



# Webcast and Conference call 1H 2016 financial results

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MKB.RU

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# Financial highlights

## Key metrics of financial performance

- Profit for the period increased significantly based on qualitative business growth
- Outstanding operating efficiency: CTI ratio 22.5%
- Loan portfolio quality improved:  
NPL ratio decreased to 5.0%  
Cost of risk decreased to 5.2%
- Strong capital position

Income statement (RUB bln)	6m2016	6m2015	Change, %
Net interest income	20.5	10.4	+96%
Net fee and commission income	5.3	3.0	+78%
Profit for the period	5.1	1.2	+324%
NIM	3.5%	3.6%	-0.1 p.p.
RoAE	10.7%	3.6%	+7.1 p.p.
Cost / Income	22.5%	29.5%	-7.0 p.p.

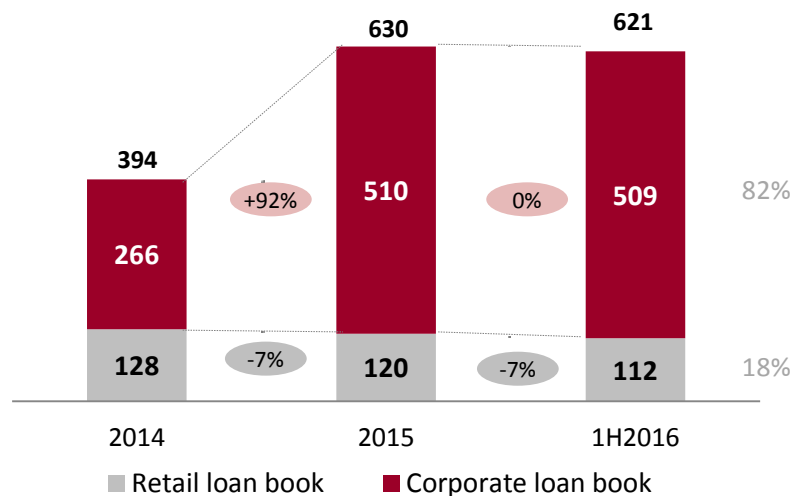
  

Balance sheet (RUB bln)	1H2016	2015	Change, %
Total assets	1,221.8	1,208.2	+1%
Loans to customers (gross)	621.0	629.9	-1%
Total equity	98.4	92.4	+7%
NPL 90+ / Gross loans	5.0%	5.1%	-0.1 p.p.
Total provisions / NPL	147.9%	113.7%	+34.2 p.p.
Cost of risk	5.2%	5.4%	-0.2 p.p.
Tier 1 Capital Ratio	10.6%	9.2%	+ 1.4 p.p.
Total CAR	17.6%	16.5%	+1.1 p.p.

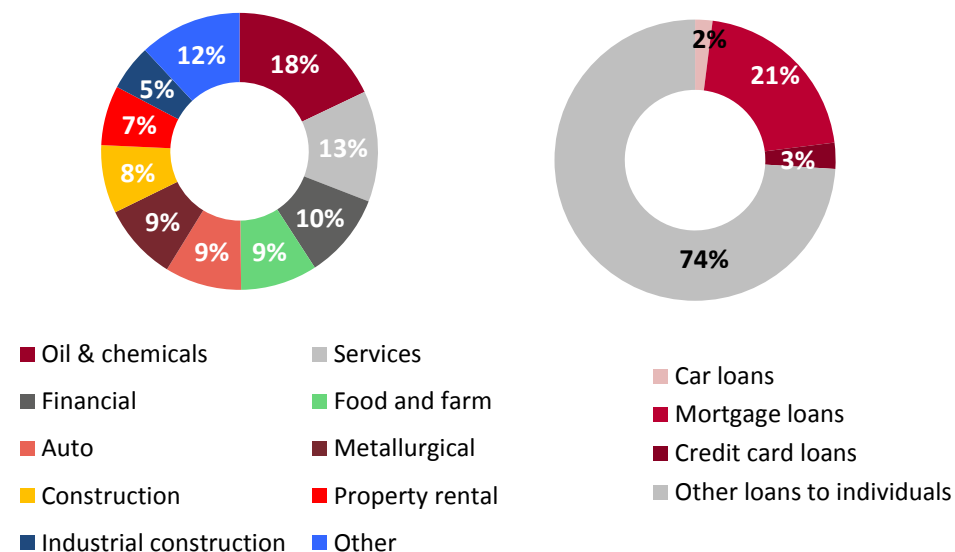
# Business highlights: corporate lending is a key driver

## Loan book (gross) dynamics

(RUB bln)



