

**PRESS RELEASE****20.08.2012****CREDIT BANK OF MOSCOW has summed up its 1H 2012 performance under the international financial reporting standards (IFRS)****Key results**

- CREDIT BANK OF MOSCOW'S 1H 2012 IFRS net income grew 15.8% compared to 1H 2011 and amounted to RUB 2,152 mln (\$70.4 mln).
- The Bank's assets rose 13.3% by the mid-year reaching RUB 263,231 mln (\$8,021.2 mln).
- The loan portfolio expanded by 16.1% ytd to RUB 184,577 mln (\$5,624.4 mln).
- The ratio of NPLs (loans overdue more than 90 days) was 1.2% of the total portfolio.
- The Bank's performance remains good with return on equity of 15.7%, return on assets of 1.7% and cost-to-income ratio of 43.1% as of the 1H 2012. Net interest margin rose to 5.0% as of 1H 2012 compared to 4.8% as of 1H 2011.
- The Bank's fee income in the 1H 2012 soared 53.0% yoy, reaching RUB 1,743 mln.
- The equity augmented by 14.2% ytd up to RUB 29,240 mln (\$891 mln).
- The capital calculated under the Basel Accord increased 10.7% in 1H 2012 reaching RUB 32,625 mln (\$994.2 mln), the capital adequacy ratio being 13.9%.

**The Bank's net income** reached RUB 2,152 mln in the reporting period. The ROAE stood at 15.7% and the ROAA at 1.7%. As of end-2011, ROAE and ROAA were 19.7% and 2.0%, respectively. The net income in 1H 2012 was mainly inhibited by the growth of operational expenses.

**Net interest income** grew 42.6% yoy to RUB 5,523 mln driven by the return on the expanding loan portfolio, while the **interest margin** increased to 5.0% as of 1H 2012 compared to 4.8% as of 1H 2011.

**The Bank's fee income** soared by 53.0% compared to 1H 2011 reaching RUB 1,742.5 mln (25.3% of the bank's operational income) of which 25.7% is attributable to cash collection services and 23.2% to each of settlement services, and issuance of guarantees and letters of credit.

The Bank retains leading positions in cash collection. Apart from servicing its own network and clients, CREDIT BANK OF MOSCOW also provides cash collection services to other financial institutions and their clients. In 1H 2012, the number of cash collection points rose by 1,063 and reached the total of 7,546. Twelve new collection itineraries were put in place bringing their total number to 134.

**Operational income** increased by 34.7% compared to 1H 2011 reaching RUB 6,879.7 mln, and **operational expenses** in 1H 2012 amounted to RUB 2,963.7 mln which is 61.8% more than in 1H 2011. The operational expenses rose, just like in 1Q 2012, due to growing administrative expenses related to the infrastructural development and due to greater staff costs. The latter reflect an increase in the staff attributable to the network expansion and growing volumes of business. As a result of these factors, operational performance in the 1 half of 2012 deteriorated as contrasted to the same period of 2011: CTI (cost-to-income ratio) amounted to 43.1% against 35.9% in 1H 2011.

**The assets** grew by 13.3% ytd to RUB 263.2 bln. *The Interfax-100. Banks of Russia. Key performance indicators in 1H 2012* lists CREDIT BANK OF MOSCOW as number 21 by assets (same as in the 1H 2011 ranking).

**The Bank's loan portfolio** after impairment provisions expanded by 16.1% in the 6 months of 2012 and reached RUB 184.6 bln as of the reporting date. The corporate loan portfolio grew to RUB 147.7 bln representing 80% of the total loan book, and the retail loan portfolio to RUB 36.9 bln representing 20% of the total loan book.

**Loan portfolio quality** remains at a high level: the share of NPLs (loans overdue more than 90 days) in the loan portfolio rose from 1.1% as at the end-2011 to 1.2% as of the end of the reporting period. Ratio of loss provisions to the loan portfolio stands invariably at 2.3% since the beginning of the year. The percentage of overdue loans in the portfolio increased insignificantly from 1.6% as at the last year-end to 1.8%.

In 1H 2012, the Bank remained active in **trade and structured finance**. During this half-year, CREDIT BANK OF MOSCOW facilitated more than 270 transactions totalling \$420 mln.

In May 2012, CREDIT BANK OF MOSCOW was awarded by the European Bank for Reconstruction and Development (EBRD) as the "Most Active Issuing Bank in Russia in short-term trade finance in 2011" under the Trade Facilitation Program. In 2011 the Bank received a similar award.

**The securities portfolio** (trading and held-to-maturity securities) that accounts for 9.2% of the Bank's assets reached RUB 24.2 bln as of 1H 2012.

**Retail accounts and deposits** rose by 9.3% ytd to RUB 93.3 bln (39.9% of the total liabilities). In particular, term deposits increased by 8.1% to RUB 87.0 bln. **Corporate deposits** rose by 13.5% ytd to RUB 69.6 bln (29.7% of the total liabilities).

The Bank ranked 16th in the Expert RA's ranking by retail deposits as of 1 July 2012.

**Liabilities.** In April 2012, the Bank fully repaid its RUB 2 bln 3-year bond issue series 05, and successfully placed RUB 4 bln 3-year exchange bonds series BO-03.

**The Bank's equity** as calculated under the Basel Accord increased 10.7% ytd reaching RUB 32,625 mln and the capital adequacy ratio was 13.9% compared to 14.4% as of the last year.

