



# **MKB IFRS Results 2023**

March, 2024

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# MKB at a glance

MKB is TOP-6 largest bank in Russia by total assets, and it is included in the list of systemically important financial institutions approved by the Central Bank of the Russian Federation.

## TOP-6

Bank in Russia by total assets

## 4.7

trillion ₺

Total Assets as of YE2023

## 45

thousand

Corporate clients

## 31 years

in the Russian financial market. Founded in 1992

## 347.9

billion ₺

Total Capital as of YE2023

## 23.4%

ROE

Return on Equity as of YE2023

## 95

branches

All over the country

**A universal bank with a focus on corporate customers**

**High reliability ratings**

**A+(RU)** ACRA Rating Agency

**ruA+** Expert RA

**AA-** China Lianhe Credit Rating

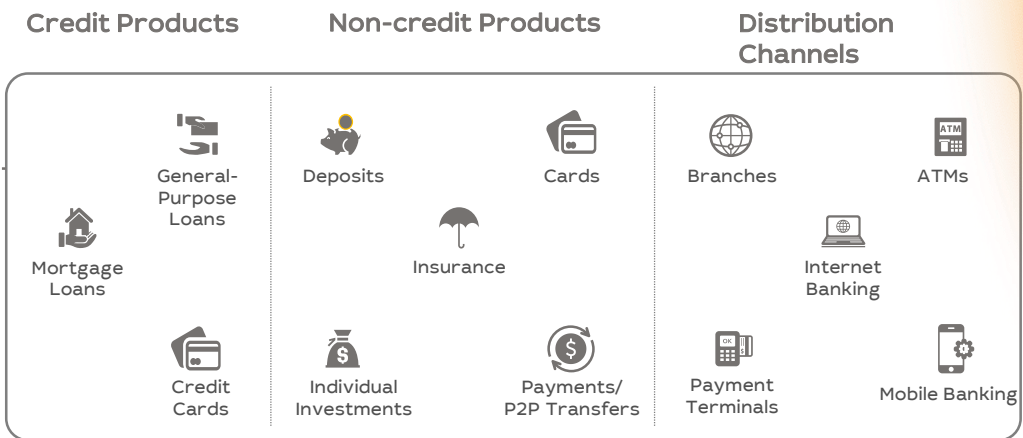
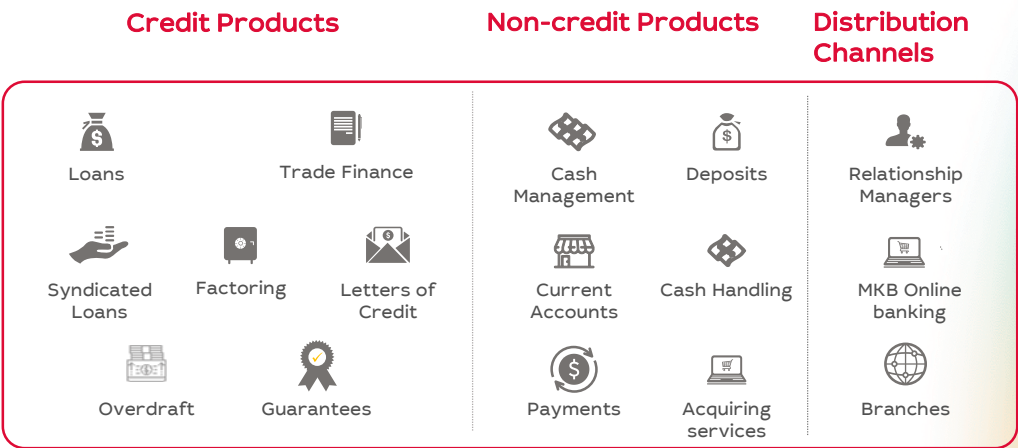
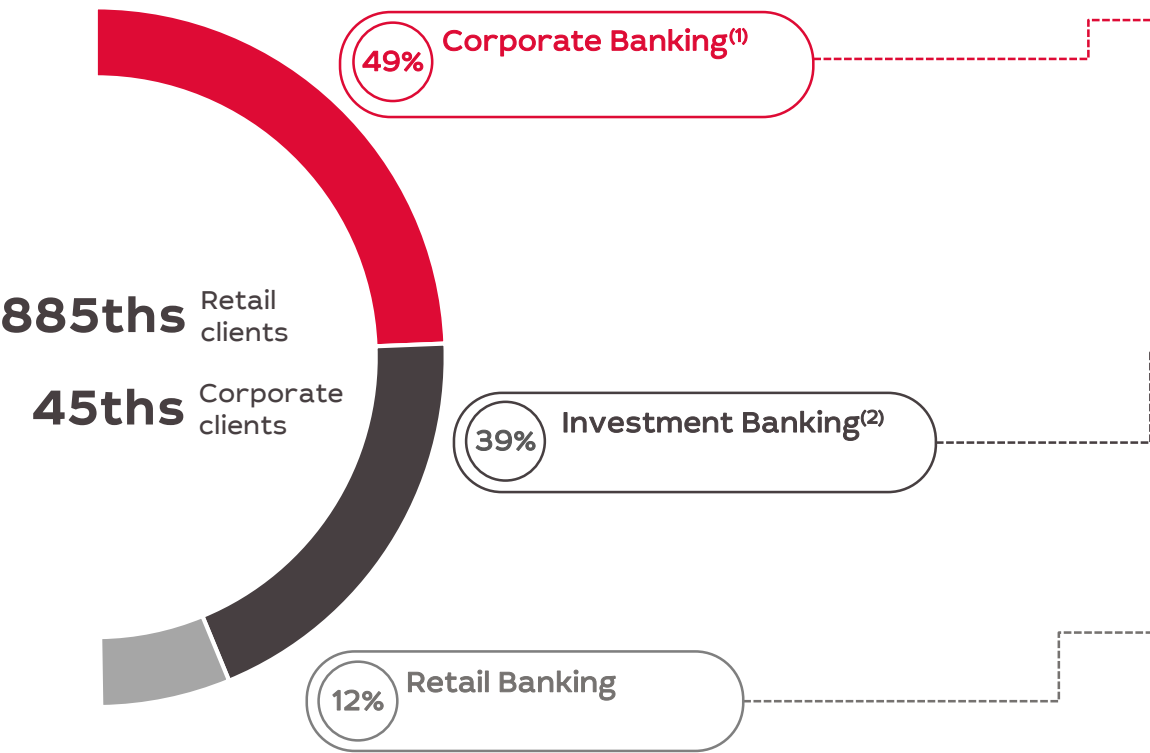
**ESG-II (c)** Expert RA

