

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the three-month period
ended 31 March 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 31 March 2015, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, 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 31 March 2015 and for the three-month period then ended 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



15 June 2015

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three-month period ended 31 March 2015

	Notes	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Interest income	4	18 801 891	12 355 511
Interest expense	4	(13 905 208)	(7 396 678)
Net interest income	4	4 896 683	4 958 833
Provision for impairment of loans	12	(4 567 394)	(1 914 307)
Net interest income after provision for impairment of loans		329 289	3 044 526
Fee and commission income	5	1 819 848	1 913 673
Fee and commission expense	5	(395 045)	(335 593)
Net gain (loss) on financial instruments at fair value through profit or loss		2 882	(229 158)
Net realized gain (loss) on available-for-sale assets		8 829	(24 966)
Net foreign exchange gains		809 231	191 075
State deposit insurance scheme contributions		(171 377)	(134 781)
Other operating income, net		151 942	22 554
Non-interest income		2 226 310	1 402 804
Operating income		2 555 599	4 447 330
Salaries and employment benefits	6	(1 366 212)	(1 295 148)
Administrative expenses	6	(572 892)	(686 299)
Depreciation of property and equipment		(144 592)	(115 942)
Other provisions		(107 663)	191 311
Operating expense		(2 191 359)	(1 906 078)
Profit before income taxes		364 240	2 541 252
Income tax	7	(75 234)	(622 635)
Profit for the period		289 006	1 918 617
Other comprehensive income (loss)			
<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		1 200 581	(176 411)
- Net change in fair value transferred to profit or loss		(72 486)	8 885
Income tax related to other comprehensive loss		(225 619)	33 505
Other comprehensive income (loss) for the period, net of tax		902 476	(134 021)
Total comprehensive income for the period		1 191 482	1 784 596
Basic earnings per share (in RUB per share)		0.02	0.13

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 31 March 2015

	Notes	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
ASSETS			
Cash and cash equivalents	8	92 621 463	118 696 921
Obligatory reserves with the Central Bank of the Russian Federation		3 704 428	3 360 070
Due from credit institutions	9	9 570 232	6 880 576
Financial instruments at fair value through profit or loss	10	59 705 266	49 864 611
Available-for-sale securities	11	18 018 088	11 111 625
Loans to customers	12	382 858 948	378 014 328
Property and equipment		7 292 014	7 399 340
Goodwill		301 089	301 089
Other assets		7 658 493	9 210 432
Total assets		581 730 021	584 838 992
LIABILITIES AND EQUITY			
Deposits by the Central Bank of the Russian Federation	13	1 425 601	11 594 431
Deposits by credit institutions	14	22 001 904	54 302 953
Deposits by customers	15	368 761 484	334 852 198
Debt securities issued	16	122 048 402	118 621 304
Deferred tax liability		2 492 994	2 196 335
Current tax liability		-	13 720
Other liabilities		3 820 664	3 270 561
Total liabilities		520 551 049	524 851 502
Equity			
Share capital	17	16 601 957	15 329 692
Additional paid-in capital		13 496 492	9 768 757
Shares in the process of issue		-	5 000 000
Revaluation surplus for buildings		1 115 928	1 115 928
Revaluation reserve for available-for-sale securities		(375 053)	(1 277 529)
Retained earnings		30 339 648	30 050 642
Total equity		61 178 972	59 987 490
Total liabilities and equity		581 730 021	584 838 992

Commitments and Contingencies 18-19

Chairman of the Management Board

Acting Chief Accountant



Vladimir A. Chubar

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 three-month period ended 31 March 2015

