



# Webcast and Conference call 1H2017 financial results

21 August 2017

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**CREDIT BANK  
OF MOSCOW**

## Financial highlights

### Key metrics of financial performance

✔ **Profit** increased by 2.0 times as compared with 6m2016 based on qualitative business growth

✔ Outstanding operating efficiency with a **CTI ratio of 29.2%**

✔ **Loan portfolio quality improved:**

**NPL** ratio remained stable at 1.9%

**Cost of risk** decreased to 2.1%

✔ **Capital position strengthened:**

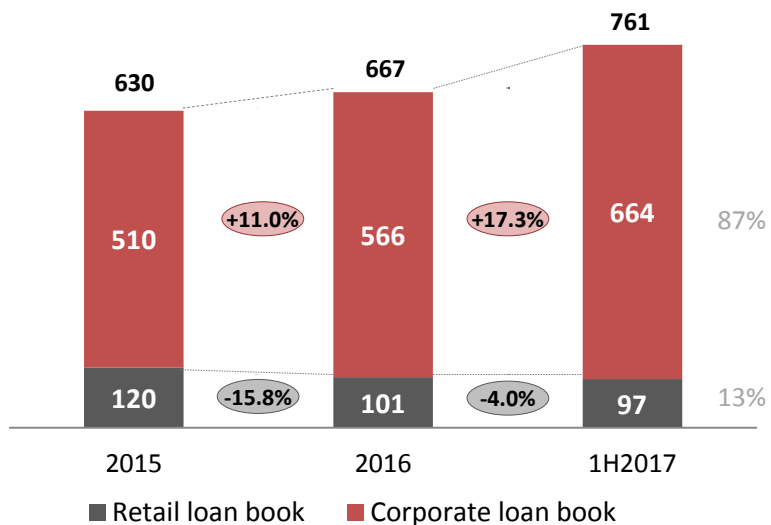
USD 700 mln subordinated perpetual Eurobond was included in **Tier I capital**

Income statement (RUB bln)	6m2017	6m2016	Change, %
Net interest income	20.7	20.5	+ 1.2%
Net fee and commission income	6.9	5.3	+ 28.9%
Profit for the period	10.0	5.1	+ 97.5%
NIM	2.9%	3.5%	- 0.6 p.p.
NII/ARWA	4.3%	4.5%	- 0.2 p.p.
RoAE	18.5%	10.7%	+ 7.8 p.p.
Cost / Income	29.2%	22.5%	+6.7 p.p.
Balance sheet (RUB bln)	1H2017	YE2016	Change, %
Total assets	1,589.0	1,568.0	1.3%
Loans to customers (gross)	760.8	666.7	+ 14.1%
Total equity	154.4	103.4	+ 49.3%
NPL 90+ / Gross loans	1.9%	2.3%	- 0.4 p.p.
Total provisions / NPL	302.9%	263.3%	+ 39.6 p.p.
Cost of risk	2.1%	4.6%	- 2.5 p.p.
Tier 1 Capital Ratio	14.3%	9.4%	+ 4.9 p.p.
Total CAR	21.8%	14.7%	+ 7.1 p.p.

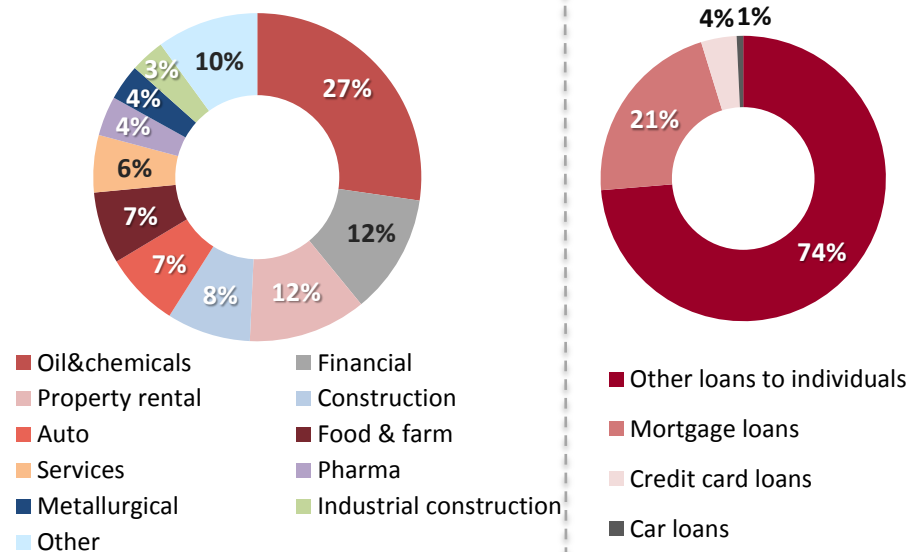
# Business highlights: corporate lending remains a key driver for growth

