CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (open joint-stock company)

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PRESS RELEASE

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CREDIT BANK OF MOSCOW'S IFRS net income for 9 months of 2011 up by 29.1% compared to 9 months of 2010, to RUB 2,356 mln

CBM has summed up its performance for 9 months of 2011 under international financial reporting standards (IFRS).

Key results

- CREDIT BANK OF MOSCOW'S IFRS net income for 9 months of 2011 up by 29.1% compared to 9 months of 2010, to RUB 2,356 mln ($81.9 mln).
- The Bank's assets rose by 35.3% ytd reaching RUB 223,840 mln ($7,022.4 mln).
- The loan portfolio expanded by 56.1% ytd to RUB 162,111 mln ($5,085.8 mln).
- NPL ratio (loans overdue more than 90 days) was 0.9%, loan loss provisions made up 2.2% of the total portfolio.
- The Bank shows strong profitability with 16.6% return on equity and 1.6% return on assets.
- The cost-to-income ratio slightly increased to 43.4%, but remains steadily below that of its peers.
- The equity soared by 74.7% ytd up to RUB 24,049 mln ($754.5 mln).
- Capital calculated under the Basel Accord increased by 36.9% in the 9-month period of 2011 reaching RUB 27,903 mln ($875.4 mln), the capital adequacy ratio being 13.3%.

The Bank's net income for 9 months of 2011 reached RUB 2,356 bln exceeding the net income for 9 months of 2010, being RUB 1,825 bln, by 29.1%. The ROAE stood at 16.6% and the ROAA at 1.6%. This is still mainly driven by operational cost control and growing revenues backed by the expanding business.

Net interest income soared by 35.4% to RUB 5,967 bln, the **interest margin** has slightly tightened (4.6% for 9 months of 2011 vs. 5.6% as of end-2010), but remained at a relatively high level for the industry.

Strict cost control kept the **operational efficiency** in 3Q2011 at the traditionally high level of 43.4% (cost-to-income ratio, CTI), in spite of a slight increase of the ratio as compared with the previous reporting period. The growth of CTI in 3Q2011 was mainly attributable to the unrealised loss from the securities portfolio revaluation against the backdrop of unfavourable situation in the financial markets and exacerbated volatility. Currently, the negative revaluation is waning, and the Bank expects the unrealised loss to be offset in 4Q2011 by positive revaluation.

The Bank's fee income rose by 52.4% compared to 3Q2010 reaching RUB 1,864 bln of which 28.4% is generated by the cash collection services, 28.4% by payment business and 19.3% by issuance of guarantees and letters of credit.

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. In 3Q2011, the number of cash collection points rose by 287 points and reached the total of 5684. Six new collection itineraries were put in place bringing their total number to 111.

According to a survey made by Interfax-CEA in July 2011, CREDIT BANK OF MOSCOW is number 3 in the metropolitan cash collection market, its business volume being second only to such specialised carriers as Rosinkas and Inkakhran. CBM ranks the 4th largest cash collector in Russia.

Assets grew by 35.3% ytd to RUB 223.84 bln. The *Interfax-100. Banks of Russia. Key performance indicators 3Q2011*, lists CBM as number 21 by assets (compared to number 34 in the 3Q2010 ranking). Furthermore, CBM is now one of Russia's top 10 privately-owned banks without foreign capital.

The Bank's loan portfolio after impairment provisions expanded by 56.1% in 3Q2011 and reached RUB 162.1 bln as of the reporting date. The corporate loan portfolio grew by 56.4% to RUB 135.0 bln and the retail loan portfolio by 54.8% to RUB 27.1 bln, with the general purpose consumer loan portfolio and POS having more than doubled (185.0%) from RUB 4.9 bln to RUB 14 bln.

CBM rose to the 18th spot in RBC Rating's *Top-500 banks by loan portfolio as of 1 October 2011* (from the 20th place as of 3Q 2010). As of HY2011, CBM was 13th in the ranking of banks by origination of cash loans and POS loans (*Expert RA*).

