

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the nine-month period
ended 30 September 2013

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Auditors' Report on Review of Consolidated Interim Condensed Financial Information

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

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of CREDIT BANK OF MOSCOW (open joint-stock company) and its subsidiaries (the Group) as at 30 September 2013, and the related consolidated interim condensed statements of profit and loss and other comprehensive income for the three- and nine-month periods ended 30 September 2013 and the related interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2013, 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 part of the KPMG Europe LLP group, and 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 2013 and for the three- and nine-month periods ended 30 September 2013 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



Kolosov A.E.

Director, power of attorney dated 3 October 2011 No. 37/11

ZAO KPMG

20 December 2013

Moscow, Russian Federation

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Profit and Loss and Other Comprehensive Income
for the three- and the nine-month periods ended 30 September 2013

| | Notes | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|---|-------|--|--|---|---|
| Interest income | 4 | 29 469 278 | 20 424 967 | 10 637 714 | 7 398 774 |
| Interest expense | 4 | (17 654 084) | (11 582 206) | (6 553 197) | (4 078 604) |
| Net interest income | 4 | 11 815 194 | 8 842 761 | 4 084 517 | 3 320 170 |
| Provision for impairment of loans | 12 | (4 444 284) | (1 715 400) | (1 708 126) | (692 226) |
| Net interest income after provision for impairment of loans | | 7 370 910 | 7 127 361 | 2 376 391 | 2 627 944 |
| Fee and commission income | 5 | 5 090 359 | 2 923 673 | 2 009 874 | 1 107 110 |
| Fee and commission expense | | (449 151) | (283 352) | (179 178) | (104 593) |
| Net gain (loss) on financial instruments at fair value through profit or loss | | 77 512 | 215 288 | (56 499) | 211 363 |
| Net realized gain on available-for-sale assets | | 46 561 | 15 660 | 19 770 | 15 018 |
| Foreign exchange gains (losses), net | | 349 125 | (230 370) | 46 313 | (163 762) |
| State deposit insurance scheme contributions | | (358 389) | (270 364) | (126 715) | (92 689) |
| Other operating income, net | | 545 754 | 178 495 | 275 438 | 134 393 |
| Non-interest income | | 5 301 771 | 2 549 030 | 1 989 003 | 1 106 840 |
| Operating income | | 12 672 681 | 9 676 391 | 4 365 394 | 3 734 784 |
| Salaries and employment benefits | 6 | (3 268 987) | (2 538 726) | (1 118 537) | (847 523) |
| Administrative expenses | 6 | (2 032 781) | (1 890 819) | (792 822) | (699 657) |
| Recovery of (provision for) impairment of other assets and credit related commitments | | 80 017 | (262 688) | (49 250) | (64 663) |
| Depreciation of property and equipment | | (349 642) | (260 381) | (122 137) | (93 971) |
| Operating expense | | (5 571 393) | (4 952 614) | (2 082 746) | (1 705 814) |
| Profit before income taxes | | 7 101 288 | 4 723 777 | 2 282 648 | 2 028 970 |
| Income taxes | 7 | (1 475 523) | (961 347) | (482 365) | (419 032) |
| Net profit | | 5 625 765 | 3 762 430 | 1 800 283 | 1 609 938 |
| Other comprehensive income transferrable to profit and loss | | | | | |
| Revaluation reserve for available-for- sale securities | | | | | |
| - Net change in fair value | | (134 553) | 98 260 | (57 666) | 79 597 |
| - Net change in fair value transferred to profit or loss | | 66 783 | (41 116) | 94 366 | (47 649) |
| Income tax related to other comprehensive income | | 13 536 | (11 429) | (7 358) | (6 389) |
| Other comprehensive (loss) income for the period, net of income taxes | | (54 144) | 45 715 | 29 432 | 25 559 |
| Comprehensive income for the period | | 5 571 621 | 3 808 145 | 1 829 715 | 1 635 497 |

Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass

20 December 2013



The consolidated interim condensed statement of profit and loss and other comprehensive income is to be read in conjunction with the notes to, and forming 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 2013

| | Notes | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|---|-------|---|-----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 8 | 45 338 795 | 47 459 075 |
| Obligatory reserves with the Central Bank of the Russian Federation | | 3 734 742 | 2 545 772 |
| Due from credit institutions | 9 | 10 962 128 | 12 520 791 |
| Financial instruments at fair value through profit or loss | 10 | 31 049 333 | 31 684 816 |
| Available-for-sale securities | 11 | 11 170 885 | 5 447 594 |
| Loans to customers | 12 | 290 432 498 | 201 234 522 |
| Property and equipment | | 6 074 705 | 6 079 620 |
| Other assets | | 2 025 610 | 1 755 195 |
| Total assets | | 400 788 696 | 308 727 385 |
| LIABILITIES AND EQUITY | | | |
| Deposits by the Central Bank of the Russian Federation | | 4 507 089 | - |
| Deposits by credit institutions | 13 | 23 950 923 | 35 183 733 |
| Deposits by customers | 14 | 246 006 598 | 189 014 104 |
| Debt securities issued | 15 | 74 552 616 | 40 013 790 |
| Deferred tax liability | | 1 762 351 | 2 608 594 |
| Current tax liability | | 91 595 | 125 817 |
| Other liabilities | | 2 514 219 | 2 489 054 |
| Total liabilities | | 353 385 391 | 269 435 092 |
| Equity | | | |
| Share capital | 16 | 15 329 692 | 13 539 763 |
| Additional paid-in capital | | 9 768 757 | 9 019 295 |
| Revaluation surplus for buildings | | 1 115 928 | 1 115 928 |
| Revaluation reserve for available-for-sale securities | | (38 083) | 16 061 |
| Retained earnings | | 21 227 011 | 15 601 246 |
| Total equity | | 47 403 305 | 39 292 293 |
| Total liabilities and equity | | 400 788 696 | 308 727 385 |

Commitments and Contingencies 17-18

Chairman of the Management Board


Vladimir A. Chubar

Chief Accountant


Svetlana V. Sass



The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming 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 2013

| | 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 |
| 31 December 2011 | 11 638 088 | 3 699 047 | 500 424 | (53 017) | 9 823 364 | 25 607 906 |
| Total comprehensive income for the period (unaudited) | - | - | - | 45 715 | 3 762 430 | 3 808 145 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Shares issued (unaudited) | 1 901 675 | 3 860 400 | - | - | - | 5 762 075 |
| Contribution from the ultimate shareholder (net of deferred tax of RUB 364 962 thousand) (unaudited) | - | 1 459 848 | - | - | - | 1 459 848 |
| Total transactions with owners, recorded directly in equity (unaudited) | 1 901 675 | 5 320 248 | - | - | - | 7 221 923 |
| 30 September 2012 (unaudited) | 13 539 763 | 9 019 295 | 500 424 | (7 302) | 13 585 794 | 36 637 974 |
| 31 December 2012 | 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 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Shares issued (note 16) (unaudited) | 1 789 929 | 5 745 671 | - | - | - | 7 535 600 |
| Repayment to the majority shareholder (net of deferred tax of RUB 1 249 052 thousand) (note 16) (unaudited) | - | (4 996 209) | - | - | - | (4 996 209) |
| Total transactions with owners, recorded directly in equity (unaudited) | 1 789 929 | 749 462 | - | - | - | 2 539 391 |
| 30 September 2013 (unaudited) | 15 329 692 | 9 768 757 | 1 115 928 | (38 083) | 21 227 011 | 47 403 305 |

