FitchRatings

Banks
Universal Commercial Banks
Russia

Credit Bank of Moscow

Key Rating Drivers

Resilience to Pandemic Shock: Credit Bank of Moscow's (CBM) Issuer Default Ratings (IDRs) of 'BB' with a Stable Outlook are driven by the bank's 'bb' Viability Rating and reflect the limited impact of the economic downturn on the bank's credit profile. The ratings factor in a manageable volume of high-risk assets, which is mitigated by adequate pre-impairment profitability and moderate core capitalisation.

Some High-Risk Assets: Credit risk mostly stems from the bank's loan book (36% of assets at end-3Q21). CBM's impaired loans (Stage 3 and purchased or originated credit-impaired, POCI) were 3% of gross loans at end-3Q21 and were reasonably covered at 72% by specific loan loss allowances (LLAs). Stage 2 exposures were a limited 2% of gross loans. Fitch Ratings estimates that CBM's net high-risk assets (largely comprising impaired and Stage 2 loans) amounted to a moderate 0.2x common equity Tier 1 (CET1) capital at end-3Q21.

Low-Risk Repo Book: A sizeable reverse repo book (42% of assets at end-3Q21) is of low credit risk due to mostly investment-grade collateral. It is also largely matched with dedicated direct repo funding and some large corporate deposits, mitigating liquidity risk. The low-risk margin earned on repos has historically contributed a significant 0.6%-1% of risk-weighted assets (RWAs) to the bank’s annual operating profit.

Pre-Impairment Performance Improved: The bank's annualised core pre-impairment profit (net of foreign-currency and trading results) strengthened to a reasonable 4.5% of average loans in 9M21 from 3.6% in 2020. This was mainly driven by an increase in business volumes, which underpinned net interest and commission incomes. Operating profit in 9M21 was a good 2.2% of RWAs, supported by lower loan impairment charges (LICs, 0.8% of average loans).

Moderate Core Capital: The IFRS CET1 ratio was a moderate 12.8% at end-3Q21. Fitch Ratings believes CBM has a sufficient pre-impairment profitability cushion to absorb LICs without capital pressure. The double leverage of 1.5x at the holding company could be a drag on CBM's capitalisation if the bank has to upstream dividends to service holdco debt. CBM’s two largest shareholders own most of the holdco’s debt, while dividends upstreamed from the holdco's other subsidiaries covered interest payments for 2021, moderately mitigating this risk.

Large Junior Debt Buffer: The bank's total capital is bolstered by a large junior debt cushion, including additional Tier 1 perpetual debt and Tier 2 subordinated debt (together equal to 8.3% of RWAs at end-November 2021). CBM has historically maintained the sizeable buffer to meet a regulatory single-borrower limit given large concentrations in the bank's corporate loan book.

Ample Liquidity: Excluding reverse repos and dedicated funding, CBM’s liquidity buffer covered deposits by a healthy 44% at end-3Q21. Additional liquidity (equal to 41% of total deposits) could be raised by pledging bonds received under reverse repos. Wholesale debt repayments are low for the next few years.

Rating Sensitivities

Business Model: An upgrade would require a strengthening of the bank's franchise and business model, including a reduction in balance sheet and revenue concentrations.

Asset Quality, Capitalisation: A marked improvement in asset quality, higher core capital ratios and reduced risks from double leverage at the holdco level would be credit positive. Conversely, CBM's IDRs could be downgraded if annualised LICs led to negative, or close to negative, operating performance in two-to-three consecutive semi-annual reporting periods, resulting in core capital erosion. A downgrade could also follow if our assessment of the bank's net high-risk assets rose significantly above 0.5x CET1.

