

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the nine-month period
ended 30 September 2012

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

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

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Credit Bank of Moscow (open joint-stock company) as at 30 September 2012, and the related consolidated interim condensed statements of comprehensive income for the three- and nine-month periods ended 30 September 2012 and the related consolidated interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2012, and notes to the interim financial information (the consolidated interim condensed financial information). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 September 2012 and for the three- and the nine-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

ZAO KPMG

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23 November 2012

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Comprehensive Income
for the nine-month period ended 30 September 2012

| | Notes | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|--|-------|--|--|---|---|
| Interest income | 4 | 20 424 967 | 14 791 150 | 7 398 774 | 5 555 562 |
| Interest expense | 4 | (11 582 206) | (8 824 609) | (4 078 604) | (3 463 098) |
| Net interest income | 4 | 8 842 761 | 5 966 541 | 3 320 170 | 2 092 464 |
| Provision for impairment of loans | 12 | (1 715 400) | (1 120 418) | (692 226) | (306 448) |
| Net interest income after provision for impairment | | 7 127 361 | 4 846 123 | 2 627 944 | 1 786 016 |
| Fee and commission income | 5 | 2 799 950 | 1 864 315 | 1 057 438 | 725 636 |
| Net gain (loss) on financial instruments at fair value through profit or loss | | 215 288 | (962 651) | 211 363 | (1 021 571) |
| Net realized gain (loss) on available-for-sale securities | | 15 660 | 43 702 | 15 018 | (109) |
| Foreign exchange (losses) gains, net | | (106 647) | 381 326 | (114 090) | 212 991 |
| Other operating income | | 345 293 | 197 628 | 197 842 | 89 543 |
| Non-interest income | | 3 269 544 | 1 524 320 | 1 367 571 | 6 490 |
| Salaries and employment benefits | 6 | (2 538 726) | (1 527 576) | (847 523) | (552 699) |
| Administrative expenses | 6 | (1 774 608) | (1 244 919) | (668 520) | (497 591) |
| Provision for impairment of other assets and credit related commitments | | (262 688) | (72 943) | (64 663) | 64 434 |
| Depreciation of property and equipment | | (260 381) | (169 281) | (93 971) | (59 963) |
| Fee and commission expense | | (283 352) | (125 054) | (104 593) | (51 052) |
| State deposit insurance scheme contributions | | (270 364) | (189 464) | (92 689) | (73 208) |
| Other operating expenses | | (283 009) | (97 490) | (94 586) | (4 488) |
| Non-interest expense | | (5 673 128) | (3 426 727) | (1 966 545) | (1 174 567) |
| Income before income taxes | | 4 723 777 | 2 943 716 | 2 028 970 | 617 939 |
| Income taxes | 7 | (961 347) | (587 254) | (419 032) | (120 236) |
| Net income | | 3 762 430 | 2 356 462 | 1 609 938 | 497 703 |
| Other comprehensive income | | | | | |
| Revaluation reserve for available-for-sale securities | | | | | |
| - Net change in fair value | | 98 260 | (184 282) | 79 597 | (127 781) |
| - Net change in fair value transferred to profit or loss | | (41 116) | 45 412 | (47 649) | (17) |
| Income taxes related to other comprehensive income | | (11 429) | 27 774 | (6 389) | 25 560 |
| Other comprehensive income (loss) for the period, net of income taxes | | 45 715 | (111 096) | 25 559 | (102 238) |
| Comprehensive income for the period | | 3 808 145 | 2 245 366 | 1 635 497 | 395 465 |

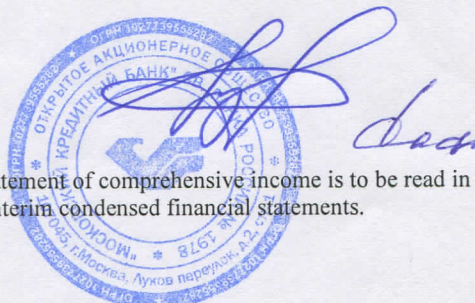
Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass

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



CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Financial Position
as at 30 September 2012

| | Notes | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|---|-------|---|-----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 8 | 25 557 226 | 34 433 419 |
| Obligatory reserves with the Central Bank of the Russian Federation | | 2 489 994 | 2 259 170 |
| Due from credit institutions | 9 | 12 530 174 | 5 301 412 |
| Financial instruments at fair value through profit or loss | 10 | 21 123 909 | 22 783 760 |
| Available-for-sale securities | 11 | 6 190 115 | 2 030 678 |
| Loans to customers | 12 | 204 345 925 | 159 019 821 |
| Property and equipment | | 5 340 485 | 4 969 932 |
| Other assets | | 1 667 772 | 1 572 561 |
| Total assets | | 279 245 600 | 232 370 753 |
| LIABILITIES AND EQUITY | | | |
| Deposits by the Central Bank of the Russian Federation | | 3 005 943 | - |
| Deposits by credit institutions | 13 | 31 593 690 | 24 964 128 |
| Deposits by customers | 14 | 164 592 962 | 146 690 886 |
| Debt securities issued | 15 | 38 036 746 | 31 118 869 |
| Deferred tax liability | | 2 427 071 | 2 074 397 |
| Current tax liability | | - | 15 870 |
| Other liabilities | | 2 951 214 | 1 898 697 |
| Total liabilities | | 242 607 626 | 206 762 847 |
| Equity | | | |
| Share capital | 16 | 13 539 763 | 11 638 088 |
| Additional paid-in capital | | 9 019 295 | 3 699 047 |
| Revaluation surplus for buildings | | 500 424 | 500 424 |
| Revaluation reserve for available-for-sale securities | | (7 302) | (53 017) |
| Retained earnings | | 13 585 794 | 9 823 364 |
| Total equity | | 36 637 974 | 25 607 906 |
| Total liabilities and equity | | 279 245 600 | 232 370 753 |
| Commitments and Contingencies | 17-18 | | |

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Cash Flows
for the nine-month period ended 30 September 2012

| | Notes | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|---|-------|---|---|
| Net cash used in operations | | (16 845 000) | (22 499 907) |
| Net cash (used in) from investing activities | | (4 651 390) | 1 448 635 |
| Net cash from financing activities | | 12 851 890 | 15 394 189 |
| Effect of exchange rates changes on cash and cash equivalents | | (231 693) | 286 319 |
| Change in cash and cash equivalents | | (8 876 193) | (5 370 764) |
| Cash and cash equivalents, beginning of the period | | 34 433 419 | 23 336 426 |
| Cash and cash equivalents, end of the period | 8 | 25 557 226 | 17 965 662 |

