

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the three-month period
ended 31 March 2013

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Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Supervisory Board 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) and its subsidiaries (the Group) as at 31 March 2013, and the related consolidated interim condensed statements of profit and loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated interim condensed 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 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.

Audited entity: CREDIT BANK OF MOSCOW (open joint-stock company).

Registered by the Central Bank of the Russian Federation on 18 August 1999, Registration No.1978.

Entered in the Unified State Register of Legal Entities on 18 November 2002 by the Department of Federal Tax Service, Registration No. 1027739555282, Certificate series 77 No. 004840877.

Address of audited entity: 2 (bldg. 1), Lukov pereulok, Moscow, Russia, 107045.

Independent auditor: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

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 2013 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*.



Kolosov A.E.

Director, power of attorney dated 3 October 2011 No. 37/11

ZAO KPMG

4 June 2013

Moscow, Russian Federation

CREDIT BANK OF MOSCOW (open joint-stock company)
Consolidated Interim Condensed Statement of Profit and Loss and Other Comprehensive Income
for the three-month period ended 31 March 2013

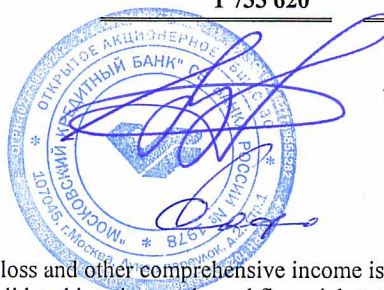
	Notes	31 March 2013 RUB'000 (Unaudited)	31 March 2012 RUB'000 (Unaudited)
Interest income	4	9 087 808	5 972 547
Interest expense	4	(5 481 522)	(3 631 298)
Net interest income	4	3 606 286	2 341 249
Provision for impairment of loans	12	(1 402 077)	(447 685)
Net interest income after provision for impairment		2 204 209	1 893 564
Fee and commission income	5	1 240 037	789 533
Fee and commission expense		(109 667)	(82 804)
Net gain on financial instruments at fair value through profit or loss		176 143	448 814
Net realized gain on available-for-sale securities		9 864	2 516
Foreign exchange gains (losses), net		186 971	(54 195)
State deposit insurance scheme contribution		(111 897)	(86 407)
Other operating income, net		189 988	8 102
Non-interest income		1 581 439	1 025 559
Operating income		3 785 648	2 919 123
Salaries and employment benefits	6	(1 137 257)	(874 756)
Administrative expenses	6	(558 514)	(522 102)
Recovery of provision for impairment of other assets and credit related commitments		211 417	77 596
Depreciation of property and equipment		(111 410)	(81 739)
Operating expense		(1 595 764)	(1 401 001)
Profit before income taxes		2 189 884	1 518 122
Income taxes	7	(444 687)	(303 510)
Net profit		1 745 197	1 214 612
Other comprehensive income			
Revaluation reserve for available-for-sale securities			
- Net change in fair value		7 157	9 711
- Net change in fair value transferred to profit or loss		(21 628)	(928)
Income taxes related to other comprehensive income		2 894	(1 757)
Other comprehensive (loss) income for the period, net of income taxes		(11 577)	7 026
Comprehensive income for the period		1 733 620	1 221 638

Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass



The consolidated interim condensed statement of profit and loss and other 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 2013

	Notes	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
ASSETS			
Cash and cash equivalents	8	29 097 012	47 459 075
Obligatory reserves with the Central Bank of the Russian Federation		2 950 103	2 545 772
Due from credit institutions	9	9 350 911	12 520 791
Financial instruments at fair value through profit or loss	10	30 218 005	31 684 816
Available-for-sale securities	11	13 604 085	5 447 594
Loans to customers	12	228 366 931	201 234 522
Property and equipment		6 012 968	6 079 620
Other assets		1 485 287	1 755 195
Total assets		321 085 302	308 727 385
LIABILITIES AND EQUITY			
Deposits by credit institutions	13	34 070 322	35 183 733
Deposits by customers	14	183 653 659	189 014 104
Debt securities issued	15	56 846 457	40 013 790
Deferred tax liability	7	2 845 680	2 608 594
Current tax liability	7	6 757	125 817
Other liabilities		2 636 514	2 489 054
Total liabilities		280 059 389	269 435 092
Equity			
Share capital	16	13 539 763	13 539 763
Additional paid-in capital		9 019 295	9 019 295
Revaluation surplus for buildings		1 115 928	1 115 928
Revaluation reserve for available-for-sale securities		4 484	16 061
Retained earnings		17 346 443	15 601 246
Total equity		41 025 913	39 292 293
Total liabilities and equity		321 085 302	308 727 385

Commitments and Contingencies

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Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

Svetlana V. Sass

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 2013

	Notes	31 March 2013 RUB'000 (Unaudited)	31 March 2012 RUB'000 (Unaudited)
Net cash used in operations		(26 673 772)	(9 688 249)
Net cash used in investing activities		(8 059 919)	(6 954 691)
Net cash from (used in) financing activities		16 271 021	(41 401)
Effect of exchange rates changes on cash and cash equivalents		100 607	(353 461)
Change in cash and cash equivalents		(18 362 063)	(17 037 802)
Cash and cash equivalents, beginning of the period		47 459 075	34 433 419
Cash and cash equivalents, end of the period	8	29 097 012	17 395 617

Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

Svetlana V.Sass

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 2013

	Share capital	Additional paid-in capital	Revaluation surplus for buildings	Revaluation reserve for available-for- sale securities	Retained earnings	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
31 December 2011	11 638 088	3 699 047	500 424	(53 017)	9 823 364	25 607 906
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) (unaudited)	-	1 459 848	-	-	-	1 459 848
Total transactions with owners, recorded directly in equity (unaudited)	-	1 459 848	-	-	-	1 459 848
31 March 2012 (unaudited)	11 638 088	5 158 895	500 424	(45 991)	11 037 976	28 289 392
31 December 2012	13 539 763	9 019 295	1 115 928	16 061	15 601 246	39 292 293
Total comprehensive income for the period (unaudited)	-	-	-	(11 577)	1 745 197	1 733 620
31 March 2013 (unaudited)	13 539 763	9 019 295	1 115 928	4 484	17 346 443	41 025 913

Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V.Sass



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, renewed on 21 January 2013. In December 2004 the Bank was admitted to the Central Bank of the Russian Federation program for individual deposit insurance. The Bank is among the 20 largest banks in Russia by assets and conducts its business in Moscow and the Moscow region with a branch network comprising 60 branches, 695 ATMs and 3 670 payment terminals.

The Group operates in industries where significant seasonal or cyclical variations in operating income are not experienced during the financial year.

The principal subsidiaries of the Group are as follows:

CBOM Finance p.l.c. (Ireland), Raising finance

MKB-Invest (Russia), Transactions with securities

MKB-Leasing (Russia), Finance leasing

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 Bank's shareholders as at 31 March 2013 are:

Concern Rossium, LLC – 85.00%

European Bank for Reconstruction and Development – 7.50%

RBOF Holding Company I Ltd. – 4.61%

International Finance Corporation – 2.89%

The sole shareholder of Concern Rossium, LLC, is Roman I. Avdeev, who is the ultimate controlling party of the Group.

As at the date of these consolidated interim condensed financial statements, the members of the Supervisory Board are as follows:

Supervisory Board

Sandy Vaci	Chairman
Richard Glasspool	Member
Genadi Lewinski	Member
Andrew Gazitua	Member
Mustafa Boran	Member
William Owens	Member

Vadim N. Sorokin	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 2012, 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 securities 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 2012.

Certain new standards and improvements to IFRS became effective from 1 January 2013 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.

- IFRS 10 *Consolidated Financial Statements* introduced a single control model under which an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns.
- IFRS 12 *Disclosure of Interests in Other Entities* introduced disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity.
- IFRS 13 *Fair Value Measurement* replaced the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards.

Comparative information

The presentation of certain captions relating to fee and commission income, foreign exchange gains (losses), net other operating income and administrative expenses was changed for the three-month period ended 31 March 2013 in comparison with the three-month period ended 31 March 2012 to better present the nature of the underlying transactions. Comparative information is reclassified to conform to changes in presentation in the current period. The effect of this change in presentation is as follows:

	Three-Month Period Ended 31 March 2012 as previously reported RUB'000 (unaudited)	Three-Month Period Ended 31 March 2012 as currently reported RUB'000 (unaudited)
Reclassification of foreign exchange transaction related fees from "Foreign exchange (losses) gains, net" to "Fee and commission income"		
Fee and commission income	756 458	789 533
Foreign exchange gains (losses), net	(21 120)	(54 195)
Reclassification of write-off of low-value fixed assets from "Other operating expenses" to "Administrative expenses" and presentation of other operating income and expense in one line "Other operating income, net"		
Other operating expenses	(75 167)	-
Other operating income	54 659	-
Other operating income, net	-	8 102
Administrative expenses	(493 492)	(522 102)

4 Net interest income

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Interest income		
Loans to customers	7 825 129	5 018 296
Financial instruments at fair value through profit or loss and available-for-sale securities	947 394	790 294
Due from credit institutions and the Central Bank of the Russian Federation	315 285	163 957
	9 087 808	5 972 547
Interest expense		
Deposits by customers	(3 758 906)	(2 828 211)
Debt securities issued	(1 045 312)	(517 636)
Deposits by credit institutions and the Central Bank of the Russian Federation	(677 304)	(285 451)
	(5 481 522)	(3 631 298)
Net interest income	3 606 286	2 341 249

5 Fee and commission income

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Insurance contract processing	297 202	62 845
Cash collection delivery	267 453	208 861
Guarantees and letters of credit	245 374	181 197
Settlements and wire transfers	214 129	178 519
Plastic cards	110 605	86 839
Currency exchange commission	51 319	33 075
Other cash operations	34 412	26 160
Other	19 543	12 037
Fee and commission income	1 240 037	789 533

