shows the allocation of cash flows from the Group's financial assets and liabilities, by period of expected changes in cash flows for these financial assets and liabilities, as at 31 December 2020:

Financial assets	On demand and less than 1 month	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	11,089,421	–	–	**11,089,421**
Financial assets at fair value through profit or loss	561	–	–	**561**
Financial assets at fair value through other comprehensive income	–	62,298	688,550	**750,848**
Financial assets at amortized cost	5,546,890	88,748	114,338	**5,749,976**
Total financial assets	**16,636,872**	**151,046**	**802,888**	**17,590,806**
Financial liabilities				
Financial liabilities at fair value through profit or loss	(131,805)	–	–	**(131,805)**
Financial liabilities at amortized cost	(13,763,122)	(416,817)	(513,178)	**(14,693,117)**
Total financial liabilities	**(13,894,927)**	**(416,817)**	**(513,178)**	**(14,824,922)**
Liquidity cushion at 31 December 2020	**2,741,945**	**(265,771)**	**289,710**	**2,765,884**
Cumulative liquidity gap	**2,741,945**	**2,476,174**	**2,765,884**	**–**

As at 31 December 2019:

Financial assets	On demand and less than 1 month	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	1,142,457	–	–	**1,142,457**
Financial assets at fair value through profit or loss	509	237	–	**746**
Financial assets at fair value through other comprehensive income	69,747	95,315	531,932	**696,994**
Financial assets at amortized cost	5,723,989	7,040	62,610	**5,793,639**
Total financial assets	**6,936,702**	**102,592**	**594,542**	**7,633,836**
Financial liabilities				
Financial liabilities at fair value through profit or loss	(39,184)	–	–	**(39,184)**
Financial liabilities at amortized cost	(5,968,766)	(33,901)	(510,048)	**(6,512,715)**
Total financial liabilities	**(6,007,950)**	**(33,901)**	**(510,048)**	**(6,551,899)**
Liquidity cushion at 31 December 2019	**928,752**	**68,691**	**84,494**	**1,081,937**
Cumulative liquidity gap	**928,752**	**997,443**	**1,081,937**	**–**

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

Amounts of clearing participants comprising a significant portion of financial liabilities at amortized cost recorded in the "On demand" category changed insignificantly during the reporting periods. Management does not expect that these financial liabilities will be repaid within one month after the reporting dates, as disclosed in the table above.

The Group's management also does not expect that customers will withdraw cash from settlement and current accounts within less than one month, although they are recorded in the "On demand" category.

The table below summarizes the maturity profile of the Group's financial liabilities recorded in the consolidated financial statements at present value based on contractual undiscounted repayment obligations as at 31 December 2020:

Financial liabilities	On demand and less than 1 month	Less than 1 year	More than 1 year	Total
Financial liabilities at fair value through profit or loss	(131,805)	–	–	**(131,805)**
Financial liabilities at amortized cost	(13,763,122)	(464,502)	(631,234)	**(14,858,858)**
Total financial liabilities	**(13,894,927)**	**(464,502)**	**(631,234)**	**(14,990,663)**

As at 31 December 2019:

Financial liabilities	On demand and less than 1 month	Less than 1 year	More than 1 year	Total
Financial liabilities at fair value through profit or loss	(39,184)	–	–	**(39,184)**
Financial liabilities at amortized cost	(6,011,086)	(63,302)	(707,255)	**(6,781,643)**
Total financial liabilities	**(6,050,270)**	**(63,302)**	**(707,255)**	**(6,820,827)**

Other financial liabilities based on undiscounted cash flows approximate their carrying amounts as at the specified dates.

Operational and strategic risk management

The Group operates in the market for securities and other financial instruments and provides services that directly result in entering into civil transactions.

The Group is mainly involved in stock market services in the securities and commodity markets and provision of related services. Thus, operations of the Group may be affected by such factors as price volatility and changes in the securities market conditions that may result in a decrease in trading volumes, delisting of securities by PJSC SPB Exchange and lower economic motivation of trading participants to enter into transactions on the stock market. These factors may be minimized by expansion of the list of services for trading participants, increased reliability of trading tools and setting thresholds for intraday fluctuations for instruments to ensure evening-up of volatility peaks. Based on the above, the Group sets and revises tariffs bringing them in line with changing market conditions. Risks related to tariff regulation are assessed as minimal. As for competing products, there is a risk of dumping by competitors, to which the Group may also respond using lower tariffs.

