



CREDIT BANK OF MOSCOW

**IFRS Results for the Six-Month Period Ended June
30, 2013**

Speakers:

- Vladimir Chubar, Chairman of the Management Board
- Reinhard K. Stary, Strategic Advisor to the Chairman of the Management Board
 - Eric de Beauchamp, Chief Financial Officer

Webcast and Conference call
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Overview

- ❖ Commercial bank, focused on providing full range of banking services to corporate and retail clients
- ❖ Core strength is corporate banking, with cash collection and delivery business serving as an effective risk management tool, retail business enhancing the position
- ❖ Established in 1992, headquartered in Moscow, operates in Moscow and Moscow region
- ❖ The main shareholders are: Roman Avdeev (85%), EBRD (7.5%), IFC (2.9%) and RBOF Holding Company I Ltd. (“RBOF”), a wholly-owned subsidiary of IFC Russian Bank Capitalization Fund, LP (4.6%)
- ❖ Key 1H2013 results: Total Assets - RUB360 bn (#17⁽¹⁾ in Russia), Gross Loans - RUB262 bn (#15⁽²⁾ in Russia), Net Interest Margin - 5.2%, RoAE - 18.6%, RoAA - 2.3%
- ❖ Credit Ratings (M/S&P/F): B1 / B+ / BB-

Notes: 1) Kommersant-Money, as at July 01, 2013

Notes: 2) Expert RA, as at July 01, 2013

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Key developments in 1H2013 and up to date

Financial results

- IFRS net income grew 77.7% compared to 1H2012 and amounted to RUB 3,825 mln (\$117 mln).
- Assets grew by 16.5% compared to YE2012 to RUB 359.7 bn.
- Loan portfolio (gross) expanded by 27.6% and reached RUB 262.7 bn.
- Net interest margin is maintained at a high level of 5.2%.

Importance of retail segment is maintained

- Gross loans to individuals grew by 30.8% in 1H2013 up to RUB 65.9 bn, retail deposits grew by 15.2% to RUB 123.3 bn.
- Share of retail loan portfolio is growing consistently being above 25%, as at 1H2013 (24% as at YE2012).
- 13th in Russia by retail deposits (Expert RA, as at 1 July 2013).

Capital markets

- \$500 mln 5-year senior Eurobond issue was placed in January 2013
- RUB 2 bn 5.5-year domestic subordinated bond issue was placed in March 2013
- \$500 mln 5.5-year subordinated Eurobond issue was placed in May 2013

Capital position

- In July 2013, the Bank announced an increase of its share capital by the placement of additional ordinary registered shares among current beneficiaries

Rating actions

- S&P revised rating outlook from stable to positive in March 2013.
- Moody's upgraded national scale rating from "A2.ru" to "A1.ru" and confirmed international rating in May 2013.

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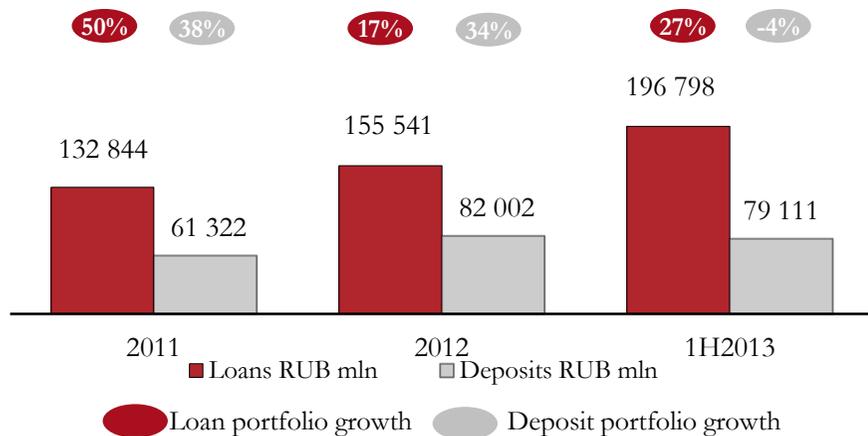
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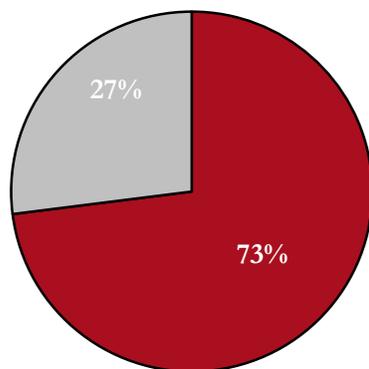
Stable and profitable loan portfolio growth

