

**PRESS RELEASE**

**14.06.2012**

**CBM has summed up its 1Q 2012 performance under the international financial reporting standards (IFRS).**

**Key results**

- CREDIT BANK OF MOSCOW's IFRS net income for the first 3 months of 2012 was RUB 1,215 mln (\$40.5 mln) matching the level of the analogous period of 2011.
- The Bank's assets rose 2.3% in the 1<sup>st</sup> quarter reaching RUB 237,806 mln (\$8,108.4 mln).
- The loan portfolio expanded by 7.8% ytd to RUB 171,422 mln (\$5,844.9 mln).
- The ratio of NPLs (loans overdue more than 90 days) was 1.2% of the total portfolio.
- The Bank's performance remains high with return on equity of 18.0%, return on assets of 2.1% and cost-to-income ratio of 43.5% as of the 3 months of 2012.
- The Bank's fee income in the 1<sup>st</sup> quarter of 2012 soared 46.3% yoy, reaching RUB 756.5 mln.
- The equity augmented by 10.5% yoy up to RUB 28,289 mln (\$964.6 mln).
- The capital calculated under the Basel Accord increased 2.6% in 1Q 2012 reaching RUB 30,236 mln (\$1,031.0 mln), the capital adequacy ratio being 13.8%.

**Net interest income** grew 21.6% yoy to RUB 2,341 mln driven by strong loan portfolio expansion of 48.3% yoy, while the **interest margin** slightly tightened (4.5% in 1Q 2012 vs. 5.0% in 2011).

**The Bank's fee income** soared by 46.3% compared to 1Q 2011 reaching RUB 756.5 mln of which 27.6% is attributable to cash collection services, 24.0% to issuance of guarantees and letters of credit, and 23.6% to settlement services.

The Bank retains leading positions in cash collection. Apart from servicing its own network and clients, CBM also provides cash collection services to other financial institutions and their clients. In 1Q 2012, the number of cash collection points rose by 79 and reached the total of 6,562. Four new collection itineraries were put in place bringing their total number to 126.

**Operating income** increased by 32.4% compared to 1Q 2011 reaching RUB 3,339.3 mln. One of the drivers behind this growth is the dramatic improvement of the securities portfolio performance in the 1<sup>st</sup> quarter of 2012 with a revaluation gain of RUB 451.3 mln which offsets more than a half of the RUB 817.0 mln loss in 2011. **Operating expenses** in 1Q 2012 amounted to RUB 1,451.1 mln which is 65.7% more than in 1Q 2011 due to growing administrative expenses on infrastructural development as well as greater staff costs. The latter have grown due to staff increase subsequent to network and business expansion. Thus, operating performance in 1<sup>st</sup> quarter of 2012 deteriorated as contrasted to 2011: CTI (cost-to-income ratio) rose to 43.5% against 39.8% as of end-2011.

**The Bank's net income** reached RUB 1,215 mln in the 1<sup>st</sup> quarter of 2012. The ROAE stood at 18.0% and the ROAA at 2.1%. As of end-2011, ROAE and ROAA were 19.7% and 2.0%, respectively. The Bank's net income is inhibited by growing provisions and operating expenses.

**The assets** grew by 2.3% ytd to RUB 237.8 bln. *The Interfax-100. Banks of Russia. Key performance indicators in 1Q 2012* lists CBM as number 21 by assets (compared to number 26 in 1Q 2011 ranking).

**The Bank's loan portfolio** after impairment provisions expanded by 7.8% in 1Q 2012 and reached RUB 171.4 bln as of the reporting date. The corporate loan portfolio grew to RUB 140.5 bln

representing 82.0% of the total loan book, and the retail loan portfolio to RUB 30.9 bln representing 18% of the total loan book.

As of 1Q 2012 the Bank climbed to the 17th spot in RBC Rating's *Top 500 banks by loan portfolio* (from the 20th place as of 1Q 2011).

