



Webcast and Conference call 9m2017 financial results

20 November 2017

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CEO, Member of the
Supervisory Board

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MKB.RU



**CREDIT BANK
OF MOSCOW**

Financial highlights

Key metrics of financial performance

✔ **Profit** increased by 1.9 times as compared with 9m2016 based on qualitative business growth

✔ Outstanding operating efficiency with a **CTI ratio of 28.4%**

✔ **Loan portfolio quality improved:**

NPL ratio declined to 1.7%

Cost of risk decreased to 1.9%

✔ **Strong capital position** supported by recent capital market transactions:

USD 600 mln - **Tier 2 Eurobond**

USD 700 mln – **perpetual Tier 1 Eurobond**

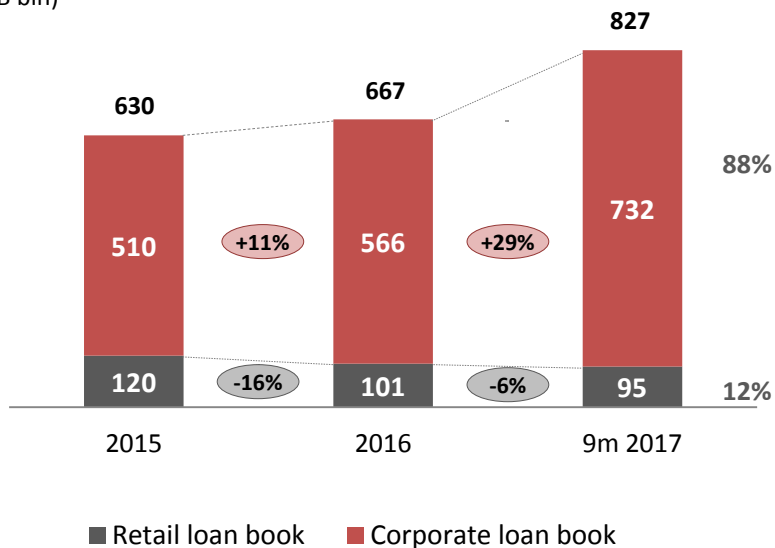
RUB 22 bln – **Tier 2 subordinated deposits** from corporate customers

Income statement (RUB bln)	9m2017	9m2016	Change, %
Net interest income	31.6	31.4	+ 0.7%
Net fee and commission income	9.7	7.9	+ 22.6%
Profit for the period	16.1	8.3	+ 92.7%
NIM	2.8%	3.6%	- 0.8 p.p.
NII/ARWA	4.3%	4.6%	- 0.3 p.p.
RoAE	19.3%	11.5%	+ 7.8 p.p.
Cost / Income	28.4%	23.0%	+5.4 p.p.
Balance sheet (RUB bln)	9m2017	YE2016	Change, %
Total assets	1,780.1	1,568.0	13.5%
Loans to customers (gross)	827.5	666.7	+ 24.1%
Total equity	159.4	103.4	+ 54.2%
NPL 90+ / Gross loans	1.7%	2.3%	- 0.6 p.p.
Total provisions / NPL	322.1%	263.3%	+ 58.8 p.p.
Cost of risk	1.9%	4.6%	- 2.7 p.p.
Tier 1 Capital Ratio	14.2%	9.4%	+ 4.8 p.p.
Total CAR	23.2%	14.7%	+ 8.5 p.p.

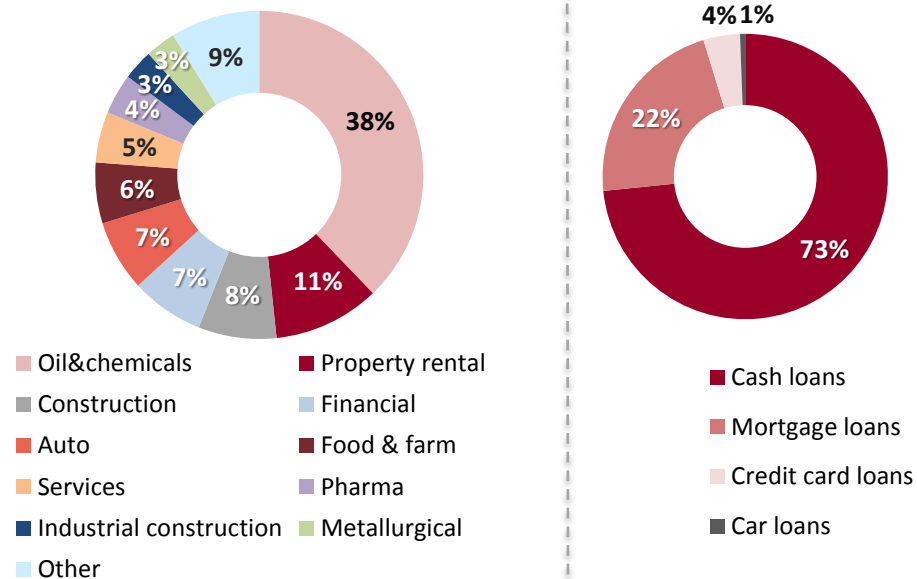
Business highlights: corporate lending remains a key driver for growth

Loan book (gross) dynamics

(RUB bln)



Corporate and retail loan book breakdown (3Q2017)



Strategic Pillars

Corporate lending

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

Retail lending

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

Key recent events

Capital Markets

- **Additional share issue** on Moscow Exchange:
 - 3.2 billion new shares;
 - RUB 4.5 per share;
 - Core Tier 1 capital topped up for RUB 14.4 billion.

