

Presentation for investors

## **Sustainable bank for southern Russia**

*1H2016 IFRS Results*



## Southern Russia. Region overview.

- Southern Russia consists of the two federal districts: Southern and North Caucasus.
- The region's investment appeal continues to grow, opening up fresh opportunities for productive capital investment and fostering a favourable environment for doing business.
- Attractiveness of southern Russia is attributable to the following factors: mild climate and natural conditions which are conducive for development of agribusiness, unique geographical location and well developed transport infrastructure, well developed network of educational and research institutions, rapidly developed and diversified economy, dynamic banking and insurance system and long historical traditions of enterprise conducive to an intensive development of SMEs.

Comparative features of the region, % of RF	2000	2005	2011	2012	2013	2014	2015
<b>Territory</b>	3.5	3.5	3.5	3.5	3.5	3.5	3.5
<b>Population</b>	15.6	16.0	16.4	16.3	16.4	16.5	16.2
<b>Industrial production</b>	-	5.6	7.6	7.3	7.2	6.2	7.7
<b>Agricultural output</b>	18.7	22.6	23.2	23.6	23.4	23.5	23.0
<b>Construction</b>	11.4	9.5	14.5	14.4	15.0	13.0	12.5
<b>Retail trade</b>	9.8	11.5	14.0	14.2	14.1	14.3	14.9
<b>Investments</b>	11.6	9.4	14.5	13.0	14.0	13.3	13.4



## History

first Russian bank who started issuing and acquiring «Mir» payment cards	• 2016	share capital increase in amount RUB500m;
The Financial Literacy Centre was opened; Social projects «Enterprise for All» and «Business loan for business woman» - «The Best Social Projects of Russia»	• 2015	Russia's 1st Positive Economy Forum together with PlaNET Finance (France)
winner in the tender of the Federal Treasury for cash services of budgetary funded organizations of Rostov region; Youth Business Programme run by the International Forum of Business Leaders	• 2014	www.school.centrinvest.ru was launched; «Sustainable Bank of Eastern Europe» by FT/IFC Sustainable Finance Awards; Citibank «STP Award 2012» and Commerzbank «Relationship Award 2012»
Development Strategy «The Post-Crisis Development of Southern Russia 2011- 2015»; Cooperation Agreement with Guarantee Fund for SME Development and Support	• 2013	«The Sustainable Finance Awards» by The New Economy magazine; CNY correspondent account with Bank of Communications (Shanghai)
Erste Group Bank AG became a shareholder; Bank's own processing centre was opened	• 2012	Top performing bank in the Rostov Region under SME Development Programme; 1st loan under Energy Efficient Housing and Communal Services Programme
Moody's assigned «B1» rating; 1st international syndication for USD45m; 1st bond issue in amount of RUB1.5bn	• 2011	1st issuance of CLN in amount USD175m in international market; Dr.Vysokov - «Sustainable Banker of the Year» by FT; Golden Certificate of Trust of the Federal Tax Service of Russia
EBRD became the shareholder; entering VISA International; adoption of Corporate Governance Code and Code of Corporate Ethics	• 2010	DEG became a shareholder; implementation of the program «Doubling with Center-invest Bank»; RUB1bn syndication in the Russian money market
agreements with EBRD, The U.S. Agency for International Development (USAID), IFC and HERMES entered	• 2009	branch opened in Krasnodar; implementation of program «Billion dollars of Don investments»
cooperation with IFIs began; joining in Europay International	• 2008	participation in programs for transition of Russian banks to international standards
branches opened in Aksay, Azov, Semikarakorsk	• 2007	development of pro-active marketing program
first correspondent account opened in the USA	• 2006	first audit passed according to International Accounting Standards by PWC; development of the program for Don SME support; cooperation with Western Union
operations with bills of exchange; opening first branches in Bataysk, Novocherkassk, Taganrog;	• 2005	advanced license for currency operations; launching first investment projects
services for privatization processes	• 2004	start of operations with individual deposits and currency exchange transactions
	• 2003	
	• 2002	
	• 2001	
	• 2000	
	• 1999	
	• 1998	
	• 1997	
	• 1996	
	• 1995	
	• 1994	
	• 1993	
	• 1992	



**BANK  
CENTER-INVEST**

## 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 in April 2016: **B1 (Stable outlook)**
- Two prominent IFIs – **EBRD and DEG** – together with Bank founders **Vasily and Tatiana Vysokovy** hold 70% of Bank's shares.
- Bank operates through **134** offices in southern Russia, Nizhny Novgorod and representative office in Moscow.
- CIB has been audited annually by **PricewaterhouseCoopers Audit** since 1997  
[http://www.centrinvest.ru/files/about/reports/audit%28en%29/CIB2015\\_ru\\_v21%20eng\\_formatted\\_v1.pdf](http://www.centrinvest.ru/files/about/reports/audit%28en%29/CIB2015_ru_v21%20eng_formatted_v1.pdf)
- Number of employees: **1609** as at 01.07.2016



2013  
Sustainable banking  
leader in Eastern Europe



2010, 2012  
STP Excellence  
Award (Citibank)



2015  
«Relationship  
Award 2015»



2014  
«The 100 Best Goods of  
Russia» (banking services)