**AA [esg]** RAEX



# Universal Banking Platform with Corporate Relationships at it's core

Operating Income before provisions<sup>(3)</sup>, YE2023  
%



Source: company data.  
Notes: (1) Including cash transactions. (2) Includes investments and treasury. (3) Includes external interest income, commission income, net income from financial assets held for trading, net loss on sale and redemption of investment financial assets measured at fair value through other comprehensive income, net realized income from investment financial assets measured at amortized cost, net loss from foreign currency transactions, other operating (expenses) income and net income (expenses) from other segments.



# Corporate banking: focus on key players

## Coverage and strategy



Target large companies from **15 diverse industries**



Focus on Risk-Adjusted Return on Capital and **fee-based value-added services**



**>75%** of corporate clients are **multiproduct** relationships

## Fee-based products development and international footprint



Active development of trade and documentary business in 2023

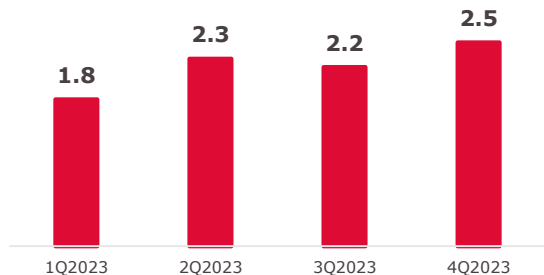


**Global** correspondent network and tailored **cash management** solutions



**Ecosystem development** for residential construction companies

Fee and commission income from guarantees and letters of credit  
RUB bln



## Current performance of corporate strategy

**Active large and medium-sized corporate clients**

2022 vs 2023

**+25%**

**1.0%**

**NPL (90+)** for the corporate loan portfolio based on the results of YE2023

**TOP-1** in the ranking by volume of the total international factoring portfolio 2023



**TOP-6** in working with wealthy clients according to Forbes 2023



# Investment Banking: diversified product range

## Full range of investment banking services



### Debt capital markets

- One of the key touching points in building long-term sustainable multiproduct relationships with corporates



### Money market operations / Bond Portfolio Management

- In addition to OFZs, in 2023 the Bank purchased high-quality corporate bonds from the Lombard List of the CBR, mainly with a floating coupon. This allowed to reduce interest rate risk against the backdrop of rising interest rates



### International development

- Support for customer activities abroad, trade operations and customer support, chains of international cooperation in the markets of Southeast Asia and the Middle East



### Fixed income and derivatives

- MKB-Exchange: Electronic trading platform for concluding conversion transactions with a bank in real time



### Private equity and special situations

- M&A, pre-IPO financing and private equity



### Repurchase agreements

- Stable source of income with close to zero capital requirements

## Strong positioning in DCM in Russia



### Market Share 9%

Ranking of Russian bond arrangers (excl. their own issues) YE2023

**RUB**  
**> 1.25Tn** total value of placed bonds

**67** transactions (incl. CNY) at the end of 2023

# Retail Banking business: synergy with corporate business and development of premium services

## Competitive Advantages



**#5** in the Public Ratings **banki.ru**<sup>(1)</sup>



**Synergy** with corporate business for payroll clients



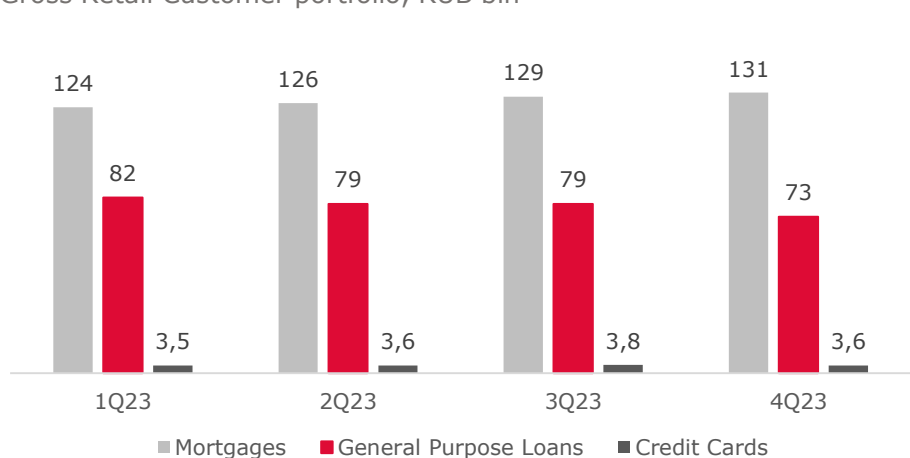
**Joint mortgage solutions** with leading developers



