



ANNUAL REPORT 2020



Stress Test 2020

Dear Shareholders,

2020 was yet another “black swan” to test the ESG banking model on which Center-invest Bank’s business is based.

Ensuring the safety of customers, employees and stakeholders was the main task in 2020, and the bank successfully achieved this. To accelerate the transition to remote banking services, ensure the uninterrupted operation of all governance bodies, and meet the supervisory and regulatory requirements in the new environment, the bank had to swiftly restructure and ensure the security of all of its information systems. The bank rose to these challenges.

The bank provided all stakeholders (customers, partners, employees and shareholders) with regular and timely updates about the real situation and events in the bank and on the financial markets.



Technological solutions. The bank actively participated in government programmes to support businesses and the general population. We provided customers with timely information about new beneficial options and support measures. The bank also developed its own loan restructuring programmes and offered new loan products. We advised our customers on how to manage their liabilities and took prompt decisions about changes to loan and deposit parameters. Our proposed solutions took account of distance constraints and were based on the increased capabilities of the bank's information system and the expansion of remote banking channels.

In 2020 the bank increased the number of active users of mobile banking by 33%, and there was a 53% increase in the number of business loan applications submitted online. The pandemic accelerated the implementation of digitalisation programmes and demonstrated just how essential they are.

New transformation paradigms. In the new environment, the bank actively helped its customers to not just preserve their businesses, but to develop them, and to not just maintain their living standards, but to improve them. The bank produced a design concept for the distance economy, surveyed customers and employees, held a series of information events, strengthened its presence in traditional and social media, and implemented several media projects spotlighting its customers' best practice and their experience of life and work during the pandemic.

The bank's work in 2020 received coverage in regional, national and international media, and it was cited as an example of best practice by the United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Alliance for Banking on Values (GABV). The bank actively participated in international conferences and seminars held online. Life and work in 2020 confirmed that we have the right formula for sustainable development amid transformations: *to be at the forefront of trends and constantly ready to meet new challenges*.

Accelerated introduction of new technologies and replication of best practice. Center-invest Bank's experience of international collaboration and continual localisation of best international practice has enabled it to develop and implement an ESG banking business model based on environmental, social and governance principles. The bank became an active participant in GABV, which brings together banks in a shared mission to use finance to deliver sustainable economic, social and environmental development. The bank is committed to implementing the UNEP FI Principles for Responsible Banking.

The bank actively shares its experience, participates in conferences and events, and develops methodologies and guidance on ESG banking. Based on its experience of localising best international practice, the bank published the handbook "ESG Banking: Made in Russia", the first publication of its kind in Russia. The Association of Banks of Russia established an ESG Banking Project Team and approved "Practical Recommendations of the Banking Community on the Introduction of ESG Banking".

2020 confirmed that our chosen strategy, "ESG Digitalisation of Center-invest Bank's Ecosystem", was appropriate. It also showed us new horizons and directions, and new approaches to addressing new tasks for long-term, sustainable and effective development. The bank's team have embarked with confidence on developing the new strategy, "**ESG Digitalisation 2.0**", on the basis of new knowledge and new experience.

Chairman of the Board of Directors
Dr Vasily Vysokov



Dear shareholders, partners, customers and employees of Center-invest Bank!

2020 was a very challenging year. The pandemic is still ongoing, and we are already accustomed to living in a new reality, where remote work, continuous online communication, remote services, social distance and self-isolation have become the norm.

In these difficult conditions, which challenged all of us, we continued to offer 24-hours a day customer service, supporting customers not only with qualified help and advice, but also striving to find individual solutions when it was necessary.

Our team proactively took all the necessary measures to ensure the safety of employees and customers in all offices, expanding the range of products available in the remote banking channels, increasing the capacity of the Bank's call-center in order to always be in touch with customers, canceling commissions for accepting utility payments in remote channels.

In 2020, the Bank and our customers went through an accelerated path of digitalization and business transformation. At this time of uncertainty, we managed not only to maintain our priorities - affordable lending to the population, financing of SME projects, a wide range of deposits and retail products, but also to carry out huge work individually in finding a solution for every entrepreneur whose business faced difficulties, including by providing preferential terms for settlement services, restructuring programs for both entrepreneurs and the population. Center-invest Bank in 2020 granted 77 billion rubles in loans for business development. Thanks to the Bank's participation in government support programs, we helped save 5,300 jobs in Southern Russia.

In the retail lending, Center-invest Bank took part in the implementation of all government programs, including those aimed at increasing the availability of mortgage lending. Due to its own and state programs, the volume of mortgage loans increased by 70%, 7846 families improved their living conditions.

During the lockdown, the Bank's digital services became even more in demand. The number of users in remote channels grew by 28%, reaching record levels. Among our top priorities is to continue cooperation and closer integration with marketplaces for increasing the availability of financial services and enter new markets.

Our priorities, as a regional bank, will always be the prosperity and development of the regions of presence, a responsible approach not only to our customers, employees and investors, but also to the environment and civil society. Thus, in gratitude for the heroic work of medics, Center-invest Bank offered special preferential terms for lending and refinancing their existing loans.

In 2020, we developed our sustainable corporate culture, increased the speed of interaction with customers while maintaining the quality of services provided, expanded the areas of corporate social responsibility so that current and future generations are not only financially literate, but also economically sustainable. That is why United Nations Environment Programme Finance Initiative (UNEP FI) included Center-invest Bank's transformation experience in the context of COVID-19 into a review of the best practices of banks participating in the Principles for Responsible Banking programme.

Chairman of the Executive Board
Lidia Simonova

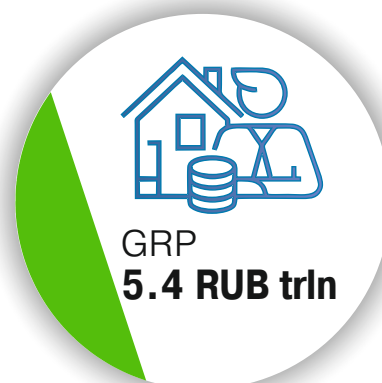
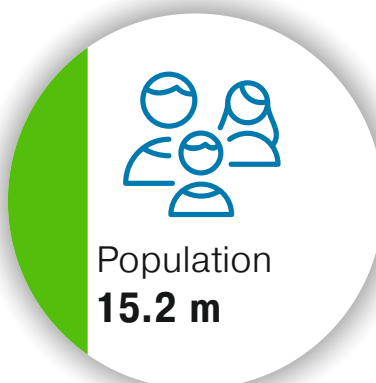
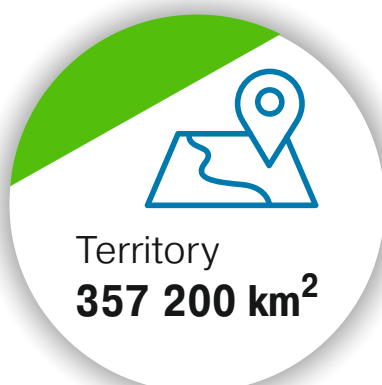
REGIONAL OVERVIEW

Southern Russia: 2020

Center-invest Bank presents the 2020 economic results for the regions in which it operates: the Rostov region (RR), Krasnodar Krai (KK), the Volgograd region (VR), Stavropol Krai (SK) and the Nizhny Novgorod region (NN), measured against data for the Russian Federation (RF), the Southern Federal District (SFD) and the North Caucasus Federal District (NCFD), based on information from the Federal State Statistics Service (www.gks.ru). Center-invest Bank opened a branch in Nizhny Novgorod (Volga Federal District) in 2017 to promote the transformation economy model which it is using successfully in southern Russia.

Transformation economy – managing constant change amid continual crises, on the basis of creative, socially responsible solutions that are in the interests of current and future generations.

Key characteristics of the region where the bank operates



COVID19 is a vivid example of an unexpected crisis (“black swan”) which required unusual solutions. Southern Russia’s economy successfully withstood the new stress test. Moreover, the higher growth rates for both output and producers’ prices indicate a competitive advantage and demand in the Russian market for the region’s industrial and agricultural products, and demand among the population for commodities that are in short supply and essential services.

Growth rates, 2020 compared to 2019, %		RF	SFD	NCFD	RR	KK	VR	SK	NN
Industry	Output	-2.9	-1.0	6.5	1.7	-3.0	-0.7	1.0	-6.6
	Producers' prices	3.6	4.5	5.0	5.5	8.7	-0.6	5.1	3.6
Agriculture	Output	1.51	-4.7	-5.4	-2.9	-8.7	1.7	-18.1	4.7
	Producers' prices	3.1	21.6	12.3	22.8	22.8	22.5	13.7	13.9
Construction	Output	0.1	-4.8	4.7	-4.8	-1.8	-3.8	22.8	1.2
	Producers' prices	4.8	5.2	6.0	6.0	3.8	4.8	7.5	4.7
Trade	Output	-4.1	-4.4	-5.3	-3.3	-4.8	-6.2	-7.0	-7.2
	Producers' prices	4.9	5.2	6.1	5.2	5.1	4.9	5.7	5.8

Industry.

Despite the relative increase in producers' prices, the decline in industrial output in 2020 was significantly less in southern Russia than for the Russian Federation as a whole. During the crisis, with a sharp reduction in national output, there was higher demand for goods manufactured in southern Russia, while the completion of infrastructure projects allowed an increase in sales volumes.

Agriculture.

Due to dry weather conditions, crop production was down on the previous successful year. However, the situation on global markets resulted in price growth in the domestic market. Bird flu in a number of southern Russia's poultry farms led to reduced egg and poultry meat production.

Construction.

New construction projects are in the planning stages: registration of ownership, and survey and design work. Preferential mortgage programmes and new rules on financing have made southern Russia more attractive for housing construction, including for private developers.

Transport.

2020 saw higher growth in road freight in southern Russia (deliveries and tonne-kilometres). Although southern Russia has a developed railway network, the accelerated development of road infrastructure is making road transport increasingly competitive compared to rail freight transport.

Trade.

Increased food production by households compensated for the fall in demand for food items that had increased in price.

Population.

Natural population decline is increasing in southern Russia, but so too is positive net migration.

Household income and expenditure.

Despite the disproportionate increase in food prices, there was no sharp fall in real income thanks to a modest increase in household incomes and wages. The population has long since resisted foreign currency loans. In southern Russia, people are taking out fewer loans, but there is demand for mortgage programmes.

Company finances and investment.

The decline in the financial performance of companies in southern Russia was less than the national average. The completion in Q1 2020 of manufacturing and construction projects (that had been started previously) had a more positive impact on investment in fixed assets. In the Rostov region, growth in investment was financed by public money and bank loans. Food items and agricultural raw materials play a significant role in southern Russia's foreign trade, and their importance continued during the pandemic.

Compared to other regions and to larger companies, SMEs in southern Russia started to react to COVID 19 earlier and scaled back their operations. The pandemic also led to a reduction in the number of active companies and individual entrepreneurs.

Foreign trade turnover.

The reduction in Russian exports did not affect the growth of exports of products from the Rostov and Volgograd regions, but significantly affected the region by the decrease in exports of the Krasnodar Krai. At the same time, imports in the Krasnodar Krai and Stavropol Krai significantly outpaced the decline in imports in the country as a whole.

Growth rates, 2020 compared to 2019, %	RF	SFD	NCFD	RR	KK	VR	SK	NN
Extractive industry	-7.0	-5.6	-10.4	1.3	-14.7	-23.1	-1.7	-1.8
Manufacturing	0.3	0.5	4.4	2.3	-2.4	2.5	3.0	-7.2
Supply of electricity, gas and steam; air conditioning	-2.5	-1.7	9.2	-2.3	-5.0	6.3	-7.4	-2.3
Water supply; waste water disposal; waste collection and recycling; activities to eliminate pollution	-3.8	4.5	2.1	7.0	-1.2	16.6	2.4	-0.1
Electricity generation	-2.9	0.5	-2.9	-3.4	-1.5	9.7	-9.6	13.6
Grain	9.8	-3.9	-20.5	3.0	-12.8	13.7	-31.1	32.5
Sugar beet	-40.4	-46.1	-50.5	-61.1	-44.8	-46.0	-52.7	-29.4
Sunflowers	-13.7	-16.9	-28.9	-21.8	-17.3	-11.6	-32.8	-43.8
Potatoes	-11.3	-3.7	-1.0	-8.1	-5.3	-1.5	0.2	-10.9
Vegetables	-2.3	1.6	-7.2	-4.5	2.8	0.4	-3.3	-1.7
Cattle and poultry for slaughter (live weight)	3.1	0.3	2.8	-3.8	5.6	-3.4	2.0	1.6
Milk	2.7	2.7	2.3	0.0	5.8	2.9	-0.2	3.0
Eggs	0.0	-3.8	-0.7	-2.6	-7.5	2.0	-2.5	-7.2
Housing construction	-1.8	1.2	-2.9	0.1	-0.2	5.8	2.7	4.7
of which, self-builds	0.5	3.3	1.2	-5.6	5.5	-5.1	-0.9	7.2
Price indexes on the housing markets:								
New build market	12.0	14.1	10.0	10.7	16.7	10.2	7.3	15.3
Resale market	9.5	3.1	11.1	3.3	1.1	3.6	2.6	8.8
Road freight deliveries	0.4	3.7	-13.5	18.8	-2.3	-9.7	-14.9	-7.9
Road freight tonne-kilometres	5.1	10.3	-33.1	3.4	17.1	0.7	-39.3	2.7
Freight rate indices. compared to December 2019	5.2	4.6	-19.1	3.4	10.2	-19.9	-19.6	4.5
Retail sales Food items								
Retail sales Non-food items	-2.6	-3.7	-0.2	-3.0	-3.6	-4.9	-8.7	-6.3
Consumer spending on services	-5.2	-5.0	-9.7	-3.4	-5.8	-7.3	-5.5	-8.0
Wholesale sales	-17.3	-10.9	-14.0	-11.0	-9.9	-13.7	-16.9	-15.5
Consumer prices, 2020 compared to 2019, %	1.3	3.3	-5.1	6.7	1.6	-4.4	-6.7	7.8
Goods and services	4.9	5.2	6.1	5.2	5.1	4.9	5.7	5.8
Food items	6.7	7.2	8.9	7.4	7.1	6.7	8.6	7.1
Non-food items	4.8	4.3	4.9	3.9	4.3	5.1	5.4	6.4
Services	2.7	2.9	2.2	3.6	2.9	2.1	3.0	3.6
Housing and utilities services	3.6	3.0	3.0	4.1	2.6	2.8	3.8	2.5
Real income	-3.0	-2.1	-3.4	-1.4	-3.0	0.0	-5.8	-5.2
Income	0.3	1.1	0.1	1.9	-0.1	3.8	-2.3	-1.4
Consumer spending	-5.5	-3.6	-5.1	-3.1	-4.5	-2.0	-7.1	-6.3
Average monthly wage	9.7	7.0	9.0	4.0	11.4	10.6	8.0	4.1
Financial performance	-22.1	1.9	56.6	n\	-19.4	-9.4	11.0	15.6
Proportion of profitable companies and organisations	70.6	69.6	70.9	73.6	72.0	70.0	69.2	75.1
Accounts payable	21.8	11.3	34.7	8.1	17.0	-1.7	24.1	14.1
Accounts receivable	21.1	9.2	-1.8	17.9	3.7	11.4	-13.7	5.9
Number of companies	-8.1	-6.2	-4.2	-8.3	-5.8	-7.4	-1.8	-5.9
Number of individual entrepreneurs	-8.0	-9.1	-8.8	-11.4	-9.1	-12.4	-10.8	-8.8
Outstanding debt on loans provided by credit institutions to individuals (based on the location of the borrower) Growth rates, 2020 compared to 2019, %								
In rubles	13.6	13.9	12.1	11.7	14.6	11.6	11.4	10.8
Including residential mortgages	21.3	23.8	21.5	20.9	25.4	18.0	18.2	16.9
Natural population increase (+, decrease (-))	-4.70	-5.30	4.80	-6.70	-3.80	-7.90	-3.10	-8.60
Migration population increase (+), decrease (-)	0.85	6.43	-1.02	2.85	5.51	1.32	-0.56	0.39
Exports	-20.6	-4.7	-7.0	5.7	-24.0	21.0	-11.6	-1.2
With non-CIS countries	-22.1	-8.4	-8.6	5.2	-25.3	-6.2	-11.9	8.7
With CIS countries	-9.9	13.9	-4.3	7.8	-9.7	68.4	-10.9	-17.1
Imports	-5.2	-1.1	-6.2	-11.9	5.0	-16.7	-7.6	-14.5
With non-CIS countries	-4.7	0.7	-1.9	-10.2	8.9	-9.8	3.1	-15.0
With CIS countries	-9.0	-7.4	-18.5	-15.9	-16.7	-33.5	-31.7	-9.3

