Public Joint Stock Company

Asian-Pacific Bank

Consolidated Interim Condensed Financial Statements for the nine-month period ended

30 September 2019

Contents

	Notes	Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2018 RUB'000 (unaudited)
Interest income calculated using the effective interest method		7 391 179	7 639 236
Other interest income		197 995	100 459
Interest expense		(3 023 610)	(3 442 510)
Net interest income		**4 565 564**	**4 297 185**
Deposit insurance expenses		(278 475)	(176 714)
Net interest income after deposit insurance expenses		**4 287 089**	**4 120 471**
Fee and commission income		2 107 697	2 103 958
Fee and commission expense		(272 413)	(357 185)
Net fee and commission income		**1 835 284**	**1 746 773**
Net gain on financial instruments at fair value through profit or loss		30 065	30 628
Realised gain on financial assets at fair value through other comprehensive income		183 206	4 099
Loss from equity-accounted investee	10	(6 316)	(7 011)
Net foreign exchange gain		526 028	403 355
Net gain on operations with precious metals		56 530	77 191
Other operating income		911 067	4 899 974
Operating income		**7 822 953**	**11 275 480**
Allowance for expected credit losses	4	(4 130 088)	(4 350 233)
Other provisions	4	870 088	(753 392)
Personnel expenses		(2 719 796)	(2 632 907)
Other general administrative expenses		(2 073 740)	(2 444 585)
Loss for the period before income tax		**(230 583)**	**1 094 363**
Income tax expense		(65 195)	(1 306 592)
Loss for the period		**(295 778)**	**(212 229)**
Other comprehensive income (loss), net of income tax			
Items that are or may be reclassified subsequently to profit or loss			
Fair value reserve for financial assets at fair value through other comprehensive income			
- Net change in fair value		735 611	(309 334)
- Net change in fair value transferred to profit and loss		(160 421)	(53 527)
Total items that are or may be reclassified subsequently to profit or loss		*575 190*	*(362 861)*
Items that will not be reclassified subsequently to profit or loss			
Revaluation of buildings		-	(674 640)
Revaluation reserve for unquoted equity assets at fair value through other comprehensive income		365 727	(301 626)
Total items that will not be reclassified subsequently to profit or loss		*365 727*	*(976 266)*
Other comprehensive income (loss) for the period, net of income tax		**940 917**	**(1 339 127)**
Total comprehensive income (loss) for the period		**645 139**	**(1 551 356)**

Consolidated Interim Condensed Financial Information was approved on November 29, 2019:

Mr. S.V. Avramov
Chairman of the Management Board

Ms. E.V.Schekina
Chief Accountant

The Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information.

	Notes	Three-Month Period Ended 30 September 2019 RUB'000 (unaudited)*	Three-Month Period Ended 30 September 2018 RUB'000 (unaudited)*
Interest income calculated using the effective interest method		2 227 949	2 736 074
Other interest income		75 685	43 201
Interest expense		(1 051 232)	(1 000 681)
Net interest income		**1 252 402**	**1 778 594**
Deposit insurance expenses		(187 306)	(82 780)
Net interest income after deposit insurance expenses		**1 065 096**	**1 695 814**
Fee and commission income		831 385	818 252
Fee and commission expense		(96 042)	(131 446)
Net fee and commission income		**735 343**	**686 806**
Net loss on financial instruments at fair value through profit or loss		(9 838)	(393)
Realised gain on financial assets at fair value through other comprehensive income		80 265	4 410
Loss (gain) from equity-accounted investee		(3 631)	5 256
Net foreign exchange gain		101 869	222 846
Net gain on operations with precious metals		94 223	42 394
Other operating income		472 590	127 649
Operating income		**2 535 917**	**2 784 782**
Expected credit loss allowance		(706 153)	(1 094 059)
Other provisions		18 256	-
Personnel expenses		(919 958)	(812 837)
Other general administrative expenses		(326 189)	(459 165)
Income for the period before income tax		**601 873**	**418 721**
Income tax benefit (expense)		(132 214)	(246 797)
Profit for the period		**469 659**	**171 924**
Other comprehensive income (loss), net of income tax			
Items that are or may be reclassified subsequently to profit or loss			
Fair value reserve for financial assets at fair value through other comprehensive income			
- Net change in fair value		157 329	45 969
- Net change in fair value transferred to profit and loss		(78 068)	(7 355)
Total items that are or may be reclassified subsequently to profit or loss		*79 261*	*38 614*
Items that will not be reclassified subsequently to profit or loss			

The Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information.

	Notes	Three-Month Period Ended 30 September 2019 RUB'000 (unaudited)*	Three-Month Period Ended 30 September 2018 RUB'000 (unaudited)*
Revaluation reserve for unquoted equity assets at fair value through other comprehensive income		776	(301 626)
Total items that will not be reclassified subsequently to profit or loss		776	*(301 626)*
Other comprehensive income (loss) for the period, net of income tax		**80 037**	**(263 012)**
Total comprehensive income (loss) for the period		**549 696**	**(91 088)**

Mr. S.V. Avramov
Chairman of the Management Board

Ms. E.V.Schekina
Chief Accountant

*Figures for three-month period ended 30 September 2019 and corresponding figures for the three-month period ended 30 September 2018 are not reviewed.

The Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information.

	Notes	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
ASSETS			
Cash and cash equivalents	5	17 690 934	11 995 863
Obligatory reserves with the Central Bank of the Russian Federation		612 349	546 928
Financial instruments at fair value through profit or loss	6	1 688 631	3 312 152
Financial assets at fair value through other comprehensive income	7	11 145 150	11 920 866
including assets pledged under repurchase agreements	*7*	*2 960 723*	*22 461*
Due from banks		308 929	64 258
Amounts receivable under reverse repurchase agreements		339	790 353
Loans to customers	8	48 605 774	47 160 408
Net investments in finance leases	9	1 233 939	1 091 496
Investments in associates and other investments	10	84 443	90 759
Investments at amortised cost	11	1 010 254	1 788 403
Deferred tax assets		1 265 686	1 333 469
Property, equipment, intangible assets and investment property		4 983 132	4 862 912
Other assets	12	9 205 717	4 193 727
Total assets		**97 835 277**	**89 151 594**
LIABILITIES			
Financial instruments at fair value through profit or loss	6	10 809	2 502
Deposits and balances from banks		620 280	1 220 599
Amounts payable under repurchase agreements		2 819 264	21 510
Current accounts and deposits from customers	13	76 713 187	68 706 967
Debt securities issued	14	543 273	634 484
Other liabilities		2 048 589	4 130 796
Total liabilities		**82 755 402**	**74 716 858**
EQUITY			
Share capital		6 000 000	6 000 000
Share premium		3 000 000	3 000 000
Fair value reserve for financial assets at fair value through other comprehensive income		22 830	(786 134)
Revaluation surplus for buildings		1 068 591	1 068 591
Retained earnings		4 988 454	5 152 279
Total equity		**15 079 875**	**14 434 736**
Total liabilities and equity		**97 835 277**	**89 151 594**

The Consolidated Interim Condensed Statement of Financial Position is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information.

