



Tatneft Group

**IFRS CONSOLIDATED INTERIM CONDENSED
FINANCIAL STATEMENTS (UNAUDITED)**

30 SEPTEMBER 2020

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Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholders and Board of Directors of PJSC Tatneft:

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of PJSC Tatneft and its subsidiaries (together – the “Group”) as at 30 September 2020 and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements 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 consolidated interim condensed financial statements 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 consolidated interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

AO PricewaterhouseCoopers Audit

30 November 2020

Moscow, Russian Federation



M.E. Timchenko, certified auditor (licence no. 01-000267), AO PricewaterhouseCoopers Audit

Audited entity: PJSC Tatneft

Independent auditor: AO PricewaterhouseCoopers Audit

Record made in the Unified State Register of Legal Entities on 18 July 2002 under State Registration Number 1021601623702

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

Taxpayer Identification Number 1644003838

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

423450, Russian Federation, Republic of Tatarstan, Almetievsk, Lenina str., 75

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

AO PricewaterhouseCoopers Audit

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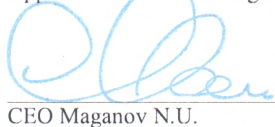
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TATNEFT

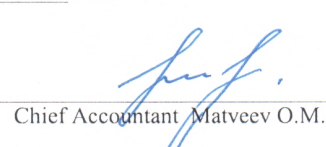
Consolidated Interim Condensed Statement of Financial Position (Unaudited)

(In million of Russian Rubles)

	Note	30 September 2020	31 December 2019
Assets			
Cash and cash equivalents	4	34,402	25,157
Banking: Mandatory reserve deposits with the Bank of Russia		1,523	1,572
Short-term accounts receivable, net	5	82,572	84,706
Banking: Loans to customers	6	33,415	33,880
Other short-term financial assets	7	23,554	27,713
Inventories	8	44,227	53,379
Prepaid expenses and other current assets	9	22,888	20,770
Prepaid income tax		853	4,838
Banking: Non-current assets held for sale		913	1,112
Total current assets		244,347	253,127
Long-term accounts receivable, net	5	9,331	7,861
Banking: Loans to customers	6	92,994	102,572
Other long-term financial assets	7	77,931	80,578
Investments in associates and joint ventures		2,284	774
Property, plant and equipment, net	10	813,758	768,735
Right-of-use assets		12,298	13,658
Deferred income tax assets		3,506	2,712
Other long-term assets		9,314	8,622
Total non-current assets		1,021,416	985,512
Total assets		1,265,763	1,238,639
Liabilities and shareholders' equity			
Short-term debt and current portion of long-term debt	12	7,012	19,592
Accounts payable and accrued liabilities	13	76,722	60,289
Dividends payable	14	23,388	55,865
Banking: Other financial liabilities at fair value through profit and loss		892	4,451
Banking: Due to banks and the Bank of Russia		13,799	20,293
Banking: Customer accounts		157,275	158,671
Taxes payable	11	33,118	37,465
Income tax payable		5,855	598
Other short-term liabilities		356	869
Total current liabilities		318,417	358,093
Long-term debt, net of current portion	12	28,543	21,657
Banking: Due to banks and the Bank of Russia		1,417	2,522
Banking: Customer accounts		2,023	1,381
Decommissioning provision, net of current portion	10	51,754	50,347
Lease liabilities, net of current portion		10,664	11,578
Deferred income tax liability		32,914	33,419
Other long-term liabilities		11,320	7,512
Total non-current liabilities		138,635	128,416
Total liabilities		457,052	486,509
Shareholders' equity			
Preferred shares (authorised and issued at 30 September 2020 and at 31 December 2019 – 147,508,500 shares, nominal value – RR1.00)		746	746
Ordinary shares (authorised and issued at 30 September 2020 and at 31 December 2019 – 2,178,690,700 shares, nominal value – RR1.00)		11,021	11,021
Additional paid-in capital		84,437	84,437
Accumulated other comprehensive income		4,052	1,073
Retained earnings		714,748	658,614
Less: Ordinary shares held in treasury, at cost (75,636,735 shares at 30 September 2020 and 31 December 2019)		(10,359)	(10,359)
Total Group shareholders' equity		804,645	745,532
Non-controlling interest		4,066	6,598
Total shareholders' equity		808,711	752,130
Total liabilities and equity		1,265,763	1,238,639

Approved for issue and signed on behalf of the Board of Directors on 30 November 2020.


CEO Maganov N.U.



Chief Accountant Matveev O.M.

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

TATNEFT
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

(In million of Russian Rubles)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
Sales and other operating revenues on non-banking activities, net	17	187,370	241,753	521,923	691,409
Costs and other deductions on non-banking activities					
Operating expenses		(36,456)	(36,348)	(109,587)	(100,558)
Purchased oil and refined products		(24,757)	(10,961)	(63,858)	(37,451)
Exploration		(327)	(279)	(862)	(658)
Transportation		(7,563)	(10,176)	(25,959)	(27,987)
Selling, general and administrative		(12,680)	(13,567)	(37,993)	(37,650)
Depreciation, depletion and amortization	17	(10,894)	(8,715)	(27,720)	(23,273)
Impairment losses on financial assets net of reversal		783	(1,543)	1,140	496
Impairment losses on property, plant and equipment and other non-financial assets net of reversal	10	(1,164)	(1,636)	(8,678)	(1,873)
Taxes other than income taxes	11	(43,757)	(82,639)	(137,300)	(234,694)
Maintenance of social infrastructure and transfer of social assets		(2,239)	(2,480)	(7,018)	(5,052)
Total costs and other deductions on non-banking activities		(139,054)	(168,344)	(417,835)	(468,700)
(Loss)/gain on disposals of interests in subsidiaries and associates, net		-	-	(57)	1
Other operating loss, net		(835)	(263)	(24)	(635)
Operating profit on non-banking activities		47,481	73,146	104,007	222,075
Net interest, fee and commission and other operating income/(expenses) and gains/(losses) on banking activities					
Interest, fee and commission income	15	4,299	5,700	13,575	17,081
Interest, fee and commission expense	15	(2,333)	(3,568)	(7,567)	(9,050)
Net (expense)/income on creating/reversal of provision for credit losses associated with debt financial assets	6	(765)	118	(2,408)	(6)
Operating expenses		(2,463)	(1,664)	(5,862)	(7,172)
Gain arising from dealing in foreign currencies, net		328	650	65	84
Other operating income, net		91	328	812	1,150
Total net interest, fee and commission and other operating (expenses)/income and (losses)/gains on banking activities		(843)	1,564	(1,385)	2,087
Other income/(expenses)					
Foreign exchange gain/(loss), net	16	948	1,380	6,256	(1,532)
Interest income on non-banking activities	16	117	290	490	1,084
Interest expense on non-banking activities, net of amounts capitalised	16	(1,539)	(1,257)	(5,536)	(3,753)
Share in results of associates and joint ventures, net		(79)	(48)	(260)	108
Total other (expenses)/income, net		(553)	365	950	(4,093)
Profit before income tax		46,085	75,075	103,572	220,069

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

TATNEFT
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

(In million of Russian Rubles)

		Three months ended 30 September		Nine months ended 30 September	
	Note	2020	2019	2020	2019
Income tax					
Current income tax expense		(10,854)	(17,371)	(26,910)	(43,396)
Deferred income tax benefit/(expense)		137	1,333	1,183	(3,142)
Total income tax expense		(10,717)	(16,038)	(25,727)	(46,538)
Profit for the period		35,368	59,037	77,845	173,531
Other comprehensive income/(loss) net of income tax:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustments		1,666	80	3,428	100
(Loss)/gain on debt financial assets at fair value through other comprehensive income, net		(204)	387	(368)	387
Items that will not be reclassified to profit or loss:					
(Loss)/gain on equity financial assets at fair value through other comprehensive income, net		(9)	705	(180)	1,930
Actuarial gain on employee benefit plans		-	-	-	21
Other comprehensive income		1,453	1,172	2,880	2,438
Total comprehensive income for the period		36,821	60,209	80,725	175,969
Profit/(loss) attributable to:					
- Group shareholders		35,745	58,433	78,597	172,719
- Non-controlling interest		(377)	604	(752)	812
		35,368	59,037	77,845	173,531
Total comprehensive income/(loss) attributable to:					
- Group shareholders		37,254	59,159	81,576	174,711
- Non-controlling interest		(433)	1,050	(851)	1,258
		36,821	60,209	80,725	175,969
Basic and diluted earnings per share (RR)					
Ordinary		15.89	25.96	34.86	76.74
Preferred		15.89	25.96	35.86	76.74
Weighted average shares outstanding (million of shares)					
Ordinary		2,103	2,103	2,103	2,103
Preferred		148	148	148	148

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

TATNEFT
Consolidated Interim Condensed Statement of Changes in Equity (Unaudited)

(In million of Russian Rubles)

