



## **Alfa-Bank Announces IFRS Results for 2017 —**

The Alfa Banking Group, which includes ABH Financial, AO «Alfa-Bank» and its subsidiaries, reported the IFRS financial results for 2017. Over this period the Group has demonstrated positive dynamics in key financial indicators, strengthened its position on the market, thus further proving sustainability of its business model.

Net profit of the Alfa Banking Group grew by 1.5 times in comparison with 2016 year and amounted to USD 798 million (against USD 527 million for 2016 year).

«In 2017 Alfa-Bank again demonstrated a qualitative positive trend in key financial indicators and confirmed the leading position of the country's largest private bank. Thanks to well-coordinated work of the whole bank we expanded our customer base, increased loans production, especially in the retail segment, while improving the quality of our assets. During the year we observed a significant inflow of client funds, and taking this opportunity, I would like to thank the clients for their trust and choice of our Bank. In the current year we are going to do more for our clients, actively implementing our strategy of active growth,» said Alexei Tchoukhlov, Deputy Chairman of the Executive Board, acting Chief Executive Officer and Chief Financial Officer.

In 2017 net interest income increased by 26.9% to USD 1,739 million due to growth of interest income along with decrease in interest rates. Net interest margin ratio amounted to 4.7% that is higher than in 2016.

During 2017 there was a considerable improvement in loan portfolio quality. The share of overdue loans (90 days+) decreased from 4.2% to 2.3% by the end of 2017. The coverage of overdue loans (90+ days) by the provisions is conservatively high and amounts to 122.8%. Provisioning rate as of the end of 2017 was 2.9%.

Thanks to continued growth of the customer base, net fee and commission income grew by 33.4% in comparison with 2016 and amounted to USD 846 million. The share of net fee and commission income in operating profit before provisioning reached a record high level of 35.8% as of the end of 2017, which reflects the bank's strategy aimed at increasing its stable risk-free income and strengthening the role of the transaction business.

Total assets of the Alfa Banking Group grew by 16.9% against the end of 2016 and amounted to USD 44,728 million as of December 31, 2017.

Loan portfolio before provisions grew by 19.5% to USD 28,562 million against USD 23,901 million as of the end of 2016. Corporate loan portfolio increased by 15.3% to USD 24,152 million, retail loan portfolio increased by 49.3% and amounted to 4,410 million as of 31 December 2017.

Liabilities of the Alfa Banking Group grew by 17.9% and amounted to USD 38,346 million as of December 31, 2017. Customer accounts increased by 36.1% to USD 29,552 million. At the same time, the volume of current accounts grew by 31.5%, and their share in clients' funds amounted to 49.1%, which testifies to the high confidence of customers in the Banking Group as one of the most reliable financial institutions in Russia.

Equity of the Alfa Banking Group in the reporting period grew by 11.3% to USD 6,382 million from USD 5,734 million in late 2016. Capital adequacy ratios under Basel III are maintained at a high level: the total capital and Tier 1 capital adequacy ratios were 17.4% and 15.7%, respectively, which guarantees stability and sustainability of the Banking Group.

By the end of 2017, Alfa-Banking Group became the largest private bank in Russia in terms of total assets, total equity, deposit and loan portfolios. In 2017 the Banking Group considerably strengthened its positions on the market in all priority segments:

- market share of corporate lending grew to 4.20% against 3.60% as of the beginning of 2017 year;
- market share of retail lending increased to 2.33% from 2.09%;
- market share of credit cards increased to 8.46% from 7.32%;
- number of clients in the mass corporate segment increased by 27.4% to 366 700 clients.

The high level of creditworthiness of the Alfa Banking Group is confirmed by high credit ratings. In May 2017, S&P Global Ratings international rating agency revised the outlook on Alfa-Bank from «stable» to «positive» and affirmed the Bank's BB long-term rating. According to the agency, despite the difficult economic situation, the Alfa Banking Group has maintained a high credit quality of assets over the past few



years. It also noted the Bank's capitalization growth.

On 31 October 2017 Moody's Investors Service affirmed the Alfa-Bank's Ba2 foreign-currency deposit ratings and upgraded to Ba1 from Ba2 Alfa-Bank's local-currency long-term deposit rating and local- and foreign-currency senior unsecured debt ratings. In March 2017, FitchRatings revised the outlook on Alfa-Bank from «negative» to «stable», and then on 4 December 2017 affirmed Alfa-Bank's Long-Term Issuer Default Rating at BB+. The credit quality of the Alfa Banking Group is also highly appreciated by national rating agencies.

On 13 November 2017 Analytical Credit Rating Agency (ACRA) affirmed the AA(RU) Bank's national scale rating with stable outlook. On 29 August 2017 RAEX (Expert RA) assigned the Bank ruAA national scale rating with stable outlook.

The Alfa Banking Group's 2016 IFRS figures have been reviewed by PricewaterhouseCoopers.

Founded in 1990, Alfa-Bank is a full-service bank operating in most sectors of the financial market, including retail and corporate lending, investment banking, leasing, factoring and trade finance.

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According IFRS financial statements for 2017 year, the Alfa Banking Group, which comprises ABH Financial, Joint Stock Company «ALFA-BANK» as well as its subsidiary financial companies, had total assets of USD 44.7 bn, gross loans of USD 28.6 bn, and total equity of USD 6.4 bn. Net profit after tax for FY2017 amounted to USD 798 mln.

As of December 31, 2017 Alfa-Bank serves more than 420,000 corporate and 14.3 mln retail customers, while the branch network consists of 762 offices in Moscow, across Russia and abroad, including a subsidiary bank in the Netherlands and financial subsidiaries in the United Kingdom and Cyprus.

Alfa-Bank is an official European bank of the FIFA 2018™ World Cup and 2017 FIFA Confederations Cup. Since its foundation in 1990, the Bank is known for supporting large-scale cultural events. Many world-famous foreign musicians. Alfa-Bank is also the organizer of the AlfaFuturePeople annual festival of contemporary music and technology.