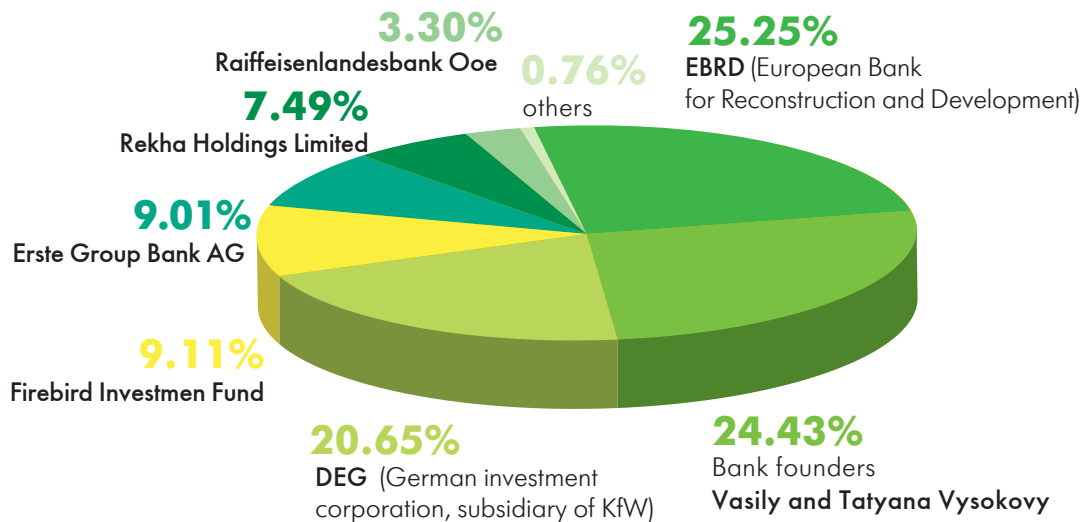
2014  
«The Best  
Regional Bank»



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## Shareholders structure

Shareholder structure as at 01.07.16\*



\* %, Voting right shares



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## Financial highlights

Key financials								
RUB.bn	2010	2011	2012	2013	2014	1H15	2015	1H16
<b>Assets</b>	48.3	54.5	62.7	75.9	91.3	87.4	89.6	90.6
<b>Capital</b>	5.8	6.7	7.6	8.8	9.6	9.6	10.6	10.8
<b>Net Loans and Lease</b>	30.6	42.5	48.4	61.5	72.0	74.2	72.7	76.4
<b>Customer accounts</b>	33.8	39.0	44.0	49.4	49.2	55.0	65.0	71.3
<b>Net profit</b>	0.2	0.9	1.1	1.4	1.1	0.02	0.5	0.5
<b>ROE, %</b>	3.9	14.6	15.4	17.3	12.1	0.4	5.3	8.8
<b>ROA, %</b>	0.5	1.8	1.9	2.0	1.3	0.04	0.6	1.1
<b>NIM, %</b>	6.3	6.8	6.7	6.6	6.3	3.6	4.1	5.8
<b>Cost/Income, %</b>	51.8	49.9	45.1	45.0	43.4	55.8	51.1	42.4
<b>Loans/Deposits, %</b>	90.6	109.1	109.9	124.5	146.2	134.9	111.7	107.2
<b>CAR, %</b>	19.5	18.2	17.4	15.6	14.5	15.	17.1	15.9
<b>Number of children born to bank employees</b>	81	82	71	83	86	54	78	42

1USD=64.2575RUB as at 01.07.2016

1USD=55.5240RUB as at 01.07.2015



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## Competitive positions: ratings and rankings



### In ranking by the Expert RA Rating Agency as at 01.06.2016 Center-invest Bank is placed\*:

13	Value of issued SME loans**
16	Value of SME loan portfolio**
36	Value of retail loan portfolio
43	Value of retail deposits
55	Value of corporate loan portfolio
55	Value of total loan portfolio
69	Value of total assets

\*<http://www.raexpert.ru/ratings/bank/monthly/June2016>

\*[http://www.raexpert.ru/ratings/bank/frb\\_2015](http://www.raexpert.ru/ratings/bank/frb_2015)

## Forbes

### In the Forbes Annual Reliability Rating of Russian banks:

38	The Most Reliable Banks: classed as «highly reliable»
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Источник: [www.forbes.ru/ratings](http://www.forbes.ru/ratings)

## banki.ru

### In ranking of the 100 largest Russian banks by the Banki.ru portal as at 01.07.2016:

36	Value of retail loan portfolio
42	Value of retail deposits
54	Value of corporate loan portfolio
55	Value of total loan portfolio
62	Net profit
69	Value of net assets
76	Capital

<https://www.banki.ru/banks/ratings>

## The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1986

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

17	ROE
19	ROA
51	CAR
55	Assets
58	Capital

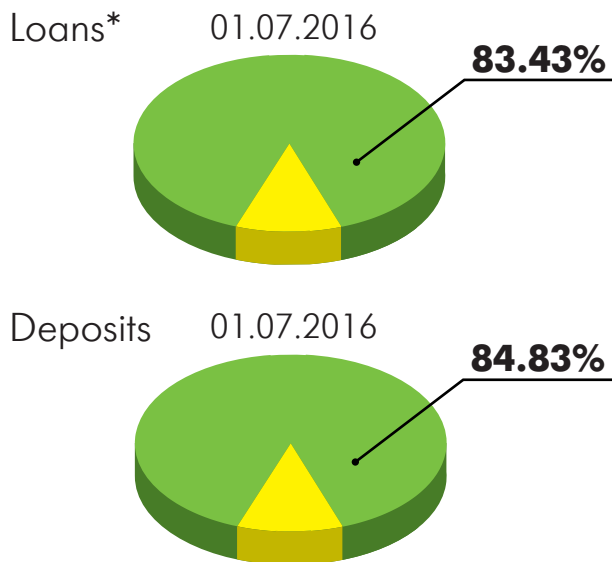
<http://www.thebanker.com>



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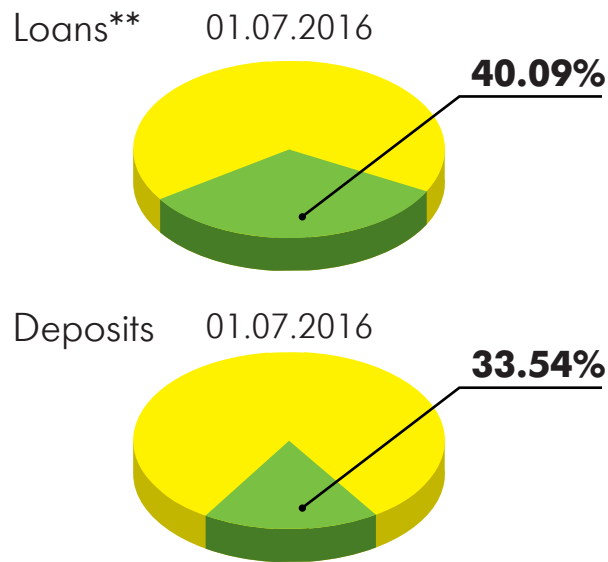
## Center-invest Bank: market share

