



Webcast and Conference call FY 2017 financial results

29 March 2018

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**CREDIT BANK
OF MOSCOW**

Financial highlights

Key metrics of financial performance

✔ **Profit** increased by almost 2 times as compared with YE2016 based on qualitative business growth

✔ Outstanding operating efficiency with a **CTI ratio of 26.8%**

✔ **Loan portfolio quality was stable:**

NPL ratio amounted to 2.4%

Cost of risk decreased to 2.5%

✔ **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

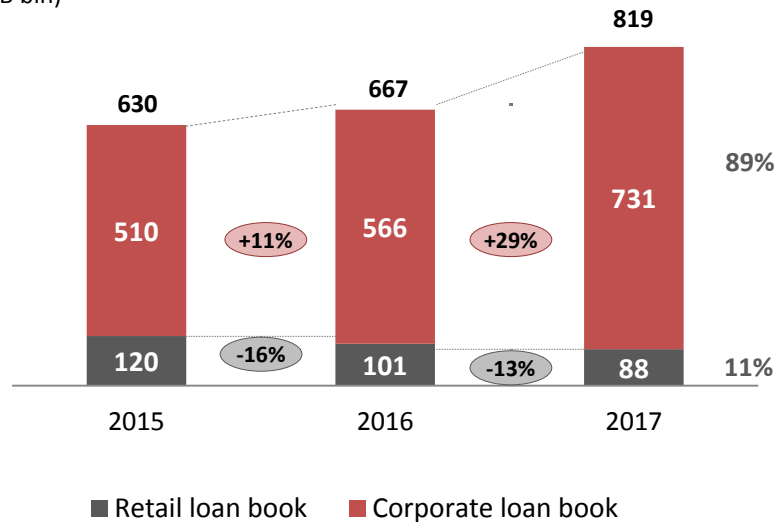
RUB 14.4 bln – **SPO** on the Moscow Exchange

Income statement (RUB bln)	2017	2016	Change, %
Net interest income	45.3	40.3	+ 12.4%
Net fee and commission income	12.5	11.1	+ 12.6%
Profit for the period	20.7	10.9	+ 90.4%
NIM	2.9%	3.3%	-0.4 p.p.
NII/ARWA	4.5%	4.4%	+ 0.1 p.p.
RoAE	17.8%	11.1%	+ 6.7 p.p.
Cost / Income	26.8%	24.6%	+ 2.2 p.p.
Balance sheet (RUB bln)	2017	2016	Change, %
Total assets	1,888.2	1,568.0	+ 20.4%
Loans to customers (gross)	818.8	666.7	+ 22.8%
Total equity	177.6	103.4	+ 71.7%
NPL 90+ / Gross loans	2.4%	2.3%	+ 0.1 p.p.
Total provisions / NPL	253.7%	263.3%	- 9.6 p.p.
Cost of risk	2.5%	4.6%	- 2.1 p.p.
Tier 1 Capital Ratio	15.0%	9.4%	+ 5.6 p.p.
Total CAR	23.4%	14.7%	+ 8.7 p.p.

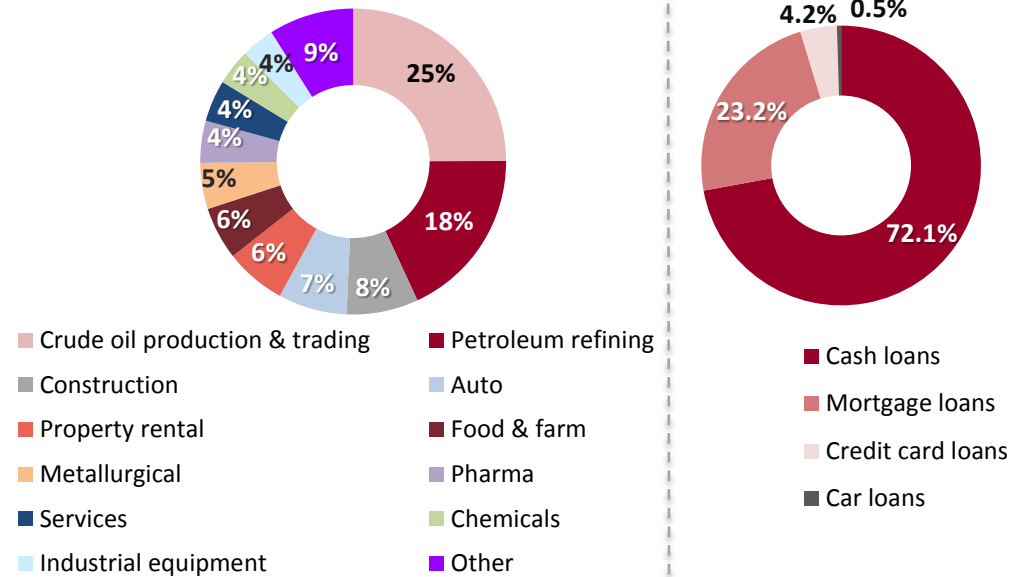
Business highlights: corporate lending remains a key driver for growth

Loan book (gross) dynamics

(RUB bln)



Corporate and retail loan book breakdown (2017)