Chairman of the Management Board

Chief Accountant



Vladimir A. Chubar

Svetlana V. Sass

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

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 closed joint-stock 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, 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 20 largest banks in Russia by assets and conducts its business in Moscow and the Moscow region with a branch network comprising 60 branches, over 700 ATMs and 4 700 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 and their operations are as follows:

CBOM Finance p.l.c. (Ireland), Raising finance

MKB-Invest (Russia), Transactions with securities

MKB-Leasing (Russia), Finance leasing

The Bank does not have any direct or indirect shareholdings in the subsidiaries noted above. CBOM Finance p.l.c. was established to raise capital by the issue of debt securities and to use an amount equal to the proceeds of each such issuance to advance loans to the Bank. MKB-Invest and MKB-Leasing are controlled by the Group through option agreements.

Shareholders

The Bank's shareholders as at 30 September 2013 are:

Concern Rossium, LLC – 85.00%

European Bank for Reconstruction and Development (EBRD) – 6.91%

RBOF Holding Company I Ltd. – 4.24%

International Finance Corporation (IFC) – 2.67%

Lamont Alley Corporation – 1.18%

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

As at the date of these consolidated interim condensed financial statements, the members of the Supervisory Board are as follows:

Supervisory Board

| | |
|----------------------|----------|
| William Owens | Chairman |
| Richard Glasspool | Member |
| Genadi Lewinski | Member |
| Andrew Gazitua | Member |
| Mustafa Boran | Member |
| Mikhail E. Kuznetsov | Member |

| | |
|-------------------------|--------|
| Vadim N. Sorokin | Member |
| Roman I. Avdeev | Member |
| Alexander N. Nikolashin | Member |
| Anton R. Avdeev | Member |
| Nikolay V. Kosarev | Member |
| Vladimir A. Chubar | Member |

Related party transactions are detailed in note 19.

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 characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. In addition, the contraction in the capital and credit markets and its impact on the Russian economy have further increased the level of economic uncertainty in the environment. The consolidated interim condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2012, 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 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 ongoing 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 2012.

Certain new standards and improvements to IFRS became effective from 1 January 2013 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.

- IFRS 10 *Consolidated Financial Statements* introduced a single control model under which an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns.
- IFRS 12 *Disclosure of Interests in Other Entities* introduced disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity.
- IFRS 13 *Fair Value Measurement* replaced the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards.

Comparative information

The presentation of certain captions relating to fee and commission income, foreign exchange gains (losses), net other operating income and administrative expenses was changed for the three- and the nine-month periods ended 30 September 2013 in comparison with the three- and the nine-month periods ended 30 September 2012 to better present the nature of the underlying transactions. Comparative information is reclassified to conform to changes in presentation in the current period. The effect of this change in presentation is as follows:

| | Nine-Month Period Ended 30 September 2012 as previously reported RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 as currently reported RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 as previously reported RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 as currently reported RUB'000 (Unaudited) |
|--|---|--|--|---|
| Reclassification of foreign exchange transaction related fees from "Foreign exchange gains (losses), net" to "Fee and commission income" | | | | |
| Fee and commission income | 2 799 950 | 2 923 673 | 1 057 438 | 1 107 110 |
| Foreign exchange gains (losses), net | (106 647) | (230 370) | (114 090) | (163 762) |
| Reclassification of write-off of low-value fixed assets from "Other operating expenses" to "Administrative expenses" and presentation of other operating income and expense in one line "Other operating income, net" | | | | |
| Other operating expenses | (283 009) | - | (94 586) | - |
| Other operating income | 345 293 | - | 197 842 | - |
| Other operating income, net | - | 178 495 | - | 134 393 |
| Administrative expenses | (1 774 608) | (1 890 819) | (668 520) | (699 657) |

4 Net interest income

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|---|--|--|---|---|
| Interest income | | | | |
| Loans to customers | 25 799 708 | 17 630 867 | 9 476 800 | 6 523 372 |
| Financial instruments at fair value through profit or loss and available- for-sale securities | 2 809 039 | 2 276 759 | 914 750 | 672 307 |
| Due from credit institutions and the Central Bank of the Russian Federation | 860 531 | 517 341 | 246 164 | 203 095 |
| | 29 469 278 | 20 424 967 | 10 637 714 | 7 398 774 |
| Interest expense | | | | |
| Deposits by customers | (12 128 194) | (8 303 701) | (4 433 174) | (2 789 379) |
| Debt securities issued | (4 288 328) | (2 121 100) | (1 682 631) | (800 297) |
| Deposits by credit institutions and the Central Bank of the Russian Federation | (1 237 562) | (1 157 405) | (437 392) | (488 928) |
| | (17 654 084) | (11 582 206) | (6 553 197) | (4 078 604) |
| Net interest income | 11 815 194 | 8 842 761 | 3 902 391 | 3 320 170 |

5 Fee and commission income

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|----------------------------------|--|--|---|---|
| Insurance contracts processing | 1 728 470 | 477 437 | 732 371 | 236 434 |
| Cash handling | 860 633 | 709 192 | 306 651 | 262 188 |
| Settlements and wire transfers | 835 508 | 622 689 | 362 605 | 218 358 |
| Guarantees and letters of credit | 785 627 | 620 334 | 323 069 | 216 442 |
| Plastic cards | 392 134 | 245 904 | 149 526 | 80 308 |
| Currency exchange commission | 164 842 | 123 723 | 54 944 | 49 672 |
| Other cash operations | 153 183 | 92 306 | 66 086 | 34 133 |
| Other | 169 962 | 32 088 | 14 622 | 9 575 |
| Fee and commission income | 5 090 359 | 2 923 673 | 2 009 874 | 1 107 110 |

6 Salaries, employment benefits and administrative expenses

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|--|--|--|---|---|
| Salaries | 2 572 526 | 2 024 431 | 908 471 | 686 200 |
| Social security costs | 625 207 | 490 065 | 190 648 | 152 810 |
| Other | 71 254 | 24 230 | 19 418 | 8 513 |
| Salaries and employment benefits | 3 268 987 | 2 538 726 | 1 118 537 | 847 523 |
| Occupancy | 545 678 | 643 433 | 188 464 | 206 316 |
| Operating taxes | 410 764 | 314 978 | 141 217 | 120 223 |
| Advertising and business development | 405 660 | 366 409 | 183 671 | 180 397 |
| Property maintenance | 276 702 | 243 470 | 139 569 | 76 446 |
| Security | 192 097 | 154 560 | 69 239 | 54 884 |
| Computer maintenance and software expenses | 56 434 | 31 771 | 17 096 | 18 274 |
| Transport | 45 061 | 42 212 | 16 486 | 14 998 |
| Communications | 40 202 | 36 489 | 15 350 | 13 916 |
| Other | 60 183 | 57 497 | 21 730 | 14 202 |
| Administrative expenses | 2 032 781 | 1 890 819 | 792 822 | 699 657 |

7 Income tax

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|---------------------------|---|---|
| Current tax charge | 1 058 980 | 1 015 800 |
| Deferred taxation | 416 543 | (54 453) |
| Income tax expense | 1 475 523 | 961 347 |

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% (2012: 20%).

