



ESG Banking. Made in Russia.

2017: done!



Southern Russia. Region overview

Historically, Southern Russia includes the Southern (Southern Federal District) and the North-Caucasian (North-Caucasian federal district) federal districts. Center-invest bank operates in the Krasnodar Krai (KK), Volgograd (VR) and Rostov (RR) regions and the Stavropol Krai (SK). Potential of the South of Russia includes favorable geopolitical location, favorable natural and climatic conditions, water, land and mineral resources, developed infrastructure, diversified economy, qualified personnel. Competitive advantages of Southern Russia are diversified structure of the economy and entrepreneurial potential, which allows overcoming successfully any crisis processes of the global economy; production in Southern Russia grows faster and producer prices are slower than the average for the Russian Federation (RF).

Southern Russia as % of Russian Federation		2016*		
Territory		3.6		
Population		17.8	SMEs**	IEs**
Gross regional product/ value of goods and services produced		9.7	8.5	17.8
Fixed assets		8.9**	11.3	15.0
Industry		8.8	8.7	18.4
Agriculture		26.3	23.4	41.3
Construction		12.0	7.8	18.9
Retail trade		16.1	8.8	17.2
Capital investment		10.9	11.1	-
Average monthly wage				
SFD		73.4	84.6	-
NCFD		62.5	68.2	-
Average per capital income (monthly)				
SFD		86.2	-	-
NCFD		77.2	-	-

Data is provided for the Southern Federal District and the North Caucasus Federal District.

* The Republic of Crimea and the city of Sevastopol became part of the North Caucasus District in 2016.

SMEs and individual entrepreneurs based on data for 2015



History 25+

first Russian bank who started issuing and acquiring «Mir» payment cards	2017	The foresight-session «Center-invest bank»:25+»
The Financial Literacy Centre was opened;	2016	responsAbility Investments AG became a shareholder;
Social projects «Enterprise for All» and	2015	Bank's first bond issue for population share capital increase in amount RUB500m;
«Business loan for business woman» - «The Best Social Projects of Russia»	2014	Russia's 1st Positive Economy Forum together with PlaNET Finance (France)
winner in the tender of the Federal Treasury for cash services of budgetary	2013	Loan agreement with the BSTDB for SME support amounted to RUB 1bn
funded organizations of Rostov region; Youth Business Programme run by	2012	www.school.centrinvest.ru was launched; «Sustainable Bank of Eastern Europe»
the International Forum of Business Leaders	2011	by FT/IFC Sustainable Finance Awards; Citibank «STP Award 2012» and
Development Strategy «The Post-Crisis Development of Southern Russia 2011-2015»;	2010	Commerzbank «Relationship Award 2012»
Cooperation Agreement with Guarantee Fund for SME Development and Support	2009	«The Sustainable Finance Awards» by The New Economy magazine;
Erste Group Bank AG became a shareholder;	2008	CNY correspondent account with Bank of Communications (Shanghai)
Bank's own processing centre was opened	2007	Top performing bank in the Rostov Region under SME Development Programme;
Moody's assigned «B1» rating; 1st international syndication for USD45m;	2006	1st loan under Energy Efficient Housing and Communal Services Programme
1st bond issue in amount of RUB1.5bn	2005	1st issuance of CLN in amount USD175m in international market;
EBRD became a shareholder; entering VISA International;	2004	Dr.Vysokov - «Sustainable Banker of the Year» by FT;
adoption of Corporate Governance Code and Code of Corporate Ethics	2003	Golden Certificate of Trust of the Federal Tax Service of Russia
agreements with EBRD, The U.S. Agency for International	2002	DEG became a shareholder; implementation of the program «Doubling
Development (USAID), IFC and HERMES entered	2001	with Center-invest Bank»; RUB 1bn syndication in the Russian money market
cooperation with IFIs began; joining in Europay International	2000	branch opened in Krasnodar;
branches opened in Aksay, Azov, Semikarakorsk	1999	implementation of program «Billion dollars of Don investments»
first correspondent account opened in the USA	1998	participation in programs for transition of Russian
operations with bills of exchange;	1997	banks to international standards
opening first branches in Bataysk, Novocherkassk, Taganrog;	1996	development of pro-active marketing program
services for privatization processes	1995	first audit passed according to International Accounting Standards by PWC;
	1994	development of the program for Don SME support; cooperation with Western Union
	1993	advanced license for currency operations; launching first investment projects
	1992	start of operations with individual deposits
		and currency exchange transactions



Bank overview

Mission statement

«Center-invest Bank is the Sustainable Bank for southern Russia»!

- Center-invest Bank is a leading universal regional bank in southern Russia, was founded in 1992 (General Banking License N2225).
- Bank is licensed by the Federal Financial Markets Service of Russia to act as a broker, dealer, professional participant in the securities market for securities management and depositary in the Russian securities market.
- Credit rating from Moody's Investor Service was revised: Ba3 (Stable outlook)
- Two prominent IFIs – EBRD and DEG – together with Bank founders Vasily and Tatiana Vysokovy hold 60% of Bank's shares.
- Bank operates through 127 offices in southern Russia, Nizhniy Novgorod and representative office in Moscow.
- CIB has been audited annually by PricewaterhouseCoopers Audit
https://www.centrinvest.ru/files/about/reports/fininternational/IFRS_208FZ_AUDIT_RPRT_2018.pdf
- Number of employees: 1643 (as at 01.01.2018)



2010, 2012, 2013, 2016
STP Excellence Award
(Citibank)

FT



2013
Sustainable banking leader in
Eastern Europe FT/IFC

COMMERZBANK

2015
«Relationship
Award 2015»

сравни.ru

2015
«The Best Regional
Bank»

