



CENTER-INVEST BANK GROUP

International Financial Reporting Standards
Consolidated Condensed Interim
Financial Information (Unaudited)

30 June 2016

CONTENTS

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION.....	1
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME.....	2
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS.....	3
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	4

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

1	INTRODUCTION.....	5
2	OPERATING ENVIRONMENT OF THE GROUP.....	5
3	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	6
4	CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.....	7
5	NEW ACCOUNTING PRONOUNCEMENTS	8
6	LOANS AND ADVANCES TO CUSTOMERS	8
7	CUSTOMER ACCOUNTS.....	9
8	DEBT SECURITIES IN ISSUE	10
9	INTEREST INCOME AND EXPENSE.....	11
10	DIVIDENDS	11
11	SEGMENT ANALYSIS	12
12	FINANCIAL RISK MANAGEMENT	16
13	ANALYSIS OF RISK-BASED CAPITAL.....	20
14	CONTINGENCIES AND COMMITMENTS.....	20
15	FAIR VALUE OF FINANCIAL INSTRUMENTS.....	22
16	RELATED PARTY TRANSACTIONS	26

Center-invest Bank Group
Consolidated Condensed Interim Statement of Financial Position (Unaudited)

<i>In thousands of Russian Roubles</i>	Note	30 June 2016	30 June 2015	31 December 2015
ASSETS				
Cash and cash equivalents		9 093 958	8 649 314	12 186 777
Mandatory cash balances with the Central Bank of the Russian Federation		452 380	543 504	411 386
Trading securities		-	243 151	-
Due from other banks		14 542	-	416 240
Loans and advances to customers	6	76 113 928	73 723 529	72 310 896
Finance lease receivables		322 933	442 243	361 190
Investment in associate		324 683	332 202	323 144
Intangible assets		275 154	263 418	252 756
Premises and equipment		2 213 075	2 268 539	2 270 541
Other financial assets		790 667	517 631	678 051
Other assets		923 258	400 980	361 711
Deferred income tax asset		94 087	-	68 307
TOTAL ASSETS		90 618 665	87 384 511	89 640 999
LIABILITIES				
Due to CB RF		-	1 985 750	-
Due to other banks		567 755	1 547 606	630 001
Customer accounts	7	71 305 324	54 977 297	65 039 828
Debt securities in issue	8	806 948	9 816 112	3 171 560
Borrowings from international financial institutions		3 109 031	6 238 453	6 079 705
Subordinated debt		3 258 075	2 810 863	3 692 976
Other financial liabilities		151 739	126 831	93 503
Other liabilities		641 390	202 266	330 031
Deferred income tax liability		-	93 292	-
TOTAL LIABILITIES		79 840 262	77 798 470	79 037 604
EQUITY				
Share capital		1 326 277	1 258 709	1 326 277
Share premium		2 078 860	1 646 428	2 078 860
Revaluation reserve for premises and equipment		1 191 551	1 228 669	1 192 811
Retained earnings		6 181 715	5 452 235	6 005 447
TOTAL EQUITY		10 778 403	9 586 041	10 603 395
TOTAL LIABILITIES AND EQUITY		90 618 665	87 384 511	89 640 999

29 August 2016

Y.Y. Bogdanov
Chairman of the Board



J.G. Krotova
Deputy Chief Accountant

Center-invest Bank Group
Consolidated Condensed Interim Statement Of Profit And Loss And Other Comprehensive Income
(Unaudited)

	Note	Six months ended 30 June 2016	Six months ended 30 June 2015	2015
<i>In thousands of Russian Roubles</i>				
Interest income	9	5 760 954	5 472 370	11 089 497
Interest expense	9	(3 330 152)	(4 055 055)	(7 661 920)
Contributions to the state deposit insurance scheme		(113 552)	(82 272)	(179 563)
Net interest income		2 317 250	1 335 043	3 248 014
Provision for loan portfolio impairment and impairment of finance lease receivables	6	(967 690)	(761 219)	(1 374 838)
Net interest income after impairment provisions		1 349 560	573 824	1 873 176
Fee and commission income		573 855	560 548	1 192 570
Fee and commission expense		(190 721)	(175 030)	(364 039)
Net result from trading securities		-	43 395	43 168
Gains less losses from trading in foreign currencies		53 362	41 480	117 629
Net result from foreign exchange translation		2 847	424 310	459 976
Net result from conversion operations on the interbank market		(32 083)	(454 434)	(510 026)
Gains less losses from assignment of the rights of		6 163	99	15 101
Other provisions and expenses		(37 206)	(4 190)	(39 795)
Repayment of debt written off		23 156	29 580	61 768
Other operating income		21 518	16 250	39 179
Administrative and other operating expenses		(1 161 115)	(1 013 923)	(2 174 975)
Share of result of associate		1 540	-	(10 743)
Profit before tax		610 876	41 909	702 989
Income tax expense		(139 568)	(23 246)	(168 157)
Profit for the year		471 308	18 663	534 832
Other comprehensive income for the period				
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of premises and equipment of associate		-	-	1 685
Income tax recorded directly in other comprehensive income		-	-	(528)
Other comprehensive income for the period		-	-	1 157
Total comprehensive income for the period		471 308	18 663	535 989

Center-invest Bank Group
Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flows from operating activities		
Interest received	5 487 642	5 232 536
Interest paid	(3 793 159)	(3 765 047)
Contributions to the state deposit insurance scheme	(105 294)	(80 784)
Fees and commissions received	576 769	554 040
Fees and commissions paid	(181 776)	(166 595)
Losses less gains paid from trading securities	-	(15 583)
Net income received from trading in foreign currencies	53 362	41 480
Losses less gains from conversion operations on the interbank market	(36 103)	(485 585)
Income received from assignment of the rights of claim	93 295	145 781
Repayment of debt written off	23 156	29 580
Other operating income received	21 050	15 924
Staff costs paid	(671 823)	(673 443)
Operating expenses paid	(365 375)	(268 857)
Income tax paid	(271 871)	(66 273)
Cash flows from operating activities before changes in operating assets and liabilities	829 873	497 174
Changes in operating assets and liabilities		
Net change in mandatory cash balances with the CBRF	(40 994)	96
Net change in trading securities	-	3 540 335
Net change in due from other banks	400 001	-
Net change in loans and advances to customers	(5 848 331)	(3 009 111)
Net change in finance lease receivables	30 827	79 818
Net change in other assets	(92 409)	(214 886)
Net change in due to CB RF and other banks	(49 142)	(7 964 778)
Net change in customer accounts	7 125 389	5 599 929
Net change in promissory notes issued	(132 100)	793 022
Net change in other liabilities	84 494	19 263
Net cash (used in)/from operating activities	2 307 608	(659 138)
Cash flows from investing activities		
Acquisition of premises and equipment	4 746	(13 791)
Proceeds from disposal of premises and equipment	(1 376)	(169)
Acquisition of intangible assets	(34 030)	(3 540)
Net cash used in investment activities	(30 660)	(17 500)
Cash flows from financing activities		
Issue of bonds	190 121	2 927 122
Repurchase and repayment of bonds	(2 408 417)	(2 995 288)
Repayment of borrowings from international financial institutions	(2 597 408)	(1 909 246)
Dividends paid	-	(17 727)
Net cash (used in)/from financing activities	(4 815 704)	(1 995 139)
Effect of exchange rate changes on cash and cash equivalents	(554 063)	(134 111)
Net (decrease)/increase in cash and cash equivalents	(3 092 819)	(2 805 888)
Cash and cash equivalents at the beginning of the year	12 186 777	11 454 902
Cash and cash equivalents at the end of the period	9 093 958	8 649 014

The notes set out on pages 5 to 28 form an integral part of these consolidated condensed interim financial information.