Corporate loan (gross) and deposit portfolio dynamics

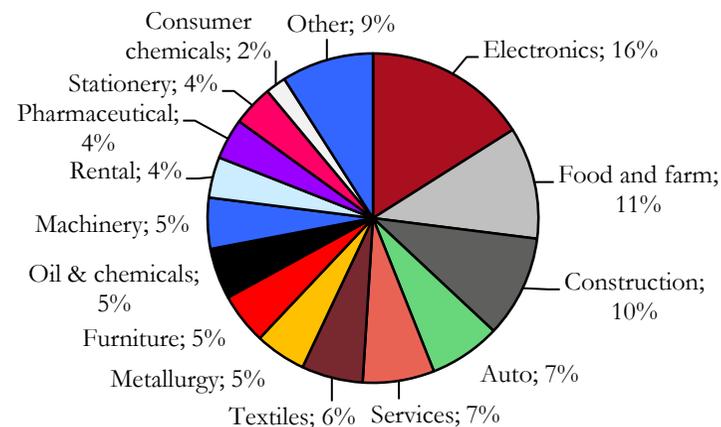


Corporate customer deposits (1H2013)

■ Term deposits □ Current/settlement accounts



Corporate loans breakdown by industry (1H2013)

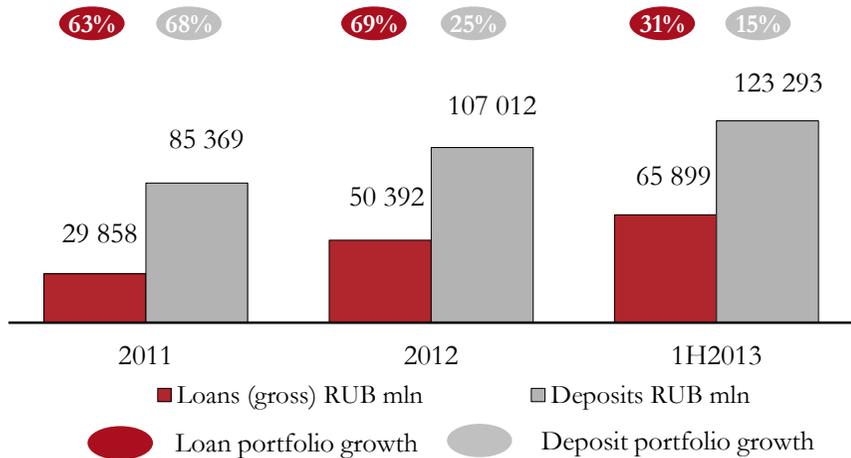


Key developments and strategy

- ❖ The largest part of CBM's corporate client base has traditionally been retailers and trade companies, which are represented in a majority of economic sectors
- ❖ Number of corporate clients as at 1H 2013 is 26 thsd
- ❖ Share of corporate banking in CBM's loan portfolio is **75%**
- ❖ The Bank's focus is on the attractive niche of short-term lending to the leading retailers and further develop cooperation with blue-chip companies

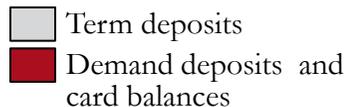
Retail expansion well underway

Retail loan (gross) and deposits portfolio dynamics

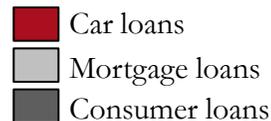


Breakdown by type

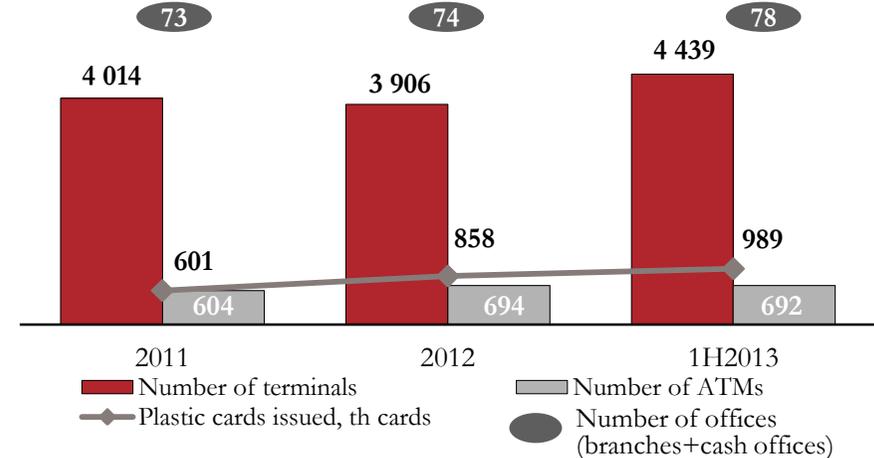
Deposits



Loans



Network development



Key developments and strategy

- ✔ Total number of retail customers is 536 thsd (506 thsd as at 1Q2013)
- ✔ 61 branches and 17 cash offices in Moscow and Moscow Region as at 1 August 2013
- ✔ We target to further our share of retail banking in the loan portfolio towards 30% in 2013 (25% as at 30 June 2013)
- ✔ Target market segments are consumer loans and credit cards
- ✔ 13th largest bank in retail deposits in Russia (Expert RA, as at 1 July 2013).

