

“Asian-Pacific Bank”
(Public joint stock company)

**Consolidated Interim Condensed
Financial Information
for the nine-month period ended
30 September 2016
(unaudited)**

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PJSC “Asian-Pacific Bank”
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the nine-month period ended 30 September 2016*

	Nine-Month Period Ended 30 September 2016	Nine-Month Period Ended 30 September 2015
	RUB'000 (unaudited)	RUB'000 (unaudited)
Interest income	12 844 123	13 764 233
Interest expense	(7 168 191)	(8 302 303)
Net interest income	5 675 932	5 461 930
Deposit insurance expenses	(236 469)	(179 984)
	5 439	
Net interest income after deposit insurance expenses	463	5 281 946
Fee and commission income	2 573 926	1 797 921
Fee and commission expense	(375 638)	(279 488)
Net fee and commission income	2 198 288	1 518 433
Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets	606 105	333 914
Net foreign exchange gain	296 115	813 194
Net gain on operations with precious metals	119 190	73 091
Other operating income	1 063 306	779 323
Operating income	9 722 467	8 799 901
Impairment losses	4 (2 715 593)	(7 201 599)
Personnel expenses	(2 848 055)	(2 396 350)
Other general administrative expenses	(1 906 958)	(1 661 213)
Profit (loss) before income tax	2 251 861	(2 459 261)
Income tax (expense) benefit	(519 042)	480 388
Profit (loss) for the period	1 732 819	(1 978 873)
Other comprehensive income, net of income tax		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Revaluation reserve for available-for-sale financial assets		
- Net change in fair value	135 472	369 914
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	135 472	369 914
Other comprehensive income for the period, net of income tax	135 472	369 914
Total comprehensive income (loss) for the period	1 868 291	(1 608 959)

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.

PJSC “Asian-Pacific Bank”
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the nine-month period ended 30 September 2016*

Notes	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
Profit (loss) for the period attributable to:		
-Bank's shareholders	1 771 019	(1 978 873)
-non-controlling interest	(38 200)	-
	1 732 819	(1 978 873)
Total comprehensive income (loss) for the period attributable to:		
-Bank's shareholders	1 906 491	(1 608 959)
-non-controlling interest	(38 200)	-
	1 868 291	(1 608 959)

The consolidated interim condensed financial information was approved by the Management Board on 29 November 2016.

 <hr style="width: 100%;"/> <p>Mr. A.V. Novikov Chairman of the Management Board</p>		 <hr style="width: 100%;"/> <p>Ms. Y.E. Komova Chief Accountant</p>
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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.

PJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Financial Position as at 30 September 2016

	Notes	30 September 2016 RUB'000 (unaudited)	31 December 2015 RUB'000
ASSETS			
Cash and cash equivalents		16 883 366	17 333 745
Obligatory reserves with the Central Bank of the Russian Federation		927 257	638 293
Financial instruments at fair value through profit or loss		631 066	413 626
Available-for-sale financial assets		18 984 384	20 506 720
Due from banks		974 859	717 022
Amounts receivable under reverse repurchase agreements		3 326 281	9 617 023
Loans to customers	5	88 756 427	74 914 701
Net investments in finance leases	6	1 205 771	1 393 857
Investments in associates		-	575 000
Held-to-maturity investments		4 350 997	7 035 062
Deferred tax asset		175 105	103 016
Property, equipment, intangible assets and investment property		9 779 034	5 137 753
Other assets		6 163 494	4 682 966
Total assets		152 158 041	143 068 784
LIABILITIES			
Derivative financial instruments		310 858	198 507
Deposits and balances from banks		4 826 085	3 972 106
Amounts payable under repurchase agreements		5 383 651	8 160 886
Current accounts and deposits from customers	7	110 048 483	104 026 865
Debt securities issued	8	2 599 258	4 684 558
Subordinated borrowings	9	6 877 951	5 385 283
Deferred tax liability		896 344	8 253
Other liabilities		2 315 689	736 486
Total liabilities		133 258 319	127 172 944
EQUITY			
Share capital		585 414	585 414
Treasury shares		(10 307)	(10 307)
Share premium		1 778 739	1 778 739
Additional capital		2 200 000	2 200 000
Revaluation reserve for available-for-sale financial assets		136 793	1 321
Revaluation surplus for buildings		1 603 671	1 614 979
Retained earnings		12 484 345	9 725 694
Total equity attributable to the Bank's shareholders		18 778 655	15 895 840
Non-controlling interests		121 067	-
Total equity		18 899 722	15 895 840
Total liabilities and equity		152 158 041	143 068 784

