

Presentation for investors

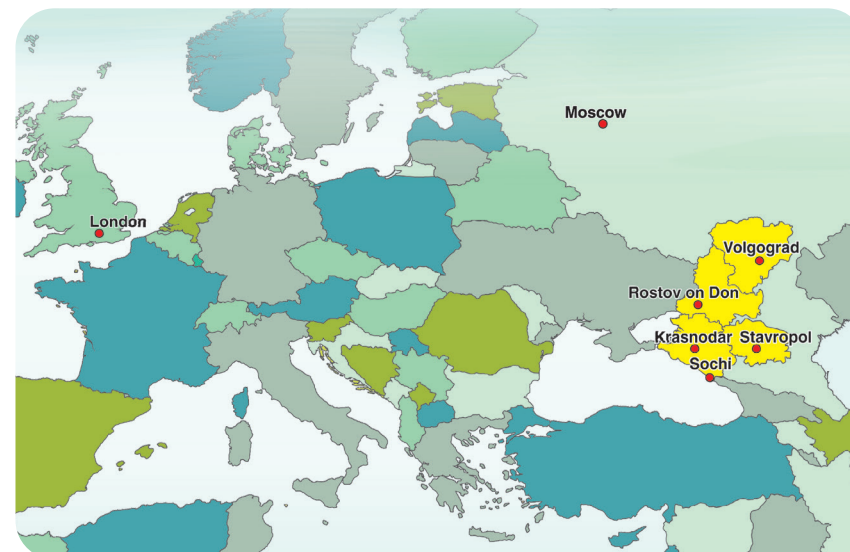
# **Sustainable Bank for southern Russia**

***2014 IFRS Results***



## Southern Russia. Region overview

- Southern Russia consists of the two federal district: Southern and North Caucasus
- Global competitive advantages of southern Russia are:
  - ✓ mild climate and natural conditions which are conducive for development of agribusiness (account for 20-25% of Russian agricultural production);
  - ✓ 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;
  - ✓ long historical traditions of enterprise conducive to an intensive development of SMEs.



Comparative features of the region, % of RF	2005	2010	2011	2012	2013
<b>Territory</b>	3.5	3.5	3.5	3.5	3.5
<b>Population</b>	16.0	16.2	16.3	16.3	16.3
<b>Construction</b>	9.5	13.2	14.5	13.8	15.0
<b>Industrial production</b>	5.6	7.2	7.6	7.3	7.2
<b>Agricultural output</b>	22.6	24.4	23.2	23.6	23.4
<b>Retail trade</b>	11.5	13.8	14.0	14.2	14.1
<b>Investments</b>	9.4	13.2	14.5	13.0	13.9



**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 ratings were revised in February 2015:
  - ✓ **B1 (Stable outlook) – Moody's Investor Service**
  - ✓ **A1.ru – Moody's Interfax**
- Two prominent IFIs – **EBRD and DEG** – together with Bank founders **Vasily and Tatiana Vysokovy** hold 68% of Bank's shares
- Bank operates through 134 offices in southern Russia and representative office in Moscow
- CIB has been audited annually by **PricewaterhouseCoopers Audit** since 1997
  - ✓ <http://www.centrinvest.ru/en/about/auditors/ifrs-reports>
- High quality of loan portfolio:
  - ✓ NPL>90 days as at 01.01.2015 made up **5.09%**
- Number of employees: **1717** as at 01.01.2015



2013  
Sustainable  
banking leader  
in Eastern  
Europe



2012  
«The 100 Best  
Goods of Russia»  
(banking services)



2014  
«The Best Regional  
Bank»

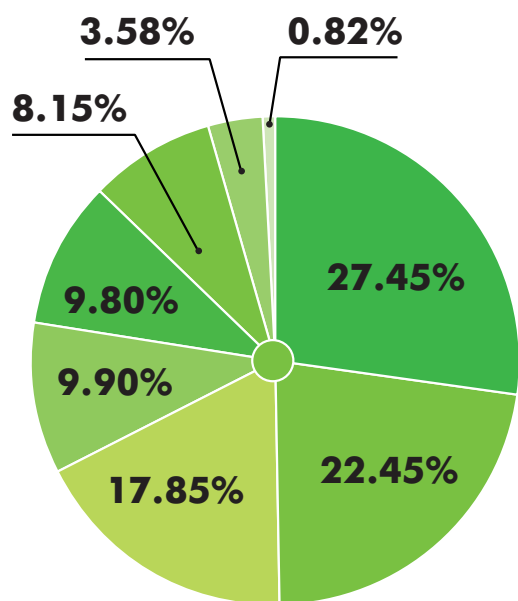
Key financials						
RUB.billion	2009	2010	2011	2012	2013	2014
<b>Assets</b>	42.9	48.3	54.5	62.7	75.9	91.3
<b>Capital</b>	5.4	5.8	6.7	7.6	8.8	9.6
<b>Net Loans and Lease</b>	26.3	30.6	42.5	48.4	61.5	72.0
<b>Customer accounts</b>	27.8	33.8	39.0	44.0	49.4	49.2
<b>Net profit</b>	0.1	0.2	0.9	1.1	1.4	1.1
<b>ROAE, %</b>	1.2	3.9	14.6	15.4	17.3	12.1
<b>ROAA, %</b>	0.1	0.5	1.8	1.9	2.0	1.3
<b>NIM, %</b>	6.5	6.3	6.8	6.7	6.6	6.3
<b>Cost/Income, %</b>	53.1	51.8	49.9	45.1	45.0	43.4
<b>Loans/Deposits, %</b>	94.6	90.6	109.1	109.9	124.5	146.2
<b>CAR, %</b>	20.8	19.5	18.2	17.4	15.6	14.5

1USD=56.2584 RUB

## Shareholders

The participation of reputable and experienced international financial institutions has contributed to the Bank's institutional development based on the best world practice and its focus on shareholder value. Since 2004 Center-invest Bank has been improving its corporate governance rules and regulations and is now operating in compliance with the following documents reflecting the best international business practices: Corporate Governance Code, Code of Corporate Ethics, Regulations «On the Shareholder's general meeting» and «On the Board of Directors», «On Internal Control Service» and others.

