



CREDIT BANK OF MOSCOW

Full Year 2012 IFRS Results

Vladimir Chubar, Chairman of the Management Board

Webcast and Conference call
April 2, 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, focus on cross-selling into retail products
- ❖ Established in 1992, headquartered in Moscow
- ❖ 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%)
- ❖ Operates in Moscow and Moscow region
- ❖ Net assets: RUB309 bn (#19⁽¹⁾ in Russia), Net Loans: RUB201 bn (#17⁽¹⁾ in Russia), Net Interest Margin: 5.2%, RoAE: 17.8%, RoAA: 2.1%
- ❖ Credit Ratings (M/S&P/F): B1 / B+ / BB-

Key Developments in 2012

Financial results

- IFRS net profit grew 48.7% compared to 2011 and amounted to RUB 5,778 mln (\$185.9 mln).
- Assets grew by 32.9% yoy to RUB 308.7 bln, loan portfolio expanded by 26.5% in 2012 and reached RUB 201.2 bln.
- Net interest margin grew to 5.2%, which is 0.2 percentage points more than last year.
- Cost of risk is stable at 1.0%.

Growing retail segment of the business

- Gross loans to individuals grew by 69% y-o-y to RUB 50.4 bn, retail deposits grew by 25% to RUB 107 bn.
- Share of retail loan portfolio increased from 18% as of YE2011 to 25% as of YE2012.
- 15th in Russia by retail deposits (RBC.Rating as of January 1, 2013).

Capital markets

- In July 2012 EBRD and IFC purchased the Bank's additional issue of ordinary shares, which increased CREDIT BANK OF MOSCOW's capital by RUB 5.8bn.
- \$308 mn syndicated loan in November 2012.
- RUB 3 bn 5.5-years domestic subordinated bond issue. Proceeds were included in Tier 2 Capital.
- In February 2013 1) \$500 mn 5-year Eurobond issue was placed, 2) RUB 2 bn 5.5-year domestic subordinated bond issue was placed, proceeds were included in Tier 2 Capital.

Rating actions

- Fitch upgraded the Bank's ratings to BB- in July 2012.
- Moody's affirmed ratings in February 2013.
- S&P revised rating outlook from stable to positive in March 2013.

Agenda

Business overview

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Financial performance

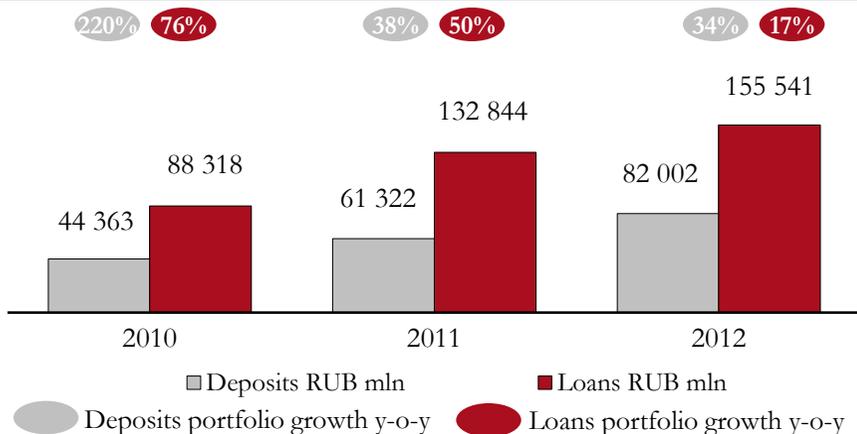
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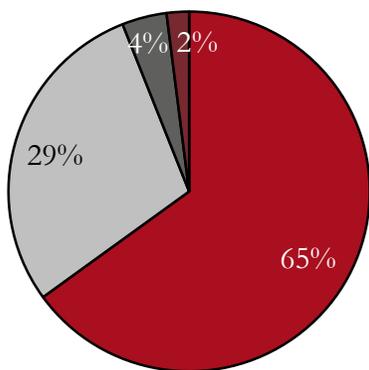
Corporate Banking

