



# Webcast and Conference call 1Q 2016 financial results

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# Financial highlights

## Key metrics of financial performance

- **Net income** reached RUB 1.7 bn (+474% y-o-y)
- **Net interest margin** down 0.7 p.p. (y-o-y) to 3.1%
- **Return on equity** up to 7.1%
- **CTI** dropped to 24.5%
- **Total assets** reached 1,364.0 bn (+13% y-o-y)
- **NPL** ratio of 5.4%
- **Total CAR** decreased by 0.5 p.p. to 16.0%

Income statement (RUB mln)	3m2015	3m2016	3m2015-3m2016 Change, %
Net interest income	4,973	9,146	+84%
Net fee and commission income	1,349	2,534	+88%
Net income	289	1,658	+474%
NIM	3.8%	3.1%	-0.7 p.p.
RoAE	1.9%	7.1%	+5.2 p.p.
Cost of risk	4.6%	4.5%	-0.1 p.p.
Cost / Income	29.3%	24.5%	-4.8 p.p.

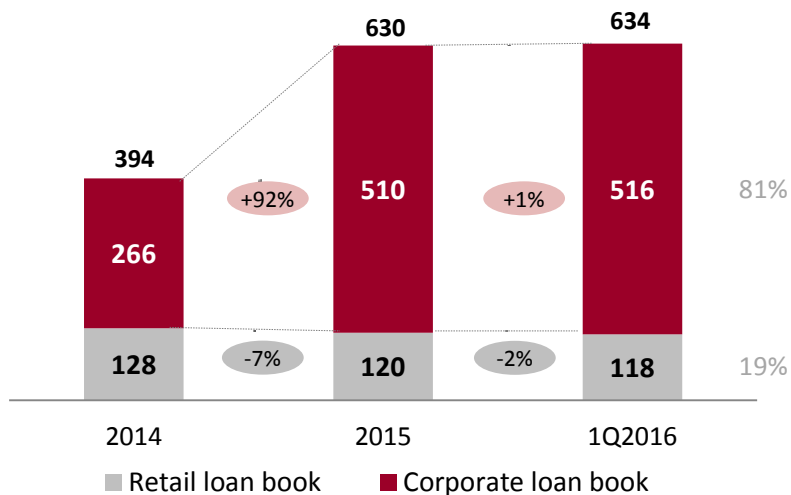
  

Balance sheet (RUB mln)	2015	1Q2016	2015-1Q2016 Change, %
Total assets	1,208,201	1,364,003	+13%
Loans to customers (gross)	629,939	663,731	+1%
Total equity	92,338	94,689	+3%
NPL 90+ / Gross loans	5.1%	5.4%	+0.3 p.p.
Total provisions / NPL	113.7%	121.8%	+8.1 p.p.
Tier 1 Capital Ratio	9.2%	9.2%	+ 0 p.p.
Total CAR	16.5%	16.0%	-0.5 p.p.

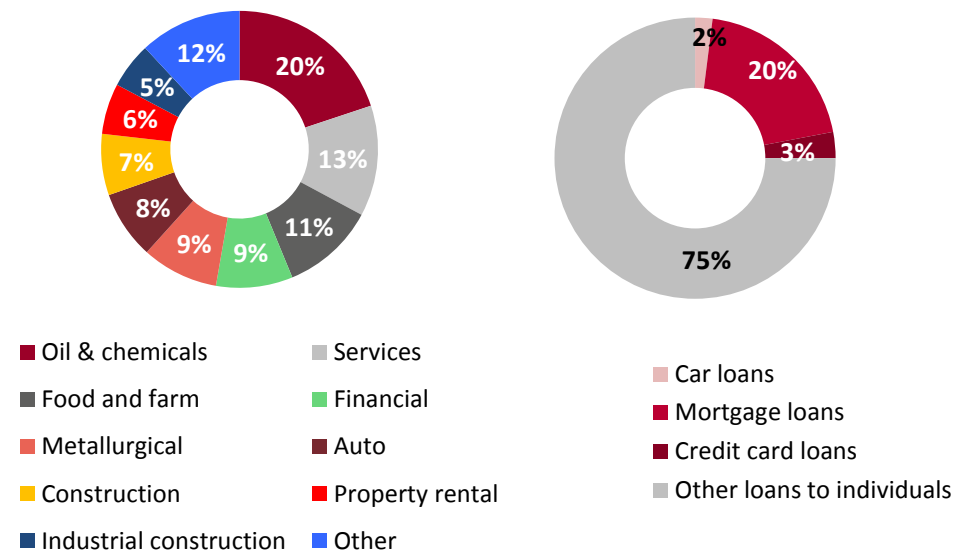
# Business highlights: corporate lending is a key driver