Loan book (gross) dynamics

(RUB bln)



Corporate and retail loan book breakdown (1H2017)



## Strategic Pillars

### Corporate lending

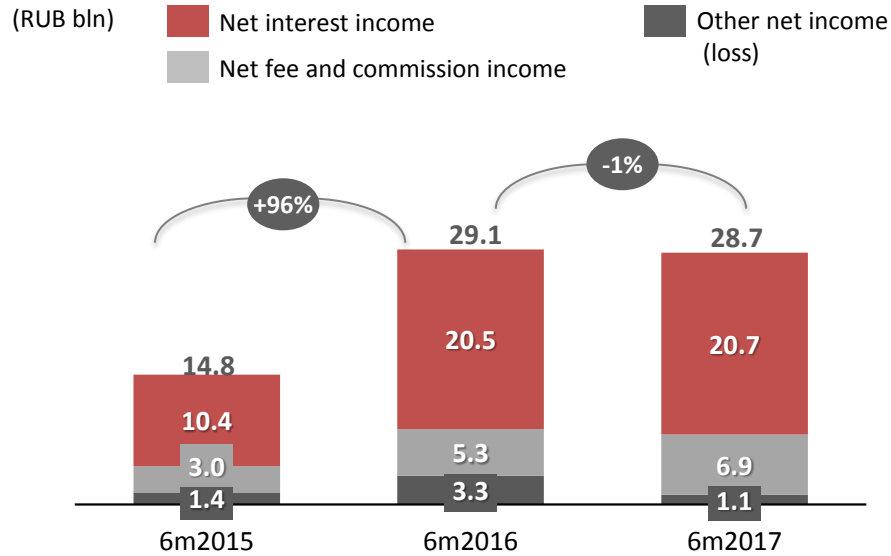
- ❖ Focus on increasing contribution of **larger corporates**
- ❖ **Well-diversified** loan portfolio
- ❖ Current focus on **less-risky segments** such as oil and chemicals

### Retail lending

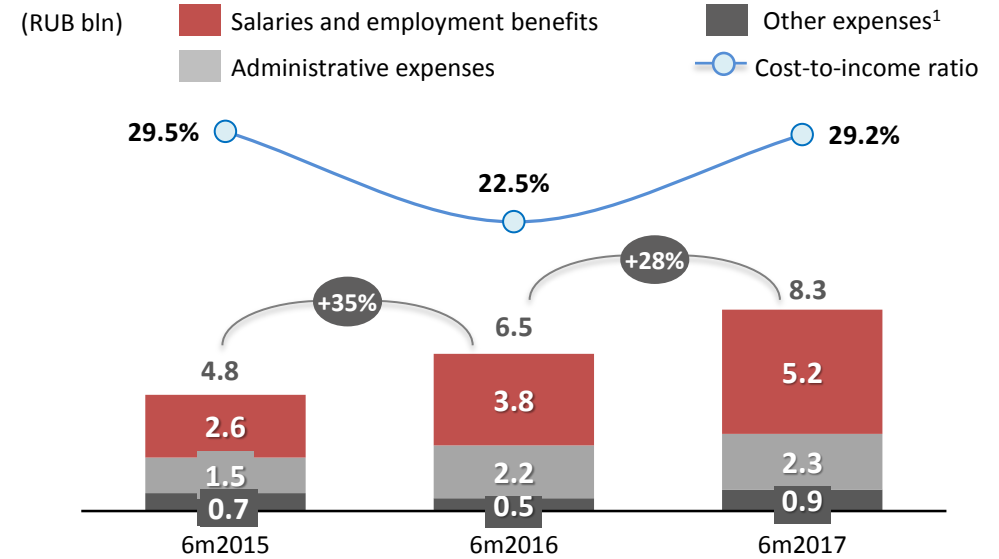
- ❖ Target market segments are **consumer loans** and **mortgage loans**
- ❖ **Tight individual customer selection** for healthy portfolio quality
- ❖ Differentiated risk appetite based on **customer segmentation**

