

Preliminarily approved by the
Supervisory Board of
JSCB Almazergienbank JSC
Protocol # 27 dated August 21, 2020

Approved by the
General Shareholders Meeting of
JSCB Almazergienbank JSC
Protocol #1 dated September 29, 2020

ANNUAL REPORT
JSCB Almazergienbank JSC
2019

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1. INTRODUCTION

This report is the report of the Supervisory Board of JSCB Almazergienbank JSC on the results of the Bank's performance in 2019.

The Bank's Annual Report has been prepared in full compliance with the legislation of the Russian Federation, including the Federal Law of December 26, 1995 № 208-FL "On the joint-stock companies"; the Regulations of the Bank of Russia of December 30, 2014 № 454-R "On the information disclosure by the issuers of the issue-grade securities"; the Letter of the Bank of Russia of February 17, 2016 №IN-06-52/8 "On the disclosure in the annual report of the public joint-stock company of the report on compliance with the principles and recommendations of the Corporate Governance Code".

The Annual Report has been prepared based on the accounts by the Russian Accounting Standards¹, confirmed by the Listik and Partners LLC on April 06, 2020.

The Annual Report of JSCB Almazergienbank JSC for the year 2019 has been:

- Preliminarily approved by the Bank's Supervisory Board as per Protocol №27 of 21.08.2020;
- Approved by the Bank's General Shareholders Meeting as per Protocol №1 of 29.09.2020

General information about the Bank

Full name of the Bank: Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company.

Abbreviated name of the Bank: JSCB Almazergienbank JSC

Number and date of registration at the National Bank of the Russian Federation - № 2602 of 06.12.1993.

Shareholders and authorized capital

At 01.01.2020, the Bank's authorized capital makes RUB 3 208 084 446.

¹ This report has been prepared based on the data of the disclosed reporting forms: 0409806 "Balance sheet (disclosed form)"; 0409807 "Profit and loss statement" (disclosed form)»; 0409808 "Report of the capital adequacy ratio, loan loss provision and other assets (disclosed form)"; 0409813 "Information on the statutory ratios, financial leverage ratio and liquidity coverage ratio" (disclosed form); 0409814 "Cash flow statement (disclosed form)"; explanatory notes to the accounts (financial reporting). Therefore, the values of financial indicators in dynamics for the previous reporting periods may not correspond with the data in the annual reports for the years 2015-2016, prepared based on the Bank's management reports.

The Bank's shareholders are as follows:

- The Ministry of Property and Land Relations of the Sakha Republic (Yakutia) – 85,82%;
- RIC Plus Joint-Stock Company - 6,62%;
- The Committee for Precious Metals of the Sakha Republic (Yakutia) – 4,90%;
- Development Corporation of the Sakha Republic (Yakutia) Joint-Stock Company - 0,94 %
- Other – 1,73%.

Deposit insurance scheme

Since January 27, 2005, JSCB Almazergienbank JSC has been included in the Register of the banks participating in the obligatory deposit insurance scheme. The Bank's number in the Register - 540.

Information about the auditors

1. IFRS Auditor:

Full name: PricewaterhouseCoopers Audit Joint-Stock Company.

Legal address: 125047, Moscow 10 Butyrsky Val

2. RAS Auditor:

Full name: Listik & Partners Limited Liability Company.

Legal address: 454090, Chelyabinsk, 6B Pushkina

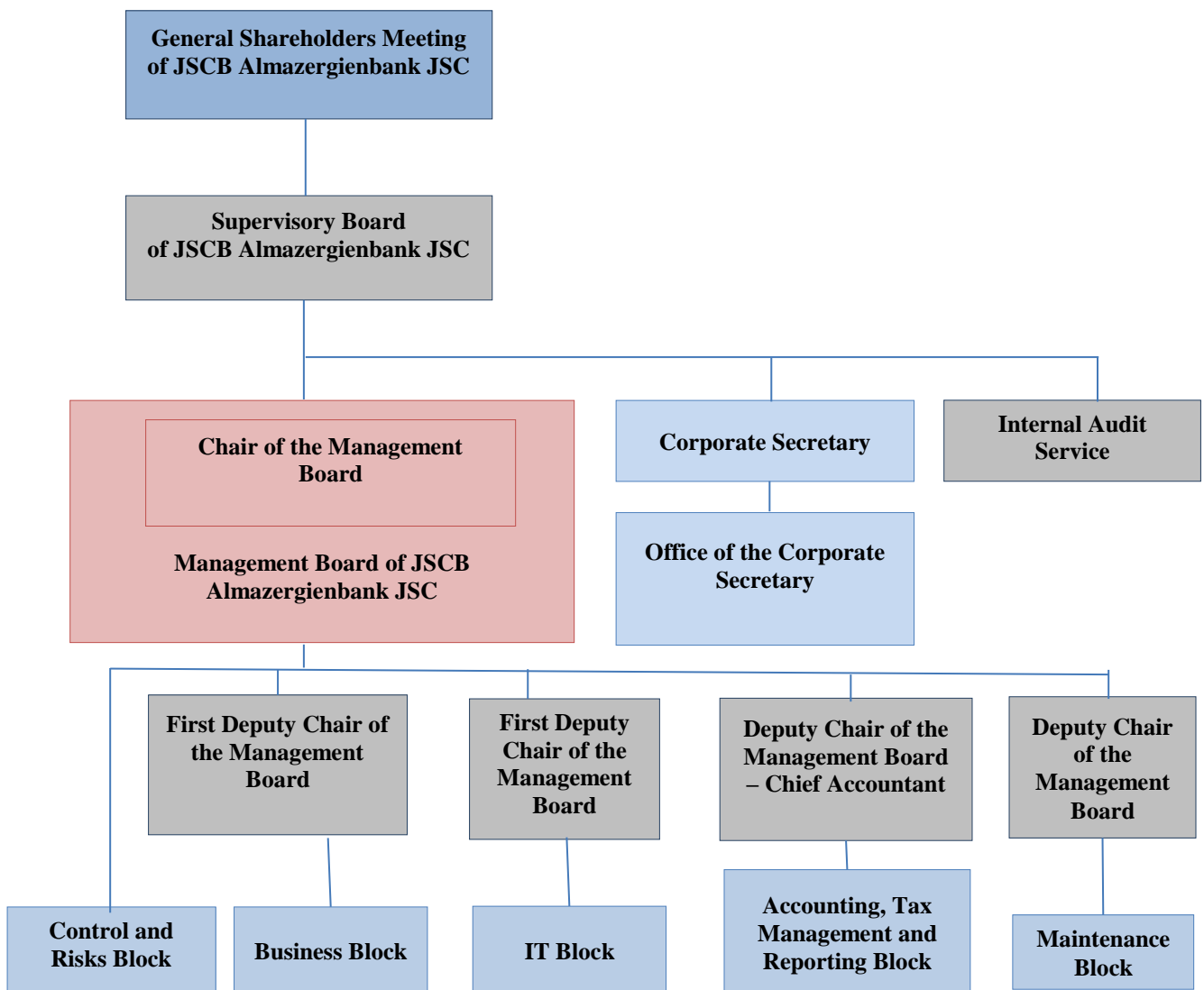
Organizational structure

The organizational structure of JSCB Almazergienbank JSC is based on a model of a top-down (vertical) type and contains five blocks, formed with account of the banking activity by their functions.

- Control and Risks Block includes the system of bank risk management, the system of analysis and planning, HR management, legal support, financial monitoring, internal control system, methodological support of business, public relations, provision of economic, technical, own and information security, and a secretariat, subordinate to the Chair of the Management Board;
- Business Block, consisting of the units servicing/providing services to the corporate and retail customers, including the territorial network; units engaged in financial and interbank markets, subordinate to the First Deputy Chair of the Management Board;

- Development and IT Block subordinate to the First Deputy Chair of the Management Board, including technical and customer service, customer service standards and provision of remote services, innovative development and transformation of the management model and business processes.
- Accounting Block includes accounting and tax management and reporting, subordinate to the Deputy Chair of the Management Board – Chief Accountant;
- Maintenance Block, subordinate to the Deputy Chair of the Management Board, includes administrative support, occupational safety and subsidiaries management.

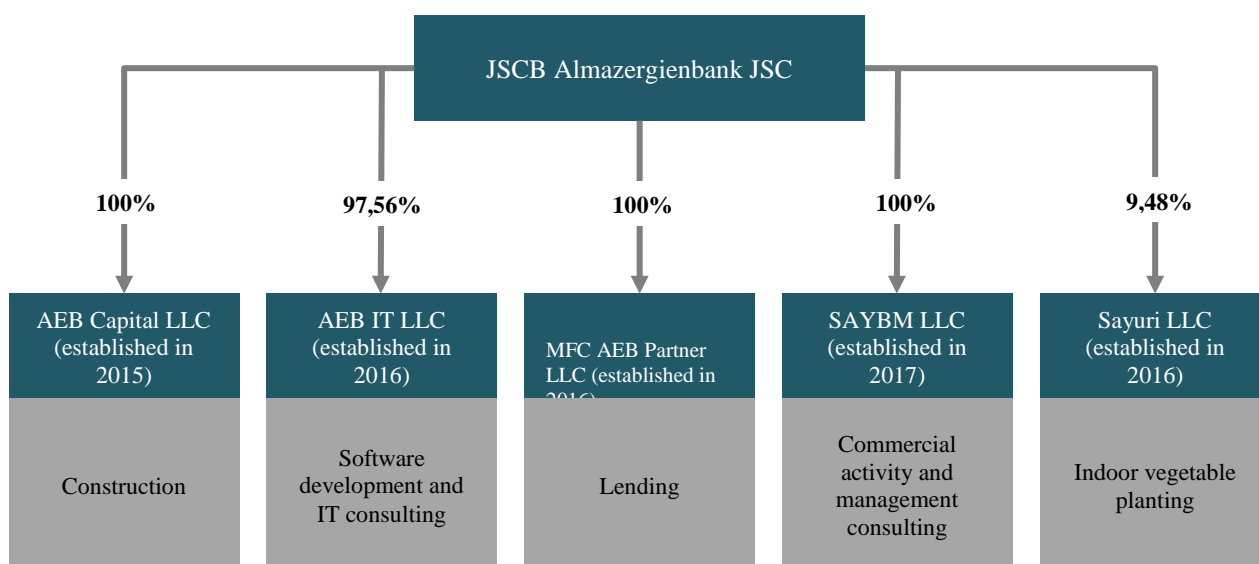
Scheme 1 – Organizational structure of JSCB Almazergienbank JSC at 01.01.2020



2. AEB GROUP TODAY

Together with the main credit organization, the banking group of JSCB Almazergienbank JSC includes four subsidiaries: AEB Capital LLC, AEB IT LLC, MFC AEB Partner LLC, SAYBM LLC and a related entity Sayuri LLC. The main goal of establishing the subsidiaries is to capitalize the banking group, increase investment appeal and sustainable business development.