Bank for **depositors**: leading deposit offering

## Loan Portfolio breakdown by product

Gross Retail Customer portfolio, RUB bln



**Mortgages**

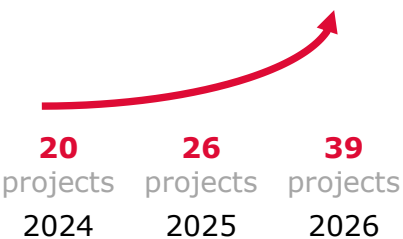
**Mortgage portfolio** has significantly increased over 2 years to RUB 131 bln from RUB 67 bln for YE2021 **(+94%)**

The mortgage portfolio has been a driver of growth in retail lending for MKB for two years

## Use of Strategic Opportunities



**95** branches  
incl. **34** Premium service offices



**Branch Transformation:** Changing the number of offices in favor of quality

**Retail Customers Deposits**

**+32%**  
YE2023 (+31% without currency revaluation)

**785** RUB bln  
YE2023



**Frank Debit Card Awards 2023**

The most advantageous pension card – «Wisdom Card»

**Frank RG Premium Banking Awards 2023**

The best team of premium managers in the Russian banking sector

# Development results at the year-end of 2023

## Corporate and Investment Business<sup>(1)</sup>



#6

by volume  
of corporate loan  
portfolio<sup>(1)</sup>



#6

by volume of  
corporate clients'  
deposits

## Credit Ratings

- On October 24, 2023, the rating agency **NRA confirmed** the credit rating of MKB at the level **AA-[ru]**, «Stable» outlook
- On November 7, 2023, the rating agency **ACRA confirmed** the credit rating of MKB at the level **A+(RU)**, «Stable» outlook
- On February 27, 2024, the rating agency **China Lianhe Credit Ratings assigned** a credit rating to MKB at the level **AA-**, «Stable» outlook

- **The net corporate loan portfolio** expanded by **30%** in 2023.
- **Corporate deposits increased by 15.7%**, supported by steady growth of the active customer base.
- **Retail deposits expanded by 32.2%**, in line with the market trend supported by the rising CBR key rate.
- Domestic factoring portfolio **exceeded RUB 100 bln** in 2023, reflecting the record-setting annual growth of **175%**.
- MKB became **the first bank on the Russian banking market** to issue a ruble card based on the MIR payment system **to a foreign client** in the capital of Tajikistan.