	Notes	Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2018 RUB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		6 446 380	8 099 277
Interest payments		(3 005 545)	(3 790 548)
Fee and commission receipts		2 052 088	2 080 789
Fee and commission payments		(275 117)	(355 338)
Net receipts from financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income		213 271	34 727
Net receipts from foreign exchange		1 274 599	430 224
Other income receipts		400 342	555 443
Net expenses from operations with precious metals		(109 093)	(19 745)
Deposit insurance, personnel and other general administrative expenses paid		(4 774 384)	(4 551 392)
(Increase) decrease in operating assets			
Obligatory reserves with the Central Bank of the Russian Federation		(65 421)	121 981
Financial instruments at fair value through profit or loss		1 610 989	(989 055)
Financial assets at fair value through other comprehensive income		1 786 031	(704 212)
Due from banks		(280 495)	(1 635 417)
Amounts receivable under reverse repurchase agreements		789 375	248 204
Loans to customers		(4 007 628)	3 592 597
Net investments in finance lease		(140 594)	151 162
Other assets		(5 004 066)	646 160
Increase (decrease) in operating liabilities			
Financial instruments at fair value through profit or loss		-	(868 202)
Deposits and balances from banks		(571 255)	(855 348)
Amounts payable under repurchase agreements		2 795 798	(2 375 973)
Current accounts and deposits from customers		8 396 160	(13 994 431)
Promissory notes		133 190	59 324
Other liabilities		(1 447 883)	(87 832)
Net cash flows used in operating activities before income tax paid		**6 216 742**	**(14 207 605)**
Income tax paid		(200 579)	(141 723)
Net cash used in operations		**6 016 163**	**(14 349 328)**

	Notes	Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2018 RUB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments at amortised cost		(639 029)	-
Net redemption of investments at amortised cost		1 307 327	2 359 668
Receipts from investments in associates		-	8 310
Net purchases of property and equipment, intangible assets and investment property		(249 704)	(76 186)
Payments on lease liabilities		(11 848)	-
Net cash flows from investing activities		**406 746**	**2 291 792**
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of bonds		(225 839)	(529 039)
Issue of shares		-	9 000 000
Net cash flows used in financing activities		**(225 839)**	**8 470 961**
Net decrease in cash and cash equivalents		**6 197 070**	**(3 586 574)**
Effect of changes in exchange rates on cash and cash equivalents		(505 987)	470 077
Effect of changes in expected credit losses on cash and cash equivalents		3 988	-
Cash and cash equivalents as at the beginning of the period		11 995 863	10 099 024
Cash and cash equivalents as at the end of the period		**17 690 934**	**6 982 527**

Mr. S.V. Avramov
Chairman of the Management Board

Щекина
Ms. E.V.Schekina
Chief Accountant

The Consolidated Interim Condensed Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Financial Information.

RUB'000	**Share capital**	**Treasury shares**	**Share premium**	**Additional capital**	**Fair value reserve for financial assets at fair value through other comprehensive income**	**Revaluation surplus for buildings**	**Retained earnings**	**Total equity**
Balance as at 1 January 2018	**585 414**	**(10 307)**	**1 778 739**	**2 200 000**	**189 533**	**1 816 992**	**6 557 286**	**13 117 657**
Impact of adopting IFRS 9 as at 1 January 2018*	-	-	-	-	(226 260)	-	(4 754 924)	(4 981 184)
Restated balance as at 1 January 2018*	**585 414**	**(10 307)**	**1 778 739**	**2 200 000**	**(36 727)**	**1 816 992**	**1 802 362**	**8 136 473**
Total comprehensive profit for the period								
Loss for the period (unaudited)	-	-	-	-	-	-	(212 229)	(212 229)
Other comprehensive income, net of income tax								
Total items that are or may be reclassified subsequently to profit or loss								
Net change in fair value of financial assets at fair value through other comprehensive income net of deferred tax of RUB 77 334 thousand (unaudited)	-	-	-	-	(309 334)	-	-	(309 334)
Net change in fair value of financial assets at fair value through other comprehensive income transferred to profit or loss, net of deferred tax of RUB 13 382 thousand (unaudited)	-	-	-	-	(53 527)	-	-	(53 527)
Total items that are or may be reclassified subsequently to profit or loss (unaudited)	-	-	-	-	*(362 861)*	-		*(362 861)*
Items that will not be reclassified to profit or loss								
Revaluation of buildings, net of deferred tax of RUB 168 660 thousand (unaudited)						(674 640)	-	(674 640)
Transfer of revaluation reserve for disposal of buildings that were previously revalued (unaudited)						(6 180)	6 180	-
Revaluation reserve on financial non-quoted equity instruments at fair value through other comprehensive income net of deferred tax of RUB 75 407 thousand (unaudited)					(301 626)	-	-	(301 626)
Total items that will not be reclassified to profit or loss (unaudited)	-	-	-	-	*(301 626)*	*(680 820)*	*6 180*	*(976 266)*
Total comprehensive income for the period, net of income tax (unaudited)	**-**	**-**	**-**	**-**	**(664 487)**	**(680 820)**	**(206 049)**	**(1 551 356)**
Transactions with owners, recorded directly in equity								
Loss covered from own equity (unaudited)			(1 778 739)	(2 200 000)	-	-	3 978 739	-
Conversion of shares (unaudited)	(585 414)	10 307	-	-	-	-	575 107	-
Issue of shares (unaudited)	6 000 000	-	3 000 000	-	-	-	-	9 000 000
Total transactions with owners (unaudited)	**5 414 586**	**10 307**	**1 221 261**	**(2 200 000)**	**-**	**-**	**4 553 846**	**9 000 000**
Balance as at 30 September 2018 (unaudited)	**6 000 000**	**-**	**3 000 000**	**-**	**(701 214)**	**1 136 172**	**5 814 367**	**15 249 325**

The Consolidated Interim Condensed Statement of Changes in Equity is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information.

RUB'000	Share capital	Treasury shares	Share premium	Additional capital	Fair value reserve for financial assets at fair value through other comprehensive income	Revaluation surplus for buildings	Retained earnings	Total equity
Balance as at 1 January 2019	**6 000 000**	**-**	**3 000 000**	**-**	**(786 134)**	**1 068 591**	**5 152 279**	**14 434 736**
Comprehensive income for the year								
Loss for the period (unaudited)	-	-	-	-	-	-	(295 778)	(295 778)
Other comprehensive income, net of income tax								
Items that are or may be reclassified subsequently to profit or loss								
Net change in fair value of financial assets at fair value through other comprehensive income net of deferred tax of RUB 183 903 thousand (unaudited)	-	-	-	-	735 611	-	-	578 282
Net change in fair value of financial assets at fair value through other comprehensive income transferred to profit or loss, net of deferred tax of RUB 40 105 thousand (unaudited)	-	-	-	-	(160 421)	-	-	(160 421)
Total items that are or may be reclassified subsequently to profit or loss (unaudited)	-	-	-	-	*575 190*	-	-	*575 190*
Items that will not be reclassified to profit or loss								
Revaluation reserve for unquoted equity assets at fair value through other comprehensive income net of deferred tax of RUB 91 432 thousand (unaudited)	-	-	-	-	365 727	-	-	365 727
Reclassification of revaluation reserve for unquoted equity assets at fair value through other comprehensive income net of deferred tax of RUB 32 988 thousand for retained earnings at disposal of the instrument (unaudited)					(131 953)		131 953	-
Total items that will not be reclassified to profit or loss (unaudited)	-	-	-	-	*233 774*	-	*131 953*	*365 727*
Total comprehensive income for the period, net of income tax (unaudited)	**-**	**-**	**-**	**-**	**808 964**	**-**	**(163 825)**	**645 139**
Balance as at 30 September 2019 (unaudited)	**6 000 000**	**-**	**3 000 000**	**-**	**22 830**	**1 068 591**	**4 988 454**	**15 079 875**

Mr. S.V. Avramov
Chairman of the Management Board

Щекина
Ms. E.V.Schekina
Chief Accountant

* The data was recalculated in comparison with the signed Consolidated Interim Condensed Financial Information for the nine months ended 30 September 2018 due to the restatement of the effect of transition to IFRS 9 as of 1 January 2018 based on the results of the audit of Consolidated Financial Statements as at 31 December 2018 and for year then ended.

The Consolidated Interim Condensed Statement of Changes in Equity is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information.

1 Background

Organisation and operations

These consolidated interim condensed financial information include the financial information of PJSC Asian-Pacific Bank (the "Bank") and its subsidiaries (together referred to as the Group).

The Bank was established in the Russian Federation as a closed joint-stock company in 1992 under the name "Amurpromstroybank" as a successor of Promstroybank of USSR which was founded in 1929. In 2006 the Bank was reorganised from a closed joint-stock company to an open joint-stock company and renamed to "Asian-Pacific Bank" by decision of the shareholders. On 7 May 2010 LLC PPFIN REGION, being a common majority shareholder for OJSC Asian-Pacific Bank, OJSC Kamchatprombank and OJSC Kolyma-Bank, merged the operations of these entities and therefore granted full control over OJSC Kamchatprombank and OJSC Kolyma-Bank to Asian-Pacific Bank (OJSC). In July 2015 the Bank was reorganised from an open joint-stock company to a public joint-stock company. From 26 April 2018 the Bank management functions have been carried out by LLC Fund of Banking Sector Consolidation Asset Management Company. From 26 April 2019 the Board of Directors and permanent management bodies are established.