Scheme 2 – Banking Group



AEB Capital LLC was registered in 2015; the Bank's share in the company's share capital makes 100%. AEB Capital is a young dynamic design, construction and development company in the Sakha Republic (Yakutia). Since its establishment in 2015, the company has commissioned residential buildings totaling 28 709 m² with over 1 000 residents and industrial facilities totaling 14 254 m², aimed to support the local producers and producing the value-added products.

In the year under review, the company conducted general construction works on the following construction units:

- Construction of Stage 3 of the year-round greenhouse complex in Syrdakh settlement on general contract terms, owner Sayuri LLC. Total contract value RUB 263 million. Construction volume 8 445 m². Facility completion deadline – Quarter 2, 2020;
- Construction of a jewelry and lapidary plant in the Kangalassy Industrial Park Advanced Economic Development Area on general contract terms, owner – SAYBM LLC. Total contract value RUB 160 million. Construction value 2 014 m². Commissioning certificate was obtained on 08.10.2019;

- Construction of a 64-apartment residential building (building 3-3) at: Yakutsk, Microdistrict 203. Facilities' sales cost RUB 407 million. Construction volume 5 596 m². Facility completion deadline – Quarter 3, 2020;
- Construction of a 264-apartment residential building (building 2-1) at: Yakutsk, Microdistrict 203 on general contract terms, developer IFC RFA-Invest JSC. Total contract value RUB 549 million. Construction volume 23 572 m². Commissioning certificate was obtained on 26.11.2019;
- Construction of an apartment building in Microdistrict 203, building №4-1 on general contract terms, owner – RDR Group LLC. Total contract value RUB 309 million. Construction volume 7 577 m². Facility completion deadline – Quarter 4, 2020;
- Construction of 2 residential buildings in Namtsy village under the program of rehousing from dilapidated dwellings. Facilities' sales cost RUB 192 million. Construction volume 2 574 m². Facility completion deadline – Quarter 4, 2020. Total construction volume 49 778 m².

AEB Capital has the following investment portfolio of future projects:

- Construction of a multipurpose shooting complex with a boarding school for 50 pupils in Berdigestyakh village. Building floor area – 5 184 m². The project's estimated cost is RUB 367 million.
- Construction of a multipurpose gym in Berdigestyakh village. Building floor area – 2 478 m². The project's estimated cost is RUB 181 million.
- Construction of a republican special (remedial) school for 120 pupils with significant speech pathologies in Yakutsk. Building floor area – 4519 m². The project's estimated cost is RUB 500 million.
- Construction of an apartment building under the urban development program in the city of Yakutsk in District 112. It is planned to build 1985 apartments, a kindergarten for 50 kids, 663 parking lots, and a shopping center in this district. Total floor area of the apartments is 98 496 m². The project's estimated cost is RUB 6 500 million.
- Construction of a 3-4-star hotel at 27 Lenin Avenue, a franchise of Mercure – a chain of hotels, owned by the French company Accor Hotels. Building floor area - 5 120 m². The project's estimated cost is RUB 450 million.
- Construction of residential buildings under the program of rehousing from dilapidated dwellings in Nizhny Bestyakh settlement of Megino-Kangalassy

District of Yakutia. Total floor area of the apartments is 4 000 m². The project's estimated cost is RUB 300 million.

- Preparation of the ground: boundary survey, change of land category for private housing construction, bringing utility lines, the area of 33 hectares for a low-rise residential development, 15 km from Yakutsk in Markha Microdistrict, Kislitsyno Lake. Sale of ready land plots with utility lines under the mortgage program products for the construction of private housing. Estimated project cost is RUB 150 million.

Total construction volume: 119 797 m². Projects' cost: RUB 8 448 million.

AEB IT LLC was established by the Bank in 2016 together with Ammosov North-Eastern Federal University; the Bank's share in the company's share capital makes 97,56%. The main field of activity is software development and consulting in this area. In addition to implementing the digitalization projects for the company's key partners, the most important task is to establish the efficient system of engaging the higher-ed graduates and young professionals in complicated IT projects. The company is actively involved in the projects on the development of machine-learning algorithms and their introduction in business processes. The company is a development center of innovations, responsible for creating new information technologies and services.

Key projects implemented in 2019:

In the reporting year, the company focused on 45 projects, 34 of them in collaboration with the Bank. It also worked on its own digital platform, supporting DevOps (continuous integration/continuous developing with flexible modern integration interfaces), on which basis the Bank's digital transformation will be implemented. Joint projects with Siboil and Enjoy Home companies have been implemented. Fuel stations mobile app is the first scalable project with the calculated monetization model. Research and development and testing works are also conducted under the joint projects with the NEFU Mathematics and Informatics Institute.

MFC AEB Partner LLC was established in 2016 to work in microfinancing; the Bank's share in the company's share capital makes 100%. The main type of the Company's activity is granting loans and other types of credits.

In 2019, 6 575 loans were granted for the total amount of RUB 283 million. The credit portfolio made RUB 106 million, including payday loans RUB 10 million. At 01.01.2020, in the Sakha Republic (Yakutia) there are 17 sales points (13 in the districts of the republic, 4 in Yakutsk), 18 jobs in the districts.

The Company's trademark – Ruble plus – was created.

A project of automated debt collection was implemented. In 2019, RUB 8 million were collected by the Company through the Federal Bailiff Service Directorate in the Sakha Republic (Yakutia).

The Company switched to the new Brainysoft software for microlending.

For 2020, the Company sets the following tasks:

- improve the quality of the credit portfolio;
- active marketing (advertisement) campaign;
- improve the operational efficiency of the sales points' managers;
- streamline business processes, control and risk management procedures, regulation of activity;
- short-term lending to legal entities and private entrepreneurs.

SAYBM LLC was incorporated in 2017 to establish a favorable environment in Yakutia Advanced Development Area, promoting the quality entrance of the private local brands to the global markets. The Bank's share in the company's share capital makes 100%.

The company's work is aimed at consulting, conducting marketing research, creation and promotion of brands designed for the markets of Russia, CIS, Asia-Pacific, European Union and the US.

The first project of SAYBM is the establishment of a Jewelry and Lapidary Cluster (JLC) on the territory of Kangalassy Advanced Development Area. The project aims to create a comprehensive infrastructure for a full production cycle of jewelry, diamond cutting and international marketing of the cluster residents' products. The project is included in the state program on the socio-economic development of the Far East and Baikal Region. The relevant agreement with the Ministry for the Development of the Russian Far East was signed at the 4th Eastern Economic Forum in 2018 in Vladivostok.

The project consists of several successive steps, which make an ultimate integrated autonomous ecosystem, where SAYBM is a platform, operator and moderator of development of Yakutia's jewelry brands.

The Jewelry and Lapidary Cluster is an association, a partnership of several resident companies, consisting of contractor residents and owner residents. In 2019, the Company focused on completing the building and installation work, commissioning of the facility and production of the first batches of cut diamonds and jewelry.

To increase the competencies of small and medium enterprises, SAYBM LLC becomes a link between ALROSA PJSC and the residents at the initial stage of development; to this end, the Company was included in the list of ALROSA PJSC's sightholders.

The actual commissioning of the JLC facility took place in Quarter 4 of 2019. In autumn of 2019, the participants of the cluster began to process raw diamonds and produce cut diamonds.

From 2020, it is planned to launch the operating phase of the project. At the initial stage, a program for the residents' accelerated development will be elaborated, aimed to improve the quality of the end products and the level of management to the competitive international standards. It is planned to market the residents' end products under the single umbrella brand at the international jewelry expos.

Sayuri LLC was established in March 2016; the Bank's share in its share capital makes 9,48%. The company's main field of activity is indoor vegetable production. The company implements a unique investment project of constructing a greenhouse complex in Syrdakh village of the urban district of the City of Yakutsk – the world's only producer of vegetables on permafrost, operating with minimum manual labor.

The project's implementation includes three stages with a total area of 3,2 ha and a cost of RUB 1,95 billion. At present, the construction of Phase 1 of Stage 3 (construction of 4 greenhouse blocks totaling 0,8 ha) is being completed.

General construction works are fully completed. They include a framework, a film, heating, air vents, 100% of screening system, 100% of supplementary lighting system and 90% of electrical mounting works. According to the General Contractor's progress schedule, the facility's completion deadline is scheduled before 30.08.2020.

The commencement of construction of Phase 2 of Stage 3 (1,2 ha) is scheduled for July 2020, with a launch date scheduled for Quarter 3, 2021.

At 01.01.2020, the assets of the Banking Group made RUB 30 106 million, which is RUB 2 786 million (or 10%) higher than the previous year's value.

In the liabilities structure, the obtained customer funds make 97,7%, their amount being RUB 25 749 million.

Table 1 - Key financial highlights of the Banking Group, RUB million²

№	Indicator	2019	2018	2019 to 2018	
		actual	actual	absolutely	%
1	Assets	30 106	27 320	2 786	10%
2	Net lending receivables	23 531	20 424	3 107	15%
3	Attracted funds	25 749	23 316	2 433	10%
4	Own funds	4 562	3 778	784	0%

² Based on RAS consolidated reporting.

5	Net interest income (NII) ³	1 612	1 543	69	4%
6	Net commission income (NCI) ⁴	487	528	-41	-8%
7	Operating profit	3 747	2 721	1 026	38%
8	Administrative and other operating expenses ⁵	2 691	2 088	603	29%
9	Net operating income	1 056	633	423	67%
10	Possible loss provisions	-574	-529	-45	8%
11	Net profit (loss) ⁶	456	67	389	581%
	Performance indicators, %				
12	Cost to income ratio	71.8	76.7	-4.9	Pp

The credit portfolio has grown by RUB 3 107 million (or 15%) and made RUB 23 531 million at the year-end 2019.

The Group's own funds, making RUB 4 562 million, have increased by RUB 784 million (or 21%) as compared to the last year, which is due to the attraction of additional capital through the indefinite term subordinated loans in the amount of RUB 400 million.

At the year-end 2019, the Group has generated the operating profit of RUB 3 747 million, which is RUB 1 026 million (or 38%) higher than the previous year's values. The Group fully covers its general and administrative expenses from the operating activity profit (by 139%).

The key operating performance indicator, net operating income, made RUB 1 056 million. By the results of 2019 activity, the net profit of the Banking Group without EARD made RUB 456 million, including the net profit of the parent organization without EARD of RUB 385 million.

3. MISSION AND VISION

The Bank's mission

The Bank's mission – in active partnership consolidation with the Government of the Sakha Republic (Yakutia), we will work for the effective implementation of the investment policy, infrastructure projects, support and development of small and medium entrepreneurship, implementation of regional social programs aimed to improve the population's living standards.

