



Webcast and Conference call 9m2019 financial results

27 November 2019

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**CREDIT BANK
OF MOSCOW**

Key achievements

Capital markets

- ✦ In November 2019 CBM placed an additional share issue totaling **2.75 bln shares** on Moscow Exchange. The offer price was set at **RUB 5.35 per share**. Proceeds from the Offering in the amount of **RUB 14.7 bln** will be included in the Bank's core tier 1 capital in 4Q 2019.
- ✦ In November 2019 the Group partially repurchased and redeemed its **7.5% subordinated Eurobonds due 2027** (CBOM-27) and **8.875% subordinated perpetual Eurobonds** (CBOM-perp). As a result of the partial redemption, USD 440 mln of CBOM-27 and USD 540 mln of CBOM-perp remain outstanding.

Ratings

- ✦ In October 2019 **Rating-Agentur Expert RA GmbH** assigned '**BBB**' **ESG** rating to CBM.
This is the first ESG rating assigned to a Russian bank. The ESG rating assesses the environmental, social and governance aspects of corporate social responsibility. CBM's ratings for each of them are as follows: BB [e] environmental rating, BB [s] social rating and A [g] governance rating.
- ✦ In November 2019 **China Lianhe Credit Rating Co., Ltd** assigned '**AA+**' credit rating to the Bank in accordance with Chinese national scale.

Business

- ✦ CBM arranged **55** bond issues for 9m2019 with a total nominal value of **RUB 560 bln**. CBM is among Top-5 bond issues arrangers in the Russian debt capital market.
- ✦ **Net corporate loan portfolio** demonstrated **7.1% growth** during 9 months 2019 in constant currency terms.

ESG

- ✦ CBM presented its first **Sustainability Report** based on GRI standards.
- ✦ CBM supported an **environmental NGO 'ECA'** in recovering and preserving Russian forests and became a partner of **World Wildlife Fund (WWF)**.

Financial highlights

Key performance highlights

Focus on profitability

Net income for 3Q2019 increased by 32.3% qoq to RUB 9.7 bln

RoAE for 9m2019 reached double digit level of 10.6% boosted by 25.6% RoAE for 3Q 2019

Competitive player in the financial sector

Gross loan portfolio demonstrated **4.4%** growth ytd

Retail deposits increased by **22.4%** ytd

Strong capital ratios:

CAR ratio 20.2%

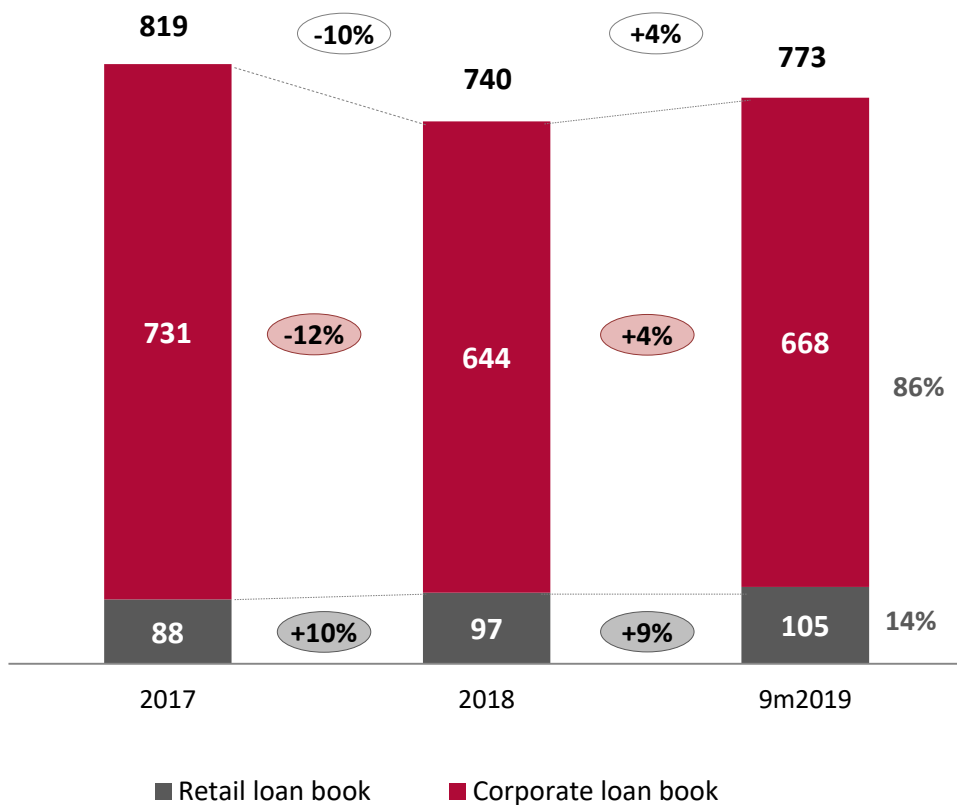
Tier 1 ratio 13.3%

Income statement (RUB bln)	9m2019	9m2018	3Q2019	3Q2018	Change, qoq, %
Interest income	109.1	102.5	38.5	35.0	▲ + 10.0%
Net interest income	32.1	36.6	13.1	12.8	▲ + 2.6%
Net fee and commission income	8.5	8.9	2.9	3.2	▼ - 10.1%
Profit for the period	11.9	18.4	9.7	7.4	▲ + 32.3%
NIM	2.1%	2.7%	2.6%	2.8%	▼ - 0.2 p.p.
RoAA	0.7%	1.3%	1.8%	1.5%	▲ + 0.3 p.p.
RoAE	10.6%	18.1%	25.6%	21.6%	▲ + 4.0 p.p.
CTI	51.5%	28.3%	33.8%	23.4%	▲ + 10.4 p.p.
COR	0.8%	1.0%	-1.0%	2.4%	▼ - 3.4 p.p.
Balance sheet (RUB bln)	9m2019	2018	Change,ytd, %		
Total assets	2 184	2 146	▲	+ 1.8%	
Loans to customers (gross)	773	740	▲	+ 4.4%	
Due to individuals	459	375	▲	+ 22.4%	
Total equity	199	191	▲	+ 4.1%	
NPL 90+ / Gross loans	3.7%	1.6%	▲	+ 2.1 p.p.	
Total CAR	20.2%	21.9%	▼	- 1.7 p.p.	
Tier 1 ratio	13.3%	14.1%	▼	- 0.8 p.p.	