6 Salaries, employment benefits and administrative expenses

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Salaries	870 769	688 802
Social security costs	239 978	179 131
Other	26 510	6 823
Salaries and employment benefits	1 137 257	874 756
Occupancy	168 160	201 204
Operating taxes	133 586	86 601
Advertising and business development	72 022	73 186
Property maintenance	70 578	62 933
Security	59 715	47 722
Computer maintenance and software expenses	12 008	5 772
Transport	11 769	12 114
Communications	11 747	10 577
Other	18 929	21 993
Administrative expenses	558 514	522 102

7 Income taxes

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Current tax charge	205 584	490 540
Deferred taxation	239 103	(187 030)
Income tax expense	444 687	303 510

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% (2012: 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:

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Profit before income taxes	2 189 884	1 518 122
Applicable statutory tax rate	20%	20%
Income tax using the applicable tax rate	437 977	303 624
Income taxed at lower rates	(8 295)	(10 054)
Net non-deductible costs	15 005	9 940
Income tax expense	444 687	303 510

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

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Current tax liability	6 757	125 817
Deferred tax liability	2 845 680	2 608 594
Income tax liability	2 852 437	2 734 411

8 Cash and cash equivalents

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Cash on hand	7 923 945	10 829 487
Correspondent account with the Central Bank of the Russian Federation	7 435 264	7 380 087
Nostro accounts with other banks		
rated from AA+ to AA-	1 091 714	2 356 479
rated from A+ to A-	2 039 311	3 661 702
rated from BBB+ to BBB-	1 262 832	2 772 663
rated from BB+ to BB-	4 928	11 150
rated from B+ to B-	33 050	54 111
not rated	134 210	169 090
Total nostro accounts with other banks	4 566 045	9 025 195
Due from credit institutions with maturity of less than 1 month		
rated from A+ to A-	1 673 614	3 057 049
rated from BBB+ to BBB-	-	12 003 049
rated from B+ to B-	3 278 639	2 727 184
not rated	4 219 505	2 437 024
Total due from credit institutions with maturity of less than 1 month	9 171 758	20 224 306
Total cash and cash equivalents	29 097 012	47 459 075

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

No cash and cash equivalents are impaired or past due.

As at 31 March 2013 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 2012: RUB 610 228 thousand).

9 Due from credit institutions

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Term deposits		
rated from B+ to B-	6 371 905	8 634 326
not rated	2 979 006	3 886 465
Total due from credit institutions	9 350 911	12 520 791

No due from credit institutions are impaired or past due.

10 Financial instruments at fair value through profit or loss

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
<u>Held by the Group</u>		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	988 563	3 575 134
Moscow Government bonds	513 290	384 119
Regional authorities and municipal bonds	5 381 928	3 770 072
Russian Government Eurobonds	-	72
Corporate bonds		
rated AAA	153 779	151 919
from BBB+ to BBB-	9 743 807	6 514 582
from BB+ to BB-	5 836 124	8 646 144
from B+ to B-	5 237 103	7 877 210
not rated	2 189 736	746 721
Derivative financial instruments	173 662	18 826
Equity investments	13	17
Total financial instruments at fair value through profit or loss held by the Group	30 218 005	31 684 816

No financial instruments at fair value through profit or loss are impaired or past due.

As at 31 March 2013 debt instruments in the amount of RUB 25 894 760 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2012: RUB 25 419 690 thousand).

Derivative financial instruments

The table below summarises, by major currencies, the contractual amounts of spot and forward exchange contracts outstanding as at 31 March 2013 and 31 December 2012 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resulting unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss or other liabilities, as appropriate.

	Notional amount		Weighted average contractual exchange rates	
	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000	31 March 2013 (Unaudited)	31 December 2012
Buy USD sell RUB				
Less than 3 months	71 499	8 835 418	31.0864	30.3639
Buy USD sell RUB				
Between 3 months and 1 year	1 545 000	-	30.9000	-
Buy USD sell RUB				
Between 1 year and 3 years	1 517 500	-	30.3500	-
Buy RUB sell USD				
Less than 3 months	2 351 027	8 048 766	31.1147	30.3354
Buy EUR sell RUB				
Less than 3 months	419 982	-	39.8124	-
Buy RUB sell EUR				
Less than 3 months	318 419	522 972	39.8024	40.3054
Buy gold sell RUB				
Between 3 months and 1 year	1 277 776	1 294 848	1 596.97	1 619.78

11 Available-for-sale securities

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
<u>Held by the Group</u>		
Corporate bonds		
from BBB+ to BBB-	1 395 164	1 005 788
from BB+ to BB-	1 340 160	1 727 976
from B+ to B-	308 920	320 678
not rated	60 530	62 032
Promissory notes		
from BBB+ to BBB-	7 549 785	1 175 991
from BB+ to BB-	646 073	688 723
from B+ to B-	1 824 085	-

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Equity investments	23 968	26 006
Total available-for-sale securities held by the Group	13 148 685	5 007 194
<u>Pledged as collateral for interbank and other loans</u>		
Promissory notes		
from BBB+ to BBB-	455 400	440 400
Total available-for-sale securities pledged as collateral for interbank and other loans	455 400	440 400
Total available-for-sale securities	13 604 085	5 447 594

No available-for-sale securities are impaired or past due.

As at 31 March 2013 debt instruments in the amount of RUB 2 894 097 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2012: RUB 2 893 914 thousand).

