

“BNP PARIBAS BANK” JSC

**Condensed Interim Financial Information
prepared in accordance with IAS 34,
Interim Financial Reporting
(unaudited)**

30 June 2019

CONTENTS

REVIEW REPORT

CONDENSED INTERIM FINANCIAL INFORMATION
for the six-month period ended 30 June 2019

Condensed Interim Statement of Financial Position	1
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Interim Statement of Changes in Equity	3
Condensed Interim Statement of Cash Flows	4

Notes to the Condensed Interim Financial Information

1	Principal Activities	5
2	Operating Environment of the Bank	5
3	Summary of Significant Accounting Policies	5
4	Adoption of New and Revised Standards	7
5	Cash and Cash Equivalents	8
6	Derivatives, Financial Assets, Financial Liabilities at Fair Value through Profit or Loss	10
7	Due from Other Banks and Financial Institutions	11
8	Loans and Advances to Customers	12
9	Due to Other Banks	15
10	Customer Accounts	15
11	Other Financial and Non-Financial liabilities	16
12	Income Taxes	17
13	Contingencies and Commitments	17
14	Fair value of Financial Assets	20
15	Related Party Transactions	22



Report on Review of Condensed Interim Financial Information

To the Shareholder and Supervisory Board of “BNP PARIBAS Bank” Joint Stock Company:

Introduction

We have reviewed the accompanying condensed interim statement of financial position of “BNP PARIBAS Bank” Joint Stock Company (the “Bank”) as at 30 June 2019, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

AO PricewaterhouseCoopers Audit

26 August 2019

Moscow, Russian Federation

E. Boitsova, certified auditor (licence no. 01-000386), AO PricewaterhouseCoopers Audit

Audited entity: “BNP PARIBAS Bank” Joint Stock Company

Record made in the Unified State Register of Legal Entities on 22 June 2002 under State Registration Number 1027700045780

Lesnaya 5, Moscow, Russia, 125047

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

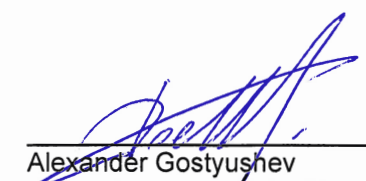
Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 11603050547

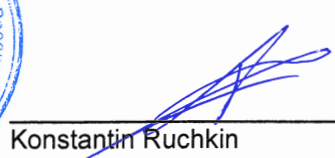
"BNP PARIBAS BANK" JSC
Condensed Interim Statement of Financial Position

<i>In thousands of Russian Roubles</i>	Note	30 June 2019 (Unaudited)	31 December 2018
ASSETS			
Cash and cash equivalents	5	39 165 983	37 874 014
Mandatory cash balances with the Central Bank of Russian Federation		422 278	385 164
Derivatives and financial assets at fair value through profit or loss	6	1 951 793	704 516
Due from other banks and financial institutions	7	3 564 879	20 000
Investments in debt securities		2 944 394	3 660 445
Loans and advances to customers	8	6 953 733	6 035 980
Current income tax prepayment		44 798	195
Right-of-use assets	3	408 321	-
Intangible assets		69 474	31 896
Equipment and leasehold improvements		47 688	54 141
Other financial assets		165 456	176 053
Other non-financial assets		70 784	103 910
TOTAL ASSETS		55 809 581	49 046 314
LIABILITIES			
Derivatives and financial liabilities at fair value through profit or loss	6	306 662	1 778 547
Due to other banks	9	7 192 448	8 522 118
Customer accounts	10	36 356 983	24 465 497
Current income tax liability		-	138 122
Deferred income tax liability	12	329 566	-
Lease liabilities	3	352 538	-
Subordinated debt		2 774 919	5 474 983
Other financial liabilities	11	107 202	63 179
Other non-financial liabilities	11	99 223	149 181
TOTAL LIABILITIES		47 519 541	40 591 627
EQUITY			
Share capital		5 798 193	5 798 193
Share premium		392 546	392 546
Retained earnings		2 099 301	2 263 948
TOTAL EQUITY		8 290 040	8 454 687
TOTAL LIABILITIES AND EQUITY		55 809 581	49 046 314

Approved for issue and signed on behalf of the Board on 26 August 2019.


 Alexander Gostyushev
 Acting Chairman of the Management Board




 Konstantin Ruchkin
 Acting Chief Accountant

"BNP PARIBAS BANK" JSC
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Russian Roubles</i>	Note	Six-month period ended 30 June	
		2019 (unaudited)	2018 (unaudited)
Interest income calculated using effective interest rate method and similar revenues		1 416 889	1 336 726
Interest expense and similar charges		(1 059 352)	(903 931)
Net interest income		357 537	432 795
Credit loss allowance		(412)	15 554
Net interest income after credit loss allowance		357 125	448 349
Fee and commission income		178 844	426 338
Fee and commission expense		(28 423)	(27 982)
Gains less losses from Trading in Foreign Currencies, Financial Instruments at FVTPL and remeasurement of currency position		119 489	(9 946)
Recovery of provisions for credit related commitments		37 048	1 240
Administrative and other operating expenses		(481 534)	(501 461)
Profit before tax		182 549	336 538
Income tax expense	12	(347 196)	(78 561)
(LOSS)/PROFIT FOR THE PERIOD		(164 647)	257 977
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt financial instruments measured at fair value through other comprehensive income :			
- Losses less gains arising during the period		-	(17 814)
- Income tax recorded directly in other comprehensive income		-	3 563
Other comprehensive loss for the period		-	(14 251)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD		(164 647)	243 726

Approved for issue and signed on behalf of the Board on 26 August 2019.