³ The calculation of the Net Interest Income includes deposit insurance costs and excludes commission income from credit operations.

⁴ The amount of the Net Commission Income is adjusted for the amount of commission income reflected in the consolidated reporting within Net Interest Income, and for the amount of commission expenses, included in the administrative and other operating expenses.

⁵ Administrative and other operating expenses do not include expenses that, by their economic essence, decrease the Bank's operating income, such as deposit insurance, membership fees to VISA International, Mastercard Europe, JCB, MIR National Payment Card System, expenses under the agreements with the operator of the automated fare system, etc.

⁶ Financial result in the Banking Group's consolidated reporting is reflected without EARD.

Using the best world practices in its work, the Bank will continue creating a highly professional team of specialists and establishing a modern hi-tech platform for doing business, as well as improve the system of corporate governance and risk management.

The Bank's vision

The bank within the Top-100 largest Russian banks by the assets and capital, with strong business reputation, known at the federal level and in the international business circles. The main financial brand and key strategic partner of the Government of the Sakha Republic (Yakutia) in securing the region's dynamic economic development.

4. PRIORITY AREAS OF ACTIVITY

- Corporate business – providing banking services to the legal entities and private entrepreneurs: lending, account maintenance, deposit opening, issue of guarantees, cash handling services, money transfers and other operations.
- Retail business – providing banking services to the individuals: lending, accepting deposits, plastic card servicing, currency trading, money transfers, payments and other operations.
- Financial market operations – securities trading, currency trading, accepting and placement of funds in interbank markets, and other operations.

5. MAJOR AREAS OF ACTIVITY AND RESULTS OF 2019

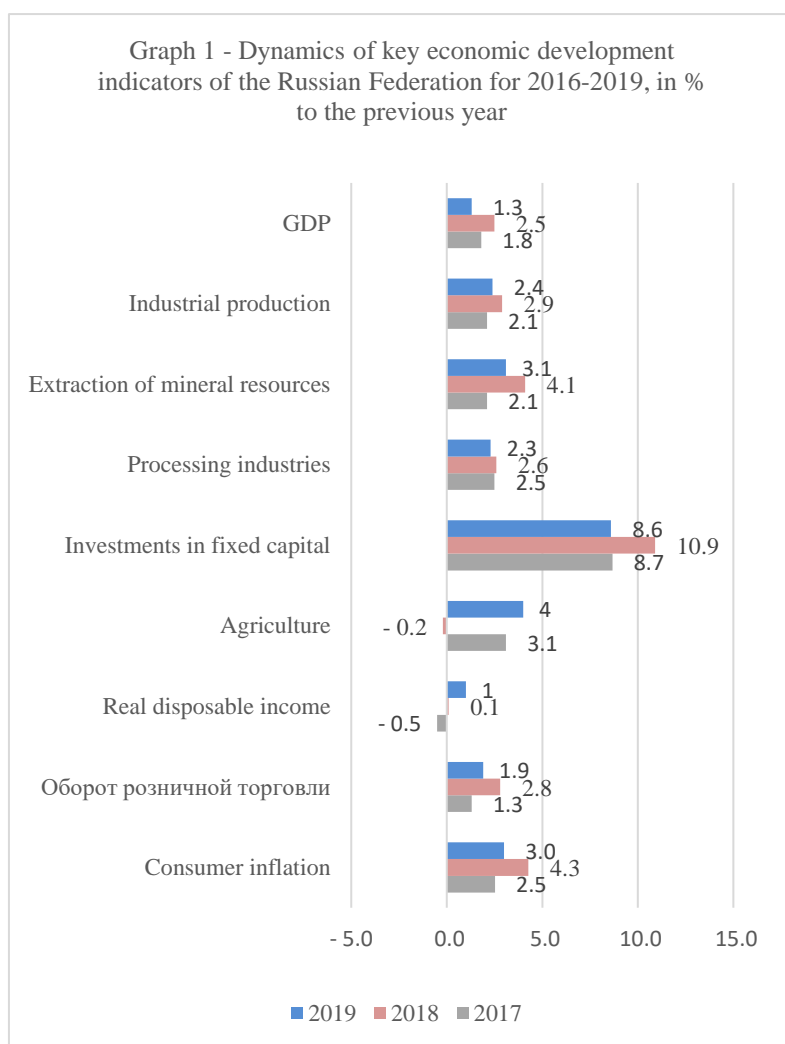
5.1. The Bank's position in the sector

Information about the economic environment where the Bank operates

According to the first assessment of the Russian Federal State Statistics Service, in 2019 Russian GDP has reached RUB 109,36 trillion. The GDP growth made 1,3% (against 2,5% in 2018), which corresponds with the official forecast of the Russian Ministry of Economic Development.

A slowdown of 1,2 p.p. in the GDP growth in 2019 was reasoned by two key factors. First, a weaker external demand in the conditions of a slowdown in global economic growth resulted in a considerable decrease in exports of Russian goods and services (-2,1% against 2018). Export's additional dynamics was restrained by the OPEC+ oil extraction limitations. Secondly, household consumer activity became slightly slower given the growth of the average annual

inflation, mainly due to VAT increase at the beginning of the year. At the same time, the output



growth was positively influenced by the dynamics of the gross fixed capital formation and the formation of inventories' stock, which is associated with the implementation of the national projects and a good yield.

At the industry level, the contribution of non-basic industries (real estate and finances) has reduced most significantly. The contribution of manufacturing against the stable growth rates remained the same as last year. Besides, good yield and stable situation in the livestock sector secured the contribution of agriculture in the GDP growth rates of about 0,1 p.p. (after

almost a zero contribution last year).

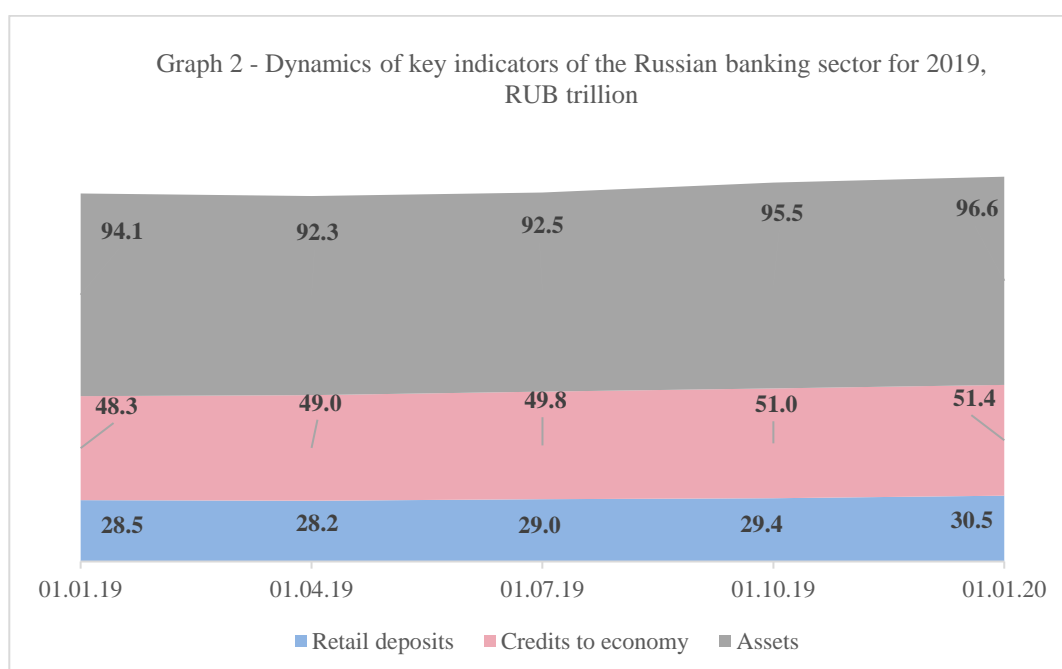
According to the Russian Federal State Statistics Service, in 2019 the highest growth of the gross added value was registered in finance and insurance sector (9,7%), in hotel and public catering sector (3,2%), in mineral resources extraction (2,7%), and in transport and storage sector (2,1%). In the processing industries, the growth made 1,6%.

The contribution of the trade turnover in the economic growth rates in 2019 decreased to 0,2 p.p. after 0,3 p.p. a year before. At that, the slowdown of growth rates was observed both in the retail trade (to 1,6% after 2,8% a year before) and in the wholesale (despite a considerable speedup due to current factors in Quarter 4 of 2019).

In the reporting year, the industrial production grew slower than last year (2,4% and 2,9% respectively). The output of the processing industries increased by 2,3% (2,6% in 2018). The key growth drivers were food industry, chemical industry and metallurgy. The growth of mineral resources extraction was reducing consistently: from 4,7% in Quarter 1 to 1,3% in Quarter 4. Thus, at the year-end it made 3,1% (in 2018 – 4,1%).

In its July review of the global economy, the International Monetary Fund worsened the forecast for the growth of the Russian economy for 2019 to 1,2% from the previously expected 1,6%, due to slow growth rates in Quarter 1.

At January 1, 2020, there were 442 credit organizations in Russia (at the beginning of 2019 – 484), 402 of them were banks. Total 31 licenses of credit organizations were revoked/cancelled in 2019; 12 reorganizations through mergers occurred. At that, in March 2019 a newly established bank was licensed for banking activities for the first time in more than 4 years.



By the beginning of 2020, the aggregate assets of Russian banks reached RUB 96,6 trillion⁷. On the whole, in the preceding year the sector's assets have grown by 5,2%, mostly to the growing credit portfolio.

According to the Bank of Russia, the share of assets of the Top-5 banks in 2019 has slightly reduced from 60,4% at 01.01.2019 to 60,3%. At that, the share of banks ranking 6 to 200 by the amount of assets has decreased by 0,3 p.p. and made 38,9%. The share of assets of small credit organizations outside the 200 largest ones, has also reduced in 2019 – from 1,0% to 0,8%.

Business loans grew by 6,5% and reached RUB 51,4 trillion. The credit portfolio to non-financial organizations made RUB 33,8 trillion. Loans granted to individuals made RUB 17,7 trillion, demonstrating an active growth of 18,5% from the beginning of the year. Recently, consumer lending has been considerably ahead of the corporate lending dynamics; thus, the share of the consumer lending has grown to 34,3%, against 30,9% at the beginning of 2019.

⁷ Source: https://www.cbr.ru/Collection/Collection/File/25856/obs_208.xls

By the results of 2019, private deposits made RUB 30 549 billion; their growth made 7,3% (for 2018 private deposits grew by 9,5%). In exchange, the corporate deposit and account balances only grew by 0,5% to RUB 28 146 billion (for 2019 the growth made 12,7%).

