

Webcast and Conference call

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1H 2014 IFRS Results

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**CREDIT BANK
OF MOSCOW**

*From good to great –
one Bank*

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Key developments and business overview	4
Financial performance and strategic positioning	9
Annex	15

Overview

Key Highlights

- #14 bank in Russia by total assets¹
- #4 privately owned bank in Russia by total assets¹
- Corporate banking, servicing over 15,000 active corporate banking clients²
- Retail banking, servicing over approx. 740,000 retail banking clients², primarily focusing on employees of corporate banking clients
- 61 offices and 30 cash offices, 5,500 payment terminals and 766 ATMs in Moscow Area³
- Approx. 4,700 employees²
- Credit ratings: BB from Fitch, BB- from S&P, B1 from Moody's
- Shareholders' structure diversified with globally recognized international investors EBRD and IFC controlling 15% stake



#1 Best bank in Russia, Awards for Excellence 2014, by Euromoney magazine



#1 Bank of The Year 2013 by Banki.ru



Source: Company data, IFRS financial statements

Notes:

1) INTERFAX-100 ranking as of 1 July, 2014

2) As of 1 July 2014

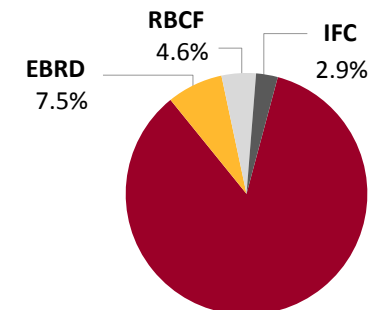
3) Moscow Area represents Moscow and the Moscow Region

4) Tier 1 Capital Ratio as of YE2012 is calculated according to Basel I

Key Financials

Balance sheet (RUB bln)	2012	2013	1H2014
Total Assets	308.7	454.2	486.7
Gross Loans	205.9	317.9	356.9
Customer Deposits	189.0	274.9	295.4
Shareholder's Equity	39.3	50.7	54.9
Key Ratios			
NPL 90+ / Gross Loans	1.0%	1.3%	1.9%
Tier 1 (Basel III) ⁴	13.4%	10.2%	10.5%
Income Statement (RUB bln)	6m2012	6m2013	6m2014
Net interest income (before provisions)	5.5	7.7	10.9
Net Income	2.2	3.8	4.2
Key Ratios			
RoAA	1.8%	2.3%	1.8%
RoAE	15.5%	18.6%	16.1%
Net Interest Margin	5.1%	5.2%	5.1%
Cost / Income	43.1%	32.8%	34.0%

Supportive Shareholders



Roman I. Avdeev
85.0%

Key developments in 1H2014 and up to date

■ Financial Highlights

- 1H2014 IFRS net income increased by 10.9% on 1H2013 to RUB 4,243 mln (USD 126.2 mln)
- Assets grew 7.2% reaching RUB 486,730 mln (USD 14,472.8 mln)
- The gross loan portfolio increased by 12.3% in 1H2014 to RUB 356,861 mln (USD 10,661.2 mln)
- Non-performing loans (loans overdue more than 90 days) were up to 1.9% in 1H2014 versus 1.3% for YE2013 due to growth of retail business share in the loan portfolio
- High operational efficiency with RoAE at 16.1%, RoAA at 1.8% and Cost/Income ratio of 34.0%

■ Increasing importance of retail segment

- Gross loans to individuals grew by 20.3% in 1H2014 up to RUB 117.7 bln
- Share of retail loan portfolio is growing consistently being 33.0% as at 1H2014 (30.8% as at YE2013)
- 11th in Russia by retail deposits (Expert RA, as at 1 August 2014)