## Loan book (gross) dynamics

(RUB bln)



## Corporate and retail loan book breakdown (1Q2016)



## Strategic Pillars

### Corporate lending

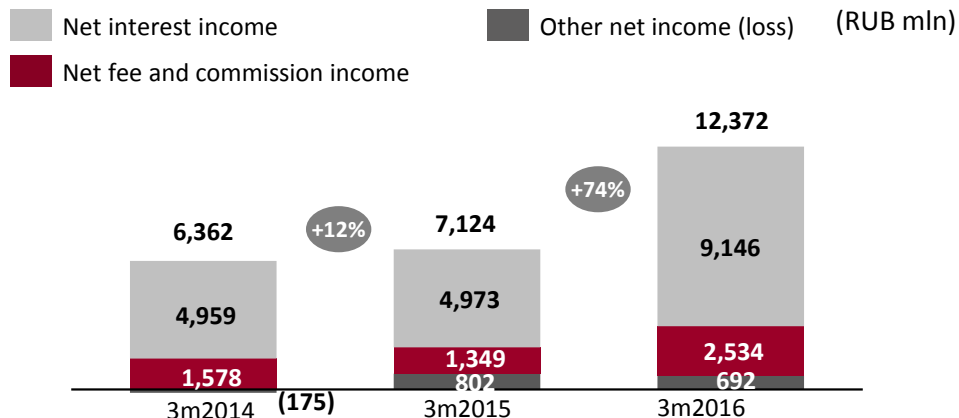
- Focus on increasing contribution of **larger corporates**
- Well-diversified** loan portfolio
- Synergies with **cash handling** business

### Retail lending

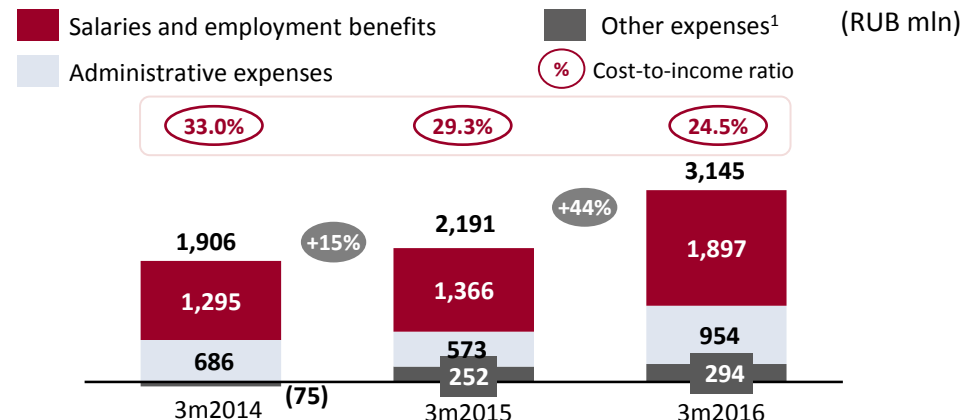
- Target market segments are **consumer loans** and **mortgage loans**
- Tight individual customer selection** for healthy portfolio quality
- Differentiated risk appetite based on **customer segmentation**

