

**CREDIT BANK OF MOSCOW**  
**(open joint-stock company)**

Consolidated Interim Condensed  
Financial Statements  
for the three-month period  
ended 31 March 2012

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ZAO KPMG  
10 Presnenskaya Naberezhnaya  
Moscow, Russia 123317

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

## **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 31 March 2012, and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, 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 31 March 2012 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*.

ZAO KPMG

ZAO KPMG  
7 June 2012

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Consolidated Interim Condensed Statement of Comprehensive Income*  
*for the three-month period ended 31 March 2012*

	Notes	31 March 2012 RUB'000 (Unaudited)	31 March 2011 RUB'000 (Unaudited)
Interest income	4	5 972 547	4 368 640
Interest expense	4	(3 631 298)	(2 442 937)
<b>Net interest income</b>	4	<b>2 341 249</b>	<b>1 925 703</b>
Provision for impairment of loans	12	(447 685)	(143 542)
<b>Net interest income after provision for impairment</b>		<b>1 893 564</b>	<b>1 782 161</b>
Fee and commission income	5	756 458	517 039
Net gain on financial instruments at fair value through profit or loss		448 814	85 275
Net realized gain on available-for-sale securities		2 516	15 307
Foreign exchange (losses) gains, net		(21 120)	61 090
Other operating income		54 659	47 647
<b>Non-interest income</b>		<b>1 241 327</b>	<b>726 358</b>
Salaries and employment benefits	6	(874 756)	(464 989)
Administrative expenses	6	(493 492)	(359 123)
Recovery of (provision for) impairment of other assets and credit related commitments		77 596	(160)
Depreciation of property and equipment		(81 739)	(51 820)
Fee and commission expense		(82 804)	(33 263)
State deposit insurance scheme contributions		(86 407)	(53 898)
Other operating expenses		(75 167)	(42 316)
<b>Non-interest expense</b>		<b>(1 616 769)</b>	<b>(1 005 569)</b>
<b>Income before income taxes</b>		<b>1 518 122</b>	<b>1 502 950</b>
Income taxes	7	(303 510)	(291 975)
<b>Net income</b>		<b>1 214 612</b>	<b>1 210 975</b>
<b>Other comprehensive income</b>			
Revaluation reserve for available-for-sale securities			
- Net change in fair value		9 711	(54 519)
- Net change in fair value transferred to profit or loss		(928)	29 178
Income taxes related to other comprehensive income		(1 757)	5 068
<b>Other comprehensive income (loss) for the period, net of income taxes</b>		<b>7 026</b>	<b>(20 273)</b>
<b>Comprehensive income for the period</b>		<b>1 221 638</b>	<b>1 190 702</b>

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 31 March 2012*

	Notes	31 March 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
<b>ASSETS</b>			
Cash and cash equivalents	8	17 395 617	34 433 419
Obligatory reserves with the Central Bank of the Russian Federation		2 204 329	2 259 170
Due from credit institutions	9	7 951 685	5 301 412
Financial instruments at fair value through profit or loss	10	23 223 840	22 783 760
Available-for-sale securities	11	8 793 468	2 030 678
Loans to customers	12	171 421 595	159 019 821
Property and equipment		5 202 135	4 969 932
Other assets		1 613 357	1 572 561
<b>Total assets</b>		<b>237 806 026</b>	<b>232 370 753</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits by credit institutions	13	22 834 030	24 964 128
Deposits by customers	14	150 219 271	146 690 886
Debt securities issued	15	32 251 103	31 118 869
Deferred tax liability	7	2 251 260	2 074 397
Current tax liability	7	347 168	15 870
Other liabilities		1 613 802	1 898 697
<b>Total liabilities</b>		<b>209 516 634</b>	<b>206 762 847</b>
<b>Equity</b>			
Share capital	16	11 638 088	11 638 088
Additional paid-in capital		5 158 895	3 699 047
Revaluation surplus for buildings		500 424	500 424
Revaluation reserve for available-for-sale securities		(45 991)	(53 017)
Retained earnings		11 037 976	9 823 364
<b>Total equity</b>		<b>28 289 392</b>	<b>25 607 906</b>
<b>Total liabilities and equity</b>		<b>237 806 026</b>	<b>232 370 753</b>
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 three-month period ended 31 March 2012*

