



Bank of Moscow

**Group of Joint Stock Commercial Bank
Bank of Moscow
(Open Joint Stock Company)**

**Condensed Interim Consolidated Financial Statements
for the Nine Months Ended 30 September 2009
together with
Independent Auditor's Review Report**

**Moscow
2009**

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Review Report on Condensed Interim Consolidated Financial Statements

To the Shareholders and the Board of Directors of Joint Stock Commercial Bank – Bank of Moscow (Open Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of the Group of Joint stock commercial bank – Bank of Moscow (open joint stock company) as at 30 September 2009, the condensed interim consolidated statement of income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express an opinion on these condensed interim consolidated financial statements 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 is primarily limited of making inquiries of personnel of the Group of Joint stock commercial bank – Bank of Moscow (open joint stock company) and performing analytical procedures in relation to financial data, therefore a review provides less assurance than audit. We have not performed an audit, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Group of Joint stock commercial bank – Bank of Moscow (open joint stock company) as at 30 September 2009, and its financial performance and its cash flows for the nine months then ended in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Anton V. Efremov
Senior Partner

14 December 2009

BDO Unicon
Moscow, Russian Federation

Statement of Management's Responsibilities for the Preparation and Approval of Condensed Interim Consolidated Financial Statements for the Nine Months Ended 30 September 2009

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's review report, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditor in relation to the condensed interim consolidated financial statements of Joint Stock Commercial Bank – Bank of Moscow and its subsidiaries (the Group).

Management is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of the Group as at 30 September 2009, the results of its operations and cash flows for the nine months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

In preparing the condensed interim consolidated financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 have been followed, subject to any material departures disclosed and explained in the condensed interim consolidated financial statements; and
- Preparing the condensed interim consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial statements of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation; and
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and detecting and preventing fraud and other irregularities.

On behalf of the Group's management the condensed interim consolidated financial statements for the nine months ended 30 September 2009 were authorized for issue on 14 December 2009 by:

D.V. Akulinin
First Executive Vice-President

L.N. Davydova,
Chief Accountant

Bank of Moscow
14 December 2009

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Condensed Interim Consolidated Balance Sheet as at 30 September 2009
(in thousands of Russian Roubles)

	Note	30 September 2009	31 December 2008
Assets			
Cash and cash equivalents	5	61 596 815	133 268 662
Mandatory cash balances with central banks		4 798 163	1 162 092
Financial assets at fair value through profit or loss	6	104 372 024	35 411 892
Due from other banks	7	102 862 752	74 337 103
Loans to customers	8	497 652 923	516 563 769
Financial assets available for sale	9	14 047 653	10 644 540
Investments held to maturity	10	445 640	959 716
Investments in associates and non-consolidated subsidiaries	11	3 613 304	3 965 609
Premises and equipment and intangible assets		19 101 060	19 255 617
Other assets	12	5 108 776	5 334 292
Current tax assets		330 526	467 521
Deferred tax assets		7 614	14 544
Total assets		813 937 250	801 385 357
Liabilities			
Due to other banks	13	187 874 595	214 923 626
Customer accounts	14	451 405 595	406 540 962
Financial liabilities at fair value through profit or loss	6	880 078	10 922 808
Debt securities issued	15	81 477 218	91 715 230
Other liabilities	16	2 405 529	7 970 954
Current tax liabilities		11 126	28 013
Deferred tax liabilities		1 874 277	1 633 346
Total liabilities		725 928 418	733 734 939
Equity			
Share capital	18	18 313 544	16 212 704
Share premium		34 090 420	16 191 261
Fair value reserve for financial assets available for sale		9 379	2 478
Revaluation reserve for premises and equipment		5 351 676	5 371 156
Accumulated exchange differences		6 845	149 419
Retained earnings		29 873 487	29 397 886
Equity attributable to the shareholders of the parent Bank		87 645 351	67 324 904
Minority interest	17	363 481	325 514
Total equity		88 008 832	67 650 418
Total liabilities and equity		813 937 250	801 385 357

D.V. Akulinin
First Executive Vice-President

L.N. Davydova
Chief Accountant

14 December 2009

The notes set out on pages 11 to 54 are a condensed integral part of these condensed interim consolidated financial statements.

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Condensed Interim Consolidated Statement of Income for the Nine Months Ended 30 September 2009
(in thousands of Russian Roubles)

	Note	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Interest income	19	60 897 655	42 430 478
Interest expense	19	(39 926 659)	(22 364 776)
Net interest income		20 970 996	20 065 702
Provision for impairment of due from other banks and loans to customers	7, 8	(18 480 133)	(4 138 974)
Net interest income after provision for impairment of due from other banks and loans to customers		2 490 863	15 926 728
Gains less losses arising from financial assets at fair value through profit or loss		6 100 764	(2 831 280)
Gains less losses arising from financial liabilities at fair value through profit or loss		357 909	(395 807)
Gains less losses arising from financial assets available for sale		(3 252)	118 813
Gains less losses from dealing in foreign currencies and precious metals		763 315	404 786
Gains less losses from revaluation of foreign currency and precious metals		(1 812 400)	698 812
Fee and commission income	20	5 226 672	5 339 279
Fee and commission expense	20	(1 108 703)	(1 056 214)
Dividends received		17 138	22 615
Provision for impairment of financial assets available for sale	9	(163 337)	(27 731)
Provision for impairment of other assets	12	(443 285)	(30 700)
Provision for impairment of investments held to maturity	10	(3 830)	-
Net income		11 421 854	18 169 301
General and administrative expenses	21	(10 597 918)	(10 827 772)
Contributions to the Deposit Insurance Fund		(463 769)	(571 650)
Other operating income less expenses		1 323 664	958 265
Operating income		1 683 831	7 728 144
Share in net profit of the associates	11	(348 872)	25 211
Net share in other movements in equity of non-consolidated subsidiaries		(3 453)	(6 286)
Net (loss)/gain on acquisition and sale of subsidiaries and associates	24	(8 613)	44 586
Profit before taxation		1 322 893	7 791 655
Income tax expense		(825 066)	(1 820 478)
Net profit		497 827	5 971 177
Net profit for the nine months attributable to the shareholders of the parent Bank		475 601	5 985 815
Net profit/(loss) attributable to minority interest	17	22 226	(14 638)
Basic earnings per share (EPS) (RUR per share)	22	3,28	45,40

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Chief Accountant

14 December 2009

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Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Condensed Interim Consolidated Statement of Cash Flows for the Nine Months Ended 30 September 2009
(in thousands of Russian Roubles)

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Cash flows from operating activities		
Interest received	58 101 228	39 105 293
Interest paid	(37 085 739)	(18 822 161)
Gains less losses arising from financial assets at fair value through profit or loss	4 032 133	(2 371 375)
Gains less losses from dealing in foreign currencies and precious metals	763 315	404 786
Fees and commissions received	4 462 642	5 047 028
Fees and commissions paid	(1 108 703)	(1 056 214)
General and administrative expenses paid, other net operating income received less expenses, contributions to the Deposit Insurance Fund	(9 094 261)	(9 788 936)
Income tax paid	(461 091)	(2 435 296)
Cash flows from operating activities before changes in operating assets and liabilities	19 609 524	10 083 125
Net (increase)/decrease in operating assets		
Mandatory cash balances with central banks	(3 636 071)	1 404 584
Financial assets at fair value through profit or loss	(67 664 104)	3 480 762
Due from other banks	(31 935 924)	(51 306 909)
Loans to customers	225 130	(119 752 503)
Other assets	555 617	(4 445 858)
Net increase/(decrease) in operating liabilities		
Due to other banks	(25 800 749)	79 464 524
Customer accounts	35 948 171	62 805 891
Financial liabilities at fair value through profit or loss	-	246 361
Debt securities issued (excluding eurobonds)	(2 895 208)	20 892 298
Other liabilities	(5 531 851)	(919 648)
Net cash flows from operating activities	(81 125 465)	1 952 627
Cash flows from investing activities		
Acquisition of subsidiaries and associates (Note 24)	(257 520)	(8 459)
Disposal of associates (Note 24)	5	-
Acquisition of financial assets available for sale (Note 9)	(3 860 768)	(2 039 470)
Redemption of financial assets available for sale (Note 9)	508 907	-
Proceeds from sale of financial assets available for sale (Note 9)	218 669	859 232
Acquisition of investments held to maturity (Note 10)	(389 474)	-
Redemption of investments held to maturity (Note 10)	742 845	-
Increase in cash and cash equivalents on acquisition of the subsidiary bank	-	109 910
Purchase of premises and equipment	(482 516)	(803 735)
Proceeds from sale of premises and equipment	421	714
Dividends received	17 138	22 615
Net cash flows from investing activities	(3 502 293)	(1 859 193)

The notes set out on pages 11 to 54 are an integral part of these condensed interim consolidated financial statements.

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Condensed Interim Consolidated Statement of Cash Flows for the Nine Months Ended 30 September 2009
(in thousands of Russian Roubles)

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Cash flows from financing activities		
Share issue (Note 18)	19 999 999	8 284 950
Eurobonds issued/(repaid) by the Bank	(7 817 628)	5 762 233
Disposal of Treasury shares	-	25 167
Dividends paid (Note 23)	(16)	(232 390)
Net cash flows from financing activities	12 182 355	13 839 960
Effect of exchange rate changes on cash and cash equivalents	773 556	311 354
Net change in cash and cash equivalents	(71 671 847)	14 244 748
Cash and cash equivalents at 31 December (Note 5)	133 268 662	63 920 118
Cash and cash equivalents at 30 September (Note 5)	61 596 815	78 164 866

D.V. Akulinin
First Executive Vice-President

L.N. Davydova
Chief Accountant

14 December 2009

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Condensed Interim Consolidated Statement of Changes in Equity for the Nine Months Ended 30 September 2009
(in thousands of Russian Roubles)

		Equity attributable to the shareholders of the parent Bank						Minority interest	Total equity
	Note	Share capital	Share premium	Fair value reserve for financial assets available for sale	Revaluation reserve for premises and equipment	Accumulated exchange differences	Retained earnings		
Balance as at 31 December 2008		16 212 704	16 191 261	2 478	5 371 156	149 419	29 397 886	325 514	67 650 418
Revaluation at fair value of financial assets available for sale	9	-	-	9 627	-	-	-	-	9 627
Deferred tax on fair value reserve for financial assets available for sale		-	-	(2 726)	-	-	-	-	(2 726)
Exchange differences		-	-	-	(19 480)	(142 574)	-	8 063	(153 991)
Net profit for the nine months ended 30 September 2009		-	-	-	-	-	475 601	22 226	497 827
Shares issued:	18								
- Nominal value		2 100 840	-	-	-	-	-	-	2 100 840
- Share premium		-	17 899 159	-	-	-	-	-	17 899 159
Change in minority interest due to acquisition of subsidiaries	17	-	-	-	-	-	-	7 678	7 678
Balance as at 30 September 2009		18 313 544	34 090 420	9 379	5 351 676	6 845	29 873 487	363 481	88 008 832

D.V. Akulinin
First Executive Vice-President
14 December 2009

L.N. Davydova
Chief Accountant

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Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Condensed Interim Consolidated Statement of Changes in Equity for the Nine Months Ended 30 September 2008
(in thousands of Russian Roubles)

	Equity attributable to the shareholders of the parent Bank								Minority interest	Total equity
	Note	Share capital	Share premium	Treasury shares	Fair value reserve for financial assets available for sale	Revaluation reserve for premises and equipment	Accumulated exchange differences	Retained earnings		
Balance as at 31 December 2007		15 476 839	8 642 176	(11 483)	5 710	314 317	(113 986)	22 852 385	1 429 045	48 595 003
Revaluation at fair value of financial assets available for sale	9	-	-	-	(4 980)	-	-	-	-	(4 980)
Depreciation of revaluation reserve for premises and equipment		-	-	-	-	(2 283)	-	3 004	-	721
Exchange differences		-	-	-	-	(469)	60 582	-	-	60 113
Disposal of treasury shares		-	-	11 483	-	-	-	13 684	-	25 167
Net profit for the nine months ended 30 September 2008		-	-	-	-	-	-	5 985 815	(14 638)	5 971 177
Shares issued:										
- Nominal value		735 865	-	-	-	-	-	-	-	735 865
- Share premium		-	7 549 085	-	-	-	-	-	-	7 549 085
Dividends declared for the year 2007	23	-	-	-	-	-	-	(232 420)	-	(232 420)
Transfer from non-consolidated subsidiaries to consolidated subsidiaries		-	-	-	-	-	-	(12 572)	-	(12 572)
Change in minority interest on acquisition of subsidiaries	17	-	-	-	-	-	-	-	52 101	52 101
Balance as at 30 September 2008		16 212 704	16 191 261	-	730	311 565	(53 404)	28 609 896	1 466 508	62 739 260

D.V. Akulinin
First Executive Vice-President
14 December 2009

L.N. Davydova
Chief Accountant

The notes set out on pages 11 to 54 are an integral part of these condensed interim consolidated financial statements.

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Notes to the Condensed Interim Consolidated Financial Statements
for the Nine Months Ended 30 September 2009
(in thousands of Russian Roubles)

1. Principal Activities of the Group

These condensed interim consolidated financial statements comprise the financial statements of Joint-Stock Commercial Bank – Bank of Moscow (open joint stock company) (hereinafter the “Bank” or the “Bank of Moscow”) and its subsidiaries. The Bank and its subsidiaries are jointly referred to as the “Group” or “Group of the Bank of Moscow”. The list of subsidiaries and associates included in these condensed interim consolidated financial statements is disclosed in Note 3.

The Bank of Moscow is a joint stock commercial bank registered in the Russian Federation. The Bank of Moscow was set up in March 1995 through reorganisation of Moscow Settlement Bank registered in the Russian Federation in 1994.

The Bank operates under General Banking License No. 2748 issued by the Central Bank of the Russian Federation (hereinafter the Central Bank of RF or the Bank of Russia) on 14 October 2004. The Bank also holds licenses of the professional securities market participant and a license for trading in precious metals.

The principal activities of the Group are commercial banking transactions. These activities include corporate, investment and retail banking services, asset management, private banking, and transactions on financial markets. Provision of services to individuals makes up a considerable portion of the Bank’s operations. The Bank is the third largest Russian bank by the volume of customer accounts attracted from individuals.

The Government of the City of Moscow directly and indirectly (through OJSC Stolichnaya Strakhovaya Gruppa) owns the Bank being its principal shareholder.

The Bank is registered at the following address: 8/15, Rozhdestvenka Str., Moscow, Russian Federation.

As at 30 September 2009, the Bank had 394 divisions on the territory of the Russian Federation and 7 subsidiary banks (as at 31 December 2008: 395 divisions on the territory of the Russian Federation and 7 subsidiary banks): in the Russian Federation (Moscow) – OJSC Mosvodokanalbank, Group’s interest of 65.87%; (Bryansk) - Commercial Joint Stock Bank Bezhitsa-Bank (OJSC), Group’s interest of 76.8%; in the Republic of Belarus (Minsk) – OJSC Bank Moscow-Minsk, Group’s interest of 100.0%; in the Republic of Latvia (Riga) – JSC Latvian Businessbank (AS Latvijas Biznesa Banka), Group’s interest of 99.87%; in the Republic of Estonia (Tallinn) – Estonian Credit Bank (Eesti Krediidipank), Group’s interest of 89.16%; in the Republic of Ukraine (Kiev) – BM Bank LLC, Group’s interest of 100.0%, in the Republic of Serbia (Belgrade) – JSC Bank of Moscow – Belgrade, Group’s interest of 100.0%.