- Repurchased through a **tender offer** subordinated Loan Participation Notes due in 2018 worth USD 25 million out of USD 106.2 million remaining on the market.

- Two **subordinated deposits** from corporate customers in the total amount of RUB 22 billion were included to the Group's **Tier 2 capital**.

October 2017

Appointments

Management Board

- **Oleg A. Borunov** became a member of the Management Board and was appointed Deputy Chairman of the Management Board. Oleg Borunov is in charge of the Group's **investment banking business**.

- **Alexander N. Kaznacheev** became a member of the Management Board and was appointed Deputy Chairman of the Management Board. Alexander Kaznacheev is in charge of the Group's **corporate banking business**.

October 2017

Supervisory Board

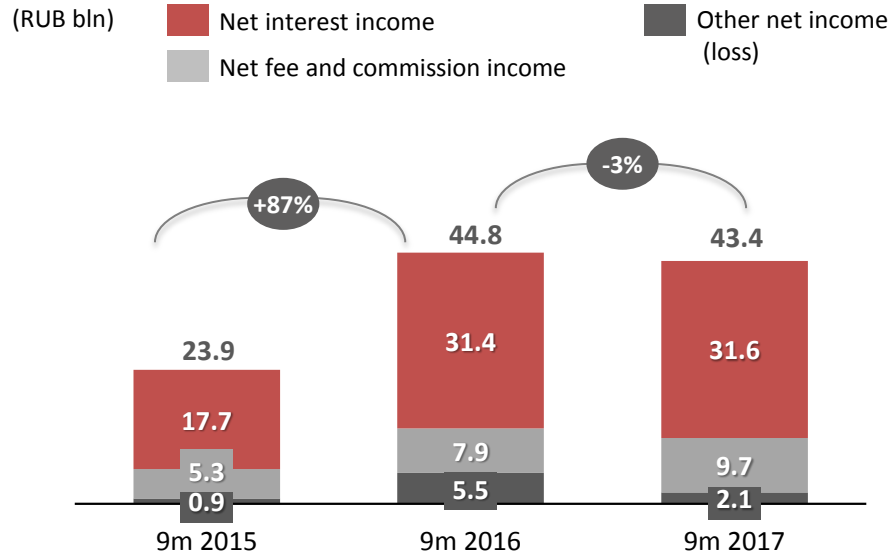
- **Alexey A. Stepanenko** became a member of CBM's Supervisory Board. Alexey A. Stepanenko is a member of the CBM's Management Board and First Vice President of LLC "MCB Capital".

- **Lord Peter Daresbury** became a member of the CBM's Supervisory Board. Lord Daresbury Peter Gilbert is an **independent director** and a member of the **Compensation, Corporate Governance and Nominations Committee**.