Key Events - 2020



The Analytical Credit Rating Agency (ACRA) upheld Center-invest Bank's A(RU) national scale rating, outlook stable.



The Euromoney business magazine recognised Center-invest Bank as "Central and Eastern Europe's Best Bank for Corporate Responsibility".



Center-invest Bank presented its unique experience of responsible finance at the Sustainable Investment Forum organised by United Nations' Climate Action. Lidia Simonova, Chairman of Center-invest Bank's Executive Board, was the only Russian speaker at this international event.



Measures taken by Center-invest Bank in response to COVID-19 have been highlighted as examples of best practice among signatories to the Principles of Responsible Banking of the UNEP FI.



The bank's specialists have developed a design project for the distance economy and, on the basis of it, launched a special program "Business Transformation" for quick and effective restructuring of clients' business processes.



The bank raised USD 10m in subordinated loans (for its capital).



Chairman of the Board of Directors of Center-invest Bank, Dr Vasily Vysokov, headed up a new ESG Banking Project Team for the Association of Banks of Russia.



Center-invest Bank placed a new RUB300m issue of green bonds on the Moscow Exchange in its Sustainable Development Sector. This is the first issue of officially designated "green" exchange-traded bonds in Russia. The issue is in compliance with both Russian and international standards for responsible financing. Its environmental impact will be equivalent to a reduction in CO2 emissions of 6,408 tonnes.

Center-invest Bank introduced a new "Green" deposit account, the only one of its kind in Russia. All of the funds deposited in Green deposit accounts are to be used for projects that contribute towards the UN Sustainable Development Goals and Russia's National Projects.



Center-invest Bank received the country's first order from the Marketplace platform and opened Russia's first remote deposit account.



Center-invest Bank has connected to the Fast Payment System, which allows making fast transfers by phone number between clients of different banks participating in the system.

Bank overview

Established 28 years ago, Center-invest Bank is the leading private bank in southern Russia. It has strong market positions and unique experience in the local market. The bank accounts for almost 50% of the total capital, assets, loans and deposits of the region's local banks. Center-invest Bank operates in six regions of the Russian Federation: Rostov region, Volgograd region, Krasnodar krai, Stavropol krai, and the cities of Nizhny Novgorod and Moscow. It has 120 branches and 1,598 employees.

The bank's international shareholder structure, unique ESG positioning, and sustainable growth as measured by financial indicators have enabled it to become an example of best international practice in green investing and the implementation of ESG principles.

The bank's competitive positions: rankings



Number of offices

120



Client base

1.5 million



Client base

1 598

Credit ratings

Moody's - Ba3 (stable)

ACRA - A(ru) (stable)

Forbes

2020

51st «The most reliable banks in Russia»



CEE's best bank for corporate responsibility 2020



Global Alliance for Banking on Values

2019

Member of GABV

ESG - rankings

Vigeo Eiris 17/76 (Europe)

Expert

РЕЙТИНГОВОЕ АГЕНТСТВО

In ranking of the largest Russian banks as at 01.01.2021:

- 34 Retail loan portfolio
- 35 Retail deposits
- 47 Value of corporate loan portfolio
- 48 Value of total loan portfolio
- 57 Value of total assets

<https://www.raexpert.ru/rankings/bank/monthly/jan2021/>

In ranking of largest mortgage banks as at 01.01.2021:

- 14 Value of mortgage loan portfolio
- 16 Volume of issued mortgage loans

https://raexpert.ru/rankings/bank/ipoteka_2020/

The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

TOP-50 Russian Banks

- 15 Loans to Assets ratio
- 20 ROE
- 24 ROA
- 34 CAR
- 35 Assets
- 39 Tier 1 Capital

<http://www.thebanker.com>

Коммерсантъ

TOP-15 most profitable banks in Russia as at 01.01.2021:

- 15 Profit

<https://www.kommersant.ru/doc/4308299>

Center-invest Bank carries out the following banking operations in accordance with General Licence of the Central Bank of Russia No 2225 dated 26 August 2016:

- attraction of funds from individuals and companies in the form of deposits (call and fixed term deposits);
- investment of the funds attracted from individuals and companies in the form of deposits (call and fixed term) in its own name and at its own expense;
- opening and administering bank accounts for individuals and companies;
- transferring funds on the instructions of individuals and companies, including authorised correspondent banks and foreign banks, through their bank accounts;
- collection of cash, bills, and payment and accounting documents, and provision of cash services for individuals and companies;
- purchase and sale of foreign currency in cash and non-cash forms;
- issuance of bank guarantees;
- transferring funds without bank accounts being opened, including electronic funds transfer (excluding postal transfers).

Center-invest Bank is listed in the Unified State Register of Legal Entities (Certificate series 61 No002690018 dated 26 August 2002). Its primary state registration number is 1026100001949.

Center-invest Bank is registered as a bank participant of the mandatory insurance system (Certificate No 283 dated 9 December 2004).

Center-invest Bank holds the following professional securities market participant licences: No 060-03407-001000 for carrying out securities management activities dated 29.11.2000; No 060-03332-010000 for carrying out dealer activities relating to securities management dated 29.11.2000; No 060-0411-000100 for carrying out depository activities dated 20.12.2000; No 060-03243-100000 for carrying out broker activities dated 29.11.2000.

Center-invest Bank has the exclusive right to the “Center-invest Bank” trademark (State Register of Trademarks and Service Marks of the Russian Federation, Certificates Nos. 627491, 628301, 628300, 628298, and 628299 dated 24 August 2017).

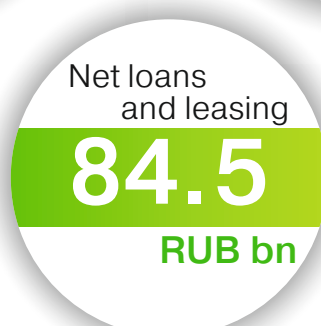
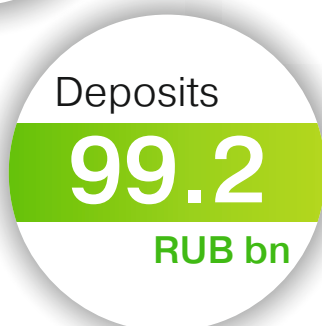
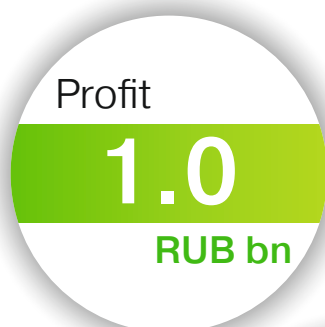
Public Joint-Stock Company Commercial Bank “Center-invest”
Bank head office: 62 Sokolova Avenue, Rostov-on-Don, Russia, 344000
Call centre: (863) 2-000-000, 8-800-200-99-29
Email address: welcome@centrinvest.ru.
Website address: www.centrinvest.ru

Key Financial Indicators

In 2020 the whole world had to contend with a number of restrictions due to the COVID-19 pandemic. Russian government authorities introduced a whole range of measures intended to contain the spread of the virus and mitigate the impact of the pandemic. These included: travel prohibitions and restrictions, quarantine, self-isolation, and restrictions on commercial operations, including the closure of businesses.

These measures significantly constrained economic activity in Russia and had a negative impact on the Russian and global economy, financial market participants, and the bank's customers. Center-invest Bank has a sophisticated IT infrastructure and a deeply diversified loan portfolio. Loans to agricultural companies account for a significant proportion of our loan portfolio, and this sector was much less affected by COVID-19. Mortgages are also significant. These factors helped to reduce the negative impact of the pandemic on the bank's operations.

For 2020 Center-invest Bank's net profits calculated under IFRS were RUB 1.0bn. The bank's capital increased to RUB 14.8bn, ROAE was 6.8%, and ROAA was 0.8%. Capital adequacy under Basel III was 18.1%, and Tier 1 capital adequacy was 16.0%. The bank's assets reached RUB 118.3bn.

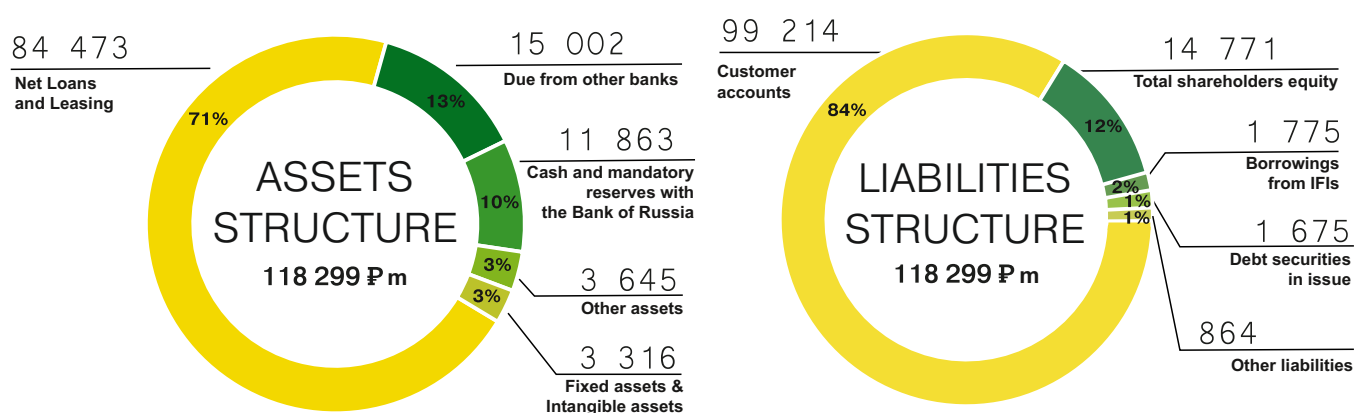


Center-invest Bank's key financial indicators calculated in accordance with IFRS

As at 31 December, RUBbn	2014	2015	2016	2017	2018	2019	2020
Capital	9.6	10.6	11.5	12.6	13.1	14.2	14.8
Assets	91.3	89.6	96.6	102.6	112.2	119.5	118.3
Net loans and leasing	72.0	72.7	73.6	80.1	88.0	85.1	84.5
Deposits	49.2	65.0	80.4	87.2	95.2	99.4	99.2
Profits	1.1	0.5	1.0	1.4	1.5	1.8	1.0
CAR, RAS, % H1.0 ≥ 10.25	10.9	13.0	1.7	11.2	10.7	11.1	13.1
H1.1 ≥ 6.75	7.7	9.5	9.5	9.6	9.5	9.4	9.7
H1.2 ≥ 8.25	7.7	9.5	9.5	9.6	9.5	9.4	9.7
CAR, IFRS, % ≥ 8	14.5	17.1	17.0	16.8	16.7	18.4	21.2
CAR Tier 1, IFRS, % ≥ 4.0	10.3	12.7	13.7	15.0	15.1	16.8	18.8
CAR, Basel 3, % ≥ 10.5	13.0	15.1	14.8	14.6	14.4	15.8	18.1
CAR Tier 1, Basel 3, ≥ 8.5	9.2	11.2	12.0	13.1	13.0	14.4	16.0
ROAA, %	1.3	0.6	1.1	1.4	1.4	1.5	0.8
ROAE, %	12.1	5.3	9.1	11.8	11.9	13.1	6.8
Cost income ratio %	43.4	51.1	44.9	48.7	47.6	53.6	64.8
Number of children born to bank employees	86	78	103	89	72	72	72

In 2020 the bank's asset-liability structure remained stable and focused on the real economy. Responding to customer needs during the pandemic, Center-invest Bank introduced new products to its universal range of banking products and services in the retail and SME lending segments. Net loans and leasing accounted for 71% of the bank's assets.