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

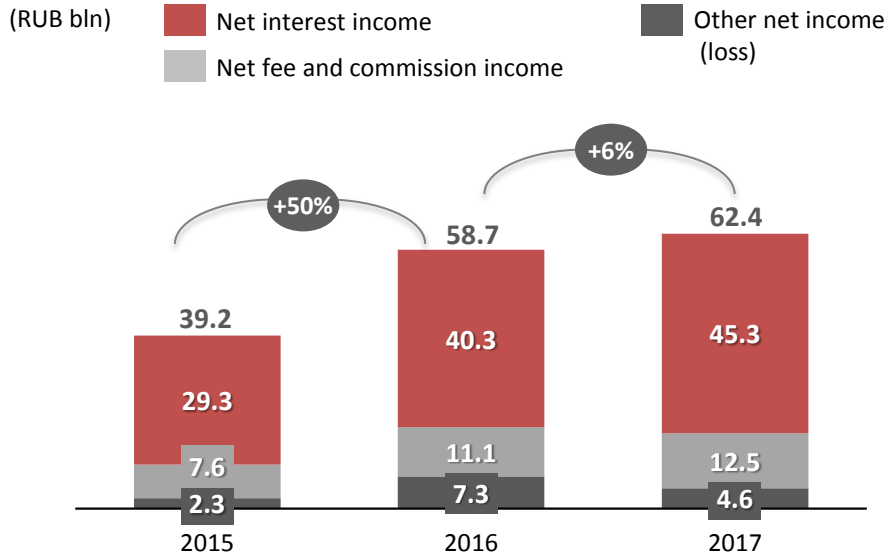
- ❖ Target market segments are **consumer loans** and **mortgage loans**
- ❖ **Tight individual customer selection** for healthy portfolio quality
- ❖ Differentiated risk appetite based on **customer segmentation**

Investment banking

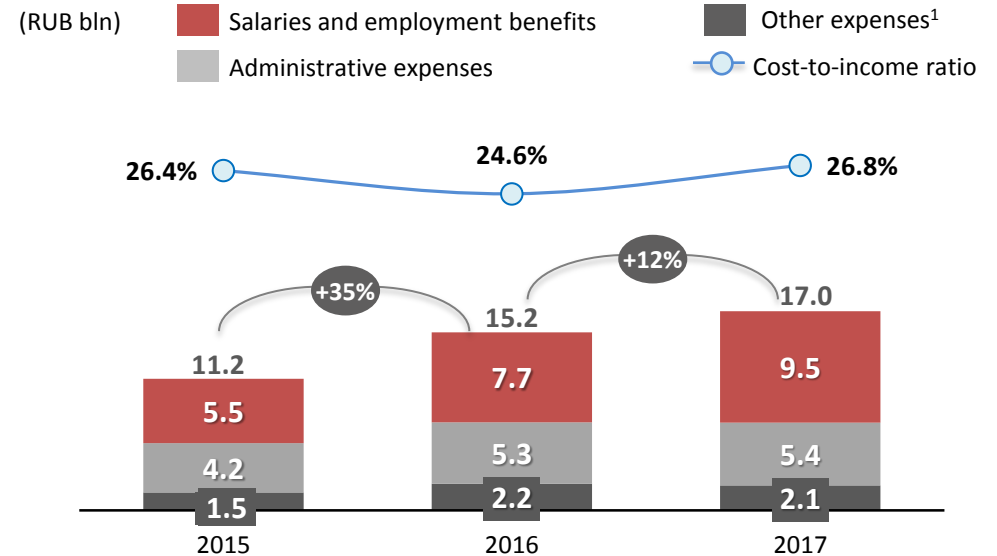
- ❖ New **growth driver**, both in terms of business volumes and profitability
- ❖ Development of new investment products will bring **substantial synergies** to our corporate and retail business