In 2019, the Bank of Russia reduced the key interest rate five times (from 7,75% to 6,25%). The inflation rate decreased faster than expected and the economic growth remained unstable.

By the results of 2019, the banks have earned RUB 2,0 trillion before taxation (net profit RUB 1,7 trillion, +73% to 2018). However, the banking sector's dynamics is influenced by a number of technical and current factors, which include a technical income of RUB 0,4 trillion from reflecting a number of adjustments, associated with the introduction of a new standard of credit risk allowance IFRS 9, in the profit and loss statement, as well as the result of the banks managed by the Fund for the Banking Sector Consolidation (hereinafter referred to as the MG FBSC LLC), where large single-time additional provisioning for old troubled assets is possible. Thus, in 2019 the result of the banks managed by the MG FBSC LLC was close to zero, whereas in 2018 they reflected a considerable loss of over RUB 0,5 trillion.

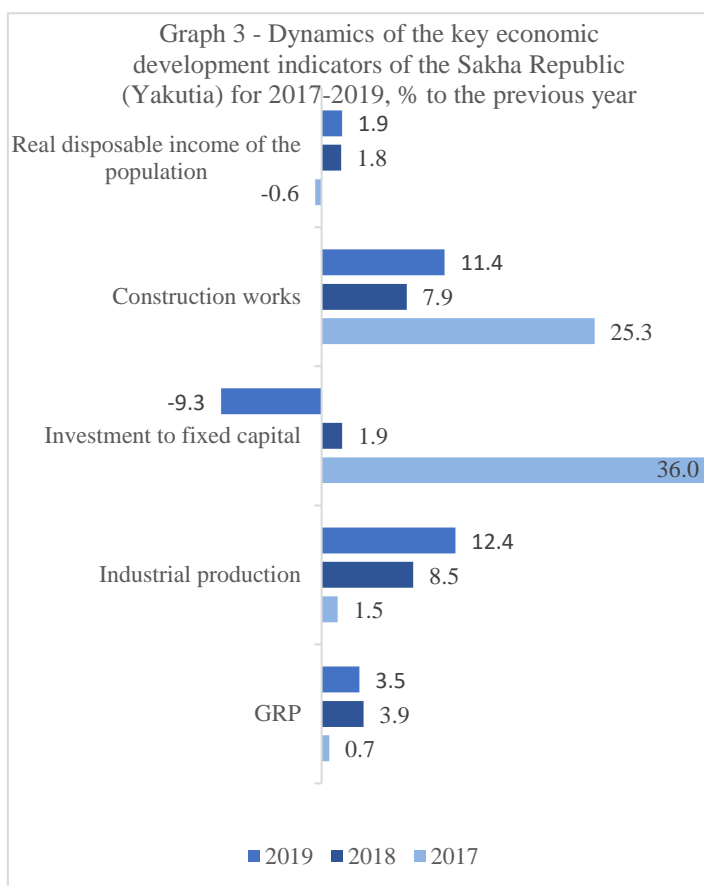
The sector's net profit without IFRS 9 minus the result of the banks managed by the MG FBSC LLC made RUB 1,3 trillion in 2019, which is 11% less than in 2018 – RUB 1,5 trillion.

372 credit organizations showed positive financial result before taxation – 84% of those operating at 01.01.2020.

JSCB Almazergienbank JSC mainly operates on the territory of the Sakha Republic (Yakutia), and is significantly influenced by the region's economic conditions.

Due to implementing the key investment projects, the republic's economy maintains the positive development dynamics. Positive trends include growth of the industrial production index, construction works, agricultural production and paid services' volume.

Advanced growth of the basic national measures as compared to the average Russian ones is observed: the growth of the gross regional product made 3,5% (RF GDP – 1,3%), industrial production - by 12,4% (RF – by 2,4%), construction works – by 11,4% (RF – 0,4%).



In the reporting year, the industrial production index has demonstrated the maximum growth in the last 7 years (112,4%)⁸ due to the increased mineral production (112,4%), including by the types of economic activity: crude oil and natural gas extraction – 117,1%, coal – 108,6%, metallic ores – 121,4%

In January-December 2019, the index of processing industries made 110,9% to the relevant period of the last year (January-December 2019 to January-December 2017 – 97,5%).

Preliminary figures indicate that in 2019 the agricultural production

volume made RUB 26,1 billion, or 100,5% to 2018, due to increased livestock production cattle and poultry for slaughter (live weight) – by 3,4%, eggs – by 13,2%.

The volume of works in “Construction” type of activity in January-December 2019 made RUB 190,3 billion or 111,4% (in comparable prices) to the relevant period of the last year. In the period under review, 2 928 residential buildings have been commissioned, totaling 579,8 thousand square meters, which is 75,2% more as compared to 2010 and 16,3% less as compared to 2017. Legal entities have commissioned 98 residential buildings for 6 976 apartments, totaling 337,4 thousand square meters (104% to the previous year). The population constructed 2 830 residential buildings, totaling 242,3 thousand square meters.

In 2019, the retail trade turnover reached RUB 246,9 billion and grew by 4,6% as compared to 2018 (in comparable prices) due to all categories of economic entities. In 2019, the retail trade made RUB 255 337,5 per capita.

Fixed investments in 2019 are estimated to make RUB 381,1 billion, which is RUB 219 billion less than last year.

⁸ Source: Official bulletin of the Territorial Authority of the Federal Statistic Service in the SR (Y) “Socio-economic situation in the Sakha Republic (Yakutia) in January-December 2019” <http://sakha.gks.ru/folder/38527?print=1>

As compared to last year, the population income per capita has grown by 5,7% and made RUB 41 381,8 per month. The rate of income growth (105,7%) exceeded that of consumer cost (104,2%).

The Bank's position in the sector

JSCB Almazergienbank JSC is one of the leading financial institutes in the Sakha Republic (Yakutia) with 26 years of experience in the financial market. During that period the competition in the republic's banking sector has become much tougher, primarily due to a wider representation of the large federal players.

At 01.01.2020, the banking sector of the republic is represented by 1 independent credit organization and 4 branches of out-of-region banks⁹. Large federal banks are represented in the republic's market by such banks as Sberbank, VTB, Gazprombank, Russian Agricultural Bank, Alfa-Bank. Sberbank, Almazergienbank and Russian Agricultural Bank have extensive regional networks in Yakutia. Total 173 supplementary offices, 97 operating and lending and cash services offices and 5 out-of-the-office cash counters operate in the republic.

JSCB Almazergienbank retains its positions at the level of 18% in the target republican corporate lending market¹⁰. At the year-end 2019, loans granted to legal entities and private entrepreneurs of the republic made RUB 9 044 million.

The Bank actively cooperates with the federal development institutes to attract funding to support Yakutia's small and medium business; credit portfolio to SME made RUB 7 304 million, and the share in this market made 37.9%.

The Bank holds strong positions in the private funds market, which made RUB 18 083 million; about 75 thousand people are the Bank's depositors; the share in the republic's market made 13,7%. Each third resident of the republic is the Bank's customer. These figures prove that the population confides in Almazergienbank greatly.

In the ranking of banki.ru portal Almazergienbank is among the Top-100 Russian banks both in terms of the aggregate credit portfolio, corporate and retail lending and private deposits.

In the conditions of tough competition in the mortgage lending market, reasoned by the presence of strong federal players, the Bank holds a 5%-share of the market. The portfolio of mortgage loans granted to Yakutia's population made RUB 3,9 billion, whereas the level of

⁹ Source: Statistics bulletin of the Bank of Russia №1,2019 (308) <https://www.cbr.ru/Collection/Collection/File/14261/Bbs1901r.pdf>

¹⁰ Target market – market of lending to legal entities and private entrepreneurs not referred to the type of activity “extraction of mineral resources”

overdue indebtedness under the Bank's mortgage loans was 0,1%, which is substantially lower than the republic's level of 0,7% and the Russian banking sector's level of 0,9%.

As estimated by the Russian Central Bank, Almazergienbank has been acknowledged as the significant bank in the payment services market and included in the Top-200 banks of federal and regional significance, a so-called "second circuit of supervision".

At 01.01.2020, the Bank has long-term IDRs in foreign and national currencies at "B+" level, Outlook Stable by Fitch Ratings and RAEX credit rating at "ruBB-" level.

5.2. Key events of the year 2019

FEBRUARY

Nikolay Dolgunov was appointed the Chair of the Bank's Management Board.

MARCH

Almazergienbank joined the ranks of 70 banks selected by the Russian Ministry for Economic Development for the favorable credit program for small and medium businesses at the rate of 8,5%. In 2019 the Bank has granted loans for the amount of RUB 1 billion.

JUNE

The Annual General Shareholders Meeting of the Bank for the 2018 performance.

Attraction of indefinite term subordinated loans from the Innovations Development Fund of the Sakha Republic (Yakutia) for the total amount of RUB 400 million.

JULY

Introduction of the Hit of the Season credit product for the population.

OCTOBER

Meeting with the Deputy Chair of the Bank of Russia Olga Polyakova in Vladivostok on the current operations, after which the representatives of the Bank of Russia have highly praised the measures taken to improve the Bank's resilience and noted that the Bank was among the most dynamic and promising credit organizations of the Far East.

Approval of the Banking Group's 2019-2022 Development Strategy by the Economic Council of the Government of the Sakha Republic (Yakutia) and the Bank's Supervisory Board.

NOVEMBER

RAEX Rating Agency improved the Bank's credit rating to ruBB, Outlook Stable.

DECEMBER

The Bank was included in the Far Eastern Mortgage Program (RF Government Decree dated 07.12.2019 № 1609) and, thus, from 2020 it will start receiving applications for the acquisition and construction of housing in the regions of the Russian Federation within the Far Eastern Federal District.

Almazergienbank launched Svoi loyalty system. As of 01.01.20, total 73 partner merchants have been connected, and there are 2 892 members in the loyalty system.

The scheduled audit of the Central Bank of the Russian Federation began on December 27.

5.3. Implementation of the Bank's Strategy

Almazergienbank operates in compliance with the Banking Group's Development Strategy for 2019-2022 (Strategy), endorsed by the resolution of the Supervisory Board on October 29, 2019.

The Bank has defined the following mission of its Strategy – the ambition of becoming an innovative partner for our customers, operating in Russia and worldwide, in compliance with the goals of socio-economic development of the Sakha Republic (Yakutia).

In the new strategic period the Bank will focus on creating a “digital foundation” through the transformation of retail and corporate business by optimizing digital channels and customer service, developing innovative regional products, services and solutions. The key initiatives will be implemented in 3 stages of the Bank's transformation:

- Stage I – improving the Bank's efficiency;
- Stage II – business development within the current business model;
- Stage III – creating new value.