	Notes	31 March 2012 RUB'000 (Unaudited)	31 March 2011 RUB'000 (Unaudited)
<b>Net cash used in operations</b>		<b>(9 688 249)</b>	<b>(9 166 431)</b>
<b>Net cash (used in) from investing activities</b>		<b>(6 954 691)</b>	<b>304 080</b>
<b>Net cash (used in) from financing activities</b>		<b>(41 401)</b>	<b>2 895 394</b>
Effect of exchange rates changes on cash and cash equivalents		(353 461)	(208 537)
<b>Change in cash and cash equivalents</b>		<b>(17 037 802)</b>	<b>(6 175 494)</b>
Cash and cash equivalents, beginning of the period		34 433 419	23 336 426
<b>Cash and cash equivalents, end of the period</b>	8	<b>17 395 617</b>	<b>17 160 932</b>

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 three-month period ended 31 March 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
<b>31 December 2010</b>	<b>7 138 088</b>	<b>162 686</b>	<b>500 424</b>	<b>28 067</b>	<b>5 937 830</b>	<b>13 767 095</b>
Total comprehensive income for the period (unaudited)	-	-	-	(20 273)	1 210 975	1 190 702
<b>31 March 2011 (unaudited)</b>	<b>7 138 088</b>	<b>162 686</b>	<b>500 424</b>	<b>7 794</b>	<b>7 148 805</b>	<b>14 957 797</b>
<b>31 December 2011</b>	<b>11 638 088</b>	<b>3 699 047</b>	<b>500 424</b>	<b>(53 017)</b>	<b>9 823 364</b>	<b>25 607 906</b>
Total comprehensive income for the period (unaudited)	-	-	-	7 026	1 214 612	1 221 638
Transactions with owners, recorded directly in equity						
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)	-	1 459 848	-	-	-	1 459 848
<b>31 March 2012 (unaudited)</b>	<b>11 638 088</b>	<b>5 158 895</b>	<b>500 424</b>	<b>(45 991)</b>	<b>11 037 976</b>	<b>28 289 392</b>

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 25 largest banks in Russia by assets and runs its business in Moscow and the Moscow region with a branch network comprising 62 branches, and ATMs and payment terminals totaling 625 and 4072 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 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

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

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

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
<b>Interest income</b>		
Loans to customers	5 018 296	3 560 767
Financial instruments at fair value through profit or loss and available-for-sale securities	790 294	759 721
Due from credit institutions and the Central Bank of the Russian Federation	163 957	48 152
	<b>5 972 547</b>	<b>4 368 640</b>
<b>Interest expense</b>		
Deposits by customers	(2 828 211)	(1 569 036)
Debt securities issued	(517 636)	(539 925)
Deposits by credit institutions and the Central Bank of the Russian Federation	(285 451)	(333 976)
	<b>(3 631 298)</b>	<b>(2 442 937)</b>
<b>Net interest income</b>	<b>2 341 249</b>	<b>1 925 703</b>

### 5 Fee and commission income

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
Cash collection delivery	208 861	157 610
Guarantees and letters of credit	181 197	125 119
Settlements and wire transfers	178 519	136 911
Plastic cards	86 839	52 322
Insurance contracts processing	62 845	4 142
Other cash operations	26 160	19 677
Other	12 037	21 258
<b>Fee and commission income</b>	<b>756 458</b>	<b>517 039</b>

## 6 Salaries, employment benefits and administrative expenses

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
Salaries	688 802	346 277
Social security costs	179 131	114 115
Other	6 823	4 597
<b>Salaries and employment benefits</b>	<b>874 756</b>	<b>464 989</b>
Occupancy	201 204	97 814
Operating taxes	86 601	53 108
Advertising and business development	73 186	83 806
Security	47 722	37 827
Property maintenance	34 323	54 180
Transport	12 114	8 151
Communications	10 577	11 694
Computer maintenance and software expenses	5 772	6 336
Other	21 993	6 207
<b>Administrative expenses</b>	<b>493 492</b>	<b>359 123</b>

## 7 Income taxes

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
Current tax charge	490 540	141 197
Deferred taxation	(187 030)	150 778
<b>Income tax expense</b>	<b>303 510</b>	<b>291 975</b>

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:

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
Income before tax	1 518 122	1 502 950
Applicable statutory tax rate	20%	20%
Income tax using the applicable tax rate	303 624	300 590
Income taxed at lower rates	(10 054)	(10 752)
Net non-deductible costs	9 940	2 137
<b>Income tax expense</b>	<b>303 510</b>	<b>291 975</b>

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

	<b>31 March 2012 RUB'000 (Unaudited)</b>	<b>31 December 2011 RUB'000</b>
Current tax liability	347 168	15 870
Deferred tax liability	2 251 260	2 074 397
<b>Income tax liability</b>	<b>2 598 428</b>	<b>2 090 267</b>