■ Capital markets

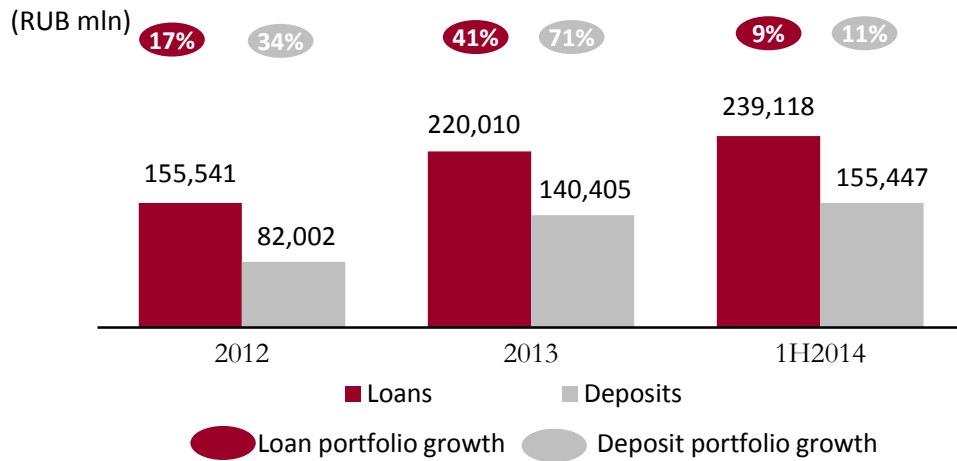
- In June 2014, the Bank issued mortgage-backed bonds in the amount of RUB 3.7 bln and 25 years to maturity
- In July 2014, the Bank placed two 5-year domestic bond issues in the total amount of RUB 10 bln
- The Bank redeemed its 3-year Loan Participation Notes issue in the total amount of USD 200 mln in August 2014

■ Capital position

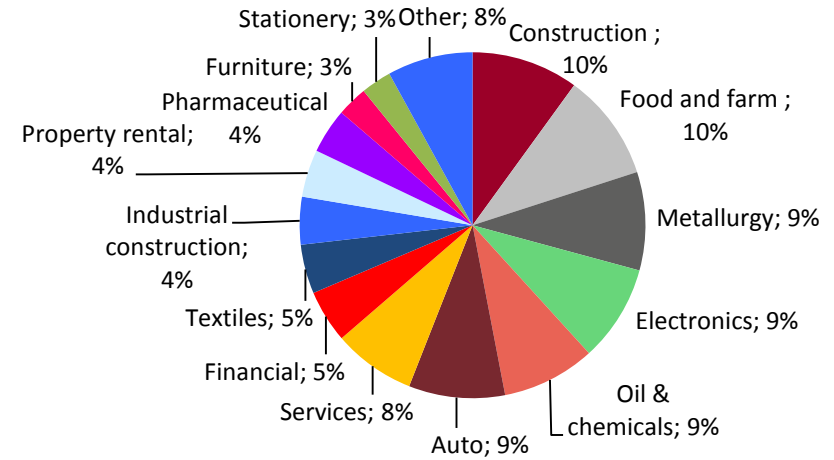
- Total capital according to Basel III standards amounted RUB 73,153 mln (USD 2,175.2 mln) as at 30 June 2014, with a capital adequacy ratio of 14.3% and Tier I ratio of 10.5%

Corporate Banking: strong niche market player

Corporate loan (gross) and deposit portfolio dynamics¹



Corporate loans breakdown by industry¹ (1H2014)

