



VALUATION REPORT NO. 210219-OB

**"Fair market valuation of 1 ordinary registered uncertified share of
PJSC CREDIT BANK OF MOSCOW with a par value of 1 (one) ruble as part of a 100% block of shares"**

Valuation Date: April 30, 2021

Date Issued: May 20, 2021

Customer: CREDIT BANK OF MOSCOW PJSC

Contractor: SRG-Consulting LLC

("SRG-Consulting")

Moscow 2021

Executive Summary

In accordance with the Valuation Agreement No. 210219-OB dated May 20, 2021, SRG-Consulting LLC ("SRG-Consulting") determined the market value of the Valuation Target that is the 1 ordinary share of CREDIT BANK OF MOSCOW with 100% stock of shares.

Based on the information provided and analyzed in the Valuation Report No. 210219-OB dated May 20, 2021, taking into account the limiting conditions and the assumptions made, the Appraiser SRG-Consulting LLC ("SRG-Consulting") concluded that the market value of the Valuation Target as of the appraisal date is

6.62

(Six point and sixty two hundredths) rub.

This valuation was carried out as per Federal Law No. 135-FZ of July 29, 1998 "On valuation activities in the Russian Federation" (as amended), Federal valuation standards approved by Orders of the Ministry of Economic Development of Russia No. 297, 298, 299 (FSO No. 1, 2, 3) dated May 20, 2015, No. 326 (FSO No. 8) dated 1 June 2015, standards and rules of the self-regulated organization to which the Appraiser who signed this Report belongs.

It should be borne in mind that the price set for an actual purchase and sales transaction may differ from the value determined within the valuation procedure due to such factors as the parties' motives, their ability to negotiate, the transaction terms, and other factors.

The total value of the market or other value of the subject property, as determined in the report, with the exception of the cadastral value, is recommended to determine the starting price of the subject of the auction or tender, and make a transaction within six months from the date of the report, with the exception of cases provided for by the laws of the Russian Federation.

**Best regards,
Evaluation Department Deputy Director
SRG-Consulting LLC
("SRG-Consulting")**



M. Yu. Alexandrova

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The growth rate for the terminal estimates period was determined by the Appraiser at the level of expected long-term inflation - 4%. Estimates of macroeconomic and sectoral parameters is given below.
.....**Ошибка! Закладка не определена.**

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1. VALUATION ASSIGNMENT

Table 1.1

Valuation assignment

Valuation Target (part of the Valuation Target with information sufficient to identify each of its parts (if any))	1 (One) ordinary registered uncertified share of CREDIT BANK OF MOSCOW PJSC as a part of 100% block of shares
Characteristics of the Valuation Target in accordance with the mandatory requirements of FSO No. 8	Full corporate name: CREDIT BANK OF MOSCOW (public joint stock company) Abbreviated corporate name: CREDIT BANK OF MOSCOW PJSC Location: 107045, Moscow, 2 Lukov lane, bldg. 1 PSRN and date of PSRN assignment: 1027739555282, registered on November 18, 2002. Number and date of state registration by the Bank of Russia: 1978, August 18, 1999 Number and date of state registration of the shares issue: 10101978B dated August 18, 1999 (date of state registration of the decision on the first issue of securities) The total number of the placed ordinary shares of CREDIT BANK OF MOSCOW is 29,829,709.866.
Rights to the Valuation Target that are taken into account in determining the value of the Valuation Target	Ownership
Valuation purpose	Fair market value
Prejudice (title encumbrance) of the specified rights	No information available To determine the price the Company buybacks all or part of Shares at the request of the shareholders if the general meeting of shareholders of the Company takes a decision to reorganize the Company, in accordance with the requirements of paragraph 1 of Article 75 of the Federal Law No. 208-FZ "On Joint Stock Companies" dated December 26, 1995, if the shareholders will vote against the decision to reorganize the Company or will not vote on these issues. The customer cannot use the Report (or any part of it) for other purposes.
The intended use of the valuation results	Market value
Value Type	April 30, 2021
Valuation Date	In the absence of certified property rights of third parties in relation to the property being evaluated, restrictions (encumbrances) as well as environmental pollution, the valuation of the target is carried out on the assumption of the absence of such rights, restrictions (encumbrances) and pollution with the circumstances identified during the inspection, if not stated otherwise in the valuation task. The Contractor is not required to appear in court or testify in any other way about the prepared Report or the valued property, except on the basis of a separate agreement with the Customer or an official court summons. The initial data used by the Contractor in the preparation of the Report were obtained from the Customer and from other reliable sources and are considered reliable. However, the Contractor cannot guarantee their absolute accuracy, so, where possible, references are made to the source of information. The Contractor is not responsible for the consequences of inaccuracies in the initial data and their impact on the valuation results. Neither the Customer nor the Contractor can use the Report (or any part of it) otherwise than provided for by the valuation agreement. The Report contains the professional opinion of the Contractor regarding the cost of the valuation target and is not a guarantee that the cost determined by the Contractor will be used for the purposes specified in the Report. The actual price of the transaction may differ from the assessed value as a result of factors such as the motivation of the Parties, the ability of the Parties to negotiate, or other factors unique to the transaction. The Report is only fully authenticated. Appendices to the Report are an integral part of it. The Contractor reserves the right to include in the appendices to the Report not all documents used, but only those that are presented by the Contractor as the most essential for understanding the content of the Report. At the same time, copies of all materials used in the preparation of the Report are stored in the Contractor's archive. The calculation tables presented in the Report show the rounded values of the indicators. The totals were obtained with exact data, therefore, when recalculating totals based on rounded data the results may slightly differ from the data specified in the Report. Due to the impossibility to identify all encumbrances and restrictions at the stage of concluding the Agreement, other assumptions and restrictions not specified above will be presented in the Report.
Assumptions on which the valuation shall be based	N/D
Other information provided by federal valuation standards	Translation into English of the entire report.
Additional requirements for the valuation assignment	Not to be determined
Limits of the market value	

Source of information: Agreement No. 210219-OB dated May 20, 2021.

2. VALUATION STANDARDS APPLIED

The Appraiser carried out the valuation and compiled the Report as per the federal valuation standards in force as of the issuance date:

- Federal valuation standard "General concepts of valuation, valuation approaches and requirements (FSO No. 1)", approved by Order of the Ministry of Economic Development of the Russian Federation No. 297 dated May 20, 2015 (hereinafter referred to as FSO No. 1);
- Federal valuation standard "The valuation purpose and value types (FSO No. 2)", approved by Order of the Ministry of Economic Development of the Russian Federation No. 298 dated May 20, 2015 (hereinafter referred to as FSO No. 2);
- Federal valuation standard "Requirements for the valuation report (FSO No. 3)", approved by Order of the Ministry of Economic Development of the Russian Federation No. 299 dated May 20, 2015 (hereinafter referred to as FSO No. 3);
- Federal valuation standard "Business valuation (FSO No. 8)", approved by Order of the Ministry of Economic Development of the Russian Federation (Ministry of Economic Development of Russia) dated June 1, 2015 No. 326 (hereinafter referred to as FSO No. 8).

Moreover, the Appraiser used the SRO standards and rules where he is a member.

3. ASSUMPTIONS ADOPTED IN THE VALUATION TARGET MEASUREMENT

General assumptions

- This Report shall be valid in full only for the purposes specified herein. It is understood that the analysis carried out by the Appraiser and the resulting conclusions do not contain, in whole or in part, biased opinions;
- The value statement in this Report refers to the Valuation Target as a whole. Any assignment of a part of the value to any part of the Valuation Target shall be illegal if it is not specified in the Report;
- The Appraiser's opinion as to the value of the Valuation Target is valid only as of the valuation date. The Appraiser shall not accept responsibility for any subsequent changes in social, economic, legal, and environmental conditions that may affect the value of the Valuation Target;
- The Appraiser's assignment did not include any legal examination of the emergence of ownership rights, including the interpretation of laws, by-laws, contracts, or agreements;
- The Appraiser relied on information obtained from open sources, and did not carry out the confirmation procedure, therefore, cannot guarantee the reliability of data from publicly available information sources. If any additional information is obtained that may affect the fair market value, the result may be different;
- The calculations were carried out using the MS Excel 2010 software product. The "Accuracy as on the screen" function is not used, which ensures greater accuracy of calculations; however, it leads to somewhat erroneous data visualization.
- The property to be valued is not involved in any legal proceedings or disputes, and no third party claims ownership of it;
- The valuation is based on the assumption that all decisions of the legislative and executive authorities of the Russian Federation, as well as of local authorities, required for the property operation according to its intended use, are obtained, or can be obtained, or updated.
- all information received from the Customer and its representatives, as well as third parties specified in the Agreement, as part of the provision of services under the Agreement was considered by the Contractor as reliable;
- The Contractor did not conduct a legal examination of the documents received and proceeded from its own understanding of their content and their impact on the final cost;
- The Contractor did not audit the documents and information provided for the assessment;
- when carrying out the valuation, it is assumed that there are no underlying factors that affect the value of the valued property. The Contractor is not obliged to detect such factors, and it is not responsible for their failure to detect;
- neither the Customer nor the Contractor can use the Report (or any part of it) otherwise than provided for by the valuation agreement;
- other assumptions provided for in the valuation assignment.

Special Assumptions

If any other additional conditions, assumptions, and restrictions not specified in this section become known, they will be indicated by the Appraiser in the relevant part of this Report.

4. THE CUSTOMER'S AND THE APPRAISER'S DETAILS

4.1. The Customer's Details

Table 4.1

The Customer's Details

Type of business	Public joint-stock company
Full name	CREDIT BANK OF MOSCOW (Public Joint Stock Company)
Abbreviated name	CREDIT BANK OF MOSCOW PJSC
Location	107045, Moscow, 2 Lukov lane, bldg. 1
Primary state registration number (PSRN)	1027739555282
PSRN assignment date	18.11.2002

Source of information: the Customer's data

4.2. The Contractor's and the Appraiser's details

Table 4.2

The Contractor's Details

Company type and full name	SRG-Consulting Limited Liability Company ("SRG-Consulting")
Location address (legal address)	Room 401, building 11, 75, F. Engelsa Street, 105082, Moscow, Russian Federation
PSRN	1022200911260
PSRN assignment date	04.12.2002
Voluntary Civil Liability Insurance Information	Insurance policy No. 180005-035-000165 dated 28.09.2018, Addendum No. 2 dated 05.12.2018 Certificate of insurance No. 180005-035-000165/2 dated 05.12.2018 Issued by: ENERGOGARANT Insurance Joint Stock Company PJSC Insurance coverage: 3,000,000,000 (three billion) RUB Validity term: 05.12.2018 through 31.01.2022

Information on the independence of the legal entity with which the Appraiser entered into an employment agreement as per Art. 16 of the Federal Law "On valuation activities in the Russian Federation"
The legal entity with which the Appraiser entered into an employment agreement has no property interests in the Valuation Target and is not an affiliate of the Client.
The amount of remuneration for the valuation of the Valuation Target did not depend on the total value of the Valuation Target.

Source of information: the Contractor's data

The Appraiser's Details

Table 4.3

The Appraiser's Details

Full name	Marina Yurievna Alexandrova
Information on the Appraiser's membership in a self-regulated organization of appraisers	Member of the Self-Regulated Interregional Association of Appraisers (SIAA) Address: suite XXIII, 8A, Vernadskogo Prospekt, Moscow, 119311 Certificate No. 4000 of 13.11.2020 Registry number: No. 004000 of 13.11.2020
Appraiser's location address	Room 401, building 11, 75, F. Engelsa Street, 105082, Moscow, Russian Federation Location address (legal address): Room 200, building 11, 75, F. Engelsa Street, 105082, Moscow, Russian Federation PSRN 1022200911260, OGRN assignment date: 04.12.2002
Information on the legal entity with which the Appraiser entered into an employment agreement	Information on the legal entity's compulsory liability insurance: Insurance policy No. 180005-035-000165 dated 28.09.2018, Addendum No. 2 dated 05.12.2018 Certificate of insurance No. 180005-035-000165/2 dated 05.12.2018 Issued by: ENERGOGARANT Insurance Joint Stock Company PJSC Insurance coverage: 3,000,000,000 (three billion) RUB Validity term: 05.12.2018 through 31.01.2022
Documents confirming the acquisition of professional knowledge in valuation activities	1. Diploma of Higher Education No. BCB 054326, issuance date 20.06.2005. The educational institution: FGOU VPO "Financial Academy under the Government of the Russian Federation", qualification: "Economist", major in "Finance and Credit", specialization: "Property Valuation". 2. Certificate of advanced training: No. 1884, issuance date: 27.12.2011, educational institution: Moscow Academy of Finance and Law ("MFUA"), the Valuation Activities program. 3. Certificate of advanced training: No. 651-8s, issuance date: 15.12.2008, educational institution: Interdisciplinary Institute for Advanced Training and Retraining of Executive Staff and Specialists of The Plekhanov Russian Academy of Economics, the Valuation Activities program.
Information on the qualification certificate	Certificate of competence in the field of appraisal activity No. 003916-3 dated February 28, 2018 in the field of "Business Appraisal" (valid until February 28, 2021, has an extended validity period) Policy No. 2100SB40R1745 dated 04/05/2021
Information on compulsory civil liability insurance	Issued by: VSK JSIC Validity period: 06.04.2021 through 04.05.2022; Insurance coverage: 50,000,000 (Fifty million) RUB
Work experience in valuation activities	Over 15 years
The Appraiser's contact phone number	+7 (495) 797 30 31
The Appraiser's postal address	Room 401, building 11, 75, F. Engelsa Street, 105082, Moscow, Russian Federation
The Appraiser's e-mail address	info@srgroup.ru

Information on the Appraiser's independence as per Art. 16 of the Federal Law "On valuation activities in the Russian Federation"

The Appraiser is not a founder, owner, shareholder, official or employee of the legal entity of the Client, has no property interests in the Valuation Target, does not have any close relationship with the specified persons.

The Appraiser has no property or liability rights outside the agreement;

The Appraiser is not a participant (member) or a creditor of the legal entity (of the Client), and the Client is not a creditor or insurer of the Appraiser.

Neither the Client nor any other interested persons interfered with the activities of the Appraiser and the legal entity with which the Appraiser entered into an employment agreement in the course of the valuation activities.

The amount of the Appraiser's remuneration for the valuation of the Valuation Target did not depend on the total value of the Valuation Target.

Source of information: the Appraiser's data

4.3. Information on all organizations and specialists involved in the valuation and preparation of the Valuation Report, indicating their qualifications and the degree of their participation in the valuation of the Valuation Target

No other specialists and organization were involved in the valuation activities under the Agreement.

