

“Asian-Pacific Bank”

(Public joint stock company)

**Consolidated Interim Condensed
Financial Information
for the three-month period ended**

31 March 2019

(unaudited)

Contents

Consolidated interim condensed statement of profit or loss and other comprehensive income	3
Consolidated interim condensed statement of financial position	4
Consolidated interim condensed statement of cash flows	5
Consolidated interim condensed statement of changes in equity	7

Notes to the consolidated interim condensed financial information

1 Background	10
2 Basis of the consolidated financial statements preparation	12
3 Significant accounting policies	13
4 Financial risk review	13
5 Allowance for expected credit losses and other provisions	13
6 Cash and cash equivalents	14
7 Financial instruments at fair value through profit or loss	15
8 Financial assets at fair value through other comprehensive income	16
9 Loans to customers	18
10 Net investments in finance leases	22
11 Investments in associates and other investments	23
12 Investments measured at amortised cost	24
13 Current accounts and deposits from customers	24
14 Debt securities issued	25
15 Related party transactions	25
16 Financial assets and liabilities: fair values and accounting classifications	28

PJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three-month period ended 31 March 2019

	Notes	Three-Month Period Ended 31 March 2019 RUB*000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB*000 (unaudited)*
Interest income calculated using the effective interest method		2 753 984	3 223 588
Other interest income		145 235	87 662
Interest expense		(955 777)	(1 330 540)
Net interest income		1 943 442	1 980 710
Deposit insurance expenses		-	-
Net interest income after deposit insurance expenses		1 943 442	1 980 710
Fee and commission income		544 859	936 307
Fee and commission expense		(79 110)	(83 483)
Net fee and commission income		465 749	852 824
Net (loss) gain on financial instruments at fair value through profit or loss		(20 524)	23 889
Realised gain (loss) on financial instruments at fair value through other comprehensive income for the period		41 686	(1 610)
Loss from equity-accounted investee	11	(402)	(8 971)
Net foreign exchange gain		225 147	343 427
Net (loss) gain on operations with precious metals		(31 897)	12 080
Other operating income		211 932	138 611
Operating income		2 835 133	3 340 960
Expected credit loss allowance	5	(3 137 136)	(1 798 724)
Other provisions	5	846 560	-
Personnel expenses		(868 347)	(817 104)
Other general administrative expenses		(701 412)	(604 577)
(Loss) profit for the period before income tax		(1 025 202)	120 555
Income tax expense		(96 740)	(28 021)
(Loss) profit for the period		(1 121 942)	92 534
Other comprehensive income, net of income tax			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Fair value reserve for financial assets at fair value through other comprehensive income			
- Net change in fair value		230 836	67 994
- Net change in fair value transferred to profit and loss		(36 497)	1 288
<i>Total items that are or may be reclassified subsequently to profit or loss</i>		<i>194 339</i>	<i>69 282</i>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation reserve for unquoted equity assets at fair value through other comprehensive income			
		369 131	-
<i>Total items that are or may be reclassified subsequently to profit or loss</i>		<i>369 131</i>	<i>-</i>
Other comprehensive income for the period, net of income tax		563 470	69 282
Total comprehensive (loss) income for the period		(558 472)	161 816

Consolidated interim condensed financial information was approved on May 30, 2019:


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




 Ms. E.V. Schekina
 Chief Accountant

* The data was recalculated in comparison with the signed consolidated interim condensed financial information for the three months ended March 31, 2018, due to the refinement of the effect of the transition to IFRS 9 as of 1 January 2018 on the results of the review of consolidated interim condensed financial information for the six months ended 30 June 2018.

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 31 March 2019

	Notes	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
ASSETS			
Cash and cash equivalents	6	10 291 147	11 995 863
Obligatory reserves with the Central Bank of the Russian Federation		557 952	546 928
Financial instruments at fair value through profit or loss	7	3 769 817	3 312 152
Financial assets at fair value through other comprehensive income for the period	8	11 707 679	11 920 866
<i>including assets pledged under repurchase agreements</i>	8	<i>132 525</i>	<i>22 461</i>
Due from banks		82 211	64 258
Amounts receivable under reverse repurchase agreements		654 445	790 353
Loans to customers	9	45 902 798	47 160 408
Net investments in finance leases	10	1 111 311	1 091 496
Investments in associates and other investments	11	90 357	90 759
Investments at amortised cost	12	2 328 481	1 788 403
Deferred tax assets		1 181 830	1 333 469
Property, equipment, intangible assets and investment property		4 765 869	4 862 912
Other assets		3 458 695	4 193 727
Total assets		85 902 592	89 151 594
LIABILITIES			
Financial instruments at fair value through profit or loss	7	2 374	2 502
Deposits and balances from banks		1 148 683	1 220 599
Amounts payable under repurchase agreements		126 156	21 510
Current accounts and deposits from customers	13	68 457 313	68 706 967
Debt securities issued	14	532 458	634 484
Other liabilities		1 759 344	4 130 796
Total liabilities		72 026 328	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		(222 664)	(786 134)
Revaluation surplus for buildings		1 068 591	1 068 591
Retained earnings		4 030 337	5 152 279
Total equity		13 876 264	14 434 736
Total liabilities and equity		85 902 592	89 151 594