12 Loans to customers

	31 March 2013 RUB'000 (Unaudited)	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000	31 December 2012 RUB'000
	Loans	Impairment allowance	Loans	Impairment allowance
Loans to corporate clients	180 335 651	(3 444 413)	155 540 928	(3 058 623)
Loans to individuals				
Auto loans	10 668 328	(92 320)	10 978 394	(56 800)
Mortgage loans	11 092 190	(211 233)	10 442 450	(219 648)
Consumer loans	32 019 678	(2 000 950)	28 971 476	(1 363 655)
Total loans to individuals	53 780 196	(2 304 503)	50 392 320	(1 640 103)
Gross loans to customers	234 115 847	(5 748 916)	205 933 248	(4 698 726)
Net loans to customers	228 366 931		201 234 522	

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 31 March 2013:

	Gross loans RUB'000 (Unaudited)	Impairment allowance RUB'000 (Unaudited)	Net loans RUB'000 (Unaudited)	Impairment to gross loans % (Unaudited)
Loans to customers				
- Not past due	229 953 339	(3 358 495)	226 594 844	1.5
- Overdue less than 31 days	982 903	(211 348)	771 555	21.5
- Overdue 31-60 days	538 014	(280 653)	257 361	52.2
- Overdue 61-90 days	504 575	(285 031)	219 544	56.5
- Overdue 91-180 days	666 534	(504 406)	162 128	75.7
- Overdue 181-360 days	759 064	(628 575)	130 489	82.8
- Overdue more than 360 days	711 418	(480 408)	231 010	67.5
Total loans to customers	234 115 847	(5 748 916)	228 366 931	2.5

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Loans to customers				
- Not past due	202 820 574	(2 885 123)	199 935 451	1.4
- Overdue less than 31 days	683 080	(137 607)	545 473	20.1
- Overdue 31-60 days	261 210	(127 177)	134 033	48.7
- Overdue 61-90 days	201 221	(113 965)	87 256	56.6
- Overdue 91-180 days	528 310	(343 851)	184 459	65.1
- Overdue 181-360 days	678 840	(537 605)	141 235	79.2
- Overdue more than 360 days	760 013	(553 398)	206 615	72.8
Total loans to customers	205 933 248	(4 698 726)	201 234 522	2.3

As at 31 March 2013, the loan portfolio includes loans that have been restructured and would otherwise be past due or impaired in the amount of RUB 700 369 thousand (31 December 2012: RUB 225 145 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 31 March 2013 and 31 December 2012:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Restructured loans				
- As at 31 March 2013 (unaudited)	700 369	(35 018)	665 351	5.0
- As at 31 December 2012	225 145	(11 257)	213 888	5.0

As at 31 March 2013, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 4 162 508 thousand, which represents 1.8% of the loan portfolio (31 December 2012: RUB 3 112 674 thousand and 1.5%, respectively).

Nonperforming loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 2 137 016 thousand or 0.9% of the loan portfolio (31 December 2012: RUB 1 967 163 thousand and 1.0%, respectively).

NPLs together with restructured loans amount to RUB 2 837 385 thousand or 1.2% of the loan portfolio (31 December 2012: RUB 2 192 308 thousand and 1.1%, respectively).

As at 31 March 2013, the ratio of total impairment allowance to overdue loans equals 138.1%, the ratio of total impairment allowance to NPLs equals 269.0% and the ratio of total impairment allowance to NPLs together with restructured loans equals 202.6% (31 December 2012: 151.0%, 238.9% and 214.3%, respectively).

Movements in the loan impairment allowance for the three-month periods ended 31 March 2013 and 31 March 2012 are as follows:

	2013 RUB'000 (Unaudited)	2012 RUB'000 (Unaudited)
Balance at the beginning of the period	4 698 726	3 682 432
Net charge	1 402 077	447 685
Net write-offs	(351 887)	(88 362)
Balance at the end of the period	5 748 916	4 041 755

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 2013:

	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	179 900 054	(3 182 217)	176 717 837	1.8
- Overdue less than 31 days	23 093	(3 900)	19 193	16.9
- Overdue 31-60 days	46 162	(14 086)	32 076	30.5
- Overdue 61-90 days	147 218	(65 634)	81 584	44.6
- Overdue 91-180 days	56 587	(36 815)	19 772	65.1
- Overdue 181-360 days	72 006	(52 371)	19 635	72.7
- Overdue more than 360 days	90 531	(89 390)	1 141	98.7
Total loans to corporate clients	180 335 651	(3 444 413)	176 891 238	1.9

The following table provides information on credit quality of loans to corporate clients as at 31 December 2012:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Loans to corporate clients				
- Not past due	155 137 958	(2 739 712)	152 398 246	1.8
- Overdue less than 31 days	8 060	(1 105)	6 955	13.7
- Overdue 31-60 days	4 313	(1 220)	3 093	28.3
- Overdue 61-90 days	38 224	(16 958)	21 266	44.4
- Overdue 91-180 days	92 045	(56 689)	35 356	61.6
- Overdue 181-360 days	124 602	(107 414)	17 188	86.2
- Overdue more than 360 days	135 726	(135 525)	201	99.9
Total loans to corporate clients	155 540 928	(3 058 623)	152 482 305	2.0