# Outstanding efficiency

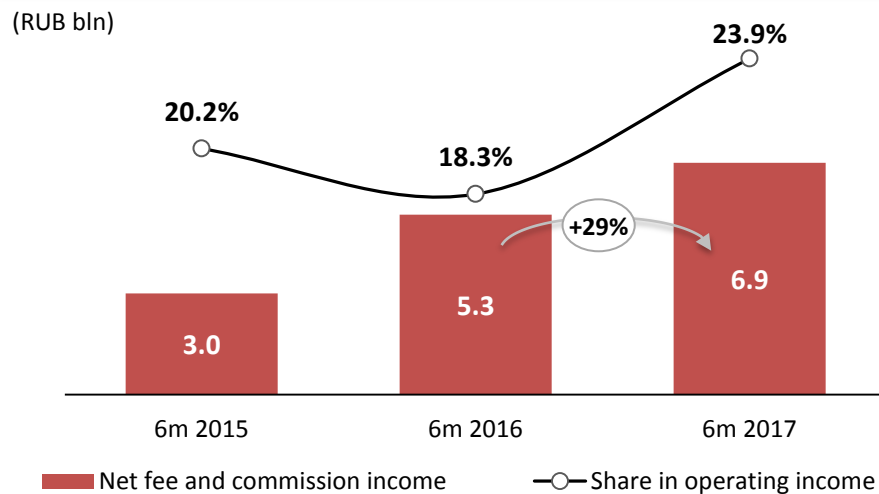
## Operating income



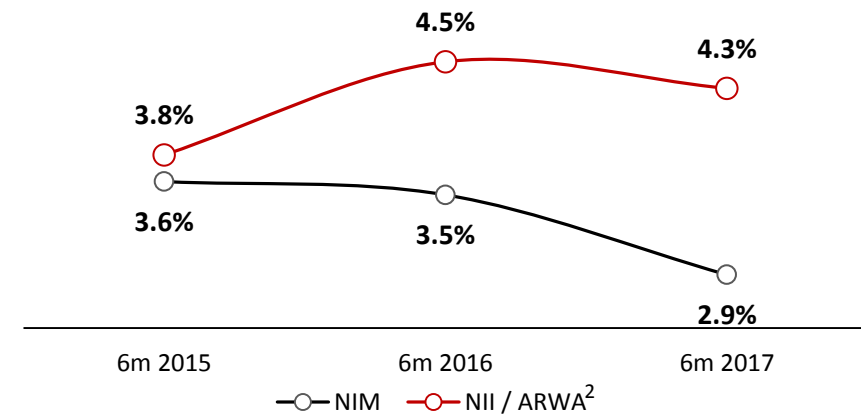
## Operating expenses



## Net fee and commission income



## Net interest margin analysis



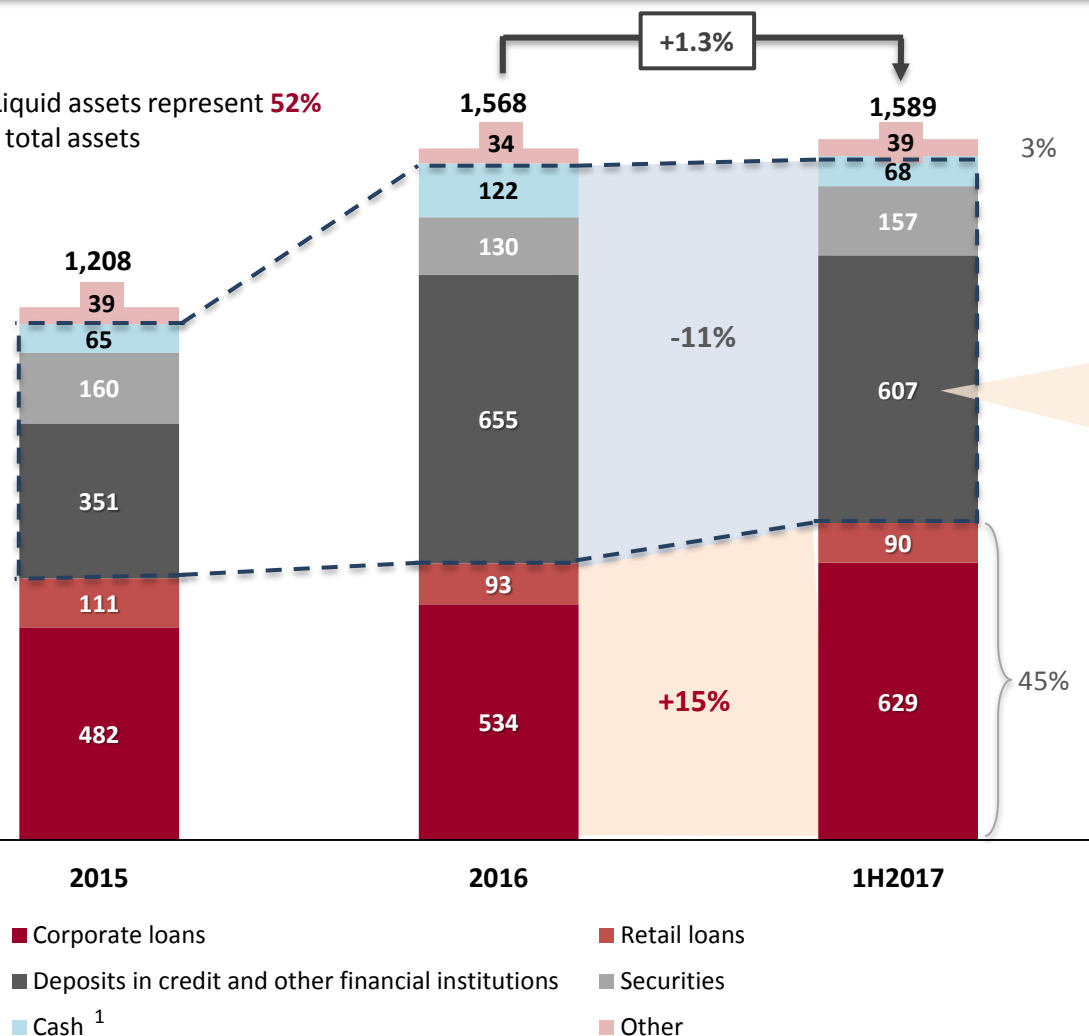
1) Other expenses consist of depreciation of property and equipment and of provision for impairment of other assets and credit related commitments  
 2) ARWA is a sum of opening and closing average risk-weighted assets classified into the banking book and trading book

