

CREDIT BANK OF MOSCOW
(open joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the six-month period
ended 30 June 2012

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

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

Introduction

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

Scope of Review

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

Conclusion

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

ZAO KPMG

ZAO KPMG
17 August 2012

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

	Notes	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Interest income	4	13 026 193	9 235 588	7 053 646	4 866 948
Interest expense	4	(7 503 602)	(5 361 511)	(3 872 304)	(2 918 574)
Net interest income	4	5 522 591	3 874 077	3 181 342	1 948 374
Provision for impairment of loans	12	(1 023 174)	(813 970)	(575 489)	(670 428)
Net interest income after provision for impairment		4 499 417	3 060 107	2 605 853	1 277 946
Fee and commission income	5	1 742 512	1 138 679	986 054	621 640
Net gain (loss) on financial instruments at fair value through profit or loss		3 925	58 920	(444 889)	(26 355)
Net realized gain (loss) on available-for-sale securities		642	43 811	(1 874)	28 504
Foreign exchange gains, net		7 443	168 335	28 563	107 245
Other operating income		147 451	108 085	92 792	60 438
Non-interest income		1 901 973	1 517 830	660 646	791 472
Salaries and employment benefits	6	(1 691 203)	(974 877)	(816 447)	(509 888)
Administrative expenses	6	(1 106 088)	(747 328)	(612 596)	(388 205)
Provision for impairment of other assets and credit related commitments		(198 025)	(137 377)	(275 621)	(137 217)
Depreciation of property and equipment		(166 410)	(109 318)	(84 671)	(57 498)
Fee and commission expense		(178 759)	(74 002)	(95 955)	(40 739)
State deposit insurance scheme contributions		(177 675)	(116 256)	(91 268)	(62 358)
Other operating expenses		(188 423)	(93 002)	(113 256)	(50 686)
Non-interest expense		(3 706 583)	(2 252 160)	(2 089 814)	(1 246 591)
Income before income taxes		2 694 807	2 325 777	1 176 685	822 827
Income taxes	7	(542 315)	(467 018)	(238 805)	(175 043)
Net income		2 152 492	1 858 759	937 880	647 784
Other comprehensive income					
Revaluation reserve for available-for-sale securities					
- Net change in fair value		18 664	(56 501)	8 953	(1 982)
- Net change in fair value transferred to profit or loss		6 533	45 429	7 461	16 251
Income taxes related to other comprehensive income		(5 040)	2 214	(3 283)	(2 854)
Other comprehensive income (loss) for the period, net of income taxes		20 157	(8 858)	13 131	11 415
Comprehensive income for the period		2 172 649	1 849 901	951 011	659 199

Chairman of the Management Board

Vladimir A. Chubar

Chief Accountant

Svetlana V.Sass



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

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

	Notes	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
ASSETS			
Cash and cash equivalents	8	33 740 971	34 433 419
Obligatory reserves with the Central Bank of the Russian Federation		2 354 542	2 259 170
Due from credit institutions	9	11 082 922	5 301 412
Financial instruments at fair value through profit or loss	10	20 435 979	22 783 760
Available-for-sale securities	11	3 794 455	2 030 678
Loans to customers	12	184 576 517	159 019 821
Property and equipment	13	5 287 312	4 969 932
Other assets		1 958 341	1 572 561
Total assets		263 231 039	232 370 753
LIABILITIES AND EQUITY			
Deposits by the Central Bank of the Russian Federation		2 501 434	-
Deposits by credit institutions	14	27 516 729	24 964 128
Deposits by customers	15	162 953 405	146 690 886
Debt securities issued	16	36 525 483	31 118 869
Deferred tax liability		2 300 520	2 074 397
Current tax liability		-	15 870
Other liabilities		2 193 065	1 898 697
Total liabilities		233 990 636	206 762 847
Equity			
Share capital	17	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		(32 860)	(53 017)
Retained earnings		11 975 856	9 823 364
Total equity		29 240 403	25 607 906
Total liabilities and equity		263 231 039	232 370 753
Commitments and Contingencies	18-19		

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 six-month period ended 30 June 2012

	Notes	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Net cash used in operations		(5 053 690)	(18 766 264)
Net cash (used in) from investing activities		(2 108 287)	1 481 609
Net cash from financing activities		6 247 710	15 581 560
Effect of exchange rates changes on cash and cash equivalents		221 819	(181 582)
Change in cash and cash equivalents		(692 448)	(1 884 677)
Cash and cash equivalents, beginning of the period		34 433 419	23 336 426
Cash and cash equivalents, end of the period	8	33 740 971	21 451 749

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 six-month period ended 30 June 2012

	Share capital	Additional paid-in capital	Revaluation surplus for buildings	Revaluation reserve for available-for- sale securities	Retained earnings	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
1 January 2011	7 138 088	162 686	500 424	28 067	5 937 830	13 767 095
Total comprehensive income for the period (unaudited)	-	-	-	(8 858)	1 858 759	1 849 901
Transactions with owners, recorded directly in equity						
Shares issued (unaudited)	4 500 000	-	-	-	-	4 500 000
Contribution from the ultimate shareholder (net of deferred tax of RUB 884 090 thousand) (note 17) (unaudited)	-	3 536 361	-	-	-	3 536 361
Total transactions with owners, recorded directly in equity (unaudited)	4 500 000	3 536 361	-	-	-	8 036 361
30 June 2011 (unaudited)	11 638 088	3 699 047	500 424	19 209	7 796 589	23 653 357
1 January 2012	11 638 088	3 699 047	500 424	(53 017)	9 823 364	25 607 906
Total comprehensive income for the period (unaudited)	-	-	-	20 157	2 152 492	2 172 649
Transactions with owners, recorded directly in equity						
Contribution from the ultimate shareholder (net of deferred tax of RUB 364 962 thousand) (note 17) (unaudited)	-	1 459 848	-	-	-	1 459 848
Total transactions with owners, recorded directly in equity (unaudited)	-	1 459 848	-	-	-	1 459 848
30 June 2012 (unaudited)	11 638 088	5 158 895	500 424	(32 860)	11 975 856	29 240 403

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 61 branches, and ATMs and payment terminals exceeding 630 and 4000 items, respectively.

