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Conference title: CREDIT BANK OF MOSCOW: 2013 FINANCIAL & BUSINESS RESULTS
Conference Time: 17:00 Moscow Time
Speakers: Vladimir Chubar, Reinhard Stary, Eric de Beauchamp

Operator: Ladies and gentlemen, welcome to the CREDIT BANK OF MOSCOW Year 2013 Financial and Business Results Conference Call, on the 12th of March, 2014.

Throughout today's recorded presentation all participants will be in a listen-only mode. After the presentation there will be an opportunity to ask questions. If any participant has difficulty hearing the presentation, please, press the * followed by the 0 on your telephone for operator assistance.

I will now hand the conference over to the Company. Please, go ahead.

Reinhard Stary: Good afternoon in Europe, ladies and gentlemen, and good morning to our participants in the United States. It is my pleasure to welcome you to our today's call. I'm Reinhard Stary, responsible for Strategic and Organizational Development and Investor Relations, and I will moderate our today's telephone conference.

With me are Vladimir Chubar, our Chief Executive Officer and Chairman of the Management Board; and Eric de Beauchamp, our Chief Financial Officer.

Before Vladimir and Eric will discuss our full year 2013 business and financial results, and our strategic positioning in detail, I would like to set the scene with a brief outline on our positioning in our home market Moscow and Moscow region. This is the first section of the presentation.

As you can see on the overview slide number four, by our strong business and asset growth in 2013 we now have reached the top 15 market position overall as well as the top five position amongst privately-held banks. Supporting our overall excellent performance, we have further extended our payment terminal network and cash handling services. We received two rating upgrades, and last but not least, most recently have been awarded Bank of the Year 2013, by the leading Russian Banking Information Portal, Banki.ru. We are honored to have won this award which once again, underscores our Bank's reputation as one of the safest and most reliable banks on the Russian market.

Slide number five displays our successful, profitable growth story of the last five years, with a compounded annual growth rate of in excess of 50%, while delivering a return on equity in the

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range of 18% to 20%, growing our asset base 7.5 times. While the current political and economic environment is certainly less stable than during the last couple of years, we believe that we will be able to continue to outperform the market as we did in the past.

One particular reason, why we believe that we are extremely well-positioned for further profitable growth, is our unique focus on Moscow and Moscow region. As shown on slide number six, Moscow and Moscow region is a large and attractive market by GDP size, nearly matching the economy of Poland, and exceeding the size of many mature and emerging market economies, as shown by some examples on this slide.

Turning to slide number seven, our home market is not only sizeable but also a very wealthy economic region, with the GDP per capita at European Union average matching those of, for example, Spain and Italy, facts, which are not that well known and present to many international investors. There are more facts in favor of Moscow and Moscow Region compared to overall Russian averages, which you can find in the appendix of the presentation.

Having said this, I would now like to turn the floor to Vladimir, who will discuss our key developments and business performance in 2013, and after Eric will have presented our financial performance, Vladimir will conclude with our strategic positioning before we will open for question and answer. Vladimir, please.

Vladimir Chubar: Thank you, Reinhard, good afternoon from my side as well. I am proud of the team and the whole Company. Once again it has delivered very strong yearly results, as summarized on slide number nine.

- Just to pick some highlights, we were able to grow our Net income by over 50% to almost RUB 9 bn, delivering a Return on equity of slightly above 20%, while at the same time strengthening our capital position.

- Following our strategy to increase the share of our retail business, we were able to grow our retail loan book by more than 94%, standing now at 31% of our total loan book, compared to 24% by Year end 2012.

- Positions of the Bank in the debt capital markets in 2013 were beefed up with a row of successful transactions both in the international and domestic markets. I would like to put special emphasis on the fact that last year CBM was a pioneer in the Russian banking market with the first ever subordinated Eurobond issued in accordance with the Bank of Russia’s new Basel III requirements. This transaction was really important for us from the investor relations point of view and shored up the Bank's recognition and market positions in the international capital markets.

