CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (open joint-stock company)

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# CREDIT BANK OF MOSCOW announces its IFRS results for 1Q2015

**Key results**

- Net income was RUB 289 mln ($4.9 mln)
- Net interest margin narrowed from 4.8% to 3.7% y-o-y
- Return on equity and return on assets were 1.9% and 0.2% respectively
- Assets sagged by 0.5% to 581,730 RUB mln ($9,950.2 mln)
- Total loan portfolio before provisions expanded by 2.0% y-t-d up to RUB 402,247 mln ($6,880.2 mln)
- 90+ NPL ratio was 2.4%
- Loan loss provisions grew from 4.1% to 4.8% of total loan portfolio
- Customer accounts and deposits rose by 9% to RUB 368,761 mln ($6,307.5 mln)
- Equity increased by 2.0% to RUB 61,179 mln ($1,046.4 mln)
- Basel III capital increased by 1.5% to RUB 91,651 mln ($1,567.6 mln), with the capital adequacy ratio of 15.8%, and Tier I ratio of 10.4
- Cost-to-income ratio was 29.2%

**Key financial results**

| **Balance sheet** | **1Q2015, RUB mln** | **2014, RUB mln** | **change, %** |
|---|---|---|---|
| Assets | 581,730 | 584,839 | (0.5) |
| Liabilities | 520,551 | 524,852 | (0.8) |
| Equity | 61,179 | 59,987 | 2.0 |
| Capital (Basel) | 91,651 | 90,339 | 1.5 |
| Gross loan portfolio before provisions | 402,247 | 394,191 | 2.0 |
| ***Key financial ratios, %*** | | | |
| Basel capital adequacy ratio (CAR) | 15.8% | 15.8% | |
| 90+ NPL ratio (before provisions) | 2.4% | 2.3% | |
| Loan-loss provisions / Gross loans | 4.8% | 4.1% | |
| Net loans / deposits | 103.8% | 112.9% | |

| **Income statement** | **1Q2015, RUB mln** | **1Q2014, RUB mln** | **change, %** |
|---|---|---|---|
| Net interest income (before provisions) | 4,897 | 4,959 | (1.3) |
| Fee income | 1,820 | 1,914 | (4.9) |
| Net income | 289 | 1,919 | (84.9) |
| ***Key financial ratios, %*** | | | |
| Net interest margin (NIM) | 3.7% | 4.8% | |
| Cost-to-income ratio (CTI) | 29.3% | 33.0% | |
| Return on equity (ROAE) | 1.9% | 14.9% | |
| Return on assets (ROAA) | 0.2% | 1.7% | |

**Net income** for the first 3 months of 2015 was RUB 289 mln. It dropped year-on-year firstly due to provisions having grown by 2.3 times from RUB 1.9 bln in 1Q2014 to RUB 4.6 bln in 1Q2015, and also due to the rising cost of funding, as observed in the market in general, with interest expense soaring 90.3% y-o-y while the funding base grew by 26.2% only.

**Operating expenses** increased by 15% to RUB 2.2 bln owing to evenly augmented staff costs and depreciation. However, administrative costs fell by 16.5% following an optimisation of the branch and self-service device network. The Bank's operational efficiency continues to improve as shown by its CTI ratio reducing to 29.3%.

**Total loan portfolio** (before provisions) stood at RUB 402.2 bln in the first quarter of 2015, which is 2% more than at end-2014. The corporate loan portfolio demonstrated positive dynamics and expanded to RUB 275.5 bln, a 3.6% growth y-t-d, while the retail loan portfolio shrank by 1.2% in the first 3 months of 2015 to 126.7 bln roubles as requirements to customers became stricter and less loans are originated as a result of the worsening macroeconomic situation. The share of non-performing loans (NPL 90+) in the Bank's total portfolio increased slightly from 2.3% to 2.4% mostly because of the deteriorated financial condition of a number of large corporate borrowers. Loan loss provisions also grew to 4.8% of the Bank's total portfolio owing to the slowing down economic growth, worsening external environment and the Bank's conservative approach to provisioning.

**Customer accounts and deposits** increased by 9% y-t-d to RUB 368.8 bln accounting for 70.8% of total liabilities. In the first quarter of 2015, the Bank actively attracted corporate deposits so that they expanded by 18% y-t-d to RUB 202.3 bln. Retail deposits grew in the reporting period at a more moderate 1.9% up to RUB 166.5 bln. The ratio of loans after provisions to deposits dropped from 112.9% as at end-2014 to 103.8% as at the first quarter of 2015.

**Capital adequacy ratio** calculated in accordance with Basel III was 15.8% as at the reporting date. Tier I capital ratio decreased in the reporting period from 10.5% to 10.4%. The Bank’s total capital according to Basel III standards increased by 1.5% to RUB 91.7 bln

**Infrastructure development**

As of 31 March 2015, CREDIT BANK OF MOSCOW had 56 offices, 25 stand-alone cash desks, 808 ATMs and 5,480 payment terminals (as of 31 December 2014, these figures were 58, 31, 841 and 5,683 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 banking business is primarily focused on retail and wholesale trading corporate customers, enabling CBM to capitalize on the fast-growing Russian consumer market. CBM’s rapidly growing retail business is focused on consumer loans to 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 April 2015, CBM is one of the top five privately owned Russian banks, measured by total assets. The Bank is currently rated BB- with a Negative outlook by S&P; B1 with a Stable outlook by Moody's; and BB with a Negative outlook by Fitch.

CBM was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Mr. Avdeev beneficially owns 86.2% 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 13.8% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors.

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