The principal subsidiaries of the Group are as follows:

Name	Date of incorporation	Country of incorporation	Principal activities	Degree of control, %	
				30 June 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
Andrew Sergio Gazitua	Member
Mustafa Boran	Member
Roman I. Avdeev	Member
Alexander N. Nikolashin	Member
Anton R. Avdeev	Member
Nikolay V. Kosarev	Member
Vladimir A. Chubar	Member

Related party transactions are detailed in note 20.

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

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Interest income				
Loans to customers	11 107 495	7 662 929	6 089 199	4 102 162
Financial instruments at fair value through profit or loss and available-for-sale securities	1 604 452	1 473 686	814 158	713 965
Due from credit institutions and the Central Bank of the Russian Federation	314 246	98 973	150 289	50 821
	13 026 193	9 235 588	7 053 646	4 866 948
Interest expense				
Deposits by customers	(5 514 322)	(3 416 286)	(2 686 111)	(1 847 250)
Debt securities issued	(1 320 803)	(1 248 734)	(803 167)	(708 809)
Deposits by credit institutions and the Central Bank of the Russian Federation	(668 477)	(696 491)	(383 026)	(362 515)
	(7 503 602)	(5 361 511)	(3 872 304)	(2 918 574)
Net interest income	5 522 591	3 874 077	3 181 342	1 948 374

5 Fee and commission income

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Cash collection delivery	447 004	334 480	238 143	176 870
Settlements and wire transfers	404 331	315 146	225 812	178 235
Guarantees and letters of credit	403 892	225 847	222 695	100 728
Insurance contracts processing	241 003	72 046	178 158	67 904
Plastic cards	165 596	114 609	78 757	62 287
Other cash operations	58 173	46 973	32 013	27 296
Other	22 513	29 578	10 476	8 320
Fee and commission income	1 742 512	1 138 679	986 054	621 640

6 Salaries, employment benefits and administrative expenses

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Three-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Salaries	1 338 231	742 905	649 429	396 628
Social security costs	337 255	220 901	158 124	106 786
Other	15 717	11 071	8 894	6 474
Salaries and employment benefits	1 691 203	974 877	816 447	509 888
Occupancy	428 117	216 832	226 913	119 018
Operating taxes	194 755	118 358	108 154	65 250
Advertising and business development	186 012	174 334	112 826	90 528
Security	99 676	78 524	51 954	40 697
Property maintenance	90 949	81 920	56 626	27 740
Transport	27 214	17 311	15 100	9 160
Communications	22 573	22 164	11 996	10 470
Computer maintenance and software expenses	13 497	21 538	7 725	15 202
Other	43 295	16 347	21 302	10 140
Administrative expenses	1 106 088	747 328	612 596	388 205

7 Income taxes

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Current tax charge	683 368	167 239
Deferred taxation	(141 053)	299 779
Income tax expense	542 315	467 018

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:

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Income before tax	2 694 807	2 325 777
Applicable statutory tax rate	20%	20%
Income tax using the applicable tax rate	538 961	465 155
Income taxed at lower rates	(18 697)	(21 375)
Non-deductible costs (non-taxable income)	22 051	23 238
Income tax expense	542 315	467 018

8 Cash and cash equivalents

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Cash on hand	5 820 930	7 235 147
Correspondent account with the Central Bank of the Russian Federation	6 803 738	7 369 693
Nostro accounts with other banks		
rated from AA+ to AA-	460 221	844 958
rated from A+ to A-	354 358	697 121
rated from BBB+ to BBB-	181 777	1 876 423
rated from BB+ to BB-	3 220	5 504
rated from B+ to B-	132 252	183 608
not rated	2 638 694	1 719 034
Total nostro accounts with other banks	3 770 522	5 326 648
Due from credit institutions with maturity of less than 1 month		
rated from AA+ to AA-	-	1 337 973
rated A- to A+	2 133 374	-
rated from BBB+ to BBB-	11 501 257	9 729 891
rated from BB+ to BB-	1 960 100	-
rated from B+ to B-	1 669 030	1 932 050
not rated	82 020	1 502 017
Total due from credit institutions with maturity of less than 1 month	17 345 781	14 501 931
Total cash and cash equivalents	33 740 971	34 433 419

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

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

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

Settlements with stock exchanges are included in not rated nostro accounts in the amount of RUB 2 274 479 thousand as at 30 June 2012 (31 December 2011: RUB 1 271 352 thousand).

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

9 Due from credit institutions

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Term deposits		
rated from A+ to A-	31 176	30 586
rated from BBB+ to BBB-	-	2 841 567
rated from BB+ to BB-	1 499 761	-
rated from B+ to B-	4 803 317	1 620 332
not rated	4 748 668	808 927
Total due from credit institutions	11 082 922	5 301 412

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

As at 30 June 2012 not rated due from credit institutions included loans provided to one of the leading Russian investment company in the amount of RUB 3 003 945 thousand.

10 Financial instruments at fair value through profit or loss

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
<u>Held by the Bank</u>		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	6 800 059	9 286 846
Moscow Government bonds	906 226	927 144
Regional authorities and municipal bonds	369 441	372 780
Russian Government Eurobonds	1 216	1 789 318
Corporate bonds		
from BBB+ to BBB-	5 173 544	4 007 920
from BB+ to BB-	4 004 749	2 101 783
from B+ to B-	2 388 889	3 213 814
from CCC+ to CCC-	-	52 618
not rated	791 836	1 031 514
Equity investments	19	23
Total financial instruments at fair value through profit or loss	20 435 979	22 783 760

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

As at 30 June 2012 debt instruments in the amount of RUB 18 670 441 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2011: RUB 20 225 639 thousand).

