



CREDIT BANK OF MOSCOW

**IFRS Results for the Three-Month Period Ended
March 31, 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
June 5, 2013



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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
- ❖ 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 1Q2013 results: Net Assets - RUB321 bn (#18⁽¹⁾ in Russia), Gross Loans - RUB234 bn (#16⁽²⁾ in Russia), Net Interest Margin - 5.1%, RoAE - 17.4%, RoAA - 2.2%
- ❖ Credit Ratings (M/S&P/F): B1 / B+ / BB-

Notes: 1) RBC.Rating as at March 31, 2013

Notes: 2) RBC Rating as at March 31, 2013

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Key developments in 1Q2013 and up to date

Financial results

- IFRS net income grew 43.7% compared to 1Q2012 and amounted to RUB 1,745 mln (\$56 mln).
- Assets grew by 4% compared to YE2012 to RUB 321 bln, loan portfolio (gross) expanded by 13.7% and reached RUB 234.1 bln.
- Net interest margin is maintained at a high level of 5.1%.

Importance of retail segment is maintained

- Gross loans to individuals grew by 6.7% compared to YE2012 to RUB 53.8 bn, retail deposits grew by 9.6% to RUB 117 bn.
- Share of retail loan portfolio is maintained at a level above 20% (i.e. 23%) as at 1Q2013.
- 14th in Russia by retail deposits (RBC.Rating; as of 1Q 2013 vs. 15th spot as of YE2012).

Capital markets

- \$500 mn 5-year Eurobond issue was placed
- RUB 2 bn 5.5-year domestic subordinated bond issue was placed; proceeds were included in Tier 2 Capital in March 2013.
- In May 2013 \$500 mn 5.5-year subordinated Eurobond issue was placed, proceeds were included in the Bank's Tier 2 Capital.

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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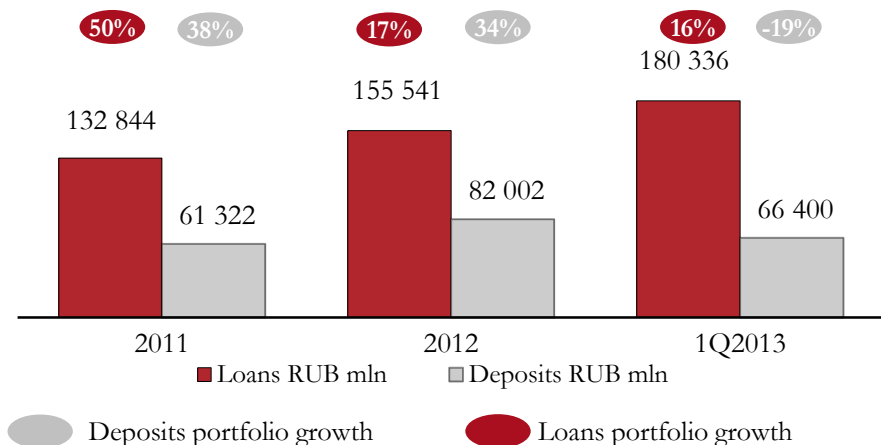
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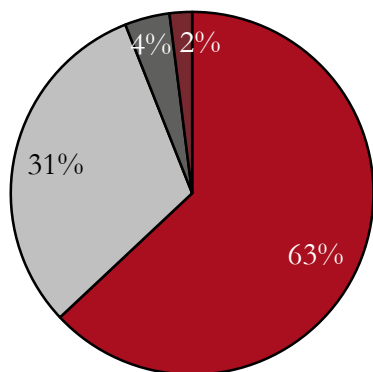
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Stable and profitable loan portfolio growth

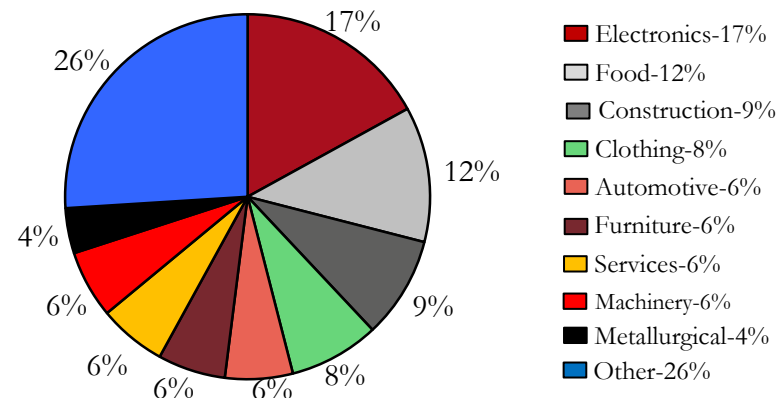
Corporate loans (gross) and deposits portfolio dynamics