# Emphasis on highly liquid assets

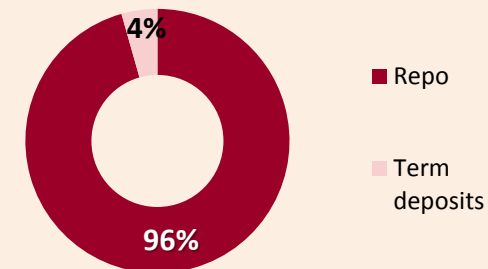
## Asset structure

(RUB bln)

- Liquid assets represent **52%** of total assets



## Deposits in credit and other financial institutions



The fair value of securities that serve as collateral under reverse REPO is **710 RUB bln** or **122%** of the underlying value of such deals.

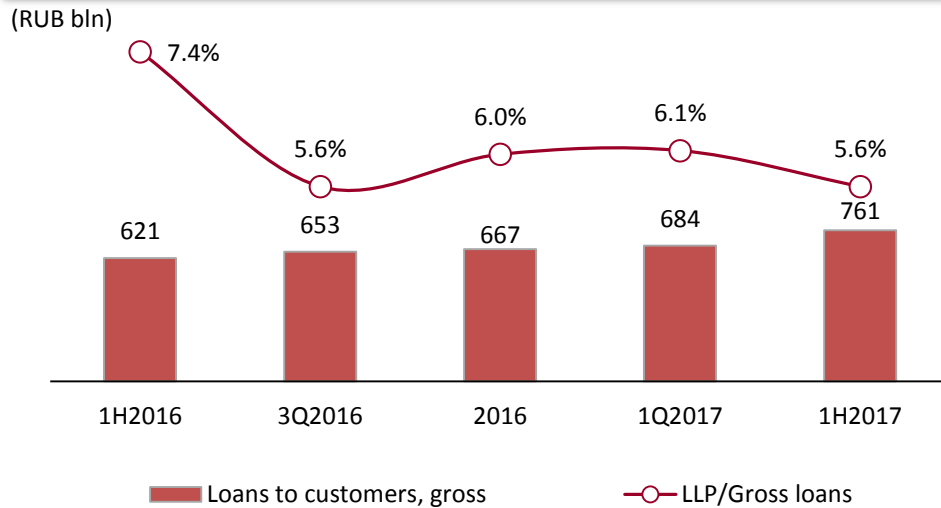
The **debt securities portfolio** is used as a liquidity buffer with **63%** of the bond portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation

Additional unused liquidity sources from the CBR amounted to **RUB 323 bln** as of 30 June 2017

