

Presentation for investors

Sustainable Bank for southern Russia

1H2015 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, %	2000	2005	2011	2012	2013	2014
Territory	3.5	3.5	3.5	3.5	3.5	3.5
Population	15.6	16.0	16.4	16.3	16.4	16.5
Gross domestic product	7.6	7.1	8.5	8.8	8.8	9.0
Industrial production	-	5.6	7.6	7.3	7.2	6.2
Agricultural output	18.7	22.6	23.2	23.6	23.4	23.5
Construction	11.4	9.5	14.5	14.4	15.0	13.0
Retail trade	9.8	11.5	14.0	14.2	14.1	14.3
Investments	11.6	9.4	14.5	13.0	14.0	13.3





History

From the date of foundation the Center-invest Bank became the «laboratory of reforms in the South Russia».

«Enterprise for All» and «Business loan for businesswoman» were recognized as «The Best Social Projects of Russia»; The Financial Literacy Centre was opened	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»
Winner in the tender of the Federal Treasury for cash services of budgetary funded organizations of Rostov region; Youth Business Programme run by the IFBL	2013	
2011-2015 Development Strategy «The Post-Crisis Development of Southern Russia»; cooperation agreement with Guarantee Fund for SME Development and Support	2012	«The Sustainable Finance Awards» organized by The New Economy magazine; correspondent account with Bank of Communications (Shanghai, China)
Erste Group Bank AG became the shareholder; Bank opened the first processing centre in southern Russia	2011	Top performing bank in the Rostov Region SME Development Programme; 1 st loan under new Energy Efficient Housing and Communal Services Programme
	2010	
	2009	1 st CLN for USD 175m have been issued in international market; Prof. Vysokov - «Sustainable Banker of the Year» by FT; Golden Certificate of Trust from the Federal Tax Service of Russia
	2008	
Moody's assigned B1 rating; 1 st international syndication for USD 45 million; 1 st bond issue of the bank in the amount of RUB 1.5 bln on Russian market	2007	implementation of the program «Doubling with Center-invest Bank»; DEG became a shareholder; RUB 1 bn syndication in the Russian money market
EBRD became the shareholder; entering VISA International as associate member; adoption of Corporate Governance Code and Code of Corporate Ethics	2006	
Agreements with European bank for Reconstruction and Development (EBRD), The U.S. Agency for International Development (USAID), International Finance Corporation (IFC), HERMES entered	2005	
	2004	Branch opened in Krasnodar; implementation of program «Billion dollars of Don investments»
	2003	
Cooperation with international financial institutions began; joining in Europay International as associate member	2002	Participation in programs for transition of Russian banks to international standards
	2001	
Branches opened in Aksay, Azov, Semikarakorsk; implementation of new technology in conditions of financial crisis	2000	Bank offices opened in Salsk, Kagalnik; development of pro-active marketing program
	1999	
	1998	Agency agreement with Western Union, development of the program for Don SME support; first audit passed according to International Accounting Standards by PWC
	1997	
First correspondent account opened in the USA	1996	Advanced license for currency operations; first correspondent accounts opened abroad; launching first investment projects
Start of operations with utility payments, opening first branches in Bataysk, Novocherkassk, Taganrog; operations with bills of exchange	1995	
	1994	Start of operations with individual deposits and currency exchange transactions
	1993	
Services for privatization processes	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 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 **130** offices in southern Russia 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/CIB_2014_eng.pdf
- High quality of loan portfolio:
 - ✓ NPL > 90 days as at 01.07.2015 made up **5.62%**
- Number of employees: 1650 as at 01.07.2015



2013
Sustainable banking
leader in Eastern Europe



2010, 2012
STP Excellence
Award (Citibank)

COMMERZBANK

2013
«Relationship
Award 2012»