Mr. A.V. Novikov
Chairman of the Management Board



Ms. Y.E. Komova
Chief Accountant

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.

PJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Cash Flows for the nine-month period ended 30 September
2016

	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	12 146 194	12 759 605
Interest payments	(7 841 654)	(7 165 291)
Fee and commission receipts	2 530 162	1 862 938
Fee and commission payments	(375 638)	(232 928)
Net receipts from financial instruments at fair value through profit or loss and available-for-sale financial instruments	606 105	378 752
Net payments on foreign exchange	(179 104)	(21 150)
Other income receipts	1 062 139	779 323
Net receipts from operations with precious metals	134 126	73 091
General administrative expenses payments	(4 680 529)	(3 898 556)
(Increase) decrease in operating assets		
Obligatory reserves with the CBR	(214 143)	248 193
Financial instruments at fair value through profit or loss	378 718	17 514
Available-for-sale financial assets	2 271 464	(826 967)
Due from banks	(5 702 509)	(262 976)
Amounts receivable under reverse repurchase agreements	5 841 666	(4 949 647)
Loans to customers	(2 796 808)	6 892 820
Net investments in finance leases	191 814	369 557
Other assets	(2 820 423)	(1 493 127)
Increase (decrease) in operating liabilities		
Deposits and balances from banks	(352 523)	(5 301 236)
Amounts payable under repurchase agreements	(2 298 772)	(828 349)
Current accounts and deposits from customers	630 172	9 360 546
Promissory notes	47 021	115 976
Other liabilities	1 377 849	434 519
Net cash flows from operating activities before income tax paid	(44 672)	8 312 607
Income tax (paid) received	(46 290)	122 220
Net cash flows from operating activities	(90 962)	8 434 827
CASH FLOWS FROM INVESTING ACTIVITIES		
Net repayments (purchases) of held-to-maturity investments	2 416 272	(2 750 728)
Investments in associate companies	-	(2 300 000)
Net purchases of property and equipment and intangible assets	(1 403 186)	(196 470)
Acquisition of subsidiaries	1 296 631	-
Net cash flows from investing activities	2 309 717	(5 247 198)

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 condensed financial information.

PJSC "Asian-Pacific Bank"
Consolidated Interim Condensed Statement of Cash Flows for the nine-month period ended 30 September 2016

	Notes	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net payments of bonds		(2 020 123)	(1 390 153)
Cash contribution from shareholders		-	2 200 000
Net cash flows from financing activities		(2 020 123)	809 847
Net increase in cash and cash equivalents		198 632	3 997 476
Effect of changes in exchange rates on cash and cash equivalents		(649 011)	728 515
Cash and cash equivalents as at the beginning of the period		17 333 745	13 973 022
Cash and cash equivalents as at the end of the period		16 883 366	18 699 013



 Mr. A.V. Novikov
 Chairman of the Management Board





 Ms. Y.E. Komova
 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 condensed financial information.