	Attributable to Group shareholders									Non-controlling interest	Total equity
	Number of shares (thousands)	Share capital	Additional paid-in capital	Treasury shares	Actuarial (loss)/gain on employee benefit plans	Foreign currency translation adjustments	Gain/(loss) on financial assets at fair value through other comprehensive income, net	Retained earnings	Total shareholders' equity		
Balance at 1 January 2019	2,250,716	11,767	84,437	(10,251)	(1,537)	1,601	1,740	683,508	771,265	5,516	776,781
Profit for the nine months	-	-	-	-	-	-	-	172,719	172,719	812	173,531
Other comprehensive income for the nine months	-	-	-	-	21	100	1,871	-	1,992	446	2,438
Total comprehensive income for the nine months	-	-	-	-	21	100	1,871	172,719	174,711	1,258	175,969
Treasury shares	(154)	-	-	(108)	-	-	-	-	(108)	-	(108)
- Additions	(156)	-	-	(109)	-	-	-	-	(109)	-	(109)
- Disposals	2	-	-	1	-	-	-	-	1	-	1
Dividends declared (Note 14)	-	-	-	-	-	-	-	(163,145)	(163,145)	(5)	(163,150)
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	115	115
Disposal of equity financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(813)	813	-	-	-
Balance at 30 September 2019	2,250,562	11,767	84,437	(10,359)	(1,516)	1,701	2,798	693,895	782,723	6,884	789,607
Balance at 1 January 2020	2,250,562	11,767	84,437	(10,359)	(1,914)	1,092	1,895	658,614	745,532	6,598	752,130
Profit/(loss) for the nine months	-	-	-	-	-	-	-	78,597	78,597	(752)	77,845
Other comprehensive income/(loss) for the nine months	-	-	-	-	-	3,428	(449)	-	2,979	(99)	2,880
Total comprehensive income/(loss) for the nine months	-	-	-	-	-	3,428	(449)	78,597	81,576	(851)	80,725
Disposal of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	(56)	(56)
Dividends declared (Note 14)	-	-	-	-	-	-	-	(22,518)	(22,518)	(1)	(22,519)
Subsidiary's shares requested for the redemption (Note 13)	-	-	-	-	-	-	-	55	55	(1,624)	(1,569)
Balance at 30 September 2020	2,250,562	11,767	84,437	(10,359)	(1,914)	4,520	1,446	714,748	804,645	4,066	808,711

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

TATNEFT
Consolidated Interim Condensed Statement of Cash Flows (Unaudited)

(In million of Russian Rubles)

	Note	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Operating activities			
Profit for the year		77,845	173,531
Adjustments:			
Net interest, fee and commission and other operating expenses/(income) and losses/(gains) on banking activities		1,385	(2,087)
Depreciation, depletion and amortization	17	27,720	23,273
Income tax expense		25,727	46,538
Impairment losses on financial assets net of reversal		(1,140)	(496)
Impairment losses on property, plant and equipment and other non-financial assets net of reversal	10	8,678	1,873
Effects of foreign exchange		1,340	(163)
Share in results of associates and joint ventures, net		260	(108)
Interest income on non-banking activities	16	(490)	(1,084)
Interest expense on non-banking activities, net of amounts capitalised	16	5,536	3,753
Other		1,226	247
Changes in operational working capital, excluding cash:			
Accounts receivable		1,547	(4,866)
Inventories		9,074	4,089
Prepaid expenses and other current assets		(2,117)	2,856
Securities at fair value through profit or loss		33	(48)
Accounts payable and accrued liabilities		8,295	(163)
Taxes payable		(4,347)	3,814
Net cash provided by non-banking operating activities before income tax and interest		160,572	250,959
Net interest, fee and commission and other operating (expenses)/income and (losses)/gains on banking activities		(1,385)	2,087
Adjustments:			
Net expense on creating provision for credit losses associated with debt financial assets	6	2,408	6
Provision/(reversal of provision) for losses on credit related commitments		52	(201)
Change in fair value of debt financial assets through profit or loss		(606)	(780)
Other		(5,140)	(2,786)
Changes in operational working capital on banking activities, excluding cash:			
Mandatory reserve deposits with the Bank of Russia		49	121
Due from banks		4,905	(612)
Banking loans to customers		18,047	2,319
Due to banks and the Bank of Russia		(9,964)	15,559
Banking customers accounts		(8,571)	(15,441)
Debt securities issued		1,176	(359)
Securities at fair value through profit or loss		2,206	(1,921)
Other financial liabilities at fair value through profit and loss		(3,559)	(1,181)
Net cash used by banking operating activities before income tax		(382)	(3,189)
Income tax paid		(17,668)	(42,493)
Interest paid on non-banking activities		(2,639)	(1,349)
Interest received on non-banking activities		401	1,011
Net cash provided by operating activities		140,284	204,939

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

TATNEFT
Consolidated Interim Condensed Statement of Cash Flows (Unaudited)

(In million of Russian Rubles)

	Note	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Investing activities			
Additions to property, plant and equipment		(75,914)	(61,361)
Proceeds from disposal of property, plant and equipment		258	1,045
Acquisition and increase of interest in associate		(1,771)	-
Net cash flow from acquisition of subsidiaries		-	8
Purchase of securities at fair value through other comprehensive income		(35,924)	(42,680)
Purchase of securities at amortised cost		(685)	(1,263)
Proceeds from disposal of securities at fair value through other comprehensive income		34,655	25,548
Proceeds from redemption of securities at amortised cost		4,086	9,030
Proceeds from sale of non-current assets held for sale		135	1,078
Proceeds from investments in associates and joint ventures		1	-
Proceeds from redemption of bank deposits		349	8,237
Placement of bank deposits		(16)	(27,762)
Proceeds from redemption of loans and notes receivable		2,248	1,930
Issuance of loans and notes receivable		(396)	(638)
Purchase of other non-current assets		(252)	(176)
Net cash used in investing activities		(73,226)	(87,004)
Financing activities			
Proceeds from issuance of debt from non-banking activities		194,132	18,187
Repayment of debt from non-banking activities		(203,068)	(18,793)
Repayment of principal portion of lease liabilities		(1,057)	(1,004)
Issuance of bonds		3,198	1,790
Redemption of bonds		(1,774)	(145)
Repayment of subordinated debt		-	(2,138)
Dividends paid to shareholders	14	(54,995)	(122,593)
Dividends paid to non-controlling interest		(1)	(5)
Proceeds from government grants		3,785	-
Net cash used in financing activities		(59,780)	(124,701)
Net change in cash and cash equivalents		7,278	(6,766)
Effect of foreign exchange on cash and cash equivalents		1,967	(1,329)
Cash and cash equivalents at the beginning of the year	4	25,157	65,489
Cash and cash equivalents at the end of the period	4	34,402	57,394

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

Note 1: Organisation

PJSC Tatneft (the “Company”) and its subsidiaries (jointly referred to as the “Group”) are engaged in crude oil exploration, development and production principally in the Republic of Tatarstan (“Tatarstan”), a republic within the Russian Federation. The Group also engages in refining of crude oil and associated petroleum gas processing, marketing of crude oil and refined products as well as production and marketing of petrochemicals and banking activities.

The Company was incorporated as an open joint stock company (now referred to as a public joint stock company) effective 1 January 1994 (the “privatization date”) pursuant to the approval of the State Property Management Committee of the Republic of Tatarstan. All assets and liabilities previously managed by the production association Tatneft, Bugulminsky Mechanical Plant, Menzelinsky Exploratory Drilling Department and Bavlinsky Drilling Department were transferred to the Company at their book value at the privatization date in accordance with Decree of the President of the Russian Federation No. 1403 on Privatization and Restructuring of Enterprises and Corporations into Joint-Stock Companies. Such transfers were considered transfers between entities under common control at the privatization date, and were recorded at book value.

The Group does not have an ultimate controlling party.

As at 30 September 2020 and 31 December 2019 the government of Tatarstan controls about 36% of the Company’s voting stock. Tatarstan also holds a “Golden Share”, a special governmental right, in the Company. The exercise of its powers under the Golden Share enables the Tatarstan government to appoint one representative to the Board of Directors and one representative to the Revision Committee of the Company as well as to veto certain major decisions, including those relating to changes in the share capital, amendments to the Charter, liquidation or reorganization of the Company and “major” and “interested party” transactions as defined under Russian law. The Golden Share currently has an indefinite term. The Tatarstan government also controls or exercises significant influence over a number of the Group’s suppliers and contractors.

The Company is domiciled in the Russian Federation. The address of its registered office is Lenina St., 75, Almetyevsk, Republic of Tatarstan, Russian Federation.

Note 2: Basis of preparation

The consolidated interim condensed financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The consolidated interim condensed financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated interim condensed financial statements are unaudited and do not include all the information and disclosures required in the annual IFRS financial statements. The Company omitted disclosures which would substantially duplicate the disclosures contained in its 2019 audited consolidated financial statements, such as accounting policies and details of accounts which have not changed significantly in amount or composition. Management believes that the disclosures are adequate to make the information presented not misleading if these consolidated interim condensed financial statements are read in conjunction with the Group’s 2019 audited consolidated financial statements and the notes related thereto.