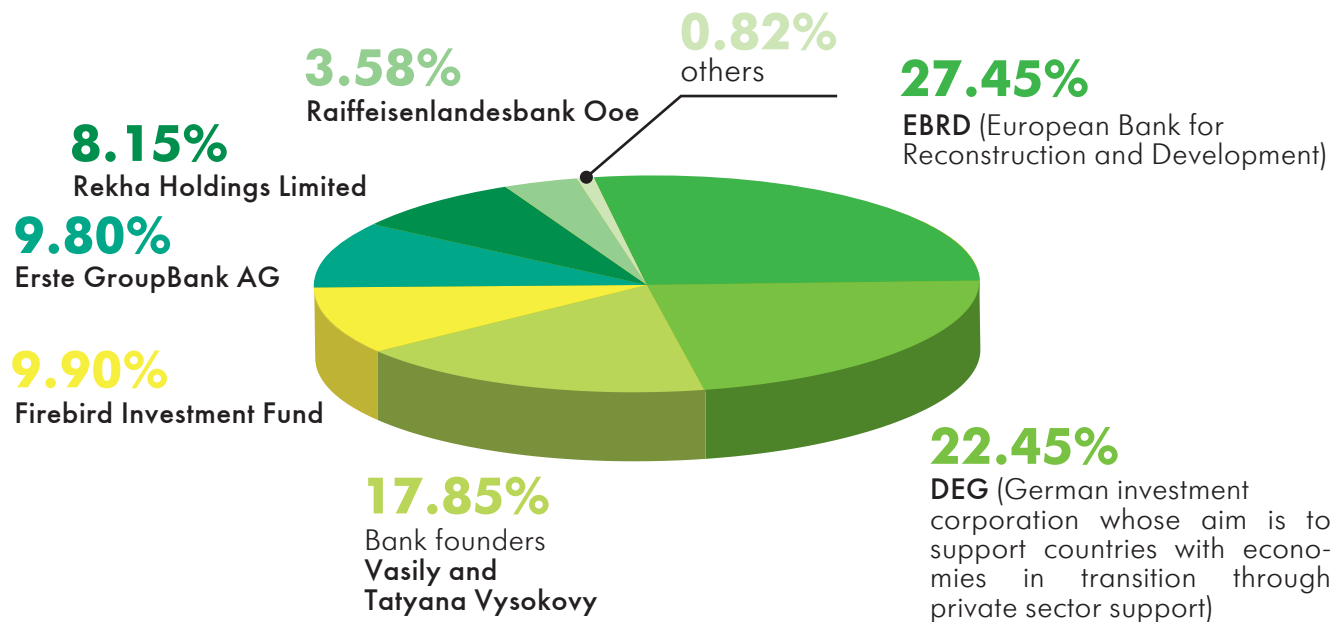


2014
«The 100 Best Goods of
Russia» (banking services)



2014
«The Best
Regional Bank»

Shareholder structure as at 01.07.2015*



* Voting right shares

Financial highlights

Key financials								
RUB.billion	2009	2010	2011	2012	2013	1H2014	2014	1H2015
Assets	42.9	48.3	54.5	62.7	75.9	80.3	91.3	87.4
Capital	5.4	5.8	6.7	7.6	8.8	9.2	9.6	9.6
Net Loans and Lease	26.3	30.6	42.5	48.4	61.5	65.9	72.0	74.2
Customer accounts	27.8	33.8	39.0	44.0	49.4	48.6	49.2	55.0
Net profit	0.1	0.2	0.9	1.1	1.4	0.7	1.1	0.02
NIM,%	6.5	6.3	6.8	6.7	6.6	6.5	6.3	3.6
Cost/Income, %	53.1	51.8	49.9	45.1	45.0	40.0	43.4	55.8
Loans/Deposits, %	94.6	90.6	109.1	109.9	124.5	135.5	146.2	134.9
CAR,%	20.8	19.5	18.2	17.4	15.6	15.5	14.5	15.0

1USD=56.2584RUB as at 01.01.2015

1USD=55.8413RUB as at 01.07.2015



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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 **
40	Value of retail loan portfolio
51	Value of retail deposits
53	Corporate loan portfolio
58	Total loan portfolio
74	Assets

*<http://raexpert.ru/ratings/bank/monthly/Jul2015>

**http://raexpert.ru/ratings/bank/credit_msb_9m2014

Forbes

In the Forbes annual reliability rating of Russian banks:

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

banki.ru

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

40	Value of retail loan portfolio
52	Value of retail deposits
53	Value of corporate loan portfolio
57	Total loan portfolio
71	Net assets
80	Capital Basel (form 123)

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

The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

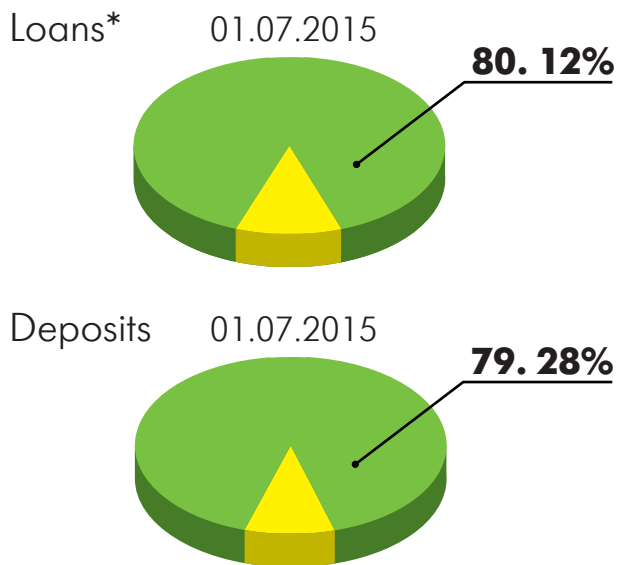
TOP-100 Russian Banks by «The Banker» magazine:

10	Cost/Income Ratio
15	Return on Tier 1 Capital
25	Return on Assets
58	Assets
72	Capital

<http://www.thebanker.com>

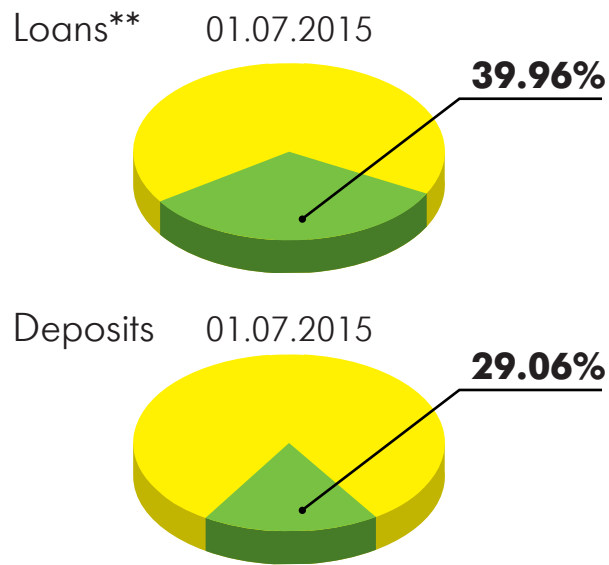
Center-invest Bank: market share

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



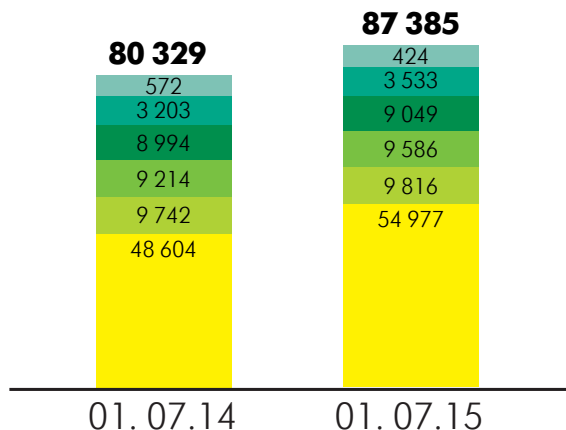
** loans to non-financial corporations, leasing, factoring



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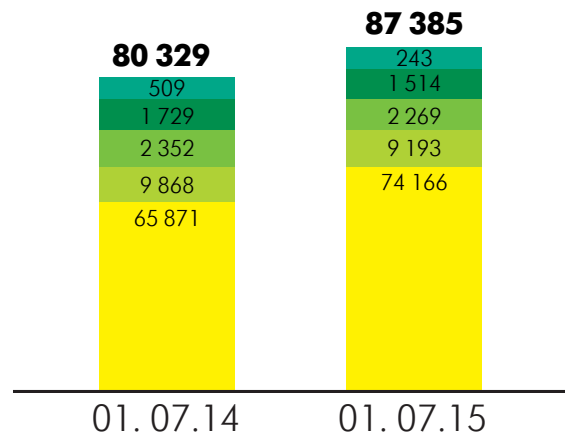
Balance sheet structure

Liabilities



- Customer accounts
- Debt securities in issue
- Total shareholders equity
- Loans from IFIs
- Due to CBR and other banks
- Other liabilities

Assets



- Net Loans and Lease
- Cash and mandatory reserves with the Bank of Russia
- Fixed assets
- Other assets
- Trading securities



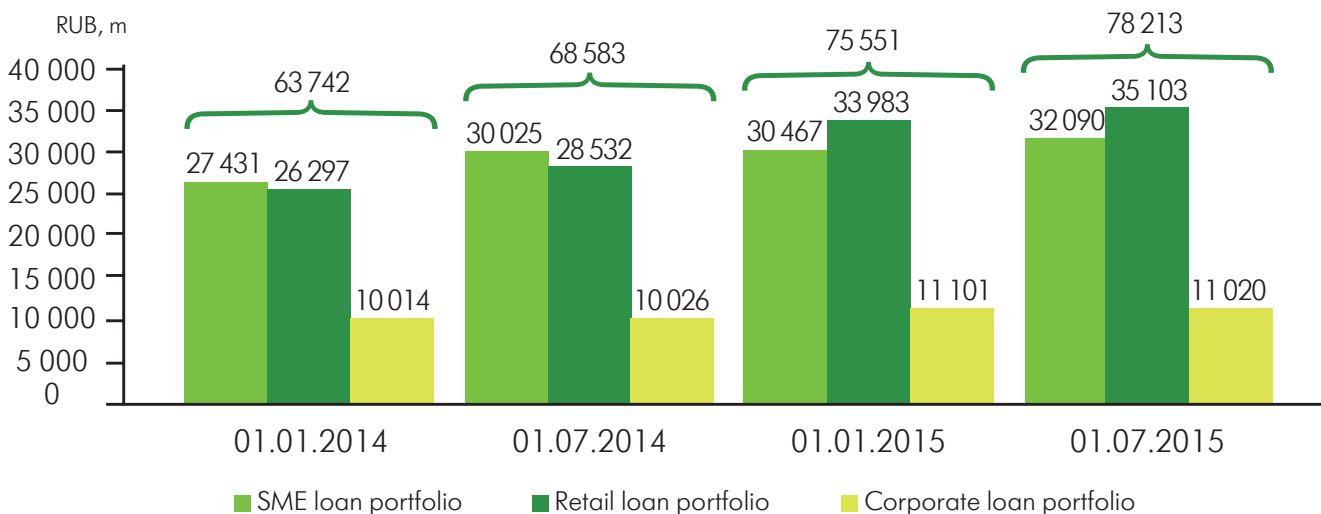
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Loan portfolio development

During the **1H2015** gross loan portfolio increased by RUB2.7bn (+3.5%) and reached **RUB78.2 billion**.