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




Ms. E.V. Schekina
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 three-month period ended
31 March 2019

	Notes	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		2 463 486	3 028 435
Interest receipts		(762 387)	(1 529 473)
Fee and commission receipts		528 299	984 634
Fee and commission payments		(78 968)	(82 283)
Net receipts from financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income for the period		21 162	132 754
Net receipts from foreign exchange		667 697	347 430
Other income receipts		116 099	189 106
Net receipts from operations with precious metals		2 951	12 080
Deposit insurance, personnel and other general administrative expenses paid		(1 542 716)	(1 428 613)
(Increase) decrease in operating assets			
Obligatory reserves with the Central Bank of the Russian Federation		(11 024)	17 318
Financial instruments at fair value through profit or loss		(492 701)	-
Financial assets at fair value through other comprehensive income		826 318	(19 173)
Due from banks		(117 431)	(343 020)
Amounts receivable under reverse repurchase agreements		135 536	2 238 646
Loans to customers		(1 734 397)	2 679 618
Net investments in finance lease		(16 445)	(30 258)
Other assets		725 152	822 707
Increase (decrease) in operating liabilities			
Financial instruments at fair value through profit or loss		-	416 954
Deposits and balances from banks		(34 758)	(1 095 098)
Amounts payable under repurchase agreements		105 432	(381 816)
Current accounts and deposits from customers		(56 963)	(4 108 666)
Promissory notes		-	9 776
Other liabilities		(1 497 597)	(964 508)
Net cash used in operating activities before income tax paid		(753 255)	896 550
Income tax paid		(23 655)	(21 683)
Net cash used in operations		(776 910)	874 867
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of measured at amortised cost investments		(634 632)	-
Net purchases of property and equipment, intangible assets and investment property		(3 633)	(7 734)
Net cash flows from investing activities		(638 265)	(7 734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of bonds		(103 028)	(217 376)
Redemption of subordinate loans		-	(266 112)
Net cash flows used in financing activities		(103 028)	(483 488)

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.

PJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Cash Flows for the three-month period ended
 31 March 2019

Notes	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)*
Net (decrease) increase in cash and cash equivalents	(1 518 203)	383 645
Effect of changes in exchange rates on cash and cash equivalents	(199 000)	84 152
Effect of changes in expected credit losses on cash and cash equivalents	12 487	(94)
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	10 291 147	10 556 727



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





 Ms. E.V. Schekina
 Chief Accountant

* The data was recalculated in comparison with the signed consolidated interim condensed financial information for the three months ended March 31, 2018, due to the refinement of the effect of the transition to IFRS 9 as of 1 January 2018 on the results of the review of consolidated interim condensed financial information for the six months ended 30 June 2018.

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								
Profit for the period (unaudited)*	-	-	-	-	-	-	92 534	92 534
Other comprehensive income, net of income tax								
<i>Total items that are or may be reclassified subsequently to profit or loss</i>								
Net change in fair value of financial assets at fair value through other comprehensive income net of deferred tax of RUB 16 999 thousand (unaudited)*	-	-	-	-	67 994	-	-	67 994
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 322 thousand (unaudited)*	-	-	-	-	1 288	-	-	1 288
<i>Total items that are or may be reclassified subsequently to profit or loss (unaudited)*</i>	-	-	-	-	69 282	-	-	69 282
<i>Total items that will not be reclassified to profit or loss</i>								
Transfer of revaluation reserve for disposal of buildings that were previously revalued, net of deferred tax of RUB 420 thousand (unaudited)	-	-	-	-	-	(1 681)	1 681	-
<i>Total items that will not be reclassified to profit or loss (unaudited)</i>	-	-	-	-	-	(1 681)	1 681	-
Total comprehensive income for the period, net of income tax (unaudited)*	-	-	-	-	69 282	(1 681)	94 215	161 816
Balance as at 31 March 2018 (unaudited)	585 414	(10 307)	1 778 739	2 200 000	32 555	1 815 311	1 896 577	8 298 289
Balance as at 1 January 2019	6 000 000	-	3 000 000	-	(786 134)	1 068 591	5 152 279	14 434 736