Ratings

Foreign Currency	
Long-Term IDR	BB
Short-Term IDR	B
Local Currency	
Long-Term IDR	BB
Viability Rating	bb
Support Rating	4
Support Rating Floor	B+
Sovereign Risk	
Long-Term Foreign-Currency IDR	BBB
Long-Term Local-Currency IDR	BBB
Country Ceiling	BBB

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria - Effective from 28 February 2020 to 12 November 2021 (February 2020)

Bank Rating Criteria (November 2021)

Related Research

Russian Banks Datawatch 11M21 (January 2022)

Fitch Ratings 2022 Outlook: CIS+ Banks (December 2021)

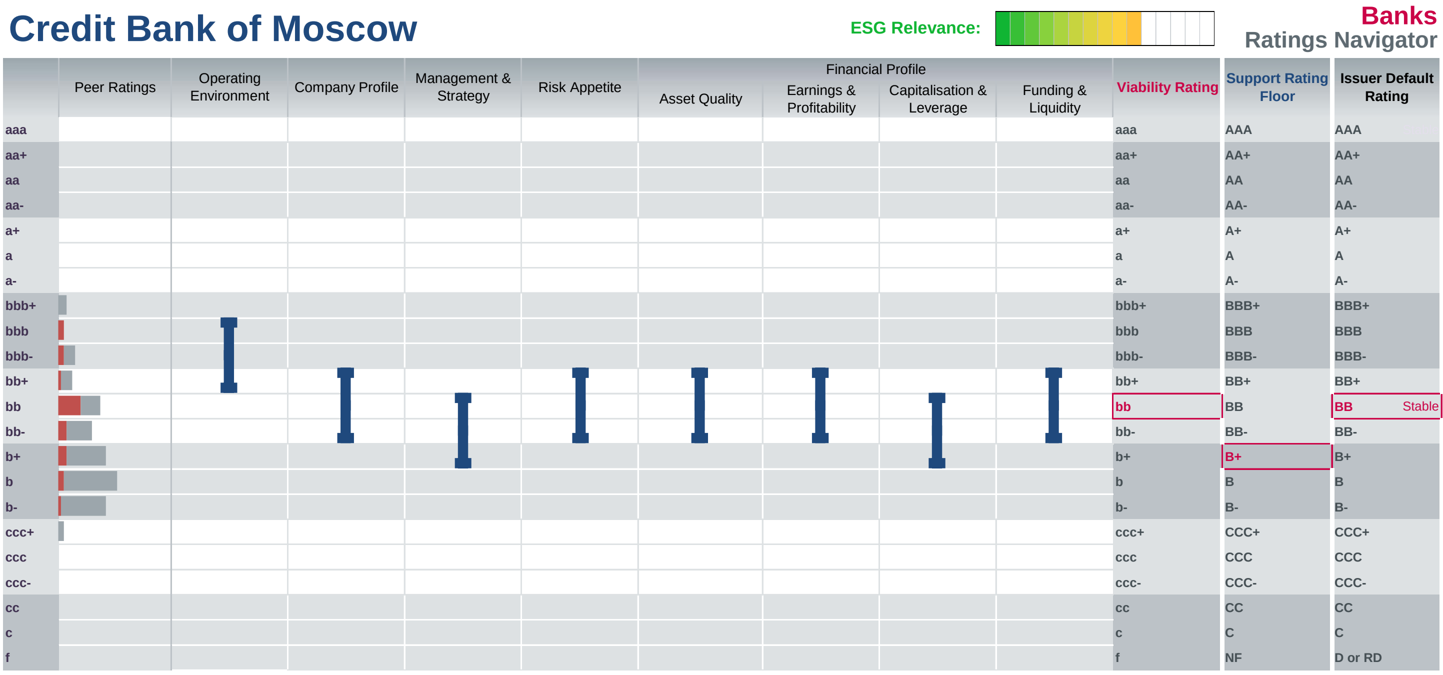
Fitch Ratings Publishes Russian Banking Sector Update Presentation (October 2021)

Analysts

Dmitri Vasiliev
+7 495 956 5576
dmitri.vasiliev@fitchratings.com

Artem Beketov, CFA
+7 495 956 9932
artem.beketov@fitchratings.com

Ratings Navigator



Debt Rating Classes

Debt level	Rating	Notching
Senior unsecured	BB	Equalised with IDRs
Tier 2 subordinated	B+	Two notches below VR
Additional Tier 1 perpetual	B-	Four notches below VR

Source: Fitch Ratings

The ratings of senior unsecured debt issued through CBOM Finance PLC (a special-purpose vehicle, SPV) are aligned with the bank's IDRs.

