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PRESS RELEASE

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CREDIT BANK OF MOSCOW announces sound performance in 1H 2013 under the international financial reporting standards (IFRS)

Key results

- CREDIT BANK OF MOSCOW's half year 2013 IFRS net income grew 77.7% compared to the same period of 2012 and amounted to RUB 3.8 bln ($117.0 mln).
- The Bank's high operational efficiency is evident in the return on equity (18.6%) and return on assets (2.3%).
- The Bank's assets grew by 16.5% ytd reaching RUB 359.7 bln ($10,997.7 mln).
- Gross loan portfolio expanded by 27.6% ytd to RUB 262.7 bln ($8,031mln).
- The NPL ratio (90+ days) remains healthy at 1.1%.
- The cost-to-income ratio decreased in the reporting period from 40.5% to 32.8%.
- The Bank's equity grew by 9.5% ytd up to RUB 43.0 bln ($1,315.7 mln).
- The capital calculated under the Basel Accord increased 42.3% in 1H 2013 reaching RUB 64.0 bln ($1,957.5 mln), the capital adequacy ratio being 19.1%.

"In the first half 2013, the Bank demonstrated very good results. Combined with our successful transactions on debt capital markets, in 1H 2013, and the shareholders' decision on the additional issue of ordinary shares, this is a strong basis for future sustainable growth of the Bank", - said Eric de Beauchamp, Chief Financial Officer.

The Bank's 1H 2013 key financial results

Statement of financial position	1H 2013, RUB mln	2012YE, RUB mln	change, %
Assets	359,722	308,727	16.5
Liabilities	316,688	269,435	17.5
Equity (Basel)	64,027	44,996	42.3
Gross Loan portfolio	262,697	205,933	27.6
NPLs (loans overdue by 90+ days)	2,883	1,967	46.6

Statement of income	1H 2013, RUB mln	1H 2012, RUB mln	change, %
Net income	3,825	2,152	77.7
Net interest income (before provisions)	7,731	5,523	40.0
Fees and commissions income	3,080	1,817	69.6%

Key financial ratios, %	1H 2013	2012YE
Capital adequacy ratio (CAR)	19.1	15.8
90+ NPL ratio (before provisions)	1.1	1.0
LLP / 90+ NPL ratio	235.4	238.9

Net interest margin (NIM)	5.2	5.2
Cost-to-income ratio (CTI)	32.8	40.5
Return on equity (ROE)	18.6	17.8
Return on assets (ROA)	2.3	2.1

Despite having strengthened its capitalisation by retained earnings and a domestic subordinated bond issue, as well as a subordinated Eurobond issue, the Bank kept its return on equity (**ROAE**) at a high level for the industry (18.6%), while its return on assets (**ROAA**) rose from 2.1% to 2.3%.

In 1H2013, **operating income** (net of accrued impairment provisions) grew significantly faster than **operating expenses** (net of accrued impairment provisions): compared to 1H 2012, the former soared 58.6% reaching RUB 11.0 bln, while the latter increased by 18.7% to RUB 3.6 bln. Operational income grew largely due to the expanding lending operations and increasing fee and commission income. One of the key drivers of the operational expenses growth in the 1H 2013 are staff costs that rise together with the headcount as well as the market-conformed salary increases and senior appointments in 2012 and in first half 2013. **Operational performance** improved significantly in the reporting period, with the cost-to-income (CTI) ratio falling from 40.5% as at 2012YE to 32.8% for 1H 2013.

The Bank's growing lending operations made its **net interest income** grow 40.0% in the reporting period compared to 1H 2012 to RUB 7.7 bln. Thanks to the consistently high efficiency of business, the **interest margin** remains at 5.2%, a high level for the industry.

The Bank's **fee and commission income** soared by 69.6% compared to 1H 2012 reaching RUB 3.1 bln of which 32.3% is attributable to loan insurance arrangement fees (growth by more than 4 times), 18.0% to cash collection fees (growth by 23.9%), 15.4% to settlement operation fees (growth by 17.0%) and 15.0% to guarantees and letters of credit issuance fees (growth by 14.5%).

In terms of cash collection, CREDIT BANK OF MOSCOW services not only its own network and clients, but also other financial institutions and their clients. In 1H 2013, the number of cash collection points rose by 1,109 and reached the total of 9,942. New collection itineraries were put in place bringing their total number to 178.

CREDIT BANK OF MOSCOW is ranked 17th among top 50 Russian banks in terms of net assets according to Kommersant-Money, as of 1 July 2013.

The Bank's gross **loan portfolio** expanded by 27.6% in 1H 2013 and reached RUB 262.7 bln as of the reporting date. The corporate loan portfolio grew by 26.5% to RUB 196.8 bln and the retail loan portfolio by 30.8% to RUB 65.9 bln. The share of total loan portfolio in total assets represents 71%.