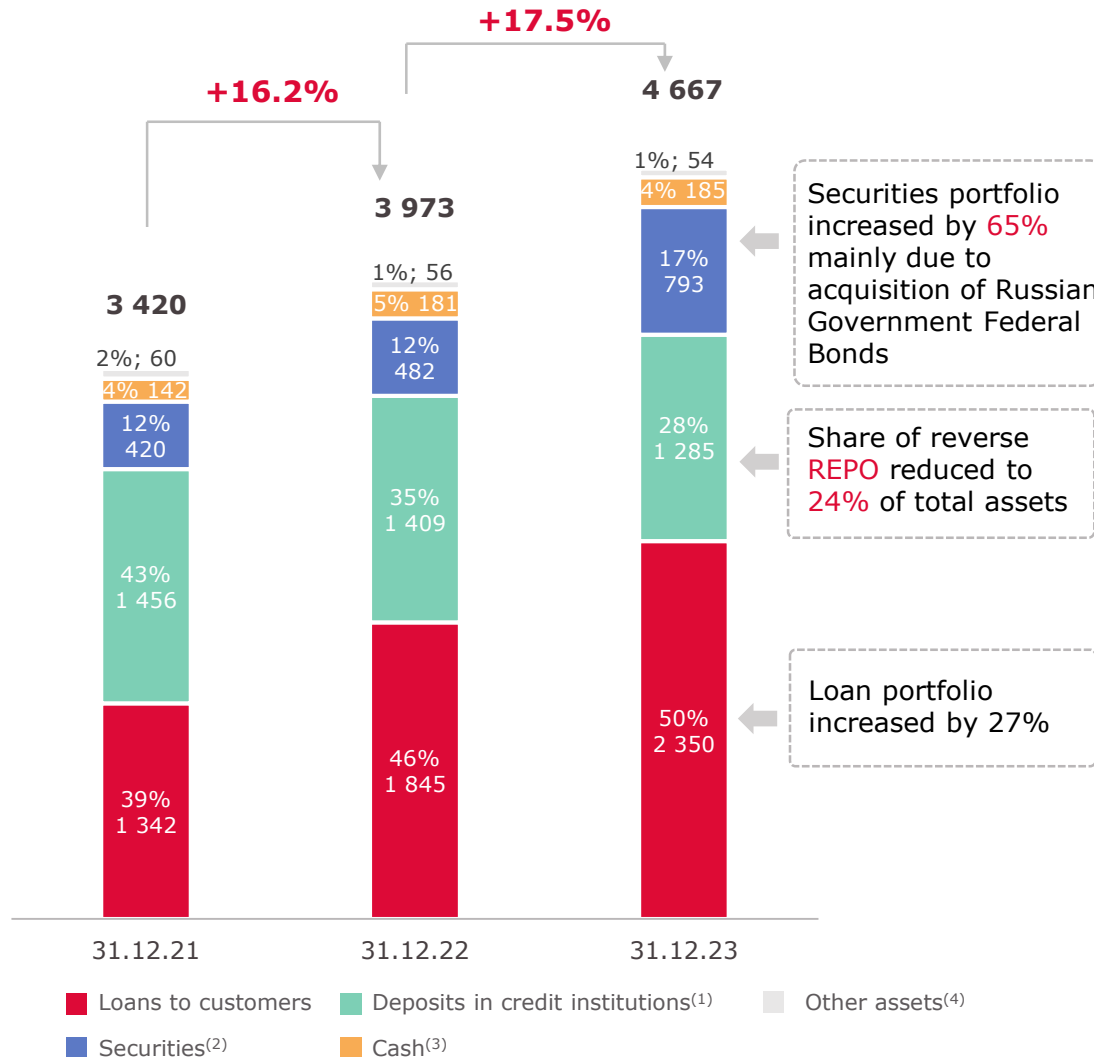
## ESG

- In December 2023, the RAEX Rating Agency **upgraded MKB's ESG rating** to **AA[esg]**. The Bank scored 78 points out of 100 possible based on the assessment of social, environmental, and management blocks.

