

**CREDIT BANK OF MOSCOW**  
**(open joint-stock company)**

Consolidated Interim Condensed  
Financial Statements  
for the nine-month period  
ended 30 September 2014

## Contents

Auditors' Report on Review of Consolidated Interim Condensed Financial Information .....	3
Consolidated Interim Condensed Statements of Profit or Loss and Other Comprehensive Income .....	5
Consolidated Interim Condensed Statement of Financial Position.....	7
Consolidated Interim Condensed Statement of Cash Flows.....	8
Consolidated Interim Condensed Statement of Changes in Equity .....	10
Notes to the Consolidated Interim Condensed Financial Statements .....	11
1 Background .....	11
2 Basis of preparation.....	12
3 Significant accounting policies .....	13
4 Net interest income.....	13
5 Net fee and commission income .....	14
6 Salaries, employment benefits and administrative expenses.....	15
7 Income tax .....	15
8 Cash and cash equivalents .....	16
9 Due from credit institutions.....	17
10 Financial instruments at fair value through profit or loss .....	17
11 Available-for-sale securities.....	18
12 Loans to customers .....	19
13 Deposits by the Central Bank of the Russian Federation .....	28
14 Deposits by credit institutions .....	28
15 Deposits by customers.....	28
16 Debt securities issued .....	29
17 Share capital .....	29
18 Commitments .....	29
19 Contingencies .....	29
20 Related party transactions .....	31
21 Capital management .....	32
22 Analysis by segment.....	34
23 Financial assets and liabilities: fair values and accounting classifications .....	38
24 Earnings per share .....	40
25 Events subsequent to the reporting date .....	40



**ZAO KPMG**  
10 Presnenskaya Naberezhnaya  
Moscow, Russia 123317

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

## **Auditors' Report on Review of Consolidated Interim Condensed Financial Information**

To the Shareholders and Supervisory Board of CREDIT BANK OF MOSCOW (open joint-stock company)

### *Introduction*

We have reviewed the accompanying consolidated interim condensed statement of financial position of CREDIT BANK OF MOSCOW (open joint-stock company) and its subsidiaries (the Group) as at 30 September 2014, and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three- and the nine-month periods ended 30 September 2014, and the related consolidated interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2014, and notes to the consolidated interim condensed financial information (the consolidated interim condensed financial information). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Audited entity: CREDIT BANK OF MOSCOW (open joint-stock company).

Registered by the Central Bank of the Russian Federation on 18 August 1999, Registration No. 1978.

Entered in the Unified State Register of Legal Entities on 18 November 2002 by the Department of Federal Tax Service, Registration No. 1027739555282, Certificate series 77 No. 004840877.

Address of audited entity: 2 (bldg. 1), Lukov pereulok, Moscow, Russia, 107045.

Independent auditor: ZAO KPMG, a company incorporated under the laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss Entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 September 2014 and for the three- and the nine-month periods ended 30 September 2014 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



Malyutina M.S.

Director

Power of attorney dated 1 October 2013 No. 77/13

ZAO KPMG

Moscow, Russian Federation



3 December 2014

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

	Notes	Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited)
Interest income	4	41 133 253	29 469 278	15 141 774	10 637 714
Interest expense	4	(23 512 980)	(17 654 084)	(8 406 450)	(6 553 197)
<b>Net interest income</b>	4	<b>17 620 273</b>	<b>11 815 194</b>	<b>6 735 324</b>	<b>4 084 517</b>
Provision for impairment of loans	12	(7 013 952)	(4 444 284)	(3 268 834)	(1 708 126)
<b>Net interest income after provision for impairment of loans</b>		<b>10 606 321</b>	<b>7 370 910</b>	<b>3 466 490</b>	<b>2 376 391</b>
Fee and commission income	5	6 318 731	5 090 359	2 292 484	2 009 874
Fee and commission expense	5	(1 144 040)	(449 151)	(419 577)	(179 178)
Net (loss) gain on financial instruments at fair value through profit or loss		(444 290)	77 512	(379 688)	(56 499)
Net realized (loss) gain on available-for-sale assets		(52 933)	46 561	18 090	19 770
Net foreign exchange gains (losses)		115 577	349 125	(123 834)	46 313
State deposit insurance scheme contributions		(415 370)	(358 389)	(145 807)	(126 715)
Other operating income, net		322 001	545 754	87 110	275 438
<b>Non-interest income</b>		<b>4 699 676</b>	<b>5 301 771</b>	<b>1 328 778</b>	<b>1 989 003</b>
<b>Operating income</b>		<b>15 305 997</b>	<b>12 672 681</b>	<b>4 795 268</b>	<b>4 365 394</b>
Salaries and employment benefits	6	(4 093 826)	(3 268 987)	(1 228 206)	(1 118 537)
Administrative expenses	6	(2 445 344)	(2 032 781)	(727 523)	(792 822)
Depreciation of property and equipment		(391 847)	(349 642)	(128 728)	(122 137)
Recovery of (provision for) impairment of other assets and credit related commitments		117 790	80 017	38 660	(49 250)
<b>Operating expense</b>		<b>(6 813 227)</b>	<b>(5 571 393)</b>	<b>(2 045 797)</b>	<b>(2 082 746)</b>
<b>Profit before income taxes</b>		<b>8 492 770</b>	<b>7 101 288</b>	<b>2 749 471</b>	<b>2 282 648</b>
Income tax	7	(2 122 013)	(1 475 523)	(622 132)	(482 365)
<b>Profit for the period</b>		<b>6 370 757</b>	<b>5 625 765</b>	<b>2 127 339</b>	<b>1 800 283</b>

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

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

Notes	Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited)
<b>Profit for the period</b>	<u>6 370 757</u>	<u>5 625 765</u>	<u>2 127 339</u>	<u>1 800 283</u>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Revaluation reserve for available-for- sale securities:				
- net change in fair value	(208 977)	(134 553)	(227 294)	(57 666)
- net change in fair value transferred to profit or loss	(17 825)	66 783	(597)	94 366
Income tax related to other comprehensive income	45 360	13 626	45 578	(7 358)
<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>(181 442)</u>	<u>(54 144)</u>	<u>(182 313)</u>	<u>29 432</u>
<b>Total comprehensive income for the period</b>	<u>6 189 315</u>	<u>5 571 621</u>	<u>1 945 026</u>	<u>1 829 715</u>
<b>Basic and diluted earnings per share (in RUB per share)</b>	24	0.44	0.44	0.15
				0.14

Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass

3 December 2014

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

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Consolidated Interim Condensed Statement of Financial Position*  
*as at 30 September 2014*

