

FINANCIAL RESULTS

2018



AT A GLANCE



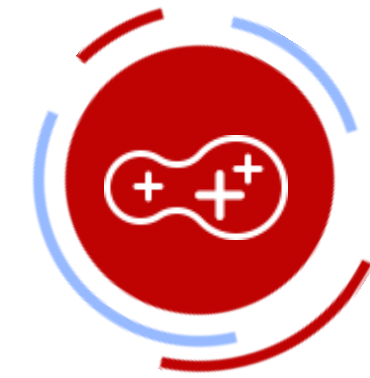
BUSINESS OVERVIEW

2017 2018

Assets, RUB'BN	689	+40%	967
Equity, ¹ RUB'BN	85	+34%	114
Recurring net income, ² RUB'BN	19.5	+21%	23.5
Offices	2 418	+10%	2 648
Clients – individuals, M	3.2	+38%	4.4
Clients – legal entities, M	0.17	+18%	0.2

HIGHLIGHTS

2018 FY



Acquisition of Rosevrobank («REB»)
Acquisition of 100% and legal merger in 4Q



Consortium of investors, pre-IPO round
sovereign funds, SBI Inc., co-founders of REB

Source: IFRS financial statements (as of 31 December 2018)

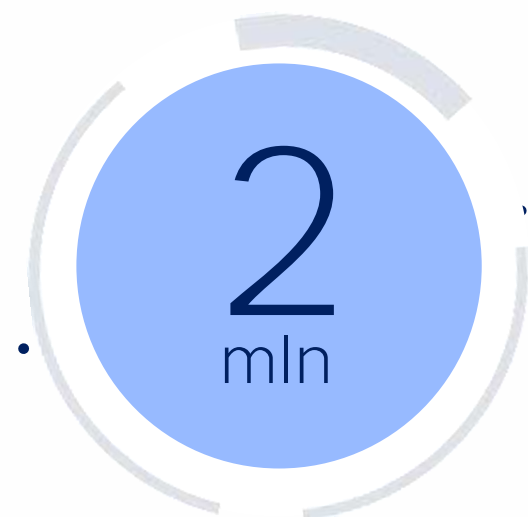
1. Including minority interest (2 RUB'BN)

2. Net income excluding one-offs after tax: net gain (loss) on financial instruments, net foreign exchange gain, M&A financial results, «Halva» project's financial results, other non-recurring profit (loss)

CAPITAL

grew 25x from 2010

1 office in a village of Buoy, 32 employees



2002



Acquisition of Buoycombank by the current shareholders of Sovcombank

Retail banking for pensioners



2007



Acquisition of ARKA, a chain of 600 credit agencies in Siberia and Far East

Advanced technologies in retail

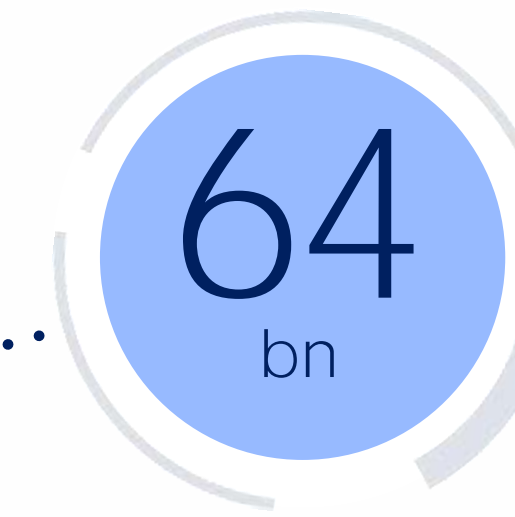


2013



Acquisition of GE Money Bank (Russian subsidiary)

Federal universal bank



2016



Acquisition of ICICI Bank Eurasia and Metcombank
Financial rehabilitation of Express Volga Bank

The largest retail network among privately-owned banks



2017



Acquisition of a mortgage loan portfolio from Nordea Bank

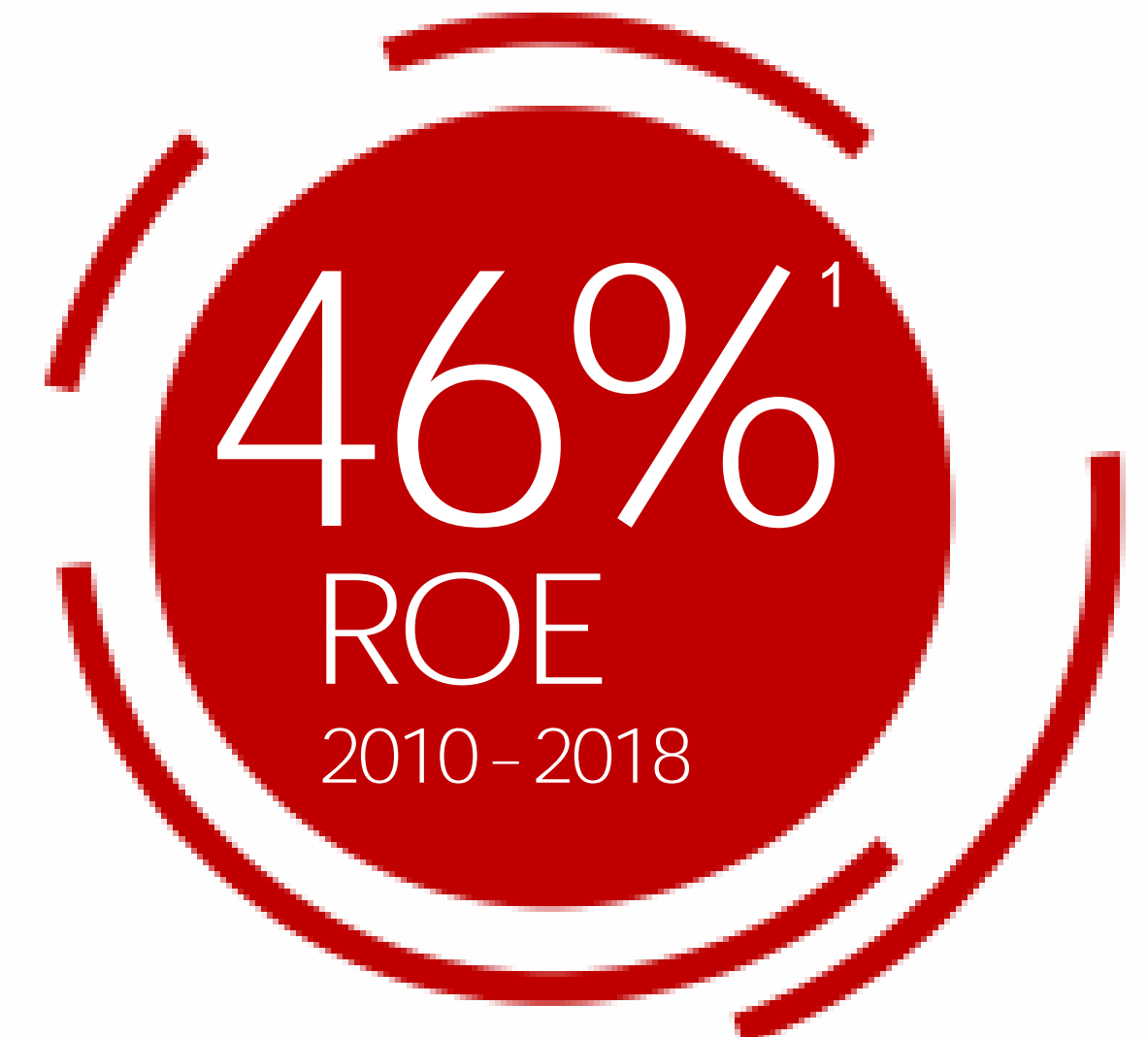
Scale of systemically important bank



2018



Acquisition of and merger with Rosevrobank
1st pre-IPO round



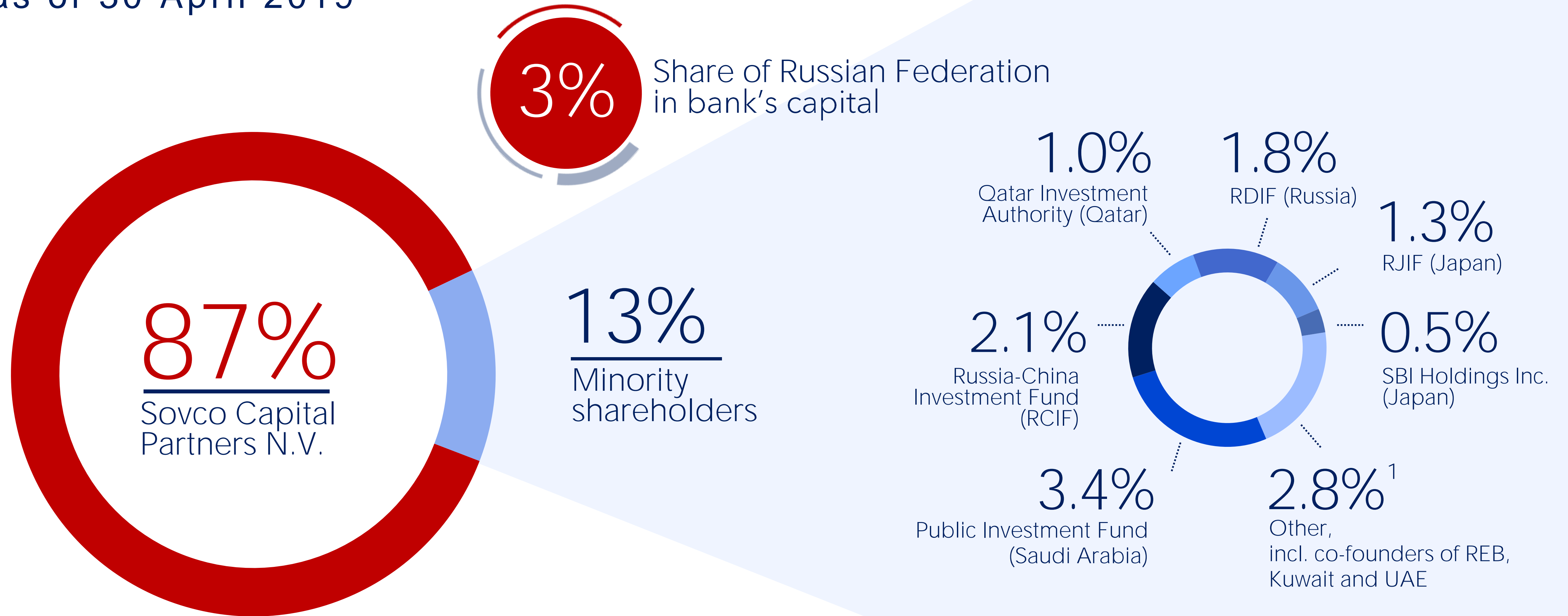
Source: IFRS financial statements (as of 31 December 2018)

1. Average IFRS ROE for 2010 - 2018 period

2. Including minority interest (2 RUB'BN)

SHAREHOLDERS

as of 30 April 2019

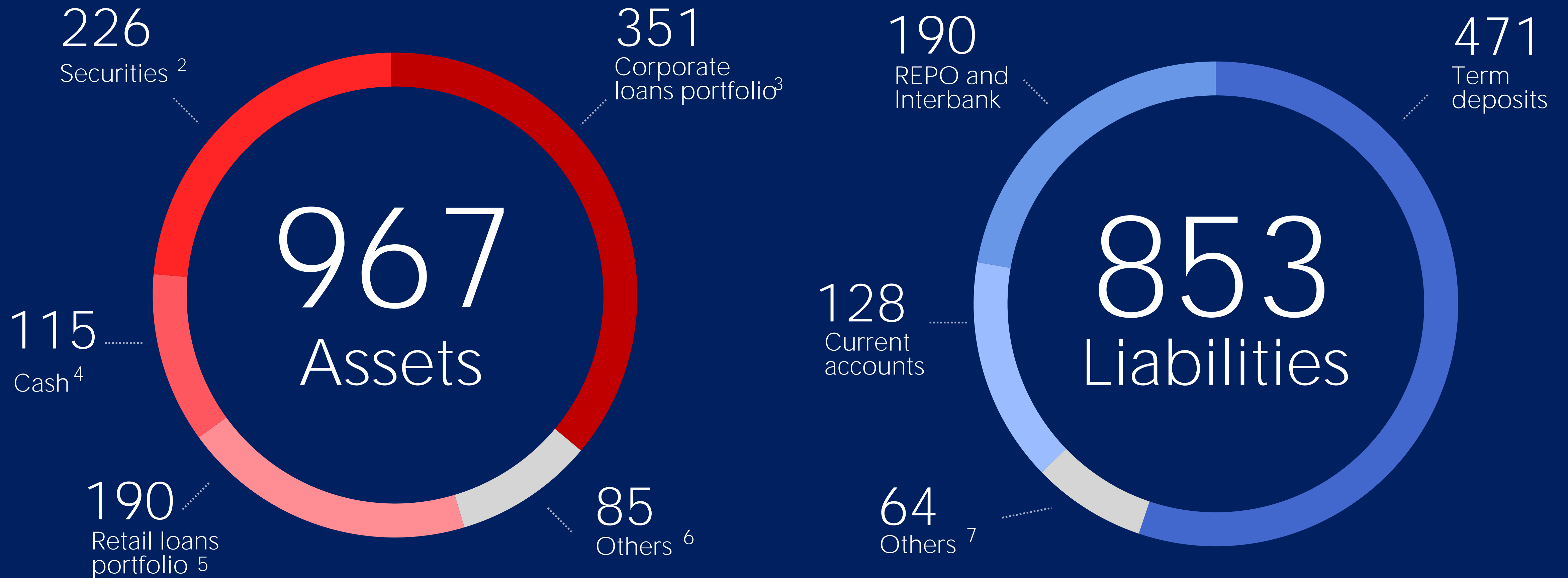


Source: company disclosure

1. Including shares of REB co-founders: Ilya Brodskiy (1.8%) and Andrei Suzdaltsev (0.6%)

BALANCE SHEET RUB'BN

114^{BN}
RUB
EQUITY¹

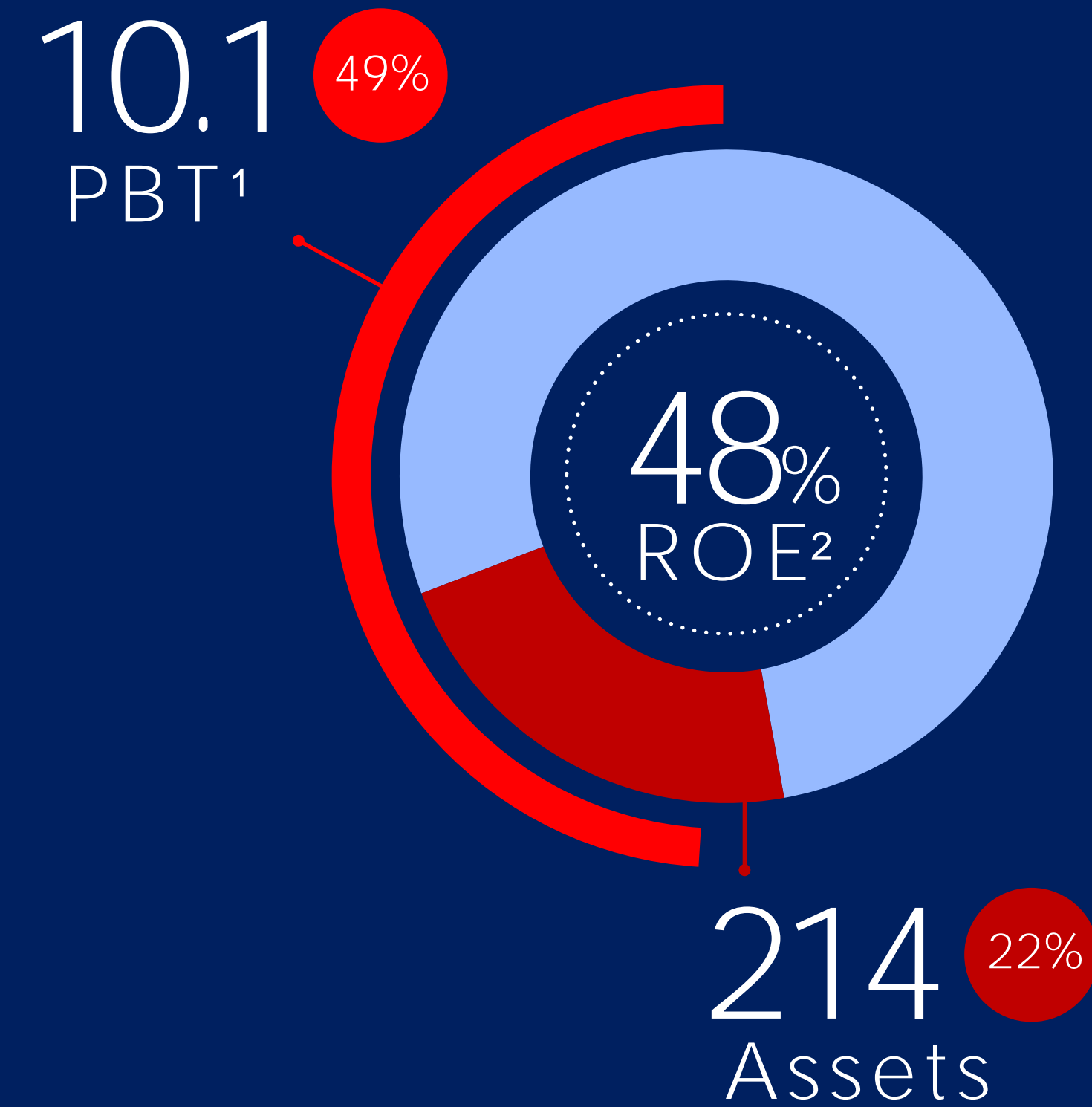


Source: IFRS financial statements (as of 31 December 2018)

1. Including minority interest (2 RUB'BN)
2. Financial instruments at fair value through profit or loss (225 RUB'BN), investment securities at fair value through other comprehensive income (1 RUB'BN)
3. Loans to corporate customers and the corporate customers' securities measured at amortized cost (358 RUB'BN) less allowance for loan impairment (7 RUB'BN)
4. Including cash and cash equivalents (110 RUB'BN), mandatory cash balances with the CBR (5 RUB'BN)
5. Loans to individuals (201 RUB'BN) less allowance for loan impairment (11 RUB'BN)
6. Including placements with banks and the banks' securities measured at amortized cost (49 RUB'BN), property and equipment and intangible assets (11 RUB'BN), other assets (20 RUB'BN), others (5 RUB'BN)
7. Including debt securities issued (8 RUB'BN.), subordinated debt (14 RUB'BN.), other borrowed funds (17 RUB'BN.), other liabilities (19 RUB'BN), others (6 RUB'BN)