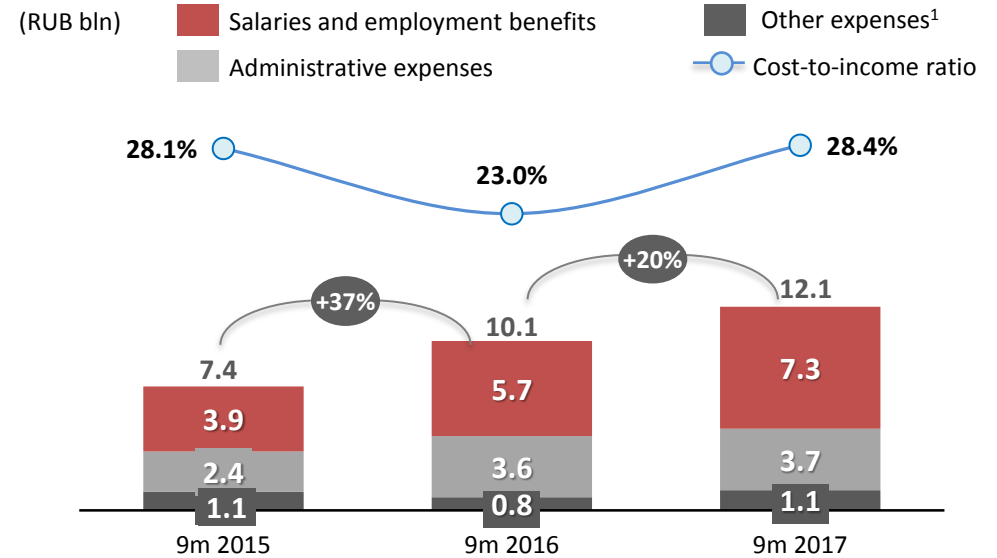
November 2017

Outstanding efficiency

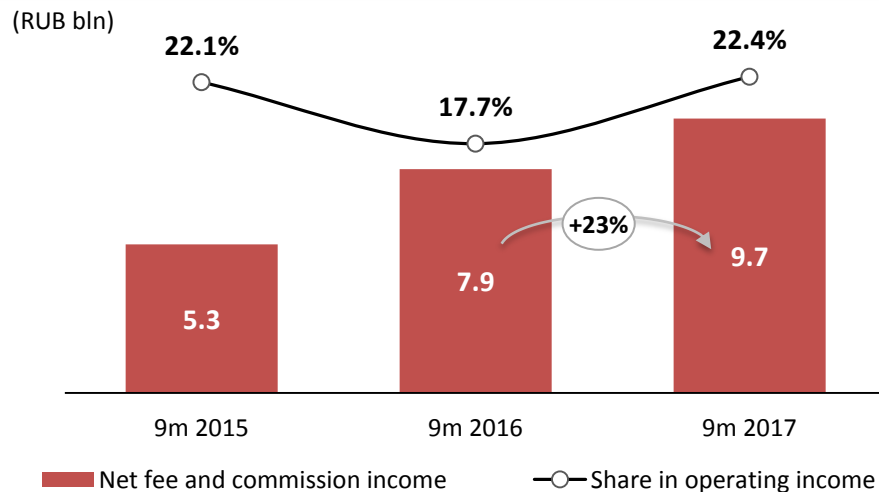
Operating income



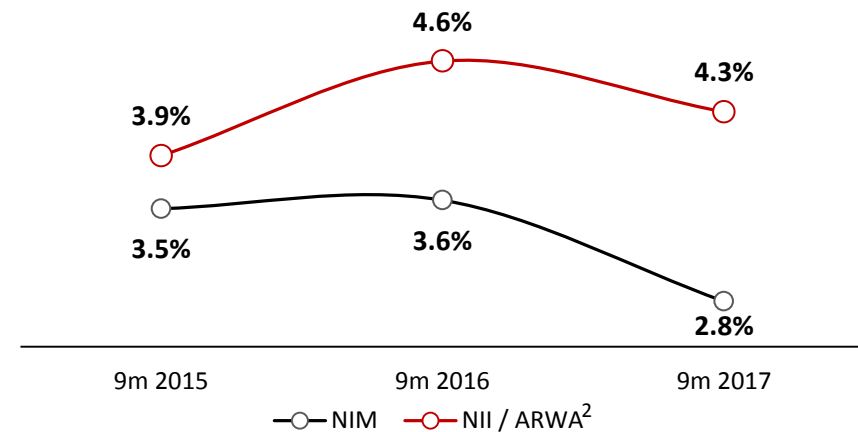
Operating expenses



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

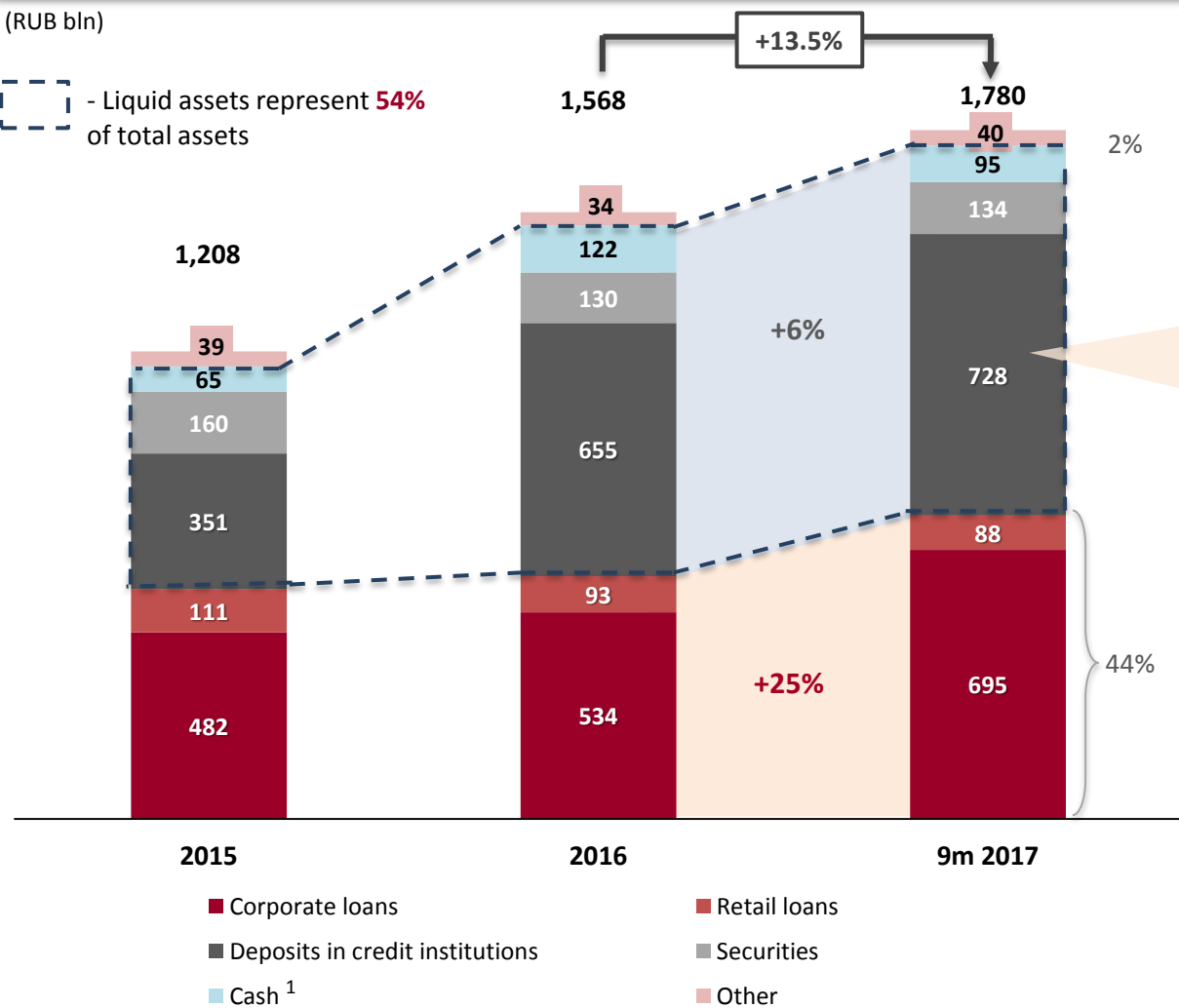
2) ARWA is a sum of risk-weighted assets classified into the banking book and trading book, averaged quarterly