## Corporate and retail loan book breakdown (1H2016)



## Strategic Pillars

### Corporate lending

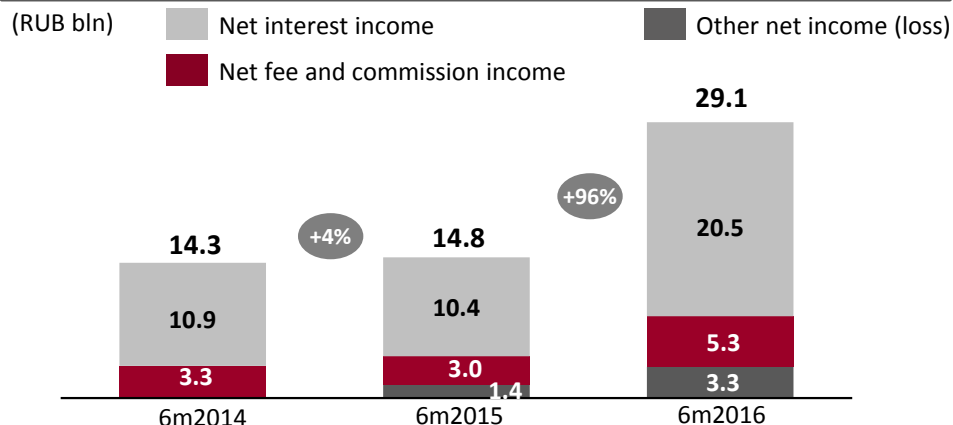
- Focus on increasing contribution of **larger corporates**
- **Well-diversified** loan portfolio
- Synergies with **cash handling** business

### Retail lending

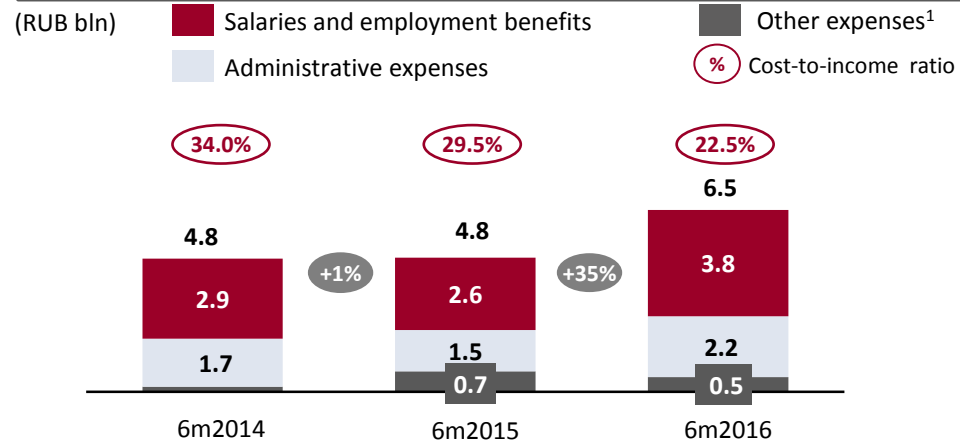
- Target market segments are **consumer loans** and **mortgage loans**
- **Tight individual customer selection** for healthy portfolio quality
- Differentiated risk appetite based on **customer segmentation**

