

CREDIT BANK OF MOSCOW
(open joint-stock company)

Interim Condensed Consolidated
Financial Statements
for the three-month period
ended 31 March 2011

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ZAO KPMG
10 Presnenskaya Naberezhnaya
Moscow 123317
Russia

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

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Credit Bank of Moscow (open joint-stock company) and its subsidiaries (the Group) as at 31 March 2011, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (the interim condensed consolidated financial information). Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information as at 31 March 2011 and for the three-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Matter

The corresponding figures as at and for the three-month period ended 31 March 2010 are unreviewed.

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28 June 2011

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Comprehensive Income
for the three-month period ended 31 March 2011

	Notes	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Interest income	4	4 368 640	3 104 508
Interest expense	4	(2 442 937)	(1 904 484)
Net interest income	4	1 925 703	1 200 024
Provision for impairment of loans	12	(143 542)	(300 830)
Net interest income after provision for impairment		1 782 161	899 194
Fee and commission income	5	517 039	382 504
Gains on securities, net		100 582	381 318
Foreign exchange gains, net		61 090	43 880
Other operating income		47 647	26 412
Non-interest income		726 358	834 114
Salaries and employment benefits	6	(464 989)	(303 754)
Administrative expenses	6	(359 123)	(213 495)
Provision for impairment of other assets and credit related commitments		(160)	(10 706)
Depreciation of property and equipment		(51 820)	(38 649)
Fee and commission expense		(33 263)	(24 684)
State deposit insurance scheme contributions		(53 898)	(33 364)
Other operating expenses		(42 316)	(19 056)
Non-interest expense		(1 005 569)	(643 708)
Income before income taxes		1 502 950	1 089 600
Income taxes	7	(291 975)	(212 470)
Net income		1 210 975	877 130
Other comprehensive income			
Revaluation reserve for available-for-sale securities		(25 341)	6 962
Income taxes related to other comprehensive income		5 068	(1 392)
Other comprehensive (loss) income for the period, net of income taxes		(20 273)	5 570
Comprehensive income for the period		1 190 702	882 700

Chairman of the Management Board

Alexander N.Nikolashin

Chief Accountant

Svetlana V.Sass



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

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Financial Position
as at 31 March 2011

	Notes	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
ASSETS			
Cash and cash equivalents	8	17 160 932	23 336 426
Obligatory reserves with the Central Bank of the Russian Federation		1 081 639	756 584
Due from credit institutions	9	121 919	586 968
Financial instruments at fair value through profit or loss	10	26 328 503	27 475 153
Available-for-sale securities	11	4 214 330	4 461 645
Loans to customers	12	115 556 890	103 852 309
Property and equipment		4 244 398	4 255 117
Other assets		915 036	746 441
Total assets		169 623 647	165 470 643
LIABILITIES AND EQUITY			
Deposits by credit institutions	13	25 058 888	27 863 284
Deposits by customers	14	101 503 798	95 088 028
Debt securities issued	15	26 480 275	27 251 096
Deferred tax liability	7	638 149	493 903
Current tax liability	7	99 146	142 237
Other liabilities		885 594	865 000
Total liabilities		154 665 850	151 703 548
Equity			
Share capital		7 138 088	7 138 088
Additional paid-in capital		162 686	162 686
Revaluation surplus for buildings		500 424	500 424
Revaluation reserve for available-for-sale securities		7 794	28 067
Retained earnings		7 148 805	5 937 830
Total equity		14 957 797	13 767 095
Total liabilities and equity		169 623 647	165 470 643
Commitments	17		

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Cash Flows
for the three-month period ended 31 March 2011

	Notes	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Net cash used in operations		<u>(9 166 431)</u>	<u>(2 596 641)</u>
Net cash from investing activities		<u>304 080</u>	<u>10 262</u>
Net cash from financing activities		<u>2 895 394</u>	<u>(744 911)</u>
Effect of exchange rates changes on cash and cash equivalents		(208 537)	(158 377)
Change in cash and cash equivalents		(6 175 494)	(3 489 667)
Cash and cash equivalents, beginning of the period		<u>23 336 426</u>	<u>8 629 775</u>
Cash and cash equivalents, end of the period	8	<u>17 160 932</u>	<u>5 140 108</u>

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Interim Condensed Consolidated Statement of Changes in Equity
for the three-month period ended 31 March 2011