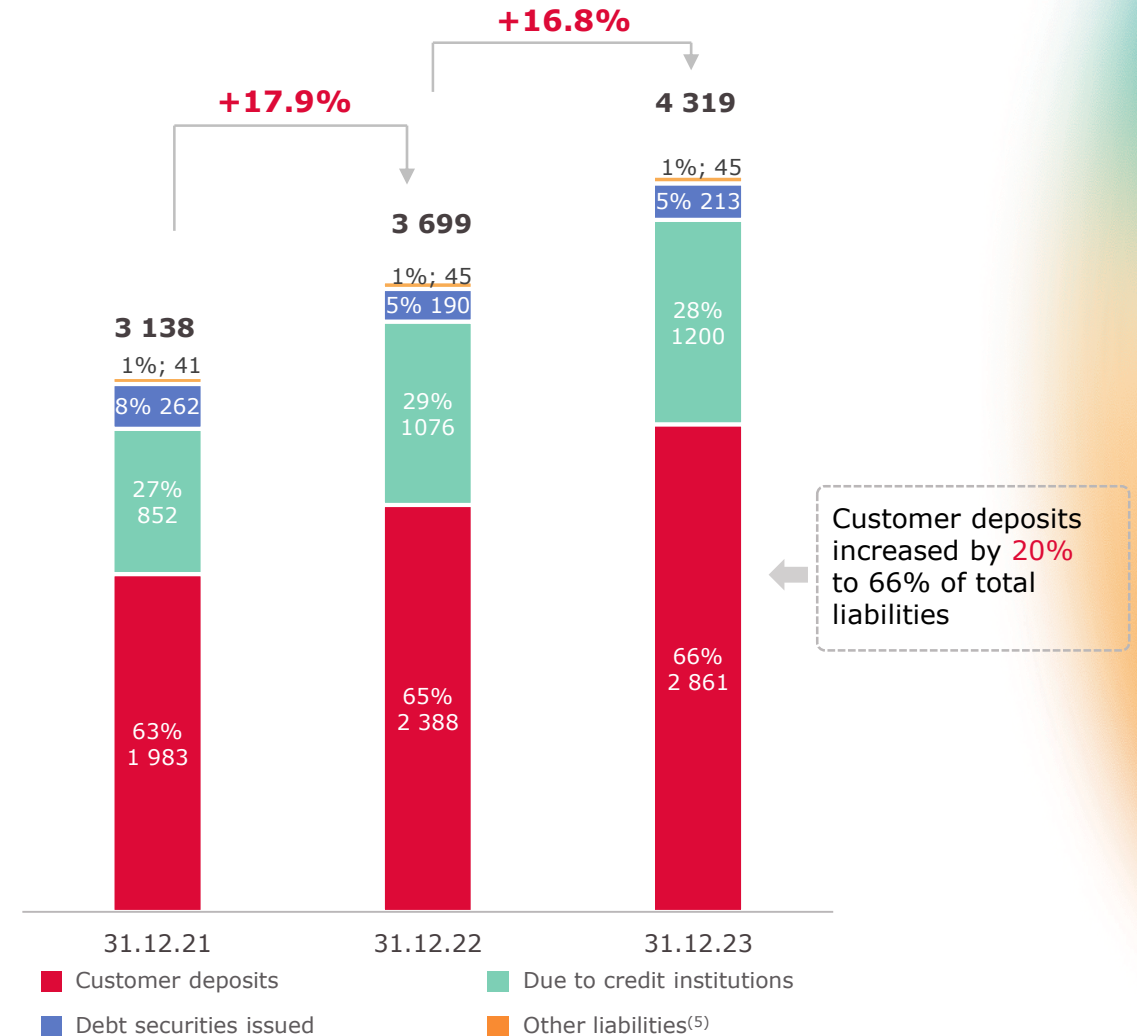


# Balance Sheet evolution

## Total Assets evolution



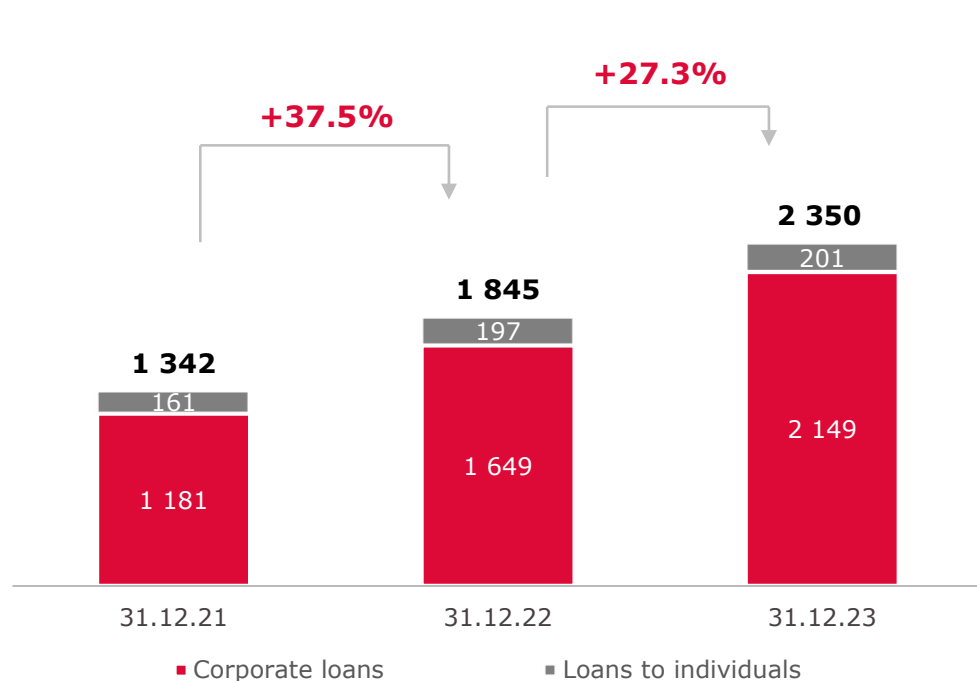
## Funding structure evolution



# Corporate business – the main driver of growth

## Net Loan Portfolio

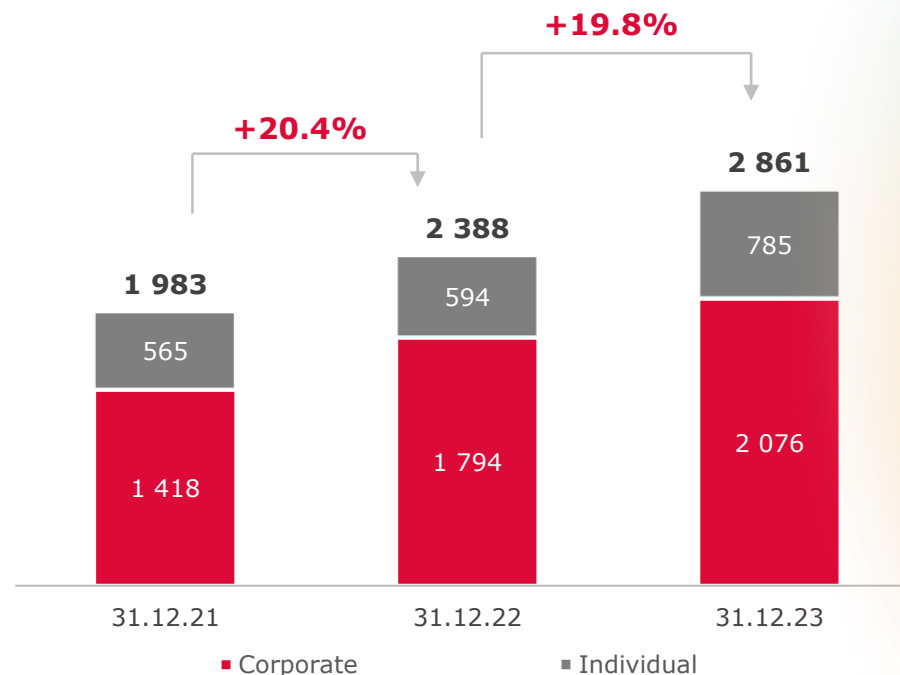
RUB bln



- The growth of the Bank's total assets was driven by an increase in corporate loans by **RUB 501 bln (+30.4%)** in 2023.