## 8 Cash and cash equivalents

	<b>31 March 2012 RUB'000 (Unaudited)</b>	<b>31 December 2011 RUB'000</b>
Cash on hand	5 274 632	7 235 147
Correspondent account with the Central Bank of the Russian Federation	6 752 968	7 369 693
<b>Nostro accounts with other banks</b>		
rated from AA+ to AA-	303 463	844 958
rated from A+ to A-	145 805	697 121
rated from BBB+ to BBB-	507 062	1 876 423
rated from BB+ to BB-	2 887	5 504
rated from B+ to B-	118 003	183 608
not rated	715 840	1 719 034
<b>Total nostro accounts with other banks</b>	<b>1 793 060</b>	<b>5 326 648</b>
<b>Due from credit institutions with maturity of less than 1 month</b>		
rated from AA+ to AA-	876 473	1 337 973
rated A- to A+	38 766	-
rated from BBB+ to BBB-	-	9 729 891
rated from B+ to B-	915 554	1 932 050
not rated	1 744 164	1 502 017
<b>Total due from credit institutions with maturity of less than 1 month</b>	<b>3 574 957</b>	<b>14 501 931</b>
<b>Total cash and cash equivalents</b>	<b>17 395 617</b>	<b>34 433 419</b>

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 644 137 thousand as at 31 March 2012 (31 December 2011: RUB 1 271 352 thousand).

As at 31 March 2012 not rated due from credit institutions with maturity of less than 1 month includes term deposits secured by highly liquid debt securities under agreements to resell (reverse repo) in the amount of RUB 1 467 916 thousand (31 December 2011: RUB 1 103 927 thousand).

## 9 Due from credit institutions

	<b>31 March 2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2011</b> <b>RUB'000</b>
<b>Term deposits</b>		
rated from A+ to A-	-	30 586
rated from BBB+ to BBB-	2 649 656	2 841 567
rated from B+ to B-	2 610 139	1 620 332
not rated	2 691 890	808 927
<b>Total due from credit institutions</b>	<b>7 951 685</b>	<b>5 301 412</b>

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

## 10 Financial instruments at fair value through profit or loss

	31 March 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
<b><u>Held by the Bank</u></b>		
<b>Government and municipal bonds</b>		
Russian Government Federal bonds (OFZ)	7 317 252	9 286 846
Moscow Government bonds	865 128	927 144
Regional authorities and municipal bonds	371 688	372 780
Russian Government Eurobonds	669 805	1 789 318
<b>Corporate bonds</b>		
from BBB+ to BBB-	4 449 638	4 007 920
from BB+ to BB-	6 092 776	2 101 783
from B+ to B-	2 005 558	3 213 814
from CCC+ to CCC-	50 838	52 618
not rated	1 122 533	1 031 514
<b>Equity investments</b>	21	23
<b>Total financial instruments at fair value through profit or loss held by the Bank</b>	<b>22 945 237</b>	<b>22 783 760</b>
<b><u>Pledged under sale and repurchase agreements</u></b>		
<b>Government and municipal bonds</b>		
Moscow Government bonds	56 041	-
Regional authorities and municipal bonds	136 807	-
<b>Corporate bonds</b>		
from BBB+ to BBB-	85 755	-
<b>Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements</b>	<b>278 603</b>	<b>-</b>
<b>Total financial instruments at fair value through profit or loss</b>	<b>23 223 840</b>	<b>22 783 760</b>

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

As at 31 March 2012 debt instruments in the amount of RUB 20 530 556 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

	31 March 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
<b><u>Held by the Bank</u></b>		
<b>Government and municipal bonds</b>		
Regional authorities and municipal bonds	10 306	10 277
<b>Corporate bonds</b>		
from BBB+ to BBB-	2 583 502	410 734
from BB+ to BB-	619 125	385 133
from B+ to B-	677 345	1 017 580
not rated	112 973	179 948
<b>Promissory notes</b>		
from BBB+ to BBB-	4 267 873	-
from BB+ to BB-	495 961	-
<b>Equity investments</b>	26 383	27 006
<b>Total available-for-sale securities</b>	<b>8 793 468</b>	<b>2 030 678</b>

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

As at 31 March 2012 debt instruments in the amount of RUB 748 575 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