	Notes	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<b>ASSETS</b>			
Cash and cash equivalents	8	55 697 055	67 064 920
Obligatory reserves with the Central Bank of the Russian Federation		3 241 624	2 798 987
Due from credit institutions	9	6 036 022	10 466 017
Financial instruments at fair value through profit or loss	10	44 806 172	37 412 185
Available-for-sale securities	11	15 337 695	18 533 564
Loans to customers	12	358 309 847	308 940 610
Property and equipment		7 487 510	6 079 029
Goodwill		301 089	301 089
Other assets		5 170 596	2 605 717
<b>Total assets</b>		<b>496 387 610</b>	<b>454 202 118</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits by the Central Bank of the Russian Federation	13	8 100 216	14 566 171
Deposits by credit institutions	14	40 387 841	24 398 112
Deposits by customers	15	299 665 485	274 872 004
Debt securities issued	16	85 896 745	84 553 516
Deferred tax liability		2 761 878	1 880 127
Current tax liability		16 531	196 917
Other liabilities		2 711 552	3 077 224
<b>Total liabilities</b>		<b>439 540 248</b>	<b>403 544 071</b>
<b>Equity</b>			
Share capital	17	15 329 692	15 329 692
Additional paid-in capital		9 768 757	9 768 757
Revaluation surplus for buildings		1 115 928	1 115 928
Revaluation reserve for available-for-sale securities		(219 081)	(37 639)
Retained earnings		30 852 066	24 481 309
<b>Total equity</b>		<b>56 847 362</b>	<b>50 658 047</b>
<b>Total liabilities and equity</b>		<b>496 387 610</b>	<b>454 202 118</b>

Commitments and Contingencies 18-19

Chairman of the Management Board



*[Handwritten signature in blue ink]*

Vladimir A. Chubar

Chief Accountant

*[Handwritten signature in blue ink]*

Svetlana V. Sass

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

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

	Notes	Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>6 370 757</b>	<b>5 625 765</b>
Out of which:			
- Interest income received		39 401 746	28 307 377
- Interest expense paid		(21 662 446)	(16 933 169)
- Income tax paid		(1 375 287)	(1 093 202)
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for impairment of loans	12	7 013 952	4 444 284
Depreciation and amortization		391 847	349 642
Deferred taxation	7	927 112	416 543
Revaluation of financial instruments at fair value through profit or loss		486 611	(96 281)
Provision for impairment of other assets and credit related commitments		(117 790)	(80 017)
Change in accrued interest income		(1 731 507)	(1 161 901)
Change in accrued interest expense		1 850 534	720 915
Other		881 585	(161 287)
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>16 073 101</b>	<b>10 057 663</b>
<b>(Increase) decrease in operating assets</b>			
Obligatory reserves with the Central Bank of the Russian Federation		(442 637)	(1 188 970)
Due from credit institutions		4 419 642	1 557 949
Financial instruments at fair value through profit or loss		(7 510 758)	785 265
Loans to customers		(47 136 168)	(88 997 052)
Other assets		(832 592)	(331 896)
<b>Increase (decrease) in operating liabilities</b>			
Deposits by the Central Bank of the Russian Federation		(6 463 167)	4 500 000
Deposits by credit institutions		817 692	(11 436 565)
Deposits by customers		22 892 283	57 285 885
Promissory notes		(1 608 589)	(1 479 636)
Other liabilities		(210 884)	174 636
<b>Net cash used in operations</b>		<b>(20 002 077)</b>	<b>(29 072 721)</b>

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.



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

Notes	Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net sale (purchase) of available-for-sale securities	3 019 879	(5 447 016)
Net purchase of property and equipment and intangible assets	(1 795 407)	(336 525)
<b>Net cash from/(used in) investing activities</b>	<b>1 224 472</b>	<b>(5 783 541)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common stock	-	2 539 391
Net repayment of subordinated deposits	-	(2 176 564)
Net proceeds from syndicated borrowings	13 001 811	528 611
Net proceeds from subordinated bonds	-	18 172 550
Net (repayment of) proceeds from other bonds	(7 343 740)	12 909 833
<b>Net cash from financing activities</b>	<b>5 658 071</b>	<b>31 973 821</b>
<b>Effect of exchange rates changes on cash and cash equivalents</b>	<b>1 751 669</b>	<b>762 161</b>
<b>Change in cash and cash equivalents</b>	<b>(11 367 865)</b>	<b>(2 120 280)</b>
Cash and cash equivalents, beginning of the period	67 064 920	47 459 075
<b>Cash and cash equivalents, end of the period</b> 8	<b>55 697 055</b>	<b>45 338 795</b>

Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass



The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes, forming an integral part of the consolidated interim condensed financial statements.

*CREDIT BANK OF MOSCOW (open joint-stock company)  
Consolidated Interim Condensed Statement of Changes in Equity  
for the nine-month period ended 30 September 2014*

	Share capital	Additional paid-in capital	Revaluation surplus for buildings	Revaluation reserve for available-for-sale securities	Retained earnings	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
<b>31 December 2012</b>	13 539 763	9 019 295	1 115 928	16 061	15 601 246	39 292 293
Total comprehensive income for the period (unaudited)	-	-	-	(54 144)	5 625 765	5 571 621
Shares issued	1 789 929	5 745 671	-	-	-	7 535 600
Repayment of subordinated loans to the majority shareholder (net of deferred tax of RUB 1 249 052 thousand)	-	(4 996 209)	-	-	-	(4 996 209)
<b>Total transaction with owners, recorded directly in equity (unaudited)</b>	<b>1 789 929</b>	<b>749 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 539 391</b>
<b>30 September 2013 (unaudited)</b>	<b>15 329 692</b>	<b>9 768 757</b>	<b>1 115 928</b>	<b>(38 083)</b>	<b>21 227 011</b>	<b>47 403 305</b>
<b>31 December 2013</b>	15 329 692	9 768 757	1 115 928	(37 639)	24 481 309	50 658 047
Total comprehensive income for the period (unaudited)	-	-	-	(181 442)	6 370 757	6 189 315
<b>30 September 2014 (unaudited)</b>	<b>15 329 692</b>	<b>9 768 757</b>	<b>1 115 928</b>	<b>(219 081)</b>	<b>30 852 066</b>	<b>56 847 362</b>

Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V.Sass



# 1 Background

## Principal activities

These consolidated interim condensed financial statements include the financial statements of CREDIT BANK OF MOSCOW (open joint-stock company) (the Bank) and its subsidiaries (together referred to as the Group).

The Bank was formed on 5 August 1992 as an open joint-stock company, then re-registered as a limited liability company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganized as an open joint-stock company. The Bank's registered legal address is 2 (bldg. 1) Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central Bank of the Russian Federation (the CBR), renewed on 21 January 2013. In December 2004 the Bank was admitted to the state program for individual deposit insurance.

The Bank is among the 15 largest banks in Russia by assets and conducts its business in Moscow and the Moscow region with a branch network comprising 59 branches, more than 800 ATMs and more than 6 000 payment terminals.

The Group operates in industry where significant seasonal or cyclical variations in operating income are not experienced during the financial year.

The principal subsidiaries of the Group are as follows:

Name	Country of incorporation	Principal activities	Degree of control, %	
			30 September 2014 (Unaudited)	31 December 2013
CBOM Finance p.l.c.	Ireland	Raising finance	100%	100%
MKB-Invest	Russia	Transactions with securities	100%	100%
MKB-Leasing	Russia	Finance leasing	100%	100%
M-Leasing	Russia	Finance leasing	100%	100%
CJSC Mortgage Agent MKB	Russia	Raising finance	100%	-

The Bank does not have any direct or indirect shareholdings in the subsidiaries "CBOM Finance p.l.c.", "MKB-Invest" and CJSC "Mortgage Agent MKB". "CBOM Finance p.l.c." was established to raise capital by the issue of debt securities and to use the proceeds of each such issuance to advance loans to the Bank. MKB-Invest is controlled by the Group through an option agreement. Mortgage Agent MKB was established for the purposes of the mortgage loans securitization program launched by the Bank in 2014.