Emphasis on highly liquid assets

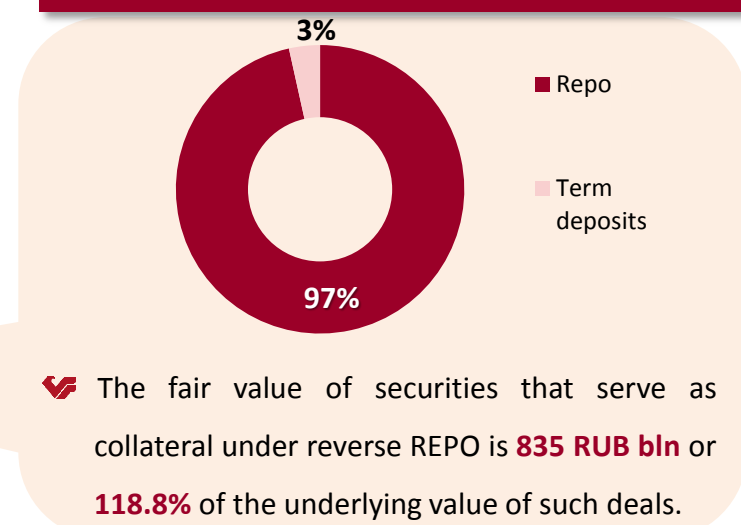
Asset structure

(RUB bln)

- Liquid assets represent **54%** of total assets



Deposits in credit institutions

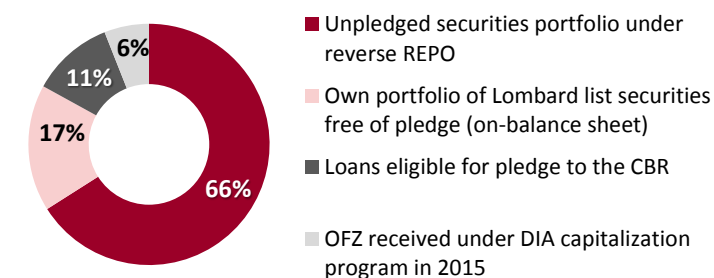


✦ The fair value of securities that serve as collateral under reverse REPO is **835 RUB bln** or **118.8%** of the underlying value of such deals.

✦ The **debt securities portfolio** is used as a liquidity buffer with **76%** of the bond portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation

✦ Additional unused liquidity sources amounted to **RUB 438 bln** as of 30 September 2017

