



Webcast and Conference call 1H2019 financial results

27 August 2019

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**CREDIT BANK
OF MOSCOW**

Key achievements during 2Q2019

Business	<ul style="list-style-type: none"> CBM became the 4th largest bond issue arranger in Russia, with 40 completed transactions from the beginning of the year totaling RUB 455 bln. In 2019 CBM is the only Russian public non-state-owned bank in the Forbes Global 2000 rating, in which the world largest companies are included.
First dividend payment	<ul style="list-style-type: none"> 24.6% of the Bank's RAS net income for 2018 was distributed as dividends to the shareholders. The debut dividend payment is an important step for future increase of the investment appeal of the Bank, whose shares have been traded publicly for almost 4 years.
Capital markets	<ul style="list-style-type: none"> In April 2019 CBM signed an up to USD 500 mln syndicated facilities agreement with 12 large lenders from Europe, the USA, Middle East and Asia, which became one of the largest among the Bank's 15 syndicated loan transactions closed successfully during more than 15 years of its presence in that market.
Ratings	<ul style="list-style-type: none"> In June 2019 Fitch Ratings upgraded CBM's rating to 'BB' on the back of a better risk profile evaluation. <i>The upgrade reflects an improved assets quality achieved over the last 2 years due to effective workouts, sales and provisioning, while preserving decent capital adequacy levels. In Fitch's view, the remaining volume of net risky assets is now more manageable, as potential risks are expected to be adequately covered by sound pre-impairment profit without impacting capital.</i> In April 2019 Expert RA upgraded CBM's rating to 'ruA' as a result of assets quality improvement and decrease in pressure on the Bank's capital. <i>A moderately high evaluation of the business profile, according to the Agency, is determined by the Bank's strong competitive positions in lending and cash management of large businesses.</i>

Financial highlights

Key performance highlights

Focus on loan portfolio quality

Cost of risk reduced by 1.5 pp to **1.7%** during 2Q2019

Competitive player in the financial sector

Mortgage loan portfolio demonstrated 13% growth in the 1H2019

Retail deposits increased by 17% in the 1H2019

Capital ratios strength

CAR ratio 21.0%

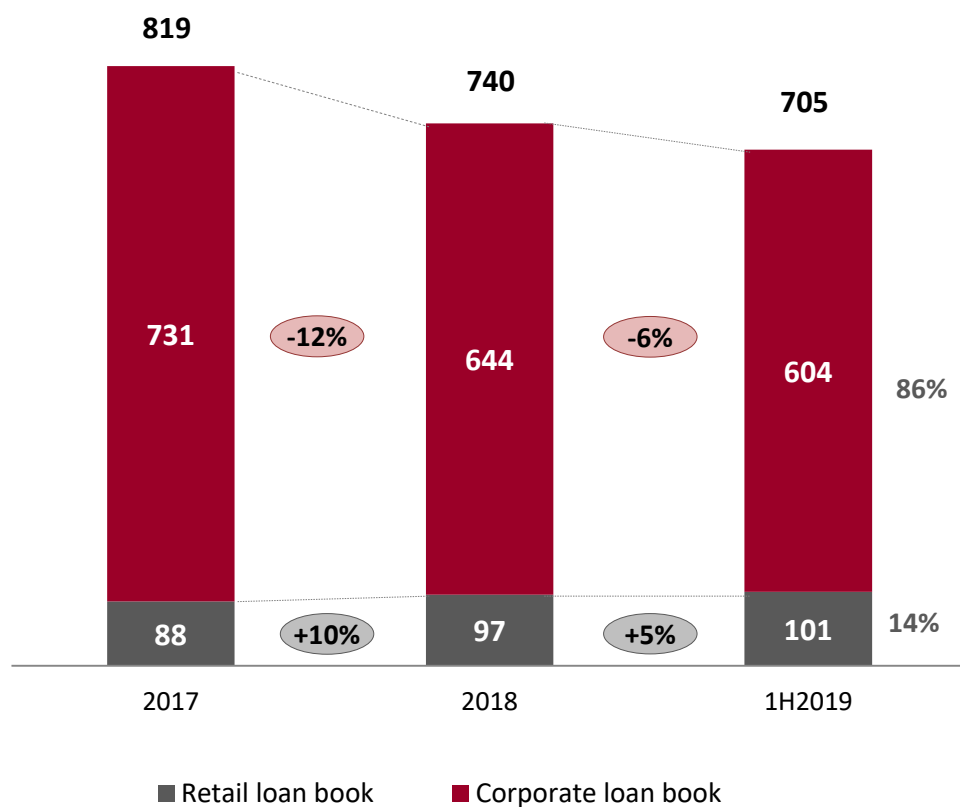
Tier 1 ratio 13.6%

Income statement (RUB bln)	6m2019	6m2018	Change, %
Interest income	70.5	67.5	▲ + 4.5%
Net interest income	19.0	23.8	▼ - 20.1%
Fee and commission income	7.5	7.3	▲ + 2.7%
Profit for the period	2.2	11.0	▼ - 80.4%
NIM	1.9%	2.7%	▼ - 0.8 p.p.
RoAA	0.2%	1.2%	▼ - 1.0 p.p.
Balance sheet (RUB bln)	1H2019	2018	Change, %
Total assets	2 118.2	2 145.9	▼ -1.3%
Loans to customers (gross)	705.2	740.1	▼ -4.7%
Retail loans (gross)	101.1	96.6	▲ + 4.7%
Due to individuals	437.2	375.1	▲ + 16.6%
Debt securities issued	155.1	105.3	▲ + 47.3%
Total equity	189.7	191.2	▼ - 0.8%
NPL 90+ / Gross loans	3.9%	1.6%	▲ + 2.3 p.p.
Loan to deposit ratio	55.3%	55.7%	▲ - 0.4 p.p.
Total CAR	21.0%	21.9%	▼ - 0.9 p.p.

