

20 August 2018, Moscow

## CREDIT BANK OF MOSCOW announces its IFRS results for 6M2018

### Key results

- Net income increased by 10.0% yoy to RUB 11.0 bln (\$175.3 mln<sup>1</sup>).
- Return on equity and return on assets were 16.5%<sup>2</sup> and 1.2%, respectively.
- Net interest income increased by 15.1% yoy to RUB 23.8 bln (\$379.7 mln).
- Net interest margin was 2.7%.
- Net interest income as percentage of average RWA grew to 4.5%<sup>3</sup> compared to 4.3% for 6M2017.
- Assets increased by 2.3% ytd to RUB 1.9 tln (\$30.8 bln).
- Gross loan portfolio decreased by 12.9% ytd to RUB 712.9 bln (\$11.4 bln), having grown, however, by 2.7% in 2Q.
- Ratio of NPLs (90+ days) to gross loan portfolio decreased by 0.8 pp ytd to 1.6%.
- Cost of risk (COR) decreased from 2.5% as at end-2017 to 0.9%.
- Provisioning ratio grew to 6.5% from 6.1% as at end-2017.
- Customer accounts rose by 2.1% ytd to RUB 961,0 bln (\$15.3 bln).
- Equity was RUB 177.4 bln (\$2.8 bln), the same as at end-2017.
- Basel III capital grew by 2.5% ytd to RUB 281.3 bln (\$4.5 bln), with the capital adequacy ratio of 23.5%, and Tier I ratio of 14.8%.
- Cost-to-income ratio was traditionally low (31.3%).

### Key financial results

Balance sheet	1H 2018	2017	change, %
Assets, RUB bln	1,931.1	1,888.2	+2.3%
Liabilities, RUB bln	1,753.7	1,710.6	+2.5%
Equity, RUB bln	177.4	177.6	-0.1%
Capital (Basel), RUB bln	281.3	274.4	+2.5%
Gross loan portfolio, RUB bln	712.9	818.8	-12.9%
<b>Key financial ratios, %</b>			
Basel capital adequacy ratio (CAR)	23.5%	23.4%	
90+ NPL ratio (before provisions)	1.6%	2.4%	
Cost of risk (COR)	0.9%	2.5%	
Provisioning ratio	6.5%	6.1%	
Net loans / deposits	69.4%	81.6%	
Income statement	6M2018	6M2017	change, %
Net interest income (before provisions), RUB bln	23.8	20.7	+15.1%
Fee income, RUB bln	7.3	8.0	-9.4%
Net income, RUB bln	11.0	10.0	+10.0%

<sup>1</sup> \$1 = RUB 62.7565, CBR rate as of 30.06.2018

<sup>2</sup> ROAE disregards the \$700 mln perpetual subordinated debt

<sup>3</sup> The ratio of net interest income to average risk-weighted assets classified into banking and trading books

Earnings per share, RUB	0.35	0.42	-16.7%
<b>Key financial ratios, %</b>			
Net interest margin (NIM)	2.7%	2.9%	
Net interest income as percentage of average RWA (NII/ARWA)	4.5%	4.3%	
Cost-to-income ratio (CTI)	31.3%	29.2%	
Return on equity (ROAE)	16.5%	18.5%	
Return on assets (ROAA)	1.2%	1.3%	

**Net income** grew by 10.0% yoy to RUB 11.0 bln. This positive trend was driven by a considerable increase in net interest income and lower provisioning levels compared to the same period of the previous year as a result of better loan portfolio quality.

**Net interest income** rose 15.1% to RUB 23.8 bln on the back of expanding business volumes. **Net interest margin** for 1H2018 was 2.7% due to a significant percentage of highly liquid assets represented on the bank's balance sheet and decreasing interest rates in the economy. **Net interest income as percentage of average RWA** grew by 0.2 pp yoy to 4.5%. **Net interest income after provisions** rose 78.5% to RUB 23.8 bln because, in particular, provisioning charges fell to RUB 31 mln after some loans were sold and as the bank's loan portfolio quality improved.

The bank's **net fee income** decreased by 16.7% yoy to RUB 5.7 bln due to generally declining returns from foreign exchange transactions and guarantees / letters of credit as the competition gets tougher, and due to growth of bank card operation costs.

**Operating income** (before provisions) grew by 3.2% in 1H2018 to RUB 29.2 bln. **Operating expense** increased by 9.2% to RUB 9.1 bln due to the payment of bonuses for 2017 and growth of business development expenses. The bank's operational efficiency remained at a high level, as witnessed by the traditionally low **cost-to-income (CTI) ratio** which was 31.3% in the reporting period.

The bank's **total assets** increased by 2.3% ytd to RUB 1,931.1 bln.

**Gross loan portfolio** decreased by 12.9% to RUB 712.9 bln in 1H2018 due to big repayments in 1Q2018. It expanded, however, in 2Q2018 by 2.7% or RUB 21.4 bln mostly owing to the corporate loan portfolio expanding by 2.7% to RUB 623.2 bln. The share of corporate loans in the total loan portfolio was 87.4%, its retail portion being 12.6%. Retail loans grew by moderate 2.3% to RUB 89.7 bln, due to a 3.8% increase in unsecured loans to RUB 65.6 bln, which reflects the bank's traditionally cautious approach to retail lending. The share of non-performing loans (NPL90+) in the gross loan portfolio fell from 2.4% to 1.6% in 1H2018 (2.4% as of 1Q2018) largely due to sale and partial repayment of loan outstandings by two big borrowers. The improving loan portfolio quality was also evidenced by a reduction in the cost of risk by 1.6 pp to 0.9%. The NPL90+ coverage ratio increased from 253.7% as at end-2017 to 407.8% as at 1H2018.

**Customer deposits** grew by 2.1% to RUB 961.0 bln which is 54.8% of the bank's total liabilities, owing to the retail deposit base expanding by 8.8% to RUB 316.9 bln. The ratio of loans after provisions to deposits was 69.4%.

The Basel III **capital adequacy ratio** rose from 23.4% as at end-2017 to 23.5% in 1H2018. The Tier I ratio was 14.8%. The bank's total capital according to the Basel III standards increased by 2.5% to RUB 281.3 bln due to FX revaluation.

## Enquiries

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#### 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 1H2018. 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/>