



# Webcast and Conference call 1H 2015 IFRS Results

Vladimir Chubar  
CEO, Member of the  
Supervisory Board

Eric de Beauchamp  
Senior Vice President

31 August 2015

MKB.RU



**CREDIT BANK  
OF MOSCOW**

From good to great —  
**one Bank!**

## Disclaimer

This presentation is based on the reviewed IFRS results for 1H2015, 1H2014 and 1H2013 as well as audited IFRS results for FY2014 and FY2013. However, it includes certain information that is not presented in accordance with the relevant accounting principles and has not been verified by an independent auditor. CBM has taken all reasonable care to ensure that in all instances the information included in the presentation is full and correct and is taken from reliable sources. At the same time the presentation should not be seen as providing any guarantees, express or implied, to its accuracy or completeness. Furthermore, CREDIT BANK OF MOSCOW undertakes no guarantees that its future operations will be consistent with the information included in the presentation and accepts no liability whatsoever for any expenses or loss connected with the use of the presentation. Please note that due to rounding, the numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This presentation contains statements related to our future business and financial performance and future events or developments involving CREDIT BANK OF MOSCOW. Such forward-looking statements are based on the current expectations and certain assumptions of CREDIT BANK OF MOSCOW's management, and, therefore, should be evaluated with consideration taken to risks and uncertainties inherent in our business. A variety of factors, many of which are beyond CREDIT BANK OF MOSCOW's control, can materially affect the actual results in comparison to such statements.

Information contained in the presentation is valid only as at the stated date. CREDIT BANK OF MOSCOW undertakes no obligation to update or revise the information or any forward-looking statements in the presentation to reflect any changes that can happen after the given date.

This presentation is meant for information purposes only. Please note that the presentation does not constitute any officially recognized version of the financial statements. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities of CREDIT BANK OF MOSCOW. Although reasonable care was used to prepare and maintain the electronic version of the presentation, CREDIT BANK OF MOSCOW accepts no liability for any loss or damage connected to the electronic storage or transfer of information.

Key developments and business overview

4

Financial performance

8

Annex

14

# Overview

## Key Highlights

- #12 bank in Russia by total assets<sup>1</sup>
- #4 privately owned bank in Russia by total assets<sup>1</sup>
- Corporate banking, servicing over 15,000 active corporate banking clients<sup>2</sup>
- Retail banking, servicing approx. 870,000 retail banking clients<sup>2</sup>
- 55 offices and 25 cash offices, over 4,765 payment terminals and 784 ATMs in Moscow Area<sup>2</sup>
- Approx. 4,600 employees<sup>2</sup>
- Credit ratings: BB from Fitch, BB- from S&P, B1 from Moody's
- Shareholders' structure diversified with globally recognized international investors EBRD and IFC controlling 11.2% stake



Bank of The Year in Russia in 2014 by The Banker



Best Bank in Russia, Awards for Excellence 2014, by Euromoney magazine



Bank of The Year 2013 by Banki.ru

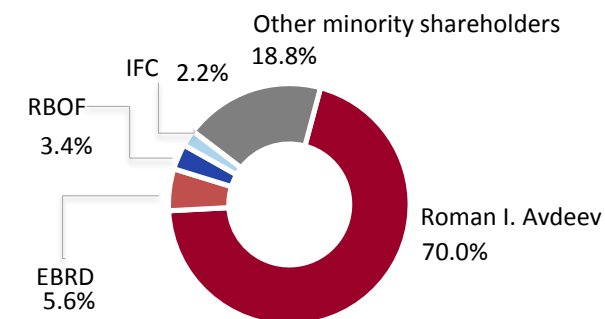


1) CBR ranking as of 1 August 2015  
2) As of 1 July 2015

## Key Financials

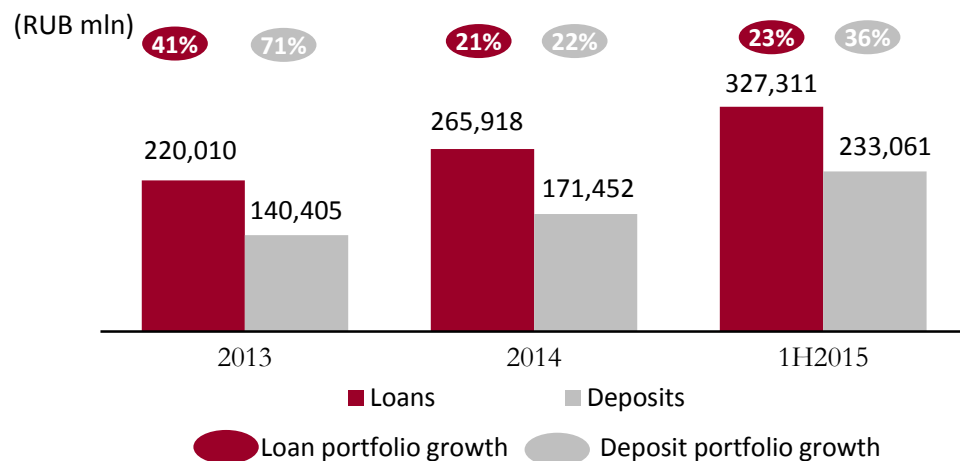
Balance sheet (RUB bln)	2013	2014	1H2015
Total Assets	454.2	584.8	757.0
Gross Loans	317.9	394.2	453.4
Customer Deposits	274.9	334.9	407.3
Shareholder's Equity	50.7	60.0	75.7
<b>Key Ratios</b>			
NPL 90+ / Gross Loans	1.3%	2.3%	4.9%
Total CAR (Basel III)	14.8%	15.8%	19.0%
Income Statement (RUB bln)	6m2013	6m2014	6m2015
Net interest income (before provisions)	7.7	10.9	10.4
Net Income	3.8	4.2	1.2
<b>Key Ratios</b>			
RoAA	2.3%	1.8%	0.4%
RoAE	18.6%	16.1%	3.6%
Net Interest Margin	5.2%	5.1%	3.6%
Cost / Income	32.8%	34.0%	29.5%

