

## ZENIT Banking Group Announces 2014 Financial Results

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**Moscow, Russia.** ZENIT Banking Group, one of the leading financial institutions providing comprehensive services on the Russian market, announces its IFRS audited consolidated financial results for the year ended 31 December, 2014.

### KEY 2014 FIGURES

- Total assets of ZENIT Banking Group increased by 11.8% to RUR 335.1 billion.
- Loan portfolio grew by 13.9% (RUR 27.7 billion) to RUR 227.3 billion;
- In 2014, customer accounts increased by RUR 5.8 billion, or 3.3%, to reach RUR 180.2 billion.
- Net interest income rose by 12.2% to RUR 9.3 billion (RUR 8.2 billion in 2013).
- Net profit for 2014 amounted to RUR 1.6 billion which is 27.5% lower than in 2013. The main factor behind this was an increase in provision for loan impairment.
- Tier 1 capital stood at RUR 28.6 billion.

“ZENIT Banking Group conducted its operations in a difficult macroeconomic environment in 2014. Weakening of a national currency, deterioration of Russian companies’ financial standing and, as a result, growth of credit risks provided a negative impact on the Group’s financial performance. Following the 2014 results, net profit amounted to RUR 1.6 billion. The Group assured moderate growth of its key performance indicators and preserved its place in the top-30 Russian banks. Special attention was paid to maintaining a conservative liquidity level and mitigation of credit risks. Taking into account the persisting crisis effects in the Russian economy and the banking sector, in 2015 ZENIT Banking Group will focus on risk control, keeping of its client base and efficiency, searching of new sources for banking business growth,” – commented Kirill Shpigun, Chairman of the Management Board of Bank ZENIT.

### FINANCIAL RESULTS

	<b>2014</b> <b>(audited)</b> thousands of rubles	<b>2013</b> <b>(audited)</b> thousands of rubles
Net revenues	9,364,210	10,576,615
Operating expenses	7,248,283	7,473,236
Profit before income tax expense	2,115,927	3,103,379
Net profit	1,635,894	2,257,796
Total assets at the end of the year	335,097,374	299,856,107

### SUMMARY OF THE GROUP'S FINANCIAL ACTIVITIES

- Following the 2014 results, ZENIT Banking Group's corporate loan portfolio before impairment grew by 12.9% and amounted to RUR 206.6 billion. Russian companies saw their revenues and business turnover decrease throughout the year which lead to deterioration of their financial standing. Against this background the Group focused on monitoring of its clients’ financial profiles and the quality control of its loan portfolio.
- A new business line of factoring was launched in 2014. Bank ZENIT became a winner of a Basis of Growth - 2014 Award for its Business Mortgage programme and was awarded in a nomination Innovation of the Year in the category For a Contribution to the Development of SME Business in Russia.
- The Group continued to actively develop retail lending in 2014, focusing on governmental mortgage lending programmes, including the Military mortgage programme. ZENIT Banking Group's retail loan portfolio before impairment grew by 24.7% to reach RUR 33.3 billion.

- The total amount of loans in respect of which the clients have at least one payment overdue for more than 90 days increased by RUR 0.9 billion to RUR 8.3 billion by the end of 2014. Notwithstanding that, the share of such loans in the gross loan portfolio remained stable at 3.5%. The NPL coverage ratio went up to 152.4% compared with 136.6% as of 31 December 2013. In order to maintain the high quality of its loan portfolio, the Group constantly works on fine-tuning its approaches to borrower risk assessment and improvement of collateral quality.
- The securities portfolio of ZENIT Banking Group increased by RUR 3.6 billion (12.3%) and made up RUR 32.9 billion by the end of 2014. Corporate RUR-denominated bonds account for 59.4% of the portfolio, and a significant proportion of these are the bonds of issuers of high credit quality that are on the Bank of Russia's Lombard List. Another 29.4% are corporate Eurobonds issued by Russian and other CIS companies and financial institutions. 6,4% of the securities portfolio is composed of federal loan bonds and municipal bonds.
- In accordance with the 2014 results total customer accounts of ZENIT Banking Group rose by RUR 5.8 billion (3.3%) to reach RUR 180.2 billion. Customer accounts of individuals grew by 16.3% and amounted to RUR 86.5 billion. At the turn of the year the Group was taking efforts to decrease the share of high-priced corporate customer accounts.
- Bank ZENIT successfully placed three issues of its exchange traded bonds (BO-11, BO-13, BO-14 series) with the total nominal value of 17 billion rubles (the actual amount placed was RUR 12.8 billion).
- The Group's cost-to-income ratio went down by 7.4 percentage points compared with 2013 and stood at 52.2% by the end of 2014.
- ZENIT Banking Group's Total capital ratio made up 14.2%, and the Tier 1 capital ratio was at 9.4% as of the end of 2014.
- Amendment agreements to most of subordinated loans were signed and approved by the Bank of Russia in 2014. According to these agreements, subordinated loans maturities were extended and conditions were amended to put the loans in compliance with the Regulation of the Bank of Russia on the methods of calculation of financial institutions' capital (Basel III) No 395-II which took effect since 01.01.2014.
- Conservative approach to maintaining adequate liquidity and capital levels as well as mitigation of credit risks allowed Bank ZENIT to keep its credit ratings assigned by the leading international ratings agencies in 2013. Though, on the back of vulnerability on the Russian financial market in November-December 2014 and change of the view of the ratings agencies on the situation in the Russian banking sector, the ratings outlook was changed to negative. Moody's placed the Bank's ratings on review for downgrade in December 2014.
- In accordance with the new provisions of the Russian Civil Code and the decision of the extraordinary shareholders meeting of 30.09.2014, the Bank's name was changed to Bank ZENIT (Public Joint Stock Company), PJSC Bank ZENIT.
- Bank ZENIT celebrated its 20th anniversary in 2014. Its largest branches also celebrated their milestone birthdays – 15 years since establishment of Peterburgsky branch and 10 years for Branch Banking Center TATARSTAN, also for Chelyabinsky and Samarsky branches.

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For more information, go to [www.zenit.ru](http://www.zenit.ru)

### **ZENIT Banking Group's Press Centre**

Tel: +7 (495) 937 07 37 or +7 (495) 777 57 07

E-mail: [info@zenit.ru](mailto:info@zenit.ru)

*ZENIT Banking Group was formed in 2005 following the acquisition by Bank ZENIT of a controlling stake in JSB Devon-Credit. In 2007, the Banking Group acquired Lipetskcombank and Sochigazprombank (renamed to Bank ZENIT Sochi). Spiritbank (the city of Tula) joined the Group in December 2008. According to the consolidated financial statements of ZENIT Banking Group for 2014 under IFRS, the Banking Group's Tier 1 capital amounted to RUR 28.6 bn and its assets stood at RUR 335.1 bn. The Group provides a full range of banking services in the following areas: comprehensive services for corporate clients, retail banking, Private Banking, investment banking, and interbank transactions. ZENIT Banking Group has presence in 27 Russian regions and its regional network consists of 168 points-of-sale as of the end of 2014. The Group has extensive correspondent relationships with international banks; it cooperates with more than 100 of the financial institutions in Europe, Americas and Asia. Bank ZENIT has the following ratings assigned by the international ratings agencies: B1 (Moody's) u BB- (Fitch).*