CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (public joint-stock company)

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# CREDIT BANK OF MOSCOW announces its IFRS results for 3M2017

**Key results**

- Net income grew by 177.1% yoy to RUB 4.6 bln ($81.5 mln).
- Return on equity and return on assets were 17.4% and 1.2% respectively.
- Net interest margin was 3.0%.
- Net interest income as percentage of average RWA expanded to 4.3% compared to 3.9% in 1Q2016.
- Assets amounted to RUB 1.5 trln ($26.4 bln).
- Gross loan portfolio rose 2.6% ytd to RUB 684.3 bln ($12.1 bln).
- Ratio of NPLs (90+ days) to gross loan portfolio reduced to 1.9% from 2.3% as at end-2016.
- Cost of risk (COR) decreased to 2.9% from 4.6% as at end-2016.
- Provisioning rate remains stable at 6.1%.
- Customer deposits rose by 10.3% to RUB 760.5 bln ($13.5 bln).
- Equity increased by 4.4% to RUB 107.9 bln ($1.9 bln).
- Basel III capital grew by 18.5% to RUB 189.3 bln ($3.4 bln), with the capital adequacy ratio of 19.0%, and Tier I ratio of 10.7%.
- Cost-to-income ratio was 26.0%.

**Key financial results**

| **Balance sheet** | **1Q2017, RUB bln** | **2016, RUB bln** | **change, %** |
|---|---|---|---|
| Assets | 1,488.7 | 1,568.0 | -5.1% |
| Liabilities | 1,380.8 | 1,464.6 | -5.7% |
| Equity | 107.9 | 103.4 | +4.4% |
| Capital (Basel) | 189.3 | 159.8 | +18.5% |
| Gross loan portfolio | 684.3 | 666.7 | +2.6% |
| ***Key financial ratios, %*** | | | |
| Basel capital adequacy ratio (CAR) | 19.0% | 14.7% | |
| 90+ NPL ratio (before provisions) | 1.9% | 2.3% | |
| Cost of risk (COR) | 2.9% | 4.6% | |
| Provisioning ratio | 6.1% | 6.0% | |
| Net loans / deposits | 84.5% | 90.9% | |

| Income statement | 3M2017, RUB bln | 3M2016, RUB bln | change, % |
|---|---|---|---|
| Net interest income (before provisions) | 10.4 | 9.1 | +14.0% |
| Fee and commission income | 4.3 | 3.0 | +41.5% |
| Net income | 4.6 | 1.7 | +177.1% |
| ***Key financial ratios, %*** | | | |
| Net interest margin (NIM) | 3.0% | 3.1% | |
| Net interest income to average RWA (NII/ARWA) | 4.3% | 3.9% | |
| Cost-to-income ratio (CTI) | 26.0% | 24.5% | |
| Return on equity (ROAE) | 17.4% | 7.1% | |
| Return on assets (ROAA) | 1.2% | 0.5% | |

**Net income** for the 3 months of 2017 increased by 2.8 times yoy to RUB 4.6 bln and was mainly driven by increasing interest and fee income on the back of good quality growth of the Bank's operations amid gradually stabilising business activity. The Bank's **net interest income** rose by 14.0% to RUB 10.4 bln, and its **fee and commission income** increased by 41.5% to RUB 4.3 bln.

**Net interest margin** for the 3 months of 2017 was 3.0% as highly liquid assets represented a wide percentage of the Bank's balance sheet. However, its **net interest income as percentage of average RWA** (the net interest income for a period to the average risk-weighted assets classified into the banking book and trading book) expanded from 3.9% in 3M2016 to 4.3% in 3M2017. This change speaks of increasingly effective utilisation of the Bank's funding base amid overall reduction of interest rates in the Russian economy.

**Operating income** (before provisions) for the 3 months of 2017 grew by 15.4% yoy to RUB 14.3 bln. **Operating expense** increased by 11.5% to RUB 3.5 bln as the Bank expanded its business. The Bank's operational efficiency remained at a high level, as witnessed by the traditionally low **cost-to-income (CTI) ratio** which was 26.0% in the reporting period.

**Gross loan portfolio** grew by 2.6% in 1Q2017 to RUB 684.3 bln, owing to the corporate loan portfolio expanding by 3.7% to RUB 587.1 bln mainly due to loans issued to high-quality large caps. The retail loan portfolio shrank by thin 3.4% to RUB 97.2 bln in the 3 months of 2017, which reflects the Bank's traditionally cautious approach to retail lending. The share of corporate loans in the total loan portfolio grew to 85.8% from 84.9% as at end-2016. The ratio of non-performing loans (NPL90+) decreased by 0.4 pp to 1.9%. The improvement of the loan portfolio quality was also evidenced by a reduction in the cost of risk to 2.9% in the reporting period from 4.6% as at end-2016. The NPL90+ coverage ratio increased from 263.3% as at end-2016 to 324.6% as at 1Q2017.

**Total assets** amounted to RUB 1,488.7 bln as at 1Q2017.

**Customer deposits** increased by 10.3% in 1Q2017 to RUB 760.5 bln representing 55.1% of the Bank's total liabilities. The net loans to deposits ratio was 84.5%.

The Basel III **capital adequacy ratio** grew from 14.7% as at end-2016 to 19.0% in 1Q2017. The tier I capital ratio rose from 9.4% to 10.7%. The Bank's total capital according to the Basel III standards increased by 18.5% in the 3 months of 2017 to RUB 189.3 bln, mainly due to a $600 mln subordinated Eurobond placed in April.

**Infrastructure development**

As of 31 March 2017, CREDIT BANK OF MOSCOW had 91 offices, 23 stand-alone cash desks, 1,045 ATMs and 5,741 payment terminals (31 December 2016: 91, 24, 1,026 and 5,725 respectively).

**Enquiries**

**CREDIT BANK OF MOSCOW**

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**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 business is concentrated on large and medium sized Russian companies operating in different industry sectors with a strong emphasis on customers' credit quality. CBM's retail business is focused on high quality retail customers, with a particular emphasis on cross-sales of retail products to the employees and clients of its corporate customers.

According to INTERFAX-100, as at 1 April 2017, CBM is one of the top three privately owned Russian banks, measured by total assets. The Bank is currently rated BB with a Negative outlook by Fitch, BB- with a Negative outlook by S&P and B1 with a Stable outlook by Moody's.

CBM was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Mr. Avdeev beneficially owns 56.8% 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 7.6% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors. The remaining 35.6% of the Bank's shares are owned by other minority shareholders.

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