Gradual growth of CBM's loan portfolio

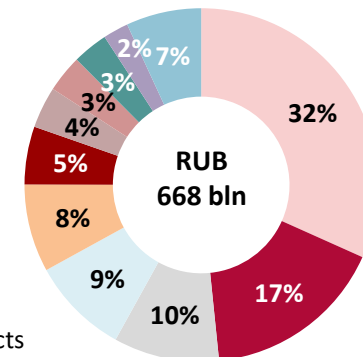
Loan book (gross) dynamics

(RUB bln)



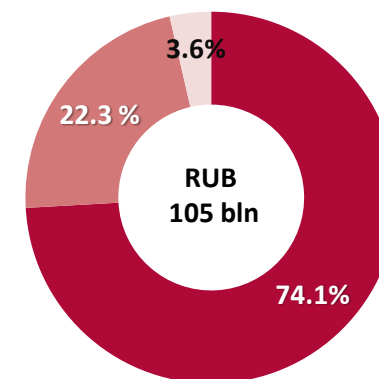
Corporate loan book breakdown (9m2019)

- Crude oil
- Petroleum
- Property rental
- R&C construction
- Auto
- Equipment leasing
- Financial companies
- Industrial chemicals
- Metallurgical
- Food and farm products
- Other



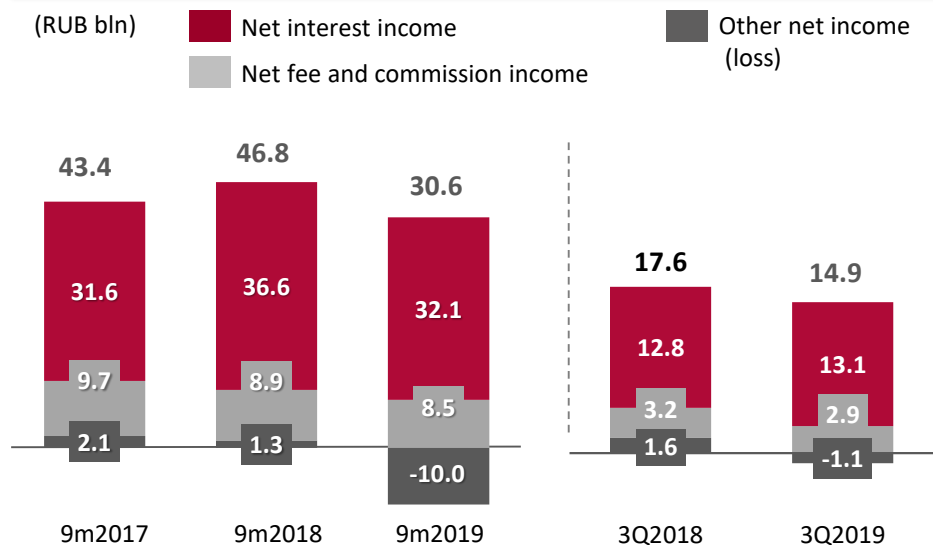
Retail loan book breakdown (9m2019)