 Alexander Gostyushev
 Acting Chairman of the Management Board




 Konstantin Ruchkin
 Acting Chief Accountant

"BNP PARIBAS BANK" JSC
Condensed Interim Statement of Changes in Equity

	Share capital	Share premium	Fair value reserve for investment securities available for sale	Retained earnings	Total equity
<i>In thousands of Russian Roubles</i>					
Balance as at 31 December 2017	5 798 193	392 546	14 251	2 203 032	8 408 022
Effect of change in accounting policy due to IFRS 9 adoption	-	-	(14 251)	(80 850)	(95 101)
Balance as at 1 January 2018	5 798 193	392 546	-	2 122 182	8 312 921
Profit for the period (unaudited)	-	-	-	257 977	257 977
Balance as at 30 June 2018 (unaudited)	5 798 193	392 546	-	2 380 159	8 570 898
Balance as at 31 December 2018	5 798 193	392 546	-	2 263 948	8 454 687
Loss for the period (unaudited)	-	-	-	(164 647)	(164 647)
Balance as at 30 June 2019 (unaudited)	5 798 193	392 546	-	2 099 301	8 290 040

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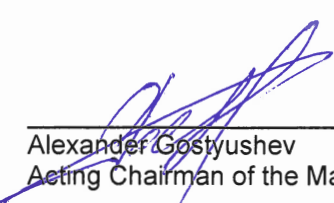



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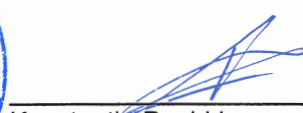
"BNP PARIBAS BANK" JSC
Condensed Interim Statement of Cash flows

<i>In thousands of Russian Roubles</i>	Note	Six-month period ended 30 June	
		2019 (Unaudited)	2018 (Unaudited)
Cash flows from operating activities			
Interest received		1 412 218	1 389 969
Interest paid		(1 030 141)	(972 449)
Fees and commissions received		199 824	300 541
Fees and commissions paid		(28 423)	(27 982)
Gains net of losses from financial instruments at fair value through profit or loss		(2 231 769)	319 039
Staff costs paid		(297 227)	(290 008)
Administrative and other operating expenses paid		(100 059)	(229 968)
Income tax (paid)/reimbursed		(200 355)	37 000
Cash flows from operating activities before changes in operating assets and liabilities		(2 275 932)	526 142
Net (increase)/decrease in mandatory cash balances		(37 114)	773
Net increase in due from other banks		(3 515 652)	(3 522 023)
Net (increase)/decrease in loans and advances to customers		(1 090 430)	158 990
Net (increase)/decrease in other financial assets		(33)	243
Net decrease/(increase) in other non-financial assets		13 436	(11 449)
Net decrease in due to other banks		(942 785)	(1 792 605)
Net increase in customer accounts		12 285 824	10 842 330
Net (decrease)/increase in other non-financial liabilities		(675)	974
Net cash received from operating activities		4 436 639	6 203 375
Cash flows from investing activities			
Acquisition of investments in debt securities		(299 728)	(3 066 952)
Proceeds from redemption of investments in debt securities		1 000 000	1 600 000
Acquisition of premises and equipment		(5 612)	(9 316)
Acquisition of intangible assets		(43 505)	(8 253)
Net cash received from/(used in) investing activities		651 155	(1 484 521)
Cash flows from financing activities			
Repayment of subordinated debt		(2 265 273)	-
Cash outflow for lease liabilities		(48 365)	-
Net cash used in financing activities		(2 313 638)	-
Effect of exchange rate changes on cash and cash equivalents		(1 482 264)	(61 666)
Net increase in cash and cash equivalents		1 291 892	4 657 188
Cash and cash equivalents, gross at the beginning of the year	5	37 874 091	26 725 769
Cash and cash equivalents, gross at the end of the period	5	39 165 983	31 382 957

Approved for issue and signed on behalf of the Board on 26 August 2019.


 Alexander Gostyushev
 Acting Chairman of the Management Board




 Konstantin Ruchkin
 Acting Chief Accountant

1 Principal Activities

“BNP PARIBAS BANK” JSC (the “Bank”) was incorporated and is domiciled in the Russian Federation. The Bank is a joint stock company and was set up in accordance with Russian regulations.

The Bank’s principal business activity is commercial banking operations within the Russian Federation. The Bank accepts deposits from the legal entities and provides loans, transfers payments in Russia and abroad, exchanges currencies, trades derivative financial instruments and provides other banking services to its commercial customers. The Bank has operated under the banking license issued by the Central Bank of the Russian Federation (“CBRF”) since 10 July 2002.

The Bank participates in the state deposit insurance program, which was introduced by Federal Law No. 177-FZ “Deposits of individuals insurance in Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 1 400 thousand per individual in the case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

The Bank is directly and ultimately controlled by BNP Paribas S.A., incorporated in France (the “Parent Bank”), which owns 100% of the ordinary shares. Being a subsidiary of BNP Paribas S.A., the Bank is a part of the international banking network of BNP Paribas Group (the “Group”).

Since 23 January 2018 (and renewed on 22 January 2019) the Bank is rated AAA (RU) with Stable outlook by the Russian Analytical Credit Rating Agency (ACRA).

Registered address and place of business. The Bank’s registered address is: 5 Lesnaya St., White Square Business Center, Bld. B., Moscow, 125047, Russian Federation.

The average number of the Bank’s employees during the six-month period ended 30 June 2019 was 127 (2018: 129).

Presentation currency. This financial information is presented in thousand Russian Roubles (“RR”), unless otherwise stated.

