

TRANSCREDITBANK REPORTS NINE-MONTH 2011 PROFIT OF RUB 5.0 BILLION AND 3RD QUARTER PROFIT OF RUB 1.9 BILLION (UNDER IFRS)

Moscow – December 12, 2011. – TransCreditBank Group today released Interim Condensed Consolidated Financial Statements under IFRS for the nine-month period ended September 30, 2011.

“In the 3rd quarter TransCreditBank significantly increased its core income – by over 50% YoY and by 25% QoQ. Net interest income grew strongly on the back of robust loan portfolio growth and wider lending margins. The Bank is well positioned in its traditional market segments and is expected to significantly exceed its lending growth targets for the year, especially with regard to corporate lending, despite seasonal growth rate decline in the fourth quarter. The Bank also remains on track with regard to profitability and efficiency targets. Capital increase, thanks to the subordinated loan from Bank VTB, helped to boost loan book growth”, said Dmitry Olyunin, TransCreditBank’s First Vice President.

9M:2011 and Q3:2011 Financial Highlights

- Shareholders’ equity was up 15% from YE 2010
- Total assets increased 12% to RUB 436.9 billion from YE 2010
- Gross loan portfolio grew 63% from YE 2010, with corporate portfolio up 76% and retail loan portfolio up 33%
- TransCreditBank’s credit quality remains high with NPLs (>90 days overdue) at 2.9%
- TransCreditBank earned RUB 5.0 billion in net profit in 9M:2011, net profit in Q3:2011 was RUB 1.9 billion
- Net interest income for 9M:2011 improved 44% YoY, third quarter income grew 56% YoY
- Net fee & commission income for 9M:2011 was up 30% YoY, income in Q3 was up 35% YoY
- Net interest margin was 5.1 %, ROE (annualized) was 22.1% and ROA was 1.6%.

Significant core income growth

In Q3:2011, TransCreditBank significantly improved net interest income – by 56% YoY and 26% QoQ. Income for 9M:2011 was up 44% YoY. Net interest income growth rate in the third quarter was the highest in the past two years thanks to robust loan portfolio growth, increased average effective lending rates on corporate loans and an increased share of higher-margin products in retail portfolio.

Net fee & commission income in Q3:2011 was up 35% YoY and 23% QoQ. Net fee & commission income for 9M:2011 grew 30% YoY. Income growth was mainly driven by increased fees and commissions for settlement operations, documentary business and securities operations.

The sizeable growth of the Bank’s core income mitigated the negative effect of financial markets volatility in August and September. Despite third quarter loss from trading securities of RUB 1.9 billion, operating income before provisions for loan impairment was up 11% in the third quarter YoY. Income for 9M:2011 was up 18% YoY.

Allowance for impairment of interest-earning assets amounted to RUB 434 million in Q3:2011 and

totaled RUB 2.6 billion for 9M:2011, up 60% compared to 9M:2010 following loan portfolio expansion.

Operating expenses in Q3:2011 declined 2% QoQ, with salaries and other employee benefits down 5%. 9M:2011 operating expenses grew 32% YoY due to investments in IT projects and retail business expansion made earlier. Considering uneven distribution of expenses during the year, the Bank projects operating expense growth for the whole year of around 15-17%. Cost-to-income ratio for the period stood at 52.2% (2010: 53.5%).

TransCreditBank's net profit for 9M:2011 amounted to RUB 5.0 billion, down 4% YoY. Net interest margin stood at 5.1%, compared to 5.3% in 9M:2010. Annualized return on average assets was 1.6% and ROE was 22.1%, compared to 2.3% and 31.2%, respectively, for 2010.

Significant loan book growth

Total assets grew 12% to RUB 436.9 billion from YE 2010 thanks to robust loan book growth. Customer loan balances rose 63% from YE 2010 and 18% in the third quarter. Portfolio growth was mostly driven by corporate loans, which were up 76% from YE 2010 and 19% in Q3:2011. Loans to private companies, which accounted for 60% of gross loans, grew strongest, by 98% from YE 2010. By industry, loans to companies in leasing, infrastructure construction, transportation, telecom, and trade sectors demonstrated growth of over 10% during the quarter.

