



**tkb**

 **25** years

ANNUAL  
REPORT 2017

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# Key events

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## February:

- ☐  TKB attracted a long-term special-purpose loan of **€ 20 million** from the Black Sea Trade and Development Bank to finance small and medium-sized enterprises
-  The standard product line for small businesses is complemented by specialized products: **«Rentier»** — for owners of profitable real estate for investment purposes and **«Refinancing loans for business»**

## March:

- ☐  TKB was chosen as a **participant in the Program of the Ministry of Agriculture of the Russian Federation** on preferential lending to clients of agro-industrial sector
-  TKB organized another **syndication for JSC Belagroprombank (Belarus) for 190 million euros** with a unique urgency for the Belarusian banking system (up to one and a half years)

- **Improvement of the process of centralization** of consideration of applications for mortgages and the issuance of loans, which allowed the use of unified standards when working with clients: from channels of attraction to servicing of a given loan
- **Launching a digital channel to attract clients for a mortgage.** Process of processing incoming requests of clients with maximum productivity is formed and structured



## April:



Finalizing the product line on the mortgage — only the most profitable products with an acceptable level of risk in the portfolio



## June:



TKB successfully closed the transaction on securitization of the mortgage loan portfolio in the amount of 4.1 billion rubles with a rating of Moody's «Baa3»

- The volume of loans extended to small businesses exceeded the result of 2016 by almost 1.5 times and amounted to 2.5 billion rubles. This is more than five hundred credits
- The Bank actively participated in a joint JSC “Federal Small and Medium Business Development Corporation” (SME Corporation) aimed at implementing the «6.5% Program» for small businesses
- The share of loans to manufacturing companies and enterprises operating in the service sector increased by one and a half times
- The average sales receipt increased by 30%, total sales and profit for the group increased by 77%



## July:

 TKB attracted financing of 20 million euro from the International Investment Bank to lend energy efficient projects of its clients

 A new mortgage product «Refinancing» has been introduced, which meets the demand of the market and allows attracting new clients with a positive credit history

DM TKB was one of the first on the market who introduced a new service on the site – a digital mortgage that allows clients to get a mortgage decision without leaving home


 Started issuing MIR cards

## August:

 TKB Bank became a market-maker on two new instruments on the Moscow Stock Exchange: CPC GC Bonds 7 days and CPC GC Shares 7 days



## September:

 In the offices of the banking group sales of the Investment Life Insurance (ILI) commissioned product started









 The Khabarovsk branch of TKB was opened

- Fees for the ILI in 2017 amounted to 174 million rubles, net profit by the product group — 12.2 million rubles
- The complex of measures on network optimization and formatting of ITB sales points is completed
- The three-year implementation of the Integrated Services Program for Financial Institutions led TKB to the position of the core bank of the integration process of the EAEU/CIS/SCO. Today, TB offers a multi-product line to more than 250 financial institutions, of which 140 are banks from 16 countries of the near and far abroad, which opened 540 loro accounts at us and conduct intensive settlements

## November:

-  TKB together with SME Bank and the rating agency ACRA started preparation of the implementation of the debut transaction of securitization of the loan portfolio for small and medium-sized businesses
-  Establishment of partnership with one of the largest international development banks — Asian Development Bank, which included TKB in the International Trade Finance Program
-  The strategy of interaction with partners on box insurance was changed: partner motivational programs became more effective
-  The issue of bank cards exceeded 250,000 units

## December:

-  The process of unification of the financial analysis of loan applications for small business clients was completed: credit-analytical hub on the basis of the Yaroslavl branch is formed. This provided a unified approach to the assessment of potential borrowers
-  The debut transaction for TKB was organized to provide a syndicated loan jointly with the European Bank for Reconstruction and Development to the largest Mongolian bank XAC Bank
-  TKB implemented the first deal on lending to the company from the real sector of the Belarusian economy. One of the largest exporters of Belarus, the Belarusian Metallurgical Plant, became a borrower. A large-scale credit line is opened for the purpose of paying for Russian products
-  Turnover of the payment gateway TKBPAY (electronic services to legal entities) exceeded 2 billion rubles per month (an increase of 134% by December 2016)
-  The network of payment terminals of the bank exceeded 1,000 devices. The amount of payments accepted in the network of payment terminals of the bank exceeded 2 billion rubles per month
-  Implemented Internet acquiring based on its own processing
-  The work on accreditation of the bank's leasing company in the industrial development fund under the Ministry of Economic Development has been started, which will significantly increase the competitive advantages in selling of leasing services to our clients
-  The Multibank project was completed within the regional network of the group — both banks switched to a single ABS