- Support of the Bank's shareholders as well as their strong confidence in the Bank's broad growth and development potential are evidenced by one more capital transaction accomplished in the third quarter of 2013. With an additional ordinary shares issue bringing in the total investment of RUB 7.5 billion made by the existing shareholders, the

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Bank's Tier 1 capital was significantly strengthened. The capital increase was partly realized via conversion of subordinated loans from the main shareholder and was well perceived by investors, especially given new Basel III requirements implemented in Russia.

- The Bank's strong performance was recognized by two rating upgrades during 2013, one by S&P in October, and one by Fitch in November making CREDIT BANK OF MOSCOW the only bank in Russia, which received three rating upgrades during the last 18 months.

- It is worth mentioning that CREDIT BANK OF MOSCOW was upgraded by S&P on reassessment of the Bank's systemic importance, and also was included by them in the list of only a few private Russian banks, which can be regarded as systemically important financial institutions in Russia due to a highly fragmented banking system.

Now let's turn to Slide number 10, which gives an overview of corporate banking business of the Bank.

- Following our strategy announced earlier last year, we are still aiming at further growth of retail business in the total loan book, which by the end of 2013 resulted in a slight decrease of the corporate loan share to 69%. Nevertheless, corporate business is still our core business in terms of the share in total assets and in total revenues, with the corporate customer accounts also making tangible share of 35% of total liabilities as of the year end.

The Bank's corporate business, in general, is based on a relationship banking model focused on maximization of profit per client, which is also supported by organizational structure designed to deliver above market growth.

- The number of our active corporate customers is increasing, having reached over 15,000 by the year end with the largest part being retailers and commercial trade companies, represented in a majority of economic sectors. It is worth mentioning that the Bank's target customer group also includes large public 'blue chip' corporates, including large state-owned companies, which enables us to increase business volumes and diversify our loan exposures.

- Our corporate loan portfolio is well diversified by industry sectors, which helps to mitigate credit risks in times of macroeconomic volatility. Our largest exposures are to such industries as food and farm products, electronics and residential and commercial construction and development, which are, in fact, mainly represented by large and medium-sized companies from the high growth and resilient consumer sector.

- We consider our focus on retail and wholesale trade sectors as one of our key strategic advantages over competitors, given historical growth and potential of the sector, relatively low business cyclicality versus natural resources sectors, cross-selling opportunities,

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including access to our clients, employees and customer base, as well as synergies with other businesses of our Bank, such as our cash handling.

- Distinctive features of our target customers' businesses, such as their shorter-term financing requirements, ensure high turnover of credit resources of the Bank and make us more flexible in managing our businesses.

One of our key strengths, which distinguish us from all competitors, is the leading position in cash handling services in Moscow, Moscow Region and in Russia, which is detailed on slide number 11.

- According to a recent research made by Interfax, CREDIT BANK OF MOSCOW is currently number two by cash handling services in Moscow, after Sberbank, having gained an impressive 20% market share in this region, and actually it is very hard to replicate the strategically important part of our business due to substantial entry barriers.

- Synergy of this business comes from quite simple set of values evident both for the customers and for the Bank: high demand for cash handling services from the side of our corporate clients, especially those related to consumer sectors, sometimes even serves as an entry-point for the client relationship, while for the Bank such service provides substantial advantages, such as additional risk management capabilities, potential for client acquisition and client retention as well as the commission generation.

- Our cash handling franchise is not only provided to our corporate customers, but also to large Russian banks and their customers, evidencing our excellent performance and leading positions in this segment.

- Having a well-developed and best-in-class integrated logistics system, the Bank not only effectively services those clients, but also its own network of payment terminals and ATMs, minimizing at the same time related expenses for the network support.

Let's now move to slide 12, which contains information on our retail banking.

- The share of retail business in our loan book is now above 30%, which proves that expansion of this business segment is well underway in line with our strategy and ambition to bring the share of this business to over 40% in the longer term.

- On the retail deposit side, we are one of the leaders in our region of presence, being at the same time number 12 in terms of the deposit portfolio volume in Russia. Retail deposits serve as a stable source of funding for us and show continuous growth, resulting from a variety of factors, such as level of services provided, attractive interest rates, extensive advertising campaigns and growing brand recognition.