# Constantly improving efficiency: CTI dropped to 22.5%

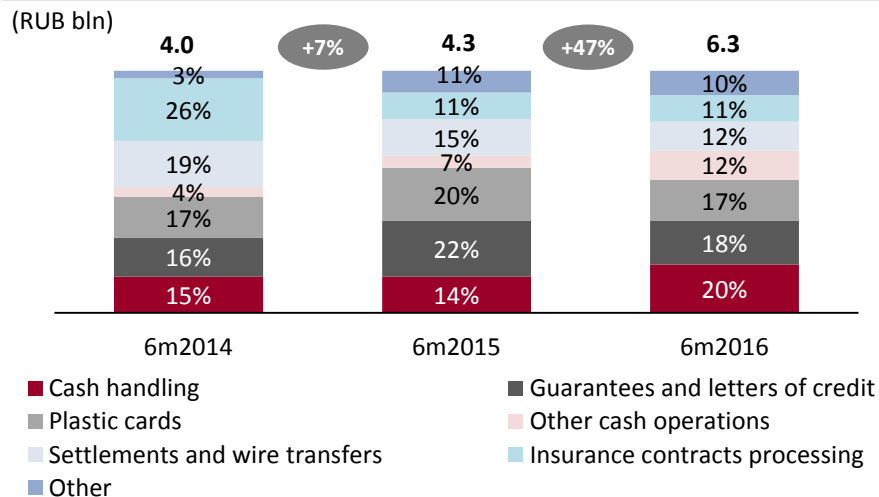
## Operating income



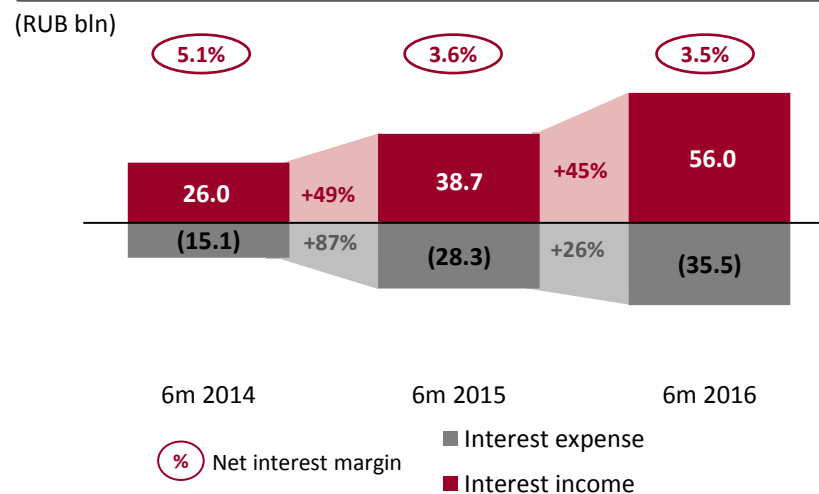
## Operating expenses



## Fee and commission income structure

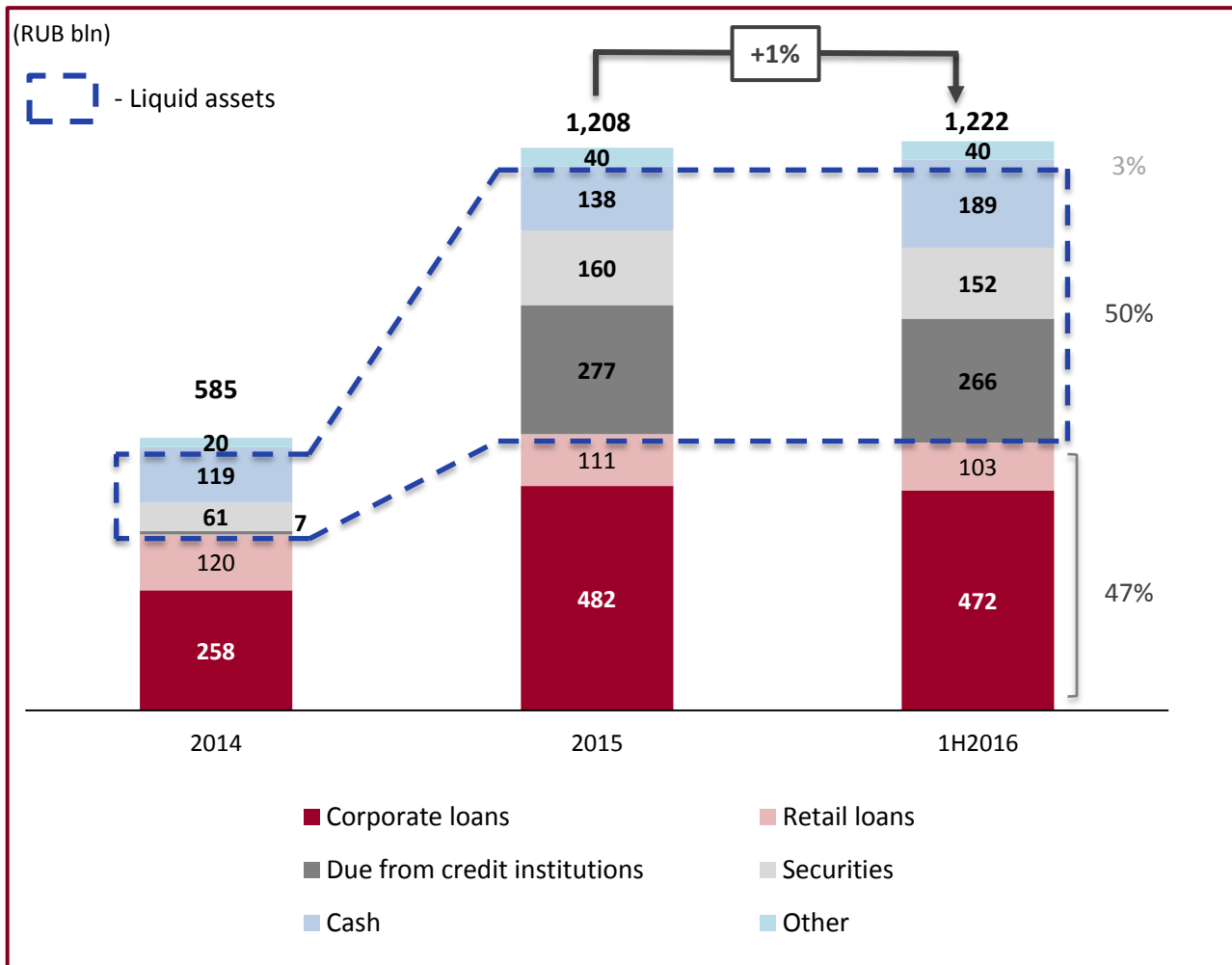


## Interest income vs Interest expense and Provision

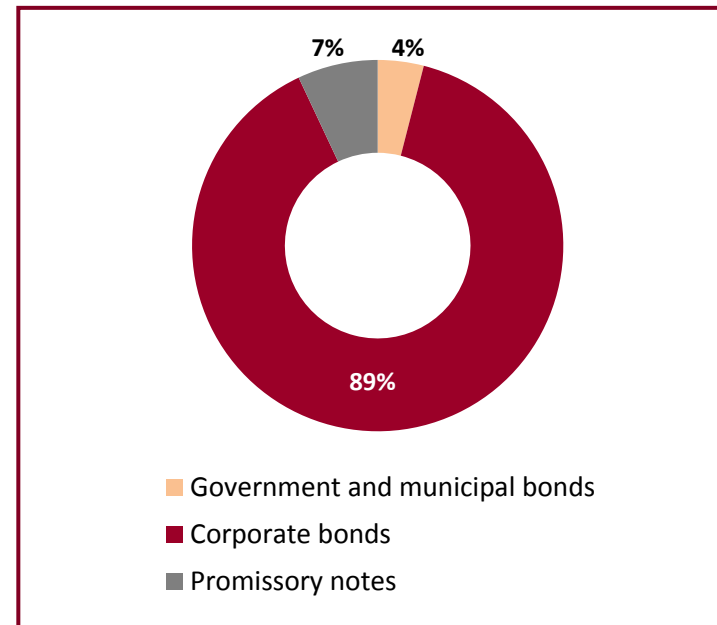


