

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the six-month period
ended 30 June 2014

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ZAO KPMG
10 Presnenskaya Naberezhnaya
Moscow, Russia 123317

Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

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 2014, 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 2014, and the related consolidated interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2014, 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: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and 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 2014 and for the three- and the six-month periods ended 30 June 2014 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 1 October 2013 No. 77/13

ZAO KPMG

Moscow, Russian Federation

5 September 2014

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statements of Profit or Loss and Other Comprehensive Income
for the three- and the six-month periods ended 30 June 2014

	Notes	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Interest income	4	25 991 479	18 831 564	13 635 968	9 743 756
Interest expense	4	(15 106 530)	(11 100 887)	(7 709 852)	(5 619 365)
Net interest income	4	10 884 949	7 730 677	5 926 116	4 124 391
Provision for impairment of loans	12	(3 745 118)	(2 736 158)	(1 830 811)	(1 334 081)
Net interest income after provision for impairment of loans		7 139 831	4 994 519	4 095 305	2 790 310
Fee and commission income	5	4 026 247	3 080 485	2 112 574	1 840 448
Fee and commission expense	5	(724 463)	(269 973)	(388 870)	(160 306)
Net (loss) gain on financial instruments at fair value through profit or loss		(64 602)	134 011	164 556	(42 132)
Net realized (loss) gain on available-for-sale assets		(71 023)	26 791	(46 057)	16 927
Net foreign exchange gains		239 411	302 812	48 336	115 841
State deposit insurance scheme contributions		(269 563)	(231 674)	(134 782)	(119 777)
Other operating income, net		234 891	270 316	212 337	80 328
Non-interest income		3 370 898	3 312 768	1 968 094	1 731 329
Operating income		10 510 729	8 307 287	6 063 399	4 521 639
Salaries and employment benefits	6	(2 865 620)	(2 150 450)	(1 570 472)	(1 013 193)
Administrative expenses	6	(1 717 821)	(1 239 959)	(1 031 522)	(681 445)
Depreciation of property and equipment	13	(263 119)	(227 505)	(147 177)	(116 095)
Recovery of (provision for) impairment of other assets and credit related commitments		79 130	129 267	(112 181)	(82 150)
Operating expense		(4 767 430)	(3 488 647)	(2 861 352)	(1 892 883)
Profit before income taxes		5 743 299	4 818 640	3 202 047	2 628 756
Income tax	7	(1 499 881)	(993 158)	(877 246)	(548 471)
Profit for the period		4 243 418	3 825 482	2 324 801	2 080 285

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statements of Profit or Loss and Other Comprehensive Income
for the three- and the six-month periods ended 30 June 2014

Notes	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Profit for the period	4 243 418	3 825 482	2 324 801	2 080 285
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	18 317	(76 887)	194 728	(84 044)
- net change in fair value transferred to profit or loss	(17 228)	(27 583)	(26 113)	(5 955)
Income tax related to other comprehensive income	(218)	20 894	(33 723)	18 000
Other comprehensive income (loss) for the period, net of tax	871	(83 576)	134 892	(71 999)
Total comprehensive income for the period	4 244 289	3 741 906	2 459 693	2 008 286
Basic and diluted earnings per share (in RUB per share)	25	0.29	0.30	0.16
		0.16		0.16

Acting Chairman of the Management Board



Dmitry A. Eremin

Chief Accountant

Svetlana V. Sass

The consolidated interim condensed statements of profit or loss and other comprehensive income are to be read in conjunction with the notes to, and forming 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 2014

	Notes	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
ASSETS			
Cash and cash equivalents	8	64 305 837	67 064 920
Obligatory reserves with the Central Bank of the Russian Federation		3 019 383	2 798 987
Due from credit institutions	9	4 730 396	10 466 017
Financial instruments at fair value through profit or loss	10	45 542 386	37 412 185
Available-for-sale securities	11	14 558 116	18 533 564
Loans to customers	12	345 743 077	308 940 610
Property and equipment	13	6 761 264	6 079 029
Goodwill		301 089	301 089
Other assets		1 767 956	2 605 717
Total assets		486 729 504	454 202 118
LIABILITIES AND EQUITY			
Deposits by the Central Bank of the Russian Federation	14	6 664 764	14 566 171
Deposits by credit institutions	15	50 106 976	24 398 112
Deposits by customers	16	295 428 010	274 872 004
Debt securities issued	17	74 175 717	84 553 516
Deferred tax liability		2 087 619	1 880 127
Current tax liability		223 865	196 917
Other liabilities		3 140 217	3 077 224
Total liabilities		431 827 168	403 544 071
Equity			
Share capital	18	15 329 692	15 329 692
Additional paid-in capital		9 768 757	9 768 757
Revaluation surplus for buildings		1 115 928	1 115 928
Revaluation reserve for available-for-sale securities		(36 768)	(37 639)
Retained earnings		28 724 727	24 481 309
Total equity		54 902 336	50 658 047
Total liabilities and equity		486 729 504	454 202 118

Commitments and Contingencies

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Acting Chairman of the Management Board



Dmitry A. Eremin

Chief Accountant

Svetlana V. Sass

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Cash Flows
for the six-month period ended 30 June 2014

Notes	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	4 243 418	3 825 482
Adjustments to reconcile net income to net cash provided by operating activities:		
Income tax expense	1 499 881	993 158
Provision for impairment of loans	12 3 745 118	2 736 158
Depreciation and amortization	263 119	227 505
Revaluation of financial instruments at fair value through profit or loss	148 063	(175 958)
Provision for impairment of other assets and credit related commitments	(79 130)	(129 267)
Interest income	(25 991 479)	(18 831 564)
Interest expense	15 106 530	11 100 887
Other	136 355	278 009
	(928 125)	24 410
(Increase) decrease in operating assets		
Obligatory reserves with the Central Bank of the Russian Federation	(220 396)	(942 263)
Due from credit institutions	5 711 438	7 824 706
Financial instruments at fair value through profit or loss	(8 089 338)	5 310 391
Loans to customers	(39 727 018)	(53 851 653)
Other assets	879 472	133 308
Increase (decrease) in operating liabilities		
Deposits by the Central Bank of the Russian Federation	(7 897 167)	-
Deposits by credit institutions	12 827 386	(1 990 397)
Deposits by customers	19 871 430	13 060 147
Promissory notes	(1 904 143)	(1 465 003)
Other liabilities	171 053	721 875
Cash used in operating activities	(19 305 408)	(31 174 479)
Interest income received	24 855 380	17 751 767
Interest expense paid	(15 352 874)	(9 732 039)
Income tax paid	(1 265 659)	(571 004)
Net cash used in operations	(11 068 561)	(23 725 755)

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim 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 2014

Notes	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale (purchase) of available-for-sale securities	4 100 793	(8 800 377)
Net (purchase) sale of property and equipment and intangible assets	(429 271)	213 057
Net cash from (used in) investing activities	3 671 522	(8 587 320)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net outflow from repayment of subordinated deposits	-	(1 123 581)
Net proceeds from syndicated borrowings	13 001 811	579 397
Net proceeds from issuance of subordinated bonds	-	18 354 500
Net (outflow) inflow from (repayment) issuance of other bonds	(9 017 768)	13 389 856
Net cash from financing activities	3 984 043	31 200 172
Effect of exchange rates changes on cash and cash equivalents	653 913	632 868
Change in cash and cash equivalents	(2 759 083)	(480 035)
Cash and cash equivalents, beginning of the period	67 064 920	47 459 075
Cash and cash equivalents, end of the period 8	64 305 837	46 979 040

Acting Chairman of the Management Board



Dmitry A. Eremin

Chief Accountant

Svetlana V. Sass

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim 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 2014

