CREDIT BANK OF MOSCOW (public joint-stock company)

2 (Bldg. 1) Lukov pereulok, Moscow, Russia, 107045, tel.: +7 (495) 777-4-888, fax: +7 (495) 797-4210
Telex: 614645 MCB RU, SWIFT: MCRB RU MM, E-mail: info@mkb.ru, www.mkb.ru

16 March 2017, Moscow

CREDIT BANK OF MOSCOW reports its 2016 annual IFRS results

Key results

- Net income for 2016 increased by 7 times compared to 2015 and amounted to RUB 10.9 bln ($179.3 mln).
- Return on equity and return on assets were 11.1% and 0.8% respectively.
- Net interest margin was 3.3%.
- Assets expanded by 29.8% to RUB 1.6 trln ($25.8 bln).
- Gross loan portfolio rose 5.8% to RUB 667 bln ($11.0 bln).
- Ratio of NPLs (90+ days) to gross loan portfolio reduced from 5.1% as at end-2015 to 2.3% as at end-2016.
- Cost of Risk decreased from 5.4% to 4.6% as at end-2016.
- Provisioning rate remains stable at 6%.
- Customer deposits stood at RUB 689.5 bln ($11.4 bln).
- Equity increased by 12% to RUB 103.4 bln ($1.7 bln).
- Basel III capital amounted to RUB 159.8 bln ($2.6 bln), with the capital adequacy ratio of 14.7%, and Tier I ratio of 9.4%.
- Cost-to-income ratio dropped from 26.4% as at end-2015 to 24.6% as at end-2016.

Key financial results

Balance sheet	**2016, RUB bln**	**2015, RUB bln**	**change, %**
Assets	1,568.0	1,208.2	+29.8%
Liabilities	1,464.6	1,115.9	+31.2%
Equity	103.4	92.3	+12.0%
Capital (Basel)	159.8	162.6	-1.7%
Gross loan portfolio	667	630	+5.8%
Key financial ratios, %			
Basel capital adequacy ratio (CAR)	14.7%	16.5%	
90+ NPL ratio (before provisions)	2.3%	5.1%	
Provisioning ratio	6.0%	5.9%	
Net loans / deposits	90.9%	66.0%	

Income statement	2016, RUB bln	2015, RUB bln	change, %
Net interest income (before provisions)	40.3	29.3	+37.6%
Fee and commission income	13.4	9.4	+43.4%
Net income	10.9	1.5	+620.4%
Key financial ratios, %			
Net interest margin (NIM)	3.3%	3.9%	
Cost-to-income ratio (CTI)	24.6%	26.4%	
Return on equity (ROAE)	11.1%	2.1%	
Return on assets (ROAA)	0.8%	0.2%	
Cost of risk (COR)	4.6%	5.4%	

Net income for 2016 was RUB 10.9 bln. The increase in net income was mainly due to the growth of interest and fee income on the back of good quality growth of the Bank's business amid gradually stabilising business activity. Net interest income grew by 37.6% to RUB 40.3 bln.

Fee and commission income increased by 43.4% compared to 2015 and reached RUB 13.4 bln. That growth was notably driven by cash collection fees that soared by 67.4% to RUB 2.6 bln, partly because of the acquisition of INKAKHRAN in November 2015.

Net interest margin decreased to 3.3% as the percentage of highly liquid assets on the Bank's balance sheet expanded.

Operating income (before provisions) grew by 49.7% to RUB 58.7 bln. **Operating expense** increased by 35.3% to RUB 15.2 bln as the Bank expanded its business. The Bank's operational efficiency improved, as evidenced by the **cost-to-income (CTI) ratio** reducing to 24.6%.

Total assets rose by 29.8% to RUB 1,568.0 bln. The main balance sheet item, **gross loan portfolio**, increased by 5.8% to RUB 667 bln in 2016, owing to the corporate loan portfolio expanding by 11.0% to RUB 566.2 bln mainly due to loans made to high-quality corporate customers. The retail loan portfolio shrank by 16.0% to RUB 100.6 bln as requirements to customers became stricter. The share of corporate loans in the total loan portfolio grew from 81.0% as at end-2015 to 84.9% as at end-2016. The ratio of non-performing loans (NPL90+) decreased by 2.8 pp to 2.3%. Improvement of the loan portfolio quality is evidenced by the drop of cost of risk to 4.6% as at end-2016 from 5.4% as at end-2015. The loan loss provisions grew to RUB 40.2 bln. The NPL90+ coverage ratio increased from 113.7% as at end-2015 to 263.3% as at end-2016.

Customer deposits stood at 47.1% of the Bank's total liabilities having decreased by 23.3% to RUB 689.5 bln, mainly because corporate deposits shrank by 36.8% to RUB 440.8 bln in line with scheduled expiration. Retail deposits demonstrated stable growth, having increased by 22.8% to RUB 248.7 bln. The ratio of net loans to deposits increased to 90.9% as at end-2016.

As a means to diversify its **liabilities** structure, CREDIT BANK OF MOSCOW placed 5-year USD 500 mln 5.875% senior unsecured Eurobonds due 2021 on the Irish Stock Exchange on 27 October 2016.

Capital adequacy ratio calculated in accordance with Basel III reduced from 16.5% as at end-2015 to 14.7% as at end-2016. The Tier I capital ratio increased from 9.2% to 9.4%. The Bank's total capital calculated in accordance with Basel III demonstrated a slight decrease by 1.7% to RUB 159.8 bln, mainly due to devaluation of FX-nominated subordinated loans as a result of rouble appreciation.

Infrastructure development

At the end of 2016, CREDIT BANK OF MOSCOW had 91 offices, 24 stand-alone cash desks, 1,026 ATMs and 5,725 payment terminals (as of 31 December 2015, these figures were 62, 21, 927 and 5,443 respectively).

Enquiries

CREDIT BANK OF MOSCOW

Investors		**Media**
Eric de Beauchamp	Elena Finashina	Karen Tarayan
edebeauchamp@mkb.ru	finashina@mkb.ru	Tarayan@mkb.ru
+7-495-797-4222 ext. 6150	+7-495-797-4222 ext. 6202	+7-495-797-4222 ext. 6617

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 February 2017, 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 8.9% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors. The remaining 34.3% of the Bank's shares are owned by other minority shareholders.

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