## Customer Deposits

RUB bln

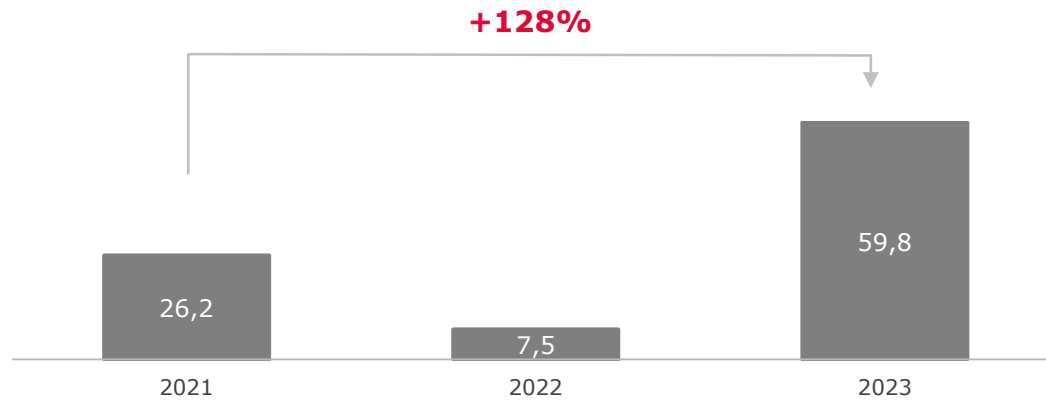


- Total liabilities increased mainly due to the attraction of corporate deposits in the amount of **RUB 282 bln (+15.7%)** in 2023. The growth of retail customers' deposits amounted to **RUB 191 bln (+32.2%)**.

# Strong financial results and operational efficiency

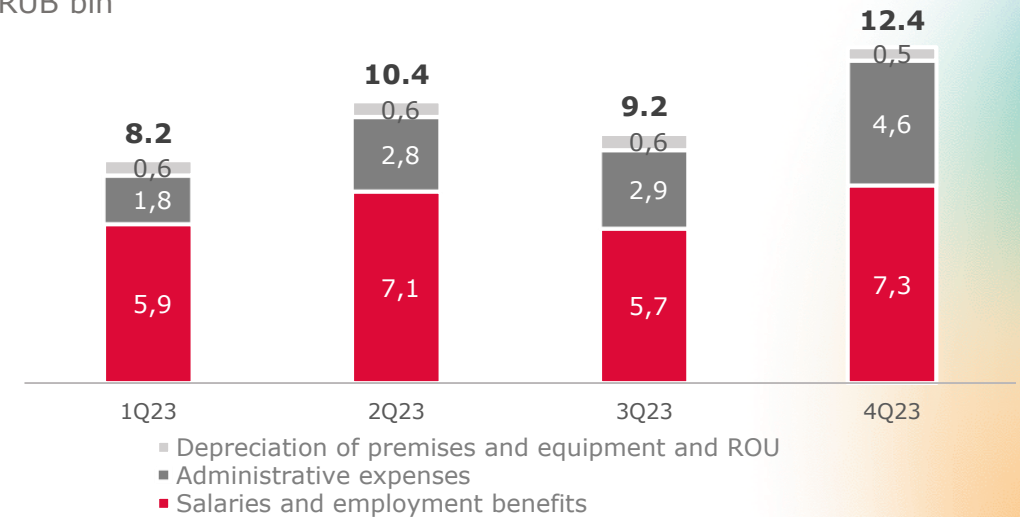
## Net Income

RUB bln

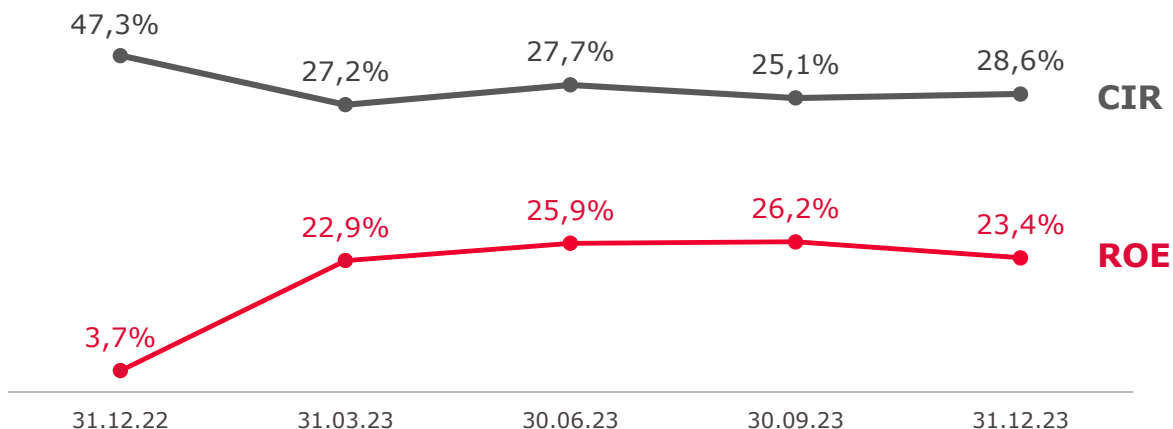


## Operating Expenses

RUB bln



## ROAE and CIR



**RUB  
59.8 bln**

The growth of net profit for 2023 mainly driven by active business expansion and an influx of active corporate customers.

**28.6%**

Cost-to-Income ratio for the results of 2023 reflects a record-high level of Bank's operational efficiency.