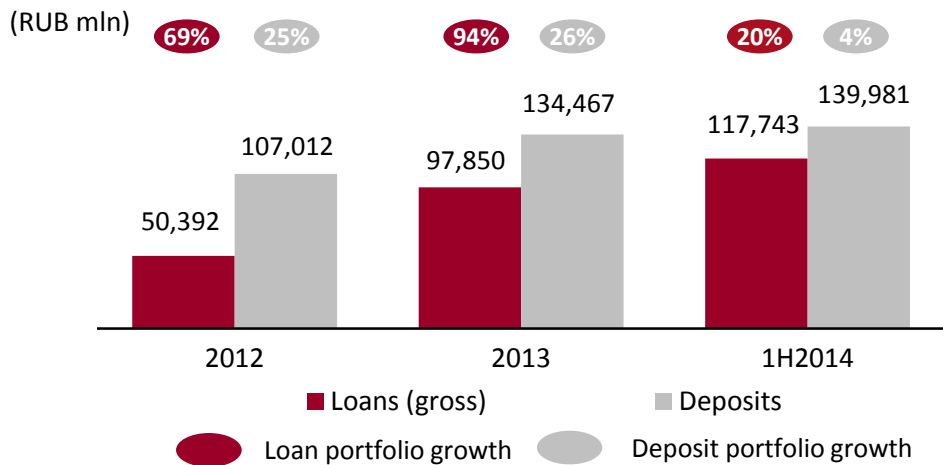


Highlights

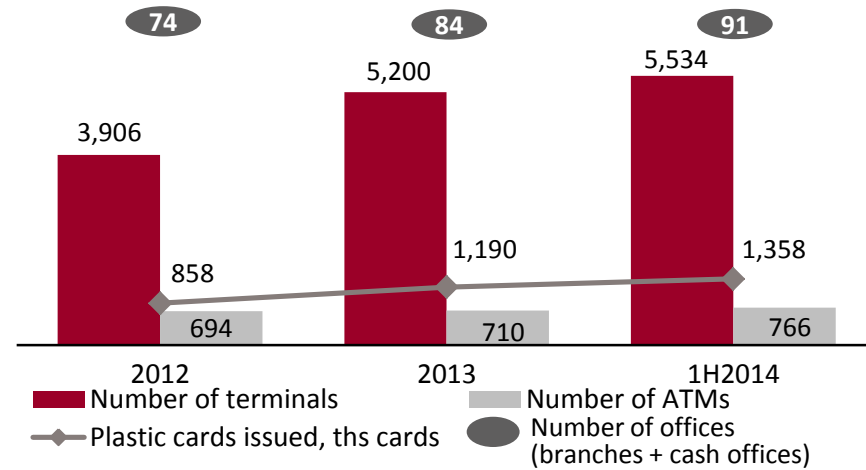
Strong and Quality Client Base	Business Focused on Growth	Risk Management as Key Priority
<ul style="list-style-type: none"> Over 15,000 active corporate clients² Strategic focus on retail and wholesale trading sector Focus on large and medium sized corporates 	<ul style="list-style-type: none"> Strategy and organisational structure designed to deliver above market growth Focus on increasing contribution of larger corporates 	<ul style="list-style-type: none"> Well-diversified loan portfolio Focus on shorter term lending Synergies with cash handling business, enabling effective credit monitoring

Retail Banking: retail expansion well underway

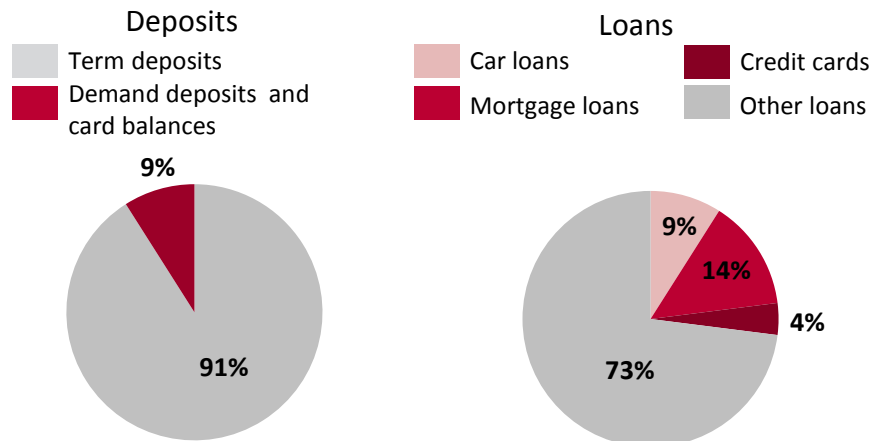
Retail loan (gross) and deposits portfolio dynamics