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of the Russian Federation (the "CBR"). The Bank has a general banking license, and is a member of the state deposit insurance system in the Russian Federation.

The Bank has 199 (unaudited) (31 December 2018: 200) offices from which it conducts business throughout the Russian Federation including a head office, 3 regional branches, 11 additional offices, 184 operational offices. The registered address of the head office is 225, Amurskaya Street, Blagoveschensk, 675000. The majority of the Bank's assets and liabilities is located in the Russian Federation.

As at 30 September 2019 (unaudited) and 31 December 2018, the following shareholders held the issued shares of PJSC Asian-Pacific Bank:

Shareholder	**30 September 2019 % (unaudited)**	**31 December 2018 %**
Bank of Russia	99.99	99.99
Other	0.01	0.01
Total	**100.00**	**100.00**

Taking into account the repurchase of shares, the share of minority owners of less than 0.1% is less than 0.000000001%.

Details of the subsidiaries and associates are as follows:

Name	**Country of incorporation**	**Principal activities**	**Ownership, %** 30 September 2019 (unaudited)	**Ownership, %** 31 December 2018
LLC Expo-Leasing	Russian Federation	Leasing	100%	100%
CJSC Mortgage agent APB	Russian Federation	Mortgage agent	see below	see below
CJSC Mortgage agent APB 2	Russian Federation	Mortgage agent	see below	see below
LLC Specialised financial company APB 2	Russian Federation	Asset-backed securitisation	see below	see below
CUIF Celena	Russian Federation	Unit investment fund	41.09%	41.09%
PJSC M2M Private Bank	Russian Federation	Banking	100%*	100%*
LLC Katerina Park	Russian Federation	Hotel industry	100%*	100%*

** The Bank does not actually control these companies due to withdrawal of license from PJSC M2M Private Bank.*

On 1 October 2010, 100% of the shares of LLC Expo-Leasing were acquired by the Bank.

LLC Expo-Leasing was registered in 2002 in Russian Federation. Its head office is in Moscow and it has 4 branches as at 30 September 2019 (unaudited) (31 December 2018: 4 branches), comprising a head office and 3 additional offices.

CJSC Mortgage agent APB, CJSC Mortgage agent APB 2 and LLC Specialised financial company APB 2 ("MA APB", "MA APB 2" and "LLC SFC APB 2") are structured entities established to ensure asset-backed securitisation. These entities are not owned by the Group. Control arises through the predetermination of the entities' activities, through the rights to obtain the majority of benefits of the structured entities, and retaining the majority of the residual risks related to the entities. All bonds in the amount of RUB 1 390 000 thousand, issued by LLC SFC APB 2, were repurchased by the Bank.

On 4 May 2016, 51.58% of the shares of CUIF Celena were received by the Bank as a result of non-performance of repurchase agreement by PJSC BaikalBank. CUIF Celena was registered in 2010 in Russian Federation. At the date of acquisition the fund was managed by Finance Trade Asset Management LLC licensed to manage investment funds in 2008. On 30 December 2016, CUIF Celena issued 58 533 additional investment units totaling RUB 64 140 thousand which resulted in the decrease of the Bank's share down to 40.99%. In 2018, the number of the issued investment units of the CUIF Celena decreased to 284 414 units with the result that the Bank's share increased to 41.09%.

On 8 July 2016, the Group acquired 100% control over PJSC M2M Private Bank, previously controlled by the ultimate beneficial owners of the Group. In 2015 the Group in accordance with the PJSC M2M Private Bank share purchase agreement terms paid for 100% of shares amounting to RUB 2 300 000 thousand. The Group received 25% of shares on 27 October 2015 and 75% of shares on 8 July 2016 from LLC Prosop Invest. PJSC M2M Private Bank held 100% interest in the share capitals of LLC Katerina Park (starting from 21 December 2015) and LLC Pride M (starting from 10 June 2016). On 9 December 2016, the Group lost control over PJSC M2M Private Bank and its subsidiaries due to withdrawal of its banking license and imposing of temporary administration. The balances of PJSC M2M Private Bank have not been consolidated over the control period as Management of the Group does not deem the effect to have significant impact on the amounts stated in the consolidated interim condensed financial information. As at the reporting date (unaudited), investments in PJSC M2M Private Bank are included in "Investments in associates and other investments".

Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets risks of the Russian Federation, which display emerging-market characteristics. Regulatory framework and tax legislation continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

Starting from 2014 the United States of America, European Union and some other countries have imposed and expanded economic sanctions on Russian individuals and legal entities. The imposition of economic sanctions has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on support from the government. The longer-term effects of implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

These consolidated interim condensed financial information reflect management's assessment of the possible impact of the existing terms of the financial and business operations on the results of the activity and the financial position of the Group. The subsequent development of the conditions for financial and business activities may differ from the management's assessment.

2 Basis of the consolidated interim condensed financial statements preparation

Statement of compliance

The accompanying consolidated interim condensed financial information is prepared in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. It does not include all of the information required for full consolidated financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2018, as this consolidated interim condensed financial information provides an update of previously reported consolidated financial statements.

Basis of measurement

The consolidated interim condensed financial information is prepared on the historical cost basis except that financial instruments at fair value through profit or loss, financial assets at fair value through other comprehensive income are stated at fair value, and buildings are stated at revalued amounts.

Functional and presentation currency

The functional currency of the Bank and its subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of this consolidated interim condensed financial information.

Consolidated interim condensed financial information presented in RUB is rounded to the nearest thousand.

Use of estimates and judgments

The preparation of consolidated interim condensed financial information in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgments that affect the application of accounting policies made by management for the preparation of this consolidated interim condensed financial information were the same as for complete consolidated financial statements as at 31 December 2018 and for the year ended 31 December 2018.

3 Significant accounting policies

The accounting policies applied in this consolidated interim condensed financial information are the same as those applied in the annual consolidated financial statements as at 31 December 2018, except for certain exceptions specified below.

Change in the accounting policy and the order of presentation of information

The Group has initially adopted IFRS 16 Leases from 1 January 2019. These changes in the accounting policies are also expected to be recognized in the consolidated financial statements as at 31 December 2019.

A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Group applies IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Group decided to apply the practical expedient. It means that the Group applied IFRS 16 to the contracts concluded before 1 January 2019 and which were identified as leases under IAS 17 and IFRIC 4. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

As a lessee

The Group leases many assets, including properties and vehicles. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. However, the Group has decided not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

	Property, RUB'000 (unaudited)
Balance at 1 January 2019	201 040
Balance at 30 September 2019	214 254

The Group presents lease liabilities within Other liabilities in the consolidated interim condensed statement of financial position.

a) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The carrying amount of the lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b) Transition

Previously, the Group classified property leases as operating leases under IAS 17. At transition to IFRS 16, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to lease liability, adjusted at any prepaid or accrued lease payments – the Group applied this approach to all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of vehicles. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group leases out its investment property, including right-of-use assets. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group does not sub-lease any of its properties. Adjustments to leases for which the Group is the lessor are not required in the transition to IFRS 16, the most part of lease agreements do not contain a non-lease component.

Impacts on financial statements

a) Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities without recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 RUB'000 (unaudited)
Right-of-use assets presented in property, plant and equipment	201 040
Lease liabilities in other liabilities	196 628

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 7.45-8.88%.

	1 January 2019 RUB'000 (unaudited)
Discounted using the incremental borrowing rate as at 1 January 2019	322 601
Recognition exemption for leases of low-value assets, for leases with less than 12 months of lease term at transition and other agreements	(143 534)
Extension options reasonably certain to be exercised	17 561
Lease liabilities recognised as at 1 January 2019	**196 628**

b) Impacts for the period

As a result of initial application of IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RUB 201 040 thousand of right-of-use assets and RUB 196 628 thousand of lease liabilities as at 1 January 2019 (unaudited). Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest expenses, instead of operating lease expense. During the nine-month period ended 30 September 2019 (unaudited data), the Group recognised RUB 45 486 thousand of depreciation charge and RUB 11 848 thousand of interest expense from these leases.