2 Operating Environment of the Bank

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Stable oil prices, low unemployment and rising wages supported a modest growth of the economy in 2019. The operating environment has a significant impact on the Group’s operations and financial position. Management is taking necessary measures to ensure sustainability of the Group’s operations. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

The Bank acts in accordance with Russian regulations and BNP Paribas Group requirements. It has set up and constantly updates its systems and measures on anti-money laundering, on counteraction the financing of terrorism, and on ensuring its compliance with UN Sanctions.

For the purpose of measurement of expected credit losses (“ECL”) the Bank uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

3 Summary of Significant Accounting Policies

Basis of preparation. This condensed interim financial information has been prepared for in accordance with IAS 34 “Interim financial statements” for the six-month period ended 30 June 2019. This condensed interim financial information should be read in conjunction with the annual financial statements for 2018 prepared in accordance with International Financial Reporting Standards (“IFRS”).

3 Summary of Significant Accounting Policies (Continued)

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements. The Bank omitted disclosures which would substantially duplicate the information contained in its audited annual financial statements for 2018, such as accounting policies and details of accounts which have not changed significantly in amount or composition.

Apart from the accounting policy changes resulting from the adoption of IFRS 16 effective from 1 January 2019, the same accounting policies and methods of computation were followed in the preparation of this condensed interim financial information as compared with annual financial statements of the Bank for the year ended 31 December 2018.

New accounting policy for leases by the Bank as a lessee. The Bank adopted IFRS 16 *Leases*, using modified retrospective method and applied certain simplifications or practical expedients.

From 1 January 2019, the date of initial application of the standard, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

As an exception to the above, the Bank accounts for short-term leases and leases of low value assets by recognising the lease payments as an expense on a straight line basis.

In determining the lease term, management of the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Going concern. Management prepared this condensed interim financial information on a going concern basis. The management and shareholder have an intention to further develop the business of the Bank in Russian Federation in corporate segment.

3 Summary of Significant Accounting Policies (Continued)

Foreign currency translation. For the purposes of condensed interim financial information preparation monetary assets and liabilities are translated into Bank’s functional currency at the official exchange rate of the CBRF at the last working day of reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into Bank’s functional currency, are recognised in profit or loss for the period (as remeasurement of currency position).

As at 28 June 2019, last working day of the reporting period, the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 63.0452 (31 December 2018: USD 1 = RR 69.4706), EUR 1 = RR 71.6635 (31 December 2018: EUR 1 = RR 79.4605).

4 Adoption of New and Revised Standards

IFRS 16 Leases. The Bank has not restated comparatives for the 2018 reporting period, as permitted under the transitional provisions of IFRS 16. The reclassifications and the adjustments arising from the new leasing requirements are therefore recognized as of 1 January 2019.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the rates incorporated to a particular lease contract.

The following table represents reconciliation of operating lease commitments reported as of 31 December 2018 and lease liability recognised at 1 January 2019:

<i>In thousands of Russian Roubles</i> <i>(unaudited)</i>	1 January 2019
Lease commitments as at 31 December 2018	488 303
Adjustments to lease commitments:	
- Less non-cancellable operating lease agreements concluded after 1 January 2019	(15 857)
- Effect of discounting to present value	(55 959)
Lease liability recognised as at 1 January 2019	416 487
Advances paid to lessors	23 360
Right-of-use asset recognised as at 1 January 2019	439 847

The associated right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

<i>In thousands of Russian Roubles</i> <i>(unaudited)</i>	30 June 2019	1 January 2019
Properties for own use	451 529	436 305
<i>Less accumulated depreciation</i>	<i>(46 243)</i>	-
Vehicles	3 542	3 542
<i>Less accumulated depreciation</i>	<i>(507)</i>	-
Carrying amount of right-of-use asset	408 321	439 847

4 Adoption of New and Revised Standards (Continued)

Amount of interest expenses accrued during the reporting period and included in Interest and other similar expense equalled RR 5 965 thousand.

Depreciation expenses of right-of-use asset included in Administrative and other operating expenses equalled RR 46 750 thousand.

Amendment to IAS 12, Income Taxes, included in the Annual Improvements to IFRSs 2015-2017 cycle. The Group adopted the changes to IAS 12, *Income Taxes*, with effect from 1 January 2019. As a result of these amendments, the tax benefits of distributions on perpetual instruments that are classified as equity under IFRS but are considered liabilities for tax purposes are no longer recognised directly in equity but in profit or loss because these tax benefits are linked more directly to past transactions or events that generated distributable profits than to the distributions to owners. The above amendments have no material impact to the Bank’s financial statements.

Other new accounting standards and interpretations. The following amended standards and interpretations became effective for the Bank from 1 January 2019, but did not have any material impact on the Bank:

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures” (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 cycle - amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

There were no new standards or interpretations issued and not yet effective, information about which is not included in the last annual financial statements of the Bank for the year ended 31 December 2018. The Bank continues assessing the effects of new standards and interpretations that are not yet effective and will disclose their known or reasonably estimable effects as soon as they become available.

