

IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the Series 5 Prospectus following this page (the "**Series 5 Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Series 5 Prospectus. In accessing the Series 5 Prospectus you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THE SERIES 5 PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE SERIES 5 PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the Series 5 Prospectus or make an investment decision with respect to the securities, investors must be non-U.S. persons (as defined in Regulation S under the Securities Act) outside the United States who are not acting for the account or benefit of U.S. persons. By accessing these materials, you shall be deemed to have represented to us that you are outside the United States and are not a U.S. person and are not acting for the account or benefit of a U.S. person.

The Series 5 Prospectus may only be provided to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply to Renaissance Consumer Funding Limited (the "**Issuer**") or to Commercial Bank "Renaissance Credit" (Limited Liability Company) ("**CBRC**"). Accordingly, the Series 5 Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Series 5 Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Series 5 Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on the Series 5 Prospectus or any of its contents.

The Series 5 Prospectus, prepared pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005, will be available from the registered office of the Issuer and the website of the Central Bank of Ireland.

The Series 5 Prospectus and the information contained therein do not constitute an offer, or an invitation to make offers, to sell, exchange or otherwise transfer securities in the Russian Federation to or for the benefit of any Russian person or entity and do not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. Information contained in this Series 5 Prospectus is not intended for any persons in the Russian Federation who are not "qualified investors" within the meaning of Article 51.2 of the Federal Law no. 39-FZ "On the Securities Market" dated 22 April 1996, as amended (the "**Russian QIs**") and must not be distributed or circulated in Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law. The Series 5 Notes (as defined in the Series 5 Prospectus) have not been and will not be registered in Russia and are not intended for "placement" or "circulation" in Russia (each as defined for the purposes of Russian securities laws) unless and to the extent otherwise permitted under Russian law.

You are reminded that you are accessing the Series 5 Prospectus on the basis that you are a person by whom the Series 5 Prospectus may be lawfully accessed in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Series 5 Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such underwriters or such affiliate on behalf of the Issuer in such jurisdiction. Recipients of the Series 5 Prospectus who intend to subscribe or purchase the Series 5 Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the Series 5 Prospectus.

The Series 5 Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer, CBRC, Goldman Sachs International, Renaissance Securities (Cyprus) Limited nor SIB (Cyprus) Limited, nor any person who controls any of them, nor any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Series 5 Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, CBRC, Goldman Sachs International, Renaissance Securities (Cyprus) Limited or SIB (Cyprus) Limited.



SERIES 5 PROSPECTUS

prepared in connection with the
U.S.\$100,000,000 13.50 per cent. Loan Participation Notes due 2019 (the "**Series 5 Notes**")
to be issued by, but with limited recourse to, Renaissance Consumer Funding Limited as Series 5
for the purpose of financing a subordinated loan to Commercial Bank "Renaissance Credit" (Limited
Liability Company)
under the U.S.\$1,500,000,000
Programme (the "**Programme**") for the issuance of Loan Participation Notes
to be issued by, but with limited recourse to,
Renaissance Consumer Funding Limited
for the purpose of financing loans to
Commercial Bank "Renaissance Credit" (Limited Liability Company)
Issue Price: 100 per cent.

This series 5 prospectus (the "**Series 5 Prospectus**"), which must be read and construed as one document in conjunction with information incorporated by reference herein (see "*Documents Incorporated by Reference*"), which includes the base prospectus dated 15 May 2013 prepared in connection with the Programme (the "**Base Prospectus**"), is prepared in connection with the issue of the Series 5 Notes by Renaissance Consumer Funding Limited, a private company with limited liability established under the laws of Ireland whose registered office is at 53 Merrion Square, Dublin 2, Ireland (the "**Issuer**"), under the Programme. The Series 5 Notes are being issued for the sole purpose of financing a subordinated loan of U.S.\$100,000,000 (the "**Loan**") to Commercial Bank "Renaissance Credit" (Limited Liability Company) ("**CBRC**" or the "**Borrower**"), as borrower. The Loan is granted pursuant to the terms of a subordinated loan agreement between the Issuer and CBRC dated 20 November 2013 (the "**Loan Agreement**"), the form of which is set out herein.

Interest on the Series 5 Notes will be payable at the rate of 13.50 per cent. per annum, semi-annually in arrear, on 22 May and 22 November in each year, commencing on 22 May 2014. The issue price of the Series 5 Notes is 100 per cent. of their principal amount. The Loan will bear interest of 13.50 per cent. per annum.

Subject as provided in a forth amended and restated principal trust deed dated 15 May 2013, as further supplemented by a supplemental trust deed dated 22 November 2013 in respect of the Series 5 Notes ("**Trust Deed**"), the Issuer will charge, in favour of Citibank N.A., London Branch as trustee (the "**Trustee**"), by way of a first fixed charge as security for its payment obligations in respect of the Series 5 Notes and under the Trust Deed, certain of its rights and interests under the Loan Agreement and the Account (as defined in the Loan Agreement). In addition, the Issuer will assign certain of its administrative rights under the Loan Agreement to the Trustee.

In each case where amounts of principal, interest and additional amounts (if any) are stated to be payable in respect of the Series 5 Notes, the obligation of the Issuer to make any such payment shall constitute an obligation only to account to the holders of the Series 5 Notes (the "**Noteholders**") on each date upon which such amounts of principal, interest and additional amounts (if any) are due in respect of the Series 5 Notes, for an amount equivalent to all principal, interest and additional amounts (if any) actually received and retained (net of tax and all other deductions whatsoever) from CBRC by or for the account of the Issuer pursuant to the Loan Agreement less any amounts in respect of the Reserved Rights (as defined in the "*Terms and conditions of the Notes*" in the Base Prospectus). The Issuer will have no other financial obligation under the Series 5 Notes. **Noteholders will be deemed to have accepted and agreed that they will be relying solely on the credit and financial standing of CBRC in respect of the payment obligations of the Issuer under the Series 5 Notes.**

Other than as described in this Series 5 Prospectus, the Base Prospectus and the Trust Deed, the Noteholders have no proprietary or other direct interest in the Issuer's rights under or in respect of the Loan Agreement or the Loan. Subject to the terms of the Trust Deed, no Noteholder will have any rights to enforce any of the provisions in the Loan Agreement or have direct recourse to CBRC except through action by the Trustee.

This Series 5 Prospectus is to be read and construed in conjunction with the sections of the Base Prospectus and other information incorporated by reference herein (see "*Documents Incorporated by Reference*").

AN INVESTMENT IN THE SERIES 5 NOTES INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE RISK FACTORS DESCRIBED UNDER THE SECTION ENTITLED "RISK FACTORS" IN THE BASE PROSPECTUS (INCORPORATED BY REFERENCE HEREIN). IF A WRITE DOWN EVENT (AS DEFINED IN THE LOAN AGREEMENT) OCCURS AND IS CONTINUING ON THE WRITE DOWN MEASURE EFFECTIVE DATE (AS DEFINED IN THE LOAN AGREEMENT), THE PRINCIPAL AMOUNT OF THE SERIES 5 NOTES AND/OR THE ACCRUED AND UNPAID INTEREST THEN DUE IN RESPECT OF THE SERIES 5 NOTES WILL BE SUBJECT TO WRITE-DOWN OR CANCELLATION IN AN AMOUNT EQUAL TO, RESPECTIVELY, THE PRINCIPAL AMOUNT OF THE LOAN AND THE ACCRUED AND UNPAID INTEREST AMOUNT THEN DUE IN RESPECT OF THE LOAN WRITTEN DOWN OR CANCELLED IN ACCORDANCE WITH CLAUSE 8 OF THE LOAN AGREEMENT. ANY SUCH WRITE-DOWN OR CANCELLATION WILL RESULT IN THE NOTEHOLDERS LOSING THE RELEVANT INTEREST OR PRINCIPAL AMOUNT OF THE SERIES 5 NOTES SO WRITTEN-DOWN OR CANCELLED. ACCORDINGLY, NOTEHOLDERS SHOULD BE AWARE THAT THEY MAY LOSE THEIR ENTIRE INVESTMENT IN THE SERIES 5 NOTES. IN THE EVENT THAT THE ENTIRE PRINCIPAL AMOUNT OF THE SERIES 5 NOTES IS WRITTEN DOWN, THE SERIES 5 NOTES WILL BE CANCELLED. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE RISK FACTOR IN THIS SERIES 5 PROSPECTUS ENTITLED "INTEREST ACCRUED ON THE LOAN AND SERIES 5 NOTES MAY BE CANCELLED AND NON-CUMULATIVE AND THE LOAN AND SERIES 5 NOTES MAY BE SUBJECT TO WRITE DOWN MEASURES".

THE SERIES 5 NOTES AND THE LOAN (TOGETHER, THE "SECURITIES") HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). THE SERIES 5 NOTES MAY BE OFFERED AND SOLD TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S (THE "REGULATION S NOTES"). THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS, SEE "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS" IN THE BASE PROSPECTUS (INCORPORATED BY REFERENCE HEREIN).

This Series 5 Prospectus contains ratings assigned by Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("**S&P**"), Moody's Investor Services, Inc. ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Fitch is established in the European Economic Area and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**"). Moody's and S&P are not established in the European Union, have not applied for registration under the CRA Regulation and are not included in the list of registered credit rating agencies published on the website of ESMA. The list of credit rating agencies registered in accordance with the CRA Regulation is available on the European Securities and Market Authority's website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>).

This Series 5 Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Series 5 Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange (the "**Irish Stock Exchange**") for the Series 5 Notes to be admitted to the Official List and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of The Markets in Financial Instruments Directive 2004/39/EC.

The Series 5 Notes to be issued will not be rated. The Series 5 Notes will initially be represented by interests in a global unrestricted note in registered form (the "**Global Note**") without interest coupons, which will be deposited with a common depositary for, and registered in the name of a nominee of,

Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), on 22 November 2013 (the "**Issue Date**"). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear or Clearstream, Luxembourg. See "*Summary of the Provisions Relating to the Notes in Global Form*" in the Base Prospectus (incorporated by reference herein). Individual definitive Series 5 Notes in registered form will only be available in certain limited circumstances as described in the Base Prospectus (incorporated by reference herein).

Joint Lead Managers

Goldman Sachs International

Sberbank CIB

Co-Manager

Renaissance Capital

The date of this Series 5 Prospectus is 20 November 2013

This Series 5 Prospectus (when read and construed in conjunction with the Base Prospectus, which is incorporated by reference herein (see "*Documents Incorporated by Reference*")) comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, CBRC, the Loan Agreement and the Series 5 Notes.

Each of the Issuer and CBRC accepts responsibility for the information contained in this Series 5 Prospectus (when read and construed in conjunction with the sections of the Base Prospectus incorporated by reference herein). To the best of the knowledge and belief of each of the Issuer and CBRC (which have taken all reasonable care to ensure that such is the case), the information contained in this Series 5 Prospectus (when read and construed in conjunction with the sections of the Base Prospectus incorporated by reference herein) is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition, CBRC, having made all reasonable enquiries, confirms that (i) this Series 5 Prospectus (when read and construed in conjunction with the sections of the Base Prospectus incorporated by reference herein) contains all information with respect to CBRC, the Loan Agreement and the Series 5 Notes that is material in the context of the issue and offering of the Series 5 Notes; (ii) to the best of knowledge of CBRC, the statements contained in this Series 5 Prospectus (when read and construed in conjunction with the sections of the Base Prospectus incorporated by reference herein) with regard to CBRC are in every material respect true and accurate and not misleading; (iii) the opinions, expectations and intentions expressed in this Series 5 Prospectus (when read and construed in conjunction with the sections of the Base Prospectus incorporated by reference herein) with regard to CBRC are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to CBRC, the Loan Agreement or the Series 5 Notes the omission of which would, in the context of the issue and offering of the Series 5 Notes, make any statement in this Series 5 Prospectus (when read and construed in conjunction with the sections of the Base Prospectus incorporated by reference herein) misleading in any material respect; and (v) all reasonable enquiries have been made by CBRC to ascertain such facts and to verify the accuracy of all such information and statements.

This Series 5 Prospectus has been filed with and approved by the Central Bank of Ireland as required by the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Prospectus Regulations**"). This Series 5 Prospectus, as approved by the Central Bank of Ireland, will be filed with the Irish Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

The Issuer is not and will not be regulated by the Central Bank of Ireland as a result of issuing the Series 5 Notes. Any investment in the Series 5 Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY GOLDMAN SACHS INTERNATIONAL OR SIB (CYPRUS) LIMITED (THE "**JOINT LEAD MANAGERS**") OR RENAISSANCE SECURITIES (CYPRUS) LIMITED (THE "**CO-MANAGER**", AND TOGETHER WITH THE JOINT LEAD MANAGERS, THE "**MANAGERS**") AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS SERIES 5 PROSPECTUS (WHEN READ AND CONSTRUED IN CONJUNCTION WITH THE SECTIONS OF THE BASE PROSPECTUS INCORPORATED BY REFERENCE HEREIN). NOTHING CONTAINED IN THIS SERIES 5 PROSPECTUS (WHEN READ AND CONSTRUED IN CONJUNCTION WITH THE SECTIONS OF THE BASE PROSPECTUS INCORPORATED BY REFERENCE HEREIN) IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE. EACH PERSON CONTEMPLATING MAKING AN INVESTMENT IN THE SERIES 5 NOTES MUST MAKE ITS OWN INVESTIGATION AND ANALYSIS OF THE CREDITWORTHINESS OF CBRC AND THE ISSUER AND ITS OWN DETERMINATION OF THE SUITABILITY OF ANY SUCH INVESTMENT, WITH PARTICULAR REFERENCE TO ITS OWN INVESTMENT OBJECTIVES AND EXPERIENCE, AND ANY OTHER FACTORS WHICH MAY BE RELEVANT TO IT IN CONNECTION WITH SUCH INVESTMENT.

This Series 5 Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, CBRC, the Trustee or the Managers to subscribe for or purchase any of the Series 5 Notes. The distribution of this Series 5 Prospectus or the Base Prospectus and the offer or sale of the Series 5 Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Series 5 Prospectus or the Base Prospectus comes are required by the Issuer, CBRC, the Trustee and the Managers to inform themselves about and to observe any such restrictions. In particular, the Series 5 Notes have not been and

will not be registered under the Securities Act. The Series 5 Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons. Further information with regard to restrictions on offers and sales of the Series 5 Notes and the distribution of this Series 5 Prospectus and the Base Prospectus is set out under "*Issue Terms of the Notes*" in this Series 5 Prospectus and "*Subscription and Sale*" in the Base Prospectus.

Neither the delivery of this Series 5 Prospectus or the Base Prospectus nor the offer, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or CBRC since the date of this Series 5 Prospectus.

None of the Issuer, CBRC, the Trustee or the Managers or any of their respective representatives is making any representation to any offeree or purchaser of the Series 5 Notes regarding the legality of an investment by such offeree or purchaser under relevant legal investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of purchase of the Series 5 Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Series 5 Notes or possess this Series 5 Prospectus or the Base Prospectus. Any consents or approvals that are needed in order to purchase the Series 5 Notes must be obtained. CBRC, the Issuer and the Lead Manager are not responsible for compliance with these legal requirements. The appropriate characterisation of the Series 5 Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase the Series 5 Notes, is subject to significant interpretative uncertainties. No representation or warranty is made as to whether or the extent to which the Series 5 Notes constitute a legal investment for investors whose investment authority is subject to legal restrictions. Such investors should consult their legal advisers regarding such matters.

This Series 5 Prospectus and the Base Prospectus may only be provided to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer or CBRC. Accordingly, this Series 5 Prospectus and the Base Prospectus are only being distributed to and are only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Series 5 Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Series 5 Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Series 5 Prospectus or the Base Prospectus or any of its contents.

This Series 5 Prospectus and the information contained herein do not constitute an offer, or an invitation to make offers, to sell, exchange or otherwise transfer securities in the Russian Federation to or for the benefit of any Russian person or entity and do not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. Information contained in this Series 5 Prospectus is not intended for any persons in the Russian Federation who are not "qualified investors" within the meaning of Article 51.2 of the Federal Law no. 39-FZ "On the Securities Market" dated 22 April 1996, as amended (the "**Russian QIs**") and must not be distributed or circulated in Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law. The Series 5 Notes (as defined in the Series 5 Prospectus) have not been and will not be registered in Russia and are not intended for "placement" or "circulation" in Russia (each as defined for the purposes of Russian securities laws) unless and to the extent otherwise permitted under Russian law.

To the extent that there is any inconsistency between (a) any statement in this Series 5 Prospectus and (b) any statement in the Base Prospectus, the statement in this Series 5 Prospectus will prevail in respect of the Series 5 Notes only.

The language of the Base Prospectus and this Series 5 Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Neither the Issuer nor CBRC intends to provide any post-issuance transaction information regarding the Series 5 Notes or the performance of the Loan.

No person is authorised to provide any information or to make any representation not contained in this Series 5 Prospectus or the Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, CBRC, the Trustee or the Managers. The delivery of this Series 5 Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to the date of this Series 5 Prospectus. The website of CBRC does not form any part of this Series 5 Prospectus or the Base Prospectus (and, in particular, is not incorporated by reference herein).

In connection with the issue of the Series 5 Notes, SIB (Cyprus) Limited (the "**Stabilising Manager**"), or persons acting on behalf of the Stabilising Manager, may over-allot Series 5 Notes or effect transactions with a view to supporting the market price of the Series 5 Notes at a level higher than that which might otherwise prevail. However, there is no assurance that such Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Series 5 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Series 5 Notes and 60 days after the date of allotment of the Series 5 Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

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RISK FACTORS

An investment in the Series 5 Notes involves a high degree of risk. Prospective investors should consider carefully, among other things, the risks set forth under the heading "Risk Factors" on pages 10 to 32 (inclusive) of the Base Prospectus and those described below as well as the other information contained in this Series 5 Prospectus and the Base Prospectus prior to making any investment decision with respect to the Series 5 Notes. The risks highlighted under the heading "Risk Factors" on pages 10 to 32 (inclusive) of the Base Prospectus and those below could, individually or together, have a material adverse effect on CBRC's business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on its ability to service its payment obligations under the Loan Agreement and, as a result, the ability of the Issuer to make payments under the Series 5 Notes. In addition, the value of the Series 5 Notes could decline due to any of these risks, and prospective investors may lose some or all of their investment.

Prospective investors should note that the risks described under the heading "Risk Factors" on pages 10 to 32 (inclusive) of the Base Prospectus and those below are not the only risks CBRC and the Issuer face. These are the risks that the Issuer and/or CBRC consider material. There may be additional risks that the Issuer and/or CBRC currently consider immaterial or of which the Issuer and/or CBRC are currently unaware, and any of these risks could have similar effects to those set forth above.

The following information is in addition to the information set out in the risk factor "Risks Related to CBRC's Business and the Russian Banking Sector – CBRC depends on the health and development of the Russian consumer finance market, which is relatively underdeveloped, as well as on personal consumption, income levels and customers' understanding of credit products, which are factors that are beyond CBRC's control" on page 12 of the Base Prospectus:

Consumer lending in Russia has been growing very rapidly in recent periods. According to the Central Bank of the Russian Federation ("CBR") monthly survey of the Russian banking sector (express issue number 133), growth in outstanding loans to individuals in roubles accelerated from 14.3 per cent. in 2010 to 35.9 per cent. in 2011, 39.4 per cent. in 2012 and 32.5 per cent. year-on-year as of 1 September 2013. Unsecured consumer loans grew even faster by 20.4 per cent. in 2010, 50.1 per cent. in 2011, 53.0 per cent. in 2012 and 37.3 per cent. year-on-year as of 1 September 2013. The significant growth in consumer lending is now occurring against a backdrop of weakening macro-economic factors in Russia. For example, GDP growth fell from 4.5 per cent. in 2010 to 3.4 per cent. in 2012 and 1.4 per cent. in the first half of 2013 (as compared to 4.5 per cent. in the first half of 2012), according to Rosstat, leading to concerns that Russia may be in a period of stagnation and potentially could enter a recession. Further, according to a public statement from the CBR, the number of retail loans overdue by more than 90 days in Russia grew during the first half of 2013 at double the rate that it did in 2012. Moreover, the percentage of loans to individuals that are overdue based on CBR data has started increasing again, from a 3-year monthly low of 4.05 per cent. as of 1 January 2013 to 4.41 per cent. as of 1 September 2013. Additionally, IFRS financial reports for most large Russian banks focused on consumer lending, including CBRC, are showing significant increases in allowance for loan impairment during the first half of 2013. All of this has led the CBR and others in the financial press and lending industry to express concern that the consumer lending market in Russia is becoming overextended and that the overall quality of the nation's consumer loan base is weakening significantly.

The following information is in addition to the information set out in the risk factor "Risks Related to CBRC's Business and the Russian Banking Sector – Capital adequacy and other regulatory requirements may significantly limit CBRC's commercial activities" on page 16 of the Base Prospectus:

Recently, the CBR published a draft of amendments to the CBR Instruction No. 139-I "On the Banks' Mandatory Economic Ratios" dated 3 December 2012 (the "**Mandatory Economic Ratios Instruction**") which, among other things, included a further increase in the risk-weighting coefficients to be applied to higher rate consumer loans for the purpose of calculating the relevant bank's risk-weighted assets under the CBR's mandatory economic ratios. These proposed amendments reflect the CBR's rising concern regarding the scale of consumer lending growth in recent years and the adverse impact of such rapid growth on creditworthiness of retail customers. There remains some uncertainty regarding the final form of the amendments to the Mandatory Economic Ratios Instruction.

The following risk factor "*Risks Related to Russia – Lack of clear consumer protection laws in Russia may adversely affect CBRC's consumer finance business*" on page 24 of the Base Prospectus shall be deleted entirely and replaced with the following risk factor:

Changes in applicable consumer protection or banking legislation or their interpretation by courts and regulators may impose greater compliance requirements on CBRC and adversely affect its profitability

The Russian Federation does not have legislation specifically regulating consumer lending or loan collection. In the absence of such laws, Russian courts have extended the scope of Federal Law No. 2300-1 "On Consumer Protection" dated 7 February 1992, as amended (the "**Consumer Protection Law**"), which provides general protection for consumers, to consumer loans. In June 2012, the Supreme Court (which is the highest instance in the system of courts of general jurisdiction dealing with cases involving individuals) ruled that the Consumer Protection Law did not contemplate assignment of consumer loans by banks to entities not having banking licences (such as collection agencies), unless otherwise provided by law or agreed between the parties at the time of their entry into the relevant loan agreements. If courts of general jurisdiction support individuals seeking to challenge the assignment of their loans to collection agencies, this may adversely affect the ability of CBRC to sell bad loans to such collection agencies, thus requiring CBRC to deploy additional internal resources to ensure effective collection of bad debt.

In addition, due to the ambiguous nature of the wording of certain provisions of Russian legislation, CBRC's consumer loan agreements may be treated as contracts of adhesion (i.e., contracts that CBRC's customers may execute only in accordance with CBRC's standard form without being able to negotiate their terms). According to the Russian Civil Code, CBRC's customers may demand termination or amendment of provisions of the consumer loan agreements containing terms that CBRC's customers would not have accepted had they had the opportunity to negotiate them. While CBRC believes that consumer loan agreements are unlikely to be recognised as contracts of adhesion, in the absence of established court practice with regard to such contracts, there can be no assurance that courts will not treat consumer loan agreements as contracts of adhesion. Therefore, successful challenges by customers of these provisions may adversely affect CBRC's business, financial condition, results of operations and prospects and the value of the Series 5 Notes.

After years of discussions between representatives of the Russian government and respective ministries, a draft law on consumer lending was submitted to the Russian parliament and passed the first hearing in April 2013. However, it is not clear whether any further amendments will be made to the document before the Russian parliament approves it in the second and third readings. There can be no assurance that the final draft, if adopted, or new legislation, will not contain any provisions that would negatively affect Russian banks, including CBRC, or impose additional requirements or restrictions that CBRC would have to respond to by adapting its business practices, products offered to customers and standard consumer lending documentation in order to comply with the applicable legislation. Such measures could have an adverse effect on CBRC's business, results of operations, financial condition and prospects.

Another draft law (draft law No. 134365-6 on amendments to certain laws of the Russian Federation with respect to usurious lending terms) submitted to the Russian parliament in September 2012 suggests that the full cost of the loan provided to an individual (including all additional fees and commissions charged in connection with the loan) may not exceed double the amount of the average full cost of loans of the respective kind calculated by the CBR in respect of the immediately preceding calendar quarter. The draft law further envisages that if the loan violates such requirement, the borrower would be entitled to seek a reduction of the full cost of the loan in court. Although the Russian government has previously issued an official statement that it does not support this draft law in its current form, the status and prospects of this draft law or any potential legislative initiatives that would be similar are not entirely clear. Moreover, if such a law was ultimately adopted, the CBR would first need to develop supporting regulations to determine how the average full loan cost for particular kinds of loan is calculated thereby prescribing the applicable maximum rate of interest. Furthermore, as the CBR has publicly expressed increasing concern with respect to the growing size of the consumer lending base in Russia as well as increasing consumer loan defaults, it has publicly announced that it is considering implementing further initiatives to slow growth in consumer lending and to protect consumer borrowers which may take one of many forms, including increasing capital adequacy requirements, introducing borrowing or repayment limits based on debt to income ratios or limiting the level of interest and fees that may be charged on consumer loans. For example, a proposal contemplating limitation of interest rates on consumer loans was submitted by the CBR to the Russian Ministry of Finance in September 2013. According to these initiatives, interest rates on consumer loans may not exceed 30 per cent. of the average market interest rate determined by the

regulatory authorities. If the above-mentioned draft law No. 134365-6 and/or the CBR's initiatives are adopted and become effective, CBRC would have to limit the maximum rates charged on the loans that it grants to customers. As a result of this, the interest margin of CBRC could be negatively impacted. If these measures or measures similar to the above regulatory initiatives are introduced into Russian law or otherwise mandated by a governmental agency, such as the CBR, CBRC could be required to reconsider its existing practices to ensure compliance with the new law and regulations, as a result of which it may need to reduce the growth of its loan portfolio and/or lower the effective interest rate it charges to individual customers on its loans, which, in turn, could have an adverse effect on its revenue and profitability.

Major amendments to the consumer lending regulations, shifts in existing court practice relating to cases in which CBRC is or may become involved or the regulator's interpretation of the laws resulting in investigations or court and administrative proceedings against market participants, such as CBRC, and greater activity of borrowers spread across different regions of Russia in which CBRC operates in filing claims against CBRC to protect their rights as consumers could have a material adverse effect on CBRC's business, results of operations, financial condition and prospects.

The following risk factor "*Risks Related to the Notes and the Trading Market – CBRC's payments under any Loan may be subject to Russian withholding tax*" on pages 28-30 of the Base Prospectus shall be deleted entirely and replaced with the following risk factor:

CBRC's payments under any Loan may be subject to Russian withholding tax

In general, interest payments on borrowed funds made by a Russian legal entity or organisation to a non-resident legal entity or organization having no registered presence and/or no permanent establishment in the Russian Federation are subject to Russian withholding tax at a rate of 20 per cent., which can be reduced or eliminated under the terms of an applicable double tax treaty subject to treaty clearance formalities to be satisfied by the foreign legal entity in a timely fashion.

In particular, the Agreement between the Government of Ireland and the Government of the Russian Federation for the Avoidance of Double Taxation with respect to Taxes on Income signed on 29 April 1994 (the "**Russia-Ireland double tax treaty**") generally allows to exempt interest amounts from Russian withholding tax provided that certain criteria specified in the treaty are satisfied by the recipient of income.

The application of the tax benefits under the Russia-Ireland double tax treaty could be affected by the change in the interpretation by the Russian tax authorities of the concept of factual/beneficial owner of income. Specifically, on 30 December 2011 the Russian Ministry of Finance issued letter No. 03-08 13/1 (the "**Letter**") addressed to the Federal Tax Service, in which the Russian Ministry of Finance asserted that in the context of a very specific Eurobond structure which is not identical to the transaction described in this Base Prospectus, a foreign issuer of Eurobonds cannot benefit from the provisions of the Russia-Ireland double tax treaty in respect of interest paid by the Russian borrower because, in view of the Russian Ministry of Finance, such foreign issuers of Eurobonds may not be considered as the beneficial owners of interest income. Conversely, the Letter states that holders of the notes could apply the provisions of the respective tax treaty (if any) concluded between Russia and the country of residency of each holder of the notes. CBRC cannot preclude the possibility that the Russian tax authorities might apply the same approach to the payments made under the structure of eurobonds as described in this Base Prospectus.

Notwithstanding anything to the contrary above, no withholding tax obligations should arise in eurobond structures by virtue of the exemption envisaged by Federal Law No. 97-FZ dated 29 June 2012 "On introduction of amendments in part one and two of the Tax Code of the Russian Federation and article 26 of Federal law on banks and banking activity" ("**Law No. 97-FZ**"). Law No. 97-FZ provides that Russian borrowers should be fully released from the obligation to withhold tax from interest and other payments made to foreign entities provided that certain conditions are met. See "Taxation—Russian Federation." The release from the obligation to withhold tax from interest and other payments described herein applies retrospectively to income paid since 2007.

CBRC believes that it should be possible to satisfy conditions established by Law No. 97-FZ and obtain a release from the obligation to withhold tax from payments of interest and certain other amounts, as the case may be, on any Loan to the Issuer.

Importantly, Law No. 97-FZ does not provide an exemption to the foreign interest income recipients from Russian withholding tax, although currently there is no requirement in the Russian tax legislation for the foreign income recipients being the legal entities to self-assess and pay the tax to the Russian tax authorities. The Russian Ministry of Finance acknowledged in its information letter published on its website that the release from the obligation to act as a tax agent means, in effect, that tax at source within Russia should not arise in connection with Eurobonds, since there is neither a mechanism nor obligation for a non-resident to independently calculate and pay such tax. There can be no assurance that such rules will not be introduced in the future or that the Russian tax authorities would not make attempts to collect the tax from the foreign income recipients including the Issuer or the Noteholders.

If interest and/or any other amounts due under any Loan become payable to the Trustee pursuant to the Trust Deed, there is some residual uncertainty whether the release from the obligation to withhold the tax under Law No. 97-FZ is available to the Trustee. There is a potential risk that Russian withholding tax in respect of payments of interest and some other amounts to the Trustee at the rate of 20 per cent. (or such other tax rate as may be effective at the time of payment) or, potentially, with respect to non-resident individual Noteholders Russian personal income tax at the rate of 30 per cent. (or such other tax rate that may be effective at the time of payment) may be deducted by CBRC upon making such payments to the Trustee. It is not expected that the Trustee will, or will be able to, claim a Russian withholding tax exemption or reduction under any applicable double tax treaty with Russia under such circumstances. In addition, while some Noteholders that are persons not residing in Russia for tax purposes may seek a reduction or elimination of Russian withholding tax or personal income tax, as applicable, or a refund of the respective taxes under applicable double tax treaties entered into between their countries of tax residence and Russia, where such treaties exist and to the extent they are applicable, there is no assurance that any treaty relief will be available to them in practice under such circumstances.

If the interest payments or any other amounts due under any Loan become subject to any Russian withholding tax (as a result of which the Issuer would reduce payments made under the corresponding Series of the Notes by the amount of such withholding tax), CBRC will in certain circumstances, be obliged to increase its payments or to make such additional payments under the relevant Loan Agreement as may be necessary to ensure that the Issuer and/or Noteholders receive a net amount which will not be less than the amount they would have received in the absence of such withholding taxes. While the corresponding Loan Agreement provides for CBRC to pay increased or additional amounts in these circumstances, there is a risk that tax gross up provisions set out in the relevant Loan Agreement may not be enforceable under Russian law. If gross-up for withholding tax is not enforceable under Russian law, there is a risk that interest payments made by CBRC under each Loan Agreement will be reduced by the amount of Russian income tax withheld by CBRC at the rate of 20 per cent. (or at the rate of 30 per cent. with respect to Russian personal income tax for Russian non-resident Noteholders) or such other rate as may be in force at the time of payment. See "*Taxation–Russian Federation–Taxation of the Notes*" in the Base Prospectus and this Series 5 Prospectus.

If CBRC is obliged to increase any payments on the relevant Loan or to make additional payments on the relevant Loan as described above, it may (without premium or penalty) prepay the principal amount of the relevant Loan together with accrued interest and/or additional amounts payable (if any) thereon, and all outstanding Notes of the corresponding Series would be redeemed by the Issuer at par together with accrued and unpaid interest and additional amounts, if any, to the date of the redemption (to the extent that it has actually received the relevant funds from CBRC). See "*Terms and Conditions of the Notes*" in the Base Prospectus.

Risks Relating to the Series 5 Notes

Defined terms in this section of the risk factors, entitled "*Risks Relating to the Series 5 Notes*", have the meanings given to them in the Loan Agreement.

The Series 5 Notes may be redeemed prior to their scheduled maturity due to uncertainties surrounding Russian regulatory capital requirements or on account of changes in Russian tax laws

Under the current bank capital regulations, the Loan will be included in CBRC's tier 2 capital (*dopolnitel'nyy kapital*) (i) prior to the 215-P Disapplication Date (as defined in the Loan Agreement) as 215-P Tier 2 Capital and 395-P Tier 2 Capital (each as defined in the Loan Agreement) and (ii) after the 215-P Disapplication Date as 395-P Tier 2 Capital after the CBR approves it as eligible for such inclusion

but not earlier than the date upon which the full amount of the loan is transferred to CBRC, which will be after the settlement date for the Series 5 Notes.

Pursuant to CBR Regulation No. 215-P dated 10 February 2003 "On the method of determination of own funds (capital) of credit organisations" (as amended, supplemented or replaced from time to time) ("**Regulation No. 215-P**") and CBR Regulation No. 395-P dated 28 December 2012 "On the methodology for determining the amount and evaluating adequacy of own funds (capital) of credit organisations ("Basel III")" (as amended, supplemented or replaced from time to time) ("**Regulation No. 395-P**", and together with Regulation No. 215-P, "**Regulatory Capital Regulations**"), the proceeds of the Loan Agreement can only be treated as CBRC's tier 2 capital (*dopolnitelny kapital*) upon the receipt of the Final Conclusion (as defined in the Loan Agreement), which should be granted (or denied) within 30 days of a written application for the same being submitted by CBRC. The Regulatory Capital Regulations further set out certain requirements (including with respect to the tenor, early termination provisions and interest rate) that the Loan Agreement needs to satisfy for the Final Conclusion to be issued. In particular, the Regulatory Capital Regulations require that the interest rate payable under the Loan Agreement is not materially different from the average interest rate payable in connection with similar transactions. Should CBRC fail to receive the Final Conclusion within 90 days of the date of the Loan Agreement, the Loan will be reclassified as senior and be pre-payable at CBRC's option, pursuant to Clause 6.3 of the Loan Agreement. The exercise of such prepayment right would result in early redemption of the Series 5 Notes.