4 Allowance for expected credit losses and other provisions

	Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)	**Nine-Month Period Ended 30 September 2018 RUB'000 (unaudited)**
Loans to customers	3 455 128	3 711 680
Financial instruments at fair value through other comprehensive income	(34 341)	45 056
Cash and cash equivalents and due from banks	(3 486)	505 244
Investments at amortised cost	(296)	(3 365)
Credit related commitments	99 561	44 162
Net investments in finance leases	(3 433)	(31 838)
Other assets	616 955	79 294
	4 130 088	**4 350 233**

Other provisions in the amount of RUB 870 088 thousand (unaudited) represent a change in the provision for other contingent liabilities, which are recognized within Other liabilities as at 30 September 2019 (unaudited) and 31 December 2018.

As at 30 September 2019 (unaudited) other provisions amount to RUB 638 815 thousand (31 December 2018: RUB 2 944 937 thousand) and include legal claims to the Group, i.e.:

- legal claim of the bankruptcy trustee of PJSC M2M Private Bank - the State Corporation Deposit Insurance Agency on disputing the deals on asset disposal of PJSC M2M Private Bank, made with the Group, in the amount of RUB 572 000 thousand. This amount of provision is recognized by the court as the amount of recoverable claims of the Group to PJSC M2M Private Bank, which as at 31 December 2018 was estimated by the Bank in the amount of RUB 1 418 560 thousand.

- legal claim of the Territorial Administration of the Federal Property Management Agency in the Primorsky District to argue the real estate purchase and sale agreement in the amount of RUB 66 815 thousand.

- legal claim of the FSBI “Zabaykalsky Administration for Hydrometeorology and Environmental Monitoring” on debt collection from the Bank under a bank guarantee in the amount of RUB 18 256 thousand. In July 2019 the obligations were fully fulfilled in accordance with a court decision.

Management estimates final dates of economic benefits outflow, related to these legal claims, with moderate caution. They could not be exactly estimated due to uncertainty of litigation completion procedure. The Group estimates that the expected reimbursement would not exceed the amount of the recorded provisions.

As at 31 December 2018 the provision on settlements with IFC was recognized in the amount of RUB 1 436 034 thousand. In 2019 the Group fully fulfilled obligations to IFC.

As at 30 September 2019 (unaudited) non-credit related contingent liabilities (repayments under claims for promissory notes of LCC FTK) recorded on off-balance sheet accounts amount to RUB 2 633 827 thousand (31 December 2018: RUB 3 990 319 thousand).

5 Cash and cash equivalents

	30 September 2019 RUB’000 (unaudited)	**31 December 2018 RUB’000**
Cash on hand	**3 669 302**	**3 388 552**
Nostro accounts with the CBR	**1 673 091**	**2 621 653**
Nostro accounts with other banks		
rated from A- to AA+	613 940	274 059
rated from BBB- to BBB+	7 098 772	802 056
rated from BB- to BB+	219 151	65 448
rated from CCC to B+	3 204	58 077
Total nostro accounts with other banks	**7 935 067**	**1 199 640**
Term deposits with the CBR	**2 001 910**	**100 042**
Term deposits with other banks		
rated from BBB- to BBB+	8 634	4 301 736
rated from BB- to BB+	2 009 589	-
rated from CCC to B+	405 092	399 976
Total term deposits with other banks	**2 423 315**	**4 701 712**
Allowance for expected credit losses	(11 751)	(15 736)
Total cash and cash equivalents	**17 690 934**	**11 995 863**

In the table above, the credit rating is assigned in accordance with the rating scale of Standard & Poor’s and Fitch.

The next table presents reconciliation of allowance for expected credit losses as at the beginning and as at the end of the reporting period for cash and cash equivalents.

	For the nine-month period ended 30 September 2019 (unaudited)				
RUB'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Cash and cash equivalents					
Balance at 1 January	**15 736**	**-**	**-**	**-**	**15 736**
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net remeasurement of loss allowance	(6 649)	-	-	-	(6 649)
New financial assets originated or purchased	2 664	-	-	-	2 664
Balance at 30 September	**11 751**	**-**	**-**	**-**	**11 751**

Cash and cash equivalents are classified into Stage 1.

In the table below analysis of changes in the allowance for expected credit losses for cash and cash equivalents for the nine-month period ended 30 September 2018 (unaudited) is presented:

	RUB'000 (unaudited)
Allowance for expected credit losses at the beginning of the period	**-**
Effect of transition to IFRS 9	94
Net change in allowance for expected credit losses	4 531
Allowance for expected credit losses at the end of the period	**4 625**

6 Financial instruments at fair value through profit or loss

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
ASSETS		
Securities at fair value through profit or loss		
Securities owned by the Group		
- Government bonds		
Russian Government Federal bonds (OFZ)	1 160 462	2 902 387
Total government bonds	**1 160 462**	**2 902 387**
- Corporate bonds		
rated from A- to A+	389 649	406 398
rated from BBB- to BBB+	81 797	-
Total corporate bonds	**471 446**	**406 398**
Total securities owned by the Group	**1 631 908**	**3 308 785**
Total securities at fair value through profit or loss	**1 631 908**	**3 308 785**
Derivative financial instruments		
Foreign currency and securities contracts	56 723	3 367
	1 688 631	**3 312 152**
LIABILITIES		
Derivative financial instruments		
Foreign currency and securities contracts	10 809	2 502
	10 809	**2 502**

In the table above, the credit rating is assigned in accordance with the rating scale of Standard & Poor's and Fitch.

No financial instruments at fair value through profit or loss are past due or impaired.

7 Financial assets at fair value through other comprehensive income

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Held by the Group		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	3 022 964	7 659 051
Regional authorities and municipal bonds	75 998	114 877
Total government and municipal bonds	**3 098 962**	**7 773 928**
- Corporate bonds		
Rated from A- до A+	89 778	-
Rated from BBB- to BBB+	526 407	2 642 367
Rated from BB- to BB+	3 736 719	183 953
Rated from B- to B+	423 859	
Banks with revoked license	102 651	102 651
Not rated	-	253 021
Total corporate bonds	**4 879 414**	**3 181 992**
- Corporate shares		
Not rated	206 051	942 485
Total corporate shares	**206 051**	**942 485**
Total financial assets at fair value through other comprehensive income held by the Group	**8 184 427**	**11 898 405**
Pledged under sale and repurchase agreements		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	2 960 723	22 461
Total government and municipal bonds	**2 960 723**	**22 461**
Total financial assets at fair value through other comprehensive income pledged under sale and repurchase agreements	**2 960 723**	**22 461**
Total financial assets at fair value through other comprehensive income	**11 145 150**	**11 920 866**
Allowance for expected credit losses*	(119 104)	(153 445)
Total financial assets at fair value through other comprehensive income (carrying amount)	**11 145 150**	**11 920 866**

** The allowance for expected credit losses presented above is not recognized in the consolidated interim condensed statement of financial position, since the carrying amount of debt securities at fair value through other comprehensive income is their fair value.*

The following table sets out information about the credit quality of debt financial assets at fair value through other comprehensive income as at 30 September 2019 (unaudited).

	30 September 2019 (unaudited)				
RUB'000	**12-month ECL**	**Lifetime ECL for not credit-impaired assets**	**Lifetime ECL for credit-impaired assets**	**Credit impaired assets at initial recognition**	**Total**
Debt financial assets at FVOCI					
Rated from A- до A+	89 778				89 778
Rated from BBB- to BBB+	9 720 406	-	-	-	9 720 406
Rated from BB- to BB+	602 405	-	-	-	602 405
Rated from B- to B+	423 859				423 859
Not rated	-	-	-	102 651	102 651
	10 836 448	**-**	**-**	**102 651**	**10 939 099**
Allowance for expected credit losses	**(16 453)**	**-**	**-**	**(102 651)**	**(119 104)**
Gross carrying amount	**10 819 995**	**-**	**-**	**-**	**10 819 995**
Carrying amount-fair value	**10 836 448**	**-**	**-**	**102 651**	**10 939 099**

The following table sets out information about the credit quality of debt financial assets at fair value through other comprehensive income as at 31 December 2018.