### Shareholders structure as at 01.01.2015\*



\* Voting right shares  
Source: bank data

- 27.45%** EBRD (European Bank for Reconstruction and Development)
- 22.45%** DEG (German investment corporation whose aim is to support countries with economies in transition through private sector support)
- 17.85%** Bank founders **Vasily and Tatyana Vysokovy**
- 9.90%** Firebird Investment Fund
- 9.80%** Erste Group Bank AG
- 8.15%** Rekha Holdings Limited
- 3.58%** Raiffeisenlandesbank Oö
- 0.82%** others



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## Competitive positions: ratings and rankings



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

12	SME loan portfolio**
16	Value of loans granted to SMEs **
41	Value of retail loan portfolio
54	Profit before tax
54	Value of retail deposits
55	Corporate loan portfolio
56	Total loan portfolio
76	Assets

\*<http://raexpert.ru/ratings/bank/monthly/Jan2015>

\*\*[http://raexpert.ru/ratings/bank/credit\\_msb\\_9m2014](http://raexpert.ru/ratings/bank/credit_msb_9m2014)

# Forbes

### In Annual rating of Forbes business magazine:

33	The «Most Reliable Banks: classed as «highly reliable»»
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<http://forbes.ru/ratings>



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

41	Value of retail loan portfolio
52	Value of retail deposits
55	Value of corporate loan portfolio
59	Net profit
69	Capital (form 134)
75	Capital Basel (form 123)
76	Net assets

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

# The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

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

10	Cost/Income Ratio
15	Return on Capital (ROE)
25	Return on Assets (ROA)
58	Assets
69	Tier 1 Capital

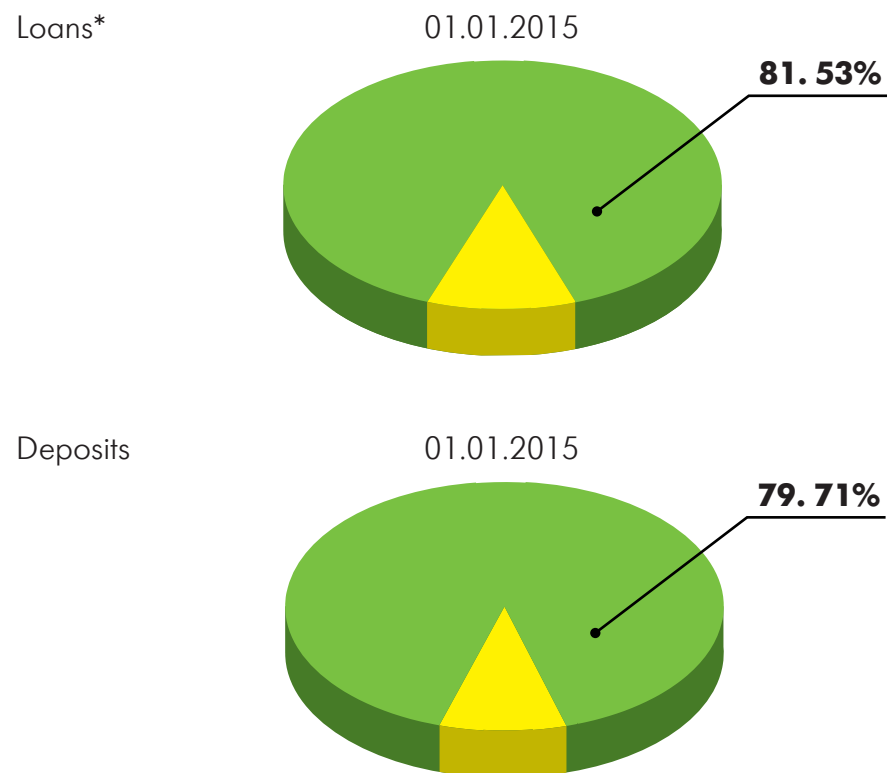
<http://www.thebanker.com>



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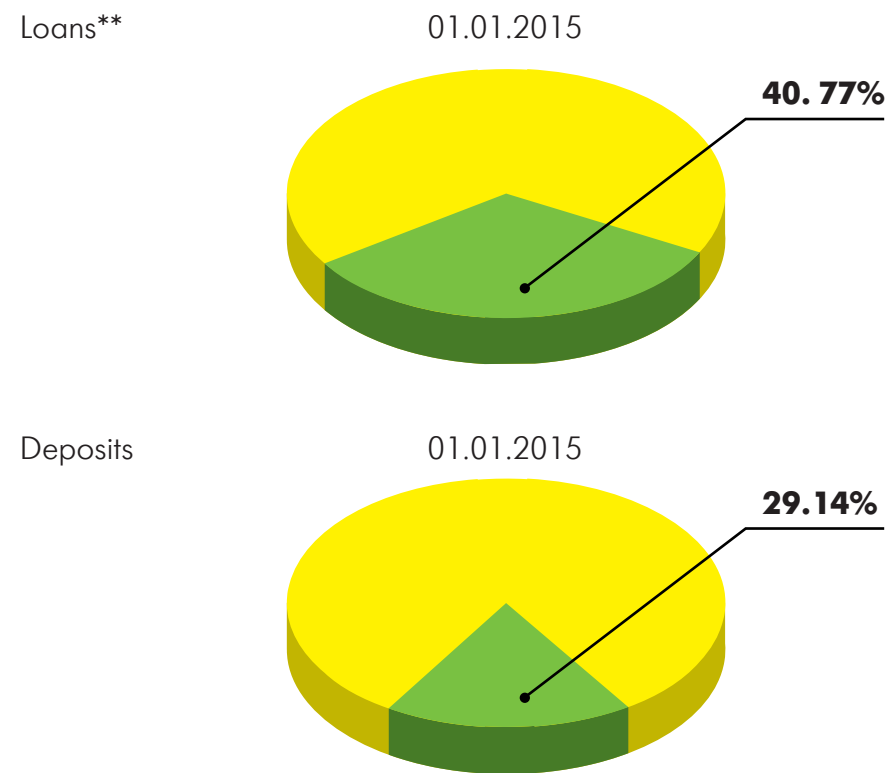
## Center-invest Bank: market share

### 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



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## The Global Competitiveness of Center-invest Bank's Customers

The successful implementation of «The Southern Russia Versus the Global Crisis» (2008-2012) and «The Post-Crisis Development of Southern Russia» (2011-2014) strategies is becoming a basis for the development of the new strategy entitled **«The Global Competitiveness of Center-invest Bank's Customers» (2014-2017)**. The main performance indicators of new strategy are designed to respond to global challenges, taking into account risks which are taken by the Bank and based on the sustainable banking principles and localization of the best international practice in our work, life and business of Bank's clients.

### SME Lending:

- assistance in SME's modernization by localizing the best international practice;
- expanding our range of services for SMEs by using direct marketing;
- development of all forms of training for entrepreneurs, students and schoolchildren, including distance learning under the «Enterprise for all» educational platform ([www.school.centrinvest.ru](http://www.school.centrinvest.ru))

### Retail:

- development and implementation of new banking products based on bank cards;
- expanding programmes to increase the financial literacy of the population;
- implementation of the personal finance management programmes for customers with low and medium incomes.