Outstanding efficiency

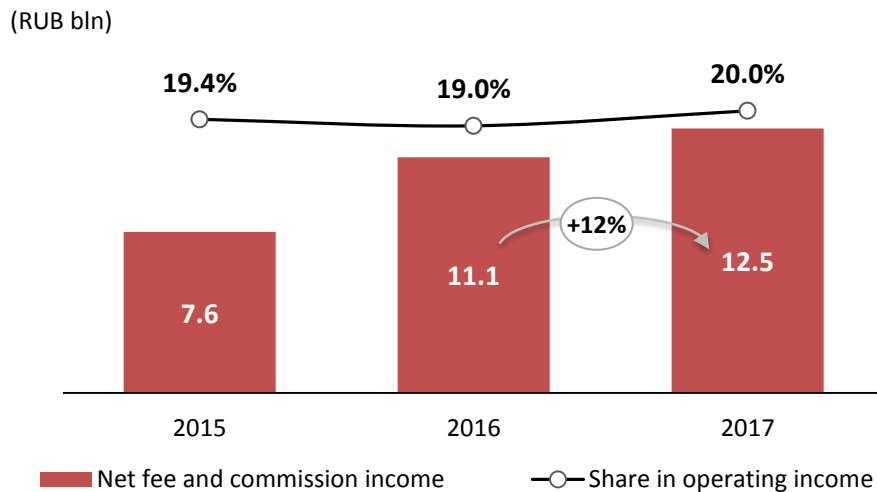
Operating income



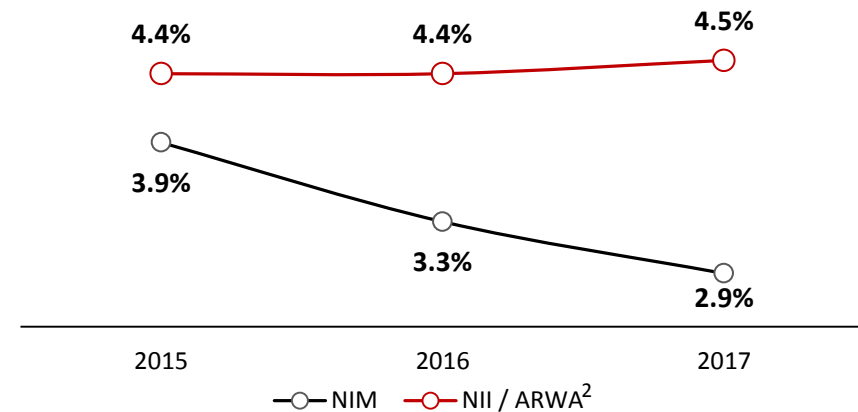
Operating expenses



Net fee and commission income



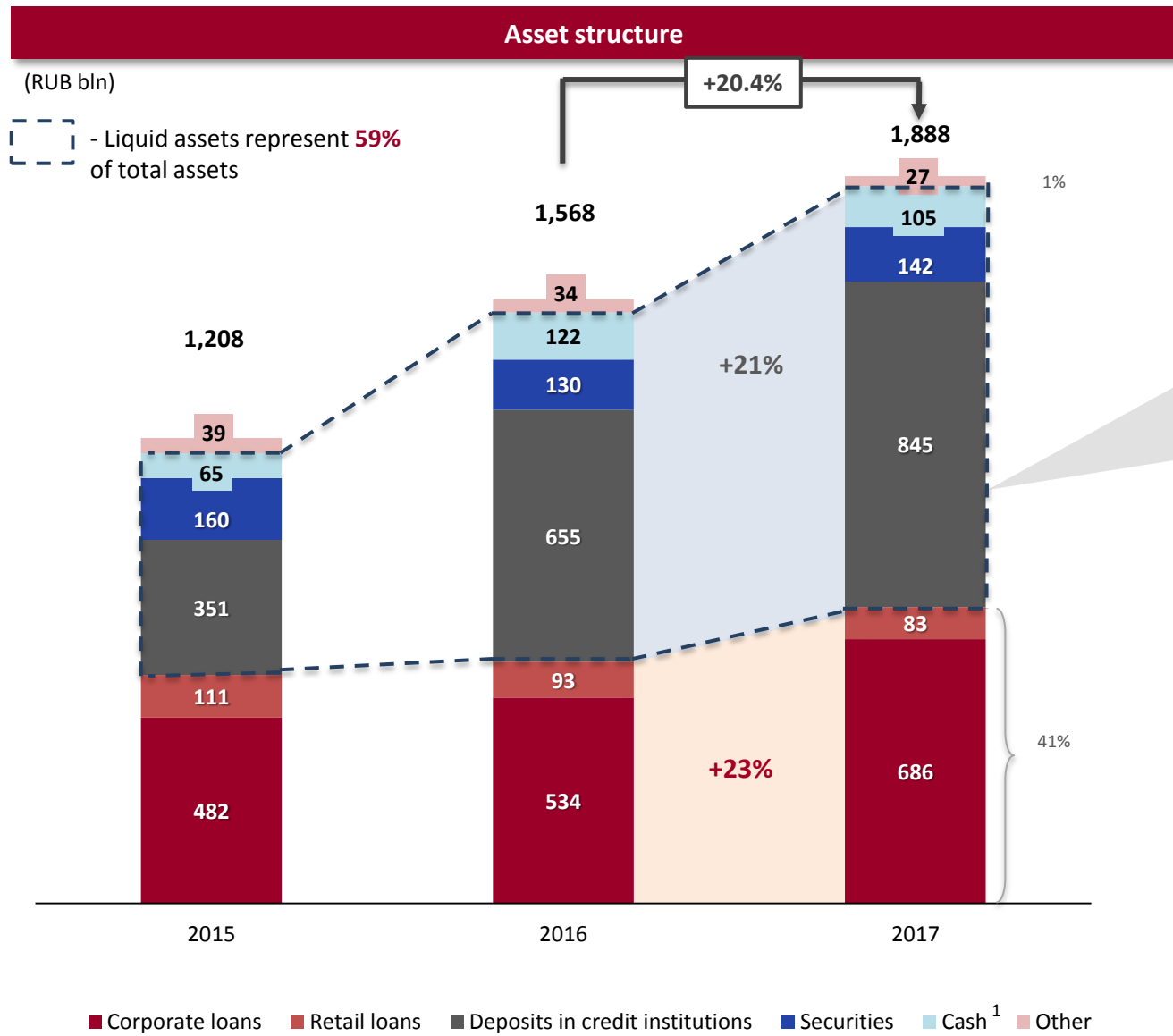
Net interest margin analysis



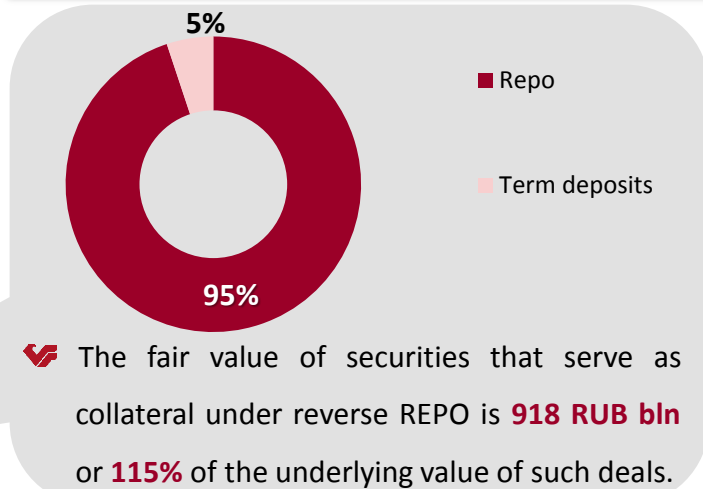
1) Other expenses consist of depreciation of property and equipment and of provision for impairment of other assets and credit related commitments

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

Emphasis on highly liquid assets