Breakdown by type (1Q2013)



Breakdown by industry (1Q2013)

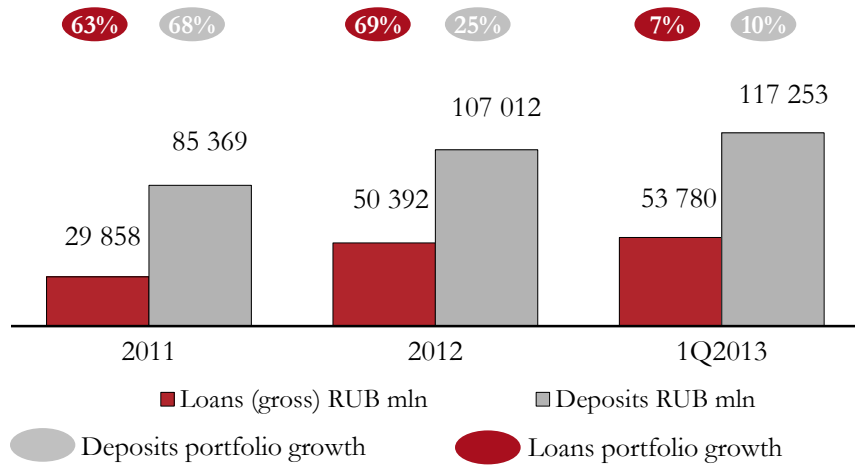


Key developments and strategy

- ❖ The largest part of CBM's corporate client base has traditionally been trading companies
- ❖ Number of corporate clients as at 1Q 2013 is over **26 ths**
- ❖ Share of corporate banking in CBM's loan portfolio is **77%**
- ❖ The Bank intends to stay in the attractive niche of short-term lending to the leading retailers and further develop cooperation with blue-chip companies

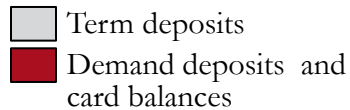
Retail expansion well underway

Retail loans (gross) and deposits portfolio dynamics

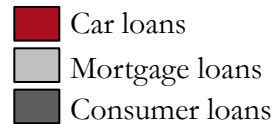


Breakdown by type

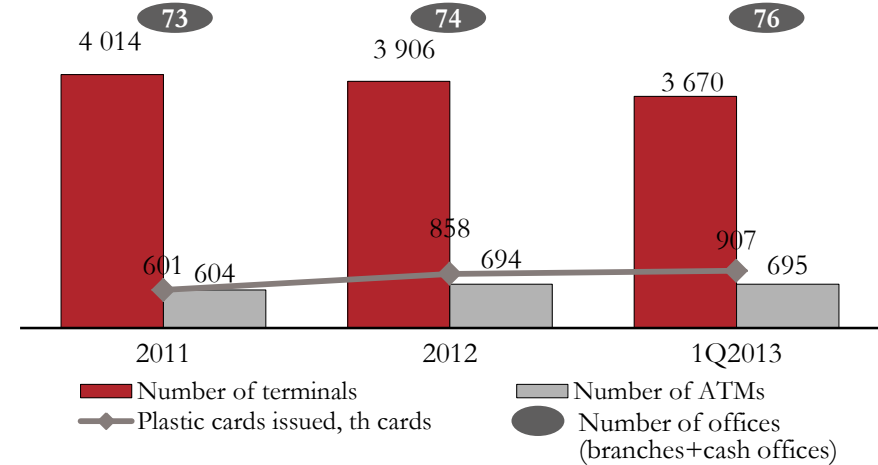
Deposits



Loans



Network development



Key developments and strategy

- ✔ Total number of retail customers is **506 ths** (484 ths. as at YE2012)
- ✔ **60** branches and **16** cash offices in Moscow and Moscow Region
- ✔ Payment terminals locations have been optimised in the previous periods, and as of end-May 2013 their number exceeded 4 300 items
- ✔ The targeted share of retail banking in CBM's loan portfolio is over 25% in 2013 (cf. **23%** as at 31 March 2013)
- ✔ Target market segments are consumer loans and credit cards
- ✔ 14th largest bank in retail deposits in Russia (RBC.Rating, as of March 31st, 2013).