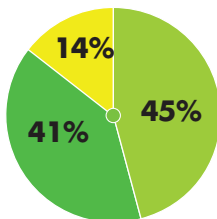
The steady growth in lending is attributable to the attractive lending terms, comprehensive support to SMEs, free consulting services to clients and long-term sustainable development strategy of the Bank.

Loan portfolio growth dynamics, RUB m



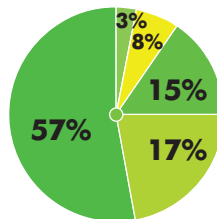
Loan Portfolio: structure and concentration

Clients structure



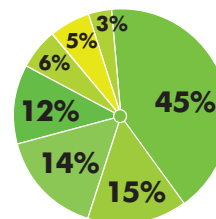
45 % - Retail
41 % - SME
14 % - Corporate

Maturities structure



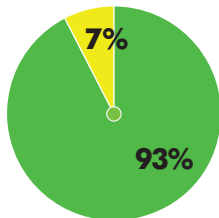
3 % - < 30 days
8 % - 31-90 days
15 % - 91-180 days
17 % - 181-365 days
57 % - > 1 year

Industries structure



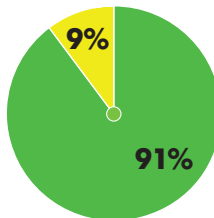
45 % - Individuals
15 % - Trade
14 % - Agriculture
12 % - Manufacturing
6 % - Construction
5 % - Others
3 % - Transport

Structure by currency



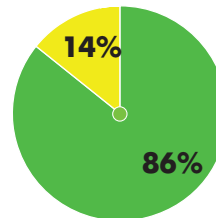
93 % - Russian rubles
7 % - Foreign currency

Collateralized loans



91 % - Collateralized loans
9 % - Unsecured loans

TOP-10 Borrowers



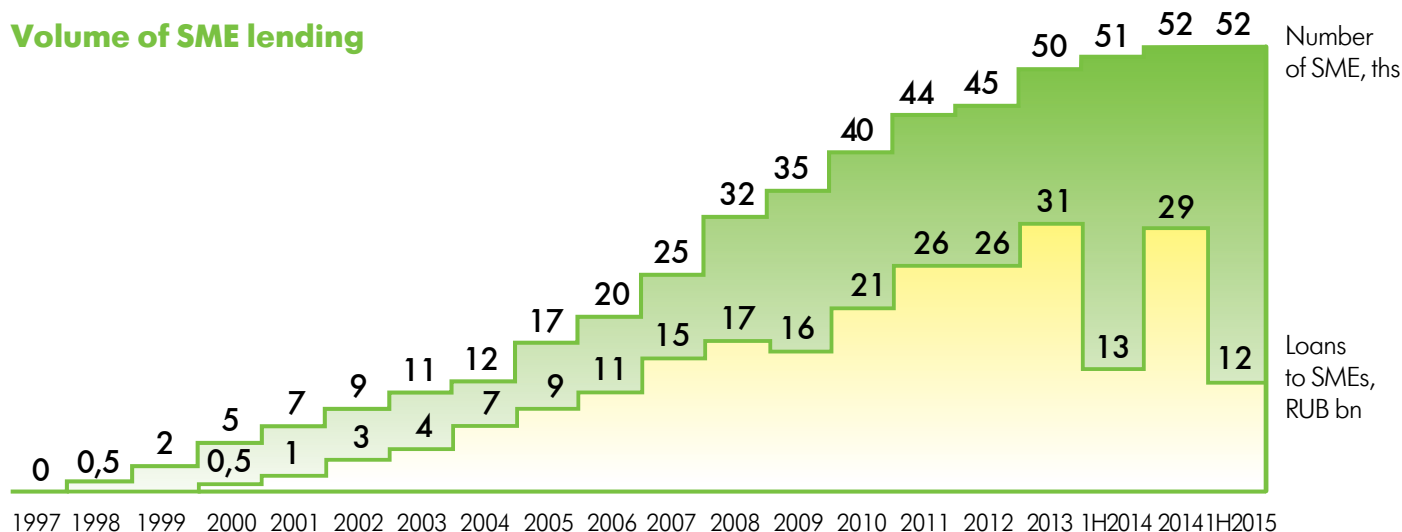
14 % - Share of TOP-10 Borrowers in gross loan portfolio and leasing
 Gross loan portfolio and leasing – **RUB78.656m**



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Focus on SME Lending

Volume of SME lending



Entrepreneurship development is a priority for Center-invest Bank.

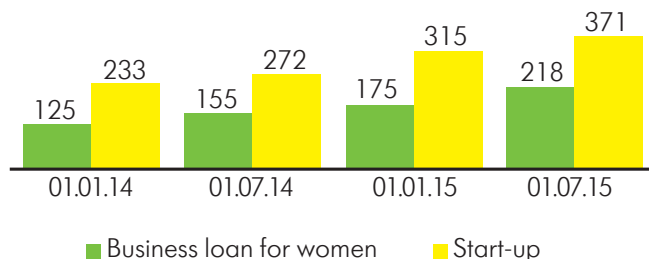
Center-invest Bank first began working with SMEs back in 1997. During these years it has gathered an extensive experience and was recognized as one of the best from regional banks in Russia in SME lending.

