



Webcast and Conference call 2018 financial results

2019

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**CREDIT BANK
OF MOSCOW**

Financial highlights

Key metrics of financial performance

 **Record-high profit of RUB 27.2 bln**

 **Improved asset quality**

NPL ratio reduced to 1.6%

Cost of risk decreased to 1.0%

 **Strong efficiency: CTI ratio of 29.8%**

 **Active player on capital markets**

February 2018

Senior
Unsecured
US\$500m
Eurobond
5.55% coupon
Due February
2023

March 2018

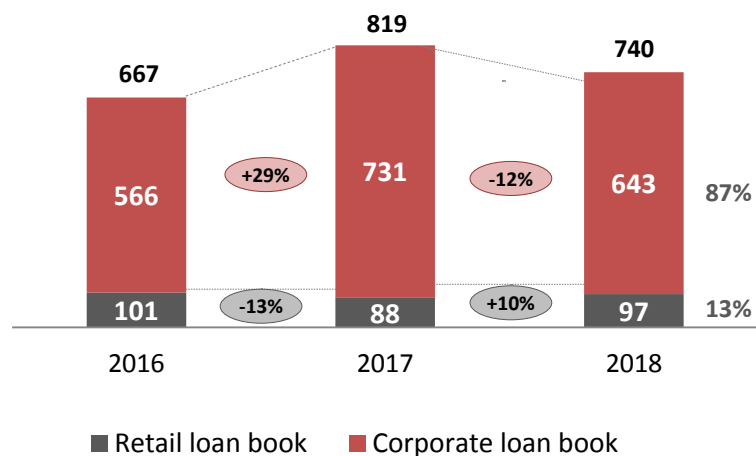
US\$400m
syndicated loan
facility, arranged
by a syndicate of
Eur., US, Asian,
and ME banks
Due March 2019

Income statement (RUB bln)	2018	2017	Change, %
Net interest income	48.4	45.3	▲ + 6.9%
Fee and commission income	15.8	15.5	▲ + 1.9%
Profit for the period	27.2	20.7	▲ + 31.5%
NIM	2.6%	2.9%	▼ - 0.3 p.p.
RoAE	19.9%	17.8%	▲ + 2.1 p.p.
RoAA	1.4%	1.2%	▲ + 0.2 p.p.
Cost / Income	29.8%	26.8%	▲ + 3.0 p.p.
Balance sheet (RUB bln)	2018	2017	Change, %
Total assets	2,145.9	1,888.2	▲ + 13.6%
Loans to customers (gross)	740.1	818.8	▼ - 9.6%
Total equity	191.2	177.6	▲ + 7.6%
NPL 90+ / Gross loans	1.6%	2.4%	▲ - 0.8 p.p.
Total provisions / NPL	260.0%	253.7%	▲ + 6.3 p.p.
Loan to deposit ratio	55.7%	81.6%	▲ - 25.9 p.p.
Cost of risk	1.0%	2.5%	▲ - 1.5 p.p.
Total CAR	21.9%	23.4%	▼ - 1.5 p.p.

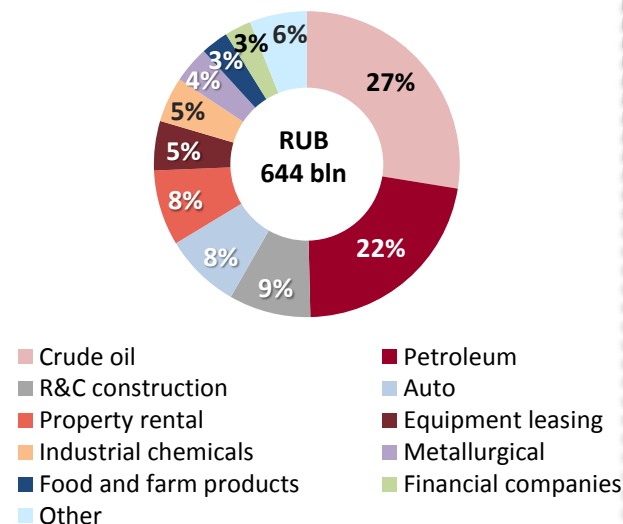
Business highlights: careful customer selection

Loan book (gross) dynamics

(RUB bln)



Corporate and retail loan book breakdown (2018)