5. KEY FACTS AND FINDINGS

5.1. Basis for conducting valuation of the valuation target by the appraiser

The basis for the assessment is the Valuation Agreement No. 210219-ОБ dated May 20, 2021, concluded between SRG-Consulting LLC and CREDIT BANK OF MOSCOW (hereinafter referred to as the Agreement).

5.2. General information identifying the valuation target

The valuation target is 1 ordinary registered uncertified share (state registration number 10101978B, with a par value of 1 (one) ruble) as part of a 100% stock of shares of CREDIT BANK OF MOSCOW PJSC.

5.3. Valuation results obtained upon applying different valuation approaches

The income and comparative approaches were used to determine the market value. The ROR method was used indicatively. A detailed description of the choice of approaches and methods of assessment is given in Section 8 of this Assessment Report (hereinafter referred to as the Report).

Table 5.1

Valuation results of the fair market value of the valuation target obtained under various valuation approaches

Item	Value, rub.	Approach relative weight, %	Total value, rub.
The income approach	6.51	60%	-
Cost approach	Not used	-	-
Comparative approach	6.79	40%	-
Total market value	6.62	100%	6.62

Source of information: Appraiser's calculations

5.4. The total value of the Valuation Target

The market value of 1 ordinary registered uncertified share in a 100% block of shares of CREDIT BANK OF MOSCOW as of April 30, 2021 is:

6.62

(Six point and sixty two hundredths) rub.

Appraiser



M.Yu. Alexandrova

5.5. Restrictions and limits for the resulting total value

1. The total value of the market or other value of the subject property, as determined in the report, with the exception of the cadastral value, is recommended to determine the starting price of the subject of the auction or tender, and make a transaction within six months from the date of the report, with the exception of cases provided for by the laws of the Russian Federation.
2. The conclusions as to the value of the Valuation Target obtained as a result of the Appraisers' studies can only be used by the Client as per the intended use of the valuation results.
3. This Report contains the Appraisers' assumptions and conclusions, which are assumed to be valid and reasonable. The user of this Report may have an opinion different from the Appraisers' one, which may require additional analysis as well as financial and legal verification. Therefore, the Report cannot be the only source of information for making any management decisions.
4. The Valuation Report contains the Appraisers' professional opinion regarding the value of the Valuation Target and is not a guarantee that any transaction with the Valuation Target will be carried out at the specified value.

6. DESCRIPTION OF THE VALUATION TARGET

6.1. The list of documents used by the Appraiser to establish the quantitative and qualitative properties of the Valuation Target

The list of documents used by the Appraiser to establish the quantitative and qualitative properties of the Valuation Target

- the Articles of Associations of the CREDIT BANK OF MOSCOW PJSC
- audited consolidated financial statements in accordance with IFRS for 2018-2020;
- budget for 2019-2020 with the fact of execution;
- the Bank's development strategy in the form of a presentation in English;
- planned budgets for 2021-2023 (balance sheet, financial statements);
- details on the Bank's planned retail total loans for 2021-2023;
- Other information.

6.2. Information on the Valuation Target

6.2.1. General information about CREDIT BANK OF MOSCOW PJSC

The Bank's basic information is given below.

Table 6.1

Information about CREDIT BANK OF MOSCOW PJSC

Type of business	Public joint-stock company
Full corporate name of the company	CREDIT BANK OF MOSCOW (PUBLIC JOINT STOCK COMPANY)
Abbreviated company name	CREDIT BANK OF MOSCOW PJSC
Primary state registration number (PSRN)	1027739555282 dated 18.11.2002
INN	7734202860
Reg. No. of the Bank of Russia	1978
Legal address	107045, Moscow, Lukov lane, 2-1
Authorized capital stock	29,829,709,866 rub
Website	https://mkb.ru
Core business	Monetary intermediation other (64.19)

Source of information: Customer's data, SPARK-Interfax database, <https://egrul.nalog.ru/>

Table 6.2

Information on the authorized capital and stock issues

Class of stock	Issue No.	No. of shares, pc	Par value, rub./share	Par value, thousand rub.
Ordinary shares	10101978B	29,829,709,866	1	29,829,710
Total:		29,829,709,866		29,829,710

Source of information: the Customer's data

Table 6.3

Shareholders structure

Shareholder	Ordinary shares, pc	Share, %
IC Algorithm LLC	1,979,677,115	6,64%
ROSSIUM Concern LLC	16,726,177,107	56,07%
Management company Regionfinanceresource JSC Trust management of the close-end investment fund Development Vector	2,229,170,000	7,47%
Other shareholders	8,894,685,644	29,82%
Total	29,829,709,866	100%

Source of information: the Customer's data

According to the Articles of Association, each ordinary share of the Bank grants its owner the same amount of rights. Shareholders have the right to:

- participate in the General Meeting of Shareholders with the right to vote on all issues within its competence (participate in the management of the Bank's affairs);
- receive dividends (participate in the distribution of the Bank's profits);

- have other rights provided for by the Articles of Association.

The Bank informs the shareholders about their right to demand the redemption of their shares, the price and the established procedure for the redemption.

The last time dividend profit was distributed at the end of 2018. (0.11 rubles per 1 share).

The corporate agreement was not provided by the Customer.

6.2.2. Information about the last completed transactions with shares

The shares of CREDIT BANK OF MOSCOW PJSC are listed on the Moscow Stock Exchange. As of the valuation date, the quotation of 1 share was at the level of 6.7-6.8 rubles.

Over the entire period of the Bank's existence, the most significant transactions related to the shares of CREDIT BANK OF MOSCOW PSJC were the following transactions:

- until August 2012, Concern ROSSIUM LLC was the only shareholder of the Bank;
- in August 2012, following the additional offering of shares, the International Finance Corporation (hereinafter referred to as IFC) with a share of 7.5% and the European Bank for Reconstruction and Development (hereinafter referred to as the EBRD) with a share of 7.5% became shareholders;
- in December 2012 IFC transferred part of the shares of RBOF Holding Company I Ltd under the Bank control (hereinafter referred to as RBOF), as a result, the share of IFC amounted to 2.9%, RBOF - 4.6%;
- in September 2013, following the additional offering of shares, the shares were distributed as follows: Concern ROSSIUM LLC - 85%, IFC - 2.67%, RBOF - 4.24%, EBRD - 6.91%, Lamont Elli Corp - 1.18%;
- in October 2013 Lamont Ellie Corp. transferred all its shares: EBRD, RBOF and IFC, as a result the EBRD's share was 7.5%, RBOF - 4.6% and IFC - 2.9%;
- in February 2015, following the additional offering of shares, the shares were distributed as follows: Concern ROSSIUM LLC - 86.2%, EBRD - 6.9%, IFC - 2.7% and RBOF - 4.2%;
- in June 2015 the Bank completed IPO (by additional offering of shares at MOEX Stock Exchange), as a result the shares were distributed as follows: Concern ROSSIUM LLC - 70.02%, EBRD - 5.6%, IFC - 2, 16% and RBOF -3.44%, Region Portfolio Investments LLC TM CEIF DPI Algorithm - 4.55%, Rosgosstrakh LLC - 2.85%, Capital Insurance OJSC - 0.71 %, POWERBOOM INVESTMENTS LIMITED - 1.43%, "MC" Regionfinanceresurs JSC" TM CEIF DPI "Vector of Development" - 4.85%, minority shareholders - 4.39%;
- in December 2015 The Bank completed SPO (by additional offering of shares at MOEX Stock Exchange), as a result the shares were distributed as follows: Concern ROSSIUM LLC - 56.83%, EBRD - 4.54%, IFC - 1, 75% and RBOF -2.79%, Region Portfolio Investments LLC TM CEIF DPI Algorithm - 9.47%, Rosgosstrakh PJSC - 2.31%, Capital Insurance OJSC - 0.58 %, POWERBOOM INVESTMENTS LIMITED - 1.43%, "MC" Regionfinanceresurs JSC" TM CEIF DPI "Vector of Development" - 8.69%, minority shareholders - 10.74%;
- in October 2016 the Bank completed SPO (by additional offering of shares at PJSC "Moscow Exchange"), as a result the shares were distributed as follows: Concern ROSSIUM LLC - 55.65%, MC Regionfinansresurs JSC TM CEIF DPI "Vector of Development" - 8.79%, "IC Algorithm" LLC - 5.85%, the rest - minority shareholders;
- in November 2019 The Bank completed SPO (by additional offering of shares at PJSC "Moscow Exchange"), as a result the shares were distributed as follows: Concern ROSSIUM

LLC - 56.07221%, MC Regionfinansresurs JSC TM CEIF combined "Vector of Development" - 7.473%, "IC Algorithm" LLC - 5.85%, the rest - minority shareholders;

- On November 19, 2020, the eighteenth additional issue of the Bank's shares was registered. Subsequently, the offering procedure of 18 additional share issue began, which had not yet been completed as of the valuation date.

6.2.3. Origin and main activities

CREDIT BANK OF MOSCOW was established in 1992.

The priority area of activity is lending to legal entities.

In 2017, it was included in the list of systemically important credit institutions compiled by the Central Bank of the Russian Federation.

The shares of CREDIT BANK OF MOSCOW PJSC are listed on the Moscow Stock Exchange. As of the valuation date, the quotation of 1 share was at the level of 6.7-6.8 rubles.

Retail

As an effective tool for both attracting new customers and retaining existing ones the existing complex product line allows the bank to successfully compete in all segments of the retail business. CREDIT BANK OF MOSCOW is present in 19 regions, the total number of the bank's offices is 130.

Corporate Business

The main corporate clients of the bank are large Russian businesses: oil producing companies, oil refining, construction.

CREDIT BANK OF MOSCOW is one of the largest Russian banks and is one of the top 10 banks in Russia largely due to high-quality client work in terms of corporate business.

Corporate business is the main direction of the bank's activity which accounts for almost 90% of the loan portfolio.

Investment Banking

The Bank focuses on low-risk transactions with high-quality counterparties with efficient use of capital.

6.2.4. Ranking and market position

The table below shows the Bank's position in the Expert RA rating and.

Table 6.4

Bank in the rating of the largest banks by assets as of 01.04.2021 (Expert RA)

Date	Rating	Assets, mln rub	Share, %
01.04.2017	10	1 305 468,5	-
01.04.2018	7	1.860,022.4	2.326
01.04.2019	7	2,155,275	2.524
01.04.2020	7	2,816,392	2.908
01.04.2021	7	3,112,678	2.899

Source: <https://raexpert.ru/rankingtable/bank/monthly/>

6.2.5. Credit rating

The table below shows the credit rating in various publications and agencies.

Table 6.5

Bank's credit rating

Rating agency	Rate	Estimates	Rating report date
Fitch Ratings	BB	Negative	10.09.2020
S&P Global	BB-	Stable	30.09.2020
Moody's Investors Service	Ba3	Stable	17.11.2020
ACRA (JSC)	A (RU)	Stable	04.03.2021
Expert RA JSC	ruA	Stable	28.04.2020
ESG Ratings	BBB	-	05.04.2021

Rating agency	Rate	Estimates	Rating report date
NCR	A+.ru	Stable	16.12.2020
China Lianche Credit Rating Co	AA+	Stable	13.11.2019

Source: <https://mkb.ru/about/result/rating>

According to the Expert RA press release, a moderately high assessment of market positions is due to the bank's significant competitive positions in the segment of lending and settlement services for large businesses, including strategically important enterprises which confirms the high level of the bank importance at the federal level.

6.2.6. Analysis of the financial and economic performance

The financial statements are presented in accordance with IFRS standards.

Table 6.6

Statement of Financial Position, mln rub

Headings	As of 31.12.2018	As of 31.12.2019	As of 31.12.2020	Balance structure as of 31.12.2018	Balance structure as of 31.12.2019	Balance structure as of 31.12.2020	Relative deviation (2020/2019 y/y), %
Assets							
Cash and cash equivalents	1,162,779	953,645	683,283	54.2%	39.3%	23.4%	-28.4%
Mandatory cash balances with Central Bank of the Russian Federation	13,065	16,944	22,244	0.6%	0.7%	0.8%	31.3%
Deposits with banks and other financial institutions	13,183	348,794	778,837	0.6%	14.4%	26.7%	123.3%
Financial assets held for sale	15,665	38,550	78,816	0.7%	1.6%	2.7%	104.5%
Loans to customers	709,045	788,655	1,009,165	33.0%	32.5%	34.6%	28.0%
loans to corporate clients	617,911	685,372	888,802	87%	87%	88%	29.7%
loans to individuals	91,134	103,283	120,363	13%	13%	12%	16.5%
Investment and financial assets	214,481	258,168	323,365	10.0%	10.7%	11.1%	25.3%
Investment in associates	2,275	2,350	2,446	0.1%	0.1%	0.1%	4.1%
Fixed assets	7,182	9,515	8,950	0.3%	0.4%	0.3%	-5.9%
Deferred tax assets	113	113	120	0.0%	0.0%	0.0%	6.2%
Assets held for sale	-	1,177	999	-	0.0%	0.0%	-15.1%
Other assets	8,139	5,586	8,240	0.4%	0.2%	0.3%	47.5%
Total assets	2,145,927	2,423,497	2,916,465	100.0%	100.0%	100%	203%
Liabilities							
Deposits with the Central Bank of the Russian Federation	-	-	10,041	-	-	0.4%	-
Accounts and deposits with the credit institutions	552,930	677,936	721,682	28.3%	30.6%	26.9%	6.5%
Funds due to customers	1,272,175	1,339,535	1,737,515	65.1%	60.5%	64.8%	29.7%
corporate clients	897,099	853,353	1,235,998	71%	64%	71%	44.8%
individuals	375,076	486,182	501,517	29%	36%	29%	3.2%
Financial liabilities by FVTPL ¹	6,253	9,874	19,330	0.3%	0.4%	0.7%	95.8%
Debt securities issued	105,305	168,549	171,465	5.4%	7.6%	6.4%	1.7%
Deferred tax liabilities	4,248	3,370	5,399	0.2%	0.2%	0.2%	60.2%
Other liabilities	13,843	13,801	16,537	0.7%	0.6%	0.6%	19.8%
Total liabilities	1,954,754	2,213,065	2,681,969	100.0%	100.0%	100.0%	21.2%
Net equity	191,173	210,432	234,496				11.4%
Share capital	27,942	30,692	30,692	14.6%	14.6%	13.1%	0.0%
Capital surplus	46,247	58,210	58,210	24.2%	27.7%	24.8%	0.0%
Perpetual debenture issued	46,691	37,871	41,950	24.4%	18.0%	17.9%	10.8%
Building revaluation surplus	490	407	536	0.3%	0.2%	0.2%	31.7%
Provision for changes in fair value of securities	-1,834	1,146	-1,107	-1.0%	0.5%	-0.5%	-196.6%
Changes in the fair value of a financial liability due to changes in credit risk	-	64	225	-	0.0%	0.1%	251.6%
Currency translation reserve	-	-	-	-	-	-	-
Accumulated surplus	71,637	82,042	103,990	37.5%	39.0%	44.3%	26.8%
Total share capital	191,173	210,432	234,496	100.0%	100.0%	100.0%	11.4%

