Strategy 2019-2021
ESG – digitalization of Center-invest Bank’s ecosystem

Rostov-on-Don
Moscow
London
Vienna
Zurich
Geneva
Paris
Frankfurt am Main
Cologne
### History 25+

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>The foresight-session «Center-invest bank:25+» responded by Investments AG became a shareholder; Loan agreement with the BSTDB for SME support amounted to RUB1bn</td>
</tr>
<tr>
<td>2017</td>
<td>Bank’s first bond issue for population share capital increase in amount RUB500m; Russia’s 1st Positive Economy Forum together with PlanET Finance (France)</td>
</tr>
<tr>
<td>2016</td>
<td>first Russian bank who started issuing and acquiring Mir payment cards</td>
</tr>
<tr>
<td>2015</td>
<td>The Financial Literacy Centre was opened; Social projects «Enterprise for All» and «Business loan for business woman» - «The Best Social Projects of Russia»</td>
</tr>
<tr>
<td>2014</td>
<td>winner in the tender of the Federal Treasury for cash services of budgetary funded organizations of Rostov region; Youth Business Programme run by the International Forum of Business Leaders</td>
</tr>
<tr>
<td>2012</td>
<td>Erste Group Bank AG became a shareholder; Bank’s own processing centre was opened</td>
</tr>
<tr>
<td>2011</td>
<td>Moody’s assigned «B1» rating; 1st international syndication for USD45m; 1st bond issue in amount of RUB1.5bn</td>
</tr>
<tr>
<td>2009</td>
<td>EBRD became a shareholder; entering VISA International; adoption of Corporate Governance Code and Code of Corporate Ethics</td>
</tr>
<tr>
<td>2008</td>
<td>agreements with EBRD, The U.S. Agency for International Development (USAID), IFC and HERMES entered</td>
</tr>
<tr>
<td>2007</td>
<td>cooperation with IFIs began; joining in Europay International</td>
</tr>
<tr>
<td>2006</td>
<td>EBRD became a shareholder; entering VISA International; adoption of Corporate Governance Code and Code of Corporate Ethics</td>
</tr>
<tr>
<td>2005</td>
<td>branch opened in Krasnodar; implementation of program «Billion dollars of Don investments»</td>
</tr>
<tr>
<td>2004</td>
<td>The foresight-session «Center-invest bank:25+» responded by Investments AG became a shareholder; Loan agreement with the BSTDB for SME support amounted to RUB1bn</td>
</tr>
<tr>
<td>2003</td>
<td>The Sustainable Finance Awards» by The New Economy magazine; CNY correspondent account with Bank of Communications (Shanghai)</td>
</tr>
<tr>
<td>2002</td>
<td>Top performing bank in the Rostov Region under SME Development Programme; 1st loan under Energy Efficient Housing and Communal Services Programme</td>
</tr>
<tr>
<td>2001</td>
<td>1st issuance of CLN in amount USD175m in international market; Dr.Vysokov - «Sustainable Banker of the Year» by FT; Golden Certificate of Trust of the Federal Tax Service of Russia</td>
</tr>
<tr>
<td>2000</td>
<td>DEG became a shareholder; implementation of the program «Doubling with Center-Invest Bank»; RUB1bn syndication in the Russian money market; participation in programs for transition of Russian banks to international standards</td>
</tr>
<tr>
<td>1999</td>
<td>first audit passed according to International Accounting Standards by PWC; development of the program for Don SME support; cooperation with Western Union</td>
</tr>
<tr>
<td>1998</td>
<td>development of pro-active marketing program</td>
</tr>
<tr>
<td>1997</td>
<td>advanced license for currency operations; launching first investment projects</td>
</tr>
<tr>
<td>1996</td>
<td>start of operations with individual deposits and currency exchange transactions</td>
</tr>
<tr>
<td>1995</td>
<td>opening first branches in Bataysk, Novocherkassk, Taganrog;</td>
</tr>
<tr>
<td>1994</td>
<td>services for privatization processes</td>
</tr>
<tr>
<td>1993</td>
<td>cooperation with IFIs began; joining in Europay International</td>
</tr>
<tr>
<td>1992</td>
<td>branches opened in Aksay, Azov, Semikarakorsk</td>
</tr>
</tbody>
</table>
Bank overview

Mission statement

«Center-invest Bank is the Sustainable Bank for southern Russia»!

• Center-invest Bank is a leading universal regional bank in southern Russia, was founded in 1992 (General Banking License N2225)

• Bank is licensed by the Federal Financial Markets Service of Russia to act as a broker, dealer, professional participant in the securities market for securities management and depository in the Russian securities market

• Credit rating from Moody’s Investor Service: Ba3 (Stable outlook)

• Credit rating from Analytical Credit Rating Agency (ACRA): A(RU)

• Two prominent IFIs – EBRD and DEG – together with Bank founders Vasily and Tatiana Vysokovy hold 60% of Bank’s shares

• Bank operates through 127 offices in southern Russia, Nizhniy Novgorod and representative office in Moscow

• CIB has been audited annually by PricewaterhouseCoopers Audit

• Number of employees: 1662 (as at 01.07.2018)
Competitive positions: ratings and rankings