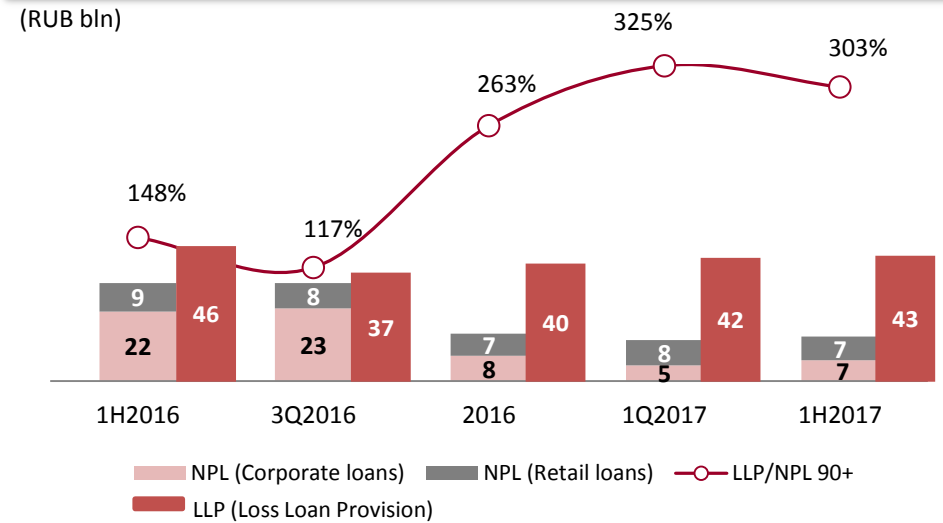
1) Cash includes cash on hand, correspondent account with the CBR and nostro accounts with other banks

# Loan portfolio quality is improving

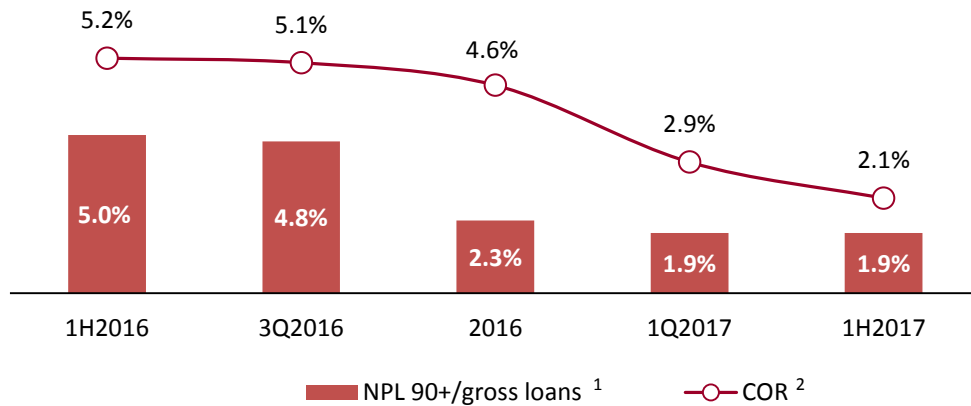
## Gross loan portfolio coverage by impairment allowance