The entities of the Group maintain their accounting records and prepare their statutory financial statements principally in accordance with the Regulations on Accounting and Reporting of the Russian Federation (“RAR”), and applicable accounting and reporting standards of countries outside the Russian Federation. A number of entities of the Group prepare their financial statements in accordance with IFRS. The accompanying consolidated interim financial statements have been prepared from these accounting records and adjusted as necessary to comply with IFRS.

The accounting policies used in preparing these consolidated interim condensed financial statements were the same as those that applied to the consolidated financial statements for the previous financial year.

Use of estimates in the preparation of financial statements. The Group makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 2: Basis of preparation (continued)

Judgements that have the most significant effect on the amounts recognised in the consolidated interim condensed financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

- Estimation of oil and gas reserves;
- Useful life of property, plant and equipment;
- Decommissioning provisions;
- Impairment of property, plant and equipment;
- Accounting of investments in JSC “National Non-State Pension Fund”;
- Presentation of Revenue net of excise tax, including reverse excise;
- Sale and purchase of oil under counter oil supply agreement;
- Financial assets impairment;
- Financial assets classification;
- Financial instruments fair value estimation.

In preparing these consolidated interim condensed financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except for sale and purchase of crude oil under counter supply agreement and Impairment of property, plant and equipment.

Sale and purchase of crude oil under counter supply agreement. For the nine months ended 30 September 2020, the sale and purchase of crude oil under a counter supply agreement in the amount of RR 64,312 million and, are presented net in the consolidated interim condensed statement of profit and loss and other comprehensive income of the Group in accordance with the IFRS 15 requirements for the similar quality products exchange. In 2019, no such operations were carried out.

Impairment of property, plant and equipment. As at 31 March 2020 management assessed whether there is any indication of impairment of non-current assets. Due to indications of possible impairment, the Group performed impairment tests. As at 30 September 2020, due to changes in the mineral extraction tax legislation and in the Federal Law "On the customs tariff" in terms of the cancellation of a number of benefits, including superviscous oil production incentive benefits, the Group performed additional impairment tests for assets related to exploration and production of superviscous oil (Note 10).

Functional and Presentation Currency. The presentation currency of the Group is the Russian Ruble.

Management has determined the functional currency for each consolidated subsidiary of the Group, except for subsidiaries located outside of the Russian Federation, is the Russian Ruble because the majority of Group revenues, costs, property and equipment purchased, debt and trade liabilities are either priced, incurred, payable or otherwise measured in Russian Rubles. Accordingly, transactions and balances not measured in Russian Rubles (primarily US Dollars) have been re-measured into Russian Rubles in accordance with the relevant provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates”.

For operations of major subsidiaries located outside of the Russian Federation, that primarily use US Dollar as the functional currency, adjustments resulting from translating foreign functional currency assets and liabilities into Russian Rubles are recorded in a separate component of shareholders’ equity entitled foreign currency translation adjustments. Revenues, expenses and cash flows are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

The official rate of exchange, as published by the Central Bank of Russian Federation (“Bank of Russia”), of the Russian Ruble (“RR”) to the US Dollar (“US \$”) at 30 September 2020 and 31 December 2019 was RR 79.68 and RR 61.91 to US \$, respectively. Average rate of exchange for the nine months ended 30 September 2020 and 30 September 2019 were RR 70.78 and RR 65.08 per US \$, respectively.

Note 3: Adoption of new or revised standards and interpretations

The following amended standards became effective for the Group from 1 January 2020, but did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020). The amendments revise definition of a business.
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved.
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

Certain new standards, interpretations and amendments to standards have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted. The full list of such standards, interpretations and amendments to standards was disclosed in the consolidated financial statements as at and for the year ended 31 December 2019. The following amendments to existing standards have been issued since the Group published its last annual consolidated financial statements:

- Annual Improvements to IFRSs 2018-2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 and narrow scope amendments to IAS 16, IAS 37 and IFRS 3 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The Group does not expect that these amendments will have any material impact on its consolidated financial statements.

Note 4: Cash and cash equivalents

Cash and cash equivalents comprise the following:

	At 30 September 2020	At 31 December 2019
Cash on hand and in banks	26,460	24,730
Term deposits with original maturity of less than three months	7,913	350
Due from banks	29	77
Total cash and cash equivalents	34,402	25,157

Term deposits with original maturity of less than three months represent deposits placed in banks in the course of non-banking activities. Due from banks represent deposits with original maturities of less than three months placed in the course of banking activities in banks other than those that are part of the Group. The estimated fair value of cash and cash equivalents approximates their carrying value (Note 20).

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(In million of Russian Rubles)

Note 5: Accounts receivable

Short-term and long-term accounts receivable comprise the following:

	At 30 September 2020	At 31 December 2019
Short-term accounts receivable:		
Trade receivables	80,037	81,950
Other financial receivables	9,593	9,516
Other non-financial receivables	162	161
Less credit loss allowance	(7,220)	(6,921)
Total short-term accounts receivable	82,572	84,706
Long-term accounts receivable:		
Trade receivables	885	333
Other financial receivables	8,949	10,301
Less credit loss allowance	(503)	(2,773)
Total long-term accounts receivable	9,331	7,861
Total trade and other receivables	91,903	92,567

The estimated fair value of short-term and long-term accounts receivable approximates their carrying value (Note 20).

Note 6: Banking: Loans to customers

	At 30 September 2020	At 31 December 2019
Loans to legal entities	36,517	38,201
Loans to individuals	1,826	1,617
Short-term loans to customers measured at amortised cost before credit loss allowance	38,343	39,818
Credit loss allowance	(7,648)	(6,145)
Total short-term loans to customers measured at amortised cost	30,695	33,673
Short-term loans to legal entities measured at fair value through profit and loss	2,720	207
Total short-term loans to customers	33,415	33,880

	At 30 September 2020	At 31 December 2019
Loans to legal entities	45,083	53,946
Loans to individuals	43,126	40,219
Long-term loans to customers measured at amortised cost before credit loss allowance	88,209	94,165
Credit loss allowance	(5,228)	(4,333)
Total long-term loans to customers measured at amortised cost	82,981	89,832
Long-term loans to legal entities measured at fair value through profit and loss	10,013	12,740
Total long-term loans to customers	92,994	102,572

As at 30 September 2020 and at 31 December 2019 the Group granted loans to 21 and 19 customers totalling RR 61,980 million and RR 57,435 million respectively, which individually exceeded 5% of the Bank ZENIT equity.

Note 6: Banking: Loans to customers (continued)

Movements in the provision for credit loss allowance during the nine months ended at 30 September 2020 are as follows:

	Loans to legal entities	Loans to individuals	Total
Credit loss allowance as at 1 January 2020	(7,791)	(2,687)	(10,478)
Net provision for credit loss allowance during the period	(1,536)	(872)	(2,408)
Other changes	2	8	10
Credit loss allowance as at 30 September 2020	(9,325)	(3,551)	(12,876)

Movements in the provision for loan impairment during the nine months ended at 30 September 2019 are as follows:

	Loans to legal entities	Loans to individuals	Total
Credit loss allowance as at 1 January 2019	(11,533)	(1,536)	(13,069)
Net reversal of provision/(provision) for credit loss allowance during the period	447	(453)	(6)
Reclassification to the credit loss allowance for other long-term loan impairment	3 005	-	3 005
Other changes	(27)	9	(18)
Credit loss allowance as at 30 September 2019	(8,108)	(1,980)	(10,088)

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(In million of Russian Rubles)

Note 7: Other financial assets

Other short-term financial assets comprise the following:

	At 30 September 2020	At 31 December 2019
Financial assets measured at amortised cost		
Notes receivable (net of credit loss allowance of RR 60 million and 240 million at 30 September 2020 and at 31 December 2019 respectively)	-	112
Other loans (net of credit loss allowance of RR 3,762 million and 3,615 million as at 30 September 2020 and at 31 December 2019 respectively)	355	227
Bank deposits (net of credit loss allowance of RR 5,547 at 30 September 2020 and at 31 December 2019)	325	659
Due from banks	4,346	1,222
REPO with banks	-	4,081
Securities held by the Group (net of credit loss allowance of RR 15 million and 9 million as at 30 September 2020 and at 31 December 2019 respectively):	3,353	1,562
Russian government and municipal debt securities	36	30
Corporate debt securities	3,317	1,532
Securities pledged under sale and repurchase agreements (net of credit loss allowance of RR 22 million as at 31 December 2019 respectively):	-	9,044
Russian government and municipal debt securities	-	2,609
Corporate debt securities	-	6,435
Financial assets measured at fair value through profit and loss		
Due from banks	-	1,238
Securities held by the Group:	5,751	7,658
Russian government and municipal debt securities	735	460
Corporate debt securities	4,999	6,865
Corporate shares	7	165
Derivatives	10	168
Securities pledged under sale and repurchase agreements:	95	-
Russian government and municipal debt securities	95	-
Financial assets measured at fair value through other comprehensive income		
Securities held by the Group:	1,005	1,910
Russian government and municipal debt securities	323	695
Corporate debt securities	501	1,000
Corporate shares	181	215
Securities pledged under sale and repurchase agreements:	8,324	-
Russian government and municipal debt securities	5,322	-
Corporate debt securities	3,002	-
Total short-term financial assets	23,554	27,713

