CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (public joint-stock company)

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CREDIT BANK OF MOSCOW announces its IFRS results for 1H2016

Key results

- Net income was RUB 5.1 bln ($78.9 mln).
- Net interest margin was 3.5%.
- Return on equity and return on assets increased to 10.7% and 0.8% respectively (2015YE: 2.1% and 0.2%).
- Assets grew by 1.1% y-t-d to RUB 1,221.8 bln ($19,013.7 mln).
- Gross loan portfolio decreased by 1.4% y-t-d to RUB 621.0 bln ($9,664.9 mln).
- Ratio of NPLs (90+ days) to gross loan portfolio reduced to 5.0%.
- Loan loss provisions grew from 5.9% to 7.4% of gross loan portfolio.
- Customer deposits increased by 4.8% to RUB 941.8 bln ($14,656.9 mln).
- Basel III capital amounted to RUB 160.2 bln ($2,493.5 mln), with the capital adequacy ratio of 17.6% and Tier I ratio of 10.6%.
- Cost-to-income ratio dropped to the all-time low 22.5%.

Key financial indicators

Balance sheet	**1H 2016, RUB bln**	**2015, RUB bln**	**change, %**
Assets	1,221.8	1,208.2	1.1
Liabilities	1,123.3	1,115.9	0.7
Equity	98.4	92.3	6.6
Capital (Basel)	160.2	162.6	(1.4)
Gross loan portfolio before provisions	621.0	629.9	(1.4)
Key financial ratios, %			
Basel capital adequacy ratio (CAR)	17.60%	16.5%	
90+ NPL ratio (before provisions)	5.0%	5.1%	
Loan loss provisions / Gross loans	7.4%	5.9%	
Net loans / deposits	61.0%	66.0%	

Income statement	**6M 2016, RUB bln**	**6M 2015, RUB bln**	**change, %**
Net interest income (before provisions)	20.5	10.4	96.3
Fee and commission income	6.3	4.3	46.8
Net income	5.1	1.2	324.1
Key financial ratios, %			
Net interest margin (NIM)	3.5	3.6	
Cost-to-income ratio (CTI)	22.5	29.5	
Return on equity (ROAE)	10.7	3.6	
Return on assets (ROAA)	0.8	0.4	

Net income for 6 months of 2016 amounted to RUB 5.1 bln and demonstrated a significant growth compared to RUB 1.2 bln in 1H2015. This positive trend was due to a considerable increase of net interest income and net fee income on the back of growing business of the Bank and the gradually stabilising business activity.

Net interest income was RUB 20.5 bln in 1H2016 having grown by 2 times y-o-y. **Net interest margin** for 6 months of 2016 was 3.5%, the same as in 1H2015.

Net fee income was RUB 5.3 bln in 1H2016 having grown by 78.0% y-o-y. The fee and commission income was mainly driven by cash collection fees which accounted for 20.3% of the gross fee and commission income (1H2015: 14.1%) as a result of the Bank's acquisition of NCO INKAKHRAN in November 2015.

Operating income (before provisions) grew by 96.3% to RUB 29.1 bln y-o-y. **Operating expense** increased by 35.4% to RUB 6.5 bln due to the growth of staff costs to RUB 3.8 bln and growth of some administrative expenses mainly caused by the consolidation of INKAKHRAN. The Bank demonstrates high operational efficiency: its **CTI ratio** dropped to the all-time low 22.5% in 1H2016 compared to 29.5% in the same period of 2015.

Gross loan portfolio slightly reduced in 1H2016 by 1.4% to RUB 621.0 bln. The corporate loan portfolio remained, despite the negative revaluation of foreign currency loans, at the level of RUB 509.3 bln, the same as at end-2015. The retail loan portfolio shrank by 6.7% to RUB 111.7 bln as the Bank tightened its criteria for retail borrowers.

The ratio of **non-performing loans (NPL90+)** in the gross loan portfolio decreased in 1H2016 from 5.1% to 5.0% (1Q2016: 5.4%). **Loan loss provisions** grew from 5.9% of the Bank's gross portfolio as at end-2015 to 7.4% as at the end of the reporting period while the cost of risk reduced from 5.4% to 5.2% and the NPL90+ coverage ratio increased from 113.7% to 147.9%.

Customer deposits grew by 4.8% in 1H2016 to RUB 941.8 bln or 83.8% of the Bank's total liabilities.

Capital adequacy ratio calculated in accordance with Basel III grew from 16.5% as at end-2015 to 17.6% as at the first half-year of 2016. Tier I capital ratio was 10.6%.

Infrastructure development

As of 30 June 2016, CREDIT BANK OF MOSCOW had 69 offices, 21 stand-alone cash desks, 965 ATMs and 5,473 payment terminals (31 December 2015: 62, 21, 927 and 5,443 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 Russian consumer market. CBM's retail business is focused on consumer loans to high quality retail customers, with a particular emphasis on cross-sale 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 July 2016, 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 9.1% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors. The remaining 34.1% of the Bank's shares are owned by other minority shareholders.

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