### Energy Efficiency:

- development of loan programmes (including loans on preferential terms) for energy efficiency improvements and purchase energy efficiency household appliances (energy efficiency rating of A and above);
- financing energy efficiency projects of companies, housing and communal services and household associations;
- growth in lending for retail customer's energy efficiency projects;

### Agribusiness:

- financing the modernization of agribusiness companies;
- localization of loan programmes which help to increase the degree of processing of agricultural produce and create value chains;
- promotion southern Russia's agricultural products.



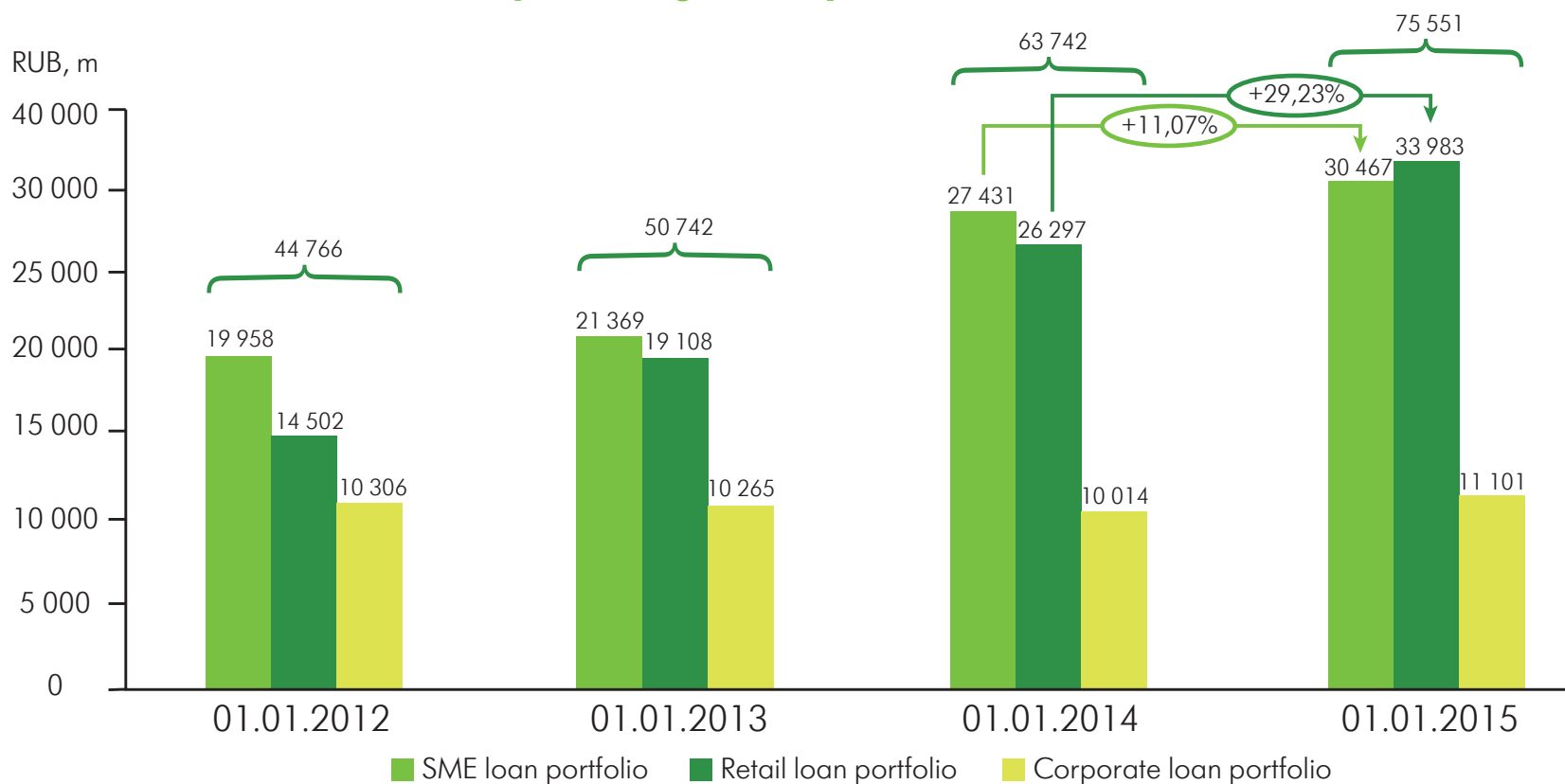
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## Center-invest Bank's Loan portfolio: dynamics

During the FY2014 gross loan portfolio increased by **RUB11.8bn** (+18.5%) and reached **RUB75.6 billion**.

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

Loan portfolio growth dynamics, RUB m

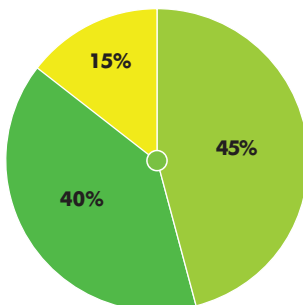


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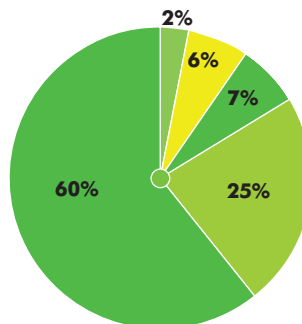
## Center-invest Bank's Loan Portfolio: structure and concentration

**Clients structure**



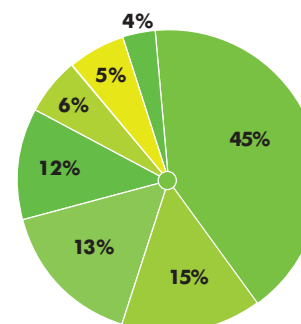
**45 %** - Retail  
**40 %** - SME  
**15 %** - Corporate

**Maturities structure**



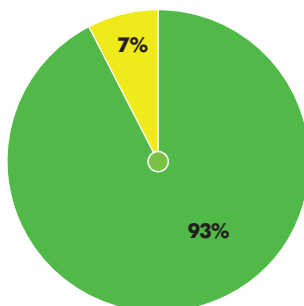
**2 %** - < 30 days  
**6 %** - 31-90 days  
**7 %** - 91-180 days  
**25 %** - 181-365 days  
**60 %** - > 1 year