The Bank’s head office is located in Moscow. The Bank’s 135 offices and sub-offices are located in all administrative districts of Moscow and in large towns of Moscow region. The Bank is the financial agent of the Government of the City of Moscow for investment programs and is the authorised dealer for bonds issues of the City of Moscow. The Bank is an active participant of a number of Moscow financial and industrial programs. It provides services to many municipal and commercial organisations, which participate in the implementation of Moscow Government programs.

As at 30 September 2009, the Bank of Moscow regional network comprised 48 branches, 29 operating offices and 182 sub-branches located on the territory of the Russian Federation (as at 31 December 2008: 50 branches, 16 operating offices and 194 sub-branches). The subsidiary bank OJSC Mosvodokanalbank has 3 sub-branches on the territory of the Russian Federation (as at 31 December 2008: 3 sub-branches). The subsidiary bank – Commercial Joint Stock Bank Bezhitsa-Bank (OJSC) – has 2 branches on the territory of the Russian Federation (as at 31 December 2008: 2 branches). The subsidiary bank – OJSC Bank Moscow-Minsk – has 5 branches and 38 sub-branches located on the territory of the Republic of Belarus (as at 31 December 2008: 5 branches and 38 sub-branches). The subsidiary bank – BM Bank LLC – has 46 sub-branches on the territory of the Republic of Ukraine (as at 31 December 2008: 43 sub-branches). The subsidiary bank – JSC Latvian Businessbank (AS Latvijas Biznesa Banka) has 1 sub-branch located on the territory of the Republic of Latvia (as at 31 December 2008: 1 sub-branch). Estonian Credit Bank (Eesti Krediidipank) has 9 branches and 14 sub-branches located on the territory of the Republic of Estonia (as at 31 December 2008: 10 branches and 14 sub-branches).

As at 30 September 2009 the average number of the Group employees was 10 504 (as at 31 December 2008: 11 233).

Due to growing manifestations of crisis in the Russian economy, on 4 February 2009 the international rating agency Fitch Ratings downgraded the long-term foreign currency and local currency issuer default ratings (IDR) from “BBB+” to “BBB”, the short-term IDR from “F2” to “F3”, and Russia’s country ceiling rating from “A-” to “BBB+”. Long-term IDR outlook was reaffirmed as negative.

Concurrently, the long-term issuer default ratings (IDR) of 14 Russian banks, including Bank of Moscow, were downgraded. Long-term foreign currency issuer default rating (IDR) of the Bank of Moscow was set at “BBB-”, negative outlook. Short-term IDR was reaffirmed at “F3” and support rating at “2”.

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Notes to the Condensed Interim Consolidated Financial Statements
for the Nine Months Ended 30 September 2009
(in thousands of Russian Roubles)

On 24 February 2009, Moody's Investors Service downgraded long-term local currency deposit ratings, and foreign currency and local currency debt ratings of 9 Russian credit organisations with state interest (Savings Bank of the Russian Federation, VTB, Gazprombank, Vnesheconombank, Bank of Moscow, Rosselkhozbank and the Agency for Housing Mortgage Lending) to Russia's country ceiling. Moody's Investors Service confirmed the Bank of Moscow long-term foreign currency deposit rating at "Baa1", short-term foreign currency deposit rating at "P-2" and bank financial strength rating at "D", with negative outlook for all ratings.

On 20 April 2009 Fitch Ratings confirmed for the Bank of Moscow the long-term foreign currency IDR at "BBB-" with negative outlook. The other ratings were also reaffirmed: senior unsecured debt at "BBB-", short-term foreign currency IDR at "F3", individual rating at "D" and support rating at "2".

2. Operating Environment of the Group

General

Over the last two decades the Russian Federation has undergone substantial political, economic and social changes. Though since 2002 the Russian economy has been recognised to be the market economy and a number of main reforms aimed at establishment of banking, judicial, tax and legislative systems have been implemented the business and legislative framework do not possess the same level of stability as in the countries with more developed economy.

In 2004 the Bank joined the Mandatory Deposit Insurance System. The activities of the Mandatory Deposit Insurance System are provided for by federal laws and regulations. It is managed by the state corporation Deposit Insurance Agency. The limit of coverage of the Bank's liabilities to private customers is up to RUR 700 thousand per each depositor in the event of bankruptcy or withdrawal of the license for banking operations by the Central Bank of Russia.

Currently, the economy of the Russian Federation continues to display characteristics of an emerging market. These characteristics include:

- relatively high inflation rates during a number of years;
- low level of liquidity on capital markets;
- inconvertibility of the national currency in most foreign countries;
- risks untypical for countries with more advanced market economies.

Inflation

Russia continues to experience relatively high levels of inflation. The inflation indices for the last five years and nine months of 2009 are given in the table below:

Period ended	Inflation for the period
30 September 2009	8.1%
31 December 2008	13.3%
31 December 2007	11.9%
31 December 2006	9.0%
31 December 2005	10.9%
31 December 2004	11.7%

Currency transactions and currency control

Foreign currencies, in particular the US dollar and euro, play a significant role in measuring economic parameters of many business transactions in Russia.

The table below shows the exchange rates of USD and EUR relative to RUR:

Date	USD	EUR
30 September 2009	30.0922	44.0068
31 December 2008	29.3804	41.4411
31 December 2007	24.5462	35.9332
31 December 2006	26.3311	34.6965
31 December 2005	28.7825	34.1850
31 December 2004	27.7487	37.8104

Financial market transactions

Economic conditions in the Russian Federation continue to limit the volume of activity in the financial markets. Market quotations may not reflect the values of financial instruments, which would be determined in an active market on transactions on an arm's-length basis between knowledgeable and willing counterparties. Management has therefore used the best available information to adjust market quotations to reflect their best estimate of fair values, where considered necessary.

In the context of the international financial crisis, substantial reduction of Russia's international reserves, the outflow of foreign capital from the country and declining oil prices, the rating agency Moody's revised its sovereign ratings and Fitch Ratings and Standard & Poor's downgraded their sovereign rating as follows: Moody's – "Baa1" with stable outlook on 12 December 2008, Fitch Ratings – "BBB" with negative outlook on 4 February 2009, Standard & Poor's – "BBB" with negative outlook on 8 December 2008.

On 4 August 2009 Fitch Ratings reaffirmed the long-term issuer default rating (foreign and local currency) of the Russian Federation at "BBB" with negative outlook, the short-term foreign currency IDR at "F3" and Russia's country ceiling at "BBB+".

On 3 September 2009 Standard & Poor's reaffirmed the sovereign debt ratings of the Russian Federation: the long-/short-term foreign currency sovereign debt rating was reaffirmed at "BBB/A-3", and the long-/short-term local currency sovereign debt rating was reaffirmed at "BBB+/A-2", negative outlook.

The international financial crisis has resulted, among other things, in the global liquidity crisis which led to contraction of the international and domestic capital markets, lower liquidity levels across the Russian banking sector and very high uncertainty in the domestic and foreign equity markets. The uncertainties in the global financial market have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and other countries. Currently, it is impossible to fully assess the influence of the ongoing crisis or avoid its impact.

The large-scale economic crisis made the Russian Government and the CBR step up their efforts to resolve the issues that have been accumulating in the economic, financial and tax systems of the country for a number of years. On 7 November 2008, the government approved an anti-crisis plan. The plan identifies 55 tasks covering the major sectors of the Russian economy from banks to agribusiness, real estate and small business.

In the second half of 2008, the Government took steps to buy out shares on the equity market and allocated funds to refinance the debts on foreign loans of large Russian enterprises and banks maturing in 2009. Support of the real sector includes price preferences granted to Russian companies under state and municipal procurement programs, expanded subsidising of interest rates on loans for technological modernisation of production and the started program of state guarantees for loans to enterprises. These guarantees are issued in addition to the collateral that the enterprises provide or will provide to the banks. A state program was developed to help those individuals with mortgage loans, who have lost their jobs or a substantial part of income as a result of the crisis.

Since 1 January 2009, the tax system was changed in favour of business: corporate income tax rate was cut from 24% to 20% and tax prepayment procedure was cancelled. Income tax rates for small businesses using simplified taxation procedures were reduced from 15% to 5% of the profit amount.

During 2009 the CBR gradually increased mandatory reserve requirements, which, however, are still below the pre-crisis level. The CBR expanded the list of assets accepted as collateral on CBR loans, provides loans to commercial banks through collateral-free auctions, lowered the refinancing rate from 13% to 9% per annum and signed agreements on partial compensation of losses incurred on the interbank market with a number of major Russian banks, including the Bank of Moscow, to encourage the operations on the interbank market.

The excessive powers that the Ministry of the Interior had over business activities have been removed. On 1 July 2009 the restrictions were imposed on inspections of enterprises. For establishment of new business in the broadest range of activities notification requirements instead of permits was introduced and the list of goods and services subject to mandatory certification was cut.

During the last six months of 2009 the favourable changes in the international financial markets boosted investor interest in debt instruments of the issuers of the emerging markets, including Russia. These circumstances have a positive impact on the Group's ability as an investment grade issuer to obtain new borrowings on the international capital markets.

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Certain borrowers and debtors of the Group may also be affected by the financial crisis, which could in turn impact their ability to meet their financial obligations to the Group. To the extent that information is available, management has adequately reflected revised estimates of expected future cash flows in their impairment assessments. These condensed interim consolidated financial statements do not include adjustments associated with the impact of further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets on the Group's financial position.

The accompanying condensed interim consolidated financial statements reflect the Group management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future economic development of the Russian Federation is largely dependent upon the effectiveness of measures undertaken by the Government and other factors including regulatory and political developments, which are beyond the Group's control. The Group's management cannot predict the impact of the above factors on the financial position of the Bank and the Group. The accompanying condensed interim consolidated financial statements do not include the adjustments associated with this risk.

3. Basis of Presentation

General principles

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required by IFRS for a complete set of annual financial statements. Operating results for the nine-month period ended 30 September 2009 are not necessarily indicative of the results that may be expected for the year ended 31 December 2009. The Group maintains its accounting records in accordance with the applicable legislation of the Russian Federation. These condensed interim consolidated financial statements have been prepared on the basis of these accounting records and adjusted as necessary in order to comply, in all material respects, with IFRS. The Group subsidiaries and banks domiciled outside of the Russian Federation independently prepare their financial statements in accordance with IFRS, which are subsequently consolidated into the Group's condensed interim consolidated financial statements.

These condensed interim consolidated financial statements are presented in Russian Roubles being the Group's functional and presentation currency. For certain subsidiaries of the Bank whose functional currency is different than the Group's presentation currency, the assets and liabilities are translated to Russian Rubles at the exchange rate at the balance sheet date, whereas their income statement items are translated at an average rate of exchange.

The preparation of the condensed interim consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the condensed interim consolidated financial statements, and the reported amounts of income and expenses during the reporting period.

Subsidiaries

Subsidiary undertakings, i.e. those entities in which the Group owns over one half of the voting shares or is otherwise able to exercise control over the operations, including special purpose entities (SPE), are consolidated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Intercompany transactions within the Group, balances and unrealised gains on such transactions are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Acquisition of subsidiaries

The purchase method of accounting is used to account for acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and costs incurred or liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the date of acquisition, if the business combination of the companies is made by one transaction; and the date of each share purchase if the business combination of the companies occurs in stages by successive share purchases. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the date of acquisition, irrespective of the extent of any minority interest.

The excess of the cost of the acquisition over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. If the cost of the acquisition is less than the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference is recognised directly in the condensed interim consolidated statement of income.

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Minority interest

Minority interest is the share of the subsidiary that is not owned by the Group. Minority interest at the reporting date is minority's portion of the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of the acquisition and post-acquisition changes in the equity of the subsidiary. Minority interest is recorded within equity.

Losses allocated to minority interest do not exceed the minority interest in the equity of the subsidiary and are allocated to the Group unless there is a binding obligation of the minority to fund the losses.

The table below provides the consolidated Group's subsidiaries as at 30 September 2009:

Name	Location	Business activity	Percentage of ownership, %	Year of acquisition
CJSC Imagine	Russia	Financial services	100.00	1996
CJSC Altruist	Russia	Financial services	100.00	1996
CJSC Press Magnate	Russia	Publishing	100.00	1996
CJSC Vechernyaya Moskva	Russia	Publishing	100.00	1997
BM Holding LTD	Switzerland	Financial services	100.00	1998
OJSC Bank Moscow-Minsk	Belarus	Banking services	100.00	2000
CJSC DOSSOM	Russia	Catering	100.00	2001
CJSC Bank of Moscow management company	Russia	Financial services	100.00	2002
LLC BM Bank	Ukraine	Banking services	100.00	2005
CJSC Stroiporinvest	Russia	Financial services	100.00	2006
BoM Finance Ltd.	British Virgin Islands	Financial services	100.00	2007
BoM Asset Management Ltd.	Cyprus	Financial services	100.00	2007
Crossplanet Ltd.	Cyprus	Financial services	100.00	2007
LLC Mos-Broker	Russia	Brokerage, dealer and depository services	100.00	2008
CJSC Lespromprocessing	Russia	Financial services	100.00	2008
CJSC Spetsstroy-2	Russia	Construction	100.00	2008
JSC Bank Moscow – Belgrade	Serbia	Banking services	100.00	2008
AS Latvijas Biznesa Banka	Latvia	Banking services	99.87	2002
CJSC Financial Assistant	Russia	Financial services	99.67	2006
LLC Selkhozstroi	Russia	Machine-building and equipment	99.00	2006
LLC PO Montazh	Russia	Machine-building and equipment	99.00	2006
AS Eesti Krediidipank	Estonia	Banking services	89.16	2005
AS Martinoza	Estonia	Real estate management	89.16	2005
AS Krediidipanga Liising	Estonia	Leasing	89.16	2005
OJSC Bezhitsa-Bank	Russia	Banking services	76.80	2008
OJSC Mosvodokanalbank	Russia	Banking services	65.87	1997
CJSC Concern Vechernyaya Moskva	Russia	Publishing	57.00	1997
OJSC International Asset Management Company	Russia	Financial services	50.00	2003
SIA LBB ĪPAŠUMI	Latvia	Real estate	48.94	2008

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The table below provides the consolidated Group's subsidiaries as at 31 December 2008:

Name	Country of registration	Business activity	Percentage of ownership, %	Year of acquisition
CJSC Imagine	Russia	Financial services	100.00	1996
CJSC Altruist	Russia	Financial services	100.00	1996
CJSC Press Magnate	Russia	Publishing	100.00	1996
CJSC Vechernyaya Moskva	Russia	Publishing	100.00	1997
BM Holding LTD	Switzerland	Financial services	100.00	1998
OJSC Bank Moscow-Minsk	Belarus	Banking services	100.00	2000
CJSC DOSSOM	Russia	Catering	100.00	2001
CJSC Bank of Moscow management company	Russia	Financial services	100.00	2002
LLC BM Bank	Ukraine	Banking services	100.00	2005
CJSC Stroiporinvest	Russia	Financial services	100.00	2006
BoM Finance Ltd.	British Virgin Islands	Financial services	100.00	2007
BoM Asset Management Ltd.	Cyprus	Financial services	100.00	2007
Crossplanet Ltd.	Cyprus	Financial services	100.00	2007
LLC Mos-Broker	Russia	Brokerage, dealer, depository services	100.00	2008
CJSC Lespromprocessing	Russia	Financial services	100.00	2008
CJSC Spetsstroy-2	Russia	Construction	100.00	2008
JSC Bank Moscow – Belgrade	Serbia	Banking services	100.00	2008
AS Latvijas Biznesa Banka	Latvia	Banking services	99.87	2002
CJSC Financial Assistant	Russia	Financial services	99.67	2006
LLC Selkhozstroj	Russia	Machine-building and equipment	99.00	2006
LLC PO Montazh	Russia	Machine-building and equipment	99.00	2006
AS Eesti Krediidipank	Estonia	Banking services	89.04	2005
AS Martinoza	Estonia	Real estate management	89.04	2005
AS Krediidipanga Liising	Estonia	Leasing	89.04	2005
OJSC Mosvodokanalbank	Russia	Banking services	65.87	1997
OJSC Bezhitsa-Bank	Russia	Banking services	59.83	2008
CJSC Concern Vechernyaya Moskva	Russia	Publishing	57.00	1997
OJSC International Asset Management Company	Russia	Financial services	50.00	2003

Kuznetski Capital S.A. founded in 2004 for special purposes as SPE (eurobonds issue) and registered in Luxemburg was also included in these condensed interim consolidated financial statements.