	Share capital	Additional paid-in capital	Revaluation surplus for buildings	Revaluation reserve for available-for- sale securities	Retained earnings	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
31 December 2009	7 138 088	162 686	500 424	325 794	2 916 454	11 043 446
Total comprehensive income for the period (unaudited)	-	-	-	5 570	877 130	882 700
31 March 2010 (unaudited)	7 138 088	162 686	500 424	331 364	3 793 584	11 926 146
31 December 2010	7 138 088	162 686	500 424	28 067	5 937 830	13 767 095
Total comprehensive income for the period (unaudited)	-	-	-	(20 273)	1 210 975	1 190 702
31 March 2011 (unaudited)	7 138 088	162 686	500 424	7 794	7 148 805	14 957 797

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

1 Background

Principal activities

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

The Bank was formed on 5 August 1992 as an open joint-stock company, then re-registered as a closed joint-stock company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganized as an open joint-stock company. The Bank's registered legal address is 2 (bldg. 1) Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central Bank of the Russian Federation (the CBR), granted on 20 January 2000. In December 2004 the Bank was admitted to the CBR program for individual deposit insurance. The Bank is among the 30 largest banks in Russia by assets and runs its business in Moscow and the Moscow region with a branch network comprising 52 branches, and ATMs and payment terminals totaling 400 and 1700 items, respectively.

The principal subsidiaries of the Group are as follows:

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

The Bank does not have any direct or indirect shareholdings in the subsidiaries noted above. However CBOM Finance p.l.c. was established under terms that impose strict limits on the decision-making powers of its management. MKB-Invest and MKB-Leasing are controlled by the Group through option agreements.

Shareholders

The Group is wholly-owned by Concern Rossium (the Shareholder Group). The sole shareholder of Concern Rossium is Roman I. Avdeev, who is also member of the Supervisory Board of the Bank. The members of the Supervisory Board are as follows:

Supervisory Board

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

Russian business environment

The Russian Federation is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets and its impact on the Russian economy has further increased the level of economic uncertainty in the environment. These interim condensed interim condensed consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

Statement of compliance

The accompanying interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2010, as these interim condensed consolidated financial statements provide an update of previously reported financial information.

Basis of measurement

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

Functional and presentation currency

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

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

Use of estimates and judgments

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

3 Significant accounting policies

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

Certain improvements to IFRS became effective from 1 January 2011 and have been adopted by the Group since that date. These changes do not have a significant effect on the interim condensed consolidated financial statements.

4 Net interest income

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Interest income		
Loans to customers	3 560 767	2 532 075
Financial instruments at fair value through profit or loss and available-for-sale securities	759 721	564 706
Due from credit institutions and the Central Bank of the Russian Federation	48 152	7 727
	4 368 640	3 104 508
Interest expense		
Deposits by customers	(1 569 036)	(1 255 367)
Debt securities issued	(539 925)	(443 405)
Deposits by credit institutions and the Central Bank of the Russian Federation	(333 976)	(205 712)
	(2 442 937)	(1 904 484)
Net interest income	1 925 703	1 200 024

5 Fee and commission income

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Cash collection delivery	157 610	115 896
Settlements and wire transfers	136 911	82 249
Guarantees and letters of credit	125 119	133 730
Plastic cards	52 322	16 080
Other cash operations	19 677	13 517
Other	25 400	21 032
Fee and commission income	517 039	382 504

6 Salaries, employment benefits and administrative expenses

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Salaries	346 277	241 295
Social security costs	114 115	60 886
Other	4 597	1 573
Salaries and employment benefits	464 989	303 754

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Occupancy	97 814	54 225
Advertising and business development	83 806	34 983
Property maintenance	54 180	23 067
Operating taxes	53 108	35 864
Security	37 827	31 197
Communications	11 694	6 450
Transport	8 151	7 150
Computer maintenance and software expenses	6 336	6 698
Other	6 207	13 861
Administrative expenses	359 123	213 495

7 Income taxes

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Current tax charge	141 197	191 719
Deferred taxation	150 778	20 751
Income tax expense	291 975	212 470

Russian legal entities must report taxable income and remit income taxes thereon to the appropriate authorities. The income tax rate for the Bank is 20% (2010: 20%).