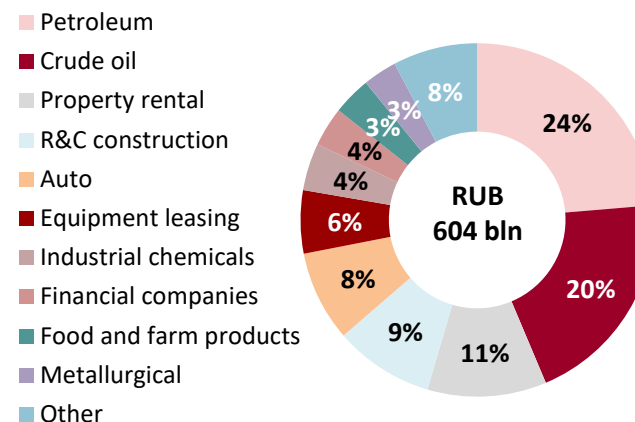
Gradual growth of retail loan portfolio ongoing

Loan book (gross) dynamics

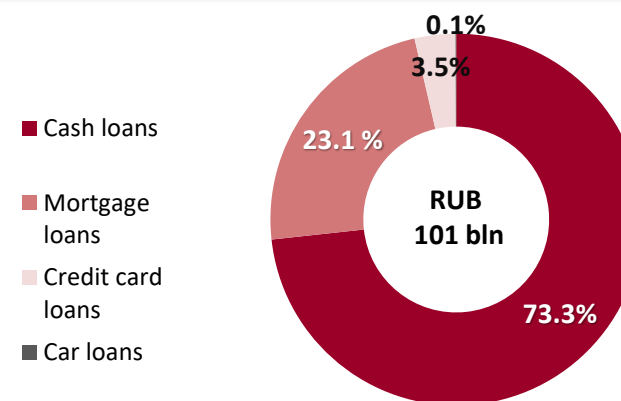
(RUB bln)



Corporate loan book breakdown (1H2019)

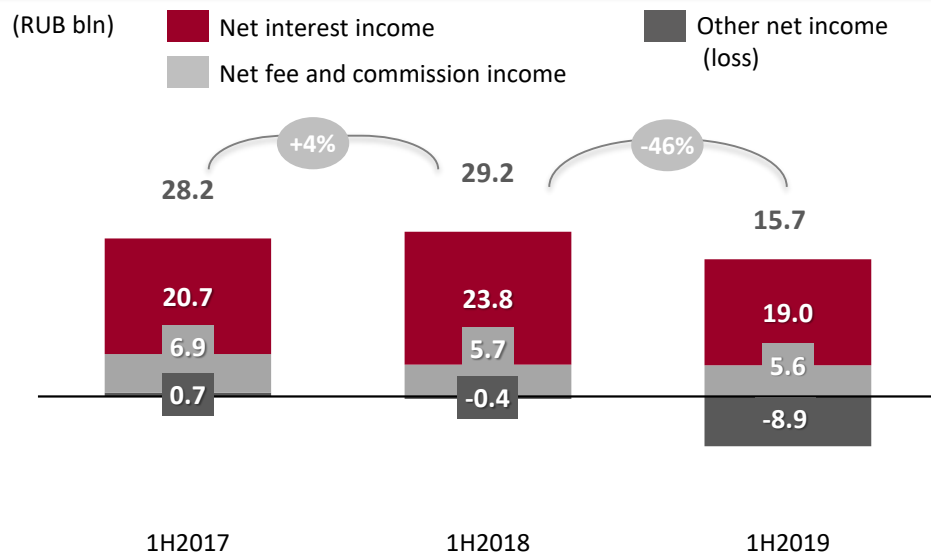


Retail loan book breakdown (1H2019)