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
Total comprehensive loss for the year								
Loss for the period (unaudited)	-	-	-	-	-	-	(1 121 942)	(1 121 942)
Other comprehensive income, net of income tax								
<i>Items that are or may be reclassified subsequently to profit or loss</i>								
Net change in fair value of financial assets at fair value through other comprehensive income net of deferred tax of RUB 57 709 thousand (unaudited)	-	-	-	-	230 836	-	-	230 836
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 9 124 thousand (unaudited)	-	-	-	-	(36 497)	-	-	(36 497)
<i>Total items that are or may be reclassified subsequently to profit or loss (unaudited)</i>	-	-	-	-	194 339	-	-	194 339

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
<i>Items that will not be reclassified to profit or loss</i>								
Revaluation reserve for unquoted equity assets at fair value through other comprehensive income net of deferred tax of RUB 92 283 thousand (unaudited)	-	-	-	-	369 131	-	-	369 131
<i>Total items that will not be reclassified to profit or loss (unaudited)</i>	-	-	-	-	369 131	-	-	369 131
Total comprehensive income for the period, net of income tax (unaudited)	-	-	-	-	563 470	-	(1 121 942)	(558 472)
Balance as at 31 March 2019 (unaudited)	6 000 000	-	3 000 000	-	(222 664)	1 068 591	4 030 337	13 876 264


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




 Ms. E.V. Schekina
 Chief Accountant

* The data was recalculated in comparison with the signed consolidated interim condensed financial information for the three months ended March 31, 2018, due to the refinement of the effect of the transition to IFRS 9 as of 1 January 2018 on the results of the review of consolidated interim condensed financial information for the six months ended 30 June 2018.

1 Background

Organisation and operations

These consolidated interim condensed financial information include the financial statements 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 standing management bodies are formed.

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 200 (31 December 2018: 200), offices from which it conducts business throughout the Russian Federation including a head office, 3 regional branches, 11 additional offices, 185 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 31 March 2019 and 31 December 2018, the following shareholders held the issued shares of PJSC Asian-Pacific Bank:

Shareholder

	31 March 2019 % (unaudited)	31 December 2018 %
Bank of Russia	100.00	100.00
Total	100.00	100.00

Details of the subsidiaries and associates are as follows:

Name	Country of incorporation	Principal activities	Ownership, %	
			31 March 2019 (unaudited)	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%*

LLC “Pride M”	Russian Federation	Freight services	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 3 branches as at 31 March 2019 (31 December 2018: 4 branches), comprising a head office and 2 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, having 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 with 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 quantity of investment units of CUIF “Celena” was decreased to 284 414 which resulted in the increase of the Bank’s share 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 financial statements. As at the reporting date, 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. 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.

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, 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 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 the implementation of financial and business activities may differ from the management's assessment.

2 Basis of the consolidated 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*. 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 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 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 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 last annual consolidated financial statements as at 31 December 2018.

4 Financial risk review

Information about the Group’s exposure to financial risks is presented in Note 4 of the consolidated financial statements of the Group as at and for the year ended 31 December 2018. For information on the Group’s financial risk management framework, see Note 34 of the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

5 Allowance for expected credit losses and other provisions

	Three-Month Period Ended 31 March 2019 RUB’000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB’000 (unaudited)*
Loans to customers	3 200 662	1 161 614
Financial instruments at fair value through other comprehensive income	(35 783)	57 618
Cash and cash equivalents and due from banks	(13 517)	500 198
Investments at amortised cost	400	(2 753)
Credit related commitments	(1 640)	85 490
Net investments in finance leases	(3 370)	(5 212)
Other assets	(9 616)	1 769
	3 137 136	1 798 724

Other provisions in the amount of RUB 846 560 thousand represent a change in the provision for other contingent liabilities, most of which are represented by litigation with the State Corporation Deposit Insurance Agency - the bankruptcy trustee of PJSC “M2M Private Bank” in amount of RUB 572 000 thousand. Contingent litigation is recorded in the caption "Other liabilities".