Network development



Breakdown by type



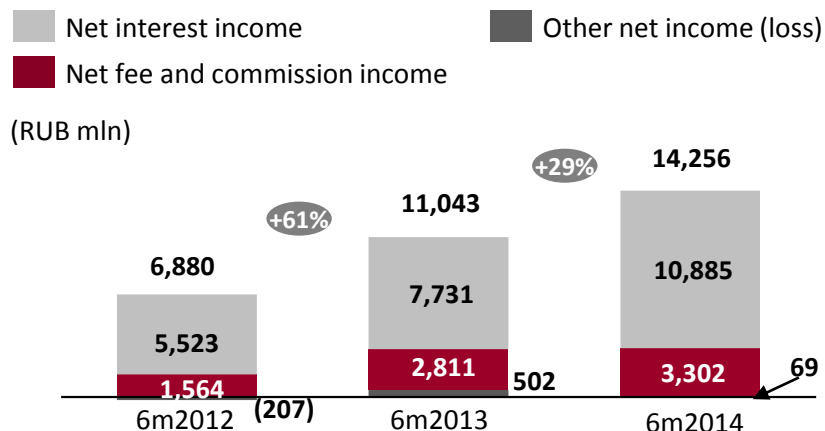
Key developments and strategy

- Retail banking share in the loan portfolio achieved **33%** as at 1H2014
- Target market segments are consumer loans, mortgage loans and credit cards
- Total number of retail customers is approx. **740** ths (approx. 640 ths as at YE2013)
- **61** branches and **30** cash offices in Moscow and Moscow Region as at 30 June 2014
- **11th** largest bank in retail deposits in Russia (Expert RA, as at 1 August 2014)

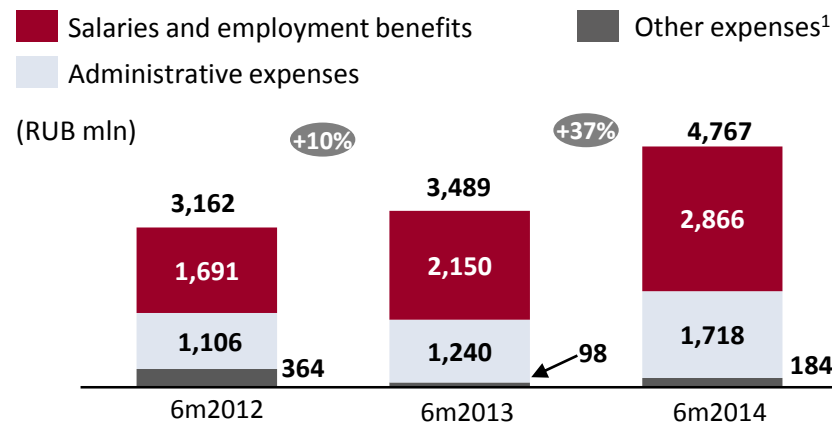
Key developments and business overview	4
Financial performance and strategic positioning	9
Annex	15

Income and Expenses: CTI ratio of 34% driven by strong earnings and operational efficiency

