



2020 Financial Results and Strategy Update

March 2021

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Today's presenters



Vladimir Chubar

Chairman of the
Management Board



Julia Titova

Acting Deputy CEO



Mikhail Pavlov

CFO



Alexander Kaznacheev

Deputy CEO,
Corporate business



Alexey Kosyakov

Deputy CEO,
Retail business



Oleg Borunov

Deputy CEO,
Investment banking



Sergey Putyatinsky

Deputy CEO,
IT, Customer Care and
Digital Banking

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MKB at a Glance

Leadership and Scale

Leading

Non-state Public Bank
in Russia⁽¹⁾

us\$39.5bn

(RUB 2.9Tn)⁽³⁾

Assets

SIB

by CBR definition
since Sep 2017

us\$3.2bn

(RUB 234bn)⁽³⁾

Equity

#6

bank in Russia by
total assets⁽²⁾

us\$415mn

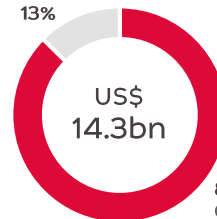
(RUB30bn)⁽⁴⁾

Net income

Business Mix

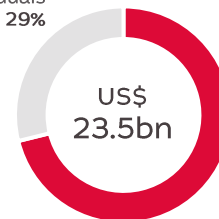
Gross customer loans

Individuals
13%



Customer deposits

Individuals
29%



Resilient growth and Profitability

15.6%

Assets CAGR⁽⁵⁾

16.9%

ROAE⁽⁶⁾

28.3%

Cost-to-Income⁽⁶⁾

Transparency and Governance



Shares listed since 2015

20%

Free-float

5/10

INEDs / BoD
members

Award Winning Bank

Forbes

#2 Bank in Russia

The World's Best Banks 2020 by Forbes

Finance

Best Bank for IR

*2020 Global Banking and
Finance Review*



**Best Local Bank in the Region
for Belt and Road Initiative**

AsiaMoney New Silk Road Finance Awards



Best Service in Russia

*Euromoney Cash Management
Survey 2020*

Credit Ratings

BB

by Fitch

BB-

by S&P

Ba3

by Moody's

ESG Ratings

BBB[esg]

by Expert RA

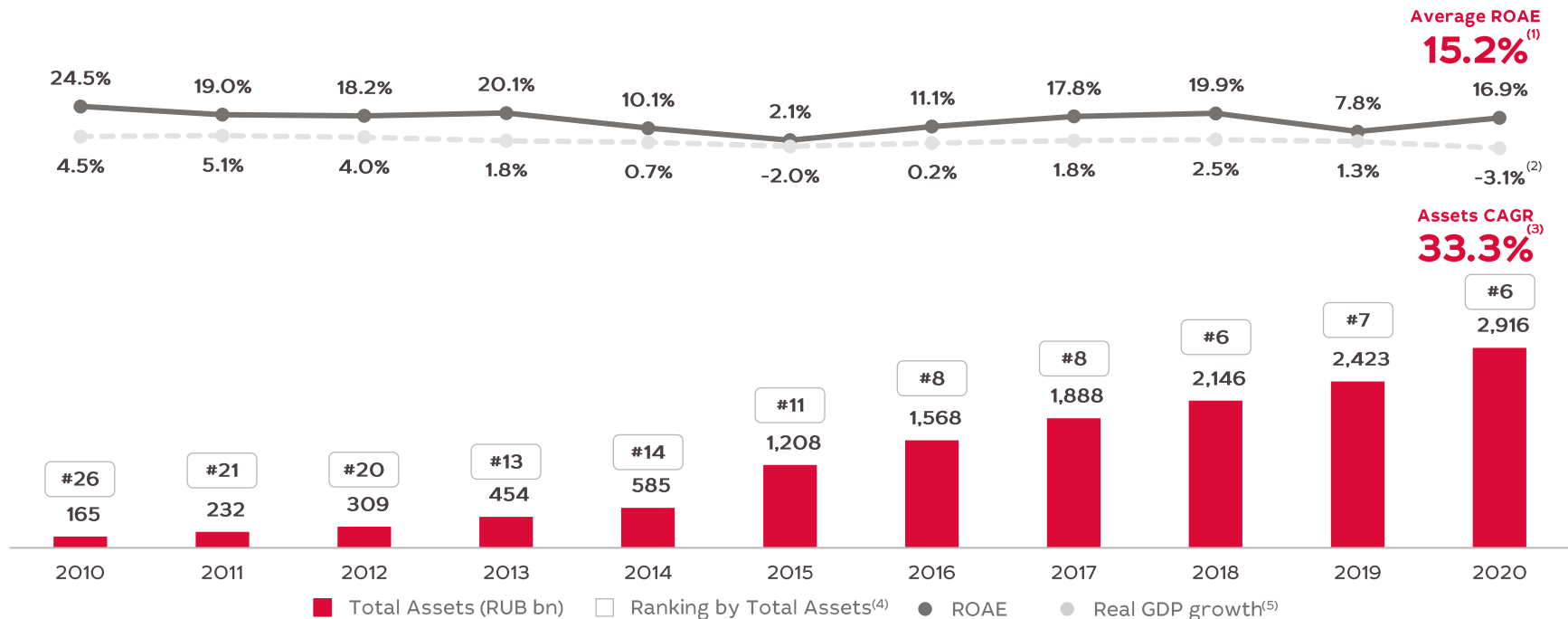
Source: Company data, IFRS financial statements, public sources.

Notes: (1) By total assets, as per Bankiru ranking, excluding state-owned banks and National Clearing Centre ("NCC"), as at 1 January 2021. (2) By total assets, as per Bankiru ranking, including state-owned banks and excluding NCC, as at 1 January 2021. (3) Converted at CBR USD/RUB exchange rate of 73.88 as at 31 December 2020. (4) Converted at average CBR USD/RUB exchange rate for 2020 of 72.32. (5) For the period 2017-2020. (6) In 2020



Resilience and track record of organic growth

- Proven track record of **sustainable and profitable organic growth**
- Management's **strategic flexibility and fast decision-making process** allow to quickly adapt to and benefit from the changing environment



Source: Company data, www.banki.ru, IMF, IFRS., Rosstat

Notes: (1) Average of 2010-2020 reported ROAE. (2) According to preliminary Rosstat estimates. (3) For the period 2017-2020. (4) According to banki.ru, excluding NCC.

(5) According to IMF, Rosstat.



Transparent corporate governance trusted by investors

Roman Avdeev: long standing controlling shareholder



- Mr. Roman Avdeev controls LLC Concern Rossium
- Currently **MKB** is a major asset of Mr. Avdeev
- Participated in all previous **equity offerings** of the Bank

Best International Corporate Governance Practices

- 5 out of 10 Board members are independent
- 2 representatives of minority shareholders
- Three Board Committees
- Compliance with EBRD requirements



Best Corporate Governance in Russia 2019 ⁽¹⁾



Best Banking Corporate Governance in Russia 2018 ⁽²⁾

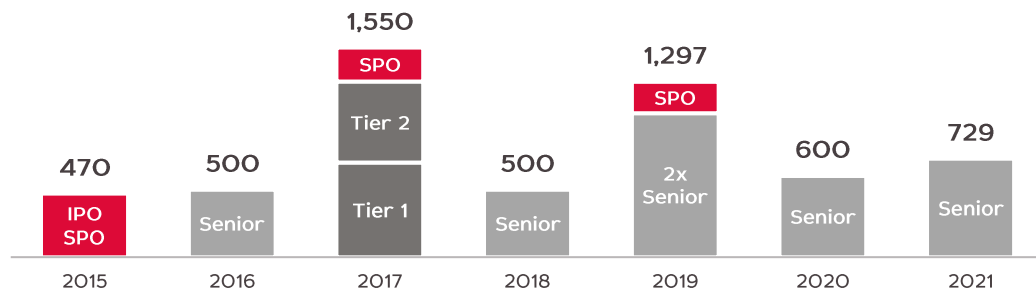
Reputable Minority Shareholders⁽³⁾



59.8% Rossium
3.6% EBRD
16.6% Other institutional investors⁽⁴⁾
20.0% Free float and management

Proven access to capital markets

Funds raised via capital markets, US\$m equiv.⁽⁵⁾



us\$1.0bn total amount of equity raised

us\$4.7bn total amount of debt raised

MKB shares are included in **MSCI EM Small Cap Index**, **FTSE Global Equity Index series⁽⁶⁾**, **MOEX Russia Index** and **RTS Index**

Source: Company data, public information.

Notes: (1) 2019, World Finance Corporate Governance Awards. (2) 2018, Capital Finance International magazine, CFI.co. (3) As at 10 February 2021. (4) Region share amounted to 13.6% (incl. RegionFinansResurs with 7.5% share and Region Trust with 6.1% share). (5) Excluding local Russian bond issuances. (6) Inclusion into FTSE Global Equity Index series will be effective after the close of market trading on 19 March 2021

Key investment highlights

Leadership and Scale

- Leading non-state public bank of systemic importance in Russia
- 2.9%⁽¹⁾ share in banking sector assets
- Over 20k active corporate and over 900k active retail banking customers⁽²⁾

Proven Business Model

- Universal model with moderate risk appetite driving stable through the cycle performance
- Client-centric business model
- Prioritizing transactional business

Strategically Investing for Growth

- Above market growth (16% assets CAGR in 2017-20)
- Scaling up consumer-driven retail and SME segments
- Omnichannel approach, with active roll-out of digital capabilities

Financial Strength

- 15.2% through-the-cycle ROAE⁽³⁾
- Sizable liquidity buffer and robust capital management
- Stable funding profile and proven access to international and local capital markets

Strong Efficiency and Governance

- Cost discipline (28% CIR⁽⁴⁾) with positive operating leverage
- Strong risk culture and underwriting standards
- Green banking leader in Russia according to RAEX-Europe's ESG ranking 2021

Source: Company data.

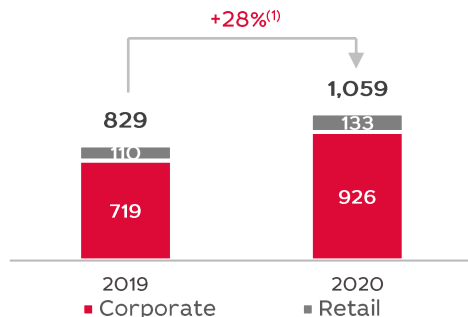
Notes: (1) According to CBR and banki.ru rating, excluding National Clearing Centre, as at 1 January 2021. (2) As at 1 January 2021. (3) Calculated as average of annual values for 2010-2020. (4) in 2020

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Strong business performance in 2020

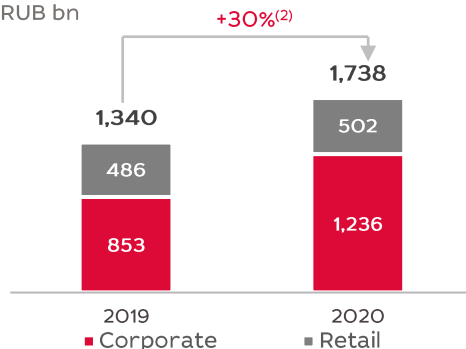
Loan portfolio

Before provisions, RUB bn



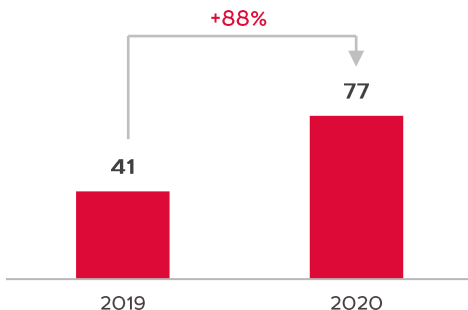
Deposits

RUB bn



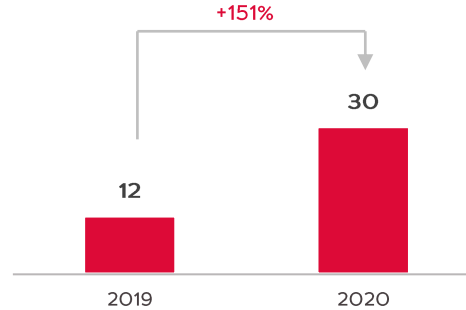
Operating income

Before provisions⁽³⁾, RUB bn



Net income

RUB bn



Key events and achievements

- **Record net income** despite the COVID-19 environment
- Launch of new business initiatives:
 - **MKB Premium** - new retail service format
 - **MKB Investments** - digital investment platform
- **Expanded international operations** with clients in the CIS: Kazakhstan, Uzbekistan, Belarus
- Launch and scale of the **mortgage platform**
- Acquired **Vesta and Rusnarbank** and **Commercial Bank Koltso Urala**
- **\$US 600mln 5yr Eurobond** offering priced at then record-low coupon rate of 4.7%
- MKB recognized among **top-5 leading Russian banks in terms of sustainable development** by WWF-Russia



1st place in
EuroMoney Cash
Management
Survey 2020

Forbes

#2 Russian bank
in "Best banks in
the world" list
2020 by Forbes

Source: Company data, IFRS financial statements, public sources

Notes: (1) Including 8% growth due to RUB devaluation. (2) Including 11% growth due to RUB devaluation. (3) Operating income excluding charge for credit losses on debt financial assets, net (loss) gain on loans to customers at fair value through profit or loss and impairment gain (losses) on other financial assets, credit gain (losses) on other financial assets and credit related commitments and other provisions

Comprehensive response to challenges posed by COVID-19

Challenges



Supporting our clients



Shifting to digital channels



Maintaining efficient operations

MKB responses

- **RUB 61.4bn** (5.8% of loan portfolio) loan deferrals offering repayment flexibility to affected clients
 - **99%** of retail restructured loans are approved under own MKB Programme
-
- **Expanding digital banking proposition for corporates** (electronic document flow, guarantees and LCs)
 - **80%** of retail services available online
 - **Mobile app** for retail and **new app for businesses**
 - Digital investment platform **MKB Investments**
-
- **c. 40%+ employees** operated **remotely**
 - **Remote formats of training** and **corporate events** for employees