Source of information: the Client's data, the Appraiser's analysis

Bank assets as of 31.12.2020 amount to 2,916,465 million rubles, including:

- cash and cash equivalents - 23.4% of all assets,
- Deposits with banks and other financial institutions - 26.7%
- Loans to customers - 34.6%

¹ FVTPL - fair value through profit or loss

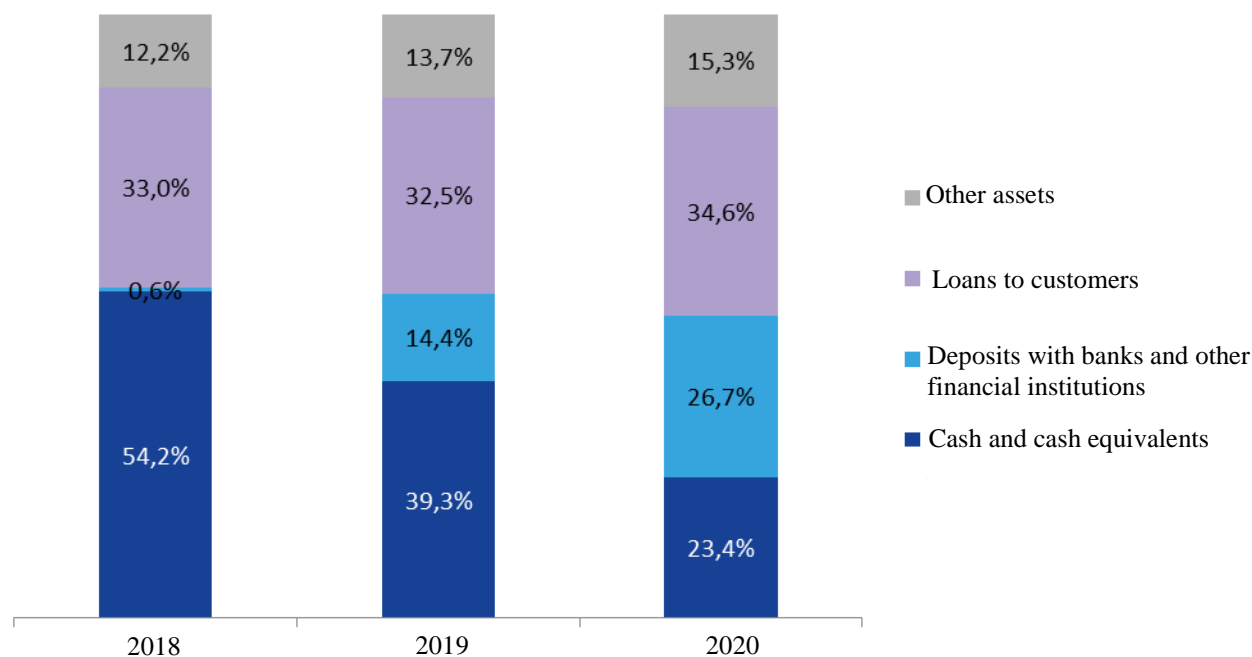
- other assets - 15.3%.

The increase in assets in 2020 compared to 2019 amounted to 20.3%, or 492,968 million rubles. The main increase was due to the growth of deposits with banks and other financial institutions by 123%, or 430,043 million rubles, as well as an increase in loans issued by 28%, or 230,510 million rubles. The share of loans issued to corporate clients in 2020 amounted to 88% of the total volume of loans issued. At the same time, there was a decrease in cash by 28%, or by 270,362 million rubles.

The change dynamics in the structure of the Bank's assets is shown in the diagram below.

Fig. 6.1

Dynamics of changes in the structure of the Bank's assets, RUB mln



Source of information: the Client's data, the Appraiser's analysis

As can be seen from the diagram above, in 2020 there was an increase in the share of deposits with banks and other financial institutions from 14.4% to 26.7% in relation to 2019 and a decrease in the share of cash and cash equivalents from 39.3% to 23.4%.

Liabilities of the Bank as of 31.12.2020 amount to 2,681,969 million rubles, including:

- accounts and deposits of credit institutions - 26.9% of total liabilities,
- accounts due to customers - 64.8%,
- other liabilities - 8.3%

The increase in liabilities in 2020 compared to 2019 amounted to 21.2%, or 492,968 million rubles, or 468,904 million rubles.

Net equity has increased in 2020 compared to 2019 by 11.4%, or by 24,064 million rubles and amounted to 234,496 million rubles.

The Bank's net assets include issued perpetual bonds amounted to RUB 41,950 million in 2020, or 17.9% of net assets.

According to the auditor's report², perpetual subordinated bonds are included in net assets and not in liabilities.

² Auditor's report by an independent auditor - KPMG company.

Profit and loss statement of the assessed Bank, mln rub

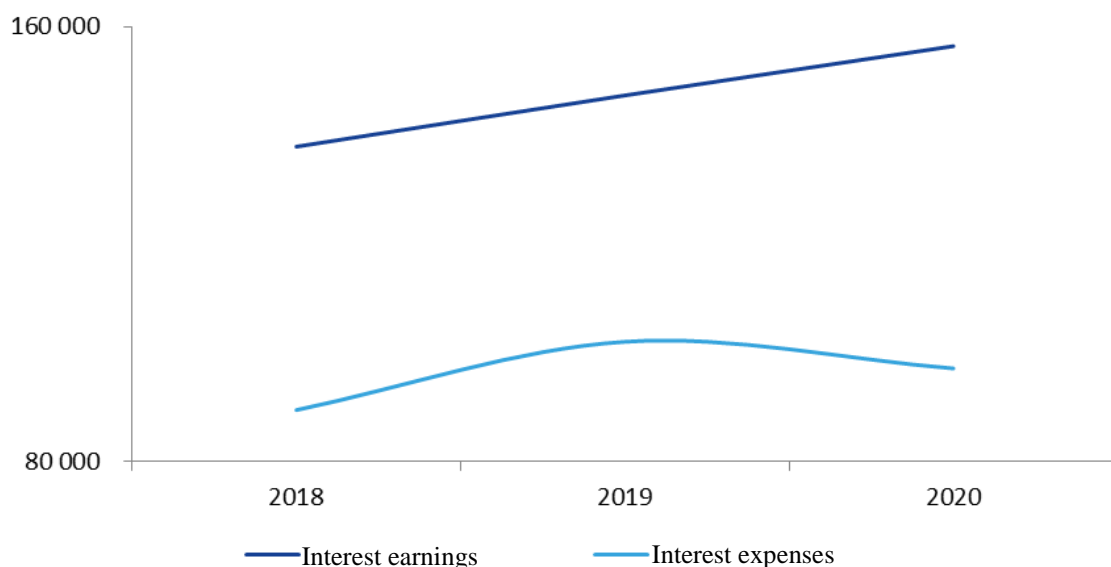
Headings	2018	2019	2020	Relative deviation (2020/2019 y/y), %
Interest earnings	137,933	147,352	156,414	6.1%
Interest expense	-89,518	-102,069	-97,166	-4.8%
Net interest	48,415	45,283	59,248	30.8%
Creation (recovery) of a provision for credit losses on debt financial assets	-2,221	-6,821	-18,908	177.2%
Net interest income incl. provision	46,194	38,462	40,340	4.9%
Fee income	15,829	15,398	19,433	26.2%
Fee and commission expenses	-3,483	-3,864	-3,995	3.4%
Net commission income	12,346	11,534	15,438	33.8%
Net (loss) profit on loans to customers under FVTPL ³	-5,611	-1,590	1,234	-177.6%
Net profit (loss) from operations with financial assets under FVTPL	-189	793	5,226	559.0%
Net loss (profit) from the sale and buyback of investment financial assets under FVOCI ⁴	-251	-272	584	-314.7%
Net profit (loss) from the sale of investment financial assets by amortized cost	0	200	149	-25.5%
Net profit or (loss) from operations with investment financial assets under FVTPL	-	-	2,320	-
Net profit or (loss) on derecognition of financial instruments by depreciable value	-	295	-	-
Net profit (loss) from foreign exchange transactions	2,723	-13,892	-9,822	-30.1%
Net profit from changes in financial liabilities at fair value through profit or loss	0	162	26	-84.0%
Provisions for impairment of other non-financial assets, other financial assets and credit related commitments and other provisions	-2,895	3,318	-133	-104.0%
Contributions to the state deposit insurance system	-1,906	-2,691	-2,154	-20.0%
Income from property lease under operating lease	81	44	42	-4.5%
Net profit on disposal of subsidiaries	637	-	-	-
Other net operating income (expenses)	3,366	-665	5,516	-929.5%
Non-interest income (expense)	8,301	-2,124	18,987	-993.9%
Operating income	54,495	36,338	59,327	63.3%
Staff costs	-12,290	-14,167	-13,892	-2.0%
Administrative expenses	-6,085	-5,155	-6,026	16.9%
Depreciation of property, plant and equipment and right-of-use assets	-1,051	-1,903	-1,898	-0.3%
Operating costs	-19,426	-21,241	-21,241	2.7%
Before-tax profit	35,069	15,113	37,526	148.3%
Income tax	-7,845	-3,156	-7,517	138.2%
Net profit	27,224	11,957	30,009	151.0%

Source of information: the Client's data, the Appraiser's analysis

The Bank's interest income in 2020 amounted to 156,414 million rub., which is 6.1% more than the previous year. Throughout the period under review, the Bank received positive net interest income. In 2020, net interest income increased excluding reserves to 59,248 million rub., or by 30.8% compared to 2019.

³ FVTPL - fair value through profit or loss

⁴ FVOCI - fair value through other comprehensive income for equity and debt instruments.

Dynamics of changes in interest expenses and income of the Bank, mln rub.


Source of information: the Client's data, the Appraiser's analysis

Net fee and commission income amounted to 15,429 million rub. in 2020 which is 33.8% more than the same indicator in 2019. These incomes as part of non-interest income in 2020 (18,987 million rubles) amounted to 81%.

Total net interest income incl. reserves in 2020 (40,340 million rub.) and non-interest income (18,987 million rub.) amounted to 59,327 million rub. This indicator is reflected in the "Operating income". The increase in operating income in 2020 compared to 2019 amounted to 22,989 million rub., or 63.3%. At the same time, operating expenses grew by only 576 million rubles, or 2.7%.

During the period under review, profit before tax and net income are positive. Profitability indicators for 2020 increased in relation to 2019 and approached the indicators of 2018.

The financial ratios of the Bank's performance are shown in the table below.⁵

Table 6.8

Financial ratios of the Bank's

Key indicators		2018	2019	2020	Absolute deviation (2020/2019 y/y), %
NPL 90+/gross loans	Share of loans overdue for more than 90 days	1.6%	3.6%	3.1%	-0.5
NPL coverage ratio	Overdue loan coverage ratio	260.0%	136.6%	154.5%	17.9
COR	Risk cost ratio	1.0%	1.0%	1.8%	0.8
Net Loans / Deposits	Loan portfolio to deposits ratio	55.7%	58.9%	58.1%	-0.8
CAR (Basel III)	Basel III capital adequacy ratio	10.7%	11.9%	12.3%	0.4
H1.0 (N1.0 (RAS))*	Bank's equity (capital) adequacy ratio	20.2%	16.6%	18.3%	1.7
H1.1 (N1.1 (RAS))*	Bank's base capital adequacy ratio	8.2%	8.7%	8.9%	0
ROE	Return on equity	19.9%	7.8%	16.9%	9.1
ROA	Return on assets	1.4%	0.5%	1.1%	0.6
NIM	Net interest margin	2.6%	2.2%	2.3%	0.1
CTI	Operating expense ratio	29.8%	51.6%	28.3%	-23.3

* form 0409813.

Source: data from the Bank official website <https://ir.mkb.ru/investor-relations/reports/ifrs>, <https://ir.mkb.ru/file/ff36ac8e-d37c-4253-91b7-94c1569f9047>

⁵ Financial ratios are published on the official website of the Bank <https://ir.mkb.ru/investor-relations/reports/ifrs>, <https://ir.mkb.ru/file/ff36ac8e-d37c-4253-91b7-94c1569f9047>

Profitability indicators for 2020 increased in relation to 2019 and approached the indicators of 2018.

In 2018-2020 the Bank complied with the mandatory regulations of the Central Bank of the Russian Federation and has sufficient funds of its own to perform the main functions of servicing legal entities and individuals. The Bank has sufficient capital stock. With the rate of H1.1 \geq 4.5, the Bank reached 8.9 in 2020. At the rate of H1.0 \geq 8, the Bank reached 18.3.

6.2.7. Predictive data from an organization running a business

The Bank has developed a Development Strategy, which sets the following goals until 2023:

- growth in key business areas:
 - 10-12% CAGR for corporate loan portfolio;
 - 20-25% CAGR for retail loan portfolio;
 - reaching the top 3 in investment banking products;
- focus on online banking:
 - expansion of cash management and trade finance operations;
 - online banking for entrepreneurs and SMEs;
 - daily operations through CBM Mobile ecosystem;
- high profitability:
 - increase in NIM (Net Interest Margin) to 2.7%;
 - digitalization and operational improvement, accompanied by a CIR (Cost Income Ratio) at the level of 30-35%;
 - maintaining a moderate risk with a risk cost of 1%.

7. ANALYSIS OF THE VALUATION TARGET MARKET, PRICE FACTORS, AND EXTERNAL FACTORS AFFECTING THE VALUE

The table below shows the dynamics of the key indicators of the Russian banking sector.

