

OTKRITIE BANK ANNUAL REPORT

2019

**THE ANNUAL REPORT WAS APPROVED BY
THE ANNUAL GENERAL SHAREHOLDERS' MEETING
OF "BANK OTKRITIE FINANCIAL CORPORATION"
(PUBLIC JOINT-STOCK COMPANY) ON JUNE 30, 2020**

(Minutes No. 02/20 as of July 2, 2020)

The financial data is presented in the Report in accordance with the IFRS consolidated financial statements, unless otherwise specified in the text of the Report.

The operational data is presented in the Report based on "Bank Otkritie Financial Corporation" (Public Joint-Stock Company) data, unless otherwise specified in the text of the Report.

Information on the group's companies is presented in the Report in accordance with the IFRS financial statements, unless otherwise specified in the text of the Report.

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BUSINESS OVERVIEW

OTKRITIE GROUP PROFILE

3,263,633,000 P

259,000 P

OTKRITIE GROUP ASSETS

The IFRS consolidated financial statements of the bank and its subsidiaries for 2019

No.5

BY ASSETS

among banking groups in Russia

OTKRITIE GROUP EQUITY

473

BILLION P

No.5

BY EQUITY

among banking groups in Russia

NETWORK GEOGRAPHY

79

REGIONS
OF RUSSIA

KEY BUSINESS AREAS

BANKING BUSINESS

Otkritie Bank

Assets: 2,243 bn ₺
Equity: 357 bn ₺

No.6

by assets
(excl. National Clearing Centre)

Rosgosstrakh Bank

Assets: 45.5 bn ₺
Equity: 11.0 bn ₺

Tochka

Assets: 3.0 bn ₺
Equity: 2.4 bn ₺

FINANCIAL MARKET SERVICES

Otkritie Broker¹

Assets: 132 bn ₺
Equity: 10 bn ₺

No.5

by number
of customer

Otkritie Asset Management

Assets: 1.6 bn ₺
Equity: 1.2 bn ₺

No.4

by AuM
volume

Otkritie Factoring

Assets: 7.7 bn ₺
Equity: 0.1 bn ₺

No.9

by portfolio
volume

Customs Card Payment System

Assets: 0.3 bn ₺
Equity: -2.0 bn ₺

INSURANCE BUSINESS

Rosgosstrakh

Assets: 141 bn ₺
Equity: 52.3 bn ₺

No.7

in non-life
insurance

Rosgosstrakh Life

Assets: 21 bn ₺
Equity: 1.4 bn ₺

No.7

by volume
of insurance
premiums
received



PENSION BUSINESS

Otkritie NSPF

Assets: 603 bn ₺
Equity: 31.6 bn ₺

No.2 No.3

by obligations volume
under mandatory
pension and voluntary
pension insurance
schemes respectively

LEASING

Baltic Leasing

Assets: 46.8 bn ₺
Equity: 8.5 bn ₺

No.10

by portfolio
volume

Otkritie Leasing

Assets: 19.2 bn ₺
Equity: 0.2 bn ₺

No.19

by portfolio
volume

Assets

2,435 BN ₺

Equity

379 BN ₺

¹ Otkritie Broker assets include OLTD and OCCL assets

160 BN ₺

53 BN ₺

603 BN ₺

32 BN ₺

66 BN ₺

9 BN ₺

Source: financial indicators of the Bank and its subsidiaries are presented on standalone basis in accordance with the IFRS as of 2019 year-end. Total insurance business assets are presented on consolidated basis in accordance with the IFRS

EFFECTIVE BUSINESS PLATFORM

Otkritie group includes six dedicated business units with access to a wide customer base. The geographic location of the companies is concentrated in the regions with high business activity, therefore providing for a high share of cross sales. Owing to the effectively built network, the group has significant synergistic potential, the realisation of which is the key priority for the group's development.

Otkritie Bank

Individuals: 3.1 mln customers
SME¹: 428,000 customers
CIB: 7,300 corporates
Branch network: 615 offices as of April 01, 2020

Otkritie Asset Management

Individuals: 87,000 customers

¹ Including Tochka bank for entrepreneurs and enterprises



OTKRITIE | Bank

42%

Share of insurance and investment business in fee & commission income of the bank

OTKRITIE | Asset Management

93%

Share of Otkritie bank customers

ROSGOSSTRAKH

26%

Share of sales via Otkritie bank

COMPLEX FINANCIAL SERVICES OFFER



ROSGOSSTRAKH BANK

51%

Share of insurance business in fee & commission income

OTKRITIE | Pension Fund

603 BNP

Assets as of December 31, 2019



Rosgosstrakh Insurance

Individuals: 12.9 mln customers
Legal entities: 190,000
Branch network: over 1,500 branches and offices

Rosgosstrakh Life Insurance

Individuals: over 1 million insured

Rosgosstrakh Bank

Individuals: 211,000 customers
Branch network: 78 light points of sale, 318 points of service in car dealer centres

Otkritie NSPF

Customers:
7.1 mln insured under mandatory pension insurance
538,000 participants of voluntary pension insurance programmes

Otkritie Broker

Individuals: 245,000 brokerage accounts

OTKRITIE | Broker

75%

Share of structured products sales via Otkritie bank

THE GROUP'S BRANDS: INNOVATION TECHNOLOGIES AND KEY ADVANTAGES



ROSGOSSTRAKH BANK

TOCHKA

Tochka bank for entrepreneurs and enterprises

No.6

by assets in Russia¹

No.10

in automobile lending

No.1

digital-only bank for small business enterprises in Russia

Reliable universal bank

- a state-owned bank
- a reliable partner for customers in all segments
- a wide branch network, presence in all cities of the Russian Federation with a population exceeding 100,000 citizens

Fast and convenient bank

- leadership in the speed of product execution and convenience of customer service
- a wide range of online products, full-featured remote banking systems, online and mobile banks, 24/7 remote service

First-class customer expertise bank

- targeted personalised offers, customisation of commercial terms and communications
- high professionalism of employees and smoothly running processes

Modern and innovative bank

- implementation of innovative solutions and advanced elements of world-class business models in all segments

for more details, refer to page 16

- convenient digital sales channels
- innovative solutions: focus on attracting and providing comprehensive services to customers, easy office formats in the partner channel, development of digital sales channel and CRM, lending in the second-hand automobile sales segment, online decision-making platform

for more details, refer to page 82

- mobile and online banks have many times been acknowledged to be the best by Markswobb Rank & Report
- services for entrepreneurs include twenty-four-hour support, full-scale foreign economic activities, commercial, mobile and e-acquiring, payroll card programmes, overdrafts, corporate bank cards, deposits and many other services

- all transactions can be made on the Internet via a computer or a mobile phone. Payments among Tochka customers are carried out on a twenty-four-hour basis and outgoing payments are made from 01:00 AM to 08:00 PM by MST. Funds are transferred in 60 seconds. The account balance is updated in the online mode

for more details, refer to page 74



- a multifunctional factoring company offering a wide range of solutions for various segment suppliers ranging from SME to large-scale businesses
- ability of express transaction processing with a limit of up to RUB 100 million

- electronic document workflow allows suppliers to be funded from all over Russia
- personalised approach: a dedicated account manager supervises all transaction stages and helps with debtor interactions

for more details, refer to page 90

¹ Banki.ru ranking as of January 1, 2020, in accordance with the RAS, excluding the National Clearing Centre

ROSGOSSTRAKH



90%

The country's strongest insurance brand with a recognition rate of over 90%

No.2

by the number of mandatory pension participants and No.3 by the number of non-state pension scheme participants

No.5

Among the top 5 by its customer base

- Rosgosstrakh Insurance Company's strategy is focused on building an ecosystem for meeting customers' requirements as well as an effective cooperation with insurance brokers
- Rosgosstrakh Life Insurance Company was the leader in terms of life insurance business volume growth in 2019

for more details, refer to page 94

- availability to the customer and interaction ease owing to a flexible combination of an individual approach and online technologies
- extensive experience of a personalised corporate pension scheme development and implementation for large, medium and small business enterprises

for more details, refer to page 98

- one of the leaders in the Russian investment market
- Otkritie Broker mobile application won the Tagline Awards 2019 for Best Usability
- the first Russian investment company to introduce in the summer of 2019 the possibility of opening a brokerage account online through a user account of the Moscow Exchange marketplace. Up to 89% of the accounts on the marketplace were opened through Otkritie Broker as of 2019 year-end
- new services and customer products are implemented in Otkritie Broker digital channels (mobile application and user accounts)

for more details, refer to page 84



No.5

in the market by the number of agreements concluded

- wide geographical presence— 74 branches all over Russia
- over 16 thousand customers
- high level of leasing portfolio industry diversification

for more details, refer to page 102

OTKRITIE BANK PROFILE

As of December 31, 2019 (according to the RAS financial statements of "Bank Otkritie Financial Corporation" (Public Joint-Stock Company) for 2019; data on branches and regional presence as of April 1, 2020



SYSTEMICALLY IMPORTANT BANK

No.5

BY NUMBER OF OFFICES IN THE COUNTRY

No.6

BY ASSETS IN THE COUNTRY

Banki.ru ranking as of January 1, 2020, in accordance with RAS, excluding the National Clearing Centre



More than 99.99% share
THE BANK OF RUSSIA IS THE MAJOR SHAREHOLDER

244

CITIES OF PRESENCE

615

BANK OFFICES

22.4

THOUSAND EMPLOYEES

Moody's **Ba2**

Stable outlook

Expert RA **ruAA-**

Positive outlook

ACRA **AA-(RU)**

Stable outlook

INNOVATION TECHNOLOGIES



Open Digital Platform

A technology platform of digital products and services for SME customers combining online and mobile banking through the “Business portal”, non-banking services, Open Academy project, B2B trading platform with a direct integration option through API and seamless switching from one service to another for Otkritie bank customers.



Sky Office

A specified office for remote support service employees providing the opportunity to render over fifty types of remote services and consultations for customers by email, online chats and telephone. Besides the servicing and support function, Sky Office also renders remote sales, the share of which in settlement and cash operations has reached 42.7%.



Open Trade

Open Trade is a platform for automated access to financial market products and tools in real-time mode. It allows the bank’s large-scale corporate and investment customers to make foreign exchange transactions in all convertible currencies with just one click.



Digital services

36%

brokerage accounts opened online

66%

share of the settlement and cash operations in remote sales channels

57%

retail customer penetration into remote services

AWARDS

1

In 2019, Otkritie bank for the first time in its history entered the top 6 consumer lending market leaders

2

Otkritie bank received the high-prestige Golden Application award—the “Business Portal” mobile bank for entrepreneurs was acknowledged as the best business application in the B2B segment

3

“Otkritie Private Banking” received an award in the category of “Most Dynamically Developing Private Bank in Russia” by Frank Private banking Award 2019

4

Otkritie bank project on cybersecurity incident response automation by introducing the Security Vision IRP system won the National Bank Award-2019 in the “IT Solution in the Information Security Field” category

5

Marksw Webb acknowledged Otkritie bank as the most beneficial bank for entrepreneurs

6

The top-management of the bank and Otkritie group is in the top 1000 best managers in Russia-2019

7

Otkritie bank won the golden prize annual SAP Value Award 2019 in the “People are the Most Precious Capital” category

8

Otkritie bank was acknowledged as the country’s best mortgage bank at the National Competition in the Field of Real Estate, Construction and Mortgage Credo-2019

9

Otkritie bank’s mobile application was named one of the best by Go Mobile

10

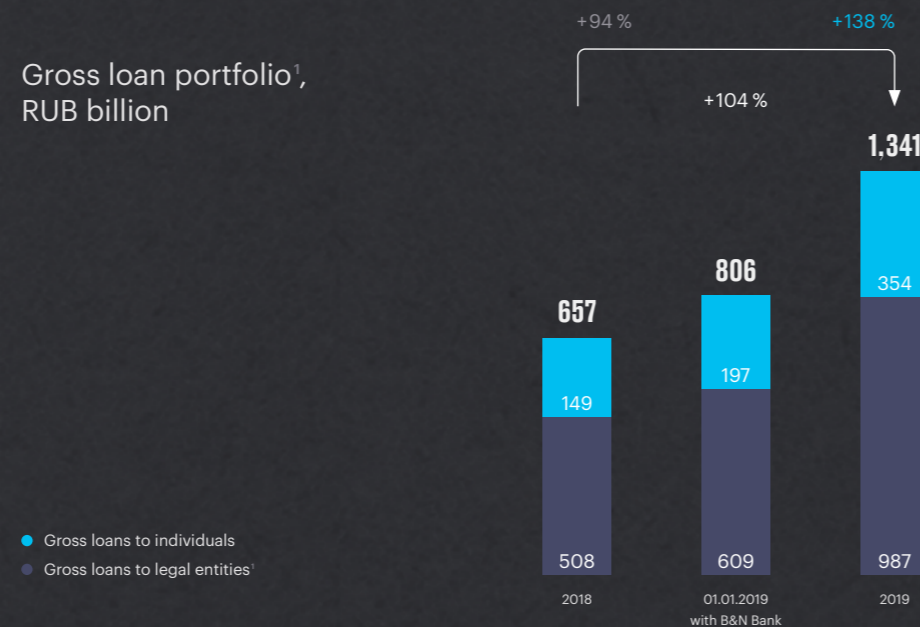
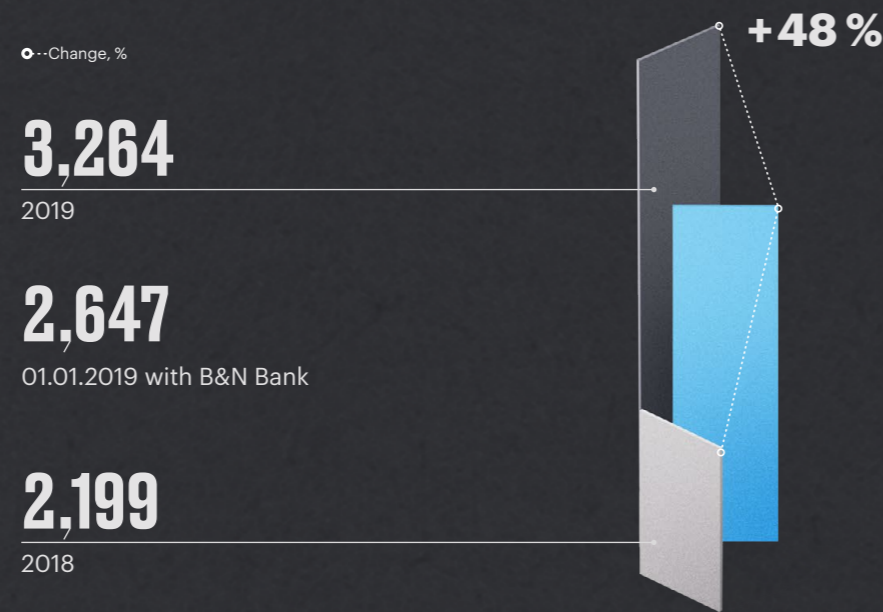
Otkritie bank entered the top 10 best digital banks in the country according to the Internet Banking Rank 2019 research conducted by Marksw Webb

On July 2, 2019, the Bank of Russia announced the completion of Otkritie bank rehabilitation plan. Currently, the bank's work is focused exclusively on business growth and development.

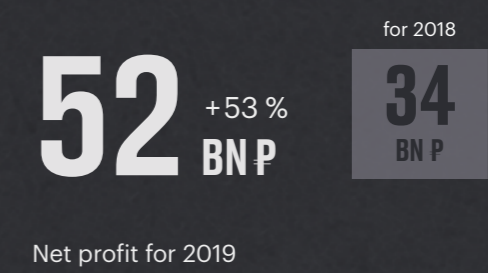
In July 2019, Otkritie bank paid dividends in amount of RUB 2 billion on the bank's outstanding ordinary registered shares based on the results of 2018.

KEY FINANCIAL RESULTS

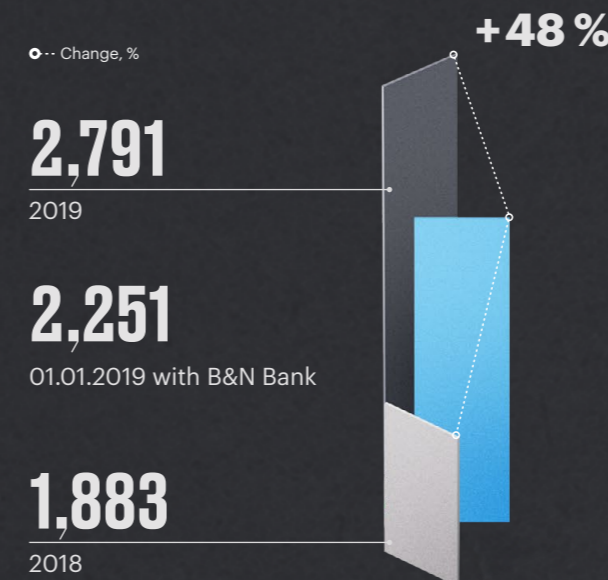
Assets, RUB billion



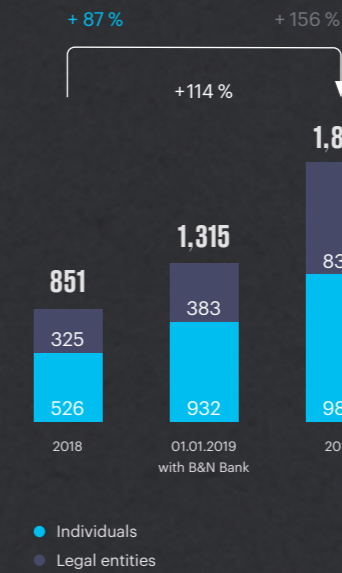
¹ Including loans to customers at fair value through profit or loss



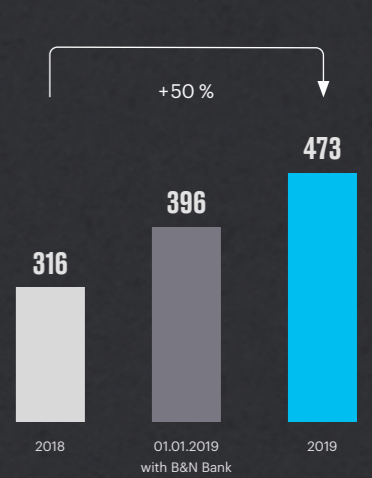
Liabilities, RUB billion



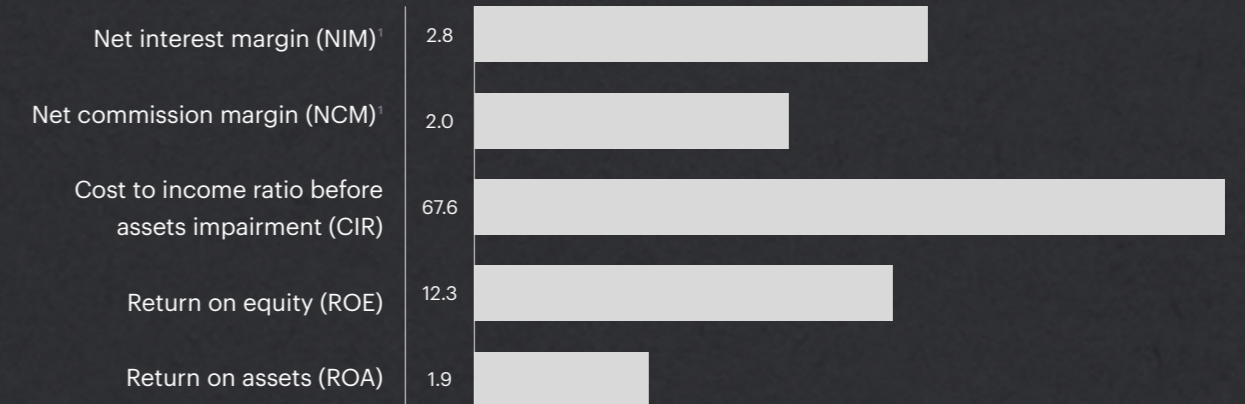
Customer accounts, RUB billion



Equity, RUB billion



Operating performance ratios, %



¹ Results of Otkritie bank for the years 2018 and 2019 according to the stand-alone IFRS financial statements

EFFECTIVE INTERACTION WITH STAKEHOLDERS

Customers

The customer base increase is one of the key priorities of Otkritie bank's strategy. The bank is constantly working on growing its customer base, studying customer behaviour and increasing their satisfaction level.

The bank is committed to being the leader with regards to product provision speed and convenience of customer service. These are easy-to-use remote banking systems, in particular, a wide range of online products, full-featured online and mobile banks, a remote service in 24/7 mode.

Employees

Employees are the key component of the bank's dynamic development. The bank strives to develop corporate culture and provide employees with equal possibilities for the fulfilment of their potential, irrespective of their age, sex or other social and personal characteristics.

Quality customer service is achieved due to:

understanding customer needs

flexible customer service in all segments: targeted customised offers, individual adjustment of commercial conditions and communication

high professional competence of employees and refined processes

82.3%

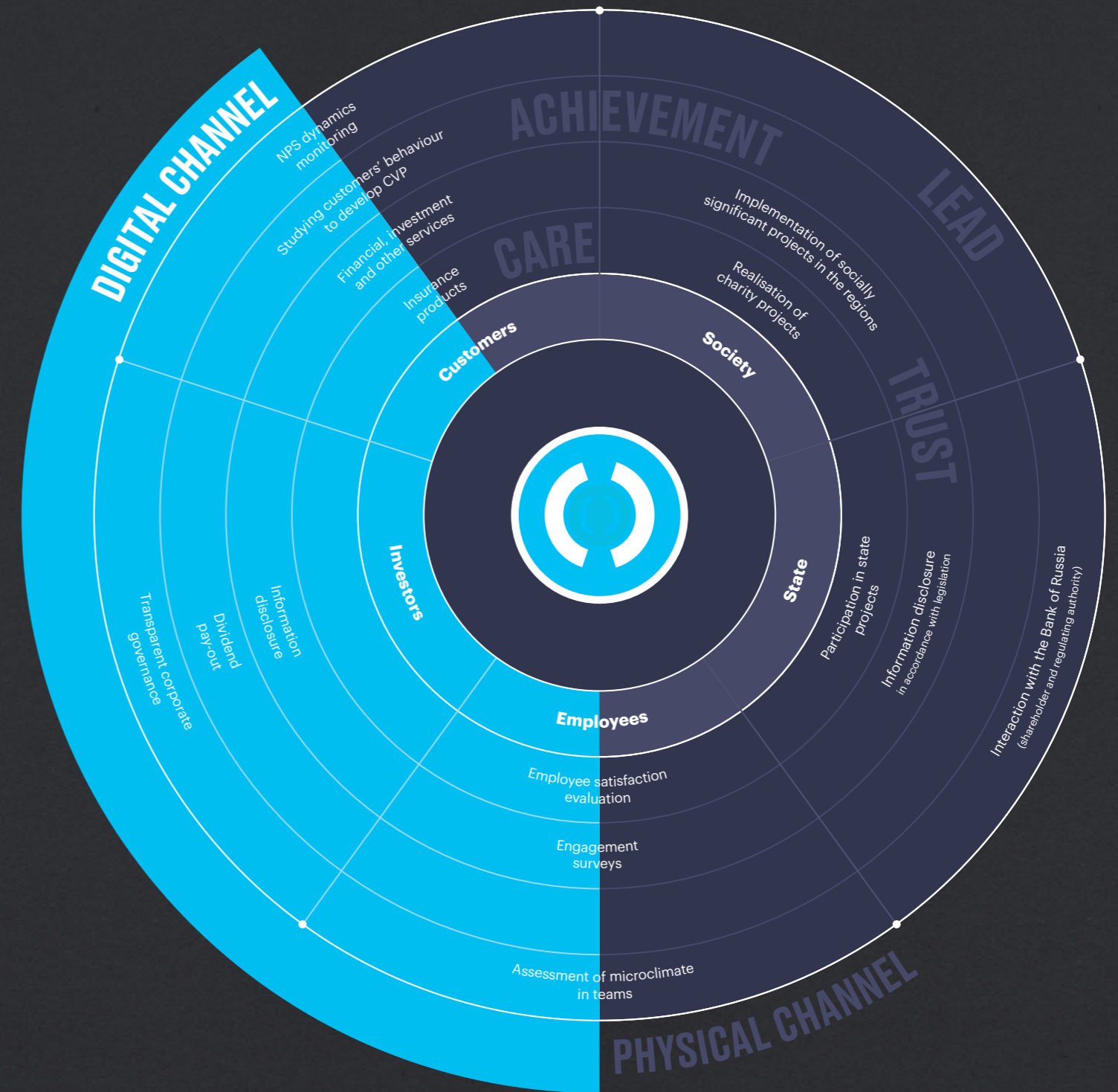
EMPLOYEE ENGAGEMENT LEVEL

The bank's employees are motivated and work in an environment that is contributing to high productivity. More than 76% of employees participated in the survey.

73.5%

EMPLOYEE LOYALTY LEVEL

This result puts the bank among the best companies participating in this study in Russia.



EFFECTIVE INTERACTION WITH STAKEHOLDERS

State

Otkritie bank is a systemically important credit and financial institution of the country, the principal shareholder of which is the Bank of Russia with 99.99% interest in the share capital.

The bank constantly interacts with governmental authorities at all levels.

The primary objective is to form a comfortable, effective and predictable system of relations with governmental authorities (hereinafter referred to as GAs) and the Bank of Russia.

The bank is carrying out the following measures as part of its interaction:

Analysis of regulatory initiatives of GAs, the Bank of Russia and the formation of the consolidated position of the bank and the group as to the changes prepared

Sending proposals on the improvement of the statutory regulation of the bank's business activity in GAs and the Bank of Russia

Participation in the coordinating and expert councils of GAs and the Bank of Russia, business meetings, negotiations, consultations, consensus meetings conducted by GAs and the Bank of Russia

Preparing and submitting conclusions on the evaluation of regulatory impact of the normative acts developed by GAs and the Bank of Russia

Society

Development of the socially significant projects and increase of the service quality in the regions of the Russian Federation is one of Otkritie bank's key tasks.

Otkritie bank, as a socially oriented venture, pays great attention to the corporate social responsibility as an important component of corporate culture and contributes to the development of sports, culture, ecology and charity projects at federal and regional levels. The bank is developing a volunteer movement among its employees and supports social entrepreneurship.

In times of turbulence and volatility in the markets, taking care of employees and customers, ensuring uninterrupted service and providing special conditions for people and companies in especially difficult situations is becoming an issue of particular importance.

Investors

The bank provides for the timely disclosure of information on its and the group's business activity and results in accordance with the best world practices.

The development of Otkritie bank corporate management system is aimed at increasing the bank's performance and competitive advantages as well as the promotion of its transparency and image among the shareholder, investors and business community representatives.

In 2019, the bank paid dividends in the amount of RUB 2 billion following the results of 2018.

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STRATEGIC REPORT

STATEMENT OF THE CHAIRPERSON OF THE SUPERVISORY BOARD



**Yudaeva
Ksenia**

Chairperson of the Supervisory Board of "Bank Otkritie Financial Corporation" (Public Joint-Stock Company)

In 2019, the Supervisory Board primary focus was on the fulfilment of the group's business plan and the bank's development strategy, as well as the creation and development of modernised processes and IT infrastructure in the bank, and the development of a management motivation system.

The group's assets grew by 48% in 2019, several times higher than the Russian market average (+3%), thanks to the successful integration of the underlying businesses and transformation of the group, focusing on the synergetic effect. The group's loan portfolio more than doubled, exceeding RUB 1.2 trillion by year-end. Total loan issuance, compared to 2018, in the corporate and investment business segment tripled to reach RUB 938 billion, in the small and medium enterprise segment increased by 2.4 times to RUB 141 billion and in the retail segment increased by 2.7 times to RUB 235 billion.

In 2019, Otkritie group generated net income of RUB 52 billion, which exceeded the milestones set out in its business plan. The bank's net income for 2019 totalled RUB 41 billion and the group's other key companies were also all profitable.

Along with the financial development of the business, there was a material transformation of underlying business processes, aimed at increasing the efficiency of the group. In 2019, the bank optimised its network, closing 51 branches (-7%) while fully maintaining its customer base. The bank continued to actively develop its remote channels and invest in digitalisation. By the close of 2019, Otkritie was in the top 4 banks in Russia in terms of customer penetration of its mobile banking solutions—with its mobile application used by every second customer.

During the year, investments in ongoing IT transformation totalled RUB 19 billion. The basic requirements for automating business processes have been met and duplicate functions have been eliminated. 215 of the original 546 IT systems, processing centres were combined—and reduced from 6 sites to 2, and data warehouses were combined into a single unit.

2019 was the fully-fledged operational year of a renewed Otkritie bank. By the year-end, Otkritie group was transformed into a diversified financial holding, having successfully implemented its plans for 2019 as part of a three-year development strategy, which was approved by the bank's Supervisory Board in 2018.

The efficient interaction between the members of the Supervisory Board, committees and executive bodies together with the team's successful results have strengthened both the bank's and the group's positions in the key segments of the Russian financial market. Otkritie bank has delivered business growth significantly outpacing average market indicators, thereby strengthening its market position amongst the leaders of the Russian banking sector.

By the end of 2019, Otkritie bank increased its share in both the corporate and consumer lending markets and for the first time was among the top 6 banks in terms of consumer lending. The Otkritie Non-State Pension Fund is amongst the top 2-3 by participant numbers in the mandatory pension insurance and non-state pension market. Otkritie Broker is a leader in terms of the share of active customers registered on the Moscow Exchange securities market. Rosgosstrakh Insurance Company maintained its leading position in the Russian insurance market (No. 2 in property insurance, No. 7 in the classic insurance).

By mid-2019, Otkritie bank's financial recovery plan under the Bank of Russia's supervision was successfully completed, and the bank's financial position was recognised as robust.

The current challenges to date in 2020 related to the coronavirus epidemic are resulting in negative trends in the economy and financial markets. The group and the bank are adapting their business model and are focused on maintaining financial stability. Supporting both its customers and its employees in this difficult situation is a key priority for Otkritie bank and all Otkritie group companies.

The fundamental focus on creating products and services aimed at improving our clients' well-being and satisfying their needs enables Otkritie group to prove itself even in the complex reality of this global pandemic. In addition, the Supervisory Board's focus in 2020 will shift towards the development of Otkritie bank's privatisation strategy, as the Bank of Russia remains committed to its strategic plans for a gradual divestment of its ownership of the bank.

STATEMENT OF THE PRESIDENT—CHAIRMAN OF THE MANAGEMENT BOARD



**Zadornov
Mikhail**

President—Chairman of the Management Board of "Bank Otkritie Financial Corporation" (Public Joint-Stock Company)

2019 has become the second successful year in the history of Otkritie group, a year of stable business growth in all areas of business activities.

Net income of the group for 2019 totalled RUB 52 billion, which is significantly higher than we planned. Following the results of 2019, both the bank and Otkritie group's key subsidiaries were all profitable. Plans for business development were implemented with a significant advance as compared to the average market indicators.

The B&N Bank integration was successfully completed, including a large-scale technological migration of the underlying products and services as well as the optimisation of the bank's IT landscape. We have consolidated the bank's entire customer base onto Otkritie's target platform. The large-scale initiative to transform our regional network under the principle of one basic branch per each federal district was fully implemented, including consolidating 9 branch offices of the legacy B&N Bank network. We have also managed to retain the majority of B&N Bank legacy customer base thanks to our convenient and quality products and services, while the integration itself was carried out without any customer impact.

2020 has become a year of global challenges for the world and the Russian financial market due to the COVID-19 pandemic

Our investments in IT development and remote banking channels have come under great demand due to COVID-19 sanitary and epidemiological restrictions. Over 90% of all our operations, including all major payment transactions are fully accessible through our remote banking channels, i.e. mobile and online banking. The bank has implemented emergency support measures for its customers—individuals and small and medium business enterprises most impacted by the crisis. These include payment holidays, materially reduced commissions on settlements and cash operations, zero compulsory payments and fees.

One of our priorities is to increase quality and availability of the bank's services for our customers all across Russia, even in its most distant regions. We will accomplish this objective by further enhancing our remote banking channels and developing our network.

In 2019, we entered markets in three new regions including the Kamchatka Region, the Republic of Sakha and the Republic of North Ossetia, therefore confirming our status of one of the country's largest federal banks.

In 2019, we continued our corporate culture transformation. The introduction of a new corporate values system has enabled for employees' engagement levels into our business processes to be increased. Due to Otkritie's new positioning, our brand recognition has also significantly increased.

The accomplishment of our large-scale objectives for 2020 and our effective response to market challenges and external macroeconomic factors will underpin Otkritie bank's role as one of Russia's leading systemically important credit institutions.

We take great care of our employees' health and safety. An overwhelming majority of our employees all across our network, except a limited number of specialists who were required to be based in our offices, presence in the office, were moved to remote working mode.

We will adjust our business plans and reshape our business model to reflect the current financial environment and do our utmost to mitigate any adverse consequences for our customers. Otkritie bank and the Russian banking sector are stable. It's our belief that any crisis brings new opportunities for business development.

ECONOMY AND BANKING SECTOR OF RUSSIA

Capital inflow in 2019 fostered financial market growth while inflation slowdown allowed the Bank of Russia to start reducing its key rate. The government managed to increase budget spending rates. The growth of corporate and consumer loan provisions, excluding currency valuations, amounted to 9.4%. This resulted in accelerated economic growth rates from 0.4% YoY in the first quarter of 2019 to 2.1% YoY in the fourth quarter of 2019.

The COVID-19 pandemic has made 2020 rather challenging, however, the Russian economy is better prepared for negative external shocks than in 2008 and 2014. Oil price balancing the state budget was decreased from USD 104 to USD 53 per barrel, the gold and foreign currency reserves reached their maximum for the last decade. This will allow the government to completely fulfil the obligations incurred and support the economy. The banking system was significantly strengthened over the last five years, non-profitable and credit organisations dealing with illegal activities left the market and the banking system itself significantly decreased its dependence on foreign loans. The systematic work of the Bank of Russia in the field of bank regulation and risk management provided for the formation of banks' balanced credit policies. This will limit the negative impact of lower business activity on the banking system.

THE RUSSIAN ECONOMY IN 2019

Main Trends in the Global Economy

The slowdown of the global economy experienced in the second half of 2018 resulted in the easing of monetary policy by foreign regulators. During 2019, the US Federal Reserve System reduced the rate three times. In September 2019, the European Central Bank decreased the deposit rate and renewed the asset purchase programmes.

One of the most significant results of 2019 was the gradual winding up of the trade war between the USA and China. Long-lasting preparation for the signing of an agreement between the two largest world economies fostered further growth of positive expectations from investors with regards to global economic growth and an increase in oil prices.

Financial Market Development

A wide-spread interest rate decrease was observed both in developed and developing economies in 2019. Easing of monetary and credit policies provided financial market growth and capital inflow to developing countries. The position of foreign investors in Russian federal loan bonds increased by over RUB 1 trillion to RUB 2.9 trillion. As of the end of 2019, non-residents owned 32% of the federal loan bonds issued. The RTS index showed record dynamics (+45% YoY), having advanced the majority of world stock indices; the MICEX index increased by 29%.

Owing to the stable prices for oil in the range of USD 60–70 per barrel and the capital inflow, the Russian Rouble strengthened from RUB 69.5 per USD as of 2018 year-end to RUB 61.9 per USD as of 2019 year-end.

Inflation and the Bank of Russia Monetary Policy

Following the results of 2019, inflation has slowed down to 3.0%, which is lower than the price increase rates in 2018 (4.3%) and significantly lower than the annual forecasts as of the beginning of 2019 (5–6%).

At the beginning of the reporting period, inflation substantially accelerated, which was mainly due to the VAT increase, additional indexation of the housing and public utilities rates and weakness of the Rouble at the end of 2018. Consumer prices reached the maximum increase rate in March when inflation was 5.3%. However, later on with the strengthening of the Rouble, a weak internal demand and the governmental measures undertaken, which targeted the restriction of petrol price growth, inflation started to slow down rapidly.

The decrease in inflation resulted in the consecutive review of its forecasts and the decrease of rates by the key foreign central banks created a favourable environment for the Bank of Russia to decrease its key rate. After the first decrease in June the Bank of Russia decreased the key rate four more times. By the year-end, the key rate was 6.25% as compared to 7.75% at the beginning of the year.

3.0%

INFLATION

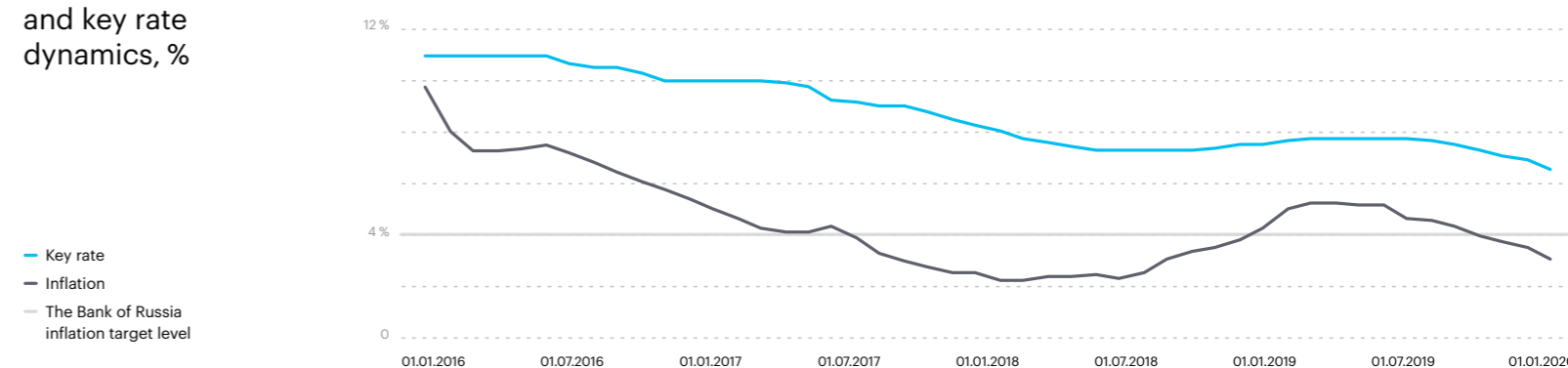
as of 2019 year-end

6.25%

KEY RATE

as of 2019 year-end

Inflation and key rate dynamics, %



The Russian Economy's Development

In 2019, GDP increased by 1.3% after its growth by 2.5% in 2018. During the year, the economic growth rate intensified from 0.4% YoY in the first quarter of 2019 to 2.1% YoY in the last quarter. The main reasons for the unsteady dynamics were the slowdown of household consumption rates, low external demand and, to some extent, insufficient federal budget expenditure rates as compared to the planned ones against the tax burden increase.

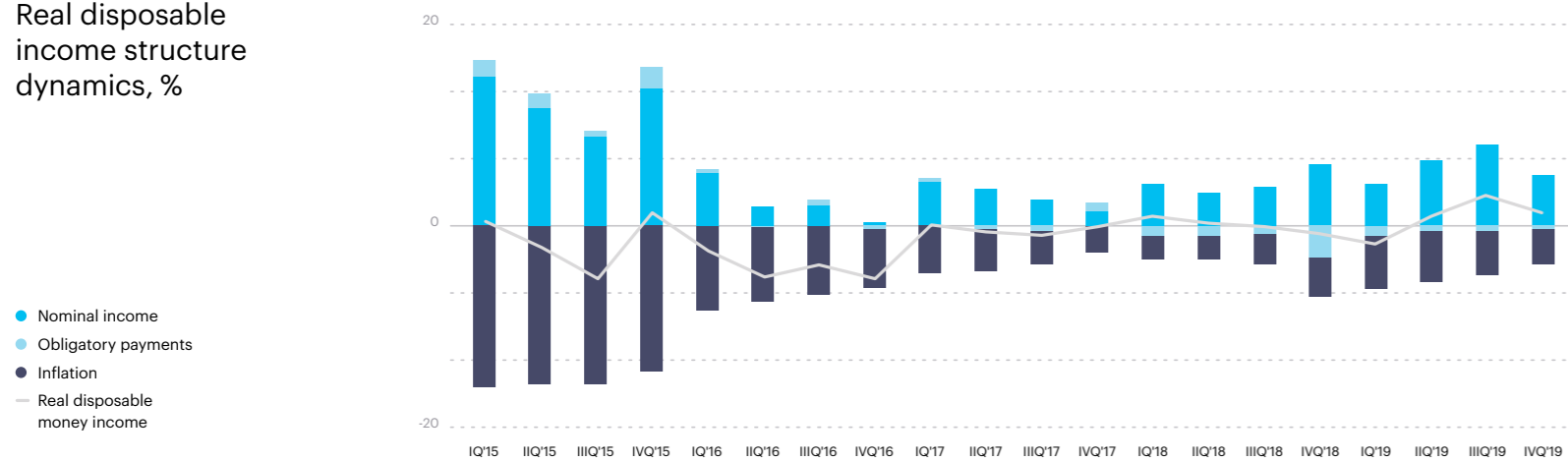
The final consumption by population growth rate slowed down from 3.3% in 2018 to 2.5% in 2019 despite the available population income growth acceleration. Nominal income growth was 6.2% (4.0% in 2018), in real terms the available population income growth accelerated from 0.1% in 2018 to 1.0% in 2019. The consumption rate slowdown was caused, among other factors, by the decrease in new retail loan provision volumes as a result of bank regulation tightening against the background of the increased debt load of the population. Therefore, the new loan provision increase was RUB 0.6 trillion in 2019 compared to RUB 2.5 trillion in the previous year.