Forbes

2017
Top 35 «The most reliable
banks in Russia»



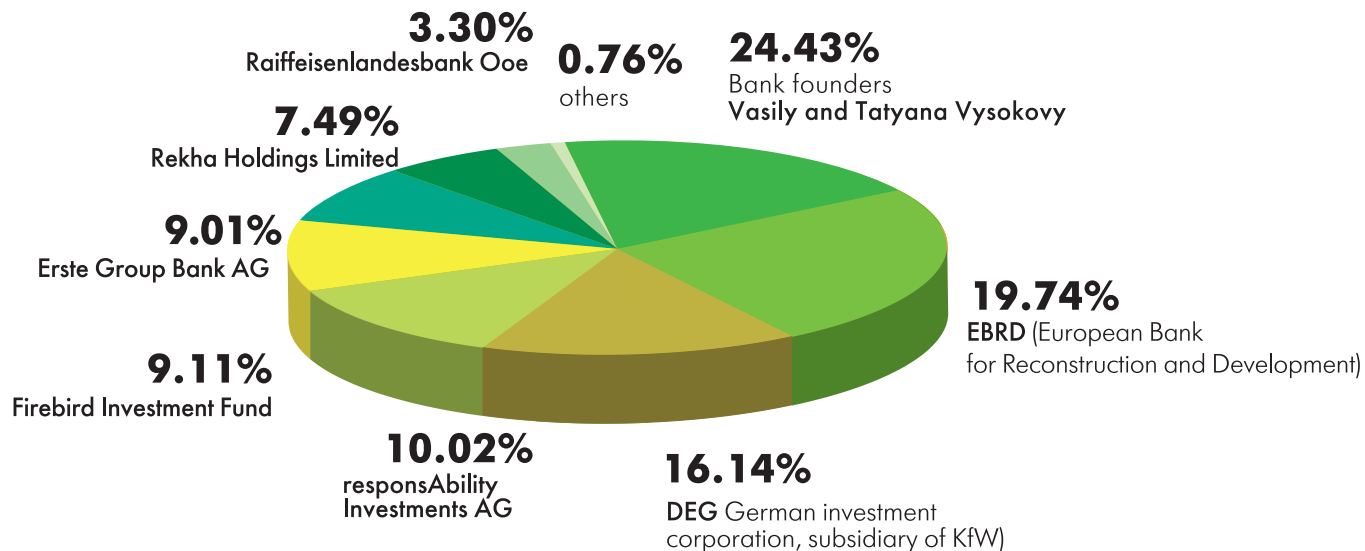
2017
«The 100 best goods in Russia»
(banking services)



**BANK
CENTER-INVEST**

Shareholders' structure

Shareholders structure*



In September 2017, the Social Investment Fund responsAbility investments AG became a shareholder of Center-invest Bank

* %, Voting right shares



**BANK
CENTER-INVEST**

Financial highlights

Key financials								
RUB. bn	2010	2011	2012	2013	2014	2015	2016	2017
Assets	48.3	54.5	62.7	75.9	91.3	89.6	96.6	102.6
Capital	5.8	6.7	7.6	8.8	9.6	10.6	11.5	12.6
Net Loans and Lease	30.6	42.5	48.4	61.5	72.0	72.7	73.6	80.1
Customer accounts	33.8	39.0	44.0	49.4	49.2	65.0	80.4	87.2
Net profit	0.2	0.9	1.1	1.4	1.1	0.5	1.0	1.4
ROAE, %	3.9	14.6	15.4	17.3	12.1	5.3	9.1	11.8
ROAA, %	0.5	1.8	1.9	2.0	1.3	0.6	1.1	1.4
NIM, %	6.3	6.8	6.7	6.6	6.3	4.4	5.3	6.2
Cost/Income, %	51.8	49.9	45.1	45.0	43.4	51.1	44.9	48.7
Loans/Deposits, %	90.6	109.1	109.9	124.5	146.2	111.7	91.6	91.9
CAR, %	19.5	18.2	17.4	15.6	14.5	17.1	17.0	16.8
Number of children born to bank employees	81	82	71	83	86	78	103	89

1USD=57.6002RUB as at 01.01.2018

1USD=60.6569RUB as at 01.01.2017

Competitive positions: ratings and rankings



In ranking of the largest Russian banks as at 01.01.2018:

34	Value of retail loan portfolio
39	Value of retail deposits
54	Value of corporate loan portfolio
56	Value of total loan portfolio
69	Value of total assets

<http://raexpert.ru/ratings/bank/monthly/Jan2018/>



In ranking of largest mortgage banks as at 01.07.2017:

13	Number of issued loans
14	Value of issued mortgage loans
17	Value of mortgage loan portfolio

http://raexpert.ru/ratings/bank/ipoteka_1h_2017/

Forbes

31	The most reliable banks in Russia
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In ranking of TOP-16 Russian banks for SMEs as at 01.07.2017:

3	Value of total SME loan portfolio
4	Value of loan portfolio to individual entrepreneurs
9	Value of loan portfolio to small business
15	Value of loan portfolio to medium enterprises

https://raexpert.ru/researches/banks/frb_2017_itog/att2

The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

TOP-100 Russian Banks by «The Banker» magazine:

40	Profit
42	CAR
48	ROE
49	ROA
51	Cost/Income
55	Tier 1&Net Assets

<http://www.thebanker.com>

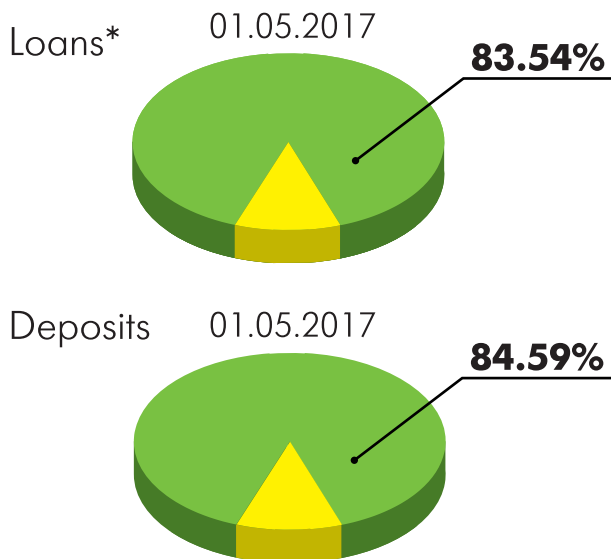
MOODY'S

Ba3	Center-invest Bank's rating
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Center-invest Bank: market share

Share of Center-invest Bank in Rostov region

among local banks

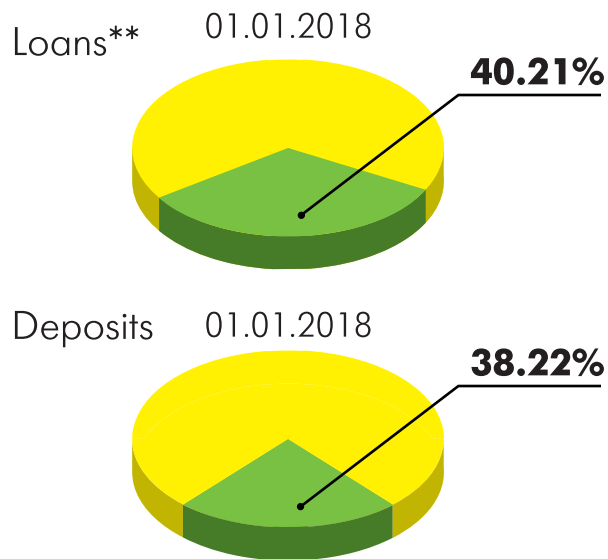


*loans to individuals, corporate loans, leasing, factoring and interbank loans

Due to the lack of data on regional Sberbank branches of Russia, since July 2014, information about a share among all banks isn't available.

Share of Center-invest Bank in southern Russia

among local banks in CIB operational area



** loans to non-financial corporations, leasing, factoring



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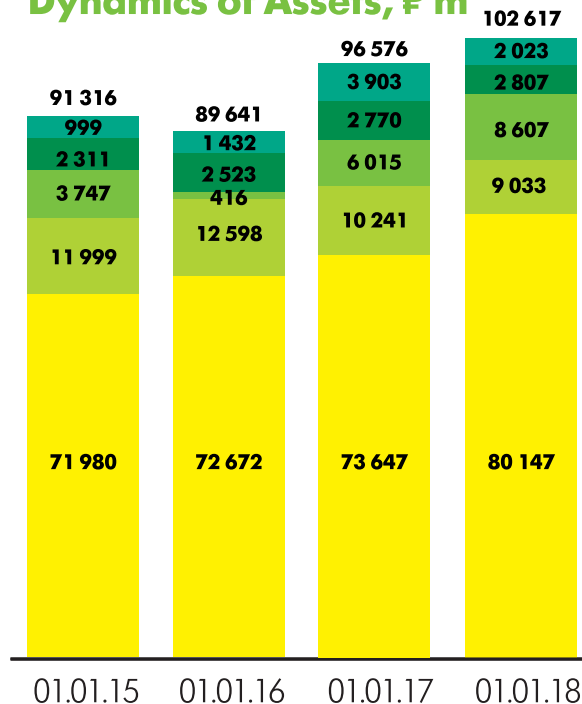
Assets: dynamics and structure

Assets structure, %



- Net Loans and Lease
- Cash and mandatory reserves the Bank of Russia

Dynamics of Assets, ₺ m



- Due from other banks
- Trading securities
- Fixed assets & Intangible assets
- Other assets



Loan portfolio development

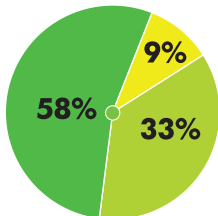
During 2017 gross loan portfolio has increased by **₽7.2bn** (+9.2%) and made up **₽86.1bn** (before provisions). The stable growth in lending is attributable to the attractive lending terms, comprehensive support for entrepreneurs, free consulting services to clients and long-term sustainable development strategy of the Bank. Retail lending is still the basic driver for growth of the Bank's loan portfolio.

Loan portfolio growth dynamics, ₽ m



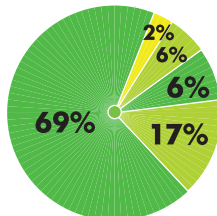
Loan Portfolio: structure and concentration

Client's structure



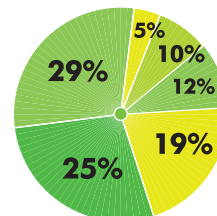
58 % - Retail
33 % - SME
9 % - Corporate

Maturities structure



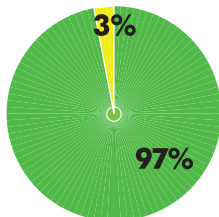
69 % - >1 year
17 % - 181-365 days
6 % - 91-180 days
6 % - 31-90 days
2 % - < 30 days

Industries structure



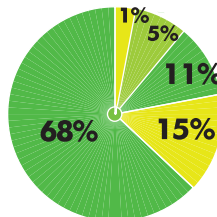
29 % - Trade
25 % - Agriculture
19 % - Manufacturing
12 % - Transport
10 % - Others
5 % - Construction