	31 March 2012 RUB'000 (Unaudited)	31 March 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000	31 December 2011 RUB'000
	Loans	Impairment allowance	Loans	Impairment allowance
<b>Loans to corporate clients</b>	<b>143 289 698</b>	<b>(2 796 320)</b>	<b>132 844 258</b>	<b>(2 624 407)</b>
<b>Loans to individuals</b>				
Auto loans	6 775 293	(30 496)	6 175 018	(23 778)
Mortgage loans	7 644 928	(253 717)	7 661 002	(261 229)
Other loans to individuals	17 753 431	(961 222)	16 021 975	(773 018)
<b>Total loans to individuals</b>	<b>32 173 652</b>	<b>(1 245 435)</b>	<b>29 857 995</b>	<b>(1 058 025)</b>
<b>Gross loans to customers</b>	<b>175 463 350</b>	<b>(4 041 755)</b>	<b>162 702 253</b>	<b>(3 682 432)</b>
<b>Net loans to customers</b>	<b>171 421 595</b>		<b>159 019 821</b>	

### Credit quality of loan portfolio

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

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loans to customers</b>				
- Not past due	172 408 097	(2 700 605)	169 707 492	1.6%
- Overdue less than 31 days	428 531	(67 325)	361 206	15.7%
- Overdue 31-60 days	369 968	(103 288)	266 680	27.9%
- Overdue 61-90 days	156 360	(63 202)	93 158	40.4%
- Overdue 91-180 days	559 054	(296 321)	262 733	53.0%
- Overdue 181-360 days	1 032 002	(488 023)	543 979	47.3%
- Overdue more than 360 days	509 338	(322 991)	186 347	63.4%
<b>Total loans to customers</b>	<b>175 463 350</b>	<b>(4 041 755)</b>	<b>171 421 595</b>	<b>2.3%</b>

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

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
<b>Loans to customers</b>				
- 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%
<b>Total loans to customers</b>	<b>162 702 253</b>	<b>(3 682 432)</b>	<b>159 019 821</b>	<b>2.3%</b>

Movements in the loan impairment allowance for the three-month periods ended 31 March 2012 and 31 March 2011 are as follows:

	<b>2012</b>	<b>2011</b>
	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Balance at the beginning of the period	3 682 432	2 793 109
Net charge	447 685	143 542
Net write-offs	(88 362)	(46 059)
<b>Balance at the end of the period</b>	<b>4 041 755</b>	<b>2 890 592</b>



### 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 2012:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000 (Unaudited)	RUB'000 (Unaudited)	RUB'000 (Unaudited)	% (Unaudited)
<b>Loans to corporate clients</b>				
- Not past due	142 426 157	(2 591 019)	139 835 138	1.8%
- Overdue less than 31 days	72 971	(6 162)	66 809	8.4%
- Overdue 31-60 days	209 213	(45 676)	163 537	21.8%
- Overdue 61-90 days	15 628	(4 776)	10 852	30.6%
- Overdue 91-180 days	140 410	(75 205)	65 205	53.6%
- Overdue 181-360 days*	374 787	(24 783)	350 004	6.6%
- Overdue more than 360 days	50 532	(48 699)	1 833	96.4%
<b>Total loans to corporate clients</b>	<b>143 289 698</b>	<b>(2 796 320)</b>	<b>140 493 378</b>	<b>2.0%</b>

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	%
<b>Loans to corporate clients</b>				
- 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%
<b>Total loans to corporate clients</b>	<b>132 844 258</b>	<b>(2 624 407)</b>	<b>130 219 851</b>	<b>2.0%</b>

\* Included in overdue loans to corporate clients for 181-360 days as at 31 March 2012 is a loan in the amount of RUB 367 286 thousand with liquid real estate collateral (31 December 2011: overdue loans to corporate clients for 91-180 days loan in the amount of RUB 403 127 thousand). The Group estimates loan impairment for this loan based on an analysis of future cash flows from the collateral.

#### *Analysis of collateral*

Corporate loans are secured by the following types of collateral, depending on the type of transactions: real estate (manufacturing premises, warehouses), machinery and equipment, motor vehicles, inventories, receivables, guarantees and sureties, securities, promissory notes.

#### *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 744 455 thousand (2011: RUB 581 065 thousand), excluding the effect of overcollateralization.