Table 7.1

Key performance indicators of the Russian banking sector

Indicator	01.01.2016	01.01.2017	01.01.2018	01.01.2019	01.01.2020	01.01.2021
Banking sector assets						
billion rubles	77,474.3	74,093.0	77,961.1	86,232.0	88,796.2	103,841.7
as % of GDP	93.2	86.5	84.9	82.4	80.7	n/d
Equity (capital) of the banking sector						
billion rubles	9,008.6	9,387.0	9,397.3	10,269.3	10,981.1	11,404.6
as % of GDP	10.8	11.0	10.2	9.8	10.0	n/d
in% to the assets of the banking sector	11.6	12.7	12.1	11.9	12.4	11.0
Corporate loans and loans to individuals, including overdue debt						
total, billion rubles	45,644.4	43,715.9	45,993.6	52,912.4	56,654.4	64,803.8
as % of GDP	54.9	51.1	50.1	50.6	51.5	n/d
in% to the assets of the banking sector	58.9	59.0	59.0	61.4	63.8	62.4
corporate loans, including overdue debt	34,960.0	32,912.0	33,819.9	38,011.0	39,003.7	44,760.2
loans to individuals, including overdue debt	10,684.3	10,803.9	12,173.7	14,901.4	17,650.7	20,043.6
Funds (deposits) of individuals						
billion rubles	23,219.1	24,200.3	25,987.4	28,459.5	30,411.9	32,834.2
as % of GDP	27.9	28.3	28.3	27.2	27.8	n/d
in% to banking sector liabilities	30.0	32.7	33.3	33.0	34.2	31.6
in% to the monetary income of the population	43.7	44.5	46.2	48.7	49.2	n/d
Deposits and funds of corporate clients						
billion rubles	27,064.2	24,321.6	24,843.2	28,005.1	28,146.4	34,067.5
as % of GDP	32.6	28.4	27.0	26.8	25.6	n/d
in% to banking sector liabilities	34.9	32.8	31.9	32.5	31.7	32.8

Source of information: data from the Central Bank of the Russian Federation, "Statistical Indicators of the Banking Sector of the Russian Federation" (Express Edition No. 3, 2021)

In 2020, the banking sector managed to go through an acute phase of deterioration in the operating environment without significant losses. Another rather important event for the banking sector was the reduction in the key rate (in 2020, the key rate was reduced 4 times, and one of the reductions was immediately 1 pp) to a historical minimum (4.25%).

A rather important result of 2020 was the understanding of the inevitability of further digitalization of financial services. The popularity of non-cash and remote payments, as well as mobile banking applications has grown significantly.

In 2020 the Russian banking sector has shown generally very high growth rates. The increase in assets in nominal terms was 16.8% and by 11.6% in real terms. For comparison, for the same period in 2015-2019, the growth of assets in real terms did not exceed 6%.

The 11 systemically important banks (with their subsidiaries) together account for over 70% of the banking sector's assets. At the same time, the top 10 in terms of assets includes only 3 banks that are not controlled by the state.

Despite the pandemic caused by Covid-19, the profit of the banking sector in 2020 was at a fairly high level. At the same time, the share of assets of profitable banks is 98% of the total assets of the banking system, i.e. mostly small banks were unprofitable.

8. DESCRIPTION OF THE VALUATION PROCESS IN RESPECT OF THE VALUATION TARGET AS REGARDS TO THE APPLICATION OF THE APPROACHES TO THE VALUATION

8.1. Justification of the chosen used assessment approaches and methods within each of the applied approaches

The valuation of the market value of the Valuation Target can be carried out on the basis of three appraisal approaches: cost, income and comparative.

Followed by analysis, the Appraiser concluded of the possibility to use 100% of the Bank's equity capital, respectively, of the Valuation Target, the cash flow discounting method of the income approach and the comparative approach, to assess the market value of 100% of the Bank's equity capital.

The Appraiser considered it possible to abandon the cost approach, since it does not take into account such significant factors as the profitability of activities and capital, the presence of an approved strategy, risk tolerance, etc.

8.2. Calculation of the market value within the framework of the income approach

8.2.1. Key parameters and assumptions of the model

Given the unique role of debt in financial services companies, the regulations under which they operate, and the difficulties associated with identifying reinvestments, an adapted cash flow discounted equity model should be used to value such companies.

Key equations

The table below lists the main formulas used by the Appraiser.

Table 8.1

<i>Key equations</i>		
Equation name	Market value of net assets	Terminal value, Gordon model
Equation	$V = \sum_{t=1}^{t=n} \frac{CF_i}{(1+R)^t} + \frac{TV}{(1+R)^n}$	$TV = \frac{CF_{1+1}}{R-g} (1+R)^{0,5}$
Formula components	<p>V – Value - Market value of net assets;</p> <p>CF_i — cash flow to the Bank's equity capital in the i forecast year;</p> <p>R – discount rate;</p> <p>TV – Terminal Value means the terminal value (value at the end of the forecast period) of the Bank's equity capital;</p> <p>t – discount period;</p> <p>n – duration of the forecast period</p>	<p>TV_{term} - cost of capital at the end of the forecast period (terminal value);</p> <p>CF_i — cash flow to the Bank's equity capital in the i forecast year;</p> <p>g- growth rate of cash flow in the post-forecast period;</p> <p>(1+R)^{0,5} – adjustment for a straight-line cash flow during the year beyond the forecast period (R is the discount rate)⁶</p>
Equation name	Equity cash flow	Discount rate, capital asset pricing model (CAPM)
Equation	$CF_i = PAT_i - \Delta Eq_i$	$Re = Rf + \beta \times (Rm - Rf) + Rs + Rc + Rv$

⁶ Gordon's model is designed for a model where cash flows are discounted at the end of the year. Since the calculation is made taking into account discounting at the middle of the year, an adjustment is introduced (1+R)^{0,5}. Source: Shannon P. Pratt. Valuing Business.

Formula components	<p>CF_i — cash flow to the Bank's equity capital in the i forecast year;</p> <p>PAT_i — the Bank's net profit in the i forecast year;</p> <p>ΔEq_i — increase in the Bank's equity capital in the i forecast year (the difference between equity at the end and at the beginning of the period).</p>	<p>Re -income on equity rate;</p> <p>Rf - risk-free income rate;</p> <p>β - beta industry ratio;</p> <p>Rm - market average income rate;</p> <p>Rs - country risk premium;</p> <p>Rc - specific risk premium;</p> <p>Rv - company size premium</p>
Equation name	Parity of rates, recalculation of the discount rate from dollar to ruble	
Equation	$R_{RUR} = (1 + R_{USD}) \frac{1 + r_{rur}}{1 + r_{usd}} - 1$	
Formula components	<p>R_{RUR} – discount rate in rubles;</p> <p>R_{USD} – discount rate in US dollars;</p> <p>r_{rur} – the yield on Russian ruble government bonds denominated in rubles;</p> <p>r_{usd} -the yield on RF Eurobonds denominated in US dollars</p>	

Assumptions adopted in the cash flow discounting model:

1. When determining the main input parameters of the calculation model, the Appraiser used the indicators of the Bank's current budgets for 2021-2023, the parameters of the Bank's Development Strategy (dated March 2021), the data of the audited consolidated financial statements for 2018-2020, the financial reporting forms of the credit institution for 2018-2020, as well as comments from representatives of the Bank's management.
2. Due to the fact that the valuation date in this Report does not correspond to the date the official financial statements of the Bank are executed, and its shares are the Valuation Target, and the Bank does not have the technical ability to prepare interim reports, the valuation will be carried out on the basis of the consolidated financial statements prepared as of 31.12.2020 according to IFRS standards.
3. When predicting the total amount of equity capital, the Appraiser checked whether the capital adequacy requirements were met taking into account surcharges, as well as whether profit distribution was possible (in accordance with the Instruction of the Bank of Russia No. 199-I dated November 29, 2019 "On mandatory ratios and surcharges to capital adequacy of banks with a universal license"). The audit was carried out by calculating the values of quasi-indicators that conditionally correspond to the values of the standards of adequacy of base (H1.1) and fixed capital (H1.2) and risk-weighted assets (RWA).
4. It should be noted that the Appraiser did not include in the calculations the possible effect of the planned placement of the Bank's ordinary shares in the amount of the additional issue (the issue of 3.6 billion ordinary shares with a par value of RUB 1 per share, registered on November 19, 2020 under No. 10101978B).
5. The calculation model takes into account the trends that prevail in the macroeconomic environment and in the banking sector of the Russian Federation. To predict the parameters for 2021-2026, The Appraiser used the available industry data (historical and estimates) of the Central Bank of the Russian Federation and independent analytical agencies concerning the growth rates of loans and customer funds, as well as the money market rates.
6. It should be noted that as of the assessment date, it is impossible to fully reliably assess the impact of the COVID-19 virus on the performance of the economy in general and the banking sector in particular. It should be noted that there is a high probability that the possible deviation of the actual results from the predicted ones may turn out to be significantly greater than usual.

Estimates of macroeconomic and sectoral parameters

The Appraiser was guided in these calculations by the following macro and industry assumptions.

Table 8.2

Estimated macroeconomic and sectoral indicators, %

Indicator	Notes	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Initial indicators for the estimates:													
Inflation, average per year		-	7.0	3.7	2.9	4.5	3.4	5.4-5.8	4.0-4.2	4.0	-	-	-
Key rate, average per year	Mid-term estimates of the Bank of Russia based on the results of the meeting of the Board of Directors at the key rate dated April 23, 2021	-	-	-	7.4	7.3	5.0	4.8-5.4	5.3-6.3	5.0-6.0	-	-	-
Loans to legal entities, growth rate		-	-	-	10.5	1.2	10.2	8-12	7-11	6-10	-	-	-
Loans to the population, growth rate		-	-	-	22.4	18.4	12.9	15-19	12-16	10-14	-	-	-
Interbank loans provided, growth rate	ACRA Review "The banking system is stable, but questions remain. The Russian banking sector: estimates up to 2022" dated 08.12.2020	-	-	7.8	-4.8	-4.0	8.4	5.0	4.0	-	-	-	-
Funds of legal entities, growth rate		-	-	-	18.7	2.1	23.3	15.3	13.7	-	-	-	-
Funds of individuals, growth rate		-	-	-	9.5	7.3	8.0	7.2	7.5	-	-	-	-
Loans to individuals, average interest rate for the period		19.4	17.0	14.8	13.0	13.0	11.1	-	-	-	-	-	-
Loans to non-financial organizations, average interest rate for the period		15.0	13.0	10.7	8.9	9.3	7.6	-	-	-	-	-	-
Individual deposits, average interest rate for the period	Bank of Russia analytics	10.2	8.4	6.9	6.2	6.5	4.6	-	-	-	-	-	-
Deposits of non-financial organizations, average interest rate for the period		11.7	9.9	8.4	6.4	6.5	4.8	-	-	-	-	-	-
Individual deposits up to 1 year, average interest rate for the period		9.2	7.0	5.9	5.4	5.4	3.8	-	-	-	-	-	-
USD rate USA	Medium-term estimates of the Ministry of Economic Development of the Russian Federation dated April 24, 2021	-	-	-	-	-	-	73.28	71.77	72.56	73.61	-	-
Five-year zero-coupon FLB rate	ACRA Review "Structural and market factors of economic growth in Russia. Economy of the Russian Federation: updating the estimates until 2024" dated November 19, 2020	-	8.3	7.2	8.5	6.1	5.4	5.8	6.0	5.5	5.5	-	-
Growth rates (Average market value estimates):													
Loans to non-financial organizations	For 2021-2023 - the average (for each period) according to the estimates of the Central Bank of the Russian Federation, for 2024-2026 - taking into account the decline rate at the level of CAGR 2020-2023	-	-	-	10.5	1.2	10.2	10.0	9.0	8.0	7.4	6.8	6.3
CAGR 2020-2023		-	-	-	-	-	-	-	-	-7.8	-	-	-
Loans to the population		-	-	-	22.4	18.4	12.9	17.0	14.0	12.0	11.7	11.4	11.2
CAGR 2020-2023		-	-	-	-	-	-	-	-	-2.4	-	-	-
Organizational funds		-	-	-	18.7	2.1	23.3	15.3	13.7	12.7	11.7	10.8	10.0
CAGR 2018-2022	For 2021-2022 - according to ACRA estimates, for 2023-2026 - taking into account the decline rate at the CAGR level for 2018-2022	-	-	-	-	-	-	-	-7.5	-	-	-	-
Funds of individuals		-	-	-	9.5	7.3	8.0	7.2	7.5	7.1	6.7	6.3	5.9
CAGR 2018-2022		-	-	-	-	-	-	-	-5.7	-	-	-	-
Interbank loans provided	For 2021-2022 - according to ACRA estimates, for 2023-2026 - taking into account the decline rate at the CAGR level for 2017-2022	-	-	-	-4.8	-4.0	8.4	5.0	4.0	3.5	3.1	2.7	2.3
CAGR 2017-2022		-	-	-	-	-	-	-	-12.5	-	-	-	-

Indicator	Notes	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Interest rates (Average market value estimates)*:													
Net interest spread, organizations		3.3	3.2	2.2	2.6	2.9	2.8	2.7	2.6	2.5	2.4	2.3	2.2
CAGR 2015-2020	For 2021-2026 - taking into account the decline rate at the CAGR level for 2015-2020	-	-	-	-	-	-3.6	-	-	-	-	-	-
Net interest spread, individuals		9.2	8.6	7.8	6.8	6.5	6.5	6.1	5.7	5.3	4.9	4.6	4.3
CAGR 2015-2020		-	-	-	-	-	-6.7	-	-	-	-	-	-
Inflation premium, corporate deposits		-	2.8	4.7	3.5	2.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Inflation premium, deposits of individuals	For 2021-2026, the premium is fixed at the 2020 level	-	1.4	3.3	3.3	2.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Inflation premium, deposits of individuals up to 1 year		-	-0.1	2.2	2.5	0.9	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Loans to non-financial organizations	For 2021-2026 - the sum of the deposit rate and net interest spread	-	13.0	10.7	8.9	9.3	7.6	9.7	8.1	7.9	7.8	7.7	7.6
Loans to the population		-	17.0	14.8	13.0	13.0	11.1	12.9	11.0	10.5	10.1	9.8	9.5
Organizations' deposits	For 2021-2026 - the sum of the inflation premium and the rate of expected inflation	-	9.9	8.4	6.4	6.5	4.8	7.0	5.5	5.4	5.4	5.4	5.4
Deposits of individuals up to 1 year		-	7.0	5.9	5.4	5.4	3.8	6.0	4.5	4.4	4.4	4.4	4.4
FLB rate	For 2021-2024 - according to ACRA estimates, for 2025-2026 - taking into account the decline rate at the CAGR level for 2019-2024	-	8.3	7.2	8.5	6.1	5.4	5.8	6.0	5.5	5.5	5.4	5.3
CAGR 2019-2024		-	-	-	-	-	-	-	-	-	-2.0	-	-
Macro indicators (Appraiser estimates):													
Key rate	Average (for each period) according to the estimates of the Central Bank of the Russian Federation, for 2024-2026 - at the level of 2023	-	-	-	-	-	-	5.1	5.8	5.5	5.5	5.5	5.5
Inflation in the RF, average annual		-	-	-	-	-	-	5.6	4.1	4.0	4.0	4.0	4.0
USD rate USA	For 2021-2024 - at the estimates level of the Ministry of Economic Development of the Russian Federation, for 2025-2026 - fixed at the level of 2024	-	-	-	-	-	-	73.28	71.77	72.56	73.61	73.61	73.61
The rate of decline / deceleration of growth - CALCULATION:													
Loans to non-financial organizations		-	-	-	-	-	-	-	-	-	-7.8	-7.8	-7.8
Loans to the population		-	-	-	-	-	-	-	-	-	-2.4	-2.4	-2.4
Organizations' deposits		-	-	-	-	-	-	-	-	-	-7.5	-7.5	-7.5
Deposits of individuals		-	-	-	-	-	-	-	-	-	-5.7	-5.7	-5.7
Interbank loans provided		-	-	-	-	-	-	-	-	-	-12.5	-12.5	-12.5
Rate of change in interest rates - CALCULATION:													
Loans to non-financial organizations		-	-	-	-	-	-	-	-	-	-1.1	-1.1	-1.1
Loans to the population		-	-	-	-	-	-	-	-	-	-3.4	-3.3	-3.2
Organizations' deposits		-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Deposits of individuals up to 1 year**		-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
FLB rate		-	-	-	-	-	-	-	-	-	0.0	-2.0	-2.0

* Unless otherwise stated, interest rates assume maturities over 1 year.