Center-invest Bank Group
Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

	Note	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings	Total equity
<i>In thousands of Russian Roubles</i>						
Balance at 1 January 2015		1 258 709	1 646 428	1 229 040	5 451 300	9 585 477
Profit for six months ended 30 June 2015		-	-	-	18 663	18 663
Total comprehensive income for six months ended 30 June 2015		-	-	-	18 663	18 663
Dividends declared and paid:						
- ordinary shares		-	-	-	-	-
- preference shares	10	-	-	-	(18 099)	(18 099)
Transfer of revaluation surplus on premises to retained earnings		-	-	(371)	371	-
Balance at 30 June 2015		1 258 709	1 646 428	1 228 669	5 452 235	9 586 041
Balance at 1 January 2016		1 326 277	2 078 860	1 192 811	6 005 447	10 603 395
Profit for six months ended 30 June 2016		-	-	-	471 308	471 308
Total comprehensive income for six months ended 30 June 2016		-	-	-	471 308	471 308
Dividends declared:						
- ordinary shares	10	-	-	-	(278 215)	(278 215)
- preference shares	10	-	-	-	(18 099)	(18 099)
Other movements		-	-	-	14	14
Transfer of revaluation surplus on premises to retained earnings		-	-	(1 260)	1 260	-
Balance at 30 June 2016		1 326 277	2 078 860	1 191 551	6 181 715	10 778 403

The notes set out on pages 5 to 28 form an integral part of these consolidated condensed interim financial information.

1. Introduction

This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six months ended 30 June 2016 OJSC CB «Center-invest» (the "Bank") and its 100% subsidiary LLC Center-Leasing (the "Group").

This consolidated condensed interim financial information has been reviewed, not audited.

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a joint stock company limited by shares.

Principal activity. The Group's principal business activities are corporate and retail banking and leasing operations within the Russian Federation. The Bank has operated under a full banking licence issued by the Central Bank of the Russian Federation ("CBRF") since 1992. The Bank participates in the state deposit insurance scheme, which was introduced by Federal Law #177-FZ "Deposits of individuals insurance in Russian Federation" dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 1 400 thousand per individual in the case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

At 30 June 2016 the Bank has seven (31 December 2015: nine, 30 June 2015: nine) branches within the Russian Federation. In the first half of 2016, two of the Bank's branch transferred to the status of additional offices. Additionally, the Bank has representative office in Moscow and 116 (31 December 2015: 111, 30 June 2015: 108) sub-branches in the Rostov, Volgograd, Stavropol, Krasnodar regions and Nizhny Novgorod.

Registered address and place of business. The Bank's registered address is: 62 Sokolova street, Rostov-on-the Don, Russian Federation, 344000.

The average number of the Group's employees during six months ended 30 June 2016 was 1 451 (2015: 1 512, six months ended 30 June 2015: 1 547).

Presentation currency. These consolidated financial statements are presented in thousands of Russian Roubles ("RR thousands"), unless otherwise stated.

2. Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2015 and 2016, the Russian economy was negatively impacted and is still impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

At 30 June 2016 the Bank has the sovereign credit rating of Russia from «the big three» international rating agencies as follows:

Standard & Poor's (from March 2016):

- long-term credit rating of Russia on liabilities in foreign currency – "BB+" (Outlook negative);
- long-term rating on liabilities in national currency – "BBB-" (Outlook negative);
- short-term sovereign rating of the Russian Federation with the obligations in foreign currency "B";
- short-term obligations in national currency "A-3".

Moody's Investors Service (from April 2016):

- the credit rating of Russia on liabilities in foreign currency "Ba1" (Outlook negative);
- sovereign rating with the obligations in national currency – Baa3 (Outlook negative).

Long-term credit rating of Russia in foreign currency from agencies S&P and Moody's is at speculative level.

Fitch Ratings (from April 2016):

- long-term credit rating of the Russian Federation denominated in foreign currency – "BBB-" (Outlook negative);
- long-term obligations in national currency – "BBB-" (Outlook negative);
- short-term sovereign rating of Russia in foreign currency – "F3".

Long-term credit rating of Russia in foreign currency by Fitch is currently on the last stage of investment level.

During the six months period ended 30 June 2016:

- the CBRF exchange rate fluctuated between RR 63.7162 and RR 83.5913 per USD;
- the RTS stock exchange index ranged between 607 and 947;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior periods.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions. Refer to Note 4.

The Bank operates primarily in the South of Russia. Due to a diversified by industry economic structure the South of Russia demonstrates more dynamic and stable development trends than most other Russian regions. The growth rate demonstrated by the main industry of the region, agriculture, significantly exceeds Russia's average level. Stable growth is attributable to natural and climatic factors, well developed infrastructure, the structure of economy diversified by activity and characterised by high share of small and medium enterprises.

3. Summary of Significant Accounting Policies

Basis of preparation. This condensed consolidated interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Except as described below, the accounting policies and methods of computation applied in the preparation of this consolidated condensed interim financial information are consistent with the accounting policies and methods applied in the annual consolidated financial statements of the Group for the year ended 31 December 2015. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2015, became effective for the Group from 1 January 2016. They have not significantly affected this consolidated condensed interim financial information of the Group.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

Foreign currency translation. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the CBRF at the respective reporting dates. Foreign exchange gains

and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each company's functional currency at year-end official exchange rates of the CBRF are recognised in the consolidated statement of profit and loss and other comprehensive income.

At 30 June 2016 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 64.2575 and EURO 1 = RR 71.2102 (31 December 2015: USD 1 = RR 72.8827, EURO 1 = RR 79.6972; 30 June 2015: USD 1 = RR 55.524, EURO 1 = RR 61.5206).

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the consolidated statement of profit and loss and other comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realisation of any assets held as collateral against the loans.

A 10% increase or decrease in the actual loss experience compared to the estimated future discounted cash flows, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in loan impairment losses of RR 529 993 thousand (2015: 460 248 thousand, six months ended 30 June 2015: 448 934 thousand).

Revaluation of premises and equipment. Given the absence of a highly liquid market for non-residential premises and land in Rostov, the Rostov Region and other regions of the South of Russia, the Bank and the independent appraiser have used professional judgements on comparability of existing real estate sale deals and available data on transactions with land and real estate between third parties. If the price per square meter of land had increased by 10%, the carrying value of land would have increased by RR 41 697 thousand (31 December 2015: 45 485 thousand, 30 June 2015: 45 485 thousand). If the price per square meter of buildings had increased by 10%, the carrying value of building would have increased by RR 169 469 thousand (31 December 2015: 171 167 thousand, 30 June 2015: 171 381 thousand).