- In developing our retail lending business, we focus on such high yield products as consumer loans and credit cards as well as mortgage loans, which are well illustrated on a pie chart with the loan book breakdown on this slide.

- Even though our strategy does not include regional expansion in the nearest future, we still see significant potential for us in growing high-quality retail business in these product niches thanks to our access to pre-identified customers via our corporate channel as well as exceptional remote distribution platform, which is well demonstrated on the following slide.

So, slide number 13. Here, you can see that CREDIT BANK OF MOSCOW is presented not only by traditional offices, smartly located in high traffic areas with extended hours access, but also by well-developed alternative channels, such as ATMs, payment terminals, internet and mobile banking.

- At the end of 2013 we had 710 ATMs and more than 5,000 payment terminals, which, coupled with ATMs of our partner banks, bring the total number of payment devices available to our clients under special fee terms, to over 8,000 machines. Cooperation with the partner banks also provides to our clients access to the Bank's services all over Russia without necessity to implement and service additional machines in the regions.

- In terms of Internet and mobile banking, the Bank is developing very fast, which is evidenced by the users' number dynamics reflected on this slide as well as top positions in relevant rankings, such as number five by Internet bank system.

- One of the cornerstones of our client acquisition platform is direct sales agents channel, also called DSA channel, providing access to a potential client base of 1.6 million individuals of the pre-identified credit quality. We have the opportunity to leverage the advantages of our relationships with corporate clients as the basis for further quality growth into retail segment.

If you turn to slide number 14, you will see that the payment terminals network of the Bank is not just a payment device with advanced functionality, but also:
- cost efficient service machine releasing front-desk personnel capacity;
- effective advertising and customer acquisition channel, promoting brand and product awareness of the Bank;
- risk management tool, enabling data mining on every second customer applying to the Bank for a loan.

Now, I will turn the floor over to Eric, who will guide you through our financial results for the reporting period. Eric, please.

Eric de Beauchamp: Thank you, Vladimir. Good afternoon, Ladies and Gentlemen.

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After this comprehensive overview of our business development I would like to take you through the previous year's financial results of the Bank.

I suggest turning to slide 16 and starting our financial results review with the income and expenses dynamics.

- As evidenced by the upper graphs on this slide, growth of operating expenses is well below the active growth of operating income, supported largely by significant expansion of both interest income and fee and commission income.

- Net fee and commission income increased by over 60% compared to 2012, reaching RUB 6.4 bln, with loan insurance contracts processing fees being the main driver for such remarkable growth. Apart from this largest fee income source, significant fee income growth contributors are also cash handling services, settlement operations as well as issued guarantees and letters of credit. Further growth of fee income is expected not only from further expansion of the retail loan book, but also from selling new products, such as self-encashment or processing services for payment terminals to other banks, and also offering value-added services to our clients.

- Return on assets and return on equity significantly improved during the previous year and reached levels above the sector's average. The net interest margin driven by increase in the volume of lending operations, especially retail ones, remains strong at 5.2%.

- The Bank's operational efficiency, which has historically been better than those of the competitors', still demonstrates further potential for improvement, with the cost to income ratio having shown a drop during the year to reach 31% versus 41% at the end of 2012.

Now let's move slide 17 and review the assets structure of the Bank.

- The Graph on the top right hand side demonstrates our growing asset base with 68% represented by the loan portfolio.

- Having shown a track record of sustainable and active growth, the Bank continued to grow above the market, outperforming the competitors. The Bank's assets increased by almost 50% from the beginning of 2013, driven by both retail and corporate loan books growth, with the retail part of the book developing impressively faster than the corporate one.

The next slide highlights that the growth demonstrated on the previous slide was not achieved at the expense of quality metrics. Here on slide 18 you can see marginal increase in the share of loans that are overdue more than 90 days in the loan portfolio to 1.3% as at the end of 2013, due to our strategy to increase the retail loan portfolio.

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- NPLs in the corporate segment are below those in retail standing at 0.16%, supported by our expertise in this business segment, by concentration on particular client groups and additional products such as cash handling, ensuring risk mitigation capabilities.