# Constantly improving efficiency: CTI dropped to 24.5%

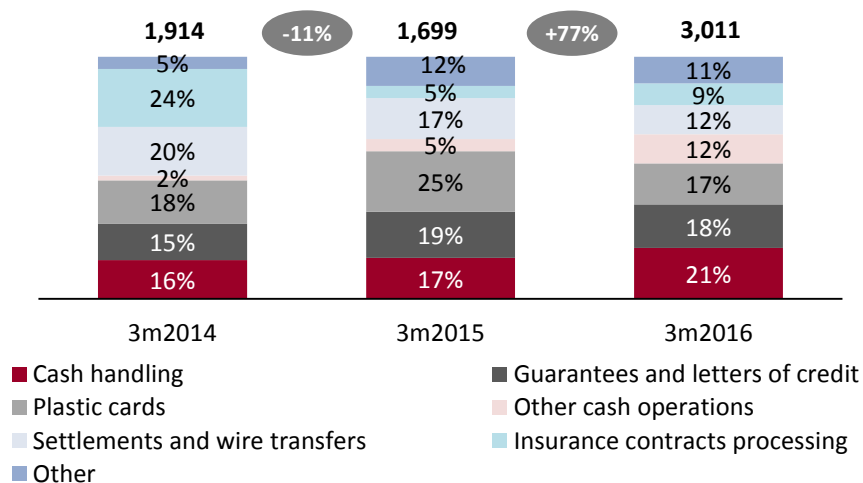
## Operating income



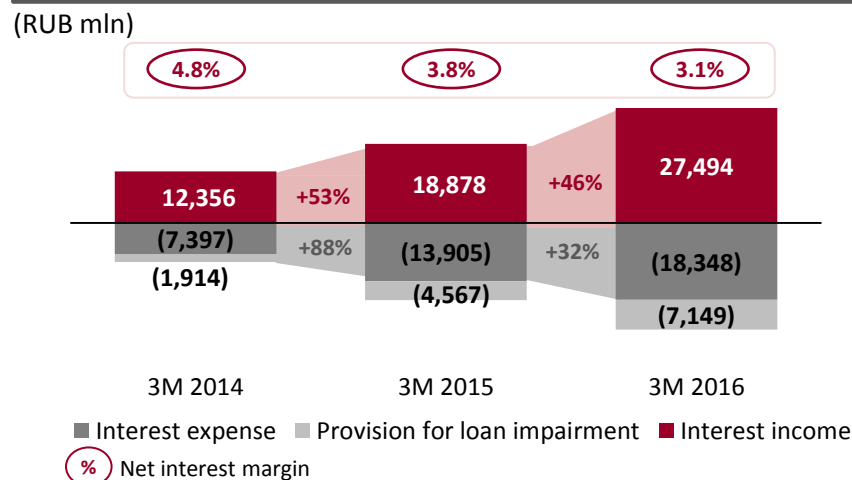
## Operating expenses



## Fee and commission income structure



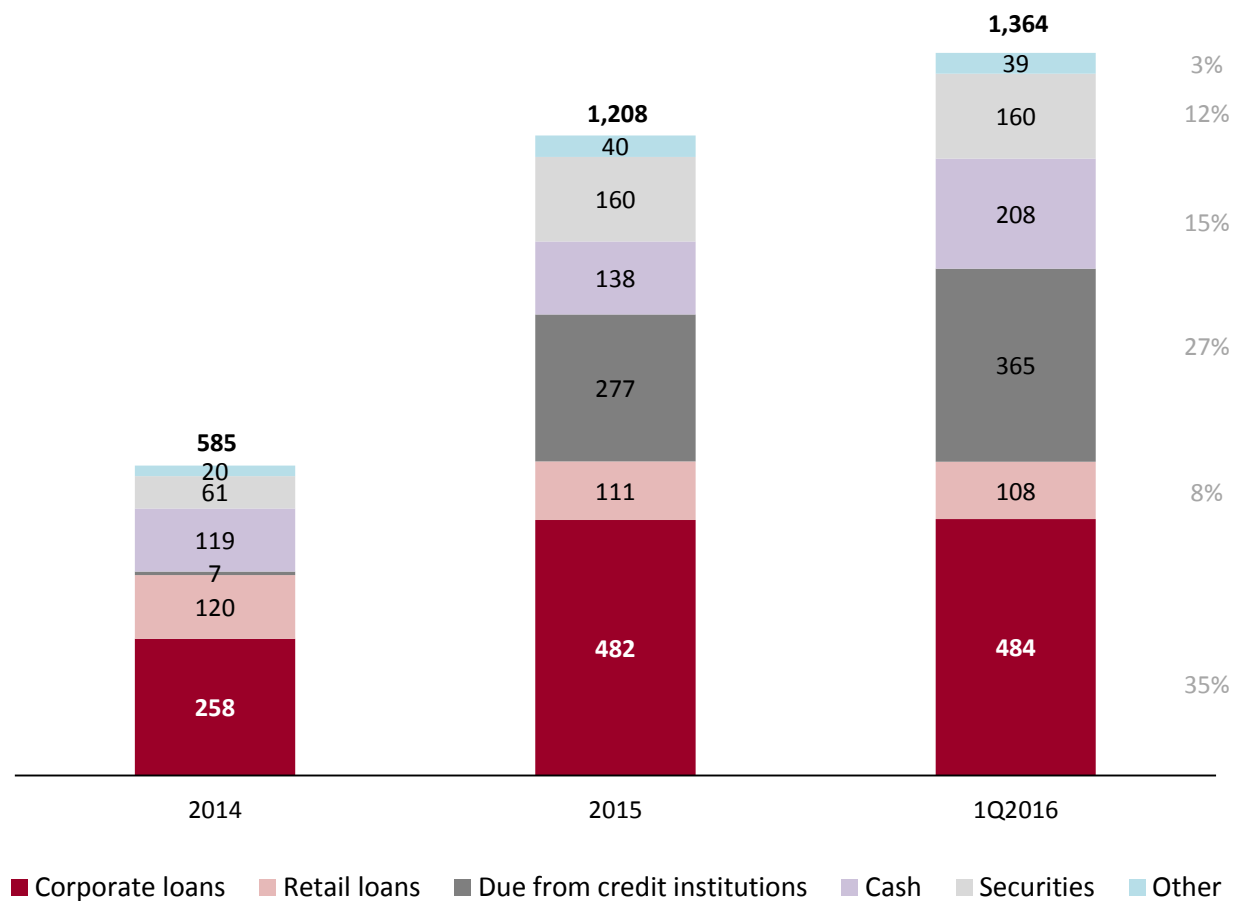
## Interest income vs Interest expense and Provision