In 3Q2011, the Bank remained active in **trade and structured finance**. The transaction volume in that period more than doubled compared to the same period of 2010 and reached $597 mln. Since the beginning of the year, CBM facilitated more than 300 transactions involving counterparties from 25 countries of the world.

In August 2011, the EBRD raised the TFP limit for CBM by $33 mln from $67 mln to $100 mln, the former limit having been fully utilised by the Bank to finance export/import deals.

Overdue loans ratio dropped, as compared to 2010, from 2.0% to 1.9%, the ratio of NPLs (loans overdue more than 90 days) fell from 1.5% to 0.9%. The ratio of provisions to loans overdue more than 90 days grew from 171.6% to 260.6%.

The securities portfolio that accounts for 13.3% of the Bank's assets reached RUB 29.7 bln as of 3Q2011. The bulk of investments were made in highly liquid securities listed in the CBR's Lombard List (89.1% of the securities portfolio as of the end of 3Q2011).

Retail accounts and deposits rose by 56.0% to RUB 79.136 bln (35.4% of total liabilities). In particular, term deposits increased by 56.2% to RUB 74.8 bln.

The Bank rose to the 13th spot in RBC Rating's *Top-500 banks by retail deposits as of 1 October 2011* (from the 22th place as of 3Q2010).

Liabilities. Since the beginning of 2011, CBM has repeatedly confirmed its market positions and its reputation as a reliable borrower. In 3Q2011 the Bank paid out RUB 317.5 mln of income on its bond issues.

In August 2011, the Bank repaid the $30 mln A Tranche of the EBRD-led $100 mln A/B syndicated loan raised in August 2008 and split in a 3-year $30 mln A Tranche, a 1.5-year $29.5 mln B1 Tranche and a 1-year $40.5 mln B2 Tranche. The lead arrangers of the B Tranche were Commerzbank AG, Raiffeisen Zentralbank Osterreich, UniCredit and Wachovia.

In September 2011 CBM repaid in full the $130 mln B Tranche of the A/B syndicated loan arranged by the International Finance Corporation (IFC). The $170 mln syndicated loan was raised in September 2010 as a $40 mln 5-year A Tranche and $130 mln 1-year B Tranche. The bookrunners of the B Loan were Commerzbank, ING, RZB and VTB Bank (Deutschland).

A 3-year $200 mln 8.25% p.a. Eurobond was successfully placed by CBM at par in July 2011. Despite the unstable market situation, it went 25% oversubscribed. More than two thirds of the issue was placed outside the Russian Federation, the key investors being financial institutions from the UK, Ireland, Switzerland, Austria, Germany, Baltic and Asian countries.

Apart from that, in August 2011, Black Sea Trade and Development Bank (BSTDB) granted a 6-year $30 mln credit facility to CREDIT BANK OF MOSCOW. The facility is intended to develop the Bank's SME lending programmes and is the sixth facility provided by international financial organisations for that purpose. In the aggregate, the Bank raised around $100 mln from international financial organisations for the purposes of SME financing.

The Bank's significant subsequent events include an IFC-arranged $131 mln A/B syndicated loan signed in November 2011. The $40 mln IFC A Loan was provided in September 2010. The B Loan was provided by thirteen foreign commercial banks for 1 year, at 255bp (2.55%) over 6-month LIBOR. The B Loan proceeds shall be applied to finance trade-related business. This is the Bank's eleventh syndicated loan successfully raised in the international syndicated loan market.

The Bank's equity as calculated under the Basel Accord increased by 36.9% ytd reaching RUB 27,903 mln and the capital adequacy ratio was 13.3 compared to 13.6% as of the last year. In 2011, the equity was increased by the Bank's shareholder with a $35 mln subordinated loan and the RUB 4.5 bln additional ninth issuance of common registered uncertified shares. Apart from this, within the reporting period the Bank converted part of the subordinated loans from the shareholder into additional paid-in-capital, which led to additional increase of the Tier I capital by RUB 3,536 mln. The strong support from the Bank's shareholder (2010 saw RUB 6 bln subordinated loans provided by the shareholder to underpin the Bank's capital) ensures a high capital adequacy levels for further business development.