** Average term on Bank's deposits of individuals is 9 months.

Sources: analytical materials by ACRA, the Bank of Russia, the Ministry of Economic Development of the Russian Federation, the Appraiser's analysis

8.2.2. Key trends and estimates for the Bank and the market as a whole

It should be noted a number of important trends in the development of CREDIT BANK OF MOSCOW and the entire banking sector as a whole in fact and for the coming years:

1. Even against the backdrop of a deteriorating operating environment the banking sector demonstrates a noticeable increase in assets while maintaining profitability of operations. Some recovery in economic activity will stimulate further growth in banking assets.
2. A feature of credit institutions in general, and CREDIT BANK OF MOSCOW PJSC in particular, is a significant increase in FLB investments. To a large extent, the source of funds for such investments is funds from various government agencies, as well as funds attracted by credit institutions through REPO mechanisms. As planned, the structure of investments of CREDIT BANK OF MOSCOW will generally remain intact, the banking sector will continue to fund FLB portfolios at stable rates.
3. Bank lending activity is expected to be relatively high, while the quality of new loans will remain stable.
4. The main driver of growth in retail lending, both for CREDIT BANK OF MOSCOW PJSC and for the sector as a whole, will be active issuance of mortgage loans. The growth observed in this segment is based on fundamental prerequisites and is relatively safe for the banking system.
5. Corporate lending (both for CREDIT BANK OF MOSCOW PJSC and for the sector as a whole) in 2020 outpaced retail in terms of growth, but this trend will not continue (analysts' expectations and plans for CREDIT BANK OF MOSCOW PJSC). In part, growth in this segment will be supported by active lending to SMEs which is largely stimulated by government support programs and interest rate subsidies. For CREDIT BANK OF MOSCOW PJSC, the main growth drivers will be companies in the development sector.
6. The growth of commission income of CREDIT BANK OF MOSCOW PJSC will be provided mainly by subsidiaries, including INKAHRAN-SERVICE LLC. Subsidiaries are actively increasing the volume of activities, incl. as a result of participation in the system of public procurement and tenders. In addition, the budgets include the planned indicators of the Vesta investment company (LLC) acquired in 2020. In general, the largest banks are actively seeking to increase the income of the transactional business to the level of full coverage of their operating expenses by net fee and commission income, which is actually achieved by 60% or more only in TOP-20 banks (60-70% - in CREDIT BANK OF MOSCOW PJSC").
7. The profitability and capitalization of banks in 2021 will be affected by the "deferred" need to add additional provisions for the loan portfolio. It is estimated that the volume of "deferred" reservation in the system may exceed 1.5 trillion rub. The addition of provisions will lead to a decrease in ROE and capital adequacy, at the same time, a deterioration in operating efficiency is expected.
8. Banks' ability to maintain margins will decline. This will be partly due to an increase in the share of loans issued at new low interest rates, and partly from competition in the industry that leads to the need to cap loan rates.
9. The largest amount (about 90%) of funds attracted by the Bank from individuals has a maturity of less than 1 year - from 6 to 12 months, about 9 months on average in the portfolio. At the same time, the loan portfolio for the retail segment is characterized by terms of more than 1 year that is about 90% of loans (a significant part is mortgage lending and consumer loans for a period of more than 1 year). Deposits and loans in the corporate segment are distributed in a different way: 40-45% of deposits and about 65% of loans are placed for long periods.
10. The importance of bonds as a source of funding will grow (analysts' expectations and plans for CREDIT BANK OF MOSCOW). This will be facilitated by both a decrease in rates in the economy and the arrival of new investors on the securities market who are ready to accept certain risks in

exchange for additional income. In addition, the role of mortgage-backed securities may increase, which will become a source of funding for the growing mortgage lending market and an instrument for placing funds.

11. The banks' positions in terms of capital and liquidity remain stable. In the planning period, the CREDIT BANK OF MOSCOW is characterized by the preservation of stable capital adequacy ratios.
12. Arrears are expected to grow, primarily in 2021. The large-scale restructuring of loans carried out by banks makes it possible to postpone but not avoid the realization of risks associated with a decrease in the solvency of borrowers in 2020. Cost of Risk (CoR) will increase in 2021 (analysts' expectations and plans for CREDIT BANK OF MOSCOW).
13. CREDIT BANK OF MOSCOW PJSC plans significant personnel costs in 2021 and beyond to cover the need for digitalization and the development of information technologies. Research by the consulting company Accenture (2019) confirmed a direct correlation between the level of digital maturity and the profitability of banks. What's more, the performance gap between tech leaders and banks lagging behind in the digital race is widening.

8.2.3. Estimates of the main forms of the Bank's financial statements

The forecast of the main forms of the Bank's reporting is constructed by the Appraiser as follows:

1. Indicators for 2021-2023 are accepted according to the budgets provided by the Customer. Exceptions available:
 - the equity capital forecast was fulfilled without taking into account the placement of an additional issue of shares and an increase in capital;
 - the forecast for the cost of perpetual subordinated bonds (in equity) takes into account (from 2022) an adjustment for changes in the exchange rate;
 - the forecast of funds of credit institutions (including repo) was compiled by the Appraiser in the last turn, this item was selected as a balancing one;
 - the forecast of retained earnings is made taking into account the profit of the reporting period and the amount of the remainder of the retained earnings of the previous period;
 - the rates included in the Bank's budgets were used as the interest rate for funds of credit institutions, as well as the income tax rate.
2. Indicators for 2024-2026 are predicted taking into account the average industry and macroeconomic parameters calculated by the Appraiser (see subparagraph above), in particular:
 - the rate of change in the gross loan portfolio and attracted funds of non-financial, credit organizations and the population were taken with the rates of decrease / deceleration of the growth of the previous year calculated by the Appraiser above (based on the average market parameters);
 - the rate of change of such balance sheet items as cash on hand and cash at correspondent accounts with the Central Bank of the Russian Federation, issued debt securities, etc. adopted at the level of growth rates of the Bank's loan portfolio as predicted by the Appraiser;
 - the rate of change in interest rates (from the level of the previous period) is taken at the level predicted by the Appraiser in the subparagraph above (based on average market parameters).

The procedure for estimating the items of the balance sheet and the profit and loss statement of the Bank for the period 2021-2026 is presented in the tables below.

Table 8.3

The procedure for estimating the items of the Bank's balance sheet for 2021-2026

Item	Estimates for 2021-2023	Estimates for 2024-2026
ASSETS		
Cash and cash equivalents		
cash	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
correspondent account with the Central Bank	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Nostro accounts with other banks	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
deposits with credit and other financial institutions with a maturity of less than 1 month (incl. reverse REPO)	at the budgets level	taking into account the rate of growth deceleration - provided by interbank loans in the banking system as a whole
Mandatory cash balances with Central Bank of the Russian Federation	at the budgets level	as a percentage of customer funds - individuals at the relative level of 2023
Deposits with credit and other financial institutions, requirements for reverse repo transactions	at the budgets level	taking into account the rate of growth deceleration - provided by interbank loans in the banking system as a whole
Loans, gross portfolio		
corporate	at the budgets level	taking into account the rate of growth deceleration - loans in the banking system as a whole
retail	at the budgets level	taking into account the rate of growth deceleration - loans in the banking system as a whole
Loans to corporate clients		
loans by amortized cost, gross	at the budgets level	as a residual
loan provisions at amortized cost	at the budgets level	as a percentage of gross loans at the relative level of 2023
loans at fair value, gross	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
impairment of loans at fair value	at the budgets level	as a percentage of gross loans at the relative level of 2023
Loans to retail customers		
loans by amortized cost, gross	at the budgets level	as a residual
loan provisions at amortized cost	at the budgets level	as a percentage of gross loans at the relative level of 2023
loans at fair value, gross	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
impairment of loans at fair value	at the budgets level	as a percentage of gross loans at the relative level of 2023
Investments in securities	at the budgets level	as a percentage of customer funds at the relative level of 2023
Fixed assets	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Other assets	at the budgets level	at the level of the last fiscal year
LIABILITIES		
Funds of credit institutions		
Deposits with the Central Bank of the Russian Federation	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
funds of credit institutions (incl. REPO)	balancing item of liabilities. The estimates of this item was based on the assumption that the entire shortfall of funds after the issuance of loans and maintaining the required level of highly liquid and other assets will be covered by REPO and interbank lending.	
Funds of clients		
corporate clients	at the budgets level	taking into account the rate of growth deceleration - deposits in the banking system as a whole
individuals	at the budgets level	taking into account the rate of growth deceleration - deposits in the banking system as a whole
Debt securities issued		
debt securities issued	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
debt securities at fair value	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Other liabilities	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Share capital	by fact, without increasing	by fact
Capital surplus	by fact, without increasing	by fact
Perpetual debenture issued	since 2022 with revaluation	with revaluation (exchange rate adjustment), no redemptions are estimated
Revaluation of assets for sale and tangible assets	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Provisions	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Accumulated surplus	the indicator was estimated on the assumption that the Bank's net profit will be used for capital replenishment in the amount necessary and sufficient to meet the equity capital requirements	

Source: analysis and estimates of the Appraiser Procedure for estimating the Bank's balance sheet items for 2021-2026.

Table 8.4

The procedure for estimating the items of the financial statement for 2021-2026.

Item	Estimates for 2021-2023	Estimates for 2024-2026
Net interest		
Interest earning		
loans to corporate clients	at the budgets level	with the rate of change in the average market interest rate on loans
loans to individuals	at the budgets level	with the rate of change in the average market interest rate on loans
Income from debt securities	at the budgets level	with the rate of change in the average market interest rate on FLB
Income from funds in credit institutions	at the budgets level	with the rate of change in the average market interest rate on FLB

Item	Estimates for 2021-2023	Estimates for 2024-2026
Interest expense		
Funds of corporate clients	at the budgets level	with the rate of change in the average market interest rate on deposits
Funds of individuals	at the budgets level	with the rate of change in the average market interest rate on deposits
Funds of credit institutions	at the rate budgeted	with the rate of change in the average market interest rate on FLB
Debt securities issued	at the budgets level	with the rate of change in the average market interest rate on FLB
Leasing obligations	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Net commission income	at the budgets level	the indicator was estimated as a percentage of interest-earning assets - at the relative level of 2023
Provision costs	at the budgets level	the indicator was estimated as a percentage of the average for the period of the gross portfolio of loans to customers - at the relative level of 2023
Result from transactions with securities	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Result from foreign exchange transactions	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Contributions to the state deposit insurance system	at the budgets level	0.1% per quarter of deposits of individuals
Other net operating income (expenses)	at the budgets level	taking into account the growth rate of the Bank's loan portfolio
Non-interest income (expense)	at the budgets level	
Operating costs	at the budgets level	from the level of operating profit before deduction of provisions and administrative expenses
Before-tax profit		
Income tax	budget rate	margin rate
Net profit		

Source: analysis and estimates of the Appraiser Procedure for estimating the items of financial statement for 2021-2026.

Table 8.5

Estimates of the Bank's balance sheet, mln rub

Indicator	ACTUAL	ESTIMATES							
	2018	2019	2020	2021	2022	2023	2024	2025	2026
ASSETS									
Cash and cash equivalents	1,162,779	953,645	683,283	549,427	562,499	569,303	592,357	614,323	635,300
cash	18,655	17,478	18,969	12,039	13,554	15,069	16,155	17,265	18,400
correspondent account with the Central Bank	56,103	85,001	82,776	97,721	97,721	97,721	104,764	111,963	119,325
Nostro accounts with other banks	14,265	11,432	15,676	22,685	22,771	22,824	24,469	26,150	27,870
deposits with credit and other financial institutions with a maturity of less than 1 month (incl. reverse REPO)	1,075,054	841,311	566,536	416,981	428,452	433,688	446,969	458,945	469,705
loan provisions at amortized cost	-1 298	-1 577	-674	0	0	0	0	0	0
Mandatory cash balances with Central Bank of the Russian Federation	13,065	16,944	22,244	24,586	24,529	24,659	26,356	28,066	29,782
Deposits with credit and other financial institutions, requirements for reverse repo transactions	13,183	348,794	778,837	932,555	912,095	930,781	959,284	984,987	1,008,080
Loans, total	709,045	788,655	1,009,165	1,205,797	1,399,912	1,493,839	1,601,499	1,711,540	1,824,086
Loans, gross portfolio	740,131	829,195	1,059,139	1,265,005	1,478,061	1,591,339	1,707,356	1,826,199	1,948,024
corporate	643,529	719,354	925,838	1,103,970	1,258,349	1,337,736	1,415,566	1,491,519	1,565,321
retail	96,602	109,841	133,301	161,036	219,712	253,603	291,790	334,680	382,703
Loans to corporate clients	617,911	685,372	888,802	1,060,967	1,202,343	1,269,300	1,343,149	1,415,215	1,485,242
loans by amortized cost, gross	580,146	642,179	840,675	1,018,496	1,172,875	1,252,262	1,325,120	1,396,219	1,465,305
loan provisions at amortized cost	-25,618	-33,323	-37,036	-43,598	-56,006	-68,436	-72,463	-76,004	-80,901
loans at fair value, gross	63,383	77,175	85,163	89,026	89,026	89,026	94,206	99,260	104,172
impairment of loans at fair value	0	0	0	-3,552	-3,552	-3,552	-3 759	-3 960	-4,318
Loans to retail customers	91,134	103,283	120,363	144,830	197,570	224,540	258,350	296,325	338,845
loans by amortized cost, gross	96,602	109,841	131,625	158,576	216,219	249,763	287,372	329,613	376,909
loan provisions at amortized cost	-5 468	-6,558	-12,938	-16,617	-22,142	-29,099	-33,323	-38,355	-43,598
loans at fair value, gross	0	0	1,676	2,460	3,493	3,840	4,418	5,067	5,794
impairment of loans at fair value	0	0	0	0	0	0	0	0	0
Investments in securities	230,146	296,718	402,181	399,005	389,466	391,103	418,256	445,310	472,147
Financial assets held for trade	15,665	38,550	78,816	64,687	63,074	63,167	0	0	0
investment and financial assets	214,481	258,168	323,365	334,318	326,392	327,936	0	0	0
Fixed assets	7,182	9,515	8,950	16,176	16,234	16,429	17,614	18,824	20,062
Other assets	10,527	9,226	11,805	15,114	17,525	17,879	17,879	17,879	17,879
investment in associates	2,275	2,350	2,446	2,446	2,446	2,446	2,446	2,446	2,446
assets held for sale	0	1,177	999	0	0	0	0	0	0
Deferred tax and other assets	8,252	5,699	8,360	12,668	15,079	15,433	15,433	15,433	15,433
Total assets	2,145,927	2,423,497	2,916,465	3,142,660	3,322,260	3,443,994	3,633,245	3,820,929	4,007,335
LIABILITIES									
Funds of credit institutions	552,930	677,936	731,723	1,125,437	1,092,002	1,074,094	1,105,999	1,136,616	1,166,071
Deposits with the Central Bank of the Russian Federation	0	0	10,041	0	0	0	0	0	0
funds of credit institutions (incl. REPO)	552,930	677,936	721,682	1,125,437	1,092,002	1,074,094	1,105,999	1,136,616	1,166,071
Funds of clients	1,272,175	1,339,535	1,737,515	1,495,115	1,671,314	1,795,867	1,920,549	2,044,774	2,168,005
corporate clients	897,099	853,353	1,235,998	961,075	1,043,144	1,121,838	1,200,135	1,277,628	1,353,952