As at 31 March 2019 amount of contingent non-credit liabilities (reimbursement of legal claims on promissory notes of FTK LCC), stated in the off-balance amounted to RUB 3 513 775 thousand (31 December 2018: RUB 3 990 319 thousand).

** The data was recalculated in comparison with the signed consolidated interim condensed financial information for the three months ended March 31, 2018, due to the refinement of the effect of the transition to IFRS 9 as of 1 January 2018 on the results of the review of consolidated interim condensed financial information for the six months ended 30 June 2018.*

6 Cash and cash equivalents

	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Cash on hand	4 341 467	3 388 552
Nostro accounts with the CBR	2 224 105	2 621 653
Nostro accounts with other banks		
rated from A- to A+	231 876	274 059
rated from BBB- to BBB+	434 007	802 056
rated from BB- to BB+	501 759	65 448
rated from CCC to B+	1 077	58 077
Total nostro accounts with other banks	1 168 719	1 199 640
Term deposits in the CBR	-	100 042
Term deposits with other banks		
rated from BBB- to BBB+	2 560 105	4 301 736
rated from CCC to B+	-	399 976
Total term accounts with other banks	2 560 105	4 701 712
Allowance for expected credit losses	(3 249)	(15 736)
Total cash and cash equivalents	10 291 147	11 995 863

Analysis of changes in allowance for expected credit losses:

	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)
Allowance for expected credit losses at the beginning of the period	15 736	-
Effect of transition to IFRS 9	-	94
Net change in allowance for expected credit losses	(12 487)	-
Allowance for expected credit losses at the period end	3 249	94

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

None of cash and cash equivalents are past due or credit-impaired. Allowance for expected credit losses is 12-month expected credit losses after the reporting date.

7 Financial instruments at fair value through profit or loss

	31 March 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)	2 907 498	2 902 387
Total government bonds	2 907 498	2 902 387
- Corporate bonds		
rated from A- to A+	388 892	406 398
rated from BB- to BB+	462 554	-
Total corporate bonds	851 446	406 398
Total securities owned by the Group	3 758 944	3 308 785
Total securities at fair value through profit or loss	3 758 944	3 308 785
Derivative financial instruments		
Foreign currency and securities contracts	10 873	3 367
	3 769 817	3 312 152
LIABILITIES		
Derivative financial instruments		
Foreign currency and securities contracts	2 374	2 502
	2 374	2 502
Liabilities on reverse delivery of realised securities, received on operations under reverse repurchase agreements	-	-
	2 374	2 502

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

None of financial assets at fair value through profit or loss are past due.

8 Financial assets at fair value through other comprehensive income

	31 March 2019	31 December
	RUB'000	2018
	(unaudited)	RUB'000
Held by the Group		
- Government, the CBR and municipal bonds		
Russian Government Federal bonds (OFZ)	7 952 098	7 659 051
Regional authorities bonds	114 575	114 877
The CBR bonds	-	-
Total government, the CBR and municipal bonds	8 066 673	7 773 928
- Corporate bonds		
Rated from BBB- to BBB+	1 360 804	2 642 367
Rated from BB- to BB+	641 127	183 953
Banks with revoked license	102 651	102 651
Not rated	-	253 021
Total corporate bonds	2 104 582	3 181 992
- Corporate shares		
rated from BB- to BB+	1 193 460	-
rated from CCC to B+	-	718 935
Not rated	210 439	223 550
Total corporate shares	1 403 899	942 485
Total financial assets at fair value through other comprehensive income held by Group	11 575 154	11 898 405
Pledged under sale and repurchase agreements		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	132 525	22 461
Total government and municipal bonds	132 525	22 461
Total financial assets at fair value through other comprehensive income pledged under sale and repurchase agreements	132 525	22 461
Total financial assets at fair value through other comprehensive income	11 707 679	11 920 866
Allowance for expected credit losses*	(117 662)	(153 445)
Total financial assets at fair value through other comprehensive income (carrying amount)	11 707 679	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 financial assets measured at fair value through other comprehensive income as at 31 March 2019.