### Share of Center-invest Bank in Rostov region among local banks



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

### Share of Center-invest Bank in southern Russia among local banks in CIB operational area

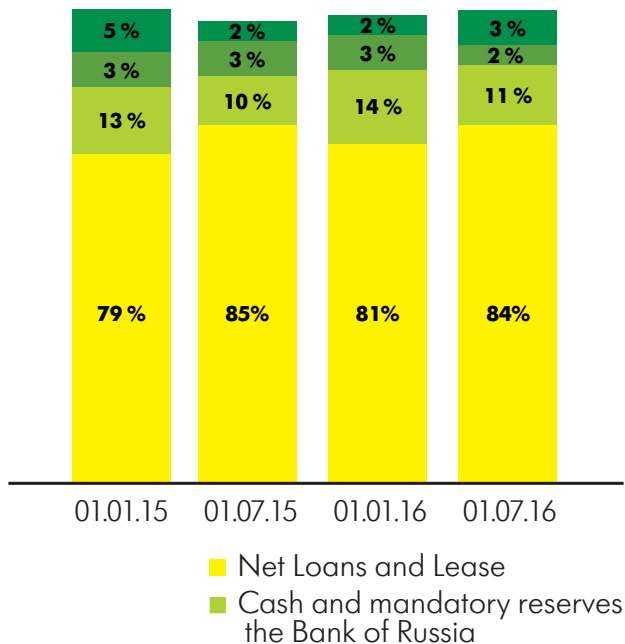


\*\* loans to non-financial corporations, leasing, factoring

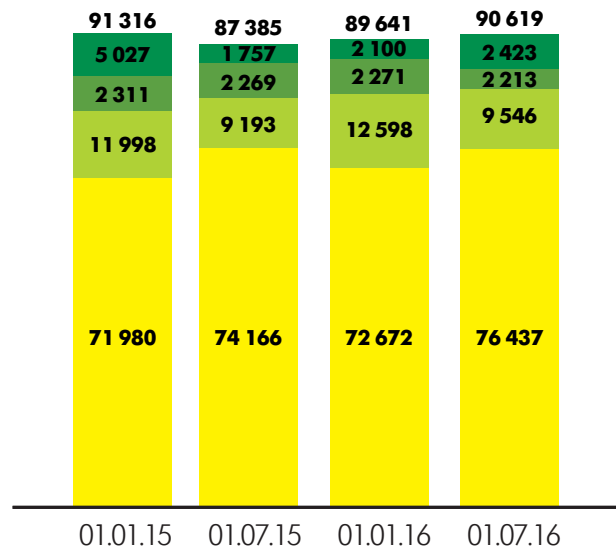


## Assets: dynamics and structure

### Assets structure, %



### Dynamics of Assets, RUB m



■ Fixed assets  
■ Other assets



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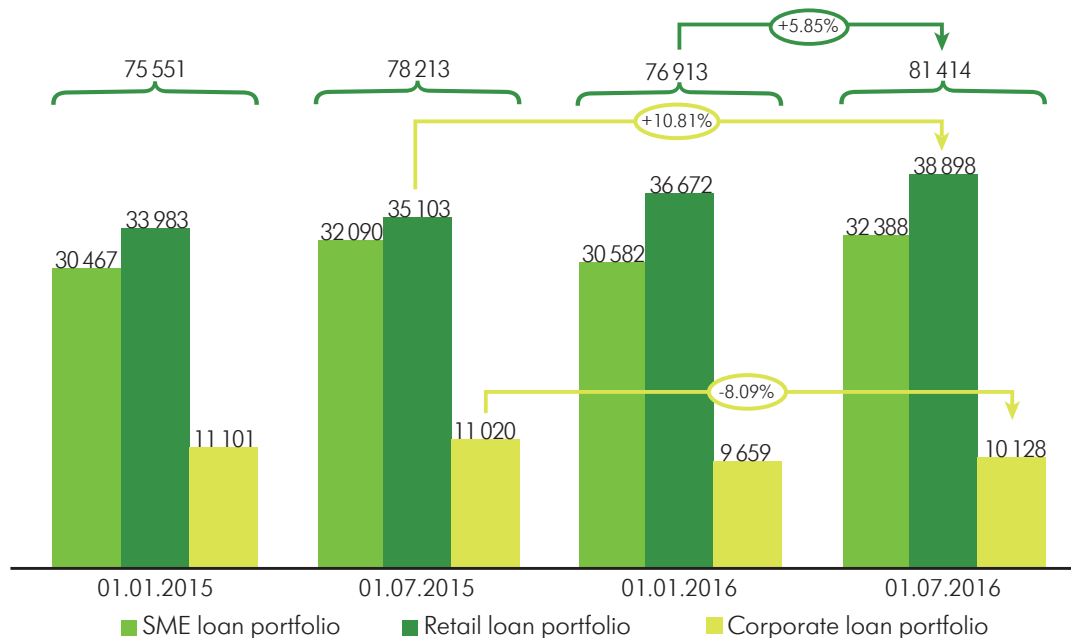
## Loan portfolio development

During the 1H2016 gross loan portfolio (before provisions) has increased by **RUB4.5bn** (+5.85%).