Attributable to the Bank's shareholders

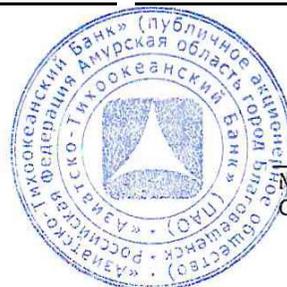
RUB'000	Share capital	Treasury shares	Share premium	Additional capital	Revaluation reserve for available-for-sale financial assets	Revaluation surplus for buildings	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2015	585 414	(10 307)	1 778 739	-	(423 758)	1 618 659	11 306 839	14 855 586	-	14 855 586
Total comprehensive loss for the period (unaudited)										
Loss for the period (unaudited)	-	-	-	-	-	-	(1 978 873)	(1 978 873)	-	(1 978 873)
Other comprehensive income, net of income tax (unaudited)										
Net change in fair value of available-for-sale financial assets, net of deferred tax of RUB 92 479 thousand (unaudited)	-	-	-	-	369 914	-	-	369 914	-	369 914
Transfer of revaluation surplus on disposal of buildings previously revalued, net of deferred tax of RUB 362 thousand (unaudited)	-	-	-	-	-	(1 448)	1 448	-	-	-
Total comprehensive loss for the period, net of income tax (unaudited)	-	-	-	-	369 914	(1 448)	(1 977 425)	(1 608 959)	-	(1 608 959)
Transactions with owners, recorded directly in equity										
Cash contribution from shareholders (note 11)	-	-	-	2 200 000	-	-	-	2 200 000	-	2 200 000
Total transactions with owners (unaudited)	-	-	-	2 200 000	-	-	-	2 200 000	-	2 200 000
Balance as at 30 September 2015 (unaudited)	585 414	(10 307)	1 778 739	2 200 000	(53 844)	1 617 211	9 329 414	15 446 627	-	15 446 627

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.

Attributable to the Bank's shareholders

RUB'000	Share capital	Treasury shares	Share premium	Additional capital	Revaluation reserve for available-for-sale financial assets	Revaluation surplus for buildings	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2016	585 414	(10 307)	1 778 739	2 200 000	1 321	1 614 979	9 725 694	15 895 840	-	15 895 840
Total comprehensive income for the period (unaudited)										
Profit for the period (unaudited)	-	-	-	-	-	-	1 771 019	1 771 019	(38 200)	1 732 819
Other comprehensive income, net of income tax (unaudited)										
Net change in fair value of available-for-sale financial assets, net of deferred tax of RUB 33 868 thousand (unaudited)	-	-	-	-	135 472	-	-	135 472	-	135 472
Transfer of revaluation surplus on disposal of buildings previously revalued, net of deferred tax of RUB 2 827 thousand (unaudited)	-	-	-	-	-	(11 308)	11 308	-	-	-
Total comprehensive income for the period, net of income tax (unaudited)	-	-	-	-	135 472	(11 308)	1 782 327	1 906 491	(38 200)	1 868 291
Transactions with owners, recorded directly in equity										
Acquisition of the subsidiaries (unaudited) (note 1)	-	-	-	-	-	-	976 324	976 324	159 267	1 135 591
Total transactions with owners (unaudited)	-	-	-	-	-	-	976 324	976 324	159 267	1 135 591
Balance as at 30 September 2016 (unaudited)	585 414	(10 307)	1 778 739	2 200 000	136 793	1 603 671	12 484 345	18 778 655	121 067	18 899 722

Mr. A.V. Novikov
Chairman of the Management Board



Ms. Y.E. Komova
Chief Accountant

1 Background

Organisation and operations

This consolidated interim condensed financial information includes 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 OJSC “Asian-Pacific Bank”. In July 2015 the Bank was reorganised from an open joint stock company to a public joint stock company.

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 210 (31 December 2015: 224) offices from which it conducts business throughout the Russian Federation including a head office, 4 regional branches, 36 additional office and 169 operational offices. The legal address of the head office is 225, Amurskaya Street, Blagoveschensk, 675000. The majority of the assets and liabilities are located in the Russian Federation.

The Group operates in industry where significant seasonal or cyclical variations in operating income are not experienced during the financial year.