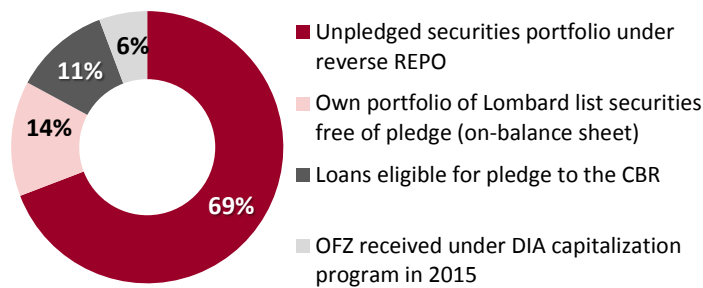


Deposits in credit and other financial institutions



- ✓ The **debt securities portfolio** is used as a liquidity buffer with **74%** of the bond portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation
- ✓ Additional unused liquidity sources amounted to **RUB 419 bln** as of 1 March 2018

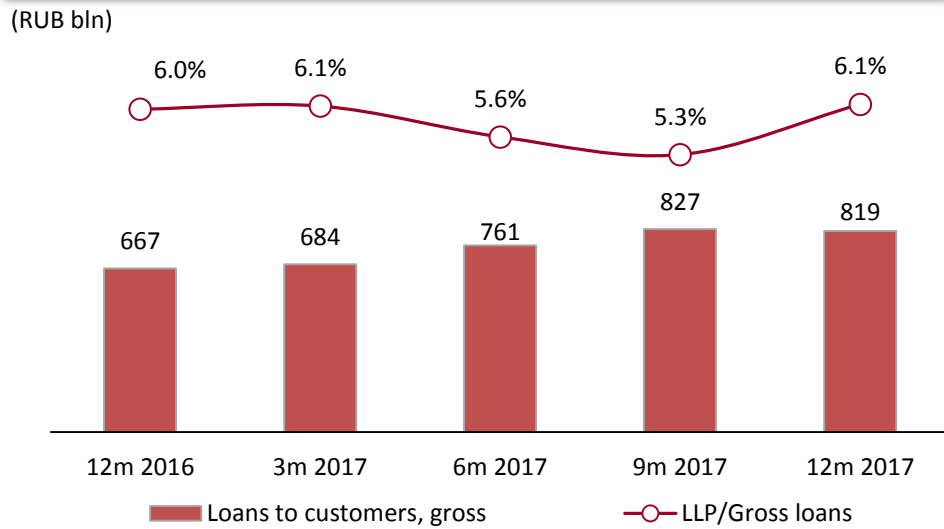
Unused liquidity sources structure



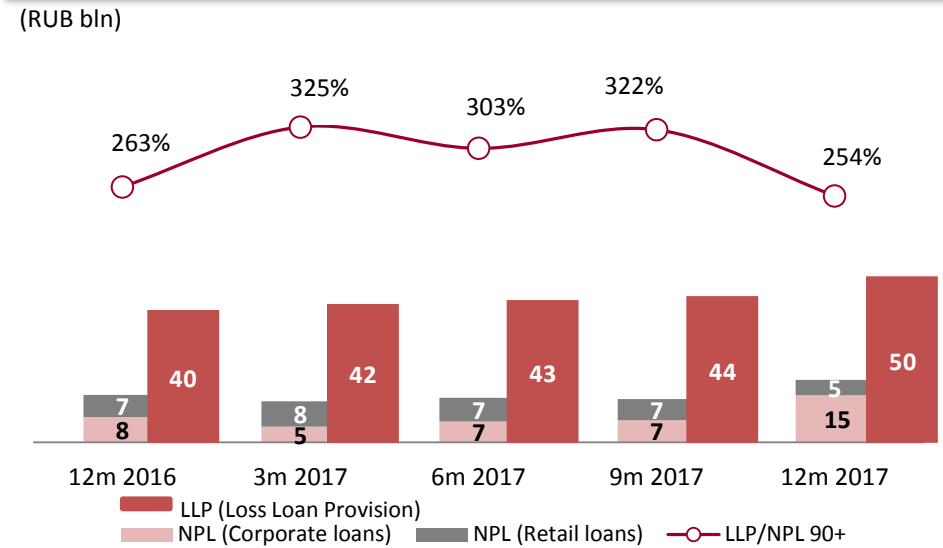
1) Cash includes cash on hand, correspondent account with the CBR and nostro accounts with other banks