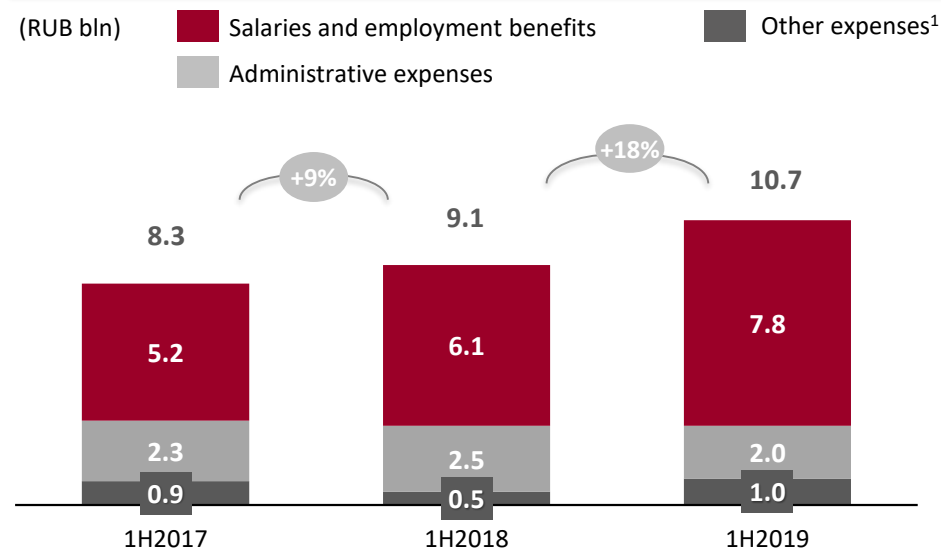


Financial results

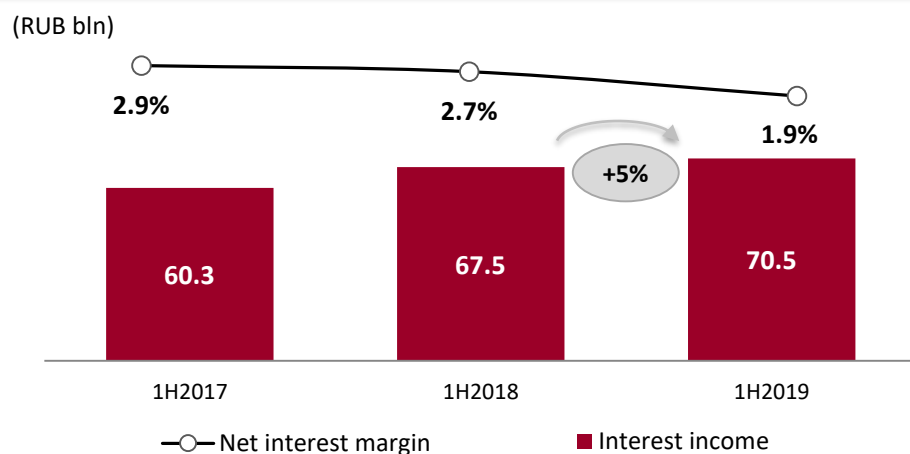
Operating income



Operating expenses



Interest Income / Net interest margin



Key developments

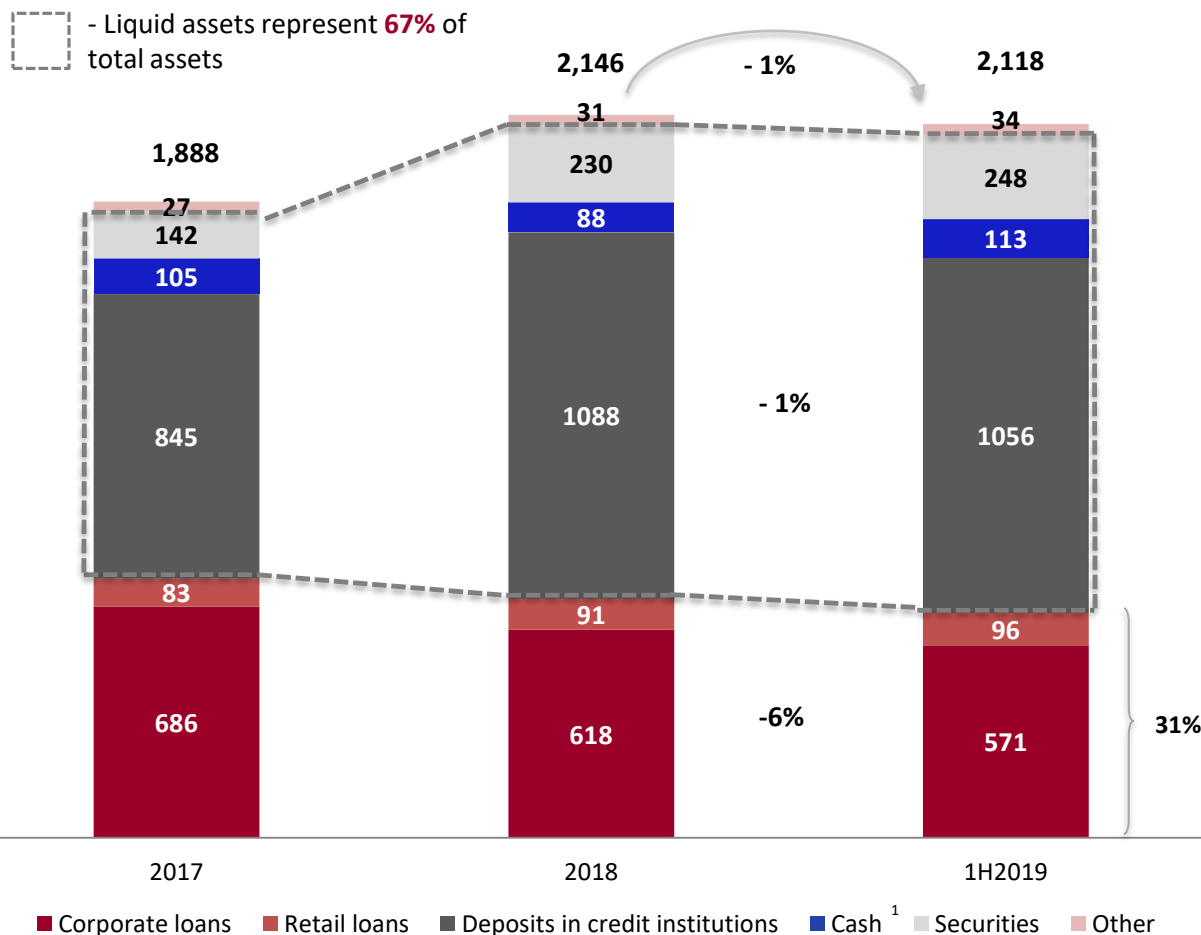
- Operating income** decreased to RUB 15.7 bln mainly due to accounting specifics of FX perpetual subordinated Eurobonds under IFRS;
- Operating expenses** increased to RUB 10.7 bln as a result of growing staff costs as the Bank expands its business;
- NIM** was affected by growing competition in the sector as well as large proportion of highly liquid low-risk assets and higher deposit interest rates.