+1.3%

GDP GROWTH

in 2019

Real disposable income structure dynamics, %



Acceleration of the government expenditure¹ growth in the second half of the year resulted in a record increase of its contribution to GDP growth. Government expenditure increase, expressed in physical terms, stood at 2.2%. The governmental sector contribution to GDP growth increased from 0.2 percentage points (pp) as of 2018 year-end to 0.4 pp as of 2019 year-end. The expenditure increase was accompanied by a budget surplus decrease down to 1.8% of GDP (2.6% of GDP in 2018).

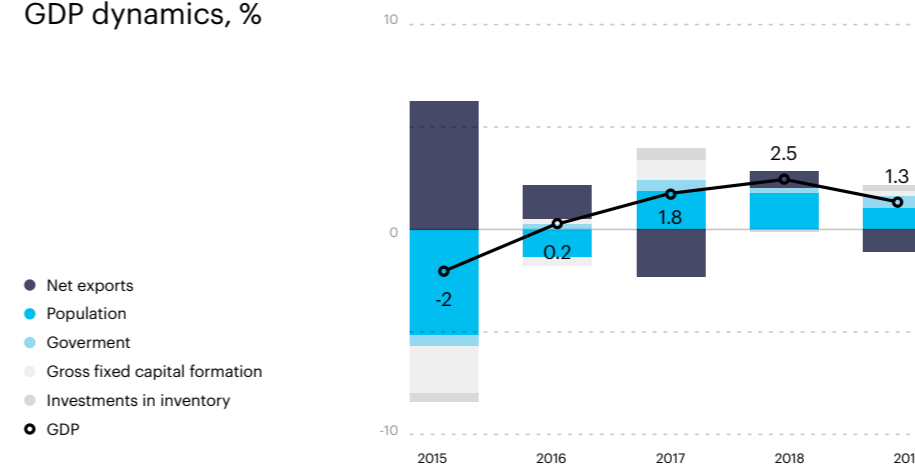
At the same time, the National Wealth Fund volume continued to grow and by the end of 2019 amounted to USD 126 billion. Such large provisions allow the government to maintain the expenditure rate at the planned level despite the challenging economic situation. This will provide significant support to the internal demand, population and economy.

\$126 BN

THE NATIONAL WEALTH FUND VOLUME

as of 2019 year-end

GDP dynamics, %



The Urals price fell from USD 70 per barrel in 2018 to USD 64.3 per barrel in 2019. Russian exports in physical terms declined by 2.3% YoY. This was the first decline since 2009, when Russian exports fell by 4.7% YoY against the backdrop of the global economic crisis. The dynamics were affected by the restriction of oil production in the framework of the OPEC deal, the accident at the Druzhba pipeline, the declining growth rate of gas exports and the general decline in international trade amid the slowdown in global economic growth and the trade war between the USA and China.

Investment activity remains at a low level: the increase of investments in capital was merely 1.7% and the contribution of the gross fixed capital formation to GDP growth was 0.3 percentage points.

The unemployment rate continued to decrease in 2019 and stood at 4.6% as of the period end (4.8% at the end of 2018), however, a multi-year low of this value—4.3% was recorded in August. The situation improved owing to the acceleration of economic activity during 2019 and, as a consequence, a high demand for human resources.

Risks

The global and Russian economy slowdown due to the COVID-19 pandemic and quarantine regime measures undertaken by countries is a major risk factor which has materialised and will be in force within the near term. Another serious challenge for Russia is a decrease in oil prices in global markets due to the high dependence of its budget revenues and currency inflow to the country from raw material exports.

There is still a threat of the sanction's regime being toughened on the part of some countries including in connection with the new electoral period in the USA. Tougher sanctions may lead to increased volatility in the Russian financial market and lower incentives to invest in Russia.

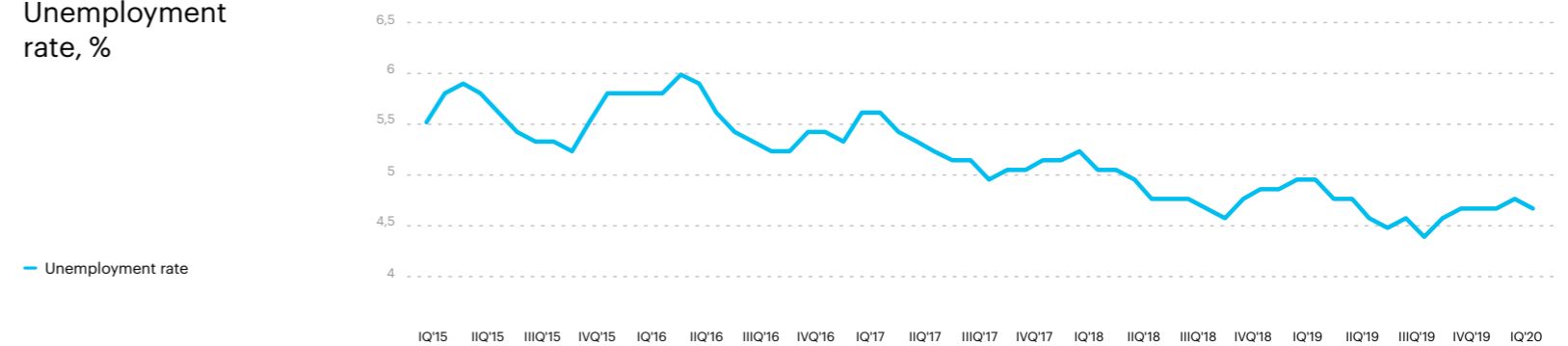
Significant structural restrictions to growth still remain and they are connected with the low diversification of the economy and negative demographic trends as well as existing sanctions limiting Russian companies in attracting foreign borrowings and entering foreign markets.

4.3%

UNEMPLOYMENT RATE

in August of 2019
(a multi-year low)

Unemployment rate, %



¹ The final government expenditures in terms of GDP expense balance

RUSSIAN BANKING SECTOR REVIEW

2019 Highlights

1.7 TN P

+73%
Net income of the Russian banking sector

+2.7%

BANKING SECTOR ASSETS

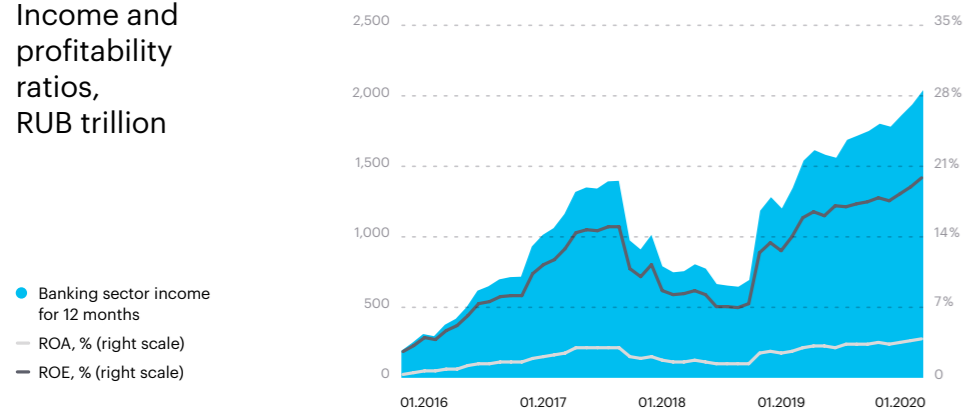
1 TN P

+2.6%
The loan portfolio growth

547 BN P

+143%
Net fee and commission income and securities transaction income

Income and profitability ratios, RUB trillion



Net income of the Russian banking sector stood at RUB 1.7 trillion in 2019, i.e. 73% higher than in 2018 (RUB 1.0 trillion). Excluding one-offs caused by the additional creation of provisions on the distressed assets of rescued banks in 2018 as well as technical income due to the introduction of adjustments connected with credit risk accounting standards according to IFRS 9, the banking sector's income was RUB 1.3 trillion in 2019 and RUB 1.5 trillion in 2018 (-11% YoY); ROE stood at 13.1% and 16.6% respectively, according to the Bank of Russia's estimations.

The increase in net fee and commission income and securities transaction income positively influenced net income, having increased by 143% to RUB 547 billion owing to favourable market conditions. Moderate demand for corporate sector loans and the gradual slowdown of the retail loan growth stipulated the decrease of net interest income of the banking sector by 3% in 2019.

Banking sector assets grew by 2.7% YoY in 2019 (or by 5.3% YoY taking into account the eliminated foreign currency revaluation effect). The corporate loan portfolio increase was approximately RUB 1 trillion. The growth rate, excluding currency revaluation, was 5.8% compared to 7.7% a year earlier (or excluding the FX revaluation effect 2.6% and 12.4% in 2019 and 2018 respectively due to the Russian Rouble strengthening). The slowdown was caused mainly by the intensified competition in the bank lending market and the capital market.

1 To non-financial and financial non-credit organisations, excluding credit institutions (i.e. banks)

In 2019, funding increase in the form of corporate bonds was over RUB 1.5 trillion, which is three times higher than the results of 2018 (RUB 524 billion). This was due to the improvement of the borrowing conditions in the debt market: the spread between the interest rate on loans maturing over 3 years and the 5-year federal loan bond rates was widening and reached 180 bps at the year-end.

Following the results of 2019, the retail loan portfolio grew by 18.5% with the growth rates gradually decreasing from the maximum of 23.8% observed in April. The main factors of such dynamics were the debt load increase (for the third consecutive year loan portfolio growth has been outpacing income growth) as well as stricter regulations by the Bank of Russia in the form of increased capital requirements against the background of high unsecured consumer lending rates.

The assets' quality remained high: the share of retail overdue loans was 4.3% at the end of 2019, having decreased from 5.1% at the beginning of the year. The decrease in many respects is connected with portfolio growth; however, the absolute value of the overdue payment growth was also gradually decreasing. The share of overdue loans to legal entities amounted to 7.1% at the end of 2019 as compared to 5.7% at the beginning of the year; the growth is connected with the transition to IFRS 9 (excluding this factor the level is relatively stable).

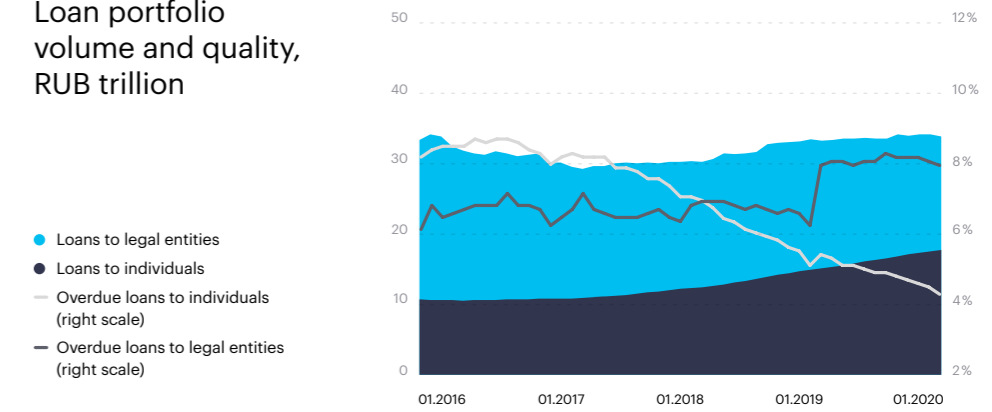
In 2019, the capital adequacy ratio grew from 12.2% to 12.3% due to the moderate increase of risk-weighted assets (+5.5%).

The total retail deposit inflow in 2019 comprised 10.1% compared to 6.5% in 2018 (excluding the FX revaluation effect). The corporate funds slowed down from 6.0% in 2018 to 4.4% in the reporting period (excluding the FX revaluation effect). In 2019, the budget funds in banks increased insignificantly—by 6.8% to RUB 3.7 trillion.

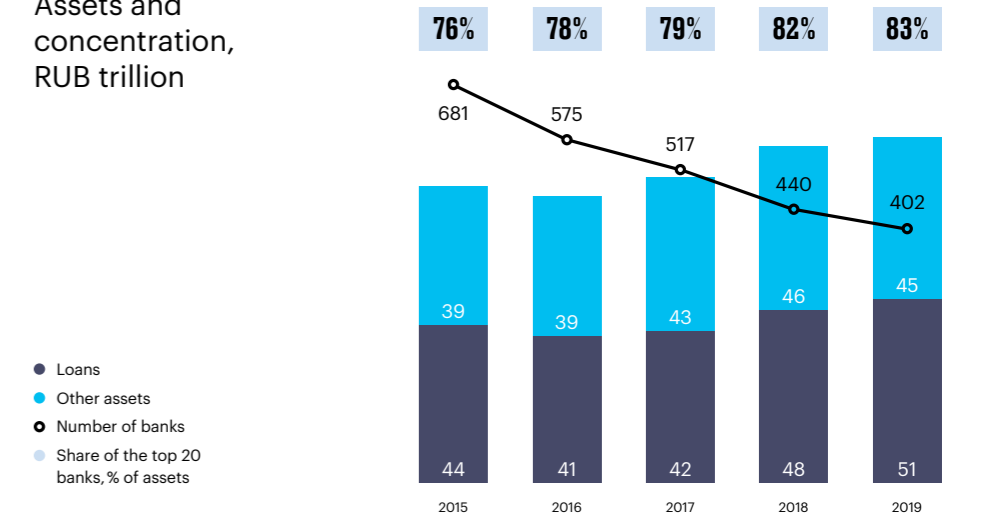
Within 2019 interest rates were decreasing as a result of the key rate decrease, with a particularly intensive decrease being observed in the second half of the year. The weighted-average interest rate on retail deposits denominated in the Russian Rouble maturing within a year decreased from 6.0% in January to 4.7% in December, the interest rate on corporate deposits dropped from 6.5% to 5.2%. The interest rates on retail loans with the same terms fell from 16.0% to 14.8% and on corporate loans—from 9.3% to 7.8%.

1 By outstanding face value

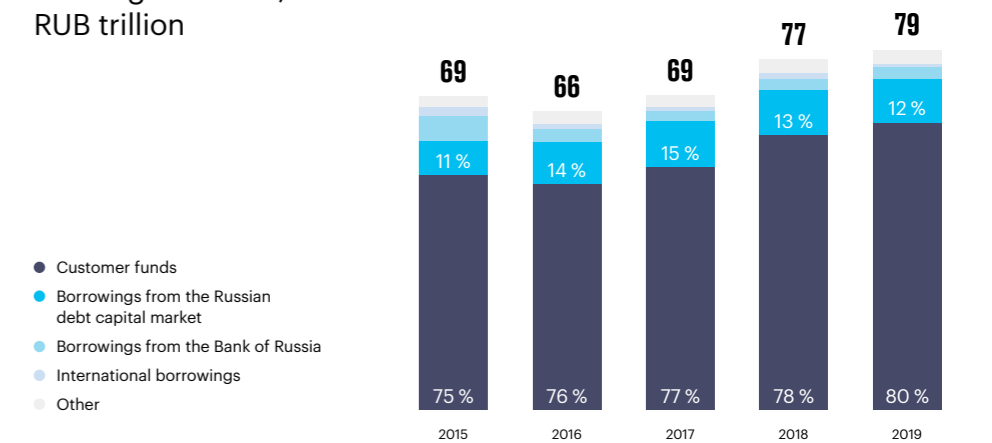
Loan portfolio volume and quality, RUB trillion



Assets and concentration, RUB trillion



Funding structure, RUB trillion



KEY MILESTONES OF THE YEAR

Financial Rehabilitation Plan Completion

On July 2, 2019, the Bank of Russia's Board of Directors made a decision to complete the measures on the prevention of Otkritie bank's bankruptcy.

The bank's management has fulfilled all the tasks provided by the financial recovery plan:

the bank was fully capitalised

the bank operates completely on arm's length terms and complies with all regulatory requirements of the Bank of Russia

financial assistance was rendered to subsidiaries

debt financing provided by the Bank of Russia was repaid

the balance sheet was cleaned up from non-core and toxic assets

integration processes on the B&N Bank merger were completed

the bank shows stable positive financial results

Ratings Increase

Ba2

Stable outlook

+ 2 notches
to the 2018 rating

Moody's
Assignment date:
February 20, 2019

ruAA-

Positive outlook

+ 2 notches
to the 2018 rating

Expert RA
Assignment date:
April 3, 2019

AA-(RU)

Stable outlook

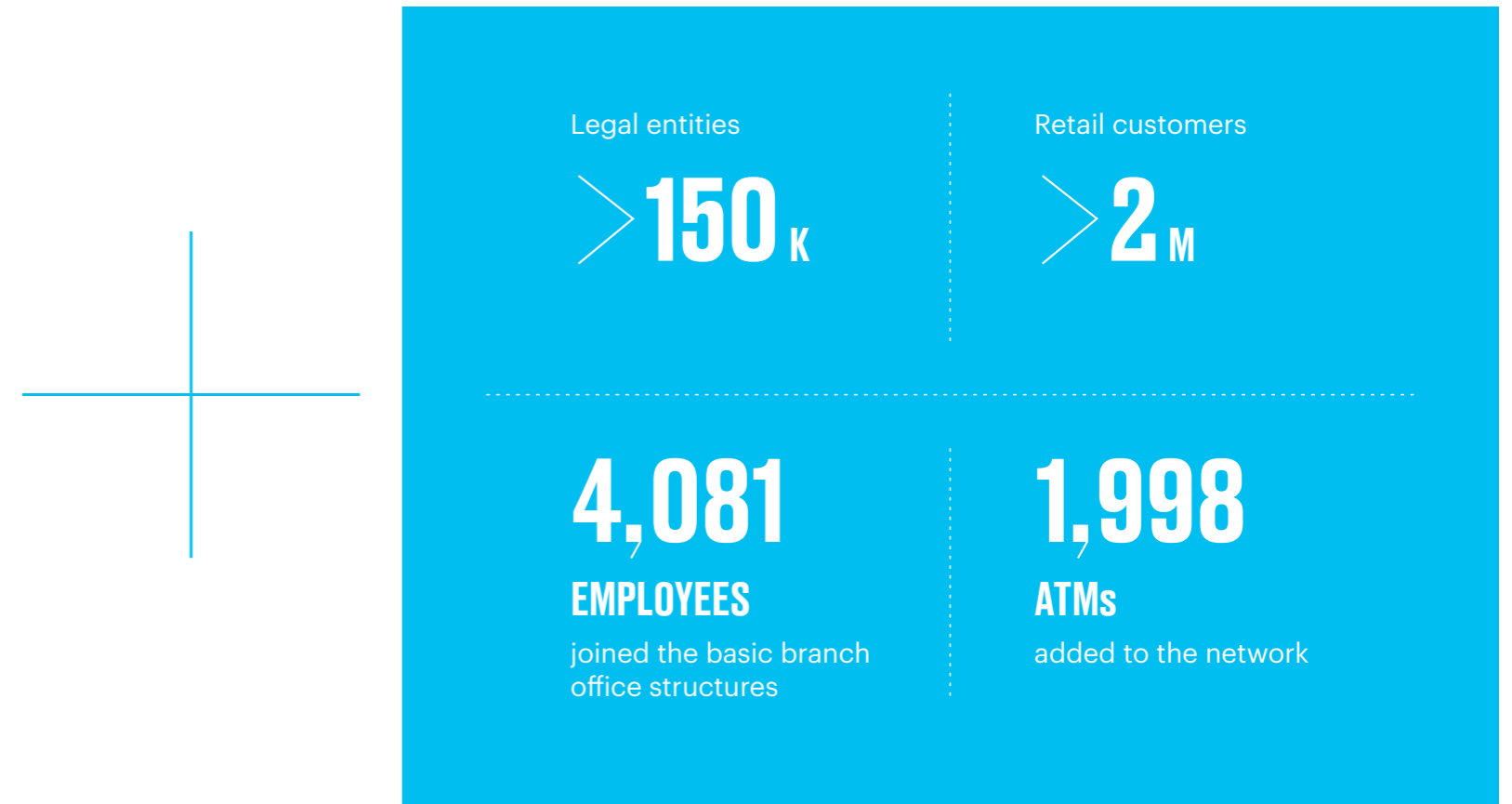
+ 1 notch
to the 2018 rating

ACRA
Assignment date:
May 28, 2019

B&N Bank Integration

The seamless migration of legacy B&N Bank's products into Otkritie bank's IT systems was provided within the merger. Following the integration results, over 70% of active customers were retained and their servicing was switched to standard rates and processes. The bank also completed the transformation of 9 legacy B&N Bank branch offices, with 6 of them being joined to Otkritie bank's branch network and 3 being closed.

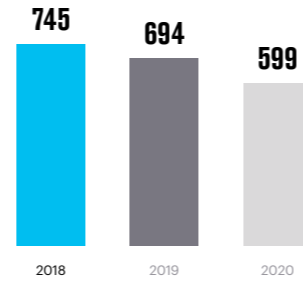
> 70%
OF ACTIVE CUSTOMERS
were retained after integration was completed



Network Transformation

Otkritie bank pays great attention to the development of the federal network and the improvement of remote banking channels. In 2019, the network's geographic presence was expanded by including three new regions, i.e the Kamchatka Region, the Republic of Sakha (Yakutia) and the Republic of North Ossetia. The increase of service quality and accessibility remains a high priority of the bank's activities and, in particular, in the most distant areas of Russia.

Otkritie bank's strategy provides for the reduction of the office network from 745 as of the beginning of 2019 to 599 as of the end of 2020.



Efficiency Enhancement

In 2019, the network was reduced by 51 offices (-7%) with the simultaneous implementation of the measures regarding the retention of the active customer base. Following the results of 2020, the network will be reduced by another 95 offices (-16%).

The office number reduction is accompanied with the expansion of the customer base at the planned strategic level in order to get closer to the market benchmarks in terms of the active customer number per office ratio.

More than half of the offices which were closed or are to be closed are located in the cities and regions where the bank has a wide presence network. These are mainly duplicated locations with low demand among customers. The bank will certainly open new offices, however, not to the past extent, in 2020 it plans to open 14 points of sale.

The bank actively develops remote banking channels and invests in digitalisation. Following the results of 2019, Otkritie made the top 4 in Russia with regards to the penetration of mobile banking into the customer base—every second bank's customer uses its mobile application.

— **51**
OFFICES
were closed
in 2019

— **95**
OFFICES
are to be optimised
in 2020

OTKRITIE BANK'S STRATEGIC PRIORITIES

In June 2018, Otkritie bank presented its development strategy until 2020 year-end.

2019	2020	2021–2023	→
Key achievements <ul style="list-style-type: none"> Focus on the customer base expansion in retail, SME and large-scale corporate businesses Transfer of products and services to digital channels for retail and SME businesses Launch of the agile business model in retail and SME segments Launch of bots and automation of the internal organisation processes 	Key strategic priorities <ul style="list-style-type: none"> Further customer base expansion by means of development of up-to-date product and service offers with a focus on transactional banking Development of digital channels for interaction with customers Formation and testing of agile business model teams in retail, SME segments, and IT division Development of cooperation with start-ups and the launch of new innovative technologies 	Long-term strategy <ul style="list-style-type: none"> Position among the top 5 market leaders in terms of customer numbers in retail and SME businesses Attraction of market investors by means of the bank's or the group's shares sale Implementation of up-to-date data processing practices in order to customer base monetisation Agile business model scaling within the bank with the transfer of up to 20% of the head office teams into tribes (i.e. organisational units in which employees work on certain projects) Customer experience development with a focus on implementation of the best in the market client journey through digital channels 	Target guidelines¹ <p>~ 15% ROE</p> <p>~ 40% CIR</p>

¹ Target guidelines are presented for 2021–2023

THE BRAND'S VALUES



ACHIEVEMENT

The result starts with me

I clearly understand my objective and its impact on the bank's results

I know that the bank's success starts with me

I strive for greater results and challenge myself



LEAD

To be one step ahead

Everything I do I do simply, conveniently and rapidly

I find simple non-standard solutions

I am open to everything new and support changes



CARE

With care to everyone

I do everything so that the customer is happy

I delve into others' problems and help them

I respect everyone, communicate tactfully and kindly



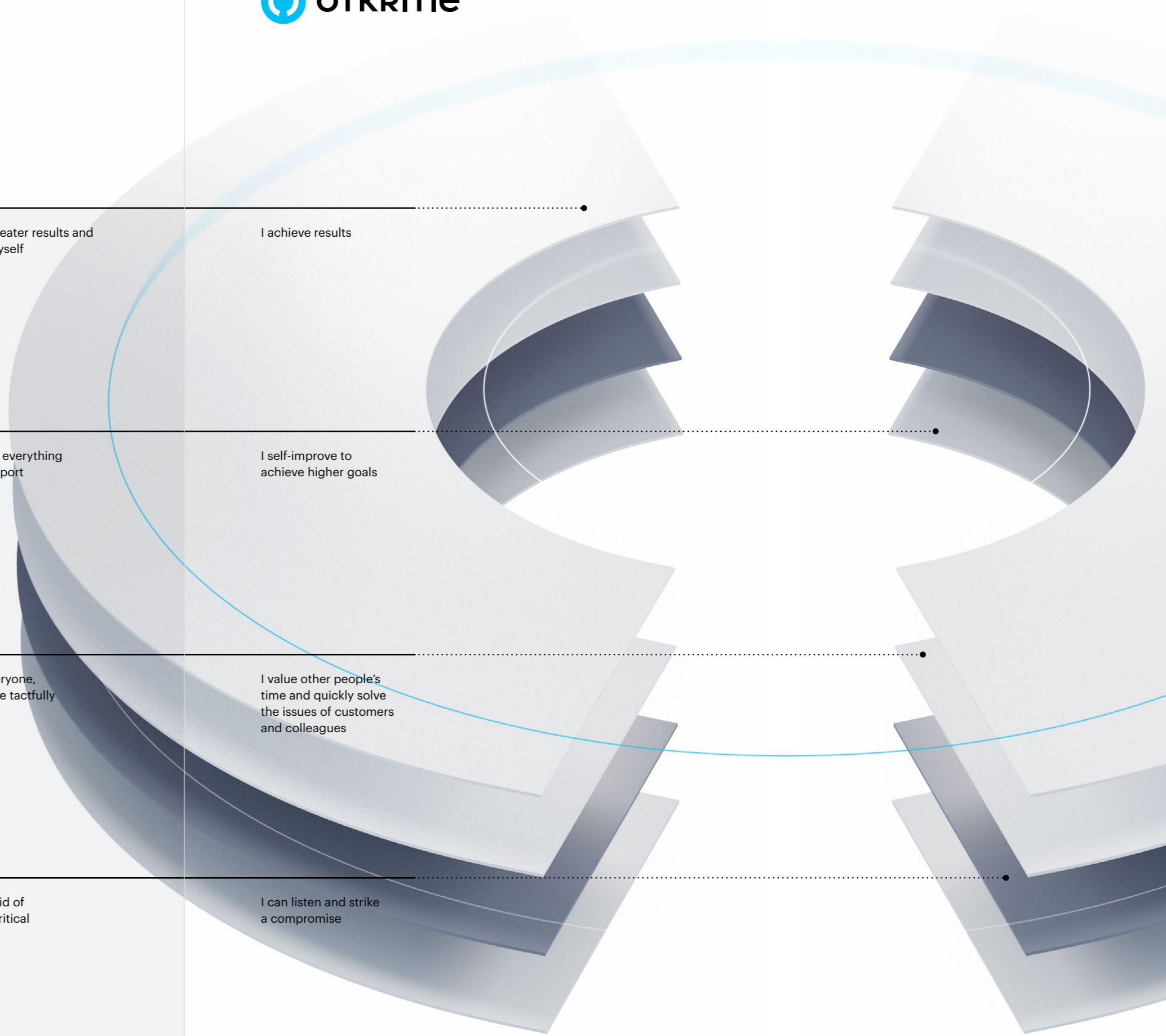
TRUST

We are partners

I create long-term partner relations with the customers

I always keep my word

I am not afraid of discussing critical issues



I achieve results

I self-improve to achieve higher goals

I value other people's time and quickly solve the issues of customers and colleagues

I can listen and strike a compromise

PERFORMANCE OVERVIEW

44 Otkritie Group Financial Results Overview

54 Otkritie Group Banking Business
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76 Retail Business

82 Otkritie Group Companies
82 Rosgosstrakh Bank
84 Financial Market Services

94 Insurance Business

98 Pension Business

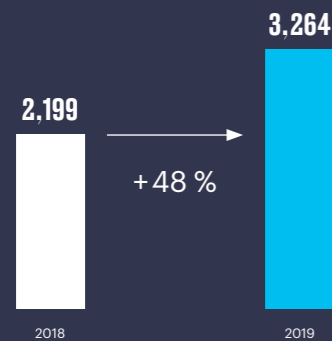
100 Leasing Business

104 Information Technologies

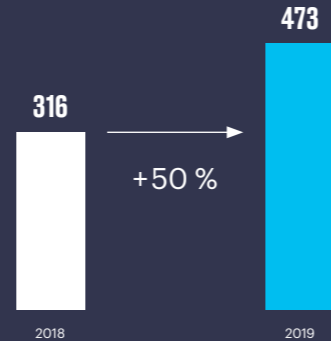
OTKRITIE GROUP FINANCIAL RESULTS OVERVIEW

Key results of Otkritie group in 2019 under IFRS

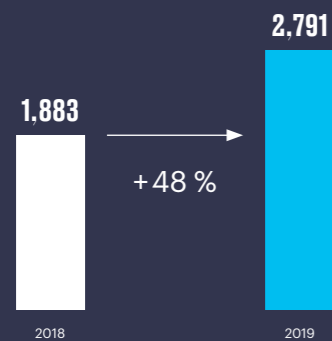
Assets, RUB billion



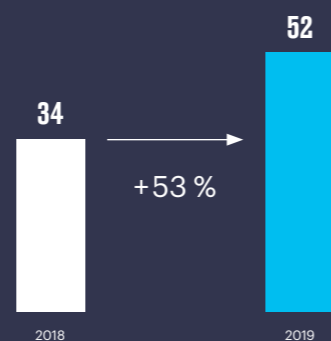
Equity, RUB billion



Liabilities, RUB billion



Net profit, RUB billion



ROE -70 bps	ROA +30 bps	NIM¹ -90 bps	NCM¹ +70 bps	CIR +250 bps
12.3%	1.9%	2.8%	2.0%	67.6%

¹ Otkritie bank stand-alone data

Profitability

In 2019, net profit earned by Otkritie group amounted to RUB 52 billion, which is 53% higher than in 2018 (RUB 34 billion). The group results are provided by the positive financial performance of all the key companies within Otkritie group.

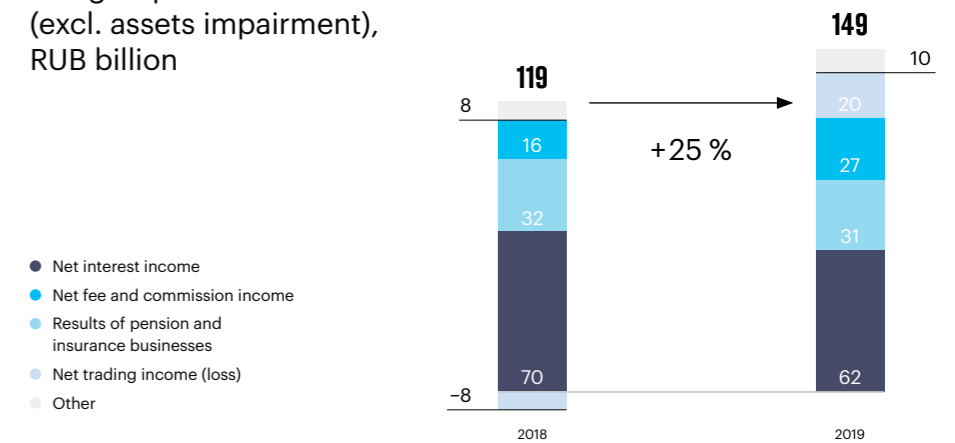
Following the results of 2019, return on equity (ROE) was 12.3% (13.0% in 2018). The indicator's decrease was stipulated by the significant growth of the bank's capital (+50%) due to the B&N Bank consolidation at the beginning of 2019.

Return on assets (ROA) was 1.9% in 2019 (1.6% in 2018). The indicator's increase by 30 bps was stipulated by net profit growth rate (+53%) outpacing the group's average asset growth in 2019 (+27%).

The group's revenue for 2019 was RUB 149 billion, which exceeds the result of 2018 (RUB 119 billion) by 25%. The group's revenue growth was stipulated by the core banking operations' income growth, in particular, net fee and commission income.

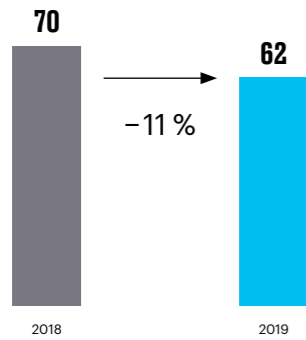
In 2019, the main sources of the group's revenue were net interest income, pension and insurance business results, net fee and commission income that amounted to 41%, 21% and 18% of the revenue respectively.

The group's revenue (excl. assets impairment), RUB billion



149 BNP
THE GROUP'S REVENUE
excl. assets impairment

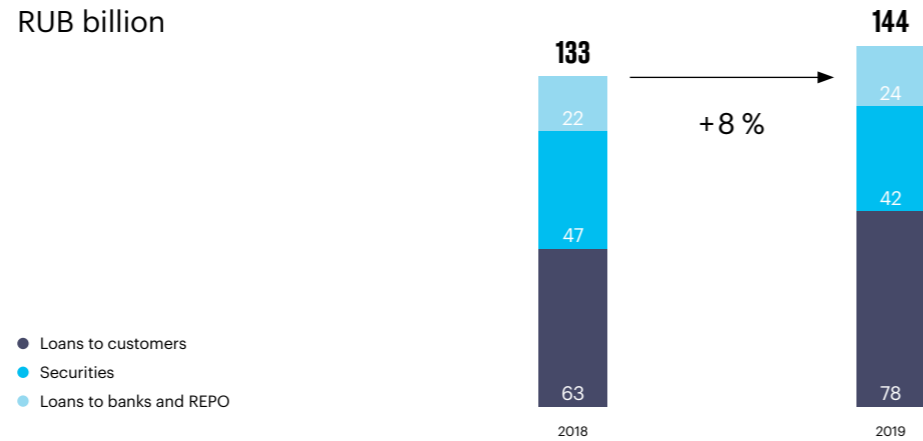
Net interest income, RUB billion



The group's net interest income for 2019 amounted to RUB 62 billion, down by 11% from 2018 (RUB 70 billion). The decrease in net interest income in 2019 was due to an excess of interest expenses growth rate over interest income growth rate in 2019 due to a number of factors, namely:

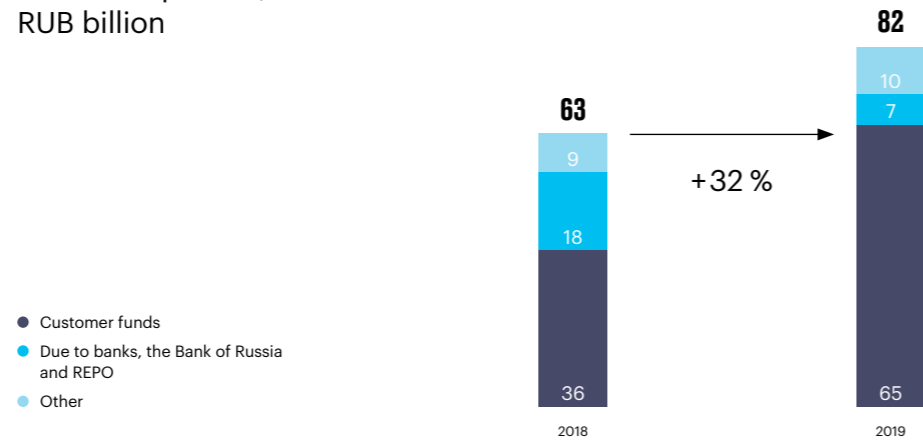
- high funding cost of the term retail deposits of B&N Bank, the share of which was 79% in the B&N Bank customer funds structure as of the merger date;
- a dominant share of term deposits in the customer funds structure (72% at the end of 2019);
- loan portfolio growth mainly secured by the corporate and investment business segment with a marginality lower than in the small and medium business enterprises segment and the retail business of the group;
- lowering lending market rates.

Interest income, RUB billion



- Loans to customers
- Securities
- Loans to banks and REPO

Interest expenses, RUB billion



- Customer funds
- Due to banks, the Bank of Russia and REPO
- Other

2.8%

NET INTEREST MARGIN

(NIM)¹

75%

OTKRITIE BANK'S SHARE IN NET FEE & COMMISSION INCOME OF THE GROUP

¹ Otkritie bank stand-alone data for 2019

Otkritie bank net interest margin (NIM)¹ in 2019 was 2.8% (3.7% in 2018). The margin dynamics in 2019 was affected not only by a net interest income decrease, but also the common trend to rate lowering in the financial market. Otkritie bank's share in net interest income of the group was 72% following the results of 2019.

Net fee and commission income for 2019 comprised RUB 27 billion, up by 69% compared to the results of 2018 (RUB 16 billion). The commission income increase is a consequence of synergy of the group companies' business development. The main volume of net fee and commission income was earned by the group as a result of settlement and cash operations (RUB 15 billion), foreign exchange (RUB 3 billion) and trade finance transactions (RUB 3 billion).

Otkritie bank's net commission margin (NCM)² stood at 2.0% in 2019 (1.3% in 2018). The key drivers of net fee and commission income growth were, besides synergy within the group's companies (insurance, investment business), customer base expansion, consumer loan sales growth, transaction business development and intensification of customer transaction activity.

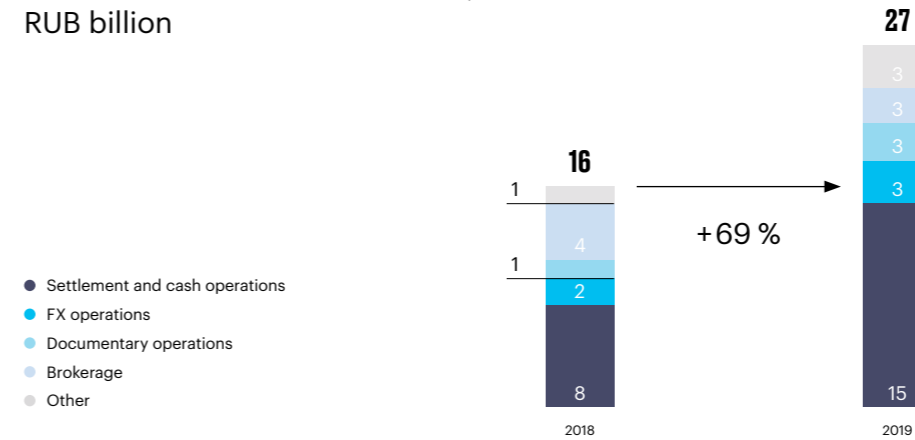
The group's net trading income was RUB 20 billion in 2019 (in 2018 there was a net trading loss in the amount of RUB 8 billion). The group earned the main volume of the net trading income from foreign exchange and securities transactions.