Structure by currency



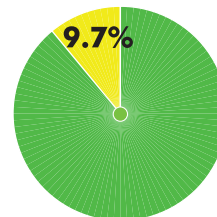
97 % - Russian rubles
3 % - Foreign currency

Structure by collateral



68 % - Real estate
15 % - Motor vehicles
11 % - Third parties' guarantees
5 % - Farming machines
1 % - Others

TOP-10 Borrowers*

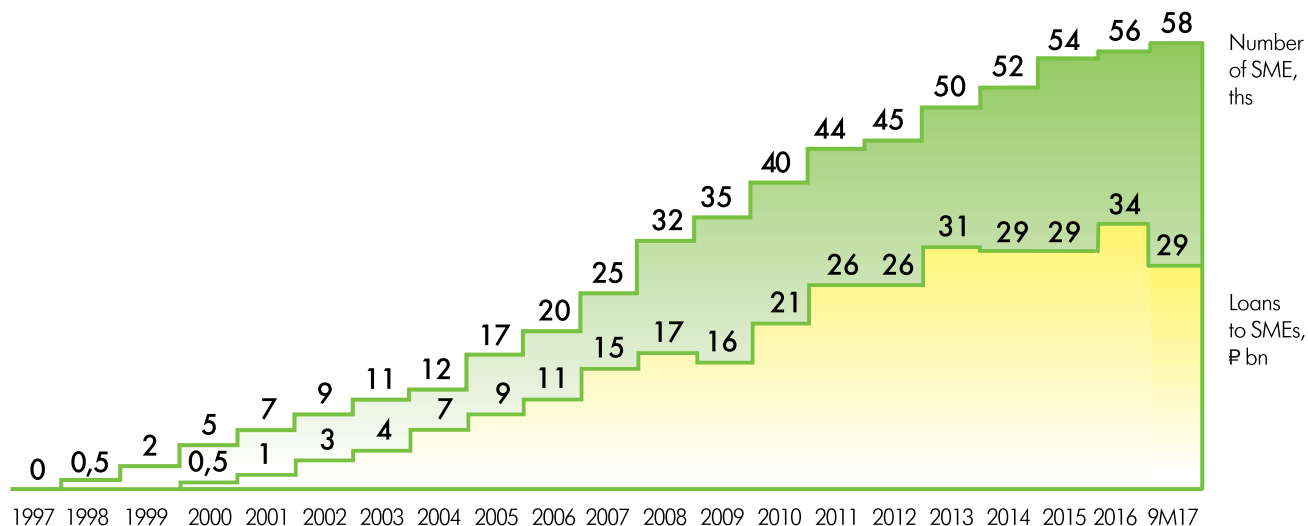


9.7 % – Share of TOP-10 Borrowers
 in gross loan portfolio and leasing
 Gross loan portfolio and leasing – **RUB86 050bn**

*%, loans and lease before provisions



Focus on SME Lending



Despite the intense competition on the SME lending market, the Bank maintained its rate of lending at the same level as last year: in 2017 we made **5 000** loans to SMEs for a total of **₹87bn** and has managed to expand our client base.

Center-invest Bank first began working with SMEs back in 1997. Bank is a leader for SME Development Programmes in Rostov region – accounting for a quarter of all long-term loans for investment purposes for SMEs and takes an active part in implementation of the similar programmes in southern Russia.

Bank has again performed very well in ratings of Russia's leading banks for SMEs. In a study of Russia's SME lending market in 1H2017 produced by the Expert RA Rating Agency, Center-invest Bank ranks **5th** place in the **TOP-10** Russian banks for value of portfolio of loans to small and medium business.



Unique lending programmes

The programme for supporting early-stage entrepreneurs includes consulting and education programmes:

Startup

Loan programme, which provides preferential financing over a three year term for up to 3 million rubles as well as consulting support and mentoring from active and successful businessmen,

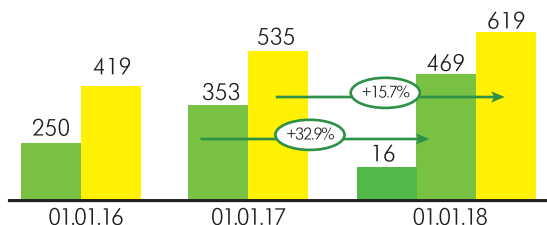
Business loans for women

Preferential loan for business women and enterprises providing services or producing goods for women. The absence of overdue payments on that programme proves its effectiveness.

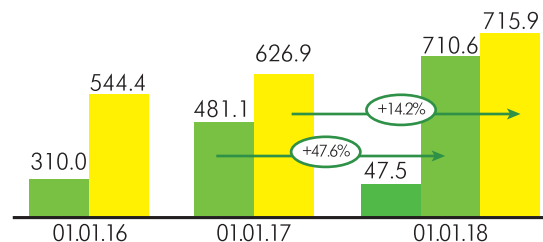
Social responsibility

Loan programme for development of social entrepreneurs' business in the field of education services, health and healthy lifestyles, the revival of cultural and historical traditions, the development of domestic tourism, and ecology