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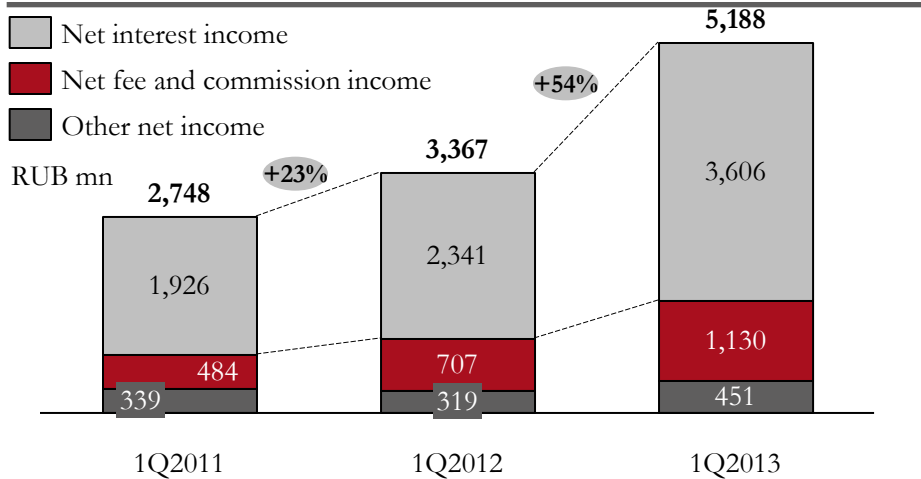
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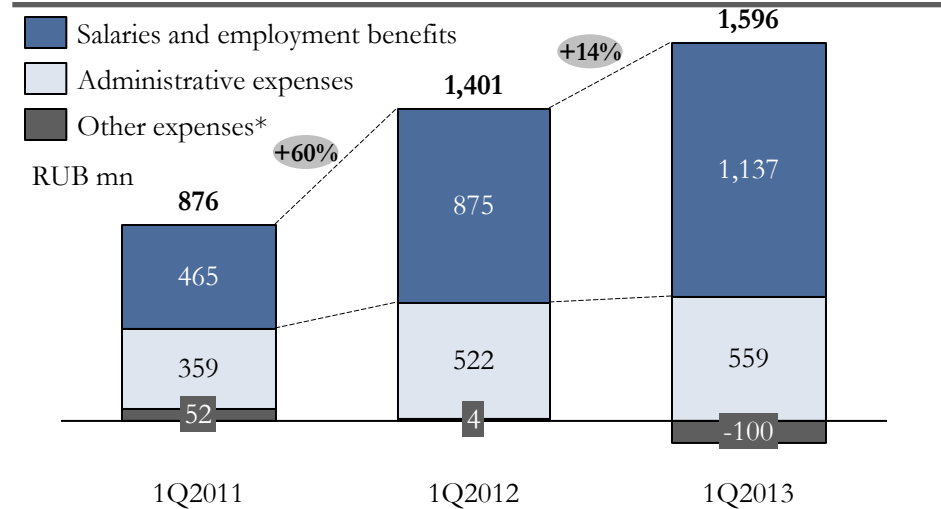
Income and Expenses

Strongly improved CTI ratio of 34.8% driven by strong earnings and operational efficiency