CBM's Tier 2 subordinated debt (placed by the SPV) is rated at 'B+', two notches below the 'bb' Viability Rating (VR), which is the baseline notching for loss severity for such instruments.

CBM's additional Tier 1 (AT1) perpetual notes (placed by the SPV) are rated at 'B-'. The rating is four notches below the bank's VR, reflecting the perpetual notes' deep subordination relative to senior unsecured creditors, resulting in higher loss severity, and CBM's option to cancel coupon payments at its discretion, resulting in additional non-performance risk.

The write-down trigger on the bank's AT1 securities is the regulatory core Tier 1 ratio falling below 5.125%. CBM can omit coupons on these securities at its sole discretion. There is no specific trigger which would oblige the bank to omit coupons before hitting the 5.125% core Tier 1 ratio. However, if the bank's capital ratios fell below minimum levels including buffers (e.g. 8% for core Tier 1) then the bank would be obliged to submit to the Central Bank of Russia (CBR) a capital recovery plan. In Fitch's view there would be at least a moderate risk that any such plan would include the omission of coupons on the AT1 securities.

Bar Chart Legend

Vertical bars – VR range of Rating Factor

Bar Colours – Influence on final VR

- Higher influence
- Moderate influence
- Lower influence

Bar Arrows – Rating Factor Outlook

⇧ Positive ⇩ Negative

⇳ Evolving ▫ Stable

Brief Company Summary

Solid Moscow-Based Franchise

CBM is a privately owned Russian bank included in the CBR's list of domestic systemically important banks. CBM's share of total system assets was only 3%, despite being ranked sixth by total assets, at end-3Q21, as the sector is dominated by several large state-controlled banks. CBM is a universal commercial bank with a reasonable Moscow-focused franchise, with access to big Russian corporates and relatively high-income retail clients. CBM's funding costs have historically been higher than those of peers due to high loan growth in the past, which required aggressive pricing of retail deposits and a small proportion of on-demand accounts in total liabilities (12% at end-3Q21). Accordingly, CBM's pricing power is weaker than that at state-owned, foreign and some large privately-owned banks in Russia.

Opaque Shareholding Structure

CBM's majority shareholder (55%) is the holdco, Concern Rossium, ultimately owned by Roman Avdeev. The bank is the largest and most profitable asset for Mr Avdeev. The holdco also has some equity stakes in businesses related to the construction, oil and gas, and financial industries.

The second-largest shareholder of the bank with a combined 19% stake is Region Group (a relatively non-transparent Russian privately-owned investment company) together with certain entities, which we consider related to Region. The affiliates of Region, except IK Region, invest in CBM's equity on behalf of third parties. Region Trust (holding a 5% stake in CBM) manages the assets of a few pension funds. The ultimate beneficiaries and funding sources of the other entities (holding a combined 13% stake) are not transparent.

Business relations between Rossium and Region have been deepening in recent years. Region has bought stakes in Mr Avdeev's businesses since 2017, including a minority stake in Rossium (see margin table). In 2019, Region and Rossium publicly announced their strategic partership. CBM and Rossium acquired some relatively small financial businesses from Region in 2020-2021. The nature of Region's close cooperation with Rossium is unclear to Fitch as there is a limited record of dividend payments by the bank and other businesses.

Significant Dependence on Concentrated Repo Business

The reverse repo book dominates the bank's balance sheet (42% of assets at end-3Q21). This exceeds the value of the loan book (36%), but only slightly contributes to RWAs due to high-quality, quasi-sovereign collateral and appropriate discounts in most cases. The repo business is very concentrated, with most operations conducted with just a few counterparties. Credit risks are adequately covered by liquid investment-grade bonds, while liquidity risks are mitigated by the reverse repo book being largely matched by dedicated funding sources (direct repos and some corporate deposits). CBM earns a low-risk margin of 1% on these transactions, which given their large overall size make a considerable contribution to the bank's profitability, representing around 40% of the bank's operating profit in 2018-9M21.