**In ranking of the largest Russian banks as at 01.12.2018:**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>Value of retail loan portfolio</td>
</tr>
<tr>
<td>35</td>
<td>Value of retail deposits</td>
</tr>
<tr>
<td>46</td>
<td>Value of corporate loan portfolio</td>
</tr>
<tr>
<td>41</td>
<td>Value of total loan portfolio</td>
</tr>
<tr>
<td>63</td>
<td>Value of total assets</td>
</tr>
</tbody>
</table>

**In ranking of TOP-16 Russian banks for SMEs as at 01.01.2018:**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Value of loan portfolio to individual entrepreneurs</td>
</tr>
<tr>
<td>9</td>
<td>Value of loan portfolio to small business</td>
</tr>
<tr>
<td>14</td>
<td>Value of loan portfolio to medium enterprises</td>
</tr>
<tr>
<td>15</td>
<td>Value of total SME loan portfolio</td>
</tr>
</tbody>
</table>

**The Banker**

**TOP-100 Russian Banks by «The Banker» magazine:**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Profit</td>
</tr>
<tr>
<td>42</td>
<td>CAR</td>
</tr>
<tr>
<td>48</td>
<td>ROE</td>
</tr>
<tr>
<td>49</td>
<td>ROA</td>
</tr>
<tr>
<td>51</td>
<td>Cost/Income</td>
</tr>
<tr>
<td>55</td>
<td>Tier 1&amp;Net Assets</td>
</tr>
</tbody>
</table>

**Moody’s**

Ba3 | Center-invest Bank’s rating

**Forbes**

31 | The most reliable banks in Russia

**vigeo|eiris**

17 | 76 (Europe) 2018

ESG – digitalization of Center-invest Bank’s ecosystem
Shareholders structure*

- 24.43% Bank founders Dr. Vasily Vysokov and Tatiana Vysokova
- 19.74% EBRD (European Bank for Reconstruction and Development)
- 16.14% DEG German investment corporation (subsidiary of KfW)
- 10.02% responsAbility Investments AG
- 9.11% Firebird Investment Fund
- 9.01% Erste Group Bank AG
- 7.49% Rekha Holdings Limited
- 3.30% Raiffeisenlandesbank Oæ
- 0.76% others

* %, Voting right shares
Localization of SDG till 2030 and national goals till 2024

### Sustainable development goals

1. Poverty eradication
2. The elimination of hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Low-cost and clean energy
8. Decent work and economic growth
9. Industrialization, innovation, infrastructure
10. Reducing inequality
11. Sustainable cities and human settlements
12. Responsible consumption and production
13. Fight against climate change
14. Conservation of marine ecosystems
15. Conservation of terrestrial ecosystems
16. Peace, justice and effective institutions
17. Partnership for sustainable development

### Putin’s breakthrough
[kremlin.ru/acts/bank/43027](kremlin.ru/acts/bank/43027)

1. Demographics
2. Healthcare
3. Education
4. Housing and Urban Environment
5. Ecology
6. Safe and high quality roads
7. Labor productivity and employment support
8. Research
9. Digital Economy
10. Culture
11. Small and medium-sized business and support for individual entrepreneurial initiative
12. International cooperation and export
13. Spatial development strategy

### Bank of Russia’s programs

- Financial markets
- Financial technologies
  [cbr.ru/content/document/file/35816/on_fintex_2017.pdf](cbr.ru/content/document/file/35816/on_fintex_2017.pdf)
- Financial inclusion

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Center-invest Bank’s strategy for 2019-2021 “ESG – digitalization of Center-invest bank’s ecosystem“:

- response to new challenges
- localization of the best world practice
- digitalization of ESG-principles
Localization of SDG till 2030 and national goals till 2024

ESG – digitalization of Center-invest Bank’s ecosystem

- Automation of ESG-principles reducing the risks of digitalization
- Digitalization
  - quantitative assessments
  - consideration of a large number of factors, alternatives and risks
  - innovation solutions in the transformations environment
  - driver of ecosystem’s development
  - standardization of best international practice

Availability of digital technologies

ESG – banking

- moral choice
- long-term development
- continuous innovations
- localization of best international practice high level of professionalism
- high professionalism
- In the interests of customers, investors, partners, employees
ESG – digitalization of Center-invest bank’s ecosystem

Center-invest bank’s ecosystem:
reproduction of current and future generations of investors, personnel, customers, partners, all types of capital and the environment

1. Operational system
2. Relations with the regulator and government bodies
3. Digitalization for customers
Center-invest Bank’s accelerator

Center-invest Bank’s accelerator:
- multiplication of experience
- not a place, but a function
- not one-time projects, but an environment (flow, mass movement)

1. Education

Enterprise for All school.centrinvest.ru,
6 languages 33 000 participants

Financial literacy center знания-сила.рф
1 500 volunteers

My strategy:
“Me and the World in 2030” strategy2030.ru
1 800 strategies

2. Risk management

Mentoring, tax, legal and business consulting,
audit, foreign trade activities

3. Financing

2 240 jobs were created
21 400 number of projects
18 368₽ m

Student scholarship competition education.southofrussia.ru
15 000 students
I. Analysis of the present situation