RETAIL

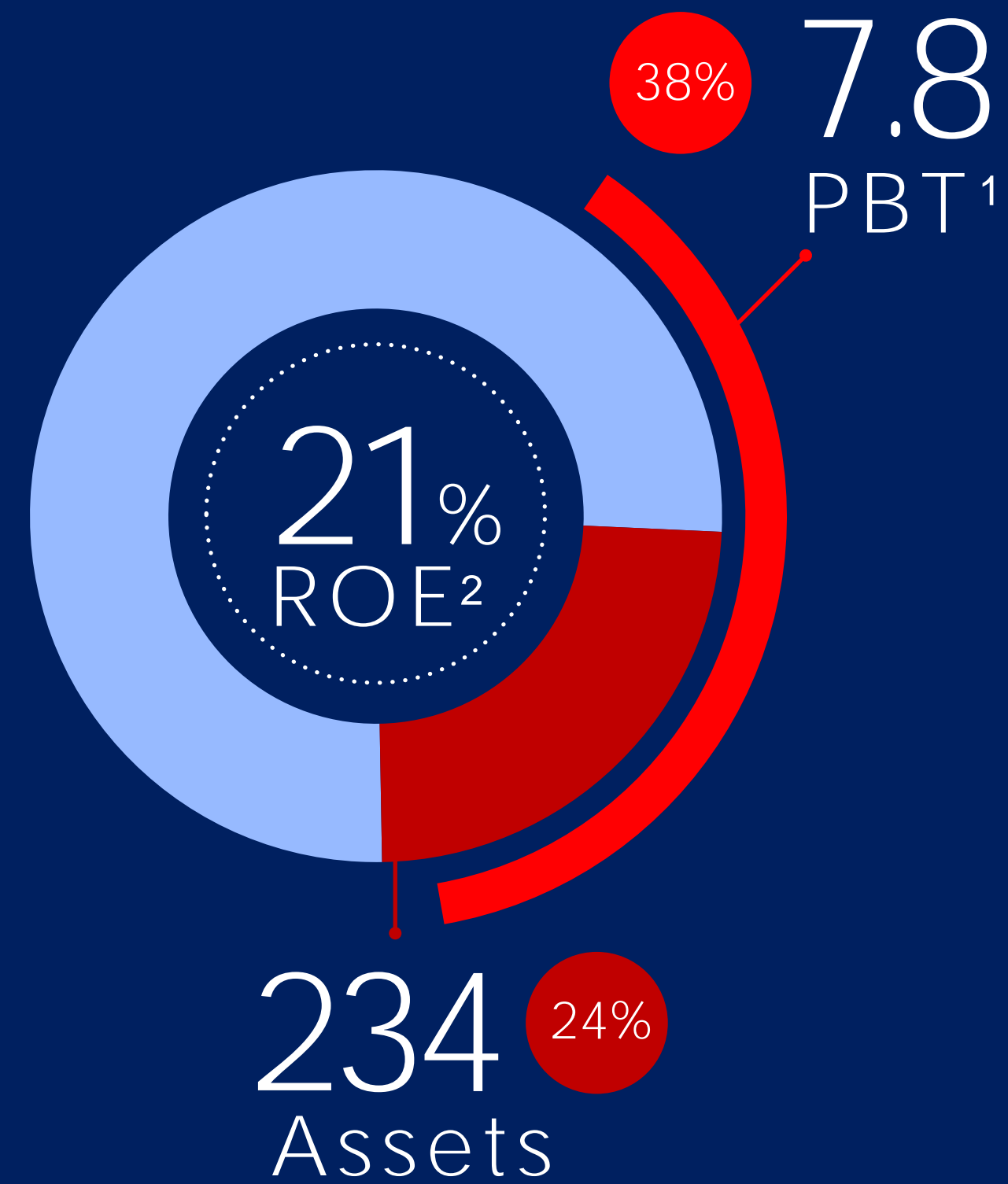
RUB'BN



Low & moderate income (LMI) clients in regions

CORPORATE BANKING

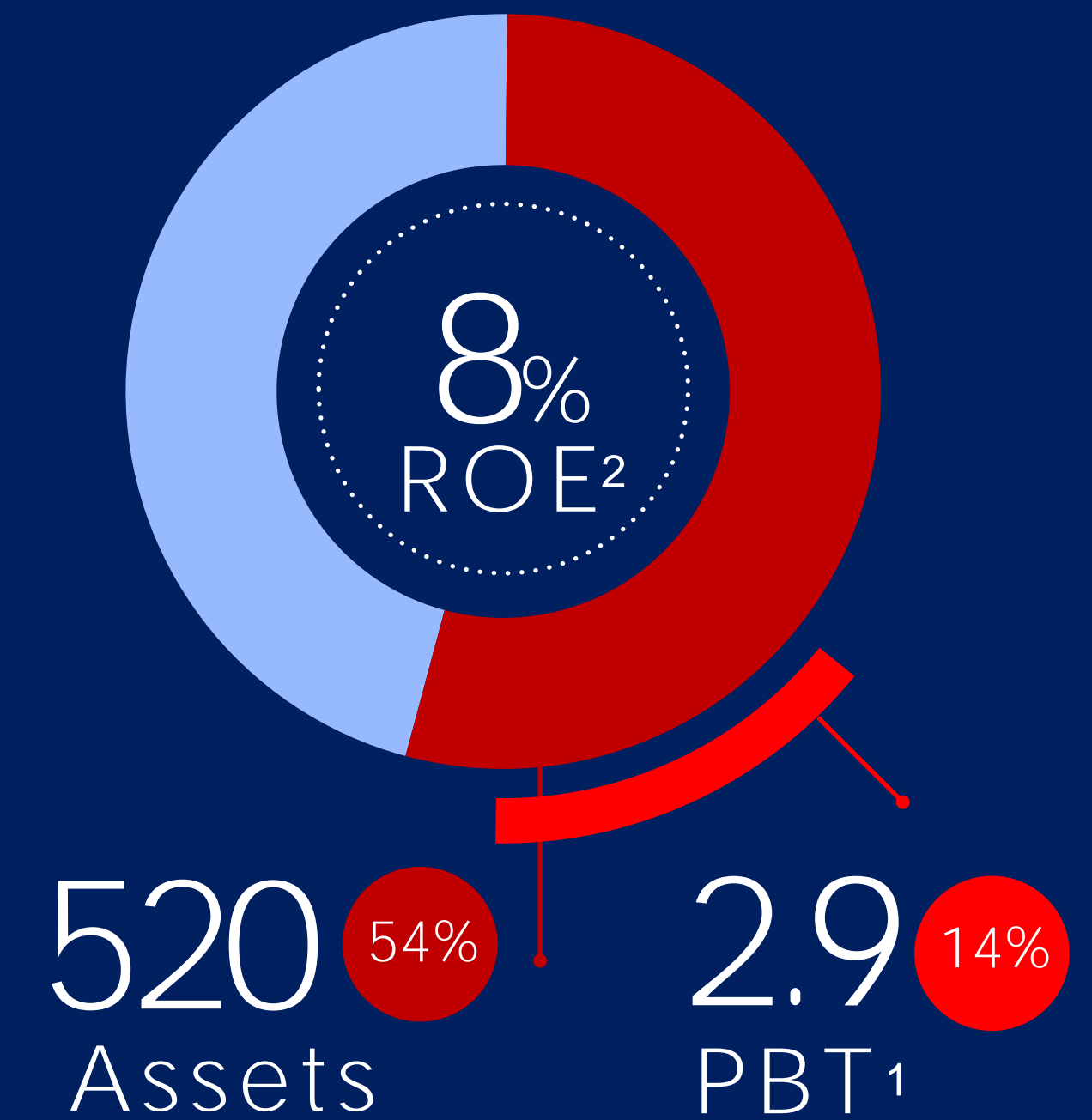
RUB'BN



400 largest corporations
Public sector
SME

TREASURY

RUB'BN



Securities
Capital & liquidity

Source: IFRS financial statements (as of 31 December 2018)

1. «PBT» – «profit before tax» - segments' results for 2018FY

2. Nominal adjusted ROE calculated as recurring income after tax (net income excluding one-offs after tax: net gain (loss) on financial instruments, net foreign exchange gain, M&A financial results, «Halva» project's financial results, other non-recurring profit (loss)) over nominal equity (11,8% of segment's assets)

CREDIT RATINGS

MOODY'S



STABLE

Confirmed

March 2018

S&P



POSITIVE

Confirmed
(forecast upgraded)

January 2019

FITCH

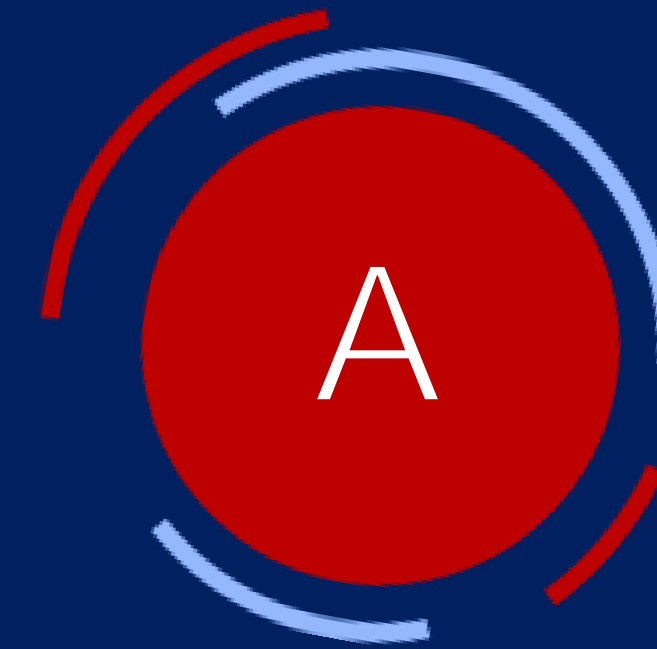


STABLE

Upgraded

August 2018

ACRA

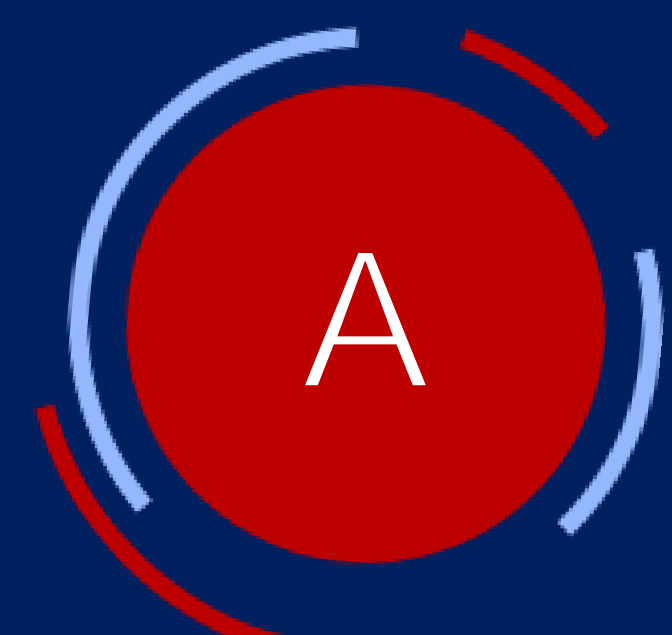


STABLE

Confirmed

March 2019

RAEX



STABLE

Upgraded

May 2018

Source: Rating agencies, data as of 25 April 2019



RETAIL



- The largest retail network among privately-owned banks
 - Cost-effective mini-offices
 - «Halva»
- 

THE LARGEST RETAIL NETWORK

among privately-owned banks

1 051

towns

75

regions

4.4^{mln}

retail clients



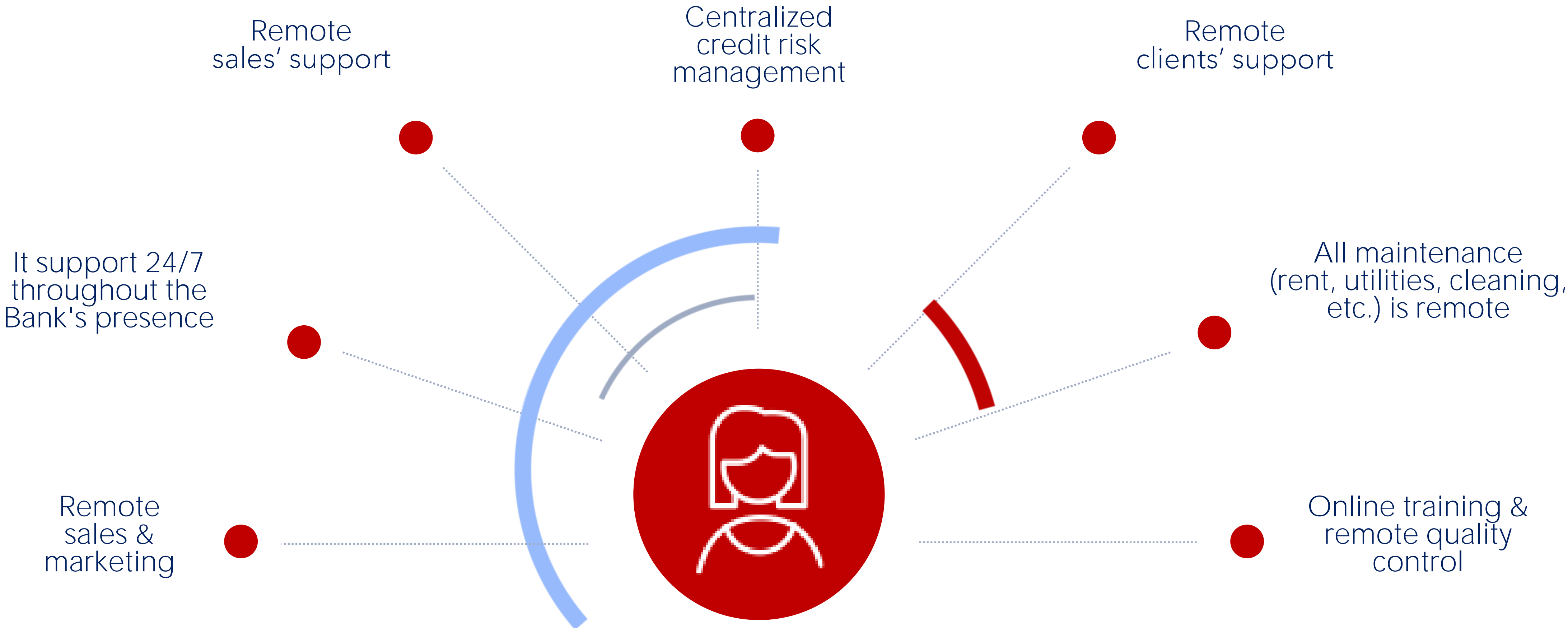
Bank's IT-centers in Russian towns

Moscow | Kostroma | Kazan | Saratov | Berdsk

EFFICIENCY OF A MINI-OFFICE

100 thousand RUB
per month
OPEX

2 RUB'M
to open an office
CAPEX



43 Consumer loans
RUB'BN

NPL 6.7%²

22 Home equity loans (HEL)
RUB'BN

NPL 6.1%²

19 «Halva» & credit cards
RUB'BN

NPL 2.5%²

34 Mortgage
RUB'BN

NPL 2.2%²

72 Car loans
RUB'BN

NPL 2.3%²



RETAIL LOAN PORTFOLIO¹

Source: IFRS financial statements (as of 31 December 2018)

1. Loans to individuals (201 RUB'BN)
less allowance for loan impairment (11 RUB'BN)
2. NPL – Non-performing loans 90+



C O R P O R A T E B A N K I N G + T R E A S U R Y



- Privately-owned bank (flexible & agile)
- Flat organizational structure
- NPL - around 0%
- Low OPEX



351 RUB' BN

Corporate loans net of allowance

Loans to corporate customers

192 RUB' BN

577 RUB' BN

159 RUB' BN

Bonds reclassified to loans

CORPORATE PORTFOLIO¹

226 RUB' BN
Securities

220 RUB' BN
Bonds portfolio²

6 RUB' BN
Derivatives

577 RUB' BN

SME³
41 RUB' BN
NPL⁴ 2.7%

Corporate loans & bonds⁵

367 RUB' BN
NPL⁶ 0.1%

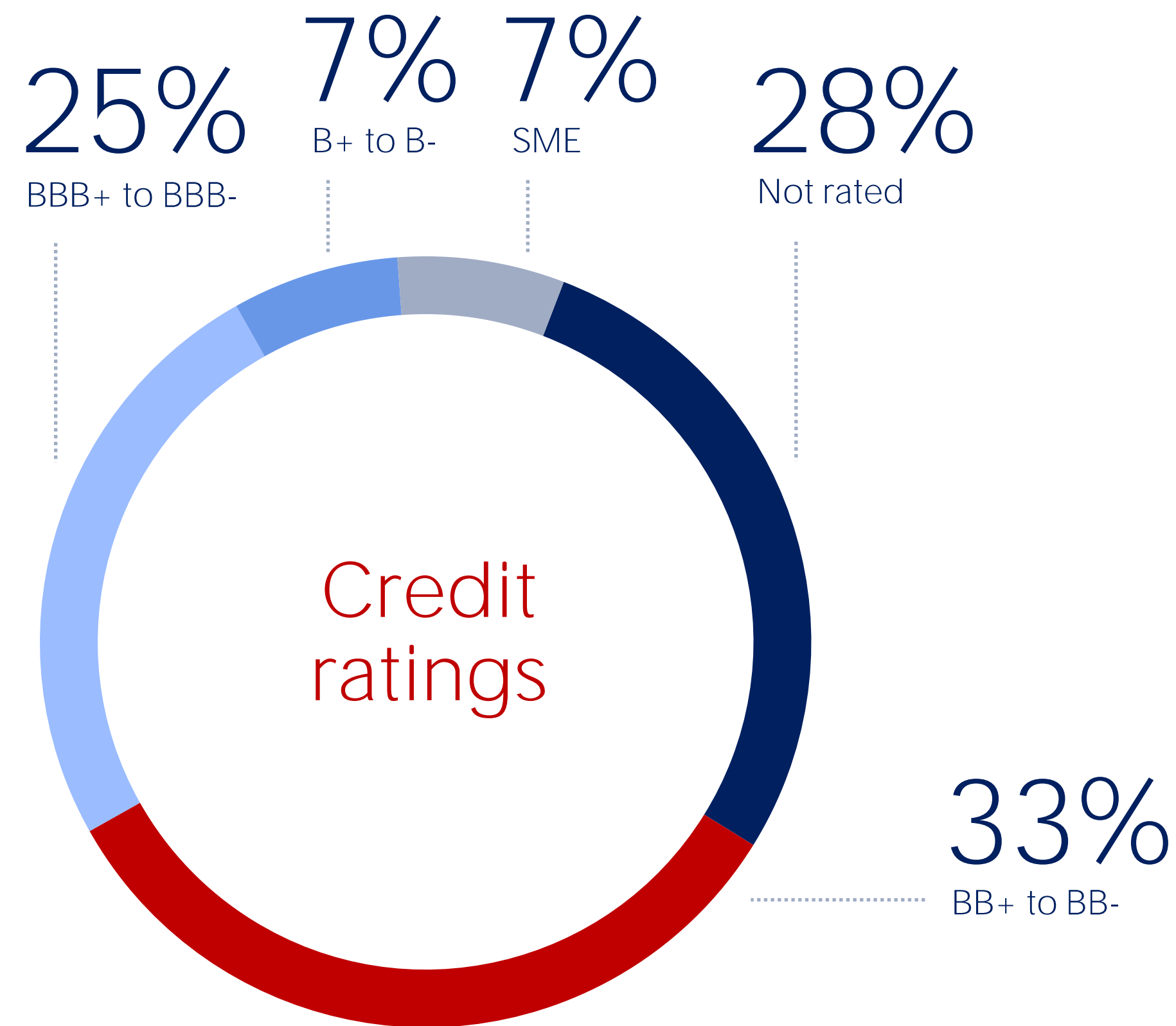
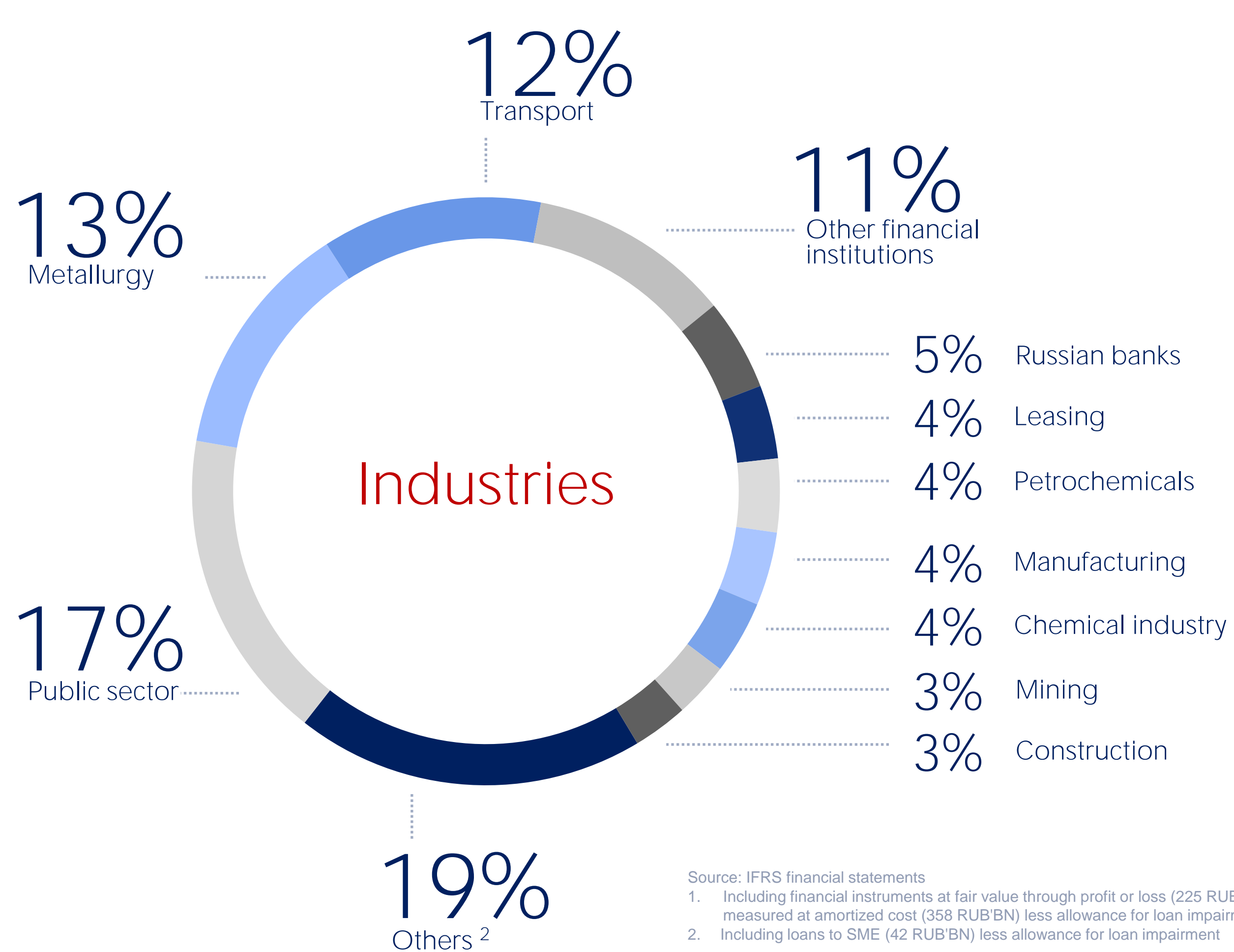
Corporate loans & bonds⁷
169 RUB' BN
NPL⁴ 0.0%