Loan portfolio quality is improving

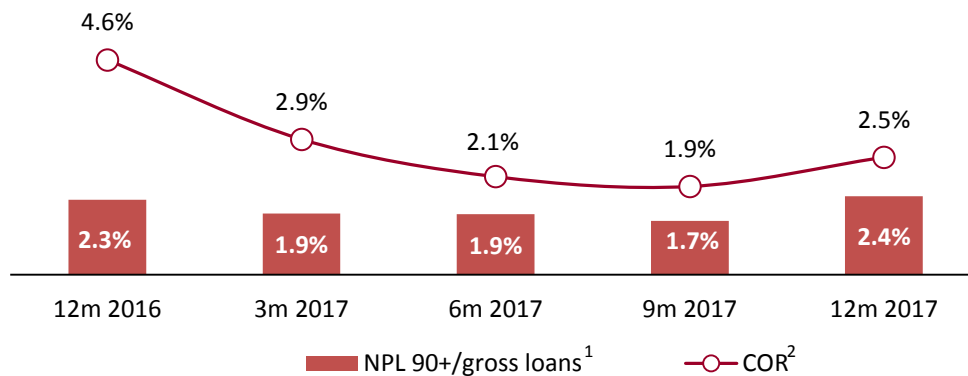
Gross loan portfolio coverage by impairment allowance