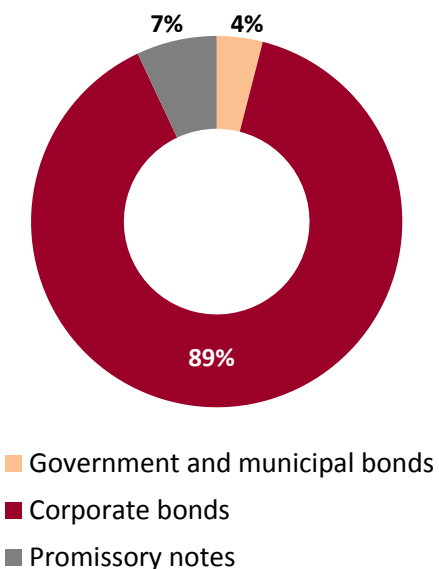
## Strong emphasis on quality of assets

Asset structure

(RUB bln)



High quality securities portfolio

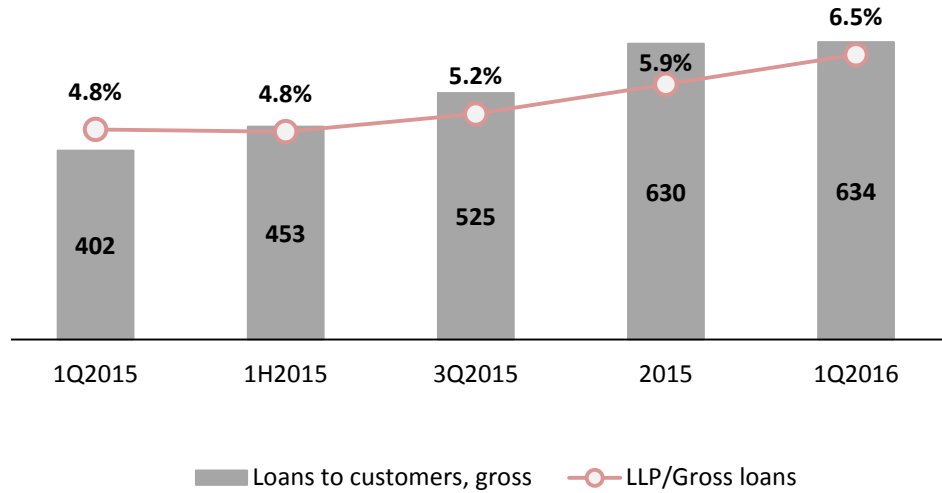


- The securities portfolio is used as a liquidity buffer with 79% of the portfolio qualified in the Lombard list of the Central Bank of Russian Federation
- Liquidity cushion represents 54% of total assets

# Loan portfolio quality

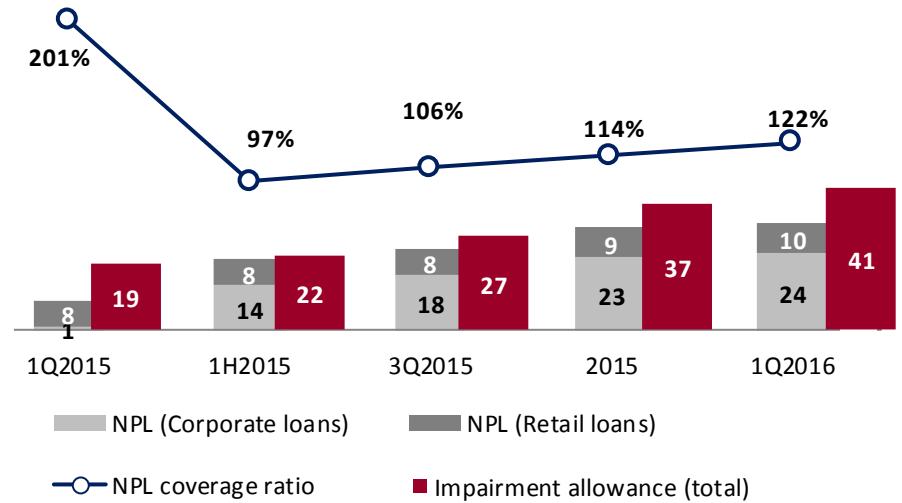
## Gross loan portfolio coverage by impairment allowance

