CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (open 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

31 August 2015, Moscow

CREDIT BANK OF MOSCOW announces its 1H2015 IFRS financials

Key results

- Net income amounted to RUB 1,195 mln ($ 21.5 mln).
- Net interest margin narrowed from 5.1% in 1H2014 to 3.6% (3.7% as of 3m2015).
- Return on equity and return on assets were 3.6% and 0.4% respectively.
- Assets grew by 29.4% y-t-d to RUB 756,951 mln ($13,632.9 mln).
- Gross loan portfolio before provisions rose by 15.0% to RUB 453,416 mln ($ 8,166 mln).
- Ratio of NPLs (90+ days) to gross loan portfolio amounted to 4.9%.
- Loan loss provisions grew from 4.1% to 4.8% of the gross loan portfolio.
- Customer accounts and deposits rose by 21.6% to RUB 407,263 mln ($7,334.9 mln).
- Equity rose by 26.2% up to RUB 75,683 mln ($1,363.1 mln).
- Basel III capital increased by 34.9% to RUB 121,823 mln ($2,194.1 mln); with capital adequacy and Tier I ratios of 19.0% and 11.6% respectively.
- Cost-to-income ratio remained sustainably low at 29.5%.

Key financial results

Balance sheet	**1H 2015, RUB mln**	**2014, RUB mln**	**change, %**
Assets	756,951	584,839	29.4
Liabilities	681,269	524,852	29.8
Equity	75,683	59,987	26.2
Capital (Basel)	121,823	90,339	34.9
Gross loan portfolio before provisions	453,416	394,191	15.0
Key financial ratios, %			
Basel capital adequacy ratio (CAR)	19.0%	15.8%	
90+ NPL ratio (before provisions)	4.9%	2.3%	
Loan-loss provisions / Gross loans	4.8%	4.1%	
Net loans / deposits	106.0%	112.9%	

Income statement	6M 2015, RUB mln	6M 2014, RUB mln	change, %
Net interest income (before provisions)	10,421	10,885	(4.3)
Fee income	4,300	4,026	6.8
Net income	1,195	4,243	(71.8)
Key financial ratios, %			
Net interest margin (NIM)	3.6%	5.1%	
Cost-to-income ratio (CTI)	29.5%	34.0%	
Return on equity (ROAE)	3.6%	16.1%	
Return on assets (ROAA)	0.4%	1.8%	

Net income for the first 6 months of 2015 was RUB 1.2 bln. It declined mainly due to provisions having grown by 2.3 times yoy to RUB 8.5 bln as a result of the Bank's conservative approach to provisioning and the current non-stable macroeconomic environment. Income was also under pressure from the increased cost of funding in 1H2015, as evidenced by interest expenses soaring 87.2% yoy while the funding base grew by 57.8%.

Operating income (before provisions) grew by 3.9% yoy to RUB 14.8 bln. **Operating expenses** increased slightly by 0.9% to RUB 4.8 bln. Operational efficiency is maintained at a stable high level, as evidenced by low cost-to-income (CTI) ratio being 29.5%.

Total assets increased by 29.4% up to RUB 757.0 bln, of which due from banks represented RUB 117.2 bln having increased mainly as a result of repo transactions in securities of first class issuers.

Gross loan portfolio (before provisions) grew by 15.0% ytd and stood at RUB 453.4 bln as of 1H2015. Corporate loan portfolio expanded by 23.1% ytd to RUB 327.3 bln, while the retail portfolio demonstrated a negative trend. With stricter eligibility criteria and weaker demand for retail loans, the retail loan portfolio shrank by 1.7% to RUB 126.1 bln in the reporting period. Owing to the difficult macroeconomic situation, non-performing loans (NPL 90+) increased to 4.9% in 1H2015 mostly because of the deteriorated financial condition of a large corporate borrower from the construction sector. Loan loss provisions also grew and stood at 4.8% of the gross loan portfolio as at the end of 1H2015.

Customer accounts and deposits stood at RUB 407.3 bln surpassing the year-end figure by 21.6% mainly due to a 35.9% expansion of corporate deposits that grew to RUB 233.1 bln. Retail deposits grew in the reporting period at a more moderate 6.6% up to RUB 174.2 bln. The ratio of net loans to deposits dropped to 106.0% as at the end of 2Q2015.

Capital adequacy ratio calculated in accordance with Basel III grew from 15.8% to 19.0% in 1H2015. Tier I capital ratio rose from 10.5% to 11.6%. The Bank's total capital according to Basel III standards increased by 34.9% ytd to RUB 121.8 bln. Such a significant growth resulted from a RUB 20.2 bln subordinated loan provided by the Deposit Insurance Agency in the form of Russian federal bonds (OFZ) under the Russian banking system recapitalisation programme. Another factor for the capital growth was the closing of the initial public offering (IPO) of the Bank's ordinary shares on the Moscow Exchange which yielded RUB 13.2 bln at 3.62 roubles per share.

Infrastructure development

As of 30 June 2015, CREDIT BANK OF MOSCOW had 55 offices, 25 stand-alone cash desks, 784 ATMs and 4,765 payment terminals (as of 31 December 2014, these figures were 58, 31, 841 and 5,683 respectively).

Enquiries

CREDIT BANK OF MOSCOW

Investors		**Media**
Elena Finashina	Sergey Lukyanov	Nikita Likov
Finashina@mkb.ru	Lukyanov@mkb.ru	LikovNS@mkb.ru
+7-495-797-4222 ext. 6202	+7-495-797-4222 ext. 6223	+7-926-579-87-82

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 resilient Russian consumer market. CBM's retail business is focused on consumer loans to 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 July 2015, CBM is one of the top five privately owned Russian banks, measured by total assets. The Bank is currently rated BB- with a Negative outlook by S&P; B1 with a Stable outlook by Moody's; and BB with a Negative outlook by Fitch.

CBM was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Mr. Avdeev beneficially owns 70.0% 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 11.2% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors. The remaining 18.8% of the Bank's shares are owned by other minority shareholders.

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