

# FINANCIAL RESULTS

2020



# OUR JOURNEY

Two decades of growth

2009 - 2015  
CONSUMER FINANCE

Retail banking for pensioners

2002 - 2008  
REGIONAL EXPANSION

From 1 office in a village  
to 800 offices countrywide

Expansion to Siberia  
and Far East through  
the acquisition of ARCA

Asset-light offices  
in 1,000 towns

Acquisition of GE  
Money Bank Russia

2015 - 2020  
FEDERAL UNIVERSAL BANK, SIFI<sup>1</sup>  
  
Diversified business  
Halva  
Leader in M&A  
Institutional shareholders

	2020	△	2015	△	2009
ASSETS ₽BN	1 483	x3	468	x14	34
CLIENTS millions	8.5	x4	2	x5	0.4

Source: IFRS financial statements (2009 - 2020), company disclosure  
1. Systemically important financial institution

# AT A GLANCE

Federal universal bank, SIFI

AS AT 31.12.2020 / FOR 2020

## CREDIT RATINGS<sup>1</sup>

FITCH ———— **BB+**  
stable

MOODY'S ———— **Ba1**  
stable

S&P ———— **BB**  
positive

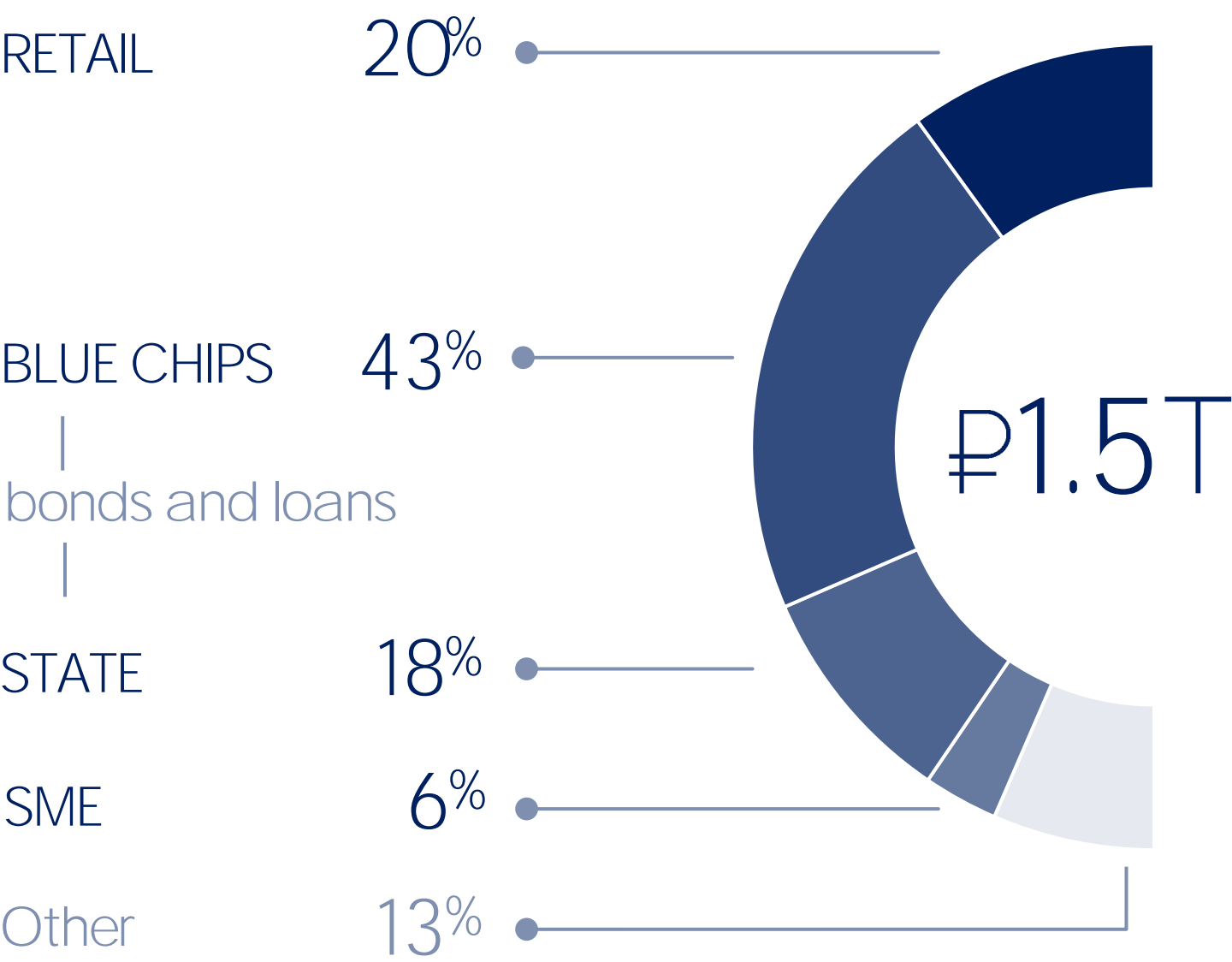
ACRA ———— **A+**  
positive

EXPERT RA ———— **AA**  
stable

NCR ———— **AA-**  
stable

## DIVERSIFIED BUSINESS

### ASSETS



### PBT<sup>2</sup>



## KEY NUMBERS

25% ROE  
20% SUSTAINABLE ROE

₱188BN EQUITY  
22% CAGR 2017-2020

8.5M CLIENTS  
INCL. 200k CORPORATE

2 334 OFFICES  
IN 988 TOWNS, 17k EMPLOYEES

3M MAU  
700k DAU

## SHAREHOLDERS

INSTITUTIONAL ———— 10.1%

SOVCO<sup>3</sup> ———— 89.9%

Source: IFRS financial statements (as at 31 December 2020), company disclosure  
1. Long-term credit ratings, as at 1 March 2021  
2. Segment profit before tax  
3. Including 3.4% treasury shares

# KEY FINANCIALS

"Never waste a good crisis"

B/S, ₴BN

31.12.2020

△

31.12.2019

ASSETS

1 483

+31%

1 135

EQUITY<sup>1</sup>

188

+35%

139

STAGE 3 & POCI<sup>2</sup>

2.8%

-0.2 p.p.

3.0%

P&L, ₴BN

2020

2019

PROFIT

39

+30%

30

COR<sup>3</sup>

2.9%

+1.3 p.p.

1.6%

CIR

42%

-7 p.p.

49%

DRIVERS

Organic and inorganic growth across all segments

Net income of 2020 and perpetual subordinated bonds (Feb 2020)

157% covered by provisions as at 31.12.2020

Sustainable profit for 2020: ₴31BN (+33% vs. ₴23BN for 2019)

Conservative provisioning policy

Effective response to pandemic, shift to online channels

Source: Company disclosure, IFRS financial statements (2019 – 2020)

1. Including minority interest

2. Including corporate loans and bonds measured at amortized cost

3. Including allowance for impairment of corporate bonds at amortized cost

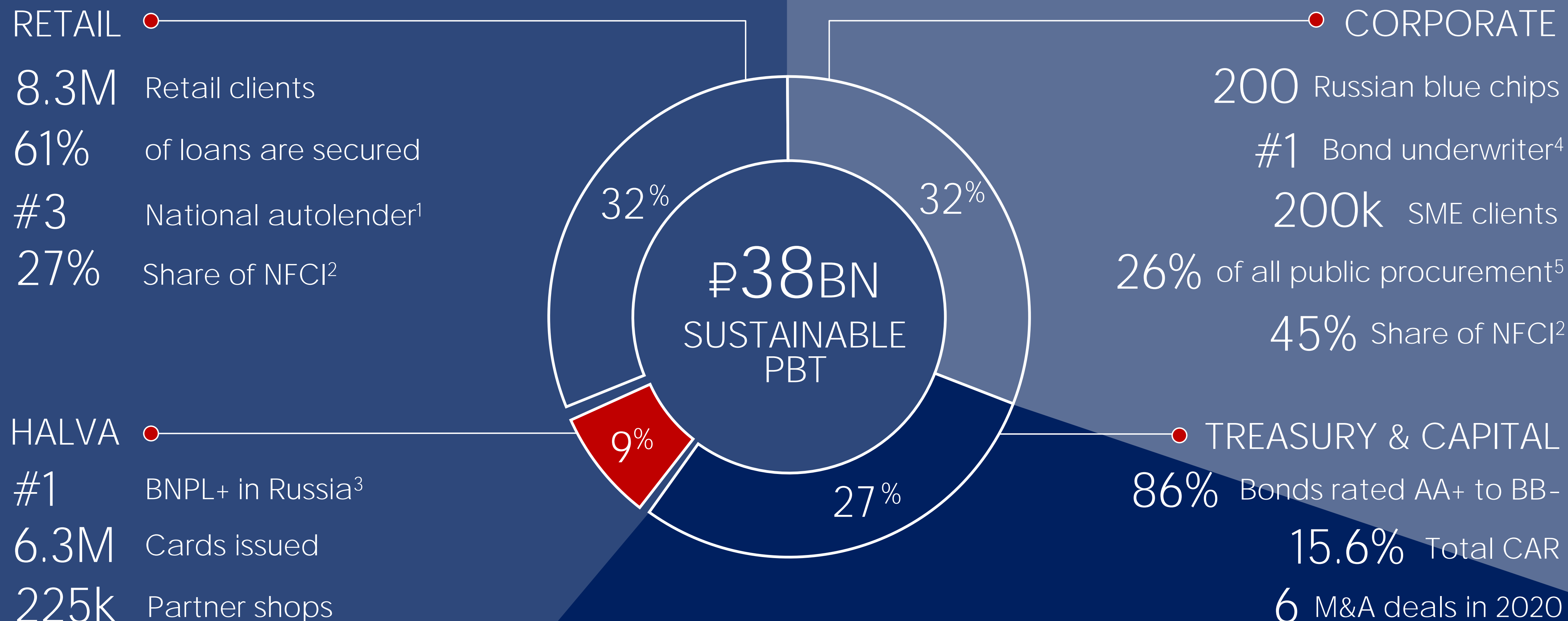
Designated as a SIFI in October 2020

Moody's upgraded credit rating to "Ba1" and Expert – to "ruAA"

Fitch upgraded outlook to "stable", S&P and ACRA – to "positive"

# DIVERSIFIED BUSINESS

Each of three segments is well diversified



Source: : IFRS financial statements (as at 31 December 2020), company disclosure

1. By number of issued loans. According to Autostat.ru statistics as at 31 December 2020

2. Share of NFCI in segment operating income (NII + NFCI) before allowance for loan impairment

3. Buy Now Pay Later. By number of instalment cards issued & number of partner-shops

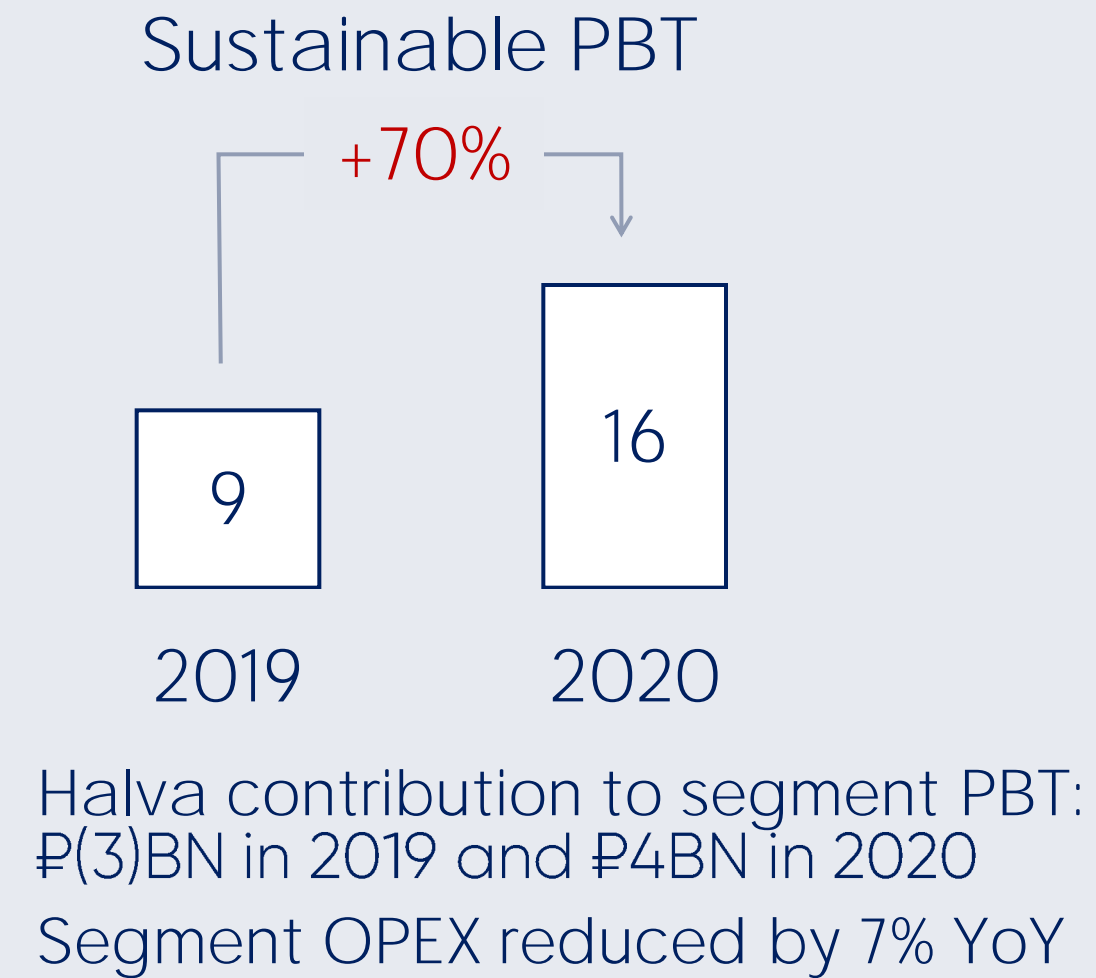
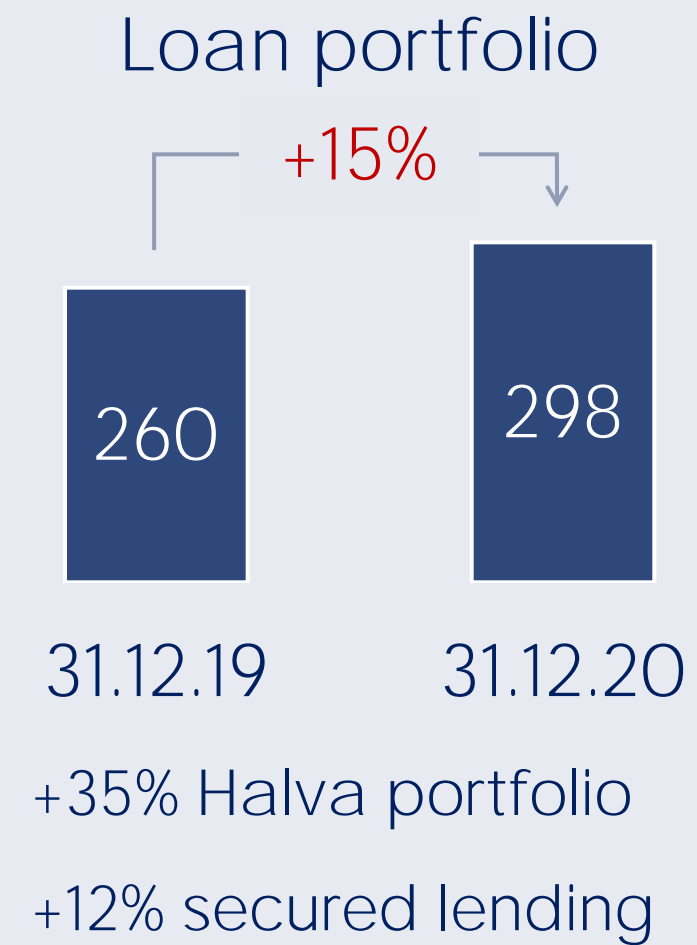
4. Among privately-owned banks. According to Cbonds ranking for 2020 <http://ru.cbonds.info/rankings/item/639>

5. According to statistics published at zakupki.gov.ru <https://zakupki.gov.ru/epz/main/public/home.html>

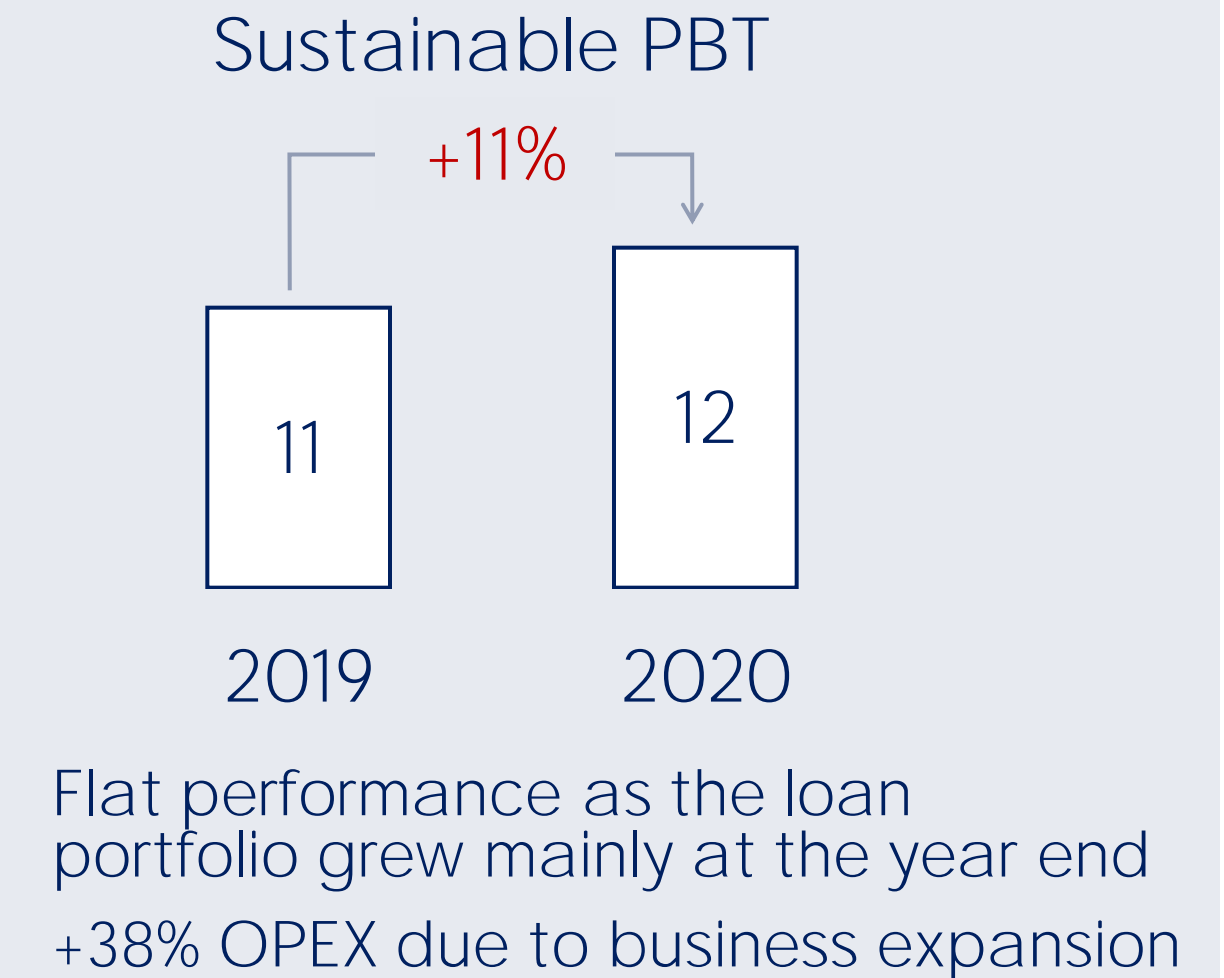
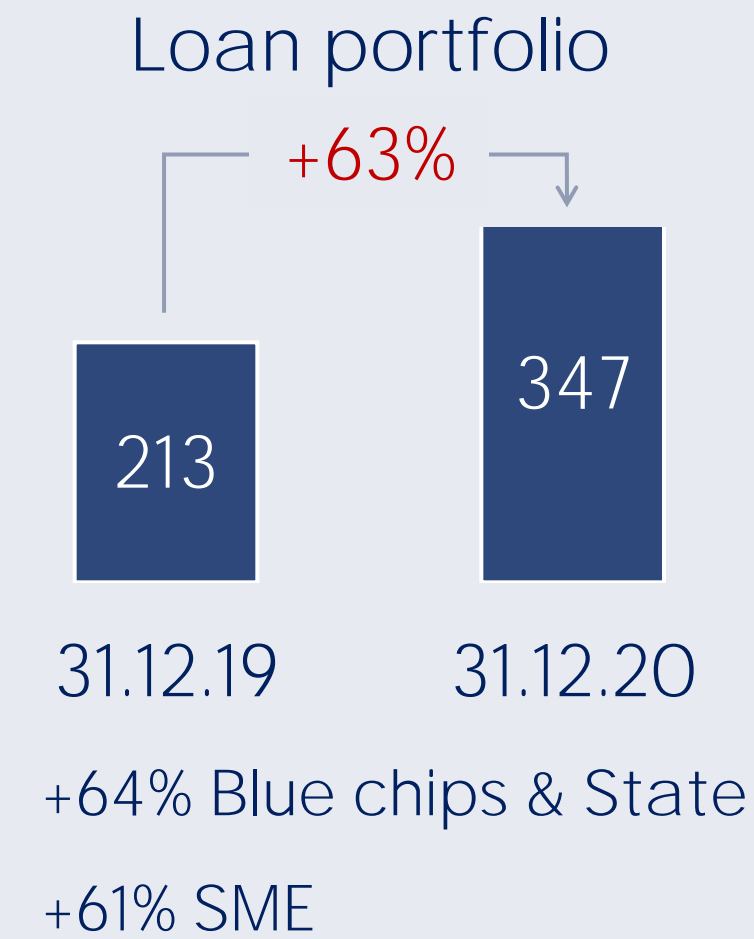
# DRIVERS BY SEGMENTS