PJSC SPB Exchange, PJSC Best Efforts Bank and CC Clearing Center MFB (JSC) arrange an operational risk management system in order to:

- Minimize operational risk and maintain it at the appropriate level ensuring flawless operations, resilience to unexpected losses and equity protection;
- Ensure achievement of strategic objectives in full and in a timely and effective manner in accordance with the nature and scale of operations;
- Streamline technology processes;
- Improve safety, reliability and competitiveness.

32. CAPITAL AND RISK MANAGEMENT (continued)

Operational risk management is based on the following:

- Providing complete and relevant information on main operational risks to the Management Board and the Board of Directors;
- Awareness of the heads of structural subdivisions of main operational risks inherent to their divisions and understanding of their responsibility for managing these risks;
- Identifying and assessing operational risks for all types of operations, processes and systems;
- Mandatory review of all new operations and processes for exposure to operational risk;
- Regular operational risk monitoring;
- Availability of procedures to control and manage operational risk that are reviewed on a regular basis to reflect changes in the nature and level of operational risk;
- The operational risk management process is part of a unified risk management system.

In order to conduct organized trading of foreign issuers' securities, the Group regularly updates its trading tools.

In case of occurrence of operational risk, PJSC SPB Exchange will take all necessary measures to immediately restore trading facilities, notify the Bank of Russia and trading participants, and, if necessary, suspend the organized trading of foreign issuers' securities.

One of the factors affecting operational risk arising due to the organized trading of securities of foreign issuers is the influence the corporate events of such foreign issuers have on market quotes. In order to mitigate this factor, PJSC SPB Exchange continuously monitors Internet sites that disclose corporate events, including sites of foreign issuers, regulators, stock exchanges and information agencies, as well as news available for RSS streams subscribers. In order to mitigate this operational risk factor, the Group has employees responsible for monitoring corporate events of foreign issuers.

The main aim of the strategic risk management is to build up a system that supports proper managerial decision-making in respect of the company's activity to reduce any effect of strategic risk on companies of the Group. The priority is to ensure, to a maximum extent, the safeguarding of assets and equity by mitigation (avoidance) of potential losses.

Sources of strategic risk include:

- Management decisions on the organization, structure and development of the business;
- Strategic planning process;
- Changes in the Group's external operating environment.

Key methods of strategic risk management include:

- Creating an adequate scale and operation of the strategic planning and management process;
- Preventing decisions, including strategic decisions, being made by a management body of an inappropriate level;
- Maintaining general control over the performance of the risk management system;
- Provide instructions how to conduct major transactions, as well as to develop and implement promising projects;
- Monitoring alignment of risk management parameters with the issuer's current position and development strategy.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

Measures to minimize strategic risks include:

- Documenting in internal regulations, including in the charter, the segregation of duties of the decision-making bodies;
- Monitoring that the decisions taken by senior bodies are duly implemented by lower-level units;
- Determining the internal procedure for approving changes in documents and procedures related to decision-making;
- Analyzing the impact of strategic risk factors on performance;
- Monitoring resources, including financial, material and human, required to achieve strategic objectives.

To achieve strategic objectives and ensure the efficient allocation of resources to optimize the risk return ratio, PJSC SPB Exchange seeks to meet the needs of counterparties and diversify the list of publicly traded securities using the securities of issuers from different regions and sectors. When deciding whether to include a security in the list of publicly traded securities of foreign issuers, PJSC SPB Exchange pursues a conservative policy and takes into account the needs of counterparties (brokers and investors) for any securities, the liquidity of the securities in their main market, and the solvency of issuers.

Considering that the majority of instruments traded in organized trading facilities of PJSC SPB Exchange comprise securities of foreign issuers, the Group is exposed to country risk that cannot be completely ruled out, as it largely depends on political decisions.

PJSC SPB Exchange may be exposed to reputational risk primarily in case of negative feedback on organized trading of foreign issuers' securities. In order to mitigate this risk, PJSC SPB Exchange ensures the transparency of the listing of foreign issuers' securities and organized trading of these securities, interacts with trading participants in terms of granting access to trading facilities, and clarifies the procedure for organized trading of foreign issuers' securities.

In case of occurrence of reputational risk, the Group will clarify its position to trading participants, foreign issuers, potential investors and other parties. The Group will arrange meetings, arrange and act as member of working groups and, if necessary, involve self-regulatory organizations and work closely with the Bank of Russia.

