

Russian Credit Card Market, 3Q 2017

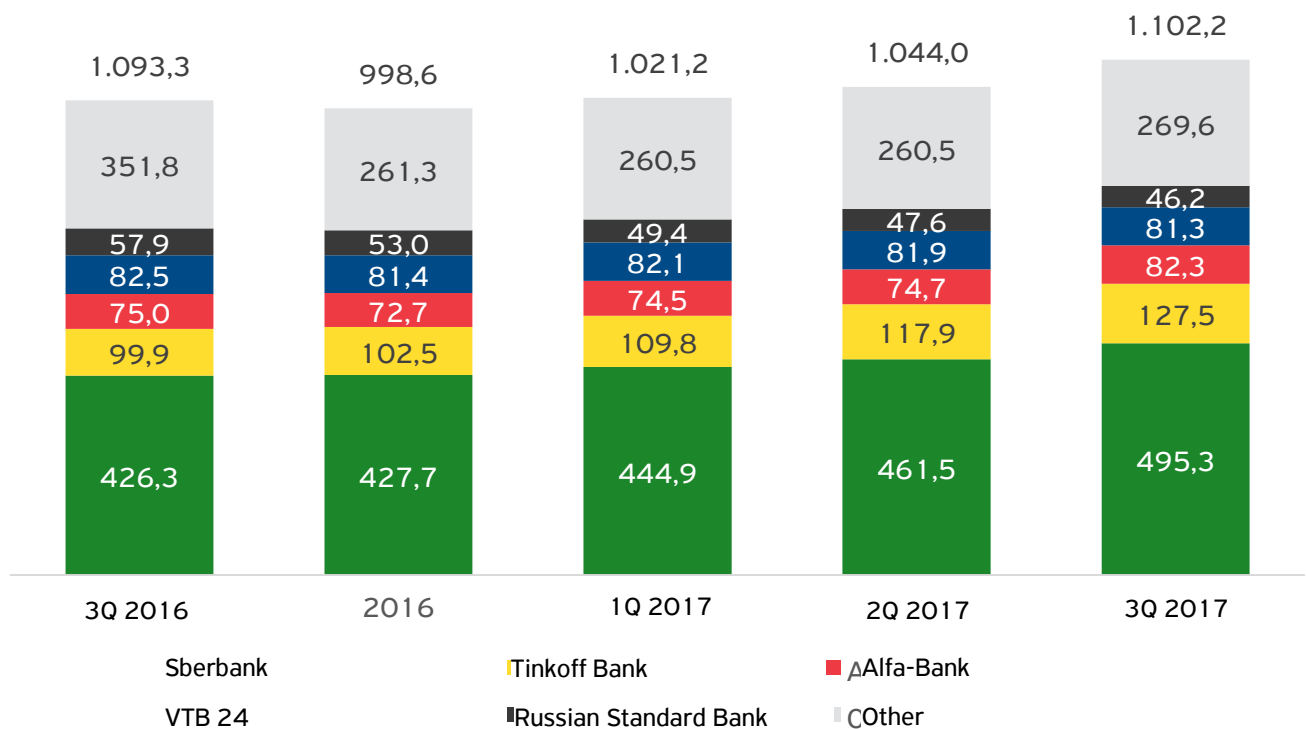
3Q 2017 results

September 2017 was marked by the first change in the composition of Top 3 in the last two years: Alfa-Bank expanded its portfolio to RUB 82.3 bn and moved to the third position, leaving behind VTB 24 with its portfolio of RUB 81.3 bn.

In 3Q 2017, Sberbank's portfolio increased by RUB 34 bn to RUB 495.3 bn, boosting the bank's share of the credit card market to 44.9%. Over the same period, Tinkoff Bank grew by RUB 9.6 bn to RUB 127.5 bn, with its market share rising to 11.6%. Tinkoff Bank's relative growth for 9M 2017 stood at 24.4% – the highest among the Top 10 credit institutions, followed by Sberbank (15.8%) and Orient Express Bank (14.3%). The consolidated portfolio of VTB Group that includes VTB Bank, VTB 24 and Pochta Bank looks stable, having gained only 3.6% (or RUB 3.6 bn) in 9M 2017.

Russian Standard Bank managed to slow down its portfolio's contraction in 3Q 2017, losing just RUB 1.4 bn over the quarter.

Top 5 credit card portfolios in 2017



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Market size and performance

3Q 2017 saw a significant expansion of the credit card market, with its volume up by RUB 58.2 bn, outpacing the total 1H 2017 growth of RUB 45.4 bn. By 1 October 2017, the credit card market volume reached RUB 1,102 bn.

