

Otkritie Bank Publishes Financial Statements for 9 Months of 2018 under IFRS

Otkritie banking group has published its Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) for the nine months ended 30 September of 2018.

Financial Highlights of the Group

Following the contraction of the Bank's assets during the first half of the year 2018 (mainly as a result of National Bank TRUST deconsolidation in the first quarter of 2018, and pre-schedule redemption of deposits in the amount of RUB 453 billion received from the Bank of Russia) the Bank increased its assets by RUB 69.3 billion in the 3rd quarter of the year or by 3.5% comparing to the assets as at June 30, 2018. The Bank earned RUB 29.0 billion of net profit in the 3rd quarter of the year 2018. The positive results of the Bank are driven by the implementation of new strategic initiatives focused on business growth and its efficiency improvement.

The Group's **net profit** for the nine months of 2018 amounted to RUB 30.8 billion (comparing to the net loss of RUB 157.9 billion for the nine months of 2017).

Total capital adequacy ratio calculated in accordance with Basel Capital Accord 1988 (Basel I) stood at 12.19% as at September 30, 2018 (4.25% as at December 31, 2017).

For the nine months of 2018 the Group's **operating income** comprised RUB 95.5 billion.

Net interest income for the nine months of 2018 amounted to RUB 60.3 billion comparing to RUB 40.3 billion generated for the nine months of 2017.

Net interest margin for the nine months of 2018 stood at 4.2% (1.9% for the full year of 2017).

Net fee and commission income for the nine months of 2018 amounted to RUB 12.6 billion. The greater part of the Group's net fee and commission income accounted for settlements and cash operations (RUB 7.5 billion), brokerage (RUB 3.0 billion), and foreign currency operations (RUB 1.4 billion).

For the nine months of 2018 the Group received **net trading loss** in the amount of RUB 10.3 billion, which was driven by negative revaluation of securities portfolio derived in the first half of 2018.

Operating expenses for the nine months of 2018 comprised RUB 55.5 billion. Payroll expenses accounted for 50.2% of the Group's total operating expenses.

The Cost-Income Ratio (operating expenses, including impairment of buildings and facilities, to operating income before provision for impairment) stood at 59.8% (72.0% for 2017).

Balance Sheet Key Figures Dynamics

Otkritie banking group's **total assets** decreased for the nine months of 2018 by 18.6% and stood at RUB 2,047.6 billion as at September 30, 2018 (the assets' growth composed 3.5% in the 3rd quarter of the year 2018) mainly as a result of National Bank TRUST deconsolidation in the first quarter of 2018, and pre-schedule redemption of deposits in the amount of RUB 453 billion received from the Bank of Russia.

Net loan portfolio stood at RUB 378.7 billion as at September 30, 2018, increasing by 29.4% or RUB 86.0 billion in the 3rd quarter of the year 2018.

The loan loss provision (LLP) ratio¹ stood at 28.8% as at September 30, 2018 (32.8% as at December 31, 2017). The share of NPLs 90+ composed 14.1% as at September 30, 2018 (14.8% as at December 31, 2017), along with that NPL coverage ratio comprised 197.5% as at September 30, 2018 (222.0% as at December 31, 2017).

Investments in securities amounted to RUB 987.4 billion, including securities portfolios of pension and insurance business of RUB 491.4 billion, as at September 30, 2018 (RUB 1,147.8 billion and RUB 398.4 billion as at December 31, 2017, respectively).

The Group's **total liabilities** declined by 26.9% to RUB 1,727.5 billion during the nine months of 2018.

The Group's **customer funds** totaled RUB 797.3 billion as at September 30, 2018. The share of term deposits and current accounts as a proportion of the total amount of customer funds stood at 69.2% and 30.8%, respectively.

The funds of corporate customers made up 35.5% of customer funds as at September 30, 2018, while the share of retail customers amounted to 64.5% of customer accounts and deposits.

Consolidated financial statements as at September 30, 2018 are available at <http://ir.open.ru/>.

¹ Excluding loans valued at fair value through profit and loss

Company's Profile

(www.open.ru)

Otkritie Bank is one of Russia's top 10 major banks and is a systemically important institution. The Bank has been active in the financial market since 1993.

Otkritie is a full-service bank with a sustainable, diversified business structure and a focus on corporate, investment, retail, SME and private banking.

As at September 30, 2018, total assets of the Bank and its subsidiaries composed RUB 2,047.6 billion, equity comprised RUB 320.1 billion.

Today, Otkritie is a large scale financial group with a great potential for further business growth. The group includes Rosgosstrakh Bank, as well as companies holding leading positions in key segments of the financial market: Rosgosstrakh (insurance), LUKOIL-Garant Non-State Pension Fund (pension fund), Otkritie Broker (brokerage services), and Otkritie management company.

Solid financial stability of the Bank is proved by ratings assigned by Russian agencies ACRA («A+(RU)» and RAEX («ruA»), as well as international rating agency Moody's («B1»).

Since December 2017, the principal shareholder of Otkritie Bank is the Bank of Russia with more than 99.99% of the share capital.