As at 30 September 2016 and 31 December 2015, the following shareholders held the issued shares of PJSC “Asian-Pacific Bank”:

Shareholder	30 September 2016, % (unaudited)	31 December 2015, %
LLC “PPFIN Region” (Russian Federation)	59.17	59.17
East Capital Financials Fund AB (Sweden)	17.91	17.91
TECHSUN ENTERPRISES LIMITED (Cyprus)	8.41	8.41
International Financial Corporation	6.71	6.71
EPIC VISION LTD (Marshall Islands)	2.64	-
LLC “Expo-Leasing” (a 100% owned subsidiary of the Bank)	1.76*	1.76*
Aksenov E.V.	-	3.08
Others	3.40	2.96
Total	100.00	100.00

* *Treasury shares*

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			30 September 2016 (unaudited)	31 December 2015
LLC “Expo-Leasing”	Russian Federation	Leasing	100%	100%
CUIF “Celena”	Russian Federation	Unit investment fund	51.58%	-
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 “Special purpose entity APB 2”	Russian Federation	Special purpose entity	see below	-
PJSC “M2M Private Bank”	Russian Federation	Banking	100%	25%
LLC “Katerina Park”	Russian Federation	Hotel business	100%	25%
LLC “Pride M”	Russian Federation	Cargo carriage	100%	-

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 Russia. Its head office is in Moscow and it has 11 branches comprising a head office and 10 separate offices (31 December 2015: 10 branches comprising a head office, 1 regional branch and 8 separate offices).

CJSC “Mortgage agent APB” and CJSC “Mortgage agent APB 2” (MA APB and MA APB 2) are structured entities established to facilitate the Bank’s issue of mortgage backed securities (refer to note 8). LLC «Special purpose entity APB 2» (SPE APB 2) is a structured entity with the only purpose and activity of acquisition of cash commitments, including rights to appear in the future from the existing and future liabilities, as well as acquisition of other property, related to the acquired cash commitments, and bonds issue collateralized by cash commitments, as well as, if not inconsistent with the legislation of Russian Federation, by other property. These entities are not owned by the Group. Control arises through the predetermination of the entities’ activities, having rights to obtain the majority of benefits of the structured entities, and retaining the majority of the residual risks related to the entities.

On 4 May 2016 51,58% of the shares of CUIF “Celena” were received by the Bank as a result of non-performance of REPO agreement with PJSC “BaikalBank”. CUIF “Celena” was registered in 2010 in Russia. Management company of CUIF “Celena” as at reporting date is LLC “Management company “Finance Trade Asset Management”, it received the licence for investment mutual fund management in 2008.

The fair value amounts of identifiable assets and liabilities of the CUIF “Celena” were as follows at the date of control acquisition:

	RUB’000 (unaudited)
Fair value of identifiable net assets:	
Cash and cash equivalents	11 897
Long-term assets held-for-sale	308 151
Other assets	10 354
Other liabilities	(1 469)
Total fair value of identifiable net assets	328 933
Share acquired, %	51,58%
Acquired share of identifiable net assets	169 664
Fair value of consideration transferred	194 040
Goodwill	24 376

Starting from 8 July 2016, the Group is the owner of 100% shares of PJSC M2M Private Bank, controlled by the ultimate beneficial collective owners of the Group. The Group acquired 25% of shares on 27 October 2015 and 75% of shares on 8 July 2016 from LLC “Prosop Invest”. PJSC M2M Private Bank was registered in 1990 in Russian Federation as «Moscow Innovative Commercial Bank of Economical Partnership MICBEP» LLP, in 1999 was renamed to «National Bank of Development» LLC, in 2001 renamed to «National Bank of Development» OJSC, in 2007 renamed to OJSC M2M Private Bank. In 2015 the Bank was reorganised according to Russian legislation to PJSC M2M Private Bank. The Bank has a banking license issued in 2012 by the CBR. PJSC M2M Private Bank owns 100% in share capital of LLC “Katerina Park” (from 21 December 2015) and LLC “Pride M” (from 10 June 2016).

