

CREDIT BANK OF MOSCOW
(open joint-stock company)

Interim Condensed Consolidated
Financial Statements
for the nine-month period
ended 30 September 2011

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

To the Management of Credit Bank of Moscow (open joint-stock company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Credit Bank of Moscow (open joint-stock company) and its subsidiaries (the Group) as at 30 September 2011, and the related interim condensed consolidated statements of comprehensive income for the three- and nine-month periods ended 30 September 2011 and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period ended 30 September 2011 (the interim condensed consolidated financial information). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information as at 30 September 2011 and for the three- and nine-month periods ended 30 September 2011 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Matter

The corresponding figures for the three- and nine-month periods ended 30 September 2010 are unreviewed.

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23 November 2011

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Comprehensive Income
for the nine-month period ended 30 September 2011

| | Notes | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|------------------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Interest income | 4 | 14 791 150 | 10 424 334 | 5 555 562 | 3 951 269 |
| Interest expense | 4 | (8 824 609) | (6 019 075) | (3 463 098) | (2 091 765) |
| Net interest income | 4 | 5 966 541 | 4 405 259 | 2 092 464 | 1 859 504 |
| Provision for impairment of loans | 12 | (1 120 418) | (1 548 869) | (306 448) | (862 490) |
| Net interest income after provision for impairment | | 4 846 123 | 2 856 390 | 1 786 016 | 997 014 |
| Fee and commission income | 5 | 1 864 315 | 1 223 087 | 725 636 | 415 471 |
| Net (loss)/gain on financial instruments at fair value through profit or loss | | (962 651) | 182 923 | (1 021 571) | (25 082) |
| Net realized gain/(loss) on available-for-sale securities | | 43 702 | 54 683 | (109) | 30 842 |
| Foreign exchange gains, net | | 381 326 | 189 565 | 212 991 | 87 163 |
| Other operating income | | 197 628 | 264 381 | 89 543 | 187 233 |
| Non-interest income | | 1 524 320 | 1 914 639 | 6 490 | 695 627 |
| Salaries and employment benefits | 6 | (1 527 576) | (1 009 858) | (552 699) | (359 257) |
| Administrative expenses | 6 | (1 244 919) | (988 004) | (497 591) | (413 272) |
| (Provision for) reversal of impairment of other assets and credit related commitments | | (72 943) | 3 894 | 64 434 | (4 661) |
| Depreciation of property and equipment | | (169 281) | (115 078) | (59 963) | (36 091) |
| Fee and commission expense | | (125 054) | (59 735) | (51 052) | (24 708) |
| State deposit insurance scheme contributions | | (189 464) | (107 818) | (73 208) | (37 832) |
| Other operating expenses | | (97 490) | (214 060) | (4 488) | (103 211) |
| Non-interest expense | | (3 426 727) | (2 490 659) | (1 174 567) | (979 032) |
| Income before income taxes | | 2 943 716 | 2 280 370 | 617 939 | 713 609 |
| Income tax | 7 | (587 254) | (454 996) | (120 236) | (149 390) |
| Net income | | 2 356 462 | 1 825 374 | 497 703 | 564 219 |
| Other comprehensive income | | | | | |
| Revaluation reserve for available-for-sale securities | | (138 870) | 15 648 | (127 798) | 86 557 |
| Income tax related to other comprehensive income | | 27 774 | (3 130) | 25 560 | (17 312) |
| Other comprehensive (loss) income for the period, net of tax | | (111 096) | 12 518 | (102 238) | 69 245 |
| Comprehensive income for the period | | 2 245 366 | 1 837 892 | 395 465 | 633 464 |

Chairman of Management Board
Chief Accountant



Alexander N.Nikolashin
Svetlana V.Sass

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Financial Position
as at 30 September 2011

| | Notes | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|---------------------------------------------------------------------|-------|---------------------------------------------|-----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 8 | 17 965 662 | 23 336 426 |
| Obligatory reserves with the Central Bank of the Russian Federation | | 2 016 845 | 756 584 |
| Due from credit institutions | 9 | 6 228 036 | 586 968 |
| Financial instruments at fair value through profit or loss | 10 | 27 171 428 | 27 475 153 |
| Available-for-sale securities | 11 | 2 573 624 | 4 461 645 |
| Loans to customers | 12 | 162 110 673 | 103 852 309 |
| Property and equipment | | 4 531 258 | 4 255 117 |
| Other assets | | 1 242 532 | 746 441 |
| Total assets | | 223 840 058 | 165 470 643 |
| LIABILITIES AND EQUITY | | | |
| Deposits by credit institutions | 13 | 18 989 324 | 27 863 284 |
| Deposits by customers | 14 | 137 803 950 | 95 088 028 |
| Debt securities issued | 15 | 39 810 236 | 27 251 096 |
| Deferred tax liability | 7 | 1 707 500 | 493 903 |
| Current tax liability | 7 | - | 142 237 |
| Other liabilities | | 1 480 226 | 865 000 |
| Total liabilities | | 199 791 236 | 151 703 548 |
| Equity | | | |
| Share capital | 16 | 11 638 088 | 7 138 088 |
| Additional paid-in capital | | 3 699 047 | 162 686 |
| Revaluation surplus for buildings | | 500 424 | 500 424 |
| Revaluation reserve for available-for-sale securities | | (83 029) | 28 067 |
| Retained earnings | | 8 294 292 | 5 937 830 |
| Total equity | | 24 048 822 | 13 767 095 |
| Total liabilities and equity | | 223 840 058 | 165 470 643 |
| Commitments and Contingencies | 17-18 | | |

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Cash Flows
for the nine-month period ended 30 September 2011

| | Notes | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|---------------------------------------------------------------|-------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Net cash used in operations | | (22 499 907) | (3 033 750) |
| Net cash from (used in) investing activities | | 1 448 635 | (3 940 884) |
| Net cash from financing activities | | 15 394 189 | 12 177 825 |
| Effect of exchange rates changes on cash and cash equivalents | | 286 319 | (46 221) |
| Change in cash and cash equivalents | | (5 370 764) | 5 156 970 |
| Cash and cash equivalents, beginning of the period | | 23 336 426 | 8 629 775 |
| Cash and cash equivalents, end of the period | 8 | 17 965 662 | 13 786 745 |