For the first time, **Bank's loan portfolio has exceeded RUB81.4bn** (RUB76.9 as at 01.01.2016).

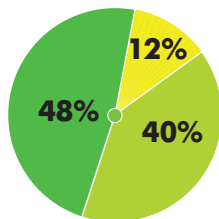
The stable growth in lending is attributable to the attractive lending terms, comprehensive support for entrepreneurs, free consulting services to clients and long-term sustainable development strategy of the Bank.

### Loan portfolio growth dynamics, RUB m



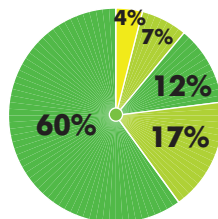
## Loan Portfolio: structure and concentration

**Client's structure**



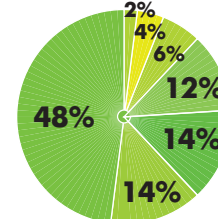
**48%** - Retail  
**40%** - SME  
**12%** - Corporate

**Maturities structure**



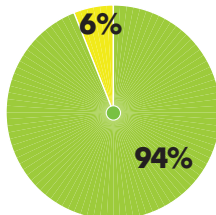
**60 %** - >1 year  
**17 %** - 181-365 days  
**12 %** - 91-180 days  
**7 %** - 31-90 days  
**4 %** - <30 days

**Industries structure**



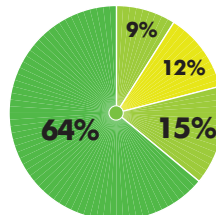
**48%** - Individuals  
**14%** - Agriculture  
**14%** - Trade  
**12%** - Manufacturing  
**6%** - Construction  
**4%** - Others  
**2%** - Transport

**Structure by currency**



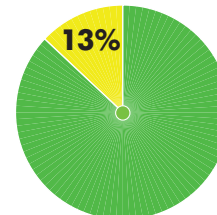
**94%** - Russian rubles  
**6%** - Foreign currency

**Structure by collateral**



**64 %** - Real estate  
**15 %** - Motor vehicles  
**12 %** - Third parties' guarantees  
**9 %** - Others

**TOP-10 Borrowers\***



**13%** - Share of TOP-10 Borrowers in gross loan portfolio and leasing

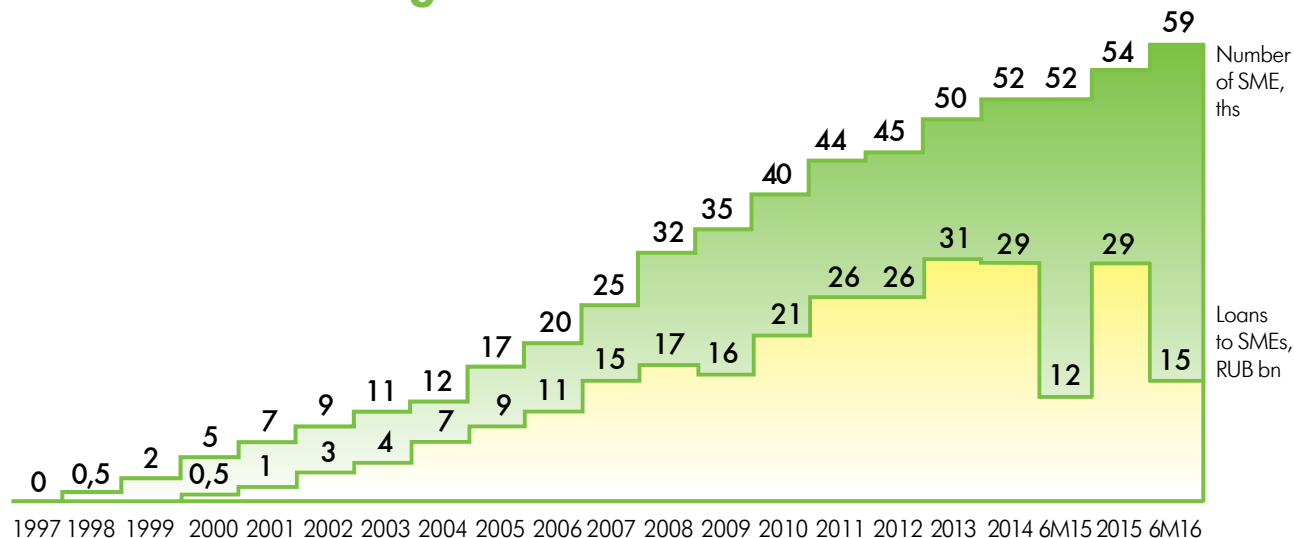
Gross loan portfolio and leasing - **RUB81.7bn**

\*%, loans and lease before provisions



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## Focus on SME Lending



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 2015 produced by the Expert RA rating agency, Center-invest Bank ranks **6<sup>th</sup> place** in the **Top 15 banks** for size of portfolio of loans to small business and **13<sup>th</sup> place** in the Ranking of Banks by **Volume of SME Lending** in 2015.

Despite the overall trend in Russia of reduced lending to SMEs, Bank maintained its rate of lending at the same level as last year: in 1H2016 we made **2374** loans to SMEs for a total of **RUB 14.7bn**.