The securities portfolio was RUB 40.8 bln, as of 1H 2013, which is 9.7% larger than for the year end 2012. As before, the bulk of investments are represented by highly liquid securities: 85.3% of the bonds in the portfolio are on the CBR's Lombard List.

Retail accounts and deposits grew by 15.2% ytd to RUB 123.3 bln (representing 38.9% of the total liabilities), mostly due to an increase in term deposits.

Debt In the 1H 2013, CREDIT BANK OF MOSCOW was engaged in debt capital markets, placing a number of Eurobond as well as domestic bond issues.

In February 2013, the Bank placed RUB 2 bln 5.5-year subordinated bond issue series 12, the proceeds from which were included in the Bank's additional capital. That issue became the Bank's second subordinated bond issue following the debut RUB 3 bln 5.5-year bonds placed last December.

Furthermore, in February 2013, the Bank placed its then all-time biggest $500 mln Eurobond issue. It pays 7.7% coupon and has a 5-year maturity.

In May 2013, the Bank placed $500 mln subordinated Tier II Eurobond issue with a 8.7% coupon and 5.5-year maturity. The transaction represents the first subordinated Eurobond issued by a Russian bank following the introduction of the Central Bank of Russia's latest rules on subordinated capital under Regulation No. 395-P dated 28.12.2012 "On the Method of Calculating the Amount, and Assessing the Adequacy of, the Capital of Credit Institutions ("Basel III")".

The Bank's capital as calculated under the Basel Accord increased 42.3% ytd reaching RUB 64.0 bln and the capital adequacy ratio stood at 19.1%. The Bank's equity was supported by the inclusion of the proceeds from the RUB 2 bln subordinated bond issue and $500 mln subordinated Eurobond issue in its Tier II capital, and by retained earnings.

Significant subsequent events include the decision of the Bank's shareholders made in July 2013 to increase its share capital by the placement of additional ordinary registered uncertified shares by way of closed subscription among current beneficiaries of the Bank. The purchase will be partly financed by repayment of the subordinated debt to a majority shareholder. No changes in the shareholders' structure are expected.

The Bank's infrastructural development. By the end of 1H 2013, CREDIT BANK OF MOSCOW's branch network comprised 61 offices and 17 operational cash desks in Moscow and the Moscow Region. The Bank's branch network is ranked by RBC Rating as one of the most efficient ones. The Bank is number 5 among the top 50 banks by loan origination per outlet, number 8 by deposit portfolio per outlet and 9 by net assets per outlet.

As of 1H 2013, the Bank had 700 ATMs and 4,400 payment terminals. In March 2013, CREDIT BANK OF MOSCOW and Alfa-Bank fully united their payment device networks, by signing an agreement unprecedented in the Russian market of financial and credit services.

The Bank continues to increase its plastic card issuance: in the 1 half of 2013, their number rose from 857,700 to 989,400 cards.

Ratings

CREDIT BANK OF MOSCOW's strong positions in the Russian and international markets are confirmed by the leading rating agencies:

- 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: long-term global & local currency deposit rating at "B1/NP", financial strength rating "E+", long-term national scale credit rating at "A1.ru", stable outlook;
- Standard & Poor's: "B+" long-term credit rating, "B" short-term credit rating, positive outlook, and "ruA+" Russia national scale rating;
- RusRating: international scale credit rating at "BBB+", national scale credit rating at "AA+", stable outlook.

In 1H 2013, Standard and Poor's upgraded CREDIT BANK OF MOSCOW's ratings outlook to "Positive", while in May Moody's upgraded the Bank's national scale rating to "A1.ru" and affirmed its international scale ratings.

Background details

CREDIT BANK OF MOSCOW was founded in 1992. It holds general license No. 1978 issued by the Bank of Russia. As at 1H 2013, the Bank ranked 17th largest bank in Russia in terms of net assets (Kommersant-Money).
CREDIT BANK OF MOSCOW is a universal commercial bank providing the full range of banking services. The Bank focuses on Moscow and the Moscow Region. The Bank has been covered by the Russian Deposit Insurance System since 2004.
85% of the shares in CREDIT BANK OF MOSCOW are held by "ROSSIUM Concern", LLC, whose stake is beneficially owned by Mr. Roman Ivanovich Avdeev.

7.5% of the shares are held by the European Bank for Reconstruction and Development, 2.9% by International Finance Corporation (IFC) and 4.6% by RBOF Holding Company I, Ltd. (100% owned by IFC Russian Bank Capitalization Fund belonging to the same group of companies as IFC).
The Bank is rated B1/B+/BB- (M/S&P/F).

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