The fair value amounts of identifiable assets and liabilities of PJSC M2M Private Bank were as follows at the date of control acquisition:

	RUB’000 (unaudited)
Fair value of identifiable net assets:	
Cash and cash equivalents	1 314 338
Obligatory reserves with the Central Bank of the Russian Federation	74 821
Financial instruments at fair value through profit or loss	702 548
Available-for-sale financial assets	445 370
Due from banks	1 009 182
Loans to customers	14 658 060
Deferred tax asset	11 025
Property, equipment, intangible assets and investment property	3 456 663
Other assets	80 595
Derivative financial instruments	(2 358)
Deposits and balances from banks	(7 953 418)
Current accounts and deposits from customers	(7 861 231)
Subordinated borrowings	(2 205 536)
Deferred tax liability	(332 244)
Other liabilities	(121 491)
Total fair value of identifiable net assets	3 276 324

	RUB'000 (unaudited)
Share acquired, %	100%
Acquired share of identifiable net assets	3 276 324
Fair value of consideration transferred	2 300 000
Goodwill	976 324

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 of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks 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.

The recent conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, 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, including banks, may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

2 Basis of preparation of the consolidated interim condensed financial information

Statement of compliance

The accompanying consolidated interim condensed financial information is prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. As a result, 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 2015, as these 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, available-for-sale financial assets 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.

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 judgments, estimates and assumptions that affect the application of accounting policies and 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.

Judgments, estimates and assumptions 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 2015 and for the year ended 31 December 2015.

3 Significant accounting policies

The accounting policies applied by the Group in the preparation of this consolidated interim condensed financial information are consistent with those applied by the Group in the consolidated financial statements as at 31 December 2015 and for the year ended 31 December 2015.

Certain amendments to IFRS became effective from 1 January 2016 and have been adopted by the Group since that date. These changes do not have a significant effect on the Group’s consolidated interim condensed financial information.

Presentation of comparative information

Comparative information of the consolidated interim condensed statement of cash flows for the nine-month period ended 30 September 2015 was restated by the Group.

4 Impairment losses

	Nine-Month Period Ended 30 September 2016 RUB’000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB’000 (unaudited)
Loans to customers	2 629 103	7 163 481
Net investments in finance leases	(3 728)	92 772
Available-for-sale financial assets	106 390	-
Other assets	(16 172)	(54 654)
	2 715 593	7 201 599

5 Loans to customers

	30 September 2016 RUB'000 (unaudited)	31 December 2015 RUB'000
Loans to corporate customers	46 889 573	38 910 840
Loans to retail customers		
Consumer loans	55 407 671	48 407 227
Mortgage loans	6 256 612	6 693 989
Total loans to retail customers	61 664 283	55 101 216
Gross loans to customers	108 553 856	94 012 056
Impairment allowance	(19 797 429)	(19 097 355)
Net loans to customers	88 756 427	74 914 701

Movements in the loans to customers impairment allowance for the nine-month period ended 30 September 2016 are as follows:

	Total RUB'000 (unaudited)
Balance at the beginning of the period	19 097 355
Net charge	2 629 103
Impairment allowance addition on business combination	2 601 328
Write-offs	(4 530 357)
Balance at the end of the period	19 797 429

Movements in the loans to customers impairment allowance for the nine-month period ended 30 September 2015 are as follows:

	Total RUB'000 (unaudited)
Balance at the beginning of the period	13 127 938
Net charge	7 163 481
Write-offs	(514 748)
Balance at the end of the period	19 776 671

6 Net investments in finance leases

Net investments in finance leases comprise:

	30 September 2016 RUB'000 (unaudited)	31 December 2015 RUB'000
Gross investments in finance leases	1 744 252	1 900 879
Less unearned finance lease income	(283 260)	(245 511)
	1 460 992	1 655 368
Less allowance for impairment	(255 221)	(261 511)
Net investments in finance leases	1 205 771	1 393 857