Implementation of the Development Strategy in 2019

Due to the termination of the Development Strategy and a transition period required for the elaboration of the Banking Group's Development Strategy for 2019-2021, the Supervisory Board at its meeting on 26.12.2018 decided to extend the 2014-2018 Strategy to the year 2019.

During the period of the Strategy's implementation, the global digital revolution began, in the banking area in particular. The development of technologies in the financial sector resulted in the formation of a new financial and technological ecosystem of Fintech. New sales channels, digital products and “neo-banks” have emerged in the banking sector. Due to limited resources,

which depend largely on the situation in the Russian economy, the Bank did not manage to completely transform the business processes and transfer all its products into a digital plane, which is why the implementation of the 2014-2018 Strategy was evaluated as satisfactory. Still, thanks to the well-coordinated work of its units and support of the majority shareholder, a platform for further development within the implementation of the new Strategy was prepared.

The Banking Group's Development Strategy for 2019-2022 was approved by the Bank's Supervisory Board on October 29, 2019 with account of the comments from the relevant ministries and agencies, as well as on the basis of the results of the meetings of the Bank's Supervisory Board in June-August 2019, and endorsed by the Economic Council of the Government of the Sakha Republic (Yakutia). The Strategy's risk management block was preliminarily reviewed by PwC Consulting LLC in terms of describing the applicable regulatory acts, a list of significant risks, potentially changing at the strategy's implementation, and measures taken for their mitigation; financial modelling in terms of validity of assumptions and approaches, applied to forecast the capital value, and risk exposure at calculating the capital adequacy ratios.

In 2019, the Bank has shown the following financial indicators:

- own funds (capital) made RUB 4,5 billion;
- profit RUB 0,3 billion;
- credit portfolio (net) RUB 23,3 billion;
- attracted funds RUB 25,3 billion;
- ROA 1,4%
- ROE 11,2%
- CIR 60%.

To achieve the business goals in 2020, it is planned to continue working on the implementation of the key initiatives, including those to increase the Bank's efficiency, organize business within the current business model and create new value.

5.4. Corporate business

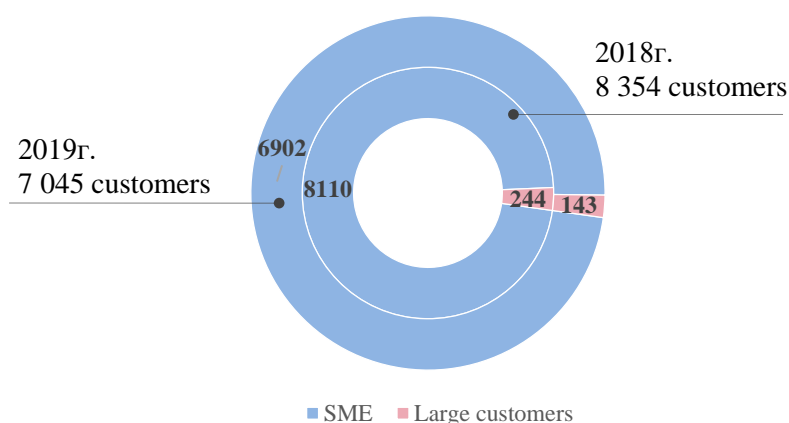
One of the priority directions of the Bank's activity is work with corporate customers. The main objective of the customer policy is to attract customers from the most promising sectors of economy, which have high potential not only in growth and value creation for the consumer, but also in exporting their products. The key point in this direction should be the presence or installment of high-level competencies and corporate culture of top managers and business owners

in corporate clients, which will allow them to ensure the transition to the implementation of the innovative business development model.

Customer base

As of January 01, 2020, the Bank serves 7 045 corporate customers, 143 of which are large companies and 6 902 are SME. The dominant share of 98% is occupied by small and medium-sized businesses, 2% - by large public and private companies. The decrease in the number of the Bank's customers in 2019 is explained by the Bank's increased efforts to comply with the requirements of the Russian AML/FT legislation.

Graph 4 - Structure of the corporate business customer base in 2018-2019



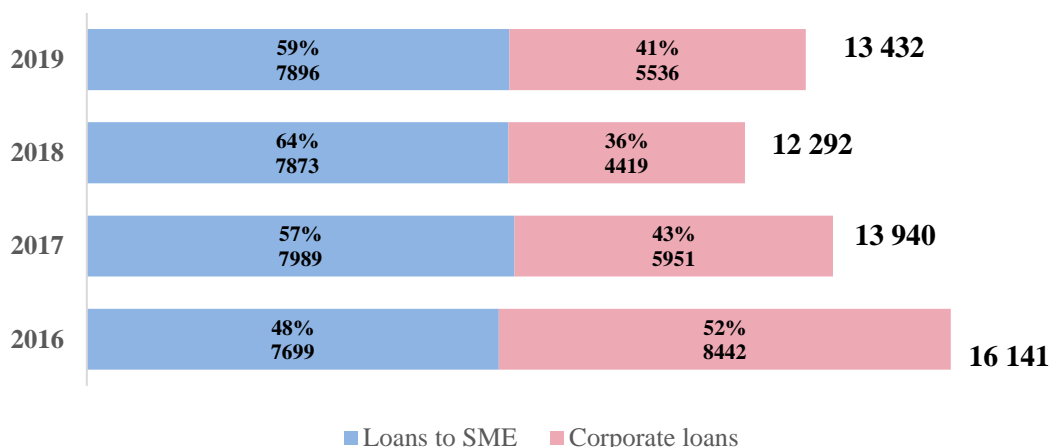
Lending

In 2019, there was a corporate loan growth in JSCB Almazergienbank JSC, which resulted in the growth of the corporate portfolio to RUB 13,4 billion¹¹ by RUB 1,1 billion (or 9%) as compared to the previous year. The number of borrowers at 01.01.2020 made 308 customers, including 22 large companies and 286 small and medium-sized businesses.

The share of lending to small and medium businesses in the corporate portfolio structure has slightly decreased (from 64 to 59%), whereas the share of lending to large-scale customers has increased (from 36 to 41%).

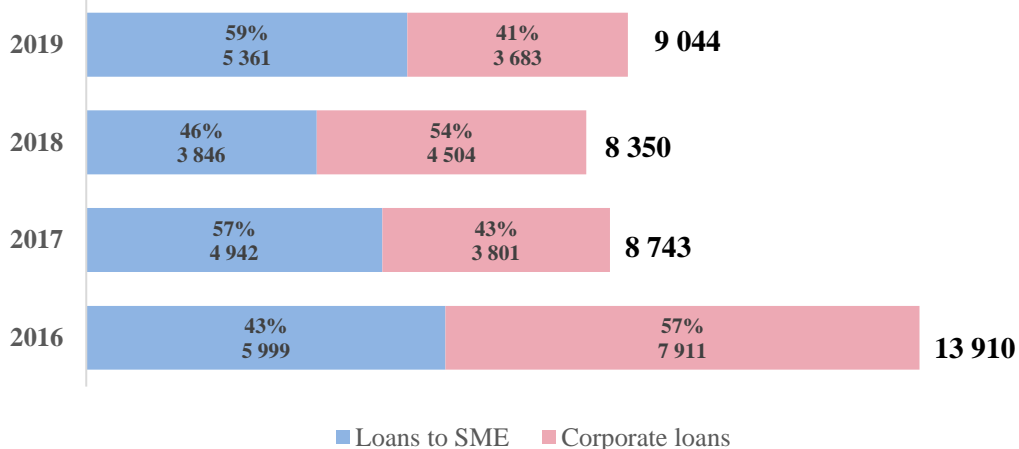
¹¹ Hereinafter, unless indicated otherwise, the size of the credit portfolio is given before possible loss provisions.

Graph 5 – Dynamics and structure of the corporate portfolio for 2016-2019, RUB million



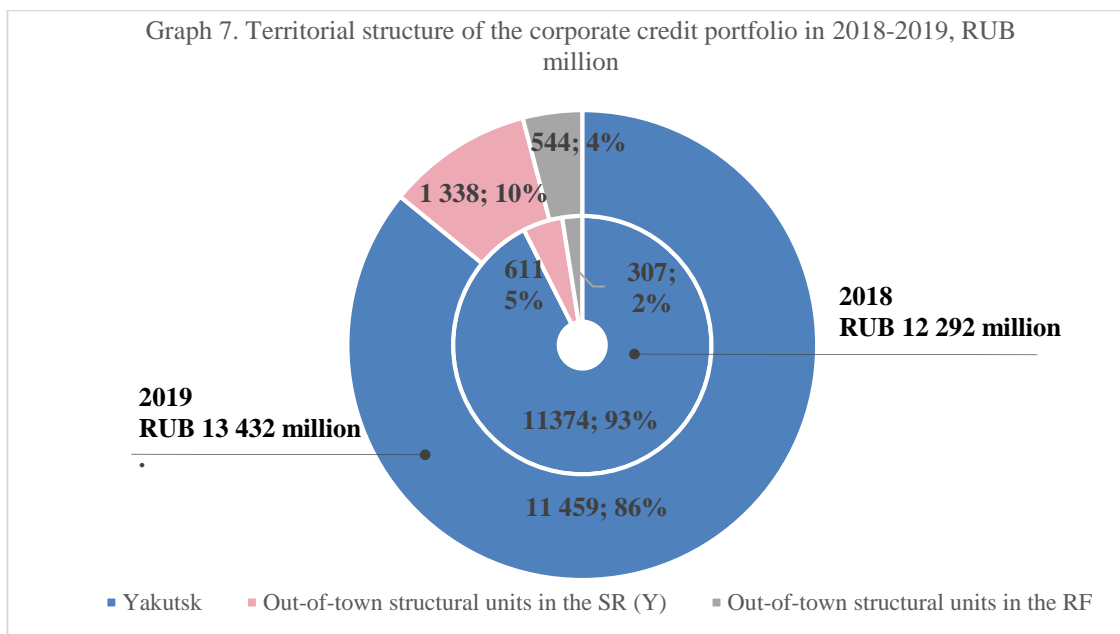
In 2019, the Bank granted to corporate customers RUB 9,0 billion, including RUB 3,7 billion to SME and RUB 5,3 billion to large companies. As compared to the previous year, the volume of lending increased by RUB 694 million or 8,3%.

Graph 6 - Dynamics and structure of the corporate portfolio's issued loans for 2016-2019, RUB million



Territorially, the share of the out-of-town structural units' loans increased from 7,4 % to 13,7%, which was caused by doubled loans to corporate clients in the out-of-town structural units (from RUB 841 to 1 882 million).

Graph 7. Territorial structure of the corporate credit portfolio in 2018-2019, RUB million



Traditionally, such sectors as construction (39%), wholesale and retail trade (17%), transport and communications (15%) occupy the largest share in the corporate portfolio.