Notes	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	16 491 743	11 721 713
Interest payments	(12 266 868)	(5 750 817)
Fees and commission receipts	1 993 636	2 094 604
Fees and commission payments	(395 045)	(335 593)
Net receipts (payments) from operations with securities	720 904	(78 465)
Net receipts from foreign exchange	1 213 596	1 410 493
State deposit insurance scheme contributions payments	(152 625)	(132 194)
Net other operating income receipts	153 046	28 526
Salaries and employment benefits paid	(1 302 512)	(1 246 449)
Administrative expenses paid	(1 149 898)	(15 472)
Income tax paid	(654 435)	(587 447)
Operating cash flows before changes in operating assets and liabilities	4 651 542	7 108 899
(Increase) decrease in operating assets		
Obligatory reserves with the Central Bank of the Russian Federation	(344 358)	(28 049)
Due from credit institutions	(2 784 598)	6 702 470
Financial instruments at fair value through profit or loss	(9 955 613)	(4 829 622)
Loans to customers	(4 412 926)	(13 651 928)
Other assets	1 130 191	(610 138)
Increase (decrease) in operating liabilities		
Deposits by the Central Bank of the Russian Federation	(10 147 032)	(9 547 167)
Deposits by credit institutions	(14 470 172)	(3 979 314)
Deposits by customers	32 566 325	1 762 208
Promissory notes	(1 759 799)	(378 554)
Other liabilities	933 821	77 707
Net cash used in operations	(4 592 619)	(17 373 488)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase) sale of available-for-sale securities	(6 598 231)	3 370 159
Net purchase of property and equipment	(38 370)	(100 520)
Net cash (used in) from investing activities	(6 636 601)	3 269 639
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from syndicated borrowings	-	13 578 584
Repayment of syndicated borrowings	(18 307 526)	-
Proceeds from issuance of other bonds	3 000 000	-
Net cash (used in) from financing activities	(15 307 526)	13 578 584

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 three-month period ended 31 March 2015

	Notes	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Effect of exchange rates changes on cash and cash equivalents		461 288	1 189 394
Change in cash and cash equivalents		<u>(26 075 458)</u>	<u>664 129</u>
Cash and cash equivalents, beginning of the period		<u>118 696 921</u>	<u>67 064 920</u>
Cash and cash equivalents, end of the period	8	<u><u>92 621 463</u></u>	<u><u>67 729 049</u></u>

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 three-month period ended 31 March 2015

	Share capital	Additional paid-in capital	Shares in the process of issue	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	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)	-	-	-	-	(134 021)	1 918 617	1 784 596
31 March 2014 (Unaudited)	15 329 692	9 768 757	-	1 115 928	(171 660)	26 399 926	52 442 643
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)	-	-	-	-	902 476	289 006	1 191 482
Shares issued (Unaudited)	1 272 265	3 727 735	(5 000 000)	-	-	-	-
31 March 2015 (Unaudited)	16 601 957	13 496 492	-	1 115 928	(375 053)	30 339 648	61 178 972

Chairman of the Management Board



Vladimir A. Chubar

Acting Chief Accountant

Ekaterina V. Toloka

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 56 branches, 808 ATMs and 5 480 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, %	
			31 March 2015	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

The Bank's shareholders as at 31 March 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 sole shareholder of Concern Rossium, LLC, is Roman I. Avdeev, who is ultimate controlling party of the Group.

Related party transactions are detailed in note 20.

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 this 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

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Interest income		
Loans to customers	15 377 635	10 738 746
Financial instruments at fair value through profit or loss and available-for-sale securities	1 799 278	1 219 637
Due from credit institutions and the Central Bank of the Russian Federation	1 624 978	397 128
	18 801 891	12 355 511
Interest expense		
Deposits by customers	(10 168 382)	(4 894 946)
Debt securities issued	(2 959 618)	(1 927 421)
Deposits by credit institutions and the Central Bank of the Russian Federation	(777 208)	(574 311)
	(13 905 208)	(7 396 678)
Net interest income	4 896 683	4 958 833

5 Net fee and commission income

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Fee and commission income		
Plastic cards	416 695	336 673
Guarantees and letters of credit	330 148	295 894
Settlements and wire transfers	307 187	390 773
Cash handling	296 175	314 256
Other cash operations	151 383	39 691
Insurance contracts processing	85 926	462 618
Currency exchange commission	67 239	30 926
Other	165 095	42 842
	1 819 848	1 913 673
Fee and commission expense		
Settlements and wire transfers	(317 352)	(284 308)
Other	(77 693)	(51 285)
	(395 045)	(335 593)
Net fee and commission income	1 424 803	1 578 080

6 Salaries, employment benefits and administrative expenses

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Salaries	1 017 081	971 826
Social security costs	316 287	305 286
Other	32 844	18 036
Salaries and employment benefits	1 366 212	1 295 148
Occupancy	217 289	215 516
Operating taxes	80 305	148 188
Advertising and business development	56 070	97 804
Property maintenance	50 053	55 090
Security	46 660	49 060
Transport	24 993	16 610
Computer maintenance and software expenses	19 229	19 409
Communications	14 007	8 478
Write-off of low-value fixed assets	6 250	32 609
Other	58 036	43 535
Administrative expenses	572 892	686 299