Analysis of collateral

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

The following table provides information on collateral securing loans to corporate customers, net of impairment, by types of collateral as at 31 March 2013 and 31 December 2012:

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Real estate	32 691 579	28 114 584
Goods	24 720 773	23 412 380
Securities	18 096 195	13 970 269
Claims for contract receivables	11 055 496	12 034 429
Equipment and motor vehicles	6 895 558	6 128 842
Bank's own debt	262 161	-
Guarantees by other banks	344 317	344 878
Corporate guarantees and no collateral	82 825 159	68 476 923
	176 891 238	152 482 305

The amounts in the table above represent the amount of the outstanding loan, and do not necessarily represent the fair value of the collateral.

The recoverability of loans which are neither past due nor impaired is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Guarantees and sureties received from individuals, such as shareholders of SME borrowers, are not considered for impairment assessment purposes. Accordingly, such loans and unsecured portions of partially secured exposures are presented as loans without collateral or other credit enhancement.

Collateral obtained

As at 31 March 2013, the carrying amount of assets that the Group obtained by taking possession of collateral for loans to corporate customers was RUB 4 195 thousand (31 December 2012: RUB 4 572 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 2013 and 31 March 2012 are as follows:

	2013 RUB'000 (Unaudited)	2012 RUB'000 (Unaudited)
Balance at the beginning of the period	3 058 623	2 624 407
Net charge	511 225	175 589
Net write-offs	(125 435)	(3 676)
Balance at the end of the period	3 444 413	2 796 320

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 31 March 2013:

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auto loans				
- Not past due	10 427 080	(5 101)	10 421 979	0.05
- Overdue less than 31 days	76 231	(7 116)	69 115	9.3
- Overdue 31-60 days	35 427	(9 485)	25 942	26.8
- Overdue 61-90 days	26 386	(9 317)	17 069	35.3
- Overdue 91-180 days	56 979	(26 761)	30 218	47.0
- Overdue 181-360 days	38 408	(27 054)	11 354	70.4
- Overdue more than 360 days	7 817	(7 486)	331	95.8
Total auto loans	10 668 328	(92 320)	10 576 008	0.9
Mortgage loans				
- Not past due	10 461 449	(9 202)	10 452 247	0.1
- Overdue less than 31 days	71 513	(2 296)	69 217	3.2
- Overdue 31-60 days	29 965	(1 346)	28 619	4.5
- Overdue 61-90 days	51 479	(7 947)	43 532	15.4
- Overdue 91-180 days	16 559	(2 052)	14 507	12.4
- Overdue 181-360 days	58 618	(10 813)	47 805	18.4
- Overdue more than 360 days	402 607	(177 577)	225 030	44.1
Total mortgage loans	11 092 190	(211 233)	10 880 957	1.9
Consumer loans				
- Not past due	29 164 756	(161 975)	29 002 781	0.6
- Overdue less than 31 days	812 066	(198 036)	614 030	24.4
- Overdue 31-60 days	426 460	(255 736)	170 724	60.0
- Overdue 61-90 days	279 492	(202 133)	77 359	72.3
- Overdue 91-180 days	536 409	(438 778)	97 631	81.8
- Overdue 181-360 days	590 032	(538 337)	51 695	91.2
- Overdue more than 360 days	210 463	(205 955)	4 508	97.9
Total consumer loans	32 019 678	(2 000 950)	30 018 728	6.2
Total loans to individuals	53 780 196	(2 304 503)	51 475 693	4.3

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Auto loans				
- Not past due	10 816 865	(3 883)	10 812 982	0.04
- Overdue less than 31 days	59 753	(4 250)	55 503	7.1
- Overdue 31-60 days	20 388	(4 415)	15 973	21.7
- Overdue 61-90 days	19 289	(5 814)	13 475	30.1
- Overdue 91-180 days	23 182	(9 822)	13 360	42.4
- Overdue 181-360 days	26 855	(17 298)	9 557	64.4
- Overdue more than 360 days	12 062	(11 318)	744	93.8
Total auto loans	10 978 394	(56 800)	10 921 594	0.5
Mortgage loans				
- Not past due	9 894 216	(10 195)	9 884 021	0.1
- Overdue less than 31 days	35 018	(792)	34 226	2.3
- Overdue 31-60 days	8 572	(738)	7 834	8.6
- Overdue 61-90 days	4 454	(582)	3 872	13.1
- Overdue 91-180 days	53 376	(9 265)	44 111	17.4
- Overdue 181-360 days	63 681	(10 847)	52 834	17.0
- Overdue more than 360 days	383 133	(187 229)	195 904	48.9
Total mortgage loans	10 442 450	(219 648)	10 222 802	2.1
Consumer loans				
- Not past due	26 971 535	(131 333)	26 840 202	0.5
- Overdue less than 31 days	580 249	(131 460)	448 789	22.7
- Overdue 31-60 days	227 937	(120 804)	107 133	53.0
- Overdue 61-90 days	139 254	(90 611)	48 643	65.1
- Overdue 91-180 days	359 707	(268 075)	91 632	74.5
- Overdue 181-360 days	463 702	(402 046)	61 656	86.7
- Overdue more than 360 days	229 092	(219 326)	9 766	95.7
Total consumer loans	28 971 476	(1 363 655)	27 607 821	4.7
Total loans to individuals	50 392 320	(1 640 103)	48 752 217	3.3

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 an analysis of the 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 2013 impaired mortgage loans in the amount of RUB 630 741 thousand are secured by collateral with a fair value of RUB 543 465 thousand excluding the effect of overcollateralization (31 December 2012: RUB 548 234 thousand and RUB 451 018 thousand, respectively). As at 31 March 2013, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 126 703 thousand (31 December 2012: RUB 137 708 thousand).