1) Other expenses consist of depreciation of property and equipment

Emphasis on highly liquid assets

Asset structure

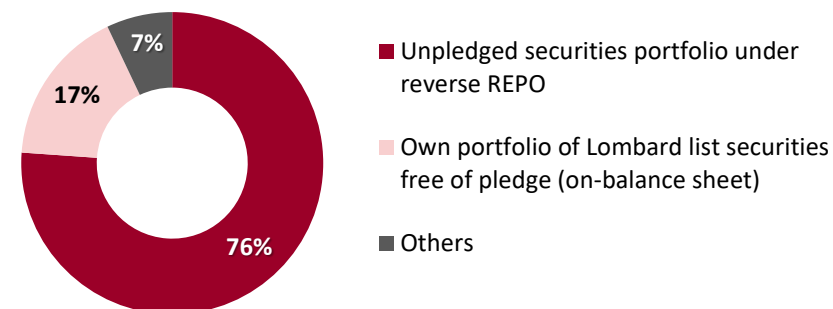
(RUB bln)



High quality securities portfolio

- Investment grade securities rated **BBB-** and above accounted for **75% of total securities portfolio**
- The **debt securities portfolio** is used as a liquidity buffer with **74%** of the securities portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation
- Additional unused liquidity sources amounted to **c. RUB 700 bln** as of 1 August 2019

Unused liquidity sources structure

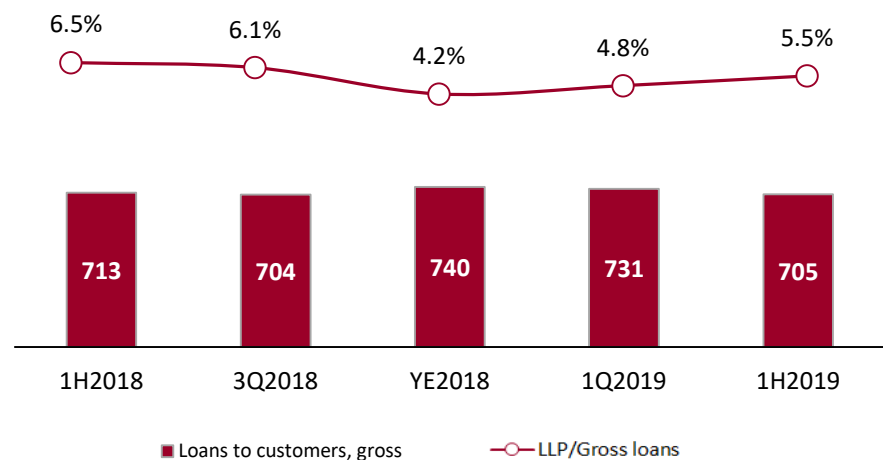


1) Cash includes cash on hand, correspondent account with the CBR and nostro accounts with other banks

Cost of risk shows positive dynamics

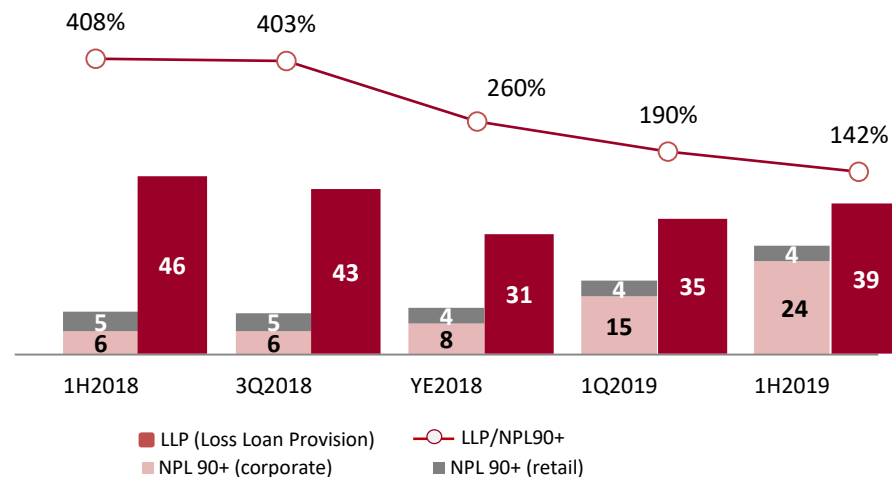
Gross loan portfolio coverage by impairment allowance

(RUB bln)

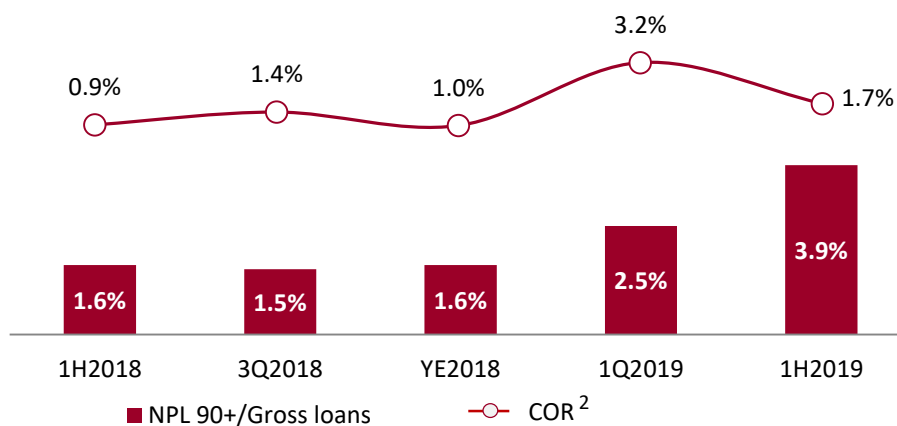


LLP/NPL¹ coverage

(RUB bln)