	Share capital	Additional paid-in capital	Revaluation surplus for buildings	Revaluation reserve for available-for- sale securities	Retained earnings	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
31 December 2012	13 539 763	9 019 295	1 115 928	16 061	15 601 246	39 292 293
Total comprehensive income for the period (unaudited)	-	-	-	(83 576)	3 825 482	3 741 906
30 June 2013 (unaudited)	<u>13 539 763</u>	<u>9 019 295</u>	<u>1 115 928</u>	<u>(67 515)</u>	<u>19 426 728</u>	<u>43 034 199</u>
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)	<u>15 329 692</u>	<u>9 768 757</u>	<u>1 115 928</u>	<u>(36 768)</u>	<u>28 724 727</u>	<u>54 902 336</u>

Acting Chairman of the Management Board

Chief Accountant



Dmitry A. Eremin

Svetlana V.Sass

The consolidated interim condensed statement of changes in equity is to be read in conjunction with, and forming part of, the 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 61 branches, 800 ATMs and 6048 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 2014 (Unaudited)	31 December 2013
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%	-

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

The Bank's shareholders as at 30 June 2014 are:

Concern Rossium, LLC (Parent Company) – 85.00%

European Bank for Reconstruction and Development (EBRD) – 7.50%

RBOF Holding Company I Ltd. – 4.61%

International Finance Corporation (IFC) – 2.89%

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

As at 30 June 2014, the Supervisory Board includes:

William F. Owens – Chairman

Members:

Richard D. Glasspool

Andrew S. Gazitua

Roman I. Avdeev

Alexander N. Nikolashin

Anton R. Avdeev

Vladimir A. Chubar

Mikhail E. Kuznetsov

Nicholas D. Haag

Bernard D. Sucher

Brendan G. Walsh

Thomas G. Grasse

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. In addition, the contraction felt after the 2008 economic downturn in the capital and credit markets and the impact of this on the Russian economy further increased the level of economic uncertainty in the environment.

In March, April and July 2014 the United States of America and the European Union imposed sanctions against some Russian public officials, entrepreneurs and companies. These actions, especially in the case of further tightening, may have a negative impact on the Russian economy caused by limited access of Russian business to foreign capital markets and exports, increase of capital outflows, Rouble devaluation and other negative consequences. At the current moment it is difficult to assess the impact of these events on the operations and financial position of the Group.

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 2013, 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 recognised in the period in which the estimates are revised and in any future periods affected.

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 2013.

Certain amendments to IFRS became effective from 1 January 2014 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 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Interest income				
Loans to customers	22 775 547	16 322 908	12 036 801	8 497 779
Financial instruments at fair value through profit or loss and available-for-sale securities	2 473 876	1 894 289	1 254 239	946 895
Due from credit institutions and the Central Bank of the Russian Federation	742 056	614 367	344 928	299 082
	25 991 479	18 831 564	13 635 968	9 743 756

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 2014

	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Interest expense				
Deposits by customers	(10 026 704)	(7 695 020)	(5 131 758)	(3 936 114)
Debt securities issued	(3 672 830)	(2 605 697)	(1 745 409)	(1 560 385)
Deposits by credit institutions and the Central Bank of the Russian Federation	(1 406 996)	(800 170)	(832 685)	(122 866)
	<u>(15 106 530)</u>	<u>(11 100 887)</u>	<u>(7 709 852)</u>	<u>(5 619 365)</u>
Net interest income	<u>10 884 949</u>	<u>7 730 677</u>	<u>5 926 116</u>	<u>4 124 391</u>

5 Net fee and commission income

	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Fee and commission income				
Insurance contracts processing	1 033 449	996 099	570 831	698 897
Settlements and wire transfers	746 892	472 903	356 119	258 774
Plastic cards	669 143	242 608	332 470	132 003
Guarantees and letters of credit	647 126	462 558	351 232	217 184
Cash handling	607 020	553 982	292 764	286 529
Other cash operations	146 970	87 097	107 279	52 685
Currency exchange commission	86 965	109 898	56 039	58 579
Other	88 682	155 340	45 840	135 797
	<u>4 026 247</u>	<u>3 080 485</u>	<u>2 112 574</u>	<u>1 840 448</u>
Fee and commission expense				
Settlements, wire transfers and plastic cards	(603 269)	(186 109)	(318 961)	(111 350)
Other	(121 194)	(83 864)	(69 909)	(48 956)
	<u>(724 463)</u>	<u>(269 973)</u>	<u>(388 870)</u>	<u>(160 306)</u>
Net fee and commission income	<u><u>3 301 784</u></u>	<u><u>2 810 512</u></u>	<u><u>1 723 704</u></u>	<u><u>1 680 142</u></u>

6 Salaries, employment benefits and administrative expenses

	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Salaries	2 250 209	1 664 055	1 278 383	793 286
Social security costs	565 702	434 559	260 416	194 581
Other	49 709	51 836	31 673	25 326
Salaries and employment benefits	2 865 620	2 150 450	1 570 472	1 013 193
Occupancy	455 129	357 214	239 613	189 054
Operating taxes	356 523	269 547	208 335	135 961
Advertising and business development	340 508	221 989	242 704	149 967
Property maintenance	165 555	95 781	110 465	49 427
Security	125 407	122 858	76 347	63 143
Write-off of low-value fixed assets	97 084	41 352	64 475	17 128
Transport	42 496	28 575	25 886	16 806
Computer maintenance and software expenses	39 092	39 338	19 683	27 330
Communications	33 841	24 852	25 363	13 105
Other	62 186	38 453	18 651	19 524
Administrative expenses	1 717 821	1 239 959	1 031 522	681 445

7 Income tax

	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Current tax charge	1 292 607	589 332
Deferred taxation	207 274	403 826
Income tax expense	1 499 881	993 158

Russian legal entities must report taxable income and remit income taxes thereon to the appropriate authorities. The income tax rate for the Bank is 20% in 2014 and 2013.

8 Cash and cash equivalents

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Cash on hand	7 567 664	10 312 841
Correspondent account with the Central Bank of the Russian Federation	8 451 459	13 719 643
Nostro accounts with other banks		
rated from AA+ to AA-	1 024 597	721 960
rated from A+ to A-	2 566 721	3 168 085
rated from BBB+ to BBB-	4 573 549	1 548 056
rated from BB+ to BB-	1 627 360	1 412 775
rated from B+ to B-	3 917 766	58 601
not rated	159 703	478 463
Total nostro accounts with other banks	13 869 696	7 387 940
Due from credit institutions with maturity of less than 1 month		
Deposits with the Central Bank of the Russian Federation	-	12 000 000
rated from A+ to A-	16 977 355	6 689 761
rated from BBB+ to BBB-	1 250 000	2 500 437
rated from BB+ to BB-	187 861	-
rated from B+ to B-	12 429 770	11 441 144
not rated	3 572 032	3 013 154
Total due from credit institutions with maturity of less than 1 month	34 417 018	35 644 496
Total cash and cash equivalents	64 305 837	67 064 920

Ratings are based on 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 2014 receivables under reverse sale and repurchase agreements included in cash and cash equivalents are RUB 14 799 076 thousand (31 December 2013: RUB 13 876 923 thousand).

As at 30 June 2014, not rated due from credit 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 3 422 032 thousand (31 December 2013: RUB 3 013 154 thousand).

9 Due from credit institutions

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Term deposits		
from BBB+ to BBB-	551 539	-
rated from B+ to B-	3 296 795	9 134 652
not rated	882 062	1 331 365
Total due from credit institutions	4 730 396	10 466 017

No due from credit institutions are impaired or past due.