# Emphasis on highly liquid assets

Asset structure



High quality securities portfolio



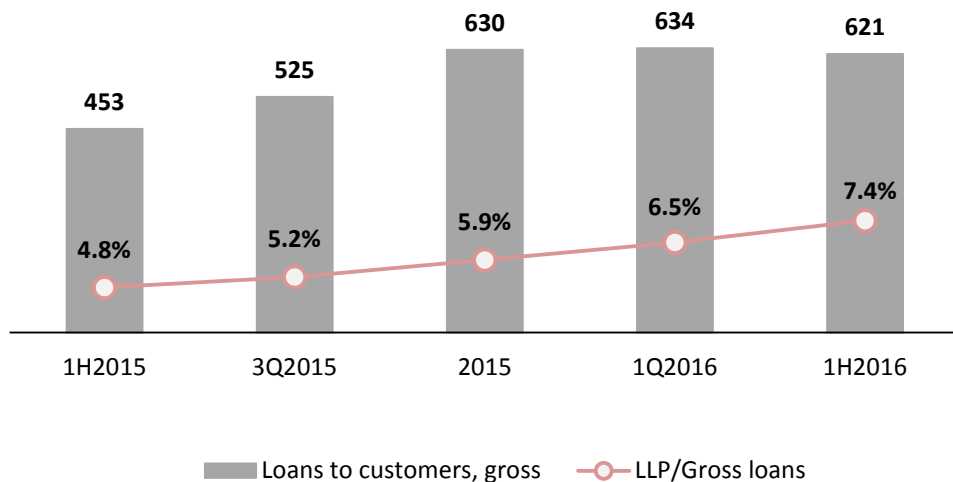
✔ The securities portfolio is used as a liquidity buffer with 75% of the portfolio qualified in the Lombard list of the Central Bank of Russian Federation