	31 December 2018				
RUB'000	**12-month ECL**	**Lifetime ECL for not credit-impaired assets**	**Lifetime ECL for credit-impaired assets**	**Credit impaired assets at initial recognition**	**Total**
Debt financial assets at FVOCI					
Rated from BBB- to BBB+	10 323 879	-	-	-	10 323 879
Rated from BB- to BB+	236 736	-	-	-	236 736
Not rated	62 094	253 021	-	102 651	417 766
	10 622 709	**253 021**	**-**	**102 651**	**10 978 381**
Allowance for expected credit losses	**(12 777)**	**(38 017)**	**-**	**(102 651)**	**(153 445)**
Gross carrying amount	**10 609 932**	**215 004**	**-**	**-**	**10 824 936**
Carrying amount-fair value	**10 622 709**	**253 021**	**-**	**102 651**	**10 978 381**

Corporate ratings are based on Standard & Poor's ratings or equivalent Fitch and Moody's ratings.

The following table presents reconciliation of allowance for expected credit losses as at the beginning and as at the end of the reporting period for financial assets at fair value through other comprehensive income for the period.

	For the nine-month period ended 30 September 2019 (unaudited)				
RUB'000 (unaudited)	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Financial assets at fair value through other comprehensive income for the period					
Balance at 1 January	**12 777**	**38 017**	**-**	**102 651**	**153 445**
Transfer to Stage 1	38 017	(38 017)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net remeasurement of loss allowance	(45 338)	-	-	-	(45 338)
New financial assets originated or purchased	10 997	-	-	-	10 997
Balance at 30 September	**16 453**	**-**	**-**	**102 651**	**119 104**

The table below presents analysis of changes in the allowance for expected credit losses for financial assets at fair value through other comprehensive income for the nine-month period ended 30 September 2018 (unaudited):

	RUB'000 (unaudited)
Allowance for expected credit losses at the beginning of the period	**102 651**
Effect of transition to IFRS 9	6 920
Net change in allowance for expected credit losses	45 056
Allowance for expected credit losses at the end of the period	**154 627**

As at 30 September 2019 (unaudited) the unquoted corporate shares at fair value through other comprehensive income amount to RUB 206 051 thousand and are categorised as Level 3 in the fair value hierarchy.

As at 31 December 2018, unquoted corporate shares at fair value through other comprehensive income amounted to RUB 942 485 thousand and are categorised as Level 3 in the fair value hierarchy.

8 Loans to customers

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Loans to corporate customers	**30 925 978**	**28 949 834**
Loans to retail customers		
Consumer loans	45 627 629	44 346 454
Mortgage loans	2 256 654	2 695 764
Total loans to retail customers	**47 884 283**	**47 042 218**
Gross loans to customers	**78 810 261**	**75 992 052**
Allowance for expected credit losses	(30 204 487)	(28 831 644)
Net loans to customers	**48 605 774**	**47 160 408**

Reconciliation of balances of allowance for expected credit losses for loans to corporate and retail customers as at the beginning and as at the end of the reporting period are as follows:

RUB'000	For the nine-month period ended 30 September 2019 (unaudited)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to corporate customers					
Balance at 1 January	**266 916**	**32 205**	**9 032 498**	**-**	**9 331 619**
Transfer to Stage 1	41 800	(3 733)	(38 067)	-	-
Transfer to Stage 2	(27 747)	47 966	(20 219)	-	-
Transfer to Stage 3	(11 704)	(11 213)	22 917	-	-
Net remeasurement of loss allowance	(208 633)	(25 173)	2 536 642	-	2 302 836
New financial assets originated or purchased	390 551	3 493	-	-	394 044
Unwinding of discount	-	-	246 757	-	246 757
Financial assets that have been derecognised	-	-	(1 596 201)	-	(1 596 201)
Write-offs	-	-	(32 281)	-	(32 281)
Balance at 30 September	**451 183**	**43 545**	**10 152 046**	**-**	**10 646 774**

RUB'000	For the nine-month period ended 30 September 2019 (unaudited)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans to retail customers					
Balance at 1 January	**753 493**	**806 927**	**17 939 605**	**-**	**19 500 025**
Transfer to Stage 1	232 967	(45 388)	(187 579)	-	-
Transfer to Stage 2	(39 518)	494 676	(455 158)	-	-
Transfer to Stage 3	(65 839)	(230 464)	296 303	-	-
Net remeasurement of loss allowance	(124 087)	(178 209)	872 365	-	570 069
New financial assets originated or purchased	156 569	31 610	-	-	188 179
Unwinding of discount	-	-	699 410	-	699 410
Financial assets that have been derecognised	-	-	(106 674)	-	(106 674)
Write-offs	-	-	(1 293 296)	-	(1 293 296)
Balance at 30 September	**913 585**	**879 152**	**17 764 976**	**-**	**19 557 713**

Below is the explanation of how significant changes in the gross carrying amount of corporate loans during nine months ended 30 September 2019 (unaudited) affected changes in allowance for expected credit losses:

- Redemption of corporate loans in the amount of RUB 3 303 417 thousand during nine months of 2019 led to a reduction in ECLs by RUB 99 330 thousand.
- Write-offs of corporate loans in the amount of RUB 32 275 thousand during nine months of 2019 led to a reduction in ECLs by RUB 32 275 thousand.
- Cession of corporate loans in amount RUB 1 590 796 thousand during nine month of 2019 led to reduction in ECL in the amount of RUB 1 590 796 thousand. Cession of corporate loans is mainly presented by sale of 100% provided loan issued to LLC FTK in the amount of RUB 1 589 706 thousand to FBSC AMC Ltd.
- Net change of allowance for Stage 3 in the amount of RUB 2 302 836 thousand was mainly due to additional charge of allowance for loans under which the rate was increased to 100%. In 2019 the Group changed the accounting policy for accounting of collateral, excluding collateral with exposure period more than 270 days from the calculation of redemption cash flows.
- Issue of corporate loans in the amount of RUB 13 862 621 thousand during nine months of 2019 led to an increase in ECLs by RUB 394 045 thousand.
- As at 30 September 2019 the individual loan has been transferred to initial borrower by the court decision and has been transferred from individual to corporate portfolio with correspondent movement in allowance from individual RUB 753 518 thousand to corporate RUB 827 842 thousand. The allowance rate was stated 100% in individual category and now is stated 100% in corporate category. The difference in amounts in allowance movement is due to currency revaluation as the initial conditions were returned by court decision.

Below is the explanation of how significant changes in the gross carrying amount of retail loans issued during nine months ended 30 September 2019 (unaudited) affected changes in allowance for expected credit losses:

- Write-offs of retail loans in the amount of RUB 1 293 296 thousand during nine months of 2019 led to a reduction in ECLs by RUB 1 293 296 thousand.
- Cession of retail loans in the amount of RUB 106 674 thousand during nine months of 2019 led to a reduction in ECL by RUB 106 674 thousand.
- Transfer from Stage 1 to Stage 2 and Stage 3 during nine months of 2019 in the amount of RUB 2 046 805 thousand led to an increase in ECLs by RUB 105 357 thousand.
- Issue of retail loans in the amount of RUB 4 796 060 thousand during nine months of 2019 led to an increase in ECLs by RUB 188 179 thousand.
- Redemption of retail loans in the amount of RUB 7 366 764 thousand led to a reduction in ECLs by RUB 541 582 thousand.
- Increase of ECLs within Stage 3 in the amount of RUB 872 365 was mainly due to the increase in the number of loans, the allowance for which was increased to 100% during nine months of 2019 due to deterioration in quality and transfer to the category of overdue more than 724 days.

The table below represents movements in the allowance for expected credit losses on loans to customers for the nine-month period ended 30 September 2018 (unaudited) are as follows:

	RUB'000 (unaudited)
Allowance for expected credit losses as at the beginning of the period	**16 930 001**
Effect of transition to IFRS 9	4 852 025
Adjustment of interest income as at 1 January 2018	2 909 438
Net change in allowance for expected credit losses	3 711 680
Unwinding of discount	1 399 543
Write-offs	(2 074 006)
Allowance for expected credit losses as at the end of the period	**27 728 681**

Credit quality analysis

The following table sets out information about the credit quality of corporate loans issued as at 30 September 2019 (unaudited).