## Shareholders

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

Concern Rossium, LLC (Parent Company) – 85.00%

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

RBOF Holding Company I Ltd. – 4.61%

International Finance Corporation (IFC) – 2.89%

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

As at 30 September 2014, the Supervisory Board includes:

William F. Owens – Chairman

Members:

Richard D. Glasspool

Andrew S. Gazitua

Roman I. Avdeev

Alexander N. Nikolashin

Anton R. Avdeev

Vladimir A. Chubar

Mikhail E. Kuznetsov

Nicholas D. Haag

Bernard D. Sucher

Brendan G. Walsh

Thomas G. Grasse

Related party transactions are detailed in note 20.

### **Russian business environment**

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation. In addition, the recent contraction in the capital and credit markets and the impact of this on the Russian economy further increased the level of economic uncertainty in the environment.

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

The consolidated interim condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

## **2 Basis of preparation**

### **Statement of compliance**

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2013, as these consolidated interim condensed financial statements provide an update of previously reported financial information.

### **Basis of measurement**

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale securities are stated at fair value and buildings are stated at revalued amounts.

### **Functional and presentation currency**

The functional currency of the Bank and the majority of its subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in RUB is rounded to the nearest thousand.

### **Use of estimates and judgments**

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## **3 Significant accounting policies**

The accounting policies applied by the Group in the preparation of these consolidated interim condensed financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2013.

Certain amendments to IFRS became effective from 1 January 2014 and have been adopted by the Group since that date. These changes do not have a significant effect on the consolidated interim condensed financial statements.

## **4 Net interest income**

	<b>Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>
<b>Interest income</b>				
Loans to customers	35 999 377	25 799 708	13 223 830	9 476 800
Financial instruments at fair value through profit or loss and available-for-sale securities	3 834 012	2 809 039	1 360 136	914 750
Due from credit institutions and the Central Bank of the Russian Federation	1 299 864	860 531	557 808	246 164
	<u>41 133 253</u>	<u>29 469 278</u>	<u>15 141 774</u>	<u>10 637 714</u>

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the nine-month period ended 30 September 2014*

	<b>Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>
<b>Interest expense</b>				
Deposits by customers	(15 703 163)	(12 128 194)	(5 676 459)	(4 433 174)
Debt securities issued	(5 572 318)	(4 288 328)	(1 899 488)	(1 682 631)
Deposits by credit institutions and the Central Bank of the Russian Federation	(2 237 499)	(1 237 562)	(830 503)	(437 392)
	<u>(23 512 980)</u>	<u>(17 654 084)</u>	<u>(8 406 450)</u>	<u>(6 553 197)</u>
<b>Net interest income</b>	<u>17 620 273</u>	<u>11 815 194</u>	<u>6 735 324</u>	<u>4 084 517</u>

## 5 Net fee and commission income

	<b>Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>
<b>Fee and commission income</b>				
Insurance contracts processing	1 654 613	1 728 470	621 164	732 371
Settlements and wire transfers	1 175 086	835 508	428 194	362 605
Plastic cards	1 084 600	392 134	415 457	149 526
Guarantees and letters of credit	983 869	785 627	336 743	323 069
Cash handling	915 330	860 633	308 310	306 651
Other cash operations	228 716	153 183	81 746	66 086
Currency exchange commission	139 379	164 842	52 414	54 944
Other	137 138	169 962	48 456	14 622
	<u>6 318 731</u>	<u>5 090 359</u>	<u>2 292 484</u>	<u>2 009 874</u>
<b>Fee and commission expense</b>				
Settlements, wire transfers and plastic cards	(969 161)	(300 128)	(365 892)	(114 019)
Other	(174 879)	(149 023)	(53 685)	(65 159)
	<u>(1 144 040)</u>	<u>(449 151)</u>	<u>(419 577)</u>	<u>(179 178)</u>
<b>Net fee and commission income</b>	<u>5 174 691</u>	<u>4 641 208</u>	<u>1 872 907</u>	<u>1 830 696</u>

## 6 Salaries, employment benefits and administrative expenses

	Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)	Three-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited)
Salaries	3 241 011	2 572 526	990 802	908 471
Social security costs	771 129	625 207	205 427	190 648
Other	81 686	71 254	31 977	19 418
<b>Salaries and employment benefits</b>	<b>4 093 826</b>	<b>3 268 987</b>	<b>1 228 206</b>	<b>1 118 537</b>
Occupancy	695 836	545 678	240 707	188 464
Operating taxes	407 118	410 764	50 595	141 217
Advertising and business development	471 469	405 660	130 961	183 671
Property maintenance	244 332	161 019	78 777	65 238
Security	200 536	192 097	75 129	69 239
Write-off of low-value fixed assets	145 411	115 683	48 327	74 331
Transport	68 076	45 061	25 580	16 486
Computer maintenance and software expenses	75 085	56 434	35 993	17 096
Communications	59 399	40 202	25 558	15 350
Other	78 082	60 183	15 896	21 730
<b>Administrative expenses</b>	<b>2 445 344</b>	<b>2 032 781</b>	<b>727 523</b>	<b>792 822</b>

## 7 Income tax

	Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)	Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)
Current tax charge	1 194 901	1 058 980
Deferred taxation	927 112	416 543
<b>Income tax expense</b>	<b>2 122 013</b>	<b>1 475 523</b>

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

## 8 Cash and cash equivalents

	<b>30 September 2014</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2013</b> <b>RUB'000</b>
Cash on hand	8 256 005	10 312 841
Correspondent account with the Central Bank of the Russian Federation	7 838 117	13 719 643
<b>Nostro accounts with other banks</b>		
rated from AA+ to AA-	537 750	721 960
rated from A+ to A-	3 029 795	3 168 085
rated from BBB+ to BBB-	5 191 281	1 548 056
rated from BB+ to BB-	81 606	1 412 775
rated from B+ to B-	30 916	58 601
not rated	211 392	478 463
<b>Total nostro accounts with other banks</b>	<b>9 082 740</b>	<b>7 387 940</b>
<b>Due from credit institutions with maturity of less than 1 month</b>		
Deposits with the Central Bank of the Russian Federation	-	12 000 000
rated from A+ to A-	4 744 539	6 689 761
rated from BBB+ to BBB-	1 178 867	2 500 437
rated from BB+ to BB-	1 562 506	-
rated from B+ to B-	16 865 146	11 441 144
not rated	6 169 135	3 013 154
<b>Total due from credit institutions with maturity of less than 1 month</b>	<b>30 520 193</b>	<b>35 644 496</b>
<b>Total cash and cash equivalents</b>	<b>55 697 055</b>	<b>67 064 920</b>

Ratings are based on Standard & Poor's rating system.

No cash and cash equivalents are impaired or past due.

The correspondent account with the Central Bank of the Russian Federation represents balances held with the Central Bank of the Russian Federation related to settlement activity, and was available for withdrawal at the period end.

As at 30 September 2014 receivables under reverse sale and repurchase agreements included in cash and cash equivalents are RUB 19 410 150 thousand (31 December 2013: RUB 13 876 923 thousand).

As at 30 September 2014, not rated due from credit institutions with maturity of less than 1 month includes term deposits secured by highly liquid debt securities under agreements to resell (reverse repo) in the amount of RUB 5 817 041 thousand (31 December 2013: RUB 3 013 154 thousand).