11 Available-for-sale securities

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
<u>Held by the Bank</u>		
Government and municipal bonds		
Regional authorities and municipal bonds	10 238	10 277
Corporate bonds		
from BBB+ to BBB-	521 420	410 734
from BB+ to BB-	1 995 063	385 133
from B+ to B-	686 316	1 017 580
not rated	61 018	179 948
Promissory notes		
from BB+ to BB-	493 372	-
Equity investments	27 028	27 006
Total available-for-sale securities	3 794 455	2 030 678

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

As at 30 June 2012 debt instruments in the amount of RUB 1 933 797 thousand are qualified to be pledged against borrowings from the Central Bank of the Russian Federation (31 December 2011: RUB 371 884 thousand).

12 Loans to customers

	30 June 2012 RUB'000 (Unaudited)	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000	31 December 2011 RUB'000
	Loans	Impairment allowance	Loans	Impairment allowance
Loans to corporate clients	150 621 368	(2 943 186)	132 844 258	(2 624 407)
Loans to individuals				
Auto loans	8 228 374	(35 015)	6 175 018	(23 778)
Mortgage loans	8 460 413	(272 957)	7 661 002	(261 229)
Consumer loans	21 673 194	(1 155 674)	16 021 975	(773 018)
Total loans to individuals	38 361 981	(1 463 646)	29 857 995	(1 058 025)
Gross loans to customers	188 983 349	(4 406 832)	162 702 253	(3 682 432)
Net loans to customers	184 576 517		159 019 821	

Credit quality of loan portfolio

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loans to customers				
- Not past due	185 621 045	(2 837 773)	182 783 272	1.5%
- Overdue less than 31 days	517 753	(96 451)	421 302	18.6%
- Overdue 31-60 days	151 949	(59 973)	91 976	39.5%
- Overdue 61-90 days	395 474	(144 729)	250 745	36.6%
- Overdue 91-180 days	440 858	(234 043)	206 815	53.1%
- Overdue 181-360 days	1 257 038	(628 776)	628 262	50.0%
- Overdue more than 360 days	599 232	(405 087)	194 145	67.6%
Total loans to customers	188 983 349	(4 406 832)	184 576 517	2.3%

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

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

As at 30 June 2012, the loan portfolio includes loans that have been restructured and would otherwise be past due or impaired in the amount of RUB 1 005 283 thousand (31 December 2011: RUB 904 633 thousand). Such restructuring activity is aimed at managing customer relationships and maximizing the quality of the loan portfolio. Restructured loans are included in loans not past due unless the borrower is unable to comply with the renegotiated terms.

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
Restructured loans				
- As at 30 June 2012	1 005 283	(46 728)	958 555	4.6%
- As at 31 December 2011	904 633	(48 185)	856 448	5.3%

As at 30 June 2012, the gross amount of overdue loans with payments that are overdue at least one day totals RUB 3 362 304 thousand, which represents 1.8% of the loan portfolio (31 December 2011: RUB 2 603 041 thousand and 1.6%, respectively).

Nonperforming loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 2 297 128 thousand or 1.2% of the loan portfolio (31 December 2011: RUB 1 765 023 thousand and 1.2%, respectively).

NPLs together with restructured loans amount to RUB 3 302 411 thousand or 1.7% of the loan portfolio (31 December 2011: RUB 2 669 656 thousand and 1.6%, respectively).

As at 30 June 2012, the ratio of total impairment allowance to overdue loans equals 131.1%, the ratio of total impairment allowance to NPLs equals 191.8% and the ratio of total impairment allowance to NPLs together with restructured loans equals 133.4% (31 December 2011: 141.5%, 208.6% and 137.9%, respectively).

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

	2012 RUB'000 (Unaudited)	2011 RUB'000 (Unaudited)
Balance at the beginning of the period	3 682 432	2 793 109
Net charge	1 023 174	813 970
Net write-offs	(298 774)	(170 722)
Balance at the end of the period	4 406 832	3 436 357

Credit quality of loans to corporate clients portfolio

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000 (Unaudited)	RUB'000 (Unaudited)	RUB'000 (Unaudited)	% (Unaudited)
Loans to corporate clients				
- Not past due	149 745 101	(2 722 769)	147 022 332	1.8%
- Overdue 31-60 days	1 226	(296)	930	24.1%
- Overdue 61-90 days	274 104	(87 295)	186 809	31.8%
- Overdue 91-180 days	137 936	(61 029)	76 907	44.2%
- Overdue 181-360 days*	412 522	(22 574)	389 948	5.5%
- Overdue more than 360 days	50 479	(49 223)	1 256	97.5%
Total loans to corporate clients	150 621 368	(2 943 186)	147 678 182	2.0%

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

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

* Included in overdue loans to corporate clients for 181-360 days as at 30 June 2012 is a loan in the amount of RUB 409 916 thousand with liquid real estate collateral (31 December 2011: overdue loans to corporate clients for 91-180 days is a 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.

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

	30 June 2012	31 December 2011
	RUB'000	RUB'000
	(Unaudited)	(Unaudited)
	Loans to customers,	Loans to customers,
	gross	gross
	RUB'000	RUB'000
Real estate	28 058 179	25 098 278
Goods	23 791 078	18 937 944
Securities	20 256 548	15 069 861
Equipment & motor vehicles	8 278 754	8 272 587
Claims for contract receivables	7 130 766	5 071 560
Bank's own debts	702 866	5 658 958
Corporate guarantees and no collateral	62 403 177	54 735 070
	150 621 368	132 844 258

Loans to corporate customers that are past due or impaired

Impaired or overdue loans to corporate customers are secured by collateral with a fair value of RUB 601 589 thousand (2011: RUB 581 065 thousand), excluding the effect of overcollateralization.