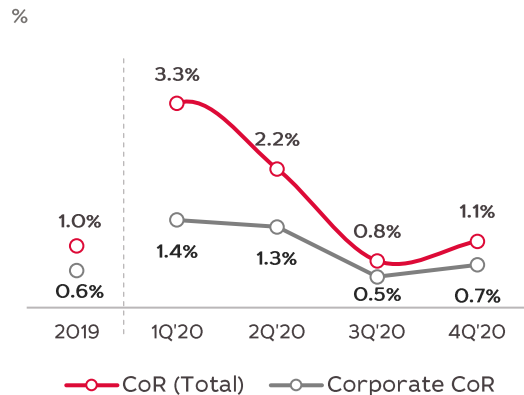
Post-COVID-19 reality⁽¹⁾

- **> 90% of restructured loans in retail** returned to the initial payment schedule
 - Total NPLs remained at **3.1%** in 2020
-
- **Top-5** Mobile app for retail⁽²⁾
 - **75%** corporate credit transactions executed online
 - **30%** retail loans issued through Mobile App
-
- Maintaining **remote work** regime for **40%+ HQ employees**
 - **Reducing** client servicing **costs** via **remote** service

Resilient asset quality underpinned by conservative risk approach

- Conservative approach to credit risk before COVID and proactive customer support measures allowed to minimize negative impact of COVID

Quarterly CoR dynamics



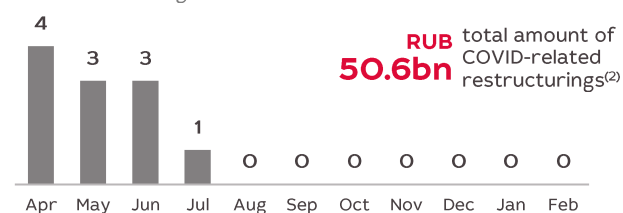
- Focus on large corporates makes MKB potentially less vulnerable to economic shocks
- Wide support measures - mostly represented by bank's own programs - are favorable for the quality of loan portfolio
- Preventively created provisions during 1Q'20 in view of the COVID-19 outbreak



Corporate segment

5.5% Share of restructured loans in the total corporate loan portfolio⁽¹⁾

Approved corporate restructurings by month
of restructurings

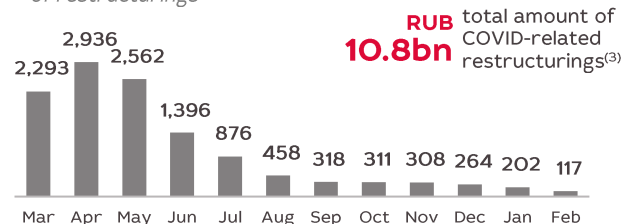


Retail segment

8.1% Share of restructured loans in the total retail loan portfolio⁽¹⁾

> 90% of loans restructured returned to the initial payment schedule

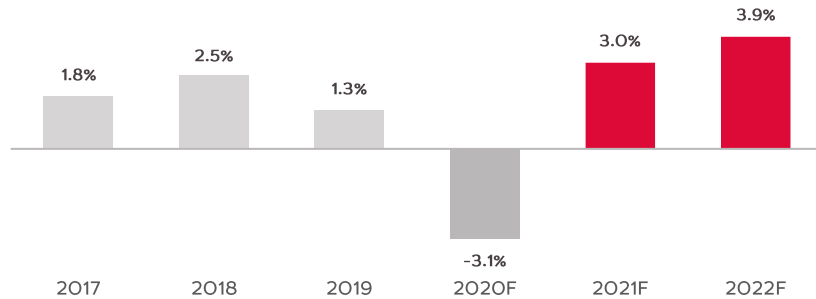
Approved retail restructurings by month
of restructurings



Positive macro outlook for 2021

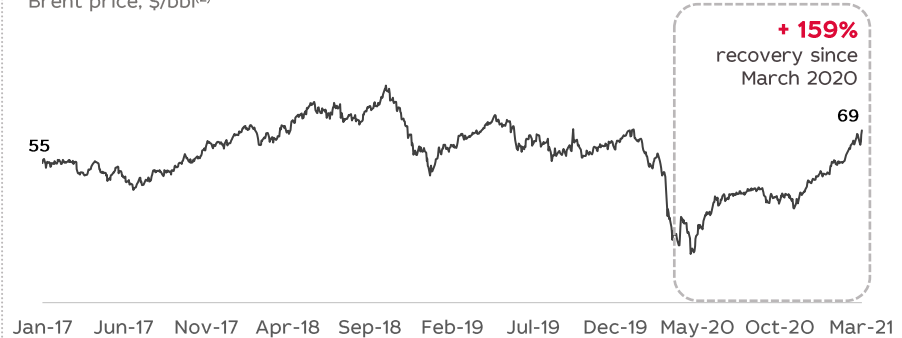
Russian GDP is expected to recover

Real GDP growth, %⁽¹⁾

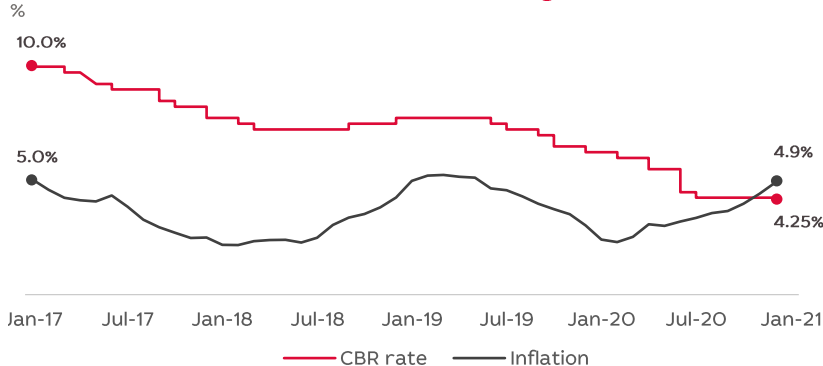


Oil prices have reached pre-COVID levels

Brent price, \$/bbl⁽²⁾



CBR key rate cut and inflation staying under control



- Strong 3.0% GDP growth rebound expected in 2021
- Benefiting from oil price recovery and surging prices for wide range of commodities
- Recovery of investor flows into EM, Russia's iMOEX index hitting all time high in Jan 2021
- Substantial government support aimed at mitigating economic effects of the pandemic in 2020-2021 (6% of GDP, 2020)
- Lowest public debt level in CIS+ region (19% of GDP as of 2020) and c.US\$600bn FX reserves (Jan 2021) exceeding the entire external debt stock of Russia

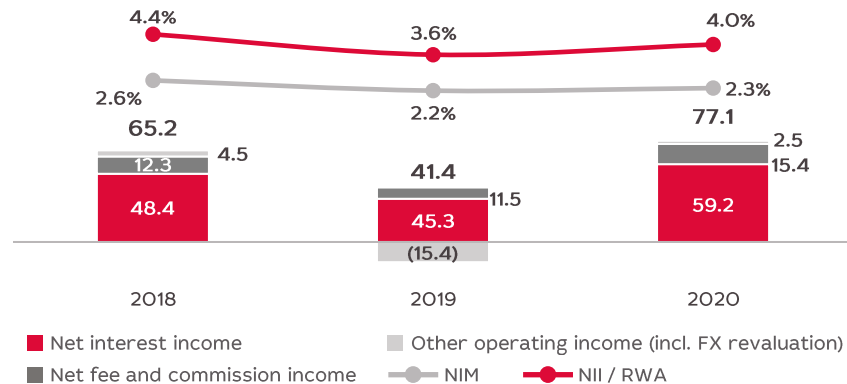
Source: Bloomberg, CBR, Rosstat IMF, Bloomberg

13 Notes: (1) According to IMF. (2) According to Bloomberg as of 5 March 2021

Strong operating efficiency and profitability

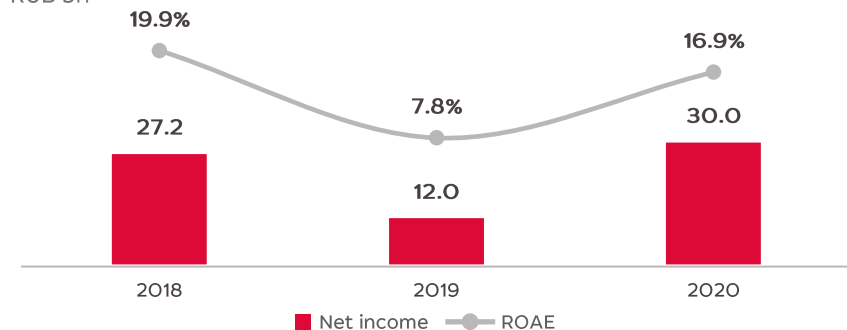
Operating Income and NIM

Before provisions⁽¹⁾, RUB bn



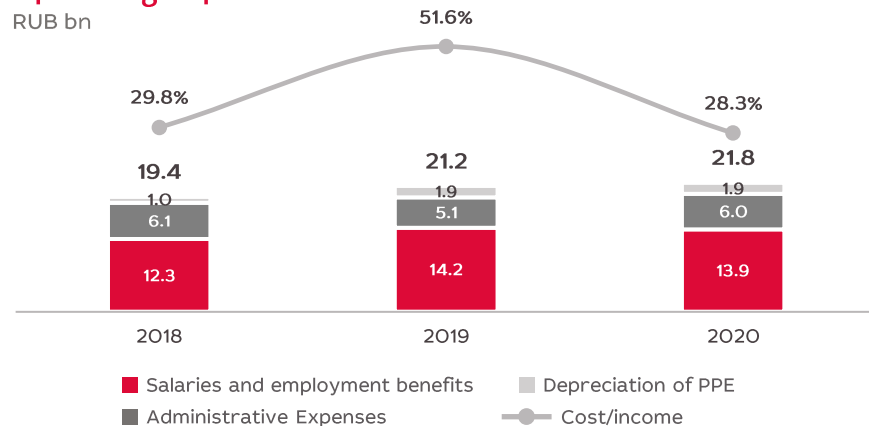
Net Income & ROAE

RUB bn



Operating Expenses

RUB bn



Highlights:

86% Increase in operating income over 2020 driven by NII (RUB 59.2bn, +31% yoy) and Net F&C income (+34%)

4.0% NII/RWA has improved in 2020 despite COVID environment

28.3% Cost / income ratio is back to its sustainable long-term levels

16.9% ROAE achieved on the back of strong operating results

Source: IFRS Financial Statements

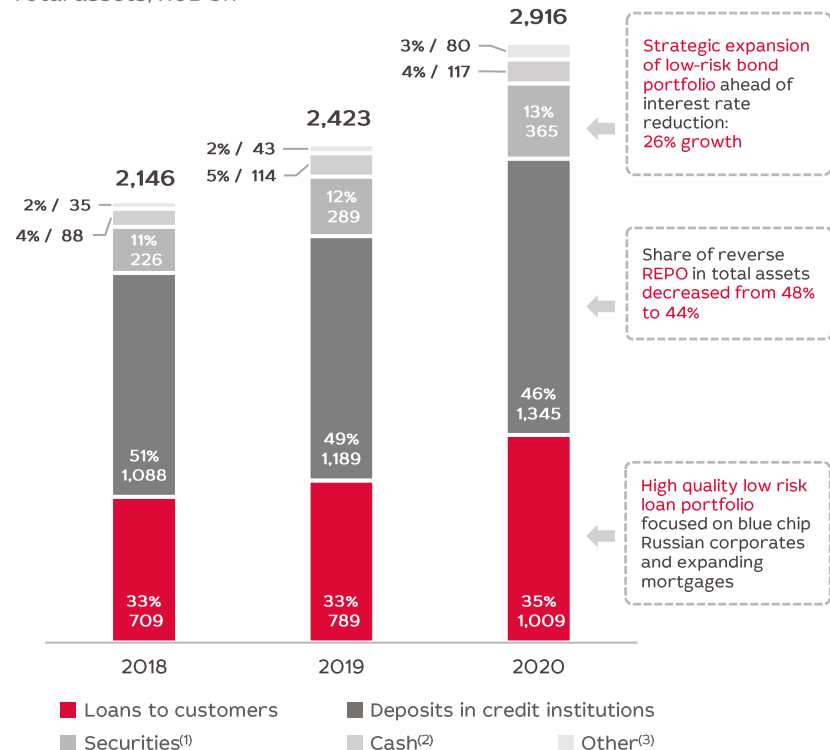
Notes: (1) Operating income excluding charge for credit losses on debt financial assets, net (loss) gain on loans to customers at fair value through profit or loss and impairment gain (losses) on other financial assets and credit related commitments and other provisions.