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of loans to individuals for the three-month period ended 31 March 2013 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	56 800	219 648	1 363 655	1 640 103
Net charge (recovery)	46 619	(8 415)	852 648	890 852
Net write-offs	(11 099)	-	(215 353)	(226 452)
Balance at the end of the period	92 320	211 233	2 000 950	2 304 503

Movements in the loan impairment allowance by classes of loans to individuals for the three-month period ended 31 March 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 (recovery)	10 784	(7 512)	268 824	272 096
Net write-offs	(4 066)	-	(80 620)	(84 686)
Balance at the end of the period	30 496	253 717	961 222	1 245 435

Industry and geographical analysis of the loan portfolio

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

	31 March 2013	31 December 2012
	RUB'000	RUB'000
	(Unaudited)	
Loans to individuals	53 780 196	50 392 320
Consumer electronics, appliances and computers	30 131 080	25 737 636
Food and farm products	21 201 458	17 920 338
Residential and commercial construction and development	16 663 060	17 411 616
Clothing, shoes, textiles and sporting goods	13 777 212	10 189 443
Automotive, motorcycles and spare parts	11 555 939	5 264 206
Construction and decorative materials, furniture	10 891 768	10 608 236
Services	10 701 851	9 708 122
Industrial equipment and machinery	10 283 457	9 714 082
Metallurgical	7 995 749	8 071 462
Pharmaceutical and medical products	6 783 681	6 859 278
Property rental	6 324 132	5 622 270
Paper, stationery and packaging products	6 057 847	5 233 871
Oil and industrial chemicals	4 776 834	4 083 585
Electric utility	4 498 285	1 117 228
Consumer chemicals, perfumes and hygiene products	4 347 387	4 250 319
Industrial and infrastructure construction	3 645 159	2 660 923
Financial	3 185 704	2 946 641
Equipment leasing	2 306 073	2 649 336

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Gardening and pet products	922 042	1 032 346
Books, video, print and copy	483 060	531 924
Products for home, gifts, jewelry and business accessories	355 945	404 207
Telecommunications	176 555	392 750
Other	3 271 373	3 131 109
	234 115 847	205 933 248
Impairment allowance	(5 748 916)	(4 698 726)
	228 366 931	201 234 522

13 Deposits by credit institutions

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Demand deposits	605 243	949 181
Term deposits	22 240 230	23 377 902
Syndicated loans	10 599 196	10 231 524
Subordinated debt	625 653	625 126
Total deposits by credit institutions	34 070 322	35 183 733

14 Deposits by customers

		31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Corporate customers	Demand	20 848 491	24 212 584
	Term	42 019 035	52 344 888
	Subordinated	1 022 955	2 219 428
	Term notes	2 509 807	3 225 262
Total corporate customers		66 400 288	82 002 162
Individuals	Demand	7 970 142	7 285 758
	Term	109 283 229	99 726 184
Total individuals		117 253 371	107 011 942
Total deposits by customers		183 653 659	189 014 104

15 Debt securities issued

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Promissory notes issued at nominal value	6 785 665	8 420 770
Accrued interest	11 299	18 723
Unamortized discount on promissory notes	(261 941)	(283 601)
	6 535 023	8 155 892
Bonds issued	50 311 434	31 857 898
	56 846 457	40 013 790

RUB denominated subordinated bond issue 12 (31 March 2013: RUB 2 021 480 thousand) was issued in February 2013 with a fixed coupon rate of 12.25% until the final maturity date of 22 August 2018. Coupon is paid semi-annually.

USD denominated Loan Participation Notes (31 March 2013: RUB 14 971 165 thousand) were issued in February 2013 with a fixed coupon rate of 7.7% at par until the final maturity date of 1 February 2018.

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 2012: 12 677 832 952 shares) with par value of 1 RUB per share. In addition, at 31 March 2013 the Bank has 23 598 325 056 authorised but unissued ordinary shares with an aggregate nominal value of RUB 23 598 325 056. The total hyperinflation adjustment related to equity as at 31 December 2002, was RUB 861 930 thousand.

17 Commitments

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Guarantees and letters of credit	34 235 886	40 586 746
Undrawn loan commitments	2 346 959	1 968 320
Other contingent liabilities	218 722	216 175
	36 801 567	42 771 241

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.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. They provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market interval or profitability range. Given the short period these new transfer pricing rules have been effective, the impact of any such challenge can not be reliably estimated; however it may be significant to the statement of financial position and/or overall operations of the Bank.