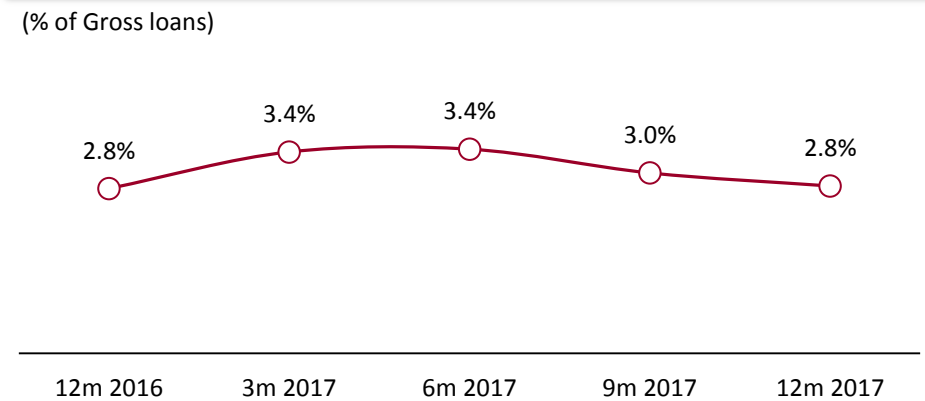
LLP/NPL¹ coverage



Cost of risk and NPL dynamics



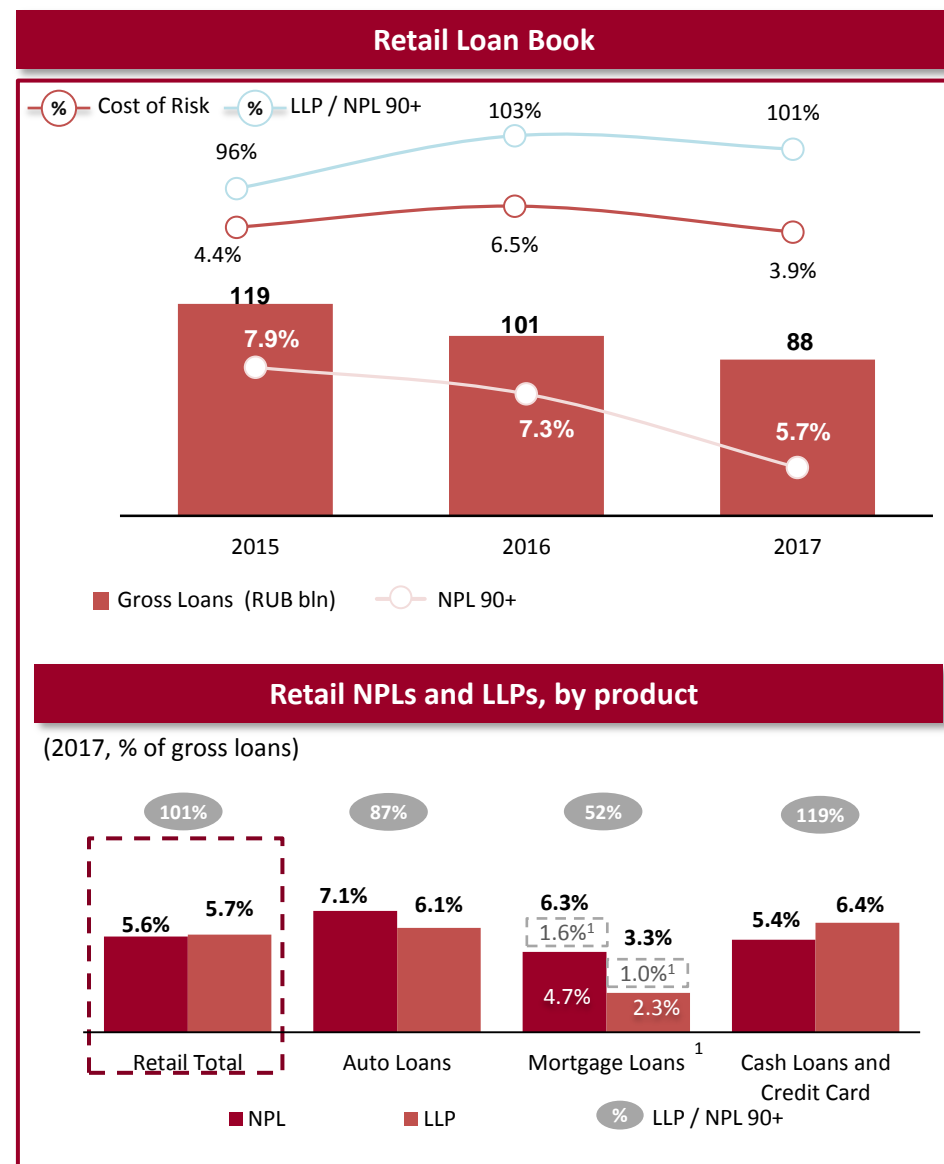
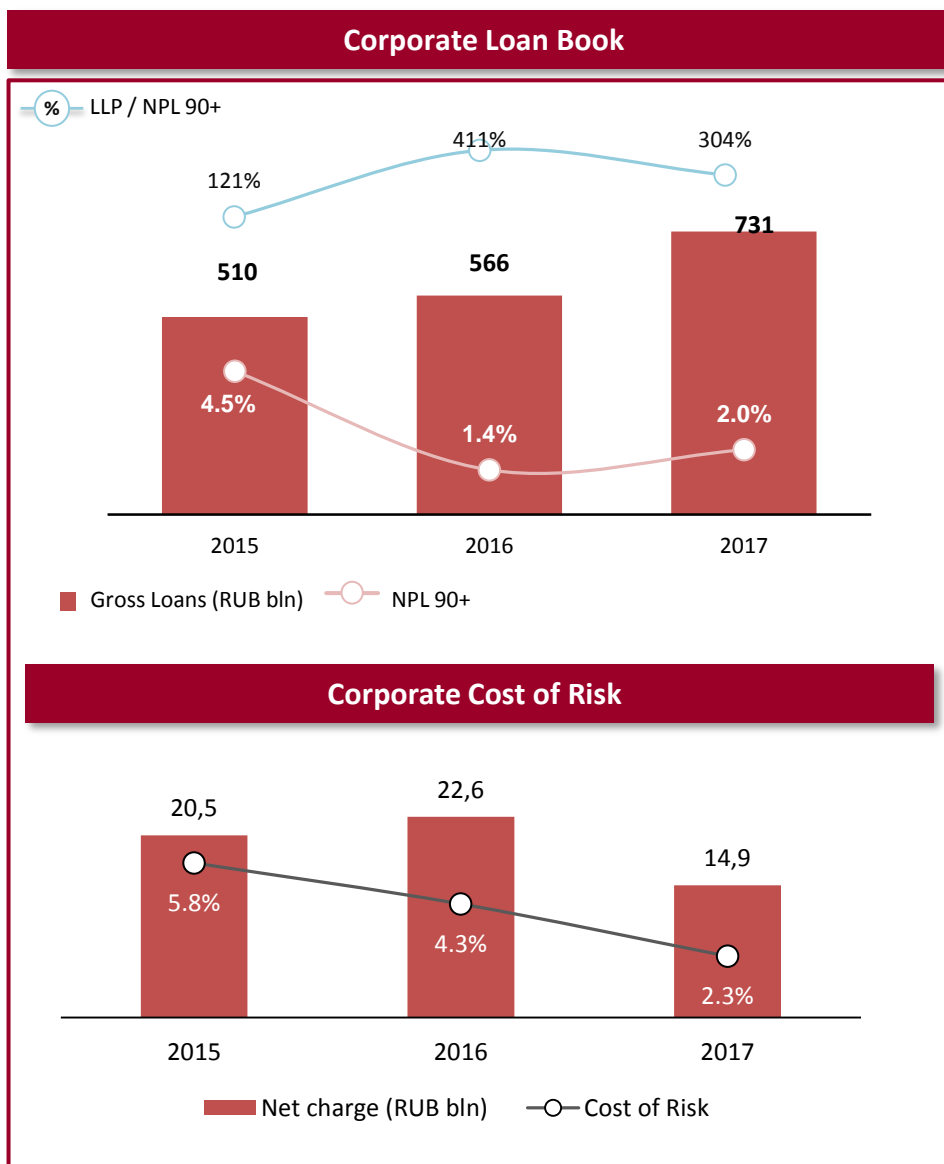
Related party lending concentration