Impairment of investment in associate. The Group management considered impairment of investment in the associate, taking into consideration valuation made by an independent appraiser and discussions of the value with potential investors in this industry. The valuation identified absence of any impairment. As a result of the analysis, the Group management concluded that no impairment of carrying value of this investment was required. This conclusion largely depends on the correct assessment of 1) further growth of tariffs for services of TEPTS, 2) further solvency of clients of TEPTS, 3) discount rate applied to future cash flows, 4) well proven practice of TEPTS of including bad debts into the future year tariffs. These parameters largely depend on the macroeconomic situation and the level of governmental regulation in the Russian Federation. Refer to Note 2. The Group set up a provision for non-performing receivables of TEPTS at the amount, which the management believes adequate.

Other matters. In January 2016, the Bank received an order as a result of the audit by the CBRF, including the requirement for creating additional loan loss provisions in the Bank's statutory financial statements in the amount not leading to incompliance with mandatory ratios set by the CBRF. Based on the detailed review of

the actual information, management of the Group believes that these additional provisions are unnecessary and is currently challenging the matter. The order is currently suspended. Management of the Group believes that this situation will not lead to violation by the Bank of requirements of the CBRF.

Tax legislation. Russian tax, currency and customs legislation is subject to varying interpretations.

5. New Accounting Pronouncements

Since the Group published its last annual consolidated financial statements, no new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2016 apart from those disclosed in annual consolidated financial statements of the Group.

6. Loans and Advances to Customers

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
Loans to small and medium size enterprises (SME loans)	32 387 544	32 090 481	30 581 994
Corporate loans	10 127 996	11 019 550	9 659 585
Loans to individuals - consumer loans and car loans	22 116 703	21 835 167	22 177 141
Mortgage loans	16 781 619	13 267 667	14 494 656
Total loans and advances to customers (before impairment)	81 413 862	78 212 865	76 913 376
Less: Provision for loan impairment	(5 299 934)	(4 489 336)	(4 602 480)
Total loans and advances to customers	76 113 928	73 723 529	72 310 896

Movements in the provision for loan impairment are as follows:

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	2015
Provision for loan impairment as at 1 January	4 602 480	4 094 584	4 094 584
Provision for impairment during the year	964 808	760 473	1 369 397
Recovery of provision on reassigned rights of claim	(16 150)	(178 079)	(182 802)
Amounts written off during the year as uncollectible	(251 204)	(187 642)	(678 699)
Provision for loan impairment as at End of period	5 299 934	4 489 336	4 602 480

During six months ended 30 June 2016, the Group assigned its rights to overdue and impaired loans totalling (before impairment provision) to RR 103 281 thousand (2015: RR 343 251 thousand; six months ended 30 June 2015: RR 323 761 thousand).

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2016		30 June 2015		31 December 2015	
	Amount	%	Amount	%	Amount	%
Individuals (total), incl.	38 898 322	47,8	35 102 834	44,9	36 671 797	47,7
- consumer loans	19 617 447	24,1	19 503 589	24,9	19 722 335	25,6
- mortgage loans	16 781 619	20,6	13 267 667	17,0	14 494 656	18,9
- car loans	2 499 256	3,1	2 331 578	3,0	2 454 806	3,2
Agriculture	11 722 265	14,4	11 318 313	14,5	8 602 232	11,2
Trade	11 300 403	13,9	11 492 356	14,7	11 167 512	14,5
Manufacturing	9 720 584	11,9	9 289 445	11,9	9 632 467	12,5
Transport	4 585 754	5,7	4 650 983	5,9	5 575 396	7,3
Construction	1 946 808	2,4	2 457 322	3,1	1 849 959	2,4
Real estate	68 398	0,1	80 401	0,1	94 989	0,1
Energy	37 061	0,0	48 819	0,1	38 092	0,0
Financial companies	-	0,0	95 331	0,1	-	-
Other	3 134 267	3,8	3 677 060	4,7	3 280 932	4,3
Total loans and advances to customers (before impairment)	81 413 862	100,0	78 212 864	100,0	76 913 376	100,0

As at 30 June 2016, the Group's 10 largest borrowers had aggregate loan balances (including finance lease investments) of RR 10 686 577 thousand, or 13.1% of the loan portfolio and finance lease receivables before impairment (31 December 2015: RR 11 720 309 thousand, or 15.2%; 30 June 2015: RR 10 687 353 thousand, or 13.6%).

Carrying value of each class of loans and advances to customers approximates their fair value at 30 June 2016, 31 December 2015 and 30 June 2015. Refer to Note 15. Information on related party balances and transactions is disclosed in Note 16.

7. Customer Accounts

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
<i>State and public organisations</i>			
- Current/settlement accounts	401 855	595 729	88 544
- Term deposits	19 068	15 868	21 336
<i>Other legal entities</i>			
- Current/settlement accounts	9 653 646	8 207 597	9 919 972
- Term deposits	2 732 222	2 829 877	3 407 105
<i>Individuals</i>			
- Current/demand accounts	4 837 356	4 014 897	4 954 530
- Term deposits	53 661 177	39 313 329	46 648 341
Total customer accounts	71 305 324	54 977 297	65 039 828

At 30 June 2016 the total aggregate balance of 10 largest clients of the Group was RR 2 167 058 thousand or 3.0% of customer accounts (31 December 2015: RR 2 172 421 thousand, or 3.3%; 30 June 2015: RR 2 436 137 thousand or 4.4%).

Carrying value of each class of customer accounts approximates fair value at 30 June 2016, 31 December 2015 and 30 June 2015. Refer to Note 15. Information on related party balances is disclosed in Note 16.

8. Debt Securities in Issue

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
Bonds	553 356	8 772 752	2 781 219
Promissory notes	253 592	1 043 360	390 341
Total debt securities in issue	806 948	9 816 112	3 171 560

Each bond has par value of RR 1 000 and an embedded put option at par value and exercisable at the moment of coupon income change.

Issue	CINBO-BO2	CINBO-BO6	CINBO-BO3	CINBO-BO7	CINBO-BO10
Par value, RR	1 000	1 000	1 000	1 000	1 000
Quantity	1 500 000	1 000 000	1 500 000	3 265 000	3 000 000
Initial placement date	April 2012	March 2013	March 2013	November 2013	May 2014
Maturity	April 2015	March 2016	March 2016	November 2018	May 2019
Next offer date	-	-	-	November 2016	May 2017
As at 30 June 2016					
Number of bonds in issue	-	-	-	467 274	88 479
- including repurchased by subsidiary	-	-	-	-	-
Coupon rate, %	-	-	-	11,25	10,00
Weighted average price, RR	-	-	-	1000,3	999,7
As at 30 June 2015					
Number of bonds in issue	-	990 664	1 492 320	3 265 000	2 997 338
- including repurchased by subsidiary	-	3 055	7 001	6 330	6 014
Coupon rate, %	-	11,50	11,50	9,20	15,25
Weighted average price, RR	-	992,8	991,0	978,6	1006,7
As at 31 December 2015					
Number of bonds in issue	-	13	62	276 973	2 497 338
- including repurchased by subsidiary	-	-	-	-	337
Coupon rate, %	-	0,50	0,50	11,25	15,25
Weighted average price, RR	-	1000,0	999,7	992,0	1010,0

Carrying value of each class of debt securities in issue approximates fair value at 30 June 2016, 31 December 2015 and 30 June 2015. Refer to Note 15.

