

**21 February 2022**

**Alfa-Bank earned a record \$1.6 bn net profit in 2021**

The Alfa Banking Group, which includes ABH Financial, AO «Alfa-Bank» and its subsidiaries, reported the IFRS financial results for 2021.

- Alfa-Bank earned a record USD 1.61 billion net profit in 2021. Compared to 2020 the growth was 20% (22% in ruble terms).
- Total comprehensive income for the period (including net profit and other comprehensive income) grew by 74% to USD 1.573 billion.
- Return on equity amounted to 16.7%.
- Total equity increased by 22% to USD 10.6 billion from USD 8.7 billion in 2020.
- Net fee and commission income grew to USD 1.718 billion – by 41% in ruble terms. By the end of 2021 the coverage of operating expenses by net fee and commission income exceeded 100%, which ensures the sustainability of the bank's business model.
- Net interest income increased to USD 2.377 billion, demonstrating 9% growth in dollar terms and 12% in ruble terms.
- Number of retail clients reached 22 million – 4 million new clients in 2021.
- Client base in small and medium business exceeded 1 million clients.
- Number of brokerage clients in Alfa-Investments application grew to 1.7 million – by 4 times comparing to the beginning of 2021.
- The loan portfolio grew by 22% to USD 52 billion. At the same time, the quality of the loan portfolio improved.
- Alfa-bank confidently holds the third place in the market of retail lending. The market share increased to 5.1% from 4.3% in 2020. Retail loan portfolio grew by 48% to USD 17.3 billion.
- The most impressive growth was in mortgage lending — 83% in ruble terms vs. 2020. Alfa-Bank moved up from 7th to 3rd place in Russia in terms of mortgage loan portfolio at the end of 2021.
- Customer accounts grew by 30% to USD 56.9 billion, share of current accounts increased to 63%, which ensures the stability of the funding base and its low cost.
- Cost to income ratio was 40% due to active business growth.

*Vladimir Verhoshinskiy, Chief Executive Officer of Alfa-Bank, said:*

«In 2021 we not only completed the previous strategy ahead of schedule but also took on a new super-ambition. We chose the way of “financial superservice” and focused on understanding the needs of our customers in the best possible way.

After the year — the results speak for themselves. We increased our retail client base by 4 million to 22 million clients. Client base in small and medium business exceeded 1 million for the first time. The number of brokerage clients grew by 4 times.

It seems that just recently we opened the first Phygital branch — but now there are more than 130 of them across the country. Each new such department saves 10 tons of paper per year. Finally, this year we have become the undisputed leader in digitalization in Russia, having won all first positions in the Markswebb rating – The Best Mobile Bank, The Best Digital Office, The Best Internet-Bank, the Best Internet Bank for Small and Medium business. I am proud of our team and our result».

*Alexei Tchoukhlov, Deputy Chairman of the Executive Board, Chief Financial Officer, noted:*

«At the end of this year Alfa-Bank achieved record growth rates this year. For the first time net profit exceeded USD 1.6 billion. Equity amounted to USD 10.6 billion. Return on equity almost reached 17%. We confidently took the 3<sup>rd</sup> place in market of retail lending, mortgage portfolio, retail customer accounts. Moreover, besides such active growth we maintain high efficiency indicators, and our operating expenses are fully covered by net fee and commission income. It's no coincidence that Alfa-Bank is the only Russian privately-owned bank who received two investment-grade ratings – from Fitch and S&P. And was recognized as the best-performing bank in the country according to the international magazine 'The Banker'».

### **Financial results overview**

Alfa-Banking Group kept the position of the largest privately owned financial institution in Russia in terms of total assets, total equity, deposit and loan portfolios. The Banking Group also significantly strengthened its market positions in all priority segments:

- Retail lending market share grew to 5.1% from 4.3% in 2020.
- Credit cards market share increased to 11.9% comparing to 11.4% in 2020.
- Corporate lending market share increased to 4.8%.
- Retail accounts market share expanded to 5.4% from 4.5% in 2020, market share in retail demand accounts grew to 10.8% from 9.9% at the beginning of the year.

In 2021 net interest income increased to USD 2.377 billion, demonstrating 9.5% growth in dollar terms and 11.8% growth in ruble terms. Net interest margin (NIM) decreased to 4.0% in the context of declining interest rates and active expansion of mortgage portfolio.