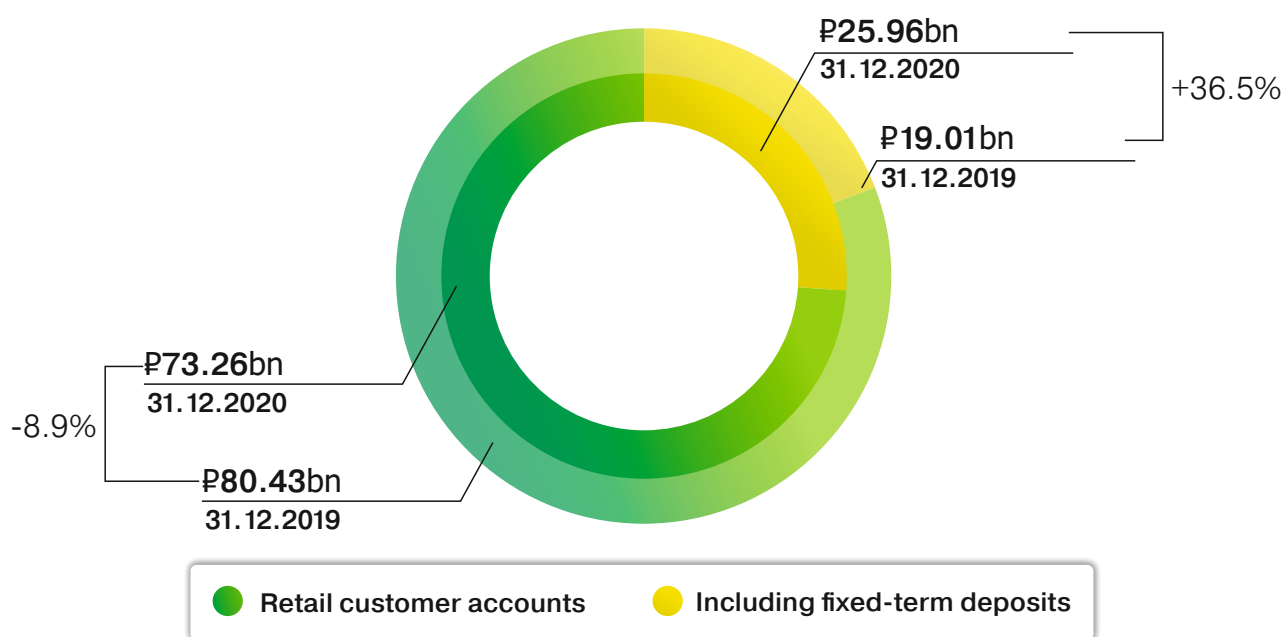
Asset-liability structure as at 31.12.2020, ₪ m



The bank's funding structure was diversified with a stable predominance of fixed-term retail deposits and funds in business accounts. Customer accounts represented 84% of the bank's total liabilities. I

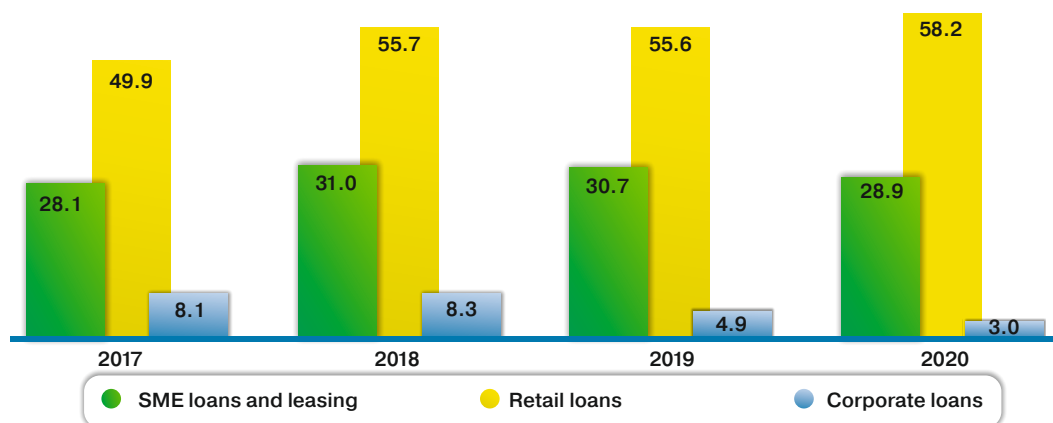
n 2020, negative factors resulting from the COVID-19 pandemic and its anticipated consequences did not impact on the bank's deposit portfolio significantly. At FYE 2020 customer accounts stood at RUB99.2bn (-0.2%), of which 74% comprised retail customer accounts.

Customer accounts structure



The bank's total loan portfolio remained stable throughout all of 2020. At FYE 2020 it stood at RUB90.1bn. Reflecting the reduction in business activity and the restrictions due to the pandemic, during the reporting year the loan portfolio decreased by 1.2% compared to the previous year. Retail lending accounted for 65% of the bank's total loan portfolio, SME lending for 32%, and corporate lending for 3%.

The bank's load portfolio



Transforming our work with SMEs

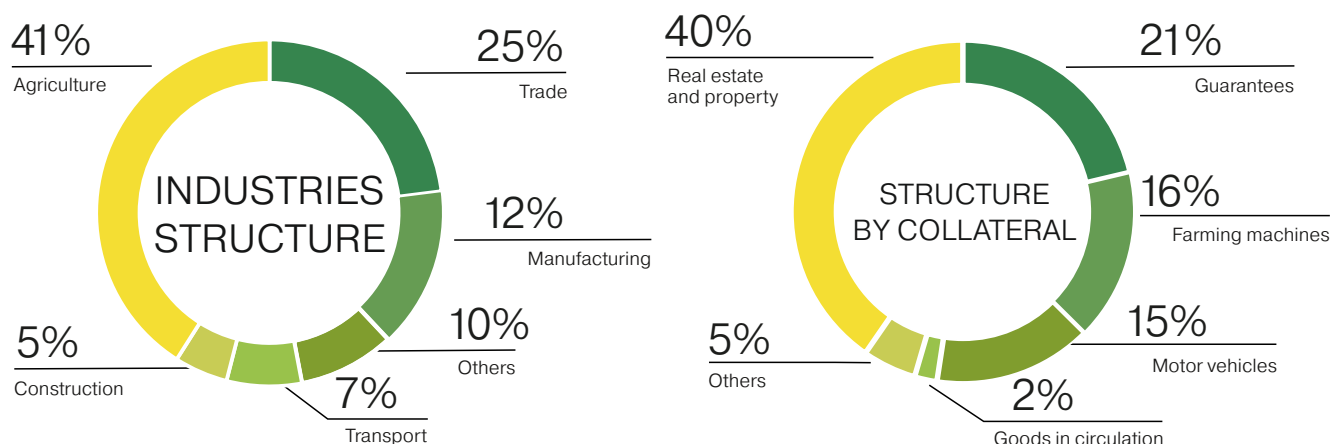
The epidemiological situation in 2020 had a significant impact on the business activity of the bank's customers. Many companies put new projects on hold, which reduced the amount of loan funds required. A responsible approach to business dictates that our customers must apply the precautionary principle when borrowing. This has proved to be the case: there was no increase in non-performing loans, and customers took a conservative approach when applying for loans.

In 2020 Center-invest Bank lent businesses a total of RUB77bn. SMEs and individual entrepreneurs accounted for 92% of the bank's business loans.

15th
among Russia's top
banks for SMEs

The diversified structure of the bank's business loan portfolio, with the agribusiness sector predominant, reflects the structure of the regional economy and allows the bank to reduce the risk of lending to companies in southern Russia. The high proportion of hard collateral in the loan portfolio reduces the risks of lending.

Structure of the Bank's business loan portfolio as at 31.12.2020



During 2020 the bank's experts held a large number of express-consultations with customers, helping them to stress test their businesses. The bank also played an active role in developing and implementing business support mechanisms within the framework of the Decision of the Russian Government on the provision of loan repayment holidays and loan restructuring, the issuing of new loans for the payment of salaries, and business recovery loans.

Center-invest Bank's customers have coped with the pandemic admirably: they met their obligations to the bank, without an increase in non-performing loans. At FYE 2020 less than 12% of the bank's loan portfolio comprised loans to customers from hard-hit sectors, with loan debt totalling RUB4bn. The main sectors concerned are the freight transport sector, non-essential retail goods, the service sector, the restaurant industry, and tourism. The situation in these sectors is gradually stabilising thanks to government support programmes and the bank's loyalty to its customers.

Since signing up to government loan programmes to support business recovery and help employers pay salaries, Center-invest Bank has enabled 280 hard-hit businesses to keep trading and preserve 5,312 jobs.

The bank's customers saved
5312 jobs
thanks to preferential loans

Center-invest Bank's customers have coped with the pandemic admirably: they met their obligations to the bank, without an increase in non-performing loans. At FYE 2020 less than 12% of the bank's loan portfolio comprised loans to customers from hard-hit sectors, with loan debt totalling RUB4bn. The main sectors concerned are the freight transport sector, non-essential retail goods, the service sector, the restaurant industry, and tourism. The situation in these sectors is gradually stabilising thanks to government support programmes and the bank's loyalty to its customers.

By deploying remote banking services, the bank rapidly and effectively transformed the way in which it works with customers. 2020 saw a 53% increase in the number of online loan applications submitted by companies and individual entrepreneurs. We also introduced an option whereby customers can conclude agreements using an electronic digital signature, rather than having to visit a Center-invest Bank branch.

Center-invest Bank's extensive digitalisation of its loan processes (from loan application to loan disbursement and repayment) has led to an increase in SME lending. Today, businesses are looking for quick loan decisions, convenient ways to manage and repay their loans, and the choice of a loan programme that takes into account the characteristics of the regional economy.

The bank's own loan programmes, developed in line with ESG principles and which contribute towards implementation of the Sustainable Development Goals, remained very important to our work. The bank uses unique loan products to support start-up projects at all stages of their development, through the bank's own Accelerator (acc.centrinvest.ru), and to develop female and social entrepreneurship, introduce energy-efficiency technologies, and develop the infrastructure in urban areas and localities.

1694

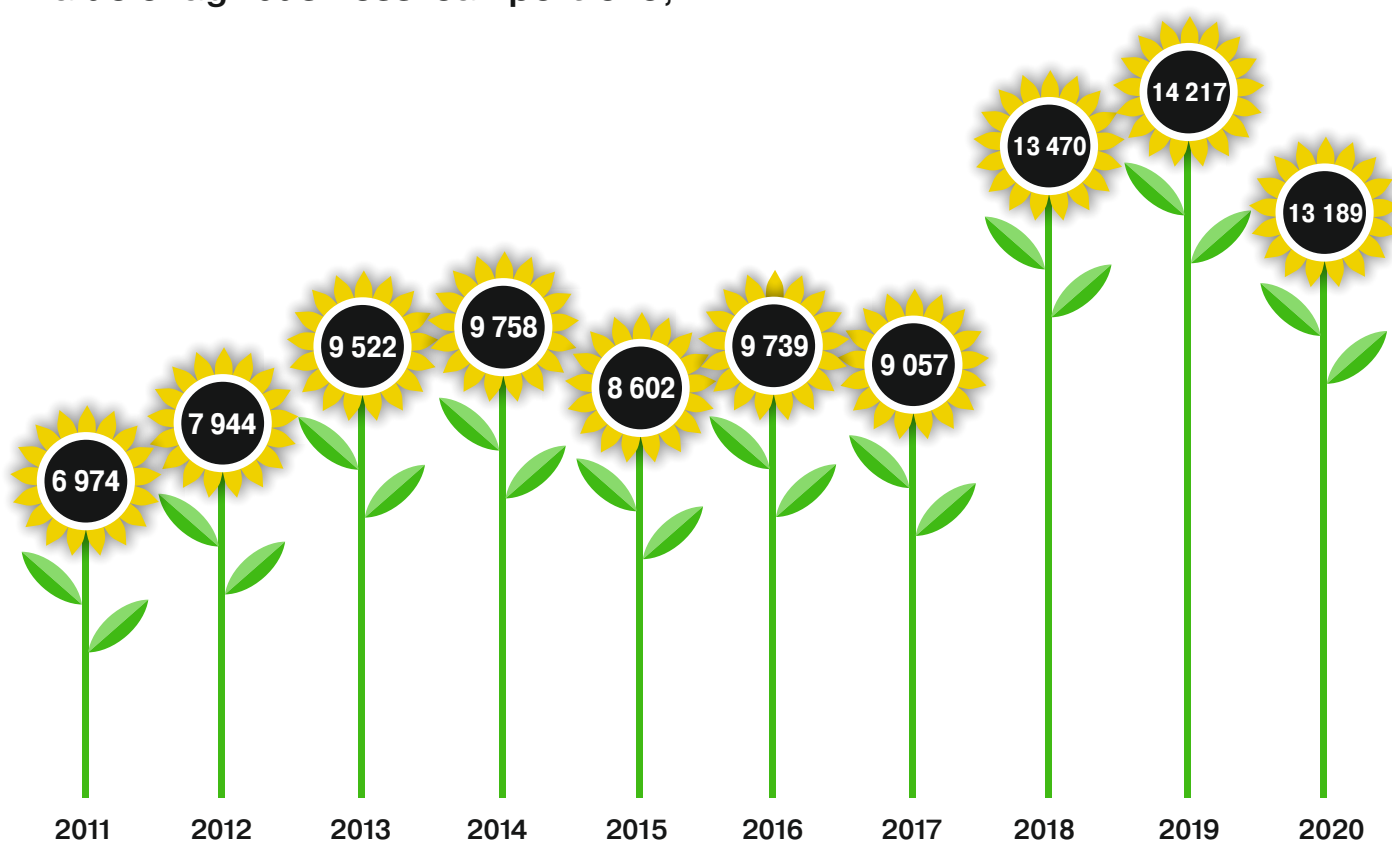
start-ups, social business projects
and female entrepreneurs
are growing their businesses together with

Agribusiness continues to be central to the bank's business loan portfolio: the bank's agribusiness loan portfolio stands at RUB 13.2bn. It is one of the sectors that did not suffer during lockdown.

Agricultural companies continued to operate throughout lockdown, as did banks. 2020 was characterised by high prices for agricultural products. The timely repayment of loans made to agricultural companies and SMEs demonstrates that our customers have a responsible attitude to their businesses and to their partners and employees.