- NPLs in the retail book are higher than in the corporate segment, namely, 3.9%. It's worth mentioning that retail NPLs are still below the market average and show stabilized dynamics versus previous periods.

- The cost of risk in 2013 remained well below 3%, having decreased slightly to 2.1% in the Q4 of 2013. The moderate corporate loan portfolio growth in the Q4, as well as the improved financial position of several borrowers, were the main drivers of the cost of risk improvement on the corporate loan book.

- On the retail loan book, the provisioning methodology was upgraded which led to a decrease of loan impairment provisions on some products. The newly applied provisioning methodology tends to avoid over-provisioning, inherent to the old conservative methodology previously used. From the risk level standpoint, the Bank remains very well positioned versus competitors. The loss provision ratio reached 2.8%, which is mainly the result of the relative increase of the retail book share in the total loan book.

The following slide, number 19, displays the funding structure of the Bank.

- Our funding structure is to a large extent represented by corporate deposits and retail deposits, which jointly represent almost 70% of total liabilities, forming roughly equal shares of deposits by customers.

- Significant growth of deposits by corporate customers being 71% for the year 2013 is partly due to the fact that new large customers, including state-owned companies, placed funds on deposit with the Bank, evidencing the strong reputation of the Bank in the domestic market for banking services. As the share of demand deposits is not significant in the corporate accounts structure, it still represents a good potential for the Bank in terms of developing this source of funding, and decreasing the cost of funding accordingly.

- Promissory notes and bonds account for over 20% of total liabilities, as the Bank executed several successful transactions in the capital markets during last year, including subordinated and senior domestic bonds and Eurobond issues. These borrowings serve as a stable long-term funding source for the Bank and evidence the recognition of the Bank by local and international investors.

Now let's turn to slide 20, with concentration risk levels, which show healthy dynamics over the last three years.

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- Our 10 and 20 largest credit risks accounted for 17% and 28% of the loan book respectively, showing a stable dynamics during the recent years. Our 10 and 20 largest deposits represented 25% and 32% of the deposit portfolio respectively. As I have already mentioned, the growth of concentrations on the liabilities side was linked with large deposits attracted by the Bank.

- The volume of related party loans in the Bank is insignificant and accounted for 1.3% of the Bank's equity versus a 1.1% level at the end of 2012.

Now let's move to slide 21 on the Bank's capital position.

- The Bank's capitalization level is very strong, which is evidenced by total IFRS Basel capital adequacy ratio being 16% and Tier 1 capital ratio being 11% at the end of 2013.

- The principal development of the third quarter was a successful completion of the additional share issue, as mentioned by Vladimir before. This transaction resulted in the strengthening of our Tier 1 capital.

- As detailed in the comments on this slide, the Bank's capital has been continuously supported by the shareholders, relevant Tier 2 debt capital markets instruments and traditionally capitalized net income. Even with only retaining the annual net income in the Bank's capital, the Bank is still capable of strong further growth and development.

Now I would like to turn the floor back to Vladimir for his strategic summary.

Vladimir Chubar: Thank you, Eric. Before opening the Q&A session, turning to slide number 22, let me summarize the core pillars of our strategy going forward:

We have a clearly designed strategy, with:

- a focus on Moscow Area;
- an emphasis on servicing retail and wholesale trading corporates;
- and in particular expanding our retail banking business, focusing on high quality customers.

This strategy is supplemented by a strong operational execution focus, as evidenced in our track record and numbers with:

- a disciplined risk management process supported by our leading terminal network on the retail side and our cash handling business on the corporate side;
- a high quality customer service;
- and a centralized and cost efficient operating model.

Last but not least we do have:

- a strong management team;

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- and best-in-class corporate governance standards with five of twelve Supervisory Board members being independent non-executive directors, as further detailed in the appendix to this presentation.

With this I would like to thank you for your attention and open the Q&A session.

Operator: Thank you, sir. If any participant would like to ask a question, please, press the * followed by the 1 on your telephone. If you wish to cancel this request, please, the * followed by the 2. Your questions will be polled in the order they are received, and there will be a short pause while participants register for a question.

The first question comes from Dmitry Polyakov, from Sberbank. Please, state your question.