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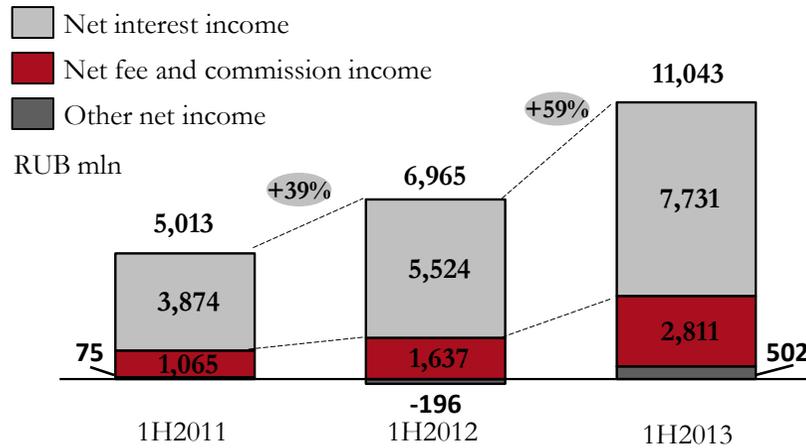
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Income and Expenses

Improved CTI ratio of 32.8% driven by strong earnings and operational efficiency

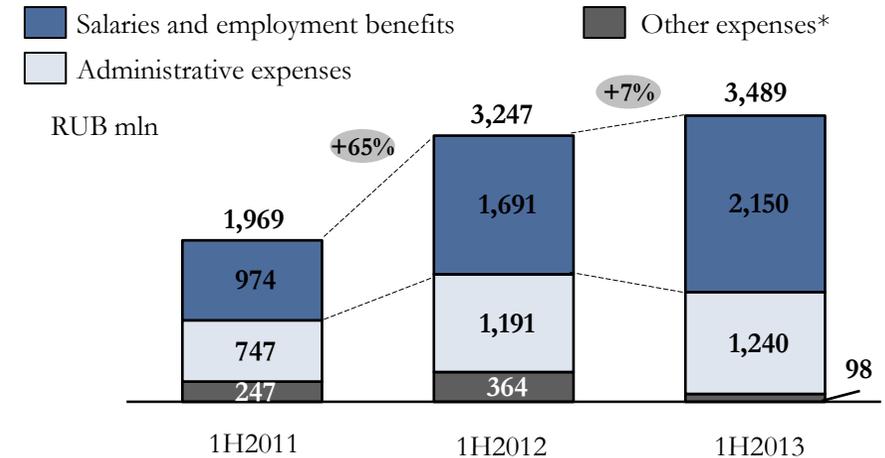
Operating income



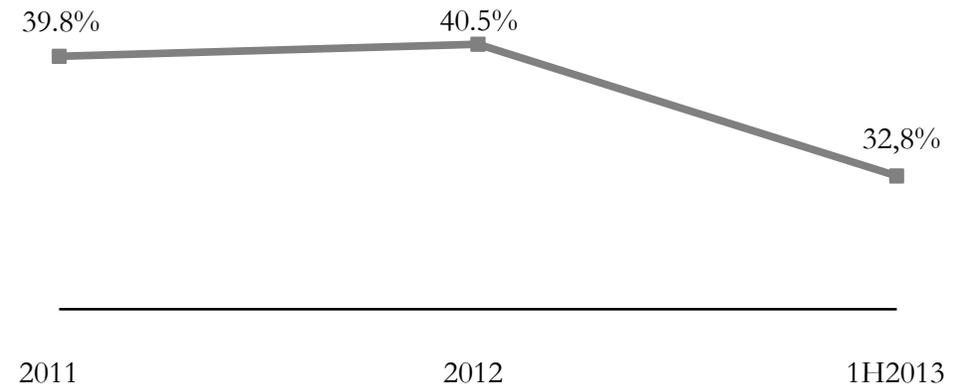
Key developments

- ✓ **RoAE** is retained at a high level of 18.6% despite focus on capital base strengthening in 1H2013 (vs. 17.8% as at FY2012)
- ✓ **RoAA** increased from 2.1% as at FY2012 to 2.3% as at the end of 1H2013
- ✓ Gross loan portfolio growth (+27.0% in 1H2013) is the main driver of increase in net interest income
- ✓ Net fee and commission income increased primarily due to a 4-times growth of insurance fees on retail loans
- ✓ Increased headcount combined with market-conformed salary increases as well as senior executive and non-executive appointments are the drivers of increase in salaries and employment benefits
- ✓ Outstripping growth of operating income vs. operating expenses results in a further improved CTI being 32.8%
- ✓ Net interest margin is sound (5.2%) backed by high operational efficiency