As of 30 June 2012 the Group plans to recover a portion of impaired lease contracts with a gross amount of RUB 15 303 thousand (31 December 2011: RUB 15 715 thousand) through the sale of collateral with a fair value of RUB 8 945 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 147 022 332 thousand (2011: RUB 129 727 352 thousand), which are neither past due or impaired, the fair value of collateral was estimated at the inception of the loans and was not adjusted for subsequent changes to the reporting date. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

Collateral obtained

During the period ended 30 June 2012, the Group obtained certain assets by taking possession of collateral for loans to corporate customers. As at 30 June 2012, the assessment of the carrying amount of such assets was RUB 28 643 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 six-month periods ended 30 June 2012 and 30 June 2011 are as follows:

	2012 RUB'000 (Unaudited)	2011 RUB'000 (Unaudited)
Balance at the beginning of the period	2 624 407	1 990 001
Net charge	415 220	805 314
Net write-offs	(96 441)	(98 392)
Balance at the end of the period	2 943 186	2 696 923

Credit quality of loans to individuals

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

	Gross loans RUB'000 (Unaudited)	Impairment allowance RUB'000 (Unaudited)	Net loans RUB'000 (Unaudited)	Impairment to gross loans % (Unaudited)
Auto loans				
- Not past due	8 131 665	(2 319)	8 129 346	0.0%
- Overdue less than 31 days	32 572	(1 763)	30 809	5.4%
- Overdue 31-60 days	11 981	(1 998)	9 983	16.7%
- Overdue 61-90 days	5 731	(1 397)	4 334	24.4%
- Overdue 91-180 days	16 306	(6 180)	10 126	37.9%
- Overdue 181-360 days	22 427	(14 185)	8 242	63.2%
- Overdue more than 360 days	7 692	(7 173)	519	93.3%
Total auto loans	8 228 374	(35 015)	8 193 359	0.4%

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

	Gross loans	Impairment allowance	Net loans	Impairment to gross loans
	RUB'000	RUB'000	RUB'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Mortgage loans				
- Not past due	7 737 576	(11 590)	7 725 986	0.1%
- Overdue less than 31 days	60 311	(57)	60 254	0.1%
- Overdue 31-60 days	22 233	(543)	21 690	2.4%
- Overdue 61-90 days	23 454	(164)	23 290	0.7%
- Overdue 91-180 days	51 377	(1 130)	50 247	2.2%
- Overdue 181-360 days	179 795	(56 941)	122 854	31.7%
- Overdue more than 360 days	385 667	(202 532)	183 135	52.5%
Total mortgage loans	8 460 413	(272 957)	8 187 456	3.2%
Consumer loans				
- Not past due	20 006 703	(101 095)	19 905 608	0.5%
- Overdue less than 31 days	424 870	(94 631)	330 239	22.3%
- Overdue 31-60 days	116 509	(57 136)	59 373	49.0%
- Overdue 61-90 days	92 185	(55 873)	36 312	60.6%
- Overdue 91-180 days	235 239	(165 704)	69 535	70.4%
- Overdue 181-360 days	642 294	(535 076)	107 218	83.3%
- Overdue more than 360 days	155 394	(146 159)	9 235	94.1%
Total consumer loans	21 673 194	(1 155 674)	20 517 520	5.3%
Total loans to individuals	38 361 981	(1 463 646)	36 898 335	3.8%

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

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

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

Analysis of collateral

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

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

As at 30 June 2012 impaired mortgage loans in the amount of RUB 722 856 thousand are secured by a collateral with a fair value of RUB 876 627 thousand. As at 30 June 2012, the Group estimates the fair value of private real estate undergoing foreclosure to be RUB 119 631 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 six-month period ended 30 June 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	19 356	11 728	576 870	607 954
Net write-offs	(8 119)	-	(194 214)	(202 333)
Balance at the end of the period	35 015	272 957	1 155 674	1 463 646

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

	Auto loans	Mortgage loans	Consumer loans	Total
	RUB'000	RUB'000	RUB'000	RUB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at the beginning of the period	87 657	430 242	285 209	803 108
Net (recovery) charge	(21 086)	(159 356)	189 098	8 656
Net write-offs	(34 949)	(1 028)	(36 353)	(72 330)
Balance at the end of the period	31 622	269 858	437 954	739 434

Industry and geographical analysis of the loan portfolio

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

	30 June 2012	31 December 2011
	RUB'000	RUB'000
	(Unaudited)	
Loans to individuals	38 361 981	29 857 995
Consumer electronics, appliances and computers	23 500 595	18 459 411
Food and farm products	18 048 424	20 956 404
Residential and commercial construction and development	13 514 765	12 119 200
Construction and decorative materials, furniture	11 869 999	10 813 405
Clothing, shoes, textiles and sporting goods	10 901 376	9 149 182
Industrial equipment and machinery	10 527 947	8 318 855
Property rental	9 710 870	8 164 457
Services	7 201 765	4 809 991
Pharmaceutical and medical products	6 805 839	6 099 881
Metallurgical	5 535 312	3 681 045
Paper, stationery and packaging products	5 034 272	4 001 577
Consumer chemicals, perfumes and hygiene products	4 979 776	4 023 559
Oil and industrial chemicals	4 711 336	3 182 725
Automotive, motorcycles and spare parts	4 577 815	5 396 030
Equipment leasing	3 060 635	4 443 980
Industrial and infrastructure construction	2 842 701	1 510 690
Financial	1 300 687	1 424 049
Gardening and pet products	1 075 533	942 175
Electric utility	959 524	-
Books, video, print and copy	504 759	526 557
Products for home, gifts, jewelry and business accessories	395 080	408 239
Telecommunications	314 655	1 340 167
Other	3 247 703	3 072 679
	188 983 349	162 702 253
Impairment allowance	(4 406 832)	(3 682 432)
	184 576 517	159 019 821

13 Property and equipment

The movements in property and equipment for the six-month period ended 30 June 2012 are as follows:

RUB'000 (Unaudited)	Buildings	Vehicles	Computers and office equipment	Furniture and other property	Construction in progress	Total
Cost/revalued amount						
At 1 January 2012	2 230 452	255 891	259 371	1 113 697	1 757 962	5 617 373
Additions	6 732	48 601	20 337	119 797	302 310	497 777
Transfers	1 934 311	-	-	-	(1 934 311)	-
Disposals	-	(12 953)	(3 579)	(23 481)	-	(40 013)
At 30 June 2012	4 171 495	291 539	276 129	1 210 013	125 961	6 075 137
Accumulated depreciation						
At 1 January 2012	141 348	68 232	78 910	358 951	-	647 441
Depreciation charge	23 529	26 269	28 053	88 559	-	166 410
Disposals	-	(12 540)	(3 084)	(10 402)	-	(26 026)
At 30 June 2012	164 877	81 961	103 879	437 108	-	787 825
Carrying value						
At 30 June 2012	4 006 618	209 578	172 250	772 905	125 961	5 287 312

The movements in property and equipment for the six-month period ended 30 June 2011 are as follows:

RUB'000 (Unaudited)	Buildings	Vehicles	Computers and office equipment	Furniture and other property	Construction in progress	Total
Cost/revalued amount						
At 1 January 2011	2 216 926	146 259	86 192	747 310	1 498 854	4 695 541
Additions	4 082	64 252	630	173 674	-	242 638
Disposals	-	(8 964)	(737)	(7 491)	(45 221)	(62 413)
At 30 June 2011	2 221 008	201 547	86 085	913 493	1 453 633	4 875 766
Accumulated depreciation						
At 1 January 2011	96 053	48 540	50 823	245 008	-	440 424
Depreciation charge	26 789	15 874	7 387	59 268	-	109 318
Disposals	-	(8 436)	(462)	(2 519)	-	(11 417)
At 30 June 2011	122 842	55 978	57 748	301 757	-	538 325
Carrying value						
At 30 June 2011	2 098 166	145 569	28 337	611 736	1 453 633	4 337 441

14 Deposits by credit institutions

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Demand deposits	180 109	64 496
Term deposits	18 809 337	18 168 718
Syndicated loans	5 584 400	5 421 197
Payables under repurchase agreements	1 608 343	-
Subordinated debt	1 334 540	1 309 717
Total deposits by credit institutions	27 516 729	24 964 128

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

15 Deposits by customers

		30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Corporate customers	Demand	20 146 447	17 838 871
	Term	44 239 653	34 843 029
	Subordinated	2 302 076	2 745 236
	Term notes	2 918 994	5 894 492
Total corporate customers		69 607 170	61 321 628
Individuals	Demand	6 306 441	4 842 326
	Term	87 039 794	80 526 932
Total individuals		93 346 235	85 369 258
Total deposits by customers		162 953 405	146 690 886

16 Debt securities issued

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Promissory notes issued at nominal value	7 205 353	6 789 426
Accrued interest	5 514	32 768
Unamortized discount on promissory notes	(406 367)	(304 874)
	6 804 500	6 517 320
Bonds issued	29 720 983	24 601 549
Total debt securities issued	36 525 483	31 118 869

RUB denominated bonds issue BO-03 (30 June 2012: RUB 3 948 846 thousand) was issued in April 2012 with a fixed coupon rate of 9.25% for the first year. The Bank sets the coupon rate for each subsequent six month period until the final maturity date of 27 April 2015.

17 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.

18 Commitments

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Guarantees and letters of credit	32 721 726	29 869 161
Undrawn loan commitments	1 369 855	1 079 727
Other contingent liabilities	249 699	214 784
	34 341 280	31 163 672

19 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.

20 Related party transactions

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

	30 June 2012 (Unaudited)		31 December 2011	
	Amount RUB'000	Average effective interest rate %	Amount RUB'000	Average effective interest rate %
Loans to customers				
Ultimate shareholder	-	-	70 208	12.0%
Under control of ultimate shareholder	78 423	12.0%	87 138	12.0%
Management	73 070	10.4%	43 977	10.7%
Total loans	151 493		201 323	
Deposits by customers				
Ultimate shareholder	285 980	8.5%	31 993	3.9%
Parent company	238 871	8.5%	250 896	8.3%
Under control of ultimate shareholder	2 443 673	6.8%	2 909 463	7.9%
Management	111 197	7.5%	35 481	7.6%
Total deposits	3 079 721		3 227 833	

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

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Interest income on loans to customers		
Ultimate shareholder	1 981	19 488
Under control of ultimate shareholder	5 013	35 640
Management	2 940	2 117
Total interest income	9 934	57 245
Interest expense on deposits by customers		
Ultimate shareholder	4 957	249
Parent company	9 641	21 825
Under control of ultimate shareholder	23 844	77 192
Management	2 507	748
Total interest expense	40 949	100 014

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

	Six-Month Period Ended 30 June 2012 RUB'000 (Unaudited)	Six-Month Period Ended 30 June 2011 RUB'000 (Unaudited)
Members of the Supervisory Board	13 529	1 943
Members of the Management Board	72 831	22 868
	86 360	24 811

21 Capital management

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

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

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

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

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
Tier 1 capital		
Share capital and additional paid-in capital	16 796 983	15 337 135
Retained earnings	11 975 856	9 823 364
Total tier 1 capital	28 772 839	25 160 499
Tier 2 capital		
Revaluation surplus for buildings	500 424	500 424
Revaluation reserve for investments available-for-sale	(32 860)	(53 017)
Subordinated loans		
Subordinated loan from EBRD	426 620	482 942
Subordinated loan from BLACK SEA TRADE AND DEVELOPMENT BANK	656 338	643 922
Subordinated loans from WELLCREEK CORPORATION	2 302 076	2 745 236
Total tier 2 capital	3 852 598	4 319 507
Total capital	32 625 437	29 480 006
Risk-weighted assets		
Banking book	216 756 289	184 090 083
Trading book	17 675 295	21 012 847
Total risk weighted assets	234 431 584	205 102 930
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	13.9	14.4
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	12.3	12.3

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

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord established by covenants under liabilities incurred by the Group. The Group complied with all externally imposed capital requirements during the six-month period ended 30 June 2012 and the year ended 31 December 2011.