## 9 Due from credit institutions

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<b>Term deposits</b>		
rated from BBB+ to BBB-	256 091	-
rated from BB+ to BB-	392 932	-
rated from B+ to B-	5 386 999	9 134 652
not rated	-	1 331 365
<b>Total due from credit institutions</b>	<b>6 036 022</b>	<b>10 466 017</b>

No due from credit institutions are impaired or past due.

## 10 Financial instruments at fair value through profit or loss

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<b><u>Held by the Group</u></b>		
<b>Government and municipal bonds</b>		
Russian Government Federal bonds (OFZ)	4 571 388	697 718
Moscow Government bonds	325 641	529 188
Regional authorities and municipal bonds	7 930 483	6 883 716
<b>Corporate bonds</b>		
rated AAA	808 517	152 669
from BBB+ to BBB-	8 130 444	5 003 704
from BB+ to BB-	6 074 488	1 974 860
from B+ to B-	9 302 005	9 812 311
from CCC+ to C-	51 846	-
not rated	6 767 833	4 606 902
<b>Derivative financial instruments</b>	781 480	197 313
<b>Total held by the Group</b>	<b>44 744 125</b>	<b>29 858 381</b>
<b><u>Pledged under sale and repurchase agreements</u></b>		
<b>Regional authorities and municipal bonds</b>	-	2 228 405
<b>Corporate bonds</b>		
from BBB+ to BBB-	-	2 974 542
from BB+ to BB-	20 472	2 142 751
from B+ to B-	41 575	-
not rated	-	208 106
<b>Total pledged under sale and repurchase agreements</b>	<b>62 047</b>	<b>7 553 804</b>
<b>Total financial instruments at fair value through profit or loss</b>	<b>44 806 172</b>	<b>37 412 185</b>

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

As at 30 September 2014, debt instruments in the amount of RUB 37 368 862 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2013: RUB 25 583 495 thousand).

## Derivative financial instruments

The table below summarises, by major currencies, the contractual amounts of spot and forward exchange contracts outstanding as at 30 September 2014 and 31 December 2013 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resulting unrealised gains and losses on these unexpired contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss or other liabilities, as appropriate.

	Notional amount		Weighted average contractual exchange rates	
	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000	30 September 2014 (Unaudited)	31 December 2013
<b>Buy USD sell RUB</b>				
Less than 3 months	859 551	4 058 439	39.3387	32.1414
<b>Buy gold sell RUB</b>				
Between 3 months and 6 months	225 582	-	1 516.7900	-
<b>Buy EUR sell USD</b>				
Less than 3 months	1 291	674	1.2609	1.3743
<b>Buy RUB sell USD</b>				
Less than 3 months	-	2 120 852	-	32.8823
<b>Buy RUB sell EUR</b>				
Less than 3 months	-	16 864	-	44.8600
<b>Buy EUR sell RUB</b>				
Less than 3 months	-	15 339	-	45.1134

## 11 Available-for-sale securities

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<b><u>Held by the Group</u></b>		
<b>Corporate bonds</b>		
from BBB+ to BBB-	5 170 809	915 894
from BB+ to BB-	2 909 313	815 781
from B+ to B-	1 221 147	1 483 679
not rated	-	60 385
<b>Promissory notes</b>		
from BBB+ to BBB-	1 054 384	1 404 848
from BB+ to BB-	4 622 564	3 208 017

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the nine-month period ended 30 September 2014*

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
from B+ to B-	346 306	1 723 193
not rated	7 574	941 440
<b>Equity investments</b>	<b>5 598</b>	<b>4 661</b>
<b>Total held by the Group</b>	<b>15 337 695</b>	<b>10 557 898</b>
<b><u>Pledged under sale and repurchase agreements</u></b>		
<b>Corporate bonds</b>		
from BBB+ to BBB-	-	5 842 803
from BB+ to BB-	-	1 159 761
from B+ to B-	-	504 820
<b>Total pledged under sale and repurchase agreements</b>	<b>-</b>	<b>7 507 384</b>
<b><u>Pledged as collateral for interbank and other loans</u></b>		
<b>Promissory notes</b>		
from BBB+ to BBB-	-	468 282
<b>Total pledged as collateral for interbank and other loans</b>	<b>-</b>	<b>468 282</b>
<b>Total available-for-sale securities</b>	<b>15 337 695</b>	<b>18 533 564</b>

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

As at 30 September 2014, debt instruments in the amount of RUB 7 856 376 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2013: RUB 4 320 210 thousand).

## 12 Loans to customers

	30 September 2014 RUB'000 (Unaudited)	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000	31 December 2013 RUB'000
	Loans	Impairment allowance	Loans	Impairment allowance
<b>Loans to corporate clients</b>	<b>247 884 173</b>	<b>(5 875 046)</b>	<b>220 010 070</b>	<b>(4 453 275)</b>
<b>Loans to individuals</b>				
Auto loans	9 406 685	(128 867)	10 305 656	(111 366)
Mortgage loans	18 590 444	(216 463)	15 677 650	(186 329)
Credit card loans	4 990 885	(602 921)	3 680 456	(309 052)
Other loans to individuals	90 808 255	(6 547 298)	68 185 781	(3 858 981)
<b>Total loans to individuals</b>	<b>123 796 269</b>	<b>(7 495 549)</b>	<b>97 849 543</b>	<b>(4 465 728)</b>
<b>Gross loans to customers</b>	<b>371 680 442</b>	<b>(13 370 595)</b>	<b>317 859 613</b>	<b>(8 919 003)</b>
<b>Net loans to customers</b>	<b>358 309 847</b>		<b>308 940 610</b>	

### Credit quality of loan portfolio

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

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loans to customers</b>				
- Not past due	351 661 257	(4 457 205)	347 204 052	1.3
- Not past due but impaired	4 549 889	(631 279)	3 918 610	13.9
- Overdue less than 31 days	3 317 574	(628 171)	2 689 403	18.9
- Overdue 31-60 days	1 121 143	(516 782)	604 361	46.1
- Overdue 61-90 days	1 453 690	(951 448)	502 242	65.5
- Overdue 91-180 days	3 831 155	(1 911 301)	1 919 854	49.9
- Overdue 181-360 days	4 257 440	(3 110 558)	1 146 882	73.1
- Overdue more than 360 days	1 488 294	(1 163 851)	324 443	78.2
<b>Total loans to customers</b>	<b>371 680 442</b>	<b>(13 370 595)</b>	<b>358 309 847</b>	<b>3.6</b>

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

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

As at 30 September 2014, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 15 469 296 thousand, which represents 4.2% of the gross loan portfolio (31 December 2013: RUB 7 837 571 thousand and 2.5%, respectively).

Nonperforming loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 9 576 889 thousand or 2.6% of the gross loan portfolio (31 December 2013: RUB 4 194 430 thousand and 1.3 %, respectively).

NPLs together with restructured loans amount to RUB 11 949 597 thousand or 3.2% of the gross loan portfolio (31 December 2013: RUB 4 955 223 thousand and 1.6 %, respectively).

As at 30 September 2014, the ratio of total impairment allowance to overdue loans equals 86.4%, the ratio of total impairment allowance to NPLs equals 139.6% and the ratio of total impairment allowance to NPLs together with restructured loans equals 111.9% (31 December 2013: 113.8 %, 212.6 % and 180.0 %, respectively).

