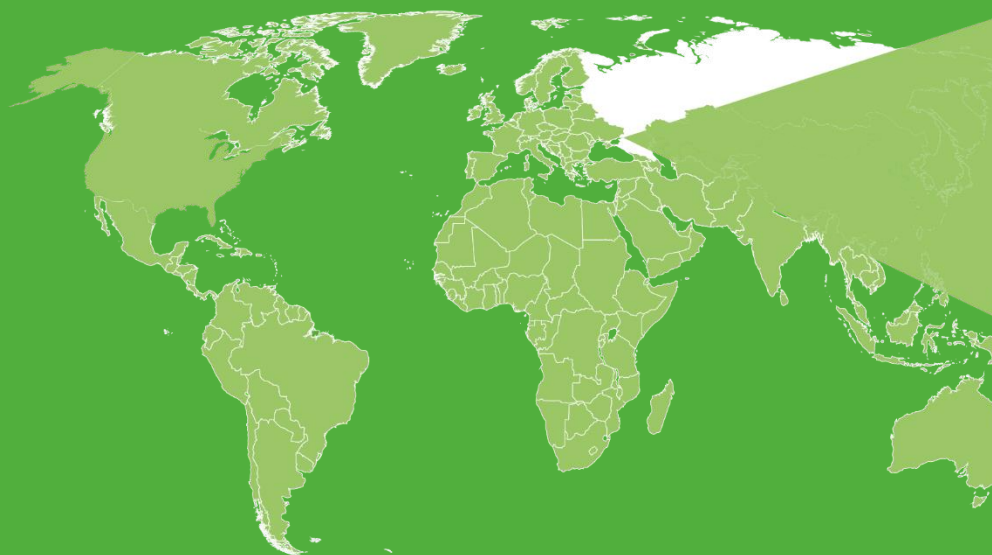


ESG – банкинг: made in Russia

Frankfurt am Main
December 2019



Banking business models

Banking	Non-responsible	Responsible
Orthodox	State-owned	Islamic
Creative	Speculative	Sustainable

Sustainable, responsible, transformational, green, ethical...

ESG = (Environmental, Social, Governance)

Speculative	Buying and selling risks
ESG banking	Risk management

Key financial indicators

	2014	2015	2016	2017	2018	3Q2019*	
						RUB, bn	Euro, m
Capital	9.6	10.6	11.5	12.6	13.1	13.7	193.7
Assets	91.3	89.7	96.1	102.6	112.2	118.2	1 671.6
Net loans and lease	72.0	72.7	73.6	80.1	88.0	85.6	1 366.0
Customer accounts	49.2	65.0	80.4	87.2	95.2	100.1	1 210.0
Net profit	1.1	0.6	1.0	1.43	1.5	1.25	17.7
ROA, %	1.3	0.6	1.1	1.4	1.4		1.5
ROE, %	12.1	5.3	9.1	11.8	11.9		12.4
Net Interest Margin, %	6.3	4.4	5.3	6.2	6.0		5.3
Cost/Income	43.4	51.1	44.9	48.7	47.6		48.9
Loans/Deposits, %	146.2	111.7	91.6	91.9	92.4		88.6
Number of children born to bank employees	86	90	107	89	72		53

