



1Q2021 Financial and Business Results

1 June 2021

Today's presenters



Eric de Beauchamp

Senior Vice President



Vladimir Chubar

Chairman of the
Management Board



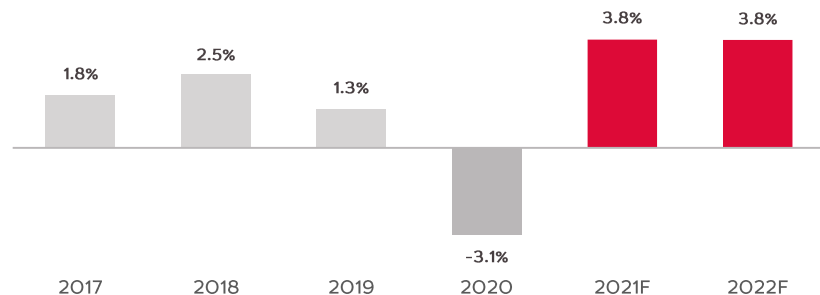
Mikhail Pavlov

CFO

Positive macro outlook for 2021

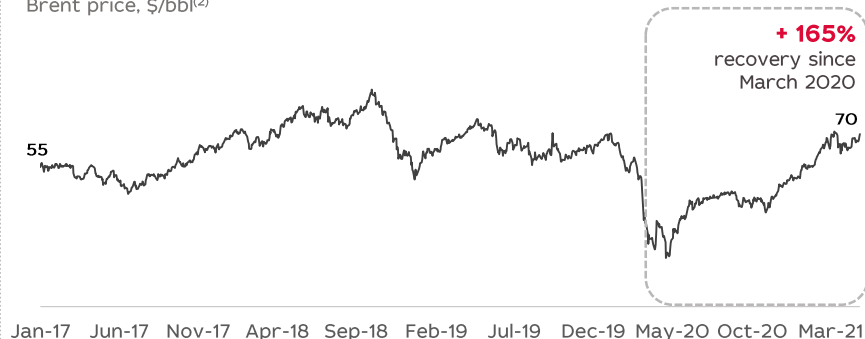
Russian GDP is expected to recover

Real GDP growth, %⁽¹⁾



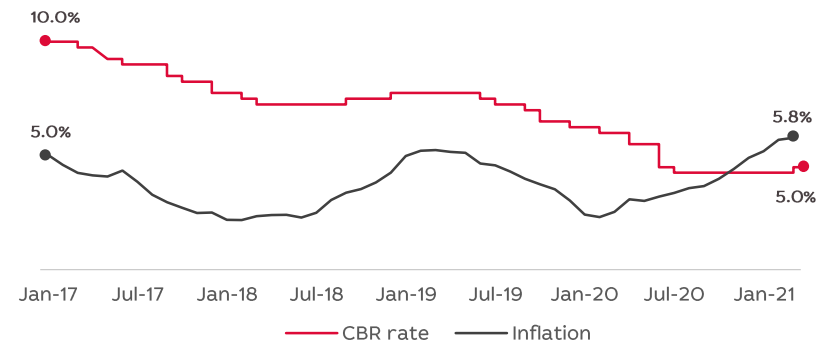
Oil prices have reached pre-COVID levels

Brent price, \$/bbl⁽²⁾



CBR Efficient inflation targeting policy

%



- Strong 3.8% GDP growth rebound is expected in 2021
- Benefiting from oil price recovery and surging prices for wide range of commodities
- Recovery of investor flows into EM with a number of IPOs and issuances conducted, Russia's iMOEX index hitting all time high in May 2021
- Substantial government support aimed at mitigating economic effects of the pandemic in 2020-2021 (6% of GDP 2020)
- Lowest public debt level in CIS+ region (19% of GDP as of 2020) and c.US\$ 590bn FX reserves (Apr 2021) exceeding the entire external debt stock of Russia

Corporate and business Development

► CREDIT RATINGS UPDATE

- On 4 March, 2021 ACRA affirmed credit rating at the level «A (RU)» with stable outlook

► SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

- MKB headed RAEX-Europe's ESG ranking of Russian banks and has been retaining leading positions since then (updated on a monthly basis)
- MKB established Strategy and Sustainable Development Committee under the Supervisory Board
- MKB became first Russian bank to announce the launch of the development and implementation of an integrated management system and to formulate a public integrated management system policy as regards ESG matters
- MKB co-arranged local social bonds for a Russian telecommunications group
- New ESG cashback category introduced for retail clients