(RUB bln)

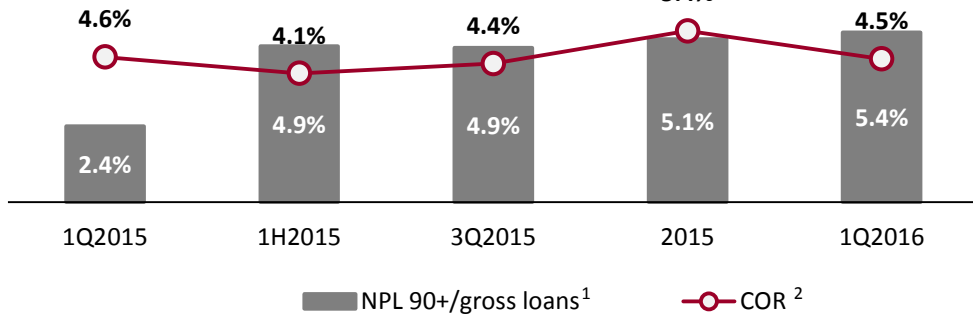


## NPL<sup>1</sup> and provisioning dynamics

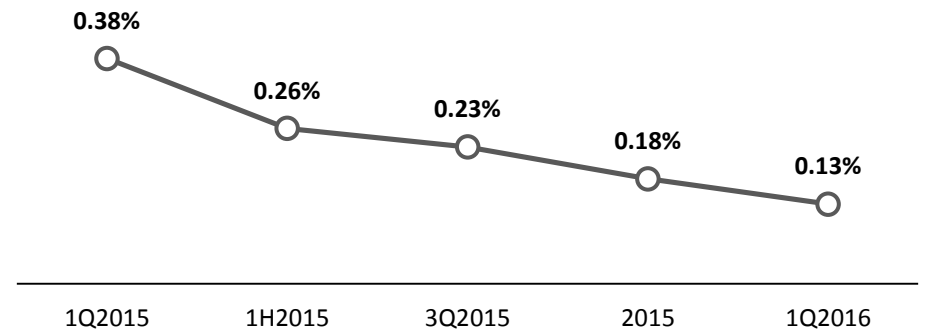
(RUB bln)