10 Financial instruments at fair value through profit or loss

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<u>Held by the Group</u>		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	25 475	697 718
Moscow Government bonds	319 980	529 188
Regional authorities and municipal bonds	8 837 884	6 883 716
Corporate bonds		
rated AAA	476 494	152 669
from BBB+ to BBB-	8 239 156	5 003 704
from BB+ to BB-	5 139 048	1 974 860
from B+ to B-	12 986 419	9 812 311
from CCC+ to C-	85 209	-
not rated	7 710 125	4 606 902
Derivative financial instruments	240 359	197 313
Total held by the Group	44 060 149	29 858 381
<u>Pledged under sale and repurchase agreements</u>		
Regional authorities and municipal bonds	915 655	2 228 405
Corporate bonds		
from BBB+ to BBB-	55 542	2 974 542
from BB+ to BB-	511 040	2 142 751
not rated	-	208 106
Total pledged under sale and repurchase agreements	1 482 237	7 553 804
Total financial instruments at fair value through profit or loss	45 542 386	37 412 185

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

As at 30 June 2014, debt instruments in the amount of RUB 33 864 584 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2013: RUB 25 583 495 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 2014 and 31 December 2013 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 recognised in profit or loss and in financial instruments at fair value through profit or loss or other liabilities, as appropriate.

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	Notional amount		Weighted average contractual exchange rates	
	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000	30 June 2014 (Unaudited)	31 December 2013
Buy USD sell RUB				
Less than 3 months	4 238 774	4 058 439	32.1902	32.1414
Between 3 months and 6 months	2 687 780	-	35.5526	-
Between 6 months and 9 months	1 771 000	-	35.4200	-
Buy RUB sell USD				
Less than 3 months	1 421 565	2 120 852	33.9832	32.8823
Buy EUR sell RUB				
Less than 3 months	13 925	15 339	46.4175	45.1134
Between 9 months to 1 year	993 000	-	49.6500	-
Buy gold sell RUB				
Between 3 months and 6 months	284 422	-	1 414.3800	-
Buy RUB sell EUR				
Less than 3 months	-	16 864	-	44.8600
Buy EUR sell USD				
Less than 3 months	-	674	-	1.3743

11 Available-for-sale securities

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<u>Held by the Group</u>		
Corporate bonds		
from BBB+ to BBB-	4 526 139	915 894
from BB+ to BB-	2 157 516	815 781
from B+ to B-	1 908 768	1 483 679
not rated	-	60 385
Promissory notes		
from BBB+ to BBB-	1 947 446	1 404 848
from BB+ to BB-	1 288 928	3 208 017
from B+ to B-	1 291 768	1 723 193
not rated	490 247	941 440
Equity investments	4 763	4 661
Total held by the Group	13 615 575	10 557 898

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	30 June 2014	31 December 2013
	RUB'000	RUB'000
	(Unaudited)	
<u>Pledged under sale and repurchase agreements</u>		
Corporate bonds		
from BBB+ to BBB-	869 116	5 842 803
from BB+ to BB-	73 425	1 159 761
from B+ to B-	-	504 820
Total pledged under sale and repurchase agreements	942 541	7 507 384
<u>Pledged as collateral for interbank and other loans</u>		
Promissory notes		
from BBB+ to BBB-	-	468 282
Total pledged as collateral for interbank and other loans	-	468 282
Total available-for-sale securities	14 558 116	18 533 564

No available-for-sale securities are impaired or past due.

As at 30 June 2014, debt instruments in the amount of RUB 6 893 549 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2013: RUB 4 320 210 thousand).

12 Loans to customers

	30 June 2014	30 June 2014	31 December 2013	31 December 2013
	RUB'000	RUB'000	RUB'000	RUB'000
	(Unaudited)	(Unaudited)		
	Loans	Impairment allowance	Loans	Impairment allowance
Loans to corporate clients	239 117 960	(4 542 804)	220 010 070	(4 453 275)
Loans to individuals				
Auto loans	10 201 627	(108 610)	10 305 656	(111 366)
Mortgage loans	17 248 203	(198 919)	15 677 650	(186 329)
Credit card loans	4 570 485	(506 843)	3 680 456	(309 052)
Other loans to individuals	85 723 153	(5 761 175)	68 185 781	(3 858 981)
Total loans to individuals	117 743 468	(6 575 547)	97 849 543	(4 465 728)
Gross loans to customers	356 861 428	(11 118 351)	317 859 613	(8 919 003)
Net loans to customers	345 743 077		308 940 610	

Credit quality of loan portfolio

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loans to customers				
- Not past due	336 938 658	(3 358 065)	333 580 593	1.0
- Not past due but impaired	7 216 331	(1 241 996)	5 974 335	17.2
- Overdue less than 31 days	2 345 805	(272 072)	2 073 733	11.6
- Overdue 31-60 days	1 763 222	(610 686)	1 152 536	34.6
- Overdue 61-90 days	1 715 183	(655 806)	1 059 377	38.2
- Overdue 91-180 days	2 513 746	(1 601 411)	912 335	63.7
- Overdue 181-360 days	3 279 642	(2 560 326)	719 316	78.1
- Overdue more than 360 days	1 088 841	(817 989)	270 852	75.1
Total loans to customers	356 861 428	(11 118 351)	345 743 077	3.1

The following table provides information on credit quality of the loan portfolio as at 31 December 2013:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Loans to customers				
- Not past due	303 860 751	(4 249 525)	299 611 226	1.4
- Not past due but impaired	6 161 291	(618 744)	5 542 547	10.0
- Overdue less than 31 days	2 138 075	(235 572)	1 902 503	11.0
- Overdue 31-60 days	832 030	(345 263)	486 767	41.5
- Overdue 61-90 days	673 036	(400 432)	272 604	59.5
- Overdue 91-180 days	1 576 806	(1 044 964)	531 842	66.3
- Overdue 181-360 days	1 765 664	(1 421 261)	344 403	80.5
- Overdue more than 360 days	851 960	(603 242)	248 718	70.8
Total loans to customers	317 859 613	(8 919 003)	308 940 610	2.8

As at 30 June 2014, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 12 706 439 thousand, which represents 3.6% of the gross loan portfolio (31 December 2013: RUB 7 837 571 thousand and 2.5%, respectively).

Nonperforming loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 6 882 229 thousand or 1.9% of the gross loan portfolio (31 December 2013: RUB 4 194 430 thousand and 1.3 %, respectively).

NPLs together with restructured loans amount to RUB 11 456 052 thousand or 3.2% of the gross loan portfolio (31 December 2013: RUB 4 955 223 thousand and 1.6 %, respectively).

As at 30 June 2014, the ratio of total impairment allowance to overdue loans equals 87.5%, the ratio of total impairment allowance to NPLs equals 161.6% and the ratio of total impairment allowance to NPLs together with restructured loans equals 97.1% (31 December 2013: 113.8 %, 212.6 % and 180.0 %, respectively).