Corporate loans (gross) and deposits portfolio dynamics

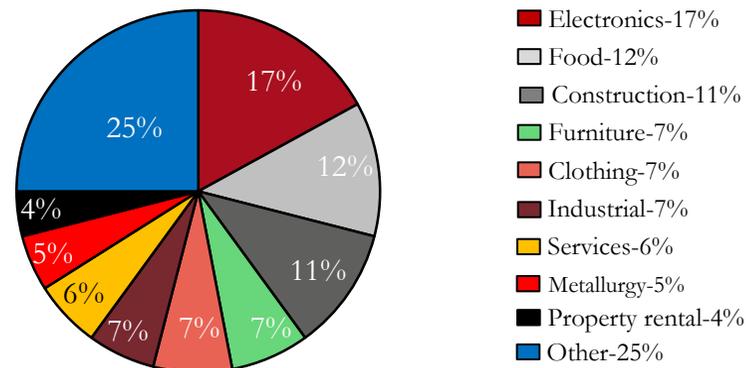


Breakdown by type and industry

■ Term deposits ■ Term notes
■ Subordinated ■ Current/settlement accounts



Breakdown by industry

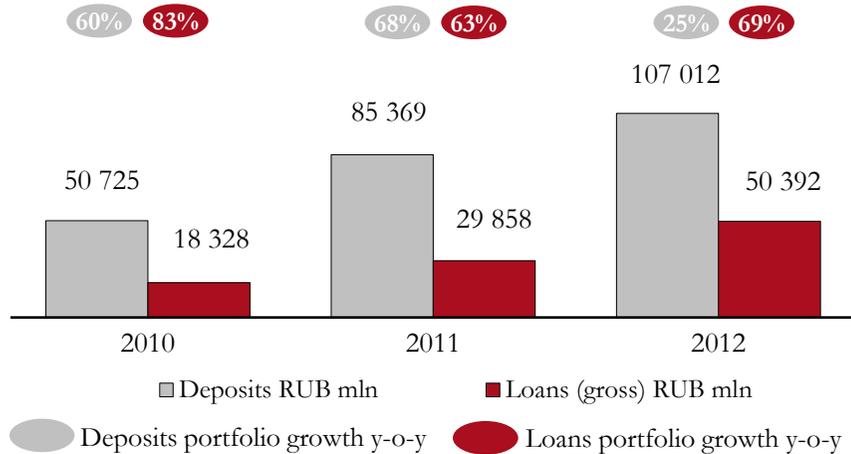


Key developments and strategy

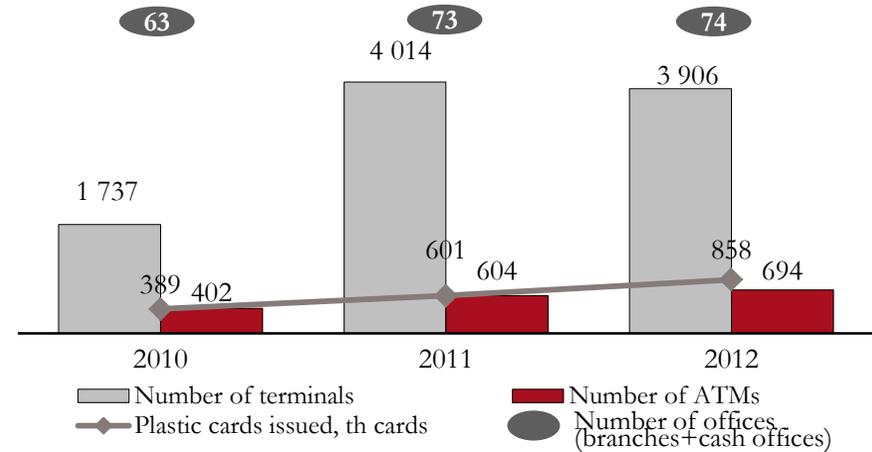
- ✦ The largest part of CBM's corporate client base has traditionally been trading companies
- ✦ Number of corporate clients as at YE 2012 is 26 ths
- ✦ Share of corporate banking in CBM's loan portfolio is **75%**
- ✦ The Bank intends to stay in the attractive niche of short-term lending to trade companies and further develop cooperation with blue-chip companies

Retail Banking

Retail loans (gross) and deposits portfolio dynamics

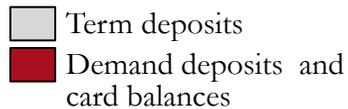


Network development

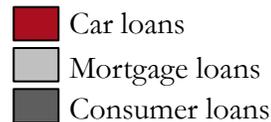


Breakdown by type

Deposits



Loans



Key developments and strategy

- ✔ Total number of retail customers is **484 ths.**
- ✔ **60** branches and **14** cash offices in Moscow and Moscow Region
- ✔ The targeted share of retail banking in CBM's loan portfolio is 30% in 2013 (cf. **25%** as at 31 December 2012)
- ✔ Target market segments are short-term consumer loans and credit cards
- ✔ 15th largest bank in retail deposits in Russia (RBC.Rating, as of January 1st, 2013).
- ✔ Aim to grow the number and share of existing customers and reduce the share of "walk-in" clients in the portfolio

