



# Webcast and Conference call 9m 2015 IFRS Results

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30 November 2015

MKB.RU



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# Overview

## Key Highlights

- #12 bank in Russia by total assets<sup>1</sup>
- #4 privately owned bank in Russia by total assets<sup>1</sup>
- Corporate banking, servicing over 15,000 active corporate banking clients<sup>2</sup>
- Retail banking, servicing approx. 910,000 retail banking clients<sup>2</sup>
- 58 offices and 21 cash offices, over 5,200 payment terminals and 860 ATMs in Moscow Area<sup>2</sup>
- Approx. 4,900 employees<sup>2</sup>
- Credit ratings: BB from Fitch, BB- from S&P, B1 from Moody's
- Shareholders' structure diversified with globally recognized international investors EBRD and IFC controlling 11.2% stake



Bank of The Year in Russia in 2014 by The Banker



Best Bank in Russia, Awards for Excellence 2014, by Euromoney magazine

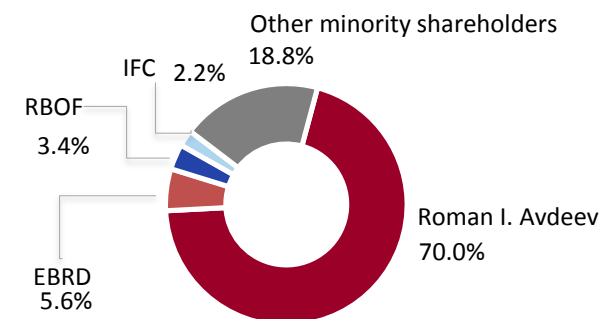


Bank of The Year 2013 by Banki.ru

## Key Financials

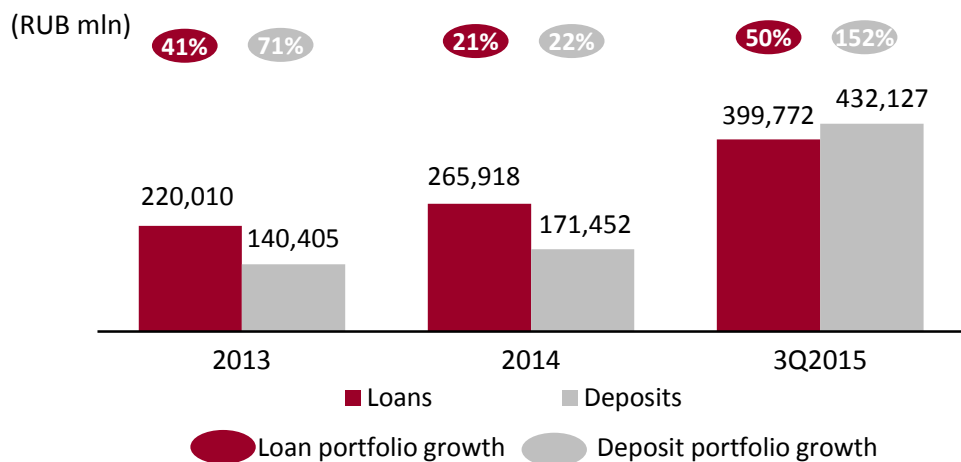
Balance sheet (RUB bln)	2013	2014	3Q2015
Total Assets	454.2	584.8	1,000.1
Gross Loans	317.9	394.2	525.4
Customer Deposits	274.9	334.9	621.2
Shareholder's Equity	50.7	60.0	76.1
<b>Key Ratios</b>			
NPL 90+ / Gross Loans	1.3%	2.3%	4.9%
Total CAR (Basel III)	14.8%	15.8%	16.0%
Income Statement (RUB bln)	9m2013	9m2014	9m2015
Net interest income (before provisions)	11.8	17.6	17.7
Net Income	5.6	6.4	1.5
<b>Key Ratios</b>			
RoAA	2.2%	1.8%	0.3%
RoAE	17.6%	15.8%	3.0%
Net Interest Margin	5.0%	5.4%	3.5%
Cost / Income	33.0%	31.1%	28.1%

## Supportive Shareholders

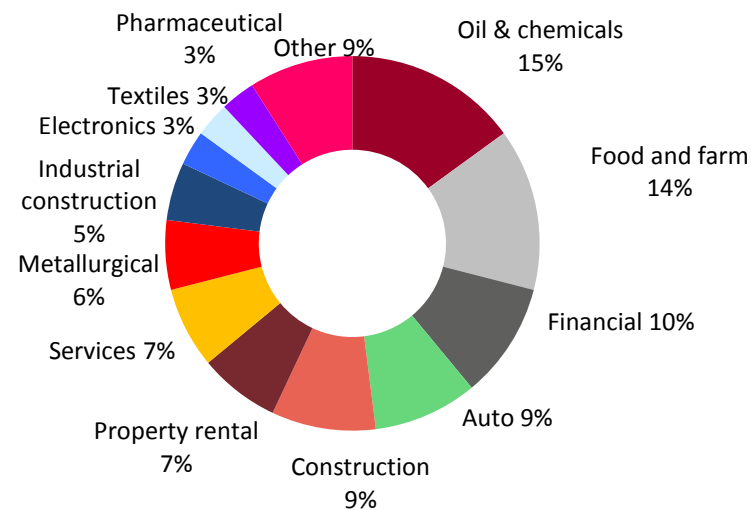


# Corporate Banking: strong niche market player

Corporate loan (gross) and deposit portfolio dynamics



Corporate loans breakdown by industry<sup>1</sup> (3Q2015)