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

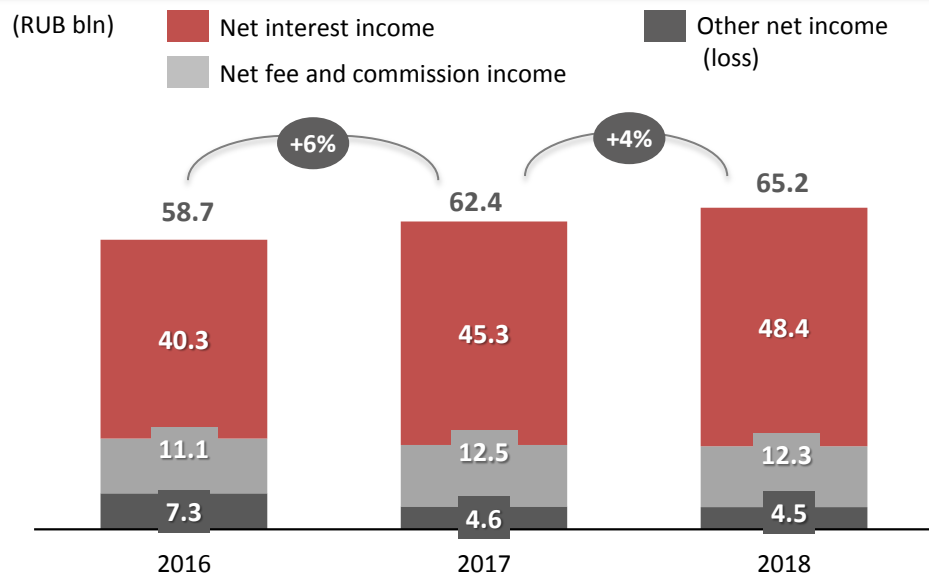
- ❖ Target market segments are **cash loans** and **mortgage loans**
- ❖ **Tight individual customer selection** for healthy portfolio quality
- ❖ Differentiated risk appetite based on **customer segmentation**

Investment banking

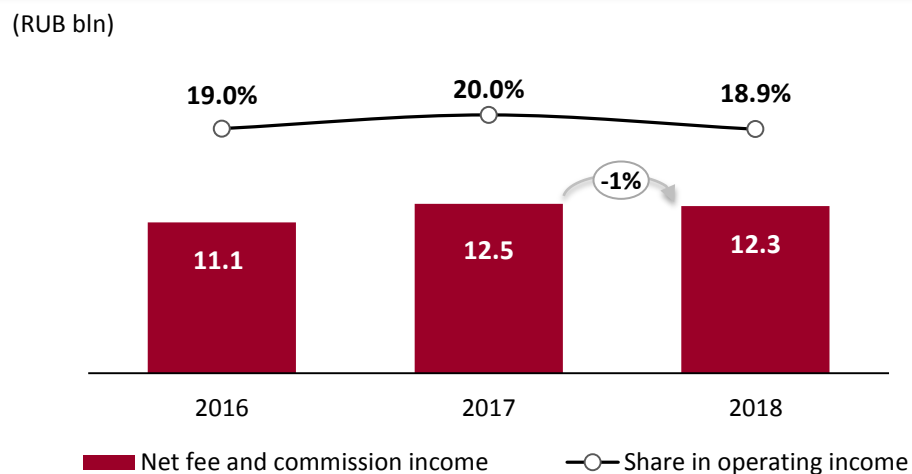
- ❖ New **growth driver**, both in terms of business volumes and profitability
- ❖ Development of new investment products will bring **substantial synergies** to our corporate and retail business