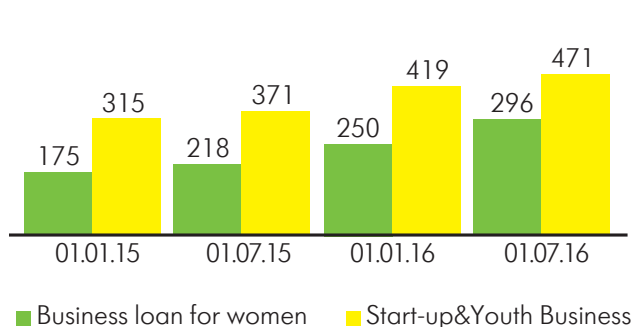


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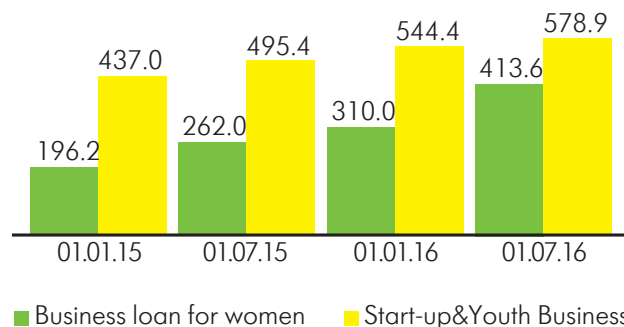
## Unique lending programmes

- Bank continues to provide finance on preferential terms under its Start-Up, Youth Business Russia and Business Loans for Women programmes.
- New entrepreneurs have already received 471 loans totaling RUB578.9m while businesswomen have obtained 296 loans for a total of RUB413.6m.
- More than **24 000** people registered on the online training portal «Enterprise for All» ([www.school.centrinvest.ru](http://www.school.centrinvest.ru)) launched by the Bank, more than **10 000** users had completed the course of basic principles of the economy and entrepreneurship for which they received a certificate.
- In June 2016 Bank presented **Chinese, German, French and Portuguese versions** of online training portal «Enterprise for All». Moreover, free mobile applications of the training course are available in App Store and Google Market.

### Total number



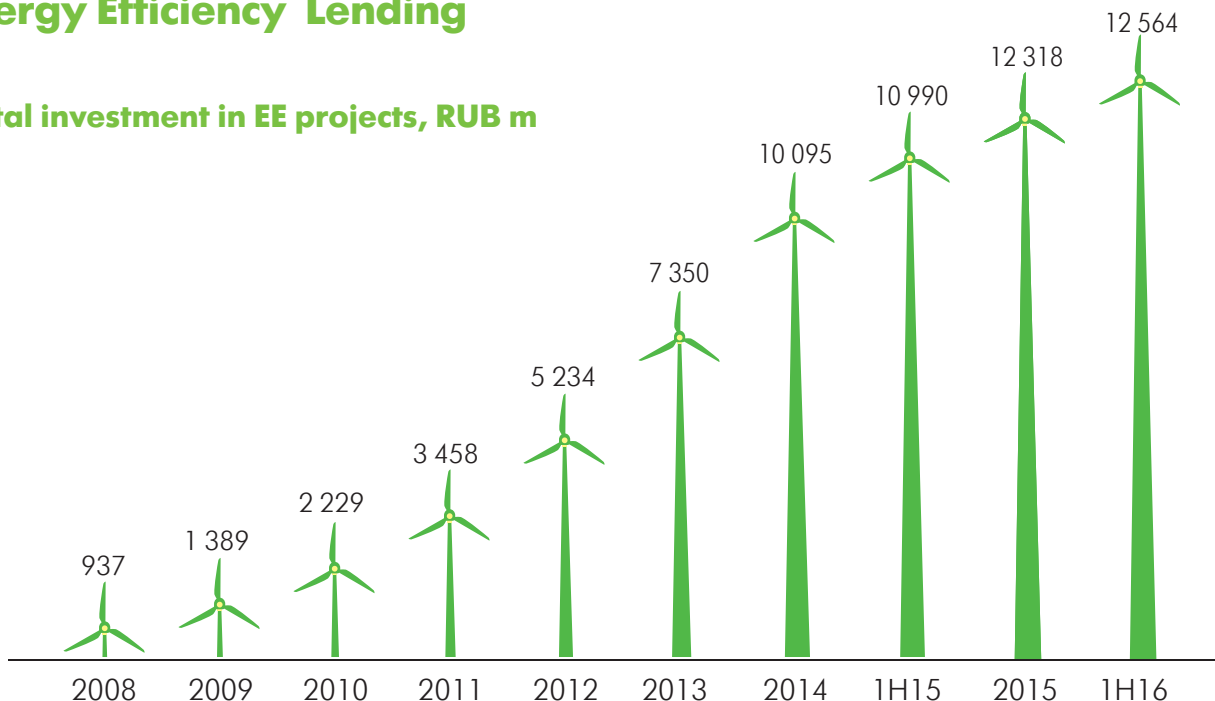
### Total amount, RUB m



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## Energy Efficiency Lending

Total investment in EE projects, RUB 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

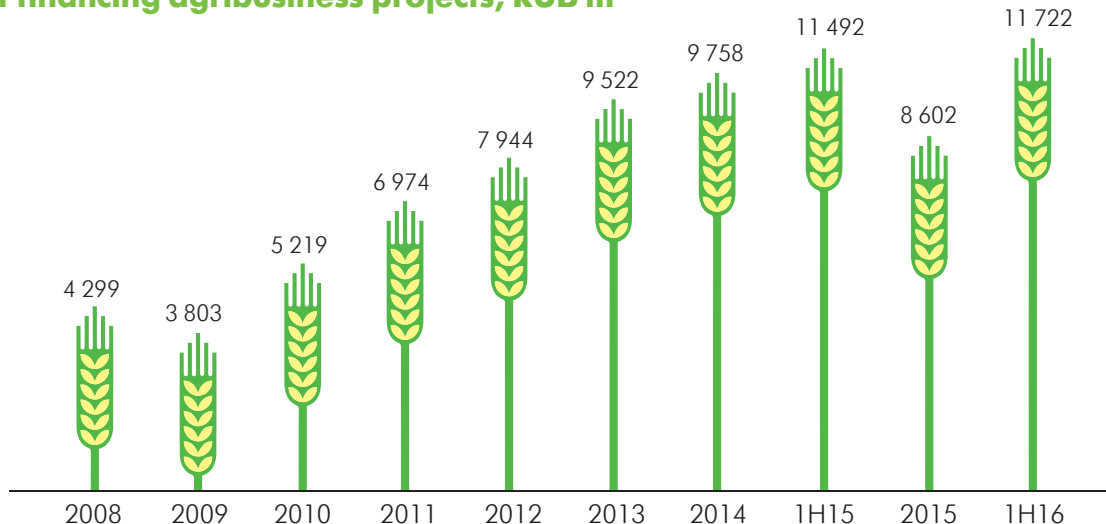
Center-invest Bank is **the first bank in southern Russia** to provide loans for homeowners' associations to renovate apartment buildings and reduce energy consumption.