The credit portfolio of the construction industry amounted to RUB 5,4 billion; the main share of the portfolio falls on the loans to the participants of the PPP infrastructure project on the construction of kindergartens (63,6%). In addition, loans issued to the developers engaged in construction under public contracts account for 5,3% of the industry’s portfolio.

The portfolio of the trade industry increased by RUB 245 million or by 11%; at that, at the year-end 2019, its share remained the same and made 17,6% in the corporate credit portfolio of the corporate block.

The share of transport and communications has increased from 5,1% to 15% (or by RUB 1433 million).

Lending to the participants of the PPP infrastructure project on the construction of kindergartens on the territory of the Sakha Republic (Yakutia)

The implementation of the PPP infrastructure project on the construction of 17 kindergartens, where the Bank operated as a financing organization, began in 2016. For 2018, the lending volume under the PPP project made RUB 0,2 billion (in 2016 – RUB 2,26 billion, in 2017 – RUB 1,1 billion). The credit portfolio has grown by RUB 0,2 billion (or by 9%) and made RUB 3,4 billion.

At the year-end 2019, total 14 kindergartens for 2 351 kids have been commissioned in the districts of Yakutia:

- Maia village for 240 kids; 05.12.17

- Suntar village for 240 kids; 22.09.17
- Ogorodtakh village for 75 kids; 29.11.17
- Bolugur village for 75 kids; 21.09.17
- Srednekolymsk town for 75 kids; 12.09.17
- Saskylakh village for 98 kids; 20.09.17
- Borogontsy village for 240 kids; 19.12.17
- Khatystyr village for 75 kids; 11.12.18
- Nizhny Bestyakh settlement for 240 kids; 29.12.18
- Vilyuisk town for 200 kids; 21.10.19
- Churapcha village for 240 kids; 16.12.19
- Lensk town for 315 kids; 31.12.19
- Chersky settlement for 75 kids; 31.12.19
- Ytyk-Kyuel village for 140 kids; 31.12.19

3 kindergartens for 520 kids are now under construction in the districts of the Sakha Republic (Yakutia):

- Verkhnevilyuisk village for 240 kids; 31.03.20
- Tyngyulyu village for 140 kids; 31.03.20
- Batagai settlement for 140 kids; 2020

Lending to small and medium businesses

In accordance with the Bank's Development Strategy and customer policy, lending to small and medium businesses is one of the priority activities implemented through the Bank's engagement in the programs of federal and regional development institutions to support and stimulate lending to SME.

At January 1, 2020, the SME lending portfolio made RUB 7 905 million.

It should be noted that the Bank's share of SME lending in Yakutia's market remains quite large: 37.9%

The Bank offers various types of loans for SME: for financing current activities and for investment purposes, modernization and purchase of equipment, special machinery and vehicles. Special lending programs are also in place - refinancing and buying of collateral sold by the Bank. The Bank provides a wide range of loan products for SME, depending mainly on customer preferences.

Almazergienbank is involved in the SME lending program under the guarantee of the Microcredit Company Entrepreneurship Development Fund of the Sakha Republic (Yakutia). As

of 01.01.2020, the portfolio of credits issued under the guarantee of the Microcredit Company amounted to RUB 781,7 million, the amount of collateral – RUB 312,3 million.

On February 25, 2019, there started a favorable loan program for small and medium businesses within the national project on the SME and support for the individual entrepreneurial initiative.

At the year-end 2019, total loans granted under the Program amounted to RUB 1 071 million to 33 enterprises. The SME lending share under this program in the Bank made 28,1%.

Preferential loans to agro-industrial enterprises

In early 2018, the Bank started lending to Yakutia's agro-industrial enterprises under a federal preferential loan program for the agro-industrial industry of the SR (Y). The total amount of loans issued under this program in 2019 made RUB 101 million.

Bank guarantees

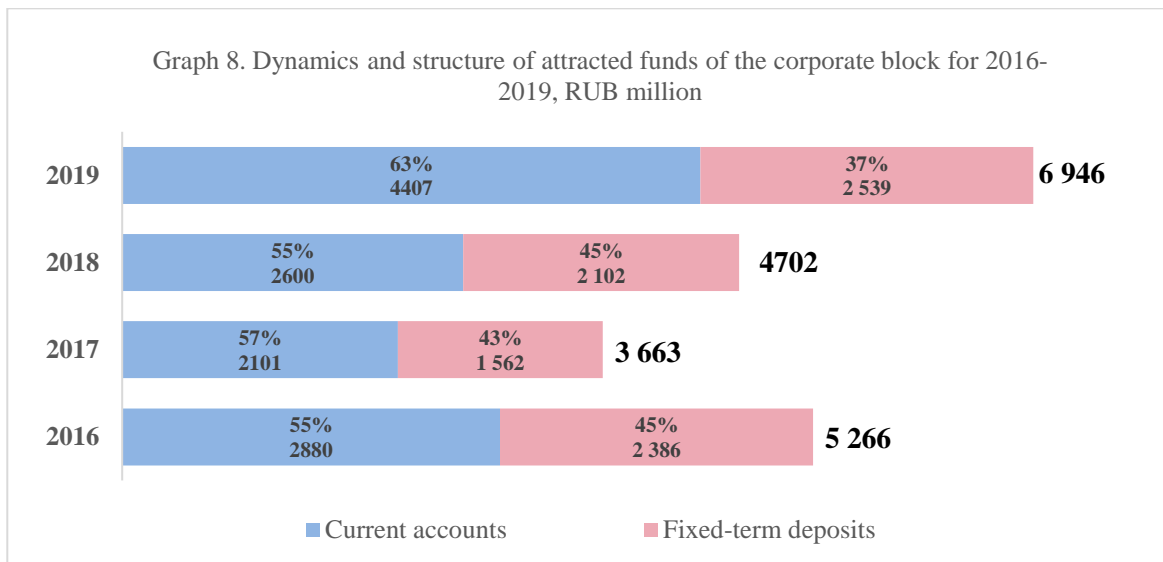
During 2019, the Bank issued 152 bank guarantees amounting to RUB 3,8 billion, which is almost three times as much as last year. At January 1, 2020, the portfolio of bank guarantees made RUB 3 581,3 million, including large customers – RUB 138 million, small and medium businesses – RUB 3 445 million.

In 2019, JSCB Almazergienbank JSC issued bank guarantees for the following socially significant projects:

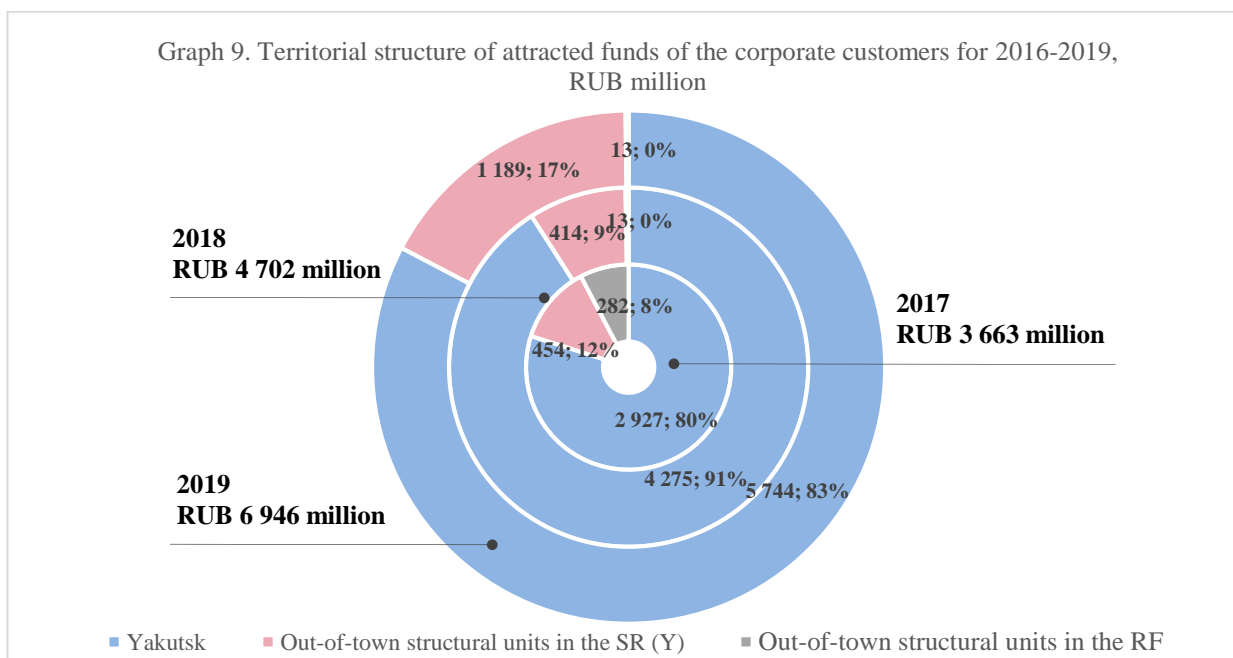
- national project on the rehousing from dilapidated dwellings for a total amount of RUB 741,4 million;
- construction of educational facilities (schools, kindergartens, dormitories) for a total amount of RUB 594,7 million;
- in healthcare sector for a total amount of RUB 301,7 million, in particular, RUB 286,7 million for the construction of Stage 2 of the Cardiovascular Center for 150 beds and for the construction of the polyclinic of the city hospital №2 for 600 visitors per shift;
- in the cultural sphere: for the construction of Yakutia's State Philharmonic "Arctic Center of Epic and Arts";
- in the urban development sector: for the construction of 2 apartment buildings in the amount of RUB 52,4 million in Maia village of Megino-Kangalassy District and in Yakutsk.