Total number



Total amount, ₺ m



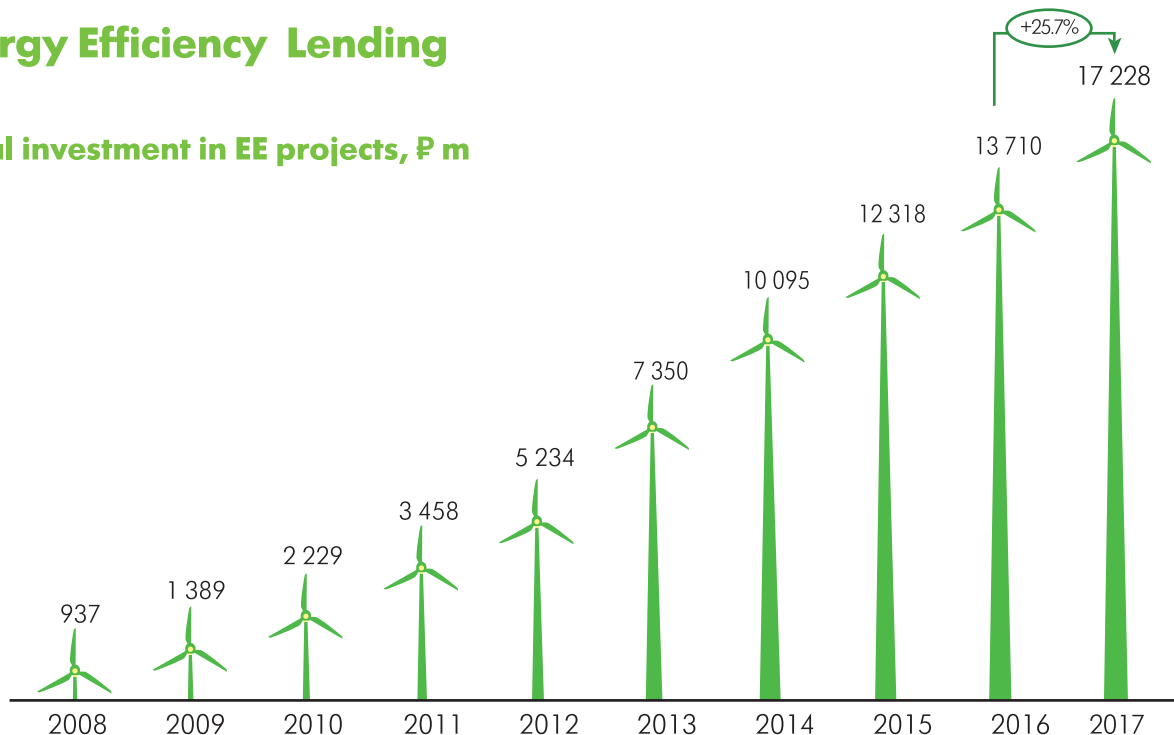
■ Business loan for women ■ Start-up&Youth Business ■ Social responsibility ■ Business loan for women ■ Start-up&Youth Business ■ Social responsibility



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Energy Efficiency Lending

Total investment in EE projects, ₪ m



Center-invest Bank's success in financing energy efficiency projects is attributable to the fundamentally new approach that we have developed for our customers in southern Russia: **sustainable lending**.

This approach combines technical, financial and social engineering. The projects financed by the Bank meet the

social and environmental requirements dictated by the Bank's policies and procedures

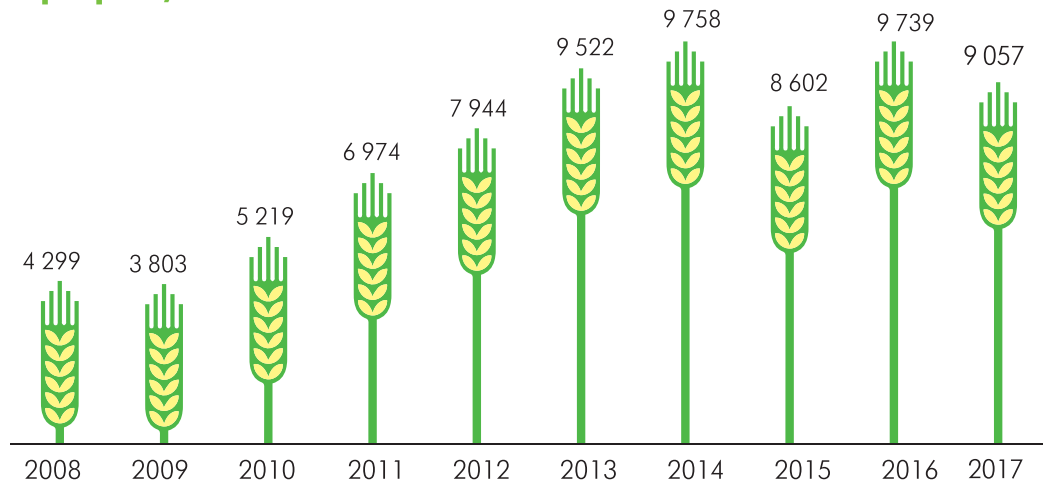
Center-invest Bank is **the first bank in southern Russia** to provide loans for homeowners' associations to renovate apartment buildings and reduce energy consumption.



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Agribusiness Lending

Value of financing
agribusiness projects, ₪ m



In 2017, loans granted to agribusiness constituted a substantial 25% of the Bank's corporate loan portfolio.

Bank nurtures and works with the best customers in southern Russia's agribusiness sector which accounts for 25% of the country's total agricultural output.

Loans from «Center-invest Bank» are used to introduce modern technologies for production and to improve the quality of soil cultivation and crop growing, and the productivity of livestock farming.