Operating expenses



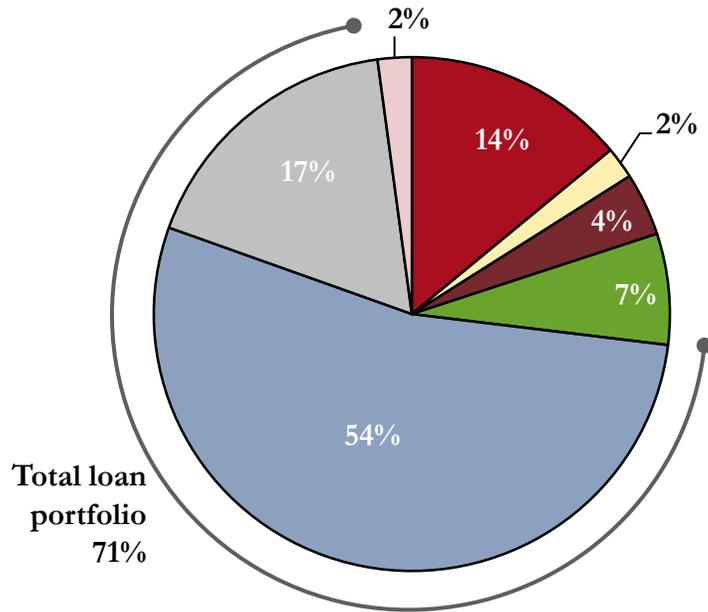
Cost-to-income ratio dynamics



* Other expenses consist of depreciation of property and equipment and of provision for impairment of other assets and credit related commitments

Sound ROA on stably growing assets base

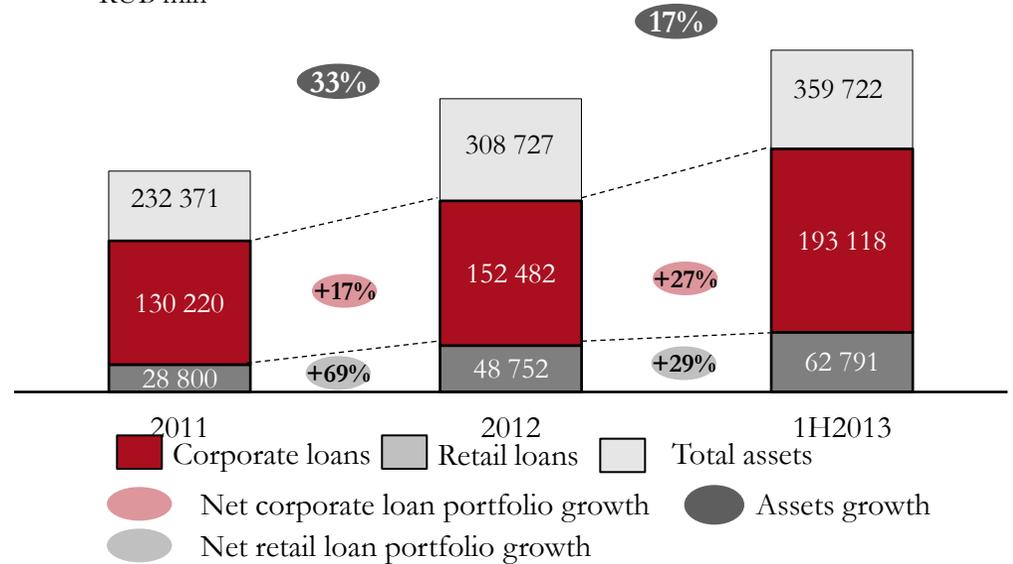
Assets structure



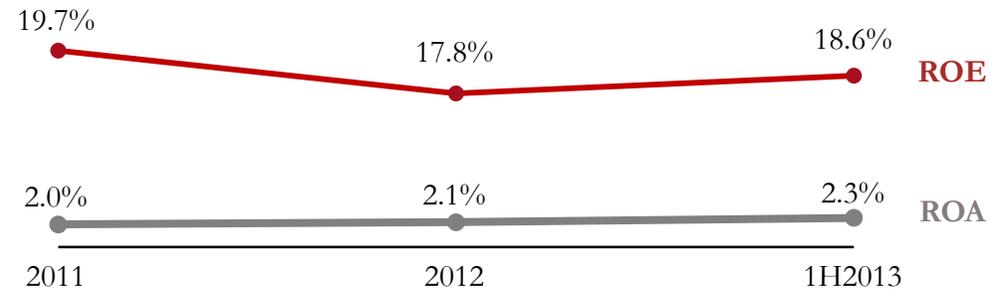
- Cash and due from CBR: 14%
- Available-for-sale securities: 4%
- Corporate loans: 54%
- Other: 2%
- Due from credit institutions: 2%
- Instruments at fair value: 7%
- Retail loans: 17%