✔ Liquid assets represent 50% of total assets

# Loan portfolio quality is under control

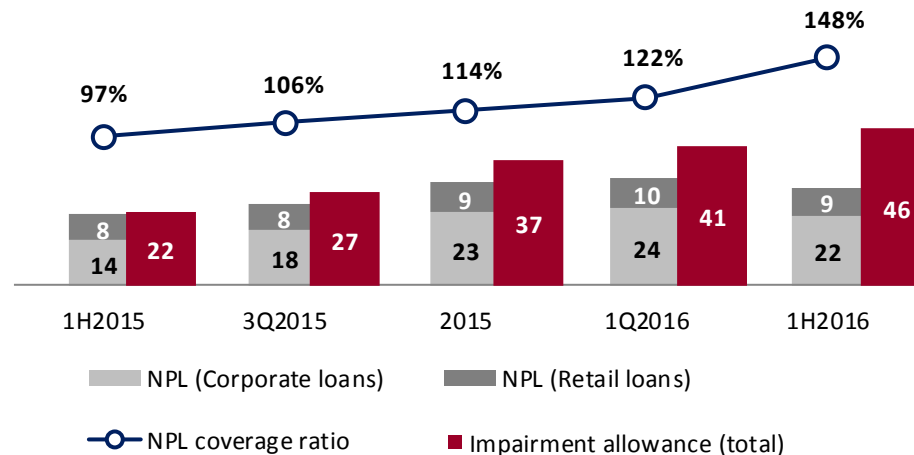
## Gross loan portfolio coverage by impairment allowance

(RUB bln)

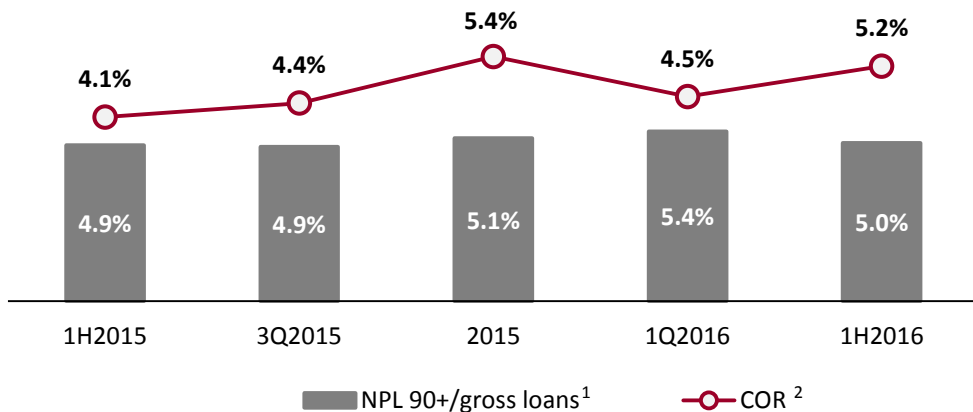


## NPL<sup>1</sup> and provisioning dynamics

(RUB bln)