31 марта 2019 года

RUB'000 (unaudited)	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Credit impaired assets at initial recognition	Total
Debt investment					
<i>securities at fair value through other comprehensive income</i>					
Rated BBB- to BBB+	9 445 427	-	-	-	9 445 427
Rated from BB- to BB+	693 956	-	-	-	693 956
Not rated	61 746	-	-	102 651	164 397
	10 201 129	-	-	102 651	10 303 780
Allowance for expected credit losses	(15 011)	-	-	(102 651)	(117 662)
Carrying amount	10 186 118	-	-	-	10 186 118
Carrying amount - fair value	10 201 129	-	-	102 651	10 303 780

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

31 December 2018

RUB'000	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Credit impaired assets at initial recognition	Total
Debt investment					
<i>securities at fair value through other comprehensive income</i>					
Rated 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)
Carrying amount	10 609 932	215 004	-	-	10 824 936
Carrying amount - fair value	10 622 709	253 021	-	102 651	10 978 381

Analysis of changes in the allowance for expected credit losses:

	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)
Opening balance of the allowance for expected credit losses	153 445	102 651
Impact of adopting IFRS 9	-	6 920
Net charge	(35 783)	57 618
Write-offs	-	-
Closing balance of the allowance for expected credit losses	117 662	167 189

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

As at 31 March 2019, the cost of unquoted investments at fair value through other comprehensive income is RUB 313 090 thousand and is categorised in Level 3 in the fair value hierarchy.

As at 31 December 2018, the cost of unquoted investments at fair value through other comprehensive income is RUB 942 485 thousand and is categorised in Level 3 in the fair value hierarchy.

9 Loans to customers

	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Loans to corporate customers	30 642 350	28 949 834
Loans to retail customers		
Consumer loans	44 485 482	44 346 454
Mortgage loans	2 557 010	2 695 764
Total loans to retail customers	47 042 492	47 042 218
Gross loans to customers	77 684 842	75 992 052
Allowance for expected credit losses	(31 782 044)	(28 831 644)
Net loans to customers	45 902 798	47 160 408

Movements in the allowance for expected credit losses on loans to customers for the three-month period ended 31 March 2019 are as follows:

	Loans to corporate customers RUB'000 (unaudited)	Loans to retail customers RUB'000 (unaudited)	Total RUB'000 (unaudited)
Opening balance of the allowance for expected credit losses	9 331 619	19 500 025	28 831 644
Net charge	1 540 668	1 659 994	3 200 662
Write-offs	(24 953)	(225 309)	(250 262)
Closing balance of the allowance for expected credit losses	10 847 334	20 934 710	31 782 044

Movements in the allowance for expected credit losses on loans to customers for the three-month period ended 31 March 2018 are as follows:

	RUB’000 (unaudited)
Opening balance of the allowance for expected credit losses	16 930 001
Impact of adopting IFRS 9	4 538 453
Net charge	1 161 614
Write-offs	(1 734 115)
Closing balance of the allowance for expected credit losses	20 895 953

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

RUB’000 (unaudited)	For the three-month period ended 31 March 2019				
	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 Stage1	24 178	(3 292)	(20 886)	-	-
Transfer to Stage2	(6 711)	17 477	(10 766)	-	-
Transfer to Stage3	(4 657)	(9 481)	14 138	-	-
Net remeasurement of loss allowance	(82 295)	11 138	1 538 156	-	1 466 999
New financial assets originated or purchased	72 252	1 417	-	-	73 669
Financial assets that have been derecognised	-	-	-	-	-
Write-offs	-	-	(24 953)	-	(24 953)
Balance at 31 March	269 683	49 464	10 528 187	-	10 847 334
RUB’000 (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 Stage1	130 298	(34 519)	(95 779)	-	-
Transfer to Stage2	(27 828)	166 129	(138 301)	-	-
Transfer to Stage3	(36 957)	(181 501)	218 458	-	-
Net remeasurement of loss allowance	(37 950)	75 371	1 584 709	-	1 622 130
New financial assets originated or purchased	36 540	1 324	-	-	37 864
Financial assets that have been derecognised	-	-	-	-	-
Write-offs	-	-	(225 309)	-	(225 309)
Balance at 31 March	817 596	833 731	19 283 383	-	20 934 710

Below is the explanation of how significant changes in the gross carrying amount of corporate loans issued during three months ended 31 March 2019 contributed to changes in loss allowance:

- Redemption of corporate loans in the amount of RUB 1 083 350 thousand during the three months 2019 led to a reduction of ECLs by RUB 50 375 thousand.
- Write-offs of corporate loans in the amount of RUB 24 953 thousand during the three months 2019 led to a reduction of ECLs by RUB 24 953 thousand.
- Net remeasurement of loss allowance for Stage 3 was mainly due to additional allowance for loans the allowance for which increased to 100%.

- Corporate loans issued in the amount of RUB 4 678 256 thousand during the year led to an increase in ECLs by RUB 73 669 thousand.