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

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Changes in Equity
for the nine-month period ended 30 September 2012

| | 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 |
| 1 January 2011 | 7 138 088 | 162 686 | 500 424 | 28 067 | 5 937 830 | 13 767 095 |
| Total comprehensive income for the period (unaudited) | - | - | - | (111 096) | 2 356 462 | 2 245 366 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Shares issued (unaudited) | 4 500 000 | - | - | - | - | 4 500 000 |
| Contribution from the ultimate shareholder (net of deferred tax of RUB 884 090 thousand) (note 16) (unaudited) | - | 3 536 361 | - | - | - | 3 536 361 |
| Total transactions with owners, recorded directly in equity (unaudited) | 4 500 000 | 3 536 361 | - | - | - | 8 036 361 |
| 30 September 2011 (unaudited) | 11 638 088 | 3 699 047 | 500 424 | (83 029) | 8 294 292 | 24 048 822 |
| 1 January 2012 | 11 638 088 | 3 699 047 | 500 424 | (53 017) | 9 823 364 | 25 607 906 |
| Total comprehensive income for the period (unaudited) | - | - | - | 45 715 | 3 762 430 | 3 808 145 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Shares issued (unaudited) | 1 901 675 | 3 860 400 | - | - | - | 5 762 075 |
| Contribution from the ultimate shareholder (net of deferred tax of RUB 364 962 thousand) (note 16) (unaudited) | - | 1 459 848 | - | - | - | 1 459 848 |
| Total transactions with owners, recorded directly in equity (unaudited) | 1 901 675 | 5 320 248 | - | - | - | 7 221 923 |
| 30 September 2012 (unaudited) | 13 539 763 | 9 019 295 | 500 424 | (7 302) | 13 585 794 | 36 637 974 |

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

1 Background

Principal activities

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

The Bank was formed on 5 August 1992 as an open joint-stock company, then re-registered as a closed joint-stock company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganized as an open joint-stock company. The Bank's registered legal address is 2 (bldg. 1) Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central Bank of the Russian Federation, granted on 20 January 2000. In December 2004 the Bank was admitted to the Central Bank of Russia program for individual deposit insurance. The Bank is among the 20 largest banks in Russia by total assets and runs its business in Moscow and the Moscow region with a branch network comprising 61 branches, and ATMs and payment terminals totalling 672 and 4175 items, respectively.

The principal subsidiaries of the Group are as follows:

| Name | Date of incorporation | Country of incorporation | Principal activities | Degree of control, % | |
|---------------------|-----------------------|--------------------------|------------------------------|----------------------|------------------|
| | | | | 30 September 2012 | 31 December 2011 |
| CBOM Finance p.l.c. | 17 Aug 2006 | Ireland | Raising finance | 100% | 100% |
| MKB-Invest | 4 June 2007 | Russia | Transactions with securities | 100% | 100% |
| MKB-Leasing | 20 Sep 2005 | Russia | Finance leasing | 100% | 100% |

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

Shareholders

On 24 August 2012 there was an additional share issue. As a result the stake of Concern Rossium, former sole shareholder, reduced to 85% and European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC) each acquired 7.5% of the total number of the Bank's outstanding voting shares.

The members of the Supervisory Board are as follows:

Supervisory Board

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

Related party transactions are detailed in note 19.

Russian business environment

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

2 Basis of preparation

Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2011, as these consolidated interim condensed financial statements provide an update of previously reported financial information.

Basis of measurement

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

Functional and presentation currency

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

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

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

Use of estimates and judgments

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

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

3 Significant accounting policies

The accounting policies applied by the Group in the preparation of these consolidated interim condensed financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2011.

Certain improvements to IFRS became effective from 1 January 2012 and have been adopted by the Group since that date. These changes do not have a significant effect on the consolidated interim condensed financial statements.

4 Net interest income

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|---|--|--|---|---|
| Interest income | | | | |
| Loans to customers | 17 630 867 | 12 386 624 | 6 523 372 | 4 723 695 |
| Financial instruments at fair value through profit or loss and available- for-sale securities | 2 276 759 | 2 227 068 | 672 307 | 753 382 |
| Due from credit institutions and the Central Bank of the Russian Federation | 517 341 | 177 458 | 203 095 | 78 485 |
| | 20 424 967 | 14 791 150 | 7 398 774 | 5 555 562 |
| Interest expense | | | | |
| Deposits by customers | (8 303 701) | (5 703 565) | (2 789 379) | (2 287 279) |
| Debt securities issued | (2 121 100) | (2 110 350) | (800 297) | (861 616) |
| Deposits by credit institutions and the Central Bank of the Russian Federation | (1 157 405) | (1 010 694) | (488 928) | (314 203) |
| | (11 582 206) | (8 824 609) | (4 078 604) | (3 463 098) |
| Net interest income | 8 842 761 | 5 966 541 | 3 320 170 | 2 092 464 |

5 Fee and commission income

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|----------------------------------|--|--|---|---|
| Cash collection delivery | 709 192 | 530 318 | 262 188 | 195 838 |
| Settlements and wire transfers | 622 689 | 529 073 | 218 358 | 213 927 |
| Guarantees and letters of credit | 620 334 | 359 944 | 216 442 | 134 097 |
| Insurance contracts processing | 477 437 | 152 457 | 236 434 | 80 411 |
| Plastic cards | 245 904 | 183 186 | 80 308 | 68 577 |
| Other cash operations | 92 306 | 68 945 | 34 133 | 21 972 |
| Other | 32 088 | 40 392 | 9 575 | 10 814 |
| Fee and commission income | 2 799 950 | 1 864 315 | 1 057 438 | 725 636 |

6 Salaries, employment benefits and administrative expenses

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Three-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|--|--|--|---|---|
| Salaries | 2 024 431 | 1 191 470 | 686 200 | 448 565 |
| Social security costs | 490 065 | 318 835 | 152 810 | 97 934 |
| Other | 24 230 | 17 271 | 8 513 | 6 200 |
| Salaries and employment benefits | 2 538 726 | 1 527 576 | 847 523 | 552 699 |
| Occupancy | 634 433 | 373 607 | 206 316 | 156 775 |
| Advertising and business development | 366 409 | 274 296 | 180 397 | 99 962 |
| Operating taxes | 314 978 | 234 280 | 120 223 | 115 922 |
| Security | 154 560 | 119 151 | 54 884 | 40 627 |
| Property maintenance | 136 259 | 110 317 | 45 310 | 28 397 |
| Transport | 42 212 | 28 032 | 14 998 | 10 721 |
| Communications | 36 489 | 34 863 | 13 916 | 12 699 |
| Computer maintenance and software expenses | 31 771 | 35 496 | 18 274 | 13 958 |
| Other | 57 497 | 34 877 | 14 202 | 18 530 |
| Administrative expenses | 1 774 608 | 1 244 919 | 668 520 | 497 591 |

7 Income taxes

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|---------------------------|--|--|
| Current tax charge | 1 015 800 | 229 973 |
| Deferred taxation | (54 453) | 357 281 |
| Income tax expense | 961 347 | 587 254 |

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% (2011: 20%).