Movements in the loan impairment allowance for the six-month periods ended 30 June 2014 and 31 June 2013 are as follows:

	2014 RUB'000 (Unaudited)	2013 RUB'000 (Unaudited)
Balance at the beginning of the period	8 919 003	4 698 726
Net charge	3 745 118	2 736 158
Net write-offs	(1 545 770)	(646 766)
Balance at the end of the period	11 118 351	6 788 118

As at 30 June 2014, interest accrued on overdue and impaired loans amounts to RUB 637 065 thousand (31 December 2013: RUB 547 321 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 2014:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loans to corporate clients				
- Not past due	229 167 142	(2 713 079)	226 454 063	1.2
- Not past due but impaired	7 216 331	(1 241 996)	5 974 335	17.2
- Overdue less than 31 days	421 049	(45 013)	376 036	10.7
- Overdue 31-60 days	811 963	(223 133)	588 830	27.5
- Overdue 61-90 days	898 550	(155 656)	742 894	17.3
- Overdue 91-180 days	327 331	(38 327)	289 004	11.7
- Overdue 181-360 days	248 054	(113 851)	134 203	45.9
- Overdue more than 360 days	27 540	(11 749)	15 791	42.7
Total loans to corporate clients	239 117 960	(4 542 804)	234 575 156	1.9

The following table provides information on credit quality of loans to corporate clients as at 31 December 2013:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Loans to corporate clients				
- Not past due	213 315 950	(3 697 256)	209 618 694	1.7
- Not past due but impaired	6 161 291	(618 744)	5 542 547	10.0
- Overdue less than 31 days	120 135	(34 303)	85 832	28.6
- Overdue 31-60 days	24 475	(5 322)	19 153	21.7
- Overdue 61-90 days	29 566	(6 088)	23 478	20.6
- Overdue 91-180 days	239 256	(42 503)	196 753	17.8
- Overdue 181-360 days	96 508	(38 436)	58 072	39.8
- Overdue more than 360 days	22 889	(10 623)	12 266	46.4
Total loans to corporate clients	220 010 070	(4 453 275)	215 556 795	2.0

Included in not past due loans to corporate clients as at 30 June 2014 are loans in the amount of RUB 7 249 826 thousand (31 December 2013: RUB 6 472 157 thousand) against which impairment allowance of RUB 289 993 thousand was recognised (31 December 2013: RUB 258 886 thousand). Financial standing of these borrowers showed negative developments in 2014. Management monitors the situation and based on the understanding of the current developments, analysis of collateral and other factors, believes that impairment allowance is appropriate. The Group is the largest lender to these companies, as such, the Group has the ability to monitor operating activities of these borrowers in order to protect its rights as a lender.

In 2014, the Group revised the methodology used to estimate the impairment allowance for loans to corporate clients for which no specific indications of impairment have been identified. The revised methodology is intended to provide a more accurate estimate of the impairment allowance. As at 30 June 2014, the Group estimates loan impairment for loans to corporate clients based on an analysis of the 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.

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 one percent, the impairment allowance as at 30 June 2014 would decrease/increase by RUB 2 345 752 thousand (31 December 2013: RUB 2 155 568 thousand).

Analysis of collateral

Corporate loans are secured by the following types of collateral, depending on the type of transaction: real estate (manufacturing premises, warehouses), 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 2014 and 31 December 2013:

	30 June 2014	31 December 2013
	RUB'000	RUB'000
	(Unaudited)	
Real estate	43 304 004	36 255 555
Securities	40 961 955	30 487 469
Goods in turnover	26 638 264	29 305 369
Claims for contract receivables	19 307 630	16 822 515
Equipment and motor vehicles	10 336 105	8 374 778
Other banks guarantee	519 357	-
Bank's own debt securities	127 233	1 787 670
Corporate guarantees and no collateral	93 380 608	92 523 439
	234 575 156	215 556 795

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 7 066 417 thousand higher without any collateral (31 December 2013: RUB 5 542 547 thousand).

Collateral obtained

During the six-month period ended 30 June 2014, the Group obtained certain assets by taking possession of collateral for loans to corporate customers. The carrying amount of these assets, as at 30 June 2014, was RUB 3 746 thousand (31 December 2013: RUB 2 996 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 2014 and 30 June 2013 are as follows:

	2014 RUB'000 (Unaudited)	2013 RUB'000 (Unaudited)
Balance at the beginning of the period	4 453 275	3 058 623
Net charge	666 173	838 800
Net write-offs	(576 644)	(216 860)
Balance at the end of the period	4 542 804	3 680 563

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 30 June 2014:

	Gross loans RUB'000 (Unaudited)	Impairment allowance RUB'000 (Unaudited)	Net loans RUB'000 (Unaudited)	Impairment to gross loans % (Unaudited)
Auto loans				
- Not past due	9 901 850	(6 193)	9 895 657	0.1
- Overdue less than 31 days	65 435	(2 694)	62 741	4.1
- Overdue 31-60 days	33 349	(4 601)	28 748	13.8
- Overdue 61-90 days	21 325	(4 830)	16 495	22.6
- Overdue 91-180 days	62 621	(23 928)	38 693	38.2
- Overdue 181-360 days	91 916	(49 771)	42 145	54.1
- Overdue more than 360 days	25 131	(16 593)	8 538	66.0
Total auto loans	10 201 627	(108 610)	10 093 017	1.1

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	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Mortgage loans				
- Not past due	16 551 729	(13 538)	16 538 191	0.1
- Overdue less than 31 days	105 558	(1 392)	104 166	1.3
- Overdue 31-60 days	124 222	(4 556)	119 666	3.7
- Overdue 61-90 days	22 818	(1 595)	21 223	7.0
- Overdue 91-180 days	65 667	(9 393)	56 274	14.3
- Overdue 181-360 days	74 353	(20 266)	54 087	27.3
- Overdue more than 360 days	303 856	(148 179)	155 677	48.8
Total mortgage loans	17 248 203	(198 919)	17 049 284	1.2
Credit card loans				
- Not past due	3 779 336	(50 795)	3 728 541	1.3
- Overdue less than 31 days	126 562	(11 747)	114 815	9.3
- Overdue 61-90 days	75 007	(39 366)	35 641	52.5
- Overdue 91-180 days	214 237	(128 198)	86 039	59.8
- Overdue 181-360 days	314 176	(226 693)	87 483	72.2
- Overdue more than 360 days	61 167	(50 044)	11 123	81.8
Total credit card loans	4 570 485	(506 843)	4 063 642	11.1
Other loans to individuals				
- Not past due	77 538 601	(574 460)	76 964 141	0.7
- Overdue less than 31 days	1 627 201	(211 226)	1 415 975	13.0
- Overdue 31-60 days	793 688	(378 396)	415 292	47.7
- Overdue 61-90 days	697 483	(454 359)	243 124	65.1
- Overdue 91-180 days	1 843 890	(1 401 565)	442 325	76.0
- Overdue 181-360 days	2 551 143	(2 149 745)	401 398	84.3
- Overdue more than 360 days	671 147	(591 424)	79 723	88.1
Total other loans to individuals	85 723 153	(5 761 175)	79 961 978	6.7
Total loans to individuals	117 743 468	(6 575 547)	111 167 921	5.6

The following table provides information on the credit quality of loans to individuals as at 31 December 2013:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Auto loans				
- Not past due	10 004 501	(2 513)	10 001 988	0.03
- Overdue less than 31 days	63 942	(1 016)	62 926	1.6
- Overdue 31-60 days	23 243	(655)	22 588	2.8
- Overdue 61-90 days	27 721	(2 247)	25 474	8.1
- Overdue 91-180 days	45 339	(17 798)	27 541	39.3
- Overdue 181-360 days	97 141	(56 789)	40 352	58.5
- Overdue more than 360 days	43 769	(30 348)	13 421	69.3
Total auto loans	10 305 656	(111 366)	10 194 290	1.1