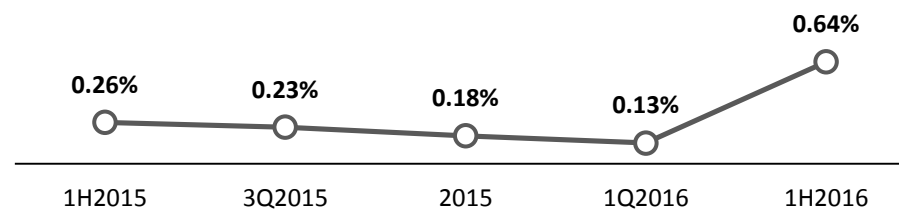


## Cost of risk and NPL dynamics



## Related party lending concentration is immaterial

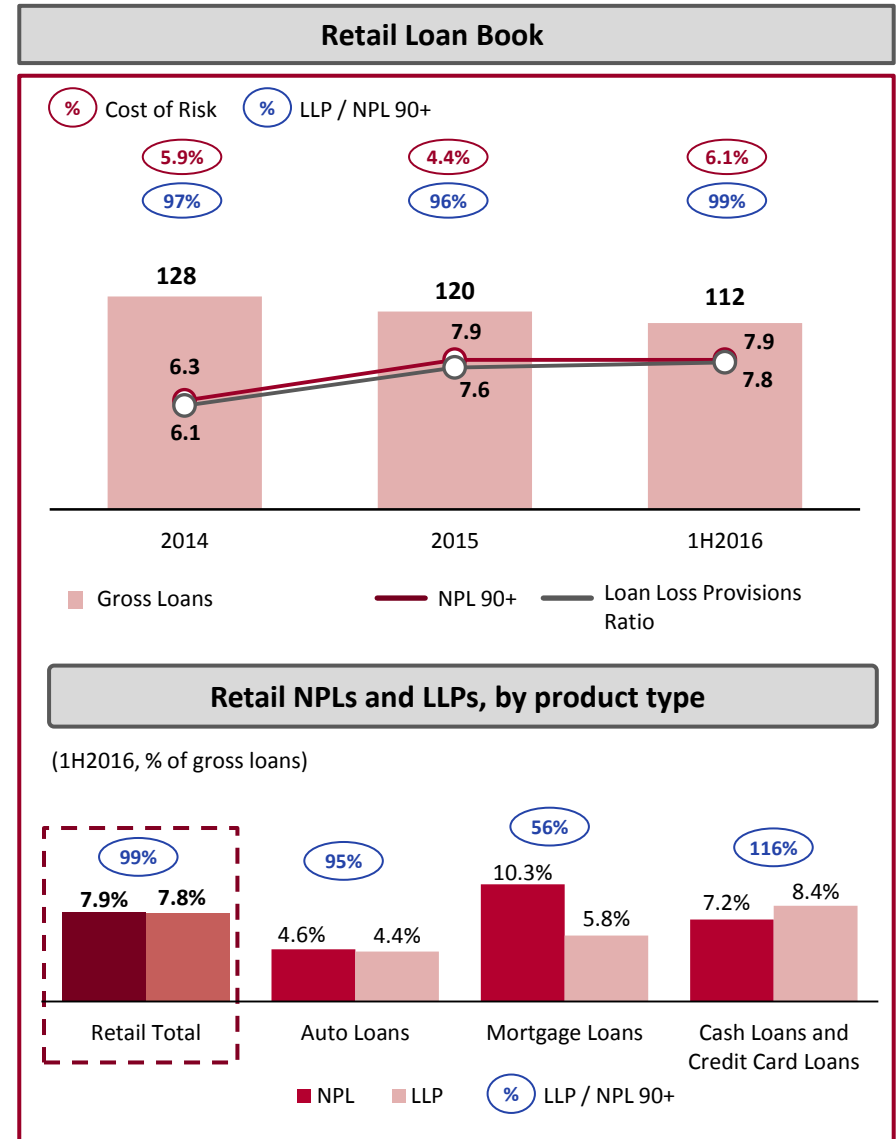
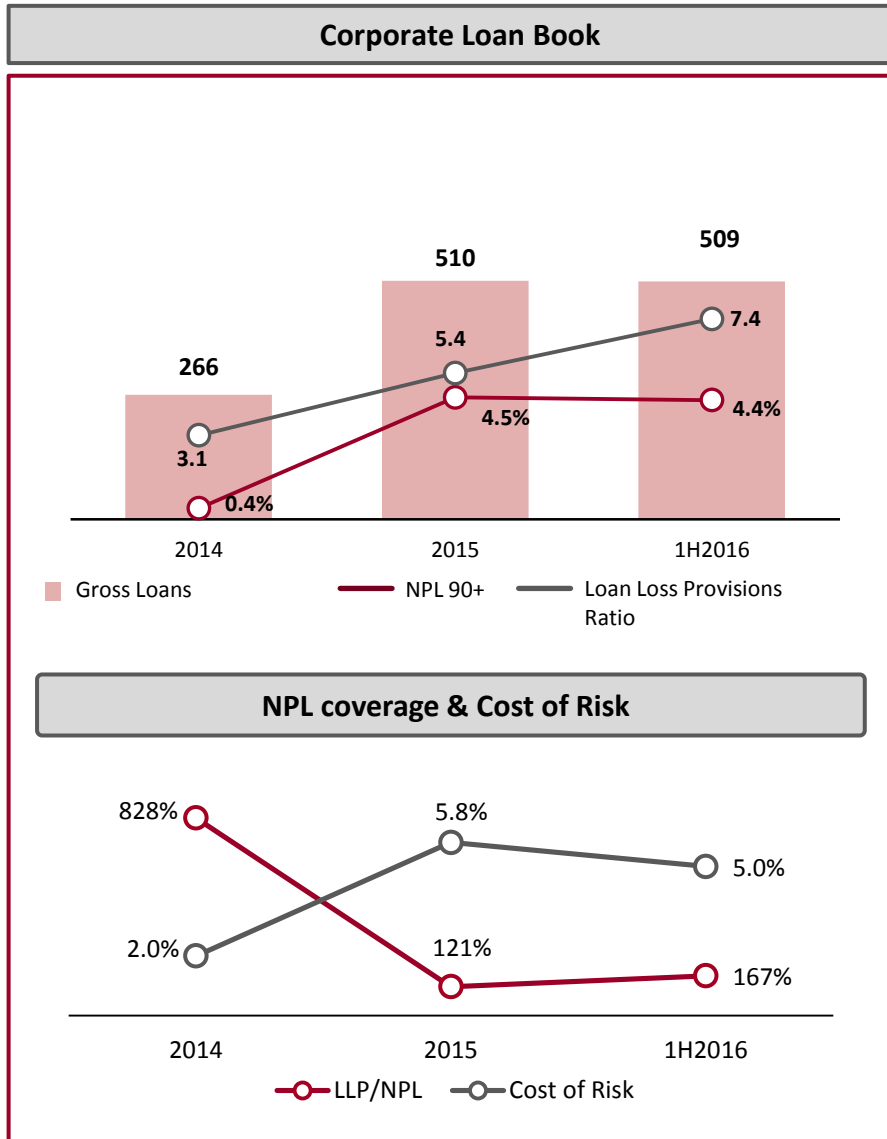
(% of Gross loans)