Operating income



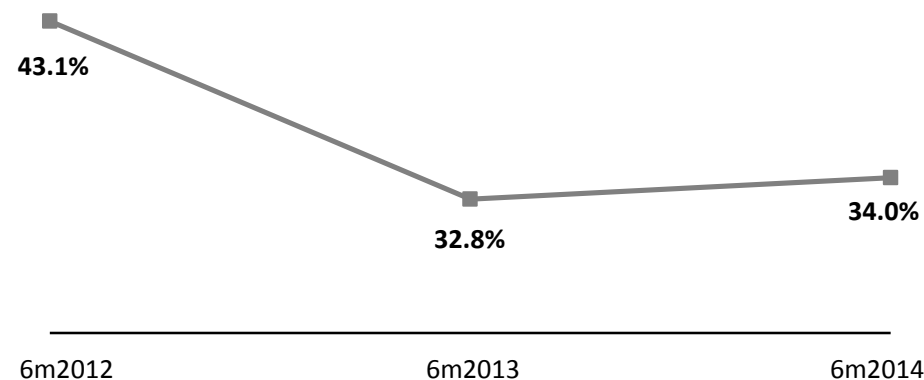
Operating expenses



Key developments

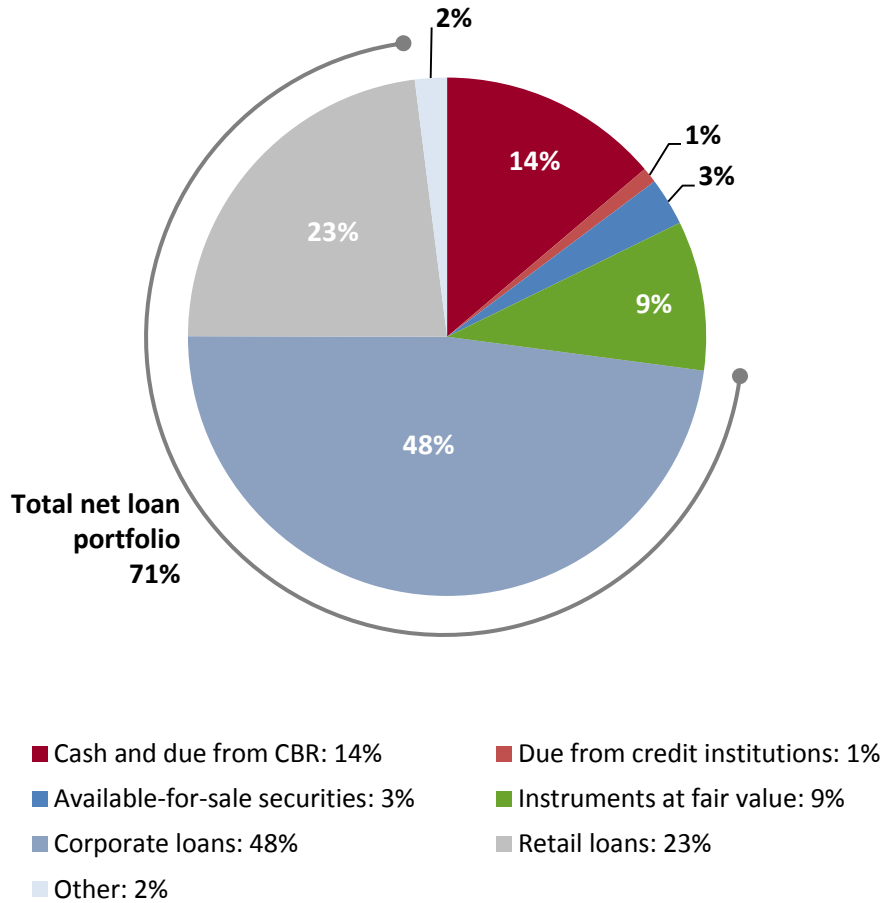
- Solid **NIM** of 5.1% as at 1H2014 (5.2% as at 1H2013)
- **RoAE** at a high level of 16.1% as at 1H2014 (18.6% as at 1H2013)
- **RoAA** is reduced to 1.8% as at 1H2014 (2.3% as at 1H2013)
- Loan portfolio sustainable growth (+12.3% in 1H2014 and +54.4% in 2013) together with expanding retail lending are the main drivers of increase in net interest income
- Fee and commission income growth is based primarily on commissions from plastic cards (increased by 175.8% compared to 1H2013), settlements and wire transfers (increased by 57.9%) and guarantees and letters of credit (increased by 39.9%)
- CTI of 34.0% is one of the lowest among peers

Cost-to-income (CTI)² ratio dynamics



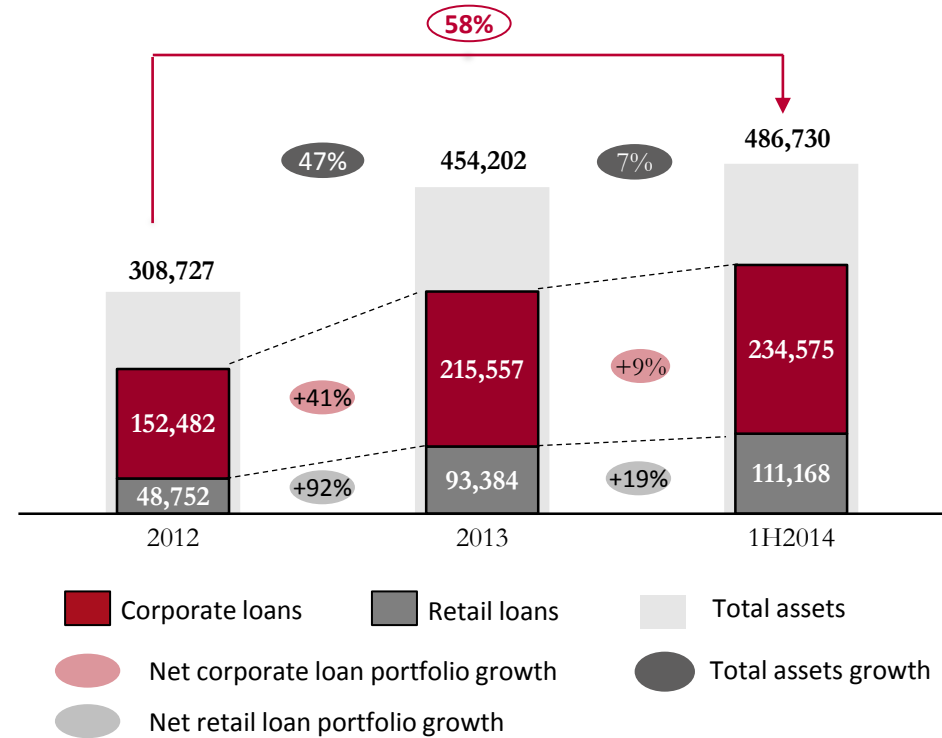
Assets: growing asset base with focus on high quality