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Financial Performance

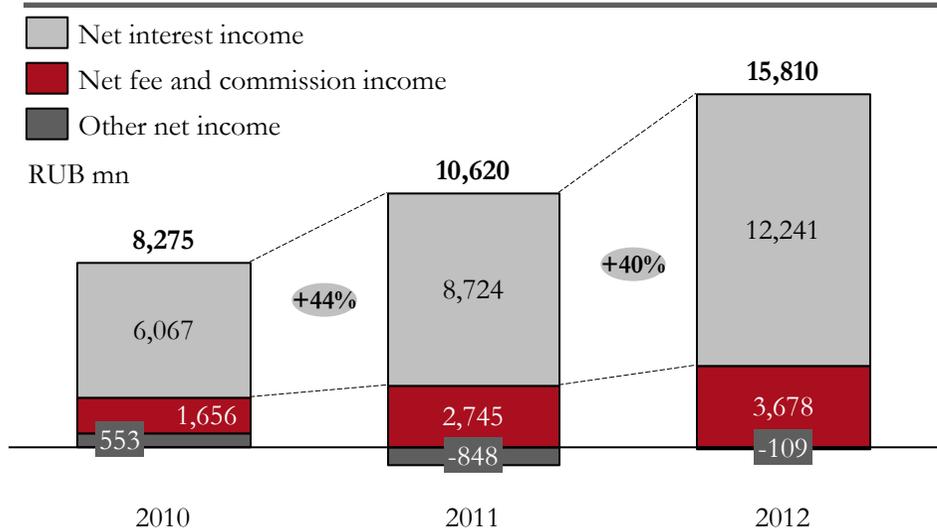
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Income and Expenses

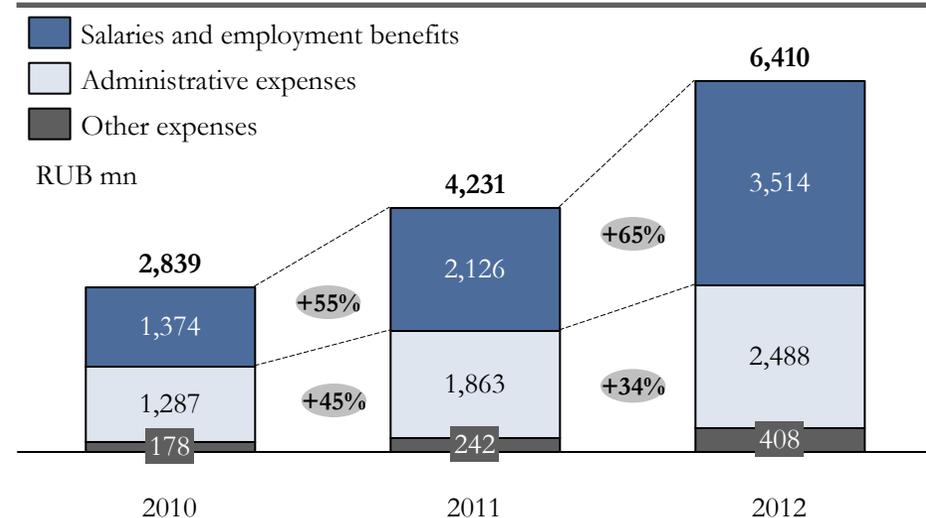
Operating income



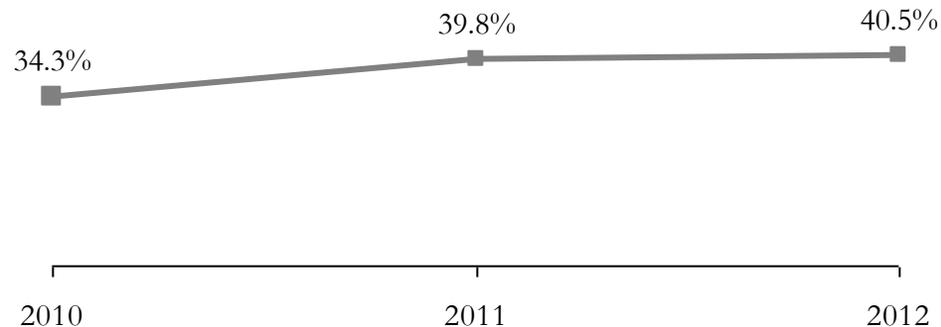
Key developments

- RoAE is 17.8% in 2012, 19.7% in 2011 and 24.4% in 2010
- RoAA is 2.1% in 2012, 2.0% in 2011 and 2.4% in 2010
- Loan portfolio growth (+26.5% in 2012 and +53.1% in 2011) is the main driver of increase in net interest income
- Growing number of employees (+36% in 2012) is the main driver of increase in salaries. Salaries/av. employees is RUB 1 mn in 2012, RUB 0.8 mn in 2011 and RUB 0.7 in 2010
- Main drivers of negative other income are: loss from the securities portfolio revaluation against the backdrop of unfavorable situation in the financial markets in 2011 and loss on foreign exchange in 2012