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

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Income before tax	1 502 950	1 089 600
Applicable statutory tax rate	20%	20%
Income tax using the applicable tax rate	300 590	217 920
Income taxed at lower rate	(10 752)	(6 519)
Net non-deductible costs	2 137	1 069
Income tax expense	291 975	212 470

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

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Current tax liability	99 146	142 237
Deferred tax liability	638 149	493 903
Income tax liability	737 295	636 140

8 Cash and cash equivalents

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Cash on hand	2 848 437	3 894 457
Correspondent account with the Central Bank of the Russian Federation	4 015 781	9 563 916
Nostro accounts with other banks		
rated AAA	-	644
rated from AA+ to AA-	185 339	947 472
rated from A+ to A-	156 924	61 884
rated BBB	306 699	443 966
rated from BB+ to BB-	6 145	4 008
rated from B+ to B-	64 819	112 262
not rated	381 786	585 818
Total nostro accounts with other banks	1 101 712	2 156 054
Due from credit institutions with maturity of less than 1 month		
rated from AA+ to AA-	-	458 512
rated A- to A+	1 430 333	24 410
rated BBB	2 590 365	2 968 673
rated from BB- to BB+	142 145	727 633
rated from B+ to B-	763 649	1 713 940
not rated	4 268 510	1 828 831
Total due from credit institutions with maturity of less than 1 month	9 195 002	7 721 999
Total cash and cash equivalents	17 160 932	23 336 426

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

None of cash and cash equivalents are impaired or past due.

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

Settlements with stock exchanges are included in not rated nostro accounts in the amount of RUB 368 348 thousand as at 31 March 2011 (31 December 2010: RUB 535 604 thousand).

As at 31 March 2011 not rated due from credit institutions with maturity of less than 1 month includes term deposits secured by highly liquid debt securities under agreements to resell (reverse repo) in the amount of RUB 4 172 433 thousand (31 December 2010: RUB 1 783 806 thousand).

9 Due from credit institutions

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Term deposits		
rated from AA+ to AA-	-	201 666
rated from B+ to B-	121 919	235 302
not rated	-	150 000
Total due from credit institutions	121 919	586 968

10 Financial instruments at fair value through profit or loss

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
<u>Held by the Bank</u>		
Government and municipal bonds		
Russian Government Eurobonds	2 082 688	2 059 403
Russian Government Federal bonds (OFZ)	1 170 441	-
Moscow Government bonds	539 430	425 309
Regional authorities and municipal bonds	655 314	787 634
Corporate bonds		
from BBB+ to BBB-	611 136	1 377 171
from BB+ to BB-	4 302 953	1 479 989
from B+ to B-	4 690 443	7 159 838
not rated	3 474 504	2 502 079
Total financial instruments at fair value through profit or loss held by the Bank	17 526 909	15 791 423
<u>Pledged under sale and repurchase agreements</u>		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	6 248 529	6 960 112
Moscow Government bonds	434 181	803 035
Regional authorities and municipal bonds	-	44 566
Corporate bonds		
from BBB+ to BBB-	1 568 827	1 544 220
from BB+ to BB-	550 057	1 493 081
from B+ to B-	-	838 716
Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements	8 801 594	11 683 730
Total financial instruments at fair value through profit or loss	26 328 503	27 475 153

As at 31 March 2011 debt instruments in the amount of RUB 23 062 717 thousand are included in the list of securities that can be pledged to attract funds from the Central Bank of the Russian Federation (31 December 2010: RUB 24 153 390 thousand).

11 Available-for-sale securities

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
<u>Held by the Bank</u>		
Government and municipal bonds		
Regional authorities and municipal bonds	17 559	17 140
Corporate bonds		
from BBB+ to BBB-	55 084	147 373
from BB+ to BB-	151 857	915 370
from B+ to B-	3 071 404	2 655 298
not rated	724 079	465 186
Equity investments	9 399	59 799
Total available-for-sale securities held by the Bank	4 029 382	4 260 166
<u>Pledged under sale and repurchase agreements</u>		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	-	50 529
Corporate bonds		
from BBB+ to BBB-	184 948	33 523
from B+ to B-	-	117 427
Total available-for-sale securities pledged under sale and repurchase agreements	184 948	201 479
Total available-for-sale securities	4 214 330	4 461 645

As at 31 March 2011 debt instruments in the amount of RUB 2 792 187 thousand are included in the list of securities that can be pledged to attract funds from the Central Bank of the Russian Federation (31 December 2010: RUB 2 436 745 thousand).