Below is the explanation of how significant changes in the gross carrying amount of retail loans issued during three months ended 31 March 2019 contributed to changes in loss allowance:

- Write-offs of retail loans in the amount of RUB 225 309 thousand during the year led to a reduction of ECLs by RUB 225 309 thousand.
- Transfer from Stage 1 to Stage 2 and Stage 3 during the three months ended 31 March 2019 in the amount of RUB 537 939 thousand led to an increase in ECLs by RUB 218 458 thousand.
- Retail loans issued in the amount of RUB 1 844 079 thousand during the year led to an increase in ECLs by RUB 37 864 thousand.
- Redemption of retail loans in the amount of RUB 724 612 thousand led to a reduction of ECLs by RUB 54 048 thousand: this was reflected in the table above at Stage 1 – reduction of ECLs for the year by RUB 37 950 thousand.
- Increase of ECLs at Stage 3 in the amount of RUB 218 458 was due mainly to the increase in the number of loans, the allowance for which during three months 2019 increased to 100%.

Credit quality analysis

The following table sets out information about the credit quality of corporate loans issued as at 31 March 2019.

RUB'000 (unaudited)	31 March 2019				Total
	12-month ECLs	Lifetime ECLs for assets that are not credit- impaired	Lifetime ECLs for credit-impaired assets	Credit-impaired assets at initial recognition	
<i>Loans to customers – corporate customers</i>					
Standard	16 518 879	-	-	-	16 518 879
Below standard	-	687 434	-	-	687 434
Doubtful	-	-	13 436 037	-	13 436 037
	16 518 879	687 434	13 436 037	-	30 642 350
Loss allowance	(269 683)	(49 463)	(10 528 188)	-	(10 847 334)
Carrying amount	16 249 196	637 971	2 907 849	-	19 795 016

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

PJSC “Asian-Pacific Bank”
Notes to, and forming part of, the consolidated interim condensed financial information
for the three-month period ended 31 March 2019

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
<i>Loans to customers – corporate customers</i>					
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
Loss allowance	(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 31 March 2019.

31 March 2019

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
<i>Loans to customers – retail customers</i>					
Not overdue	24 133 655	1 728 133	448 201	-	26 309 989
Overdue less than 30 days	410 852	172 903	112 730	-	696 485
Overdue 30-89 days	-	550 739	203 471	-	754 210
Overdue 90-723 days	-	7 670	5 639 885	-	5 647 555
Overdue more than 724 days	-	-	13 634 253	-	13 634 253
	24 544 507	2 459 445	20 038 540	-	47 042 492
Loss allowance	(817 596)	(833 731)	(19 283 383)	-	(20 934 710)
Carrying amount	23 726 911	1 625 714	755 157	-	26 107 782

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

	31 December 2018				Total
	12-month ECLs	Lifetime ECLs for assets that are not credit-impaired	Lifetime ECLs for credit- impaired assets	Credit- impaired assets at initial recognition	
RUB'000					
<i>Loans to customers – retail customers</i>					
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
Loss allowance	(753 493)	(806 927)	(17 939 605)	-	(19 500 025)
Carrying amount	23 930 828	1 566 867	2 044 498	-	27 542 193

10 Net investments in finance leases

Net investments in finance leases comprise:

	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Gross investments in finance leases	1 439 287	1 421 284
Unearned finance lease income	(299 381)	(297 465)
	1 139 906	1 123 819
Impairment allowance	(28 595)	(32 323)
Net investments in finance leases	1 111 311	1 091 496

Movements in the impairment allowance are as follows:

	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)*
Allowance for expected credit losses at the beginning of the period	32 323	92 257
Effect of transition to IFRS 9	-	6 727
Net reversal of allowance for expected credit losses	(3 370)	(5 212)
Write-offs	(358)	-
Allowance for expected credit losses at the end of period	28 595	93 772

*The data was recalculated in comparison with the signed consolidated interim condensed financial information for the three months ended 31 March 2018, due to the refinement of the effect of the transition to IFRS 9 as of 1 January 2018 on the results of the review of consolidated interim condensed financial information for the six months ended 30 June 2018.