The effective income tax rate differs from the statutory income tax rate. A reconciliation of income taxes based on the statutory rate with the actual income tax expense is presented below:

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|--|--|--|
| Profit before income taxes | 7 101 288 | 4 723 777 |
| Applicable statutory tax rate | 20% | 20% |
| Income tax using the applicable tax rate | 1 420 258 | 944 755 |
| Income taxed at lower rate | (23 843) | (26 006) |
| Net non-deductible costs | 79 108 | 42 598 |
| Income tax expense | 1 475 523 | 961 347 |

8 Cash and cash equivalents

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|-------------------------------------|
| Cash on hand | 6 170 838 | 10 829 487 |
| Correspondent account with the Central Bank of the Russian Federation | 14 857 005 | 7 380 087 |
| Nostro accounts with other banks | | |
| rated from AA+ to AA- | 1 024 637 | 2 356 479 |
| rated from A+ to A- | 2 053 316 | 3 661 702 |
| rated from BBB+ to BBB- | 1 464 486 | 2 772 663 |
| rated from BB+ to BB- | 37 963 | 11 150 |
| rated from B+ to B- | 38 904 | 54 111 |
| not rated | 138 985 | 169 090 |
| Total nostro accounts with other banks | 4 758 291 | 9 025 195 |
| Due from credit institutions with maturity of less than 1 month | | |
| rated from A+ to A- | 9 553 105 | 3 057 049 |
| rated from BBB+ to BBB- | 436 505 | 12 003 049 |
| rated from B+ to B- | 7 823 286 | 2 727 184 |
| not rated | 1 739 765 | 2 437 024 |
| Total due from credit institutions with maturity of less than 1 month | 19 552 661 | 20 224 306 |
| Total cash and cash equivalents | 45 338 795 | 47 459 075 |

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

No cash and cash equivalents are impaired or past due.

As at 30 September 2013 not rated due from credit institutions with maturity of less than 1 month includes term deposits secured by liquid debt securities under agreements to resell (reverse repo) in the amount of RUB 2 861 604 thousand (31 December 2012: RUB 610 228 thousand).

9 Due from credit institutions

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|---|---|-----------------------------|
| Term deposits | | |
| rated from B+ to B- | 9 492 860 | 8 634 326 |
| not rated | 1 469 268 | 3 886 465 |
| Total due from credit institutions | 10 962 128 | 12 520 791 |

No due from credit institutions are impaired or past due.

10 Financial instruments at fair value through profit or loss

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|---|---|-----------------------------|
| <u>Held by the Group</u> | | |
| Government and municipal bonds | | |
| Russian Government Federal bonds (OFZ) | 5 | 3 575 134 |
| Moscow Government bonds | 636 381 | 384 119 |
| Regional authorities and municipal bonds | 5 560 367 | 3 770 072 |
| Russian Government Eurobonds | 11 437 | 72 |
| Corporate bonds | | |
| rated AAA | 156 035 | 151 919 |
| from BBB+ to BBB- | 5 530 209 | 6 514 582 |
| from BB+ to BB- | 5 587 393 | 8 646 144 |
| from B+ to B- | 8 409 857 | 7 877 210 |
| not rated | 4 837 654 | 746 721 |
| Derivative financial instruments | 319 995 | 18 826 |
| Equity investments | - | 17 |
| Total financial instruments at fair value through profit or loss held by the Group | 31 049 333 | 31 684 816 |

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

As at 30 September 2013 debt instruments in the amount of RUB 24 433 169 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2012: RUB 25 419 690 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 2013 and 31 December 2012 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 unmatured 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 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 | 30 September 2013 (Unaudited) | 31 December 2012 |
| Buy USD sell RUB | | | | |
| Less than 3 months | 3 947 914 | 8 835 418 | 31.8523 | 30.3639 |
| Buy USD sell RUB | | | | |
| Between 3 months and 1 year | 2 245 883 | - | 30.9467 | - |
| Buy RUB sell USD | | | | |
| Less than 3 months | 808 628 | 8 048 766 | 32.5015 | 30.3354 |
| Buy EUR sell RUB | | | | |
| Less than 3 months | 106 069 | - | 43.8601 | - |
| Buy RUB sell EUR | | | | |
| Less than 3 months | - | 522 972 | - | 40.3054 |
| Buy RUB sell gold | | | | |
| Less than 3 months | 46 763 | - | 1 376.50 | - |
| Buy gold sell RUB | | | | |
| Between 3 months and 1 year | 520 325 | 1 294 848 | 1 389.07 | 1 619.78 |

11 Available-for-sale securities

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|---|-----------------------------|
| Held by the Group | | |
| Corporate bonds | | |
| from BBB+ to BBB- | 1 430 325 | 1 005 788 |
| from BB+ to BB- | 1 382 014 | 1 727 976 |
| from B+ to B- | 321 366 | 320 678 |
| not rated | 58 898 | 62 032 |
| Promissory notes | | |
| from BBB+ to BBB- | 2 278 614 | 1 175 991 |
| from BB+ to BB- | 3 728 047 | 688 723 |
| from B+ to B- | 1 021 925 | - |
| not rated | 457 905 | - |
| Equity investments | 7 972 | 26 006 |
| Total available-for-sale securities held by the Group | 10 687 066 | 5 007 194 |

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|---|
| <u>Pledged as collateral for interbank and other loans</u> | | |
| Promissory notes | | |
| from BBB+ to BBB- | 483 819 | 440 400 |
| Total available-for-sale securities pledged as collateral for interbank and other loans | 483 819 | 440 400 |
| Total available-for-sale securities | 11 170 885 | 5 447 594 |

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

As at 30 September 2013 debt instruments in the amount of RUB 2 319 450 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2012: RUB 2 893 914 thousand).

12 Loans to customers

| | 30 September 2013 RUB'000 (Unaudited) | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 | 31 December 2012 RUB'000 |
|-----------------------------------|--|--|---|---|
| | Loans | Impairment allowance | Loans | Impairment allowance |
| Loans to corporate clients | 215 760 759 | (4 511 627) | 155 540 928 | (3 058 623) |
| Loans to individuals | | | | |
| Auto loans | 10 374 541 | (132 301) | 10 978 394 | (56 800) |
| Mortgage loans | 13 971 113 | (317 189) | 10 442 450 | (219 648) |
| Credit card loans | 2 916 993 | (205 376) | 1 089 835 | (81 576) |
| Other loans to individuals | 55 602 964 | (3 027 379) | 27 881 641 | (1 282 079) |
| Total loans to individuals | 82 865 611 | (3 682 245) | 50 392 320 | (1 640 103) |
| Gross loans to customers | 298 626 370 | (8 193 872) | 205 933 248 | (4 698 726) |
| Net loans to customers | 290 432 498 | | 201 234 522 | |