Legal and regulatory risk management

The Group's companies regulated by the Bank of Russia may be exposed to regulatory risk that relates to changes in federal laws and related regulations. In order to mitigate this risk, management continuously monitors regulations covering the activities of the Group's companies and works closely with the Bank of Russia.

	Requirement	31 December 2020, %	31 December 2019, %
Instant liquidity ratio (N2)	At least 15%	53.4	46.8
Current liquidity ratio (N3)	At least 50%	120.5	136.2
Long-term liquidity ratio (N4)	No more than 120%	0.2	0.2

CC Clearing Center MFB (JSC) may be exposed to regulatory risk that relates to changes to Federal Law *On Clearing and Clearing Activities* and related regulations. CC Clearing Center MFB (JSC) calculates mandatory ratios on a daily basis in accordance with the requirements of Instruction No. 175-I of the Bank of Russia dated 14 November 2016 *On Banking Operations of Non-bank Credit Institutions, Central Counterparties, on the Required Ratios of Non-bank Credit Institutions, Central Counterparties, and the Specifics of Exercising Supervision over Their Compliance by the Bank of Russia*.

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

32. CAPITAL AND RISK MANAGEMENT (continued)

These ratios include:

- Central counterparty's equity (capital) adequacy ratio (hereinafter, the "N1cc ratio") that reflects capital adequacy to cover risks associated with the activities and banking operations of a central counterparty;
- Central counterparty's total resources adequacy ratio (hereinafter, the "N2cc ratio") that reflects the central counterparty's ability to fulfill obligations to bona fide clearing participants in the event of default of two largest clearing participants in terms of potential losses (not covered by collateral) caused by the revaluation of their open positions (hereinafter, the "largest clearing participants in terms of losses");
- Central counterparty's individual clearing collateral adequacy ratio (hereinafter, the "N3cc ratio") that reflects the adequacy of the central counterparty's individual clearing collateral to cover 99% of market crisis scenarios;
- Central counterparty's liquidity ratio (hereinafter, the "N4cc ratio") that reflects the ability of the central counterparty to cover potential losses through its highly liquid resources in the event of default of two largest clearing participants and/or their customers in terms of net liabilities;
- Maximum concentration risk ratio (hereinafter, the "N5cc ratio") that reflects the degree of concentration of assets provided as collateral by clearing participants, by the i-th issuer (group of related issuers).

As at 31 December 2020, the ratios and the requirements thereto were as follows:

	Requirement	31 December 2020, %
Central counterparty's equity (capital) adequacy ratio (N1cc)	At least 100%	398.2
Central counterparty's total resources adequacy ratio (N2cc)	No more than 100%	0
Central counterparty's individual clearing collateral adequacy ratio (N3cc)	No more than 1%	0.1
Central counterparty's liquidity ratio (N4cc)	No more than 100%	4.1
Maximum concentration risk ratio (N5cc)	No more than 25%	9.5

In case of occurrence of the risk related to changes in the regulatory framework, the Group will implement its standard procedures.

33. CONTINGENCIES

Litigations

From time to time and in the ordinary course of business, the Group may become a party to legal proceedings, regulatory matters and claims from customers and counterparties. Management believes that all currently outstanding matters, when resolved, will not have a material effect on financing and operating activities of the Group. Further, management believes that it is not probable that an outflow of economic benefits will be required with respect to these matters for which a reliable estimate can be made; therefore, no provisions were made in the consolidated financial statements.

Operating environment

The Group operates mainly in the Russian Federation. The Russian economy displays certain characteristics of an emerging market. It is particularly sensitive to oil and gas prices. In 2020, Brent oil prices were quoted at USD 19.3 − USD 69.46 per barrel. The average price was USD 44.4 per barrel. The Group is exposed to the effects of changes in foreign currency exchange rates. In 2020, the average exchange rate was RUB 69.37 per USD 1. In 2020, the CBR key interest rate decreased from 6.25% to 4.25%.