₽BN

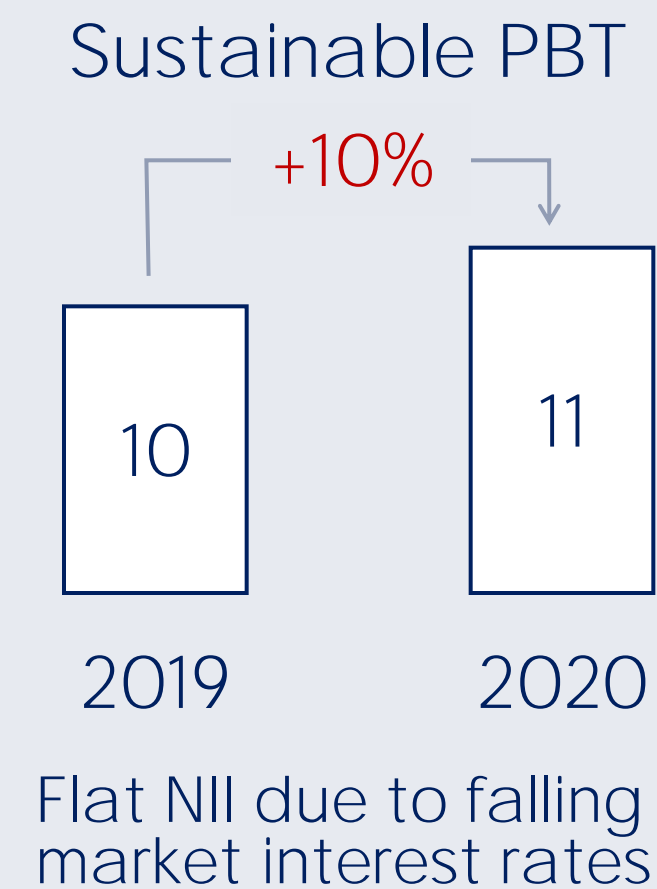
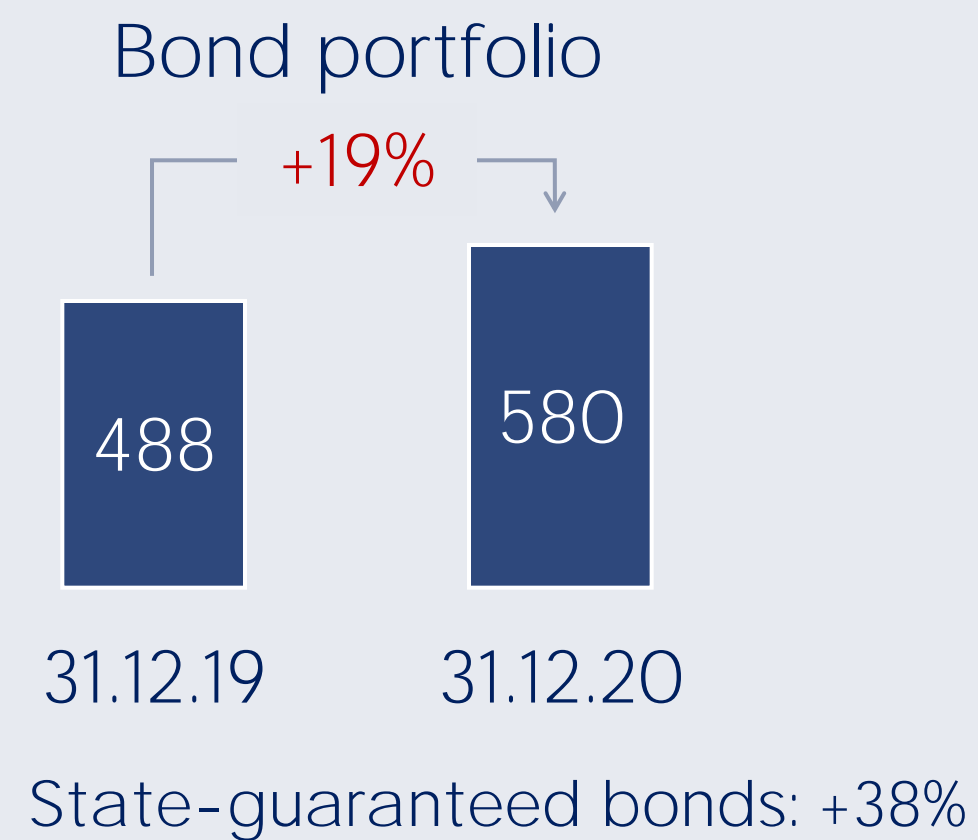
## RETAIL



## CORPORATE



## TREASURY & CAPITAL



## M&A

Liberty Mutual Russia in January 2020

Sovest (a competitor of Halva) from Qiwi plc in July

VCA Bank in November, accession in December

Eurasian Bank and 100 % Oney Bank in December

MetLife Russia in January 2021

RETAIL

# RETAIL BUSINESS

Halva drives customer acquisition & generates cross-sell opportunities

## CURRENT ACCOUNTS & TERM DEPOSITS

₽81BN

Current accounts

₽392BN

Term deposits

## INSURANCE

acquired in 2020, integrated in 2H2020

₽7BN

Non-life GWP<sup>1</sup>

₽5BN

Investment portfolio

## INVESTMENTS

acquired in 2020, rolled out in 2H2020

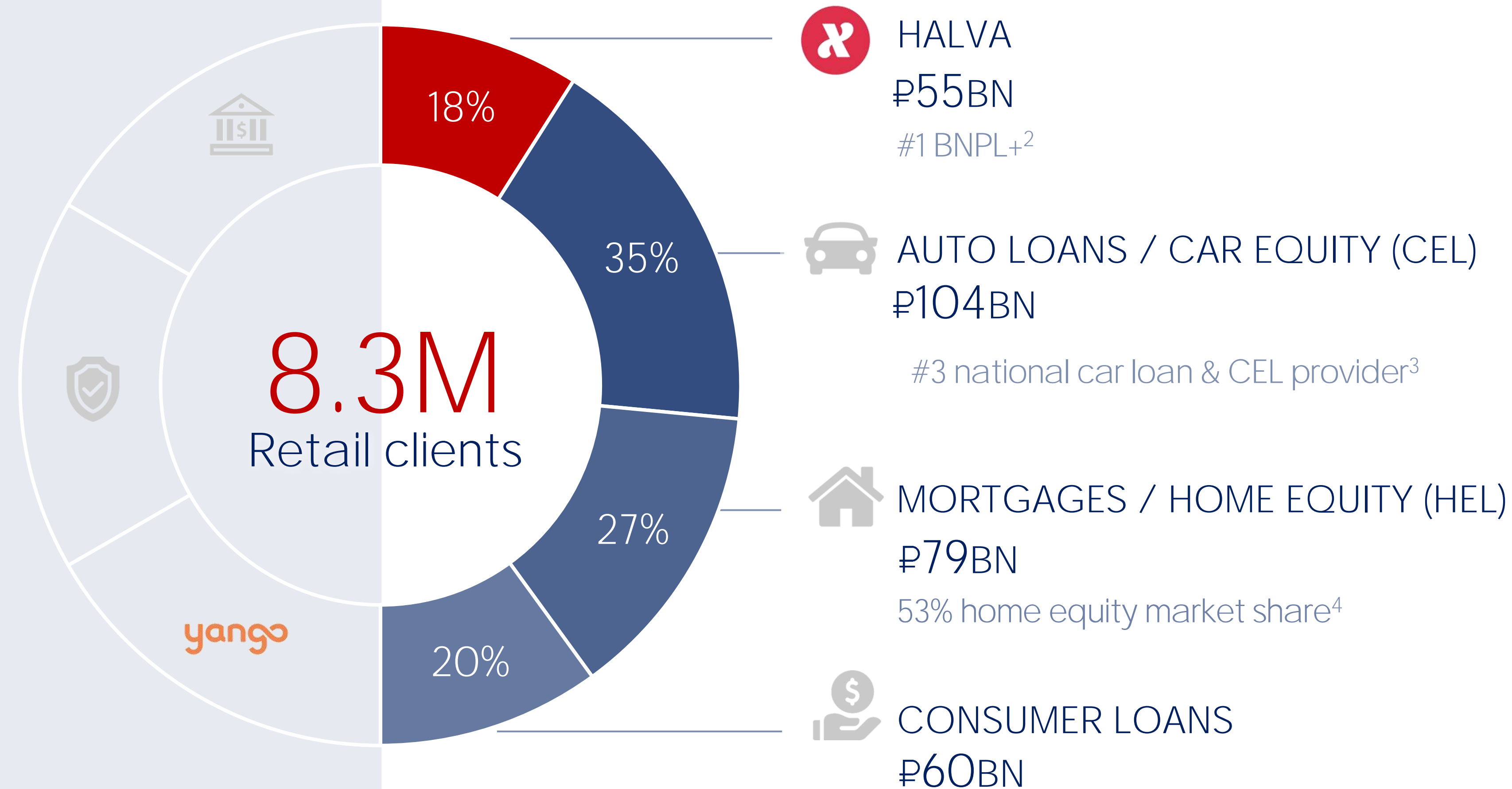
59k

Clients

200k

App installations

App Store, Google play



Source IFRS financial statements (as at 31 December 2020), company disclosure

1. Gross Written Premium

2. Buy Now Pay Later. By number of instalment cards issued & number of partner-shops

3. By number of issued loans. According to Autostat.ru statistics as at 31 December 2020

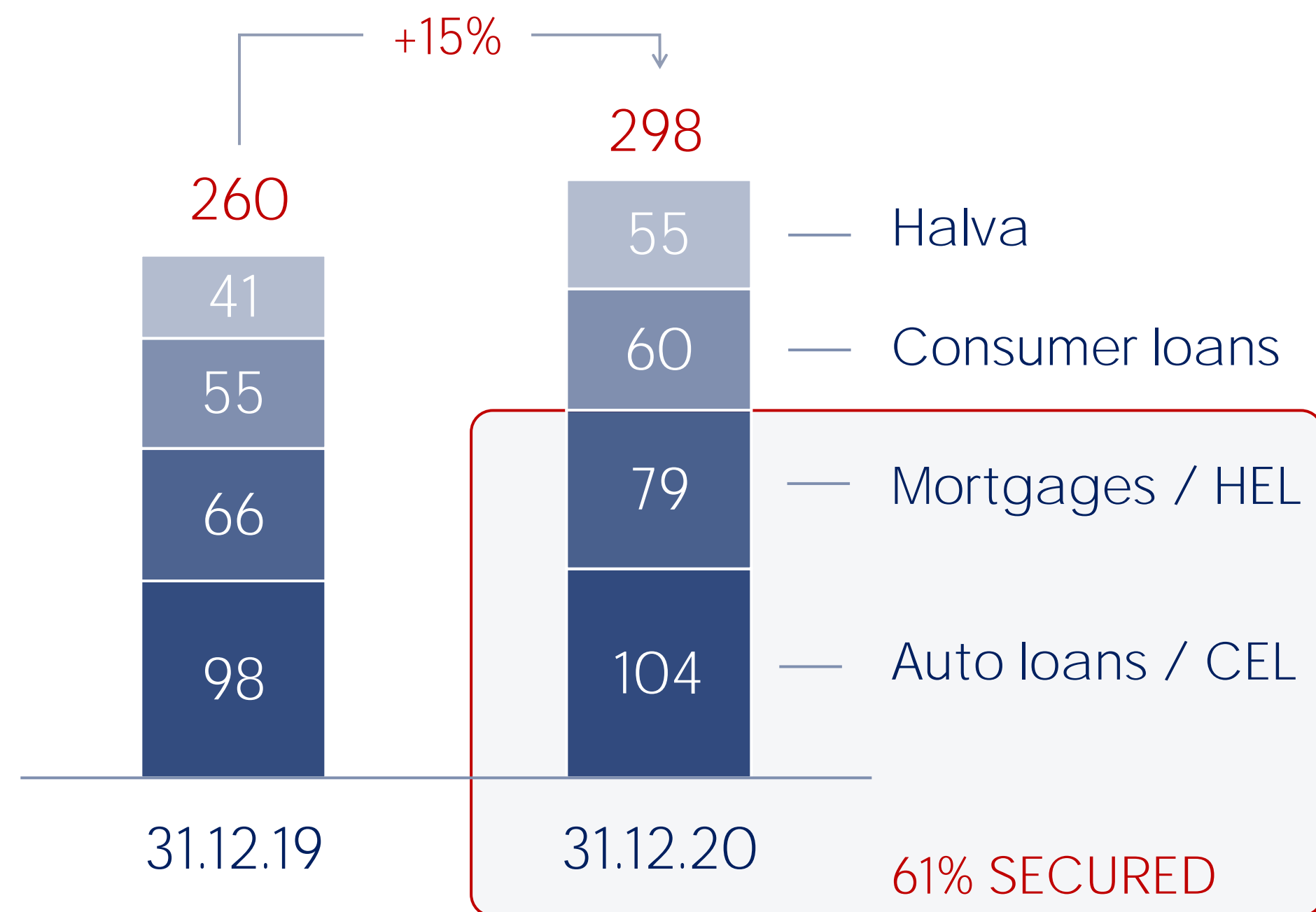
4. By number of issued loans. According to Frank RG

# RETAIL LOAN PORTFOLIO

₺BN

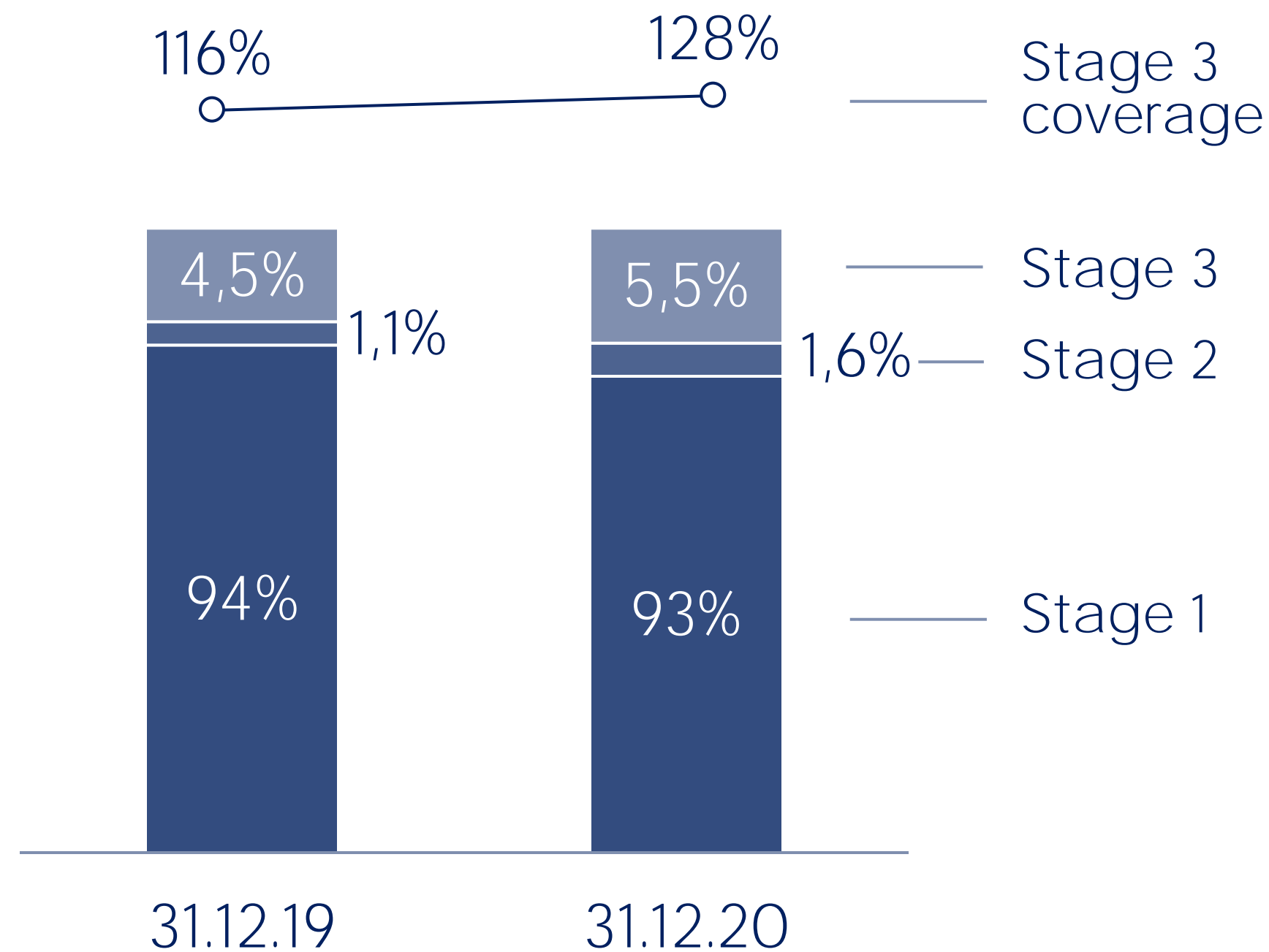
Mainly low risk secured lending, fast growing Halva, stable cash loans