Movements in the loan impairment allowance for the nine-month periods ended 30 September 2014 and 30 September 2013 are as follows:

	<b>2014</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>2013</b> <b>RUB'000</b> <b>(Unaudited)</b>
<b>Balance at the beginning of the period</b>	<b>8 919 003</b>	4 698 726
Net charge	7 013 952	4 444 284
Net write-offs	(2 562 360)	(949 138)
<b>Balance at the end of the period</b>	<b>13 370 595</b>	<b>8 193 872</b>

As at 30 September 2014, interest accrued on overdue and impaired loans amounts to RUB 762 634 thousand (31 December 2013: RUB 547 321 thousand).

### **Credit quality of loans to corporate clients portfolio**

The following table provides information on credit quality of loans to corporate clients as at 30 September 2014:

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loans to corporate clients</b>				
- Not past due	239 218 987	(3 840 324)	235 378 663	1.6
- Not past due but impaired	4 549 889	(631 279)	3 918 610	13.9
- Overdue less than 31 days	1 243 052	(401 611)	841 441	32.3
- Overdue 31-60 days	251 101	(155 553)	95 548	61.9
- Overdue 61-90 days	567 016	(418 230)	148 786	73.8
- Overdue 91-180 days	1 577 683	(348 998)	1 228 685	22.1
- Overdue 181-360 days	448 432	(68 375)	380 057	15.2
- Overdue more than 360 days	28 013	(10 676)	17 337	38.1
<b>Total loans to corporate clients</b>	<b>247 884 173</b>	<b>(5 875 046)</b>	<b>242 009 127</b>	<b>2.4</b>

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

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

In 2014, the Group revised the methodology used to estimate the impairment allowance for loans to corporate clients for which no specific indications of impairment have been identified. The revised methodology is intended to provide a more accurate estimate of the impairment allowance. As at 30 September 2014, the Group estimates loan impairment for loans to corporate clients based on an analysis of the future cash flows for impaired loans and based on its internal credit rating adjusted for the value of collateral for portfolios of loans for which no indications of impairment have been identified.

Changes in these estimates could affect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the impairment allowance as at 30 September 2014 would decrease/increase by RUB 2 420 091 thousand (31 December 2013: RUB 2 155 568 thousand).

### ***Analysis of collateral***

Corporate loans are secured by the following types of collateral, depending on the type of transaction: real estate (manufacturing premises, warehouses), equipment and motor vehicles, inventories, receivables, guarantees and sureties, securities, promissory notes.

The following table provides information on collateral securing loans to corporate customers, net of impairment, by types of collateral as at 30 September 2014 and 31 December 2013:

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	
Real estate	53 749 796	36 255 555
Securities	42 128 622	30 487 469
Goods in turnover	27 222 234	29 305 369
Claims for contract receivables	20 385 925	16 822 515
Equipment and motor vehicles	11 745 369	8 374 778
Bank's own debt securities	218 276	1 787 670
Corporate guarantees and no collateral	86 558 905	92 523 439
	<b>242 009 127</b>	<b>215 556 795</b>

The Group generally does not consider corporate guarantees for impairment assessment purposes.

The amounts in the table above represent the carrying value of the related loan, and do not necessarily represent the fair value of the collateral.

The recoverability of loans which are neither past due nor impaired is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Guarantees and sureties received from individuals, such as shareholders of SME borrowers, are not considered for impairment assessment purposes. Accordingly, such loans and unsecured portions of partially secured exposures are presented as loans without collateral or other credit enhancement.

Management estimates that the impairment allowance for loans to corporate customers would have been approximately RUB 6 383 629 thousand higher without any collateral (31 December 2013: RUB 5 542 547 thousand).

### *Collateral obtained*

During the nine-month period ended 30 September 2014, the Group obtained certain assets by taking possession of collateral for loans to corporate customers. The carrying amount of these assets, as at 30 September 2014, was RUB 1 979 514 thousand (31 December 2013: RUB 2 996 thousand). The Group's policy is to sell these assets as soon as it is practicable.

### *Analysis of movements in the impairment allowance*

Movements in the loan impairment allowance for loans to corporate clients for the nine-month periods ended 30 September 2014 and 30 September 2013 are as follows:

	<b>2014</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>2013</b> <b>RUB'000</b> <b>(Unaudited)</b>
Balance at the beginning of the period	4 453 275	3 058 623
Net charge	2 308 073	1 715 539
Net write-offs	(886 302)	(262 535)
<b>Balance at the end of the period</b>	<b>5 875 046</b>	<b>4 511 627</b>

### **Credit quality of loans to individuals**

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

	<b>Gross loans</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>Impairment allowance</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>Net loans</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>Impairment to gross loans</b> <b>%</b> <b>(Unaudited)</b>
<b>Auto loans</b>				
- Not past due	9 108 627	(7 839)	9 100 788	0.1
- Overdue less than 31 days	61 997	(3 531)	58 466	5.7
- Overdue 31-60 days	21 770	(4 455)	17 315	20.5
- Overdue 61-90 days	19 491	(5 868)	13 623	30.1
- Overdue 91-180 days	57 677	(23 588)	34 089	40.9
- Overdue 181-360 days	101 836	(59 283)	42 553	58.2
- Overdue more than 360 days	35 287	(24 303)	10 984	68.9
<b>Total auto loans</b>	<b>9 406 685</b>	<b>(128 867)</b>	<b>9 277 818</b>	<b>1.4</b>

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements  
for the nine-month period ended 30 September 2014

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Mortgage loans</b>				
- Not past due	17 663 847	(13 380)	17 650 467	0.1
- Overdue less than 31 days	270 775	(2 794)	267 981	1.0
- Overdue 31-60 days	105 787	(4 783)	101 004	4.5
- Overdue 61-90 days	33 311	(2 264)	31 047	6.8
- Overdue 91-180 days	111 105	(15 279)	95 826	13.8
- Overdue 181-360 days	120 250	(36 972)	83 278	30.7
- Overdue more than 360 days	285 369	(140 991)	144 378	49.4
<b>Total mortgage loans</b>	<b>18 590 444</b>	<b>(216 463)</b>	<b>18 373 981</b>	<b>1.2</b>
<b>Credit card loans</b>				
- Not past due	4 075 385	(54 739)	4 020 646	1.3
- Overdue less than 31 days	112 392	(10 184)	102 208	9.1
- Overdue 61-90 days	71 496	(37 002)	34 494	51.8
- Overdue 91-180 days	230 505	(137 173)	93 332	59.5
- Overdue 181-360 days	377 380	(266 360)	111 020	70.6
- Overdue more than 360 days	123 727	(97 463)	26 264	78.8
<b>Total credit card loans</b>	<b>4 990 885</b>	<b>(602 921)</b>	<b>4 387 964</b>	<b>12.1</b>
<b>Other loans to individuals</b>				
- Not past due	81 594 411	(540 923)	81 053 488	0.7
- Overdue less than 31 days	1 629 358	(210 051)	1 419 307	12.9
- Overdue 31-60 days	742 485	(351 991)	390 494	47.4
- Overdue 61-90 days	762 376	(488 084)	274 292	64.0
- Overdue 91-180 days	1 854 185	(1 386 263)	467 922	74.8
- Overdue 181-360 days	3 209 542	(2 679 568)	529 974	83.5
- Overdue more than 360 days	1 015 898	(890 418)	125 480	87.6
<b>Total other loans to individuals</b>	<b>90 808 255</b>	<b>(6 547 298)</b>	<b>84 260 957</b>	<b>7.2</b>
<b>Total loans to individuals</b>	<b>123 796 269</b>	<b>(7 495 549)</b>	<b>116 300 720</b>	<b>6.1</b>

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

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



*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the nine-month period ended 30 September 2014*

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

Changes in these estimates could affect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the impairment allowance as at 30 September 2014 would decrease/increase by RUB 1 163 007 thousand (31 December 2013: RUB 933 838 thousand).