## Supportive Shareholders

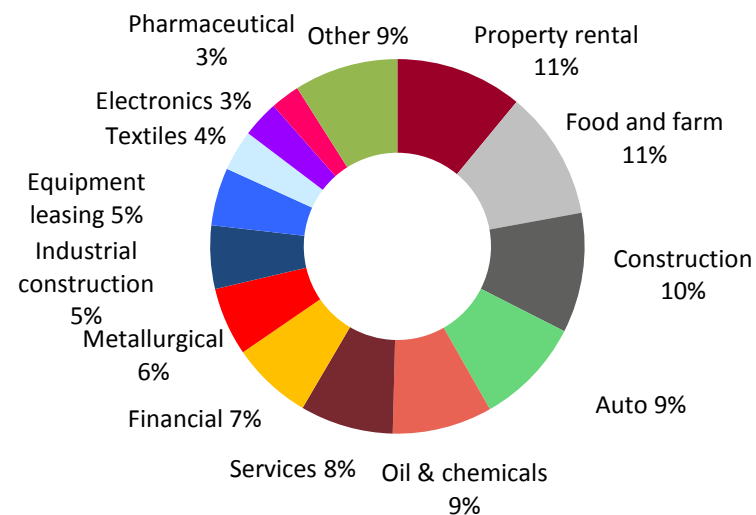


# Corporate Banking: strong niche market player

Corporate loan (gross) and deposit portfolio dynamics<sup>1</sup>



Corporate loans breakdown by industry<sup>1</sup> (1H2015)



## Highlights

### Strong and Quality Client Base

- Over **15,000** active corporate clients<sup>2</sup>
- Strategic focus on **retail and wholesale trading sector**
- Focus on large and medium sized corporates

### Business Focused on Growth

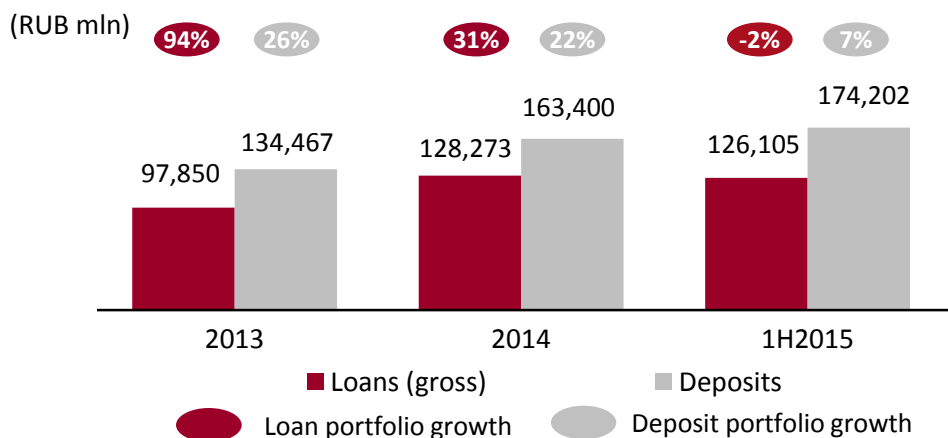
- Strategy and organisational structure designed to deliver **above market growth**
- Focus on **increasing contribution of larger corporates**

### Risk Management as Key Priority

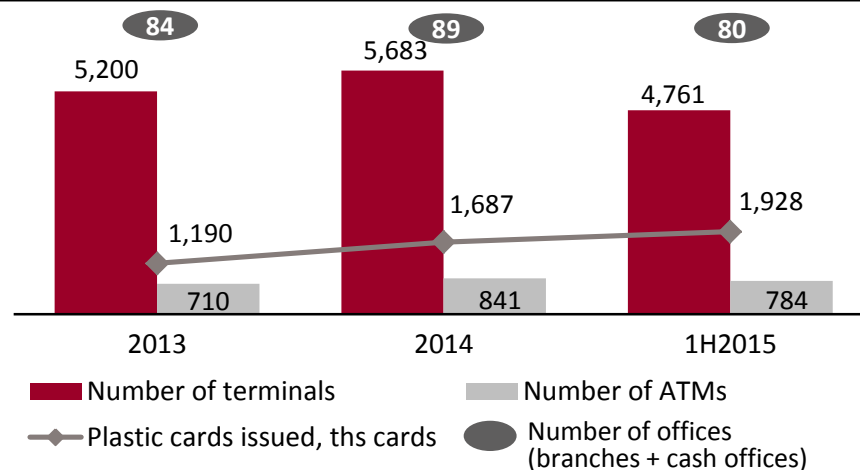
- Well-diversified** loan portfolio
- Focus on **shorter term lending**
- Synergies with cash handling business**, enabling effective credit monitoring