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	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Mortgage loans				
- Not past due	15 096 667	(11 880)	15 084 787	0.1
- Overdue less than 31 days	114 877	(698)	114 179	0.6
- Overdue 31-60 days	34 942	(274)	34 668	0.8
- Overdue 61-90 days	32 312	(600)	31 712	1.9
- Overdue 91-180 days	19 383	(2 473)	16 910	12.8
- Overdue 181-360 days	45 867	(12 859)	33 008	28.0
- Overdue more than 360 days	333 602	(157 545)	176 057	47.2
Total mortgage loans	15 677 650	(186 329)	15 491 321	1.2
Credit card loans				
- Not past due	2 637 275	(23 943)	2 613 332	0.9
- Overdue less than 31 days	620 353	(39 046)	581 307	6.3
- Overdue 31-60 days	92 872	(26 959)	65 913	29.0
- Overdue 61-90 days	55 190	(28 285)	26 905	51.3
- Overdue 91-180 days	141 249	(88 370)	52 879	62.6
- Overdue 181-360 days	110 698	(83 326)	27 372	75.3
- Overdue more than 360 days	22 819	(19 123)	3 696	83.8
Total credit card loans	3 680 456	(309 052)	3 371 404	8.4
Other loans to individuals				
- Not past due	62 806 358	(513 933)	62 292 425	0.8
- Overdue less than 31 days	1 218 768	(160 509)	1 058 259	13.2
- Overdue 31-60 days	656 498	(312 053)	344 445	47.5
- Overdue 61-90 days	528 247	(363 212)	165 035	68.8
- Overdue 91-180 days	1 131 579	(893 820)	237 759	79.0
- Overdue 181-360 days	1 415 450	(1 229 851)	185 599	86.9
- Overdue more than 360 days	428 881	(385 603)	43 278	89.9
Total other loans to individuals	68 185 781	(3 858 981)	64 326 800	5.7
Total loans to individuals	97 849 543	(4 465 728)	93 383 815	4.6

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 one percent, the impairment allowance as at 30 June 2014 would decrease/increase by RUB 1 111 679 thousand (31 December 2013: RUB 933 838 thousand).

In June 2014 the Bank transferred certain retail mortgage loans to special purpose entity (SPE) Mortgage Agent MKB. SPE issued bonds that are collateralized by the purchased assets. When the Group sells the assets to the consolidated SPE the transfer is in the form of the Group assuming an obligation to pass cash flows from the underlying assets to investors in the bonds. Although the Group does not own more than half of the voting power, the Group controls the SPE because it is exposed to the majority of risks and rewards of the SPE and hence, this SPE is consolidated. The investors in the bonds, have recourse only to the cash flows from the transferred assets.

	30 June 2014	31 December 2013
	RUB'000	RUB'000
	(Unaudited)	
Carrying amount of loans pledged	4 337 999	-
Carrying amount of associated liabilities – mortgage-backed bonds (Note 17)	3 715 282	-

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 other 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. However once a loan becomes impaired, management considers the fair value of collateral when assessing the impairment allowance for each individual loan.

As at 30 June 2014, impaired mortgage loans in the gross amount of RUB 696 474 thousand are secured by collateral with a fair value of RUB 571 158 thousand (31 December 2013: RUB 580 983 thousand and RUB 484 151 thousand, respectively). As at 30 June 2014, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 160 343 thousand (31 December 2013: RUB 113 342 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 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

Movements in the loan impairment allowance by classes of loans to individuals for the six-month period ended 30 June 2013 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	56 800	219 648	81 576	1 282 079	1 640 103
Net charge	99 843	32 463	84 536	1 680 516	1 897 358
Net write-offs	(16 533)	-	(28 553)	(384 820)	(429 906)
Balance at the end of the period	140 110	252 111	137 559	2 577 775	3 107 555

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 2014	31 December 2013
	RUB'000	RUB'000
	(Unaudited)	
Loans to individuals	117 743 468	97 849 543
Residential and commercial construction and development	25 086 832	23 347 068
Food and farm products	24 008 749	28 148 042
Metallurgical	22 003 732	20 133 322
Consumer electronics, appliances and computers	21 642 516	26 902 297
Oil and industrial chemicals	20 906 503	14 935 835
Automotive, motorcycles and spare parts	20 328 891	19 114 136
Services	18 437 034	12 589 630
Financial	11 796 926	6 245 239
Clothing, shoes, textiles and sporting goods	11 009 712	11 121 156
Industrial and infrastructure construction	10 662 030	8 342 728
Property rental	10 633 996	5 545 992
Pharmaceutical and medical products	10 061 002	11 774 075
Construction and decorative materials, furniture	6 844 914	6 581 178
Paper, stationery and packaging products	6 831 107	7 692 161
Industrial equipment and machinery	6 661 645	6 341 601
Electric utility	2 130 250	1 310 007
Consumer chemicals, perfumes and hygiene products	2 072 697	2 235 989
Gardening and pet products	1 127 507	970 578
Equipment leasing	1 107 559	1 748 930
Telecommunications	500 332	1 241 131
Books, video, print and copy	463 253	282 476
Products for home, gifts, jewelry and business accessories	371 576	560 088
Other	4 429 197	2 846 411
	356 861 428	317 859 613
Impairment allowance	(11 118 351)	(8 919 003)
	345 743 077	308 940 610

13 Property and equipment

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

The movement in property and equipment for the six-month period ended 30 June 2013 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 2013	4 755 123	369 460	341 639	1 321 655	62 716	6 850 593
Additions	5 535	45 857	19 932	104 308	-	175 632
Disposals	-	(10 555)	(1 084)	(19 241)	(4 006)	(34 886)
At 30 June 2013	4 760 658	404 762	360 487	1 406 722	58 710	6 991 339
Accumulated depreciation						
At 1 January 2013	-	112 198	137 930	520 845	-	770 973
Depreciation charge	50 297	37 547	37 789	101 872	-	227 505
Disposals	-	(7 615)	(517)	(14 124)	-	(22 256)
At 30 June 2013	50 297	142 130	175 202	608 593	-	976 222
Carrying value						
At 30 June 2013	4 710 361	262 632	185 285	798 129	58 710	6 015 117

14 Deposits by the Central Bank of the Russian Federation

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Term deposits	6 664 764	8 513 459
Payables under repurchase agreements or collateralized loans	-	6 052 712
Total deposits by the Central Bank of the Russian Federation	6 664 764	14 566 171

15 Deposits by credit institutions

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Demand deposits	200 240	335 793
Term deposits	23 113 379	15 832 104
Payables under repurchase agreements or collateralized loans	12 453 120	6 909 639
Syndicated loans	13 652 567	650 756
Subordinated debt	687 670	669 820
Total deposits by credit institutions	50 106 976	24 398 112

16 Deposits by customers

		30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Corporate customers	Demand	30 447 670	42 456 110
	Term	123 524 765	96 342 152
	Term notes	1 474 645	1 607 146
Total corporate customers		155 447 080	140 405 408
Individuals	Demand	11 972 781	9 682 192
	Term	128 008 149	124 784 404
Total individuals		139 980 930	134 466 596
Total deposits by customers		295 428 010	274 872 004

17 Debt securities issued

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Promissory notes issued at nominal value	5 004 997	6 925 845
Accrued interest	-	7 118
Unamortized discount	(171 727)	(274 384)
Total promissory notes issued	4 833 270	6 658 579
Subordinated bonds	22 027 564	21 562 286
Bonds	47 314 883	56 332 651
Total bonds issued	69 342 447	77 894 937
Total debt securities issued	74 175 717	84 553 516

All coupon payments are made semi-annually, and selected coupon rates are subject to change in accordance with terms of the issuance within a predetermined range.

As at 30 June 2014 issued bonds include RUB 3 715 282 of mortgage-backed bonds (Note 12).

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 comprises 14 467 761 735 shares (31 December 2013: 14 467 761 735 shares) with par value of 1 RUB per share. In addition, at 30 June 2014 the Bank has 21 808 396 273 authorized but unissued ordinary shares with an aggregate nominal value of RUB 21 808 million. The total hyperinflation adjustment related to equity that was last assessed as at 31 December 2002 was RUB 861 930 thousand.