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



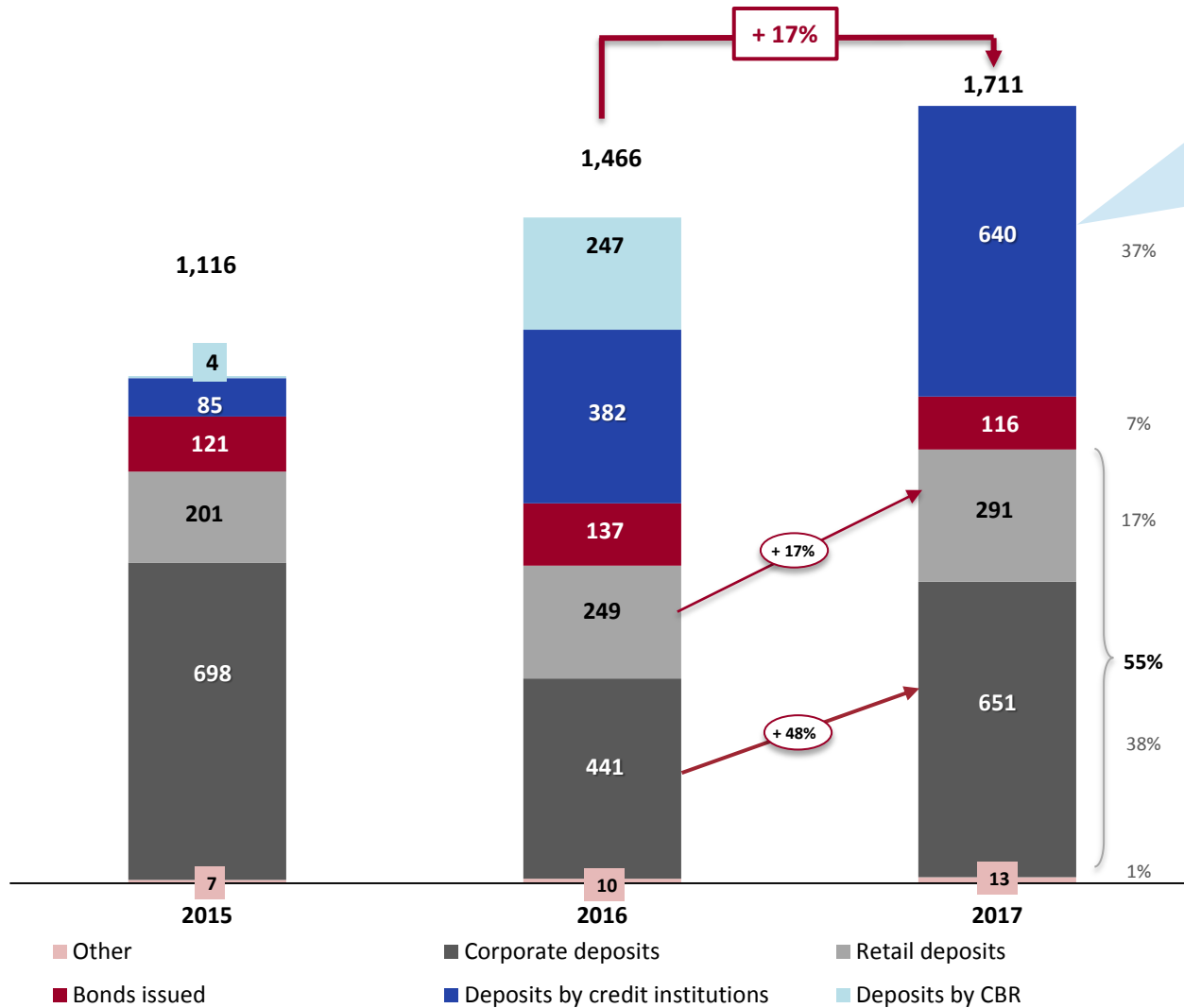
Source: IFRS financial statements

1) Exposure in the amount of RUB 0.3 bln, which is not considered as mortgage by nature

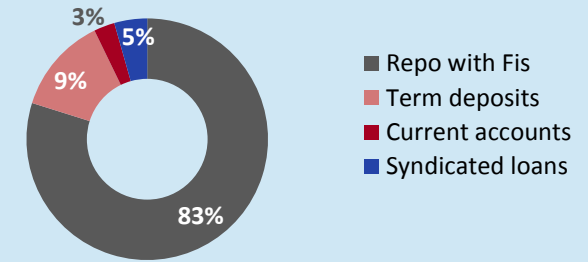
Customer deposits are the main source of funding

Liabilities breakdown

(RUB bln)

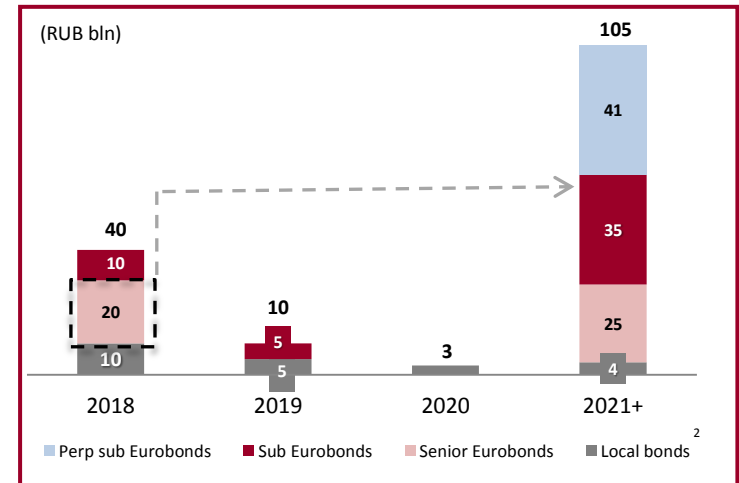


Deposits by credit institutions



Fair value of securities provided as collateral under repo transactions is **631 RUB bln** or **118%** of the underlying value of such deals.