Assets structure



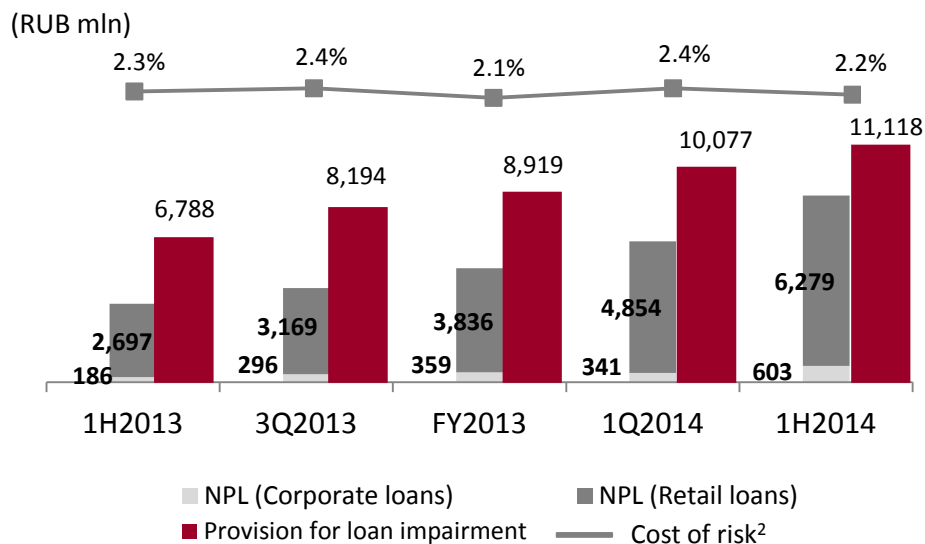
Assets and loan portfolio (net) dynamics

(RUB mln)

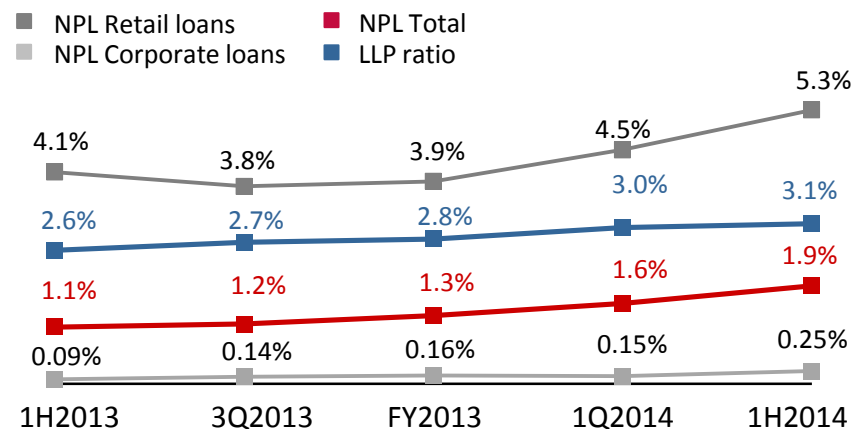


Loan Portfolio expands while retaining strong quality metrics

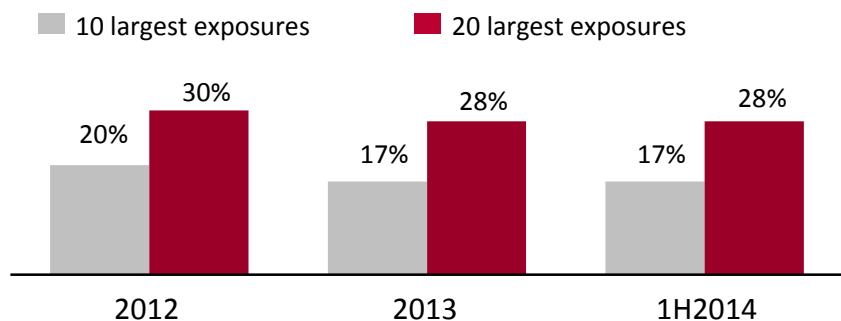
NPL¹ and Provisioning dynamics



NPL³ and Provisioning ratio dynamics



Largest exposures



Related party lending (% of total equity)