Resource base

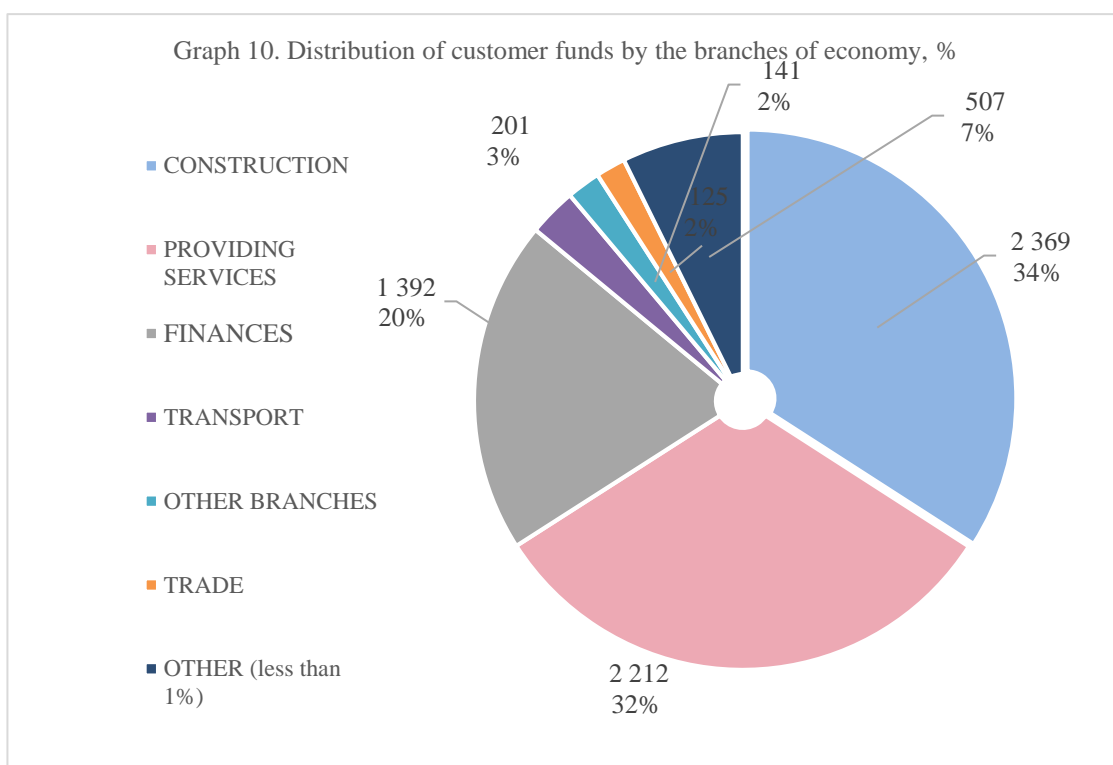
At 01.01.2020, the attracted corporate funds made RUB 6 946 million, including operating (settlement) accounts – RUB 4 407 million, fixed-term deposits – RUB 2 239 million. As compared to the beginning of the year, a growth of RUB 2 244 million or 48% is observed in attracting corporate funds, which is mainly explained by the increase in the customer account balances (by RUB 1 807 million).



Regionally, the share of the attracted funds of corporate customers of the main Bank reduced from 91% to 83%. At that, the share of the republic's supplementary offices grew from 9% to 17%.



The largest share in the attracted corporate resources is occupied by the funds of the customers engaged in the following: строительство (34%), providing services (32%), finances (20%).

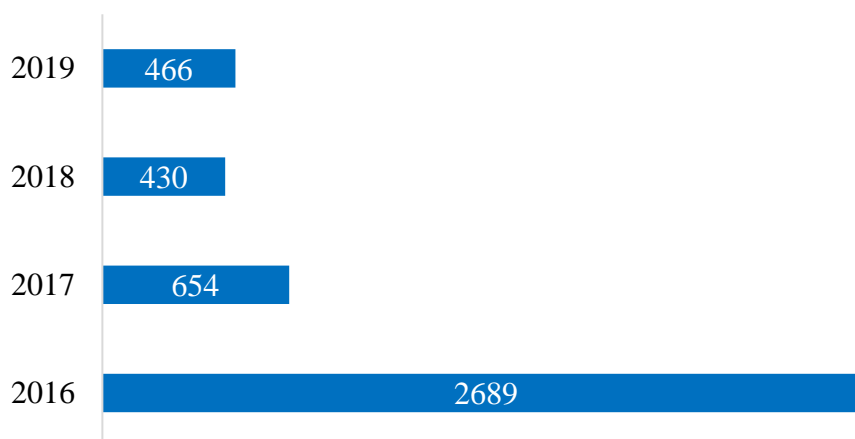


Operations with precious metals

JSCB Almazergienbank JSC has worked in the precious metals market for more than 10 years. It conducts the following major operations:

- Sale of precious metals to jewelry companies;
- Purchase and sale of precious metals with individuals;
- Purchase and sale of precious metals on the terms of supplying gold under the deals with gold mining companies;
- Opening of unallocated metal accounts for the individuals and legal entities.

Graph 11 - Dynamics of sale of gold bars for 2016-2019, kg



In 2019, the Bank concluded 17 precious metal sale and purchase contracts for the overall volume of 581,8 kg of gold, which equals RUB 1 655,6 million.

During 2019, the Bank had a balanced net foreign exchange position for precious metals, which resulted in mitigated market risks. At that, the overall financial results made RUB 120,6 million in money terms.

Foreign exchange operations

In 2019, the income from the foreign exchange operations of corporate customers made RUB 5,7 million (for 2018 – RUB 3 million, growth made 91,4 %), in particular:

-commission income made RUB 2,8 million (for 2018 – RUB 2,1 million, growth made 31,8%),

-income from corporate customers' foreign exchange operations made RUB 3 million (for 2018 – RUB 0,8 million, growth made 238,6%)

The income growth is associated with the increased volume of the customers' foreign exchange operations: the total volume of foreign exchange payments in 2019 made RUB 351,7 million against RUB 197,7 million in 2018, growth made 77,9 %.

The number of contracts registered by the Bank made 21 for a total amount of USD 6 286,8 thousand (in 2018, the number of registered contracts made 17 for a total amount of USD 4 778,0 thousand).

5.5. Retail business

One of the key areas to secure the efficient development of the Bank's activity is retail business: mortgage and consumer lending, deposit taking and servicing of wage projects, construction of convenient and modern channels to service the population. The Bank helps its customers administer their funds efficiently by providing all categories of population with equal opportunities for using its infrastructure. At January 1, 2020, the number of the Bank's retail customers made about 308 thousand people.¹²

Lending

At the year-end 2019, the retail credit portfolio made RUB 7 billion, including RUB 3,8 billion – mortgage loans, RUB 3,2 billion – consumer loans. As compared to the beginning of the year, the retail portfolio has grown by RUB 192 million or 3%.

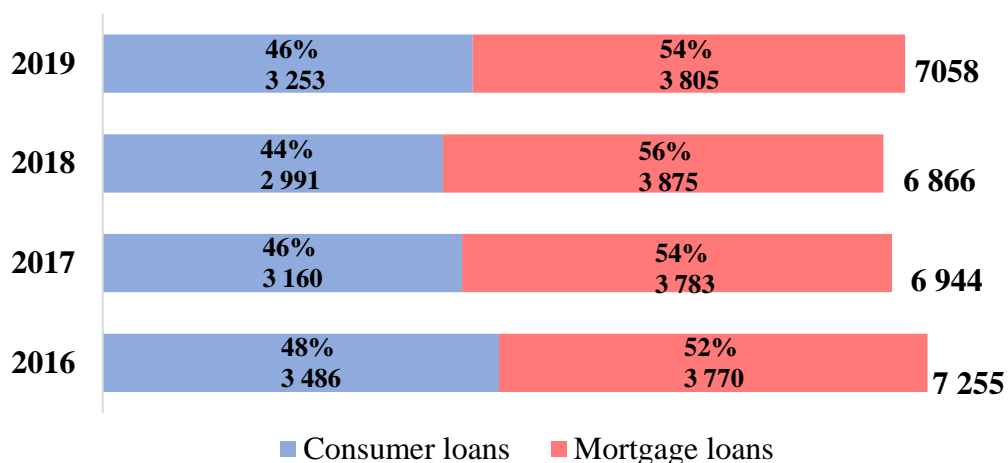
No substantial changes are observed in the structure of the credit portfolio; the share of mortgage lending reduced by 1 p.p., from 55% to 54%; on the contrary, the share of consumer credits has grown by 1 p.p.

In the reporting year, the Bank continued lending to the republic's residents under the programs aimed at improving the population's living conditions (lending product "New Flat" for buying a flat in a house under construction, "Capital Improvement of a Residential Building"). In the reporting year, the total volume of lending for these products made RUB 169 million, including "New Flat" – RUB 162 million, "Capital Improvement" – RUB 7 million. At 01.01.2020, the credit portfolio amounted to RUB 710 million, including "New House" – RUB 283 million, "New Flat" – RUB 404 million, "Capital Improvement" – RUB 22 million. In total, the program engages 32 districts of the republic (in fact, loans were granted to the residents of 18 districts).

In 2020, the Bank will start accepting applications for the Far East Mortgage Program for acquisition or construction of housing in the regions of the Russian Federation within the Far Eastern Federal District.

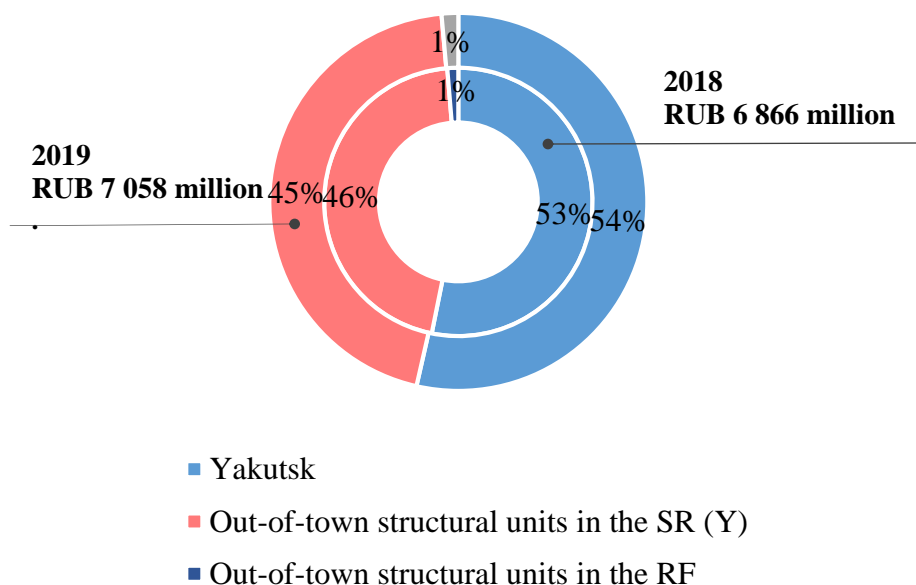
¹² 308 thousand retail customers with open bank accounts

Graph 12 - Dynamics and structure of the retail credit portfolio for 2016-2019, RUB million



In 2019, the share of the out-of-town structural units in the total retail credit portfolio has decreased insignificantly from 50,03 to 50,55%. The Bank’s supplementary offices are actively engaged in the implementation of the abovementioned programs. At 01.01.2020, the number of retail customers with loan indebtedness makes over 13 thousand people.