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## Agribusiness Lending

### Value of financing agribusiness projects, RUB m



Agribusiness lending accounts for a significant part of Bank's corporate loan portfolio: **27.57%** as at 01.07.2016.

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.

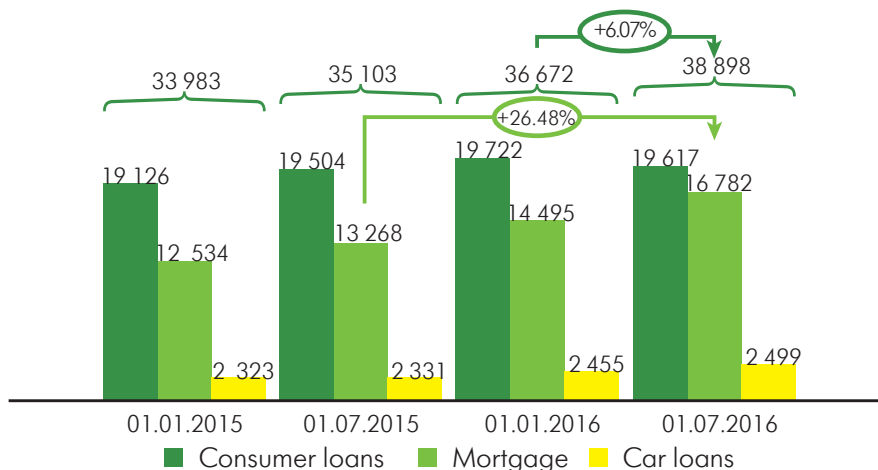


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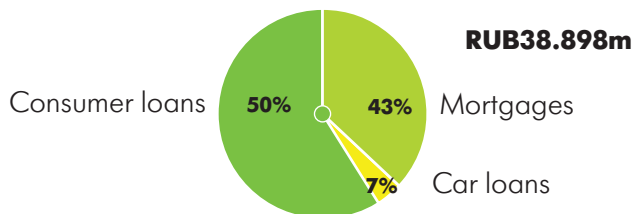
## Retail lending

- Providing financial support for southern Russia's real economy and local population is part of the bank's sustainable development strategy.
- Bank's retail loan portfolio made up **RUB38.9bn** as at 01.07.2016 this represents an increase of over **RUB2.2bn (+6.07%)** for the 1H2016 and attributable to the following factors: low interest rates, extensive product line and flexible loan terms.

### Dynamics and structure of retail lending portfolio, RUB m



### Breakdown by loan volumes as at 01.07.2016



- 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.
- In spite of rapid growth of retail loan, NPL ratio is maintained at a low level: NPL>90 days **-6.64%** as at 01.07.2016.

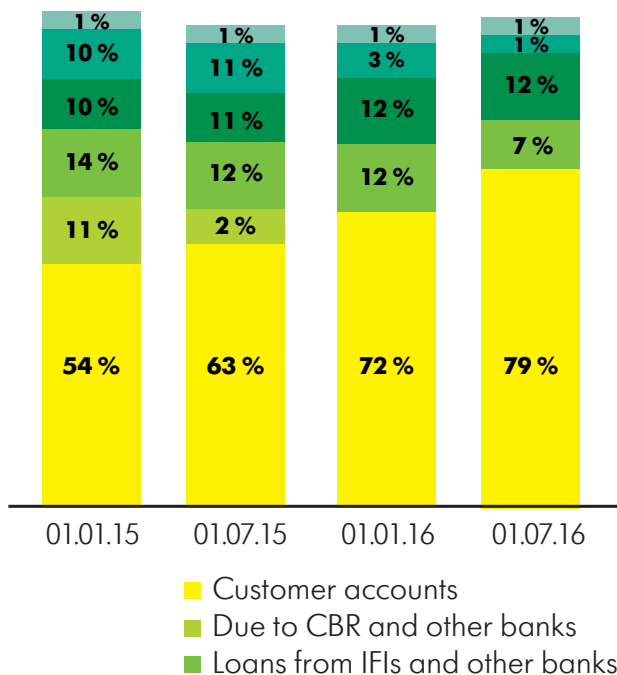


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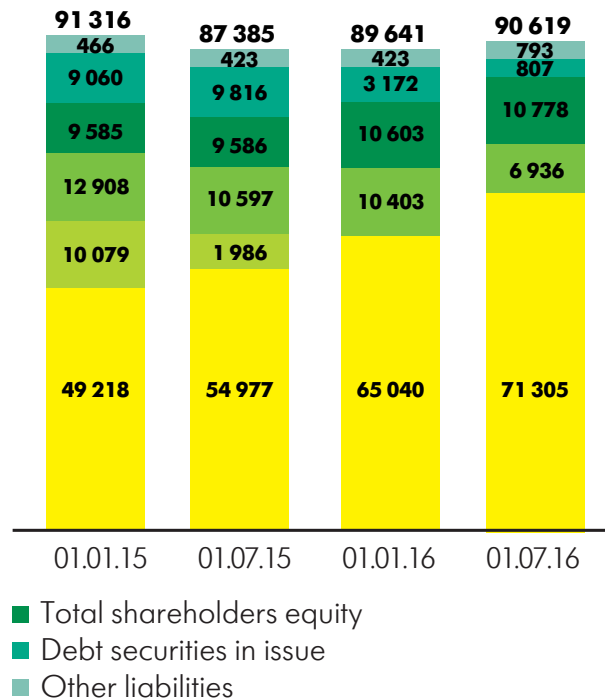


