
Explanatory information for the annual General Shareholders' Meeting of CREDIT BANK OF MOSCOW on the item "Approval joining Factors Chain International (FCI)"

The annual General Shareholders' Meeting of CREDIT BANK OF MOSCOW (the "Bank") has on its agenda the item "Approval joining Factors Chain International (FCI)".

Factors Chain International ("FCI") is an international independent factoring association uniting more than 400 members (banks, factoring companies) in more than 90 countries of the world.

FCI membership enables the Bank to offer such products as Import Factoring and FCI Non-recourse Export Factoring.

FCI membership gives the following advantages to the Bank:

- Wider product range – competitive edge in dealing with companies engaged in foreign trade;
- Customer acquisition – international factoring convinces companies to switch to the Bank as their provider of comprehensive banking services (cash management, foreign exchange control, foreign exchange transactions);
- Allocation of transaction risks to top-tier foreign financial institutions specialised in factoring;
- Fast transaction execution thanks to the electronic document flow system Edifactoring deployed for communications between FCI members;
- Higher profile of the Bank in the international finance community;
- FCI export factoring is eligible for the export loan interest rate subsidy programme managed by the Russian Export Centre ("REC") (Government Decree No. 191 dated 23.02.2019, Government Decree No. 620 dated 24.05.2017).

Effective from 01 June 2018, chapter 43 of the Civil Code of the Russian Federation (Financing Against Assignment of Monetary Claim) was amended by Federal Law No. 212-FZ dated 26 July 2017, bringing it closer to the international standards developed and adopted by FCI. As a result, the market of export factoring, which is in high demand among Russian exporters, became more competitive. The number of export factoring providers rose from 4 in 2017 to 9 in 2018¹, and the volume of provided financing from 3.5 bln roubles to 11.5 bln roubles¹ respectively and continues to grow.

The Bank's existing competences and expertise in domestic factoring, international financing and working with REC under the export loan interest rate subsidy programme enable the Bank to take advantage of the current market situation and build strong positions.

In the light of the above, the Bank joined FCI as Associate Member on 18.06.2018.

According to its constitutive documents, FCI is organised as a Dutch law association. Federal Law No. 208-FZ dated 26.12.1995 "On Joint-Stock Companies" reserves decisions on participation in any financial and industrial groups, associations or other unions of business companies to the General Shareholders' Meeting. Bearing in mind that the Bank actually joined FCI on 18.06.2018, it is proposed to:

To approve joining Factors Chain International (FCI).

¹ According to the Association of Factoring Companies (Russia)