Indicator	ACTUAL			ESTIMATES					
	2018	2019	2020	2021	2022	2023	2024	2025	2026
individuals	375,076	486,182	501,517	534,039	628,169	674,029	720,414	767,146	814,053
Debt securities issued	111,634	178,423	190,795	233,830	256,034	256,034	274,486	293,346	312,636
debt securities issued	105,305	168,549	171,465	222,931	245,135	245,135	262,801	280,859	299,327
debt securities at fair value	6,329	9,874	19,330	10,899	10,899	10,899	11,684	12,487	13,308
Other liabilities	18,015	17,171	21,936	40,264	41,349	43,610	46,753	49,966	53,251
provision for credit related commitments	4,758	1,974	1,583	2,291	2,291	2,291	2,456	2,625	2,797
obligations to staff	1,413	1,869	2,416	1,815	1,815	1,815	1,946	2,080	2,216
leasing obligations	0	2,762	2,920	7,388	7,388	7,388	7,920	8,464	9,021
current tax liabilities	208	3,104	392	2,960	2,960	2,960	3,173	3,391	3,614
other financial liabilities	4,176	1,139	5,208	9,868	9,868	9,868	10,579	11,306	12,050
deferred tax liabilities	4,248	3,370	5,399	0	0	0	0	0	0
other liabilities	3,212	2,953	4,018	15,942	17,027	19,289	20,679	22,100	23,553
Total liabilities	1,954,754	2,213,065	2,681,969	2,894,646	3,060,698	3,169,606	3,347,787	3,524,702	3,699,963
Share capital	27,942	30,692	30,692	30,692	30,692	30,692	30,692	30,692	30,692
Capital surplus	46,247	58,210	58,210	58,210	58,210	58,210	58,210	58,210	58,210
Perpetual debenture issued	46,691	37,871	41,950	41,951	43,754	44,182	44,751	44,751	44,751
Revaluation of assets for sale and tangible assets	490	407	536	0	0	0	0	0	0
Provisions	-1,834	1,210	-882	0	0	0	0	0	0
Accumulated surplus	71,637	82,042	103,990	117,162	128,905	141,304	151,805	162,574	173,719
Total share capital	191,173	210,432	234,496	248,015	261,561	274,388	285,458	296,227	307,372
Total liabilities and share capital	2,145,927	2,423,497	2,916,465	3,142,660	3,322,260	3,443,994	3,633,245	3,820,929	4,007,335
EXTRA RATIOS									
Cash / Total assets	0.9%	0.7%	0.7%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
Correspondent account with the Central Bank / Total assets	2.6%	3.5%	2.8%	3.1%	2.9%	2.8%	2.9%	2.9%	3.0%
Legal reserve / Total assets	0.6%	0.7%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
Legal reserve / Funds of individuals	3.5%	3.5%	4.4%	4.6%	3.9%	3.7%	3.7%	3.7%	3.7%
Growth rates:									
Loans, total	-7.8%	11.2%	28.0%	19.5%	16.1%	6.7%	7.2%	6.9%	6.6%
Loans, gross portfolio	-9.6%	12.0%	27.7%	19.4%	16.8%	7.7%	7.3%	7.0%	6.7%
corporate	-12.0%	11.8%	28.7%	19.2%	14.0%	6.3%	5.8%	5.4%	4.9%
retail	10.1%	13.7%	21.4%	20.8%	36.4%	15.4%	15.1%	14.7%	14.3%
3Y CAGR corporate	-	-	8.2%	-	-	13.1%	-	-	5.4%
3Y CAGR retail	-	-	15.0%	-	-	23.9%	-	-	14.7%
6Y CAGR corporate	-	-	0.0%	-	-	0.0%	-	-	9.1%
6Y CAGR retail	-	-	0.0%	-	-	0.0%	-	-	19.2%
Growth rates:									
Funds of clients	35.1%	5.3%	29.7%	-14.0%	11.8%	7.5%	6.9%	6.5%	6.0%
Corporate	37.9%	-4.9%	44.8%	-22.2%	8.5%	7.5%	7.0%	6.5%	6.0%
Retail	28.8%	29.6%	3.2%	6.5%	17.6%	7.3%	6.9%	6.5%	6.1%
3Y CAGR corporate	-	-	23.9%	-	-	-3.2%	-	-	6.5%
3Y CAGR retail	-	-	19.9%	-	-	10.4%	-	-	6.5%
6Y CAGR corporate	-	-	0.0%	-	-	0.0%	-	-	1.5%
6Y CAGR individuals	-	-	0.0%	-	-	0.0%	-	-	8.4%

Indicator	ACTUAL			ESTIMATES					
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Legal lending provisions / Legal lending volume	-4.4%	-5.3%	-4.4%	-4.2%	-4.8%	-5.5%	-5.5%	-5.5%	-5.5%
Provisions for loans for individuals/ volume of loans for individuals	-5.7%	-6.0%	-9.8%	-10.2%	-10.2%	-11.6%	-11.6%	-11.6%	-11.6%
Investments in securities / Client funds	18.1%	22.2%	23.1%	26.7%	23.3%	21.8%	21.8%	21.8%	21.8%
Due from other banks, growth rate									
current	29,7%	-21.7%	-32.7%	-26.4%	2.8%	1.2%	3.1%	2.7%	2.3%
intermediate	-19.5%	2545.8%	123.3%	19.7%	-2.2%	2.0%	3.1%	2.7%	2.3%

Source of information: the Client's data, the Appraiser's calculations

Table 8.6

Estimates of financial results, mln rub

Indicator	ACTUAL			ESTIMATES					
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net interest	48,415	45,283	59,248	71,826	76,285	85,295	89,826	93,826	97,707
Interest earning	137,933	147,352	156,414	160,363	169,825	179,901	188,046	195,950	203,681
loans to corporate clients	55,128	50,298	53,566	59,125	65,998	72,279	75,536	78,879	82,054
loans to individuals	13,784	15,307	15,701	17,442	21,736	24,511	27,086	30,090	33,366
Income from debt securities	10,935	14,789	21,042	23,346	23,351	23,354	24,215	25,307	26,336
Income from funds in credit institutions	58,086	66,958	66,153	60,451	58,740	59,757	61,209	61,674	61,926
Interest expense	-89,518	-102,069	-97,166	-88,537	-93,539	-94,605	-98,220	-102,124	-105,974
Funds of corporate clients	-27,935	-39,411	-33,323	-22,489	-21,241	-23,083	-24,757	-26,418	-28,601
Funds of individuals	-20,701	-27,705	-27,187	-21,241	-21,241	-22,868	-24,488	-26,123	-27,768
Funds of credit institutions	-32,730	-25,260	-24,794	-28,601	-33,323	-32,730	-32,730	-32,730	-32,730
Debt securities issued	-8,883	-9,822	-11,124	-16,617	-15,870	-15,320	-15,872	-16,617	-17,669
Leasing obligations	-7	-259	-225	-542	-548	-548	-588	-628	-670
Net commission income	12,346	11,534	15,438	15,883	21,757	28,122	29,676	31,219	32,752
Fee and commission income	15,829	15,398	19,433	20,122	27,740	34,612	0	0	0
Fee and commission expenses	-3,483	-3,864	-3,995	-4,318	-5,983	-6,490	0	0	0
Provision costs	-10,727	-5,093	-17,669	-14,419	-14,763	-15,162	-17,669	-18,515	-19,776
Result from transactions with securities	-440	1,178	8,305	-1,172	-807	-807	-865	-925	-985
Result from foreign exchange transactions	2,723	-13,892	-9,822	-9,822	-5,698	-5,805	-6,224	-6,651	-7,089
Contributions to the state deposit insurance system	-1,906	-2,691	-2,154	-2,042	-2,479	-2,772	-2,882	-3,069	-3,256
Other income (expense)	4,084	-621	5,558	-608	-599	-648	-695	-742	-791
Operating costs	-19,426	-21,241	-21,241	-28,601	-32,730	-36,432	-38,875	-40,597	-42,269
Staff costs	-12,290	-14,167	-13,892	-19,012	-21,241	-23,801	0	0	0
Administrative expenses	-6,085	-5,155	-6,026	-7,350	-8,883	-9,822	0	0	0
Depreciation of property, plant and equipment and right-of-use assets	-1,051	-1,903	-1,898	-2,550	-2,930	-3,019	0	0	0
Before-tax profit	35,069	15,113	37,526	30,926	40,807	51,791	52,678	54,546	56,294
Income tax	-7,845	-3,156	-7,517	-6,185	-9,822	-11,124	-10,536	-10,909	-11,124
Net profit	27,224	11,957	30,009	24,740	31,279	40,349	42,142	43,637	45,035
EXTRA RATIOS									
Interest income / net loan debt									
total	9.3%	8.8%	7.7%	6.3%	6.7%	6.7%	6.6%	6.6%	6.5%

Indicator	ACTUAL			ESTIMATES					
	2018	2019	2020	2021	2022	2023	2024	2025	2026
corporate	5.8%	0.0%	0.0%	5.6%	5.8%	5.8%	5.8%	5.7%	5.7%
individuals	11.6%	0.0%	0.0%	12.0%	12.7%	11.6%	11.2%	10.8%	10.5%
Interest income / investment in securities	5.9%	5.6%	6.0%	5.8%	5.9%	6.0%	6.0%	5.9%	5.7%
Interest income / Funds in credit institutions	6.0%	5.9%	5.2%	4.5%	4.4%	4.4%	4.4%	4.3%	4.2%
Interest expenses / Client funds	-4.4%	-5.1%	-4.0%	-2.7%	-2.7%	-2.7%	-2.7%	-2.7%	-2.7%
Interest expenses / Funds of legal entities	-3.6%	-4.5%	-3.3%	-2.0%	-2.2%	-2.1%	-2.1%	-2.1%	-2.1%
Interest expenses / Funds of individuals	-6.2%	-6.4%	-5.5%	-4.1%	-3.8%	-3.5%	-3.5%	-3.5%	-3.5%
Interest expenses / Banks funds	-5.4%	-4.1%	-3.5%	-3.1%	-3.0%	-3.0%	-3.0%	-2.9%	-2.8%
Interest expense / bonds issued	-7.7%	-6.5%	-6.0%	-7.6%	-6.5%	-6.0%	-6.0%	-5.9%	-5.7%
Net interest margin - NIM	2.5%	2.1%	2.3%	2.5%	2.5%	2.6%	2.6%	2.6%	2.6%
Net interest spread	13.7%	13.9%	11.7%	9.6%	9.5%	9.3%	9.3%	9.2%	9.2%
Interest-bearing assets (including arrears)	2,058,514	2,316,018	2,806,693	3,013,547	3,208,074	3,346,911	3,531,866	3,715,441	3,897,955
Gross loan portfolio	740,131	829,195	1,059,139	1,265,005	1,478,061	1,591,339	1,707,356	1,826,199	1,948,024
Due from other banks	1,088,237	1,190,105	1,345,373	1,349,536	1,340,547	1,364,470	1,406,254	1,443,933	1,477,784
Gross portfolio of securities	230,146	296,718	402,181	399,005	389,466	391,103	418,256	445,310	472,147
Net interest income / Interest earning assets	2.4%	2.0%	2.1%	2.4%	2.4%	2.5%	2.5%	2.5%	2.5%
Net fee and commission income / Interest earning assets	0.6%	0.5%	0.6%	0.5%	0.7%	0.8%	0.8%	0.8%	0.8%
Cost of risk – CoR	-1.5%	-0.7%	-2.0%	-1.3%	-1.1%	-1.0%	-1.1%	-1.1%	-1.1%
DIA costs / Deposits of individuals	-0.5%	-0.6%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Cost Income Ratio (CIR) before provisioning	29.8%	51.2%	28.3%	-1.3%	37.2%	35.2%	35.7%	35.7%	35.7%
Dividends / Net income	-	-	-	-34.9%	-62.6%	-76.3%	-68.4%	-68.4%	-68.4%
Dividends / Loan portfolio	-	-	-	-0.8%	-1.0%	-1.5%	-1.6%	-1.6%	-1.5%
Effective tax rate	-22.4%	-20.9%	-20.0%	-20.0%	-23.3%	-22.1%	-20.0%	-20.0%	-20.0%