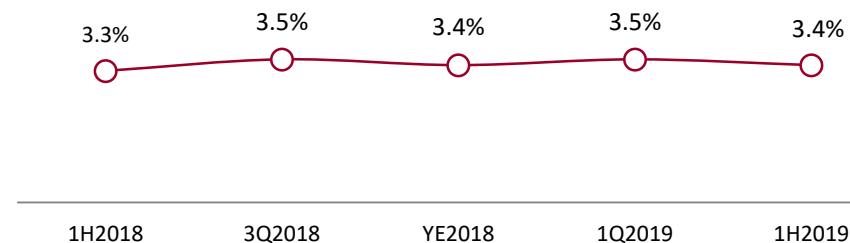


Cost of risk and NPL dynamics



Related party lending concentration

(% of Gross loans)



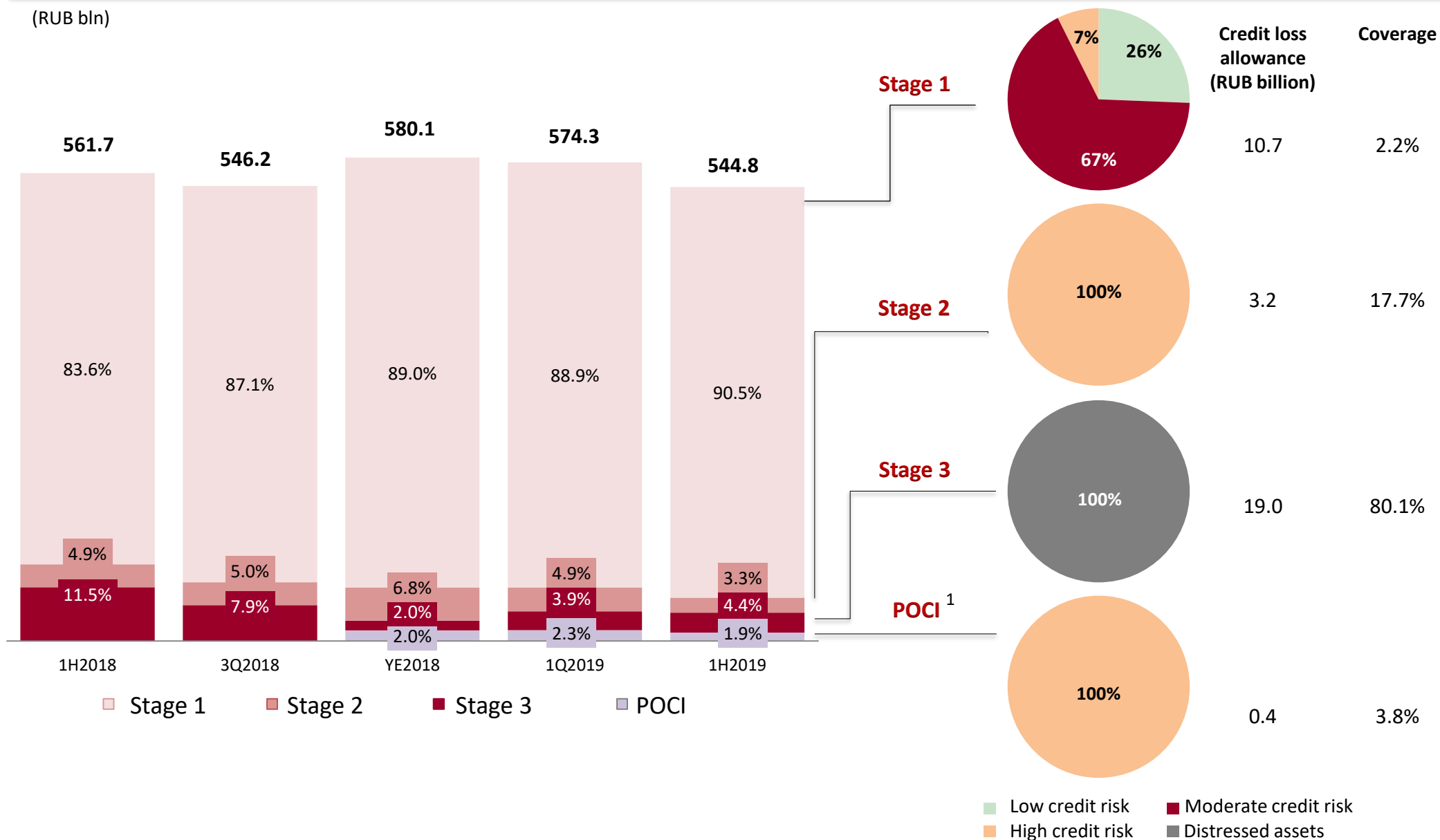
1) NPLs are loans with payments that are overdue >90 days