NET PORTFOLIO<sup>1</sup>



**+35%** Halva portfolio growth YoY

QUALITY



Stage 3 growth is driven by the pandemic  
Proactive increase in provisions

**2.1%** of portfolio restructured

**20%** portfolio yield up from 18% in 2019

**5.8%** COR up from 3.0% in 2019

# LOAN RESTRUCTURING

The highest risk – 0.2% unsecured loans with payment holidays

*As at 31.12.20*

GOVERNMENT

SOVCOMBANK

RETAIL  
*% of retail portfolio*

Payment  
holidays

Payments  
reduced

TOTAL

0.6%

1.5%

SECURITY



Real estate

0.3%

0.6%



Car

0.1%

0.05%



Unsecured

0.2%

0.9%

SME  
*% of SME portfolio*

0.2%<sup>1</sup>



70%

of clients continue  
making reduced but  
regular payments



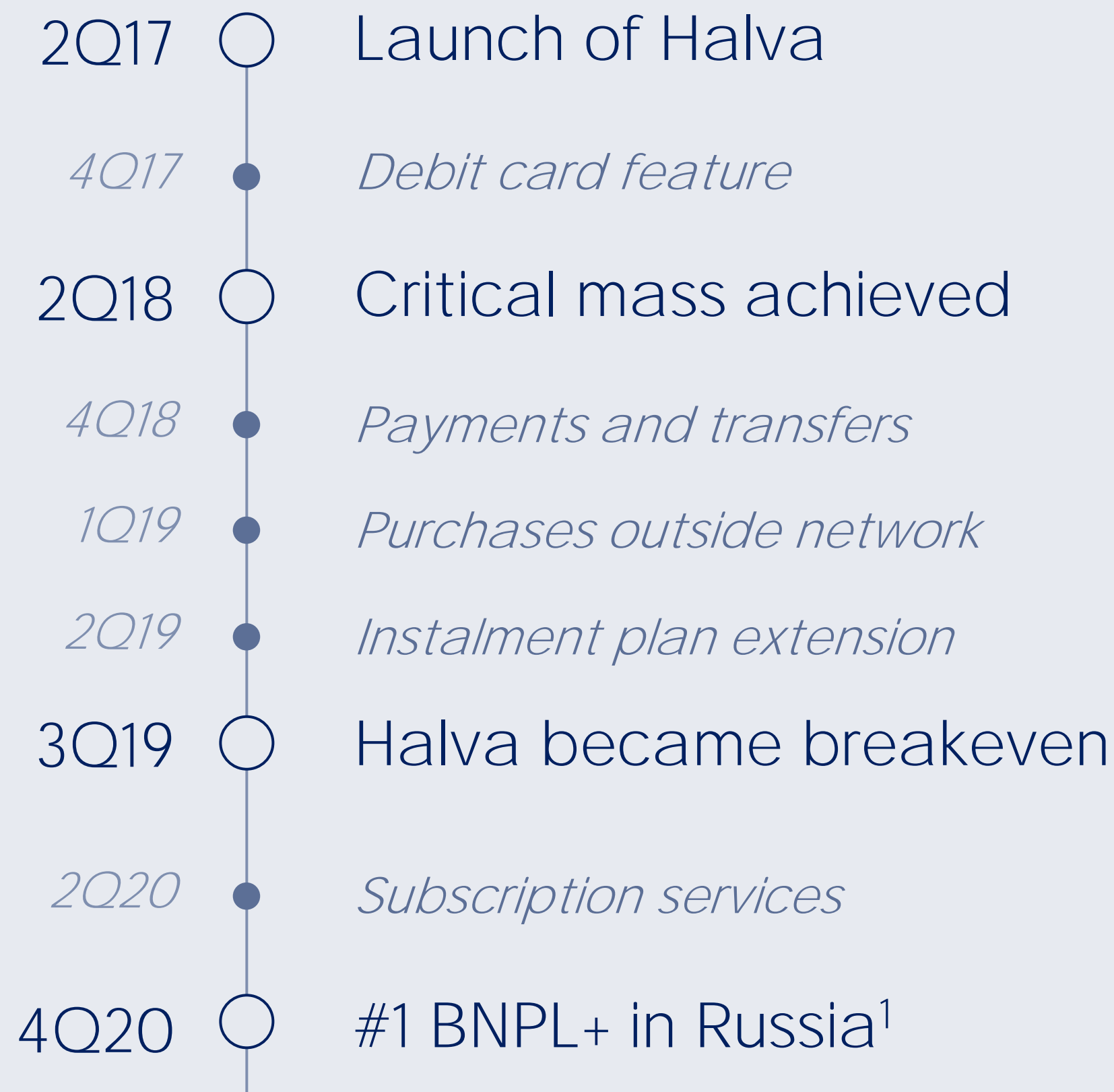
50%

of restructured retail  
loans are secured by  
real estate and vehicles

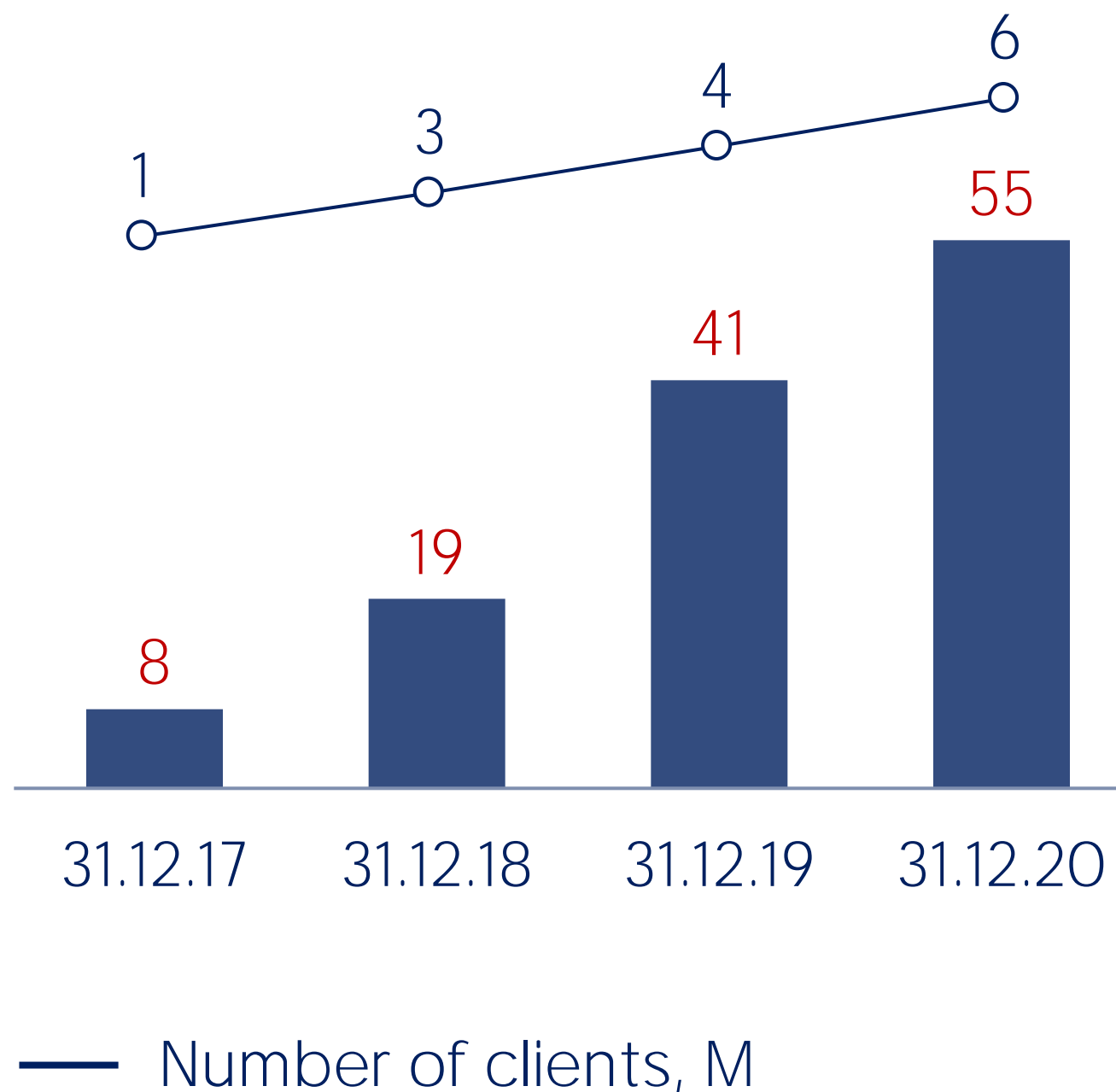
# "HALVA" BNPL<sup>1</sup> PLATFORM

Socially responsible alternative to a credit card

₽BN



## HALVA NET LOANS



## KEY FIGURES AS AT 31.12.2020

**6.3M**  
CLIENTS — 5% of adult population<sup>2</sup>

**225k**  
PARTNER-SHOPS — 20% of all Russian retail<sup>3</sup>

**250BN**  
GMV<sup>4</sup> IN 2020 — +49% growth vs. 2019

Source IFRS financial statements (as at 31 December 2020), company disclosure

1. Buy Now Pay Later

2. Russian population aged above 20 years according to Rosstat

3. All Russian retail outlets and online shops based on the data published by Rosstat

4. Gross Merchandise Value – Total Halva transaction volume for 2020

# AUTO BANK

Full product suite for car-owners and dealers with focus on entry-level models

## LENDING

New & used cars  
Car equity loans (CEL)

₽104BN<sup>1</sup>

## LEASING

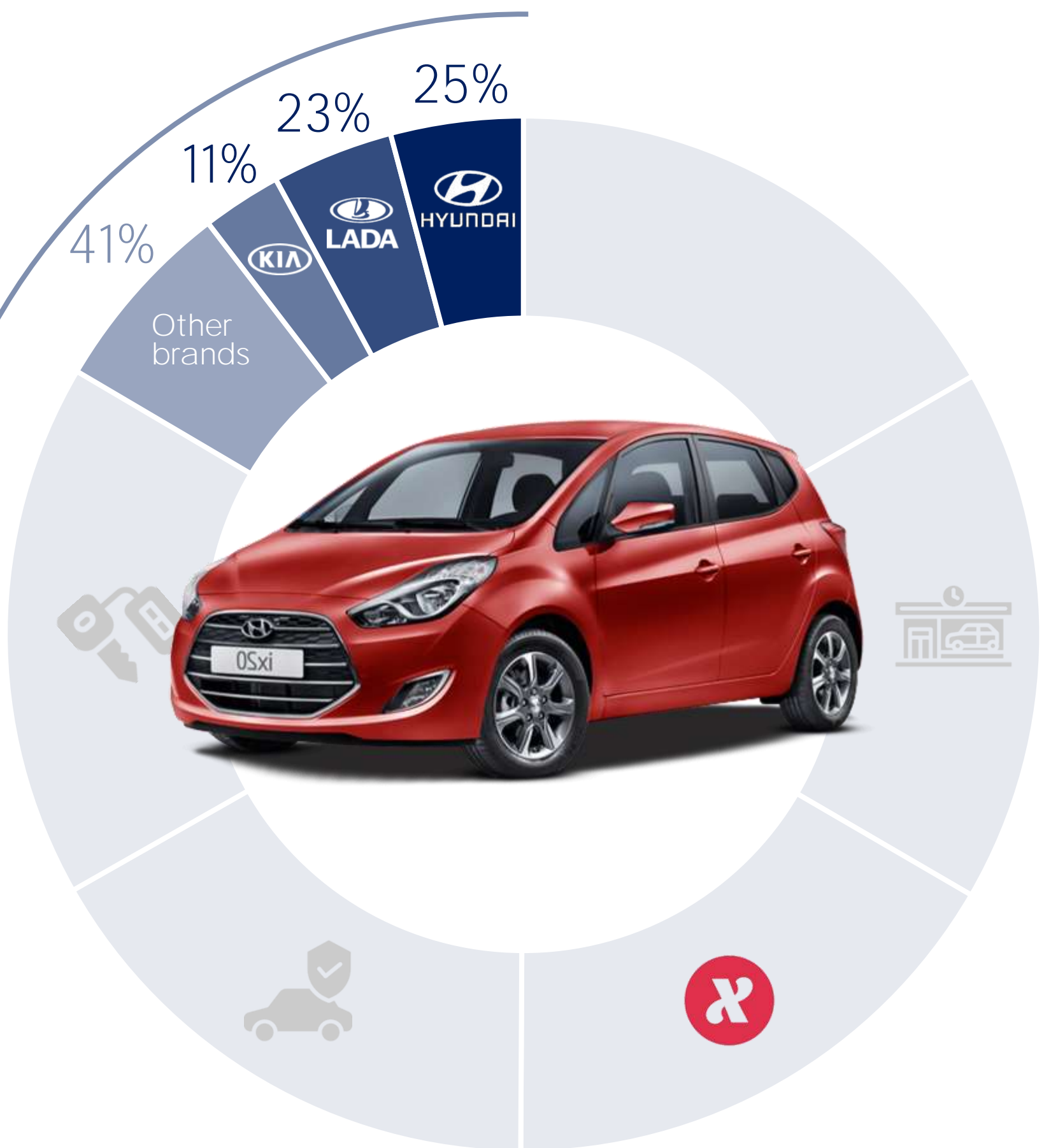


For individuals  
Fleet leasing for companies  
and municipalities

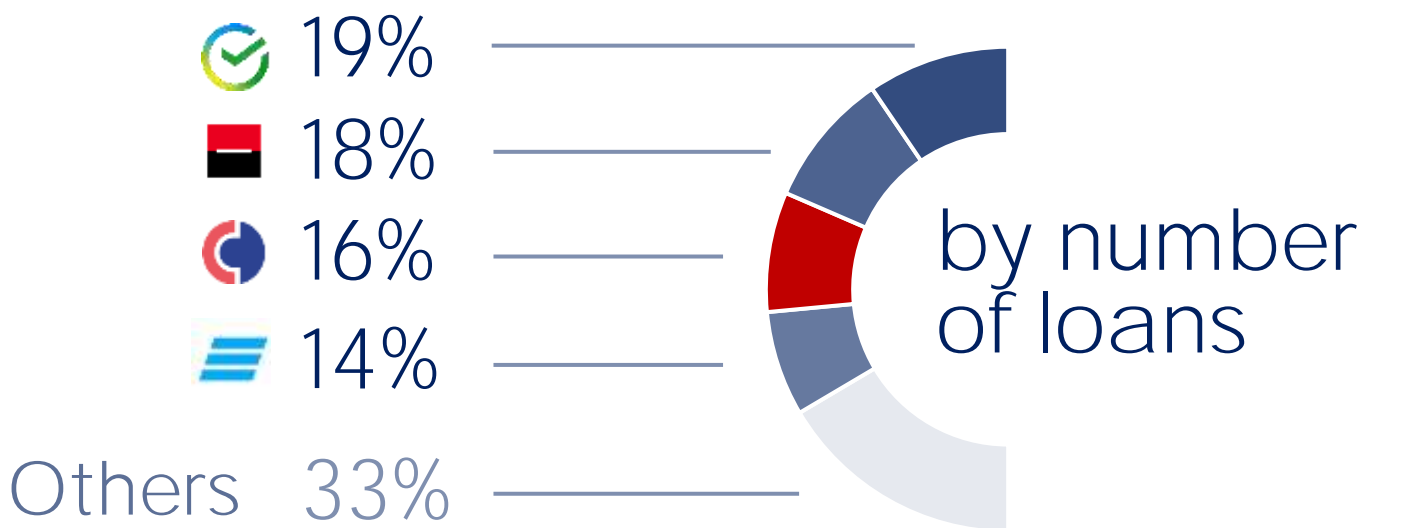
## MOTOR INSURANCE



MOD & MTLP  
Special offers via product bundles



## 16% CAR LOANS MARKET SHARE<sup>2</sup>



## SERVICES FOR DEALERS

Floor plans & factoring  
Inventory & property insurance

## HALVA

Zero-interest instalment plans for:

- New vehicles
- Services & spare parts

Source: IFRS financial statements (as at 31 December 2020), company disclosure  
1. Car loans less allowance for loan impairment  
2. By number of issued loans. According to Autostat.ru statistics as at 31 December 2020

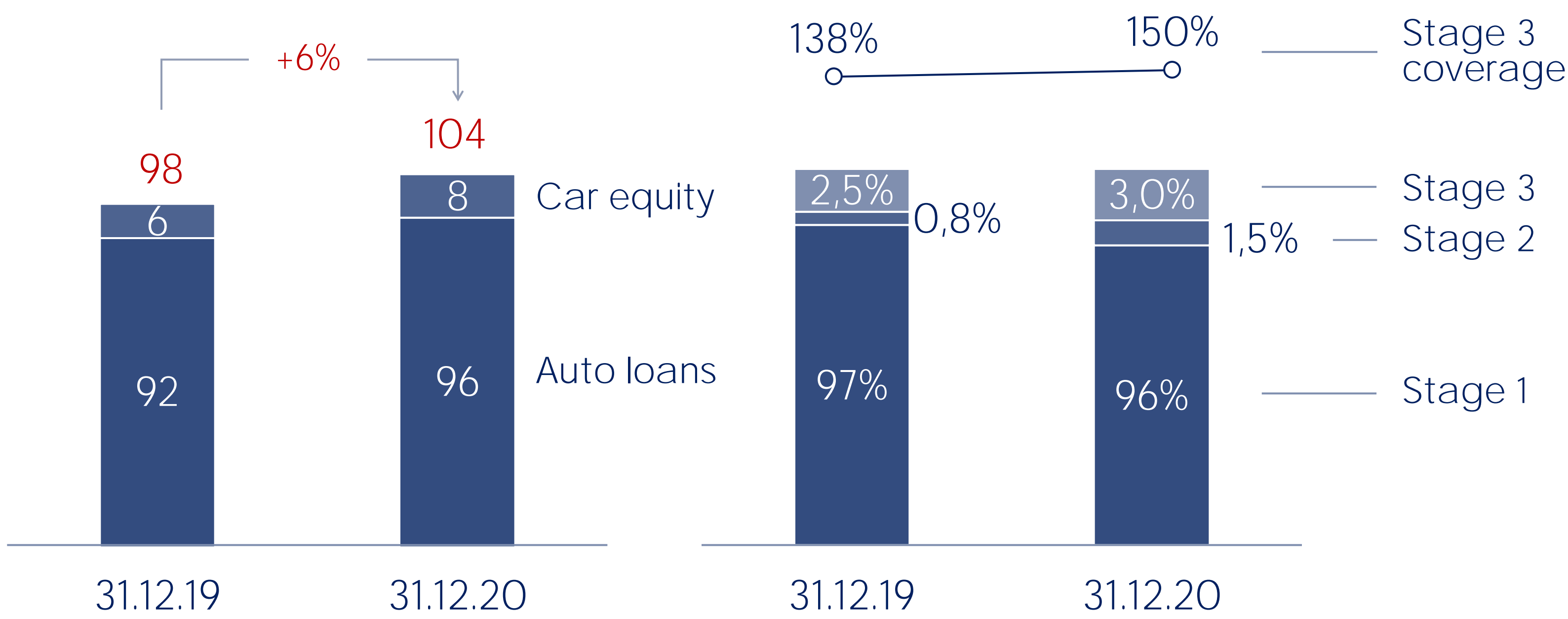
# AUTO LOANS AND CAR EQUITY LOANS

₺BN

Financial performance

NET PORTFOLIO<sup>1</sup>

QUALITY



Portfolio growth despite closed dealerships during the lockdown in spring – summer 2020

