

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the six-month period
ended 30 June 2015

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Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Supervisory Board of CREDIT BANK OF MOSCOW (open joint-stock company)

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of CREDIT BANK OF MOSCOW (open joint-stock company) and its subsidiaries (the Group) as at 30 June 2015, and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three- and the six-month periods ended 30 June 2015, and the related consolidated interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2015, and notes to the consolidated interim condensed financial information (the consolidated interim condensed financial information). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Audited entity: Credit Bank of Moscow (open joint-stock company).

Registered by the Central Bank of the Russian Federation on 18 August 1999, Registration No. 1978.

Entered in the Unified State Register of Legal Entities on 18 November 2002 by the Department of Federal Tax Service, Registration No. 1027739555282, Certificate series 77 No. 004840877.

Address of audited entity: 2 (bldg. 1), Lukov pereulok, Moscow, Russia, 107045.

Independent auditor: JSC KPMG, a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2015 and for the three- and the six-month periods ended 30 June 2015 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



Malyutina M.S.



Director, power of attorney dated 16 March 2015 No. 16/15

JSC "KPMG"

Moscow, Russian Federation

28 August 2015

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three- and the six-month periods ended 30 June 2015

| | Notes | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|---|-------|---|---|---|---|
| Interest income | 4 | 38 699 742 | 25 991 479 | 19 897 851 | 13 635 968 |
| Interest expense | 4 | (28 278 339) | (15 106 530) | (14 373 131) | (7 709 852) |
| Net interest income | 4 | 10 421 403 | 10 884 949 | 5 524 720 | 5 926 116 |
| Provision for impairment of loans | 12 | (8 482 034) | (3 745 118) | (3 914 640) | (1 830 811) |
| Net interest income after provision for impairment of loans | | 1 939 369 | 7 139 831 | 1 610 080 | 4 095 305 |
| Fee and commission income | 5 | 4 299 639 | 4 026 247 | 2 479 791 | 2 112 574 |
| Fee and commission expense | 5 | (1 311 340) | (724 463) | (916 295) | (388 870) |
| Net gain (loss) on financial instruments at fair value through profit or loss | | 608 953 | (64 602) | 606 071 | 164 556 |
| Net realized gain (loss) on available-for-sale assets | | 24 825 | (71 023) | 15 996 | (46 057) |
| Net foreign exchange gains | | 1 275 294 | 239 411 | 466 063 | 48 336 |
| State deposit insurance scheme contributions | | (337 886) | (269 563) | (166 509) | (134 782) |
| Other operating (expense) income, net | | (173 616) | 234 891 | (325 558) | 212 337 |
| Non-interest income | | 4 385 869 | 3 370 898 | 2 159 559 | 1 968 094 |
| Operating income | | 6 325 238 | 10 510 729 | 3 769 639 | 6 063 399 |
| Salaries and employment benefits | 6 | (2 593 514) | (2 865 620) | (1 227 302) | (1 570 472) |
| Administrative expenses | 6 | (1 481 264) | (1 717 821) | (908 372) | (1 031 522) |
| Depreciation of property and equipment | 13 | (291 810) | (263 119) | (147 218) | (147 177) |
| (Provision for) recovery of impairment of other assets and credit related commitments | | (444 567) | 79 130 | (336 904) | (112 181) |
| Operating expense | | (4 811 155) | (4 767 430) | (2 619 796) | (2 861 352) |
| Profit before income taxes | | 1 514 083 | 5 743 299 | 1 149 843 | 3 202 047 |
| Income tax | 7 | (319 334) | (1 499 881) | (244 100) | (877 246) |
| Profit for the period | | 1 194 749 | 4 243 418 | 905 743 | 2 324 801 |

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three- and the six-month periods ended 30 June 2015 (continued)

| Notes | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|---|---|---|---|---|
| Profit for the period | 1 194 749 | 4 243 418 | 905 743 | 2 324 801 |
| Other comprehensive income | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | |
| Revaluation reserve for available- for-sale securities: | | | | |
| - net change in fair value | 1 876 360 | 18 317 | 675 779 | 194 728 |
| - net change in fair value transferred to profit or loss | (220 142) | (17 228) | (147 656) | (26 113) |
| Income tax related to other comprehensive income | (331 244) | (218) | (105 625) | (33 723) |
| Other comprehensive income for the period, net of tax | 1 324 974 | 871 | 422 498 | 134 892 |
| Total comprehensive income for the period | 2 519 723 | 4 244 289 | 1 328 241 | 2 459 693 |
| Basic and diluted earnings per share (in RUB per share) | 0.08 | 0.29 | 0.06 | 0.16 |

Chairman of the Management Board

Vladimir A. Chubar

Acting Chief Accountant



Ekaterina V. Toloka

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Financial Position
as at 30 June 2015

| | Notes | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---|-------|--|-----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 8 | 111 230 967 | 118 696 921 |
| Obligatory reserves with the Central Bank of the Russian Federation | | 3 875 780 | 3 360 070 |
| Due from credit and other financial institutions | 9 | 117 199 092 | 6 880 576 |
| Financial instruments at fair value through profit or loss | 10 | 59 099 723 | 49 864 611 |
| - Held by the Group | 10 | 55 182 145 | 49 726 110 |
| - Pledged under sale and repurchase agreements | 10 | 3 917 578 | 138 501 |
| Available-for-sale securities | 11 | 17 529 907 | 11 111 625 |
| - Held by the Group | 11 | 15 848 743 | 11 111 625 |
| - Pledged under sale and repurchase agreements | 11 | 1 681 164 | - |
| Loans to customers | 12 | 431 808 186 | 378 014 328 |
| Property and equipment | 13 | 7 213 972 | 7 399 340 |
| Goodwill | | - | 301 089 |
| Other assets | | 8 993 771 | 9 210 432 |
| Total assets | | 756 951 398 | 584 838 992 |
| LIABILITIES AND EQUITY | | | |
| Deposits by the Central Bank of the Russian Federation | 14 | 80 138 272 | 11 594 431 |
| Deposits by credit and other financial institutions | 15 | 70 395 004 | 54 302 953 |
| Deposits by customers | 16 | 407 262 617 | 334 852 198 |
| Debt securities issued | 17 | 117 162 182 | 118 621 304 |
| Deferred tax liability | | 1 873 124 | 2 196 335 |
| Current tax liability | | - | 13 720 |
| Other liabilities | | 4 437 332 | 3 270 561 |
| Total liabilities | | 681 268 531 | 524 851 502 |
| Equity | | | |
| Share capital | 18 | 16 601 957 | 15 329 692 |
| Additional paid-in capital | | 13 496 492 | 9 768 757 |
| Shares in the process of issue | | 13 175 654 | 5 000 000 |
| Revaluation surplus for buildings | | 1 115 928 | 1 115 928 |
| Revaluation reserve for available-for-sale securities | | 47 445 | (1 277 529) |
| Retained earnings | | 31 245 391 | 30 050 642 |
| Total equity | | 75 682 867 | 59 987 490 |
| Total liabilities and equity | | 756 951 398 | 584 838 992 |

Commitments and Contingencies

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Chairman of the Management Board

Vladimir A. Chubar

Acting Chief Accountant

Ekaterina V. Toloka

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Cash Flows
for the six-month period ended 30 June 2015

| Notes | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest receipts | 35 339 141 | 24 855 380 |
| Interest payments | (25 801 697) | (15 352 874) |
| Fees and commission receipts | 4 016 549 | 3 832 584 |
| Fees and commission payments | (1 311 340) | (924 463) |
| Net receipts from operations with securities | 419 792 | 22 291 |
| Net receipts from foreign exchange | 2 806 396 | 1 094 174 |
| State deposit insurance scheme contributions payments | (324 002) | (266 976) |
| Net other operating income (losses) receipts | (97 857) | 190 808 |
| Salaries and employment benefits paid | (2 566 824) | (2 890 437) |
| Administrative expenses paid | (971 418) | (1 986 106) |
| Income tax paid | (153 711) | (1 265 659) |
| Operating cash flows before changes in operating assets and liabilities | 11 355 029 | 7 308 722 |
| (Increase) decrease in operating assets | | |
| Obligatory reserves with the Central Bank of the Russian Federation | (515 710) | (220 396) |
| Due from credit and other financial institutions | (111 410 690) | 5 711 438 |
| Financial instruments at fair value through profit or loss | (7 662 178) | (8 089 338) |
| Loans to customers | (66 116 360) | (39 727 018) |
| Other assets | 648 679 | 879 472 |
| Increase (decrease) in operating liabilities | | |
| Deposits by the Central Bank of the Russian Federation | 68 673 570 | (7 897 167) |
| Deposits by credit and other financial institutions | 36 740 731 | 12 827 386 |
| Deposits by customers | 71 658 903 | 19 871 430 |
| Promissory notes | 3 845 392 | (1 904 143) |
| Other liabilities | 88 457 | 171 053 |
| Net cash from (used in) operations | 7 305 823 | (11 068 561) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net (purchase) sale of available-for-sale securities | (3 501 601) | 4 100 793 |
| Net purchase of property and equipment | (130 256) | (429 271) |
| Net cash (used in) from investing activities | (3 631 857) | 3 671 522 |

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Cash Flows
for the six-month period ended 30 June 2015

| Notes | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|--|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of common stock | 13 175 654 | 13 001 811 |
| Proceeds from syndicated borrowings | 251 237 | - |
| Repayments of syndicated borrowings | (18 680 858) | - |
| Proceeds from issuance of bonds | 3 000 000 | 3 715 282 |
| Repayments of bonds | (7 000 000) | (12 733 050) |
| Net cash (used in) from financing activities | (9 253 967) | 3 984 043 |
| Effect of exchange rates changes on cash and cash equivalents | (1 885 953) | 653 913 |
| Change in cash and cash equivalents | (7 465 954) | (2 759 083) |
| Cash and cash equivalents, beginning of the period | 118 696 921 | 67 064 920 |
| Cash and cash equivalents, end of the period | 111 230 967 | 64 305 837 |

Chairman of the Management Board

Acting Chief Accountant



Vladimir A. Chubar

Ekaterina V. Toloka

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Changes in Equity
for the six-month period ended 30 June 2015

| | Share capital RUB'000 | Additional paid-in capital RUB'000 | Shares in the process of issue RUB'000 | Revaluation surplus for buildings RUB'000 | Revaluation reserve for available-for- sale securities RUB'000 | Retained earnings RUB'000 | Total equity RUB'000 |
|--|--------------------------|---|---|--|--|---------------------------------|-------------------------|
| 31 December 2013 | 15 329 692 | 9 768 757 | - | 1 115 928 | (37 639) | 24 481 309 | 50 658 047 |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | 871 | 4 243 418 | 4 244 289 |
| 30 June 2014 (Unaudited) | 15 329 692 | 9 768 757 | - | 1 115 928 | (36 768) | 28 724 727 | 54 902 336 |
| 31 December 2014 | 15 329 692 | 9 768 757 | 5 000 000 | 1 115 928 | (1 277 529) | 30 050 642 | 59 987 490 |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | 1 324 974 | 1 194 749 | 2 519 723 |
| Transactions with owners, recorded directly in equity (Unaudited) | | | | | | | |
| Shares issued (Unaudited) | 1 272 265 | 3 727 735 | (5 000 000) | - | - | - | - |
| Shares in the process of issue (Unaudited) | - | - | 13 175 654 | - | - | - | 13 175 654 |
| Total transactions with owners, recorded directly in equity (Unaudited) | 1 272 265 | 3 727 735 | 8 175 654 | - | - | - | 13 175 654 |
| 30 June 2015 (Unaudited) | 16 601 957 | 13 496 492 | 13 175 654 | 1 115 928 | 47 445 | 31 245 391 | 75 682 867 |

Chairman of the Management Board

Acting Chief Accountant



Vladimir A. Chubar

Ekaterina V. Toloka

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes, forming an integral part of consolidated interim condensed financial statements.