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

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|--|--|--|
| Income before tax | 4 723 777 | 2 943 716 |
| Applicable statutory tax rate | 20% | 20% |
| Income tax using the applicable tax rate | 944 755 | 588 743 |
| Income taxed at lower rates | (26 006) | (34 049) |
| Non-deductible costs | 42 598 | 32 560 |
| Income tax expense | 961 347 | 587 254 |

8 Cash and cash equivalents

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|---|--|-------------------------------------|
| Cash on hand | 6 895 797 | 7 235 147 |
| Correspondent account with the Central Bank of the Russian Federation | 7 220 141 | 7 369 693 |
| Nostro accounts with other banks | | |
| rated from AA+ to AA- | 339 459 | 844 958 |
| rated from A+ to A- | 1 846 322 | 697 121 |
| rated from BBB+ to BBB- | 248 874 | 1 876 423 |
| rated from BB+ to BB- | 3 446 | 5 504 |
| rated from B+ to B- | 25 418 | 183 608 |
| not rated | 605 400 | 1 719 034 |
| Total nostro accounts with other banks | 3 068 919 | 5 326 648 |

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|--|--|---|
| Due from credit institutions with maturity of less than 1 month | | |
| rated from AA+ to AA- | - | 1 337 973 |
| rated A- to A+ | 4 529 669 | - |
| rated from BBB+ to BBB- | - | 9 729 891 |
| rated from BB+ to BB- | 1 672 872 | - |
| rated from B+ to B- | 1 550 126 | 1 932 050 |
| not rated | 619 702 | 1 502 017 |
| Total due from credit institutions with maturity of less than 1 month | 8 372 369 | 14 501 931 |
| Total cash and cash equivalents | 25 557 226 | 34 433 419 |

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 Central Bank of Russia 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 577 536 thousand as at 30 September 2012 (31 December 2011: RUB 1 271 352 thousand).

9 Due from credit institutions

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|---|--|---|
| Term deposits | | |
| rated from A+ to A- | - | 30 586 |
| rated from BBB+ to BBB- | - | 2 841 567 |
| rated from BB+ to BB- | 1 569 456 | - |
| rated from B+ to B- | 6 047 837 | 1 620 332 |
| not rated | 4 912 881 | 808 927 |
| Total due from credit institutions | 12 530 174 | 5 301 412 |

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

10 Financial instruments at fair value through profit or loss

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|---|---|-----------------------------|
| <u>Held by the Bank</u> | | |
| Government and municipal bonds | | |
| Russian Government Federal bonds (OFZ) | 5 066 300 | 9 286 846 |
| Moscow Government bonds | 460 621 | 927 144 |
| Regional authorities and municipal bonds | 357 405 | 372 780 |
| Russian Government Eurobonds | 47 | 1 789 318 |
| Corporate bonds | | |
| from BBB+ to BBB- | 4 079 514 | 4 007 920 |
| from BB+ to BB- | 4 077 599 | 2 101 783 |
| from B+ to B- | 6 339 014 | 3 213 814 |
| from CCC+ to CCC- | - | 52 618 |
| not rated | 743 390 | 1 031 514 |
| Equity investments | 19 | 23 |
| Total financial instruments at fair value through profit or loss | 21 123 909 | 22 783 760 |

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

As at 30 September 2012 debt instruments in the amount of RUB 18 982 979 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2011: RUB 20 225 639 thousand).

11 Available-for-sale securities

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|---|---|-----------------------------|
| <u>Held by the Bank</u> | | |
| Government and municipal bonds | | |
| Regional authorities and municipal bonds | 10 490 | 10 277 |
| Corporate bonds | | |
| from BBB+ to BBB- | 1 158 483 | 410 734 |
| from BB+ to BB- | 2 363 356 | 385 133 |
| from B+ to B- | 493 230 | 1 017 580 |
| not rated | 60 097 | 179 948 |
| Promissory notes | | |
| from BBB+ to BBB- | 887 376 | - |
| from BB+ to BB- | 365 016 | - |
| from B+ to B- | 502 531 | - |
| Equity investments | 27 506 | 27 006 |
| Total available-for-sale securities held by the Bank | 5 868 085 | 2 030 678 |

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|---|--|---|
| <u>Pledged under sale and repurchase agreements</u> | | |
| Corporate bonds | | |
| from BB+ to BB- | 322 030 | - |
| Total available-for-sale securities pledged under sale and repurchase agreements | 322 030 | - |
| Total available-for-sale securities | 6 190 115 | 2 030 678 |

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

As at 30 September 2012 debt instruments in the amount of RUB 2 329 239 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2011: RUB 371 884 thousand).