As at 30.09.2019

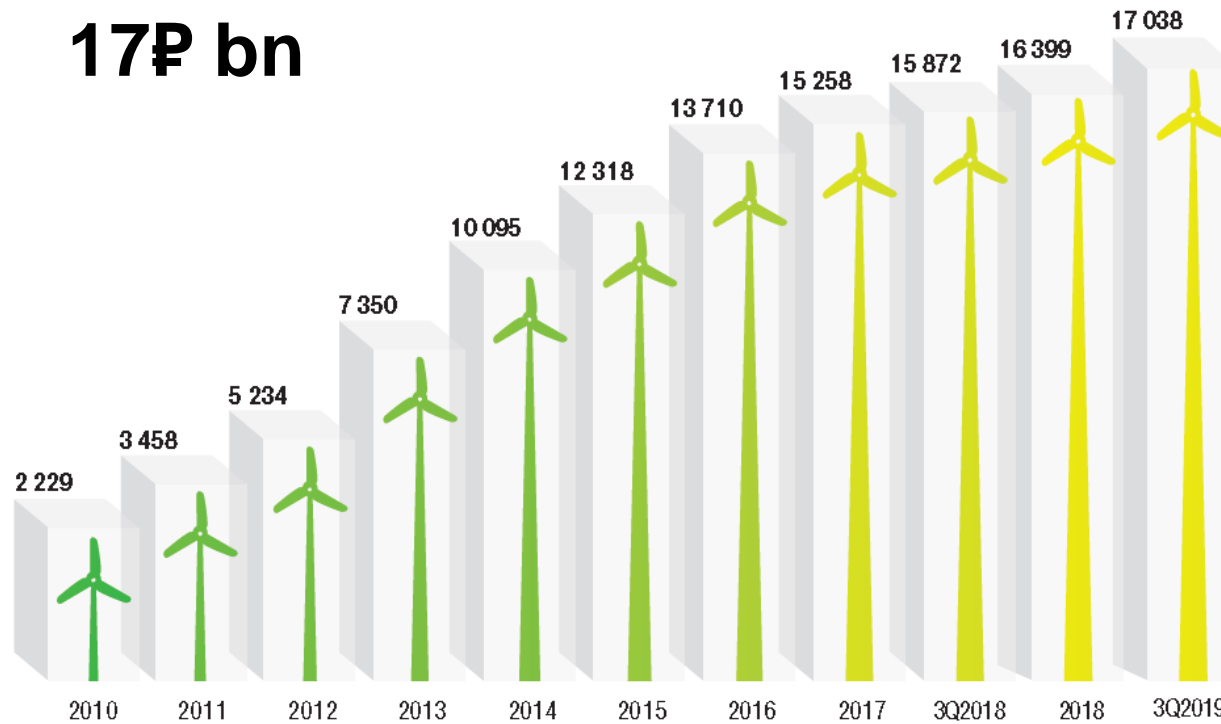
1USD = 64.4156 RUB

1EUR = 70.3161 RUB

Energy efficiency projects

Total investment in EE projects

20 389 loans
17₽ bn



Annual Environmental Report FY2018



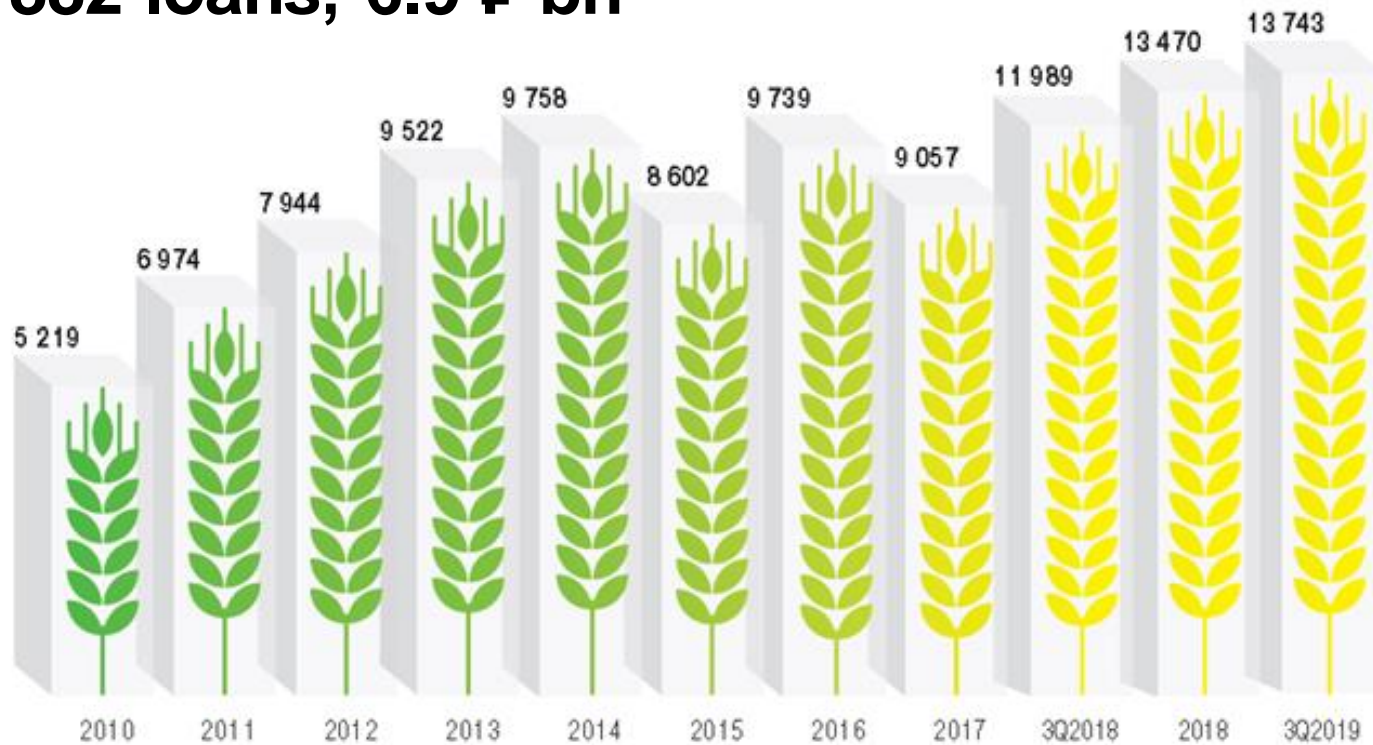
	Per annum	for 100 000 ₽
CO₂ reduction thousand tons, which is equivalent to:	196	2,1
Car, thousand	114	1
Oil, thousand barrels	560	5,4
New trees, million	7,8	69
Flight Rostov-Moscow, million people	2,2	19