Source: IFRS financial statements

1) NPLs are loans with payments that are overdue >90 days (figure does not include renegotiated loans)

2) Cost of risk is calculated as impairment allowance net charge (annualised) to average loan portfolio for the period

3) NPLs are calculated relative to the relevant loan product

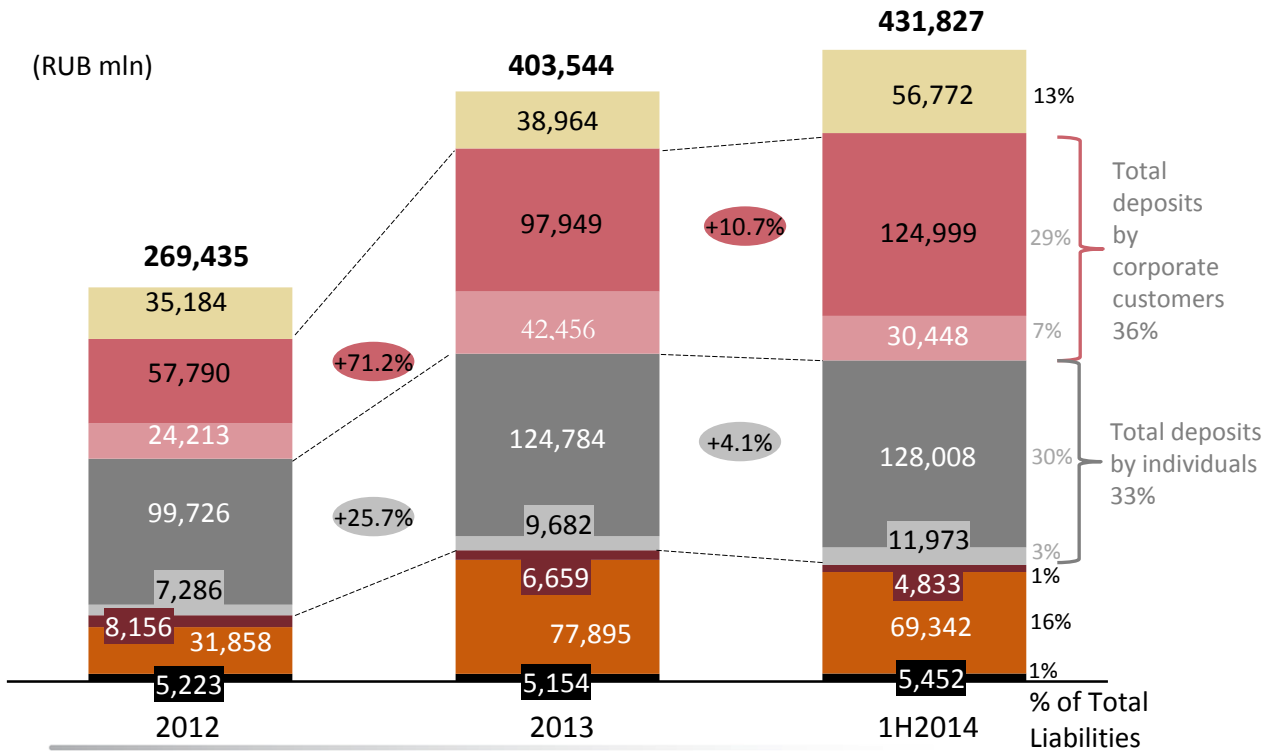
Well Balanced Funding Structure

Funding base¹

- Deposits by credit institutions
- Retail term deposits
- Bonds issued
- Corporate term deposits
- Retail demand deposits
- Other
- Corporate demand deposits
- Promissory notes issued

- Y-o-y growth of deposits by corporate customers
- Y-o-y growth of deposits by individuals

(RUB mln)