Where the companies do not have a significant influence on the condensed interim consolidated financial statements of the Group, they are not consolidated. The investments in the share capitals of these companies are recorded within investments in associates and non-consolidated subsidiaries in the condensed interim consolidated balance sheet.

The table below provides a list of the companies, which were not included into the condensed interim consolidated financial statements as at 30 September 2009:

Name	Country of registration	Business activity	Percentage of ownership, %	Year of acquisition
Private security company Yaroslavna, LLC	Russia	Security	99.83	1999
CJSC Monolit	Russia	Wholesale trading	99.00	2007
CJSC Stolichnaya Neftyanaya Kompania	Russia	Production	75.00	2005
LLC VM-Open City	Russia	Publishing	57.00	2008
Editorial office of MK-Boulevard magazine, LLC	Russia	Publishing	50.00	2002

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The table below provides a list of the companies, which were not included into the condensed interim consolidated financial statements as at 31 December 2008:

Name	Country of registration	Business activity	Percentage of ownership, %	Year of acquisition
Private security company Yaroslavna, LLC	Russia	Security	99.83	1999
CJSC Monolit	Russia	Wholesale trading	99.00	2007
CJSC Stolichnaya Neftyanaya Kompania	Russia	Production	75.00	2005
LLC VM-Open City	Russia	Publishing	57.00	2008
Editorial office of MK-Boulevard magazine, LLC	Russia	Publishing	50.00	2002

Associates

Associates are entities in which the Group directly or indirectly owns between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence (for example, through representation in management bodies), but which it does not control. Investments in associates are accounted for under the equity method and are initially recognised at cost. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associates. The Group's share of its associates' profits or losses is recognised in the condensed interim consolidated statement of income, and its share of movements in reserves is recognised in equity. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments on behalf of the associate.

Below is the list of the Group's associates as at 30 September 2009:

Name	Country of registration	Business activity	Percentage of ownership, %	Year of acquisition
Äigrumäe Kinnisvara AS	Estonia	Financial services	44.49	2007
CJSC Automated Banking Technologies	Russia	Information technologies	25.82	2006
OJSC Stolichnaya Strakhovaya Gruppya	Russia	Insurance	24.92	2007
JSCB Russian National Commercial Bank	Russia	Banking services	20.00	1999
LLC Pension Reserve	Russia	Financial services	19.00	2008

The table below provides the list of the Group's associates as at 31 December 2008:

Name	Country of registration	Business activity	Percentage of ownership, %	Year of acquisition
City Centre for Data Processing (EIRTS), LLC	Russia	Maintenance of software and hardware	49.50	2005
SIA LBB ĪPAŠUMI	Latvia	Real estate business	48.94	2008
Äigrumäe Kinnisvara AS	Estonia	Financial services	44.43	2007
CJSC Automated Banking Technologies	Russia	Information technologies	25.82	2006
OJSC Stolichnaya Strakhovaya Gruppya	Russia	Insurance	24.92	2007
JSCB Russian National Commercial Bank	Russia	Banking services	20.00	1999
LLC Pension Reserve	Russia	Financial services	19.00	2008

Standards applied

In general, the accounting policies adopted are consistent with those of the previous financial year.

IFRS and IFRIC interpretations not yet effective

The Group has not applied the following IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that have been issued but are not yet effective:

- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009);
- IAS 23 "Borrowing Costs" (amended in March 2007) (effective for annual periods beginning on or after 1 January 2009);
- IFRIC 12 "Service Concession Arrangements" (effective for annual periods beginning on 1 January 2009);

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- IFRIC 13 “Customer Loyalty Programmes” (effective for annual periods beginning on 1 July 2008 or after this date);
- IFRIC 15 “Agreements for the Construction of Real Estate” (effective for annual periods beginning on 1 January 2009);
- IFRIC 16 “Hedging of a Net Investments in a Foreign Operation (effective for annual periods beginning on 1 October 2008, i.e. on 1 January 2009);
- IFRIC 17 “Distributions of Non-cash Assets to Owners” (effective for annual periods beginning on 1 July 2009);
- IFRIC 18 “Transfers of Assets from Customers” (effective for assets received from clients since 1 July 2009).

4. Summary of Significant Accounting Policies

The accompanying condensed interim consolidated financial statements were prepared in accordance with the significant accounting policies applied in preparation of the Group’s consolidated financial statements for the year ended 31 December 2008.

As at 30 September 2009, the official exchange rates applied for restatement of account balances denominated in foreign currencies were as follows:

- RUR 30.0922 per USD 1 (at 31 December 2008: RUR 29.3804);
- RUR 44.0068 per EUR 1 (at 31 December 2008: RUR 41.4411);
- RUR 10.8715 per BYR 1 000 (at 31 December 2008: RUR 13.3487);
- RUR 62.3678 per LVL 1 (at 31 December 2008: RUR 58.8366);
- RUR 28.1913 per EEK 10 (at 31 December 2008: RUR 26.5623);
- RUR 35.6332 per UAH 10 (at 31 December 2008: RUR 38.5570);
- RUR 47.5492 per RSD 100 (at 31 December 2008: RUR 47.2939).

The income tax expense in the reporting period comprises the amount calculated using the estimated effective income tax rate and the amount of deferred tax. It means that the income tax expense in the nine-month period is accrued by using the tax rate which would be applied to the expected total income for the year. The income tax is recognised in full in the condensed interim consolidated statement of income except to the extent that it relates to items recognised directly in equity.

5. Cash and Cash Equivalents

	30 September 2009	31 December 2008
Cash on hand	13 907 442	21 440 842
Precious metals	297 270	309 196
Cash balances with central banks (other than mandatory reserve deposits)	16 634 196	64 717 807
Correspondent accounts and overnight deposits with other banks:		
- the Russian Federation;	10 566 409	7 352 194
- other countries	20 191 498	39 448 623
Total cash and cash equivalents	61 596 815	133 268 662

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6. Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss reflected in the condensed interim consolidated balance sheet include trading securities and derivative financial instruments. As at the balance sheet date the Group does not have other types of financial instruments classified into this category.

	30 September 2009	31 December 2008
Rouble-denominated securities		
Corporate bonds	37 707 427	20 854 269
Russian Federation bonds (OFZ)	13 837 949	61 211
Corporate eurobonds	11 571 977	7 927 429
Bonds of RF subjects and local authorities	9 108 990	1 529 399
Equity securities	2 761 212	937 686
Corporate promissory notes	1 174 418	194 216
	76 161 973	31 504 210
US dollar denominated securities		
Corporate eurobonds	10 301 350	695 204
Eurobonds of the Russian Federation	8 796 244	590 521
Equity securities	664 198	242 256
	19 761 792	1 527 981
EUR denominated securities		
Corporate eurobonds	5 482 792	563 720
Bonds of foreign governments	995 084	806 399
Equity securities	-	749
	6 477 876	1 370 868
Securities denominated in other currencies		
Corporate eurobonds	1 118 787	-
Equity securities	561 317	253 941
	1 680 104	253 941
Derivative financial instruments in US dollars	241 896	158 497
Derivative financial instruments in other currencies	45 466	-
Derivative financial instruments in Russian Roubles	2 869	465 917
Derivative financial instruments in EUR	48	130 478
	290 279	754 892
Total financial assets at fair value through profit or loss	104 372 024	35 411 892

Corporate bonds are represented by Rouble denominated interest-bearing securities issued by large Russian companies and credit institutions quoted on the Moscow Interbank Currency Exchange (MICEX). As at 30 September 2009, these bonds in the Group's portfolio have maturities from 17 November 2009 to 15 September 2028, coupon rates ranging from 7.25% to 19.82% per annum and yield to maturity ranging from 3.18% to 373.48% per annum, depending on the issue.

As at 30 September 2009, corporate bonds include mortgage-backed bonds of OJSC the Agency for Housing Mortgage Lending and Moscow Mortgage Agency Bank (OJSC) with the fair value of RUR 9 893 336 thousand, maturing from 23 February 2012 to 15 September 2028, with coupon rates ranging from 8.05% to 19.82% per annum and yield to maturity ranging from 3.18% to 15.63% per annum. Out of which, the bonds secured by state guarantees of the City of Moscow amount to RUR 350 282 thousand and have a maturity date of 20 September 2012, coupon rate of 10% per annum and yield to maturity of 3.18% per annum.

OFZ are Rouble-denominated government securities issued by the Ministry of Finance of the Russian Federation. As at 30 September 2009, OFZ in the Group's portfolio have maturity dates from 6 July 2011 to 17 December 2014, coupon rates ranging from 10.0% to 12.0% per annum and yield to maturity from 10.12% to 11.29% per annum, depending on the issue.

Corporate eurobonds are represented by interest-bearing securities denominated in RUR, USD and EUR issued by large Russian companies and credit institutions and quoted on international markets. As at 30 September 2009, corporate eurobonds in the Group's portfolio have maturity dates from 12 October 2009 to 16 August 2037, coupon rates ranging from 5.03% to 26.74% per annum and yield to maturity ranging from 3.87% to 14.55% per annum, depending on the issue.

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Bonds of RF subjects and local authorities are represented by Rouble-denominated interest-bearing securities quoted on the MICEX. As at 30 September 2009, these bonds in the Group's portfolio have maturities from 15 March 2010 to 14 June 2017, coupon rates ranging from 6.75% to 19.05% per annum and yield to maturity from 8.83% to 21.73% per annum, depending on the issue.

Equity securities are represented by shares of large Russian companies and credit institutions quoted on the MICEX and Russian Trading System, and depository receipts for shares of large Russian entities quoted on the London and New York Stock Exchanges.

Corporate promissory notes are Rouble-denominated notes of large Russian credit institutions and CenterTelecom OJSC. As at 30 September 2009, promissory notes in the Group's portfolio have maturities from 27 November 2009 to 24 September 2010 and yield to maturity ranging from 11.00% to 13.61% per annum.

Eurobonds of the Russian Federation are US dollar denominated securities issued by the Ministry of Finance of the Russian Federation and quoted on international markets. As at 30 September 2009, eurobonds in the Group's portfolio have maturities on 24 June 2028 and 31 March 2030, the coupon rate of 12.75% per annum and 7.5% per annum, and yields to maturity of 6.12% per annum and 7.46% per annum, accordingly.

Bonds of foreign governments are represented by bonds of Germany, the Netherlands and Austria.

As at 30 September 2009, financial assets at fair value through profit or loss comprise securities provided to the CBR as collateral under sale and repurchase agreements (REPO) with the fair value of RUR 22 794 967 thousand, and the related liabilities are recorded within due to other banks (Note 13).

Trading securities are stated at fair value determined on the basis of observable market quotations.

The credit quality analysis of trading debt securities as at 30 September 2009 and 31 December 2008 has shown that all above-stated trading debt securities in the total amount of RUR 100 095 018 thousand (as at 31 December 2008: RUR 33 222 368 thousand) are current.

The table below provides information on outstanding transactions in derivative financial instruments. Amounts relating to these transactions are shown on a gross basis, before offsetting by each counterparty, and are short-term in nature.

	30 September 2009			31 December 2008		
	Contract amount	Fair value Asset	Fair value Liability	Contract amount	Fair value Asset	Fair value Liability
Forward transactions		50 824	160 730		326 008	153 660
Foreign currency						
Sale	2 200 405	11 091	1 726	9 395 395	280 825	91 498
Purchase	3 366 072	35 495	159 004	1 355 668	9 091	13 114
Securities						
Sale	800 933	3 241	-	35 400	2 614	-
Purchase	648 038	997	-	3 346 624	33 478	49 048
Options		-	-		162 051	162 051
Foreign currency						
Sale	-	-	-	162 051	-	162 051
Purchase	-	-	-	162 051	162 051	-
Futures		-	-		130 478	-
Foreign currency						
Sale	-	-	-	1 653 311	130 478	-
Swap transactions		239 455	719 348		136 355	860 025
Currency and interest rate swaps	17 367 584	239 455	719 348	16 395 144	136 355	860 025
Total derivative financial instruments		290 279	880 078		754 892	1 175 736
Fair value of securities sold under reverse repo agreements						
Bonds of foreign governments			-			5 058 144
Eurobonds of the Russian Federation			-			3 535 402
Corporate eurobonds			-			728 053
Bonds of RF subjects and local authorities			-			425 473
Total financial liabilities at fair value through profit or loss			880 078			10 922 808

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The table below shows analysis of financial assets at fair value through profit or loss less derivative financial instruments in accordance with international agencies' ratings as at 30 September 2009:

	Investment rating	Speculative rating	No rating assigned	Total
Corporate bonds	31 350 091	5 103 283	1 254 053	37 707 427
Corporate eurobonds	10 204 908	960 036	17 309 962	28 474 906
Russian Federation bonds (OFZ)	13 837 949	-	-	13 837 949
Bonds of RF subjects and local authorities	8 965 749	143 241	-	9 108 990
Eurobonds of the Russian Federation	8 796 244	-	-	8 796 244
Equity securities	2 525 055	708 432	753 240	3 986 727
Corporate promissory notes	117 265	1 057 153	-	1 174 418
Bonds of foreign governments	995 084	-	-	995 084
Total financial assets at fair value through profit or loss less derivative financial instruments	76 792 345	7 972 145	19 317 255	104 081 745

7. Due from other Banks

	30 September 2009	31 December 2008
Loans and deposits with other banks	100 041 914	65 137 565
Reverse repo agreements with other banks	1 570 951	8 676 997
Deposits with central banks	1 253 146	524 272
Overdue placements with other banks	20 543	1 415
Less: provision for impairment of due from other banks	(23 802)	(3 146)
Total due from other banks	102 862 752	74 337 103

As at 30 September 2009, the Group had deposit and account balances exceeding 10% of the Group's equity with 2 banks (as at 31 December 2008: 5 banks). The aggregate amount of these funds was RUR 17 164 927 thousand (as at 31 December 2008: RUR 37 325 032 thousand) or 16.7% of due from other banks (as at 31 December 2008: 50.2%).

As at 30 September 2009, securities acquired from banks under reverse repo agreements comprise eurobonds of RF with the fair value of RUR 968 666 thousand (as at 31 December 2008: RUR 2 131 045 thousand) and bonds of foreign governments with the fair value of RUR 726 881 thousand (as at 31 December 2008: RUR 5 484 515 thousand). As at 31 December 2008, securities acquired from banks under reverse repo agreements also comprised bonds of RF subjects with the fair value of RUR 497 585 thousand and corporate bonds with the fair value of RUR 260 543 thousand.