Agribusiness: new technologies for global food chains

2 680 loans, 13.7 ₴ bn

Including loans under state programme:

882 loans, 6.9 ₴ bn

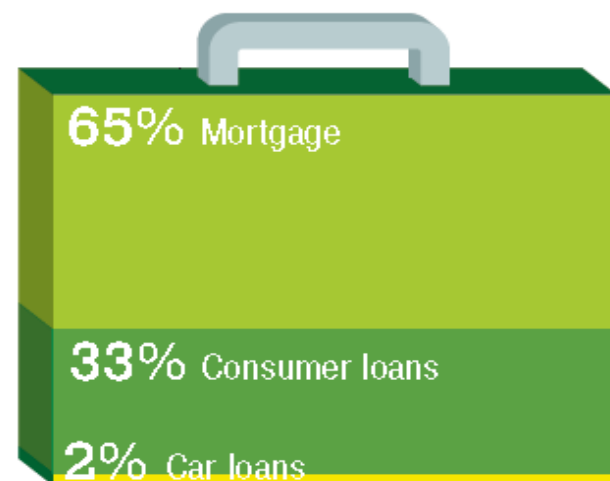


Self-sufficiency of Rostov region (production as % of consumption)

Grain	474,1
Meat and meat products	88,8
Milk and dairy products	98,7
Eggs	136,4
Export of agricultural products, 2018	5,4 \$ bn