- Cash loans
- Mortgage loans
- Credit card loans

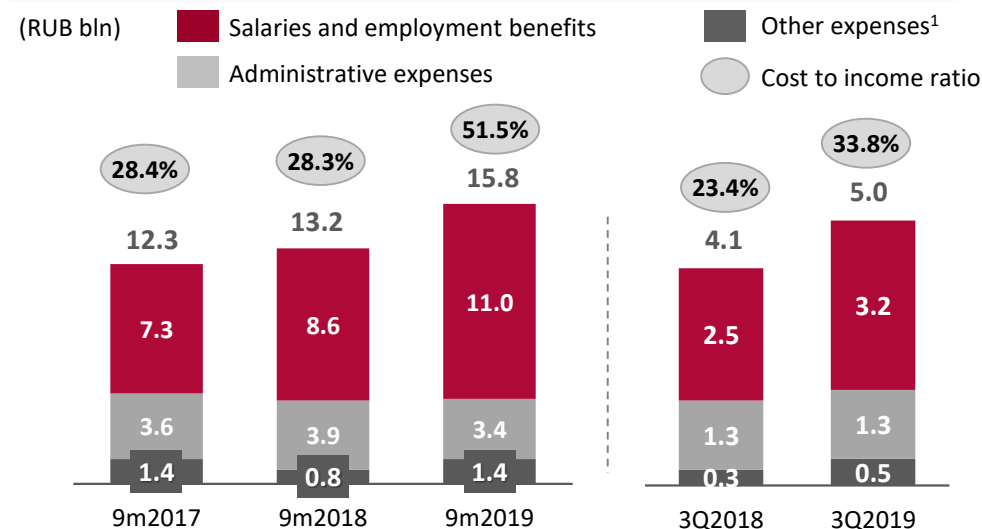


Stronger profitability and efficiency

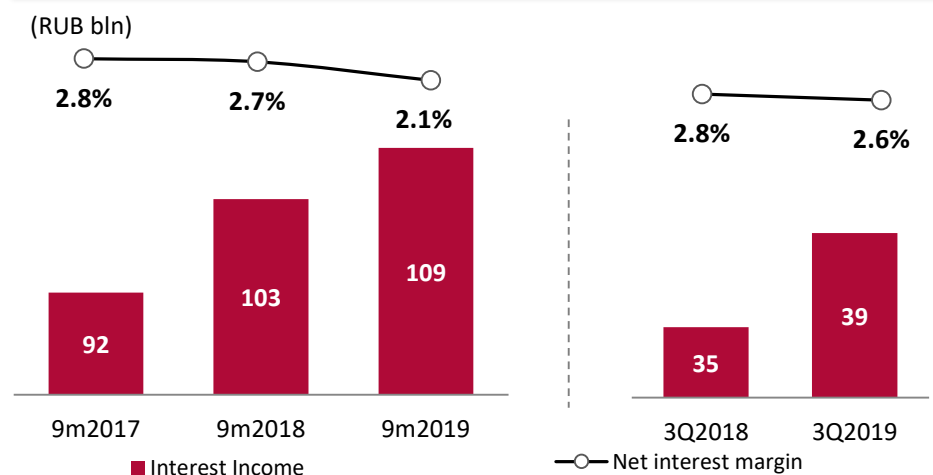
Operating income



Operating expenses



Interest Income / Net interest margin



Key developments

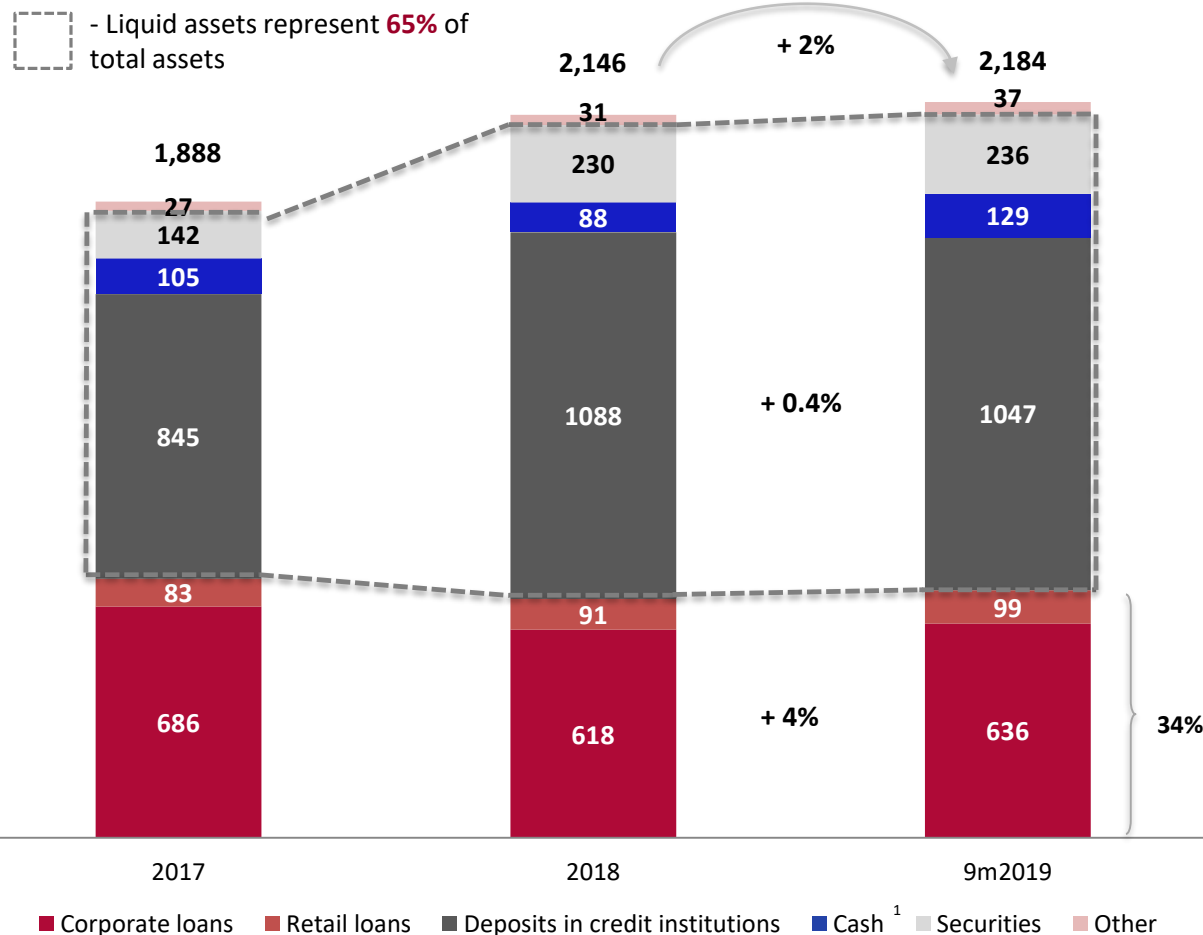
- NIM** is still affected by growing competition in the sector as well as large proportion of highly liquid low-risk assets and higher deposit interest rates
- Operating income** decreased to RUB 30.6 bln mainly due to accounting specifics of FX perpetual subordinated Eurobonds under IFRS
- Cost to income ratio** is back to a normalized level of 33.8% in 3Q2019 resulted from net interest income improvement

