

22 November 2018, Moscow

CREDIT BANK OF MOSCOW's IFRS net income for 9 months of 2018 increased by 14.2% to RUB 18.4 bln

Key results

- Net income increased by 14.2% yoy to RUB 18.4 bln (\$279.8 mln¹).
- Return on equity and return on assets were 18.1%² and 1.3%, respectively.
- Net interest income grew by 15.9% yoy to RUB 36.6 bln. (\$557.9 mln).
- Net interest margin was 2.7%.
- Net interest income as percentage of average RWA grew to 4.5%³ compared to 4.3% for 9M2017.
- Assets increased by 3.2% ytd to RUB 1.9 tln (\$29.7 bln).
- Gross loan portfolio decreased by 14.1% ytd to RUB 703.5 bln (\$10.7 bln).
- Ratio of NPLs (90+ days) to gross loan portfolio fell from 2.4% to 1.5%.
- Cost of risk (COR) decreased from 2.5% as at end-2017 to 1.4%.
- Provisioning rate remained at the same level of 6.1% as it was at end-2017.
- Customer deposits increased by 15.1% ytd to RUB 1.1 tln (\$16.5 bln).
- Equity increased by 3.3% to RUB 183.5 bln (\$2.8 bln).
- Basel III capital grew by 4.5% ytd to RUB 286.9 bln (\$4.4 bln), with the capital adequacy ratio of 23.5%, and Tier I ratio of 15.1%.
- Cost-to-income ratio remained traditionally low at 28.3%.

Key financial results

Balance sheet	3Q 2018	2017	change, %
Assets, RUB bln	1,948.9	1,888.2	+3.2%
Liabilities, RUB bln	1,765.3	1,710.6	+3.2%
Equity, RUB bln	183.5	177.6	+3.3%
Capital (Basel), RUB bln	286.9	274.4	+4.5%
Gross loan portfolio, RUB bln	703.5	818.8	-14.1%
Key financial ratios, %			
Basel capital adequacy ratio (CAR)	23.5%	23.4%	
90+ NPL ratio (before provisions)	1.5%	2.4%	
Cost of risk (COR)	1.4%	2.5%	
Provisioning ratio	6.1%	6.1%	
Net loans / deposits	60.9%	81.6%	
Income statement	9M2018	9M2017	change, %
Net interest income (before provisions), RUB bln	36.6	31.6	+15.9%
Fee income, RUB bln	8.9	9.7	-8.6%

¹ \$1 = RUB 62.7565, CBR rate as of 30.06.2018

² ROAE disregards the \$700 mln perpetual subordinated debt

³ The ratio of net interest income to average risk-weighted assets classified into banking and trading books

Net income, RUB bln	18,4	16,1	+14.2%
Earnings per share, RUB	0.59	0.67	-11.9%
Key financial ratios, %			
Net interest margin (NIM)	2.7%	2.8%	
Net interest income as percentage of average RWA (NII/ARWA)	4.5%	4.3%	
Cost-to-income ratio (CTI)	28.3%	28.4%	
Return on equity (ROAE)	18.1%	19,3%	
Return on assets (ROAA)	1.3%	1.3%	

Net income for 9M2018 grew by 14.2% yoy to RUB 18.4 bln. This was driven by the growth of business volumes coupled with improvement of risk indicators and by the high operational efficiency.

Net interest income rose 15.9% to RUB 36.6 bln on the back of expanding business volumes. **Net interest margin** slightly decreased to 2.7% due to a greater share of highly liquid assets on the Bank's balance sheet and declining interest rates in the Russian banking market. **Net interest income as percentage of average RWA** rose 0.2 pp to 4.5% pointing at the Bank's high efficiency amid tough competition. **Net interest income after provisions** rose 52.1% to RUB 32.2 bln as the loan portfolio quality improved notably, reducing provisioning charges, made from the beginning of 2018, by 57.7% to RUB 4.4 bln.

