

Ratings: ACRA BBB-, Stb / S&P B-, Pos

4 Oct 2018

- Summary.** During the first six months ending 30 June 2018, Renaissance Credit set a number of new records: loan origination reached ₱71bn, gross loan portfolio - ₱125bn, (3) deposit portfolio exceeded ₱100bn, net profit reached ₱2.7bn, while the asset quality has remained on the historical maximum achieved in 2017.
- Loan origination.** For the first six months ending 30 June 2018, the bank issued ₱40 of cash loans, ₱22bn of POS loans and ₱9bn of credit cards.
- Net result and profitability.** The bank stays profitable and maintains a record-high level of profitability: IFRS net profit for 2017FY equaled ₱5bn with ROE at 25.0%, net profit for 6M2018 reached ₱2.7bn with ROE at 23.0%
- Quality of assets.** The level of non-performing loans past due more than 90 days (NPL90+) and first payment default (FPD) indicators have stabilised on a historically low level as a result of consistent improvements in the system of risk management.

As at 30.06.2018, the share of NPL90+ stayed at 3.5%; first payment default (FPD) for personal (cash) loans (key product of the bank) issued to new-to-bank customers equaled 1.2% while FPD for cash loans issued to returning customers - 0.6%.

- Capital adequacy.** CBR N1.0 ratio of 10.4% as of 30.06.2018 is in line with the regulatory requirement of CBR of 8.0%. Total Basel CAR of 18.1% significantly exceeds the 8.0% threshold.
- Funding.** Retail deposits remain the key funding source for the bank. At 30.06.2018 the size of retail deposit portfolio with current accounts reached ₱109 bn. Average size of deposits for the first six months of 2018 equals ₱668 thousand, average interest rate – 7.9%.
- Credit ratings.** On 2 October 2018 ACRA rating agency affirmed the credit rating of Renaissance Credit at BBB-(RU) level with stable outlook. The agency mentions *inter alia* adequate capital adequacy, funding and liquidity of the bank as well as its fast-growing credit portfolio.

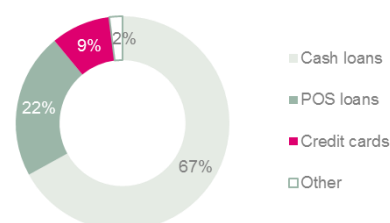
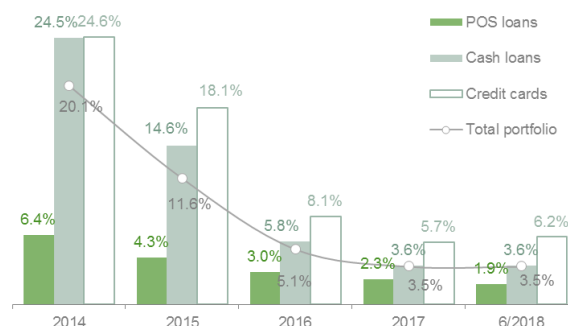
Key Performance Indicators, IFRS¹

RUR bn	2016	2017	6/2018
Origination volume	89.0	127.0	71.0
Interest and fees revenue	24.3	29.4	16.6
Net interest income	11.8	15.5	9.1
Net profit	1.5	5.0	2.7
Gross loan portfolio	83.2	111.4	125.0
Total assets	97.8	129.8	141.0
Due to customers	71.0	96.6	109.1
Debt securities and FIs	7.9	7.3	5.1
Equity	16.9	23.2	23.8

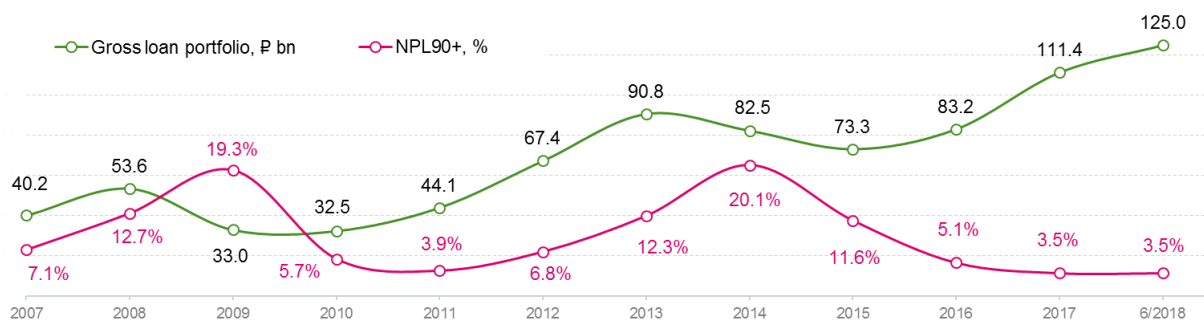
Key Ratios

%	2016	2017	6/2018
Net Interest Margin *	22.6	23.4	21.4
Cost / Income	61.9	46.1	39.8
CAR	21.5	19.9	18.1
ROAE	9.8	25.0	23.0
ROAA	1.5	4.5	4.0
NPL 90+	5.1	3.5	3.5
CBR N1.0 Ratio	10.0	10.5	10.4

* Including fees

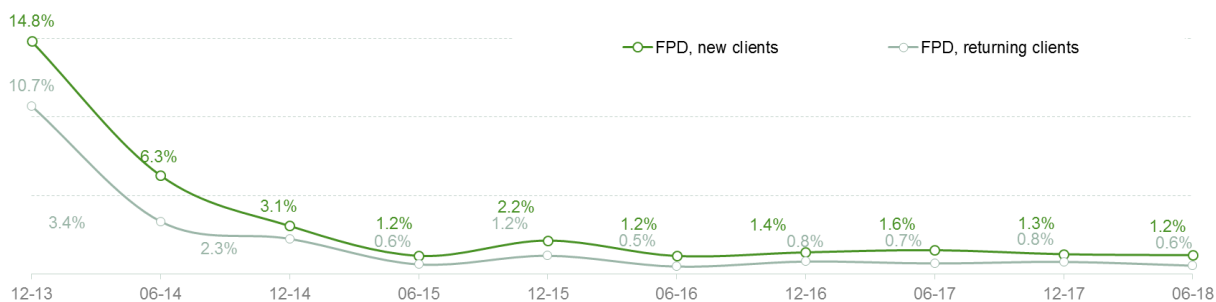
Structure of credit portfolio as at 30.06.2018

Evolution of NPL90+ Ratio by Products


Evolution of gross credit portfolio and non-performing loans past due 90+ days (NPL90+)



- Asset quality remains on the record-high level: the share of non-performing loans (NPL90+) equaled to 3.5% as at 30.06.2018 while loan portfolio exceeded P125bn for the first time in the bank's history.

Evolution of First Payment Default (FPD) ratio for personal (cash) loans



- Having implemented a comprehensive set of measures aimed at reduction of credit losses, the bank has effectively created a completely new underwriting system, as a result, the share of first payments default stays at a record-low level for a long period of time.

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