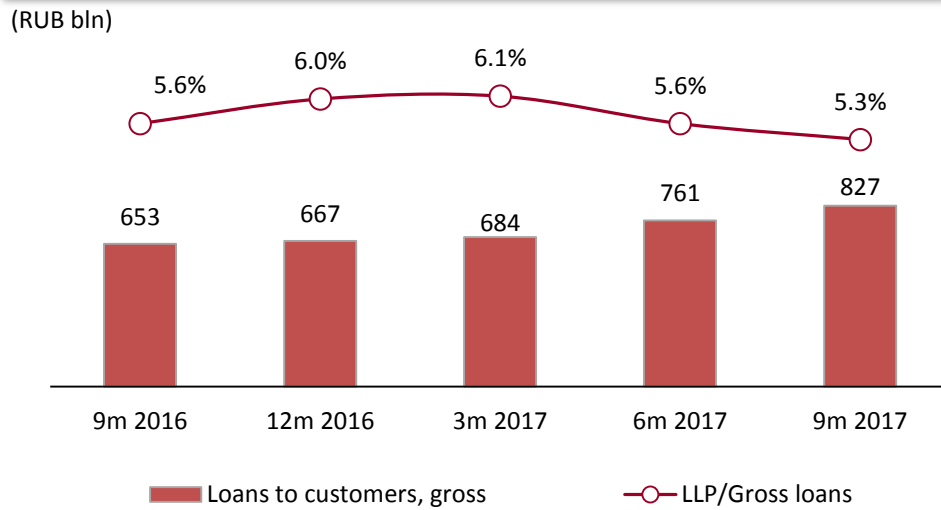
Unused liquidity sources structure



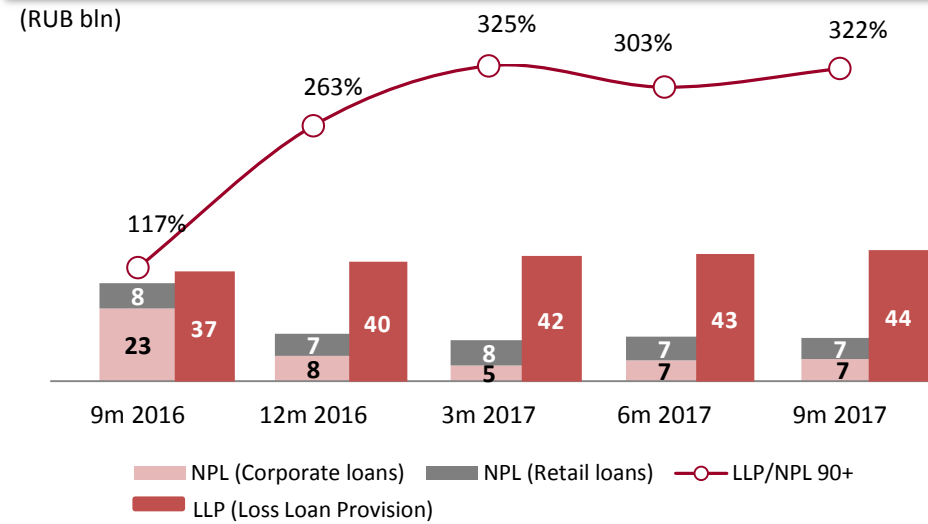
1) Cash includes cash on hand, correspondent account with the CBR and nostro accounts with other banks

Loan portfolio quality is improving

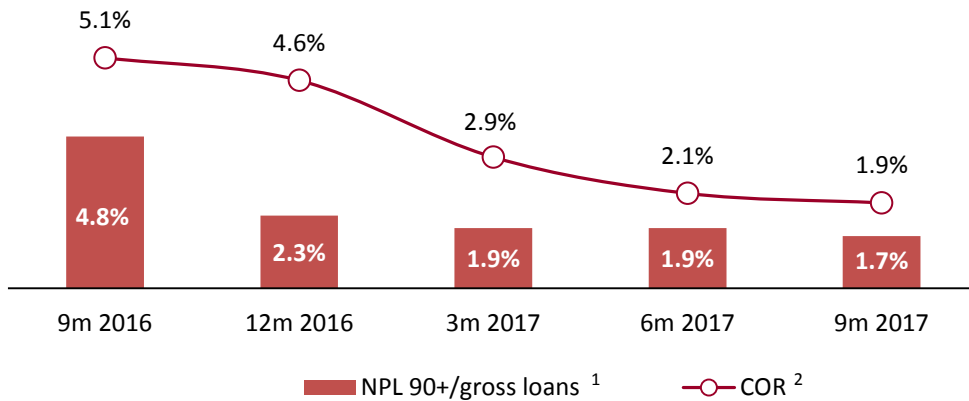
Gross loan portfolio coverage by impairment allowance