## Cost of risk and NPL dynamics



## Related party lending (% of Gross loans)

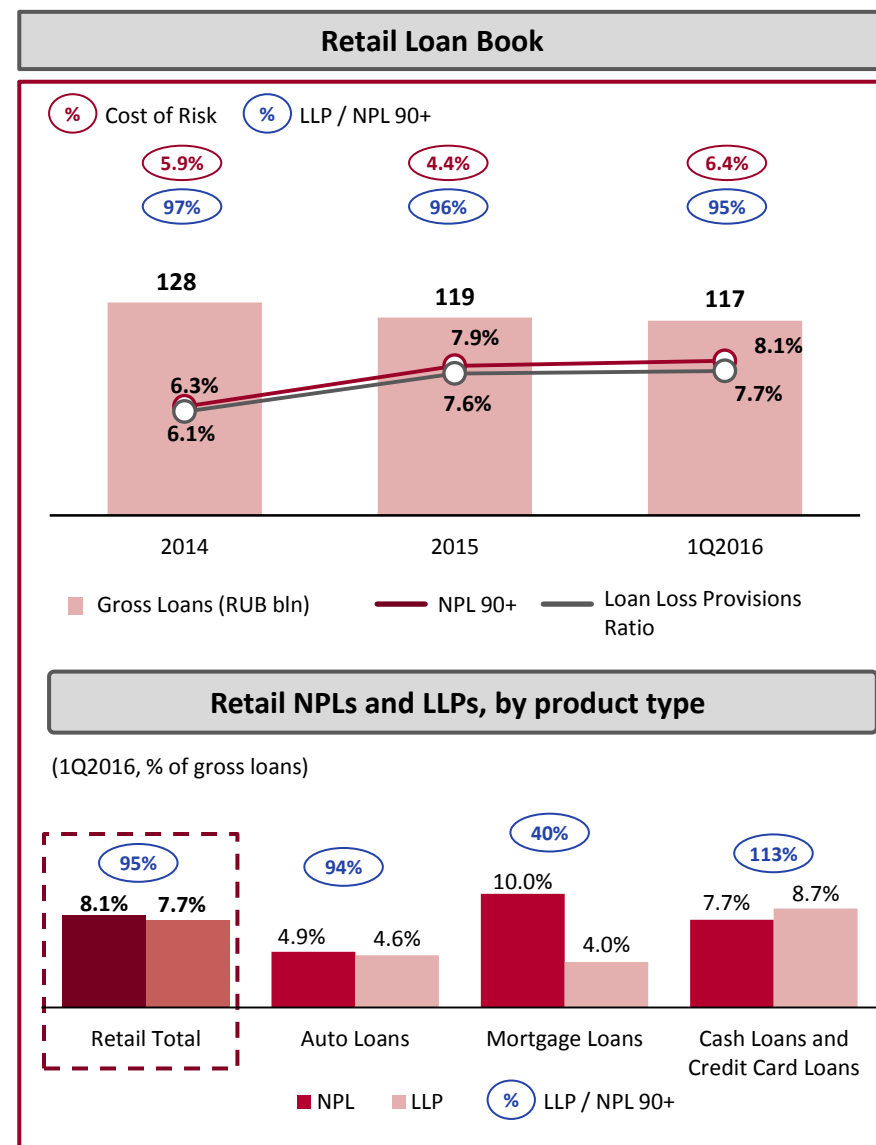
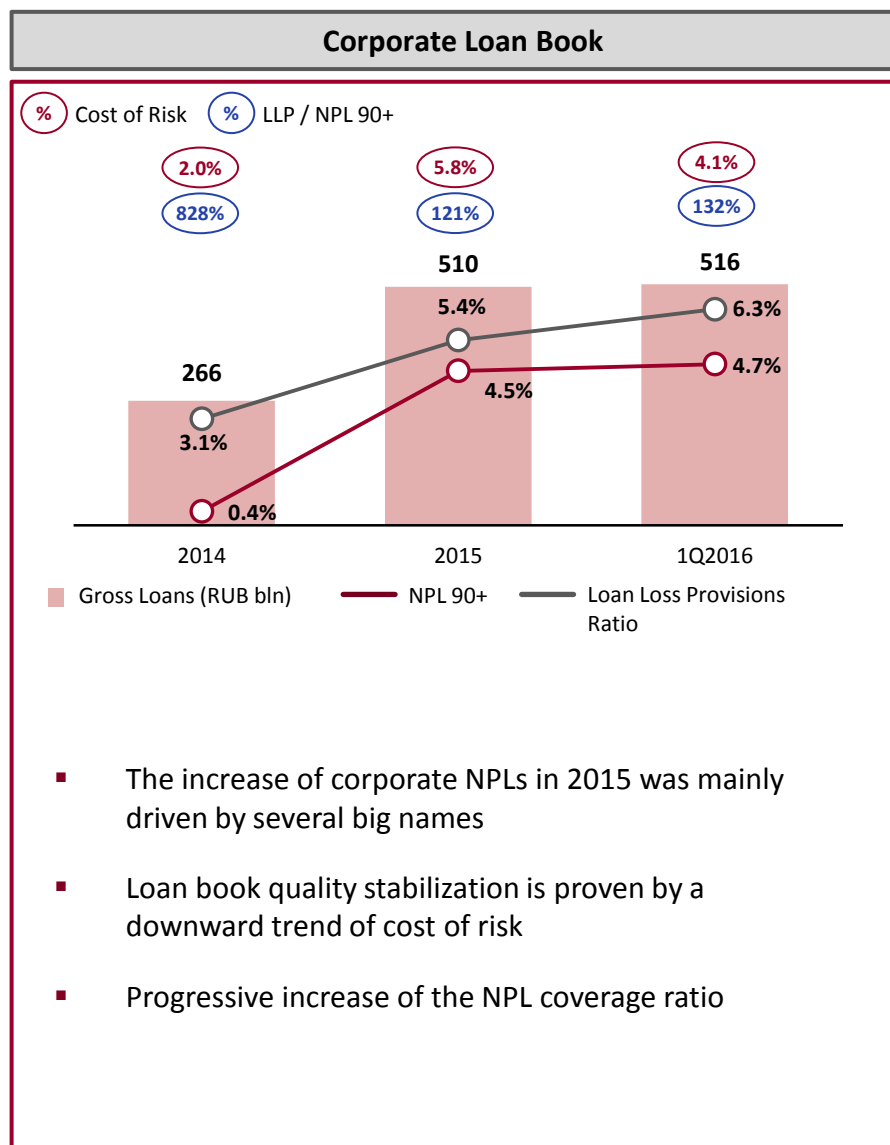


1) NPLs are loans with payments that are overdue >90 days

2) Cost of risk ratio is calculated as impairment allowance net charge (annualised) to average loan portfolio for the period