19 Commitments

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Guarantees and letters of credit	61 445 751	70 165 586
Undrawn loan commitments	6 119 900	5 745 077
Other contingent liabilities	229 696	225 573
	67 795 347	76 136 236

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 2014 and 31 December 2013 are as follows:

	30 June 2014		31 December 2013	
	(Unaudited)			
	Amount	Average	Amount	Average
	RUB'000	effective	RUB'000	effective
		interest		interest
		rate		rate
		%		%
Loans to customers				
Under control of majority shareholder	571 534	13.6	713 175	13.6
Management and Supervisory Board	20 351	14.9	187 581	14.0
Total loans to customers	591 885		900 756	
Deposits by customers				
Majority shareholder	505 704	7.1	3 773 757	8.2
Parent company	31 218	11.0	41 350	11.0
Under control of majority shareholder	86 197	10.1	18 838	14.8
Management and Supervisory Board	195 590	7.2	167 823	7.1
Total deposits by customers	818 709		4 001 768	
Guarantees issued				
Under control of majority shareholder	1 876 700		4 606 435	
Total guarantees issued	1 876 700		4 606 435	

Amounts included in profit or loss and other comprehensive income for the six-month periods ended 30 June 2014 and 30 June 2013 in relation to transactions with related parties are as follows:

	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Interest income on loans to customers		
Majority shareholder	-	8 926
Under control of majority shareholder	42 313	9 404
Management and Supervisory Board	4 053	4 882
Total interest income	46 366	23 212
Interest expense on deposits by customers		
Majority shareholder	44 949	18 347
Parent company	1 464	14 735
Under control of majority shareholder	166	32 994
Management and Supervisory Board	6 522	4 228
Total interest expense	53 101	70 304

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the six-month periods ended 30 June 2014 and 30 June 2013 (refer to note 6) is as follows:

	Six-Month Period Ended 30 June 2014 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2013 RUB'000 (Unaudited)
Members of the Supervisory Board	21 844	57 983
Members of the Management Board	174 009	111 659
	195 853	169 642

22 Capital management

The Central Bank of the Russian Federation sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBR, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 June 2014 this minimum level is 10%. The Bank was in compliance with the statutory capital ratio as at 30 June 2014 and 31 December 2013.

Beginning 1 April 2013 the Bank calculates the amount of capital and capital adequacy ratios in accordance with the CBR requirements based on the Basel III methodology and using financial statements prepared in accordance with Russian Accounting Principles. Beginning 1 January 2014, the CBR uses the new capital adequacy rules based on the Basel III methodology for supervision purposes.

Under new CBR regulations the minimum level of base capital adequacy ratio, core capital adequacy ratio and total capital adequacy (own funds) ratio calculated based on Russian Accounting Principles are 5%, 5.5% and 10%, respectively. In addition, the new capital adequacy rules in accordance with Basel III result in accelerated amortisation of the capital treatment of

certain subordinated debt. The Bank was in compliance with the statutory Basel III capital ratio as at 30 June 2014.

As per the Basel III requirements as adopted in the Russian Federation, the capital adequacy ratio of the Group based on IFRS financial statements as at 30 June 2014 and 31 December 2013 is as follows:

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<i>Tier 1 capital</i>		
Share capital and additional paid-in capital	25 098 449	25 098 449
Retained earnings	28 724 727	24 481 310
Goodwill	(301 089)	(301 089)
Intangible assets	(130 941)	(150 680)
Core tier 1 capital	53 391 146	49 127 990
Additional capital	-	-
Total tier 1 capital	53 391 146	49 127 990
<i>Tier 2 capital</i>		
Revaluation surplus for buildings	1 115 928	1 115 928
Revaluation reserve for investments available-for-sale	(36 768)	(37 639)
Subordinated loans		
Subordinated loans from Black Sea Trade And Development Bank	269 045	353 475
Subordinated bonds	18 413 770	20 504 600
Total tier 2 capital	19 761 975	21 936 364
Total capital	73 153 121	71 064 354
Risk-weighted assets		
Banking book	408 699 784	383 956 170
Trading book	69 040 107	65 310 150
Operational risk	32 943 246	32 943 246
Total risk weighted assets	510 683 137	482 209 566
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	14.3 %	14.7 %
Core tier 1 capital expressed as a percentage of risk-weighted assets (Core tier 1 capital ratio)	10.5 %	10.2 %
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	10.5 %	10.2 %

Included in subordinated bonds in tier 2 capital are subordinated bonds in the amount of RUB 15 133 770 thousand (31 December 2013: RUB 16 461 421 thousand) which are fully in compliance with Basel III requirements as adopted in the Russian Federation. Other subordinated loans are subject to accelerated amortization beginning in April 2013, following the transition rules applied by the CBR for inclusion in tier 2 capital of subordinated loans received before June 2013.

23 Analysis by segment

The Group has five 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 other 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
- International business: comprises borrowings from international financial institutions and trade finance operations
- 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.

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

	30 June 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
ASSETS		
Corporate banking	236 163 882	217 129 590
Retail banking	112 598 578	94 755 319
Treasury	121 569 070	123 163 845
Cash operations	7 567 664	10 312 841
Unallocated assets	8 830 310	8 840 523
Total assets	486 729 504	454 202 118
LIABILITIES		
Corporate banking	155 447 080	140 405 408
Retail banking	139 980 929	134 466 596
Treasury	70 259 607	75 244 548
International business	60 687 850	48 273 251
Unallocated liabilities	5 451 702	5 154 268
Total liabilities	431 827 168	403 544 071

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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	International business	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, net	73 206	159 370	2 315	-	-	-	234 891
(Expenses) revenue from other segments	(5 468 187)	1 888 729	902 267	2 571 585	105 606	-	-
Revenue	9 486 386	13 308 580	4 130 200	2 571 585	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)	(3 015 368)	(2 064 458)	-	-	(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)	(148 291)	(33 565)	(717 173)	(1 373 646)	(5 036 993)
Expense	(5 946 242)	(11 282 632)	(3 194 882)	(2 098 023)	(717 679)	(1 373 646)	(24 613 104)
Segment result	3 540 144	2 025 948	935 318	473 562	141 973	(1 373 646)	5 743 299

Segment information for the main reportable segments for the six-month period ended 30 June 2013 is set below:

RUB'000 (Unaudited)	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	11 517 248	4 805 660	2 508 656	-	-	-	18 831 564
Fee and commission income	899 726	1 529 351	10 344	-	641 064	-	3 080 485
Net gain on securities	-	-	221 092	-	-	-	221 092
Net foreign exchange gains	151 429	25 245	126 138	-	-	-	302 812
Other operating income, net	210 395	124 728	13 721	-	-	-	348 844
(Expenses) revenue from other segments	(5 459 391)	3 184 656	124 855	2 074 411	75 469	-	-
Revenue	7 319 407	9 669 640	3 004 806	2 074 411	716 533	-	22 784 797
Impairment losses on loans	(838 800)	(1 897 358)	-	-	-	-	(2 736 158)
Interest expense	(2 318 323)	(5 376 697)	(2 195 054)	(1 210 813)	-	-	(11 100 887)
Fee and commission expense	(185 313)	(65 540)	(7 367)	(11 456)	(297)	-	(269 973)
General administrative and other expenses	(377 917)	(1 685 905)	(35 338)	(15 969)	(567 834)	(1 176 176)	(3 859 139)
Expense	(3 720 353)	(9 025 500)	(2 237 759)	(1 238 238)	(568 131)	(1 176 176)	(17 966 157)
Segment result	3 599 054	644 140	767 047	836 173	148 402	(1 176 176)	4 818 640

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 and financial liabilities 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.