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.

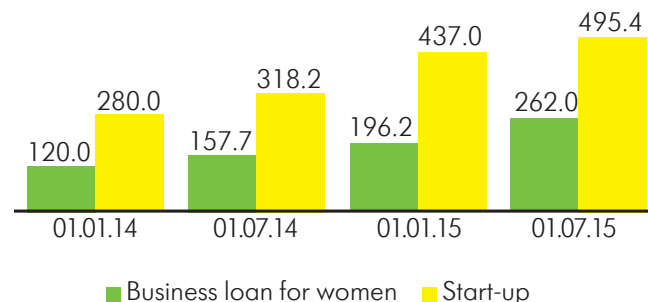
Unique lending programmes

- 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 **12 200** people registered on the online training portal «**Enterprise for All**» (www.school.centrinvest.ru) launched by the Bank, more than **3 450** users had completed the course of basic principles of the economy and entrepreneurship for which they received a certificate.

Number of projects

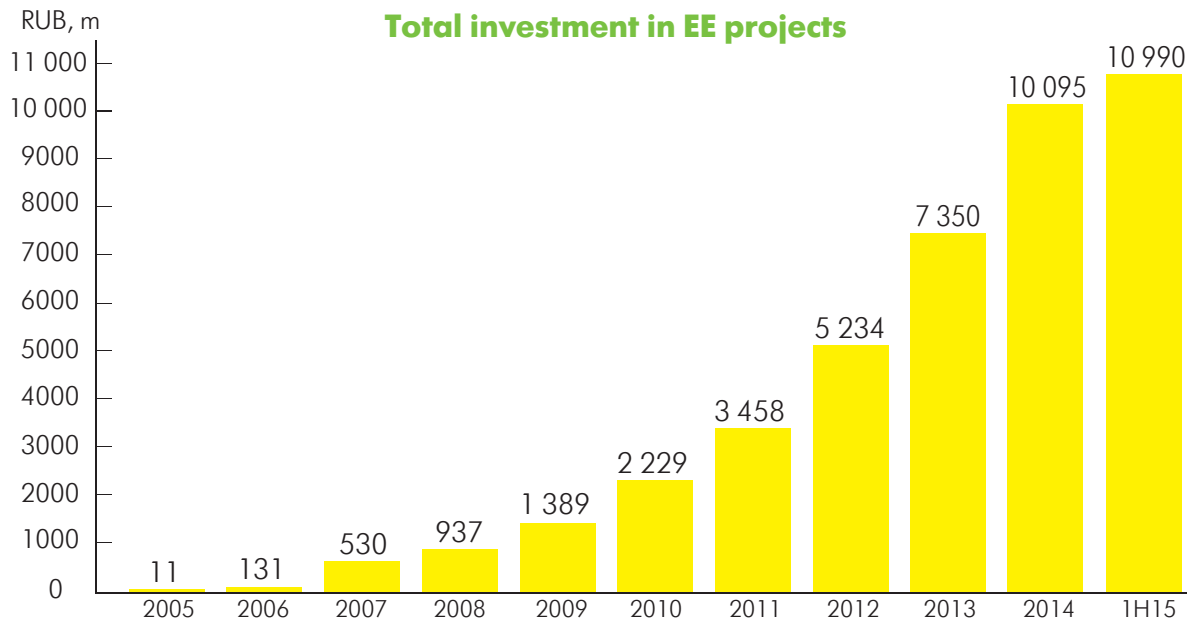


Total amount, RUB m



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Energy Efficiency Lending



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

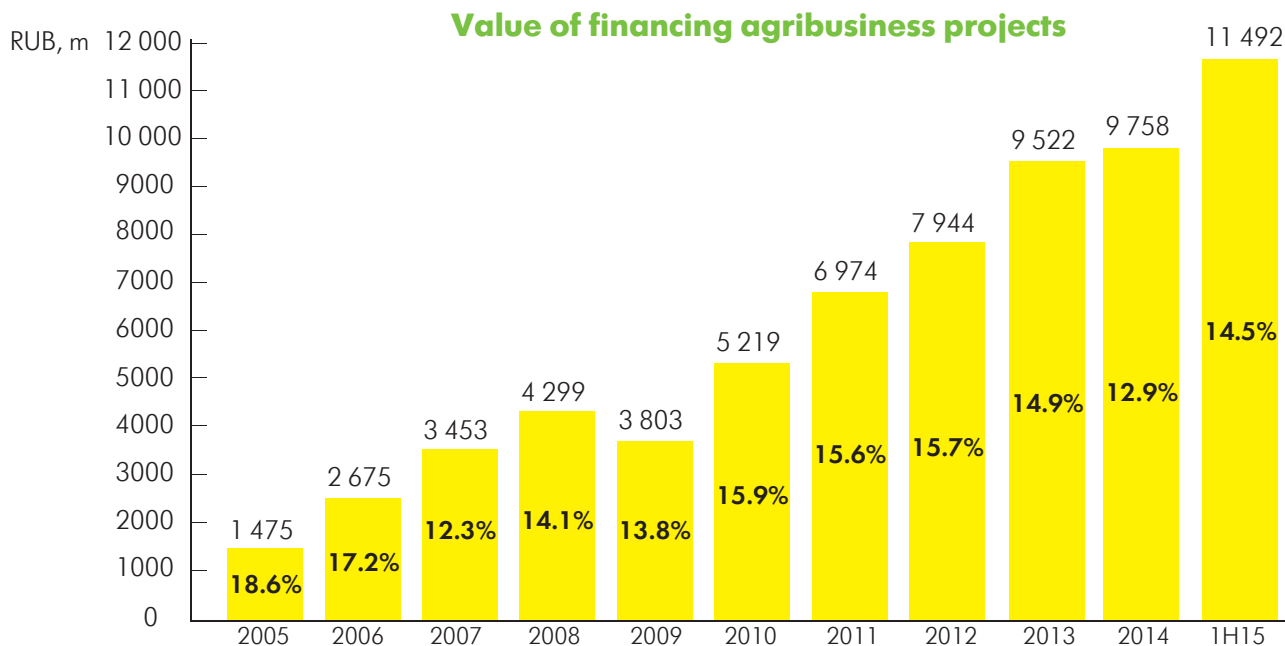
engineering. The projects financed by the Bank meet the social and environmental requirements dictated by the Bank's policies and procedures.

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