I.1. Geopolitical risks stimulated in Russia:
- consolidation of society
- modernization of production
- domestic demand for agricultural products and manufacturing industries

I.2. Technological trends
Science creates opportunities, but requires new technologies, institutions and social structure

GDP growth: WORLD 3.5-3.6%

GDP growth: RUSSIA 1.5-1.7%

I.5. Regional features – competitive advantages
GDP growth: SOUTHERN RUSSIA 3-4%
- anti-crisis dynamics
- geopolitical situation, climate
- diversified economy
- strong tradition of enterprise
- advantages in lagging (reducing risks and costs of innovation)
- creative solutions to local problems for subsequent replication

<table>
<thead>
<tr>
<th>Growth rates, 2017 compared to 2016, %</th>
<th>RF*</th>
<th>RR*</th>
<th>KK*</th>
<th>VR*</th>
<th>SK*</th>
<th>NR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>1.0</td>
<td>7.4</td>
<td>4.3</td>
<td>0.3</td>
<td>1.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Producer price</td>
<td>8.4</td>
<td>0.1</td>
<td>-0.8</td>
<td>13.5</td>
<td>-7.0</td>
<td>8.6</td>
</tr>
<tr>
<td>Agriculture</td>
<td>-0.2</td>
<td>17.3</td>
<td>0.5</td>
<td>6.1</td>
<td>12.2</td>
<td>-5.4</td>
</tr>
<tr>
<td>Producer price</td>
<td>-7.8</td>
<td>-8.9</td>
<td>-7.8</td>
<td>-8.4</td>
<td>-8.1</td>
<td>-9.4</td>
</tr>
<tr>
<td>Construction</td>
<td>-1.4</td>
<td>0.1</td>
<td>0.8</td>
<td>17.4</td>
<td>7.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Producer price</td>
<td>3.1</td>
<td>1.7</td>
<td>1.0</td>
<td>4.5</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Trade</td>
<td>1.2</td>
<td>0.3</td>
<td>1.0</td>
<td>1.4</td>
<td>3.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Prices for goods and services</td>
<td>2.5</td>
<td>1.6</td>
<td>2.2</td>
<td>2.4</td>
<td>2.9</td>
<td>3.1</td>
</tr>
</tbody>
</table>

I. Analysis of the present situation

- PILOT PROJECT
- BENCHMARK
- CASE STUDY
- SUCCESS STORY
II. Center-invest Bank’s business model

Appendix 1. Center-invest Bank’s business-model: WAS, IS AND WILL BE THE BEST!

This is not an advertising slogan, but a brief description of the Bank’s business model.

**Best region.** Southern Russia has competitive advantages in the transformation economy compared to other Russian regions (geography, climate, diversified economy, strong tradition of enterprise, rapid adaptation to the crisis).

Best partners. IFI and major companies started their projects together with Center-invest Bank and only then replicated them with other Russian banks.

**Best employees.** Not “headhunting”, but nurturing employees on the basis of competitive selection, training, continuous retraining, rotation and professional growth.

**Best future generation.** The participation of young people from southern Russia in the Bank’s projects demonstrates confidence in the success of their chosen strategy, “Love for Our Home Region + Global Competitiveness”.

**The best shareholders.** The Bank’s international shareholders are a sign of our high-quality work, the professionalism of our management and employees, and our compliance with international standards and effective use of best international practice. They provide access to long-term financial resources and the experience and technologies of other countries. Investment funds consider Center-invest Bank shares to be the most valuable asset in their investment portfolios.

**Best customers.** Center-invest Bank was founded by the first privatized enterprises in southern Russia. Together with the Bank they withstood the post-Soviet privatization years and the non-payments crisis, attracting investors and working in the securities market. Small business in southern Russia benefits from modern banking services, information, analytical and consulting support, marketing solutions, and best international practice in developing youth, women’s and social entrepreneurship.

**Best international practice.** With its shareholders and partners, the Bank monitors and localizes best international practice in corporate conduct, planning, risk management, liquidity, compliance control, IT development, products, services and operations. Center-invest Bank’s experience is itself considered an example of best international practice by international financial institutions and organizations.
II. Center-invest Bank’s business model

Appendix 2. Experience of innovations 25 + years!
In 2017, Center-invest Bank celebrated its anniversary: 25 years since southern Russia’s first privatized enterprises established a new financial institution, which became a “reform laboratory” for the region.