5 Cash and Cash Equivalents

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Cash balances and placements with the CBRF (other than mandatory reserve deposits)	22 289 410	19 832 088
Correspondent accounts with other banks:		
- Russian Federation	4 442 355	5 000 013
- other countries	185 686	846 649
Placements with other banks with original maturities of less than three months	12 248 614	12 195 341
Total Cash and cash equivalents (gross carrying amount)	39 166 065	37 874 091
Less credit loss allowance	(82)	(77)
Total Cash and cash equivalents (carrying amount)	39 165 983	37 874 014

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

5 Cash and Cash Equivalents (Continued)

The following table contains an analysis of cash and cash equivalents balances by credit quality at 30 June 2019 based on credit risk ratings for the purpose of ECL measurement. For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The carrying amount of cash and cash equivalents balances at 30 June 2019 below also represents the Bank's maximum exposure to credit risk on these assets:

<i>In thousands of Russian Roubles</i> (Unaudited)	Cash balances and placements with the CBRF (other than mandatory reserve deposits)	Correspondent accounts with other banks	Placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>				
<i>Externally rated</i>				
- Aa3	-	185 686	11 248 010	11 433 696
- A3	-	-	-	-
- Baa3	22 289 410	4 388 817	1 000 604	27 678 831
- Ba1	-	60	-	60
- Ba3	-	53 478	-	53 478
Total Cash and cash equivalents (gross carrying amount)	22 289 410	4 628 041	12 248 614	39 166 065
Less credit loss allowance	-	(14)	(68)	(82)
Total Cash and cash equivalents (carrying amount)	22 289 410	4 628 027	12 248 546	39 165 983

The credit quality of cash and cash equivalents balances based on the same credit rating methodology as at 31 December 2018 may be summarised as follows:

<i>In thousands of Russian Roubles</i>	Cash balances and placements with the CBRF (other than mandatory reserve deposits)	Correspondent accounts with other banks	Placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>				
<i>Externally rated</i>				
- Aa3	-	846 649	12 119 279	12 965 928
- A3	-	-	76 062	76 062
- Baa3	-	4 867 889	-	4 867 889
- Ba1	19 832 088	60	-	19 832 148
- Ba3	-	132 064	-	132 064
Total Cash and cash equivalents (gross carrying amount)	19 832 088	5 846 662	12 195 341	37 874 091
Less credit loss allowance	-	(17)	(60)	(77)
Total Cash and cash equivalents (carrying amount)	19 832 088	5 846 645	12 195 281	37 874 014

5 Cash and Cash Equivalents (Continued)

Movements in the credit loss allowance for reporting periods were as follows:

<i>In thousands of Russian Roubles</i>	Six-month period ended 30 June 2019 (Unaudited)	Six-month period ended 30 June 2018 (Unaudited)
Credit loss allowance as at 1 January	76	53
Credit loss allowance charge/(reversal) during the period	6	(41)
Credit loss allowance as at 30 June	82	12

As at 30 June 2019 cash and cash equivalents were not collateralised (31 December 2018: not collateralised).

As at 30 June 2019 the Bank had 3 counterparty banks (31 December 2018: 3 banks) with aggregated cash and cash equivalent balances above RR 37 972 790 thousand (31 December 2018: RR 36 780 643 thousand) or 97% of the cash and cash equivalents (31 December 2018: 97%).

As at 30 June 2019 the estimated fair value of cash and cash equivalents was RR 39 165 983 thousand (31 December 2018: RR 37 874 014 thousand). Estimated fair value of Cash and Cash equivalents is disclosed in Note 14. Information on related party balances is disclosed in Note 15.

6 Derivatives, Financial Assets, Financial Liabilities at Fair Value through Profit or Loss

The table below sets out fair values, at the end of the reporting period, of currencies receivable or payable under derivative contracts entered into by the Bank. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period.

<i>In thousands of Russian Roubles</i>	30 June 2019 (unaudited)		31 December 2018	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Net fair value of foreign exchange forwards	1 481 749	(7 611)	54 904	(758 048)
Net fair value of foreign exchange swaps	328 819	(117 106)	77 158	(403 197)
Net fair value of cross currency interest rate swaps	140 976	(138 492)	562 590	(556 439)
Net fair value of interest rate swaps	-	(39 799)	126	(49 841)
Net fair value of foreign exchange options	64	(64)	8 009	(8 009)
Net fair value of derivative financial instruments	1 951 608	(303 072)	702 787	(1 775 534)
Net fair value of other assets and liabilities at Fair Value through Profit or Loss	185	(1 626)	1 729	(2 335)
Market risk provision	-	(1 964)	-	(678)
Net fair value of derivatives and other assets, liabilities at fair value through profit or loss	1 951 793	(306 662)	704 516	(1 778 547)

Market risk provision represents bid-offer adjustment to net derivatives portfolio of the Bank.

6 Derivatives, Financial Assets, Financial Liabilities at Fair Value through Profit or Loss (Continued)

Foreign exchange and other derivative financial instruments entered into by the Bank are generally not quoted in active market and their fair value is determined by the Bank using valuation techniques with input observable in markets. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. Estimated fair value of Derivatives, Financial Assets, Financial Liabilities at Fair Value through Profit or Loss is disclosed in Note 14.

7 Due from Other Banks and Financial Institutions

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Short-term placements with other banks with original maturities from three months to one year	3 545 012	-
Guarantee deposit	20 000	20 000
Total due from other banks and financial institutions (gross carrying amount)	3 565 012	20 000
Less credit loss allowance	(133)	-
Total due from other banks and financial institutions (carrying amount)	3 564 879	20 000

Guarantee deposit represents balance on correspondent accounts with Clearing Institution. The Bank does not have the right to use these funds for the purposes of funding its own activities.