## Strategic Pillars

### Strong and Quality Client Base

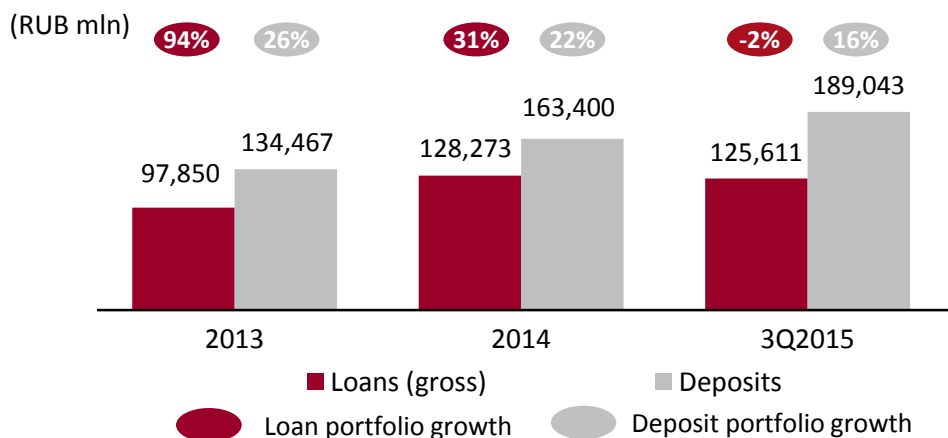
- Over **15,000** active corporate clients<sup>1</sup>
- Focus on **increasing contribution of larger corporates**
- Core customers are industry leaders

### Risk Management as Key Priority

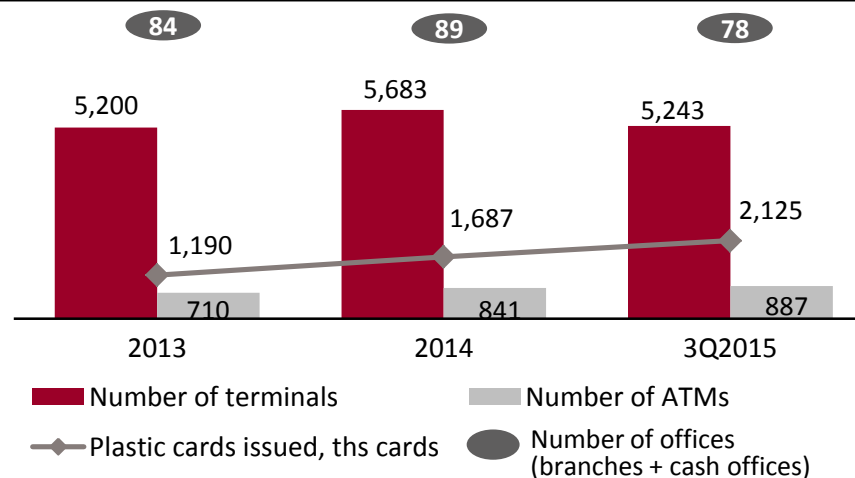
- Well-diversified** loan portfolio
- Focus on **shorter term lending**
- Synergies with cash handling business**, enabling effective credit monitoring

# Retail Banking: high-end customer base

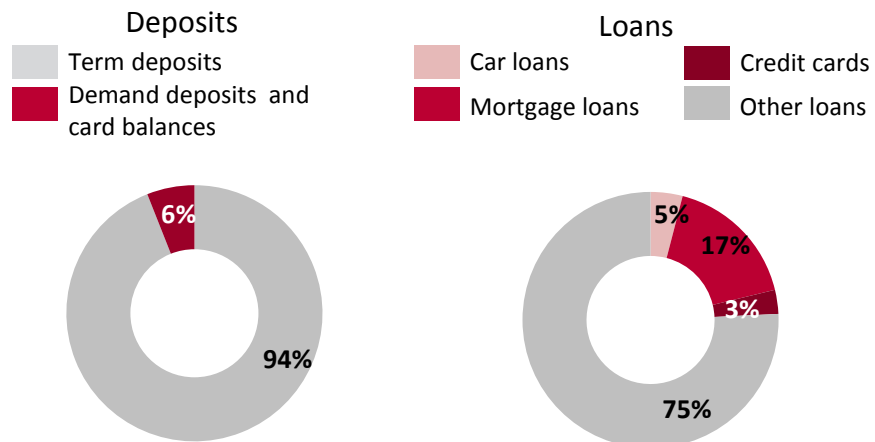
### Retail loan (gross) and deposits portfolio dynamics