Assets and loan portfolio (net) dynamics

RUB mln



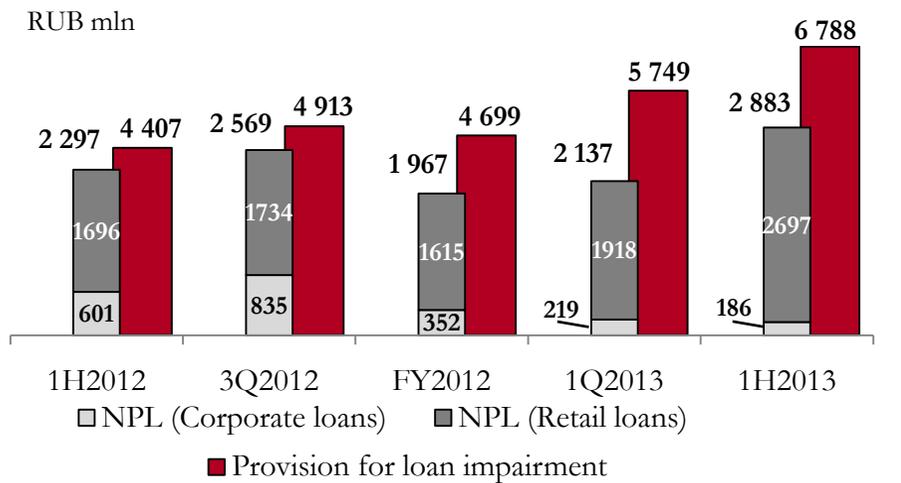
ROA, ROE



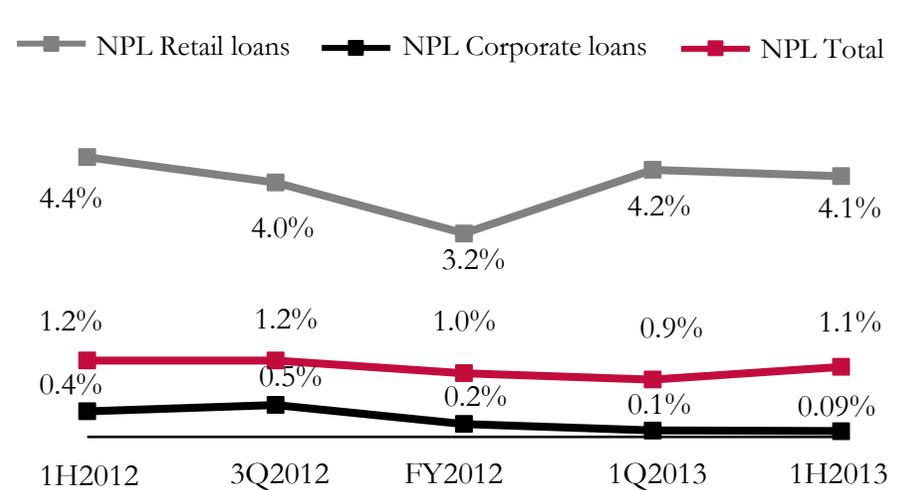
Loan Portfolio

Loan portfolio expands while retaining strong quality metrics

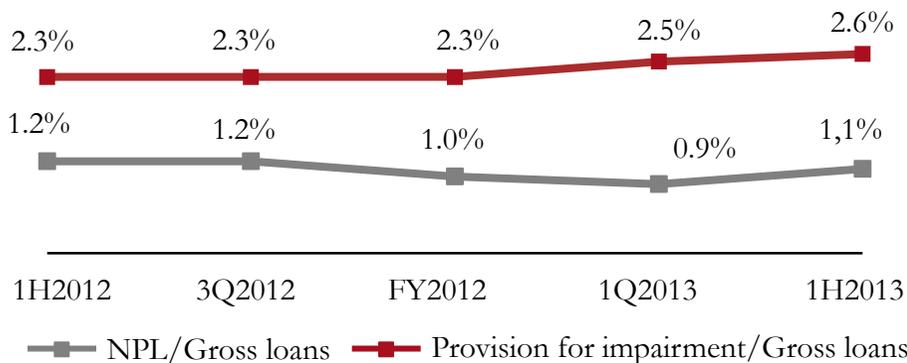
NPLs⁽¹⁾ and Provisioning dynamics