Movements in the provision for impairment of due from other banks are as follows:

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Provision for impairment of due from other banks as at 1 January	3 146	28 476
Provision/(recovery of provision) for impairment of due from other banks during the nine months	23 661	(20 624)
Exchange difference	(3 005)	485
Provision for impairment of due from other banks as at 30 September	23 802	8 337

The credit quality analysis of due from other banks as at 30 September 2009 and as at 31 December 2008 has shown that due from other banks in the total amount of RUR 102 866 011 thousand are current (as at 31 December 2008: RUR 74 338 834 thousand). Due from other banks in the amount of RUR 20 543 thousand (as at 31 December 2008: RUR 1 415 thousand) are overdue, RUR 1 165 thousand are overdue more than 1 year and RUR 19 378 165 thousand are overdue less than 1 year.

Due from other banks except for "reverse repo" transactions are not collateralised.

The Group provided a number of loans to related parties. The relevant information on related party transactions is disclosed in Note 29.

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8. Loans to Customers

	30 September 2009	31 December 2008
Corporate loans	383 437 887	349 322 311
Loans to small and medium business	40 345 237	46 519 103
Loans to government and municipal authorities	10 170 779	16 077 139
Reverse repo agreements	45 492	4 465 770
Less: provision for impairment of loans to legal entities	(20 826 428)	(6 432 960)
Total loans to legal entities	413 172 967	409 951 363
Consumer loans	47 155 122	57 144 119
Mortgage loans	28 132 677	30 937 434
Car loans	11 630 985	15 714 246
Credit cards	6 311 374	5 759 444
Scoring loans	1 523 409	3 424 996
Overdrafts	117 635	88 805
Less: provision for impairment of loans to individuals	(10 391 246)	(6 456 638)
Total loans to individuals	84 479 956	106 612 406
Total loans to customers	497 652 923	516 563 769

As at 30 September 2009, accrued interest income on impaired loans amounted to RUR 577 318 thousand (as at 31 December 2008: RUR 197 674 thousand).

As at 30 September 2009, the Group had 5 borrowers (as at 31 December 2008: 7 borrowers) with the total amount of debt over 10% of the Group's capital. The aggregate amount of these loans was RUR 60 673 150 thousand (as at 31 December 2008: RUR 65 170 327 thousand) or 12.2% of loans to customers (as at 31 December 2008: RUR 12.6%).

As at 30 September 2009, securities acquired under reverse repo agreements comprise bonds of RF subject with the fair value of RUR 21 797 thousand (as at 31 December 2008: RUR 461 982 thousand) and equity securities with the fair value of RUR 25 986 thousand (as at 31 December 2008: none). As at 31 December 2008, securities acquired from customers under reverse repo agreements also comprise eurobonds of RF with the fair value of RUR 2 323 318 thousand, corporate eurobonds with the fair value of RUR 1 910 134 thousand and corporate bonds with the fair value of RUR 8 190 thousand.

Movements in the provision for impairment by classes of loans to legal entities during the nine months of 2009 are as follows:

	Corporate loans	Loans to small and medium business	Loans to government and municipal authorities	Total
Provision for impairment of loans to legal entities				
as at 1 January	3 574 918	2 857 426	616	6 432 960
Provision/(recovery of provision) for impairment during the nine months	9 947 798	4 551 840	(117)	14 499 521
Exchange difference	(38 015)	(49 927)	-	(87 942)
Loans written off during the nine months as uncollectible	(10 111)	(8 000)	-	(18 111)
Provision for impairment of loans to legal entities as at 30 September	13 474 590	7 351 339	499	20 826 428

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Movements in the provision for impairment by classes of loans to individuals for the nine months of 2009 are as follows:

	Consumer loans	Mortgage loans	Car loans	Scoring loans	Credit cards	Over-drafts	Total
Provision for impairment of loans to individuals as at 1 January	3 772 292	136 349	900 092	860 822	773 344	13 739	6 456 638
Provision/(recovery of provision) for impairment during the nine months	2 462	597	623 757	442 685	(15 832)	439 880	3 864
Exchange difference	(8 296)	(5 937)	(3 023)	453	(4 365)	10	(21 158)
Loans written off during the nine months as uncollectible	-	(1 185)	-	-	-	-	(1 185)
Provision for impairment of loans to individuals as at 30 September	6 226 593	752 984	1 339 754	845 443	1 208 859	17 613	10 391 246

Movements in the provision for impairment by classes of loans to legal entities during the nine months of 2008 are as follows:

	Corporate loans	Loans to small and medium business	Loans to government and municipal authorities	Total
Provision for impairment of loans to legal entities as at 1 January	1 651 104	722 296	1 600	2 375 000
Provision for impairment during the nine months	879 816	390 986	95	1 270 897
Provision of the acquired subsidiary	94 430	2 867	-	97 297
Exchange difference	531	801	-	1 332
Loans written off during the nine months as uncollectible	(10 665)	-	-	(10 665)
Provision for impairment of loans to legal entities as at 30 September	2 615 216	1 116 950	1 695	3 733 861

Movements in the provision for impairment by classes of loans to individuals during the nine months of 2008 are as follows:

	Consumer loans	Mortgage loans	Car loans	Credit cards	Scoring loans	Over-drafts	Total
Provision for impairment of loans to individuals as at 1 January	840 243	26 391	368 298	244 175	662 103	8 908	2 150 118
Provision for impairment during the nine months	1 984 013	27 306	327 599	377 332	170 728	1 723	2 888 701
Provision of the acquired subsidiary	398	-	-	-	-	-	398
Exchange difference	(6)	26	185	101	-	-	306
Provision for impairment of loans to individuals as at 30 September	2 824 648	53 723	696 082	621 608	832 831	10 631	5 039 523

Composition of the Group's loan portfolio by type of the borrower's ownership structure is as follows:

Type of ownership	30 September 2009		31 December 2008	
	Amount	%	Amount	%
Loans to non-state entities and organisations	369 478 436	69.9	346 833 731	65.5
Loans to individuals	94 871 202	17.9	113 069 044	21.4
Loans to enterprises in federal ownership	39 806 611	7.5	42 885 855	8.1
Loans to RF subjects	10 170 779	1.9	16 077 139	3.0
Loans to enterprises owned by the Government of the City of Moscow	10 158 222	1.9	7 644 086	1.4
Loans to enterprises in regional (municipal) ownership (other than the Government of the City of Moscow)	4 385 347	0.9	2 943 512	0.6
Total loans to customers (gross)	528 870 597	100.0	529 453 367	100.0

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Economic sector concentrations within the Group's loan portfolio are as follows:

	30 September 2009		31 December 2008	
	Amount	%	Amount	%
Financial and other services	115 349 819	21.8	111 806 273	21.1
Individuals	94 871 202	17.9	113 069 044	21.4
Manufacturing	85 663 499	16.2	62 399 134	11.8
Construction	81 046 338	15.3	71 272 928	13.5
Trade	46 921 935	8.9	54 525 477	10.3
Fuel and energy sector	26 357 050	5.0	22 656 903	4.3
Metallurgy	15 631 103	3.0	16 996 257	3.2
Transport and communications	13 515 525	2.6	28 260 557	5.3
Food industry	13 239 488	2.5	12 243 655	2.3
State agencies	10 170 779	1.9	16 077 139	3.0
Agriculture and fishing	2 684 351	0.5	2 180 390	0.4
Other	23 419 508	4.4	17 965 610	3.4
Total loans to customers (gross)	528 870 597	100.0	529 453 367	100.0

The table below contains information on the collateral as at 30 September 2009:

	Guarantees and sureties	Property	Securities	Total
Corporate loans	410 144 639	254 869 325	84 271 000	749 284 964
Loans to small and medium business	83 174 565	81 304 022	6 638 945	171 117 532
Reverse repo agreements	-	-	47 783	47 783
Total collateral against loans to legal entities	493 319 204	336 173 347	90 957 728	920 450 279
Mortgage loans	19 830 050	32 746 505	6 136 810	58 713 365
Car loans	9 474 732	22 317 952	450	31 793 134
Consumer loans	11 063 677	2 548 275	13 343	13 625 295
Total collateral against loans to individuals	40 368 459	57 612 732	6 150 603	104 131 794
Total collateral against loans to customers	533 687 663	393 786 079	97 108 331	1 024 582 073

The table below contains information on the collateral as at 31 December 2008:

	Guarantees and sureties	Property	Securities	Total
Corporate loans	425 908 330	216 372 059	74 261 610	716 541 999
Loans to small and medium business	81 192 031	84 698 833	1 786 813	167 677 677
Reverse repo agreements	-	-	4 703 624	4 703 624
Total collateral against loans to legal entities	507 100 361	301 070 892	80 752 047	888 923 300
Consumer loans	11 858 001	2 602 420	66 690	14 527 111
Mortgage loans	14 149 343	34 963 101	2 135 664	51 248 108
Car loans	10 430 989	24 962 854	313	35 394 156
Total collateral against loans to individuals	36 438 333	62 528 375	2 202 667	101 169 375
Total collateral against loans to customers	543 538 694	363 599 267	82 954 714	990 092 675

Discounts were used for calculation of collateral value, depending on it's type. The fair value of collateral may differ from the carrying amount.

The credit quality analysis of loans to customers as at 30 September 2009 is shown below.

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For presentation purposes an overdue loan in these condensed interim consolidated financial statements represents as the total amount due from the borrower (including the principal amounts and accrued interest and commission income) if at least one of the loan-related payments is overdue as at the reporting date.

	Current loans	Overdue loans	Total
Loans individually assessed for impairment			
Corporate loans	369 119 872	14 318 015	383 437 887
Loans to small and medium business	30 850 595	9 494 642	40 345 237
Loans to government and municipal authorities	10 170 779	-	10 170 779
Reverse repo agreements	45 492	-	45 492
Less: provision for impairment of loans to legal entities	(9 334 709)	(11 491 719)	(20 826 428)
Total loans to legal entities	400 852 029	12 320 938	413 172 967
Loans collectively assessed for impairment			
Consumer loans	37 314 938	9 840 184	47 155 122
Mortgage loans	25 198 814	2 933 863	28 132 677
Car loans	9 508 923	2 122 062	11 630 985
Credit cards	4 363 010	1 948 364	6 311 374
Scoring loans	612 655	910 754	1 523 409
Overdrafts	91 343	26 292	117 635
Less: provision for impairment of loans to individuals	(220 596)	(10 170 650)	(10 391 246)
Total loans to individuals	76 869 087	7 610 869	84 479 956
Total loans to customers	477 721 116	19 931 807	497 652 923

The table below provides the analysis of loans to customers and provisions for impairment as at 30 September 2009.

	Current loans	Overdue loans with pastdue payments				Total
		Less than 1 month	From 1 to 3 months	From 3 to 6 months	More than 6 months	
Loans individually assessed for impairment						
Corporate loans	369 119 872	5 274 021	4 132 368	2 124 404	2 787 222	383 437 887
Loans to small and medium business	30 850 595	3 423 773	2 920 148	1 039 044	2 111 677	40 345 237
Loans to government and municipal authorities	10 170 779	-	-	-	-	10 170 779
Reverse repo agreements	45 492	-	-	-	-	45 492
Less: provision for impairment of loans to legal entities	(9 334 709)	(1 716 403)	(4 468 762)	(2 161 261)	(3 145 293)	(20 826 428)
Total loans to legal entities	400 852 029	6 981 391	2 583 754	1 002 187	1 753 606	413 172 967
Loans collectively assessed for impairment						
Consumer loans	37 314 938	2 178 087	872 431	910 461	5 879 205	47 155 122
Mortgage loans	25 198 814	1 079 526	579 512	257 368	1 017 457	28 132 677
Car loans	9 508 923	488 704	240 309	204 903	1 188 146	11 630 985
Credit cards	4 363 010	563 559	222 672	175 075	987 058	6 311 374
Scoring loans	612 655	42 469	26 115	51 244	790 926	1 523 409
Overdrafts	91 343	5 543	3 483	1 834	15 432	117 635
Less: provision for impairment of loans to individuals	(220 596)	(18 548)	(399 381)	(700 674)	(9 052 047)	(10 391 246)
Total loans to individuals	76 869 087	4 339 340	1 545 141	900 211	826 177	84 479 956
Total loans to customers	477 721 116	11 320 731	4 128 895	1 902 398	2 579 783	497 652 923

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The credit quality analysis of loans to customers as at 31 December 2008 is shown below:

	Current loans	Overdue loans	Total
Loans individually assessed for impairment			
Corporate loans	347 904 657	1 417 654	349 322 311
Loans to small and medium business	44 811 622	1 707 481	46 519 103
Loans to government and municipal authorities	16 077 139	-	16 077 139
Reverse repo agreements	4 465 770	-	4 465 770
Less: provision for impairment of loans to legal entities	(4 545 283)	(1 887 677)	(6 432 960)
Total loans to legal entities	408 713 905	1 237 458	409 951 363
Loans collectively assessed for impairment			
Consumer loans	43 801 274	13 342 845	57 144 119
Mortgage loans	29 515 911	1 421 523	30 937 434
Car loans	14 016 761	1 697 485	15 714 246
Credit cards	4 362 445	1 396 999	5 759 444
Scoring loans	2 438 613	986 383	3 424 996
Overdrafts	69 904	18 901	88 805
Less: provision for impairment of loans to individuals	(364 133)	(6 092 505)	(6 456 638)
Total loans to individuals	93 840 775	12 771 631	106 612 406
Total loans to customers	502 554 680	14 009 089	516 563 769

The table below provides the analysis of loans to customers and provisions for impairment as at 31 December 2008.

	Current loans	Overdue loans with pastdue payments				Total
		Less than 1 month	From 1 to 3 months	From 3 to 6 months	More than 6 months	
Loans individually assessed for impairment						
Corporate loans	347 904 657	662 886	338 503	269 076	147 189	349 322 311
Loans to small and medium business	44 811 622	1 116 131	226 712	76 013	288 625	46 519 103
Loans to government and municipal authorities	16 077 139	-	-	-	-	16 077 139
Reverse repo agreements	4 465 770	-	-	-	-	4 465 770
Less: provision for impairment of loans to legal entities	(4 545 283)	(1 159 090)	(229 830)	(118 568)	(380 189)	(6 432 960)
Total loans to legal entities	408 713 905	619 927	335 385	226 521	55 625	409 951 363
Loans collectively assessed for impairment						
Consumer loans	43 801 274	7 979 968	1 535 326	1 069 860	2 757 691	57 144 119
Mortgage loans	29 515 911	983 982	276 070	88 271	73 200	30 937 434
Car loans	14 016 761	495 267	279 259	183 892	739 067	15 714 246
Credit cards	4 362 445	453 807	248 581	178 344	516 267	5 759 444
Scoring loans	2 438 613	139 706	110 989	109 414	626 274	3 424 996
Overdrafts	69 904	2 858	2 203	1 539	12 301	88 805
Less: provision for impairment of loans to individuals	(364 133)	(98 577)	(543 741)	(772 306)	(4 677 881)	(6 456 638)
Total loans to individuals	93 840 775	9 957 011	1 908 687	859 014	46 919	106 612 406
Total loans to customers	502 554 680	10 576 938	2 244 072	1 085 535	102 544	516 563 769

The Group provided a number of loans to related parties. The relevant information on related party transactions is disclosed in Note 29.

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9. Financial Assets Available for Sale

	30 September 2009	31 December 2008
Equity securities	13 231 167	10 002 586
Bonds of foreign governments	574 716	506 113
Corporate bonds	448 291	229 493
Bonds of RF subjects and local authorities	75 795	-
Corporate eurobonds	-	29 828
Less: provision for impairment of financial assets available for sale	(282 316)	(123 480)
Total financial assets available for sale	14 047 653	10 644 540

Equity securities mainly represent shares and equity holdings of Moscow enterprises: OJSC Serp & Molot, CJSC Investlesprom, JSC Insurance Group, OJSC Pushkinskaya Ploshchad Polygraphic Company, CJSC Mikoyan, as well as shares of JSCB Zarechiye and JSCB Bank of Khakasia.