### Network development



### Breakdown by type



### Key developments and strategy

- Retail banking share in the loan portfolio decreased to **24%** as at 3Q2015 (33% as at YE2014)
- Stricter requirements to potential customers for the purpose to maintain portfolio quality at a current level and as a result reduction in origination of new loans
- Target market segments are consumer loans and mortgage loans
- Total number of retail customers is approx. **890** ths (approx. 790 ths as at YE2014)
- **57** branches and **21** cash offices in Moscow and Moscow Region as at 1 October 2015
- **12th** largest bank in retail deposits in Russia (Banki.ru, as at 1 November 2015)

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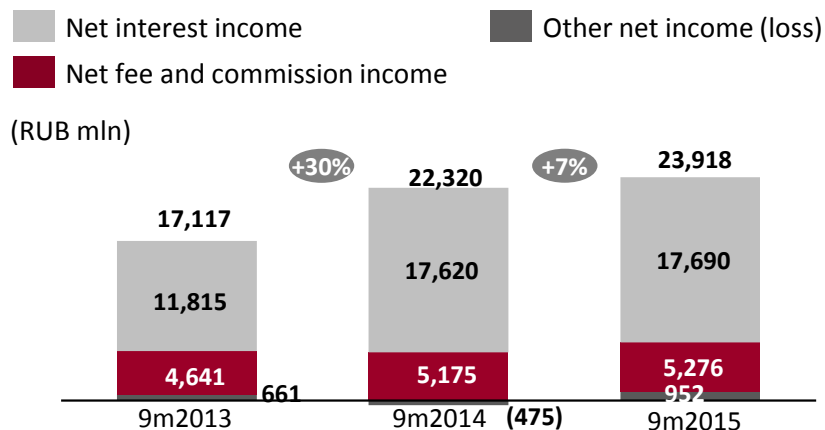
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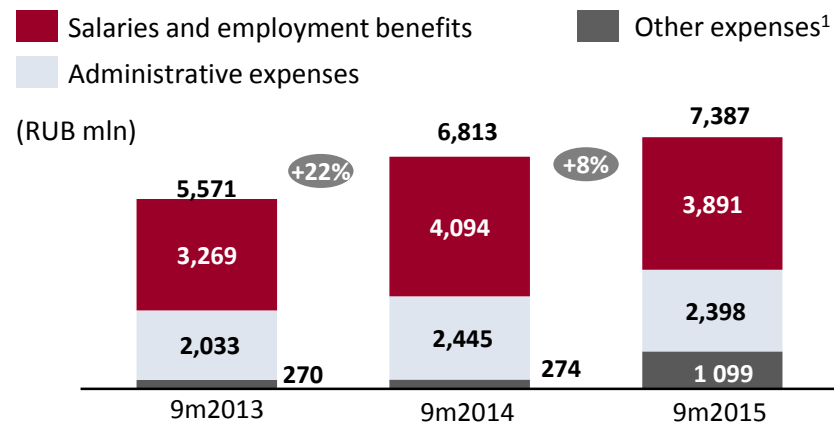
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# Growth of operating income despite net interest income reduction

## Operating income



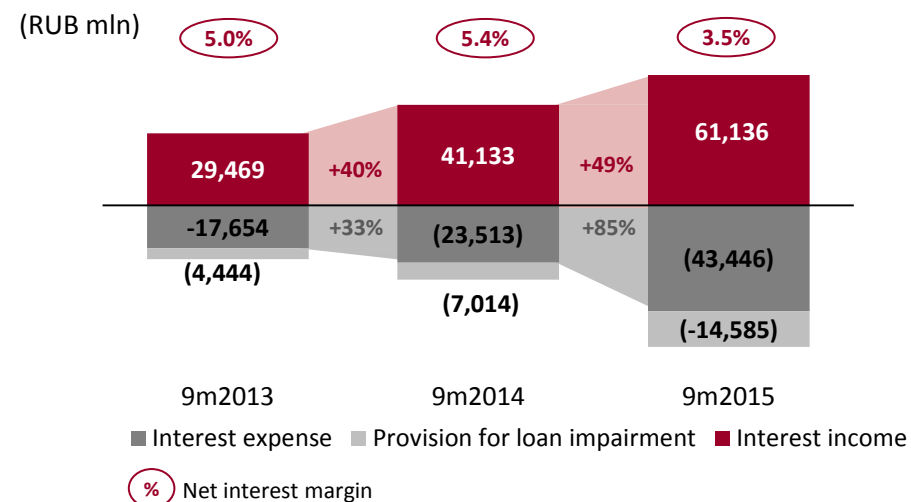
## Operating expenses



## Key developments

- **NIM** decreased to 3.5% in 9m2015 due to higher interest expense in comparison with 2014 (5.8% for YE2014; 5.1% for 9m2014)
- **RoAA and RoAE** reduced in 3Q2015 to 0.3% and 3.0% respectively (1.1% and 10.1% in YE2014)
- The main source of fee and commission income in 3Q2015 are plastic cards and guarantees and letters of credit which constitute RUB 1.4 bln (increased by 25% compared to 3Q2014) and RUB 1.2 bln respectively (increased by 26% compared to 3Q2014)
- **CTI<sup>2</sup>** of 28.1% remains one of the lowest among peers