11 Investments in associates and other investments

Associates and other investments comprise the following:

Name	Country of incorporation	Main activity	Ownership, %		31 March 2019	31 December 2018
			31 March 2019 (unaudited)	31 December 2018	Carrying value RUB'000 (unaudited)	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%	90 357	90 759
Impairment allowance					(2 300 000)	(2 300 000)
					90 357	90 759

The following table summarises the financial information of CUIF “Celena” as at 31 March 2019 and 31 December 2018 and for the three months ended 31 March 2019 and 31 March 2018, and reconciliation of carrying amount of the Group’s interest in associate:

	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Total assets	225 411	226 774
Total liabilities	(5 485)	(5 870)
Net assets	219 926	220 904
Group’s share of net assets (41.09%)	90 357	90 759
	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)
Net loss for the year	(402)	(8 971)
Total comprehensive loss for the period	(402)	(8 971)

13 Investments measured at amortised cost

	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Held by the Group		
Government and municipal bonds		
Regional authorities bonds	33 093	33 077
Total government and municipal bonds	33 093	33 077
Corporate bonds		
rated from AA- to AA+	325 406	351 330
rated from BBB- to BBB+	1 971 516	1 405 130
Total corporate bonds	2 296 922	1 756 460
Total investments at amortised cost held by Group	2 330 015	1 789 537
Total investments at amortised cost	2 330 015	1 789 537
Allowance for expected credit losses	(1 534)	(1 134)
Total investments at amortised cost net of allowance for expected credit losses	2 328 481	1 788 403

Analysis of changes in allowance for expected credit losses:

	Three-Month Period Ended 31 March 2019 RUB'000 (unaudited)	Three-Month Period Ended 31 March 2018 RUB'000 (unaudited)
Allowance for expected credit losses at the beginning of the period	1 134	-
Effect of transition to IFRS 9	-	3 477
Net change in allowance for expected credit losses	400	(2 753)
Allowance for expected credit losses at the period end	1 534	724

In the table above credit rating rated according with the scale of Standard&Poors and Fitch.

None of investments measured at amortised cost are past due or impaired. Allowance for expected credit losses is 12-month ECLs after the reporting date.

14 Current accounts and deposits from customers

	31 March 2019 RUB'000 (unaudited)	31 December 2018 RUB'000
Current accounts and demand deposits		
- Retail	6 746 152	7 117 943
- Corporate	8 201 096	8 586 818
Term deposits		
- Retail	47 950 465	47 426 481
- Corporate	5 559 600	5 575 725
	68 457 313	68 706 967

15 Debt securities issued

	31 March 2019	31 December 2018
	RUB'000	RUB'000
	(unaudited)	
Bonds	435 783	538 811
Promissory notes	96 675	95 673
	532 458	634 484

As at 31 March 2019 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.

16 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 three months ended 31 March 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 was LLC “PPFIN Region” (Russian Federation). As at 31 December 2017 and 31 March 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 Bank of Russia and the banks under its control

As at 31 March 2019 balances on accounts with the Bank of Russia and the banks under its control are as follows:

	31 March 2019
	RUB'000
	(unaudited)
Consolidated interim condensed statement of financial position	
ASSETS	
Cash and cash equivalents	2 706 038
Obligatory reserves with the Central Bank of the Russian Federation	557 952
Financial assets at fair value through other comprehensive income for the period	-
Due from banks	41 537
Amounts receivable under reverse repurchase agreements	40 479
Other assets	10 409
LIABILITIES	
Current accounts and deposits from customers	31 330
Debt securities issued	22 610
Other liabilities	22 785

As at 31 December 2018 balances on accounts with the Bank of Russia and the banks under its control are as follows:

	31 December 2018 RUB'000
Consolidated interim condensed statement of financial position	
ASSETS	
Cash and cash equivalents	2 838 584
Obligatory reserves with the Central Bank of the Russian Federation	546 928
Financial assets at fair value through other comprehensive income for the period	394 540
Due from banks	39 644
Amounts receivable under reverse repurchase agreements	311 238
Other assets	25 741
LIABILITIES	
Current accounts and deposits from customers	12 116
Debt securities issued	22 610
Other liabilities	271

The amounts included in the consolidated statement of profit or loss and other comprehensive income for transactions with the Bank of Russia and the banks under its control for the three-month period ended 31 March 2019 can be presented as follows:

	RUB'000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income	
Interest income on funds placed with the Bank of Russia	5 701
Net income from operations with precious metals	13 493
Change in allowance for expected credit losses	(318 052)

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 three-month period ended 31 March 2018 can be presented as follows:

	RUB'000 (audited)
Short term employee benefits	15 917
Long term employee benefits	1 559
	17 476

