



Webcast and Conference call 1H2018 financial results

20 August 2018

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**CREDIT BANK
OF MOSCOW**

Financial highlights

Key metrics of financial performance

 **Net income** increased by 10.0% to RUB 11.0 bln as compared with 6m2017 due to interest income growth and reduced impairment allowance for loan losses as a result of loan portfolio quality improvement

 Outstanding operating efficiency with a **CTI ratio of 31.3%**

 **Loan portfolio quality improved:**

NPL ratio reduced to 1.6%

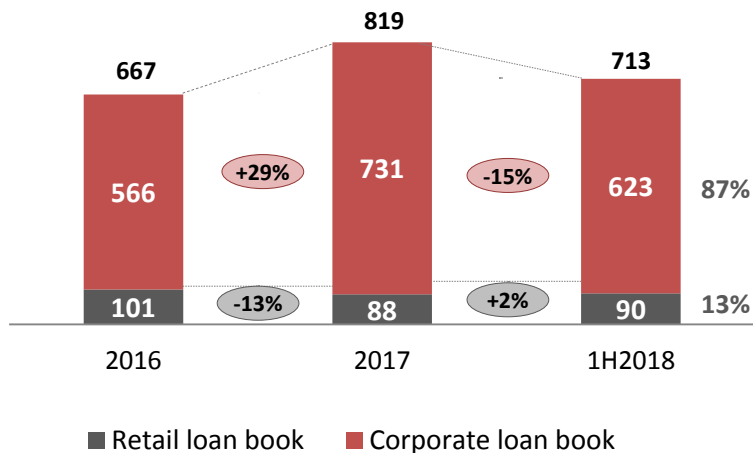
Cost of risk decreased to 0.9%

Income statement (RUB bln)	6m2018	6m2017	Change, %
Net interest income	23.8	20.7	+ 15.1%
Net fee and commission income	5.7	6.9	- 16.7%
Profit for the period	11.0	10.0	+ 10.0%
NIM	2.7%	2.9%	- 0.2 p.p.
NII/ARWA	4.5%	4.3%	+ 0.2 p.p.
RoAE	16.5%	18.5%	+ 2.0 p.p.
Cost / Income	31.3%	29.2%	+ 2.1 p.p.
Balance sheet (RUB bln)	1H2018	YE2017	Change, %
Total assets	1,931.1	1,888.2	+ 2.3%
Loans to customers (gross)	712.9	818.8	- 12.9%
Total equity	177.4	177.6	- 0.1%
NPL 90+ / Gross loans	1.6%	2.4%	- 0.8 p.p.
Total provisions / NPL	407.8%	253.7%	+ 154.1 p.p.
Cost of risk	0.9%	2.5%	- 1.4 p.p.
Tier 1 Capital Ratio	14.8%	15.0%	- 0.2 p.p.
Total CAR	23.5%	23.4%	+ 0.1 p.p.

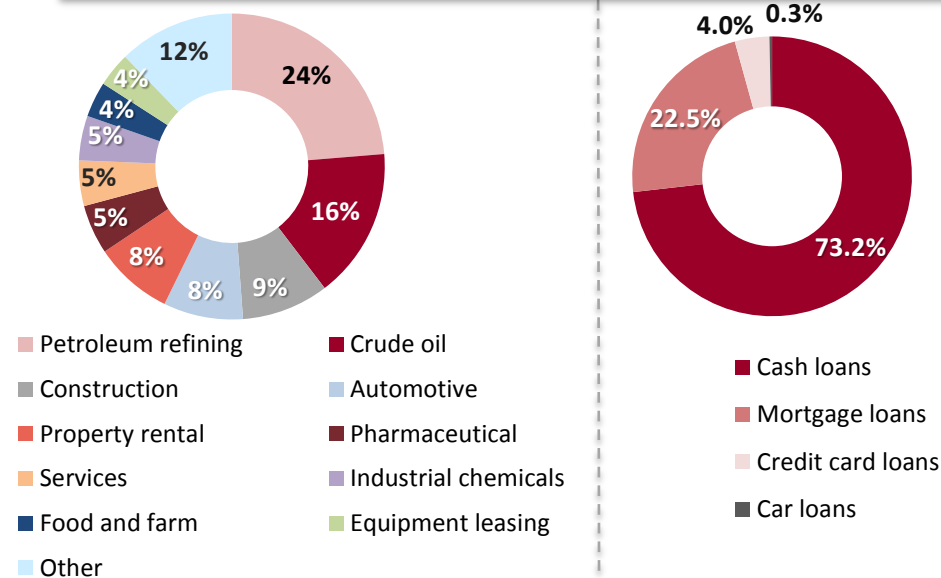
Business highlights: corporate lending remains a key driver for growth

Loan book (gross) dynamics

(RUB bln)



Corporate and retail loan book breakdown (1H2018)



Strategic Pillars

Corporate business

- ❖ Focus on increasing contribution of **larger corporates**
- ❖ **Well-diversified** loan portfolio
- ❖ Current focus on **less-risky segments** such as oil and chemicals