## Liabilities: dynamics and structure

### Liabilities structure, %



### Dynamics of Liabilities, RUB m

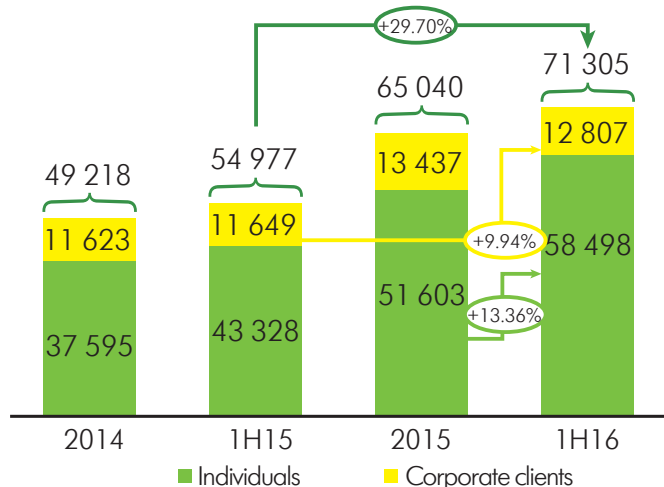


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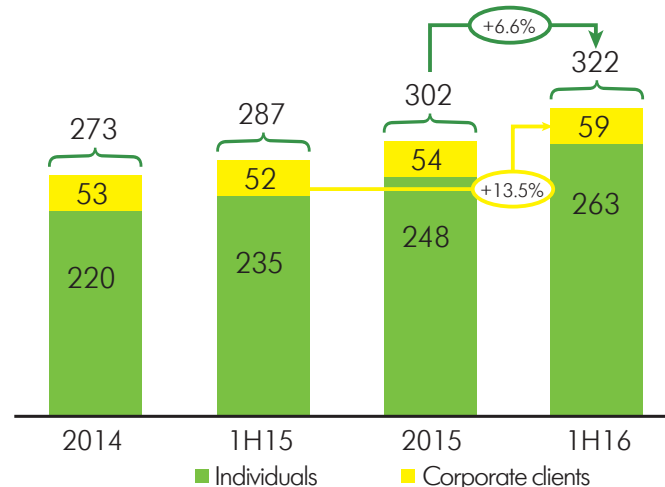
## Funding base

- Bank displays a fairly diversified funding structure with a well balanced short term liquidity gap. The bulk of Liabilities are customer accounts as well as by bonds securities in issue and long term borrowings from International Financial Institutions.
- Bank has a particularly strong presence in the retail segment. Continuing a historical trend, the majority of Bank's deposit base is comprised of deposits from individuals: over 82%.
- As of end of the first quarter of 2016 the volume of customer accounts: has increased by **29.7%** as compared with the similar period of the last year and has reached the point of **RUB71.305m**, while the increased of volume of deposits for the first six months of the current year has made up 13.36%.
- The sustainable growth in the volume of deposits held by Center-invest Bank can be attributed to the market rates paid on deposits, our special seasonal offers, our reliability and unstained reputation.

### Dynamics and structure of customer accounts, RUB 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	467.30	11.2018	11.2016	11.25
Exchange bonds, BO-10 series	3 000.00	88.50	05.2019	05.2017	10.00

During the period of high interest rates on financial markets in 2015 and due to significant growth of customer accounts, Bank decreased the volume of bonds in circulation which resulted the reduction of pressure on the net interest margin and net interest income.

### Cooperation with IFIs

Starting from 2002 Bank has been attracting funds from both the Russian and the international financial markets. CIB continues to make positively use of borrowed funds from IFIs, including EBRD, DEG, BSTDB, IFC, IIB and others. These credit lines are mainly dedicated for the development of SME and retail lending. In 2015 and 1H2016 customer accounts grew at a faster pace, which allowed the bank to reduce expensive borrowings from the financial markets.

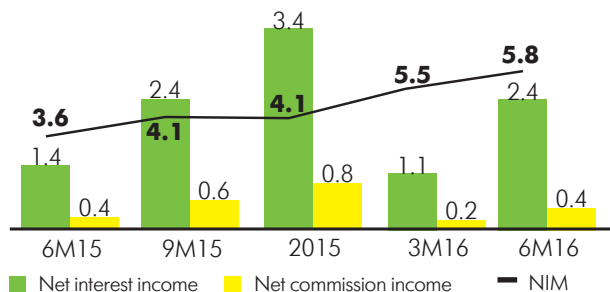
### Existing loan agreements

Date	Lender	Purpose	Amount	Years
December 2015	SME Bank (Russian Bank for Small and Medium Enterprise Support)	SME	RUB200.0m	5
June 2014	EBRD (European Bank for Reconstruction and Development)	MSME	RUB800.0m	3
December 2013	BSTDB (Black Sea Trade and Development Bank)	SME	EUR20.0m	5
August 2013	responsAbility Global Microfinance Fund (Luxemburg)	Microbusiness	RUB485.0m	3
November 2012	SME Bank (Russian Bank for Small and Medium Enterprise Support)	SME	RUB500.0m	5
September 2012	OeEB (Austrian Development Bank)	SME and Energy Efficiency	EUR20.0m	7
May 2008	DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH)	Subordinated loan	USD30.0m	10
April 2008	EBRD (European Bank for Reconstruction and Development)	Subordinated loan	USD20.0m	10