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 30 September 2013:

| | Gross loans RUB'000 (Unaudited) | Impairment allowance RUB'000 (Unaudited) | Net loans RUB'000 (Unaudited) | Impairment to gross loans % (Unaudited) |
|---------------------------------|--|---|--|--|
| Loans to customers | | | | |
| - Not past due | 291 064 538 | (4 665 399) | 286 399 139 | 1.6 |
| - Overdue less than 31 days | 2 325 923 | (267 982) | 2 057 941 | 11.5 |
| - Overdue 31-60 days | 607 517 | (252 805) | 354 712 | 41.6 |
| - Overdue 61-90 days | 1 163 125 | (484 235) | 678 890 | 41.6 |
| - Overdue 91-180 days | 1 109 508 | (789 254) | 320 254 | 71.1 |
| - Overdue 181-360 days | 1 588 084 | (1 238 808) | 349 276 | 78.0 |
| - Overdue more than 360 days | 767 675 | (495 389) | 272 286 | 64.5 |
| Total loans to customers | 298 626 370 | (8 193 872) | 290 432 498 | 2.7 |

The following table provides information on credit quality of the loan portfolio as at 31 December 2012:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------------|--------------------|-----------------------------|--------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Loans to customers | | | | |
| - Not past due | 202 820 574 | (2 885 123) | 199 935 451 | 1.4 |
| - Overdue less than 31 days | 683 080 | (137 607) | 545 473 | 20.1 |
| - Overdue 31-60 days | 261 210 | (127 177) | 134 033 | 48.7 |
| - Overdue 61-90 days | 201 221 | (113 965) | 87 256 | 56.6 |
| - Overdue 91-180 days | 528 310 | (343 851) | 184 459 | 65.1 |
| - Overdue 181-360 days | 678 840 | (537 605) | 141 235 | 79.2 |
| - Overdue more than 360 days | 760 013 | (553 398) | 206 615 | 72.8 |
| Total loans to customers | 205 933 248 | (4 698 726) | 201 234 522 | 2.3 |

As at 30 September 2013, the loan portfolio includes loans that have been restructured and would otherwise be past due or impaired in the amount of RUB 800 078 thousand (31 December 2012: RUB 225 145 thousand). Such restructuring activity is aimed at managing customer relationships and maximizing the quality of the loan portfolio. Restructured loans are included in loans not past due unless the borrower is unable to comply with the renegotiated terms.

The following table provides information on restructured loans as at 30 September 2013 and 31 December 2012:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------------------|--------------------|-----------------------------|------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Restructured loans | | | | |
| - As at 30 September 2013 (unaudited) | 800 078 | (40 004) | 760 074 | 5.0 |
| - As at 31 December 2012 | 225 145 | (11 257) | 213 888 | 5.0 |

As at 30 September 2013, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 7 561 832 thousand, which represents 2.5% of the loan portfolio (31 December 2012: RUB 3 112 674 thousand and 1.5%, respectively).

Nonperforming loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 3 465 267 thousand or 1.2% of the loan portfolio (31 December 2012: RUB 1 967 163 thousand and 1.0%, respectively).

NPLs together with restructured loans amount to RUB 4 265 345 thousand or 1.4% of the loan portfolio (31 December 2012: RUB 2 192 308 thousand and 1.1%, respectively).

As at 30 September 2013, the ratio of total impairment allowance to overdue loans equals 108.4%, the ratio of total impairment allowance to NPLs equals 236.5% and the ratio of total impairment allowance to NPLs together with restructured loans equals 192.1% (31 December 2012: 151.0%, 238.9% and 214.3%, respectively).

Movements in the loan impairment allowance for the nine-month periods ended 30 September 2013 and 30 September 2012 are as follows:

| | 2013 RUB'000 (Unaudited) | 2012 RUB'000 (Unaudited) |
|---|---|---|
| Balance at the beginning of the period | 4 698 726 | 3 682 432 |
| Net charge | 4 444 284 | 1 715 400 |
| Net write-offs | (949 138) | (485 067) |
| Balance at the end of the period | 8 193 872 | 4 912 765 |

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 2013:

| | Gross loans RUB'000 (Unaudited) | Impairment allowance RUB'000 (Unaudited) | Net loans RUB'000 (Unaudited) | Impairment to gross loans % (Unaudited) |
|---|--|---|--|--|
| Loans to corporate clients | | | | |
| - Not past due | 214 574 912 | (4 184 230) | 210 390 682 | 2.0 |
| - Overdue less than 31 days | 176 530 | (43 080) | 133 450 | 24.4 |
| - Overdue 31-60 days | 54 983 | (15 435) | 39 548 | 28.1 |
| - Overdue 61-90 days | 658 239 | (170 781) | 487 458 | 25.9 |
| - Overdue 91-180 days | 112 363 | (39 406) | 72 957 | 35.1 |
| - Overdue 181-360 days | 166 224 | (58 693) | 107 531 | 35.3 |
| - Overdue more than 360 days | 17 508 | (2) | 17 506 | 0.0 |
| Total loans to corporate clients | 215 760 759 | (4 511 627) | 211 249 132 | 2.1 |

The following table provides information on credit quality of loans to corporate clients as at 31 December 2012:

| | Gross loans RUB'000 | Impairment allowance RUB'000 | Net loans RUB'000 | Impairment to gross loans % |
|---|--------------------------------------|---|------------------------------------|--|
| Loans to corporate clients | | | | |
| - Not past due | 155 137 958 | (2 739 712) | 152 398 246 | 1.8 |
| - Overdue less than 31 days | 8 060 | (1 105) | 6 955 | 13.7 |
| - Overdue 31-60 days | 4 313 | (1 220) | 3 093 | 28.3 |
| - Overdue 61-90 days | 38 224 | (16 958) | 21 266 | 44.4 |
| - Overdue 91-180 days | 92 045 | (56 689) | 35 356 | 61.6 |
| - Overdue 181-360 days | 124 602 | (107 414) | 17 188 | 86.2 |
| - Overdue more than 360 days | 135 726 | (135 525) | 201 | 99.9 |
| Total loans to corporate clients | 155 540 928 | (3 058 623) | 152 482 305 | 2.0 |

Included in not past due loans to corporate clients as at 30 September 2013 are loans in the amount of RUB 1 353 654 thousand for which there have been some indications of impairment following certain negative developments in financial position of the borrower during 2013. Management estimated loan impairment allowance rate for these loans as 10% in accordance with the Group's methodology. Management monitors the situation and based on the understanding of the current developments, analysis of collateral and other factors believes that impairment allowance is appropriate. Also as the Group is one of the largest lenders to this company, the Group has the ability to monitor operating activities of this borrower in order to protect its rights as a lender.

The Group has modified the policy for estimating impairment allowance of overdue leasing contracts. As at 30 September 2013 the Group estimates impairment for net investment in leases based on analysis of the future cash flows for overdue leasing contracts and based on its past loss experience adjusted for recent changes in the economic environment for not past due leasing contracts. The key assumptions used in the analysis of future cash flows for overdue leasing contracts are based on the assessment of the value of leased object and the level of liquidity. As a result of applying this methodology the impairment allowance for net investment in leases was RUB 172 897 thousand lower than it would have been if the previous methodology have been applied.