22 Analysis by segment

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

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

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

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

	30 June 2012 RUB'000 (Unaudited)	31 December 2011 RUB'000
ASSETS		
Corporate banking	148 690 634	131 168 702
Retail banking	38 240 425	30 110 289
Treasury	63 233 397	57 314 123
Cash operations	5 820 930	7 235 146
Unallocated assets	7 245 653	6 542 493
Total assets	263 231 039	232 370 753
LIABILITIES		
Corporate banking	69 607 170	61 321 628
Retail banking	93 346 235	85 369 258
Treasury	39 333 295	31 243 275
International business	27 210 351	24 839 723
Unallocated liabilities	4 493 585	3 988 963
Total liabilities	233 990 636	206 762 847

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

Segment information for the main reportable segments for the six-month period ended 30 June 2012 is set below:

RUB'000 (Unaudited)	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	8 739 527	3 067 811	1 218 855	-	-	-	13 026 193
Fee and commission income	763 901	503 788	2 238	-	472 585	-	1 742 512
Net gain on securities	-	-	4 567	-	-	-	4 567
Net foreign exchange gain	1 311	1 570	4 562	-	-	-	7 443
Other income	25 993	107 658	13 800	-	-	-	147 451
(Expenses) revenue from other segments	(3 022 086)	2 770 390	(841 792)	1 043 505	49 983	-	-
Revenue	6 508 646	6 451 217	402 230	1 043 505	522 568	-	14 928 166
Impairment losses	(415 221)	(607 953)	-	-	-	-	(1 023 174)
Interest expense	(1 643 974)	(3 892 304)	(1 443 519)	(523 805)	-	-	(7 503 602)
Fee and commission expense	(2 298)	(23 526)	(57 828)	(94 873)	(234)	-	(178 759)
General administrative and other expenses	(320 550)	(1 539 533)	(114 476)	(12 874)	(454 371)	(1 086 020)	(3 527 824)
Income (loss) before income taxes	4 126 603	387 901	(1 213 593)	411 953	67 963	(1 086 020)	2 694 807
Income taxes	-	-	-	-	-	(542 315)	(542 315)
Segment result	4 126 603	387 901	(1 213 593)	411 953	67 963	(1 628 335)	2 152 492

CREDIT BANK OF MOSCOW (open joint-stock company)
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Segment information for the main reportable segments for the six-month period ended 30 June 2011 is set below:

RUB'000 (Unaudited)	Corporate banking	Retail banking	Treasury	International business	Cash operations	Unallocated	Total
External interest income	5 840 030	1 878 673	1 516 885	-	-	-	9 235 588
Fee and commission income	474 471	306 015	2 396	-	355 797	-	1 138 679
Net gain on securities	-	-	102 731	-	-	-	102 731
Net foreign exchange income	126 702	11 192	30 441	-	-	-	168 335
Other income	85 455	15 402	7 228	-	-	-	108 085
(Expenses) revenue from other segments	(2 021 534)	1 806 301	(321 635)	526 077	10 791	-	-
Revenue	4 505 124	4 017 583	1 338 046	526 077	366 588	-	10 753 418
Impairment losses	(805 314)	(8 656)	-	-	-	-	(813 970)
Interest expense	(956 345)	(2 750 766)	(1 414 579)	(239 821)	-	-	(5 361 511)
Fee and commission expense	(4 673)	(18 169)	(29 301)	(21 698)	(161)	-	(74 002)
General administrative and other expenses	(233 801)	(953 715)	(17 580)	(11 573)	(332 367)	(629 122)	(2 178 158)
Income (loss) before income taxes	2 504 991	286 277	(123 414)	252 985	34 060	(629 122)	2 325 777
Income taxes	-	-	-	-	-	(467 018)	(467 018)
Segment result	2 504 991	286 277	(123 414)	252 985	34 060	(1 096 140)	1 858 759

23 Risk management

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current deposits, maturing deposits, loan draw downs and guarantees. The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due.

In accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most of the cases the accrued interest. Management considers term deposits from individuals to be a stable source of funding based on the past experience, thus classifying them in accordance with their stated maturity dates.

The following tables show all assets and liabilities as at 30 June 2012 and 31 December 2011 by their remaining contractual maturities with the exception of securities included in financial assets at fair value through profit or loss and securities available for sale that are qualified to be pledged against borrowings from the Central Bank of the Russian Federation. Such securities are shown in the category “Less than 1 month”. The amounts shown here represent carrying amounts on the reporting dates and do not include cash flows associated with future interest and coupon payments.