Retail portfolio was up 33% from YE 2010 and 15% in the third quarter. Launch of new consumer lending products for existing customers, such as credit cards with grace period, drove sales up. Consumer loans rose 66% from YE2010 and 22% in Q3:2011, resulting in their increased share in the retail portfolio. Consumer loans made up 51% of the retail portfolio, up 10 pp from YE 2010, in line with the Bank's strategy to increase the share of higher-margin products in the portfolio, and mortgage loans were 38% of the portfolio, down from 50% at YE 2010.

TransCreditBank's credit quality remained high, with the share of non-performing loans (>90 days overdue) in total portfolio at 2.9%, unchanged from Q2:2011 and down from 3.6% at YE 2010. The share of NPLs in corporate portfolio was 2.8%, down from 3.4% at YE 2010, and the share of NPLs in retail portfolio was 3.1%, down from 4.1% at YE 2010. The share of renegotiated loans (loans that had been renegotiated due to financial difficulties or potential future difficulties of the borrower) declined to mere 0.1% of the total loan portfolio from 0.9% at YE 2010.

Provisions secured coverage for 142.0% of non-performing loans compared to 154.1% at YE 2010. The ratio of provisions to gross loans was 4.1%, down from 5.5% at YE 2010 following a rapid portfolio expansion; it compares well with the NPL ratio.

The Bank's trading securities portfolio decreased 38%, or RUB 32 billion, in Q3:2011 following redemption and sale of RUB corporate bonds and Russian state bonds under liquidity and market risk management measures. The share of corporate stocks in the portfolio remained low at 3%, or RUB 1.5 billion. The Bank has no exposure to foreign issuers.

Funding structure

Customer funding remained the main source of funding for the Bank at 70% of total liabilities as at September 30, 2011. Time deposits and current accounts of private companies grew 11% in Q3:2011, and those of individuals – by 4%. Funding by state and public organizations declined by 20%, explained by seasonal pattern in such companies' funds inflows and expenditures.

A sizeable growth of amounts due to credit institutions was mainly driven by borrowings from Bank VTB in the amount of RUB 44.9 billion.

Total equity grew 15% to RUB 32.4 billion from YE 2010 thanks to retained earnings. Total capital adequacy ratio (under Basel I) increased to 14.6% from 10.8% at YE 2010. Subordinated loan in the amount of RUB 3 billion, which was received from Bank VTB in August 2011, was included in the Tier 2 capital calculation. Tier 1 capital ratio increased to 8.4% from 7.1% at YE 2010.

Key figures, Consolidated Income Statement

	RUB billion	9M:2010	9M:2011	% change
Net interest income		10,3	14,9	+ 44%
Net fee & commission income		2,9	3,8	+ 30%
Non-interest income		2,5	0	n/a
Operating income (prior to allowance for impairment)		15,8	18,7	+ 18%
Allowance for impairment		(1,6)	(2,6)	+ 60%
Non-interest expense		(7,5)	(9,8)	+ 32%
Profit for the period		5,2	5,0	- 4%

Key figures, Consolidated Statement of Financial Position

	RUB billion	31.12.2010	30.09.2011	% change
Total assets		390,9	436,9	+ 12%
Loans to customers, gross		215,8	351,7	+ 63%
- inc. Corporate loans		149,8	263,9	+ 76%
- inc. Retail loans		66,1	87,8	+ 33%
Amounts due to customers		276,5	283,7	+ 3%
Total liabilities		362,7	404,4	+ 12%
Total equity		28,2	32,4	+ 15%

About TransCreditBank

JSC «TransCreditBank» (www.tcb.ru), established in November 1992, is a top-15 Russian bank by assets. The Bank provides a full range of banking services to its corporate and retail clients. The Bank's extensive network of almost 300 offices covers over 190 cities and communities across Russia. The Bank has the following credit ratings: BBB- (Stable) from Standard & Poor's and Ba1 (Stable) from Moody's.

Contacts:

Oleg Panarin

Vice President

Tel. +7 495 9261405, 788 0880, ext.1400

E-mail: Oleg.Panarin@bnk.ru

Olga Mosina

Deputy Head of Investor Relations

Tel.: +7 495 788 0880, ext.1482

E-mail: Olga.Mosina@bnk.ru, IR@bnk.ru