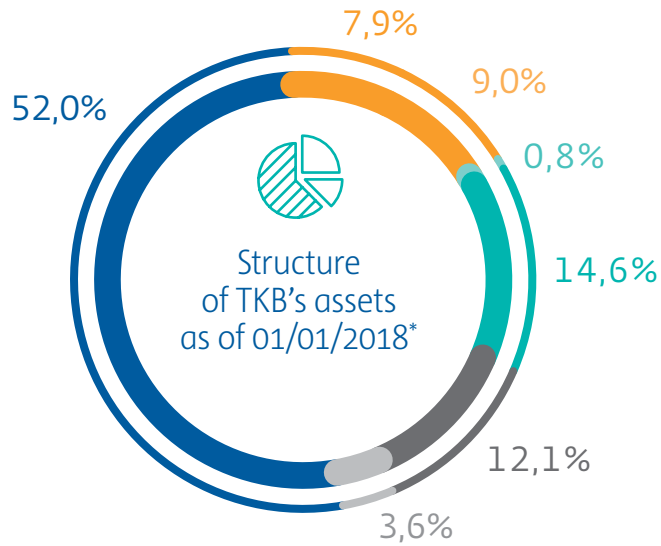


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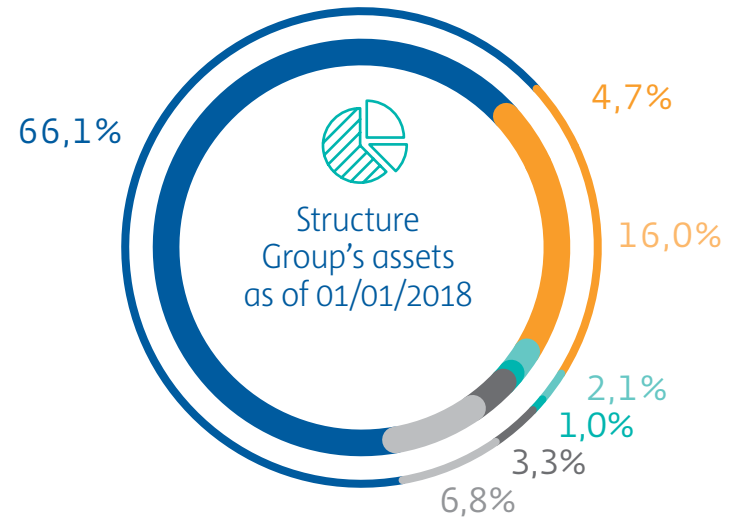
# Main results of development

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- 52,0%** Loans to clients
- 7,9%** Cash and cash equivalents
- 9,0%** Trading securities ценные бумаги
- 0,8%** Fixed assets
- 14,6%** Available-for-sale investments
- 12,1%** Amounts due from other banks
- 3,6%** Miscellaneous



- 66,1%** Loans to clients
- 4,7%** Cash and cash equivalents
- 16,0%** Trading securities
- 2,1%** Fixed assets
- 1,0%** Available-for-sale investments
- 3,3%** Amounts due from other banks
- 6,8%** Miscellaneous

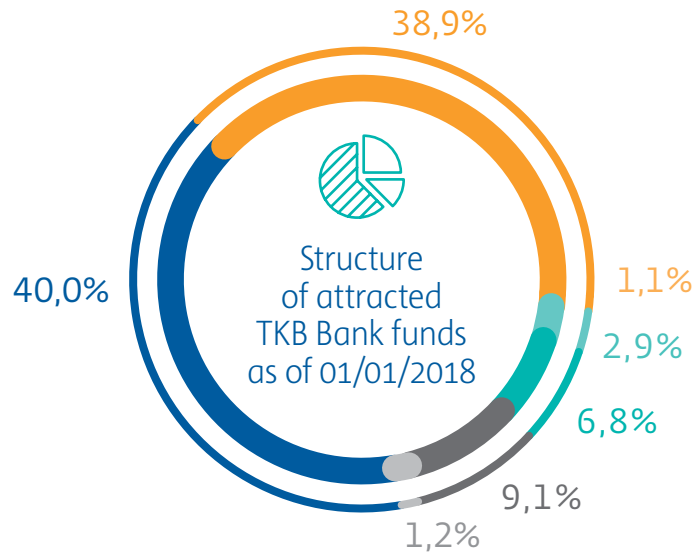
**STRUCTURE OF INTEREST INCOME OF THE BANK, %**