# Retail Banking: lending is on hold

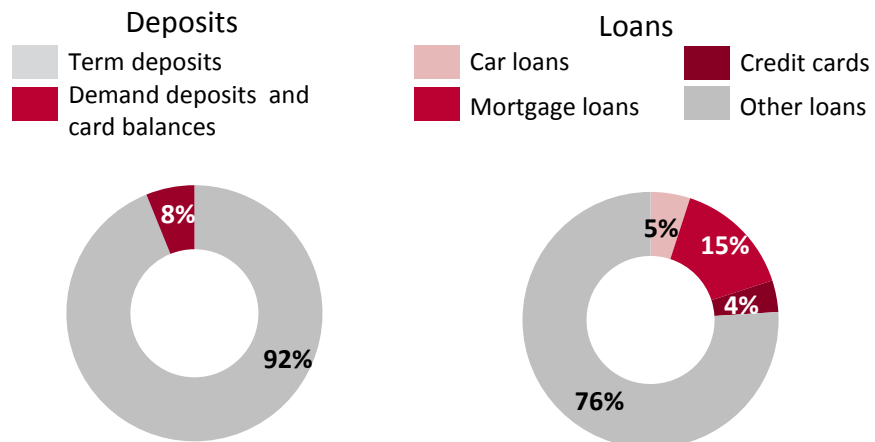
Retail loan (gross) and deposits portfolio dynamics



Network development



Breakdown by type



Key developments and strategy

- Retail banking share in the loan portfolio decreased to **28%** as at 1H2015 (33% as at YE2014)
- Stricter requirements to potential customers for the purpose to maintain portfolio quality at a current level and as a result reduction in origination of new loans
- Target market segments are consumer loans and mortgage loans
- Total number of retail customers is approx. **870** ths (approx. 790 ths as at YE2014)
- **55** branches and **25** cash offices in Moscow and Moscow Region as at 1 July 2015
- **12th** largest bank in retail deposits in Russia (Expert RA, as at 1 August 2015)

