

ACRA AFFIRMS A+(RU) TO CREDIT BANK OF MOSCOW, OUTLOOK STABLE, A+(RU) TO BOND ISSUES (RU000A103GW9, RU000A107VV1, RU000A1086M4, RU000A107R03), BBB+(RU) TO BOND ISSUE (RU000A108NQ6) AND BB(RU) TO BOND ISSUES (RU000A0ZZE87, RU000A108L24, RU000A108LX6)

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The credit rating of **CREDIT BANK OF MOSCOW** (hereinafter, CBM, or the Bank) stems from the stable standalone creditworthiness assessment (SCA) of the Bank, which is based on the adequate assessments of business profile, capital adequacy, and funding and liquidity, and the satisfactory risk profile. The credit rating also includes two upward notches to the SCA for the potential external support from the government given the systemic importance of CBM.

The Stable outlook reflects the potential impact expected by ACRA on the Bank's creditworthiness from the likely gradual increase in capitalization and a moderate increase in the cost of risk in the loan portfolio, as well as an invariably comfortable liquidity position and the current level of concentrations in assets and liabilities over the 12–18-months horizon.

ACRA has also affirmed A+(RU) to the Bank's bonds (RU000A103GW9, RU000A107VV1, RU000A1086M4, RU000A107R03), which are senior unsecured debt instruments, BBB+(RU) to the bond (RU000A108NQ6), which is a Tier 2 capital instrument, and BB(RU) to the bonds (RU000A0ZZE87, RU000A108L24, RU000A108LX6), which are common equity instruments.

KEY ASSESSMENT FACTORS

Adequate business profile assessment. CBM holds sustainably high market positions among the largest banks in the country and mostly operates in major regions with a focus on Moscow's financial services market. The Bank's business model assumes close partnerships with major Russian companies, which largely helps CBM to attract and retain customers, and contributes to participation in promising and significant projects. At the same time, this business profile continues to result in a high operational concentration. In particular, along with a low diversification of borrowers, the loan book has a pronounced focus on certain industries. In addition, a considerable part of CBM's balance sheet is reverse repo transactions, which, according to ACRA's expectations, will remain unchanged in the nearest years.

The Agency believes that in case of successful implementation of the strategy approved at the end of 2023, as the scale of the Bank's operations grows and taking into account the expected regulatory changes concerning concentration risk assessment, a gradual increase in the diversification of operations can be expected until the end of 2029. Large businesses remain a priority for the Bank, while CBM has plans to continue expanding its small and medium-sized

business segment through partners and satellites of large corporate clients. The Bank's retail line of business focuses on increasing the share of individuals' funds in liabilities — the growth is expected to be supported by, among other things, attracting employees of existing corporate clients.

The assessment of capitalization and profitability is adequate. The IFRS Tier-1 capital adequacy ratio, which decreased on the back of a rapid growth of the loan portfolio in 2022 and 2023, still does not show a recovery trend to the levels observed before 2022. On the other hand, over the next 12 months, given the potential profit from individual one-time transactions and the dividend payments, as well as profits from core operations, ACRA assumes that the Bank's capital adequacy is likely to increase gradually. Moderate asset growth at planned rates can contribute to this increase. At the same time, the sensitivity of CBM's capitalization to the increase in the loan portfolio's cost of risk remains.

The assessment of the Bank's ability to generate capital is supported by the financial result of 2023, which compensated for the impact of low profitability in 2022.

The dynamics of regulatory capital adequacy ratios are similar to the IFRS metrics (N1.2 was 9.05% as of September 1, 2024 vs. 9.56% as of June 1, 2024).

The risk profile assessment has been maintained at a satisfactory level. The share of non-performing and potentially non-performing loans in CBM's portfolio, according to ACRA's estimates, decreased slightly compared to last year's value. The Agency notes the stabilization of lending dynamics in 2024 and does not expect the Bank's loan portfolio to grow much in the next 12 months.

A significant part of CBM's loan portfolio consists of loans granted to the largest Russian groups of companies. On the one hand, this reduces the likelihood of asset quality deterioration, but on the other hand, it negatively affects business diversification. The high concentration of assets on individual counterparties and sectors of the economy continues to limit the risk profile assessment. Moreover, the share of loans granted to companies belonging to the construction and real estate industry is growing. The volume of unsecured loans in the portfolio continues to constrain the risk profile assessment.

Adequate funding and liquidity position. The Bank's resource base has not undergone drastic changes over the past 12 months — the amount of funds of legal entities is the largest in the funding structure, while direct repo transactions and funds of individuals, whose share has slightly increased, continue to make up a significant part. ACRA notes that most of the largest depositors are regular customers of the Bank.

ACRA's base case scenario for the next 12–18 months assumes that CBM will retain its comfortable liquidity cushion.

Importance to the financial system. In ACRA's opinion, CBM has moderate systemic importance, given the size of its assets and scale of business. Therefore, it can rely on the state to support capital or liquidity in the event of stress. As a result, the Bank's final rating takes into account two notches of support added to its SCA.

ACRA believes that disruptions to the stability of CBM's operations may cause problems in the financial sector. Besides holding a considerable volume of the populations' funds, the Bank is actively engaged in servicing strategically important companies, which backs up the Agency's opinion on the strategic importance of CBM.

KEY ASSUMPTIONS

- Maintaining the current market positions and systemic importance over the next 12 to 18 months, while implementing the new strategy.

POTENTIAL OUTLOOK OR RATING CHANGE FACTORS

The **Stable outlook** assumes that the rating will highly likely stay unchanged within the 12 to 18-month horizon.