	2015	2016	2017
Loans to clients	82,0%	76,4%	75,1%
Loans to banks	1,8%	7,2%	9,1%
Investments in securities	16,2%	16,4%	15,8%

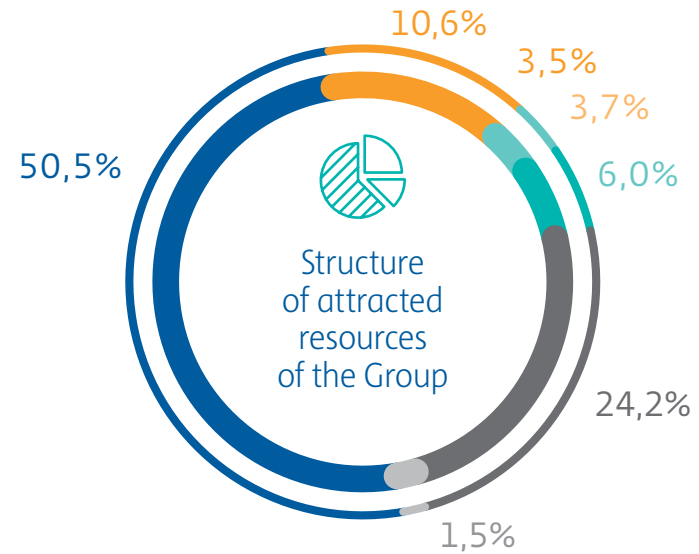
**STRUCTURE OF INTEREST GROUP INCOME, %**

	2015	2016	2017
Loans to clients	83,3%	79,4%	82,0%
Loans to banks	1,9%	5,9%	4,5%
Investments in securities	14,8%	14,7%	13,5%





- **40,0%** Client's funds
- **38,9%** Funds from other banks
- **1,1%** Debt securities issued
- **2,9%** Subordinated debt
- **6,8%** Sources of own funds
- **9,1%** Other borrowed funds
- **1,2%** Miscellaneous



- **50,5%** Client's funds
- **10,6%** Funds from other banks
- **3,5%** Debt securities issued
- **3,7%** Subordinated debt
- **6,0%** Sources of own funds
- **24,2%** Other borrowed funds
- **1,5%** Miscellaneous

**STRUCTURE OF INTEREST EXPENSE OF THE BANK, %**

	2015	2016	2017
Client's funds	64,0%	52,8%	49,4%
Issued securities	6,2%	3,3%	2,8%
Deposits of banks	25,7%	35,2%	38,1%
DIA funds	4,1%	8,7%	9,7%

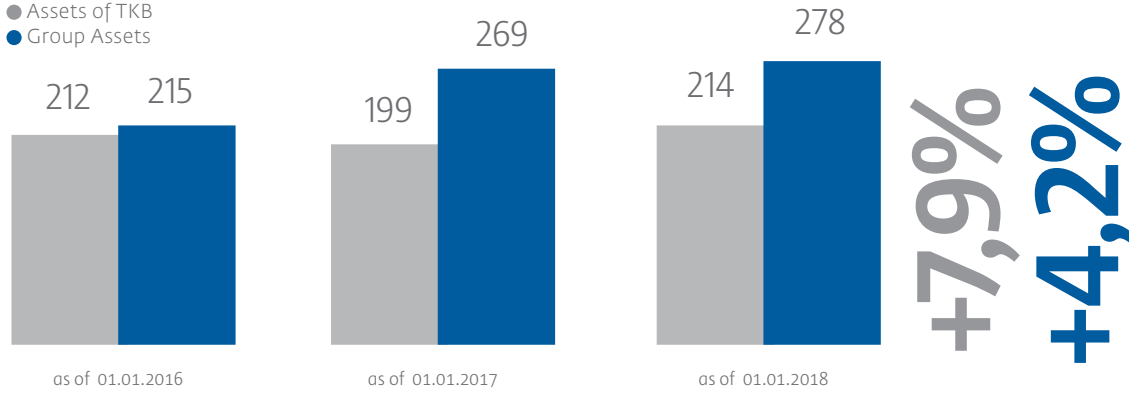
**STRUCTURE OF INTEREST EXPENDITURE OF THE GROUP, %**