The following table contains an analysis of due from other banks and financial institutions balances by credit quality at 30 June 2019 and 31 December 2018 based on credit risk ratings and discloses due from other banks and financial institutions balances by the Stages for the purpose of ECL measurement. The carrying amount of due from other banks and financial institutions balances below also represents the Bank's maximum exposure to credit risk on these assets:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)		31 December 2018	
	Stage 1 (12-month ECL)		Stage 1 (12-month ECL)	
	Credit loss allowance	Gross carrying amount	Credit loss allowance	Gross carrying amount
At 1 January 2019				
<i>Externally rated</i>				
- Aa3	(133)	3 545 012	-	-
- Baa3	-	20 000	-	20 000
At the end of reporting period	(133)	3 565 012	-	20 000

At 30 June 2019 the Bank had balances with 2 financial institutions (31 December 2018: 1 financial institution) for net amount of RR 3 564 879 thousand (31 December 2018: RR 20 000 thousand) or 100% of the total amount due from other banks and financial institutions (31 December 2018: 100%).

Amounts due from other banks and financial institutions are not collateralised (31 December 2018: not collateralised).

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

8 Loans and Advances to Customers

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Gross carrying amount of loans and advances to customers	6 965 092	6 047 407
Less credit loss allowance	(11 359)	(11 427)
Total loans and advances to customers	6 953 733	6 035 980

Gross carrying amount and credit loss allowance amount for loans and advances to customers by classes at 30 June 2019 and 31 December 2018 are disclosed in the table below:

<i>In thousands of Russian Roubles</i>	30 June 2019 (unaudited)			31 December 2018		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Loans to leasing companies	4 617 763	(1 016)	4 616 747	4 201 046	(926)	4 200 120
Loans to other corporates	2 347 329	(10 343)	2 336 986	1 846 361	(10 501)	1 835 860
Total loans and advances to customers at Amortised Cost	6 965 092	(11 359)	6 953 733	6 047 407	(11 427)	6 035 980

The following table contains an analysis of the credit risk exposure of loans and advances to customers measured at Amortised Cost as at 30 June 2019. The carrying amount of loans and advances to customers below also represents the Bank’s maximum exposure to credit risk on these loans:

<i>In thousands of Russian Roubles (Unaudited)</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for credit impaired)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>Neither past due nor impaired</i>				
Loans to leasing companies				
<i>Externally rated</i>				
- A2	4 617 763	-	-	4 617 763
Gross carrying amount	4 617 763	-	-	4 617 763
Credit loss allowance	(1 016)	-	-	(1 016)
Carrying amount	4 616 747	-	-	4 616 747
Loans to other corporates				
<i>Externally rated</i>				
- Baa3	1 000 724	-	-	1 000 724
- Ba2	743 194	-	-	743 194
<i>Internally rated</i>				
- 3	302 157	-	-	302 157
- 5	301 254	-	-	301 254
Gross carrying amount	2 347 329	-	-	2 347 329
Credit loss allowance	(10 343)	-	-	(10 343)
Carrying amount	2 336 986	-	-	2 336 986
Total loans and advances to customers at Amortised Cost (carrying amount)	6 953 733	-	-	6 953 733

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

8 Loans and Advances to Customers (Continued)

The following table contains an analysis of the credit risk exposure of loans and advances to customers measured at Amortised Cost as at 31 December 2018. The carrying amount of loans and advances to customers below also represents the Bank’s maximum exposure to credit risk on these loans:

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for credit impaired)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>Neither past due nor impaired</i>				
Loans to leasing companies				
<i>Externally rated</i>				
- A2	4 201 046	-	-	4 201 046
Gross carrying amount	4 201 046	-	-	4 201 046
Credit loss allowance	(926)	-	-	(926)
Carrying amount	4 200 120	-	-	4 200 120
Loans to other corporates				
<i>Externally rated</i>				
- Ba2	1 560 200	-	-	1 560 200
<i>Internally rated</i>				
- 3	181 799	-	-	181 799
- 5	104 362	-	-	104 362
Gross carrying amount	1 846 361	-	-	1 846 361
Credit loss allowance	(10 501)	-	-	(10 501)
Carrying amount	1 835 860	-	-	1 835 860
Total loans and advances to customers at Amortised Cost (carrying amount)	6 035 980	-	-	6 035 980

At 30 June 2019 the Bank had 3 borrowers (2018: 2 borrowers) with aggregated loan amounts above RR 6 357 254 thousand (2018: RR 5 761 246 thousand) or 91% of the gross loan portfolio (2018: 95%).

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

8 Loans and Advances to Customers (Continued)

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers by categories between the beginning and the end of the reporting period:

<i>In thousands of Russian Roubles</i>	Credit loss allowance	Gross carrying amount
	Stage 1 (12-month ECL)	Stage 1 (12-month ECL)
Loans to leasing companies		
At 31 December 2018	(926)	4 201 046
<i>Movements with impact on credit loss allowance charge for the period:</i>		
New originated	(229)	923 000
Repaid during the period	146	(493 000)
Changes in accrued interest	(7)	(13 283)
Total movements with impact on credit loss allowance charge for the period	(90)	416 717
At 30 June 2019 (Unaudited)	(1 016)	4 617 763
Loans to other Corporates		
At 31 December 2018	(10 501)	1 846 361
<i>Movements with impact on credit loss allowance charge for the period:</i>		
New originated	(6 898)	1 601 828
Repaid during the period	7 044	(1 010 950)
Changes in accrued interest	12	(277)
Total movements with impact on credit loss allowance charge for the period	158	590 601
<i>Movements without impact on credit loss allowance charge for the period:</i>		
Foreign exchange effect	-	(89 633)
At 30 June 2019 (Unaudited)	(10 343)	2 347 329