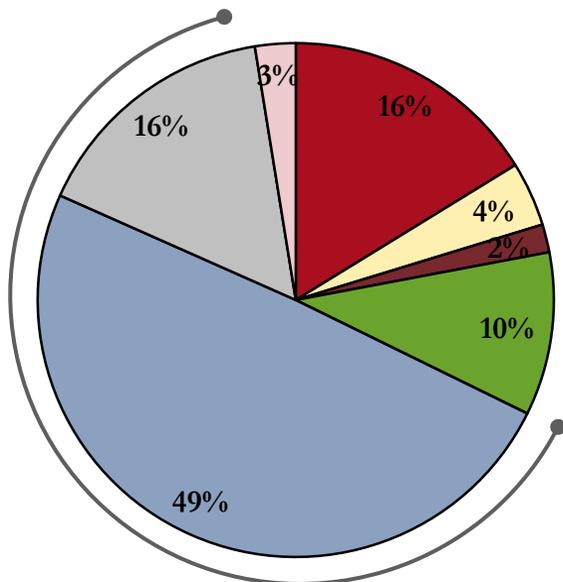
Operating expense



Cost-to-income ratio dynamics



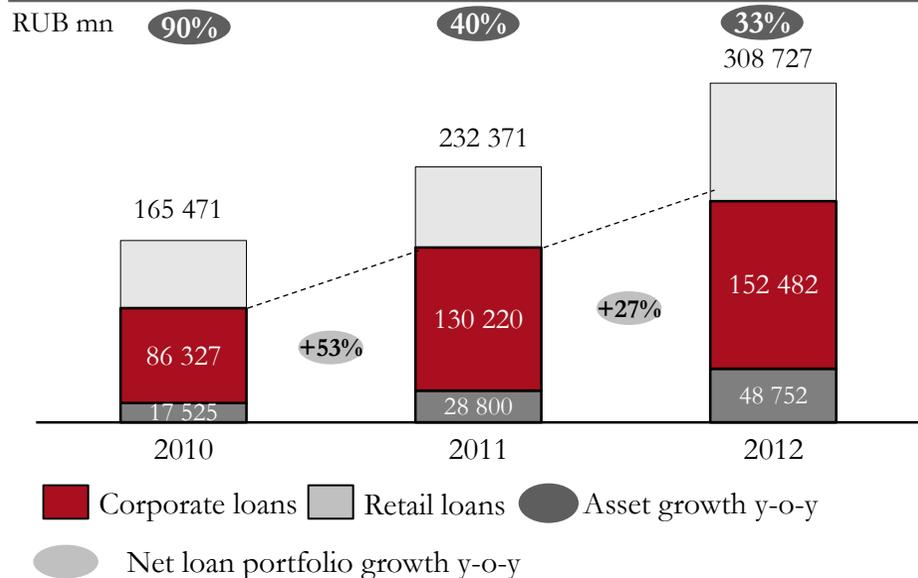
Asset structure



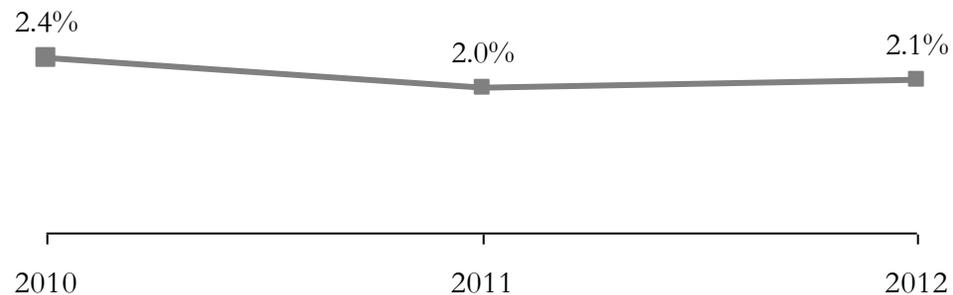
Total loan portfolio
65%

- Cash and due from CBR: 16%
- Due from credit institutions: 4%
- Available-for-sale securities: 2%
- Instruments at fair value: 10%
- Corporate loans: 49%
- Retail loans: 16%
- Other: 3%

