

AUDITOR'S REPORT

on CREDIT BANK OF MOSCOW's
annual accounting (financial) statements
for 2019

**MOSCOW
2020**

AUDITOR'S REPORT

TO SHAREHOLDERS

OF CREDIT BANK OF MOSCOW (public joint-stock company)

AUDITOR'S OPINION

We have audited the accompanying CREDIT BANK OF MOSCOW's (public joint-stock company) (the "Bank") annual accounting (financial) statements for 2019 (State Registration Number 1027739555282 issued by the Ministry of Taxation of the Russian Federation on November 18, 2002, 2 (bldg. 1) Lukov pereulok, Moscow 107045, Russian Federation):

1. Balance Sheet (published form) for 2019;
2. Report on Financial Results (published form) for 2019;
3. Annexes to the Balance Sheet and Report on Financial Results, including:
 - Report on Capital Adequacy (published form) as of 01 January 2020;
 - Report on Changes in the Financial Institution's Capital (published form) as of 01 January 2020;
 - Statement of Mandatory Ratios, Leverage Ratio and Short-term Liquidity Ratio (published form) as of 01 January 2020;
 - Cash Flow Statement (published form) as of 01 January 2020;
 - Explanatory Notes to the annual accounting (financial) statements for 2019.

In our opinion, the annual accounting (financial) statements present fairly, in all material respects, the financial position of the Bank as of 01 January 2020, its financial performance and its cash flows for 2019 in accordance with Russian annual accounting (financial) reporting rules.

BASIS OF OPINION

We have made the audit in compliance with Federal Audit Standards and International Standards on Auditing (ISA). Our liability under these standards is described in the section "Auditor's liability for audit of annual accounting (financial) statements" hereof. We are independent of the auditee in accordance with the Auditors' and Audit Organisations' Independence Rules and the Code of Professional Ethics for Auditors, which are consistent with the Code of Ethics for Professional Accountants promulgated by the International Ethics Standards Board for Accountants, and we have fulfilled other duties under those professional ethics requirements. We believe that the audit proofs obtained by us are adequate and appropriate to serve as basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are the matters which, in our professional judgment, were the most relevant for our audit of the annual accounting (financial) statements for the current period:

- evaluation of financial instruments and financial assets;
- correct provisioning for impairment of financial assets and contingencies;

- condition of internal control and risk management.

Those matters were considered in the context of our audit of the annual accounting (financial) statement in general and in making our opinion thereon, and we do not express any particular opinion on those matters.

Management of the Bank is responsible for the Bank's compliance with mandatory ratios promulgated by the Bank of Russia, and compliance of its internal control and risk management systems with the Bank of Russia's requirements to such systems.

Pursuant to article 42 of Federal Law No. 395-I "On Banks and Banking Activities" dated 02 December 1990, our audit of the Bank's annual accounting (financial) statements for 2019 checked:

- the Bank's compliance, as of 01 January 2020, with mandatory ratios promulgated by the Bank of Russia;
- compliance of its internal control and risk management systems with the Bank of Russia's requirements to such systems.

This check was limited to such procedures selected based on our judgment as inquiries, analysis, review of documents, comparison of the requirements and methodology approved by the Bank with the Bank of Russia's requirements, as well as recalculation and comparison of quantitative indicators and other information.

Our check resulted in the following findings:

1) in relation to the Bank's compliance with mandatory ratios promulgated by the Bank of Russia:

- such ratios of the Bank as of 01 January 2020 were within the limits set by the Bank of Russia.

We did not perform any procedures in respect of the Bank's accounting data other than the procedures we deemed necessary for the purposes of expressing an opinion on whether the Bank's annual accounting (financial) statements reflect accurately in all material respects its financial condition as of 01 January 2020, the results of its business operations and cash flows for 2019 in accordance with Russian rules for preparation of credit institutions' annual accounting (financial) statements;

2) in relation to the compliance of the Bank's internal control and risk management systems with the Bank of Russia's requirements to such systems:

- as required and recommended by the Bank of Russia, as of 01 January 2020 the Bank's Internal Audit Department was subordinate and accountable to the Supervisory Board, its risk management subdivisions were not subordinate or accountable to subdivisions assuming relevant risks, the heads of its Internal Audit Department and risk management subdivision met the eligibility criteria set forth by the Bank of Russia;
- the Bank's policy documents in effect as of 01 January 2020 setting out the methodology for identification and management of credit, operational, market, interest rate, legal, liquidity and reputational risks relevant to it, and for stress testing, were approved by its authorised governing bodies as required and recommended by the Bank of Russia;
- the Bank had in place, as of 01 January 2020, a reporting system for credit, operational, market, interest rate, legal and reputational risks relevant to it, and its equity (capital);
- reports on the Bank's credit, operational, market, interest rate, legal, liquidity and reputational risks were prepared by the Bank's risk management subdivisions and Internal Audit Department

for 2019 as often and in such sequence as required by its policy documents; such reports included observations of the Bank's risk management subdivisions and Internal Audit Department in respect of the efficiency appraisal of the Bank's respective methodologies, and recommendations on how to improve them;

- as of 01 January 2020, the Bank's Supervisory Board and executive bodies had the responsibility to control its compliance with the risk tolerances and capital adequacy levels set forth by its policy documents, as well as the efficiency, and consistency in application, of its risk management procedures.