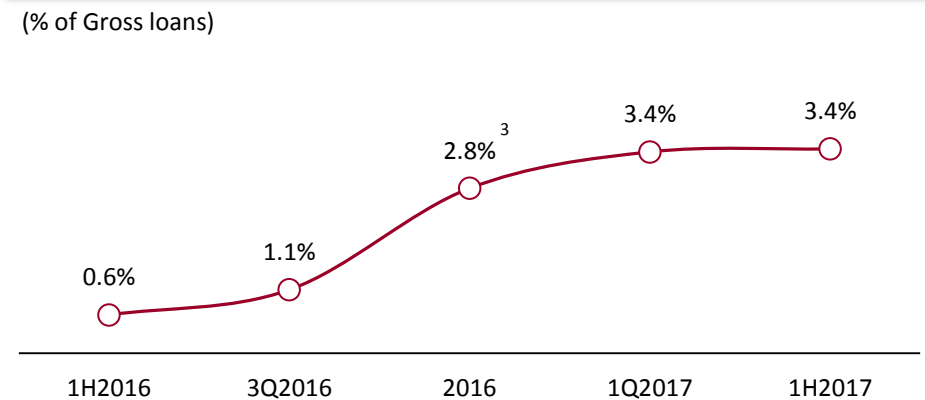
## LLP/NPL<sup>1</sup> coverage



## Cost of risk and NPL dynamics



## Related party lending concentration



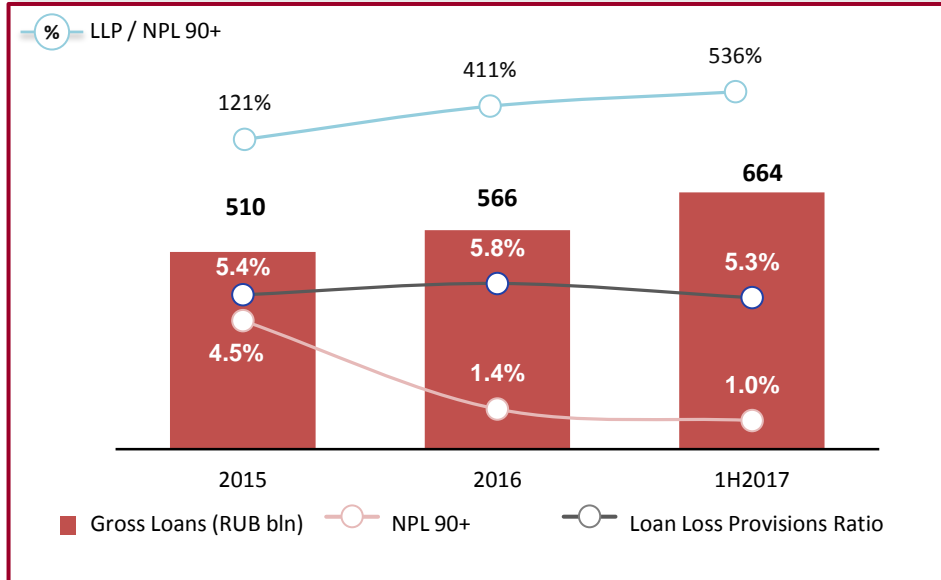
1) NPLs are loans with payments that are overdue >90 days

2) Cost of risk ratio is calculated as impairment allowance net charge (annualised) to average loan portfolio for the period

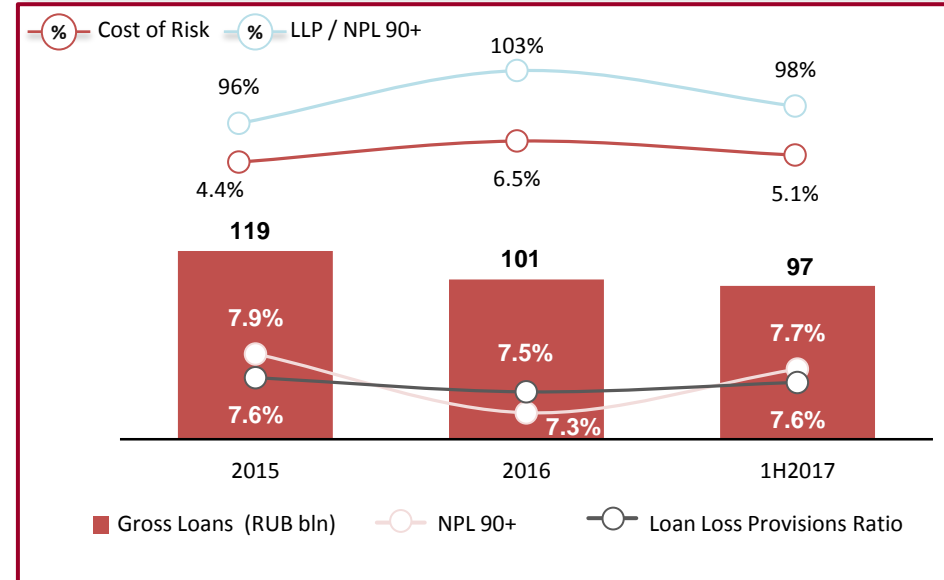
3) Increase in related party lending was mostly driven by acquisition of a corporate borrower by CBM's majority shareholder in 4Q2016