Note 7: Other financial assets (continued)

Other long-term financial assets comprise the following:

	At 30 September 2020	At 31 December 2019
Financial assets measured at amortised cost		
Notes receivable (net of credit loss allowance of RR 318 million as at 30 September 2020 and 31 December 2019)	-	-
Loans to employees (net of credit loss allowance of RR 1,915 million and 1,804 million as at 30 September 2020 and 31 December 2019 respectively)	696	928
Other loans (net of credit loss allowance of RR 22,278 million and 22,392 million as at 30 September 2020 and 31 December 2019 respectively)	19,884	21,281
Due from banks	-	2,027
Securities held by the Group (net of credit loss allowance of RR 56 million and 31 million as at 30 September 2020 and 31 December 2019):	19,447	13,132
Russian government and municipal debt securities	1,272	1,272
Corporate debt securities	18,175	11,860
Financial assets measured at fair value through profit and loss		
Securities held by the Group:	357	293
Corporate debt securities	242	293
Corporate shares	115	-
Financial assets measured at fair value through other comprehensive income		
Securities held by the Group:	37,547	42,917
Russian government and municipal debt securities	7,682	15,236
Corporate shares	12,362	12,440
Corporate debt securities	4,438	2,176
Investment fund units	13,065	13,065
Total long-term financial assets	77,931	80,578

The fair value of financial assets and valuation techniques used are disclosed in Note 20.

In December 2018 the Group entered into a transaction to acquire from a number of Russian government-controlled banks their rights of claim under the credit facilities with NEFIS Group. Total rights in the amount of RR 18,340 million and RR 19,861 million were accounted as other loans in other long-term financial assets carried at amortised cost at 30 September 2020 and 31 December 2019 respectively.

Corporate bonds consist of Russian Ruble and US Dollar denominated bonds and Eurobonds issued by Russian banks and companies.

Federal loan bonds consist of Russian Ruble denominated government securities issued by the Ministry of Finance of the Russian Federation, which are commonly referred to as "OFZ" and Russian Federation Eurobonds.

Municipal bonds consist of Russian Ruble denominated bonds issued by regional and municipal authorities of the Russian Federation.

Corporate shares at FVTPL include quoted and unquoted shares of Russian companies and banks. As at 30 September 2020 and 31 December 2019 unquoted securities measured at fair value through other comprehensive income include investment in AK BARS Bank ordinary shares (17.24%) in the amount of RR 7,300 million.

Investment fund units are solely presented with investment in closed mutual investment rental fund AK BARS – Gorizont (45.45% of the total amount of fund units). The main assets of this fund are the land plots located in Tatarstan Republic. The Group does not exercise significant influence over this investment and therefore accounts for it as a financial asset measured at fair value through other comprehensive income.

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(In million of Russian Rubles)

Note 8: Inventories

	At 30 September 2020	At 31 December 2019
Materials and supplies	15,943	14,743
Crude oil	4,849	9,905
Refined oil products	12,331	13,197
Petrochemical supplies and finished products	8,311	10,798
Other finished products and goods	2,793	4,736
Total inventories	44,227	53,379

Note 9: Prepaid expenses and other current assets

	At 30 September 2020	At 31 December 2019
Prepaid export duties	1,640	2,233
VAT recoverable	8,422	6,006
Advances	6,173	6,176
Prepaid transportation expenses	1,856	1,465
Excise	1,116	1,942
Other	3,681	2,948
Prepaid expenses and other current assets	22,888	20,770

Note 10: Property, plant and equipment

	Oil and gas properties	Buildings and constructions	Machinery and equipment	Construc- tion in progress	Total
Cost					
As at 31 December 2018	397,390	220,862	157,529	219,916	995,697
Additions	-	-	-	65,366	65,366
Disposals	(6,073)	(958)	(1,865)	(340)	(9,236)
Transfers	15,520	26,257	28,905	(70,682)	-
Changes in decommissioning provision	9,823	-	-	-	9,823
As at 30 September 2019	416,660	246,161	184,569	214,260	1,061,650
Depreciation, depletion and amortisation					
As at 31 December 2018	179,359	43,576	70,840	-	293,775
Depreciation charge	10,001	5,508	6,967	-	22,476
Disposals	(5,728)	(353)	(1,003)	-	(7,084)
Transfers	(1,711)	289	1,422	-	-
As at 30 September 2019	181,921	49,020	78,226	-	309,167
Net book value					
As at 31 December 2018	218,031	177,286	86,689	219,916	701,922
As at 30 September 2019	234,739	197,141	106,343	214,260	752,483
Cost					
As at 31 December 2019	450,768	269,656	204,928	190,650	1,116,002
Additions	-	-	-	82,816	82,816
Disposals	(289)	(835)	(1,101)	(1,007)	(3,232)
Changes in Group structure	-	84	-	-	84
Transfers	16,800	13,662	3,423	(33,885)	-
Changes in decommissioning provision	(1,125)	-	-	-	(1,125)
As at 30 September 2020	466,154	282,567	207,250	238,574	1,194,545
Depreciation, depletion and amortisation					
As at 31 December 2019	189,560	53,706	79,610	24,391	347,267
Depreciation charge	12,317	5,998	8,040	-	26,355
Impairment	-	1,465	1,448	5,669	8,582
Disposals	(195)	(696)	(526)	-	(1,417)
Transfers	60	1,033	(1,093)	-	-
As at 30 September 2020	201,742	61,506	87,479	30,060	380,787
Net book value					
As at 31 December 2019	261,208	215,950	125,318	166,259	768,735
As at 30 September 2020	264,412	221,061	119,771	208,514	813,758

Due to indications of possible impairment as at 31 March 2020 the Group conducted impairment testing for the main groups of assets. As at 30 September 2020 impairment testing for superviscous oil production assets were updated. According to the accounting policy, individual assets are grouped for impairment purposes to the cash generating units (CGU) at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets:

- field-by-field basis for exploration and production assets;
- entire complex level for refining assets;
- individual petrol station level;
- entire factory level for tire production assets;
- complex level for the energy production assets.

The macroeconomic factors, including but not limited to the reduction in oil production, crude oil and oil products prices fall, the volatility of the Russian Ruble to the US dollar and a decrease in the level of business activity were taken into account when preparing models, which are the main source of information for measuring the value in use of non-current assets, including forecasts of oil production and refining volumes, oil and oil products price dynamics, petrochemical production forecast, as well as when determining the discount rate.

Note 10: Property, plant and equipment (continued)

In assessing impairment, the recorded value of assets was compared with the estimated value in use of the CGUs. The value in use is determined as the discounted net cash flows based on the forecasts of Revenue, production costs and changes in working capital based on confirmed long-term strategic plans of the Group, taking into account the impact of the pandemic and accepted restrictions on the uncertainty in the period of recovery in demand and profitability. The forecasting period for determining the value in use is in line with the management assumptions used for long-term strategy and does not exceed the useful life of assets included in the CGUs.

For the nine months ended 30 September 2020 the Group recognised impairment of the following assets:

- assets used in the production of tire products of the Petrochemicals segment in the amount of RR 3,880 million;
- exploration and evaluation assets related to the oilfields located outside the Republic of Tatarstan in the amount of RR 2,314 million, due to adverse conditions in the oil market affecting the current assessment of respective projects, for these projects, an impairment loss was previously recognized as at 31 December 2019;
- other assets, including social assets, in the total amount of RR 2,388 million, which are not providing future economic benefits.

An impairment loss is included in the corresponding line of the consolidated interim condensed statement of profit or loss and other comprehensive income.

Key assumptions applied to the calculation of value in use are follows:

- the discount rate calculated based on the Company's weighted average cost of capital adjusted for asset specific risks;
- oil prices, refined product spreads and US dollar / Russian ruble exchange rates are based on available forecasts from globally recognized research institutions;
- Estimated production and refining volumes were based on detailed information for the production and refining plans approved by management as part of the long-term strategy, considering the decrease in business activity as a result of the COVID-19 pandemic and the OPEC + agreement terms.

In addition, for the purposes of calculating the recoverable amount of assets related to the production of superviscous oil, the assumption on the receiving of the full amount of tax deduction was made. Tax deduction will be provided for the production of superviscous oil in subsoil areas located fully or partially within the borders of the Republic of Tatarstan subject to certain conditions stipulated by the Tax Code.

A reasonably justified change in key assumptions, taken into account by management for the purpose of preparing models as at the reporting date, does not necessitate the recognition of an additional impairment other than the above.

The following table summarizes changes in the Group's decommissioning provision

	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Balance at the beginning of period	50,474	34,457
Unwinding of discount	2,533	2,261
Expenses on current obligations	(10)	-
Changes in estimates	(1,125)	9,823
Balance at the end of period	51,872	46,541
Less: current portion of decommissioning provisions (Note 13)	(118)	(119)
Long-term balance at the end of period	51,754	46,422

For the nine months ended 30 September 2020 and 2019 the Group recorded the change in estimate for oil and gas properties decommissioning primarily due to the change in discount.