Assets and loan portfolio (net) dynamics



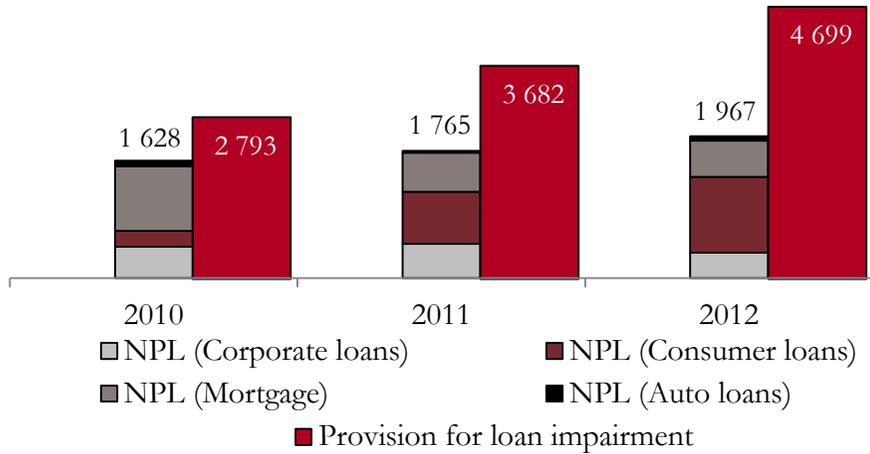
ROA



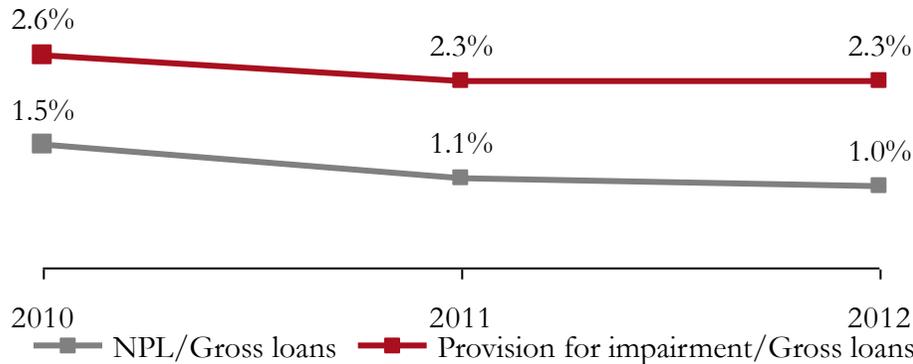
Loan Portfolio Quality

NPLs⁽¹⁾ and Provisioning dynamics

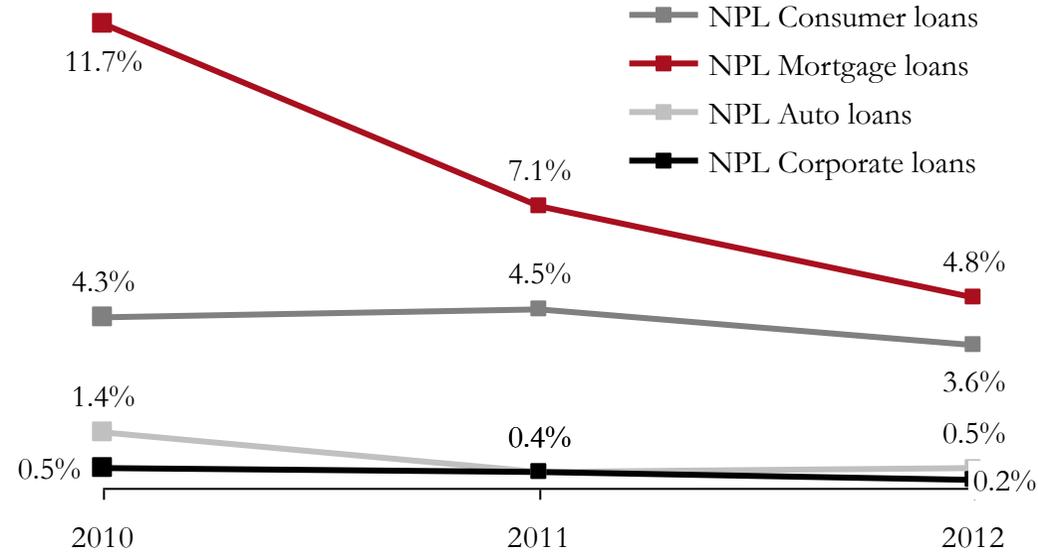
RUB mn



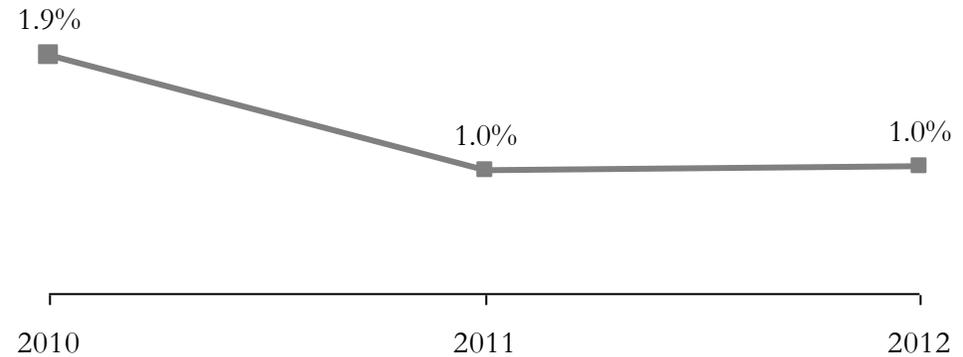
NPL and Provision ratios dynamics