Operating results from insurance business for 2019 amounted to RUB 14 billion. In 2019, Rosgosstrakh Insurance Company and Rosgosstrakh-Life Insurance Company provided for a total increase of the accrued and earned premiums by more than 20%.

Operating results from pension business in 2019 amounted to RUB 16 billion, up by 5% comparing with 2018. The increase of the investment income of the pension fund was compensated by the appropriate growth of pension liabilities in 2019.

The group's operating expenses grew by 29% as compared to 2018 and amounted to RUB 101 billion. The major impact to growth was due to the B&N Bank merger. Payroll expenses composed of 59% of the group's total operating expenses. The cost to income ratio (CIR) for 2019 stood at 67.6% (65.1% in 2018).

Net fee and commission income, RUB billion



- Settlement and cash operations
- FX operations
- Documentary operations
- Brokerage
- Other

¹ NIM—net interest margin—calculated as a ratio of the net interest income to average assets generating interest income. This indicator was calculated according to Otkritie Bank's stand-alone data
² NCM—net commission margin—calculated as a ratio of the net commission income to average assets generating interest income. This indicator was calculated according to Otkritie bank stand-alone data

27 BNP

NET FEE AND COMMISSION INCOME FOR 2019

+69%

2.0%

NET COMMISSION MARGIN

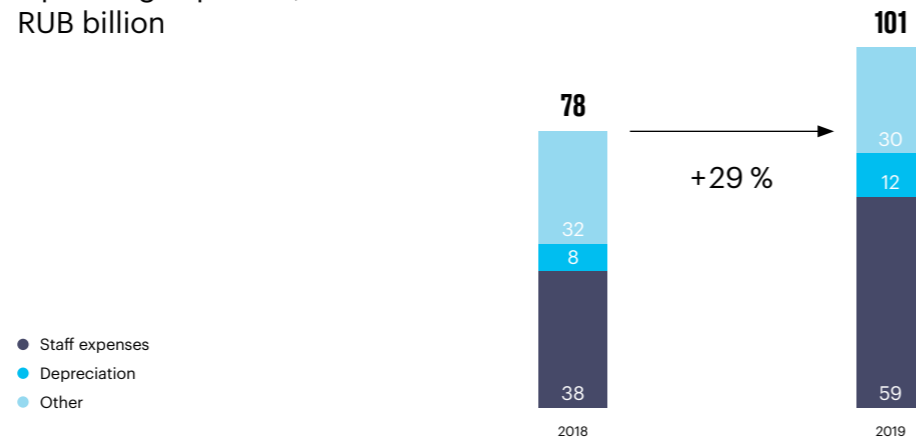
(NCM)²

20 BNP

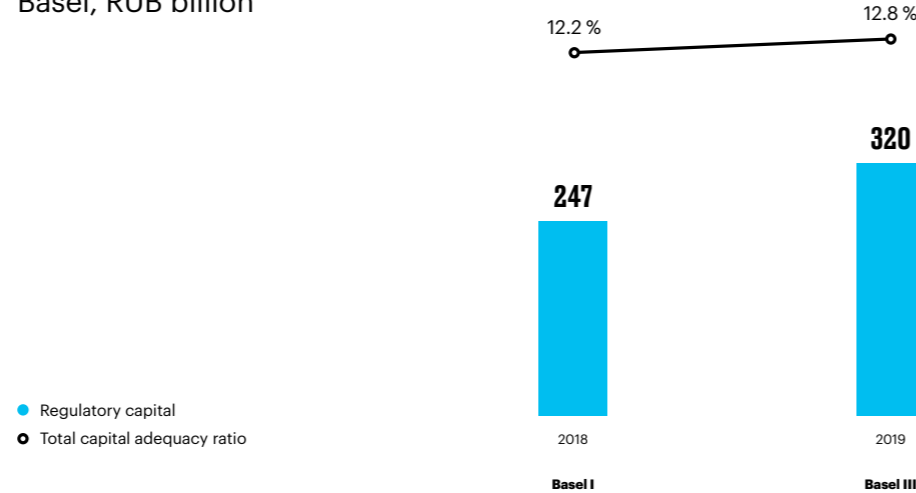
NET TRADING INCOME OF THE GROUP

The performance efficiency increase is one of the main strategic priorities of Otkritie group, according to which the group optimises its expenses. In particular, in 2019, the regional network was transformed under the principle of one basic branch office in one federal district. The transformation benefit will amount to RUB 32 billion over the next five-year perspective. Moreover, the bank completed a large-scale IT landscape transformation that resulted in the fulfilment of the basic needs for business process automation, elimination of duplicating functions as well as the creation of the basis for the transition to the stage of the bank's innovative digital business component development that will, in the future, provide for significantly more efficient operations in all the group's business areas.

Operating expenses, RUB billion



Capital adequacy, Basel, RUB billion



Capital Adequacy

Otkritie group's capital calculated according to the Basel III pillar was RUB 320 billion at the end of 2019. The total capital adequacy ratio of the group (Basel III) amounted to 12.8% as of December 31, 2019.

The capital adequacy ratio is maintained with a significant margin to the minimal requirements set as of December 31, 2019, which will allow for the asset growth rate to be provided over the average market values following the results of 2020.

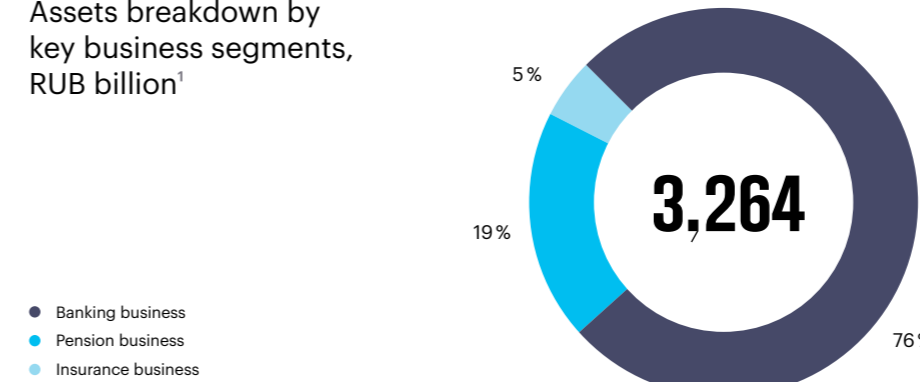
Assets

In 2019, Otkritie group's total assets increased by 48% to RUB 3,264 billion due to the loan portfolio growth and merger with B&N Bank as of January 1, 2019.

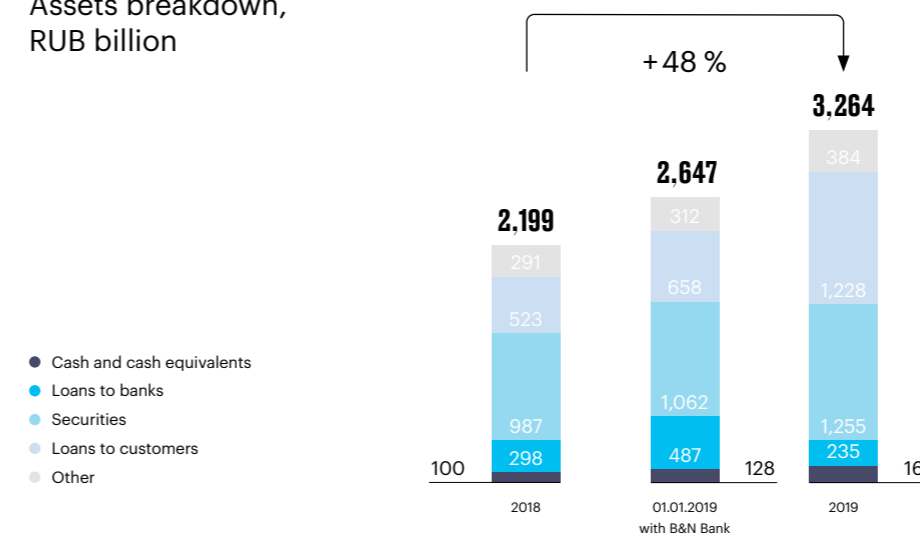
As of December 31, 2019, the share of the group's banking business in the total assets was 76% or RUB 2,481 billion. The share of the pension business was 19% or RUB 619 billion. The share of the insurance business stood at 5% or RUB 164 billion.

The gross loan book reached RUB 1,228 billion or 38% of the group's assets (RUB 523 billion or 24% at the end of 2018), which stipulated a significant increase of its share in the assets structure as of December 31, 2019.

Assets breakdown by key business segments, RUB billion¹



Assets breakdown, RUB billion



The dynamics of the group's assets and liabilities in 2019 was stipulated by the following factors:

1

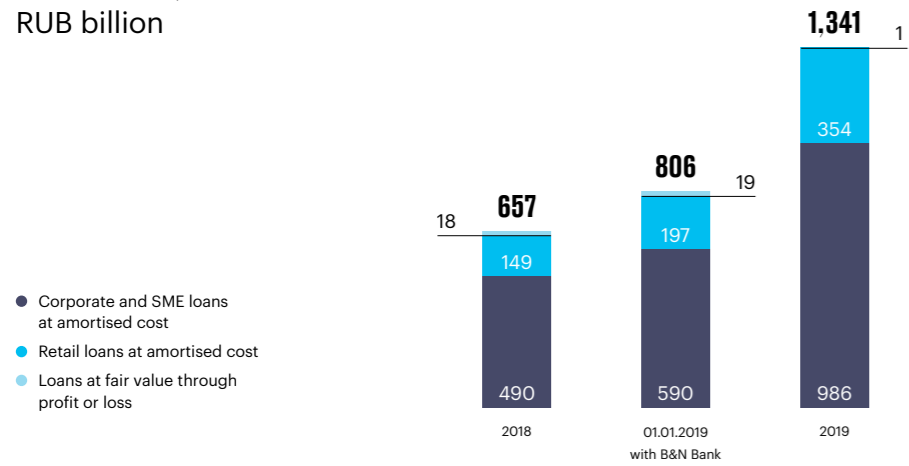
merger with B&N Bank at the beginning of 2019

2

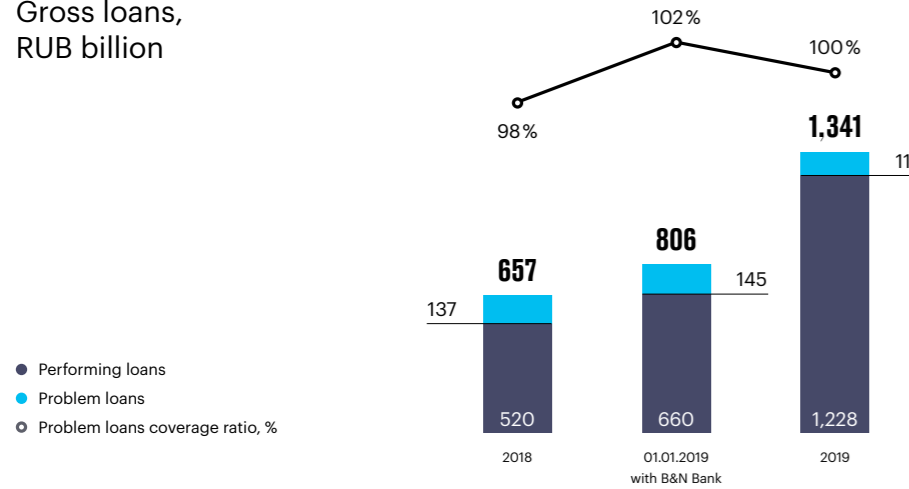
transformation of the group with a focus on synergetic effect and asset growth outpacing the market

¹ At 2019 year-end

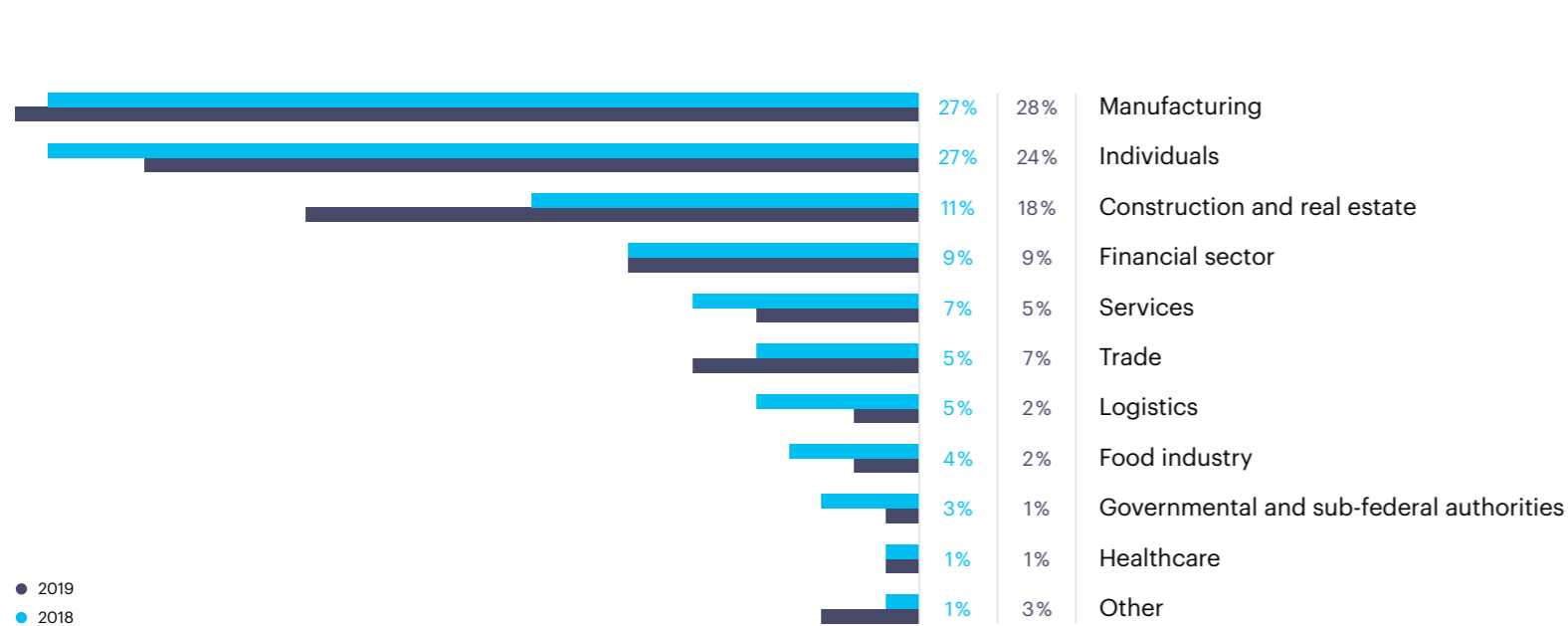
Gross loans, RUB billion



Gross loans, RUB billion



Loans by industry at year-end, %



Following the results of 2019, the group's gross loan portfolio increased by 104% or by RUB 684 billion to RUB 1,341 billion. The growth was driven by both the successful integration with B&N Bank (+22%) and organic growth of the loan portfolio, which amounted to 82%.

Following the results of 2019, the corporate loan portfolio at amortised cost increased by 101% or by RUB 496 billion to RUB 986 billion.

Following the results of 2019, the retail loan portfolio at amortised cost increased by 137% or by RUB 205 billion to RUB 354 billion. The share of mortgage loans comprised 47%, while consumer loans accounted for 46% of the gross retail loan portfolio as of December 31, 2019.

The loan portfolio is well diversified across sectors of the economy and is presented by a wide range of industries, including manufacturing, financial sector, services, trade and logistics.

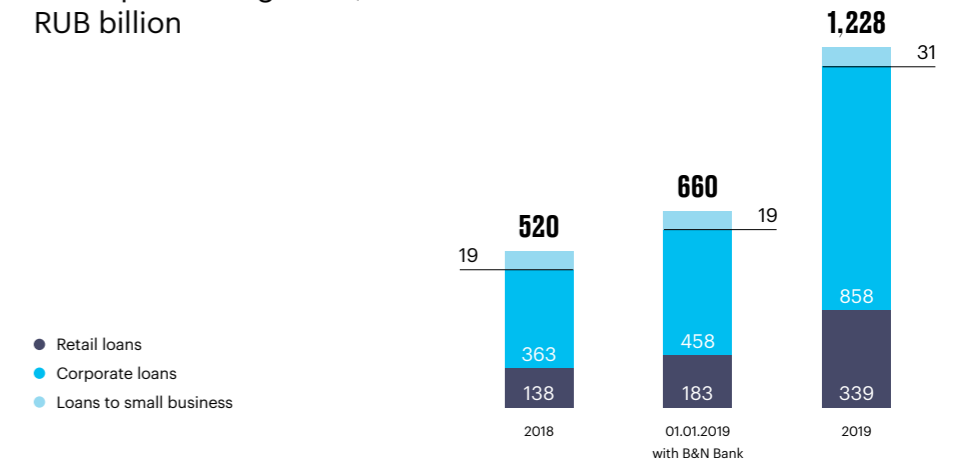
The share of performing loans in the loan portfolio structure was 92% as of December 31, 2019.

The loan loss provision ratio¹ was 8.4% as of December 31, 2019 (21.0% as of December 31, 2018).

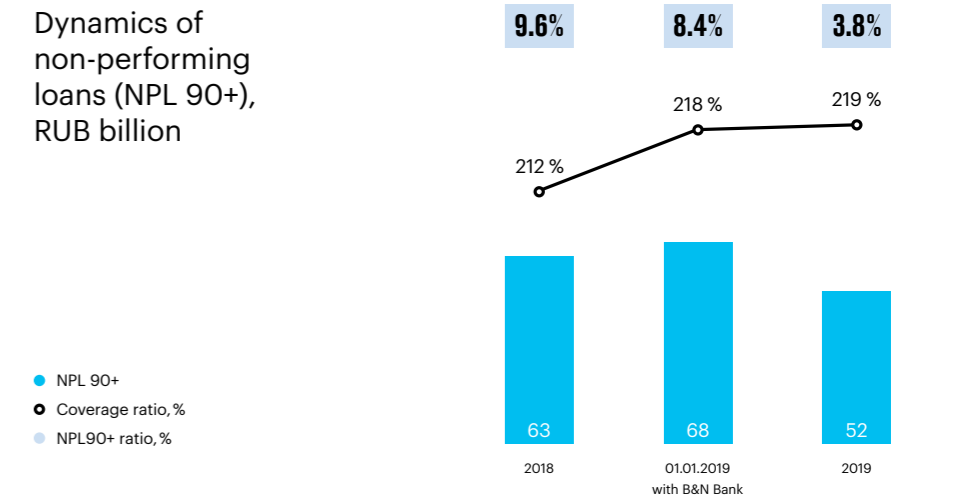
The share of NPLs 90+ declined to 3.8% as of December 31, 2019 (9.6% as of December 31, 2018). NPL coverage ratio remained at a high level of 219% as of December 31, 2019 (212% as of December 31, 2018).

The share of problem loans including Stage 3 and POCI loans was 9.3% in the corporate loan portfolio and 4.4% in the retail loan portfolio. The share of problem loans in small business segment was 23.9% with a loan provision ratio of 97%.

Gross performing loans, RUB billion

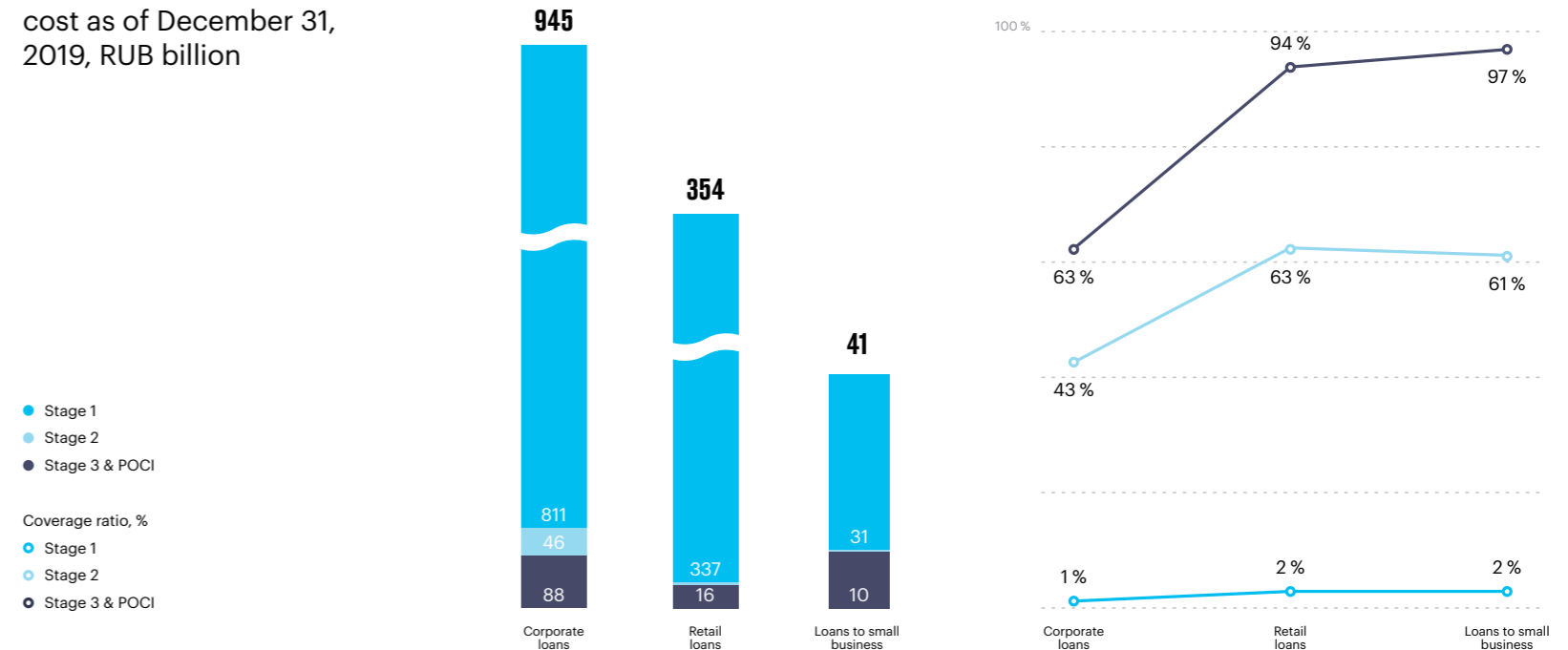


Dynamics of non-performing loans (NPL 90+), RUB billion



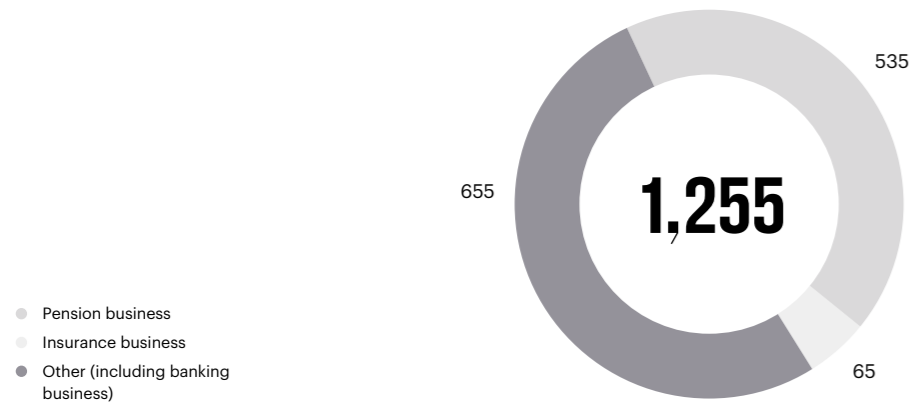
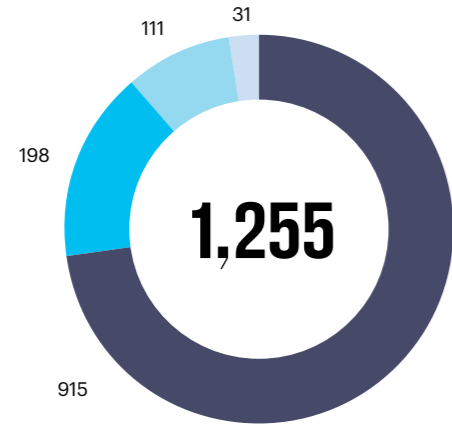
¹ Excluding loans valued at fair value through profit and loss

Loans at amortised cost as of December 31, 2019, RUB billion



Securities portfolio by categories and business segments, RUB billion¹

- Securities at fair value through profit or loss
- Debt investment securities
- Equity investment securities
- Investment securities at amortised cost



The volume of investments in securities amounted to RUB 1,255 billion or 38% of the group's total assets as of December 31, 2019. Otkritie group's pension and insurance business accounted for 48% of the securities portfolio, or RUB 600 billion.

The securities portfolio is a source of the whole bank's liquidity: approximately 80% of total investments in securities are presented by the financial instruments of the Bank of Russia Lombard List.

¹ At 2019 year-end

Liabilities

The group's total liabilities were RUB 2,791 billion as of December 31, 2019, having increased by 48% compared to the end of 2018 due to the customer funds organic growth (+38%) as well as the successful merger with B&N Bank as of January 1, 2019 (+55%).

The share of the customer funds in the liabilities structure at the end of 2019 was 65% or RUB 1,818 billion. Pension fund provisions amounted to RUB 20% or RUB 569 billion. Liabilities due to banks were 5% or RUB 137 billion at the end of 2019.

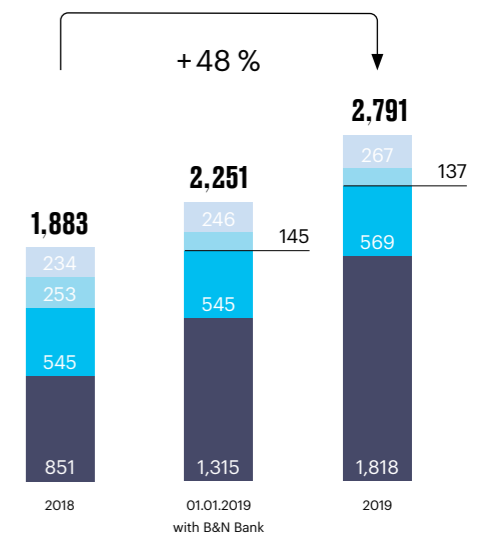
Customer funds are the main funding source for the group. In 2019, the customer funds volume increased by 114% due to organic growth and B&N Bank merger.

Retail funds amounted to 54% of the total customer funds or RUB 985 billion as of December 31, 2019 (an increase of 87% following the results of 2019). The corporate funds amounted to 46% or RUB 833 billion as of December 31, 2019 (an increase of 157% following the results of 2019). Term deposits made 72% of the total customer funds structure while current customer accounts amounted for 28%.

The main share of customer funds was presented by the funds maturing within 1 month, amounting to 49% of the customer funds as of December 31, 2019.

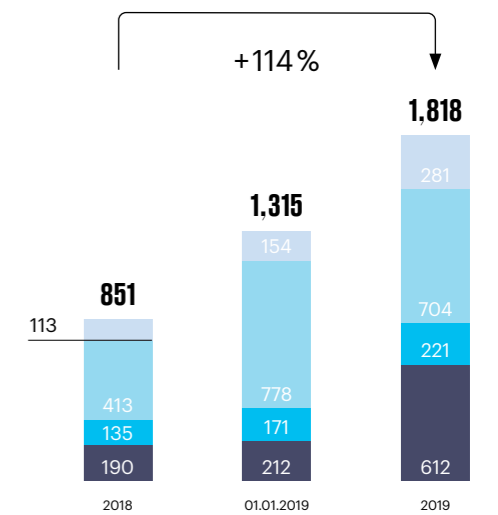
Liabilities, RUB billion

- Customer funds
- Pension provisions
- Due to banks
- Other



Customer funds, RUB billion

- Term (legal entities)
- Current (legal entities)
- Term (individuals)
- Current (individuals)



**CORPORATE AND
INVESTMENT BUSINESS**

The main task of Otkritie group corporate and investment business segment is to offer a complex product package providing for satisfaction of customer requirements and stable income growth for shareholders.

**COMPLEX CUSTOMERS
OFFER ON THE GROUP BASIS**

**PRODUCTS AND SERVICES
FOR INDIVIDUALS**

**PRODUCTS AND SERVICES
FOR LEGAL ENTITIES**

Private banking

Financial services for affluent and HNW customers

Corporate banking

- Loans
- Warranties and letters of credit
- Transaction products
- Deposits and settlement accounts

Otkritie Broker

- Brokerage (incl. personal investment accounts)
- Analytical assistance and investment consulting

Global markets and investment banking

- FX, interest and commodity hedging
- Operations with precious metals, incl. gold mining companies financing
- Services in debt and equity markets
- Syndicated loans and structured finance

Otkritie Asset Management

- Trust management
- Personal investment accounts

Leasing and factoring

- Otkritie Leasing
- Otkritie Factoring



TOP 6

of sub-federal and municipal bond issue originators

TOP 7

of originators and underwriters of market corporate bond issuance

57 TONNES

of gold bought by the bank in 2019

20%

of overall extraction of gold in Russia

Corporate customers

7,300
ACTIVE CLIENTS

3.7
NUMBER OF PRODUCTS
per customer

Private banking

5,200
NUMBER OF CUSTOMERS WITH FUNDS

78%
NPS RATIO
Net Promoter Score

3.2
NUMBER OF PRODUCTS
per customer

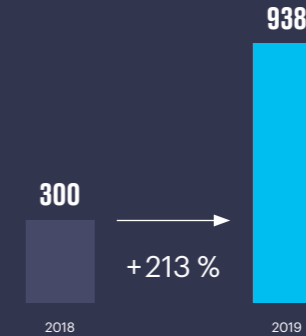
THE MOST DYNAMICALLY DEVELOPING PRIVATE BANK IN RUSSIA
Annual Frank Private Banking Award 2019

KEY ACHIEVEMENTS OF 2019

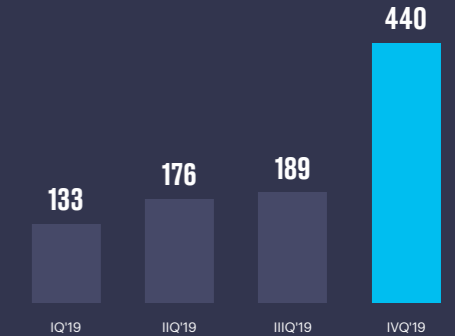
VOLUME OF LOANS ISSUED

+213%
growth in 2019

Loan volume, RUB billion



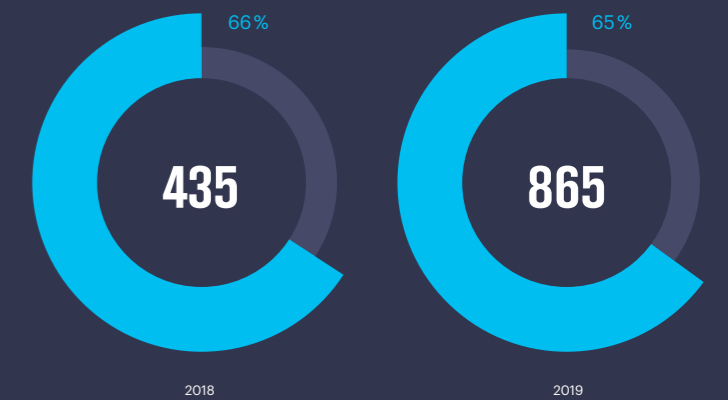
Quarter loan issuance volumes in 2019, RUB billion



GROSS LOAN PORTFOLIO

+99%
growth in 2019

Gross loan portfolio, RUB billion



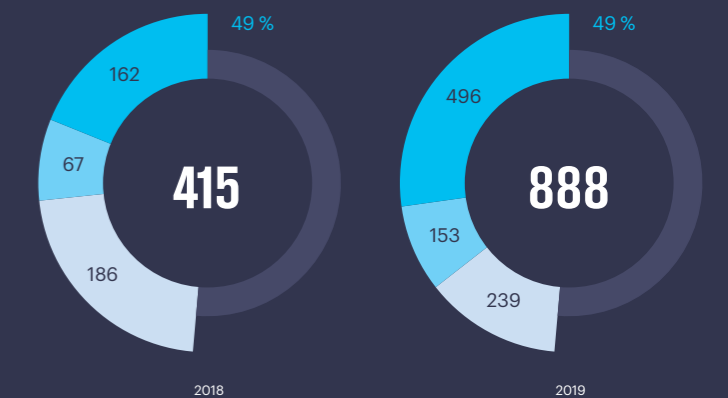
The segment's share is calculated excluding pension and insurance businesses

CUSTOMER FUNDS

+114%
growth in 2019

Customer funds, RUB billion

- Corporate customers
- Investment business
- Private banking

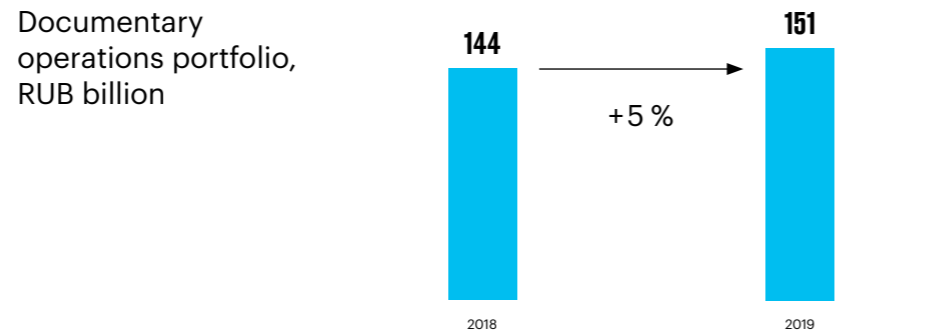


The segment's share is calculated excluding pension and insurance businesses

In 2019, the corporate and investment business segment showed significant growth of transactions both on assets and liabilities sides. The segment loan portfolio grew from RUB 435 to RUB 865 billion, while the regional loan portfolio grew by 3.5 times—from RUB 43 to RUB 151 billion. The loan volume granted for the year comprised RUB 938 billion, of which RUB 234 billion—across the regional network, thus surpassing the 2018 result by 3 times.

Lending development at a pace outrunning the market was made by the implementation of the following key measures:

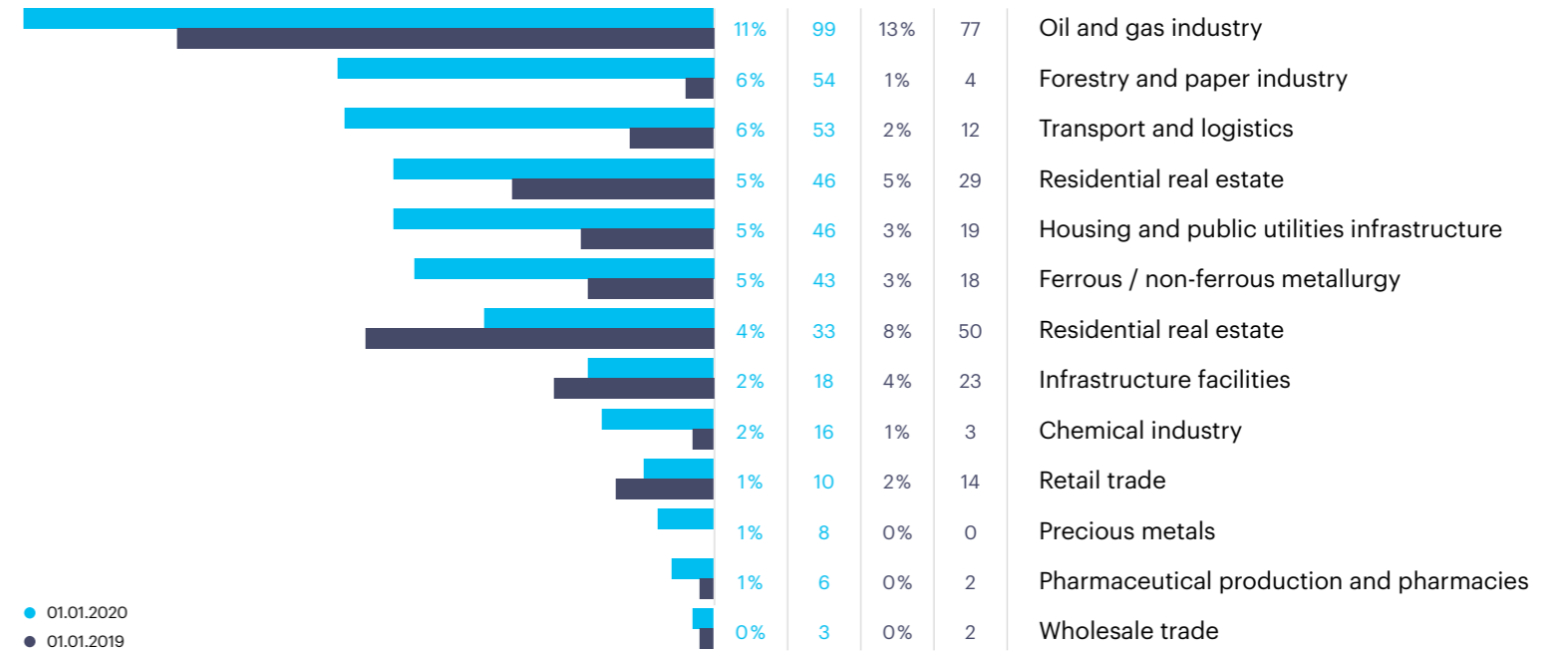
- 1** approval of segment strategies on lending and customer service in the bank's business segments of high priority
- 2** implementation of an adaptive decision-making system depending on the loan claim sum and complexity
- 3** approval and launch of a new customer and loan coverage model for the bank's regional network
- 4** launch of an automated lending process system "Pulse"



Under the bank's approved strategy, in 2019, CIB was focused on business segments with the highest development potential concerning both the segment itself and the bank's income from the complex servicing of business segment customers. According to this approach, the oil and gas industry, housing construction, infrastructure, metallurgy, petrochemistry, wood processing, the power industry, selected segments of agriculture and pharmacy are priority business segments for the bank.

One of the bank's key factors for setting priorities in lending and making loan decisions is the possibility to cooperate with a customer on an integrated scale and to achieve synergy of lending, investment, transactional and retail business segments of the bank.

Loan portfolio dynamics for strategic industries, portfolio share / RUB billion



An example of such an interaction is a positive experience of cooperation with housing construction companies in Russia. As of July 1, 2019, new project financing rules were introduced in order to protect apartment purchasers' investments and escrow accounts set up to be used.

Otkritie bank uses the opportunities that have emerged in this area to the fullest extent. The bank was the fourth in Russia in terms of developer lending volumes with application of escrow accounts, having financed construction of over 862 thousand m² for the citizens of Russia. As of the end of 2019, the bank concluded agreements for developer financing for a total amount of RUB 100 billion. This allows for the creation of a high-quality long-term project financing portfolio, as well as to provide a complex mortgage and retail service offer to apartment purchasers.

Simultaneously with the growth of the loan portfolio, Otkritie bank developed its transaction business: over 1,200 new legal entities were attracted in 2019. As a result, at the end of the year the customer funding portfolio doubled to RUB 888 billion.

As a result of the industry focused approach, the bank's loan portfolio has become more diversified: concentration of the top 10 largest borrowers per annum decreased by 12 percentage points, concentration of the top 20 largest borrowers decreased by 7.5 percentage points, while the total credit risk for the top 3 industries decreased from 47.5% to 41.3%.

Advantages for Shareholders and Customers— Focusing on Intra-group Synergy

Otkritie bank strives to reduce expenses and increase income through a synergetic effect at the group level when providing a full range of services and products to the group's customers.

363 BN P

**IS THE TOTAL VOLUME
OF BOND ISSUANCES**

originated by the bank
in 2019

Corporate Customers

A customer coverage model was implemented. According to it an account manager is the key contact person and coordinator of the whole group interaction with the customer, thus allowing for complex understanding and maximum fulfilment of the customer's demands at any time. The bank implemented CRM with an "Analytical benefit of CIB" module to reach a proactive understanding of the customer's demands. This module provides for the evaluation of not only the customer's product requirements, but also banking expenses and potential profitability for the bank owing to analysis and comparison of the information from various sources. The senior account manager coordinates operations on the largest territorially distributed groups, thus allowing the approaches to be unified and to keep up with the arrangements. The model has increased the average number of products per client to 3.7.

