

Explanatory note

Distribution of the Bank's income for 2018, including payment (declaration) of dividends.

Draft resolution:

To distribute the income for 2018 as follows:

- apply 2 978 768 085.26 roubles to dividends on the Bank's ordinary registered shares;
- leave the net income for 2018, less the amount applied to dividends, in the amount of 9 146 145 260.39 roubles at the Bank's disposal.

To pay dividends for the year 2018 in the amount of 0.11 roubles per one ordinary registered share of the Bank.

To specify that the dividends shall be paid in cash.

To specify that the dividends shall be paid to:

- a nominee or asset manager – stock market professional participant, who are named in the shareholder register, within 10 business days;
- other persons named therein, within 25 business days, of the record date for entitlement to dividends.

Approve 07.06.2019 as the record date for entitlement to dividends for 2018.

Explanatory information on the item

Federal Law No. 208-FZ dated 26.12.1995 "On Joint-Stock Companies" requires the annual General Shareholders' Meeting to decide on the distribution of the reporting year's income (including payment (declaration) of any dividends) and on the relevant record date. Such decisions are taken based on a recommendation of the Supervisory Board.

On 16.04.2019 the Supervisory Board reviewed the item "Recommendation to the annual General Shareholders' Meeting of the Bank as to distribution of the Bank's profit for 2018, including payment (declaration) of dividends" and resolved:

To recommend the annual General Shareholders' Meeting of the Bank to distribute the income for 2018 as follows:

- apply 2 978 768 085.26 roubles to dividends on the Bank's ordinary registered shares;
- leave the net income for 2018, less the amount applied to dividends, in the amount of 9 146 145 260.39 roubles at the Bank's disposal.

To recommend the annual General Shareholders' Meeting of the Bank to pay dividends for the year 2018 in the amount of 0.11 roubles per one ordinary registered share of the Bank.

To specify that the dividends shall be paid in cash.

To specify that the dividends shall be paid to:

- a nominee or asset manager – stock market professional participant, who are named in the shareholder register, within 10 business days;
- other persons named therein, within 25 business days, of the record date for entitlement to dividends.

To specify 07.06.2019 as the record date for entitlement to dividends for 2018.

Dividends are paid out of the Bank's after-tax (net) income determined by reference to its accounting (financial) statements prepared as required by Russian laws.

The Bank's after-tax (net) RAS income for the period from 1 January to 31 December 2018 was RUB 12.1 bln, which is 13.3% more than in 2017. The Bank's IFRS net income for 2018 rose by 31.5% yoy to RUB 27.2 roubles.

The Dividend Policy requires the Supervisory Board to recommend dividend amounts to the General Shareholders' Meeting so that at least 10% of the Bank's RAS net income is distributed thereby.

Based on the current capital adequacy forecast, the Supervisory Board decided to recommend the General Shareholders' Meeting to apply to dividends RUB 2.98 bln, which is 24.6% of the Bank's net RAS income for 2018.

The Bank's retained earnings would be RUB 38,5 bln, which (together with earnings retained in the preceding years) would allow for further assets growth.

Federal Law No. 208-FZ dated 26.12.1995 "On Joint-Stock Companies" ties dividend payment time to the record date for entitlement to dividends. Such date must fall 10 to 20 days after the General Shareholders' Meeting decides to pay (declare) dividends. Dividends must be paid to a nominee or asset manager named in the shareholder register within 10 business days of the record date for entitlement to dividends. Dividends must be paid to other entitled persons named in the shareholder register within 25 business days of the record date for entitlement to dividends.