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## CREDIT BANK OF MOSCOW reports its 2015 annual IFRS results

### Key results

- Net income amounted to RUB 1.5 bln (\$20.7 mln).
- Net interest margin reached 3.9%.
- Return on equity and return on assets were 2.1% and 0.2% respectively.
- Assets expanded by 106.6% to RUB 1,208.2 bln (\$16,577.3 mln).
- Gross loan portfolio rose 59.8% to RUB 629.9 bln (\$8,643.2 mln).
- Ratio of NPLs (90+ days) to gross loan portfolio amounted to 5.1%.
- Loan impairment allowance ratio grew from 4.1% in 2014 to 5.9% in 2015.
- Customer accounts and deposits rose by 2.7 times to RUB 898.7 bln (\$12,330.7 mln).
- Equity increased by 53.9% to RUB 92.3 bln (\$1,267.9 mln).
- Basel III capital increased by 79.9% to RUB 162.6 bln (\$2,230.3 mln), with the capital adequacy ratio of 16.5%, and Tier I ratio of 9.2%.
- Cost-to-income ratio dropped to 26.4%

### Key financial results

Balance	2015, RUB bln	2014, RUB bln	change, %
Assets	1,208.2	584.8	+106.6%
Liabilities	1,115.9	524.9	+112.6%
Equity	92.3	60,0	+53.9%
Capital (Basel)	162.6	90.3	+79.9%
Gross loan portfolio	629.9	394.2	+59.8%
<b>Key financial ratios, %</b>			
Basel III capital adequacy ratio (CAR)	16.5%	15.8%	
90+ NPL ratio	5.1%	2.3%	
Loan impairment allowance / Gross loans	5.9%	4.1%	
Net loans / deposits	66.0%	112.9%	

Income statement	2015, RUB bln	2014, RUB bln	change, %
Net interest income (before provisions)	29.3	25.9	+13.2%
Fee income	9.4	9.0	+3.8%
Net income	1.5	5.6	-72.9%
<b>Key financial ratios, %</b>			
Net interest margin (NIM)	3.9%	5.8%	
Cost-to-income ratio (CTI)	26.4%	33.9%	
Return on equity (ROAE)	2.1%	10.1%	
Return on assets (ROAA)	0.2%	1.1%	

**Net income** for 2015 was RUB 1.5 bln. It declined due to provisions having grown to RUB 26.0 bln as a result of the Bank's conservative approach to provisioning and the currently difficult operating environment. However, the Bank demonstrated growth of **net interest income** by 13.2% to RUB 29.3 bln, mostly due to special attention that is paid to interest rate risk management under the current macroeconomic conditions. **Net interest margin** for the year was 3.9%. **Fee and commission income** increased by 3.8% compared to 2014 and reached RUB 9.4 bln. That growth was notably driven by other cash operations fees that soared by 2.7 times to RUB 0.9 bln mainly due to growing gains from the payment terminal network. Cash handling fees grew by 23.9% to RUB 1.5 bln, partly because of the acquisition of INKAKHRAN in November 2015.

**Operating income** (before provisions) grew by 38.7% to RUB 39.2 bln. **Operating expense** increased by 16.8% to RUB 11.2 bln with provisions for impairment of credit related commitments rising to RUB 0.9 bln. The Bank's operational efficiency improved, as evidenced by the **cost-to-income (CTI)** ratio reducing to 26.4%.