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)		31 December 2018	
	Amount	%	Amount	%
Leasing of transport	4 617 763	66.3%	4 201 046	69.5%
Wholesale trade	1 000 724	14.4%	19	0.0%
Materials and mining	923 508	13.3%	1 734 620	28.7%
Communications	301 254	4.3%	-	-
Retail trade	121 843	1.7%	111 722	1.8%
Total loans and advances to customers (gross amount)	6 965 092	100%	6 047 407	100%

8 Loans and Advances to Customers (Continued)

The Bank’s policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period. Description of collateral held for loans to corporate customers carried at amortised cost is as follows as at 30 June 2019 and 31 December 2018:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Loans guaranteed by the BNP Paribas Group Banks	3 425 170	1 805 715
Loans guaranteed by third parties	2 347 329	1 742 017
Unsecured loans	1 192 593	2 499 675
Total loans and advances to customers (gross amount)	6 965 092	6 047 407

The disclosure above represents the lower of the carrying value of the loan or collateral taken; the remaining part is disclosed within the unsecured exposures. The carrying value of loans was allocated based on liquidity of the assets taken as collateral.

At 30 June 2019 the estimated fair value of loans and advances to customers approximates its carrying value (31 December 2018: approximates its carrying value). Estimated fair value of Loans and Advances to Customers is disclosed in Note 14. Information on related party balances is disclosed in Note 15.

9 Due to Other Banks

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Term placements of other banks	5 809 648	6 873 008
Correspondent accounts of other banks	1 382 800	1 649 110
Total due to other banks	7 192 448	8 522 118

Term placements are mainly provided by the Parent bank and its subsidiaries. Further information on related party balances is disclosed in Note 15.

At 30 June 2019 the Bank had balances with 3 counterparty banks (31 December 2018: 3 banks) with aggregated amounts of RR 5 809 720 thousand (31 December 2018: RR 5 990 444 thousand) or 81% of the total amount due to other banks (31 December 2018: 70%).

At 30 June 2019 the estimated fair value of due to other banks was RR 7 192 448 thousand (31 December 2018: RR 8 522 118 thousand). Estimated fair value of Due to other banks is disclosed in Note 14.

10 Customer Accounts

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Legal entities		
- Term deposits	30 820 438	19 742 041
- Current/settlement accounts	5 536 190	4 722 928
Individuals		
- Current/demand accounts	355	528
Total customer accounts	36 356 983	24 465 497

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

10 Customer Accounts (Continued)

Economic sector concentrations within customer accounts are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)		31 December 2018	
	Amount	%	Amount	%
Household goods	10 839 169	29.8%	7 530 589	30.78%
Retail trade	7 237 914	19.9%	4 525 840	18.50%
Materials and mining	5 251 570	14.4%	4 520 603	18.48%
Agriculture, food, tobacco	4 599 565	12.7%	4 015 313	16.41%
Business services	2 776 347	7.6%	148 667	0.61%
Utilities (electricity, gas, water)	1 739 680	4.8%	183 905	0.75%
Wholesale trade	878 679	2.4%	654 031	2.67%
Finance	848 886	2.3%	78 653	0.32%
Insurance	788 421	2.2%	845 382	3.46%
Other	1 396 752	3.9%	1 962 512	8.02%
Total customer accounts	36 356 983	100.0%	24 465 497	100.0%

At 30 June 2019 no deposits were held as collateral for irrevocable commitments under letters of credit (31 December 2018: RR zero thousand).

As at 30 June 2019 the Bank had 2 customers (31 December 2018: 3 customers) with aggregated amount above RR 16 256 371 thousand (31 December 2018: RR 13 407 534) or 45% of the total customer accounts amount (31 December 2018: 55%).

At 30 June 2019 the estimated fair value of customer accounts was RR 36 356 983 thousand (31 December 2018: RR 24 465 497 thousand). Estimated fair value of Customer accounts is disclosed in Note 14. Information on related party balances is disclosed in Note 15.

11 Other Financial and Non-Financial liabilities

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Other financial liabilities		
Accrued IT expenses	67 246	39 016
Accrued expenses payable to the Parent bank	16 100	10 617
Other financial liabilities	23 856	13 546
Total other financial liabilities	107 202	63 179
Other non-financial liabilities		
Accrued employee benefit costs	76 841	91 991
Taxes other than on income	11 180	9 011
Provision for legal claims	3 373	3 302
Loss allowance for guarantees issued	7 829	11 327
Loss allowance for loan commitments	-	33 550
Total other non-financial liabilities	99 223	149 181

Accrued IT expenses represent accruals for services provided by BNP Paribas Group as well as third parties in respect of maintenance of the Bank’s IT infrastructure. The amounts are based on invoices received for the services provided.

Accrued expenses payable to the Parent bank represents fees to be paid for provision of operational and support services by the Parent Bank.

At 30 June 2019 the estimated fair value of other financial liabilities was RR 107 202 thousand (2018: RR 63 179 thousand). Estimated fair value of Other financial liability is disclosed in Note 14. Information on related party balances is disclosed in Note 15.

12 Income Taxes

Income tax expense recorded in profit or loss for the six-month period ended 30 June 2019 comprises the following:

<i>In thousands of Russian Roubles</i>	Six-month period ended 30 June 2019 (Unaudited)	Six-month period ended 30 June 2018 (Unaudited)
Current income tax	17 630	59 060
Deferred income tax	329 566	(2 321)
Income tax related to previous years' operations	-	21 822
Income tax expense for the period	347 196	78 561

13 Contingencies and Commitments

Legal proceedings. As at 30 June 2019, the Bank is engaged in litigation proceedings with consumer loans customers in relation to fees and commissions. A provision of RR 3 373 thousand has been made as at 30 June 2019 as internal professional advice has indicated that it is likely that a loss will eventuate (31 December 2018: RR 3 302 thousand).

