

Strategic Priorities 2018 – 2020

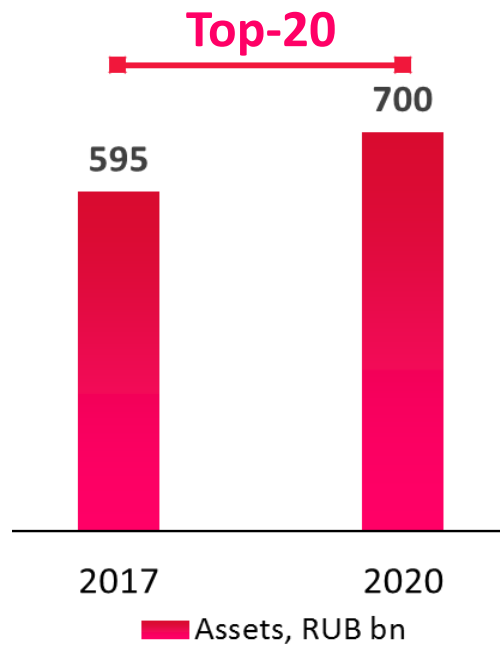


February 2018

Principal Strategic Goals for 2020

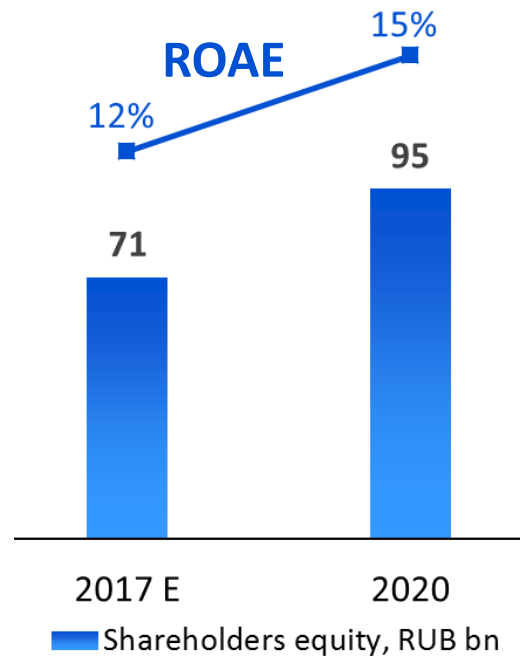
Maintain growth rates to retain
Top-20 position in Russia

Business scale retention



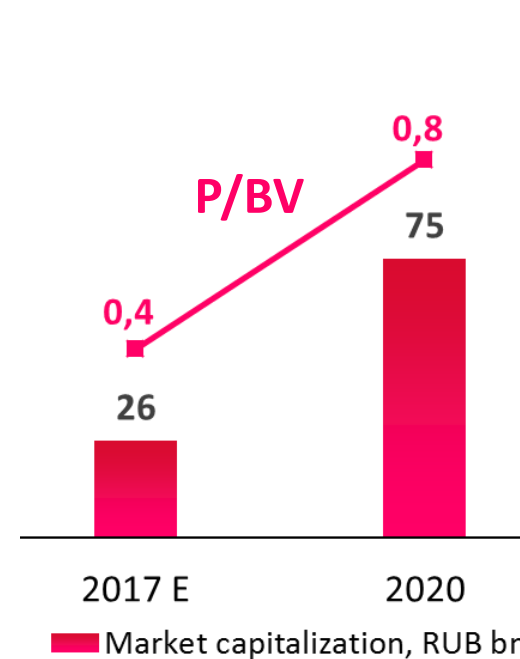
Achieve a sustainable return on
equity 15%+

ROAE growth



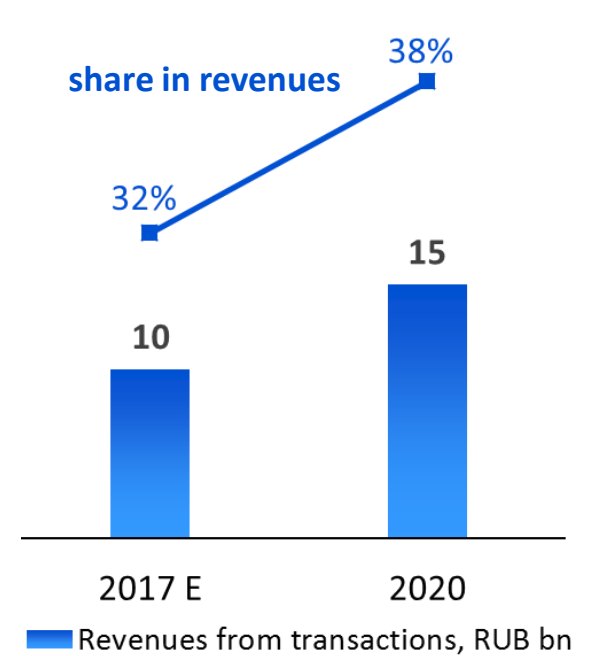
Triple the Bank's market
capitalization to RUB 75 bn

Market capitalization increase



Increase revenues from transactions
by 50%

Transaction business development



Key Strategic Issues

Geography

- ✓ The Bank does not intend to expand beyond its current areas of presence: St. Petersburg, Leningrad Region, Moscow, Kaliningrad

Capital

- ✓ Profit is the main source of capital growth.
No plans for share issues.
- ✓ The Bank intends to maintain at least 20% payout ratio (RAS)
- ✓ Target CAR (RAS):
Total capital - not less than 11.2%,
Tier 1 capital - not less than 9.0%

M&A

- ✓ The Bank follows an organic growth strategy, however potentially attractive M&A transactions are possible

Staying public

- ✓ The Bank remains public and upholds the best practices in investor relations

Key Strategic Issues

Customer base

- ✓ The Bank is expanding its mass segment (retail and corporate) customer base
- ✓ Customer deposits remain the major source of funding (target L/D ratio < 100%)

Lending

- ✓ Main focus on corporate loans in the regions of presence
- ✓ Looking for new retail lending segments
- ✓ Maintaining moderate risk appetite with target cost of risk below 2%

Profitability

- ✓ Higher profitability due to focusing on (risk free) transaction business and boosting corporate lending
- ✓ Improving cost efficiency: operating costs increase not more than 5% with maintaining target CIR 40%

Investments

- ✓ The Bank reduces costs associated with “old” (brick-and-mortar) banking in favor of the “new” (online) banking concept
- ✓ The Bank ensures fast copying of digital solutions
- ✓ Transaction business is an investment priority

Actions to Achieve 2020 Strategic Targets

Corporate Banking

- ✓ Share of the high quality and low margin corporate loans growth: Moscow Branch loan portfolio share growth from 30% to 40%
- ✓ Building key sector expertise: increased risk appetite based on expertise
- ✓ Segmental approach and standardization of mass segment services
- ✓ Easy entry and high quality customer service for small business: +7,000 new transactors by 2020

+ RUB 30 bn

corporate loans

+ RUB 25 bn

settlement accounts

+ 50%

F&C income

2020 / 2017

Actions to Achieve 2020 Strategic Targets

Retail banking

- ✓ Maximum digitalization of sales and services
- ✓ Consumer lending and credit cards share growth: from 20% to 28% of retail loan book
- ✓ To retain leadership in mortgage lending
- ✓ Main focus on the key profit generating segments:
 - + 100 000 of new payroll customers
 - + 100 000 of new individual transactors
- ✓ Focus on customer loyalty and NPS growth

+ RUB 38 bn

retail loans

+ RUB 15 bn

current/demand accounts

+ 64%

F&C income

2020 / 2017