**Total assets** rose by 106.6% to RUB 1,208.2 bln. The main balance sheet item, **gross loan portfolio**, increased by 59.8% to RUB 629.9 bln in 2015, owing to the corporate loan portfolio expanding by 91.9% to RUB 510.2 bln mainly due to loans made to high quality corporate customers. The retail loan portfolio shrank by 6.7% to RUB 119.7 bln as requirements to customers became stricter and demand for retail loans generally weakened. The share of corporate loans in the total loan portfolio grew from 67.5% as at 2014YE to 81.0% as at 2015YE. Given the difficult macroeconomic situation, the ratio of non-performing loans (NPL 90+) increased by 2.8 pp to 5.1%, with the 4th quarter's contribution being just 0.2 pp. That growth was mainly due to the arrears of several large borrowers ageing beyond 90 days, while the loan portfolio quality generally did not tend to deteriorate throughout the year. The loan impairment allowance grew to RUB 36.9 bln. The NPL90+ coverage ratio remained at a good level of 113.7% as at 2015YE.

**Customer accounts and deposits** reached 80.5% of the Bank's total liabilities having increased by 2.7 times to RUB 898.7 bln. The deposit base expanded mainly due to a 4.1 times growth of corporate deposits that reached RUB 697.8 bln or 77.6% of total deposits. Retail deposits rose in the reporting period at a more moderate 23.0% up to RUB 200.9 bln. The ratio of net loans to deposits dropped to 66.0% as at the end of 2015.

**Capital adequacy ratio** calculated in accordance with Basel III grew from 15.8% as at 2014YE to 16.5% as at 2015YE. The Tier I capital ratio reduced from 10.5% to 9.2%. The Bank's total capital according to Basel III standards increased by 79.9% to RUB 162.6 bln. This resulted from the closing of the Bank's IPO on the Moscow Exchange in June 2015 which yielded RUB 13.2 bln, and a RUB 16.5 bln SPO on the Moscow Exchange in December 2015. Furthermore, its additional capital was strengthened in 2Q2015 with a RUB 20.2 bln subordinated loan provided by the Deposit Insurance Agency in the form of Russian federal bonds (OFZ) under the Russian banking system recapitalisation programme. The additional capital was also increased by a USD 300 mln (RUB 21.9 bln) subordinated deposit taken in December 2015.

### Infrastructure development

At the end of 2015, CREDIT BANK OF MOSCOW had 62 offices, 21 stand-alone cash desks, 927 ATMs and 5,443 payment terminals (as of 31 December 2014, these figures were 58, 31, 841 and 5,683 respectively).

## Awards in 2015

- CREDIT BANK OF MOSCOW was named the “Bank of the Year in Russia” for the second year in a row at the annual ceremony “Bank of the Year Awards 2015” held by *the Banker* (Financial Times group) in London.
- In September 2015, Global Banking and Finance Review, one of the leading international financial portals, pronounced CREDIT BANK OF MOSCOW's IPO the best in Russia.
- In March 2015 banking market experts acknowledged CREDIT BANK OF MOSCOW's corporate governance system as the best in Russia giving it the highest award in RusRating's special nomination "Corporate Governance Quality".
- A survey of retail internet-banking systems' functionality conducted by "Expert RA" rating agency, put CBM's "MKB Online" at number three in terms of information and financial security in July 2015 (in 2014 it was listed as number 7 in the same category).
- CREDIT BANK OF MOSCOW's annual report was recognised as the best in financial sector at the XVIII Annual Contest of Annual Reports organised by the Moscow Exchange and RCB media group in October 2015.

## Enquiries

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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 banking business is primarily focused on retail and wholesale trading corporate customers, enabling CBM to capitalize on the resilient Russian consumer market. CBM's retail business is focused on consumer loans to high quality retail customers, with a particular emphasis on cross-sales of retail products to the employees and clients of its corporate customers.

CBM offers a comprehensive range of banking services, including lending, deposit-taking, cash handling, international settlements, trade finance, guarantees and other products. By leveraging its leading cash handling service and payment terminal network, the Bank is able to monitor the cash flows and payment histories of its customers as well as, in the case of many of its retail customers, their employers, which ensures strong portfolio performance and asset quality.

According to INTERFAX-100, as at 1 January 2016, CBM is one of the top five 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 9.1% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors. The remaining 34.1% of the Bank's shares are owned by other minority shareholders.

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