1 Background

Principal activities

These consolidated interim condensed financial statements include the financial statements of CREDIT BANK OF MOSCOW (open joint-stock company) (the Bank) and its subsidiaries (together referred to as the Group).

The Bank was formed on 5 August 1992 as an open joint-stock company, then re-registered as a limited liability company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganized as an open joint-stock company. The Bank's registered legal address is 2 (bldg. 1), Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central Bank of the Russian Federation (the CBR), renewed on 21 January 2013. In December 2004 the Bank was admitted to the state program for individual deposit insurance.

The Bank is among the 15 largest banks in Russia by assets and conducts its business in Moscow and the Moscow region with a branch network comprising 55 branches, 784 ATMs and 4 765 payment terminals.

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

The principal subsidiaries of the Group are as follows:

| Name | Country of incorporation | Principal activities | Degree of control, % | |
|-------------------------|--------------------------|------------------------------|--------------------------|------------------|
| | | | 30 June 2015 (unaudited) | 31 December 2014 |
| CBOM Finance p.l.c. | Ireland | Raising finance | 100% | 100% |
| MKB-Invest | Russia | Transactions with securities | 100% | 100% |
| MKB-Leasing | Russia | Finance leasing | 100% | 100% |
| M-Leasing | Russia | Finance leasing | 100% | 100% |
| CJSC Mortgage Agent MKB | Russia | Raising finance | 100% | 100% |

The Bank does not have any direct or indirect shareholdings in the subsidiaries "CBOM Finance p.l.c.", "MKB-Invest" and CJSC "Mortgage Agent MKB". "CBOM Finance p.l.c." was established to raise capital by the issue of debt securities and to use the proceeds of each such issuance to advance loans to the Bank. MKB-Invest is controlled by the Group through an option agreement. Mortgage Agent MKB was established for the purposes of the mortgage loans securitization program launched by the Bank in 2014.

Shareholders

In June 2015 the Bank commenced an initial public offering and issued 3 639 683 500 additional ordinary shares. As at 30 June 2015 the offering was completed and the share issue was in the process of registration. In July 2015 the CBR registered the Bank's share capital increase (note 18).

The Bank's shareholders as at 30 June 2015 are:

Concern Rossium, LLC – 86.2%

European Bank for Reconstruction and Development (EBRD) – 6.9%

RBOF Holding Company I Ltd. – 4.2%

International Finance Corporation (IFC) – 2.7%.

The majority shareholder of Concern Rossium, LLC, is Roman I. Avdeev, who is ultimate controlling party of the Group.

Related party transactions are detailed in note 21.

Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

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

The consolidated interim condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2014, as these consolidated interim condensed financial statements provide an update of previously reported financial information.

Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale securities are stated at fair value and buildings are stated at revalued amounts.

Functional and presentation currency

The functional currency of the Bank and the majority of its subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in RUB is rounded to the nearest thousand.

Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these consolidated interim condensed financial statements the critical judgments made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

3 Significant accounting policies

The accounting policies applied by the Group in the preparation of these consolidated interim condensed financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2014.

Certain amendments to IFRS became effective from 1 January 2015 and have been adopted by the Group since that date. These changes do not have a significant effect on the consolidated interim condensed financial statements.

4 Net interest income

| | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|--|---|---|---|---|
| Interest income | | | | |
| Loans to customers | 30 964 944 | 22 775 547 | 15 587 309 | 12 036 801 |
| Financial instruments at fair value through profit or loss and available-for-sale securities | 4 046 500 | 2 473 876 | 2 247 222 | 1 254 239 |
| Due from credit and other financial institutions and the Central Bank of the Russian Federation | 3 688 298 | 742 056 | 2 063 320 | 344 928 |
| | 38 699 742 | 25 991 479 | 19 897 851 | 13 635 968 |
| Interest expense | | | | |
| Deposits by customers | (20 662 845) | (10 026 704) | (10 494 463) | (5 131 758) |
| Debt securities issued | (5 785 136) | (3 672 830) | (2 825 518) | (1 745 409) |
| Deposits by credit and other financial institutions and the Central Bank of the Russian Federation | (1 830 358) | (1 406 996) | (1 053 150) | (832 685) |
| | (28 278 339) | (15 106 530) | (14 373 131) | (7 709 852) |
| Net interest income | 10 421 403 | 10 884 949 | 5 524 720 | 5 926 116 |

5 Net fee and commission income

| | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|---|---|---|---|---|
| Fee and commission income | | | | |
| Guarantees and letters of credit | 950 912 | 647 126 | 620 764 | 351 232 |
| Plastic cards | 874 766 | 669 143 | 458 071 | 332 470 |
| Settlements and wire transfers | 625 470 | 746 892 | 318 283 | 356 119 |
| Cash handling | 606 478 | 607 020 | 310 303 | 292 764 |
| Insurance contracts processing | 451 448 | 1 033 449 | 365 522 | 570 831 |
| Other cash operations | 309 397 | 146 970 | 158 014 | 107 279 |
| Currency exchange commission | 147 595 | 86 965 | 80 356 | 56 039 |
| Other | 333 573 | 88 682 | 168 478 | 45 840 |
| | 4 299 639 | 4 026 247 | 2 479 791 | 2 112 574 |
| Fee and commission expense | | | | |
| Settlements, wire transfers and plastic cards | (669 263) | (603 269) | (351 911) | (318 961) |
| Other | (642 077) | (121 194) | (564 384) | (69 909) |
| | (1 311 340) | (724 463) | (916 295) | (388 870) |
| Net fee and commission income | 2 988 299 | 3 301 784 | 1 563 496 | 1 723 704 |

6 Salaries, employment benefits and administrative expenses

| | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|--|---|---|---|---|
| Salaries | 1 962 999 | 2 250 209 | 945 918 | 1 278 383 |
| Social security costs | 567 741 | 565 702 | 251 454 | 260 416 |
| Other | 62 774 | 49 709 | 29 930 | 31 673 |
| Salaries and employment benefits | 2 593 514 | 2 865 620 | 1 227 302 | 1 570 472 |
| Occupancy | 396 951 | 455 129 | 179 662 | 239 613 |
| Advertising and business development | 293 489 | 340 508 | 237 419 | 242 704 |
| Operating taxes | 213 654 | 356 523 | 133 349 | 208 335 |
| Property maintenance | 140 679 | 165 555 | 90 626 | 110 465 |
| Security | 118 277 | 125 407 | 71 617 | 76 347 |
| Transport | 60 691 | 42 496 | 35 698 | 25 886 |
| Computer maintenance and software expenses | 53 737 | 39 092 | 34 508 | 19 683 |
| Write-off of low-value fixed assets | 49 846 | 97 084 | 43 596 | 64 475 |
| Communications | 36 476 | 33 841 | 22 469 | 25 363 |
| Other | 117 464 | 62 186 | 59 428 | 18 651 |
| Administrative expenses | 1 481 264 | 1 717 821 | 908 372 | 1 031 522 |

The Group does not have pension arrangements separate from the State pension system of the Russian Federation. The Russian Federation system requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged to profit or loss in the period the related compensation is earned by the employee.

7 Income tax

| | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|---------------------------|---|---|
| Current tax charge | 996 704 | 1 292 607 |
| Deferred taxation | (677 370) | 207 274 |
| Income tax expense | 319 334 | 1 499 881 |

Russian legal entities must report taxable income and remit income taxes thereon to the appropriate authorities. The statutory income tax rate for the Bank is 20% in 2015 and 2014.

8 Cash and cash equivalents

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|--|-----------------------------|
| Cash on hand | 12 415 031 | 12 529 291 |
| Correspondent account with the Central Bank of the Russian Federation | 18 232 551 | 8 522 827 |
| Nostro accounts with other banks | | |
| rated from AA+ to AA- | 591 592 | 11 851 004 |
| rated from A+ to A- | 2 470 842 | 7 233 613 |
| rated from BBB+ to BBB- | 6 789 717 | 3 986 168 |
| rated from BB+ to BB- | 2 276 545 | 4 084 581 |
| rated from B+ to B- | 39 643 | 75 452 |
| not rated | 366 669 | 423 064 |
| Total nostro accounts with other banks | 12 535 008 | 27 653 882 |
| Due from credit and other financial institutions with maturity of less than 1 month | | |
| Deposits with the Central Bank of the Russian Federation | - | 36 600 000 |
| rated from A+ to A- | 6 104 806 | 8 392 430 |
| rated from BBB+ to BBB- | 25 348 403 | 2 000 287 |
| rated from BB+ to BB- | 15 240 476 | 292 413 |
| rated from B+ to B- | 14 399 917 | 16 655 517 |
| not rated | 6 954 775 | 6 050 274 |
| Total due from credit and other financial institutions with maturity of less than 1 month | 68 048 377 | 69 990 921 |
| Total cash and cash equivalents | 111 230 967 | 118 696 921 |

Ratings are based on Fitch or Standard & Poor's rating system.

No cash and cash equivalents are impaired or past due.

The correspondent account with the Central Bank of the Russian Federation represents balances held with the Central Bank of the Russian Federation related to settlement activity, and was available for withdrawal at the period end.

As at 30 June 2015, receivables under reverse sale and repurchase agreements included in cash and cash equivalents are RUB 38 896 357 thousand (31 December 2014: RUB 14 785 302 thousand).

As at 30 June 2015, not rated due from credit and other financial institutions with maturity of less than 1 month includes term deposits secured by highly liquid debt securities under agreements to resell (reverse repo) in the amount of RUB 5 954 775 thousand (31 December 2014: RUB 6 041 252 thousand).

As at 30 June 2015, the Group has one counterparty (31 December 2014: no counterparties except for the CBR) whose nostro accounts and deposits with maturity of less than 1 month exceed 10% of total cash and cash equivalents. The gross value of these balances as at 30 June 2015 is RUB 19 575 666 thousand (31 December 2014: nil).