Large Exposure to Oil and Gas Lending

CBM's corporate lending footprint has a significant concentration in the oil and gas sector (43% of gross loans at end-2020. We believe the share had not materially changed by end-3Q21). Underwriting practices are generally adequate, as the bank's clients are large state-owned companies and their contractors, which have an at least moderate safety margin against shocks and may benefit from state support. Risks are also mitigated by the cash-covered nature of some of the largest exposures. Loans to oil traders are short-term working capital facilities. We believe CBM's oil trading borrowers have reasonable tolerance to swings in the oil price because they trade with a fixed spread between purchase and sale prices, regardless of absolute price levels.

Shareholding Structure at End-11M21 (%)

Rossium	55.4
Region group and affiliates:	18.8
- Regionfinanceresource	6.7
- IK Algoritm	5.8
- Region Trust	5.4
- Vectorinvest	0.9
- IK Region	0.0
- Region AM	0.0
EBRD	3.2
Vanguard group	1.3
Minorities	21.2
Total	100.0

Source: Fitch Ratings, CBM

Region's Acquisition of Stakes in Avdeev's Assets

Business	Stake	Date
Construction	Minority	3Q17
Pension fund	Minority	4Q17
Agriculture	Majority	4Q17
Pharmacy	Minority	2Q18
Leasing	Majority	3Q18
Pharmacy	Minority	2Q19
Rossium	Minority	3Q19-3Q21

Source: Fitch Ratings, CBM

CBM's Assets at End-3Q21 (%)

Reverse repo	42
Liquid assets	17
Corporate loans	32
Retail loans	4
Other	6
Total assets	100

Source: Fitch Ratings, CBM

Key Financial Metrics

High Proportion of Low-Risk Assets

CBM's asset quality is supported by a large volume of low-risk reverse repos (42% of total assets at end-3Q21) and liquid assets of mainly investment grade quality (17%), while credit risk mostly stems from the bank's loan book (36%). The bank's impaired loans (Stage 3 and POCI) were 3% of gross loans at end-3Q21 and were reasonably covered at 72% by specific LLAs. Stage 2 exposures added a limited 2% of gross loans.

Moderate Volume of High-Risk Assets

Impaired and Stage 2 loans largely overlap with Fitch's assessment of the bank's high-risk assets. At end-3Q21, Fitch estimates that CBM's net high-risk assets amounted to 0.2x CET1, which is a moderate reduction relative to 0.3x CET1 at end-2Q20. At end-3Q21, the high-risk assets included: 5% of CET1 of net impaired loans; 8% of CET1 of performing loans to leveraged car dealers (mostly classified as Stage 2); and 8% of CET1 of equity exposure to a loss-making pharmacy company.

Moderate Pandemic-Driven Restructuring

Loan quality has so far been resilient amid the pandemic. Coronavirus-related loan restructurings accounted for a moderate 5% of the portfolio, and the majority of these exposures were already classified as impaired or Stage 2 loans. A focus on larger and more financially stable corporates as opposed to the more vulnerable SME and retail segments, and a high share of low-risk reverse repos in total assets have made CBM's asset quality less susceptible to the economic shock.

Tight Margins Both in Repo and Core Lending Businesses

CBM's reported net interest margin (NIM) was a modest 2.6% in 9M21 as it was dragged down by a concentrated low-margin repo business, but also due to the focus on low-yield corporate lending. If adjusted for expenses on foreign-currency swaps (reflected as net losses in FX operations), which the bank uses to match its foreign-currency assets and liabilities, then the NIM would be a lower 2.1%.

The bank's core business NIM, net of repos and dedicated funding, was a tight 3.1% relative to the market average of 4.1% in 9M21. The core margin has decreased from 3.7% in 2018, reflecting general margin pressure in Russia as well as CBM's limited appetite for higher-margin retail lending and a shift towards lower-risk/lower-margin lending in the corporate segment. Funding costs have remained higher than at other large Russian banks (with funding costs of about 4.2% net of repo business).