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

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Current tax charge	6 198	529 510
Deferred taxation	69 036	93 125
Income tax expense	75 234	622 635

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

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Cash on hand	8 793 961	12 529 291
Correspondent account with the Central Bank of the Russian Federation	6 923 666	8 522 827
Nostro accounts with other banks		
rated from AA+ to AA-	627 015	11 851 004
rated from A+ to A-	2 984 377	7 233 613
rated from BBB+ to BBB-	5 372 379	3 986 168
rated from BB+ to BB-	1 202 825	4 084 581
rated from B+ to B-	44 877	75 452
not rated	1 640 342	423 064
Total nostro accounts with other banks	11 871 815	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-	23 189 320	8 392 430
rated from BBB+ to BBB-	13 000 153	2 000 287
rated from BB+ to BB-	6 819 502	292 413
rated from B+ to B-	12 807 052	16 655 517
not rated	9 215 994	6 050 274
Total due from credit and other financial institutions with maturity of less than 1 month	65 032 021	69 990 921
Total cash and cash equivalents	92 621 463	118 696 921

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 31 March 2015 receivables under reverse sale and repurchase agreements included in cash and cash equivalents are RUB 27 602 450 thousand (31 December 2014: RUB 14 785 302 thousand).

As at 31 March 2015, 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 9 215 994 thousand (31 December 2014: RUB 6 041 252 thousand).

As at 31 March 2015, the Group has two counterparties (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 31 March 2015 is RUB 40 109 734 thousand (31 December 2014: nil).

9 Due from credit institutions

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Term deposits		
rated from BBB+ to BBB-	-	88 000
rated from BB+ to BB-	3 056 548	-
rated from B+ to B-	4 882 472	6 792 576
not rated	1 631 212	-
Total due from credit institutions	9 570 232	6 880 576

No amounts due from credit institutions are impaired or past due.

10 Financial instruments at fair value through profit or loss

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
<u>Held by the Group</u>		
Government and municipal bonds		
Moscow Government bonds	309 286	115 020
Regional authorities and municipal bonds	6 331 563	7 244 254
Corporate bonds		
rated AAA	172 073	842 067
from BBB+ to BBB-	14 259 460	9 907 665
from BB+ to BB-	20 952 323	15 233 908
from B+ to B-	8 323 006	8 081 725
from CCC+ to CCC-	518 081	47 184
not rated	6 590 394	7 238 900
Derivative financial instruments	2 149 039	1 015 387
Total held by the Group	59 605 225	49 726 110

	31 March 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	100 041	138 501
Total pledged under sale and repurchase agreements	100 041	138 501
Total financial instruments at fair value through profit or loss	59 705 266	49 864 611

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

As at 31 March 2015, debt instruments in the amount of RUB 50 593 515 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 31 March 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 unmaturing 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	
	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Buy USD sell RUB				
Less than 3 months	-	11 876 712	-	55.8263
Buy RUB sell USD				
Less than 3 months	15 493 040	6 385 328	63.3945	56.6864
Buy RUB sell EUR				
Less than 3 months	5 386 408	-	76.2319	-
Between 3 months and 6 months	-	5 809 130	-	76.2319
Buy EUR sell RUB				
Less than 3 months	5 776 916	-	67.6724	-
Between 3 months and 6 months	-	5 758 920	-	67.7520
Buy CNY sell RUB				
Less than 3 months	-	5 110	-	9.3247

11 Available-for-sale securities

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
<u>Held by the Group</u>		
Corporate bonds		
from BBB+ to BBB-	2 761 562	5 337 406
from BB+ to BB-	8 625 897	3 968 073
from B+ to B-	2 696 205	1 613 542
Promissory notes		
from BB+ to BB-	1 947 306	-
from B+ to B-	1 950 177	-
not rated	36 886	192 549
Equity investments	55	55
Total held by the Group	18 018 088	11 111 625
Total available-for-sale securities	18 018 088	11 111 625

No available-for-sale securities are past due.