As of 31 March 2012 the Group plans to recover a portion of impaired lease contracts with a gross amount of RUB 15 503 thousand (31 December 2011: RUB 15 715 thousand) through the sale of collateral with a fair value of RUB 11 069 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 139 835 138 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 31 March 2012, the Group obtained certain assets by taking possession of collateral for loans to corporate customers. As at 31 March 2012, the assessment of the carrying amount of such assets was RUB 18 111 thousand (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 three-month periods ended 31 March 2012 and 31 March 2011 are as follows:

	<b>2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>2011</b> <b>RUB'000</b> <b>(Unaudited)</b>
Balance at the beginning of the period	2 624 407	1 990 001
Net charge	175 589	165 169
Net write-offs	(3 676)	(11 695)
<b>Balance at the end of the period</b>	<b>2 796 320</b>	<b>2 143 475</b>

**Credit quality of loans to individuals**

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

	<b>Gross loans</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>Impairment allowance</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>Net loans</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>Impairment to gross loans</b> <b>%</b> <b>(Unaudited)</b>
<b>Auto loans</b>				
- Not past due	6 692 093	(2 426)	6 689 667	0.0%
- Overdue less than 31 days	27 214	(1 587)	25 627	5.8%
- Overdue 31-60 days	13 666	(2 349)	11 317	17.2%
- Overdue 61-90 days	3 673	(964)	2 709	26.2%
- Overdue 91-180 days	18 820	(8 341)	10 479	44.3%
- Overdue 181-360 days	16 716	(11 927)	4 789	71.4%
- Overdue more than 360 days	3 111	(2 902)	209	93.3%
<b>Total auto loans</b>	<b>6 775 293</b>	<b>(30 496)</b>	<b>6 744 797</b>	<b>0.5%</b>

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the three-month period ended 31 March 2012*

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Mortgage loans</b>				
- Not past due	6 970 300	(24 703)	6 945 597	0.4%
- Overdue less than 31 days	41 303	(45)	41 258	0.1%
- Overdue 31-60 days	27 425	(259)	27 166	0.9%
- Overdue 61-90 days	39 114	(641)	38 473	1.6%
- Overdue 91-180 days	90 253	(4 415)	85 838	4.9%
- Overdue 181-360 days	97 060	(23 689)	73 371	24.4%
- Overdue more than 360 days	379 473	(199 965)	179 508	52.7%
<b>Total mortgage loans</b>	<b>7 644 928</b>	<b>(253 717)</b>	<b>7 391 211</b>	<b>3.3%</b>
<b>Other loans to individuals</b>				
- Not past due	16 319 547	(82 457)	16 237 090	0.5%
- Overdue less than 31 days	287 043	(59 531)	227 512	20.7%
- Overdue 31-60 days	119 664	(55 004)	64 660	46.0%
- Overdue 61-90 days	97 945	(56 821)	41 124	58.0%
- Overdue 91-180 days	309 571	(208 360)	101 211	67.3%
- Overdue 181-360 days	543 439	(427 624)	115 815	78.7%
- Overdue more than 360 days	76 222	(71 425)	4 797	93.7%
<b>Total other loans to individuals</b>	<b>17 753 431</b>	<b>(961 222)</b>	<b>16 792 209</b>	<b>5.4%</b>
<b>Total loans to individuals</b>	<b>32 173 652</b>	<b>(1 245 435)</b>	<b>30 928 217</b>	<b>3.9%</b>

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

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
<b>Auto loans</b>				
- 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%
<b>Total auto loans</b>	<b>6 175 018</b>	<b>(23 778)</b>	<b>6 151 240</b>	<b>0.4%</b>
<b>Mortgage loans</b>				
- 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%
<b>Total mortgage loans</b>	<b>7 661 002</b>	<b>(261 229)</b>	<b>7 399 773</b>	<b>3.4%</b>

	<b>Gross loans</b>	<b>Impairment allowance</b>	<b>Net loans</b>	<b>Impairment to gross loans</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>%</b>
<b>Other loans to individuals</b>				
- 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%
<b>Total other loans to individuals</b>	<b>16 021 975</b>	<b>(773 018)</b>	<b>15 248 957</b>	<b>4.8%</b>
<b>Total loans to individuals</b>	<b>29 857 995</b>	<b>(1 058 025)</b>	<b>28 799 970</b>	<b>3.5%</b>

### *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 31 March 2012 impaired mortgage loans in the amount of RUB 674 628 thousand are secured by a collateral with a fair value of RUB 534 950 thousand. As at 31 March 2012, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 42 452 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 three-month period ended 31 March 2012 are as follows:

	<b>Auto loans</b>	<b>Mortgage loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Balance at the beginning of the period	23 778	261 229	773 018	1 058 025
Net charge (recovery)	10 784	(7 512)	268 824	272 096
Net write-offs	(4 066)	-	(80 620)	(84 686)
<b>Balance at the end of the period</b>	<b>30 496</b>	<b>253 717</b>	<b>961 222</b>	<b>1 245 435</b>