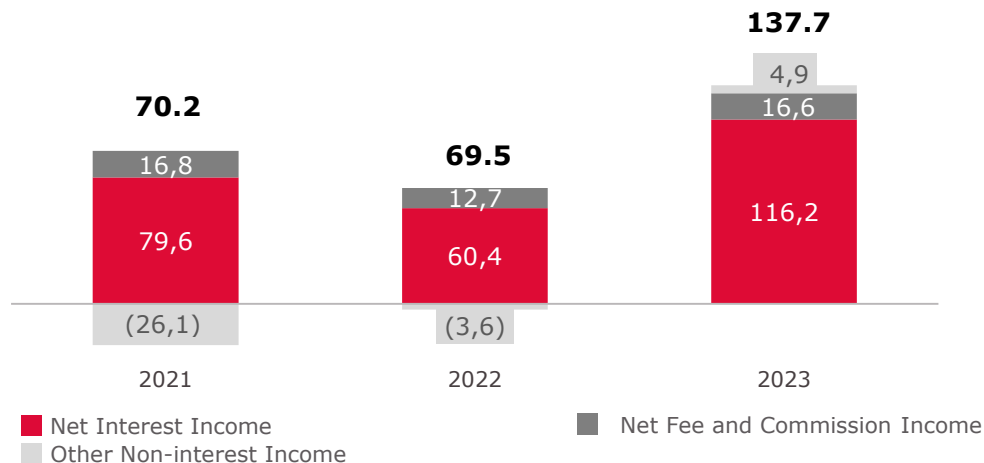
**23.4%**

Strong financial results and operational efficiency supported the ROAE at a high enough level.

# Income Structure

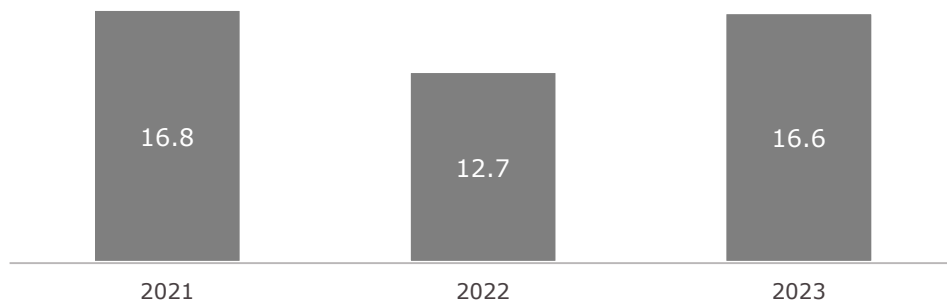
## Operating income before provisions

RUB bln

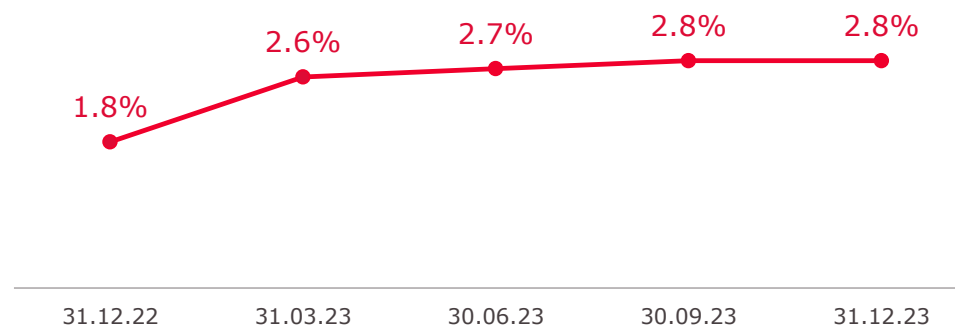


## Net Fee and Commission Income

RUB bln



## NIM



**+92.3%**

The growth of **net interest income** in 2023 is driven by the sustainable development of corporate business and the rising key rate.

**2.8%**

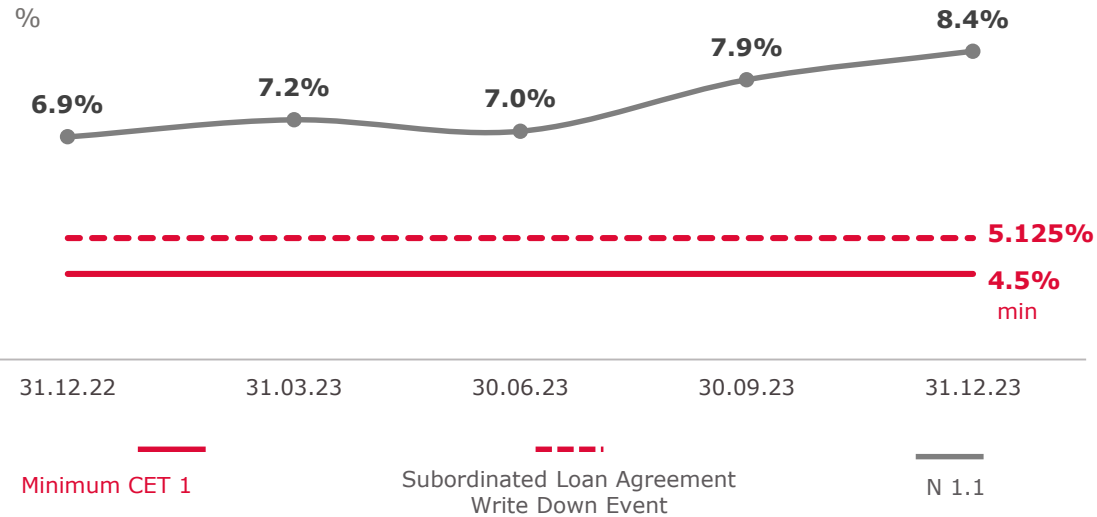
According to the results of 2023 MKB demonstrates strong business results supported by **steady dynamics of net interest margin**. NIM exceeded the 2021 level (2.7%).