12 Loans to customers

| | 30 September 2012 RUB'000 (Unaudited) | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 | 31 December 2011 RUB'000 |
|-----------------------------------|--|--|---|---|
| | Loans | Impairment allowance | Loans | Impairment allowance |
| Loans to corporate clients | 165 446 878 | (3 239 785) | 132 844 258 | (2 624 407) |
| Loans to individuals | | | | |
| Auto loans | 9 690 766 | (42 283) | 6 175 018 | (23 778) |
| Mortgage loans | 9 308 096 | (280 583) | 7 661 002 | (261 229) |
| Consumer loans | 24 812 950 | (1 350 114) | 16 021 975 | (773 018) |
| Total loans to individuals | 43 811 812 | (1 672 980) | 29 857 995 | (1 058 025) |
| Gross loans to customers | 209 258 690 | (4 912 765) | 162 702 253 | (3 682 432) |
| Net loans to customers | 204 345 925 | | 159 019 821 | |

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 30 September 2012:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------------|------------------------|------------------------|------------------------|---------------------------|
| | RUB'000 (Unaudited) | RUB'000 (Unaudited) | RUB'000 (Unaudited) | % (Unaudited) |
| Loans to customers | | | | |
| - Not past due | 205 565 056 | (3 105 694) | 202 459 362 | 1.5% |
| - Overdue less than 31 days | 781 923 | (149 413) | 632 510 | 19.1% |
| - Overdue 31-60 days | 197 386 | (87 174) | 110 212 | 44.2% |
| - Overdue 61-90 days | 145 190 | (85 703) | 59 487 | 59.0% |
| - Overdue 91-180 days | 673 867 | (366 079) | 307 788 | 54.3% |
| - Overdue 181-360 days | 742 971 | (555 220) | 187 751 | 74.7% |
| - Overdue more than 360 days | 1 152 297 | (563 482) | 588 815 | 48.9% |
| Total loans to customers | 209 258 690 | (4 912 765) | 204 345 925 | 2.3% |

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

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------------|--------------------|----------------------|--------------------|---------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Loans to customers | | | | |
| - Not past due | 160 099 212 | (2 566 290) | 157 532 922 | 1.6% |
| - Overdue less than 31 days | 355 052 | (71 237) | 283 815 | 20.1% |
| - Overdue 31-60 days | 350 478 | (111 034) | 239 444 | 31.7% |
| - Overdue 61-90 days | 132 488 | (68 061) | 64 427 | 51.4% |
| - Overdue 91-180 days | 911 837 | (285 716) | 626 121 | 31.3% |
| - Overdue 181-360 days | 307 977 | (229 514) | 78 463 | 74.5% |
| - Overdue more than 360 days | 545 209 | (350 580) | 194 629 | 64.3% |
| Total loans to customers | 162 702 253 | (3 682 432) | 159 019 821 | 2.3% |

As at 30 September 2012, the loan portfolio includes loans that have been restructured and would otherwise be past due or impaired in the amount of RUB 902 076 thousand (31 December 2011: RUB 904 633 thousand). Such restructuring activity is aimed at managing customer relationships and maximizing the quality of the loan portfolio. Restructured loans are included in loans not past due unless the borrower is unable to comply with the renegotiated terms.

The following table provides information on restructured loans as at 30 September 2012 and 31 December 2011:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---------------------------|-------------|----------------------|-----------|---------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Restructured loans | | | | |
| - As at 30 September 2012 | 902 076 | (45 104) | 856 972 | 5.0% |
| - As at 31 December 2011 | 904 633 | (48 185) | 856 448 | 5.3% |

As at 30 September 2012, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 3 693 634 thousand, which represents 1.8% of the loan portfolio (31 December 2011: RUB 2 603 041 thousand and 1.6%, respectively).

Nonperforming loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 2 569 135 thousand or 1.2% of the loan portfolio (31 December 2011: RUB 1 765 023 thousand and 1.2%, respectively).

NPLs together with restructured loans amount to RUB 3 471 211 thousand or 1.7% of the loan portfolio (31 December 2011: RUB 2 669 656 thousand and 1.6%, respectively).

As at 30 September 2012, the ratio of total impairment allowance to overdue loans equals 133.0%, the ratio of total impairment allowance to NPLs equals 191.2% and the ratio of total impairment allowance to NPLs together with restructured loans equals 141.5% (31 December 2011: 141.5%, 208.6% and 137.9%, respectively).

Movements in the loan impairment allowance for the nine-month periods ended 30 September 2012 and 30 September 2011 are as follows:

| | 2012 RUB'000 (Unaudited) | 2011 RUB'000 (Unaudited) |
|---|---|---|
| Balance at the beginning of the period | 3 682 432 | 2 793 109 |
| Net charge | 1 715 400 | 1 120 418 |
| Net write-offs | (485 067) | (183 129) |
| Balance at the end of the period | 4 912 765 | 3 730 398 |

Credit quality of loans to corporate clients portfolio

The following table provides information on credit quality of loans to corporate clients as at 30 September 2012:

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|
| | RUB'000 (Unaudited) | RUB'000 (Unaudited) | RUB'000 (Unaudited) | % (Unaudited) |
| Loans to corporate clients | | | | |
| - Not past due | 164 568 521 | (2 969 944) | 161 598 577 | 1.8% |
| - Overdue less than 31 days | 41 463 | (935) | 40 528 | 2.3% |
| - Overdue 61-90 days | 1 778 | (736) | 1 042 | 41.4% |
| - Overdue 91-180 days | 327 290 | (153 451) | 173 839 | 46.9% |
| - Overdue 181-360 days | 101 299 | (75 778) | 25 521 | 74.8% |
| - Overdue more than 360 days* | 406 527 | (38 941) | 367 586 | 9.6% |
| Total loans to corporate clients | 165 446 878 | (3 239 785) | 162 207 093 | 2.0% |

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

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|---|--------------------|-----------------------------|--------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Loans to corporate clients | | | | |
| - Not past due | 132 187 233 | (2 459 881) | 129 727 352 | 1.9% |
| - Overdue less than 31 days | 48 560 | (22 774) | 25 786 | 46.9% |
| - Overdue 31-60 days | 130 641 | (54 930) | 75 711 | 42.0% |
| - Overdue 61-90 days | 2 616 | (826) | 1 790 | 31.6% |
| - Overdue 91-180 days* | 405 492 | (21 128) | 384 364 | 5.2% |
| - Overdue 181-360 days | 22 599 | (19 506) | 3 093 | 86.3% |
| - Overdue more than 360 days | 47 117 | (45 362) | 1 755 | 96.3% |
| Total loans to corporate clients | 132 844 258 | (2 624 407) | 130 219 851 | 2.0% |

* As at 30 September 2012, overdue more than 360 days category contains a loan in the amount of RUB 386 397 thousand with real estate collateral (31 December 2011: the overdue category is 91-180 days and the loan amount is RUB 403 127 thousand). The Group estimates loan impairment for this loan based on an analysis of future cash flows from the collateral.