As at 31 March 2015, debt instruments in the amount of RUB 12 579 521 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

	31 March 2015 RUB'000 (Unaudited)	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000	31 December 2014 RUB'000
	Loans	Impairment allowance	Loans	Impairment allowance
Loans to corporate clients	275 527 072	(10 835 277)	265 917 879	(8 366 428)
Loans to individuals				
Auto loans	7 524 263	(129 703)	8 493 575	(120 461)
Mortgage loans	19 455 585	(397 192)	19 665 252	(305 563)
Credit card loans	5 080 902	(628 510)	5 163 899	(618 437)
Other loans to individuals	94 659 318	(7 397 510)	94 949 919	(6 765 307)
Total loans to individuals	126 720 068	(8 552 915)	128 272 645	(7 809 768)
Gross loans to customers	402 247 140	(19 388 192)	394 190 524	(16 176 196)
Net loans to customers	382 858 948		378 014 328	

Credit quality of loan portfolio

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

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Loans to customers		
- Not past due	362 064 543	361 562 775
- Not past due but impaired	10 646 239	18 074 192
- Overdue less than 31 days	6 592 907	3 341 060
- Overdue 31-60 days	2 816 141	1 263 771
- Overdue 61-90 days	10 484 116	881 005
- Overdue 91-180 days	2 958 276	2 558 685
- Overdue 181-360 days	4 450 329	4 614 081
- Overdue more than 360 days	2 234 589	1 894 955
Total gross loans to customers	402 247 140	394 190 524
Impairment allowance	(19 388 192)	(16 176 196)
Total net loans to customers	382 858 948	378 014 328

As at 31 March 2015, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 29 536 358 thousand, which represents 7.3% 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 9 643 194 thousand or 2.4% 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 18 756 122 thousand or 4.7% of the gross loan portfolio (31 December 2014: RUB 16 798 454 thousand and 4.3%, respectively).

As at 31 March 2015, the ratio of total impairment allowance to overdue loans equals 65.6%, the ratio of total impairment allowance to NPLs equals 201.1% and the ratio of total impairment allowance to NPLs together with restructured loans equals 103.4% (31 December 2014: 111.2%, 178.4% and 96.3%, respectively).

Movements in the loan impairment allowance for the three-month periods ended 31 March 2015 and 31 March 2014 are as follows:

	31 March 2015 RUB'000 (Unaudited)	31 March 2014 RUB'000 (Unaudited)
Balance at the beginning of the period	16 176 196	8 919 003
Net charge	4 567 394	1 914 307
Net write-offs	(1 355 398)	(756 438)
Balance at the end of the period	19 388 192	10 076 872

As at 31 March 2015, interest accrued on overdue and impaired loans amounts to RUB 1 210 637 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 31 March 2015 and 31 December 2014:

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Loans to corporate clients		
- Not past due	247 879 042	244 633 302
- Not past due but impaired	10 646 239	18 074 192
- Overdue less than 31 days	4 643 891	1 755 632
- Overdue 31-60 days	1 631 611	337 509
- Overdue 61-90 days	9 540 509	107 039
- Overdue 91-180 days	849 829	386 288
- Overdue 181-360 days	325 786	607 032
- Overdue more than 360 days	10 165	16 885
Total gross loans to corporate clients	275 527 072	265 917 879
Impairment allowance	(10 835 277)	(8 366 428)
Total net loans to corporate clients	264 691 795	257 551 451

As at 31 March 2015, 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. 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 31 March 2015 would decrease/increase by RUB 5 293 836 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 (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 31 March 2015 and 31 December 2014:

	31 March 2015	31 December 2014
	RUB'000	RUB'000
	(Unaudited)	
Real estate	65 268 087	67 975 785
Goods in turnover	29 887 365	24 369 121
Securities	28 620 688	31 324 899
Equipment and motor vehicles	13 903 917	11 157 034
Claims for contract receivables	13 601 795	11 495 806
Bank's own debt securities	215 168	182 726
Corporate guarantees and no collateral	113 194 775	111 046 080
	264 691 795	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 3 568 696 thousand higher without any collateral as at 31 March 2015 (31 December 2014: RUB 3 019 988 thousand).