Analysis of collateral

Corporate loans are secured by the following types of collateral, depending on the type of transactions: real estate (manufacturing premises, warehouses), machinery and equipment, 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 2013 and 31 December 2012:

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|---|
| Real estate | 34 397 648 | 28 114 584 |
| Goods | 30 899 405 | 23 412 380 |
| Securities | 22 143 636 | 13 970 269 |
| Claims for contract receivables | 15 118 301 | 12 034 429 |
| Equipment and motor vehicles | 7 155 628 | 6 128 842 |
| Bank's own debt | 340 000 | - |
| Guarantees by other banks | - | 344 878 |
| Corporate guarantees and no collateral | 101 194 514 | 68 476 923 |
| | 211 249 132 | 152 482 305 |

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

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

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.

Collateral obtained

As at 30 September 2013, the carrying amount of assets that the Group obtained by taking possession of collateral for loans to corporate customers was RUB 4 195 thousand (31 December 2012: RUB 4 572 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 2013 and 30 September 2012 are as follows:

| | 2013 RUB'000 (Unaudited) | 2012 RUB'000 (Unaudited) |
|---|---|---|
| Balance at the beginning of the period | 3 058 623 | 2 624 407 |
| Net charge | 1 715 539 | 762 513 |
| Net write-offs | (262 535) | (147 135) |
| Balance at the end of the period | 4 511 627 | 3 239 785 |

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 30 September 2013:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|
| | RUB'000 (Unaudited) | RUB'000 (Unaudited) | RUB'000 (Unaudited) | % (Unaudited) |
| Auto loans | | | | |
| - Not past due | 10 063 245 | (10 503) | 10 052 742 | 0.1 |
| - Overdue less than 31 days | 79 978 | (1 943) | 78 035 | 2.4 |
| - Overdue 31-60 days | 26 146 | (1 051) | 25 095 | 4.0 |
| - Overdue 61-90 days | 23 433 | (2 996) | 20 437 | 12.8 |
| - Overdue 91-180 days | 49 920 | (25 171) | 24 749 | 50.4 |
| - Overdue 181-360 days | 115 009 | (76 755) | 38 254 | 66.7 |
| - Overdue more than 360 days | 16 810 | (13 882) | 2 928 | 82.6 |
| Total auto loans | 10 374 541 | (132 301) | 10 242 240 | 1.3 |
| Mortgage loans | | | | |
| - Not past due | 13 209 066 | (20 305) | 13 188 761 | 0.2 |
| - Overdue less than 31 days | 160 695 | (6 972) | 153 723 | 4.3 |
| - Overdue 31-60 days | 34 133 | (1 773) | 32 360 | 5.2 |
| - Overdue 61-90 days | 26 223 | (3 417) | 22 806 | 13.0 |
| - Overdue 91-180 days | 45 918 | (30 140) | 15 778 | 65.6 |
| - Overdue 181-360 days | 60 934 | (43 068) | 17 866 | 70.7 |
| - Overdue more than 360 days | 434 144 | (211 514) | 222 630 | 48.7 |
| Total mortgage loans | 13 971 113 | (317 189) | 13 653 924 | 2.3 |
| Credit card loans | | | | |
| - Not past due | 2 135 769 | (20 821) | 2 114 948 | 1.0 |
| - Overdue less than 31 days | 575 346 | (39 119) | 536 227 | 6.8 |
| - Overdue 31-60 days | 50 | (16) | 34 | 32.0 |
| - Overdue 61-90 days | 42 678 | (23 520) | 19 158 | 55.1 |
| - Overdue 91-180 days | 77 497 | (51 464) | 26 033 | 66.4 |
| - Overdue 181-360 days | 68 057 | (54 791) | 13 266 | 80.5 |
| - Overdue more than 360 days | 17 596 | (15 645) | 1 951 | 88.9 |
| Total credit card loans | 2 916 993 | (205 376) | 2 711 617 | 7.0 |

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 2013

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---|--------------------|-----------------------------|--------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Other loans to individuals | | | | |
| - Not past due | 51 081 546 | (429 540) | 50 652 006 | 0.8 |
| - Overdue less than 31 days | 1 333 374 | (176 868) | 1 156 506 | 13.3 |
| - Overdue 31-60 days | 492 205 | (234 530) | 257 675 | 47.6 |
| - Overdue 61-90 days | 412 552 | (283 521) | 129 031 | 68.7 |
| - Overdue 91-180 days | 823 810 | (643 073) | 180 737 | 78.1 |
| - Overdue 181-360 days | 1 177 860 | (1 005 501) | 172 359 | 85.4 |
| - Overdue more than 360 days | 281 617 | (254 346) | 27 271 | 90.3 |
| Total other loans to individuals | 55 602 964 | (3 027 379) | 52 575 585 | 5.4 |
| Total loans to individuals | 82 865 611 | (3 682 245) | 79 183 366 | 4.4 |

The following table provides information on the credit quality of loans to individuals as at 31 December 2012:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|--------------------------------|--------------------|-----------------------------|-------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Auto loans | | | | |
| - Not past due | 10 816 865 | (3 883) | 10 812 982 | 0.04 |
| - Overdue less than 31 days | 59 753 | (4 250) | 55 503 | 7.1 |
| - Overdue 31-60 days | 20 388 | (4 415) | 15 973 | 21.7 |
| - Overdue 61-90 days | 19 289 | (5 814) | 13 475 | 30.1 |
| - Overdue 91-180 days | 23 182 | (9 822) | 13 360 | 42.4 |
| - Overdue 181-360 days | 26 855 | (17 298) | 9 557 | 64.4 |
| - Overdue more than 360 days | 12 062 | (11 318) | 744 | 93.8 |
| Total auto loans | 10 978 394 | (56 800) | 10 921 594 | 0.5 |
| Mortgage loans | | | | |
| - Not past due | 9 894 216 | (10 195) | 9 884 021 | 0.1 |
| - Overdue less than 31 days | 35 018 | (792) | 34 226 | 2.3 |
| - Overdue 31-60 days | 8 572 | (738) | 7 834 | 8.6 |
| - Overdue 61-90 days | 4 454 | (582) | 3 872 | 13.1 |
| - Overdue 91-180 days | 53 376 | (9 265) | 44 111 | 17.4 |
| - Overdue 181-360 days | 63 681 | (10 847) | 52 834 | 17.0 |
| - Overdue more than 360 days | 383 133 | (187 229) | 195 904 | 48.9 |
| Total mortgage loans | 10 442 450 | (219 648) | 10 222 802 | 2.1 |
| Credit card loans | | | | |
| - Not past due | 990 263 | (4 801) | 985 462 | 0.5 |
| - Overdue less than 31 days | 201 | (45) | 156 | 22.4 |
| - Overdue 31-60 days | 19 356 | (10 259) | 9 097 | 53.0 |
| - Overdue 61-90 days | 8 831 | (5 746) | 3 085 | 65.1 |
| - Overdue 91-180 days | 20 890 | (15 607) | 5 283 | 74.7 |
| - Overdue 181-360 days | 33 592 | (29 128) | 4 464 | 86.7 |
| - Overdue more than 360 days | 16 702 | (15 990) | 712 | 95.7 |
| Total credit card loans | 1 089 835 | (81 576) | 1 008 259 | 7.5 |