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

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	
Carrying amount of loans pledged	4 091 652	-
Carrying amount of associated liabilities – mortgage-backed bonds (Note 16)	3 791 805	-

### ***Analysis of collateral***

Mortgage loans are secured by the underlying housing real estate. Auto loans are secured by the underlying car. Credit card overdrafts and other loans to individuals are not secured.

For the allowance on a portfolio basis, management does not estimate loan impairment based on a specific analysis of the fair value of collateral but instead applies actual historical loss experience. However, once a loan becomes impaired, management considers the fair value of collateral when assessing the impairment allowance for each individual loan.

As at 30 September 2014, impaired mortgage loans in the gross amount of RUB 926 597 thousand are secured by collateral with a fair value of RUB 717 040 thousand (31 December 2013: RUB 580 983 thousand and RUB 484 151 thousand, respectively). As at 30 September 2014, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 212 141 thousand (31 December 2013: RUB 113 342 thousand).

### ***Analysis of movements in the impairment allowance***

Movements in the loan impairment allowance by classes of loans to individuals for the nine-month period ended 30 September 2014 are as follows:

	<b>Auto loans</b>	<b>Mortgage loans</b>	<b>Credit card loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Balance at the beginning of the period	111 366	186 329	309 052	3 858 981	4 465 728
Net charge	137 135	30 134	395 319	4 143 291	4 705 879
Net write-offs	(119 634)	-	(101 450)	(1 454 974)	(1 676 058)
<b>Balance at the end of the period</b>	<b>128 867</b>	<b>216 463</b>	<b>602 921</b>	<b>6 547 298</b>	<b>7 495 549</b>

Movements in the loan impairment allowance by classes of loans to individuals for the nine-month period ended 30 September 2013 are as follows:

	<b>Auto loans</b>	<b>Mortgage loans</b>	<b>Credit card loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Balance at the beginning of the period	56 800	219 648	81 576	1 282 079	1 640 103
Net charge	105 946	97 541	167 739	2 357 519	2 728 745
Net write-offs	(30 445)	-	(43 939)	(612 219)	(686 603)
<b>Balance at the end of the period</b>	<b>132 301</b>	<b>317 189</b>	<b>205 376</b>	<b>3 027 379</b>	<b>3 682 245</b>

### Industry and geographical analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	
Loans to individuals	123 796 269	97 849 543
Residential and commercial construction and development	30 119 672	23 347 068
Services	24 223 865	12 589 630
Automotive, motorcycles and spare parts	22 451 885	19 114 136
Oil and industrial chemicals	20 441 213	14 935 835
Metallurgical	19 896 079	20 133 322
Food and farm products	19 356 841	28 148 042
Consumer electronics, appliances and computers	17 485 780	26 902 297
Clothing, shoes, textiles and sporting goods	15 844 732	11 121 156
Financial	15 347 193	6 245 239
Industrial and infrastructure construction	12 820 010	8 342 728
Property rental	11 350 213	5 545 992
Pharmaceutical and medical products	9 531 044	11 774 075
Industrial equipment and machinery	6 817 277	6 341 601
Construction and decorative materials, furniture	5 574 147	6 581 178
Paper, stationery and packaging products	4 026 262	7 692 161
Consumer chemicals, perfumes and hygiene products	2 031 038	2 235 989
Equipment leasing	1 443 734	1 748 930
Telecommunications	1 221 664	1 241 131
Gardening and pet products	974 876	970 578
Products for home, gifts, jewelry and business accessories	722 079	560 088
Electric utility	636 279	1 310 007
Books, video, print and copy	432 073	282 476
Other	5 136 217	2 846 411
	<b>371 680 442</b>	<b>317 859 613</b>
Impairment allowance	(13 370 595)	(8 919 003)
	<b>358 309 847</b>	<b>308 940 610</b>

## 13 Deposits by the Central Bank of the Russian Federation

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Term deposits	8 100 216	8 513 459
Payables under repurchase agreements or collateralized loans	-	6 052 712
<b>Total deposits by the Central Bank of the Russian Federation</b>	<b>8 100 216</b>	<b>14 566 171</b>

## 14 Deposits by credit institutions

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Demand deposits	425 619	335 793
Term deposits	23 213 995	15 832 104
Payables under repurchase agreements or collateralized loans	57 333	6 909 639
Syndicated loans	15 898 976	650 756
Subordinated debt	791 918	669 820
<b>Total deposits by credit institutions</b>	<b>40 387 841</b>	<b>24 398 112</b>

## 15 Deposits by customers

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
Corporate customers		
Demand	24 303 242	42 456 110
Term	126 167 177	96 342 152
Term notes	391 350	1 607 146
<b>Total corporate customers</b>	<b>150 861 769</b>	<b>140 405 408</b>
Individuals		
Demand	12 320 345	9 682 192
Term	136 483 371	124 784 404
<b>Total individuals</b>	<b>148 803 716</b>	<b>134 466 596</b>
<b>Total deposits by customers</b>	<b>299 665 485</b>	<b>274 872 004</b>

## 16 Debt securities issued

	<b>30 September 2014</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2013</b> <b>RUB'000</b>
Promissory notes issued at nominal value	4 956 778	6 925 845
Accrued interest	-	7 118
Unamortized discount	(107 884)	(274 384)
<b>Total promissory notes issued</b>	<b>4 848 894</b>	<b>6 658 579</b>
Subordinated bonds	25 401 540	21 562 286
Bonds	55 646 311	56 332 651
<b>Total bonds issued</b>	<b>81 047 851</b>	<b>77 894 937</b>
<b>Total debt securities issued</b>	<b>85 896 745</b>	<b>84 553 516</b>

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

As at 30 September 2014 issued bonds include RUB 3 791 805 thousand of mortgage-backed bonds.

## 17 Share capital

Share capital consists of ordinary shares and was contributed by the shareholders in Roubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital comprises 14 467 761 735 shares (31 December 2013: 14 467 761 735 shares) with par value of 1 RUB per share. In addition, at 30 September 2014 the Bank has 21 808 396 273 authorized but unissued ordinary shares with an aggregate nominal value of RUB 21 808 000 thousand. The total hyperinflation adjustment related to equity that was last assessed as at 31 December 2002 was RUB 861 930 thousand.

