

29 March 2018, Moscow

CREDIT BANK OF MOSCOW reports twofold growth of its IFRS net income for 12M2017

Key results

- Net income amounted to RUB 20.7 bln (\$359.4 mln), having grown by almost 2 times compared to 2016.
- ROAE and ROAA reached 17.8% and 1.2%, respectively, having demonstrated confident growth.
- Net interest income as percentage of average RWA grew to 4.5% compared to 4.4% in 2016.
- Assets expanded by 20.4% to RUB 1.9 trln (\$32.8 bln).
- Gross loan portfolio rose 22.8% to RUB 818.8 bln (\$14.2 bln).
- Ratio of NPLs (90+ days) to gross loan portfolio amounted to 2.4%.
- Cost of risk (COR) decreased from 4.6% as at end-2016 to 2.5%.
- Provisioning ratio remained stable at 6.1%.
- Customer deposits grew by 36.6% to RUB 941.7 bln (\$16.3 bln).
- Equity increased by 71.7% ytd to RUB 177.6 bln (\$3.1 bln).
- Basel III capital amounted to RUB 274.4 bln (\$4.8 bln), with the capital adequacy ratio of 23.4%, and Tier I capital ratio of 15.0%.
- Operational efficiency remained at a high level, cost-to-income ratio was 26.8%.

The **net income** for 2017 increased by almost 2 times yoy to RUB 20.7 bln. This was driven by the growth of business volumes coupled with improvement of risk indicators and by the high operational efficiency.

The **net interest margin** decreased to 2.9% due to a greater share of highly liquid assets on the Bank's balance sheet and declining interest rates in the Russian banking market. The **net interest income as percentage of average RWA** rose to 4.5% pointing at the Bank's successful resilience to tough competition.

The **operating income** (before provisions) grew by 6.3% to RUB 62.4 bln. The **operating expense** increased by 11.8% to RUB 17.0 bln as the Bank expands its business. The **cost-to-income (CTI) ratio** remained at the traditionally low level of 26.8%.

The **Bank's total assets** grew by 20.4% to RUB 1,888.2 bln, mainly due to the net loan portfolio expanding by 22.7% to RUB 768.7 bln and interbank market transactions increasing by 29.1% to RUB 845.0 bln.

The **gross loan portfolio** grew by 22.8% to RUB 818.8 bln, with the corporate loan portfolio expanding by 29.1% to RUB 731.1 bln mainly due to loans issued to high-quality corporate customers. The Bank's conservative approach to retail lending led to a reduction of its retail loan portfolio by 12.8% to RUB 87.7 bln. The share of corporate loans in the total loan portfolio grew from 84.9% as at end-2016 to 89.3% as at end-2017. The ratio of non-performing loans (NPL 90+) increased by 0.1 pp to 2.4%, mostly because of the deteriorated financial condition of a large borrower from the industrial construction sector, while the rest of the portfolio showed a positive trend. The cost of risk decreased by 2.1 pp to 2.5%. The loan loss provisions reached RUB 50.1 bln, the NPL90+ coverage ratio remained at a stable high level of 253.7% for 2017.

The **customer deposits** increased by 36.6% to RUB 941.7 bln, which is 55.0% of the Bank's total liabilities. Corporate and retail deposits demonstrated stable growth, having increased by 47.6% and 17.1% yoy to RUB 650.5 bln and RUB 291.2 bln, respectively. The ratio of net loans to deposits dropped to 81.6% as at the end of 2017.

The Basel III **capital adequacy ratio** rose significantly from 14.7% as at end-2016 to 23.4% as at end-2017, and the **Tier I capital ratio** from 9.4% to 15.0%. The Bank's **total capital** according to the Basel III standards grew by 71.7% from RUB 159.8 bln to RUB 274.4 bln. That growth was mainly due to external sources. In the first half of 2017, the Bank placed two subordinated Eurobonds via a special purpose vehicle, CBOM Finance PLC, totalling USD 1.3 bln, of which USD 700 mln was included in the Bank's additional Tier 1 capital. In the second half-year, the Bank raised RUB 14.4 bln of core capital through an SPO on the Moscow Exchange, and RUB 22.0 bln of Tier 2 capital through subordinated deposits.

Key financial results

| Balance sheet | 2017 | 2016 | change, % |
|--|-------------|-------------|------------------|
| Assets, RUB bln | 1,888.2 | 1,568.0 | +20.4% |
| Liabilities, RUB bln | 1,710.6 | 1,464.6 | +16.8% |
| Equity, RUB bln | 177.6 | 103.4 | +71.7% |
| Capital (Basel), RUB bln | 274.4 | 159.8 | +71.7% |
| Gross loan portfolio, RUB bln | 818.8 | 666.7 | +22.8% |
| Customer accounts and deposits, RUB bln | 941.7 | 689.5 | +36.6% |
| Key financial ratios, % | | | |
| Basel capital adequacy ratio (CAR) | 23.4% | 14.7% | |
| 90+ NPL ratio (before provisions) | 2.4% | 2.3% | |
| Provisioning ratio | 6.1% | 6.0% | |
| Net loans / deposits | 81.6% | 90.9% | |
| Income statement | 2017 | 2016 | change, % |
| Net interest income (before provisions), RUB bln | 45.3 | 40.3 | +12.4% |
| Fee and commission income, RUB bln | 15.5 | 13.4 | +15.8% |
| Net income, RUB bln | 20.7 | 10.9 | +90.4% |
| Earnings per share, RUB per share | 0.86 | 0.46 | +84.8% |
| Key financial ratios, % | | | |
| Net interest margin (NIM) | 2.9% | 3.3% | |
| Cost-to-income ratio (CTI) | 26.8% | 24.6% | |
| Return on equity (ROAE) | 17.8% | 11.1% | |
| Return on assets (ROAA) | 1.2% | 0.8% | |
| Cost of risk (COR) | 2.5% | 4.6% | |

Enquiries

CREDIT BANK OF MOSCOW

Investors

Eric de Beauchamp

Edebeauchamp@mkb.ru

+7-495-797-4222 ext. 6150

Sergey Lukyanov

Lukyanov@mkb.ru

+7-495-797-4222 ext. 6223

Media

Elena Gabisonia

Zhmaeva@mkb.ru

+7-495-797-4222 ext. 6769

For reference

CREDIT BANK OF MOSCOW is a universal commercial privately-owned bank providing the full range of banking services to corporate and retail customers and financial institutions. The Bank is included in the CBR's list of systemically important banks.

The Bank was ranked as a top-3 privately-owned bank by total assets in INTERFAX-100 as at YE2017. The Bank is currently rated 'Ba3' with a stable outlook by Moody's; 'BB-' with a stable outlook by Fitch; 'BB-' with a stable outlook by S&P; A (RU) with a stable outlook by ACRA. The Bank has a proven track record in the international capital markets with a debut Eurobond issue placed in 2006.

The Bank was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Concern Rossium holds 55.73% of CBM's shares, the remaining 44.27% of its shares are owned by minority shareholders. CREDIT BANK OF MOSCOW successfully closed its initial public offering on the Moscow Exchange in June 2015, and in June 2016 the Bank's shares (ticker: CBOM) were included in MICEX and RTS indices. The Bank's free-float is 22%.

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