The following table provides information on collateral securing loans to corporate customers, net of impairment, by types of collateral as at 30 September 2012 and 31 December 2011:

| | 30 September 2012 | 31 December 2011 |
|--|----------------------------|----------------------------|
| | RUB'000 | RUB'000 |
| | (Unaudited) | (Unaudited) |
| | Loans to customers, | Loans to customers, |
| | gross | gross |
| | RUB'000 | RUB'000 |
| Real estate | 30 476 190 | 25 098 278 |
| Goods | 26 025 170 | 18 937 944 |
| Securities | 18 958 889 | 15 069 861 |
| Equipment & motor vehicles | 7 838 754 | 8 272 587 |
| Claims for contract receivables | 11 124 547 | 5 071 560 |
| Bank's own debts | 400 507 | 5 658 958 |
| Corporate guarantees and no collateral | 70 705 790 | 54 735 070 |
| | 165 529 847 | 132 844 258 |

Loans to corporate customers that are past due or impaired

Impaired or overdue loans to corporate customers are secured by collateral with a fair value of RUB 551 406 thousand (2011: RUB 581 065 thousand), excluding the effect of overcollateralization.

As at 30 September 2012 the Group plans to recover a portion of impaired lease contracts with a gross amount of RUB 12 495 thousand (31 December 2011: RUB 15 715 thousand) through the sale of collateral with a fair value of RUB 5 661 thousand (31 December 2011: RUB 12 099 thousand).

Loans to corporate customers that are neither past due or impaired

For loans to corporate customers with a net carrying amount of RUB 161 598 577 thousand (2011: RUB 129 727 352 thousand), which are neither past due or impaired, the fair value of collateral was estimated at the inception of the loans and was not adjusted for subsequent changes to the reporting date. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

Collateral obtained

During the period ended 30 September 2012, the Group obtained certain assets by taking possession of collateral for loans to corporate customers. As at 30 September 2012, the carrying amount of such assets was RUB 28 643 thousand (31 December 2011: RUB 95 321 thousand). The Group's policy is to sell these assets as soon as it is practicable.

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance for loans to corporate clients for the nine-month periods ended 30 September 2012 and 30 September 2011 are as follows:

| | 2012 RUB'000 (Unaudited) | 2011 RUB'000 (Unaudited) |
|---|---|---|
| Balance at the beginning of the period | 2 624 407 | 1 990 001 |
| Net charge | 762 513 | 880 109 |
| Net write-offs | (147 135) | (103 882) |
| Balance at the end of the period | 3 239 785 | 2 766 228 |

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 30 September 2012:

| | Gross loans RUB'000 (Unaudited) | Impairment allowance RUB'000 (Unaudited) | Net loans RUB'000 (Unaudited) | Impairment to gross loans % (Unaudited) |
|------------------------------|--|---|--|--|
| Auto loans | | | | |
| - Not past due | 9 581 530 | (3 097) | 9 578 433 | 0.0% |
| - Overdue less than 31 days | 36 932 | (2 457) | 34 475 | 6.7% |
| - Overdue 31-60 days | 11 568 | (2 358) | 9 210 | 20.4% |
| - Overdue 61-90 days | 8 459 | (2 451) | 6 008 | 29.0% |
| - Overdue 91-180 days | 20 212 | (8 537) | 11 675 | 42.2% |
| - Overdue 181-360 days | 26 614 | (18 280) | 8 334 | 68.7% |
| - Overdue more than 360 days | 5 451 | (5 103) | 348 | 93.6% |
| Total auto loans | 9 690 766 | (42 283) | 9 648 483 | 0.4% |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the nine-month period ended 30 September 2012

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|-----------------------------------|--------------------|-----------------------------|--------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Mortgage loans | | | | |
| - Not past due | 8 580 057 | (16 066) | 8 563 991 | 0.2% |
| - Overdue less than 31 days | 81 054 | (92) | 80 962 | 0.1% |
| - Overdue 31-60 days | 27 490 | (552) | 26 938 | 2.0% |
| - Overdue 61-90 days | 7 281 | (98) | 7 183 | 1.3% |
| - Overdue 91-180 days | 52 071 | (1 663) | 50 408 | 3.2% |
| - Overdue 181-360 days | 124 791 | (35 024) | 89 767 | 28.1% |
| - Overdue more than 360 days | 435 352 | (227 088) | 208 264 | 52.2% |
| Total mortgage loans | 9 308 096 | (280 583) | 9 027 513 | 3.0% |
| Consumer loans | | | | |
| - Not past due | 22 834 948 | (116 587) | 22 718 361 | 0.5% |
| - Overdue less than 31 days | 622 474 | (145 929) | 476 545 | 23.4% |
| - Overdue 31-60 days | 158 328 | (84 264) | 74 064 | 53.2% |
| - Overdue 61-90 days | 127 672 | (82 418) | 45 254 | 64.6% |
| - Overdue 91-180 days | 274 294 | (202 428) | 71 866 | 73.8% |
| - Overdue 181-360 days | 490 267 | (426 138) | 64 129 | 86.9% |
| - Overdue more than 360 days | 304 967 | (292 350) | 12 617 | 95.9% |
| Total consumer loans | 24 812 950 | (1 350 114) | 23 462 836 | 5.4% |
| Total loans to individuals | 43 811 812 | (1 672 980) | 42 138 832 | 3.8% |

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

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|------------------------------|--------------------|-----------------------------|------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Auto loans | | | | |
| - Not past due | 6 097 845 | (2 515) | 6 095 330 | 0.0% |
| - Overdue less than 31 days | 29 710 | (1 551) | 28 159 | 5.2% |
| - Overdue 31-60 days | 9 312 | (1 297) | 8 015 | 13.9% |
| - Overdue 61-90 days | 10 388 | (2 194) | 8 194 | 21.1% |
| - Overdue 91-180 days | 10 691 | (3 696) | 6 995 | 34.6% |
| - Overdue 181-360 days | 10 383 | (6 317) | 4 066 | 60.8% |
| - Overdue more than 360 days | 6 689 | (6 208) | 481 | 92.8% |
| Total auto loans | 6 175 018 | (23 778) | 6 151 240 | 0.4% |
| Mortgage loans | | | | |
| - Not past due | 6 975 596 | (25 571) | 6 950 025 | 0.4% |
| - Overdue less than 31 days | 46 368 | (42) | 46 326 | 0.1% |
| - Overdue 31-60 days | 93 765 | (2 935) | 90 830 | 3.1% |
| - Overdue 61-90 days | 3 795 | - | 3 795 | 0.0% |
| - Overdue 91-180 days | 117 849 | (9 098) | 108 751 | 7.7% |
| - Overdue 181-360 days | 16 312 | (3 340) | 12 972 | 20.5% |
| - Overdue more than 360 days | 407 317 | (220 243) | 187 074 | 54.1% |
| Total mortgage loans | 7 661 002 | (261 229) | 7 399 773 | 3.4% |