9 Due from credit and other financial institutions

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---|--|-----------------------------|
| Term deposits | | |
| rated from BBB+ to BBB- | 26 517 190 | 88 000 |
| rated from B+ to B- | 4 241 687 | 6 792 576 |
| not rated | 86 440 215 | - |
| Total due from credit and other financial institutions | 117 199 092 | 6 880 576 |

No amounts due from credit and other financial institutions are impaired or past due.

Not rated term deposits due from credit and other financial institutions are receivables secured by highly liquid debt securities under agreements to resell (reverse repo) that are rated from BBB+ to BBB- and included in the Lombard list of the Central Bank of the Russian Federation.

10 Financial instruments at fair value through profit or loss

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|--|-----------------------------|
| <u>Held by the Group</u> | | |
| Government and municipal bonds | | |
| Regional authorities and municipal bonds | 3 465 489 | 7 244 254 |
| Moscow Government bonds | 220 619 | 115 020 |
| Russian Government Federal bonds (OFZ) | 98 223 | - |
| Corporate bonds | | |
| rated AAA | 173 344 | 842 067 |
| from BBB+ to BBB- | 12 666 650 | 9 907 665 |
| from BB+ to BB- | 22 570 496 | 15 233 908 |
| from B+ to B- | 8 839 920 | 8 081 725 |
| from CCC+ to CCC- | - | 47 184 |
| not rated | 7 146 113 | 7 238 900 |
| Derivative financial instruments | 1 291 | 1 015 387 |
| Total held by the Group | 55 182 145 | 49 726 110 |

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---|---|---|
| <u>Pledged under sale and repurchase agreements</u> | | |
| Government and municipal bonds | | |
| Regional authorities and municipal bonds | 3 597 690 | 138 501 |
| Corporate bonds | | |
| from BBB+ to BBB- | 161 849 | - |
| from BB+ to BB- | 158 039 | - |
| Total pledged under sale and repurchase agreements | 3 917 578 | 138 501 |
| Total financial instruments at fair value through profit or loss | 59 099 723 | 49 864 611 |

No financial instruments at fair value through profit or loss are past due.

As at 30 June 2015, debt instruments in the amount of RUB 50 566 221 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2014: RUB 43 154 979 thousand).

Derivative financial instruments

The table below summarises, by major currencies, the contractual amounts of spot and forward exchange contracts outstanding as at 30 June 2015 and 31 December 2014 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resulting unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognized in profit or loss and in financial instruments at fair value through profit or loss or other liabilities, as appropriate.

| | Notional amount | | Weighted average contractual exchange rates | |
|-------------------------------|---|---|---|---|
| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
| Buy USD sell RUB | | | | |
| Less than 3 months | 1 007 606 | 11 876 712 | 55.9781 | 55.8263 |
| Buy RUB sell USD | | | | |
| Less than 3 months | 13 098 112 | 6 385 328 | 52.9940 | 56.6864 |
| Buy RUB sell EUR | | | | |
| Less than 3 months | 820 861 | - | 59.5063 | - |
| Between 3 months and 6 months | - | 5 809 130 | - | 76.2319 |
| Buy EUR sell RUB | | | | |
| Between 3 months and 6 months | - | 5 758 920 | - | 67.7520 |
| Buy CNY sell RUB | | | | |
| Less than 3 months | - | 5 110 | - | 9.3247 |
| Buy USD sell EUR | | | | |
| Less than 3 months | 329 575 | - | 1.1202 | - |

11 Available-for-sale securities

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|--|-----------------------------|
| <u>Held by the Group</u> | | |
| Corporate bonds | | |
| from BBB+ to BBB- | 3 833 148 | 5 337 406 |
| from BB+ to BB- | 7 806 089 | 3 968 073 |
| from B+ to B- | 1 524 688 | 1 613 542 |
| Promissory notes | | |
| from BB+ to BB- | 2 199 472 | - |
| from B+ to B- | 485 291 | - |
| not rated | - | 192 549 |
| Equity investments | 55 | 55 |
| Total held by the Group | 15 848 743 | 11 111 625 |
| <u>Pledged under sale and repurchase agreements</u> | | |
| Corporate bonds | | |
| from BBB+ to BBB- | 194 003 | - |
| from BB+ to BB- | 1 487 161 | - |
| Total pledged under sale and repurchase agreements | 1 681 164 | - |
| Total available-for-sale securities | 17 529 907 | 11 111 625 |

No available-for-sale securities are past due.

As at 30 June 2015, debt instruments in the amount of RUB 14 137 869 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2014: RUB 9 707 306 thousand).

12 Loans to customers

| | 30 June 2015 RUB'000 (Unaudited) | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 | 31 December 2014 RUB'000 |
|-----------------------------------|--|--|-----------------------------|-----------------------------|
| | Loans | Impairment allowance | Loans | Impairment allowance |
| Loans to corporate clients | 327 311 376 | (13 174 148) | 265 917 879 | (8 366 428) |
| Loans to individuals | | | | |
| Auto loans | 6 675 927 | (122 664) | 8 493 575 | (120 461) |
| Mortgage loans | 19 341 086 | (466 442) | 19 665 252 | (305 563) |
| Credit card loans | 4 842 582 | (617 116) | 5 163 899 | (618 437) |
| Other loans to individuals | 95 245 327 | (7 227 742) | 94 949 919 | (6 765 307) |
| Total loans to individuals | 126 104 922 | (8 433 964) | 128 272 645 | (7 809 768) |
| Gross loans to customers | 453 416 298 | (21 608 112) | 394 190 524 | (16 176 196) |
| Net loans to customers | 431 808 186 | | 378 014 328 | |

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 30 June 2015 and 31 December 2014:

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---------------------------------------|---|---|
| Loans to customers | | |
| - Not past due | 409 579 225 | 361 562 775 |
| - Not past due but impaired | 9 416 712 | 18 074 192 |
| - Overdue less than 31 days | 3 298 325 | 3 341 060 |
| - Overdue 31-60 days | 2 147 089 | 1 263 771 |
| - Overdue 61-90 days | 6 624 381 | 881 005 |
| - Overdue 91-180 days | 15 351 235 | 2 558 685 |
| - Overdue 181-360 days | 4 887 974 | 4 614 081 |
| - Overdue more than 360 days | 2 111 357 | 1 894 955 |
| Total gross loans to customers | 453 416 298 | 394 190 524 |
| Impairment allowance | (21 608 112) | (16 176 196) |
| Total net loans to customers | 431 808 186 | 378 014 328 |

As at 30 June 2015, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 34 420 361 thousand, which represents 7.6% of the gross loan portfolio (31 December 2014: RUB 14 553 557 thousand and 3.7%, respectively).

Non-performing loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 22 350 566 thousand or 4.9% of the gross loan portfolio (31 December 2014: RUB 9 067 721 thousand and 2.3%, respectively).

NPLs together with restructured loans amount to RUB 32 503 298 thousand or 7.2% of the gross loan portfolio (31 December 2014: RUB 16 798 454 thousand and 4.3%, respectively).

As at 30 June 2015, the ratio of total impairment allowance to overdue loans equals 62.8%, the ratio of total impairment allowance to NPLs equals 96.7% and the ratio of total impairment allowance to NPLs together with restructured loans equals 66.5% (31 December 2014: 111.2%, 178.4% and 96.3%, respectively).

Movements in the loan impairment allowance for the six-month periods ended 30 June 2015 and 30 June 2014 are as follows:

| | 2015 RUB'000 (Unaudited) | 2014 RUB'000 (Unaudited) |
|---|---|---|
| Balance at the beginning of the period | 16 176 196 | 8 919 003 |
| Net charge | 8 482 034 | 3 745 118 |
| Net write-offs | (3 050 118) | (1 545 770) |
| Balance at the end of the period | 21 608 112 | 11 118 351 |

As at 30 June 2015, interest accrued on overdue and impaired loans amounts to RUB 1 684 047 thousand gross of impairment allowance (31 December 2014: RUB 802 934 thousand).

Credit quality of loans to corporate clients portfolio

The following table provides information on credit quality of loans to corporate clients as at 30 June 2015 and 31 December 2014:

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---|---|---|
| Loans to corporate clients | | |
| - Not past due | 295 652 873 | 244 633 302 |
| - Not past due but impaired | 9 416 712 | 18 074 192 |
| - Overdue less than 31 days | 1 408 738 | 1 755 632 |
| - Overdue 31-60 days | 1 136 760 | 337 509 |
| - Overdue 61-90 days | 5 606 339 | 107 039 |
| - Overdue 91-180 days | 13 125 178 | 386 288 |
| - Overdue 181-360 days | 902 913 | 607 032 |
| - Overdue more than 360 days | 61 863 | 16 885 |
| Total gross loans to corporate clients | 327 311 376 | 265 917 879 |
| Impairment allowance | (13 174 148) | (8 366 428) |
| Total net loans to corporate clients | 314 137 228 | 257 551 451 |

As at 30 June 2015, the Group estimates loan impairment for loans to corporate clients based on an analysis of future cash flows for impaired loans and based on its internal credit rating adjusted for the value of collateral for portfolios of loans for which no indications of impairment have been identified. The key assumptions used in the analysis of future cash flows for impaired loans are based on the assessment of the value of collateral pledged to secure these loans when applicable. To estimate net realizable value of collateral for sale, management generally relies on market prices and professional judgment of internal appraisers, applying discount where appropriate.

Changes in these estimates could affect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus two percent, the impairment allowance as at 30 June 2015 would decrease/increase by RUB 6 282 745 thousand (31 December 2014: RUB 5 151 029 thousand).

Analysis of collateral

Corporate loans are secured by the following types of collateral, depending on the type of transaction: real estate and other property, equipment and motor vehicles, inventories, receivables, guarantees and sureties, securities, promissory notes.

The following table provides information on collateral securing loans to corporate customers, net of impairment, by types of collateral as at 30 June 2015 and 31 December 2014:

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|---|---|
| Real estate and other property | 79 320 447 | 67 975 785 |
| Securities | 37 825 062 | 31 324 899 |
| Goods in turnover | 26 263 811 | 24 369 121 |
| Equipment and motor vehicles | 13 326 960 | 11 157 034 |
| Claims for contract receivables | 11 508 480 | 11 495 806 |
| Bank's own debt securities | 10 261 993 | 182 726 |
| Corporate guarantees and no collateral | 135 630 475 | 111 046 080 |
| | 314 137 228 | 257 551 451 |

The Group generally does not consider corporate guarantees for impairment assessment purposes.

The amounts in the table above represent the carrying value of the related loan, and do not necessarily represent the fair value of the collateral.

The recoverability of loans which are neither past due nor impaired is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Guarantees and sureties received from individuals, such as shareholders of SME borrowers, are not considered for impairment assessment purposes. Accordingly, such loans and unsecured portions of partially secured exposures are presented as loans without collateral or other credit enhancement.