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 three-month period ended 31 March 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	(43 880)
Allowance for expected credit losses	(4 799 403)

e) Transactions with other related parties

Other related parties are represented by companies controlled by 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 three-month period ended 31 March 2018 can be presented as follows:

	RUB’000 (unaudited)
Consolidated interim condensed statement of profit or loss and other comprehensive income	
Commission income	4 122
Loss from equity-accounted investee	(8 971)

f) Balances of transactions with government-related entities

In the ordinary course of business the Group operates with the government agencies 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 agencies and state-controlled companies, as well as companies under significant state control:

	31 March 2019 RUB’000 (unaudited)
Consolidated interim condensed statement of financial position	
ASSETS	
Cash and cash equivalents	2 611 577
Financial instruments at fair value through profit or loss	2 918 503
Financial assets at fair value through other comprehensive income for the period	7 613 808
Amounts receivable under reverse repurchase agreements	613 265
Loans to customers	1 229 483
Investments at amortised cost	1 071 389
Other assets	2 575
LIABILITIES	
Financial instruments at fair value through profit or loss	1 735
Amounts payable under repurchase agreements	-
Current accounts and deposits from customers	852 336
Debt securities issued	385
Other liabilities	416
Contingent liabilities	
Non-credit contingent liabilities	1 508 903
31 December 2018 RUB’000	
Consolidated interim condensed statement of financial position	
ASSETS	
Cash and cash equivalents	4 809 019
Financial instruments at fair value through profit or loss	2 903 984
Financial assets at fair value through other comprehensive income for the period	9 189 197
Amounts receivable under reverse repurchase agreements	478 275
Loans to customers	1 528 242
Investments at amortised cost	1 292 957
Other assets	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	1 030 772
Debt securities issued	31
Other liabilities	1 430
Contingent liabilities	
Non-credit contingent liabilities	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 three-month period ended 31 March 2019 can be presented as follows:

	RUB'000 (audited)
Consolidated interim condensed statement of profit or loss and other comprehensive income	
Interest income calculated using the effective interest method	118 157
Interest expense	(10)
Net gain on operations with precious metals	250
Net profit from operations with financial instruments at fair value through profit or loss	613 622
Reversal of allowance for expected credit losses	116 344
Other allowances	846 560

17 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 value of all financial instruments as at 31 March 2019 approximates their carrying value.

The estimated fair value of all financial instruments as at 31 December 2018 approximates their carrying value.

b) Fair value hierarchy

The Group measures fair values of financial instruments reflected in the consolidated interim condensed financial information 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 31 March 2019, 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	Level 3	Total
Financial instruments at fair value through profit or loss:				
- Derivative assets	-	10 873	-	10 873
- Debt instruments	3 607 597	151 349	-	3 758 946
- Derivative liabilities	-	(2 374)	-	(2 374)
Financial assets at fair value through other comprehensive income for the period	10 149 657	1 244 932	313 090	11 707 679

As at 31 March 2019, the value of unquoted financial assets at fair value through other comprehensive income for the period amount to RUB 313 090 thousand is categorised in 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 for the period				
	10 875 729	-	1 045 136	11 920 866

As at 31 December 2018, the value of unquoted financial assets at fair value through other comprehensive income for the period amounted RUB 1 045 136 thousand is categorised in Level 3 in the fair value hierarchy.

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

RUB '000 (unaudited)	31 December 2018 RUB'000	Exchange differences recognised in consolidated statement of profit or loss in gain or loss	Revaluation recognised in other comprehensive income	Sold	31 March 2019 RUB'000
Financial assets at fair value through other comprehensive income for the period	942 485	(718 935)	(13 111)	210 439	(718 935)

The table below analyses information about unobservable inputs used in valuation of financial instruments categorised in Level 3 in the fair value hierarchy as at 31 March 2019 (unaudited):

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 for the period						
Other equity instruments Sanyon Corporation	190 516		Income approach (discounting method of cash flow)	Discount rate. Discount for non-controlling interest Other risks related to ownership.	17.12% 50% 31.80%	Significant increase (decrease) in any of these inputs in isolation would result in lower (higher) fair values.
Non-controlling interest in equity investments funds (real estate closed-end investment fund “Kvant”)	19 923		Net assets value	Adjustments for condition of the object (Discount).	54%	Significant increase (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 in 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 for the period						
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 issued relates to Level 3. Fair value of all other financial instruments at amortised cost is categorised in Level 2.

As at 31 December 2018 buildings in 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 in property and equipment and investment property is categorised as Level 3 in the fair value hierarchy.