**Industries structure**



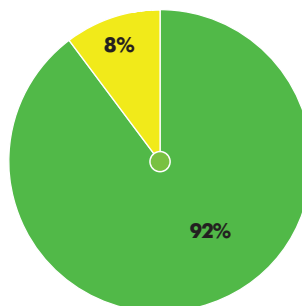
**45 %** - Individuals  
**15 %** - Trade  
**13 %** - Agriculture  
**12 %** - Manufacturing  
**6 %** - Construction  
**5 %** - Others  
**4 %** - Transport

**Structure by currency**



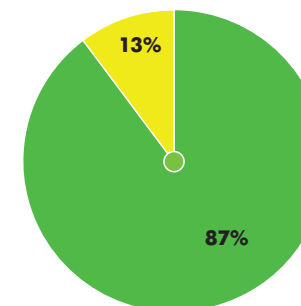
**93 %** - Russian rubles  
**7 %** - Foreign currency

**Collateralized loans**



**92 %** - Collateralized loans  
**8 %** - Unsecured loans

**TOP-10 Borrowers**



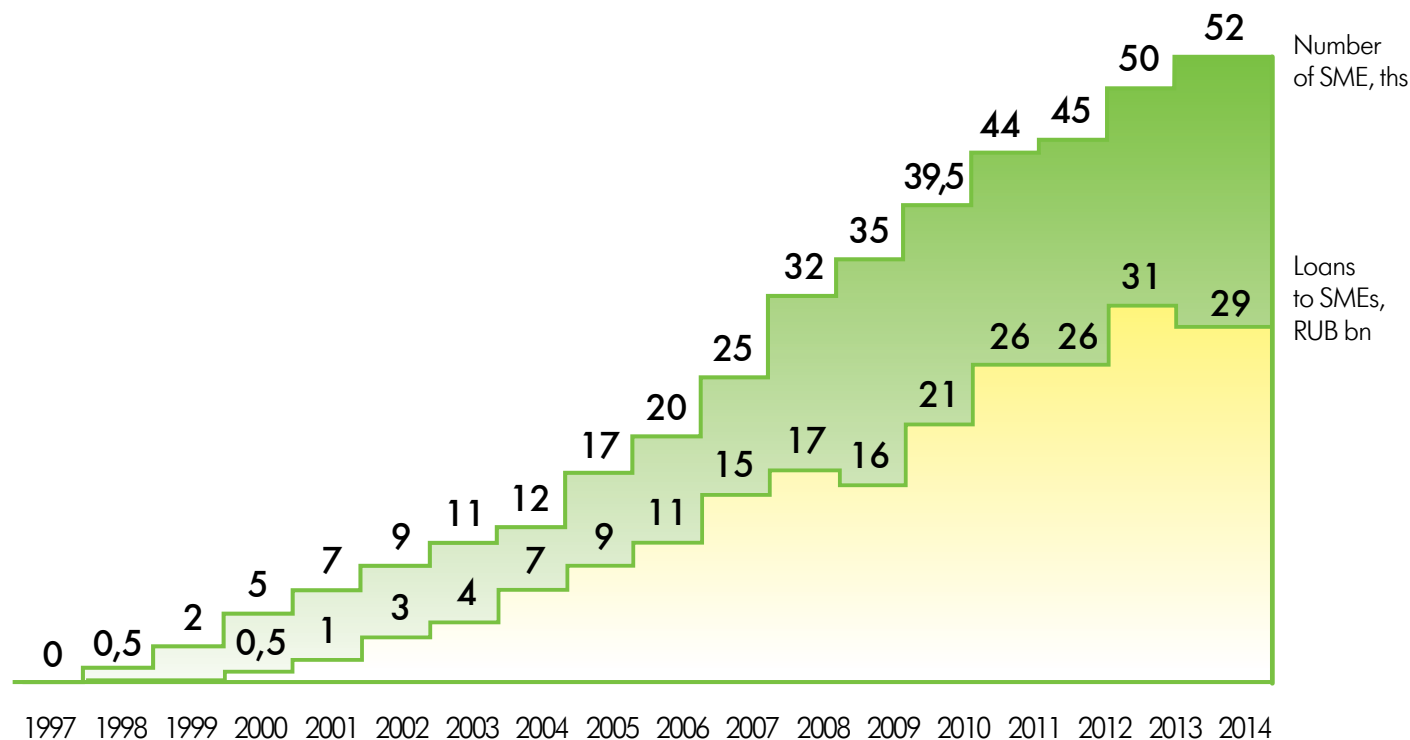
**13 %** - Share of TOP-10 Borrowers in gross loan portfolio and leasing  
 Gross loan portfolio and leasing – RUB76.1 billion



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## Center-invest Bank: focus on SMEs

### Volume of SME lending



- Center-invest Bank first began working with SMEs back in 1997. During more than 20 years it has gathered an extensive experience and it recognized as one of the best from regional banks in Russia in SME lending.

- Center-invest Bank is a leader of 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.