Management estimates that the impairment allowance for loans to corporate customers would have been approximately RUB 3 233 078 thousand higher without any collateral as at 30 June 2015 (31 December 2014: RUB 3 019 988 thousand).

Collateral obtained

During the six-month period ended 30 June 2015, the Group obtained certain assets the carrying amount of which as at 30 June 2015 was RUB 268 492 thousand by taking possession of collateral for loans to corporate customers (during year ended 31 December 2014: RUB 3 525 081 thousand). The Group's policy is to sell these assets as soon as it is practicable.

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance for loans to corporate clients for the six-month periods ended 30 June 2015 and 30 June 2014 are as follows:

| | 2015 RUB'000 (Unaudited) | 2014 RUB'000 (Unaudited) |
|---|---|---|
| Balance at the beginning of the period | 8 366 428 | 4 453 275 |
| Net charge | 5 108 519 | 666 173 |
| Net write-offs | (300 799) | (576 644) |
| Balance at the end of the period | 13 174 148 | 4 542 804 |

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 30 June 2015:

| RUB'000 | Auto loans (Unaudited) | Mortgage loans (Unaudited) | Credit card loans (Unaudited) | Other loans to individuals (Unaudited) | Total (Unaudited) |
|------------------------------|---------------------------------------|---|--|---|------------------------------|
| - Not past due | 6 440 141 | 18 014 540 | 3 940 677 | 85 530 994 | 113 926 352 |
| - Overdue less than 31 days | 40 634 | 177 367 | 103 537 | 1 568 049 | 1 889 587 |
| - Overdue 31-60 days | 16 805 | 39 772 | 5 807 | 947 945 | 1 010 329 |
| - Overdue 61-90 days | 15 877 | 207 719 | 82 860 | 711 586 | 1 018 042 |
| - Overdue 91-180 days | 44 666 | 128 996 | 186 090 | 1 866 305 | 2 226 057 |
| - Overdue 181-360 days | 76 723 | 288 721 | 345 545 | 3 274 072 | 3 985 061 |
| - Overdue more than 360 days | 41 081 | 483 971 | 178 066 | 1 346 376 | 2 049 494 |
| Gross loans | 6 675 927 | 19 341 086 | 4 842 582 | 95 245 327 | 126 104 922 |
| Impairment allowance | (122 664) | (466 442) | (617 116) | (7 227 742) | (8 433 964) |
| Net loans | 6 553 263 | 18 874 644 | 4 225 466 | 88 017 585 | 117 670 958 |

The following table provides information on the credit quality of loans to individuals as at 31 December 2014:

| RUB'000 | Auto loans | Mortgage loans | Credit card loans | Other loans to individuals | Total |
|------------------------------|-------------------|-----------------------|--------------------------|-----------------------------------|--------------------|
| - Not past due | 8 231 688 | 18 613 314 | 4 285 871 | 85 798 600 | 116 929 473 |
| - Overdue less than 31 days | 38 895 | 196 019 | 1 521 | 1 348 993 | 1 585 428 |
| - Overdue 31-60 days | 23 094 | 112 733 | 81 393 | 709 042 | 926 262 |
| - Overdue 61-90 days | 17 596 | 42 209 | 71 866 | 642 295 | 773 966 |
| - Overdue 91-180 days | 44 461 | 160 623 | 178 233 | 1 789 080 | 2 172 397 |
| - Overdue 181-360 days | 93 655 | 164 958 | 391 589 | 3 356 847 | 4 007 049 |
| - Overdue more than 360 days | 44 186 | 375 396 | 153 426 | 1 305 062 | 1 878 070 |
| Gross loans | 8 493 575 | 19 665 252 | 5 163 899 | 94 949 919 | 128 272 645 |
| Impairment allowance | (120 461) | (305 563) | (618 437) | (6 765 307) | (7 809 768) |
| Net loans | 8 373 114 | 19 359 689 | 4 545 462 | 88 184 612 | 120 462 877 |

Management estimates loan impairment based on historical loss experience for these types of loans using historical loss migration patterns for the past twenty four months and the fair value of collateral. The significant assumptions used by management in determining the impairment losses for loans to individuals is that loss migration rates and recovery rates are stable and can be estimated based on the historic loss migration pattern for the past twenty four months.

Changes in these estimates could affect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by three percent, the impairment allowance as at 30 June 2015 would increase/decrease by RUB 3 530 129 thousand (31 December 2014: RUB 3 613 886 thousand).

Analysis of collateral

Mortgage loans are secured by the underlying housing real estate. Auto loans are secured by the underlying car. Credit card overdrafts and consumer loans to individuals are not secured.

For the allowance on a portfolio basis, management does not estimate loan impairment based on a specific analysis of the fair value of collateral but instead applies actual historical loss experience.

As at 30 June 2015, impaired mortgage loans in the gross amount of RUB 1 326 547 thousand are secured by collateral with a fair value of RUB 934 541 thousand (31 December 2014: RUB 1 051 939 thousand and RUB 800 317 thousand, respectively). As at 30 June 2015, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 338 559 thousand (31 December 2014: RUB 332 234 thousand).

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of loans to individuals for the six-month period ended 30 June 2015 are as follows:

| | Auto loans | Mortgage loans | Credit card loans | Other loans to individuals | Total |
|---|--------------------|-----------------------|--------------------------|-----------------------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Balance at the beginning of the period | 120 461 | 305 563 | 618 437 | 6 765 307 | 7 809 768 |
| Net charge | 80 025 | 160 879 | 299 305 | 2 833 306 | 3 373 515 |
| Net write-offs | (77 822) | - | (300 626) | (2 370 871) | (2 749 319) |
| Balance at the end of the period | 122 664 | 466 442 | 617 116 | 7 227 742 | 8 433 964 |

Movements in the loan impairment allowance by classes of loans to individuals for the six-month period ended 30 June 2014 are as follows:

| | Auto loans | Mortgage loans | Credit card loans | Other loans to individuals | Total |
|---|--------------------|-----------------------|--------------------------|-----------------------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Balance at the beginning of the period | 111 366 | 186 329 | 309 052 | 3 858 981 | 4 465 728 |
| Net charge | 90 473 | 12 590 | 244 819 | 2 731 063 | 3 078 945 |
| Net write-offs | (93 229) | - | (47 028) | (828 869) | (969 126) |
| Balance at the end of the period | 108 610 | 198 919 | 506 843 | 5 761 175 | 6 575 547 |

Industry and geographical analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

| | 30 June 2015 | 31 December 2014 |
|--|---------------------|-------------------------|
| | RUB'000 | RUB'000 |
| | (Unaudited) | |
| Loans to individuals | 126 104 922 | 128 272 645 |
| Property rental | 37 173 746 | 11 878 567 |
| Food and farm products | 36 524 201 | 24 130 079 |
| Residential and commercial construction and development | 33 963 212 | 32 896 516 |
| Automotive, motorcycles and spare parts | 30 441 633 | 26 525 458 |
| Oil and industrial chemicals | 28 287 487 | 21 780 382 |
| Services | 26 396 538 | 29 283 288 |
| Financial | 22 167 731 | 16 207 141 |
| Metallurgical | 19 342 861 | 20 644 628 |
| Industrial and infrastructure construction | 17 915 095 | 12 990 509 |
| Equipment leasing | 15 370 042 | 1 310 709 |
| Clothing, shoes, textiles and sporting goods | 11 563 979 | 15 805 953 |
| Consumer electronics, appliances and computers | 10 406 859 | 14 531 414 |
| Pharmaceutical and medical products | 8 256 547 | 8 456 534 |
| Industrial equipment and machinery | 7 720 575 | 9 189 011 |
| Construction and decorative materials, furniture | 7 265 969 | 6 082 450 |
| Telecommunications | 4 324 130 | 2 725 139 |
| Consumer chemicals, perfumes and hygiene products | 3 475 162 | 1 904 249 |
| Paper, stationery and packaging products | 1 191 561 | 2 052 741 |
| Electric utility | 937 735 | 1 686 105 |
| Gardening and pet products | 393 665 | 911 264 |
| Books, video, print and copy | 261 011 | 308 363 |
| Products for home, gifts, jewelry and business accessories | 176 266 | 344 065 |
| Other | 3 755 371 | 4 273 314 |
| | 453 416 298 | 394 190 524 |
| Impairment allowance | (21 608 112) | (16 176 196) |
| | 431 808 186 | 378 014 328 |

13 Property and equipment

The movement in property and equipment for the six-month period ended 30 June 2015 is presented in the table below:

| RUB'000 (Unaudited) | Buildings | Vehicles | Computers and office equipment | Furniture and other property | Construction in progress | Total |
|----------------------------|------------------|-----------------|---------------------------------------|-------------------------------------|---------------------------------|------------------|
| Cost/revalued amount | | | | | | |
| At 1 January 2015 | 6 191 074 | 487 116 | 329 088 | 1 928 814 | 70 338 | 9 006 430 |
| Additions | 598 | 1 367 | 47 541 | 71 037 | 9 713 | 130 256 |
| Disposals | - | (7 936) | (22 209) | (45 615) | - | (75 760) |
| At 30 June 2015 | 6 191 672 | 480 547 | 354 420 | 1 954 236 | 80 051 | 9 060 926 |
| Accumulated depreciation | | | | | | |
| At 1 January 2015 | 212 393 | 244 178 | 193 266 | 957 253 | - | 1 607 090 |
| Depreciation charge | 64 963 | 47 933 | 32 585 | 146 329 | - | 291 810 |
| Disposals | - | (5 836) | (21 003) | (25 107) | - | (51 946) |
| At 30 June 2015 | 277 356 | 286 275 | 204 848 | 1 078 475 | - | 1 846 954 |
| Carrying value | | | | | | |
| At 30 June 2015 | 5 914 316 | 194 272 | 149 572 | 875 761 | 80 051 | 7 213 972 |

The movement in property and equipment for the six-month period ended 30 June 2014 is presented in the table below:

| RUB'000 (Unaudited) | Buildings | Vehicles | Computers and office equipment | Furniture and other property | Construction in progress | Total |
|----------------------------|------------------|-----------------|---------------------------------------|-------------------------------------|---------------------------------|------------------|
| Cost/revalued amount | | | | | | |
| At 1 January 2014 | 4 770 815 | 457 241 | 260 798 | 1 656 076 | 106 403 | 7 251 333 |
| Additions | 474 001 | 45 873 | 28 427 | 183 325 | 223 029 | 954 655 |
| Disposals | - | (17 670) | (14 331) | (21 383) | - | (53 384) |
| At 30 June 2014 | 5 244 816 | 485 444 | 274 894 | 1 818 018 | 329 432 | 8 152 604 |
| Accumulated depreciation | | | | | | |
| At 1 January 2014 | 103 623 | 177 993 | 154 267 | 736 421 | - | 1 172 304 |
| Depreciation charge | 48 009 | 45 671 | 24 394 | 145 045 | - | 263 119 |
| Disposals | - | (15 280) | (14 331) | (14 472) | - | (44 083) |
| At 30 June 2014 | 151 632 | 208 384 | 164 330 | 866 994 | - | 1 391 340 |
| Carrying value | | | | | | |
| At 30 June 2014 | 5 093 184 | 277 060 | 110 564 | 951 024 | 329 432 | 6 761 264 |

14 Deposits by the Central Bank of the Russian Federation

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---|---|-------------------------------------|
| Payables under repurchase agreements or collateralized loans | 74 122 819 | 95 235 |
| Term deposits | 6 015 453 | 11 499 196 |
| Total deposits by the Central Bank of the Russian Federation | 80 138 272 | 11 594 431 |

Payables under repurchase agreements or collateralized loans included in deposits by the Central Bank of the Russian Federation are payables secured by highly liquid debt securities under agreement to sell (repo) that are rated from BBB+ to BBB- and included in the Lombard list of the Central Bank of the Russian Federation.