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

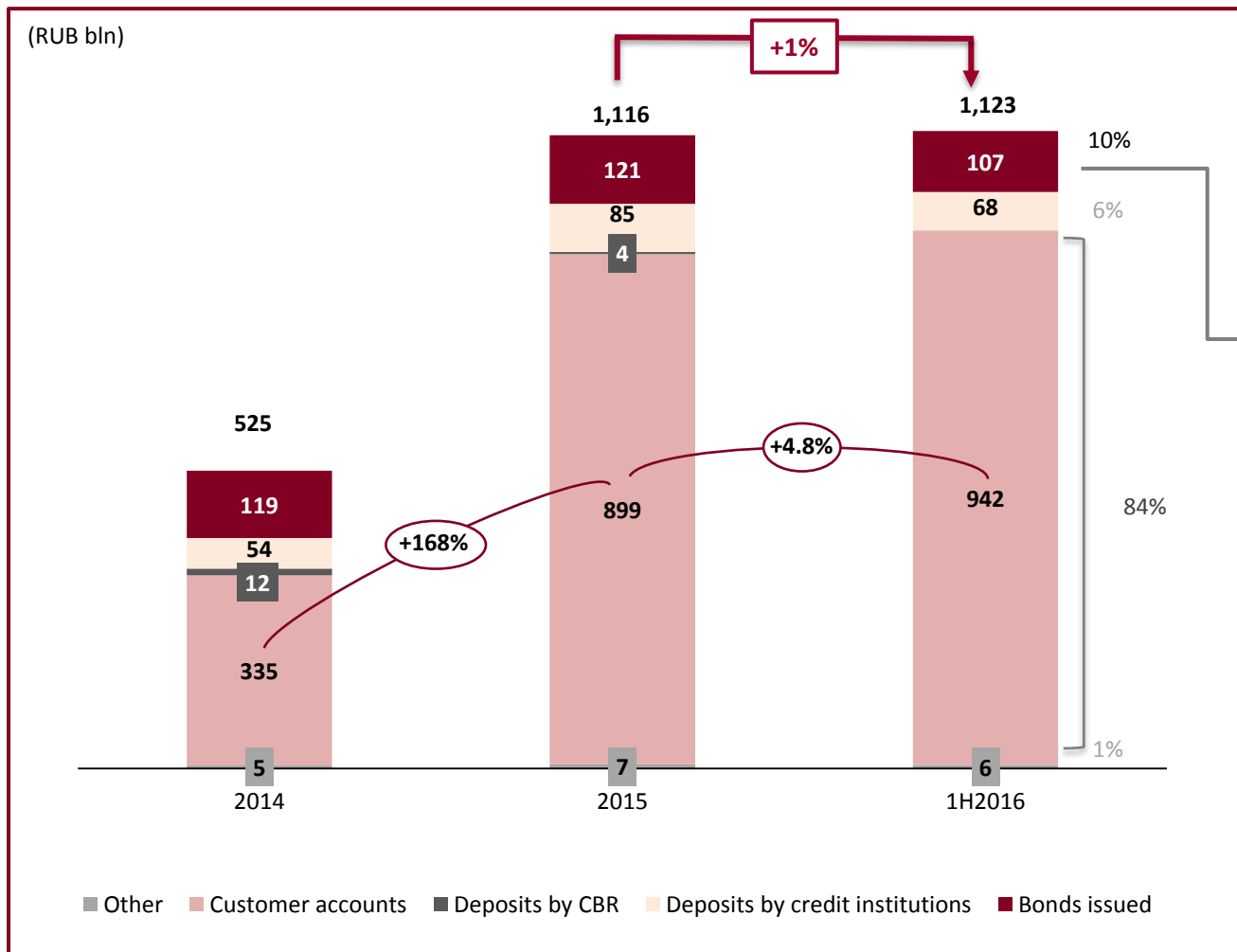
2) Cost of risk ratio is calculated as impairment allowance net charge (annualised) to average loan portfolio for the period