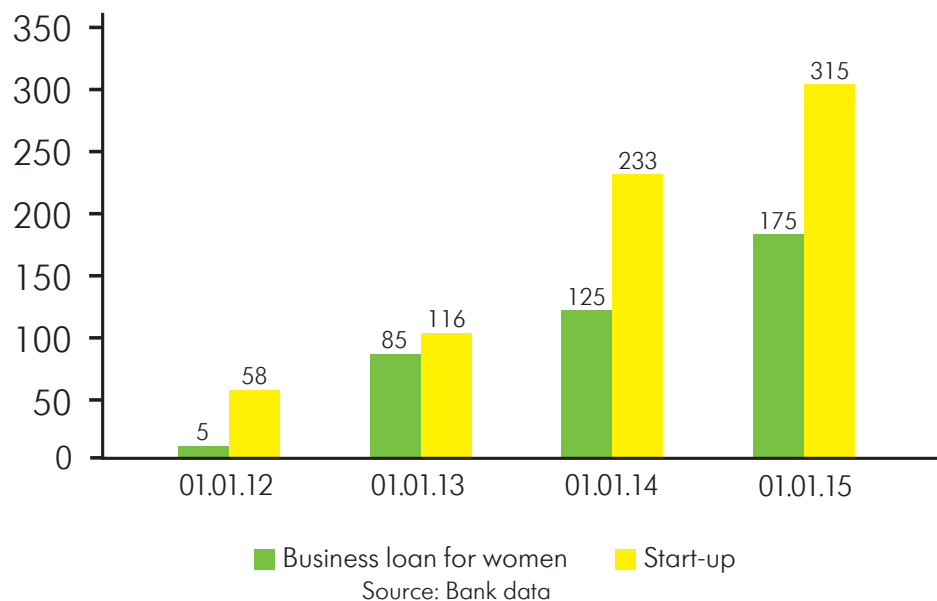


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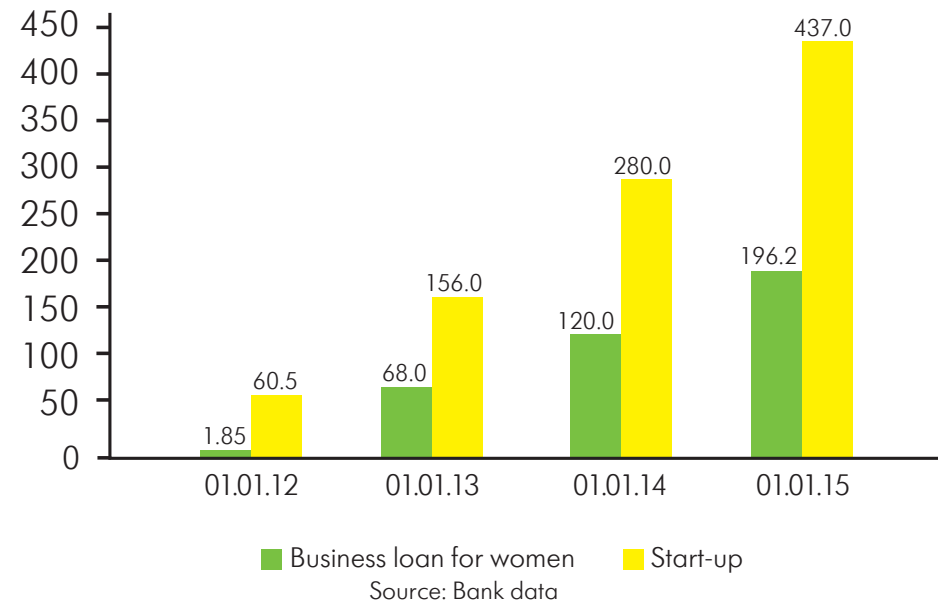
## Center-invest Bank: focus on unique lending programmes

- Bank continued to promote its **Start-up loan programme** for new businesses. The **Bank's Advisory Centre** holds more than 60 free seminars every year.
- In 2012 Center-invest Bank became a financial partner of **the Youth Business Programme** run by the International Business Leaders Forum (IBLF). In frame of programme for supporting female entrepreneurs in Southern Russia, Bank provides a **Business Loan for Women**.
- More than **9000** 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 **2 200** users had completed the course of basic principles of the economy and entrepreneurship for which they received a certificate.

Number of projects

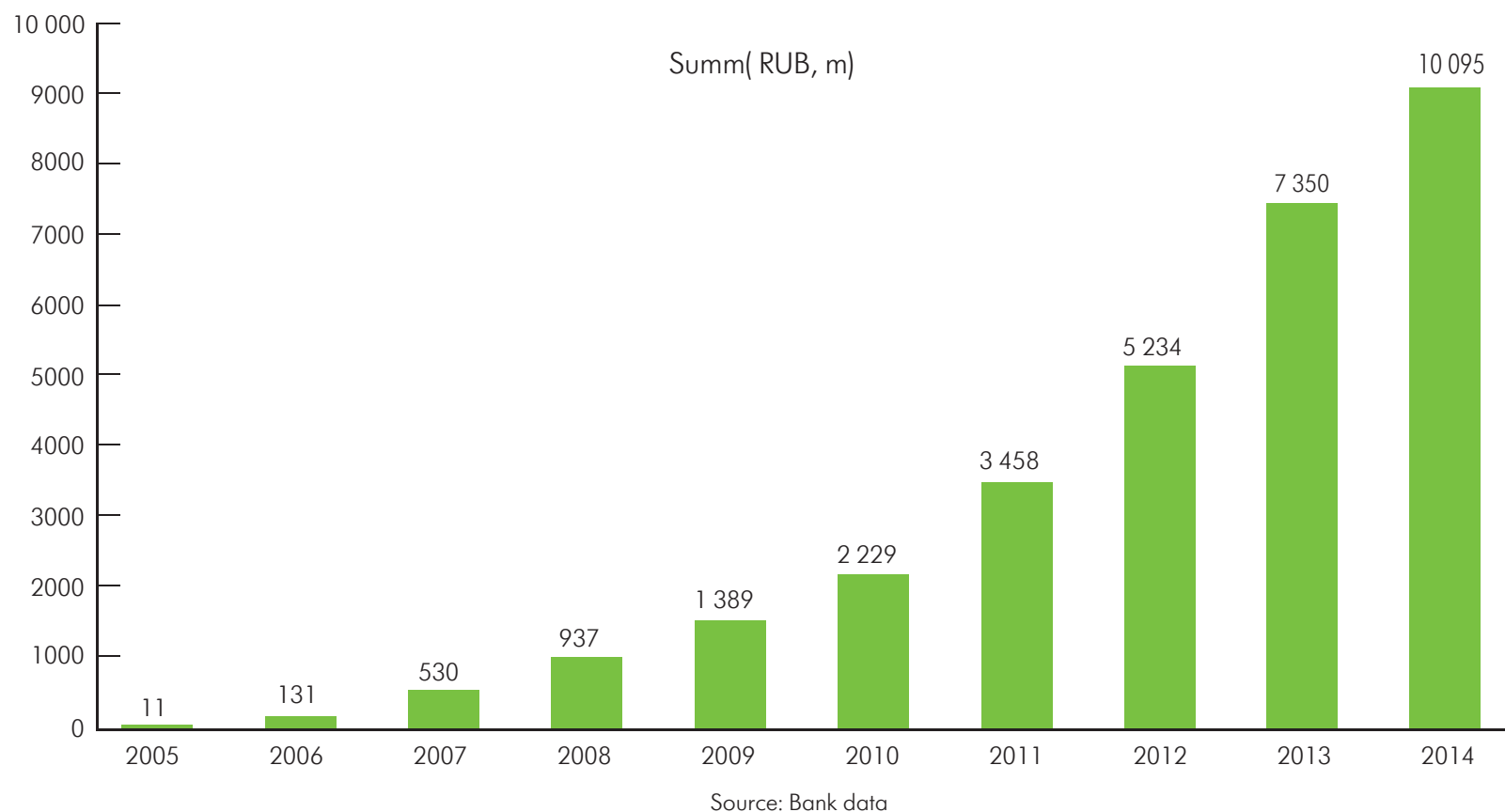


Total amount, RUB m



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## Center-invest Bank: focus on Energy Efficiency



• 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.