Movements in the impairment allowance are as follows:

	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
Balance at the beginning of the period	261 511	149 251
Net charge	(3 728)	92 772
Write-offs	(2 562)	(6 344)
Balance at the end of the period	255 221	235 679

7 Current accounts and deposits from customers

	30 September 2016 RUB'000 (unaudited)	31 December 2015 RUB'000
Current accounts and demand deposits		
- Retail	6 811 827	4 679 390
- Corporate	18 222 327	11 152 065
Term deposits		
- Retail	72 897 946	69 531 129
- Corporate	12 116 383	18 664 281
	110 048 483	104 026 865

8 Debt securities issued

	30 September 2016 RUB'000 (unaudited)	31 December 2015 RUB'000
Bonds	1 962 315	4 058 906
Promissory notes	636 943	625 652
	2 599 258	4 684 558

Bonds as at 30 September 2016 are presented by 2 issues made by MA APB and MA APB 2.

In December 2012, the Group issued RUB 1 521 863 thousand of mortgage backed securities with a coupon rate of 8.75% and maturity date not later than 26 April 2045 with partially repayments each quarter.

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.

On 19 February 2016, the Group repaid RUB 1 119 621 thousand of bonds issued in February 2013 with the total initial amount of RUB 3 000 000 thousand according to the terms of maturity.

9 Subordinated borrowings

	30 September 2016 RUB'000 (unaudited)	31 December 2015 RUB'000
Subordinated loan	6 877 951	5 385 283
	6 877 951	5 385 283

On 21 November 2012 the Bank attracted a subordinated loan in the amount of USD 30 million from one of the Bank’s shareholders - IFC. The loan with interest rate of 12.92% as at 30 September 2016 mature by tranches until 16 December 2019.

According to the terms of the agreement the Group is subject to a debt covenant stating that at the end of each quarter the Group should comply with a number of financial and non-financial covenants. As at 31 December 2014 and later the Group breached financial covenants that led to the increase of interest rate on the agreement in 2015 year. Subordinated debt is not payable on demand as at 30 September 2016 and 31 December 2015.

On 10 July 2014, the Group issued subordinated Loan Participation Notes in the amount of USD 42 million for 5.5 years with interest rate of 11.00% through SCI Finance B.V., partially consolidated structured entity incorporated in the Netherlands. As a result of the business combination the Group also consolidates 5,5-years Loan Participation Notes in the amount of USD 22 million with interest rate of 9.00%, issued on 25 April 2014 through SCI Finance B.V. This entity was partially consolidated because portion of the entity is a deemed separate entity which is in substance “ring-fenced” from the rest of the entity, and the Group has control over deemed separate entity. The Group consolidated only those assets and returns related to the issue of Loan Participation Notes.

10 Analysis by segment

The Bank has sixteen divisions located in different regions of the Russian Federation, as described below, which are the Bank’s strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units the chief operating decision maker reviews internal management reports on at least a monthly basis. The Bank combined branches into three reporting units based on geographical location: Far East region, Siberia region and West region.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are based on statutory financial information and that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries.

Segment breakdown of assets and liabilities is set out below:

	30 September 2016	31 December 2015
	RUB’000	RUB’000
	(unaudited)	
ASSETS		
Far East region	50 982 106	47 693 297
West region	58 649 662	66 035 984
Siberia region	23 762 466	23 524 815
Total assets	133 394 234	137 254 096
LIABILITIES		
Far East region	83 260 595	82 704 378
West region	13 001 733	18 610 502
Siberia region	22 894 660	22 980 386
Total liabilities	119 156 988	124 295 266

Segment information for the main reportable segments for the nine-month period ended 30 September 2016 is set below:

RUB’000 (unaudited)	Far East region	Siberia region	West region	Total
External interest income	5 252 802	3 407 937	2 776 584	11 437 323
Fee and commission income	1 601 375	480 826	152 459	2 234 660
Net gain on operations with financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets	(3 185)	-	2 359 324	2 356 139
Net foreign exchange gain	2 896 468	133 187	(2 562 393)	467 262
Other operating income	289 734	116 133	38 317	444 184
Revenue	10 037 194	4 138 083	2 764 291	16 939 568
Impairment losses	1 379 482	2 160 731	468 776	4 008 989
Interest expense	4 950 203	1 354 408	681 761	6 986 372
Fee and commission expense	87 674	30 260	6 992	124 926
General administrative expenses	4 177 663	391 269	37 971	4 606 903
Segment result	(557 828)	201 415	1 568 791	1 212 378
Income tax expense				107 609
Profit for the period after income tax				1 104 769

Segment information for the main reportable segments for the the nine-month period ended 30 September 2015 is set below:

RUB’000 (unaudited)	Far East region	Siberia region	West region	Total
External interest income	6 138 496	3 558 084	2 150 400	11 846 980
Fee and commission income	1 032 463	396 660	178 904	1 608 027
Net gain on operations with financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets	(3 341)	-	1 933 608	1 930 267
Net foreign exchange gain	(3 345 999)	211 610	4 095 124	960 735
Other operating income	2 382 170	140 958	9 336	2 532 464
Revenue	6 203 789	4 307 312	8 367 372	18 878 473
Impairment losses	2 802 074	3 697 058	873 623	7 372 755
Interest expense	5 115 128	1 470 655	1 460 183	8 045 966
Fee and commission expense	65 073	29 387	9 996	104 456
General administrative expenses	3 439 251	419 958	41 318	3 900 527
Segment result	(5 217 737)	(1 309 746)	5 982 252	(545 231)
Income tax expense				19 403
Loss for the period after income tax				(525 828)

11 Related party transactions

(a) Control relationships

The Group’s parent company is LLC “PPFIN Region” (Russian Federation). As at 30 September 2016, the ultimate beneficial collective owners of the Group were Mr. Andrey Vdovin (the owner of 22.528%), Mr. Alexey Maslovsky (the owner of 22.528%), Mr. Peter Hambro (the owner of 22.528%), East Capital Financials Fund AB (Sweden) (the owner of 17.91%), International Finance Corporation (6.71%).

(b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration to the members of the Board of Directors and the Management Board included in personnel expenses for the nine-month period ended 30 September is as follows:

	Nine-Month Period Ended 30 September 2016 RUB’000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB’000 (unaudited)
Short term benefits to the members of the Board of Directors and the Management Board	109 761	91 852
	109 761	91 852

PJSC “Asian-Pacific Bank”
*Notes to, and forming part of, the consolidated interim condensed financial information
for the nine-month period ended 30 September 2016*

The outstanding balances and average effective interest rates as at 30 September 2016 and 31 December 2015 for transactions with the members of the Board of Directors and the Management Board are as follows:

	30 September 2016 RUB'000 (unaudited)	Average effective interest rate, % (unaudited)	31 December 2015 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Loans to customers	2 502 449	16.73%	208 438	15.23%
Other assets	2 507	-	1 345	-
LIABILITIES				
Current accounts and deposits from customers	130 570	9.28%	66 025	10.73%
Other liabilities	47	-	2	-
Commitments				
Credit commitments	17 398	-	2 030	-

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with the members of the Board of Directors and the Management Board for the nine-month period ended 30 September are as follows:

	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest income	143 087	9 733
Interest expense	(4 956)	(12 761)
Impairment charge	(2 940)	(1 124)

(c) Transactions with shareholders

The outstanding balances and average effective interest rates as at 30 September 2016 and 31 December 2015 for transactions with shareholders owning more than 10% of share capital are as follows:

	30 September 2016 RUB'000 (unaudited)	Average effective interest rate, % (unaudited)	31 December 2015 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Loans to customers	4 232 256	10.68%	5 578 540	9.90%
Other assets	-	-	437 296	-
LIABILITIES				
Current accounts and deposits	137	-	6	-
Commitments				
Credit commitments	1 263	-	-	-

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with shareholders for the nine-month period ended 30 September are as follows:

	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest income	577 166	428 844
Impairment recovery (charge)	56 496	(16 469)

During nine months 2015 the shareholder of the Group (LLC “PPFIN Region”) contributed cash to the additional capital in the amount of RUB 2 200 000 thousand.