Bonds of foreign governments are represented by discount securities of Ministry of Finance of Belarus denominated in BYR with maturity ranging from 24 May 2010 to 23 October 2013, coupon income between 10.35% to 10.49% per annum and yield to maturity ranging from 10.37% to 10.54% per annum.

Corporate debt securities are represented by interest-bearing securities issued by major companies and credit institutions of Russia and Ukraine with maturity ranging from 10 October 2009 to 29 August 2036, the coupon rate ranging from 6.79% to 25.0% per annum and yield to maturity from 6.94% to 57.74% per annum.

Bonds of RF subjects and local authorities represent Rouble-denominated interest-bearing securities quoted on the MICEX. As at 30 September 2009, these bonds in the Group's portfolio have maturities from 4 November 2009 to 19 December 2013, coupon rates ranging from 6.0% to 9.3% per annum and yield to maturity ranging from 8.01% to 17.77% per annum, depending on the issue.

Movements in financial assets available for sale are as follows:

	Note	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Financial assets available for sale as at 1 January			
(gross)		10 768 020	3 781 700
Gains less losses from revaluation at fair value		9 627	(4 980)
Accrued interest income	19	91 125	65 647
Interest received		(15 469)	(60 822)
Acquisitions		3 860 768	2 039 470
Sale		(218 669)	(859 232)
Redemption		(508 907)	-
Reclassification from investments held to maturity	10	344 173	-
Transfer to associates		-	(2 909 957)
Exchange difference		(699)	5 990
Financial assets available for sale as at 30 September			
(gross)		14 329 969	2 057 816

Movements in the provision for impairment of financial assets available for sale are as follows:

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Provision for impairment of financial assets available for sale		
as at 1 January	123 480	10 519
Provision for impairment of financial assets available for sale	163 337	27 731
Exchange difference	(4 501)	120
Provision for impairment of financial assets available for sale		
as at 30 September	282 316	38 370

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The table below provides analysis of assets reclassified into assets available for sale as at 30 September 2009. Reclassification was made by subsidiary banks of the Group - AS Latvijas Biznesa Banka and AS Eesti Krediidipank in accordance with the changes of IAS 39 "Financial Instruments: Recognition and Measurement", which became effective in 2008:

	Financial assets	
	At fair value through profit or loss	
	Equity securities	Available for sale Equity securities
Reclassified assets as if there were no reclassification		
Carrying value	10 914	-
Fair value	8 981	-
Expenses from movements in the fair value of assets which would be recognized in the condensed interim consolidated statement of income	(1 933)	-
Reclassified assets as at the reporting date after reclassification		
Carrying value	-	10 914
Fair value	-	8 981
Expenses recognized in the condensed interim consolidated statement of changes in equity	-	(1 933)

The table below provides the analysis of financial assets available for sale in accordance with international agencies' ratings as at 30 September 2009:

	Investment rating	Speculative rating	No rating assigned	Total
Equity securities	376	-	13 230 791	13 231 167
Bonds of foreign governments	-	574 716	-	574 716
Corporate bonds	112 131	142 863	193 297	448 291
Bonds of RF subjects and local authorities	-	69 784	6 011	75 795
Financial assets available for sale (gross)	112 507	787 363	13 430 099	14 329 969

10. Investments Held to Maturity

	30 September 2009	31 December 2008
Bonds of foreign governments	193 735	33 836
Corporate eurobonds	190 661	398 712
Russian Federation bonds	66 317	-
Corporate bonds	-	282 989
Corporate promissory notes	-	193 814
Bonds of RF subjects and local authorities	-	51 849
Less: provision for impairment of investments held to maturity	(5 073)	(1 484)
Total investments held to maturity	445 640	959 716

Bonds of foreign governments are represented by interest-bearing securities denominated in LVL, freely tradable on the Riga Stock Exchange, and Serbian Dinars (RSD). As at 30 September 2009, these bonds in the Group's portfolio have maturities from 20 October 2009 to 14 February 2013, coupon rates ranging from 5.13% to 12.20% per annum and yield to maturity ranging from 5.14% to 12.59% per annum.

Corporate eurobonds are represented by interest-bearing securities denominated in USD and EUR issued by major Russian and Ukrainian companies and large Russian, Latvian and Kazakh credit institutions quoted on international markets. As at 30 September 2009, corporate eurobonds in the Group's portfolio have maturity dates from 30 September 2009 to 5 March 2014, coupon rates ranging from 5.63% to 10.0% per annum and yield to maturity ranging from 6.65% to 10.19% per annum, depending on the issue.

Russian Federation bonds are represented by interest-bearing securities denominated in Russian Roubles issued by the Ministry of Finance of the Russian Federation and quoted on the Moscow Interbank Currency Exchange (MICEX). As at 30 September 2009, Russian Federation bonds in the Group's portfolio have maturities from 20 January 2010 to

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19 January 2011, coupon rates ranging from 7.66% to 10.18 per annum and yield to maturity ranging from 7.02% to 7.46% per annum, depending on the issue.

The table below contains information about movements in investments held to maturity:

	Note	For the nine months ended 30 September 2009
Carrying value as at 1 January (gross)		961 200
Accrued interest income	19	61 819
Interest received		(55 292)
Reclassified from financial assets at fair value through profit or loss		157 915
Reclassified into financial assets available for sale	9	(344 173)
Acquisitions		389 474
Redemption		(742 845)
Exchange difference		22 615
Carrying value as at 30 September (gross)		450 713

As at 30 September 2008 there were no investments held to maturity.

The table below provides the analysis of assets reclassified into assets held to maturity as at 30 September 2009. Reclassification was performed by the subsidiary banks of the Group - AS Latvijas Biznesa Banka, AS Eesti Krediidipank and OJSC Mosvodokanalbank in accordance with the changes of IAS 39 "Financial Instruments: Recognition and Measurement", which became effective in 2008:

	Financial assets and investments				
	At fair value through profit or loss		Available for sale	Held to maturity	
	Corporate eurobonds	Russian Federation bonds	Corporate eurobonds	Corporate eurobonds	Russian Federation bonds
Reclassified assets as if there were no reclassification					
Carrying value	144 821	66 317	45 840	-	-
Fair value	73 721	63 757	44 593	-	-
Expenses from movements in the fair value of assets which would be recognized in the condensed interim consolidated statement of income	(71 099)	(2 560)	-	-	-
Income/expenses from movements in the fair value of assets which would be recognized in the condensed interim consolidated statement of changes in equity	-	-	(1 247)	-	-
Reclassified assets as at the reporting date after reclassification					
Carrying value	-	-	-	190 661	66 317
Fair value	-	-	-	118 314	63 757
Income recognized in the condensed interim consolidated statement of income	-	-	-	20 020	-
Income recognized in the condensed interim consolidated statement of changes in equity	-	-	-	312	-

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Movements in the provision for impairment of investments held to maturity are shown below:

	For the nine months ended 30 September 2009
Provision for impairment of investments held to maturity as at 1 January	1 484
Provision for impairment of investments held to maturity	3 830
Exchange difference	(241)
Provision for impairment of investments held to maturity as at 30 September	5 073

The table below provides the analysis of investments held to maturity as at 30 September 2009 in accordance with international agencies' ratings:

	Investment rating	Speculative rating	No rating assigned	Total
Bonds of foreign governments	-	193 735	-	193 735
Corporate eurobonds	14 573	112 782	63 306	190 661
Russian Federation bonds	66 317	-	-	66 317
Total investments held to maturity (gross)	80 890	306 517	63 306	450 713

11. Investments in Associates and Non-Consolidated Subsidiaries

	30 September 2009	31 December 2008
Investments in associates	3 601 334	3 950 186
Investments in non-consolidated subsidiaries	11 970	15 423
Total investments in associates and non-consolidated subsidiaries	3 613 304	3 965 609

Movements in the carrying value of investments in associates are as follows:

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Carrying value as at 1 January	3 950 186	236 792
Share in net profit of the associates	(348 872)	25 211
Fair value of the increase in the share capital of the associates	-	15 200
Transfer from associates to consolidated subsidiaries	(57)	-
Transfer from financial assets available for sale	-	2 909 957
Acquisition of associates	-	8 459
Exchange difference	77	(18)
Carrying value as at 30 September	3 601 334	3 195 601

The table below provides the list of investments in associates:

Name	30 September 2009		31 December 2008	
	Amount of investment	Percentage of control, %	Amount of investment	Percentage of control, %
OJSC Stolichnaya Strakhovaya Gruppy	3 368 013	24.9	3 762 365	24.9
JSCB Russian National Commercial Bank	183 526	20.0	145 309	20.0
LLC Pension Reserve	28 962	19.0	27 410	19.0
CJSC Automated Banking Technologies	20 528	20.0	13 811	20.0
Äigrumäe Kinnisvara AS	305	44.5	1 234	44.5
SIA LBB ĪPAŠUMI*	-	-	57	49.0
City Centre for Data Processing (EIRTS), LLC **	-	-	-	49.5
Total investments in associates	3 601 334		3 950 186	

* In the reporting period the company was transferred to consolidated subsidiaries.

** The company was sold in the reporting period. Information on disposal of the associate is disclosed in Note 24.

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The table below provides the list of investments in non-consolidated subsidiaries:

Name	30 September 2009		31 December 2008	
	Amount of investment	Percentage of ownership, %	Amount of investment	Percentage of ownership, %
Private security company Yaroslavna, LLC	11 962	75.3	15 414	75.3
LLC VM – Open City	8	100.0	9	100.0
Editorial office of MK-Boulevard magazine, LLC	-	50.0	-	50.0
CJSC Monolit	-	99.0	-	99.0
CJSC Stolichnaya Neftyanaya Kompania	-	75.0	-	75.0
Total investments in non-consolidated subsidiaries	11 970		15 423	

Financial statements of the above subsidiaries were not included in the Group's condensed interim consolidated financial statements, as they would not have a material effect on the condensed interim consolidated financial statements (less than 0.1% of total assets and net profit of the Group for the nine months of 2009).

12. Other Assets

	30 September 2009	31 December 2008
Receivables	3 367 031	3 080 772
Property transferred to the Group as loan repayment	689 862	138 566
Prepayments	653 587	540 908
Prepaid expenses	314 399	390 385
Insurance claims	178 047	897 817
Plastic card receivables	132 961	191 900
Taxes receivable (other than income tax)	48 797	35 711
Other	401 317	424 271
Less: provision for impairment of other assets	(677 225)	(366 038)
Total other assets	5 108 776	5 334 292

Property transferred to the Group as loan repayment represents real estate received by the Group in settlement of overdue loans. The Group intends to realize these assets in the foreseeable future. The assets are not classified as held for sale in accordance with IFRS 5, as the Group has not started active marketing of these assets to sell them. These assets were recognized at fair value on acquisition. As at 30 September 2009, there was no evidence that these assets were impaired.

The insurance claims of the Group are claims filed to the Deposit Insurance Agency to compensate payments made to the individual depositors of the banks with a recalled license.

The table below shows the analysis of changes in the provision for impairment of other assets:

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Provision for impairment of other assets as at 1 January	366 038	2 750
Provision for impairment of other assets	443 285	30 700
Assets written off against provision	(122 742)	-
Exchange differences	(9 356)	(31)
Provision for impairment of other assets as at 30 September	677 225	33 419

Receivables are not secured by collateral.

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The credit quality analysis of other financial assets as at 30 September 2009 is shown below:

	Current	Overdue				Total
		Less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	
Receivables	2 237 052	70 811	369 191	311 473	378 504	3 367 031
Insurance claims	178 047	-	-	-	-	178 047
Plastic card receivables	132 961	-	-	-	-	132 961
Less: provision for impairment of other financial assets	(273)	(2 672)	(102 670)	(155 743)	(378 275)	(639 633)
Total other financial assets	2 547 787	68 139	266 521	155 730	229	3 038 406

The credit quality analysis of other financial assets as at 31 December 2008 is shown below:

	Current	Overdue				Total
		Less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	
Receivables	2 413 725	119 163	23 194	447 829	76 861	3 080 772
Insurance claims	897 817	-	-	-	-	897 817
Plastic card receivables	191 900	-	-	-	-	191 900
Less: provision for impairment of other financial assets	(30 065)	-	(5 775)	(223 915)	(76 741)	(336 496)
Total other financial assets	3 473 377	119 163	17 419	223 914	120	3 833 993

As at 30 September 2009 provision in the total amount RUR 37 592 thousands was made for prepayments (31 December 2008: RUR 29 542 thousand).

13. Due to Other Banks

	30 September 2009	31 December 2008
Term deposits and loans of other banks	82 235 146	86 112 317
Loans and deposits of CBR	67 137 503	79 407 816
Syndicated loans of foreign banks	33 210 932	39 814 178
Subordinated loan	3 020 429	2 978 659
Correspondent accounts of other banks	2 270 585	3 306 431
Repo agreements with other banks	-	3 304 225
Total due to other banks	187 874 595	214 923 626

As at 30 September 2009, the Group raised funds over 10% of the Group's capital from two banks (as at 31 December 2008: three banks). The aggregate amount of these funds was RUR 106 441 970 thousand (as at 31 December 2008: RUR 159 278 857 thousand) or 56.7% of due to other banks (as at 31 December 2008: 74.1%).

As at 30 September 2009, the loans and deposits of the CBR with the carrying value of RUR 21 079 161 thousand were collateralized by securities sold to the CBR under REPO agreements. Securities represent corporate bonds with the fair value of RUR 12 534 848 thousand (as at 31 December 2008: none), bonds of RF subjects and local authorities with the fair value of RUR 8 630 425 thousand (as at 31 December 2008: none) and Russian Federation bonds (OFZ) with the fair value of RUR 1 629 693 thousand (as at 31 December 2008: none).

As at 31 December 2008 securities sold to the banks under REPO agreements comprised eurobonds of the Russian Federation and corporate eurobonds with the fair value of RUR 1 036 915 thousand and RUR 5 207 412 thousand, respectively.

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As at 30 September 2009, the Group raised syndicated loans from foreign banks:

Description	Interest rate	Payment schedule	Date of origination	Maturity date	Nominal value, '000	Carrying amount, RUR'000
I	LIBOR+1.5%	quarterly	20.01.2009	20.07.2011	\$30 000	882 572
II	LIBOR+0.65%	semi-annually	13.05.2008	13.11.2009	\$220 000	6 580 101
III	LIBOR+0.55%	semi-annually	23.11.2007	24.05.2010	\$600 000	18 028 255
IV	LIBOR+0.55%	semi-annually	19.03.2007	19.03.2010	\$105 000	3 195 487
Total syndicated loans in USD					\$955 000	28 686 415
I	EURIBOR +1.5%	quarterly	20.01.2009	20.07.2011	€105 000	4 524 517
Total syndicated loans in EUR					€105 000	4 524 517
Total syndicated loans						33 210 932

In 2008 the Group raised a loan from Sumitomo Mitsui Banking Corporation Europe LTD in the amount of JPY 5 500 000 thousand, maturing on 11 July 2011. As at 30 September 2009, the outstanding loan balance was JPY 1 088 950 thousand (or RUR 365 337 thousand).

In 2008 the Group raised a loan from ING Bank, Amsterdam, in the amount of USD 25 300 thousand (or RUR 761 333 thousand) maturing on 25 June 2010.

In 2007 the Group raised a loan from Sumitomo Mitsui Banking Corporation Europe LTD in the amount of JPY 3 900 000 thousand (or RUR 1 308 431 thousand), maturing on 18 December 2012.