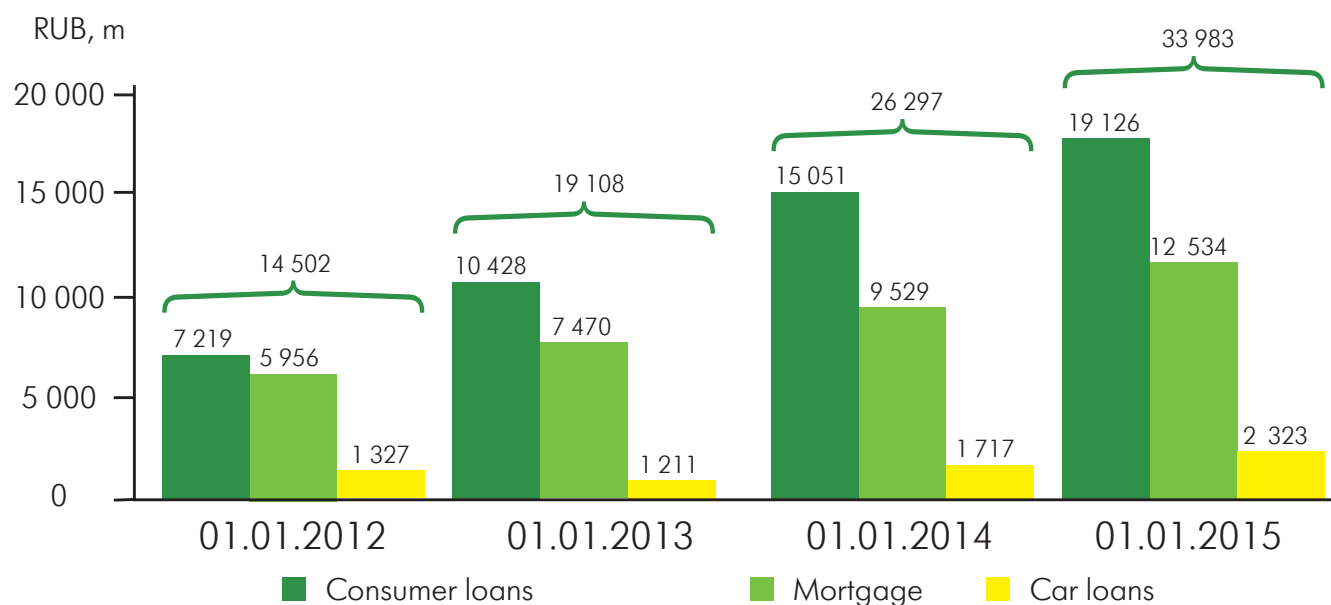


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## Center-invest Bank: focus on retail lending

- Bank's Retail loan portfolio made up **RUB33.9billion** as at 01.01.2015 this represents an increase of over **RUB7.6 billion (+29.23%)** for the FY2014 and attributable to the following factors: low interest rates, extensive product line and flexible loan terms.
- The share of retail loans in Bank's total loan portfolio increased to **45%**, with consumer loans being – 25%, mortgages – 17%, car loans – 3%.
- 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 – 3.89%** as at 01.01.2015

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

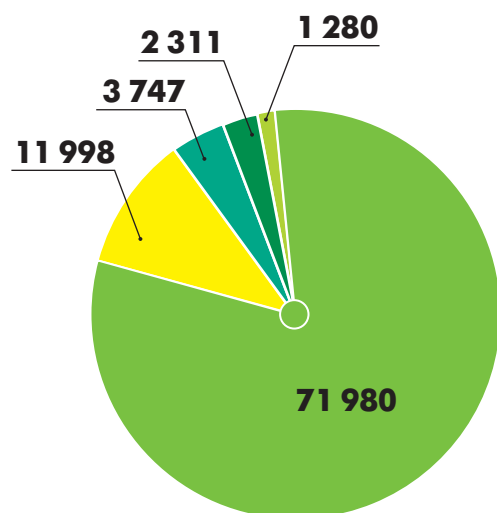


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## Assets and liabilities structure as at 01.01.2015

### Assets

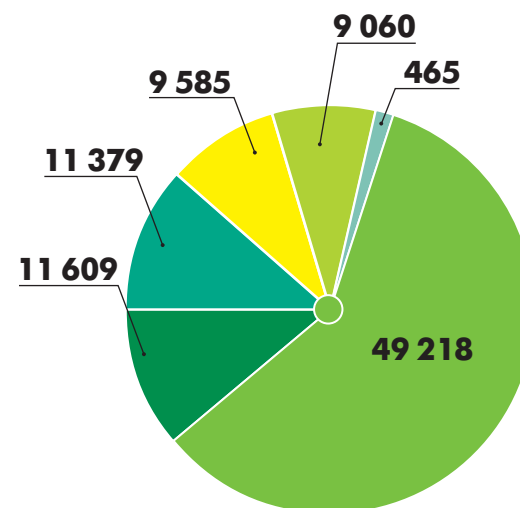
RUB 91 316 million



- Net loans and Lease, 79%
- Cash and mandatory reserves with CBRF, 13%
- Trade securities, 4%
- Fixed assets, 3%
- Other assets, 1%

### Liabilities

RUB 91 316 million



- Customer accounts, 54%
- Due to CBR and other banks, 13%
- Loans from IFIs, 12%
- Total shareholders equity, 10%
- Debt securities in issue, 10%
- Other liabilities, 1%



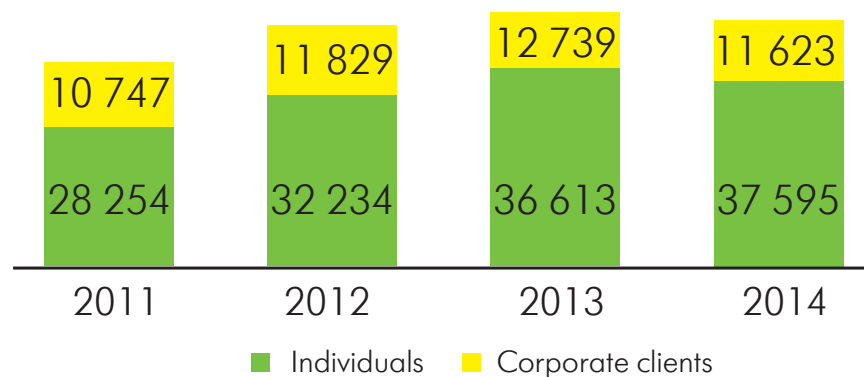
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## Funding base