## 18 Commitments

	<b>30 September 2014</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2013</b> <b>RUB'000</b>
Guarantees and letters of credit	57 434 661	70 165 586
Undrawn loan commitments	6 104 623	5 745 077
Other contingent liabilities	245 761	225 573
	<b>63 785 045</b>	<b>76 136 236</b>

## 19 Contingencies

### Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on property or relating to operations. Until the Group obtains adequate insurance coverage, there is a risk that

the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

### **Litigation**

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

### **Taxation contingencies**

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances, a tax year may remain open for a longer period. Recent events in the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. These provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply five market price determination methods prescribed by the Tax Code.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules in the Russian Federation and changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Since the current Russian transfer pricing rules became effective relatively recently, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

## 20 Related party transactions

The outstanding balances with related parties and related average interest rates as at 30 September 2014 and 31 December 2013 are as follows:

	<b>30 September 2014</b>		<b>31 December 2013</b>	
	<b>(Unaudited)</b>			
	<b>Amount</b>	<b>Average</b>	<b>Amount</b>	<b>Average</b>
	<b>RUB'000</b>	<b>effective</b>	<b>RUB'000</b>	<b>effective</b>
		<b>interest</b>		<b>interest</b>
		<b>rate</b>		<b>rate</b>
		<b>%</b>		<b>%</b>
<b>Loans to customers</b>				
Under control of majority shareholder	529 804	13.7	713 175	13.6
Management and Supervisory Board	74 054	14.0	187 581	14.0
<b>Total loans to customers</b>	<b>603 858</b>		<b>900 756</b>	
<b>Deposits by customers</b>				
Majority shareholder	744 690	7.5	3 773 757	8.2
Parent company	26 675	8.4	41 350	11.0
Under control of majority shareholder	139 341	7.5	18 838	14.8
Management and Supervisory Board	161 561	8.0	167 823	7.1
<b>Total deposits by customers</b>	<b>1 072 267</b>		<b>4 001 768</b>	
<b>Guarantees issued</b>				
Under control of majority shareholder	1 875 862		4 606 435	
<b>Total guarantees issued</b>	<b>1 875 862</b>		<b>4 606 435</b>	

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

	<b>Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>
<b>Interest income on loans to customers</b>		
Majority shareholder	737	1 981
Under control of majority shareholder	63 170	5 013
Management and Supervisory Board	5 145	2 940
<b>Total interest income</b>	<b>69 052</b>	<b>9 934</b>
<b>Interest expense on deposits by customers</b>		
Majority shareholder	59 878	4 957
Parent company	2 004	9 641
Under control of majority shareholder	925	23 844
Management and Supervisory Board	7 921	2 507
<b>Total interest expense</b>	<b>70 728</b>	<b>40 949</b>

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

	<b>Nine-Month Period Ended 30 September 2014 RUB'000 (Unaudited)</b>	<b>Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited)</b>
Members of the Supervisory Board	33 300	23 207
Members of the Management Board	205 989	98 641
	<b>239 289</b>	<b>121 848</b>

## 21 Capital management

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

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

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

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



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

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

	30 September 2014 RUB'000 (Unaudited)	31 December 2013 RUB'000
<b>Tier 1 capital</b>		
Share capital and additional paid-in capital	25 098 449	25 098 449
Retained earnings	30 852 066	24 481 310
Goodwill	(301 089)	(301 089)
Intangible assets	(120 425)	(150 680)
<b>Core tier 1 capital</b>	<b>55 529 001</b>	<b>49 127 990</b>
<b>Total tier 1 capital</b>	<b>55 529 001</b>	<b>49 127 990</b>
<b>Tier 2 capital</b>		
Revaluation surplus for buildings	1 115 928	1 115 928
Revaluation reserve for investments available-for-sale	(219 081)	(37 639)
<b>Subordinated loans</b>		
Subordinated loans from Black Sea Trade And Development Bank	283 584	353 475
Subordinated bonds	19 819 305	20 504 600
<b>Total tier 2 capital</b>	<b>20 999 736</b>	<b>21 936 364</b>
<b>Total capital</b>	<b>76 528 737</b>	<b>71 064 354</b>
<b>Risk-weighted assets</b>		
Banking book	418 244 905	383 956 170
Trading book	64 390 544	65 310 150
Operational risk	32 943 246	32 943 246
<b>Total risk weighted assets</b>	<b>515 578 695</b>	<b>482 209 566</b>
<b>Total capital expressed as a percentage of risk-weighted assets (total capital ratio)</b>	<b>14.8 %</b>	<b>14.7 %</b>
<b>Core tier 1 capital expressed as a percentage of risk-weighted assets (Core tier 1 capital ratio)</b>	<b>10.8 %</b>	<b>10.2 %</b>
<b>Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)</b>	<b>10.8 %</b>	<b>10.2 %</b>

Included in subordinated bonds in tier 2 capital are subordinated bonds in the amount of RUB 16 739 305 thousand (31 December 2013: RUB 16 461 421 thousand) which are fully in compliance with Basel III requirements as adopted in the Russian Federation. Other subordinated loans are subject to accelerated amortization beginning in April 2013, following the transition rules applied by the CBR for inclusion in tier 2 capital of subordinated loans received before June 2013.

## **22 Analysis by segment**

The Group has five reportable segments, as described below, which are strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chairman of the Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments:

- Corporate banking: comprises corporate lending, overdraft lending, factoring, leasing, letters of credit, guaranties, corporate deposit taking, settlements and money transfer, currency conversion
- Retail banking: comprises retail demand and term deposit services; retail lending, including other loans to individuals, car loans and mortgages, money transfers and private banking services; banking card products, settlement and money transfer, currency conversion for individuals
- Treasury: comprises interbank lending and borrowings from banks, securities trading and brokerage in securities, repo transactions, foreign exchange services, issuance of domestic bonds and promissory notes
- International business: comprises borrowings from international financial institutions and trade finance operations
- Cash operations: comprises all operations connected with cash, cash handling, calculation and transportation.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, which is calculated based on financial information prepared in accordance with IFRS, as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm's length basis.

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the nine-month period ended 30 September 2014*

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

	<b>30 September 2014</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2013</b> <b>RUB'000</b>
<b>ASSETS</b>		
Corporate banking	243 640 961	217 129 590
Retail banking	117 910 510	94 755 319
Treasury	113 620 939	123 163 845
Cash operations	8 256 005	10 312 841
Unallocated assets	12 959 195	8 840 523
<b>Total assets</b>	<b>496 387 610</b>	<b>454 202 118</b>
<b>LIABILITIES</b>		
Corporate banking	150 861 769	140 405 408
Retail banking	148 803 716	134 466 596
Treasury	75 236 437	75 244 548
International business	59 148 365	48 273 251
Unallocated liabilities	5 489 961	5 154 268
<b>Total liabilities</b>	<b>439 540 248</b>	<b>403 544 071</b>

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the nine-month period ended 30 September 2014*

Segment information for the main reportable segments for the nine-month period ended 30 September 2014 is set below:

<b>RUB'000 (Unaudited)</b>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>International business</b>	<b>Cash operations</b>	<b>Unallocated</b>	<b>Total</b>
External interest income	21 711 264	14 288 113	5 133 876	-	-	-	41 133 253
Fee and commission income	1 678 168	3 462 914	34 123	-	1 143 526	-	6 318 731
Net loss on securities	-	-	(497 223)	-	-	-	(497 223)
Net foreign exchange gains	(4 612)	23 267	96 922	-	-	-	115 577
Other operating income, net	91 336	215 169	15 496	-	-	-	322 001
(Expenses) revenue from other segments	(7 782 515)	2 126 500	1 647 678	3 851 120	157 217	-	-
<b>Revenue</b>	<b>15 693 641</b>	<b>20 115 963</b>	<b>6 430 872</b>	<b>3 851 120</b>	<b>1 300 743</b>	<b>-</b>	<b>47 392 339</b>
Impairment losses on loans	(2 308 073)	(4 705 879)	-	-	-	-	(7 013 952)
Interest expense	(6 644 116)	(9 059 047)	(4 744 575)	(3 065 242)	-	-	(23 512 980)
Fee and commission expense	(943 803)	(144 487)	(54 961)	-	(789)	-	(1 144 040)
General administrative and other expenses	(915 842)	(3 054 181)	(145 037)	(46 567)	(1 083 183)	(1 983 787)	(7 228 597)
<b>Expense</b>	<b>(10 811 834)</b>	<b>(16 963 594)</b>	<b>(4 944 573)</b>	<b>(3 111 809)</b>	<b>(1 083 972)</b>	<b>(1 983 787)</b>	<b>(38 899 569)</b>
<b>Segment result</b>	<b>4 881 807</b>	<b>3 152 369</b>	<b>1 486 299</b>	<b>739 311</b>	<b>216 771</b>	<b>(1 983 787)</b>	<b>8 492 770</b>

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

<b>RUB'000 (Unaudited)</b>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>International business</b>	<b>Cash operations</b>	<b>Unallocated</b>	<b>Total</b>
External interest income	17 766 146	8 033 562	3 669 570	-	-	-	29 469 278
Fee and commission income	1 443 619	2 606 178	26 868	-	1 013 694	-	5 090 359
Net gain on securities	-	-	124 073	-	-	-	124 073
Net foreign exchange gains	201 456	35 284	112 385	-	-	-	349 125
Other operating income, net	264 960	268 797	11 997	-	-	-	545 754
(Expenses) revenue from other segments	(8 737 643)	4 789 582	575 925	3 255 410	116 726	-	-
<b>Revenue</b>	<b>10 938 538</b>	<b>15 733 403</b>	<b>4 520 818</b>	<b>3 255 410</b>	<b>1 130 420</b>	<b>-</b>	<b>35 578 589</b>
Impairment losses on loans	(1 715 539)	(2 728 745)	-	-	-	-	(4 444 284)
Interest expense	(3 753 227)	(8 374 967)	(3 598 015)	(1 927 875)	-	-	(17 654 084)
Fee and commission expense	(314 004)	(107 152)	(12 245)	(15 298)	(452)	-	(449 151)
General administrative and other expenses	(752 068)	(2 560 644)	(64 858)	(46 019)	(889 274)	(1 616 919)	(5 929 782)
<b>Expense</b>	<b>(6 534 838)</b>	<b>(13 771 508)</b>	<b>(3 675 118)</b>	<b>(1 989 192)</b>	<b>(889 726)</b>	<b>(1 616 919)</b>	<b>(28 477 301)</b>
<b>Segment result</b>	<b>4 403 700</b>	<b>1 961 895</b>	<b>845 700</b>	<b>1 266 218</b>	<b>240 694</b>	<b>(1 616 919)</b>	<b>7 101 288</b>

### **Information about major customers and geographical areas**

The majority of revenues from external customers relate to residents of the Russian Federation. The majority of non-current assets are located in the Russian Federation.

## **23 Financial assets and liabilities: fair values and accounting classifications**

The estimates of fair value are intended to approximate the amount that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market-observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates used in estimating discount rates and foreign currency exchange rates.

The Group uses widely recognised valuation models to determine the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps.

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

The Group measures fair values for financial instruments recorded in the consolidated interim condensed statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the nine-month period ended 30 September 2014*

	<b>Level 1 RUB'000</b>	<b>Level 2 RUB'000</b>	<b>Total RUB'000</b>
<b>30 September 2014 (Unaudited)</b>			
Financial assets at fair value through profit or loss			
Government, municipal and corporate bonds	44 024 692	-	44 024 692
Derivative financial instruments	-	781 480	781 480
<b>Total</b>	<b>44 024 692</b>	<b>781 480</b>	<b>44 806 172</b>
Available-for-sale securities			
Corporate bonds	9 104 336	196 933	9 301 269
Promissory notes	-	6 030 828	6 030 828
<b>Total</b>	<b>9 104 336</b>	<b>6 227 761</b>	<b>15 332 097</b>
<b>31 December 2013</b>			
Financial assets at fair value through profit or loss			
Government, municipal and corporate bonds	37 214 872	-	37 214 872
Derivative financial instruments	-	197 313	197 313
<b>Total</b>	<b>37 214 872</b>	<b>197 313</b>	<b>37 412 185</b>
Available-for-sale securities			
Corporate bonds	10 783 123	-	10 783 123
Promissory notes	-	7 745 780	7 745 780
<b>Total</b>	<b>10 783 123</b>	<b>7 745 780</b>	<b>18 528 903</b>

The fair value of unquoted equity securities available-for-sale with a carrying value of RUB 5 598 thousand (31 December 2013: RUB 4 661 thousand) cannot be determined.

As at 30 September 2014 the discount rates used for fair value calculation of Level 2 derivative financial instruments are 0.24%-0.45% for financial instruments in USD, 0.08%-0.25% for financial instruments in EUR and 9.96%-10.59% for financial instruments in RUB (31 December 2013: 0.21%-0.28% in USD, 6.11%-6.58% in RUB).

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

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

## 24 Earnings per share

Basic earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share are calculated as follows:

	30 September 2014 RUB'000 (Unaudited)	30 September 2013 RUB'000 (Unaudited)
Profit for the period	6 370 757	5 625 765
Weighted average number of ordinary shares in issue	14 467 761 735	12 677 832 952
<b>Basic earnings per share (in RUB per share)</b>	<b>0.44</b>	<b>0.44</b>

The Group has no dilutive potential ordinary shares.

## 25 Events subsequent to the reporting date

In October 2014 the Bank paid out the ninth coupon in the amount of RUB 129.35 million or RUB 43.13 per bond on domestic bonds series 08. The issue was originally placed on 14 April 2010 in the amount of RUB 3 billion with a maturity of 5 years.

In October 2014 the Bank paid out the second coupon in the amount of RUB 224.35 million or RUB 44.87 per bond on domestic bonds series BO-06. The issue was originally placed on 24 October 2013 in the amount of RUB 5 billion with a maturity of 5 years.

In October 2014 the Bank paid out the fifth coupon in the amount of RUB 188.52 million or RUB 47.13 per bond on domestic bonds series BO-03. The issue was originally placed on 27 April 2012 in the amount of RUB 4 billion with a maturity of 3 years.

In October 2014 the Bank paid out the second coupon in the amount of RUB 228.10 million or RUB 45.62 per bond on domestic bonds series BO-07. The issue was originally placed on 30 October 2013 in the amount of RUB 5 billion with a maturity of 5 years.

In November 2014 CBOM Finance p.l.c. paid out the third coupon in the amount of USD 21.75 million on subordinated Loan Participation Notes issue placed in May 2013 in the amount of USD 500 million with a maturity of 5.5 years.

In November 2014 Anton R. Avdeev, Richard D. Glasspool and Brendan G. Walsh, previously Members of the Supervisory Board, left the Supervisory Board. Alexey A. Stepanenko was appointed Member of the Supervisory Board.

Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass

3 December 2014