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 2013 and 31 December 2012 with related parties are as follows:

	31 March 2013 (Unaudited)		31 December 2012	
	Amount RUB'000	Average effective interest rate %	Amount RUB'000	Average effective interest rate %
Loans to customers				
Majority shareholder	57 720	15.0%	350 110	15.0%
Under control of majority shareholder	980	16.0%	1 006	16.0%
Management	84 730	11.3%	88 892	11.2%
Total loans	143 430		440 008	
Deposits by customers				
Majority shareholder	485 606	8.3%	320 310	8.6%
Parent company	286 644	8.1%	265 752	8.0%
Under control of majority shareholder	1 123 972	7.6%	2 342 880	6.7%
Management	167 591	7.5%	89 066	6.7%
Total deposits	2 063 813		3 018 008	

Amounts included in the consolidated interim condensed statement of profit and loss and other comprehensive income for the three-month periods ended 31 March 2013 and 31 March 2012 in relation to transactions with related parties are as follows:

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Interest income on loans to customers		
Majority shareholder	8 741	1 897
Under control of majority shareholder	39	2 584
Management	3 419	1 483
Total interest income	12 199	5 964
Interest expense on deposits by customers		
Majority shareholder	7 124	199
Parent company	7 075	5 022
Under control of majority shareholder	17 987	50 428
Management	1 756	978
Total interest expense	33 942	56 627

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the three-month periods ended 31 March 2013 and 31 March 2012 (refer to note 6) is as follows:

	Three-Month Period Ended 31 March 2013 RUB'000 (Unaudited)	Three-Month Period Ended 31 March 2012 RUB'000 (Unaudited)
Members of the Supervisory Board	46 403	2 545
Members of the Management Board	87 830	55 423
	134 233	57 968

20 Capital management

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

The Bank includes 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 2013, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the three-month period ended 31 March 2013 and the year ended 31 December 2012.

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 2013 and 31 December 2012:

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Tier 1 capital		
Share capital and additional paid-in capital	22 559 058	22 559 058
Retained earnings	17 346 443	15 601 246
Total tier 1 capital	39 905 501	38 160 304
Tier 2 capital		
Revaluation surplus for buildings	1 115 928	1 115 928
Revaluation reserve for investments available-for-sale	4 484	16 061
Subordinated loans		
Subordinated loans from Black Sea Trade And Development Bank	466 251	485 963
Subordinated loans from Wellcreek Corporation	1 022 955	2 217 635
Subordinated bonds	5 000 000	3 000 000
Total tier 2 capital	7 609 618	6 835 587
Total capital	47 515 119	44 995 891

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 2013

	31 March 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
Risk-weighted assets		
Banking book	262 452 520	245 565 378
Trading book	45 212 337	40 067 912
Total risk weighted assets	307 664 857	285 633 290
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	15.4	15.8
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	13.0	13.4

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 from borrowings incurred by the Group. The Group complied with all externally imposed capital requirements during the three-month period ended 31 March 2013 and the year ended 31 December 2012.

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 2013 RUB'000 (Unaudited)	31 December 2012 RUB'000
ASSETS		
Corporate banking	177 953 275	153 576 987
Retail banking	53 363 759	50 203 307
Treasury	74 346 068	86 282 788
Cash operations	7 923 945	10 829 487
Unallocated assets	7 498 255	7 834 816
Total assets	321 085 302	308 727 385
LIABILITIES		
Corporate banking	66 400 288	82 002 162
Retail banking	117 253 371	107 011 942
Treasury	48 551 561	46 927 405
International business	42 365 218	28 270 118
Unallocated liabilities	5 488 951	5 223 465
Total liabilities	280 059 389	269 435 092

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 2013

Segment information for the main reportable segments for the three-month period ended 31 March 2013 is set below:

RUB'000 (unaudited)	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	5 726 043	2 099 086	1 262 679	-	-	-	9 087 808
Fee and commission income	388 065	540 860	9 247	-	301 865	-	1 240 037
Net gain on securities	-	-	186 007	-	-	-	186 007
Net foreign exchange gain	100 961	14 316	71 694	-	-	-	186 971
Other income	139 177	43 919	6 892	-	-	-	189 988
(Expenses) revenue from other segments	(2 575 368)	1 919 317	(27 745)	657 430	26 366	-	-
Revenue	3 778 878	4 617 498	1 508 774	657 430	328 231	-	10 890 811
Impairment losses	(511 225)	(890 852)	-	-	-	-	(1 402 077)
Interest expense	(1 057 601)	(2 701 306)	(1 241 868)	(480 747)	-	-	(5 481 522)
Fee and commission expense	(65 877)	(29 173)	(4 000)	(10 446)	(171)	-	(109 667)
General administrative and other expenses	(233 202)	(668 724)	(6 509)	(6 557)	(272 242)	(520 427)	(1 707 661)
Income (loss) before income taxes	1 910 973	327 443	256 397	159 680	55 818	(520 427)	2 189 884
Income taxes	-	-	-	-	-	(444 687)	(444 687)
Segment result	1 910 973	327 443	256 397	159 680	55 818	(965 114)	1 745 197