In July 2011, CREDIT BANK OF MOSCOW was for the first time listed in TOP-1000 World Banks Tier I capital ranking under the Basel Accord by *The Banker* as of end-2010 and ranked 822nd. The Bank was 28th by equity as of 1 September 2011 in RBC.Rating's ranking of 200 largest Russian banks by equity.

The Bank's infrastructural development. As of 3Q2011, CBM's branch network included 55 offices in Moscow and the Moscow Region. CBM's branch network is one of the most efficient ones, according to RBC.Rating's ranking. The Bank is number 6 among top 50 banks by loans issued per outlet, number 8 by deposit portfolio per outlet and 9 by net assets per outlet (RBC.Rating).

The number of ATMs increased from 402 (2010) to 518 and the number of payment terminals from 1,737 to 3,036. CBM ranked 1st in Moscow and 2nd in Russia among banks by the number of proprietary cash-in payment terminals (RBC Rating). The Bank ranked 9th by the number of proprietary ATMs in Moscow (RBC Rating) as of 1 July 2011.

In 3Q2011, the Bank actively developed its remote service system and fee businesses in the retail segment. CBM increased its plastic card issuance by 40.4% from 389,200 in 2010 to 546,600 cards in 3Q2011.

Ratings
The Bank's strong positions in the Russian and international markets are confirmed by the leading rating agencies: Fitch Ratings – Issuer Default Rating at "B+", Short-Term IDR at "B", Individual Rating at "D", Support Rating at "5", National Long-term Rating at "A- (rus)", stable outlook; Moody's Investors Service – financial strength rating "B1", long-term global & local currency deposit rating at "B1/NP", long-term national scale credit rating at "A2.ru", stable outlook; RusRating at "BBB", stable outlook.

In June 2011, Fitch Ratings affirmed all ratings of the Bank, and in July 2011 "RusRating" upgraded CREDIT BANK OF MOSCOW's credit rating from "BBB-", positive outlook, to "BBB", stable outlook.

The bank's key financial results for 3Q 2011

Key financials	**3Q2011, RUB mln**	**2010, RUB mln**	**change, %**
Assets	223,840	165,471	35.3
Liabilities	199,791	151,704	31.7
Equity (Basel)	27,903	20,386	36.9
Loan portfolio (after provisions)	162,111	103,852	56.1
NPLs (loans overdue by more than 90 days)	1,432	1,628	-12.0
	9 months of 2011, RUB mln	**9 months of 2010, RUB mln**	**change, %**
Net income	2,356	1,825	29.1
Net interest income (before provisions)	5,967	4,405	35.4
Fees and commissions income	1,864	1,223	52.4

Key financial ratios, %	**9 months of 2011**	**2010**
Capital adequacy ratio (CAR)	13.3	13.6
90+ NPL ratio (before provisions)	0.9	1.5
Net interest margin (NIM)	4.6	5.6
Cost-to-income ratio (C/I ratio)	43.4	38.9
Return on equity (ROE)	16.6	24.4
Return on assets (ROA)	1.6	2.4

For reference

CREDIT BANK OF MOSCOW was founded in 1992. general license No. 1978 issued by the Bank of Russia.

The Bank is ranked 21st by assets among Russian banks in according to INTERFAX-100 ranking as of 1 October 2011. CREDIT BANK OF MOSCOW is a universal credit and financial institution providing a full range of banking services.

The Bank focuses on Moscow and the Moscow Region. The Bank's network includes 55 branches, 518 ATMs and 3,036 payment terminals.

Since 2004 the Bank has been covered by the Deposit Insurance System.

CREDIT BANK OF MOSCOW's sole shareholder is "ROSSIUM Concern", LLC. The Bank's ultimate beneficial owner is Mr. Roman Ivanovich Avdeev.