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Bank. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

Management believes that the procedure for taxation of transactions employed by the Bank fully complies with Russian tax legislation. Nevertheless, there is a risk that the positions taken by the Bank may be challenged by tax authorities. The impact of such controversial situations cannot be estimated with sufficient reliability.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific characteristics. This legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented an internal control system to meet the requirements of the current transfer pricing legislation. In respect of some types of transactions (including transactions with securities and derivative contracts) there are special rules for determination of the market prices.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Bank.

Capital expenditure commitments. Set out below are capital expenditure commitments in respect of which the Bank has already allocated the necessary resources. The Bank believes that future net income and funding will be sufficient to cover this and any similar commitments.

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
IT upgrades and development	26 625	30 971
Other capital expenditure commitments	1 728	2 018
Total capital expenditure commitments	28 353	32 989

13 Contingencies and Commitments (Continued)

Compliance with covenants. The Bank is not subject to any covenants related primarily to its borrowings as at 30 June 2019 and 31 December 2018.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and stand-by letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Revocable undrawn credit lines	10 593 137	11 238 132
Financial guarantees issued	2 168 366	2 227 834
Performance guarantees issued	2 836 415	3 506 987
Total credit related commitments and performance guarantees (gross)	15 597 918	16 972 953
Less: Credit loss allowance for loan commitments	-	(33 550)
Less: Credit loss allowance for guarantees given	(7 829)	(11 327)
Total credit related commitments and performance guarantees, net of provision	15 590 089	16 928 076

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantee contracts represent the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs. The key risks the Bank faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Bank uses historical data and statistical techniques to predict levels of such payments.

As at 30 June 2019 and 31 December 2018 the guarantees were measured at the higher of (i) the amount of the premium initially recognised and amortised on a straight-line basis and (ii) the amount representing the best estimate of the payment required when a payment becomes probable.

As at 30 June 2019 the Bank’s revocable undrawn credit lines are uncommitted and not bearing credit risk.

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

13 Contingencies and Commitments (Continued)

An analysis of credit related commitments by credit quality based on credit risk rating is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 Stage 1 (12-month ECL) (Unaudited)	31 December 2018 Stage 1 (12-month ECL)
Financial guarantees		
<i>Externally rated</i>		
- Aa3	512 323	561 295
- Baa3	455 711	384 820
- Ba3	450 000	455 000
- Baa1	62 599	-
<i>Internally rated</i>		
- 4	647 732	826 719
- 5	40 001	-
Unrecognised gross amount	2 168 366	2 227 834
Credit loss allowance for financial guarantees	(6 397)	(9 713)
Performance guarantees		
<i>Externally rated</i>		
- Aa3	528 579	636 152
- A3	444 800	801 238
- Baa1	30 466	64 503
- Baa2	1 488 928	1 650 924
- Ba1	330 526	-
- Ba2	-	354 170
<i>Internally rated</i>		
- 2	13 116	-
Unrecognised gross amount	2 836 415	3 506 987
Credit loss allowance for performance guarantees	(1 432)	(1 614)
Loan commitments		
<i>Externally rated</i>		
- A1	1 433 270	-
- A3	4 255 200	3 898 764
- A2	1 777 100	2 207 100
- Baa3	-	1 915 180
<i>Internally rated</i>		
- 3	1 527 567	1 617 088
- 5	200 000	200 000
- 6	1 400 000	1 400 000
Unrecognised gross amount	10 593 137	11 238 132
Credit loss allowance for loan commitments	-	(33 550)

13 Contingencies and Commitments (Continued)

Credit related commitments are denominated in currencies as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)	31 December 2018
Russian Roubles	10 298 640	12 697 888
EUR	4 032 648	2 885 653
US Dollars	1 266 630	1 389 412
Total credit related commitments and performance guarantees (gross)	15 597 918	16 972 953

Assets pledged and restricted. Mandatory cash balances with the CBRF of RR 422 278 thousand (31 December 2018: RR 385 164 thousand) represent mandatory reserve deposits which are not available to finance the Bank’s day-to-day operations.

Guarantee deposit with Clearing Institution of RR 20 000 is restricted cash, i.e. not available for the purposes of funding Bank’s activities. Refer to Note 7.

14 Fair value of Financial Assets

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value.

(a) **Financial instruments carried at fair value**

All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative. The fair values of derivatives are based on observable market prices or valuation models.

For financial instruments carried at fair value, the levels in the fair value hierarchy into which the fair values are categorized in the table below (Level 1 reflects the quoted price in an active market; Level 2 reflects valuation technique with inputs observable in markets). The Bank uses discounted cash flow valuation techniques to determine the fair value of derivative financial instruments that are not traded in an active market. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. These models use observable market inputs, therefore, derivative financial instruments are reported as level 2.

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

14 Fair value of Financial Assets (Continued)

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)		31 December 2018	
	Level 1	Level 2	Level 1	Level 2
FINANCIAL ASSETS				
Derivatives and other financial assets carried at fair value				
- Cross currency interest rate swaps	-	140 976	-	562 590
- Foreign exchange swaps	-	328 819	-	77 158
- Foreign exchange forwards	-	1 481 749	-	54 904
- Foreign exchange options	-	64	-	8 009
- Foreign exchange spots	-	185	-	1 729
- Interest rate swaps	-	-	-	126
TOTAL FINANCIAL ASSETS CARRIED AT FAIR VALUE	-	1 951 793	-	704 516
FINANCIAL LIABILITIES				
Derivatives and other financial liabilities carried at fair value				
- Cross currency interest rate swaps	-	(7 611)	-	(758 048)
- Foreign exchange forwards	-	(138 492)	-	(556 439)
- Foreign exchange swaps	-	(117 106)	-	(403 197)
- Interest rate swaps	-	(39 799)	-	(49 841)
- Foreign exchange options	-	(64)	-	(8 009)
- Foreign exchange spots	-	(1 626)	-	(2 335)
- Market risk provision	-	(1 964)	-	(678)
TOTAL FINANCIAL LIABILITIES CARRIED AT FAIR VALUE	-	(306 662)	-	(1 778 547)

Exposure to credit risk associated with derivative financial instruments is primarily managed by entering into contracts with the Parent bank, which substantially mitigates the exposure on the Bank’s level.