The Loan Agreement could also lose its eligibility for inclusion in CBRC's tier 2 capital (*dopolnitelny kapital*) subsequent to the receipt by CBRC of the Final Conclusion if, as a result of any amendment to, clarification of or change in (including a change in interpretation or application of), Regulation 215-P, Regulation 395-P or other applicable requirements of the CBR, the Loan Agreement and the Loan would fully cease to qualify (i) prior to the 215-P Disapplication Date as 215-P Tier 2 Capital and 395-P Tier 2 Capital and (ii) from the 215-P Disapplication Date as 395-P Tier 2 Capital. Clause 6.2 of the Loan Agreement provides for the prepayment of the Loan in such circumstances, subject to the prior written consent of the CBR (as required by the Regulatory Capital Regulations). Furthermore, pursuant to Clause 6.4 of the Loan Agreement, if CBRC were to be required to make or increase any payment due pursuant to the Loan Agreement as provided in Clauses 7.2, 7.3 or 10 of the Loan Agreement, CBRC may, subject to prior consent of the CBR, prepay the Loan in whole (but not in part). The exercise of any such prepayment right would result in the early redemption (in full) of the Series 5 Notes.

Prepayment and variation of the Loan may require the consent of the CBR

Certain provisions of the Loan Agreement providing for the prepayment of the Loan are subject to the prior written consent of the CBR, in accordance with the applicable regulatory capital requirements. There can be no guarantee that the consent of the CBR will be received on time and that CBRC will be able to prepay such Loan in accordance with relevant provisions of the Loan Agreement.

CBRC's obligations under the Loan Agreement are subordinated

The claims of the Issuer in respect of principal of, and interest on, the Loan will:

- be subordinated upon the occurrence of a Bankruptcy Event (as defined in the Loan Agreement) to the claims of Senior Creditors (as defined in the Loan Agreement) in accordance with the Federal Law "On Insolvency (Bankruptcy) of Credit Organisations" No. 40-FZ dated 25 February 1999 (as amended, replaced or superseded from time to time) (the "**Insolvency Law**"); and
- be senior to the claims of holders of (i) CBRC's share capital and (ii) all other obligations ranking junior or expressed to rank junior to the claims of the Issuer pursuant to applicable Russian laws.

By virtue of this subordination, payments to the Issuer in respect of the Loan will, in the case of a Bankruptcy Event, only be made after all payment obligations of CBRC ranking senior to the Loan have been satisfied. Consequently, CBRC's assets will be available to satisfy its obligations under the Loan Agreement only after the claims of all senior ranking creditors have been satisfied in full. Such remaining assets may not be sufficient to satisfy CBRC's obligations under the Loan. There is a significant risk that

an investor in Series 5 Notes will lose all or some of its investment in the case of a bankruptcy or insolvent liquidation of CBRC.

In addition, by virtue of its execution of the Loan Agreement, the Issuer shall be deemed to have waived any right of set-off, compensation or retention in respect of any amount owed to it by CBRC under or in connection with the Loan Agreement.

The Loan Agreement does not limit CBRC's ability, or the ability of any other entity in the Group (as defined on the Loan Agreement), to incur additional indebtedness, including indebtedness that ranks senior to, or *pari passu* with, the Loan in priority of payment.

As provided in the Trust Deed, so long as any Note remains outstanding, the Issuer, without the prior written consent of the Trustee, shall not, *inter alia*, incur any indebtedness for borrowed moneys other than the Series 5 Notes, except that it may issue additional loan participation notes (with limited recourse to the Issuer) in the future for the sole purpose of financing loans to CBRC.

In each case, the incurrence of any such additional indebtedness may reduce the amount recoverable by Noteholders in the case of a bankruptcy or liquidation of CBRC.

At of 30 June 2013, CBRC had RUB 22,016 million of senior long-term debt (such as debt securities issued, amounts due to credit institutions and other borrowed funds), in addition to indebtedness incurred in the ordinary course of its banking business, such as deposits. CBRC anticipates that, from time to time, it will incur additional indebtedness, including unsubordinated indebtedness.

Restricted remedies

The only remedies against CBRC available to the Issuer will be:

- for recovery of amounts of principal or interest owing in respect of the Loan, the institution of proceedings for the insolvency (bankruptcy) of CBRC and/or proving for such debt, and claim, in any consequent liquidation of CBRC;
- upon the bankruptcy or liquidation of CBRC, the revocation of CBRC's general banking licence or any analogous event under Russian law, to take any actions in the manner and to the extent contemplated by the applicable law of the Russian Federation to prove for its debt and/or, to the extent applicable, commence liquidation or winding up proceedings of CBRC; or
- to enforce any obligation, condition or provision binding on CBRC under the Loan Agreement (other than any obligation for payment of any principal or interest in respect of the Loan) and to institute such other proceedings against CBRC as it may think fit, in each case, as more particularly set out in Clause 13 of the Loan Agreement.

In a bankruptcy of CBRC, however, the Issuer's claim in respect of the Loan would be subordinated to the claims of Senior Creditors (see "*CBRC's obligations under the Loan Agreement are subordinated*").

Interest accrued on the Loan and Series 5 Notes may be cancelled and non-cumulative and the Loan and Series 5 Notes may be subject to write down measures

Pursuant to Clause 8 of the Loan Agreement if a Write Down Event (defined as either of the following: (a) the Common Equity Tier 1 Capital Ratio (as defined in the Loan Agreement) of CBRC is less than 2 per cent. or (b) the Agency for Deposit Insurance of the Russian Federation implements bankruptcy prevention measures in relation to CBRC in accordance with Federal Law No. 175-FZ "On the additional measures on strengthening the stability of the banking system in the period until 31 December 2014" dated 27 October 2008 (as amended or supplemented)) has occurred and is continuing, CBRC will on the Write Down Measure Effective Date (as defined in the Loan Agreement) cancel in whole or in part the interest accrued and not paid to the Issuer and write down in whole or in part the principal amount of the Loan in order to absorb its losses provided that CBRC may write down the principal amount of the Loan only if, after cancellation of interest accrued in full (together with cancellation of accrued interest on other Parity Write Down Instruments (as defined in the Loan Agreement) in full), the Write Down Event would still be continuing.

Once the principal amount of the Loan has been written down in accordance with Clause 8 of the Loan Agreement, the principal amount so written down may not be restored under any circumstances, including where the relevant Write Down Event(s) is(are) no longer continuing. Any interest payment that has been cancelled in accordance with Clause 8 of the Loan Agreement, shall not accumulate or be payable at any time thereafter, including where the relevant Write Down Event(s) is(are) no longer continuing. No interest shall accrue from the Write Down Measure Effective Date as long as a Write Down Event(s) is(are) continuing. The accrued interest may be cancelled and the Loan may be written down in accordance with Clause 8 of the Loan Agreement on more than one occasion. None of the Issuer, the Trustee or any Noteholder shall have any right to such cancelled or written down amounts whether in a bankruptcy or dissolution of CBRC or otherwise, and such non-payment shall not constitute an event entitling the Issuer to accelerate the Loan.

If a Write Down Event occurs and is continuing on the Write Down Measure Effective Date, the principal amount of the Series 5 Notes and/or the accrued and unpaid interest then due in respect of the Series 5 Notes will be subject to write-down and cancellation in an amount equal to, respectively, the principal amount of the Loan and the accrued and unpaid interest then due in respect of the Loan written down or cancelled in accordance with Clause 8 of the Loan Agreement. Any such write-down or cancellation will result in the Noteholders losing the relevant interest or principal amount of the Series 5 Notes so written-down or cancelled. Accordingly, Noteholders should be aware that they may lose their entire investment in the Series 5 Notes. In the event that the entire principal amount of the Series 5 Notes is written down, the Series 5 Notes will be cancelled.

Consequently, investors may lose all or part of their investment following the occurrence of a Write Down Event. To the extent that part of the principal amount of the relevant Loan has been written down, interest will continue to accrue only on the then outstanding principal amount (as so written down) of the Loan. Consequently, the amount of interest payable (if any) on the Series 5 Notes will be correspondingly smaller following implementation of the write down measures.

Neither the Trustee nor any Agent (as defined in the "*Terms and Conditions of the Notes*" in the Base Prospectus) shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Write Down Event or any consequent cancellation of the Series 5 Notes or write down of any claims in respect thereof, and neither the Trustee nor the Agents shall be responsible for any calculation or determination or the verification of any calculation or determination in connection with the same.

Noteholders will not have any rights against CBRC, the Issuer, the Trustee or the Agents with respect to (i) the repayment of such principal amount of the Series 5 Notes so written down or (ii) the payment of interest amounts then due in respect of the Series 5 Notes (as applicable) so written down.

Furthermore, upon the occurrence of a Write Down Event and the Write Down Measure Effective Date, Noteholders will not (i) receive any shares, participation interests or other participation rights in the Issuer or CBRC or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Issuer or CBRC, or (ii) be entitled to any compensation in the event of any further change in Common Equity Tier 1 Capital Ratio or in the event that the bankruptcy prevention measures referred to above are withdrawn, otherwise halted or completed. A write down of a principal amount of the Series 5 Notes may occur even if existing ordinary shares, preference shares, participation interests or other participation rights of the Issuer or CBRC remain outstanding.

The Noteholders may be unable to monitor the Common Equity Tier 1 Capital Ratio of CBRC

Under Regulation No. 395-P, starting from April 2013, Russian banks (including CBRC) need to calculate their capital and assess capital adequacy in accordance with the new methodology set out in Regulation No. 395-P, and submit the relevant accounting forms to the CBR. Accordingly, CBRC will be required to report its Common Equity Tier 1 Capital Ratio to the CBR as of each CBR Reporting Date (as all such terms are defined in the Loan Agreement). However, CBRC is not currently required by law or by the Loan Agreement to disclose the Common Equity Tier 1 Capital Ratio calculated for the purposes of the CBR reporting to any third parties, including the Noteholders, other than the requirement to deliver to the Issuer and the Trustee the Write Down Event Notice in connection with the occurrence of the Write Down Event (as all such terms are defined in the Loan Agreement). As CBRC is not required to disclose its Common Equity Tier 1 Capital Ratio to the Noteholders other than in connection with the occurrence

of the Write Down Event, the Noteholders will not be able to monitor the Common Equity Tier 1 Capital Ratio of CBRC on an on-going basis.

The Series 5 Notes may not be a suitable investment for all investors

An investment in the Series 5 Notes will involve certain risks. Each potential investor in the Series 5 Notes must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Series 5 Notes, the merits and risks of investing in the Series 5 Notes and the information contained or incorporated by reference in this Series 5 Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Series 5 Notes and the impact the Series 5 Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Series 5 Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Series 5 Notes and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of certain events under the Series 5 Notes occurring; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Series 5 Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Series 5 Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Series 5 Notes will perform under changing conditions, the resulting effects on the likelihood of a write down and the value of the Series 5 Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Series 5 Prospectus and the Base Prospectus incorporated by reference herein.

RECENT DEVELOPMENTS

Credit Ratings

On 11 June 2013, Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") upgraded CBRC's long-term rating from "B" with "positive" outlook to "B+" with "stable" outlook. According to the press-release of S&P, the increase of credit rating was a result of the enhanced structure of CBRC's funding base. In particular, S&P pointed out that during the past two years CBRC has decreased its dependence on wholesale funding and maintained a stable base of retail deposits.

On 9 October 2013, Moody's Investor Services, Inc. ("**Moody's**") changed the outlook on the following ratings of CBRC to "negative" from "stable": B2 long-term foreign and local-currency debt and deposit ratings, and B3 "plain vanilla" subordinated debt ratings. The negative outlook reflects (i) Moody's expectations that CBRC's asset quality deterioration will put significant pressure on profitability and (ii) weakening capitalisation (caused by rapid loan growth).

As of the date of this Series 5 Prospectus, CBRC has a B2 rating, with "negative" outlook, from Moody's and a "B+" rating, with "stable" outlook from S&P.

On 1 November 2013, Fitch Ratings Limited (which assigned a "B" rating with "negative" outlook) withdrew its rating in relation to CBRC. As of the date of this Series 5 Prospectus, CBRC is not rated by Fitch Ratings Limited.

Expansion and Diversification of Distribution Channels

CBRC is in the process of diversifying its distribution network by opening additional branches and developing new types of distribution channels (such as 'mini' offices, 'light format' offices and Internet). 'Light format' offices are more compact, require less capital expenditure to set up and less operational expenditure to support and are designed to improve CBRC's coverage in big cities while also covering smaller cities. In September 2013, CBRC opened its first 'mini-office' in Saratov region. 'Mini offices' like a 'light format' offices are more compact and require less capital expenditure but unlike 'light format' offices, mainly will be located in shopping and business centres.

During the first half of 2013, CBRC opened 26 new branches and 4 additional small-scale 'light format' offices across the Russian Federation. As of 1 October 2013, CBRC's network of branches and 'light format' offices had increased to 165 from 121 as of 31 December 2012. As of 1 October 2013, CBRC had 35 representative offices.

CBRC also increased its points-of-sales (which include 23,927 off-line and 824 on-line points-of-sale located in 65 of 83 Russian regions) to 24,751 as of 1 October 2013 from 19,645 as of 31 December 2012. CBRC continues developing its partnership with large Russian retailers (such as M.video, Svayznoy, Evroset, Technosila, Hoff) and small regional retailers. As of 1 October 2013, CBRC had agreements with more than 10,600 regional retailers. In the second half of 2013, CBRC resumed its lending activity in Media Markt, a large Russian retailer. As of 1 October 2013, CBRC had agreements with 3,163 brokers offering its products.

The table below represents breakdown of CBRC's branches and representative offices by Russian federal districts as of 1 October 2013:

Russian federal district	Branches (including 'light format' offices)	Representative offices
Moscow	26	—
Center	21	8
North-West	20	3
Povolzhye	29	5
South.....	21	4
Urals	28	6
Siberia.....	19	6
Far East.....	1	3
Total.....	165	35

Change in Risk Management and Lending Policies

Since April 2013, CBRC has been implementing new lending and risk management policies. Since September 2013, credit decisions on general purpose loans have become fully automated. The scoring system assigns to each client a credit rating on the basis of statistical data available to CBRC and available from credit bureaus. Thereafter, the automated system makes a forecast in relation to possible credit losses and determines the parameters of the transaction and sets the "payment-to-income" ratio ("PTI") for the potential borrower. PTI determines a customer's total credit loading, i.e. such customer's monthly payment obligations under existing indebtedness (whether with CBRC or other banks) versus income level. If PTI is within the approved limit, the loan can be approved. In addition, the approval of the loan takes into account the price of the loan product calculated on the basis of credit risk. CBRC has been tightening its credit policies in response to the deteriorating market conditions and high level of non-performing loans ("NPLs"). In particular, CBRC has recently decreased the PTI limit for approving loans. Since October 2013, these tighter new lending and risk management policies have been in force in relation to products sold via the Internet and remote channels.

Reduction of Insurance Commission

CBRC expects that the insurance business may become more strictly regulated in the future and therefore the possibility to maintain income from insurance operations at previous levels may decrease in the future. As the commission on insurance constitutes a significant part of CBRC's revenue, CBRC plans to reduce insurance income gradually and focus on income generated from interest rates instead.

Increased Focus on Collection Process

CBRC has significantly revised its collection strategy recently and has decided to use internal collection resources more actively. In particular, in relation to the loans overdue for less than 90 days, it will continue to use its internal collection resources and only afterwards engage collection agencies for 4-6 months for collection on a commission basis. CBRC has also introduced a pre-delinquency warning system (which includes SMS and calls to clients). It started to use screening score cards, designed to determine the possibility of a loan becoming overdue, and to indicate the appropriate pre-delinquency communication tools in respect of a client. CBRC started to use social networks in order to establish better contact with its clients. CBRC is now using collection agencies on an ad hoc basis to contact clients (for example, CBRC engages collection agencies for 3-5 days to call clients). In addition, CBRC has expanded and enhanced its collection infrastructure. In particular, it has optimised the front-end collection system, enhanced the capacity of autodialer and increased the number of phone lines and operators.

CBRC has introduced incentive systems for collection agencies working with overdue loans. This system is intended to identify more efficient collection agencies and stabilise the efficiency of collection.

Call Centres

In August 2013, CBRC opened an additional call centre in Saratov. CBRC also has two other contact centres in Kursk and Penza.

Management

As of the date of this Series 5 Prospectus, the Board of Directors consist of the following members:

Name	Year of Birth	Position	Year Appointed
Christophe Charlier.....	1972	Chairman	26 November 2012
Alexey Levchenko.....	1975	Member	11 February 2004
Maria Piotrovskaya.....	1970	Member	5 August 2008
Valeriy Senko.....	1979	Member	16 March 2012
Maya Tikhonova.....	1975	Member	26 November 2012
Evgeny Jurchenko.....	1968	Member	21 June 2013
Maksim Penkin.....	1983	Member	23 September 2013

Biographies of Mr. Christophe Charlier, Mr. Alexey Levchenko, Ms. Maria Piotrovskaya, Mr. Valeriy Senko and Ms. Maya Tikhonova are set out on page 107 of the Base Prospectus.

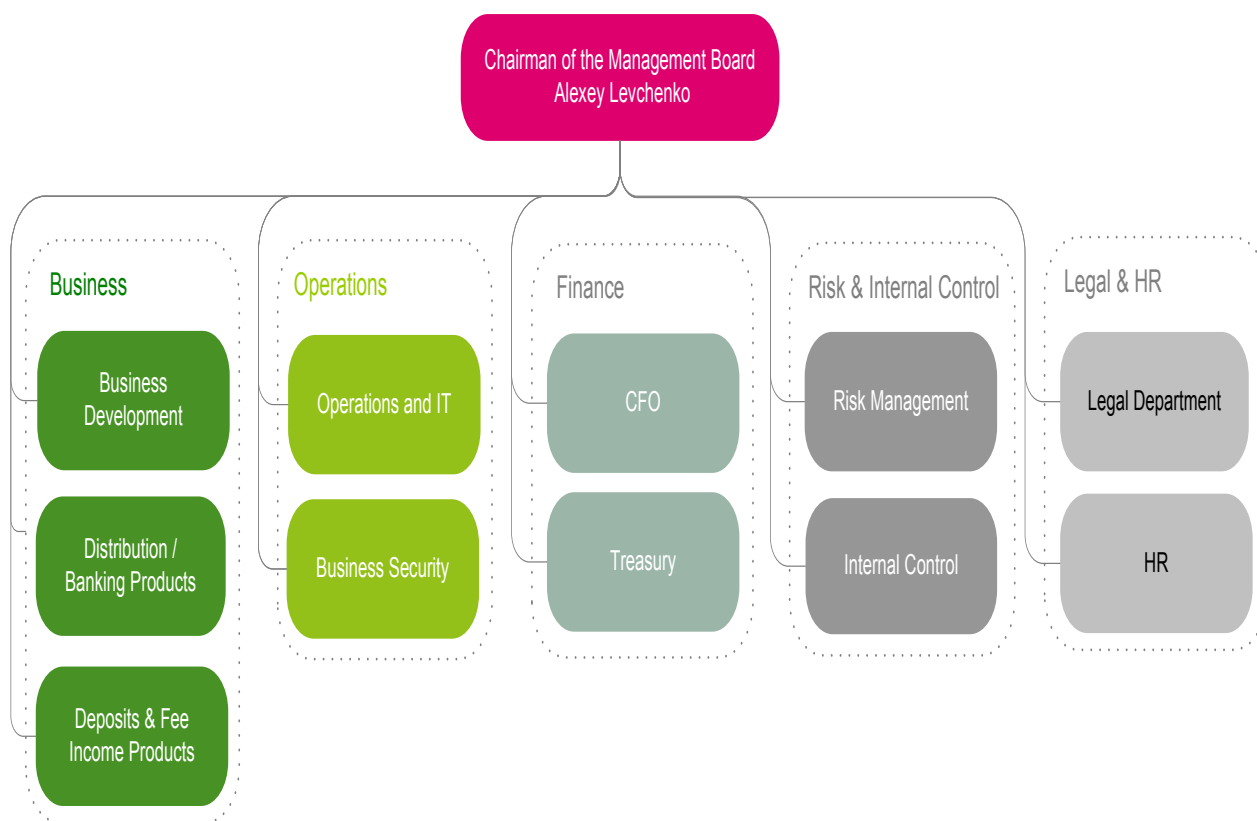
Mr. Evgeny Jurchenko graduated from the Voronezh State University with a degree in radiophysics and electronics in 1992 and economics in 1994. From 2009 to 2010, Mr. Jurchenko was the General Director of SVYAZINVEST Telecommunication Investment Joint-Stock Company. Since 2011, he has been the chairman of the Fund for Investment Promotion of A.S. Popov. Since June 2013, Mr. Jurchenko has been a Member of the Board of Directors of CBRC.

Mr. Maksim Penkin graduated from the faculty of management of the Higher School of Economics with a degree in logistics in 2005. From 2007 to 2011, Mr. Penkin worked for "Renaissance Partners", where he was in charge of the management of portfolio companies with total capital invested of USD300 million. Since 2011, Mr. Penkin has been Senior Vice President and Chief Operating Officer of Invest AG, a private equity company, focused on Russia and CIS markets with USD 700 million of assets under management. Since September 2013, Mr. Penkin has been a Member of the Board of Directors of CBRC.

There are no potential conflicts of interest between the duties owed by the members of the Board of Directors and the Management Board to CBRC and their private interests or other duties.

Corporate Structure

Below is a chart reflecting the corporate structure of CBRC:



PRESENTATION OF FINANCIAL INFORMATION

Please read the following in conjunction with "*Presentation of Financial and Other Information*" starting on page 36 of the Base Prospectus.

The financial information set forth herein, unless otherwise indicated, has been derived, subject to rounding, from the unaudited interim condensed financial statements of the CBRC as of and for the six months ended 30 June 2013 (the "**Interim Financial Statements**") and the audited financial statements of the CBRC as of and for the year ended 31 December 2012 (the "**2012 Financial Statements**"). The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by International Accounting Standards Board ("**IAS 34**"). The 2012 Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

The Interim Financial Statements, together with the related independent auditor's review report thereon, are set out on pages F-2 to F-23 of this Series 5 Prospectus.

The 2012 Financial Statements, together with the related independent auditor's report, are set out on pages F-2 to F-49 of the Base Prospectus which incorporated into and form part of this Series 5 Prospectus.

Independent Auditors

The 2012 Financial Statements included in the Base Prospectus and the Interim Financial Statement included in this Series 5 Prospectus have been audited and reviewed, respectively, by Ernst & Young LLC ("**Ernst & Young**"), independent auditors, in accordance with International Standards on Auditing ("**ISA**"), who expressed unqualified opinions on those Financial Statements, as stated in their audit reports appearing in the 2012 Financial Statements and the Interim Financial Statement. The address of Ernst & Young is building 1, 77 Sadovnicheskaya Naberezhnaya, Moscow, 115035, Russia. Ernst & Young is a member of the Non Profit partnership "Russian Audit Chamber".

Currency

In this Series 5 Prospectus, the following currency terms are used:

- "**U.S. Dollar**", "**U.S.\$**" or "**\$**" means the lawful currency of the United States;
- "**RUB**" or "**Rouble**" means the lawful currency of Russia; and
- "**EUR**" or "**Euro**" means currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Exchange Rates

The table below sets forth, for the periods indicated, certain information regarding the exchange rate between the Rouble and the U.S. Dollar, based on the official exchange rate quoted by the CBR. Fluctuations in the exchange rate between the Rouble and the U.S. Dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

CBRC prepares its financial statements in accordance with IFRS in Roubles. Solely for the convenience of the reader, certain financial information contained in this Series 5 Prospectus has been translated into U.S. Dollars at the conversion rates quoted by the CBR at such dates and as set forth below. CBRC does not make any representation that the Rouble amounts referred to in this Series 5 Prospectus could have been or could be converted into U.S. Dollars at the below exchange rates or at any other rate.

The table below shows the high and low Russian Central Bank rates, average rate and period end for roubles versus U.S. Dollars for each respective year and the rate at the end of the year.

Year ended 31 December	Roubles per U.S. Dollar			
	High	Low	Average ⁽¹⁾	Period end
2008.....	26.58	24.26	25.57	24.55
2009.....	29.38	23.13	24.81	29.38
2010.....	36.43	28.67	31.68	30.24
2011.....	31.78	28.93	30.36	30.48
2012.....	32.68	27.26	29.35	32.20

Sources: CBR

⁽¹⁾ The average exchange rate is the arithmetic mean of the daily exchange rate announced on the working days of the given period.

The table below shows the high and low Russian Central Bank rates, average rate and period end for the rouble versus the U.S. Dollar for the first six months in 2013 and each subsequent month in 2013 prior to the date of this Series 5 Prospectus.

Month	Roubles per U.S. Dollar			
	High	Low	Average ⁽¹⁾	Period end
January 2013.....	30.42	30.03	30.26	30.03
February 2013.....	30.62	30.01	30.16	30.62
March 2013.....	31.08	30.51	30.80	31.08
April 2013.....	31.72	30.88	31.33	31.26
May 2013.....	31.04	31.59	31.24	31.59
June 2013.....	32.91	31.68	32.28	32.71
July 2013.....	33.32	32.31	32.74	32.89
August 2013.....	33.25	32.86	33.02	33.25
September 2013.....	33.47	31.59	32.63	32.35
October 2013.....	32.48	31.66	32.05	32.06
November 2013 (up to 6 November).....	32.35	32.07	32.20	32.35

Sources: CBR

⁽¹⁾ The average exchange rate is the arithmetic mean of the daily exchange rate announced on the working days of the given period.

Rounding

Some numerical figures included in this Series 5 Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the 2012 Financial Statements, except for the adoption of new standards and interpretations as of 1 January 2013, as set out in note 2 of the Interim Financial Statements.

Other Information

In this Series 5 Prospectus, unless otherwise specified herein, (i) references to CBRC's loan portfolio are references to CBRC's loans to customers, which do not include amounts due from credit institutions and off-balance sheet credit-related commitments; (ii) references to CBRC's gross loan portfolio and gross loans to customers are references to CBRC's loan portfolio and CBRC's loans to customers, respectively, before allowance for loan impairment; and (iii) references to CBRC's net loan portfolio and net loans to customers are references to CBRC's loan portfolio and CBRC's loans to customers, respectively, after allowance for loan impairment.

Market Share and Other Third Party Information

In this Series 5 Prospectus, CBRC and the Issuer refer to information regarding CBRC's business and the market in which CBRC operates. CBRC and the Issuer obtained this information in part from various third party sources and in part from CBRC's own internal estimates. CBRC and the Issuer have obtained market and industry data relating to CBRC's business from providers of industry and market data, primarily the CBR.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Each of CBRC and the Issuer has relied on the accuracy of the information from industry publications, surveys and forecasts without carrying out an independent verification thereof and cannot guarantee their accuracy or completeness. Each of CBRC and the Issuer confirms that such third party information has been accurately reproduced and, as far as each of CBRC and the Issuer is aware and is able to ascertain from information published by such third parties, no facts have been omitted from the information in this Series 5 Prospectus that would render it inaccurate or misleading.

In addition, CBRC has made statements in this Series 5 Prospectus regarding the Russian banking industry and its position in this industry based on CBRC's own experience and investigation of market conditions. CBRC cannot assure you that any of its assumptions are accurate or correctly reflect its position in the industry, and its statements have not been verified by any independent sources.

DOCUMENTS INCORPORATED BY REFERENCE

The Base Prospectus shall be deemed to be incorporated in, and to form part of, this Series 5 Prospectus.

Any statement contained in the Base Prospectus shall be deemed to be modified or superseded for the purpose of this Series 5 Prospectus to the extent that a statement contained herein modifies or supersedes such statement in the Base Prospectus (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series 5 Prospectus.

This Series 5 Prospectus must be read in conjunction with the Base Prospectus and full information on CBRC, the Issuer, the terms of the Loan and the offer of the Series 5 Notes is only available on the basis of the combination of the provisions set out within this document and the Base Prospectus.

Copies of the Base Prospectus may be inspected, free of charge, at the registered office of the Issuer at 53 Merrion Square, Dublin 2, Ireland during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted). The Base Prospectus has been approved by the Central Bank of Ireland and is available for viewing at http://www.ise.ie/debt_documents/Base%20Prospectus_9dd4cc5f-32b1-4992-9495-dfc9619bddf2.PDF.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. The Base Prospectus incorporated by reference herein is current only as of its date and the incorporation by reference herein of the Base Prospectus shall not create any implication that there has been no change in CBRC's or the Issuer's affairs since the date thereof or that information contained therein is current as of any time subsequent to its date.

CAPITALISATION AND INDEBTEDNESS

The table below sets out the CBRC's consolidated capitalisation as at 30 June 2013. This information should be read in conjunction with "*Selected Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Interim Financial Statements included elsewhere in this Series 5 Prospectus and the information incorporated by reference into this Series 5 Prospectus, including the Base Prospectus.

	As at 30 June 2013	As at 31 December 2012
	<i>(in thousands of Roubles)</i>	
Liabilities		
Amounts due to the CBR	249,720	–
Amounts due to credit institutions	3,381,151	801,536
Amounts due to customers	64,253,139	56,524,288
Debt securities issued	16,732,654	10,538,506
Other borrowed funds	1,652,894	2,205,038
Deferred income tax liabilities	1,315,035	1,229,781
Other liabilities	2,102,772	1,882,582
Subordinated loans.....	4,710,613	2,829,343
Liabilities excluding net assets attributable to the participant	94,397,978	76,011,074
Net assets attributable to the participant		
Charter capital	501,000	501,000
Additional paid-in capital	16,166,933	16,166,933
Other capital reserves.....	–	67,326
Retained earnings	3,690,334	3,481,312
Total net assets attributable to the participant	20,358,267	20,216,571
Total liabilities including net assets attributable to the participant	114,756,245	96,227,645

On 25 July 2013, CBRC placed documentary interest-bearing non-convertible bonds in the amount of RUB3 billion. The bonds mature on 30 July 2018, and the principal is repaid at maturity. Bondholders may present bonds for repurchase at par plus accrued coupon on 6 February 2015, and in the event of certain payment terms not being followed by CBRC. Interest is payable semi-annually, the interest rate for the first three coupon payments was fixed at 11.35 per cent. per annum.

In August 2013, CBRC assigned its USD-denominated corporate loan (in the carrying amount of RUB939,868 thousand) to RCF Europe B.V., Netherlands (CBRC's related party), at value, for RUB939,868 thousand.

As at the date of this Series 5 Prospectus, the corporate loan portfolio of CBRC has been fully repaid and CBRC has no outstanding corporate loans.

SELECTED FINANCIAL INFORMATION

The following tables present selected financial information for the CBRC as of and for the periods indicated. CBRC's selected financial information for the six months ended 30 June 2013 and 30 June 2012 presented below has been prepared in accordance with IFRS and derived from the Interim Financial Statements included in this Series 5 Prospectus. CBRC's selected financial information for the year ended 31 December 2012 has been prepared in accordance with IFRS and derived from the 2012 Financial Statements included in the Base Prospectus. The following data should be read in conjunction with the information contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Interim Financial Statements and the notes thereto included elsewhere in this Series 5 Prospectus and the information incorporated by reference into this Series 5 Prospectus, including the Base Prospectus and the 2012 Financial Statements and the notes thereto included elsewhere in the Base Prospectus.

Statement of Financial Position Data

	As at 30 June 2013	As at 31 December 2012
	(in thousands of Roubles)	
Assets		
Cash and cash equivalents	19,165,762	15,219,244
Trading securities	7,765,823	5,321,015
Trading securities pledged under repurchase agreements	366,723	—
Amounts due from credit institutions	1,361,916	1,235,857
Loans to customers	80,897,199	70,275,688
Property and equipment	1,245,547	1,171,458
Intangible assets	2,055,149	2,052,546
Other assets	1,898,126	951,837
Total assets	114,756,245	96,227,645
Liabilities		
Amounts due to the CBR	249,720	—
Amounts due to credit institutions	3,381,151	801,536
Amounts due to customers	64,253,139	56,524,288
Debt securities issued	16,732,654	10,538,506
Other borrowed funds	1,652,894	2,205,038
Deferred income tax liabilities	1,315,035	1,229,781
Other liabilities	2,102,772	1,882,582
Subordinated loans	4,710,613	2,829,343
Liabilities excluding net assets attributable to the participant	94,397,978	76,011,074
Net assets attributable to the participant		
Charter capital	501,000	501,000
Additional paid-in capital	16,166,933	16,166,933
Other capital reserves	—	67,326
Retained earnings	3,690,334	3,481,312
Total net assets attributable to the participant	20,358,267	20,216,571
Total liabilities including net assets attributable to the participant	114,756,245	96,227,645

Statement of Comprehensive Income Data

	For the six months ended 30 June	
	2013	2012
	(in thousands of Roubles)	
Interest income	12,308,535	7,767,055
Interest expense	(3,815,099)	(2,494,930)
Net interest income	8,493,436	5,272,125
Allowance for loan impairment	(8,175,296)	(3,320,159)
Net interest income after allowance for loan impairment	318,140	1,951,966
Fee and commission income	4,535,992	3,439,408
Fee and commission expense	(315,360)	(161,225)
Net fee and commission income	4,220,632	3,278,183
Non-interest income	251,489	(22,973)
Non-interest expense	(4,495,985)	(3,846,952)

Profit before income tax expense	294,276	1,360,224
Income tax expense	(85,254)	(283,508)
Profit for the period	<u>209,022</u>	<u>1,076,716</u>

Selected Financial Ratios and Other Information

	As at and for the six months ended 30 June 2013		As at and for the year ended 31 December 2012	
	(in thousands of Roubles, except percentages)			
Financial data				
Total assets	114,756,245		96,227,645	
Loans to customers, gross of allowance for impairment	87,936,202		74,457,892	
Total net assets attributable to the participant	20,358,267		20,216,571	
Corporate lending	3,247,005		23,759	
Consumer loan portfolio breakdown (% of gross portfolio):				
General purpose loans.....	54,961,816	64.8%	46,830,677	63.0%
Credit card loans	15,203,567	18.0%	12,462,475	16.7%
Instalment loans	10,966,227	12.9%	10,757,449	14.5%
Auto loans.....	2,470,706	2.9%	3,448,480	4.6%
General purpose loans (restructured)	765,598	0.9%	583,101	0.8%
Mortgage loans	158,307	0.2%	171,278	0.2%
Credit card loans (restructured).....	90,140	0.1%	95,331	0.1%
Employee loans.....	72,836	0.1%	85,342	0.1%
Total Consumer lending	84,689,197	100%	74,434,133	100%
Profitability				
Net interest margin ⁽¹⁾		19.1%		18.3%
Cost to income ratio ⁽²⁾		34.7%		39.3%
Asset quality				
Loan loss reserves/gross loans to customers		8.0%		5.6%
Ratio of net assets attributable to the participant to risk weighted assets				
Ratio of net assets attributable to the participant to risk weighted assets (Basel)		19.1%		22.6%
Capital ratio (the CBR)		13.25%		16.6%
Net assets attributable to the participant/total assets		17.7%		21.0%

⁽¹⁾ Net interest margin represents a ratio of net interest income to total average interest-earning assets, representing the average of the opening and closing balances of the respective periods.