Evolution of assets and liabilities

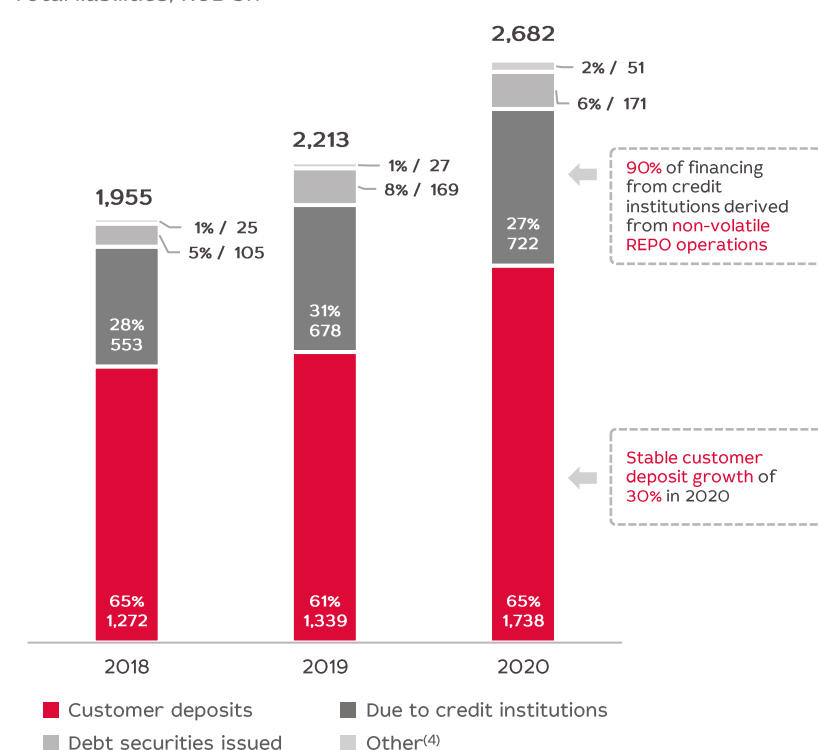
Strong asset growth

Total assets, RUB bn



Diversified funding supported by solid deposit base

Total liabilities, RUB bn



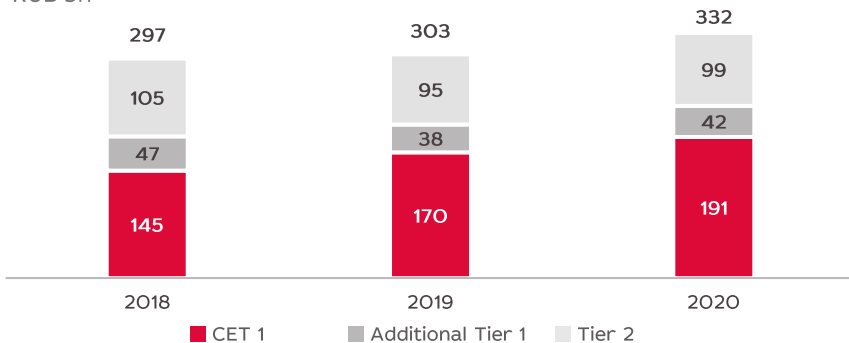
Source: IFRS financial statements.

Notes: (1) Include trading financial assets less derivative financial instruments and investment financial assets. (2) Includes cash on hand, correspondent account with the CBR and Nostro accounts with other banks. (3) Includes obligatory reserves with the CBR, investments in associates, property and equipment, deferred tax asset, derivative financial instruments, other assets. (4) Includes deferred tax liability and other liabilities.

Sound capital position

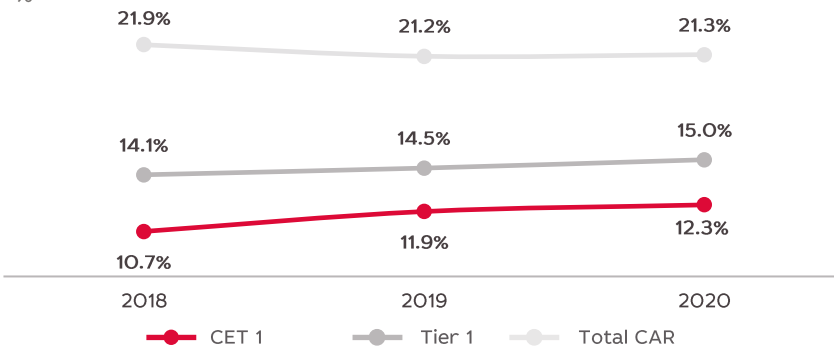
IFRS capital adequacy (Basel III)

RUB bn



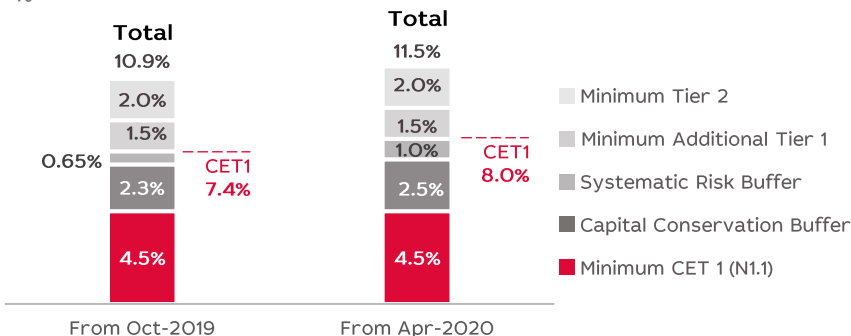
IFRS capital adequacy ratios (Basel III)

%



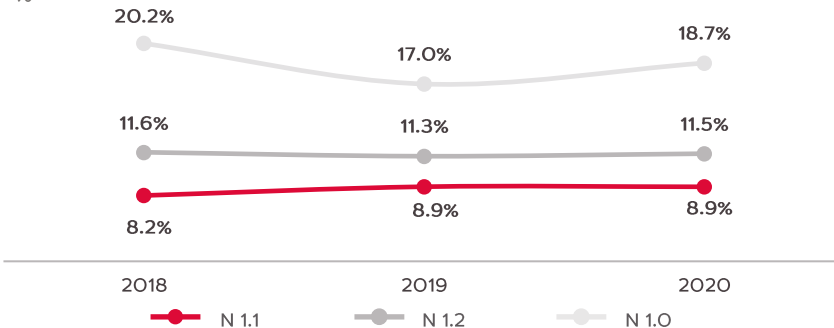
RAS capital adequacy requirements

%



RAS capital adequacy ratios

%



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Proven through-the-cycle universal banking model with full-service proposition adaptable for client needs and market trends

▶ FOCUS ON CUSTOMER EXPERIENCE

- Client-centric business model
- Tailored client solutions
- Offering the best of digital and physical interaction to our clients

▶ SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

- Commitment to the community, employees and environment
- Supporting our partners and customers as they strive for sustainable development

▶ DIGITAL TRANSFORMATION

- Fully digital client proposition
- Extracting more value thanks to data analysis and personalized offering
- Cost leadership supported by technology

▶ TEAM DRIVEN BY ENTREPRENEURIAL SPIRIT

- Providing freedom for self-fulfillment and realization of team potential
- Ownership mentality and ROE-driven decision making



2023 Strategy pillars

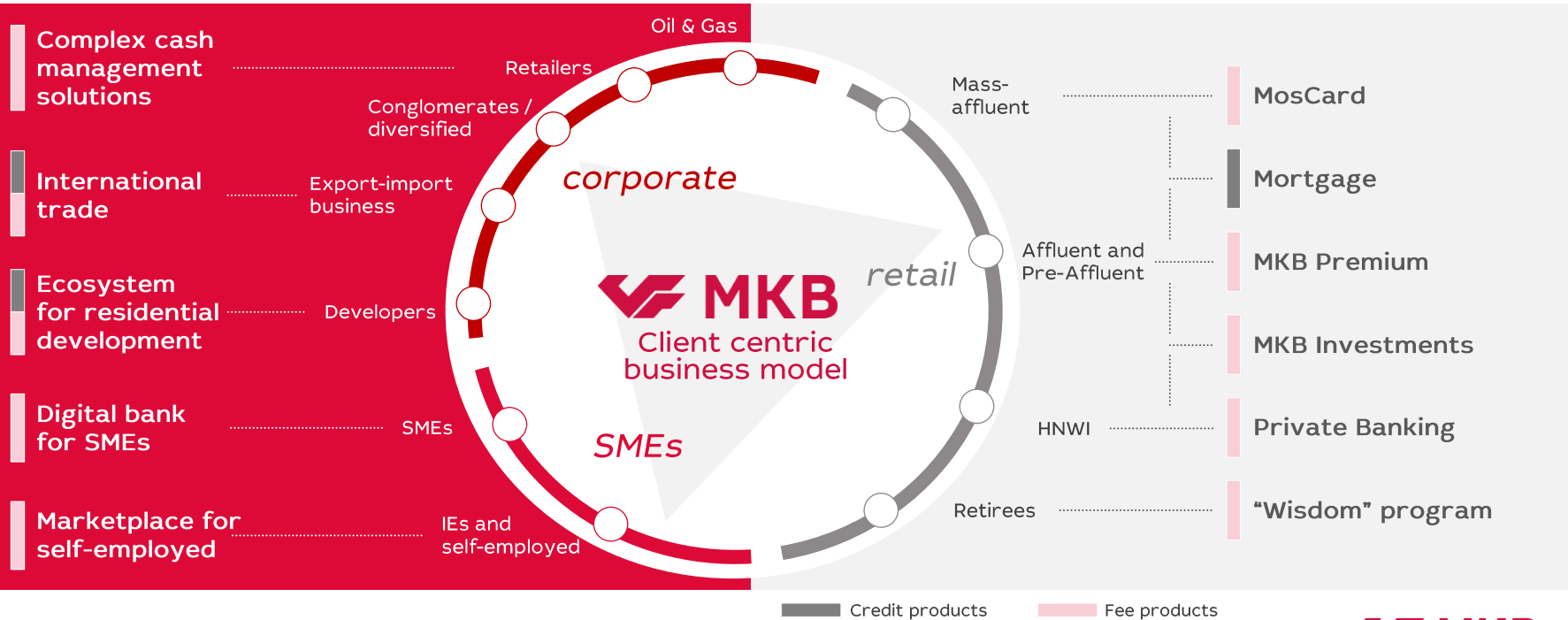
Focus on tailored solutions for key customer segments

✓
Wide service offering
tailored to each client profile

✓
Personal and
digital channels

✓
Client-centric

✓
Implementing
new services



Omnichannel model and focused regional expansion

Expanding digital proposition...



Top-5 Mobile banking app for retail



Mobile app for investments



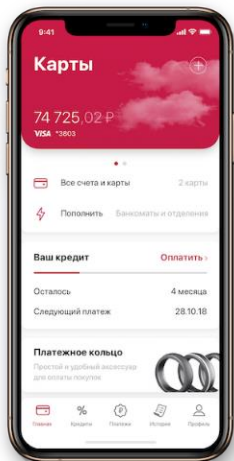
100% Digital bank for SMEs



Full E-banking for corporates



Remote client identification solutions across all business lines



Share of remote banking operations, %

50%
2020

> 75%
2023

...supported by efficient regional footprint



New generation offices

of active retail customers per office, '000

7.2
2020



9.5
2023

Customer service time

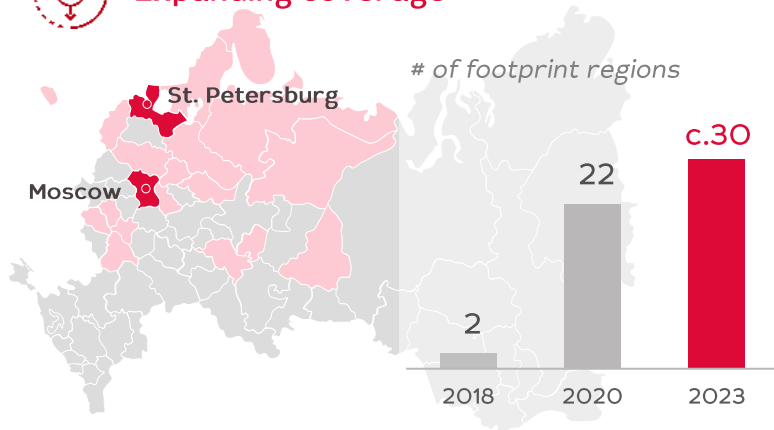
12 min
2020



9 min
2023



Expanding coverage



Regions of presence

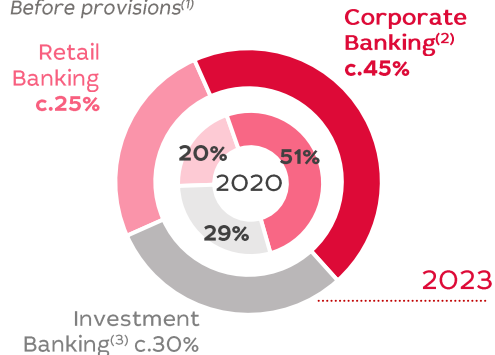


Key strategic targets 2021-2023

Growth across key business lines

- ✓ **10-12% CAGR** for corporate loan portfolio
- ✓ **20-25% CAGR** for retail loan book
- ✓ **Top-3** positions across investment banking products

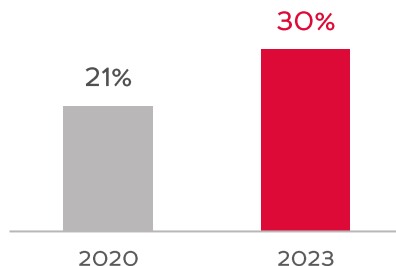
Operating income structure
Before provisions⁽¹⁾



Focus on transactional banking

- ✓ Expanding cash management and trade finance operations
- ✓ Online transactional banking for entrepreneurs and SMEs
- ✓ Daily banking and investments via MKB Mobile ecosystem

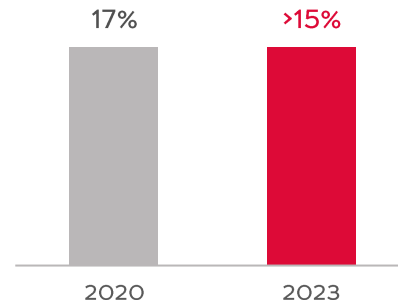
Share of F&C income⁽⁴⁾



Strong profitability

- ✓ Improving NIM to **2.7%** (NII/RWA at **4.0%**)
- ✓ Digitalization and operational improvements with CIR at **30-35%**
- ✓ Maintaining moderate risk appetite with cost of risk **c. 1%**

ROAE



Source: Company data, IFRS financial statements.

Notes: (1) Operating income (excl. Subsidiaries banks) excluding charge for credit losses on debt financial assets, net (loss) gain on loans to customers at fair value through profit or loss and impairment gain (losses) on other financial assets, credit gain (losses) on other financial assets and credit related commitments and other provisions.