Collateral obtained

During the three-month period ended 31 March 2015, the Group obtained certain assets by taking possession of collateral for loans to corporate customers. As at 31 March 2015, the carrying amount of assets obtained during three-month period then ended is RUB 125 154 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 three-month periods ended 31 March 2015 and 31 March 2014 are as follows:

	2015	2014
	RUB'000	RUB'000
	(Unaudited)	(Unaudited)
Balance at the beginning of the period	8 366 428	4 453 275
Net charge	2 560 280	229 848
Net write-offs	(91 431)	(165 591)
Balance at the end of the period	10 835 277	4 517 532

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 31 March 2015:

RUB'000	Auto loans (Unaudited)	Mortgage loans (Unaudited)	Credit card loans (Unaudited)	Other loans to individuals (Unaudited)	Total (Unaudited)
- Not past due	7 258 017	18 252 410	4 154 314	84 520 760	114 185 501
- Overdue less than 31 days	50 028	186 681	-	1 712 307	1 949 016
- Overdue 31-60 days	20 773	53 955	183 461	926 341	1 184 530
- Overdue 61-90 days	21 026	112 849	69 098	740 634	943 607
- Overdue 91-180 days	48 756	155 381	128 898	1 775 412	2 108 447
- Overdue 181-360 days	79 865	263 046	369 029	3 412 603	4 124 543
- Overdue more than 360 days	45 798	431 263	176 102	1 571 261	2 224 424
Gross loans	7 524 263	19 455 585	5 080 902	94 659 318	126 720 068
Impairment allowance	(129 703)	(397 192)	(628 510)	(7 397 510)	(8 552 915)
Net loans	7 394 560	19 058 393	4 452 392	87 261 808	118 167 153

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 31 March 2015 would increase/decrease by RUB 3 545 015 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 31 March 2015, overdue mortgage loans in the gross amount of RUB 1 203 175 thousand are secured by collateral with a fair value of RUB 756 734 thousand (31 December 2014: RUB 1 051 938 thousand and RUB 800 317 thousand, respectively). As at 31 March 2015, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 317 835 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 three-month period ended 31 March 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	51 263	91 629	157 610	1 706 612	2 007 114
Net write-offs	(42 021)	-	(147 537)	(1 074 409)	(1 263 967)
Balance at the end of the period	129 703	397 192	628 510	7 397 510	8 552 915

Movements in the loan impairment allowance by classes of loans to individuals for the three-month period ended 31 March 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	63 164	9 226	159 420	1 452 649	1 684 459
Net write-offs	(60 698)	-	(37 462)	(492 687)	(590 847)
Balance at the end of the period	113 832	195 555	431 010	4 818 943	5 559 340

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:

	31 March 2015	31 December 2014
	RUB'000	RUB'000
	(Unaudited)	
Loans to individuals	126 720 068	128 272 645
Residential and commercial construction and development	32 226 177	32 896 516
Food and farm products	29 901 949	24 130 079
Automotive, motorcycles and spare parts	29 353 025	26 525 458
Services	25 279 279	29 283 288
Oil and industrial chemicals	21 163 115	21 780 382
Metallurgical	19 342 607	20 644 628
Property rental	18 634 259	11 878 567
Industrial and infrastructure construction	16 348 166	12 990 509
Financial	16 173 950	16 207 141
Consumer electronics, appliances and computers	13 042 284	14 531 414

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Clothing, shoes, textiles and sporting goods	11 803 545	15 805 953
Pharmaceutical and medical products	10 715 105	8 456 534
Industrial equipment and machinery	8 819 667	9 189 011
Construction and decorative materials, furniture	6 596 780	6 082 450
Consumer chemicals, perfumes and hygiene products	4 527 046	1 904 249
Electric utility	1 752 218	1 686 105
Paper, stationery and packaging products	1 196 155	2 052 741
Equipment leasing	987 981	1 310 709
Gardening and pet products	660 451	911 264
Books, video, print and copy	291 972	308 363
Products for home, gifts, jewelry and business accessories	190 252	344 065
Telecommunications	119 377	2 725 139
Other	6 401 712	4 273 314
	402 247 140	394 190 524
Impairment allowance	(19 388 192)	(16 176 196)
	382 858 948	378 014 328

13 Deposits by the Central Bank of the Russian Federation

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Term deposits	1 353 764	11 499 196
Payables under repurchase agreements or collateralized loans	71 837	95 235
Total deposits by the Central Bank of the Russian Federation	1 425 601	11 594 431

14 Deposits by credit institutions

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Term deposits	15 809 683	29 908 945
Syndicated loans	4 308 485	22 471 131
Subordinated debt	1 175 765	1 150 791
Demand deposits	707 971	772 086
Total deposits by credit institutions	22 001 904	54 302 953

15 Deposits by customers

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Corporate customers		
Demand	20 009 830	19 023 561
Term	182 059 671	152 095 958
Term notes	221 453	332 709
Total corporate customers	202 290 954	171 452 228
Individuals		
Demand	10 399 723	10 786 340
Term	156 070 807	152 613 630
Total individuals	166 470 530	163 399 970
Total deposits by customers	368 761 484	334 852 198