15 Deposits by credit and other financial institutions

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|--|-----------------------------|
| Payables under repurchase agreements or collateralized loans | 47 849 535 | - |
| Term deposits | 17 269 151 | 29 908 945 |
| Syndicated loans | 3 768 168 | 22 471 131 |
| Subordinated debt | 1 135 941 | 1 150 791 |
| Demand deposits | 372 209 | 772 086 |
| Total deposits by credit and other financial institutions | 70 395 004 | 54 302 953 |

Payables under repurchase agreements or collateralized loans included in deposits by credit and other financial institutions are payables secured by highly liquid debt securities under agreement to sell (repo) that are rated from BBB+ to BBB- and included in the Lombard list of the Central Bank of the Russian Federation.

16 Deposits by customers

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|------------------------------------|--|-----------------------------|
| Corporate customers | | |
| Demand | 21 060 694 | 19 023 561 |
| Term | 199 341 094 | 152 095 958 |
| Term notes | 12 658 872 | 332 709 |
| Total corporate customers | 233 060 660 | 171 452 228 |
| Individuals | | |
| Demand | 10 823 486 | 10 786 340 |
| Term | 163 378 471 | 152 613 630 |
| Total individuals | 174 201 957 | 163 399 970 |
| Total deposits by customers | 407 262 617 | 334 852 198 |

17 Debt securities issued

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|--|-----------------------------|
| Promissory notes issued at nominal value | 8 410 200 | 5 025 999 |
| Accrued interest | 15 135 | 19 874 |
| Unamortized discount | (554 801) | (79 913) |
| Total promissory notes issued | 7 870 534 | 4 965 960 |
| Subordinated bonds | 37 220 179 | 36 952 827 |
| Bonds | 72 071 469 | 76 702 517 |
| Total bonds issued | 109 291 648 | 113 655 344 |
| Total debt securities issued | 117 162 182 | 118 621 304 |

18 Share capital

Share capital consists of ordinary shares and was contributed by the shareholders in Roubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital after additional issue and registration as at 30 June 2015 comprises 15 740 026 366 shares (31 December 2014: 14 467 761 735 shares) with par value of 1 RUB per share. In addition, at 30 June 2015 the Bank has 20 536 131 642 authorized but unissued ordinary shares with an aggregate nominal value of RUB 20 536 million. The total hyperinflation adjustment related to equity as at 31 December 2002 was RUB 861 930 thousand.

In 2014 the Bank commenced its share capital increase by placement of 1 272 264 631 additional ordinary shares with a par value of 1 RUB per share. The new shares were acquired, at a price above par value by the current majority shareholder Concern Rossium, LLC for RUB 5 000 million through a placement of a RUB 5 000 million subordinated loan in the Bank in December 2014 that was subsequently used for purchase of shares upon completion of their registration. The Bank and the majority shareholder entered into a contractual arrangement that established the unconditional right for the Bank to repay the subordinated debt by issuance of fixed number of additional ordinary shares to the majority shareholder. As such, this amount was presented as equity in the consolidated financial statements as at 31 December 2014. As at 31 December 2014 the share issue was in the process of registration. In February 2015 the CBR registered the Bank's share capital increase in the amount of RUB 5 000 million.

In June 2015 the Bank commenced an initial public offering and issued 3 639 683 500 additional ordinary shares with a par value of 1 RUB per share. The Bank raised RUB 13 175 654 thousand during the offering. As at 30 June 2015 the share issue was in the process of registration. In July 2015 the CBR registered the Bank's share capital increase.

19 Commitments

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|----------------------------------|--|-----------------------------|
| Guarantees and letters of credit | 47 715 650 | 67 723 944 |
| Undrawn loan commitments | 5 514 350 | 6 312 891 |
| Other contingent liabilities | 345 446 | 326 790 |
| | 53 575 446 | 74 363 625 |

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

20 Contingencies

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on property or relating to operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

Litigation

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances, a tax year may remain open for a longer period. Recent events in the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. These provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply five market price determination methods prescribed by the Tax Code.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules in the Russian Federation and changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Since the current Russian transfer pricing rules became effective relatively recently, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

21 Related party transactions

The outstanding balances with related parties and related average interest rates as at 30 June 2015 and 31 December 2014 are as follows:

| | 30 June 2015 (Unaudited) | | 31 December 2014 | |
|---------------------------------------|---|--|---------------------------------|--|
| | Amount RUB'000 | Average effective interest rate | Amount RUB'000 | Average effective interest rate |
| Loans to customers | | | | |
| Majority shareholder | 699 696 | 27.0% | - | - |
| Under control of majority shareholder | 463 028 | 18.0% | 518 437 | 16.7% |
| Management | 16 933 | 14.9% | 22 478 | 14.9% |
| Total loans | 1 179 657 | | 540 915 | |
| Deposits by customers | | | | |
| Under control of majority shareholder | 603 647 | 8.0% | 62 405 | 8.4% |
| Majority shareholder | 208 325 | 6.6% | 268 073 | 4.0% |
| Management | 172 514 | 9.1% | 156 043 | 8.6% |
| Parent company | 66 563 | 8.4% | 24 366 | 7.8% |
| Total deposits | 1 051 049 | | 510 887 | |

Amounts included in profit or loss and other comprehensive income for the six-month periods ended 30 June 2015 and 30 June 2014 in relation to transactions with related parties are as follows:

| | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|--|--|--|
| Interest income on loans to customers | | |
| Majority shareholder | 95 726 | - |
| Under control of majority shareholder | 52 472 | 42 313 |
| Management | 2 028 | 4 053 |
| Total interest income | 150 226 | 46 366 |
| Interest expense on deposits by customers | | |
| Parent company | 65 306 | 1 464 |
| Majority shareholder | 13 144 | 44 949 |
| Management | 7 020 | 6 522 |
| Under control of majority shareholder | 4 590 | 166 |
| Total interest expense | 90 060 | 53 101 |

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the six-month periods ended 30 June 2015 and 30 June 2014 (refer to note 6) is as follows:

| | Six-Month Period Ended 30 June 2015 RUB'000 (Unaudited) | Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited) |
|----------------------------------|--|--|
| Members of the Supervisory Board | 33 750 | 21 844 |
| Members of the Management Board | 44 143 | 174 009 |
| | 77 893 | 195 853 |

22 Capital management

The CBR sets and monitors capital requirements for the Group.

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. The Group calculates the amount of capital in accordance with Provision of the CBR dated 28 December 2012 No 395-P *On methodology of calculation of own funds (capital) of the credit organisations (Basel III)* (Provision of the CBR No 395-P).

As at 30 June 2015 minimum level of main capital ratio (ratio N20.2) is 6.0%, basic capital ratio (ratio N20.1) is 5.0%, own funds (capital) ratio (ratio N20.0) is 10% (31 December 2014: 5.5%, 5.0%, 10.0%, respectively).

Management believes that the Group maintains capital adequacy at the level appropriate to the nature and volume of its operations.

The Group provides the territorial CBR offices that supervise the Bank with information on mandatory ratios in accordance with regulatory requirements. Accounting department controls on a daily basis compliance with capital adequacy ratios.

In case capital adequacy ratios become close to limits set by the CBR and the Group's internal limits this information is communicated to the Management Board and the Supervisory Board. The Group is in compliance with the statutory capital ratios as at 30 June 2015 and 31 December 2014.

The capital adequacy ratio of the Group calculated in accordance with the Basel III requirements as adopted in the Russian Federation, based on the IFRS financial statements as at 30 June 2015 and 31 December 2014 is as follows:

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|---|-------------------------------------|
| Tier 1 capital | | |
| Share capital and additional paid-in capital | 30 098 449 | 25 098 449 |
| Shares in the process of issue | 13 175 654 | 5 000 000 |
| Retained earnings | 31 245 391 | 30 050 642 |
| Goodwill | - | (301 089) |
| Intangible assets | (188 427) | (141 564) |
| Core tier 1 | 74 331 067 | 59 706 438 |
| Additional capital | - | - |
| Total tier 1 capital | 74 331 067 | 59 706 438 |

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| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|---|---|---|
| Tier 2 capital | | |
| Revaluation surplus for buildings | 1 115 928 | 1 115 928 |
| Revaluation reserve for investments available-for-sale | 47 445 | (1 277 529) |
| Subordinated loans | | |
| Subordinated loans from Black Sea Trade And Development Bank | 199 886 | 360 054 |
| Subordinated loans from State Corporation "Deposit Insurance Agency" | 20 231 000 | - |
| Subordinated bonds | 25 897 451 | 30 433 890 |
| Total tier 2 capital | 47 491 710 | 30 632 343 |
| Total capital | 121 822 777 | 90 338 781 |
| Risk-weighted assets | | |
| Banking book | 510 348 590 | 459 721 138 |
| Trading book | 86 255 684 | 67 317 145 |
| Operational risk | 43 073 457 | 43 073 457 |
| Total risk weighted assets | 639 677 731 | 570 111 740 |
| Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%) | 19.0 | 15.8 |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (Core tier 1 capital ratio) (%) | 11.6 | 10.5 |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%) | 11.6 | 10.5 |

Included in subordinated bonds in tier 2 capital are subordinated bonds in the amount of RUB 18 946 170 thousand (31 December 2014: RUB 27 553 890 thousand) which are fully in compliance with Basel III requirements as adopted in the Russian Federation. Other subordinated loans are subject to accelerated amortization, following the transition rules applied by the CBR for inclusion in tier 2 capital of subordinated loans received before March 2013.