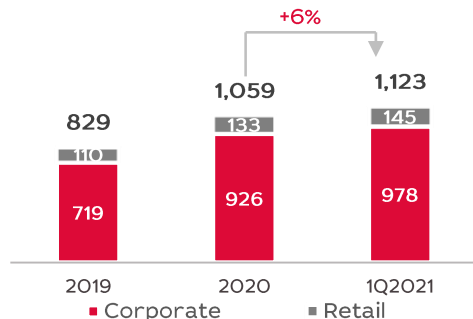
► CORPORATE NEWS

- In May 2021 MKB completed a share capital raising in the amount of RUB 22.68 bn through an open subscription process
- A strong trend of digitalization in customer service. Online deposits have steady growing dynamic: the share of remotely open accounts reached 48% (the increase is c.28% in 1Q2021)
- MKB launched a business registration service for SMEs in MKB Online
- The first electronic factoring agreements were signed. Now potential clients of the Bank on factoring can conclude a factoring agreement remotely
- New product - Material pooling was launched. An instrument for effective cash flows management within a group of companies by consolidating funds in a single account (master account) and financing accounts to ensure external payments of pool participants
- Launch of new business initiatives: the Ecosystem digital platform in MKB Online, an automobile service (MKB Auto)

Strong business performance in 1Q2021

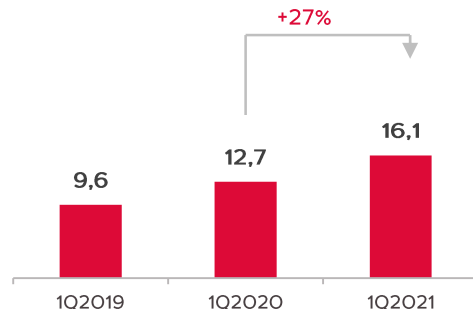
Loan portfolio

Before provisions, RUB bn



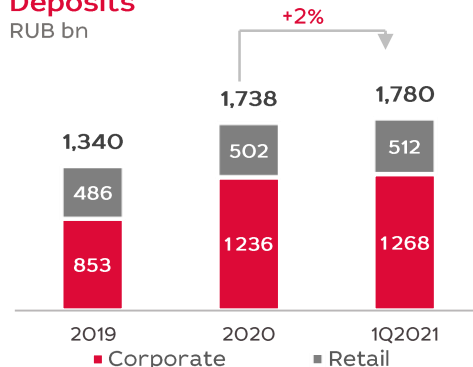
Net interest income

RUB bn



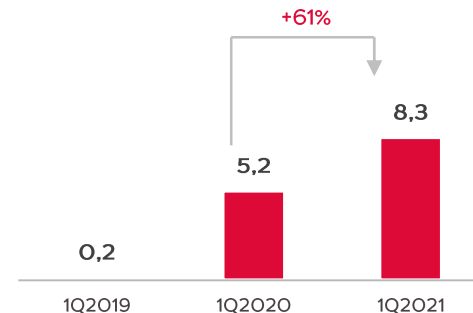
Deposits

RUB bn



Net income

RUB bn



Key events and achievements

- Record 1Q net income amid lowest key interest rate level
- In March 2021 the Group acquired 100% of **Commercial Bank Koltso Urala (LLC)** and 100% of Asset Management Company **MKB Investments (JSC)**
- Mortgage portfolio boost by 8%
- Corporate loans increased by 6%
- EUR600m In 5yr Eurobond offering priced at a record-low coupon rate of 3.1%
- MKB recognized among **top-3 leading** Russian bond arrangers
- In terms of sustainable development - Another ESG-linked tranche for USD 10 million raised from LBBW
- MKB's **ESG rating** from RAEX-Europe was affirmed at BBB[esg] with an 8% higher score