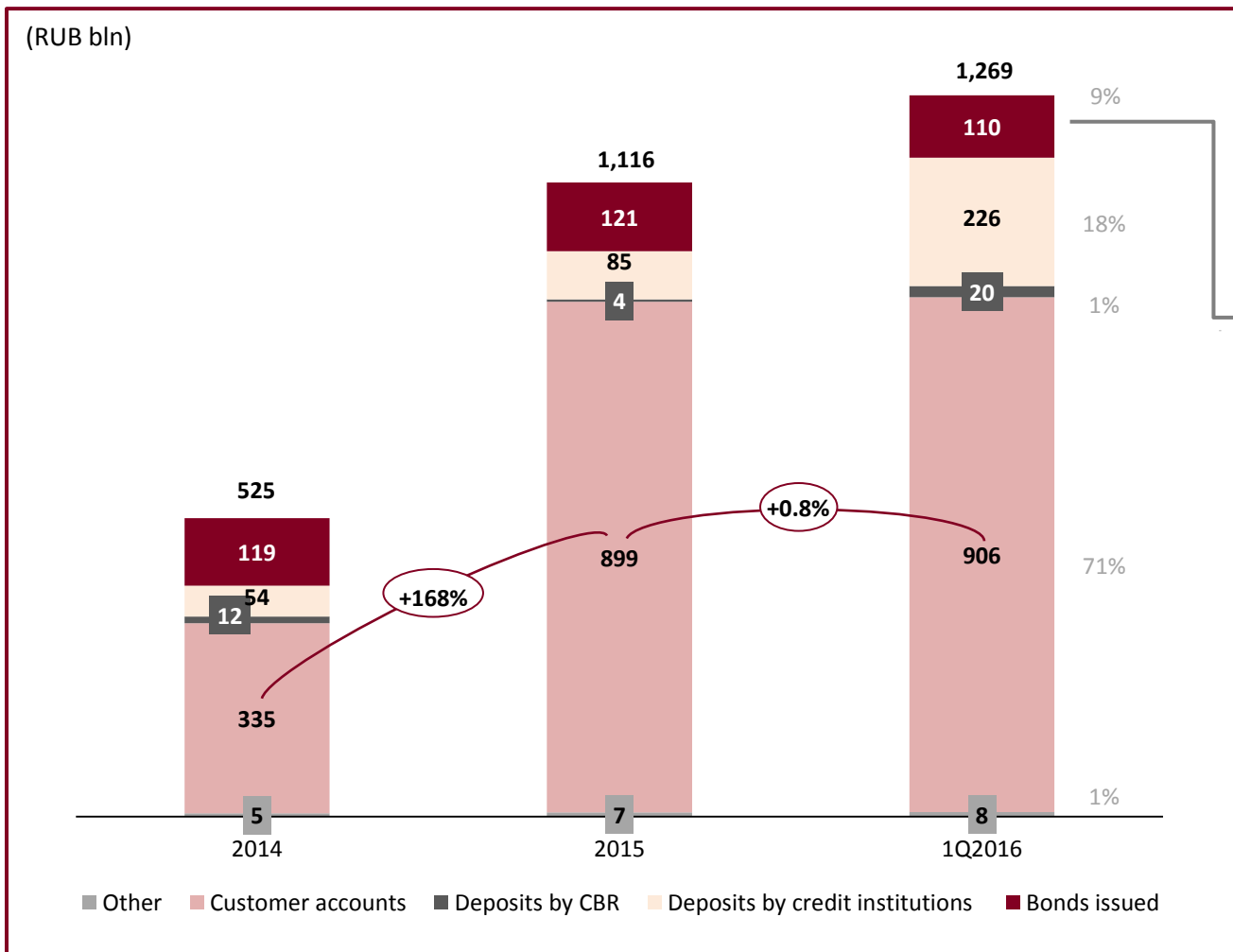
# NPL coverage by provisions maintained at a safe level