The bank continued its active participation in the preferential loan schemes of the Russian Ministry of Agriculture and the Russian Ministry of Economic Development. In 2020 Center-invest Bank customers received RUB 12.3bn in preferential loans for business development.

Value of agribusiness loan portfolio, ₴ m

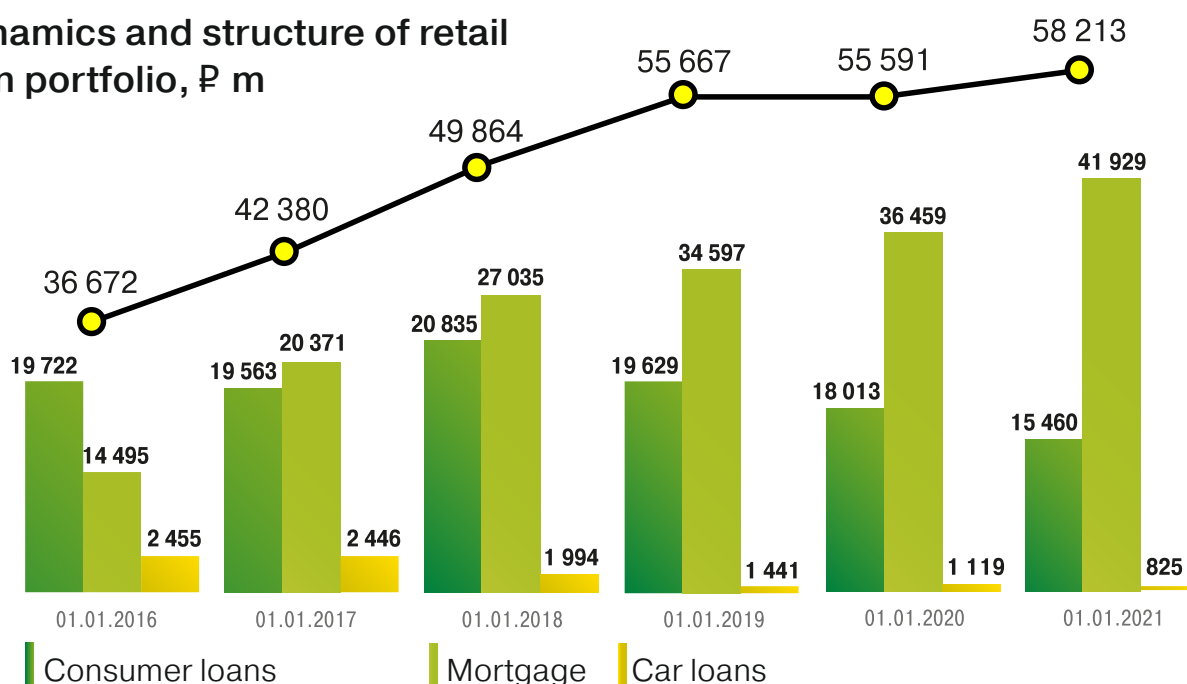


Retail Lending

In 2020 retail lending grew by 4.7% to RUB58.2bn, which was 64% of the bank's total loan portfolio. In all, 26,357 customers took out a Center-invest Bank loan, for a total of RUB23.4bn.

Mortgages are the bank's leading retail loan products. The bank increased its mortgage lending by 70% compared to the previous year. The total value of mortgages issued in 2020 was RUB16bn.

Dynamics and structure of retail loan portfolio, ₺ m



Growth in Center-invest Bank's retail lending has been driven by mortgage lending. The bank has its own mortgage programmes and it also participates in government-subsidised programmes. In addition, it has recently introduced unique ESG loans for frontline medical workers.

7846 families

improved their living conditions
thanks to a Center-invest Bank mortgage

Center-invest Bank is one of only ten credit institutions in Russia participating in the government's rural mortgages programme. Center-invest Bank reduced the rate for loans made under this programme as far as possible, to just 2.75% per annum. In 2020 the bank made 817 loans for a total of RUB1.6bn. This equates to 10.4% of the total number of mortgage loans made by the bank, and 10.2% of the total value of its mortgage lending.

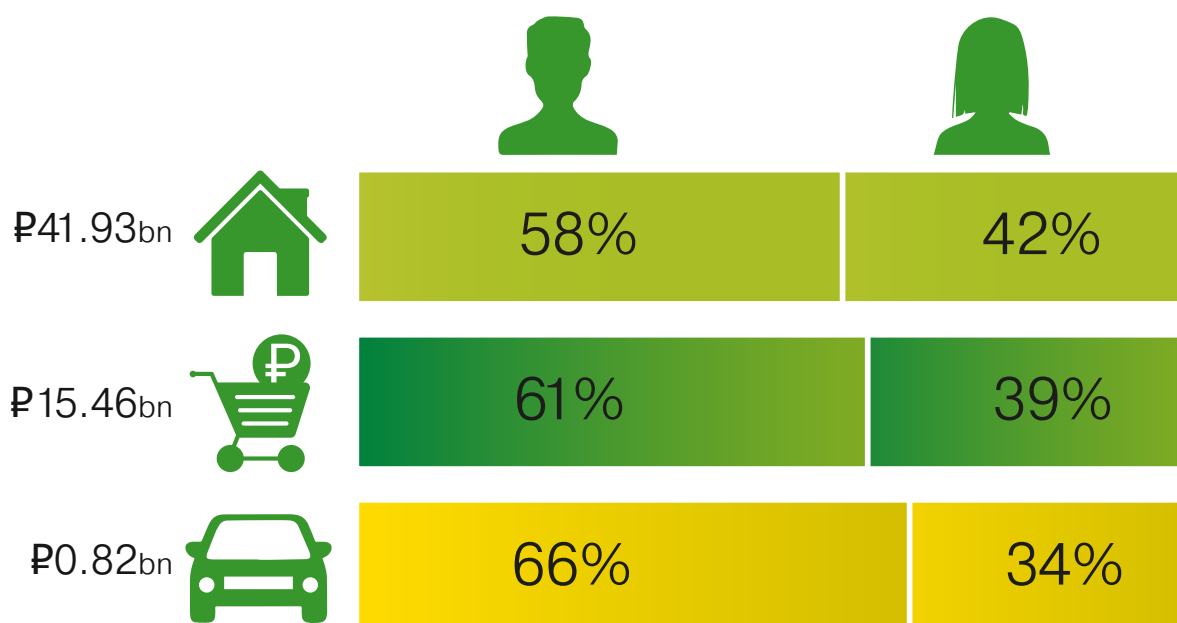
The bank continues to participate in the government's "6.5%" mortgage programme for new-build properties. The bank reduced the rate for its customers by 0.5%, to 6% per annum. In 2020 the bank made 838 loans for a total of RUB1.7bn. This equates to 10.7% of the total number of mortgage loans made by the bank, and 10.6% of the total value of its mortgage lending.

Lending under government-subsidised programmes accounts for 21.1% of the total number and 20.8% of the total value of mortgage loans. The bank's own mortgage programmes allow it to consider its customers' needs and preferences more fully.

15 place
for size of mortgage portfolio
among Russian Banks

Breakdown by loan volumes as at 31.12.2020

Classification: men and women



During the lockdown period, the whole loan process, including applications for repayment holidays, under government programmes and the bank's own programmes, was switched to an electronic format. The bank considered 3,888 requests for assistance, resulting in the restructuring of 2,999 loans in the form of payment holidays, grace periods, and extensions to loan terms. The outstanding debt under these loan agreements was RUB4bn. At FYE 2020, there were only 82 payment holidays/grace periods in effect, that is, 97.2% of customers had resumed making loan repayments according to the original schedule.

Supporting healthcare is one of the bank's priorities in terms of corporate social responsibility. We are offering frontline medical workers preferential terms for refinancing consumer, mortgage and car loans taken out with another bank, and reduced rates for existing loan agreements with Center-invest Bank.

Retail products, bank cards and payments

Given the restrictions that were introduced early in the year, the main focus of 2020 was on ensuring that we provided services to customers safely, and that they could obtain the full range of banking services with minimal visits to bank branches. Our remote banking systems allowed us to achieve this, and also the self-service terminals, the functionality of which is continually being expanded.

For in-branch services, we implemented comprehensive hygiene measures and complied with all recommendations: air purifiers were installed in branches, social distancing was maintained, we constantly monitored the health status of employees, and we provided protective equipment for the bank's customers and employees.

For sustainable investors, Center-invest Bank introduced a unique "Green" deposit account, available in all of its branches. The funds deposited are used to help achieve specific Sustainable Development Goals and implement the Russian Federation's National Projects. At FYE 2020, 1,288 accounts had been opened and RUB615m deposited.

In keeping with its digitalisation strategy, Center-invest Bank became the first bank in Russia with which a deposit account was opened remotely via the Moscow Exchange's FinServices marketplace. By FYE 2020 customers had deposited a total of RUB100m in accounts opened with the bank via the marketplace. Some of the customers are from regions and towns where there is no Center-invest Bank branch, including Novosibirsk, Samara, Krasnoyarsk, Khabarovsk, the Yamalo-Nenets Autonomous Okrug, and St Petersburg. In 2021 Center-invest Bank is aiming for closer collaboration and integration with financial marketplaces.

RUB100m
in deposits opened via the
FinServices marketplace

Center-invest Bank is one of the leading regional banks in the bank card market and it is included in the Bank of Russia's list of significant credit institutions in the payment services market. At FYE 2020 there were 343,871 cards issued by the bank in circulation. This included 230,000 Mir national payment system cards. Center-invest Bank cardholders carried out 19,803,803 transactions in 2020, spending RUB57bn, which was in line with customer activity in the previous year. All the transactions carried out using a Center-invest Bank card are processed by our own Processing Centre. Our three card personalisation centres (Rostov-on-Don, Volgograd and Krasnodar) issued 94,633 cards in 2020 (Visa, Mastercard, Mir). Balances in card accounts increased by 28% during the year, reaching RUB6.85bn at FYE 2020.

During the pandemic, we saw an increase in customer usage of our Internet banking service and mobile app. For Internet banking, the number of unique users grew by 46% in 2020. Payments made via Internet banking totalled RUB164m (+17%), and the number of payments increased by 12%.

98 000
unique logins
on Internet banking in 2020

To encourage customers to use bank cards and increase transactions, in 2020 the bank introduced additional options for its card products: to reduce cash payments, cashback was increased; there is an option to have interest calculated on debit and credit card balances; and customers can make transfers via the Faster Payments System (FPS) using a recipient's telephone number, with no fee. In addition, card designs were revamped.

When the strictest restrictions on movement were in place during spring and summer 2020, the bank extended the expiry dates of cards so that customers did not have to visit a branch to obtain a new card. For people over the age of 65, cards were delivered free of charge in Rostov-on-Don, Krasnodar, Volgograd, Stavropol and Nizhny Novgorod. Fees were scrapped for utility bill payments made via Internet or mobile banking. Customers can also be issued with virtual Mir and Visa cards free of charge.

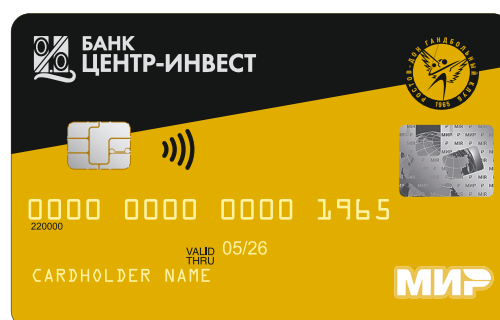
343 871
active bank cards

Center-invest Bank was connected to the Faster Payments System on 1 June 2020. This system allows funds to be transferred between customers of different banks using a mobile telephone number. (The participating banks need to be connected to the FPS.) The funds are credited to the recipient's account instantly. There is no fee for transfers of up to RUB 100,000 a month. Also, Google Pay, SamsungPay and Apple Pay for safe mobile payments were launched for Visa cards issued by Center-invest Bank.

Over 63% of payments by our retail customers are made using remote channels. Customers can use the bank's payment terminals, which are accessible 24/7, to pay utility and mobile phone bills, make loan repayments, and pay into their bank card accounts. At FYE 2020, the bank had 473 payment terminals.

+46%
growth in users of Internet
banking

As a socially responsible business, in partnership with the Rostov-Don handball team, and together with the Mir payment system, Center-invest Bank launched an exclusive Fan Card. It combines the benefits of a modern payment card and a loyalty programme from Russia's top handball team. The loyalty programme developed for the Fan Card includes cashback, bonuses and discounts that can be obtained by making everyday purchases. A rewards scheme was also launched for cardholders, giving fans the chance to meet a team before a match, to attend private Team events, and to obtain exclusive souvenirs, player autographs or tickets for the VIP area.



Payments and settlements for business customers

As part of its ESG-digitalisation strategy, Center-invest Bank continues to enhance its payments and cash management services for business customers. It is updating and adding to its online services, and increasing the proportion of active users of remote banking. Providing a full range of modern banking services, we act as the main payment centre for our customers. The bank currently has over 52,000 business accounts.

In spring 2020, Center-invest Bank launched a new business account with no monthly maintenance fee, to minimise customer expenditure on banking services. Customers could apply for this tariff online. The new tariff was available until the end of 2020 in all of the bank's branches, and it was intended to support businesses that were suffering as a result of COVID-19.

52.000
of business accounts

In 2020 we significantly increased the number of ATMs with a self-service cash pay-in function for businesses in the regions where we operate. Customers can use the ATMs to pay cash into their account and the funds are credited almost instantly. In the Rostov region, 72 ATMS with a cash pay-in function were installed, and 40 ATMS were installed across Krasnodar krai, Stavropol krai, the Volgograd region and the Nizhny Novgorod region. We have therefore expanded the geographic area in which companies and individual entrepreneurs can access this service.

To make its payments and cash management business processes more environmentally friendly, the bank has purposefully reduced the use of paper in its customer documentation. Using Internet banking, the bank has digitalised its communications with customers as much as possible. During the pandemic, all of the bank's branches ceased printing paper statements and associated paperwork for customers. Also, all branches required cash order forms to be submitted electronically. In 2020 the environmental impact of this work was equivalent to saving 330 trees and 227 tonnes of gasoline.