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

Loan portfolio classification in accordance with IFRS9

Total gross corporate loan portfolio at amortised cost

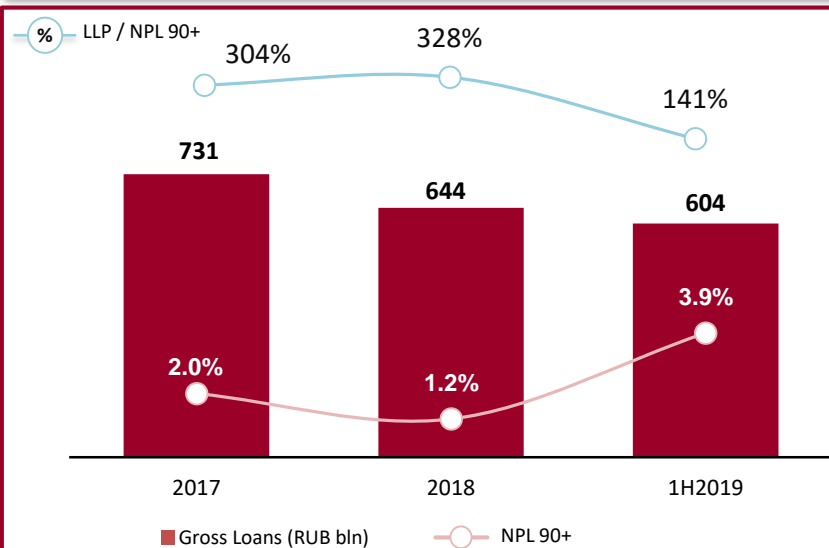
(RUB bln)



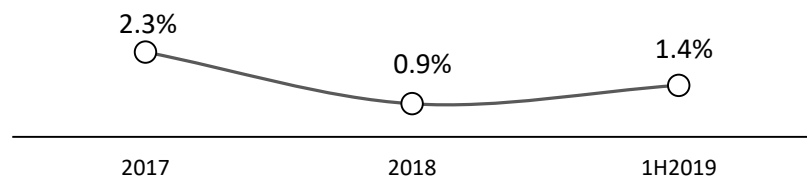
1) POCI – purchased or originated credit impaired