Outstanding efficiency

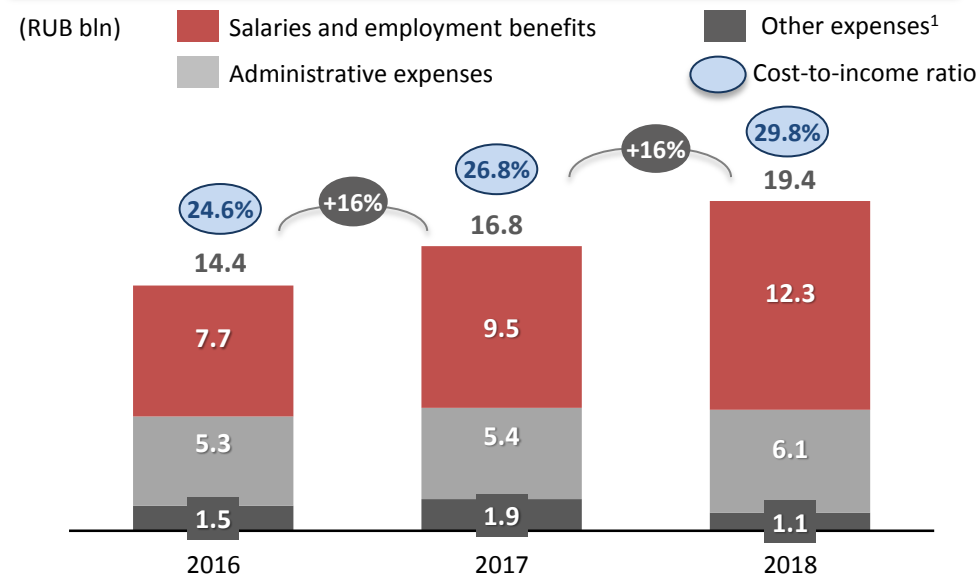
Operating income



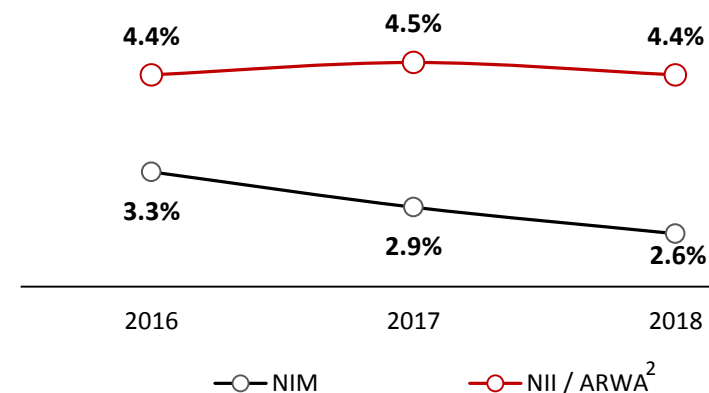
Net fee and commission income



Operating expenses



Net interest margin analysis



1) Other expenses consist of depreciation of property and equipment

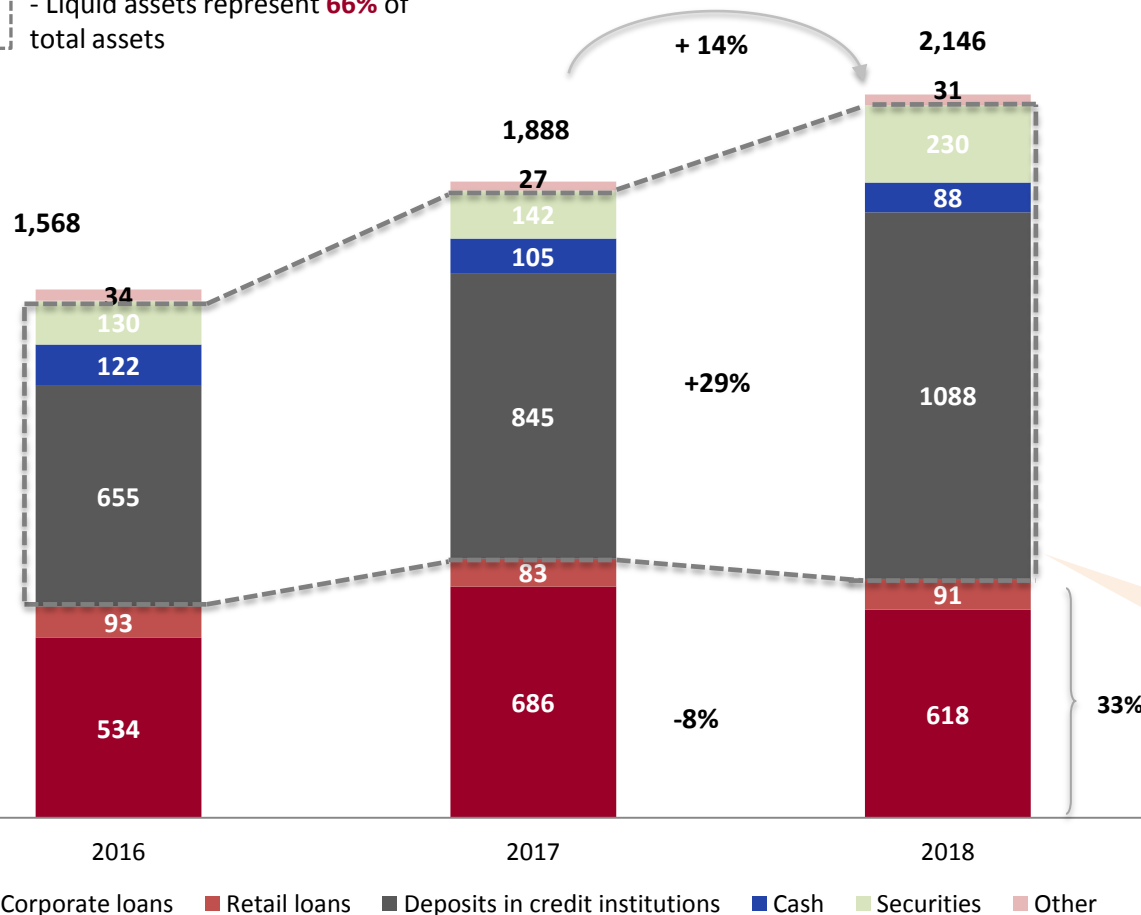
2) ARWA is a sum of risk-weighted assets classified into the banking book and trading book, averaged quarterly

Emphasis on highly liquid assets

Asset structure

(RUB bln)

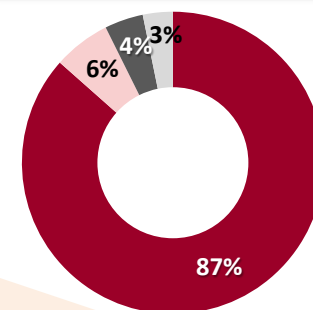
- Liquid assets represent **66%** of total assets



High quality securities portfolio

- Investment grade securities rated **BBB-** and above accounted for **71% of total securities portfolio**
- The **debt securities portfolio** is used as a liquidity buffer with **75%** of the securities portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation
- Additional unused liquidity sources amounted to **RUB 701.5 bln** as of 1 January 2019

Unused liquidity sources structure



- Unpledged securities portfolio under reverse REPO
- Own portfolio of Lombard list securities free of pledge (on-balance sheet)
- Loans eligible for pledge to the CBR
- OFZ received under DIA capitalization program in 2015