16 Debt securities issued

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Promissory notes issued at nominal value	3 266 200	5 025 999
Accrued interest	20 837	19 874
Unamortized discount	(10 020)	(79 913)
Total promissory notes issued	3 277 017	4 965 960
Subordinated bonds	38 915 009	36 952 827
Bonds	79 856 376	76 702 517
Total bonds issued	118 771 385	113 655 344
Total debt securities issued	122 048 402	118 621 304

17 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 31 March 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 31 March 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.

18 Commitments

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
Guarantees and letters of credit	50 319 610	67 723 944
Undrawn loan commitments	5 849 307	6 312 891
Other contingent liabilities	214 563	326 790
	56 383 480	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.

19 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.

20 Related party transactions

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

	31 March 2015 (Unaudited)		31 December 2014	
	Amount RUB'000	Average effective interest rate	Amount RUB'000	Average effective interest rate
Loans to customers				
Majority shareholder	998 348	27.0%	-	-
Under control of majority shareholder	500 406	25.0%	518 437	16.7%
Management	19 160	15.0%	22 478	14.9%
Total loans	1 517 914		540 915	
Deposits by customers				
Majority shareholder	578 150	4.4%	268 073	4.0%
Management	146 003	8.6%	156 043	8.6%
Parent company	92 643	8.4%	24 366	7.8%
Under control of majority shareholder	17 233	0.0%	62 405	8.4%
Total deposits	834 029		510 887	

Amounts included in profit or loss and other comprehensive income for the three-month periods ended 31 March 2015 and 31 March 2014 in relation to transactions with related parties are as follows:

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Interest income on loans to customers		
Majority shareholder	28 411	-
Under control of majority shareholder	29 147	22 393
Management	826	3 780
Total interest income	58 384	26 173

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Interest expense on deposits by customers		
Majority shareholder	4 247	35 680
Management	3 288	2 259
Parent company	63 847	810
Under control of majority shareholder	1 925	155
Total interest expense	73 307	38 904

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the three-month periods ended 31 March 2015 and 31 March 2014 (refer to note 6) is as follows:

	Three-Month Period Ended 31 March 2015 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2014 RUB'000 (Unaudited)
Members of the Supervisory Board	17 694	9 940
Members of the Management Board	22 888	26 782
	40 582	36 722

21 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 31 March 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).

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

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

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

As per the Basel III requirements as adopted in the Russian Federation, the capital adequacy ratio of the Group based on the IFRS financial statements as at 31 March 2015 and 31 December 2014 is as follows:

	31 March 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	-	5 000 000
Retained earnings	30 339 648	30 050 642
Goodwill	(301 089)	(301 089)
Intangible assets	(122 996)	(141 564)
Core tier 1	60 014 012	59 706 438
 Additional capital	 -	 -
Total tier 1 capital	60 014 012	59 706 438
 Tier 2 capital		
Revaluation surplus for buildings	1 115 928	1 115 928
Revaluation reserve for investments available-for-sale	(375 053)	(1 277 529)
Subordinated loans		
Subordinated loans from Black Sea Trade And Development Bank	327 400	360 054
Subordinated bonds	30 568 591	30 433 890
Total tier 2 capital	31 636 866	30 632 343
Total capital	91 650 878	90 338 781
 Risk-weighted assets		
Banking book	449 892 577	459 721 138
Trading book	86 339 573	67 317 145
Operational risk	43 073 457	43 073 457
Total risk weighted assets	579 305 607	570 111 740
 Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%)	15.8	15.8
Total tier 1 capital expressed as a percentage of risk-weighted assets (Core tier 1 capital ratio) (%)	10.4	10.5
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%)	10.4	10.5

Included in subordinated bonds in tier 2 capital are subordinated bonds in the amount of RUB 21 924 113 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 beginning in April 2013, following the transition rules applied by the CBR for inclusion in tier 2 capital of subordinated loans received before March 2013.