| | Gross loans | Impairment allowance | Net loans | Impairment to gross loans |
|-----------------------------------|--------------------|-----------------------------|-------------------|----------------------------------|
| | RUB'000 | RUB'000 | RUB'000 | % |
| Consumer loans | | | | |
| - Not past due | 14 838 538 | (78 323) | 14 760 215 | 0.5% |
| - Overdue less than 31 days | 230 414 | (46 870) | 183 544 | 20.3% |
| - Overdue 31-60 days | 116 760 | (51 872) | 64 888 | 44.4% |
| - Overdue 61-90 days | 115 689 | (65 041) | 50 648 | 56.2% |
| - Overdue 91-180 days | 377 805 | (251 794) | 126 011 | 66.6% |
| - Overdue 181-360 days | 258 683 | (200 351) | 58 332 | 77.5% |
| - Overdue more than 360 days | 84 086 | (78 767) | 5 319 | 93.7% |
| Total consumer loans | 16 021 975 | (773 018) | 15 248 957 | 4.8% |
| Total loans to individuals | 29 857 995 | (1 058 025) | 28 799 970 | 3.5% |

Analysis of collateral

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

Management does not estimate loan impairment based on analysis of fair value of collateral. However once a loan becomes impaired, management considers the fair value of collateral when assessing the impairment allowance for each individual loan.

As at 30 September 2012 impaired mortgage loans in the amount of RUB 728 039 thousand are secured by collateral with a fair value of RUB 882 532 thousand. As at 30 September 2012, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 138 757 thousand (31 December 2011: RUB 36 396 thousand).

Management believes that it is impracticable to estimate the fair value of collateral held in respect of auto loans.

Analysis of movements in the impairment allowance

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

| | Auto loans | Mortgage loans | Consumer loans | Total |
|---|--------------------|-----------------------|-----------------------|--------------------|
| | RUB'000 | RUB'000 | RUB'000 | RUB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Balance at the beginning of the period | 23 778 | 261 229 | 773 018 | 1 058 025 |
| Net charge | 27 000 | 19 354 | 906 533 | 952 887 |
| Net write-offs | (8 495) | - | (329 437) | (337 932) |
| Balance at the end of the period | 42 283 | 280 583 | 1 350 114 | 1 672 980 |

Movements in the loan impairment allowance by classes of retail loans for the nine-month period ended 30 September 2011 are as follows:

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

Industry and geographical analysis of the loan portfolio

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

| | 30 September 2012 | 31 December 2011 |
|--|--------------------------|-------------------------|
| | RUB'000 | RUB'000 |
| | (Unaudited) | |
| Loans to individuals | 43 811 812 | 29 857 995 |
| Consumer electronics, appliances and computers | 24 321 314 | 18 459 411 |
| Food and farm products | 22 741 633 | 20 956 404 |
| Residential and commercial construction and development | 16 388 681 | 12 119 200 |
| Industrial equipment and machinery | 11 965 850 | 8 318 855 |
| Clothing, shoes, textiles and sporting goods | 11 292 550 | 9 149 182 |
| Construction and decorative materials, furniture | 11 240 269 | 10 813 405 |
| Property rental | 8 679 360 | 8 164 457 |
| Services | 8 346 712 | 4 809 991 |
| Metallurgical | 7 640 684 | 3 681 045 |
| Pharmaceutical and medical products | 6 694 118 | 6 099 881 |
| Consumer chemicals, perfumes and hygiene products | 5 404 801 | 4 023 559 |
| Automotive, motorcycles and spare parts | 4 767 554 | 5 396 030 |
| Paper, stationery and packaging products | 4 513 510 | 4 001 577 |
| Oil and industrial chemicals | 4 164 146 | 3 182 725 |
| Industrial and infrastructure construction | 3 554 283 | 1 510 690 |
| Electric utility | 3 419 446 | - |
| Equipment leasing | 3 237 434 | 4 443 980 |
| Products for home, gifts, jewelry and business accessories | 1 225 161 | 408 239 |
| Financial | 1 201 456 | 1 424 049 |
| Gardening and pet products | 1 089 694 | 942 175 |
| Telecommunications | 632 047 | 1 340 167 |
| Books, video, print and copy | 554 022 | 526 557 |
| Other | 2 372 153 | 3 072 679 |
| | 209 258 690 | 162 702 253 |
| Impairment allowance | (4 912 765) | (3 682 432) |
| | 204 345 925 | 159 019 821 |

13 Deposits by credit institutions

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|--|---|-----------------------------|
| Demand deposits | 170 396 | 64 496 |
| Term deposits | 20 706 104 | 18 168 718 |
| Syndicated loans | 5 335 452 | 5 421 197 |
| Payables under repurchase agreements | 4 131 217 | - |
| Subordinated debt | 1 250 521 | 1 309 717 |
| Total deposits by credit institutions | 31 593 690 | 24 964 128 |

The securities pledged under sale and repurchase agreements as at 30 September 2012 were purchased by the Bank under agreements to resell and recorded as amounts receivable under reverse repo transactions within due from credit institutions.

14 Deposits by customers

| | | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|------------------------------------|--------------|---|-----------------------------|
| Corporate customers | Demand | 21 173 807 | 17 838 871 |
| | Term | 41 094 300 | 34 843 029 |
| | Subordinated | 2 248 585 | 2 745 236 |
| | Term notes | 3 060 067 | 5 894 492 |
| Total corporate customers | | 67 576 759 | 61 321 628 |
| Individuals | Demand | 6 424 538 | 4 842 326 |
| | Term | 90 591 665 | 80 526 932 |
| Total individuals | | 97 016 203 | 85 369 258 |
| Total deposits by customers | | 164 592 962 | 146 690 886 |

15 Debt securities issued

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|--|---|-----------------------------|
| Promissory notes issued at nominal value | 8 011 485 | 6 789 426 |
| Accrued interest | 9 502 | 32 768 |
| Unamortized discount on promissory notes | (366 386) | (304 874) |
| | 7 654 601 | 6 517 320 |
| Bonds issued | 30 382 145 | 24 601 549 |
| Total debt securities issued | 38 036 746 | 31 118 869 |

RUB denominated bonds issue BO-03 (30 September 2012: RUB 3 797 999 thousand) was issued in April 2012 with a fixed coupon rate of 9.25% for the first year. The Bank sets the coupon rate for each subsequent six month period until the final maturity date of 27 April 2015.