Effect of the COVID-19 pandemic

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

THOUSANDS OF RUSSIAN RUBLES (UNLESS OTHERWISE INDICATED)

33. CONTINGENCIES (continued)

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

In general, the pandemic had no negative effect on the Group's business. In 2020, financial markets were more active and the Group's turnover increased significantly. All business units of the Group operate as normal and no changes were introduced to standard procedures. In order to protect health of the Group's employees, management shifted most of its employees to remote work during the deterioration of the epidemiological situation. It takes regular protective measures with insignificant costs for personal protective equipment, disinfecting equipment for office premises, additional disinfection, and laboratory COVID-19 diagnostic and antibody tests. None of the Group's operation or business development plans were cancelled or suspended.

The Group continues to assess the effect of the pandemic and changing economic conditions on its activities, financial position and financial results.

34. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, 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, as defined by IAS 24 *Related Party Disclosures*. In considering related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During reporting periods, in the ordinary course of business, the Group entered into a number of transactions with related parties. As at the end of the period, the balances were as follows:

	31 December 2020		
	Controlling shareholder	**Key management personnel**	**Group companies of the controlling shareholder**
Financial assets at amortized cost	194,212	–	29,203
Property and equipment	18,647	–	–
Other assets	23	–	–
Financial liabilities at amortized cost	(871,759)	–	(15,507)
Other liabilities			
- Provisions for unused vacations	–	(8,418)	–

	31 December 2019		
	Controlling shareholder	**Key management personnel**	**Group companies of the controlling shareholder**
Financial assets at amortized cost	28,294	1,734	28,110
Property and equipment	11,023	–	–
Other assets	19	–	–
Financial liabilities at amortized cost	(511,303)	–	(240)
Other liabilities			
- Provisions for unused vacations	–	(1,357)	–

As at 31 December 2020, 2019, property and equipment comprised right-of-use assets related to leased office premises owned by the shareholder.

34. RELATED PARTY TRANSACTIONS (continued)

The financial results of transactions with related parties during reporting periods were as follows:

	2020		
	Controlling shareholder	**Key management personnel**	**Group companies of the controlling shareholder**
Fee and commission income	7,334	–	10
Interest income	9,275	532	2,071
Interest expense	(29,776)	(19)	–
Direct operating expenses	(9,280)	–	(1,800)
(Provision for impairment)/ Reversal of provision for impairment of financial assets	5,524	–	(1,018)
Administrative expenses	(17,027)	(96,487)	(600)
Short-term employee benefits	–	*(96,487)*	–

	2019		
	Controlling shareholder	**Key management personnel**	**Group companies of the controlling shareholder**
Fee and commission income	1,516	–	–
Interest income	1,665	1,363	535
Interest expense	(38,171)	–	–
Direct operating expenses	(8,312)	–	(2,032)
Other operating income less expenses	–	–	–
Provision for impairment of financial assets	(4,365)	–	(164)
Administrative expenses	(2,060)	(43,188)	–
Short-term employee benefits	–	*(43,188)*	–

Key management personnel of the Group comprises sole executive bodies of each company, members of the Boards of Directors and Management Boards, and (in case of credit institutions) members of the Asset and Liability Committee and the Credit Committee.

As described in Note 6, in 2018, the Group provided loans to employees to purchase PJSC SPB Exchange's shares with limited recourse on the following terms: loans were issued for five years at a below-market interest rate, the shares were pledged to the Group until a loan was repaid; and during the term of the loan, an employee should either repay the loan in cash (in which case shares become free from any encumbrances) or withdraw from the arrangement (in which case shares should be returned). During the term of the loan, the employees were not required to achieve any performance conditions. According to IFRS 2 *Share-based Payment*, these arrangements are share-based payments that do not depend on subsequent achievement of a performance condition by the employees; therefore, these expenses are recognized in full at the grant date fair value of the renumeration. The terms of these arrangements are similar to the terms of options exercisable within five years. In 2020, loans payable by employees were transferred to the NP RTS Association.

In December 2020 the Group entered into a purchase agreement with the parent company NP RTS Association for the purchase of a multifunctional software complex for stock trading, clearing, stock data storage, reports generation and other functions. The purchase price was RUB 400,000 thousand of which RUB 200,000 thousand was paid by the Group in December 2020.

In the fourth quarter of 2020 the Group acquired intangible assets from a subsidiary of the controlling shareholder. The purchase price was RUB 73,000 thousand (2019 – RUB 4,000 thousand).

Part of the Company's trading participants are controlled by persons who, beginning in 2019-2020, became regularly elected to the Company's and its subsidiaries boards of directors. In addition, according to the policy of the Company, some of these companies became shareholders of the Company in 2020.