At all stages of reform the Bank has:
• together with its customers found solutions to new problems and challenges;
• offered innovative products and services for retail customers, agribusiness, municipal infrastructure and energy efficiency;
• introduced best international practice in environmental and social responsibility and corporate culture;
• continually organized social and educational projects for schoolchildren, students, entrepreneurs and government bodies;
• developed its information system and implemented automation and digitalization of operations and technologies;
• nurtured skilled and creative staff and developed a strong corporate culture.
II. Center-invest Bank’s business model

Reproduction of capital

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>organic growth and ESG investors</td>
<td>12.6</td>
<td>13.5</td>
<td>16.0</td>
<td>17.5</td>
<td>19.1</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>1.43</td>
<td>1.44</td>
<td>1.60</td>
<td>2.10</td>
<td>2.26</td>
<td></td>
</tr>
</tbody>
</table>

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<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>property rights and renewal of fixed assets</td>
<td>102.6</td>
<td>109.4</td>
<td>116.7</td>
<td>122.7</td>
<td>129.0</td>
<td></td>
</tr>
<tr>
<td>Net loans and leasing</td>
<td>80.1</td>
<td>86.4</td>
<td>93.3</td>
<td>100.8</td>
<td>108.8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>creative methods of management registration of own trademarks, products and software</td>
<td>0.3</td>
<td>0.5</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Accelerator’s participants</td>
<td>4000</td>
<td>5500</td>
<td>7000</td>
<td>8000</td>
<td>10000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Human capital</th>
<th>Number of personnel</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>nurturing staff gender equality and non-discrimination personnel policy</td>
<td>1643</td>
<td>1620</td>
<td>1570</td>
<td>1520</td>
<td>1470</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social capital</th>
<th>Number of customers (m)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>customers and local communities promotion of digitalization of ESG principles social and educational projects</td>
<td>1.1</td>
<td>1.4</td>
<td>1.7</td>
<td>1.9</td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Natural resources</th>
<th>Reduction of CO₂ emissions, tons</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-reporting innovative development of ecosystem</td>
<td>8000</td>
<td>10000</td>
<td>12000</td>
<td>14000</td>
<td>16000</td>
<td></td>
</tr>
</tbody>
</table>
III. Products, services, markets

III.1. SME

1. Experience of working with SMEs (58,000 clients, ₽31.5bn - loan portfolio)
2. Cooperation with partners (EBRD, IFC, KfW, BSTDB, FMO, OeEB, DEG, EDB, IIB)
3. Digitalization of products and services for SME modernization
4. Standard energy efficiency and digitalization projects for target segments and groups
5. Center-invest Bank’s accelerator: Enterprise for All (school.centrinvest.ru), Financial literacy center (знания-сила.рф), Smart scholarship (education.southofrussia.ru), My strategy: Me and the world in 2030, work with universities and association of entrepreneurs
6. Assistance in legalization of small business (legal support, accounting outsourcing, consulting)
7. International cooperation services for small enterprises
8. ESG-programmes for youth, women’s and social entrepreneurship

Loan portfolio growth dynamics, ₽bn

<table>
<thead>
<tr>
<th>Year</th>
<th>SME loan portfolio and leasing</th>
<th>Retail loan portfolio</th>
<th>Corporate loan portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>30.58</td>
<td>36.67</td>
<td>9.66</td>
</tr>
<tr>
<td>2016</td>
<td>28.76</td>
<td>42.38</td>
<td>7.67</td>
</tr>
<tr>
<td>2017</td>
<td>27.91</td>
<td>49.86</td>
<td>8.04</td>
</tr>
<tr>
<td>2018</td>
<td>31.22</td>
<td>54.52</td>
<td>7.46</td>
</tr>
<tr>
<td>2019</td>
<td>33.07</td>
<td>61.06</td>
<td>7.09</td>
</tr>
<tr>
<td>2020</td>
<td>34.80</td>
<td>67.95</td>
<td>6.56</td>
</tr>
<tr>
<td>2021</td>
<td>36.60</td>
<td>74.37</td>
<td>5.90</td>
</tr>
</tbody>
</table>
III. Products, services, markets

III.2. Agribusiness: Effective risk management

III.3. Energy efficiency Technical, financial, environmental and social engineering

III.4. Communal infrastructure: Lending of public goods and services in conditions of transformations

III.5. Social projects Youth, woman and social entrepreneurship

\[\begin{align*}
\text{₽ m} & \quad \text{₽ m} & \quad \text{₽ m} \\
2017 & 9057 & 17228 & 115 \\
2018 & 10143 & 19295 & 120 \\
2019 & 11360 & 21610 & 250 \\
2020 & 12723 & 24203 & 220 \\
2021 & 14249 & 27107 & 300 \\
\end{align*}\]

\[\begin{align*}
\text{₽ m} & \quad 2017 & 2018 & 2019 & 2020 & 2021 \\
\text{Repairs of the apartments buildings} & 17228 & 19295 & 21610 & 24203 & 27107 \\
\text{Repairs of the buildings} & 115 & 120 & 180 & 250 & 300 \\
\end{align*}\]

\[\begin{align*}
\text{₽ m} & \quad \text{₽ m} & \quad 2017 & 2018 & 2019 & 2020 & 2021 \\
\text{Social responsibility} & 47 & 52 & 58 & 65 & 73 \\
\text{Business loans for women} & 711 & 796 & 892 & 998 & 1117 \\
\text{Startup} & 716 & 802 & 898 & 1005 & 1125 \\
\end{align*}\]
III. Products, services, markets

III.6. Retail lending

1. Best terms of lending (loan portfolio amounts to 53 ₽ bn as at 01.01.2019)

- No commissions or mandatory insurance;
- Participation in national and regional preferential loan programmes (preferential mortgage 6%);
- Partnership with Multifunctional Centres allows customers to access government and municipal services in the Bank’s branches;
- VP mortgage technology in the Bank’s branches allows customers to see future homes;
- Constant modernization of retail loan programmes and products, taking into account the digitalization of best international practice practices.