Operating income



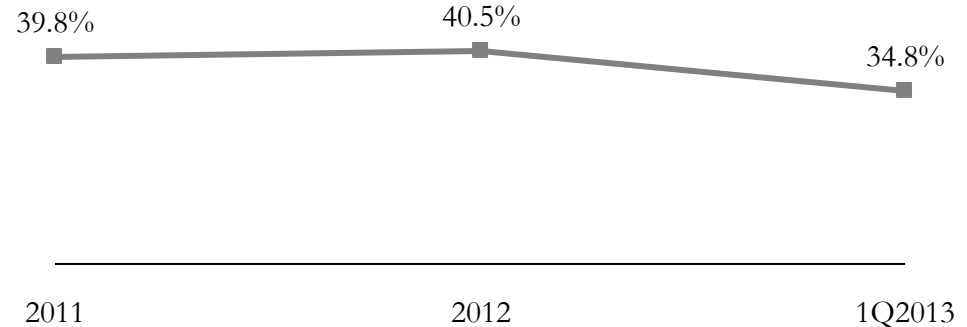
Operating expenses



Key developments

- ✔ **RoAE** is retained at a high level for the industry at 17.4% despite focus on capital base strengthening in 1Q2013 (vs. 17.8% as at YE2012)
- ✔ **RoAA** increased from 2.1% as at YE2012 to 2.2% as at the end of 1Q2013
- ✔ Net loan portfolio growth (+13.5% in 1Q2013) is the main driver of increase in net interest income
- ✔ 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 strongly improved over the last 2 years of operation CTI being 34.8%
- ✔ Net interest margin is sound (5.1%) backed by high operational efficiency