The abovementioned model provides for the possibility to not restrict the customer with traditional corporate business products, but to offer alternative solutions (various types of factoring, leasing, placement and redemption of bonds, operations with precious metals, gold equivalent loans, customised hedging instruments, syndicated funding). These instruments provide the customer with the ability not only to efficiently solve price issues, funding terms and balance structure optimisation, but also to provide its purchasers and suppliers with pre-approved banking services at a special price (for instance, mortgage discounts provided to purchasers of separate apartments at the developer's discretion, advance payments to suppliers, risk insurance, faster payment system) as well as a full range of products for retail customers including business owners and company employees.

In 2019, almost every seventh large-scale corporate bond issue was carried out with the participation of Otkritie bank.

Individuals

Private banking customers make up 5,050 households in Moscow, Saint Petersburg and the largest cities of Russia. The range of solutions offered by the bank includes both classic banking products focused on cash and settlement services and savings through term deposits and a wider range of investment and insurance products of Otkritie group companies (Rosgosstrakh-Life, Otkritie Broker, Otkritie Asset Management).

Customer relationships are based on understanding customer requirements and tasks on the account managers' part as well as the provision of profound expertise and the possibility to create customised solutions on the basis of the group companies' product infrastructure.

Thus, an Advisory service for Private banking customers was launched on the basis of Otkritie Broker. This service provides for investment consulting aimed at the creation of a long-term specific investment portfolio taking into account a customer's investment profile and risk appetite as well as the periodic rebalancing of this portfolio as far as new investment ideas and recommendations are formed. The product has proved to be so popular that by the end of 2019 the customers' asset attraction volumes reached 155% of the planned level. Interaction between Private banking and Rosgosstrakh-Life Insurance Company was also established—thus, the customers are now offered a full range of investment and insurance programmes. An agreement for complex insurance of customers travelling abroad was concluded with Rosgosstrakh Insurance Company. In 2019, a model for joint coverage of Otkritie Broker customers by personal account managers of Private banking and investment brokerage specialists was launched. As a result, 633 customers of the Private banking segment were transferred to the bank from Otkritie Broker.

Such synergy allows for an increase of the customer base's loyalty (Private banking's NPS in 2019 was 78%), the product number per customer (3.2 products currently), a share of investment and insurance product penetration into the customer base (the indicator grew in 2019 from 26% to 35%) as well as the overall asset marginality rate of the group.

Owing to the investment business synergy of Otkritie bank, Otkritie Asset Management and Otkritie Broker, an investment factory was launched in 2019 and operates under a common brand "Otkritie Investments". Profitability of Otkritie group's customers on investment products in 2019 exceeded by 2–3 times an average deposit rate in the top 10 banks.

**THE MOST
DYNAMICALLY
DEVELOPING PRIVATE
BANK IN RUSSIA**

in the annual Frank Private
Banking Award 2019

5,050

FAMILIES IN RUSSIA

are Otkritie Private
banking customers

New Products Created in 2019

Corporate Customers

In 2019, a list of high-priority collaboration industries and approaches to customer lending within these industries were approved, a common tariff book and its application rules, transaction product packages focused on foreign economic servicing were formulated, quick standard customer lending solutions (for small amounts and public sector customers) with a possibility of providing funds within 7 business days were developed and the basic rules for complex transaction structuring were implemented.

A required base for operating the subsidy programmes was created in 2019:

- The bank introduced products for developer funding with the application of the escrow accounts (according to Federal Law 214-FZ), including a new loan offer: financing of residential real estate construction transactions using escrow accounts under the programme of the Ministry of Economic Development for interest rate subsidies
- The bank approved new loan products for mezzanine financing transactions providing for the bank's participation in the growth of customers' shareholder value, including thereof by means of derivative financial instruments (options agreements, warrant certificates, swaps, etc.)
- The bank launched the Expanded Banking Contract Follow-Up product which provides for the bank to control contractors' target use of funds under the projects financed either by the bank or by the customer itself or governmental authority (according to Federal Law 44-FZ). Within this product the bank also developed a pledged account instrument for cooperation with contractors
- The bank approved out-of-the-box solutions for funding municipal, state unitary enterprises and public-private partnership projects in such social sub-sectors as schools and hospitals
- The bank updated the Short-Term Credit Facilities product, the portfolio of which exceeded RUB 40 billion at the year-end
- The bank launched domestic letters of credit, agent factoring as well as a new attraction product—virtual overnight
- The bank developed and launched transaction product packages focused on foreign economic activity
- The bank offered such new banking services as interest risk hedging by means of derivatives for floating interest rates and the Bank of Russia's key rate, the possibility to improve the loan interest rate through credit derivative transactions, subsoil user funding through purchase and sale of precious metals with advance payments
- The bank launched the following instruments: a structured synthetic deposit, loans in precious metals, precious metal purchases with advance payments, pre-paid deliverable forward, investment consultations for corporate customers

Individuals

Private banking continued the development of customer products and services on the banking platform.

- In 2019, the bank launched a fee-based service package for unfunded customers allowing customers to test Private banking capabilities and services and the businesses to have continuous additional income from the annual servicing fee and cash and settlement service. Over 500 customers are subscribed to the fee-based service package
- At the beginning of 2020 the bank will re-launch a package for the target funded¹ customers with a set of benefits and a loyalty programme in order to increase the customers' transactional activity and to stimulate them to use the bank on a daily basis
- "Otkritie Private Banking" was the first market player in this segment to launch a remote document signing application "Otkritie Accept" that on the one hand provides customers with omnichannel bank interaction convenience and on the other hand allows for operating risks to be decreased

In 2019, Otkritie Broker continued its work in the development of the product range for all customer segments with a focus on Private banking customers.

- A unique format of personal brokerage services in Russia was implemented as part of the Personal Broker service, designed for a premium audience, i.e. investors with the amount of capital exceeding RUB 15 million. The personal investment advisor will help the customer to efficiently manage their capital on their brokerage accounts offering personalised investment ideas. A main feature of this service is a service fee charging format. Commission will be charged in case of the customer's positive financial results. Therefore, the broker's income depends on the quality of the investment ideas formulated and the net asset value dynamics and not the number of the customer's transactions or the asset volume in the portfolio.

¹ With a portfolio of assets under management exceeding RUB 30 million in Moscow and Saint Petersburg or RUB 15 million in other Russian regions.

Focus on the customer is Otkritie group's key business development direction

Corporate Customers

The bank strives to be modern and convenient for its customers as well as to reduce the terms for decision-making on product applications.

In 2020, the bank plans a full transition to "Pulse", which is a new loan workflow providing for an integral end-to-end loan underwriting process in CIB. Its advantages are as follows:

- the system is transparent for each participant of the process
- all services operate in a single system storing all the data, thus decreasing operating error risk and increasing the speed of change introduction
- quick decision-making through electronic voting: on average, the process in the new loan workflow is twice as fast as the old one

Objectives for 2020 include the integration of the following subsidiaries: Otkritie Leasing and Otkritie Factoring to the new workflow. The bank also plans to integrate the CRM, the Pulse system and the automated banking system: every loan product will start with a manager calling a customer and ending with a loan provision.

In 2020, it is planned to optimise the transaction process of CIB and Private banking (including operational and documentary) providing the necessary functionality and KPI performance.

Individuals

In 2019, the bank implemented interaction between the Private banking channel and the "Otkritie Investments" product factory (a brand combining Otkritie Broker and Otkritie Asset Management) in terms of joint servicing Otkritie Broker customers and sales support on the product factory's side. In particular, a joint servicing model allowing for large customers of Otkritie Broker to be serviced in Private banking was created. Within the frameworks of this model, over 600 potential target customers were transferred to the bank. Over 50% of the transferred customers started to use Private banking services. Moreover, a one-stop-shop service principle was implemented between the Private banking channel and "Otkritie Investments" via a dedicated role of the factory employee responsible for the channel.

- Otkritie Broker customers were provided with access to the most liquid foreign securities traded on the Saint Petersburg Stock Exchange. Trading these securities is available in the user account and mobile application. This solution has become a consequent continuation of the company's strategy aimed at the provision of its customers with access to trading all the possible stock exchange instruments irrespective of location.
- For the first time in its history, Otkritie bank issued market investment bonds with fixed and additional income. The instrument provides for 100% capital protection and entitles additional income exceeding the bank's deposit rate and is to be paid in case of the trading idea's implementation embedded in the income formula. The interest rate of additional income is 15% per annum in Roubles and its payment depends on the dynamics of equity securities of companies representing the luxury segment.
- The bank launched Customer Funding upon Eurobonds in the Portfolio service which is extremely popular among HNW¹ and affluent segment customers. This service provides for increased profitability of investments in Eurobonds denominated in USD by 1.5–2% per annum. Apart from the increased income, this service allows customers to fund their demands without selling portfolio securities.
- In 2019, the structured product sales volumes among individuals increased by 45% as compared to 2018 and amounted to RUB 38.4 billion. 12 structured products in USD were repaid in the third quarter. All of these products brought positive returns to customers.

¹ High net worth individuals

Digital channels are the main development directions in 2019. Digital CIB development, including in subsidiaries

In 2019, a new remote banking system for corporate customers was put into pilot production and in 2020 all customers of the joint Otkritie bank will be transferred to this system from the existing ones. Having kept all the functionality of the previous version, this system received a range of key advantages including modern design targeted at solving key customer tasks, multi-browser and cross-platform support, the possibility to manage the accounts of all the organisations, information access without EDS use. Customers will be able to make payments in Roubles and foreign currencies, purchase and (or) sell the currency, make up bank statements, recall the documents, exchange control documents, instructions for debiting transit accounts and execute virtual overnight within the new RBS.

The following options are implemented in digital channels of Otkritie Broker (Otkritie Broker. Investments mobile application and a user account):

- Trading foreign securities on the Saint Petersburg Stock Exchange
- Purchasing structured products of the company
- Implementation of investment ideas with one click
- Crediting the brokerage account with a bank card belonging to any bank
- Providing customers with trade ideas of third-party suppliers
- Tracking distribution of dividends and coupons
- Other adjustments

As a result of the functionality development, Otkritie Broker was acknowledged as being the best application in Eastern Europe (in Perfect Execution / Usability category) by Tagline Awards in 2019 and the number of its users reached 54% of the total number of active company's customers. Trading volume exceeded RUB 96.5 billion (12.5 times higher as compared to 2018) and the transaction number exceeded 2.3 million (7 times higher as compared to the previous year).

The "Otkritie Broker. Investments" mobile application took the

FIRST

PRIZE OF THE WINTER AWARDS 2019

54%

of the total number of active company customers use Otkritie Broker mobile application

PRIVATE BANKING: 2019 KEY OPERATING INDICATORS AND ACHIEVEMENTS

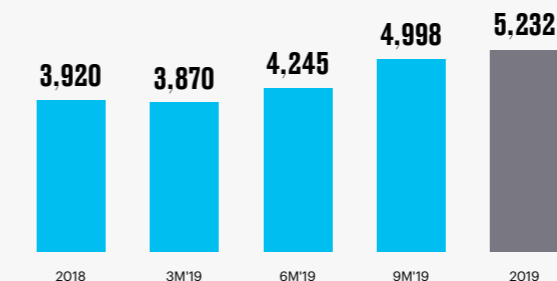
At the end of 2019 the Private banking customers' funds amounted to RUB 239 billion, which is equal to one third of the bank's retail funds portfolio. The targeted funded customer base (with assets under management portfolio of over RUB 30 million for clients in Moscow and Saint Petersburg and over RUB 15 million in the other regions of Russia) increased by 33% per year to 5,232 customers.

Due to a global decrease in banking rates, the structure of the demand for savings products is changing. The share of investment products being equivalent to the bank deposits increased from 26% to 35% on average in the portfolios of Private banking customers and the retail investment portfolio increased by 74% to RUB 127 billion.

In 2019, the Private banking segment earned a record volume of commission income of over RUB 1 billion in the results of investment product sales, which is 2.3 times higher as compared to the previous year.

The Private banking income structure changes together with customer demand: net interest income share in net operating income before risk decreased from 60% in 2018 to 32% in 2019.

Private Banking funded customers



OBJECTIVES FOR 2020

Corporate and Investment Business

1

The main focus of CIB for 2020 will be to control credit risks, to develop the customer base and transaction income through targeted servicing completely satisfying and solving everyday customer tasks.

2

Transaction activity increase by means of product digitalisation, including development of service advantages for foreign economic activity customers; cash management service enhancement; optimisation of the CIB and Private banking transaction process providing for required functionality and speed.

3

Further development of the loan process including digitalisation of the risk product line, complete process automation and transition to electronic workflow with customers and within the bank.

OBJECTIVES FOR 2020

Private banking

1

In 2020, Private banking will remain one of the bank's primary sources of funding with the liabilities portfolio to reach RUB 306 billion. The Private banking investment portfolio will also continue to grow from RUB 127 billion to RUB 183 billion with a 95% increase rate owing to internal products.

2

The bank plans to increase the Private banking customer base by 40%. The growth will be provided by both its own Private banking network and the inbuilt process of interaction and cross-group synergy of CIB, Otkritie Broker, and Rosgosstrakh Insurance Company. In 2019, the bank

created the Art of Life club, which is a modern platform for sharing knowledge, experience exchange, meeting vivid personalities for existing and potential customers of Private banking, and thus is a separate source for attracting customers to the bank.

SMALL AND MEDIUM BUSINESS

In 2019, Otkritie bank was actively developing all the directions of the modern digital bank including remote sales and servicing channels, digital services and technologies of the common digital platform. The focus for small business customers was on convenient remote attraction and servicing through the Sky Office and the digital platform (online and mobile banking, B2B trading platform, training portal). The bank continued the development of the customer attraction and servicing system for medium business customers in the regions. Collaboration with Otkritie group companies in terms of insurance and investment products, leasing and factoring was set up for complex service.

+13 %

218 K

NUMBER OF OTKRITIE BANK'S ACTIVE CUSTOMERS

Key customer advantages:

omnichannel customer attraction through the regional network, e-channels and agent network

digital profile and customised offers

unified user account and seamless transitions within the platform

direct integration possibility through API

B2B trading platform

remote Sky Office with the customer servicing and sales functions and access to over 50 types of remote services and consultations

Online applications and digital processes

- Business registration
- Settlement account opening
- Express loans
- Express warrants
- User account for non-customers (coming soon)

Non-banking services

- Promotional codes
- Direct partner integrations
- Hub integrations
- Inbuilt services

Digital profile and customised offers

- Unified user account for all services
- Seamless transitions from one interface to the other
- Easy registration process for non-customers
- Role model from a non-customer to a customer
- Data enrichment
- Omnichannel customised offers

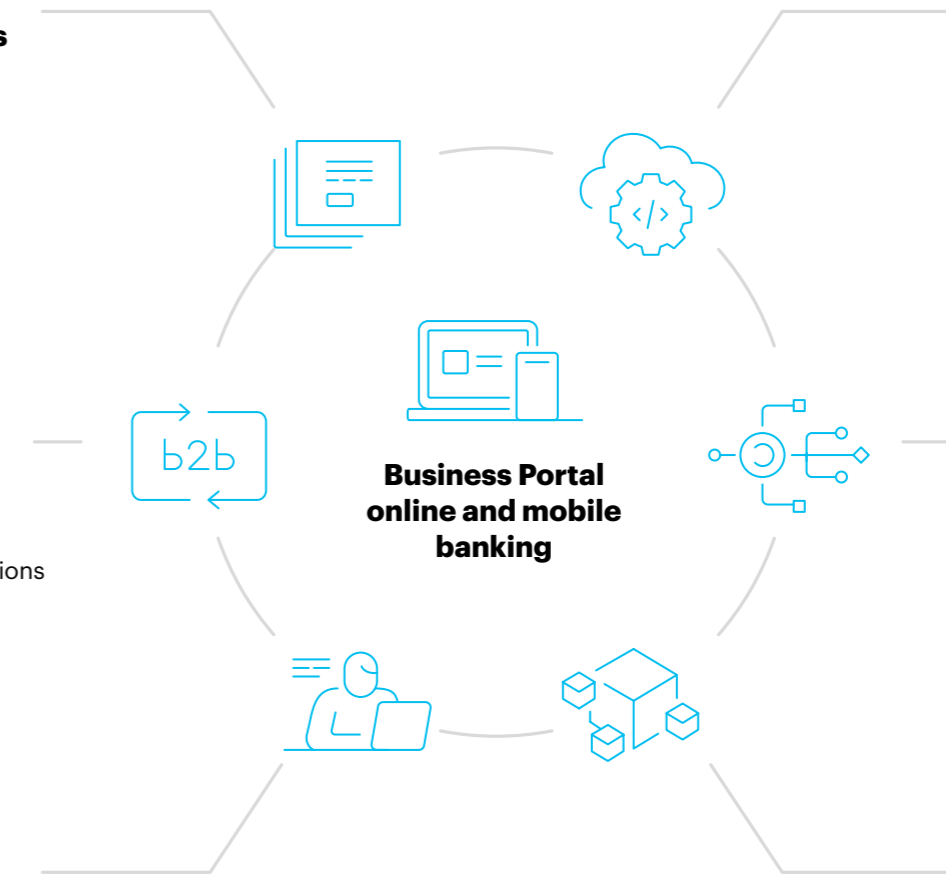
Open APIs

- API for services
- API for customers
- Online sandbox
- API for agents and lead generators
- API for online applications
- Multibank

B2B trading platform

- Integration with 1C suppliers and purchasers
- Online payment
- Safe environment for transactions
- Counterparty check
- Financial instruments

Open Academy



SME DIGITAL PLATFORM

134 K

RUB-denominated settlement accounts for new customers were opened in 2019

44%

of customers were attracted via remote channels

TOP 4¹

by volume of loans issued in 2019: RUB 141 billion

×2.4 times as compared to 2018

66%

loans provided without attending a bank's office

¹ According to the Expert RA survey.

2019 KEY INDICATORS

ACTIVE CUSTOMER BASE OF OTKRITIE BANK

+13%

growth in 2019

GROSS LOAN PORTFOLIO

+75%

growth in 2019

CUSTOMER FUNDS

+84%

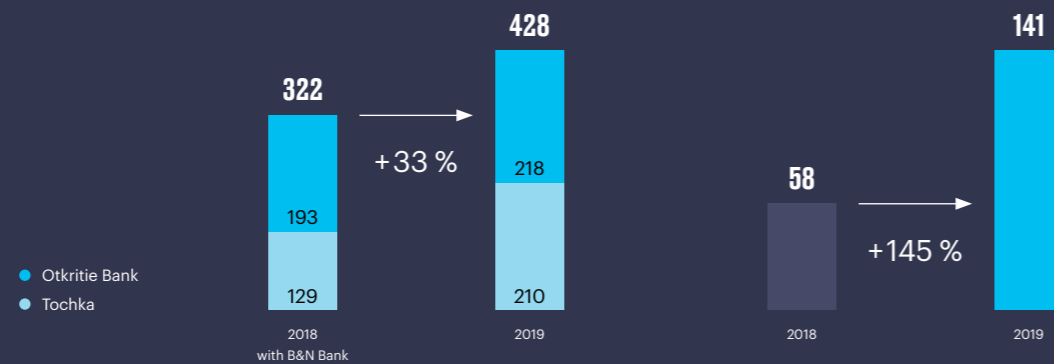
growth in 2019

+145%

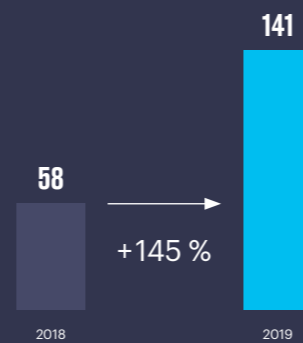
LOANS ISSUED VOLUME

growth in 2019

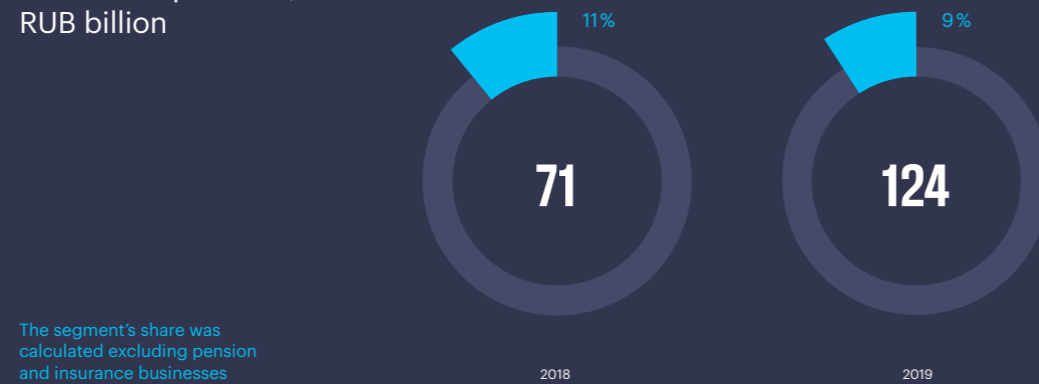
Number of active customers, thousand



Loan issuance volume, RUB billion



Gross loan portfolio, RUB billion



The segment's share was calculated excluding pension and insurance businesses

Customer funds, RUB billion



The segment's share was calculated excluding pension and insurance businesses

KEY ACHIEVEMENTS OF 2019

Digital Banking Development

Increase of the remote sales share in the total sales volume

Remote channel development

44%
OF NEW CUSTOMERS

are attracted through remote channels.

75%
OF ACCOUNTS ARE OPENED
AUTOMATICALLY

The bank implemented a process of automation of current account opening, which has reduced the average time of opening a current account to one working day.

**VIRTUAL BUSINESS CARD
ISSUE WAS IMPLEMENTED**

The bank also launched a loyalty programme for its holders: the customers can have their card issued in several minutes in any part of the world 24/7 and do their shopping and withdraw cash with it; customers who are holders of business cards receive cash back of up to 5% of their purchase amount.

Development of online lending without customer visit

A range of pre-approved express loans for existing and new customers was actively developed in 2019. Over the year, existing customers were provided with pre-approved offers with the possibility of obtaining a loan or overdraft in RBS without the need to visit the office and present documents. Express loan provision upon request was launched for new customers, under which the customer receives a decision in 3 days having filled in a web-application. The express product range implemented by the bank in 2019 is also available to customers of Tochka bank for entrepreneurs and enterprises.

3.6 BN P

online loan sales volumes in 2019 tripled as compared to 2018

66%

of loans provided without attending a bank's office

79 BN P

volume of guarantees granted in 2019 +38% as compared to 2018

99%

number of guarantees sold in 2019 without customers attending a bank's office

Development of IT solutions and technologies

Development of the open digital platform for SMEs—an ecosystem for entrepreneurs

In 2019, the bank continued to develop a technological platform of digital products and services for SME customers, including “Business Portal” online and mobile bank, non-banking services, the Open Academy project (a digital platform for the development of digital competencies), as well as a B2B trading platform with the possibility of direct integration through API.

The platform core is a digital customer profile comprising CRM data with customer behaviour data in online channels, targeting omnichannel personalised offers in any interface and providing accessibility to all the services activated through a unified user account including entrepreneurs that are not Otkritie bank’s customers.

Standardised open APIs (Application Program Interfaces) provide data exchange between services and can be used, in particular, by customers to obtain information about accounts and transactions, statements, create and sign payment orders, upload salary registers.

The Open Academy project is an educational platform for an open market including entrepreneurs that are not customers of the bank, which is also a platform for digital competence and skills development comprising of current data on digital tools for business development, business courses according to the best practices and a mobile educational application. In 2019, the project was visited by 115 thousand entrepreneurs, 89 thousand of them are reading online journals and over 11 thousand are taking training courses.

SME customers of Otkritie bank are provided with access to over 40 partner offers and more than 15 integrated non-banking services including online accounting, safe environment transactions, counterparty check, invoicing, financial analytics, competitor price monitoring. In 2019, the bank introduced 9 improvements for the customers every day. The average response on a customer’s request in online chat took 60 seconds.

Development of online and mobile banking for SME customers

was proved by high positions in the top ratings:

Online banking

THE TOP 10 OF MARKSWEBB 2019

prizes in the following nominations:

- Best Online Banking for Individual Entrepreneurs
- Best Online Banking for Sales and Services Entities
- Best Online Banking for FEA categories

Mobile banking

MARKSWEBB 2019

prizes in the following nominations:

- For Everyday Purposes on iPhone
- For Everyday Purposes on Android
- iPhone Mobile Banking
- Android Mobile Banking

RUNET RATING 2019

- No. 1 in the Brand Application category
- No. 2 in the Finances and Business category

TAGLINE 2019

- No. 2 in the Best Mobile Service category
- No. 3 in the Best Mobile/AR/VR/IoT-Project category
- No. 3 in the Best Service Application category

DIGITAL BANK OF DISTINCTION

- award winner in the Corporate/Institutional segment conferred for outstanding achievements in the area of digital banking by the Global Finance Journal

Development of SME customer remote banking

Sky Office launch in Kazan

A high-technology centre rendering remote services to potential and existing customers of small and medium business enterprises all over the country on a 24/7 basis. There are over 50 types of remote services and consultations for customers including online chat channels and electronic messages.

The following modern technology solutions are implemented in the centre:

common CRM interface of omnichannel interaction

automatic voice analytics

industrial servicing quality assessment system

Reduction of customer servicing offices due to remote service development

Throughout 2019, active work was carried out to optimise and improve the efficiency of the SME presence network in the regions. In 2019, SME customers in cities with a restricted customer base potential were transferred to remote service channels, therefore allowing to close 42% of SME customer servicing offices without decreasing service quality. Convenient customer attraction and servicing models were introduced for the medium business enterprises in the regional network.

Development of the analytical customer relations management system (CRM)

The analytical system development was carried out to conduct new customer attraction campaigns, to decrease customer outflow, to re-activate the customer base and cross sales. Big data technologies providing for maximum personification of customer communication with regards to demands revealed were introduced into the analytical CRM processes. Trigger CRMs, implemented in a fully automated mode under various conditions, were integrated for the network’s and Sky Office’s employees.

Joint operation synergy of Otkritie group companies and Otkritie bank business lines

In 2019, complex servicing of the small and medium business segment customers was actively developed in cooperation with Otkritie group’s companies and other business lines of the bank. The sale of standard insurance products for small and medium business enterprises and investment products for individuals, owners and the top managers of small and medium business enterprises was started jointly with Rosgosstrakh and Rosgosstrakh-Life insurance companies.

The sale of investment products for SME segment customers was piloted jointly with the brokerage management. A pilot project was tested and a factoring attraction project duplication was implemented in collaboration with Otkritie Factoring. The product sale of such subsidiaries as Baltic Leasing, Otkritie Broker and the Private banking business segment was developed. Within the medium business segment over 600 customers with a total sales volume for an amount of RUB 262 million participated in cross sales.

1

customer navigation to Baltic Leasing products

3

Rosgosstrakh Insurance Company insurance products

5

provision of loans to Tochka customers: the share of loans provided online through Tochka comprised 39%

2

sale of Otkritie Broker investment products

4

mutual navigation of the SME unit and Private banking

Integration of Otkritie Bank and B&N Bank

Integration of Otkritie bank and B&N Bank was completed:

> **65 k**
ACTIVE SME CUSTOMERS

were transferred from B&N Bank systems to Otkritie bank systems.

86%
OF CUSTOMERS

connected to the target Business Portal RBSS without visiting the branch office.

To provide for active customer support prior to, during and after migration, the active customer communication system was built including the RBSS, online chat with network employees, outgoing calls to customers, customer support, online consultations, migration landing.

Lending Development

Loan application processing procedure automation

In 2019, the loan application processing procedure was fully automated for SME customers and the loan process was transferred to the loan workflow. This solution allowed for the loan transaction approval terms to be reduced by half for SME customers.

Introduction of a flexible self-lending limit system for network business units

The flexible self-lending limit system was introduced for network business units with the provision of powers to make loan provision decisions based on the approved risk policy. This allowed for operational efficiency of loan transaction processing to be increased and to reduce the loan provision cycle.

Development of cooperation with government agencies with regards to supporting small and medium business enterprise lending

12 new lending programmes were introduced during the year including the following:

- loan funds in the amount of RUB 7.5 billion were provided under the subsidising programme of the Ministry of Economic Development;
- the volume of guarantees procured from “RSMB Corporation” JSC amounted to RUB 2.5 billion;
- loan funds in the amount of RUB 0.3 billion were provided under guarantees of “RSMB Corporation” JSC;
- increase of the loan portfolio provided under the state lending programme under the guarantee of regional guarantee funds was 45%.

× **2.4** TIMES

loans issued growth in 2019 as compared to 2018

141 BN P

the volume of loans issued in 2019

31.4 BN P

the record volume of loan sales in December 2019

Transaction business development

In 2019, Otkritie bank gradually developed a transaction business model focusing on the increase of the active customer number, liabilities portfolio and commission income growth.

The works on improving the customer experience when opening settlement accounts were continued in relation to small and medium business customers through all acquisition channels including the regional network, agent and online channel. As a result, the settlement account opening time on the bank's side was less than one banking day, which was reached and consistently maintained.

In 2019, a new line of products for handling large amounts of cash was developed and launched—“ADM: Online Collection”, classic cash collection. The bank started sales of “ADM: Online Collection”, a new technology with instant cash crediting to the customer's account in order to service the customer directly at the place of business. The bank also introduced a new model of customer service for classic collection with the involvement of federal and regional partners. An individual customer support line for “ADM: Online Collection” and classic cash collection was launched. The bank developed an individual approach to tariffication by products, taking into account the volume of clients' businesses.

+ **84%**

Customer funds growth in 2019

To provide for flexible account and liquidity management, the cash management high-technology product range was launched in 2019. SME customers were provided with the possibility to easily activate Standing Orders, Payment Accept and Monitoring, Crediting Identification, Consolidated Balance and other products. The products are designed to reduce labour costs for account management, increase control and improve company liquidity.

213 BN P

Customer funds portfolio as of year-end 2019

An important direction in 2019 was the development of attracting and servicing clients with foreign economic activity. The bank launched a unique SWIFT GPI service of currency transfer tracking abroad for customers which allows for the tracking of the whole cycle of money transfer processing abroad including countries, banks, date and time, fee and commission, crediting to the counterparty and also provides for GPI bank transfers to be made faster. The bank implemented functions for exchange control and international settlements based on the FEA agreement ecosystem in the online banking Business Portal with the following services: FCS Entries Online, Smart Monetary Control Forms, pre-filing documents, bank detail validation, terms notifications, and events feed, etc. A premium end-to-end servicing FEA model for SME customers with strict compliance and quality standards was launched.

× **1.5** TIMES

Commission income growth as compared to 2018

TOCHKA BANK FOR ENTREPRENEURS AND ENTERPRISES

Online Banking

The Tochka project is a part of Otkritie group and interacts with Otkritie bank on all the issues both tactical with regards to product synergy for maximum penetration of cross-products and strategic ones of overall business development.

210_k

NEW CUSTOMERS

at the end of 2019

+15_k

NEW CUSTOMERS PER MONTH

NPS IS AHEAD OF ITS CLOSEST COMPETITOR BY 20%

The customer attraction and servicing strategy is focused on the lower small business segment, the operation of which allows enough access to remote service channels.

Tochka is the first digital-only bank for small business enterprises in Russia. Mobile and online banking have been acknowledged a number of times to be the best according to Marksworld Rank & Report. The customer friendly development direction of the online and mobile banking service was proved by its top rating positions in 2019.

All transactions can be made through the Internet via a computer or a smartphone. Payments among Tochka customers are made on a 24-hour basis and outgoing payments are made from 01:00 AM to 08:00 PM by MST. The funds are transferred in 60 seconds and the account balance is updated in online mode.

Services for entrepreneurs include 24-hour support, full-scale FEA, commercial, mobile and e-acquiring, payroll card programmes, overdrafts, corporate bank cards, deposits, special bidding accounts and factoring.

Customers are offered a wide range of various services including automatic tax calculation and preparation of reporting for IEs at STS, UTII and patents, integration in any online accounting system, online cash registers, new business registration, pre-filled budget payment forms with automatically filled in bank details, electronic signature issue to submit tax returns with e-banking and a personal compliance assistant.

In 2019, the main efforts were aimed at two development directions including the expansion of the customer base and the commission income increase, thereby resulting in an active customer base growth by 63% and reaching 210 thousand active customers. Commission income grew by 61% as compared to 2018.

OBJECTIVES FOR 2020

SME

1

Overcoming the challenges of 2020 connected with COVID-19

To develop small and medium business support programmes for entrepreneurs focusing on the industries that have suffered most as a result of this pandemic:

- to provide repayment holidays to customers from industries that have suffered as a result of pandemic
- to adjust the lending decision-making system based on the risky market segment development analysis in order to keep the loan portfolio's quality
- to set preferences in tariffs for cash and settlement services of risky industry customers

2

FEA development

- to carry out online conversion with market quotations in the Business Portal online and mobile banking
- to develop the FEA service in a mass-market segment
- to provide investment solutions and foreign exchange risk protection products

3

Development of flexible agile products and service production technologies

- transfer to product teams for the development of products and services along the whole customer journey
- use of design development—receiving customer feedback by means of quantitative and qualitative studies

4

Development of the SME sales network, servicing and products for medium business customers

- to continue work on the project for the optimisation and efficiency of the SME presence network in the regions including the reduction of office numbers for rendering services to legal entities and individual entrepreneurs in cities with a decreased potential for SME customer base development accompanied with the transfer of SME customers from these offices to RBS, attraction of new customers through bank offices will be replaced with attraction via remote banking channels
- to increase the lending network in the regions with appropriate potential
- to grow the teams specialising in attraction and development of medium business customers in the key presence regions

5

Digital banking development

- acceleration of product and service output: development of a digital customer profile and provision of individual offers and solutions.
- IT solution development including development of online and mobile banking, the digital platform, non-banking services integrated in online and mobile banking, all active SME customers will be transferred to the target Business Portal system
- to develop analytical CRM including an increase in customer activity and cross sales growth, stimulation of long-term customer loyalty and customer base outflow decrease
- to develop remote services for SME customers including the transition of customers to self-service channels, the development of the analytical CRM to stimulate long-term customer loyalty and to decrease customer base outflow

RETAIL BUSINESS

In 2019, the high-priority tasks for the retail business were the completion of the B&N Bank integration and increasing the business volume scale with a focus on the remote banking channel development.

In 2019, the bank completed the migration of B&N Bank legacy customers was actively working on its image, process and product optimisation to increase the customer satisfaction rate. Otkritie bank retail business segment showed a qualitative increase of the active customer base and satisfaction rates, exponential growth in the key business areas (lending and funds attraction) and completed the implementation of large-scale project initiatives within the priority business objectives.

TOP 6

largest banks of Russia in terms of lending

TOP 5

banks of Russia in terms of accounts on demand

TOP 4

largest banks of Russia in terms of mortgage lending according to the "Rusipoteka" ranking

+15 %

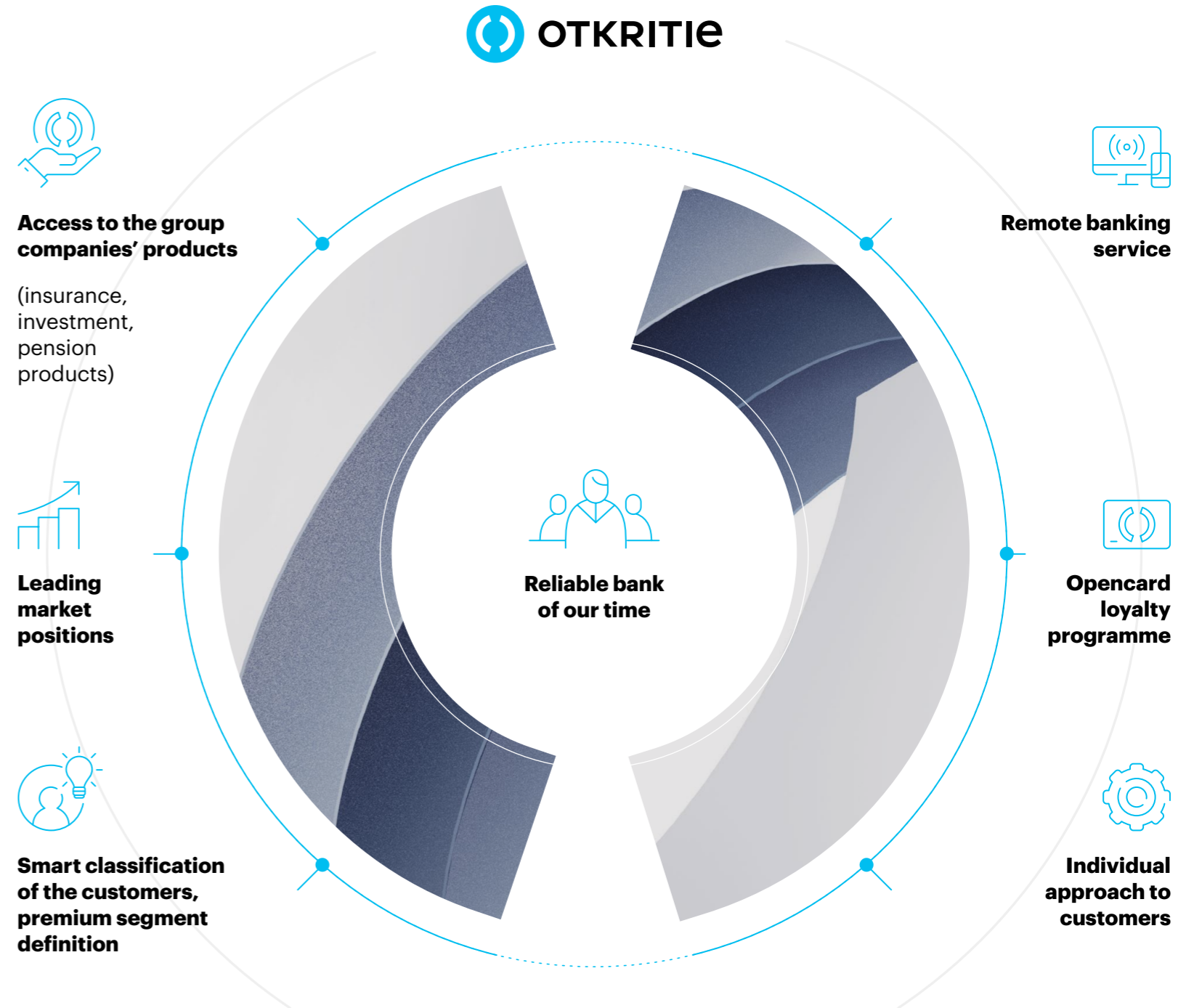
1.5

PRODUCTS PER CLIENT

+7 %

3.1_M

ACTIVE CUSTOMERS



+20 p. p.

57%

OF ACTIVE CLIENTS USED

remote banking services in 2019

25%

OF NEW CUSTOMERS

were attracted via digital channels in 2019

+0.7 p. p.