1) Other expenses consist of depreciation of property and equipment

Emphasis on highly liquid assets

Asset structure

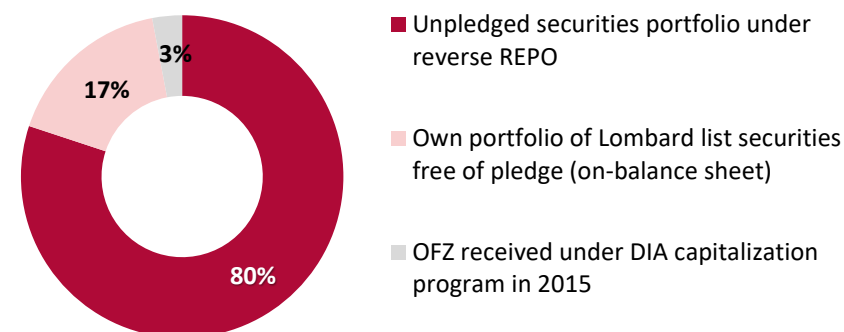
(RUB bln)



High quality securities portfolio

- Investment grade securities rated **BBB-** and above accounted for **73% of total securities portfolio**
- The **securities portfolio** is used as a liquidity buffer with **73%** of the securities portfolio qualified in the **Lombard list** of the Central Bank of the Russian Federation
- Additional unused liquidity sources amounted to **c. RUB 793 bln** as of 1 November 2019

Unused liquidity sources structure

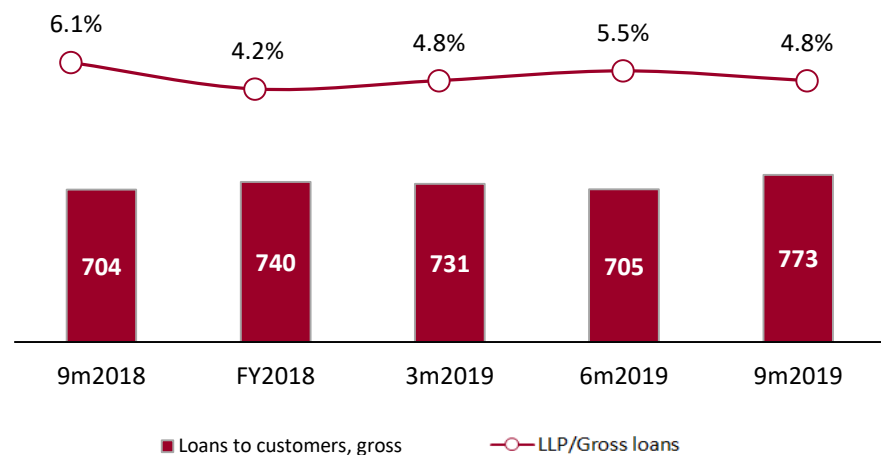


1) Cash includes cash on hand, correspondent account with the CBR and nostro accounts with other banks

Cost of risk shows positive dynamics

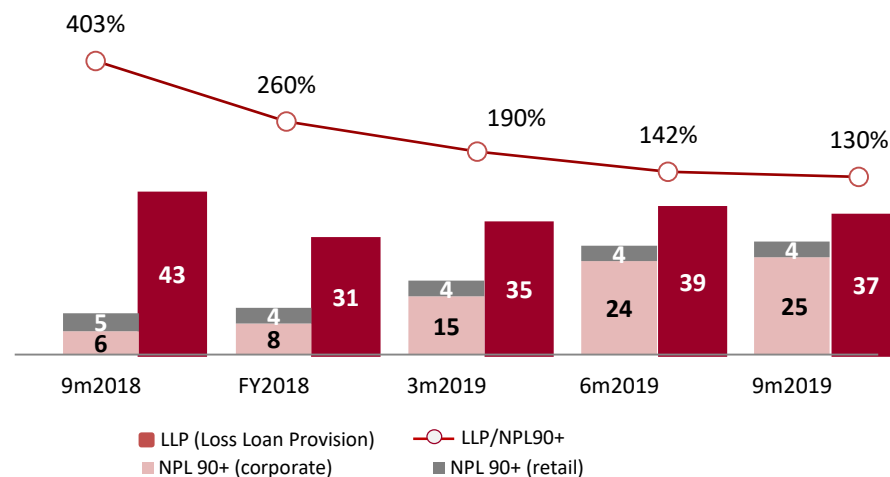
Gross loan portfolio coverage by impairment allowance

(RUB bln)

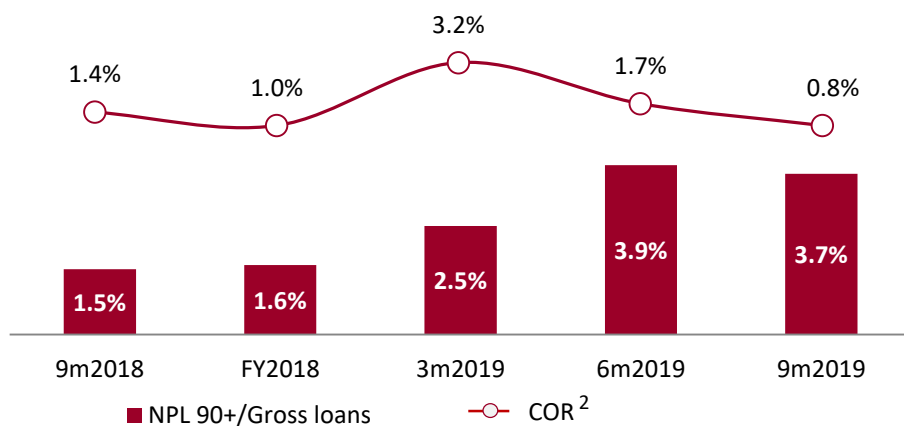


LLP/NPL¹ coverage

(RUB bln)