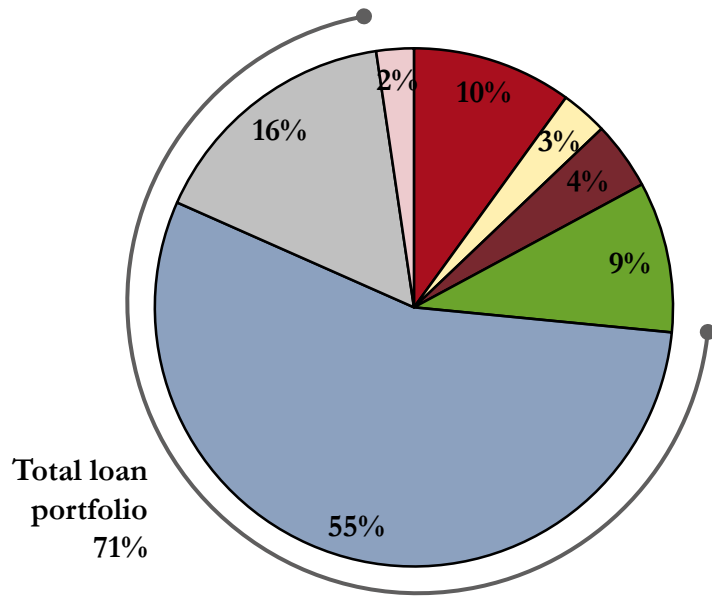
Cost-to-income ratio dynamics



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

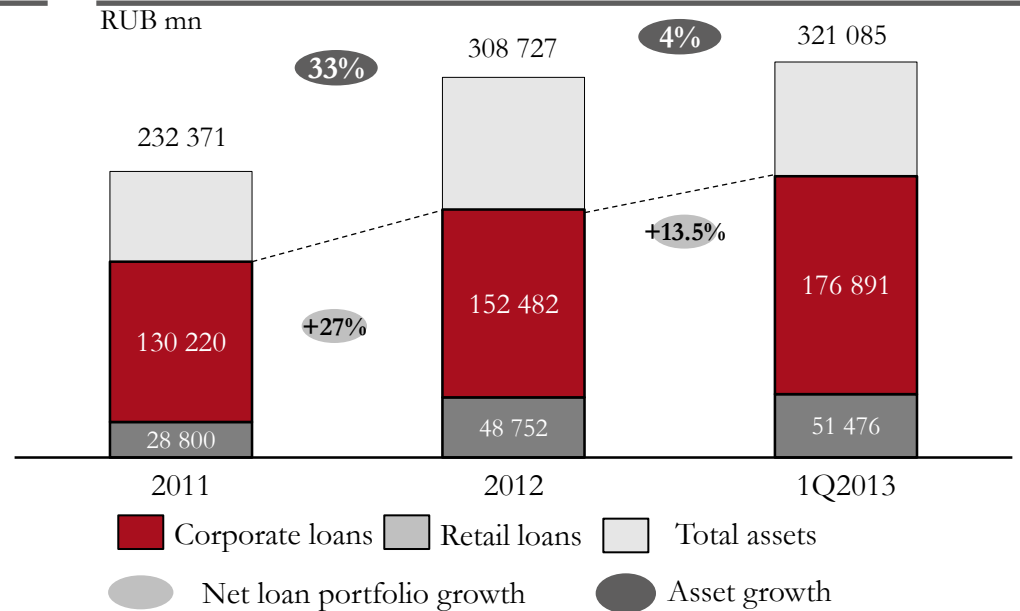
Strong ROA on stably growing asset base

Asset structure

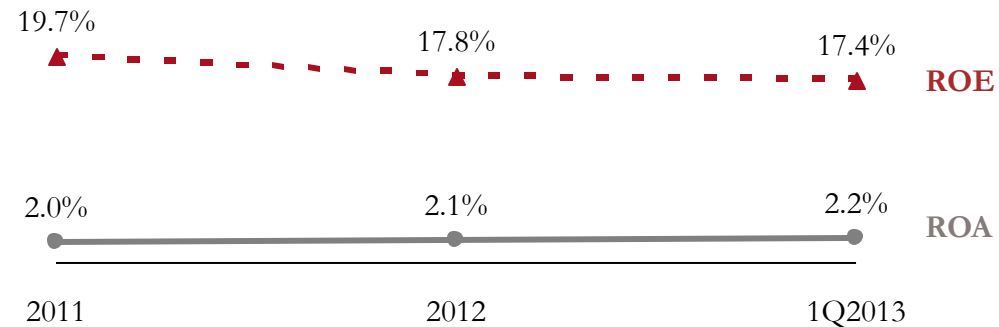


- Cash and due from CBR: 10%
- Available-for-sale securities: 4%
- Corporate loans: 55%
- Other: 2%
- Due from credit institutions: 3%
- Instruments at fair value: 9%
- Retail loans: 16%