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 31 March 2015 and 31 December 2014:

	31 March 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	-	5 000 000
Retained earnings	30 339 648	30 050 642
Goodwill	(301 089)	(301 089)
Total tier 1 capital	60 137 008	59 848 002
Tier 2 capital		
Revaluation surplus for buildings	1 115 928	1 115 928
Revaluation reserve for investments available-for-sale	(375 053)	(1 277 529)
Subordinated loans		
Subordinated loans from Black Sea Trade And Development Bank	409 250	450 067
Subordinated bonds	30 795 506	31 431 944
Total tier 2 capital	31 945 631	31 720 410
Total capital	92 082 639	91 568 412
Risk-weighted assets		
Banking book	449 892 577	459 721 138
Trading book	86 339 573	67 317 145
Total risk weighted assets	536 232 150	527 038 283
Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%)	17.2	17.4
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%)	11.2	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 31 March 2015 and 31 December 2014.

22 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:

	31 March 2015 RUB'000 (Unaudited)	31 December 2014 RUB'000
ASSETS		
Corporate banking	266 723 928	259 263 051
Retail banking	119 839 448	122 111 347
Treasury	171 121 087	174 024 442
Cash operations	8 793 961	12 529 291
Unallocated assets	15 251 597	16 910 861
Total assets	581 730 021	584 838 992
LIABILITIES		
Corporate banking	202 290 954	171 452 227
Retail banking	166 470 530	163 399 970
Treasury	145 475 907	184 518 688
Unallocated liabilities	6 313 658	5 480 617
Total liabilities	520 551 049	524 851 502

Segment information for the main reportable segments for the year ended 31 March 2015 is set below:

RUB'000 (Unaudited)	Corporate banking	Retail banking	Treasury	Cash operations	Unallocated	Total
External interest income	10 086 977	5 290 658	3 424 256	-	-	18 801 891
Fee and commission income	610 535	731 286	30 469	447 558	-	1 819 848
Net gain on securities	-	-	11 711	-	-	11 711
Net foreign exchange gains	282 856	91 865	434 510	-	-	809 231
Other operating income, net	32 464	71 853	47 625	-	-	151 942
(Expenses) revenue from other segments	(713 580)	288 005	355 347	70 228	-	-
Revenue	10 299 252	6 473 667	4 303 918	517 786	-	21 594 623

RUB'000	Corporate banking	Retail banking	Treasury	Cash operations	Unallocated	Total
Impairment losses on loans	(2 560 280)	(2 007 114)	-	-	-	(4 567 394)
Interest expense	(4 900 042)	(5 268 340)	(3 736 826)	-	-	(13 905 208)
Fee and commission expense	(302 941)	(63 731)	(28 373)	-	-	(395 045)
General administrative and other expenses	(302 038)	(889 113)	(55 714)	(359 835)	(756 036)	(2 362 736)
Expense	(8 065 301)	(8 228 298)	(3 820 913)	(359 835)	(756 036)	(21 230 383)
Segment result	2 233 951	(1 754 631)	483 005	157 951	(756 036)	364 240

Segment information for the main reportable segments for the year ended 31 March 2014 is set below:

RUB'000	Corporate banking	Retail banking	Treasury	Cash operations	Unallocated	Total
External interest income	6 454 169	4 284 578	1 616 764	-	-	12 355 511
Fee and commission income	537 160	1 000 695	13 026	362 792	-	1 913 673
Net loss on securities	-	-	(254 124)	-	-	(254 124)
Net foreign exchange gains	34 790	34 638	121 647	-	-	191 075
Other operating income	13 046	9 477	31	-	-	22 554
(Expenses) revenue from other segments	(2 547 137)	1 067 104	1 431 383	48 650	-	-
Revenue	4 492 028	6 396 492	2 928 727	411 442	-	14 228 689
Impairment losses on loans	(229 848)	(1 684 459)	-	-	-	(1 914 307)
Interest expense	(1 896 760)	(2 998 186)	(2 501 732)	-	-	(7 396 678)
Fee and commission expense	(259 749)	(69 921)	(5 695)	(228)	-	(335 593)
General administrative and other expenses	(261 059)	(826 984)	(60 190)	(354 406)	(538 220)	(2 040 859)
Expense	(2 647 416)	(5 579 550)	(2 567 617)	(354 634)	(538 220)	(11 687 437)
Segment result	1 844 612	816 942	361 110	56 808	(538 220)	2 541 252

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.