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Note 11: Taxes

Effective annual income tax rate differs from the statutory tax rate primarily due to non-deductible expenses, including social expenses.

The Group is subject to a number of taxes other than income taxes, which are detailed as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
Mineral extraction tax	41,323	80,065	129,811	227,667
Property tax	1,882	1,839	5,909	5,287
Other	552	735	1,580	1,740
Total taxes other than income taxes	43,757	82,639	137,300	234,694

Taxes other than income taxes exclude the export duties paid on the sale of crude oil and refined products as the Group sales and other operating revenues are presented net of such export duties.

Taxes payable were as follows:

	At 30 September	At 31 December
	2020	2019
Mineral extraction tax	14,141	21,172
Value Added Tax	14,038	8,369
Excise	415	2,863
Export duties	455	425
Property tax	1,980	1,975
Other	2,089	2,661
Total taxes payable	33,118	37,465

Note 12: Debt

	At 30 September	At 31 December
	2020	2019
Short-term debt		
Bonds issued	140	1,850
Subordinated debt	26	21
Debt securities issued	796	884
US \$75 million 2011 credit facility	-	816
US \$144.5 million 2011 credit facility	-	2,090
EUR 55 million 2013 credit facility	-	1,652
Russian Rubles credit facility	-	10,142
Other debt	2,917	938
Total short-term debt	3,879	18,393
Current portion of long-term debt	3,133	1,199
Total short-term debt, including current portion of long-term debt	7,012	19,592
Long-term debt		
Bonds issued	23,198	20,007
Subordinated debt	1,654	1,266
Debt securities issued	114	39
US \$75 million 2011 credit facility	824	-
US \$144.5 million 2011 credit facility	2,354	-
EUR 55 million 2013 credit facility	1,841	-
Other debt	1,691	1,544
Total long-term debt	31,676	22,856
Less: current portion	(3,133)	(1,199)
Total long-term debt, net of current portion	28,543	21,657

Fair value of debt is presented in Note 20. Debt issued to related parties is presented in Note 18.

Note 12: Debt (continued)

Credit facilities. In November 2011, TANECO entered into a US \$75 million credit facility with equal semi-annual repayments during ten years. The loan was arranged by Nordea Bank AB (Publ), Société Générale and Sumitomo Mitsui Banking Corporation Europe Limited. The loan bears interest at LIBOR plus 1.1% per annum. The loan agreement requires compliance with certain financial covenants including, but not limited to, minimum levels of consolidated tangible net worth and interest coverage ratios.

In November 2011, TANECO entered into a US \$144.5 million credit facility with equal semi-annual repayments during ten years with the first repayment date on 15 May 2014. The loan was arranged by Société Générale, Sumitomo Mitsui Banking Corporation Europe Limited and the Bank of Tokyo-Mitsubishi UFJ LTD. The loan bears interest at LIBOR plus 1.25% per annum. The loan agreement requires compliance with certain financial covenants including, but not limited to, minimum levels of consolidated tangible net worth and interest coverage ratios.

In May 2013, TANECO entered into a Euro 55 million credit facility with equal semi-annual repayment during ten years. The loan was arranged by The Royal Bank of Scotland plc and Sumitomo Mitsui Banking Corporation Europe Limited. The loan bears interest at LIBOR plus 1.5% per annum. In accordance with credit facility terms repayment of the debt is performed in USD. The loan agreement requires compliance with certain financial covenants including, but not limited to, minimum levels of consolidated tangible net worth and interest coverage ratios. In May 2016 this credit facility was assigned to Citibank Europe plc, UK Branch with credit facility details remaining.

In March 2020, the Group obtained the waiver from requirement of early repayment according to which the credit facilities of TANECO were recorded as long-term debt as at 30 September 2020.

In nine months ended 30 September 2020 the Group received short-term loans under the credit facilities with the Russian banks in total amount of RR 190,250 million at rates ranging from 4.39% to 6.74%. The debt were fully repaid by 30 September 2020.

During 2019, the Group received short-term loans under the credit facilities with the Russian banks in total amount of RR 113,200 million (for nine months ended 30 September 2019 RR 16,580 million) at rates ranging from 6.33% to 8.54%, which were repaid early. The debt at 31 December 2019 amounted to RR 10,142 million and was repaid in January 2020.

Bonds issued. In December 2019 the Company issued Russian Ruble denominated bonds in the amount of RR 15,000 million with the maturity in 3 years at a rate of 6.45% per annum.

At 30 September 2020 and at 31 December 2019 bonds issued include bonds denominated in Russian Rubles issued by Bank ZENIT amounted RR 8,338 million and RR 6,857 million respectively, that mature between 2022 to 2025 and 2020 to 2025 respectively. At 30 September 2020 and at 31 December 2019 the annual coupon rates on these securities range from 6.1% to 7.65% and 7% to 8.85% respectively (excluding bonds issued on emission BO-13 at amount RR 1 million and coupon rate 0.1% as at 31 December 2019). The majority of bonds, issued by Bank ZENIT, allow early repurchase at the request of the bond holder as set in the respective offering documents.

Subordinated debt. At 30 September 2020 and 31 December 2019 subordinated debt is presented by one subordinated loans raised by Bank ZENIT (excluding subordinated debt under the direct repurchase agreement with Deposit Insurance Agency (DIA). At 30 September 2020 and at 31 December 2019 the subordinated debt bears interest at the rate 7.42% and 8.9% respectively and matures in 2024.

As at 30 June 2020 and at 31 December 2019 Bank ZENIT was in compliance with all financial covenants respecting to the subordinated debt, except one (Cost-to-income ratio), which does not entail a requirement for early repayment of the subordinated debt, but may lead to a deterioration of the terms of the debt. Starting from 1 March 2020 Bank ZENIT paid a higher interest rate (9.9%), starting from June 2020, the interest rate was established by the lender at the standard level pending the decision to release from the performance of this obligation. As at 30 September 2020 Bank ZENIT did not assess its compliance with these covenants, since Bank ZENIT is obliged to calculate them on a semi-annual basis only.

In September 2015 Bank ZENIT received five subordinated loans totalling RR 9,933 million from DIA within the Russian Federation Government programme for additional capitalisation of Russian banks. Under the terms of these subordinated loan agreements DIA paid these loans by securities (OFZ of five series), that should be returned upon maturity of the subordinated loans. These subordinated loans mature from January 2025 to November 2034 and bear interest equal to OFZ coupon rate plus 1%. In accordance with IFRS 9 if securities are loaned under an agreement to return them to the transferor, they are not derecognised because the transferor retains substantially all the risks and rewards of ownership. Accordingly, the obligation to return the securities should not be recognised. Therefore, OFZ and the subordinated loan received from DIA are not recognised within assets and liabilities in the consolidated interim condensed financial statements. These subordinated loans are accounted for in capital adequacy ratio calculation in accordance with Bank of Russia's Regulation No. 395-P.

Note 12: Debt (continued)

Debt securities issued. At 30 September 2020 debt securities are promissory notes issued by Bank ZENIT at a discount to nominal value and interest bearing promissory notes denominated in Russian Rubles (at 31 December 2019: in Russian Rubles and US Dollars). Maturity dates of these promissory notes vary from 2020 to 2028.

At 30 September 2020 and at 31 December 2019 non-interest-bearing promissory notes of the aggregate nominal value of RR 693 million and RR 641 million respectively were issued by Bank ZENIT for settlement purposes and mature primarily on demand.

Note 13: Accounts payable and accrued liabilities

	At 30 September 2020	At 31 December 2019
Trade payables	53,956	36,150
Current portion of lease liabilities	2,480	2,613
Other payables	2,621	1,809
Total financial liabilities within trade and other payables	59,057	40,572
Salaries and wages payable	7,312	8,267
Advances received from customers	6,140	7,828
Current portion of decommissioning provisions	118	127
Other accounts payable and accrued liabilities	4,095	3,495
Total non-financial liabilities	17,665	19,717
Accounts payable and accrued liabilities	76,722	60,289

The fair value of each class of financial liabilities included in short-term trade and other payables is presented in Note 20.

As at 30 September 2020 other financial payables include an obligation to repurchase of 2,179,347,288 shares of Bank ZENIT at a price of RR 0.75 per share, requested for the redemption by minority shareholders and not paid by the Bank. The discounted amount of the liability is RR 1,593 million (as at 31 December: not applicable). Disposal of the carrying value of the non-controlling interest (in the amount of RR 1,624 million) and the difference between the accrued liability and the disposed non-controlling interest (in the amount of RR 55 million) recognised as a result of the transaction are reflected in the line “Subsidiary's shares requested for the redemption” of the consolidated interim condensed statement of changes in equity.

Note 14: Dividends payable

In September 2020, the shareholders of the Company approved interim dividends for the six months ended 30 June 2020 in the amount of RR 9.94 per preference and ordinary share. Dividends were paid in the fourth quarter of 2020.

In June 2020, the shareholders of the Company approved dividends for the year ended 31 December 2019 in the amount of RR 1 per each preferred share, excluding the previously approved interim dividends for the six and nine months of 2019 in the amount of RR 64.47 per each preferred and one ordinary share. Dividends were paid in the third quarter of 2020.