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (unaudited)			31 December 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
FINANCIAL ASSETS						
Cash and cash equivalents	-	-	39 165 983	-	-	37 874 014
Mandatory cash balances	-	-	422 278	-	-	385 164
Due from other banks and financial institutions	-	-	3 564 879	-	-	20 000
Loans and advances to customers	-	-	6 953 733	-	-	6 035 980
Investment in debt securities	-	-	2 944 394	-	-	3 571 561
Other financial assets	-	-	165 456	-	-	176 053
TOTAL	-	-	53 216 723	-	-	48 062 772

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

14 Fair value of Financial Assets (Continued)

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (unaudited)			31 December 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
FINANCIAL LIABILITIES						
Due to other banks	-	-	7 192 448	-	-	8 522 118
Customer accounts	-	-	36 356 983	-	-	24 465 497
Other financial liabilities	-	-	107 202	-	-	63 179
Subordinated debt	-	-	2 774 919	-	-	5 474 983
TOTAL	-	-	46 431 552	-	-	38 525 777

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

15 Related Party Transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Entities of BNP Paribas Group are presented by the branches and subsidiaries of BNP Paribas S.A. (Parent Bank).

As at 30 June 2019 and 31 December 2018, the outstanding balances with related parties were as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)		31 December 2018	
	Parent Bank	Entities of BNP Paribas Group	Parent Bank	Entities of BNP Paribas Group
Cash and cash equivalents (contractual interest rate: 30 June 2019: 0.00% - 7.80%, 2018: 0.00% - 7.50%)	11 409 582	24 056	12 858 337	183 593
Net of derivatives at fair value thought profit and loss	230 660	-	431 540	-
Due from other banks (contractual interest rate: 30 June 2019: 7.47% - 7.75%, 2018: 0.00% - 0.00%)	3 544 879	-	-	-
Loans to customers (contractual interest rate: 30 June 2019: 1.48% - 19.29%; 2018: 8.66% - 20.63%)	-	4 616 747	-	4 200 119
Other financial assets	151 831	72	175 047	3
Other non-financial assets	-	-	137	-
Due to other banks (contractual interest rate: 30 June 2019: -0.38% - 7.27%. 2018: -0.38% - 6.5%)	4 588 497	1 723 462	5 857 089	1 822 859
Customer Accounts (contractual interest rate: 30 June 2019: 0% - 7.25%, 2018: 0% - 8%)	-	812 508	-	978 205
Other financial liabilities	72 229	12 897	41 582	4 807
Subordinated loans (interest rates from 4.08% p.a. to 4.08% p.a. 2018: from 4.56% p.a. to 5.44% p.a.)	2 774 919	-	5 474 983	-

“BNP PARIBAS BANK” JSC
Selected Notes for Condensed Interim Financial Information

15 Related Party Transactions (Continued)

The income and expense items with related parties for six-month period ended 30 June 2019 and 30 June 2018 were as follows:

<i>In thousands of Russian Roubles</i>	Six-month period ended 30 June 2019 (Unaudited)		Six-month period ended 30 June 2018 (Unaudited)	
	Parent Bank	Entities of BNP Paribas Group	Parent Bank	Entities of BNP Paribas Group
Interest income calculated using the effective interest method	228 633	232 210	167 337	238 889
Interest and other similar expense	(118 479)	(34 487)	(190 399)	(18 038)
Gains less losses from Trading in Foreign Currencies and Financial Instruments at FVTPL	(4 464 543)	161	(505 027)	586
Fee and commission income	120 937	4 487	371 969	4 757
Fee and commission expense	(167)	(650)	(635)	(3 163)
Administrative and other operating expenses	(26 343)	(14 226)	(54 616)	(6 100)

As at 30 June 2019 and 31 December 2018, other rights and obligations with related parties were as follows:

<i>In thousands of Russian Roubles</i>	30 June 2019 (Unaudited)		31 December 2018	
	Parent Bank	Entities of BNP Paribas Group	Parent Bank	Entities of BNP Paribas Group
Guarantees issued by the Bank	1 040 902	93 065	1 197 448	64 503
Guarantees received by the Bank	8 290 792	93 065	6 714 299	173 761

The remuneration paid to key management for reporting periods ended 30 June 2019 and 30 June 2018 were as follows:

<i>In thousands of Russian Roubles</i>	Six-month period ended 30 June 2019 (Unaudited)	Six-month period ended 30 June 2018 (Unaudited)
Wages and salaries	35 183	33 169
Non-monetary benefits	8 231	5 447
Performance bonuses	22 482	17 700

Social taxes paid under remuneration to key management for reporting period ended 30 June 2019 was RR 5 609 thousand (period ended 30 June 2018: RR 5 388 thousand).

E. Boitsova
Certified auditor
AO «PricewaterhouseCoopers Audit»

26 August 2019

27 (twenty seven) pages are numbered, bound and sealed.