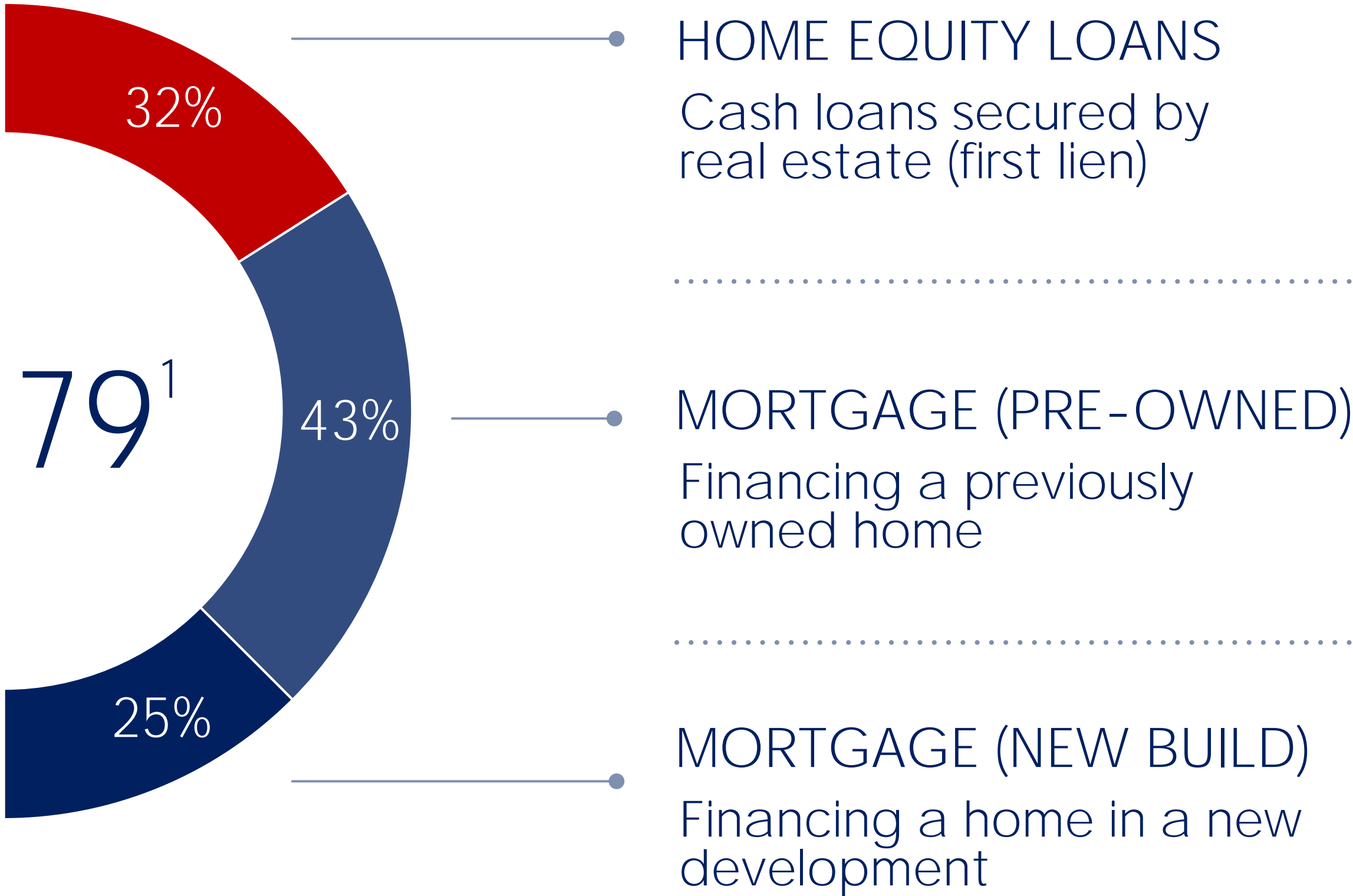
Stage 2 & 3 increase due to COVID-19. However, LGD remains low

Source: IFRS financial statements (2019 – 2020)  
1. Car loans less allowance for loan impairment

# MORTGAGE AND HOME EQUITY LOANS

₽BN

Low risk portfolio, mainly in Russian regions



Loan size, ₽millions	Term, years <sup>2</sup>	LTV, of portfolio
1.3	6	32%
2.3	17	56%
2.8	18	61%

Source: IFRS financial statements (as at 31 December 2020), company disclosure

- 1. Mortgage loans less allowance for loan impairment
- 2. Contractual term at issuance

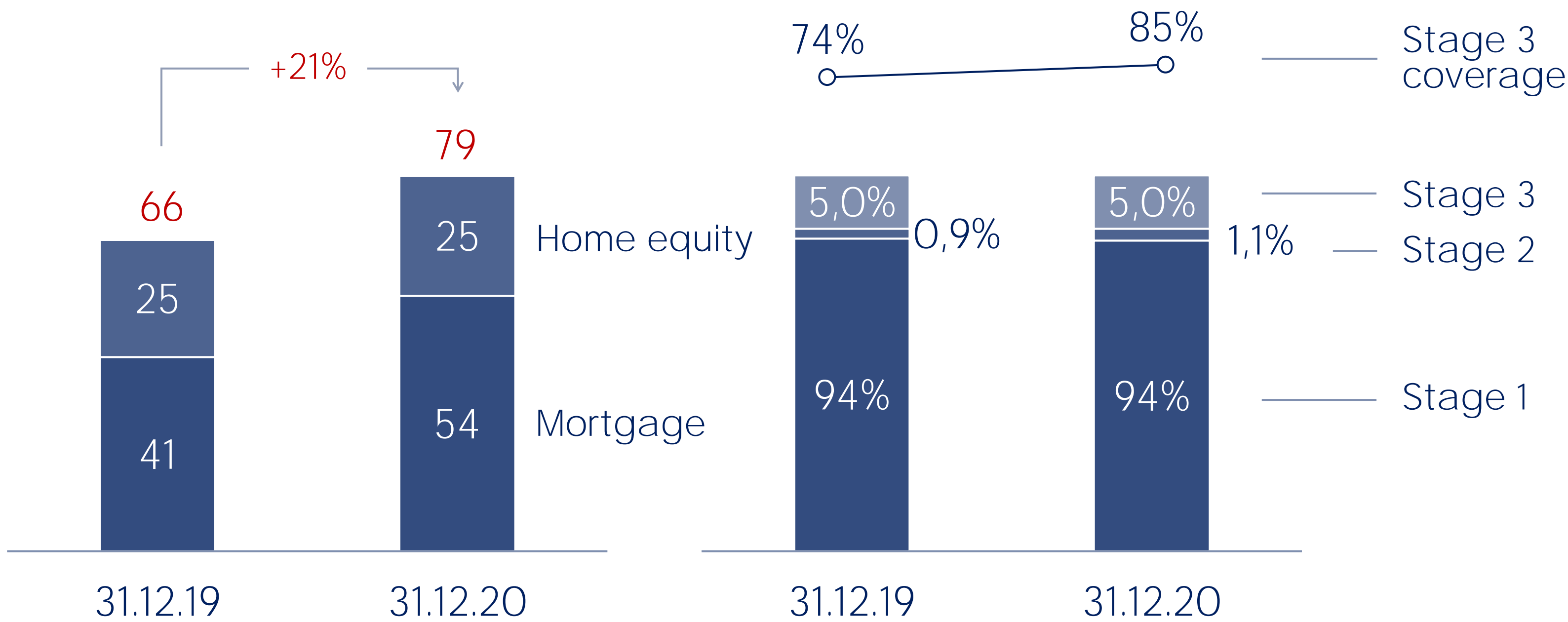
# MORTGAGE AND HOME EQUITY LOANS

₺BN

## Financial performance

NET PORTFOLIO<sup>1</sup>

QUALITY



Steady growth of portfolio is due to falling rates & strong demand for real estate (an alternative to savings)

Stage 2 & 3 flat despite COVID-19 and accumulation due to portfolio growth (write-off policy is 3 years)

Source: IFRS financial statements (2019 – 2020)  
1. Mortgage loans less allowance for loan impairment

# CONSUMER LOANS

₹BN

Legacy product, gradually being phased out

## GENERAL-PURPOSE LOANS

111k

Average  
loan size

1.8 y.

Average  
term

56%

PTI ratio

₹54BN

loans issued  
in 2020

628k

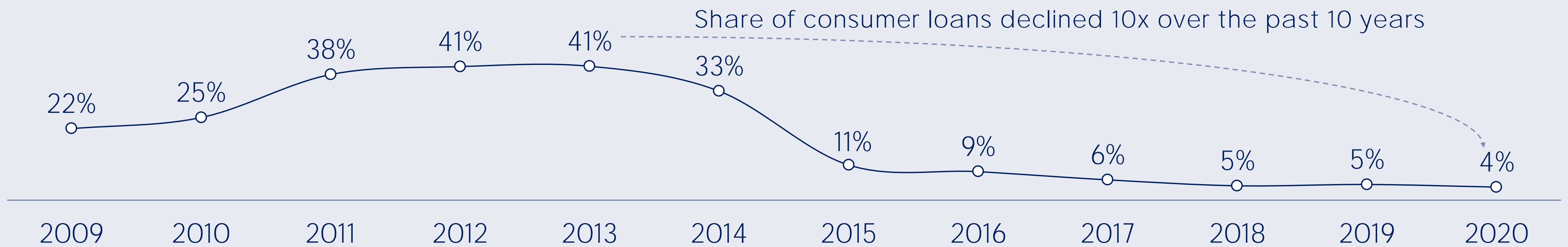
loans issued  
in 2020

52%

of loans  
issued online

## 18 YEARS OF RISK MANAGEMENT

*Net consumer loans as % of total assets*

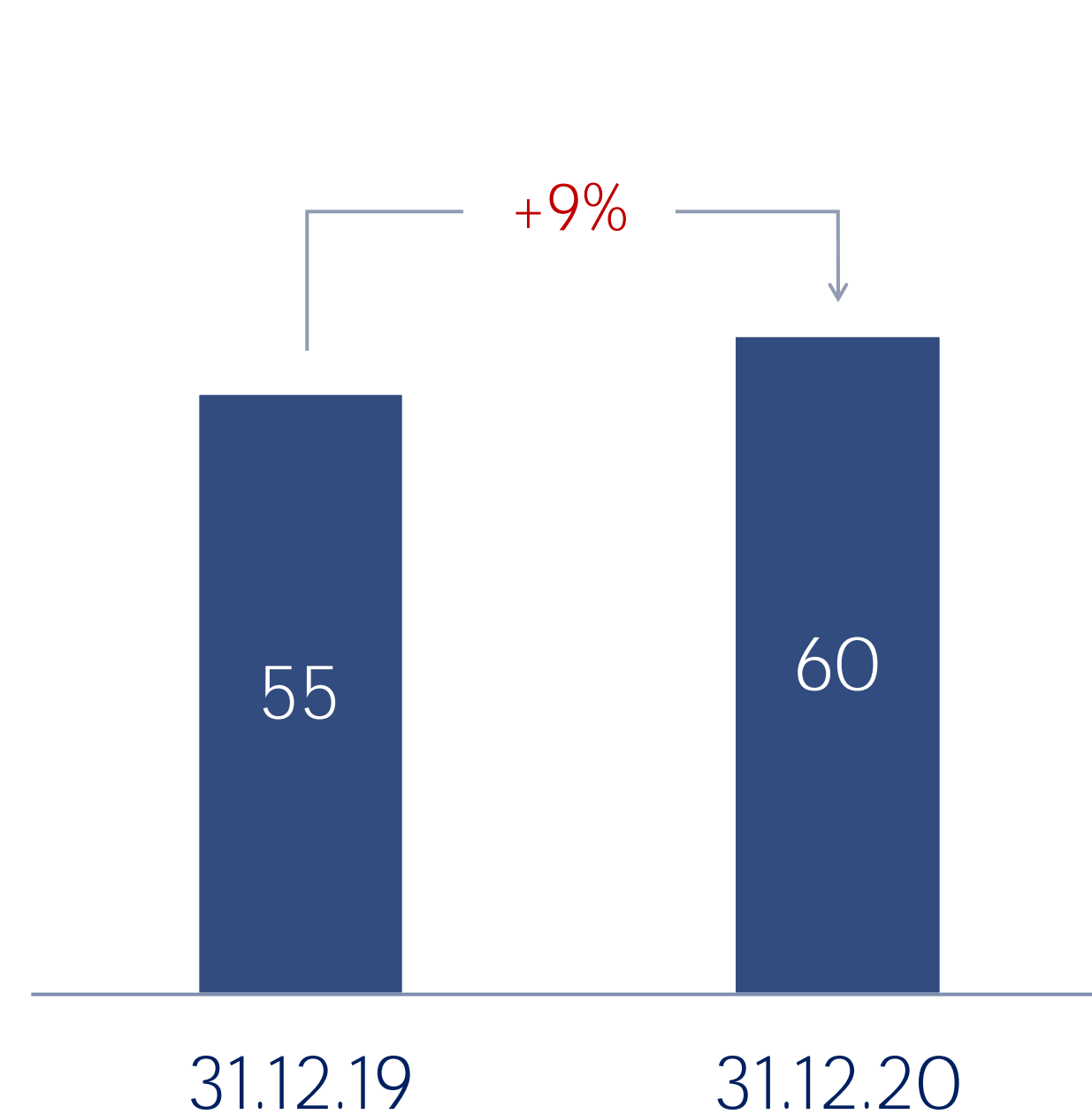


# CONSUMER LOANS

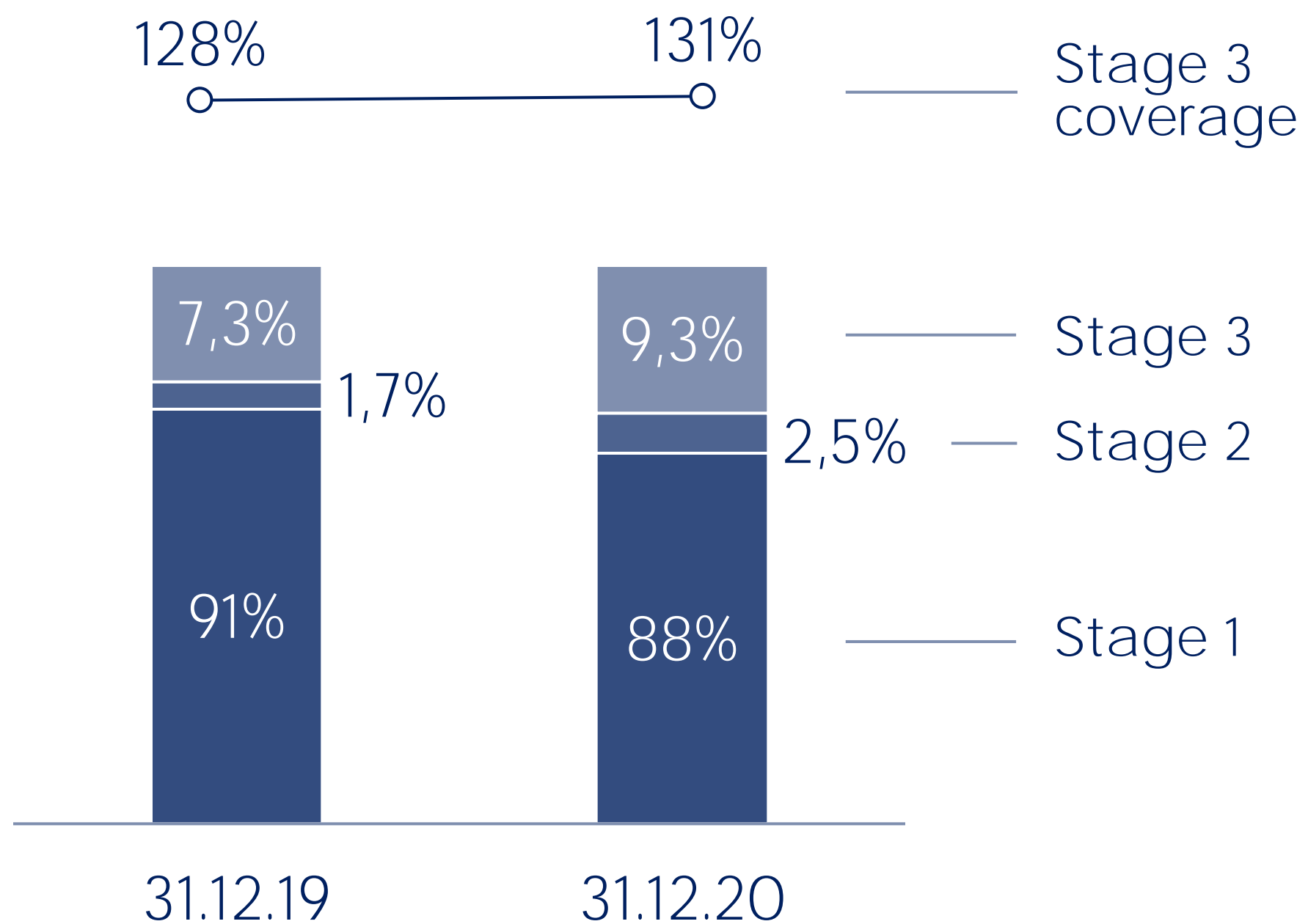
## Financial performance

₴BN

### NET PORTFOLIO<sup>1</sup>



### QUALITY



Portfolio growth on the background of depressed consumer confidence, lockdown and economic uncertainty

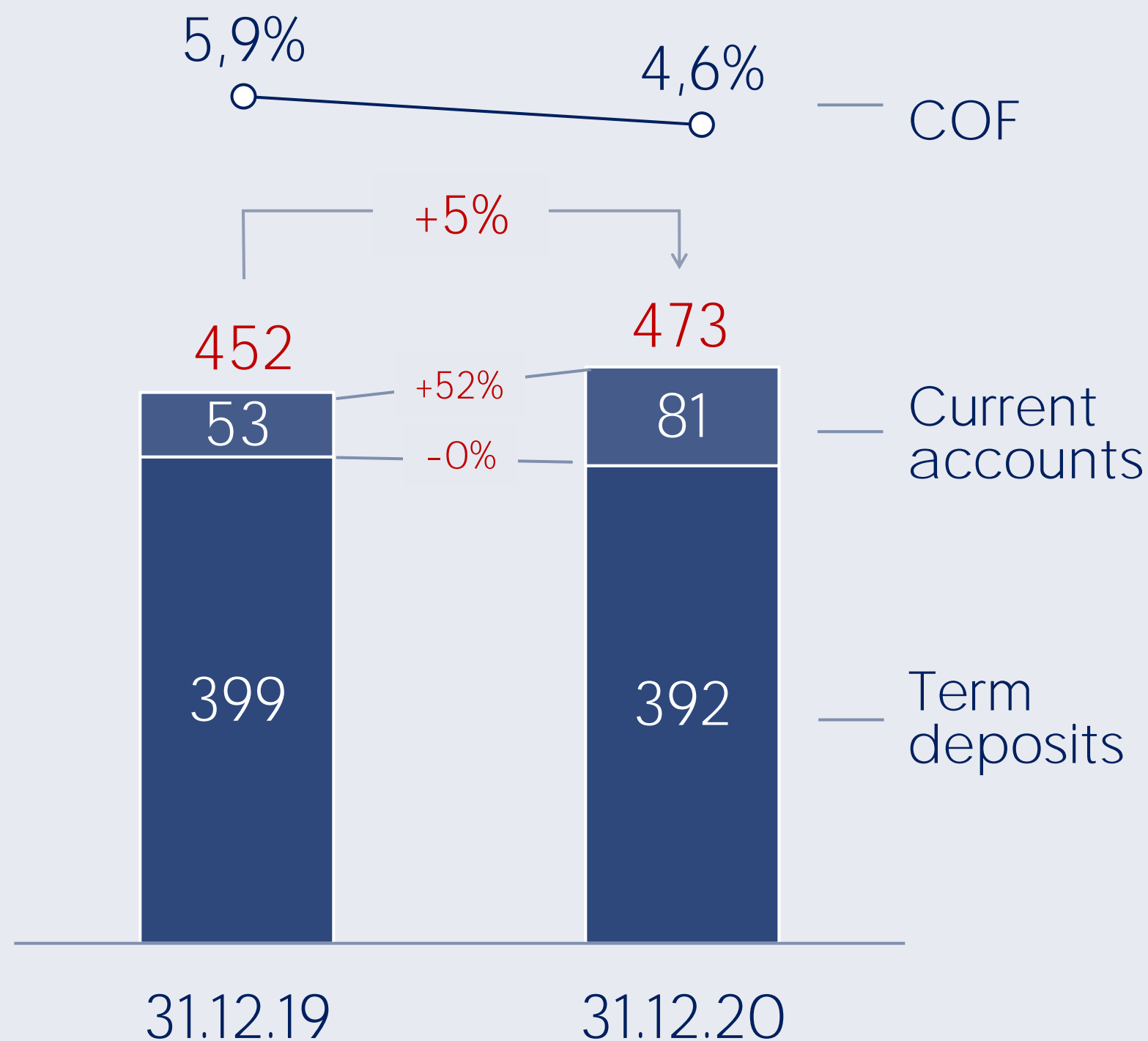
Stage 2 & 3 growth is due to COVID-19

# RETAIL FUNDING

₽BN

Sticky, granular & stable base of small-ticket accounts and deposits

BY TERM



Growth driven mainly by current accounts (+52% YoY)