Retail loan dynamic

<table>
<thead>
<tr>
<th>Year</th>
<th>Car loan</th>
<th>Consumer loan</th>
<th>Mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>12.5 ₽ bn</td>
<td>19.1 ₽ bn</td>
<td>2.3 ₽ bn</td>
</tr>
<tr>
<td>2016</td>
<td>14.5 ₽ bn</td>
<td>19.7 ₽ bn</td>
<td>2.5 ₽ bn</td>
</tr>
<tr>
<td>2017</td>
<td>20.2 ₽ bn</td>
<td>27.0 ₽ bn</td>
<td>2.6 ₽ bn</td>
</tr>
<tr>
<td>2018</td>
<td>29.4 ₽ bn</td>
<td>22.8 ₽ bn</td>
<td>2.3 ₽ bn</td>
</tr>
<tr>
<td>2019</td>
<td>34.8 ₽ bn</td>
<td>24.0 ₽ bn</td>
<td>2.3 ₽ bn</td>
</tr>
<tr>
<td>2020</td>
<td>40.6 ₽ bn</td>
<td>25.0 ₽ bn</td>
<td>2.4 ₽ bn</td>
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<td>2021</td>
<td>47.2 ₽ bn</td>
<td>26.0 ₽ bn</td>
<td>2.4 ₽ bn</td>
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</table>

Online loan applications as % of total number of applications

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td></td>
<td>60</td>
<td>70</td>
<td>72</td>
<td>84</td>
<td>86</td>
<td>90</td>
<td>92</td>
</tr>
</tbody>
</table>
IV. Nurturing Personnel

1. Nurturing Personnel
Student at Financial Literacy Centre – trainee – Bank’s employee – internship – rotation

2. Corporate culture:
- all employees have the right to ask questions
- the manager’s duty to give an exhaustive answer
- everybody’s involvement in the fulfillment of mission
- readiness for innovation (changes in structure, technologies, business processes)
- monitoring of best international practice

3. Incentive system:
guaranteed payment – bonus quarter/year – deferred payment of risk

5. Stimulating innovation
(project teams, innovation competitions, surveys)

4. Gender equality and non-discrimination policy, multi-ethnic composition

- Number of students at FLC offered Bank internship
- Number of trainees who became Bank employees
- Number of personnel
- Number of children born to bank employees
## V. Risks and opportunities

### Opportunities
- Increased efficiency, reduced costs
- Reduction of risks due to Big Data and AI
- Acceleration of turnover
- Territorial expansion through remote channels
- Increased financial literacy of customers through distance learning
- Increase in the efficiency of customers’ business as a result of digitalization

### Risks
- Vulnerability of remote channels and services
- Personal data protection risks
- Risks of liquidity reduction as a result of black PR
- Risks of damage to security of services and payments in the «pursuit of the market»
- Risks of social engineering techniques for fraudulent operations
- Competition from global platforms and marketplaces

### Solutions
- Risk management is not a "product" but a continuous process including:
  - Balanced and risk related product management
  - Implementation of the most effective technologies and best practice in risk management and information security
  - Active information security
  - Effective fraud monitoring and prevention systems
  - Training personnel and customers
VI. Bank’s development in 2019-2021

1. Risk-based loan portfolio growth
   Loan portfolio growth 8% per year

2. Growth of capital adequacy
   *Capital adequacy ratio according to the Bank of Russia
   
<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Adequacy Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>11.2%</td>
</tr>
<tr>
<td>2018</td>
<td>11.2%</td>
</tr>
<tr>
<td>2019</td>
<td>12.5%</td>
</tr>
<tr>
<td>2020</td>
<td>12.8%</td>
</tr>
<tr>
<td>2021</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

   As at 31.12

3. Stable payment of high dividends
   50% Net profit (taking into account the risks and requirements of the regulator)

4. ESG - investors for replicating the experience
   Closed subscription for 1.6₽ bn (1H2019)
### VI. Bank’s development in 2019-2021