Source of information: the Client's data, the Appraiser's calculations

Table 8.7

Calculation results of quasi-indicators of capital adequacy

Indicator	Unit	01.01.2021	01.04.2021	2021	2022	2023	2024	2025	2026
Risk-weighted assets required to determine sufficiency									
base capital	mln rub.	1,639,608	-	1,810,804	2,010,841	2,135,070	2,252,394	2,368,747	2,484,308
base capital	mln rub.	1,639,608	-	1,810,804	2,010,841	2,135,070	2,252,394	2,368,747	2,484,308
own funds (capital)	mln rub.	1,639,551	-	1,810,804	2,010,841	2,135,070	2,252,394	2,368,747	2,484,308
Ratio of risk-weighted assets to total assets*									
base capital	%	56.2	-	57.6	60.5	62.0	62.0	62.0	62.0
base capital	%	56.2	-	57.6	60.5	62.0	62.0	62.0	62.0
own funds (capital)	%	56.2	-	57.6	60.5	62.0	62.0	62.0	62.0
Calculation of own funds:									
Authorized share capital	mln rub.	29,830	29,830	29,830	29,830	29,830	29,830	29,830	29,830
Share premium	mln rub.	58,210	58,210	58,210	58,210	58,210	58,210	58,210	58,210
Other items net, total **	mln rub.	55,416	68,449	66,257	101,649	101,636	109,189	116,935	124,951
Total base capital	mln rub.	143,456	156,489	154,297	189,689	189,675	197,229	204,975	212,991

Indicator	Unit	01.01.2021	01.04.2021	2021	2022	2023	2024	2025	2026
Subordinated loan (deposit, loan) without specifying the maturity date (subordinated bond loan the maturity of which is not set) ***	mln rub.	41,951	42,780	41,951	43,754	44,182	44,751	44,751	44,751
Total fixed assets	mln rub.	185,406	199,268	196,247	233,443	233,858	241,980	249,726	257,742
Total added capital****	mln rub.	115,454	97,869	104,242	92,887	113,675	113,675	113,675	113,675
Equity (capital)	mln rub.	300,861	297,137	300,489	326,330	347,533	355,655	363,401	371,417
Sufficiency indicators									
Bank's base capital (standard H1.1)	%	8.9	-	8.5	9.4	8.9	8.8	8.7	8.6
Bank's fixed assets (standard H1.2)	%	11.5	-	10.8	11.6	11.0	10.7	10.5	10.4
Own funds (capital) of the bank (standard H1.0)	%	18.3	-	16.6	16.2	16.3	15.8	15.3	15.0
Minimum admissible numerical value of sufficiency									
Bank's base capital (standard H1.1)	%	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Bank's fixed assets (standard H1.2)	%	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Own funds (capital) of the bank (standard H1.0)	%	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

* Values are taken according to the Customer's data for 2021-2023, then fixed at the level of 2023.

** Values for 2021-2023 are taken according to the Customer's data, then they were estimated with the change in the amounts of retained earnings.

*** With the change in the exchange rate (see the notes in the current section above).

**** Values for 2021-2023 are taken according to the Customer's data, then fixed at the level of 2023.

Source of information: the Client's data, the Appraiser's calculations

8.2.4. Discount rate calculation

The calculation of the discount rate on equity for the Bank's ruble cash flow is shown in the table below.

Table 8.8

<i>Discount rate calculation</i>			
Indicator	Value	Comments	Source
Risk-free financing rate	2.50%	Current Normalized Risk-free Rate	Duff & Phelps, https://www.duffandphelps.com/insights/publications/cost-of-capital
Beta (β) (incl. financial leverage)	0.939	Bank (Money Center), EMG	Damodaran, Levered beta for Emerging Markets
Market premium	5.50%	Current US ERP Recommendation	Duff & Phelps, https://www.duffandphelps.com/insights/publications/cost-of-capital
Country risk premium	2.13%	Country Risk Premium (based on rating), 01.01.2021	Damodaran http://people.stern.nyu.edu/adamodar
Specific risk premium	0.00%	Appraiser's judgement	-
Size premium	3.20%	Long-term Returns in Excess of CAPM estimation (Micro-Cap)	Ibbotson Associates, Valuation Handbook 2020
Discount rate for equity capital (dollar flow) CAPM USD	12.99%		
Average yield on RF Eurobonds denominated in US dollars	2.39%	RUGV 12.7500 24-Jun-2028, average return on the valuation date	Thomson Reuters Eikon Data
Average yield on Russian ruble government bonds	6.82%	RUGV 7.0500 19-Jan-2028, average return on the valuation date	Thomson Reuters Eikon Data
Discount rate for equity capital (ruble flow) CAPM RUB	17.90%		

Source of information: the Appraiser's calculations

8.2.5. Cash flow estimate and discounting

Based on the assumptions made and previously predicted individual components of the cash flow, the Appraiser made a forecast of financial results and cash flows on the Bank's equity capital (see tables below).

Table 8.9

Key performance results of the Bank (actual and estimates)

Indicator	Unit	ACTUAL			ESTIMATES					
		2018	2019	2020	2021	2022	2023	2024	2025	2026
SUMMARY BALANCE										
Corporate loan portfolio	mln rub.	617,911	685,372	888,802	1,060,967	1,202,343	1,269,300	1,343,149	1,415,215	1,485,242
Retail loan portfolio	mln rub.	91,134	103,283	120,363	144,830	197,570	224,540	258,350	296,325	338,845
Portfolio of securities	mln rub.	230,146	296,718	402,181	399,005	389,466	391,103	418,256	445,310	472,147
Reverse REPO, accounts with other banks and funds	mln rub.	1,189,027	1,319,383	1,484,364	1,506,568	1,499,123	1,524,743	1,577,997	1,627,376	1,673,161
Other assets	mln rub.	17,709	18,741	20,755	31,290	33,758	34,309	35,493	36,703	37,941
Total Balance	mln rub.	2,145,927	2,423,497	2,916,465	3,142,660	3,322,260	3,443,994	3,633,245	3,820,929	4,007,335
Funds of clients	mln rub.	1,272,175	1,339,535	1,737,515	1,495,115	1,671,314	1,795,867	1,920,549	2,044,774	2,168,005
Interbank loans and repos	mln rub.	552,930	677,936	731,723	1,125,437	1,092,002	1,074,094	1,105,999	1,136,616	1,166,071
Bonds issued	mln rub.	111,634	178,423	190,795	233,830	256,034	256,034	274,486	293,346	312,636
Other liabilities	mln rub.	18,015	17,171	21,936	40,264	41,349	43,610	46,753	49,966	53,251
Capital and reserves	mln rub.	191,173	210,432	234,496	248,015	261,561	274,388	285,458	296,227	307,372
Total Balance	mln rub.	2,145,927	2,423,497	2,916,465	3,142,660	3,322,260	3,443,994	3,633,245	3,820,929	4,007,335
FINANCIAL STATEMENTS										
Interest earnings	mln rub.	137,933	147,352	156,414	160,363	169,825	179,901	188,046	195,950	203,681
Interest expense	mln rub.	-89,518	-102,069	-97,166	-88,537	-93,539	-94,605	-98,220	-102,124	-105,974
Net interest	mln rub.	48,415	45,283	59,248	71,826	76,285	85,295	89,826	93,826	97,707
Provision costs	mln rub.	-10,727	-5,093	-17,669	-14,419	-14,763	-15,162	-17,669	-18,515	-19,776
Net commission income	mln rub.	12,346	11,534	15,438	15,883	21,757	28,122	29,676	31,219	32,752
Result from foreign exchange transactions	mln rub.	2,723	-13,892	-9,822	-9,822	-5,698	-5,805	-6,224	-6,651	-7,089
Result from transactions with securities	mln rub.	-440	1,178	8,305	-1,172	-807	-807	-865	-925	-985
Other income and expenses	mln rub.	4,084	-621	5,558	-608	-599	-648	-695	-742	-791
Contributions to DIA	mln rub.	-1,906	-2,691	-2,154	-2,042	-2,479	-2,772	-2,882	-3,069	-3,256
Operating income	mln rub.	54,495	36,338	59,327	59,838	73,696	88,223	91,553	95,143	98,562
Operating costs	mln rub.	-19,426	-21,241	-21,241	-28,601	-32,730	-36,432	-38,875	-40,597	-42,269
Before-tax profit	mln rub.	35,069	15,113	37,526	30,926	40,807	51,791	52,678	54,546	56,294
Income tax	mln rub.	-7,845	-3,156	-7,517	-6,185	-9,822	-11,124	-10,536	-10,909	-11,124
Net profit	mln rub.	27,224	11,957	30,009	24,740	31,279	40,349	42,142	43,637	45,035
RATIOS										
Interest-bearing assets (including arrears)	mln rub.	2,058,514	2,316,018	2,806,693	3,013,547	3,208,074	3,346,911	3,531,866	3,715,441	3,897,955
change		14.0%	12.5%	21.2%	7.4%	6.5%	4.3%	5.5%	5.2%	4.9%
Net interest margin - NIM		2.5%	2.1%	2.3%	2.5%	2.5%	2.6%	2.6%	2.6%	2.6%
Net interest spread		13.7%	13.9%	11.7%	9.0%	9.5%	9.3%	9.3%	9.2%	9.2%
Return on assets (ROAA)		1.30%	1.3%	0.5%	1.1%	0.8%	1.0%	1.2%	1.2%	1.2%
ROAE (before tax)		19.0%	7.5%	16.9%	12.8%	16.0%	19.3%	18.8%	18.8%	18.7%
ROAE		14.8%	6.0%	13.5%	10.3%	12.3%	15.1%	15.1%	15.0%	14.9%
Credit tranche in performing assets		36.0%	35.8%	37.7%	42.0%	46.1%	47.5%	48.3%	49.2%	50.0%
Retail portfolio in total loan portfolio		14.30%	13.1%	13.2%	12.6%	12.7%	14.9%	15.9%	17.1%	18.3%

Indicator	Unit	ACTUAL			ESTIMATES					
		2018	2019	2020	2021	2022	2023	2024	2025	2026
Cost Income Ratio (CIR) before provisioning		29.8%	51.2%	28.3%	38.9%	37.2%	35.2%	35.7%	35.7%	35.7%

Source of information: the Client's data, the Appraiser's calculations

Table 8.10

Terminal value calculation

Indicator	Unit	Value
Normalized FCFE in the last year of the forecast period	mln rub.	33,890
Expected growth rate of cash flow in the post-forecast period		4.0%
Cash flow to equity in the first year of the post-forecast period	mln rub.	35,246
Discount rate		17.9%
Adjustment with the straight-line cash flow during the year outside the forecast period, (1 + R) 0.5		1.086
Terminal Bank's cost	mln rub.	275,328

Source of information: the Client's data, the Appraiser's calculations

Table 8.11

Estimates and discounting of cash flow to the Bank's equity

Indicator	Unit	May-Dec. 2021	2022	2023	2024	2025	2026	Post-forecast period (PFP)
Net profit	mln rub.	16,494	31,279	40,349	42,142	43,637	45,035	-
Net assets growth	mln rub.	13,519	13,547	12,827	11,070	10,769	11,145	-
Equity cash flow	mln rub.	2,975	17,733	27,522	31,072	32,868	33,890	275,328
Discount rate (CAPM RUB)		17.90%	17.90%	17.90%	17.90%	17.90%	17.90%	17.90%
Period		0.336	1.171	2.171	3.171	4.171	5.171	567.12%
Discount factor		0.946	0.825	0.699	0.593	0.503	0.427	39.30%
Discounted cash flow	mln rub.	2,815	14,622	19,249	18,433	16,538	14,463	108,213
Equity value (in round figures):	mln rub.	194,330						

Source of information: the Client's data, the Appraiser's calculations

8.2.6. *Determination of the market value of the Valuation Object within the framework of the income approach*

The results of determining the market value of the Valuation Object within the framework of the income approach without premiums / discounts for control and / or liquidity are shown in the table below.

Table 8.12

The results of fair market valuation of the Valuation Target within the income approach

Indicator	Value
Market value of net assets, mln rub	194,330
Total shares, pc	29,829,709,866
Market value of 1 ordinary share in a 100% block of shares, rubles	6.51

Source: Appraiser's calculations

Thus, the market value of the Valuation Target in rounded figures amounts to:

6.51

(Six point and fifty one) rub.

9. VALUATION OF THE VALUATION TARGET BY COMPARATIVE APPROACH

9.1. Own quoted capital market method

The Appraiser notes the fact of a sharp rise in quotations from November 2020. To a large extent, this growth was due to the recovery in stock markets following the results of the US presidential elections. Internal reasons were also the publication of positive financial results of the Bank for 3Q2020 (it should be noted that in the middle of the year, the results for the first half of 2020 were also positive, the net profit grew by 4 times), as well as information on the payment of coupon yields on bonds in full and the redemption/buyback of part of the bonds.

Fig. 9.1

Dynamics of exchange quotations of ordinary shares of CREDIT BANK OF MOSCOW PJSC, 5 years before the valuation date



Source: data of the official website of the Bank <https://mkb.ru/investor/share-price>, Appraiser's analysis

Due to the fact that the Bank has shares listed on the stock exchange, the Appraiser decided to value 1 share in 100% of the block of shares by the own quotation method.

After analyzing transactions with shares of Russian banks, the Appraiser determined a sample to calculate the control premium from 2 peer companies. The table below provides information on transactions with them and the calculation of the control premium.

Table 9.1

Transactions to acquire peer companies

Transaction subject	Transaction date	Buyer	Seller	Size of block of shares, %	Block rate, mln rub.	Source of information
Sberbank PJSC	09.04.2020	Government of the Russian Federation	Central Bank of the Russian Federation	52.32%	2,140,000	https://clck.ru/MuXDd
Bank Vozrozhdenie PJSC	02.10.2018	Bank VTB PJSC	Mandatory buyback	85.00%	9,245	https://www.interfax.ru/business/630628

Source: <https://zephyr.bvdinfo.com/version-2021423/Home.serv?product=zephyrneo>

Table 9.2

Control premium on transactions with peer companies

Indicator	Unit	Sberbank of Russia PJSC ²⁾	Bank Vozrozhdenie PJSC ¹⁾
Transaction price	mln rub.	2,140,000	9,245
Purchased block size	%	52.32%	85.00%
Number of shares in the purchased block	pc	11,293,474,000	20,186,390
Price per share	RUB	189	458
Average market quote 5 days before transaction	RUB	195	456
Control premium	%	-2.58%	0.35%
Factor into	%		0.00%

Source: Calculations made by the Appraiser, <https://zephyr.bvdinfo.com/version-2021423/Home.serv?product=zephyrneo>, <https://www.moex.com>

1) <https://clck.ru/MuXDD>,

2) <https://www.interfax.ru/business/630628>

Since the average of the above two control premiums is negative, the calculation is based on a value of 0.00%.

