

**AUDIT PANEL  
REPORT**  
on results of review of business activity of  
CREDIT BANK OF MOSCOW  
in 2018

**Moscow**

**April 09, 2019**

The Audit Panel composed of:

the Chairman of Audit Panel E.O. Gudkov,

Panel members: A.A. Vastyanova; V.Y. Osipov,

reviewed, in accordance with the Federal Law “On Joint-Stock Companies”, the Charter and the Regulation “On Audit Panel” of CREDIT BANK OF MOSCOW (the “Bank”), the Bank’s business activity in, and annual accounting statements for, the year 2018.

**Audit methods**

The analysis was based on source documents, books of accounts and tax records, registers, statements and clarifications provided by the Bank’s management, and included a review of disclosure of business activities in financial (accounting) statements and appraisal of bookkeeping and tax accounting principles and methods, and of rules for preparing financial (accounting) statements and annual report.

The correctness of information contained in the accounting statements was assessed using the audit sampling whereby the Audit Panel examined certain matters influencing the contents of accounting statements in material respects (criteria of materiality were defined by the panel itself).

The correctness of information submitted to the Bank of Russia’s Central Federal District Head Office pursuant to its requirements, and the compliance therewith as of internal dates, were assessed using the audit sampling whereby documents containing this information were reviewed.

The Bank’s business activity was checked for legal compliance in making civil law transactions using the audit sampling whereby several dozens of various agreements made in the reporting period were requested.

The consistency of the Bank’s policy documents with applicable laws and regulations was assessed using the audit sampling whereby its key policy documents were examined.

The Bank’s compliance with the Federal Law “On Joint-Stock Companies” as regards approval of interested party transactions by authorised bodies was assessed using a mix of the exhaustive audit and audit sampling.

Other matters audited were assessed using the exhaustive audit and audit sampling.

**Audit results**

The Bank’s bookkeeping is organised as required by regulations governing bookkeeping in the Russian Federation, and is based on CREDIT BANK OF MOSCOW’s Accounting Policy approved by its Chairman of the Management Board (order No. 1460 dated 29.12.2017).

The accounting statements for 2018 were prepared within the deadlines set by CBR's Ordinance No. 4927-U dated 08.10.2018 "On the List, Forms, Preparation, and Filing with CBR, of Credit Organisations Reporting Forms" and Ordinance No. 4983-U dated 27.11.2018 "On the Forms, Procedure and Timeframe for Disclosing Information on Activities by Credit Institutions". They include the following documents (reporting forms):

- balance sheet (OKUD form code 0409806);
- report on financial results (OKUD form code 0409807);
- report on capital adequacy (OKUD form code 0409808);
- report on changes in the financial institution's capital (OKUD form code 0409810);
- statement of mandatory ratios, leverage ratio and short-term liquidity ratio (OKUD form code 0409813);
- cash flow statement (OKUD form code 0409814);
- explanatory information to the annual accounting (financial) statements for 2018.

The key highlights of the Bank's annual accounting (financial) statements are:

<b>Indicator</b>	<b>Units</b>	<b>01.01.2019</b>	<b>01.01.2018</b>
Total assets	RUB mln	2 136 135,409	1 829 893,013
Income (loss) before taxation	RUB mln	15 233,111	13 215,374
Income	RUB mln	12 124,913	10 699,860
Equity (capital)	RUB mln	272 295,475	249 330,723
Base capital adequacy ratio	%	8,1	8,2
Core capital adequacy ratio	%	11,6	11,4
Capital adequacy ratio	%	20,1	20

The audit of the Bank's business activity in 2018 dealt with the following matters:

- correctness of income determination;
- status of loans issued;
- status of receivables;
- investments in subsidiaries;
- dealings in securities of third-party issuers;
- fixed assets, capital expenditures and intangible assets;
- timeliness of credits to customer accounts.

### **Audit Panel's Opinion**

Having exercised its functions and powers, such as making audits, the Audit Panel has not identified any deviations, errors or weaknesses in the Bank's activities that might pose a threat to interests of its shareholders, lenders or depositors.

The accounting statements contain correct data and fully reflect the Bank's financial condition and results of business activity for the period from 01 January to 31 December 2018.

Signatures:

**Chairman of the Audit Panel**

[s]

**E.O. Gudkov**

**Audit Panel Members**

[s] **A.A. Vastyanova**

[s] **V.Y. Osipov**