1st place in the
Trade Finance
category Best
Service Survey
EUROMONEY 2021

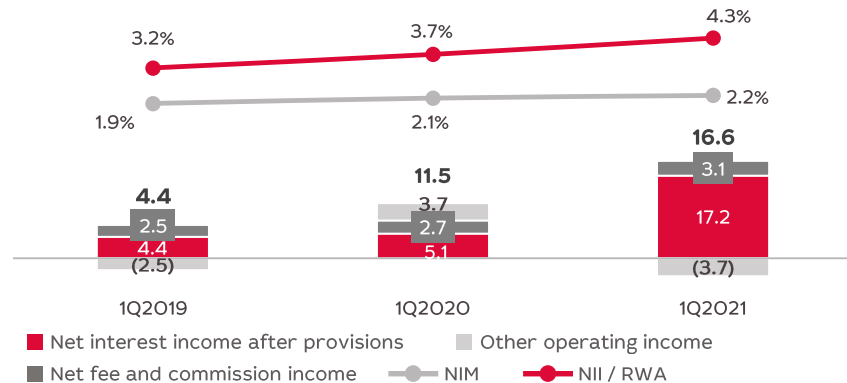
Forbes

#2 Russian bank
in "Best banks in
the world" list
2020 by Forbes

Strong operating efficiency and profitability

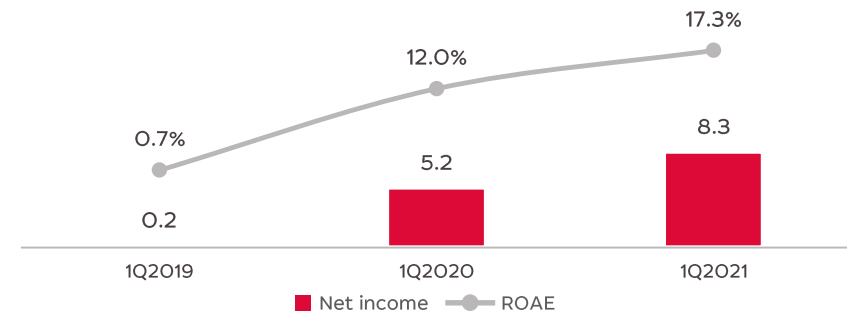
Operating Income and NIM

RUB bn



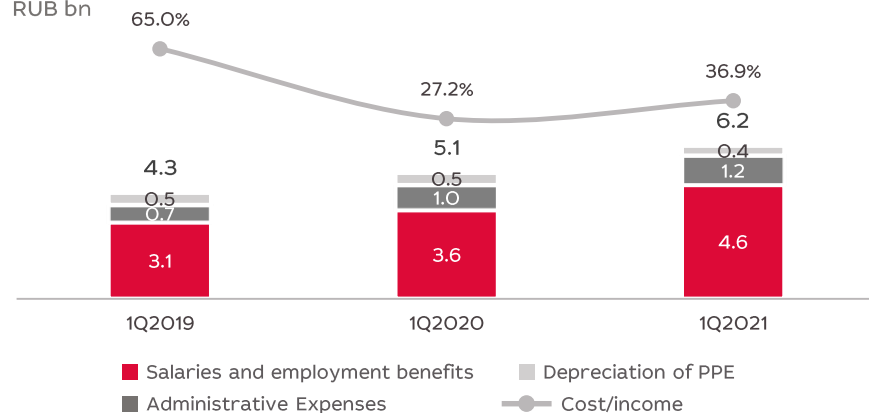
Net Income & ROAE

RUB bn



Operating Expenses

RUB bn



Highlights:

44%

Increase in operating income over 1Q2021 driven mostly by NII (RUB 16.1bn, +27% yoy) and Net F&C income (+15.6% yoy)

4.3%

NII/RWA has improved in 1Q2021 by 60 b.p. as a result of increase of low risk assets with minimum capital pressure

36.9%

Cost / income ratio is on its sustainable long-term levels

17.3%

ROAE achieved on the back of strong operating results

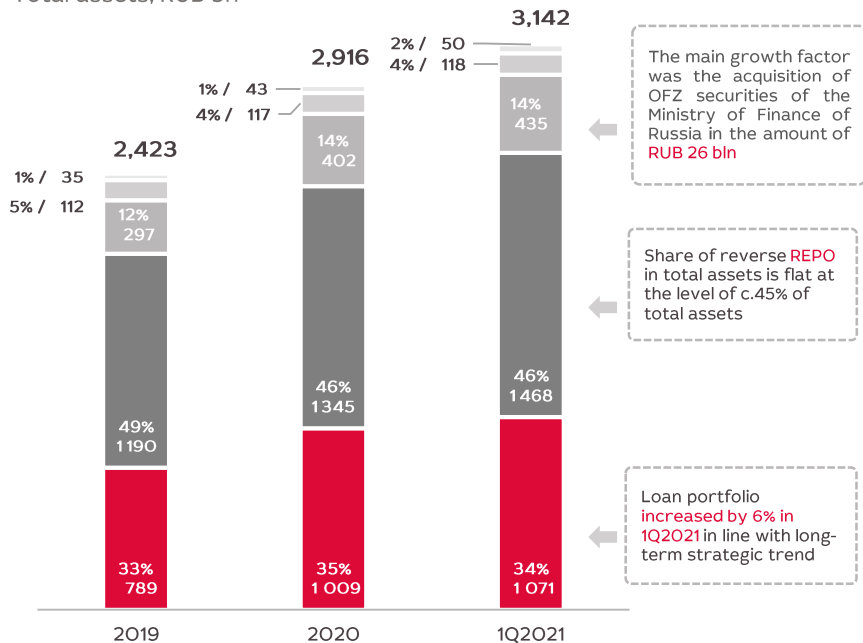
Source: IFRS Financial Statements

Notes: (1) Operating income excluding charge for credit losses on debt financial assets, net (loss) gain on loans to customers at fair value through profit or loss and impairment gain (losses) on other financial assets, credit gain (losses) on other financial assets and credit related commitments and other provisions.