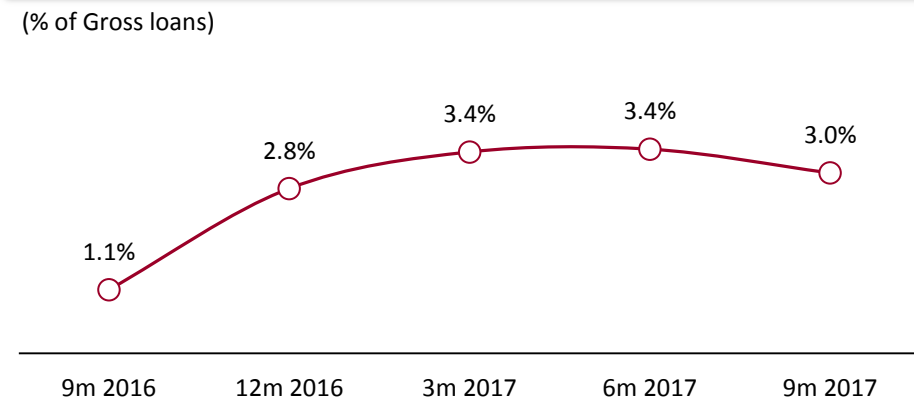
LLP/NPL¹ coverage



Cost of risk and NPL dynamics



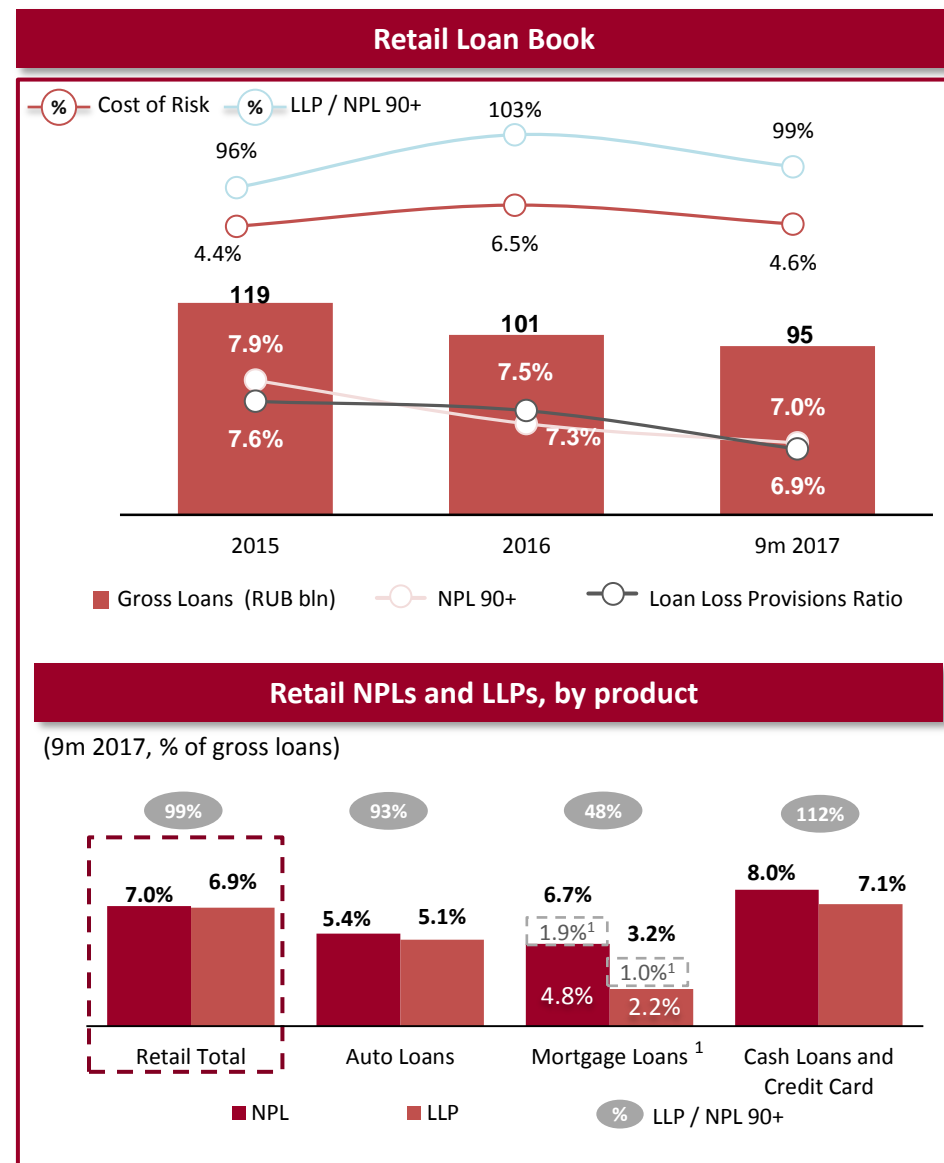
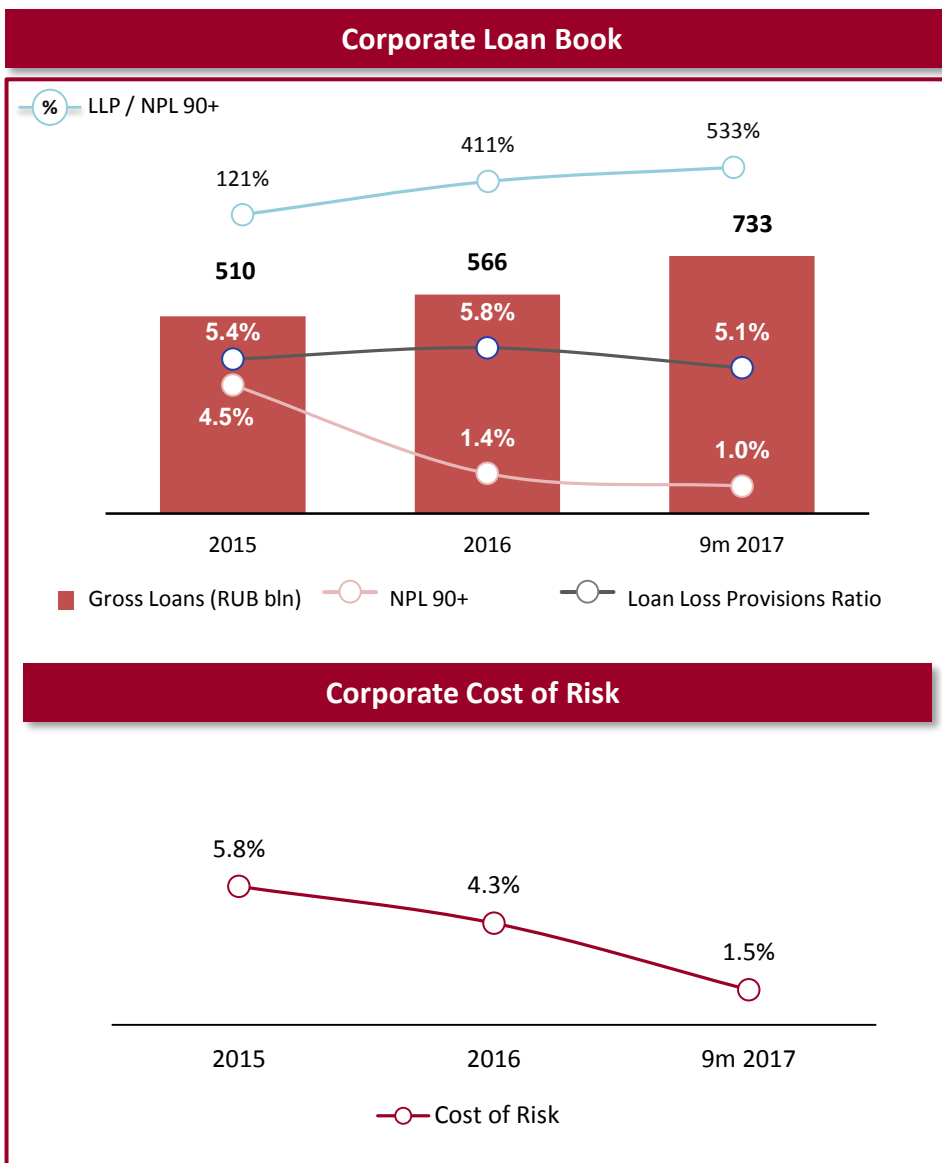
Related party lending concentration