9. Interest Income and Expense

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	2015
Interest income			
Loans and advances to enterprises	2 864 308	2 768 933	5 622 836
Loans and advances to individuals	2 803 771	2 498 219	5 192 213
Due from other banks, accounts with other banks	56 684	10 403	33 891
Finance income arising from leasing	36 191	42 741	80 727
Debt trading securities	-	152 074	159 830
Total interest income	5 760 954	5 472 370	11 089 497
Interest expense			
Term deposits of individuals	2 625 530	2 139 823	4 632 640
Borrowings from international financial institutions, subordinated debt and other banks	323 278	614 290	1 044 702
Due to the Central Bank of the Russian Federation	194 761	577 214	592 069
Term deposits of legal entities	130 910	150 340	282 257
Current accounts of legal entities	42 072	50 799	88 104
Promissory notes issued	13 580	27 816	74 498
Bonds issued	21	494 773	947 650
Total interest expense	3 330 152	4 055 055	7 661 920
Contributions to the state deposit insurance scheme	(113 552)	(82 272)	(179 563)
Net interest income	2 317 250	1 335 043	3 248 014

10. Dividends

<i>In thousands of Russian Roubles</i>	30 June 2016		30 June 2015	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Dividends payable at 1 January	-	-	-	-
Dividends declared during the period	278 215	18 099	-	18 099
Dividends paid during the period	-	-	-	(17 727)
Other movements		14	-	-
Dividends payable	278 215	18 085	-	372

In June 2016 the Bank declared dividends on preference shares with nominal value of RR 1 000 – RR 200 per share (2015: RR 200 per share) and on preference shares with nominal value of RR 4 – RR 0.8 per share (2015: RR 0.8 per share). In June 2016, the Bank declared dividends on ordinary shares – 3.3 rubles per share (for the year 2014: the Bank did not declare dividends on the ordinary shares). Repayment of the principal portion of the dividend for 2015 was made in July 2016 (for 2014: made in June 2015). All dividends are declared and paid in Russian Roubles. A part of declared dividends was not claimed.

11. Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person - or group of persons - who allocates resources and assesses the performance for the entity. The functions of chief operating decision maker (CODM) are performed by the Management Board of the Bank.

Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of main business segments:

- Lending – representing retail and corporate lending services, leasing, factoring and bank guarantees issued.
- Treasury – representing financial instruments trading, borrowings on domestic and international markets, management of liquidity and foreign currency position of the Group, correspondent and current accounts, corporate deposits.
- Retail banking – representing private banking services to individuals, private customer, deposits, investment savings products, custody, credit and debit cards, municipal payments.

Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different marketing strategies and service level.

The Group has identified the following operating segments: lending activities, leasing, retail, securities, treasury, correspondent and current accounts, and plastic cards. Lending and leasing have been aggregated into one reportable segment – lending. Correspondent and current accounts, securities, and treasury have been aggregated into one reportable segment - treasury. Retail and plastic cards have been aggregated into one segment – retail banking.

In addition, the Bank's Management Board reviews the major categories of general and administrative expenses, however, these expenses are not allocated to the above segments and they are not taken into consideration in allocating resources to segments and assessing their performance.

Measurement of operating segment profit or loss, assets and liabilities

The Management Board reviews financial information prepared based on Russian Accounting Standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- for operating decisions standalone information not adjusted for statutory subsequent events;
- income taxes are not allocated to segments;
- loan provisions are recognised based on management judgement and availability of information, rather than based on the incurred loss model prescribed in IAS 39;
- income on impaired loans is not recognised;
- commission income related to lending and commission expenses on borrowings is recognised immediately rather than deferred using the effective interest method;
- finance income arising from leasing is recognised as services provided, advances from lessees are recognised as income pro rata during the period of the leasing agreement;
- funds are generally reallocated between segments ignoring internal interest rates.

The Management Board evaluates performance of each segment based on profit before tax.

Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the six months ended 30 June 2016 year is set out below:

<i>In thousands of Russian Roubles</i>	Lending and leasing	Treasury	Retail	Total
Six months ended 30 June 2016				
<i>External revenues:</i>				
- Interest income	5 248 121	56 684	66 303	5 371 108
- Fee and commission income and other operating income	237 971	288 355	322 479	848 805
Total revenues	5 486 092	345 039	388 782	6 219 913
Interest expense	-	(688 241)	(2 665 878)	(3 354 119)
Provision for impairment	(871 486)	5 187	(570)	(866 869)
Fee and commission expenses and other expenses	(26 428)	(49 451)	(94 180)	(170 059)
Losses less gains from foreign currencies	-	(15 358)	-	(15 358)
Segment result	4 588 178	(402 824)	(2 371 846)	1 813 508
Total reportable segment assets	76 638 994	333 473	-	76 972 467
Total reportable segment liabilities	-	(17 542 021)	(60 925 893)	(78 467 914)

Segment information for the reportable segments for the six months ended 30 June 2015 year is set out below:

<i>In thousands of Russian Roubles</i>	Lending and leasing	Treasury	Retail	Total
Six months ended 30 June 2015				
<i>External revenues:</i>				
- Interest income	4 944 068	166 241	61 456	5 171 765
- Fee and commission income and other operating income	243 185	235 244	279 394	757 823
- Gains less losses from trading securities	-	43 143	-	43 143
Total revenues	5 187 253	444 628	340 850	5 972 731
Interest expense	-	(1 830 058)	(2 142 857)	(3 972 915)
Provision for impairment	(334 196)	6 138	(488)	(328 546)
Fee and commission expenses and other expenses	(198 954)	(102 453)	(81 059)	(382 466)
Losses less gains from trading securities and foreign currencies	-	(51 226)	-	(51 226)
Segment result	4 654 103	(1 532 971)	(1 883 554)	1 237 578
Total reportable segment assets	74 079 603	868 430	-	74 948 033
Total reportable segment liabilities	-	(31 866 832)	(44 654 646)	(76 521 478)

Center-invest Bank Group
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)

Segment information for the reportable segments for the year ended 31 December 2015 year is set out below:

<i>In thousands of Russian Roubles</i>	Lending and leasing	Treasury	Retail	Total
2015				
<i>External revenues:</i>				
- Interest income	10 082 464	197 484	131 760	10 411 708
- Fee and commission income and other operating income	545 977	593 471	593 060	1 732 508
- Gains less losses from trading securities	-	42 014	-	42 014
Total revenues	10 628 441	832 969	724 820	12 186 230
Interest expense	-	(3 018 333)	(4 638 558)	(7 656 891)
Provision for impairment	(208 733)	2 272	(1 853)	(208 314)
Fee and commission expenses and other expenses	(223 438)	(96 068)	(172 422)	(491 928)
Losses less gains from trading securities and foreign currencies	-	(37 060)	-	(37 060)
Segment result	10 196 270	(2 316 220)	(4 088 013)	3 792 037
Total reportable segment assets	73 112 082	767 818	-	73 879 900
Total reportable segment liabilities	-	(23 995 002)	(53 583 222)	(77 578 224)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	2015
Total revenues for reportable segments	6 219 913	5 972 731	12 186 230
Accrual method application to fee and commission income	11 247	14 114	25 620
Fair value of trading securities portfolio recalculation	(2 800)	13 970	(6 053)
Recognition of interest income on impaired loans	223 378	147 129	341 136
Foreign exchange translation gains less losses	(2 847)	(424 310)	(459 976)
Losses less gains from conversion operations on the interbank market	36 103	485 585	535 872
Consolidation effect	3 781	(29)	(15 818)
Other	(49 767)	(45 468)	(48 099)
Total consolidated revenues	6 439 008	6 163 722	12 558 912

Center-invest Bank Group
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)

Total consolidated revenues comprise interest income, fee and commission income and other income.