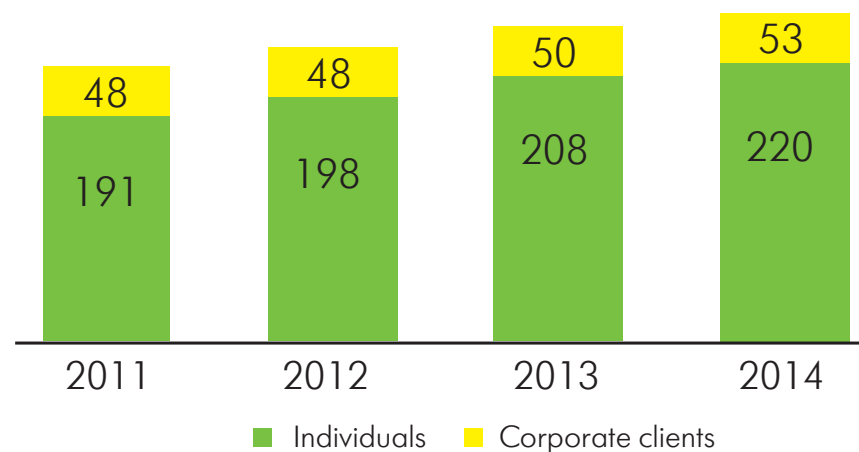
The bank displays a fairly diversified funding structure with a well balanced short term liquidity gap. The bulk of Liabilities are customer accounts that constituted 60% of total liabilities as at 01.01.2015, as well as by corporate deposits and long term borrowings from international financial institutions (long-term and reliable source of funding).

In spite of increased volatility of the exchange rate of foreign currency and early withdrawal of deposits by individuals in 4Q2014, Bank succeed in keeping its clients as well as managed to attract new promising customers (+ **3ths.** corporate accounts and +**12 ths.** individuals accounts).

**Dynamics and structure of customer accounts, RUB bn**



**Dynamics of individuals and corporate accounts, ths accounts**



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## Center-invest Bank on fixed income market

### Bonds in circulation

Series	Total par value, RUB million	In circulation, RUB million	Maturity date	Put option date	Coupon rate, % per annum
Exchange bonds, BO-02 series	1 500,00	1 500,00	04.2015		10,20
Exchange bonds, BO-03, BO-05 series	2 500,00	1 200,00	03.2016	01.2015	11,50
Exchange bonds, BO-07 series	2 000,00	2 000,00	11.2018	11.2015	9,20
Exchange bonds, BO-10 series	3 000,00	2 738,00	05.2019	05.2015	13,00

Center-invest Bank successfully placed five issues from the First Exchange Bonds Programmes which was approved by the BoD. Total volume of bonds in circulation is **RUB9.0billion**.

Attracted funds from the bonds issue has been used to develop SME lending and expanding retail lending capacities in southern Russia.

### Registered issues

Series	Total par value, RUB million	Maturity
Exchange bonds, BO-04 series	1 500,00	3 years
Exchange bonds, BO-08 series	2 000,00	5 years
Exchange bonds, BO-09 series	2 000,00	5 years
Exchange bonds, BO-11 series	3 000,00	5 years

Exchange bonds issued by Center-invest Bank have been included into **the Bank of Russia's** Lombard List of securities that commercial banks can pledge to borrow funds from the regulator.



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## Cooperation with IFIs

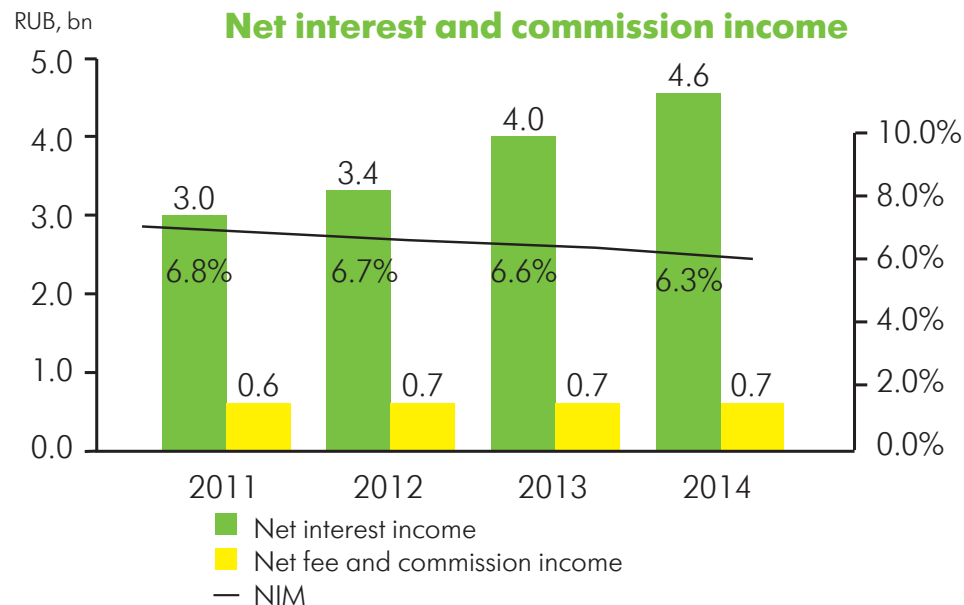
Starting from 2002 Bank has been attracting funds from both the Russian and the international financial markets. Confidence from the foreign and Russian investors is based on high standards of corporate governance and financial transparency. Now borrowed funds from IFIs (one of the main and reliable long-term source) made up **12%** in liabilities structure (RUB11.379m as at 01.01.2015).