In December 2019, the shareholders of the Company approved the payment of interim dividends for the nine months ended 30 September 2019, in the amount of RR 64.47 per preference and ordinary share (the “9 months 2019 Dividends”), including previously paid interim dividends for the six months ended 30 June 2019, in the amount of RR 40.11 per preference and ordinary share. The 9 months 2019 Dividends are reported as dividends payable as at 31 December 2019 and were paid in the beginning of 2020.

In September 2019, the shareholders of the Company approved interim dividends for the six months ended 30 June 2019 in the amount of RR 40.11 per each preference and ordinary share. The dividends were paid in the fourth quarter of 2019.

In June 2019, the shareholders of the Company approved dividends for the year ended 31 December 2018 in the amount of RR 84.91 per each preference and ordinary share with the consideration of earlier paid interim dividends for the nine months ended 30 September 2018 in the amount of RR 52.53 per each preference and ordinary share. The dividends were paid in the third quarter of 2019.

In December 2018, the shareholders of the Company approved the payment of interim dividends for the nine months ended 30 September 2018 in the amount of RR 52.53 per each preference and ordinary share including previously paid interim dividends for the six months ended 30 June 2018 in the amount of RR 30.27 per each preference and ordinary share. Dividends were paid in the beginning of 2019.

Note 15: Interest and commission income and expense on banking activities

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Interest income	3,315	4,569	10,728	13,790
Loans to customers	2,646	3,654	8,355	10,955
Other	669	915	2,373	2,835
Fee and commission income	984	1,131	2,847	3,291
Settlement transactions	687	757	1,892	1,905
Other	297	374	955	1,386
Total interest and commission income on banking activity	4,299	5,700	13,575	17,081
Interest expense	(1,831)	(2,966)	(6,153)	(7,827)
Term deposits	(1,452)	(1,934)	(4,693)	(6,269)
Other	(379)	(1,032)	(1,460)	(1,558)
Fee and commission expense	(502)	(602)	(1,414)	(1,223)
Settlement transactions	(491)	(516)	(1,347)	(984)
Other	(11)	(86)	(67)	(239)
Total interest and commission expense on banking activity	(2,333)	(3,568)	(7,567)	(9,050)

Note 16: Other income and expenses

Interest income on non-banking activities comprises the following:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Interest income from financial assets at AC	102	289	445	1,011
Unwinding of the present value discount of long-term financial assets	15	1	45	73
Total interest income on non-banking activities	117	290	490	1,084

Interest expense on non-banking activities comprises the following:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Bank loans	(354)	(80)	(1,658)	(272)
Unwinding of the present value discount of decommissioning provision	(845)	(759)	(2,533)	(2,261)
Interest expense on lease liabilities	(340)	(403)	(1,042)	(1,171)
Unwinding of the present value discount of long-term financial liabilities	-	(15)	(18)	(49)
Discount on long-term financial assets	-	-	(285)	-
Total interest expenses on non-banking activities	(1,539)	(1,257)	(5,536)	(3,753)

For the nine months ended 30 September 2020 the Group recognised RR 16,449 million and RR 10,193 million foreign exchange gains and losses respectively in the consolidated interim condensed statement of profit or loss and other comprehensive income (for the nine months ended 30 September 2019: RR 11,494 million and RR 13,026 million, respectively).

For the three months ended 30 September 2020 the Group recognised RR 4,998 million and RR 4,050 million foreign exchange gains and losses respectively in the consolidated interim condensed statement of profit or loss and other comprehensive income (for the three months ended 30 September 2019: RR 5,526 million and RR 4,146 million, respectively).

Note 17: Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Board of Directors and the Management Committee and for which discrete financial information is available.

Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

The Group's business activities are conducted predominantly through four main operating segments:

- Exploration and production consists of exploration, development, extraction and sale of own crude oil. Intersegment sales consist of transfer of crude oil to refinery and other goods and services provided to other operating segments;
- Refining and marketing comprises purchases and sales of crude oil and refined products from third parties, as well as crude oil and gas processing and the sale of oil and gas products in bulk and through its own petrol stations network;
- Petrochemical products include production and sales of tires, technical carbon;
- Banking segment includes operations of Banking Group ZENIT.

Other sales include revenues from ancillary services provided by the specialised subdivisions and subsidiaries of the Group, such as sales of oilfield equipment, revenues from the sale of auxiliary petrochemical related services and materials as well as other business activities, which do not constitute reportable business segments.

The Group evaluates performance of its reportable operating segments and allocates resources based on segment earnings, defined as profit before income tax not including interest income, expense on non-banking activities, and gains from equity investments, other income (expenses) and foreign exchange loss or gain. Intersegment sales are at prices that approximate market. Effective the current reporting period, the Group uses an export netback calculated based on average Urals quotes less export duty, freight and transportation costs to calculate the cost of its own oil for refining. The calculation based on the export netback, used by the Group to make operational decisions, meets the criteria of relevant and reliable information, changes made are disclosed retrospectively in the consolidated interim condensed financial statements. Group financing (including interest expense and interest income on non-banking activities) and income taxes are managed on a Group basis and are not allocated to operating segments.

For the three months ended 30 September 2020, revenues of RR 28,565 million or 15% of the Group's total sales and operating revenues are derived from one external customer.

For the nine months ended 30 September 2020, revenue of RR 75,385 million or 14% of the Group's total sales and operating revenues are derived from one external customers.

For the three months ended 30 September 2019, revenues of RR 29,819 million or 12% of the Group's total sales and operating revenues are derived from one external customer.

For the nine months ended 30 September 2019, revenue of RR 73,607 million or 10% of the Group's total sales and operating revenues are derived from one external customers.

These revenues represent sales of crude oil and are attributable to the exploration and production segment.

Management does not believe the Group is dependent on any particular customer.

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(In million of Russian Rubles)

Note 17: Segment information (continued)

Segment sales and other operating revenues. Reportable operating segment sales and other operating revenues are stated in the following table:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Exploration and production				
Domestic own crude oil	32,454	38,446	90,025	128,734
CIS own crude oil	4,164	7,767	9,409	19,386
Non – CIS own crude oil	38,406	74,423	105,523	204,265
Other	788	806	2,663	2,363
Intersegment sales	39,863	58,893	106,300	163,490
Total exploration and production	115,675	180,335	313,920	518,238
Refining and marketing				
<i>Domestic sales</i>				
Refined products	58,590	58,396	152,354	166,220
Total Domestic sales	58,590	58,396	152,354	166,220
<i>CIS sales</i>				
Refined products	3,308	3,280	10,373	9,796
Total CIS sales ⁽¹⁾	3,308	3,280	10,373	9,796
<i>Non – CIS sales</i>				
Crude oil purchased for resale	1,798	1,250	4,049	5,618
Refined products	19,975	35,704	72,097	97,199
Total Non – CIS sales ⁽²⁾	21,773	36,954	76,146	102,817
Other	3,691	2,873	10,628	8,076
Intersegment sales	688	460	1,926	995
Total refining and marketing	88,050	101,963	251,427	287,904
Petrochemicals				
Tires - domestic sales	10,868	8,965	25,731	20,675
Tires - CIS sales	3,080	3,333	7,955	8,544
Tires - non-CIS sales	1,422	1,044	2,954	3,051
Other	946	1,231	2,515	3,198
Intersegment sales	166	167	338	381
Total petrochemicals	16,482	14,740	39,493	35,849
Banking				
Interest income	3,315	4,569	10,728	13,790
Fee and commission income	984	1,131	2,847	3,291
Total banking	4,299	5,700	13,575	17,081
Total segment sales	224,506	302,738	618,415	859,072
Corporate and other sales	7,880	4,235	25,647	14,284
Elimination of intersegment sales	(40,717)	(59,520)	(108,564)	(164,866)
Total sales and other operating revenues	191,669	247,453	535,498	708,490

⁽¹⁾ - CIS is an abbreviation for Commonwealth of Independent States (excluding the Russian Federation).

⁽²⁾ - Non-CIS sales of crude oil and refined products are mainly made to Germany, Switzerland, Netherlands and United Kingdom based traders and Poland based refineries.

Note 17: Segment information (continued)

Segment earnings

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Segment earnings				
Exploration and production	49,253	70,145	108,727	211,164
Refining and marketing	3,726	12,547	18,318	33,198
Petrochemicals	1,988	884	580	335
Banking	(976)	1,349	(1,796)	1,239
Total segment earnings	53,991	84,925	125,829	245,936
Corporate and other	(7,353)	(10,215)	(23,207)	(21,774)
Other (expense)/income, net	(553)	365	950	(4,093)
Profit before income tax	46,085	75,075	103,572	220,069

“Corporate and other” line includes Head Office administrative expenses, impairment losses on financial assets net of reversal, charity expenses, maintenance of social infrastructure and transfer of social assets.

Segment assets

	At 30 September 2020	At 31 December 2019
Assets		
Exploration and production	369,101	384,022
Refining and marketing	498,390	450,191
Petrochemicals	34,811	34,324
Banking	221,716	232,101
Corporate and other	141,745	138,001
Total assets	1,265,763	1,238,639

As at 30 September 2020 corporate and other includes RR 55,434 million of property, plant and equipment, RR 24,307 million of securities measured at fair value through other comprehensive income, RR 19,357 million loans receivable, RR 7,330 million of bank deposits measured at amortised cost, RR 147 million of cash.