	2015	2016	2017
Client's funds	64,4%	72,3%	73,8%
Issued securities	7,3%	6,8%	8,3%
Deposits of banks	24,4%	13,8%	8,4%
Средства ACB	3,9%	7,1%	9,5%

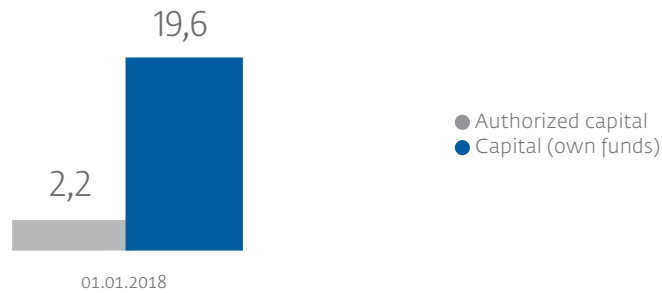


### Dynamics of assets (billion rubles)

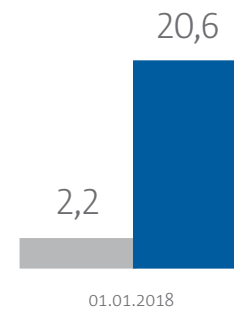
● Assets of TKB  
● Group Assets



### Authorized capital and own funds of the bank (billion rubles)

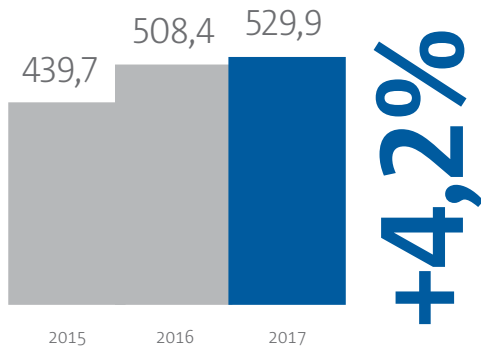


### Share capital and own funds of the Group (billion rubles)

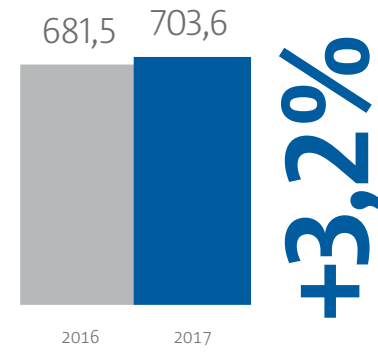




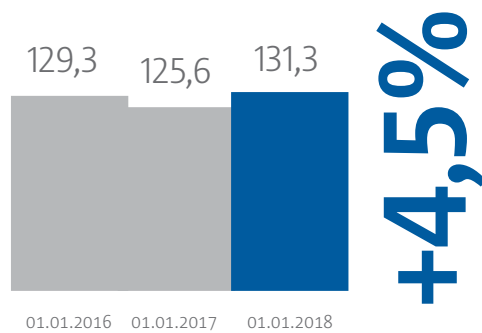
Number of bank clients (thousands)



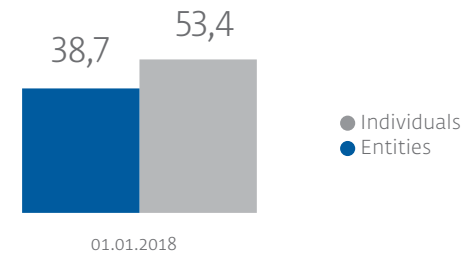
Number of Group clients (thousands)



Credit portfolio of the bank (billion rubles)



