On measures aimed at improving financial stability of Bank Otkritie Financial Corporation

7 December 2017

Press release

The Bank of Russia approved the amendments to the plan of its participation in bankruptcy prevention measures for Public Joint-stock Company Bank Otkritie Financial Corporation (Reg. No. 2209) (the ‘Bank’) that provide for the acquisition by the Bank of Russia of the additional issue of the Bank’s ordinary shares in the amount of 456.2 billion rubles.

The recapitalisation will allow the Bank to cover the deficit between its assets and liabilities in the amount of 189.1 billion rubles and provide financial support to PJSC IC Rosgosstrakh (42.2 billion rubles) and non-governmental pension funds (42.9 billion rubles) that are members of the banking group. Besides, the recapitalisation provides for the allocation of 182 billion rubles for the new capital of Bank Otkritie Financial Corporation, which is the parent company of the banking group.

The above measures will ensure that the Bank complies with the individual capital adequacy requirements (N1, 8%) taking into account the minimum values of the conservation buffer (1.875% from 1 January 2018) and the systemic importance capital buffer (0.65% from 1 January 2018).

Due to the fact that during the implementation of financial stability improvement measures the assets of the banking group are consolidated in the Bank’s balance sheet, a decision can be made to establish, for the duration of the plan of the Bank of Russia’s participation in bankruptcy prevention measures, individual values of required ratios for the Bank. These will limit concentration risks on an individual basis (the maximum exposure per borrower or group of related borrowers (N6), the maximum exposure per entity (group of entities) affiliated with the bank (N25).

The recapitalisation measures do not provide for the Bank’s financial support to NB TRUST (PJSC). Until the adoption of a financial recovery plan for NB TRUST (PJSC), which is a participant of the banking group and subject to bankruptcy prevention measures applied with the involvement of the state corporation Deposit Insurance Agency, the negative capital of NB TRUST (PJSC) will be fully accounted for in the calculation of the Bank’s consolidated required ratios.

In January 2018, the Bank will present a plan to repay the funds placed with it by the Bank of Russia as deposits to provide liquidity.

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