Retail business

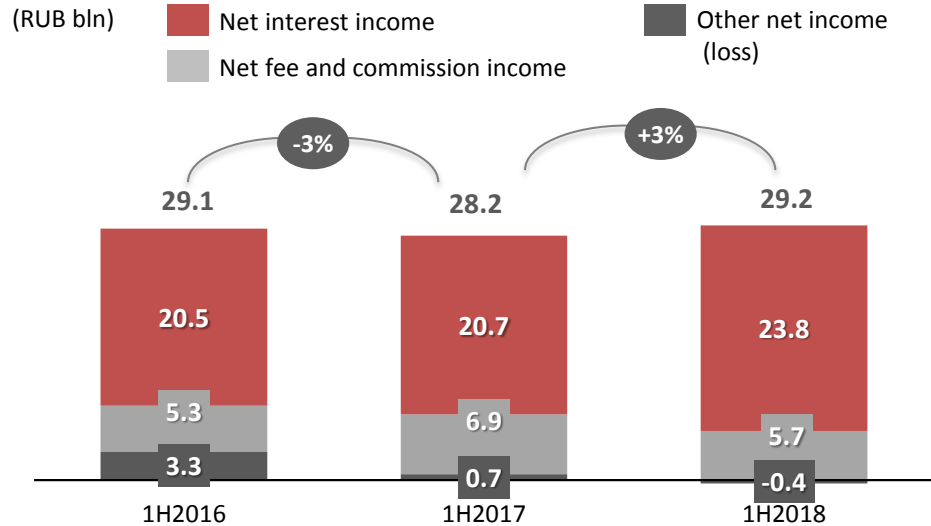
- ❖ Target market segments are **consumer loans** and **mortgage loans**
- ❖ **Tight individual customer selection** for healthy portfolio quality
- ❖ Differentiated risk appetite based on **customer segmentation**

Investment banking

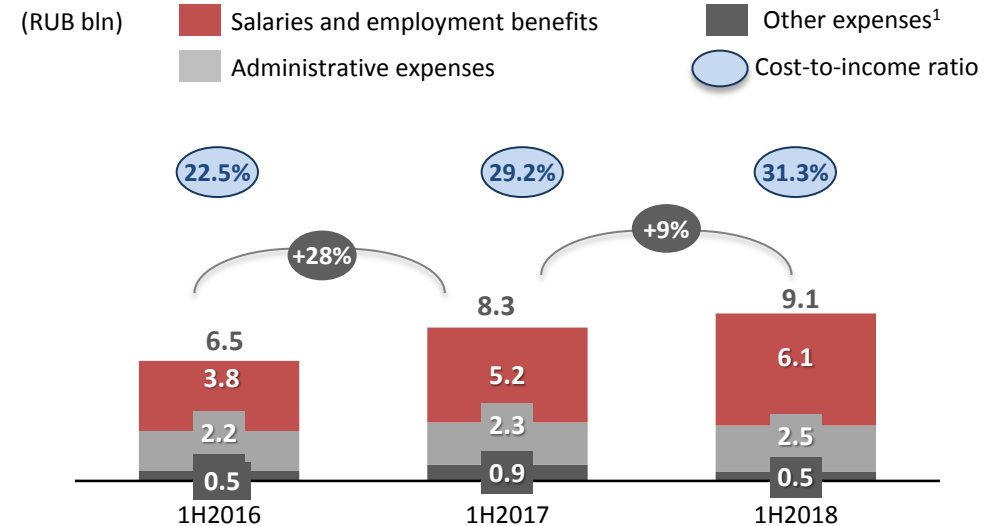
- ❖ New **growth driver**, both in terms of business volumes and profitability
- ❖ Development of new investment products will bring **substantial synergies** to our corporate and retail business