12 Loans to customers

	31 March 2011 RUB'000 (Unaudited)	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000	31 December 2010 RUB'000
	Loans	Impairment allowance	Loans	Impairment allowance
Loans to corporate clients	98 608 666	(2 143 475)	88 317 606	(1 990 001)
Loans to individuals				
Auto loans	5 489 971	(55 200)	5 478 500	(87 657)
Mortgage loans	7 160 386	(388 310)	7 641 432	(430 242)
Other loans to individuals	7 188 459	(303 607)	5 207 880	(285 209)
Total loans to individuals	19 838 816	(747 117)	18 327 812	(803 108)
Gross loans to customers	118 447 482	(2 890 592)	106 645 418	(2 793 109)
Net loans to customers	115 556 890		103 852 309	

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 31 March 2011:

	Gross loans RUB'000	Impairment allowance RUB'000	Net loans RUB'000	Impairment to gross loans %
Loans to customers				
- Not past due	116 558 929	(1 851 830)	114 707 099	1.6%
- Overdue less than 31 days	214 196	(37 448)	176 748	17.5%
- Overdue 31-60 days	95 181	(31 340)	63 841	32.9%
- Overdue 61-90 days	45 498	(22 901)	22 597	50.3%
- Overdue 91-180 days	229 478	(98 357)	131 121	42.9%
- Overdue 181-360 days	294 696	(203 737)	90 959	69.1%
- Overdue more than 360 days	1 009 504	(644 979)	364 525	63.9%
Total loans to customers	118 447 482	(2 890 592)	115 556 890	2.4%

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

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

Movements in the loan impairment allowance for the three-month periods ended 31 March 2011 and 31 March 2010 are as follows:

	2011 RUB'000 (Unaudited)	2010 RUB'000 (Unaudited)
Balance at the beginning of the period	2 793 109	1 824 201
Net charge	143 542	300 830
Net write-offs	(46 059)	(115 518)
Balance at the end of the period	2 890 592	2 009 513

Credit quality of loans to corporate clients portfolio

The following table provides information on credit quality of loans to corporate clients as at 31 March 2011:

	Gross loans RUB'000	Impairment allowance RUB'000	Net loans RUB'000	Impairment to gross loans %
Loans to corporate clients				
- Not past due	98 138 881	(1 758 989)	96 379 892	1.8%
- Overdue less than 31 days	31 695	(7 151)	24 544	22.6%
- Overdue 31-60 days	10 202	(3 875)	6 327	38.0%
- Overdue 61-90 days	6 731	(3 121)	3 610	46.4%
- Overdue 91-180 days	25 560	(13 885)	11 675	54.3%
- Overdue 181-360 days	130 132	(103 049)	27 083	79.2%
- Overdue more than 360 days	265 465	(253 405)	12 060	95.5%
Total loans to corporate clients	98 608 666	(2 143 475)	96 465 191	2.2%

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

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

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance for loans to corporate clients for the three-month period ended 31 March 2011 are as follows:

	RUB'000
Balance at the beginning of the period	1 990 001
Net charge	165 169
Net write-offs	(11 695)
Balance at the end of the period	2 143 475

Movements in the loan impairment allowance for loans to corporate clients for the three-month period ended 31 March 2010 are as follows:

	RUB'000
Balance at the beginning of the period	1 003 134
Net charge	230 968
Net write-offs	(23 319)
Balance at the end of the period	1 210 783