2.0%

MARKET SHARE IN TERMS OF LENDING

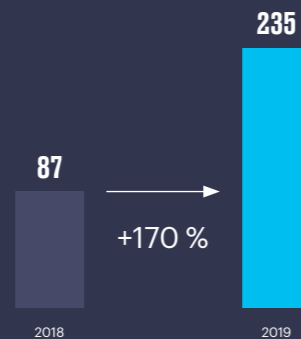
2019 KEY INDICATORS

2.7 TIMES

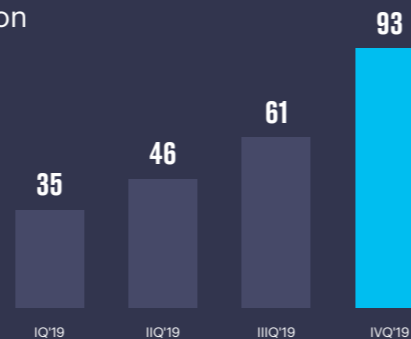
LOAN ISSUANCE VOLUME

growth in 2019

Loan issuance volume, RUB billion



Quarter loan issuance volumes in 2019, RUB billion

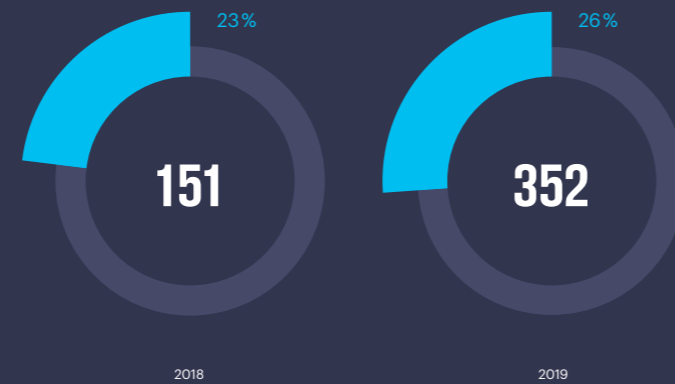


GROSS LOAN PORTFOLIO

+133%

growth in 2019

Gross loan portfolio, RUB billion



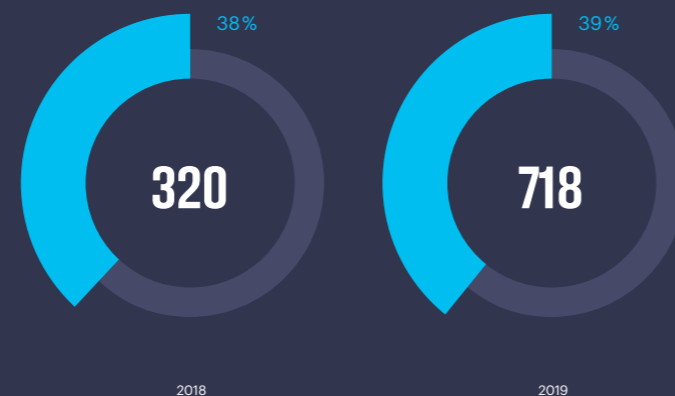
The segment's share is calculated excluding pension and insurance businesses

CUSTOMER FUNDS

+124%

growth in 2019

Customer funds, RUB billion



The segment's share is calculated excluding pension and insurance businesses

2019 KEY ACHIEVEMENTS

Business growth in 2019: scaling up credit product sales—cash loans and mortgages

Consumer loans

Loan issuance volumes increased by 2.2 times from RUB 64 billion to RUB 142 billion as compared to 2018; sales volumes increased by 2.9 times over the year for the period from the first quarter to the fourth quarter.

The key initiatives in terms of product range development were as follows:

- launching the product with a guaranteed low fixed rate for the first year;
- launching the visit-free loan provision service with the possibility to receive a cash loan not visiting one of the bank's offices by means of mobile or online banks for specific customer categories.

Credit cards

Monthly credit card sale volumes increased by 6.9 times from 2,800 in January to 19,300 in December of 2019. The key product initiative of 2019 was the launch of a "120 Days Payment Free credit" card with one of the longest grace periods offered in the market (up to 120 days).

Mortgage

Otkritie bank entered the top 4 largest banks providing mortgage loans and ranked No. 4 in the Rusipoteka Data Analysis Centre rating having showed an increase of 2.5 times from RUB 34 billion to RUB 92 billion in 2019.

The key growth factors were as follows:

- reducing the time for making a decision on an application from 7 days to 1–2 days and for 30% of all applications—to 5 minutes;
- focusing on the provision of mortgages for the purchase of apartments in newly built objects;
- increasing the loan provision rate via the online banking channel (web-site).

Exponential loan provision growth

Following the results of 2019, Otkritie bank entered the top 6 largest lending banks in the country (in 2018, the bank was in the top 9) having increased the gross loan portfolio by 2.3 times from RUB 151 billion to RUB 352 billion. The market share grew from 1.3% to 2.0%. The volume of cash loans provided in the fourth quarter increased by 2.9 times and the volume of mortgage loans provided grew by more than 2.5 times as compared to the first quarter of 2019.

Development of synergy between the group companies stipulated the increase of investment and insurance product sales

The bank offers its customers a complex approach to their savings consisting of a balanced portfolio of banking, investment and insurance products, thus guaranteeing customers protection of deposited funds, high profitability of investment deposits and liquidity of funds in bank accounts.

In 2019, the total volume of investment and insurance product sales amounted to RUB 40 billion, up by 8% as compared to 2018 (RUB 37 billion). Investment product sales increased by 1.6 times, investment life assurance (ILA) sales reduced by 2 times and endowment assurance sales increased by 18%.

The share of the customers' signed agreements for long-term cooperation with the group significantly increased. The share of investment and insurance product sales with a term of over 3 years grew from 63% to 82% (in 2018 and in 2019 respectively). Investment and insurance product sales volumes increased by 55% in the fourth quarter of 2019 as compared to the same period of 2018 (including Otkritie bank and B&N Bank sales). In the fourth quarter of 2019, retail customers deposited 9.7% of all their savings into the investment and insurance products of the bank's partners including Otkritie Broker, Otkritie Asset Management and Rosgosstrakh-Life.

2019 key initiatives were as follows:

- introducing a voluntary free look period of 14 days for investment products with fund protection according to the analogy of the insurance products in cooperation with Otkritie Asset Management;
- introducing an innovative Strike product (life invest contract with regular instalments) in cooperation with Rosgosstrakh-Life Insurance Company;
- launching the "Invest" special offer providing for the possibility to close a deposit without interest loss to invest funds at any period of time.

Extensive IT development

The Single Frontal Solution (SFS) project implementation: the bank created a hardware and software infrastructure, established a support service and tuned up the monitoring process. The following functionality was implemented for the network in 2019: customer card and product portfolio, registration and consideration of customer appeals and results hereunder according to the claim management procedure, portfolio selection and product processing, primary service operation execution, cash lodgements, conversion, account statement and reference print out, etc.

The customer base including retail customers of legacy B&N Bank was consolidated with Otkritie bank customer base and integrated in the common operation cycle on the Customer Value Management (CVM) platform for managing the profitability of the retail business customer base.

The bank started to use trigger technologies when preparing for and communicating with regards to personalised loan offers.

Remote banking channel penetration and functionality development

The number of active RBS users increased by 20 pp from 37% to 57% in 2019. This was a huge breakthrough under the customer migration process from B&N Bank systems to Otkritie bank circuit.

25% of all new customers were attracted through digital banking channels for the last year. In the context of individual products in the same terms (the share of sales to new customers of the bank), it means that 53% of debit card sales and 34% of cash loan sales were via digital channels.

The Zero Office Visits service was launched for payroll card programme customers which allows customers to receive a consumer loan via mobile and online banking without the need to visit the bank's office.

In 2019, the functionality for opening and managing tranche savings accounts was implemented in RBS providing for a graduated rate on accumulated amounts depending on the period the funds are being deposited on the customer's account.

The tax, fine, court debt and UIC payment subscription service was implemented. This service will automatically check whether a bank customer has new charges accrued and will notify them via SMS, push message or notification in the mobile or online banking user account.

Customers were also provided with the possibility to create regular payment and transfer forms, to pay with a QR-code, to save the details of their cards issued by other banks, to carry out money transfers via the fast payments system using a recipient's telephone number. Customers will now be able to save and send by email the majority of card statements and mortgage references without having to visit one of the bank's offices.

Completion of B&N Bank integration in Otkritie bank with a focus on customer base retention

The seamless migration of the products from IT systems of B&N Bank into the target IT systems of Otkritie bank was carried out. Customers are served at the same uniform tariffs and according to the processes within the target IT landscape.

The bank managed to retain over 70% of the active customers in the consolidated customer base.

6 branches were integrated with branches of Otkritie bank and 3 branches were closed.

Following the results of 2019, the active customer base reached 3.1 mln customers (+7% as compared to 2018) with an increase of the active products per customer from 1.3 to 1.5 mainly owing to transaction products.

Retaining the liabilities portfolio with growth of more marginal products for the bank—savings accounts

Savings accounts are an alternative to retail deposits. In 2019, their volume increased by 4.6 times from RUB 25 billion to RUB 116 billion making Otkritie one of the top 5 banks of Russia in the demand deposits market (in 2018, the bank was among the top 9).

Other achievements

Launch of a fully updated service model and product for the premium segment

Otkritie bank is the only bank in the market that does not charge fees for premium servicing. Premium customers are provided with a range of benefits.

Launch of the payroll retail product—Individual Payroll Project (IPP)

The IPP provides customers with the ability to receive a payroll with any bank card without the necessity of signing the payroll servicing agreement and to use the same tariff and product benefits as customers under the payroll card programmes.

Moreover, customers under IPP are provided with the possibility to apply for a loan on favourable terms just like all the bank's other customers under payroll card programmes.

Expansion of the partner ATM network for free of charge cash input

The bank's customers may use 35 thousand ATMs all over Russia and withdraw cash without commission within the limits under tariffs used as well as bank partner tariffs.

Bringing the target loyalty platform to the market

Over 2019, a complex bonus calculation system was introduced, which allows for customers to not only accrue bonuses within regular card operations, but also to provide various special offers targeted at different segments and in cooperation with partner banks.

A separate RBS section was created providing the customer with an integral tool to manage the loyalty programme: checking the bonus account balance, selecting programme conditions, reviewing accrual forecast and accruals history; selecting the partners offering increased bonus accrual; the possibility to pay for purchases and SMS-notification services with bonuses. This has added more transparency to the loyalty programme and made the Opencard even more attractive.

Launch of a new positioning platform in July 2019, which introduced the new creative framework

OBJECTIVES FOR 2020

Retail Business

1

To overcome the challenges of 2020 connected with the COVID-19 pandemic, lockdown and economic growth slowdown:

- to develop programmes to support customers directly or indirectly affected by COVID-19, including in particular, repayment holiday programmes for a term of up to 6 months

- to transfer services to remote channels to the maximum, to develop door-to-door bank product supply, to review lending programmes focusing on the visit-free loan issuance, to expand RBS capabilities in terms of the deposit withdrawal and prolongation as well as IIP sales rates

2

To continue active digital channel development by ensuring RBS penetration at a rate higher than the average market values (60–65%) with product (loan and investment and savings products) execution technologies not requiring a visit to one of the bank's offices

3

To retain leading positions in the transaction service market

4

To develop a premium service focusing on the investment and savings product line

5

To expand the application of dynamic models (agile):

- to switch to cross functional product teams for rapid creation and bringing the product and service to the market
- to receive immediate feedback and to adapt a product offer, to continuously improve the customer journey

6

To implement IT projects with a focus on digital channels, to introduce single frontal services within the network, to increase data management efficiency and customer base monetisation

7

To develop social bank products:

- to launch two new mortgage programmes: "Family mortgage" (for citizens of the Russian Federation with children) and "Far East mortgage"
- to participate in the mortgage lending programme under state support in the form of subsidising interest rates at a level not exceeding 6.5% per annum
- to launch Opencard in the Mir National Payment Card System (NPCS) with benefits for pensioners and people nearing pension age

OTKRITIE GROUP COMPANIES

ROSGOSSTRAKH BANK

2019 key performance indicators (IFRS)

3 BN P

operating
income

11 BN P

equity

45 BN P

assets

2019 key performance indicators and events

- approval of the development strategy for 2019–2022 in February 2019
- a network transformation programme launch
- launch of basic savings product range for retail customers
- number of debit cards issued per year increased to 86 thousand in 2019
- corporate lending started in April (volume of loans issued in 2019 amounted to RUB 10 billion), retail lending started in July (volumes of car loans issued in 2019 amounted to RUB 5 billion, volumes of cash loans issued in 2019 amounted to RUB 2 billion)
- partner range expansion including over 900 holdings and 2,500 car dealerships

Advantages for customers

- bank for car users and car manufacturing companies, auto dealers and car service companies
- among the top 10 banks in terms of automobile lending
- wide geographic presence: 396 sales points in 78 cities of 64 regions of Russia, over 300 auto showrooms all over Russia
- wide product range
- convenient digital sales channels
- innovative solutions: focus on attraction and complex servicing of car users, easy office formats in the partner channel, development of the digital sales channel and CRM, lending in the second-hand automobiles segment, online platform for decision-making

Market positions¹

TOP 10

by volume of car
loans issued

No. 25

by retail current
accounts

Strategic guidelines for 2020

1

To launch a range of collaboration programmes with car manufacturing companies

2

To increase the loan portfolio by more than 7 times to RUB 96 billion

3

To develop programmes for building new IT architecture and the bank's infrastructure

4

To expand the partner pool

¹ According to banki.ru based on the information provided by the Bank of Russia and the Frank Research Group as of December 31, 2019.

FINANCIAL MARKET SERVICES



Advantages for customers

- one of the leaders in the Russian investment market
- wide geographic presence: 27 branch offices of its own network and over 70 partner branch offices all over Russia
- company reliability has been proved by the maximum rating according to the National Rating Agency at the level AAA.iv
- a unique service for the entire financial market of Russia: existing customers of Otkritie group are able to invest and trade in the financial markets through Otkritie Broker platform integrated into the banking channel and customers from other banks may directly use this capability through Otkritie Broker
- continuous enhancement of products and services, new offer launch

2019 key performance indicators and events

> 245_K
**RETAIL CUSTOMERS'
 BROKERAGE ACCOUNTS**

> 55_K
**OF BROKERAGE ACCOUNTS
 WITH ASSETS,**

20 k of which were opened
 in 2019

LOYALTY AWARDS RUSSIA 2019

4 awards

The first loyalty programme for investors in Russia "O. InveStore!" launched in 2019 was awarded in four categories of the prestigious Loyalty Awards Russia 2019

PRIVATE BANKING

+ Otkritie Investments

Large customers of Otkritie Broker were provided with the possibility to be serviced in "Otkritie Private Banking". The one-stop-shop service principle was implemented between the Private banking channel and Otkritie Investments via a dedicated role of the factory employee responsible for the channel.

2019 key performance indicators (IFRS)

244_{BN P}

+52 %
 or **+77_{BN P}**
 increase of customer assets on brokerage accounts

Otkritie Broker mobile application won the Tagline Awards 2019 in the "Best Usability" category.

54%

**THE NUMBER
 OF OTKRITIE
 BROKER MOBILE
 APPLICATION USERS**

among the company's total number of active customers

96_{BN P}

**TRADING VOLUME
 VIA OTKRITIE BROKER
 MOBILE APPLICATION
 IN 2019**

×12.5 times as compared to 2018

2.3_M

**THE NUMBER OF
 TRANSACTIONS CONDUCTED
 IN OTKRITIE BROKER MOBILE
 APPLICATION IN 2019**

×7 times as compared to 2018

No.1

Otkritie Broker is the first Russian investment company to introduce the possibility of opening an online brokerage account through a user account of the Moscow Exchange marketplace. At the end of 2019, up to 89% of all accounts on the marketplace were opened through Otkritie Broker

New services and customer products are implemented in Otkritie Broker digital channels (a mobile application and user accounts), in particular:

trading foreign securities on the Saint Petersburg Stock Exchange

crediting the brokerage account with a bank card issued by any bank

purchasing structured products of the company

providing customers with trade ideas of third-party suppliers

implementation of investment ideas with one click

tracking the distribution of dividends and coupons

OTKRITIE BROKER

Market positions¹**No. 2**

by the number of active customers on the derivatives market of the Moscow Exchange

No. 5

by the number of active customers on the stock market of the Moscow Exchange

No. 6

by the number of active customers trading on the Saint Petersburg Stock Exchange

Strategic guidelines for 2020

1

Further development of digital sales and servicing channels including providing customers with a possibility to open accounts and acquire investment products through online and mobile banks, implementation of the seamless switch between mobile applications of the bank and Otkritie Investments.

2

Product range improvement, in particular: simplification of tariffs and introduction of VAS (value added service) model, i.e. acquiring of the required services by a customer on a subscription basis. A single brokerage account' service is introduced to all customers, including in digital channels, by default. 'A single brokerage account' service allows for transactions to be conducted in any stock or derivatives exchange without the need to transfer money between them.

3

Launch of investment consultants network development on the basis of its own sales network all over the country. The customer outflow does not exceed 12% with the NPS index being over 65%.

¹ As of 2019 year-end (information provided by the Saint Petersburg Stock Exchange and the Moscow Exchange).



Advantages for customers

- wide product range for retail and institutional customers
- key areas of business activity: individual investment accounts (IIAs), trust management, investment of non-state pension funds as well as insurance companies' and self-regulating organisations' funds
- the highest rating as to reliability and service quality according to Expert RA—A++
- a member of the National Association of Stock Market Participants

2019 key performance indicators (IFRS)

165 BN P

+41%
volume of assets under management as of 2019 year-end

0.9 BN P

amount of own funds¹

2019 key performance indicators and events

86.6 K

+67%
the number of agreements signed in 2019

78.1 K

+81%
the number of individuals using trust management services

No. 1

Winner in the "Best Manager for Retail Investors" category of the Securities Market Elite competition

+60%

growth of retail customers' assets under individual trust management in 2019

45.8 BN P

attracted funds in individual trust management as of 2019 year-end

¹ According to the Bank of Russia's methodology.

OTKRITIE ASSET MANAGEMENT

2019 key performance indicators and events

In 2019, Otkritie Asset Management attracted funds for Vera Fund¹ and the Mari State University endowment

25.6 K

+100 %
the number of customers that opened IIAs in 2019

9.2 BN P

+93 %
the funds on IIAs as of 2019 year-end

12

equity attractions for endowment funds

The company is managing

9

open unit investment funds (UIF)

2

closed UIF

7.5 BN P

+59 %
retail customer funds in the company's open UIFs

Under the company's management there are

380 M P

of SRO funds

875 M P

of the PFR's pension accruals

¹ Hospice assistance charity fund.

Market positions

No. 2

by the IIA number among asset management companies¹

11.6%

yield of the PFR pension portfolio for the management period since 2004²

Strategic guidelines for 2020

1

Intensive promotion of the company's products through banking, brokerage and remote sales channels

2

Maintaining focus on the market of institutional investors and financial institutes, for which the high and stable expertise for extended periods of time demonstrated by the company's managers as to Rosvoenipoteka and PFR portfolios is of much importance

3

Development of the prospective closed unit investment funds direction

¹ According to the Moscow Stock Exchange.
² According to the Pension Fund of Russia (PFR).



Advantages for customers

- a multifunctional factoring company offering a wide range of solutions for various segment suppliers ranging from SME to large-scale business
- ability of express transaction processing with a limit of up to RUB 100 million: a preliminary decision on funding possibilities is taken in 15 minutes and the final decision is taken in 24 hours according to three documents
- electronic document workflow allows suppliers to be funded from all over Russia
- customers are able to apply for funding, control their unused funding limit balance divided up by debtors and forecast cash inflow via an electronic user account
- personalised approach: a dedicated account manager supervises all transaction stages and helps with debtor interactions

2019 key performance indicators¹

22

 BN P

factoring portfolio

78

 BN P

funded claim volume

1.5

 BN P

net interest income

2019 key performance indicators and events

909

CUSTOMERS

were funded

+1.2

 PP

MARKET SHARE INCREASE

from 1.7 % to 2.9 % over 2019

EXPERT RA

+ 5 notches

Upgrading of Expert RA ranking in funding provided by 5 notches in 2019 (from 15th place to 10th)

¹ According to management statements.

Market positions

No. 2

by funding volume growth rate¹

No. 4

by funding provided to SME segment customers¹

No. 9

by factoring portfolio¹

No. 2

by the number of active customers²

No. 4

by the number of active debtors²

No. 6

by the amount of income received²

¹ According to Expert RA as of 2019 year-end.

² According to the Factoring Companies Association as of 2019 year-end.



Customs Card

Payment system

Advantages for customers

- National Payment System status
- over 60 banks issuing customs cards
- 3 settlement centres
- over 5,000 customers (over 1,300 active customers)
- own processing centre and IT infrastructure
- online customs charges payment system operating on a 24/7 basis
- twenty-four-hour customer support
- own verification centre available (QES assignment)
- providing complex servicing on goods declaration and online customs charges payment
- providing services on supplying customers with customised management statements

2019 key performance indicators (IFRS)

715

BN P

the company's total turnover

883

M P

revenue

141

M P

net income

2019 key events and operational performance

+7%

total turnover growth

+10%

revenue increase

+24%

EBITDA growth

×7

net income increase

Strategic guidelines for 2020

1

Digitalisation of trans-border trade services and their unification into a common system—creating an executive system (platform) containing full cycle services to global trade support

2

Entering SME and retail markets

3

Development of its own training platform for participants of foreign economy transactions

4

Expanding the channel for direct communication with customs authorities

5

Expanding interaction with governmental authorities to implement collaborative services for FEA participants

6

Implementation of new sales channels: opening a partner channel, intensive social media and website use

7

Entering the trans-border trade optimisation services market of EEU participating countries

Market positions

12.5%

the company's share in the total customs payment volumes of the Federal Customs Service

+1.5

share increase in the total customs payment volumes of the Federal Customs Service as compared to 2018

7.7 BN P
NET PROFIT53 BN P
EQUITY

ROSGOSSTRAKH

Advantages for customers

- the most dynamically developing insurance company of the top 10 in the non-life insurance segment
- the leader in terms of geographic presence across Russia: 150 cities in 77 regions, over 1,500 offices, 300 centres and points for the settlement of losses
- the country's strongest insurance brand with recognition of over 90%
- a wide insurance product and service range for retail and corporate customers including one of the best package products available on the market
- reliable re-insurance protection in leading Russian and foreign organisations
- robust capital cushion

2019 key performance indicators¹70 BN P
INSURANCE RESERVES141 BN P
ASSETS80 BN P
VOLUME OF INSURANCE
premium received31 BN P
VOLUME OF INSURANCE
claims paid to the company's
customers net of recoveries
and other compensations¹ According to the company's stand-alone data.

2019 key events and operational performance

190 K
CORPORATE
CUSTOMERS12.9 M
INDIVIDUAL
CUSTOMERS17.5 M
INSURANCE AGREEMENTS
were signed in 2019,
surpassing 2018 by 2.5 million+3%
insurance fee growth rate
IN THE AGENT
CHANNEL×2.0 TIMES
ONLINE SALES
GROWTH RATETHE LARGEST AGENT
NETWORK IN RUSSIA
increase of the number of
agent staff to 40,500 people+6%
insurance fee growth rate
IN THE PARTNER
CHANNEL×1.6 TIMES
fee growth rate
IN VOLUNTARY
HEALTH INSURANCENew top management, and
organisation structure optimisationExpert RA upgraded the rating
to **ruAA-** in April, 2019S&P upgraded its rating to **BB-**
in May, 2019 and changed the rating
outlook from stable to positive
in October, 2019+26%
insurance fee growth rate
IN THE CORPORATE
CHANNEL×3.5 TIMES
fee growth rate
IN BANK INSURANCE
primarily within
Otkritie group

Strategic guidelines for 2020

1

Insurance premium growth outpacing the market

2

Returning to leading positions in a majority of the regions of presence

3

Developing a digital sales channel with the simultaneous increase of premiums

4

Retaining the CMTPL market share at 10-11% and increasing profitability

5

Developing technologies and online platforms to interact with the company's customers and insurance agents

Market positions¹

No.1

by total insurance premiums in 21 regions of Russia

No.2

in the retail property insurance market (19%—market share)

No.2

in voluntary health insurance (11%—market share)

No.7

in the classic insurance market (7%—market share)

¹ According to the statistical data of the Bank of Russia as of December 31, 2019.

ROSGOSSTRAKH LIFE

2019 key events and operational performance

In 2019, despite significant life insurance market changes, the company managed:

- to increase the insurance premium volume by more than 2 times as compared to the previous year
- to improve significantly the market positions
- to earn net income despite investments into the team and technologies
- to form a new team of sales managers and coaches
- to activate all the sales channels including partner, agent, corporate ones; to start sales both inside and outside Otkritie group
- to launch an innovative Strike product combining individual life insurance and universal life insurance. This product was acknowledged with the "Time of Innovations, 2019" award as the product of the year in the Life Insurance category

2019 key performance indicators¹

1.4 BN P
EQUITY

18 BN P
INSURANCE
RESERVES

21 BN P
ASSETS

14 BN P
VOLUME OF
THE INSURANCE
PREMIUM RECEIVED

Advantages for customers

- Expert RA rating of ruA+
- over 1 million insured people
- providing Otkritie group customers with a fully-fledged life insurance product range: investment and universal life insurance as well as a market-unique product—investment life insurance with regular insurance fees
- sales are conducted in more than 65 regions of Russia

Market positions²

No.7

IN THE LIFE INSURANCE
MARKET

3%—market share

Strategic guidelines for 2020

To enter the top 5 life insurance companies.

¹ According to the company's stand-alone data.

² According to the statistical data of the Bank of Russia as of December 31, 2019.

603 BN P
ASSETS12.4 BN P
NET INCOME501 BN P
volume of the
mandatory pension
insurance liabilities68 BN P
volume of the
non-state pension
provision liabilities

Advantages for customers

- one of the market leaders for pension savings return rate in 2019
- availability to the customer and interaction ease owing to a flexible combination of the individual approach and online technologies
- extensive experience of a personalised corporate pension scheme development and implementation for large, medium and small business enterprises
- a wide range of ready-to-use out-of-the-box solutions for new customers
- stable activity of the fund annually proved by the reliability rating of the National Rating Agency of AAA level (maximum reliability)

Market positions¹

No.2

by the number of insured individuals in the mandatory pension insurance market
19.1%—market share

No.3

by liabilities in the mandatory pension insurance market
17.9%—market share

No.3

by the number of participants under non-state pension schemes
8.7%—market share

No.5

by liabilities in the non-state pension market
5.4%—market share

¹ According to npf.investfunds as of September 30, 2019.

2019 key events and operational performance

7.1M

retail customers set up their pension savings

953

corporate customers formed their corporate non-state pension programs

535K

customers joined non-state pension program

156K

customers are provided with a non-state pension

10.2%

pension reserves investment return rate

6.3 BN P

volumes of pension payments under non-state pension schemes

12.8%

pension savings investment return rate¹ (No. 1 position among the top 10 largest funds by assets)

3.2 BN P

volumes of pension payments under mandatory pension insurance

Strategic guidelines for 2020

1

Development of corporate pension programs for existing customers

2

Expanding business in the non-state pension market including M&A opportunities

3

Retaining leading positions in the mandatory pension insurance market: customer base stability and pension savings volumes increase

4

Reaching a stable return rate on pension reserves and pension savings investments with a full guarantee of the safety of funds

5

Further automation of business processes in order to optimise operating activity and customer experience enhancement using modern technologies

¹ Before paying remuneration to the management company and special depository as of September 30, 2019.

Otkritie Leasing specialises in corporate customer services (synergy with CIB).

Baltic Leasing specialises in retail customer services.

94 BN P
LEASING PORTFOLIO
VOLUME

9 BN P
EQUITY

OTKRITY LEASING

Advantages for customers

- focus on large-scale transactions with corporate customers
- a full range of leasing services offered to Otkritie bank customers in cooperation with Baltic Leasing company
- wide geographic presence represented by Otkritie bank's CIB network
- personalised approach to leasing transaction structuring and documentation

2019 key events and operational performance

5,600

leasing items transferred to leaseholders

19 BN P

annual sales volumes on leased property value VAT excluded



ENTERING THE LEASING MARKET AT THE BEGINNING OF THE REPORTING YEAR

EXPERT RA RANKING

rapid development and entering the top 5 leasing companies with regards to new business volumes in the large corporate customer segment

2019 key performance indicators¹

29 BN P

LEASING PORTFOLIO
VOLUME

22 BN P

FINANCED FUNDS
VOLUMES

19 BN P

NEW BUSINESS VOLUME
(PROPERTY VALUE VAT
EXCLUDED)

Market positions²

No.4

by new business volumes in the large corporate customer segment with a revenue of over RUB 2 billion

No.13

by financed funds volume

No.19

by leasing portfolio size

¹ According to the company's financial statements on a stand-alone basis.

² According to Expert RA ranking as of 2019 year-end.



Advantages for customers

- wide geographic presence with 74 offices all over Russia
- over 16,000 customers
- high level of industry diversification of leasing portfolio
- balanced market funding structure
- high credit rating from international agency Fitch Ratings at BB level
- Expert RA rating at ruA level with positive outlook

2019 key events and operational performance

+21%

new business
volume growth

20_K

agreements signed
+22%

+26%

net investment in
leasing growth

16_K

financial and operating
leasing transactions signed

2019 key performance indicators (IFRS)

65_{BN P}

LEASING PORTFOLIO
VOLUME

54_{BN P}

NEW BUSINESS
VOLUME

2.1_{BN P}

NET INCOME

Market positions¹

No.7

by new business volume
4.9%—market share

No.5

by the number of
agreements signed

No.6

by the financed funds
volume

No.11

by leasing
portfolio size

¹ According to Expert RA ranking as of 2019 year-end.

INFORMATION TECHNOLOGIES

In 2019, the main tasks of the bank's transformation were accomplished: full integration and optimisation of the IT structure, business process automation, elimination of function duplication and reduction of operating costs. Thus the bank created the basis for the transition to the stage of innovative development of the digital component of its business.

20

IT releases were successfully rolled out during 2019

>70

projects and preliminary projects in progress

>5,000

solutions for business were introduced

>30

projects and preliminary projects were successfully implemented in 2019

2019 key achievements in the implementation of strategic goals

- Large-scale transformation of IT architecture, which began in 2018 and ended in December 2019, was completed: the migration of customers and products to the target automated banking systems was implemented, duplicate branches were closed, 106 systems were decommissioned (a total of 331 systems have been decommissioned since 2018)
- Data warehouse circuit, the big data platform for data modelling, and the management information system (MIS) have been merged into a single ecosystem. In 2020, the bank will work on developing a unified data repository (UDR 2.0)
- SAP HR intrabank services were significantly improved (in particular, digital services were implemented: electronic sick notes, services for new employees, organisational charts). A new functionality was developed in order to manage business processes on personnel records (migration accounting, cancellation of employment contracts, change of personnel subdivision for laid-off employees, and other reports)
- The corporate IT architecture management system was implemented. The system was based on Orbus Software's iServer platform. TOGAF (The Open Group Architecture Framework) was selected as a reference methodology for the project of the system's implementation and configuration. Using a corporate IT architecture management system will allow the bank to systemically structure the entire range of technology applications and services, thus creating a quality foundation for effective IT architecture management.

The IT unit won a number of awards in 2019:

1C: ERP

Nomination "Best Project in the Banking Industry" for the introduction of an automated system of budget planning and budget control

SECURITY VISION IRP

National banking award for the nomination "IT Security Solution" for the automation of cybersecurity event response by implementing a security Vision IRP system

GLOBAL CIO | DIGITAL EXPERTS

Nomination "Best Management Project" for the introduction of a single system of procurement, planning and budget control

SAP VALUE AWARD

Gold award in the category "People are the Most Valuable Capital"

Key developments for business

Corporate and Investment Business

- In 2019, the Calypso system was introduced and the processes of front-desk investment activity were optimised in record time (3.5 months) to account for derivative transactions. Key business processes of the bank's investment front-office were transferred to the new platform, data migration from the database of the previous system was performed, and the Calypso system was connected to new sources of market data
- To ensure a full-fledged through credit process, an automated Pulse system was developed that allows for an operational decision to be made twice as quickly via electronic voting and reduces the risk of operational errors

Retail Business

- Remote banking services (RBS) for retail customers:
 - performance of the RBS platform significantly increased from 2,500 sessions per minute to 5,100 sessions per minute
 - the availability of mobile banking for customers increased from 98.5% to 99.5%
 - a special mechanism has been implemented to provide mobile banking information services when back systems are not available
- A single front solution (office channel and call centre). The system was implemented from scratch and was deployed in all of the bank's offices in a year term. During 2019, the following projects were implemented for the network:
 - customer card and product profile
 - registration and review of customer claims and claim results as part of the claim settlement
 - portfolio selection and product design, performance of basic service transactions (cash lodgements, conversion, printing account statements and certificates)
 The development of the solution will continue in 2020.

Small and Medium Enterprises

- The Virtual card product without physical media was introduced and put into the RBS channel. The issue time is 2 minutes via the mobile app
- An automated lending process on Express Lending and Express Guarantees
- The bank launched a fully-fledged extended version of the RBS mobile application with the possibility to perform settlement transactions. A functionality that manages several organisations, disbursement of a tranche, registration of merchants and chat was launched
- A technology solution for legal entities was put into commercial operation—online cash logistics in ADM (automatic deposit machine, a compact analogue of an ATM).

Other significant projects

- A project on the introduction of a centralised queue management system at the point of sale was fully implemented
- All of the bank's processing centres were integrated. A project regarding the creation of a single processing centre was completed
- A new logistics system for card issuance was introduced
- The financial instruments accounting procedure of all the bank's systems was changed according to IFRS 9 requirements and the transition to a new account chart was implemented. The timing of calculation and disclosure in IFRS reserves accounting was reduced
- The basic functionality of the Cash Management software solution was introduced: forecasting modules to reduce cash balances at the point of sale and ATMs, replicating a Cash Management software solution for the bank's entire network
- The SWIFT GPI project was successfully completed in the second quarter of 2019. Customers gained access to a service that improves the quality of service of international payments by increasing speed, transparency, and continuous tracking of carried out GPI transactions. The service is available to customers of small and medium enterprises in the Business Portal RBS system
- The Attribute data analytics platform was introduced. The system possesses the administration of blacklists (more than 130 million records), a universal service with access to external data (System of Professional Analysis of Markets and Firms, Federal Tax Service, Federal Bailiff Service, various types of Interdepartmental Electronic Interaction System information, including the Pension Fund of the Russian Federation), automatic checks when issuing products (more than 2 million requests in retail lending were processed), a single verifier desktop
- The MAX loyalty programme for the bank's flagship card product "OpenCard" was launched on the EVAM bonus engine, the current portfolio of bonus cards exceeds 1 million pcs. The B&N Bank card portfolio and Lukoil, Aeroflot, and Utair partner products were migrated to the target bonus award platform
- The Siebel Collection system was introduced to automate works with defaulted debts and judicial work for 1,000 users. The Mobile Collection system, which is a mobile workplace on a tablet for field debt collection employees (more than 150 jobs), was launched.

Internal IT4IT projects

The first stage was implemented and a comprehensive monitoring of business processes and the bank's IT systems was put into commercial operation for 30% of critical processes. The bank plans to continue this project in 2020

A cluster solution, which allows various infrastructure failures, including the failure of one of the data centres, to be overcome without downtime by providing continuous access to integration services for all business areas of the bank, was designed, tested, and implemented to improve fault tolerance and accessibility of TIBCO ESB services

The bank implemented a pilot, unique for the market, based on big data technologies and put into preliminary operation an IT system of archival automated banking system data storage and processing (the SOHA project). The system provides 100% integrity of data from archival systems and provides users with access to them to receive information and reports. Full data from 21 archival automated banking systems were downloaded to the system. Its development will be continued in 2020

Measures on piloting and introducing practices of the Site Reliability Engineering methodology in IT operation and support units were provided

The implementation of the project on automated provision and accounting of access rights to the bank's information systems (IDM—Identity Management) was initiated. Works will continue in 2020

The reserve commercial data processing centre of the bank, which meets the requirements of the business in terms of reliability and availability (Tier III Uptime Institute) was put into operation. The migration of bank equipment from non-target data centres was initiated. Completion of equipment migration is scheduled for 2020

The complex of custom applications and virtual workstations delivery ("Desktop as a Service") was completely reorganised based on Citrix solutions and the Dell Nutanix hyper-converged infrastructure. Full redundancy of the service with geo-distribution between the data centres is provided, as well as its high availability. Most call centre operators were transferred to virtual workstations

The private cloud of Otkritie bank was implemented including fully automated services "Desktop as a Service" and "Infrastructure as a Service". The implementation of "Platform as a Service" is scheduled for 2020

KPI in terms of accessibility of IT systems was doubled due to the introduction of Help Desk monitoring technologies and the implementation of organisational measures on IT process optimisation

The bank created a pilot factory which operates based on the IT unit Innovation Centre. The bank has also introduced and is developing, together with Gartner, an information and analytical service for studying and informing the business and the IT unit with regards to modern innovations and the latest developments in financial and related fields

Merging with B&N Bank: a new benchmark in complexity and speed of IT architecture transformation in the market

Within 9 months of the technical migration of products from non-target systems to the bank's target systems (April-December 2019):

- all products from all systems, including bank cards, were migrated
- all customers were connected to the target Remote Banking Systems
- 9 branches were reconfigured in the systems to transform the network
- access to systems was granted to 4,000 employees
- 2 million individual customers and 157,000 legal entity customers were transferred to the target service systems
- 2,998 self-service machines (ATMs) were transferred to target processing
- more than 228 IT systems were decommissioned

Joint projects at the group level

In 2019, the consulting commission on the bank group technologies was created. It is actively working to raise the awareness of IT departments of subsidiaries regarding possible joint IT solutions and procurements.

The bank's IT unit coordinates joint work to increase the level of IT maturity in subsidiaries, introducing the best methodological practices of the process model and project management. The development of the IT service model in subsidiaries and the application of joint procurement practices will help reduce the cost of operational services at the group level.

In 2019, a unified contact centre platform was created based on the Genesys solution, which completed the integration of 10 telephony and chat room platforms of the group's companies. Contact centres of Otkritie bank, Rosgosstrakh Insurance Company, and Otkritie Non-state Pension Fund have already been transferred to the new platform. The introduced architecture allows for independent business processes to be built for each of the group's companies.

As part of the project's implementation, 2.5 thousand workplaces were equipped; they are able to handle all types of interactions with customers—calls, claims via chat, SMS, and email. The system also has an intelligent interactive voice menu that can configure itself for each subscriber and helps to achieve the desired service as quickly as possible. Thanks to a modern platform that allows for processes and automated services to be quickly adapted to the requirements of a rapidly changing market, the bank provides the best customer service.

The built platform allows for flexible control over operator workplaces, which allowed part of the operators to quickly transfer to remote work at no additional cost in March-April 2020 as part of the recommendations of the health authorities.

Business Continuity and Disaster Recovery (BCDR)

In 2019, several measures were taken in order to increase the level of bank employee training on business continuity and disaster recovery issues:

- The bank's updated BCDR Plan was developed and was defended at the bank's Management Board
- A training course for bank employees was developed and implemented. All of the bank's employees passed training
- A business card mock-up with brief information about the BCDR was developed. Business cards were distributed among the employees of the main offices in Moscow
- The bank developed a special page with background information regarding the BCDR and constantly updates it

The following activities were performed as part of the transfer of users to the new format of remote working within the BCDR in connection with the Covid-19 quarantine:

- 14,000 employees of the bank, the group's companies and the bank's service partners are provided with remote access to their work PCs

- A dedicated technical support hotline (8-800) on remote access issues was organised
- The capacity and licensing pool of the remote access server complex were increased manifold
- The bank's access channels to the Internet were enhanced (up to 10 Gbit/s)
- The number of telephone trunk lines was increased to the required number
- The videoconferencing system was modernised in terms of increasing the number of supported sessions
- One thousand additional virtual workplaces (VDI) and a separate login method for critical workers to work in BCDR mode were created

On April 2, 2020, in Moscow, testing was carried out according to the BCDR Plan. During testing, 215 employees were working at the bank's offices, the rest of the employees were working remotely. Testing the bank's operation in the limited functionality mode was successful.

Tasks and key projects for 2020

The main part of the digital transformation of Otkritie bank in its classical sense has ended: all necessary platforms for the provision and scaling of digital services were introduced. Now, the bank is focused on developing their functionality to improve customer experience, including for in-house customers, i.e. the bank's employees.

Key focuses in 2020

digital functionality and ergonomics

service scaling and availability

process optimality and efficiency

- Development of business application functionality as a part of the IT project portfolio (more than 70 IT projects)
- Introduction of the concept of working with innovations (task prioritisation, finding solutions, solution evaluation and selection, piloting and scaling)
- Consideration of at least 10 pilots in 2020, with at least 3 successful ones with a confirmed effect. Development and implementation of a programme of internal and external communications that accompany the new model of work with innovations

- Development of innovative projects affecting almost all business areas, of which include:
 - use of robotic automation technologies to optimise routine operations and to speed up the processing of customer documents and claims
 - expanding customer access to banking services, agency networks, and partners through open API technology
 - introduction of artificial intelligence technologies in the processes of document recognition and analysis, customer identification
 - piloting the automatic customer service using chatbots and voice-activated digital assistants
- Scaling a dynamic business model with the ability to autonomously create a product from an idea to launch—moving to work in tribes
- Continuation of works on the decommissioning of non-target systems or their transferring to archive mode (up to 80%) initiated in 2019
- Building a common integrated ecosystem: reporting / risk management system / analytical CRM using a single databank and big data
- The development of corporate customer RBS, the implementation of innovative products, the transfer of processes to online, the migration of corporate business customers to the target RBS
- Continuation of the works initiated in 2019 regarding the creation of data centres for the group's companies including the bank's own data centre
- The development of cloud technologies of the hybrid cloud to meet the needs of dynamic teams in infrastructure services and capacities as quickly as possible

RISK MANAGEMENT

110 Risk Management Structure

112 Primary Work Areas in 2019

116 Approach to the Key Risks Management

120 Financial Monitoring and Compliance Control

In 2019, special attention was drawn to the enhancement of the bank's risk and asset management systems as well as the development, introduction, automation and optimisation of risk processes at the group level.