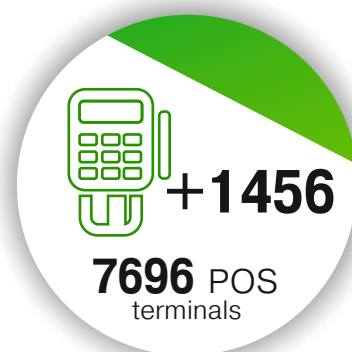
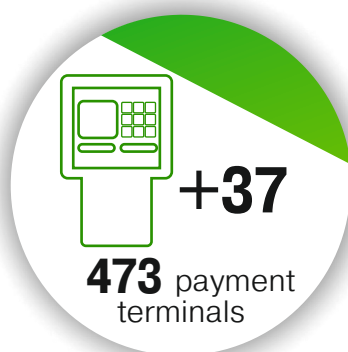
330 trees
were saved by clients using
online-banking

Despite the reduced financial activity in many sectors, the volume of transactions under our customers' international trade contracts in 2020 was: USD 129m, RUB6591bn, EUR47m and CNY49m. The ruble equivalent of total international trade transactions was RUB20.7bn, which was RUB200m more than in 2019.

RUB20.7bn

international
trade transactions

The bank continually expands the benefits of its card products and introduces new functions for its remote banking services. This enables the bank to actively increase its customer share. In 2020, 9415 people from 249 companies in southern Russia and Nizhny Novgorod joined Center-invest Bank payroll programmes. The employees of 3,500 SMEs, public sector organisations, and higher education institutions receive their salaries through Center-invest Bank payroll programmes. The bank offers these customers special loan terms, and their loans can be agreed more quickly, with a shorter list of required documentation.



Recognising that its customers have different needs, Center-invest Bank provides customised merchant acquiring solutions. In addition to the traditional option of POS terminals, we can provide integration of POS terminals with tills, and acquiring for self-service machines. In 2020, an additional 1,456 terminals were added to the bank's acquiring network (+23%).

For many years now, Center-invest Bank has worked successfully with Federal Treasury departments in the Rostov region, the Volgograd region and Krasnodar krai, providing cash and payment services.

ESG Products

Center-invest Bank's experience is a shining example of the successful implementation of ESG banking in Russia. With ESG principles, it is important to assess the impact on society, the environment, and ecosystem development.

In March 2020, Center-invest Bank introduced a new "Green" deposit account, which is unique in Russia. All of the funds deposited in these accounts are used for projects that contribute towards the UN Sustainable Development Goals and Russia's National Projects. At FYE 2020, 1,288 accounts had been opened, with deposits totalling RUB615m.

There are various groups within the small business sector: for each sector, ESG banking develops special products, reflecting the different lending risks.

Lending to female entrepreneurs promotes the principle of gender equality and benefits from their lower risk appetite. Since 2012, Center-invest Bank has had a special loan programme to support women in business. By the end of 2020, 819 businesswomen had benefited from this programme, receiving a total of RUB 1.5bn in loans.

Youth enterprise is expected to implement the creative ideas of the next generation within the existing rules and the barriers to entrepreneurial activity. To support this, the bank provides training for new entrepreneurs and preferential terms for payments and cash management and start-up loans. Our Business Accelerator also provides free advice and mentoring. At FYE 2020, 800 start-up projects had received a total of RUB 1bn.

6100
participants of our
Business Accelerator

Promoting social enterprise is one of the most important tasks of a modern society. Center-invest Bank pays particular attention to the development of social enterprise in southern Russia. In 2017, the bank introduced a special business development loan programme for social enterprises in the following sectors: education, health, culture, and the environment. At FYE 2020, the bank had financed 75 projects under this programme, with loans totalling RUB 181.5m. The bank offers these businesses a preferential loan interest rate and an information platform to facilitate cooperation among social entrepreneurs in the region.

In 2009 Center-invest Bank introduced a unique programme to finance the renovation of apartment buildings. We remain the only bank in Russia to offer loans for this purpose. By the end of 2020, we had made 192 loans to homeowners' associations for renovations, for a total of RUB363m. The loans have been used by customers from the Rostov and Volgograd regions, Krasnodar krai, Moscow and Nizhny Novgorod.

192
loans to homeowners'
associations for renovations

The renovation work includes the installation of metering systems (whole-building heat, water and electricity meters), insulating and repairing walls and roofs, repairing pipelines, installing energy efficient windows (metal-plastic), updating and repairing lighting systems, installing various types of automated technology, and other measures to make apartment buildings more energy efficient.

In Russia, apartment owners have to pay monthly contributions to a capital repairs fund. They then have to wait until there is enough money in the fund to finance renovations. When homeowners' associations take out a loan from Center-invest Bank, they can renovate their buildings straightaway, making them more modern and comfortable. They pay the same contributions as before, but now the money is used to repay the loan.

In spring 2020, to help businesses adapt to the new economy, the bank launched a new “Business Transformation” loan programme. This programme includes preferential finance, attractive terms for payments and cash management, acquiring, and free online cash registers. With loans totalling RUB844m, 396 customers have been able to establish remote services and online offerings, digitalise and modernise their business processes, and enter new markets.



STARTUP

800

PROJECTS

TOTAL OF

1 011

P M

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



BUSINESS LOANS FOR WOMEN

819

PROJECTS

TOTAL OF

1 528

P M

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



TRANSFORMATION

396

PROJECTS

TOTAL OF

844

P M

- ✓ response to COVID-19
- ✓ online request
- ✓ fast decision
- ✓ 2020 - start of programme



SOCIAL RESPONSIBILITY

75

PROJECTS

TOTAL OF

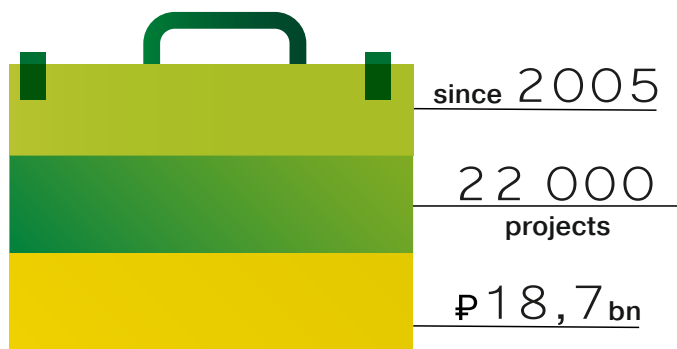
182



P M

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

The bank has had an energy efficiency finance programme since 2005, providing business and retail customers with loans to finance the introduction of modern energy saving technologies and measures. To date, we have invested RUB19bn in 21,972 customer projects. The environmental impact of this is equivalent to an annual reduction in CO2 emissions of 225,550 tonnes.

«Green» loan portfolio



Series		Total par value, RUB m	In circulation, RUB m	Maturity date	Coupon rate % per annum
Exchange bonds, BO-001P-06 series		250.0	250.0	11.2020	8.00
Exchange bonds, BO-001P-07 series		300.0	300.0	12.2021	5.75

In 2020 Center-invest Bank's first issue of green bank bonds was redeemed and a second issue was placed on the Moscow Exchange. The main distinction with Center-invest Bank's green bonds is the purpose for which they are issued. The bank guarantees that the funds raised from this issue will be used to finance and refinance loans for energy efficiency projects in the industrial sector, agribusiness, housing and utilities, and the service sector. The environmental impact of the two issues of green bank bonds is equivalent to a reduction in annual CO₂ emissions of 11,000 tonnes.

Every investor who purchases Center-invest Bank green bonds is contributing to environmental protection and sustainable development in southern Russia.

Efficiency evaluation

EMISSION REDUCTION EQUIVALENTS



CO₂ ~ 11 002 tonnes



Cars ~ 31 400 pcs



Oil ~ 13 400 barrels



Trees ~ 440 080 pcs



Flight Rostov-Moscow ~ 123,065 people

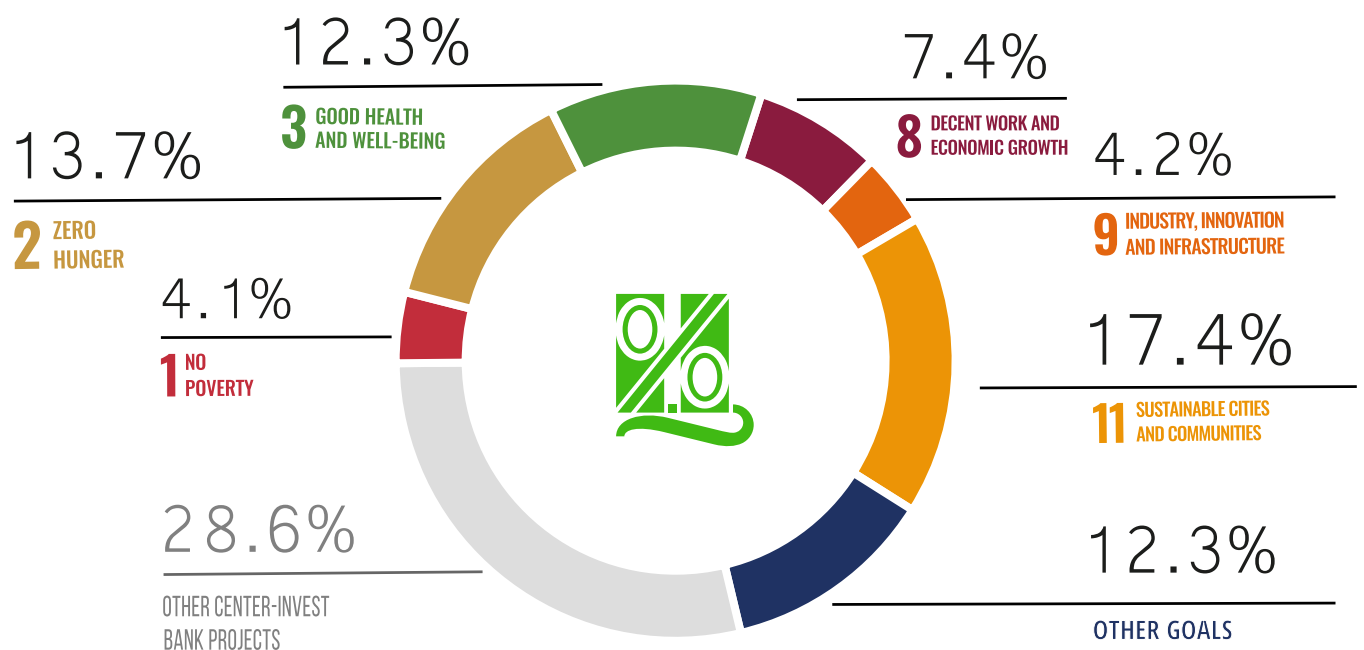
The bank's Strategy for 2019-2021 "ESG Digitalisation of Center-invest Bank's Ecosystem" amalgamates the UN Sustainable Development Goals (SDGs) to 2030, the priorities of Russia's National Projects to 2024, and the development goals set out in Bank of Russia programmes. This interlinkage increases the bank's competitiveness and allows it to position itself in the banking services market as a pilot, success story, and example to follow.

In 2020, Center-invest Bank invested RUB 195.5bn in implementation of the SDGs and RUB 169.7bn in the National Projects. Center-invest Bank provides every depositor with information about how their money has contributed to implementation of the SDGs and National Projects. This breakdown clearly shows how every Center-invest Bank depositor is contributing to the sustainable development of the region, the country, and the world.

In sustainable development goals RUB 195.5 bn



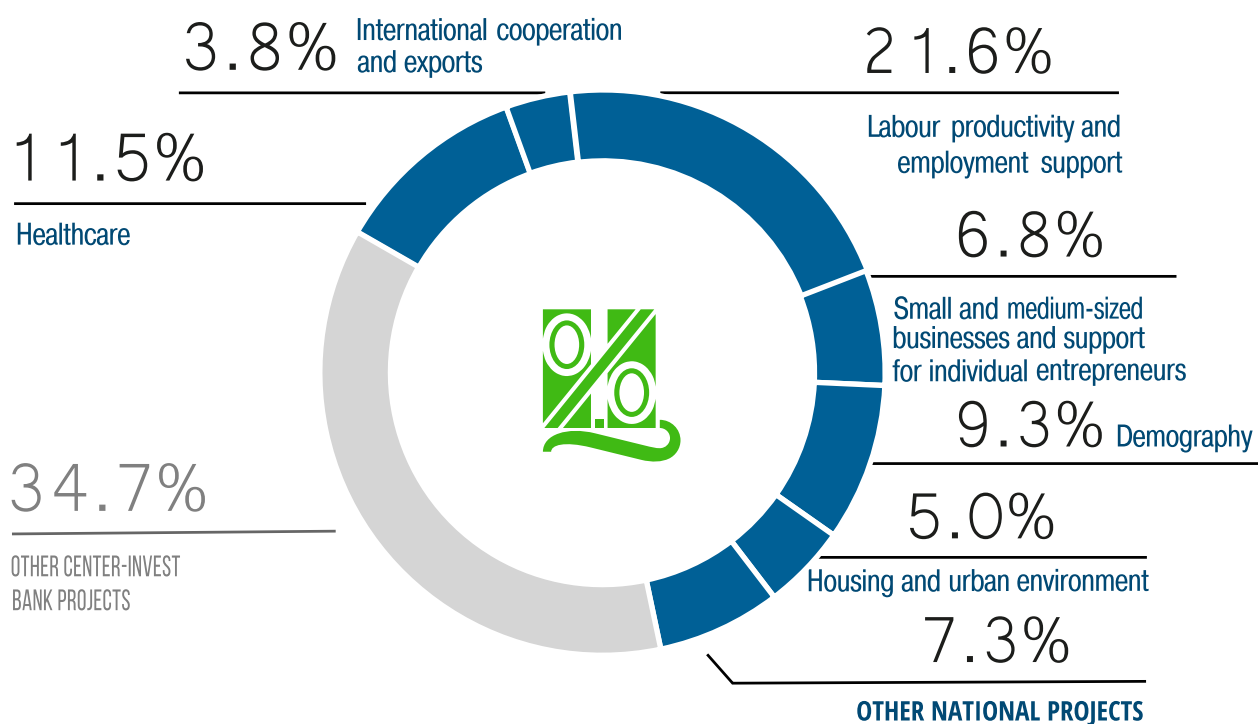
For every ₺ 100 of deposits



In national projects RUB 169.7 bn



For every ₹ 100 of deposits



Digital expansion of sales channels

In 2020, as part of the implementation of its business strategy, “The ESG-Digitalisation of Center-invest Bank's Ecosystem”, the bank transformed its branches into universal sales channels, expanded its partnership with multifunctional centres for central and local government services (MFC), and developed social projects in new regions using digital technologies.