⁽²⁾ Cost to income ratio represents a ratio of non-interest expense to the sum of net interest income, net fee and commission income and non-interest income.

Capital Adequacy Ratio and Net Interest Margin

	30 June 2013	31 December		
		2012	2011	2010
Total capital ratio (Basel) ⁽¹⁾	23.2%	25.7%	23.1%	29.3%
Net interest margin (including fee and commission income)	31.4%	31.6%	31.9%	38.4%

⁽¹⁾ The adequacy of CBRC's capital is monitored using the ratios established by the Basel Capital Accord 1988.

Breakdown of Assets and Liabilities by Maturity and Currency as of 30 June 2013

	<u>Total</u>	<u>On demand</u>	<u>Less than 1 month</u>	<u>From 1 months to 3 months</u>	<u>From 3 months to 6 months</u>	<u>From 6 months to 9 months</u>	<u>From 9 months to 12 months</u>	<u>More than 1 year</u>
<i>(in millions of Roubles)</i>								
Assets	<u>114,756</u>	32,827	6,237	8,138	10,434	8,928	7,303	36,126
Liabilities.....	<u>94,398</u>	3,870	5,892	10,928	23,325	6,971	8,069	33,776

	<u>Total</u>	<u>RUB</u>	<u>EUR</u>	<u>USD</u>	<u>Other</u>
<i>(in millions of Roubles)</i>					
Assets	<u>114,756</u>	87,729	1,992	25,033	1
Liabilities.....	<u>94,398</u>	63,750	4,681	25,966	0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations of CBRC covers the six months ended 30 June 2013 and 30 June 2012 and the financial position of CBRC as of 30 June 2013 and 31 December 2012. The financial information presented in this discussion as at and for the six months ended 30 June 2013 and 30 June 2012 has been derived, unless otherwise indicated, from the Interim Financial Statements, included elsewhere in this Series 5 Prospectus, and the financial information as at 31 December 2012 has been derived, unless otherwise indicated, from the 2012 Financial Statements included in the Base Prospectus which is incorporated by reference herein. Other information has been derived from unaudited statutory accounting, internal management (financial and operating) records of CBRC and publicly available sources.

This section should be read in conjunction with the Interim Financial Statements and the notes thereto, the 2012 Financial Statements, the notes thereto and the other financial information included elsewhere in this Series 5 Prospectus, including the section entitled "Presentation of Financial and Other Information", and the Base Prospectus (including the section entitled "Presentation of Financial and Other Information"). Certain information contained in the discussion and analysis set forth below and elsewhere in this Series 5 Prospectus includes "forward-looking statements". Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. See the section in the Base Prospectus starting on page 38 entitled "Forward-Looking Statements". The Interim Financial Statements include all adjustments consisting of normal recurring adjustments, necessary for a fair presentation of the results for the unaudited interim period. The interim results are not necessarily indicative of the results that may be expected for a full year.

Overview

CBRC is a commercial bank focusing on consumer finance products and banking services in Russia. As at 30 June 2013, CBRC was a top-ten specialised retail bank (based upon the size of its retail loan portfolio in total assets) in the Russian Federation, according to calculations of CBRC's management, based on CBR data. As at 1 July 2013, CBRC was the 20th largest bank in the Russian Federation based upon the size of retail loans, as calculated under RAS, according to the review of RosBusinessConsulting, a Russian information agency, for the first half of 2013. CBRC's principal business is providing consumer finance and other retail banking products and services including general purpose loans, credit card loans, instalment loans and retail deposits.

Significant Factors Affecting Results of Operations and Financial Position

The following discussion reviews significant factors affecting the CBRC's results of operations and financial condition, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Results of Operations and Financial Position" in the Base Prospectus.

Changes in the Size and Composition of CBRC's Loan Portfolio

CBRC's loan portfolio comprises general purpose loans, credit card loans, instalment loans, employee loans and legacy auto loans and mortgage loans issued to retail consumers.

The following tables set forth the break-down, in Rouble and in percentage terms, of CBRC's gross loan portfolio as at 30 June 2013 and 31 December 2012.

	As at			
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(in thousands of Roubles)		(in percentages)	
Corporate lending				
Corporate loans	3,247,005	23,759		
Total corporate lending⁽¹⁾	3,247,005	23,759		

Consumer lending				
General purpose loans	54,961,816	46,830,677	64.8	63.0
Credit card loans	15,203,567	12,462,475	18.0	16.7
Installment loans	10,966,227	10,757,449	12.9	14.5
Auto loans	2,470,706	3,448,480	2.9	4.6
General purpose loans (restructured)	765,598	583,101	0.9	0.8
Mortgage loans	158,307	171,278	0.2	0.2
Credit card loans (restructured)	90,140	95,331	0.1	0.1
Employee loans	72,836	85,342	0.1	0.1
Total consumer lending	84,689,197	74,434,133	100.0	100.0
Gross loan portfolio	87,936,202	74,457,892		

⁽¹⁾ As at the date of this Series 5 Prospectus, the corporate loan portfolio of CBRC has been fully repaid and CBRC has no outstanding corporate loans.

Changes in the Composition of CBRC's Funding Base

The following tables set forth the break-down, in Rouble and in percentage terms, of CBRC's funding sources as at 30 June 2013 and 31 December 2012.

	As at			
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousands of Roubles)</i>		<i>(in percentages)</i>	
Amounts due to the CBR	249,720	–	0.3	–
Amounts due to customers	64,253,139	56,524,288	70.6	77.5
of which:				
Corporate deposits	4,073,955	3,428,412	4.5	4.7
Individuals	60,179,184	53,095,876	66.1	72.8
Debt securities issued	16,732,654	10,538,506	18.4	14.5
Subordinated loans	4,710,613	2,829,343	5.2	3.9
Other borrowed funds	1,652,894	2,205,038	1.8	3.0
Amounts due to credit institutions	3,381,151	801,536	3.7	1.1
Total	90,980,171	72,898,711	100.0	100.0

Changes in Distribution Channels

CBRC built its instalment loan business primarily through partnerships with major retailers located across Russia. As at 30 June 2013, CBRC had distribution agreements with 9,860 retailers at 21,956 points of sale and 3,093 brokers as compared to 8,673 retailers at 16,621 points of sale as at 31 December 2012. CBRC typically acquired its installment loan customers through point of sale financing transactions at retail stores. If an installment loan customer acquired by CBRC through a point of sale transaction were to satisfy certain lending criteria, CBRC would attempt to cross sell other consumer finance products to such a customer, including credit cards or general purpose loans.

CBRC's current lending strategy envisages placing less reliance on points of sale for attracting new customers and extending loans than previously. Points of sale will continue to play an important role, but CBRC intends to rely less on retailers or third party agents by leveraging its brand and expanding its distribution network (which now also includes light formats) to attract new customers directly.

Russian Macroeconomic Environment

Due to the concentration of CBRC's assets in Russia, CBRC is substantially affected by Russian macroeconomic conditions. While there had been improvements in the economic trends of the Russian Federation prior to the onset of the global financial and economic crisis in September 2008, the Russian Federation continues to display certain characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not widely convertible outside of the Russian Federation and relatively high inflation.

The following table sets forth certain Russian economic indicators as at or for the six months ended 30 June 2013 and 30 June 2012.

	As at or for the six months ended 30 June	
	2013	2012
GDP (in billions of Roubles at current prices).....	31,099	28,815
Real GDP growth (in percentages).....	1.4	4.5
Official reserves (in billions of U.S. Dollars).....	514	514
Inflation ⁽¹⁾ (in percentages).....	3.5	3.2
Nominal depreciation of the Russian rouble against the U.S. Dollar ⁽²⁾ (in percentages)	(1.3)	(6.5)
Real depreciation of the Russian rouble against the U.S. Dollar ⁽²⁾⁽³⁾ (in percentages).....	(4.2)	(5.1)

Sources: CBR, Russian Federal State Statistics Service

- ⁽¹⁾ Inflation is measured as change in the consumer price index.
- ⁽²⁾ Nominal and real depreciation of the Russian rouble against the U.S. Dollar are measured by comparing the change in the reporting period with the change in the corresponding period of the previous year.
- ⁽³⁾ Real depreciation is distinguished from nominal depreciation because the former also takes into account inflation in Russia and the United States, as well as certain other macroeconomic parameters that are calculated by the CBR.

Russia's real GDP growth was 4.5 per cent. in 2010, declining to 4.3 per cent. in 2011 and 3.4 per cent. in 2012. Russia's real GDP also declined to 1.4 per cent. in the first six months of 2013 as compared to 4.5 per cent. in the first six months of 2012. Such gradual decrease of Russia's GDP was, in part, due to the impact of the sovereign debt crisis on the European and U.S. economies, which adversely affected demand for Russian exports to these regions. Inflation was moderate during the same period, decreasing to 6.1 per cent. in 2011 from 8.8 per cent. in 2010 and then slightly increasing to 6.6 per cent. in 2012. In the first six months of 2013 inflation was 3.5 per cent. as compared to 3.2 per cent. in the first six months of 2012. In addition, the price of Urals blend oil, which is one of the most important factors affecting the Russian economy, fluctuated in 2011 between U.S.\$91 and U.S.\$123 per barrel and in 2012 between U.S.\$87 and U.S.\$126 per barrel. On 25 September 2013, the price of Urals blend oil was U.S.\$107 per barrel.

The Russian banking sector is particularly sensitive to economic conditions in Russia and fluctuations in the value of the rouble. In addition, the need for further developments in bankruptcy laws, the absence of formalised procedures for the registration and enforcement of certain categories of collateral, and other legal and fiscal impediments also contribute to difficulties experienced by banks currently operating in Russia. The stability of the Russian economy will be significantly affected by the Russian government's continued implementation of administrative, legal and economic reforms.

Interest Rate Environment

During the period under review, differing interest rates over time and across products and funding sources have affected CBRC's interest income, interest expense, net interest spread and net interest margin.

Interest Income

CBRC's gross margin consists of the following components: (i) late payment fees and (ii) interest payments. Late payment fees under overdue loans are a significant component of the gross margin as these are discharged in priority to the interest payments when a payment under an overdue loan is made. In addition, the gross margin (as well as the net interest margin) of CBRC does not take into account allowance for loan impairment (which has increased, see "*Allowance for Loan Impairment*"). As a result, although the quality of CBRC's loan portfolio has deteriorated, the gross margin and the net interest margin of CBRC for the six months ended 30 June 2013 as compared with the six months ended 30 June 2012 was the same with respect to gross margin and increased with respect to net interest margin (due to the decrease in the interest expense); as compared with the year ended 31 December 2012 both the gross margin and net interest margin for the six months ended 30 June 2013 increased (due to the increase in the late payment fees).

Since the beginning of 2012, the quality of the loan portfolio held by Russian banks, including CBRC, has been deteriorating. Due to the consequential increase in late payment fees, CBRC's gross margin has also increased. This trend continued in the first half of 2013. The average gross margin of CBRC on general purpose loans, installment loans and credit card loans for the six months ended 30 June 2013 amounted to 28.4 per cent., 29.0 per cent. and 42.9 per cent., as compared to 24.8 per cent., 27.5 per cent. and 48.4 per cent., respectively, for the six months ended 30 June 2012 and 25.2 per cent., 25.2 per cent. and 45.8 per cent., respectively, for the year ended 31 December 2012. The overall gross margin of CBRC for the six months ended 30 June 2013 amounted to 27.7 per cent., as compared to 27.7 per cent. for the six months ended 30 June 2012 and 27.1 per cent. for the year ended 31 December 2012. The net interest margin of CBRC for the six months ended 30 June 2013 amounted to 19.1 per cent., as compared to 18.8 per cent. for the six months ended 30 June 2012 and 18.3 per cent. for the year ended 31 December 2012.

Interest Expense

In 2011, 2012 and first half of 2013 CBRC repurchased and redeemed some of its outstanding loan participation notes and issued new loan participation notes with lower yield and relied to a greater extent on customer deposits for funding, which resulted in a decrease in CBRC's average gross interest rate payable on debt securities issued to 9.9 per cent. for the six months ended 30 June 2013 from 11.7 per cent. for the six months ended 30 June 2012.

Average gross interest rate payable on amounts due to customers increased from 9.3 per cent for the year ended 31 December 2012 to 9.4 per cent. for the six months ended 30 June 2013 due to higher competition for retail depositors which increased interest rates.

Exchange Rate Volatility and Inflation

Most of CBRC's loan portfolio is denominated in Roubles, whereas some of CBRC's liabilities (mainly debt securities issued and a portion of retail and corporate deposits) are denominated in foreign currencies, principally the U.S. Dollar. As a result, CBRC is exposed to fluctuations in exchange rates.

In general, the appreciation of the Rouble against the U.S. Dollar results in lower interest expense on CBRC's U.S. Dollar-denominated borrowings in Rouble terms, which improves CBRC's profitability because most of CBRC's interest income is earned in Roubles. The appreciation of the Rouble against the U.S. Dollar also results in gains from translation of U.S. Dollar-denominated monetary liabilities into Roubles at the end of each reporting period. The depreciation of the Rouble against the U.S. Dollar has the opposite effect. Although CBRC makes a limited use of derivative financial instruments (foreign exchange forwards) to hedge its foreign currency exposure (as at 30 June 2013, the notional principal amount of the derivative financial instruments was RUB8,848 million, as compared to RUB14,938 million as at 31 December 2012), CBRC seeks to create a partial "natural hedge" by holding most of its excess cash in U.S. Dollars, Euros or bonds denominated in U.S. dollars or Euros.

In 2012 the Rouble exchange rate fluctuated with the highest rate of RUB28.95 per U.S. Dollar as at 28 March 2012 and the lowest rate of RUB34.04 per U.S. Dollar as at 5 June 2012. In the first half of 2013 the Rouble exchange rate continued to fluctuate with the highest rate of RUB29.93 per U.S. Dollar as at 5 February 2013 and the lowest rate of RUB32.91 per U.S. Dollar as at 25 June 2013.

For the six months ended 30 June 2013, CBRC's net gains from foreign currencies (which consist of net gains from both translation differences and dealing) amounted to RUB70 million and for the six months ended 30 June 2012, CBRC had net losses from foreign currencies in the amount of RUB65 million. For the year ended 31 December 2012, CBRC had net gains from foreign currencies in the amount of RUB74 million.

Inflation in Russia has also affected CBRC's results of operations during the periods under review. According to Rosstat, in the first six months of 2013 inflation was 3.5 per cent. as compared to 3.2 per cent. in the first six months of 2012. Persistent elevated price inflation, in the absence of corresponding income or wage growth, decreases consumer purchasing power (in Roubles), including that of CBRC's customers. A decrease in consumer purchasing power is likely to adversely affect discretionary spending in general, and purchases of consumer goods in particular, resulting in lower demand for consumer loans. It is also likely to adversely affect the ability of customers to repay loans, thereby degrading loan quality. Moreover, the volatility in inflation rates over the last several years, and particularly its propensity for acceleration during the boom years leading up to the financial crisis, make it more difficult for Russian

banks such as CBRC to lend profitably in real terms, since borrowers repay their loans in Roubles that have lost purchasing power, and the effect of inflation may not be fully captured in the interest rate borne by the loan at the time it was originated.

Changes in CBRC's ratings

A gradual upgrade of CBRC's ratings during the periods under review has increased CBRC's ability to access capital markets at commercially attractive terms, which created downward pressure of CBRC's liabilities and, as a result, CBRC's interest expense. CBRC's credit ratings are discussed in "*Recent Developments – Credit Ratings*".

Description of Principal Statement of Comprehensive Income Items

Interest Income

CBRC's interest income consists of interest earned on (a) consumer loans (which comprise (i) general purpose loans, (ii) credit card loans, (iii) installment loans, (iv) auto loans, (v) mortgage loans and (vi) employee loans) and corporate loans, (b) trading securities, and (c) amounts due from credit institutions. Interest income also includes fines and penalties for overdue loans which are discharged in priority to interest payments (see "*Significant Factors Affecting Results of Operations and Financial Position–Interest Income*").

Interest Expense

CBRC's interest expense consists of interest paid on (a) amounts due to customers, (b) debt securities issued, (c) subordinated loans, (d) amounts due to credit institutions, (e) amounts due to the CBR and (f) other borrowed funds.

Net Interest Income

Net interest income is calculated as the difference between interest income and interest expense. The amount of net interest income earned by CBRC is affected by a number of factors. It is primarily determined by the volume of interest-earning assets and interest-bearing liabilities and the differential between rates earned on interest-earning assets and paid on interest-bearing liabilities. Interest-earning assets comprise predominantly consumer loans to individuals (and to a lesser extent loans to banks and other credit institutions and corporate loans) and securities. The predominance of interest income generated by consumer loans to customers reflects CBRC's focus on its consumer finance business, as opposed to corporate lending. Interest-bearing liabilities comprise predominantly, from time to time, retail and corporate deposits, Eurobonds, Rouble bonds and inter-bank loans.

Net Fee and Commission Income

Net fee and commission income represents the difference between fee and commission income and fee and commission expense. Fee and commission income is comprised of commissions generated by CBRC's consumer lending business and consists predominantly of fees and commissions received from CBRC's insurance agents as well as commissions on settlement transactions, fees and commissions received for transactions with credit cards and other items. Fee and commission income tends to be proportional to the volume of loan origination. Fee and commission expense is primarily comprised of fees and commissions related to CBRC's credit card commissions, fees paid to insurance companies, obligatory deposit insurance fees, fees paid to retailers, guarantees and settlement operations.

Non-Interest Income/Expense

Non-interest income/expense is comprised of (a) net gains/losses from early extinguishment of debt securities, (b) net gains/losses from trading securities, (c) net gains/losses from foreign currencies, which comprise gains/losses from translation differences and from dealing, and (d) other income, which mainly represents income related to advertising and marketing activities.

Non-Interest Expense

Non-interest expense is comprised of employee compensation and benefits, general administrative and operating expenses, depreciation of fixed assets and amortisation of intangible assets, other provisions,

and taxes other than income tax. In order to avoid confusion with the prior line item, non-interest expense will be referred to as "other operating expenses" in this section of the Series 5 Prospectus.

Income Tax

CBRC's principal tax liability is corporate income tax. CBRC pays income taxes in accordance with the laws of the Russian Federation. The statutory income tax rate for banks payable on profits other than interest income from state securities was 20 per cent. in 2012 and the first half of 2013. The federal tax rate on interest income from state securities was 9 per cent. in 2012 and the first half of 2013.

CBRC's income tax expense is based on the taxable profit of CBRC and each of its subsidiaries for each year and takes into account deferred tax attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. CBRC and each of its subsidiaries separately pays taxes, on an unconsolidated basis, under Russian tax law and, accordingly, losses in one entity in a tax reporting period may not be offset against gains in another entity in that period.

Results of Operations for the Six months ended 30 June 2013 and 30 June 2012

The following table sets forth selected statement of comprehensive income data for the six months ended 30 June 2013 and 2012:

	For the six months ended 30 June	
	2013	2012
	<i>(in thousands of Roubles)</i>	
Interest income	12,308,535	7,767,055
Interest expense	(3,815,099)	(2,494,930)
Net interest income	8,493,436	5,272,125
Allowance for loan impairment	(8,175,296)	(3,320,159)
Net interest income after allowance for loan impairment	318,140	1,951,966
Fee and commission income	4,535,992	3,439,408
Fee and commission expense	(315,360)	(161,225)
Net fee and commission income	4,220,632	3,278,183
Non-interest income	251,489	(22,973)
Non-interest expense	(4,495,985)	(3,846,952)
Profit before income tax expense	294,276	1,360,224
Income tax expense	(85,254)	(283,508)
Profit for the period	209,022	1,076,716

Net Interest Income

Average Balance Sheet and Interest Rate Data

The following table sets forth the average balances of interest-earning assets and interest-bearing liabilities of CBRC for the six months ended 30 June 2013 and 2012. The table also sets forth the amounts of interest income earned and interest expense incurred by CBRC in the first half of 2013 and 2012, as well as the average interest rates at which interest income was earned on such assets and interest expense was incurred on such liabilities. For the purposes of this table and the following table, average balances of assets and liabilities of CBRC represent the average of average of each quarter. The results of the analysis would likely be different if alternative or more frequent averaging methods were used and such differences could be material. For the purposes of this table and the following table, the average interest rate for any line item is calculated by dividing interest income or interest expense, as applicable, by the average balance for such line item for the relevant year.

For the six months ended 30 June						
	2013			2012		
	<i>Average Balance on quarterly basis</i>	<i>Interest Income/ (Expense)</i>	<i>Gross margin/Cost (over average outstanding)</i>	<i>Average Balance on quarterly basis</i>	<i>Interest Income/ (Expense)</i>	<i>Gross margin/Cost (over average outstanding)</i>
<i>(in thousands of Roubles, except percentages)</i>						
Interest-earning assets:						
Corporate loans	1,961,851	59,548	6.1%	1,032,242	78,625	15.2%
Total consumer lending	79,019,726	12,097,663	30.6%	53,920,657	7,672,110	28.5%
General purpose loans	50,411,822	7,155,789	28.4%	31,452,583	3,905,025	24.8%
Credit card loans	13,802,666	2,960,305	42.9%	8,323,973	2,014,119	48.4%
Instalment loans	10,851,589	1,574,652	29.0%	7,750,415	1,064,115	27.5%
Auto loans	2,938,888	248,349	16.9%	5,364,618	525,298	19.6%
General purpose loans (restructured)	681,818	119,033	34.9%	663,540	135,954	41.0%
Credit card loans (restructured)	92,652	19,532	42.2%	198,693	17,696	17.8%
Mortgage loans	164,520	12,797	15.6%	124,845	5,773	9.2%
Employee loans	75,770	7,206	19.0%	41,990	4,130	19.7%
Amounts due from credit institutions	1,322,889	1,571	0.2%	848,121	1,545	0.4%
Trading securities	6,414,496	149,754	4.7%	277,624	14,777	10.6%
Total interest-earning assets	88,718,961	12,308,535	27.7%	56,078,644	7,767,055	27.7%
Interest-bearing liabilities :						
Amounts due to customers	59,884,728	(2,824,112)	9.4%	37,955,898	(1,729,140)	9.1%
Debt securities issued	10,863,898	(536,665)	9.9%	10,631,823	(624,114)	11.7%
Other borrowed funds	2,132,382	(137,013)	12.9%	2,189,081	(141,676)	12.9%
Subordinated loans	3,927,629	(279,623)	14.2%	—	—	0.0%
Amounts due to credit institutions	2,043,348	(37,686)	3.7%	598	(0)	0.1%
Total interest-bearing liabilities	78,852,069	(3,815,099)	9.7%	50,777,401	(2,494,930)	9.8%
Net Interest Spread ⁽¹⁾			18.1%			17.9%
Net Interest Income		8,493,436			5,272,125	
Net Interest Margin ⁽²⁾			19.1%			18.8%

⁽¹⁾ Net Interest Spread represents the difference between the total average gross margin earned on interest-earning assets and the total average gross margin on interest-bearing liabilities.

⁽²⁾ Net Interest Margin represents a ratio of net interest income to total average interest-earning assets, representing the average of the opening and closing balances of the respective periods.

Changes in Interest Income and Interest Expense — Volume and Rate Analysis

The following table sets forth a comparative analysis of changes in interest income and interest expense of CBRC in the first half of 2013 and the first half of 2012. Changes in interest income or interest expense are attributed to either (i) changes in average balances (volume change) of interest-earning assets or interest-bearing liabilities or (ii) changes in average rates (rate change) at which interest income was earned on such assets or at which interest expense was incurred on such liabilities or (iii) changes in rate/volume. Changes in interest income and expense due to changes in volume have been calculated as the change in volume times the prior year's average rate. Changes in interest income and expense due to changes in average rate have been calculated as the change in the average rate times the prior year's average volume. Changes in rate/volume have been calculated as the change in average rate times the change in average volume.

For the six months ended 30 June 2013/2012				
Increase/decrease due to changes in				
	Volume	Rate	Rate and volume	Total change
	<i>(in thousands of Roubles)</i>			
Interest income:				
Corporate loans	70,810	(47,294)	(42,592)	(19,075)
Total consumer lending	3,571,226	582,967	271,360	4,425,552
General purpose loans	2,353,902	559,564	337,298	3,250,764
Credit card loans	1,325,657	(228,848)	(150,623)	946,186
Instalment loans	425,784	60,532	24,221	510,537
Auto loans	(237,525)	(71,965)	32,540	(276,949)
General purpose loans (restructured)	3,745	(20,112)	(554)	(16,921)
Credit card loans (restructured)	(1,489)	20,545	(5,298)	13,758
Mortgage loans	(3,044)	(2,242)	386	(4,900)
Employee loans	3,322	(136)	(110)	3,076
Amounts due from credit institutions	865	(537)	(301)	27
Trading securities and trading securities pledged under sale and repurchase agreements	326,654	(8,296)	(183,382)	134,977
Total interest income	4,268,683	261,211	11,586	4,541,480
Interest expense:				
Amounts due to customers	999,001	60,828	35,143	1,094,972
Debt securities issued	13,624	(98,914)	(2,159)	(87,449)
Other borrowed funds	(10,927)	6,788	(524)	(4,663)
Subordinated loans	—	—	279,623	279,623
Amounts due to credit institutions	1,342	10	34,011	35,363
Amounts due to CBR	—	—	2,323	2,323
Total interest expense	1,003,040	(31,288)	348,417	1,320,169
Change in net interest income	3,265,643	292,499	(336,831)	3,221,311

Net Interest Income, Net Interest Spread, and Net Interest Margin Analysis

For the six month ended 30 June 2013, CBRC's net interest income before allowance for loan impairment increased by RUB3,221 million, or 61.1 per cent., to RUB8,493 million from RUB5,272 million for the six months ended 30 June 2012. The increase was primarily due to the increase in average balance of total interest-earning assets.

For the six months ended 30 June 2013, CBRC's net interest income after allowance for loan impairment decreased by RUB1,634 million, or 83.7 per cent., to RUB318 million from RUB1,952 million for the six months ended 30 June 2012. Such decrease was due to an increase in allowance for loan impairment as a result of the deterioration of the quality of CBRC's loan portfolio.

CBRC's net interest spread was 18.1 per cent. in the six months ended 30 June 2013, as compared to 17.9 per cent. in the six months ended 30 June 2012. Net interest spread is calculated as the difference between the average interest rate on interest-earning assets and the average interest rate on interest-bearing liabilities. The 0.2 per cent. increase in CBRC's net interest spread in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012 was principally due to a 0.05 per cent. increase in the average gross margin on interest-earning assets and a 0.15 per cent. decrease in the average interest rate on interest-bearing liabilities in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012.

CBRC's net interest margin was 19.1 per cent. in the six months ended 30 June 2013, as compared to 18.8 per cent. in the six months ended 30 June 2012. Net interest margin is calculated as net interest income before allowance for loan impairment on interest-earning assets divided by the average balance of such interest-earning assets during a particular year. The 0.3 per cent. increase in CBRC's net interest margin in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012 was primarily due to a 61.1 per cent. increase in the net interest income and a 58.5 per cent. increase in the total interest-earning assets in that period.

Interest Income

In the six months ended 30 June 2013, CBRC's interest income increased by RUB4,542 million, or 58.5 per cent., to RUB12,309 million from RUB7,767 million in the six months ended 30 June 2012. The increase was primarily due to a 58.2 per cent. increase in the average balance of interest-earning assets in that period as a result of recovery of retail lending driven by positive macroeconomic developments.

Interest income from general purpose loans increased by RUB3,251 million, or 83.2 per cent., from RUB3,905 million in the six months ended 30 June 2012 to RUB7,156 million in the six months ended 30 June 2013. The increase was primarily due to a 60.3 per cent. increase in the average balance of general purpose loans in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012 and an increase by 3.6 per cent. in gross margin to 28.4 per cent. in the six months ended 30 June 2013 as compared to 24.8 per cent. in the six months ended 30 June 2012.

Interest income from credit card loans increased by RUB946 million, or 47.0 per cent., to RUB2,960 million in the six months ended 30 June 2013 from RUB2,014 million in the six months ended 30 June 2012 mainly as a result of a 65.8 per cent. increase in the average balance of credit card loans in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012, which was partly offset by a decrease in gross margin on credit card loan portfolio to 42.9 per cent. in the six months ended 30 June 2013 as compared to 48.4 per cent. in the six months ended 30 June 2012.

Interest income from installment loans increased by RUB511 million, or 48.0 per cent., to RUB1,575 million in the six months ended 30 June 2013 from RUB1,064 million in the six months ended 30 June 2012 principally as a result of a 40.0 per cent. increase in the average balance of installment loans in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012 and an increase by 1.6 per cent. in gross margin to 29.0 per cent. in the six months ended 30 June 2013 as compared to 27.5 per cent. in the six months ended 30 June 2012.

Interest income from auto loans decreased by RUB277 million, or 52.7 per cent., to RUB248 million in the six months ended 30 June 2013 from RUB525 million in the six months ended 30 June 2012 despite a 45.2 per cent. decrease in the average balance of CBRC's auto loans from RUB5,365 million in the six months ended 30 June 2012 to RUB2,939 million in the six months ended 30 June 2013 and decrease in the average gross margin of CBRC's auto loans from 19.6 per cent. in the six months ended 30 June 2012 to 16.9 per cent. in the six months ended 30 June 2013.

Fines and Penalties for Overdue Payments on Loans

Fines and penalties for overdue payments on loans represent various additional payments resulting from a loan being overdue and are recorded as part of CBRC's interest income. Fines and penalties for overdue payments on loans amounted to RUB3,923 million and RUB2,039 million for the six months ended 30 June 2013 and 2012, respectively, and accounted for 31.9 per cent. and 26.2 per cent. CBRC's interest income in those periods.

In the six months ended 30 June 2013, income derived from fines and penalties for overdue payments on loans increased by RUB1,885 million, or 92.4 per cent., as compared to the six months ended 30 June 2012 principally due to an increase in overdue loans mainly due to the increase of credit pressure on customers who have taken several loans and a lack of new high-quality customers, which resulted in a corresponding increase in the amount of fines and penalties payable by CBRC's customers. The increase was also attributable to a 46.5 per cent. increase in the average balance of CBRC's gross consumer loan portfolio in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012.

Interest Expense

CBRC's interest expense consists of interest paid on (a) amounts due to customers, (b) debt securities issued, (c) subordinated loans, (d) amounts due to credit institutions, (e) amounts due to the CBR and (f) other borrowed funds. CBRC launched a term deposit business in June 2009, with the aim, over the long term, of attracting deposits from middle and high income individuals. As a result of this strategy, CBRC increased funding from retail deposits, by 13.3 per cent., from RUB53,096 million as at 31 December 2012 to RUB60,179 million as at 30 June 2013.

In the six months ended 30 June 2013, CBRC's interest expense increased by RUB1,320 million, or 52.9 per cent., to RUB3,815 million from RUB2,495 million in the six months ended 30 June 2012. The

increase was principally due to an increase in the average balance of interest-bearing liabilities by RUB28,075 million or 55.3 per cent.

Interest expense on amounts due to customers increased by RUB1,095 million, or 63.3 per cent., to RUB2,824 million in the six months ended 30 June 2013 from RUB1,729 million in the six months ended 30 June 2012. The increase was mainly due to a RUB21,929 million, or 57.8 per cent., increase in the average balance of CBRC's amounts due to customers from RUB37,956 million in the six months ended 30 June 2012 to RUB59,885 million in the six months ended 30 June 2013 as a result of expansion by CBRC of its retail deposit base.

Interest expense on other borrowed funds decreased by RUB5 million, or 3.5 per cent., to RUB137 million in the six months ended 30 June 2013 from RUB142 million in the six months ended 30 June 2012.

Interest expense on debt securities issued decreased by RUB87 million, or 14.0 per cent., to RUB537 million for the six months ended 30 June 2013 from RUB624 million for the six months ended 30 June 2012. The increase was mainly due in a decrease in CBRC's average gross interest rate payable on debt securities issued to 9.9 per cent. for the six months ended 30 June 2013 from 11.7 per cent. for the six months ended 30 June 2012.

Interest expense on amounts due to credit institutions and amounts due to the CBR increased to RUB38 million in the six months ended 30 June 2013 from RUB0.4 million for the six months ended 30 June 2012. Such increase was due to an increase in the average balance of CBRC's amounts due to credit institutions and amounts due to the CBR from RUB 0.6 million for the six months ended 30 June 2012 to RUB2,043 million for the six months ended 30 June 2013, which was a result of loans received from a credit institution and the CBR.

Allowance for Loan Impairment

The following table sets forth movements in CBRC's allowance for loan impairment, the amount related to loans written-off, the annual allowance ratio, and the write-off rate for the six months ended 30 June 2013 and 2012.

	For the six months ended 30 June	
	2013	2012
	<i>(in thousands of Roubles, except percentages)</i>	
Allowance for loan impairment	8,175,296	3,320,159
Amount related to loans written-off	(5,318,497)	(2,135,727)
Allowance ratio ⁽¹⁾	18.4%	11.3%
Write-off rate ⁽²⁾	12.0%	7.1%

⁽¹⁾ Calculated as a ratio of allowance for loan impairment for the period to the average total interest-earning assets balance as at the end of the period.

⁽²⁾ Calculated as a ratio of change in write-off amount for the period to the average gross loan portfolio as at the end of the period.

In the six months ended 30 June 2013, CBRC's allowance for loan impairment and the amount related to loans written-off increased by 146.2 per cent. and 149.0 per cent., respectively, as compared to the six months ended 30 June 2012, while the average balance of CBRC's gross consumer loan portfolio increased by 46.5 per cent. in the six months ended 30 June 2013 as compared to the six months ended 30 June 2012. The increase in the allowance for loan impairment in the six months ended 30 June 2013 compared to the six months ended 30 June 2012 was primarily due to an increase in the average balance of CBRC's loan portfolio, worsening general market conditions and the deterioration of the quality of previously issued loans. As the signs of impairment appear after the issuance of a loan, CBRC expects that allowance for loan impairment will increase further in future in relation to loans issued before new lending procedures which came into force in the second half of 2013. For further information on new lending procedures please see "*Recent Development – Change in Risk Management and Lending Policies*".