Assets and loan portfolio (net) dynamics



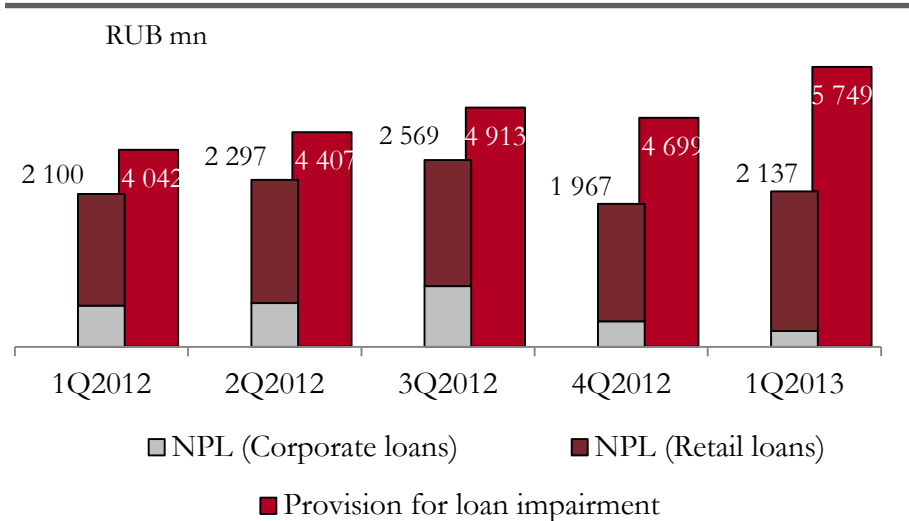
ROA, ROE



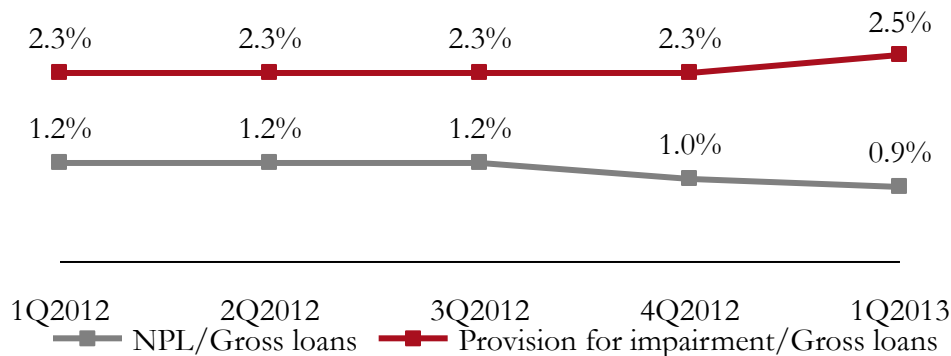
Loan Portfolio

Loan portfolio expands while retaining strong quality metrics

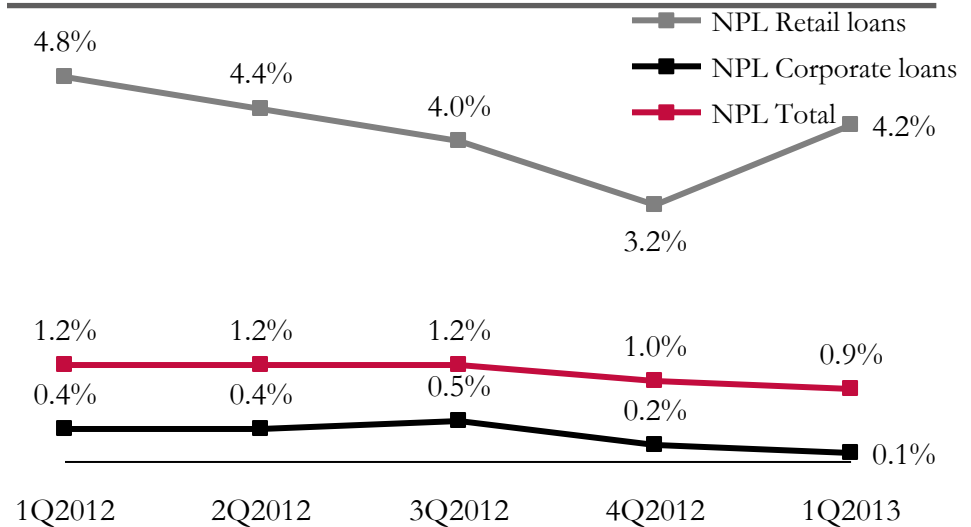
NPLs⁽¹⁾ and Provisioning dynamics



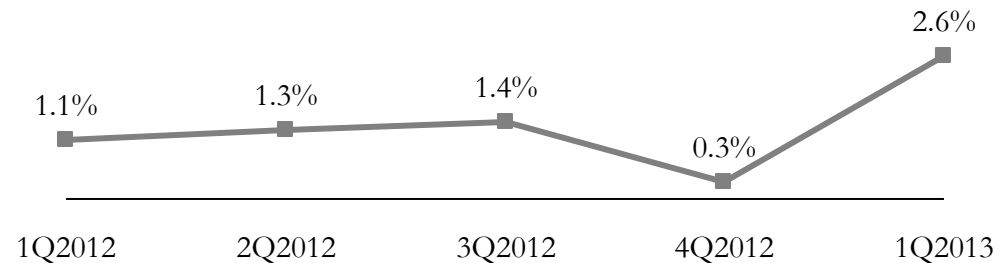
NPL and Provision ratios dynamics



NPL⁽²⁾ ratio dynamics



Cost of risk

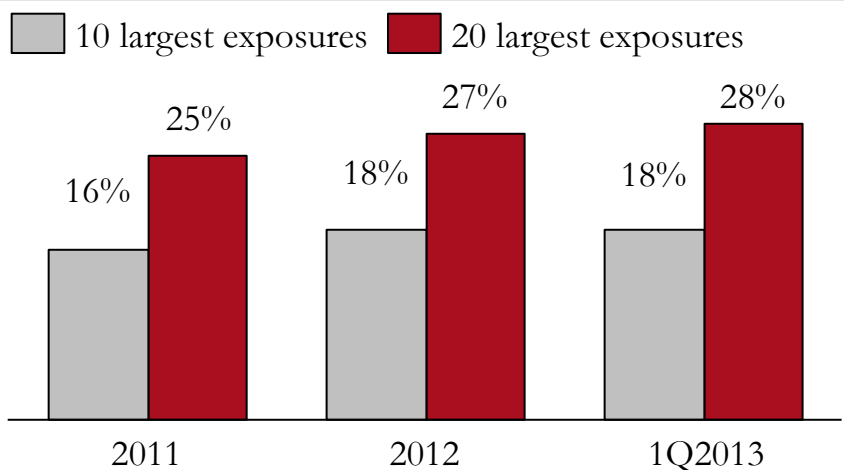


(1) NPLs are loans with payments that are overdue >90 days (figure does not include renegotiated loans), (2) NPLs are calculated relative to the relevant loan product.