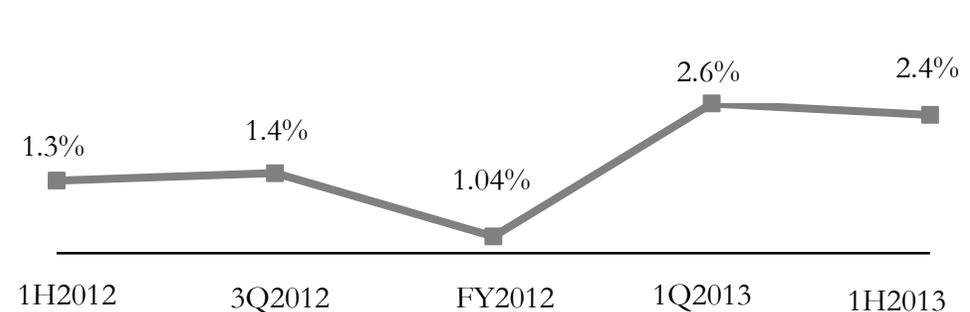
NPL⁽²⁾ ratio dynamics



NPL and Provision ratios dynamics



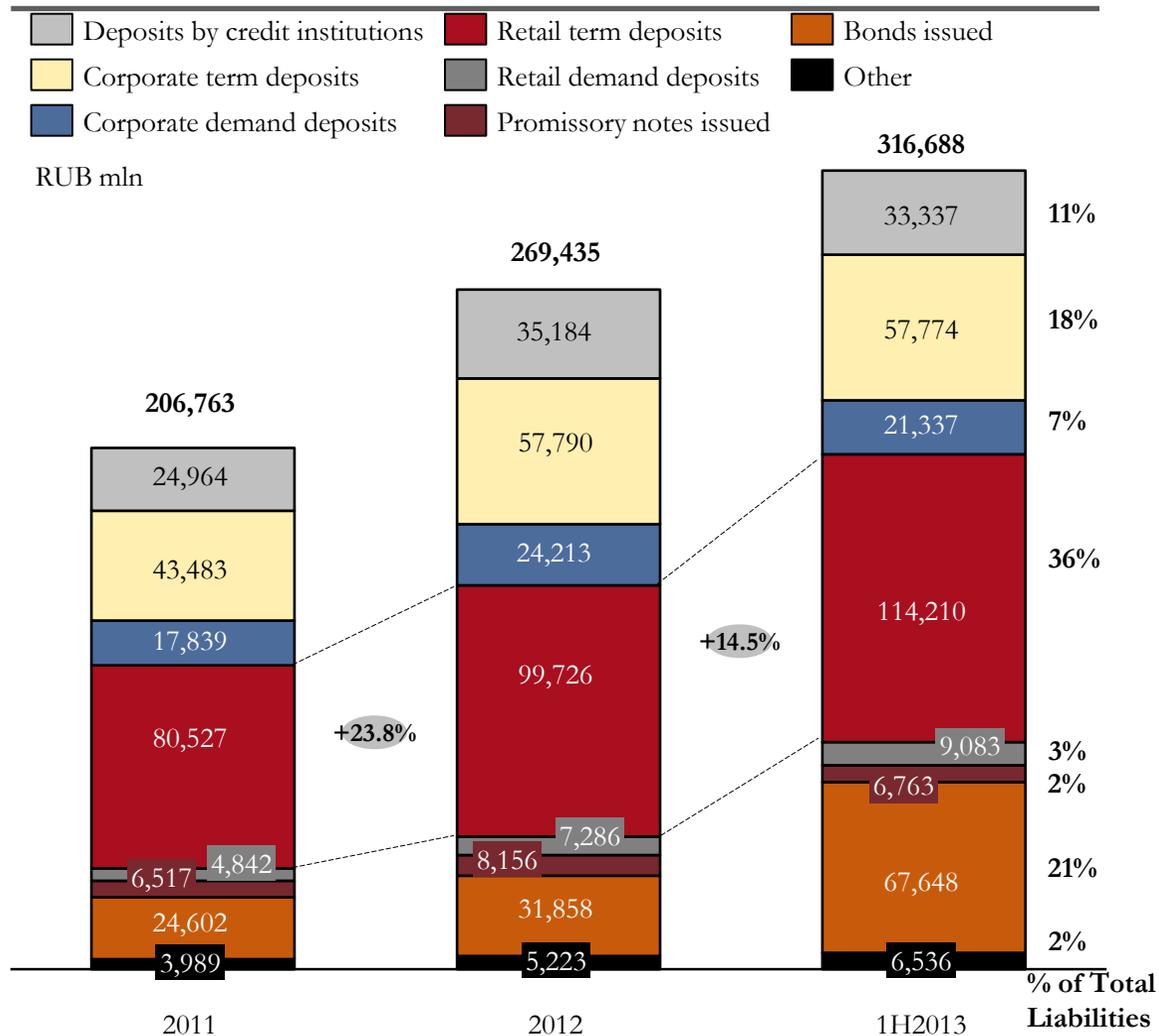
Cost of risk



(1) NPLs are loans with payments that are overdue >90 days (figure does not include renegotiated loans), (2) NPLs are calculated relative to the relevant loan product.