Term deposits are flat despite low market interest rates and outflows to real estate investments

*% of term deposits and current accounts*

1 year average term

131k average balance

500k number of depositors

86% insured by DIA

95% share of RUR

82% rolled-over for next time

# OMNI-CHANNEL

A combination of online and 6.8 thousand own- and third-party offices

## THIRD PARTY OFFICES

### REAL ESTATE

1.8k Realtors

0.7k Developers

### AUTO-DEALERSHIPS

2.0k Showrooms

## OWN RETAIL NETWORK

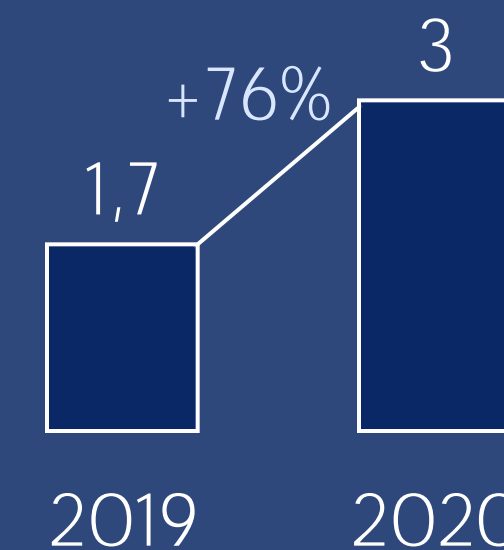
2.3k Asset-light offices

81 NPS<sup>1</sup>

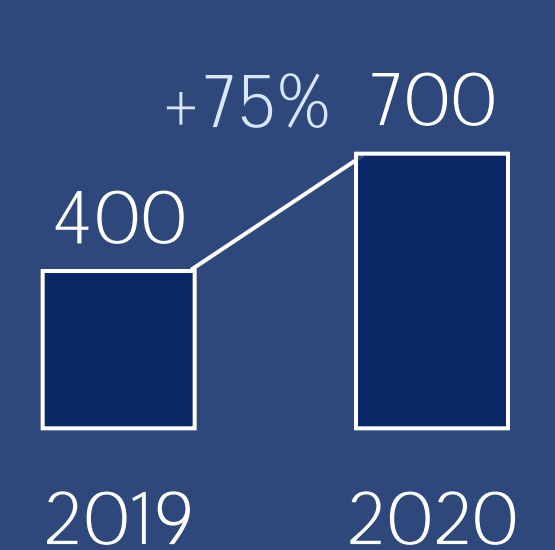
#1 Bank by people ranking<sup>2</sup>

## DIGITAL BANK

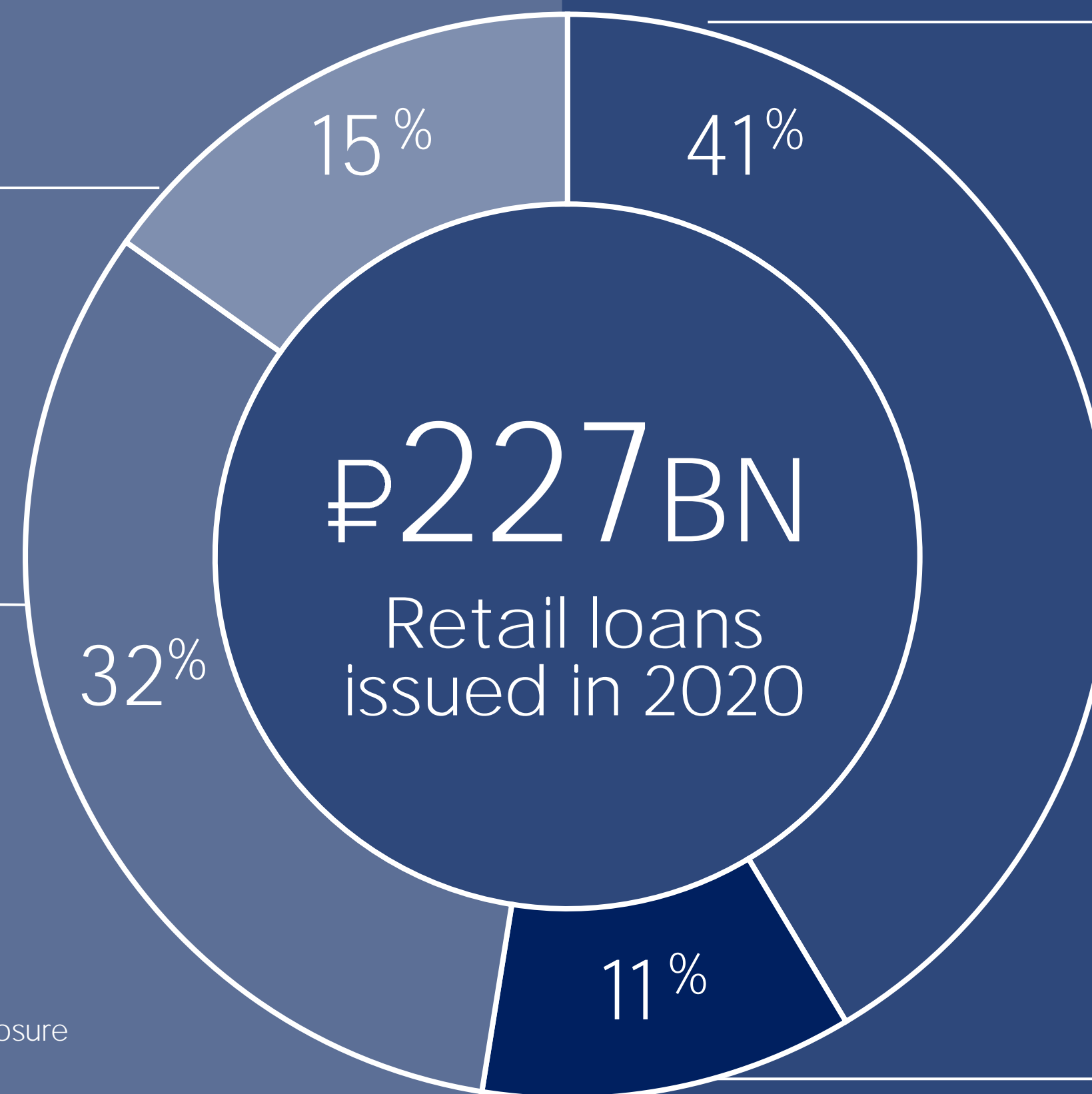
MAU, mln



DAU, thousand



#3 Mobile banking app<sup>3</sup>



Source: : IFRS financial statements (as at 31 December 2020), company disclosure

1. Internal customers' survey

2. People's ranking based on the feedback of customers on Banki.ru

3. MARKSWEBB Mobile Banking Rank 2020

# CORPORATE BANKING

# CORPORATE BUSINESS

₽BN

Well-rounded suite of products for large corporate, State and SME clients

AS AT 31.12.2020 / FOR 2020

## LARGE CORPORATES & STATE CLIENTS

## SME

LENDING  
+63% loan portfolio

₽265BN

Relationships with Russian blue chips

₽83BN

Daily banking, small tickets

DCM  
#1 bond underwriter<sup>1</sup>

117 issues for ₽1T

50 issues for ₽5BN  
Bonds as an alternative to loans

PUBLIC PROCUREMENT  
26% market share<sup>2</sup>

50k  
Buyers

616k  
Sellers

₽2.5T  
Contracts

₽212BN  
Guarantees

FUNDING  
+84% term deposits inflow

₽360BN  
Term deposits

₽148BN  
Current accounts

Source: IFRS financial statements (as at 31 December 2020), company disclosure

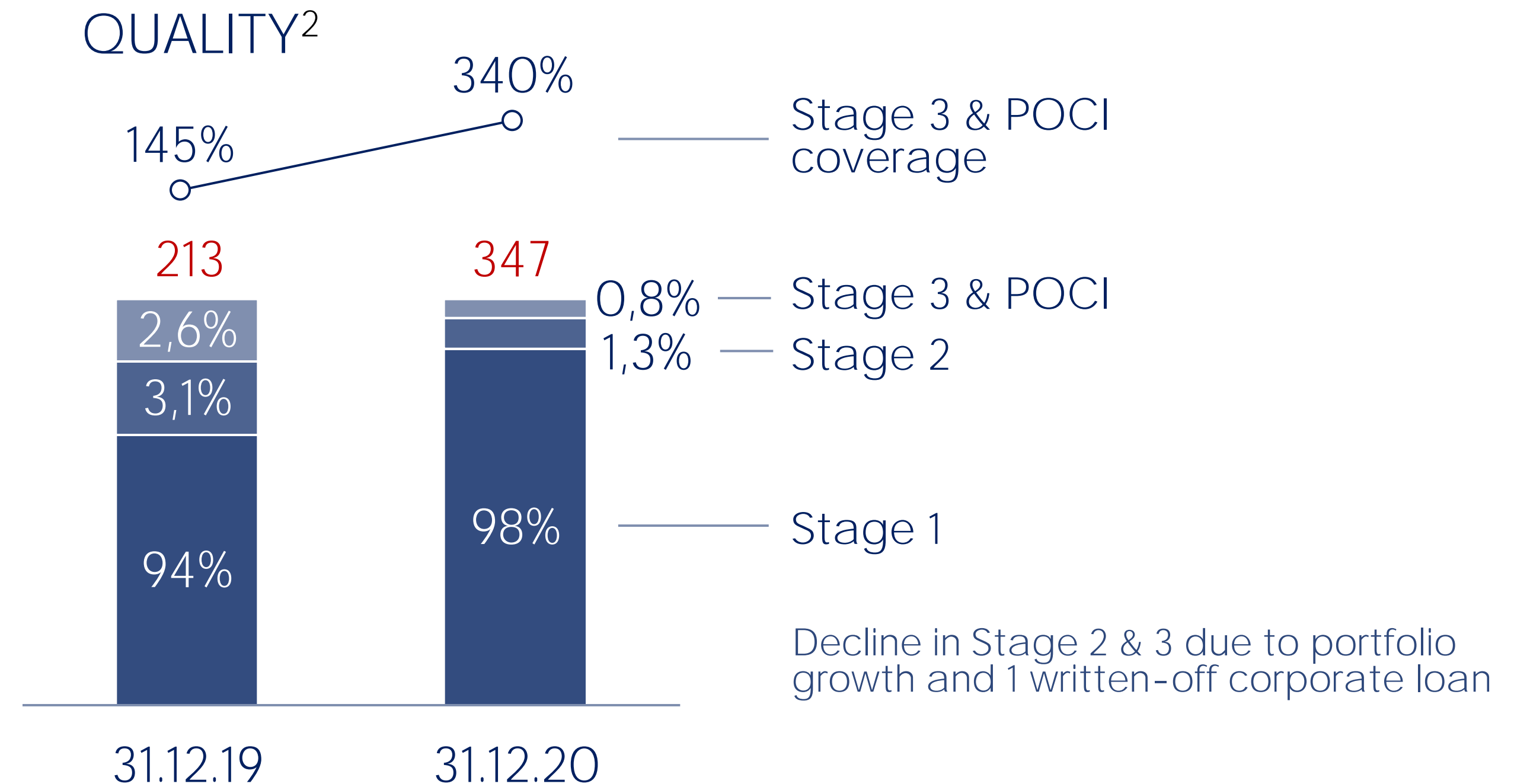
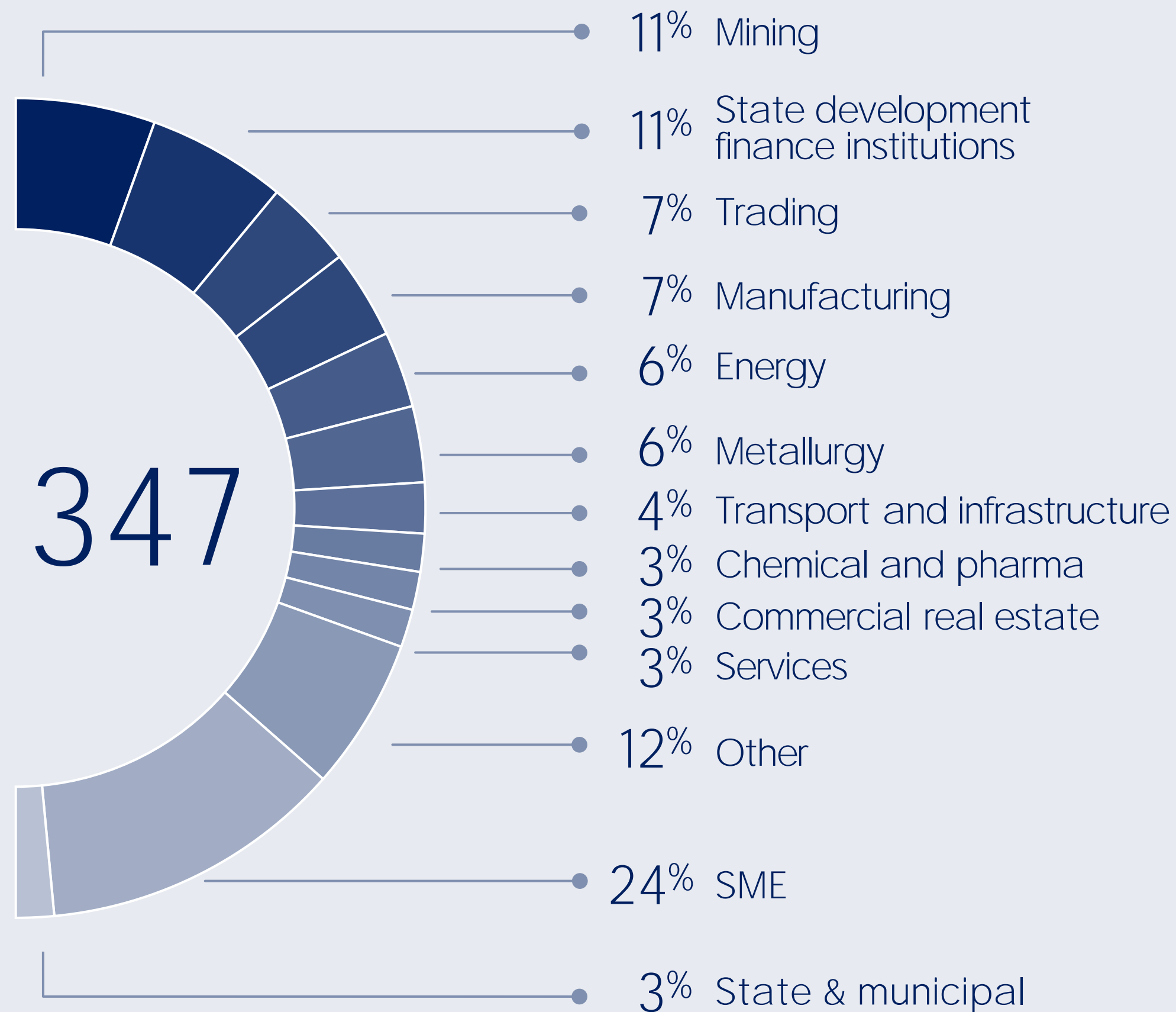
1. Among privately-owned banks. According to Cbonds ranking for 2020 <http://ru.cbonds.info/rankings/item/639>

2. According to statistics published at zakupki.gov.ru <https://zakupki.gov.ru/epz/main/public/home.html>

# CORPORATE LOAN PORTFOLIO <sup>1</sup>

₽BN

Diversified and low risk portfolio



**11%** The largest exposure (to State development FI) of the corporate loan portfolio

**1.1%** COR<sup>3</sup> down from 1.3% in 2019

Source: IFRS financial statements (as at 31 December 2020)

Values are subject to rounding: rounded components may not add up to the rounded sum

1. Corporate loans, Loans to small businesses and other loans to customers and Loans to constituent entities and municipalities of the Russian federation less allowance for loan impairment

2. Excluding bonds at amortized cost

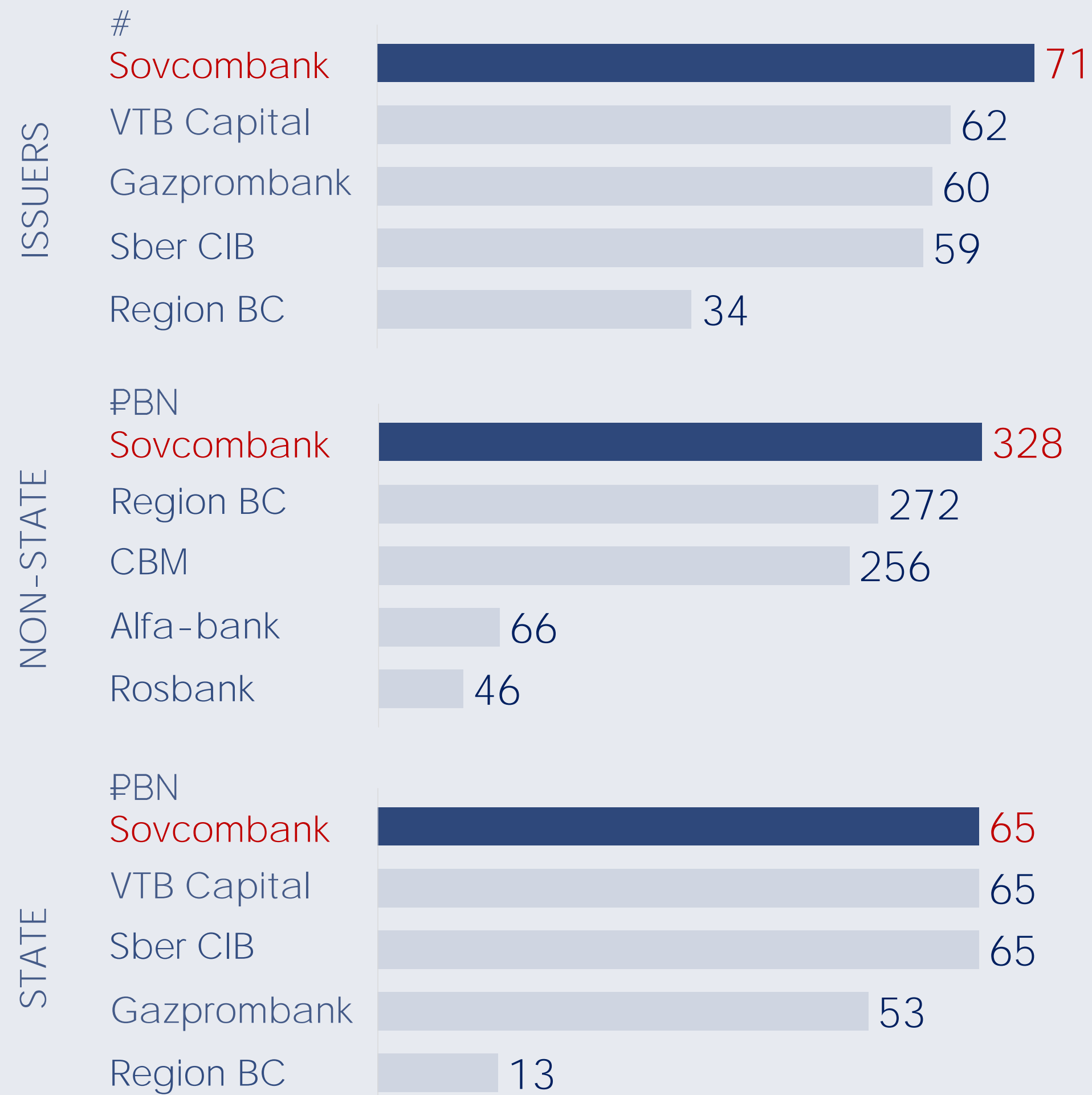
3. Allowance for credit losses relating to corporate loans divided by the average balance of gross corporate loans. Does not include bonds at amortized cost