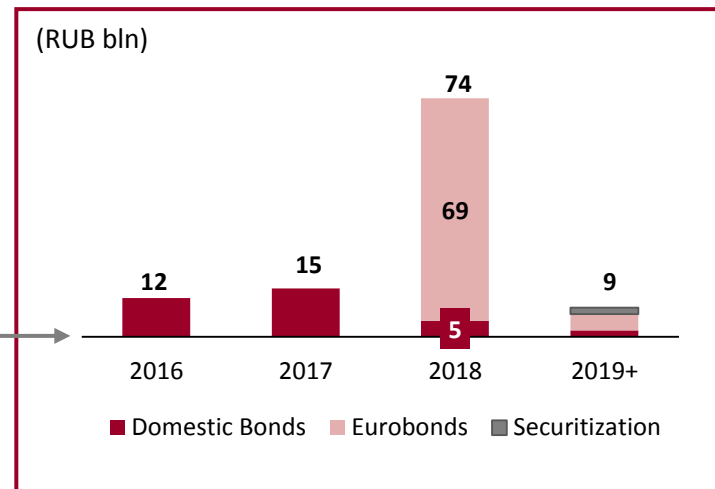


# Customer deposits remain the main source of funding

Liabilities breakdown



Bonds repayment schedule

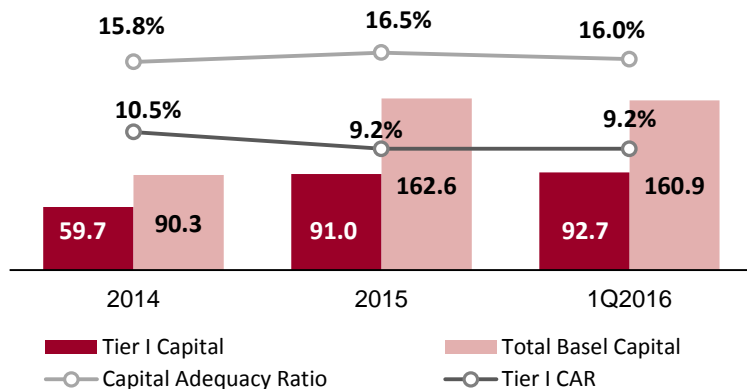


- Customer accounts growth came both from corporate customers and individuals
- Additional unused liquidity sources in the amount of more than **RUB 350 bln** are available from the CBR

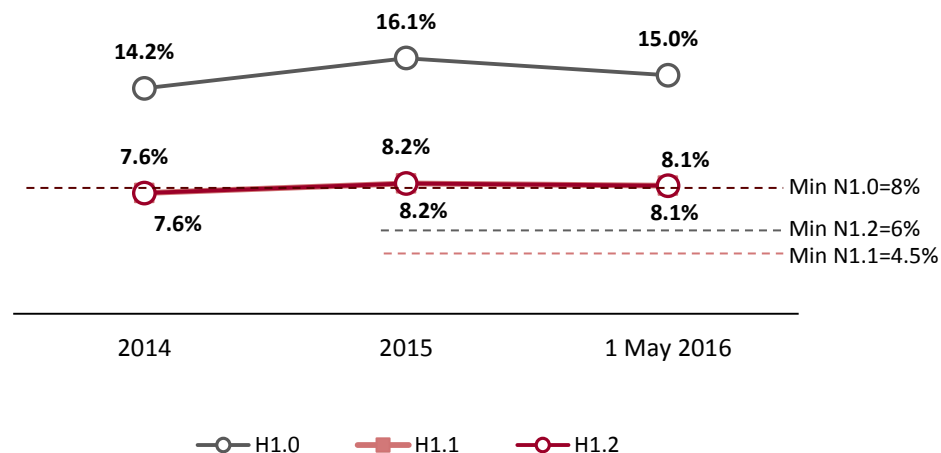
# Strong capital position

## IFRS capital adequacy ratios (Basel III)

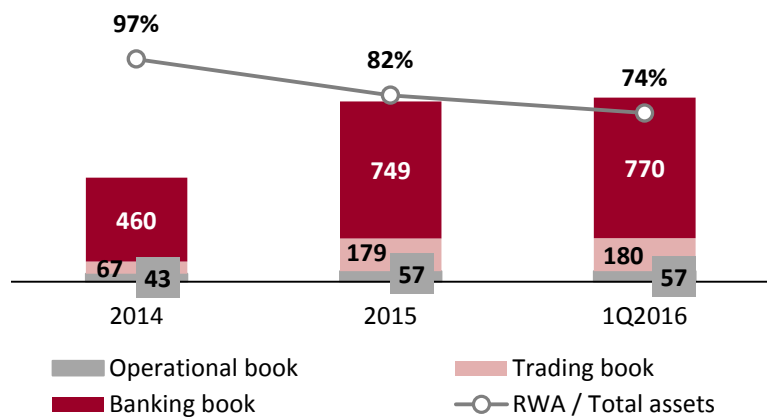
(RUB bln)



## RAS capital adequacy ratios<sup>1</sup>



## Risk-weighted assets



## Capital inflows in 2015

- RUB 29.7 billion – IPO and SPO on MOEX
- RUB 20.2 billion – subordinated debt from the DIA
- USD 300 million – subordinated debt from a corporate customer (Tier II capital)
- In accordance with dividend policy all net income is capitalized