We performed the procedures in respect of the Bank's internal control and risk management systems only for the purposes of audit of their compliance with the Bank of Russia's requirements to such systems.

OTHER INFORMATION

Our opinion on the annual accounting (financial) statements does not cover any other information, and we do not give any conclusion providing any form of assurance as to such information.

In connection with our audit of the annual accounting (financial) statements, our duty is to review other information for any material inconsistencies with the annual accounting (financial) statements or our knowledge obtained in the course of audit and for any other signs of material distortions. If our work prompts us to conclude that such other information contains any material misstatement, we must report such fact.

LIABILITY OF THE AUDITEE'S MANAGEMENT AND SUPERVISORY BOARD MEMBERS FOR ITS ANNUAL ACCOUNTING (FINANCIAL) STATEMENTS

Management is responsible for the preparation and correct presentation of these annual accounting (financial) statements in accordance with the annual accounting (financial) reporting rules enacted in the Russian Federation and for the internal control system, which management considers necessary to prepare annual accounting (financial) statements free from any material distortions caused by misconduct or mistakes.

In preparing annual accounting (financial) statements, management is responsible for evaluating the auditee's capability to carry on as a going concern, for related disclosures in relevant cases and for making statements based on the going concern assumption, unless management intends or is compelled to liquidate or unwind the auditee.

Members of the Supervisory Board are responsible for overseeing the preparation of the auditee's annual accounting (financial) statements.

AUDITOR'S LIABILITY FOR AUDIT OF ANNUAL ACCOUNTING (FINANCIAL) STATEMENTS

Our aim is to obtain reasonable assurance that the annual accounting (financial) statements are free from any material distortions caused by misconduct or mistakes and to make an audit report containing our opinion. Reasonable assurance is a high degree of assurance, but does not guarantee that an audit carried out in accordance with the ISA always exposes any existing material distortions. Distortions may result from misconduct or mistakes and are deemed material if might reasonably be expected, individually or taken together, to affect economic decisions taken by users based on these annual accounting (financial) statements.

In the course of an ISA-based audit, we use professional judgment and retain professional scepticism throughout the entire audit. In addition, we do the following:

- a) identify and evaluate the risks of material distortion of annual accounting (financial) statements caused by misconduct or mistakes; design and carry out audit procedures in response to those risks; obtain audit proofs adequate and appropriate to serve as basis for our opinion. The risk of non-discovery of a material distortion caused by misconduct is higher than the risk of non-discovery of a material distortion caused by a mistake, as misconduct may involve collusion, forgery, wilful omission, misrepresentation or circumvention of the internal control system;
- b) obtain understanding of the auditee's internal control system relevant to the audit to design audit procedures in line with the existing circumstances, but not to express any opinion on its efficiency;
- c) evaluate appropriateness of the accounting policy applied, justification of accounting estimations and related disclosures prepared by the auditee's management;
- d) conclude on the validity of the going concern assumption held by the auditee's management and, based on audit proofs obtained, conclude on whether there is material uncertainty in relation to any events or conditions that may give rise to significant doubts as to the auditee's capability to carry on as a going concern. If we conclude that there is material uncertainty, our audit report must highlight the relevant disclosure in the annual accounting (financial) statements or, if such disclosure is undue, we must modify our opinion. Our conclusions are based on audit proofs obtained before the date of our audit report. However, future events or conditions may cause the auditee to be no longer able to continue as a going concern;
- e) evaluate the annual accounting (financial) statements' general presentation, structure and contents, including disclosures, and whether the annual accounting (financial) statements fairly present the underlying operations and events.

We communicate with the auditee's management informing them, inter alia, about the proposed scope and timeline of the audit, and any material issues resulting from the audit, in particular any significant flaws in the internal control system that we expose in the audit process.

We also provide to the auditee's Supervisory Board a statement that we complied with all applicable ethical requirements as to independence and informed them of all relationships and other matters that may be reasonably expected to affect the auditor's independence and, where appropriate, of the relevant precautions.

Out of the matters we made known to the auditee's management, we identified those that were the most significant for the audit of the annual accounting (financial) statements for the current period and, therefore, are key audit matters. We describe them in our audit report except where their public disclosure is prohibited by law or regulation or, very rarely, where we conclude that a given matter must not be disclosed in our report because the adverse effects of doing so might reasonably be expected to outweigh the public benefit.

**Head of Credit and Financial Institutions
Audit Unit,
Audit Department, JSC "ACG "RBS"**

S.E. Bykova

acting under power of attorney
№ 13 dated 09 January 2020
(qualification certificate No. 03-000437 dated
04.12.2012 for an indefinite term)

Auditor

JSC "Audit-Consulting Group "Business Systems Development (RBS)".

State registration number: 1027739153430,

3B (bldg. 2), office 3, Kudrinsky pereulok, Moscow 123242,

Member of the self-regulatory organisation of auditors "Auditors' Association Sodruzhestvo",

Number in the Register of Auditors and Audit Entities of the self-regulatory organisation of auditors:
11206027697.

«27» March 2020