16 Share capital

Share capital consists of ordinary shares and was contributed by the shareholders in Roubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital comprises 12 677 832 952 shares (31 December 2011: 10 776 158 008 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.

On 24 August 2012 the Central Bank of the Russian Federation registered CREDIT BANK OF MOSCOW's additional share issue. The additionally issued 1 901 674 944 ordinary shares with par value of 1 RUB per share were acquired by the European Bank for Reconstruction and Development and International Financial Corporation for RUB 5.8 billion in total. As a result EBRD and IFC shares each amount to 7.5% of total share capital. The stake of the majority shareholder, Concern Rossium, became 85%.

Due to the fact that interest rates applicable to subordinated loans from the majority shareholder of the Bank were substantially lower than the market rates, in 2011 the Bank converted part of these subordinated loans in the amount of RUB 3 536 361 thousand (net of deferred tax of RUB 884 090 thousand) into additional paid-in-capital.

In 2012 the Bank converted another part of subordinated loans from the majority shareholder of the Bank with lower than the market interest rates in the amount of RUB 1 459 848 thousand (net of deferred tax of RUB 364 962 thousand) into additional paid-in-capital due to the change in the maturity of these subordinated loans.

This additional paid-in capital represents tier 1 capital according to the Basel Capital Accord.

17 Commitments

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|----------------------------------|--|---|
| Guarantees and letters of credit | 40 133 004 | 29 869 161 |
| Undrawn loan commitments | 1 619 532 | 1 079 727 |
| Other contingent liabilities | 246 018 | 214 784 |
| | 41 998 554 | 31 163 672 |

18 Contingencies

Insurance

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

Litigation

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

Taxation contingencies

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

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

19 Related party transactions

The outstanding balances and related average interest rates as at 30 September 2012 and 31 December 2011 with related parties are as follows:

| | 30 September 2012 (Unaudited) | | 31 December 2011 | |
|------------------------------|----------------------------------|---|-------------------|---|
| | Amount RUB'000 | Average effective interest rate % | Amount RUB'000 | Average effective interest rate % |
| Loans to customers | | | | |
| Majority shareholder | - | - | 70 208 | 12.0% |
| Management | 72 264 | 10.9% | 43 977 | 10.7% |
| Other | - | - | 87 138 | 12.0% |
| Total loans | 72 264 | | 201 323 | |
| Deposits by customers | | | | |
| Majority shareholder | 299 261 | 8.7% | 31 993 | 3.9% |
| Parent company | 252 476 | 7.9% | 250 896 | 8.3% |
| Management | 116 107 | 7.4% | 35 481 | 7.6% |
| Other | 2 341 570 | 6.7% | 2 909 463 | 7.9% |
| Total deposits | 3 009 414 | | 3 227 833 | |

Amounts included in the consolidated interim condensed statement of comprehensive income for the nine-month periods ended 30 September 2012 and 30 September 2011 in relation to transactions with related parties are as follows:

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|--|--|--|
| Interest income on loans to customers | | |
| Majority shareholder | 1 981 | 27 694 |
| Other | 5 044 | 39 097 |
| Management | 4 492 | 3 664 |
| Total interest income | 11 517 | 70 455 |
| Interest expense on deposits by customers | | |
| Majority shareholder | 11 044 | 275 |
| Parent company | 15 334 | 26 595 |
| Other | 58 055 | 126 344 |
| Management | 1 006 | 1 202 |
| Total interest expense | 85 439 | 154 416 |

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the nine-month periods ended 30 September 2012 and 30 September 2011 (refer to note 6) is as follows:

| | Nine-Month Period Ended 30 September 2012 RUB'000 (Unaudited) | Nine-Month Period Ended 30 September 2011 RUB'000 (Unaudited) |
|----------------------------------|--|--|
| Members of the Supervisory Board | 23 207 | 3 149 |
| Members of the Management Board | 98 641 | 34 246 |
| | 121 848 | 37 395 |

20 Capital management

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

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of the Russian Federation, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 September 2012, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the nine-month period ended 30 September 2012 and the year ended 31 December 2011.

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

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord, as at 30 September 2012 and 31 December 2011:

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|--|--|---|
| Tier 1 capital | | |
| Share capital and additional paid-in capital | 22 559 058 | 15 337 135 |
| Retained earnings | 13 585 794 | 9 823 364 |
| Total tier 1 capital | 36 144 852 | 25 160 499 |
| Tier 2 capital | | |
| Revaluation surplus for buildings | 500 424 | 500 424 |
| Revaluation reserve for investments available-for-sale | (7 302) | (53 017) |
| Subordinated loans | | |
| Subordinated loan from EBRD | 401 920 | 482 942 |
| Subordinated loan from BLACK SEA TRADE AND DEVELOPMENT BANK | 525 587 | 643 922 |
| Subordinated loans from WELLCREEK CORPORATION | 2 248 585 | 2 745 236 |
| Total tier 2 capital | 3 669 214 | 4 319 507 |
| Total capital | 39 814 066 | 29 480 006 |
| Risk-weighted assets | | |
| Banking book | 240 803 271 | 184 090 083 |
| Trading book | 28 017 307 | 21 012 847 |
| Total risk weighted assets | 268 820 578 | 205 102 930 |
| Total capital expressed as a percentage of risk-weighted assets (total capital ratio) | 14.8 | 14.4 |
| Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) | 13.4 | 12.3 |

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 nine-month period ended 30 September 2012 and the year ended 31 December 2011.