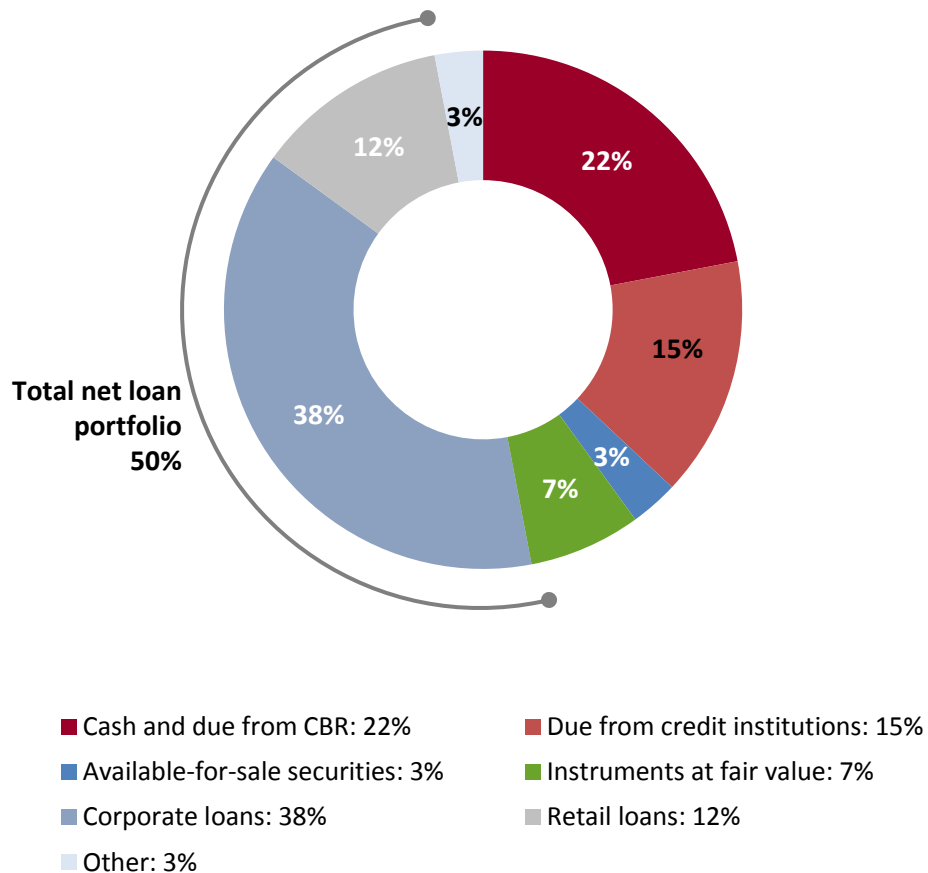
## Interest income vs interest expense and provision





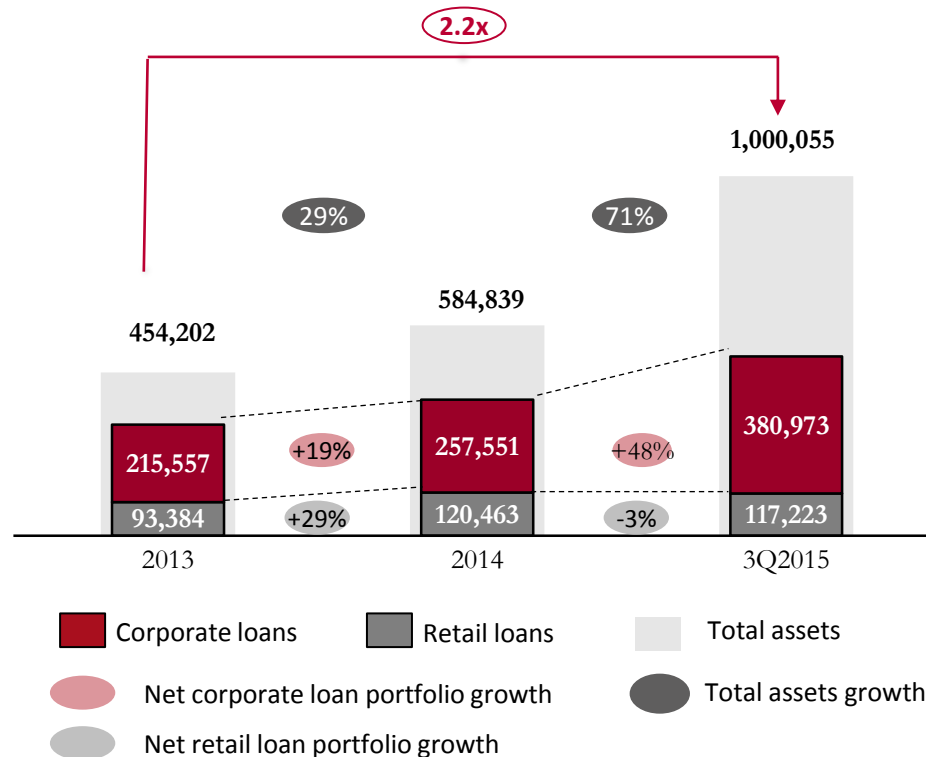
# Assets: strong support from corporate business