#### Key indicators of Bank’s development

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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</thead>
<tbody>
<tr>
<td><strong>As at 31.12 of the relevant year</strong></td>
<td>Actual</td>
<td>Actual</td>
<td>Plan</td>
<td>Plan</td>
<td>Plan</td>
</tr>
<tr>
<td><strong>₽, bn</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>12.6</td>
<td>13.1</td>
<td>16.0</td>
<td>17.5</td>
<td>19.1</td>
</tr>
<tr>
<td>Assets</td>
<td>102.6</td>
<td>112.1</td>
<td>116.7</td>
<td>122.9</td>
<td>129.7</td>
</tr>
<tr>
<td>Net loans and leasing</td>
<td>80.1</td>
<td>88.0</td>
<td>93.3</td>
<td>100.8</td>
<td>108.8</td>
</tr>
<tr>
<td>Deposits</td>
<td>87.2</td>
<td>95.2</td>
<td>97.4</td>
<td>102.5</td>
<td>107.8</td>
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<tr>
<td>Profit</td>
<td>1.43</td>
<td>1.5</td>
<td>1.60</td>
<td>2.10</td>
<td>2.26</td>
</tr>
<tr>
<td><strong>%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAR, RAS, N1.0</td>
<td>≥ 8.0</td>
<td>≥ 8.0</td>
<td>≥ 8.0</td>
<td>≥ 8.0</td>
<td>≥ 8.0</td>
</tr>
<tr>
<td>CAR, RAS, N1.1</td>
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<td>9.9</td>
<td>11.4</td>
<td>11.7</td>
<td>12.1</td>
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<td>9.9</td>
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<td>≥ 8.0</td>
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<td>≥ 8.0</td>
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<tr>
<td>CAR, Basel 3</td>
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<td>14.7</td>
<td>16.5</td>
<td>17.2</td>
<td>17.8</td>
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<tr>
<td>CAR Tier 1, IFRS</td>
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<td>15.3</td>
<td>17.5</td>
<td>18.4</td>
<td>19.2</td>
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<tr>
<td>CAR Tier 1, Basel 3</td>
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<td>13.3</td>
<td>15.2</td>
<td>16.0</td>
<td>16.7</td>
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<tr>
<td>ROAA</td>
<td>1.43</td>
<td>1.36</td>
<td>1.41</td>
<td>1.75</td>
<td>1.79</td>
</tr>
<tr>
<td>ROAE</td>
<td>11.81</td>
<td>11.04</td>
<td>10.82</td>
<td>12.53</td>
<td>12.32</td>
</tr>
</tbody>
</table>

*additional Issue of Shares – RUB 1.6 bn
**ratio as at 01.01.2019
VI. Bank’s development in 2019-2021

Loan portfolio

<table>
<thead>
<tr>
<th>Loan type</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
<th>2019 Plan</th>
<th>2020 Plan</th>
<th>2021 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs loans</td>
<td>27.91</td>
<td>30.87</td>
<td>33.07</td>
<td>34.80</td>
<td>36.60</td>
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<tr>
<td>Corporate lending</td>
<td>8.04</td>
<td>8.25</td>
<td>7.09</td>
<td>6.56</td>
<td>5.90</td>
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<tr>
<td>Mortgage</td>
<td>27.04</td>
<td>34.60</td>
<td>34.75</td>
<td>40.63</td>
<td>47.22</td>
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<tr>
<td>Consumer loans</td>
<td>20.24</td>
<td>19.17</td>
<td>23.95</td>
<td>24.96</td>
<td>25.97</td>
</tr>
<tr>
<td>Car loans</td>
<td>1.99</td>
<td>1.44</td>
<td>1.55</td>
<td>1.38</td>
<td>1.18</td>
</tr>
<tr>
<td>Bank cards loans</td>
<td>0.59</td>
<td>0.46</td>
<td>0.81</td>
<td>0.98</td>
<td>1.18</td>
</tr>
<tr>
<td><strong>Total loan portfolio</strong></td>
<td><strong>85.81</strong></td>
<td><strong>94.78</strong></td>
<td><strong>101.22</strong></td>
<td><strong>109.31</strong></td>
<td><strong>118.05</strong></td>
</tr>
<tr>
<td>Provisions on loan portfolio</td>
<td>(5.90)</td>
<td>(6.96)</td>
<td>(8.10)</td>
<td>(8.74)</td>
<td>(9.44)</td>
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<tr>
<td><strong>Total net loans</strong></td>
<td>79.91</td>
<td>87.82</td>
<td>93.12</td>
<td>100.57</td>
<td>108.61</td>
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<tr>
<td>Net leasing</td>
<td>0.23</td>
<td>0.17</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
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<tr>
<td><strong>Total loans products</strong></td>
<td><strong>80.14</strong></td>
<td><strong>88.0</strong></td>
<td><strong>93.32</strong></td>
<td><strong>100.77</strong></td>
<td><strong>108.81</strong></td>
</tr>
</tbody>
</table>

Loan portfolio

2017

- SME lending: 33%
- Corporate lending: 9%
- Mortgage: 31%
- Consumer loans: 24%
- Car loans: 2%
- Bank cards loans: 1%

Loan portfolio

2021

- SME lending: 31%
- Corporate lending: 1%
- Mortgage: 40%
- Consumer loans: 1%
- Car loans: 22%
- Bank cards loans: 5%
## VI. Bank’s development in 2019-2021

### Structure of funding base by source

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Customer accounts</td>
<td>87.22</td>
<td>95.2</td>
<td>97.36</td>
<td>102.51</td>
<td>107.85</td>
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<td>Due to other banks</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Borrowings from IFI’s</td>
<td>1.00</td>
<td>1.70</td>
<td>1.10</td>
<td>0.50</td>
<td>0.10</td>
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<tr>
<td>Debt securities in issue</td>
<td>1.06</td>
<td>1.30</td>
<td>1.50</td>
<td>1.70</td>
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<tr>
<td>Subordinated debt</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Other liabilities</td>
<td>0.70</td>
<td>0.70</td>
<td>0.70</td>
<td>0.70</td>
<td>0.70</td>
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<tr>
<td>Shareholders’ equity</td>
<td>12.64</td>
<td>13.1</td>
<td>16.03</td>
<td>17.51</td>
<td>19.15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102.62</strong></td>
<td><strong>112.1</strong></td>
<td><strong>116.69</strong></td>
<td><strong>122.92</strong></td>
<td><strong>129.70</strong></td>
</tr>
</tbody>
</table>

