CREDIT BANK OF MOSCOW

CREDIT BANK OF MOSCOW (public 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

27 November 2019, Moscow

CREDIT BANK OF MOSCOW has earned record-breaking IFRS net income in 3Q2019

Key results

- Net income for 9M2019 was RUB 11.9 bln ($184.5 mln[1]), of which RUB 9.7 bln ($150.9 mln) was earned in 3Q2019 alone, 32.3% more than in 3Q2018.
- Interest income for 9M2019 increased by 6.4% yoy to RUB 109.1 bln ($1.7 bln).
- Net interest margin was 2.1% for 9M2019, widening in the third quarter by 0.7 pp qoq to 2.6%.
- Return on equity rose by 7.7 pp in 3Q2019 (from 2.9% as at 6M2019 to 10.6%[2] as at 9M2019) reaching record-setting 25.6% in the third quarter.
- Assets increased by 1.8% ytd to RUB 2.2 tln ($33.9 bln).
- Gross loan portfolio rose by 4.4% ytd and by 9.6% in 3Q2019 to RUB 772.6 bln ($12.0 bln).
- Loan loss provisions grew from 4.2% as at YE2018 to 4.8% of gross loan portfolio, while cost of risk (COR) decreased by 0.2 pp compared to 2018 and by 0.9 pp in the third quarter to 0.8%.
- Retail customer deposits increased by 22.4% ytd to RUB 459.2 bln ($7.1 bln).
- Equity grew by 4.1% ytd to RUB 199.1 bln ($3.1 bln).
- Capital adequacy ratio remained high at 20.2%, Tier 1 capital ratio was 13.3%.

Key financials

Income statement	**9M2019**	**9M2018**	**3Q 2019**	**3Q 2018**	**3Q 2019 / 3Q 2018, change, %**
Interest income, RUB bln	109.1	102.5	38.5	35.0	+10.0%
Net fee and commission income, RUB bln	8.5	8.9	2.9	3.2	-10.1%
Net income, RUB bln	11.9	18.4	9.7	7.4	+32.3%
Earnings per share, RUB	0.35	0.59	0.33	0.24	+37.5%
Key financial ratios, %					
Net interest margin (NIM)	2.1%	2.7%	2.6%	2.8%	
Return on equity (ROAE)	10.6%	18.1%	25.6%	21.6%	
Cost-to-income ratio (CTI)	51.5%	28.3%	33.8%	23.4%	

[1] $1 = RUB 64.4156, CBR's exchange rate as at 30.09.2019
[2] ROAE disregards the RUB43.1 bln perpetual subordinated debt

Balance sheet	9M2019	2018	9M2019 / 2018, change, %
Assets, RUB bln	2 184.2	2 145.9	+1.8%
Gross loan portfolio, RUB bln	772.6	740.1	+4.4%
Gross corporate loan portfolio, RUB bln	667.8	643.5	+3.8%
Gross retail loan portfolio, RUB bln	104.8	96.6	+8.5%
Liabilities, RUB bln	1 985.1	1 954.8	+1.6%
Retail accounts, RUB bln	459.2	375.1	+22.4%
Equity, RUB bln	199.1	191.2	+4.1%
Capital (Basel), RUB bln	300.4	297.4	+1.0%
Key financial ratios, %			
90+ NPL ratio (before provisions)	3.7%	1.6%	
Cost of risk (COR)	0.8%	1.0%	
Provisioning ratio	4.8%	4.2%	
Net loans / deposits	58.0%	55.7%	
Basel capital adequacy ratio (CAR)	20.2%	21.9%	
Tier I capital ratio	13.3%	14.1%	

Net income for the first 9 months of 2019 was RUB 11.9 bln and RUB 9.7 bln for 3Q2019 alone, which is 35.3% more than in 3Q2018. That growth was driven by business expansion, improving risk indicators and stronger efficiency indicators. Net income remains under pressure because the Bank's foreign currency-nominated perpetual subordinated Eurobonds have devaluated as the rouble has become stronger compared to end-2018. **Return on equity** reached record-breaking 25.6% in 3Q2019.

Net interest income was RUB 32.1 bln for 9M2019. **Net interest margin** was 2.1% for 9M2019, having widened to 2.6% in the third quarter as interest income rose by 10.0% compared to 3Q2018 to RUB 38.5 bln. **Net interest income after provisions** was RUB 29.2 bln for 9M2019.