**BANK
CENTER-INVEST**

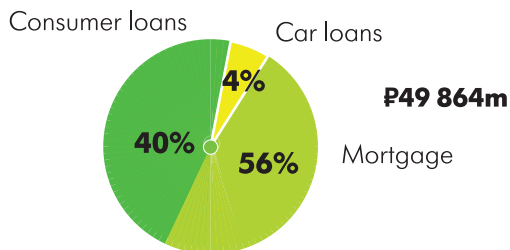
Retail lending

Bank's retail loan portfolio made up **₽49.9 bn** (+12.1%)

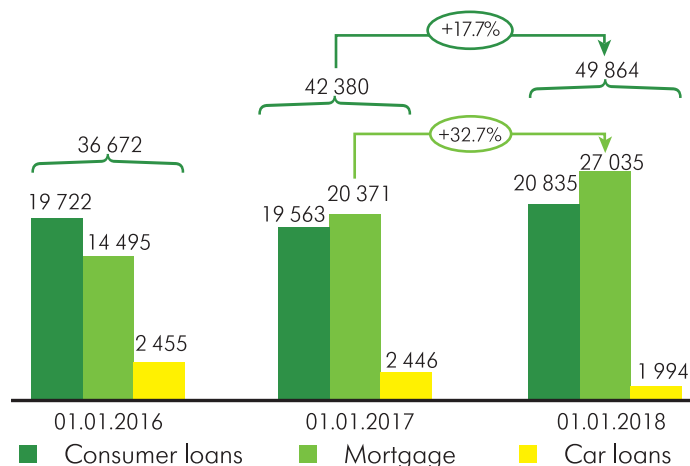
In spite of rapid growth of retail lending, NPL Ratio (>90 days) is maintained at a low level: 5.9%.

In June 2017 Bank was ranked 7th place in the **TOP-10 Russian banks** with the **most intensive growth of lending**. The basic driver for growth was mortgage. Bank ranks 14th place in value of mortgage lending among Russian banks based on the results of 1H2017.

Breakdown by loan volumes as at 01.01.2018



Dynamics and structure of retail lending portfolio, ₽ m



Bank's approach to retail lending is rather conservative: Bank doesn't provide express loans and give preferences to own depositors, customers with solid credit histories and people who have salary cards issued by the Bank.

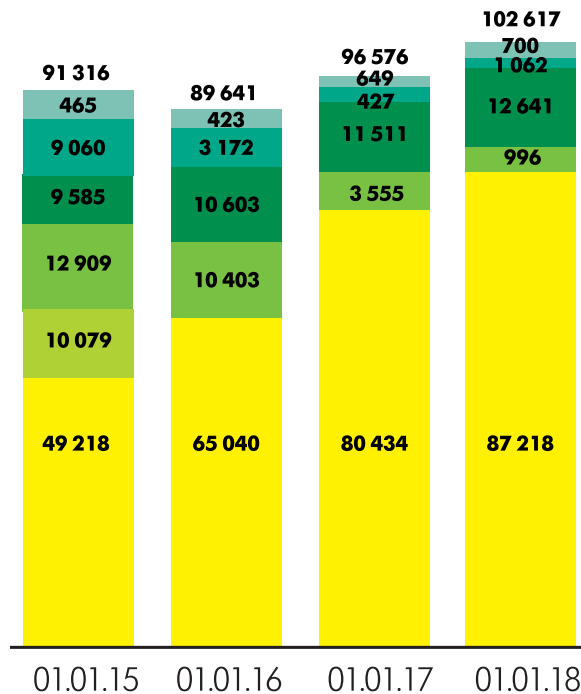
Liabilities: dynamics and structure

Dynamics of Liabilities, %



- Customer accounts
- Due to CBR
- Loans from IFIs and other banks

Liabilities structure, ₹ m



- Total shareholders equity
- Debt securities in issue
- Other liabilities

Funding base

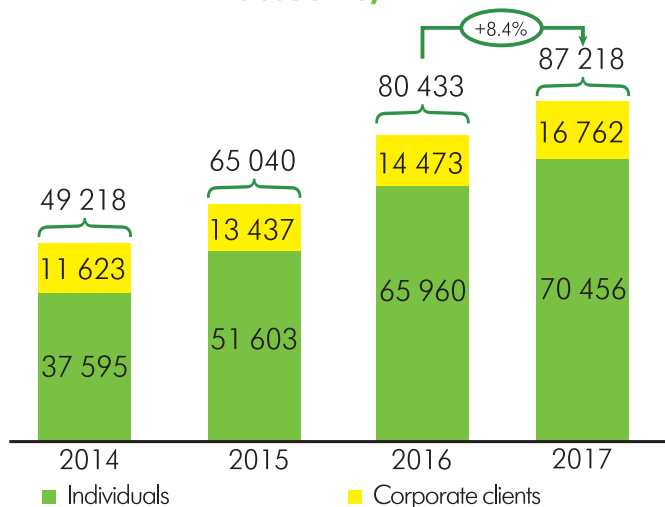
During 2017 the volume of customer accounts has increased by 8.4% as compared with the 2016 and has reached the point of ₸87.218m.

The steady growth of customer base and increasing the number of client's accounts testifies to the successful implementation of Bank's sustainable development strategy with a focus on retail and SMEs clients.

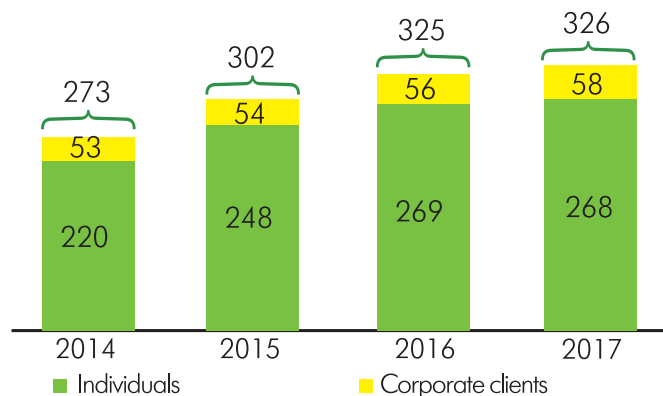
Despite of the significant share of retail deposits, it's diversification

by quantity, type of customers and wide geographic presence, the continued low concentration as well as gathered bank's experience serves as clear proof that customer funds are the long-term and stable source of funding of bank's activity. The share of TOP-10 depositors to the total value of liabilities made up 2.6% as at 01.01.2018 and continued to drop, for which reason, the risk of concentration of customer base is estimated as rather low.