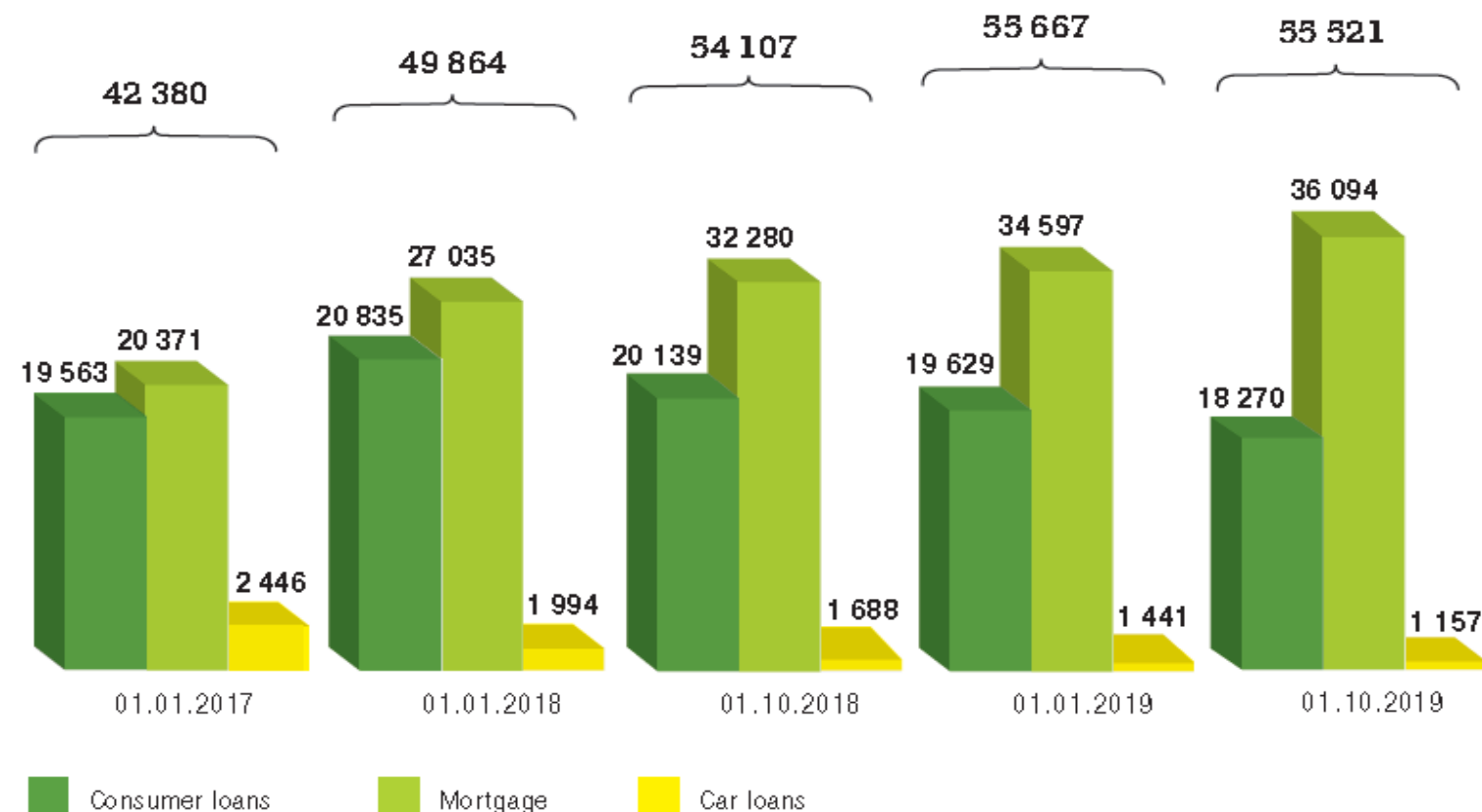
ESG retail lending

**Breakdown
by loan volumes
as at 01.10.19**



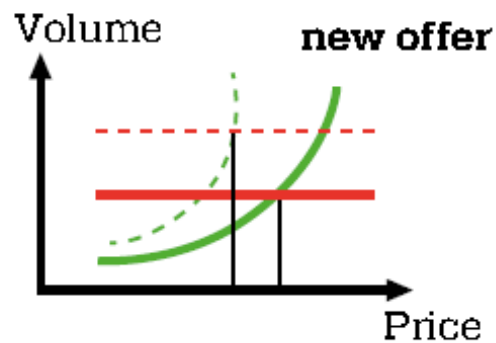
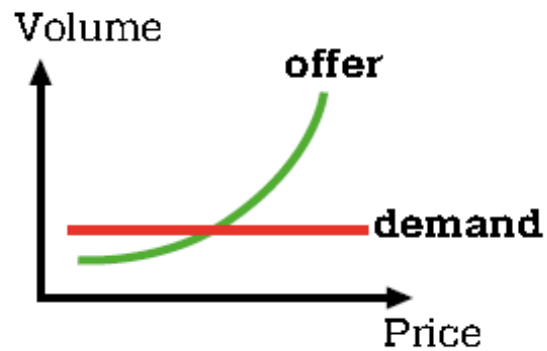
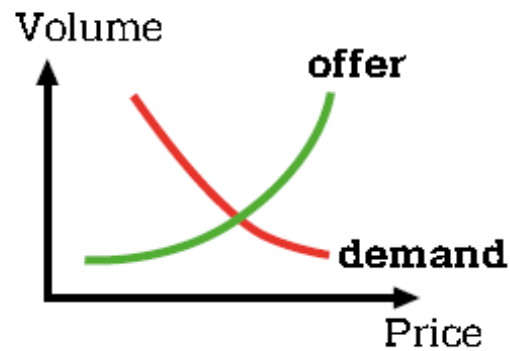
NPL 90+ is 5.05%