In 2007 the Group raised a loan from Commerzbank in the amount of 61 150 thousand Swiss francs (or RUR 1 780 150 thousand) maturing in the year 2012.

On 21 December 2006 the Group raised a subordinated loan from ABN Amro Bank in the amount of USD 100 000 thousand (or RUR 3 009 220 thousand) maturing on 21 December 2016.

14. Customer Accounts

	30 September 2009	31 December 2008
Federal and regional budgets and funds		
– Current/settlement accounts	19 003 017	22 312 864
– Term deposits	100 752 786	71 881 514
State-owned organisations		
– Current/settlement accounts	21 094 679	20 882 630
– Term deposits	18 305 007	5 898 151
Other legal entities		
– Current/settlement accounts	71 822 987	83 096 031
– Term deposits	51 015 484	51 262 070
Individuals		
– Current/settlement accounts	26 644 974	29 812 259
– Term deposits	142 766 661	121 395 443
Total customer accounts	451 405 595	406 540 962

According to the Russian Civil Code, the Bank is obliged to repay deposits to individual depositors at short notice. If a fixed-term deposit is withdrawn by the depositor ahead of term, interest is payable at the rate applied to demand deposits.

As at 30 September 2009, the Group raised funds over 10% of the Group's capital from 3 clients (as at 31 December 2008: 2 clients). The aggregate amount of these funds was RUR 134 081 289 thousand (as at 31 December 2008: RUR 113 205 500 thousand) or 29.7% of customer accounts (as at 31 December 2008: 27.8%).

Information on the funds raised from related parties is disclosed in Note 29.

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15. Debt Securities Issued

	30 September 2009	31 December 2008
Eurobonds	56 925 697	63 952 625
Bonds	17 160 374	20 566 469
Promissory notes	7 391 147	7 196 136
Total debt securities issued	81 477 218	91 715 230

As at 30 September 2009, eurobonds comprised:

Nominal value, '000/issue	Date of issue	Maturity date	Interest rate	Carrying amount, RUR'000	Market price, %
\$300 000	26.05.2005	26.11.2010	7.375 %, semi-annually	8 941 606	102.62
\$300 000 / subordinated	25.11.2005	25.11.2015	7.5 %, semi-annually during the first 5 years. then the rate equals US Treasury plus 4.567%	9 243 919	95.86
\$500 000	12.05.2006	13.05.2013	7.335%, semi-annually	15 377 471	99.86
\$400 000 / subordinated	10.05.2007	10.05.2017	6.807%, semi-annually during the first 5 years. then the rate equals US Treasury plus 5.25%	12 298 915	88.11
CHF 250 000	04.03.2008	04.03.2011	6.253%, annually	6 794 126	100.00
Total foreign currency eurobonds				52 656 037	
5 000 000	25.11.2006	25.11.2009	7.25%, semi-annually	4 269 660	98.75
Total eurobonds				56 925 697	

As at 31 December 2008, eurobonds comprised:

Nominal value, '000/issue	Date of issue	Maturity date	Interest rate	Carrying amount, RUR'000	Market price, %
\$250 000	28.09.2004	28.09.2009	8%, semi-annually	7 487 864	95.54
\$300 000	26.05.2005	26.11.2010	7.375%, semi-annually	8 706 896	85.25
\$300 000 / subordinated	25.11.2005	25.11.2015	7.5%, semi-annually during the first 5 years, then the rate equals US Treasury plus 4.567%	8 849 691	40.11
\$500 000	12.05.2006	13.05.2013	7.335%, semi-annually	14 786 120	62.32
\$400 000 / subordinated	10.05.2007	10.05.2017	6.807%, semi-annually during the first 5 years, then the rate equals US Treasury plus 5.25%	11 805 818	37.61
CHF 250 000	04.03.2008	04.03.2011	6.253%, annually	7 289 318	76.00
Total foreign currency eurobonds				58 925 707	
RUR 5 000 000	25.11.2006	25.11.2009	7.25%, semi-annually	5 026 918	75.48
Total eurobonds				63 952 625	

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As at 30 September 2009, the bonds comprised:

Series/code of state registration	Interest rate	Date of issue	Maturity date	Nominal value, '000	Carrying amount, RUR'000	Market price, %
B	19%, quarterly	26.11.2007	16.11.2010	UAH 110	401	-
5-200-02-0247	14%, monthly	25.03.2009	19.03.2010	BYR 50 000 000	545 451	-
5-200-02-0305	20%, monthly	14.07.2009	30.12.2009	BYR 30 000 000	330 671	-
Total bonds in foreign currency					876 523	
40202748B	11.75%, semi-annually	08.02.2008	01.02.2013	RUR 10 000 000	10 172 554	100.00
40102748B*	9.25%, semi-annually	01.08.2008	29.07.2011	RUR 6 105 994	6 111 297	99.80
Total bonds in RUR					16 283 851	
Total bonds					17 160 374	

* In 2009 bonds with nominal value RUR 3 894 006 thousand were presented for redemption under the terms of the offer.

As at 31 December 2008, the bonds comprised:

Series/code of state registration	Interest rate	Date of issue	Maturity date	Nominal value, '000	Carrying amount, RUR'000	Market price, %
A**	14.5%, quarterly	25.06.2007	21.06.2010	UAH 7 005	27 118	-
B	19%, quarterly	26.11.2007	16.11.2010	UAH 110	432	-
Total bonds in foreign currency					27 550	
40202748B	7.85%, semi-annually	08.02.2008	01.02.2013	RUR 10 000 000	10 228 668	100.59
40102748B	9.25%, semi-annually	01.08.2008	29.07.2011	RUR 10 000 000	10 310 251	99.99
Total bonds in RUR					20 538 919	
Total bonds					20 566 469	

** In 2009 bonds with nominal value UAH 7 005 thousand were presented for redemption under the terms of the offer.

16. Other Liabilities

	30 September 2009	31 December 2008
Payables	1 565 685	7 135 007
Remuneration to employees payable	309 475	273 746
Taxes payable other than income tax	227 503	90 086
Settlements relating to plastic cards	71 631	194 598
Deferred income	25 121	37 892
Dividends payable	56	72
Other	206 058	239 553
Total other liabilities	2 405 529	7 970 954

17. Minority Interest

Movements in minority interest of the Group are as follows:

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Minority interest as at 1 January	325 514	1 429 045
Share in the net profit (loss)	22 226	(14 638)
Acquisition of subsidiaries	7 678	52 101
Exchange difference	8 063	-
Minority interest as at 30 September	363 481	1 466 508

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18. Share Capital

Authorised, issued and fully paid share capital comprises:

	30 September 2009		31 December 2008	
	Number of shares	Nominal value, RUR'000	Number of shares	Nominal value, RUR'000
Ordinary shares	158 367 983	15 836 798	137 359 580	13 735 958
Restatement of share capital prior to 31 December 2002 under IAS 29	-	2 476 746	-	2 476 746
Total share capital	158 367 983	18 313 544	137 359 580	16 212 704

The nominal value of each ordinary share is 100 roubles. Each share gives the right of one vote.

The Government of the City of Moscow directly and indirectly (through OJSC Stolichnaya Strakhovaya Gruppa) owns the Bank, being its principal shareholder.

On 28 July 2009, the CBR registered the 13th issue of the Bank of Moscow ordinary voting shares in the amount of 21 008 403 at the nominal value of RUR 100. The shares were offered at the following prices: RUR 952 per share under the pre-emptive rights offer and RUR 952 per share under open subscription, totalling RUR 19 999 999 thousand, including share premium of RUR 17 899 159 thousand. Based on the results of the additional share issue, the total interest controlled by the Government of the City of Moscow in the Bank of Moscow share capital equaled 63.39% (direct shareholding of the Government of the City of Moscow in the Bank of Moscow totalled 48.11%, and the shareholding of the Government of the City of Moscow in the Bank of Moscow through OJSC Stolichnaya Strakhovaya Gruppa (including OJSC Moscow Insurance Company and JSC MSK-Standart) made 15.28%).

The share capital structure is as follows:

	30 September 2009	31 December 2008
Government of the City of Moscow	48.11%	44.00%
OJSC Moscow Insurance Company	11.63%	5.81%
LLC NPO Pharmatsevtika*	3.70%	4.26%
LLC Stroyelektromontazh*	3.67%	4.23%
LLC GAZDORSTROY *	3.65%	4.20%
LLC Plastoinstrument*	3.57%	3.52%
LLC KHIMPROMEXPORT *	3.45%	3.98%
LLC Centrotransport *	3.15%	3.64%
JSC MSK Standard	1.93%	2.00%
OJSC Stolichnaya Strakhovaya Gruppa	1.73%	7.59%
Other shareholders with less than 5% in the share capital	15.41%	16.77%
Total share capital	100.00%	100.00%

* As at 30 September 2009, the ultimate beneficiaries in the proportion of 80/20 are Mr. A.F. Borodin, President of the Bank, and Mr. L.F. Alaluev, Deputy Chairman of the Board of Directors.

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19. Interest Income and Expense

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Interest income		
Loans to customers	54 058 400	35 823 970
Financial assets at fair value through profit or loss	4 743 691	3 856 470
Due from other banks	1 942 620	2 684 391
Financial assets available for sale	91 125	65 647
Investments held to maturity	61 819	-
Total interest income	60 897 655	42 430 478
Interest expense		
Current accounts and term deposits of customers	24 787 485	15 020 264
Term deposits of banks	9 398 372	3 794 881
Debt securities issued	5 740 802	3 549 631
Total interest expense	39 926 659	22 364 776
Net interest income	20 970 996	20 065 702

20. Fee and Commission Income and Expense

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Fee and commission income		
Commission on settlement and cash transactions	2 917 096	2 634 804
Commission on operations with plastic cards	1 238 723	1 336 486
Commission on guarantees issued	670 377	465 194
Commission on cash collection	159 356	139 312
Commissions under fiduciary activities	97 575	183 800
Commission on transactions with securities	65 936	191 595
Other	77 609	388 088
Total fee and commission income	5 226 672	5 339 279
Fee and commission expense		
Commission on cash collection	405 011	389 594
Commission on operations with plastic cards	380 247	366 119
Commission on settlement and cash transactions	125 465	180 757
Commission on guarantees received	80 619	3 947
Commission on transactions with securities	55 453	47 221
Other	61 908	68 576
Total fee and commission expense	1 108 703	1 056 214
Net fee and commission income	4 117 969	4 283 065

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21. General and Administrative Expenses

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Staff costs	5 650 399	6 099 763
Rent	1 563 328	1 261 566
Professional services (security, communications and other)	789 801	717 195
Taxes other than income tax	778 682	724 925
Depreciation and amortization	675 909	505 134
Expenses related to premises and equipment	387 386	406 480
Administrative expenses	378 097	497 332
Advertising and marketing	171 955	372 352
Charity	71 241	108 537
Other	131 120	134 488
Total general and administrative expenses	10 597 918	10 827 772

Staff costs include remuneration to employees and unified social tax.

22. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares during the nine months less the average number of ordinary shares bought out by the Group from its shareholders.

The Group has no potentially dilutive ordinary shares. Therefore, diluted earnings per share equal basic earnings per share.

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Net profit attributable to shareholders of the parent Bank (in thousands of roubles)	475 601	5 985 815
Weighted average number of ordinary shares in issue (in thousands)	145 149	131 854
Basic earnings per share (RUR per share)	3,28	45,40

23. Dividends

	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Dividends payable as at 1 January	72	33
Dividends for the year 2007 declared during the nine months	-	232 420
Dividends paid during the nine months	(16)	(232 390)
Dividends payable as at 30 September	56	63
Dividends per share declared during the nine months ended 30 September	-	1,79

Dividends declared for the year 2007 include dividends attributable to the shareholders of the parent Bank in the amount of RUR 232 420 thousand.

There were no dividends declared for the year 2008.

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24. Acquisitions and Disposals

Acquisition of subsidiary banks

AS Eesti Krediidipank

On 28 February 2009 the Group acquired 0.12% in the share capital of AS Eesti Krediidipank increasing its shareholding to 89.16%.

The fair value of assets and liabilities of AS Eesti Krediidipank and the excess of the Group's share in the net fair value of the identifiable assets and liabilities of AS Eesti Krediidipank over the cost of acquisition are shown in the table below:

	At the date of acquisition
	28 February 2009
Cash and cash equivalents	956 027
Due from other banks	6 370 896
Financial assets at fair value through profit or loss	1 337 236
Loans to customers	7 079 038
Financial assets available for sale	44 930
Investments in associates and subsidiaries	1 304
Premises and equipment	448 703
Other assets	202 076
Due to other banks	(1 718 836)
Customer accounts	(12 934 445)
Financial liabilities at fair value through profit or loss	(403 993)
Other liabilities	(310 886)
Total net assets	1 072 050
Acquired share in the net assets	1 286
The excess of the Group's share in the net fair value of the net assets	
 acquired over the cost of acquisition	(386)
Consideration paid (gross)	900

The excess of the Group's share in the net fair values of identifiable assets and liabilities of AS Eesti Krediidipank over the cost of acquisition in the amount of RUR 386 thousand was recorded within net gain /(loss) on acquisition and sale of subsidiaries and associates of the condensed interim consolidated statement of income at the time of acquisition.

Commercial joint stock bank Bezhitsa-bank (OJSC)

On 24 June 2009 the Group acquired 1 820 000 ordinary registered non-documentary shares through payment of additional share issue with the nominal value of RUR 50 or 16.97% in the share capital of commercial joint stock bank Bezhitsa-Bank (OJSC) increasing its shareholding to 76.8%.

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The fair value of assets and liabilities of Bezhitsa-Bank (OJSC) and the excess of the cost of acquisition over the Group's share in the net fair value of the identifiable assets and liabilities of Bezhitsa-Bank (OJSC) are shown in the table below:

	At the date of acquisition
	24 June 2009
Cash and cash equivalents	166 552
Mandatory reserve deposits with the CBR	1 441
Due from other banks	261 052
Loans to customers	589 061
Premises and equipment	444
Other assets	14 453
Due to other banks	-
Customer accounts	(436 185)
Debt securities issued	(21 753)
Other liabilities	(11 160)
Total net assets	563 905
Acquired share in the net assets	94 068
Share in net assets increase from additional share issue	153 548
The excess of the cost of acquisition over the Group's share in the fair value of the net assets acquired	9 004
Consideration paid (gross)	256 620

The excess of the cost of acquisition over the Group's share in the fair value of identifiable assets and liabilities of Bezhitsa-Bank (OJSC) in the amount of RUR 9 004 thousand was impaired and recorded within net gain /(loss) on acquisition and sale of subsidiaries and associates of the condensed interim consolidated statement of income at the time of acquisition.

Disposal of associates

City Centre for Data Processing (EIRTS), LLC

On 20 May 2009 the Group sold its shareholding of City Centre for Data Processing (EIRTS), LLC (49.5% of share capital). The Group recorded gain on disposal of City Centre for Data Processing (EIRTS), LLC in the amount of RUR 5 thousand within net gain /(loss) on acquisition and sale of subsidiaries and associates.

Disposed assets and liabilities and the financial result from disposal are as follows:

	At the date of sale
	20 May 2009
Receivables	1
Other liabilities	(4)
Total net assets	(3)
Group's share in the net assets	-
The excess of sale proceeds over the share in the fair value of the net assets disposed	5
Proceeds from sale	5

25. Segment Reporting

The Group uses information on business segments as its primary format for reporting segment information. Over 95% of the Group's banking business is concentrated on the territory of the Russian Federation at the location of the parent company of the Group – the Bank of Moscow. Based on this, the Group considers unreasonable to segment this business by geographic principle.