**30.7%**

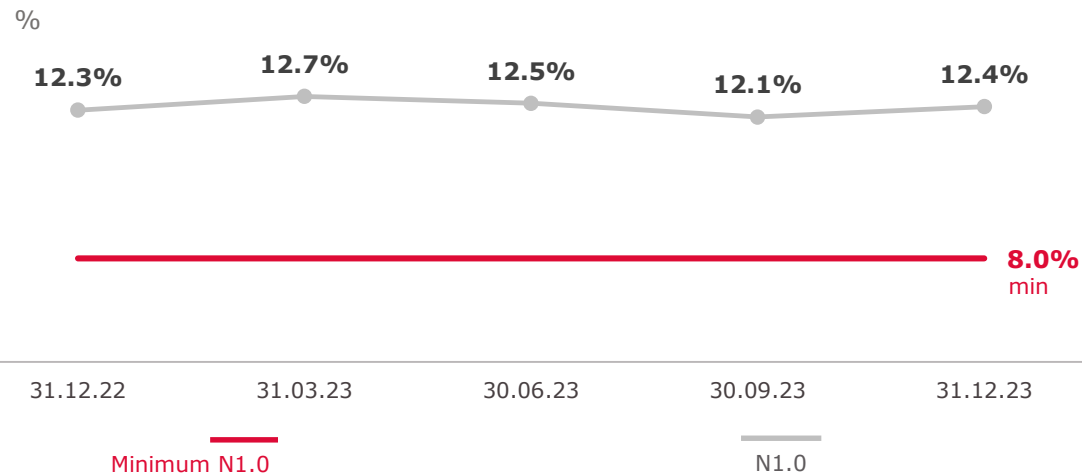
**Increase in net fee and commission income** for the reporting period was in line with the transactional business recovery and development.

# Comfortable Capital Position

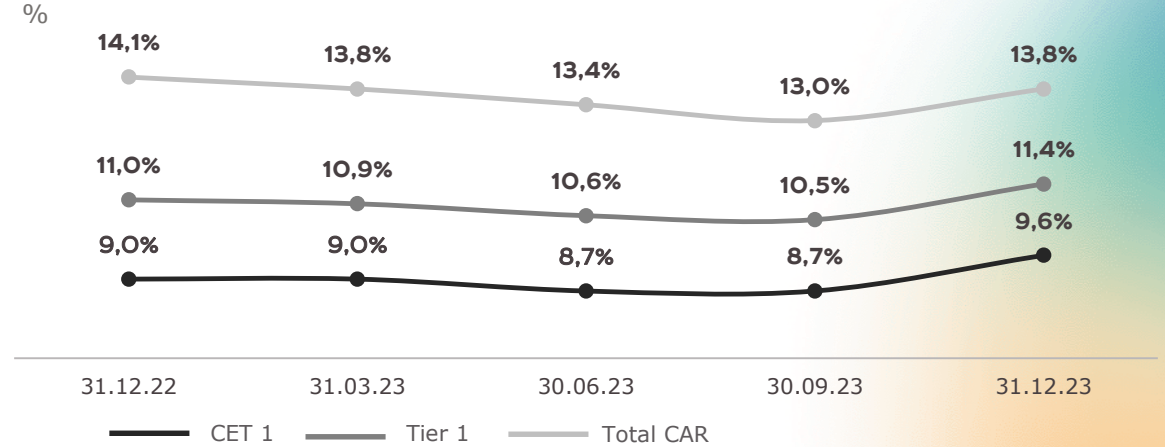
## RAS capital adequacy ratio N1.1



## RAS capital adequacy ratio N1.0



## IFRS capital adequacy ratios (Basel III)



**N1.1**  
**8.4%**  
As at 1 January  
2024

**RAS capital adequacy N1.1 increased by 1.5 percentage points** compared to the level at 1 January 2023 due to inclusion of net profit for 8 months of 2023 to core capital.

**MKB's capital adequacy standards** are at levels significantly higher than regulatory minimums.



# Key Financials

Income Statement (RUB bln)	12m2023	9m2023	6m2023	3m2023
Net Interest Income	116.2	83.9	52.8	24.8
Net Income	59.8	48.3	30.4	13.0

Key Ratios				
RoAE <sup>(1)</sup>	23.4%	26.2%	25.9%	22.9%
RoAA	1.4%	1.5%	1.5%	1.3%
NIM	2.8%	2.8%	2.7%	2.6%
Cost-to-Income	28.6%	25.1%	27.7%	27.2%

Balance Sheet (RUB bln)	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
Total Assets	4 667	4 856	4 397	4 240	3 973
Net Loan Portfolio	2 350	2 436	2 114	2 037	1 845
Customer Deposits	2 861	3 087	2 697	2 634	2 388
Equity	348	335	302	285	274

Key Ratios					
Total Capital Adequacy Ratio (Basel III)	13.8%	13.0%	13.4%	13.8%	14.1%



Questions can be directed to  
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