The amount related to loans written-off in the six months ended 30 June 2013 compared to the six months ended 30 June 2012 increased mainly as a result of deterioration of borrowers' quality in the market due to the increase of credit pressure on customers who have taken several loans and a lack of new high-quality customers, accompanied by the decrease in efficiency of collection agencies and the launch by CBRC of new distribution channels, such as Internet or Svyaznoy which CBRC started to use for selling cash loans. Reflecting these developments, allowance ratio increased from 11.3 per cent. to 18.4 per cent. and the write-off rate increased from 7.1 per cent. to 12.0 per cent. in the six months ended 30 June 2012 and 2013, respectively.

Fee and Commission Income

In the six months ended 30 June 2013, fee and commission income increased by RUB1,097 million, or 31.9 per cent., to RUB4,536 million from RUB3,439 million in the six months ended 30 June 2012. This increase was principally due to an increase in insurance agent's fees.

Insurance agent's fees historically represent the most significant component of CBRC's fee and commission income. Insurance agent's fees comprise premium payments from insurance products that CBRC sells to customers who are taking out loans. The insurance products sold by CBRC primarily comprise life, permanent disability and unemployment insurance. CBRC expects the contribution of insurance agent's fees to its fee and commission income to decline going forward as it shifts away from selling such insurance products and pricing the risk into its gross margin. In addition, CBRC is currently in the process of migration from a collective insurance scheme, which does not contemplate individual insurance contracts, to an agent's scheme, under which CBRC sells insurance policies for a fee acting as an agent for LLC "Insurance Company "Renaissance Life". This change has been reviewed by antimonopoly authorities and no issues have been raised so far.

Fee and Commission Expense

In the six months ended 30 June 2013, fee and commission expense increased by RUB154 million, or 95.6 per cent., to RUB315 million from RUB161 million in the six months ended 30 June 2012 mainly due to an increase in obligatory deposit insurance fees and credit cards commission fee as a result of the growth of CBRC's retail deposit portfolio and increase in volume of credit cards issued, respectively.

Non-Interest Income

The following table sets forth the principal components of CBRC's non-interest income for the six months ended 30 June 2013 and 2012.

	For the six months ended 30 June	
	2013	2012
	<i>(in thousands of Roubles)</i>	
Net gains/(losses) from early extinguishment of debt securities	(283)	40,998
Net gains/(losses) from trading securities	(590,005)	7,082
Net gains/(losses) from foreign currencies:		
– translation differences	(254,066)	(395,426)
– dealing	324,099	329,975
Other income	771,744	(5,602)
Non-interest income	251,489	(22,973)

Net Gains/(Losses) from Early Extinguishment of Debt Securities

Net gains from early extinguishment of debt securities represent gains resulting from early repayment or repurchase of debt securities issued by CBRC. In the six months ended 30 June 2013, CBRC recorded net losses from early extinguishment of debt securities in the amount of RUB0.3 million, as compared to a net gain in the amount of RUB41 million in the six months ended 30 June 2012, mainly due to lower amount of such early extinguishment of debt.

Net Gains/(Losses) from Trading Securities

Net gains from trading securities consist of gains resulting from CBRC's proprietary trading activities. In the six months ended 30 June 2013, CBRC recorded losses from trading securities in the amount of RUB590 million, as compared to net gains in the amount of RUB7 million in the six months ended 30 June 2012, mainly due to negative market sentiment and deterioration of the market value of the securities portfolio.

Net Gains/(Losses) from Foreign Currencies

The net foreign exchange result for the period consists of unrealised foreign exchange translation gains/losses and gains/losses from dealing in foreign currencies. In the six months ended 30 June 2013, CBRC's net foreign exchange gains amounted to RUB70 million as compared to net foreign exchange losses in the amount of RUB65 million in the six months ended 30 June 2012.

Translation Differences

Most of CBRC's loan portfolio is denominated in Roubles, whereas some of CBRC's liabilities (mainly debt securities issued and a portion of retail and corporate deposits) are denominated in foreign currencies, principally the U.S. Dollar. As a result, CBRC is exposed to fluctuations in exchange rates.

In the six months ended 30 June 2013 CBRC's losses from foreign currency translation differences decreased to RUB254 million from RUB395 million in the six months ended 30 June 2012. This was primarily attributable to foreign exchange rate dynamics.

Dealing

Gains/losses from foreign currency dealing consist of gains/losses that result from CBRC's currency dealing operations. CBRC enters into forward contracts in order to reduce its net open currency positions in U.S. Dollars, which it holds as a result of issuing debt securities denominated in U.S. Dollars.

In the six months ended 30 June 2013, CBRC's net gains from foreign currency dealing decreased to RUB324 million from RUB330 million in the six months ended 30 June 2012. Foreign currency dealing as a hedge instrument leads to mirror results compared to foreign currency translation differences.

Other Income

In the six months ended 30 June 2013 CBRC's other income amounted to RUB772 million as compared to a loss of RUB6 million for the six months ended 30 June 2012. The main component of other income is the sale (from time to time) of loans written-off.

Other Operating Expenses

The following table sets forth the breakdown of CBRC's other operating expenses for the six months ended 30 June 2013 and 2012.

	For the six months ended 30 June	
	2013	2012
	<i>(in thousands of Roubles)</i>	
Compensation and benefits	(1,805,829)	(1,668,299)
General administrative and operating expenses	(1,995,191)	(1,588,458)
<i>Premises expenses</i>	(502,898)	(515,686)
<i>Marketing and advertising</i>	(403,632)	(250,200)
<i>Legal services related to collecting bad debts</i>	(172,419)	(227,670)
<i>Information technology</i>	(170,256)	(150,508)
<i>Professional services</i>	(224,718)	(118,614)
<i>Communications and market data</i>	(147,522)	(108,040)
<i>Penalties on legal cases</i>	(237,119)	(119,637)
<i>Travel and entertainment</i>	(25,324)	(27,414)
<i>Office supplies</i>	(50,136)	(41,738)
<i>Postage</i>	(24,725)	(19,007)
<i>Training and education</i>	(6,565)	(5,333)

<i>Other</i>	(29,878)	(4,611)
Depreciation and amortisation	(332,268)	(370,624)
Other provisions	(110,898)	(31,732)
Taxes other than on income	(251,799)	(187,839)
Other expense	(4,495,985)	(3,846,952)

Compensation and Benefits

Compensation and benefits comprise salaries and bonuses paid to CBRC's employees, social security costs, and other staff related expenses such as payments for employees' medical insurance.

In the six months ended 30 June 2013 compensation and benefits expenses increased by RUB138 million, or 8.2 per cent., to RUB1,806 million as compared to RUB1,668 million in the six months ended 30 June 2012, mainly due to an increase in headcount as a result of the expansion of CBRC's branch network, the increase in call centre and collection staff and annual salary increases. As at 30 June 2013, CBRC had 6,214 employees who serviced approximately 6 million clients.

General Administrative and Operating Expenses

In the six months ended 30 June 2013, general administrative and operating expenses increased by RUB407 million, or 25.6 per cent., to RUB1,995 million as compared to RUB1,588 million in the six months ended 30 June 2012. This increase was mainly due to the increase in marketing and advertising expenses, professional services, and penalties on legal cases. To varying degrees, general administrative and operating expenses tend to increase or decrease proportionally to the volume of lending activity.

Taxes Other Than Income Tax

Taxes other than income tax primarily consist of value added tax ("VAT"). In the six months ended 30 June 2013, taxes other than income tax increased by RUB64 million, or 34.1 per cent., to RUB252 million as compared to RUB188 million in the six months ended 30 June 2012. The increase was principally due to an increase in CBRC's expenses on which VAT is payable, which included mainly general administrative and operating expenses.

Income Tax

In the six months ended 30 June 2013, CBRC's income tax charge amounted to RUB85 million as compared to RUB284 million in the six months ended 30 June 2012. These amounts correspond to the amounts of profit/loss recorded in the respective years.

Financial Position of CBRC as at 30 June 2013 and 31 December 2012

The following table sets forth the principal components of CBRC's assets, liabilities and net assets as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013	As at 31 December 2012
	<i>(in thousands of Roubles)</i>	
Assets		
Loans to customers	80,897,199	70,275,688
Cash and cash equivalents	19,165,762	15,219,244
Trading securities	7,765,823	5,321,015
Trading securities pledged under repurchase agreements	366,723	—
Intangible assets	2,055,149	2,052,546
Amounts due from credit institutions	1,361,916	1,235,857
Property and equipment	1,245,547	1,171,458
Other assets	1,898,126	951,837
Total assets	114,756,245	96,227,645
Liabilities		
Amounts due to the CBR	249,720	—
Amounts due to customers	64,253,139	56,524,288
Debt securities issued	16,732,654	10,538,506

	As at 30 June 2013	As at 31 December 2012
	<i>(in thousands of Roubles)</i>	
Subordinated loans.....	4,710,613	2,829,343
Other borrowed funds	1,652,894	2,205,038
Deferred income tax liabilities	1,315,035	1,229,781
Amounts due to credit institutions	3,381,151	801,536
Other liabilities	2,102,772	1,882,582
Liabilities excluding net assets attributable to the participant	94,397,978	76,011,074
<i>Net assets attributable to the participant</i>		
Charter capital	501,000	501,000
Additional paid-in capital	16,166,933	16,166,933
Other capital reserves.....	—	67,326
Retained earnings	3,690,334	3,481,312
Total net assets attributable to the participant	20,358,267	20,216,571
Total liabilities including net assets attributable to the participant	114,756,245	96,227,645

Assets

CBRC's assets are comprised of consumer loans to customers, cash and cash equivalents, trading securities, intangible assets, amounts due from credit institutions, property and equipment, deferred income tax assets and other assets.

As at 30 June 2013, CBRC's total assets increased by RUB18,529 million, or 19.3 per cent., to RUB114,756 million from RUB96,228 million as at 31 December 2012 mainly due to growth in consumer loan portfolio.

Loans to Customers

The following table set forth the break-down of CBRC's main loan products by origination, average size, margin/interest and maturity as of 30 June 2013 according to CBRC's management estimates:

	General purpose loans	Instalment loans	Credit card loans
Origination (RUB, million).....	20,812	7,877	9,768
Origination.....	169,900 loans	377,413 loans	221,415 ⁽¹⁾
Average size	RUB122,000	RUB21,000	RUB45,000 ⁽²⁾
Margin/interest.....	EAPR ⁽³⁾ =39.0%	EAPR ⁽³⁾ =40.4%	Gross margin=48.5%
Average maturity	34 months	13 months	n/a

⁽¹⁾ Number of cards activated.

⁽²⁾ Average limit.

⁽³⁾ Effective annual percentage rate including all fees, incentives and insurance.

As at 30 June 2013, 96 per cent. of CBRC's loan portfolio was denominated in Russian Roubles, and the other 4 per cent. was denominated in U.S. dollars.

The following table sets forth the break-down of CBRC's loans by maturity as at 30 June 2013:

Term	As at 30 June 2013 <i>(as percentage of total deposits)</i>
Less than 1 month.....	6%
From 1 month to 3 months.....	10%
From 3 months to 6 months	13%
From 6 months to 9 months	11%
From 9 months to 12 months	9%

More than 1 year	45%
On demand	7%
Total	100%

The following tables set forth the break-down of CBRC's gross loan portfolio as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013	As at 31 December 2012
	<i>(in thousands of Roubles)</i>	
<i>Corporate lending</i>		
Corporate loans	3,247,005	23,759
Total corporate lending	3,247,005	23,759
<i>Consumer lending</i>		
General purpose loans	54,961,816	46,830,677
Credit card loans	15,203,567	12,462,475
Instalment loans	10,966,227	10,757,449
Auto loans	2,470,706	3,448,480
General purpose loans (restructured)	765,598	583,101
Mortgage loans	158,307	171,278
Credit card loans (restructured)	90,140	95,331
Employee loans	72,836	85,342
Total consumer lending	84,689,197	74,434,133
Gross loan portfolio	87,936,202	74,457,892
Allowance for loan impairment	(7,039,003)	(4,182,204)
Net loan portfolio	80,897,199	70,275,688

As at 30 June 2013, the net loan portfolio increased by RUB10,622 million, or 15.1 per cent., to RUB80,897 million from RUB70,276 million as at 31 December 2012. The increase was principally due to increase in newly originated general purpose and credit card loans.

The following table sets forth the composition of loans to customers by the status of such loans (performing and non-performing) as well as CBRC's gross and net loans and certain ratios measuring the quality of the loan portfolio as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013	As at 31 December 2012
	<i>(in thousands of Roubles, except percentages)</i>	
Performing loans	78,064,713	68,213,350
Non-performing loans	9,871,492	6,244,541
Gross loans	87,936,202	74,457,892
Less impairment allowance	(7,039,003)	(4,182,204)
Total	80,897,199	70,275,688
Impairment allowance as a percentage of gross loans	8.0%	5.6%
Impairment allowance as a percentage of non-performing loans	71.3%	67.0%
Non-performing loans as a percentage of gross loans	11.2%	8.4%

If a loan customer misses the payment on one instalment, then the entire outstanding amount of the loan is categorised as overdue. Loans that are more than 90 days overdue are considered to be NPLs and are reserved accordingly. Loans that are 365 or more days past due are written-off.

The increases in impairment allowance as a percentage of gross loans and in non-performing loans as a percentage of gross loans for the six months ended 30 June 2013 were primarily as a result of deterioration of borrowers' quality in the market due to the increase of credit pressure on customers who have taken several loans and a lack of new high-quality customers, accompanied by the decrease in efficiency of collection agencies and the launch by CBRC of new distribution channels, such as Internet or Svyaznoy which CBRC started to use for selling cash loans.

The following table sets forth the amount of NPLs and allowances for loan impairment as a percentage of NPLs by type of loan product as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013		As at 31 December 2012	
	NPLs	Provision coverage of NPLs	NPLs	Provision coverage of NPLs
<i>(in thousands of Roubles, except percentages)</i>				
General purpose loans.....	6,464,613	79.2%	3,832,833	76.3%
Credit card loans.....	2,096,002	55.1%	1,327,343	50.1%
Instalment loans.....	950,779	55.4%	717,454	51.7%
Auto loans.....	205,536	54.3%	256,296	54.1%
General purpose loans (restructured).....	125,212	87.3%	85,129	75.1%
Mortgage loans.....	11,796	76.7%	15,524	46.3%
Credit card loans (restructured).....	17,264	53.5%	7,984	114.6%
Employee loans.....	290	118.6%	1,978	74.4%
Total.....	9,871,492	71.3%	6,244,541	67.0%

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of current accounts with credit institutions and current accounts with the CBR (other than obligatory reserves, which are included in amounts due to credit institutions), time deposits with credit institutions for up to 90 days, cash in hand, and funds held with MICEX.

As at 30 June 2013, cash and cash equivalents increased by RUB3,947 million, or 25.9 per cent., to RUB19,166 million, as compared to RUB15,219 million as at 31 December 2012 mainly as a result of the natural growth of business and number of debt capital markets transactions (euro and domestic bond placements).

Trading Securities

As at 30 June 2013, trading securities increased by RUB2,812 million, or 52.8 per cent., to RUB8,133 million from RUB5,321 million as at 31 December 2012 due to more a pro active approach to excessive cash management.

The table below sets out a breakdown of the trading securities as at 30 June 2012 and 31 December 2012.

	As at 30 June 2013	As at 31 December 2012
<i>(in thousands of Roubles)</i>		
Russian State USD-denominated bonds.....	4,000,272	3,950,139
Eurobonds issued by Russian corporate entities.....	2,126,924	716,063
Eurobonds issued by Russian financial institutions.....	1,364,897	585,386
Corporate shares.....	380,842	—
Russian State RUB-denominated bond.....	148,338	—
RUB-denominated bonds issued by Russian financial institutions.....	99,368	69,427
RUB-denominated bond issued by Russian corporate entity.....	11,905	—
Total.....	8,132,546	5,321,015

Amounts Due From Credit Institutions

Amounts due from credit institutions consist of obligatory reserves with the CBR and deposits placed with non-resident banks, which principally comprise guarantee deposits placed with foreign banks for the purpose of settling credit card (MasterCard and Visa) transactions. Credit institutions are required to maintain non-interest-earning cash deposits (obligatory reserve) with the CBR, the amount of which depends on the level of funds attracted by the credit institution.

As at 30 June 2013, amounts due from credit institutions increased by RUB126 million, or 10.2 per cent., to RUB1,362 million as compared to RUB1,236 million as at 31 December 2012 principally due to the natural growth of business and appreciation of US dollar.

Other Assets

CBRC's other assets primarily include current tax assets, settlements with suppliers, customers and contractors, credit cards acquisition expenses, derivative financial instruments, prepaid taxes other than income tax, receivables under insurance agency contracts, prepayments, settlements on foreign currency deals, and other assets.

As at 30 June 2013, other assets increased by RUB946 million, or 99.4 per cent., to RUB1,898 million from RUB952 million as 31 December 2012. This was mainly due to growth in settlements with suppliers, customers and contractors and receivables under insurance agency contracts.

Liabilities

CBRC's liabilities (excluding net assets attributable to the participant) include amounts due to customers, debt securities issued, other borrowed funds, amounts due to the CBR, amounts due to credit institutions, and other liabilities.

As at 30 June 2013, CBRC's total liabilities (excluding net assets attributable to the participant) increased by RUB18,387 million, or 24.2 per cent., to RUB94,398 million from RUB76,011 million as at 31 December 2012, principally due to growth in amounts due to customers and debt securities issued.

Amounts Due To Customers

Amounts due to customers comprise term deposits received from corporate entities and individuals and current account deposits received from corporate clients and individuals. Corporate entities consist primarily of financial services companies.

The following table sets forth the break-down of CBRC's amounts due to customers between term deposits and current accounts as at 30 June 2013 and 31 December 2012:

	As at 30 June 2013		As at 31 December 2012	
	Amount	%	Amount	%
	<i>(in thousands of Roubles, except percentages)</i>			
Term deposits	60,644,854	94.4	52,893,141	93.6
Current accounts	3,608,285	5.6	3,631,147	6.4
Amounts due to customers	64,253,139	100.0	56,524,288	100.0

For the six months ended 30 June 2013, RUB56,688 million of term deposits were retail deposits, representing 60.1 per cent of liabilities (excluding net assets attributable to the participant). As at 30 June 2013, 64.9 per cent. of retail deposits were insured by the Agency for Deposit Insurance of the Russian Federation.

As of 30 June 2013, according to CBRC's management estimates, the total number of retail depositors was 86,370; the average size of retail deposits was RUB456,000 (excluding high net worth individuals); the average interest rate was 10.4 per cent per annum and the average maturity was 16 months.

The following table sets forth the break-down of CBRC's deposits by currency as at 30 June 2013:

Currency	As at 30 June 2013
	<i>(as percentage of total deposits)</i>
RUB	82%
EUR	6%
USD	12%
Total	100%

The following table sets forth the break-down of CBRC's deposits by maturity as at 30 June 2013:

Term	As at 30 June 2013 <i>(as percentage of total deposits)</i>
Less than 1 month	6%
From 1 month to 3 months	14%
From 3 months to 6 months	32%
From 6 months to 9 months	10%
From 9 months to 12 months	10%
More that 1 year	22%
On demand	6%
Total	100%

The following table sets forth the break-down of CBRC's amounts due to customers between corporate accounts and individual accounts as at 30 June 2013 and 31 December 2012:

	As at 30 June 2013		2012	
	Amount	%	Amount	%
	<i>(in thousands of Roubles, except percentages)</i>			
Individuals	60,179,184	93.7	53,095,876	93.9
Corporate clients	4,073,955	6.3	3,428,412	6.1
Amounts due to customers	64,253,139	100.0	56,524,288	100.0

As at 30 June 2013, amounts due to customers increased by RUB7,729 million, or 13.7 per cent., to RUB64,253 million from RUB56,524 million as at 31 December 2012, principally due to a continued increase in the volume of CBRC's retail term deposits.

Debt Securities Issued

In an effort to extend the maturity of, and to diversify, its liability profile, CBRC from time to time borrows funds through the issuance of debt securities in the domestic and international capital markets.

As at 30 June 2013, debt securities issued by CBRC increased by RUB6,194 million, or 58.8 per cent., to RUB16,733 million from RUB10,539 million as at 31 December 2012 principally due a number of debt capital market transactions (Euro and domestic bonds placements).

As at 30 June 2013, debt securities issued were as follows:

Debt securities issued	Interest rate	Maturity	Currency	Outstanding balance as at 30 June 2013	Outstanding balance as at 31 December 2012
<i>(in thousands of Roubles)</i>					
<i>Loan participation notes</i>					
RCF Ltd. (2010 issue)	13.0%	April 2013	U.S. Dollars	—	5,187,154
RCF Ltd. (2013 issue)	7.8%	May 2016	U.S. Dollars	11,375,840	—
<i>Documentary interest-bearing non-convertible bonds</i>					
Issue # 4B020303354B	9.9%	August 2014	Roubles	3,105,318	3,103,015
Issue # 4B020203354B	12.9%	August 2015	Roubles	2,086,000	2,085,552
Promissory notes issued	8.7%-11.986%	July-September 2013	Roubles	165,496	162,785
Total debt securities issued				16,732,654	10,538,506

Subordinated loan

In February 2013, CBRC received a subordinated loan in the amount of U.S.\$50 million which was financed through issuance of loan participation notes by the Issuer. The loan matures in June 2018, and the principal is payable at maturity. For the first interest payment period interest rate was set at 10.6% per annum. For subsequent interest payment periods interest rate was fixed at 13.5% per annum. Interest is payable semiannually.

Amounts Due To Credit Institutions

As at 30 June 2013, CBRC's amounts due to credit institutions increased by RUB2,580 million, or 321.8 per cent., to RUB3,381 million from RUB802 million as at 31 December 2012 as a result of further diversification of liability base from private individuals deposits domination.

Amounts due to the CBR

As at 30 June 2013, CBRC entered into a repurchase agreement with the CBR for the amount of RUB249,720 thousand. CBRC pledged its trading securities as collateral under the repurchase agreement.

Other Liabilities

CBRC's other liabilities primarily include settlements with employees under payroll, operating taxes payable, accrued expenses, derivative financial instruments, settlements on foreign currency deals, settlements with counterparties, settlements with payment systems, current tax liabilities, and other liabilities.

As at 30 June 2013, other liabilities increased by RUB220 million, or 11.7 per cent., to RUB2,103 million from RUB1,883 million as at 31 December 2012 primarily due to growth in accrued expenses on services and other provisions.

Total Net Assets Attributable to Participant

As at 30 June 2013, total net assets attributable to participant increased by RUB142 million, or 0.7 per cent., to RUB20,358 million from RUB20,217 million as at 31 December 2012 mainly due to profit for the period.

Financial Commitments and Contingencies

CBRC's financial commitments and contingencies primarily consist of undrawn loan commitments on issued credit cards.

The following table sets forth the principal components of CBRC's financial commitments and contingencies as at 30 June 2013 and 31 December 2012:

	<u>As at 30 June 2013</u>	<u>As at 31 December 2012</u>
	<i>(in thousands of Roubles)</i>	
Credit related commitments: undrawn loan commitments	18,722,490	17,015,889
Operating lease commitments	4,078,804	3,206,675
Total financial commitments and contingencies	22,801,294	20,222,564

Ratio of Net Assets Attributable to Participant to Risk Weighted Assets

The CBR requires banks to maintain a minimum statutory capital adequacy ratio (N1) of 10 per cent. of risk-weighted assets, calculated in accordance with RAS. As at 30 June 2013, CBRC's statutory capital adequacy ratio calculated on this basis exceeded the statutory minimum, amounting to 13.25 per cent., which represented a decrease from 16.6 per cent. as at 31 December 2012. Such decrease was due to the growth in risk weighted assets as result of consumer lending. CBRC expects that its sole participant will be willing to provide additional support in the amount up to RUB1.5 billion, if needed, in order to increase CBRC's capital.

On a regular basis, CBRC calculates the ratio of net assets attributable to the participant ("**Net Assets**") to risk-weighted assets in accordance with the Basel Accord Guidelines issued in 1988. The core part of Net Assets of CBRC is represented by Net Assets. The supplementary part of Net Assets of CBRC is zero.

The following table sets forth the principal components of CBRC's Net Assets as at 30 June 2013 and 31 December 2012:

	As at 30 June 2013	As at 31 December 2012
	<i>(in thousands of Roubles, except percentages)</i>	
Risk-weighted assets	106,513,732	89,503,827
Core part of Net Assets ⁽¹⁾	20,358,267	20,216,571
Total Net Assets attributable to the participant.....	20,358,267	20,216,571
Ratio of Net Assets to risk weighted assets	19.1%	22.6%
Total capital ratio⁽²⁾	23.2%	25.7%

⁽¹⁾ In accordance with the Basel Accord Guidelines, the core part of Net Assets includes the charter capital, the additional paid-in capital and the disclosed reserves (i.e., accumulated deficit).

⁽²⁾ In accordance with the Basel Accord Guidelines.

RELATED PARTY TRANSACTIONS

In accordance with IAS "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or 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. CBRC believes that these transactions are entered into on an "arm's length" basis and their terms do not differ substantially from standard market terms.

For further information on related party transactions, see Note 18 to the Interim Financial Statements.

The table below shows the volumes of related party transactions (with key management personnel and entities under common control) and outstanding balances as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013		As at 31 December 2012	
	(thousands of Roubles)			
	Key management personnel	Entities under common control	Key management personnel	Entities under common control
Cash and cash equivalents	—	180	—	1
Loans to customers, net	—	2,192,343	—	—
Other assets	—	293,172	—	36,394
Amounts due to customers	159,524	9,906	109,599	430,638
Other liabilities	76,651	168,380	341,473	—

The table below shows the related party income and expense for the six months ended 30 June 2013 and the year ended 31 December.

	For the six months ended 30 June 2013		For the year ended 31 December 2012	
	(thousands of Roubles)			
	Key management personnel	Entities under common control	Key management personnel	Entities under common control
Interest income	—	33,106	—	105,205
Interest expense	(6,720)	(1,881)	(9,788)	(30,109)
Gains less losses from foreign currencies (dealing) ..	—	(6,901)	—	(14,276)
Other income	—	768,355	—	—

TAXATION

The following, together with the information in the Base Prospectus starting on page 205, is a general description of certain Russian, Irish and U.S. tax consideration relating to the Series 5 Notes and the Loan. It does not purport to be a complete analysis of all tax considerations relating to the Series 5 Notes, whether in those countries or elsewhere. Prospective purchasers of the Series 5 Notes should consult their own tax advisors as to which countries; tax law could be relevant to acquiring, holding and disposing of the Series 5 Notes and receiving payments of interest, principal and/or other amounts under the Series 5 Notes and the consequences of such actions under the laws of those countries. This summary is based upon the law as in effect on the date of this Series 5 Prospectus. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Series 5 Notes.

The following subsection "Russian Federation – Taxation of the Notes – Refund of Tax Withheld" on page 209 of the Base Prospectus shall be deleted entirely and replaced with the following subsection:

Refund of Tax Withheld

If Russian withholding tax on income derived from Russian sources by a Non-Resident Noteholder—Legal Entity was withheld at source, despite the domestic release of such income from Russian withholding tax envisaged by the Russian law, a claim for a refund of the tax that was excessively withheld at source can be filed by that Non-Resident Noteholder—Legal Entity with the Russian tax authorities within three years following the year in which the tax was withheld, provided such Non-Resident Noteholder—Legal Entity is entitled to the benefits of the applicable double tax treaty allowing it not to pay the tax or allowing it to pay the tax at a reduced tax rate in relation to such income. There is no assurance that such refund will be possible in practice.

If Russian personal income tax on income derived from Russian sources by a Non-Resident Noteholder—Individual was withheld at source despite the right of this Non-Resident Noteholder—Individual to rely on benefits of the applicable double tax treaty allowing such individual not to pay the tax in Russia or allowing to pay the tax at a reduced tax rate in relation to such income, a claim for application of the benefits of the applicable double tax treaty may be filed by that Non-Resident Noteholder—Individual with the Russian tax authorities together with the supporting documents envisaged by this double tax treaty confirming the right of the Non-Resident Noteholder to such benefits within one year following the tax year with respect to income of which such benefit is claimed. Provided that such claim has been made in a timely manner an application for a refund of Russian personal tax which was excessively withheld at source may be filed within three years following the date when the tax was withheld/paid. In the absence of the tax agent who withheld the Russian personal income tax under consideration, e.g. when the tax has been paid on the basis of the tax return, such an application for a refund may be filed with the Russian tax authorities within the same period (three years) accompanied by the Russian tax return from the date when the tax was paid provided a claim for application of the benefits of the applicable double tax treaty has been made in a timely manner. There can be no assurance that the tax agent and/or the Russian tax authorities would refund the tax in practice.

Although the Russian Tax Code arguably contains an exhaustive list of documents and information which have to be provided by the foreign person to the Russian tax authorities for the - application for treaty benefits , the Russian tax authorities may, in practice, require a wide variety of documentation. Such documentation may not be explicitly required by the Russian Tax Code and may to a large extent depend on the position of local representatives of the tax inspectorates.

The current legislation does not directly prescribe whether refund of tax withheld in such circumstances should be performed by the tax authorities or the tax agent. Thus, obtaining a refund of Russian income taxes that were excessively withheld at source is likely to be a time consuming process requiring many efforts and no assurance can be given that such refund will be granted to the Non-Resident Noteholders—Individual in practice.

Non-Resident Noteholders should consult their own tax advisors regarding possible tax treaty relief and procedures required to be fulfilled in order to obtain treaty relief in practice with respect to any Russian taxes imposed on income received by a Non-Resident Noteholder upon the acquisition, holding and disposition of the Notes of any Series.

The following subsection "*Russian Federation – Taxation of Interest on the Loan*" on pages 210-211 of the Base Prospectus shall be deleted entirely and replaced with the following subsection:

Taxation of Interest on the Loan

In general, payments of interest on borrowed funds made by a Russian entity to a non-resident legal entity or organisation having no registered presence and/or no permanent establishment in Russia are subject to Russian withholding tax at the rate of 20 per cent., which could potentially be reduced or eliminated under the terms of an applicable double tax treaty subject to timely compliance with the respective treaty clearance formalities by the interest recipient. In particular, the Russia-Ireland double tax treaty generally allows to exempt interest amounts from Russian withholding tax provided that certain requirements are satisfied by the recipient in a timely manner.

The application of the tax benefits under the Russia-Ireland double tax treaty could be affected by the changes in the interpretation by the Russian tax authorities of the concept of factual/beneficial owner of income. Specifically, on 30 December 2011 the Russian Ministry of Finance issued letter No. 03-08 13/1 (the "**Letter**") addressed to the Federal Tax Service, in which the Russian Ministry of Finance asserted that in the context of a very specific eurobond structure which is not identical to the transaction described in this Base Prospectus a foreign issuer of eurobonds cannot benefit from the provisions of the Russia-Ireland double tax treaty in respect of interest paid by the Russian borrower because, in view of the Russian Ministry of Finance, the foreign issuer may not be considered as the beneficial owner of the interest income. Conversely the Letter says that holders of the notes could apply the provisions of the respective tax treaty (if any) concluded between Russia and the country of residency of each holder of the notes. We cannot preclude the possibility that the Russian tax authorities might apply the same approach to the payments made under the structure of the Issue as described in this Base Prospectus.

Notwithstanding anything to the contrary above, no withholding tax obligations should arise in eurobond structures by virtue of the exemption envisaged by Law No. 97-FZ. Law No. 97-FZ provides that Russian borrowers should be fully released from the obligation to withhold tax from interest and other payments made to foreign entities provided that the following conditions are all met:

- (1) interest is paid on debt obligations of Russian entities that arose in connection with the placement by foreign entities of "issued bonds," which are defined as bonds or other debt obligations (a) listed and/or admitted to trading on one of the specified foreign exchanges and/or (b) that have been registered in foreign depository/clearing organizations;

The lists of qualifying foreign exchanges and foreign depository/clearing organizations were approved by Order № 12-91/pz-n dated 25 October 2012 of the Federal Financial Markets Service which came into force on 30 December 2012. The Irish Stock Exchange and the clearing systems Euroclear, Luxembourg and Clearstream were included in the above-mentioned lists.

The connection between the loan and the issued bonds should be evident and supported with certain documents, which are set forth in Law No. 97-FZ.

- (2) there is a double tax treaty between Russia and the jurisdiction of tax residence of any Loan interest income recipient (i.e., the Issuer) which can be confirmed by a tax residency certificate.

The release from the obligation to withhold tax from interest and other payments described herein applies retrospectively to income paid since 1 January 2007.

CBRC believes that it should be possible to satisfy conditions established by Law No. 97-FZ and obtain a release from the obligation to withhold tax from payments of interest and certain other amounts, as the case may be, on any Loan to the Issuer.

Importantly, Law No. 97-FZ does not provide exemption to the foreign interest income recipients from Russian withholding tax, although currently there is no requirement in the Russian tax legislation for the foreign income recipients being the legal entities to self-assess and pay the tax to the Russian tax authorities. The Russian Ministry of Finance acknowledged in its information letter published on its website that the release from obligation to act as a tax agent means, in effect, that tax at source within Russia should not arise in connection with eurobonds, since there is neither a mechanism nor obligation for a non-resident to independently calculate and pay such tax. There can be no assurance that such rules will not be introduced in the future or that the Russian tax authorities would not make attempts to collect the tax from the foreign income recipients, including the Issuer or the Noteholders.

If interest and/or any other amounts due under any Loan become payable to the Trustee pursuant to the Trust Deed, there is some residual uncertainty whether the release from the obligation to withhold tax under Law No. 97-FZ is available to the Trustee. There is a potential risk that Russian withholding tax in respect of payments of interest and some other amounts to the Trustee at the rate of 20 per cent. (or such other tax rate as may be in force at the time of such payment) or, potentially, with respect to non-resident individual Noteholders, Russian personal income tax at the rate of 30 per cent. (or such other tax rate that may be effective at the time of payment) may be deducted by CBRC upon making such payments to the Trustee. It is not expected that the Trustee will, or will be able to, claim a Russian withholding tax exemption or reduction under the applicable double tax treaty with Russia under such circumstances. In addition, while some Noteholders that are persons not residing in Russia for tax purposes may seek a reduction or elimination of Russian withholding tax or personal income tax, as applicable, or a refund of the respective taxes under applicable double tax treaties entered into between their countries of tax residence and the Russian Federation, there is no assurance that any treaty relief will be available to them under these circumstances in practice.

Federal Law No. 306 - FZ dated 02 November 2013 "On introduction of amendments in part one and two of the Tax Code of the Russian Federation and other acts of legislation" ("**Law No. 306 – FZ**") clarifies that foreign legal entities "authorized to receive interest" may benefit from withholding tax exemption envisaged by Law No. 97-FZ if such foreign legal entities are located in the jurisdictions with which Russia has double tax treaty in place and would be able to present tax residency certificates to the income payor. When Law No. 306 – FZ will come into effect (i.e. starting from 1 January 2014) it may allow the Trustee to receive interest payments free from Russian withholding tax under any Loan pursuant to the Trust Deed provided the Trustee would be able to present an appropriate tax residency certificate to CBRC.