	30 September 2019 (unaudited)				
RUB'000	**12-month ECLs**	**Lifetime ECLs for assets that are not credit-impaired**	**Lifetime ECLs for credit-impaired assets**	**Credit-impaired assets at initial recognition**	**Total**
Loans to corporate customers					
Standard	17 286 985	-	-	-	17 286 985
Below standard	-	802 005	-	-	802 005
Doubtful	-	-	12 836 988	-	12 836 988
	17 286 985	**802 005**	**12 836 988**	**-**	**30 925 978**
Allowance for expected credit losses	**(451 183)**	**(43 545)**	**(10 152 046)**	**-**	**(10 646 774)**
Carrying amount	**16 835 802**	**758 460**	**2 684 942**	**-**	**20 279 204**

The following table sets out information about the credit quality of corporate loans issued as at 31 December 2018.

	31 December 2018				
RUB'000	**12-month ECLs**	**Lifetime ECLs for assets that are not credit-impaired**	**Lifetime ECLs for credit-impaired assets**	**Credit-impaired assets at initial recognition**	**Total**
Loans to corporate customers					
Standard	15 133 516	-	-	-	15 133 516
Below standard	-	795 186	-	-	795 186
Doubtful	-	-	13 021 132	-	13 021 132
	15 133 516	**795 186**	**13 021 132**	**-**	**28 949 834**
Allowance for expected credit losses	**(266 916)**	**(32 205)**	**(9 032 498)**	**-**	**(9 331 619)**
Carrying amount	**14 866 600**	**762 981**	**3 988 634**	**-**	**19 618 215**

The following table sets out information about the credit quality of retail loans issued as at 30 September 2019.

	30 September 2019 (unaudited)				
RUB'000	**12-month ECLs**	**Lifetime ECLs for assets that are not credit-impaired**	**Lifetime ECLs for credit-impaired assets**	**Credit-impaired assets at initial recognition**	**Total**
Loans to retail customers					
Not overdue	26 339 409	1 988 263	94 019	-	28 421 691
Overdue less than 30 days	450 593	156 193	59 676	-	666 462
Overdue 30-89 days	-	643 231	62 011	-	705 242
Overdue 90-723 days	-	-	5 757 181	-	5 757 181
Overdue more than 724 days	-	-	12 333 707	-	12 333 707
	26 790 002	**2 787 687**	**18 306 594**	**-**	**47 884 283**
Allowance for expected credit losses	**(913 585)**	**(879 152)**	**(17 764 976)**	**-**	**(19 557 713)**
Carrying amount	**25 876 417**	**1 908 535**	**541 618**	**-**	**28 326 570**

The following table sets out information about the credit quality of retail loans issued as at 31 December 2018.

	31 December 2018				
RUB'000	**12-month ECLs**	**Lifetime ECLs for assets that are not credit-impaired**	**Lifetime ECLs for credit-impaired assets**	**Credit-impaired assets at initial recognition**	**Total**
Loans to retail customers					
Not overdue	24 359 407	1 723 784	809 094	-	26 892 285
Overdue less than 30 days	324 914	161 218	175 479	-	661 611
Overdue 30-89 days	-	477 434	296 530	-	773 964
Overdue 90-723 days	-	-	6 483 796	-	6 483 796
Overdue more than 724 days	-	-	12 230 562	-	12 230 562
	24 684 321	**2 362 436**	**19 995 461**	**-**	**47 042 218**
Allowance for expected credit losses	**(753 493)**	**(806 927)**	**(17 939 605)**	**-**	**(19 500 025)**
Carrying amount	**23 930 828**	**1 555 509**	**2 055 856**	**-**	**27 542 193**

9 Net investments in finance leases

Net investments in finance leases comprise:

	30 September 2019 RUB'000 (unaudited)	**31 December 2018 RUB'000**
Gross investments in finance leases	1 530 219	1 421 284
Unearned finance lease income	(271 181)	(297 465)
	1 259 038	**1 123 819**
Allowance for expected credit losses	(25 099)	(32 323)
Net investments in finance leases	**1 233 939**	**1 091 496**

The following table present a reconciliation of allowance for expected credit losses as at the beginning and as at the end of the reporting period for net investments in finance leases.

RUB'000	For the nine-month period ended 30 September 2019 (unaudited)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**5 959**	**12 155**	**14 209**	**32 323**
Transfer to Stage 1	2 179	(2 179)	-	-
Transfer to Stage 2	(1 135)	6 380	(5 245)	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(3 997)	(11 248)	(1 587)	(16 832)
New financial assets originated or purchased	5 060	8 340	-	13 400
Write-offs	-	-	(3 792)	(3 792)
Balance at 30 September	**8 066**	**13 448**	**3 585**	**25 099**

The table below presents analysis of changes in the allowance for expected credit losses for nine months 2018 (unaudited):

	RUB'000 (unaudited)
Allowance for expected credit losses as at the beginning of the period	**92 257**
Effect of transition to IFRS 9	6 727
Net change in allowance for expected credit losses	8 699
Write-offs	(28 865)
Allowance for expected credit losses as at the end of the period	**78 818**

The following tables set out information about the credit quality of net investments in finance leases as at 30 September 2019 (unaudited) and as at 31 December 2018:

	30 September 2019 (unaudited)				
RUB'000 (unaudited)	**12-month ECLs**	**Lifetime ECLs for assets that are not credit-impaired**	**Lifetime ECLs for credit-impaired assets**	**Credit-impaired assets at initial recognition**	**Total**
Standard	752 049	495 376	-	-	1 247 425
Below standard	-	-	-	-	-
Doubtful	-	-	11 613	-	11 613
	752 049	**495 376**	**11 613**	**-**	**1 259 038**
Allowance for expected credit losses	**(8 066)**	**(13 448)**	**(3 585)**	**-**	**(25 099)**
Carrying amount	**743 983**	**481 928**	**8 028**	**-**	**1 233 939**

	31 December 2018				
RUB'000	**12-month ECLs**	**Lifetime ECLs for assets that are not credit-impaired**	**Lifetime ECLs for credit-impaired assets**	**Credit-impaired assets at initial recognition**	**Total**
Standard	602 427	493 123	-		1 095 550
Below standard	-	-	1 150		1 150
Doubtful	-	-	27 119		27 119
	602 427	**493 123**	**28 269**		**1 123 819**
Allowance for expected credit losses	**(5 959)**	**(12 155)**	**(14 209)**		**(32 323)**
Carrying amount	**596 468**	**480 968**	**14 060**		**1 091 496**

ECL model includes three stages of expected loss recognition, which are based on the financial instrument risk change.

- First Stage of expected loss recognition (Standard)

At the moment of financial instrument recognition the expected loss is recognized within profit or loss for 12 months. This is the amount of expected losses, which could be incurred as a result of loss events that are likely to occur within 12 months after the reporting date. The amount is calculated as weighted average from the probability of occurrence of loss event.

Only financial instruments from individual portfolio could be included in this Stage, classified in 1-2 credit quality groups without overdue payments of over 30 days as at reporting date.

- Second Stage of expected loss recognition (Below standard)

If a risk on a financial instrument increases significantly and its quality does not match the criteria of the low risk category, life-time ECLs are recognized on this financial instrument.

Financial instruments from any portfolio could be classified into this Stage, while for financials assets from individual portfolio credit quality group should be 3-4 and overdue payments should not be over 90 days as at the reporting date for both portfolios.

- Third Stage of expected loss recognition (Doubtful)

If a risk on a financial instrument increases so significantly that the financial instrument is regarded as impaired, life-time ECLs are recognized on this financial instrument. Financial instruments from any portfolio which meet the default definition could be classified into this Stage.

Deterioration in the quality of a financial instrument is a significant increase in the probability of default from the moment of initial recognition. All new transactions are automatically classified into Stage 1 and their subsequent transfer to stages 2 or 3 is possible only if they meet the criteria (for example, a transfer from 3 credit quality group to 4 credit quality group).