In June 2015 the State Corporation "Deposit Insurance Agency" provided a subordinated loan of RUB 20 231 000 thousand to the Bank in a form of federal loan bonds (OFZ). The Bank has an obligation to return securities received back to the lender at the maturity of the agreement. The Bank pays charges equal to coupons on the bonds transferred plus a fixed margin. The contract also includes certain restrictions on ability of the Bank to sell or pledge securities received. The arrangement is a securities lending transaction. The Group does not recognize securities received and a subordinated obligation to return them to the lender in the consolidated statement of financial position of the Group. The obligation to return securities received to the State Corporation "Deposit Insurance Agency" is subordinated to other ordinary obligations of the Group, and the terms of the loan satisfy the criteria for inclusion of the loan into the regulatory capital of the Bank in accordance with Russian banking legislation. As such, the Bank includes the amount of the subordinated loan described above into its Tier 2 capital for the purpose of statutory regulatory capital and capital calculated for capital management purposes in accordance with Basel III and Basel I requirements.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and the Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord, as at 30 June 2015 and 31 December 2014:

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--|---|---|
| Tier 1 capital | | |
| Share capital and additional paid-in capital | 30 098 449 | 25 098 449 |
| Shares in the process of issue | 13 175 654 | 5 000 000 |
| Retained earnings | 31 245 391 | 30 050 642 |
| Goodwill | - | (301 089) |
| Total tier 1 capital | 74 519 494 | 59 848 002 |
| Tier 2 capital | | |
| Revaluation surplus for buildings | 1 115 928 | 1 115 928 |
| Revaluation reserve for investments available-for-sale | 47 445 | (1 277 529) |
| Subordinated loans | | |
| Subordinated loans from Black Sea Trade And Development Bank | 333 144 | 450 067 |
| Subordinated loans from State Corporation "Deposit Insurance Agency" | 20 231 000 | - |
| Subordinated bonds | 27 163 676 | 31 431 944 |
| Total tier 2 capital | 48 891 193 | 31 720 410 |
| Total capital | 123 410 687 | 91 568 412 |
| Risk-weighted assets | | |
| Banking book | 510 348 590 | 459 721 138 |
| Trading book | 86 255 684 | 67 317 145 |
| Total risk weighted assets | 596 604 274 | 527 038 283 |
| Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%) | 20.7 | 17.4 |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%) | 12.5 | 11.4 |

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognized exposures, with some adjustments to reflect the more contingent nature of the potential losses.

The Group is subject to minimum capital adequacy requirements calculated in accordance with Basel I established by covenants in borrowing agreements. The Group complied with all externally imposed capital requirements as at 30 June 2015 and 31 December 2014.

23 Analysis by segment

The Group has four reportable segments, as described below, which are strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chairman of the Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments:

- Corporate banking: comprises corporate lending, overdraft lending, factoring, leasing, letters of credit, guaranties, corporate deposit taking, settlements and money transfer, currency conversion
- Retail banking: comprises retail demand and term deposit services; retail lending, including consumer loans to individuals, car loans and mortgages, money transfers and private banking services; banking card products, settlement and money transfer, currency conversion for individuals
- Treasury: comprises interbank lending and borrowings from banks, securities trading and brokerage in securities, repo transactions, foreign exchange services, issuance of domestic bonds and promissory notes
- Cash operations: comprises all operations connected with cash, cash handling, calculation and transportation.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, which is calculated based on financial information prepared in accordance with IFRS, as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The segment breakdown of assets and liabilities is set out below:

| | 30 June 2015 RUB'000 (Unaudited) | 31 December 2014 RUB'000 |
|--------------------------|---|---|
| ASSETS | | |
| Corporate banking | 316 355 187 | 259 263 051 |
| Retail banking | 119 328 779 | 122 111 347 |
| Treasury | 292 644 658 | 174 024 442 |
| Cash operations | 12 415 031 | 12 529 291 |
| Unallocated assets | 16 207 743 | 16 910 861 |
| Total assets | 756 951 398 | 584 838 992 |
| LIABILITIES | | |
| Corporate banking | 233 060 660 | 171 452 227 |
| Retail banking | 174 201 957 | 163 399 970 |
| Treasury | 267 695 458 | 184 518 688 |
| Unallocated liabilities | 6 310 456 | 5 480 617 |
| Total liabilities | 681 268 531 | 524 851 502 |

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

| RUB'000 (Unaudited) | Corporate banking | Retail banking | Treasury | Cash operations | Unallocated | Total |
|---|--------------------------|-----------------------|--------------------|------------------------|--------------------|---------------------|
| External interest income | 20 659 998 | 10 304 946 | 7 734 798 | - | - | 38 699 742 |
| Fee and commission income | 1 280 426 | 1 765 242 | 73 552 | 1 180 419 | - | 4 299 639 |
| Net gain on securities | - | - | 633 778 | - | - | 633 778 |
| Net foreign exchange gains | 389 770 | 159 555 | 725 969 | - | - | 1 275 294 |
| Other operating (expense) income, net | (28 161) | (89 685) | (55 770) | - | - | (173 616) |
| (Expenses) revenue from other segments | (1 376 173) | 384 529 | 855 090 | 136 554 | - | - |
| Revenue | 20 925 860 | 12 524 587 | 9 967 417 | 1 316 973 | - | 44 734 837 |
| Impairment losses on loans | (5 108 519) | (3 373 115) | - | - | - | (8 482 034) |
| Interest expense | (10 363 879) | (10 298 966) | (7 615 494) | - | - | (28 278 339) |
| Fee and commission expense | (682 431) | (582 263) | (46 646) | - | - | (1 311 340) |
| General administrative and other expenses | (592 895) | (2 024 391) | (99 453) | (720 728) | (1 711 574) | (5 149 041) |
| Expense | (16 747 724) | (16 278 735) | (7 761 593) | (720 728) | (1 711 574) | (43 220 754) |
| Segment result | 4 178 136 | (3 754 148) | 2 205 824 | 596 245 | (1 711 574) | 1 514 083 |

Segment information for the main reportable segments for the six-month period ended 30 June 2014 is set below:

| RUB'000 (Unaudited) | Corporate banking | Retail banking | Treasury | Cash operations | Unallocated | Total |
|---|--------------------------|-----------------------|--------------------|------------------------|--------------------|---------------------|
| External interest income | 13 713 613 | 9 061 934 | 3 215 932 | - | - | 25 991 479 |
| Fee and commission income | 1 076 281 | 2 164 946 | 30 974 | 754 046 | - | 4 026 247 |
| Net loss on securities | - | - | (135 625) | - | - | (135 625) |
| Net foreign exchange gains | 91 473 | 33 601 | 114 337 | - | - | 239 411 |
| Other operating income | 73 206 | 159 370 | 2 315 | - | - | 234 891 |
| (Expenses) revenue from other segments | (5 468 187) | 1 888 729 | 3 473 852 | 105 606 | - | - |
| Revenue | 9 486 386 | 13 308 580 | 6 701 785 | 859 652 | - | 30 356 403 |
| Impairment losses on loans | (666 173) | (3 078 945) | - | - | - | (3 745 118) |
| Interest expense | (4 070 552) | (5 956 152) | (5 079 826) | - | - | (15 106 530) |
| Fee and commission expense | (559 059) | (133 675) | (31 223) | (506) | - | (724 463) |
| General administrative and other expenses | (650 458) | (2 113 860) | (181 856) | (717 173) | (1 373 646) | (5 036 993) |
| Expense | (5 946 242) | (11 282 632) | (5 292 905) | (717 679) | (1 373 646) | (24 613 104) |
| Segment result | 3 540 144 | 2 025 948 | 1 408 880 | 141 973 | (1 373 646) | 5 743 299 |

Information about major customers and geographical areas

The majority of revenues from external customers relate to residents of the Russian Federation. The majority of non-current assets are located in the Russian Federation.

24 Financial assets and liabilities: fair values and accounting classifications

The estimates of fair value are intended to approximate the amount that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair values of financial assets that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market-observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates used in estimating discount rates and foreign currency exchange rates.

The Group uses widely recognised valuation models to determine the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps.

The Group measures fair values for financial instruments recorded in the consolidated interim condensed statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2015:

| RUB'000 (unaudited) | Held for trading | Loans and receivables | Available-for-sale | Other amortised cost | Total carrying amount | Fair value |
|--|-------------------------|------------------------------|---------------------------|-----------------------------|------------------------------|-------------------|
| Cash and cash equivalents | - | 111 230 967 | - | - | 111 230 967 | 111 230 967 |
| Obligatory reserves with the CBR | - | 3 875 780 | - | - | 3 875 780 | 3 875 780 |
| Due from credit and other financial institutions | - | 117 199 092 | - | - | 117 199 092 | 117 199 092 |
| Financial instruments at fair value through profit or loss | 59 099 723 | - | - | - | 59 099 723 | 59 099 723 |
| Available-for-sale securities | - | - | 17 529 852 | - | 17 529 907 | 17 529 852 |

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| RUB'000 (unaudited) | Held for trading | Loans and receivables | Available-for-sale | Other amortised cost | Total carrying amount | Fair value |
|---|-------------------------|------------------------------|---------------------------|-----------------------------|------------------------------|--------------------|
| Loans to customers | - | 431 808 186 | - | - | 431 808 186 | 431 808 186 |
| Other financial assets | - | 4 066 506 | - | - | 4 066 506 | 4 066 506 |
| | 59 099 723 | 668 180 531 | 17 529 907 | - | 744 810 161 | 744 810 161 |
| Deposits by the CBR | - | - | - | 80 138 272 | 80 138 272 | 80 138 272 |
| Deposits by credit and other financial institutions | - | - | - | 70 395 004 | 70 395 004 | 70 395 004 |
| Deposits by customers | - | - | - | 407 262 617 | 407 262 617 | 418 326 685 |
| Debt securities issued | - | - | - | 117 162 182 | 117 162 182 | 106 628 023 |
| Other financial liabilities | 770 217 | - | - | 664 101 | 1 434 318 | 1 434 318 |
| | 770 217 | - | - | 675 622 176 | 676 392 393 | 676 922 302 |

The main assumptions used by management to estimate the fair values of deposits by customers as at 30 June 2015 are:

- discount rates from 6.5% to 13.75% (roubles) and from 1.75% to 5.85% (foreign currency) are used for discounting future cash flows from retail deposits;
- discount rates from 3% to 16% (roubles) and from 0.13% to 4.73% (foreign currency) are used for discounting future cash flows from corporate deposits.