If any payments under any Loan become subject to any withholding of Russian tax (as a result of which the Issuer will be required to reduce payments made by it under the corresponding Series of the Notes by the amount of such withholding tax), CBRC will be obliged (subject to certain conditions) to increase payments or pay to the Issuer such additional amounts ("tax gross-up") under the relevant Loan, as may be necessary so that the net payments received by the Issuer will be equal to the amounts they would have received in the absence of such withholding.

It is, however, unclear whether tax gross-up provisions will be enforceable under Russian law as currently in effect. There is a risk that gross-up for Russian withholding tax will not take place and that payments made by CBRC under the relevant Loan will be reduced by the amount of the Russian income tax or Russian personal income tax withheld by CBRC at source.

In the event that CBRC fails to make increased payments, such failure would constitute an Event of Default pursuant to the relevant Loan Agreement. If CBRC is obliged to increase any payments under any Loan or to make additional amounts, it may (without premium or penalty), subject to certain conditions, prepay the relevant Loan in full. In such case, all outstanding Notes

of the corresponding Series would be redeemable or repayable at par together with accrued and unpaid interest and additional amounts, if any, to the date of redemption.

No value added tax will be payable in the Russian Federation in respect of interest and principal payments under each Loan.

AMENDMENTS TO THE TERMS AND CONDITIONS WITH RESPECT TO THE SERIES 5 NOTES

With respect to the Series 5 Notes only, the Terms and Conditions of the Notes appearing on pages 179 to 195 (inclusive) of the Base Prospectus will be amended as follows:

The following italicised text shall be added at the end of Condition 5:

"Clause 8 of the Loan Agreement provides that if a Write Down Event (as defined in the Loan Agreement) has occurred and is continuing, on the Write Down Measure Effective Date (as defined in the Loan Agreement) any accrued and unpaid interest payable in respect of the Loan shall not be paid and shall not accumulate by way of the full or partial termination of CBRC's obligations under the Loan Agreement to pay the amounts of accrued and unpaid interest under the Loan and CBRC shall (irrespective of whether CBRC has incurred any losses) Cancel the Interest Cancellation Amount for the purposes of the Interest Cancellation Measure, as all such terms are defined in the Loan Agreement. Any interest payment that has been Cancelled (as defined in the Loan Agreement) in accordance with Clause 8 of the Loan Agreement shall not accumulate or be payable at any time thereafter, including where the relevant Write Down Event(s) is(are) no longer continuing. No interest shall accrue from the Write Down Measure Effective Date and as long as a Write Down Event(s) is(are) continuing. In such circumstances the Issuer shall have no right to any such Cancelled interest. Consequently where interest is Cancelled or no longer accrues due to a Write Down Event continuing under the Loan Agreement, no corresponding payment of interest will be made pursuant to the Notes".

Condition 6.3 shall be deleted in its entirety and replaced with the following:

"6.3 Cancellation: The Loan Agreement provides that CBRC, or any Subsidiary of CBRC, may, among other things, from time to time purchase Notes in the open market or by tender or by a private agreement at any price and (following prior written consent by the CBR in respect of the corresponding reduction in the Loan) deliver Notes to the Issuer, having an aggregate principal value of at least U.S.\$1,000,000, together with a request for the Issuer to present such Notes to the relevant Registrar for cancellation, whereupon the Issuer shall, pursuant to Clause 8.1 of the Agency Agreement, request such Registrar to cancel such Notes. Upon any such cancellation by or on behalf of the relevant Registrar, the principal amount of the Loan corresponding to the principal amount of such Notes surrendered for cancellation together with accrued interest and other amounts (if any) thereon shall be extinguished as of the date of such cancellation and no further payment shall be made or required to be made by the Issuer in respect of such Notes."

The following shall be added as a new Condition 6.5:

"6.5 Write Down: Pursuant to Clause 8 of the Loan Agreement, if a Write Down Event has occurred and is continuing, on the Write Down Measure Effective Date CBRC's losses shall be absorbed by way of full or partial termination of CBRC's obligations under the Loan Agreement to repay the principal amount of the Loan and CBRC shall Write Down the Write Down Amount for the purposes of the Principal Write Down Measure, as all such terms are defined in the Loan Agreement. Once the principal amount of the Loan has been Written Down in accordance with Clause 8 of the Loan Agreement, the principal amount so Written Down may not be restored under any circumstances, including where the relevant Write Down Event(s) is(are) no longer continuing. To the extent that, pursuant to Clause 8 of the Loan Agreement, the principal amount of the Loan is reduced, then the principal amount of each of the Notes will be written down on a pro rata basis, upon such reduction of the Loan, without any further payments due on such principal amount of each Note that is written down."

The following shall be added as a new Condition 6.6:

"6.6 Write-down of the Notes following a Write Down Event: Following receipt by the Issuer and the Trustee of a Write Down Event Notice under the Loan Agreement (as defined therein), the Issuer shall promptly and no later than one Business Day after the receipt of such Write Down Event Notice give notice to the Agents and Noteholders, in accordance with Condition 14, of the details contained in such Write Down Event Notice. Following receipt by the Issuer and the Trustee of a Write Down Measure Notice under the Loan Agreement (as defined therein), the Issuer shall promptly and no later than one Business Day after the date of receipt of such Write

Down Measure Notice give notice to the Agents and the Noteholders, in accordance with Condition 14, that on the relevant Write Down Measure Effective Date (as set out in the Write Down Measure Notice):

- 6.6.1 interest on the Notes, in an amount equal to the interest under the Loan being Cancelled, shall be automatically cancelled on the Write Down Measure Effective Date, and all references to accrued and unpaid interest in the Conditions, the Trust Deed, the Agency Agreement and the Notes shall be construed accordingly;
- 6.6.2 as applicable, a principal amount of the Notes, in an amount equal to the principal amount of the Loan being Written Down, shall automatically be written down on the Write Down Measure Effective Date and (where such principal amount is the entire principal amount of the Notes) such Notes shall be cancelled, and all references to the outstanding principal amount of the Notes in the Conditions, the Trust Deed, the Agency Agreement and the Notes shall be construed accordingly;
- 6.6.3 the Noteholders shall be deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer or any other party with respect to repayment of such principal amount of the Notes and accrued and unpaid interest, in each case so written down or cancelled, as the case may be, pursuant to paragraphs 6.6.1 and 6.6.2 above; and
- 6.6.4 all rights and claims of the Noteholders for and to payment of any amounts under or in respect of the Notes (including, without limitation, accrued and unpaid interest) subject to write down or cancellation pursuant to this Condition, and all corresponding rights of the Noteholders to instruct the Trustee to exercise any rights in respect of such amounts, shall be extinguished and shall become null and void, irrespective of whether such amounts have become due and payable prior to the relevant Write Down Measure Notice or the Write Down Measure Effective Date.

Neither the Trustee nor any Agent shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Write Down Event or any Write Down Measures (as defined in the Loan Agreement) or any consequent cancellation of the Notes or write down of any claims in respect thereof, and neither the Trustee nor the Agents shall be responsible for any calculation or determination or the verification of any calculation or determination in connection with the same. Notwithstanding any other provision of these Conditions, an Interest Cancellation or a Write Down shall not constitute an Acceleration Event (or a Potential Acceleration Event) (each as defined in the Loan Agreement) or a default under the Loan Agreement."

With respect to the Series 5 Notes only, the Terms and Conditions of the Notes whilst in Global Form will be amended as follows:

The following is to be added to the Series 5 Global Note:

"Suspension of settlement following notice of Write Down Event

On the date of receipt by Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be) from the Issuer for onward transmission to the accountholders of the notice specifying the Write Down Measure Effective Date (the "**Suspension Date**"), such clearing system(s) shall suspend all clearance and settlement of the Notes until the Business Day after the Write Down Measure Effective Date (being a Business Day on which Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) is open for business) (the "**Suspension Period**"). Neither Noteholders nor accountholders will be entitled to settle the transfer of any Notes from the Suspension Date, and any sale or other transfer of the Notes that a Noteholder or accountholder may have initiated prior to the Suspension Date that is scheduled to settle during the Suspension Period will be rejected by Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be) and will not be settled within Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be).

Write down of principal amount of the Notes following a notice of Write Down Event

On the Write Down Measure Effective Date, the principal amount of the Notes in an amount equal to the principal amount of the Loan being Written Down selected in accordance with the standard operating procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) shall automatically be written down and (where such principal amount is the entire principal amount of the Notes) such Notes shall be cancelled, and all references to the outstanding principal amount of the Notes shall be construed accordingly."

ISSUE TERMS OF THE NOTES

Dated 20 November 2013

Commercial bank "Renaissance Credit" (Limited liability company)

Issue of U.S.\$100,000,000 13.50 per cent. Loan Participation Notes due 2019 issued as Series 5
by Renaissance Consumer Funding Limited
for the purpose of financing a Loan to
Commercial bank "Renaissance Credit" (Limited liability company)
under a U.S.\$1,500,000,000 Programme for the Issuance of Loan Participation Notes

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 15 May 2013 (and incorporated by reference into the Series 5 prospectus) as modified in accordance with the section of the Series 5 Prospectus entitled "*Amendments to the Terms and Conditions with respect to the Series 5 Notes*". The Series 5 Prospectus constitutes a prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC as amended by Directive 2010/73/EU) (the "**Prospectus Directive**"). These Issue Terms of the Notes modify and complete the Conditions in relation to the Notes only. References in the Conditions to "Notes" shall be deemed to be references to the Notes for the purposes of these Issue Terms.

1	(i)	Issuer:	Renaissance Consumer Funding Limited
	(ii)	Borrower:	Commercial bank "Renaissance Credit" (Limited liability company)
2	(i)	Series Number:	5
	(ii)	Tranche Number:	1
3		Specified Currency or Currencies:	U.S. Dollars ("U.S.\$")
4		Aggregate Nominal Amount of Notes admitted to trading:	U.S.\$100,000,000
5		Issue Price:	100 per cent. of the Aggregate Nominal Amount
6	(i)	Specified Denominations:	U.S.\$200,000 plus higher integral multiples of U.S.\$1,000 thereafter
	(ii)	Calculation Amount:	U.S.\$1,000
7	(i)	Issue Date:	22 November 2013
	(ii)	Interest Commencement Date:	Issue Date
8		Maturity Date:	22 May 2019
9		Notes Interest Basis:	13.50 per cent. Fixed Rate (further particulars specified below)
10		Redemption/Payment Basis:	Redemption at par subject to the application of any Write Down Measure pursuant to Clause 8 of the Loan Agreement
11		Status and Form of the Notes:	Senior, Registered
12	(i)	Status of the Loan:	Subordinated

	(ii)	Date of Board approval for issuance of Notes obtained	19 November 2013
13		Method of distribution:	Syndicated
14		Financial Centres (Condition 7):	New York, London, Dublin

PROVISIONS RELATING TO INTEREST PAYABLE UNDER THE LOAN

15		Fixed Rate Note Provisions:	Applicable
	(i)	Rate of Interest:	13.50 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	22 May and 22 November in each year not adjusted commencing on 22 May 2014.
	(iii)	Fixed Coupon Amount:	U.S.\$ 67.50 per Calculation Amount subject to the application of any Write Down Measure pursuant to Clause 8 of the Loan Agreement
	(iv)	Broken Amount:	Not Applicable
	(v)	Day Count Fraction (Condition 5):	30/360
	(vi)	Determination Date(s) (Condition 5):	Not Applicable
16		Floating Rate Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

17		Final Redemption Amount of each Note:	U.S.\$1,000 per Calculation Amount subject to the application of any Write Down Measure pursuant to Clause 8 of the Loan Agreement
18		Early Redemption Amount(s) of each Note payable if the Loan should become repayable under the Loan Agreement prior to the Maturity Date:	U.S.\$1,000 per Calculation Amount plus accrued interest and additional amounts, if any, in case of early redemption under the Loan Agreement in accordance with Clauses 6.2, 6.3 or 6.4 of the Loan Agreement, in each case subject to the application of any Write Down Measure pursuant to Clause 8 of the Loan Agreement

DISTRIBUTION

19	(i)	If syndicated, names of Managers:	Goldman Sachs International, Renaissance Securities (Cyprus) Limited and SIB (Cyprus) Limited
	(ii)	Stabilising Manager(s) (if any):	SIB (Cyprus) Limited
20		If non-syndicated, name of Dealer:	Not Applicable
21		U.S. Selling Restriction:	Reg. S Compliance Category 2

GENERAL

The aggregate principal amount of the Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for the Notes not denominated in U.S. dollars): Not Applicable

RESPONSIBILITY

The Issuer and CBRC accept responsibility for the information contained in these Issue Terms.

Signed by a duly authorised attorney of the Issuer: Signed on behalf of CBRC:

By: _____

By: _____

PART B – OTHER INFORMATION

1 LISTING

- | | | |
|-------|---|--|
| (i) | Listing: | Ireland |
| (ii) | Admission to trading: | Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market with effect from 22 November 2013. |
| (iii) | Estimate of total expenses related to admission to trading: | € 3,000. |

2. RATINGS

Ratings: The Notes will not be rated.

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

4 Fixed Rate Notes only – YIELD

Indication of yield: 13.50%

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield and does not take account of the application of any Write Down Measure pursuant to Clause 8 of the Loan Agreement.

5 OPERATIONAL INFORMATION

ISIN Code (Regulation S Notes): XS0996297544

Common Code (Regulation S Notes): 099629754

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

SUBORDINATED LOAN AGREEMENT

The following is the text of the Subordinated Loan Agreement:

Subordinated Loan Agreement, dated 20 November 2013, **between:**

- (1) **COMMERCIAL BANK "RENAISSANCE CREDIT" (LIMITED LIABILITY COMPANY)**, a limited liability company established under the laws of the Russian Federation whose registered office is at 14 Kozhevnickeskaya Ulitsa, Moscow 115114, Russian Federation (the "**Borrower**"); and
- (2) **RENAISSANCE CONSUMER FUNDING LIMITED**, a private limited liability company incorporated under the laws of Ireland whose registered office is at 53 Merrion Square, Dublin 2, Ireland (the "**Lender**").

Whereas:

- (A) The Lender has at the request of the Borrower agreed to make available to the Borrower a loan in the amount of U.S.\$ 100,000,000 on the terms and subject to the conditions of this Agreement.
- (B) The Lender and the Borrower have agreed that, on the occurrence of a Bankruptcy Event (as defined below), the claims of the Lender in respect of the Loan shall be subordinated to the claims of Senior Creditors (as defined below) of the Borrower in accordance with the Insolvency Law (as defined below).
- (C) The Borrower intends the Loan to be qualified as 215-P Tier 2 Capital (as defined below), to the extent applicable, and 395-P Tier 2 Capital (as defined below).
- (D) The Lender and the Borrower have agreed that the terms and conditions set forth in this Agreement do not differ materially from the terms and conditions of similar agreements concluded on market terms as of the date of this Agreement.

It is hereby agreed as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement (including the recitals), the following terms shall have the meanings indicated:

"215-P Disapplication Date" means the date on which provisions of Regulation No. 215-P in relation to 215-P Tier 2 Capital cease to be in effect for the purposes of calculation of mandatory ratios.

"215-P Tier 2 Capital" means additional capital (*dopolnitel'nyy kapital*) of the Borrower within the meaning of paragraph one of section 3.11.1 of Regulation No. 215-P.

"395-P Tier 2 Capital" means additional capital (*dopolnitel'nyy kapital*) of the Borrower within the meaning given to it in Regulation No. 395-P.

"Acceleration Event" has the meaning assigned to such term in Clause 13.3 hereof.

"Account" means the account number 13876055 in the name of the Lender with the Principal Paying Agent at its Specified Office, as defined in the Agency Agreement.

"Affiliate" of any specified person means (i) any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person or (ii) any other person who is a director or officer (a) of such specified person, (b) of any Subsidiary of such specified person or (c) of any person described in (i) or (ii) above. For the purpose of this definition, **"control"** when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of

voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency**" means any agency, authority, central bank, department, government, legislature, minister, official or public statutory person (whether autonomous or not) of, or of the government of, any state.

"**Agency Agreement**" means, as it applies to the Notes, the fourth amended and restated agency agreement dated 15 May 2013 as supplemented by a supplemental agency agreement dated 20 November 2013 and as may be further amended, varied or supplemented from time to time and references to "**Paying Agent**" and "**Principal Paying Agent**" are to agents appointed thereunder.

"**Agreement**" means this Agreement as originally executed or as it may be amended from time to time.

"**Approval Date**" means the date falling 90 days after the date of this Agreement.

"**Arrangement Fee**" has the meaning given to it in Clause 3.2.

"**Auditors**" means the auditors for the time being of the IFRS consolidated financial statements of the Group or, if they are unable or unwilling to carry out any action requested of them under this Agreement, such other internationally recognised firm of accountants as may be approved in writing by the Lender for this purpose.

"**Bankruptcy Event**" means the entry into force of a final decision of a competent Russian court finding the Borrower bankrupt.

"**Borrower's Account**" means the account held with JPMorgan Chase Bank N.A. New York, with details SWIFT: CHASUS33, Account No. 400912805.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Dublin, Moscow, New York City and in the city where the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent is located.

"**Capital Stock**" means the participation interests comprising the charter capital of the Borrower.

"**CBR Reporting Date**" means the first day of each month or other date as of which pursuant to the applicable CBR regulations the Borrower is required to report its Common Equity Tier 1 Capital Ratio to the CBR.

"**Central Bank**" or "**CBR**" means the Central Bank of the Russian Federation – Bank of Russia or such other governmental or other authority as shall from time to time carry out functions in relation to the supervision of banks in the Russian Federation as are, on the date hereof, carried out by the CBR.

"**Closing Date**" means 22 November 2013.

"**Common Equity Tier 1 Capital**" means, as of any CBR Reporting Date, the aggregate amount, in Russian roubles, of items that constitute common equity tier 1 capital (*bazoviy kapital osnovnogo kapitala*) of the Borrower as of such CBR Reporting Date, less any deductions from common equity tier 1 capital required to be made, in each case as determined by the Borrower pursuant to Regulation No. 395-P.

"**Common Equity Tier 1 Capital Ratio**" means, as of any CBR Reporting Date, the Common Equity Tier 1 Capital as of such CBR Reporting Date, divided by the Risk Weighted Assets as of such CBR Reporting Date, expressed as a percentage, determined by the Borrower pursuant to Regulation No. 395-P or such other applicable regulations for the purposes of a Write Down Event.

"**Conditions**" means the terms and conditions of the Notes.

"Event of Default" means an Acceleration Event.

"Final Conclusion" means the final conclusion (*zakluchenie*) of the CBR confirming the final unconditional approval by the CBR of this Agreement and the Loan as a subordinated loan eligible for inclusion into own funds (capital) of the Borrower as (i) 215-P Tier 2 Capital if such conclusion is issued by the CBR prior to the 215-P Disapplication Date and (ii) 395-P Tier 2 Capital.

"Group" means the Borrower and its Subsidiaries taken as a whole.

"Guarantee" means any financial obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Indebtedness or other obligation of any other person and any obligation, direct or indirect, contingent or otherwise, of such person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term **"Guarantee"** will not include endorsements for collection or deposit in the ordinary course of business. The term **"Guarantee"** used as a verb has a corresponding meaning.

"IAS" means the International Accounting Standards issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time).

"IFRS" means International Financial Reporting Standards, (formerly International Accounting Standards) and Interpretations issued by the International Accounting Standards Board (**"IASB"**) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

"Indebtedness" means, without duplication, any indebtedness, in respect of any person for, or in respect of, moneys borrowed or raised including, without limitation, any amount raised by acceptance under any acceptance credit facility; any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; any amount raised pursuant to any issue of shares which are expressed to be redeemable either on a compulsory basis or at the option of the shareholder; any amount raised under any other transaction (including, but without limitation to, any forward sale or purchase agreement) having the economic or commercial effect of a borrowing; and the amount of any liability in respect of any Guarantee or indemnity for any of the items referred to above.

"Insolvency Law" has the meaning given to it in Clause 4.1.

"Interest Cancellation" has the meaning given to it in Clause 8.1.

"Interest Cancellation Amount" means all or such part of the amount of the interest accrued to (but excluding) the Write Down Measure Effective Date, determined by the Borrower as necessary to be cancelled (in conjunction with any Write Down Amount as the case may be) in order to remedy immediately the Write Down Event;

"Interest Cancellation Measure" has the meaning given to it in Clause 8.1.

"Interest Payment Date" means 22 May and 22 November of each year, commencing on 22 May 2014.

"Interest Period" means each period beginning on (but excluding) the Closing Date or any Interest Payment Date and ending on (and including) the next Interest Payment Date.

"Interest Rate" means 13.50 per cent. from (but excluding) the Closing Date to (and including) the Repayment Date.

"Lien" means any mortgage, pledge, encumbrance, easement, restriction, covenant, right-of-way, servitude, lien, charge or other security interest or adverse claim of any kind (including, without

limitation, anything analogous to any of the foregoing under the laws of any jurisdiction and any conditional sale or other title retention agreement or lease in the nature thereof).

"Loan", at any time, means an amount equal to the aggregate principal amount granted by the Lender pursuant to Clause 2.1 and (where the context so requires) outstanding at such time.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or immediate prospects of the Borrower or any of its Material Subsidiaries; (b) the Borrower's ability to perform or comply with its obligations under this Agreement or (c) the validity or enforceability of this Agreement or the rights or remedies of the Lender thereunder.

"Material Subsidiary" means (i) any Affiliate of the Borrower which, in accordance with IFRS, as consistently applied, would be included in the IFRS consolidated financial statements of the Group; or (ii) at any given time, a Subsidiary of the Borrower which:

- (a) has gross income representing 10 per cent. or more of the consolidated gross income of the Group; or
- (b) has total assets representing 10 per cent. or more of the consolidated total assets of the Group,

in each case calculated on a consolidated basis in accordance with IFRS, as consistently applied.

Compliance with the conditions set out in paragraphs (a) and (b) above shall be determined by reference to the latest audited or unaudited consolidated annual or, as the case may be, audited or unaudited consolidated interim financial statements of that Subsidiary and the latest audited consolidated annual or, as the case may be, audited or unaudited consolidated interim financial statements of the Group, provided however, that an Officers' Certificate that a Subsidiary of the Borrower is or is not a Material Subsidiary, accompanied by a report by the Auditors addressed to the Directors of the Borrower as to proper extraction of the figures used in the Officers' Certificate in determining the Material Subsidiaries of the Borrower and mathematical accuracy of the calculations shall, in the absence of manifest error, be conclusive and binding on all parties.

"Noteholder" means, in relation to a Note, the person in whose name such Note is for the time being registered in the register of Noteholders (or, in the case of a joint noteholding, the first named holder thereof).

"Notes" means the Series 5 U.S.\$100,000,000 13.50 per cent. loan participation notes due 2019, to be issued by the Lender (in its capacity as Issuer) pursuant to the Trust Deed.

"Officers' Certificate" means a certificate signed on behalf of the Borrower by two officers of the Borrower at least one of whom shall be the principal executive officer, principal accounting officer or principal financial officer of the Borrower, in a form similar to that set out in Schedule 1 of this Agreement.

"Original Financial Statements" means:

- (a) the most recent audited IFRS consolidated financial statements of the Group; and
- (b) the most recent audited IFRS unconsolidated financial statements of the Borrower.

"Original Principal Amount" means, in respect of the Loan, its principal amount on the Closing Date not taking into account any Write Down or any other write down or cancellation in accordance with the terms of this Agreement.

"Outstanding Principal Amount" means, in relation to the Loan, the Original Principal Amount, as reduced from time to time by any Write Downs or any other write down or cancellation pursuant to the terms of the Loan, as the case may be, in accordance with the terms of this Agreement.

"Parity Write Down Instruments" means obligations (other than the Loan) incurred directly or indirectly by the Borrower (a) claims in respect of which constitute claims of creditors of the Borrower that, in the case of a Bankruptcy Event, are subordinated so as to rank *pari passu* with the Loan; (b) which contain similar cancellation or write-down mechanisms (whether or not those mechanisms also provide for subsequent write-up or reinstatement of such obligations) which are triggered upon the occurrence of the same events as those which trigger Interest Cancellation or Write Down in respect of the Loan; and (c) which qualify as 395-P Tier 2 Capital.

"Permitted Liens" means:

- (a) any Lien over or affecting any asset acquired by a member of the Group after the date hereof and subject to which such asset is acquired, if:
 - (i) such Lien was not created in contemplation of the acquisition of such asset by a member of the Group;
 - (ii) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by a member of the Group; and
 - (iii) such Lien is removed or discharged within three calendar months of the date of acquisition of such asset;
- (b) any Lien over or affecting any asset of any company which becomes a member of the Group after the date hereof, where such Lien is created prior to the date on which such company becomes a member of the Group, if:
 - (i) such Lien was not created in contemplation of the acquisition of such company;
 - (ii) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such company; and
 - (iii) such Lien is removed or discharged within three calendar months of such company becoming a member of the Group;
- (c) any netting or set-off arrangement entered into by any member of the Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances;
- (d) any Lien upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to (i) any pledge of assets as security for the obligations of the Borrower or (ii) any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Lien or having the benefit of such Lien, are to be discharged solely from such assets or revenues, *provided that* the aggregate value of assets or revenues subject to such Lien when added to the aggregate value of assets or revenues which are the subject of any securitisation of receivables, asset-backed financing or similar financing structure, does not, at any such time, exceed 30 per cent. of the loans and advances to customers, as determined at any time by reference to the most recent quarterly balance sheet of the Borrower prepared in accordance with IFRS;
- (e) any title transfer or retention of title arrangement entered into by any member of the Group in the normal course of its trading activities on the counterparty's standard or usual terms;
- (f) any Lien arising by operation of law and in the normal course of business, if such Lien is discharged within 14 days of arising;
- (g) Liens incurred, or pledges and deposits in connection with workers' compensation, unemployment insurance and other social security benefits, and leases, appeal bonds and other obligations of like nature in the ordinary course of business;

- (h) Liens for *ad valorem*, income or property taxes or assessments and similar charges which either are not delinquent or are being contested in good faith by appropriate proceedings for which the Borrower has set aside in its books of account reserves to the extent required by IFRS, as consistently applied;
- (i) any Lien granted by any Subsidiary of the Borrower in favour of the Borrower;
- (j) Liens upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any Repo transaction;
- (k) Liens arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market relating to the establishment of margin deposits and similar arrangements in connection with interest rate and foreign currency hedging operations;
- (l) any Lien existing on the date of this Agreement;
- (m) any other Lien or Liens where the aggregate value of the assets or revenues subject to such Lien or Liens does not exceed U.S.\$5,000,000; and
- (n) any extension, renewal of or substitution for any Lien permitted by any of the preceding paragraphs (a) through (m), provided, however, that such extension, renewal or replacement shall be no more restrictive in any material respect than the original Lien; with respect to Liens incurred pursuant to this paragraph (n) the principal amount secured has not increased (other than any increase representing costs, fees, expenses or commission associated with such extension, renewal or substitution) and the Liens have not been extended to any additional property or assets (other than the proceeds of the property or assets in question).

"person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, company, firm, trust, organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

"Potential Acceleration Event" means any event or circumstances which would, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement become an Acceleration Event.

"Principal Trust Deed" means the fourth amended and restated principal trust deed dated 15 May 2013 between the Lender and Trustee in relation to the Programme as amended by a deed of amendment dated 19 December 2012, and as further amended, varied or supplemented from time to time.

"Principal Write Down Measure" has the meaning set out in Clause 8.1.

"Programme" means the programme for the issuance of loan participation notes by the Lender for the purposes of funding loans to the Borrower.

"Qualifying Jurisdiction" means any jurisdiction in which the Lender or any successor thereto (including permitted assignees and transferees) is entitled to receive payments of interest on the Loan under a double taxation agreement in force on such date (subject to the completion of any necessary procedural formalities) providing for full exemption from Russian withholding tax on interest derived from a source within the Russian Federation to a resident of such jurisdiction.

"Regulated Market" means a market for securities, within the meaning of Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, which appears in the list of regulated markets drawn up by the EEA Member State in which the market is situated or operates.

"Regulation No. 215-P" means CBR Regulation № 215-P dated 10 February 2003 "On the Method of Determination of Own Funds (Capital) of Credit Organisations" (as amended, supplemented or replaced from time to time).

"Regulation No. 395-P" means CBR Regulation № 395-P dated 28 December 2012 "On the Methodology for Determining the Amount and Evaluating Adequacy of Own Funds (Capital) of Credit Organisations ("Basel III")" (as amended, supplemented or replaced from time to time).

"Repayment Date" means 22 May 2019.

"Repo" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities lending or rental agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for the purposes of this definition, the term **"securities"** means any capital stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any public or private company, any government or Agency or instrumentality thereof or any supranational, international or multinational organisation.

"Risk Weighted Assets" means, as of any CBR Reporting Date, the aggregate amount, in Russian roubles, of risk-weighted assets of the Borrower as of such CBR Reporting Date, as determined by the Borrower pursuant to Regulation No. 395-P or other applicable regulations for the purposes of a Write Down Event.

"Same-Day Funds" means Dollar funds settled through the New York Clearing House Interbank Payments System or such other funds for payment in immediately available, freely transferable and cleared U.S. Dollars as the Lender may at any time determine to be customary for the settlement of international transactions in New York City of the type contemplated hereby.

"Securities Act" means the U.S. Securities Act of 1933.

"Senior Creditors" means all creditors of the Borrower other than (i) creditors of the Borrower whose claims are in respect of the Capital Stock of the Borrower or (ii) creditors whose claims rank equally with or are subordinated to the claims of the Lender under this Agreement pursuant to Russian law or agreement (to the extent permitted by Russian law).

"Stock Exchange" means the Irish Stock Exchange Limited.

"Subscription Agreement" means the subscription agreement dated on or about the date hereof between the Borrower, the Lender, Goldman Sachs International, SIB (Cyprus) Limited and Renaissance Securities (Cyprus) Limited.

"Subsidiary" of any specified person means any corporation, partnership, joint venture, association or other business or entity, whether now existing or hereafter organised or acquired, (a) in the case of a corporation, of which more than 50 per cent. of the total voting power entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is held by such first-named person and/or any of its Subsidiaries and such first-named person or any of its Subsidiaries has the power to direct the management, policies and affairs thereof; or (b) in the case of a partnership, joint venture, association, or other business or entity, with respect to which such first-named person or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise if (in each case) in accordance with IFRS, as consistently applied, such entity would be consolidated with the first-named person for financial statement purposes.

"Supplemental Trust Deed" means the supplemental trust deed between the Lender and the Trustee dated 22 November 2013 supplementing the Principal Trust Deed in relation to the Notes.

"Taxes" means any taxes (including interest or penalties thereon) which are now or at any time hereafter imposed, assessed, charged, levied, collected, demanded, withheld or claimed by the Russian Federation, Ireland or any taxing authority thereof or therein provided, however, that for the purposes of this definition the references to Ireland shall, upon the occurrence of the Relevant Event (as this term is defined in the Trust Deed), be deemed to be references to the jurisdiction in which the Trustee is domiciled for tax purposes; and the term **"Tax"** and **"Taxation"** shall be construed accordingly.

"Treaty" means the agreement between the Russian Federation and Ireland (or any other jurisdiction in which the Lender may be resident for tax purposes) for the avoidance of double taxation.

"Trust Deed" means the Principal Trust Deed as supplemented by the Supplemental Trust Deed which together constitute the Notes for the equal and rateable benefit of the Noteholders between the Lender (in its capacity as Issuer) and the Trustee, as amended, varied or supplemented from time to time.

"Trustee" means Citibank, N.A., London Branch, as trustee under the Trust Deed and any successor thereto as provided thereunder.

"Write Down" has the meaning given to it in Clause 8.1.

"Write Down Amount" means all or such part of the Outstanding Principal Amount of the Loan determined by the Borrower as necessary to be written down (in conjunction with any Interest Cancellation Amount as the case may be) in order to remedy immediately the Write Down Event.

"Write Down Event" means either of the following: (a) the Common Equity Tier 1 Capital Ratio of the Borrower is less than 2 per cent. (the **"Capital Trigger"**), or (b) the Agency for Deposit Insurance of the Russian Federation implements bankruptcy prevention measures in relation to the Borrower in accordance with Federal Law No. 175-FZ "On the additional measures on strengthening the stability of the banking system in the period until 31 December 2014" dated 27 October 2008 (as amended or supplemented) (the **"Agency Trigger"**).

"Write Down Event Date" means, in relation to the Capital Trigger, the CBR Reporting Date as of which the Capital Trigger occurs, and, in relation to the Agency Trigger, the first day on which the Agency Trigger occurs.

"Write Down Event Notice" means a notice in writing which shall be given by the Borrower to the Lender and the Trustee and which shall (i) state that the Write Down Event has occurred; and (ii) specify the event(s) constituting the Write Down Event (including the relevant Common Equity Tier 1 Capital Ratio as of the relevant CBR Reporting Date and/or the nature of the bankruptcy prevention measures the Agency for Deposit Insurance of the Russian Federation has committed to as applicable and the grounds for application of such bankruptcy prevention measures in relation to the Borrower) being substantially in the form set out in Schedule 2 hereto.

"Write Down Measure Effective Date" means the date as of which the Write Down Measures become effective, which is specified in the Write Down Event Notice and which shall occur on the 30th Business Day in Moscow after the Write Down Event Date.

"Write Down Measure Notice" means a notice which shall be given by the Borrower to the Lender and the Trustee and which shall specify (i) the Write Down Measure Effective Date; and (ii) the Write Down Measures being implemented including any Interest Cancellation Amount and any Write Down Amount and the basis of their calculation being substantially in the form set out in Schedule 3 hereto.

"Write Down Measures" means an Interest Cancellation Measure and/or a Principal Write Down Measure;

"U.S. Dollars" and **"U.S.\$"** mean the lawful currency of the United States of America.

1.2 Interpretation

Unless the context or the express provisions of this Agreement otherwise require, the following shall govern the interpretation of this Agreement:

1.2.1 All references to **"Clause"** or **"Sub-Clause"** are references to a Clause or a Sub-Clause of this Agreement.

1.2.2 The terms **"hereof"**, **"herein"** and **"hereunder"** and other words of similar import shall mean this Agreement as a whole and not any particular part hereof.

- 1.2.3** Words importing the singular number include the plural and vice versa.
- 1.2.4** The table of contents and the headings are for convenience only and shall not affect the construction hereof.
- 1.2.5** All references to "**taxes**" include all present or future taxes, levies, imposts and duties of any nature and the terms "**tax**" and "**taxation**" shall be construed accordingly.
- 1.2.6** All references to "**laws**" and "**regulations**" include such laws and regulations as amended from time to time.