Loan portfolio quality remains at a healthy level

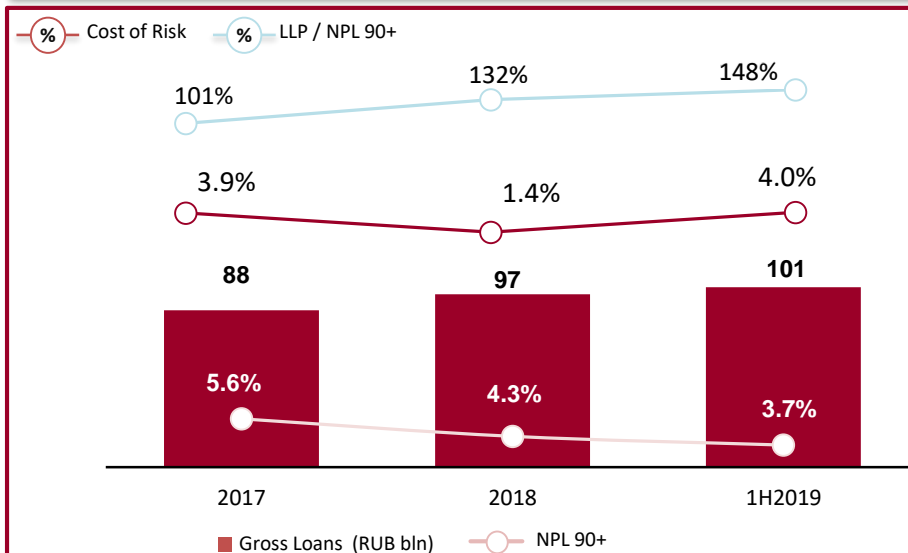
Corporate Loan Book



Corporate Cost of Risk

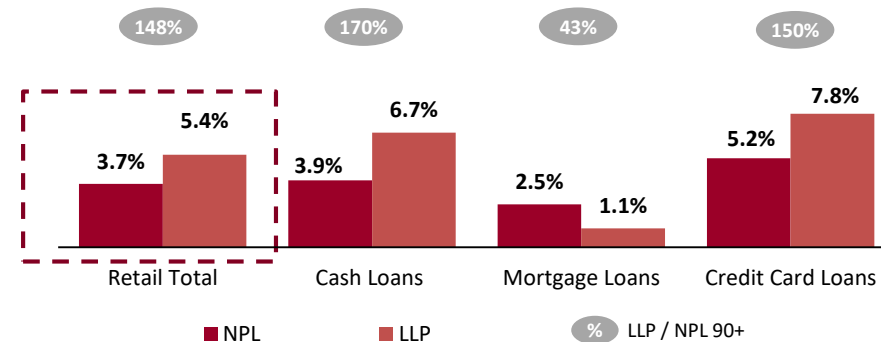


Retail Loan Book



Retail NPLs and LLPs, by product

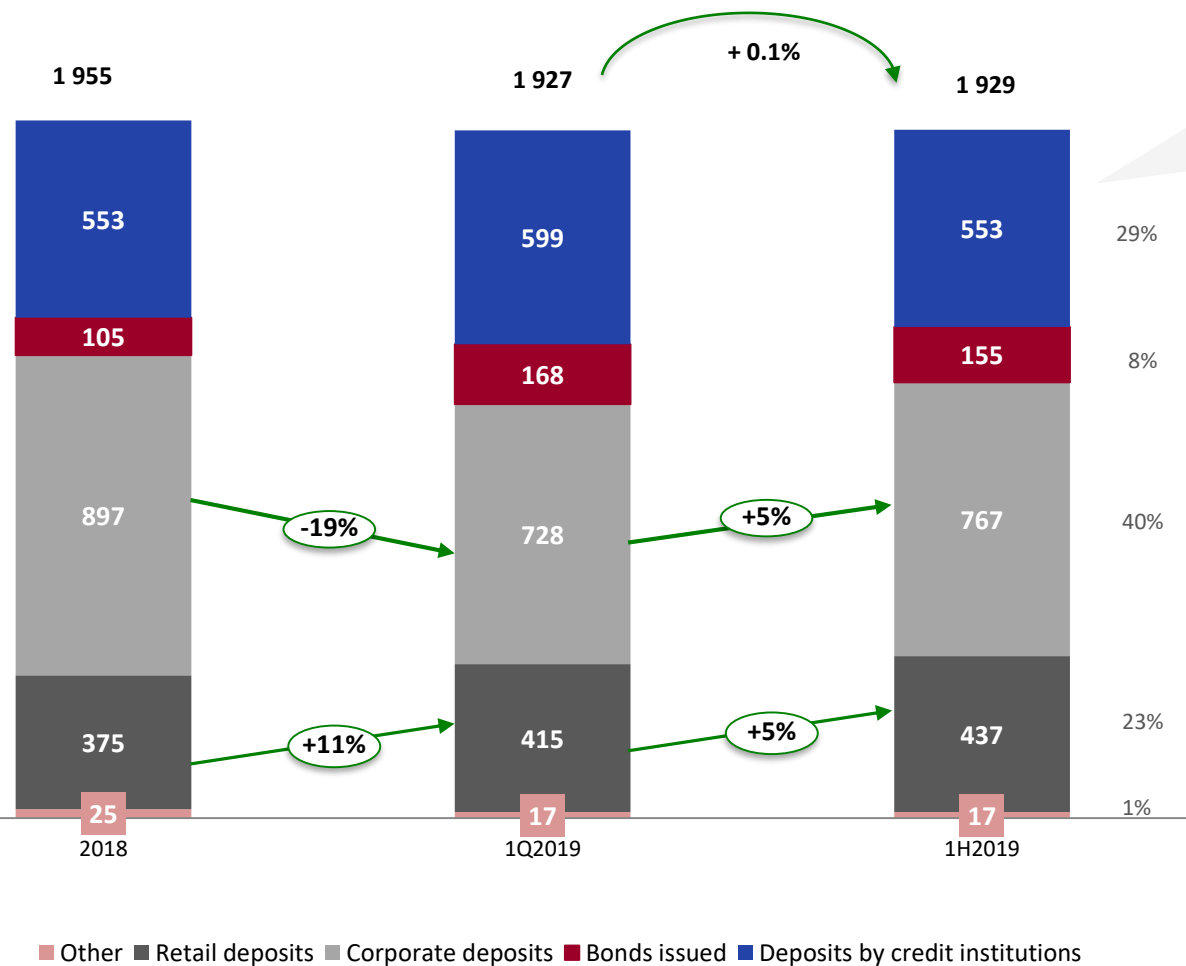
(1H2019, % of gross loans)



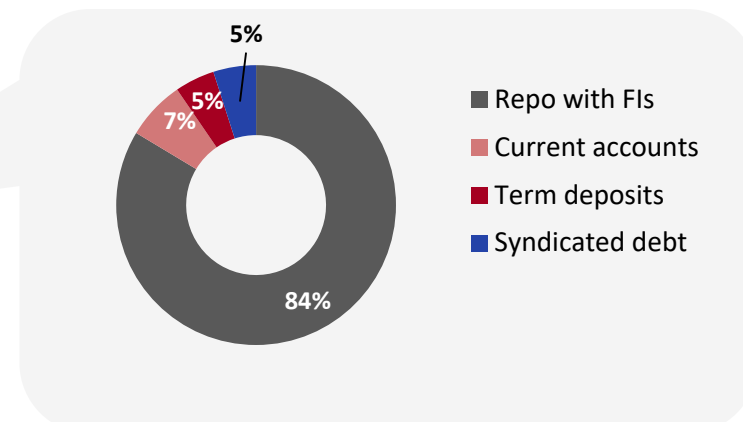
Funding base diversification

Liabilities breakdown

(RUB bln)

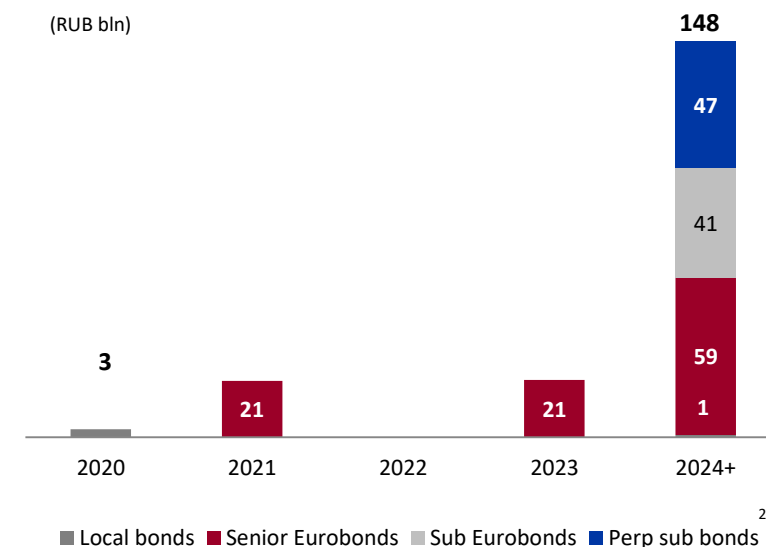


Deposits by credit institutions



Debt securities repayment schedule ¹

(RUB bln)