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



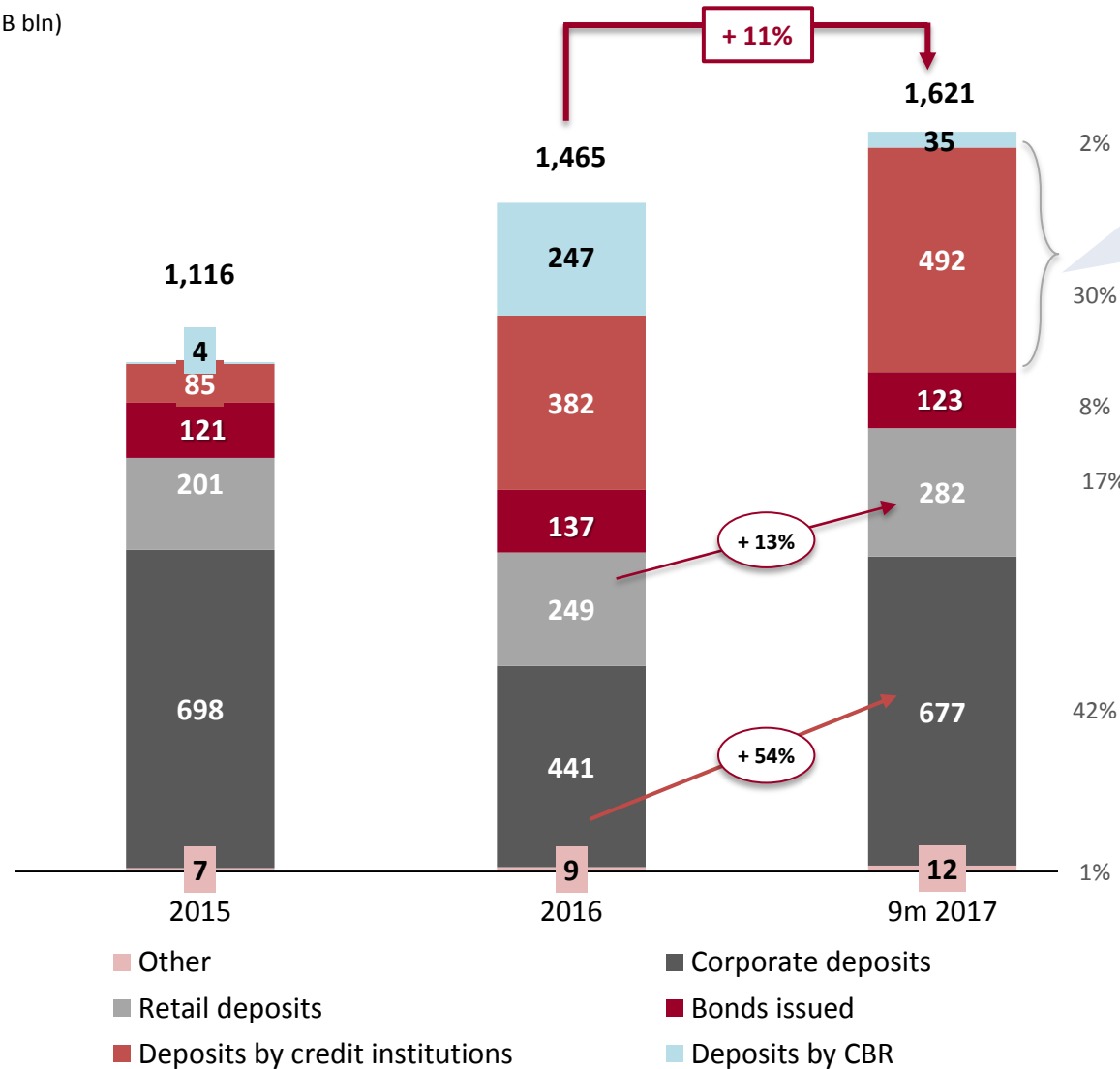
Source: IFRS financial statements

1) Exposure in the amount of RUB 0.4 bln, which is not considered as mortgage by nature

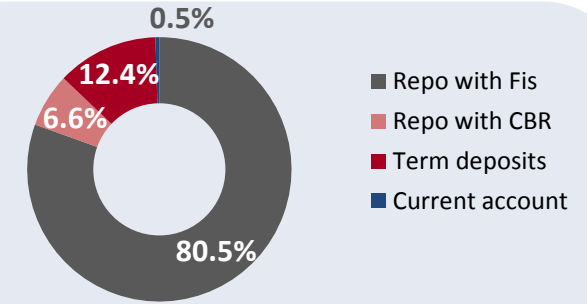
Customer deposits are the main source of funding

Liabilities breakdown

(RUB bln)

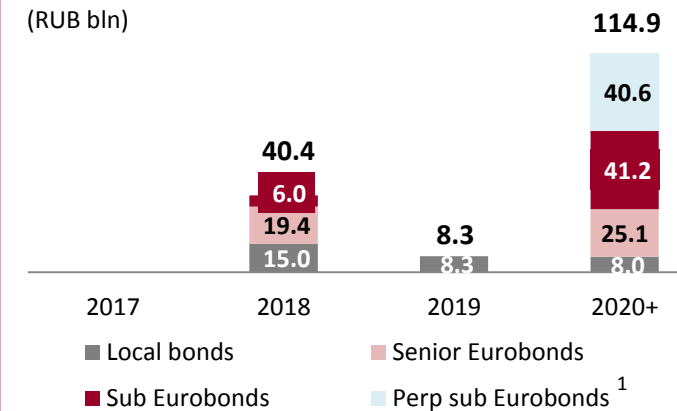


Deposits by credit institutions (incl. CBR)



Fair value of securities provided as collateral under repo transactions is **516 RUB bln** or **112.7%** of the underlying value of such deals.