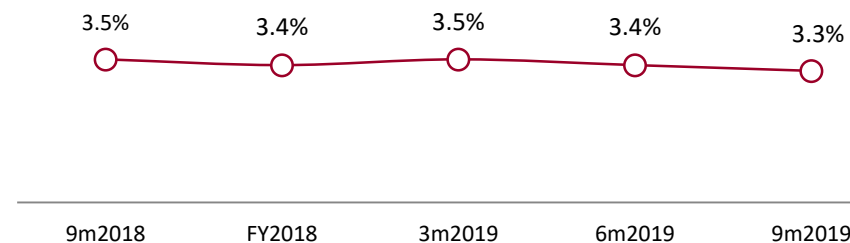


Cost of risk and NPL dynamics



Related party lending concentration

(% of Gross loans)

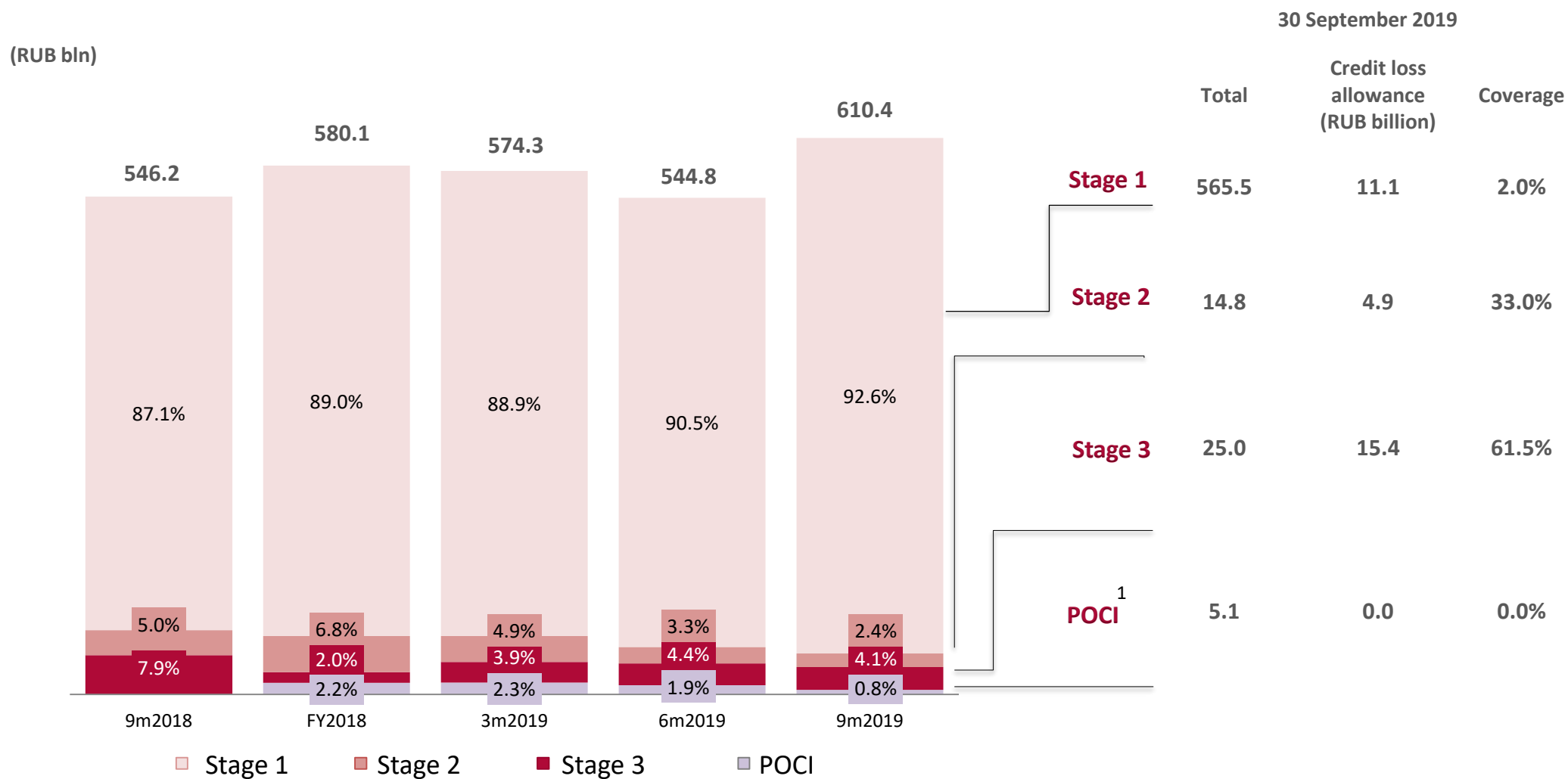


1) NPLs are loans with payments that are overdue >90 days

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

Improvement of corporate portfolio quality: reduction of stage 2 and stage 3 loans

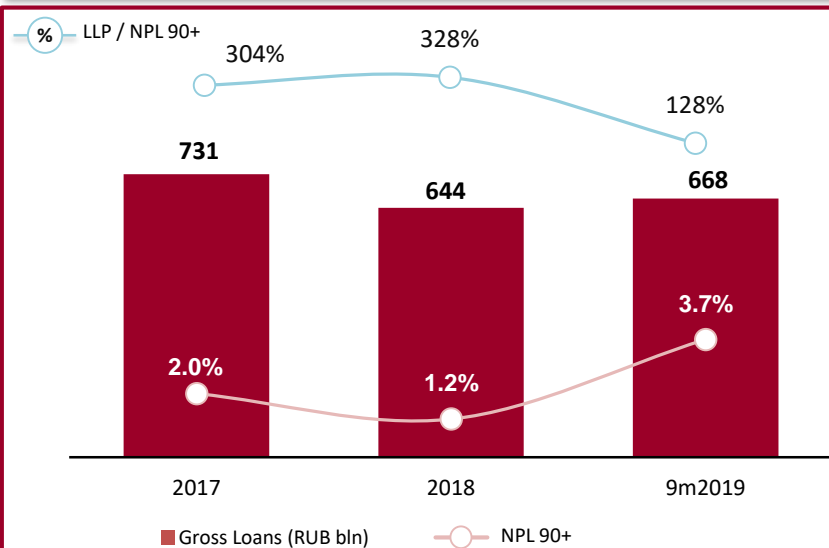
Total gross corporate loan portfolio at amortised cost