Assets structure



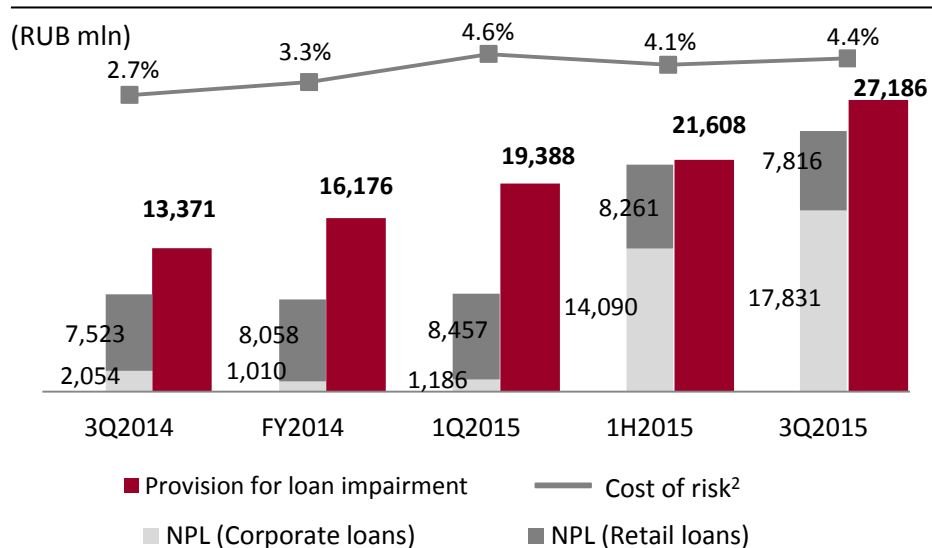
Assets and loan portfolio (net) dynamics

(RUB mln)

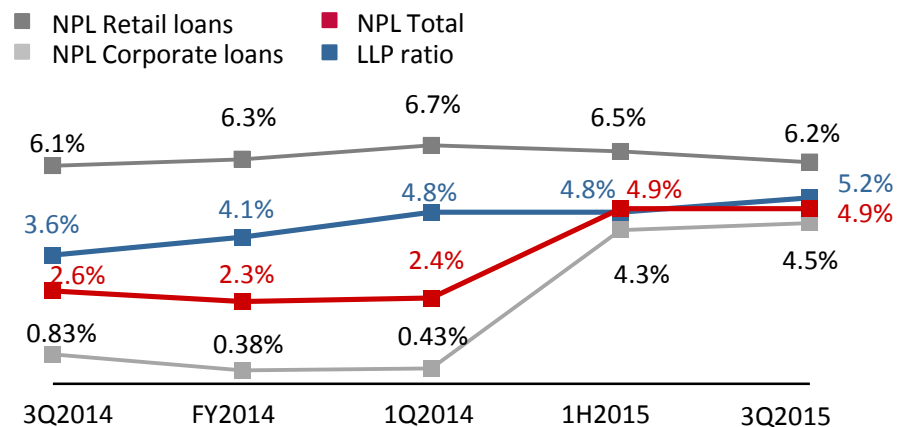


# Loan Portfolio quality reflects market trends

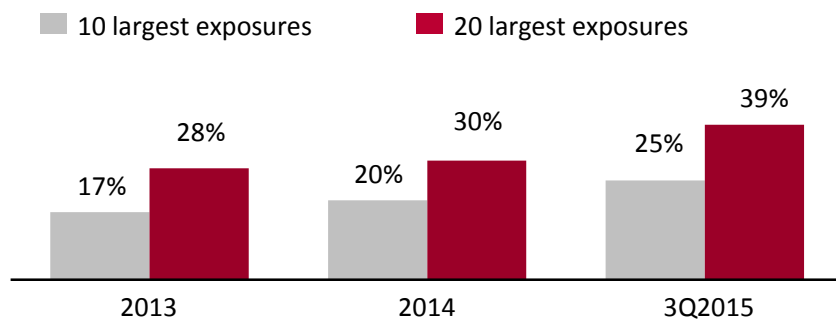
### NPL<sup>1</sup> and Provisioning dynamics