Source: IFRS financial statements, company disclosures

1. Corporate portfolio less allowance for loan impairment (7 RUB'BN)
2. Including financial instruments at fair value through profit or loss (219 RUB'BN), investments securities at fair value through other comprehensive income (1 RUB'BN)
3. Micro-, small and medium enterprises. Mainly loans issued for participation in public procurement NPL – Non-performing loans 90+. NPL relates only to the corporate loans portfolio
4. Including loans to corporate customers, corporate bonds and eurobonds reclassified to loans
5. Excluding mezzanine lending
6. Including loans to constituent entities and municipalities of the Russian Federation, government and municipal bonds, bonds of state-owned companies

CORPORATE PORTFOLIO¹

as of 31 December 2018



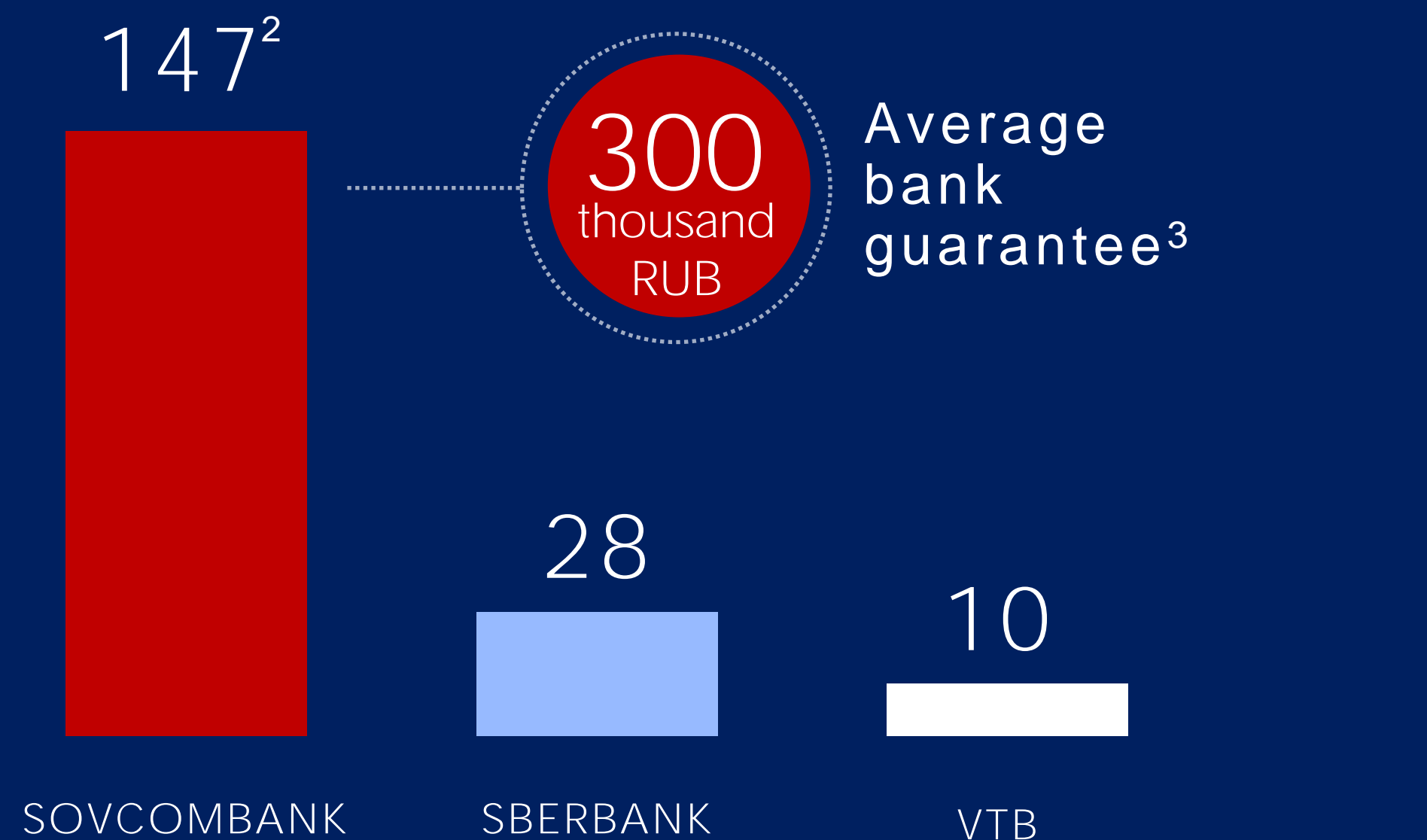
Source: IFRS financial statements

1. Including financial instruments at fair value through profit or loss (225 RUB'BN), investments securities at fair value through other comprehensive income (1 RUB'BN), loans to corporate customers and the corporate customers' securities measured at amortized cost (358 RUB'BN) less allowance for loan impairment (7 RUB'BN)

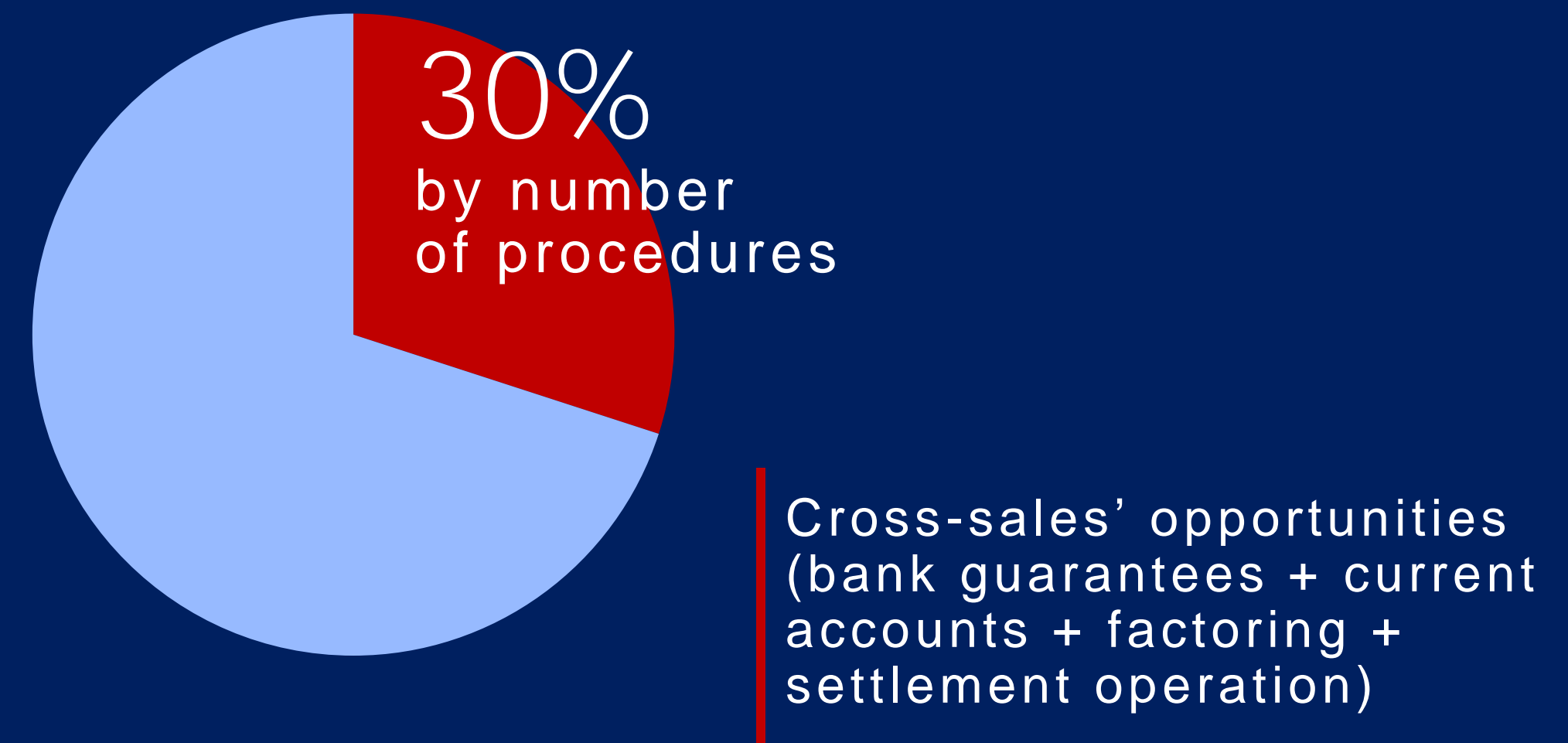
2. Including loans to SME (42 RUB'BN) less allowance for loan impairment

ACCESS TO PUBLIC PROCUREMENT

Sovcombank provided access to public procurement for 514¹ thousand SME in 2018



GUARANTEES ISSUED, THOUSAND
12M 2018



PUBLIC PROCUREMENT MARKET'S SHARE, %
12M 2018

Source: management accounts as of 31 December 2018, company disclosures

1. SMEs that participated in the auctions on Sovcombank's digital platform RTS-Tender and received bank guarantees. Share of Sovcombank Group by the number of bank guarantees issued for 12M 2018 – 20% of the market

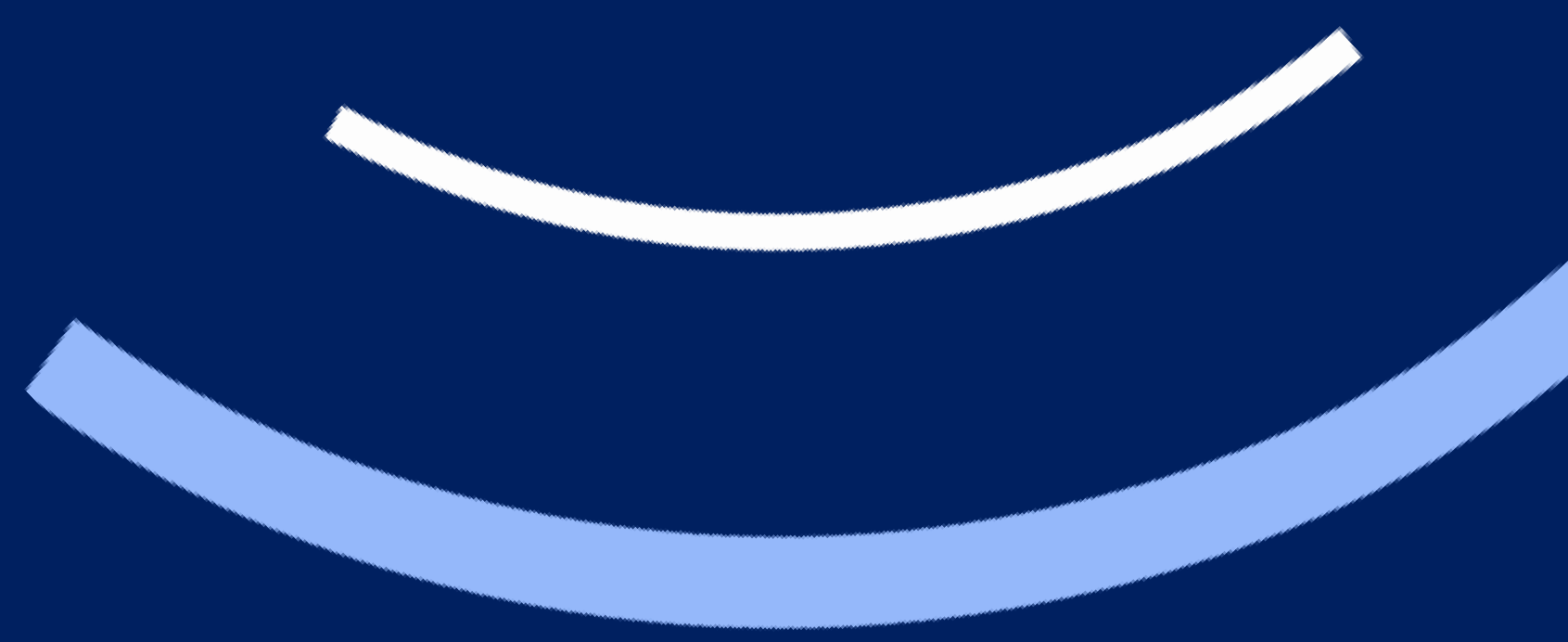
Bank guarantees issued by Sovcombank Group for 12M 2018