Key developments and business overview

4

Financial performance

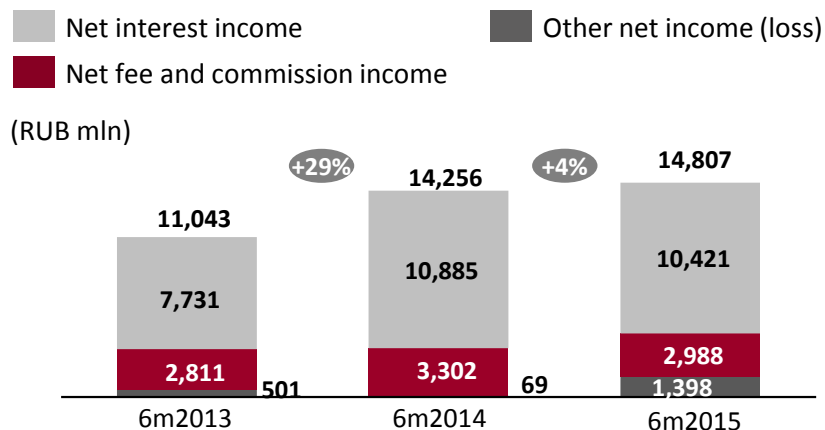
8

Annex

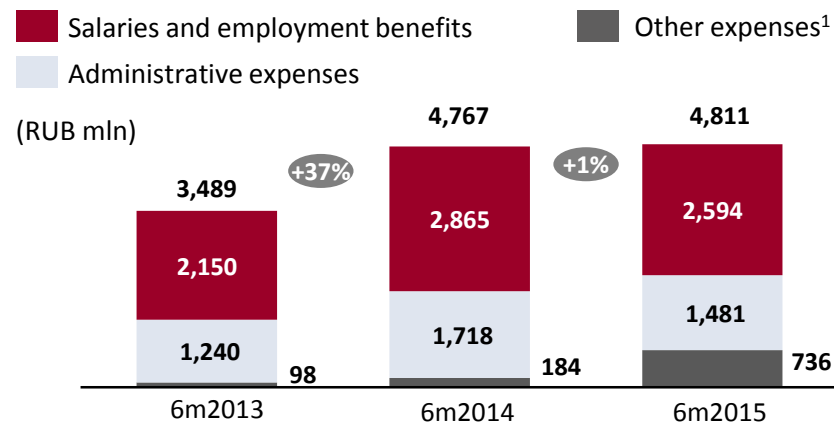
14

# Growth of operating income despite net interest income reduction

## Operating income



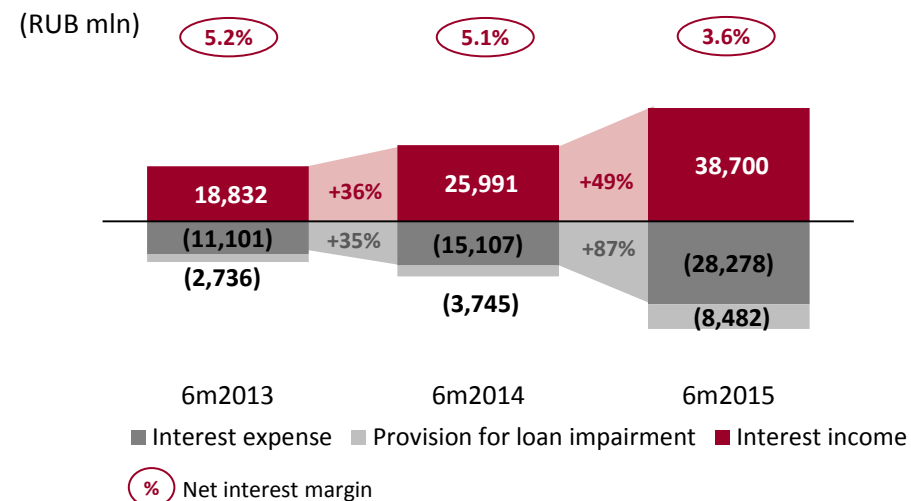
## Operating expenses



## Key developments

- **NIM** decreased to 3.6% in 1H2015 (5.8% for YE2014; 5.1% for 1H2014)
- **RoAA and RoAE** reduced in 1Q2015 to 0.4% and 3.6% respectively (1.1% and 10.1% in YE2014)
- The main source of fee and commission income in 1H2015 are guarantees and letters of credit which constitute RUB 1.0 bln (increased by 47% compared to 1H2014)
- Increased cost of funding in the 1H2015 resulted in growth of interest expenses by 87% while funding base grew by 58% only
- **CTI<sup>2</sup>** of 29.5% remains one of the lowest among peers

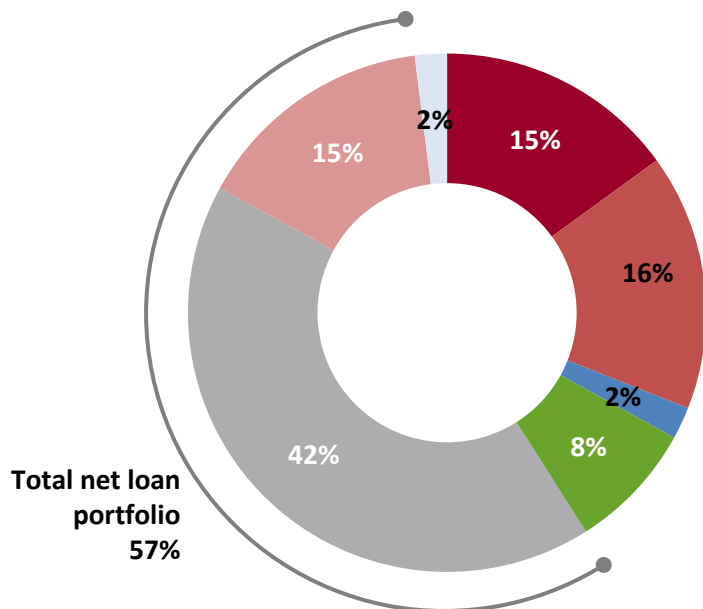
## Interest income vs interest expense and provision