### NPL<sup>3</sup> and Provisioning ratio dynamics



### Largest exposures



### Related party lending (% of total equity)



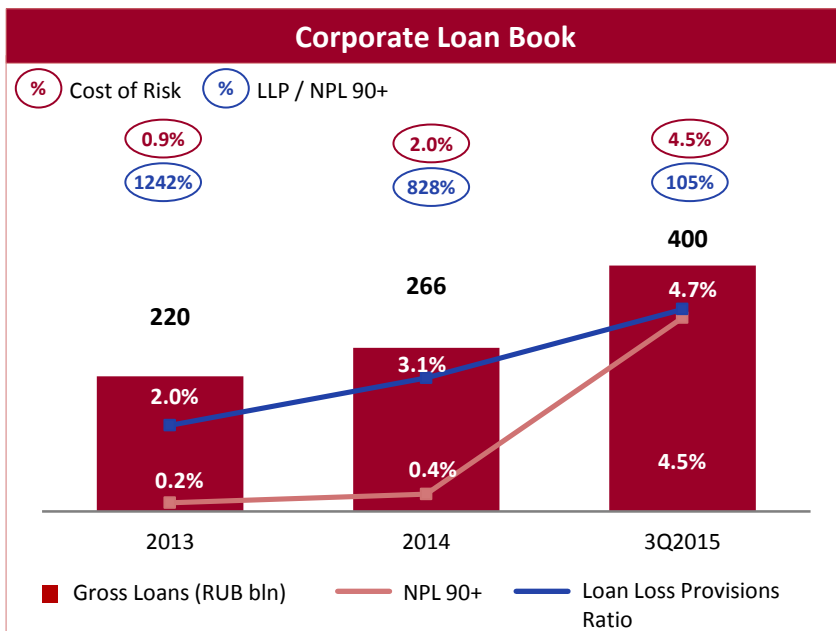
Source: IFRS financial statements

1) NPLs are loans with payments that are overdue >90 days (figure does not include renegotiated loans)

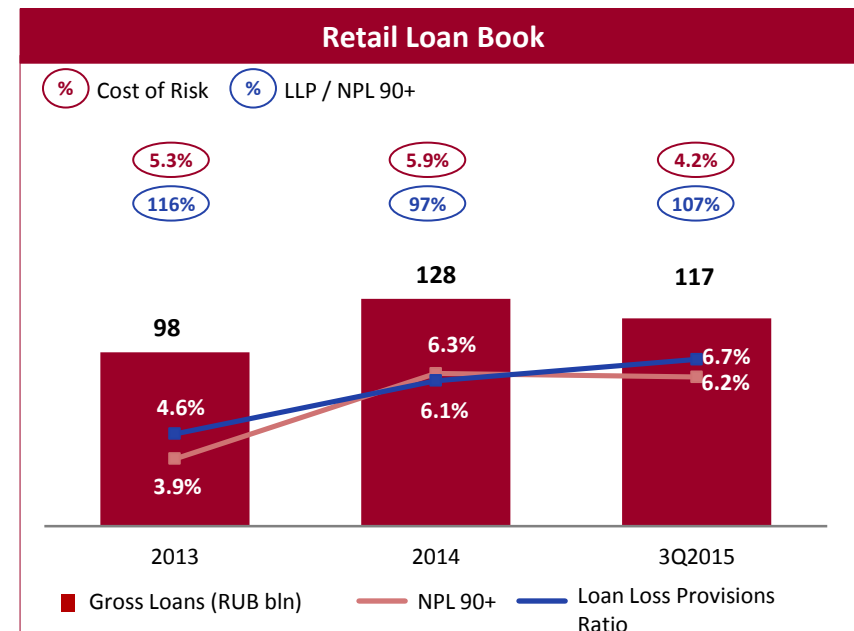
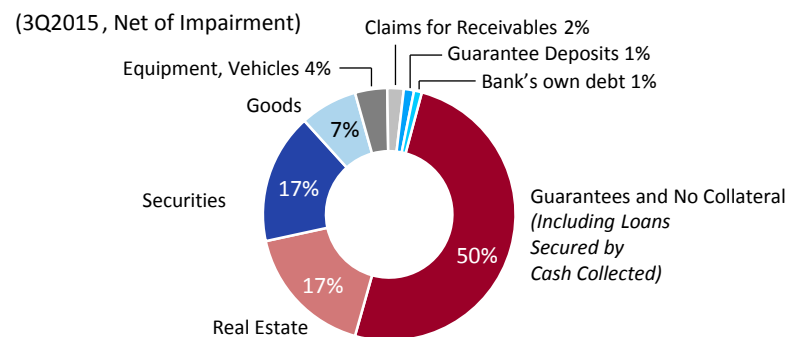
2) Cost of risk is calculated as impairment allowance net charge (annualised) to average loan portfolio for the period

3) NPLs are calculated relative to the relevant loan product

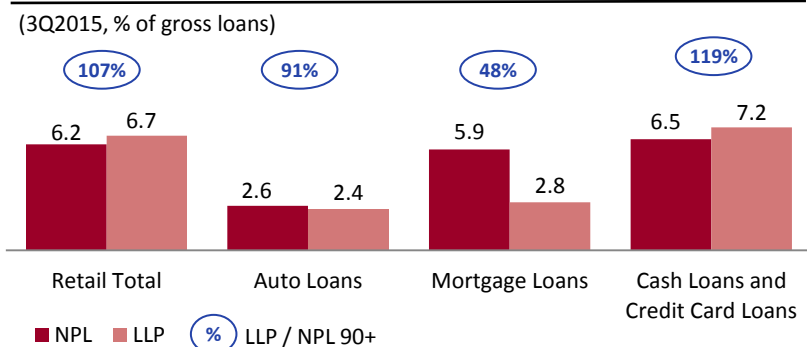
# Well collateralized corporate loan portfolio along with stable quality of retail loan book