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 2013

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

RUB'000 (unaudited)	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	3 933 988	1 417 826	620 733	-	-	-	5 972 547
Fee and commission income	345 707	227 807	1 726	-	214 293	-	789 533
Net gain on securities	-	-	451 330	-	-	-	451 330
Net foreign exchange loss	(19 752)	(8 730)	(25 713)	-	-	-	(54 195)
Other income (loss)	(4 748)	12 975	(125)	-	-	-	8 102
(Expenses) revenue from other segments	(1 391 796)	1 343 448	(506 412)	531 464	23 296	-	-
Revenue	2 863 399	2 993 326	541 539	531 464	237 589	-	7 167 317
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 expenses and other expenses	(213 866)	(589 426)	(63 213)	(5 215)	(201 136)	(414 552)	(1 487 408)
Income (loss) before income taxes	1 668 331	230 380	(246 760)	244 379	36 344	(414 552)	1 518 122
Income taxes	-	-	-	-	-	(303 510)	(303 510)
Segment result	1 668 331	230 380	(246 760)	244 379	36 344	(718 062)	1 214 612

22 Fair value hierarchy of financial instruments

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

The estimated value of the financial instruments at fair value through profit or loss and available-for-sale securities is based on quoted market prices at the reporting date without any deduction for transaction costs.

Estimated fair value of all other financial instruments is calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. Management believes that the fair value of all other financial instruments does not differ significantly from their carrying value.

The Group measures fair values for financial instruments recorded on the consolidated interim condensed statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following tables show an analysis of financial instruments recorded at fair value for which fair value is based on quoted market prices or calculated using valuation techniques where all the model inputs are observable in the market as at 31 March 2013 and 31 December 2012:

	Level 1	Level 2	Total
	RUB'000	RUB'000	RUB'000
31 March 2013 - unaudited			
Financial assets at fair value through profit or loss			
Government, municipal and corporate bonds	29 821 003	223 327	30 044 330
Derivative financial instruments	-	173 662	173 662
Equity investments	13	-	13
Total	29 821 003	396 989	30 218 105
Available-for-sale securities			
Corporate bonds	3 005 196	99 578	3 104 775
Promissory notes	-	10 475 343	10 475 343
Total	3 005 196	10 574 921	13 580 117

	Level 1	Level 2	Total
	RUB'000	RUB'000	RUB'000
31 December 2012			
Financial assets at fair value through profit or loss			
Government, municipal and corporate bonds	31 425 713	240 260	31 665 973
Derivative financial instruments	-	18 826	18 826
Equity investments	17	-	17
Total	31 425 713	259 086	31 684 816
Available-for-sale securities			
Corporate bonds	3 007 896	108 578	3 116 474
Promissory notes	-	2 305 114	2 305 114
Total	3 116 474	2 413 692	5 421 588

For financial instruments included in Level 2 valuation techniques include comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The fair value of unquoted equity securities available-for-sale with a carrying value of RUB 23 968 thousand (31 December 2012: RUB 26 006 thousand) cannot be determined.

During three-month period ended 31 March 2013 there were no transfers of financial instruments between Level 1 and Level 2.

As at 31 March 2013 and 31 December 2012 the Group does not have any financial instruments for which fair value is based on valuation techniques involving the use of unobservable inputs (Level 3).

23 Events subsequent to the reporting date

Sandy Vaci, Chairman of the Supervisory Board of the Bank, announced his resignation from the post effective 16 April 2013, while retaining his membership on the Supervisory Board. Bill Owens, member of the Supervisory Board of the Bank, accepted nomination as Chairman of the Supervisory Board to take over from Sandy Vaci.

In April 2013 the Bank paid out the sixth coupon in the amount of RUB 113 341 485 or RUB 48.62 per bond on domestic bond series 08. The issue was originally placed on 14 April 2010 in the amount of RUB 3 billion with a maturity of 5 years.

In April 2013 the Bank paid out the fourth coupon in the amount of RUB 255 550 000 or RUB 51.11 per bond on exchange bond series BO-04. The issue was originally placed on 15 April 2011 in the amount of RUB 5 billion with a maturity of 3 years.

In April 2013 the Bank paid out the second coupon in the amount of RUB 184 480 000 or RUB 46.12 per bond on exchange bond series BO-03. The issue was originally placed on 27 April 2012 in the amount of RUB 4 billion with a maturity of 3 years.

In May 2013 the Bank bought back 424 249 exchange bond series BO-03 (10.6%) from their holders based on a put option at the price of 100% of par value, and then sold 186 592 bonds on the market at the total price of RUB 188 558 296.

In May 2013 the Bank received the final decision from the Central Bank of the Russian Federation approving the USD 500 million 8.7% Loan Participation Notes due 13 November

In May 2013 the Bank received the final decision from the Central Bank of the Russian Federation approving the USD 500 million 8.7% Loan Participation Notes due 13 November 2018 issued in May 2013 by CBOM Finance p.l.c. as a subordinated loan eligible for inclusion into the Bank's Tier 2 capital.

Chairman of the Management Board



Vladimir A. Chubar

Chief Accountant

Svetlana V.Sass