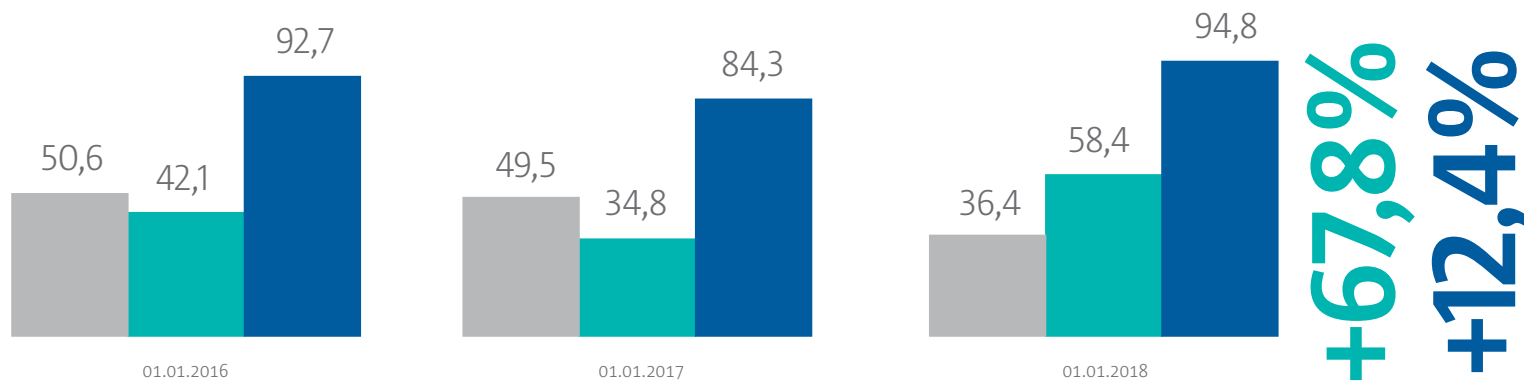
Bank clients funds (billion rubles)\*\*



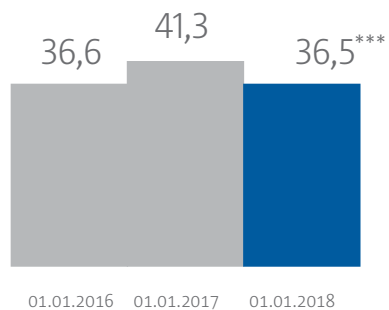


### Loan portfolio of bank corporate clients (billion rubles)

- SME loans
- Loans to corp. clients
- Loans to legal entities in total



### Loan portfolio of the Bank's clients the individuals (billion rubles)

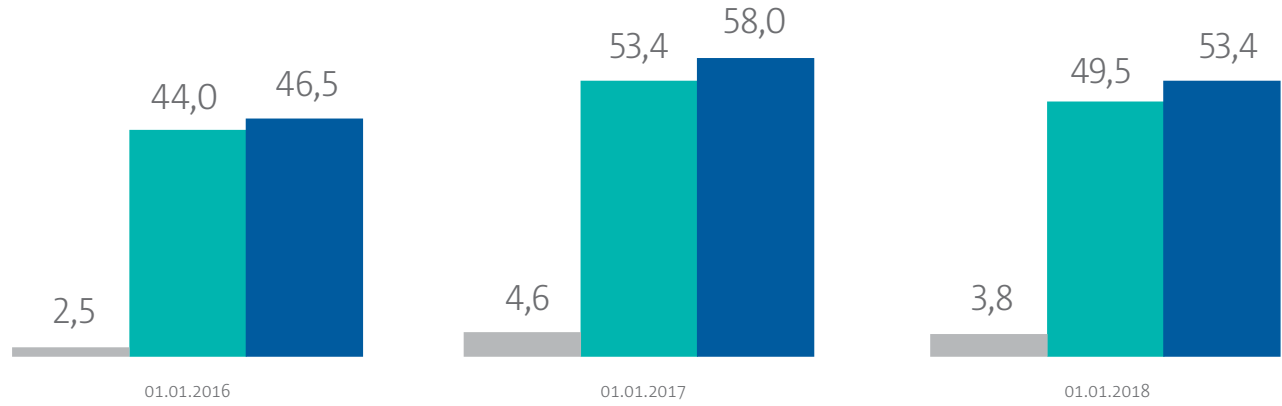






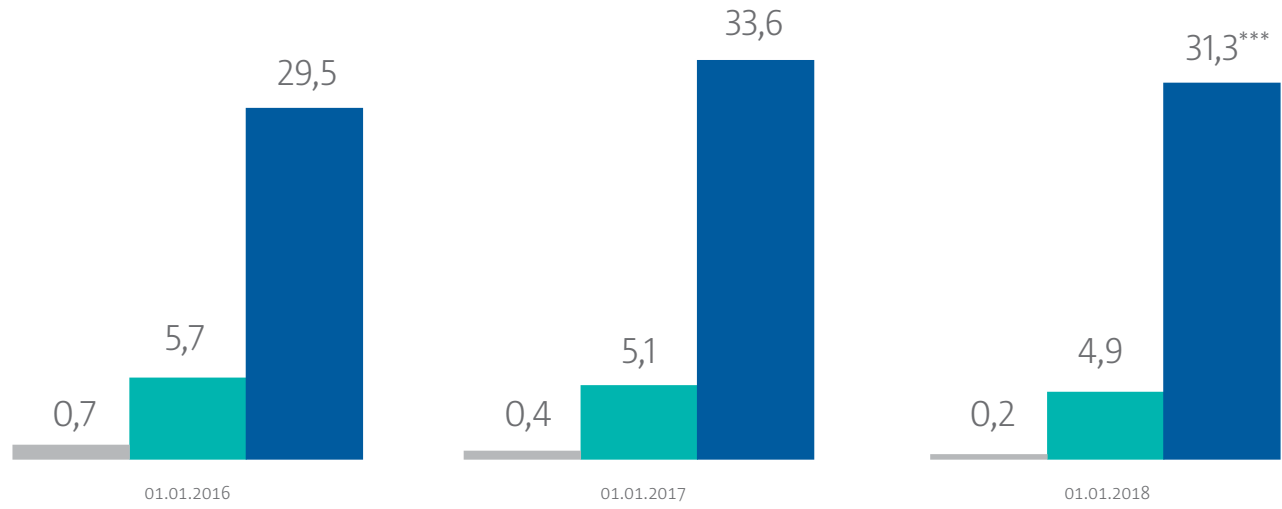
### Attracted funds of the bank clients the individuals (billion rubles)

- Demand deposits of individuals
- Time deposits of individuals
- Funds of individuals in total



### Dynamics of consumer, mortgage and auto loans portfolios of individuals (billion rubles)

- Auto Loans
- Consumer Loans
- Mortgage Loans





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# Financial statements

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Balance sheet (published form) as of January 1, 2018  
(in thousands of Russian Rubles)

	Data for accounting period, thousand rubles	Data for previous reporting year, thousand rubles	
<b>ASSETS</b>			
1	Cash	2 660 534	2 861 482
2	Amounts due to credit institutions with the Central Bank of the Russian Federation	8 900 413	7 811 167
2.1	Required reserves	1 017 053	1 095 874
3	Amounts due from credit institutions	6 374 625	1 688 346
4	Financial assets at fair value through profit or loss	24 973 601	2 860 343