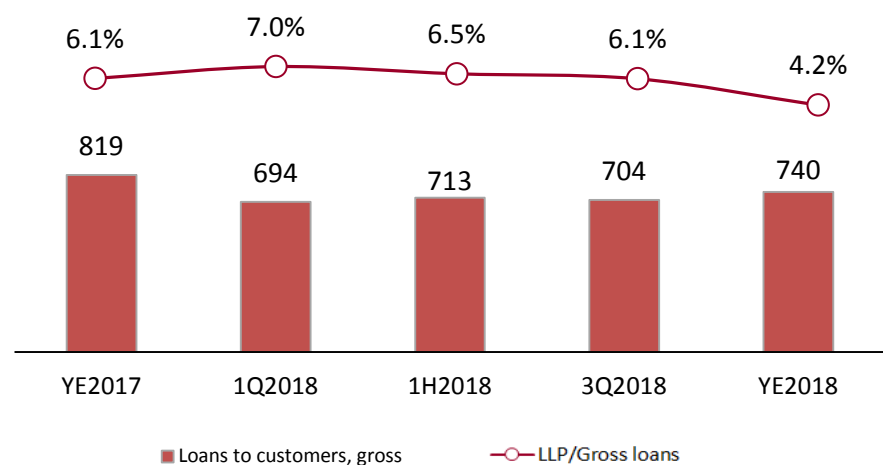
- Receivables under reverse sale and repurchase agreements included in cash and in due from credit and other financial institutions are **RUB 1,066 bln** or **98%** of total gross due from credit and other financial institutions.

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

Loan portfolio quality is improving

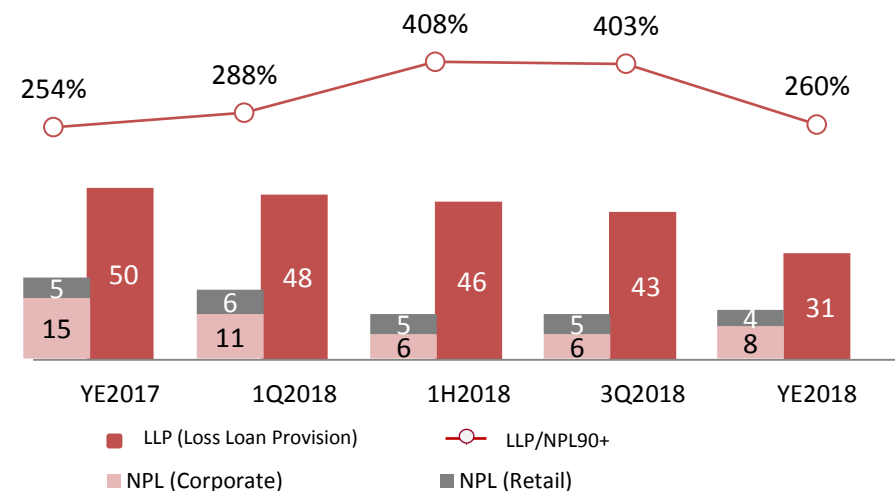
Gross loan portfolio coverage by impairment allowance

(RUB bln)

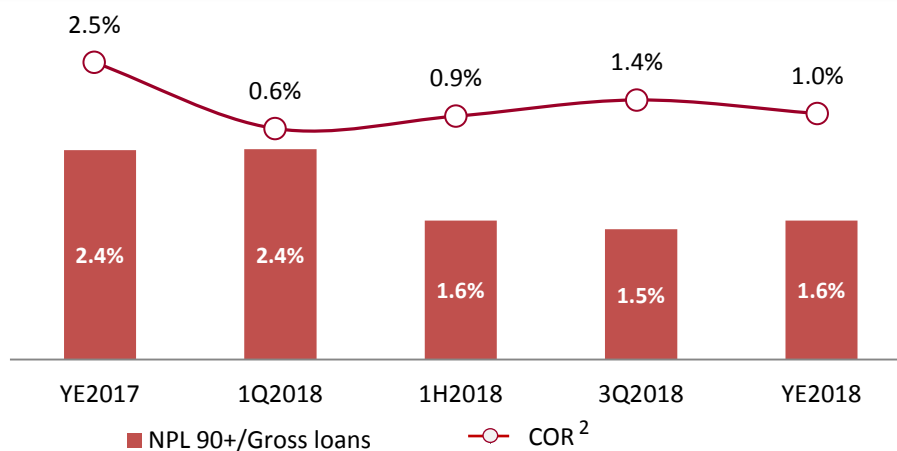


LLP/NPL¹ coverage

(RUB bln)

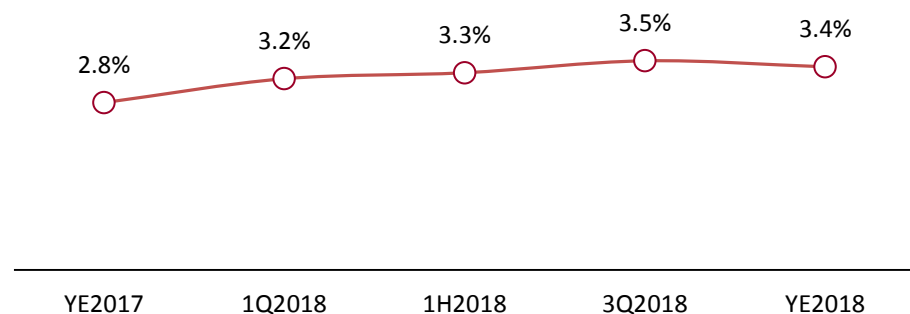


Cost of risk and NPL dynamics



Related party lending concentration

(% of Gross loans)