2. LOAN

2.1 Loan

On the terms and subject to the conditions set forth herein, the Lender hereby agrees to make available to the Borrower, and the Borrower hereby agrees to borrow from the Lender, the loan in the total aggregate amount of U.S.\$100,000,000.

2.2 Purpose

The proceeds of the Loan will be used for general banking purposes, but the Lender shall not be concerned with the application thereof.

3. DRAWDOWN

3.1 Drawdown

On the terms and subject to the conditions set forth herein, on the Closing Date the Lender shall make the Loan to the Borrower and the Borrower shall make a single drawing in the full amount of the Loan.

3.2 Loan Arrangement Fee

In consideration of the Lender's undertaking to make a Loan available to the Borrower, the Borrower hereby agrees that it shall, one Business Day before the Closing Date, pay to the Lender, in Same-Day Funds an arrangement fee in connection with the financing of the Loan (an "**Arrangement Fee**") as separately set out in paragraph 1.1 of the Upfront Fee Side Letter between the Lender, the Borrower, the Trustee, the Principal Paying Agent and the other parties mentioned therein, dated 20 November 2013.

3.3 Disbursement

Subject to the conditions set forth herein, on the Closing Date the Lender shall transfer the full amount of the Loan to the Borrower's Account in Same-Day Funds.

3.4 Ongoing Fees and Costs

In consideration of the Lender agreeing to make the Loan to the Borrower, the Borrower shall pay on demand to the Lender, as and when such payments are due, ongoing fees and costs equal to an amount or amounts of ongoing commissions and costs for its documented expenses relating to the Lender's management and operation (including, without limitation, any taxes, audit fees, stock exchange fees, corporate service provider fees or any anticipated costs to be incurred in connection with the orderly winding-up of the Lender) in servicing the Loan as set forth to the Borrower in an invoice from the Lender. Before such payment is made by the Borrower, the Lender shall submit an invoice providing, in reasonable detail, the nature and calculation of the relevant payment or cost.

3.5 **Acts of Acceptance**

In connection with all payments to be made under Clauses 3.2, 3.4 and 14, if so requested by the Borrower, the Borrower and the Lender shall, within 60 days of such payment becoming due or such indemnity claim being made, enter into and sign a delivery and acceptance act, prepared by the Borrower, with respect to the amounts to be paid by the Borrower. Such delivery and acceptance act shall specify (i) the amount due, (ii) any applicable Russian income tax withholding, (iii) any applicable Russian VAT, and (iv) the resulting total tax-inclusive amount to be paid by the Borrower.

4. **SUBORDINATION OF THE LOAN**

4.1 **Subordination**

The claims of the Lender against the Borrower under this Agreement in respect of the principal of, and interest on, the Loan will be subordinated, on a Bankruptcy Event, to the claims of Senior Creditors in accordance with the Federal Law "On Insolvency (Bankruptcy) of Credit Organisations" No. 40-FZ dated 25 February 1999 (as amended, replaced or superseded from time to time) (the "**Insolvency Law**"), and will rank at least *pari passu* with the claims of other subordinated creditors of the Borrower (whether actual or contingent) having a fixed maturity from time to time outstanding and will be senior to the claims of holders of the Borrower's Capital Stock in their capacity as participants.

4.2 **Report**

A report in writing as to the solvency of the Borrower by the liquidator or administrator of the Borrower shall, unless the contrary is proved, be treated and accepted by the Borrower and the Lender as correct and sufficient evidence thereof.

4.3 **Set-Off**

No early termination of obligations under this Agreement (by way of set-off or otherwise) shall be permitted without the prior written consent of the CBR. Subject to applicable law, the Lender shall not exercise or claim any right of set-off in respect of any amount owed to it arising under or in connection with this Agreement by the Borrower, and the Lender shall, by virtue of its execution of this Agreement, be deemed to have waived all such rights of set-off.

4.4 **Reclassification**

If the CBR fails to issue the Final Conclusion to the Borrower by the Approval Date, the claims of the Lender against the Borrower in respect of principal of and interest on the Loan will, in the event of a Bankruptcy Event, rank at least *pari passu* with the claims of Senior Creditors and the Loan shall be treated as senior in priority to any subordinated debt or Capital Stock of the Borrower and Clauses 4.1, 6.1.4, 8 and requirement to obtain prior consent of the CBR under Clauses 6.1.2, 6.1.3, 6.2, 6.4, 6.5, 15.13(b), 15.13(c) and 15.19 shall no longer apply.

5. **INTEREST**

5.1 **Interest Rate**

The Borrower will (unless the Loan has been prepaid in accordance with Clause 6) pay interest in U.S. Dollars to the Lender on the outstanding principal amount of the Loan from (but excluding) the Closing Date and thereafter from (but excluding) each Interest Payment Date, in each case to (and including) the next Interest Payment Date at the Interest Rate.

5.2 **Rounding**

For the purposes of any calculations required in respect of this Agreement (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all

currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

5.3 **Payment**

Interest shall accrue from day to day at the Interest Rate, starting from (but excluding) the Closing Date to (and including) the Repayment Date, and shall be paid in U.S. Dollars, semi-annually, in arrear, not later than 10 a.m. (New York City time) one Business Day prior to each Interest Payment Date in Same-Day Funds. Interest on the Loan will cease to accrue from the due date for repayment or prepayment thereof unless payment of principal is improperly withheld or refused by the Borrower, in which event interest will continue to accrue (before or after any judgment) at the Interest Rate to, but excluding, the date on which payment in full of the principal thereof is made.

The amount of interest payable in respect of the Loan for any Interest Period shall be calculated by applying the applicable Interest Rate to the amount of the Loan, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for a period of less than six months, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of actual days elapsed.

If an Interest Payment Date would otherwise fall on a day that is not a Business Day, payment of interest falling on such Interest Payment Date shall be postponed to the next day that is a Business Day.

6. **REPAYMENT AND PREPAYMENT**

6.1 **Repayment**

Except as otherwise provided herein:

- 6.1.1** the Borrower shall repay the Loan (including, for the avoidance of doubt, all sums (if any) in relation to accrued and unpaid interest calculated to the last day of the last Interest Period and any other sums due and payable by the Borrower pursuant to this Agreement to the extent unpaid (other than payments pursuant to Clause 3.4, but without prejudice to any separate rights that the Lender may have to recover pursuant to such Clause)) not later than 10 a.m. (New York City time) on the Business Day prior to the Repayment Date;
- 6.1.2** the Borrower shall not prepay all or any part of the Loan or interest on the Loan unless (i) the parties agree otherwise and (ii) only with the prior written consent of the CBR;
- 6.1.3** this Agreement may not be terminated earlier than the Repayment Date unless (i) the parties agree otherwise and (ii) only with the prior written consent of the CBR; and
- 6.1.4** the Loan may not be prepaid, in whole or in part, at the Borrower's option before the 5th anniversary of its inclusion in 215-P Tier 2 Capital and 395-P Tier 2 Capital.

6.2 **Prepayment by Reason of Amendment to CBR Regulations**

Notwithstanding the provisions of Clause 6.1, the Borrower at its option, and with the prior written consent of the CBR, may prepay the Loan, following the receipt of the Final Conclusion, at any time, if, as a result of any amendment to, clarification of or change in (including a change in interpretation or application of), Regulation No. 215-P, Regulation No. 395-P or other applicable requirements of the CBR, the Loan would cease to qualify in whole but not in part (i) prior to the 215-P Disapplication Date as 215-P Tier 2 Capital and 395-P Tier 2 Capital, and (ii) from the 215-P Disapplication Date as 395-P Tier 2 Capital. For the avoidance of doubt, the disapplication of Regulation No. 215-P on the 215-P Disapplication Date shall not by itself give grounds for prepayment under this Clause 6.2. Notice of such payment together with an Officers' Certificate confirming the existence of the relevant circumstances permitting such a prepayment

shall be given by the Borrower to the Lender and the Trustee not less than 15 nor more than 30 days prior to the date of such prepayment. Upon the delivery of such notice and, if applicable, such Officers' Certificate, the Borrower shall be required on the prepayment date to repay the Loan (in whole but not in part) at the principal amount thereof together with interest accrued to such prepayment date and all other amounts payable by the Borrower pursuant to this Agreement up to such prepayment date.

6.3 Special Prepayment if Loan is not Approved for Inclusion in 215-P Tier 2 Capital (Prior to the 215-P Disapplication Date) and 395-P Tier 2 Capital

Notwithstanding the provisions of Clause 6.1, if, by the Approval Date, the CBR has not issued the Final Conclusion to the Borrower, then the Borrower may (without penalty), upon not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) to the Lender and the Trustee prepay the Loan in whole (but not in part) at the principal amount thereof at any time.

6.4 Prepayment in the Event of Taxes

Notwithstanding the provisions of Clause 6.1, if by reason of the introduction of any change in any Russian law, regulation, regulatory requirement or directive of any Russian Agency after the date of this Agreement, the Borrower would thereby be required to make or increase any payment due pursuant to this Agreement as provided in Clauses 7.2 or 7.3 (other than, in each case, where the increase in payment is in respect of any amounts due or paid pursuant to Clauses 3 and 14), or if (for whatever reason) the Borrower would have to or has been required to pay additional amounts pursuant to Clause 10, and in any such case such obligation cannot be avoided by the Borrower taking reasonable measures available to it, then the Borrower may (without premium or penalty) if it obtains the prior consent of the CBR, upon not less than 15 nor more than 30 days' prior notice to the Lender and the Trustee (which notice shall be irrevocable), prepay the Loan relating to this Agreement in whole (but not in part) at any time. For the avoidance of doubt, the parties agree that the Borrower shall not be permitted to prepay the Loan pursuant to this Clause 6.4 if the Borrower is required to increase any payment due pursuant to Clause 7.3 of this Agreement by reason of a failure to obtain and thereafter to maintain a listing or quotation for the Notes on the Stock Exchange, or otherwise on an internationally recognised stock exchange, which is both a Regulated Market and a "recognised" stock exchange for the purposes of Section 64 of the Irish Taxes Consolidation Act 1997..

Prior to giving any such notice in the event of an increase in payment pursuant to Clause 7.2, the Borrower shall deliver to the Lender, with a copy to the Trustee, an Officers' Certificate confirming that it would be required to increase the amount payable, supported by an opinion of an independent tax adviser addressed to the Lender.

6.5 Reduction of Loan Upon Redemption and Cancellation of Notes

The Borrower, or any Subsidiary of the Borrower, may from time to time, in accordance with the Conditions, purchase Notes in the open market or by tender or by a private agreement at any price and (following prior written consent by the CBR in respect of the corresponding reduction in the Loan) deliver to the Lender Notes, having an aggregate principal value of at least U.S.\$1,000,000, together with a request for the Lender to present such Notes to the relevant Registrar (as defined in the Conditions) for cancellation, and may also from time to time procure the delivery to the relevant Registrar of the Global Note (as defined in the Conditions) with instructions to cancel a specified aggregate principal amount of Notes (being at least U.S.\$1,000,000) represented thereby (which instructions shall be accompanied by evidence satisfactory to the relevant Registrar that the Borrower is entitled to give such instructions), whereupon the Lender shall, pursuant to Clause 8.1 of the Agency Agreement, request the relevant Registrar to cancel such Notes (or specified aggregate principal amount of Notes represented by the Global Note). Upon any such cancellation by or on behalf of the relevant Registrar, the principal amount of the Loan corresponding to the principal amount of such Notes together with accrued interest and other amounts (if any) thereon shall be extinguished for all purposes as of the date of such cancellation.

6.6 Payment of Other Amounts

If the Loan is to be prepaid by the Borrower pursuant to any of the provisions of Clauses 6.2, 6.3 or 6.4 the Borrower shall, simultaneously with such prepayment, pay to the Lender accrued interest thereon to the date of actual payment and all other sums payable by the Borrower pursuant to this Agreement. For the avoidance of doubt, if the principal amount of the Loan is reduced pursuant to the provisions of Clause 6.5, then no interest shall accrue or be payable during the Interest Period in which such reduction takes place in respect of the amount by which the Loan is so reduced and the Borrower, or the relevant Subsidiary of the Borrower, as the case may be, shall not be entitled to any interest in respect of the cancelled Notes.

7. PAYMENTS

7.1 Making of Payments

All payments of principal, interest and additional amounts (other than those in respect of Reserved Rights, as defined in the Principal Trust Deed) to be made by the Borrower under this Agreement shall be made unconditionally by credit transfer to the Lender not later than 10.00 a.m. (New York City time) one Business Day prior to each Interest Payment Date or the Repayment Date (as the case may be) in Same-Day Funds to the Account or as the Trustee may otherwise direct following the occurrence of a Potential Acceleration Event, an Acceleration Event or a Relevant Event (as defined in the Principal Trust Deed). The Borrower shall, before 10.00 a.m. (New York City time) on the second Business Day prior to each Interest Payment Date or the Repayment Date or such other date (as the case may be) procure that the bank effecting such payments on its behalf confirms to the Principal Paying Agent by tested telex or authenticated SWIFT message the payment instructions relating to such payment. The Lender agrees with the Borrower that it will not deposit any other monies into the Account and that no withdrawals shall be made from the Account other than as provided for and in accordance with the Trust Deed and the Agency Agreement.

The parties to the Trust Deed and the Agency Agreement are intended by the parties to this Agreement to have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce the terms of this Clause 7.1.

7.2 No Set-Off, Counterclaim or Withholding; Gross-Up

All payments to be made by the Borrower under this Agreement shall be made in full without set-off or counterclaim and (except to the extent required by law) free and clear of and without deduction for or on account of any Taxes. If the Borrower shall be required by applicable law to make any deduction or withholding from any payment under this Agreement for or on the account of such Taxes, it shall, on the due date for such payment, increase any payment of principal, interest or any other payment due under this Agreement to such amount as may be necessary to ensure that the Lender receives a net amount in U.S. Dollars equal to the full amount which it would have received had payment not been made subject to such Taxes, shall promptly account to the relevant authorities for the relevant amount of such Taxes so withheld or deducted within the time allowed for such payment under the applicable law and shall deliver to the Lender without undue delay evidence of such deduction or withholding and evidence of the accounting therefor to the relevant taxing authority. If the Lender pays any amount in respect of such Taxes, the Borrower shall pay on the demand of the Lender an amount in U.S. Dollars equal to such documented payment by the Lender in respect of such Taxes.

7.3 Withholding on Notes

Without prejudice to the provisions of Clause 7.2, if the Lender notifies the Borrower (setting out in reasonable detail the nature and extent of the obligation) that it has become obliged to make any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Ireland or any political subdivision or any authority thereof or therein having the power to tax from any payment which it is obliged to make, or would be obliged to make but for the imposition of any such withholding or deduction for or on account of any such taxes, under or

in respect of the Notes, the Borrower agrees to pay to the Lender, not later than 10:00a.m. (New York City time) one Business Day prior to the date on which payment is due to the Noteholders in Same-Day Funds to the Account, such additional amounts as are equal to the additional amounts which the Lender would be required to pay in order that the net amounts received by the Noteholders, after such withholding or deduction, will equal the respective amounts which would have been received by the Noteholders in the absence of such withholding or deduction; provided, however, that the Lender shall procure that immediately upon receipt from any Paying Agent of any sums paid pursuant to this provision, to the extent that the Noteholders are not entitled to such additional amounts pursuant to the Conditions, the Lender shall repay such additional amounts to the Borrower (it being understood that neither the Lender, nor the Trustee, nor the Principal Paying Agent nor any Paying Agent shall have any obligation to determine whether any Noteholder is entitled to such additional amount).

Any notification by the Lender to the Borrower in connection with this Clause 7.3 shall be given as soon as reasonably practicable after the Lender becomes aware of any obligation on it to make any such withholding or deduction.

7.4 Reimbursement

7.4.1 To the extent that the Lender subsequently obtains or uses any tax credit or allowance or other reimbursements relating to a deduction or withholding with respect to which the Borrower has made a payment pursuant to this Clause 7, it shall pay to the Borrower so much of the benefit it received as will leave the Lender in substantially the same position as it would have been had no additional amount been required to be paid by the Borrower pursuant to this Clause 7; provided, however, that the question of whether any such benefit has been received, and accordingly, whether any payment should be made to the Borrower, the amount of any such payment and the timing of any such payment, shall be determined solely by the Lender (acting reasonably), provided that the Lender shall notify the Borrower promptly upon determination that it has received any such benefit. The Lender shall have the absolute discretion whether, and in what order and manner, it claims any credit or refunds available to it, and the Lender shall in no circumstances be obliged to disclose to the Borrower any information regarding its tax affairs or computations.

7.4.2 If as a result of a failure to obtain relief from deduction or withholding of any Taxes referred to in Clause 7.2 (i) such Taxes are deducted or withheld by the Borrower and pursuant to this Clause 7.4.2 an increased amount is paid by the Borrower to the Lender in respect of such deduction or withholding, and (ii) following the deduction or withholding of Taxes as referred to above the Lender (upon instructions by the Borrower) applies to the competent taxing authority for a withholding tax refund and such withholding tax is refunded or repaid by the relevant taxing authority, the Lender shall as soon as reasonably practicable notify the Borrower of the receipt of such withholding tax refund and promptly transfer the actually received amount of the withholding tax refund in the currency actually received and less any applicable costs to a bank account of the Borrower specified for that purpose by the Borrower.

7.5 Notification and Substitution

7.5.1 The Lender agrees upon becoming aware of such, promptly to notify the Borrower and the Trustee if it ceases to be tax resident in Ireland or opens a permanent establishment in Russia or any other jurisdiction or if any of the representations set forth in Clause 11.2 are no longer true and correct.

7.5.2 If the Lender ceases, as a result of the Lender's actions, to be tax resident in a jurisdiction for the purposes of a double taxation treaty between the Russian Federation and such jurisdiction, and such cessation results in the Borrower being required to make payments pursuant to Clause 7.2, then, except in circumstances where the Lender has ceased to be tax resident in such jurisdiction by reason of any change of law (as described by Clause 10) (including, without limitation, a change in a double taxation treaty or in such law or treaty's application or interpretation), the Borrower may require the Lender to seek the substitution of the Lender as Issuer of the Notes and as lender

under this Agreement pursuant to and in accordance with the provisions of Clause 17 of the Principal Trust Deed. Costs and expenses relating to or arising out of such substitution, shall be treated as a cost payable pursuant to Clause 3.4, without any further demand or formalities required thereunder.

- 7.5.3** The Borrower agrees to promptly notify the Lender and the Trustee upon becoming aware that the representations in Clause 11.1 are no longer true and correct.

7.6 Mitigation

If at any time either party hereto becomes aware of circumstances which would or might, then or thereafter, give rise to an obligation on the part of the Borrower to make any deduction, withholding or payment as described in Clauses 6.4, 7.2 or 7.3, then, without in any way limiting, reducing or otherwise qualifying the Lender's rights, or the Borrower's obligations, under such Clauses, such party shall promptly upon becoming aware of such circumstances notify the other party, and, thereupon the parties shall consider and consult with each other in good faith with a view to finding, agreeing upon and implementing a method or methods by which any such obligation may be avoided or mitigated and, to the extent that both parties can do so without taking any action which in the reasonable opinion of such party is prejudicial to its own position, take such reasonable steps as may be reasonably available to it to avoid such obligation or mitigate the effect of such circumstances. All properly incurred and documented costs and expenses (including but not limited to legal fees) incurred by the Lender in connection with this Clause shall be treated as a cost payable pursuant to Clause 3.4, without any further demand or formalities required thereunder.

7.7 Withholding Tax Exemption

- 7.7.1** The Lender shall, at the request and cost of the Borrower, use its best endeavours to provide the Borrower no later than 10 Business Days before the first Interest Payment Date with respect to the Loan made pursuant to this Agreement (and thereafter as soon as possible at the beginning of each calendar year but not later than 10 Business Days prior to the first Interest Payment Date with respect to the Loan in that year) with a certificate, issued by the competent Irish authorities, confirming that the Lender is tax resident in Ireland, provided that the Lender shall not be liable for any failure to provide, or any delays in providing, such residency certificate as a result of any action or inaction of the competent Irish authorities, but shall notify the Borrower without delay about any such failure or delay with a written description of the actions taken by the Lender to obtain such residency certificate. Such certificate shall be appropriately apostilled and a certified translation supplied.
- 7.7.2** The Borrower and the Lender (using its best endeavours and in accordance with law) agree that, should the Russian legislation regulating the procedure for obtaining an exemption from Russian income tax withholding or the interpretation thereof by the relevant competent authority change then the procedure referred to in sub-Clause 7.7.1 will be deemed changed accordingly.
- 7.7.3** The Lender shall within 30 days of the request of the Borrower (to the extent it is able to do so under applicable law including Russian laws) deliver to the Borrower such other information or forms to be duly completed and delivered as may be needed to obtain a tax refund if a relief from deduction or withholding of Russian taxes has not been obtained. If required, the other forms referred to in this sub-Clause 7.7.3 shall be duly signed by the Lender and stamped or otherwise approved by the competent tax authority in Ireland and any requisite power of attorney issued by the Lender to the Borrower shall be duly signed and apostilled or otherwise legalised. The Lender shall provide the Borrower with all assistance it may reasonably require to ensure that the Borrower, on behalf of the Lender, can deliver to the tax authorities the information or forms specified in this sub-Clause 7.7.3. If, further to an application of the Borrower, on behalf of the Lender, to the relevant Russian taxing authority to obtain a tax refund the latter requests the Lender's Rouble bank account details, the Lender shall at the request of the Borrower (a) use its commercially reasonable efforts to procure that such Rouble bank account of the Lender is duly opened and maintained, and (b) thereafter furnish

the Borrower with the details of such Rouble bank account. The Borrower shall indemnify the Lender for all out-of-pocket costs and expenses incurred by the Lender as a result of steps undertaken pursuant to this sub-Clause 7.7.3.

8. **WRITE DOWN**

8.1 If a Write Down Event has occurred and is continuing on the Write Down Measure Effective Date:

8.1.1

- (i) any accrued and unpaid interest payable in respect of the Loan shall not be paid and shall not accumulate by way of the full or partial termination of the Borrower's obligations hereunder to pay the amounts of accrued and unpaid interest under the Loan (such measure being an "**Interest Cancellation Measure**" and "**Interest Cancellation**", "**Cancel**" and "**Cancelled**" being construed accordingly); and/or
- (ii) the Borrower's losses shall be absorbed by way of full or partial termination of the Borrower's obligations hereunder to repay the principal amount of the Loan (such measure being a "**Principal Write Down Measure**" or, a "**Write Down**" and "**Written Down**" being construed accordingly).

8.1.2 In order to comply with Clause 8.1.1, if a Write Down Event is continuing on the Write Down Measure Effective Date, the Borrower shall on the Write Down Measure Effective Date:

- (i) firstly, Cancel the Interest Cancellation Amount for the purposes of the Interest Cancellation Measure;
- (ii) secondly, Write Down the Write Down Amount for the purposes of the Principal Write Down Measure (if applicable).

Subject to this Clause 8, the Borrower shall determine the Interest Cancellation Amount and the Write Down Amount in its sole discretion and shall set out its determination thereof in the Write Down Measure Notice together with the then remaining outstanding principal amount of the Loan (if any) and the then remaining accrued but unpaid interest (if any) following the relevant Cancellation and/or Write Down in accordance with this Clause 8. The Borrower's determination of the Interest Cancellation Amount and the Write Down Amount shall in the absence of fraud or manifest error be binding on all parties.

8.2 **Borrower's Obligation to Provide Notices**

The Borrower shall provide to the Lender and the Trustee no later than:

- (i) 2 Business Days after the Write Down Event Date, the Write Down Event Notice; and
- (ii) 5 Business Days prior to the relevant Write Down Measure Effective Date, the Write Down Measure Notice.

8.3 **Consequences of a Write Down Measure**

A Write Down Event may occur on more than one occasion and the interest on the Loan may be Cancelled and the principal amount of the Loan may be Written Down on more than one occasion.

The principal amount of the Loan may only be Written Down by the Borrower pro rata with other Parity Write Down Instruments. The accrued interest may only be Cancelled by the Borrower pro rata with interest on other Parity Write Down Instruments. If, in connection with any Interest Cancellation and Write Down (if any) of the Loan, any relevant proportion must be determined

for pro-rating such Cancellation and Write Down (if any) amongst the Loan and any Parity Write Down Instruments, the accrued interest and principal amount of any obligation (including the Loan and any Parity Write Down Instruments) which is not denominated in Russian roubles will (for the purposes of such determination only) be deemed to be converted into Russian roubles at then prevailing foreign exchange rates determined in the sole discretion of the Borrower in accordance with its accounting policies established under such accounting standards.

Following any Write Down in accordance with this Clause 8, references herein to "outstanding principal amount" of the Loan shall be construed as references to the Outstanding Principal Amount. If the principal amount of the Loan is written down to zero, this Agreement shall cease to have effect.

Once the principal amount of the Loan has been Written Down in accordance with this Clause 8, the principal amount so Written Down may not be restored under any circumstances, including where the relevant Write Down Event(s) is(are) no longer continuing.

Any interest payment that has been Cancelled in accordance with this Clause 8, shall not accumulate or be payable at any time thereafter, including where the relevant Write Down Event(s) is(are) no longer continuing. No interest shall accrue from the Write Down Measure Effective Date and as long as a Write Down Event(s) is(are) continuing.

Notwithstanding any other provision of this Agreement, an Interest Cancellation or a Write Down under this Clause 8 shall not constitute an Acceleration Event (or a Potential Acceleration Event) or a default by the Borrower under this Agreement and shall not oblige the Borrower to indemnify the Lender in accordance with Clause 14.

8.4 No Payments Upon Occurrence of a Write Down Event

From the Write Down Event Date and until the Write Down Event ceases to continue, the Borrower shall not make any payments of interest or Outstanding Principal Amount of the Loan, and no interest shall accrue on such unpaid amounts. The Borrower shall immediately notify the Lender and the Trustee in writing on the cessation of any Write Down Event.

8.5 Action by Shareholder

If Write Down Measures are not sufficient for a Write Down Event to cease to continue, the shareholder of the Borrower has agreed pursuant to a letter delivered to the Borrower to implement further actions which are necessary to remedy the Write Down Event.

9. CONDITIONS PRECEDENT

The obligation of the Lender to make the Loan shall be subject to the further conditions precedent that as of the Closing Date (a) the representations and warranties made and given by the Borrower in Clause 11.1 shall be true and accurate as if made and given on the Closing Date with respect to the facts and circumstances then existing, (b) no Acceleration Event or Potential Acceleration Event shall have occurred and be continuing, (c) the Borrower shall not be in breach of any of the terms, conditions and provisions of the this Agreement, (d) the Supplemental Trust Deed shall have been executed and delivered, and the Lender shall have received the full amount of the proceeds of the issue of the Notes pursuant to the Subscription Agreement and this amount is available to the Lender for distribution and (e) the Lender shall have received in full the amount referred to in Clause 3.2.

10. CHANGE IN LAW; INCREASE IN COST

10.1 Compensation

In the event that after the date of this Agreement there is any change in or introduction of any Tax, law, regulation, regulatory requirement or official directive (whether or not having the force of law but, if not having the force of law, the observance of which is in accordance with the generally accepted financial practice of financial institutions in the country concerned) or in the interpretation or application thereof by any person charged with the administration thereof and/or any compliance by the Lender in respect of the Loan with any request, policy or guideline

(whether or not having the force of law but, if not having the force of law, the observance of which is in accordance with the generally accepted financial practice of financial institutions in the country concerned) from or of any central bank or other fiscal, monetary or other authority, agency or any official of any such authority, which:

10.1.1 subjects or will subject the Lender to any Taxes with respect to payments of principal of or interest on the Loan or any other amount payable under this Agreement; or

10.1.2 increases or will increase the Taxation of or changes or will change the basis of Taxation of payments to the Lender of principal of or interest on the Loan or any other amount payable under this Agreement; or

10.1.3 imposes or will impose on the Lender any other condition affecting this Agreement or the Loan,

and if as a result of any of the foregoing:

(i) the cost to the Lender of making, funding or maintaining the Loan is increased; or

(ii) the amount of principal, interest or additional amounts payable to or received by the Lender under this Agreement is reduced; or

(iii) the Lender makes any payment or foregoes any interest or other return on or calculated by reference to the gross amount of any sum receivable by it from the Borrower hereunder or makes any payment or foregoes any interest or other return on or calculated by reference to the gross amount of the Loan, then subject to the following, and in each such case:

(a) the Lender shall, as soon as practicable after becoming aware of such increased cost, reduced amount or payment made or foregone, give written notice to the Borrower, together with a certificate describing in reasonable detail the introduction or change or request which has occurred and the country or jurisdiction concerned and the nature and date thereof and demonstrating the connection between such introduction, change or request and such increased cost, reduced amount or payment made or foregone, and setting out in reasonable detail the basis on which such amount has been calculated and all relevant supporting documents evidencing the matters set out in such certificate; and

(b) in the case of Clauses (i) and (iii) above, payments made by the Borrower under Clause 3.4 of this Agreement shall be increased by the amount equal to such increased cost, and, in the case of Clause (ii) above, at the time the amount so reduced would otherwise have been payable, pay to the Lender such additional amount equal to such reduction, payment or foregone interest or other return; provided however, that the amount of such increased cost, reduced amount or payment made or foregone shall be deemed not to exceed an amount equal to the proportion which is directly attributable to this Agreement, and provided, further, that the Lender will not be entitled to such additional amount where such reduction, payment or foregone interest or other return arises as a result of the negligence or wilful default of the Lender,

provided that this Clause 10.1 will not apply to or in respect of any matter for which the Lender has already been compensated under Clauses 7.2 or 7.3.

10.2 Mitigation

In the event that the Lender becomes entitled to make a claim pursuant to Clause 10.1 the Lender shall consult in good faith with the Borrower and shall use reasonable efforts (based on the

Lender's reasonable interpretation of any relevant Tax, law, regulation, requirement, official directive, request, policy or guideline) to reduce, in whole or in part, the Borrower's obligations to pay any additional amount pursuant to such Clause.

11. REPRESENTATIONS AND WARRANTIES

11.1 The Borrower's Representations and Warranties

The Borrower represents and warrants to the Lender as follows, with the intent that such shall form the basis of this Agreement and shall remain in full force and effect at the date hereof and shall be deemed to be repeated by the Borrower on the Closing Date:

- 11.1.1** the Borrower and each of its Material Subsidiaries is duly organised and incorporated and validly existing under the laws of its respective jurisdiction of incorporation and has the power and legal right to own its property, to conduct its business as currently conducted and, in the case of the Borrower only, to enter into and to perform its obligations under this Agreement and to borrow the Loan; the Borrower has taken all necessary corporate, legal and other action required to authorise the borrowing of the Loan on the terms and subject to the conditions of this Agreement and to authorise the execution and delivery of this Agreement and all other documents to be executed and/or delivered by it in connection with this Agreement, and the performance of this Agreement in accordance with its respective terms;
- 11.1.2** this Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, (i) to general principles of equity, (ii) to the fact that the gross-up provisions contained in Clause 7.2 or 7.3 may not be enforceable under Russian law and (iii) with respect to the enforceability of a judgment, to the laws of the relevant jurisdiction where such judgment must be enforced and whether there is a treaty in force relating to the mutual recognition of foreign judgments;
- 11.1.3** the execution, delivery and performance of this Agreement by the Borrower will not conflict with or result in any breach or violation of (i) any applicable law or regulation or any order of any governmental, judicial, arbitral or public body or authority in the Russian Federation, (ii) the constitutive documents, rules and regulations of the Borrower or any of its Material Subsidiaries or the terms of the banking licence granted to the Borrower by the Central Bank or (iii) any agreement or other undertaking or instrument to which the Borrower or any of its Material Subsidiaries is a party or which is binding upon the Borrower or any of its Material Subsidiaries or any of their respective assets, nor result in the creation or imposition of any Liens on any of their respective assets pursuant to the provisions of any such agreement or other undertaking or instrument save where, in respect of (iii) above, such breach or violation or Liens would not have a Material Adverse Effect;
- 11.1.4** all consents, licences, notifications, authorisations or approvals of, or filings with, any governmental, judicial or public bodies or authorities of the Russian Federation (including, without limitation, the Central Bank) (other than any Russian law requirements to provide a Russian court with a duly notarised Russian translation of this Agreement in connection with any proceedings in respect thereof) required by the Borrower in connection with the execution, delivery, performance, legality, validity, enforceability, and admissibility in evidence of this Agreement have been obtained or effected and are and shall remain in full force and effect (excluding for the avoidance of doubt the Final Conclusion and any subsequent filings and/or submissions to be made by the Borrower with the Central Bank in connection therewith);
- 11.1.5** no event has occurred that constitutes, or that, with the giving of notice or the lapse of time, or both, would constitute, an Acceleration Event or a default under any agreement or instrument evidencing any Indebtedness of the Borrower or any Material Subsidiary, and no such event will occur upon the making of the Loan;

- 11.1.6** there are no judicial, arbitral or administrative actions, proceedings or claims (including, but without limitation to, with respect to Taxes) which have been commenced or are pending or, to the knowledge of the Borrower, threatened, against the Borrower or any of its Material Subsidiaries, the adverse determination of which could reasonably be expected to have a Material Adverse Effect;
- 11.1.7** except for Liens of the types referred to in the definition of Permitted Liens in Clause 1.1, the Borrower and each of its Material Subsidiaries has good title to its property free and clear of all Liens and the Borrower's obligations under this Agreement constitute direct, unconditional, unsecured and subordinated obligations of the Borrower;
- 11.1.8** the latest audited IFRS consolidated financial statements of the Group:
- (i) were prepared in accordance with IFRS, as consistently applied;
 - (ii) unless not required by IFRS, as consistently applied, disclose all liabilities (contingent or otherwise) and all unrealised or anticipated losses of the Group; and
 - (iii) save as disclosed therein, present fairly in all material respects the assets and liabilities of the Group as at that date and the results of operations of the Group during the relevant financial year;
- 11.1.9** there has been no material adverse change since the date of the latest audited IFRS consolidated financial statements of the Group in the condition (financial or otherwise), results of business, operations or immediate prospects of the Borrower or any of its Material Subsidiaries or on the Borrower's ability to perform its obligations under this Agreement;
- 11.1.10** the execution, delivery and enforceability of this Agreement is not subject to any tax, duty, fee or other charge, including, but without limitation to, any registration or transfer tax, stamp duty or similar levy, imposed by or within the Russian Federation or any political subdivision or taxing authority thereof or therein (other than state duty paid on any claim, petition or other application filed with a Russian court);
- 11.1.11** neither the Borrower nor any Material Subsidiary nor their respective property has any right of immunity from suit, execution, attachment or other legal process on the grounds of sovereignty or otherwise in respect of any action or proceeding relating in any way to this Agreement;
- 11.1.12** the Borrower and each Material Subsidiary is in compliance in all material respects with all applicable provisions of law;
- 11.1.13** there are no material strikes or other employment disputes against the Borrower or any Material Subsidiary which have been started or are pending or, to its knowledge, threatened;
- 11.1.14** in any proceedings taken in the Russian Federation in relation to this Agreement, the choice of English law as the governing law of this Agreement and any arbitration award obtained in England in relation to this Agreement will be recognised and enforced in the Russian Federation after compliance with the applicable procedures and rules and all other legal requirements in Russia;
- 11.1.15** subject to the performance by the relevant parties of the relevant established procedures in connection with the obtaining of an applicable withholding tax exemption for payments hereunder, no withholding in respect of any Taxes is required to be made from any payment by the Borrower under this Agreement;
- 11.1.16** all material licences, consents, examinations, clearances, filings, registrations and authorisations which are or may be necessary to enable the Borrower or any of its Material Subsidiaries to own its assets and carry on its business are in full force and effect and the Borrower and its Material Subsidiaries are conducting such business in

accordance with such licences, consents, examinations, clearances, filings registrations and authorisations;

11.1.17 the Borrower is subject, without reservation, to civil and commercial law with respect to its obligations under this Agreement, and its execution of this Agreement constitutes, and its exercise of its rights and performance of its obligations thereunder will constitute, private and commercial acts done and performed for private and commercial purposes; and

11.1.18 the Borrower and each Material Subsidiary has no material overdue tax liabilities.