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	2015
Total reportable segment result	1 813 508	1 237 578	3 792 037
Administrative expenses	(1 257 267)	(1 123 921)	(2 447 768)
Application of effective interest rate method	(6 402)	8 148	5 761
Fair value of trading securities portfolio and other financial assets and liabilities recalculation	1 220	42 052	15 405
Recognition of interest income on impaired loans	223 378	147 129	341 136
Recognition of loan loss provision	(64 115)	(215 998)	(920 323)
Consolidation effect	(2 327)	(3 086)	(19 664)
Events after the end of the reporting period	(87 582)	(64 557)	(64 222)
Depreciation/amortisation recalculation	12 709	9 789	11 842
Other	(22 246)	4 775	(11 215)
Profit before tax	610 876	41 909	702 989

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
Total reportable segment assets	76 972 467	74 948 033	73 879 900
Unallocated assets	13 799 549	12 565 381	16 042 083
Recognition of loan loss provision	(990 687)	(579 149)	(909 740)
Recognition of interest income on impaired loans	932 424	575 273	723 892
Application of effective interest rate method to fee and commission income	(254 109)	(273 146)	(266 654)
Finance lease adjustments	(75 273)	(110 049)	(93 385)
Consolidation effect	266 621	276 105	268 507
Other	(32 327)	(17 937)	(3 604)
Total consolidated assets	90 618 665	87 384 511	89 640 999

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
Total reportable segment liabilities	78 467 914	76 521 478	77 578 224
Unallocated liabilities	1 442 098	1 386 595	1 541 499
Application of effective interest rate method to fee and commission expenses	(18 824)	(50 366)	(36 473)
Consolidation effect	(51 316)	(59 237)	(48 108)
Other	390	-	2 462
Total consolidated liabilities	79 840 262	77 798 470	79 037 604

Major customers

The Group does not have customers, revenues from which represent 10% or more of the total revenues.

12. Financial Risk Management

The currency position of the Group as at 30 June 2016 is set out below:

<i>In thousands of Russian Roubles</i>	RR	USD	Euro	Others	Total
Assets					
Cash and cash equivalents	5 516 460	636 609	2 871 426	69 463	9 093 958
Mandatory cash balances with the CBRF	452 380	-	-	-	452 380
Due from other banks	300	-	14 242	-	14 542
Loans and advances to customers	71 779 142	4 299 214	35 572	-	76 113 928
Finance lease receivables	322 933	-	-	-	322 933
Other assets	778 448	8 073	100	-	786 621
Total financial assets	78 849 663	4 943 896	2 921 340	69 463	86 784 362
Other assets	3 830 257				3 830 257
Total assets	82 679 920	4 943 896	2 921 340	69 463	90 614 619
Liabilities					
Due to other banks	567 755	-	-	-	567 755
Customer accounts	68 041 566	2 215 035	1 023 389	25 334	71 305 324
Debt securities in issue	806 948	-	-	-	806 948
Borrowings from international financial institutions	814 536	-	2 294 495	-	3 109 031
Subordinated loan	-	3 258 075	-	-	3 258 075
Other financial liabilities	148 623	3 020	96	-	151 739
Total financial liabilities	70 379 428	5 476 130	3 317 980	25 334	79 198 872
Other liabilities	641 390	-	-	-	641 390
Total liabilities	71 020 818	5 476 130	3 317 980	25 334	79 840 262
Spot contracts	(1 008 719)	577 191	435 574	-	4 046
Net open currency position	10 650 383	44 957	38 934	44 129	10 778 403
Credit related commitments	2 959 179	139 739	15 170	-	3 114 088

Center-invest Bank Group
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)

The currency position of the Group as at 30 June 2015 is set out below:

<i>In thousands of Russian Roubles</i>	RR	USD	Euro	Others	Total
Assets					
Cash and cash equivalents	4 927 805	472 107	3 185 032	64 070	8 649 014
Mandatory cash balances with the CBRF	543 504	-	-	-	543 504
Trading securities	243 151	-	-	-	243 151
Due from other banks	300	-	-	-	300
Loans and advances to customers	68 893 097	4 714 360	116 072	-	73 723 529
Finance lease receivables	442 243	-	-	-	442 243
Other assets	506 327	3 843	125	2 005	512 300
Total financial assets	75 556 427	5 190 310	3 301 229	66 075	84 114 041
Other assets	3 265 139				3 265 139
Total assets	78 821 566	5 190 310	3 301 229	66 075	87 379 180
Liabilities					
Due to the Central Bank of the Russian Federation	1 985 750	-	-	-	1 985 750
Due to other banks	936 408	-	611 198	-	1 547 606
Customer accounts	52 068 832	1 958 394	919 409	30 662	54 977 297
Debt securities in issue	9 816 112	-	-	-	9 816 112
Borrowings from international financial institutions	2 849 696	-	3 388 757	-	6 238 453
Subordinated loan	-	2 810 863	-	-	2 810 863
Other financial liabilities	125 394	1 191	246	-	126 831
Total financial liabilities	67 782 192	4 770 448	4 919 610	30 662	77 502 912
Other liabilities	295 558				295 558
Total liabilities	68 077 750	4 770 448	4 919 610	30 662	77 798 470
Spot contracts	(1 290 401)	(352 917)	1 648 649	-	5 331
Net open currency position	9 453 415	66 945	30 268	35 413	9 586 041
Credit related commitments	3 351 690	34 305	22 356	-	3 408 351

Center-invest Bank Group
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)

The liquidity position of the Group as at 30 June 2015 is set out below:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No stated maturity	Total
<i>In thousands of Russian Roubles</i>								
Assets								
Cash and cash equivalents	9 093 958	-	-	-	-	-	-	9 093 958
Mandatory cash balances with the CBRF	452 380	-	-	-	-	-	-	452 380
Due from other banks	300	14 242	-	-	-	-	-	14 542
Loans and advances to customers	3 065 418	5 367 226	9 064 689	13 011 464	32 884 175	12 720 956	-	76 113 928
Finance lease receivables	20 932	38 067	52 766	77 209	133 959	-	-	322 933
Investment in associate	-	-	-	-	-	-	324 683	324 683
Intangible assets	-	-	-	-	-	-	275 154	275 154
Premises and equipment	-	-	-	-	-	-	2 213 075	2 213 075
Other financial assets	380 343	61 387	1 361	204 253	137 326	-	5 997	790 667
Other assets	35 791	24 504	22 166	55 537	125 939	-	659 321	923 258
Deferred income tax asset	-	-	-	-	-	-	94 087	94 087
Total assets	13 049 122	5 505 426	9 140 982	13 348 463	33 281 399	12 720 956	3 572 317	90 618 665
Liabilities								
Due to other banks	9	-	41 666	249 995	276 085	-	-	567 755
Customer accounts	15 915 584	1 461 720	1 962 099	3 024 970	48 940 951	-	-	71 305 324
Debt securities in issue	22 362	-	636 917	139 212	8 457	-	-	806 948
Borrowings from international financial institutions	-	242 408	629 588	718 731	1 518 304	-	-	3 109 031
Subordinated debt	-	-	47 813	-	3 210 262	-	-	3 258 075
Other financial liabilities	93 056	6 907	3 859	19 761	28 156	-	-	151 739
Other liabilities	510 379	93 712	6	16 413	20 880	-	-	641 390
Total liabilities	16 541 390	1 804 747	3 321 948	4 169 082	54 003 095	-	-	79 840 262
Net liquidity gap	(3 492 268)	3 700 679	5 819 034	9 179 381	(20 721 696)	12 720 956	3 572 317	10 778 403
Cumulative liquidity gap as at 30 June 2016	(3 492 268)	208 411	6 027 445	15 206 826	(5 514 870)	7 206 086	10 778 403	
Cumulative liquidity gap as at 30 June 2016 (30% of customer accounts are permanent)	1 282 407	5 421 602	11 829 266	21 916 138	15 876 727	28 597 683	10 778 403	