2. An average bank guarantee amount as per the management accounts as of 31 December 2018

APPENDIX

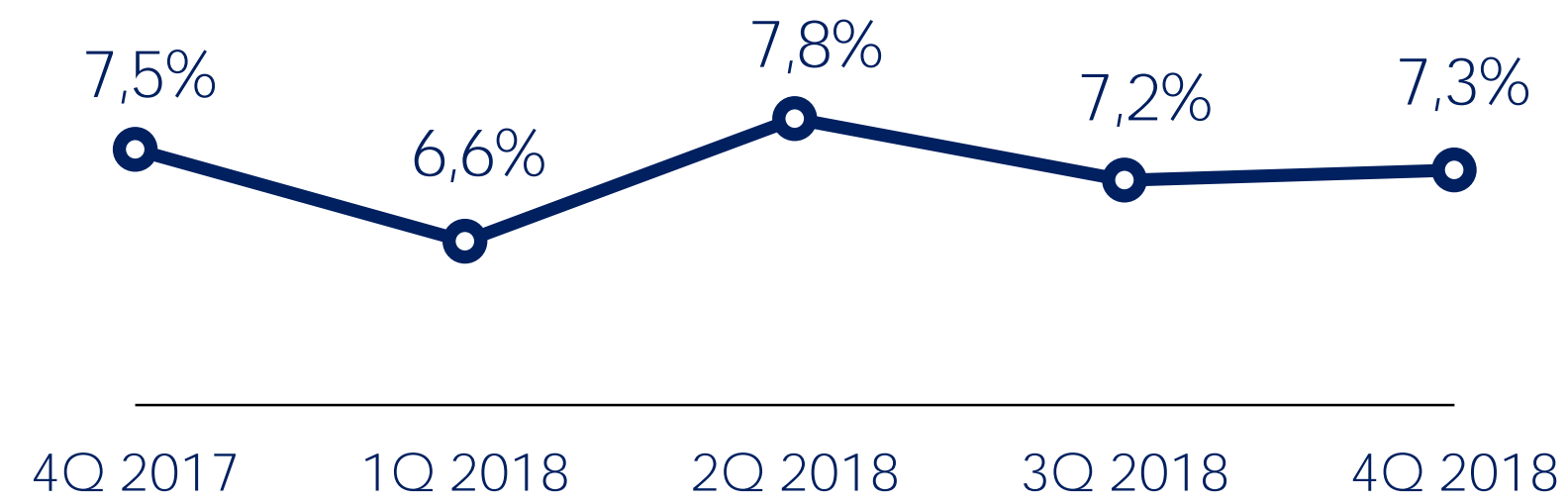


2018



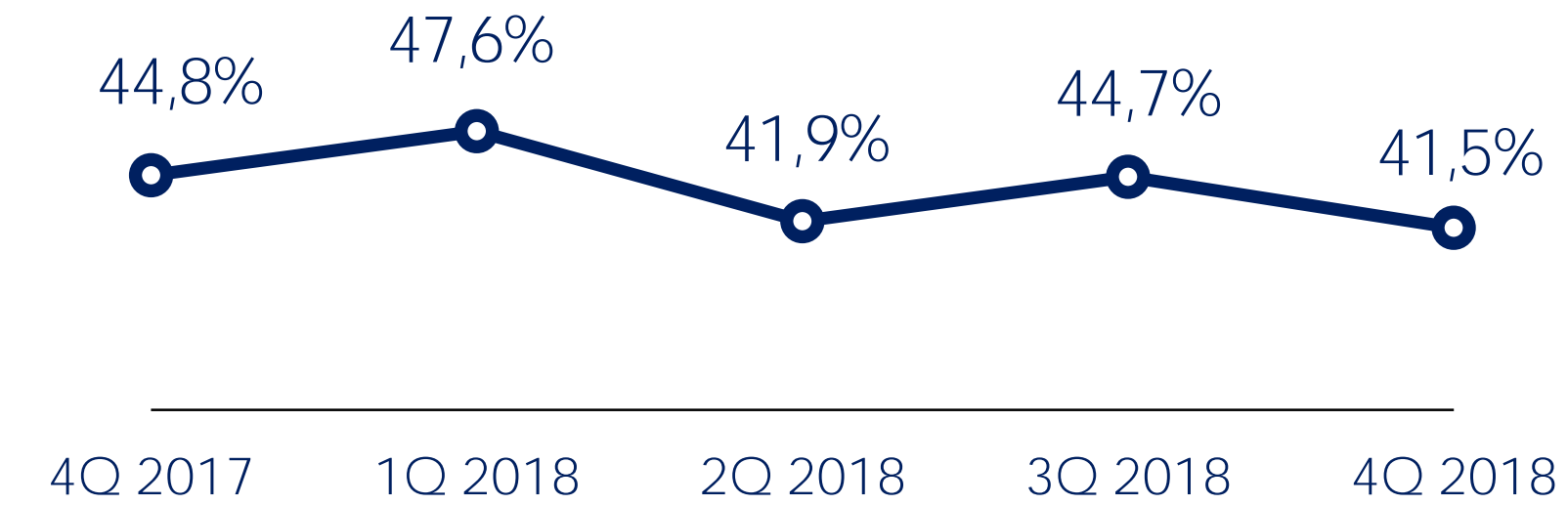
OPERATING MARGIN

(NII less allowance + NFCI) / Average assets



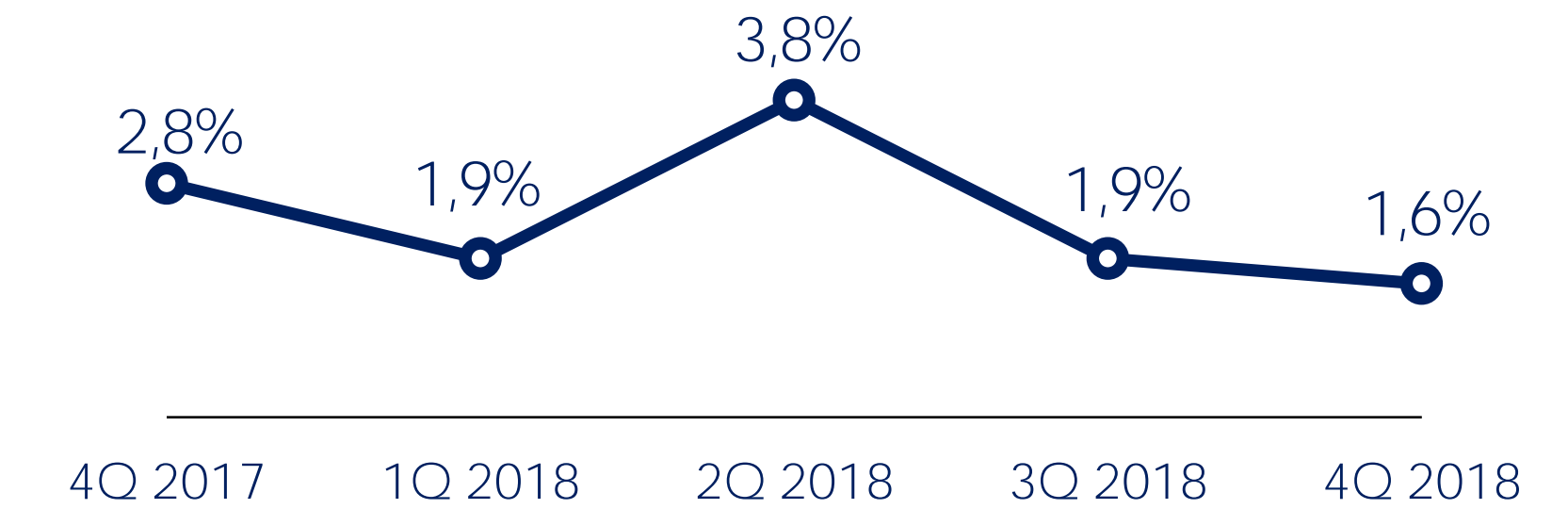
COST / INCOME (CIR)

OPEX¹ / (NII + NFCI)



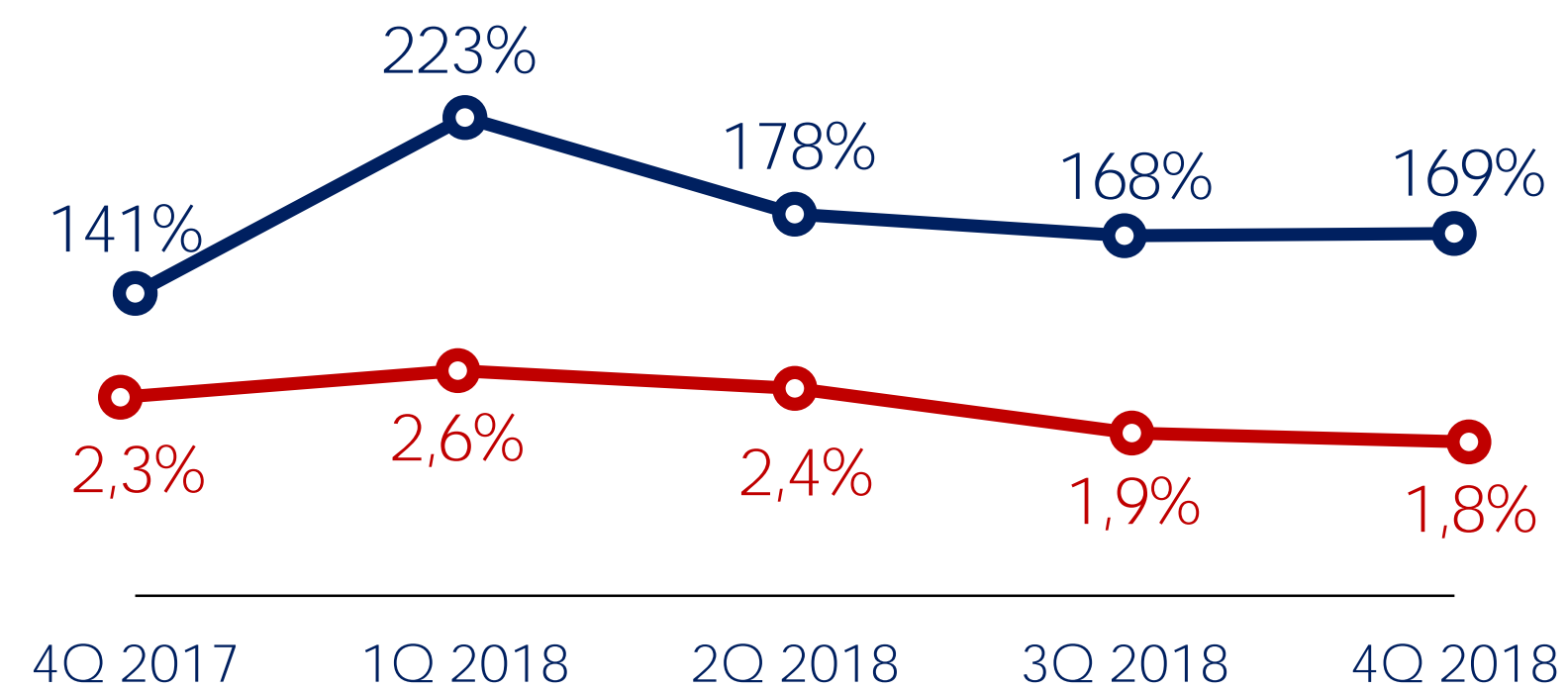
COST OF RISK

Allowance for credit losses (P&L) / Average gross loan portfolio



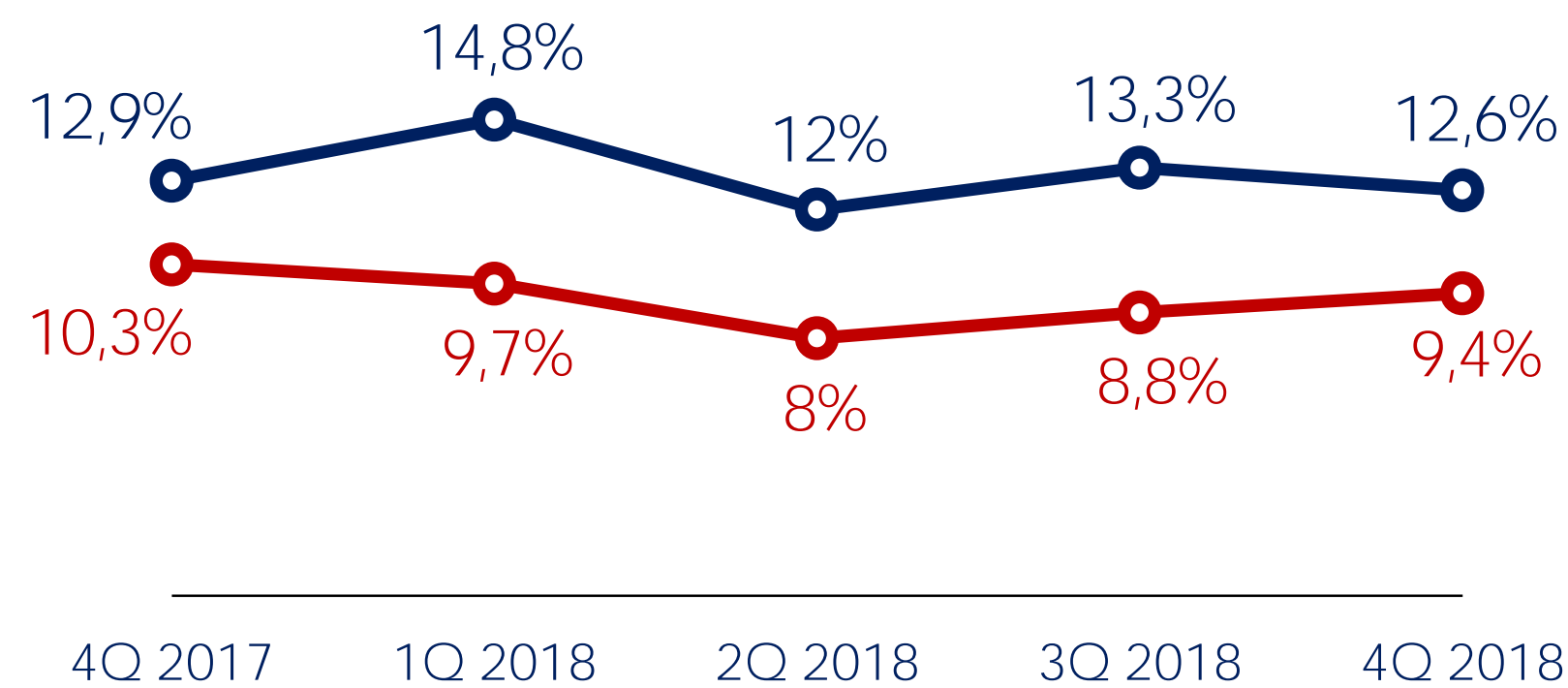
NON-PERFORMING LOANS (NPL 90+)

Overdue 90+ days / Gross loan portfolio



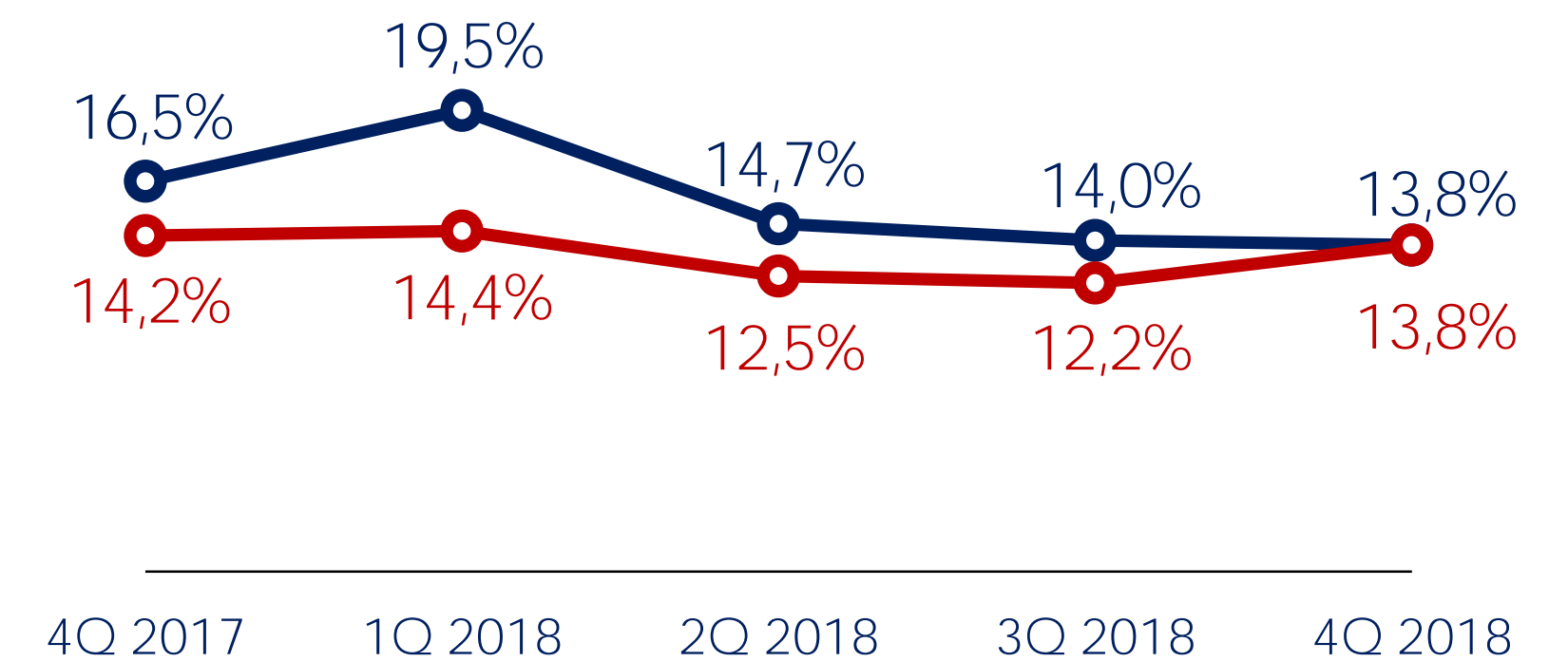
CAPITAL ADEQUACY (RAS)

Sovcombank (standalone)



CAPITAL ADEQUACY (IFRS)²

Basel I и III, Sovcombank Group (Consolidated)



— NPL 90+ — Coverage ratio³

— N1.0 — N1.1

— Tier 1 — Capital adequacy ratio (CAR)

Source: IFRS, RAS financial statements

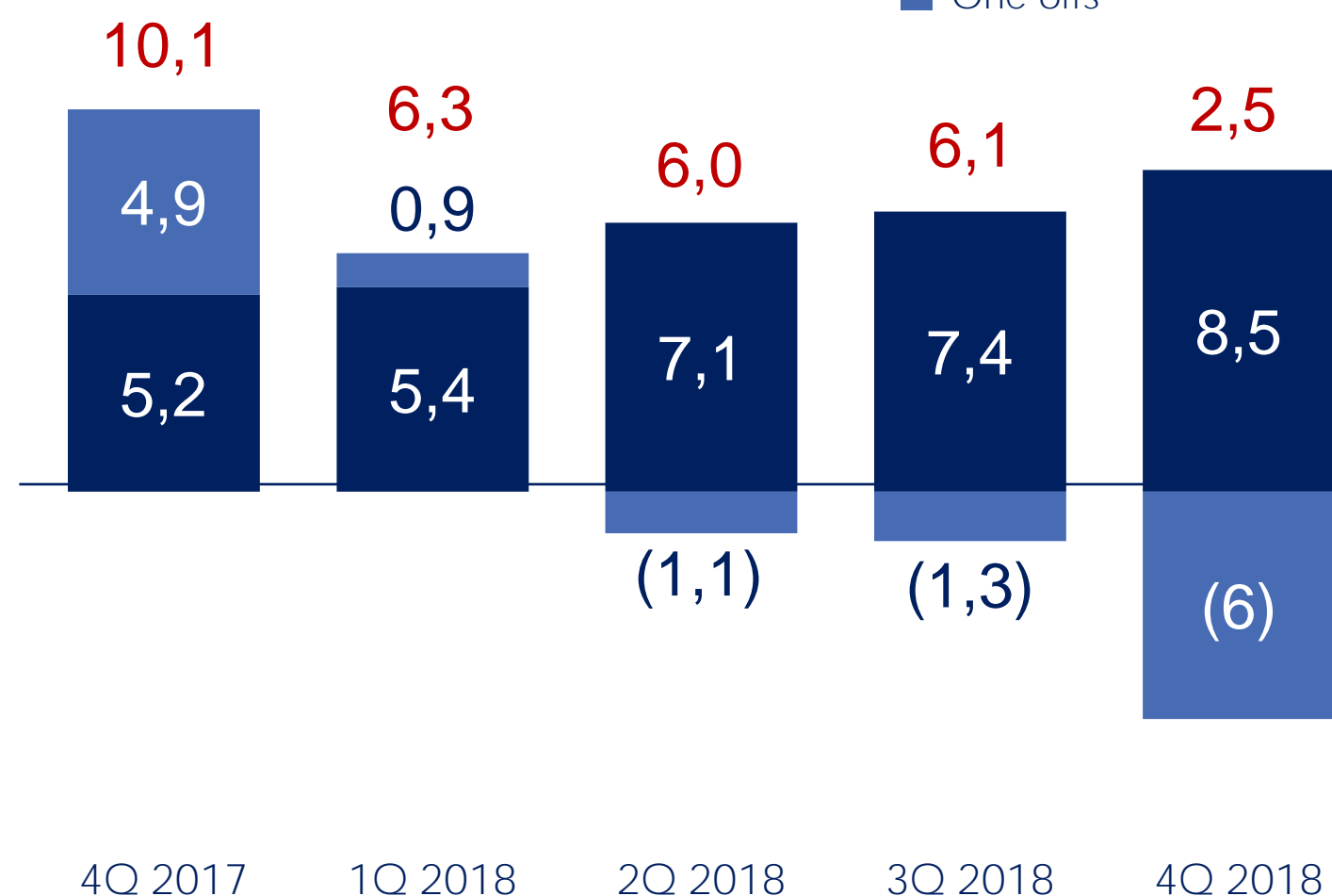
1. Excluding «Halva» project's OPEX

2. As at 31 December 2018, to calculate capital adequacy ratio, the Group applied Basel III. Until 2018, capital adequacy ratio was computed in accordance with the Basel Capital Accord 1988 Calculated as allowance for loan impairment / NPL 90+