Agribusiness lending accounts for a significant part Bank's loan portfolio: **14.5%** (RUB) as at 01.07.2015

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.

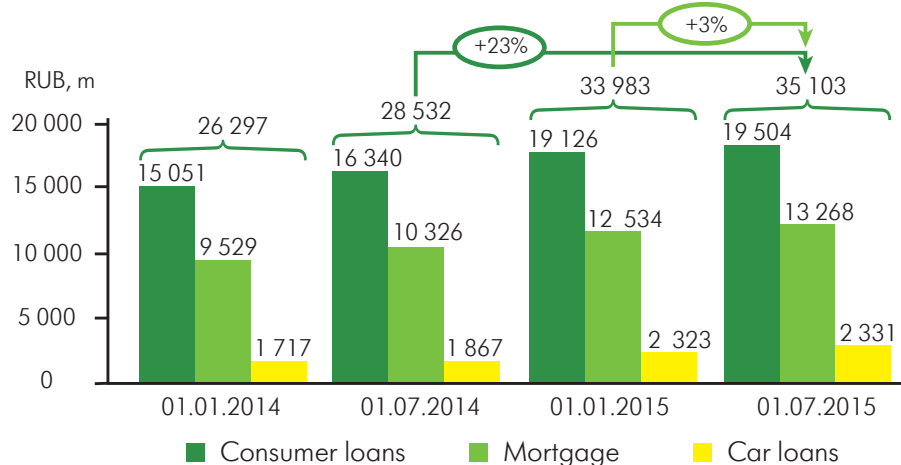


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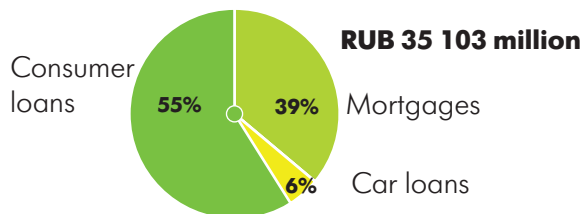
Retail lending

- 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 **RUB35.1 billion** as at 01.07.2015 this represents an increase of over **RUB1.1 billion (+3.30%)** for the 1H2015 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



- 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 – **5.48%** as at 01.07.2015



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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 63% of total liabilities as at 01.07.2015, as well as by bonds securities in issue and long term borrowings from international financial institutions.

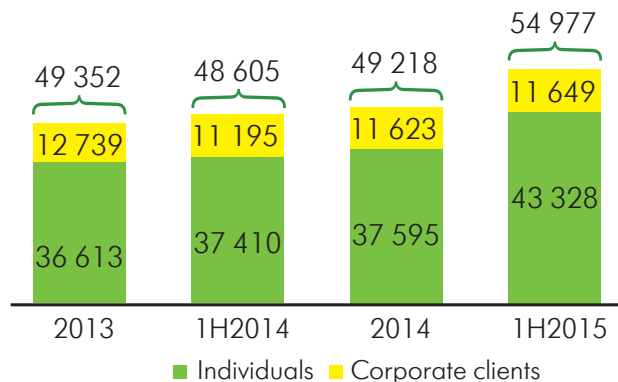
In the first half of 2015 retail customer deposits increased by 15% to reach **RUB43.3bn**.

