

Recommendation of the CREDIT BANK OF MOSCOW's Supervisory Board on distribution of the Bank's income, including payment (declaration) of dividends

Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995 reserves it to the general shareholders' meeting to: "distribute the income (in particular pay (declare) dividends other than for the first quarter, half-year or nine months of a reporting year) or loss of the company for a full reporting year".

The Regulation on general shareholders' meeting N 660-P, approved by the Bank of Russia on 16.11.2018, requires the Bank's Supervisory Board to give persons entitled to participate in a General Shareholders' Meeting of the Bank, in the course of preparations to the General Shareholders' Meeting of the Bank, agenda of which includes an item on payment (declaration) of dividends, recommendations as to the amount of, and the method for payment of, dividends on the Bank's shares.

The item "Recommendation to the annual General Shareholders' Meeting of the Bank as to distribution of the Bank's income for 2022, including payment (declaration) of dividends" was considered at the Supervisory Board meeting on May 19, 2023 (Minutes no.11, dated May 19, 2023); the following resolution was passed unanimously:

"1. To recommend the annual General Shareholders' Meeting of the Bank not to pay (not to declare) to the Bank's shareholders any dividends for 2022.

2. To recommend the annual General Shareholders' Meeting of the Bank not to distribute its net income for 2022 in the amount of 8,727,091,973.48 (Eight billion seven hundred twenty seven million ninety one thousand nine hundred seventy three and 48/100) roubles and to leave the same at its disposal."

Rationale for, and evaluation of the consistency with the Bank's dividend policy of, the proposed distribution of net income, in particular for dividends and corporate needs, with explanations and business case for retaining a certain portion of net income

During 2022 and 2023, some financial institutions of the Russian Federation, including CREDIT BANK OF MOSCOW (the "Bank"), were sanctioned by certain foreign states. In this context, the Bank of Russia took steps to stabilise and support credit institutions so that they could successfully withstand the outburst of volatility in the financial markets and adapt to longer-term structural changes.

The Supervisory Board's recommendation not to pay any dividends for 2022 is based on the following:

- geopolitical and sanction risks put direct and indirect pressure on the Bank's current operations, financial results, and strategic plans. Given the persistent uncertainty about the overall operating environment, the Bank seeks to enhance its capital adequacy so as to be able to develop its business organically and maintain its long-term stability;
- taking into consideration all the factors listed in cl. 3.6 of the Bank's Dividend Policy, and the Bank of Russia's recommendations to credit institutions regarding dividend payments amid the structural transformation of the Russian economy, the Supervisory Board decided not to recommend any distribution of the 2022 profit.