PROFIT BEFORE TAX

RUB'BN

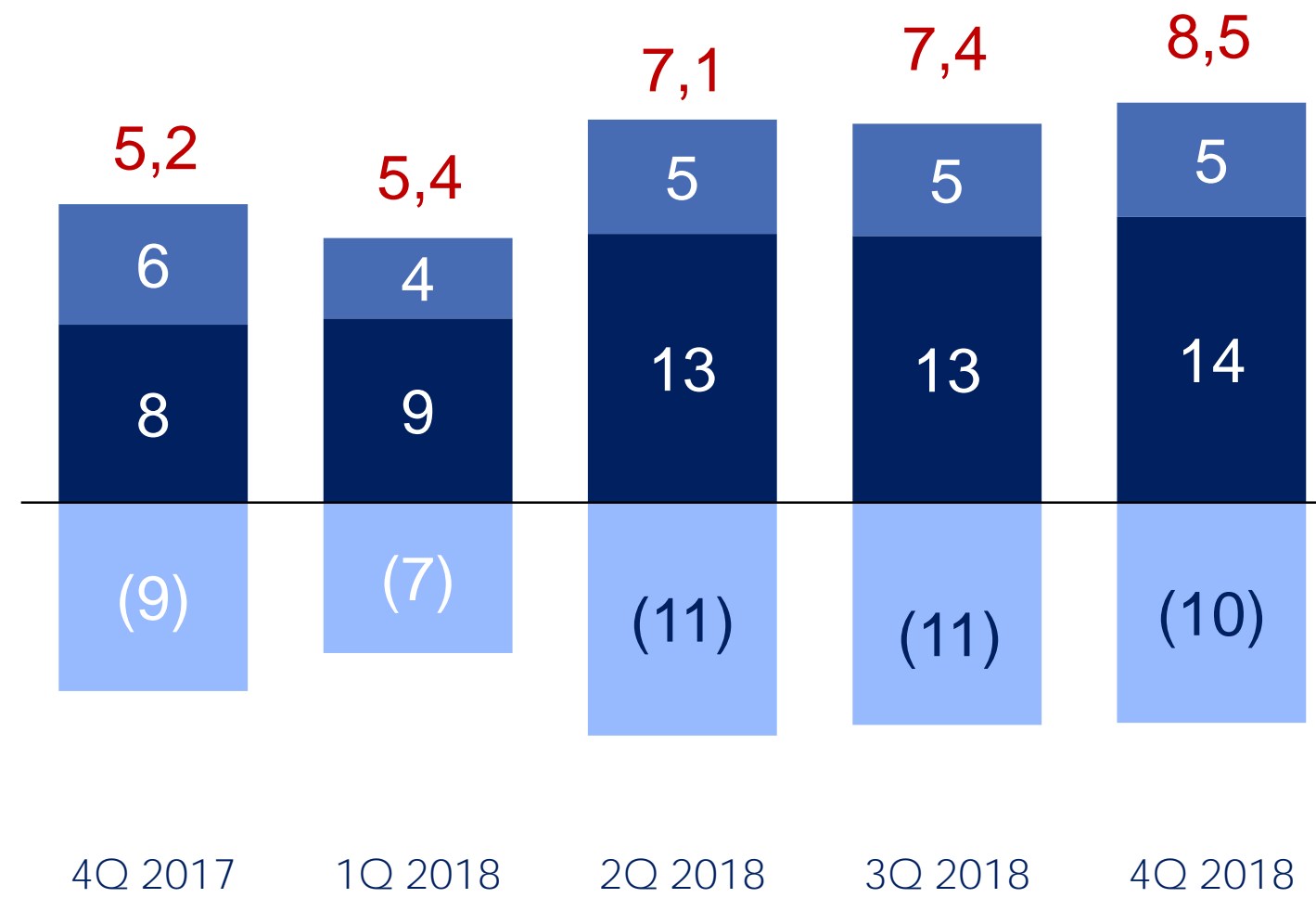
■ Recurring PBT
■ One-offs



RECURRING PROFIT BEFORE TAX

RUB'BN

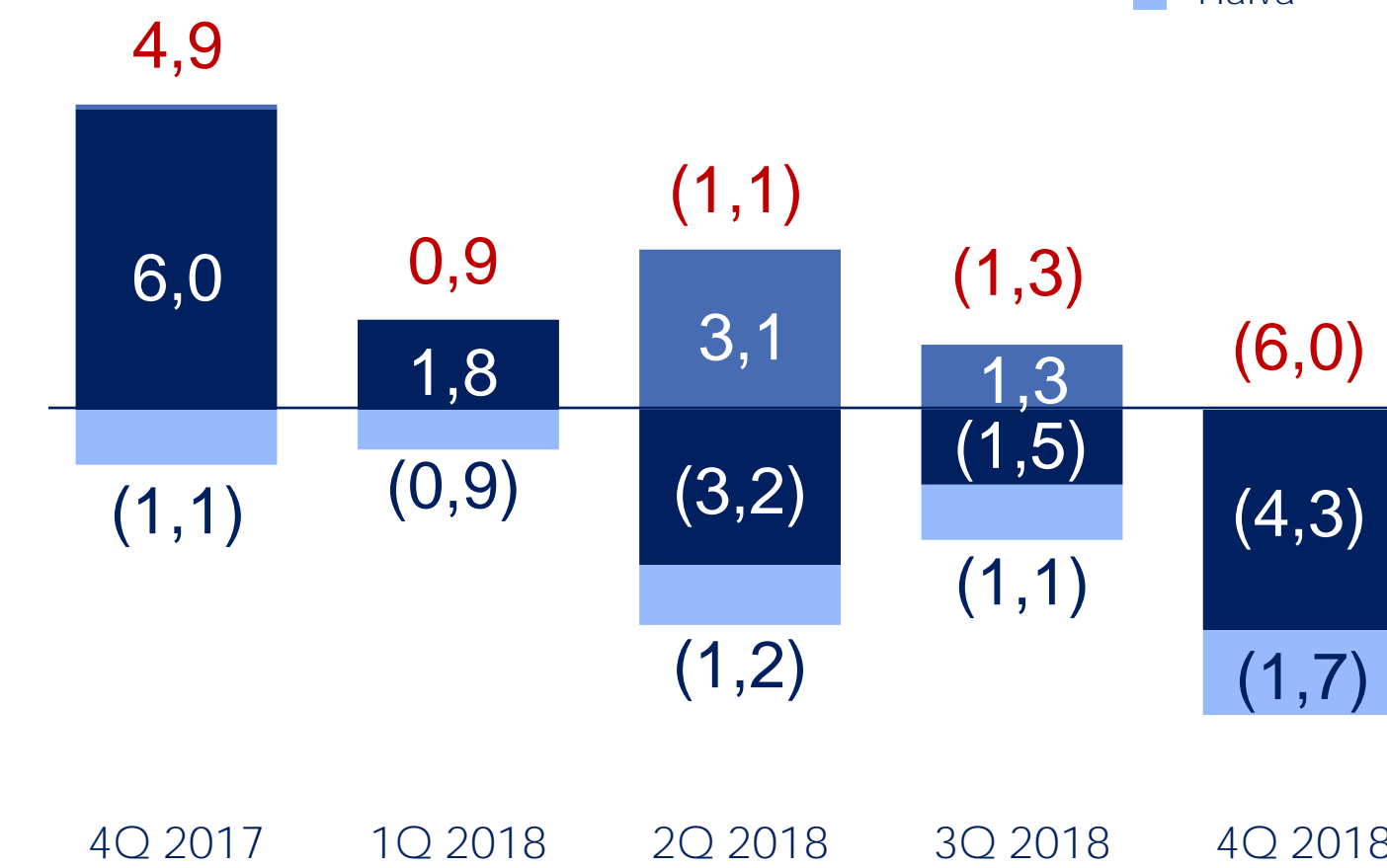
■ NII ■ NFCI ■ OPEX (excl. OPEX of Halva)



ONE-OFFS¹

RUB'BN

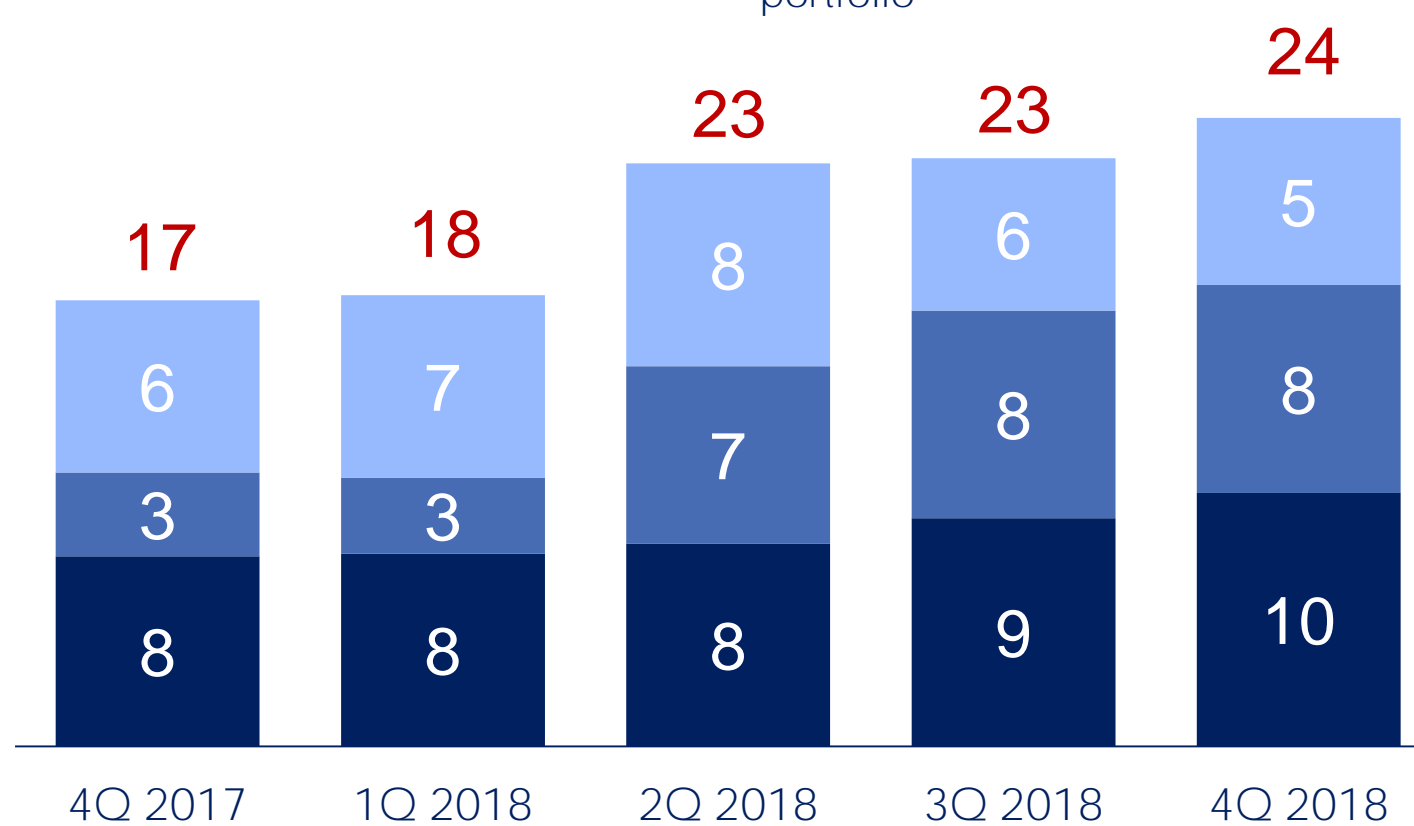
■ Revaluation
■ M&A
■ Halva



INTEREST INCOME

RUB'BN

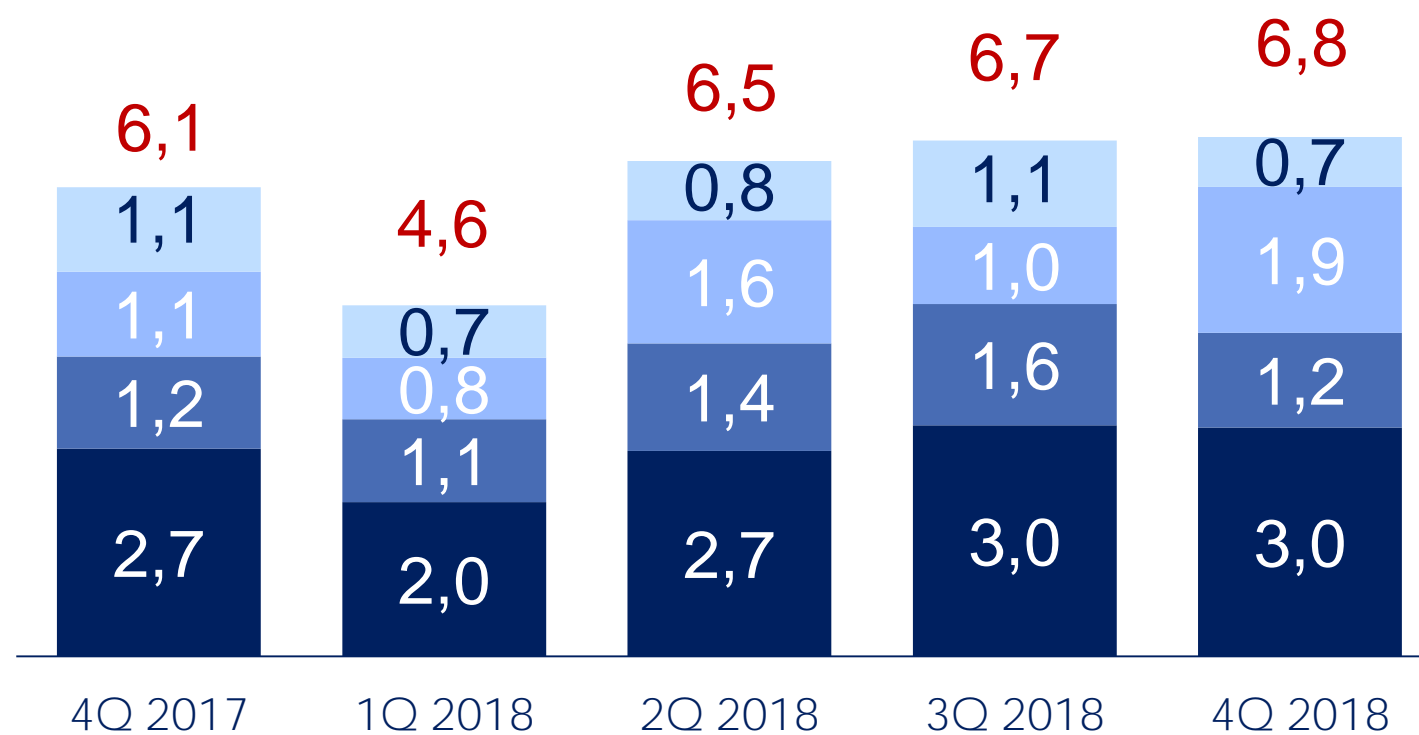
■ Retail loans portfolio
■ Corporate loans portfolio
■ Securities & Interbank



FEE & COMMISSION INCOME

RUB'BN

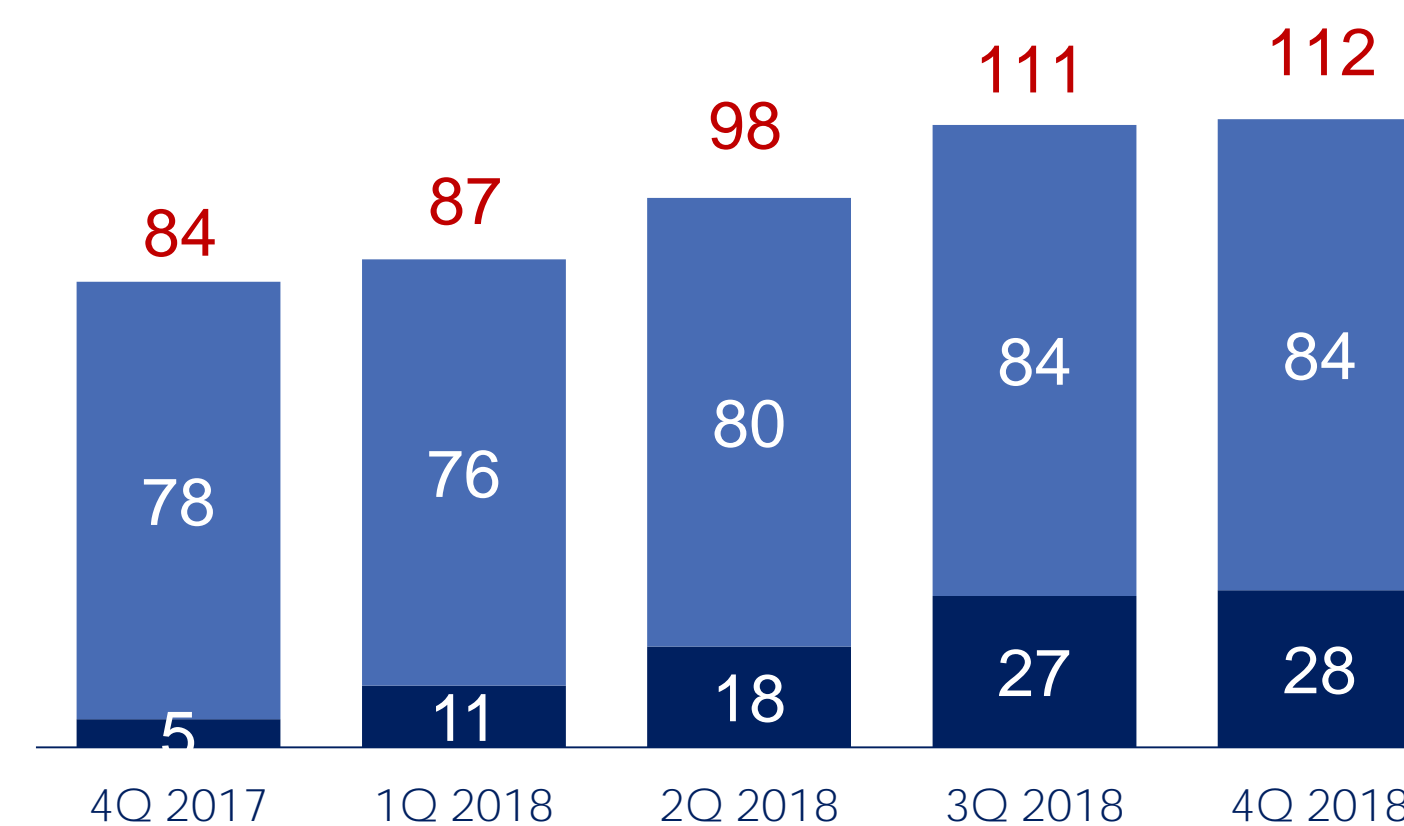
■ Financial protection
■ Plastic cards operations
■ Settlement operation & others
■ Commission for issuing BG