For the years ended 31 December 2020 and 2019 the Group earned income of RUB 417,352 thousand (2019: RUB 85,993 thousand) and incurred expenses of RUB 585,223 thousand (2019: RUB 67,232 thousand) in relation to such trading participants. As at 31 December 2020 assets with such related parties were RUB 132,762 thousand (2019: RUB 1,074,932 thousand) and liabilities with such related parties were RUB 880,971 thousand (2019: RUB 72,944 thousand).

35. EVENTS AFTER THE REPORTING PERIOD

In April 2021, PJSC SPB Exchange's shareholders with total ownership interest of 87.77% of PJSC SPB Exchange's share capital as of 15 April 2021 entered into a shareholders' agreement that provides for, among other things, the veto right of the NP RTS Association on certain issues within the competence of the general meeting of PJSC SPB Exchange's shareholders.

As a result of event mentioned above and as a result of other transactions performed by the NP RTS Association to transfer PJSC SPB Exchange's shares, other parties joining the above mentioned shareholders' agreement, and taking into account shareholder agreements with employees of the Group described in Note 1 who own 6.72% of PJSC SPB Exchange's shares as of the date of issue of these consolidated financial statements, the number of votes of NP RTS Association at the general meeting of PJSC SPB Exchange is 93.36% as of 30 April 2021.

On 14 May 2021 the extraordinary General Meeting of shareholders of PJSC SPB Exchange approved decision to split the issued ordinary shares of PJSC SPB Exchange into new ordinary shares with split ratio 40. New issue was registered in June 2021. Share capital of PJSC SPB Exchange now consists of 114,086,160 ordinary shares with par value of 3.75 ruble each. The split was executed on July 6, 2021.

During May-October 2021 there was a further decrease in the share of the NP RTS Association in PJSC SPB Exchange due to the sale of shares to third parties. As of the date of issue of these consolidated financial statements, NP RTS Association owns 16.5% shares of PJSC SPB Exchange.

Due to subsequent events described above NP RTS lost control over the Group. As NP RTS Association is non-for-profit partnership of participants not eligible for any share in NP RTS Association net assets, the Group has no ultimate beneficiary as of 31 December 2020, 31 December 2019 and as of the date of issue of these consolidated financial statements.

During May-July 2021 all loans issued to the NP RTS Association were repaid in amount of RUB 165,500 thousand.

Starting on 1 June 2021, PJSC SPB Exchange ceased to provide services for commodity trading.

On 4 June 2021, the Qatar Stock Exchange and the PJSC SPB Exchange signed a memorandum of partnership relations and cooperation between the exchanges.

On 4 June 2021 PJSC "Sovcombank" and PJSC SPB Exchange signed an agreement of cooperation on the formation of a green segment and social bonds at PJSC SPB Exchange, for trading of low-carbon energy certificates, quotas for greenhouse gas emissions, as well as certificates confirming the neutralization of greenhouse gas emissions.

On 2 July 2021 a new name PJSC SPB Exchange had been registered. The new name is Public Joint-Stock Company "SPB Exchange".

On 20 July 2021 the extraordinary General Meeting of shareholders of PJSC "SPB Exchange" approved additional issue of 114,086,160 ordinary shares with par value RUB 3.75 each. The way of placing is an open subscription. The offering price will be set by the Board of Directors of PJSC "SPB Exchange". Existing shareholders will be able to exercise their preemptive right to acquire additional shares.

In September 2021, the Board of Directors of PJSC SPB Exchange approved acquisition of software in the amount of RUB 43,800 thousand from a group company of the shareholder having significant influence. Acquisition took place on 6 September 2021.

In September 2021, a new board of directors of PJSC SPB Exchange was elected. The new board of directors consist of 15 members, including representatives of key financial market participants, shareholders of SPB Exchange and independent directors.

35. EVENTS AFTER THE REPORTING PERIOD (continued)

In October 2021 the Group continued realizing the share option program (SOP) for management of the Group, as well as started the new SOP for members of the Group's board. Under new SOP, Association NP RTS grants certain options to buy shares of SPB Exchange from Association NP RTS at a fixed price; certain options may be exercised conditionally.

Authorized and signed on behalf of management of PJSC SPB Exchange:

R.Y. Goryunov
General Director
PJSC SPB Exchange

3 November 2021

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «СПБ БИРЖА» ОГРН 1097800000440 МОСКВА
СПББИРЖА