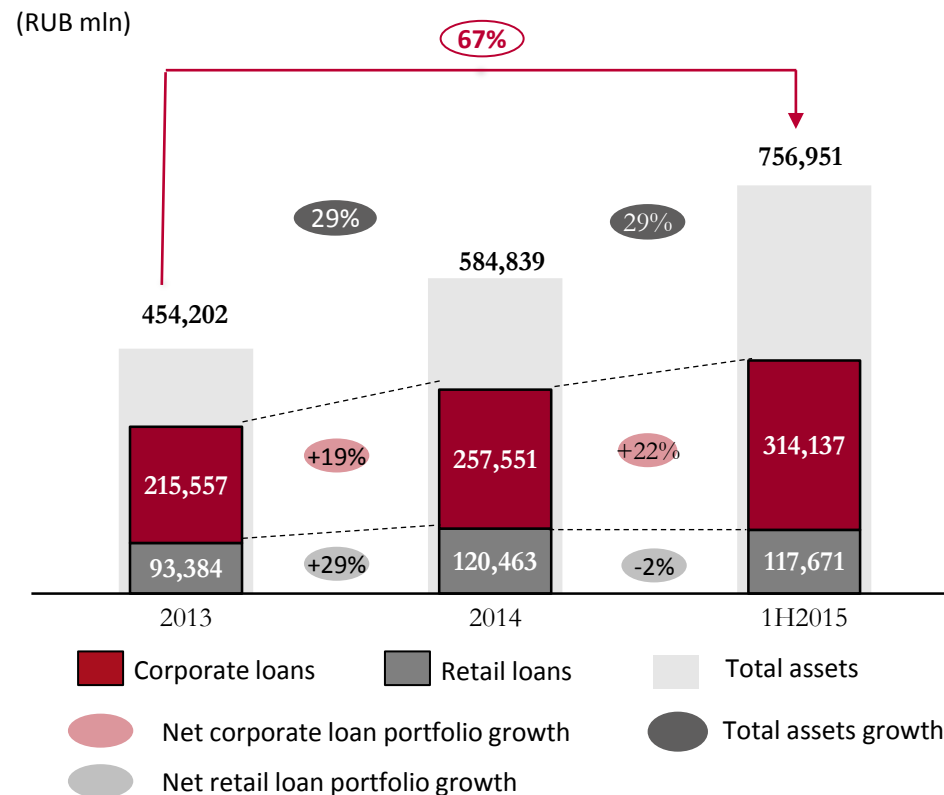


# Assets: growth came from interbank and corporate customers

Assets structure



Assets and loan portfolio (net) dynamics

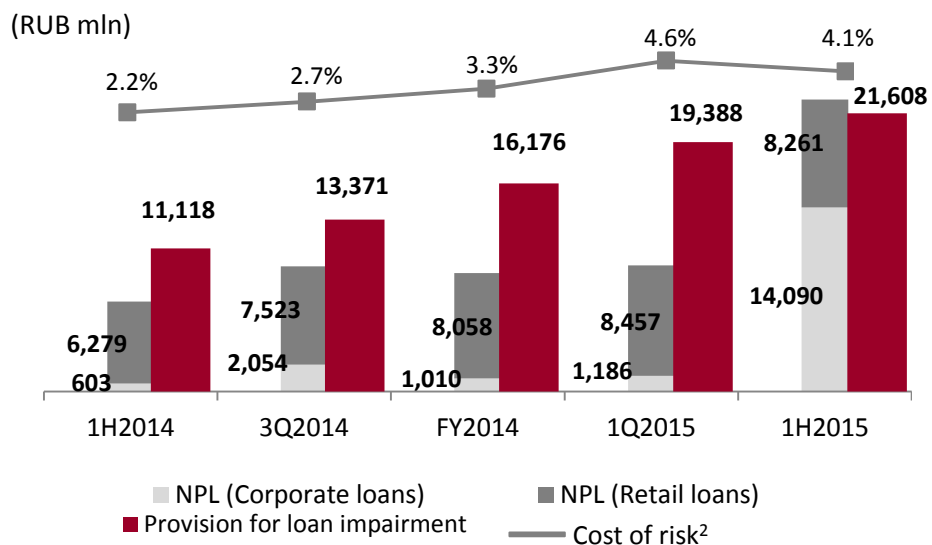


- Cash and due from CBR: 15%
- Available-for-sale securities: 2%
- Corporate loans: 42%
- Other: 2%
- Due from credit institutions: 16%
- Instruments at fair value: 8%
- Retail loans: 15%

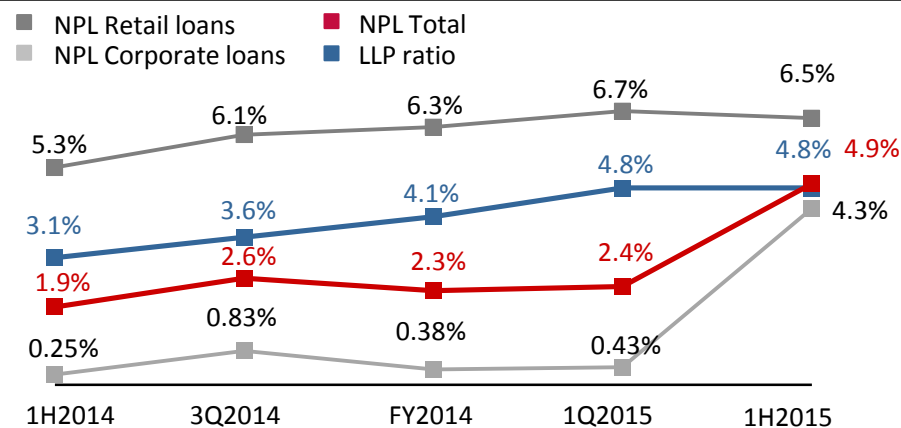
Source: IFRS financial statements

# Loan Portfolio quality reflects market trends

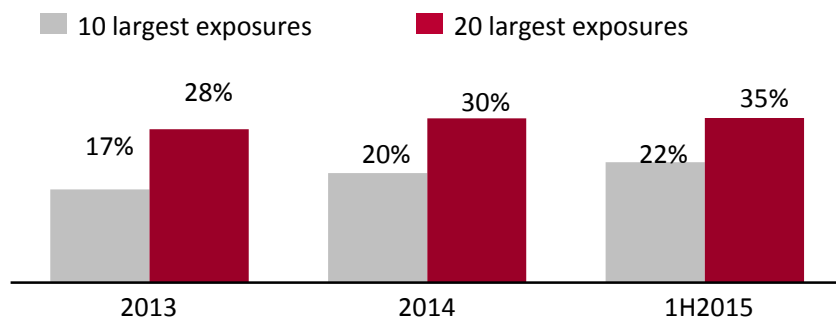
### NPL<sup>1</sup> and Provisioning dynamics



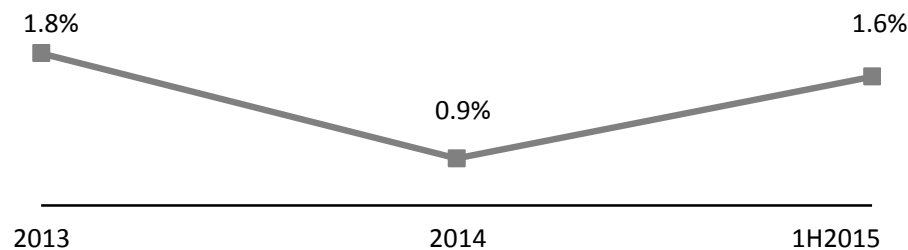
### NPL<sup>3</sup> and Provisioning ratio dynamics