Debt securities repayment schedule ¹



Source: IFRS financial statements

1) In February 2018 the bank redeemed Senior Eurobond totaling USD 500 million

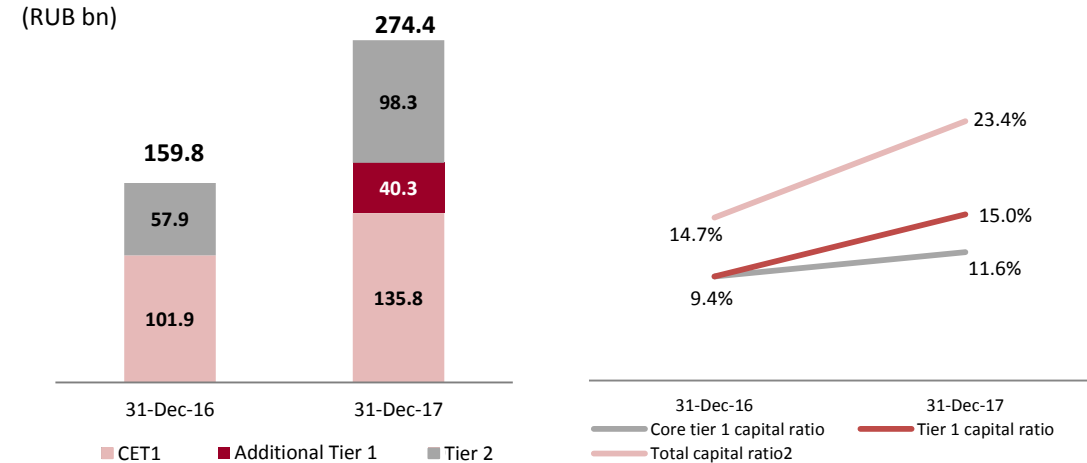
2) Perpetual subordinated Tier I Eurobond issue is included in Total equity

Sound capital position and active issuer of subordinated debt

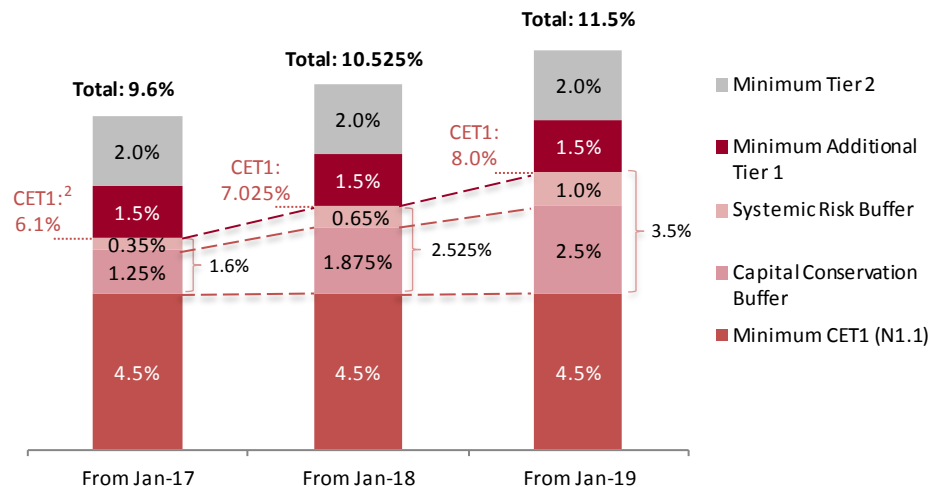
Capital instruments

- **April 2017:** USD 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

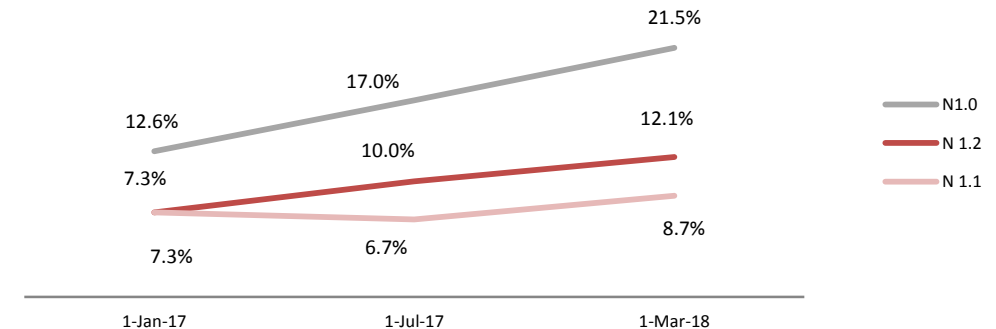
IFRS capital adequacy (Basel III)



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