# NPL coverage by provisions maintained at a safe level

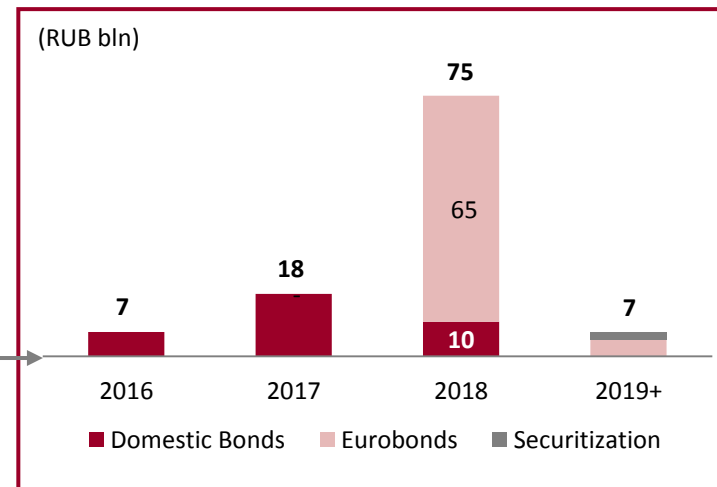


# Customer deposits remain the main source of funding

Liabilities breakdown



Bonds repayment schedule



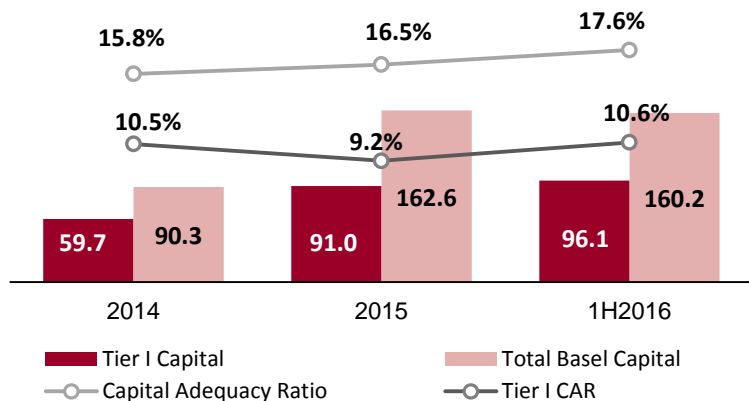
- Customer accounts growth in 2Q 2016 came both from corporate customers and individuals
- Additional unused liquidity sources in the amount of more than **RUB 350 bln** are available from the CBR



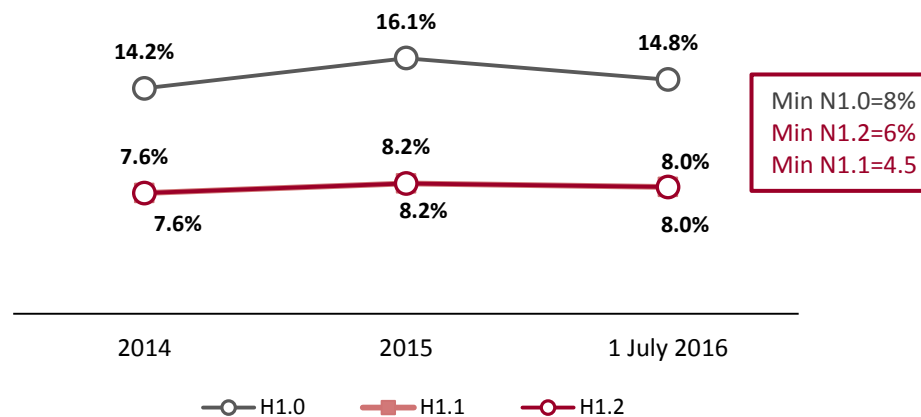
# Strong capital position

## IFRS capital adequacy ratios (Basel III)

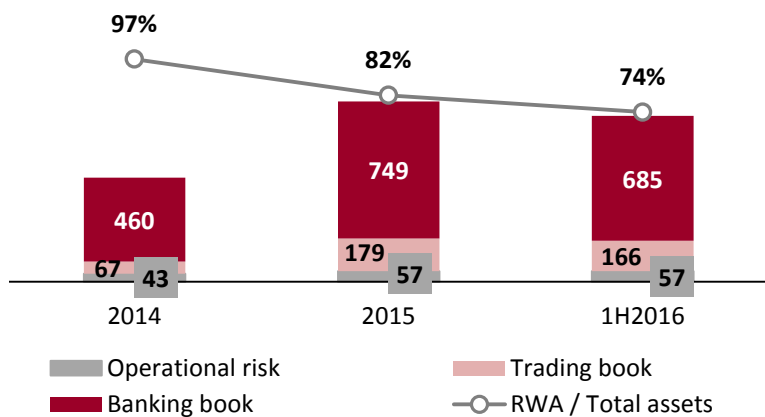
(RUB bln)



## 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