### Largest exposures



### Related party lending (% of total equity)



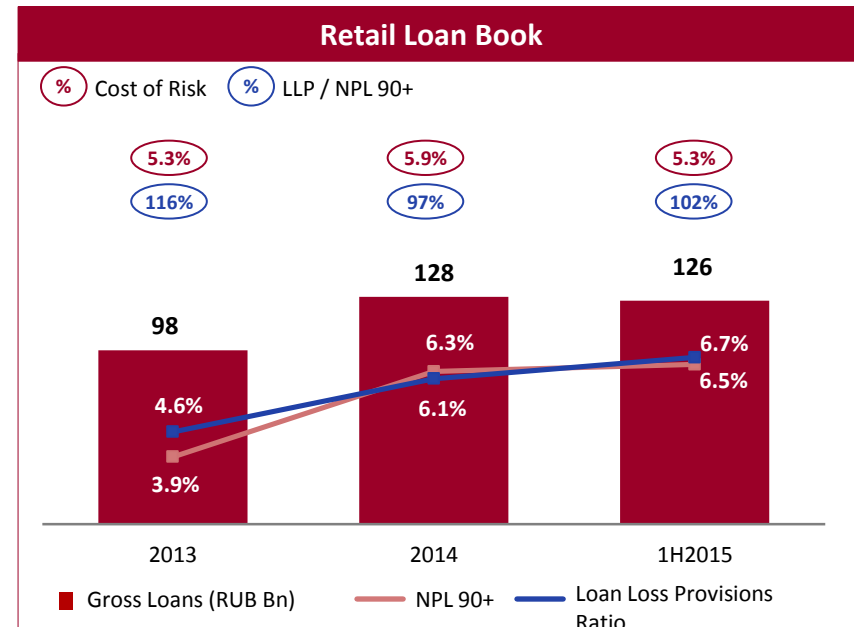
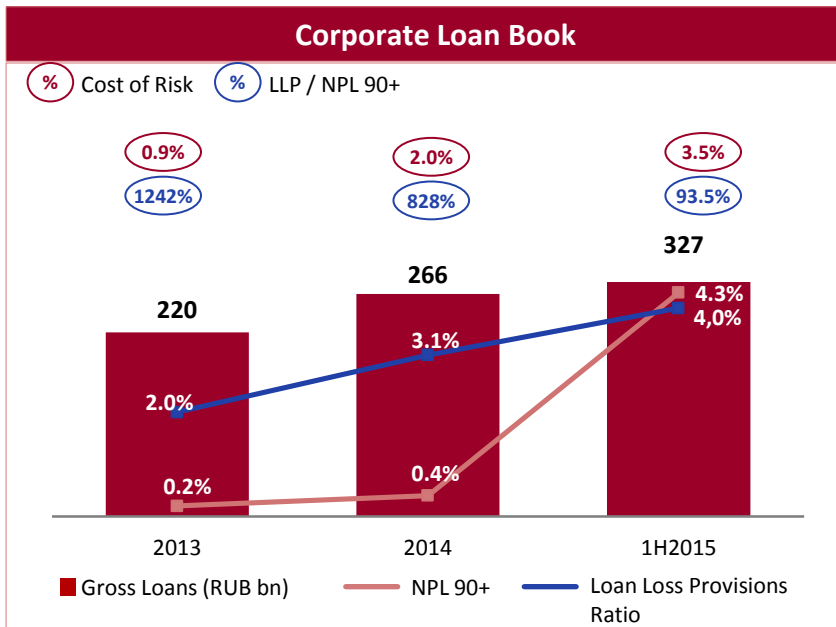
Source: IFRS financial statements

1) NPLs are loans with payments that are overdue >90 days (figure does not include renegotiated loans)

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

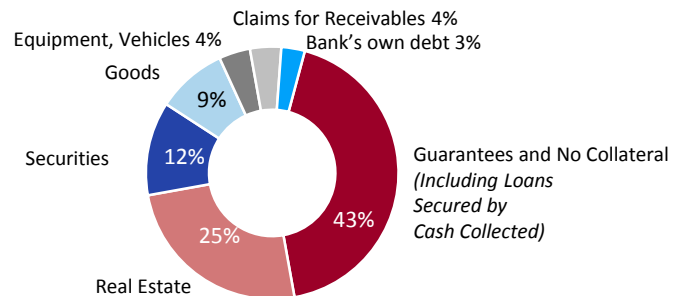
3) NPLs are calculated relative to the relevant loan product

# Well collateralized corporate loan portfolio along with stable quality of retail loan book



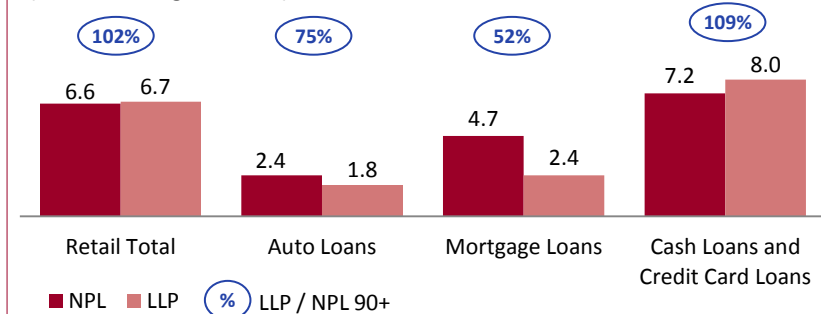
## Collateral Structure

(1H2015, Net of Impairment)