(2) Corporate segment includes Cash operations. (3) IB segment includes Investment and Treasury. (4) Net commission income / (net commission income + net interest income)

Corporate Banking

Corporate Banking: Snapshot

Federal Scale

Top-5

Corporate financing⁽¹⁾

Historic focus on Large Corporates

>20k Corporate clients



Strong competences in servicing energy sector

Omnichannel coverage

64 Relationship managers with industry expertise



"Your Bank Online"
MKB Online Banking

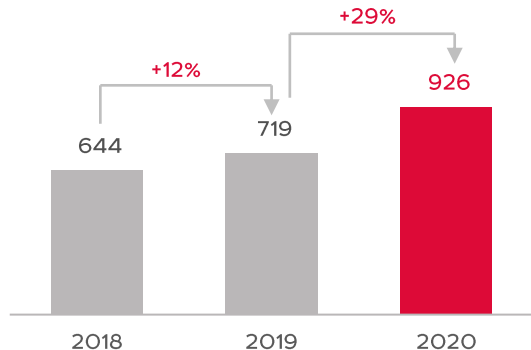
Wallet share expansion

71% Corporate clients are multiproduct relationships

1.8 Products per corporate client

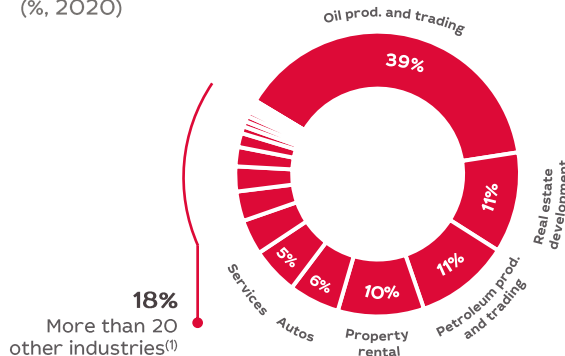
Stable lending growth

Corporate gross loans (RUB bn)



Resilient industry mix

Corporate loans breakdown by industry (% , 2020)



Strong asset quality

2020

2.6% NPL ratio

151% NPL coverage ratio

1.0% Cost of risk

Tailored corporate banking solutions supporting margins and growth

Focus on comprehensive higher margin solutions

Project finance

Broad sector expertise and diversification

International finance

Ecosystem for exporters & importers

Supply chain and trade finance

Expanding the portfolio and improve client penetration

Transaction banking

Reliable infrastructure for payments and treasury solutions



Efficient client service

Faster service

17 business days
TTM⁽¹⁾ for loans in 2023

Transparency & convenience

4,5 (out of 5)
CSI⁽²⁾ for corporate clients

Personal & digital

70% of corporate clients are active online banking users

Efficiency

30%+ reduction in credit processing costs by 2023

10-12%

Corporate loan portfolio growth
2021-2023 p.a.

2.7

Products per active client in 2023
vs 1.8 in 2020

Prioritizing Transactional Revenue Stream

Leadership

Customer proposition

Innovative technologies

International

2023 goals

Cash management

Best Service in Russia
Euromoney Cash Management Survey

Multi-account TMS platform
Virtual treasury
QR- payments infrastructure

Advanced notional pooling
International blockchain platform

SWIFT GPI cross-border payments

x3 Payment volumes

Trade finance

Best Service in Russia
Euromoney Trade Finance Survey

LCs and guarantees
International factoring
High-tech FX-module

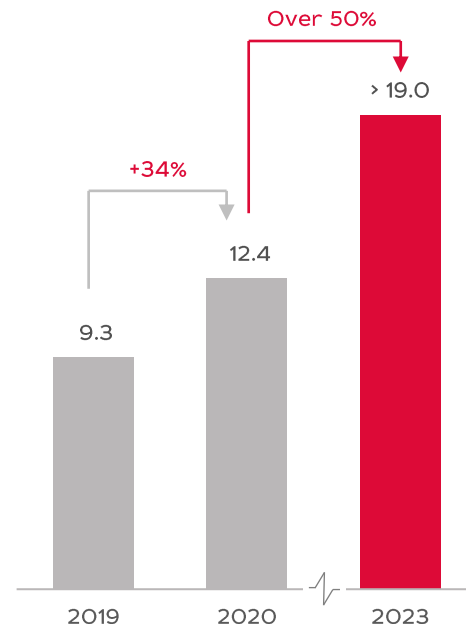
Electronic document flow
Automated bank guarantee issuance

Accredited by the **largest export credit agencies**

x2 Trade finance volumes

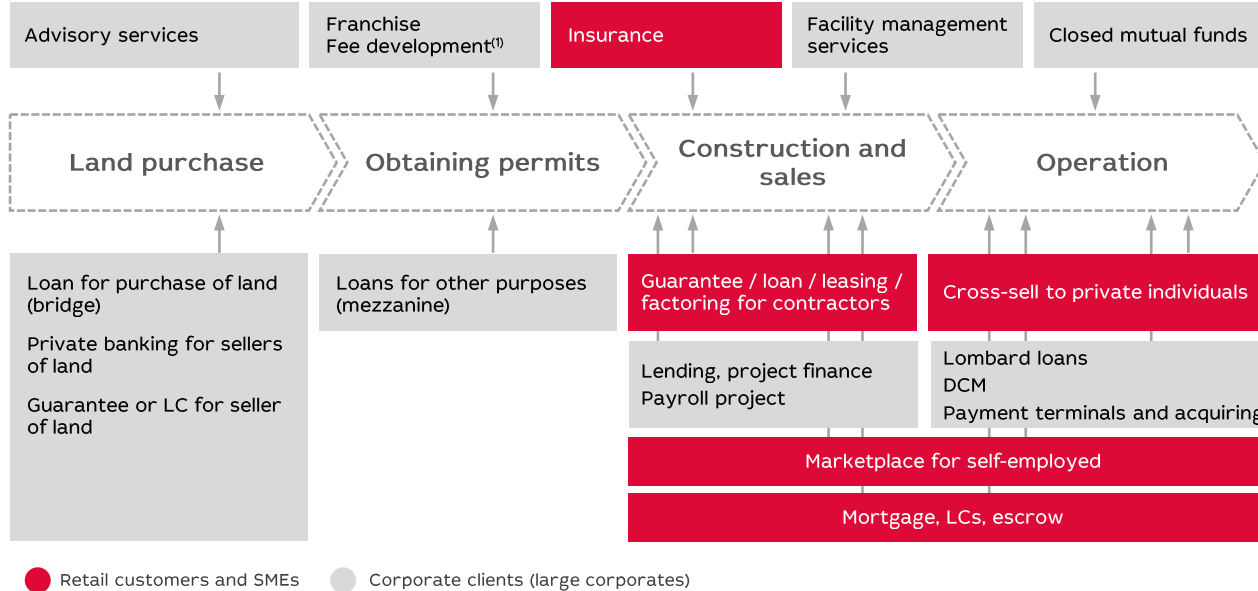
Driving F&C income

Net fee and commission income in corporate segment (RUB bn)¹



Ecosystem for residential construction industry

Partner products



2020 achievements

19 Real estate developers in MKB's ecosystem

+20% Mortgage sales in development ecosystem

2023 targets

x2 Growth in number of RE developers in MKB's ecosystem by 2023 vs 2020

x3 Mortgage sales in development ecosystem in 2023 vs. 2020

✓ Access to the customers **one step ahead** of competitors

✓ Expanding **wallet share** in services provided to the developers

✓ Minimising **risk** via control over value chain

Building SME franchise

Digital bank for micro and small businesses

MKB. Business – online SME bank



Strategic acquisition of online SME platform
(Vesta Bank)...

#1

Bank by quality of
service for IE¹

Top-3

Best Internet Bank
(by SME Banking Club)

...Supported by professional team

Selected hiring from leading SME neobanks

Digital onboarding

- Online accounts opening in 15min

Daily banking services

- Cash and account management
- Payments
- Integration with accounting / tax
- Income / spending analysis

Cash management

- Multibank account connectivity
- E-cashier & cash handling
- FX conversion and control
- Internet, mobile / QR, acquiring
- Corporate cards / payroll

Smart AML System

Key 2023 targets

c. 110k SME Clients

100% NPS by 70%
customers

Top 5 Bank by number
of SME clients

Retail Banking

Retail Banking: Snapshot



> 900 000

Active retail clients, as of 2020

70%

Loyal repeat and payroll customers⁽¹⁾

60% Depositors

40% Credit & transactional clients



Deposits

502
RUB bn

Retail deposits, as of 2020

20%

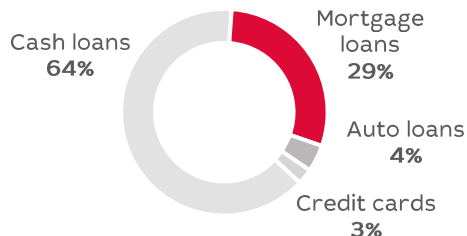
Share of current accounts

Loan portfolio

133
RUB bn

Retail gross loan book, as of 2020

Gross loan portfolio structure, 2020



Omni-channel cost-efficient model

Full scope of services provided online..



- Client onboarding
- Digital-first card issuance
- Loan underwriting & deposit opening
- Payments and transfers

...and supported by lean offline infrastructure



132
Branches



Partnerships
(retailers, developers)



6.8k+
Proprietary and
4.2k
Partner Terminals



1.1k+
Proprietary and
5.5k
Partner ATMs

Client-centric service model



Daily banking

- Remote debit card issuance
- Virtual payment card
- Multicurrency support
- QR and bar code payments
- Auto-payments & Bills payments
- Cross-border P2P transfers



Life-style

- MKB.Travel – integration with One2Trip & Booking
- Car repair booking / Trade-in
- Insurance
- MKB Bonus



Finance

- Online loan application and issuance
- Virtual credit cards
- General loans online issuance



Savings

- Online opening of current accounts, deposits
- Accounts management



Investment

- MKB Investments – digital investment platform

Key 2023 goals



#1 app usability

> 75%

Mobile app penetration vs 50% in 2020

1.7m

MAU vs 400k in 2020

35%

DAU / MAU vs 23% in 2020

Mass-affluent



MosCard

Retirees



“Wisdom” program

Affluent and Pre-Affluent

MKB.Premium

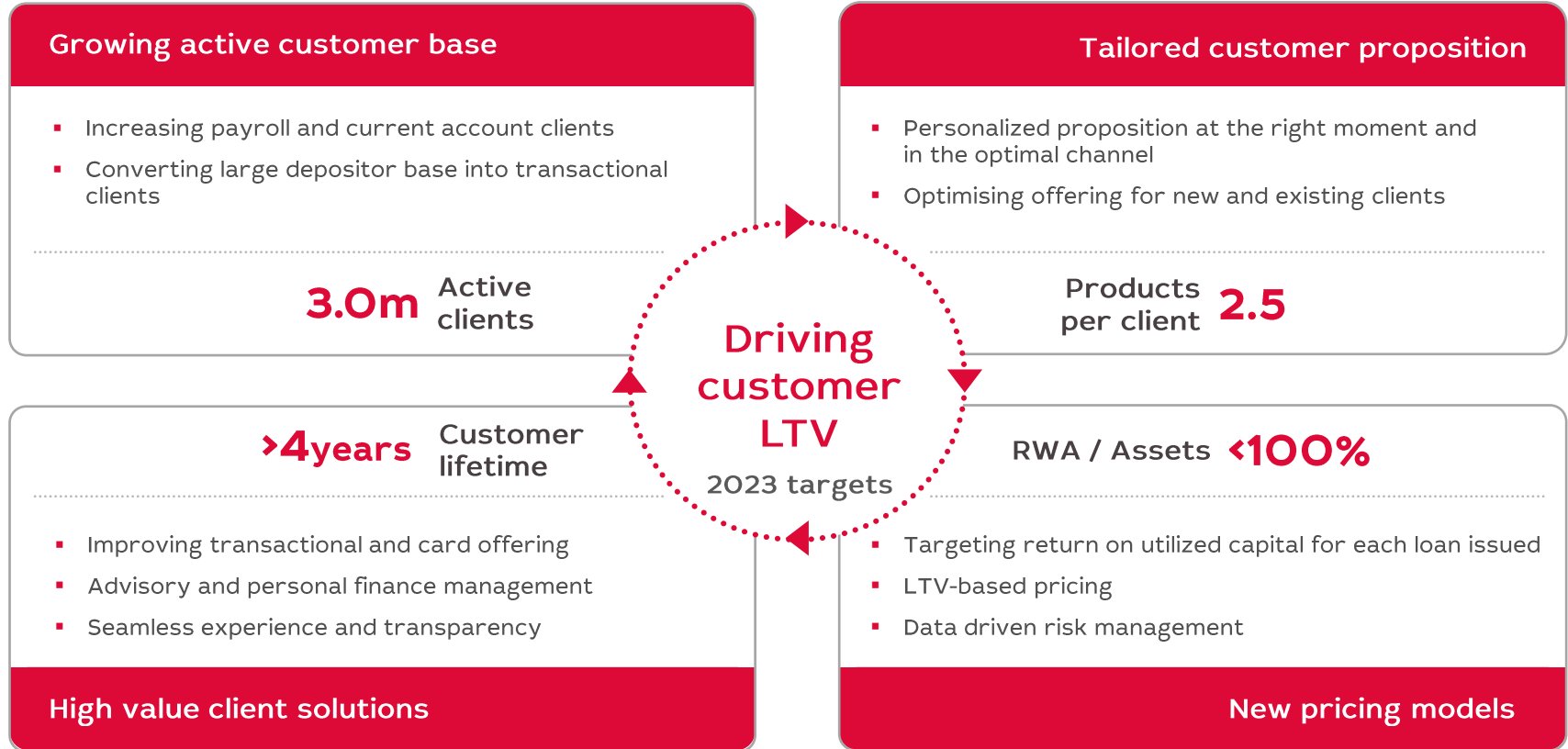
HNWI



mkb private bank

Private bank

Growth via higher customer engagement



Capturing opportunity in the mortgage market

Established mortgage platform

Competitive product



Special partner offers
State-backed mortgage programs

Mortgage refinancing
Trade-in options

Fully digital model



Online underwriting and enhanced scoring models
Digital transaction execution and registration
Integration with partner systems

Same day loan issuance



1 minute Time-to-Yes
7 hours underwriting with established partners

Benefiting from large developers

30-40% MKB share in mortgages within financed projects



Project and customer data enhancing risk management



Full underwriting process integration

Partnership with leading developers



Etalon Group
САМОЛЕТ

Key mid-term targets

MKB outlook for 2023E

c.90 RUB bn Mortgage portfolio

40% Mortgage portfolio CAGR 2020-23

c.45% Share of mortgage in retail loan portfolio

>40% RAROC (assuming 60% risk weights for mortgage loans)

Attractive market opportunity

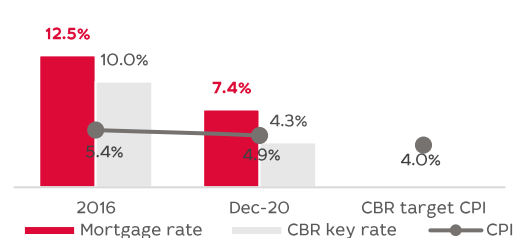
Strong mortgage growth in Russia...