QUALITY OF CAPITAL

RUB'BN

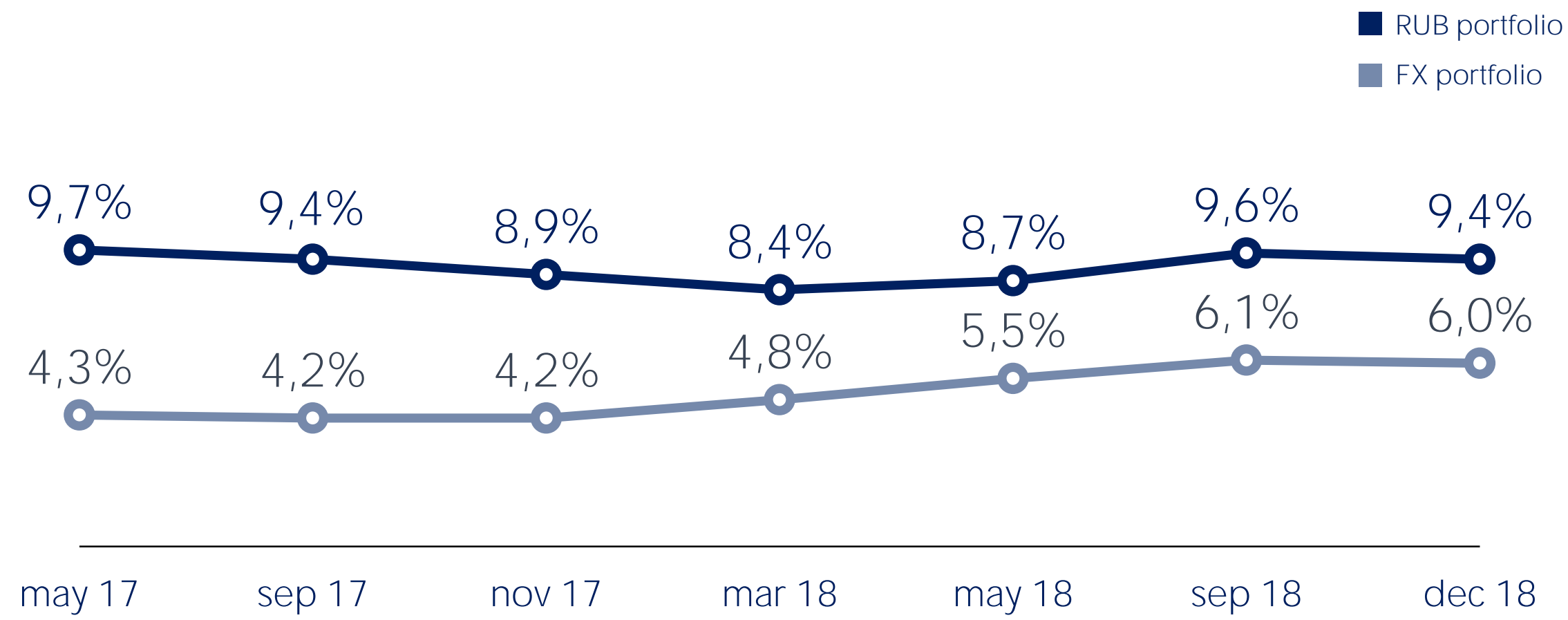
■ Capital² ■ Retained earnings



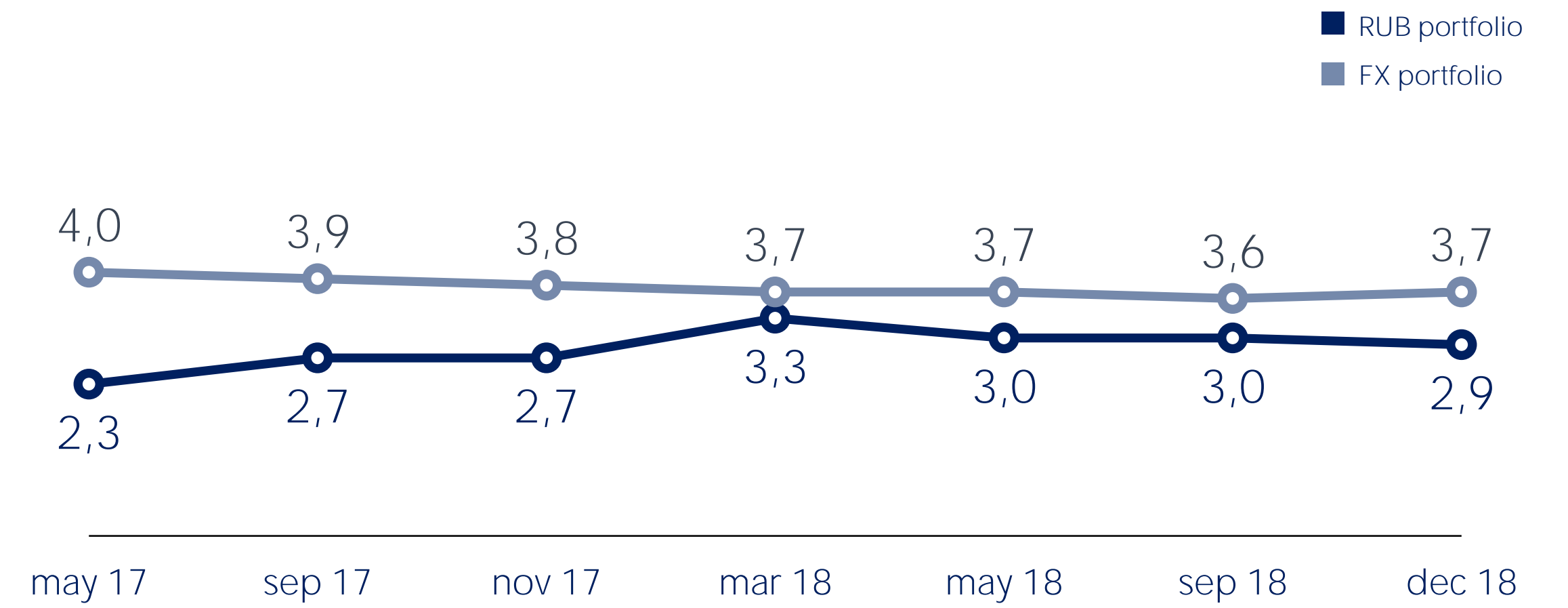
Source: IFRS financial statements, company disclosure

- Including net gain (loss) on financial instruments, net foreign exchange gain, M&A financial results, «Halva» project's financial results, other non-recurring profit (loss)
- Including share capital, treasury shares, other capital contributions, revaluation reserve for securities available for sale, perpetual subordinated debt, revaluation reserve for buildings