RISK MANAGEMENT STRUCTURE

Horizontal and vertical risk management risk structures are created in the bank and the group; the authorities are distributed among the collegial bodies and established under the internal normative documents. 3 defence frontiers are designated in the bank and they guarantee efficient risk management.

Target-Setting and Control

1st CONTROL FRONTIER

Supervisory Board

Audit Committee

Management of the bank and group risks

2nd CONTROL FRONTIER

Management Board and the Chairman of the Management Board

Major Credit Committee

- Credit sub-committee
- Major distressed assets sub-committee
- Small distressed assets sub-committee

Small Credit Committee

Asset and Liability Management Committee

Business Development and Innovation Committee

Group's Steering Committee

- Coordination risk commission
- Coordination technology commission
- Coordination property management commission
- Coordination finance commission

Network Development and Optimisation Committee

Purchase Committee

Risk type

- Credit risk
- Credit counterparty risk
- Market risk
- Operational risk
- Interest risk
- Liquidity risk
- Concentration risk
- Strategy risk
- Regulatory risk

Execution

3rd CONTROL FRONTIER

1st defence frontier

Accepts the risks taken by the bank

- limit compliance
- planning corrective actions in case of limit violation
- execution of the corrective action plan

Business units, Treasury Department (regarding its own operations)

2nd defence frontier

Manages risks and capital

- limit compliance control
- defining proposals for volume limits
- planning corrective actions in case of limit violation

Risk Management Department

Treasury Department, Finances, Internal Control Service, Financial Monitoring, Compliance Control Service

3rd defence frontier

Estimates efficiency

quality assessment of the risk and capital management system

Internal Audit Service

PRIMARY WORK AREAS IN 2019

Corporate and Investment Business

1

Client creditworthiness was assessed during the decision-making process based on the developed statistical models.

4

Regular risk appetite indicator monitoring was built within the frameworks of both regular ICAAP (Internal Capital Adequacy Assessment Process) reporting and quarter risk report execution.

Additional credit risk indicators were regularly monitored in various customer segments, besides the risk appetite control. This allowed for the prompt response to early loan portfolio quality indicators and to take timely actions on guaranteeing the approved credit risk level.

2

The credit process was standardised and automated solutions were implemented.

When assessing the financial performance of borrowers, the developed models for internal credit rating calculations were used. These models were embedded into the existing loan workflow modules.

5

The corporate customer monitoring function was centralised and an independent risk expert evaluation was carried out.

The process for detection and response to problematic character signals as well as the functions for quarterly monitoring of the borrowers' financial performance and financial covenant compliance control were centralised.

3

The approaches for loan provisions to borrowers of various industries and segments were developed.

These approaches take into account industry specifics, target risk profiles and stop factors, requirements to the transaction structuring, etc.

6

Levels of decision-making authority were defined.

The system for the delegation of authorities to decision-making was constructed with regards to the amount of credit risk limit, issue essence and final level of the risk assumed.

7

A system of early warning signals was redesigned and put into operation.

SME

1

Express products were developed and implemented.

The bank is one of the leaders in the SME lending segment, which allows it to expediently offer products with the balanced risk.

3

Key processes were automated.

The bank is continuously working to improve its process automation. In 2019, the credit conveyor was implemented as a single solution for carrying out transactions with SME segment customers.

2

A pre-approved limit system was introduced.

The statistics on the SME customer portfolio, the whole extensive experience of the bank, customer transaction activity data as well as ones from external information sources were used as a basis of this model.

4

Loan provision transaction processes and execution terms were standardised.

Optimal interaction standards for the bank's business units within the credit conveyor were developed and introduced.

Digital SME platform—
a technological ecosystem
for entrepreneurs

New monitoring technologies were implemented

The monitoring function was centralised. The unified monitoring model for SME clients was created based on internal and external information sources. The individual monitoring plan for a client is automatically developed according to the model depending on the defined risk factors.

PRIMARY WORK AREAS IN 2019

Retail Business

1

Risk assessment of all retail customers is executed based on scoring cards developed using the bank's own statistics.

In 2019, 7 models were developed and introduced using classic machine learning methods.

2

When deciding on the acceptance of credit risk, both internal comprehensive information about the customer and external data sources

(scoring estimations and additional attributes of the mobile communications providers, data and scoring estimations of the main credit reference bureaux, the Pension Fund of Russia, the Federal Service of Court Bailiffs, blacklists of the Bank of Russia and other sources—a total of over 15 sources) are used.

3

In 2019, the bank made a technological breakthrough and reached the level of compliance with systemically important banks.

The bank extensively used big data analysis methods to manage the credit risk on the retail loans introducing the most efficient credit risk assessment tools for every customer segment. Within the abovementioned scope, both internal customer information including card and internal transaction data and the data from external sources including customer Internet data, depersonalised transaction and SMS communication data, affiliation with the marketing segments and customer engagement areas were used.

Otkritie group

- In 2019, the risk appetite limit and the required capital setting process of the bank and the group was enhanced. The evaluation of the risk appetite level of the bank and the group was implemented within the day-to-day business planning process.
- The process for setting limits when independently making loan provision decisions for the group's participants was developed, according to which the decision limits of group members were calculated, agreed and approved.

- The pattern for interaction of the bank and the group participants when agreeing the requests for setting and re-allocating the credit risk limits was approved.
- The method for the calculation of the managerial credit risk limit within the group was developed based on the forecast capital amount, the stress testing results of credit and market risks as well as the devaluation factor, the rules for setting and (or) re-allocating the managerial limit to the group participants were approved.

- The regular reporting process on the bank's risks and on key group members' risks has been established. The reports were communicated on a regular basis to the authorised collegial bodies of the bank as the key entity of the group.

Market risk

In 2019, the market risk management system of the bank and the group's trading portfolios was redesigned and expanded with regards to new approaches to business planning and the determination of required capital.

The calculation of daily automatic risk metrics for the bank's and the group's security portfolios and new market risk reporting forms at the bank and the group levels were introduced; stress testing scenarios, marketability control methods for money market transactions were developed and approved; the marketability evaluation criteria of the customers' derivative transactions were developed.

In 2019, on the basis of internal statistics, the model for assessment of levels of early repayment of the bank's mortgage portfolio depending on the difference between the rates of the bank's portfolio and market rates was developed.

The procedure for taking into account the optionable nature of corporate loan portfolio rates of the bank when evaluating the bank's interest risk was developed.

Operational risk

- A new automated operational risk management system was introduced.
- The process for operational risk incident collection within the group as well as the operational risk incident notification and response procedure were implemented.

Validation

In 2019, the validation centre was created. The model life cycle management process was developed and implemented. The validation methods were developed and the initial validation of the bank's basic models was carried out.

Automation and optimisation of due diligence verification and assessment processes

The due diligence verification and assessment processes of the bank were automated and optimised to the maximum: the share of manual checks in the cash and settlement service segment is less than 13%, in the retail lending segment it is 3%. The bank utilises all the available external and internal information resources and creates a common information space with all the group companies.

< 13%
the share of manual checks in cash and settlement service

3%
the share of manual checks in retail lending

APPROACH TO THE KEY RISKS MANAGEMENT

No.	Risk type	Definition	Risk management methods
1	Credit risk including concentration risk	Risk of losses arising as a result of untimely, incomplete fulfilment or non-fulfilment by the customers of their financial obligations.	<ul style="list-style-type: none"> - use of statistical models in decision-making, price setting - loan portfolio diversification - setting and controlling funding and deposit limits (in terms of the borrowers' credit risk) - establishing the requirements to pledged collateral, regulation of pledging procedures and pledge assessment methods, pledge insurance and monitoring procedures - credit risk monitoring including an early warning system - use of the credit decision-making authority system - use of the credit risk assessment system as well as within the frameworks of provision formation for possible losses under RAS and IFRS - independent expert risk evaluation - working with non-performing loans
2	Counterparty credit risk	Counterparty default risk on derivative financial instrument transactions, REPO transactions and other similar transactions.	<ul style="list-style-type: none"> - setting and controlling limits to counterparties for derivatives and REPO transactions - setting margins and collateral parameters for derivatives and REPO transactions - counterparty credit risk monitoring - counterparty credit risk stress testing - use of counterparty credit risk limit decision-making authority system - work with counterparties that failed to fulfil their obligations under derivatives and REPO transactions
3	Market risk	Risk of financial losses arising due to the changes of the current (fair) value of financial instruments as well as foreign exchange rates and (or) prices for precious metals.	<ul style="list-style-type: none"> - defining the market risk level acceptable to the bank and setting it based on operating risk limits - continuous control of the market risk limits setting - regular notification of dedicated collegial bodies of the bank regarding the VaR level - development and implementation of measures to reduce market risk including closing or hedging current positions and (or) limits

No.	Risk type	Definition	Risk management methods
4	Interest risk (ALM risk)	Risk of the bank's financial position worsening, which arises as a result of capital and net income decline, asset value decrease due to market interest rate changes.	<ul style="list-style-type: none"> - identification of interest risk types and sources according to a wide range of stress scenarios - control of indicative restrictions and limits to interest risk metrics - liabilities diversification according to product type, repayment terms, counterparty type in order to reduce an interest gap - use of financial instruments enabling for the review of interest rates, covenants, etc. by the bank - setting and monitoring asset structure restrictions according to asset types, interest rate types and terms - interest risk hedging - agreeing the assets and liabilities scope of the reference interest rates in order to decrease the primary interest risk - use of the approaches to change net interest income, economic value of the bank - implementation of the transfer pricing and resource redistribution system
5	Operational risk	<p>Risk of losses arising as a result of unreliability and drawbacks of internal bank business management procedures, incompliance of the established internal procedures and banking and other transaction execution procedures under the requirements of the Russian Federation or their violation by bank employees, operational irregularities and (or) faults of information and other systems or as a result of the external impact on the bank's business.</p> <p>Legal risk is a part of the operational risk.</p> <p>The operational risk does not include strategy risk and reputational risk.</p>	<ul style="list-style-type: none"> - risk transfer (insurance) - agreeing procedures and products introduced and (or) changed in the bank including risk level assessment (operational risk, legal risk) - authorisation and accountability distribution of transactions made by the bank in order to strengthen control procedures - working out response actions on the operational risk events occurred

APPROACH TO THE KEY RISK MANAGEMENT

No.	Risk type	Definition	Risk management methods
6	Liquidity risk	Inability of the bank to fund its own business, to provide for asset growth and fulfil the obligations as they become due.	<ul style="list-style-type: none"> – implementation of instant, current and term liquidity management procedures as well as maintaining the bank's payment position, planning the term liquidity state, forecasting statutory ratios – liquidity buffer management through treasury portfolio creation – regular stress testing of liquidity in view of several scenarios – restricting the liquidity risk level accepted by setting limits and values system (internal standards, signal levels) confining the liquidity risk – monitoring and compliance control of liquidity risk limits and indicators – implementation of a transfer pricing system to form an assets and liabilities structure balanced in terms and currency
7	Strategy risk	Risk of unfavourable change of the bank's results due to making wrong decisions during the bank's management as well as when developing, approving and implementing the bank's development strategy, the undue execution of decisions made and the inability of the bank's management bodies to take into account the external factor changes.	<ul style="list-style-type: none"> – regular analysis of the strategy goal achievement within strategy and business planning processes, detecting potential strategy risk factors – elaboration of corrective actions having detected risk of failure to achieve strategy goals, potential strategy risk factors – elaboration of corrective actions having detected a risk of failure to achieve strategy goals, synchronising the business plan with the strategy goals
8	Regulatory risk	Risk of bank losses due to non-compliance with the legislation of the Russian Federation, internal documents of the bank, standards of self-regulating organisations (if such standards or rules are obligatory) as well as due to the imposition of sanctions and (or) application of other enforcement actions by supervisory bodies.	<ul style="list-style-type: none"> – analysis of products, services introduced by the bank and planned methods for their implementation – detecting and taking into account all the events connected with the regulatory risk, defining probability of their occurrence and possible consequence evaluation – coordination and participation in the development of a set of measures aimed at decreasing the regulatory risk level – control over the execution of the bank's management bodies' decisions aimed at decreasing and (or) maintaining regulatory risk at the acceptable level – monitoring regulatory risk management efficiency – preparation of regular Internal Control Service reports on compliance with the organisation policy on the regulatory risk management system to be submitted to the management and executive bodies of the bank for review

OBJECTIVES FOR 2020

1

Overcoming the challenges of 2020 connected with COVID-19 and economic slowdown.

The main objective for 2020 is maintaining the loan portfolio quality and close monitoring of clients with special focus on industry specifics and complex analysis. An individual assessment of clients will be made taking into account the specifics of a particular customer, finance structure and industry specialisation.

For new clients and loan applications the balanced decision-making system will be maintained considering the market environment and risk factors including the forecast data, industry development perspectives and structuring opportunities for clients in different industrial segments. In addition, the mechanisms for faster decision-making processes are developed.

2

ICAAP integration into all key processes of the group.

The processes are tuned and the operation of all the bank's business units is arranged to manage group risks and capital. ICAAP results are planned to be integrated into the group's strategy planning system, i.e. the ICAAP implementation results will be used to make decisions on business development (to formulate the bank's and the group's development strategy) as a basis for the evaluation of the available financial resources required by the group to cover all significant risks.

3

Development of big data analysis projects, creating an infrastructure to implement the projects for the development of analytical business advantages.

4

Further development of model initiatives.

In 2020, the bank is planning to further enhance the risk assessment models of the corporate business and SME by increasing model accuracy using external data sources and ML simulation methods, the introduction of the automated model monitoring process and standardisation of the process for IT validation of the models.

5

Development of the integral stress testing procedure within the group.

The bank will carry out integral stress testing of the group's capital adequacy based on the approaches to integral stress testing on a stand-alone basis in order to analyse potential threats in terms of resistance to internal and external risk factors.

6

Development of the group's validation function.

It is planned to carry out the initial validation of the key risk models of the group by the key risk types including the sophisticated ML models and to implement the validation process on the level of all risk models at the bank.

7

Further development of market risk control.

Implementation of daily reporting on market risk limit controls, VaR estimation automation and regular VaR calculation for derivatives portfolio of the bank.

8

Development of operational reporting at the group level.

In 2019, the BI risk dashboard monitoring tool was put into pilot production and it allows for the prompt monitoring of credit risk, operational risk, market risk, risk appetite levels, liquidity risk and exchange risk within the bank and risk indicators at the group level. The risk dashboard data shows actual values as of the current date, indicator change trends as well as approximate limit values. There is a monthly newsletter with notifications of updates and a number of indicators which are updated on a daily basis.

9

The improvement of credit and limit policies of the bank based on the wider information about clients and credit risk models built on internal and external data including the digital banking segment.

10

Improvement of forecast systems, monitoring and credit counterparty risk control systems.

11

Proactive risk management

considering the defined risk appetite level and the target of loan portfolio quality maintenance in the current macroeconomic situation.

12

Data source development.

The unified information system creation at the group level. Providing services to companies of the group on a commercial basis.

FINANCIAL MONITORING AND COMPLIANCE CONTROL

Otkritie bank has successfully transferred to new obligatory reporting formats submitted to the Federal Service for Financial Monitoring since 2019.

In order to promptly detect and prevent suspicious customer activities, the risk-oriented customer assessment model and the online procedure for suspicious transaction control were introduced in the bank according to the recommendations of the Bank of Russia.

Key achievements of 2019

- Introduction of the automated online customer transaction control procedure providing for the prompt prevention of suspicious transactions.
- Transfer to a single financial monitoring platform to execute obligatory reporting, which is to be submitted to the authorised body.
- Implementation of the risk-oriented customer assessment model, in particular corporate and individual entrepreneurs with high risk defined while opening an account, introduction of the expense limit transaction for customers.
- Reworking the automated report provision functions for supplying information on foreign tax payers within the annual FATCA / CRS report execution and submission process.

OBJECTIVES FOR 2020

1

Development of remote online control, introduction of the know-your-customer platform requirements, development of digital analysis technologies.

2

Optimisation of obligatory reporting execution processes in order to increase decision-making speed.

3

Taking actions within the integration processes of Otkritie group.

HUMAN RESOURCES

124 Key Results

126 Staff Structure

127 2019 Strategic Objectives Achievement

135 Goals for 2020

In 2019, Otkritie bank continued to implement the 2020 strategy, within the framework of which in 2019 a new corporate culture was created and successfully implemented as well as Otkritie employer brand has been strengthened.

The bank provides for an effective system of internal corporate communications. The optimised organisational structure and a clear grading system are implemented at the bank. A new incentive programme, as well as a staff training system, which includes more than 250 training programmes and courses (both full-time and online), have been generated.

KEY RESULTS

The bank's team as of the end of 2019 included 22.4 thousand employees

A regional leadership team has been generated

The successful Otkritie and B&N Bank integration has been finalised

The bank's structure has been completely reorganised: namely 164 departments in the head office have been reorganised into 65 departments, and 22 branches in the regional network have been reorganised into 8 basic branches

Overall staff turnover has decreased by 10% compared to 2018

Further to 2018, for the first time in the history of the bank, all its employees who have been working for more than 6 months and met KPIs received an annual bonus

More than 250 training programmes (full-time and online) have been introduced for employees

The common standards of HR management were developed and implemented within Otkritie group

All the initiatives and projects undertaken by Otkritie bank made it possible to achieve the following results in 2019

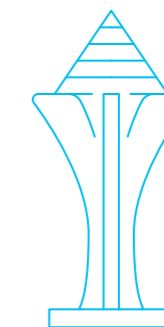
73.5%
STAFF LOYALTY
LEVEL

82.3
STAFF ENGAGEMENT
SCORE

Engagement and loyalty survey results, Autumn 2019. 76% of the bank's staff participated in the survey.

No.6
AMONG BANKS

in the rating of the best employers in Russia according to *Forbes*¹



**FOR ACHIEVEMENTS
IN THE FIELD OF HUMAN
CAPITAL MANAGEMENT**

nominations:

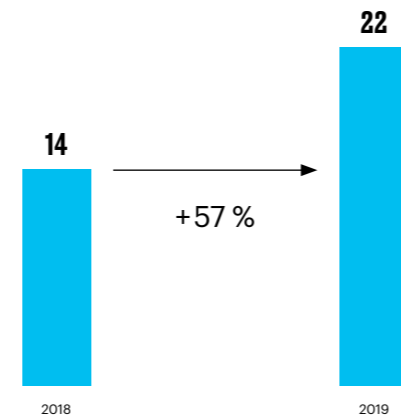
“2019 transformation of organisation and corporate culture”

“2019 HR team” in Russia according to *Forbes*

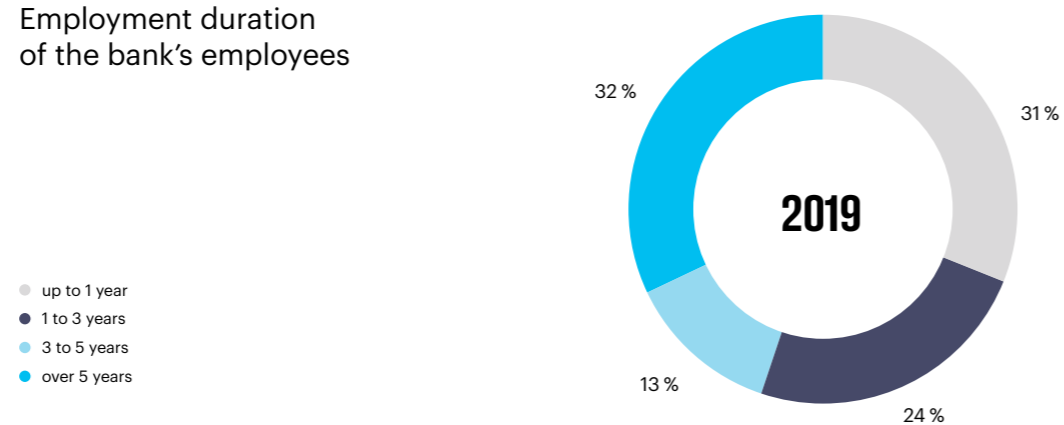
¹ <https://www.forbes.ru/rating/387403-50-luchshih-rabotodateley-rossii-2019>

STAFF STRUCTURE

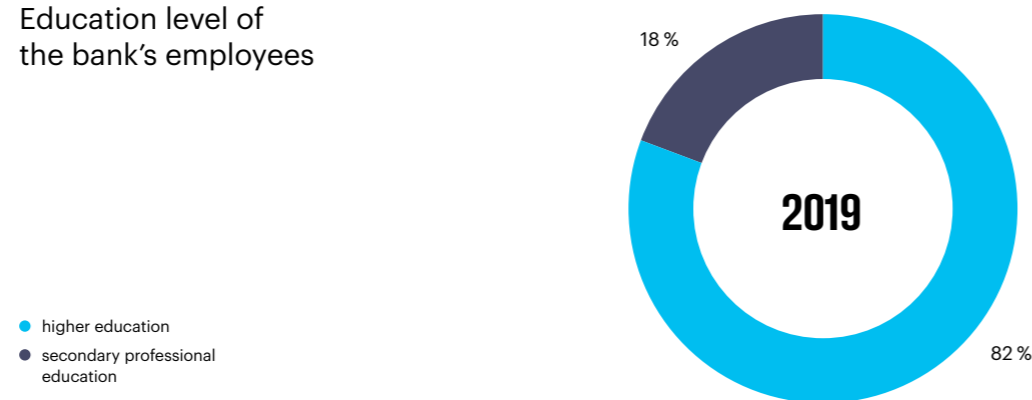
Actual number, thousand people



Employment duration of the bank's employees



Education level of the bank's employees



45%

OF EMPLOYEES

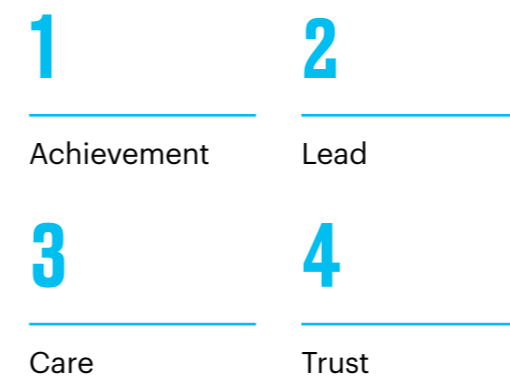
have an employment duration of not less than 3 years

2019 STRATEGIC OBJECTIVES ACHIEVEMENT

Corporate culture transformation

In 2019, the bank continued to transform the corporate culture. This project started at the end of 2018 and includes 4 basic values: namely achievement, lead, care and trust.

Corporate culture values



All values are interconnected, interdependent and equal: ambitious goals and challenging business agenda are aimed at achieving high results. Achievement motivates one to be proactive. All this is the key to client happiness, on which the financial result depends. This is our concern. Focusing on the client is impossible without caring employees. Joint achievements and concern give rise to a partnership, and therefore, trust.

New values have formed the basis of recruitment, assessment, training and the development of staff, as well as career models. Corporate values were integrated into management development programmes with a focus on the generation of a leadership model of management and have become the basis for the "T—Transformation" programme, within the framework of which the work on optimising business processes in the bank, as well as the discussion of innovative projects is made. The values have become the basis for the development of the employer's value proposition and were taken into account when developing the bank's new external marketing positioning.

Seminars have been held at the head office and all of the bank's regional offices in order to reveal important aspects of corporate values. More than 21,000 employees participated in the seminars. The bank actively provides workshops on the introduction of new corporate values.

> 21k

EMPLOYEES

participated in the seminar on corporate culture transformation in all of the bank's offices

Further to its work on corporate culture transformation, the bank won the Crystal Pyramid award for achievements in human capital management in two categories at once: "2019 transformation of the organisation and corporate culture" and "2019 HR team".

2019 STRATEGIC OBJECTIVES ACHIEVEMENT

Creating a Career planning system, Incentive programme and Performance indicator

Career planning system

In 2019, a unified approach to career development was supported: namely career consulting for managers and employees, development of career models for exemplary employment of various departments, training managers to conduct career dialogues, as well as completing development plans. A "Development Guide" including methods and tools for self-development was launched. A 360-degree assessment based on a behavioural occurrence model has also been automated and launched.

In the course of career planning system's development the bank developed and launched:

"DEVELOPMENT GUIDE"

including methods and tools for self-development

"360-DEGREE"

assessment system based on a behavioral occurrence model was automated and launched

Grading system introduction

In April 2019, the transition to the grade system according to Hay Group methodology was implemented. All positions in the head office and regional network have been analysed, assessed, and assigned a grade. Salary and income ranges for each grade have also been developed and implemented.

On August 1, 2019, employees of the regional network were transferred to the grading system including both the financial motivation system and the benefits line linked to the grades to ensure transparency of salaries.

Staff performance assessment

In 2019, an automated procedure for an annual performance assessment (activity goals and goals for development of behavioural occurrences that support new corporate values) was introduced. The bank generated a skill pool, and implemented an assessment of the quality of internal services and interaction between various departments of the bank. For the first time the performance of annual tasks will be evaluated based on the results of 2019.

Incentive programme

In order to support key business development initiatives and priorities, the bonus system has been provided for KPIs to increase the focus of the bank's employees on indicators characterising the satisfaction of external clients:

- Net Promoter Score
- Customer Satisfaction Index.

Additional bonus systems have also been introduced: namely "For expert mentoring" and bonuses within the framework of "Share Otkritie" awards under the SME leading generation programmes.

The bank operates a new incentive programme for Otkritie:

1

a unified remuneration structure for all bank employees

2

a system of variable remuneration related to the department's functions

3

a commission system of bonuses on the front line¹

4

KPI maps for each department, associating the basic goals of work with the remuneration level

5

a system of long-term remuneration for 3 years for the top management level, where the number of bonuses depends on the performance of strategic KPIs

In addition, motivation systems have been developed and implemented in the group's companies, providing for:

- an approved matrix of functional interaction with subsidiaries
- key policies and approaches (developed and communicated to all subsidiaries) to Incentive programmes in Otkritie group's companies
- a unified Incentive programme of all key subsidiaries of the group (Otkritie Broker, RGS Bank, Otkritie Non-State Pension Fund, Rosgosstrakh Insurance Company, Otkritie Factoring, Baltic Leasing, Customs Card, Otkrity Leasing, Otkritie Asset Management)
- a developed and approved long-term bonus programme for the top management of subsidiaries: Rosgosstrakh Insurance Company, RGS Bank and Otkritie Broker.

¹ Bonuses for KPI performance for other positions and departments

2019 STRATEGIC OBJECTIVES ACHIEVEMENT

Staff training system

In 2019, a programme for strategic leadership and team spirit development during the digital transformation period was launched for top managers in collaboration with the IMD—International Institute for Management Development, a Swiss business school, in order to develop team interaction skills, as well as to expand the managerial range required to retain and motivate employees, as well as to increase their engagement and effectiveness in teams.

In 2019, within the framework of the programme, training was held on “leadership” and “digital transformation” modules. 68 managers took part in the programme. This programme provides participants with access to the world’s best practices via partner programmes with international business schools and meetings with the management of leading global companies.

Also, together with the Skolkovo business school, a “Leader Transformation” modular training programme for middle managers has been developed in order to bring together internal attitudes and create a unified value field. The programme includes three full-time modules and is designed for 600 people. In 2019, 313 managers completed training in the first module.

These programmes help participants reach their potential in the following areas:

- managerial qualities and skills
- coaching and mentoring
- change management and implementation
- innovation introduction
- digital approach to business processes
- customer-centricity.

Such programmes helped inspire the team to successfully implement current tasks and to achieve strategic priorities of Otkritie group, as well as to motivate them to introduce innovations in products and business processes. Due to mass coverage, participants become like-minded, understand each other better, manage their teams more effectively, and are united in supporting the bank's goals.

New online and full-time training programmes have been developed to ensure that employees possess key competencies. 255 online courses on skills, products, processes and software, as well as 80 full-time programmes lasting 1 to 10 days have been created for various departments of the bank.

255

ONLINE COURSES

on skills, products,
processes and software

80

FULL-TIME PROGRAMMES

lasting 1 to 10 days

Universe of discoveries

Otkritie bank has established a corporate university called “Universe of discoveries”.

33

TRAINING CENTRES

in the largest cities of Russia

The flagship training centre in Moscow

1,500

M²

AREA

of training center
in Moscow

> 300

PEOPLE PER DAY

a capacity of training
center in Moscow

Employer's brand strengthening

In 2019, Otkritie bank employer brand creation project was implemented, which allowed for the brand's attractiveness in the opinion of candidates to be strengthened, as well as to retain and inspire employees already working at the bank. Within the framework of the project, the employer's value proposition called "Otkritie is a bank open to changes" was created. This value proposition focuses on the fact that in a rapidly changing Otkritie bank one can realise their capabilities and aspirations, as well as obtain new knowledge and experience, solve unique tasks and overcome interesting professional challenges.

Engagement survey

In October 2019, for the first time in the bank's new history, a large-scale employee engagement survey was carried out. More than 76 % of employees participated in it. The engagement score was 82.3 %, which means that employees are motivated and work in an environment promoting high productivity.

In terms of engagement score, Otkritie bank ranked high among the banks participating in the "Banks of Russia" benchmark, and also entered the top 25 companies in Russia.

The study also demonstrated the loyalty level of the bank's employees which was 73.5 %. This is a good result. The bank is among one of the best—out of both Russian banks and companies participating in the study. The survey also showed that 47 % of employees are ready to recommend the bank to their friends as a potential place of work.

82.3%

STAFF ENGAGEMENT SCORE

73.5%

THE LOYALTY LEVEL OF
THE BANK'S EMPLOYEES

Awards and Bonuses

No.6

AMONG THE BANKS

The bank entered the rating of the best employers in Russia according to [Forbes](#)¹



Otkritie bank received the gold award of the annual SAP Value Award 2019 in the "People are the most valuable capital" category. The project of transferring the bank to a single automated staff management system received a very high rating.

1000

The top managers of the bank and Otkritie group were included in the top 1000 best managers of Russia-2019

Mikhail Zadornov, President—Chairman of Otkritie bank's Management Board, was among the business leaders—the most prestigious nomination in the annual rating of the 1000 best managers of Russia compiled by Kommersant.

The rating of the top 1,000 managers in Russia also included Vladimir Krekoten, CEO of Otkritie Broker, and Dmitry Lavrentiev, HR Director of Rosgosstrakh Insurance Company as part of Otkritie group.

No.1

The best directors for public and corporate relations among commercial banks

Anna Kanter-Amelkina, Vice President, Director of the communications division and spokeswoman for the President—Chairman of Otkritie bank's Management Board, led the rating of the best directors for public and corporate relations among commercial banks.

The winners in various categories also included: Dmitry Levin, Deputy President—Chairman of Otkritie bank's Management Board, Sergey Rusanov, Head of IT of Otkritie bank, Evgeny Sidorov, Head of the marketing and communications unit of Otkritie bank, Nataliya Ryzhova, Head of the corporate communications unit of Otkritie bank, Alexander Poluyanov, Vice President, Director of the legal department of Otkritie bank, Elena Salikhova, Senior Vice President, Head of the HR management unit of Otkritie bank.

¹ <https://www.forbes.ru/rating/387403-50-luchshih-rabotodateley-rossii-2019>

Automation and HR management

In January 2019, in the context of the integration of Otkritie and B&N Bank, the transition to the new SAP personnel accounting and payroll software was implemented.

A new employee registration procedure has been also optimised: the period for organising the workplace and providing access has been shortened.

Support for the transformation procedure of the B&N Bank legacy branch network in terms of staffing and registration of HR documents has been provided. The bank has been awarded a gold award in the "People are the most valuable capital" category of the annual SAP Value Award for the project of switching to a new system of personnel accounting and payroll.

OH&S

The following regulatory documents were developed, approved and put into effect:

- OH&S instructions in 12 fields
- Procedure for the investigation of accidents with bank employees
- Procedure for organising training and testing of knowledge of OH&S requirements for bank employees
- Procedure for conducting the specific assessment of working conditions in the bank
- Procedure for mandatory medical examinations (check-ups) and the mandatory psychiatric evaluation of certain categories of bank employees
- Regulations for the free issue of overalls, footwear and other individual protection means, developed in accordance with standard specifications, "Intersectoral rules for providing workers with overalls, footwear and other individual protection means" (app. by Order No. 1570 dated 28.10.2019)

The bank has carried out a mandatory medical examination and psychiatric evaluation of company-provided vehicle drivers and cash collectors.

A distance learning programme and verification of knowledge of the bank's OH&S requirements has been developed. More than 23,000 bank employees have been scheduled to receive training on occupational health and safety and to check their knowledge.

The OH&S team, in cooperation with branch managers and regional operating offices, has created an institute responsible for organising work on OH&S in the regional network, as well as developing a system for their professional training.

A specific assessment of working conditions at 4,220 workplaces has been carried out.

The conducted work has allowed for the development of Regulations on the occupational health and safety assessment system in the bank to be started.

Following the integration of Otkritie and B&N Bank, preparatory works were carried out during 2019 for the implementation and operation of the new occupational health and safety system (OH&S).

23_k

**BANK EMPLOYEES
RECEIVED TRAINING
ON OCCUPATIONAL
HEALTH AND SAFETY**

GOALS FOR 2020

1

Implementation of two general bank programmes:

- "Career development", dedicated to the creation of an integrated approach to career development
- The "Open space" balance development programme, aimed at improving indicators associated with human well-being

2

Within the framework of the career planning system in 2020, it is planned to allocate and develop expert careers, develop a culture of internal rotations within the bank, as well as launching a programme to train experts in key positions within the bank

3

In 2020, it is planned to continue the manager development programmes ("Opening the future" and "Leader transformation" programmes) as well as the further development of the team leadership program in collaboration with IMD

4

Internal coaching system development and applying best practices in corporate university programmes

5

End-to-end grading system introduction within the group

6

Synchronisation of group subsidiaries incentive programmes

7

"Career start" programme realisation for young employees and those employees who are willing to change the working specialisation. The programme includes staff selection and coaching by employees. As a result, within 6-12 months the interns may become associates

8

Development and maintenance of the bank's occupational health and safety system

9

"Happy employee" programme development with the focus on the digitalisation of the main functions and the creation of fast and convenient working processes in order to improve the bank-client experience

SOCIAL RESPONSIBILITY

138 Social Responsibility

140 Otkritie for Society

142 Otkritie for Clients

144 Otkritie for Employees

SOCIAL RESPONSIBILITY

OTKRITIE FOR SOCIETY

150 M P

+163%
spent on charity by the group companies

108

EDUCATIONAL INSTITUTIONS

interacting with the bank

Environment

92 TONNES

of paper sent for recycling

190 TONNES

of waste electronic and electrical equipment sent for recycling

1 The management team includes the Management board members, unit leaders and their deputies, chief auditor, and leaders of stand-alone business units (direct subordination only).

OTKRITIE FOR CLIENTS

72

CUSTOMER SERVICE POINTS

in remote areas

3

NEW REGIONS

the Kamchatka Region, the Republic of Sakha (Yakutia), the Republic of North Ossetia

5.2 K

OWN ATMS

CUSTOMER SUPPORT PROGRAMS IN 2020

OTKRITIE FOR EMPLOYEES

22.4 K

EMPLOYEES

43%

WOMEN

in the management team¹

36 YEARS OLD

AVERAGE AGE OF EMPLOYEES

730 K

ACADEMIC HOURS

for employees training

Each year, Otkritie bank implements many socially significant projects at the federal and regional levels aimed at training its employees, supporting charity, developing culture and art, as well as improving the environmental situation. The bank also develops a volunteer movement of employees and supports social entrepreneurship.

In 2019, with the support of Otkritie bank, dozens of events were held—cultural and educational, charitable, social, sports and entertainment events. In particular, with the financial support of the bank, the tour of the Bolshoi Symphony Orchestra, the festival of classical ballet in Samara, the literary festival of Robert Rozhdestvensky, and the “Russia Tour. 360” photo exhibition were held.

Supporting the Konstantin Khabensky Charitable Foundation, the bank continues to help children with cancer and other serious illnesses, and Otkritie employees traditionally participate in various charity events on New Year’s Eve.

For the second year in a row, Otkritie has been actively developing its own volunteer movement aimed at helping orphans, elderly people in nursing homes and veterans, as well as environmental campaigns. Each employee of the bank can present a volunteer project on a competitive basis and receive the financial support from the bank for the realisation of the project.

Active help to orphans, elderly people, veterans and ecological actions

2 YEARS

OF OTKRITIE VOLUNTEER MOVEMENT

OTKRITIE FOR SOCIETY

Charity

Support of the Konstantin Khabensky Foundation

Otkritie bank provides infrastructure support to the Konstantin Khabensky Foundation—you can help the Foundation's care recipients with just a few clicks through online banking for businesses. Simply enter the desired amount in an already prepared payment receipt and send the payment.

The Khabensky Foundation helps children with cancer and other serious brain diseases receive the necessary medical care on time and return to a full life more quickly. In 2019, RUB 7,230,000 was raised with the help of Otkritie bank.

Volunteer movement

Since 2018, Otkritie bank not only provides financial assistance and support to charitable foundations and projects, but also actively develops a volunteer movement. Each employee can present a volunteer project on a competitive basis and the bank will provide them with financial support in the amount of up to RUB 30,000. Project directions: assistance to orphans, elderly people in nursing homes and veterans, environmental campaigns. Over two years of the project's existence, nearly 3,000 people have received support from Otkritie volunteers. 42 campaigns were held by more than 200 volunteers.

Helping people find themselves in a difficult life situation

Every year Otkritie employees all over Russia take part in New Year's charity events of friendly foundations: "Volunteers to help orphans", "Rostok", "Faith" and "Give the Gift of Life". Last year we sent more than 450 gifts to families with seriously ill children, orphans, hospices and adults with mental disabilities who are learning to live independently.

In addition, Otkritie bank's head office hosts an annual Christmas market with charitable foundations.

Environment

Otkritie bank supports initiatives in the field of caring and responsible attitudes towards the environment, minimising the negative impact on the environment and saving resources consumed.

To solve these problems, the bank is taking measures to reduce the resources consumed and utilising waste being occurred in the course of business.

The bank's use of energy-saving technologies allows for the amount of energy consumption per unit area to be reduced annually. In 2019, energy savings were achieved due to:

- installation of LED lamps in lighting systems;
- fulfilment by staff of internal administrative requirements for energy saving;
- reducing the number of electric heaters used for space heating.

When carrying out the bank's economic activities, hazard class 1–5 waste is generated: household garbage, paper waste, used office equipment and computer equipment, office equipment cartridges, batteries, fluorescent lamps.

Hazardous waste of hazard classes 1–3 and electronic waste and electrical equipment (hazard class 4) are transferred to specialised organisations for recycling and disposal.

Low-hazard and non-hazardous waste of classes 4–5 is transferred for disposal to specially equipped solid municipal waste landfills.

For bank objects (categories III, IV and those not having a category), the following is carried out:

- submission of a 2-TP statistical reporting form for waste management (waste);
- reporting to regional waste inventories;
- submission of a negative environmental impact payment declaration;
- waste logs maintenance.

For more information please refer to page 187.

Cultural activities

Exhibition of "Russia Tour. 360"

Otkritie bank and the Russian Geographical Society opened the All-Russian "Russia Tour. 360" photo exhibition. The exhibition started at Kazan International Airport, then it moved to Novosibirsk airport and will continue its journey through the country's largest cities.