5	Net loan debt	137 500 007	132 549 138
6	Net investments in securities and other financial assets available for sale	19 405 468	30 387 109
6.1	Investments in subsidiaries and affiliates	429 460	429 460
7	Net investments in securities held-to-maturity	3 592 927	14 793 214
8	Requirement for current income tax	33 418	302 175
9	Deferred tax asset	2 292 553	1 413 141
10	Fixed assets, intangible assets and inventories	1 650 050	835 771
11	Non-current assets held for sale	2 737 722	828 813
12	Other assets	4 364 622	2 530 314
<b>13</b>	<b>TOTAL ASSETS</b>	<b>214 485 940</b>	<b>198 861 013</b>
<b>LIABILITIES</b>			
14	Credits, deposits and other funds of the Central Bank of the Russian Federation	479 658	3 219 751
15	Amounts due to credit institutions	82 932 335	54 461 259
16	Amounts due to customers who are not credit institutions	111 589 808	118 392 440
16.1	Deposits (funds) of individuals, including individual entrepreneurs	54 007 110	58 207 733
17	Financial liabilities at fair value through profit or loss	0	0
18	Issued promissory notes	2 289 563	3 874 571
19	Current income tax liabilities	98 518	40 560
20	Deferred tax liabilities	59 266	87 037
21	Other liabilities	2 063 877	1 561 374
22	Provisions for possible losses on contingent credit liabilities, other possible losses and operations with residents of offshore zones	316 698	506 652
<b>23</b>	<b>TOTAL LIABILITIES</b>	<b>199 829 723</b>	<b>182 143 644</b>