**Dynamics and structure
of retail lending portfolio, ₴ m**



Repairs of apartment building

Public goods and services
Social problems of innovations



Lending for repairs of apartment buildings

	2017	2018	2019	2020	2021
Number of projects	115	135	160	220	300
Volume of loans, ₺ m	169	205.4	250	350	450

41 300 people have improved their housing conditions

SMEs nurturing

Loan portfolio **31,9 ₺ bn**

3Q2019 3 101 projects, 19,2 ₺ bn
(state support: 786 projects, 1,9 ₺ bn)

Loan up to **1 ₺ million**
up to **3 years**
without collateral and guarantee

Expert

In ranking of TOP-15 Russian banks for SMEs
as at 01.01.2019

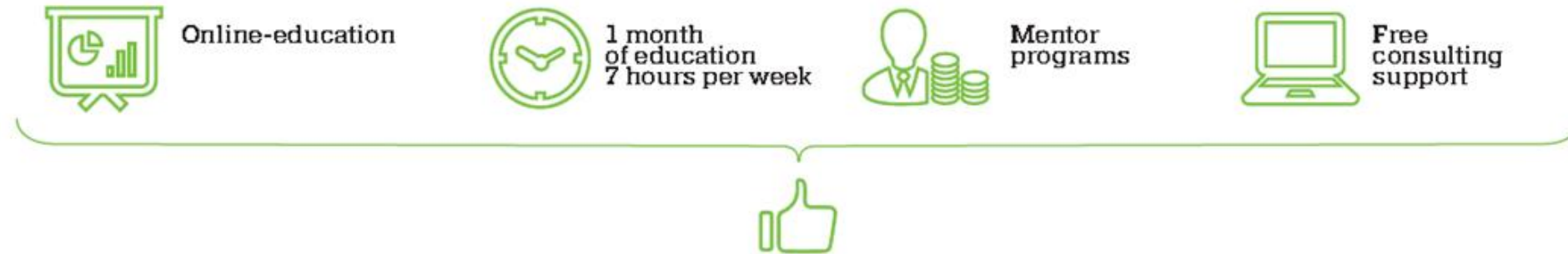
3 Value of loan portfolio to individual entrepreneurs

7 Value of loan portfolio to small business

13 Value of loan portfolio

15 Value of total SME loan portfolio

Accelerator of Center-invest Bank



5007
participants

Inclusive financial services



Startup

- ✓ for start-up entrepreneurs
- ✓ up to 3 years maturity
- ✓ up to 3 million RUB
- ✓ consulting support
- ✓ mentor programme