The Group's main business segments are as follows:

Treasury business – this business segment includes trading in financial instruments, transactions with securities and derivatives, including REPO deals, foreign currency transactions, raising and origination of loans on interbank loan markets, interest rate arbitrage on SWAP transactions. Besides, the treasury function includes the Group's short-term asset management and the Group's open positions in foreign currencies, i.e. currency risk management.

Corporate business – this business segment includes services associated with servicing settlement and current accounts of legal entities, acceptance of deposits from corporate clients, extension of credit lines in the form of overdrafts, issuance of loans and other types of financing, rendering of investment banking services, trade financing of corporate clients, rendering of structured financing, merging and acquisition consulting services.

Retail business – this segment covers rendering of banking services to individuals - opening and maintaining accounts, acceptance of deposits from individuals, fiduciary services, accumulation of investments, servicing debit and credit cards, consumer and mortgage lending.

The Group transactions not included in the above business segments are disclosed separately.

Transactions between business segments are conducted on a commercial terms. In the ordinary course of business the Group's financial resources are reallocated between business segments. As a result, intersegment allocations are reflected within assets/liabilities of a business segment and the cost of reallocated financial resources is included in the business segment income/expenses.

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Segment information on main business segments of the Group for the nine months ended 30 September 2009 is given in the table below:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Unallocated	Total
Assets						
Assets on demand, maturing in less than 1 month and part of assets with no stated maturity						
Cash and cash equivalents	3 723 966	43 918 650	13 907 415	46 784	-	61 596 815
Financial assets at fair value through profit or loss	63 052 498	41 202 637	-	116 889	-	104 372 024
Due from other banks	96 427 113	-	-	250 023	-	96 677 136
Other assets	-	-	132 961	1 554 580	3 421 235	5 108 776
Total assets on demand, maturing in less than 1 month and part of assets with no stated maturity	163 203 577	85 121 287	14 040 376	1 968 276	3 421 235	267 754 751
Assets maturing in more than 1 month and part of assets with no stated maturity						
Mandatory cash balances with central banks	-	2 997 298	1 800 865	-	-	4 798 163
Due from other banks	6 185 616	-	-	-	-	6 185 616
Loans to customers	-	414 365 760	83 020 712	266 451	-	497 652 923
Financial assets available for sale	574 716	406 837	-	578 416	12 487 684	14 047 653
Investments held to maturity	-	445 640	-	-	-	445 640
Investments in associates and non-consolidated subsidiaries	-	-	-	3 400 511	212 793	3 613 304
Premises and equipment, and intangible assets	-	-	-	6 040 792	13 060 268	19 101 060
Current tax assets	-	-	-	21 353	309 173	330 526
Deferred tax assets	-	-	-	-	7 614	7 614
Total assets maturing in more than 1 month and part of assets with no stated maturity	6 760 332	418 215 535	84 821 577	10 307 523	26 077 532	546 182 499
Total assets	169 963 909	503 336 822	98 861 953	12 275 799	29 498 767	813 937 250

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	Treasury business	Corporate business	Retail business	Non-banking organisations	Unallocated	Total
Liabilities						
Liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity						
Due to other banks	30 812 135	-	307 958	-	-	31 120 093
Customer accounts	-	111 920 683	26 644 974	-	-	138 565 657
Financial liabilities at fair value through profit or loss	164 497	-	715 581	-	-	880 078
Other liabilities	-	-	71 631	797 292	-	868 923
Total liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity	30 976 632	111 920 683	27 740 144	797 292	-	171 434 751
Liabilities maturing in more than 1 month and part of liabilities with no stated maturity						
Due to other banks	18 995 917	126 647 151	11 111 434	-	-	156 754 502
Customer accounts	-	170 042 307	142 766 661	30 970	-	312 839 938
Debt securities issued	-	72 253 063	6 794 126	2 430 029	-	81 477 218
Other liabilities	-	-	-	-	1 536 606	1 536 606
Current tax liabilities	-	-	-	894	10 232	11 126
Deferred tax liabilities	-	-	-	144 080	1 730 197	1 874 277
Total liabilities maturing in more than 1 month and part of liabilities with no stated maturity	18 995 917	368 942 521	160 672 221	2 605 973	3 277 035	554 493 667
Total liabilities	49 972 549	480 863 204	188 412 365	3 403 265	3 277 035	725 928 418
Surplus/(deficit) of funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity	(132 226 945)	26 799 396	13 699 768	(1 170 984)	(3 421 235)	(96 320 000)
(Transferred)/received funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity to/from other business segments	132 226 945	(104 486 801)	(27 740 144)	-	-	-
Surplus/(deficit) of funds maturing in more than 1 month and part of liabilities with no stated maturity	12 235 585	(49 273 014)	75 850 644	(7 701 550)	(22 800 497)	8 311 168
(Transferred)/received funds maturing in more than 1 month and part of liabilities with no stated maturity to/from other business segments	-	61 810 268	(61 810 268)	-	-	-
Equity financing	(12 235 585)	65 150 151	-	8 872 534	26 221 732	88 008 832
Net uncovered deficit/unallocated surplus on financing	-	-	-	-	-	-

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Segment information on main business segments of the Group for the year ended 31 December 2008 is given in the table below:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Unallocated	Total
Assets						
Assets on demand, maturing in less than 1 month and part of assets with no stated maturity						
Cash and cash equivalents	1 939 924	109 880 874	21 440 745	7 119	-	133 268 662
Financial assets at fair value through profit or loss	19 960 154	14 106 360	-	1 345 378	-	35 411 892
Due from other banks	67 327 801	-	-	-	-	67 327 801
Other assets	-	-	191 900	1 854 134	3 288 258	5 334 292
Total assets on demand, maturing in less than 1 month and part of assets with no stated maturity	89 227 879	123 987 234	21 632 645	3 206 631	3 288 258	241 342 647
Assets maturing in more than 1 month and part of assets with no stated maturity						
Mandatory cash balances with central banks	-	729 700	432 392	-	-	1 162 092
Due from other banks	558 814	6 450 488	-	-	-	7 009 302
Loans to customers	-	411 235 447	105 174 840	153 482	-	516 563 769
Financial assets available for sale	506 113	259 321	-	5 929 437	3 949 669	10 644 540
Investments held to maturity	-	959 716	-	-	-	959 716
Investments in associates and non-consolidated subsidiaries	-	-	-	3 791 599	174 010	3 965 609
Premises and equipment, and intangible assets	-	-	-	5 779 054	13 476 563	19 255 617
Current tax assets	-	-	-	12 271	455 250	467 521
Deferred tax assets	-	-	-	-	14 544	14 544
Total assets maturing in more than 1 month and part of assets with no stated maturity	1 064 927	419 634 672	105 607 232	15 665 843	18 070 036	560 042 710
Total assets	90 292 806	543 621 906	127 239 877	18 872 474	21 358 294	801 385 357

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	Treasury business	Corporate business	Retail business	Non-banking organisations	Unallocated	Total
Liabilities						
Liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity						
Due to other banks	11 872 892	-	599 070	-	-	12 471 962
Customer accounts	-	126 291 525	29 812 259	-	-	156 103 784
Financial liabilities at fair value through profit or loss	10 062 783	-	860 025	-	-	10 922 808
Other liabilities	-	-	194 598	6 556 459	-	6 751 057
Total liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity	21 935 675	126 291 525	31 465 952	6 556 459	-	186 249 611
Liabilities maturing in more than 1 month and part of liabilities with no stated maturity						
Due to other banks	-	190 361 491	12 090 173	-	-	202 451 664
Customer accounts	-	128 884 765	121 395 443	156 970	-	250 437 178
Debt securities issued	-	82 200 900	7 289 318	2 225 012	-	91 715 230
Other liabilities	-	-	-	-	1 219 897	1 219 897
Current tax liabilities	-	-	-	53	27 960	28 013
Deferred tax liabilities	-	-	-	141 085	1 492 261	1 633 346
Total liabilities maturing in more than 1 month and part of liabilities with no stated maturity	-	401 447 156	140 774 934	2 523 120	2 740 118	547 485 328
Total liabilities	21 935 675	527 738 681	172 240 886	9 079 579	2 740 118	733 734 939
Surplus/(deficit) of funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity	(67 292 204)	2 304 291	9 833 307	3 349 828	(3 288 258)	(55 093 036)
(Transferred)/received funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity to/from other business segments	67 292 204	(35 826 252)	(31 465 952)	-	-	-
Surplus/(deficit) of funds maturing in more than 1 month and part of liabilities with no stated maturity	(1 064 927)	(18 187 516)	35 167 702	(13 142 723)	(15 329 918)	(12 557 382)
(Transferred)/received funds maturing in more than 1 month and part of liabilities with no stated maturity to/from other business segments	-	13 535 057	(13 535 057)	-	-	-
Equity financing	1 064 927	38 174 420	-	9 792 895	18 618 176	67 650 418
Net uncovered deficit/unallocated surplus on financing	-	-	-	-	-	-

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The table below shows a breakdown of the condensed interim consolidated statement of income of the Group for the nine months ended 30 September 2009 by business segments:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Unallocated	Total
Interest income	5 786 838	44 855 867	10 054 283	200 667	-	60 897 655
Interest expense	(5 572 789)	(25 131 282)	(9 013 058)	(209 530)	-	(39 926 659)
Gains less losses arising from financial assets at fair value through profit or loss	5 988 865	-	-	111 899	-	6 100 764
Gains less losses arising from financial liabilities at fair value through profit or loss	357 909	-	-	-	-	357 909
Gains less losses arising from financial assets available for sale	(20 407)	-	-	17 155	-	(3 252)
Gains less losses from dealing in foreign currency and precious metals and revaluation of foreign currency and precious metals	(1 757 639)	-	700 424	8 127	-	(1 049 088)
Net operating result on banking assets and liabilities	4 782 777	19 724 585	1 741 649	128 318	-	26 377 329
Income/(expense) on re-allocation of funds on demand, maturing in less than 1 month and with no stated maturity	(820 780)	577 218	243 562	-	-	-
Income/(expense) on re-allocation of funds maturing in more than 1 month and with no stated maturity	-	(3 867 250)	3 867 250	-	-	-
Net operating result on banking assets and liabilities after intersegment re-allocations	3 961 997	16 434 553	5 852 461	128 318	-	26 377 329
Fee and commission income	65 864	3 287 423	1 802 621	70 764	-	5 226 672
Fee and commission expense	(55 202)	(672 313)	(380 247)	(941)	-	(1 108 703)
Provisions for impairment of due from other banks and loans to customers	(23 661)	(14 493 127)	(3 956 951)	(6 394)	-	(18 480 133)
General and administrative expenses	(379 417)	(3 130 498)	(3 476 949)	(276 230)	(3 334 824)	(10 597 918)
Other income/(expense)	-	123 523	369 844	(310 403)	(277 318)	(94 354)
Profit before taxation	3 569 581	1 549 561	210 779	(394 886)	(3 612 142)	1 322 893
Income tax expense	-	-	-	(22 313)	(802 753)	(825 066)
Profit after taxation	3 569 581	1 549 561	210 779	(417 199)	(4 414 895)	497 827
Minority interest	-	-	-	-	(22 226)	(22 226)
Net profit	3 569 581	1 549 561	210 779	(417 199)	(4 437 121)	475 601

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The table below shows a breakdown of the condensed interim consolidated statement of income of the Group for the nine months ended 30 September 2008 by business segments:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Unallocated	Total
Interest income	5 372 123	26 347 797	10 663 889	46 669	-	42 430 478
Interest expense	(976 591)	(14 992 389)	(6 288 318)	(107 478)	-	(22 364 776)
Gains less losses arising from financial assets at fair value through profit or loss	(3 129 278)	-	-	297 998	-	(2 831 280)
Gains less losses arising from financial liabilities at fair value through profit or loss	(395 807)	-	-	-	-	(395 807)
Gains less losses arising from financial assets available for sale	105 666	-	-	13 147	-	118 813
Gains less losses from dealing in foreign currency and precious metals and revaluation of foreign currency and precious metals	820 219	-	274 354	9 025	-	1 103 598
Net operating result on banking assets and liabilities	1 796 332	11 355 408	4 649 925	259 361	-	18 061 026
Income/(expense) on re-allocation of funds on demand, maturing in less than 1 month and with no stated maturity	(373 778)	118 159	255 619	-	-	-
Income/(expense) on re-allocation of funds maturing in more than 1 month and with no stated maturity	-	(445 821)	445 821	-	-	-
Net operating result on banking assets and liabilities after intersegment re-allocations	1 422 554	11 027 746	5 351 365	259 361	-	18 061 026
Fee and commission income	191 542	3 191 292	1 814 903	141 542	-	5 339 279
Fee and commission expense	(47 081)	(642 316)	(366 398)	(419)	-	(1 056 214)
Provisions for impairment of due from other banks and loans to customers	20 624	(1 250 357)	(2 888 701)	(20 540)	-	(4 138 974)
General and administrative expenses	(418 909)	(3 455 996)	(3 838 712)	(212 634)	(2 901 521)	(10 827 772)
Other income/(expense)	-	51 312	(61 411)	36 520	387 889	414 310
Profit before taxation	1 168 730	8 921 681	11 046	203 830	(2 513 632)	7 791 655
Income tax expense	-	-	-	(38 499)	(1 781 979)	(1 820 478)
Profit after taxation	1 168 730	8 921 681	11 046	165 331	(4 295 611)	5 971 177
Minority interest	-	-	-	-	14 638	14 638
Net profit	1 168 730	8 921 681	11 046	165 331	(4 280 973)	5 985 815

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26. Contingent Liabilities

Legal issues. 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 of the Group.

Taxation legislation. The tax system of the Russian Federation is characterised by a large number of taxes and frequently changed regulations that may have the retroactive effect and often contain ambiguous and contradictory statements open to interpretation. Often, differing opinions exist among various regulatory bodies in respect of the same regulation. Accuracy of tax computations is subject to review and investigation by fiscal authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in the Russian Federation, which are substantially more significant than typically found in other countries.

As at 30 September 2009, the management believes that its interpretation of the respective legislation is appropriate, and the Group's tax, currency and customs positions will be sustained by controlling bodies.

Operating lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	30 September 2009	31 December 2008
Less than 1 year	771 419	705 481
From 1 to 5 years	282 186	201 424
Later than 5 years	9 725	48 308
Total operating lease commitments	1 063 330	955 213

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to the third parties, carry the same credit risk as loans. Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit at a specific rate of interest during a fixed period of time are accounted for as derivative financial instruments unless these commitments do not extend beyond the period expected to be needed to perform appropriate underwriting.

Credit related commitments of the Group are as follows:

	30 September 2009	31 December 2008
Guarantees issued	48 990 426	48 105 954
Commitments to extend credit	26 017 331	23 737 226
Letters of credit	8 396 354	8 840 935
Total credit related commitments	83 404 111	80 684 115

Commitments to extend credit represent unused portions of authorisations to extend credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The total outstanding contractual amount of guarantees, letters of credit and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

The Group's management estimates possibility of losses in connection with credit related commitments as immaterial. As at 30 September 2009 and 31 December 2008, the Group did not set up provisions for the related commitments.

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27. Fair Value of Financial Instruments

The fair value is defined as the amount at which the instrument could be exchanged in a current transaction between independent knowledgeable willing parties on arm's length conditions, other than in forced or liquidation sale. Quoted prices in active markets provide the best evidence of the financial instrument's fair value. As there is no readily available market for a major part of the Group's financial instruments, the fair value should be determined on the basis of current economic conditions and the specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realise in a market exchange from the sale of its full holdings of a particular instrument.