4. Related party loans less allowance for loan impairment

# MARKET-LEADING DCM FRANCHISE

₽BN

Sovcombank is the most active DCM player in Russia<sup>2</sup>



## OTHER CAPITAL MARKET SERVICES

Precious metals

Securities trading (MOEX, international exchanges, OTC)

FX trading & hedging

## AWARDS 2020<sup>1</sup>



Source: company disclosure

1. Cbonds awards

2. Among privately-owned banks. According to Cbonds ranking for 2020 <http://ru.cbonds.info/rankings/item/639>

# PROCUREMENT MARKETPLACE

₽BN

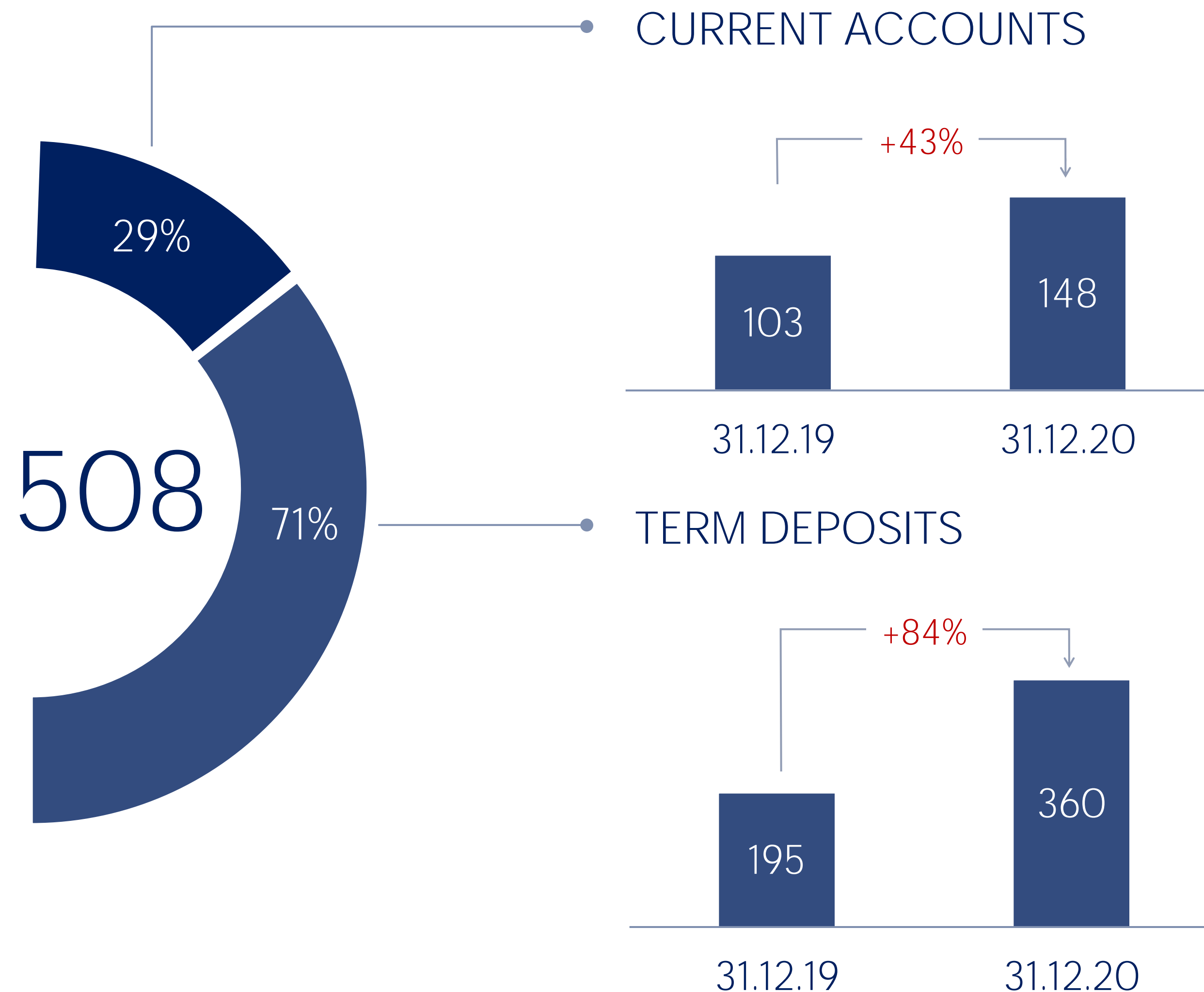
26% public procurement market share<sup>1</sup>



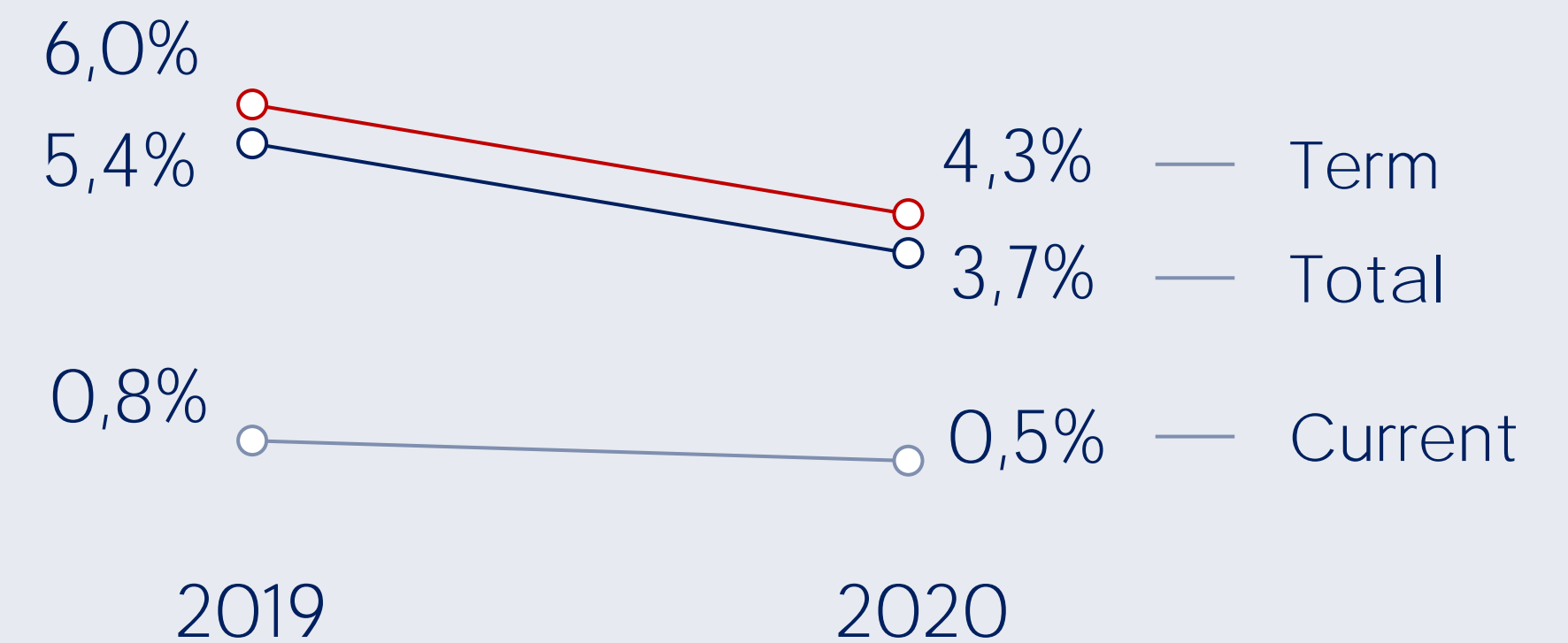
# CORPORATE FUNDING

₴BN

Increased existing and new limits on Sovcombank drive growth of funding



## COST OF FUNDING



**4%** The largest exposure of total due to customers

**20%** TOP-10 depositors of total due to customers

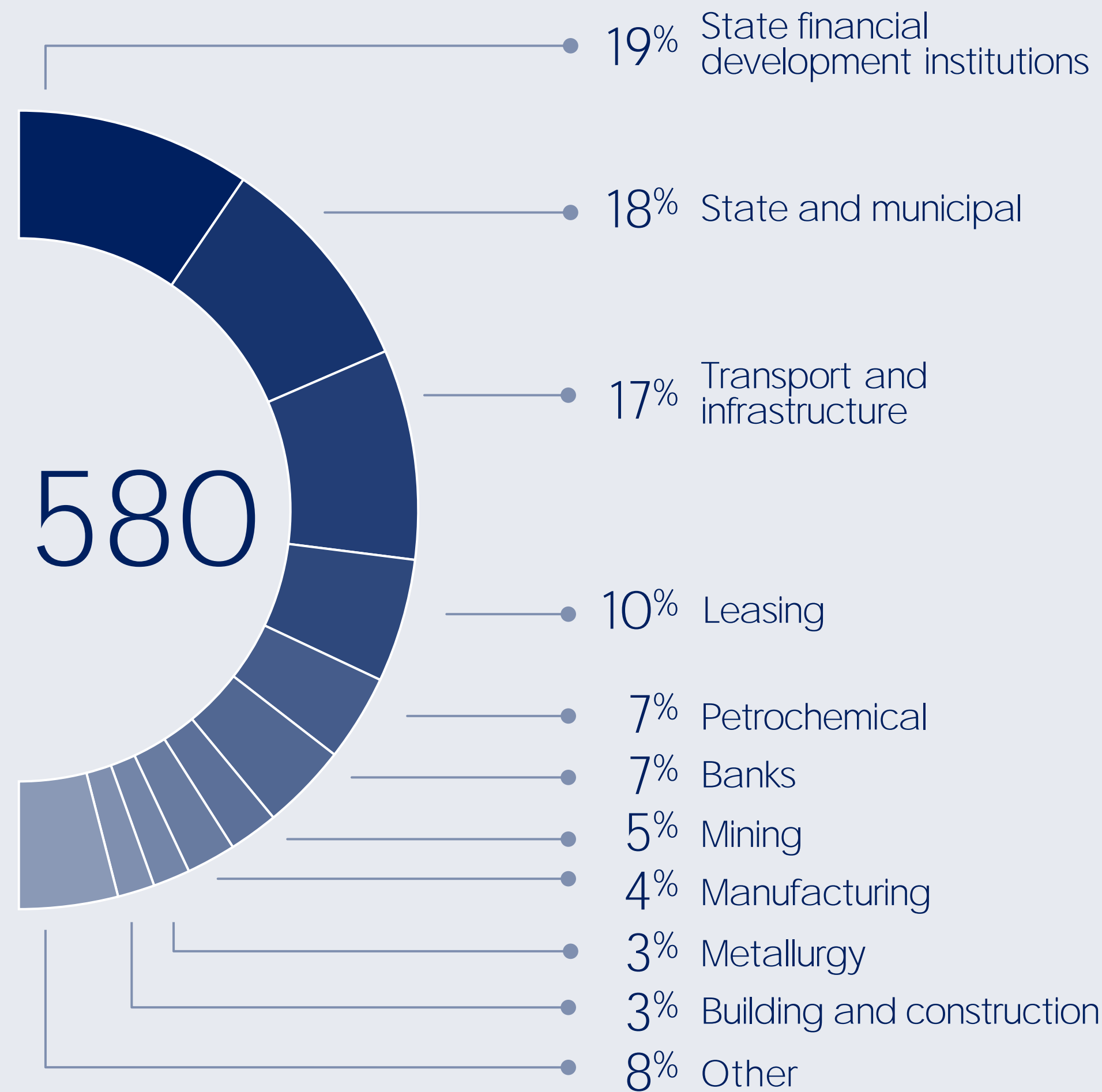
Source: IFRS financial statements (2019 – 2020)

# TREASURY & CAPITAL

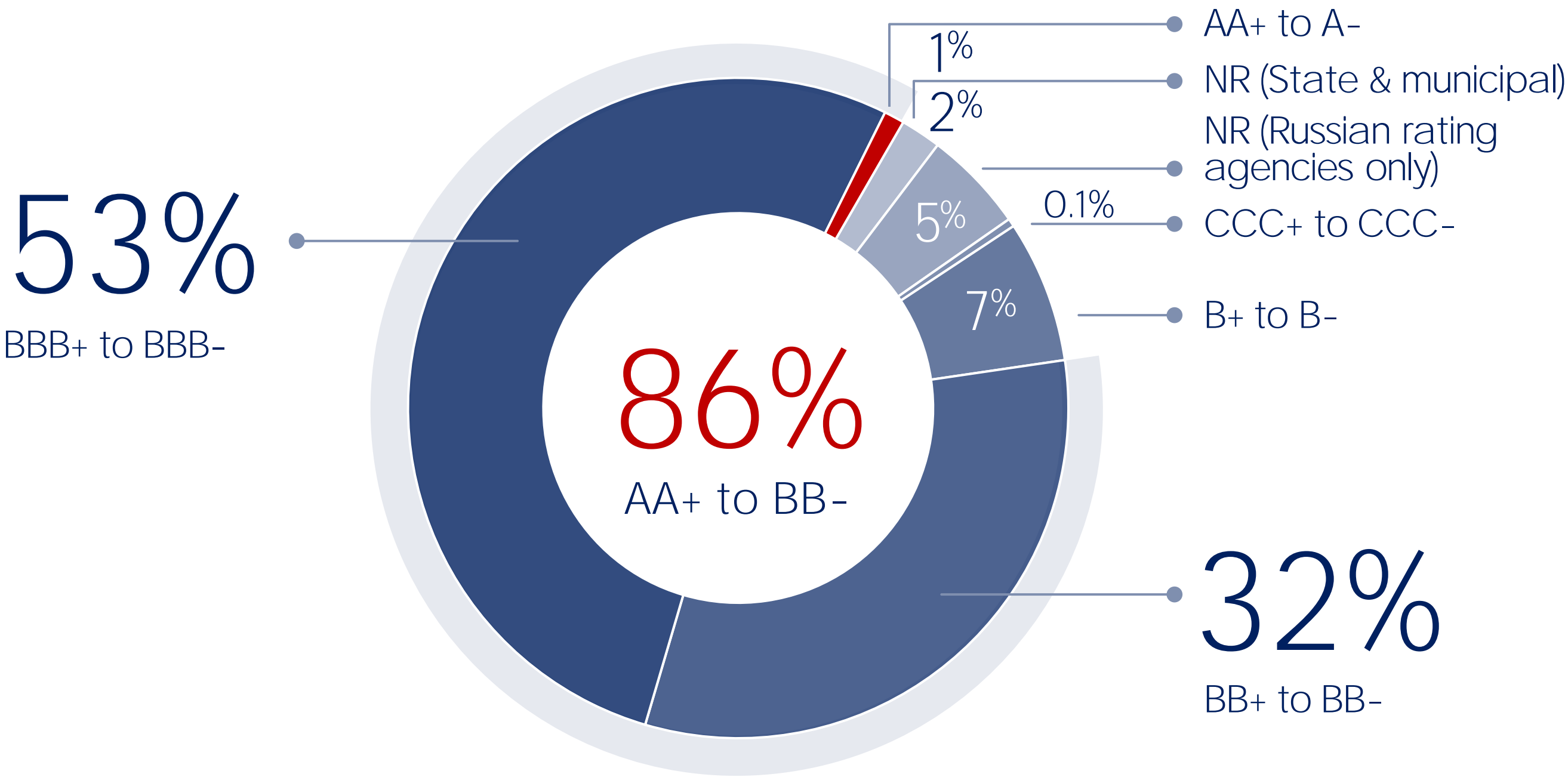
# BOND PORTFOLIO

₽BN

Diversified portfolio, majority – State-guaranteed, have BBB- or higher rating



## CREDIT RATINGS BY MOODY'S / S&P / FITCH



The largest exposure  
(State development institution)