Due to continued growth of the customer base, net fee and commission income grew by 38.4% in 2021 and amounted to USD 1.718 billion. In ruble terms the growth was 41.3%. The share of net fee and commission income in operating profit before provisioning (incl. other comprehensive income) amounted to 40.4%. The bank fully covers its operating expenses by risk-free commission income. At the end of 2021 the net fee and commission income coverage of operating expenses reached the 100.1% level.

Net profit increased to USD 1.610 billion in 2021. Total comprehensive income for the period (including net profit and other comprehensive income) amounted to USD 1.573 billion.

Total equity increased by 21.8% to USD 10.559 billion in 2021.

Total assets of the Alfa Banking Group amounted to USD 75.882 billion at the end of 2021. The growth for the year amounted to 22.7% (23.1% excluding FX revaluation effect).

Loan portfolio before provisions increased by 21.7% to USD 51.985 billion comparing to USD 42.714 billion at the end of 2020 (growth of 22.2% excluding FX revaluation effect).

Corporate loan portfolio grew by 12.0% to USD 34.717 billion (the 12.4% growth excluding FX revaluation).

Retail loan portfolio increased by 47.5% to USD 17.268 billion (the 48.3% growth excluding FX revaluation).

The loan portfolio quality improved. The share of “Stage 3” corporate loans in gross corporate loan portfolio decreased to 1.6% from 3.7% in 2020. The share of “Stage 3” retail loans in gross retail loan portfolio decreased to 3.1% from 5.0% in 2020.

Liabilities of the Alfa Banking Group increased by 22.8% to USD 65.323 billion at the end of 2021 (the 23.3% growth excluding FX revaluation).

Customer accounts grew by 30.3% to USD 56.933 billion (the 30.8% increase excluding FX revaluation). At the same time, the share of current accounts reached 63.4% at the end of 2021.

Capital adequacy ratios under Basel III are maintained at a high level: the total capital and Tier 1 capital adequacy ratios were 17.5% and 16.2%, respectively, which guarantees stability and sustainability of the Banking Group.

### **Credit ratings**

The high level of creditworthiness of the Alfa Banking Group is confirmed by high credit ratings - the highest among Russian privately-owned banks. Alfa-Bank is the only Russian privately-owned bank, who received two investment-grade credit ratings, one of which is at the level of sovereign credit rating of Russian Federation.

- On 13 October 2021 S&P Global Ratings upgraded long- and short-term issuer credit ratings on Alfa-Bank to ‘BBB-/A-3’ from ‘BB+/B’. The outlook is “Stable”.
- On 01 April 2021 Fitch Ratings upgraded Alfa-Bank’s Long-Term Issuer Default Rating (IDR) to ‘BBB-’ from ‘BB+’ with Stable outlook.
- On 12 February 2019 Moody’s Investors Service upgraded the Alfa-Bank’s foreign-currency deposit rating to Ba1 from Ba2 with Stable outlook and long-term Counterparty Risk Rating (CRR) to Baa3 from Ba1.
- On 29 April 2021 Expert RA affirmed the Alfa-Bank’s national-scale credit rating at ruAA+ with Stable outlook.
- On 25 October 2021 Analytical Credit Rating Agency ACRA affirmed Alfa-Bank at AA+(RU) and revised the outlook to “Positive” from “Stable”.

The financial results of the Alfa Banking Group are prepared in accordance with IFRS and audited by PwC.

**Alfa-Bank** is the largest universal privately-owned bank in Russia. It has been leading in all banking business segments for 30 years. Alfa-Bank serves more than 1 million corporate clients and 22 million retail customers.

Alfa-Bank is developing according to the phygital model, combining digital innovation with an effective physical presence network, which has 510 offices in Moscow, Russian regions and abroad, 900 cities with courier delivery and 27,900 of its own and partner ATMs.

According to IFRS financial statements for 2021 the Alfa Banking Group, which comprises ABH Financial, AO «ALFA-BANK» as well as its subsidiary financial companies, had total assets of USD 75.9 bn, gross loans of USD 52.0 bn, and total equity of USD 10.6 bn. Net profit was USD 1.6 billion.