NPL⁽²⁾ ratio dynamics

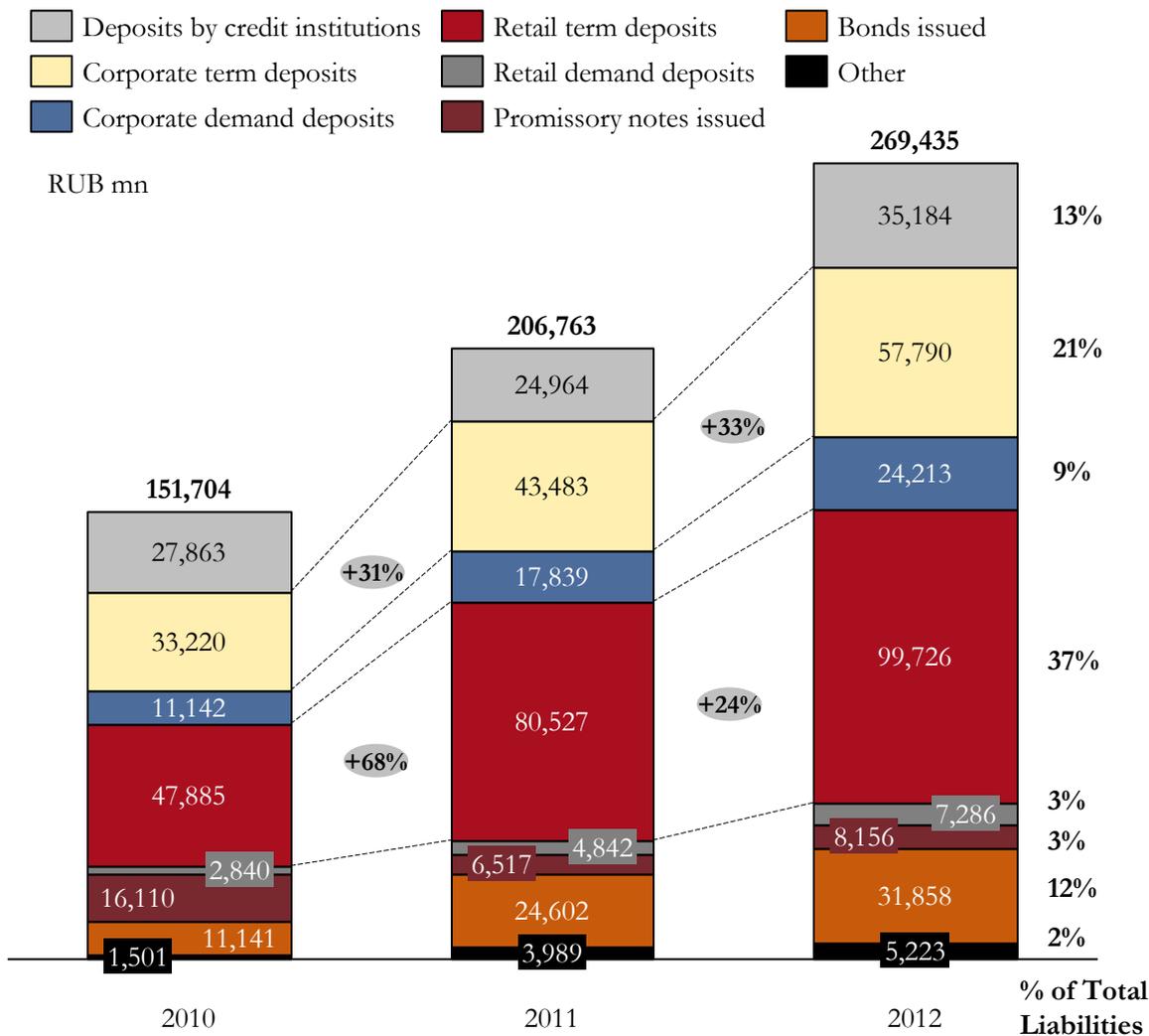


Cost of risk

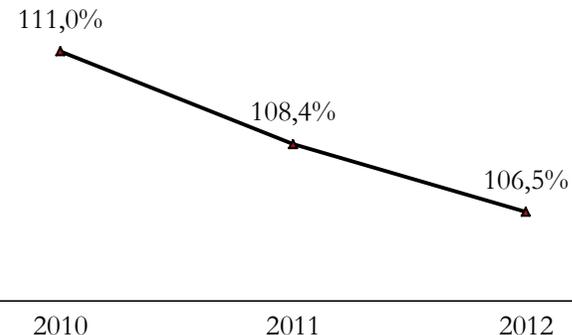


(1) NPLs are loans with payments that are overdue >90 days (figure does not include renegotiated loans), (2) NPLs are calculated relative to the relevant loan product.

