CREDIT BANK OF MOSCOW

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

30 May 2018, Moscow

CREDIT BANK OF MOSCOW announces its IFRS results for 3M2018

Key results

- Net income amounted to RUB 2.3 bln ($40.0 mln).
- Net interest income increased by 24.8% yoy to RUB 13.0 bln ($227.0 mln).
- Net interest margin was 3.0%.
- Net interest income as percentage of average RWA grew to 5.0% compared to 4.3% in 1Q2017.
- ROAE and ROAA decreased to 6.9% and 0.5%, respectively, due to negative foreign exchange revaluations affecting net income.
- Assets shrank by 1.5% to RUB 1.9 tln ($32.5 bln).
- Gross loan portfolio decreased by 15.3% ytd to RUB 693.9 bln ($12.1 bln), due to some large repayments in 1Q2018
- Ratio of NPLs (90+ days) to gross loan portfolio remained the same as at end-2017, i.e. 2.4%.
- Cost of risk (COR) decreased to 0.6% from 2.5% as at end-2017.
- Provisioning rate grew to 7.0% from 6.1% as at end-2017 in line with loan portfolio shrinkage.
- Customer deposits are stable at RUB 931.9 bln ($16.3 bln) with a slight reduction in current corporate accounts.
- Equity declined by 4.0% to RUB 170.5 bln ($3.0 bln) mainly due to adjustments of retained earnings in line with IFRS 9.
- Basel III capital stood at RUB 270.0 bln ($4.7 bln), with the capital adequacy ratio rising to 24.9% and Tier I ratio to 15.6%.
- Cost-to-income ratio was 40.5%.

Key financial results

Balance sheet	**1Q2018**	**2017**	**change, %**
Assets, RUB bln	1,860.1	1,888.2	-1.5%
Liabilities, RUB bln	1,689.6	1,710.6	-1.2%
Equity, RUB bln	170.5	177.6	-4.0%
Capital (Basel), RUB bln	270.0	274.4	-1.7%
Gross loan portfolio, RUB bln	693.9	818.8	-15.3%
Key financial ratios, %			
Basel capital adequacy ratio (CAR)	24.9%	23.4%	
90+ NPL ratio (before provisions)	2.4%	2.4%	
Cost of risk (COR)	0.6%	2.5%	
Provisioning ratio	7.0%	6.1%	
Net loans / deposits	69.3%	81.6%	
Income statement	**3M2018**	**3M2017**	**change, %**
Net interest income (before provisions), RUB bln	13.0	10.4	+24.8%
Fee income, RUB bln	2.8	3.7	-25.7%
Net income, RUB bln	2.3	4.6	-50.1%
Earnings per share, RUB	0.08	0.19	-57.9%

Key financial ratios, %			
Net interest margin (NIM)	3.0%	3.0%	
Net interest income as percentage of average RWA (NII/ARWA)	5.0%	4.3%	
Cost-to-income ratio (CTI)	40.5%	26.0%	
Return on equity (ROAE)	6.9%	17.4%	
Return on assets (ROAA)	0.5%	1.2%	

Net income for the first 3 months of 2018 was 2.3 RUB bln compared to 4.6 RUB bln in 1Q2017. Net income was affected by foreign exchange revaluations of derivatives in the context of volatile rouble exchange rates in the first quarter.

Net interest income increased by 24.8% yoy to RUB 13.0 bln because the higher-earning rouble portion of the balance sheet expanded. **Net interest margin** for 1Q2018 stood at 3.0% like in 1Q2017 as highly liquid assets represented a wide percentage of the Bank's balance sheet. **Net interest income as percentage of average RWA** rose to 5.0% pointing at the Bank's successful resilience to competition. **Net interest income after provisions** more than doubled reaching 13.2 RUB bln because, in particular, RUB 0.2 bln of provisions was reversed as the corporate loan portfolio declined.

The Bank's **fee income** decreased by 25.7% yoy to RUB 2.8 bln due to generally declining returns from foreign exchange transactions and guarantees / letters of credit as the competition gets tougher and to one-off income earned on big transactions in 1Q2017.

Operating income (before provisions) for the first 3 months of 2018 was RUB 9.6 bln compared to 9.7 RUB bln in 1Q2017. **Operating expense** increased by 4.4% to RUB 3.9 bln as the Bank expands its business, and the **cost-to-income (CTI) ratio** grew to 40.5%.

Total assets amounted to RUB 1,860.1 bln as at 1Q2018.

The **total loan portfolio** (before provisions) decreased by 15.3% to RUB 693.9 bln due to big repayments which outran originations in 1Q2018. The share of corporate loans in the total loan portfolio was 87.4%, its retail portion being 12.6%. The retail loan portfolio shrank by thin 0.7% to RUB 87.1 bln, which reflects the Bank's traditionally cautious approach to retail lending. The corporate loan portfolio reduced by 17.0% to RUB 606.8 bln. The share of non-performing loans (NPL90+) matched the level of the end of 2017, i.e. 2.4%. A reduction in the cost of risk by 1.9 pp to 0.6% was attributable to large repayments in the corporate portfolio. The NPL90+ coverage ratio increased from 253.7% as at end-2017 to 287.8% as at 1Q2018 mainly due to the overall squeeze of the loan portfolio.

Customer deposits declined in 1Q18 by marginal 1.0% to RUB 931.9 bln which is 55.2% of the Bank's total liabilities. This was caused by smaller balances on current corporate accounts. The ratio of loans after provisions to deposits was 69.3%.

The Basel III **capital adequacy ratio** rose to 24.9% in 1Q18, and the Tier I capital ratio to 15.6%. The Bank's total capital according to the Basel III standards decreased by 1.7% to RUB 270.0 bln in 1Q18, with 2.9 pp of the decrease being attributable to a RUB 6.9 bln adjustment of retained earnings caused, in particular, by the implementation of the new IFRS 9 standard.

Enquiries

CREDIT BANK OF MOSCOW

Investors		**Media**
Eric de Beauchamp	Sergey Lukyanov	Victoria Poigina
Edebeauchamp@mkb.ru	Lukyanov@mkb.ru	Poigina@mkb.ru
+7-495-797-4222 ext. 6150	+7-495-797-4222 ext. 6223	+7-495-797-4222 ext. 6052

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 1Q2018. 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, 'ruA-' with stable outlook by Expert RA. 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 56.07% of CBM's shares, the remaining 43.93% 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/