As at 31 December 2019 corporate and other includes RR 50,102 million of property, plant and equipment, RR 24,413 million of securities measured at fair value through other comprehensive income, RR 20,626 million of loans receivable, RR 331 million of bank deposits measured at amortised cost, RR 3,277 million of cash.

The Group’s assets and operations are primarily located and conducted in the Russian Federation.

In respect to the banking segment the Group has a certain concentration of funding sources. Within due to banks and the Bank of Russia as at 30 September 2020 and 31 December 2019 there are RR 11,580 million and RR 18,778 million respectively of correspondent accounts and term deposits, borrowed from the Bank of Russia and from three Russian banks respectively, which individually exceeded 5% of the Bank ZENIT equity. Within customer accounts as at 30 September 2020 and 31 December 2019 there are RR 51,703 million and RR 38,557 million of current/settlement accounts and term deposits from 21 and 12 customers respectively, which individually exceeded 5% of the Bank ZENIT equity.

Note 17: Segment information (continued)

Segment depreciation, depletion and amortisation and additions to property, plant and equipment

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Depreciation, depletion and amortization				
Exploration and production	7,205	4,778	16,162	13,288
Refining and marketing	2,569	2,591	8,292	7,341
Petrochemicals	282	408	833	1,128
Banking	99	137	273	303
Corporate and other	739	801	2,160	1,213
Total segment depreciation, depletion and amortization	10,894	8,715	27,720	23,273
Additions to property, plant and equipment				
Exploration and production	4,497	11,541	22,228	30,834
Refining and marketing	23,439	6,396	48,315	20,751
Petrochemicals	1,736	583	4,388	1,444
Banking	172	223	518	540
Corporate and other	3,202	6,803	7,451	11,797
Total additions to property, plant and equipment	33,046	25,546	82,900	65,366

Additions to property, plant and equipment of exploration and production segment are presented net of changes in estimated decommissioning provisions (Note 10).

Note 18: Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions are entered into in the normal course of business with associates, joint ventures, government related companies, key management personnel and other related parties. These transactions include sales and purchases of refined products, purchases of electricity, transportation services and banking transactions. The Group enters into transactions with related parties based on market or regulated prices.

Associates, joint ventures and other related parties

The amounts of transactions for each period with associates, joint ventures and other related parties are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Revenues and income				
Sales of refined products	13	6	21	15
Other sales	9	27	58	84
Interest income	5	16	17	44
Costs and expenses				
Other services	244	246	625	613
Other purchases	81	64	309	373

Note 18: Related party transactions (continued)

The outstanding balances with associates, joint ventures and other related parties were as follows:

	At 30 September 2020	At 31 December 2019
Assets		
Accounts receivable, net	138	231
Banking: Loans to customers	192	293
Other financial assets		
Securities measured at fair value through profit and loss	-	42
Other loans receivable	177	51
Prepaid expenses and other current assets	465	268
Due from related parties short-term	972	885
Long-term accounts receivable	164	198
Banking: Loans to customers	-	50
Other financial assets		
Securities measured at fair value through other comprehensive income	4,070	4,070
Other loans receivable	899	978
Due from related parties long-term	5,133	5,296
Liabilities		
Accounts payable and accrued liabilities	(52)	(37)
Banking: Customer accounts	(1,451)	(910)
Due to related parties short-term	(1,503)	(947)

At 30 September 2020 and at 31 December 2019 key management personnel customer accounts in Bank ZENIT amounted to RR 29,262 million and RR 31,738 million, respectively.

Government related companies

The amounts of transactions for each period with Government related companies are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Sales of refined products	4,453	8,242	14,191	22,699
Other sales	945	1,116	3,508	3,530
Interest income	649	615	2,109	2,071
Interest expense	40	154	584	557
Purchases of refined products	5,221	5,141	16,966	16,180
Purchases of electricity	3,584	4,702	12,005	13,860
Purchases of transportation services and compounding	5,990	7,625	19,506	20,877
Other services	1,418	1,122	4,806	3,368
Other purchases	76	128	271	629

Note 18: Related party transactions (continued)

The outstanding balances with Government related companies were as follows:

	At 30 September 2020	At 31 December 2019
Assets		
Cash and cash equivalents	10,883	10,044
Banking: Mandatory reserve deposits with the Bank of Russia	1,523	1,572
Accounts receivable	6,347	4,416
Banking: Loans to customers	7,748	6,563
Other financial assets		
Notes receivable	-	4
Bank deposits	25	310
Securities measured at fair value through other comprehensive income	8,487	505
Securities measured at amortised cost	1,048	3,325
Securities measured at fair value through profit and loss	4,343	3,915
Other loans receivable	41	41
Prepaid expenses and other current assets	2,924	3,185
Due from related parties short-term	43,369	33,880
Banking: Loans to customers	2,270	4,994
Other financial assets		
Securities measured at fair value through other comprehensive income	17,847	24,193
Securities measured at amortised cost	7,991	7,898
Other loans receivable	115	148
Advances for construction	1	14
Due from related parties long-term	28,224	37,247
Liabilities		
Accounts payable and accrued liabilities	(5,276)	(1,519)
Banking: Due to banks and the Bank of Russia	(1,414)	(2,445)
Banking: Customer accounts	(169)	(2,959)
Debt		
RR credit facilities	-	(10,142)
Debt securities issued	(457)	(404)
Other debt	(2,465)	(477)
Due to related parties short-term	(9,781)	(17,946)
Banking: Due to banks and the Bank of Russia	(1,417)	(2,763)
Other debt	(107)	-
Government grants	(7,016)	(3,231)
Due to related parties long-term	(8,540)	(5,994)

Note 19: Contingencies and commitments**Operating Environment of the Group**

The economy of the Russian Federation displays certain characteristics of an emerging market. It is particularly sensitive to oil and gas prices and subject to significant negative impact of continuous decrease in crude oil prices.

In March 2020 the World Health Organization announced a pandemic due to the rapid spread of COVID-19. The measures taken around the world to combat the spread of COVID-19 resulted in limitation of business activity, which caused significant decrease in world demand for energy resources. The expiration of prior arrangement of OPEC+ on April 1, 2020 raised the risks of substantial oversupply of crude oil and refined products in the market. These events led to significant drop in stock markets, fall in crude oil prices, the Russian Ruble weakened against the US dollar and the Euro. In April 2020, the OPEC + countries reached a new agreement, under which the Russian Federation assumed obligations to reduce oil production in the period from May 1, 2020 to April 30, 2022. In accordance with the agreements reached, the Group began to fulfill its obligations to reduce oil production. Despite the new production restrictions agreed by OPEC+, the recovery in oil prices may take a long time and may be accompanied by a significant reduction in oil production. These events can have a significant impact on the operations, financial position and financial results of the Group in the future, the consequences of which are difficult to predict. Management created reserves for impairment considering the economic situation and prospects at the end of the reporting period.

Tax, currency and customs legislation are sometimes subject to varying interpretations and contributes to the challenges faced by companies operating in the Russian Federation. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The future economic development of the Russian Federation depends on external factors and internal measures taken by the government and changes in the tax, legal and regulatory framework.

Continued uncertainty regarding further economic growth, volatility in the financial markets, lower global oil prices, reduced oil production, as well as other risks, could have a significant negative impact on the financial and corporate sectors of the Russian economy in the future. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment. 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.

Capital commitments. As at 30 September 2020 and at 31 December 2019 the Group has approximate outstanding capital commitments of RR 63,035 million and RR 46,804 million, respectively, mainly for the construction of the TANECO refinery complex, drilling and construction of wells, superviscous oil fields facilities construction and tire business development project. These commitments are expected to be paid between 2020 and 2024.

Management believes the Group's current and long-term capital expenditures program can be funded through cash flows generated from existing operations as well as lines of credit available to the Company. The TANECO refinery project has been funded from the Company's cash flow with the support of the bank facilities (Note 12).

Management believes the Company has the ability to obtain syndicated loans and other financings as needed to continue funding the own projects, refinance any maturing debts as well as finance business acquisitions and other transactions that may arise in the future.

Note 19: Contingencies and commitments (continued)

Credit related commitments. The credit related commitments comprise loan commitments, letters of credit and guarantees. The contractual commitments represent the value at risk should the contract be fully drawn upon, the client defaults, and the value of any existing collateral becomes worthless. In general, certain part of Group's import letters of credit are collateralised with cash deposits or collateral pledged to the Group and accordingly the Group normally assumes minimal risk.

Outstanding credit related commitments are as follows:

	At 30 September 2020	At 31 December 2019
Undrawn credit lines that are irrevocable or are revocable only in response to a material adverse change	35,549	28,973
Guarantees issued	11,045	12,739
Import letters of credit	350	129
Less: allowance for credit related commitment	(375)	(324)
Less: commitments collateralised by cash deposits under guarantees issued	(12)	(19)
Less: commitments collateralised by cash deposits under import letters of credit	(350)	(130)
Total credit related commitments	46,207	41,368

Taxation. The Russian tax legislation is subject to varying interpretations and changes which can occur frequently. Management's interpretation of the legislation, as applied to the transactions and activities, may be challenged by the tax authorities.

