

Summary IFRS results for 2023

1 March 2024, Moscow

MKB earned record-breaking 60 bln roubles of IFRS net income in 2023

- Net income reached RUB 59.8 bln
- Operational efficiency was at a record-high level: return on equity (ROAE) was 23.4% and cost-to-income ratio was (CTI) 28.6%.
- Net interest margin reached 2.8%, exceeding the 2021 figure.
- Assets expanded by 17.5% (to RUB 4.667 bln) as net loan portfolio grew by 27%.
- Net corporate loan portfolio expanded by 30.4%. Corporate customer base rose by more than 25% due to a large-scale influx of active large and medium-sized customers.
- Ratio of non-performing loans (NPL¹) to gross loan portfolio fell to all-time low 1.1%.
- 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.
- Basel III total capital adequacy ratio stood at comfortable 13.8%.
- Capital adequacy ratio N1.0 was 12.4%, high above the regulatory minimum (8%).
- In December 2023, RAEX upgraded MKB's ESG rating to AA[esg], giving it 78 points out of 100.
- MKB arranged 67 domestic DCM transactions for 44 customers in 2023. The total face value of the placed bonds was equivalent to more than RUB 1.25 tln, with CNY nominated bonds totalling 4.2 bln yuan. MKB's market share is 9%.
- Domestic factoring portfolio exceeded RUB 100 bln, reflecting the record-setting annual growth of 175%. MKB climbed from the 8th to the 7th spot in the Association of Factoring Companies' ranking².
- 5 issues of bonds substituting CBOM's senior Eurobonds were registered by the Bank of Russia on 26 December 2023.

Key Financial Results

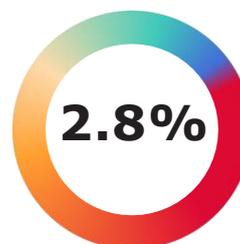
2023



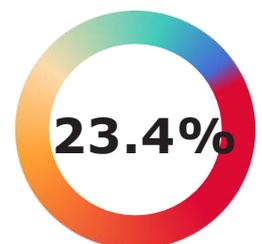
Net
income



Operating income before
provisions



NIM



ROAE

¹ NPL (non-performing loan) means a loan overdue by more than 90 days.

² https://asfact.ru/wp-content/uploads/afc-y2023_open_upd.pdf

Income Statement Analysis

RUB bln, unless specified otherwise	2023	2022	2021
Net interest income before charge for credit losses	116.2	60.4	79.6
Net fee and commission income	16.6	12.7	16.8
Operating income before credit loss allowances	137.7	69.6	70.2
Operating expense	(40.3)	(35.2)	(29.6)
Provisioning charges for debt financial assets	(24.1)	(25.9)	8.1
Net Income	59.8	7.5	26.2
Net interest margin (NIM)	2.8%	1.8%	2.6%
Cost-to-income ratio (CTI)	28.6%	47.3%	39.5%
Return on equity (ROAE)	23.4%	3.7%	12.6%
Return on assets (ROAA)	1.4%	0.2%	0.8%

Net income for 2023 reached RUB 59.8 bln, mainly driven by active business expansion and an influx of active corporate customers.

Strong financial results and operational efficiency supported the **return on equity and return on assets ratios**, which reached all-time high 23.4% and 1.4% as at the end of the year, respectively.

Net interest income for 2023 reached RUB 116.2 bln, driven by the rising key rate and the expanding loan portfolio. Banking business margins remain stable; **net interest margin** was 2.8% for 2023. Throughout 2023, MKB limited the growth of its balance sheet interest rate risk: by both optimising its funding structure and increasing the share of floating-rate corporate loans, it mitigated the adverse

effect of the rising key rate on its financial result.

The provisioning charges for debt financial assets amounted to RUB 24.1 bln, which corresponds to the cost of risk of 100 bps.

Net fee and commission income reached RUB 16.6 bln primarily on the back of transaction business development. **Operating income before provisions** was RUB 137.7 bln.

Operating expense stood at RUB 40.3 bln, and consisted mainly of employment benefits and administrative expenses. MKB demonstrates a high level of operational efficiency: its **cost-to-income ratio (CTI)** for 2023 was 28.6%.

Balance Sheet Analysis

RUB bln, unless specified otherwise	31.12.2023	30.06.2023	31.12.2022	Change ytd,%
Assets	4,667.0	4,397.1	3,973.1	+17.5%
Total net loan portfolio	2,349.9	2,113.9	1,845.4	+27.3%
Net corporate loan portfolio	2,149.3	1,913.8	1,648.5	+30.4%
Net retail loan portfolio	200.6	200.1	196.9	+1.9%
Liabilities	4,319.1	4,095.4	3,699.3	+16.8%
Due to customers	2,861.1	2,696.7	2,388.1	+19.8%
Corporate accounts	2,075.6	2,068.7	1,794.0	+15.7%
Retail deposits	785.5	628.1	594.1	+32.2%
Equity	347.9	301.7	273.8	+27.1%
Financial ratios				
Loan-to-deposit ratio (LDR)	82.1%	78.4%	77.3%	

Total assets increased by 17.5% in 2023 to RUB 4.7 tln, mainly because the **loan portfolio** increased by 27% (24% net of currency revaluation) driven by corporate loans.

The net corporate loan portfolio grew by 30.4% (26.6% net of currency revaluation) to RUB 2,149.3 bln in 2023, driven by new quality borrowers in various sectors, including leasing of equipment, food and agricultural products, transport services, by stronger credit demand and by intensified business with existing customers.

The retail loan portfolio grew by 1.9% to RUB 200.6 bln.

Customer deposits, representing 66% of the total liabilities or RUB 2,861.1 bln, expanded by 19.8%. The corporate deposit base was mainly driven by large and medium-sized companies, who were offered appropriate deposit and settlement products. Corporate deposits

increased by 15.7% (8.4% net of currency revaluation) in the reporting period to RUB 2,075.6 bln.

Retail deposits rose by 32.2% to RUB 785,5 bln. This was mainly driven by term deposits and accumulation accounts benefiting from the Bank of Russia's rising key rate.

The loan-to-deposit ratio (LDR) grew from 78% to 82%.

Basel III capital grew by 20.3% in 2023 to RUB 415.5 bln driven by retained earnings. **The core Tier 1 capital adequacy ratio** was 9.6% as at 31 December 2023, the **tier 1 capital adequacy ratio** was 11.4%, and the **total capital adequacy ratio** was 13.8%.

The total capital adequacy decreased slightly in 2023 as the risk-weighted assets grew faster than the capital (22.9% vs 20.3%).

MKB enjoys a wide safety margin over the Bank of Russia's regulatory capital adequacy ratios.



Credit Bank of Moscow (MKB) is a universal privately-owned bank which provides a wide range of banking and investment banking services to corporate customers, SMEs and individuals, including private banking services. It ranks 7 by total assets among Russian banks. MKB is on the list of systemically important credit institutions approved by the Bank of Russia. It has been in the Russian financial market since 1992.

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