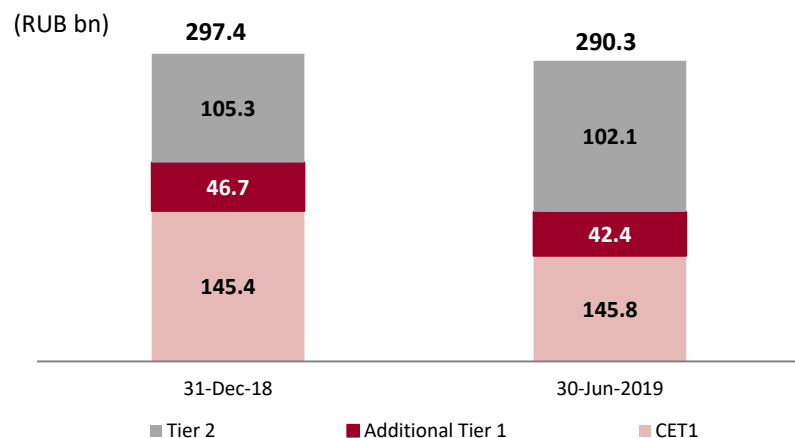
Source: IFRS financial statements

1) Debt securities repayment schedule as of 30.06.2019

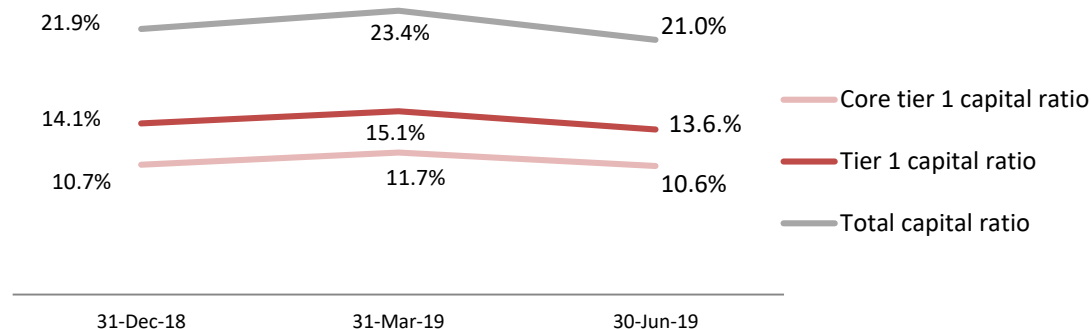
2) Perpetual subordinated Tier I bond issues are included in Total equity

Sound capital position

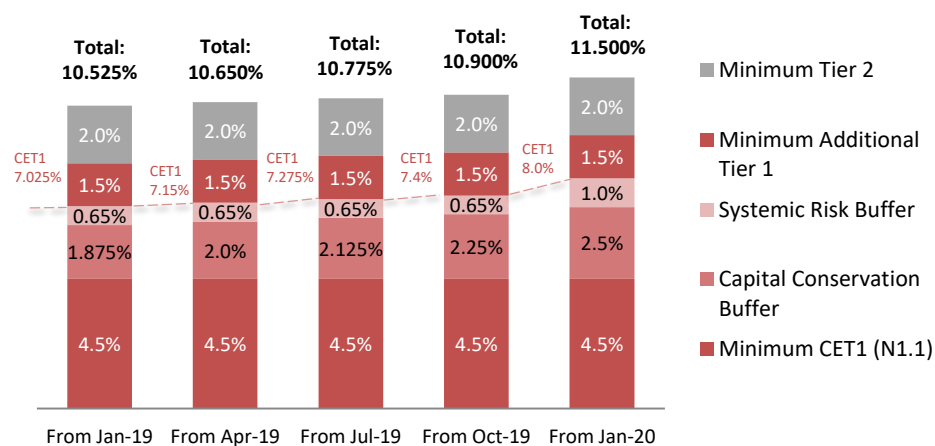
IFRS capital adequacy (Basel III)



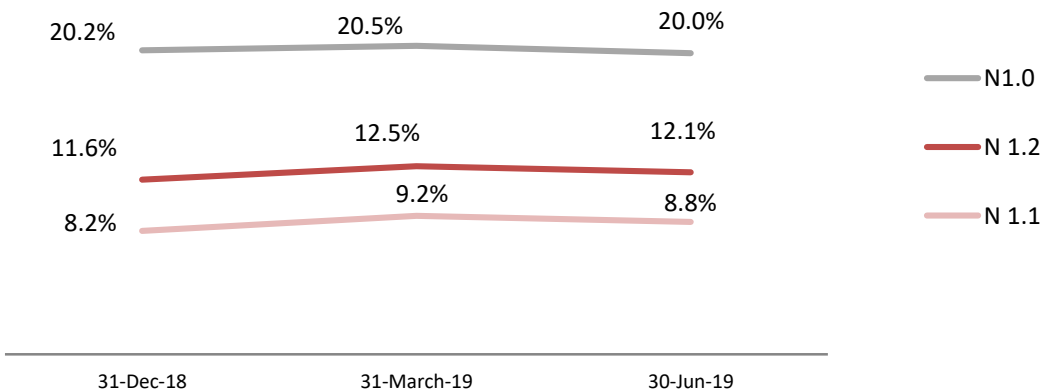
IFRS capital adequacy ratios (Basel III)



RAS capital adequacy requirements¹



RAS capital adequacy ratios



1) Calculated on the basis of the RAS non-consolidated reporting. The buffers (N1.1 requirement + capital conservation buffer + systemic risk buffer) have effect on payment of dividends only