The Bank's **net fee income** decreased by 8.6% yoy to RUB 8.9 bln mainly due to growth of bank card operation costs also connected with the expenses under loyalty programs.

Operating income (before provisions) grew by 7.9% to RUB 46.8 bln. **Operating expense** increased by 7.6% to RUB 13.2 bln due to the growth of staff costs, including the payment of bonuses. **Cost-to-income (CTI) ratio** remained at the traditionally low level of 28.3%.

The Bank's **total assets** increased by 3.2% ytd to RUB 1,948.9 bln.

Gross loan portfolio decreased by 14.1% to RUB 703.5 bln due to big repayments in 1Q2018 and the exclusion of a soon-to-be-sold large loan which is impaired but not overdue (stage 3). The share of corporate loans in the total loan portfolio was 86.7%, its retail portion being 13.3%. Retail loan portfolio expanded by 6.9% to RUB 93.8 bln due to a moderate increase in unsecured loans by 10.8% to RUB 70.1 bln, with the Bank retaining in general a traditionally cautious approach to retail lending. The ratio of NPL90+ to gross loan portfolio fell from 2.4% to 1.5% due to the settlement of debts by a number of large corporate borrowers. The improving loan portfolio quality was also evidenced by a reduction in the cost of risk by 1.1 pp to 1.4%. The NPL90+ coverage ratio increased from 253.7% as at end-2017 to 403.1% as at 9M2018 due to a material reduction in problem loans.

Assets held for sale grew from RUB 2.4 bln to RUB 18.9 bln as a problem loan of a large corporate borrower was reclassified from the loan portfolio in the third quarter of 2018 in view of its forthcoming sale.

Customer deposits rose 15.1% ytd to RUB 1,084.3 bln, which is 61.4% of the Bank's total liabilities. Corporate deposits increased by 12.6% to RUB 732.4 bln. Retail deposits grew by 20.8% to RUB 351.9 bln, in particular due to the assignment of Sovetsky Bank's private deposits in July 2018. The ratio of net loans to deposits dropped to 60.9% as at the end of 3Q2018.

The Basel III **capital adequacy ratio** rose from 23.4% as at end-2017 to 23.5% in 9M2018, and the Tier I capital ratio from 15.0% to 15.1%. The Bank's total capital according to the Basel III standards increased by 4.5% to RUB 286.9 bln mainly due to FX revaluation.

Enquiries

CREDIT BANK OF MOSCOW

Investors

Eric de Beauchamp

Edebeauchamp@mkb.ru

+7-495-797-4222 ext. 6150

Sergey Lukyanov

Lukyanov@mkb.ru

+7-495-797-4222 ext. 6223

Media

Victoria Poigina

Poigina@mkb.ru

+7-495-797-4222 ext. 6052

For reference

CREDIT BANK OF MOSCOW is a universal commercial privately-owned bank providing the full range of banking services to corporate and retail customers and financial institutions. The Bank is included in the CBR's list of systemically important banks.

The Bank was ranked as a top-3 privately-owned bank by total assets in INTERFAX-100 as at 1 October 2018. The Bank is currently rated 'Ba3' with a stable outlook by Moody's; 'BB-' with a stable outlook by Fitch; 'BB-' with a stable outlook by S&P; 'A (RU)' with a stable outlook by ACRA, 'ruA-' with stable outlook by Expert RA. The Bank has a proven track record in the international capital markets with a debut Eurobond issue placed in 2006.

The Bank was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Concern Rossium holds 56.07% of CBM's shares, the remaining 43.93% of its shares are owned by minority shareholders. CREDIT BANK OF MOSCOW successfully closed its initial public offering on the Moscow Exchange in June 2015. The Bank's shares (ticker: CBOM) were included in MOEX Russia Index, RTS Index and MSCI EM Small Cap Index. The Bank's free-float is 18%.

For more information, please visit <http://mkb.ru/>