# NPL coverage by provisions maintained at a healthy level

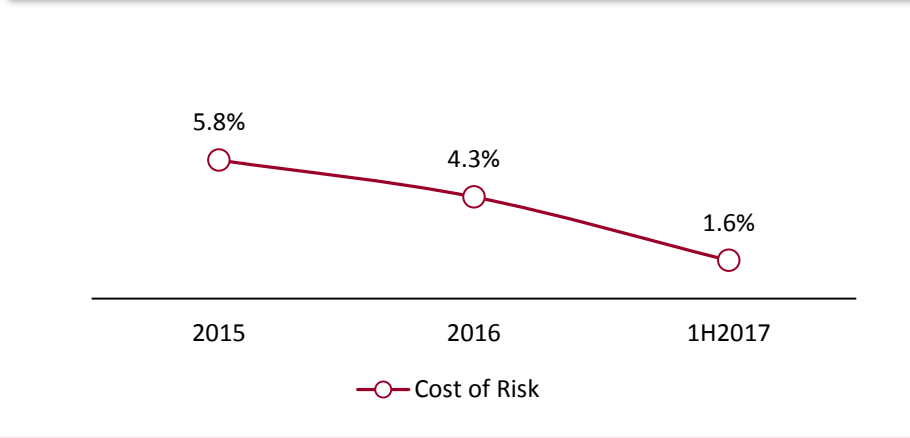
## Corporate Loan Book



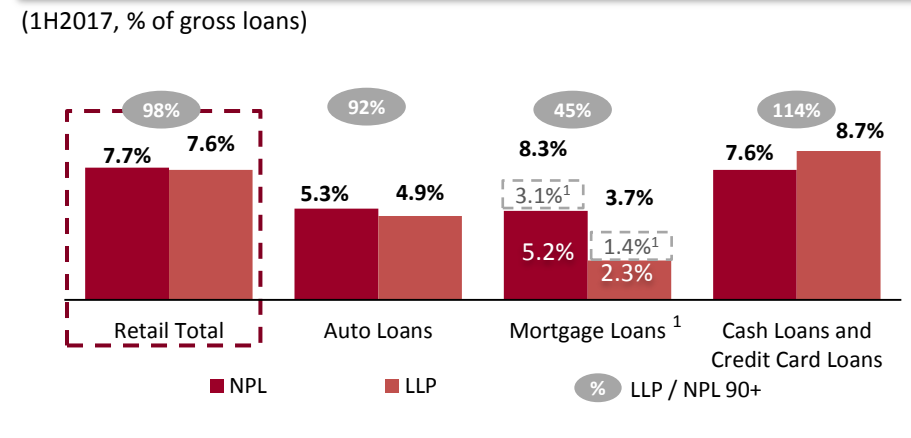
## Retail Loan Book



## Corporate Cost of Risk



## Retail NPLs and LLPs, by product type



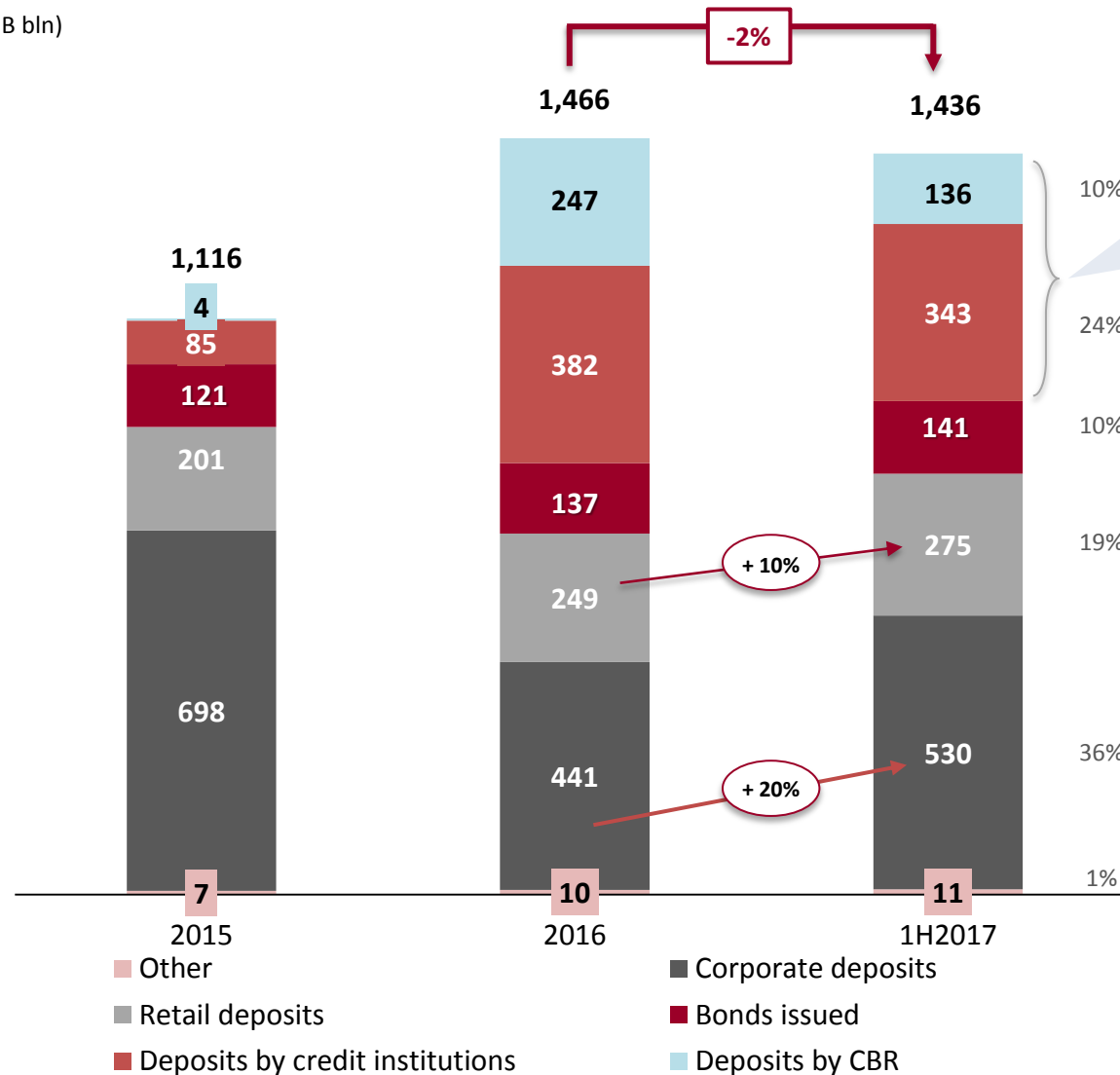
Source: IFRS financial statements

1) Exposure in the amount of RUB 0.7 bln, which is not considered as mortgage by nature

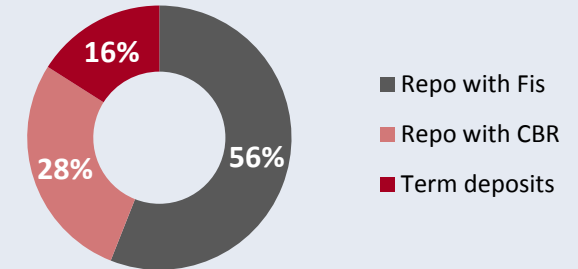
# Customer deposits are main source of funding

## Liabilities breakdown

(RUB bln)

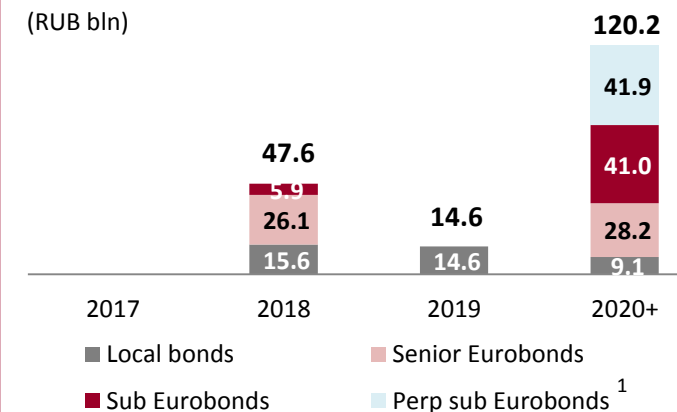


## Deposits by credit institutions (incl. CBR)



Fair value of securities provided as collateral under reverse repo transactions is **468 RUB bln** or **116%** of the underlying value of such deals.

