CREDIT BANK OF MOSCOW

PRESS RELEASE

CREDIT BANK OF MOSCOW'S 2010 IFRS NET INCOME UP BY 3.9 TIMES TO RUR 3,021 MLN

Moscow, 7 April 2011 – CBM has summed up its 2010 performance under international financial reporting standards (IFRS).

Key results

- CREDIT BANK OF MOSCOW'S 2010 IFRS net income rose 3.9 times to RUB 3,021 mln ($99.5 mln)
- The bank's assets grew 90.1% to RUB 165,470 mln ($5,451 mln)
- Loan portfolio expanded by 78.2% to RUB 103,852 mln ($3,422 mln)
- Overdue loan ratio dropped from 3.8% to 2.0%, and loss provisions from 3.0% to 2.6%.
- Equity increased 24.6% to RUB 13,767 mln ($453.6 mln)
- Return on equity soared from 8.9% to 24.4%
- Cost-to-income ratio decreased from 42.0% to 38.9%
- Capital calculated under the Basel Accord soared 75.0% to RUB 20,386 mln ($671.7 mln), and the end-2010 capital adequacy ratio was 13.6%.

The bank's CEO Alexander N. Nikolashin commented the bank's results: 'We worked a lot and achieved substantial outcomes. The net income outstripped our best figures for the past reporting periods, and each of our lines of business grew faster than planned. Not only did the bank actively develop, but also focused much on risk assessment, which led to better loan portfolio quality. CBM grew financially stronger and steadier, and this is very important for our customers and staff. Our plans for 2011 envisage active development of all lines of business. We are going to use all opportunities for faster growth, at the same time enhancing performance and profitability. Much will be done for diversification by covering more sectors and more clients. Yet, we are going to keep a balanced, sound and professional approach to risks'.

The net income of the bank in 2010 reached its all-time high of RUB 3.021 bln, outdoing by 3.9 times the previous year's income (RUB 780 mln).

Return on equity (**ROAE**) soared to 24.3% from 8.9% and return on assets (**ROAA**) from 1.06% to 2.39%. This was mainly driven by growing operational efficiency during rapid expansion of the business.

Net interest income rose by 55% to RUB 6.066 bln, despite tightening interest margin (5.4% in 2010 against 6.4% the year before) and spread (4.5% in 2010 and 5.0% in 2009), both remaining, even though shrunk due to general market factors, at a high level for the industry.

Operational income increased by 46.2% largely due to expanding business volumes, the bank getting to curb operational expenses growth at 35%. Thus the bank's 2010 **cost-to-income ratio** reduced to 38.9% against 42% the year before.

The bank's fee income grew by 47.6% to RUB 1.758 bln (20.3% of the bank's operational income), with 31% of the fee income being attributable to cash collection services, 28% to issuance of guarantees and letters of credit, and 26% to settlement services.

The Bank retains leading positions in **cash collection**. CBM not only services its own network and its clients, but also provides cash collection services to other financial institutions and their clients. 2010 saw CBM's cash collection services being used by VTB, MDM Bank and Promsvyazbank. Last year the number of cash collection points rose by more than 1607 points and reached the total of 4753, and 16 new cash collection itineraries were put in place bringing their total number to 96.

Assets soared by 90.1% to RUB 165.5 bln. The Interfax 100 ranking of Russia's largest banks lists CBM as number 26 by assets (compared to number 41 in the 2009 ranking).

The bank's loan portfolio after impairment provision surged up by 78% in 2010 and reached RUB 103.9 bln as of the reporting date. The corporate loan portfolio grew by 76% to RUB 86.3 bln, while the retail loan portfolio soared by 90% to RUB 17.5 bln, of which the car loan portfolio tripled from RUB 1.8 bln to RUB 5.4 bln.

In 2010 the Bank remained active in **trade finance**, facilitating 259 transactions totaling $408 mln. The Bank's strong positions in the trade finance market are confirmed by the increase in limits by major market players in 2010. The European Bank for Reconstruction and Development (EBRD) raised its limit by USD 22 mln to USD 67 mln, and the International Finance Corporation (IFC) by USD 40 mln to USD 140 mln. CBM has been partnering with those financial institutions in trade finance since 2005 and has already been twice awarded by IFC certificate as the most active bank in Europe and Central Asia under its Global Trade Finance Programme (for 2008 and 2009).

Overdue loans ratio dropped, as compared to 2009, from 3.8% to 2%, and the percentage of NPL (loans overdue more than 90 days) fell from 3% to 1.5%. Furthermore, as contrasted to 2009, provision coverage ratios also improved: the ratio of provisions to loans overdue by 1 day or more grew from 80% to 128%, and the ratio of provisions to loans overdue by more than 90 days soared from 102% to 172%.