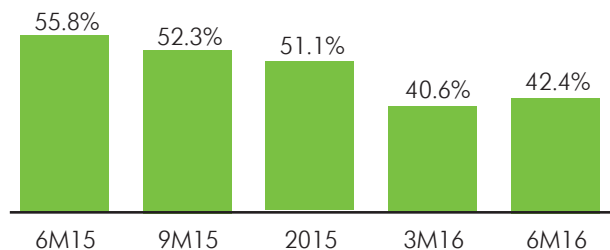


## Operational efficiency

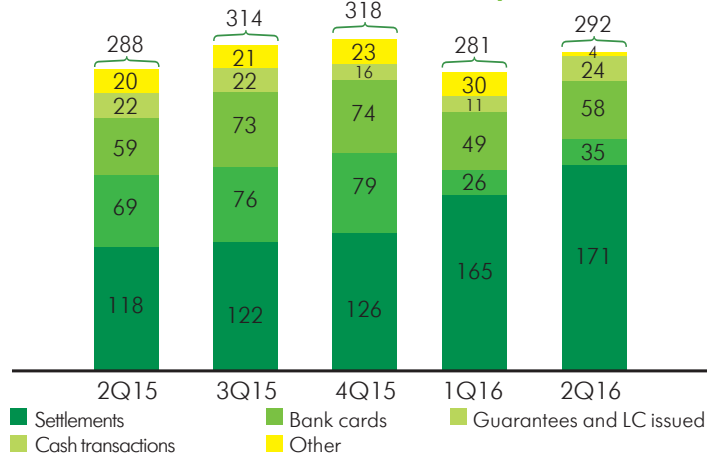
**Net interest and commission income, RUB bn**



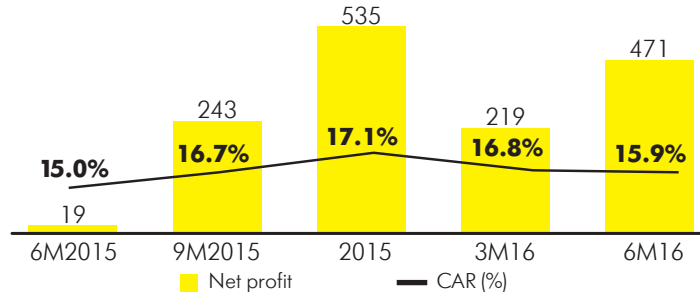
**Cost/Income**



**Fee and commission income, RUB m**



**Net profit\* и CAR**



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## 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.

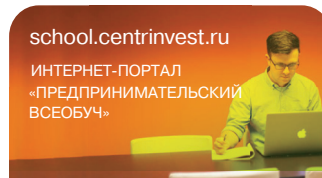
Social projects «Enterprise for All» and «Business loan for businesswoman» were recognized as «The Best Social Projects of Russia» in nomination «Education and Science» and «Social marketing».



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 15,000 students have entered the competition since it began, and 3,300 scholarships have been awarded.



In April 2014, in partnership with Southern Federal University, the bank set up a Financial Literacy Centre. Open to all, the centre provides free advice and training on personal finance for all groups of the population of southern Russia. Experts from the bank regularly train students to work as volunteers at the Centre. During the year more than 200 volunteers finished their education and the most successful volunteers went on to take up paid positions with Center-invest Bank.



The Bank's work to raise financial literacy continues all year round. A key component of this is the online training platform [school.centinvest.ru](http://school.centinvest.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 20,500 people have registered on the portal so far.



Thanks to financial support of CIB, more than 130 000 Rostov region children received free entry to the exhibitions at the Rostov Region Local Studies Museum and Volgograd State Panoramic Museum Stalin-grad Battle.



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## CIB news: 2016

CIB began issuing cards for Russia's new national **payment card system «Mir»** operated by OJSC National Payment Card System

Center-invest Bank's «grace period card» won **the «Credit Card of the Year» category in the Banker of the Year awards** run by the Banki.ru portal.

CIB has won the **Internal Communications and Corporate Media category** in the Silver Archer Awards (South) 2015 with the project of corporate theatre group - «**Green Theatre**».

At the **RETAIL FINANCE AWARDS 2015** Center-invest Bank and Terrasoft received a special prize for their innovative IT solution for retail lending.

CIB was recognised as **Russia's best regional bank for 2015**, one of the country's **top three retail banks in Russia** and 7th among **Russia's banking market leaders** the Sravni.ru

In a study of Russia's SME lending market in 2015 produced by the Expert RA rating agency, Center-invest Bank ranks **16th** among Russian banks **by size of SME loan portfolio**.

CIB ranks **38th** in the annual bank reliability rating published by Forbes business magazine

CIB ranks **6th** of the **Top-30 Russian banks** by size of individual entrepreneurs loan portfolio in 2015 according to the Expert RA rating agency.

CIB is in **6th** place in the «**Top 15 banks for size of portfolio of loans to small business as at 01.01.2016**» and **13th** place in the «**Ranking of Banks by Volume of SME Lending in 2015**» by the Expert RA rating agency.

Center-invest Bank was in **17th** place for return on capital in **The Banker's «Top 100 Russian Banks»** ranking.

**Moody's Investors Service** affirmed Center-invest Bank's **B1** long-term rating for deposits and senior debt, outlook **stable**.

The meeting of shareholders approved **CIB's annual report for 2015** and the allocation of profits proposed by the Board of Directors: **RUB296.3m** was allocated to **dividend payments**.



**BANK  
CENTER-INVEST**

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