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Changes in Equity
for the nine-month period ended 30 September 2011

| | 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 2009 | 7 138 088 | 162 686 | 500 424 | 325 794 | 2 916 454 | 11 043 446 |
| Total comprehensive income for the period (unaudited) | - | - | - | 12 518 | 1 825 374 | 1 837 892 |
| 30 September 2010 (unaudited) | 7 138 088 | 162 686 | 500 424 | 338 312 | 4 741 828 | 12 881 338 |
| 31 December 2010 | 7 138 088 | 162 686 | 500 424 | 28 067 | 5 937 830 | 13 767 095 |
| Total comprehensive income for the period (unaudited) | - | - | - | (111 096) | 2 356 462 | 2 245 366 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Shares issued (unaudited) | 4 500 000 | - | - | - | - | 4 500 000 |
| Contribution from the ultimate shareholder (net of deferred tax of RUB 884 090 thousand) (unaudited) (note 16) | - | 3 536 361 | - | - | - | 3 536 361 |
| Total transactions with owners, recorded directly in equity (unaudited) | 4 500 000 | 3 536 361 | - | - | - | 8 036 361 |
| 30 September 2011 (unaudited) | 11 638 088 | 3 699 047 | 500 424 | (83 029) | 8 294 292 | 24 048 822 |

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

1 Background

Principal activities

These interim condensed consolidated 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).

CREDIT BANK OF MOSCOW 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 (the CBR), granted on 20 January 2000. In December 2004 the Bank was admitted to the CBR program for individual deposit insurance.

The Bank is among the 20 largest banks in Russia by net assets and runs its business in Moscow and Moscow region through a network comprising 55 branches and 13 cash offices, and with ATMs and payment terminals totaling 518 and 3036 items, respectively.

The principal subsidiaries of the Group are as follows:

| Name | Date of incorporation | Country of incorporation | Principal Activities | Degree of control, % | |
|---------------------|-----------------------|--------------------------|----------------------------|----------------------|------------------|
| | | | | 30 September 2011 | 31 December 2010 |
| CBOM Finance p.l.c. | 17 August 2006 | Ireland | Raising finance | 100% | 100% |
| MKB-Invest | 4 June 2007 | Russia | Operations with securities | 100% | 100% |
| MKB-Leasing | 20 September 2005 | Russia | Financial lease | 100% | 100% |

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 Group is wholly-owned by "Rossium Concern", LLC (the parent company). The ultimate beneficial owner of Rossium Concern is Roman I. Avdeev, who is also a member of the Supervisory Board of the Bank. The members of the Supervisory Board are as follows:

Supervisory Board

| | |
|--------------------------|----------|
| Sandy Vaci | Chairman |
| Richard Damien Glasspool | Member |
| Genadi Lewinski | Member |
| Mustafa Boran | Member |
| Roman I. Avdeev | Member |
| Alexander N. Nikolashin | Member |
| Anton R. Avdeev | Member |
| Nikolay V. Kosarev | Member |
| Vladimir A. Chubar | Member |

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 interim condensed consolidated 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 interim condensed consolidated 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 2010, as these interim condensed consolidated financial statements provide an update of previously reported financial information.

Basis of measurement

The interim condensed consolidated 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 national currency of the Russian Federation is the Russian Rouble (RUB). Management determined the functional currency to be the RUB as it reflects the economic substance of the underlying events and circumstances of the Bank. The RUB is also the presentation currency for the purposes of these interim condensed consolidated financial statements.

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

Use of estimates and judgments

Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these interim condensed consolidated financial statements in conformity with International Financial Reporting Standards (IFRS). Actual results could differ from those estimates.

3 Significant accounting policies

The accounting policies applied by the Group in the preparation of these interim condensed consolidated financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2010.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 September 2011, and are not applied in preparing these interim condensed consolidated financial statements. Of these pronouncements, potentially the following will have an impact on the financial position and performance. The Group plans to adopt these pronouncements when they become effective.

IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013, although there is currently a proposal, which if adopted, would postpone the effective date to annual periods beginning on or after 1 January 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2011. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Group does not intend to adopt this standard early.

IFRS 10 *Consolidated Financial Statements* will be effective for annual periods beginning on or after 1 January 2013. The new standard supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12. Under the new three-step control model, 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. Consolidation procedures are carried forward from IAS 27 (2008). Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

IFRS 11 *Joint Arrangements* will be effective for annual periods beginning on or after 1 January 2013 with retrospective application required. The new standard supersedes IAS 31 *Interests in Joint Ventures*. The main change introduced by IFRS 11 is that all joint arrangements are classified either as joint operations, which are consolidated on a proportionate basis, or as joint ventures, for which the equity method is applied. The type of arrangement is determined based on the rights and obligations of the parties to the arrangement arising from joint arrangement's structure, legal form, contractual arrangement and other facts and circumstances. Early adoption of IFRS 11 is permitted provided the entity also early-adopts IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

IFRS 12 *Disclosure of Interests in Other Entities* will be effective for annual periods beginning on or after 1 January 2013. The new standard contains 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. The expanded and new disclosure requirements aim to provide information to enable the users to evaluate the nature of risks associated with an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. Entities may early present some of the IFRS 12 disclosures without a need to early-adopt the other new and amended standards. However, if IFRS 12 is early-adopted in full, then IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) must also be early-adopted.

IFRS 13 *Fair Value Measurement* will be effective for annual periods beginning on or after 1 January 2013. The new standard replaces 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. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application.

The Group has not yet analysed the likely impact of the new standards on its financial position or performance.

4 Net interest income

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Interest income | | | | |
| Loans to customers | 12 386 624 | 8 455 822 | 4 723 695 | 3 162 437 |
| Debt securities | 2 227 068 | 1 948 765 | 753 382 | 782 701 |
| Due from credit institutions and the CBR | 177 458 | 19 747 | 78 485 | 6 131 |
| | 14 791 150 | 10 424 334 | 5 555 562 | 3 951 269 |
| Interest expense | | | | |
| Deposits by customers | (5 703 565) | (3 886 895) | (2 287 279) | (1 284 975) |
| Debt securities issued | (2 110 350) | (1 556 695) | (861 616) | (590 356) |
| Deposits by credit institutions | (1 010 694) | (575 485) | (314 203) | (216 434) |
| | (8 824 609) | (6 019 075) | (3 463 098) | (2 091 765) |
| Net interest income | 5 966 541 | 4 405 259 | 2 092 464 | 1 859 504 |