Well diversified funding base

Funding base*



Good diversification of funding base with significant share of customer deposits, which now represent approx. 64% of total liabilities

Deposits by individuals represent about 40% of liabilities and are headily going upwards

Deposits by individuals form stable funding source of ca. 2 years

Bonds issued doubled in 1H2013 in comparison with YE2012 due to new debt capital market placements:

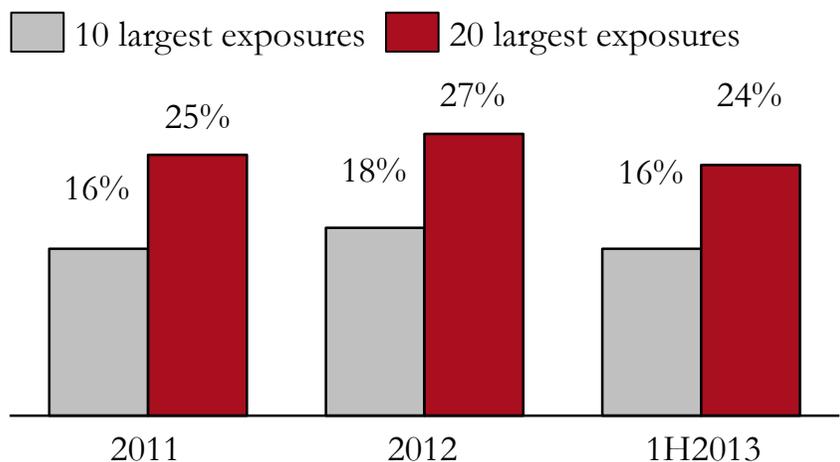
- \$ 500mln senior Eurobond placed in January 2013
- RUB 2bn domestic subordinated bond placed in March 2013
- \$ 500mln subordinated Eurobond placed in May 2013

* Equals to liabilities

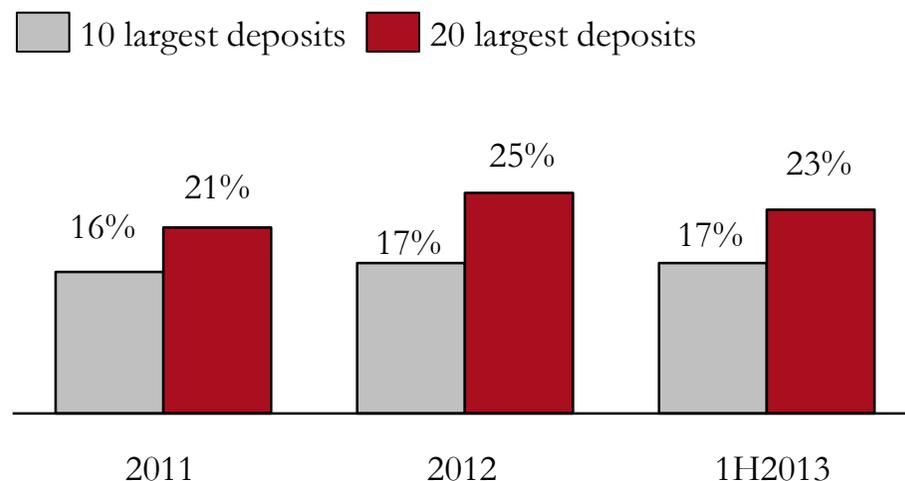
Concentrations

Focus on diversification and maintaining healthy concentration levels

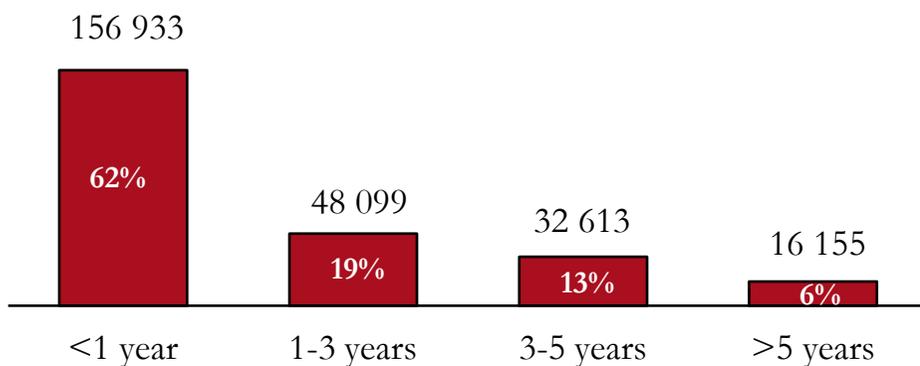
Largest exposures



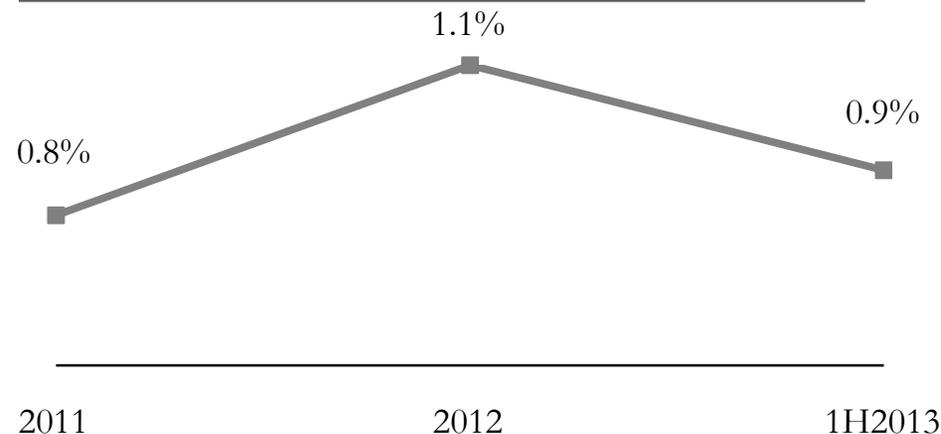
Largest deposits to deposit portfolio



Net performing loans by maturity (RUB mln)