New mortgage origination⁽¹⁾, RUB trn



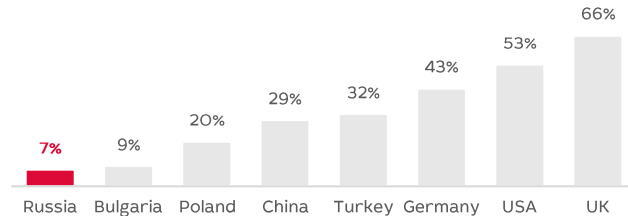
...supported by low interest rates...

Weighted average interest rates, %



...and still low penetration across EM and globally

Mortgage portfolio / GDP, 2019



Source: Company data, Central Bank of Russia, National Central Banks

Notes: (1) According to the report published by Association of Banks of Russia: https://asros.ru/upload/iblock/461/Finansirovanie_zhilishchnogo_stroitelstva_na_sayt_.pdf, 2020 according to DOM.RF, accounting for Top-20 mortgage banks only.

Investment Banking

Financial markets proposition

2020 Year Achievements

DCM

> 1.1 tn
market bond placements⁽¹⁾

ESG

RUB 125 bn
“green finance” organized

FX Online

x2.5
increase in conversion
transactions volume

REPO

Top-5
Local REPO market
operator⁽²⁾

ECM

RUB 29.5 bn
organized 25% Detsky Mir
acquisition

MKB Investments

5th
Among MOEX Top Market
Participants⁽³⁾

Key approach

Tailored customer solutions

Diligent risk-management

Fast decision-making process

Technology offerings (MKB exchange)

Growth of client base across all products

IB product matrix



DCM



M&A
ECM



Fixed Income
Derivatives



REPO
Structured
financing



Depository
services



Structured
products



Brokerage
services



Asset
management

Stable income

79

RUB bn

Revenue⁽⁴⁾

22

RUB bn

Operating
income⁽⁵⁾

Low risk

73%

Securities with
rating BBB-
and above

96%

Bonds with rating
above BBB- above
in reverse REPO
book

Low capital utilization

18%

RWA / Assets ratio

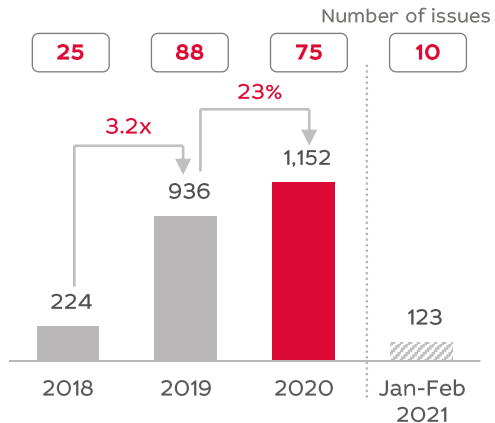
as of 2020FY

Source: Company data, public information.

Notes: (1) As of 12m2020 according to cbonds.ru. (2) According to MOEX Repo Market Operators ranking as of February 2021. (3) According to MOEX rating of Top Market Participants by monthly trading volume of equities and funds, as of February 2021. (4) Interest income for investment segment, according to segment analysis in Note 29 of IFRS financial statements. (5) Operating income for investment segment excluding charge for credit losses on debt financial assets, according to segment analysis in Note 29 of IFRS financial statements

Leading DCM positions

Solid Track Record in DCM, RUB⁽¹⁾



- TOP-5** DCM arrangers (Bloomberg ranking)
- > 10% MKB's market share (excluding own issues placements)
 - 65% YoY growth in fee and commission income
 - 2 issues Arranger of ESG ("social" & "green") bond placements

Landmark transactions in Russia and CIS



Russian Railways

RUB 25bn

First issue of social Eurobonds, Sep 2020



Eurochem

RUB 10bn

Local bond placement followed by cross currency and interest rate swap, Feb 2020



Alliance Oil Company

USD 500mn

Restructuring, Jul 2020



Largest retailer in Belarus

RUB 5bn

First issue, Jun 2020

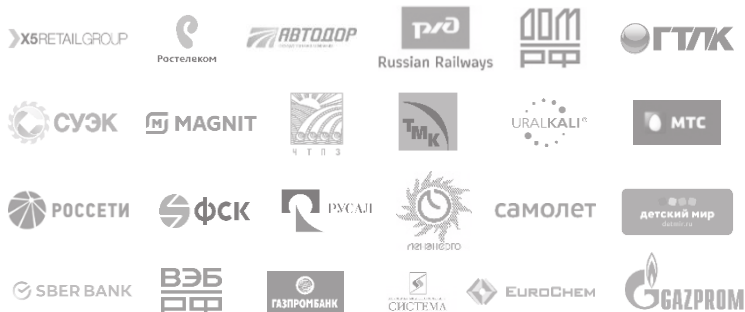


Ministry of Finance Republic of Kazakhstan

RUB 40bn

Debut RUB-nominated bonds placement, Sep 2020

Serving blue-chip issuers



Market recognition & awards



Best Primary Non-Financial Sector Bond Issue



Best Primary Energy Sector Bond Issue



Best Primary Retail Bond Issue



Debut of the year (Kazakh MoF)



Best Primary Telecommunication Sector Bond Issue



Best primary placement of the metallurgical industry



ESG-issue of the year

Investment banking strategy

Long-term strategic vision:

Development of client's business via trusted partnership and excellence in providing investment banking services

Strategic initiatives



Increasing share of client business in operating income



Active development of **commission products** (FX, DCM, ECM, M&A, precious metals, derivatives)



Higher diversification of investment business (by products, clients and geography)



Synergy between corporate and investment banking



One-stop shop approach

Key 2023 targets



DCM

New DCM debut issues
Enter CIS markets

Top-2 "Green" bonds market (Russia & CIS)

Top-3 in DCM market



PESS (private equity & special situations)

Develop up to the level of leading Russian and foreign banks

>20% Project IRR

25+ RUB bn Total portfolio



ECM, M&A

Diverse industries
Privatization programs

3-5 Deals per year



Derivatives & FX

Develop product line (commodities, new OTC)
FX online

15% F&C income CAGR on FX deals

30% F&C income CAGR on derivatives



MKB Investments

Expand IB product line
Launch of upgraded platform

>300k Client accounts

30+ RUB bn Total AUM in 2023



mkb private bank

New concept: relationship manager, product line, flexible processes

100+ RUB bn Total AUM in 2023

40% Total AUM CAGR

Technological platform

Information Technology: Snapshot

- Flexible matrix structure for IT-business interaction
- Efficient use of IT resources, geo-distributed teams

- IT as a Business partner function
- Focus on building business value

2020 Results



Dedicated cross-functional value-oriented teams, **shared KPI** with business



New banking technologies: speech analytics, omni-channel communication platform, data quality governance, RPA



Over 30% reduction in use of paper
3% of back-office operations staff replaced with **robots**
30% reduction in call-center operational costs



Lean technologies:
60% of legacy core banking system replaced

2021 Priorities

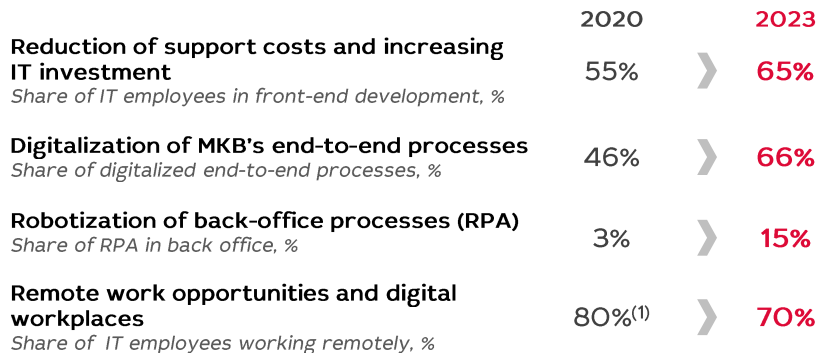
- ✓ **Digitalization of customer experience:** UI/CX, CJM, chat bots, biometrics and electronic queues
- ✓ **ML and Behavioral Analytics** to improve customer experience and grow LTV
- ✓ Further **automation** of business processes, **AI Engineering**

Digital initiatives 2020-2023

Focus on Digitalization and improving of customer service



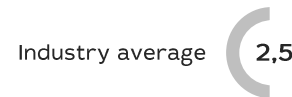
Digitalization of MKB's internal processes



Pragmatic approach to digital investments

- **"Business first"** – focus on solving real business problems
- **Bet on proven technology** – fast and cost-effective deployment of proven solutions
- **Space for piloting of innovative solutions**

Manage IT Finance Gartner Score⁽²⁾, 2020



Combining strengths of technological bank and fintech

Goals by 2023:

Data analysis and flexible integration with partners for the best customer experience

Leadership in cost efficiency enabled by technology

Effective and dynamic IT organization enabling clear focus on priorities

✓ **Advanced customer analytics** for improvement of MKB's product offerings

✓ **100%** transition from legacy to modern core banking systems

✓ **Cross-functional teams** of data scientists, data engineers and line-of-business product owners

✓ **Unified banking platform** for data storage, models development and implementation

✓ **Digitalization** of customer service and MKB's internal processes

✓ **20% increase** of IT solutions development speed

✓ **2-3 weeks** the average time of partner integration (vs. 2-3 months in 2020)

✓ **High standards** of IT investment management

✓ **No substantial** losses from cyber attacks

ESG

Focus on Environmental and Social matters

Top-5 Russian bank in implementing sustainable development principles⁽¹⁾

BBB[esg] Highest ESG rating among Russian banks⁽²⁾

 Sustainability Reports based on GRI standards published since 2018

Corporate

Refining internal processes to support development of ESG⁽³⁾ banking



Implementing internal **green taxonomy** and projects verification process



Adapting infrastructure to expand **green financing**, incl. dedicated **corporate sustainability** and **green sales teams**



Creating internal **sustainability-focused mindset** via trainings



EBRD- and IFC-compliant practices of corporate governance, green criteria on loan portfolio, social and environmental management policy



Digital transformation



Implementation of **green office** concept

Clients

Supporting our clients to ensure balanced and sustainable development



Green finance products



Digitalization of services



Tailored retail products to support elderly people and young families



Educational programs on financial literacy



Restructuring programs for Covid-19 affected clients

99%

of Covid-related retail restructurings are covered by MKB's own support program⁽⁴⁾

77% approval rate⁽⁵⁾

Community

Partnerships with ESG projects led by external parties



Arithmetika Dobra
Supporting orphans and foster families



WWF
Environmental, biodiversity and educational projects



Green movement
Paper use neutrality via forest planting

Green banking leader in Russia
RAEX-Europe's ESG ranking 2021



Source: Company data, Sustainability report for 2019

Notes: (1) WWF Review of Sustainable Finance in the Russian Banking Sector, Feb 2020 https://wwf.ru/upload/iblock/b36/Green_finance.pdf (2) Rating assigned by Rating-Agentur Expert RA GmbH to MKB on 25 Oct 2019. (3) Environmental, Social, Governance. (4) 1% is covered by 106-FZ Government program. (5) Calculated as a number of approved restructurings divided by a number of received requests for restructurings.

Commitment to the community and environment

We take responsibility for our impact on the environment, take care of our employees and the community we work in

We support our partners and customers in their strive for transformation to ensure sustainable development

Goals by 2023:

A[esg]

A-rating band (RAEX Europe) and broader coverage by international ESG rating agencies

Community and environment



Introduced the concept of responsible product offering in all business units



Regular carbon footprint assessment, targets set to minimize the footprint

Clients

100
RUB bn

Financing for "green", social and transition⁽¹⁾ projects by 2023



Implementation of sustainability principles in the supply chain

Employees

85% Employee engagement level⁽²⁾

Top 10 Employer among Russian banks⁽³⁾

Source: Company data

Notes: (1) Transition projects – projects supporting decarbonization goals within transition to more sustainable development. (2) According to Happy job survey; (3) According to hh.ru employers ranking

Financial targets

Strategic and financial outlook

		2018 - 2020	2021 - 2023
Growth	Corporate loans (p.a.)	8.2%	10-12%
	Retail loans (p.a.)	15.0%	20-25%
Profitability	NII / RWA	4.0%	c.4.0%
	NIM	2.4%	c.2.7%
	Share of F&C income ⁽¹⁾	20.4%	30%
	Cost / Income	36.1%	30-35%
	ROAE	14.9%	> 15%
Asset Quality	Cost of risk	1.3%	c. 1%
Capital	N1.1 ratio	8.5%	> 9%

Source: Company data.