The photo exhibition presents the best pictures taken while working on the film "Russia. A virtual journey". The film is a joint project of the Russian Geographical Society and Otkritie bank, which was presented at the IV Festival of the Russian Geographical Society in Moscow in September 2019. The film is an 8-minute diary of a traveller who refers to a resident of a modern metropolis. At the exhibition, the film is presented in a special version for VR glasses—everyone can see a unique picture.

The exposition presents pictures of the beauty of nature and wildlife taken in nine unique regions of Russia—guillemots nesting on the Kola Peninsula, cloud formation on Ai-Petri Mountain, ringed seal life, grey whales in Kamchatka and much more.

Supporting the Samara Academic Opera and Ballet Theatre

Otkritie bank sponsored the 2019/2020 theatre season of the Samara Academic Opera and Ballet Theatre. In 2019, the theatre hosted the XIX festival of classical ballet named after the great Russian ballerina Alla Shelest, Otkritie bank was also a general partner. The Alla Shelest Festival annually becomes a memorable forum that brings together the best Russian ballerinas and world-class dancers. In 2019, the festival was opened by the premiere of the "Bakhchisarai Fountain" ballet poem.

Supporting the Robert Rozhdestvensky Festival

Otkritie bank is an annual partner of the Robert Rozhdestvensky Literary Festival in Barnaul. As part of the festival, theatre and cinema artists read the poet's works, excursions take place in the Rozhdestvensky museum, and a monument to the famous 60's poet is erected in the village of Kosikha.

Tour of the Big Symphony Orchestra

In 2019, with the financial support of Otkritie bank, a tour of the P. Tchaikovsky Bolshoi Symphony Orchestra was held: in Sochi, the orchestra under the direction of Vladimir Fedoseyev performed in the Great Hall of the Sirius All-Russian Scientific and Educational and Cultural Centre, where works by W. A. Mozart, P. I. Tchaikovsky, J. Brahms were performed. In Rostov-on-Don, musicians performed in the Great Hall of the M. Gorky Rostov Drama Theatre, where works by P. I. Tchaikovsky were performed.

Concerts in St. Petersburg were held at the State Academic Chapel as part of the festival dedicated to the 75th anniversary of the lifting of the siege of Leningrad, and were timed to the annual St. Petersburg International Cultural Forum. The music of domestic composers of the XX century and the musical premieres of young authors of St. Petersburg were performed.

Sports events

Cooperation with Spartak Moscow Football Club

Since 2014, Otkritie bank and FC Spartak Moscow have been operating a long-term strategic partnership sponsorship agreement unprecedented for the Russian market. In 2018, the agreement was extended for another 5 years.

Within the framework of this agreement, the home stadium of FC Spartak Moscow, the first in almost a century of the club's history, was named Otkritie Arena. In 2018, the stadium hosted FIFA World Cup matches.

The bank's sponsorship funds are directed to the development of the club's infrastructure, support of youth football and veterans of sports.

Yugra ski marathon

Otkritie bank is a regular sponsor of the open competition in ski racing—the Yugra Ski Marathon, which is a part of the prestigious Russialoppet series and the FIS Marathon Cup. About 2 thousand amateur athletes participate in the races on 5, 25 and 50 km along with stars of the sporting world.

Regional network development

Otkritie bank pays great attention to federal network development. An important strategic objective includes comfortable customer service and the availability of bank services.

In 2019, the regional presence of Otkritie bank was supplemented by three new regions: the Kamchatka Region, the Republic of Sakha (Yakutia), and the Republic of North Ossetia.

Otkritie bank offers quality service and competitive financial products, as well as participating in the financing of infrastructure projects in the social field, in medicine and preschool education, offering special products and conditions to employees of budgetary institutions. An equally important area of the bank's business development is servicing entrepreneurs.

The bank's participation in charity projects boosts the development of social activity, partnerships and civil society in the regions of the Russian Federation.

THE BANK'S CUSTOMER SUPPORT PROGRAMMES DURING THE CORONAVIRUS EPIDEMIC

Preferential loans for businesses. Payroll projects with 0% interest

The bank offers interest-free 6-month payroll loans to small businesses, which operate in the affected sectors of the economy.

Lending is carried out as part of the state programme of preferential lending to small businesses for urgent needs to support and maintain employment (Decree No. 422 of the Government of the Russian Federation dated 02.04.2020).

The validity period of the preferential loan rate in the amount of 0% will be up to 6 months, after this period the rate under a contract will be increased to 4% per annum.

Cancellation of cash and settlement services fees

The bank has cancelled the subscription fee for six months on basic service packages, fees for maintaining an account at standard rates, for cashless payments to current accounts and payments through online banking.

Acquiring from 1% and cancellation of terminal fees

The bank has cancelled fixed fees for the terminal provided by the bank and reduced the acquiring rate to 1% for new customers when connecting to the First Step, Fast Growth and Own Business service packages.

Repayment holidays for small and medium business clients¹

The bank offers its clients a grace period of up to six months for principal and interest payments without any financial analysis of the borrower.

Repayment holidays and cancellation of cash and settlement services fees are available for the following industries

- HoReCA (hotels, restaurants, cafes)
- Beauty salons
- Sports, recreation and entertainment
- Travel agencies and organisations providing tourism services
- Children's development centres, additional education institutions

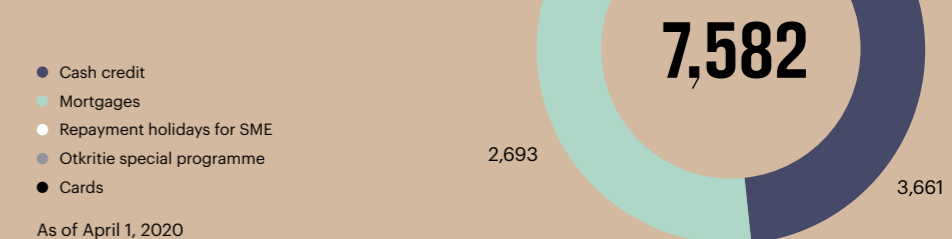
Repayment holidays for individuals affected by coronavirus

Otkritie bank supports its individual customers who have found themselves in a difficult life situation during the epidemic of the coronavirus infection. For such clients, repayment holidays are provided for up to three months. During this time, the borrower will be completely exempt from making a monthly payment on a mortgage or consumer loan.

Additional measures to support retail customers

- Mortgage holidays according to Law 76-FZ dated May 1, 2019
- "Deferred Payment" for a month (if there were no late payments under the agreement) and "Transfer of Payment" (the possibility to change the date of the month in which the payment is debited) services for cash loans
- Continued maintenance of cards expired in March 2020
- Home delivery of bank cards, including salary cards—for self-isolating customers

Number of clients who have applied for supporting services, people



¹ In accordance with Federal law No. 106-FZ dated April 03, 2020, "On amendments to the Federal law 'On the Central Bank of the Russian Federation (Bank of Russia)'"

OTKRITIE FOR EMPLOYEES

The effective interaction between employees is at the heart of any successful organisation. Internal communications are tools for informing, collecting feedback and sharing experience.

Creation of an effective system of internal corporate communications

Using internal communications, employees quickly learn about key news and changes within the bank, have the opportunity to express their opinions, share experiences and, most importantly, can understand the direction the bank is moving in: how its goals, missions and values are related to daily work, and how they can achieve success and develop within the organisation.

The following internal communications channels are available to bank employees:

The Daily Internal Corporate Portal is an information portal and a central intranet platform for communication between bank employees. The portal publishes 3–5 news items daily at the federal and regional levels and serves as a source of useful working information for 15,000 readers.

The People Learning Portal provides regular distance learning for all bank employees.

Meetings with Management:

- Meeting of the President—Chairman of the bank's Management Board with the top 150 employees with the possibility of online broadcasting for regional leaders are held each quarter
- Meetings of regional branch managers, as well as systematic meetings of business lines' and units' representatives are held twice a year

Entertaining and educational activities:

- Informal events (general banking, cross-functional events and those within units). In 2019, one of these events was associated with the launch of the bank's external positioning with a new brand ambassador—the singer "Basta" (V. Vakulenko). The specially organised concert of Basta for employees was attended by over 1,200 people
- Open University is an open platform for employees, where invited experts give lectures on a variety of topics (for example, history of cinema, modern trends in architecture, etc.). About 100 people attended such events, which are held twice a month from September to June
- A Welcome Day for new employees is held three times a month for the head office (attendance from 40 to 80 people), and in the regions—in person or in the format of webinars

Launch of the Happy Employee Programme

In 2019, Otkritie launched the Happy Employee Programme, the goal of which is to create a new and modern user experience for employees within the company. The Programme creates an ecosystem of electronic services and resources with which employees can independently solve all standard tasks—to order and receive certificates, plan vacations, fill out various applications, take distance training courses, submit ideas on the development of the bank, create communities of like-minded people on internal social media, order a taxi and more.

The basic set includes about 100 services that will be presented on the bank's new intranet portal. Some services will be available to employees on mobile devices. Managers will also have their services, including a number of tools for completing management tasks.

The Happy Employee Programme is designed for two years. The launch of services will be phased.

Implementation of a cooperation programme with educational institutions

Last summer, for the first time, the bank implemented a large-scale summer internship programme "Otkritie. Start-2019". 1,696 candidates submitted applications, and 151 people became participants in the programme as a result of the selection process. The internship programme covered 32 cities where the bank operates, and 28 people were employed as a result.

A total of 866 people completed practical training at the bank during the year, and the number of educational institutions interacting with the bank has reached 108. 145 events were held with specialised educational institutions, with over 6,000 participants.

In May 2019, the "Banking and Insurance" specialisation department was established at Ulyanovsk State Technical University (Ulyanovsk) with Otkritie bank's involvement. As part of the department's activities, a programme of continuing professional education "Modern Operational Activities of a Commercial Bank" was launched, as well as the competitive selection of candidates from among university students for vacant positions in the bank was implemented. Also, a series of thematic meetings, workshops and open lectures was held for the bank's employees.

Social programmes

In 2019, a social package was expanded for bank employees. Otkritie bank insured the risk of the initial diagnosis of critical diseases, introduced a Telemedicine service, allowing for remote medical consultations to be received even in remote regions, and introduced a benefit for socially vulnerable categories of the bank's employees and their households in the form of partial subsidies for holidays within the territory of the Russian Federation.

CORPORATE GOVERNANCE

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PRINCIPLES AND STRUCTURE

The bank is working on the development of a corporate governance system in order to increase its efficiency, competitiveness, information transparency, as well as to improve the perception on the part of the shareholders, investors, representatives of the business community and any other stakeholders.

The bank's corporate governance system is a set of rules, procedures and decision-making processes that guide and control the bank's activities, as well as build a system of relationships between the bank's executive bodies, the Supervisory Board, shareholders and any other stakeholders.

The competence of the bank's management bodies is determined by the Federal Law "On Joint-Stock Companies" and the bank's Charter.

The bank strives to meet high standards of corporate governance, following the principles of corporate governance, described in the Corporate Governance Code approved by the Bank of Russia on April 10, 2014.

GENERAL SHAREHOLDERS' MEETING

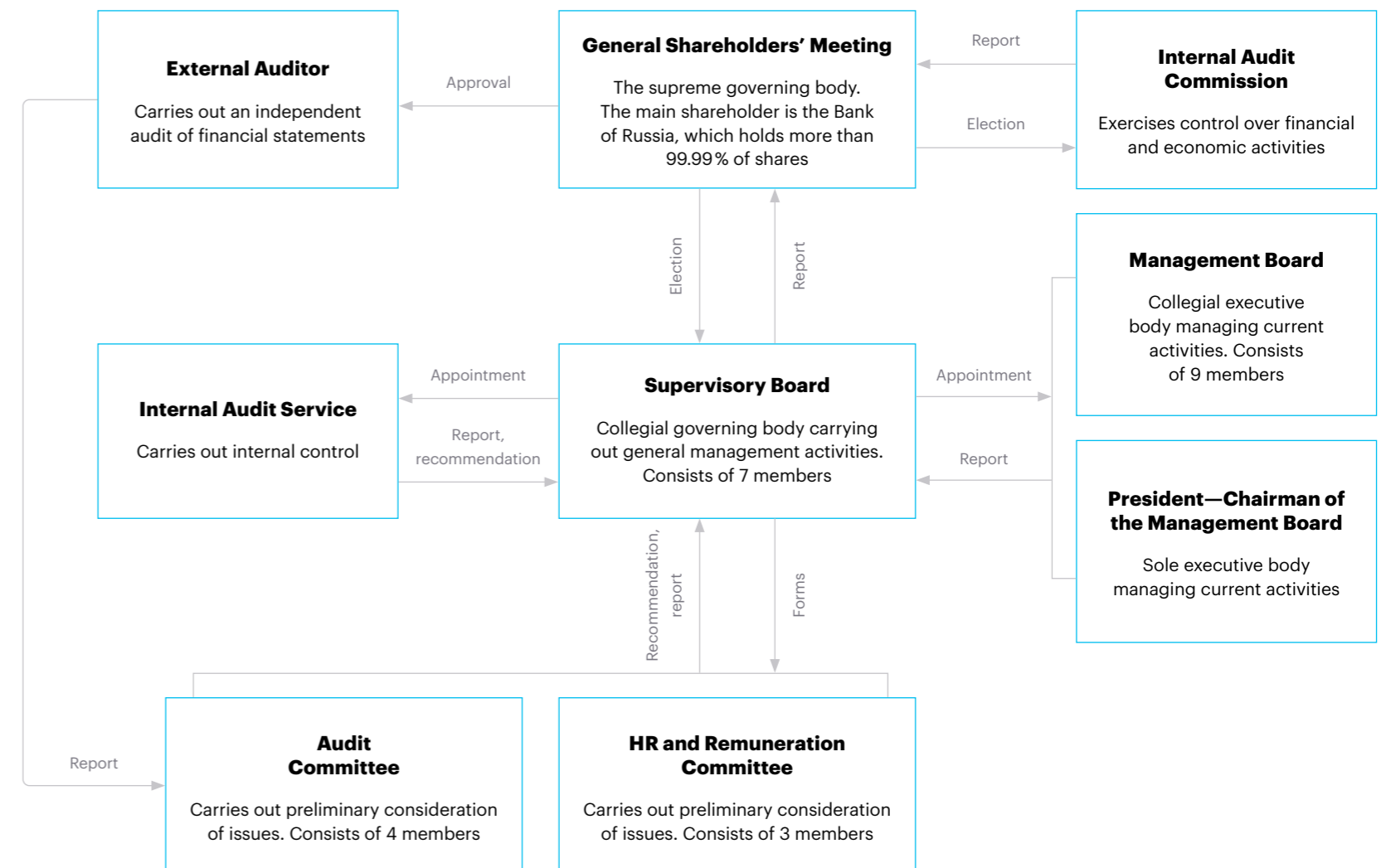
The supreme governing body of the Bank, which makes decisions on the main issues of its activities.

SUPERVISORY BOARD

A collegial governing body that is formed by the General Shareholders' Meeting and is accountable to it. It determines the priority areas of the bank's activities and provides overall management of its activities.

EXECUTIVE MANAGEMENT BODIES

Carry out management of current activity.



In July 2019, the Board of Directors of the Bank of Russia decided to complete measures of Otkritie bank's bankruptcy prevention¹:

The implementation of measures to prevent bankruptcy made it possible to ensure uninterrupted bank customer service, create provisions for possible losses on problem assets in the amount necessary to cover existing and potential risks, and to restore the bank's stable financial position.



The Central Bank of the Russian Federation announced the completion of financial rehabilitation procedures of Otkritie bank

¹ http://www.cbr.ru/press/PR/?file=02072019_191540ik2019-07-02T19_15_12.htm

DEVELOPMENT OF CORPORATE GOVERNANCE IN 2019 AND PLANS FOR 2020

During 2019 the bank followed the Corporate Governance Code recommended by the Bank of Russia and fully complied with the majority of its provisions (based on the report of compliance with the provisions and recommendations, the form of which was approved by the Letter of the Bank of Russia on February 17, 2016 No. IN-06-52/8).

During 2019 the corporate governance system was developed in the following main areas:

the bank's Charter was amended to optimise the distribution of competencies between governing bodies. In particular, the division of competence between the Supervisory Board, the Management Board and the President—Chairman of the Management Board has been clarified for making decisions on the participation (termination of participation) of the bank in other organisations

an electronic support service for meetings of the Supervisory Board and Committees of the Supervisory Board has been introduced, providing the opportunity to familiarise members with materials for meetings in electronic form, remote participation in meetings and electronic voting

the bank's internal regulatory document governing the procedure for concluding related-party transactions has been updated

the main approaches to management have been identified at the group level

Otkritie group's Management Policy was approved, which establishes the main goals, objectives, defines the model and mechanisms for managing the bank's subsidiaries in accordance with the group's strategy, goals and risk management system

In 2019, the Group's Steering Committee was created, which is the coordinating working body regarding the management of subsidiaries and controlled companies of the bank.

Key decisions made by the Group's Steering Committee in 2019:

- functional interaction matrices describing the procedure of interaction between the bank's departments and subsidiaries by key functions and processes have been developed and approved;
- six group commissions were created for the operational management of key business processes in the group;
- methods have been developed, including those on key business processes that describe the rules and standards of work in the group, in particular, on the development of a business plan and budget control, the rules for selecting and evaluating key personnel, and information security rules;
- the group investment policy was developed, credit risk limits in the group were approved.

The following objectives of the bank's corporate governance development are set for 2020

1

Preparation of a new edition of the Corporate Governance Code taking into account the best practices and recommendations of the Bank of Russia

2

Increasing the number and role of independent directors—members of the Supervisory Board—to form an objective view of the bank's activities and the effectiveness of the chosen strategy, to express constructive criticism, to provide an independent view to the Supervisory Board and Management Board on topics of risk management and internal control system, management actions, the financial model and policies implemented by the bank

3

Change in the number and functions of existing committees of the Supervisory Board. The creation of new committees will increase the number of important issues for preliminary consideration, without loading the existing committees with excessive functions

4

Development and implementation of an introductory course programme for newly elected members of the Supervisory Board. This course will allow new members of the Supervisory Board to familiarise themselves with the bank's key assets, its strategy and business practice, the organisational structure and key managers, as well as the Supervisory Board's working procedures

SHARE CAPITAL

> 99.99%

SHARES OF THE BANK ARE OWNED BY THE BANK OF RUSSIA

226 BN P

THE SHARE CAPITAL OF THE BANK

The Bank of Russia is the majority shareholder of Otkritie bank, which holds more than 99.99% shares of the Bank. In 2019, the total number of shareholders of the bank was reduced from more than two thousand entities and individuals to three as a result of the exercise by the Bank of Russia of the right to repurchase shares of the bank provided for by Article 189.50 of Federal Law No. 127-FZ dated October 26, 2002 "On Insolvency (Bankruptcy)".

In 2020, it is planned to complete the consolidation of 100% of shares of Otkritie bank with the Bank of Russia. According to the press release of the Bank of Russia "On the completion of financial rehabilitation procedures of Otkritie bank" dated July 2, 2019¹, the Bank of Russia plans to partially sell the bank's shares in 2021. The number of bank's shares for sale will be determined taking into account market conditions and the results of the bank's activities, as well as the methods for selling shares of credit organisations acquired by the Bank of Russia in the course of bankruptcy prevention measures as provided for by the laws of the Russian Federation.

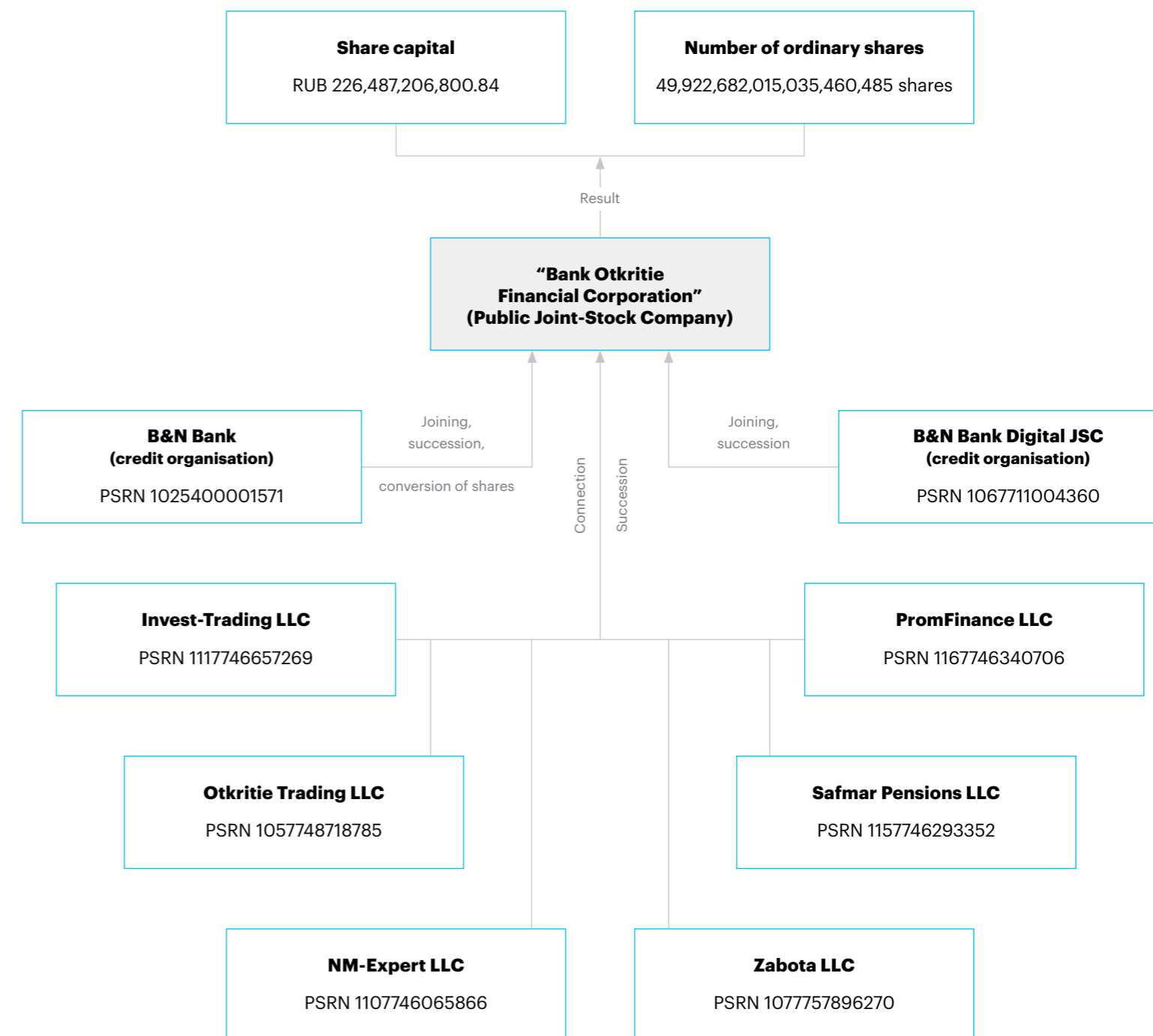
On January 1, 2019, the bank's reorganisation was completed by merging B&N Bank and a number of other companies, as a result of which:

13,272,053,259,047,560,485 of the bank's ordinary shares were additionally placed by conversion (registration numbers of additional issues of shares—10202209B003D-10202009B009D)

preferred shares of the bank were cancelled (registration number of shares: 20302209B)

share capital of the bank was increased by RUB 60.2 billion

¹ http://www.cbr.ru/press/PR/?file=02072019_191540ik2019-07-02T19_15_12.htm



During 2019, the bank's Register of Securities Owners was maintained by an independent registrar, Independent Registrar Company Joint-Stock Company (Licence of a professional participant of the securities market for maintaining a register of securities owners No. 045-13954-000 001 dated September 6, 2002), after its reorganisation in February 2019—by Independent Registrar Company R.O.S.T. Joint-Stock Company (Licence of a professional participant of the securities market for maintaining a register of securities owners No. 045-13976-000001 dated December 3, 2002).

DIVIDEND POLICY

The bank's dividend policy is fixed in the Regulations on the dividend policy.

The Supervisory Board will approve and introduce a new dividend policy by the end of 2020.

The decision to pay (declare) dividends and (or) other use of retained earnings is taken by the General Shareholders' Meeting on the recommendation of the Supervisory Board of the bank. The size of dividends may not exceed the amount recommended by the Supervisory Board of the bank. Dividends are paid from the net profit of the bank and are distributed among the shareholders in proportion to the number of their shares of the relevant category and type.

In determining the number of dividends recommended to the General Shareholders' Meeting the Supervisory Board proceeds from:

the bank's financial performance (amount of net profit determined according to financial statements of the bank, compiled in accordance with the requirements of the legislation of the Russian Federation, remaining at the bank's disposal after tax)

financial and business plans of the bank for the next reporting period

the bank's compliance with statutory ratios set by the Bank of Russia

interests of the bank and shareholders in relation to the bank's long-term growth

The declared (accrued) dividends payment in 2019

At the meeting held on May 27, 2019, the bank's Supervisory Board recommended to the General Shareholders' Meeting to approve the payment of dividends according to the results of 2018.

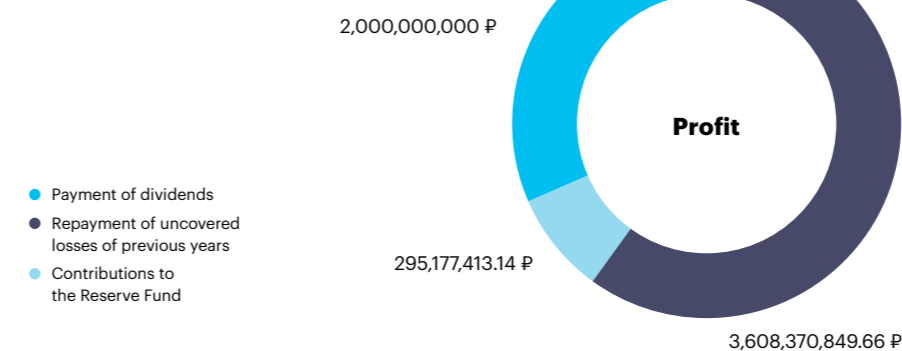
The total amount of dividends paid on the bank's shares amounted to

2,000,000,000 ₺

or 0.00000000040061950185 ₺ per one placed ordinary share of the bank

At the annual General Shareholders' Meeting held on June 28, 2019, taking into account the recommendations of the Supervisory Board, it was decided that the bank's profit for 2018 would be distributed as follows:

Net profit distribution



Profit distribution was carried out in accordance with the bank's dividend policy.

MANAGEMENT BODIES— ROLE, MEMBERS AND MAIN GOALS

General Shareholders' Meeting

The General Shareholders' Meeting is the bank's supreme management body.

In 2019, in addition to the annual General Shareholders' Meeting, two extraordinary General Shareholders' Meetings were held.

The annual General Shareholders' Meeting was held on June 28, 2019, at which the following significant decisions were made:

- 1 approval of the annual report for 2018 and the annual financial statements for 2018
- 2 profit distribution and dividend payment for 2018
- 3 appointment of an audit organisation
- 4 election of members of the Supervisory Board
- 5 election of members of the Audit Committee
- 6 approval of new versions of key internal documents regulating corporate governance issues: Charter, Regulation on the procedure for preparing and holding General Shareholders' Meetings, the Regulation on the Supervisory Board

Supervisory Board

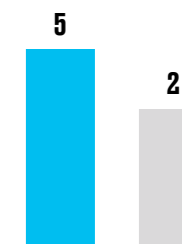
The Supervisory Board carries out the strategic management of the bank, forms executive bodies and controls their activities, determines the basic principles and approaches to risk management system and internal control organisation, and implements other key functions.

Members of the Supervisory Board comply with the requirements of the legislation to business reputation, possess profound professional knowledge and experience in the main areas of the bank's business.

In 2019, the bank's Supervisory Board held 25 meetings, 11 of which were held in the form of joint attendance. In 2019, the Supervisory Board considered a total of 132 issues, including the following key topics.

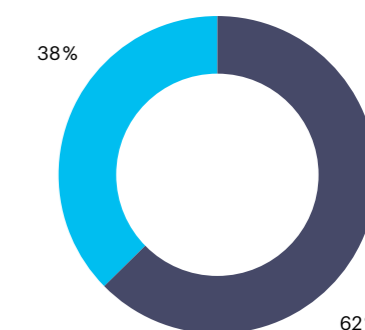
Specialization

- Economics and management
- Mathematics and technical science



Membership of the Supervisory Board by gender

- Male
- Female



25

MEETINGS

were held in 2019, including absentee voting

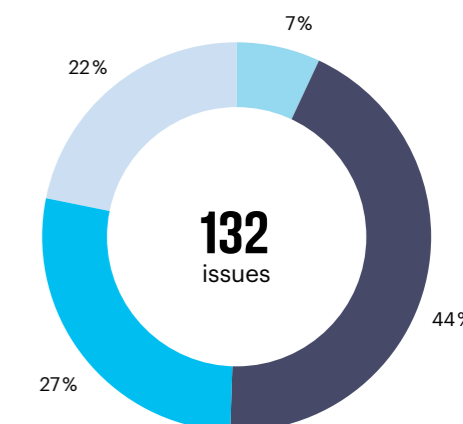
132

ISSUES

were considered in 2019

Containing issues reviewed

- HR issues
- Corporate governance, securities, internal procedures
- Risks and internal control
- Strategic issues



MANAGEMENT BODIES— ROLE, MEMBERS AND MAIN GOALS

Strategic issues

- consideration of the bank's and the group's business plan for 2020;
- consideration of reports of the corporate and investment business unit, the small and medium-sized businesses unit, the retail business unit, the IT unit and the operational unit strategy;
- participation and termination of participation in other organisations.

Risks and internal control

- setting and amending the limits of risk appetite and required capital of the bank for 2019;
- approval of the group's risk and capital management strategy, policies for managing concentration risk, credit risk, liquidity risk, market risk, interest rate risk, operational risk at the group level, group liquidity risk and capital management regulations, Bank Regulatory Risk Management Organisation Policies, Anti-corruption Policy, Conflict of Interest Management Policy, Provisions on the Organisation and Monitoring of the Internal Control System.

Corporate governance, securities, internal procedures

- approval of the Procurement Policy, Plan for the restoration of financial stability, Plan of actions aimed at ensuring ongoing activities and (or) restoration of the bank's activity in case of unusual and emergency situations;
- amendments to the stock exchange bond programme, securities prospectus;
- sale of the bank's treasury shares;
- consent to the conclusion by the bank of related party transactions.

HR issues

- approval of key performance indicators of employees performing internal control and audit functions;
- approval of the candidacy of Irina Kremleva for the election as a member of the Management Board;
- appointment of the head of the Internal Audit Service and approval of the structure of the internal control system;
- amendment of quarterly and annual key performance indicators of Management Board members.

4

MAIN DIRECTIONS

were identified containing
the key issues reviewed

Participation in the work of the Supervisory Board

Members of the Supervisory Board are elected by the General Shareholders' Meeting by cumulative voting. The right to propose a candidate is vested in shareholders holding in aggregate at least 2% of the bank's voting shares, as well as the Supervisory Board itself.

Name	Number of Supervisory Board meetings attended in-person and in the form of absentee voting
A. Golikov	25
M. Zadornov	25
N. Kasperskaya	19
A. Moiseev	14
A. Simanovsky	25
E. Titova	23
K. Yudaeva	25

The bank's Supervisory Board, which was in effect at the beginning of 2019, was elected at the annual General Shareholders' Meeting on June 29, 2018, re-elected at the annual General Shareholders' Meeting on June 28, 2019, and at the extraordinary General Shareholders' Meeting on August 22, 2019, with the following composition:

- Andrey Golikov,
- Mikhail Zadornov,
- Natalya Kasperskaya,
- Alexey Moiseev,
- Alexey Simanovsky,
- Elena Titova,
- Ksenia Yudaeva.

The members of the Supervisory Board did not change during 2019.

Liability of the members of the Supervisory Board for obligations arising from damage resulting from their wrong actions was insured by Ingosstrakh IJSC during 2019 (License SI No. 0928 dated September 23, 2015). The liability limit amounted to USD 25 million.

> 2%

VOTING SHARES

are required in order to
nominate candidates to
the Supervisory Board

\$25_M

AMOUNT INSURANCE

of the Supervisory Board
members' insurance
liability limit

BRIEF BIOGRAPHICAL DATA ON SUPERVISORY BOARD MEMBERS

Ksenia Yudaeva

Chairperson of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since December 21, 2017.

Since September 2013, Ms. Yudaeva has been the First Deputy Governor of the Bank of Russia. She is a member of the Bank of Russia Board of Directors. Since June 13, 2018, Ms. Yudaeva has been a member of the Supervisory Board of Trust Bank (PJSC).

In 2012–2013, Ms. Yudaeva held the position of Head of the Expert Department of the President of the Russian Federation in the Presidential Administration of the Russian Federation.

From 2008 to 2012, Ms. Yudaeva was a Senior Advisor to the President, Chief Economist, Head of Macroeconomic Research Centre of Sberbank of Russia.

From 2006 to 2008, Ms. Yudaeva was a research supervisor at the Centre for Strategic Research Foundation.

From 2003 to 2006, Ms. Yudaeva was a fellow of the academic council at the Carnegie Moscow Centre.

From 2000 to 2006, Ms. Yudaeva was a lead researcher and Director of the economic policy's research at the Centre for Economic and Financial Research and Development.

From 1999 to 2006, Ms. Yudaeva was a senior scientist at the Central Economic and Mathematical Institute under the Russian Academy of Sciences. From 1998 to 2000, a leading researcher at the Russian-European Centre for Economic Reforms.

Ms. Yudaeva was born in 1970. In 1992, she graduated from the Moscow State University with a degree in economics; in 1994, from the Russian Economic School, where she received a master's degree in economics. In 1998, Ms. Yudaeva received her PhD degree in economics at the Massachusetts Institute of Technology.

Mikhail Zadornov

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since December 21, 2017. President—Chairman of the Management Board of Otkritie bank since January 1, 2018.

Mr. Zadornov is the Chairman of the Board of Directors of Rosgosstrakh Insurance Company, Otkritie Non-State Pension Fund, RGS Bank; a member of the Supervisory Boards of Trust Bank, VTB Bank and Higher School of Economics National Research University.

From 2005 to 2017, Mr. Zadornov served as the President—Chairman of the Management Board of VTB 24 Bank.

In 2000–2005, he was a member of the State Duma Committee on Budget and Taxes.

From December 1997 to May 1999, Mr. Zadornov headed the Ministry of Finance of the Russian Federation.

From 1994 to 1997, Mr. Zadornov headed the State Duma Committee for the Budget, Taxes, Banks and Finances.

Mr. Zadornov was born in 1963. In 1984, he graduated from the Moscow Institute of National Economy named after G.V. Plekhanov with a degree in economics. In 1989, Mr. Zadornov completed his postgraduate studies at the USSR Academy of Science's Institute of Economics, PhD in economics.

Andrey Golikov

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since December 21, 2017.

Since 2003, Mr. Golikov has been the Deputy Chairman of the Supervisory Board of the Moscow Exchange. He is also the Deputy Chairman of the Supervisory Board of Russian National Reinsurance Company and a member of the Supervisory Boards of the National Clearing Centre, National Settlement Depository and Absolut Bank. Co-Chairman of the Board of Directors of the Self-Regulatory Organisation "National Finance Association".

From 2012 to 2014, Mr. Golikov was the Director of the investment and commercial unit at Strana detey CJSC.

In 2011–2015, Mr. Golikov was Co-Chairman of the Board of Directors of the National Funding Association.

From 2004 to 2011, Mr. Golikov was a member of the Management Board of Sberbank of Russia.

Until 1996, Mr. Golikov held the position of the Deputy Head of Dealing at Aeroflot Bank. After that Mr. Golikov worked at Sberbank of Russia for 15 years.

Mr. Golikov was born in 1969. In 1991, he graduated from the Moscow State University, with a degree in mathematics and mechanics; in 2016, from the Institute of Directors. Mr. Golikov has an IOD Diploma in Company Direction.

Mr. Golikov was awarded the Order of Honour for achievements in finance.

Paul Andrew Goldfinch

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since February 28, 2020.

At present Mr. Goldfinch is the CFO of 4finance SA (Latvia), and the deputy head of Fin Whiteline Management Ltd branch in Cyprus.

Mr. Goldfinch has over 25-years' experience in finance across a number of multi-national organisations. From 2016 until 2019 he was the deputy head of the Finstar Management (Overseas) Ltd branch.

From 2014 until 2016, Mr. Goldfinch was the CFO at Sberbank CIB.

Before 2014, Mr. Goldfinch worked at UBS Russia, Credit Suisse First Boston, The Fuji Bank (London), Citibank NA, KPMG.

Mr. Goldfinch was born in 1970. In 1992, he graduated from the University of Auckland in New Zealand with a Bachelor of Commerce, specializing in accounting and finance.

BRIEF BIOGRAPHICAL DATA ON SUPERVISORY BOARD MEMBERS

Alexey Moiseev

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since December 21, 2017.

Since July 2012, Mr. Moiseev has held the position of Deputy Minister of Finance of the Russian Federation. He is a member of the Board of Directors (Supervisory Bodies) of the State Corporation "Deposit Insurance Agency", JSC "DOM.RF", National Payment Card System Joint-Stock Company, Trust Bank, PO Kristall JSC, Fund for the Protection of the Rights of Citizen-Participants in Shared Construction, Alrosa, Rosippodromy, AlmazUvelirExport. Member of the Board of the Financial Commissioner. Mr. Moiseev chairs the Board of Directors of Goznak.

From 2010 to 2012, Mr. Moiseev held the positions of the Deputy Head of the Analytical Department and the Head of Macroeconomic Analysis at VTB Capital.

From 2001 to 2010, Mr. Moiseev was the Deputy Head of the Analytical Department at Renaissance Capital—Financial Consultant.

In 1998–2001, economist—senior analyst at the sovereign securities market of the Fixed Income Department at BNP Paribas Bank (London).

From February 1995 to September 1996, Category I Economist, Leading Economist at the Bank of Russia.

Mr. Moiseev was born in 1973. In 1995, he graduated from the Ordzhonikidze State Management Academy with a degree in international economics. In 1998, Mr. Moiseev received a master's degree in business management at the University of Rochester (USA).

Alexey Simanovsky

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since December 21, 2017.

Since 2007, Mr. Simanovsky has been the member of the Bank of Russia Board of Directors. Since October 2016, he has held the position of the Advisor to the Governor of the Bank of Russia.

From June 2018 to August 2019, Mr. Simanovsky was a member of the Supervisory Board of Trust Bank.

From February 2012 to October 2016, First Deputy Governor of the Bank of Russia.

In 2011–2016, Mr. Simanovsky headed the Banking Regulation Committee of the Bank of Russia.

In 2011–2012, Deputy Governor of the Bank of Russia.

From 1996 to 2011, he headed the Bank of Russia Regulation and Off-site Supervision Department.

From 1992 to 1996, Deputy Head of the Central Administration of the Bank of Russia in Moscow.

In 1986–1992, Mr. Simanovsky held different positions in the USSR State Bank.

In 1981–1986, he headed the Finance Department of the Car Service Organisation Rosavtotekhhobsluzhivaniye at the Ministry of Transport of the RSFSR.

In 1978–1981, an economist, senior economist of the Economy and Transport Finance Department of the Ministry of Finance of the RSFSR.

Mr. Simanovsky was born in 1955. In 1978, he graduated from the Moscow Financial Institute with a degree in economics. Doctor of Sciences (Economics). Mr. Simanovsky holds the title of Honoured Economist of the Russian Federation.

Elena Titova

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since December 21, 2017.

Ms. Titova is a member of the Board of Directors of Iconic and Qiwi plc, and a member of the Supervisory Board of Trust Bank.

From May 2014 to February 2018, she headed the Russian division of UBS.

In 2012–2013, Ms. Titova headed the Management Board of Russian Regional Development Bank and was a member of the Boards of Directors of JSC "Russian Grids" and PJSC FGC UES.

In 2013–2014, Independent Director of the Board of Directors of PJSC ROSSETI.

In 1997–2012, Ms. Titova headed the Goldman Sachs branch in Russia and CIS and held the position of President of Morgan Stanley Bank LLC.

From 1994 to 1997, she worked in the debt capital markets department at Goldman Sachs (New York) and in the communications and technology group of the investment banking department (London).

In 1990–1993, international market specialist of W.R. Grace & Co. (USA).