An important subsequent event was the signing, in July 20, 2012, by the European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), CREDIT BANK OF MOSCOW and its shareholder of agreements whereby EBRD and IFC purchased 15% of the Bank's shares. An additional issue of CREDIT BANK OF MOSCOW's ordinary shares registered by the Central Bank of Russia on May 15, 2012 was purchased by EBRD and IFC for RUB 5.8bln in total, resulting in a 7.5% shareholding of each of them in the Bank's capital. The share of the current shareholder of CREDIT BANK OF MOSCOW, ROSSIUM Concern, was reduced to 85%. This investment will be shown in the Bank's equity as soon as the Central Bank of Russia registers the additional share issue closing report. Pursuant to those agreements, EBRD and IFC become entitled to appoint their representatives to the CREDIT BANK OF MOSCOW's Supervisory Board.

In July 2012 *The Banker* published Top 1000 World Banks by Tier I capital listing CREDIT BANK OF MOSCOW under number 724 as of 2011, which is 98 points higher than last year and the most rapid growth of capital in Central and Eastern Europe. Also, the Bank was ranked 145th in terms of return on assets and 202nd in terms of return on equity. Out of the thirty Russian banks listed, CREDIT BANK OF MOSCOW ranked 18th in terms of equity, 12th in terms of ROE and 14th in terms of ROA.

**The Bank's infrastructural development.** As of 1H 2012, CREDIT BANK OF MOSCOW's branch network included 61 offices in Moscow and the Moscow Region.

The number of ATMs and payment terminals as of the reporting date exceeded 630 and 4000, respectively. CREDIT BANK OF MOSCOW ranked 1st bank in Moscow and 2nd in Russia by the number of proprietary transaction & payment terminals and number 7 by the number of proprietary ATMs in Moscow as of 1 January 2012 according to RBC Rating.

In 2Q 2012, the Bank continued to develop its remote service system and fee generating lines of retail business. CREDIT BANK OF MOSCOW increased its plastic card issuance by 13.6% ytd, bringing their total number in IH 2012 to 686,000.

## Ratings

The Bank's strong positions in the Russian and international markets are confirmed by the leading rating agencies:

- Standard & Poor's – "B+" long-term credit rating, "B" short-term credit rating, "ruA+" Russia national scale rating, stable outlook;
- Fitch Ratings – Issuer Default Rating of "BB-", Short-Term IDR of "B", Viability Rating of "bb-", Support Rating of "5", National Long-Term Rating of "A+ (rus)", stable outlook;
- Moody's – financial strength rating "B1", long-term global & local currency deposit rating at "B1/NP", long-term national scale credit rating at "A2.ru", stable outlook;
- RusRating – "BBB", national scale credit rating at "AA", positive outlook.

In June 2012 Fitch Ratings upgraded the Bank's long-term rating from "B+" to "BB-", viability rating from "b+" to "bb-", and national rating from "A- (rus)" до "A+ (rus)", having noted among positive factors the Bank's healthy liquidity, sound profitability, good fee generation capacity, broadening of the Bank's franchise in Moscow and Moscow region as well as expectable improvement of the Bank's corporate governance following the equity injections from EBRD and IFC.

In the early July 2012 RusRating upgraded the outlook for the Bank's and its debt obligations' ratings from "stable" to "positive" on the back of the diversification of the Bank's ownership structure.

## The Bank's key financial results for 1H 2012

Key financials	1H 2012, RUB mln	2011, RUB mln	change, %
Assets	263,231	232,371	13.3
Liabilities	233,991	206,763	13.2
Equity (Basel)	32,625	29,480	10.7
Loan portfolio (after provisions)	184,577	159,020	16.1
NPLs (loans overdue by more than 90 days)	2,297	1,765	30.1
	1H 2012, RUB mln	1H 2011, RUB mln	change, %
Net income	2,152	1,859	15.8
Net interest income (before provisions)	5,523	3,874	42.6
Fees and commissions income	1,743	1,139	53.0

Key financial ratios, %	1H 2012	2011	1H 2011
Capital adequacy ratio (CAR)	13.9	14.4	15.2
90+ NPL ratio (before provisions)	1.2	1.1	0.9
LLP / 90+ NPL ratio	191.8	208.6	256.3
Net interest margin (NIM)	5.0	5.0	4.8
Cost-to-income ratio (C/I ratio)	43.1	39.8	35.9
Return on equity (ROE)	15.7	19.7	19.9
Return on assets (ROA)	1.7	2.0	2.0

## Background details

CREDIT BANK OF MOSCOW was founded in 1992. It holds general license No. 1978 issued by the Bank of Russia.

The Bank ranks 21st largest bank in Russia as of 1H 2012 (INTERFAX-100).

CREDIT BANK OF MOSCOW is a universal credit and financial organisation providing the full range of banking services.

The Bank focuses on Moscow and the Moscow Region. The Bank's branch network comprises more than 70 branches, 600 ATMs and 4000 payment terminals.

The Bank has been admitted to the Deposit Insurance System since 2004.

The holder of 85% of the shares in CREDIT BANK OF MOSCOW is "ROSSIUM Concern", LLC, the beneficial owner of this shareholding is Roman Avdeev.

15% of the shares are held in equal parts by the European Bank for Reconstruction and Development and International Finance Corporation. The said financial institutions' shareholdings will be shown in the Bank's equity as soon as the Central Bank of Russia registers the additional share issue closing report.

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