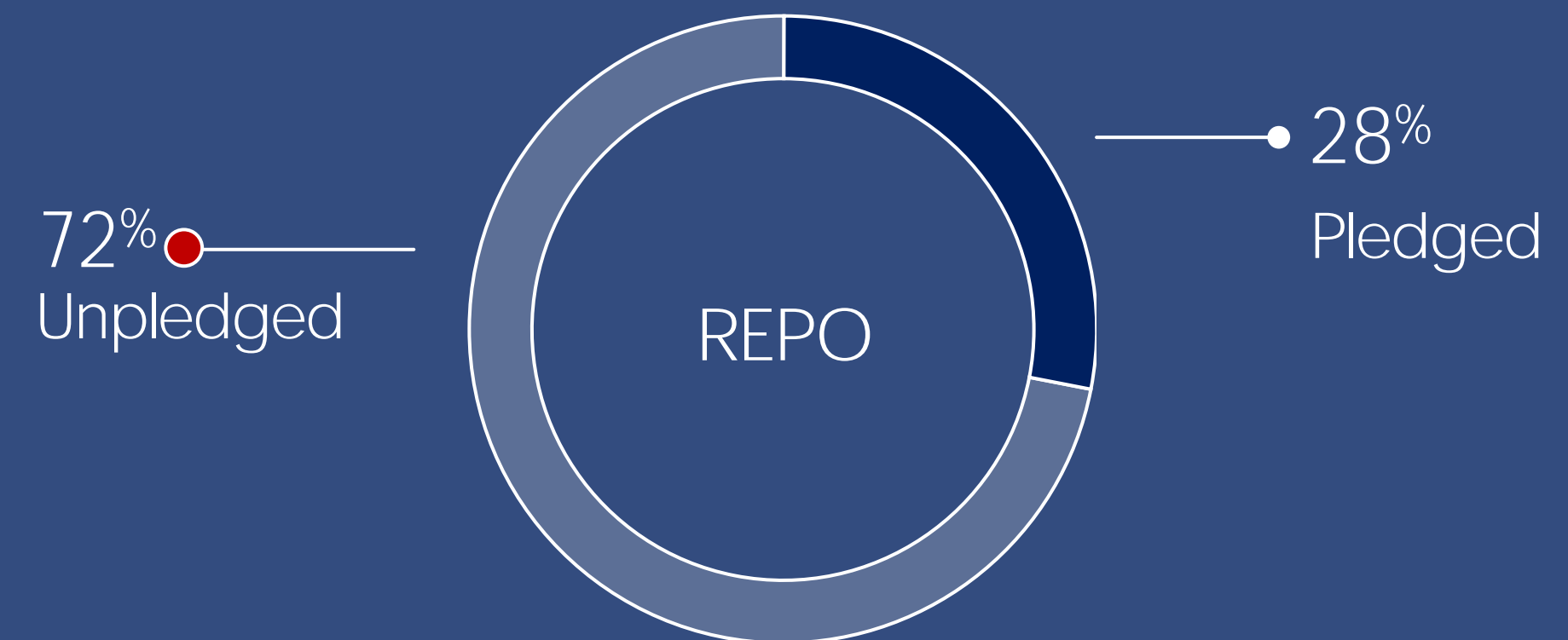
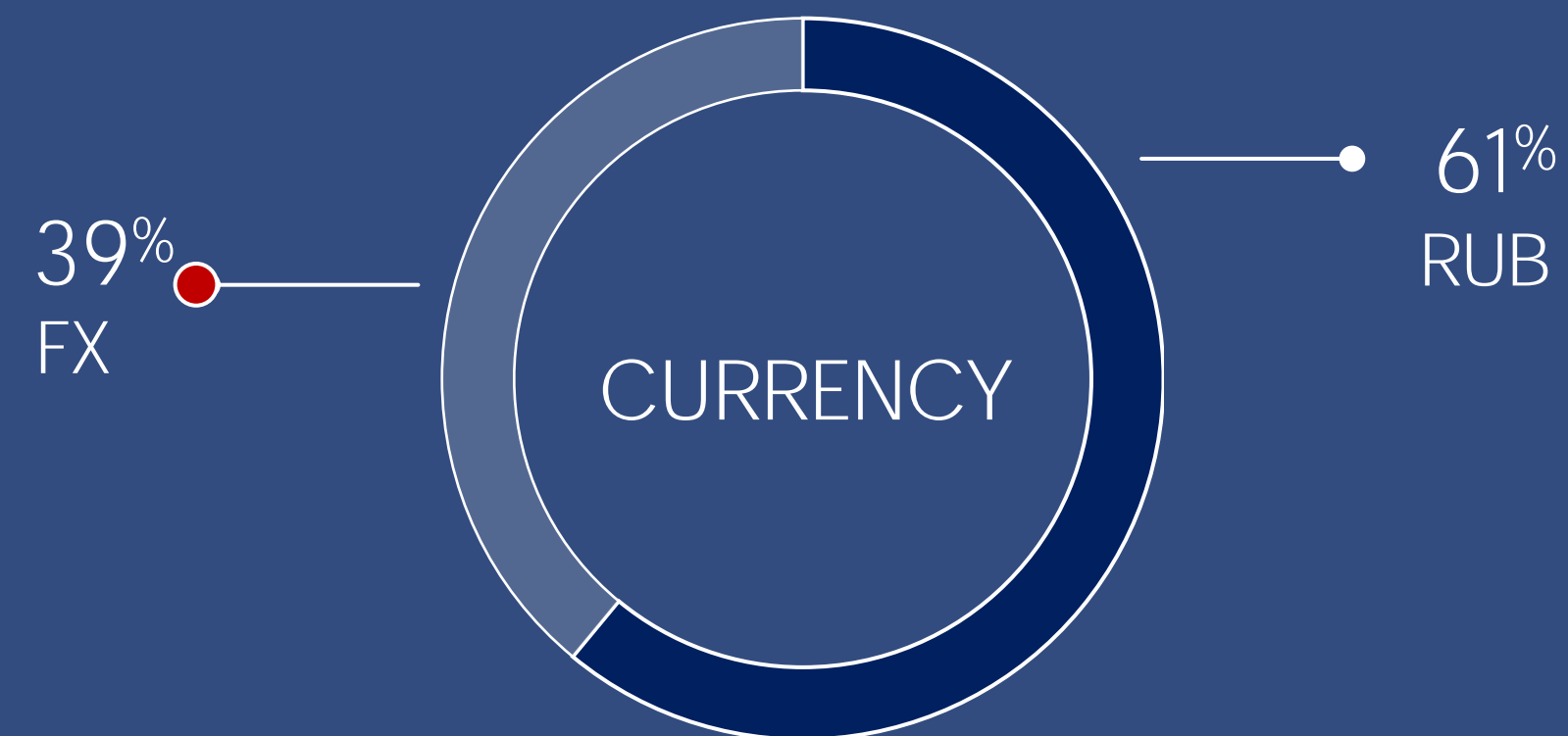
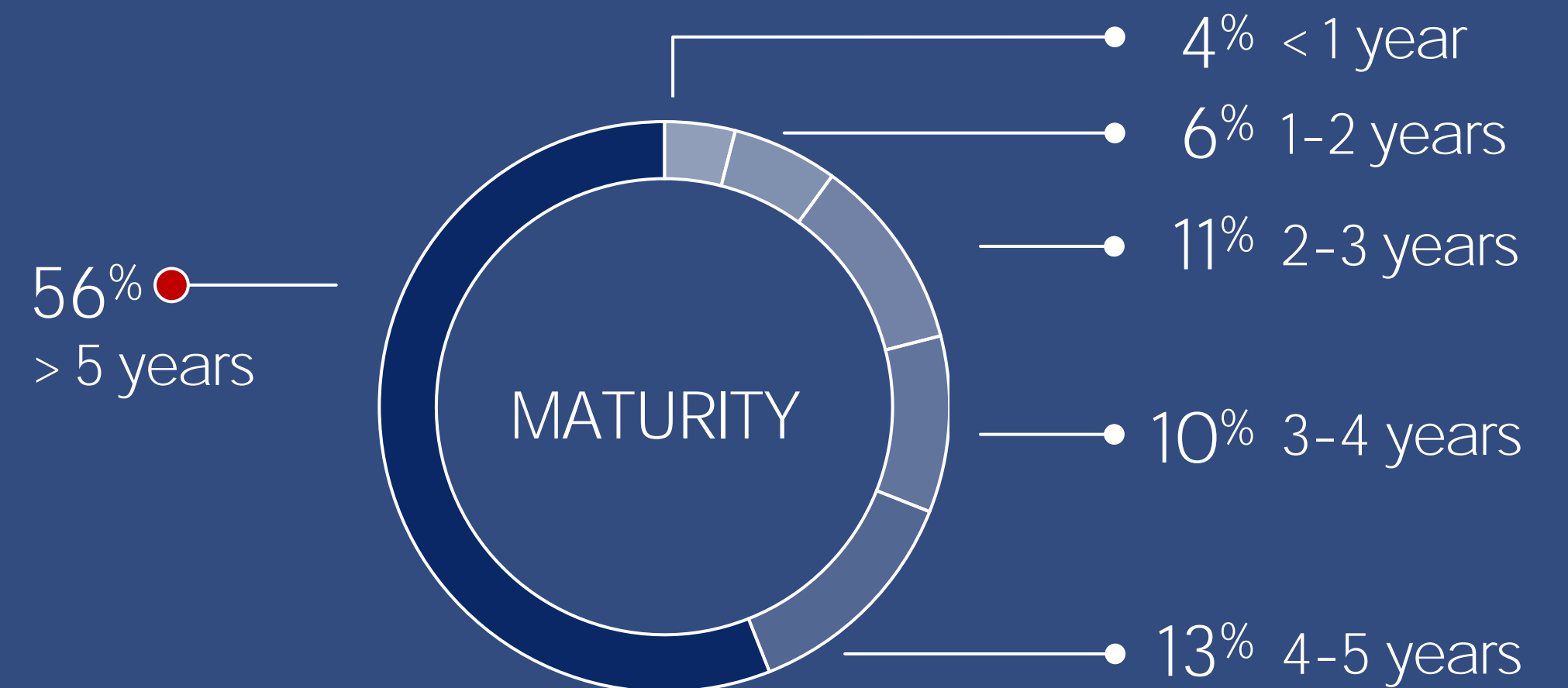
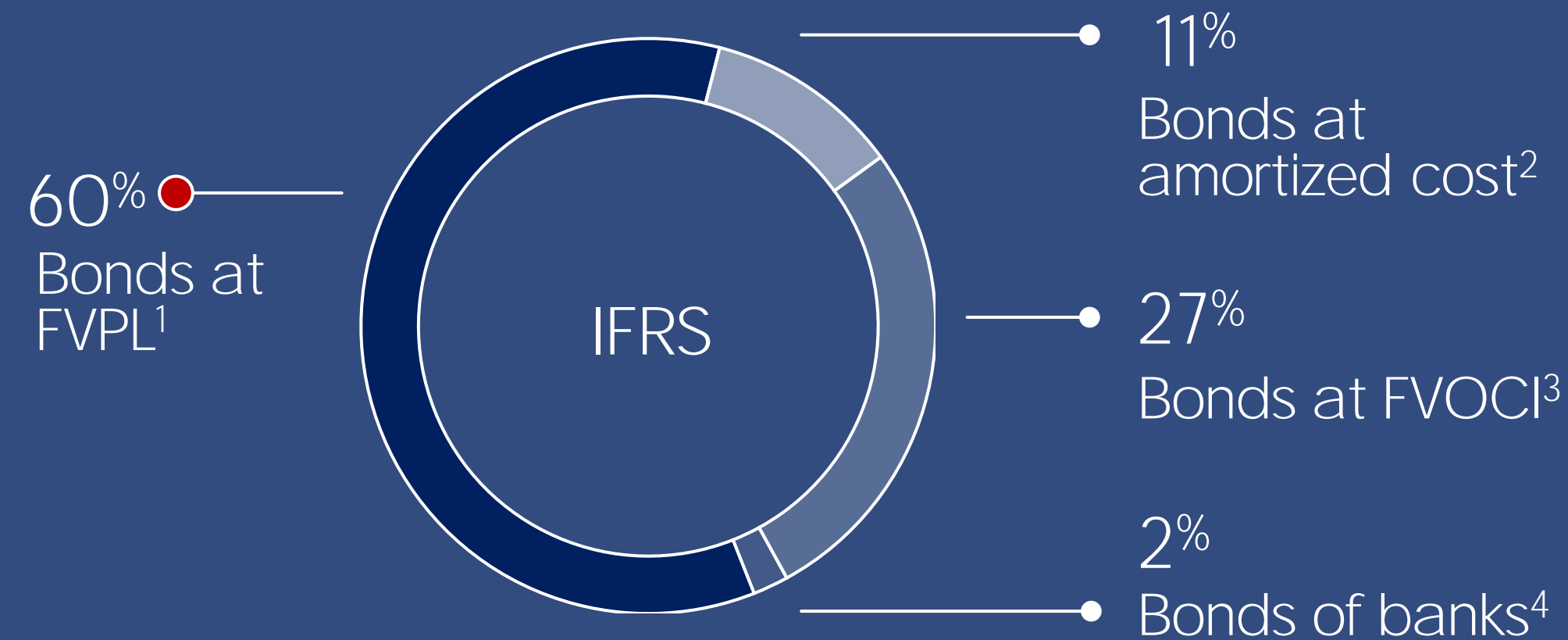
16%  
of bond portfolio

Source: IFRS financial statements (as at 31 December 2020)  
1. Financial instruments at FVPL excluding derivative financial instruments, corporate shares and shares of companies with state participation; Financial instruments at FVOCI; Corporate bonds, bonds of companies with state participation, Russian subfederal and municipal bonds, and Russian federal Eurobonds measured at amortized cost less allowance for impairment and bonds of Russian banks measured at amortized cost less allowance for impairment

# BOND PORTFOLIO

₽BN

Liquid & high quality portfolio



Source: IFRS financial statements (as at 31 December 2020)

1. Financial instruments at FVPL excluding derivative financial instruments, corporate shares and shares of companies with state participation
2. Corporate bonds, bonds of companies with state participation and Russian

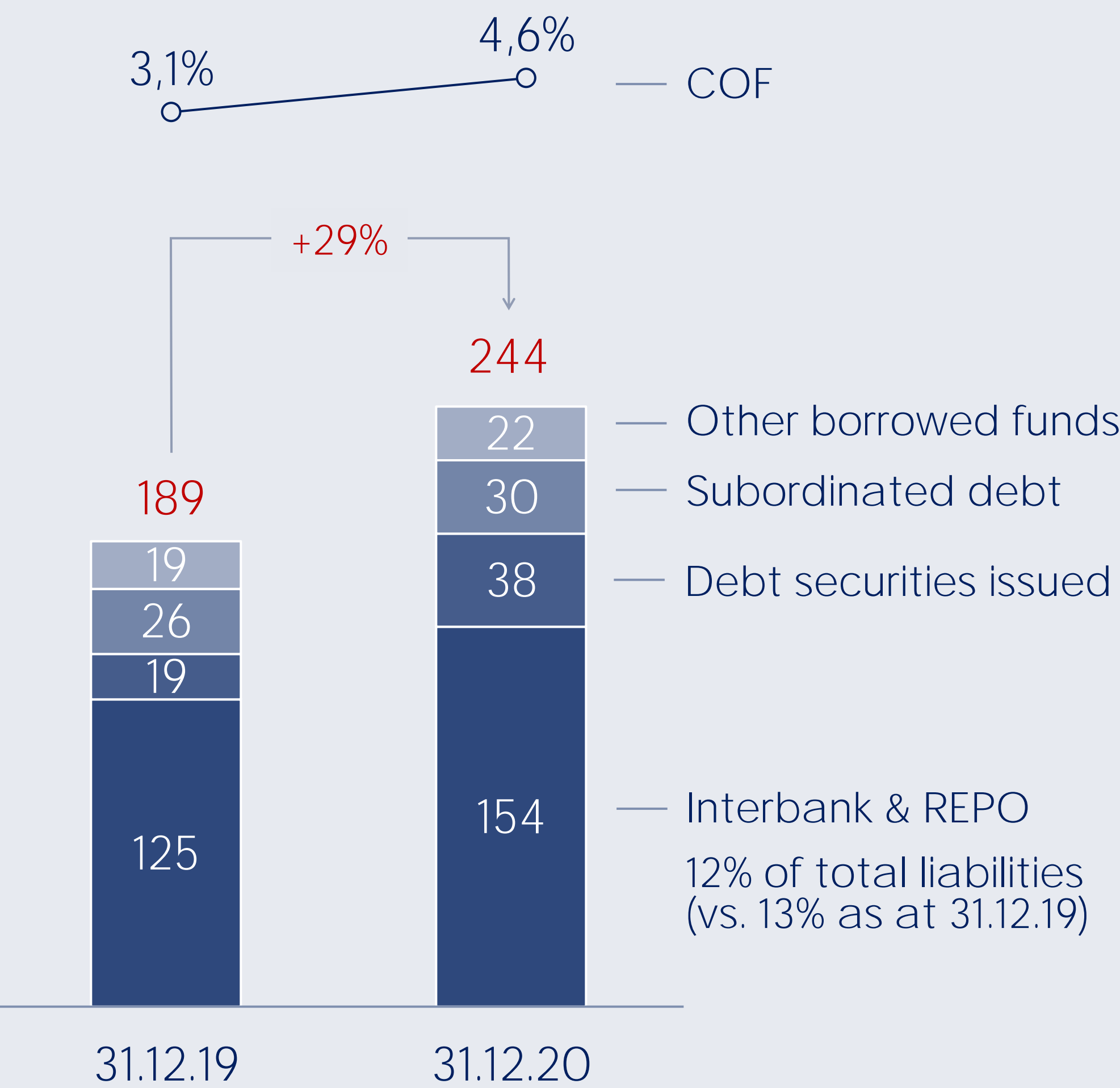
subfederal and municipal bonds, and Russian federal Eurobonds measured at amortized cost less allowance for impairment

3. Financial instruments at FVOCI
4. Bonds of Russian banks measured at amortized cost less allowance for impairment

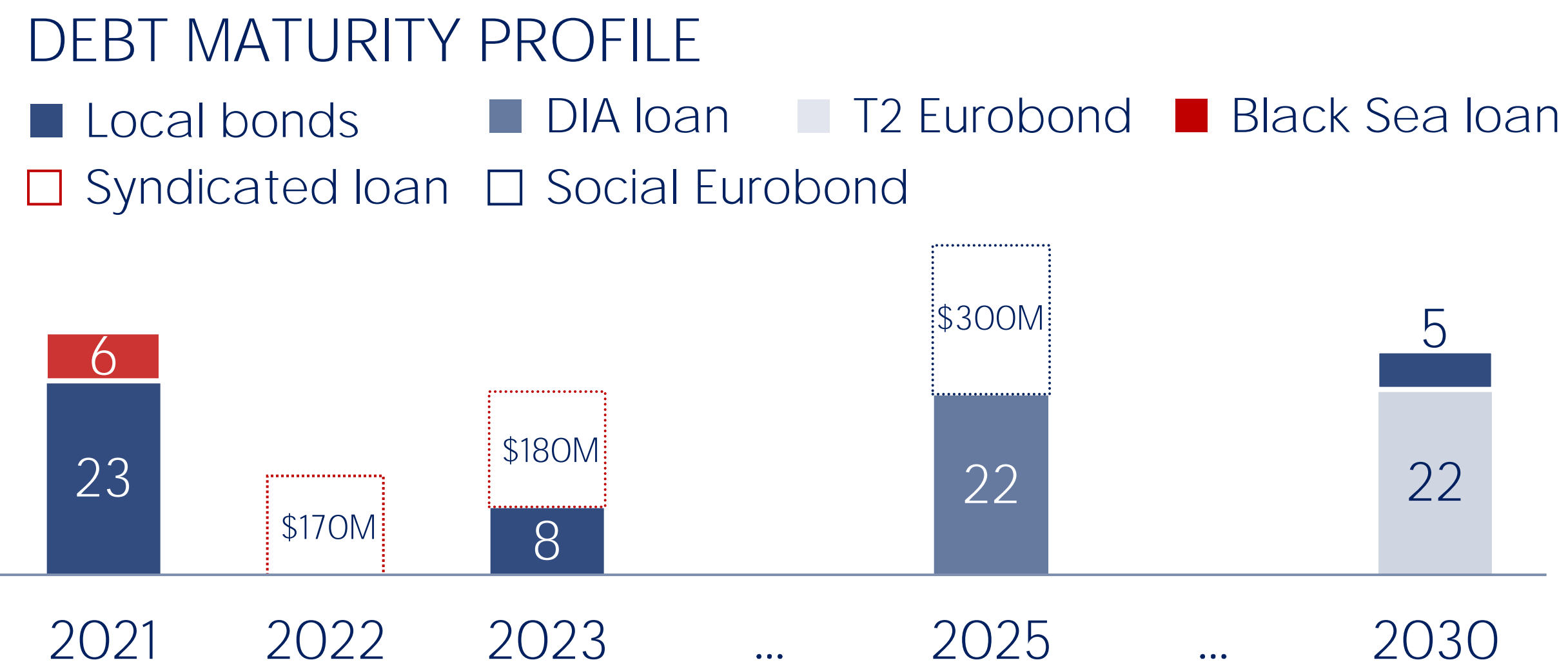
# WHOLESALE FUNDING

₽BN

The bank placed \$900M Eurobonds (senior and subordinated) in 2019-2021



- 4 senior local bond issues during 2020
- DIA financing at below-market rate for Express Volga rehabilitation
- \$300m T2 Subordinated Eurobond issue in October 2019
- ₽6BN loan from Black Sea Trade & Development bank – September 2020
- \$200m syndicated loan from a consortium of intl. banks – September 2019
- \$300m Social Eurobond issue in January 2021 to finance Halva portfolio