Evolution of assets and liabilities

Strong asset growth

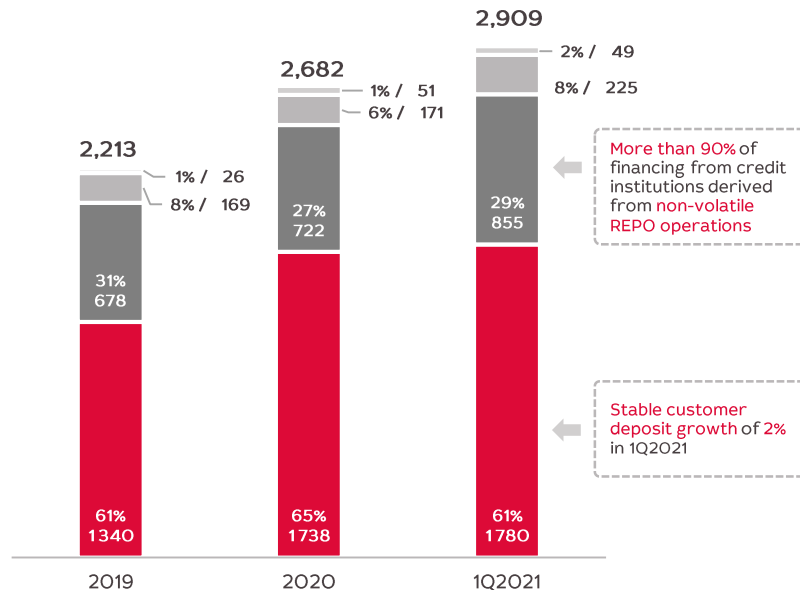
Total assets, RUB bn



■ Loans to customers
 ■ Due from credit and other financial organizations
■ Securities⁽¹⁾
 ■ Cash⁽²⁾
 ■ Other⁽³⁾

Diversified funding supported by solid deposit base

Total liabilities, RUB bn



■ Customer deposits
 ■ Due to credit institutions
■ Debt securities issued
 ■ Other⁽⁴⁾

Source: IFRS financial statements.

Notes: (1) Include trading financial assets less derivative financial instruments and investment financial assets. (2) Includes cash on hand, correspondent account with the CBR and Nostro accounts with other banks. (3) Includes obligatory reserves with the CBR, investments in associates, property and equipment, deferred tax asset, derivative financial instruments, other assets. (4) Includes deferred tax liability and other liabilities.

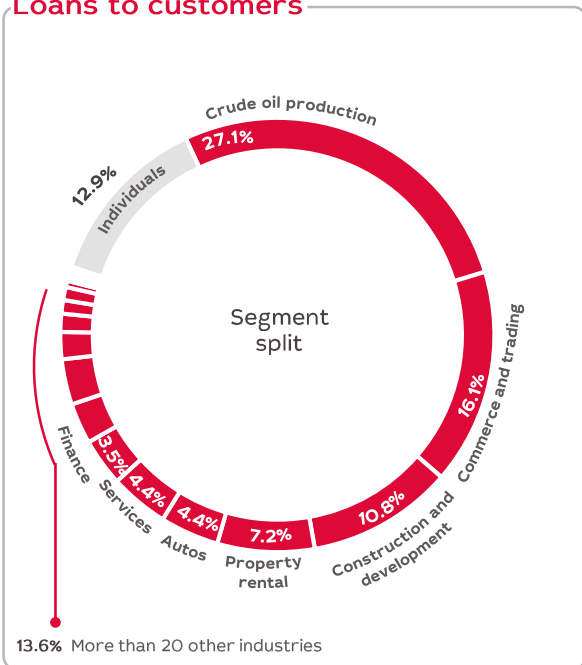
Total assets composition

RUB 3,142bn

As of 31 Mar 2021



Loans to customers



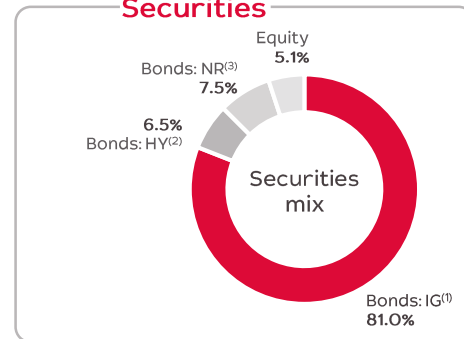
Deposits in credit inst.