Outstanding efficiency

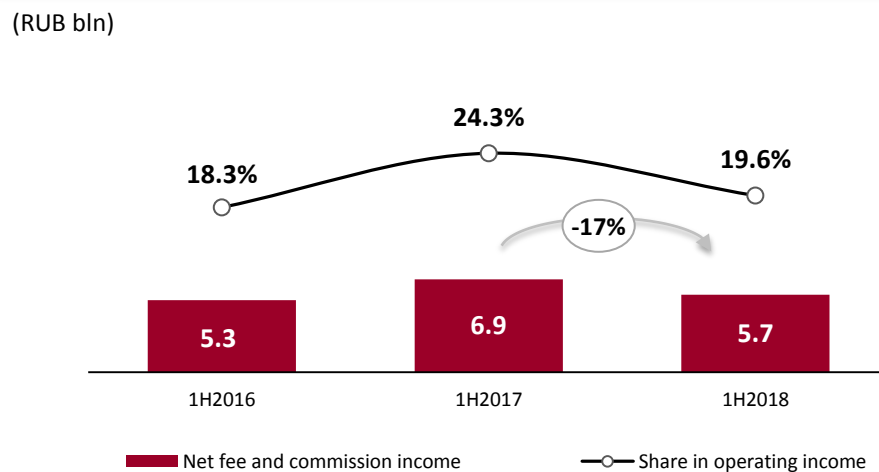
Operating income



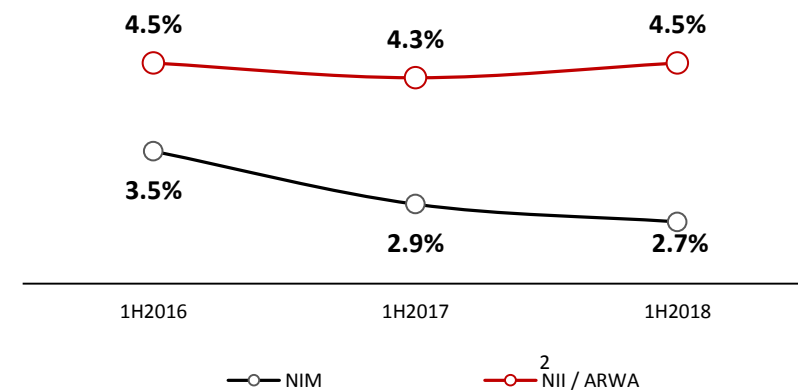
Operating expenses



Net fee and commission income



Net interest margin analysis



1) Other expenses consist of depreciation of property and equipment and of provision for impairment of other assets and credit related commitments

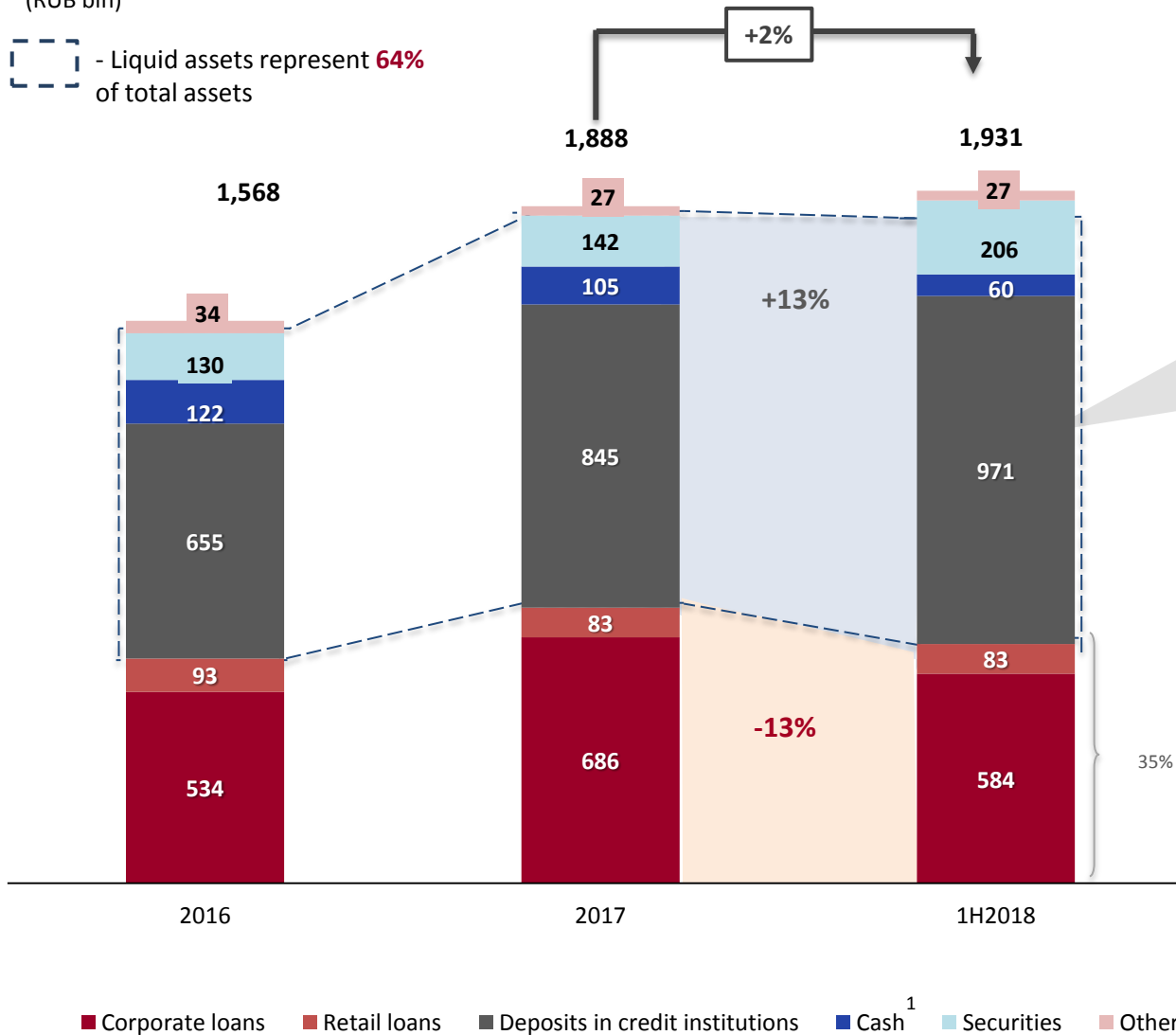
2) ARWA is a sum of risk-weighted assets classified into the banking book and trading book, averaged quarterly