Data  
for accounting  
period,  
thousand rubles

Data for previous  
reporting year,  
thousand rubles

#### SOURCES OF OWN FUNDS

24	Funds of shareholders (participants)	2 195 259	2 195 259
25	Own shares redeemed from shareholders (participants)	0	0
26	Share premium	4 693 490	4 693 490
27	Reserve fund	373 862	373 862
28	Revaluation at fair value of available-for-sale securities decreased by deferred tax liability (increased by deferred tax asset)	109 586	223 913
29	Revaluation of fixed assets and intangible assets, reduced by deferred tax liability	127 474	126 490
30	Revaluation of liabilities (claims) for the payment of long-term benefits	0	0
31	Revaluation of hedging instruments	0	0
32	Non-repayable funds (contributions to property)	0	0
33	Undistributed profit (uncovered loss) of past years	9 104 355	10 734 266
34	Unused profit (loss) for the reporting period	-1 947 809	-1 629 911
<b>35</b>	<b>TOTAL SOURCES OF OWN FUNDS</b>	<b>14 656 217</b>	<b>16 717 369</b>

#### OFF BALANCE LIABILITIES

36	Irrevocable liabilities of credit institution	48 718 352	28 802 595
37	Guarantees and sureties issued by the credit institution	15 305 011	22 352 120
38	Contingent non-lending liabilities	0	0



O.V. Gryadovaya  
Chairman of the Board



S.M. Golovanova  
Chief Accountant



## Report on financial results (published form) for 2017. (in thousands of Russian Rubles)

	Data for reporting period	Data for appropriate past period of the year
<b>ON PROFITS AND LOSSES</b>		
1	Interest income, total, including:	18 226 255
1.1	from placement of funds in credit institutions	1 654 686
1.2	from loans granted to customers who are not credit institutions	13 683 713
1.3	from rendering services on financial leasing	0
1.4	from investments in securities	2 887 856
2	Interest expenses, total, including:	12 084 038
2.1	on attracted funds of credit institutions	4 610 195
2.2	on attracted funds of clients that are not credit institutions	7 138 858
2.3	on issued debt obligations	334 985
3	Net interest income (negative interest margin)	6 142 217
4	Change in the provision for possible losses on loans, loan and equivalent debt, funds placed on correspondent accounts, as well as accrued interest income, total, including:	-4 895 154
4.1	change in provision for possible losses on accrued interest income	298 811
5	Net interest income (negative interest margin) after provision for possible losses	1 247 063
6	Net income from operations with financial assets measured at fair value through profit or loss	25 560
7	Net income from transactions with financial liabilities at fair value through profit or loss	0
8	Net income from transactions with securities available for sale	314 953
9	Net income from operations with securities held-to-maturity	0
10	Net income from foreign exchange operations	-143 764
11	Net income from revaluation of foreign currency	276 710
12	Net income from operations with precious metals	-334
13	Income from participation in the capital of other entities	0
14	Commission income	2 335 282
15	Commission expenses	786 553
16	Change in provision for possible losses on securities available for sale	-2 251
17	Change in provision for possible losses on securities held-to-maturity	0
18	Change in provision for other losses	79 418
19	Other operating income	989 752
20	Net income (expenses)	4 335 836
21	Operating expenses	6 624 120
22	Profit (loss) before taxation	-2 288 284
23	Reimbursement (expense) for taxes	-340 475
24	Profit (loss) from continuing operations	-1 947 809
25	Profit (loss) from discontinued operations	0
26	Profit (loss) for the reporting period	-1 947 809



Data  
for reporting  
period

Data  
for appropriate past  
period of the year

<b>ABOUT OTHER COMPREHENSIVE INCOME</b>			
1	Profit (loss) for the reporting period	- 1 947 809	-1 629 911
2	Other comprehensive income (loss)	X	X
3	Items that are not reclassified to profit or loss, total, including:	1 434	92 218
3.1	change in fixed assets revaluation fund	1 434	92 218
3.2	change in revaluation fund of liabilities (claims) on retirement benefits for workers on defined benefit programs	0	0
4	Income tax relating to items that can not be reclassified to profit or loss	450	18 281
5	Other comprehensive income (loss) that can not be reclassified to profit or loss, net of income tax	984	73 937
6	Items that can be reclassified to profit or loss, total, including:	-142 549	-563 103
6.1	change in revaluation fund of available-for-sale financial assets	-142 549	-563 103
6.2	change in cash flow hedge fund	0	0
7	Income tax relating to items that can be reclassified to profit or loss	-28 222	-112 909
8	Other comprehensive income (loss) that can be reclassified to profit or loss, net of income tax	-114 327	-450 194
9	Other comprehensive income (loss), net of income tax	-113 343	-376 257
10	Financial result for the reporting period	-2 061 152	-2 006 168



O.V. Gryadovaya  
Chairman of the Board



S.M. Golovanova  
Chief Accountant