Center-invest Bank Group
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)

The liquidity position of the Group as at 30 June 2015 is set out below:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No stated maturity	Total
<i>In thousands of Russian Roubles</i>								
Assets								
Cash and cash equivalents	8 649 014	-	-	-	-	-	-	8 649 014
Mandatory cash balances with the CBRF	543 504	-	-	-	-	-	-	543 504
Trading securities	243 151	-	-	-	-	-	-	243 151
Due from other banks	300	-	-	-	-	-	-	300
Loans and advances to customers	2 252 682	5 625 582	11 183 342	12 570 179	31 421 574	10 670 170	-	73 723 529
Finance lease receivables	26 443	46 144	65 742	98 249	205 665	-	-	442 243
Investment in associate	-	-	-	-	-	-	332 202	332 202
Intangible assets	-	-	-	-	-	-	263 418	263 418
Premises and equipment	-	-	-	-	-	-	2 268 539	2 268 539
Other financial assets	270 683	47 018	10 268	69 998	113 667	-	5 997	517 631
Other assets	23 641	38 641	38 610	88 505	84 761	-	126 822	400 980
Total assets	12 009 418	5 757 385	11 297 962	12 826 931	31 825 667	10 670 170	2 996 978	87 384 511
Liabilities								
Due to the Central Bank of the Russian Federation	1 485 750	500 000	-	-	-	-	-	1 985 750
Due to other banks	436 408	329	610 869	-	500 000	-	-	1 547 606
Customer accounts	14 054 900	1 425 629	2 282 538	6 910 129	30 304 101	-	-	54 977 297
Debt securities in issue	56 837	3 477 042	3 304 937	2 977 296	-	-	-	9 816 112
Borrowings from international financial institutions	27 344	137 183	921 370	1 837 989	3 314 567	-	-	6 238 453
Subordinated debt	-	-	38 419	-	2 772 444	-	-	2 810 863
Other financial liabilities	71 431	3 254	4 299	18 667	29 180	-	-	126 831
Deferred income tax liability	-	-	-	-	-	-	93 292	93 292
Other liabilities	156 554	24 810	36	15 411	5 455	-	-	202 266
Total liabilities	16 289 224	5 568 247	7 162 468	11 759 492	36 925 747	-	93 292	77 798 470
Net liquidity gap	(4 279 806)	189 138	4 135 494	1 067 439	(5 100 080)	10 670 170	2 903 686	9 586 041
Cumulative liquidity gap as at 30 June 2015	(4 279 806)	(4 090 668)	44 826	1 112 265	(3 987 815)	6 682 355	9 586 041	
Cumulative liquidity gap as at 30 June 2015 (30% of customer accounts are permanent)	(63 336)	553 491	5 373 746	8 514 224	12 505 374	23 175 544	9 586 041	

13. Analysis of Risk-based Capital

The composition of the Group's capital calculated in accordance with the Basel Accord is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
<i>Tier 1 capital</i>			
Share capital	1 326 277	1 258 709	1 326 277
Share premium	2 078 860	1 646 428	2 078 860
Retained Earnings	6 181 715	5 452 235	6 005 447
Total tier 1 capital	9 586 852	8 357 372	9 410 584
<i>Tier 2 capital</i>			
Revaluation reserve for premises and equipment	1 191 551	1 228 669	1 192 811
Subordinated debt	1 472 568	1 827 665	2 034 642
Total tier 2 capital	2 664 119	3 056 334	3 227 453
Total capital	12 250 971	11 413 706	12 638 037
Risk-Weighted Assets	76 844 842	76 073 396	73 976 559
Capital Adequacy Ratio	15,9%	15,0%	17,1%

14. Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. At 30 June 2016, the Group was engaged in litigation proceedings in relation to claims from borrowers and leases. A provision of RR 15 923 thousand (30 June 2015: 15 769 thousand; 31 December 2015 r.: 13 668 thousand) has been made as internal professional advice has indicated that it is likely that a liability will eventuate.

In 2014 the Bank's client challenged at court cash transfers to its counterparties from its account with the Bank. Further to the court decision the Bank reimbursed losses to the plaintiff in the amount of RR 127 842 thousand. At present the court decision on the reimbursement by the Bank to the plaintiff was cancelled. The court decision on the refusal of compensation of losses in full was taken. This decision was appealed, but the superior court confirmed the legality of the Bank's actions on the basis of which the court issued a judicial act of turning performance of the original decision and as a result issued a writ of execution to reimburse the cash in full. Considering the fact that cash was arrested on the account of the plaintiff in the full, the bank applied to the specified account with the writ of execution, in consequence of which, in August 2016, the money was returned. In the financial statements for 30 June 2016 the cash in the amount of RR 127 842 thousand was recorded in full within other financial assets.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
Guarantees issued	3 114 089	2 992 816	2 965 113
Guarantees to other banks	-	415 534	-
Total credit related commitments	3 114 089	3 408 350	2 965 113

The total outstanding contractual amount of guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments was RR 76 361 thousand at 30 June 2016 (30 June 2015: 53 530 thousand; 31 December 2015: 73 561 thousand).

Credit related commitments are denominated in currencies as follows:

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
Russian roubles	2 959 180	3 351 689	2 908 903
US dollars	139 739	34 305	37 511
Euro	15 170	22 356	18 699
Total	3 114 089	3 408 350	2 965 113

The Group has loan commitments of RR 5 947 150 thousand (30 June 2015: 5 325 532 thousand; 31 December 2015: 7 123 193 thousand). All undrawn credit facilities can be automatically closed upon failure by the borrower to meet the requirements of the loan agreement. The fair value of such commitments is equal to zero.

Assets pledged and restricted. The Group had assets pledged as collateral with the following carrying value:

<i>In thousands of Russian Roubles</i>	30 June 2016		30 June 2015		31 December 2015	
	Asset pledged	Related liability	Asset pledged	Related liability	Asset pledged	Related liability
Loans and advances to customers	558 141	567 747	2 181 253	1 583 136	693 079	500 000
Total	558 141	567 747	2 181 253	1 583 136	693 079	500 000

At 30 June 2016 due from other banks balances in the amount of RR 107 115 thousand (30 June 2015: RR 92 581 thousand, 31 December 2015: RR 119 846 thousand) are placed as a cover for international payment cards transactions. Also, mandatory cash balances with the CB RF in the amount of RR 452 380 thousand (30 June 2015: 543 504 thousand; 31 December 2015: 411 386 thousand) represent mandatory reserve deposits which are not available to finance the Bank's day-to-day operations.