10 Investments in associates and other investments

Associates and other investments comprise the following:

Name	Country of incorporation	Main activity	Ownership, % 30 September 2019 (unaudited)	Ownership, % 31 December 2018	30 September 2019 Carrying value RUB'000 (unaudited)	31 December 2018 Carrying value RUB'000
PJSC M2M Private Bank	Russian Federation	Banking	100%	100%	2 300 000	2 300 000
CUIF Celena	Russian Federation	Unit investment fund	41.09%	41.09%	84 443	90 759
Allowance for expected credit losses					(2 300 000)	(2 300 000)
					84 443	**90 759**

The following table summarises the financial information of CUIF Celena as at 30 September 2019 (unaudited) and as at 31 December 2018 and for the nine-month period ended 30 September 2019 (unaudited) and 30 September 2018 (unaudited), and reconciliation of carrying amount of the Group's interest the in associate:

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Total assets	210 795	226 774
Total liabilities	(5 265)	(5 870)
Net assets	**205 530**	**220 904**
Group's share in net assets (41.09%)	**84 443**	**90 759**

	Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2018 RUB'000 (unaudited)
Group's share in net loss for the period	(6 316)	(12 267)
Total Group's share in the comprehensive loss for the period	**(6 316)**	**(12 267)**

11 Investments at amortised cost

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Held by the Group		
- Government and municipal bonds		
Municipal bonds	-	33 077
Total government and municipal bonds	**-**	**33 077**
- Corporate bonds		
rated from AA- to AA+	-	351 330
rated from BBB- to BBB+	1 011 092	1 405 130
Total corporate bonds	**1 011 092**	**1 756 460**
Total investments at amortised cost held by the Group	**1 011 092**	**1 789 537**
Total investments at amortised cost	**1 011 092**	**1 789 537**
Allowance for expected credit losses	(838)	(1 134)
Total net investments at amortised cost	**1 010 254**	**1 788 403**

In the table above credit ratings are based on Standard&Poors and Fitch ratings.

The following table presents a reconciliation of allowance for expected credit losses as at the beginning and as at the end of the reporting period for investments at amortised cost.

RUB'000	For the nine-month period ended 30 September 2019 (unaudited)				
	Stage 1	Stage 2	Stage 3	POCI	Total
Investments at amortised cost					
Balance at 1 January	**1 134**	**-**	**-**	**-**	**1 134**
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net remeasurement of loss allowance	(296)	-	-	-	(296)
Balance at 30 September	**838**	**-**	**-**	**-**	**838**

The table below presents analysis of changes in the allowance for expected credit losses for the nine months 2018 (unaudited):

	RUB'000 (unaudited)
Allowance for expected credit losses as at the beginning of the period	**-**
Effect of transition to IFRS 9	3 477
Net change in allowance for expected credit losses	(3 365)
Allowance for expected credit losses as at the end of the period	**112**

12 Other assets

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Requirements for the supply of promissory notes	907 008	7 455
Guarantee deposits (with international ratings from BB- to A)	587 421	635 985
Continuing involvement with sold loan portfolio	563 048	563 048
Assets recognized impaired at initial recognition	558 461	64 597
Outstanding settlements with payment infrastructure services and cash transfers operators	195 330	42 193
Receivables on commissions	41 291	92 766
Other	375 032	244 333
Total other financial assets	**3 227 591**	**1 650 377**
Gold	3 794 490	1 123 751
Settlements on claims	883 748	376 526
Advances on precious metals delivery	670 661	107 137
Prepayments	564 315	473 049
Assets held for sale	475 541	443 591
Commemorative coins	125 225	129 983
Prepayments for assets to be leased under finance lease	74 752	60 174
Current income tax	22 973	9 467
Materials and supplies	20 346	19 880
VAT payable	16 581	9 318
Other	136 984	19 221
Total other non-financial assets	**6 785 616**	**2 772 097**
Total other assets	**10 013 207**	**4 422 474**
Impairment allowance	(807 490)	(228 747)
Total other assets net of impairment allowance	**9 205 717**	**4 193 727**

Movements in the impairment allowance are as follows:

	Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2018 RUB'000 (unaudited)
Balance of the impairment allowance at the beginning of the year	228 747	146 038
Net charge	600 027	79 294
Write-offs	(21 284)	(52 870)
Balance of the impairment allowance at the end of the year	**807 490**	**172 462**

13 Current accounts and deposits from customers

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Current accounts and demand deposits		
- Retail	9 298 090	7 117 943
- Corporate	12 953 886	8 586 818
Term deposits		
- Retail	47 239 793	47 426 481
- Corporate	7 221 418	5 575 725
	76 713 187	**68 706 967**

14 Debt securities issued

	30 September 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Bonds	312 972	538 811
Promissory notes	230 301	95 673
	543 273	**634 484**

As at 30 September 2019 (unaudited), bonds are presented by one issue made by MA APB 2 (31 December 2018: one issue).

In February 2014, the Group issued RUB 2 553 000 thousand of mortgage backed securities with a coupon rate of 9% and maturity date not later than 1 October 2046 with partially repayments each quarter.

15 Related party transactions

a) Control relationships

On 26 April 2018 the Bank of Russia decided to implement measures aimed at improving the financial stability of the Bank using the funds of the Fund of Banking Sector Consolidation. Since then, the government has been the ultimate beneficiary of the Group.

The Group discloses information on transactions with the Bank of Russia and the banks under its control.

Income and expenses of the Group received for the period for the nine-month period ended 30 September 2018 from transactions with members of the Board of Directors and the Management Board, shareholders and other related parties are presented in the tables below.

The Group's parent company till 26 April 2018 was LLC PPFIN Region (Russian Federation). As at 31 December 2017 to 26 April 2018 the collective ultimate controlling parties of the Group were Mr. Andrey Vdovin (the owner of 19.724%), Mr. Alexey Maslovsky (the owner of 19.724%), Mr. Peter Hambro (the owner of 19.724%).

b) Transactions with the CBR and the banks under its control

As at 30 September 2019 (unaudited) and 31 December 2018, balances on accounts with the CBR and the banks under its control are as follows:

Consolidated interim condensed statement of financial position	**30 September 2019 RUB'000 (unaudited)**	**31 December 2018 RUB'000**
ASSETS		
Cash and cash equivalents	8 291 757	2 838 584
Obligatory reserves with the Central Bank of the Russian Federation	612 349	546 928
Financial instruments at fair value through profit or loss	9 062	-
Financial assets at fair value through other comprehensive income	-	394 540
Due from banks	43 977	39 644
Amounts receivable under reverse repurchase agreements	342	311 238
Other assets	137 254	25 741
LIABILITIES		
Financial instruments at fair value through profit or loss	-	-
Amounts payable under repurchase agreements	2 819 263	-
Current accounts and deposits from customers	65 028	12 116
Debt securities issued	22 610	22 610
Other liabilities	-	271

The amounts included in the consolidated condensed statement of profit or loss and other comprehensive income for transactions with the CBR and the banks under its control for the nine-month period ended 30 September 2019 (unaudited) and for the period from 26 April 2018 till 30 September 2018 (unaudited) can be presented as follows:

Consolidated interim condensed statement of profit or loss and other comprehensive income	**Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)**	**Period from 26 April 2018 till 30 September 2018 RUB'000 (unaudited)***
Interest income on funds placed with the CBR	84 691	11 715
Interest income on investments in debt securities of the CBR	-	53 986
Other income from operations with securities of the CBR	-	262
Net income from operations with precious metals	42 725	-
Net income from foreign currency transactions	754 950	275 423
Interest expenses on funds received from the CBR	(3 018)	(69 719)
Other expenses from operations with debt securities of the CBR		(527)
Change in allowance for expected credit losses	(9 512)	(2 973)

c) Transactions with the members of the Board of Directors and the Management Board

Total remuneration to the Board of Directors and the Management Board included in personnel expenses for the period from 26 April 2019 till 30 September 2019 (unaudited) and from 01 January 2018 till 26 April 2018 (unaudited) can be presented as follows:

Consolidated interim condensed statement of profit or loss and other comprehensive income	Period from 26 April 2019 to 30 September 2019 RUB'000 (unaudited)	Period from 01 January 2018 to 26 April 2018 RUB'000 (unaudited)
Short-term employee benefits	17 286	26 132

As at 30 September 2019 (unaudited), balances on accounts and average effective interest rates for transactions with the Board of Directors and the Management Board are as follows:

	30 September 2019 (unaudited)	
	RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position		
ASSETS		
Other assets	648	-
LIABILITIES		
Other liabilities	(72)	-

d) Transactions with former shareholders

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with shareholders for the period from 1 January 2018 to 26 April 2018 can be presented as follows:

	RUB'000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income	
Interest income	95 711
Interest expense	(57 387)
Net change in allowance for expected credit losses	(4 804 568)

e) Transactions with other related parties

Other related parties are represented by companies controlled by the management, shareholders and the collective ultimate controlling parties of the Group.