**Pie charts**

- **2017**
  - Customer accounts: 85%
  - Borrowings from IFI’s: 1%
  - Debt securities in issue: 15%
  - Other liabilities: 1%
  - Shareholders’ equity: 12%

- **2021**
  - Customer accounts: 83%
  - Borrowings from IFI’s: 15%
  - Debt securities in issue: 1%
  - Other liabilities: 1%
  - Shareholders’ equity: 1%
## VI. Bank’s development in 2019-2021

### Ratios

<table>
<thead>
<tr>
<th>Ratios</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Plan</td>
<td>Plan</td>
<td>Plan</td>
</tr>
<tr>
<td>ROAA</td>
<td>1.43</td>
<td>1.40</td>
<td>1.41</td>
<td>1.75</td>
<td>1.79</td>
</tr>
<tr>
<td>ROAE</td>
<td>11.81</td>
<td>11.68</td>
<td>10.82</td>
<td>12.53</td>
<td>12.32</td>
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<tr>
<td>Loan portfolio profitability</td>
<td>13.25</td>
<td>11.51</td>
<td>11.29</td>
<td>11.01</td>
<td>10.72</td>
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<tr>
<td>Net interest margin</td>
<td>6.19</td>
<td>5.49</td>
<td>5.61</td>
<td>5.59</td>
<td>5.56</td>
</tr>
<tr>
<td>Cost/Income Ratio</td>
<td>49.20</td>
<td>46.9</td>
<td>44.47</td>
<td>44.79</td>
<td>44.63</td>
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<tr>
<td>Loan loss provision/Total loan portfolio</td>
<td>6.88</td>
<td>7.34</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
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<tr>
<td>Loan portfolio growth (loan loss provision included)</td>
<td>8.81</td>
<td>10.35</td>
<td>8.58</td>
<td>7.98</td>
<td>7.99</td>
</tr>
<tr>
<td>Assets growth</td>
<td>6.26</td>
<td>9.28</td>
<td>6.70</td>
<td>5.34</td>
<td>5.51</td>
</tr>
<tr>
<td>Net loan portfolio/Assets</td>
<td>78.10</td>
<td>78.47</td>
<td>79.97</td>
<td>81.97</td>
<td>83.90</td>
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<tr>
<td>Gross loan portfolio/Assets</td>
<td>83.86</td>
<td>84.68</td>
<td>86.91</td>
<td>89.09</td>
<td>91.18</td>
</tr>
<tr>
<td>Net loan portfolio/ Customer’s funds</td>
<td>91.89</td>
<td>92.39</td>
<td>95.85</td>
<td>98.30</td>
<td>100.90</td>
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</table>
VII. Results of activity in 2019-2021

Transformation of capital

<table>
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<tr>
<th>As at 31.12 of the relevant year, P bn</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Plan</td>
<td>Plan</td>
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</tr>
<tr>
<td>Capital</td>
<td>12.6</td>
<td>13.1</td>
<td>16.0</td>
<td>17.5</td>
<td>19.1</td>
</tr>
<tr>
<td>Assets</td>
<td>102.6</td>
<td>112.1</td>
<td>116.7</td>
<td>122.9</td>
<td>129.7</td>
</tr>
<tr>
<td>Net loans and leasing</td>
<td>80.1</td>
<td>88.0</td>
<td>93.3</td>
<td>100.8</td>
<td>108.8</td>
</tr>
<tr>
<td>Number of personnel</td>
<td>1643</td>
<td>1620</td>
<td>1570</td>
<td>1520</td>
<td>1470</td>
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<tr>
<td>Number of customers (m)</td>
<td>1.1</td>
<td>1.4</td>
<td>1.7</td>
<td>1.9</td>
<td>2.0</td>
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</tbody>
</table>

Reporting and monitoring implementation of the strategy:

- audited financial statements (IFRS and RAS)
- audited non-financial statement
- ratings from international and national rating agencies
- ESG-rating
## VII. Results of activity in 2019-2021

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>₽ bn</strong></td>
<td></td>
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<tr>
<td><strong>Income</strong></td>
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<td>Incl. lending to the real economy</td>
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<td>11.0</td>
<td>11.6</td>
<td>12.1</td>
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<tr>
<td><strong>Income distribution</strong></td>
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</tr>
<tr>
<td>For population – private deposits</td>
<td>5.1</td>
<td>4.6</td>
<td>4.7</td>
<td>4.8</td>
<td>5.0</td>
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<tr>
<td>For society – social projects</td>
<td>0.020</td>
<td>0.024</td>
<td>0.019</td>
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<tr>
<td>For partners – funds raised</td>
<td>0.4</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.3</td>
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<td>For suppliers</td>
<td>1.6</td>
<td>1.9</td>
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<td>2.1</td>
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<tr>
<td>For employees – wages</td>
<td>1.8</td>
<td>1.9</td>
<td>1.9</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>For government – taxes and other mandatory payments</td>
<td>0.6</td>
<td>0.6</td>
<td>0.7</td>
<td>0.8</td>
<td>0.9</td>
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<tr>
<td>For shareholders – dividends</td>
<td>0.3</td>
<td>0.6</td>
<td>0.7</td>
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<td>1.1</td>
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<td><strong>Bank’s development</strong></td>
<td>3.2</td>
<td>2.7</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
</tr>
</tbody>
</table>