Emphasis on highly liquid assets

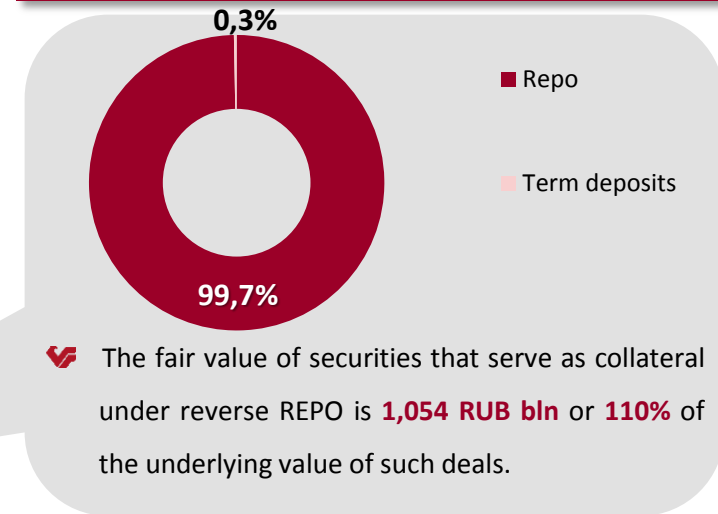
Asset structure

(RUB bln)

- Liquid assets represent **64%** of total assets

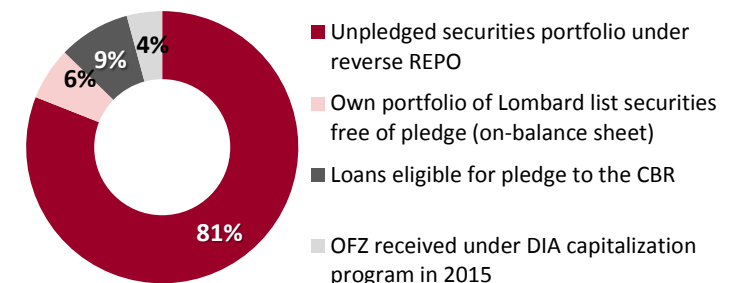


Deposits in credit institutions



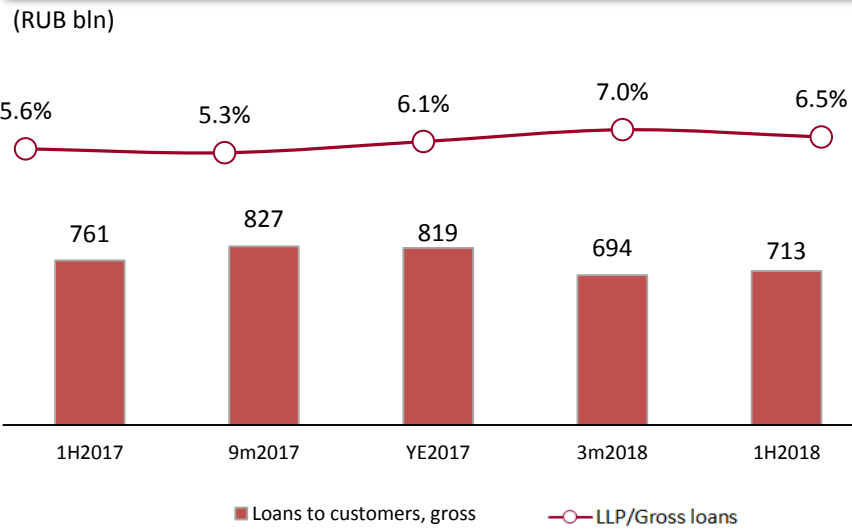
- The **debt securities portfolio** is used as a liquidity buffer with **72%** of the bond portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation
- Additional unused liquidity sources amounted to **RUB 551 bln** as of 1 August 2018