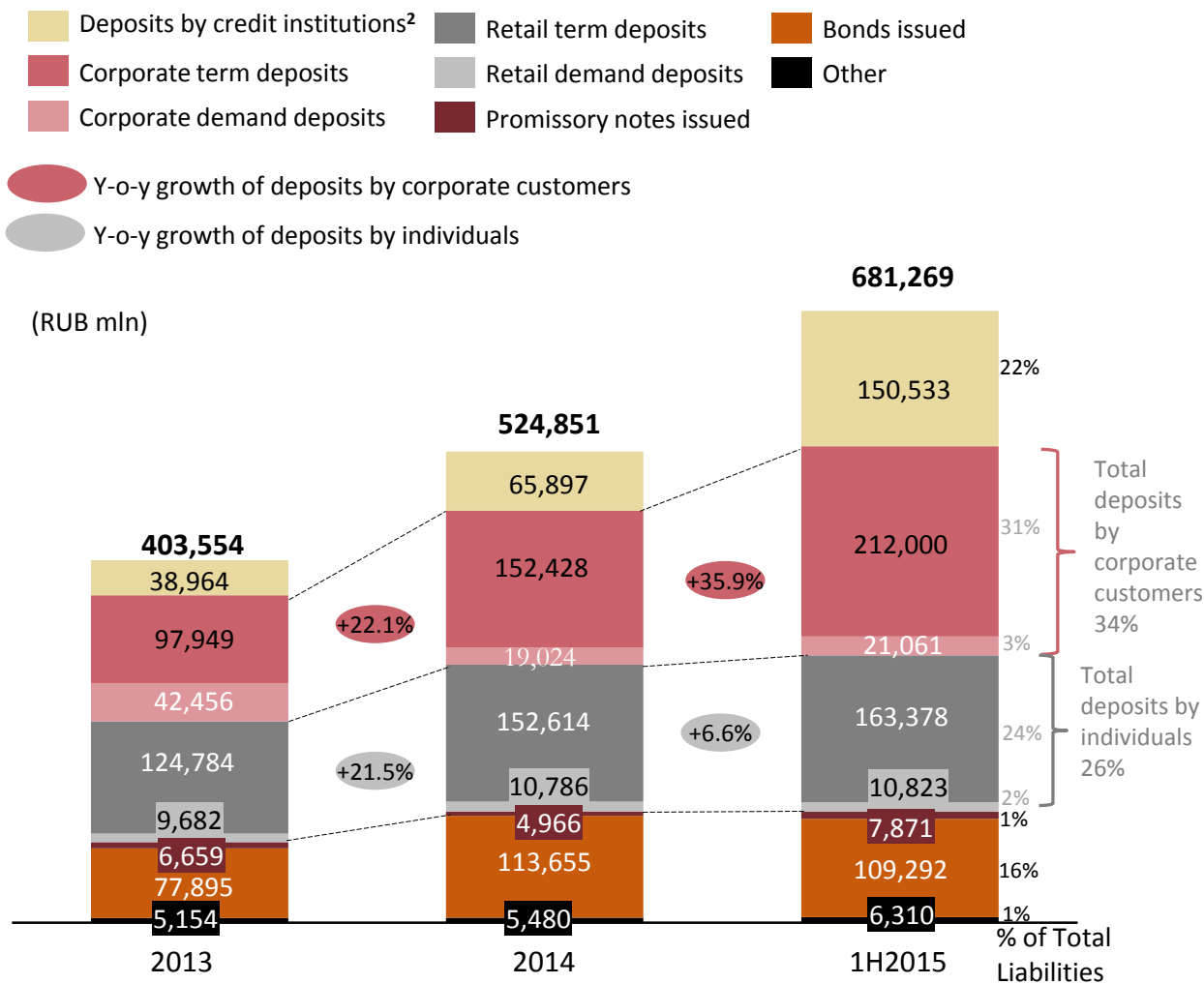
## Retail NPLs and LLPs, by Product

(1H2015, % of gross loans)

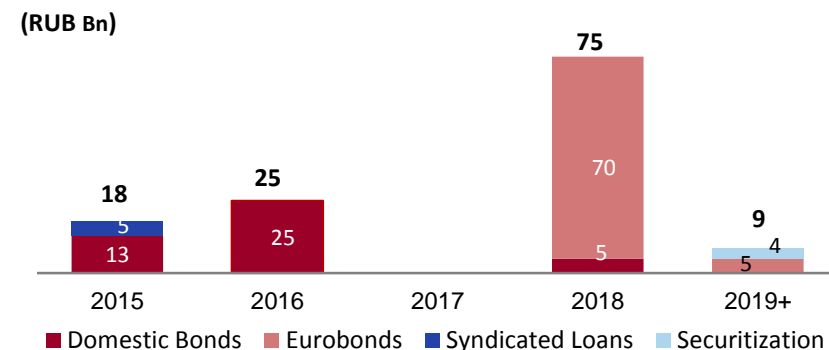


# Well Balanced Funding Structure

## Funding base<sup>1</sup>



## Debt Repayment Schedule



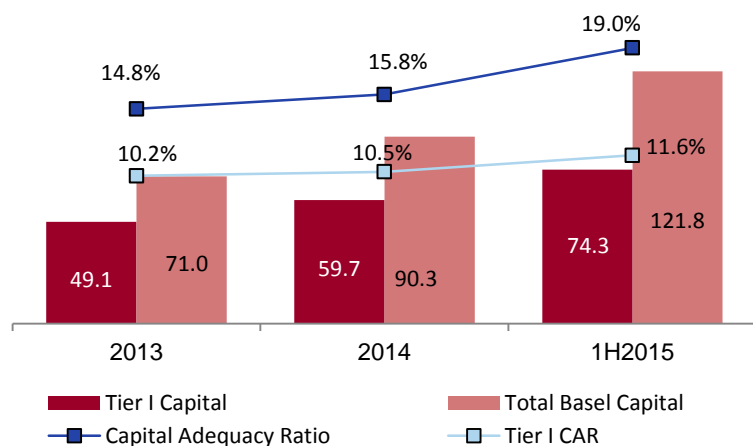
Source: Company data, nominal values; FX rates as of 26.08.15

