CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (public joint-stock company)

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CREDIT BANK OF MOSCOW reports its IFRS income for 3M2019

Key results

- Basel III capital stood at RUB 293.8 bln ($4.5 bln), with the capital adequacy ratio rising by 1.5 pp ytd to 23.4% and the Tier 1 Capital adequacy ratio by 1.0 pp to 15.1%.
- Equity was RUB 191.6 bln ($3.0 bln), the same as at end-2018.
- Assets stayed at the same level of RUB 2.1 tln ($32.7 bln).
- Gross loan portfolio was RUB 731.0 bln ($11.3 bln), the same as at end-2018.
- Ratio of NPLs (90+ days) to gross loan portfolio remained at a low level of 2.5%.
- Loan loss provisions grew from 4.2% to 4.8% of gross loan portfolio.
- Retail deposits rose by 10.5% ytd to RUB 414.5 bln ($6.4 bln).
- Net income amounted to RUB 238 mln ($3.7 mln[1]).

Key financial results

Balance sheet	**1Q2019**	**2018**	**change, %**
Assets, RUB bln	2,118.7	2,145.9	-1.2%
Gross loan portfolio, RUB bln	731.0	740.1	-1.2%
Liabilities, RUB bln	1,927.1	1,954.8	-1.4%
Customer deposits, RUB bln	1,142.6	1,272.2	-10.2%
Equity, RUB bln	191.6	191.2	+0.2%
Capital (Basel), RUB bln	293.8	297.4	-1.2%
Key financial ratios, %			
90+ NPL ratio (before provisions)	2.5%	1.6%	
Cost of risk (COR)	3.2%	1.0%	
Provisioning ratio	4.8%	4.2%	
Net loans / deposits	60.9%	55.7%	
Basel capital adequacy ratio (CAR)	23.4%	21.9%	
Income statement	**3m2019**	**3m2018**	**change, %**
Net interest income (before provisions), RUB bln	9.6	13.0	-25.9%
Fee income, RUB bln	3.4	3.4	+1.6%
Net income, RUB bln	0.2	2.3	-89.6%
Key financial ratios, %			
Net interest margin (NIM)	1.9%	3.0%	
Net interest income as percentage of average RWA (NII/ARWA)	3.2%	5.0%	
Cost-to-income ratio (CTI)	65.0%	40.5%	
Return on equity (ROAE)	0.7%	6.9%	
Return on assets (ROAA)	0.0%	0.5%	

[1] $1 = RUB 64.7347, CBR's exchange rate as at 31.03.2019

Total assets amounted to RUB 2.1 tln as at 1Q2019.

Gross loan portfolio remained at the 2018YE level of RUB 731.0 bln. The share of corporate loans in the total loan portfolio was 86.6%, while its retail portion grew to 13.4%. The retail loan portfolio expanded in 1Q2019 by 1.1% to RUB 97.7 bln as mortgage lending rose by 7.3% to RUB 22.2 bln. The share of non-performing loans (NPL 90+) in the gross loan portfolio increased from 1.6% to 2.5% mostly due to the deteriorated financial condition of a large corporate borrower from the oil & gas sector alongside with the change of its owner. The NPL90+ coverage ratio remained at a high level of 189.5%, with the cost of risk increasing by 2.2 pp to 3.2%.

Customer deposits were RUB 1,142.6 bln or 59.3% of the Bank's total liabilities. Retail deposits increased by 10.5% to RUB 414.5 bln, the growth being observed in both term and demand deposits. Corporate deposits dropped by 18.8% to RUB 728.1 bln. The ratio of net loans to deposits rose to 60.9% as at the end of 1Q2019.

Debt securities issued grew by 59.6% to RUB 168.0 bln after USD 500 mln and EUR 500 mln senior Eurobonds were issued in February and March.

The Basel III **capital adequacy ratio** increased by 1.5 pp ytd to 23.4% and the Tier I capital adequacy ratio by 1.0 pp to 15.1%. The Bank's total capital according to the Basel III standards decreased by 1.2% in 1Q2019 to RUB 293.8 bln, mostly due to currency revaluation.

Net income for the first 3 months of 2019 was RUB 238 mln. It declined compared to 1Q2018 mainly due to a RUB 5.2 bln increase in loan loss provisions attributable mostly to the deteriorated financial condition of a large corporate borrower.

Net interest income was RUB 9.6 bln, **net interest margin** decreased to 1.9% as highly liquid low-risk assets represented a significant percentage of the Bank's balance sheet while the cost of funding increased. **Net interest income as percentage of average RWA**[2] was 3.2%. **Net interest income after provisions** was RUB 4.4 bln.

Fee and commission income increased by 1.6% yoy to RUB 3.4 bln. One of the key drivers of this growth was fees on cash operations, including cash handling, which increased by 40.5% to RUB 0.7 bln.

Operating income (before provisions) shrank by 31.9% yoy to RUB 6.5 bln, in particular because of negative currency revaluation of perpetual subordinated Eurobonds, which is unrealized and technical. **Operating expense** was RUB 4.2 bln, having grown by 9.1% compared to 1Q2018 due to the growth of staff costs as the Bank expands its business.

Enquiries

CREDIT BANK OF MOSCOW

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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.

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

The Bank was ranked as a top-2 privately-owned bank by total assets in INTERFAX-100 as at 1 April 2019. 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%.

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