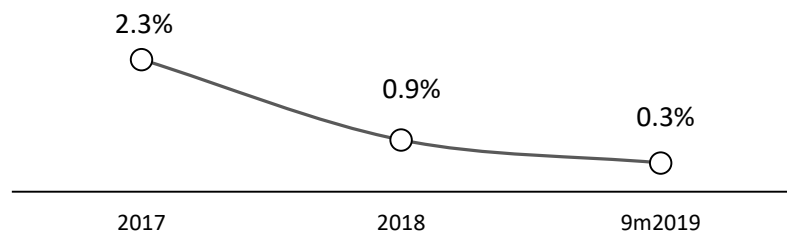
1) POCI – purchased or originated credit impaired

Loan portfolio quality remains at a healthy level

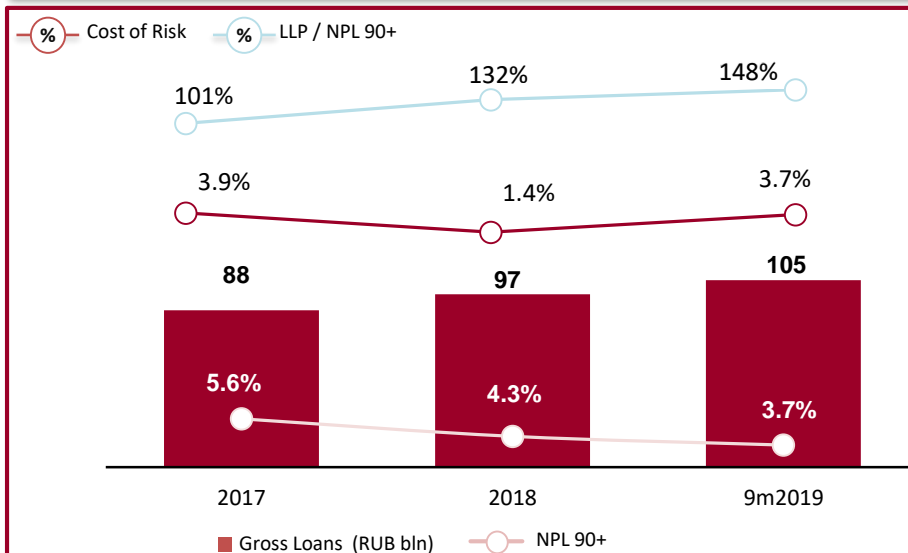
Corporate Loan Book



Corporate Cost of Risk

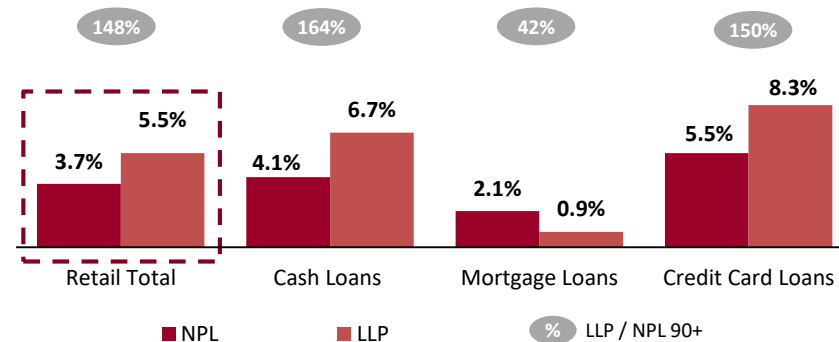


Retail Loan Book



Retail NPLs and LLPs, by product

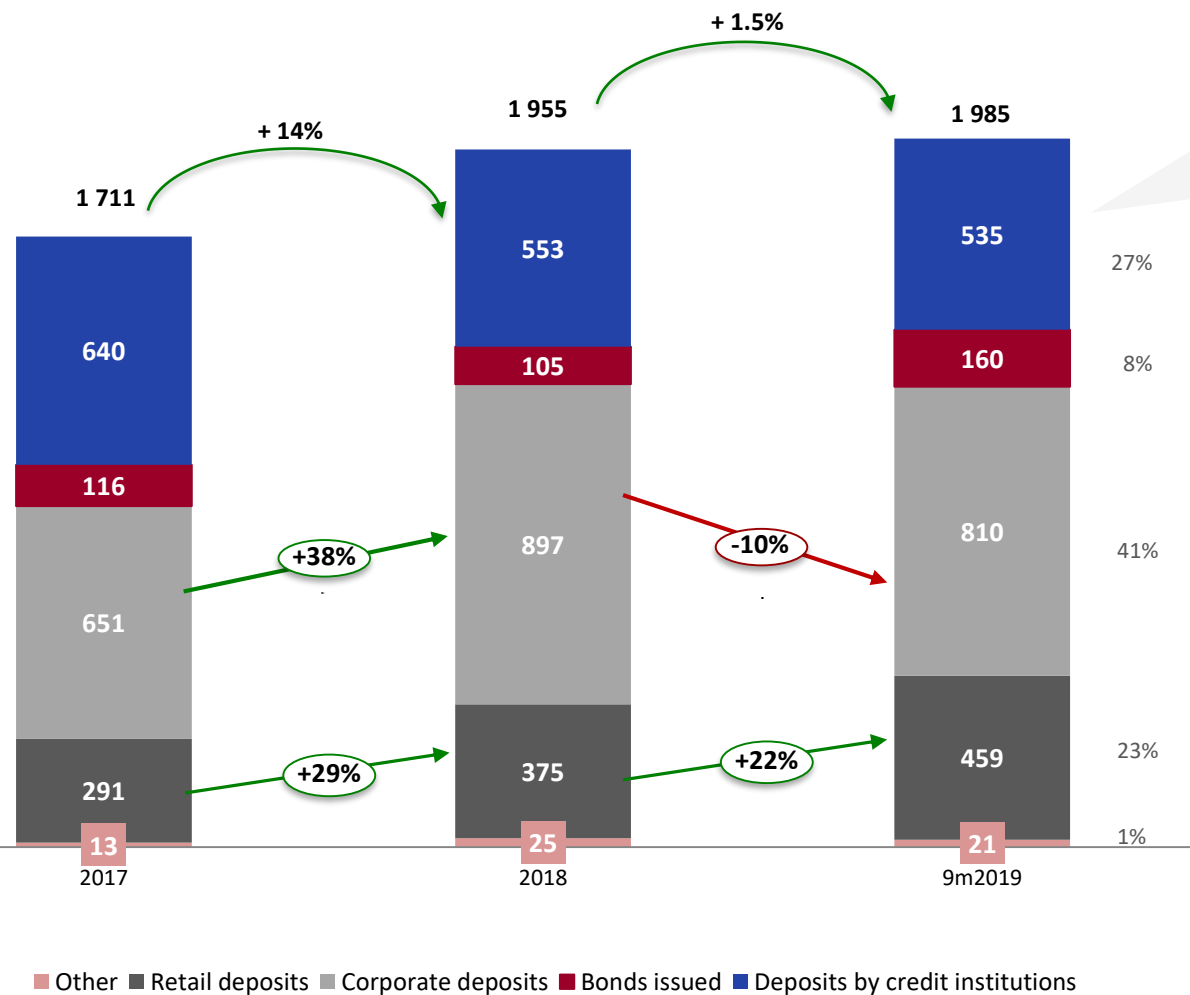
(9m2019, % of gross loans)



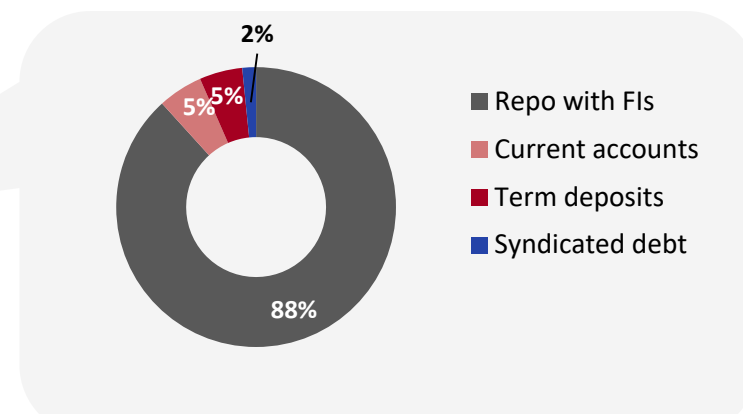