5 Fee and commission income

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|----------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Cash collection delivery | 530 318 | 384 756 | 195 838 | 140 048 |
| Settlements and wire transfers | 529 073 | 304 786 | 213 927 | 116 469 |
| Guarantees and letters of credit | 359 944 | 365 721 | 134 097 | 92 540 |
| Plastic cards | 183 186 | 65 196 | 68 577 | 29 205 |
| Insurance contracts processing | 152 457 | - | 80 411 | - |
| Other cash operations | 68 945 | 53 837 | 21 972 | 22 293 |
| Other | 40 392 | 48 791 | 10 814 | 14 916 |
| Fee and commission income | 1 864 315 | 1 223 087 | 725 636 | 415 471 |

6 Salaries, employment benefits and administrative expenses

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Three-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|--------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Salaries | 1 191 470 | 826 621 | 448 565 | 301 528 |
| Social security costs | 318 835 | 174 029 | 97 934 | 53 785 |
| Other | 17 271 | 9 208 | 6 200 | 3 944 |
| Salaries and employment benefits | 1 527 576 | 1 009 858 | 552 699 | 359 257 |
| Occupancy | 373 607 | 289 107 | 156 775 | 144 644 |
| Advertising and business development | 274 296 | 166 267 | 99 962 | 89 792 |
| Operating taxes | 234 280 | 243 900 | 115 922 | 69 908 |
| Security | 119 151 | 94 117 | 40 627 | 30 753 |
| Property maintenance | 110 317 | 56 313 | 28 397 | 21 927 |
| Computer maintenance and software expenses | 35 496 | 30 699 | 13 958 | 16 275 |
| Communications | 34 863 | 40 620 | 12 699 | 15 140 |
| Transport | 28 032 | 25 231 | 10 721 | 9 222 |
| Other | 34 877 | 41 750 | 18 530 | 15 611 |
| Administrative expenses | 1 244 919 | 988 004 | 497 591 | 413 272 |

7 Income tax

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|---------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Current tax charge | 229 973 | 177 699 |
| Deferred taxation | 357 281 | 277 297 |
| Income tax expense | 587 254 | 454 996 |

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% (2010: 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 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Income before tax | 2 943 716 | 2 280 370 |
| Applicable statutory tax rate | 20% | 20% |
| Income tax using the applicable tax rate | 588 743 | 456 074 |
| Income taxed at lower rate | (34 049) | (22 018) |
| Net non-deductible costs | 32 560 | 20 940 |
| Income tax expense | 587 254 | 454 996 |

Income tax liabilities are recorded in the interim condensed consolidated statement of financial position as follows:

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|-----------------------------|------------------------------------------------------|-------------------------------------|
| Current tax liability | - | 142 237 |
| Deferred tax liability | 1 707 500 | 493 903 |
| Income tax liability | 1 707 500 | 636 140 |

8 Cash and cash equivalents

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|-----------------------------------------------------------------------|------------------------------------------------------|-------------------------------------|
| Cash on hand | 3 717 214 | 3 894 457 |
| Correspondent account with the Central Bank of the Russian Federation | 6 675 425 | 9 563 916 |
| Nostro accounts with other banks | | |
| rated AAA | - | 644 |
| rated from AA+ to AA- | 942 954 | 947 472 |
| rated from A+ to A- | 115 145 | 61 884 |
| from BBB+ to BBB- | 293 985 | 443 966 |
| rated from BB+ to BB- | 39 556 | 4 008 |
| rated from B+ to B- | 83 204 | 112 262 |
| not rated | 899 611 | 585 818 |
| Total nostro accounts with other banks | 2 374 455 | 2 156 054 |

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| Due from credit institutions with maturity of less than 1 month | | |
| rated from AA+ to AA- | 2 337 305 | 458 512 |
| rated A- to A+ | 9 237 | 24 410 |
| rated BBB | - | 2 968 673 |
| rated from BB- to BB+ | - | 727 633 |
| rated from B+ to B- | 1 434 500 | 1 713 940 |
| not rated | 1 417 526 | 1 828 831 |
| Total due from credit institutions with maturity of less than 1 month | 5 198 568 | 7 721 999 |
| Total cash and cash equivalents | 17 965 662 | 23 336 426 |

None of 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 CBR related to settlement activity, and is available for withdrawal at period end.

Settlements with stock exchanges are included in not rated nostro accounts in the amount of RUB 430 818 thousand as at 30 September 2011 (31 December 2010: RUB 535 604 thousand).

As at 30 September 2011 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 1 009 440 thousand (31 December 2010: RUB 1 783 806 thousand).

9 Due from credit institutions

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|-------------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| Term deposits | | |
| rated from AA+ to AA- | - | 201 666 |
| rated A- to A+ | 30 281 | - |
| from BBB+ to BBB- | 4 612 424 | - |
| rated from B+ to B- | 1 584 391 | 235 302 |
| not rated | 940 | 150 000 |
| Total due from credit institutions | 6 228 036 | 586 968 |

None of due from credit institutions are impaired or past due.

10 Financial instruments at fair value through profit or loss

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|
| <u>Held by the Bank</u> | | |
| Government and municipal bonds | | |
| Russian Government Federal bonds (OFZ) | 10 792 354 | - |
| Russian Government Eurobonds | 1 908 664 | 2 059 403 |
| Moscow Government bonds | 934 085 | 425 309 |
| Regional authorities and municipal bonds | 471 504 | 787 634 |
| Corporate bonds | | |
| from BBB+ to BBB- | 4 435 211 | 1 377 171 |
| from BB+ to BB- | 4 513 213 | 1 479 989 |
| from B+ to B- | 2 623 896 | 7 159 838 |
| not rated | 1 492 477 | 2 502 079 |
| Equity investments | 24 | - |
| Total financial instruments at fair value through profit or loss held by the Bank | 27 171 428 | 15 791 423 |
| <u>Pledged under sale and repurchase agreements</u> | | |
| Government and municipal bonds | | |
| Russian Government Federal bonds (OFZ) | - | 6 960 112 |
| Moscow Government bonds | - | 803 035 |
| Regional authorities and municipal bonds | - | 44 566 |
| Corporate bonds | | |
| from BBB+ to BBB- | - | 1 544 220 |
| from BB+ to BB- | - | 1 493 081 |
| from B+ to B- | - | 838 716 |
| Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements | - | 11 683 730 |
| Total financial instruments at fair value through profit or loss | 27 171 428 | 27 475 153 |

None of financial instruments at fair value through profit or loss are impaired or past due.