- Good diversification of funding base with significant share of customer deposits, which now represent 60% of total liabilities
- The Bank significantly increased corporate deposits by 36%
- Deposits from credit institutions increased significantly due to attracted funding from CBR

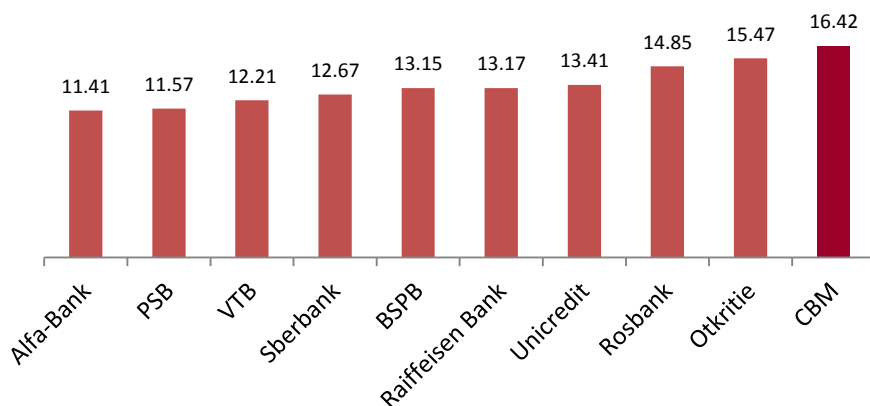
# Strong Capital Position

## IFRS Capital Adequacy Ratio<sup>1</sup>

(RUB bln)



## N1.0 benchmark as of 1H2015 (%)

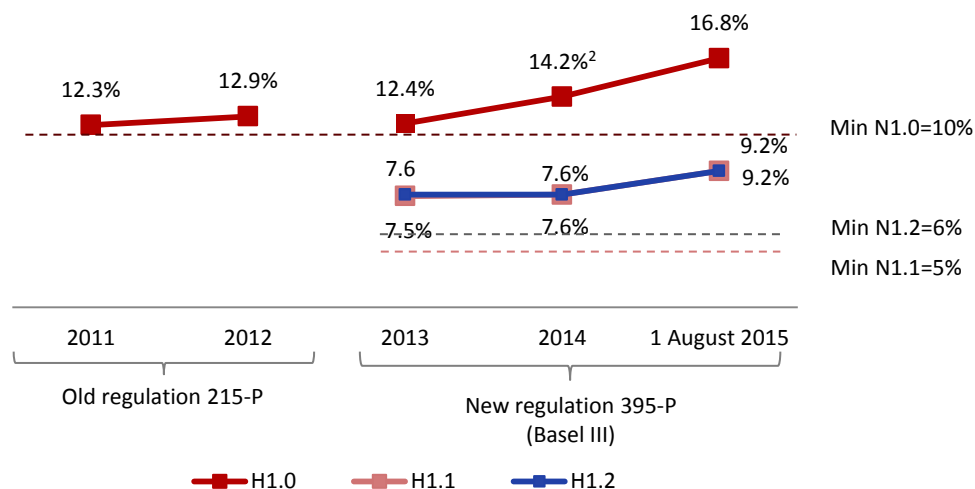


Source: IFRS accounts for 2013- 1H 2015

1) Data is calculated according to Basel III

2) RAS CAR calculation does not include adjustments on capital relief suggested by CBR in December 2014

## RAS Capital Adequacy Ratios



## Capital position

- The Bank has one of the highest capital adequacy ratios in the market
- There were no dividend payments in the history of the Bank – all net profit is capitalized
- Sustainable support from the shareholders for a cumulated amount of RUB 22.8 bn from 2010 until now
- In June 2015, the Bank included subordinated debt attracted earlier from the Deposit Insurance Agency in the form of federal loan bonds totaling 20.2 billion rubles to the additional sources of capital
- End-June 2015, the Bank completed the initial public offering of its ordinary shares on the Moscow Exchange and raised RUB 13.2 billion
- Proportion between Tier I and Tier II provides a potential to increase Tier II

Key developments and business overview

4

Financial performance

8

Annex

14

## Key metrics of financial performance

RUB, mln	2013	2014	1H2015	2014-1H2015 Change, %
Total assets	454,202	584,839	756,951	+29.4%
Loans to customers (gross)	317,860	394,191	453,416	+15.0%
Total equity	50,658	59,987	75,683	+26.2%
NPL / Gross loans	1.3%	2.3%	4.9%	-
Total provisions / NPL	212.6%	178.4%	96.7%	-
Tier 1 Capital Ratio	10.2%	10.5%	11.6%	-
Total CAR	14.7%	15.8%	19.0%	-
RUB, mln	6m2013	6m2014	6m2015	6m2014-6m2015 Change, %
Net interest income	7,731	10,885	10,421	-4.3%
Net fee and commission income	2,811	3,302	2,988	-9.5%
Net income	3,825	4,243	1,195	-71.8%
NIM	5.2%	5.1%	3.6%	-
RoAE	18.6%	16.1%	3.6%	-
RoAA	2.3%	1.8%	0.4%	-
Cost / Income	32.8%	34.0%	29.5%	-