### Collateral Structure

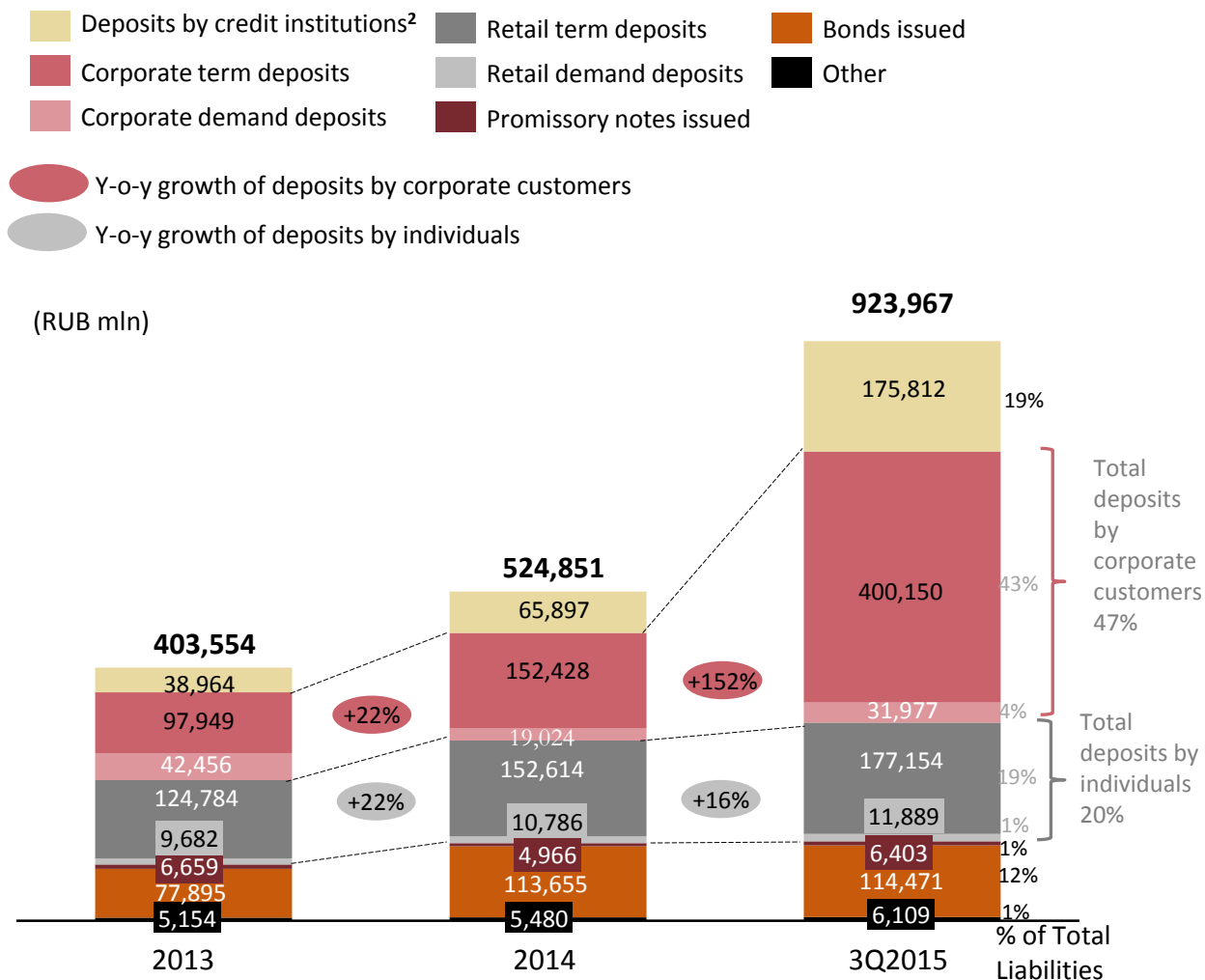


### Retail NPLs and LLPs, by Product

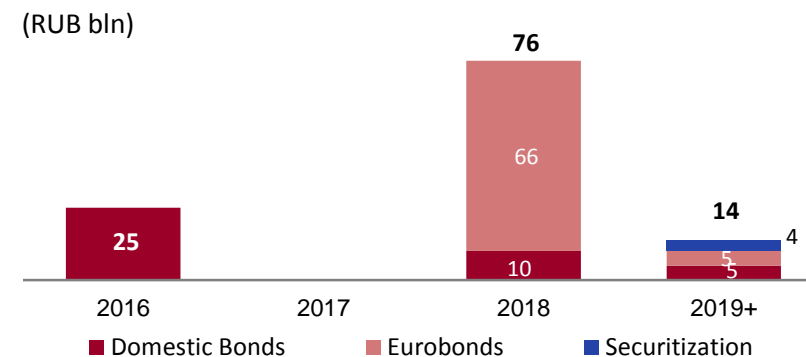


# Well Balanced Funding Structure

## Funding base<sup>1</sup>



## Debt Repayment Schedule



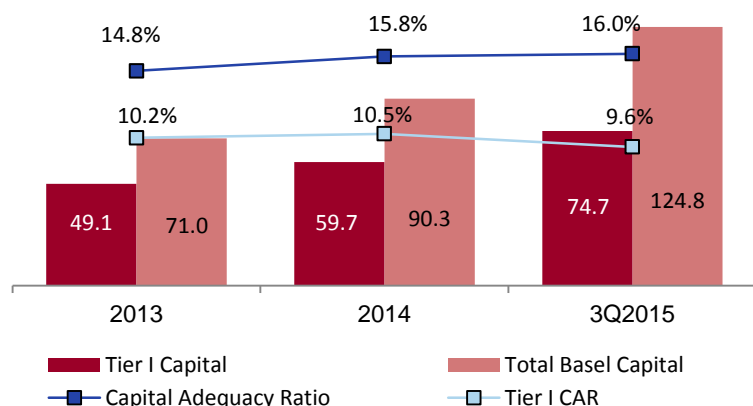
Source: Company data, nominal values; FX rates as of 25.11.15

- Good diversification of funding base with significant share of customer deposits, which now represent 67% of total liabilities
- The Bank faced significant inflow of long-term corporate deposits in 3Q2015, mainly from blue-chip customers
- Yearly deposits attracted from CBR in 2Q2015 under REPO agreements amounted for 37% of Deposits by credit institutions

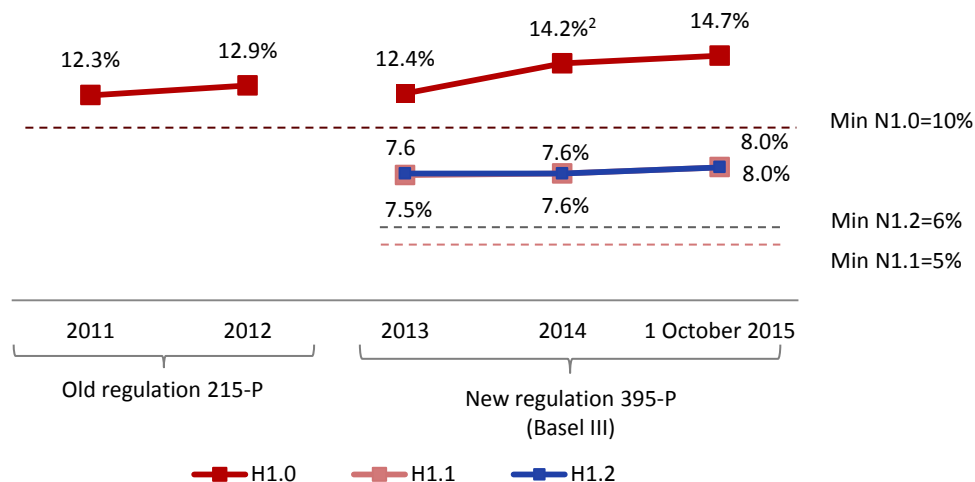
# Strong Capital Position

## IFRS Capital Adequacy Ratio<sup>1</sup>

(RUB bln)



## RAS Capital Adequacy Ratios



- The Bank has one of the highest capital adequacy ratios in the market
- There were no dividend payments in the history of the Bank – all net profit is capitalized
- Sustainable support from the shareholders for a cumulated amount of RUB 22.8 bn from 2010 until now