In spite of increased volatility of the exchange rate of

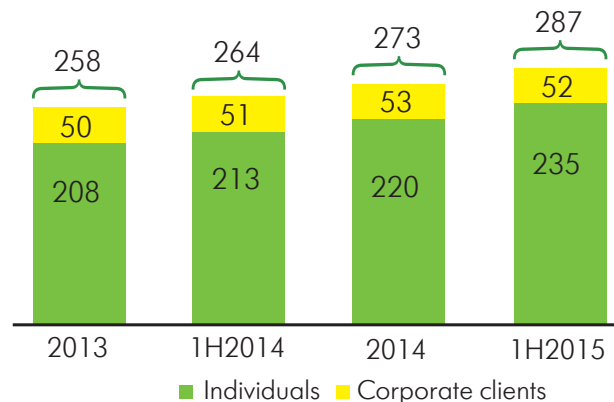
foreign currency during 4Q2014, Bank succeed in keeping its clients as well as managed to attract new customers (+15 ths. individuals accounts).

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, and our reliability.

Dynamics and structure of customer accounts, RUB bn



Dynamics of individuals and corporate accounts, ths accounts



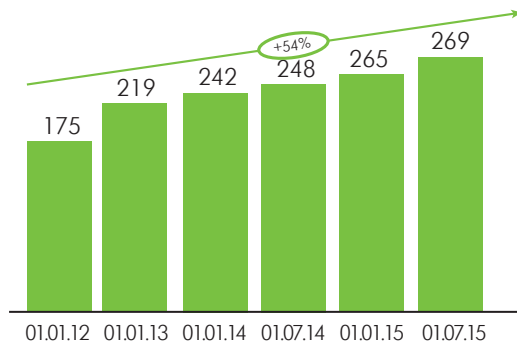
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Bank cards

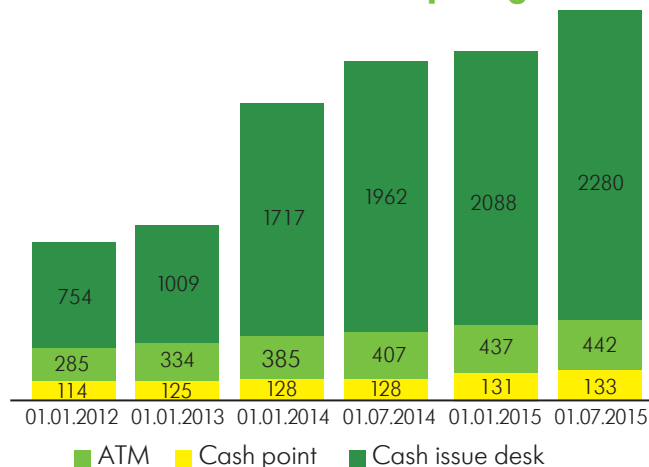
	2014	2013	2014/2013
Number of transactions (million)	50	40	+25.0%
Visa International and MasterCard Worldwide cards issued	149 447	135 579	+10.2%
Volume of transactions (RUB bn)	50.5	46.10	+9.5%
Number of payroll card programmes	2 275	2 128	+6.9%
Number of cards to service the accounts of regional departments of the Federal Treasury in southern Russia	12 490	10 015	+24.7%

- Center-invest Bank 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 01.07.2015 a number of active bank cards issued in frame of this programme made up 12 906 cards.

Number of active cards in circulation, ths.



Growth in the Bank's acquiring network



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Center-invest Bank on bonds 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-03, BO-06 series	2 500,00	2 500,00	03.2016	09.2015	11,50
Exchange bonds, BO-07 series	3 265,00	3 265,00	11.2018	11.2015	9,20
Exchange bonds, BO-10 series	3 000,00	3 000,00	05.2019	05.2016	15,25

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 **RUB8.7billion**.

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-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.





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 10% in liabilities structure (RUB9.049m as at 01.07.2015).

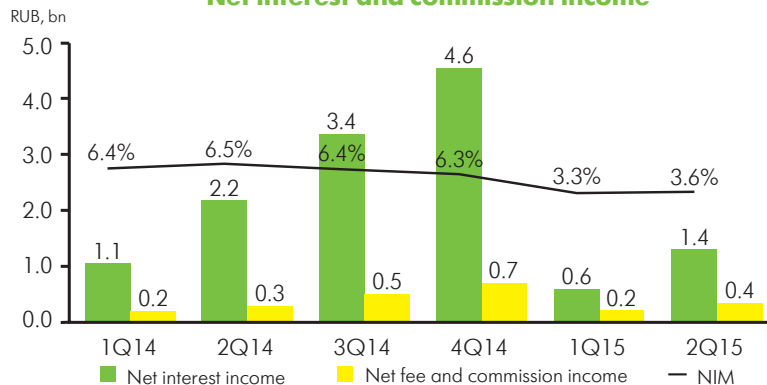
Existing loan agreements

Date	Lender	Purpose	Amount	Years
October 2014	IIB (International Investment Bank)	Energy Efficiency	EUR15.0m	3
June 2014	EBRD (European Bank for Reconstruction and Development)	MSME	RUB800.0m	3
March 2014	IFC (International Finance Corporation)	SME and Agribusiness	RUB600.0m	2
December 2013	BSTDB (Black Sea Trade and Development Bank)	SME	EUR20.0m	5
August 2013	ResponsAbility Global Microfinance Fund (Luxemburg)	Microbusiness	RUB485.0m	3
March 2013	EBRD (European Bank for Reconstruction and Development)	MSME	RUB1 500.0m	3
February 2013	IFC (International Finance Corporation)	SME	RUB900.0m	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
January 2012	EBRD (European Bank for Reconstruction and Development)	SME and Energy Efficiency	RUB1 125.0m	3
November 2009	IFC (International Finance Corporation)	Agribusiness and Energy Efficiency	RUB900.0m	5
May 2008	DEG	Subordinated loan	USD30.0m	10
April 2008	EBRD (European Bank for Reconstruction and Development)	Subordinated loan	USD20.0m	10