## Debt securities repayment schedule



Source: IFRS financial statements

1) Perpetual subordinated Tier I Eurobond issue is included in Total equity



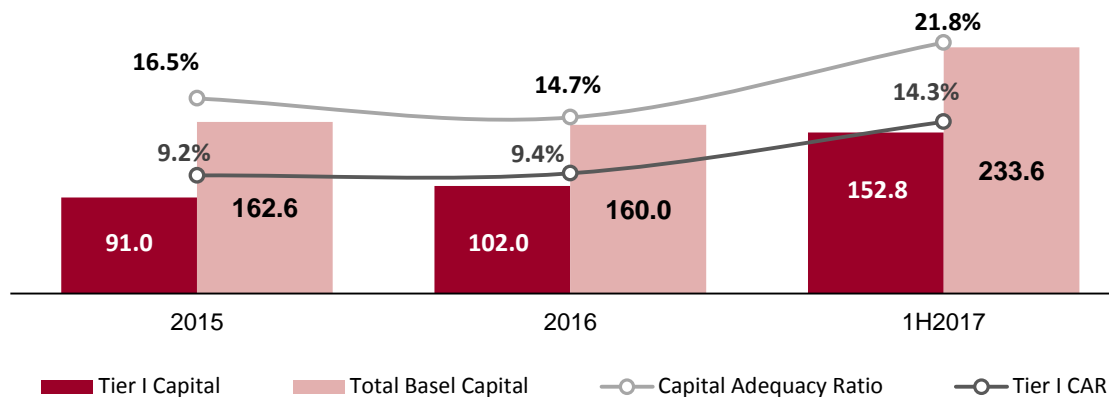
# Strong capital position

## Recent changes

- **April, 2017:** USD 500 mln CBOM 18 subordinated T2 Eurobond issue was partially redeemed in the amount of USD394 mln
- **April, 2017:** USD 600 mln CBOM27 new subordinated T2 Eurobond issue was placed
- **May, 2017:** USD 700 mln perpetual subordinated Tier I Eurobond issue was placed

## IFRS capital adequacy ratios (Basel III)

(RUB bln)



## RAS capital adequacy ratios