Core Pre-Impairment Profitability Improved

The bank's core pre-impairment profit (net of foreign-currency and trading results) strengthened to a reasonable 4.5% of average gross loans in 9M21 from 3.6% in 2020 and 2.5% in 1H20. The improvement was mainly driven by an increase in business volumes since end-1H20 and lumpy investment banking fees, which underpinned net interest and commission incomes. Supported by lower loan impairment charges (LICs, 0.8% of average gross loans), return on average equity in 9M21 was a reasonable 16%.

Adequate Core Capitalisation

The IFRS CET1 ratio of a moderate 12.8% at end-3Q21 strengthened by around 1pp through the secondary public offering in 2Q21. The regulatory core tier 1 capital ratio was a lower 9.4%, due to higher loan provisioning in the local accounts, and provides modest headroom over the mandatory fully loaded minimum of 8%, especially in the context of high single borrower and industry concentrations. Fitch views CBM's ability to absorb additional losses through capital as limited. However, we do not expect credit losses to make a direct hit on capital given a sufficient pre-impairment profit cushion and only moderate amounts of residual high-risk assets.

NIM Breakdown (%)

	9M21	2020	2019	2018
1. NIM (IFRS)	2.6	2.3	2.2	2.6
2. NIM (adj. for swaps)	2.1	1.7	1.8	2.4
2.1. Repo NIM	1.0	0.8	1.1	1.1
2.2. Core NIM (excl. repos)	3.1	2.4	2.4	3.7

Source: Fitch Ratings, Bank

Regulatory Consolidated Capital Ratios at End-3Q21 (%)

	CBM	Minimum without buffers	Minimum with buffers[a]
Core tier 1	9.4	4.5	8.0
Tier 1	11.4	6.0	9.5
Total	17.0	8.0	11.5

[a] Including fully-loaded capital conservation and systemic importance buffers
Source: Fitch Ratings, Central Bank of Russia

Sovereign Support Assessment

Support Rating Floor			Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)			
Actual country D-SIB SRF			BB+
Support Rating Floor:			**B+**
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy		✓	
Size of potential problem			✓
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)	✓		
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in		✓	
Track record of banking sector support		✓	
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance			✓
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	

Table Legend
Higher influence
Moderate influence
Lower influence

CBM's Support Rating Floor (SRF) of 'B+' reflects Fitch's view of a moderate probability of state support to privately owned banks in Russia, as evidenced by bail-outs of senior unsecured creditors at larger Russian privately owned banks in the past and the absence of a senior creditor bail-in mechanism in Russian banking legislation. CBM's 'B+' SRF also captures its only moderate systemic importance (1.8% of system loans at end-3Q21) and sizeable (in absolute terms) deposit base.

Summary Financials and Key Ratios

	30 Sep 21		31 Dec 20	31 Dec 19	31 Dec 18
	9 months - 3rd quarter	9 months - 3rd quarter	Year end	Year end	Year end
	(USDm)	(RUBm)	(RUBm)	(RUBm)	(RUBm)
	Reviewed - unqualified	Reviewed - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	785	57,068	59,248	45,283	48,415
Net fees and commissions	192	13,968	15,438	11,534	12,346
Other operating income	-166	-12,028	-4,361	-8,214	3,824
Total operating income	812	59,008	70,325	48,603	64,585
Operating costs	293	21,307	21,801	23,984	18,781
Pre-impairment operating profit	519	37,701	48,524	24,619	45,804
Loan and other impairment charges	97	7,015	19,041	9,164	10,828
Operating profit	422	30,686	29,483	15,455	34,976
Other non-operating items (net)	n.a.	n.a.	8,043	-342	93
Tax	81	5,859	7,517	3,156	7,845
Net income	342	24,827	30,009	11,957	27,224
Other comprehensive income	-163	-11,858	-1,963	2,961	-3,274
Fitch comprehensive income	178	12,969	28,046	14,918	23,950
Summary balance sheet					
Assets					
Gross loans	16,885	1,226,951	1,059,139	829,195	740,131
- of which impaired	440	31,959	42,603	39,173	28,878
Loan loss allowances	640	46,523	49,974	40,540	31,086
Net loans	16,245	1,180,428	1,009,165	788,655	709,045
Interbank	678	49,298	63,077	31,301	34,472
Derivatives	361	26,215	36,685	7,759	4,636
Other securities and earning assets	24,590	1,786,783	1,665,514	1,460,247	1,295,554
Total earning assets	41,874	3,042,724	2,774,441	2,287,962	2,043,707
Cash and due from banks	2,917	211,992	123,989	119,423	87,823
Other assets	429	31,187	18,035	16,112	14,397
Total assets	45,220	3,285,903	2,916,465	2,423,497	2,145,927
Liabilities					
Customer deposits	26,076	1,894,756	1,692,334	1,298,243	1,198,539
Interbank and other short-term funding	10,504	763,270	732,008	677,936	587,986
Other long-term funding	4,485	325,898	216,361	209,841	143,885
Trading liabilities and derivatives	208	15,132	19,330	9,874	6,329
Total funding and derivatives	41,273	2,999,056	2,660,033	2,195,894	1,936,739
Other liabilities	332	24,133	21,936	17,171	18,015
Preference shares and hybrid capital	526	38,243	41,950	37,871	46,691
Total equity	3,089	224,471	192,546	172,561	144,482
Total liabilities and equity	45,220	3,285,903	2,916,465	2,423,497	2,145,927
Exchange rate		USD1 = RUB72.6642	USD1 = RUB73.8757	USD1 = RUB61.9057	USD1 = RUB69.5218