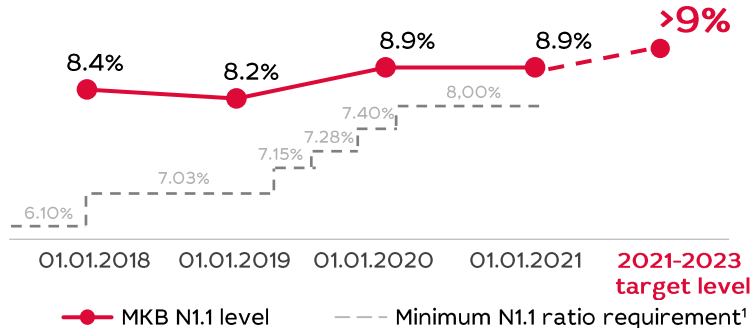
Notes: (1) Net commission income / (net commission income + net interest income)

Sustainable dividend policy

Capital management

Sufficient MKB capitalization ensuring **comfortable compliance with regulatory ratios**

N1.1 RAS capital adequacy ratio



Dividend policy

Key goal of MKB's long term dividend policy – **to achieve stable dividend payment level by 2022**

2021

Recommendation on **distribution of 2020 net profit** to be taken by the Board of Directors later this year

2022

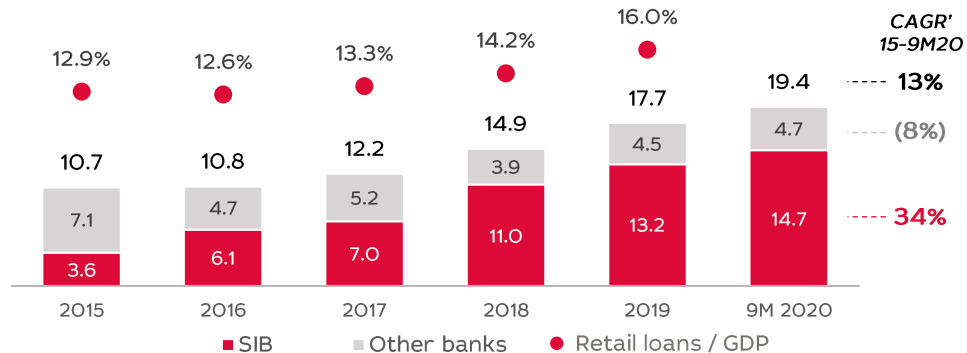
Dividend distribution in the amount of **min 25% of net profit** of the previous year, according to IFRS

2020FY results update	4
MKB at a Glance	9
Strategy 2023	17
Appendix	47

Attractive banking sector favoring SIBs

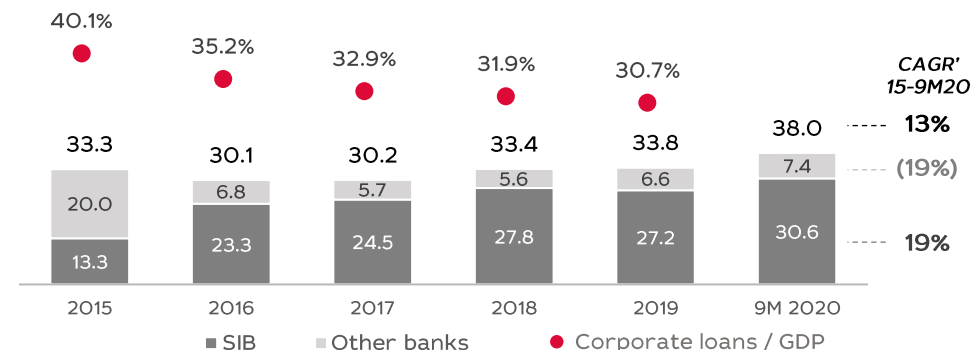
Retail loans growth driven by SIBs

Loans to individuals in Russia, RUB tn



Corporate loans

Loans to legal entities in Russia, RUB tn



High profitability

17.3% Average banking system ROAE

1.9% Average banking system ROAA

Well-capitalized banking system

14.2% SIB⁽¹⁾ TCAR (N1.0)

12.7% Banking system TCAR (N1.0)

Healthy sector liquidity

120% Liquidity ratio

88% Loans / Deposits

Journey to leading non-state public bank in Russia

1994 - 2012

Moscow-focused Franchise

- Mr. Avdeev acquired MKB in 1994
- Track record of **strong organic growth** with focus on servicing retail and wholesale companies
- Resilience during financial crisis of 2008 with **24% rise in total assets** and **17.2% ROAE**
- **EBRD and IFC acquired 15% stake** in July 2012⁽¹⁾

RUB 0.3Tn

#13

#22

By Total Assets⁽²⁾

2013 - 2016

Strong Universal Player and Expansion into Large Corporates

- Completed **RUB 13.2bn IPO** in July 2015 and **RUB 16.5bn SPO** in December 2015 on MOEX
- **Breaking into top-10 bank list**
- Successful expansion of **relationships with large Russian corporates**
- **Build up of retail banking platform** which becomes an important funding source
- **Acquisition of Inkakhran**, one of Russia's biggest cash handling companies, and **SKS Bank** to develop investment banking

RUB 1.6Tn

#3

#8

By Total Assets⁽³⁾

2017 - 2020

Leading Non-State Public Bank

- Designated as **systemically important bank** by CBR in September 2017
- Completed **RUB 14.4bn SPO** and **RUB 14.7bn SPO** on MOEX in October 2017 and November 2019, respectively
- Leadership in **DCM and financial markets**
- **Strategic bolt-on acquisitions** across business lines (**Vesta Bank, Rusnarbank**) and new geographies (**Bank Sovetskiy** and **Bank Koltso Urala**)

RUB 2.9Tn

#2

#6

By Total Assets⁽⁴⁾

 Among non-state owned banks

 Among all banks





Source: Company data, banki.ru ranking

49 Notes: (1) IFC sold off its remaining stake in MKB in 2017. (2) As at December 2012. (3) As at December 2016. (4) As at December 2020







Diversified business model with moderate risk profile





Retail banking

-  900k active retail clients
-  Full product offering
-  Omnichannel service model
-  Strong deposit gatherer

Corporate banking

-  20k active corporate clients
-  Strong access to Russian blue-chips
-  Growing SME footprint
-  Focus on transactional business

Investment banking & Treasury

-  Relationships with large corporates
-  Top-5 bond arranger in Russia
-  Synergies with corporate business
-  Top-5 investment operator on MOEX⁽¹⁾

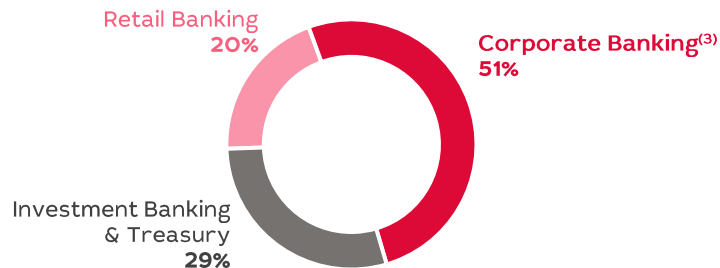


Delivering synergies across business lines



Diversified business

Operating income before provisions⁽²⁾, 2020



Moderate risk appetite

Average metrics, 2018- 2020

2.7% NPL ratio

184% NPL coverage

1.3% Cost of risk

91% Securities and reverse REPO rated BBB- and above⁽⁴⁾

Source: Company data as of 2020

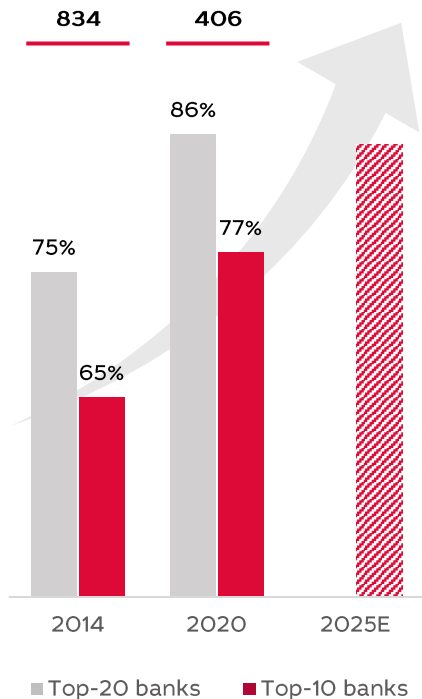
Notes: (1) According to MOEX rating of Top Market Participants by monthly trading volume of equities and funds, as of February 2021. (2) Operating income (excl. Subsidiaries banks) excluding charge for credit losses on debt financial assets, net (loss) gain on loans to customers at fair value through profit or loss and impairment gain (losses) on other financial assets, credit gain (losses) on other financial assets and credit related commitments and other provisions. (3) Includes Cash Operations. (4) Trading financial assets, investment financial assets and securities that serve as collateral under reverse repo agreements, as of 2020

MKB remains one of the main beneficiary of the sector consolidation

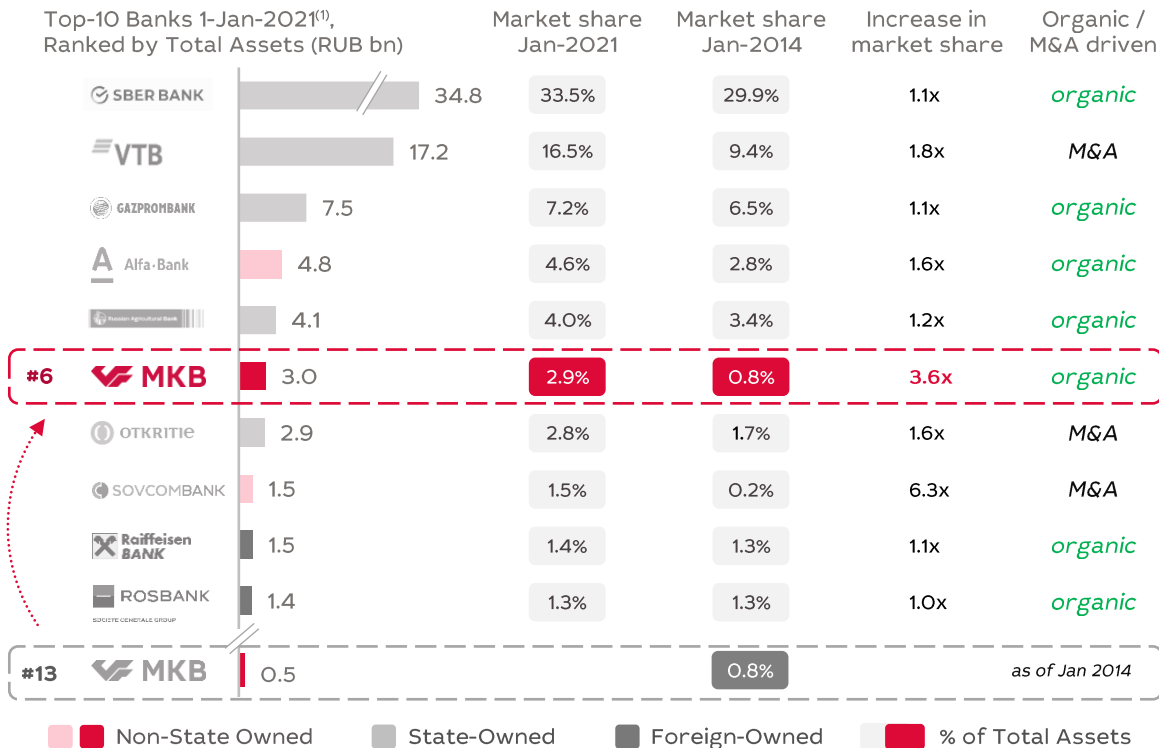
Accelerating sector consolidation

Share by total assets

Number of banks



MKB has been one of the key beneficiaries of the consolidation, having more than tripled its market share since 2014



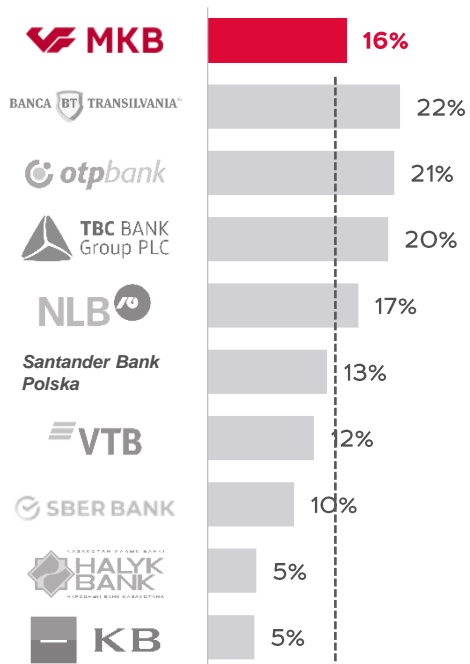
Source: www.banki.ru, Central Bank of Russia

Notes: (1) Excludes National Clearing Centre.