As at 30 September 2011 debt instruments in the amount of RUB 25 524 866 thousand are included in the list of securities that can be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2010: RUB 24 153 390 thousand).

11 Available-for-sale securities

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|-----------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|
| <u>Held by the Bank</u> | | |
| Government and municipal bonds | | |
| Regional authorities and municipal bonds | 17 313 | 17 140 |
| Corporate bonds | | |
| from BBB+ to BBB- | 153 348 | 147 373 |
| from BB+ to BB- | 389 630 | 915 370 |
| from B+ to B- | 1 770 051 | 2 655 298 |
| not rated | 175 617 | 465 186 |
| Equity investments | 67 665 | 59 799 |
| Total available-for-sale securities held by the Bank | 2 573 624 | 4 260 166 |
| | | |
| <u>Pledged under sale and repurchase agreements</u> | | |
| Government and municipal bonds | | |
| Russian Government Federal bonds (OFZ) | - | 50 529 |
| Corporate bonds | | |
| from BBB+ to BBB- | - | 33 523 |
| from B+ to B- | - | 117 427 |
| Total available-for-sale securities pledged under sale and repurchase agreements | - | 201 479 |
| Total available-for-sale securities | 2 573 624 | 4 461 645 |

None of available-for-sale securities are impaired or past due.

As at 30 September 2011 debt instruments in the amount of RUB 978 712 thousand are included in the list of securities that can be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2010: RUB 2 436 745 thousand).

12 Loans to customers

| | 30 September 2011 RUB'000 (unaudited) | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 | 31 December 2010 RUB'000 |
|-----------------------------------|---------------------------------------------|---------------------------------------------|-----------------------------|-----------------------------|
| | Loans | Impairment allowance | Loans | Impairment allowance |
| Loans to corporate clients | 137 752 157 | (2 766 228) | 88 317 606 | (1 990 001) |
| | | | | |
| Loans to individuals | | | | |
| Auto loans | 5 772 922 | (22 060) | 5 478 500 | (87 657) |
| Mortgage loans | 7 649 699 | (301 495) | 7 641 432 | (430 242) |
| Other loans to individuals | 14 666 293 | (640 615) | 5 207 880 | (285 209) |
| Total loans to individuals | 28 088 914 | (964 170) | 18 327 812 | (803 108) |
| | | | | |
| Gross loans to customers | 165 841 071 | (3 730 398) | 106 645 418 | (2 793 109) |
| Net loans to customers | 162 110 673 | | 103 852 309 | |

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 30 September 2011:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------------|--------------------|-----------------------------|--------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Loans to customers | | | | |
| - Not past due | 162 704 568 | (2 451 845) | 160 252 723 | 1.5% |
| - Overdue less than 31 days | 1 270 424 | (160 188) | 1 110 236 | 12.6% |
| - Overdue 31-60 days | 192 281 | (65 951) | 126 330 | 34.3% |
| - Overdue 61-90 days | 242 278 | (91 136) | 151 142 | 37.6% |
| - Overdue 91-180 days | 255 242 | (151 978) | 103 264 | 59.5% |
| - Overdue 181-360 days | 306 954 | (214 952) | 92 002 | 70.0% |
| - Overdue more than 360 days | 869 324 | (594 348) | 274 976 | 68.4% |
| Total loans to customers | 165 841 071 | (3 730 398) | 162 110 673 | 2.2% |

The following table provides information on credit quality of the loan portfolio as at 31 December 2010:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------------|--------------------|-----------------------------|--------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Loans to customers | | | | |
| - Not past due | 104 463 388 | (1 662 364) | 102 801 024 | 1.6% |
| - Overdue less than 31 days | 357 274 | (41 642) | 315 632 | 11.7% |
| - Overdue 31-60 days | 78 384 | (27 312) | 51 072 | 34.8% |
| - Overdue 61-90 days | 118 576 | (42 282) | 76 294 | 35.7% |
| - Overdue 91-180 days | 242 943 | (120 561) | 122 382 | 49.6% |
| - Overdue 181-360 days | 286 708 | (191 925) | 94 783 | 66.9% |
| - Overdue more than 360 days | 1 098 145 | (707 023) | 391 122 | 64.4% |
| Total loans to customers | 106 645 418 | (2 793 109) | 103 852 309 | 2.6% |

Movements in the loan impairment allowance for the nine-month periods ended 30 September 2011 and 30 September 2010 are as follows:

| | 2011 | 2010 |
|-----------------------------------------|--------------------|--------------------|
| | RUB'000 | RUB'000 |
| | (unaudited) | (unaudited) |
| Balance at the beginning of the period | 2 793 109 | 1 824 201 |
| Net charge | 1 120 418 | 1 548 869 |
| Net write-offs | (183 129) | (605 673) |
| Balance at the end of the period | 3 730 398 | 2 767 397 |

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 2011:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|-----------------------------------------|------------------------|------------------------|------------------------|---------------------------|
| | RUB'000 (unaudited) | RUB'000 (unaudited) | RUB'000 (unaudited) | % (unaudited) |
| Loans to corporate clients | | | | |
| - Not past due | 136 497 673 | (2 342 177) | 134 155 496 | 1.7% |
| - Overdue less than 31 days | 855 073 | (81 236) | 773 837 | 9.5% |
| - Overdue 31-60 days | 5 029 | (1 318) | 3 711 | 26.2% |
| - Overdue 61-90 days | - | - | - | - |
| - Overdue 91-180 days | 47 054 | (18 654) | 28 400 | 39.6% |
| - Overdue 181-360 days | 27 234 | (21 002) | 6 232 | 77.1% |
| - Overdue more than 360 days | 320 094 | (301 841) | 18 253 | 94.3% |
| Total loans to corporate clients | 137 752 157 | (2 766 228) | 134 985 929 | 2.0% |

The following table provides information on credit quality of loans to corporate clients as at 31 December 2010 :