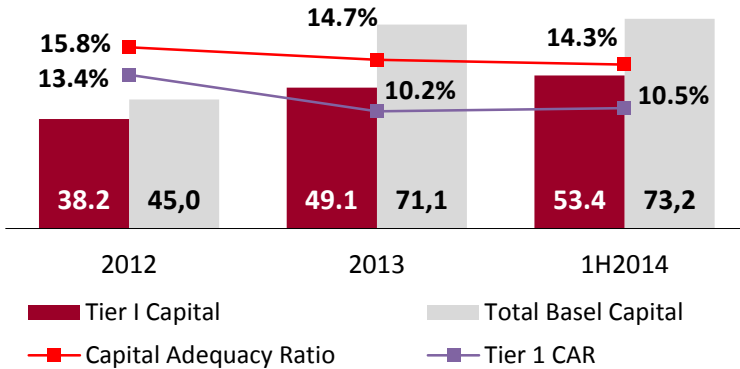


- Good diversification of funding base with significant share of customer deposits, which now represent 69% of total liabilities
- Deposits by individuals form stable funding source
- In June 2014, the Bank issued mortgage-backed bonds in the amount of RUB 3.7 bln and 25 years to maturity
- Subsequent to the reporting date:
 - In July 2014, the Bank placed two 5-year domestic bond issues in the total amount of RUB 10 bln
 - In August 2014, The Bank redeemed its 3-year Loan Participation Notes issue in the total amount of USD 200 mln

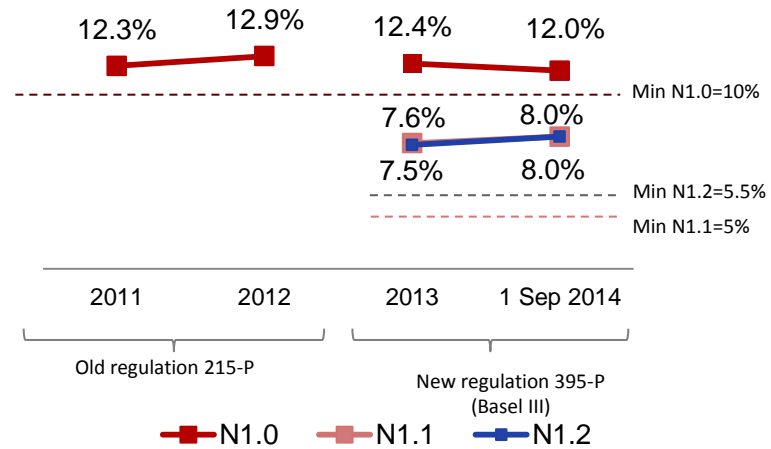
High Capital Position

IFRS Capital Adequacy Ratio ¹

(RUB bln)



RAS Capital Adequacy Ratios



Capital Injections Since 2010

- Subordinated loan from Black Sea Trade and Development Bank: US\$20 mln
- US\$500 mln subordinated Eurobond issue
- Other subordinated loans (domestic subordinated bond issues): RUB3.0 bln and RUB2.0 bln
- Tier I capital injections by the current shareholders in the amount of RUB17.6 bln

Key developments and business overview	4
Financial performance and strategic positioning	9
Annex	15

Key Metrics of Financial Performance

RUB, mln	2012	2013	1H2014	2013-1H2014 Change, %
Total assets	308,727	454,202	486,730	+7.2%
Loans to customers (gross)	205,933	317,860	356,861	+12.3%
Total equity	39,292	50,658	54,902	+8.4%
NPL / Gross loans	1.0%	1.3%	1.9%	-
Total provisions / NPL	238.9%	212.6%	161.6%	-
Tier 1 Capital Ratio	13.4%	10.2%	10.5%	-
Total CAR	15.8%	14.7%	14.3%	-
RUB, mln	6m2012	6m2013	6m2014	6m2013-6m2014 Change, %
Net interest income	5,523	7,731	10,885	+40.8%
Fee and commission income	1,743	3,080	4,026	+30.7%
Net income	2,152	3,825	4,243	+10.9%
NIM	5.1%	5.2%	5.1%	-
RoAE	15.5%	18.6%	16.1%	-
RoAA	1.8%	2.3%	1.8%	-
Cost / Income	43.1%	32.8%	34.0%	-

Thank you

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