Funding base diversification

Liabilities breakdown

(RUB bln)

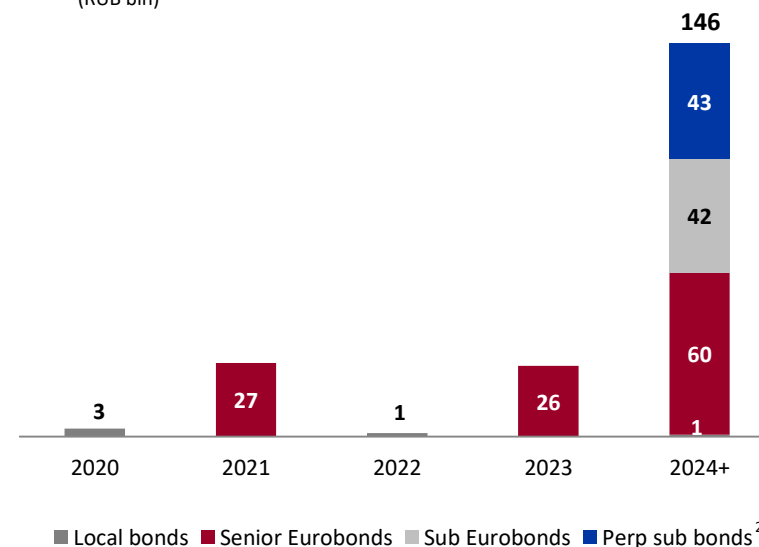


Deposits by credit institutions



Debt securities repayment schedule¹

(RUB bln)



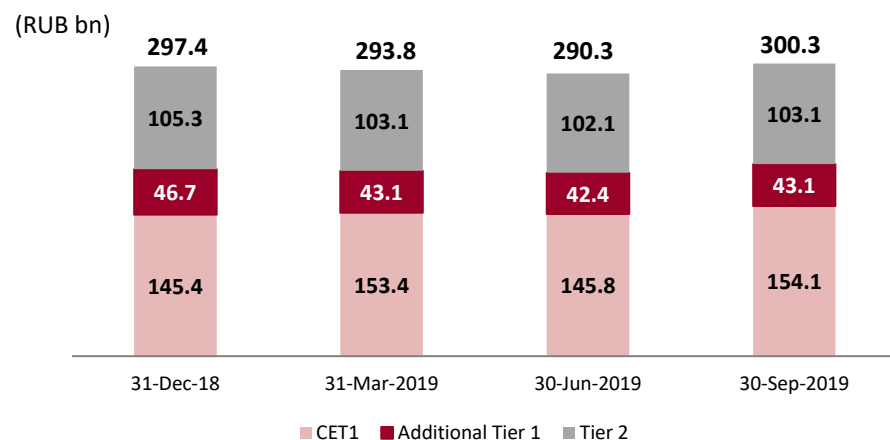
Source: IFRS financial statements

1) Debt securities repayment schedule as of 30.09.2019, excl. portion of CBOM-perp and CBOM-27 totaling USD 247 mln redeemed in November 2019