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 31 March 2011:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Auto loans				
- Not past due	5 410 764	(12 531)	5 398 233	0.2%
- Overdue less than 31 days	22 149	(2 994)	19 155	13.5%
- Overdue 31-60 days	6 827	(1 954)	4 873	28.6%
- Overdue 61-90 days	4 533	(1 814)	2 719	40.0%
- Overdue 91-180 days	13 434	(7 680)	5 754	57.2%
- Overdue 181-360 days	13 728	(10 179)	3 549	74.1%
- Overdue more than 360 days	18 536	(18 048)	488	97.4%
Total auto loans	5 489 971	(55 200)	5 434 771	1.0%
Mortgage loans				
- Not past due	6 241 890	(14 951)	6 226 939	0.2%
- Overdue less than 31 days	44 129	(314)	43 815	0.7%
- Overdue 31-60 days	25 345	(504)	24 841	2.0%
- Overdue 61-90 days	4 030	(101)	3 929	2.5%
- Overdue 91-180 days	86 148	(4 126)	82 022	4.8%
- Overdue 181-360 days	60 313	(19 986)	40 327	33.1%
- Overdue more than 360 days	698 531	(348 328)	350 203	49.9%
Total mortgage loans	7 160 386	(388 310)	6 772 076	5.4%
Other loans to individuals				
- Not past due	6 767 394	(65 359)	6 702 035	1.0%
- Overdue less than 31 days	116 223	(26 989)	89 234	23.2%
- Overdue 31-60 days	52 807	(25 007)	27 800	47.4%
- Overdue 61-90 days	30 204	(17 865)	12 339	59.1%
- Overdue 91-180 days	104 336	(72 666)	31 670	69.6%
- Overdue 181-360 days	90 523	(70 523)	20 000	77.9%
- Overdue more than 360 days	26 972	(25 198)	1 774	93.4%
Total other loans to individuals	7 188 459	(303 607)	6 884 852	4.2%
Total loans to individuals	19 838 816	(747 117)	19 091 699	3.8%

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

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

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of retail loans for the three-month period ended 31 March 2011 are as follows:

	Auto loans	Mortgage loans	Other loans to individuals	Total
	RUB'000	RUB'000	RUB'000	RUB'000
Balance at the beginning of the period	87 657	430 242	285 209	803 108
Net (recovery) charge	(12 450)	(39 601)	30 424	(21 627)
Net write-offs	(20 007)	(2 331)	(12 026)	(34 364)
Balance at the end of the period	55 200	388 310	303 607	747 117

Movements in the loan impairment allowance by classes of retail loans for the three-month period ended 31 March 2010 are as follows:

	Auto loans	Mortgage loans	Other loans to individuals	Total
	RUB'000	RUB'000	RUB'000	RUB'000
Balance at the beginning of the period	139 619	362 826	318 622	821 067
Net charge	8 733	2 930	58 199	69 862
Net write-offs	(22 116)	-	(70 083)	(92 199)
Balance at the end of the period	126 236	365 756	306 738	798 730

Industry and geographical analysis of the loan portfolio

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

	31 March 2011	31 December 2010
	RUB'000	RUB'000
	(Unaudited)	
Loans to individuals	19 838 816	18 327 812
Consumer electronics, appliances and computers	12 382 945	13 135 208
Food and farm products	12 327 517	7 881 881
Residential and commercial construction and development	8 372 920	7 167 974
Construction and decorative materials, furniture	7 582 364	6 643 890
Financial	6 594 094	5 895 633
Property rental	6 279 304	5 650 503
Clothing, shoes, textiles and sporting goods	5 955 055	6 320 591
Consumer chemicals, perfumes and hygiene products	5 132 872	4 578 510
Industrial equipment and machinery	4 361 513	4 946 366
Automotive, motorcycles and spare parts	4 148 573	3 431 007
Metallurgical	4 134 743	3 203 615
Equipment leasing	3 788 859	4 031 825
Services	3 321 067	2 720 873
Paper, stationery and packaging products	3 178 279	3 014 739
Oil and industrial chemicals	2 797 780	2 918 276
Pharmaceutical and medical products	2 461 253	1 390 506
Telecommunications	1 882 562	1 531 982
Gardening and pet products	648 913	516 667
Industrial and infrastructure construction	604 041	773 780
Electric utility	500 500	498 302
Books, video, print and copy	392 647	310 410
Products for home, gifts, jewelry and business accessories	278 144	346 555
Other	1 482 721	1 408 513
	118 447 482	106 645 418
Impairment allowance	(2 890 592)	(2 793 109)
	115 556 890	103 852 309

13 Deposits by credit institutions

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Demand deposits	70 055	53 986
Term deposits	10 533 155	10 194 233
Syndicated loans	4 934 993	5 213 680
Subordinated debt	1 147 845	1 234 830
Payables under repurchase agreements	8 372 840	11 166 555
Total deposits by credit institutions	25 058 888	27 863 284

14 Deposits by customers

		31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Corporate customers	Demand	8 076 789	11 142 438
	Term	23 006 887	25 630 335
	Subordinated	6 002 749	6 057 760
	Term notes	5 755 727	1 532 248
Total corporate customers		42 842 152	44 362 781
Individuals	Demand	3 007 814	2 839 841
	Term	55 653 832	47 885 406
Total individuals		58 661 646	50 725 247
Total deposits by customers		101 503 798	95 088 028