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and a claim of early repayment of the loan.

At 30 June 2016, the Group did not comply with covenants with regard to the open credit risk ratios (30 June 2015: regarding the cumulative liquidity gap with 30% permanent customer accounts; 31 December 2015: regard to the risk per borrower or a group of related borrowers and open credit risk ratios). The reasons for non-compliance are attributable to crisis developments in the banking system. In August 2016 the Group completed negotiations with the relevant creditors regarding this situation at 30 June 2016. The creditors confirmed that the admitted case of non-compliance with certain special conditions did not require early repayment of the liabilities of the Group and did not entail a rise in the cost of borrowings.

15. Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly, and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the other IFRS standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2016			
	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE FINANCIAL ASSETS				
FINANCIAL ASSETS				
Other financial assets				
- Foreign exchange forward contracts	-	-	5 997	5 997
- Other securities at fair value through profit or loss	-	4 046	-	4 046
NONFINANCIAL ASSETS				
- Investment property	-	659 321	-	659 321
- Land and premises	-	-	2 111 654	2 111 654
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	-	663 367	2 117 651	2 781 018
TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS	-	-	-	-

Center-invest Bank Group
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)

<i>In thousands of Russian Roubles</i>	31 December 2015			
	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE				
FINANCIAL ASSETS				
<i>Other financial assets</i>				
- Other securities at fair value through profit or loss	-	-	5 997	5 997
- Foreign exchange spot contracts	-	26	-	26
NONFINANCIAL ASSETS				
- Investment property	-	126 822	-	126 822
- Land and premises	-	-	2 166 518	2 166 518
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	-	126 848	2 172 515	2 299 363
TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS	-	-	-	-

<i>n thousands of Russian Roubles</i>	30 June 2015			
	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE FINANCIAL ASSETS				
FINANCIAL ASSETS				
<i>Trading securities</i>				
- Corporate bonds	243 151	-	-	243 151
<i>Other financial assets</i>				
- Foreign exchange forward contracts	-	5 331	-	5 331
- Other securities at fair value through profit or loss	-	-	5 997	5 997
NONFINANCIAL ASSETS				
- Land and premises	-	-	2 168 653	2 168 653
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	243 151	5 331	2 174 650	2 423 132
TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS	-	-	-	-

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

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

<i>In thousands of Russian Roubles</i>	30 June 2016			
	Level 1	Level 2	Level 3	Carrying value
FINANCIAL ASSETS				
Cash and cash equivalents	4 542 597	4 551 361	-	9 093 958
Mandatory cash balances with the CB RF	-	452 380	-	452 380
Due from other banks	-	14 542	-	14 542
Loans and advances to customers	-	-	71 027 103	76 113 928
- <i>Loans to small and medium entities</i>	-	-	28 318 889	30 436 373
- <i>Corporate loans</i>	-	-	8 957 227	9 457 587
- <i>Loans to individuals – consumer and car loans</i>	-	-	20 026 290	20 143 021
- <i>Mortgage loans</i>	-	-	13 724 697	16 076 947
Finance lease receivables	-	-	363 723	322 933
Other financial assets	-	-	780 624	780 624
TOTAL	4 542 597	5 018 283	72 171 450	86 778 365

	31 December 2015			
	Level 1	Level 2	Level 3	Carrying value
<i>In thousands of Russian Roubles</i>				
FINANCIAL ASSETS				
Cash and cash equivalents	4 224 184	7 962 593	-	12 186 777
Mandatory cash balances with the CB RF	-	411 386	-	411 386
Due from other banks	-	416 240	-	416 240
Loans and advances to customers	-	-	71 724 557	72 310 896
- <i>Loans to small and medium entities</i>	-	-	28 530 162	28 842 096
- <i>Corporate loans</i>	-	-	9 124 014	9 155 963
- <i>Loans to individuals – consumer and car loans</i>	-	-	20 232 397	20 409 566
- <i>Mortgage loans</i>	-	-	13 837 984	13 903 271
Finance lease receivables	-	-	360 984	361 190
Other financial assets	-	-	672 028	672 028
TOTAL	4 224 184	8 790 219	72 757 569	86 358 517

	30 June 2015			
	Level 1	Level 2	Level 3	Carrying value
<i>In thousands of Russian Roubles</i>				
FINANCIAL ASSETS				
Cash and cash equivalents	4 157 757	4 491 257	-	8 649 014
Mandatory cash balances with the CB RF	543 504	-	-	543 504
Due from other banks	300	-	-	300
Loans and advances to customers	-	-	71 765 343	73 723 529
- <i>Loans to small and medium entities</i>	-	-	29 833 244	30 447 415
- <i>Corporate loans</i>	-	-	10 140 329	10 237 469
- <i>Loans to individuals – consumer and car loans</i>	-	-	19 285 336	20 308 124
- <i>Mortgage loans</i>	-	-	12 506 434	12 730 521
Finance lease receivables	-	-	428 607	442 243
Other financial assets	-	-	506 303	506 303
TOTAL	4 701 561	4 491 257	72 700 253	83 864 893

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

	30 June 2016			
	Level 1	Level 2	Level 3	Carrying value
<i>In thousands of Russian Roubles</i>				
FINANCIAL LIABILITIES				
Due to other banks	-	-	567 755	567 755
Customer accounts	-	-	71 305 324	71 305 324
Debt securities in issue	563 075	-	253 592	806 948
- <i>Promissory notes</i>	-	-	253 592	253 592
- <i>Bonds issued on domestic market</i>	563 075	-	-	553 356
Borrowings from international financial institutions	-	-	3 109 031	3 109 031
Subordinated debt	-	-	3 258 075	3 258 075
Other financial liabilities	-	-	151 739	151 739
TOTAL	563 075	-	78 645 516	79 198 872

Center-invest Bank Group**Notes to the Consolidated Condensed Interim Financial Information – 30 June 2015 (Unaudited)**

	31 December 2015			
	Level 1	Level 2	Level 3	Carrying value
<i>In thousands of Russian Roubles</i>				
FINANCIAL LIABILITIES				
Due to other banks	-	-	630 001	630 001
Customer accounts	-	-	65 039 828	65 039 828
Debt securities in issue	2 838 114	-	390 341	3 171 560
- <i>Promissory notes</i>	-	-	390 341	390 341
- <i>Bonds issued on domestic market</i>	2 838 114	-	-	2 781 219
Borrowings from international financial institutions	-	-	6 079 705	6 079 705
Subordinated debt	-	-	3 692 976	3 692 976
Other financial liabilities	-	-	93 503	93 503
TOTAL	2 838 114	-	75 926 354	78 707 573