Business loans for women

- ✓ for business-women
- ✓ soft loan
- ✓ NPL=0%



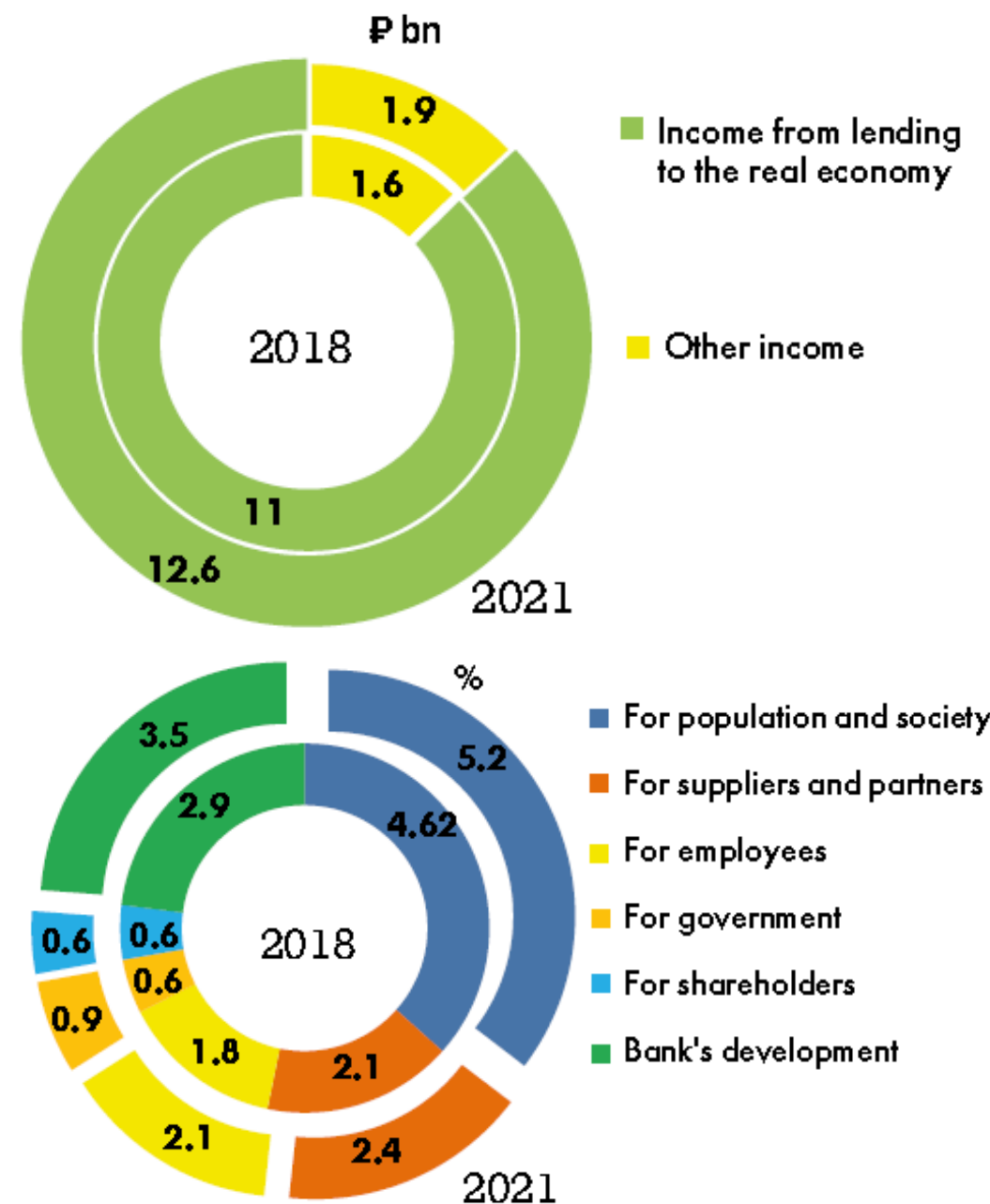
Social responsibility

- ✓ educational services, health
- ✓ the revival of cultural traditions
- ✓ 2017 - start of programme



Impact on society

	2018, ₺ bn	% to the total
Income	12,6	100
Including lending to the real economy	11,0	87,6
Income distribution	9,7	
For population – private deposits	4,6	36,5
For society – social projects	0,018	
For partners – fund raised	0,4	16,6
For suppliers	1,7	
For employees – wages	1,8	18,9
For government – taxes and other mandatory payments	0,6	
For shareholders - dividends	0,6	28,0
Bank's development	2,9	



HR: nurturing personnel

➤ Growth trajectory: Student at Financial Literacy Center-trainee-Bank's employee-internship-rotation

	2016	2017	2018	2019	2020	2021
Number of students at FLC	482	629	862	1105	1352	1592
Number of trainees who became Bank's employees	118	247	364	454	544	630
Number of personnel	1 614	1 643	1 620	1 570	1 520	1 470

➤ Corporate culture

- all employees have the right to ask questions
- manager's duty to give an exhaustive answer
- everybody's involvement in the fulfilment of mission
- readiness for innovations (changes in structure, technologies, business processes)
- monitoring of best international practice

➤ Incentive system

- guaranteed payment– bonus quarter/year – deferred payment of risk

➤ Gender equality and non-discrimination policy, multiethnic composition

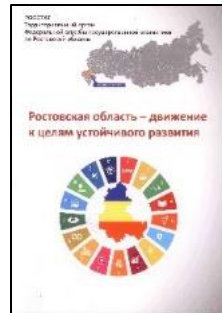
➤ Stimulation innovation (project teams, innovation competitions, surveys)

ESG compliance

- **ESG compliance - rules and best world practice**
- **Rules and corporate culture**
- **Transparency : IFRS, RAS, IR, Ratings**
- **Dividends: 50% NP after the requirements of the regulator**
- **Markets: not a customer base, but the Bank's ecosystem**
- **HR: nurturing personnel**
gender problems 😊
- **Localization of SDG, national projects and Bank of Russia's programmes**