Management estimated that the carrying values for all financial assets and liabilities approximates their fair values at the reporting date.

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 following tables show an analysis of financial instruments recorded at fair value in the consolidated interim condensed statement of financial position for which fair value is based on quoted market prices or calculated using valuation techniques where all the model inputs are observable in the market as at 30 June 2014 and 31 December 2013:

	Level 1 RUB'000	Level 2 RUB'000	Total RUB'000
30 June 2014 (Unaudited)			
Financial assets at fair value through profit or loss			
Government, municipal and corporate bonds	45 302 027	-	45 302 027
Derivative financial instruments	-	240 359	240 359
Total	45 302 027	240 359	45 542 386
Available-for-sale securities			
Corporate bonds	8 559 458	975 506	9 534 964
Promissory notes	-	5 018 389	5 018 389
Total	8 559 458	5 993 895	14 553 353
	Level 1 RUB'000	Level 2 RUB'000	Total RUB'000
31 December 2013			
Financial assets at fair value through profit or loss			
Government, municipal and corporate bonds	37 214 872	-	37 214 872
Derivative financial instruments	-	197 313	197 313
Total	37 214 872	197 313	37 412 185
Available-for-sale securities			
Corporate bonds	10 783 123	-	10 783 123
Promissory notes	-	7 745 780	7 745 780
Total	10 783 123	7 745 780	18 528 903

The fair value of unquoted equity securities available-for-sale with a carrying value of RUB 4 763 thousand (31 December 2013: RUB 4 661 thousand) cannot be determined.

As at 30 June 2014 the discount rates used for fair value calculation of Level 2 derivative financial instruments are 0.23%-0.24% for financial instruments in USD, 0.12%-0.26% for financial instruments in EUR and 8.78%-9.42% for financial instruments in RUB (31 December 2013: 0.21%-0.28% in USD, 6.11%-6.58% in RUB).

During the six-month period ended 30 June 2014 there were no transfers of financial instruments between Level 1 and Level 2.

As at 30 June 2014 and 31 December 2013 the Group does not have any financial instruments for which fair value is based on valuation techniques involving the use of unobservable inputs (Level 3).

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 year.

Basic earnings per share are calculated as follows:

	30 June 2014 RUB'000 (Unaudited)	30 June 2013 RUB'000 (Unaudited)
Profit for the period	4 243 418	3 825 482
Weighted average number of ordinary shares in issue	14 467 761 735	12 677 832 952
Basic and diluted earnings per share (in RUB per share)	0.29	0.30

The Group has no dilutive potential ordinary shares.

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.

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 and promissory notes the holders are entitled to demand early redemption of bonds and promissory notes at their nominal value at certain dates. Management believes debt securities issued to be a stable source of funding based on the past experience, thus classifying them in accordance with their stated maturity dates. Maturity based on early redemption dates for 30 June 2014 and 31 December 2013 is shown in the tables below:

30 June 2014	Less than	1 to 6	6 months to	1 to 3 years	3 to 5 years	Over 5	No	Total
(unaudited)	1 month	months	1 year	RUB'000	RUB'000	years	maturity	RUB'000
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Promissory notes issued	254 428	2 533 486	2 045 356	-	-	-	-	4 833 270
Bonds issued	-	4 764 413	7 104 948	15 148 141	38 609 663	3 715 282	-	69 342 447

31 December 2013	Less than	1 to 6	6 months to	1 to 3 years	3 to 5 years	Over 5	No	Total
	1 month	months	1 year	RUB'000	RUB'000	years	maturity	RUB'000
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Promissory notes issued	530 932	2 790 331	3 337 316	-	-	-	-	6 658 579
Bonds issued	2 077 196	12 847 273	5 959 479	19 262 285	37 748 704	-	-	77 894 937

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 in response to liquidity needs, if necessary.

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30 June 2014 (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
ASSETS												
Cash and cash equivalents	64 305 837	-	-	-	-	-	-	-	-	-	-	64 305 837
Obligatory reserves with the CBR	-	-	-	-	-	-	-	-	-	3 019 383	-	3 019 383
Due from credit institutions	-	3 366 516	1 242 836	84 044	37 000	-	-	-	-	-	-	4 730 396
Financial instruments at fair value through profit or loss	33 864 584	759 863	3 988 601	511 653	166 554	1 004 821	-	3 649 799	1 596 511	-	-	45 542 386
Available-for-sale securities	7 429 115	2 353 083	3 231 273	148 505	-	676 393	331 759	95 205	288 020	4 763	-	14 558 116
Loans to customers	23 751 899	53 796 254	42 383 985	26 035 950	18 602 953	45 515 970	40 503 232	44 967 640	43 997 045	-	6 188 149	345 743 077
Property and equipment	-	-	-	-	-	-	-	-	-	6 761 264	-	6 761 264
Goodwill	-	-	-	-	-	-	-	-	-	301 089	-	301 089
Other assets	634 558	117 879	466 016	278 306	92 769	61 397	117 031	-	-	-	-	1 767 956
	129 985 993	60 393 595	51 312 711	27 058 458	18 899 276	47 258 581	40 952 022	48 712 644	45 881 576	10 086 499	6 188 149	486 729 504
LIABILITIES												
Deposits by the CBR	4 509 555	-	501 027	-	1 654 182	-	-	-	-	-	-	6 664 764
Deposits by credit institutions	17 339 605	1 207 699	3 339 733	16 928 692	1 727 368	5 593 875	852 916	2 551 630	565 458	-	-	50 106 976
Deposits by customers	83 729 167	25 382 635	58 416 947	36 416 207	12 607 271	22 395 640	50 497 932	5 982 211	-	-	-	295 428 010
Debt securities issued	254 428	6 377 285	920 614	1 952 267	7 198 037	5 112 695	-	48 645 109	3 715 282	-	-	74 175 717
Income tax liability	-	223 865	-	-	-	-	-	-	-	2 087 619	-	2 311 484
Other liabilities	1 143 723	390 610	231 631	229 434	212 328	11 465	2 040	5 704	61	913 221	-	3 140 217
	106 976 478	33 582 094	63 409 952	55 526 600	23 399 186	33 113 675	51 352 888	57 184 654	4 280 801	3 000 840	-	431 827 168
Net position	23 009 515	26 811 501	(12 097 241)	(28 468 142)	(4 499 910)	14 144 906	(10 400 866)	(8 472 010)	41 600 775	7 085 659	6 188 149	54 902 336
Cumulative position	23 009 515	49 821 016	37 723 775	9 255 633	4 755 723	18 900 629	8 499 763	27 753	41 628 528	48 714 187	54 902 336	