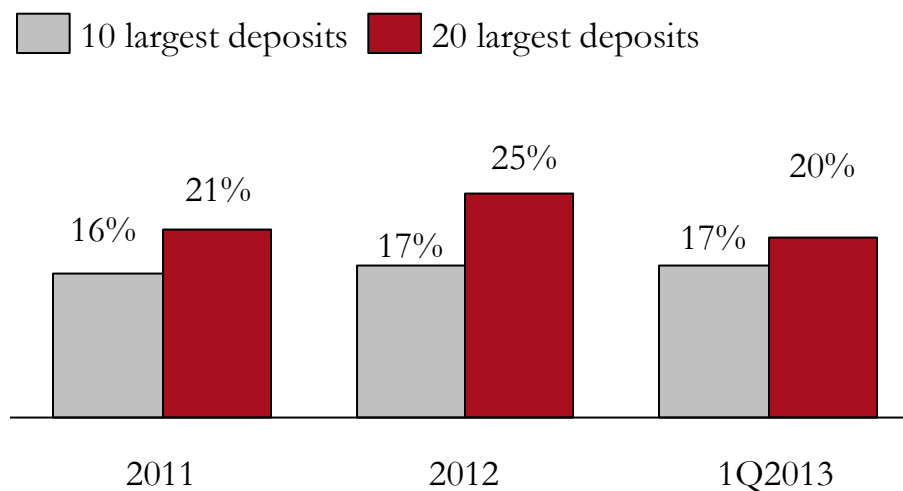
Concentrations

Focus on diversification and maintaining healthy concentration levels

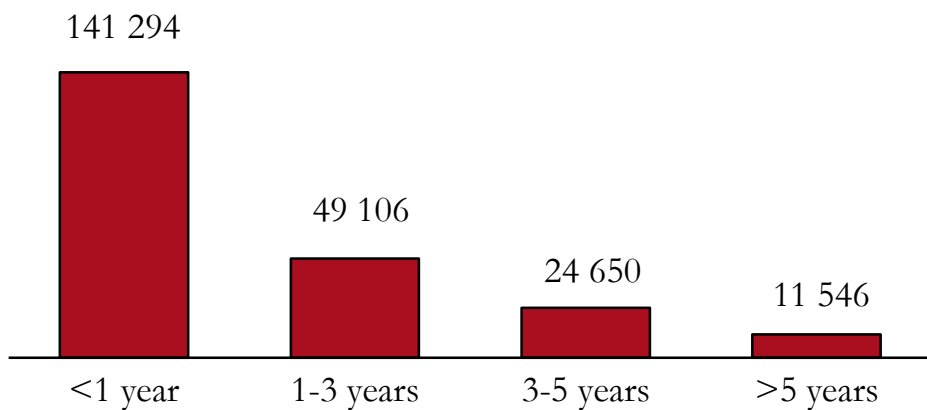
Largest exposures



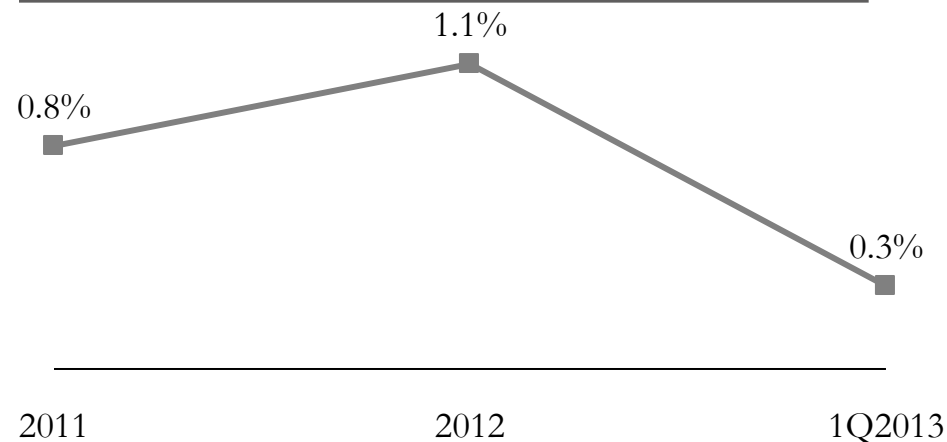
Largest deposits to deposit portfolio



Performing loans by maturity (mnRUB)



