CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (public joint-stock company)

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CREDIT BANK OF MOSCOW announces its IFRS results for 9M2016

Key results

- Net income was RUB 8.3 bln ($132.1 mln).
- Net interest margin was 3.6%.
- Return on equity and return on assets grew to 11.5% and 0.9% respectively.
- Assets grew by 8.6% ytd to RUB 1,311.9 bln ($20,772.5 mln).
- Gross loan portfolio increased by 3.7% ytd to RUB 653.2 bln ($10,342.2 mln).
- Ratio of NPLs (90+ days) to gross loan portfolio reduced to 4.8% from 5.1%.
- Loan loss provisions dropped from 5.9% to 5.6% of gross loan portfolio.
- Customer deposits decreased by 4.7% ytd to RUB 856.7 bln ($13,564.8 mln).
- Basel III capital amounted to RUB 161.3 bln ($2,554.0 mln), with the capital adequacy ratio of 17.4% and Tier I ratio of 10.7%.
- Cost-to-income ratio was 23.0%.

Key financial indicators

Balance sheet	**9M 2016, RUB bln**	**2015, RUB bln**	**change, %**
Assets	1,311.9	1,208.2	8.6
Liabilities	1,210.6	1,115.9	8.5
Equity	101.3	92.3	9.8
Capital (Basel)	161.3	162.6	(0.8)
Gross loan portfolio before provisions	653.2	629.9	3.7
Key financial ratios, %			
Basel capital adequacy ratio (CAR)	17.4%	16.5%	
90+ NPL ratio (before provisions)	4.8%	5.1%	
Loan loss provisions / Gross loans	5.6%	5.9%	
Net loans / deposits	72.0%	66.0%	

Income statement	9M 2016, RUB bln	9M 2015, RUB bln	change, %
Net interest income (before provisions)	31.4	17.7	77.3
Fee and commission income	9.5	6.4	47.1
Net income	8.3	1.5	443.4
Key financial ratios, %			
Net interest margin (NIM)	3.6	3.5	
Cost-to-income ratio (CTI)	23.0	28.1	
Return on equity (ROAE)	11.5	3.0	
Return on assets (ROAA)	0.9	0.3	

Net income for 9 months of 2016 amounted to RUB 8.3 bln demonstrating a significant growth compared to RUB 1.5 bln for 9M2015. This positive trend was due to a considerable increase of net interest income and net fee income on the back of quality growth of the Bank's business amid gradually stabilising business activity.

Net interest income was RUB 31.4 bln for 9M2016 having grown by 77.3% yoy. **Net interest margin** for 9 months of 2016 grew slightly to 3.6%.

Net fee income was RUB 7.9 bln for 9M2016 having grown by 50.5% yoy. The fee and commission income was mainly driven by cash collection fees which accounted for 20.3% of the gross fee and commission income (9M2015: 15.0%) as a result of the Bank's acquisition of NCO INKAKHRAN in November 2015.

Operating income (before provisions) grew by 87.4% yoy to RUB 44.8 bln. **Operating expense** increased by 36.7% to RUB 10.1 bln due to the growth of staff costs to RUB 5.7 bln and growth of some administrative expense items mainly caused by the acquisition of INKAKHRAN. The Bank demonstrates high operational efficiency: its **CTI ratio** remains at the all-time low 23.0% in 3Q2016, far below 28.1% reported in 3Q2015.

Gross loan portfolio (before provisions) rose 3.7% to RUB 653.2 mln. The corporate loan portfolio mainly grew in the 3rd quarter, expanding by 7.3% for the 9 months up to RUB 547.2 bln. The retail loan portfolio shrank by 11.5% to RUB 106.0 bln as the Bank tightened its quality criteria for new originations.

The ratio of **non-performing loans (NPL90+)** in the gross loan portfolio decreased from 5.1% to 4.8% over the 9 months of 2016 (1H2016: 5.0%). **Loan loss provisions** grew from 5.9% of the Bank's gross portfolio as at end-2015 to 5.6% as at the end of the reporting period mainly due to the write-off of a number of large corporate loans provisioned at 100%. Cost of risk in the gross loan portfolio decreased from 5.4% at the start of the year to 5.1% while the NPL90+ coverage ratio increased from 113.7% to 116.9%.

Customer deposits reduced by 4.7% for 9M2016 to RUB 856.7 bln or 70.8% of the Bank's total liabilities.

Capital adequacy ratio calculated in accordance with Basel III grew from 16.5% as at end-2015 to 17.4% as at 3Q2016. Tier I capital ratio was 10.7%.

Infrastructure development

As of 30 September 2016, CREDIT BANK OF MOSCOW had 75 offices, 24 stand-alone cash desks, 998 ATMs and 5,473 payment terminals (31 December 2015: 62, 21, 927 and 5,443 respectively).

Enquiries

CREDIT BANK OF MOSCOW

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For reference

CREDIT BANK OF MOSCOW (CBM) is one of the leading privately owned universal banks in Russia, and focuses on providing banking products and services to corporate customers and individuals in Moscow and the Moscow Region. CBM's corporate business is concentrated on large and medium sized Russian companies operating in different industry sectors with a strong emphasis on customers' credit quality. CBM's retail business is focused on high quality retail customers, with a particular emphasis on cross-sales of retail products to the employees and clients of its corporate customers.

CBM offers a comprehensive range of banking services, including lending, deposit-taking, cash handling, international settlements, trade finance, guarantees and other products. By leveraging its leading cash handling service and payment terminal network, the Bank is able to monitor the cash flows and payment histories of its customers as well as, in the case of many of its retail customers, their employers, which ensures strong portfolio performance and asset quality.

According to INTERFAX-100, as at 1 October 2016, CBM is one of the top three privately owned Russian banks, measured by total assets. The Bank is currently rated BB with a Negative outlook by Fitch, BB- with a Negative outlook by S&P and B1 with a Stable outlook by Moody's.

CBM was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Mr. Avdeev beneficially owns 56.8% of CBM's shares. The European Bank for Reconstruction and Development, International Finance Corporation (IFC) and RBOF Holding Company I, Ltd. (100% owned by the IFC Russian Bank Capitalization Fund belonging to the same group of companies as the IFC) hold 9.1% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors. The remaining 34.1% of the Bank's shares are owned by other minority shareholders.

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