15 Debt securities issued

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Promissory notes issued at nominal value	15 162 694	16 307 223
Accrued interest	287 574	215 005
Unamortized discount on promissory notes	(420 453)	(412 355)
	15 029 815	16 109 873
Bonds issued	11 450 460	11 141 223
	26 480 275	27 251 096

16 Share capital

The share capital of the Bank consists of ordinary shares and were contributed by the shareholder in Roubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital comprised 6 276 158 008 shares (31 December 2010: 6 276 158 008 shares) with par value of 1 RUB per share. The total hyperinflation adjustment related to equity as at 31 December 2002 was RUB 861 930 thousand.

17 Commitments

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Guarantees and letters of credit	14 542 271	15 419 408
Undrawn loan commitments	914 674	503 892
	15 456 945	15 923 300

18 Capital management

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

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of the Russian Federation, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 March 2011, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the three-month period ended 31 March 2011 and the year ended 31 December 2010.

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

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord, as at 31 March 2011 and 31 December 2010:

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Tier 1 capital		
Share capital and additional paid-in capital	7 300 774	7 300 774
Retained earnings	7 148 805	5 937 830
Total tier 1 capital	14 449 579	13 238 604
Tier 2 capital		
Revaluation surplus for buildings	500 424	500 424
Revaluation reserve for investments available-for-sale	7 794	28 067

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	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
Subordinated loans		
Subordinated loan from EBRD	511 722	579 061
Subordinated loan from BLACK SEA TRADE AND DEVELOPMENT BANK	568 580	609 538
Subordinated loans from WELLCREEK CORPORATION	6 000 000	6 000 000
Less limitation of subordinated capital to 50% of tier 1	-	(569 297)
Total tier 2 capital	7 588 520	7 147 793
Total capital	22 038 099	20 386 397
Risk-weighted assets		
Banking book	132 380 462	119 410 805
Trading book	29 174 684	30 390 992
Total risk weighted assets	161 555 146	149 801 797
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	13.6	13.6
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	8.9	8.8

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

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord established by covenants under liabilities incurred by the Group. The Group complied with all externally imposed capital requirements during the three-month period ended 31 March 2011 and the year ended 31 December 2010.

19 Analysis by segment

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

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

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

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

	31 March 2011 RUB'000 (Unaudited)	31 December 2010 RUB'000
ASSETS		
Corporate banking	90 147 105	80 175 809
Retail banking	22 008 546	20 510 355
Treasury	48 532 818	55 263 244
Cash operations	3 205 477	4 252 559
Unallocated assets	3 177 959	2 949 964
Total assets	167 071 905	163 151 931
LIABILITIES		
Corporate banking	38 737 480	43 668 169
Retail banking	58 143 518	50 177 207
Treasury	45 324 608	44 566 186
International business	10 290 149	10 580 271
Unallocated liabilities	2 793 693	2 609 003
Total liabilities	155 289 448	151 600 836

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Segment information for the main reportable segments for the three-month period ended 31 March 2011 is set below:

RUB'000	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	2 559 093	693 054	951 735	-	-	-	4 203 882
Fee and commission income	536 425	149 155	37 032	-	161 547	-	884 159
Net gain on securities	-	-	110 641	-	-	-	110 641
Net foreign exchange (loss) income	(11 161)	5 919	17 698	-	-	-	12 456
Other income	5 617	15 433	3 865	-	-	-	24 915
(Expenses) revenue from other segments	(1 094 740)	1 004 453	(188 184)	278 471	-	-	-
Revenue	1 995 234	1 868 014	932 787	278 471	161 547	-	5 236 053
Impairment losses	(805 704)	(168 793)	(11 336)	-	-	-	(985 833)
Interest expense	(491 402)	(1 314 422)	(682 062)	(122 838)	-	-	(2 610 724)
Fee and commission expense	(17 302)	(2 572)	(873)	(7 526)	-	-	(28 273)
General administrative expenses	(82 812)	(373 793)	(6 896)	(3 712)	(148 516)	(281 835)	(897 564)
Other expenses	-	(45 653)	-	-	-	-	(45 653)
Income (loss) before income taxes	598 014	(37 219)	231 620	144 395	13 031	(281 835)	668 006
Income taxes	-	-	-	-	-	(139 455)	(139 455)
Segment result	598 014	(37 219)	231 620	144 395	13 031	(421 290)	528 551