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

	<b>Auto loans</b>	<b>Mortgage loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
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)
<b>Balance at the end of the period</b>	<b>55 200</b>	<b>388 310</b>	<b>303 607</b>	<b>747 117</b>

### 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:

	<b>31 March 2012</b>	<b>31 December 2011</b>
	<b>RUB'000</b>	<b>RUB'000</b>
	<b>(Unaudited)</b>	
Loans to individuals	32 173 652	29 857 995
Food and farm products	22 262 694	20 956 404
Consumer electronics, appliances and computers	19 673 725	18 459 411
Residential and commercial construction and development	12 825 622	12 119 200
Construction and decorative materials, furniture	11 689 252	10 813 405
Clothing, shoes, textiles and sporting goods	10 200 814	9 149 182
Industrial equipment and machinery	9 449 396	8 318 855
Property rental	7 571 972	8 164 457
Automotive, motorcycles and spare parts	6 281 326	5 396 030
Oil and industrial chemicals	6 142 465	3 182 725
Pharmaceutical and medical products	6 114 839	6 099 881
Services	4 853 060	4 809 991
Metallurgical	4 699 108	3 681 045
Paper, stationery and packaging products	4 674 356	4 001 577
Consumer chemicals, perfumes and hygiene products	4 470 962	4 023 559
Equipment leasing	3 826 556	4 443 980
Industrial and infrastructure construction	1 845 124	1 510 690
Telecommunications	1 251 797	1 340 167
Gardening and pet products	1 023 487	942 175
Financial	953 170	1 424 049
Books, video, print and copy	402 990	526 557
Products for home, gifts, jewelry and business accessories	287 084	408 239
Other	2 789 899	3 072 679
	<b>175 463 350</b>	<b>162 702 253</b>
Impairment allowance	(4 041 755)	(3 682 432)
	<b>171 421 595</b>	<b>159 019 821</b>

## 13 Deposits by credit institutions

	<b>31 March 2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2011</b> <b>RUB'000</b>
Demand deposits	66 849	64 496
Term deposits	16 322 665	18 168 718
Syndicated loans	5 003 287	5 421 197
Payables under repurchase agreements	255 209	-
Subordinated debt	1 186 020	1 309 717
<b>Total deposits by credit institutions</b>	<b>22 834 030</b>	<b>24 964 128</b>

## 14 Deposits by customers

		<b>31 March 2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2011</b> <b>RUB'000</b>
Corporate customers	Demand	21 550 713	17 838 871
	Term	32 431 007	34 843 029
	Subordinated	949 390	2 745 236
	Term notes	5 224 918	5 894 492
<b>Total corporate customers</b>		<b>60 156 028</b>	<b>61 321 628</b>
Individuals	Demand	4 966 365	4 842 326
	Term	85 096 878	80 526 932
<b>Total individuals</b>		<b>90 063 243</b>	<b>85 369 258</b>
<b>Total deposits by customers</b>		<b>150 219 271</b>	<b>146 690 886</b>

## 15 Debt securities issued

	<b>31 March 2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2011</b> <b>RUB'000</b>
Promissory notes issued at nominal value	8 662 667	6 789 426
Accrued interest	778	32 768
Unamortized discount on promissory notes	(434 511)	(304 874)
	<b>8 228 934</b>	<b>6 517 320</b>
Bonds issued	24 022 169	24 601 549
	<b>32 251 103</b>	<b>31 118 869</b>

## 16 Share capital

Share capital consists of ordinary shares and was contributed by the shareholder in Roubles. The shareholder is entitled to dividends and capital distributions. Issued, outstanding and paid share capital comprises 10 776 158 008 shares (31 December 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.