Our developed branch network allows us to replicate our unique bank products and solutions, which are competitive in all the regions in which we operate. At FYE 2020 our branch network comprised 120 branches located in six Russian regions. For this indicator, the bank ranks 27th among Russia's financial institutions.

27 place
for branch network
among Russian banks

As our branches are now universal sales channels, customers can carry out a range of financial transactions at the one service counter. This saves time for both the customer and the branch staff. At FYE 2020, the branch network accounted for 82.3% of the total loan portfolio and 68.4% of total deposits.

01.01.2021 RUB, bn	Assets	Net loans and lease	Private customer accounts	Corporate customer accounts
Rostov region (without headquarters)	49.72	47.37	43.59	17.97
Krasnodar region	19.32	18.90	4.63	2.48
Volgograd region	4.53	4.48	0.73	0.73
Stavropol region	2.32	2.21	0.52	0.24
Moscow and Nizhny Novgorod	1.98	1.78	0.12	0.17
Total	77.87	74.73	49.59	21.59
Branch network share in the total bank balance	64.82%	82.29%	68.41%	79.41%

To optimise business processes, the bank modernised and redesigned its branches in Salsk (the Rostov region), Kamyshin (the Volgograd region), and Zheleznovodsk (Stavropol krai). We also changed the legal status of a number of our branches in Krasnodar krai so that they are managed directly by Main Branch No. 8 in Krasnodar.

To optimise the branch network, four branches were closed (in Nizhny Novgorod, Krasnodar, Taganrog and Salsk). Main Branch No.4 in Stavropol was relocated to a new modern building. In June 2020 a new branch was opened in Krasnodar in partnership with the local MFC (providing a one-stop-shop for customers).

The bank's partnership with MFC in the Rostov region demonstrates the increased penetration of digital technologies in the government services sector. In January 2020, a project was launched to install POS terminals at 400 service counters in MFC in the Rostov region, Stavropol krai and the Republic of Adygea. This solution is ready to be replicated in any town and region where the bank operates.

In 2020 Center-invest Bank launched several pilot social impact projects in the Rostov region (Shakhty) and the Republic of Adygea (Maykop). As part of the "School Dinner Card" project, thanks to the bank's modern technology and information systems, 25,000 schoolchildren in 37 schools are able to make cashless payments for their school dinners.

Employees from the bank's branches were trained in providing universal banking services: retail transactions, loan services, and payments and settlements for business customers. As a result, a coordinating department was established to organise the work of the front-office staff in the bank's branches and monitor the quality of service (encompassing over 60% of branches). Throughout 2020 all training and meetings with customers were held online.

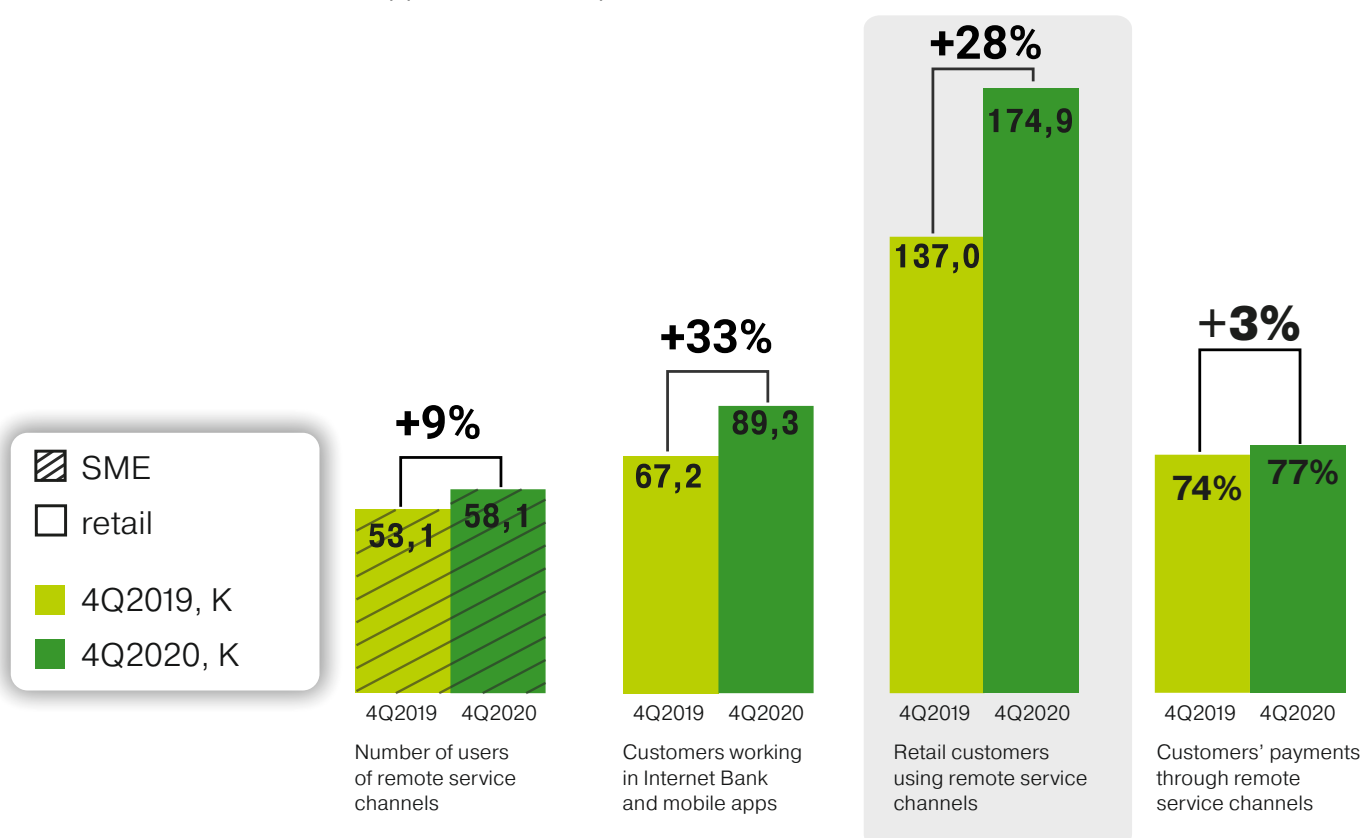
In 2021 the bank is continuing to prioritise the digitalisation of products and services to enable customers to carry out all their usual banking transactions and access services without visiting a branch.



Digitalisation of the bank's ecosystem

In 2020 Center-invest Bank demonstrated its preparedness for transformation in the new distance economy. This was thanks to the phased implementation of its ESG digitalisation strategy, which encompasses all of its systems and interactions with the regulator, government bodies and customers. In each of these areas, the bank meets the requirements on data and payments security. It shows leadership in the introduction of new programmes and platforms, participates in pilot projects for government services and marketplaces, and introduces best practice in working with big data and artificial intelligence models.

The restrictions due to COVID-19 and the expansion of the bank's remote services resulted in increased customer use of remote banking. In 2020 Center-invest Bank saw a 33% increase in the number of retail customers actively using mobile banking, and there was a 53% increase in the number of online business loan applications compared to 2019.

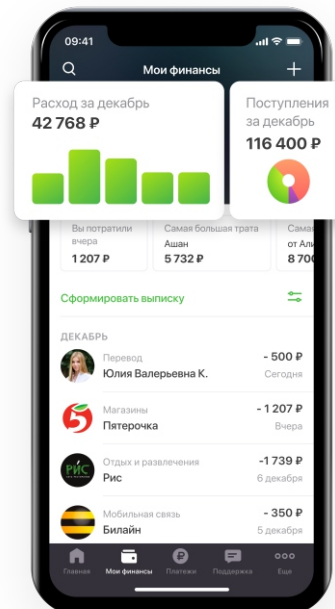
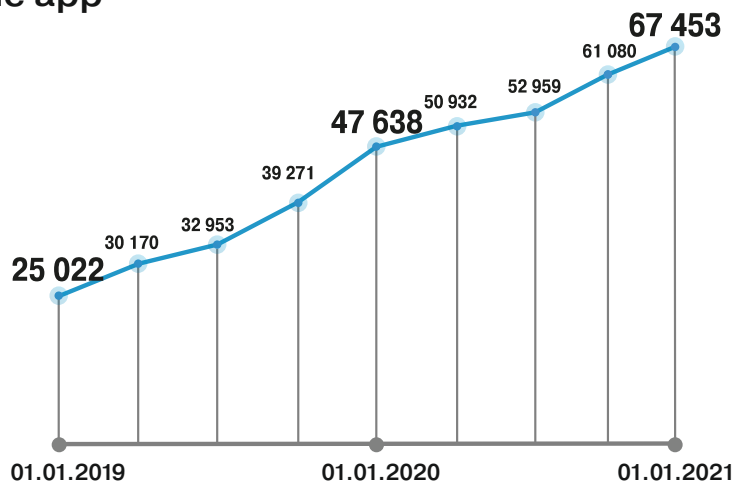


The bank's IT systems enabled it to promptly, and with maximum efficiency, restructure its business processes for the submission and processing of loan applications, and the issue of loan funds, without customers needing to visit a branch. Applications for loan repayment holidays could also be submitted remotely.

For customers using Internet banking and mobile banking, the bank introduced the following options: to transfer money using a telephone number, via the Faster Payments System; to transfer money from a deposit account to a card; to obtain a virtual Mir card which can be used to make safe payments online; to link to MirPay and Samsung Pay for payments using NFC mobile phone technology; and to use VISA cards for payments via Google Pay and Apple Pay.

We piloted a completely new version of Mobile Bank (real-life testing). It has a user-friendly interface and expanded product management options for customers. Functions include: utility bill payments using a QR code, a financial analytics module, and chat with the bank.

Growth in number of active users of mobile app



In 2019 Center-invest Bank and the Rostov region's multifunctional centre for central and local government services (MFC) implemented a joint project to simplify payments. As a result, MFC services can now be paid for using any bank card and a QR code. In 2020 this successful project was expanded to include MFC in the Republic of Adygea and Stavropol krai. Since the project began, the bank has equipped over 1,400 MFC workstations with POS terminals. They are now able to operate as “one-stop-shops”.

In 2020 customers using the bank's Business Online service benefited from a revamped payroll programme interface, making it quicker and easier to create and send documents. In addition, we introduced an alternative cryptosecurity measure, Safetouch+RSA, allowing customers to view the data being signed in a secure environment with the RSA algorithm. The Business Online system also includes a section with information for customers about freezing of accounts. In 2020, over 11,000 customers were connected to the Business Online system.

54%
of the bank's business customers use its remote banking services.

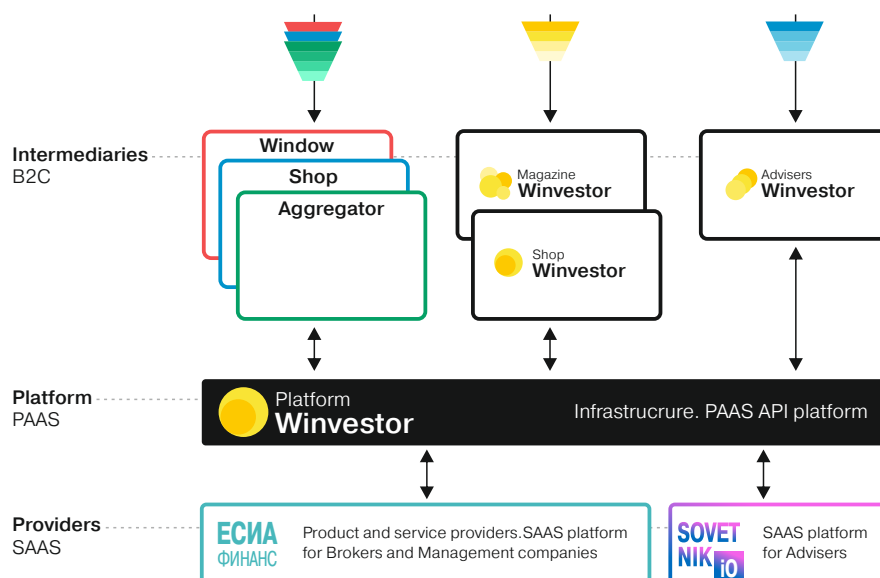
In October 2020 Russia's first financial products marketplace was launched. The Marketplace project is an initiative of the Bank of Russia, and the platform is operated by the Moscow Exchange. The Marketplace allows anyone who is resident in Russia to open a deposit account online with any bank that is connected to the platform. Center-invest Bank was the first bank in the country to open an account based on an application submitted via the marketplace. As a result, we now have customers from parts of the country that do not have a Center-invest Bank branch, including: Novosibirsk, Khabarovsk, Krasnoyarsk, Yamal, St Petersburg and Samara.

In 2021 Center-invest Bank is stepping up its participation in federal financial marketplace projects. It is actively involved in working groups for a lending marketplace, the initial version of which should be piloted in the second half of the year. With this new marketplace, customers will get a preliminary loan decision within five minutes of submitting an application via the platform. Participation in this marketplace will allow the bank to offer the best loan products to customers from across Russia.

This year, the bank has already launched an innovative system automating decisions on retail loan applications. The production of loan agreements, setting out the parameters of loan decisions, has also been automated. As a result, the bank's customers receive loan decisions and loan funds more quickly.

In 2020, following the trend for digitalisation of the financial market and moving financial services online, Center-invest Bank, together with IT partners, created a commercial spin-off, Winvestor. This is a one-of-a-kind ecosystem of investment products and financial advisory services. Winvestor incorporates an online store of investment products, a financial online magazine, a platform of investment and financial advisors, and also white label storefronts of investment products for a wide range of professional financial market participants.

Winvestor is a resident of the Skolkovo Innovation Centre and the Moscow Innovation Cluster. It was declared best software developer for institutional investors 2020. Over 600 clients from different regions of Russia have already benefited from the convenience and innovativeness of Winvestor's financial services.



In 2020, an IT solution developed by Center-invest Bank was again a winner in the Global CIO "Project of the Year" competition. The bank's entry was a project using computer vision and artificial intelligence to monitor fraud in currency exchange transactions. This project was designed to improve the effectiveness of the monitoring of customer service transactions.