c.96%

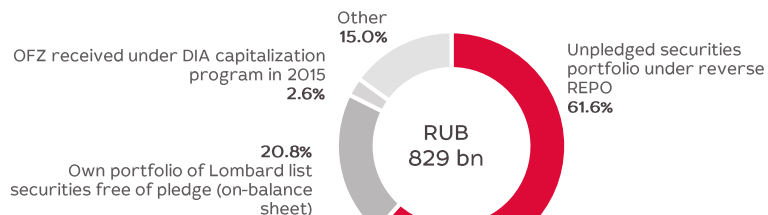
receivables under reverse sale and repurchase agreements are liquid securities of investment-grade

Ratings are based on Fitch, Moody's and Standard & Poor's rating system

Securities

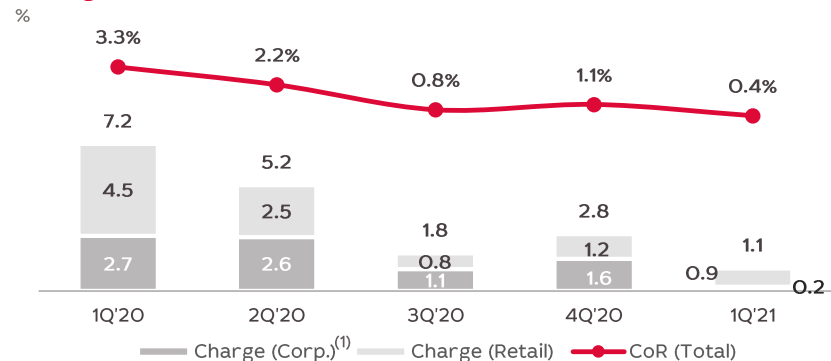


Unused liquidity sources

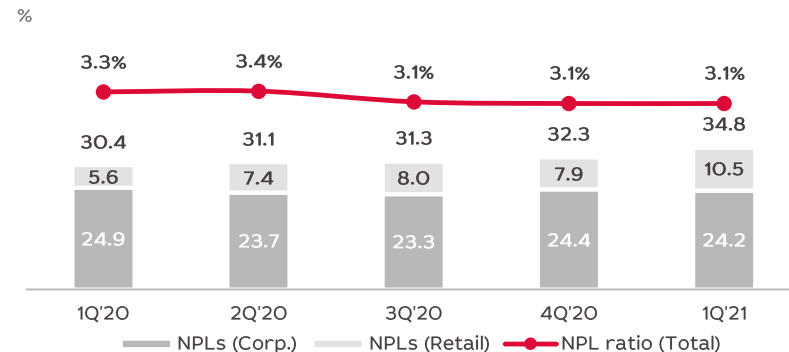


Provisioning policy adapted to new challenges

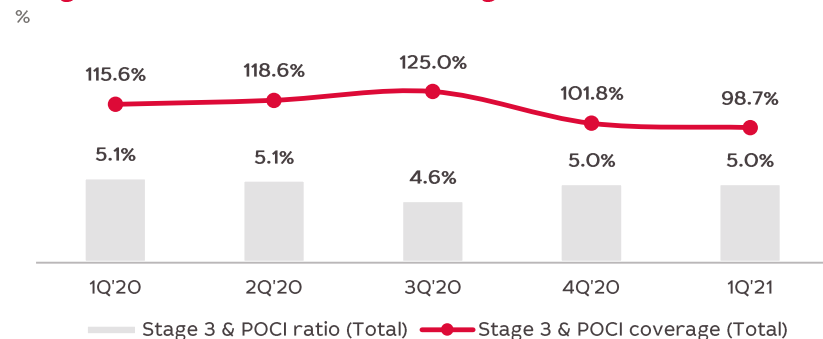
Charge for credit losses and cost of risk



NPLs and NPL share



Stage 3 & POCI ratio and coverage



Highlights:

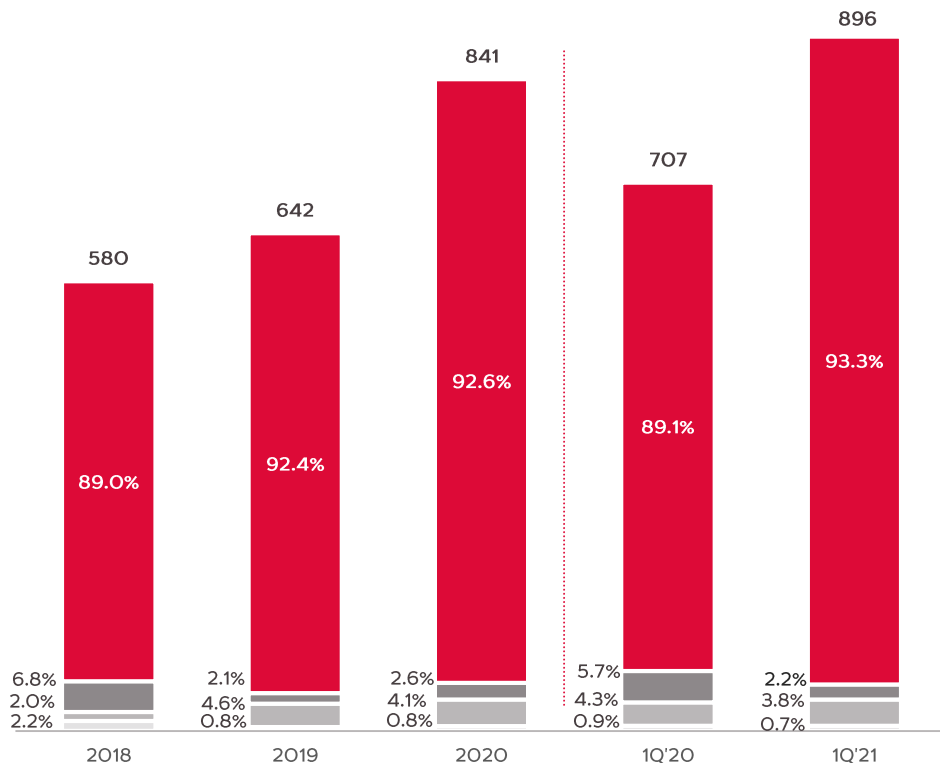
Cost of Risk decrease in 1Q'21 was driven by **macro-adjustment models update**, the revision of the loans **default rates** and movements in the impairment allowance amid a recovery in economic activity

148% NPL coverage presenting comfortable level to withstand potential uncertainty

Corporate portfolio quality evolution

Total gross corporate loan portfolio at amortized cost

RUB bn



Stages year-to-date dynamics

RUB bn

	Total	Allowance	Coverage ⁽¹⁾
Stage 1			
1Q2021	835.6	9.9	1.2%
2020	778.7	10.4	1.3%
Stage 2			
1Q2021	19.5	0.9	4.6%
2020	21.5	1.3	6.1%
Stage 3			
1Q2021	33.9	25.4	75.1%
2020	34.1	25.4	74.4%
POCI			
1Q2021	6.7	-	-
2020	6.5	-	-

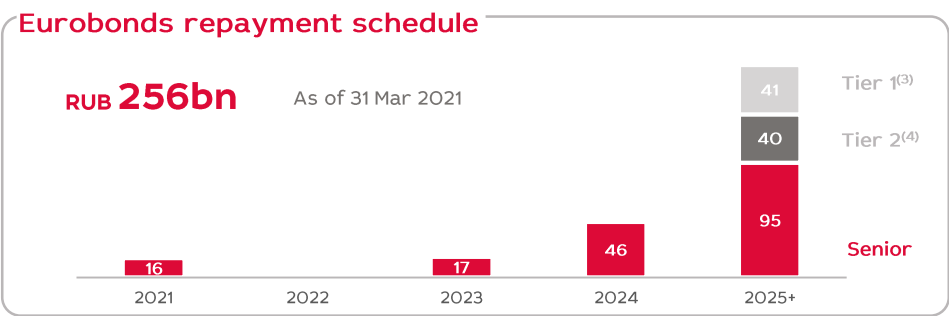
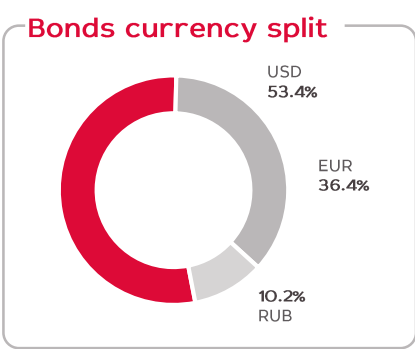
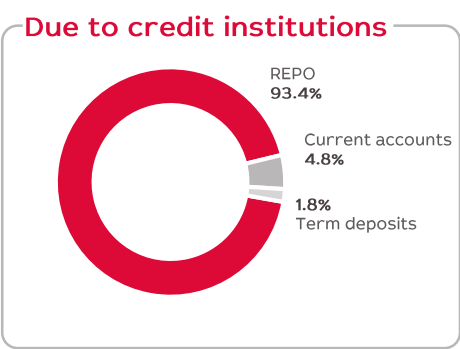
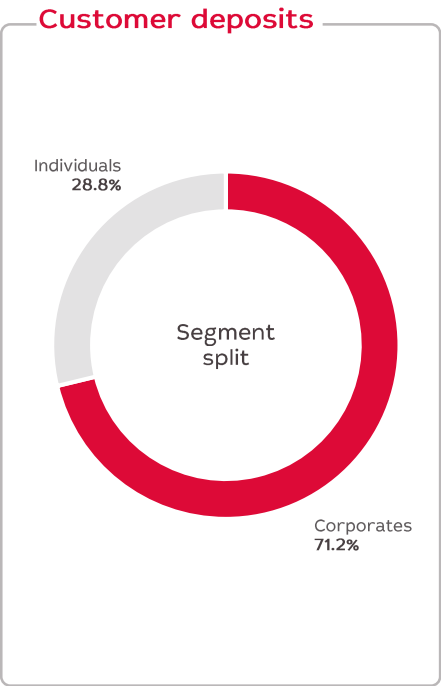
Source: IFRS financial statements; Company data