The table below provides the estimated fair value of the Group's financial instruments as at 30 September 2009 and 31 December 2008:

	30 September 2009		31 December 2008	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	61 596 815	61 596 815	133 268 662	133 268 662
Financial assets at fair value through profit or loss	104 372 024	104 372 024	35 411 892	35 411 892
Due from other banks	102 862 752	102 862 752	74 337 103	74 337 103
Loans to customers	497 652 923	497 652 923	516 563 769	516 563 769
Financial assets available for sale	14 047 653	14 047 653	10 644 540	10 644 540
Investments held to maturity	445 640	370 313	959 716	834 518
Financial liabilities				
Due to other banks	187 874 595	187 874 595	214 923 626	214 923 626
Customer accounts	451 405 595	451 405 595	406 540 962	406 540 962
Financial liabilities at fair value through profit or loss	880 078	880 078	10 922 808	10 922 808
Debt securities issued	81 477 218	79 971 814	91 715 230	70 820 496

Financial instruments carried at fair value. Cash and cash equivalents, financial assets at fair value through profit or loss and financial assets available for sale are carried in the condensed interim consolidated balance sheet at their fair value (Notes 5, 6, 9). Some financial assets available for sale have no independent market quotations. The fair value of these assets was determined by the Group based on the results of recent sale of equity interests in the investees to unrelated third parties, analysis of other information, such as discounted cash flows and financial information about investees, as well as using other valuation methods.

Due from other banks. The estimated fair value of fixed interest-bearing placements is based on discounted cash flows using prevailing money market interest rates for instruments with similar credit risk and maturity. In the opinion of the Group, the fair values of due from other banks as at 30 September 2009 and 31 December 2008 do not materially differ from respective carrying amounts (Note 7). This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Loans to customers. Loans to customers are reported net of impairment provisions. The estimated fair value of loans to customers represent the discounted amount of estimated future cash flows expected to be received. To determine fair value, expected cash flows are discounted at current market rates. The Group believes that fair values of loans to customers as at 30 September 2009 and 31 December 2008 do not materially differ from respective carrying amounts (Note 8). This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Investments held to maturity. The fair value of investments held to maturity is based on market quotations.

Borrowings. The estimated fair value of borrowings with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The Group believes that fair values of borrowings as at 30 September 2009 and 31 December 2008 do not materially differ from respective carrying amounts (Notes 13, 14). This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Debt securities issued. The fair value of debt securities issued is based on market quotations. The fair value of securities without quoted market prices is determined using the discounted cash flows model, which is based on the current yield curve for the remaining maturity (Note 15).

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28. Reconciliation of Classes of Financial Instruments to Balance Sheet

In accordance with IAS 39 “Financial Instruments: Recognition and Measurement” the Group classifies its financial assets in the following categories: 1) financial assets at fair value through profit or loss; 2) investments held to maturity; 3) loans and receivables; 4) financial assets available for sale. At the same time IFRS 7 “Financial Instruments: Disclosures” requires entities to provide disclosures in their financial statements by class of financial instruments.

The table below shows reconciliation of classes of financial assets to the categories in the condensed interim consolidated balance sheet as at 30 September 2009:

	Financial assets at fair value through profit or loss	Investments held to maturity	Loans and receivables	Financial assets available for sale	Total
Cash and cash equivalents	61 596 815	-	-	-	61 596 815
Financial assets at fair value through profit or loss	104 372 024	-	-	-	104 372 024
- Corporate bonds	37 707 427	-	-	-	37 707 427
- Corporate eurobonds	28 474 906	-	-	-	28 474 906
- Russian Federation bonds	13 837 949	-	-	-	13 837 949
- Bonds of RF subjects and local authorities	9 108 990	-	-	-	9 108 990
- Eurobonds of the Russian Federation	8 796 244	-	-	-	8 796 244
- Equity securities	3 986 727	-	-	-	3 986 727
- Corporate promissory notes	1 174 418	-	-	-	1 174 418
- Bonds of foreign governments	995 084	-	-	-	995 084
- Derivative financial instruments	290 279	-	-	-	290 279
Due from other banks	-	-	102 862 752	-	102 862 752
- Loans and deposits with other banks	-	-	100 038 655	-	100 038 655
- Reverse repo agreements with other banks	-	-	1 570 951	-	1 570 951
- Deposits with central banks	-	-	1 253 146	-	1 253 146
Loans to customers	-	-	497 652 923	-	497 652 923
- Corporate loans	-	-	369 963 297	-	369 963 297
- Consumer loans	-	-	40 928 529	-	40 928 529
- Loans to small and medium business	-	-	32 993 898	-	32 993 898
- Mortgage loans	-	-	27 379 693	-	27 379 693
- Car loans	-	-	10 291 231	-	10 291 231
- Loans to government and municipal authorities	-	-	10 170 280	-	10 170 280
- Credit cards	-	-	5 102 515	-	5 102 515
- Scoring loans	-	-	677 966	-	677 966
- Overdrafts	-	-	100 022	-	100 022
- Reverse repo agreements	-	-	45 492	-	45 492
Financial assets available for sale	-	-	-	14 047 653	14 047 653
- Equity securities	-	-	-	12 982 409	12 982 409
- Bonds of foreign governments	-	-	-	574 716	574 716
- Corporate bonds	-	-	-	414 733	414 733
- Bonds of RF subjects and local authorities	-	-	-	75 795	75 795
Investments held to maturity	-	445 640	-	-	445 640
- Bonds of foreign governments	-	193 735	-	-	193 735
- Corporate eurobonds	-	185 588	-	-	185 588
- Russian Federation bonds	-	66 317	-	-	66 317
Other financial assets	-	-	3 038 406	-	3 038 406
- Receivables	-	-	2 727 398	-	2 727 398
- Insurance claims	-	-	178 047	-	178 047
- Plastic cards receivables	-	-	132 961	-	132 961
Total financial assets	165 968 839	445 640	603 554 081	14 047 653	784 016 213
Non-financial assets	-	-	-	-	29 921 037
Total assets	-	-	-	-	813 937 250

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The table below shows reconciliation of classes of financial assets to the categories in the condensed interim consolidated balance sheet as at 31 December 2008:

	Financial assets at fair value through profit or loss	Investments held to maturity	Loans and receivables	Financial assets available for sale	Total
Cash and cash equivalents	133 268 662	-	-	-	133 268 662
Financial assets at fair value through profit or loss	35 411 892	-	-	-	35 411 892
- Corporate bonds	20 854 269	-	-	-	20 854 269
- Corporate eurobonds	9 186 353	-	-	-	9 186 353
- Bonds of RF subjects and local authorities	1 529 399	-	-	-	1 529 399
- Equity securities	1 434 632	-	-	-	1 434 632
- Bonds of foreign governments	806 399	-	-	-	806 399
- Derivative financial instruments	754 892	-	-	-	754 892
- Eurobonds of the Russian Federation	590 521	-	-	-	590 521
- Corporate promissory notes	194 216	-	-	-	194 216
- Russian Federation bonds (OFZ)	61 211	-	-	-	61 211
Due from other banks	-	-	74 337 103	-	74 337 103
- Loans and deposits with other banks	-	-	65 135 834	-	65 135 834
- Reverse repo agreements with other banks	-	-	8 676 997	-	8 676 997
- Deposits with central banks	-	-	524 272	-	524 272
Loans to customers	-	-	516 563 769	-	516 563 769
- Corporate loans	-	-	345 747 393	-	345 747 393
- Consumer loans	-	-	53 371 827	-	53 371 827
- Loans to small and medium business	-	-	43 661 677	-	43 661 677
- Mortgage loans	-	-	30 801 085	-	30 801 085
- Loans to government and municipal authorities	-	-	16 076 523	-	16 076 523
- Car loans	-	-	14 814 154	-	14 814 154
- Credit cards	-	-	4 986 100	-	4 986 100
- Reverse repo agreements	-	-	4 465 770	-	4 465 770
- Scoring loans	-	-	2 564 174	-	2 564 174
- Overdrafts	-	-	75 066	-	75 066
Financial assets available for sale	-	-	-	10 644 540	10 644 540
- Equity securities	-	-	-	9 882 986	9 882 986
- Bonds of foreign governments	-	-	-	506 113	506 113
- Corporate bonds	-	-	-	225 613	225 613
- Corporate eurobonds	-	-	-	29 828	29 828
Investments held to maturity	-	959 716	-	-	959 716
- Corporate eurobonds	-	398 712	-	-	398 712
- Corporate bonds	-	282 989	-	-	282 989
- Corporate promissory notes	-	192 330	-	-	192 330
- Bonds of RF subjects and local authorities	-	51 849	-	-	51 849
- Bonds of foreign governments	-	33 836	-	-	33 836
Other financial assets	-	-	3 833 993	-	3 833 993
- Receivables	-	-	2 744 276	-	2 744 276
- Insurance claims	-	-	897 817	-	897 817
- Plastic cards receivables	-	-	191 900	-	191 900
Total financial assets	168 680 554	959 716	594 734 865	10 644 540	775 019 675
Non-financial assets					26 365 682
Total assets					801 385 357

All financial liabilities of the Group, with the exception of derivative financial instruments, are carried at amortised cost. Derivative financial instruments are classified at fair value through profit or loss.

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29. Related Party Transactions

In the normal course of business the Group enters into transactions with its main shareholders, directors and other related parties. For the purposes of these condensed interim consolidated financial statements, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. These transactions include settlements, issuance of loans, deposit taking, guarantees, trade finance and foreign currency transactions. According to the Group's policy, the terms of related party transactions are equivalent to those that prevail in arm's length transactions.

The outstanding balances at the end of the reporting period and asset transactions with related parties for the nine months of 2009 and 2008 are as follows:

	Shareholders		Directors and key management personnel		Associates and other related parties	
	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Financial assets at fair value through profit or loss						
Financial assets at fair value through profit or loss as at 1 January	262 363	812 205	-	-	4 784 408	4 105 819
Financial assets at fair value through profit or loss acquired during the reporting period	-	40 958 797	-	-	84 555 540	6 574 493
Financial assets at fair value through profit or loss sold or repaid during the reporting period	(262 363)	(40 702 237)	-	-	(84 691 931)	(6 264 566)
Financial assets at fair value through profit or loss as at 30 September	-	1 068 765	-	-	4 648 017	4 415 746
Due from other banks						
Due from other banks as at 1 January	-	-	-	-	500 000	633 717
Due from other banks placed during the reporting period	-	-	-	-	2 325 624	12 318 174
Due from other banks repaid during the reporting period	-	-	-	-	(2 825 624)	(12 321 891)
Due from other banks as at 30 September	-	-	-	-	-	630 000
Provisions for impairment of due from other banks						
Provision for impairment of due from other banks as at 1 January	-	-	-	-	-	5 000
Recovery of provision for impairment of due from other banks during the reporting period	-	-	-	-	-	(5 000)
Provision for impairment of due from other banks as at 30 September	-	-	-	-	-	-
Due from other banks as at 1 January (less provision for impairment)	-	-	-	-	500 000	628 717
Due from other banks as at 30 September (less provision for impairment)	-	-	-	-	-	630 000
Loans to customers						
Loans to customers as at 1 January (gross)	-	-	312 246	440 770	7 644 086	4 138 342
Loans to customers issued during the reporting period	5 522 739	-	420 530	310 318	18 520 377	19 580 502
Loans to customers repaid during the reporting period	(2 457 595)	-	(489 734)	(365 867)	(19 272 075)	(17 080 370)
Loans to customers	3 065 144	-	243 042	385 221	6 892 388	6 638 474

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(in thousands of Russian Roubles)

	Shareholders		Directors and key management personnel		Associates and other related parties	
	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
as at 30 September (gross)						
Provision for impairment of loans to customers						
Provision for impairment of loans to customers as at 1 January	-	-	3 123	4 408	92 584	85 117
Provision for impairment of loans to customers during the reporting period	64 357	-	817	-	936 862	-
Recovery of provision for impairment of loans to customers during the reporting period	(54 633)	-	(1 509)	(559)	(890 732)	(3 660)
Provision for impairment of loans to customers as at 30 September	9 724	-	2 431	3 849	138 714	81 457
Loans to customers as at 1 January (less provision for impairment)	-	-	309 123	436 362	7 551 502	4 053 225
Loans to customers as at 30 September (less provision for impairment)	3 055 421	-	240 611	381 372	6 753 674	6 557 017
Interest received on loans to customers and due from other banks	291 184	-	21 225	17 128	1 313 383	334 597

The outstanding balances and liability transactions with related parties for the nine months of 2009 and 2008 are as follows:

	Shareholders		Directors and key management personnel		Associates and other related parties	
	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008	For the nine months ended 30 September 2009	For the nine months ended 30 September 2008
Due to other banks						
Due to other banks as at 1 January	-	-	-	-	51 101	23 759
Due to other banks received during the reporting period	-	-	-	-	14 637 487	11 791 515
Due to other banks repaid during the reporting period	-	-	-	-	(14 399 896)	(11 766 946)
Due to other banks as at 30 September	-	-	-	-	288 692	48 328
Customer accounts						
Customer accounts as at 1 January	91 722 002	91 869 476	522 599	442 178	18 041 503	20 845 817
Amounts deposited during the reporting period	363 460 163	274 603 142	2 740 999	2 685 538	596 389 705	524 909 236
Amounts withdrawn during the reporting period	(371 317 583)	(241 483 421)	(2 210 063)	(2 507 322)	(582 566 945)	(521 450 549)
Customer accounts as at 30 September	83 864 582	124 989 197	1 053 535	620 394	31 864 263	24 304 504
Interest expense on deposits	8 921 790	5 466 502	57 561	33 944	202 127	1 728 648
Fee and commission income for the reporting period	14 802	2 815	-	-	480 259	356 405
Guarantees and sureties issued by the Group at the end of the reporting period	100 457	1 653 639	-	-	2 658 762	-
Guarantees and sureties received by the Group at the end of the reporting period	-	-	-	-	6 363 859	-
Import letters of credit at the end of the reporting period	-	-	-	-	137 912	65 347

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Operations with the Moscow Government structural divisions account for a substantial share of related party transactions.

Other related parties include companies controlled by the Government of the City of Moscow.

Remuneration to members of the Executive Board for the nine months ended 30 September 2009 amounted to RUR 424 013 thousand (for the nine months ended 30 September 2008: RUR 315 657 thousand).

30. Capital Adequacy

The Central Bank of the Russian Federation requires banks and banking groups to maintain a capital adequacy ratio of more than 10% of risk weighted assets.

As at 30 September 2009 and 31 December 2008, the capital adequacy ratio of the Group calculated in accordance with the Basle Accord dated 1988 exceeded the recommended minimum of 8%:

	30 September 2009	31 December 2008
Core capital (Tier 1 capital)	82 277 451	61 801 851
Secondary capital (Tier 2 capital)	29 841 371	29 111 279
Total equity (capital)	112 118 822	90 913 130
Risk-weighted assets	623 111 952	653 621 043
Capital adequacy ratio	18,0%	13,9%
Core capital adequacy ratio	13,2%	9,5%
Minimum capital adequacy ratio	8,0%	8,0%

31. Events after the Balance Sheet Date

On 9 October 2009 the Group's share in the share capital of Bezhitsa-Bank (OJSC) was increased to 95.15%.

On 15 October 2009 the Group raised a subordinated collateral-free loan denominated in RUR from Vnesheconombank in the amount of RUR 11 107 970 thousand maturing on 18 December 2019 at 8% per annum.