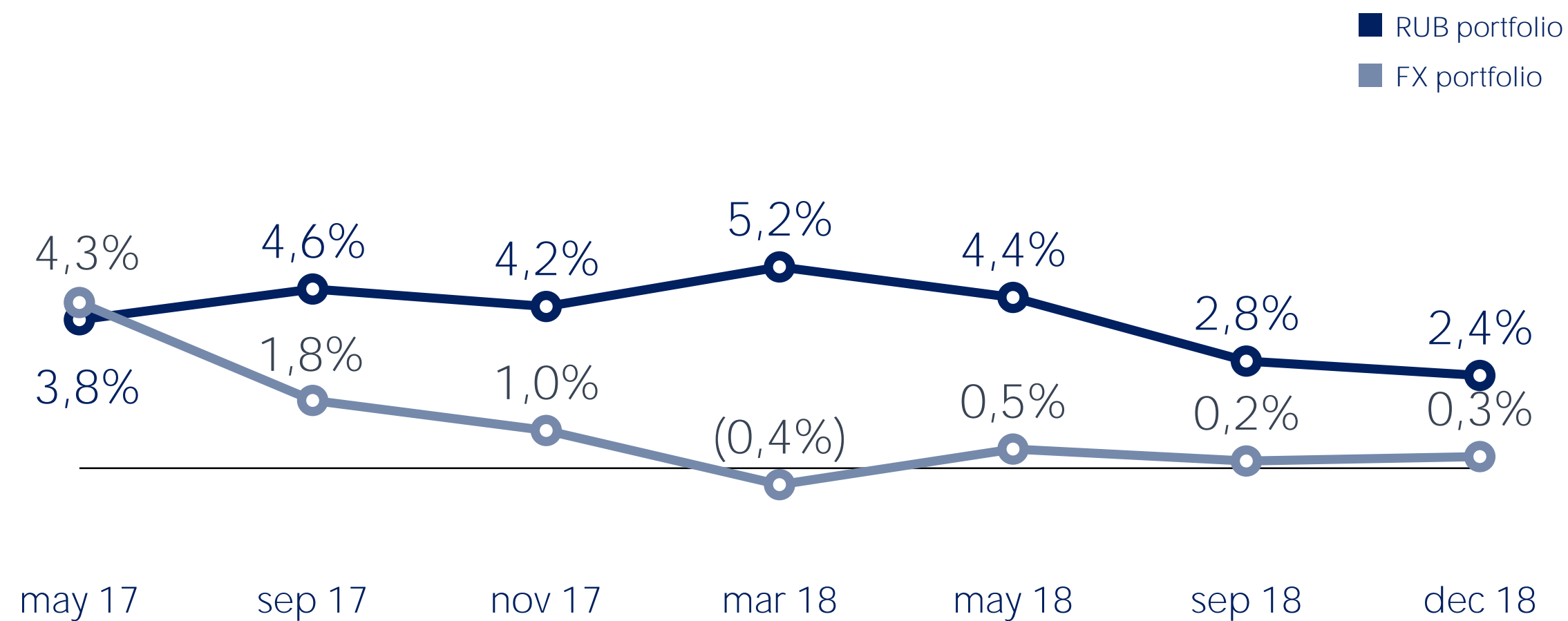
YIELDS, %



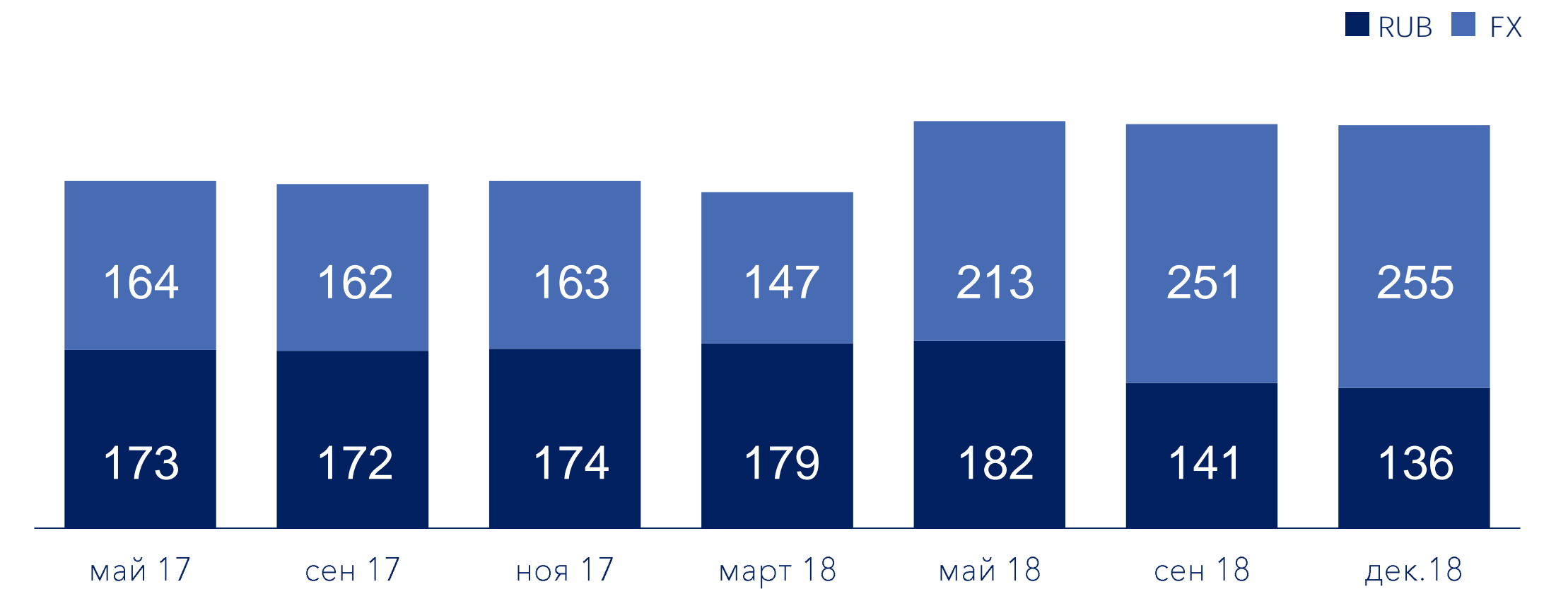
MODIFIED DURATION, YEARS



INTEREST RATE RISK, % OF EQUITY

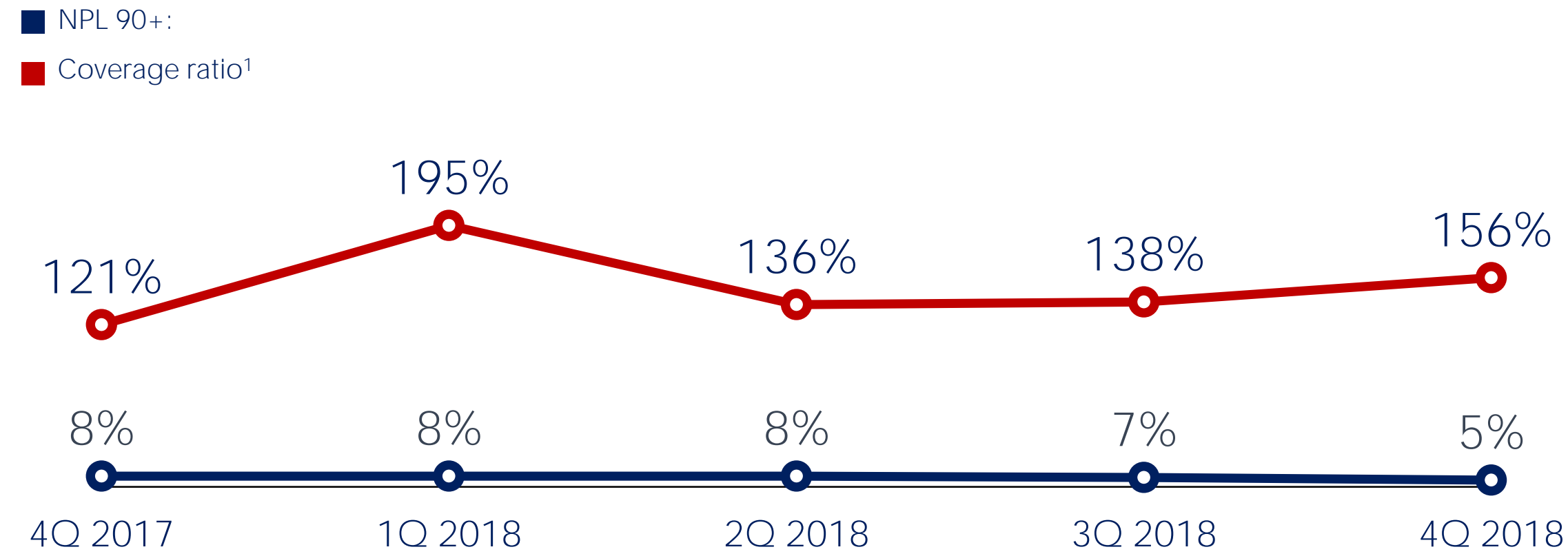


CURRENCY STRUCTURE, RUB'BN



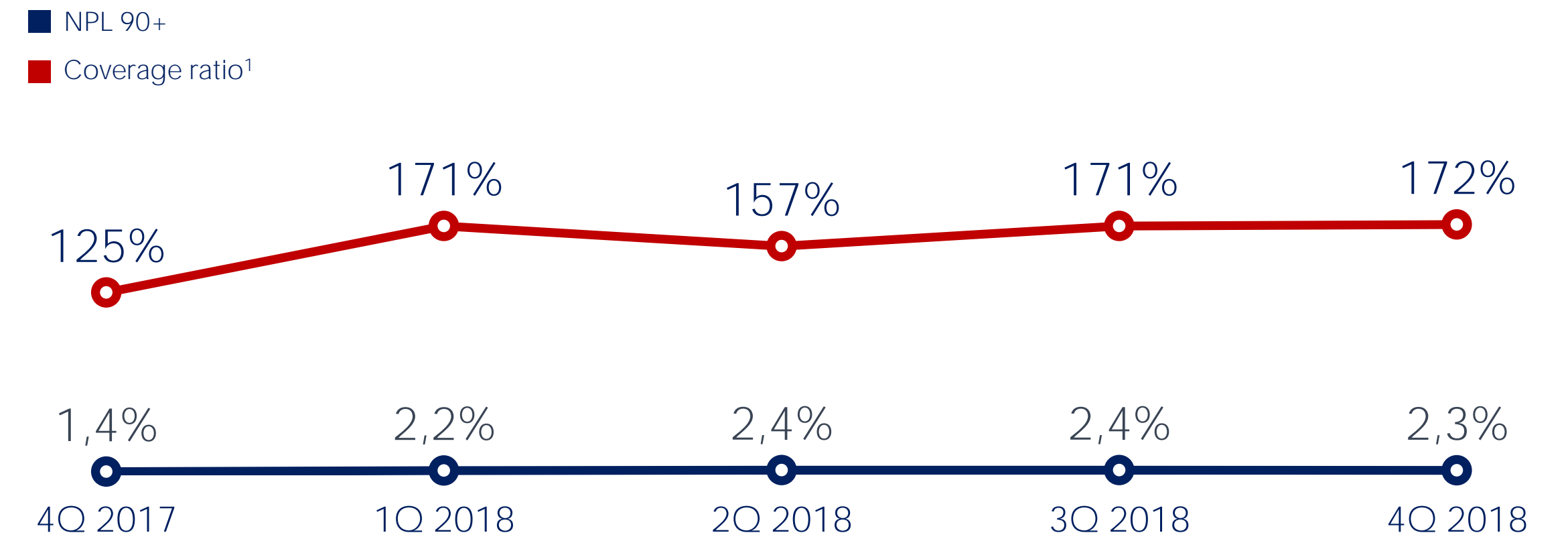
NPL 90+: CASH LOANS & CREDIT CARDS

as % of gross consumer loans portfolio



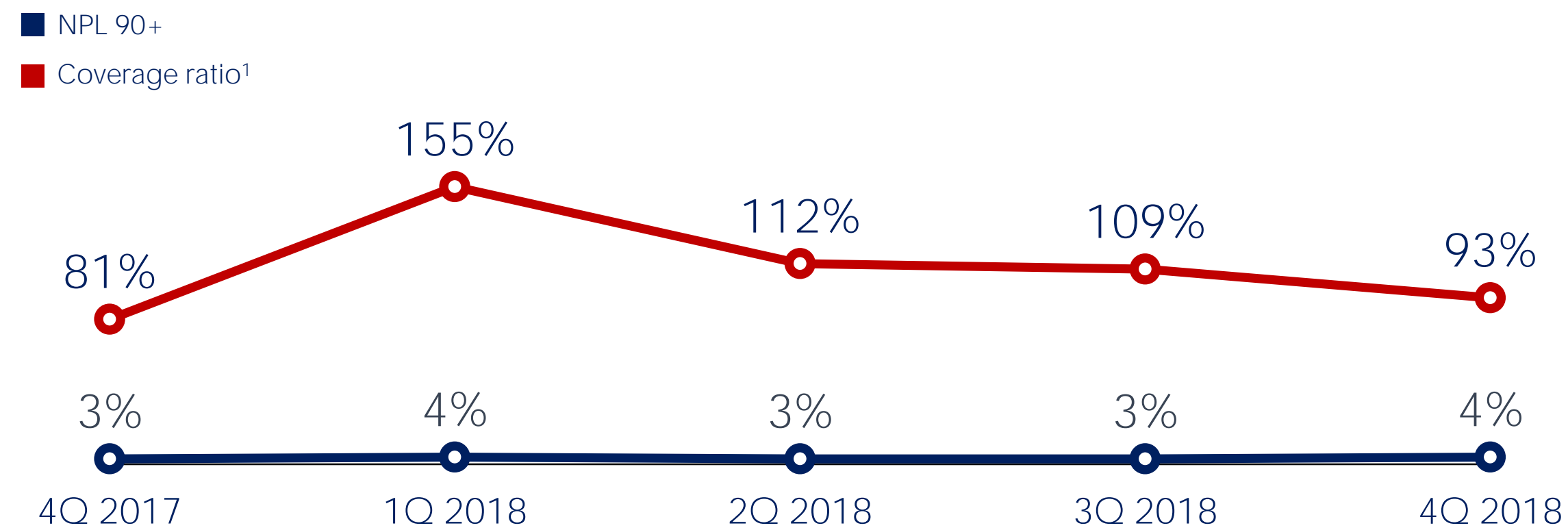
NPL 90+: CAR LOANS

as % of gross car loans portfolio



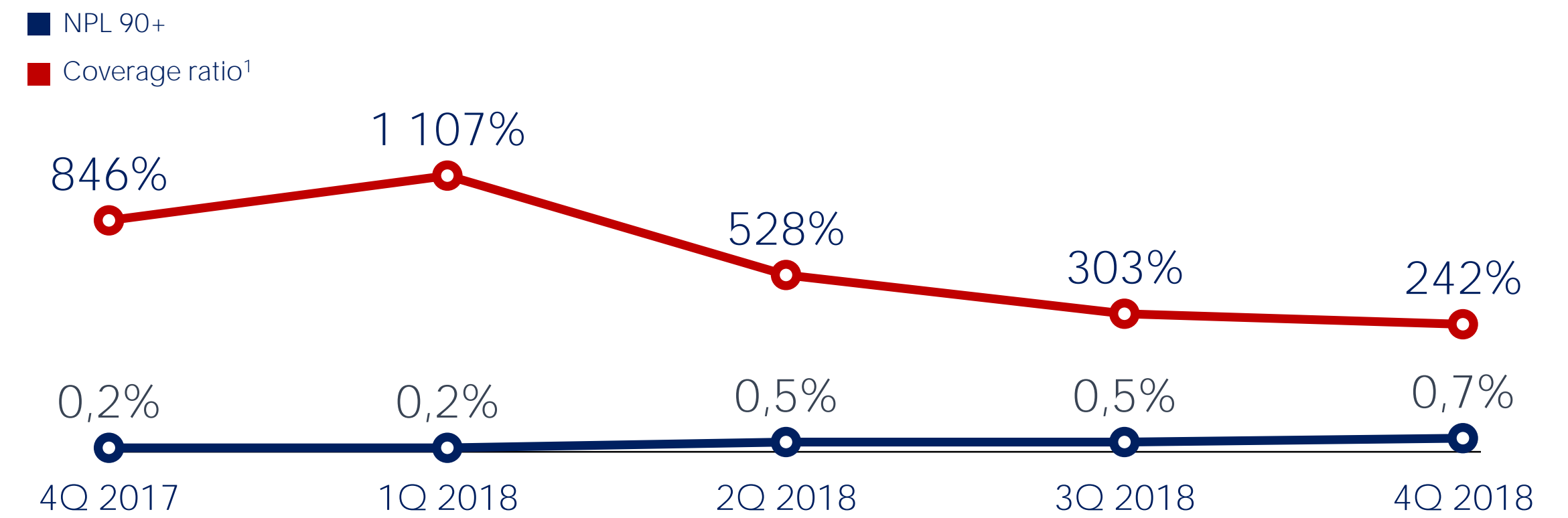
NPL 90+: MORTGAGES & HELs²

as % of gross mortgage portfolio



NPL 90+: CORPORATE LOANS³

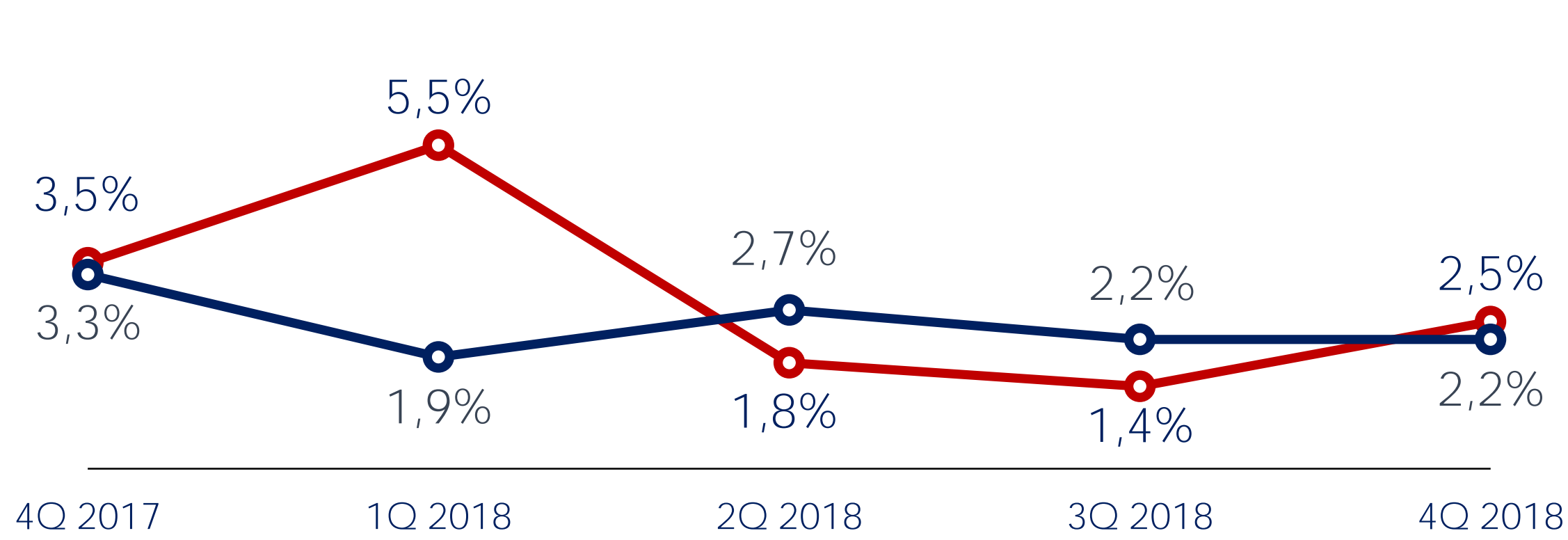
as % of gross corporate loans portfolio



Source: IFRS financial statements, management accounts
 1. Calculated as allowance for loan impairment / NPL 90+
 2. HELs – Home equity loans
 3. Including SMEs NPL 90+

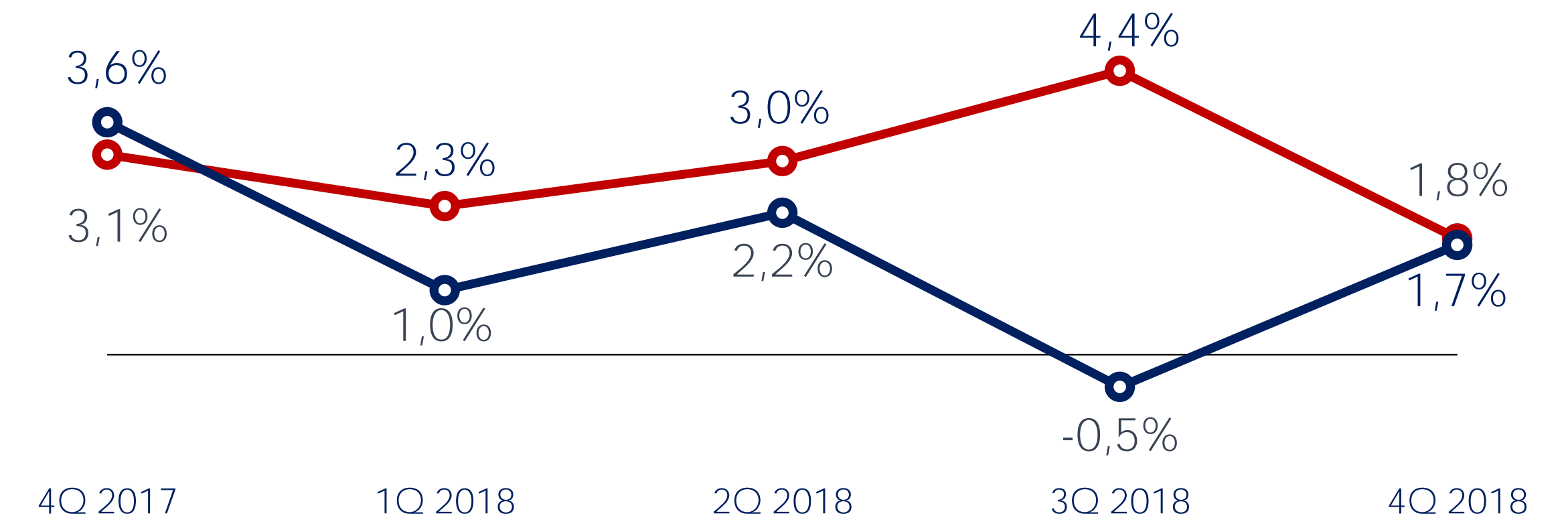
COST OF RISK: RETAIL PORTFOLIO

■ Secured lending CoR ■ Unsecured lending CoR



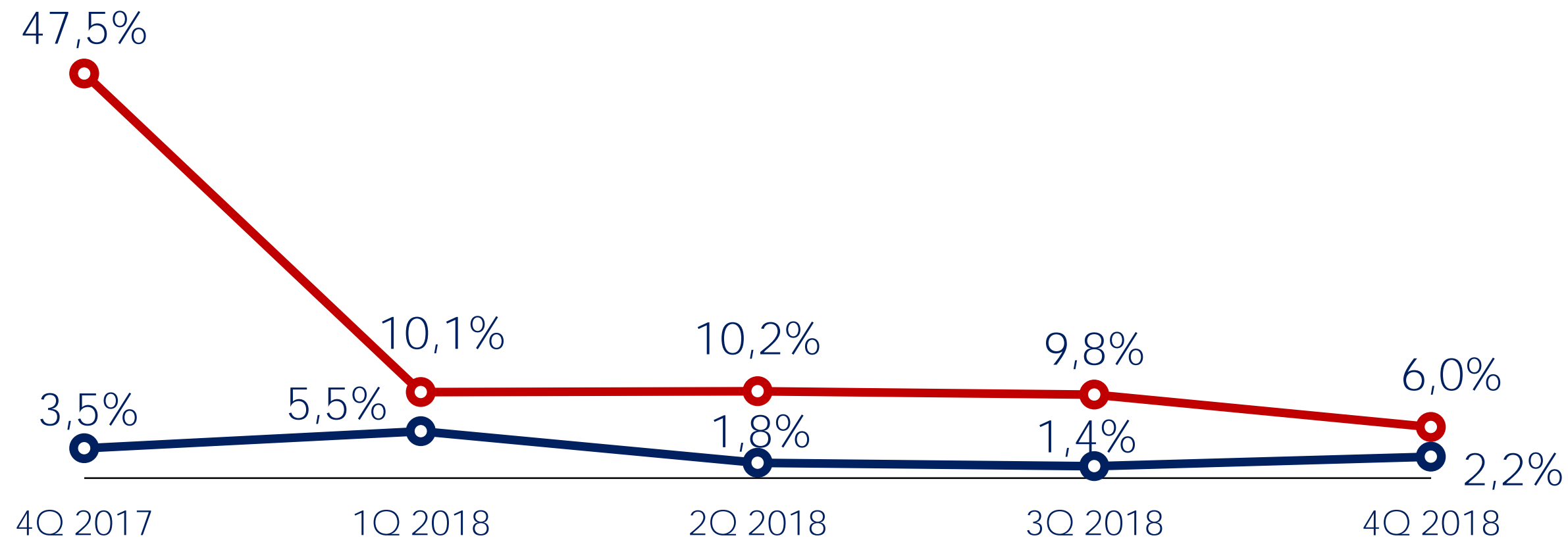
COST OF RISK: SECURED LENDING

■ Mortgages CoR ■ Car loans CoR



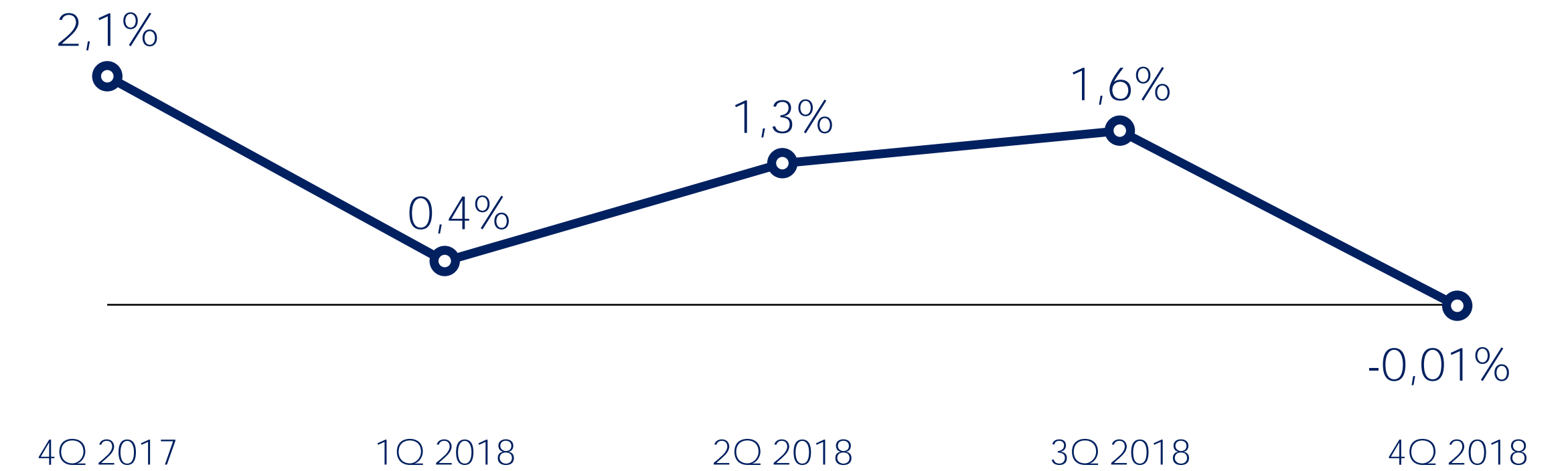
COST OF RISK: CASH LOANS & CREDIT CARDS VS HALVA

■ Cash loans & cards CoR ■ Halva CoR



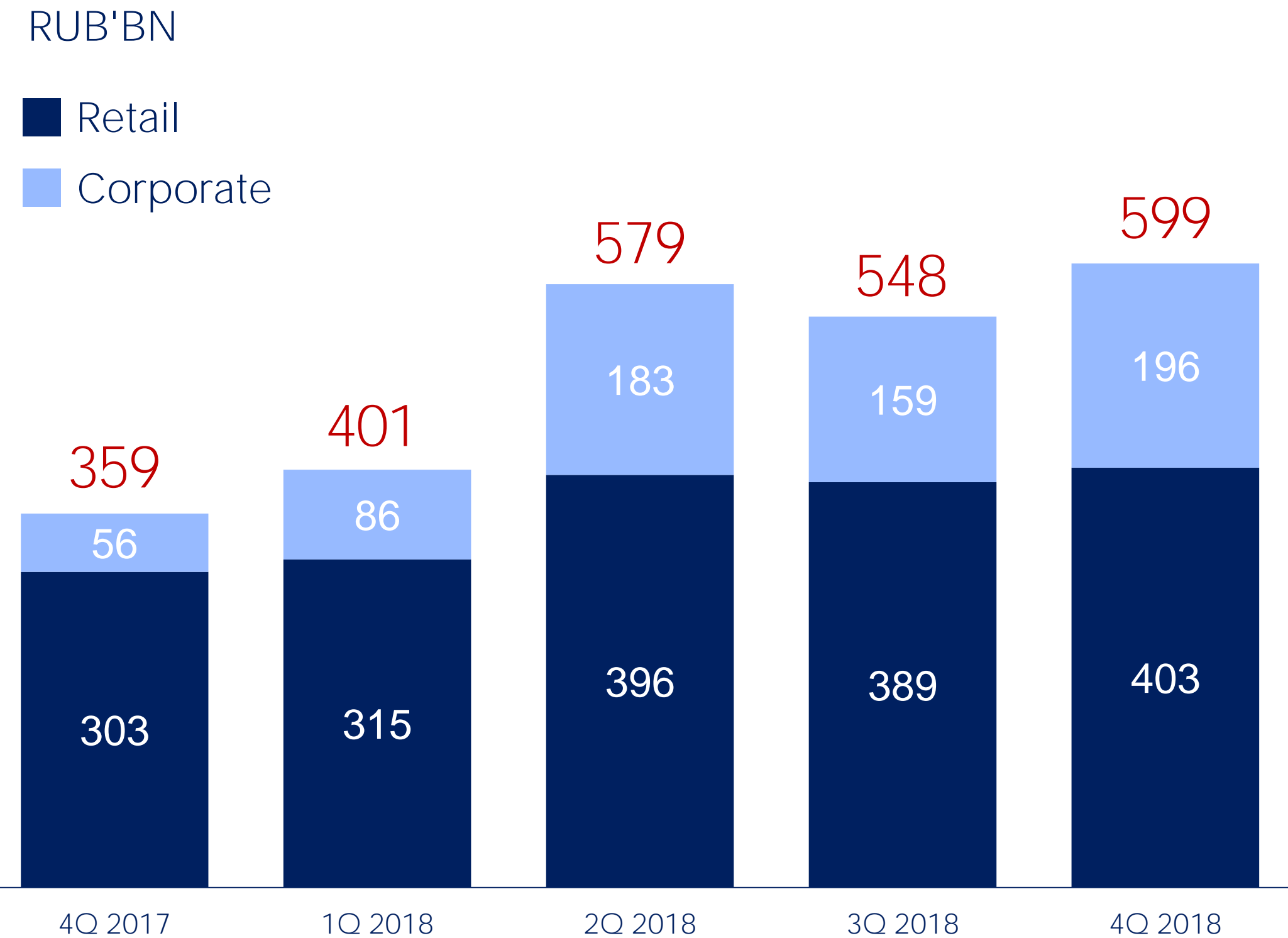
COST OF RISK: CORPORATE PORTFOLIO

■ Corporate CoR



Source: IFRS financial statements, management accounts
Cost of Risk (CoR) calculated as allowance for credit losses (P&L) / average gross loan portfolio

DEPOSITS & CURRENT ACCOUNTS BY DEPOSITOR'S TYPE



DEPOSITS & CURRENT ACCOUNTS BY MATURITY



67% of total deposits originates from granular sticky retail base

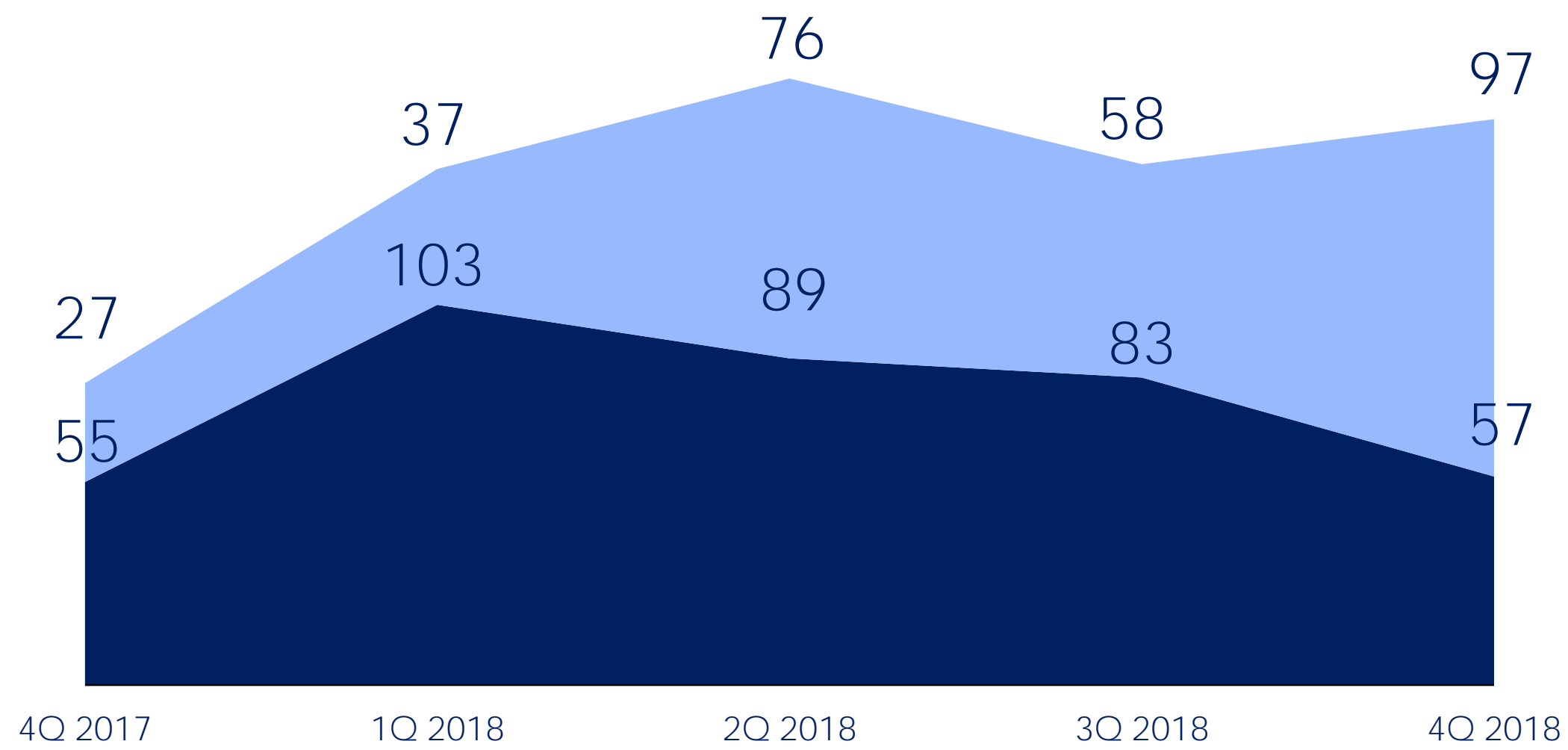
630
thousand RUB Average amount of retail deposit per 1 customer