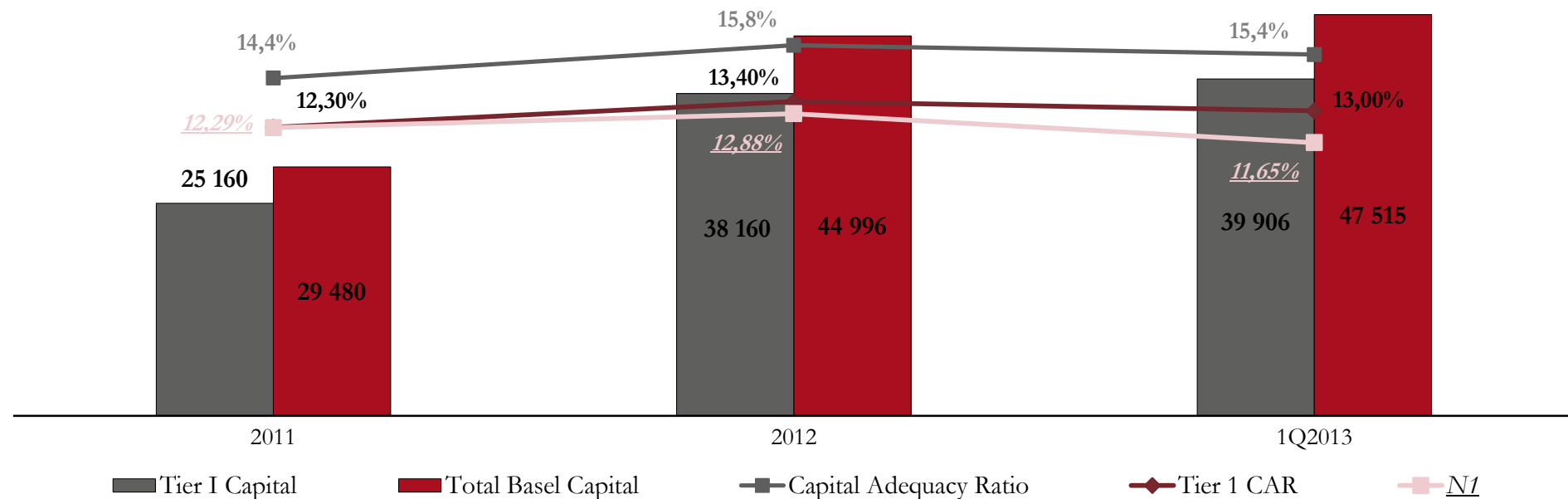
Related party lending (% of total equity)



Capital Adequacy

Well capitalised with total CAR of 15.4%

Capital adequacy (RUB mln)



- ✔ In March 2013 domestic subordinated bond issue for the amount of RUB 2bn was included in Tier 2 capital. Capital base is also supported by the debut domestic subordinated bond issue placed in December 2012.
- ✔ The Bank always includes retained earnings into capital.
- ✔ Subordinated Eurobond issue placed in May 2013 will be reflected in Tier 2 capital in 1H2013 IFRS financial statements.
- ✔ N1 is significantly strengthened in May 2013 by inclusion of proceeds from subordinated Eurobond issue (\$ 500mn) into additional capital of the Bank.

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Key Metrics of Financial Performance

RUB, mn	2011	2012	1Q2013	2012-1Q2013 Change, %
Total assets	232,371	308,727	321,085	+4.0%
Loans to customers (gross)	162,702	205,933	234,116	+13.7%
Total equity	25,608	39,292	41,026	+4.4%
RoAE	19.7%	17.8%	17.4%	-
RoAA	2.0%	2.1%	2.2%	-
Cost / Income	39.8%	40.5%	34.8%	-
NIM	5.0%	5.2%	5.1%	-
NPL / Gross loans	1.1%	1.0%	0.9%	-
Total provisions / NPL	208.6%	238.9%	269.0%	-
Tier 1 Capital Ratio	12.3%	13.4%	13.0%	-
Total CAR	14.4%	15.8%	15.4%	-

RUB, mn	1Q2011	1Q2012	1Q2013	1Q2012-1Q2013 Change, %
Net interest income	1,926	2,341	3,606	+54.0%
Fee and commission income	517	790	1,240	+57.1%
Non interest income	726	1,026	1,581	+54.2%
Net income	1,211	1,215	1,745	+43.7%