### Current credit agreements

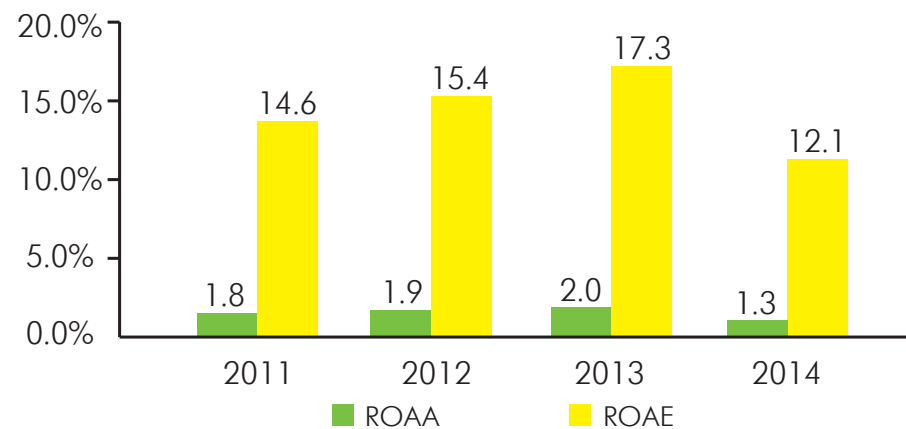
Date	Lender	Purpose	Amount	Period(years)
April 2008	EBRD (European Bank for Reconstruction and Development)	Subordinated loan	USD20.0m	10
May 2008	DEG	Subordinated loan	USD30.0m	10
November 2009	IFC (International Finance Corporation)	Agribusiness and Energy Efficiency	RUB900.0m	5
January 2012	EBRD (European Bank for Reconstruction and Development)	SME and Energy Efficiency	RUB1125.0m	3
June 2012	EDB (Eurasian Development Bank)	SME and Energy Efficiency	RUB300.0m	3
September 2012	OeEB (Austrian Development Bank)	SME and Energy Efficiency	EUR20.0m	7
November 2012	SME Bank (Russian Bank for Small and Medium Enterprise Support)	SME	RUB500.0m	5
December 2012	EDB (Eurasian Development Bank)	Energy Efficiency	RUB150.0m	3
February 2013	IFC (International Finance Corporation)	SME	RUB900.0m	3
March 2013	EBRD (European Bank for Reconstruction and Development)	MSME	RUB1 500.0m	3
April 2013	EDB (Eurasian Development Bank)	SME	RUB150.0m	3
August-November 2013	responsAbility Global Microfinance Fund (Luxemburg)	Microbusiness	RUB485.0m	3
December 2013	BSTDB (Black Sea Trade and Development Bank)	SME	EUR20.0m	5
March 2014	IFC (International Finance Corporation)	SME and Agribusiness	RUB600.0m	1
April 2014	EDB (Eurasian Development Bank)	SME and Energy Efficiency	RUB300.0m	1
June 2014	EBRD (European Bank for Reconstruction and Development)	MSME	RUB800.0m	3
October 2014	IIB (International Investment Bank)	Energy Efficiency	EUR15.0m	3



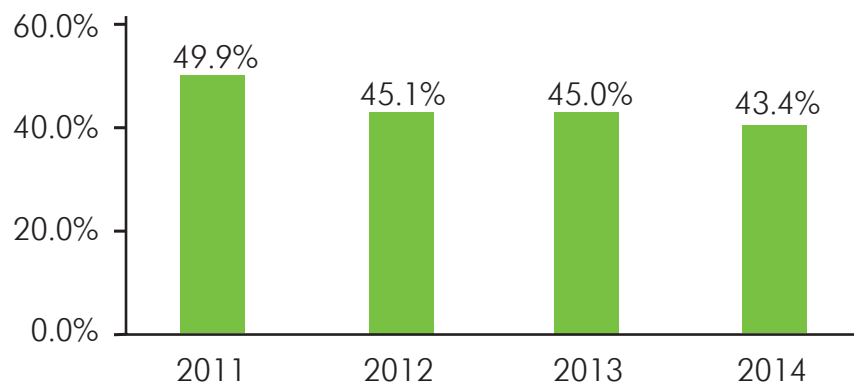
## Center-invest Bank: operational efficiency



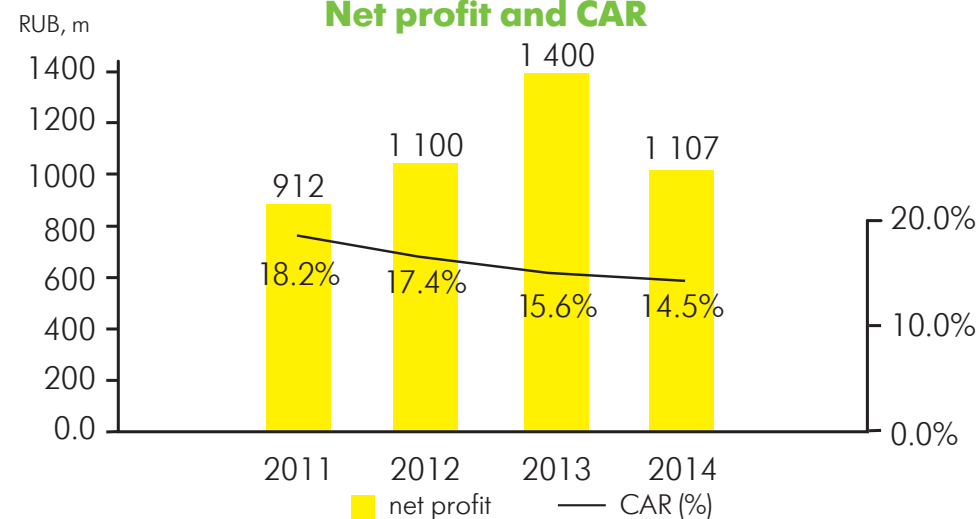
### ROAA and ROAE dynamics



### Cost/Income



### Net profit and CAR



## Center-invest Bank: news 2014

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»

Dr. Vysokov presented a speech **«Climate change - Business transformation: case studies of Center-invest Bank»** during «IFC TRANSFORMATIONAL DAYS 2014: Europe, Middle East & North Africa»

CIB ranked among **TOP-100 Russian Banks** by «The Banker» magazine and published **Dr.Vasily Vysokov's expert opinion** on the secrets of the success of the bank's business model

In frame of **World Money Week 2014** in Russia CIB on conjunction with the Rostov Region Local Studies Museum organized an interactive lecture on the history of entrepreneurship and the origins of the merchant trade in the Rostov Region

Dr.Vysokov presented an **English version of educational platform «Enterprise for all»** during the Global Entrepreneurship Congress

CIB in collaboration with Southern Federal University opened a **Financial Literacy Centre** - a new and unique joint social-education project

**Center-invest Bank** was recognized as **the biggest and most profitable regional bank of Russia** at the 3rd International Banking conference «Regional bank's strategies for 2014» supported by the Association of regional banks and «Expert» business magazine

CIB took part in one of the leading banking conferences - **SIBOS 2014 (organized by SWIFT)**, hold numerous meetings with partners and presented Dr.Vysokov's new book «Transformational banking: made in Russia»

CIB announced a launching of **«Youth Business Programme»** run by the International Business Leaders Forum (IBLF) in Krasnodar krai

Dr.Vasily Vysokov has won **«Banker of the Year»** in the regional Person of the Year Awards organised by the business magazine Business Quarter Rostov-on-Don, the awards are now in their fifth year.

In frame of **EURO FINANCE WEEK** (Frankfurt am Main, Germany) the most recent book of Dr.Vysokov «Transformational Banking: made in Russia» was presented.



## Contacts



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