21 Analysis by segment

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

- Corporate banking: comprises corporate lending, overdraft lending, factoring, leasing, letters of credit, guaranties, corporate deposit taking, settlements and money transfer, currency conversion
- Retail banking: comprises retail demand and term deposit services; retail lending, including consumer loans, car loans and mortgages, money transfers and private banking services; banking card products, settlement and money transfer, currency conversion for individuals
- Treasury: comprises interbank lending and borrowings from banks, securities trading and brokerage in securities, repo transactions, foreign exchange services, issuance of domestic bonds and promissory notes
- International business: comprises borrowings from international financial institutions and trade finance operations
- Cash 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 financial information prepared in accordance with IFRS, as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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

| | 30 September 2012 RUB'000 (Unaudited) | 31 December 2011 RUB'000 |
|--------------------------|--|---|
| ASSETS | | |
| Corporate banking | 163 227 991 | 131 168 702 |
| Retail banking | 43 607 928 | 30 110 289 |
| Treasury | 58 505 628 | 57 314 123 |
| Cash operations | 6 895 797 | 7 235 146 |
| Unallocated assets | 7 008 256 | 6 542 493 |
| Total assets | 279 245 600 | 232 370 753 |
| LIABILITIES | | |
| Corporate banking | 67 576 759 | 61 321 627 |
| Retail banking | 97 016 203 | 85 369 257 |
| Treasury | 47 062 010 | 31 243 275 |
| International business | 25 574 369 | 24 839 724 |
| Unallocated liabilities | 5 378 285 | 3 988 964 |
| Total liabilities | 242 607 626 | 206 762 847 |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the nine-month period ended 30 September 2012

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

| RUB'000 (Unaudited) | Corporate banking | Retail banking | Treasury | International business | Cash operations | Unallocated | Total |
|---|------------------------------|---------------------------|------------------|-----------------------------------|----------------------------|--------------------|-------------------|
| External interest income | 13 739 717 | 4 912 715 | 1 772 535 | - | - | - | 20 424 967 |
| Fee and commission income | 1 223 777 | 814 323 | 3 365 | - | 758 485 | - | 2 799 950 |
| Net gain on securities | - | - | 230 948 | - | - | - | 230 948 |
| Net foreign exchange loss | (56 614) | (14 308) | (35 725) | - | - | - | (106 647) |
| Other income | 50 484 | 272 973 | 21 836 | - | - | - | 345 293 |
| (Expenses) revenue from other segments | (5 304 219) | 3 744 473 | (130 003) | 1 607 105 | 82 644 | - | - |
| Revenue | 9 653 145 | 9 730 176 | 1 862 956 | 1 607 105 | 841 129 | - | 23 694 511 |
| Impairment losses | (762 513) | (952 887) | - | - | - | - | (1 715 400) |
| Interest expense | (2 434 420) | (5 895 087) | (2 432 449) | (820 250) | - | - | (11 582 206) |
| Fee and commission expense | (3 443) | (39 230) | (87 156) | (153 097) | (426) | - | (283 352) |
| General administrative and other expenses | (474 565) | (2 355 128) | (124 884) | (21 201) | (711 414) | (1 702 584) | (5 389 776) |
| Income (loss) before income taxes | 5 978 204 | 487 844 | (781 533) | 612 557 | 129 289 | (1 702 584) | 4 723 777 |
| Income taxes | - | - | - | - | - | (961 347) | (961 347) |
| Segment result | 5 978 204 | 487 844 | (781 533) | 612 557 | 129 289 | (2 663 931) | 3 762 430 |

CREDIT BANK OF MOSCOW (open joint-stock company)
Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements
for the nine-month period ended 30 September 2012

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

| RUB'000 (Unaudited) | Corporate banking | Retail banking | Treasury | International business | Cash operations | Unallocated | Total |
|--|----------------------|-------------------|--------------------|---------------------------|--------------------|--------------------|-------------------|
| External interest income | 9 463 921 | 3 072 185 | 2 255 044 | - | - | - | 14 791 150 |
| Fee and commission income | 670 280 | 632 133 | 2 883 | - | 559 019 | - | 1 864 315 |
| Net loss on securities | - | - | (918 949) | - | - | - | (918 949) |
| Net foreign exchange income | 295 166 | 34 638 | 51 522 | - | - | - | 381 326 |
| Other income | 86 595 | 90 376 | 20 657 | - | - | - | 197 628 |
| (Expenses) revenue from other segments | (3 094 727) | 2 669 594 | (513 806) | 924 889 | 14 050 | - | - |
| Revenue | 7 421 235 | 6 498 926 | 897 351 | 924 889 | 573 069 | - | 16 315 470 |
| Impairment losses | (880 109) | (240 309) | - | - | - | - | (1 120 418) |
| Interest expense | (1 645 669) | (4 450 994) | (2 261 821) | (466 125) | - | - | (8 824 609) |
| Fee and commission expense | (7 268) | (31 676) | (52 117) | (33 554) | (439) | - | (125 054) |
| General administrative and other expenses | (146 393) | (1 564 168) | (93 616) | (16 352) | (520 253) | (960 891) | (3 301 673) |
| Income (loss) before income taxes | 4 741 796 | 211 779 | (1 510 203) | 408 858 | 52 377 | (960 891) | 2 943 716 |
| Income taxes | - | - | - | - | - | (587 254) | (587 254) |
| Segment result | 4 741 796 | 211 779 | (1 510 203) | 408 858 | 52 377 | (1 548 145) | 2 356 462 |

22 Events subsequent to the reporting date

In October 2012 the Bank paid out the fifth coupon in the amount of RUB 102.20 million, or RUB 44.88 per bond, of domestic bond issue series 08. The issue was placed on 14 April 2010 in the amount of RUB 3 billion with a maturity of 5 years.

In October 2012 the Bank paid out the third coupon in the amount of RUB 200.55 million, or RUB 40.11 per bond, of domestic exchange bond issue series BO-04. The issue was placed on 15 April 2011 in the amount of RUB 5 billion with a maturity of 3 years.

In October 2012 the Bank bought back 1 159 802 bonds series 08 (38.7%) from their holders within a put option at the price of 100% of par value and then sold 540 000 bonds on the market. Par value of each bond is RUB 1 000.

In October 2012 the Bank bought back 2 934 766 exchange bonds series BO-04 (58.7%) from their holders within a put option at the price of 100% of par value and then sold 1 942 966 bonds on the market. Par value of each bond is RUB 1 000.

In October 2012 the Bank paid out the first coupon in the amount of RUB 188.52 million, or RUB 46.38 per bond, of domestic exchange bond issue series BO-03. The issue was placed on 27 April 2012 in the amount of RUB 4 billion with a maturity of 3 years.

In November 2012 the Bank signed a 1-year credit line facility agreement with “SME Bank” for the total amount of RUB 800 million. The funds will be used to finance small- and medium- size businesses.

In November 2012 the Bank repaid in full 1-year USD 131 million B loan under A/B structured syndicated loan with the IFC acting as transaction arranger. The B Loan was provided by thirteen foreign commercial banks.