23 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 31 March 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	-	92 621 463	-	-	92 621 463	92 621 463
Obligatory reserves with the CBR	-	3 704 428	-	-	3 704 428	3 704 428
Due from credit institutions	-	9 570 232	-	-	9 570 232	9 570 232
Financial instruments at fair value through profit or loss	59 705 266	-	-	-	59 705 266	59 705 266
Available-for-sale financial assets	-	-	18 018 088	-	18 018 088	18 018 088
Loans to customers	-	382 858 948	-	-	382 858 948	371 926 028
Other financial assets	-	1 537 870	-	-	1 537 870	1 537 870
	59 705 266	490 292 941	18 018 088	-	568 016 295	557 083 375
Deposits by the CBR	-	-	-	1 425 601	1 425 601	1 425 601
Deposits by credit institutions	-	-	-	22 001 904	22 001 904	22 001 904
Deposits by customers	-	-	-	368 761 484	368 761 484	364 596 620
Debt securities issued	-	-	-	122 048 402	122 048 402	115 742 131
Other financial liabilities	379 655	-	-	1 046 761	1 426 416	1 426 416
	379 655	-	-	515 284 152	515 663 807	505 192 672

The main assumptions are used by management to estimate the fair values of financial instruments as at 31 March 2015:

- discount rates from 15.3 to 18.8% are used for discounting future cash flows from corporate loans
- discount rates from 14.5% to 28.9% are used for discounting future cash flows from loans to individuals

- discount rates from 13.1% to 14.2% (roubles) and from 4.0% to 5.0% (foreign currency) are used for discounting future cash flows from retail 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 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 financial assets	-	-	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 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 are used by management to estimate the fair values of financial instruments as at 31 December 2014:

- 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 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 31 March 2015 and 31 December 2014:

31 March 2015	Level 1	Level 2	Valuation technique	Total
(Unaudited)	RUB'000	RUB'000	used for Level 2	RUB'000
Financial assets at fair value through profit or loss	57 556 227	2 149 039	Discounted cash flows	59 705 266
Available-for-sale securities	14 083 664	3 934 369	Discounted cash flows	18 018 033

31 December 2014	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	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

During three-month periods ended 31 March 2015 and 31 March 2014 there were no transfers of assets between Level 1 and Level 2.

24 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:

	31 March 2015 RUB'000 (Unaudited)	31 March 2014 RUB'000 (Unaudited)
Profit for the period	289 006	1 918 617
Weighted average number of ordinary shares in issue	14 934 258 766	14 467 761 735
Basic earnings per share (in RUB per share)	0.02	0.13

The Group has no dilutive potential ordinary shares.

25 Events subsequent to the reporting date

In April 2015 the Bank paid out the tenth coupon and redeemed domestic bonds series 08. Total amount of income payable on the coupon amounted to RUB 129.35 or RUB 43.13 per one bond. The issue was originally placed on 14 April 2010 in the amount of RUB 3 billion with a maturity of 5 years.

In April 2015 the Bank paid out the third coupon in the amount of RUB 223.15 million or RUB 44.63 per bond on domestic bonds series BO-06. The issue was originally placed on 24 October 2013 in the amount of RUB 5 billion with a maturity of 5 years.

In April 2015 the Bank paid out the sixth coupon and redeemed domestic exchange bonds series BO-03. Total amount of income payable on the coupon amounted to RUB 187.48 or RUB 46.87 per one bond. The issue was originally placed on 27 April 2012 in the amount of RUB 4 billion with a maturity of 3 years.

In April 2015 the Bank paid out the third coupon in the amount of RUB 317.66 million or RUB 45.38 per bond on domestic exchange bonds series BO-07. The issue was originally placed on 30 October 2013 in the amount of RUB 5 billion with a maturity of 5 years.

In June 2015 the Resolution was approved on the additional issue of 10 945 996 470 ordinary shares of CREDIT BANK OF MOSCOW in the total amount of RUB 10.9 bln with par value RUB 1 each. The placement price will be determined by the Supervisory Board upon expiry of the pre-emptive right and before the securities placement starts.

*CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the three-month period ended 31 March 2015*

In June 2015, within the framework of the Deposit Insurance Agency (the DIA) program for recapitalization of Russian banks, CREDIT BANK OF MOSCOW received on its accounts Russian government federal bonds (OFZ) in the total amount of RUB 20.2 billion from the DIA under the subordinated loan agreements. The subordinated loans are intended to be included in the Bank's capital after receiving approval of the Central Bank of Russia.

Chairman of the Management Board



Vladimir A. Chubar

Acting Chief Accountant

15 June 2015

A small blue ink signature.

Ekaterina V. Toloka