Dmitry Polakov: Yes. It's actually Dmitry Polyakov from Sberbank. Just to make it clear. Thank you very much for this presentation. My first question is about your exposure to metallurgical sector. Could you, please, elaborate on to which companies you're lending to, what exactly you are doing with sub-segments they represent, and what is their financial condition, because for some names the leverage has been rising over the past year or so?

Also, my second question is with regard to how well CBM is provisioned given much tougher operating environment, and what are your loss expectations if things would continue deteriorating on economic front? And finally, my question is on the evolution of your deposit base in the fourth quarter and which is more relevant in the first quarter of this year? Do you see any examples, when the clients do not roll over their deposits, or they switch into dollars, or other currencies, etc. Would be very much appreciated.

Vladimir Chubar: Okay. Thanks very much. I start from first question, and about the so-called metallurgical sector. We are working with several customers from the area. Of course, we really understand your worries about this, we've also read a lot of articles in newspapers, a lot of speeches we heard also from our government, and actually there are several names. Some of the companies very well known, but the exposure of every company is very low, compared to the overall exposure of all the banks to such companies. If you talk about the terms and tenors, normally it's half year loans, for some specific product.

Also we have some leasing products, of course they have longer maturity, up to three years, and we don’t see any problems with the repayment for every customer in the future, due to the structure of the loans, due to the collateral used with the short-term nature and, some of them will have government support as we have just heard a few days ago, once again.

And I just want to repeat once again, that our share in the loan book of different customers, if you talk about the biggest names, is quite low comparing to other banks. And there are several

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segments here with metal traders, metal production, steel pipe production and metal construction production as well, so like this.

Your second question was about… Can you, please, repeat a little bit what was the second question?

Dmitry Polyakov: Yes. The second question was more a generic one. For example, if the economic conditions were to deteriorate in the Russian market, are you sufficiently provisioned at the current levels? Or would you have to raise more provisions? For example, if we see something comparable with '08 or '09, or maybe more severe.

Eric de Beauchamp: In fact, as of today we don't see deterioration in a corporate book portfolio, as mentioned, our NPL ratio is quite low, it's one of the best among the competitors, but we are overprovisioned because we have a level of coverage of NPL by a provision of 1,242%. In fact, which is very high, so we still have room for improving provision, but as I said, once again, we don't see any deterioration.

Vladimir Chubar: So, I just want to add some words to Eric's speech. First of all, if you talk about the corporate book, the overall nature of the book, it's quite short and we can see the ability of our customers to repay the loan very often. Secondly, the nature of the customers' business, mostly retailers and retail chains, and, as we've just said in our presentation, our concentration in Moscow and Moscow Region. We also see that there are no tendencies that customer demand is going down, or people started to buy smaller amount of products and so on.

Of course there is a lot of discussion about the decreasing of loans generating on the retail side, and of course as a result, little decreasing of customer demand because of this. But also, we are talking more about Moscow Region, so here, we can really compare with our customers what's the tendency here. There's still good tendency in almost every sector. And about the provisional level, we are absolutely fine with the current level, and actually we made big research last year, and we revised the methodology for the retail book, for all the parts of the retail book.

We disclosed the information about the credit cards, and you can see as of now, the level of provisions for this segment, so we are absolutely fine with this. And the same on the corporate side.

And the last question was?

Dmitry Polyakov: The last question was more on any trends in your deposit base over the fourth quarter and the beginning of this year?

Vladimir Chubar: The last quarter was very good in this way, I mean, in the fourth quarter we increased the volume of the corporate deposits, and actually this is like

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a historical fact that now, by the year end, corporate deposits were higher than retail deposits. So in terms of the number of customers on the retail side, we saw in the last quarter very huge increase of number of customers on the deposit side. Actually the tendency we also saw was that the amount started to be lower than it was before due to some kind of consolidation of the system and some measures made by CBR.

In the beginning of this year we don't see significant changes in terms of the FX structure of the deposit book on the retail side, so just a small part of our customers decided to take the deposit in rubles and convert them into some other currencies.