Source: IFRS financial statements (2019 – 2020), company disclosure  
1. Due to banks, Debt securities issued, Other borrowed funds and Subordinated debt

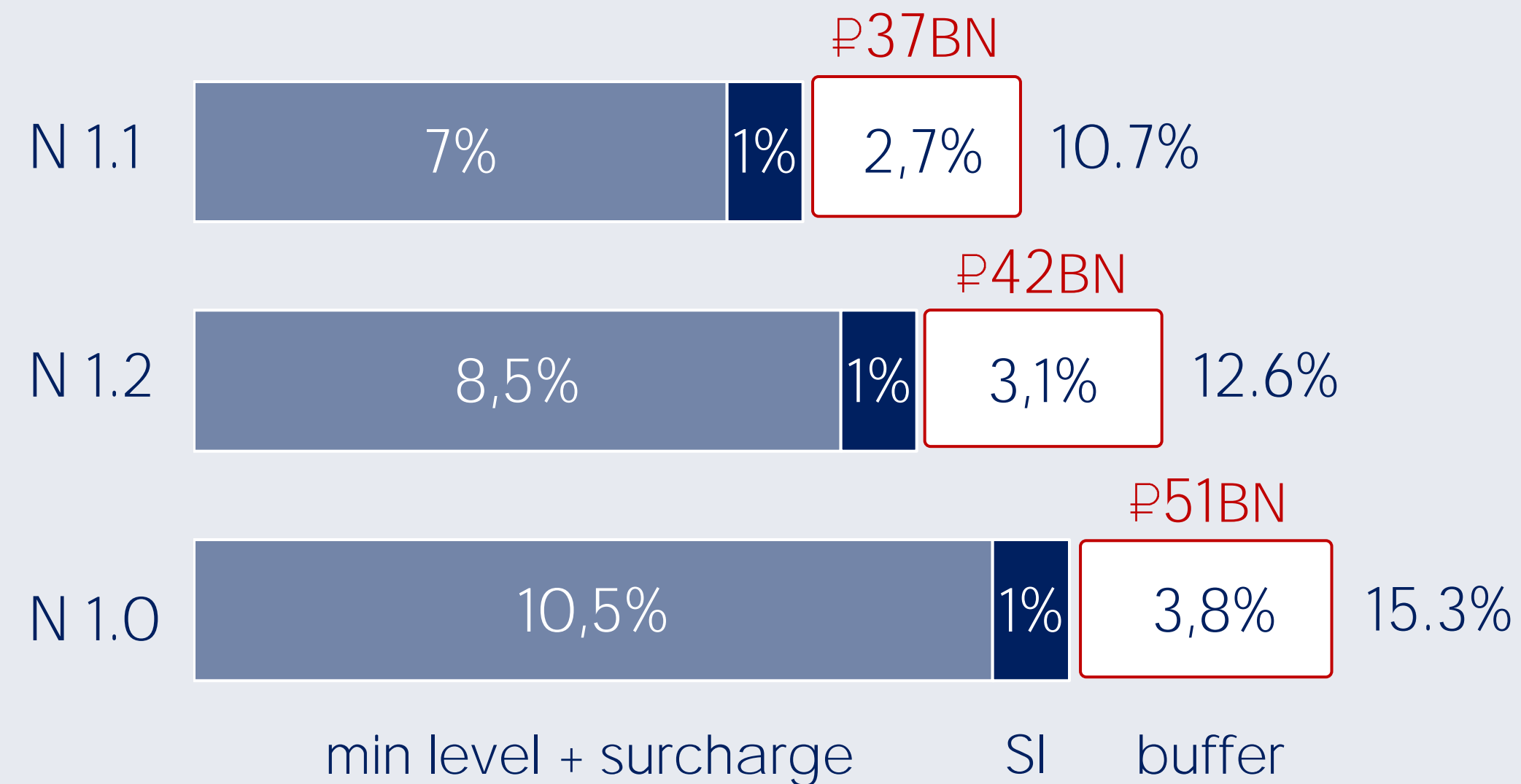
# CAPITAL

₽BN

## Sovcombank maintains significant excess of capital

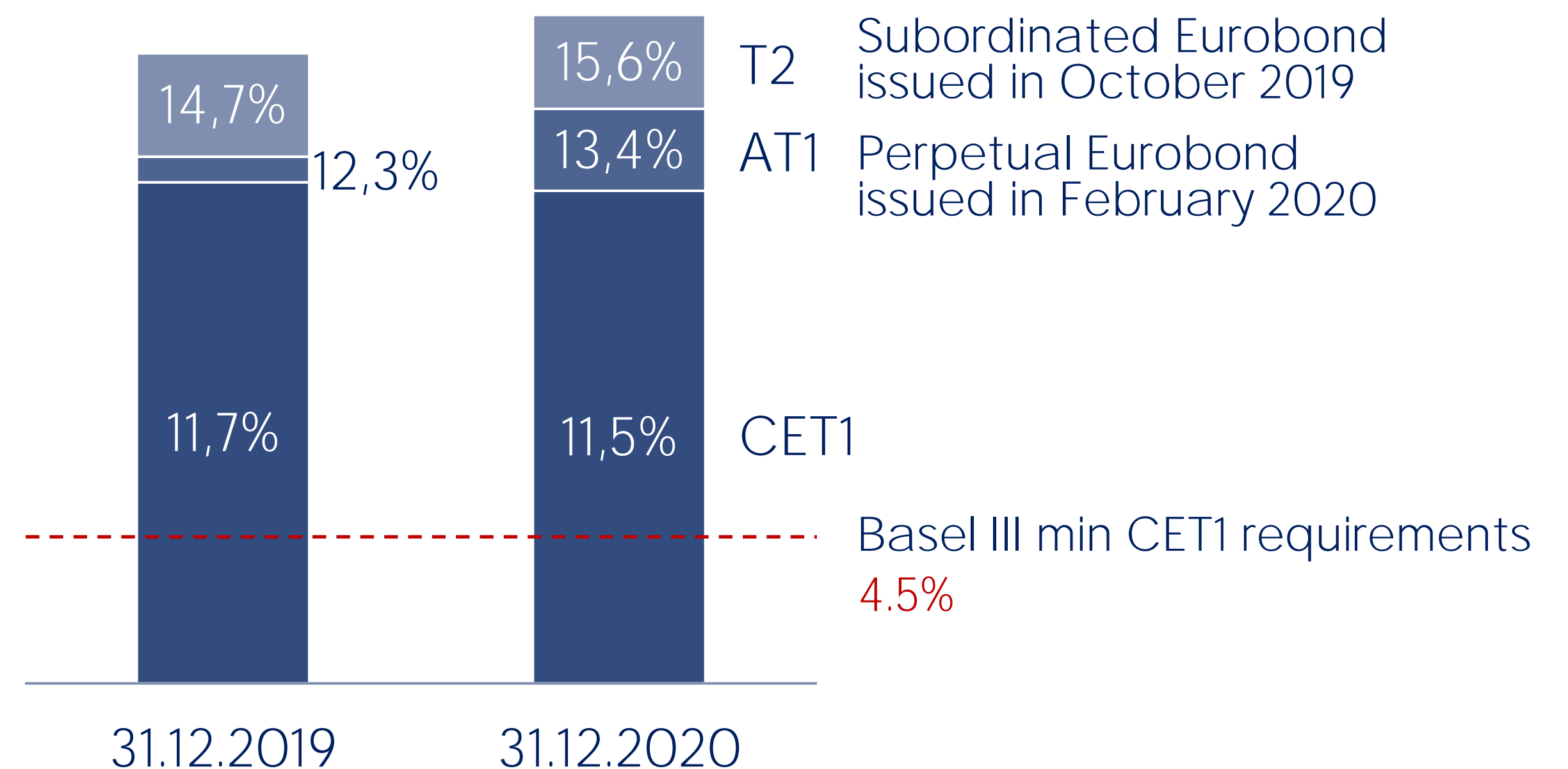
### RAS CAPITAL ADEQUACY (BASEL 3.5)

Standalone, as at 01.01.2021



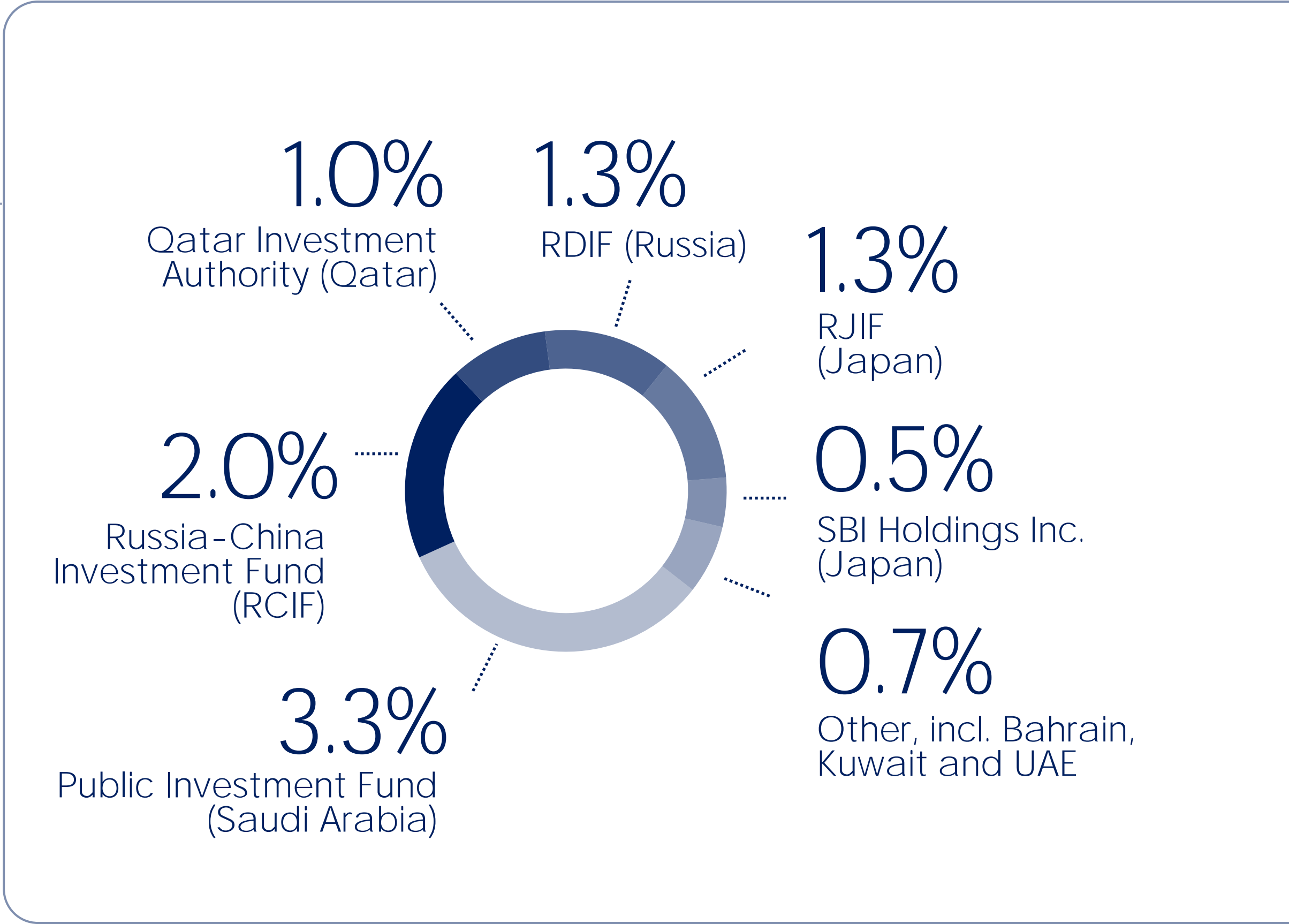
### IFRS CAPITAL ADEQUACY (BASEL III)

Consolidated, as at 31.12.2020



# CORPORATE GOVERNANCE

# SHAREHOLDERS



Source: IFRS financial statements (as at 31 December 2020)

# SUPERVISORY BOARD

Corporate governance matches that of publicly listed companies



## Sovco Capital Partners S. à r.l. (Luxembourg)



**Mikhail Kuchment<sup>2</sup>**  
Chairman of Supervisory Board



**Dmitry Gusev<sup>1</sup>**  
CEO, Member of Supervisory Board



**Sergey Khotimsky<sup>1</sup>**  
1st Deputy CEO, Member of Supervisory Board



**Aleksey Fisun<sup>2</sup>**  
Member of Supervisory Board



**Dmitry Khotimsky<sup>1</sup>**  
Chief investment officer, Member of Supervisory Board



**Mikhail Klyukin<sup>2</sup>**  
Member of Supervisory Board



**Ilya Brodsky<sup>1</sup>**  
President of Sovcombank, Member of Supervisory Board

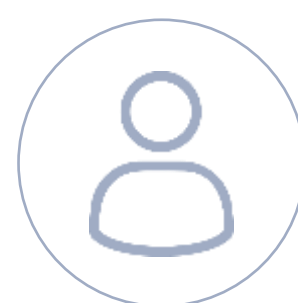
## Sovereign funds



**Anatoly Braverman<sup>3</sup>**  
1st Deputy CEO of RDIF, Member of Supervisory Board



**Ya Li<sup>4</sup>**  
RCIF investment Director, Observer to the Supervisory Board



**TBA**  
RJIF Observer to the Supervisory Board

## Independent directors



**Nikolai Varma<sup>3</sup>**  
Senior Independent Director  
*Ex-MD at Morgan Stanley*



**Regina von Flemming<sup>3</sup>**  
Independent Director  
*INED at MTS, BOD member Russian-German Chamber of Commerce*



**Joel Lautier<sup>3</sup>**  
Independent Director  
*CEO of RGG CAPITAL, investment advisory company*

1. Dmitry Khotimsky, Sergey Khotimsky, Dmitry Gusev, and Ilya Brodsky 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 Alexey 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, Nikolai Varma, Regina von Flemming and Joel Lautier 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

# APPENDICES



2020

# BALANCE SHEET

₽ BN	31.12.2020	31.12.2019	Δ
Cash <sup>1</sup>	156	114	+37%
Retail loans <sup>2</sup>	298	260	+15%
Corporate loans <sup>3</sup>	357	213	+63%
Bonds <sup>4</sup>	580	488	+19%
Other assets <sup>5</sup>	102	60	+70%
Total assets	1 483	1 135	+31%
Current accounts and demand deposits <sup>6</sup>	247	179	+37%
Term deposits	752	595	+26%
Wholesale funding & other liabilities <sup>7</sup>	296	222	+33%
Total liabilities	1 295	996	+30%
Total Equity	188	139	+35%
<i>Off-balance sheet bank guarantees</i>	<i>194</i>	<i>143</i>	<i>+36%</i>

Source: IFRS financial statements (2019 – 2020)

Values are subject to rounding; rounded components may not add up to the rounded sum

1. Cash and cash equivalents, Mandatory cash balances with the CBR

2. Retail loans less allowance for loan impairment

3. Corporate loans less allowance for loan impairment

4. Financial instruments at FVPL excluding derivative financial instruments, corporate shares and shares of companies with state participation; Financial instruments at FVOCI; Corporate bonds, bonds of companies with state participation, Russian subfederal and municipal bonds, and Russian federal eurobonds measured at amortized cost less allowance for impairment and bonds of Russian banks measured at amortized cost less

allowance for impairment

5. Placements with banks excluding bonds of Russian banks measured at amortized cost, Derivative financial instruments, Corporate shares and shares of companies with state participation at FVPL, Investment securities at FVOCI, Changes in FV of hedged assets in portfolio hedges of interest rate risk, Investment in associates, Investments in joint ventures, Investment property, Property and equipment and intangible assets, Right-of-use assets, Goodwill, Current income tax asset, Deferred tax asset, Other assets

6. Current accounts and demand deposits from customers, Amounts payable under repurchase agreements

7. Due to CBR, Due to banks, Debt securities issued, subordinated debt, other borrowed funds, deferred tax liability, current income tax payable, other liabilities

# INCOME STATEMENT

₽ BN	2020	2019	Δ
NII <sup>1</sup>	80	55	+45%
<i>Net interest margin</i>	<i>6.5%</i>	<i>6.6%</i>	<i>-1 p.p.</i>
NFCI	24	25	-5%
<i>Operating margin</i>	<i>7.4%</i>	<i>7.9%</i>	<i>-5 p.p.</i>
Allowance for credit losses	(20)	(9)	+123%
<i>Cost of risk</i>	<i>2.9%</i>	<i>1.6%</i>	<i>+1.3 p.p.</i>
Other operating income & provisions	8	6	+33%
OPEX	(43)	(39)	+10%
<i>Cost / Income</i>	<i>42%</i>	<i>49%</i>	<i>-7 p.p.</i>
Profit for the period	39	30	+30%
<i>ROE</i>	<i>25%</i>	<i>24%</i>	<i>+1 p.p.</i>
One-offs after tax	8	7	+19%
Sustainable profit	31	23	+33%
<i>Sustainable ROE</i>	<i>20%</i>	<i>18%</i>	<i>+2 p.p.</i>

Source: IFRS financial statements (2019 – 2020)

Values are subject to rounding: rounded components may not add up to the rounded sum

See all definitions in the Glossary

1. Sum of Interest income, Interest expense and Obligatory deposit insurance

# GLOSSARY

Metric	Abbreviation	Formula / Description
Cost of funding	COF	Interest expense / average IBL
Cost of risk	COR	Provisions charged for loan impairment / average gross total loans to customers and bonds measured at amortized cost
Cost to income	CIR	OPEX / (NII + NFCI)
Interest bearing liabilities	IBL	Due to CBR + sale and repurchase agreements and deposits with banks + due to customers + debt securities issued + subordinated debt + other borrowed funds
Interest earning assets	IEA	Retail loans + corporate loans and bonds measured at amortized cost + placements with banks and bonds measured at amortized cost + financial instruments at FVPL+ financial instruments at FVOCI
Net interest margin	NIM	NII / average IEA (opening, middle and closing)
Non-performing loans	NPLs	Loans and bonds measured at amortized cost with overdue payments of principal amount and/or interest by more than 90 days
Non-performing loans ratio	NPL ratio	Total NPLs / total loans to customers and bonds measured at amortized cost
Non-performing loans coverage ratio	NPL coverage ratio	Allowance for loan impairment / total NPLs
Operating margin	Operating margin	(NII + NFCI) / average total assets
Operating expense	OPEX	Personnel expenses + Other general and administrative expenses
OPEX coverage	OPEX coverage	(Retail segment PBT - Retail segment OPEX) / Total OPEX
Return on average assets	ROA	Profit for the period / average total assets
Return on average equity	ROE	Profit for the period / average balance of total equity
Stage 2 ratio	Stage 2	Total Stage 2 loans / total loans to customers and bonds measured at amortized cost
Stage 3 & POCI ratio	Stage 3 & POCI	Total Stage 3 and POCI loans / total loans to customers and bonds measured at amortized cost
Stage 3 & POCI coverage ratio	Stage 3 & POCI coverage	Allowance for loan impairment / total Stage 3 and POCI loans
Sustainable profit	Sustainable profit	Profit for the period adjusted for one-offs (bond portfolio revaluation, FX revaluation, Goodwill and other non-recurring events)
Sustainable ROA	Sustainable ROA	Sustainable profit / average balance of total assets
Sustainable ROE	Sustainable ROE	Sustainable profit / average balance of total equity
Tier 1 ratio	Tier 1 CAR	Tier 1 capital / risk weighted assets (Basel III)
Total capital adequacy ratio	CAR	Total capital / risk weighted assets (Basel III)
Yield		Interest income for the period / average IEA