Dynamics and structure of customer accounts, ₸ m



Dynamics of individuals and corporate accounts, ths accounts



Center-invest Bank on financial markets

Bonds in circulation

Series	Total par value, RUB m	In circulation, RUB m	Maturity date	Put option date	Coupon rate, % per annum
Exchange bonds, BO-07 series	3 265.00	8.7	11.2018	-	8.50
Exchange bonds, BO-10 series	3 000.00	122.61	05.2019	05.2018	9.20
Exchange bonds, BO-001P-01series	300.00	300.00	07.2018	01.2018	8.90
Exchange bonds, BO-001P-02series	60.10	60.10	08.2018	02.2018	8.40
Exchange bonds, BO-001P-03series	183.7	183.7	01.2019	04.2018	9.30

Our professionalism and transparency in conditions of market volatility have strengthened customer confidence in the bank. The increase in customer funds in 2016 and 2017 allowed the bank to reduce the volume of more expensive borrowing in the financial markets

As of 01.01.2018 the bank's bonds with a total nominal value of 675.1 million rubles are in circulation in the market.

In honor of the bank's 25th anniversary in the framework of the Exchange bonds programme, the bank issued bonds for the public subject to income tax relief. As of 01.01.2018 there are two issues of bonds amounting to 543.8 million rubles. The issues of the Exchange bonds programme offer unique conditions for investing money as an alternative to placing funds in deposit.

Cooperation with IFIs

Starting from 2002 Bank has been attracting funds from both the Russian and the international financial markets. Bank continues to make positively use of borrowed funds from IFIs, including EBRD, DEG, BSTDB, IFC and others. Attracted credit lines are mainly dedicated for the development of Bank's SME and retail lending.

The Black Sea Trade and Development Bank extends its first Ruble-denominated 1 billion loan for 3 years to Center-invest Bank for supporting the development and expansion of SME businesses in Southern Russia. The funds will be used to allow...

The funds will be used to allow Center-invest Bank customers to expand production, modernise agricultural equipment and upgrade industrial premises.

Our partners



responsAbility

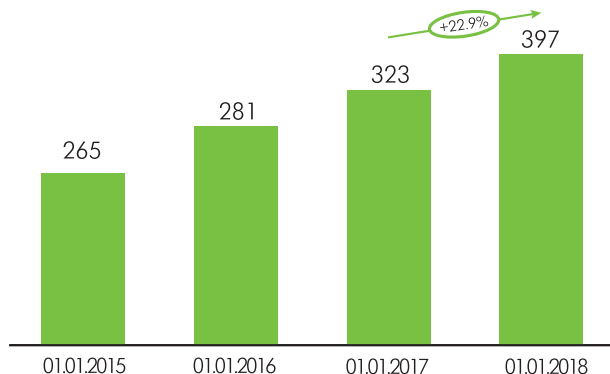


**BANK
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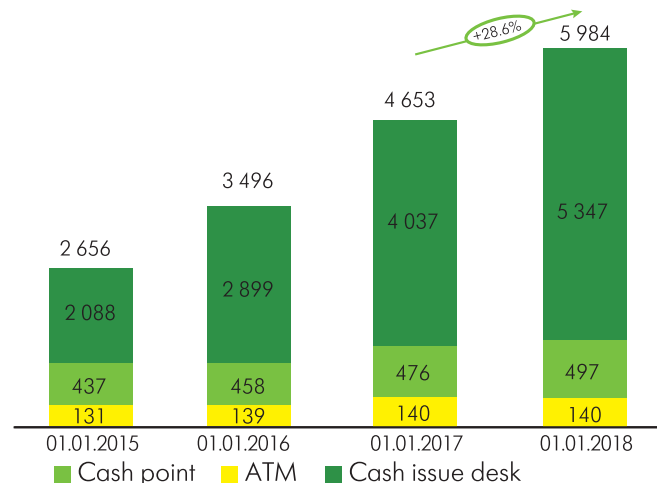
Bank cards

- Center-invest Bank is the leader in southern Russia for the development and introduction of bank card products and services. Bank has become one of the first banks in Russia who joined new national payment card system “MIR” operated JSC National System of Payment Cards (NSPC) and took part in the pilot programme to test the issuing and servicing of the card.
- Bank was ranked among **TOP-6** banks in Russia in value of number of issued cards “MIR” (123 000 cards were issued as at 01.01.2018).
- Center-invest is **the only bank** in Southern Russia to have its **own modern processing centre**. This advantage enables to systematically expand our services based on bank cards.
- Bank provides services for settlement account to **Federal Treasury** of Krasnodar Krai, Rostov and Volgograd regions. As at 01.01.2018 a number of active bank cards issued in frame of this programme made up 14 246 cards.

Number of active cards
in circulation, ths.