On the corporate side, there is zero conversion, so the clients still place in a deposit in Russian rubles, and maybe the reason is that we have quite a low rate for the corporate customers for deposits, but the tendency is like this, so we don't see any significant changes.

Dmitry Polyakov: Thank you very much.

Operator: Thank you. The next question comes from Denis Poryvay, from Raiffeisen Bank. Please, state your question.

Denis Poryvay: Hello. Denis Poryvay, from Raiffeisen Bank. I have some questions. The first one is regarding a new item which appears on your corporate credits. It's not past due but impaired loans, in the amount of RUB 6 billion. I have not seen this item in the third quarter, so would you, please, explain why this item appeared in the statement? What kind of borrowers are related to these loans, and how do you estimate chances of migration with loans into non-performing loans in the first or second quarter? How are you going to reserve, make provisions for the loans? The first question.

The second question regarding credit quality of your borrowers which exposed to FX loans, some part of your loans are nominated in dollars, and don't you expect that current ruble devaluation will create, will make some borrowers unable to repay their debt in time? Because as I assume most part of your clients, borrowers are related to trade or retail trading or wholesale trading of imported goods.

And the last question regarding… it was answered already, thanks.

Reinhard Stary: Eric will take the first question, and Vladimir the second one.

Eric de Beauchamp: Okay. So, yes, for the full year accounts we decided to add a category, in fact of impaired not past due loans. So in fact, the idea was to have more precise information in IFRS, more detailed. We always have been monitoring these customers very closely, and decided to show them separately this time. So you see an amount of RUB 6 billion, these are represented by eight customers, individual and corporate customers, of which the credit side is guaranteed by collateral. So on most of the case the collateral covers more than 100% of the credit line.

So, in fact, we monitor them. We have an individual provisioning methodology, and to answer your question about the probability for them, I mean to move to the other bucket, to the next bucket, as much as we monitor them, precisely, the probability is very low.

Vladimir Chubar: Thank you, Eric. So, again, we decided to add this group, just our IFRS must be more and more transparent in this way also, and so Eric just described what was the reason, just really wanted to confirm that we don't see the problems with these borrowers; just maybe we will need to use their collateral to repay the loan in the future. But at this very moment, and in my view one-year horizon, the probability of this is very, very low.

In terms of FX borrowers, I think you know that our Bank is very active in trade finance business, and, of course, we are serving our clients, our retail chains, and wholesale distributors of this business, and normally of course they are not taking any FX risk on their balance sheet, so they are moving this risk to their customers, to their counterparties. And we just want to say that we don't see the problems for them, big problems with the repayment of the loans.

Of course, this can affect the level of consumer demand because, of course, final households are the buyers and they will be the most the suffered areas of this process of started devaluation of Russian ruble. But I just want to say that our, the structure of our borrowers with the dollars or euros, is absolutely comfortable for us, we never provided the customers with only ruble revenues with FX loans. And like this, maybe if you have some other questions in this way, but I think we answered it.

Denis Poryvay: Thank you. The question was about your borrowers which took loans for imported goods. They need dollars to buy these goods, and then they have revenue in ruble because they are selling these goods in Russia for rubles. So they have a FX mismatch, which make them unable to repay debt. Don't you think that it may create some credit risk in your portfolio?

Vladimir Chubar: Absolutely no, because actually there was also some kind of research made by some journalists, I just read this a few days ago. All the retailers just answered that they bought a lot of goods before, so last year also in the third quarter and fourth quarter, and of course for these goods they are still using the old rate, so they paid for them, all these FX rates are fixed in the contract.

And what we can see in future, my expectation that on three- four- five- month horizon we can see just increase of the prices for the final household. So in the stores just, for example, electronic devices, smart phones or some other products can have higher prices, and as I said, household will be most suffered group of this process of devaluation of Russian ruble, so they will just move all the FX rate to their customers, that's it. So it's very easy.

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And of course the other part of our FX borrowers are the companies with some commercial objects, I mean like shopping malls or commercial centers, as a collateral, and we provide them with the FX loans, and also here they have a kind of FX protection, because their contracts with their customers also have the forex, how to say?

Eric de Beauchamp: Indexation.