Sustainable development goals



Putin's breakthrough



Bank of Russia's programs



ESG for Sustainable Development Goals

3Q2019

₱ bn



ESG for National projects 3Q2019

	1. Demography	1,944 0,70
	2. Healthcare	5,958 1,20
	3. Education	0,523 0,20
	4. Housing and urban environment	1,468 0,30
	5. Ecology	5,115 0,90
	6. Safe and high-quality roads	0,339 0,00
	7. Labour productivity and employment support	5,688 5,48

	8. Research	0,686 0,40
	9. Digital economy	5,188 4,80
	10. Culture	0,451 0,10
	11. Small and medium-sized businesses and support for individual entrepreneurs	12,378 4,70
	12. International cooperation and exports	10,233 6,40

₱ bn

Total 49,971 ₱ bn

27,38 ₱ bn on state programmes of support

ESG market responsibility

➤ On the regional market

The share of Center-invest Bank among local banks in the regions of presence:
loans 44.9% deposits 42.8%

➤ Partners-Universities



➤ In the international markets

Throughout its history, the bank placed bonds in the amount of **18,9 ₴ bn**
In circulation **1,1 ₴ bn**



Increase in efficiency of financial and digital services

Operational system:

- Data and Payment security
- Leadership in integration: *co-innovation partner of SAP, BPM Online, state services, market places*
- Big Data: *aggregator of data, intelligent management of ATMs; electronic dossier/archive/document management;*

Interfaces with the regulator and government bodies:

- Leadership in pilot projects of *Bank of Russia, Pension Fund, National Payment Card System (“MIR”)*
- Integration with state services: *system of interdepartmental electronic integration, Multifunctional Centers- government services available in the Bank’s branches; Automated reporting, Direct document exchange with government bodies*

CRM: from B2C to M2M *online - applications: retail – 90%, business – 13%*

Digitalization growth indicators

Retail customers, indicators	3Q2018	2Q2019	3Q2019	Changes, to 3Q2018	Changes, for 3Q2019
Number of customers working in Internet Bank and mobile applications	37 417	50 459	57 999	55%	15%
Total number of retail customers using remote service channels*	93 310	111 984	122 288	31%	9%
Number of customers' payments through remote service channels**	1 209 793	1 419 611	1 438 377	19%	1%
Number of on-line retail loan applications	84%	90%	91%	8%	1%

Corporate customers, indicators	3Q2018	2Q2019	3Q2019	Changes, To 3Q2018	Changes, For 3Q2019
Number of customers working in Internet Bank and mobile applications	26 339	30 655	30 962	18%	1%
Total number of customers using remote service channels	41 298	50 567	51 581	25%	2%
Number of on-line loan applications	-	16%	15%	-	-6%

ESG Risk management

- balance of profitability, organic growth and risk
- long-term profit,
- nurturing customers
- transparency of transactions
- continuous innovation for new challenges