Securities portfolio doubled in 2010 and reached RUB 31.9 bln (19.3% of total assets). It was largely composed of highly liquid securities included in CBR's Lombard List which represented 83% of the securities portfolio in 2010 and 84% in 2009.

Retail deposits rose 59.8% to RUB 50,723 mln in 2010, its share in total liabilities having decreased from 36.4% to 30.8%. Term deposits grew by 58% to RUB 47.9 bln. The Bank limits the retail portion of its liabilities to mitigate the risk of crisis-driven withdrawals and reduce the cost of funding, while gradually raising the share of corporate funding.

In 2010 Credit Bank of Moscow entered the top 10 banks according to the annual retail banking sector survey "Customer Experience Index – 2010: The state of retail banking following the financial crisis" published by PricewaterhouseCoopers and Senteo Inc. Compared to 2009, the Bank climbed 3 notches up in this rating and became number 9.

Corporate deposits more than tripled to RUB 42.8 bln (25.8% of total liabilities against 15.9% the year before). Unsubordinated corporate term deposits reached RUB 25.6 bln (15.4% of total liabilities against 9.5% in 2009), representing an annual growth of RUB 17.3 bln.

Borrowing through debt securities issuance multiplied by 2.3 times in 2010 and stood at RUB 28.7 bln (16.8% of total liabilities). The bank seeks to keep its market borrowings at below 20% of total liabilities.

Deposits by financial institutions accounted for 16.7% of the bank's total liabilities. 2010 saw CBM raising its largest syndicated loan ever, a USD 170 mln A/B structured facility, of which the USD 40 mln A loan was granted by IFC for 5 years and the USD 130 mln B loan was provided by sixteen foreign commercial banks. During 2010 CBM obtained a 5-year USD 20 mln facility from EBRD for SME financing and raised a 7-year USD 20 mln subordinated debt from Black Sea Trade and Development Bank (BSTDB).

During 2010 CBM repeatedly confirmed stability of its market positions and its reputation as a reliable borrower. The Bank timely made its bonds' coupon payments (totaling RUB 1,144 mln), fully repaid its RUB 2 bln bond issue series 03, and repaid the USD 29.5 mln second tranche of the EBRD's A/B structured syndicated loan raised in 2008, the third tranche A being due in August 2011.

The Bank's equity as calculated in accordance with the Basel Accord soared by 75% (RUB 8.7 bln) to RUB 20.4 bln, while the capital adequacy ratio slightly decreased to 13.6% compared to 14.0% the year before.

The bank's infrastructural development. Last year 11 new offices opened in Moscow. The Bank actively developed remote service systems and retail fee businesses. CBM increased its plastic card issuance by 68% from 231.6 thousand to 389.2 thousand cards, and its Internet banking system MKB-Online was ranked by Expert-RA agency number 6 overall in 2010 and number 2 by internal functionality and service functions. The number of ATMs was brought from 237 to 402 (69% growth), and the number of payment terminals from 820 to 1737 (112% growth).

The bank's 2010 key financial results

Key financials	2010	2009	change, %
	RUB mln	RUB mln	
Assets	165,471	87,059	90.0
Liabilities	151,704	76,016	99.6
Equity (Basel)	20,386	11,648	75.0
Loan portfolio (after provisions)	103,852	58,291	78.2
NPLs (loans overdue by more than 90 days)	1,628	1,794	-9.3
Net income	3,021	780	287.3
Net interest income (before provisions)	6,067	3,914	55.0
Non-interest income	2,594	2,012	28.9

Key financial ratios, %	2010	2009
Capital adequacy ratio (CAR)	13.6	14.0
Net interest margin (NIM)	5.4	6.4
Cost to income ratio (CTI)	38.9	42.0
Return on equity (ROE)	24.4	8.9
Return on assets (ROA)	2.4	1.1
90+ NPL ratio (before provisions)	1.5	3.0

For reference

Credit Bank of Moscow is a universal privately owned commercial bank rated among the 30 largest banks of Russia and holding leading positions in servicing retail trade networks in Moscow area. The bank's branch network includes 52 branches and 12 operational cash offices, 435 ATMs and 1,999 payment terminals in Moscow and the Moscow Region.

The bank is rated B1 (long term foreign currency deposits)/ Not Prime (short term)/ E+ (Financial strength)/ A2.ru (national scale) with stable outlook by Moody's, and B+ (issuer default rating)/ B (short term)/ D (individual)/ A-(rus) (national scale) with stable outlook by Fitch Ratings.

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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