Source: Fitch Ratings, Fitch Solutions, CBM

Summary Financials and Key Ratios

	30 Sep 21	31 Dec 20	31 Dec 19	31 Dec 18
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.2	1.9	1.1	2.6
Net interest income/average earning assets	2.6	2.3	2.2	2.6
Non-interest expense/gross revenue	36.1	31.0	49.4	29.1
Core pre-impairment profit/average gross loans	4.5	3.6	3.7	5.3
Net income/average equity	16.1	16.9	7.8	19.9
Asset quality				
Impaired loans ratio	2.6	4.0	4.7	3.9
Stage 2 loans ratio	1.9	2.8	5.9	2.7
Growth in gross loans	15.8	27.7	12.0	-9.6
Loan loss allowances/impaired loans	145.6	117.3	103.5	107.7
Loan impairment charges/average gross loans	0.8	2.0	1.1	1.1
Capitalisation				
Common equity Tier 1 ratio	12.8	12.3	11.9	10.7
Fitch Core Capital ratio	12.1	12.3	12.0	10.6
Tangible common equity/tangible assets	6.8	6.6	7.1	6.7
Risk-weighted assets/total assets	55.9	53.4	59.1	63.3
Net impaired loans/common equity Tier 1	-6.2	-3.9	-0.8	-1.5
Net impaired loans/fitch core capital	-6.6	-3.9	-0.8	-1.5
Funding and liquidity				
Gross loans/customer deposits	64.8	62.6	63.9	61.8
Customer deposits/total non-equity funding	62.5	62.9	58.1	60.6

Source: Fitch Ratings, Fitch Solutions, CBM

Environmental, Social and Governance Considerations

FitchRatings **Credit Bank of Moscow**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Credit Bank of Moscow has 2 ESG rating drivers and 3 ESG potential rating drivers

- Credit Bank of Moscow has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions which, in combination with other factors, impacts the rating.
- Credit Bank of Moscow has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership which, in combination with other factors, impacts the rating.
- Credit Bank of Moscow has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Credit Bank of Moscow has exposure to operational implementation of strategy but this has very low impact on the rating.
- Credit Bank of Moscow has exposure to quality and frequency of financial reporting and auditing processes but this has very low impact on the rating.

			Overall ESG Scale
key driver	0	issues	5
driver	2	issues	4
potential driver	3	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality	1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	4	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	4	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

CBM has an ESG Relevance Scores of '4' for Governance Structure and Group Structure due to significant level of relationship-based operations, a lack of transparency with respect to ownership structure and significant double leverage at the level of the bank's holdco. These considerations have a moderately negative impact on the credit profile, and are relevant to the ratings in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.