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---|--------------------|-----------------------------|-------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Other loans to individuals | | | | |
| - Not past due | 25 981 272 | (126 533) | 25 854 740 | 0.5 |
| - Overdue less than 31 days | 580 048 | (131 415) | 448 633 | 22.7 |
| - Overdue 31-60 days | 208 581 | (110 545) | 98 036 | 53.0 |
| - Overdue 61-90 days | 130 423 | (84 865) | 45 558 | 65.1 |
| - Overdue 91-180 days | 338 817 | (252 468) | 86 349 | 74.5 |
| - Overdue 181-360 days | 430 110 | (372 918) | 57 192 | 86.7 |
| - Overdue more than 360 days | 212 390 | (203 336) | 9 054 | 95.7 |
| Total other loans to individuals | 27 881 641 | (1 282 079) | 26 599 562 | 4.6 |
| Total loans to individuals | 50 392 320 | (1 640 103) | 48 752 217 | 3.3 |

During the three-month period ended 30 September 2013, management revised the methodology used to estimate the impairment allowance for credit card loans and other loans to individuals. The revised methodology is intended to provide a more precise estimate of the impairment allowance by using historical data specific to the individual portfolios. As a result of applying this methodology the impairment allowance for credit card loans and other loans to individuals was RUB 352 941 thousand lower than it would have been if the previous methodology have been applied.

Analysis of collateral

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

Management does not estimate loan impairment based on an analysis of the fair value of collateral. 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 2013 impaired mortgage loans in the amount of RUB 762 047 thousand are secured by collateral with a fair value of RUB 574 650 thousand without overcollateralization (31 December 2012: RUB 548 234 thousand and RUB 451 018 thousand, respectively). As at 30 September 2013, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 111 463 thousand (31 December 2012: RUB 137 708 thousand).

Analysis of movements in the impairment allowance

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

| | Auto loans | Mortgage loans | Credit card loans | Other loans to individuals | Total |
|---|--------------------|-----------------------|--------------------------|-----------------------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Balance at the beginning of the period | 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) |
| Balance at the end of the period | 132 301 | 317 189 | 205 376 | 3 027 379 | 3 682 245 |

Movements in the loan impairment allowance by classes of retail loans for the nine-month period ended 30 September 2012 are as follows:

| | Auto loans | Mortgage loans | Credit card loans | Other loans to individuals | Total |
|---|--------------------|-----------------------|--------------------------|-----------------------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Balance at the beginning of the period | 23 778 | 261 229 | 63 980 | 709 038 | 1 058 025 |
| Net charge | 27 000 | 19 354 | 51 203 | 855 330 | 952 887 |
| Net write-offs | (8 495) | - | (24 994) | (304 443) | (337 932) |
| Balance at the end of the period | 42 283 | 280 583 | 90 189 | 1 259 925 | 1 672 980 |

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:

| | 30 September 2013 | 31 December 2012 |
|--|--------------------------|-------------------------|
| | RUB'000 | RUB'000 |
| | (Unaudited) | |
| Loans to individuals | 82 865 611 | 50 392 320 |
| Consumer electronics, appliances and computers | 29 877 196 | 25 737 636 |
| Food and farm products | 28 907 751 | 17 920 338 |
| Residential and commercial construction and development | 21 737 085 | 17 411 616 |
| Automotive, motorcycles and spare parts | 19 598 702 | 5 264 206 |
| Clothing, shoes, textiles and sporting goods | 16 046 501 | 10 189 443 |
| Oil and industrial chemicals | 13 246 828 | 4 083 585 |
| Services | 12 127 416 | 9 708 122 |
| Metallurgical | 9 117 218 | 8 071 462 |
| Industrial and infrastructure construction | 8 114 302 | 2 660 923 |
| Pharmaceutical and medical products | 7 807 597 | 6 859 278 |
| Construction and decorative materials, furniture | 7 480 901 | 10 608 236 |
| Industrial equipment and machinery | 7 066 778 | 9 714 082 |
| Paper, stationery and packaging products | 5 967 690 | 5 233 871 |
| Property rental | 5 950 735 | 5 622 270 |
| Financial | 5 666 367 | 2 946 641 |
| Electric utility | 4 051 175 | 1 117 228 |
| Consumer chemicals, perfumes and hygiene products | 3 646 962 | 4 250 319 |
| Equipment leasing | 2 967 476 | 2 649 336 |
| Telecommunications | 1 177 385 | 392 750 |
| Gardening and pet products | 990 986 | 1 032 346 |
| Products for home, gifts, jewelry and business accessories | 549 832 | 404 207 |
| Books, video, print and copy | 348 699 | 531 924 |
| Other | 3 315 177 | 3 131 109 |
| | 298 626 370 | 205 933 248 |
| Impairment allowance | (8 193 872) | (4 968 726) |
| | 290 432 498 | 201 234 522 |

13 Deposits by credit institutions

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|---|
| Demand deposits | 264 547 | 949 181 |
| Term deposits | 12 140 231 | 23 377 902 |
| Syndicated loans | 10 895 827 | 10 231 524 |
| Subordinated debt | 650 318 | 625 126 |
| Total deposits by credit institutions | 23 950 923 | 35 183 733 |

14 Deposits by customers

| | | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|------------------------------------|--------------|--|---|
| Corporate customers | Demand | 22 822 268 | 24 212 584 |
| | Term | 92 503 084 | 52 344 888 |
| | Subordinated | - | 2 219 428 |
| | Term notes | 2 906 340 | 3 225 262 |
| Total corporate customers | | 118 231 692 | 82 002 162 |
| Individuals | Demand | 11 067 829 | 7 285 758 |
| | Term | 116 707 077 | 99 726 184 |
| Total individuals | | 127 774 906 | 107 011 942 |
| Total deposits by customers | | 246 006 598 | 189 014 104 |

15 Debt securities issued

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|---|
| Promissory notes issued at nominal value | 7 060 870 | 8 420 770 |
| Accrued interest | 13 091 | 18 723 |
| Unamortized discount on promissory notes | (315 899) | (283 601) |
| | 6 758 062 | 8 155 892 |
| Bonds issued | 67 794 554 | 31 857 898 |
| | 74 552 616 | 40 013 790 |

RUB denominated subordinated bond issue 12 (30 September 2013: RUB 2 022 160 thousand) was issued in February 2013 with a fixed coupon rate of 12.25% until the final maturity date of 22 August 2018. Coupon is paid semi-annually.

USD denominated Loan Participation Notes (30 September 2013: RUB 15 816 781 thousand) were issued in February 2013 with a fixed coupon rate of 7.7% at par until the final maturity date of 1 February 2018.

Subordinated USD denominated Loan Participation Notes (30 September 2013: RUB 16 613 528 thousand) were issued in May 2013 with a fixed coupon rate of 8.7% at par until the final maturity date of 13 November 2018.

16 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 2012: 12 677 832 952 shares) with par value of 1 RUB per share. In addition, as at 30 September 2013 the Bank has 21 808 396 273 authorised but unissued ordinary shares with an aggregate nominal value of RUB 21 808 million. The total hyperinflation adjustment related to equity as at 31 December 2002, was RUB 861 930 thousand.