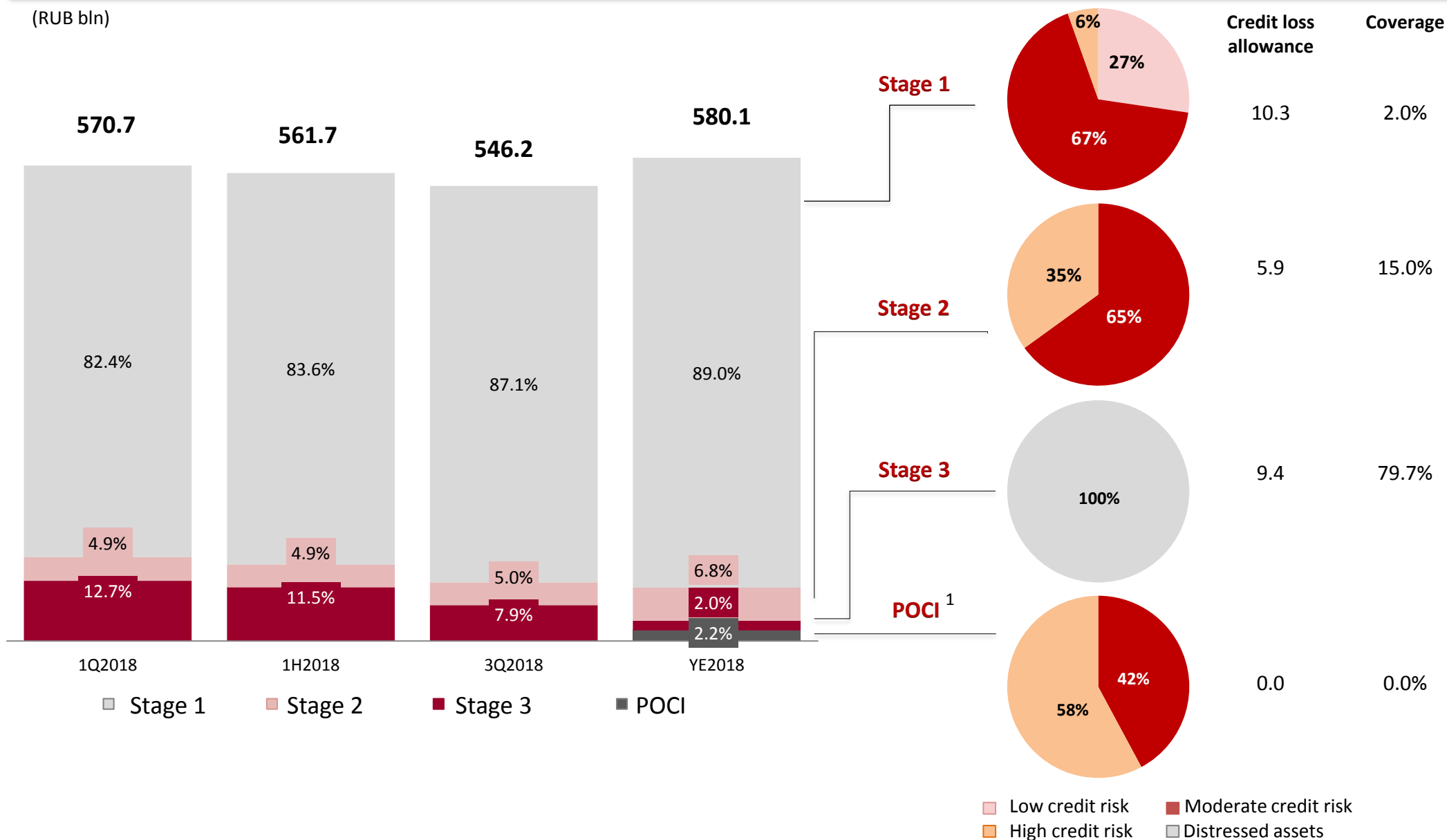
1) NPLs are loans with payments that are overdue >90 days

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

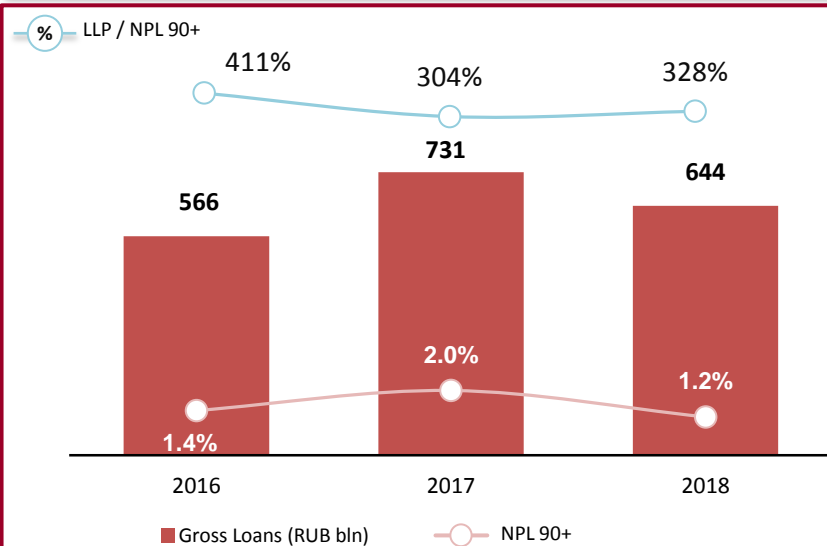
(RUB bln)