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|-----------------------------------------|-------------------|----------------------|-------------------|---------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Loans to corporate clients | | | | |
| - Not past due | 87 733 857 | (1 597 527) | 86 136 330 | 1.8% |
| - Overdue less than 31 days | 119 781 | (16 689) | 103 092 | 13.9% |
| - Overdue 31-60 days | 9 993 | (3 796) | 6 197 | 38.0% |
| - Overdue 61-90 days | 19 427 | (9 008) | 10 419 | 46.4% |
| - Overdue 91-180 days | 40 310 | (21 419) | 18 891 | 53.1% |
| - Overdue 181-360 days | 159 452 | (117 458) | 41 994 | 73.7% |
| - Overdue more than 360 days | 234 786 | (224 104) | 10 682 | 95.5% |
| Total loans to corporate clients | 88 317 606 | (1 990 001) | 86 327 605 | 2.3% |

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance for loans to corporate clients for the nine-month period ended 30 September 2011 are as follows:

| | RUB'000 |
|-----------------------------------------|------------------|
| Balance at the beginning of the period | 1 990 001 |
| Net charge | 880 109 |
| Net write-offs | (103 882) |
| Balance at the end of the period | 2 766 228 |

Movements in the loan impairment allowance for loans to corporate clients for the nine-month period ended 30 September 2010 are as follows:

| | RUB'000 |
|-----------------------------------------|------------------|
| Balance at the beginning of the period | 1 003 134 |
| Net charge | 1 415 789 |
| Net write-offs | (298 178) |
| Balance at the end of the period | 2 120 745 |

Credit quality of loans to individuals

The following table provides information on credit quality of loans to individuals as at 30 September 2011:

| | 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 | 5 703 381 | (1 094) | 5 702 287 | 0.0% |
| - Overdue less than 31 days | 28 150 | (1 078) | 27 072 | 3.8% |
| - Overdue 31-60 days | 5 882 | (711) | 5 171 | 12.1% |
| - Overdue 61-90 days | 6 814 | (1 230) | 5 584 | 18.1% |
| - Overdue 91-180 days | 10 336 | (3 509) | 6 827 | 33.9% |
| - Overdue 181-360 days | 13 026 | (9 540) | 3 486 | 73.2% |
| - Overdue more than 360 days | 5 333 | (4 898) | 435 | 91.8% |
| Total auto loans | 5 772 922 | (22 060) | 5 750 862 | 0.4% |
| Mortgage loans | | | | |
| - Not past due | 6 878 672 | (27 964) | 6 850 708 | 0.4% |
| - Overdue less than 31 days | 58 251 | (35) | 58 216 | 0.1% |
| - Overdue 31-60 days | 51 302 | (1 403) | 49 899 | 2.7% |
| - Overdue 61-90 days | 86 912 | (3 731) | 83 181 | 4.3% |
| - Overdue 91-180 days | 3 998 | (200) | 3 798 | 5.0% |
| - Overdue 181-360 days | 85 097 | (35 730) | 49 367 | 42.0% |
| - Overdue more than 360 days | 485 467 | (232 432) | 253 035 | 47.9% |
| Total mortgage loans | 7 649 699 | (301 495) | 7 348 204 | 3.9% |
| Other loans to individuals | | | | |
| - Not past due | 13 624 842 | (80 610) | 13 544 232 | 0.6% |
| - Overdue less than 31 days | 328 950 | (77 839) | 251 111 | 23.7% |
| - Overdue 31-60 days | 130 068 | (62 519) | 67 549 | 48.1% |
| - Overdue 61-90 days | 148 552 | (86 175) | 62 377 | 58.0% |
| - Overdue 91-180 days | 193 854 | (129 615) | 64 239 | 66.9% |
| - Overdue 181-360 days | 181 597 | (148 680) | 32 917 | 81.9% |
| - Overdue more than 360 days | 58 430 | (55 177) | 3 253 | 94.4% |
| Total other loans to individuals | 14 666 293 | (640 615) | 14 025 678 | 4.4% |
| Total loans to individuals | 28 088 914 | (964 170) | 27 124 744 | 3.4% |

The following table provides information on credit quality of loans to individuals as at 31 December 2010:

| | Gross loans RUB'000 | Impairment allowance RUB'000 | Net loans RUB'000 | Impairment to gross loans % |
|-----------------------------------------|------------------------|------------------------------------|----------------------|-----------------------------------|
| Auto loans | | | | |
| - Not past due | 5 360 587 | (12 314) | 5 348 273 | 0.2% |
| - Overdue less than 31 days | 23 274 | (3 312) | 19 962 | 14.2% |
| - Overdue 31-60 days | 8 512 | (2 349) | 6 163 | 27.6% |
| - Overdue 61-90 days | 9 193 | (3 679) | 5 514 | 40.0% |
| - Overdue 91-180 days | 14 554 | (7 713) | 6 841 | 53.0% |
| - Overdue 181-360 days | 14 166 | (11 168) | 2 998 | 78.8% |
| - Overdue more than 360 days | 48 214 | (47 122) | 1 092 | 97.7% |
| Total auto loans | 5 478 500 | (87 657) | 5 390 843 | 1.6% |
| Mortgage loans | | | | |
| - Not past due | 6 566 886 | (6 028) | 6 560 858 | 0.1% |
| - Overdue less than 31 days | 121 582 | (129) | 121 453 | 0.1% |
| - Overdue 31-60 days | 15 905 | (343) | 15 562 | 2.2% |
| - Overdue 61-90 days | 42 573 | (1 570) | 41 003 | 3.7% |
| - Overdue 91-180 days | 60 238 | (2 861) | 57 377 | 4.8% |
| - Overdue 181-360 days | 54 675 | (16 737) | 37 938 | 30.6% |
| - Overdue more than 360 days | 779 573 | (402 574) | 376 999 | 51.6% |
| Total mortgage loans | 7 641 432 | (430 242) | 7 211 190 | 5.6% |
| Other loans to individuals | | | | |
| - Not past due | 4 802 058 | (46 495) | 4 755 563 | 1.0% |
| - Overdue less than 31 days | 92 637 | (21 512) | 71 125 | 23.2% |
| - Overdue 31-60 days | 43 974 | (20 824) | 23 150 | 47.4% |
| - Overdue 61-90 days | 47 383 | (28 025) | 19 358 | 59.1% |
| - Overdue 91-180 days | 127 841 | (88 568) | 39 273 | 69.3% |
| - Overdue 181-360 days | 58 415 | (46 562) | 11 853 | 79.7% |
| - Overdue more than 360 days | 35 572 | (33 223) | 2 349 | 93.4% |
| Total other loans to individuals | 5 207 880 | (285 209) | 4 922 671 | 5.5% |
| Total loans to individuals | 18 327 812 | (803 108) | 17 524 704 | 4.4% |