10 Notes: (1) Calculated as allowance related to specific stage divided by total amount of corporate loan portfolio classified under specific stage.

Total liabilities and equity composition

RUB 3,142bn

As of 31 Mar 2021

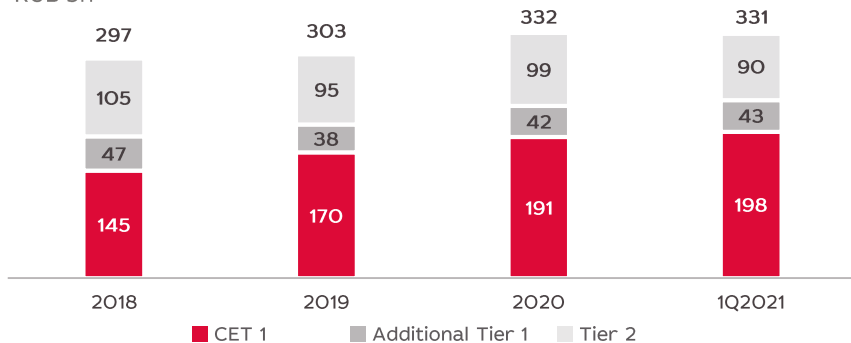


Source: IFRS Financial Statements; Company data; public sources.
Notes: (1) Includes debt securities issued. (2) Includes deferred tax liability and other liabilities. (3) With a call option embedded: first call date in Nov 2022, and then at every coupon date at the issuer's discretion. (4) With a call option embedded: first call date in Oct 2022, and then at every coupon date at the issuer's discretion.

Sound capital position

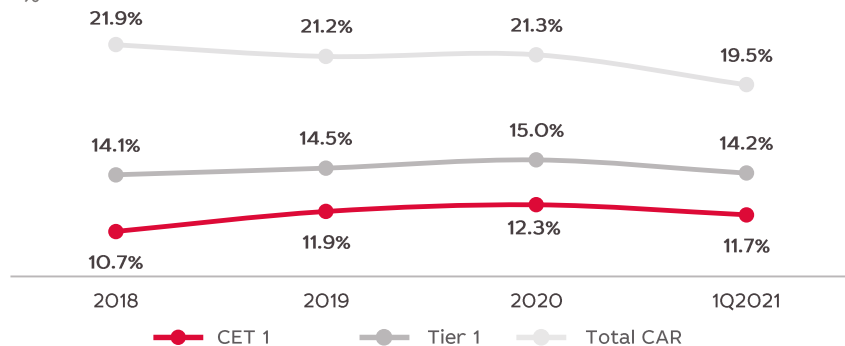
IFRS capital adequacy (Basel III)

RUB bn



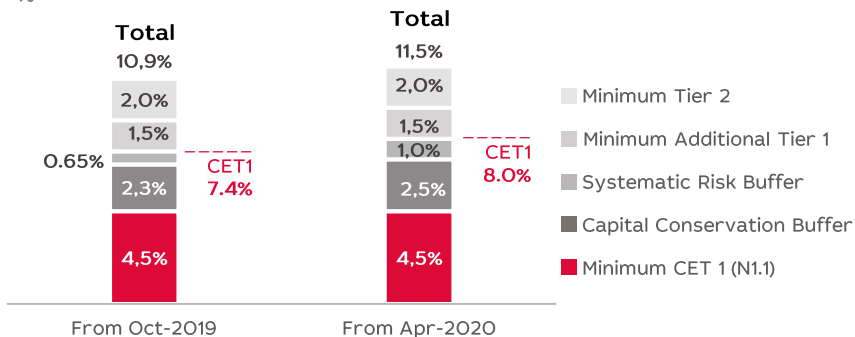
IFRS capital adequacy ratios (Basel III)