Funding base*



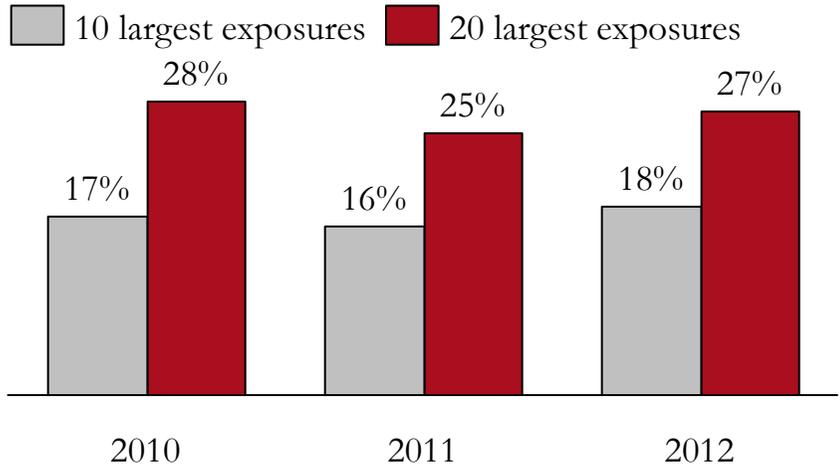
Loan-to-deposit ratio dynamics



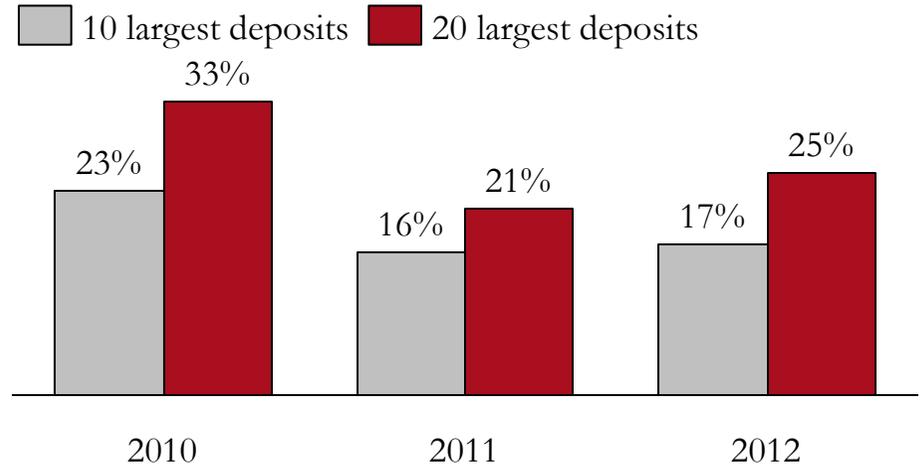
- Good diversification of funding base with increasing share of customer accounts, which now make more than 70% of total liabilities (62% in 2011)
- Loan-to-deposit ratio tends to decrease
- The Bank's target is to make retail and corporate segments of its business self-funded