Unused liquidity sources structure

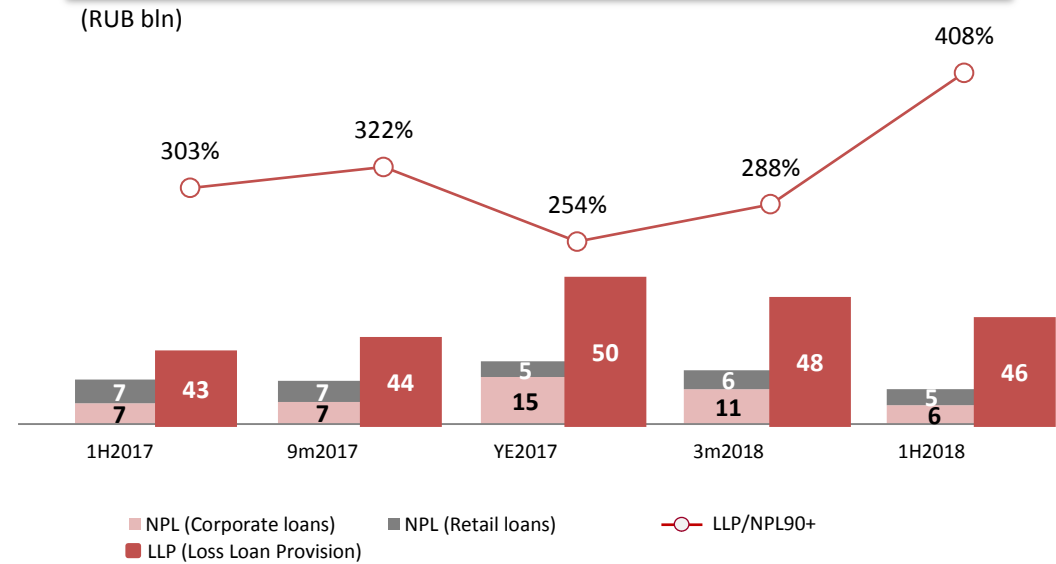


Loan portfolio quality is improving

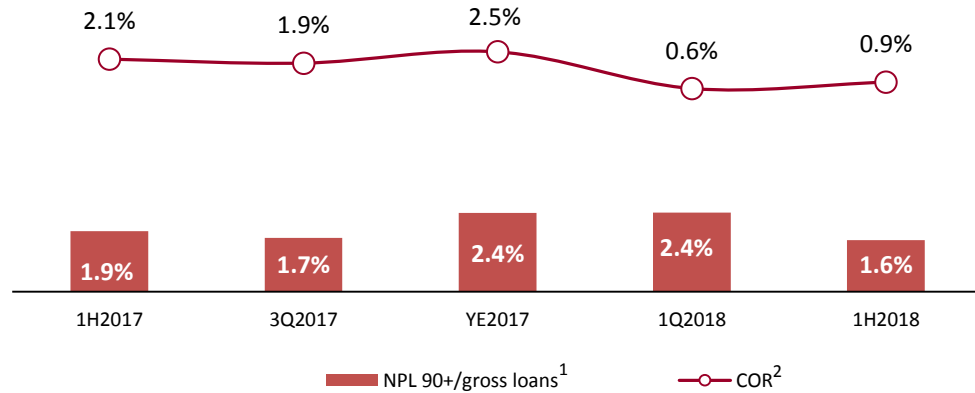
Gross loan portfolio coverage by impairment allowance