![Diagram showing the percentage distribution of income and bank development activities in 2017 and 2021.](image-url)
VIII. Bank’s development after 2021

VIII.1. Prospects for the future

Expected state of the external environment

- transformational economy: constant changes amid continual crises
- reduction of geopolitical risks due to new mechanisms of geopolitics (people’s diplomacy)
- updating of macroeconomic trends (due to the inclusion of new products and services in the indicators)

Expected state of the Bank:

- to be at the forefront of trends and constantly ready to meet new challenges

VIII.2 Risks and opportunities of the next strategy, answers to challenges

- digitalization of the main processes in the economy
- new consumption standards
- new investment technologies
- transparency of budgetary relations, state support
- risks of cyber attacks and information security
- benchmark for other banks (pilot, benchmark, case study, success story)
IX. Prerequisites for digitalization

- Competition
- Generation Y
- Generation Z
- Artificial Intelligence
- Internet of things
- Internet
- Open API
- Development of technologies
- Cloud storage
- Gadgets
- Financial literacy
- Clone websites
- Big Data
- Plug & Play
- Robotic consulting
- Moore’s Law
- Moore’s Law
- Moore’s Law
IX. Prerequisites for digitalization

- **28%**
  Active buyers (at least once in the last 30 days they buy something on the Internet)

- **51%**
  Have an online shopping experience

- **71%**
  Internet users
X. ESG – digitalization of Center-invest bank’s ecosystem

1. Operational system
2. Relations with the regulator and state bodies
3. Digitalization for customers

Center-invest Bank's ecosystem
X. ESG – digitalization of Center-invest bank’s ecosystem

IX.1. Development of the Bank’s operational system

- **Data and Payment Security**
  - basic requirement for the development of all services
  - backup data centers and encryption

- **Leadership in integration**
  - co-innovation partner of SAP, BPM Online
  - microservice architecture
  - with state services
  - with regional and federal marketplaces

- **Big Data**
  - **aggregator** of customer and business partner data from various sources
  - **intelligent management** of ATMs, terminals and cash offices – reducing cash requirements
  - **electronic dossier / archive / document management** for the preservation of legal files, credit files and sample signature cards
  - **private cloud information** space for development of new services (deployment of systems to simulate the Bank’s operations within 1 day)
X. ESG – digitalization of Center-invest bank’s ecosystem

IX.2. Interfaces with the regulator and government bodies

- **Leadership in pilot projects**
  - Bank of Russia (personal account, marketplace, collateral assets, etc.);
  - Pension Fund of Russia (efficiency of obtaining data for credit risk assessment);
  - National Payment Card System (MIR Accept, MIR Pay, purchase data).

- **Integration with state services**
  - **System of interdepartmental electronic interaction** – fiscal data, electronic reporting;
  - Partnership with Multifunctional Centres - government services available in the Bank’s branches.

- **Automated reporting** based on SAP BW for the Bank of Russia and the Deposit Insurance Agency

- **Direct document exchange with government bodies:**
  - Commercial Courts;
  - Federal Tax Service, Federal Service of Court Bailiffs, Traffic Police;
  - Unified State Register of Real Estate.
X. ESG – digitalization of Center-invest bank’s ecosystem

IX.3. Interaction with retail customers

- **Bank of Russia’s Marketplace** - federal centralized platform for products (deposits, loans, securities, insurance products);
- **Mobile banking** for Android & iOS;
- **Hub for online loan applications, VR mortgage technology in branches**;
- **Customer identification via state systems** (Unified Identification and Authentication System, Unified Biometric System);
- **Campus, school and transport cards** and other forms of payment.

**Digitalization of sales channels**

- **Branch network**
- **Number of self service terminals**
- **Number of ATMs**
- **Call-centre, number of multi-channel contacts**

<table>
<thead>
<tr>
<th>Year</th>
<th>Branch network</th>
<th>Self service terminals</th>
<th>ATMs</th>
<th>Multi-channel contacts</th>
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<td>2017</td>
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<td>2018</td>
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<td>2021</td>
<td>112</td>
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<td>667 642</td>
</tr>
</tbody>
</table>
X. Prerequisites for digitalization
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X. ESG – digitalization of Center-invest bank’s ecosystem

IX.3. Interaction with business customers

- Analysis of cashier’s checks
  (a pilot project with the MIR National Payment System);

- Customers can pay in money at ATMs
  (cost reduction, automatic processing of documents, operational usage of credited funds);

- Internet and mobile banking with multi-level antifrod (SafeTouch) (trusted display of signed data – protection against remote attacks, counterparties are automatically added to the customers’ "white lists");

- Acquiring bank for customers selling goods and services
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