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2014:

| RUB'000 | Held for trading | Loans and receivables | Available-for-sale | Other amortised cost | Total carrying amount | Fair value |
|--|-------------------------|------------------------------|---------------------------|-----------------------------|------------------------------|--------------------|
| Cash and cash equivalents | - | 118 696 921 | - | - | 118 696 921 | 118 696 921 |
| Obligatory reserves with the CBR | - | 3 360 070 | - | - | 3 360 070 | 3 360 070 |
| Due from credit and other financial institutions | - | 6 880 576 | - | - | 6 880 576 | 6 880 576 |
| Financial instruments at fair value through profit or loss | 49 864 611 | - | - | - | 49 864 611 | 49 864 611 |
| Available-for-sale securities | - | - | 11 111 625 | - | 11 111 625 | 11 111 625 |
| Loans to customers | - | 378 014 328 | - | - | 378 014 328 | 371 724 419 |
| Other financial assets | - | 3 587 914 | - | - | 3 587 914 | 3 587 914 |
| | 49 864 611 | 510 539 809 | 11 111 625 | - | 571 516 045 | 565 226 136 |
| Deposits by the CBR | - | - | - | 11 594 431 | 11 594 431 | 11 594 431 |
| Deposits by credit and other financial institutions | - | - | - | 54 302 953 | 54 302 953 | 54 302 953 |
| Deposits by customers | - | - | - | 334 852 198 | 334 852 198 | 326 611 827 |
| Debt securities issued | - | - | - | 118 621 304 | 118 621 304 | 93 113 981 |
| Other financial liabilities | 229 696 | - | - | 1 338 363 | 1 568 059 | 1 568 059 |
| | 229 696 | - | - | 520 709 249 | 520 938 945 | 487 191 251 |

The main assumptions used by management to estimate the fair values of financial instruments as at 31 December 2014 are:

- discount rates from 18.3 to 22.1% (roubles) and from 5.4% to 11.1% (foreign currency) are used for discounting future cash flows from corporate loans
- discount rates from 14.7% to 22.5% (roubles) and from 6.2% to 20.0% (foreign currency) are used for discounting future cash flows from loans to individuals
- discount rates from 16.9% to 28.7% (roubles) and from 7.2% to 8.0% (foreign currency) are used for discounting future cash flows from retail deposits
- discount rates from 9.0% to 18.9% (roubles) and from 1.0% to 5.4% (foreign currency) are used for discounting future cash flows from corporate deposits.

The following tables show an analysis of financial instruments recorded at fair value and financial instruments recorded at amortized cost for which amortized cost does not approximate their carrying amount as at 30 June 2015 and 31 December 2014:

| 30 June 2015 (Unaudited) | Level 1 RUB'000 | Level 2 RUB'000 | Valuation technique used for Level 2 | Total RUB'000 |
|---|----------------------------------|----------------------------------|---|--------------------------------|
| Financial assets at fair value through profit or loss | 59 098 432 | 1 291 | Discounted cash flows | 59 099 723 |
| Available-for-sale securities | 14 845 089 | 2 684 763 | Discounted cash flows | 17 529 852 |
| Deposits by customers | - | 418 326 685 | Discounted cash flows | 418 326 685 |
| Debt securities issued | 106 628 023 | - | - | 106 628 023 |

| 31 December 2014 | Level 1 RUB'000 | Level 2 RUB'000 | Level 3 RUB'000 | Valuation technique used for Level 2 and 3 | Total RUB'000 |
|---|----------------------------------|----------------------------------|----------------------------------|---|--------------------------------|
| Financial assets at fair value through profit or loss | 48 849 224 | 1 015 387 | - | Discounted cash flows | 49 864 611 |
| Available-for-sale securities | 10 919 021 | 192 549 | - | Discounted cash flows | 11 111 570 |
| Deposits by customers | - | 326 611 827 | - | Discounted cash flows | 326 611 827 |
| Debt securities issued | 93 113 981 | - | - | - | 93 113 981 |
| Loans to customers | - | - | 371 724 419 | Discounted cash flows | 371 724 419 |

During six-month periods ended 30 June 2015 there were no transfers of assets between Level 1 and Level 2.

25 Earnings per share

Basic earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares in issue during the period.

Basic earnings per share are calculated as follows:

| | 30 June 2015 RUB'000 (Unaudited) | 30 June 2014 RUB'000 (Unaudited) |
|--|---|---|
| Profit for the period | 1 194 749 | 4 243 418 |
| Weighted average number of ordinary shares in issue | 15 339 368 444 | 14 467 761 735 |
| Basic and diluted earnings per share (in RUB per share) | 0.08 | 0.29 |

26 Risk management

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current deposits, maturing deposits, loan draw downs and guarantees. The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due.

The following tables provide an analysis, by expected maturities, of amounts recognised in the statement of financial position.

In accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most of the cases the accrued interest. Management believes term deposits from individuals to be a stable source of funding based on the past experience, thus classifying them in accordance with their stated maturity dates.

In accordance with terms of issuance of bonds the holders are entitled to demand early redemption of bonds at their nominal value at certain dates. Management believes based on the past experience that it can manage amounts that are claimed for early redemption by changing coupon rates on bonds, thus classifying bonds in accordance with their stated final maturity dates. Maturity based on early redemption dates as at 30 June 2015 and 31 December 2014 is shown in the tables below:

| 30 June 2015 (unaudited) | Less than 1 month RUB'000 | 1 to 6 months RUB'000 | 6 months to 1 year RUB'000 | 1 to 3 years RUB'000 | 3 to 5 years RUB'000 | Over 5 years RUB'000 | No maturity RUB'000 | Total RUB'000 |
|---|--|--------------------------------------|---|-------------------------------------|---------------------------------|-------------------------------------|------------------------------------|--------------------------|
| Bonds issued | 7 173 876 | 8 131 123 | 18 632 349 | 38 486 107 | 29 149 857 | 7 718 336 | - | 109 291 649 |

| 31 December 2014 | Less than 1 month RUB'000 | 1 to 6 months RUB'000 | 6 months to 1 year RUB'000 | 1 to 3 years RUB'000 | 3 to 5 years RUB'000 | Over 5 years RUB'000 | No maturity RUB'000 | Total RUB'000 |
|-------------------------|--|--------------------------------------|---|-------------------------------------|---------------------------------|-------------------------------------|------------------------------------|--------------------------|
| Bonds issued | - | 7 112 428 | 10 105 773 | 6 790 403 | 81 512 476 | 8 134 264 | - | 113 655 344 |

Securities included in financial instruments at fair value through profit or loss and available-for-sale securities that qualify as collateral for borrowing from the Central Bank of the Russian Federation are shown in the category "Less than 1 month" as management believes they are liquid assets which can be sold quickly or pledged into a repo transaction in response to liquidity needs, if necessary. Liquid securities included in the Lombard list of the Central bank of the Russian Federation pledged as collateral are presented in accordance with maturity of related repo transactions.

CREDIT BANK OF MOSCOW (open joint-stock company)

Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements for the six-month period ended 30 June 2015

| 30 June 2015 (Unaudited) | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 9 months | 9 months to 1 year | 1 to 2 years | 2 to 3 years | 3 to 5 years | Over 5 years | No maturity | Overdue | Total |
|--|------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|--------------------|
| RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | 111 230 967 | - | - | - | - | - | - | - | - | - | - | 111 230 967 |
| Obligatory reserves with the CBR | - | - | - | - | - | - | - | - | - | 3 875 780 | - | 3 875 780 |
| Due from credit and other financial institutions | - | 7 211 669 | 27 391 859 | 19 617 | 82 575 947 | - | - | - | - | - | - | 117 199 092 |
| Financial instruments at fair value through profit or loss | 46 649 935 | - | 3 568 217 | 125 119 | 5 195 535 | - | 2 754 835 | 301 857 | 504 225 | - | - | 59 099 723 |
| Available-for-sale securities | 13 125 582 | 2 634 957 | - | - | 1 062 151 | 543 236 | - | 73 214 | 90 767 | - | - | 17 529 907 |
| Loans to customers | 57 854 999 | 52 481 784 | 47 701 264 | 38 525 840 | 32 151 580 | 33 890 530 | 36 539 650 | 59 665 100 | 54 119 247 | - | 18 878 192 | 431 808 186 |
| Property and equipment | - | - | - | - | - | - | - | - | - | 7 213 972 | - | 7 213 972 |
| Other assets | 1 482 780 | 560 999 | 1 030 318 | 1 773 699 | 295 387 | 58 520 | - | - | - | 3 792 068 | - | 8 993 771 |
| | 230 344 263 | 62 889 409 | 79 691 658 | 40 444 275 | 121 280 600 | 34 492 286 | 39 294 485 | 60 040 171 | 54 714 239 | 14 881 820 | 18 878 192 | 756 951 398 |
| LIABILITIES | | | | | | | | | | | | |
| Deposits by the CBR | 6 015 452 | - | 58 470 | - | 74 064 350 | - | - | - | - | - | - | 80 138 272 |
| Deposits by credit and other financial institutions | 35 718 091 | 1 216 025 | 30 779 749 | 490 765 | 746 799 | 675 739 | 43 594 | 383 495 | 340 747 | - | - | 70 395 004 |
| Deposits by customers | 186 321 051 | 52 934 666 | 53 602 167 | 40 016 675 | 35 930 409 | 9 535 830 | 17 681 877 | 626 888 | 10 613 054 | - | - | 407 262 617 |
| Debt securities issued | 2 031 224 | 5 756 009 | - | - | 5 171 595 | - | 31 609 926 | 64 875 092 | 7 718 336 | - | - | 117 162 182 |
| Deferred tax liability | - | - | - | - | - | - | - | - | - | 1 873 124 | - | 1 873 124 |
| Other liabilities | 822 650 | 464 035 | 279 786 | 1 556 424 | 222 896 | 34 578 | 21 485 | 29 658 | 34 503 | 971 317 | - | 4 437 332 |
| | 230 908 468 | 60 370 735 | 84 720 172 | 42 063 864 | 116 136 049 | 10 246 147 | 49 356 882 | 65 915 133 | 18 706 640 | 2 844 441 | - | 681 268 531 |
| Net position | (564 205) | 2 518 674 | (5 028 514) | (1 619 589) | 5 144 551 | 24 246 139 | (10 062 397) | (5 874 962) | 36 007 599 | 12 037 379 | 18 878 192 | 75 682 867 |
| Cumulative position | (564 205) | 1 954 469 | (3 074 045) | (4 693 634) | 450 917 | 24 697 056 | 14 634 659 | 8 759 697 | 44 767 296 | 56 804 675 | 75 682 867 | |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements for the six-month period ended 30 June 2015