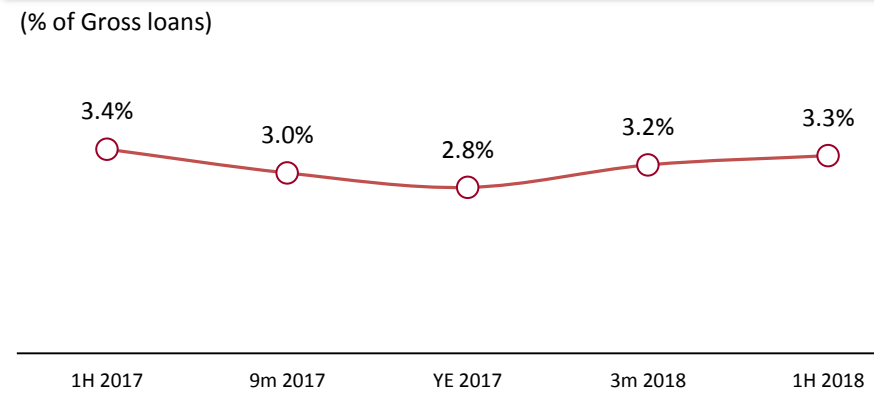
LLP/NPL¹ coverage



Cost of risk and NPL dynamics



Related party lending concentration

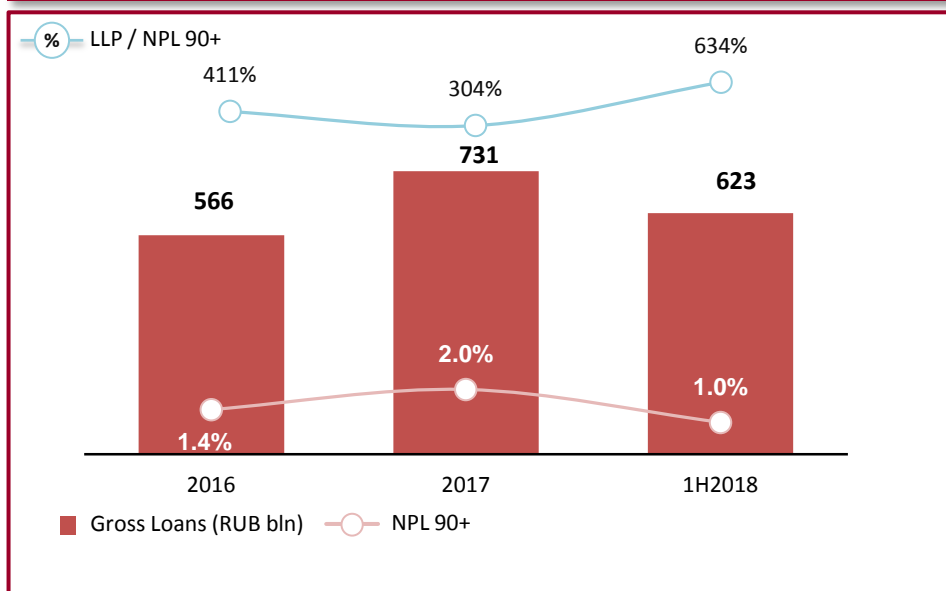


1) NPLs are loans with payments that are overdue >90 days

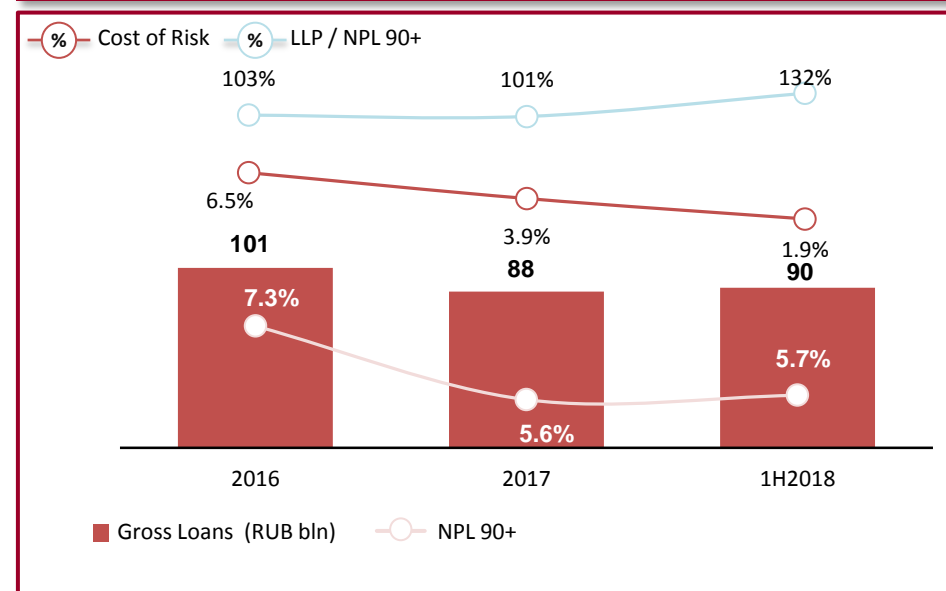
2) Cost of risk ratio is calculated as impairment allowance net charge (annualised) to average loan portfolio for the period