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with other related parties for the period from 1 January 2018 till 26 April 2018 can be presented as follows:

	RUB'000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income	
Commission income	4 244
Loss from equity-accounted investee	(12 267)

f) Information on balances with government-related entities

In the ordinary course of business the Group operates with the government-related entities of the Russian Federation and state-controlled companies. The Group carries out these transactions on market terms. The table below discloses significant transactions with government-related entities and state-controlled companies, as well as companies under significant state control:

Consolidated interim condensed statement of financial position	**30 September 2019 RUB'000 (unaudited)**	**31 December 2018 RUB'000**
ASSETS		
Cash and cash equivalents	119 714	4 809 019
Financial instruments at fair value through profit or loss	1 162 059	2 903 984
Financial assets at fair value through other comprehensive income	8 318 526	9 189 197
Amounts receivable under reverse repurchase agreements	-	478 275
Loans to customers	381 167	1 528 242
Investments at amortised cost	736 511	1 292 957
Other assets	1 959	4 532
LIABILITIES		
Financial instruments at fair value through profit or loss	-	345
Amounts payable under repurchase agreements	-	21 510
Current accounts and deposits from customers	1 086 237	1 030 772
Debt securities issued	548	31
Other liabilities	69 109	1 430
Commitments		
Non-credit related commitments	66 815	90 343

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with government-related entities for the nine-month period ended 30 September 2019 (unaudited) and for the period from 26 April 2018 to 30 September 2018 (unaudited) can be presented as follows:

Consolidated interim condensed statement of profit or loss and other comprehensive income	**Nine-Month Period Ended 30 September 2019 RUB'000 (unaudited)**	**Period from 26 April 2018 to 30 September 2018 RUB'000 (unaudited)**
Interest income calculated using the effective interest method	93 020	-
Interest expense	(35 713)	-
Net gains on operations with precious metals	(621)	-
Net gain from operations with financial instruments at fair value through profit or loss	132 911	-
Net gain from operations with financial instruments at fair value through other comprehensive income	313 100	-
Allowance for expected credit losses reversal (charge)	20 660	(104 962)
Other provisions	1 387 332*	-

* Legal claim of the bankruptcy trustee of PJSC M2M Private Bank - the State Corporation Deposit Insurance Agency on disputing the deals on asset disposal of PJSC M2M Private Bank, made with the Group, in the amount of RUB 572 000 thousand. This amount of provision is recognized by the court as the amount of recoverable claims of the Group to PJSC M2M Private Bank, which as at 31 December 2018 was estimated by the Bank in the amount of RUB 1 418 560 thousand.

16 Financial assets and liabilities: fair values and accounting classifications

a) Accounting classifications and fair values

The estimates of fair value are intended to approximate the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. The estimated fair values of all other financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

The estimated fair values of all financial assets and liabilities as at 30 September 2019 approximates their carrying values.

The estimated fair values of all financial assets and liabilities as at 31 December 2018 approximates their carrying values.

b) Fair value hierarchy

The Group measures fair values of financial instruments disclosed in the consolidated interim condensed statement of financial position using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group has a control framework with respect to the measurement of fair values. This framework includes a Market Risks Department function, which reports directly to the member of the Temporary administration, and which has responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- analysis and investigation of significant daily valuation movements.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, Market Risks Department assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet IFRS requirements. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement;
- where a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

The table below analyses financial instruments measured at fair value as at 30 September 2019 (unaudited), by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated interim condensed statement of financial position:

RUB '000 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments at fair value through profit or loss:				
-Debt securities	1 631 907	-	714 624	2 346 531
-Equity securities	-	-	-	-
-Derivative assets	-	9 861	-	9 861
-Derivative liabilities	-	312	-	312
Financial assets at fair value through other comprehensive income				
-Debt securities	8 163 723	587 754	5 971	8 757 449
-Equity securities	-	-	206 051	206 051

As at 30 September 2019 (unaudited), unquoted investments at fair value through other comprehensive income amount to RUB 206 051 thousand and are categorised as Level 3 in the fair value hierarchy.

The table below analyses financial instruments measured at fair value as at 31 December 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position:

RUB ’000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments at fair value through profit or loss:				
- Derivative assets	-	3 367	-	3 367
- Debt instruments	3 308 785	-	-	3 308 785
- Derivative liabilities	-	(2 502)	-	(2 502)
Financial assets at fair value through other comprehensive income	10 978 381	-	942 485	11 920 866

As at 31 December 2018 unquoted investments at fair value through other comprehensive income amounted to RUB 942 485 thousand and were categorised as Level 3 in the fair value hierarchy.

The table below presents a reconciliation of amounts recognized as at the beginning and as at the end of the reporting period for financial assets categorised as Level 3 in the fair value hierarchy measured at fair value through other comprehensive income:

RUB ’000 (unaudited)	**31 December 2018**	**Exchange differences recognised in consolidated statement of profit or loss in gain or loss**	**Revaluation recognised in OCI**	**Sold**	**30 September 2019 (unaudited)**
Financial assets at fair value through other comprehensive income	942 485	-	457 026	(1 193 460)	206 051

The table below analyses information about unobservable inputs used in valuation of financial instruments categorised as Level 3 in the fair value hierarchy as at 30 September 2019 (unaudited):

Type of instrument	Fair value	Valuation technique	Significant unobservable inputs	Amount of unobservable inputs used	Sensitivity of fair value measurements to unobservable inputs
Financial assets at fair value through other comprehensive income					
Other equity instruments Sanymon Corporation	186 334	Income approach (discounting method of cash flow)	Discount rate Discount for non-controlling interest Other risks related to ownership	17.12% 50% 33.65%	Significant increases (decrease) in any of these inputs in isolation would result in lower (higher) fair values
Non-controlling interest in Kvant real estate closed-end investment fund	19 861	Net assets value	Adjustments for condition of the object (Discount)	53.71%	Significant increase (decrease) in any of these inputs in isolation would result in lower (higher) fair values
Other debt instruments VEB PBO-001P-03, USD	5 971	discounting method of cash flow	Discount rate	3.77%	Significant increases (decrease) in any of these inputs in isolation would result in lower (higher) fair values

The table below analyses information about unobservable inputs used in valuation of financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2018:

Type of instrument	Fair value	Valuation technique	Significant unobservable inputs	Amount of unobservable inputs used	Range of estimates of unobservable inputs used	Sensitivity of fair value measurements to unobservable inputs
Financial assets at fair value through other comprehensive income						
Other equity instruments Sanymon Corporation	204 244	Income approach	Discount rate Other risks related to ownership	17.12% n/a	n/a n/a	Significant increases in any of these inputs in isolation would result in lower fair values. A significant reduction would result in higher fair values.
Other equity instruments Zapsibkombank	718 934	Income and market approach	Discount rate Discount for non-controlling interest Other adjustments for liquidity	23.6% 27.4%	n/a n/a	Significant increases in any of these inputs in isolation would result in lower fair values. A significant reduction would result in higher fair values.
Other equity instruments Kvant real estate closed-end investment fund	19 307	Market and cost approach	Adjustments for condition of the object	20.75%	0-35%	Significant increase in the input ratio would result in lower fair values. A significant reduction would result in higher fair values.

Fair value of loans to customers, subordinated borrowings and debt securities is categorised as Level 3 in the fair value hierarchy. Fair value of all other financial instruments at amortised cost is categorised as Level 2 in the fair value hierarchy.

As at 31 December 2018, buildings within property and equipment and investment property were revalued based on the results of an independent appraisal performed by S.A.Ricci.

Fair value of buildings within property and equipment and investment property is categorised as Level 3 in the fair value hierarchy.

17 Subsequent events

On 28 October 2019 the Group repaid mortgage backed bonds issued by CJSC Mortgage agent APB 2 in the amount of RUB 312 972 thousand.

In October and November 2019 the Group has sold LLC FTK promissory notes in the amount of RUB 949 247 thousand.