11.2 Lender's Representations and Warranties

The Lender represents and warrants to the Borrower as follows:

11.2.1 the Lender is duly incorporated under the laws of Ireland and has full power and capacity to execute this Agreement and to undertake and perform the obligations expressed to be assumed by it herein and therein and the Lender has taken all necessary action to approve and authorise the same;

11.2.2 the execution of this Agreement and the undertaking and performance by the Lender of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of or default under, the laws of Ireland or the constitutive documents, rules and regulations of the Lender or any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety;

11.2.3 the Lender (i) is a company which at the date hereof is a resident of Ireland in the sense of the double taxation treaty between Russia and Ireland; it, in particular, is subject to taxation in Ireland by reason of its domicile, residence, place of registration as a legal entity, place of effective management or any other criterion of a similar nature and it is not subject to taxation in Ireland merely on income from sources in Ireland, (ii) does not have any current intentions to effect, during the term of the Loan, any corporate action or reorganisation or change of taxing jurisdiction that would result in the Lender ceasing to be a tax resident of Ireland in the sense of the double taxation treaty between Russia and Ireland and subject to taxation in Ireland and (iii) will be able to obtain a certificate confirming its tax residence in Ireland from the Irish tax authorities for the purposes of the double taxation treaty between Russia and Ireland;

11.2.4

- (i) the Lender does not have a branch, representation, division, bureau, office, Agency or any other economically autonomous subdivision or other place of business in any country other than Ireland through which the business of the Lender is wholly or partially carried out;
- (ii) the Lender did not explicitly grant authority to and is not aware of an implied authority for the Borrower or any other person located outside Ireland to negotiate key parameters of any contracts or sign any contracts on behalf of the Lender, bind the Lender in any contracts by other means or otherwise represent the Lender in dealings with third parties;
- (iii) the Lender has its central management and control in Ireland. The Lender's place of effective management is only in Ireland; and
- (iv) the directors of the Lender are Irish nationals and reside professionally in Ireland and shall at all times act independently and exercise their authority from and within Ireland by taking all key decisions relating to the Lender in Ireland;

11.2.5 this Agreement constitutes a legal, valid and binding obligation of the Lender;

- 11.2.6** the Lender will fully account for the Notes and the Loan on its balance sheet.
- 11.2.7** the Lender has not made an election not to calculate its Irish tax liability based on accounts prepared in accordance with generally accepted accounting practice as it applied in Ireland as at 31 December 2004;
- 11.2.8** the Lender carries on the business of holding or managing qualifying assets in Ireland and does not, and has not, carried on any other activities (apart from activities ancillary to the business). In particular, the Lender has met, and continues to meet, the conditions of a "qualifying company" within the meaning of section 110 of the Taxes Consolidation Act 1997; and
- 11.2.9** all authorisations, consents and approvals required by the Lender under Irish law for or in connection with the execution of this Agreement, the performance by the Lender of the obligations expressed to be undertaken by it herein and therein have been obtained and are in full force and effect.

12. COVENANTS

The covenants in this Clause 12 remain in force from the date of this Agreement for so long as the Loan or any part of it is or may be outstanding.

12.1 Withholding Tax Exemption

- 12.1.1** The Lender shall at the cost and expense of the Borrower use all reasonable endeavours to provide the Borrower with a certificate issued by the competent taxing authorities in the Qualifying Jurisdiction confirming that the Lender is a tax resident of a Qualifying Jurisdiction for the purpose of the Treaty no later than 10 Business Days before the first Interest Payment Date (and thereafter as soon as possible at the beginning of each calendar year but not later than 10 Business Days prior to the first Interest Payment Date in that year) and such other information or forms as may be reasonably requested by the Borrower to enable it to apply to obtain relief from deduction or withholding of Russian taxes after the date of this Agreement or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian taxes has not been obtained, provided that the Lender shall not be liable for any failure to provide, or any delays in providing, such residency certificate as a result of any action or inaction of the competent tax authorities in the Qualifying Jurisdiction, but shall notify the Borrower without delay about any such failure or delay with a written description of the actions taken by the Lender to obtain such tax residency certificate. Such a certificate shall be appropriately apostilled and a certified translation shall be supplied at the expense of the Borrower.
- 12.1.2** The Borrower and the Lender acknowledge that the Russian legislation regulating the procedure for obtaining access to Treaty benefits, as well as practical approach and technical interpretations of the Russian tax authorities, may be subject to change. The Borrower and the Lender further acknowledge that any such change may result in access to Treaty benefits, and in particular to obtaining the reduced rate of withholding with respect to interest, becoming more difficult or impossible. In the event of any such change impacting adversely on the Borrower's ability to apply the reduced rate of withholding tax on interest, the Borrower and the Lender shall use their best endeavours to amend the procedure described in Clause 12.1.1 including, if required, provision regarding procurement of necessary documents and actions from other parties, in order to ensure that the rate of withholding tax on interest as provided for in the Treaty can be successfully applied.

12.2 Financial Information

- 12.2.1** the Borrower shall as soon as the same become available, but in any event within 120 days after the end of each of its financial years, deliver to the Lender and the Trustee the IFRS consolidated financial statements of the Group for such financial year, in each case audited by the Auditors.

- 12.2.2** the Borrower shall as soon as the same become available, but in any event within 90 days after the end of each half of each of its financial years, deliver to the Lender and the Trustee the IFRS consolidated financial statements of the Group for such period.
- 12.2.3** the Borrower shall, so long as any amount remains outstanding under this Agreement, deliver to the Lender and the Trustee, without undue delay, such additional information regarding the financial position or the business of the Borrower and its Subsidiaries as the Lender may reasonably request including providing certification to the Trustee pursuant to the Trust Deed and a report of the Auditors as to the definition of "Material Subsidiary".
- 12.2.4** the Borrower shall ensure that each set of IFRS consolidated financial statements of the Group delivered by it pursuant to this Clause 12.2 is:
- (i) prepared on the same basis as was used in the preparation of its Original Financial Statements and in accordance with IFRS and consistently applied (except for differences in the level of disclosure where the Auditors have performed a review pursuant to IAS rather than an audit);
 - (ii) in the case of the statements provided pursuant to Clause 12.2.1, accompanied by a report thereon of the Auditors referred to in Clause 12.2.1 (including opinions of such Auditors with accompanying notes and annexes) in each case, in a form satisfactory to the Lender and the Trustee; and
 - (iii) in the case of the statements provided pursuant to Clause 12.2.2, certified by either the principal executive officer, principal accounting officer or principal financial officer of the Borrower as giving a true and fair view of the Group's consolidated financial condition as at the end of the period to which those IFRS consolidated financial statements of the Group relate and of the results of the Group's operations during such period.
- 12.2.5** the Borrower shall from time to time, on the request of the Lender or the Trustee, furnish the Lender with such information about the business and consolidated financial condition of the Borrower or the Group as the Lender or the Trustee may reasonably require or such Officer's Certificate as either the Lender or the Trustee may request.
- 12.2.6** The Borrower shall send to the Lender and the Trustee, at the same time as the IFRS consolidated financial statements of the Group referred to in Clauses 12.2.1 and 12.2.2 become available and in any event within 14 days of any request, an Officers' Certificate that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Borrower as at the date (the "**Borrower Certification Date**") not more than five days before the date of the Officer's Certificate, no Acceleration Event or Potential Acceleration Event has occurred since the Borrower Certification Date of the last such certificate or (if none) the date of this Agreement, or if such event has occurred, giving details of it (including, but not limited to, steps (if any) being taken to cure or remedy such Acceleration Event or Potential Acceleration Event).

12.3 Capital Treatment

If the Loan is to be treated as 215-P Tier 2 Capital (prior to the 215-P Disapplication Date) and 395-P Tier 2 Capital by the Borrower, the Borrower will use its best efforts to procure that the CBR issue a Final Conclusion for such treatment, and will provide all relevant information about the Loan to the CBR as may be necessary for the issuance of such Final Conclusion.

13. ACCELERATION EVENTS

13.1 Payment Default

If the Borrower fails to pay any sum due from it hereunder at the time, in the currency and in the manner specified herein, and such failure is not remedied within five Business Days of the due date for payment, the Lender may at its discretion and without further notice, institute proceedings in a manner and to the extent contemplated by the applicable law for the insolvency (bankruptcy) of the Borrower and or to prove for its debt, and claim, in any consequent liquidation of the Borrower.

13.2 Winding-up

On the occurrence of any of the following events:

13.2.1 the commencement of any liquidation of the Borrower (*likvidatsia*, as such term is defined in the Civil Code of the Russian Federation);

13.2.2 the entering into force of the decision of a competent court of the Russian Federation on bankruptcy of the Borrower (*reshenie o priznanii dolzhnika bankrotom*, as such term is defined under the Insolvency Law);

13.2.3 any revocation of any licence for the performance of banking operations of the Borrower; or

13.2.4 any other event which, under Russian law, is analogous to the events specified in the foregoing paragraphs,

the Lender may give notice to the Borrower that under the laws of the Russian Federation the Loan is, and it shall accordingly become, due and repayable (*srok ispolneniya obyazatelstv schitaetsya nastypivshim*, as such term is used in Russian law) (subject to and in accordance with the provisions of Clause 4.1 above) at the principal amount thereof together with any interest accrued and unpaid to the date of repayment and any other sums due and payable by the Borrower pursuant to this Agreement, and the Lender may, at its discretion and without further notice, take any actions in the manner and to the extent contemplated by the applicable law of the Russian Federation to prove for its debt and/or, to the extent applicable, commence liquidation or winding up proceedings of the Borrower.

13.3 Notice of Acceleration Event

The Borrower shall deliver to the Lender and the Trustee, as soon as possible after becoming aware thereof (but in any case within 3 Business Days) written notice of any event described in Clauses 13.1 and 13.2 (each an "**Acceleration Event**"), its status and what action the Borrower is taking or proposes to take with respect thereto.

13.4 Proceedings

In addition to its rights under Clauses 13.1 and 13.2, the Lender may institute such other steps or proceedings against the Borrower as it may think fit to enforce any obligation, condition or provision binding on the Borrower under this Agreement (other than any obligation for payment of any principal or interest in respect of the Loan contemplated by Clause 13.1) provided that the Borrower shall not by virtue of any such steps, actions or proceedings be obliged to pay (i) any sum or sums representing or measured by reference to principal or interest in respect of the Loan sooner than the same would otherwise have been payable by it or (ii) any damages.

14. INDEMNITY

14.1 Indemnification

The Borrower undertakes to the Lender that if the Lender or any of its Affiliates, each director, officer, employee or agent of the Lender and each person controlling the Lender within the

meaning of the United States securities laws (each an "**indemnified party**") incurs any loss, liability, cost, claim, charge, expense (including without limitation Taxes, legal fees, costs and expenses), demand or damage (a "**Loss**") as a result of or in connection with this Agreement (or enforcement thereof), and/or the issue, constitution, sale, listing and/or enforcement of the Notes and/or the Notes corresponding to this Agreement being outstanding, the Borrower shall pay to the Lender on demand an amount equal to such documented Loss and all costs, charges and expenses which it or any indemnified party may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and expenses are incurred unless such Loss was either caused by such indemnified party's negligence or wilful misconduct or arises out of a breach of the representations and warranties of the Lender contained herein. The Lender shall not have any duty or obligation whether as fiduciary or trustee for any indemnified party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause.

14.2 **Independent Obligation**

Clause 14.1 constitutes a separate and independent obligation of the Borrower from its other obligations under or in connection with this Agreement or any other obligations of the Borrower in connection with the issue of the Notes by the Lender and shall not affect, or be construed to affect, any other provision of this Agreement or any such other obligations.

14.3 **Evidence of Loss**

A certificate of the Lender setting forth the amount of losses, expenses and liabilities described in Clause 14.1 and specifying in full detail the basis therefor shall, in the absence of manifest error, be conclusive evidence of the amount of such losses, expenses and liabilities.

14.4 **Currency Indemnity**

To the fullest extent permitted by law, the obligation of the Borrower under this Agreement in respect of any amount due in the currency (the "**first currency**") in which the same is payable shall, notwithstanding any payment in any other currency (the "**second currency**") (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the first currency that the Lender may, acting reasonably and in accordance with normal banking procedures, purchase with the sum paid in the second currency (after any premium and costs of exchange) on the Business Day immediately following the day on which the Lender receives such payment. If the amount in the first currency that may be so purchased for any reason falls short of the amount originally due (the "**Due Amount**"), the Borrower hereby agrees to indemnify and hold harmless the Lender against any deficiency in the first currency. Any obligation of the Borrower not discharged by payment in the first currency shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided in this Agreement, shall continue in full force and effect.

14.5 **Survival**

The obligations of the Borrower pursuant to Clauses 7.2, 7.3, 14 and 15.2 shall survive the execution and delivery of this Agreement and the drawdown and repayment of the Loan, in each case by the Borrower.

15. **GENERAL**

15.1 **Evidence of Debt**

The entries made in the account referred to in Clause 7.1 shall, in the absence of manifest error, constitute *prima facie* evidence of the existence and amounts of the Borrower's obligations recorded therein.

15.2 **Stamp Duties**

15.2.1 The Borrower shall pay all stamp, registration and documentary taxes or similar charges (if any) imposed on the Borrower by any person in the Russian Federation or Ireland (or

any other Qualifying Jurisdiction in which the Lender may be resident for tax purposes) which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement, or admissibility into evidence of this Agreement and shall indemnify the Lender against any and all costs and expenses which may be incurred or suffered by the Lender with respect to, or resulting from, delay or failure by the Borrower to pay such taxes or similar charges upon presentation by the Lender to the Borrower of documentary evidence of such costs and expenses.

- 15.2.2** If the Lender incurs a liability to pay any stamp, registration and documentary taxes, duties or similar charges (if any) imposed by any person in the Russian Federation or Ireland which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement, or admissibility into evidence of this Agreement and any documents related thereto, this shall be a cost to which Clause 3.4 applies.

15.3 Waivers

No failure to exercise and no delay in exercising, on the part of the Lender or the Borrower, any right, power or privilege hereunder and no course of dealing between the Borrower and the Lender shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights, or remedies provided by applicable law.

15.4 Notices

- 15.4.1 Method:** Each communication under this Agreement shall be made by fax, electronic communication (provided that any notices to be delivered to the Trustee shall be by fax or otherwise in writing, but not by electronic communication) or otherwise in writing. Each communication or document to be delivered to any party under this Agreement shall be sent to that party at the fax number, postal address or electronic address, and marked for the attention of the person (if any), from time to time designated by that party to each other party for the purpose of this Agreement. The initial telephone number, fax number, postal address, electronic address and person so designated by the parties under this Agreement (including for any service of proceedings and notices in connection with any arbitration) are set out below:

- (i) if to the Borrower:

Commercial Bank "Renaissance Credit" (Limited Liability Company)
14 Kozhevnickeskaya Ulitsa
Moscow 115114
Russian Federation

Fax: +7 495 783 46 33
Email: aorekhov@rencredit.ru
Attention: Alexey Orekhov;

- (ii) if to the Lender:

Renaissance Consumer Funding Limited
53 Merrion Square
Dublin 2

Fax: +353 1 614 6250
Email: sandra.richardson@TMF-Group.com
neasan.cavanagh@TMF-Group.com
Attention: TMF Administration Services Ltd.

(iii) if to the Trustee:

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Fax: +44 20 7500 5877
Attention: Agency and Trust

15.4.2 Deemed Receipt: Any communication from any party to any other under this Agreement shall be effective, (if by fax) when the relevant delivery receipt is received by the sender, (if in writing) when delivered and (if by electronic communication) when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Agreement which is to be sent by fax or electronic communication will be written legal evidence.

15.5 Assignment

15.5.1 This Agreement shall inure to the benefit of and be binding upon the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights or obligations under this Agreement. Any reference in this Agreement to any party shall be construed accordingly and, in particular, references to the exercise of rights and discretions by the Lender, following the enforcement of the security and/or assignment referred to in Clause 15.5.3 below, shall be references to the exercise of such rights or discretions by the Trustee (as Trustee). Notwithstanding the foregoing, the Trustee shall not be entitled to participate in any discussions between the Lender and the Borrower or any agreements of the Lender or the Borrower pursuant to Clause 7.4 or Clause 10.

15.5.2 The Borrower shall not be entitled to assign or transfer all or any part of its rights or obligations hereunder to any other party.

15.5.3 Subject to Clause 24 of the Trust Deed, the Lender may not assign or transfer, in whole or in part, any of its rights and benefits or obligations under this Agreement (other than the Reserved Rights, as defined in the Principal Trust Deed) except (i) the charge by way of first fixed charge granted by the Lender in favour of the Trustee (as Trustee) of certain of the Lender's rights and benefits under this Agreement and (ii) the absolute assignment by the Lender to the Trustee of certain rights, interests and benefits under this Agreement, in each case, pursuant to Clause 6 of the Supplemental Trust Deed.

15.6 Prescription

Subject to the Lender having received the principal amount thereof or interest thereon from the Borrower, the Lender shall forthwith repay to the Borrower the principal amount or the interest amount thereon, respectively, of the Notes upon the Notes becoming void pursuant to Condition 11 of the Notes.

15.7 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, save that the Contracts (Rights of Third Parties) Act shall apply in favour of the Trustee to Clauses 7.1, 12 and 15.5.

15.8 **Governing Law**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

15.9 **Jurisdiction**

The parties irrevocably agree that any dispute arising out of or connected with this Agreement, including a dispute as to the validity, existence or termination of this Agreement or the consequences of its nullity and/or this Clause 15.9 (a "**Dispute**"), shall be resolved by arbitration in London, England, conducted in the English language by three arbitrators, in accordance with the rules set down by the LCIA (formerly the London Court of International Arbitration) ("**LCIA Rules**"), which rules are deemed to be incorporated by reference into this clause, save that, Article 5.6 of the LCIA Rules shall be amended as follows: unless the parties agree otherwise, the third arbitrator, who shall act as chairman of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If he is not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, he shall be chosen by the LCIA. The seat of arbitration shall be London, England where all hearings and meetings shall be held, unless the parties otherwise agree. It is agreed that the arbitrators shall have no authority to award exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under the relevant applicable law, the parties hereby waiving their right, if any, to recover such damages. The parties agree that the arbitrators shall have the power to award on a provisional basis any relief that they would have power to grant on a final award. This arbitration clause, including its validity and scope, shall be governed by English law. Without prejudice to the powers of the arbitrators provided by the LCIA Rules, statute or otherwise, the arbitrators shall have the power at any time, on the basis of written evidence and the submissions of the parties along, to make an award in favour of the claimant (or the respondent if a counterclaim) in respect of any claims (or counterclaims) to which there is not reasonably arguable defence, either at all or except as to the amount of any damages or other sum to be awarded. The parties agree to exclude the jurisdiction of the English courts under sections 45 and 69 of the Arbitration Act 1996.

15.10 **Waiver of Immunity**

To the extent that the Borrower or the Lender may, in relation to any Dispute, claim in any jurisdiction, for itself or its assets or revenues, immunity from the jurisdiction of any court or tribunal, service of process, injunctive or other interim relief, or any process for execution of any award or judgment against its property, the Borrower and the Lender irrevocably waive such immunity.

15.11 **Counterparts**

This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same agreement.

15.12 **Language**

The language which governs the interpretation of this Agreement is the English language.

15.13 **Amendments**

No variation of, or amendment to, this Agreement shall be of any effect unless:

- (a) it is in writing signed by the Lender and the Borrower;
- (b) a draft of any amendment has been submitted to the CBR; and
- (c) approval from the CBR shall have been received in respect of the amendment agreement referred to in Clause 15.13(b).

15.14 Loan not secured

No collateral (as defined by the legislation of the Russian Federation) shall be provided to secure the Loan.

15.15 Partial Invalidity

The illegality, invalidity or unenforceability to any extent of any provision of this Agreement under the law of any jurisdiction shall affect its legality, validity or enforceability in such jurisdiction to such extent only and shall not affect its legality, validity or enforceability under the law of any other jurisdiction, nor the legality, validity or enforceability of any other provision.

15.16 Severability

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

15.17 Non-Petition

Neither the Borrower nor any other person acting on its behalf shall be entitled at any time to institute against the Lender, or join in any institution against the Lender of, any bankruptcy, administration, moratorium, reorganisation, controlled management, arrangement, insolvency, examinership, winding-up or liquidation proceedings or similar insolvency proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Lender under this Agreement, save for lodging a claim in the liquidation of the Lender which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Lender.

15.18 Limited Recourse

The Borrower hereby agrees that it shall have recourse in respect of any claim against the Lender only to sums in respect of principal, interest or other amounts (if any), as the case may be, received (after deduction or withholding of such taxes or duties as may be required by the Lender by law in respect of such sum or in respect of the Notes and for which the Lender has not received a corresponding payment (also after deduction or withholding of such taxes or duties as may be required to be made by the Lender in respect thereof) pursuant to this Agreement) by or for the account of the Lender pursuant to this Agreement (the "**Lender Assets**"), subject always (i) to the Security Interests (as defined in the Trust Deed) and (ii) to the fact that any claims of the Dealers under the Dealer Agreement shall rank in priority to any claims of the Borrower hereunder, and that any such claim by any of the Dealers or the Borrower shall be reduced pro rata so that the total of all such claims does not exceed the aggregate value of the Lender Assets after meeting claims secured on them. The Trustee having realised the same, neither the Borrower nor any person acting on its behalf shall be entitled to take any further steps against the Lender to recover any further sums and no debt shall be owed by the Lender to such person in respect of any such further sum. In particular, neither the Borrower nor any person acting on its behalf shall be entitled at any time to institute against the Lender, or join with any other person as instituting or joining, insolvency proceedings (or any proceedings mentioned in the paragraph above) against the Lender.

The Borrower shall have no recourse against any director, shareholder, or officer of the Lender in respect of any obligations, covenants or agreement entered into or made by the Lender in respect of this Agreement, except to the extent that any such person acts in bad faith or is negligent in the context of its obligations.

15.19 CBR Prior Consent

15.19.1 Pursuant to the provisions of Clauses 6.1, 6.2 and 6.4 of this Agreement, no prepayment of the principal and (or) interest under this Agreement (in whole or in part) shall be permitted without the prior written consent of the CBR;

- 15.19.2** No amendment, modification or waiver to this Agreement shall be permitted without the prior approval of the CBR;
- 15.19.3** No early termination of this Agreement shall be permitted without the prior written consent of the CBR; and
- 15.19.4** No early termination of obligations under this Agreement (by way of set-off or otherwise) shall be permitted without the prior written consent of the CBR.

Schedule 1

Form of Officers' Certificate

To: Citibank, N.A., London Branch
14th Floor Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

From: Commercial Bank "Renaissance Credit" (Limited Liability Company)

Dated: [●]

Dear Sirs

Commercial Bank "Renaissance Credit" (Limited Liability Company) Subordinated Loan Agreement dated 20 November 2013 (the "Loan Agreement")

We refer to the Loan Agreement. Terms defined therein shall mean the same herein. This is an Officers' Certificate for the purposes thereof:

For and on behalf of Commercial Bank "Renaissance Credit" (Limited Liability Company)

Signed:

principal executive officer/ principal
accounting officer/ principal financial
officer of

[officer]
of

Commercial Bank "Renaissance Credit"
(Limited Liability Company)

Commercial Bank "Renaissance Credit"
(Limited Liability Company)

[encl:] *[Auditors' report as to extraction]*

Schedule 2

Form of Write Down Event Notice

To: Renaissance Consumer Funding Limited

Citibank, N.A., London Branch

From: Commercial Bank "Renaissance Credit" (Limited Liability Company)

Dated: [●]

Dear Sirs

**Commercial Bank "Renaissance Credit" (Limited Liability Company) – Subordinated
Loan Agreement dated 20 November 2013 (the "Loan Agreement")**

- (1) We refer to the Loan Agreement. Terms defined therein shall have the same meaning herein.
- (2) This is a Write Down Event Notice for the purposes of the Loan Agreement.
- (3) We notify that the Write Down Event has occurred on [●].
- (4) *[Specify relevant event(s) constituting the Write Down Event including the relevant Common Equity Tier 1 Capital Ratio as of the relevant CBR Reporting Date and/or the nature of the bankruptcy prevention measures the Agency for Deposit Insurance of the Russian Federation has committed to as applicable and the grounds for application of such bankruptcy prevention measures]*

for and on behalf of Commercial Bank "Renaissance Credit" (Limited Liability Company)

Signed: _____

Schedule 3

Form of Write Down Measure Notice

To: Renaissance Consumer Funding Limited

Citibank, N.A., London Branch

From: Commercial Bank "Renaissance Credit" (Limited Liability Company)

Dated: [●]

Dear Sirs

**Commercial Bank "Renaissance Credit" (Limited Liability Company) – Subordinated
Loan Agreement dated 20 November 2013 (the "Loan Agreement")**

- (1) We refer to the Loan Agreement. Terms defined therein shall have the same meaning herein.
- (2) This is a Write Down Measure Notice for the purposes of the Loan Agreement.
- (3) We confirm that the Write Down Measure Effective Date is [*specify the date which shall be the 30th Business Day in Moscow after the Write Down Event Date*].
- (4) [*Specify relevant Write Down Measures being implemented including any Interest Cancellation Amount and any Write Down Amount and the basis of their calculation*]

For and on behalf of Commercial Bank "Renaissance Credit" (Limited Liability Company)

Signed: _____

GENERAL INFORMATION

- (1) The Series 5 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number (ISIN) for the Series 5 Notes are set out in the *"Issue Terms of the Notes"*.
- (2) CBRC and the Issuer have obtained or will obtain all necessary consents, approvals and authorisations in Russia and Ireland in connection with the Loan and the issue and performance of the Series 5 Notes. The Issuer's board of directors approved the issue of this Series 5 Prospectus on 19 November 2013.
- (3) Application has been made to the Irish Stock Exchange for the Series 5 Notes to be admitted to the Official List and to trading on the Main Securities Market through Arthur Cox Listing Services Limited. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Series 5 Notes and is not itself seeking admission of the Series 5 Notes to the Official List or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.
- (4) The estimated total expenses related to admission to trading of the Series 5 Notes is €3,000.
- (5) No consents, approvals, authorisations or orders of any regulatory authorities are required by the Issuer under the laws of Ireland for the maintenance of the Loan and for the issue of the Series 5 Notes.
- (6) There has been no significant change in the financial or trading position or prospects of CBRC since 31 December 2012 and no material adverse change in the financial or trading position or prospects of CBRC since 30 June 2013. There has been no significant change and/or material adverse change in the financial or trading position or prospects of the Issuer since 31 March 2012.
- (7) CBRC is not involved in, or has not been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months before the date of this Series 5 Prospectus, a significant effect on the financial position or profitability of CBRC, nor, so far as CBRC is aware, are any such proceedings pending or threatened.
- (8) The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Series 5 Prospectus, a significant effect on the Issuer's financial position or profitability, nor, so far as the Issuer is aware, are any such proceedings pending or threatened.
- (9) For so long as the Series 5 Notes are outstanding, copies of the following documents will be available for inspection in physical form at the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):
 - (a) a copy of the Base Prospectus along with any supplement to the Base Prospectus;
 - (b) a copy of this Series 5 Prospectus along with any supplement to this Series 5 Prospectus;
 - (c) the Memorandum and Articles of Association of the Issuer;
 - (d) the charter of CBRC;
 - (e) CBRC's audited annual financial statements as at and for the six months ended 30 June 2013 and for the years ended 31 December 2012 and 2011;
 - (f) the financial statements of the Issuer for each of the periods ended 31 March 2011 and 31 March 2012; and
 - (g) the Loan Agreement, the Trust Deed and the Agency Agreement.

- (10) Citibank, N.A., London Branch will act as Registrar in relation to the Regulation S Notes. The Registrar shall, in relation to the Regulation S Notes, maintain a register which shall be kept at Citibank, N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

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Interim condensed financial statements
Commercial bank “Renaissance Credit”
(Limited liability company)

for the period from 1 January till 30 June 2013
with review report

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Report on review of interim condensed financial statements

To the Participant and Board of Directors of
Commercial bank "Renaissance Credit" (Limited liability company)

We have reviewed the accompanying interim condensed financial statements of Commercial bank "Renaissance Credit" (Limited liability company) ("the Bank"), which comprise the interim condensed statement of financial position as at 30 June 2013 and the related interim condensed statements of comprehensive income, changes in net assets attributable to the participant and cash flows for the period from 1 January 2013 till 30 June 2013 and selected explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the Federal law "On Auditing Activity", Federal Rule (Standard) on Auditing No. 33 *Engagements to review financial statements* and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity."

A review of interim condensed financial statements 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 the federal standards on auditing effective in the Russian Federation and 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements for the period from 1 January 2013 till 30 June 2013 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Andrey V. Sorokin
Partner
Ernst & Young LLC

27 September 2013

Details of the entity

Name: Commercial bank "Renaissance Credit" (Limited liability company)
Information about the State Register of Legal Entities Concerning a Legal Entity (number - 1027739586291; date - 20 November 2002)
Address: Russia, 115114, Moscow, Kozhevnikovskaya street, 14.

Details of the practitioner

Name: Ernst & Young LLC
Main State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Non Profit partnership "Russian Audit Chamber" ("NP APR"). Ernst & Young LLC is registered in the register of auditors and audit organizations of NP APR, number 3028, and also included in the control copy of the register of auditors and audit organizations, main registration number 10201017420.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**As of 30 June 2013***(Thousands of Russian rubles)*

	Note	30 June 2013 <i>(Unaudited)</i>	31 December 2012
Assets			
Cash and cash equivalents	3	19,165,762	15,219,244
Trading securities	4	7,765,823	5,321,015
Trading securities pledged under repurchase agreements	4	366,723	-
Amounts due from credit institutions	5	1,361,916	1,235,857
Loans to customers	6	80,897,199	70,275,688
Property and equipment		1,245,547	1,171,458
Intangible assets		2,055,149	2,052,546
Other assets	8	1,898,126	951,837
Total assets		114,756,245	96,227,645
Liabilities			
Amounts due to the CBR	9	249,720	-
Amounts due to credit institutions	10	3,381,151	801,536
Amounts due to customers	11	64,253,139	56,524,288
Debt securities issued	12	16,732,654	10,538,506
Other borrowed funds	13	1,652,894	2,205,038
Deferred income tax liabilities	7	1,315,035	1,229,781
Other liabilities	8	2,102,772	1,882,582
Subordinated loans	14	4,710,613	2,829,343
Liabilities excluding net assets attributable to the participant		94,397,978	76,011,074
Net assets attributable to the participant			
Charter capital	15	501,000	501,000
Additional paid-in capital		16,166,933	16,166,933
Other capital reserves		-	67,326
Retained earnings		3,690,334	3,481,312
Total net assets attributable to the participant		20,358,267	20,216,571
Total liabilities including net assets attributable to the participant		114,756,245	96,227,645

Signed and authorised for release on behalf of the Management Board of the Bank

A.V. Levchenko

Chairman of the Management Board

T.V. Khondro

Deputy Chairman of the Management Board

27 September 2013

The accompanying notes on pages 5 to 18 are an integral part of these financial statements.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**For the six months ended 30 June 2013***(Thousands of Russian rubles)*

		For the six months ended 30 June	
	Note	2013	2012
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loans to customers		8,233,947	5,712,034
Fines and penalties for overdue payments on loans		3,923,263	2,038,699
Amounts due from credit institutions		1,571	1,545
		12,158,781	7,752,278
Trading securities		149,754	14,777
Interest income		12,308,535	7,767,055
Amounts due to customers		(2,824,112)	(1,729,140)
Debt securities issued		(536,665)	(624,114)
Subordinated loan		(279,623)	-
Other borrowed funds		(137,013)	(141,676)
Amounts due to credit institutions		(35,363)	-
Amounts due to the CBR		(2,323)	-
Interest expense		(3,815,099)	(2,494,930)
Net interest income		8,493,436	5,272,125
Allowance for loan impairment	6	(8,175,296)	(3,320,159)
Net interest income after allowance for loan impairment		318,140	1,951,966
Fee and commission income		4,535,992	3,439,408
Fee and commission expense		(315,360)	(161,225)
Net fee and commission income		4,220,632	3,278,183
Net gains / (losses) from early extinguishment of debt securities		(283)	40,998
Net gains / (losses) from trading securities		(590,005)	7,082
Net gains / (losses) from foreign currencies:			
- translation differences		(254,066)	(395,426)
- dealing		324,099	329,975
Other income		771,744	(5,602)
Non-interest income		251,489	(22,973)
Compensation and benefits		(1,805,829)	(1,668,299)
General administrative and operating expenses		(1,995,191)	(1,588,458)
Depreciation and amortisation		(332,268)	(370,624)
Other provisions	8	(110,898)	(31,732)
Taxes other than on income		(251,799)	(187,839)
Non interest expense		(4,495,985)	(3,846,952)
Profit before income tax expense		294,276	1,360,224
Income tax expense	7	(85,254)	(283,508)
Profit for the period		209,022	1,076,716
Total comprehensive income for the year		209,022	1,076,716

The accompanying notes on pages 5 to 18 are an integral part of these financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE PARTICIPANT

For the six months ended 30 June 2013

(Thousands of Russian rubles)

	Charter capital	Additional paid-in capital	Other capital reserves	Retained earnings	Net assets attributable to the participant
31 December 2011	501,000	12,727,433	11,215	353,308	13,592,956
Comprehensive income for the period (<i>Unaudited</i>)	-	-	-	1,076,716	1,076,716
Equity-based payment transactions	-	-	36,934	-	36,934
30 June 2012 (<i>Unaudited</i>)	501,000	12,727,433	48,149	1,430,024	14,706,606
31 December 2012	501,000	16,166,933	67,326	3,481,312	20,216,571
Comprehensive income for the period (<i>Unaudited</i>)	-	-	-	209,022	209,022
Equity-based payment transactions	-	-	(67,326)	-	(67,326)
30 June 2013 (<i>Unaudited</i>)	501,000	16,166,933	-	3,690,334	20,358,267

The accompanying notes on pages 5 to 18 are an integral part of these financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS**For the six months ended 30 June 2013***(Thousands of Russian rubles)*

	Note	For the six months ended 30 June 2013 <i>(Unaudited)</i>	2012 <i>(Unaudited)</i>
Cash flows from operating activities			
Net profit for the year before transactions with participant		209,022	1,076,716
<i>Adjustments for</i>			
Depreciation and amortization		332,268	370,624
Change in allowances for loan impairment	6	8,175,296	3,320,159
Accrued coupon on trading securities		(37,750)	546
Accrued interest income on loans to customers		457,203	204,757
Accrued interest income on amounts due from credit institutions		(857)	(12)
Accrued fines and penalties for overdue payments on loans to customers		(3,095,142)	(1,133,052)
Accrued interest expenses on amounts due to customers		332,096	271,008
Accrued interest expenses on amounts due to credit institutions		21,022	-
Accrued interest expenses on amounts due to CBR		113	-
Accrued interest expenses on debt securities issued		(211,072)	(54,435)
Accrued interest expenses on other borrowed funds		(2,144)	4,284
Accrued interest expenses on subordinated loan		12,190	-
Accrued income and expenses		60,583	268,977
Deferred tax charge	7	85,254	283,150
Net losses from changes in fair value of derivatives and spot deals		(221,823)	36,499
Change in other provisions		110,898	31,732
(Gain) / loss on early extinguishment of debt		283	(40,998)
Equity-based payment transaction expense		(67,326)	36,934
Net unrealised (gains) / losses from trading securities		445,020	(7,277)
Net unrealised (gains) / losses from foreign currencies		254,066	(329,975)
Operating cash flows before change in operating assets and liabilities		6,859,200	4,339,637
<i>(Increase)/ decrease in operating assets:</i>			
Loans to customers		(15,980,442)	(8,195,544)
Trading securities		(2,799,312)	(388,423)
Amounts due from credit institutions		(92,783)	(212,999)
Other assets		(620,834)	(258,224)
<i>Increase/ (decrease) in operating liabilities:</i>			
Amounts due to credit institutions		2,431,169	(1,795)
Amounts due to CBR		249,607	-
Promissory notes issued		-	51,219
Amounts due to customers		6,607,750	10,517,645
Other liabilities		(59,285)	(191,821)
Income tax paid		-	(36,437)
Net cash from operating activities		(3,404,930)	5,623,258
Cash flows from investing activities			
Purchase of property and equipment		(267,775)	(344,841)
Purchase of intangible assets		(143,809)	(354,370)
Disposal of property and equipment		2,624	13,750
Net cash (used in) / from investing activities		(408,960)	(685,461)
Cash flows from financing activities			
Proceeds from debt securities issued		11,096,723	421,621
Redemption of debt securities issued		(5,187,154)	(4,549,883)
Proceeds from subordinated loan		1,495,098	-
Redemption of other borrowed funds		(550,000)	-
Net cash used in financing activities		6,854,667	(4,128,262)
Effect of currency exchange rates on cash and cash equivalents		905,741	417,154
Net change in cash and cash equivalents		3,946,518	1,226,689
Cash and cash equivalents at the beginning of year	3	15,219,244	7,389,155
Cash and cash equivalents at the end of year	3	19,165,762	8,615,844
Supplemental information:			
Interest income received		8,859,922	5,868,581
Fines and penalties received		829,261	909,224
Interest expense paid		(3,536,334)	(2,201,370)

The accompanying notes on pages 5 to 18 are an integral part of these financial statements.