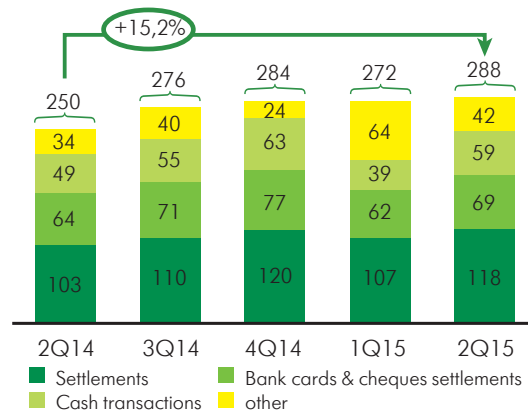


Operational efficiency

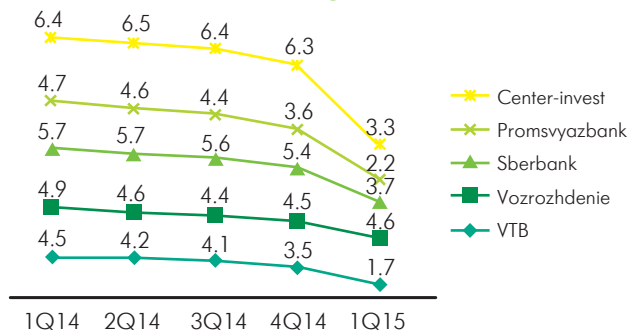
Net interest and commission income



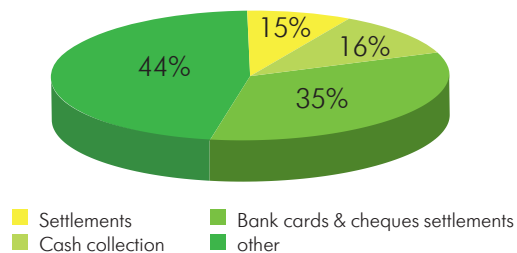
Fee and commission income, RUB m



NIM Comparison



Fee and commission expenses



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 twelve years Center-invest Bank and Endowment Fund for Education and Science in the Southern Federal District have held an annual scholarship competition for southern Russia's top students. The annual scholarship fund exceeds RUB7m.

- 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. The most successful volunteers went on to take up paid positions with Center-invest Bank.

- The www.school.centrinvest.ru online training portal was launched in March 2013. Using a combination of textbooks and modules, the portal provides free training in the basics of entrepreneurship. An English version of the portal went live in January 2014. Child and Youth Finance International (CYFI) has included this training recourse in its global electronic library.

- Thanks to financial support of CIB, more than 11 000 Rostov region children received free entry to the exhibitions at the Rostov Region Local Studies Museum.



Center-invest Bank: news 2015

Russia's first **Positive Economy Forum** organised by Center-invest Bank together with PlaNet Finance (France) was held in Rostov-on-Don.

The Bank of Russia has updated its **list of banks** with which other organizations may deposit pension funds and savings for housing provision for military personnel. Only 33 banks made it onto the list, including Center-invest Bank.

The Bank of Russia has included Center-invest Bank in its updated list of **«significant banks in the Payment Systems Market»**.

Center-invest Bank was recognized as **«Largest Bank by Assets»** and **«Most Profitable Bank in Southern Russia in 2014»** in frame of fourth «Bank Regional Strategies» conference organized by Expert Yug magazine.

The **Financial Literacy Centre** marked its first anniversary in April 2015. In the past year it has improved the financial literacy of more than 5,000 Rostov residents.

The Chairman of the Board of Directors of Center-invest Bank, Dr Vasily Vysokov presented a paper entitled «Transformational Banking: made in Russia» and spoke about Center-invest Bank's experience of working with **IFC in frame of IFC Financial Institutions Group Knowledge Forum** in Washington D.C., USA.

Center-invest Bank presented its **unique experience** in providing loans for homeowners' associations to renovate apartment buildings and reduce energy consumption at a seminar in Krasnodar on «The Practicalities of Energy Efficiency Modernisation of Multifamily Residential Buildings» organised by the RuSEFF «Warm Life» programme.

Center-invest Bank has won the retail banking services category of the nationwide competition **«The 100 Best Goods of Russia»**.

Center-invest Bank presented its financial literacy programmes and social and educational projects at the **II National Congress on Financial Education for the General Public** organised by the Russian Central Bank.



**BANK
CENTER-INVEST**

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