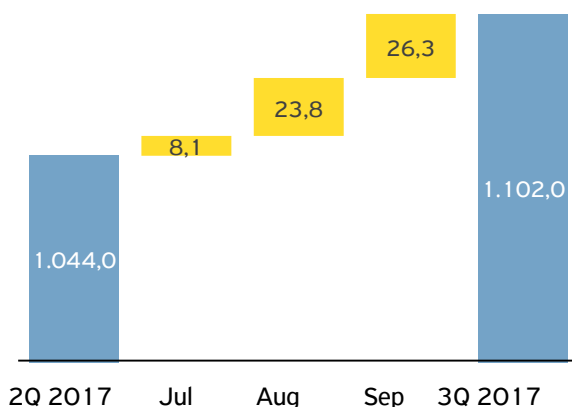
Apart from a minor contraction in February, the credit card market has been steadily expanding throughout 2017, and the reporting quarter was no exception. It started out with a small RUB 8.1 bn increase in July, which progressed to RUB 23.8 bn in August and RUB 26.3 bn in September – the largest monthly growth in 2017.

Market concentration

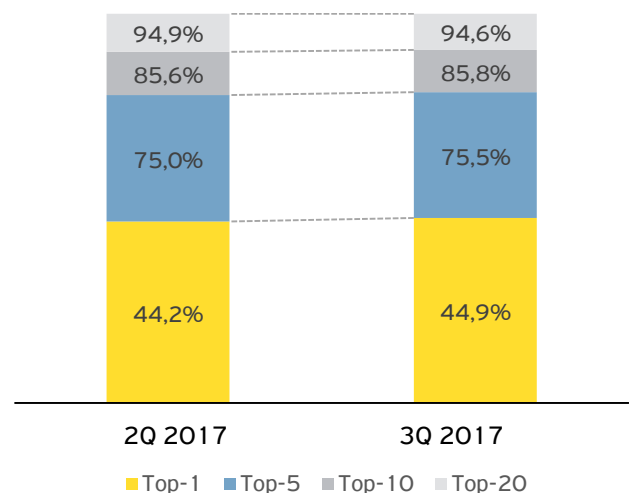
Expansion of the key players made the market more concentrated despite an overall increase in its volume. In 3Q 2017, the five largest banks boosted their market share to 75.5%. The Top 3 players were Sberbank (44.9%), Tinkoff Bank (11.6%) and Alfa-Bank (7.5%).

The number of credit institutions holding a portfolio of over RUB 1 bn reached 33, with their market share hitting 98.7%.

Market performance, RUB bn



Market concentration, %



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Key players

In 3Q 2017, there were three key contributors to the growth of the credit card market: Sberbank with portfolio expansion of RUB 33.9 bn, Tinkoff Bank (+RUB 9.6 bn) and Alfa-Bank (+RUB 7.6 bn.). Orient Express Bank also showed significant growth, with its portfolio increasing by RUB 2.3 bn to RUB 43.9 bn.

There was a change in the Top 10 line-up: Alfa-Bank surpassed VTB 24 and took the second place, VTB Bank squeezed Citibank out of the tenth place, and Raiffeisenbank with its moderately growing portfolio climbed to the eighth place outperforming Credit Europe Bank back in August.

Russian Standard Bank took the biggest hit to its portfolio with a loss of RUB 1.4 bn. Even though the bank is cutting losses by the month, it is still unlikely to stay in the fifth spot for much longer given the strong growth of Orient Express Bank.

Top 10 players in the Russian credit card market

Bank	Portfolio, 2Q 2017 RUB bn	Change, RUB bn	Portfolio, 3Q 2017 RUB bn	Market share, 2Q 2017	Change, %	Market share, 3Q 2017
Sberbank	461.5	33.9	495.3	44.2%	0.7%	44.9%
Tinkoff Bank	117.9	9.6	127.5	11.3%	0.3%	11.6%
Alfa-Bank	74.7	7.6	82.3	7.2%	0.3%	7.5%
VTB 24	81.9	-0.6	81.3	7.8%	-0.5%	7.4%
Russian Standard Bank	47.6	-1.4	46.2	4.6%	-0.4%	4.2%
Orient Express Bank	41.7	2.3	43.9	4.0%	0.0%	4.0%
OTP Bank	21.6	0.6	22.2	2.1%	-0.1%	2.0%
Raiffeisenbank	15.6	0.4	16.0	1.5%	0.0%	1.5%
Credit Europe Bank	15.7	-0.1	15.5	1.5%	-0.1%	1.4%
VTB Bank	15.1	0.1	15.2	1.4%	-0.1%	1.4%

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Disclosure

This report is drafted by Tinkoff Bank's team based on the data of the Central Bank of Russia and takes into account undue debt (demand loans and overdrafts to individuals) only.

For the purposes of this report, the Bank relied on CBR data. Tinkoff Bank's analysts use amounts in accounts 45502 (loans and other funds provided to resident individuals for a period of up to 30 days), 45508 (demand loans and other funds provided to resident individuals), 45509 (deposit account overdrafts provided to resident individuals), 45707 (demand loans and other funds provided to non-resident individuals), and 45708 (deposit account overdrafts provided to non-resident individuals).

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