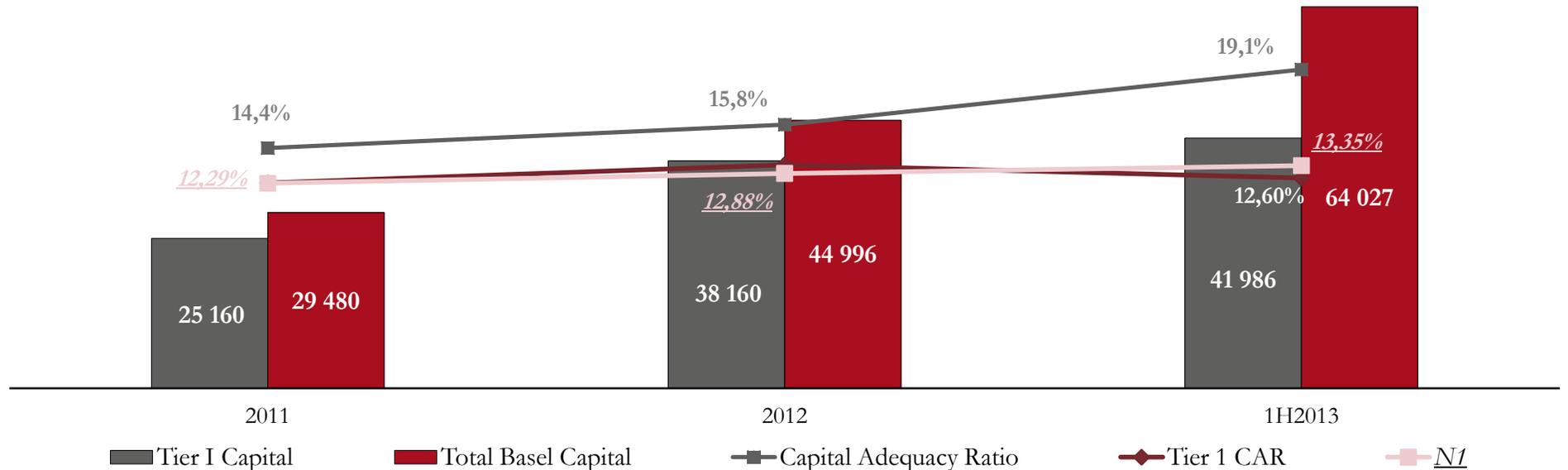
Related party lending (% of total equity)



Capital Adequacy

Well capitalised with total CAR of 19.1%

Capital adequacy (RUB mln)



- ✔ In March 2013, domestic subordinated bond issue in the amount of RUB 2bn was included in Tier 2 capital. Debut domestic subordinated bond issue was placed in December 2012.
- ✔ RE constantly strengthening our capital base.
- ✔ In May 2013, subordinated Eurobond issue in the amount of \$ 500mln was included in Tier 2 capital.
- ✔ In July 2013, the Bank announced a decision to increase its share capital by placement of additional shares by way of closed subscription among current beneficiaries of the Bank. This transaction will be partly financed by conversion of the subordinated loans raised by the Bank from its main beneficial owner. No changes in the current shareholders' structure are expected.

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Key Metrics of Financial Performance

RUB, mn	2011	2012	1H2013	2012-1H2013 Change, %
Total assets	232,371	308,727	359,722	+16.5%
Loans to customers (gross)	162,702	205,933	262,697	+27.6%
Total equity	25,608	39,292	43,034	+9.5%
RoAE	19.7%	17.8%	18.6%	-
RoAA	2.0%	2.1%	2.3%	-
NPL / Gross loans	1.1%	1.0%	1.1%	-
Total provisions / NPL	208.6%	238.9%	235.4%	-
Tier 1 Capital Ratio	12.3%	13.4%	12.6%	-
Total CAR	14.4%	15.8%	19.1%	-
RUB, mn	1H2011	1H2012	1H2013	1H2012-1H2013 Change, %
Net interest income	3,874	5,523	7,731	+40.0%
Fee and commission income	1,139	1,817	3,080	+69.6%
Non interest income	1,518	1,442	3,312	+129.7%
Net income	1,859	2,152	3,825	+77.7%
Cost / Income	39.6%	43.1%	32.8%	-
NIM	4.8%	5.0%	5.2%	-