	30 June 2015			
	Level 1	Level 2	Level 3	Carrying value
<i>In thousands of Russian Roubles</i>				
FINANCIAL LIABILITIES				
Due to the Central Bank of the Russian Federation	-	-	1 985 750	1 985 750
Due to other banks	-	-	1 547 606	1 547 606
Customer accounts	-	-	54 977 297	54 977 297
Debt securities in issue	8 805 338	-	1 043 360	9 816 112
- <i>Promissory notes</i>	-	-	1 043 360	1 043 360
- <i>Bonds issued on domestic market</i>	8 805 338	-	-	8 772 752
Borrowings from international financial institutions	-	-	6 238 453	6 238 453
Subordinated debt	-	-	2 810 863	2 810 863
Other financial liabilities	-	-	126 831	126 831
TOTAL	8 805 338	-	68 730 160	77 502 912

Discount rates used depend on currency, maturity of the instrument and credit risk of the counterparty and were as follows:

<i>In thousands of Russian Roubles</i>	30 June 2016	30 June 2015	31 December 2015
RR			
<i>Loans and advances to customers</i>			
Loans to SME	14,5 - 15,4%	17,3 - 19,0%	14,1 - 16,6%
Corporate loans	14,4 - 16,2%	14,6 - 17,1%	14,0 - 16,5%
Loans to individuals – consumer loans	15,8 - 18,7%	13,5 - 20,8%	16,5 - 18,6%
Loans to individuals – car loans	11,4 - 16,1%	9,5 - 17,3%	12,6 - 16,2%
Mortgage loans	12,1 - 12,3%	13,2 - 14,5%	12,9 - 13,1%
<i>Finance lease receivables</i>	17,2 - 22,8%	23,5 - 23,6%	19,0 - 23,0%
<i>Customer accounts</i>			
Term deposits of individuals	2,0 - 12,5%	2,0 - 15,5%	2,0 - 15,0%
Term deposits of enterprises	4,0 - 13,0%	5,0 - 26,0%	5,0 - 20,9%
<i>Due to the Central Bank of the Russian Federation</i>	-	13,25%	-
<i>Borrowings from international financial institutions</i>	10,5 - 15,1%	10,5 - 18,8%	10,5 - 16,0%
Currency			
<i>Loans and advances to customers</i>			
Corporate loans and loans to SME	8,0%	7,3%	7,9%
Loans to individuals – consumer loans	10,0%	10,0%	10,0%
Mortgage loans	9,0%	9,0%	9,0%
<i>Finance lease receivables</i>	-	-	-
<i>Customer accounts</i>			
Term deposits of individuals	1,0 - 4,0%	1,0 - 4,0%	1,0 - 4,0%
<i>Borrowings from international financial institutions</i>	3,8 %	3,7 - 4,6%	3,8 - 4,5%
<i>Subordinated debt</i>	6,7%	6,3%	6,7%

Current rates on the Group's liabilities approximate market rates as they relate to short-term instruments or instruments with floating rates. The Group's liabilities to its customers are subject to state deposit insurance scheme as described in Note 1. The fair value of these liabilities reflects these credit enhancements.

16. Related Party Transactions

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

The Group's policy is to lend funds to related parties if they have an appropriate credit history and provide sufficient guarantees from third parties or pledge collateral valued in excess of the committed credit lines.

The consolidated financial statements of the Group include the following significant transactions and balances with related parties:

<i>In thousands of Russian Roubles</i>	30 June 2016		
	Significant shareholders	Associate	Management and Board of Directors
Correspondent accounts with banks	1 775 667	-	-
Gross amount of loans and advances to customers (contractual interest rate: 9.9% - 16.0%)	-	137 018	7 299
Customer accounts (contractual interest rate: 0.1% – 12.5%)	-	635	72 086
Borrowings from international financial institutions (contractual interest rate: 15.1%)	318 294	-	-
Subordinated loans (contractual interest rate: 6.7%)	3 258 075	-	-

<i>In thousands of Russian Roubles</i>	30 June 2015		
	Significant shareholders	Associate	Management and Board of Directors
Correspondent accounts with banks	1 540 026	-	-
Gross amount of loans and advances to customers (contractual interest rate: 9.4% - 16.0%)	-	177 821	7 925
Due to other banks (contractual interest rate: 1.8%)	611 198	-	-
Customer accounts (contractual interest rate: 0.1% – 15.5%)	-	841	324 273
Borrowings from international financial institutions (contractual interest rate: 17.0% - 18.8%)	1 434 328	-	-
Subordinated loans (contractual interest rate: 6.3%)	2 810 863	-	-

<i>In thousands of Russian Roubles</i>	31 December 2015		
	Significant shareholders	Associate	Management and Board of Directors
Correspondent accounts with banks	4 101 643	-	-
Gross amount of loans and advances to customers (contractual interest rate: 9.4% - 12.0%)	-	165 676	10 458
Customer accounts (contractual interest rate: 0.1% – 12.5%)	-	1 354	60 344
Borrowings from international financial institutions (contractual interest rate: 15.0% - 16.0%)	921 084	-	-
Subordinated loans (contractual interest rate: 6.7%)	3 692 976	-	-

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016		
	Significant shareholders	Associate	Management and Board of Directors
Interest income	-	11 192	506
Interest expense	(173 625)	-	(2 251)
Fee and commission income	-	569	15
Administrative expenses excluding management remuneration	-	-	(2 634)

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2015		
	Significant shareholders	Associate	Management and Board of Directors
Interest income	-	9 986	254
Interest expense	(313 661)	-	(18 391)
Fee and commission income	-	582	7
Administrative expenses excluding management remuneration	-	-	(1 309)

<i>In thousands of Russian Roubles</i>	2015		
	Significant shareholders	Associate	Management and Board of Directors
Interest income	-	22 885	633
Interest expense	(539 929)	-	(15 474)
Fee and commission income	-	582	16
Administrative expenses excluding management remuneration	-	-	(2 634)

The major shareholders of the Bank are as follows:

<i>Shareholder</i>	30 June 2016		30 June 2015		31 December 2015	
	Equity share, %	Voting rights share, %	Equity share, %	Voting rights share, %	Equity share, %	Voting rights share, %
European Bank for Reconstruction and Development	22.80	25.25	24,58	27,45	22.80	25.25
DEG (Deutsche Investitions und Entwicklungsgesellschaft GmbH)	18.65	20.65	20,10	22,45	18.65	20.65
Vasiliy Vasilievich Vysokov	11.10	12.30	8,07	9,01	11.10	12.30
Tatiana Nikolaevna Vysokova	10.96	12.13	7,91	8,83	10.96	12.13
Erste Bank	9.09	9.01	9,80	9,80	9.09	9.01
Firebird funds	8.22	9.11	8,87	9,90	8.22	9.11
Rekha Holdings Limited	6.77	7.49	7,29	8,15	6.77	7.49

During six months ended 30 June 2016 the Group prolonged 10 000 thousand euros of interbank loans from Erste Bank for six months.

Key management compensation is presented below:

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2016		Six months ended 30 June 2015		2015	
	Expense	Accrued liability	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>						
- Salaries	54 448	-	13 603	-	28 971	-
- Short-term bonuses	240	-	58 007	-	82 082	-
<i>Long-term bonus scheme</i>	3 779	21 231	(15 872)	10 618	(9 038)	17 452
<i>Post-employment benefits</i>	-	-	465	-	465	-
Total	58 467	21 231	56 203	10 618	102 480	17 452

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

In 2016, the Board of Directors consisted of 7 persons (2015: 7 persons). As at 30 June 2016, the Group's Executive Board consisted of 4 persons (31 December 2015: 4 persons; 30 June 2015: 4 persons).