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 2011 are as follows:

| | Auto loans RUB'000 (unaudited) | Mortgage loans RUB'000 (unaudited) | Other loans to individuals RUB'000 (unaudited) | Total RUB'000 (unaudited) |
|-----------------------------------------|--------------------------------------|---------------------------------------------|---------------------------------------------------------|---------------------------------|
| Balance at the beginning of the period | 87 657 | 430 242 | 285 209 | 803 108 |
| Net (recovery) charge | (38 542) | (128 747) | 407 598 | 240 309 |
| Net write-offs | (27 055) | - | (52 192) | (79 247) |
| Balance at the end of the period | 22 060 | 301 495 | 640 615 | 964 170 |

Movements in the loan impairment allowance by classes of retail loans for the nine-month period ended 30 September 2010 are as follows:

| | Auto loans | Mortgage loans | Other loans to individuals | Total |
|-----------------------------------------|--------------------|-----------------------|-----------------------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Balance at the beginning of the period | 139 619 | 362 826 | 318 622 | 821 067 |
| Net charge | 1 462 | 113 318 | 18 300 | 133 080 |
| Net write-offs | (82 826) | (130 083) | (94 586) | (307 495) |
| Balance at the end of the period | 58 255 | 346 061 | 242 336 | 646 652 |

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 2011 | 31 December 2010 |
|------------------------------------------------------------|--------------------------|-------------------------|
| | RUB'000 | RUB'000 |
| | (unaudited) | |
| Loans to individuals | 28 088 914 | 18 327 812 |
| Consumer electronics, appliances and computers | 18 270 085 | 13 135 208 |
| Food and farm products | 17 363 748 | 7 881 881 |
| Residential and commercial construction and development | 11 255 077 | 7 167 974 |
| Construction and decorative materials, furniture | 10 766 345 | 6 643 890 |
| Clothing, shoes, textiles and sporting goods | 9 037 984 | 6 320 591 |
| Property rental | 8 384 872 | 5 650 503 |
| Industrial equipment and machinery | 8 289 270 | 4 946 366 |
| Pharmaceutical and medical products | 7 119 304 | 1 390 506 |
| Consumer chemicals, perfumes and hygiene products | 5 799 970 | 4 578 510 |
| Oil and industrial chemicals | 5 063 557 | 2 918 276 |
| Financial | 5 019 717 | 5 895 633 |
| Automotive, motorcycles and spare parts | 5 014 935 | 3 431 007 |
| Equipment leasing | 4 681 699 | 4 031 825 |
| Services | 4 564 552 | 2 720 873 |
| Metallurgical | 4 324 371 | 3 203 615 |
| Paper, stationery and packaging products | 3 851 063 | 3 014 739 |
| Telecommunications | 2 925 442 | 1 531 982 |
| Industrial and infrastructure construction | 1 524 427 | 773 780 |
| Gardening and pet products | 770 194 | 516 667 |
| Products for home, gifts, jewelry and business accessories | 733 914 | 346 555 |
| Books, video, print and copy | 537 025 | 310 410 |
| Electric utility | - | 498 302 |
| Other | 2 454 606 | 1 408 513 |
| | 165 841 071 | 106 645 418 |
| Impairment allowance | (3 730 398) | (2 793 109) |
| | 162 110 673 | 103 852 309 |

13 Deposits by credit institutions

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|----------------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| Demand deposits | 28 638 | 53 986 |
| Term deposits | 16 392 625 | 10 194 233 |
| Syndicated loans | 1 280 098 | 5 213 680 |
| Payables under repurchase agreements | - | 11 166 555 |
| Subordinated debt | 1 287 963 | 1 234 830 |
| Total deposits by credit institutions | 18 989 324 | 27 863 284 |

14 Deposits by customers

| | | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|------------------------------------|--------------|------------------------------------------------------------------|-------------------------------------------|
| Corporate customers | Demand | 17 342 278 | 11 142 438 |
| | Term | 35 542 917 | 25 630 335 |
| | Subordinated | 2 706 897 | 6 057 760 |
| | Term notes | 3 076 302 | 1 532 248 |
| Total corporate customers | | 58 668 394 | 44 362 781 |
| Individuals | Demand | 4 358 216 | 2 839 841 |
| | Term | 74 777 340 | 47 885 406 |
| Total individuals | | 79 135 556 | 50 725 247 |
| Total deposits by customers | | 137 803 950 | 95 088 028 |

15 Debt securities issued

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|------------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| Promissory notes issued at nominal value | 13 848 439 | 16 307 223 |
| Accrued interest | 160 488 | 215 005 |
| Unamortized discount on promissory notes | (468 063) | (412 355) |
| | 13 540 864 | 16 109 873 |
| Bonds issued | 26 269 372 | 11 141 223 |
| | 39 810 236 | 27 251 096 |

16 Share capital

Share capital consists of ordinary shares and was contributed by the shareholder in Roubles. The shareholder is entitled to dividends and capital distributions. Issued, outstanding and paid share capital comprises 10 776 158 008 shares (31 December 2010: 6 276 158 008 shares) with par value of 1 RUB per share. In July 2011 the Central Bank of the Russian Federation registered Bank's share capital increase in the amount of RUB 4 500 000 000. The total hyperinflation adjustment, related to equity as at 31 December 2002, was RUB 861 930 thousand.

Due to the fact that interest rates applicable to subordinated loans from the owner of the Bank are substantially lower than the market rates, the Bank converted part of these subordinated loans in the amount of RUB 3 536 361 thousand (net of deferred tax of RUB 884 090 thousand) into additional paid-in-capital. This additional paid-in capital represents tier 1 capital according to the Basel Capital Accord

17 Commitments

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|----------------------------------|------------------------------------------------------------------|-------------------------------------------|
| Guarantees and letters of credit | 23 874 850 | 15 419 408 |
| Undrawn loan commitments | 936 374 | 503 892 |
| Other contingent liabilities | 99 000 | - |
| | 24 910 224 | 15 923 300 |

Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, can be covered by the funds deposited by customers and therefore bear limited credit risk.

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.

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 Custody activities

The Group provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Group and are not recognised in the consolidated statement of financial position.