Strong performance vs leading EM publicly-listed peers

Growth

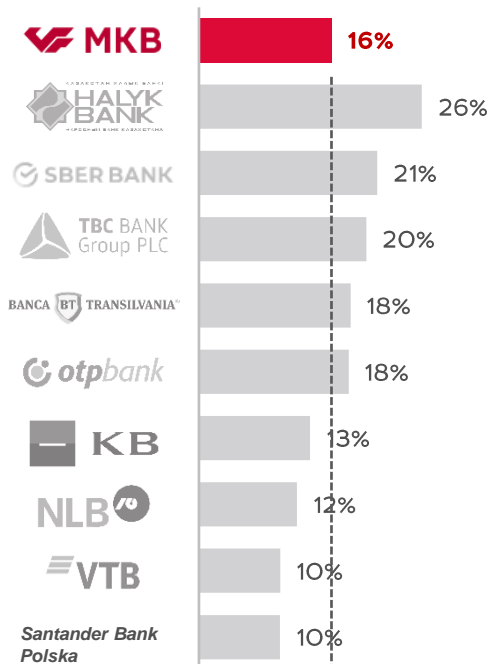
Asset CAGR (2017-2020)



Peer group average 14%

ROAE

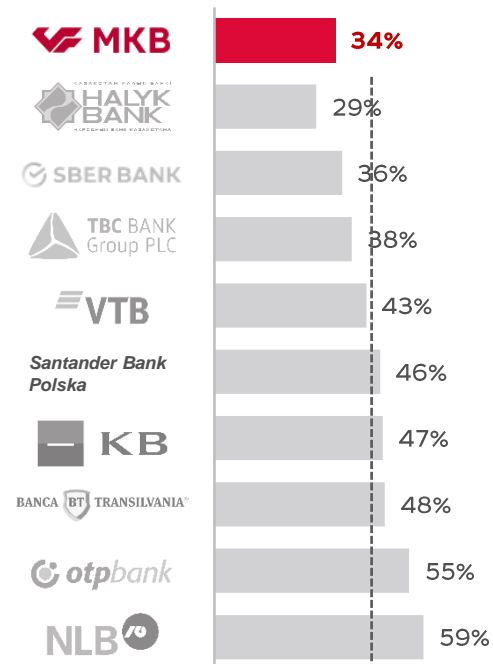
Average (2017-2020)



Peer group average 16%

Cost / Income

Average (2017-2020)



Peer group average 44%

High corporate governance standards

Supervisory Board



Roman Avdeev

Controlling Shareholder

- With MKB since 1994
- Russian businessman with the interest in finance, construction and sports



Vladimir Chubar

Chairman of Management Board

- With MKB since 2004
- Prior to his current role taken in 2012, held executive positions within MKB



Alexey Stepanenko

Financial Director of Concern Rossum

- With MKB since 2009
- Previously held various roles in Russian banks since 2004



Thomas Grasse

EBRD Representative, ESG Ambassador

- With MKB since 2014
- In banking since 1974. Previously – CFO and COO of UniCredit Market and Investment Banking Poland



Sergey Menzhinsky

REGION Representative

- With MKB since 2017
- Member of MOEX Council since 2017, member of the Boards of Directors of REGION's subsidiaries

Independent Non-Executive Directors



William Owens★

Chairman of Supervisory Board, INED

- With MKB since 2012
- Previously – Governor of Colorado (1999-2007), Colorado State Treasurer (1995-99)



Ilkka Salonen★

INED

- With MKB since 2016
- In banking since 1981, incl. UniCredit, Nordea, Sber. Member of the Board of ACRA rating agency



Andreas Klingen

INED

- With MKB since 2016
- In banking since 1993 (Lazard, J.P. Morgan, Erste Group). Previously – CFO of Erste Bank Ukraine



Andrew Gazitua★

INED

- With MKB since 2012
- In banking since 1989. Previously – Head of CEEMEA CIB at Bank of America



Peter Greenall

INED

- With MKB since 2017
- 4th Baron Daresbury. Previously – CEO of Greenall Group

Chairman of:

★ Compensation, Corporate Governance and Nominations Committee

★ Audit and Risk Committee

★ Strategy and Capital Markets Committee

Best governance practices

Supervisory Board

- 5 INEDs⁽¹⁾ out of 10 Board members
- 2 representatives of minority shareholders
- INEDs present on the Board since 2008

Sustainability

- ESG Executive Sessions conducted quarterly
- GRI-compliant sustainability reports issued annually starting from 2018
- Solid ESG corporate governance structure:
 - Management Board member responsible for E&S system implementation
 - Sustainability Working Group responsible for projects consolidation and verification
 - Dedicated Corporate Sustainability team

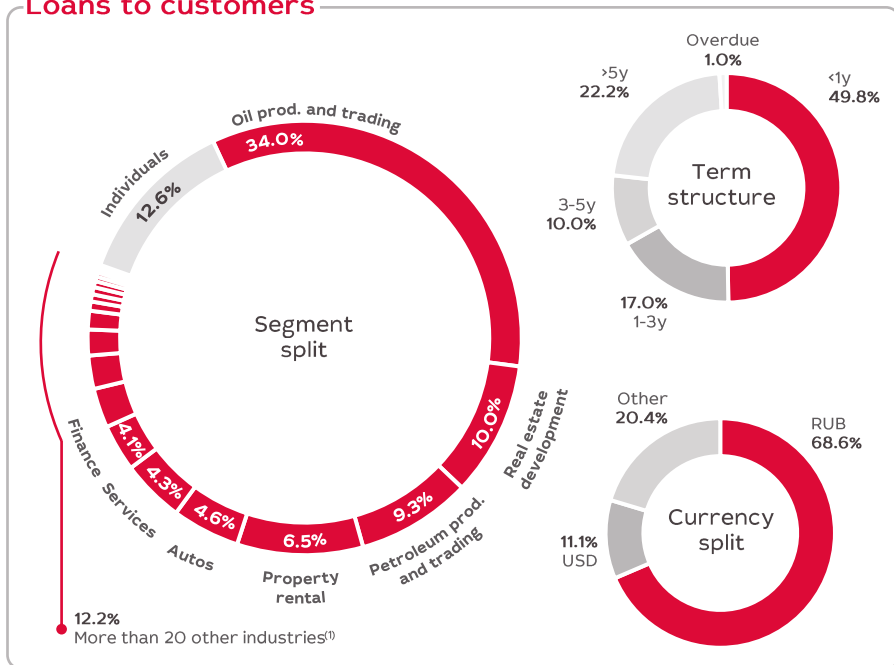
Total assets composition

RUB 2,916bn

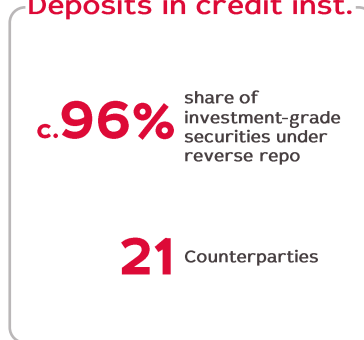
As of 31 Dec 2020



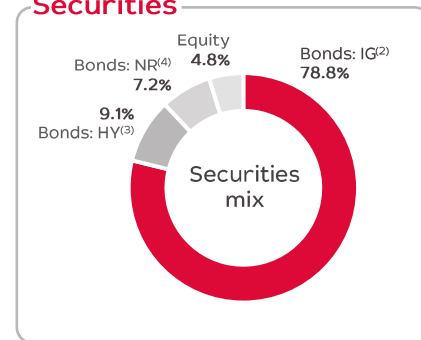
Loans to customers



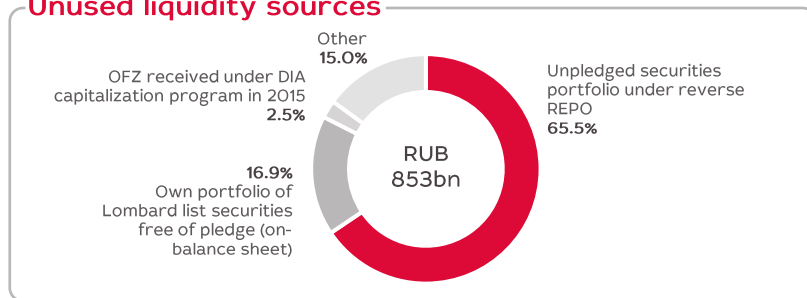
Deposits in credit inst.



Securities



Unused liquidity sources



Source: IFRS Financial Statements; Company data.

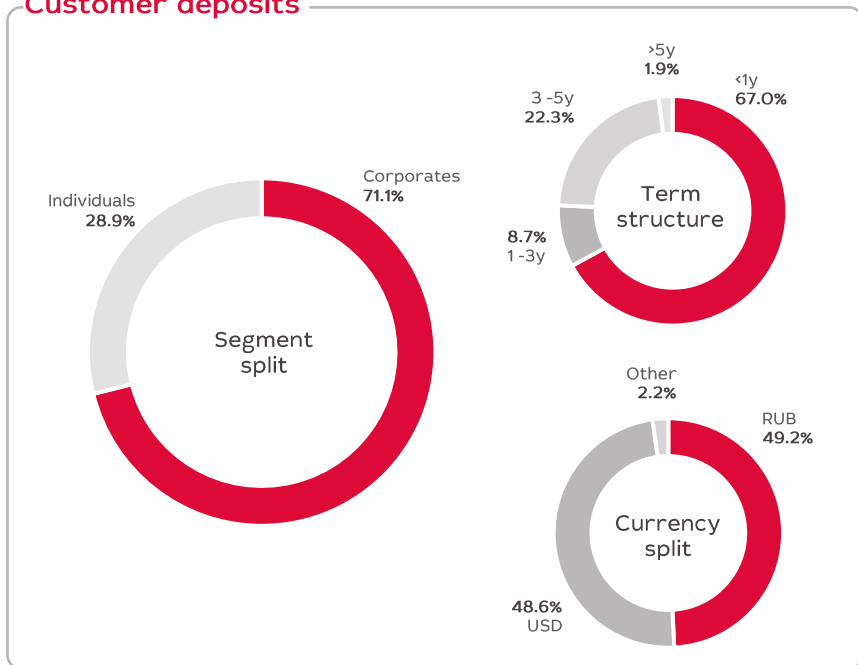
Total liabilities and equity composition

RUB 2,916bn

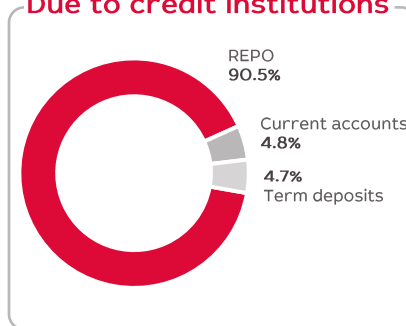
As of 31 Dec 2020



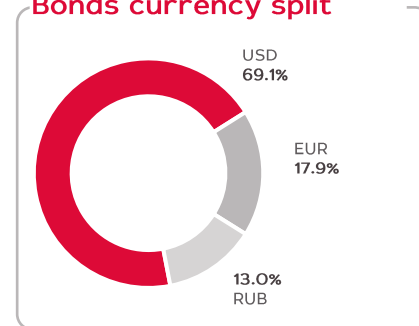
Customer deposits



Due to credit institutions



Bonds currency split

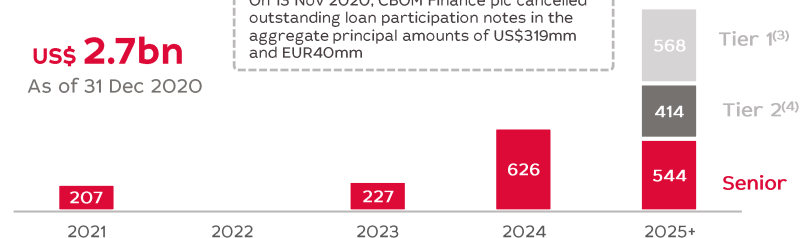


Eurobonds repayment schedule

us\$ 2.7bn

As of 31 Dec 2020

On 13 Nov 2020, CBOM Finance plc cancelled outstanding loan participation notes in the aggregate principal amounts of US\$319mm and EUR40mm



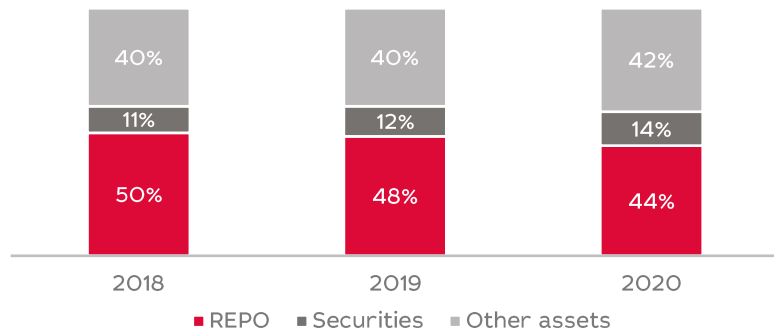
Source: IFRS Financial Statements; Company data; public sources.

Notes: (1) Includes debt securities issued. (2) Includes deferred tax liability and other liabilities. (3) With a call option embedded: first call date in Nov 2022, and then at every coupon date at the issuer's discretion. (4) With a call option embedded: first call date in Oct 2022, and then at every coupon date at the issuer's discretion.

Investment & Treasury: Stable profitability with low capital pressure

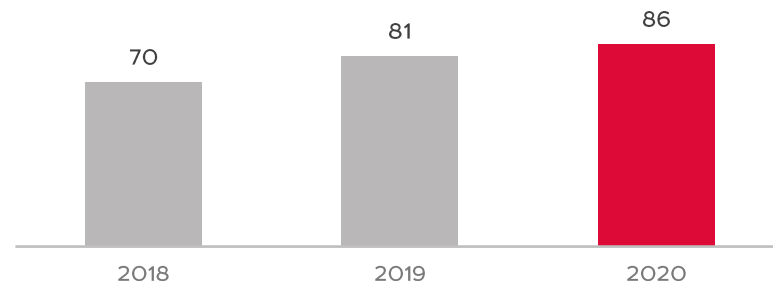
Declining share of REPO in total assets

Share of total assets, %



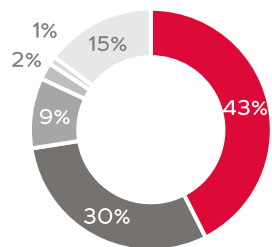
Stable source of income

Interest Income¹ and Fee and Commission Income, RUB bn



High quality securities portfolio

%, 2020

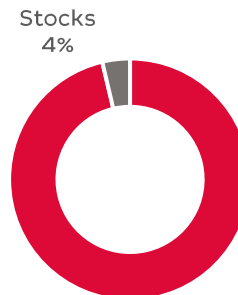


73% of the overall securities portfolio is comprised of investment-grade securities (BBB- and above)

- Russian Government Bonds (OFZ)
- Corporate Bonds
- Corporate Eurobonds
- Central Bank of Russia Bonds
- Russian Government Eurobonds
- Other

Structure of reverse REPO portfolio

%, 2020

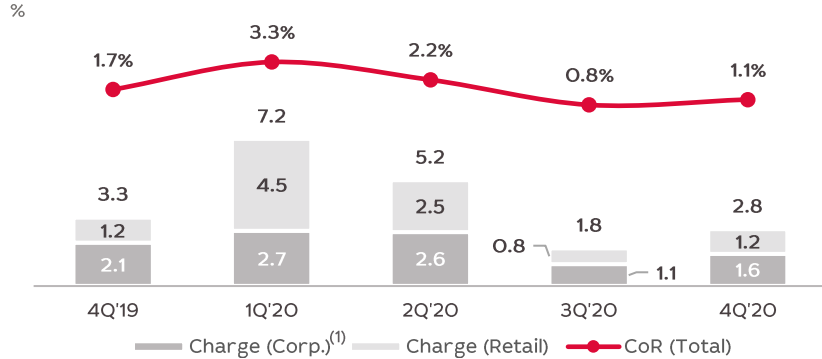


Bonds with investment grade BBB- and above 96%

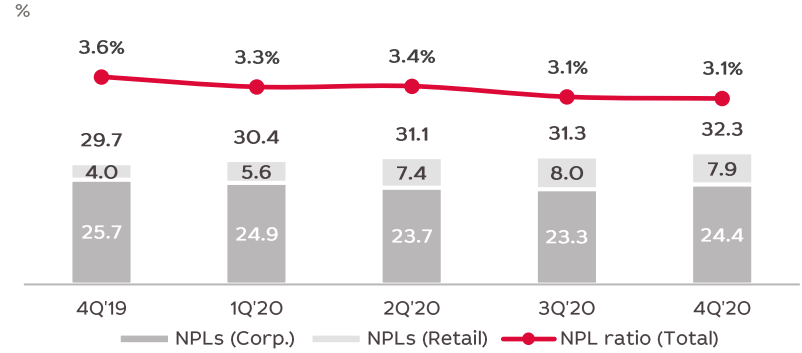
Source: Company data, IFRS.