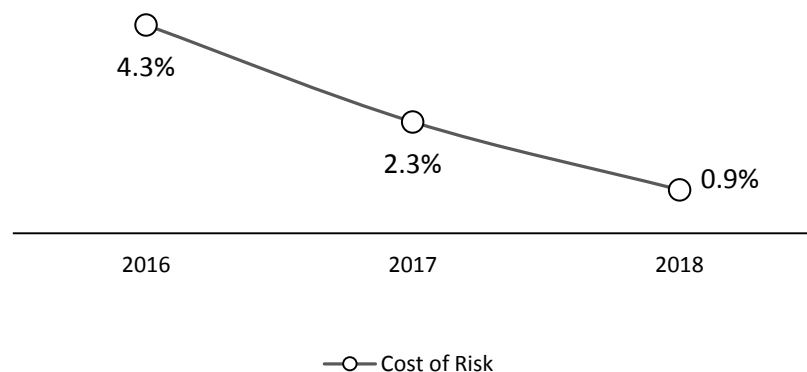
1) POCI – purchased or originated credit impaired

NPL coverage by provisions maintained at a healthy level

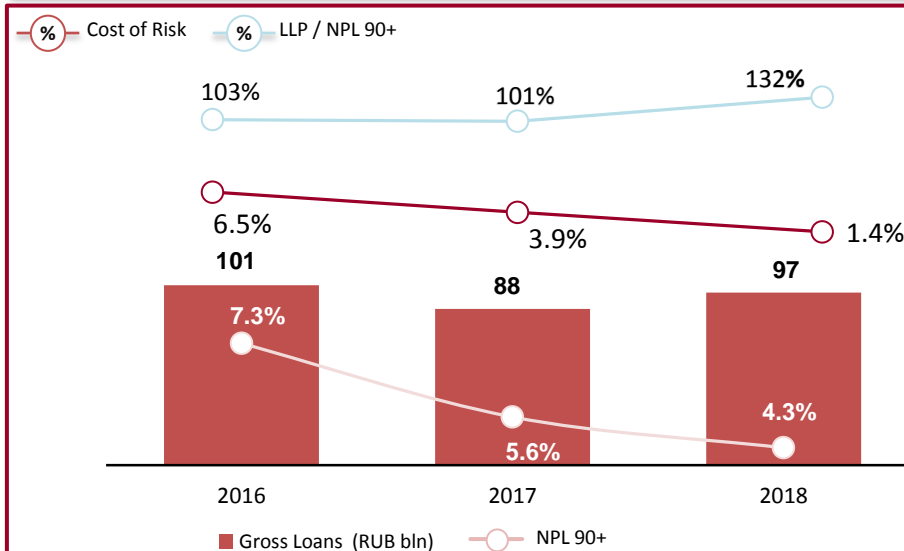
Corporate Loan Book



Corporate Cost of Risk

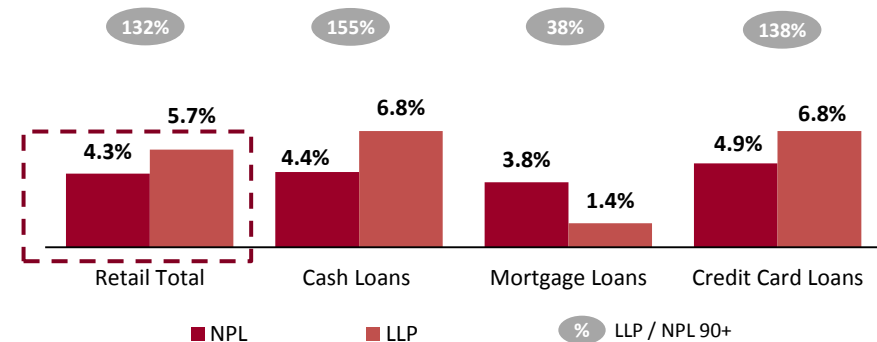