(d) Transactions with other related parties

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

The outstanding balances and average effective interest rates as at 30 September 2016 and 31 December 2015 for transactions with other related parties are as follows:

	30 September 2016 RUB'000 (unaudited)	Average effective interest rate, % (unaudited)	31 December 2015 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Cash and cash equivalents	967 609	12.50%	1 005 167	13.00%
Financial instruments at fair value through profit or loss	3 857	-	-	-
Available-for-sale financial assets	149 148	-	-	-
Amounts receivable under reverse repurchase agreements	-	-	251 785	11.10%
Loans to customers	22 831	11.19%	7 712	22.94%
Investments in associates	-	-	575 000	-
Other assets	94 787	-	1 744 294	-
LIABILITIES				
Derivative financial instruments	4 321	-	6 930	-
Deposits and balances from banks	888 990	5.40%	8 040	-
Current accounts and deposits from customers	580 533	11.38%	547 615	11.17%
Other liabilities	1 081	-	6 614	-
Commitments				
Undrawn loan commitments and overdraft	50	-	50	-

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 nine-month period ended 30 September are as follows:

	Nine-Month Period Ended 30 September 2016 RUB'000 (unaudited)	Nine-Month Period Ended 30 September 2015 RUB'000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest income	464 848	3 560
Interest expense	(49 257)	(48 313)
Commission income	133 987	-
Impairment recovery (charge)	394	(1 014)

12 Financial assets and liabilities: fair values and accounting classifications

(a) Fair value hierarchy

The Group measures fair values 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 Deputy Chairman of the Management Board, and which has overall 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 2016, 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 interim condensed statement of financial position:

RUB '000 (unaudited)	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss			
- Derivative assets	-	120 656	154 120 656
- Debt securities	510 410	-	510 410
- Derivative liabilities	-	(310 858)	(310 858)
Available-for-sale financial assets	17 676 509	-	17 676 509

Unquoted investments available-for-sale are stated at cost. As at 30 September 2016, unquoted investments available-for-sale amount to RUB 1 307 875 thousand. There is no market for these investments and there have not been any recent transactions that provide evidence of the current fair value. In addition, discounted cash flow techniques yield a wide range of fair values due to the uncertainty regarding future cash flows in this industry

The table below analyses financial instruments measured at fair value as at 31 December 2015, 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	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	-	348 578	348 578
- Derivative assets	-	65 048	65 048
- Derivative liabilities	-	(198 507)	(198 507)
Available-for-sale financial assets	20 506 720	-	20 506 720

Fair value of all other financial instruments not measured at fair value categorised in level 3.

13 Events after the reporting date

The accumulated loss for 10 months 2016 according to Russian accounting standards of PJSC M2M Private Bank, the member of the Group, amounted to RUB 3 111 756 thousand. As a result of these accumulated losses, the capital adequacy of PJSC M2M Private Bank does not meet the generally accepted minimum capital adequacy requirements for banking institutions. The shareholders of the Group take measures to increase capitalization of PJSC M2M Private Bank. The consolidated interim condensed financial information does not include any adjustments that would be required should PJSC M2M Private Bank be unable to continue to operate as a going concern.

On 24 November 2016, the CBR registered the decision of issue 1 950 000 non-convertible documentary interest bearing collateralized bonds with mandatory centralized deposit, with nominal value RUB 1 000 each matured on 24 December 2047 by SPE APB 2.