Provisioning policy adapted to new challenges

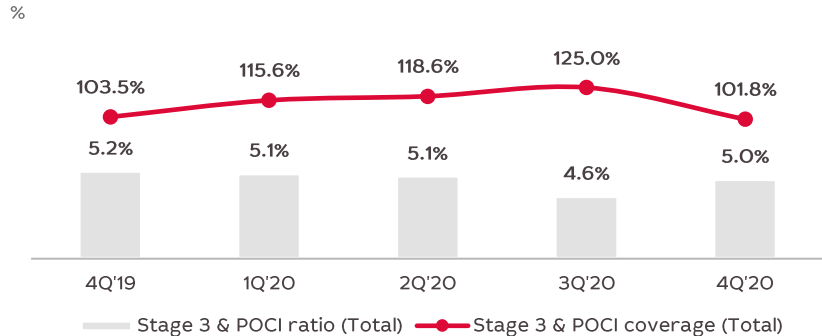
Charge for credit losses and cost of risk



NPLs and NPL share



Stage 3 & POCI ratio and coverage



Highlights:

Cost of Risk spiking in 1Q'20 and reducing over 2Q-3Q'20 reflects the proactive risk management approach driven by Covid-19 dynamics

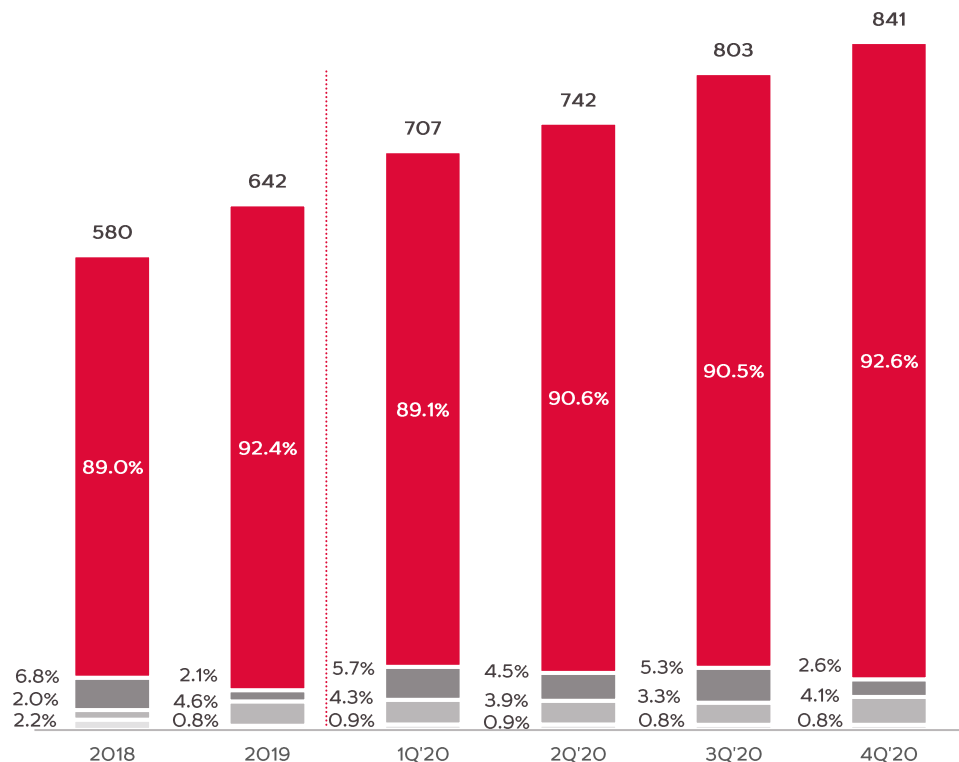
155% NPL coverage presenting comfortable level to withstand potential uncertainty (up from 137% as of 31 Dec 2019)

Reduction in Stage 3 & POCI ratio by **0.2 p.p.** since 2019 is mainly driven by the growth of high-quality corporate loan portfolio

Corporate portfolio quality evolution

Total gross corporate loan portfolio at amortized cost

RUB bn



Stages year-to-date dynamics

RUB bn

	Total	Allowance	Coverage ⁽¹⁾
Stage 1			
2020	778.7	10.4	1.3%
2019	593.4	10.6	1.8%
Stage 2			
2020	21.5	1.3	6.1%
2019	13.7	2.5	18.0%
Stage 2 loans increased mainly due to transfer of COVID-affected sectors from Stage 1 to Stage 2 amid deterioration of certain borrowers' financial situation in worsening market conditions in 2Q-3Q'20			
Stage 3			
2020	34.1	25.4	74.4%
2019	29.8	20.9	70.2%
POCI			
2020	6.5	-	-
2019	5.2	-	-

Source: IFRS financial statements; Company data

58 Notes: (1) Calculated as allowance related to specific stage divided by total amount of corporate loan portfolio classified under specific stage.

Operational excellence

Operating Efficiency Framework...

High service standards



- Widespread and multichannel distribution platform
- Extensive payment terminal network in Moscow
- Full product range to its corporate clients

Leading disciplined risk management



- Centralized risk management system
- Sophisticated and highly automated credit risk management
- Policy driven low level of engagement in high-risk products

Highly-qualified personnel



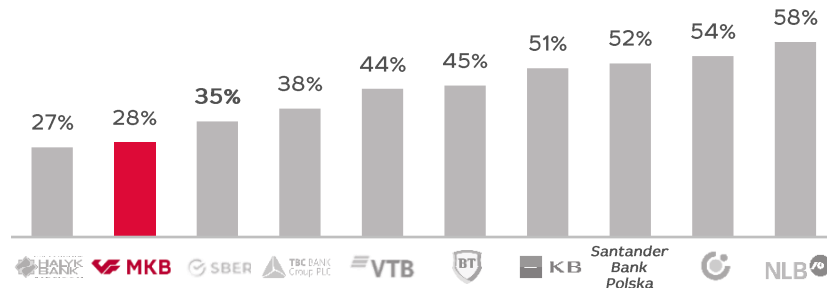
- Training programs for existing staff
- Highly skilled personnel

Modern IT platform

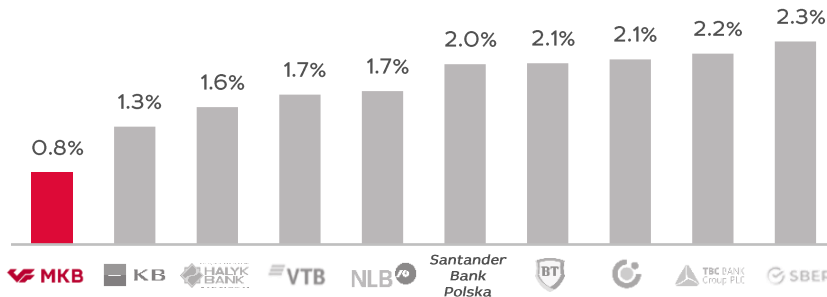


- Digitalization of banking services
- Automation and optimization of its internal processes

...Drives Superiority at Cost-to-Income... (%, 2020)



...And Cost-to-Assets Ratios (%, 2020¹)



Source: Company data, public sources.

Strong risk management framework

- ✓ Centralized risk management
- ✓ Data / tech driven approach
- ✓ Clear KRIs
- ✓ Balanced risk appetite
- ✓ Efficient risk monitoring
- ✓ Responsible lending

Retail risk management

- Focus on repeat customers (70% of client base)
- Highly automated risk management and underwriting
- Proprietary scoring models

Corporate risk management

- Focus on high quality corporate borrowers / issuers
- Limit management system
- Constant loan and securities portfolio monitoring

Automated and Software Risk Management Solutions



- Decision-making unit in retail lending process
- Credit risk quantification models
- Customer routing in collection



- Routing retail loan applications
- Feeding credit histories from credit bureau
- Tracking corporate customers' group structures

In house development of

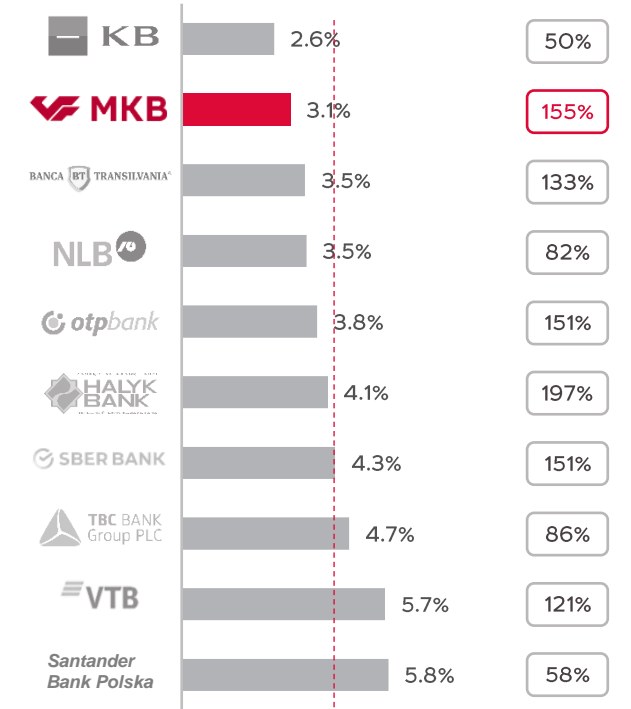


- Routing corporate loans applications
- Corporate customer monitoring
- Internal corporate credit ratings and limits control

One of the lowest NPLs among peers

NPL ratio, 2020, %

NPL coverage ratio



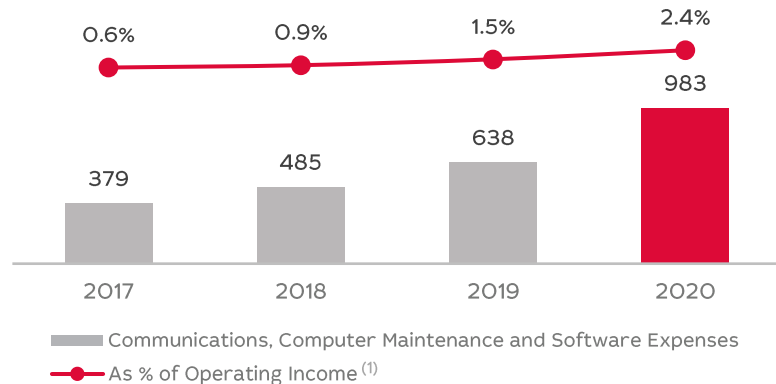
Technology: Advanced IT platform and fast follower strategy

Robust IT Framework

- Centralized, fully scalable and reliable IT system
 - 2 integrated and secure data processing centers, each capable of working independently from others
- Effective information security system
- Independent IT audit from Internal Audit and Control Division, directly reporting to the Supervisory Board

Efficient IT Maintenance

Communications, Computer maintenance and software expenses (RUBmn and %)



Source: Company data.

61 Notes: (1) Includes Net Interest Income before Provision, Net Fee & Commission Income and Other Operating Income.

Strong Focus on Fintech Initiatives



JPM Interbank Information Network

- International blockchain-powered peer-to-peer network initiative led by J.P.Morgan



SWIFT gpi

- New standard in cross-border payments



Member of Faster Payments System

- Instant interbank money transfers with a phone number within Russia



FinTech Lab Accelerator Participant

- Platform connecting developers of FinTech projects and financial institutions



National Settlement Depository

- Cooperation on developing digital deal settlement on blockchain



FinTech Development Association

- CBR-led initiative aimed at assessing and integrating new technologies

Financial highlights

Income Statement (RUB bn)	2020	2019	2018	2017
Net Interest Income	59.2	45.3	48.4	45.3
Operating income	78.2	43.2	56.7	62.4
Operating Expense	(21.8)	(21.2)	(19.4)	(17.0)
Provisions	(18.9)	(6.8)	(2.2)	(18.6)
Net Income	30.0	12.0	27.2	20.7
Key Ratios				
ROAE ⁽¹⁾	16.9%	7.8%	19.9%	17.8%
ROAA	1.1%	0.5%	1.4%	1.2%
Net Interest Margin	2.3%	2.2%	2.6%	2.9%
NII/RWA	4.0%	3.6%	4.4%	4.5%
Cost-to-income	28.3%	51.6%	29.8%	26.8%
Cost of Risk	1.8%	1.0%	1.0%	2.5%
Balance sheet (RUB bn)	2020	2019	2018	2017
Total Assets	2,916	2,423	2,146	1,888
Gross Loans	1,059	829	740	819
Customer Deposits	1,738	1,340	1,272	942
Shareholder's Equity	234	210	191	178
Key Ratios				
Net Loans / Deposits	58.1%	58.9%	55.7%	81.6%
NPL 90+ / Gross Loans	3.1%	3.6%	1.6%	2.4%
LLP/ NPL 90+	154.5%	136.6%	260.0%	253.7%
N1.1. (RAS)	8.9%	8.9%	8.2%	8.4%
N1.0. (RAS)	18.7%	17.0%	20.2%	20.5%
CET1 CAR (Basel III)	12.3%	11.9%	10.7%	11.6%
Total CAR (Basel III)	21.3%	21.2%	21.9%	23.4%