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Segment information for the main reportable segments for the three-month period ended 31 March 2010 is set below:

RUB'000	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	1 949 931	338 002	659 304	-	-	-	2 947 237
Fee and commission income	281 896	99 636	22 942	-	117 878	-	522 352
Net gain on securities	-	-	383 819	-	-	-	383 819
Net foreign exchange (loss) income	(6 138)	3 426	4 654	-	-	193	2 135
Other income	2 364	13 160	-	-	220	112	15 856
(Expenses) revenue from other segments	(974 357)	878 510	(62 097)	157 944	-	-	-
Revenue	1 253 696	1 332 734	1 008 622	157 944	118 098	305	3 871 399
Impairment (losses) recoveries	(689 133)	(171 450)	10 671	-	-	-	(849 912)
Interest expense	(256 381)	(1 054 949)	(560 280)	(45 638)	-	-	(1 917 248)
Fee and commission expense	(3 411)	(6 934)	(1 994)	(9 387)	-	-	(21 726)
General administrative expenses	(25 788)	(140 886)	(5 441)	(12 488)	(113 958)	(220 951)	(519 512)
Other expenses	-	(27 619)	-	-	-	(11 402)	(39 021)
Income (loss) before income taxes	278 983	(69 104)	451 578	90 431	4 140	(232 048)	523 980
Income taxes	-	-	-	-	-	(183 307)	(183 307)
Segment result	278 983	(69 104)	451 578	90 431	4 140	(415 355)	340 673

The segment breakdown of additions to property and equipment for the three-month periods ended 31 March 2011 and 2010 is set out below:

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Retail banking	33 303	1 721 836
Cash operations	20 628	67 314
Corporate banking	724	3 286
Treasury	-	58
International business	-	8
Unallocated assets	4 373	53 855
Total additions to property and equipment	59 028	1 846 357

Reconciliations of reportable segment profit or loss and assets and liabilities

	31 March 2011 RUB'000 (Unaudited)	31 March 2010 RUB'000 (Unaudited)
Income before income taxes per management accounting	668 006	523 981
Consolidation adjustments	(8 591)	8 807
Interest and commission accruals	(49 377)	21 971
Fair value and other adjustments to securities	(5 990)	(15 180)
Adjustments to impairment allowances	842 132	538 375
Personnel, administrative and operating expenses accruals	76 220	2 749
Other adjustments	(19 450)	8 897
Income before income tax per IFRS Financial Statements	1 502 950	1 089 600

	31 March 2011 RUB'000 (Unaudited)		31 December 2010 RUB'000	
	Assets	Liabilities	Assets	Liabilities
Total assets/liabilities per management accounting	167 071 905	155 289 448	163 151 931	151 600 836
Accrual of administrative and operating expenses	(4 720)	120 286	(2 950)	85 693
Consolidation adjustments	(689 864)	(782 357)	25 695	(75 389)
Revaluation and other adjustments to property and equipment	140 264	-	137 237	-
Adjustment of current and deferred tax assets and liabilities	-	736 115	(44 453)	623 340
Accrual of interest and commissions	(223 746)	(111 764)	(213 202)	(151 467)
Adjustments to impairment allowances	3 566 855	(611 100)	2 612 705	(404 687)
Fair value adjustment to securities	(237 047)	-	(196 320)	-
Accrual of employee compensation payable	-	25 222	-	25 222
Total assets/liabilities per IFRS Financial Statements	169 623 647	154 665 850	165 470 643	151 703 548

20 Events subsequent to the reporting date

In April 2011 the Bank placed its exchange bond issue series BO-4 with a nominal value of RUB 5 billion with a 3-year maturity at MICEX and with a fixed coupon rate of 8% for the first 1.5 years of floatation.

On 21 April 2011 the Supervisory Board of the Bank approved a decision to place an additional issue of 4 500 000 000 ordinary shares with a nominal value of RUB 4.5 billion in July 2011. Additional share issue was registered in favour of the current shareholder.

In June 2011 the Bank received a subordinated loan from WELLCREEK CORPORATION in the amount of USD 35 million.

In June 2011 the Bank placed its exchange bond issue series BO-5 with a nominal value of RUB 5 billion with a 3-year maturity at MICEX and with a fixed coupon rate of 9.2%.