20 Related party transactions

The outstanding balances and related average interest rates as at 30 September 2011 and 31 December 2010 with related parties are as follows:

| | 30 September 2011 (unaudited) | | 31 December 2010 | |
|---------------------------------------|----------------------------------|-----------------------------------------|-------------------|-----------------------------------------|
| | Amount RUB'000 | Average effective interest rate % | Amount RUB'000 | Average effective interest rate % |
| Loans to customers | | | | |
| Ultimate shareholder | 278 798 | 11.3% | 308 765 | 11.4% |
| Under control of ultimate shareholder | 112 201 | 11.6% | 333 697 | 10.0% |
| Management | 46 142 | 10.8% | 39 529 | 10.7% |
| Total loans | 437 141 | | 681 991 | |
| Deposits by customers | | | | |
| Ultimate shareholder | 22 408 | 3.9% | 51 069 | 10.4% |
| Parent company | 246 367 | 8.2% | 5 489 | 8.1% |
| Under control of ultimate shareholder | 2 882 483 | 7.9% | 6 310 867 | 6.3% |
| Management | 32 496 | 7.0% | 17 913 | 9.8% |
| Total deposits | 3 183 754 | | 6 385 338 | |

Amounts included in the interim condensed consolidated statement of comprehensive income for the nine-month periods ended 30 September 2011 and 2010 in relation to transactions with related parties are as follows:

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Interest income on loans to customers | | |
| Ultimate shareholder | 27 694 | 16 303 |
| Under control of ultimate shareholder | 39 097 | 7 299 |
| Management | 3 664 | 3 782 |
| Total interest income | 70 455 | 27 384 |
| Interest expense on deposits by customers and promissory notes | | |
| Ultimate shareholder | 275 | 16 763 |
| Parent company | 26 595 | 855 |
| Under control of ultimate shareholder | 126 344 | 35 454 |
| Management | 1 202 | 1 641 |
| Total interest expense | 154 416 | 54 713 |

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the nine-month periods ended 30 September 2011 and 2010 (refer to note 6) is as follows:

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|----------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Members of the Supervisory Board | 3 149 | 1 743 |
| Members of the Management Board | 34 246 | 29 437 |
| | 37 395 | 31 180 |

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 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 2011, this minimum level is 10%. The Bank is in compliance with the statutory capital ratio during the nine-month period ended 30 September 2011 and the year ended 31 December 2010.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basle 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 Basle Accord, as at 30 September 2011 and 31 December 2010:

| | 30 September 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------|
| Tier 1 capital | | |
| Share capital and additional paid-in capital | 15 337 135 | 7 300 774 |
| Retained earnings | 8 294 292 | 5 937 830 |
| Total tier 1 capital | 23 631 427 | 13 238 604 |
| Tier 2 capital | | |
| Revaluation surplus for buildings | 500 424 | 500 424 |
| Revaluation reserve for available-for-sale securities | (83 029) | 28 067 |
| Subordinated loans | | |
| Subordinated loan from EBRD | 510 002 | 579 061 |
| Subordinated loan from BLACK SEA TRADE AND DEVELOPMENT BANK | 637 502 | 609 538 |
| Subordinated loans from WELLCREEK CORPORATION | 2 706 897 | 6 000 000 |
| Less limitation of subordinated capital to 50% of tier 1 | - | (569 297) |
| Total tier 2 capital | 4 271 796 | 7 147 793 |
| Total capital | 27 903 223 | 20 386 397 |
| Risk-weighted assets | | |
| Banking book | 184 149 993 | 119 410 805 |
| Trading book | 25 656 289 | 30 390 992 |
| Total risk weighted assets | 209 806 282 | 149 801 797 |
| Total capital expressed as a percentage of risk-weighted assets (total capital ratio) | 13.3 | 13.6 |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) | 11.3 | 8.8 |

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 Basle Accord established by covenants under liabilities incurred by the Group. The Group complies with all externally imposed capital requirements during the nine-month period ended 30 September 2011 and year ended 31 December 2010.

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 First Deputy 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, settlements 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 collection and other cash operations: comprise all operations connected with cash, cash collection, 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 statutory financial information, as included in the internal management reports that are reviewed by the First Deputy 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 2011 RUB'000 (unaudited) | 31 December 2010 RUB'000 |
|--------------------------|------------------------------------------------------------------|-------------------------------------------|
| ASSETS | | |
| Corporate banking | 131 584 360 | 83 208 384 |
| Retail banking | 29 642 766 | 19 853 133 |
| Treasury | 56 922 971 | 55 575 748 |
| Cash operations | 4 097 353 | 4 252 559 |
| Unallocated assets | 3 708 151 | 2 949 964 |
| Total assets | 225 955 601 | 165 839 788 |
| LIABILITIES | | |
| Corporate banking | 65 542 628 | 43 668 169 |
| Retail banking | 78 339 027 | 50 177 207 |
| Treasury | 41 919 500 | 44 566 186 |
| International business | 15 467 359 | 10 580 271 |
| Unallocated liabilities | 3 323 228 | 2 609 003 |
| Total liabilities | 204 591 742 | 151 600 836 |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Interim Condensed Consolidated Financial Statements
for the nine-month period ended 30 September 2011

Segment information for the main reportable segments for the nine-month period ended 30 September 2011 is set below:

| RUB'000 (unaudited) | Corporate banking | Retail banking | Treasury | International business | Cash operations | Unallocated | Total |
|----------------------------------------|------------------------------|-----------------------|------------------|-----------------------------------|----------------------------|--------------------|-------------------|
| External interest income | 9 317 951 | 2 543 005 | 2 489 777 | - | - | - | 14 350 733 |
| Fee and commission income | 1 753 754 | 840 982 | 1 923 | - | 541 238 | - | 3 137 897 |
| Net loss on securities | - | - | (725 121) | - | - | - | (725 121) |
| Net foreign exchange income (loss) | 72 434 | 23 069 | (39 752) | - | - | (36) | 55 715 |
| Other income | 32 394 | 53 819 | 14 504 | - | - | - | 100 717 |
| (Expenses) revenue from other segments | (3 666 290) | 3 069 154 | (232 306) | 829 442 | - | - | - |
| Revenue | 7 510 243 | 6 530 029 | 1 509 025 | 829 442 | 541 238 | (36) | 16 919 941 |
| Impairment losses | (880 109) | (240 309) | - | - | - | - | (1 120 418) |
| Interest expense | (1 725 865) | (4 331 891) | (2 284 409) | (472 434) | - | - | (8 814 599) |
| Fee and commission expense | (59 572) | (61 367) | (13 474) | (21 636) | - | - | (156 049) |
| General administrative expenses | (250 064) | (1 280 595) | (22 012) | (14 367) | (495 264) | (855 826) | (2 918 128) |
| Other expenses | - | (161 487) | - | - | - | (161 763) | (323 250) |
| Income before income taxes | 4 594 633 | 454 380 | (810 870) | 321 005 | 45 974 | (1 017 625) | 3 587 497 |
| Income tax | - | - | - | - | - | (222 261) | (222 261) |
| Segment result | 4 594 633 | 454 380 | (810 870) | 321 005 | 45 974 | (1 239 886) | 3 365 236 |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Interim Condensed Consolidated Financial Statements
for the nine-month period ended 30 September 2011