Due to the fact that interest rates applicable to subordinated loans from the owner 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 owner 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

	<b>31 March 2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2011</b> <b>RUB'000</b>
Guarantees and letters of credit	26 153 211	29 869 161
Undrawn loan commitments	1 253 150	1 079 727
Other contingent liabilities	208 608	214 784
	<b>27 614 969</b>	<b>31 163 672</b>

## 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 31 March 2012 and 31 December 2011 with related parties are as follows:

	31 March 2012 (Unaudited)		31 December 2011	
	Amount RUB'000	Average effective interest rate %	Amount RUB'000	Average effective interest rate %
<b>Loans to customers</b>				
Ultimate shareholder	42 662	12.0%	70 208	12.0%
Under control of ultimate shareholder	82 151	12.0%	87 138	12.0%
Management	51 540	10.6%	43 977	10.7%
<b>Total loans</b>	<b>176 353</b>		<b>201 323</b>	
<b>Deposits by customers</b>				
Ultimate shareholder	22 778	5.1%	31 993	3.9%
Parent company	249 896	8.3%	250 896	8.3%
Under control of ultimate shareholder	1 096 894	7.8%	2 909 463	7.9%
Management	62 308	8.3%	35 481	7.6%
<b>Total deposits</b>	<b>1 431 876</b>		<b>3 227 833</b>	



Amounts included in the consolidated interim condensed statement of comprehensive income for the three-month periods ended 31 March 2012 and 31 March 2011 in relation to transactions with related parties are as follows:

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
<b>Interest income on loans to customers</b>		
Ultimate shareholder	1 897	11 065
Under control of ultimate shareholder	2 584	13 164
Management	1 483	1 019
<b>Total interest income</b>	<b>5 964</b>	<b>25 248</b>
<b>Interest expense on deposits by customers</b>		
Ultimate shareholder	199	242
Parent company	5 022	30
Under control of ultimate shareholder	50 428	3 355
Management	978	344
<b>Total interest expense</b>	<b>56 627</b>	<b>3 971</b>

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the three-month periods ended 31 March 2012 and 31 March 2011 (refer to note 6) is as follows:

	<b>Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)</b>	<b>Three-Month Period Ended 31 March 2011 RUB'000 (Unaudited)</b>
Members of the Supervisory Board	2 545	878
Members of the Management Board	55 423	11 636
	<b>57 968</b>	<b>12 514</b>

## 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 31 March 2012, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the three-month period ended 31 March 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 31 March 2012 and 31 December 2011:

	<b>31 March 2012</b> <b>RUB'000</b> <b>(Unaudited)</b>	<b>31 December 2011</b> <b>RUB'000</b>
Tier 1 capital		
Share capital and additional paid-in capital	16 796 983	15 337 135
Retained earnings	11 037 976	9 823 364
<b>Total tier 1 capital</b>	<b>27 834 959</b>	<b>25 160 499</b>
Tier 2 capital		
Revaluation surplus for buildings	500 424	500 424
Revaluation reserve for investments available-for-sale	(45 991)	(53 017)
<b>Subordinated loans</b>		
Subordinated loan from EBRD	410 595	482 942
Subordinated loan from BLACK SEA TRADE AND DEVELOPMENT BANK	586 564	643 922
Subordinated loans from WELLCREEK CORPORATION	949 390	2 745 236
<b>Total tier 2 capital</b>	<b>2 400 982</b>	<b>4 319 507</b>
<b>Total capital</b>	<b>30 235 941</b>	<b>29 480 006</b>
<b>Risk-weighted assets</b>		
Banking book	193 053 374	184 090 083
Trading book	26 630 564	21 012 847
<b>Total risk weighted assets</b>	<b>219 683 938</b>	<b>205 102 930</b>
<b>Total capital expressed as a percentage of risk-weighted assets (total capital ratio)</b>	<b>13.8</b>	<b>14.4</b>
<b>Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)</b>	<b>12.7</b>	<b>12.3</b>

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 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:

	31 March 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
<b>ASSETS</b>		
Corporate banking	141 375 109	131 168 702
Retail banking	32 250 814	30 110 289
Treasury	52 089 977	57 314 123
Cash operations	5 274 632	7 235 146
Unallocated assets	6 815 494	6 542 493
<b>Total assets</b>	<b>237 806 026</b>	<b>232 370 753</b>
<b>LIABILITIES</b>		
Corporate banking	60 158 835	61 321 627
Retail banking	90 063 243	85 369 257
Treasury	33 366 457	31 243 275
International business	21 718 676	24 839 723
Unallocated liabilities	4 209 423	3 988 965
<b>Total liabilities</b>	<b>209 516 634</b>	<b>206 762 847</b>

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the three-month period ended 31 March 2012*

Segment information for the main reportable segments for the three-month period ended 31 March 2012 is set below:

<b>RUB'000 (unaudited)</b>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>International business</b>	<b>Cash operations</b>	<b>Unallocated</b>	<b>Total</b>
External interest income	3 934 147	1 417 843	620 557	-	-	-	5 972 547
Fee and commission income	325 829	214 708	1 627	-	214 294	-	756 458
Net gain on securities	-	-	451 330	-	-	-	451 330
Net foreign exchange loss	(3 555)	(4 451)	(13 114)	-	-	-	(21 120)
Other income (loss)	917	53 868	(126)	-	-	-	54 659
(Expenses) revenue from other segments	(1 400 732)	1 352 073	(509 663)	534 876	23 446	-	-
<b>Revenue</b>	<b>2 856 606</b>	<b>3 034 041</b>	<b>550 611</b>	<b>534 876</b>	<b>237 740</b>	<b>-</b>	<b>7 213 874</b>
Impairment losses	(175 589)	(272 096)	-	-	-	-	(447 685)
Interest expense	(795 259)	(1 889 543)	(698 044)	(248 452)	-	-	(3 631 298)
Fee and commission expense	(10 354)	(11 881)	(27 042)	(33 418)	(109)	-	(82 804)
General administrative and other expenses	(219 951)	(611 680)	(65 582)	(5 411)	(201 136)	(430 205)	(1 533 965 )
<b>Income (loss) before income taxes</b>	<b>1 655 453</b>	<b>248 841</b>	<b>(240 057)</b>	<b>247 595</b>	<b>36 495</b>	<b>(430 205)</b>	<b>1 518 122</b>
Income taxes	-	-	-	-	-	(303 510)	<b>(303 510)</b>
<b>Segment result</b>	<b>1 655 453</b>	<b>248 841</b>	<b>(240 057)</b>	<b>247 595</b>	<b>36 495</b>	<b>(733 715)</b>	<b>1 214 612</b>

*CREDIT BANK OF MOSCOW (open joint-stock company)*  
*Notes to, and forming part of, the Consolidated Interim Condensed Financial Statements*  
*for the three-month period ended 31 March 2012*

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

RUB'000 (unaudited)	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	2 720 960	848 143	799 537	-	-	-	4 368 640
Fee and commission income	210 043	138 402	1 048	-	167 546	-	517 039
Net gain on securities	-	-	100 582	-	-	-	100 582
Net foreign exchange income	41 863	3 857	15 370	-	-	-	61 090
Other income	40 869	4 285	2 493	-	-	-	47 647
(Expenses) revenue from other segments	(849 370)	865 620	(288 538)	266 868	5 420	-	-
<b>Revenue</b>	<b>2 164 365</b>	<b>1 860 307</b>	<b>630 492</b>	<b>266 868</b>	<b>172 966</b>	<b>-</b>	<b>5 094 998</b>
Impairment (losses) recoveries	(165 169)	21 627	-	-	-	-	(143 542)
Interest expense	(454 699)	(1 252 535)	(620 368)	(115 335)	-	-	(2 442 937)
Fee and commission expense	(1 975)	(9 157)	(10 523)	(11 526)	(82)	-	(33 263)
General administrative expenses and other expenses	(108 098)	(423 002)	(5 689)	(4 075)	(157 055)	(274 387)	(972 306)
<b>Income (loss) before income taxes</b>	<b>1 434 424</b>	<b>197 240</b>	<b>(6 088)</b>	<b>135 932</b>	<b>15 829</b>	<b>(274 387)</b>	<b>1 502 950</b>
Income taxes	-	-	-	-	-	(291 975)	<b>(291 975)</b>
<b>Segment result</b>	<b>1 434 424</b>	<b>197 240</b>	<b>(6 088)</b>	<b>135 932</b>	<b>15 829</b>	<b>(566 362)</b>	<b>1 210 975</b>

## **22 Events subsequent to the reporting date**

In April 2012 the Bank paid out the fourth coupon in the amount of RUB 78.82 million or RUB 44.88 per bond on domestic bonds series 08. The issue was placed on 14 April 2010 in the amount of RUB 3 billion with a maturity of 5 years.

In April 2012 the Bank paid out the second coupon in the amount of RUB 200.55 million or RUB 40.11 per bond on domestic bonds 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 April 2012 the Bank repaid its domestic bonds series 05 and paid out the sixth coupon in the amount of RUB 61.5 million. The issue was placed on 29 April 2009 in the amount of RUB 2 billion with a maturity of 3 years.

In April 2012 the Bank placed its exchange bond issue series BO-03 with a nominal value of RUB 4 billion with a 3-year maturity at MICEX.

In April 2012 Andrew Sergio Gazitua was appointed as a Member of the Supervisory Board and Nicholas Dominic Haag was appointed as Independent Advisor to the Chairman of the Management Board.

In May 2012 the Bank opened a new retail business center in Moscow.