Growing its loan portfolio and adhering to a conservative provisioning policy at the same time, the Bank increased loan impairment provisions which more than tripled compared to 1Q 2011, reaching RUB 447.7 mln. The ratio of provisions to loan portfolio slightly lowered to 2.3% (from 2.4% as of the end of 1Q 2011). **Loan portfolio quality** remains at a traditionally high level: the share of NPLs (loans overdue more than 90 days) in the loan portfolio rose from 1.1% as at the beginning of the year to 1.2% as of 1Q 2012 with the provision coverage ratio falling from 208.6% to 192.4%. The percentage of overdue loans in the portfolio increased insignificantly from 1.6% as at the last year end to 1.7%.

In 1Q 2012, the Bank remained active in **trade and structured finance** having facilitated more than 114 transactions totalling \$128.6 mln.

**The securities portfolio** (trading and held-to-maturity securities) that accounts for 13.5% of the Bank's assets reached RUB 32.0 bln as of 1Q 2012.

**Retail accounts and deposits** rose by 5.5% ytd to RUB 90.1 bln (43.0% of the total liabilities). In particular, term deposits increased by 5.7% to RUB 85.1 bln.

As of 1Q 2012 the Bank rose to the 16<sup>th</sup> spot in RBC Rating's *Top-500 banks by retail deposits* (from the 18th place as of 1Q 2011).

**Liabilities.** Subsequent to the reporting quarter, 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 investors' demand for those bonds exceeded the issue size by 30%.

**The Bank's equity** as calculated under the Basel Accord increased 2.6% ytd reaching RUB 30,236 mln and the capital adequacy ratio was 13.8% compared to 14.4% as of the last year.

**The Bank's infrastructural development.** As of 1Q 2012, CBM's branch network included 62 offices in Moscow and the Moscow Region. CBM's branch network is ranked by RBC Rating as one of the most efficient ones. The Bank is number 6 among the top 50 banks by loan origination per outlet, number 8 by deposit portfolio per outlet and 9 by net assets per outlet.

The number of ATMs rose from 604 (as of end-2011) to 625 and the number of payment terminals from 4014 to 4072. CREDIT BANK OF MOSCOW ranked 1<sup>st</sup> bank in Moscow and 2<sup>nd</sup> 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 1Q 2012, the Bank continued to develop its remote service system and fee generating lines of retail business. CBM increased its plastic card issuance by 8.4% from 603,700 in 2011 to 654,500 cards in 1Q 2012.

## 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", stable outlook.

## The bank's key financial results for 1Q 2012

<b>Key financials</b>	<b>1Q 2012, RUB mln</b>	<b>2011, RUB mln</b>	<b>change, %</b>
Assets	237,806	232,371	2.3
Liabilities	209,517	206,763	1.3
Equity (Basel)	30,236	29,480	2.6
Loan portfolio (after provisions)	171,422	159,020	7.8
NPLs (loans overdue by more than 90 days)	2,100	1,765	19.0
	<b>1Q 2012, RUB mln</b>	<b>1Q 2011, RUB mln</b>	<b>change, %</b>
Net income	1,215	1,211	0.3
Net interest income (before provisions)	2,341	1,926	21.6
Fees and commissions income	756	517	46.3

<b>Key financial ratios, %</b>	<b>1Q 2012</b>	<b>2011</b>
Capital adequacy ratio (CAR)	13.8	14.4
90+ NPL ratio (before provisions)	1.2	1.1
LLP / 90+ NPL ratio	192.4	208.6
Net interest margin (NIM)	4.5	5.0
Cost-to-income ratio (C/I ratio)	43.5	39.8
Return on equity (ROE)	18.0	19.7
Return on assets (ROA)	2.1	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 21<sup>st</sup> largest bank in Russia as of 1Q 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.

CREDIT BANK OF MOSCOW's sole shareholder is "ROSSIUM Concern", LLC. The Bank's ultimate beneficial owner is Mr. Roman Ivanovich Avdeev.

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