523
thous. Number of retail depositors

Source: IFRS financial statements (as of 31 December 2018)

EXCESS LIQUIDITY

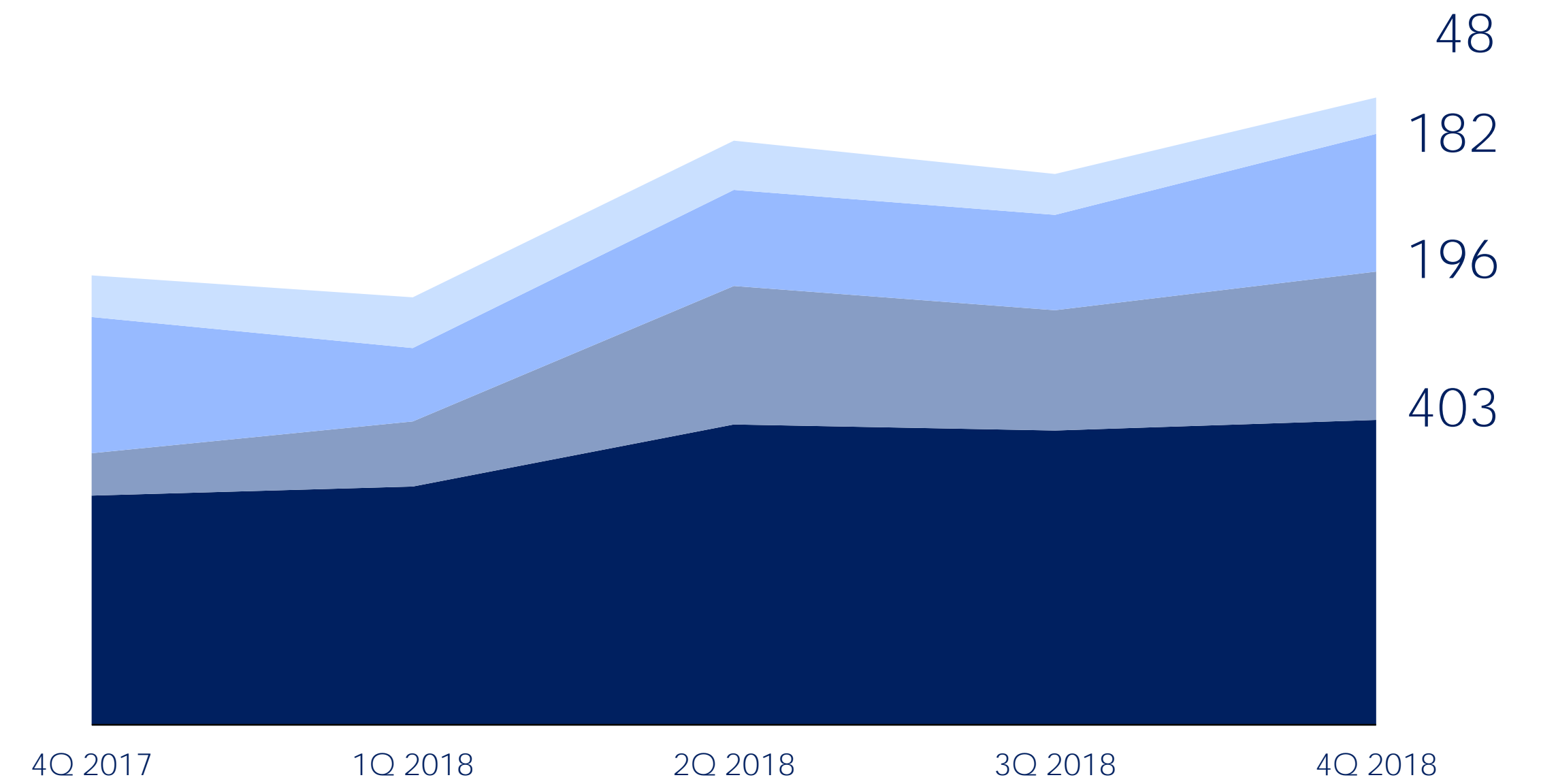
RUB'BN



■ Potential REPO² ■ Free cash³

FUNDING¹

RUB'BN



■ Retail deposits ■ REPO
 ■ Corporate deposits ■ Others⁴

Source: IFRS financial statements, management accounts

- 1. Represents only interest bearing liabilities
- 2. Potential securities available for REPO
- 3. Excluding limits on cash machines and ATMs
- 4. Including debt securities issued, other borrowed funds (primarily DIA loan), subordinated debt and other liabilities

BALANCE SHEET

RUB'BN	31.12.2017	31.12.2018	△
Cash & cash equivalents ¹	43	115	+167%
Retail loans portfolio ²	137	190	+39%
Corporate loans & securities ³	483	577	+20%
Other assets ⁴	26	85	+213%
Total assets	689	967	+40%
<i>Off-balance sheet guarantees</i>	<i>113</i>	<i>148</i>	<i>+31%</i>
REPO & Interbank	194	190	-2%
Current accounts	49	128	+161%
Term deposits	310	471	+52%
Other liabilities ⁵	51	64	+26%
Total liabilities	604	853	+41%
Equity	85	114	+34%
N1.0	12.9	12.6	-0.3 p.p.
N1.1	10.3	9.4	-0.8 p.p.

Source: IFRS financial statements

1. Including cash and cash equivalents, mandatory cash balances with the CBR

2. Loans to individuals less allowance for loan impairment

3. Including loans to corporate customers and the corporate customers' securities measured at amortized cost less allowance for loan impairment, financial instruments at fair value through profit or loss, investment securities at fair value through other comprehensive income

4. Including placements with banks and the banks' securities measured at amortized cost, property and equipment and intangible assets, other assets, others

5. Including debt securities issued, subordinated debt, other borrowed funds, other liabilities, others

INCOME STATEMENT

RUB'BN	12M 2017	12M 2018	Δ
NII less allowance for loan impairment	28,5	38,4	+35%
NFCI	18,1	20,0	+11%
OPEX ¹	(21,3)	(28,9)	+36%
Recurring income after tax	19,5	23,5	+21%
One-offs after tax ²	10,1	(6,0)	
Net income (IFRS)	29,6	17,5	-41%

Key ratios

Net interest margin ³	5.4%	5.8%	+0.4 p.p.
Operating margin ⁴	7.7%	7.2%	-0.5 p.p.
Cost of funding ⁵	6.6%	5.4%	-1.2 p.p.
Cost / Income (CIR) ⁶	41.7%	42.9%	+1.2 p.p.
Cost of risk ⁷	1.8%	2.2%	+0.4 p.p.

Source: IFRS financial statements

1. Excluding «Halva» project's OPEX: 3.0 RUB'BN in 2017 and 5.8 RUB'BN in 2018

2. Including net gain (loss) on financial instruments, net foreign exchange gain, M&A financial results, «Halva» project's financial results, other non-recurring profit (loss)

3. Calculated as net interest income («NII») over average assets (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)

4. Calculated as (NII after allowance + NFCI) / average assets (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)

5. Calculated as interest expenses over average Interest bearing liabilities (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)

6. Calculated as OPEX (excluding «Halva» project's OPEX) / (NII + NFCI)

7. Calculated as allowance for credit losses (P&L) / average gross loan portfolio (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)

NORMALIZED INCOME

RUB'BN	12M 2017	12M 2018	Δ
Recurring income after tax	19,5	23,5	+21%
One-offs before tax	12,6	(7,5)	
Revaluation ¹	15,3	(7,2)	
M&A ²	0,1	4,5	
Halva ³	(2,8)	(4,8)	
One-offs after tax	10,1	(6,0)	
Net income	29,6	17,5	-41%
Key ratios			
ROE ⁴	41.3%	17.3%	-24.0 p.p.
Adjusted ROE ⁵	27.2%	23.2%	-4.0 p.p.
ROA ⁶	4.9%	2.2%	-2.7 p.p.
Adjusted ROA ⁷	3.2%	2.9%	-0.3 p.p.

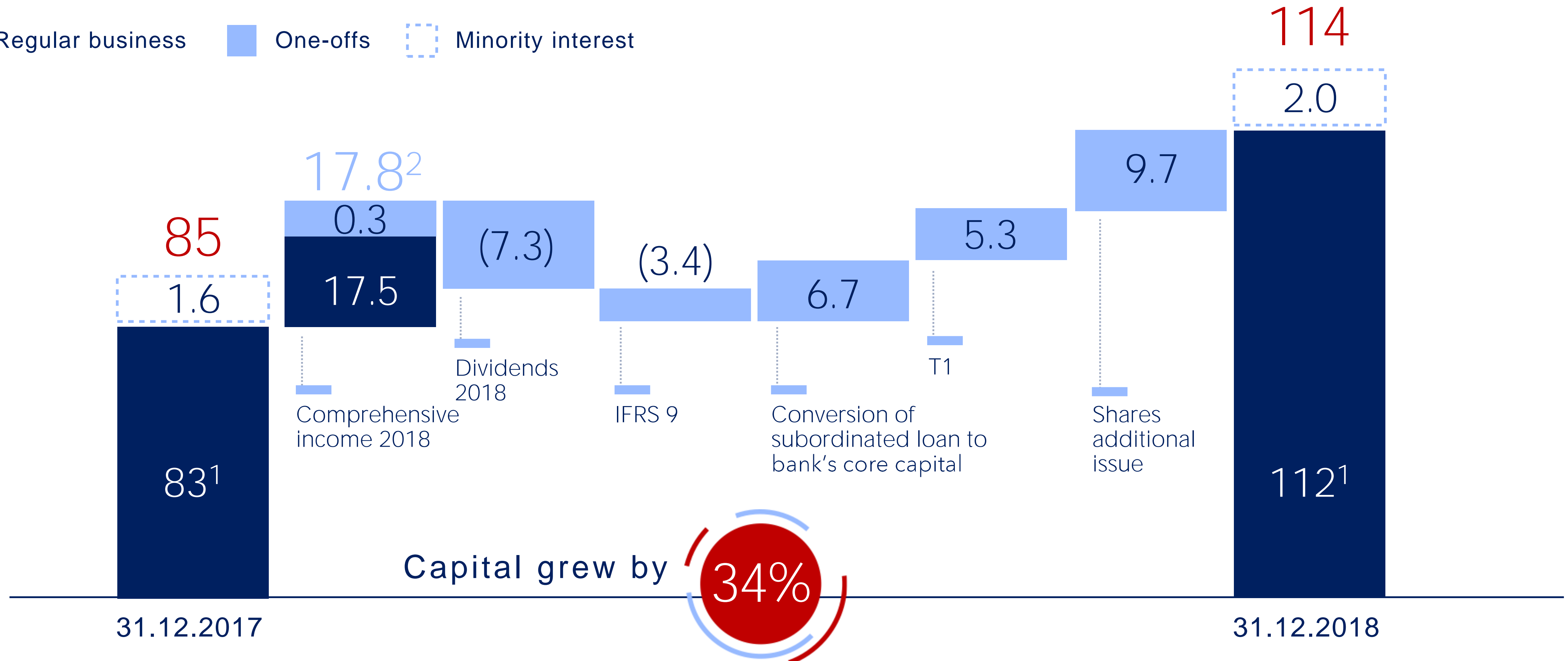
Source: IFRS financial statements

1. Including net gain (loss) on financial instruments, net foreign exchange gain before tax
2. Including bargain purchase gain (Rosevrobank), gain on loan repayment obligations to DIA before tax
3. «Halva» project's financial results before tax
4. ROE calculated as net income over average equity (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)
5. Calculated as recurring income after tax over average equity (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)
6. ROA calculated as net income over average assets (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)
7. Calculated as recurring income after tax over average assets (av. of 5 periods - 31.12.2017, 31.03.2018, 30.06.2018, 30.09.2018, and 31.12.2018)

CHANGES IN EQUITY

2018FY, RUB'BN

Regular business
 One-offs
 Minority interest



Source: IFRS financial statements (as of 31 December 2018)
 1. Excluding minority interest
 2. Net income less net gain on operations with investment securities

CONSORTIUM OF INVESTORS

1 PRE-IPO ROUND August 2018

	share
RCIF (Russia - China)	2.2%
Public Investment Fund (Saudi Arabia)	1.6%
Qatar Investment Authority (Qatar)	1.1%
SBI Holdings Inc. (Japan)	0.5%
RDIF (Russia)	0.3%
Others (Kuwait and UAE; REB co-founders)	2.6%

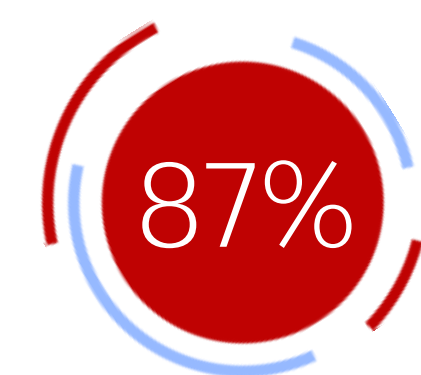
9.5
RUB'BN

2 PRE-IPO ROUND April 2019

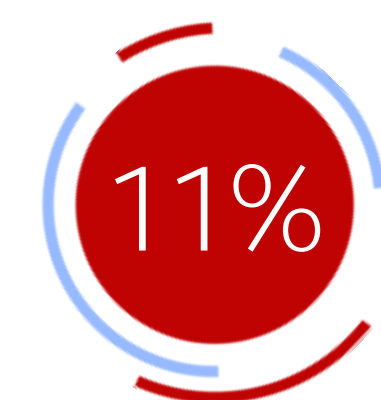
	share
Public Investment Fund (Saudi Arabia)	3.4%
RCIF (Russia - China)	2.1%
RDIF (Russia)	1.8%
RJIF (Japan)	1.3%
Qatar Investment Authority (Qatar)	1.0%
SBI Holdings Inc. (Japan)	0.5%
Others	2.8%

6.1
RUB'BN

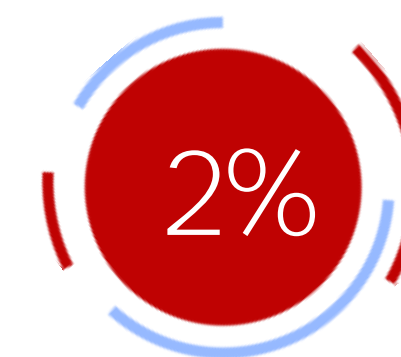
SHAREHOLDERS April 2019



Sovco Capital Partners N.V. (Netherlands)
Management (40%)
Investors (47%)



Sovereign funds, SBI Inc.
RCIF Public Investment Fund
RDIF Qatar Investment Authority
RJIF Kuwait Investment Authority
SBI Inc. Mubadala



REB co-founders
Brodskiy I. (1.8%)
Suzdaltsev A. (0.6%)

SUBORDINATED BONDS

issued in 1Q 2018

	PERPETUAL (1V02)	11-YEARS (2V03)
Volume, mln USD	100	150
Maturity date	–	2029
Call-option	2022 + every 5,5 years	2022 + once a year
Coupon rates	8.25%	8.75% ^{1,2}
<hr/>		
N1.1 write-off	<5.125%	<2.000%
Coupon period	½ year	½ year
Placement date	07.03.2018	07.03.2018

Source: company disclosure

1. Coupon rates for coupons 1-11 are set at 8.8% p.a

2. Interest rate for further coupons is determined by the formula: $C_k = R + m + 100$ basis points, where:

- C_k equals the coupon interest rate of the k-th coupon;
- R equals the yield of 7-year U.S. treasury bonds one working day prior to the date of determining the new coupon interest rate; m equals 900 basis points

SUPERVISORY BOARD

Structure as of 30 April 2019

87%

11%

2%

Sovco Capital Partners N.V. (Netherlands)

Sovereign funds

REB co-founders



Mikhail Kuchment²

Chairman of Supervisory Board



Dmitry Gusev¹

CEO, Member of Supervisory Board



Anatoly Braverman³

First Deputy CEO of RDIF, Member of Supervisory Board



Ilya Brodskiy¹

President of Sovcombank
Member of Supervisory Board



Sergey Khotimskiy¹

Member of Supervisory Board



Aleksey Fisun²

Member of Supervisory Board



Ya Li⁴

RCIF investment Director
Observer of the Supervisory Board



Dmitry Khotimskiy¹

Member of Supervisory Board



Mikhail Klyukin²

Member of Supervisory Board



Nikolai Varma³

Independent Director

1. Dmitry Khotimskiy, Sergey Khotimskiy, Dmitry Gusev, and Ilya Brodskiy are the shareholders of the Bank, hold senior management positions and participate daily in the operational management of the Group
2. Mikhail Kuchment, Mikhail Klyukin, and Aleksey Fisun are the shareholders of the Bank, but are not employees and do not participate directly in the operational management of the Group
3. Anatoly Braverman and Nikolai Varma are not employees and do not participate directly in the operational management of the Group
4. Ya Li is an investment Director of RCIF and an observer of the Supervisory Board of the Bank

SOVCO CAPITAL PARTNERS N.V.

Netherlands

49%¹ MANAGEMENT

51%¹ INVESTORS



Dmitry Gusev

CEO, Member of Supervisory Board



Kirill Sokolov

Deputy CEO, Finance



Mikhail Kuchment

Chairman of Supervisory Board
Member of Supervisory Board of X5 Retail Group, co-founder of Hoff



Sergey Khotimskiy

Founder, First Deputy CEO
Member of Supervisory Board
Focus: Strategy and Risk



Mikhail Avtukhov

Deputy CEO, CIB



Aleksey Fisun

Member of Supervisory Board
Real Estate



Dmitry Khotimskiy

Chief investment officer
Member of Supervisory Board



Aleksey Panferov

Deputy CEO, GR



Mikhail Klyukin

Member of Supervisory Board
Real Estate



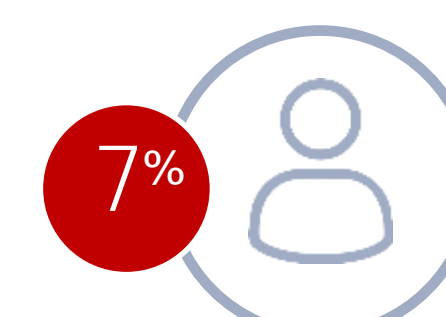
Andrey Spivakov

First Deputy CEO, Retail



Andrei Osnos

Managing director,
M&A, IR



Other investors

10 investors



SOVKOMBANK