- In June 2015, the Bank included subordinated debt attracted earlier from the Deposit Insurance Agency in the form of federal loan bonds totaling 20.2 billion rubles to the additional sources of capital
- End-June 2015, the Bank completed the initial public offering of its ordinary shares on the Moscow Exchange and raised RUB 13.2 billion of new capital

Source: IFRS accounts for 2013- 3Q 2015

1) Data is calculated according to Basel III

2) RAS CAR calculation does not include adjustments on capital relief suggested by CBR in December 2014

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## Key metrics of financial performance

RUB, mln	2013	2014	3Q2015	2014-3Q2015 Change, %
Total assets	454,202	584,839	1,000,055	+71.0%
Loans to customers (gross)	317,860	394,191	525,382	+33.3%
Total equity	50,658	59,987	76,089	+26.8%
NPL / Gross loans	1.3%	2.3%	4.9%	-
Total provisions / NPL	212.6%	178.4%	106.0%	-
Tier 1 Capital Ratio	10.2%	10.5%	9.6%	-
Total CAR	14.7%	15.8%	16.0%	-
RUB, mln	9m2013	9m2014	9m2015	9m2014-9m2015 Change, %
Net interest income	11,815	17,620	17,690	+0.4%
Net fee and commission income	4,641	5,175	5,276	+2.0%
Net income	5,626	6,371	1,535	-75.9%
NIM	5.0%	5.4%	3.5%	-
RoAE	17.6%	15.8%	3.0%	-
RoAA	2.2%	1.8%	0.3%	-
Cost / Income	33.0%	31.1%	28.1%	-