Retail Loan Book



Retail NPLs and LLPs, by product

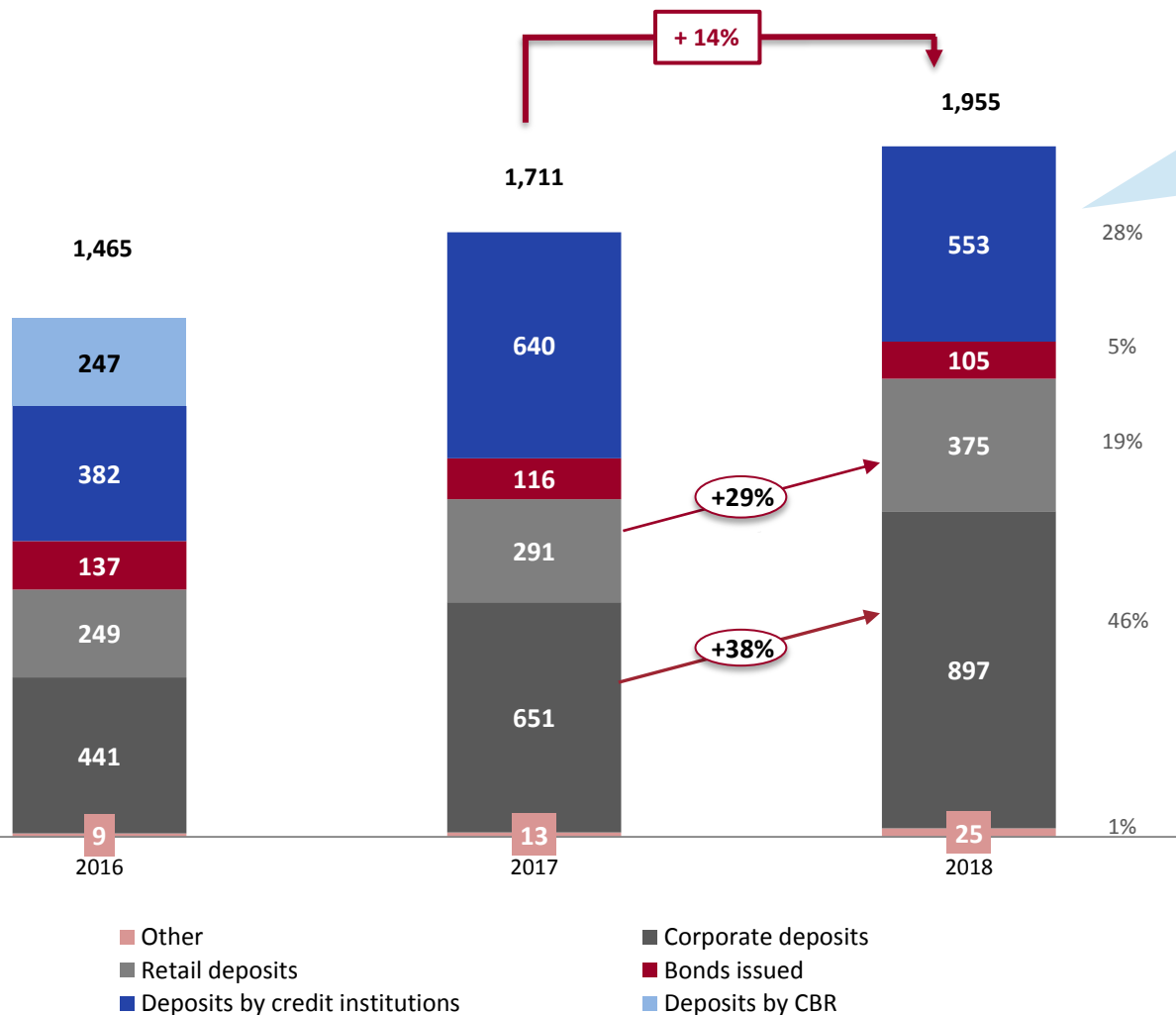
(2018, % of gross loans)



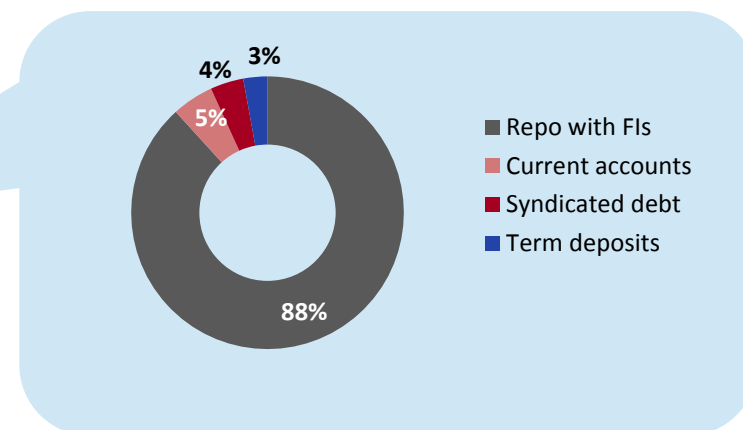
Customer deposits are the main source of funding

Liabilities breakdown

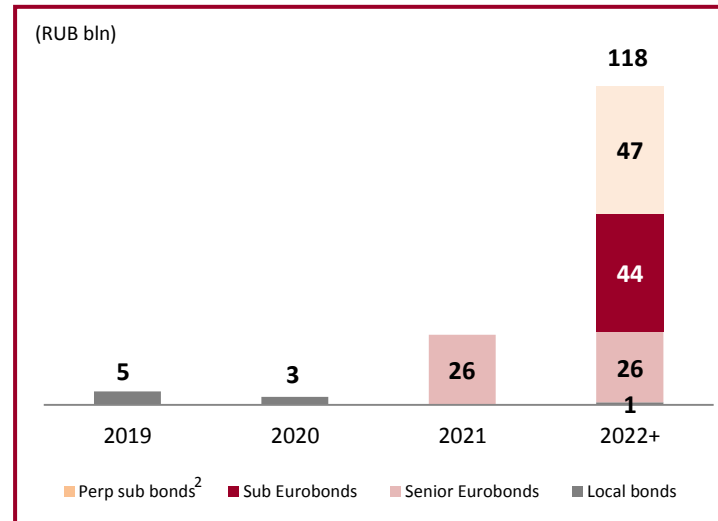
(RUB bln)