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

30 June 2012 (Unaudited)	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	No maturity	Overdue	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
ASSETS												
Cash and cash equivalents	33 740 971	-	-	-	-	-	-	-	-	-	-	33 740 971
Obligatory reserves with the Central Bank of the Russian Federation	-	-	-	-	-	-	-	-	-	2 354 542	-	2 354 542
Due from credit institutions	2 232 875	4 642 645	2 674 177	1 502 049	31 176	-	-	-	-	-	-	11 082 922
Financial instruments at fair value through profit or loss	18 670 442	264 536	147 677	-	128 197	771 411	231 587	222 109	1	19	-	20 435 979
Available-for-sale securities	1 933 798	554 391	120 959	-	131 635	105 332	-	425 897	495 414	27 029	-	3 794 455
Loans to customers	14 752 479	27 920 929	33 854 343	21 998 764	14 177 244	26 454 282	18 447 470	17 443 063	7 734 698	-	1 793 245	184 576 517
Property and equipment	-	-	-	-	-	-	-	-	-	5 287 312	-	5 287 312
Other assets	732 243	263 069	409 715	208 436	1 351	215 960	-	-	-	127 567	-	1 958 341
	<u>72 062 808</u>	<u>33 645 570</u>	<u>37 206 871</u>	<u>23 709 249</u>	<u>14 469 603</u>	<u>27 546 985</u>	<u>18 679 057</u>	<u>18 091 069</u>	<u>8 230 113</u>	<u>7 796 469</u>	<u>1 793 245</u>	<u>263 231 039</u>
LIABILITIES												
Deposits by the Central Bank of the Russian Federation	-	2 501 434	-	-	-	-	-	-	-	-	-	2 501 434
Deposits by credit institutions	3 784 407	2 011 449	7 930 804	3 282 257	2 514 288	4 282 045	1 171 758	1 816 311	723 410	-	-	27 516 729
Deposits by customers	54 492 850	26 640 548	25 058 607	17 201 711	12 355 224	8 863 072	15 147 216	841 383	2 352 794	-	-	162 953 405
Debt securities issued	1 045 789	3 675 055	1 037 999	822 839	42 386	14 625 590	13 193 651	2 082 174	-	-	-	36 525 483
Income tax liability	-	-	-	-	-	-	-	-	-	2 300 520	-	2 300 520
Other liabilities	1 193 325	83 333	141 000	42 844	-	241	-	-	-	732 322	-	2 193 065
	<u>60 516 371</u>	<u>34 911 819</u>	<u>34 168 410</u>	<u>21 349 651</u>	<u>14 911 898</u>	<u>27 770 948</u>	<u>29 512 625</u>	<u>4 739 868</u>	<u>3 076 204</u>	<u>3 032 842</u>	<u>-</u>	<u>233 990 636</u>
Net position	<u>11 546 437</u>	<u>(1 266 249)</u>	<u>3 038 461</u>	<u>2 359 598</u>	<u>(442 295)</u>	<u>(223 963)</u>	<u>(10 833 568)</u>	<u>13 351 201</u>	<u>5 153 909</u>	<u>4 763 627</u>	<u>1 793 245</u>	<u>29 240 403</u>
Accumulated gap	<u>11 546 437</u>	<u>10 280 188</u>	<u>13 318 649</u>	<u>15 678 247</u>	<u>15 235 952</u>	<u>15 011 989</u>	<u>4 178 421</u>	<u>17 529 622</u>	<u>22 683 531</u>	<u>27 447 158</u>	<u>29 240 403</u>	

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

31 December 2011	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	No maturity	Overdue	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
ASSETS												
Cash and cash equivalents	34 433 419	-	-	-	-	-	-	-	-	-	-	34 433 419
Obligatory reserves with the Central Bank of the Russian Federation	-	-	-	-	-	-	-	-	-	2 259 170	-	2 259 170
Due from credit institutions	-	5 270 826	30 586	-	-	-	-	-	-	-	-	5 301 412
Financial instruments at fair value through profit or loss	20 225 992	-	559 346	79 191	350 998	177 323	689 737	701 150	-	23	-	22 783 760
Available-for-sale securities	371 885	-	51 626	419 739	98 150	515 525	-	103 079	443 668	27 006	-	2 030 678
Loans to customers	12 292 527	27 454 499	32 353 751	12 361 218	15 868 355	22 021 814	14 764 676	13 852 822	6 563 260	-	1 486 899	159 019 821
Property and equipment	-	-	-	-	-	-	-	-	-	4 969 932	-	4 969 932
Other assets	376 104	475 110	271 558	167 749	39 439	942	452	-	-	241 207	-	1 572 561
	<u>67 699 927</u>	<u>33 200 435</u>	<u>33 266 867</u>	<u>13 027 897</u>	<u>16 356 942</u>	<u>22 715 604</u>	<u>15 454 865</u>	<u>14 657 051</u>	<u>7 006 928</u>	<u>7 497 338</u>	<u>1 486 899</u>	<u>232 370 753</u>
LIABILITIES												
Deposits by credit institutions	2 239 428	2 191 591	2 839 045	4 450 240	6 315 653	3 525 359	897 906	1 904 128	600 778	-	-	24 964 128
Deposits by customers	43 158 216	18 528 125	23 602 385	17 195 828	15 970 309	9 135 332	14 092 833	2 262 622	2 745 236	-	-	146 690 886
Debt securities issued	1 875 939	1 623 996	3 014 127	4 977 035	5 364 688	2 591 335	11 664 500	6 559	690	-	-	31 118 869
Income tax liability	15 870	-	-	-	-	-	-	-	-	2 074 397	-	2 090 267
Other liabilities	748 221	267 234	84 297	108 365	60 228	96 393	121	-	-	533 838	-	1 898 697
	<u>48 037 674</u>	<u>22 610 946</u>	<u>29 539 854</u>	<u>26 731 468</u>	<u>27 710 878</u>	<u>15 348 419</u>	<u>26 655 360</u>	<u>4 173 309</u>	<u>3 346 704</u>	<u>2 608 235</u>	<u>-</u>	<u>206 762 847</u>
Net position	<u>19 662 253</u>	<u>10 589 489</u>	<u>3 727 013</u>	<u>(13 703 571)</u>	<u>(11 353 936)</u>	<u>7 367 185</u>	<u>(11 200 495)</u>	<u>10 483 742</u>	<u>3 660 224</u>	<u>4 889 103</u>	<u>1 486 899</u>	<u>25 607 906</u>
Accumulated gap	<u>19 662 253</u>	<u>30 251 742</u>	<u>33 978 755</u>	<u>20 275 184</u>	<u>8 921 248</u>	<u>16 288 433</u>	<u>5 087 938</u>	<u>15 571 680</u>	<u>19 231 904</u>	<u>24 121 007</u>	<u>25 607 906</u>	

Currency analysis

The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Supervisory Board sets limits on the level of exposure by currencies. These limits also comply with the minimum requirements of the Central Bank of the Russian Federation. The exposure of assets and liabilities to foreign currency exchange rate risk is as follows:

	30 June 2012				31 December 2011			
	USD RUB'000 (Unaudited)	RUB RUB'000 (Unaudited)	Other currencies RUB'000 (Unaudited)	Total RUB'000 (Unaudited)	USD RUB'000	RUB RUB'000	Other currencies RUB'000	Total RUB'000
ASSETS								
Cash and cash equivalents	7 341 359	25 244 279	1 155 333	33 740 971	2 853 889	28 513 466	3 066 064	34 433 419
Obligatory reserves with the Central Bank of the Russian Federation	-	2 354 542	-	2 354 542	-	2 259 170	-	2 259 170
Due from credit institutions	2 984 841	8 098 081	-	11 082 922	3 262 873	1 620 332	418 207	5 301 412
Financial instruments at fair value through profit or loss	1 216	20 434 763	-	20 435 979	1 789 318	20 994 442	-	22 783 760
Available-for-sale securities	1 859 515	1 934 940	-	3 794 455	546 748	1 483 930	-	2 030 678
Loans to customers	27 561 791	148 106 942	8 907 784	184 576 517	18 186 054	132 935 173	7 898 594	159 019 821
Property and equipment	-	5 287 312	-	5 287 312	-	4 969 932	-	4 969 932
Other assets	123 044	1 800 704	34 593	1 958 341	38 388	1 494 063	40 110	1 572 561
	39 871 766	213 261 563	10 097 710	263 231 039	26 677 270	194 270 508	11 422 975	232 370 753

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	30 June 2012				31 December 2011			
	USD	RUB	Other	Total	USD	RUB	Other	Total
	RUB'000	RUB'000	currencies RUB'000	RUB'000	RUB'000	RUB'000	currencies RUB'000	RUB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)				
LIABILITIES								
Deposits by the Central Bank of Russian Federation	-	2 501 434	-	2 501 434	-	-	-	-
Deposits by credit institutions	20 175 490	5 280 288	2 060 951	27 516 729	16 752 464	6 504 539	1 707 125	24 964 128
Deposits by customers	16 454 087	137 751 191	8 748 127	162 953 405	12 883 207	123 628 785	10 178 894	146 690 886
Debt securities issued	6 807 396	29 707 094	10 993	36 525 483	6 700 568	24 407 370	10 931	31 118 869
Income tax liability	-	2 300 520	-	2 300 520	-	2 090 267	-	2 090 267
Other liabilities	42 087	2 117 421	33 557	2 193 065	28 413	1 840 441	29 843	1 898 697
	43 479 060	179 657 948	10 853 628	233 990 636	36 364 652	158 471 402	11 926 793	206 762 847
Net position before hedging	(3 607 294)	33 603 615	(755 918)	29 240 403	(9 687 382)	35 799 106	(503 818)	25 607 906
Spot contracts	4 175 001	(4 434 055)	259 054	-	9 606 635	(9 606 635)	-	-
Net position	567 707	29 169 560	(496 864)	29 240 403	(80 747)	26 192 471	(503 818)	25 607 906

Geographical risk

The geographical risk is the risk due to political, economic or social instability in the respective country.

The geographical concentration of financial assets and liabilities as at 30 June 2012 and 31 December 2011 is disclosed in the table below:

	30 June 2012				31 December 2011			
	Russia RUB'000 (Unaudited)	OECD RUB'000 (Unaudited)	Other non-OECD RUB'000 (Unaudited)	Total RUB'000 (Unaudited)	Russia RUB'000	OECD RUB'000	Other non-OECD RUB'000	Total RUB'000
ASSETS								
Cash and cash equivalents	30 449 029	3 288 167	3 775	33 740 971	29 860 525	4 567 963	4 931	34 433 419
Obligatory reserves with the Central Bank of the Russian Federation	2 354 542	-	-	2 354 542	2 259 170	-	-	2 259 170
Due from credit institutions	10 227 221	855 701	-	11 082 922	1 620 331	3 681 081	-	5 301 412
Financial instruments at fair value through profit or loss	20 435 979	-	-	20 435 979	22 783 760	-	-	22 783 760
Available-for-sale securities	3 794 455	-	-	3 794 455	2 030 678	-	-	2 030 678
Loans to customers	177 851 979	3 529 734	3 194 804	184 576 517	153 650 417	4 236 030	1 133 374	159 019 821
	245 113 205	7 673 602	3 198 579	255 985 386	212 204 881	12 485 074	1 138 305	225 828 260
LIABILITIES								
Deposits by the Central Bank of the Russian Federation	2 501 434	-	-	2 501 434	-	-	-	-
Deposits by credit institutions	7 044 617	20 472 112	-	27 516 729	6 540 537	18 413 350	10 241	24 964 128
Deposits by customers	159 046 082	87 390	3 819 933	162 953 405	140 648 047	333 081	5 709 758	146 690 886
Debt securities issued	33 555 604	2 535 262	434 617	36 525 483	28 183 391	2 501 684	433 794	31 118 869
	202 147 737	23 094 764	4 254 550	229 497 051	175 371 975	21 248 115	6 153 793	202 773 883
Net position	42 965 468	(15 421 162)	(1 055 971)	26 488 335	36 832 906	(8 763 041)	(5 015 488)	23 054 377

24 Events subsequent to the reporting date

In July 2012 the Bank paid out the fourth coupon in the amount of RUB 97.34 million or RUB 48.67 per bond on domestic bonds series 07. The issue was placed on 20 July 2010 in the amount of RUB 2 billion with a maturity of 5 years.

In July 2012 the Bank bought back 440 826 bonds series 07 (22.1%) from their holders within a put option at the price of 100% of par value. Par value of each bond is RUB 1 000.

In July 2012 European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC) and the Bank and its shareholder signed agreements for the purchase of 15% of the Bank's shares by EBRD and IFC. In accordance with the agreements, an additional issue of the Bank's ordinary shares registered by the Central Bank of Russia in May 2012 will be purchased by EBRD and IFC. As a result EBRD and IFC shares will each amount to 7.5% of total share capital, while the total amount of investments will be RUB 5.8 billion. The share of the current sole shareholder of the Bank, Concern Rossium, will be reduced to 85%. Under the agreements, EBRD and IFC will become eligible to appoint their representatives to the Bank's Supervisory Board.

In August 2012 the Bank paid out the nominal amount and the sixth coupon in the amount of RUB 2 billion and RUB 93.74 million (or RUB 46.87 per bond), respectively, of domestic bond issue series 06. The issue was placed on 11 August 2009 in the amount of RUB 2 billion with a maturity of 3 years.