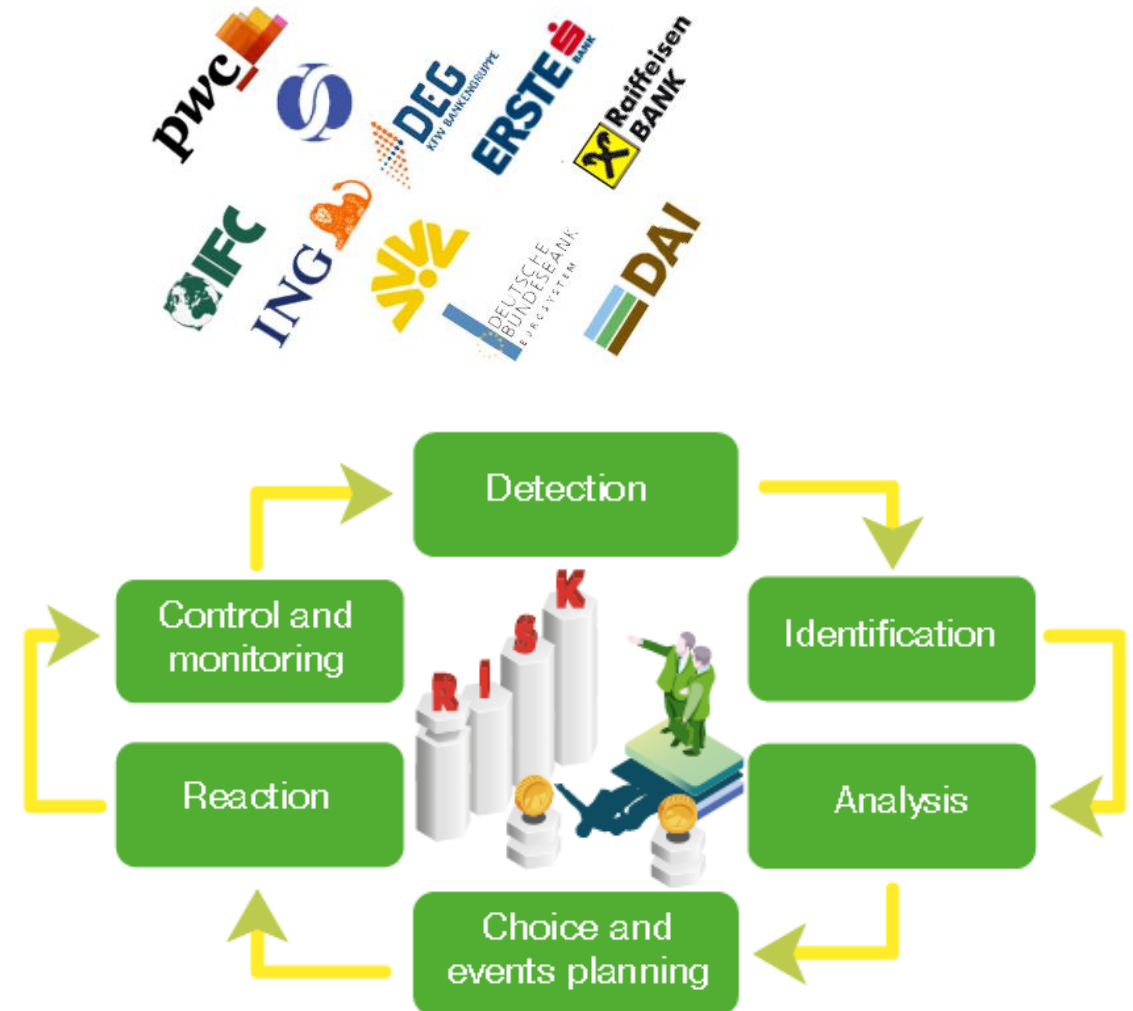


Taking into account:

- Bank of Russia's requirements
- recommendations of the Basel Committee
- **27 years of experience managing regional risks**
- **lessons of crises of 1998, 2008, 2014 ...**
- Best international practice and shareholders' recommendations

Not a “product” but a continuous process

- takes into account changes in the operating environment,
- product and service innovation,
- regulator requirements



Transformational of capital

€ bn		2018	2019	2020	2021
Financial capital	Capital	13.1	16.0	17.3	18.5
	Net profit	1.5	1.60	2.10	2.26
Productive capital	Assets	112.2	116.7	122.7	129.0
	Net loans and leasing	88.0	93.3	100.8	108.8
Intellectual capital	Software	0.5	0.7	0.7	0.7
	Accelerator's participants	5500	7000	8000	10000
Human capital	Number of personnel	1620	1570	1520	1470
Social capital	Number of customers (m)	1,4	1,7	1,9	2,0
Natural resources	Reduction of CO ₂ , emissions tons	10000	12000	14000	16000

➤ **Reporting and strategy implementation monitoring:**

- audited financial statements (IFRS and RAS)
- audited non-financial reporting
- ratings from international and national rating agencies
- ESG rating

FIRST GREEN BOND in Russia was placed on Moscow Exchange on November 2019. The issue was oversubscribed by nearly 2 times.

«The first green bonds were placed on the Moscow Exchange in the amount of 250 million rubles. But not the amount is so important, but the trend. In our country green investment has enormous potential and it is important for us to encourage businesses to invest in environmental projects”.

Maxim Oreshkin, Minister of economic development of the Russian Federation.



Contacts

344 000, 62 Sokolova av.

Rostov-on-Don, Russia

centrinvest.ru

welcome@centrinvest.ru