The table below shows the calculation of the market value of 1 share in a 100% block of shares of CREDIT BANK OF MOSCOW PJSC by the method of own quotations.

Table 9.3

Control premium on transactions with peer companies

Item	Value
Weighted average price according to MOEX quotes for 6 months, rubles	6.53
Weighted average price according to MOEX quotes for 3 months, rubles	6.85
Close price according to MOEX quotes as of April 30, 2021, RUB	6.79
Control premium, %	0.00%
Market value of 1 share in a 100% block of shares (as of 6 months quotes)	6.53
Market value of 1 share in a 100% block of shares (as of 3 months quotes)	6.85
Market value of 1 share in a 100% block of shares (as of valuation date quotes)	6.79

Source of information: the Client's data, <https://www.moex.com>, the Appraiser's calculations

Thus, the market value of 1 share in the block of 100% of shares of Credit Bank of Moscow PJSC is equal to **6.79 rubles**.

9.2. Capital market method (for reference)

The capital market method compared Russian banks with liquid shares.

By quotes of shares of comparable banks⁷ and the data of the consolidated financial statements in accordance with IFRS, the Appraiser calculated the P/BV ("Market Capitalization/Book Value of Equity") multiplier that is the key multiplier to determine the bank value.

Table 9.4

Market capitalization of peer companies

Item No.	Item	Ordinary shares, mln pcs	Preferred shares, pcs	Price of ordinary shares, rubles	Preferred share price, rub	Market capitalization, mln rub
1	Sberbank	21,586.95	1,000.00	297.73	283.50	6,710,582
2	Credit Bank of Moscow	29,829.71	0.00	6.80	0.00	202,812
3	Rosbank	1,551.40	0.00	78.80	0.00	122,250
4	Uralsib	360,134.70	0.00	0.07	0.00	26,218
5	Bank Saint-Petersburg	487.55	20.10	67.27	11.78	33,035
6	Bank Primorye	0.25	0.00	30,000.00	0.00	7,500
7	Bank Kuznetsky	22,503.49	0.00	0.02	0.00	444

Source of information: <https://www.moex.com>, the Appraiser's calculations

The table below shows the calculation of the P/BV multiplier for peer companies

⁷ We did not use data on peers that have preferred shares that are not quoted on the stock exchange.

Table 9.5

Calculation of the P/BV multiplier for peer companies

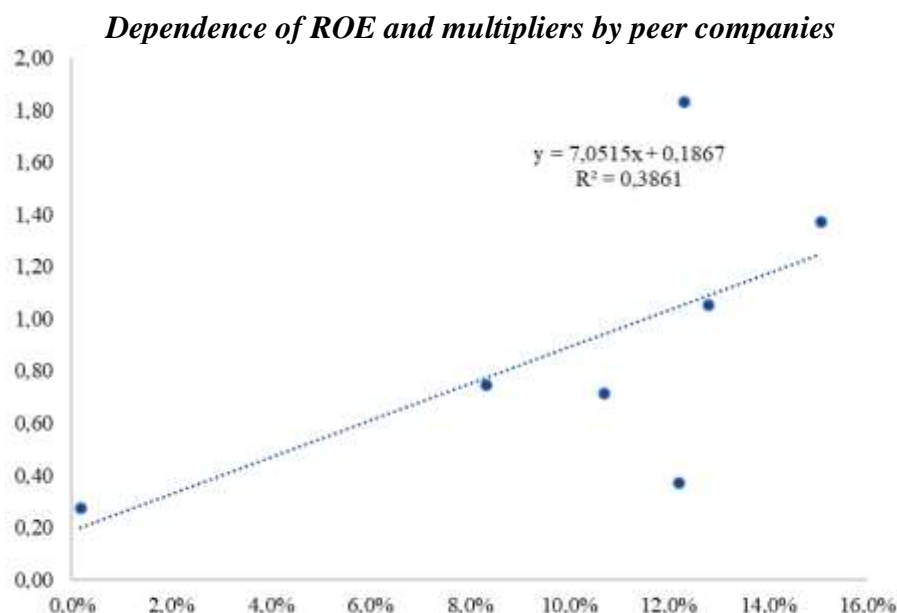
Item No	Item	Profit, mln rub.	Equity, mln rub.	ROE, %	Market capitalization, mln rub	Equity as of December 31, 2020 without perpetual subordinated loans, mln rub	P/BV
1	Sberbank	760,300	5,046,500	15.1%	6,710,582	4,896,500	1.37
2	Credit Bank of Moscow	30,009	234,496	12.8%	202,812	192,546	1.05
3	Rosbank	15,529	186,375	8.3%	122,250	164,213	0.74
4	Uralsib	173	96,396	0.2%	26,218	96,396	0.27
5	Bank Saint-Petersburg	10,827	88,693	12.2%	33,035	88,693	0.37
6	Bank Primorye	505	4,096	12.3%	7,500	4,096	1.83
7	Bank Kuznetsky	67	623	10.7%	444	623	0.71

Source of information: <https://www.moex.com>, the Appraiser's calculations

There are no analogues in the market that are completely similar in terms of the structure of assets and the specifics of activities, since each bank has its own characteristics.

Analysis of the multipliers values in the sample showed that there is a certain relationship between ROE and P/BV. Graphically, the dependence of these indicators is shown in the figure below.

Fig. 9.2



Source of information: the Appraiser's calculation

Table 9.6

Calculation of the market value of 1 share in the block of 100% of shares of Credit Bank of Moscow PJSC

Item	Unit	Minimum	Median	Maximum
Own funds in the balance sheet as of December 31, 2020	mln rub.	192,546	192,546	192,546
ROE	%	0.18%	12.21%	15.07%
P/BV	-	0.27	0.74	1.83
Market value of 100% of the Bank's shares	mln rub.	52,369	143,343	352,579
Number of shares outstanding as of the valuation date	mln pc.	29,830	29,830	29,830
Market value of 1 share in a 100% block of shares	RUB	1.76	4.81	11.82

Source of information: the Appraiser's calculation

According to the return on equity (ROE), Credit Bank of Moscow PJSC belongs to the range of "median-maximum". Thus, the market value of 1 share in the block of 100% of shares of Credit Bank of Moscow PJSC is in the range of 4.81- 11.82 rub.

The results of this method are given for reference.

9.3. Method of transactions (for reference)

For the method of transactions, the Appraiser selected transactions with control stock in Russian commercial banks.

Table 9.7

Information about transactions in the banking sector

Transaction subject	Transaction date	Buyer	Seller	Size of block of shares, %	Block rate, mln rub.
Sberbank PJSC	Apr. 20	Government of the Russian Federation	Central Bank of the Russian Federation	50%+1	2,139,436
MTS-Bank PJSC	Feb. 19	MTS PJSC	AFK Sistema PJSC	39.58%	11,400
Metcombank PJSC	Oct. 16	Sovcombank PJSC	Severgroup	100.00%	2,242
CB RUSNARBANK JSC	May 20	Credit Bank of Moscow PJSC	Region GC	100.00%	2,971
ZAPSIBCOMBANK PJSC	May 19	Bank VTB (PJSC)	Mandatory buyback	71.80%	8,300

Source of information: the Appraiser's analysis

Taking into account that the shares under valuation are quoted on the stock exchange, for the purposes of comparability of the capitalization calculation of non-public peers, a premium for high liquidity was applied, which, according to the Mergerstat Review, was 29.3%.

Table 9.8

Calculation of 100% equity capital of peer companies

Bank	Stock sold, % of authorized capital	Transaction price, mln rub	Liquidity adjustment	Cost of 100% block of ordinary shares, mln rub	Preferred shares, mln. pcs	Price of 1 preferred share, rub.	Cost of 100% block of preferred shares, mln rub	Value of 100% net assets, mln rub
Sberbank of Russia PJSC	50%+1	2,139,436	0.0%	4,278,871	1,000	172.00*	172,000	4,450,871
MTS-Bank PJSC	39.58%	11,400	29.3%	37,230	0.001	500**	0.5	37,231
Metcombank JSC	100.00%	2,242	29.3%	2,898	-	-	-	2,898
CB RUSNARBANK JSC	100.00%	2,971	29.3%	3,840	-	-	-	3,840
ZAPSIBCOMBANK PJSC	71.80%	8,300	29.3%	14,942	0.02	10**	0.2	14,943

* as of average stock quotes for the month preceding the transaction

** taken at face value due to the negligible share in the share capital structure

Source of information: data from open sources, analysis and calculations of the Appraiser

Table 9.9

P/BV calculation

Bank	Value of 100% net assets, mln rub	Statements of peer bank	Balance sheet capital, mln rub.*	Balance sheet assets, mln rub.*	ROE, %	P/BV
Sberbank of Russia PJSC	4,450,871	IFRS Q1 2020	4,599,600	37,500,400	16.06%	0.97
MTS-Bank PJSC	37,231	IFRS 2018	29,041	179,533	6.26%	1.28
Metcombank JSC	2,898	GAAP 3Q 2016	2,935	33,890	17.27%	0.99
CB RUSNARBANK JSC	3,840	IFRS 2019	2,699	13,497	9.40%	1.42
ZAPSIBCOMBANK PJSC	14,943	IFRS Q1 2019	19,110	131,549	13.92%	0.78
Minimum						0.78
Maximum						1.42
Median						0.99

* Data at the end of the reporting period preceding the date of the transaction

Source of information: open source data, statements from the Bank of Russia website, Appraiser's analysis

The variety of multiples, a weak correlation between ROE and P/BV, the lack of information on the details of transactions at the Appraiser's disposal which would allow an analysis of the reasons for such a variety, also lead to a limited use of the method of transactions.

Table 9.10

Calculation of the market value of the 100% of the Bank's equity capital

Item	Unit	Minimum	Median	Maximum
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Own funds in the balance sheet as of December 31, 2020	mln rub.	192,546	192,546	192,546
P/BV	-	0.78	0.99	1.42
Market value of 100% of the Bank's shares	mln rub.	150,558	190,147	273,967
Number of shares outstanding as of the valuation date	mln pc.	29,830	29,830	29,830
Market value of 1 share in a 100% block of shares	RUB	5.05	6.37	9.18

Source of information: Appraiser's calculations

The results of the transaction method generally confirm the results obtained in the framework of the income approach and the capital market method.

The results of this method are given for reference.

10. VALUATION OF THE VALUATION TARGET BY COST APPROACH

The calculation of the market value of equity by the net assets method of the cost approach is shown below.

Table 10.1

Calculation of the market value of the equity capital, thous. rub.

Balance by IFRS	Reported value as of December 31, 2020, mln rub.	Adjustment, mln rub.	Market value as of the valuation date, mln rub.	Comments
Assets				
Cash and cash equivalents	683,283	0	683,283	Accepted at reported value due to the fact that it is a highly liquid asset.
Mandatory cash balances with Central Bank of the Russian Federation	22,244	0	22,244	Mandatory reserves are formed in accordance with the requirements of the Bank of Russia. Revaluation is not required.
Deposits with banks and other financial institutions	778,837	0	778,837	Accepted at reported value as a liquid asset.
Financial assets held for trade	78,816	0	78,816	Accepted at reported value as a liquid asset.
Loans to customers	1,009,165	0	1,009,165	Loans were issued on market terms (based on the breakdown data in the Bank's 2020 Annual Report regarding average effective rates by currencies). However, there is no breakdown of rates separately for corporate clients and individual clients.
loans to corporate clients	888,802	0	888,802	-
loans to individuals	120,363	0	120,363	-
Investment and financial assets	323,365	0	323,365	For FLB and dollar government bonds of the Russian Federation, the rates correspond to market conditions (included in the range).
Investment in associates	2,446	0	2,446	There is no interpretation. The minimum share in foreign currency is taken at the book value.
Fixed assets	8,950	0	8,950	An independent appraiser's fair value valuation based on the 2020 Annual Report.
Deferred tax assets	120	0	120	The minimum share in foreign currency is taken at the book value.
Assets held for sale	999	0	999	There is no interpretation. The minimum share in foreign currency is taken at the book value.
Other assets	8,240	0	8,240	The minimum share in foreign currency is taken at the book value.
Total assets	2,916,465	0	2,916,465	-
Liabilities				
Deposits of the Central Bank of the Russian Federation	10,041	0	10,041	The minimum share in foreign currency is taken at the book value.
Accounts and deposits with the credit institutions	721,682	0	721,682	Present by amortized cost. No adjustments required.
Funds due to customers	1,737,515	0	1,737,515	Present by amortized cost. No adjustments required.
corporate clients	1,235,998	0	1,235,998	-
individuals	501,517	0	501,517	-
Financial liabilities at fair value through profit or loss	19,330	0	19,330	Present by fair value. Accepted by reported value.
Debt securities issued	171,465	0	171,465	Present by amortized or fair value. No adjustments required.
Deferred tax liabilities	5,399	0	5,399	The minimum share in foreign currency is taken at the book value.
Other liabilities	16,537	0	16,537	The minimum share in foreign currency is taken at the book value.
Perpetual debenture issued*	41,950	0	41,950	Present by amortized cost. Accepted by reported value.
Total liabilities	2,723,919	0	2,723,919	-
Share capital	192,546	0	192,546	-

* treated as debt in the net assets method

Source of information: the Client's data, the Appraiser's calculations

Table 10.2

Calculation of the market value of 1 share in the block of 100% of shares of Credit Bank of Moscow PJSC, thous. rub.

Item	Unit	Value
Market value of 100% of the block of shares	mln rub.	192,546
Number of shares outstanding as of the valuation date	mln pc.	29,830
Market value of 1 share in a 100% block of shares	RUB	6.45

Source of information: the Client's data, the Appraiser's calculations

The results of this method are given for reference.

11. DESCRIPTION OF THE RECONCILIATION PROCEDURE FOR THE VALUATION RESULTS AND CONCLUSIONS BASED ON THE CALCULATIONS MADE USING DIFFERENT APPROACHES

The volatility of exchange quotes, as well as the possible presence of hidden and internal factors unknown to the Appraiser that are directly related to these quotes/transactions are factors that reduce the reliability of the results of the comparative approach. According to the Appraiser, this approach requires a lower weighting factor - 40%. The result of the income approach requires the assignment of a higher specific weight - 60%.

Table 11.1

*The results of assessing the market value of 1 (one) ordinary share
as a part of 100% stock of shares of CREDIT BANK OF MOSCOW PJSC*

Approach	Market value, rub	Relative weight
Income approach	6.51	60%
Cost approach	Not applied	-
Comparative approach	6.79	40%
Total	6.62	100%

Source of information: the Appraiser's calculations

Thus, the market value of the Valuation Target amounts to:

6.62

(Six point and sixty two hundredths) rub.