NPL coverage by provisions maintained at a healthy level

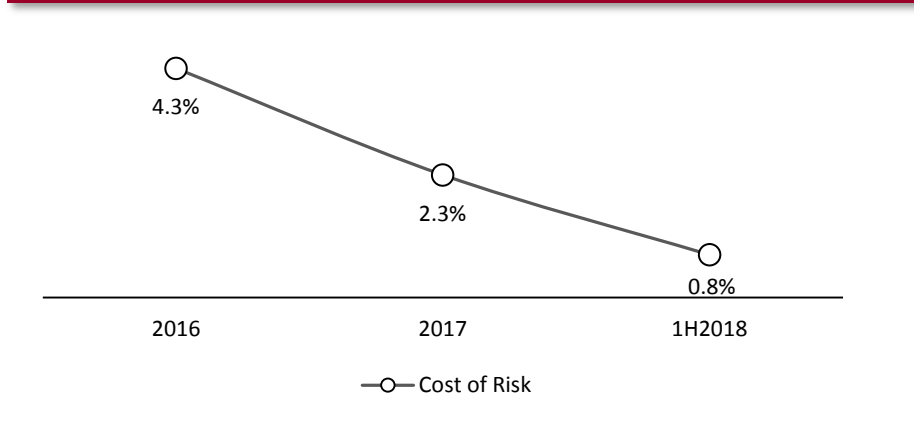
Corporate Loan Book



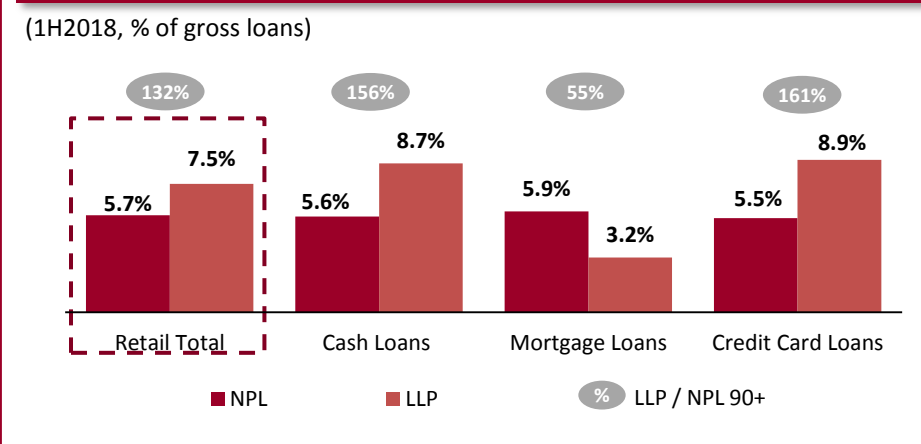
Retail Loan Book



Corporate Cost of Risk



Retail NPLs and LLPs, by product

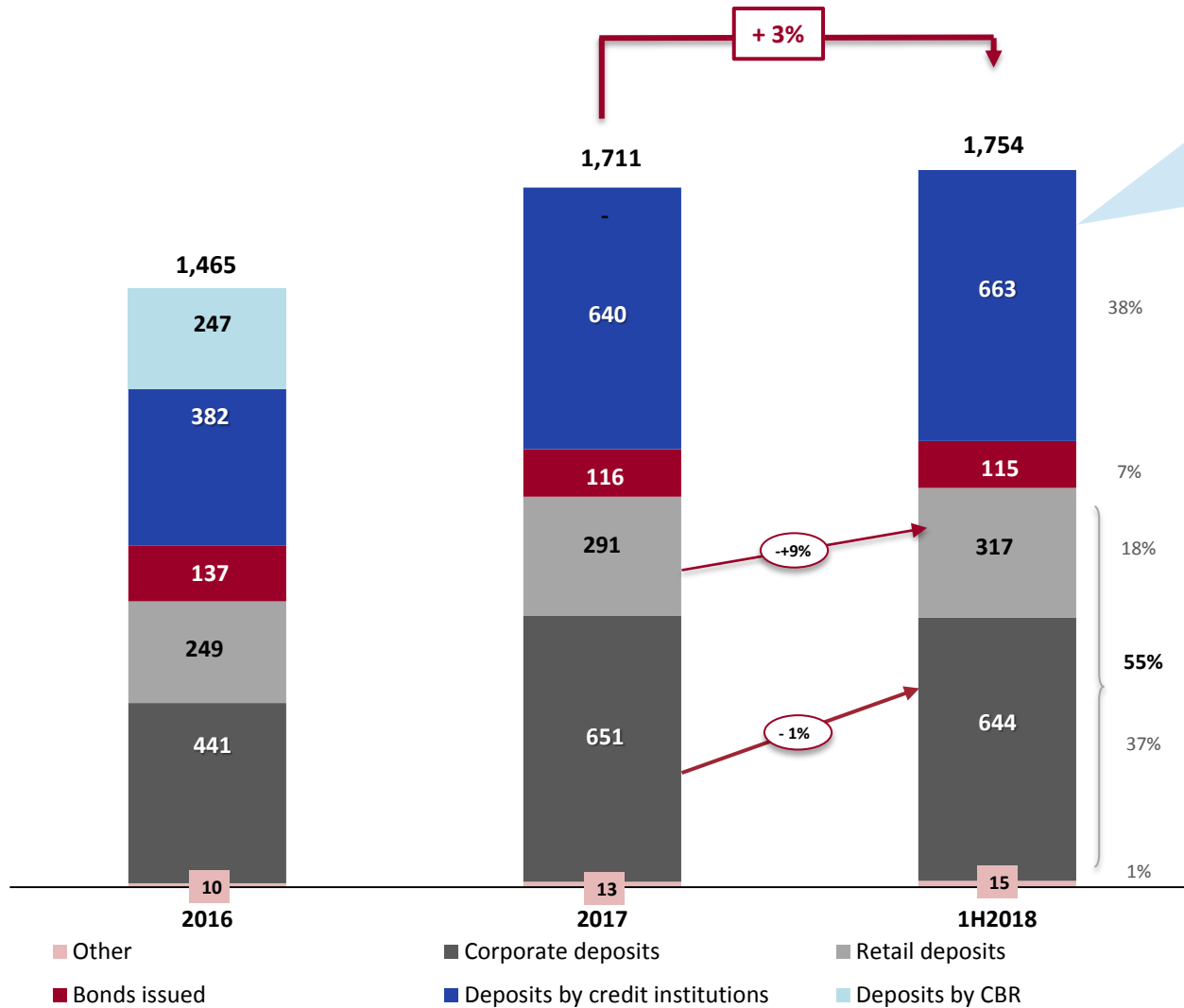


Source: IFRS financial statements

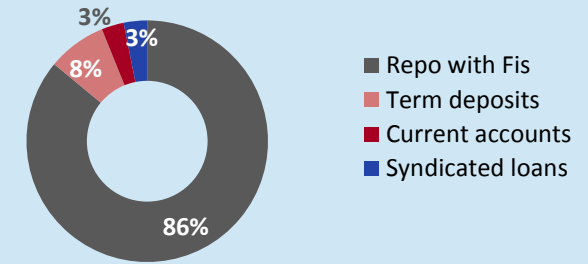
Customer deposits are the main source of funding

Liabilities breakdown

(RUB bln)

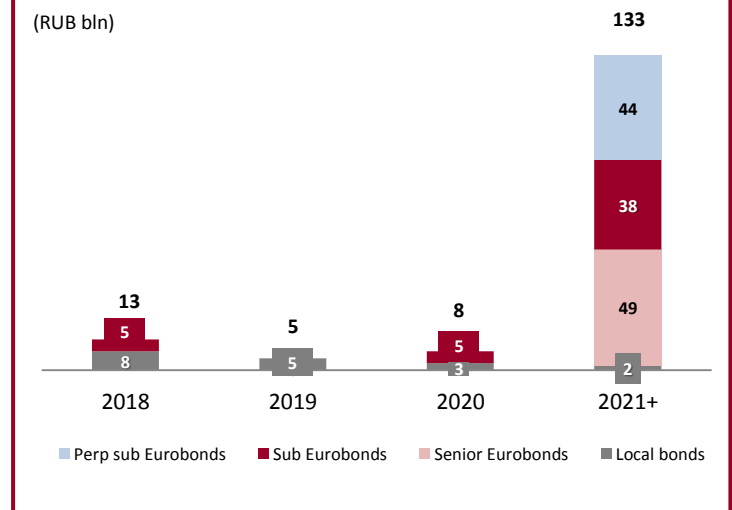


Deposits by credit institutions



Fair value of securities provided as collateral under repo transactions is 646 RUB bln or 114% of the underlying value of such deals.