On 25 September 2013 the Central Bank of the Russian Federation registered CREDIT BANK OF MOSCOW's additional share issue. The issue comprised 1 789 928 783 ordinary shares with par value of 1 RUB per share and was placed by way of closed subscription among current beneficiaries of the Bank. The shares were acquired at a price above par value, and proceeds totaled RUB 7 536 thousand. As a result of the issue distribution, Concern Rossium, LLC continued to hold 85.00% of shares of the Bank, while stakes of the minority shareholders comprised as follows: EBRD – 6.91%, RBOF Holding Company I Ltd. – 4.24%, IFC – 2.67% and Lamont Alley Corporation – 1.18%. The majority shareholder of the Bank, Mr. Roman I. Avdeev, acquired new shares through affiliated companies Concern Rossium, LLC and Lamont Alley Corporation using funds raised from early repayment by the Bank of the subordinated loans previously granted by Mr. Avdeev via Wellcreek Corporation. Subordinated loans from the majority shareholder were converted into additional paid-in-capital in 2011 and 2012 due to the fact that the interest rates applicable to these loans were substantially lower than the market rates. These subordinated loans were fully repaid in August 2013 before the contractual maturity date.

17 Commitments

The Group has outstanding commitments to extend loans. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Group applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|----------------------------------|--|---|
| Guarantees and letters of credit | 49 935 622 | 40 586 746 |
| Undrawn loan commitments | 4 901 156 | 1 968 320 |
| Other contingent liabilities | 223 678 | 216 175 |
| | 55 060 456 | 42 771 241 |

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

18 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 is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who 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 longer. Recent events within 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. They 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 interval or profitability range. Given the short period these new transfer pricing rules have been effective, the impact of any such challenge can not be reliably estimated; however it may be significant to the statement of financial position and/or overall operations of the Bank.

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.

19 Related party transactions

The outstanding balances with related parties and related average interest rates as at 30 September 2013 and 31 December 2012 are as follows:

| | 30 September 2013 (Unaudited) | | 31 December 2012 | |
|---------------------------------------|----------------------------------|--|-------------------|--|
| | Amount RUB'000 | Average effective interest rate | Amount RUB'000 | Average effective interest rate |
| Loans to customers | | | | |
| Majority shareholder | - | - | 350 110 | 15.0% |
| Under control of majority shareholder | 572 160 | 13.3% | 1 006 | 16.0% |
| Management | 59 346 | 11.7% | 88 892 | 11.2% |
| Total loans | 631 506 | | 440 008 | |
| Deposits by customers | | | | |
| Majority shareholder | 74 177 | 4.2% | 320 310 | 8.6% |
| Parent company | 52 347 | 11.0% | 265 752 | 8.0% |
| Under control of majority shareholder | 129 164 | 14.8% | 2 342 880 | 6.7% |
| Management | 165 101 | 6.8% | 89 066 | 6.7% |
| Total deposits | 420 789 | | 3 018 008 | |

Amounts included in the consolidated interim condensed statement of profit and loss and other comprehensive income for the nine-month periods ended 30 September 2013 and 30 September 2012 in relation to transactions with related parties are as follows:

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|--|--|--|
| Interest income on loans to customers | | |
| Majority shareholder | 8 926 | 1 981 |
| Under control of majority shareholder | 30 617 | 5 013 |
| Management | 6 525 | 2 940 |
| Total interest income on loans to customers | 46 068 | 9 934 |
| Interest expense on deposits by customers | | |
| Majority shareholder | 27 011 | 4 957 |
| Parent company | 34 940 | 9 641 |
| Under control of majority shareholder | 42 804 | 23 844 |
| Management | 6 859 | 2 507 |
| Total interest expense on deposits by customers | 111 614 | 40 949 |

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the nine-month periods ended 30 September 2013 and 30 September 2012 (refer to note 6) is as follows:

| | Nine-Month Period Ended 30 September 2013 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) |
|----------------------------------|--|--|
| Members of the Supervisory Board | 62 710 | 23 207 |
| Members of the Management Board | 131 072 | 98 641 |
| | 193 782 | 121 848 |

20 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 Central Bank of the Russian Federation, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 September 2013, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the nine-month period ended 30 September 2013 and the year ended 31 December 2012.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord, as at 30 September 2013 and 31 December 2012:

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|-------------------------------------|
| Tier 1 capital | | |
| Share capital and additional paid-in capital | 25 098 449 | 22 559 058 |
| Retained earnings | 21 227 011 | 15 601 246 |
| Total tier 1 capital | 46 325 460 | 38 160 304 |
| Tier 2 capital | | |
| Revaluation surplus for buildings | 1 115 928 | 1 115 928 |
| Revaluation reserve for investments available-for-sale | (38 083) | 16 061 |
| Subordinated loans | | |
| Subordinated loans from Black Sea Trade And Development Bank | 420 486 | 485 963 |
| Subordinated loans from Wellcreek Corporation | - | 2 217 635 |
| Subordinated bonds | 4 850 000 | 3 000 000 |
| Subordinated loan participation notes | 16 172 550 | - |
| Total tier 2 capital | 22 520 881 | 6 835 587 |
| Total capital | 68 846 341 | 44 995 891 |

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--|--|---|
| Risk-weighted assets | | |
| Banking book | 339 452 940 | 245 565 378 |
| Trading book | 46 334 844 | 40 067 912 |
| Total risk weighted assets | 385 787 784 | 285 633 290 |
| Total capital expressed as a percentage of risk-weighted assets (total capital ratio) | 18.0 | 15.8 |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) | 12.1 | 13.4 |

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognised exposures, with some adjustments to reflect the more contingent nature of the potential losses.

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord established by covenants in borrowing agreements. The Group complied with all externally imposed capital requirements during the nine-month period ended 30 September 2013 and the year ended 31 December 2012.

21 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 consumer loans, 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 handling and other cash operations: comprise all operations connected with cash, cash handling, counting and transportation.

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

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

| | 30 September 2013 RUB'000 (Unaudited) | 31 December 2012 RUB'000 |
|--------------------------|--|---|
| ASSETS | | |
| Corporate banking | 213 004 463 | 153 576 987 |
| Retail banking | 81 162 776 | 50 203 307 |
| Treasury | 92 350 304 | 86 282 788 |
| Cash operations | 6 170 838 | 10 829 487 |
| Unallocated assets | 8 100 315 | 7 834 816 |
| Total assets | 400 788 696 | 308 727 385 |
| LIABILITIES | | |
| Corporate banking | 118 231 692 | 82 002 162 |
| Retail banking | 127 774 906 | 107 011 942 |
| Treasury | 45 385 687 | 46 927 405 |
| International business | 57 624 940 | 28 270 118 |
| Unallocated liabilities | 4 368 167 | 5 223 465 |
| Total liabilities | 353 385 391 | 269 435 092 |