Ms. Titova was born in 1967. In 1989, she graduated from the Moscow State University with a degree in economics; in 1994, received a Master's of Management degree at the Kellogg School of Management at Northwestern University (USA).

Was relieved from the duties on February 28, 2020

Natalya Kasperskaya

Member of the Supervisory Board



Member of the Supervisory Board of Otkritie bank since June 29, 2018.

President of InfoWatch JSC, General Director of InfoWatch Laboratory LLC.

Ms. Kasperskaya is a member of the Grant Committee of the Skolkovo Foundation, Chairperson of the Management Board of the Association of Software Developers "Otechestvenny Soft" (Domestic Software), a member of the Expert Council on Russian software under the Ministry of Digital Development, Communications and Mass Media of the Russian Federation.

In 2007, Ms. Kasperskaya headed the InfoWatch Company.

In 1997, she became a co-founder of Kaspersky Lab and its CEO.

Ms. Kasperskaya was born in 1966. In 1989, she graduated from the Moscow Institute of Electronics and Mathematics with a degree in applied mathematics.

Information on Otkritie bank shares owned by the members of the Supervisory Board and on their transactions with shares in 2019

Name	Share in the authorised capital (percentage of ordinary shares owned) of Otkritie Bank	Information on transactions with Otkritie bank shares in 2019
K. Yudaeva	—	No transactions settled
M. Zadornov	—	No transactions settled
A. Golikov	—	No transactions settled
N. Kasperskaya	—	No transactions settled
A. Moiseev	—	No transactions settled
A. Simanovsky	—	No transactions settled
E. Titova	—	No transactions settled

Assessment of the Supervisory Board's Performance for 2019

For the purpose of increasing the quality of corporate management as well as considering the best corporate practices and tendencies, principles and recommendations of the Corporate Governance Code advised by the Bank of Russia, the Supervisory Board carries out independent assessment of its performance on an annual basis.

The self-assessment of the efficiency of the Supervisory Board's performance for 2019 was conducted by way of a questionnaire and results were presented at the Supervisory Board's meeting on May 26, 2020, following which the Report of the self-assessment results was confirmed.

In the opinion of the Supervisory Board's members, the performance of the Supervisory Board complied with the regulatory requirements and recommendations of the regulator and aimed at reaching the targets set by the bank's shareholders.

Members of the Supervisory Board have noted a high level of interaction between the Supervisory Board and the bank's management. Furthermore, attention has been paid to the positive dynamics in the operation of internal control and the risk management system.

The assessment has shown an improvement in the level of organisational and information coverage of the Supervisory Board's performance.

With respect to the control and evaluation of the performance of the bank's executive bodies and management, the assessment has shown that the current system allows the Supervisory Board to exercise control over the activity of the bank's Management Board and the President — Chairman of the Board.

In terms of evaluating the work of the Audit Committee and the HR and Remuneration Committee, the work of the committees was deemed to be efficient. A high degree of interaction between the Supervisory Board and its committees was admitted. The committees have performed functions imposed upon them at a professional level. It promoted the enhancement of the efficiency of the Supervisory Board's performance.

In the opinion of the Supervisory Board's members there is a need to increase the number of committees of the Supervisory Board based on the nature of the tasks it faces.

Considering the quantitative composition of the Supervisory Board in line with the development of the Bank as a universal credit institution, it was noted to be appropriate to increase the number of the Supervisory Board's members, including independent directors possessing the required professional experience, skills and knowledge in definite fields, in particular IT.

In accordance with the best international practices the Supervisory Board will continue performing self-assessment regarding the efficiency of its activities on an annual basis. In 2020, the Supervisory Board plans to improve the model and practice of corporate management in the bank, which will assure maximum efficiency of the bank's functioning and the protection of rights and lawful interests of its customers, including, among others, creditors and depositors as well as shareholders.

The assessment has revealed that the Supervisory Board:

works constructively

aims at searching for optimal solutions

interacts efficiently with executive bodies and structural subdivisions of the bank

comprises of members who possess the corresponding competencies and know specifics of the industry as well as those who make personal contributions and actively participate in enhancing the work of the Supervisory Board

Based on the results of the assessment, certain fields were pointed out which the Supervisory Board needs to pay attention to, namely:

preparation of the bank's new strategy in accordance with changing conditions

quantitative composition of the Supervisory Board and the availability of corresponding competencies

increasing the number of committees of the Supervisory Board based on the nature of the tasks it faces

SUPERVISORY BOARD COMMITTEES

Audit Committee

The purpose of the Audit Committee is to facilitate the effective implementation of the functions of the bank's Supervisory Board in terms of monitoring the bank's financial and economic activities.

12

meetings were held by the Audit Committee in 2019, including absentee voting

During 2019, the Supervisory Board Audit Committee (hereinafter referred to as the "Audit Committee") included the following members: Alexey Simanovsky (Chairman of the Committee), Ksenia Yudaeva, Alexey Moiseev and Andrey Golikov. The Audit Committee was formed after the election of the Supervisory Board at the annual General Shareholders' Meeting on June 28, 2019, and the extraordinary General Shareholders' Meeting on August 22, 2019.

The attendance of the Audit Committee meetings

In 2019, 12 meetings were held by the Audit Committee, including absentee voting, of which 10 meetings were in the form of joint presence.

Name of the Committee member	Number of meetings attended and participation in absentee voting
A. Simanovsky	12
K. Yudaeva	12
A. Moiseev	5
A. Golikov	12

The meetings considered recommendations to the Supervisory Board on the approval of internal documents, including the Procurement Policy, the Banking Group Operational Risk Management Policy, the Regulatory Risk Management Policy, the Action Plan aimed at ensuring ongoing activities and (or) restoration of the bank's activity in case of unusual and emergency situations, the Anti-Corruption Policy, the Conflict of Interest Policy.

In 2019, the Audit Committee, in addition to the above, also considered the following issues in accordance with its competence:

- reports of the Internal Audit Service and reports of the controller of a professional participant of the securities market;
- annual consolidated financial statements;
- annual accounting (financial) statements for 2018;
- auditor candidacy for 2019;
- risk appetite and required capital limits;
- integrated assessment of the maturity level of the internal control system.

The main objectives of the Audit Committee

Financial statements

- controls the completeness, accuracy and reliability of financial statements of the bank;
- analyses the essential aspects of the bank's accounting policy, the standards of financial, tax and management accounting used in the bank, as well as the completeness of these types of accounting in the bank;
- participates in the consideration of significant issues and judgments in relation to accounting (financial) statements of the bank.

Internal and external audits

- provides independence and objectivity in evaluating the effectiveness of the implementation of internal audit functions;
- assesses independence, objectivity and the absence of a conflict of interest of the bank's auditors, including the assessment of candidates for auditors, the development of proposals for the approval of auditors, payment for the services of auditors and the conditions of their involvement;
- monitors the audit of the bank, evaluates the quality of the audit and conclusions of the bank's auditors;
- provides effective interaction between the Internal Audit Service and bank auditors;
- evaluates the effectiveness of the implementation of internal audit functions;
- on the basis of reports of the Internal Audit Service, assesses compliance by the bank's executive bodies with strategies and procedures approved by the Supervisory Board;
- monitors compliance with the principles of the provision and combination of audit and non-audit services by the auditor;
- interacts with the Audit Commission, auditors, Internal Audit Service of the bank to develop joint recommendations on significant issues of financial and economic activities of the bank.

Risk management and internal control

- controls the reliability and effectiveness of risk management and internal control system;
- analyses and evaluates the implementation of the conflict of interest management policy;
- develops recommendations to improve the reliability and efficiency of the corporate governance system, including an assessment of existing corporate governance practices and preparation of suggestions for its improvement;
- analyses the results of the bank's inspections by supervisory and regulatory authorities.

Counteraction to unfair actions of the bank's employees and third parties

- controls the efficiency of the warning system with regards to potential cases of fraud of the bank employees and third parties, as well as other violations in the bank;
- controls the implementation of measures taken based on the facts of informing with regards to potential cases of unfair actions of bank employees and third parties;
- monitors the conduct of special investigations regarding potential cases of fraud, the unfair use of insider or confidential information.

The competence of the Audit Committee also includes evaluating the effectiveness of the bank's internal control procedures and developing suggestions for their improvement.

SUPERVISORY BOARD COMMITTEES

Human Resources and Remuneration Committee of the Supervisory Board

The purpose of the HR and Remuneration Committee is to facilitate the effective performance of the functions of the bank's Supervisory Board in the field of appointments and remunerations of members of the bank's Management board and the Audit Commission.

During 2019, the Human Resources and Remuneration Committee of the Supervisory Board (hereinafter referred to as the "HR and Remuneration Committee") included the following members: Ksenia Yudaeva (Chairperson of the Committee), Andrey Golikov, Elena Titova. The HR and Remuneration Committee was formed after the election of the Supervisory Board at the annual General Shareholders' Meeting on June 28, 2019, and the extraordinary General Shareholders' Meeting on August 22, 2019.

Attendance of the HR and Remuneration Committee meetings

5 meetings of the HR and Remuneration Committee were held in the form of joint presence in 2019.

Name of the Committee member	Number of meetings attended
K. Yudaeva	5
A. Golikov	5
E. Titova	5

In 2019, the HR and Remuneration Committee, in addition to the above, also considered the following issues in accordance with its competence:

- approval of and meeting key performance indicators;
- reports of the bank's specialised divisions;
- candidate for a member of the Board;
- remuneration of the Supervisory Board's members.

5

meetings of the HR and Remuneration Committee were held in the form of joint presence in 2019

The main objectives of the HR and Remuneration Committee

Ensuring succession in the activities of the management bodies and the bank's Audit Commission

- ensures the existence and effectiveness of a policy of succession in the activities of the management bodies and the bank's Audit Commission;
- preliminarily discusses any upcoming or possible changes in the composition of the management bodies and the bank's Audit Commission and develops appropriate opinions.

Ensuring the participation of professional level leaders in management bodies and the bank's Audit Commission

- makes recommendations to the bank's Supervisory Board regarding candidates for the position of members of the bank's Management Board;
- prepares offers to the bank's Supervisory Board for the early termination of powers of members of the bank's Management Board;
- acquaints new members of the bank's Supervisory Board with the strategy and business practices, the organisational structure and key managers of the bank, as well as the working procedures of the Supervisory Board.

Organisation of performance assessment of the management bodies and the bank's Audit Commission

- develops criteria for evaluating the work of the Supervisory Board and the Audit Commission of the bank;
- preliminarily evaluates the work of a sole executive body and members of the Board of Directors in accordance with internal documents of the bank, including HR policy, as well as key performance indicators established by the Supervisory Board for the Board members and quarterly reports on their implementation;
- preliminarily evaluates the performance of the Supervisory Board and the Audit Commission, as well as of each member of the Supervisory Board and the bank's Audit Commission.

Assistance in ensuring compliance with any laws governing the activities of the bank's management bodies

- prepares recommendations on the terms of agreements to be concluded with a sole executive body and members of the bank's Management Board;
- prepares offers to the Supervisory Board to determine the person authorised to sign agreements to be concluded with a sole executive body and members of the Management Board on behalf of the bank;
- analyses the information provided by members of the Supervisory Board in order to determine their interest in transactions to be concluded by the bank; circumstances that hinder the effective work of members of the Supervisory Board; loss of the status of an independent director by a member of the bank's Supervisory Board.

Development, regular review, updating of offers on the form, size, methods and principles of remuneration and compensation to members of the bank's management bodies and the Audit Commission

- provides recommendations on remuneration and compensation to members of the Supervisory Board and the Audit Commission of the bank;
- provides recommendations on the HR policy of the bank in terms of remuneration and compensation to a sole executive body and members of the bank's Management Board;
- provides recommendations on key performance indicators for members of the bank's Management Board;
- develops conditions for the early termination of contracts with a sole executive body and members of the bank's Management Board, including all material obligations of the bank and the conditions for their provision;
- coordinates systems of long-term (for 2 years or more) bonus payments to the Management Board's members.

EXECUTIVE BODIES

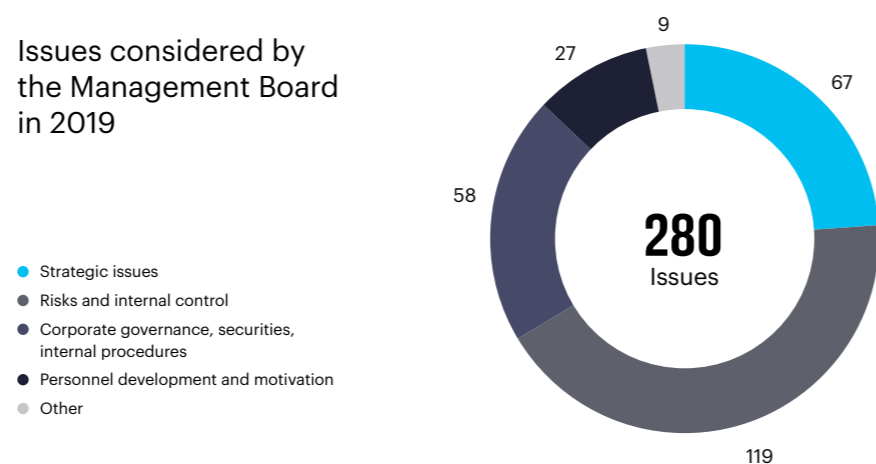
190

meetings and absentee voting of the Management Board were held in 2019

The President—Chairman of the Management Board is the sole executive body of the bank and the Management Board is the collegial executive body. The executive bodies are elected by the bank's Supervisory Board and are responsible for managing the day-to-day operations within the scope of their competencies, as defined by current legislation, the bank's Charter, and internal documents of the bank. Executive bodies are responsible for the timely and effective implementation of decisions of the Supervisory Board and the General Shareholders' Meeting of the bank.

In 2019, 190 meetings and absentee voting of the Management Board were held, of which 145 were in the form of absentee voting and 45 in the form of joint presence. Management Board meetings of the bank are held on a weekly basis.

Issues considered by the Management Board in 2019



BRIEF BIOGRAPHICAL DATA OF MEMBERS OF THE MANAGEMENT BOARD

The Management Board is a collegial executive body that consists of 9 members.



Mikhail Zadornov

President—Chairman of the Management Board

Member of the Supervisory Board of Otkritie bank since December 21, 2017. President—Chairman of the Management Board of Otkritie bank since January 1, 2018.

Mr. Zadornov is the Chairman of the Board of Directors of Rosgosstrakh Insurance Company, Otkritie Otkritie Non-State Pension Fund, RGS Bank; a member of the Supervisory Boards of Trust Bank, VTB Bank and Higher School of Economics National Research University.

From 2005 to 2017, Mr. Zadornov served as the President—Chairman of the Management Board of VTB 24 Bank.

In 2000–2005, he was a member of the State Duma Committee on Budget and Taxes.

From December 1997 to May 1999, Mr. Zadornov headed the Ministry of Finance of the Russian Federation.

From 1994 to 1997, Mr. Zadornov headed the State Duma Committee for the Budget, Taxes, Banks and Finances.

Mr. Zadornov was born in 1963. In 1984, he graduated from the Moscow Institute of National Economy named after G.V. Plekhanov with a degree in economics. In 1989, Mr. Zadornov completed his postgraduate studies at the USSR Academy of Science's Institute of Economics, PhD in economics.

BRIEF BIOGRAPHICAL DATA OF MEMBERS OF THE MANAGEMENT BOARD

Dmitry Levin

Deputy President—Chairman
of the Management Board



Member of the Management Board of Otkritie bank since October 1, 2018. Mr. Levin supervises the Financial Department, the Treasury and Accounting, as well as the Department of Interaction with Subsidiaries, the Department of problem assets management and is responsible for financial reporting and Government relations.

Chairman of the Board of Directors of Baltic Leasing JSC.

Mr. Levin is a member of the Board of Directors of RGS Bank, Tochka JSC, Geotech Seismic Services.

From July 2017 to September 2018, he headed Orient Express Bank, first as CEO, then as Chairman of the Management Board.

From 2001 to 2016, Mr. Levin was the Chairman of the Management Board of Russian Standard Bank.

In 1999–2001, he was Senior Vice President, Director of the Department for Interbank Operations and Financial Market of Russian Standard Bank.

In 1990–1999, Mr. Levin held various positions in the Currency and Economic Department of the Ministry of Finance, Sberbank, International Joint-Stock Bank of Savings Banks and Mezhkombank.

Mr. Levin was born in 1965. In 1987, he graduated from the Moscow Financial Institute with a degree in economics. Mr. Levin holds a PhD in economics.

Veniamin Polyantsev

Deputy President—Chairman
of the Management Board



Member of the Management Board of Otkritie Bank since January 1, 2018. Mr. Polyantsev supervises the retail business segment.

Mr. Polyantsev is a member of the Board of Directors of Rosgosstrakh Insurance Company, RGS Bank, Tochka JSC, Otkritie Otkritie Non-State Pension Fund.

From October 2013 to December 2017, Mr. Polyantsev was the Head of the Retail Business Department of VTB 24 Bank.

From May 2010 to October 2013, he was responsible for retail business development at TransCreditBank.

From December 2009 to May 2010, the Director of Products at KIT Finance Investment Bank.

In 2007, Mr. Polyantsev was the Director of the Products and Sales Department, as well as Director of the Products and Portfolio Management Department of Russian Standard Bank.

In 2005–2007, Vice President, Director of Direct Sales of the Retail Business Unit at Alfa-Bank.

In 2003–2005, Mr. Polyantsev held various positions at Citibank CB.

Mr. Polyantsev was born in 1980. In 2002, he graduated from the Russian State Humanitarian University with a degree in informatics and technology.

Nadia Cherkasova

Deputy President—Chairman
of the Management Board



Member of the Management Board of Otkritie bank since January 1, 2018. Ms. Cherkasova supervises the small and medium businesses segment.

Ms. Cherkasova is a member of the Board of Directors (Supervisory Boards) of the Association for Development of Financial Technologies, Russian Small and Medium Business Corporation, FinTech Association, Tochka JSC and Qiwi Plc. She is also the chairperson of the Board of Directors of Customs Card LLC and the President, member of the Management Board of the Autonomous Non-Profit Organisation “Centre for the Development of Women’s Entrepreneurship”.

From July 2013 to December 2017, Ms. Cherkasova headed the Small business customer service Department of VTB 24 Bank.

From March 2014 to December 2017, she was a member of the Management Board of VTB Bank 24. Also, in 2017, Ms. Cherkasova held the position of Head of the Small Business Directorate of VTB Bank.

In 2005–2013, the Managing Director for the small and medium business development, Head of the Corporate Unit, later—Chairperson of the Management Board of Trust Bank.

In 2003–2015, Ms. Cherkasova was the Member of the Management Board, Head of the Business Development Department of KMB Bank (Moscow).

In 1998–2003, the Head of division in KMB Bank.

In 1994–1998, the Head of the Credit Department of the Nizhny Novgorod branch of Inkombank.

Ms. Cherkasova was born in 1971. In 1994, she graduated from Nizhny Novgorod State University with a degree in economics, then the International Moscow Financial and Banking School. Ms. Cherkasova held internships with South Shore Bank (USA), the EBRD (Austria) and the IIMD (Germany).

Svetlana Emelyanova

Member of the
Management Board



Member of the Management Board of Otkritie bank since July 11, 2018. Ms. Emelyanova supervises the Operational unit of Otkritie bank.

From December 2006 to July 2017, Ms. Emelyanova held the position of Chief Accountant at VTB 24 Bank, then until May 2018—Chief Accountant of VTB.

From 2004 to 2006, she was the Chief Accountant of Russian Standard Bank JSC.

From 2000 to 2004, Ms. Emelyanova was the Deputy Chief Accountant, Chief Accountant of Finansbank.

In 1998–2000, the Deputy Chief Accountant, Deputy Chairperson of the Management Board—Head of the Internal Control Department at Third-Rome CB.

Ms. Emelyanova was born in 1971. In 1994, she graduated from Moscow State University with a degree in physics; in 1996, from the Russian State Distance-Learning Institute of Finance and Economics with a degree in finance and credit.

BRIEF BIOGRAPHICAL DATA OF MEMBERS OF THE MANAGEMENT BOARD

Irina Kremleva

Member of the
Management Board



Member of the Management Board of Otkritie bank since June 6, 2019. Ms. Kremleva supervises the Risk management unit.

In 2017–2018, Ms. Kremleva served as Deputy Chairman of the Management Board of Russian Agricultural Bank, where she led the risk unit and was responsible for the lending methodology, collateral and credit back office operations.

From 2008 to 2015, Ms. Kremleva worked at Sberbank as Vice President and Head of the Risks Unit.

Ms. Kremleva began her career in the banking sector at VTB 24 Bank, where in 2007–2008 she served as Deputy Director of the Market Analysis Department.

Ms. Kremleva was born in 1968. In 1990, she graduated from Moscow State University with a degree in mathematics. Ms. Kremleva holds a Ph.D. in physics and mathematics.

Viktor Nikolaev

Member of the
Management Board



Member of the Management Board of Otkritie bank since May 23, 2018. Mr. Nikolaev supervises the corporate and investment business segment.

Mr. Nikolaev has been working in the banking sector since 2003.

Before joining Otkritie team, Mr. Nikolaev held different positions at Sberbank of Russia for 10 years, including from September 2013 to March 2018, he headed the Credit Department of Sberbank of Russia.

Mr. Nikolaev was born in 1982. In 2004, he graduated from the Higher School of Economics with a degree in law; in 2007, from the Russian State Social University. Mr. Nikolaev also completed the Chicago Booth, UC Berkeley and IMD executive training programmes. He holds a PhD in economics.

Alexander Pakhomov

Member of the
Management Board



Member of the Management Board of Otkritie bank since October 1, 2018. Since the beginning of 2018, Mr. Pakhomov has been supervising the regional network development.

Since October 2018, Mr. Pakhomov has been a member of the Board of Directors of RGS Bank (PJSC).

Prior to joining Otkritie Bank, he worked more than 10 years for the VTB Group.

From November 2016 to December 2017, Senior Vice President, Head of the Business Department in Moscow and Moscow Region.

From 2012 to 2016, Head of the Distressed Assets Department of VTB 24 Bank.

From 2007 to 2012, Mr. Pakhomov headed regional divisions of VTB 24 Bank.

From 2000 to 2007, he held different positions at the Savings Bank, Far-Eastern Mutual Credit Bank, and Regiobank.

Mr. Pakhomov was born in 1978. In 2001, he graduated from the Khabarovsk Academy of Economics and Law with a degree in economics. In 2013, Mr. Pakhomov received an MBA at the IE Business School.

Sergey Rusanov

Member of the
Management Board



Member of the Management Board of Otkritie bank since February 2, 2018. Mr. Rusanov supervises the IT unit.

From October 2011 to December 2017, Mr. Rusanov headed the Banking and IT Technologies Department at VTB 24 Bank.

From June 2012 to December 2017, Mr. Rusanov was a member of the Management Board of VTB 24 Bank.

In 2000–2011, he held the position of Vice-President and headed the IT Department, later the IT Directorate at Transcreditbank, and was also a member of its Management Board and a member of the Boards of Directors of its subsidiaries.

In 1999, the Deputy Chairman of the Management Board for Information Technologies in Sobinbank.

In 1993–1999, Mr. Rusanov held various positions in Mezhhkombank.

Mr. Rusanov was born in 1963. In 1986, he graduated from the Moscow Engineering Physics Institute with a degree in engineering physics; in 1997, from the Institute of retraining and advanced training of personnel in finance and banking of the Financial Academy under the Government of the Russian Federation with a degree in economics. In 2000, Mr. Rusanov completed advanced training at the Russian Presidential Academy of National Economy and Public Administration.

Information on Otkritie bank shares owned by the members of the Management Board and on their transactions with shares in 2019

Name of the member	Share in the authorised capital (percentage of ordinary shares owned) of Otkritie Bank	Information on transactions with Otkritie bank shares in 2019
M. Zadornov	—	No transactions settled
S. Emelyanova	—	No transactions settled
I. Kremleva	—	No transactions settled
D. Levin	—	No transactions settled
V. Nikolaev	—	No transactions settled
A. Pakhomov	—	No transactions settled
V. Polyantsev	—	No transactions settled
S. Rusanov	—	No transactions settled
N. Cherkasova	—	No transactions settled

REMUNERATION OF MEMBERS OF THE MANAGEMENT BODIES

Key aspects of the Bank's remuneration policy

The bank's remuneration policy is aimed at ensuring the bank's financial sustainability, increasing its efficiency and profitability, as well as reducing costs by achieving its goals and objectives, improving the performance and quality of the divisions and each employee.

The bank approved the concept of the motivation and remuneration system, on the basis of which the motivation system was developed and implemented for all of the bank's employees.

The remuneration system of the bank is consistent with the nature and scale of operations and business performance. The total amount of the variable part of the remuneration at the bank is determined by taking into account quantitative and qualitative indicators.

Key performance indicators, reflecting the individual performance, the effectiveness of each division and the bank as a whole, are established for all employees, taking into account the various levels of responsibility. In 2019, a number of key performance indicators (KPIs) were revised: emphasis was made on business performance indicators, and the weight of operational indicators was reduced.

The bank has a system of annual and long-term remuneration for members of the Management Board and key management personnel.

The remuneration policy of members of the Management Board and key management personnel provides for the correlation of remuneration on the bank's performance and the personal contribution of employees to the achieved results. The premium is calculated taking into account the approved key performance indicator realisation and the bank's financial results, while 40 % of the variable part of the remuneration for the year will be deferred and subsequently paid in three annual payments, taking into account the bank's performance.

During the period of fulfilment by members of the Supervisory Board of their duties, payments are made to them as remuneration and reimbursement of expenses (compensation) associated with travelling to the place of meetings of the Supervisory Board and (or) holding events in which participation is required as part of the performance of duties assigned to members of the Supervisory Board. The system of remuneration and compensation to members of the bank's Supervisory Board is established by the Regulation on Remuneration and Compensation to Members of the Supervisory Board of Bank Otkritie Financial Corporation (Public Joint-Stock Company), approved by the Supervisory Board (Minutes dated September 6, 2018).

The total amount of salaries and bonuses paid and accrued by Otkritie bank to the members of the Management Board in 2019 amounted to RUB 1,093,608 thousand. The amount of remuneration paid to the Management Board of the bank was determined by employment agreements concluded with members of the bank's Management Board. Other agreements with members of the Management Board of the bank were not concluded in 2019.

Information on the amount and types of remuneration paid by Otkritie bank in 2019

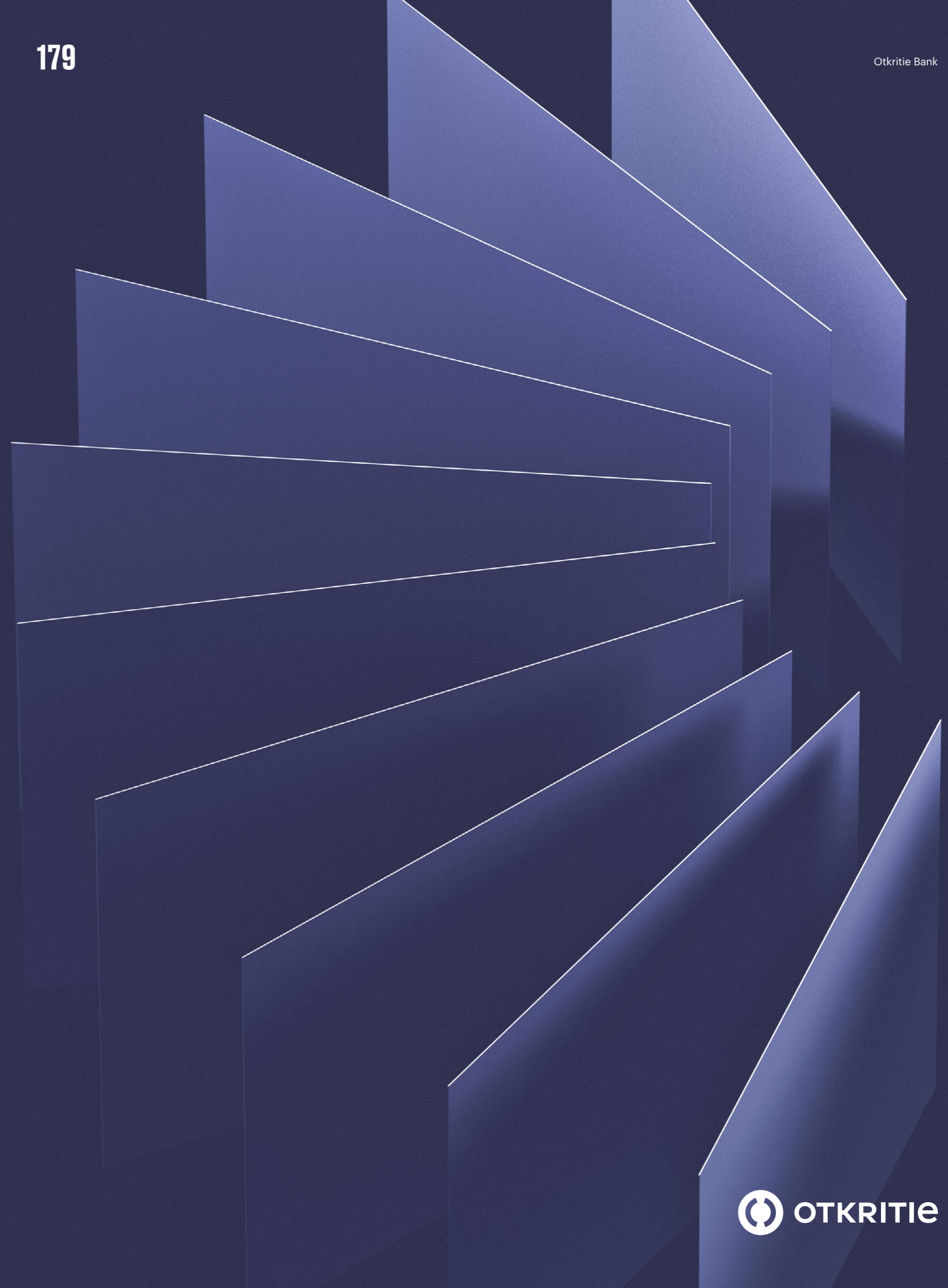
Supervisory Board

Remuneration: RUB 16,591 thousand
Expenses compensation: RUB 0
Total: RUB 16,591 thousand

Members of the Management Board

Salary: RUB 299,546 thousand
Bonus: RUB 794,062 thousand
Expenses compensation: RUB 0
Total: RUB 1,093,608 thousand

INTERNAL CONTROL SYSTEM



INTERNAL CONTROL SYSTEM

A modern and effective system of internal control is an important and necessary condition for the sustainable development of the bank and the group. The bank pays great importance to the ongoing development and improvement of the internal control system at the level of the best world practices and considers the existence of such a system as an important competitive advantage.

The system of internal control in the bank and the group is a combination of the system of governing bodies and areas of internal control, ensuring compliance with the procedure for implementing and achieving the goals established by the laws of the Russian Federation, regulatory documents of the Bank of Russia, the Charter and internal regulatory documents of the bank.

The internal control system of the bank and the group covers all levels of management and includes the following areas:

- control by the governing bodies over the organisation of the bank and group activities;
- control over the operation of the banking risk management system and assessing banking risks;
- control over the distribution of powers in banking operations and other transactions;
- control over the management of information flows and ensuring information security;
- ongoing monitoring of the operation of the internal control system in order to:
 - assess the level of its compliance with tasks of the bank and the group activities;
 - identify deficiencies;
 - develop proposals and exercise control over the implementation of decisions to improve the internal control system.

The internal control system of the bank is organised according to 3 levels of protection.

The conception of the three levels of protection is implemented by the bank for the purpose of risk management (please, refer to page 111 for details) and for the system of internal control overall. The target structure of the three levels of protection including the risk management function is described below.

1

BUSINESS UNITS

Business units identify and report risks as they arise, passing information to control functions on the second level of protection.

2

UNITS WITH CONTROL FUNCTIONS

Units with control functions (risk management, financial monitoring and compliance control, internal control service, security, IT, finance, legal service and others) constitute the second line of protection to increase the effectiveness of control over products, business units and regions.

3

INTERNAL AUDIT

The Internal Audit Service continuously conducts an independent analysis of the bank's activities and evaluates the entire internal control system.

First level of protection— business units

Each unit that carries out banking operations and transactions is the owner of risks related to its activities and responsible for the identification of such risks, their assessment and control. Each business unit is also responsible for the establishment and constant implementation of control to reduce the risks of its activities to an acceptable level, the development of the internal control environment and monitoring control for its effectiveness.

Second level of protection— units with control functions

At the second level, internal control is carried out by units, the responsibility of which includes:

- analysis and analytics of threats and risks to business;
- consolidation of risk information and its presentation to management;
- coordination and dissemination of practices and experience in controlling and managing risks in the organisation;
- draft of financial and management reports.

Second level of protection:

- ensures the creation and maintenance of common approaches to risk management and the functioning of the internal control system in the bank and group;
- monitors key risk indicators and control system indicators;
- performs loss monitoring, incident management, scenario planning and risk testing.

The second level of protection includes the following departments of the bank:

Risk management unit

Financial monitoring and compliance control service

Internal control service

Security unit, including the information security department

Legal department

HR unit

Financial unit

Methodology and documentation support department, etc.

Internal control service

This is an integral part of the second level of protection of the internal control system and operates in accordance with the principles of independence, impartiality, business continuity and professional competence.

The main objectives of the internal control service are as follows:

timely identification and assessment of regulatory risk, prevention of its occurrence and minimisation of consequences in case of regulatory risk events

organisation of measures to identify and analyse conflicts of interest

implementation of anti-corruption procedures and measures

ensuring compliance by the bank with regulatory acts, standards of self-regulatory organisations of securities market professional participants, the Charter and internal documents of the bank

ensuring the operation of internal control:

- compliance of the bank's activities in the securities market and its customers' operations with the requirements of the securities legislation, protection of the rights and legitimate interests of investors in the securities market;
- counteracting the unlawful use of insider information and market manipulation and other regulatory acts of the Russian Federation;
- compliance with internal rules and procedures related to the implementation of the bank's activities in the securities market.

Third level of protection: Internal Audit Service

Internal audit activity is based on a risk-oriented annual audit plan and methodology approved by the Audit Committee and the Supervisory Board of the bank. The Internal Audit Service independently evaluates and verifies the activities of the first two levels of protection, including the compliance of their activities with the strategy, the requirements of regulators and legislation, internal policies and procedures, and also evaluates the entire internal control system.

The Internal Audit Service provides an independent assessment to the Supervisory Board, Audit Committee and the bank's management regarding the effectiveness and efficiency of corporate governance, risk management and internal control systems and contributes to their development.

The Internal Audit Service is an independent division of the Bank and reports to the Supervisory Board and Audit Committee.

External audit information

In order to verify and confirm the accuracy of accounting (financial) statements of Bank Otkritie Financial Corporation (Public Joint-Stock Company) prepared in accordance with Russian accounting standards, as well as consolidated financial statements of the banking group executed in accordance with International Financial Reporting Standards, the bank engages an independent audit organisation.

The annual General Shareholders' Meeting (Minutes No. 01/19 dated 28.06.2019) on the recommendation of the Audit Committee of the bank's Supervisory Board (Minutes No. 04/19-KA dated 27.05.2019) decided to approve the PricewaterhouseCoopers Audit Joint-Stock Company as the bank's auditor for conducting a mandatory annual audit of the bank for 2019.

Auditor independence

According to the statement of PricewaterhouseCoopers Audit, the company is independent of the group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Code of Professional Ethics of Auditors and the Rules for the Independence of Auditors and Auditing Organisations, applicable to the audit of consolidated financial statements in the Russian Federation.

External auditor election

In 2019, the bank ran a tender to select an auditor. Based on the results of the tender, which was run in the form of a closed quotation request, the bank's Procurement Commission suggested that the Audit Committee of the bank's Supervisory Board take into account the received commercial proposals of audit organisations participating in the tender and recommended concluding an agreement with PricewaterhouseCoopers Audit. When choosing an auditor, the bank also took into account the assessment of performance and independence of the external auditor, the positive experience of preliminary consulting work on the implementation of IFRS 9 in international reporting and accounting.

Based on the results of consideration of the proposal, the Audit Committee decided to recommend to the bank's Supervisory Board to include in the agenda of the annual General Shareholders' Meeting the issue of approving PricewaterhouseCoopers Audit as the auditor of Bank Otkritie Financial Corporation (Public Joint-Stock Company) for conducting a mandatory annual audit for 2019.

Also, in 2019, the bank, as the parent organisation of Otkritie group, decided to change approaches to the choice of an auditor in the companies of the group. Since IFRS reporting is the group standard for planning, management accounting and the basis for calculating key performance indicators of motivation indicators, a decision was taken on the advisability of choosing a single auditor for key companies in the group.

The partnership with a single auditor within the group allowed us to unify the reporting approaches of key subsidiaries and uniformly implement projects in the group to accelerate reporting.

Previously, Ernst & Young Limited Liability Company was the bank's auditor. Ernst & Young LLC audited the bank for 2015–2018.

According to the bank, the rotation of the auditor demonstrates an unbiased approach to auditing, transparency and reliability of statements being approved.

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APPENDICES

FINANCIAL STATEMENTS

Consolidated Financial Statements of Otkritie banking group for 2019 in accordance with the IFRS

The statements are available at:

<https://ir.open.ru/reports>

Annual Accounting (Financial) Statements of Otkritie bank for 2019 in accordance with the RAS

The statements are available at:

<https://ir.open.ru/reports>

ENERGY USE CONTROL

The total volume of resources consumed by the bank in 2019 increased as a result of the merger of B&N Bank.

Electric power

64,253,323
kW·h

Petrol

787,071 L

Diesel fuel

91,716 L

Thermal energy

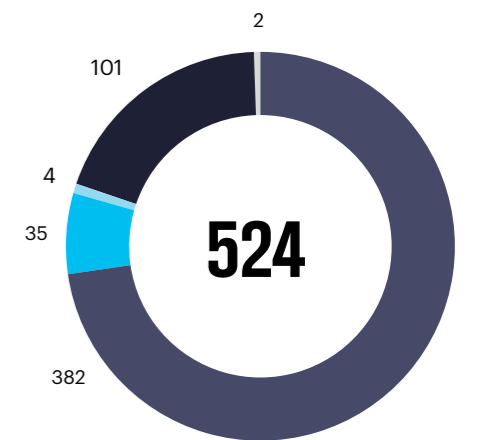
60,763 Gcal

Natural gas

373,547 m³

The total volume of resources consumed, RUB million

- Electric power
- Petrol
- Diesel fuel
- Thermal energy
- Natural gas



GLOSSARY

1C	the company which specializes in development, distribution, publishing and support of mass-market software
ABS	Automated Banking System
BCDR	Business Continuity and Disaster Recovery
CDR	Corporate Data Repository
Change management	a process designed to control life cycles of all the changes fostering the implementation of useful changes with minimal interruption of IT services
CIB	Corporate and Investment Banking
CMTPL	Compulsory Motor Third Party Liability
CUSIF	Closed Unit Shares Investment Fund
DFIs	Derivative Financial Instruments (derivatives)
DM	Discretionary Management
DPC	Data Processing Centre
EDS	Electronic Digital Signature
EEU	Eurasian Economic Union
FCS	Federal Customs Service
ICAAP	Internal Capital Adequacy Assessment Process
IE	Individual Entrepreneurs
IIA	Individual Investment Account
IT	Information Technologies
KPI	Key Performance Indicators
NPF	Non-state Pension Fund

OH&S	Occupational Health and Safety
PFR	Pension Fund of Russia
PP	percentage point
PSRN	Primary State Registration Number
QES	Qualified Electronic Signature
RBE	Retail Business Establishment
RBC	Remote Banking Channel
RBS	Remote Banking Services
RBSS	Remote Banking Services System
REPO	securities purchase (sale) transaction with the resale (repurchase) obligation
SME	Small and Medium Business Enterprises
SRO	Self-Regulated Organisation
STS	Simplified Tax System
tribes	organisational units in which employees work on certain projects
UDR	Unified Data Repository
UIC	User Identification Code
UIF	Unit Investment Fund
USIA	Unit Shares Investment Account
VDI	Virtual Desktop Infrastructure
UTII	Unified Tax on Imputed Income