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 2014

31 December 2013	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	67 064 920	-	-	-	-	-	-	-	-	-	-	67 064 920
Obligatory reserves with the CBR	-	-	-	-	-	-	-	-	-	2 798 987	-	2 798 987
Due from credit institutions	2 521 799	7 841 121	103 097	-	-	-	-	-	-	-	-	10 466 017
Financial instruments at fair value through profit or loss	25 593 349	477 336	401 986	187 460	-	2 028 775	352 951	8 370 328	-	-	-	37 412 185
Available-for-sale securities	6 220 857	1 492 740	1 570 102	134 896	2 617 780	141 245	1 669 164	3 584 180	1 097 939	4 661	-	18 533 564
Loans to customers	14 809 970	58 596 040	47 411 689	24 999 029	15 418 199	42 652 781	26 951 612	40 867 026	33 447 427	-	3 786 837	308 940 610
Property and equipment	-	-	-	-	-	-	-	-	-	6 079 029	-	6 079 029
Goodwill	-	-	-	-	-	-	-	-	-	301 089	-	301 089
Other assets	773 813	249 535	847 417	336 284	398 668	-	-	-	-	-	-	2 605 717
	116 984 708	68 656 772	50 334 291	25 657 669	18 434 647	44 822 801	28 973 727	52 821 534	34 545 366	9 183 766	3 786 837	454 202 118
LIABILITIES												
Deposits by the CBR	6 052 712	3 504 531	-	4 507 798	501 130	-	-	-	-	-	-	14 566 171
Deposits by credit institutions	4 930 001	3 775 209	1 189 886	1 795 745	7 216 320	1 468 023	788 646	2 619 368	614 914	-	-	24 398 112
Deposits by customers	85 800 492	21 367 042	35 574 530	35 830 042	33 800 466	20 831 174	32 225 438	9 442 820	-	-	-	274 872 004
Debt securities issued	530 933	4 261 993	11 375 612	7 987 198	1 309 599	11 297 954	-	47 790 227	-	-	-	84 553 516
Income tax liability	-	196 917	-	-	-	-	-	-	-	1 880 127	-	2 077 044
Other liabilities	1 441 375	222 680	162 713	162 713	162 514	-	-	-	-	925 229	-	3 077 224
	98 755 513	33 328 372	48 302 741	50 283 496	42 990 029	33 597 151	33 014 084	59 852 415	614 914	2 805 356	-	403 544 071
Net position	18 229 195	35 328 400	2 031 550	(24 625 827)	(24 555 382)	11 225 650	(4 040 357)	(7 030 881)	33 930 452	6 378 410	3 786 837	50 658 047
Cumulative position	18 229 195	53 557 595	55 589 145	30 963 318	6 407 936	17 633 586	13 593 229	6 562 348	40 492 800	46 871 210	50 658 047	

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 2014 (Unaudited)				31 December 2013			
	USD RUB'000	RUB RUB'000	Other currencies RUB'000	Total RUB'000	USD RUB'000	RUB RUB'000	Other currencies RUB'000	Total RUB'000
ASSETS								
Cash and cash equivalents	27 172 343	31 861 334	5 272 160	64 305 837	10 356 327	54 061 089	2 647 504	67 064 920
Obligatory reserves with the CBR	-	3 019 383	-	3 019 383	-	2 798 987	-	2 798 987
Due from credit institutions	4 005 596	37 000	687 800	4 730 396	4 018 358	6 447 659	-	10 466 017
Financial instruments at fair value through profit or loss	828 558	44 713 828	-	45 542 386	563 620	36 848 565	-	37 412 185
Available-for-sale securities	5 610 988	8 942 393	4 735	14 558 116	4 681 234	12 956 148	896 182	18 533 564
Loans to customers	46 139 509	292 829 003	6 774 565	345 743 077	50 834 296	253 305 358	4 800 956	308 940 610
Property and equipment	-	6 761 264	-	6 761 264	-	6 079 029	-	6 079 029
Goodwill	-	301 089	-	301 089	-	301 089	-	301 089
Other assets	60 198	1 667 922	39 836	1 767 956	32 957	2 527 328	45 432	2 605 717
	83 817 192	390 133 216	12 779 096	486 729 504	70 486 792	375 325 252	8 390 074	454 202 118

CREDIT BANK OF MOSCOW (open joint-stock company)
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for the six-month period ended 30 June 2014

	30 June 2014 (Unaudited)				31 December 2013			
	USD RUB'000	RUB RUB'000	Other currencies RUB'000	Total RUB'000	USD RUB'000	RUB RUB'000	Other currencies RUB'000	Total RUB'000
LIABILITIES								
Deposits by the CBR	-	6 664 764	-	6 664 764	-	14 566 171	-	14 566 171
Deposits by credit institutions	24 312 595	21 048 176	4 746 205	50 106 976	9 076 297	13 053 025	2 268 790	24 398 112
Deposits by customers	27 210 096	259 008 646	9 209 268	295 428 010	23 386 492	244 810 247	6 675 265	274 872 004
Debt securities issued	38 513 199	35 662 518	-	74 175 717	38 697 552	45 846 249	9 715	84 553 516
Income tax liability	-	2 311 484	-	2 311 484	-	2 077 044	-	2 077 044
Other liabilities	192 369	2 883 054	64 794	3 140 217	244 066	2 795 001	38 157	3 077 224
	90 228 259	327 578 642	14 020 267	431 827 168	71 404 407	323 147 737	8 991 927	403 544 071
Net position before hedging	(6 411 067)	62 554 574	(1 241 171)	54 902 336	(917 615)	52 177 515	(601 853)	50 658 047
Derivative financial instruments	7 275 989	(8 567 336)	1 291 347	-	1 936 913	(1 936 062)	(851)	-
Net position	864 922	53 987 238	50 176	54 902 336	1 019 298	50 241 453	(602 704)	50 658 047

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 2014 (Unaudited)				31 December 2013			
	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	34 639 722	25 470 563	4 195 552	64 305 837	55 958 355	10 369 448	737 117	67 064 920
Obligatory reserves with the CBR	3 019 383	-	-	3 019 383	2 798 987	-	-	2 798 987
Due from credit institutions	453 852	845 062	3 431 482	4 730 396	8 678 154	822 412	965 451	10 466 017
Financial instruments at fair value through profit or loss	45 065 892	173 344	303 150	45 542 386	37 412 185	-	-	37 412 185
Available-for-sale securities	14 558 113	-	-	14 558 113	18 533 564	-	-	18 533 564
Loans to customers	330 446 852	5 944 732	9 351 493	345 743 077	294 449 218	4 417 611	10 073 781	308 940 610
	428 183 814	32 433 701	17 281 677	477 899 192	417 830 463	15 609 471	11 776 349	445 216 283
LIABILITIES								
Deposits by the CBR	-	6 664 764	-	6 664 764	14 566 171	-	-	14 566 171
Deposits by credit institutions	27 693 548	22 413 428	-	50 106 976	14 710 970	9 665 933	21 209	24 398 112
Deposits by customers	294 333 179	150 782	944 049	295 428 010	271 431 196	459 722	2 981 086	274 872 004
Debt securities issued	35 901 295	38 274 422	-	74 175 717	45 946 198	38 607 318	-	84 553 516
	357 928 022	67 503 396	944 049	426 375 467	346 654 535	48 732 973	3 002 295	398 389 803
Net position	70 255 791	(35 069 695)	16 337 628	51 523 725	71 175 928	(33 123 502)	8 774 054	46 826 480

27 Events subsequent to the reporting date

In July 2014 the Bank placed its domestic exchange bond issue series BO-10 with a nominal value of RUB 5 billion with a 5-year maturity at MICEX with a fixed coupon rate of 10.5% for the first year of floatation.

In July 2014 the Bank placed its domestic exchange bond issue series BO-11 with a nominal value of RUB 5 billion with a 5-year maturity at MICEX with a fixed coupon rate of 10.9% for the first 1.5 years of floatation.

In July 2014 the Bank paid out the eighth coupon in the amount of RUB 92.74 million or RUB 46.37 per bond on domestic bonds series 07. The issue was originally placed on 20 July 2010 in the amount of RUB 2 billion with a maturity of 5 years.

In August 2014 the Bank redeemed its Loan Participation Notes issue in the total amount of USD 200 million with a fixed coupon rate of 8.25% p.a. at par and maturity of 3 years.

Acting Chairman of the Management Board



Dmitry A. Eremin

Chief Accountant

Svetlana V. Sass

5 September 2014