| 31 December 2014 | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 9 months | 9 months to 1 year | 1 to 2 years | 2 to 3 years | 3 to 5 years | Over 5 years | No maturity | Overdue | Total |
|--|------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | 118 696 921 | - | - | - | - | - | - | - | - | - | - | 118 696 921 |
| Obligatory reserves with the CBR | - | - | - | - | - | - | - | - | - | 3 360 070 | - | 3 360 070 |
| Due from credit and other financial institutions | 1 145 728 | 5 734 848 | - | - | - | - | - | - | - | - | - | 6 880 576 |
| Financial instruments at fair value through profit or loss | 43 595 418 | - | 2 762 742 | - | 1 512 042 | 503 535 | - | 1 490 874 | - | - | - | 49 864 611 |
| Available-for-sale securities | 9 804 644 | 51 923 | 35 760 | 313 150 | - | 760 512 | - | 63 634 | 81 947 | 55 | - | 11 111 625 |
| Loans to customers | 22 725 911 | 61 782 830 | 36 896 767 | 22 575 440 | 24 931 404 | 55 085 438 | 38 367 556 | 58 690 448 | 50 459 492 | - | 6 499 042 | 378 014 328 |
| Property and equipment | - | - | - | - | - | - | - | - | - | 7 399 340 | - | 7 399 340 |
| Goodwill | - | - | - | - | - | - | - | - | - | 301 089 | - | 301 089 |
| Other assets | 1 846 341 | 535 476 | 1 561 277 | 940 869 | 403 641 | 85 500 | 446 | - | - | 3 836 882 | - | 9 210 432 |
| | 197 814 963 | 68 105 077 | 41 256 546 | 23 829 459 | 26 847 087 | 56 434 985 | 38 368 002 | 60 244 956 | 50 541 439 | 14 897 436 | 6 499 042 | 584 838 992 |
| LIABILITIES | | | | | | | | | | | | |
| Deposits by the CBR | 5 182 534 | 4 662 899 | 1 653 763 | - | 95 235 | - | - | - | - | - | - | 11 594 431 |
| Deposits by credit and other financial institutions | 7 930 108 | 27 859 288 | 3 744 917 | 5 722 025 | 1 216 375 | 2 787 002 | 3 332 260 | 784 412 | 926 566 | - | - | 54 302 953 |
| Deposits by customers | 110 934 205 | 68 535 075 | 32 432 520 | 35 147 077 | 27 854 352 | 14 802 607 | 37 019 766 | 8 126 596 | - | - | - | 334 852 198 |
| Debt securities issued | 2 246 173 | 1 768 795 | 8 063 419 | 5 044 763 | - | - | - | 93 363 890 | 8 134 264 | - | - | 118 621 304 |
| Deferred tax liability | - | - | - | - | - | - | - | - | - | 2 210 055 | - | 2 210 055 |
| Other liabilities | 801 841 | 561 087 | 350 054 | 343 792 | 344 766 | 23 695 | 16 604 | 24 713 | 25 211 | 778 798 | - | 3 270 561 |
| | 127 094 861 | 103 387 144 | 46 244 673 | 46 257 657 | 29 510 728 | 17 613 304 | 40 368 630 | 102 299 611 | 9 086 041 | 2 988 853 | - | 524 851 502 |
| Net position | 70 720 102 | (35 282 067) | (4 988 127) | (22 428 198) | (2 663 641) | 38 821 681 | (2 000 628) | (42 054 655) | 41 455 398 | 11 908 583 | 6 499 042 | 59 987 490 |
| Cumulative position | 70 720 102 | 35 438 035 | 30 449 908 | 8 021 710 | 5 358 069 | 44 179 750 | 42 179 122 | 124 467 | 41 579 865 | 53 488 448 | 59 987 490 | |

Currency analysis

The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Supervisory Board sets limits on the level of exposure by currencies. These limits also comply with the minimum requirements of the Central Bank of the Russian Federation. The exposure of assets and liabilities to foreign currency exchange rate risk is as follows:

| | 30 June 2015 (Unaudited) | | | | 31 December 2014 | | | |
|--|--------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| | USD | RUB | Other | Total | USD | RUB | Other | Total |
| | RUB'000 | RUB'000 | currencies | RUB'000 | RUB'000 | RUB'000 | currencies | RUB'000 |
| | | | RUB'000 | | | | RUB'000 | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | 22 403 813 | 79 564 608 | 9 262 546 | 111 230 967 | 41 451 810 | 66 576 897 | 10 668 214 | 118 696 921 |
| Obligatory reserves with the CBR | - | 3 875 780 | - | 3 875 780 | - | 3 360 070 | - | 3 360 070 |
| Due from credit and other financial institutions | 92 558 147 | 6 580 611 | 18 060 334 | 117 199 092 | - | 5 832 109 | 1 048 467 | 6 880 576 |
| Financial instruments at fair value through profit or loss | 213 785 | 58 884 647 | 1 291 | 59 099 723 | 977 039 | 48 214 550 | 673 022 | 49 864 611 |
| Available-for-sale securities | 11 042 684 | 6 487 223 | - | 17 529 907 | 7 891 691 | 3 219 934 | - | 11 111 625 |
| Loans to customers | 94 743 692 | 324 239 992 | 12 824 502 | 431 808 186 | 78 156 198 | 293 000 004 | 6 858 126 | 378 014 328 |
| Property and equipment | - | 7 213 972 | - | 7 213 972 | - | 7 399 340 | - | 7 399 340 |
| Goodwill | - | - | - | - | - | 301 089 | - | 301 089 |
| Other assets | 689 903 | 8 285 210 | 18 658 | 8 993 771 | 149 215 | 9 042 503 | 18 714 | 9 210 432 |
| | 221 652 024 | 495 132 043 | 40 167 331 | 756 951 398 | 128 625 953 | 436 946 496 | 19 266 543 | 584 838 992 |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the six-month period ended 30 June 2015

| | 30 June 2015 (Unaudited) | | | | 31 December 2014 | | | |
|---|--------------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|
| | USD | RUB | Other | Total | USD | RUB | Other | Total |
| | RUB'000 | RUB'000 | currencies RUB'000 | RUB'000 | RUB'000 | RUB'000 | currencies RUB'000 | RUB'000 |
| LIABILITIES | | | | | | | | |
| Deposits by the CBR | 74 122 820 | 6 015 452 | - | 80 138 272 | 95 235 | 11 499 196 | - | 11 594 431 |
| Deposits by credit and other financial institutions | 39 021 703 | 7 537 097 | 23 836 204 | 70 395 004 | 40 952 764 | 7 797 466 | 5 552 723 | 54 302 953 |
| Deposits by customers | 34 423 368 | 359 660 774 | 13 178 475 | 407 262 617 | 37 635 265 | 283 532 572 | 13 684 361 | 334 852 198 |
| Debt securities issued | 55 657 505 | 61 504 677 | - | 117 162 182 | 55 758 785 | 62 862 519 | - | 118 621 304 |
| Deferred tax liability | - | 1 873 124 | - | 1 873 124 | - | 2 210 055 | - | 2 210 055 |
| Other liabilities | 1 357 036 | 3 015 315 | 64 981 | 4 437 332 | 330 314 | 2 861 808 | 78 439 | 3 270 561 |
| | 204 582 432 | 439 606 439 | 37 079 660 | 681 268 531 | 134 772 363 | 370 763 616 | 19 315 523 | 524 851 502 |
| Net position before hedging | 17 069 592 | 55 525 604 | 3 087 671 | 75 682 867 | (6 146 410) | 66 182 880 | (48 980) | 59 987 490 |
| Derivative financial instruments | (11 760 931) | 12 911 367 | (1 150 436) | - | 5 491 384 | (5 446 284) | (45 100) | - |
| Net position | 5 308 661 | 68 436 971 | 1 937 235 | 75 682 867 | (655 026) | 60 736 596 | (94 080) | 59 987 490 |

Geographical risk

The geographical risk is the risk due to political economic or social instability in the respective country.

The geographical concentration of major financial assets and liabilities is disclosed in the table below:

| | 30 June 2015 (Unaudited) | | | | 31 December 2014 | | | |
|--|--------------------------|---------------------|----------------------------------|--------------------|--------------------|---------------------|----------------------------------|--------------------|
| | Russia RUB'000 | OECD RUB'000 | Other non- OECD RUB'000 | Total RUB'000 | Russia RUB'000 | OECD RUB'000 | Other non- OECD RUB'000 | Total RUB'000 |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | 86 910 279 | 17 101 647 | 7 219 041 | 111 230 967 | 75 603 830 | 30 075 851 | 13 017 240 | 118 696 921 |
| Obligatory reserves with the CBR | 3 875 780 | - | - | 3 875 780 | 3 360 070 | - | - | 3 360 070 |
| Due from credit and other financial institutions | 115 238 498 | - | 1 960 594 | 117 199 092 | 4 591 209 | - | 2 289 367 | 6 880 576 |
| Financial instruments at fair value through profit or loss | 57 313 970 | 387 129 | 1 398 624 | 59 099 723 | 48 035 786 | 1 128 178 | 700 647 | 49 864 611 |
| Available-for-sale securities | 3 499 602 | 14 030 305 | - | 17 529 907 | 991 506 | 10 120 119 | - | 11 111 625 |
| Loans to customers | 375 902 345 | 11 190 161 | 44 715 680 | 431 808 186 | 355 501 263 | 11 091 144 | 11 421 921 | 378 014 328 |
| | 642 740 474 | 42 709 242 | 55 293 939 | 740 743 655 | 488 083 664 | 52 415 292 | 27 429 175 | 567 928 131 |
| LIABILITIES | | | | | | | | |
| Deposits by the CBR | 80 138 272 | - | - | 80 138 272 | 11 594 431 | - | - | 11 594 431 |
| Deposits by credit and other financial institutions | 61 576 274 | 8 229 597 | 589 133 | 70 395 004 | 19 836 114 | 34 432 588 | 34 251 | 54 302 953 |
| Deposits by customers | 406 021 144 | 37 062 | 1 204 411 | 407 262 617 | 333 873 149 | 128 224 | 850 825 | 334 852 198 |
| Debt securities issued | 56 452 733 | 60 709 449 | - | 117 162 182 | 57 811 990 | 60 809 314 | - | 118 621 304 |
| | 604 188 423 | 68 976 108 | 1 793 544 | 674 958 075 | 423 115 684 | 95 370 126 | 885 076 | 519 370 886 |
| Net position | 38 552 051 | (26 266 866) | 53 500 395 | 65 785 580 | 64 967 980 | (42 954 834) | 26 544 099 | 48 557 245 |

27 Events subsequent to the reporting date

In July 2015 the Bank paid out the second coupon and acquired a part of the bonds series BO-10 at early redemption date. Total amount of income payable on the coupon amounted to RUB 260.35 million or RUB 52.07 per bond. Total amount of the acquisition amounted to RUB 2 757.71 million. The issue was originally placed on 10 July 2014 in the amount of RUB 5 billion with a maturity of 5 years.

In July 2015 the Bank paid out the second coupon in the amount of RUB 810.75 million or RUB 54.05 per bond on domestic bonds series BO-11. The issue was originally placed on 10 July 2014 in the amount of RUB 15 billion with a maturity of 5 years.

In July 2015 the Bank paid out the tenth coupon and redeemed the bonds series 07. Total amount of income payable on the coupon amounted to RUB 92.74 million or RUB 46.37 per one bond. The issue was originally placed on 20 July 2010 in the amount of RUB 2 billion with a maturity of 5 years.

In August 2015 the Bank paid out the fifth coupon in the amount of RUB 122.16 million or RUB 61.08 per bond on domestic bonds series 12. The issue was originally placed on 27 February 2013 in the amount of RUB 2 billion with a maturity of 5.5 years.

Chairman of the Management Board

Vladimir A. Chubar

Acting Chief Accountant



Ekaterina V. Toloka

28 August 2015