Center-invest Bank demonstrated yet again that the automation and optimisation of business processes and banking technologies is essential for effective growth.

Corporate Governance

The purpose of Center-invest Bank's corporate governance is to protect the rights and interests of shareholders, ensure effective management and transparent relationships between the bank's shareholders, Board of Directors and executive bodies, and deliver a long-term increase in the value of the bank's shares.

The governance of Center-invest Bank complies with Russian legislation and Bank of Russia requirements, takes into account best international practice, and is based on the recommendations of international organisations, in particular, the Basel Committee on Banking Supervision.

Center-invest Bank has had corporate governance rules and procedures since 2004, including codes of corporate conduct and ethics, and policies for specific areas of the business.

Corporate governance principles:

● **Accountability**

The Code of Corporate Conduct establishes the accountability of the Board of Directors to the bank's shareholders and provides guidance to the Board of Directors when developing the bank's strategy and managing and monitoring the activities of the executive bodies.

● **Fairness**

The bank undertakes to protect shareholders' rights and to ensure equal treatment of all shareholders, including minority and foreign shareholders. The Board of Directors shall afford all shareholders effective protection should their rights be infringed.

● **Transparency**

The bank shall provide timely and reliable disclosure of information about all material facts relating to its activities, including its financial position, results, ownership and governance structure, as well as free access to such information for all stakeholders.

● **Responsibility**

The bank recognises the rights of other stakeholders in accordance with the law and other regulatory requirements.

Center-invest Bank's corporate governance system comprises its regulations, the corporate culture procedures set out therein, and monitoring and reporting on compliance with these regulations. The following were approved in 2020: Anti-Corruption and Fraud Policy, Sanctions Policy, and Business Continuity and Recovery Plan in the Event of Critical Threats to Biological Security. Revised versions of the following were approved: Risk Management Policy, Internal Control Policy, Liquidity Management Policy, Business Continuity Plan, and Business Continuity and Recovery Plans to Ensure Infrastructure Security and Personnel Safety and the Operation of the Bank's Information System. Amendments were made to the Lending Policy.

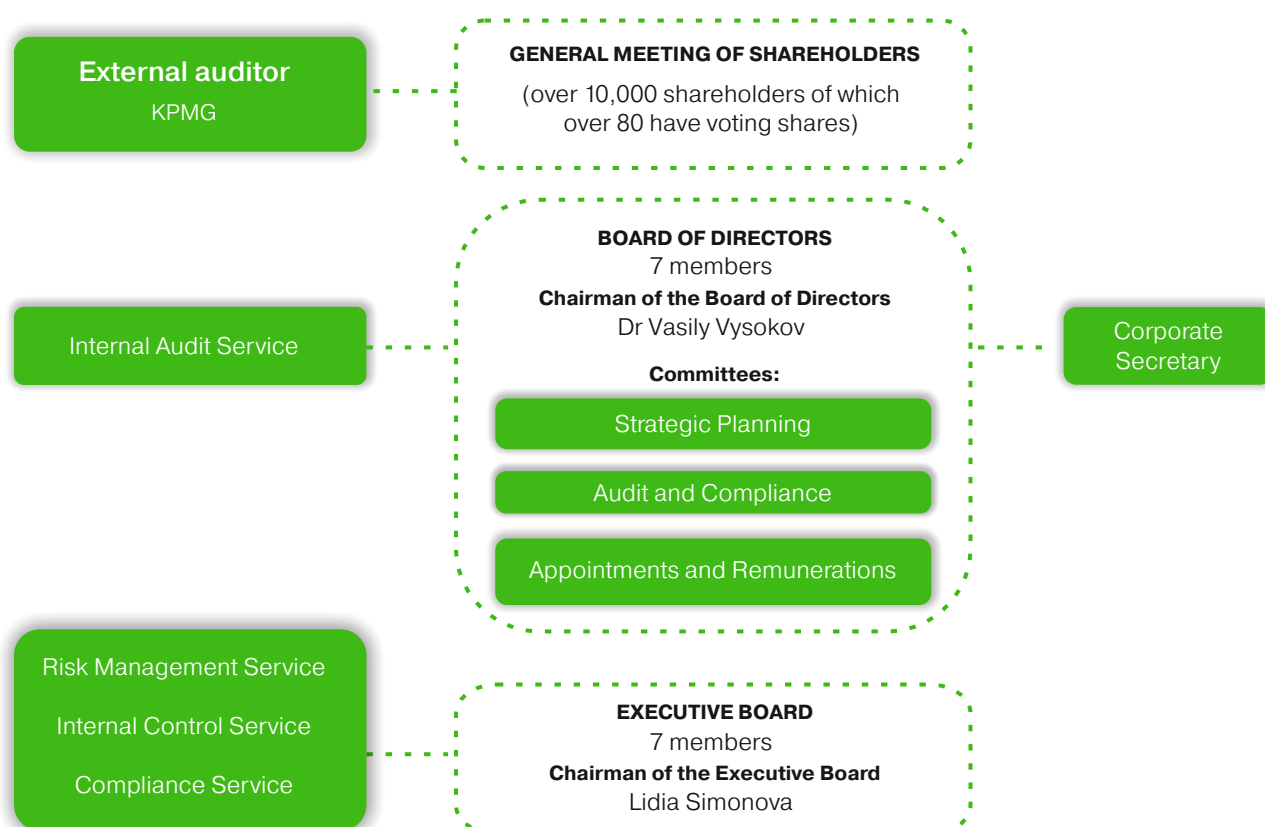
Name of document and year approved
Articles of Association (2016, revised 2017, 2018, 2019)
Byelaw on the General Meeting of Shareholders (2016)
Byelaw on the Board of Directors (2016)
Byelaw on the Executive Board (2016)
Byelaw on the Chairman of the Executive Board (2016)
Code of Corporate Conduct (2004)Code of Corporate Ethics (2004)
Byelaw on the Dividend Policy (2017)
Information Policy (2007)
Risk Management Policy (2020)
Lending Policy (2018, revised 2019, 2020)
Internal Control Policy (2020)
Environmental and Social Policy (2010, revised 2011, 2012, 2014, 2019)
Liquidity Management Policy (2020)
Liquidity Crisis Action Plan (2020)
Digitalisation Strategy (2018)
Personnel Policy (2013)
Remuneration Policy (2016)
Information Security Policy (2019)
Accounting Policy, Accounting Policy for Reporting under RAS and IFRS, and Tax Accounting Policy
Anti-Corruption and Fraud Policy (2020)
Sanctions Policy (2020)
Business Continuity Policy (2020)
Business Continuity and Recovery Plan to Ensure Infrastructure Security and Personnel Safety (2020)
Business Continuity and Recovery Plan to Ensure the Operation of the Bank's Information System (2020)
Business Continuity and Recovery Plan in the Event of Critical Threats to Biological Security (2020)

The bank, its officials and all its employees are guided in their actions by current legislation and also generally accepted business ethics as defined in the Code of Corporate Conduct and the Code of Corporate Ethics.

The bank complies substantially with the principles and recommendations of the Code of Corporate Governance approved by the Bank of Russia (Bank of Russia letter No. 06-52/2463 of 10.04.2014 on the Code of Corporate Governance).

Center-invest Bank will continue developing and enhancing its corporate governance practices in accordance with the recommendations of the Code of Corporate Governance, based on analysis of the scope to apply new practices in the bank.

CENTER-INVEST BANK'S CORPORATE GOVERNANCE STRUCTURE



Within the corporate governance framework, the overall management of the bank's activities is exercised by the General Meeting of Shareholders, which elects the Board of Directors. The Board of Directors determines the bank's strategy: the main types of activities, permissible level of risk, overall expenditure, anticipated financial results, and performance incentive scheme. It approves the composition of the Executive Board and the single-person executive body, the Chairman of the Executive Board.

The Executive Board manages the bank's day-to-day activities which are intended to achieve the aims and objectives set by the General Meeting of Shareholders and the Board of Directors.

Internal control and Risk management

The Internal Audit Service, which is independent of the bank's executive bodies, was established to exercise internal control of all aspects of the bank's activities and assist the bank's governance bodies in ensuring the effectiveness of the Board of Directors. The procedure for forming the Internal Audit Service, its activities, the requirements for its staff, their rights and responsibilities, and the procedure for reporting to the governance bodies are determined by current Russian legislation, Bank of Russia regulations, the bank's Articles of Association and the Byelaw on the Internal Audit Service approved by the Board of Directors.

The Board of Directors approves the Internal Audit Service's work plans and examines reports on their implementation. During the external audit, the Internal Audit Service works with the external auditor and analyses the information and findings from the audit.

A separate Financial Monitoring Department was created within the internal control system to identify and prevent attempted money laundering and financing of terrorism. The department is headed by a senior manager of the credit institution - issuer, appointed and acting in accordance with current Russian legislation.

The Compliance Service was established to identify, monitor and manage regulatory risk in the bank. The head of the Compliance Service is answerable to the Chairman of the Executive Board and reports annually to the Executive Board, the Chairman of the Executive Board, and the Board of Directors.

The purpose of the bank's risk management system is to ensure its sustainability and effectiveness. The system enables the bank to effectively, and in a timely manner, identify, assess and limit the risks assumed, monitor the volume and structure of risks, identify the main factors influencing the degree of risk, and minimise the consequences in the event that risks are realised.

The Risk Management Service was created to identify risks, establish their likely scale and consequences, develop and implement measures to prevent or minimise the associated losses, and report on transactions in financial instruments. It is directly answerable to the Chairman of the Executive Board and is entitled to present reports to the Board of Directors on matters relating to banking risk management.

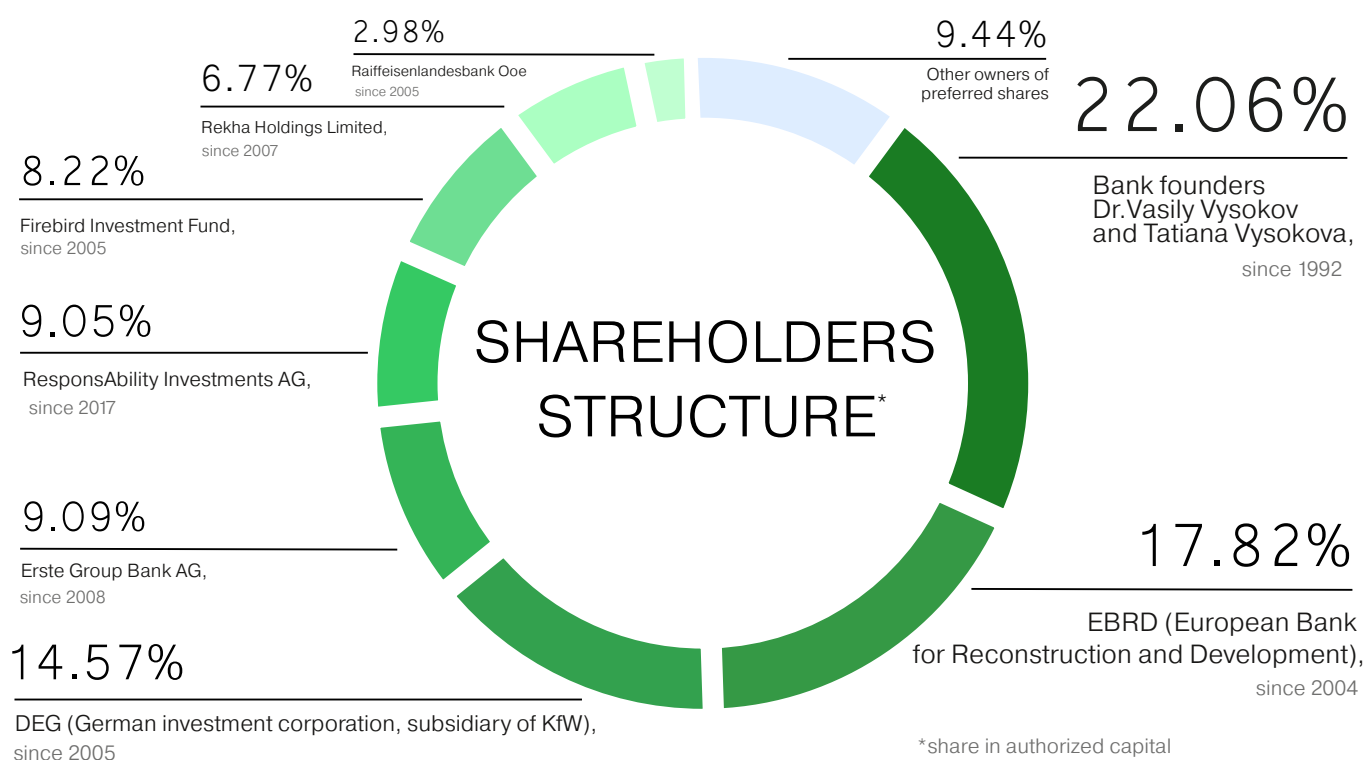
The External Auditor verifies the bank's financial and economic activities in accordance with current Russian legislation, on the basis of an agreement entered into with the bank.

The Corporate Secretary ensures that the bank's governance bodies comply with internal and external regulations, facilitates the effective sharing of information between the governance bodies, and acts as an advisor to the members of the Board of Directors and senior managers.

Shareholders' equity

At 1 January 2021, the bank's share capital was 933,567,570 rubles, consisting of the par value of 84,307,507 registered ordinary shares with a par value of ten rubles each, 123,125 registered preference shares with a fixed dividend and a par value of four rubles each, and 90,000 registered preference shares with a fixed dividend and a par value of 1,000 rubles each.

Structure of shareholders' equity



In the reporting year, the Annual General Meeting of Shareholders decided to allocate RUB310.7m to the payment of dividends for 2019: RUB18.1m in dividends on preference shares (the dividend rate is specified in the Articles of Association and is 20% of the par value of the shares), and RUB292.6m in dividends on ordinary shares (the dividend rate was 34.7% of par value or 3.47 rubles per share).

The General Meeting of Shareholders is the bank's highest governance body. It acts in accordance with current Russian legislation, the bank's Articles of Association, and the Byelaw on the General Meeting of Shareholders of Center-invest Bank.

The 2020 Annual General Meeting of Shareholders considered and approved the bank's annual report, annual financial statements, and distribution of profits, elected the Board of Directors, and approved the bank's auditor. Shareholders holding a total of 99.64% of voting shares participated in the meeting.