Vladimir Chubar: Yes, indexation, thank you, and that's why they are also protected, and they will move this forex risk to their customers. It's like this, it's just very easy process, and all the time there's devaluation, there's all the time the problem for just the people who are living in the country.

Denis Poryvay: And would you, please, provide your outlook for retail lending growth and corporate lending growth for this year?

Vladimir Chubar: The main question is the capital of the Bank, actually of course, and if we will be able to still attract the capital in different forms: it can be sub-bonds, it can be direct injections from the current beneficiaries, or it can be IPO, of course, all the profit will stay with the Bank. In this case we are pretty sure that we can still deliver faster than market growth of this year, but of course, our current macro situation is changing very rapidly, and that's why, of course, current management in every company and also in our Bank, needs to pay a lot of attention to these changes, and also kind of moderate the tactics or the strategy of the company.

Denis Poryvay: Okay. And my last question is regarding your analysis of your clients. Are you studying accurately your clients to be sure that nobody of them is involved in any fraud operations, or money laundering etc., because you are servicing a number of wholesale and retail trading companies, which may be doing some kind of activities, these sort of activities.

Vladimir Chubar: We have no problems absolutely with this, and we are monitoring this every day, so we have not just started to do this because of CBR activity in last quarter, every day work with AML procedures on different levels, we are checking our customers on corporate side, also on retail side. We are working with ROSFINMONITORING closely, sending the messages about some operations, which can be some kind of money laundering or something like this, because of the Russian laws.

So, we see no problems with this. And the fact that our customers, our retail chains are operating with a lot of cash every day, it's part of Russian reality that, still, more than 70% or almost 90% or almost 80% of all the transactions still in form of cash, like this. So just answering your question, we see no problems at this very moment and in the future.

Denis Poryvay: All right. Thanks.

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Operator: Thank you. The next question comes from Andrzej Nowaczek, from HSBC. Please, state your question.

Andrzej Nowaczek: Good afternoon, gentlemen. I wanted to ask about the most recent trends in interest rates, whether it's in the deposit market, the wholesale funding market, or the lending side. What's been happening in the past few weeks, how does your competition react to this? What do you do different from competition? And what does it all mean to net interest margin? Thank you.

Vladimir Chubar: We see no pressure on net interest margin because of, as you said, last week activity of CBR or some also political issues, and so and so. First of all, our balance is very balanced in terms of the tenors on the assets and the same on liability side, so there is no interest risk and we are not depending on the short-term borrowing on the liability side from the interbank market. That’s why the increasing of the key rates from CBR absolutely not affecting our Bank.

Maybe also the question about the -- if we are going to increase our rates for our customers, we are still looking what will be the development of the current situation. At this very moment we didn’t make any changes in our standard product line for the borrowers, and for the depositors, so the rates are the same as they were two weeks ago, for example. Maybe we will do something next week or two weeks after. We'll see.

So there's no decisions made yet, and current margin, my view that at this very moment as risk management started to be more and more important, also it's very good time to maybe provide a higher rate for the customers because of liquidity shortage in the market, which can be on some weeks or months horizon. So as I'm saying all the time, it can be the period of the banks, or period of the clients, so my view is that now we have some kind of cycle, and we have the period of the banks, when we can somehow dictate the rates, and use the momentum to increase our net interest margin.

Andrzej Nowaczek: Okay. Thank you very much.

Operator: Once again, if you would like to ask a question, please, press the * followed by the 1 on your telephone. To cancel this request, please, press the * followed by the 2.

There appears to be no further questions at this time, please, continue with any other points you wish to raise.

Reinhard Stary: If there's no further question, we would like to thank you for your attention and participation. If you will have further questions on all the detailed numbers which we released today, let me just remind you that our Investor Relations Team and in particular, Elena Finashina and Sergey Lukyanov, will be happy to answer your questions. You will find their contact details on our homepage.

Vladimir Chubar: Thank you very much for the call and for listening to our presentation. Thank you.

Operator: Thank you, this concludes the CREDIT BANK OF MOSCOW Year 2013 Financial and Business Results Conference Call. Thank you for participating. You may now disconnect.

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