Segment information for the main reportable segments for the nine-month period ended 30 September 2010 is set below:

| RUB'000 (unaudited) | Corporate banking | Retail banking | Treasury | International business | Cash operations | Unallocated | Total |
|----------------------------------------|------------------------------|---------------------------|------------------|-----------------------------------|----------------------------|--------------------|-------------------|
| External interest income | 6 145 860 | 1 359 418 | 2 007 223 | - | - | - | 9 512 501 |
| Fee and commission income | 983 126 | 347 852 | 60 201 | 140 617 | 394 155 | - | 1 925 951 |
| Net gain on securities | - | - | 275 858 | - | - | - | 275 858 |
| Net foreign exchange income (loss) | 20 735 | 12 467 | (1 490) | - | - | (101) | 31 611 |
| Other income | 23 506 | 98 525 | - | - | - | 5 590 | 127 621 |
| (Expenses) revenue from other segments | (3 038 450) | 2 368 696 | 196 794 | 472 960 | - | - | - |
| Revenue | 4 134 777 | 4 186 958 | 2 538 586 | 613 577 | 394 155 | 5 489 | 1 1873 542 |
| Impairment losses | (1 415 789) | (133 080) | - | - | - | - | (1 548 869) |
| Interest expense | (975 223) | (3 162 097) | (1 806 365) | (140 961) | - | - | (6 084 646) |
| Fee and commission expense | (17 682) | (16 439) | (10 517) | (184 645) | - | - | (229 283) |
| General administrative expenses | (89 353) | (702 233) | (17 124) | (26 869) | (364 302) | (645 041) | (1 844 922) |
| Other expenses | - | (97 591) | - | - | - | (151 445) | (249 036) |
| Income before income taxes | 1 636 730 | 75 518 | 704 580 | 261 102 | 29 853 | (790 997) | 1 916 786 |
| Income tax | - | - | - | - | - | (269 140) | (269 140) |
| Segment result | 1 636 730 | 75 518 | 704 580 | 261 102 | 29 853 | (1 060 137) | 1 647 646 |

Reconciliations of reportable segment income before income taxes, assets and liabilities

| | Nine-Month Period Ended 30 September 2011 RUB'000 (unaudited) | Nine-Month Period Ended 30 September 2010 RUB'000 (unaudited) |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Income before income taxes per management accounting | 3 587 497 | 1 916 786 |
| Consolidation adjustments | 187 109 | 223 136 |
| Interest and commission accruals | (803 083) | 295 734 |
| Fair value and other adjustments to securities | (262 231) | (76 086) |
| Personnel, administrative and operating expense accruals | (62 959) | (149 000) |
| Other adjustments | 297 383 | 69 800 |
| Income before income taxes per IFRS Financial Statements | 2 943 716 | 2 280 370 |

| | 30 September 2011 RUB'000 (unaudited) | | 31 December 2010 RUB'000 | |
|---------------------------------------------------------------|------------------------------------------------------|----------------------|-------------------------------------|----------------------|
| | Assets | Liabilities | Assets | Liabilities |
| Total assets/liabilities per management accounting | 225 955 601 | (204 591 742) | 165 839 788 | (151 600 836) |
| Accrual of administrative and operating expenses | (25 380) | (107 415) | (2 950) | (85 693) |
| Consolidation adjustments | (1 356 373) | 1 656 032 | 25 695 | 75 389 |
| Revaluation and other adjustments to property and equipment | 170 894 | - | 137 237 | - |
| Adjustment of current and deferred tax assets and liabilities | (24 595) | (1 707 365) | (44 453) | (623 340) |
| Accrual of interest and commissions | (510 031) | 201 967 | (213 202) | 151 467 |
| Adjustments to impairment allowances | - | 386 063 | - | 404 687 |
| Fair value adjustment to securities | (299 784) | - | (196 320) | - |
| Accrual of employee compensation payable | - | (37 063) | - | (25 222) |
| Contribution to paid-in capital | - | 4 411 891 | - | - |
| Other | (70 274) | (3 604) | (75 152) | - |
| Total assets/liabilities per IFRS Financial Statements | 223 840 058 | (199 791 236) | 165 470 643 | (151 703 548) |

23 Events subsequent to the reporting date

In October 2011 the Bank paid out the third coupon in the amount of RUB 145.11 million, or RUB 48.37 per bond, of domestic exchange bond issue series 08. The issue was placed in the amount of RUB 3 billion in April 2010 with a maturity of 5 years.

In October 2011 the Bank paid out the first coupon in the amount of RUB 200.55 million, or RUB 40.11 per bond, of domestic exchange bond issue series BO-04. The issue was placed in the amount of RUB 5 billion in April 2011 with a maturity of 3 years.

In October 2011 the Bank bought back 1 370 060 bonds series 08 (45.7% of the issue) from their holders within a put option at the price of 100% of par value. Par value of each bond is RUB 1000. The issue was placed in the amount of RUB 3 billion in April 2010 with a maturity of 5 years.

In October 2011 the Bank paid out the fifth coupon in the amount of RUB 73.8 million, or RUB 36.90 per bond, of domestic exchange bond issue series BO-05. The issue was placed in the amount of RUB 2 billion in April 2009 with a maturity of 3 years.

In October 2011 the Supervisory Board of the Bank approved the Resolution of the sole shareholder of the Bank on the additional tenth issuance of 215 million common registered shares in favour of the Black Sea Trade and Development Bank.

In November 2011 the Bank raised 1-year USD 131 mln syndicated loan under A/B structured syndicated loan with IFC acting as transaction arranger. The B Loan was provided by thirteen foreign commercial banks.