Net fee and commission income was RUB 8.5 bln in 9M2019, having declined by 4.9% yoy as settlement and wire transfer fees decreased – mainly because retail fees were trimmed down. Fee income growth was mainly driven by cash operations, including cash collection, which rose by 24.0% to RUB 2.2 bln.

Operating income (before provisions) was RUB 30.6 bln for 9M2019. **Operating expense** increased by 19.1% yoy to RUB 15.8 bln as payroll budget grew by 27.5% to RUB 11.0 bln due to general expansion of the Bank's business and labour market competition. In the third quarter, the Bank materially improved its operational efficiency: **cost-to-income (CTI) ratio** was 33.8%

Total assets expanded by 1.8% ytd to RUB 2.2 tln, the main driver being the loan portfolio.

Gross loan portfolio rose by 4.4% to RUB 772.6 bln in 9M2019. Corporate and retail loans represented 86.4% and 14.6%, respectively, of the total loan portfolio. The corporate loan portfolio expanded by 3.8% (7.1% net of currency revaluation) in 9M2019 to RUB 667.8 bln thanks to the RUB 63.7 bln (10.6%) growth in 3Q2019. The retail loan portfolio increased by 8.5% to 104.8 RUB bln as unsecured consumer lending rose by 7.6% to RUB 77.7 bln and mortgage lending by 13.0% to RUB 23.4 bln.

Loan portfolio quality is maintained at a stable high level, as evidenced by a reduction in the cost of risk by 0.9 pp in 3Q2019 to 0.8%. The NPL90+ coverage ratio was 130.4%. The share of non-performing loans (NPL 90+) in the gross loan portfolio increased by 2.1 pp ytd to 3.7%, having declined by 0.2 pp in 3Q2019. Its increase in the first half-year was due to the deteriorated financial condition of a large corporate borrower, whose risk level was revised downwards in the third quarter, which, among other factors, decreased the cost of risk.

Customer deposits, which represent 63.9% of the Bank's total liabilities or RUB 1,269.0 bln, remained at the 2018YE level, having grown, however, by 5.3% in 3Q. Retail deposits increased by 22.4% ytd to RUB 459.2 bln, the growth being observed in both term and demand deposits. Corporate deposits shrank by 9.7% ytd to RUB 809.8 bln, but expanded by 5.5% in 3Q. The ratio of net loans to deposits was 58.0% for the first nine months of 2019.

The Basel III **capital adequacy ratio** remained at a high level of 20.2% and the Tier I capital ratio was 13.3%. The Bank's total capital according to the Basel III standards increased by 1.0% ytd to RUB 300.3 bln mainly owing to the growth of retained earnings by 12.4% to RUB 80.5 bln.

In November 2019, the Bank raised RUB 14.7 bln of core capital through an SPO on Moscow Exchange and repurchased USD 100 mln and USD 50 mln of its subordinated Eurobonds CBOM'27 and subordinated perpetual Eurobonds CBOM-perp respectively. Upon their partial redemption, 440 mln US dollars of the former and 540 mln US dollars of the latter remain outstanding. The effect of the above transactions will be reported in the Bank's 4Q2019 statements.

Rating actions

- In October 2019, Rating-Agentur Expert RA GmbH assigned a BBB ESG rating to CBM. This is the first ESG rating assigned to a Russian bank.
- In November 2019, China Lianhe Credit Rating Co., Ltd assigned a AA+ Chinese national scale credit rating to CBM.

Enquiries

CREDIT BANK OF MOSCOW

Investors	Media
Eric de Beauchamp	Victoria Poigina
Edebeauchamp@mkb.ru	Poigina@mkb.ru
ir@mkb.ru	
+7-495-797-4222 ext. 6150	+7-495-797-4222 ext. 6052

For reference

CREDIT BANK OF MOSCOW is a universal commercial non-state public 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-2 privately-owned bank by total assets in INTERFAX-100 as at 1 October 2019. 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; 'AA+' on Chinese national scale from China Lianhe Credit Rating Co; 'A (RU)' with a stable outlook by ACRA, 'ruA' with stable outlook by Expert RA. In October 2019 CBM became first Russian bank to get ESG rating, 'BBB' from Rating-Agentur Expert RA GmbH. 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. The Bank's shares (ticker: CBOM) were included in MOEX Russia Index, RTS Index and MSCI EM Small Cap Index. The Bank`s free-float is 20%.

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