Debt securities repayment schedule



Source: IFRS financial statements

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

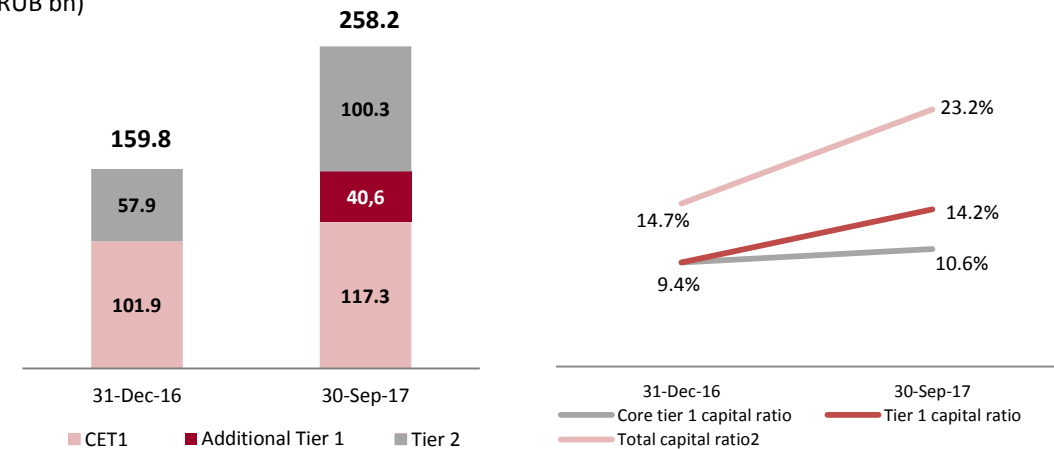
Proven capacity to raise capital in a highly challenging macro environment

Capital instruments

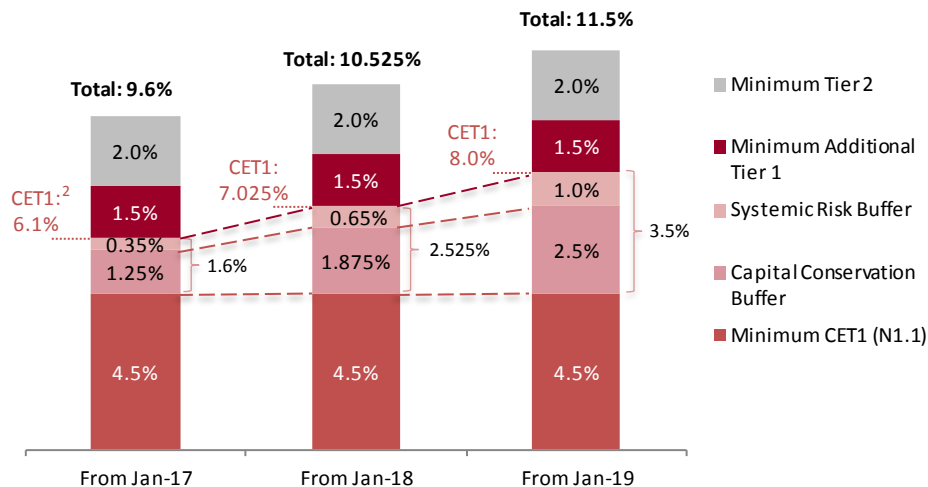
- **April 2017:** USD 500m CBOM 2018 subordinated Tier 2 Eurobond was partially redeemed in the amount of USD 394m
- **April 2017:** USD 600m new 10-year subordinated Tier 2 Eurobond issuance
- **May 2017:** USD 700m perpetual subordinated Tier 1 Eurobond issuance
- **October 2017:** Second cash tender 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

IFRS capital adequacy (Basel III, fully loaded)

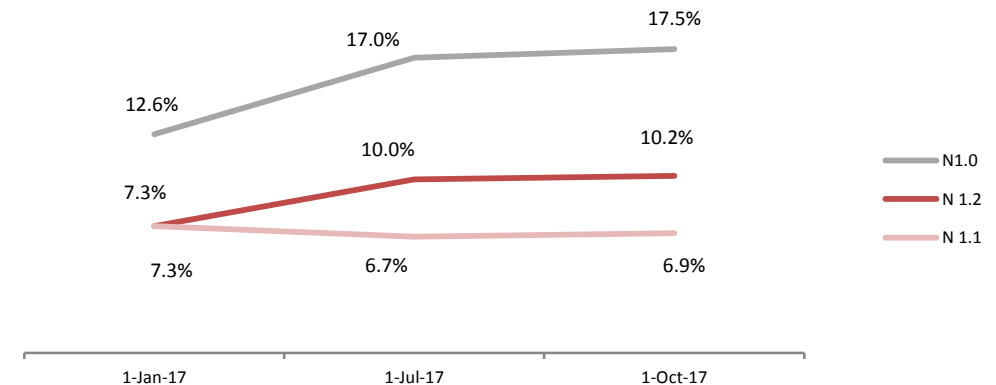
(RUB bn)



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