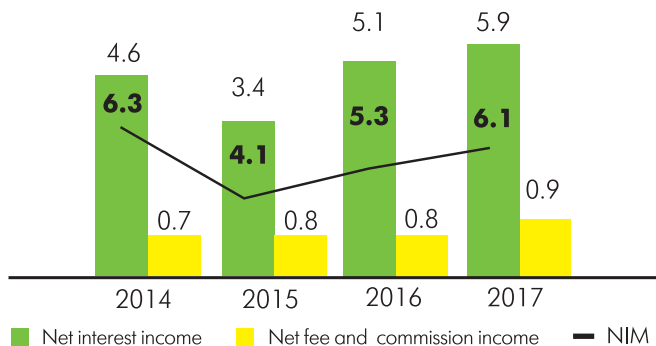


Growth in the Bank's
acquiring network,
number

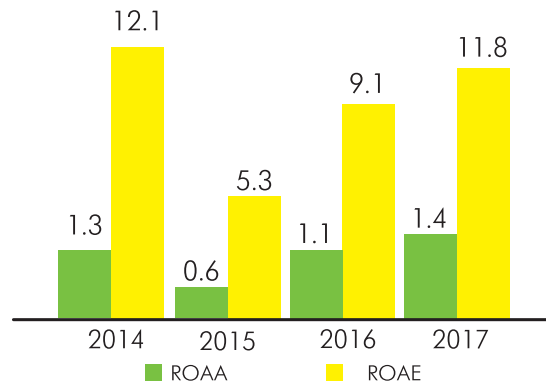


Operational efficiency

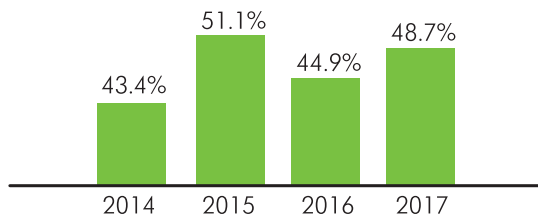
Net interest and commission income, ₪ bn



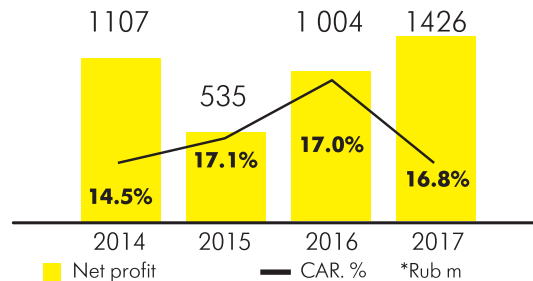
ROAA and ROAE dynamics, %



Cost/Income, %



Net profit* и CAR



Focus on social responsibility

Center-invest Bank sets a positive example as a socially responsible business. Sustainable banking business model focuses on introducing new knowledge and new technologies in the interests of future generations.

Social projects «Enterprise for All» and «Business loan for businesswoman» were recognized as «The Best Social Projects of Russia» in nomination «Education and Science» and «Social marketing».



For the past thirteen years the Endowment Fund for Education and Science in the SFD and Center-invest Bank have been running an open scholarship competition for undergraduate and postgraduate students in southern Russia. More than 19,000 students have entered the competition since it began, and 4,800 scholarships have been awarded.



Center-Invest Bank set up Financial Literacy Centers in Rostov-on-Don, Krasnodar and Taganrog, where every day Centres staff provides free advice on financial issues for all groups of the population to help to avoid mistakes when borrowing money and carrying out other financial transactions. At the Centre, experts from Center-invest Bank regularly provide trainings for older people, young entrepreneurs and workshops for those who want to develop its existing business. All consultations and workshops are provided by the volunteers of the Center free of charge.



The Bank's work to raise financial literacy continues all year round. A key component of this is the online training platform school.centrinvest.ru. The platform combines training modules in the basics of entrepreneurship, video lectures and textbooks. These resources help users to assess their entrepreneurial capabilities and resources, produce a business plan and select the most appropriate start-up loan product. Everyone who completes the «Enterprise for All» course receives a certificate. Over 33 600 people have registered on the portal so far.



Thanks to financial support of CIB, more than 190 000 Rostov region children received free entry to the exhibitions at the Rostov Region Local Studies Museum and Volgograd State Panoramic Museum Stalingrad Battle. In August 2017 «Center-invest bank» is proud to sponsor a unique exhibition, «Ivan Aivazovsky: 200 years of triumph», which opened at the Rostov Region Museum of Fine Arts.



Center-invest Bank: news 2017

In September 2017, the Social Investment Fund responsAbility investments AG became a shareholder of Center-invest Bank

Chairman of the Board of Directors of Center-invest Bank, Professor, Dr. Vysokov received a gratitude from the Public Chamber of the Russian Federation for fruitful work aimed at protecting socially significant interests of citizens and public associations of the Rostov region.

The Black Sea Trade and Development Bank (BSTDB) agreed to provide Center-invest Bank with a 3-year RUB 1bn loan to finance SMEs.

In the framework of Center-invest bank's anniversary the foresight-session "Center-invest": 25+ was held. The ceremony was attended by Bank's shareholders, partners, customers, regional authorities, business and scientific community.

In honor of the bank an open concert with participation of the best soloists of the Rostov music theater was held for all citizens of Rostov city

Bank became a partner of the XV International banking Forum "Banks of Russia - XXI century" and organized a round table "Banking: strategy, technology and profitability".

Moody's Investors Service upgraded Center-invest Bank's rating to Ba3 (stable outlook). The rating action takes into account Center-invest Bank's sustainable funding and conservative liquidity management.

Bank became an official partner for Russia's Financial Literacy Week 2017 for Children and Young People.

Center-invest Bank's services were recognised as among the best in Russia and the bank was awarded a prestigious gold quality mark for excellence.

Social and educational project of Center-invest Bank "Financial Literacy Centre" has received a Public Recognition Award from the Krasnodar Krai Public Chamber. Center-invest

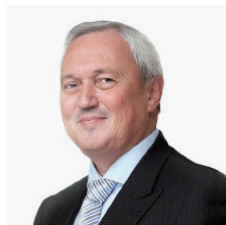
Bank has won the Internal Communications and Corporate Media category in the Silver Archer Awards (South) 2017 with the project was our new corporate theatre group, "Bank dictation".

responsAbility



MOODY'S

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