Deposits by credit institutions



Debt securities repayment schedule¹



Source: IFRS financial statements

1) Debt securities repayment schedule as of 31.12.2018

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

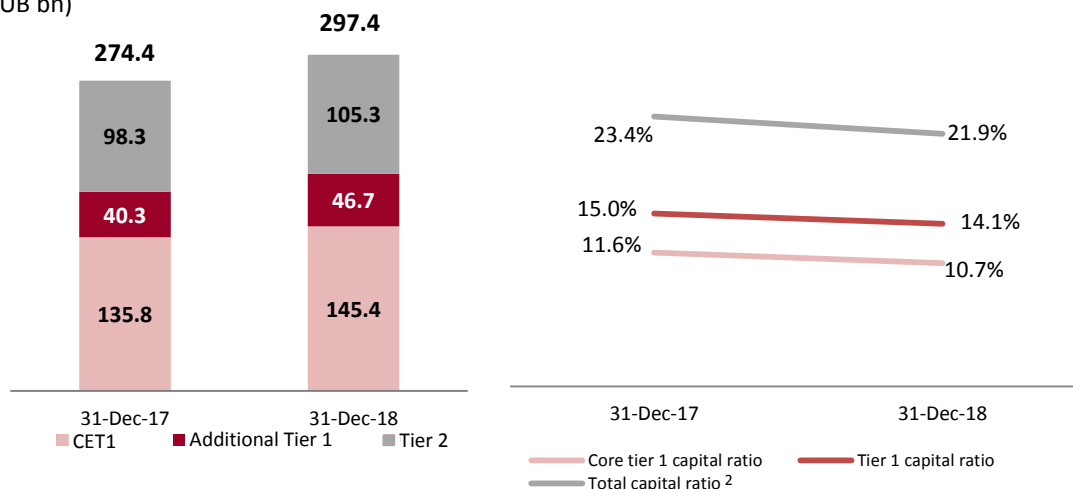
Sound capital position

Capital management

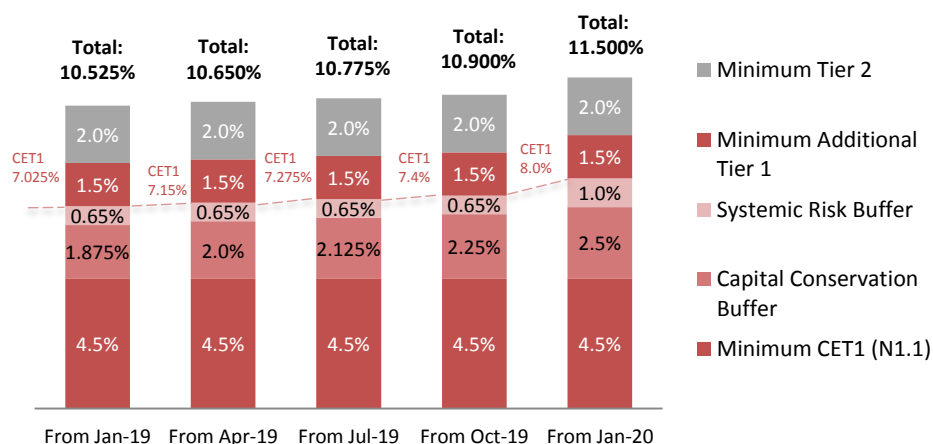
- **July 2018:** RUB 5 bn perpetual subordinated Tier I domestic bond issuance
- **August 2018:** subordinated Eurobond issues were tendered in the total amount of USD 50 mln: USD 21.3 mln of Tier 2 LPN and USD 28.7 mln of T1 perpetual LPN
- **October 2018:** Capital structure was optimized in line with partial cancelling of two subordinated Eurobond issues (Tier 2 LPN due 2027 and Tier 1 perpetual LPN) in the total amount of USD 70 mln

IFRS capital adequacy (Basel III)

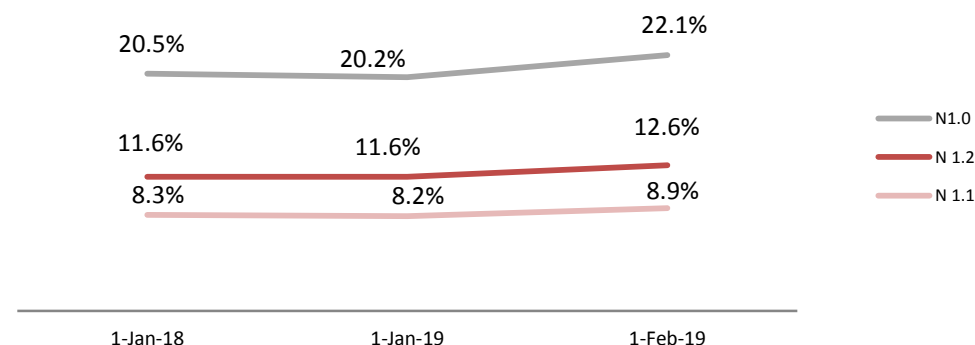
(RUB bn)



RAS capital adequacy requirements¹



RAS capital adequacy ratios¹



1) Calculated on the basis of the RAS non-consolidated reporting

2) N1.1 requirement + capital conservation buffer + systemic risk buffer. The buffers have effect on payment of dividends only