(Thousands of Russian rubles)

1. Principal activities

Commercial bank “Renaissance Credit” (Limited liability company) (the “Bank”) was formed on 24 November 2000 under the laws of the Russian Federation as Commercial bank “AllianceInvestBank” (Ltd.). In April 2002 the Bank changed its name from Commercial bank “AllianceInvestBank” (Ltd.) to Commercial bank “Kaznachey” (Ltd.), in March 2004 the Bank changed its name from Commercial bank “Kaznachey” (Ltd.) to Commercial bank “Renaissance Capital” (Limited liability company), in April 2013 the Bank changed its name from Commercial bank “Renaissance Capital” (Limited liability company) to Commercial bank “Renaissance Credit” (Limited liability company). In July 2007 the Bank registered its trade mark “Renaissance Credit” and has operated under this name since that date.

The Bank operates under banking licenses number 3354 issued by the CBR on 26 March 2012 allowing the Bank to provide banking services to corporate clientele and individuals. The Bank also possesses license of:

- ▶ equity market participant (trust operations) number 077-13005-001000 issued by Federal Service for the Securities Market on 30 March 2010.
- ▶ equity market participant (brokerage operations) number 077-10969-100000 issued by Federal Service for the Securities Market on 29 January 2008.
- ▶ equity market participant (custody operations) number 077-10978-000100 issued by Federal Service for the Securities Market on 29 January 2008.
- ▶ equity market participant (dealer operations) number 077-10971-010000 issued by Federal Service for the Securities Market on 29 January 2008.

The Bank has been a member of the obligatory deposit insurance system since 23 December 2004. The system operates under the Federal laws and regulations and is governed by State Corporation “Agency for Deposits Insurance”. Insurance covers Bank’s liabilities to individual depositors for the amount up to RUB 700 for each individual in case of business failure and revocation of the CBR banking license.

In March 2013 Moody’s affirmed the Bank’s long-term foreign and local currency deposit ratings and foreign currency senior unsecured debt ratings at B2 level with stable outlook. In March 2013 Fitch affirmed the Bank’s long-term issuer default rating at B level with stable outlook. In June 2013 Standard and Poor’s upgraded the Bank’s long-term counterparty credit rating from B to B+ with stable outlook.

Since December 2003, the Bank is part of “Renaissance Capital Consumer Finance Group” (the “Group”), a financial group comprising a number of companies registered in the Netherlands, Curacao, and the Russian Federation. The Bank is a 100% subsidiary of OOO “Kaznachey-Financeinvest” (the “Company”), a limited liability company, registered under the laws of the Russian Federation on 16 November 1993. Renaissance Capital International Services Limited (“RCISL”) is the ultimate holding company of the Group. Until 31 December 2011, RCISL was owned by Renaissance Group Holdings Limited (“RGHL”) – 89.52% and other corporate investors – 10.48%. RCISL was registered under the laws of Bermuda on 26 June 2003.

On 31 December 2011 RGHL and Onexim Holdings Limited (“OHL”) entered into a master settlement agreement (“Restructuring Agreement”) pursuant to which RGHL agreed to transfer 64.5% of the issued share capital of RCISL to Renaissance Capital Investments Limited (“RCIL”). RCIL also owns 100% of Renaissance Financial Holdings Limited (“RFHL”), the holding company of the Renaissance Capital investment banking business. RCIL at the time was jointly owned by Renaissance Capital Holdings Limited (“RCHL”), a wholly owned subsidiary of RGHL, (50% + ½ of a share) and OHL (50% – ½ of a share). RCIL was registered under the laws of Bermuda on 16 December 2011.

On 21 December 2012, RGHL, RCHL and OHL, entered into a series of agreements whereby OHL has purchased RGHL’s and RCHL’s stakes in RCIL, RCISL and certain other companies (collectively the “Target Companies”) for an undisclosed amount, as a result of the transaction, RCIL owned 89.52% of RCISL. In April 2013, RCIL sold 6.5% of RCISL to Evgeny Yurchenko for an undisclosed amount. As of 30 June 2013, OHL owns 100% of RCIL, which owns 100% of RFHL and 83.02% of RCISL. OHL is a private limited liability company incorporated under the laws of the Republic of Cyprus. The sole beneficiary of OHL is Mikhail Prokhorov.

The Bank extends consumer loans through points of sale, branches and cash offices (installment loans) and issues auto loans, general purpose loans, mortgage loans and credit cards. The Bank’s registered office is Kozhevnikeskaya street 14, Moscow, Russia. As of 30 June 2013 the Bank had 182 branches, 2 representative offices and approximately 25 thousand points of sale in the Russian Federation (31 December 2012: 157 branches, 2 representative offices and approximately 19.5 thousand points of sale).

The Bank had 6,027 employees as of 30 June 2013 (31 December 2012: 5,399).

(Thousands of Russian rubles)

2. Basis of preparation

General

The interim condensed financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2012.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2012, except for the adoption of new Standards and Interpretations as of 1 January 2013, noted below:

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Bank.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed financial statements. The Bank provides these disclosures in Note 17.

Amendments to IAS 19 Employee Benefits

The IASB has published amendments to IAS 19 *Employee Benefits*, effective for annual periods beginning on or after 1 January 2013, which involve major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the “corridor approach”). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. These amendments had no impact on the Bank's financial position.

Amendments to IAS 1 Changes to the Presentation of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). The amendment affects presentation only and has no impact on the Bank's financial position or performance.

Amendments to IFRS 7 Disclosures – Offsetting Financial assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32. These amendments had no impact on the Banks' financial position or performance.

Amendment to IAS 32 Financial Instruments, Presentation

This amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed financial statements for the Bank, as there is no tax consequences attached to cash or non-cash distribution.

(Thousands of Russian rubles)

3. Cash and cash equivalents

Cash and cash equivalents comprise:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Current accounts with credit institutions	15,651,628	7,520,766
Cash on hand	1,690,276	2,158,244
Current account with the CBR (other than obligatory reserves)	1,322,032	3,833,825
Funds held with MICEX	403,519	1,706,408
Time deposit with credit institution up to 90 days	98,127	-
Funds in brokerage account	180	1
Cash and cash equivalents	<u>19,165,762</u>	<u>15,219,244</u>

Funds held with MICEX represent amounts (USD-, EUR- and RUB-denominated) placed with the Moscow Interbank Stock Exchange ("MICEX") held for settlements under the Bank's operations with foreign currency, term deals and securities.

There was a high concentration of current accounts with credit institutions as of 30 June 2013: 89% of funds were placed in a USD-denominated account with JP Morgan Chase Bank, N.A., 5% of funds were placed in EUR-denominated account with J.P. Morgan AG (2012 – 55% of funds were placed in USD-denominated account with JPMorgan Chase Bank, N.A., 17% of funds were placed in EUR-denominated account with JP Morgan AG and 13% of funds were placed in RUB-denominated account with Sberbank of Russia).

4. Trading securities

Trading securities comprise:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Russian State USD-denominated bonds	4,000,272	3,950,139
Eurobonds issued by Russian corporate entities	2,126,924	716,063
Eurobonds issued by Russian financial institutions	1,364,897	585,386
Corporate shares	380,842	-
Russian State RUB-denominated bond	148,338	-
RUB-denominated bonds issued by Russian financial institutions	99,368	69,427
RUB-denominated bond issued by Russian corporate entity	11,905	-
Trading securities	<u>8,132,546</u>	<u>5,321,015</u>

As of 30 June 2013, trading securities in the amount of RUB 366,723 were pledged under repurchase agreements with the CBR (Note 9).

5. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Obligatory reserves with the CBR	889,827	847,730
Guarantee deposits	472,089	267,403
Deposit granted to Russian bank	-	120,724
Amounts due from credit institutions	<u>1,361,916</u>	<u>1,235,857</u>

Credit institutions are required to maintain a non-interest earning cash deposit (obligatory reserves) with the CBR, the amount of which depends on the level of funds attracted by the credit institution. The Bank's ability to withdraw such deposit is significantly restricted by the statutory legislation.

*(Thousands of Russian rubles)***5. Amounts due from credit institutions (continued)**

There was a high concentration of guarantee deposits as of 30 June 2013: 98% of funds were placed as a non-interest bearing guarantee deposit with HSBC Bank PLC related to settlements with MasterCard and 2% of funds were placed as an interest bearing guarantee deposit with National Westminster Bank PLC, London related to settlements with Visa International (2012 – 97% of funds were placed as a non-interest bearing guarantee deposit with HSBC Bank PLC related to settlements with MasterCard and 3% of funds were placed as an interest bearing guarantee deposit with National Westminster Bank PLC, London related to settlements with Visa International).

6. Loans to customers

The Bank provides six main types of consumer loans: installment loans (consumer loans extended through points of sale), auto loans, general purpose loans, loans on credit cards, mortgage loans, and employee loans.

Analysis of the loan portfolio by classes of loans follows:

	30 June 2013 (Unaudited)		31 December 2012	
	Outstanding balance	Structure, %	Outstanding balance	Structure, %
<i>Corporate lending</i>				
Corporate loans	3,247,005		23,759	
Total corporate lending	3,247,005		23,759	
<i>Consumer lending</i>				
General purpose loans	54,961,816	64.8%	46,830,677	63.0%
Credit card loans	15,203,567	18.0%	12,462,475	16.7%
Installment loans	10,966,227	12.9%	10,757,449	14.5%
Auto loans	2,470,706	2.9%	3,448,480	4.6%
General purpose loans (restructured)	765,598	0.9%	583,101	0.8%
Mortgage loans	158,307	0.2%	171,278	0.2%
Credit card loans (restructured)	90,140	0.1%	95,331	0.1%
Employee loans	72,836	0.1%	85,342	0.1%
Total consumer lending	84,689,197	100%	74,434,133	100%
Gross loan portfolio	87,936,202		74,457,892	
Less: Allowance for loan impairment	(7,039,003)		(4,182,204)	
Net loan portfolio	80,897,199		70,275,688	

As of 30 June 2013, the Bank provided to a related party two USD-denominated corporate loans for the total amount of RUB 2,192,343, bearing an average effective interest rate of 7% per annum, maturing in 2015 (Note 18).

As of 30 June 2013, the Bank provided to a third party USD-denominated corporate loan for the total amount of RUB 939,868, bearing an effective interest rate of 7.5% per annum, maturing in 2015 (Note 20).

Analysis of collateral

Mortgage loans are secured by the underlying housing real estate. Auto loans are secured by the underlying car. Installment loans, general purpose loans, credit card loans and employee loans are non-secured.

The Bank collects information on the fair value of collateral only on loan origination. The Bank estimates that the fair value of the collateral for overdue mortgage loans exceeds the mortgage balance. Management believes that it is impracticable to estimate fair value of collateral held in respect of other loans to individuals because fair value information is not readily available.

As of 30 June 2013 and 31 December 2012, the Bank did not have material amounts of repossessed collateral.

*(Thousands of Russian rubles)***6. Loans to customers (continued)***Allowance for impairment of loans to customers*

A reconciliation of the allowance for impairment of loans to customers by class is as follows:

For the six months ended 30 June 2013 <i>(Unaudited)</i>									
	General purpose loans	Credit card loans	Installment loans	Auto loans	General purpose loans (restructured)	Mortgage loans	Credit card loans (restructured)	Employee loans	TOTAL
31 December 2012	2,925,815	664,778	371,282	138,613	63,908	7,184	9,152	1,472	4,182,204
Charge	5,487,045	1,472,474	837,284	275,681	95,635	4,501	2,594	82	8,175,296
Write-offs	(3,295,359)	(982,378)	(681,608)	(302,586)	(50,216)	(2,633)	(2,507)	(1,210)	(5,318,497)
30 June 2013	5,117,501	1,154,874	526,958	111,708	109,327	9,052	9,239	344	7,039,003
For the six months ended 30 June 2012 <i>(Unaudited)</i>									
	General purpose loans	Credit card loans	Installment loans	Auto loans	General purpose loans (restructured)	Mortgage loans	Credit card loans (restructured)	Employee loans	TOTAL
31 December 2011	1,008,781	226,085	207,380	127,261	92,433	612	22,098	5,731	1,690,381
Charge / (release)	1,895,510	564,142	485,130	277,308	92,740	(678)	(1,675)	7,682	3,320,159
Write-offs	(1,043,260)	(394,890)	(368,682)	(199,852)	(117,264)	1,876	(6,397)	(7,258)	(2,135,727)
30 June 2012	1,861,031	395,337	323,828	204,717	67,909	1,810	14,026	6,155	2,874,813

As of 30 June 2013 and 31 December 2012 there were no loans that were individually determined to be impaired.

Allowance for impairment of loans is deducted from the related loans. According to the Bank's write-off policy, loans that are 365 days past due or more and adjusted by the amount of estimated recoveries are considered written-off as the probability of collecting the outstanding amounts is very low at that point. Such loans, including all accrued interest, are written-off from the statement of financial position.

Even, after a loan is written-off, the Bank's collection team continues to manage the collection efforts in an attempt to collect for future recoveries.

7. Taxation

	For the six months ended 30 June	
	2013	2012
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax charge	-	(358)
Deferred tax charge - origination and reversal of temporary differences in profit or loss	(85,254)	(283,150)
Income tax charge	(85,254)	(283,508)

*(Thousands of Russian rubles)***8. Other assets and liabilities**

Other assets comprise:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Settlements with suppliers, customers and contractors	793,004	256,848
Current tax assets	496,938	496,529
Derivative financial instruments	210,369	36,393
Receivables under insurance agency contracts	153,709	12,208
Credit cards acquisition expenses	144,526	61,721
Prepayments	61,031	45,419
Operating lease deferred expenses	24,671	26,115
Prepaid taxes other than income tax	10,501	16,604
Settlements on foreign currency transactions	3,377	-
Other assets	<u>1,898,126</u>	<u>951,837</u>

Other liabilities comprise:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Settlements with employees under payroll	575,212	598,984
Operating taxes payable	539,502	489,632
Accrued expenses	473,285	226,362
Other provisions	245,989	135,091
Derivative financial instruments	168,381	213,622
Settlements with payment systems	69,460	155,740
Settlements with counterparties	30,172	63,151
Settlements on foreign currency transactions	771	-
Other liabilities	<u>2,102,772</u>	<u>1,882,582</u>

Other provisions

The movements in other provisions were as follows:

	<u>Legal claims</u>	<u>Tax claims</u>	<u>Total</u>
31 December 2012	52,411	82,680	135,091
Charge	110,898	-	110,898
30 June 2013 (Unaudited)	<u>163,309</u>	<u>82,680</u>	<u>245,989</u>

	<u>Legal claims</u>	<u>Tax claims</u>	<u>Total</u>
31 December 2011	53,626	-	53,626
Charge	31,732	-	31,732
30 June 2012 (Unaudited)	<u>85,358</u>	<u>-</u>	<u>85,358</u>

*(Thousands of Russian rubles)***8. Other assets and liabilities (continued)****Derivative financial instruments**

The Bank enters into derivative financial instruments for risk mitigation purposes. All derivative transactions are intended to lower the bank's exposure to currency risk. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

	30 June 2013 (Unaudited)			31 December 2012		
	Notional principal	Fair value assets	Fair value liabilities	Notional principal	Fair value assets	Fair value liabilities
Foreign Exchange Forwards - domestic	5,135,313	210,369	-	11,530,539	-	(213,622)
Foreign Exchange Forwards - foreign	3,712,472	-	(168,381)	3,407,817	36,393	-
Derivative financial instruments	8,847,785	210,369	(168,381)	14,938,356	36,393	(213,622)

Foreign and domestic in the table above stand for counterparties where foreign means non-Russian entities and domestic means Russian entities.

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards – foreign are customised contracts traded on the over-the-counter market. All forward transactions are recorded at fair value estimated based on indirectly observable quoted markets prices.

As of 30 June 2013 and 31 December 2012, Foreign Exchange Forwards – foreign were concluded between the Bank and its related parties (Note 18) and Foreign Exchange Forwards – domestic were concluded between the Bank and MICEX.

9. Amounts due to Central Bank

Amounts due to Central Bank comprise:

	30 June 2013 (Unaudited)	31 December 2012
Repurchase agreements with the CBR	249,720	-
Amounts due to Central Bank	249,720	-

As of 30 June 2013 the Bank entered into a repurchase agreement with the CBR for the amount of RUB 249,720. The Bank pledged its trading securities as collateral under the repurchase agreement (Note 4).

10. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2013 (Unaudited)	31 December 2012
Time deposits with OECD banks	2,663,452	795,090
Time deposits with Russian banks	497,557	-
Current accounts with Russian banks	220,142	6,446
Amounts due to credit institutions	3,381,151	801,536

*(Thousands of Russian rubles)***11. Amounts due to customers**

The amounts due to customers comprise:

	30 June 2013	31 December 2012
	<i>(Unaudited)</i>	
Time deposits	60,644,854	52,893,141
Current accounts	3,608,285	3,631,147
Amounts due to customers	64,253,139	56,524,288

As of 30 June 2013, amounts due to customers of RUB 2,770,965 (4%) were due to the ten largest customers (2012 – RUB 4,145,572 (7%)).

Included in time deposits are deposits of individuals in the amount of RUB 56,687,710 (2012 – RUB 49,599,419). In accordance with the Russian Civil Code, the Bank is obliged to repay such deposits upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

Amounts due to customers include accounts of the following types of customers:

	30 June 2013	31 December 2012
	<i>(Unaudited)</i>	
Corporate deposits	4,073,955	3,428,412
Individuals	60,179,184	53,095,876
Amounts due to customers	64,253,139	56,524,288

An analysis of customer accounts by economic sector follows:

	30 June 2013		31 December 2012	
	Outstanding balance	Structure, %	Outstanding balance	Structure, %
	<i>(Unaudited)</i>			
Individuals	60,179,184	93.6%	53,095,876	93.9%
Insurance	2,044,889	3.2%	1,183,244	2.1%
Financial services	460,835	0.7%	845,284	1.5%
Construction	458,080	0.7%	502,126	0.9%
Consulting	361,452	0.6%	255,374	0.5%
Trade	210,793	0.3%	188,182	0.3%
Services	190,427	0.3%	165,539	0.3%
Telecommunications	34,612	0.1%	21,842	0.0%
Other	312,867	0.5%	266,821	0.5%
Amounts due to customers	64,253,139	100%	56,524,288	100%

12. Debt securities issued

	Interest rate	Maturity	30 June 2013	31 December 2012
Loan participation notes				
- RCF (2010 issue)	13.0%	April 2013	-	5,187,154
- RCF (2013 issue)	7.8%	May 2016	11,375,840	-
			11,375,840	5,187,154
Documentary interest-bearing non-convertible bonds				
- issue # 4B020303354B	9.9%	August 2014	3,105,318	3,103,015
- issue # 4B020203354B	12.9%	August 2015	2,086,000	2,085,552
			5,191,318	5,188,567
Promissory notes issued	8.7% - 11.986%	July - September 2013	165,496	162,785
Debt securities issued			16,732,654	10,538,506

(Thousands of Russian rubles)

12. Debt securities issued (continued)

Loan participation notes

RCF Ltd.

In May 2013 the Bank obtained financing in the amount of USD 350,000 thousand through the issue of loan participation notes (being a Series 3 under USD 1,500,000 thousand Programme for issuance of loan participation notes at Dublin Stock Exchange), which was organized through a special purpose entity Renaissance Consumer Funding Ltd. by three non-Russian financial institutions. Commission of USD 4,511 thousand (RUB 147,556) paid by the Bank in respect of issue of the above loan was included into transaction costs and recognized as an adjustment to the effective interest rate of the loan.

Promissory notes issued

As of 30 June 2013 promissory notes were represented by discount promissory notes denominated in roubles issued to third parties.

13. Other borrowed funds

EBRD loan

Floating interest rate being 3 months MosPrime rate plus 6% as of 30 June 2013 comprised 13% per annum for the first and the second tranches. In June 2013 the Bank made scheduled repayment of the loan with a nominal value of RUB 200,000 plus accrued interest at 11.7% per annum and RUB 350,000 plus accrued interest at 13.1% per annum for the first and the second tranche, respectively.

14. Subordinated loan

In February 2013 the Bank obtained financing in the form of a subordinated loan, being the second tranche, in the amount of USD 50,000 thousand (RUB 1,635,450), which was organized through a special purpose entity Renaissance Consumer Funding Ltd. The loan matures in June 2018, and the principal is payable at maturity. For the first interest payment period interest rate was set at 10.6% per annum. For subsequent interest payment periods interest rate was fixed at 13.5% per annum. Interest is payable semiannually.

15. Net assets attributable to the participant

The Bank was founded as a limited liability company with a sole participant. As of 30 June 2013 and 31 December 2012 charter capital totalled RUB 501,000. Charter capital was formed by a contribution of RUB 30,000 in December 2000 and RUB 471,000 in July 2001.

In accordance with the Bank's charter, participants may unilaterally withdraw their interests. In such cases, the Bank will be obliged to pay the withdrawing participant's share of net assets of the Bank, determined on the basis of statutory accounting reports for the year of withdrawal, in cash or, subject to consent of the participant, by in-kind transfer of assets. The payment should be made not later than three months after the end of the year when participant makes a decision to unilaterally withdraw from the Bank.

16. Commitments and contingencies

Operating environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

(Thousands of Russian rubles)

16. Commitments and contingencies (continued)

Operating environment (continued)

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in uncertainty regarding further economic growth, availability of financing and cost of capital, which could negatively affect the Bank's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances.

Legal

As of 30 June 2013, the Bank was engaged in litigation proceedings as a result of claims registered by the Bank's customers in respect of certain fees and commissions charged by the Bank on matured or existing loans. Provision of RUB 163,309 has been made as it is likely that such an amount of loss will occur by the Bank's estimation (Note 8).

Dispute with the Tax authorities

The Bank is currently involved into the following dispute with the tax authorities. As a result of on-site tax audit performed by the tax authorities in 2012 in relation to 2009-2010, the amount of understated profits tax imposed to the Bank comprised RUB 140,843. Further in 2013 the Bank appealed to the court on this matter. The Bank has made relevant provision in the financial statement with respect to part of these tax claims in the amount of RUB 82,680. As for the residual part of profits tax claims the management believes in the positive outcome of this dispute in future.

Taxation

Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes, which can occur frequently, at short notice and may apply retrospectively. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of the Bank that have not been challenged in the past may be challenged at any time in the future. As a result, additional taxes, penalties and interest may be assessed by the relevant authorities.

Fiscal periods remain open and subject to review by the tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances tax reviews may cover longer periods.

The Russian Tax Code, which envisages special rules with respect to timing of recognition of certain types of income and expenses for profits tax purposes, does not contain clear guidance as to how these rules should be applied in practice. It is possible that with the evolution of these rules and changes in the approach of the Russian tax authorities and/or courts to their application and interpretation, additional taxes and related fines and penalties may be assessed, which could negatively impact the financial condition of the Bank. The details of such contingent liabilities are not disclosed in these financial statements because of the uncertainty of the potential outcome in case of different interpretation of tax law by tax authorities. However the management believes in the positive outcome of this matter, if challenged by tax authorities.

As of 30 June 2013 management believes that its interpretation of the relevant legislation is reasonable and appropriate and that the Bank's tax, currency and customs positions will be sustained.

Transfer pricing

The new Russian transfer pricing legislation, which came into force on 1 January 2012, allows the Russian tax authority to apply transfer pricing adjustments and impose additional profits tax liabilities in respect of all "controlled" transactions if the transaction price differs from the market level of prices. The list of "controlled" transactions includes transactions performed with related parties and certain types of cross-border transactions.

The current Russian transfer pricing rules have considerably increased the compliance burden for the taxpayers compared to the transfer pricing rules which were in effect before due to, inter alia, shifting the burden of proof from the Russian tax authorities to the taxpayers. These rules are applicable not only to the transactions taking place in reporting period but also to the prior transactions with related parties if related income and expenses were recognized in the reporting period. Special transfer pricing rules apply to transactions with securities and derivatives.

*(Thousands of Russian rubles)***16. Commitments and contingencies (continued)****Transfer pricing (continued)**

In the reporting period the Bank determined its tax liabilities arising from "controlled" transactions using actual transaction prices. Due to the uncertainty and absence of current practice of application of the current Russian transfer pricing legislation the Russian tax authorities may challenge the level of prices applied by the Bank under the "controlled" transactions and accrue additional tax liabilities unless the Bank is able to demonstrate the use of market prices with respect to the "controlled" transactions, and that there has been proper reporting to the Russian tax authorities, supported by appropriate available transfer pricing documentation.

Commitments and contingencies

As of 30 June 2013, the Bank's financial commitments and contingencies comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Undrawn loan commitments	18,722,490	17,015,889
Financial commitments and contingencies	18,722,490	17,015,889

Operating lease commitments

The Bank entered into commercial leases for rent of non-residential premises under non-cancellable operating lease agreements. These leases have on average life between 1 and 5 years with a renewal option included in the contracts.

As of 30 June 2013 and 31 December 2012, the Bank's operating lease commitments comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
	<i>(Unaudited)</i>	
Not later than 1 year	861,369	714,419
Later than 1 year but not later than 5 years	2,250,204	1,569,239
Later than 5 years	967,231	923,017
Lease commitments	4,078,804	3,206,675

The Bank has recognized RUB 411,234 lease expenses for six months ended 30 June 2013 (for six months ended 30 June 2012: RUB 409,246).

Insurance

The Bank has not currently obtained insurance coverage related to liabilities arising from errors or omissions. Liability insurance is generally not available in Russia at present.

17. Fair values of financial instruments

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- ▶ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- ▶ Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- ▶ Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

*(Thousands of Russian rubles)***17. Fair values of financial instruments (continued)**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 June 2013 (Unaudited)	Level 1	Level 2	Total
<i>Financial assets</i>			
Trading securities	8,132,546	-	8,132,546
Derivative financial instruments (Note 8)	-	210,369	210,369
	8,132,546	210,369	8,342,915
<i>Financial liabilities</i>			
Derivative financial instruments (Note 8)	-	168,381	168,381
	-	168,381	168,381

At 31 December 2012	Level 1	Level 2	Total
<i>Financial assets</i>			
Trading securities	5,321,015	-	5,321,015
Derivative financial instruments (Note 8)	-	36,393	36,393
	5,321,015	36,393	5,357,408
<i>Financial liabilities</i>			
Derivative financial instruments (Note 8)	-	213,622	213,622
	-	213,622	213,622

There have been no transfers between level 1 and level 2 during six months ended 30 June 2013 and 2012.

18. Related party disclosures

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or 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.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

*(Thousands of Russian rubles)***18. Related party disclosures (continued)**

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

	30 June 2013		31 December 2012	
	<i>(Unaudited)</i>			
	Key management personnel	Entities under common control	Key management personnel	Entities under common control
Cash and cash equivalents – opening	-	1	-	123
Cash and cash equivalents placed	-	256,101	-	5,483
Cash and cash equivalents withdrawn	-	(255,922)	-	(5,605)
Cash and cash equivalents – closing	-	180	-	1
Amounts due from credit institutions - opening	-	-	-	-
Placed on amounts due from credit institutions	-	-	-	1,202,508
Withdrawn from amounts due from credit institutions	-	-	-	(1,202,508)
Amounts due from credit institutions	-	-	-	-
Loans to customers – opening	-	-	-	470,221
Loans to customers issued	-	3,685,474	-	11,554,994
Loans to customers repaid	-	(1,493,131)	-	(12,025,215)
Loans to customers – closing	-	2,192,343	-	-
Less: Allowance for impairment	-	-	-	-
Loans to customers – closing, net	-	2,192,343	-	-
Other assets - opening	-	36,394	-	72,354
Other assets issued	-	16,580,130	-	19,193,899
Other assets repaid	-	(16,323,352)	-	(19,229,859)
Other assets - closing	-	293,172	-	36,394
Amounts due to customers - opening	109,599	430,638	95,771	296,973
Placed on customer accounts	245,742	9,190,428	522,358	18,781,380
Withdrawn from customer accounts	(195,817)	(9,611,160)	(508,530)	(18,647,715)
Amounts due to customers - closing	159,524	9,906	109,599	430,638
Other liabilities - opening	341,473	-	225,191	7,917
Other liabilities issued	115,045	16,337,683	449,338	18,720,062
Other liabilities repaid	(379,867)	(16,169,303)	(333,056)	(18,727,979)
Other liabilities - closing	76,651	168,380	341,473	-
Interest income	-	33,106	-	105,205
Interest expense	(6,720)	(1,881)	(9,788)	(30,109)
Gains less losses from foreign currencies (dealing)	-	(6,901)	-	(14,276)
Other income	-	768,355	-	-

As of 30 June 2013 the Bank received from related party RUB-denominated, USD-denominated and EUR-denominated time deposits, bearing average effective interest of 11.7%, 6.6% and 7.0% per annum, respectively, and maturing in 2013-2015.

As of 31 December 2012 the Bank received from related party RUB-denominated, USD-denominated and EUR-denominated time deposits, bearing average effective interest of 8.3%, 7.2% and 6.9% per annum, respectively, and maturing in 2013 and 2014.

The volumes of related party transactions on other assets/liabilities accounts is driven by the foreign exchange forward deals, except for transactions with key management personnel.

As of 30 June 2013 related party loans and borrowings were provided/received on arm's length basis.

In June 2013 the Bank entered into a loan cession agreement with its related party under loans written off in previous periods. Income for the total amount of RUB 768,355 was recognized within other income. As of 30 June 2013, accounts receivable under the contract were recognized within other assets in the total amount of RUB 293,172. In August 2013 accounts receivable under the agreement have been settled.

*(Thousands of Russian rubles)***18. Related party disclosures (continued)**

Compensation of key management personnel was comprised of the following:

	2013	2012
Salaries and other short-term benefits	103,264	123,484
Share-based payment transaction expense	-	36,934
Social security costs related to pension system	6,223	5,996
Total key management compensation	109,487	166,415

19. Segment reporting

The Bank's operations are highly integrated and constitute a single industry segment, retail banking. Assets and liabilities of the Bank are primarily concentrated in the Russian Federation and the largest proportion of its revenues and financial result is received from the operations within the territory of the Russian Federation.

20. Events after the reporting period

On 25 July 2013 the Bank placed under open subscription issue #4B020503354B of 3,000,000 rouble-denominated documentary interest-bearing non-convertible bonds with par value of RUB 1 each. The bonds mature on 30 July 2018, and the principal is repaid at maturity. Bondholders may present bonds for repurchase at par plus accrued coupon in a two and half year period from the date of issuance, and in the event of certain payment terms not being followed by the Bank. Interest is payable semi-annually, the interest rate for the first three coupon payments was fixed at 11.35% per annum.

In August 2013 the Bank entered into a loan cession agreement with its related party for the total amount of RUB 939,868 under USD-denominated corporate loan to a third party in the carrying amount of RUB 939,868 (Note 6).

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