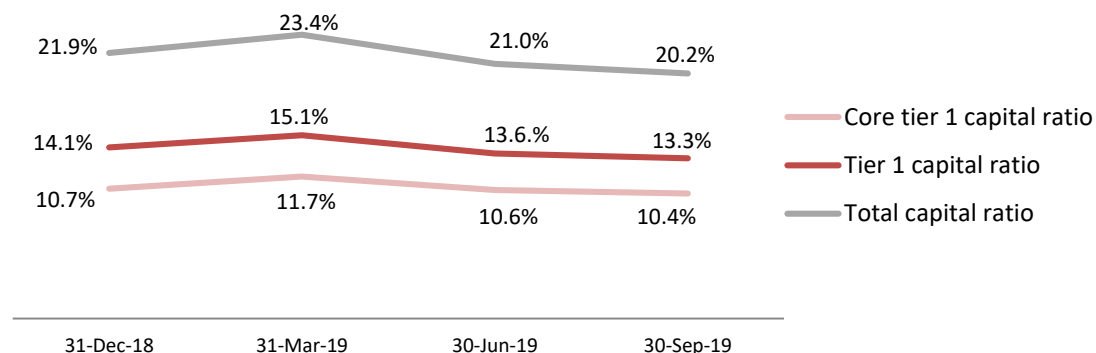
2) Perpetual subordinated Tier I bond issues are included in Total equity

Sound capital position

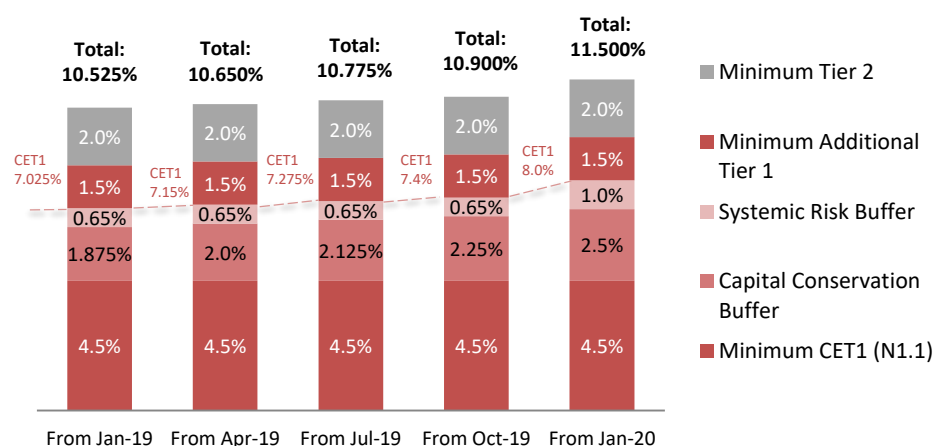
IFRS capital adequacy (Basel III)



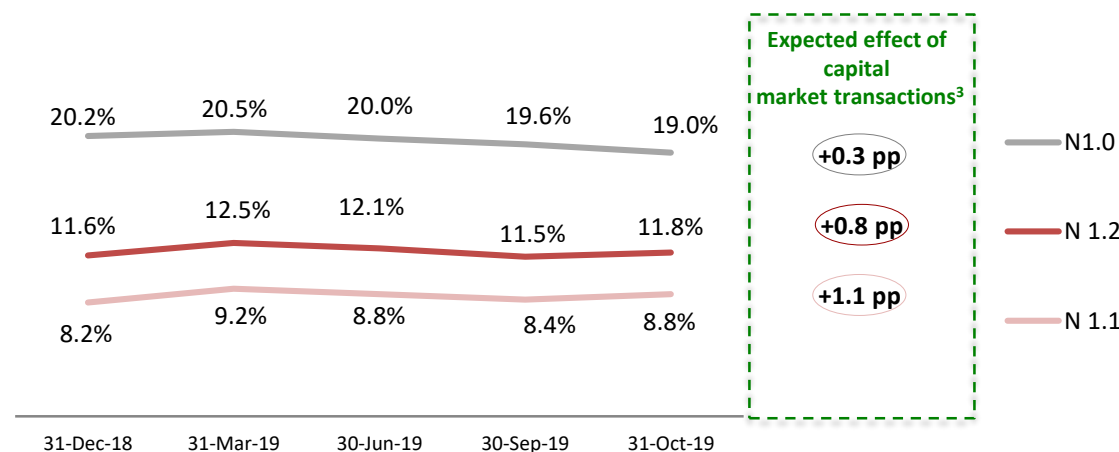
IFRS capital adequacy ratios (Basel III)



RAS capital adequacy requirements¹



RAS capital adequacy ratios²



- 1) The buffers (N1.1 requirement + capital conservation buffer + systemic risk buffer) have effect on payment of dividends only
- 2) Calculated on the basis of the RAS non-consolidated reporting.
- 3) Capital market transactions include: SPO in November 2019, repurchase and partial redemption of CBOM-27 and CBOM-perp in November 2019.