Concentrations

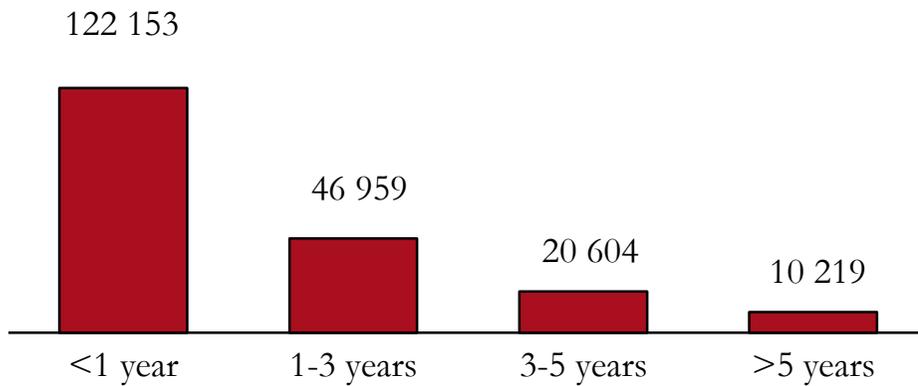
Largest exposures



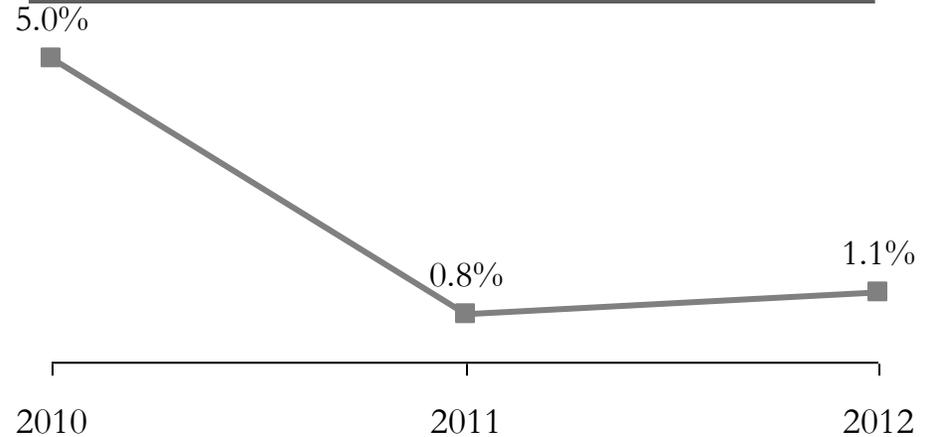
Largest deposits to deposit portfolio



Loans by maturity

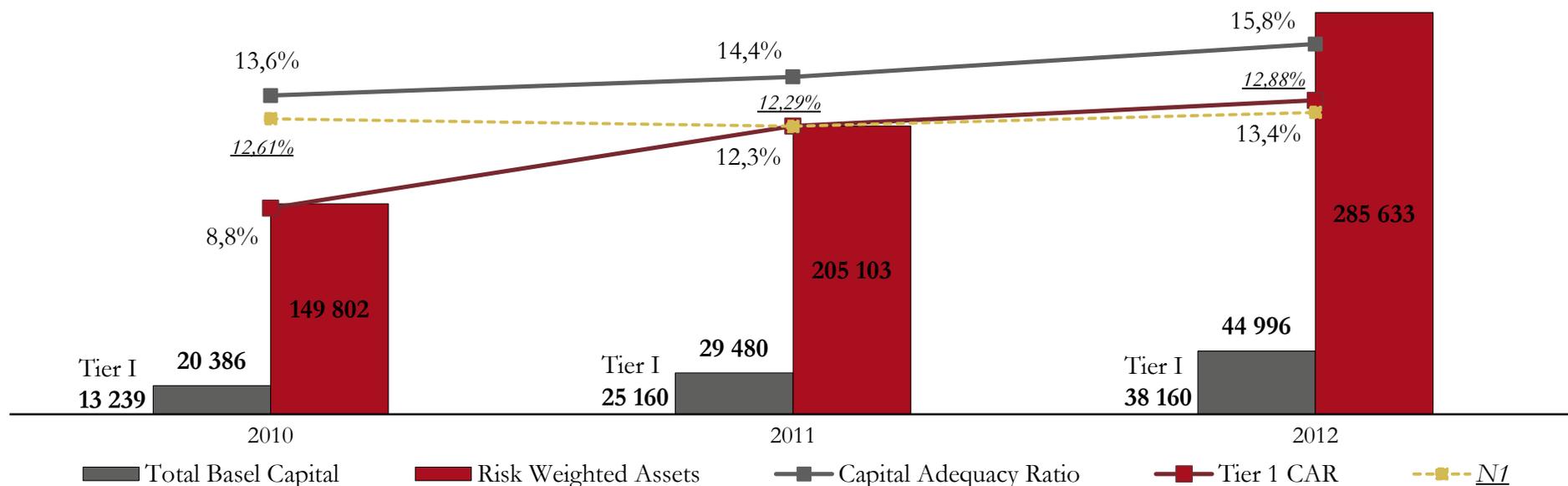


Related party lending (% of total equity)



Well capitalised with Total CAR at 15.8%

Capital adequacy (RUB mln)



- ✔ In July 2012 EBRD and IFC purchased the Bank's additional issue of ordinary shares, which increased CREDIT BANK OF MOSCOW's capital by RUB 5.8bn
- ✔ Majority shareholder is committed to frequent capital injections
- ✔ In December 2012 debut domestic subordinated bond issue for the total amount of RUB 3bn was included in Tier 2 capital
- ✔ The Bank always includes retained earnings into capital

Targets for 2013

Basic scenario KPIs

Business

- ✔ Gross loan portfolio growth **25%**
- ✔ Retail loan portfolio growth **50%**
- ✔ Share of retail loans in the portfolio **30%**
- ✔ 5-7 new branches

Financials

- ✔ Cost of Risk **below 1.5%**
- ✔ Net interest margin **above 5.0%**
- ✔ Cost-to-Income is about **40%**
- ✔ ROE **18%**

Optimistic* scenario KPIs

Business

- ✔ Gross loan portfolio growth **35%**
- ✔ Retail loan portfolio growth **70%**
- ✔ Share of retail loans in the portfolio **30%**
- ✔ 5-7 new branches

Financials

- ✔ Cost of Risk **below 1.5%**
- ✔ Net interest margin **above 5.0%**
- ✔ Cost-to-Income is about **40%**
- ✔ ROE **20%**

* Implementation of optimistic scenario depends on volume of funds raised by the Bank on capital markets

Business Overview

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Financial Performance

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Key Metrics of Financial Performance

	RUB, mn	2010	2011	2012	2011-2012 Change, %
P&L metrics	Net interest income	6,067	8,724	12,241	+40%
	Fee and commission income	1,758	2,937	4,106	+40%
	Non interest income	2,594	2,557	4,734	+85%
	Net profit	3,021	3,886	5,778	+49%
	RoAE	24.4%	19.7%	17.8%	-
	RoAA	2.4%	2.0%	2.1%	-
	Cost / Income	34.3%	39.8%	40.5%	-
	NIM	5.6%	5.0%	5.2%	-
B/S metrics	Total assets	165,471	232,371	308,727	+33%
	Loans to customers	103,852	159,020	201,235	+27%
	Deposits by customers	95,088	146,691	189,014	+29%
	Total equity	13,767	25,608	39,292	+53%
	NPL / Gross loans	1.5%	1.1%	1.0%	-
	Provisions / Gross loans	2.6%	2.3%	2.3%	-
	Tier 1 Capital Ratio	8.8%	12.3%	13.4%	-
	Total CAR	13.6%	14.4%	15.8%	-