The tax authorities may take a different position in their interpretation of the legislation, and it is possible that transactions and activities that have not been challenged in the past may be challenged.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), with certain specific features. This legislation allows tax authorities to assess additional taxes for controllable transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. Management believes that its pricing policy is arm's length and it has implemented internal processes to be in compliance with the new transfer pricing legislation. The Group believes that its interpretation of the new legislation is appropriate and the Group's tax position will be sustained.

Environmental contingencies. The Group, through its predecessor entities, has operated in Tatarstan for many years without developed environmental laws, regulations and the Group's policies. Environmental regulations and their enforcement are currently being considered in the Russian Federation and the Group is monitoring its potential obligations related thereto. The outcome of environmental liabilities under proposed or any future environmental legislation cannot reasonably be estimated at present, but could be material. Under existing legislation, however, management believes that there are no probable liabilities, which would have a material adverse effect on the operating results or financial position of the Group. In addition, the Group is introducing and applying best health, safety and environmental protection practices and standards which might go beyond any existing and potential legal requirements in the Russian Federation.

Legal contingencies. The Group is subject to various lawsuits and claims arising in the ordinary course of business. The outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present. In the case of all known contingencies the Group accrues a liability when the loss is probable and the amount is reasonably estimable. Based on currently available information, management believes that it is remote that future costs related to known contingent liability exposures would have a material adverse impact on the Group's consolidated interim condensed financial statements.

Social commitments. The Group contributes significantly to the maintenance of local infrastructure and the welfare of its employees within Tatarstan, which includes contributions towards the construction, development and maintenance of housing, hospitals and transport services, recreation and other social needs. Such funding is periodically determined by the Board of Directors after consultation with governmental authorities and recorded as expenditures when incurred.

Note 19: Contingencies and commitments (continued)

Transportation of crude oil. The Group transports substantially all of the crude oil that it sells in export and local markets through trunk pipelines in Russia that are controlled by Transneft, the state-owned monopoly owner and operator of Russia's trunk crude oil pipelines. The Group's crude oil is blended in the Transneft pipeline system with other crude oil of varying qualities to produce an export blend commonly referred to as Urals. There is currently no equalization scheme for differences in crude oil quality within the Transneft pipeline system and the implementation of any such scheme or the impact of it on the Group's business is not currently determinable.

Note 20: Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The estimated fair values of financial instruments are determined with reference to various market information and other valuation techniques as considered appropriate.

The different levels of fair value hierarchy have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that Group has the ability to assess at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Recurring fair value measurements

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	At 30 September 2020			
	Fair value			Carrying value
	Level 1	Level 2	Level 3	
Banking: Loans to customers measured at fair value through profit and loss	-	-	12,733	12,733
Securities measured at fair value through profit and loss	3,620	2,341	242	6,203
Securities measured at fair value through other comprehensive income	12,376	18,385	16,115	46,876
Investment property	-	-	1,269	1,269
Banking: Other financial liabilities measured at fair value through profit and loss	-	(892)	-	(892)
Total	15,996	19,834	30,359	66,189

	At 31 December 2019			
	Fair value			Carrying value
	Level 1	Level 2	Level 3	
Banking: Loans to customers measured at fair value through profit and loss	-	-	12,947	12,947
Securities measured at fair value through profit and loss	7,015	643	293	7,951
Banking: Due from banks	-	1,238	-	1,238
Securities measured at fair value through other comprehensive income	18,325	10,407	16,095	44,827
Investment property	-	-	1,323	1,323
Banking: Other financial liabilities measured at fair value through profit and loss	(4,425)	(26)	-	(4,451)
Total	20,915	12,262	30,658	63,835

Note 20: Fair values (continued)

The description of valuation technique and description of inputs used in the fair value measurement for Level 2 and Level 3 measurements at 30 September 2020 и 31 December 2019:

	Fair value hierarchy	Valuation technique and key input data
Banking: Loans to customers at FVTPL	Level 3	Discounted cash flow models adjusted at credit risk
Securities at FVOCI	Level 2, Level 3	Quoted prices for similar investments in active markets, net assets valuation, comparative (market) approach / Publicly available information, comparable market prices/ discounted cash flow models adjusted at credit risk
Securities at FVTPL	Level 2, Level 3	Quoted prices for similar investments in active markets, net assets valuation, comparative (market) approach / Publicly available information, comparable market prices / discounted cash flow models adjusted at credit risk
Banking: Due from banks	Level 2	Quoted prices for similar investments in active markets adjusted at credit risk
Investment property	Level 3	Market data on comparable objects adjusted in case of differences from similar objects
Banking: Other financial liabilities at FVTPL	Level 2	Discounted cash flow models adjusted at credit risk

There were no changes in valuation technique for Level 2 and Level 3 recurring fair value measurements during the nine months ended 30 September 2020 and year ended 31 December 2019. There have been no transfers between Level 1, Level 2 and Level 3 during the period.

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(In million of Russian Rubles)

Note 20: Fair values (continued)
Assets and liabilities not measured at fair value but for which fair value is disclosed

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

	At 30 September 2020				At 31 December 2019			
	Fair value			Carrying value	Fair value			Carrying value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Cash and cash equivalents								
Cash on hand and in banks	5,211	21,249	-	26,460	6,365	18,365	-	24,730
Term deposits	-	7,913	-	7,913	-	350	-	350
Due from banks	-	29	-	29	-	77	-	77
Banking: Mandatory reserve deposits with the Bank of Russia	1,523	-	-	1,523	1,572	-	-	1,572
Accounts receivable								
Trade receivables	-	-	77,592	77,592	-	-	79,724	79,724
Other financial receivables	-	695	13,454	14,149	-	1,176	11,506	12,682
Banking: Loans to customers measured at amortised cost	-	-	114,725	113,676	-	-	122,842	123,505
Other financial assets								
Bank deposits	-	325	-	325	-	659	-	659
Due from banks	-	4,357	-	4,346	-	3,283	-	3,249
REPO with banks	-	-	-	-	-	4,081	-	4,081
Notes receivable	-	-	-	-	-	-	112	112
Loans to employees	-	-	696	696	-	-	928	928
Other loans measured at amortised cost	-	-	20,239	20,239	-	-	21,508	21,508
Securities measured at amortised cost	14,698	9,164	-	22,800	24,777	-	-	23,738
Total financial assets	21,432	43,732	226,706	289,748	32,714	27,991	236,620	296,915
Liabilities								
Trade and other financial payables								
Trade payables	-	-	53,956	53,956	-	350	35,800	36,150
Dividend payable	-	-	23,388	23,388	-	-	55,865	55,865
Current portion of lease liabilities	-	-	2,480	2,480	-	-	2,613	2,613
Other payables	-	-	2,621	2,621	-	332	1,477	1,809
Non-current lease liabilities	-	-	10,664	10,664	-	-	11,578	11,578
Debt								
Bonds issued	15,000	8,456	-	23,338	20,032	1,825	-	21,857
Subordinated debt	-	1,722	-	1,680	-	1,287	-	1,287
Debt securities issued	-	895	-	910	-	923	-	923
Credit facilities	-	-	5,019	5,019	-	-	14,700	14,700
Other debt	-	-	4,608	4,608	-	-	2,482	2,482
Banking: Due to banks and the Bank of Russia	974	14,143	-	15,216	1,527	21,288	-	22,815
Banking: Customer accounts	-	159,130	-	159,298	-	156,578	-	160,052
Total financial liabilities	15,974	184,346	102,736	303,178	21,559	182,583	124,515	332,131

Note 20: Fair values (continued)

The fair values in Level 2 fair value hierarchy were estimated using the discounted contractual cash flows and observable interest rates for identical instruments. The fair values in Level 3 fair value hierarchy were estimated using the discounted cash flows and observable interest rates for similar instruments with adjustment to credit risk and maturity.

Note 21: Subsequent events

In 4 quarter 2020 the Group borrowed RR 10,700 million in total from Russian bank at the current market rates under existing lines of credit arrangements. The Group repaid RR 9,050 millions of these loans by the date of this consolidated interim condensed financial statements.

In October 2020, amendments to the Tax Code of the Russian Federation and the Federal Law "On the Customs Tariff" were enacted, as a result of which, effective from January 1, 2021, tax benefits for MET for the production of superviscous oil are cancelled and the possibility of establishing special formulas for calculating the rates of export duties in relation to superviscous oil is excluded. At the same time, for the production of superviscous oil in subsoil areas located fully or partially within the borders of the Republic of Tatarstan, subject to certain conditions, there is a tax deduction for MET applied from January 1, 2021 to the tax period in which the deduction amount for the first time will be more than RR 36 billion. In addition, incentive rates in the mineral extraction tax calculation formula have been cancelled for oil production from depleted subsoil areas, while the right to switch to the calculation of tax on additional income has been granted.