A positive rating action may be prompted by:

- Substantially lower concentration on the largest counterparties;
- Capital metrics recovering to strong values and the capital generation ability not deteriorating.

A negative rating action may be prompted by:

- Further deterioration of capital adequacy indicators due to, among other things, significant credit losses;
- Deterioration of asset quality;
- Growing concentration of the loan book on high-risk lending types;
- Signs of weaker market positions and/or reduced strategic importance to the financial sector.

RATING COMPONENTS

SCA: a-.

Adjustments: systemic importance, **SCA + 2 notches**.

ISSUE RATINGS

Rationale. The issues listed below are senior unsecured debt of CREDIT BANK OF MOSCOW. According to ACRA's methodology, the final credit ratings of the issues are equivalent to the credit rating of CREDIT BANK OF MOSCOW — A+(RU).

CREDIT BANK OF MOSCOW, exchange-traded interest-bearing uncertificated bond subject to centralized title registration, series 001P-04 (RU000A103GW9), maturity date: July 31, 2025, issue volume: RUB 20 bln — **A+(RU)**;

CREDIT BANK OF MOSCOW, interest-bearing non-convertible uncertificated bond subject to centralized title registration, series 3O-2026-02 (RU000A107VV1), maturity date: September 21, 2026, issue volume: USD 160.108 mln — **A+(RU)**.

CREDIT BANK OF MOSCOW, interest-bearing non-convertible uncertificated bond subject to centralized title registration, series 3O-2025-02 (RU000A1086M4), maturity date: January 29, 2025, issue volume: USD 160.126 mln — **A+(RU)**.

CREDIT BANK OF MOSCOW, interest-bearing non-convertible uncertificated bond subject to centralized title registration, series 3O-2026-01 (RU000A107R03), maturity date: January 21, 2026, issue volume: EUR 210.232 mln — **A+(RU)**.

Rationale. The issue listed below envisages a significant level of subordination with respect to senior unsecured creditors and is a supplementary capital instrument. According to ACRA's methodology, the final credit rating of this issue type is three notches below the final credit rating of CREDIT BANK OF MOSCOW (A+(RU)).

CREDIT BANK OF MOSCOW, subordinated bond, series 3O-2027 (RU000A108NQ6), maturity date: October 5, 2027, issue volume: USD 77.965 — **BBB+(RU)**.

Rationale. The issues listed below envisage a significant level of subordination with respect to senior unsecured creditors and is a common capital instrument. According to ACRA's

methodology, the final credit rating of this issue type is five notches below the SCA of CREDIT BANK OF MOSCOW (a-).

CREDIT BANK OF MOSCOW, subordinated bond, series 15 (RU000A0ZZE87), maturity date: perpetual, issue volume: RUB 5 bln — **BB(RU)**.

CREDIT BANK OF MOSCOW, subordinated bond, series 30-2021 (RU000A108L24), maturity date: perpetual, issue volume: USD 91.996 mln — **BB(RU)**.

CREDIT BANK OF MOSCOW, subordinated bond, series 30-2017 (RU000A108LX6), maturity date: perpetual, issue volume: USD 137.204 mln — **BB(RU)**.

REGULATORY DISCLOSURE

The credit ratings have been assigned to CREDIT BANK OF MOSCOW and the bonds issued by CREDIT BANK OF MOSCOW (ISIN RU000A0ZZE87, RU000A103GW9, RU000A107VV1, RU000A1086M4, RU000A107R03, RU000A108NQ6, RU000A108L24, RU000A108LX6) under the national scale for the Russian Federation based on the [Methodology for Credit Ratings Assignment to Banks and Bank Groups Under the National Scale for the Russian Federation](#) and the [Key Concepts Used by the Analytical Credit Rating Agency Within the Scope of Its Rating Activities](#). The [Methodology for Assigning Credit Ratings to Financial Instruments under the National Scale for the Russian Federation](#) was also applied to assign credit ratings to the above issues.

The credit rating of CREDIT BANK OF MOSCOW was published by ACRA for the first time on June 15, 2017. The credit ratings of the bonds of CREDIT BANK OF MOSCOW (ISIN RU000A0ZZE87, RU000A103GW9, RU000A107VV1, RU000A1086M4, RU000A107R03, RU000A108NQ6, RU000A108L24, RU000A108LX6) were published by ACRA for the first time on July 24, 2018, August 17, 2021, March 18, 2024, April 16, 2024, April 23, 2024, September 10, 2024, September 10, 2024, and September 10, 2024, respectively.

The credit rating of CREDIT BANK OF MOSCOW and its outlook and the credit ratings of the bonds issued by CREDIT BANK OF MOSCOW (ISIN RU000A0ZZE87, RU000A103GW9, RU000A107VV1, RU000A1086M4, RU000A107R03, RU000A108NQ6, RU000A108L24, RU000A108LX6) are expected to be revised within one year following the publication date of this press release.

The credit ratings were assigned based on data provided by CREDIT BANK OF MOSCOW, information from publicly available sources, and ACRA's own databases. The rating analysis was performed using the IFRS financial statements of CREDIT BANK OF MOSCOW and the financial statements of CREDIT BANK OF MOSCOW drawn up in compliance with the Bank of Russia's requirements. The credit ratings are solicited and CREDIT BANK OF MOSCOW participated in their assignment.

In assigning the credit ratings, ACRA used only information, the quality and reliability of which were, in ACRA's opinion, appropriate and sufficient to apply the methodologies.

ACRA provided additional services to CREDIT BANK OF MOSCOW. No conflicts of interest were discovered in the course of credit rating assignment.

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