For over 20 years, the bank's auditor has been PriceWaterhouseCoopers Audit. The auditor has examined the bank's financial and business activities in accordance with current Russian legislation pertaining to Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS). In 2020, the Annual General Meeting of Shareholders appointed KPMG as the bank's external auditor.

Due to the domestic and international situation with COVID 19, in accordance with federal laws passed with the aim of preventing the spread of the virus (Federal Law No. 115-FZ dated 07.04.2020 on Amending Certain Legislative Acts of the Russian Federation with regard to the Unification of the Contents of Annual Reports of State Corporations (Companies) and Public Law Companies, as well as with regard to Introducing Special Aspects of Regulating Corporate Relations in 2020 and Suspending the Application of Provisions of Certain Legislative Acts of the Russian Federation, Federal Law No. 50-FZ dated 18.03.2020 on the Acquisition by the Russian Government from the Russian Central Bank of Ordinary Shares in Public Joint-Stock Company Sberbank of Russia and Revoking Certain Provisions of Legislative Acts of the Russian Federation), and also in accordance with Bank of Russia recommendations on the holding of Annual General Meetings and the distribution of profits in 2020 (letter dated 03.04.2020 No. IN-06-28/48, letter dated 09.04.2020 No. IN-06-28/54), the bank's Annual General Meeting of Shareholders was held on 29.09.2020 with remote voting.

Board of Directors

The Board of Directors provides overall management of the bank's activities, with the exception of matters which, under current Russian legislation and the bank's Articles of Association adopted in compliance with this legislation, fall within the remit of the General Meeting of Shareholders.

In 2020 the Board of Directors held eight meetings, two of which used remote voting. The meetings considered current issues, such as the quarterly reports from the Executive Board and Internal Control Service and matters relating to the Annual General Meeting of Shareholders and the bank's business plan. They also discussed amendments to internal regulations. In accordance with regulatory requirements, revised versions of the following policies were approved: Internal Control Policy, Liquidity Management Policy, Business Continuity Policy, Risk Management Policy, and Anti-Corruption and Fraud Policy. A Sanctions Policy was approved in accordance with the requirements of international financial institutions regarding compliance with AML rules.

From 27.06.2019 to the date of the Annual General Meeting of Shareholders on 29.09.2020, the composition of the Board of Directors was as follows: Dr Vasily V. Vysokov, Tatiana N. Vysokova, Dr Andreas Zeisler, Dr Hans Unterdorfer, Franz-Josef Flosbach, Per Fischer and Eric Blanchetete. Attendance at meetings of the Board of Directors was 97%. From 29.09.2020 to 01.01.2021 (inclusive), attendance at meetings of the Board of Directors with its new composition, as elected by the Annual General Meeting of Shareholders, was 78%.

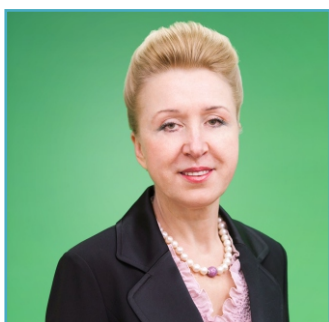
THE BOARD OF DIRECTORS FOR 01.01.2020 - 28.09.2020



Dr Vasily V. Vysokov – Chairman of the Board of Directors, member of its Audit and Compliance Committee, and chairman of its Strategic Planning Committee. Member of the Board of Directors since 1992.

Shareholding: 11.1%.

Percentage of ordinary shares: 12.3%.



Tatiana N. Vysokova – Member of the Board of Directors since 1992, chairman of its Audit and Compliance Committee, and member of its Appointments and Remunerations Committee

Shareholding: 10.96%.

Percentage of ordinary shares: 12.13%.



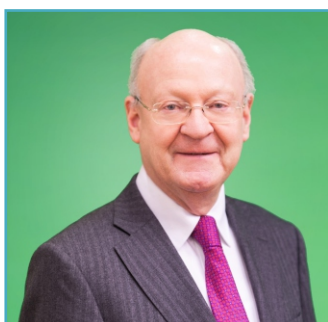
Dr Andreas Zeisler – Member of the Board of Directors since 2006, member of its Appointments and Remunerations Committee
No equity stake in the bank.



Dr Hans Unterdorfer – Deputy Chairman of the Board of Directors, chairman of its Appointments and Remunerations Committee. On the Board of Directors since 2013.
No equity stake in the bank.



Eric Blanchetete – Member of the Board of Directors since 2019, member of its Strategic Planning Committee.
No equity stake in the bank.



Franz-Jozef Flosbach – Independent Director, member of the Board of Directors since 2013, chairman of its Audit and Compliance Committee.
No equity stake in the bank.



Per Fisher – Independent Director, member of the Board of Directors since 2014, chairman of its Strategic Planning Committee.
No equity stake in the bank.

**The Annual General Meeting of Shareholders held on 29.09.2020
elected the Board of Directors as follows:**



Dr Vasily V. Vysockov – Chairman of the Board of Directors, member of its Audit and Compliance Committee, and chairman of its Strategic Planning Committee. Member of the Board of Directors since 1992.

Shareholding: 11.1%.

Percentage of ordinary shares: 12.3%.



Tatiana N. Vysockova – Member of the Board of Directors since 1992, chairman of its Audit and Compliance Committee, and member of its Appointments and Remunerations Committee

Shareholding: 10.96%.

Percentage of ordinary shares: 12.13%.



Dr Andreas Zeisler – Member of the Board of Directors since 2006, member of its Appointments and Remunerations Committee

No equity stake in the bank.



Dr Hans Unterdorfer – Deputy Chairman of the Board of Directors, Chairman of its Appointments and Remunerations Committee. On the Board of Directors since 2013.

No equity stake in the bank.



Eric Blanchetete – Member of the Board of Directors since 2019, member of its Strategic Planning Committee.

No equity stake in the bank.



Andrzej Tadeusz Witak – Member of the Board of Directors since 2020, member of its Strategic Planning Committee.

No equity stake in the bank.



Hans Jochum Horn – Member of the Board of Directors since 2020, member of its Audit and Compliance Committee.

No equity stake in the bank.

In accordance with Bank of Russia instruction 3639-Y dated 19.05.2015, information about the qualifications and experience of the members of the Board of Directors is available on Center-invest Bank's website:

<https://www.centrinvest.ru/ru/about/board-of-directors>.



The bank's Board of Directors established three Committees:

- Audit and Compliance Committee;
- Strategic Planning Committee;
- Appointments and Remunerations Committee.

The Committees give preliminary, in-depth consideration to issues relating to the bank's activities in order to prepare recommendations for the Board of Directors. In the interests of transparency, the Committee meetings are usually open for any member of the Board of Directors to attend. The chairmen of the Committees regularly report at Board of Directors meetings on the results of their work during the preceding period.

The role of the Audit and Compliance Committee is to assist the Board of Directors in meeting its obligations to oversee and monitor the completeness and accuracy of financial reporting, the reliability and effectiveness of the risk management system, internal control and corporate governance, the independence of external and internal audit, and the process of ensuring compliance with legislation.

From 27.06.2019 to 29.09.2020 the chairman of the Committee was the independent member of the Board of Directors, Franz-Josef Flosbach. The other members of the Committee were Tatiana Vysokova and chairman of the Board of Directors, Dr Vasily Vysokov. From 29.09.2020 to 31.12.2020 the elected chairman of the Committee was Tatiana Vysokova. The other members of the Committee were Dr Vasily Vysokov and Hans Jochum Horn.

In 2020 the Committee met four times. The main issues considered by the Committee were: approving the bank's Accounting Policies for 2020 (for IFRS, RAS and tax accounting) and writing off bad debt on the bank's balance sheet. In addition, the Committee recommended that the Board of Directors provisionally approve the Annual Report for 2019, and that the General Meeting of Shareholders change the external auditor to KPMG (based on the results of a competitive tender).

The role of the **Strategic Planning Committee** is to assist the Board of Directors in determining priority areas, producing a strategy to further improve corporate governance, producing recommendations on the dividend policy, assessing the effectiveness of the bank's activities and monitoring its work.

From 27.06.2019 to 29.09.2020 the chairman of the Committee was the independent member of the Board of Directors, Per Fischer. The other members of the Committee were Eric Blanchetete and chairman of the Board of Directors, Dr Vasily Vysokov. From 29.09.2020 to 31.12.2020 the chairman of the Committee was Dr Vasily Vysokov. The other members of the Committee were Eric Blanchetete and Andrzej Witak.

In 2020 the Committee met five times. The main issues considered by the Committee were: addressing problem loans; the Executive Board's quarterly reports on implementation of the bank's business plan and budget, the business plan for the following year, business transformation in a distance economy, preliminary distribution of profits for 2019, and recommendations on the payment of dividends for 2019.

The **Appointments and Remunerations Committee** was established to give preliminary consideration to personnel planning (succession planning) and to the composition and performance of the bank's Board of Directors and executive bodies, and the transparency of its remuneration practices.

From 27.06.2019 to 31.12.2020 the elected chairman of the Committee was Dr Hans Unterdorfer. The other members of the Committee were Tatiana Vysokova and Dr Andreas Zeisler. In 2020 the Committee met four times. The meetings considered the remuneration of staff of the bank's Internal Audit Service, Compliance Service and Financial Monitoring Department, and the Report on the Effectiveness of Center-invest Bank's Wage Payment System for 2019. The Committee developed recommendations for the Board of Directors to take to the General Meeting of Shareholders regarding the remuneration of the members of the Board of Directors based on 2019's results. It also considered other personnel issues, and determined the remuneration of the bank's executive bodies.

Executive Board

The Executive Board is the bank's collegial executive body. Led by the single-person executive body, the Chairman of the Executive Board, it organises implementation of the decisions taken by the General Meeting of Shareholders and the Board of Directors.

The Executive Board manages the bank's day-to-day operations, which are intended to achieve the bank's aims and objectives and implement its strategy, business plan and budget, in the period between General Meetings of Shareholders and meetings of the Board of Directors.

The Chairman of the Executive Board is elected by the bank's Board of Directors and acts on the basis of the bank's Articles of Association and the Byelaw on the Chairman of the Executive Board of Center-invest Bank.

The Board of Directors determines the number of Executive Board members. Its decision is based on the belief that the composition and quality of the Executive Board is more important than the number of members.

In 2020 a document was approved on the "Allocation of Duties Between the Chairman of the Executive Board of Center-invest Bank and Members of the Executive Board of Center-invest Bank". This establishes the areas of responsibility of each member of the Executive Board (the business units supervised and coordinated by them).

At FYE 2020 the Executive Board had seven members:



Lidia Simonova – Chairman of the Executive Board since December 2019, member of the Executive Board since 2016.

No equity stake in the bank.



Sergei Smirnov – Chief Financial Officer, member of the Executive Board since 2013.

Equity stake: 0.001%



Yuri Bogdanov – Director of Innovations, member of the Executive Board since 2010.
Equity stake: 0.42%



Irina Kuznetsova – Head of the Credit Risk and Monitoring Department, member of the Executive Board since 2014.
Equity stake: 0.001%



Yevgeny Alyokhin – Head of the Information Technologies Department, member of the Executive Board since 2020.
No equity stake in the bank.



Pavel Matveyev – Head of the Branch Network, member of the Executive Board since 2020.
No equity stake in the bank.



Anastasia Korotun – Head of the Business Banking Division, member of the Executive Board since 2020.
No equity stake in the bank.

In accordance with Bank of Russia instruction 3639-Y dated 19.05.2015, information about the qualifications and experience of the members of the Executive Board is available on Center-invest Bank's website:
<https://www.centrinvest.ru/ru/about/board-of-directors>.

The remuneration of the Board of Directors is regulated by the Byelaw on the Board of Directors of Center-invest Bank, approved at the Annual General Meeting of Shareholders on 02.06.2016.

Reporting period	Type of remuneration (salaries, bonuses, commission, benefits and/or reimbursement of expenses, other)	Amount of remuneration, RUB.
Jan - Dec 2020	Salaries	0
	Bonuses	53 852 000
	Expenses incurred in performance of the functions of a member of the Board of Directors, reimbursed by the credit institution - issuer during the reporting period	547 129
	Other	4 975 371

The remuneration of the Executive Board is regulated by the Byelaw on the Executive Board of Center-invest Bank and the Byelaw on the Chairman of the Executive Board of Center-invest Bank, approved at the Annual General Meeting of Shareholders on 02.06.2016.

Reporting period	Type of remuneration (salaries, bonuses, commission, benefits and/or reimbursement of expenses, other)	Amount of remuneration, RUB.
Jan - Dec 2020	Salaries	24 793 666
	Bonuses	45 100 000
	Expenses incurred in performance of the functions of a member of the Board of Directors, reimbursed by the credit institution - issuer during the reporting period	249 951
	Other	0

Code of Corporate Ethics

Middle managers are answerable to the Executive Board and its Chairman for the implementation of the Code of Corporate Ethics in their area and for ensuring that their staff understand and comply with the Code.

For their part, the Executive Board and its Chairman are answerable to the Board of Directors.

The Board of Directors protects the bank's ethical views and values, leads by example, and diffuses conflicts between individuals. While ensuring compliance with all legal requirements, the Board of Directors is also careful to meet the needs of shareholders and other stakeholders. It also aims to ensure harmonious relations between managers and other employees.

The Chairman of the Board of Directors represents the bank and issues statements on behalf of the Board of Directors. The Chairman is the official channel for informing management of matters that are of concern to the Board of Directors. The Chairman encourages the Board members to take maximum responsibility for their decisions on the key issues affecting the bank.

When addressing a corporate conflict, the main objective of the bank's governance bodies is to find a legal and justified solution that is also consistent with the bank's interests.

The principles and provisions of the Code of Corporate Ethics are incorporated in the bank's internal control system. The bank's strict and objective procedures for evaluating its work, identifying shortcomings, and acting to remedy shortcomings, are regularly reviewed and updated.

Center-invest Bank's ethical values, which are shared by its employees, customers and partners, are enshrined in the bank's Codes and Policies.

CENTER-INVEST BANK GROUP
Consolidated Financial Statements
in accordance with International
Financial Reporting Standards and
Independent Auditor's Report
CENTER-INVEST BANK GROUP
31 Desember 2020