%



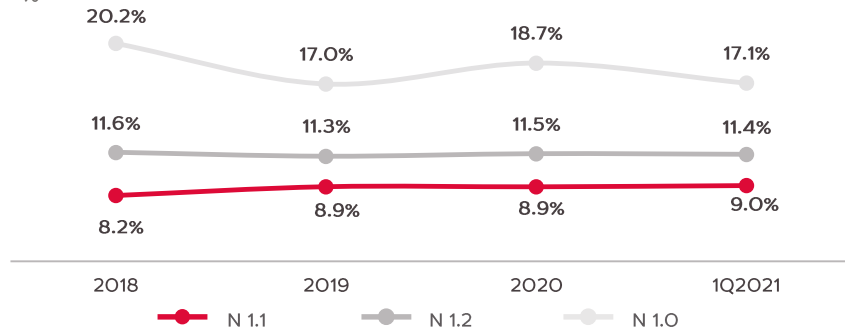
RAS capital adequacy requirements

%



RAS capital adequacy ratios

%

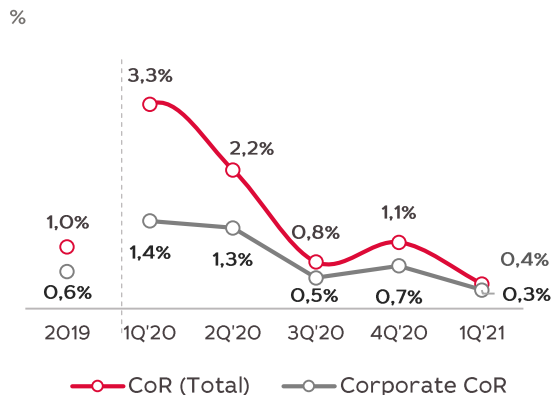


Appendix

Resilient asset quality underpinned by conservative risk approach

- Conservative approach to credit risk before COVID and proactive customer support measures allowed to minimize negative impact of COVID

Quarterly CoR dynamics



- Focus on large corporates makes MKB potentially less vulnerable to economic shocks
- Wide support measures - mostly represented by bank's own programs - are favorable for the quality of loan portfolio
- Preventively created provisions during 1Q'20 in view of the COVID-19 outbreak

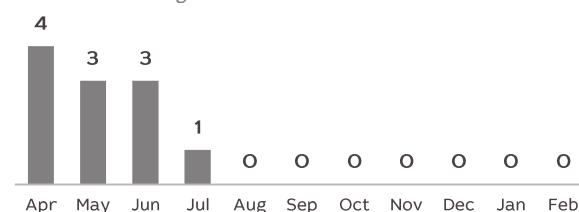


Corporate segment

RUB 50.6bn total amount of COVID-related restructurings⁽²⁾

5.0% Share of restructured loans in the total corporate loan portfolio⁽¹⁾

Approved corporate restructurings by month
of restructurings

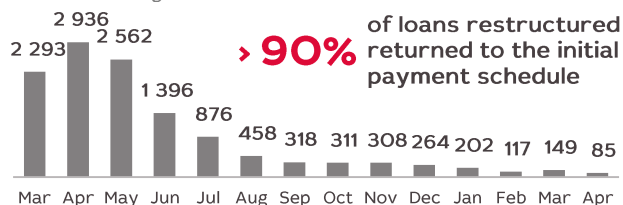


Retail segment

RUB 0.6 bn 1Q2021 restructurings including COVID-related

RUB 13.0 bn Total amount of restructurings including COVID-related in 2020⁽³⁾

Approved retail restructurings by month
of restructurings



Comprehensive response to challenges posed by COVID-19

Challenges



Supporting our clients



Shifting to digital channels



Maintaining efficient operations

MKB responses

- **RUB 64bn** (6% of loan portfolio) loan deferrals offering repayment flexibility to affected clients
 - **99%** of retail restructured loans are approved under own MKB Programme
-
- **Expanding digital banking proposition for corporates** (electronic document flow, guarantees and LCs)
 - **80%** of retail services available online
 - **Mobile app** for retail and **new app for businesses**
 - Digital investment platform **MKB Investments**
-
- **c. 40%+ employees** operated **remotely**
 - **Remote formats of training** and **corporate events** for employees



Post-COVID-19 reality⁽¹⁾

- **> 90% of restructured loans in retail** returned to the initial payment schedule
 - Total NPLs remained at **3.1%** in 1Q2021
-
- **Top-5** Mobile app for retail⁽²⁾
 - **75%** corporate credit transactions executed online
 - **30%** retail loans issued through Mobile App
-
- Maintaining **remote work** regime
 - **Reducing** client servicing **costs** via **remote** service