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 2013

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

| RUB'000 (Unaudited) | Corporate banking | Retail banking | Treasury | International business | Cash operations | Unallocated | Total |
|--|----------------------|---------------------|--------------------|---------------------------|--------------------|--------------------|---------------------|
| 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 | - | - |
| Revenue | 10 938 538 | 15 733 403 | 4 520 818 | 3 255 410 | 1 130 420 | - | 35 578 589 |
| 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 and administrative expenses | (752 068) | (2 560 644) | (64 858) | (46 019) | (889 274) | (1 616 919) | (5 929 782) |
| Expense | (6 534 838) | (13 771 508) | (3 675 118) | (1 989 192) | (889 726) | (1 616 919) | (28 477 301) |
| Segment result | 4 403 700 | 1 961 895 | 845 700 | 1 266 218 | 240 694 | (1 616 919) | 7 101 288 |

Segment information for the main reportable segments for the nine-month period ended 30 September 2012 is set below:

| RUB'000 (Unaudited) | Corporate banking | Retail banking | Treasury | International business | Cash operations | Unallocated | Total |
|--|------------------------------|---------------------------|--------------------|-----------------------------------|----------------------------|--------------------|---------------------|
| External interest income | 13 739 717 | 4 912 715 | 1 772 535 | - | - | - | 20 424 967 |
| Fee and commission income | 1 347 500 | 814 323 | 3 365 | - | 758 485 | - | 2 923 673 |
| Net gain on securities | - | - | 230 948 | - | - | - | 230 948 |
| Net foreign exchange losses | (180 337) | (14 308) | (35 725) | - | - | - | (230 370) |
| Other operating income net of expenses | 50 484 | 106 175 | 21 836 | - | - | - | 178 495 |
| (Expenses) revenue from other segments | (5 304 219) | 3 744 473 | (130 003) | 1 607 105 | 82 644 | - | - |
| Revenue | 9 653 145 | 9 563 378 | 1 862 956 | 1 607 105 | 841 129 | - | 23 527 713 |
| Impairment losses on loans | (762 513) | (952 887) | - | - | - | - | (1 715 400) |
| Interest expense | (2 434 420) | (5 895 087) | (2 432 449) | (820 250) | - | - | (11 582 206) |
| Fee and commission expense | (3 443) | (39 230) | (87 156) | (153 097) | (426) | - | (283 352) |
| General and administrative expenses | (474 565) | (2 188 330) | (124 884) | (21 201) | (711 414) | (1 702 584) | (5 222 978) |
| Expense | (3 674 941) | (9 075 534) | (2 644 489) | (994 548) | (711 840) | (1 702 584) | (18 803 936) |
| Segment result | 5 978 204 | 487 844 | (781 533) | 612 557 | 129 289 | (1 702 584) | 4 723 777 |

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.

22 Fair value hierarchy of financial instruments

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 settlement of liabilities.

The estimated value of the financial instruments at fair value through profit or loss and available-for-sale securities is based on quoted market prices at the reporting date without any deduction for transaction costs.

The estimated fair values of all other financial instruments is calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. Management believes that the fair value of all other financial instruments does not differ significantly from their carrying value.

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 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 2013 and 31 December 2012:

| | Level 1 | Level 2 | Total |
|---|-------------------|------------------|-------------------|
| | RUB'000 | RUB'000 | RUB'000 |
| 30 September 2013 (unaudited) | | | |
| Financial assets at fair value through profit or loss | | | |
| Government, municipal and corporate bonds | 30 567 535 | 161 803 | 30 729 338 |
| Derivative financial instruments | - | 319 995 | 319 995 |
| Total | 30 567 535 | 481 798 | 31 049 333 |
| Available-for-sale securities | | | |
| Corporate bonds | 3 192 603 | - | 3 192 603 |
| Promissory notes | - | 7 970 310 | 7 970 310 |
| Total | 3 192 603 | 7 970 310 | 11 162 913 |

| | Level 1 | Level 2 | Total |
|---|-------------------|------------------|-------------------|
| | RUB'000 | RUB'000 | RUB'000 |
| 31 December 2012 | | | |
| Financial assets at fair value through profit or loss | | | |
| Government, municipal and corporate bonds | 31 425 713 | 240 260 | 31 665 973 |
| Derivative financial instruments | - | 18 826 | 18 826 |
| Equity investments | 17 | - | 17 |
| Total | 31 425 730 | 259 086 | 31 684 816 |
| Available-for-sale securities | | | |
| Corporate bonds | 3 007 896 | 108 578 | 3 116 474 |
| Promissory notes | - | 2 305 114 | 2 305 114 |
| Total | 3 007 896 | 2 413 692 | 5 421 588 |

For financial instruments included in Level 2 valuation techniques include comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include foreign currency exchange rates.

The fair value of unquoted equity securities available-for-sale with a carrying value of RUB 7 972 thousand (31 December 2012: RUB 26 006 thousand) cannot be determined.

During the nine-month period ended 30 September 2013 there were no transfers of financial instruments between Level 1 and Level 2.

As at 30 September 2013 and 31 December 2012 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).

23 Events subsequent to the reporting date

In October 2013 the Bank paid out the seventh coupon in the amount of RUB 114.31 million or RUB 48.62 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 2013 the Bank paid out the third coupon in the amount of RUB 184.41 million or RUB 47.13 per bond on domestic exchange 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 2013 the Bank paid out the fifth coupon in the amount of RUB 256.95 million or RUB 51.39 per bond on domestic exchange bonds series BO-04. The issue was originally placed on 15 April 2011 in the amount of RUB 5 billion with a maturity of 3 years.

In October 2013 the Bank bought back 575 556 domestic exchange bonds series BO-02 from their holders based on a put option at the price of 100% of par value, and then partly sold these bonds in the market at the price exceeding 100% of par value.

In October 2013 the Bank bought back 528 606 domestic bonds series 08 from their holders based on a put option at the price of 100% of par value, and then partly sold these bonds in the market at the price exceeding 100% of par value.

In October 2013 the Bank placed its domestic exchange bond issue series BO-06 with a nominal value of RUB 5 billion with a 5-year maturity at MICEX with a fixed coupon rate of 8.95% for the first 2 years of floatation.

In October 2013 the Bank placed its domestic exchange bond issue series BO-07 with a nominal value of RUB 5 billion with a 5-year maturity at MICEX with a fixed coupon rate of 9.1% for the first 3 years of floatation.

In October 2013 shares of the Bank's minority shareholder Lamont Alley Corporation were reallocated among other minority shareholders EBRD, IFC and RBOF Holding Company I Ltd., resulting in Concern Rossium, LLC still holding 85% of shares of the Bank, EBRD holding 7.5%, IFC holding 2.9% and RBOF Holding Company I Ltd. holding 4.6%.

In October 2013 international rating agency Standard and Poor's upgraded the Bank's long-term credit rating to 'BB-' and Russia national scale rating to 'ruAA-' with stable outlook. The Bank's short-term credit rating was affirmed at 'B'.

In November 2013 international rating agency Fitch Ratings upgraded the Bank's long-term issuer default rating and senior unsecured debt to 'BB', subordinated debt to 'BB-', viability rating to 'bb' and Russia national scale rating to 'AA-(Rus)' with stable outlook. The Bank's short-term credit rating was affirmed at 'B' and support rating at '5'.

Chairman of the Management Board

Chief Accountant

20 December 2013



Vladimir A. Chubar

Svetlana V. Sass