Debt securities repayment schedule ¹



Source: IFRS financial statements

1) Debt securities repayment schedule as of 30.06.2018

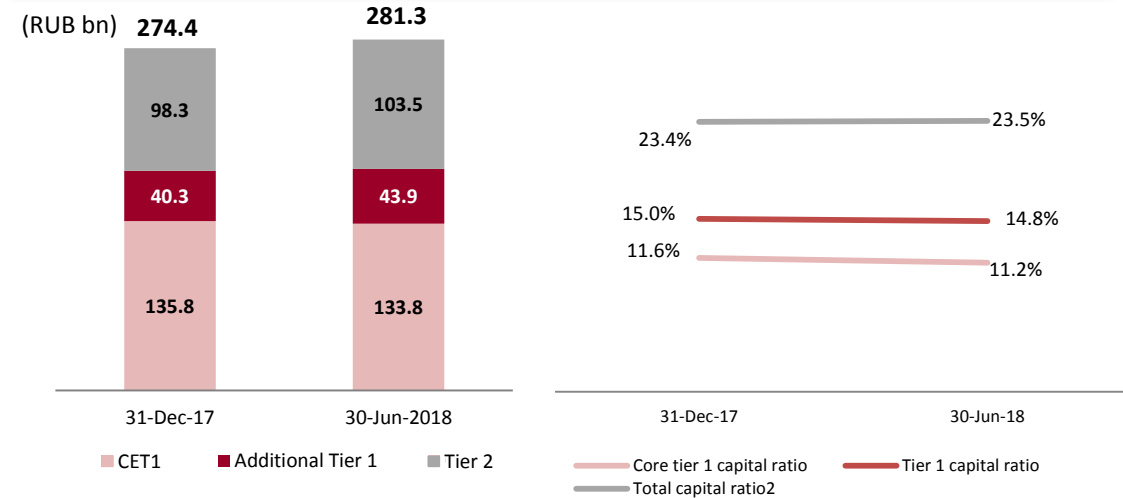
2) Perpetual subordinated Tier I Eurobond issue is included in Total equity

Sound capital position and active issuer of subordinated debt

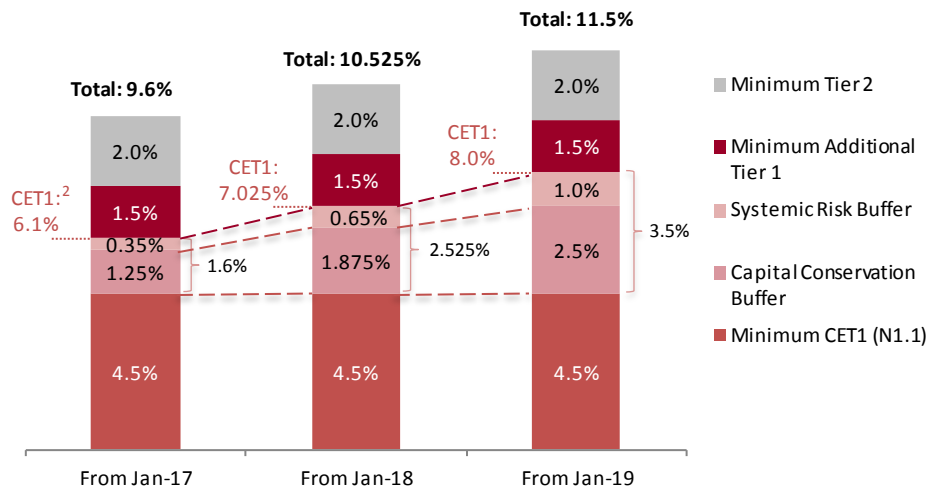
Capital instruments

- **April 2017:** USD 600m new 10-year subordinated Tier 2 Eurobond issuance
- **May 2017:** USD 700m perpetual subordinated Tier 1 Eurobond issuance
- **October 2017:** Second cash tender offer on the USD 500m CBOM 2018 subordinated Tier 2 Eurobond s (USD 25m redeemed)
- **October 2017:** RUB 14.4 bln - SPO on MOEX
- **October 2017:** RUB 22 bln - subordinated deposits from corporate customers
- **July 2018:** RUB 5 bln perpetual subordinated Tier 1 Domestic bond issuance

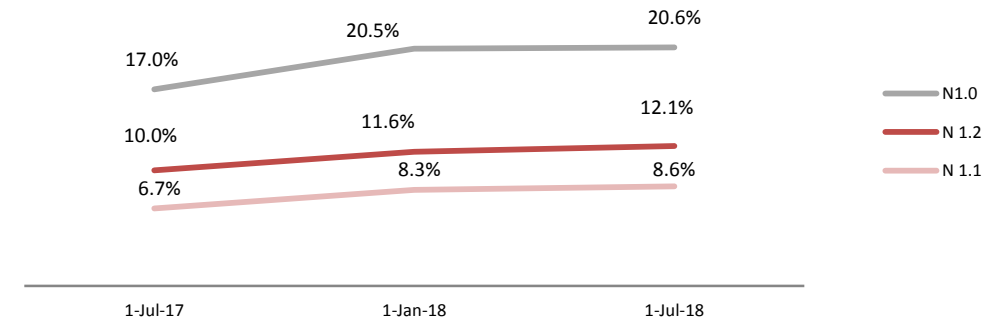
IFRS capital adequacy (Basel III)



RAS capital adequacy requirements¹



RAS capital adequacy ratios¹



1) Calculated on the basis of the Russian non-consolidated reporting

2) N1.1 requirement + capital conservation buffer + systemic risk buffer. The buffers have effect on payment of dividends only