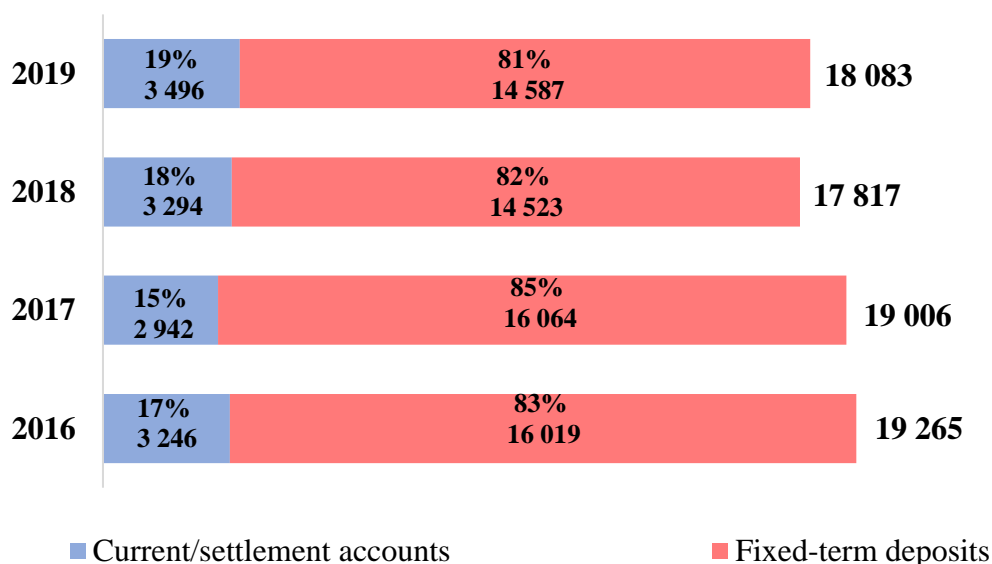
Graph 13. Territorial structure of the retail credit portfolio for 2018-2019, RUB million



Resource base

The Bank is in a good position in the market of private funds,; their volume making over RUB 18 billion¹³, about 75 thousand retail customers are the Bank's depositors, and the share in the republic's market is 13,7%.

Graph 14 - Dynamics and structure of private funds attracted in 2016-2019, RUB million

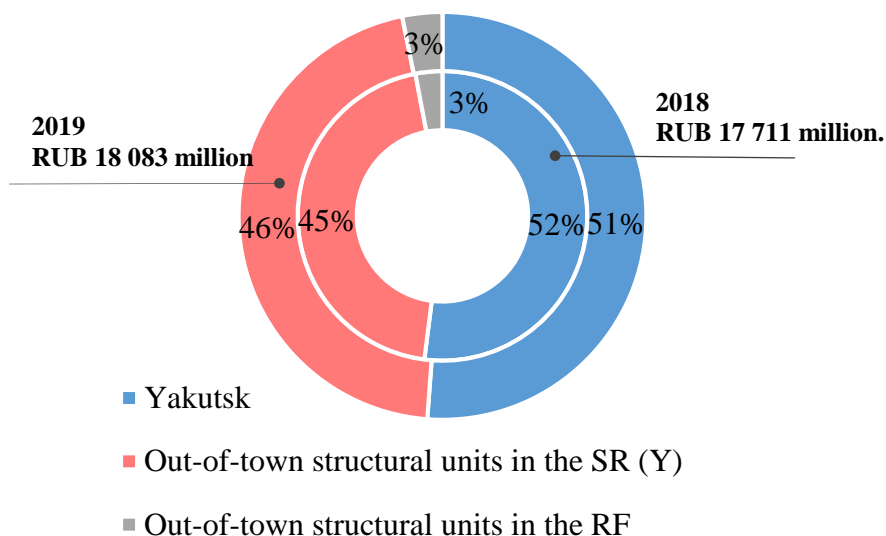


As compared to the value at 01.01.2019, a decrease of RUB 266 million or 1,5% in attracted funds is observed. In the structure of the attracted funds, the share of fixed-term deposits made 81%, the share of current (settlement) accounts – 19%. The Bank's main depositors are pensioners and payroll project customers.

Particular attention was focused on attracting resources by the out-of-town structural units. The role of the main supplier of retail business resources in the deposit and card accounts remains with the parent bank (with a share of 52%), but at the same time, the contribution of the out-of-town structural units in attracting private funds grows every year. Thus, in 2017, the share of supplementary offices was 42%, in 2018 it grew by 5 points, reaching 47%, in 2019 the increase was 1 point and made 48%. The Bank's extensive territorial network is an effective tool for attracting resources from retail customers.

¹³ Deposits (funds) of individuals, including private entrepreneurs.

Graph 15. Territorial structure of private funds attracted in 2018-2019, RUB million



Bank cards

In 2019, JSCB Almazergienbank JSC continued the dynamic development of the plastic business: the terminal and ATM networks of the Bank are actively expanding, transport and social projects are being successfully implemented, and the number of payroll project clients is growing.

In the reporting year, the bank cards portfolio has grown by 9,6% and made about 212 thousand cards¹⁴, including 106 thousand active cards¹⁵. Payroll projects were the key growth drivers of the bank cards portfolio in 2019.

In 2019, the Bank launched Svoi cashback loyalty program; at 01.01.2020, about 2,8 thousand customers have been connected; there are 73 partners.

JSCB Almazergienbank JSC continues to take part in the implementation of the socially significant republican projects. The Bank is successfully implementing a social project on depositing monthly cash payments and subsidies to the welfare beneficiaries' social cards and a transport project on introducing the automated accounting and cashless fare payment in urban and suburban public transport.

Over 342 thousand transport cards have been sold (without school cards and social cards with transport app).

Since 2012, the Bank has been working on the campus project of the North-Eastern Federal University; as of January 1, 2020, the number of campus cards amounted to more than 15,9

¹⁴ Without transport and school cards.

¹⁵ Active cards –cards operated in the last three months.

thousand. A campus card can be used not only as a pass to the university area and a ticket in public transport, but also as a means of payment.

In November 2016, the Bank was one of the first in the Sakha Republic (Yakutia) to issue plastic cards of MIR national payment system. The participants of MIR national payment system are 278 Russian banks¹⁶, but only 158 of them, including JSCB Almazergienbank JSC, were entitled to issue these plastic cards.

JSCB Almazergienbank JSC is one of the first banks in the Russian Far East to issue and service the plastic cards of JCB international payment system.

The Bank constantly improves its plastic card servicing infrastructure by expanding the terminal and ATM networks. At 01.01.2020, the number of electronic terminals has exceeded 1,6 thousand; the ATM network includes 178 ATMs, the number of self-service machines is 113. For the customers' convenience, the ATMs are located in the Bank's offices, the sites with a high density of potential customers and in the premises of the enterprises involved in the payroll projects.

Territorial development

The Bank's services are available to 60% of Yakutia's population, living in Yakutsk and 15 districts of the republic. At January 01, 2020, the Bank's territorial network in the republic is represented by 15 supplementary offices, 7 operating offices and 1 out-of-the-office cash counter in 16 administrative units, including Yakutsk and 15 districts.

In the large cities of the Far East – Vladivostok and Khabarovsk, the Bank is represented with operating offices. Besides, there is the Bank's representative office in Moscow.

Remote banking

In 2019, we continued to actively work on improving the remote banking services and attracting clients to these services. As we constantly work on improving the service and operation of AEB Online 2.0 app, developed by the Bank's subsidiary, it became possible to achieve an increase in the number of its users by over 33%. Total in 2019, 19 thousand customers were connected to AEB-Online system. As of January 1, 2020, the number of customers using AEB-Online amounted to more than 75 thousand (24% of the total number of retail customers). Over 4 200 online bank transactions are performed daily by the Bank's customers. In the future, the Bank will continue to work on improving the functionality of its remote banking services to improve the quality of customer service.

¹⁶ Source: <http://www.nspk.ru/cards-mir/uchastniki-ps-mir/>

5.6. Securities Trading

Brokerage service

Since 2018, through the mediation of the prime broker (Perm Stock Company LLC), the Bank, in an open mode, began to provide clients with its own services of providing access to securities trading in MOEX.

In compliance with the Bank's 2019 Professional Activity Development Plan, customer acquisition measures were arranged. To raise financial awareness and attract population to the securities market, the Bank's staff have consulted the visitors of the annual Financial and Social Services Fair. In 2019, Almazergienbank participated in two placements of state bonds of the Sakha Republic (Yakutia).

Dealer business

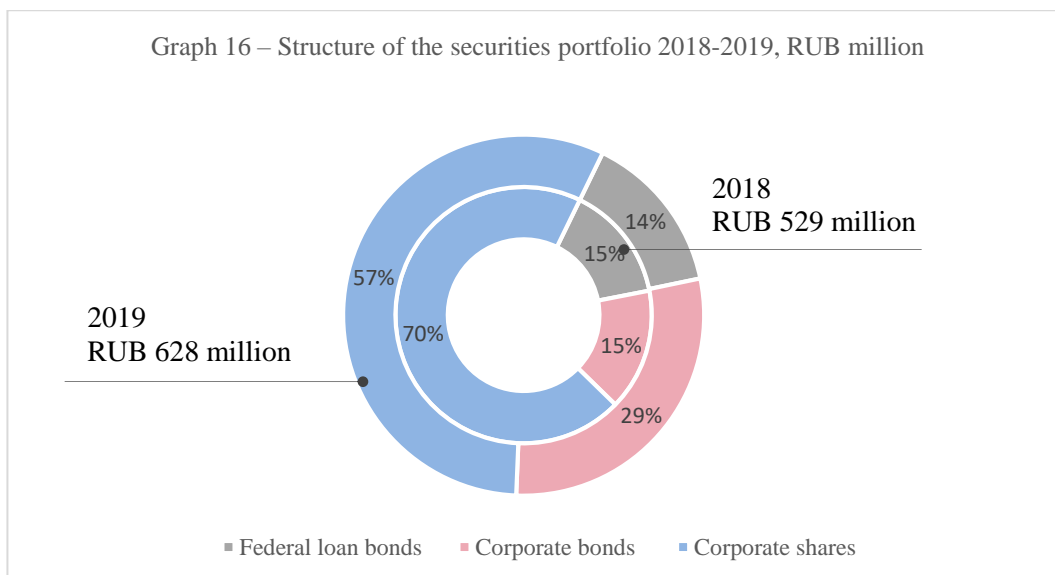
The structure of the Bank's own securities portfolio is traditionally made up of shares and bonds of the largest Russian companies included in the MOEX first listing level (so-called "blue chips").

In 2019, the total book value of the Bank's securities portfolio grew by RUB 99 million (+16%) as compared to the value at the beginning of the year. The portfolio's value has grown due to the increased investments in bonds as well as due to the growing market value of the entire portfolio.

The portfolio's structure has changed significantly: the level of investments in bonds has increased by RUB 114 million (+42%) whereas the level of investments in shares has decreased by RUB 15 million (-4%). The portfolio's rebalancing was caused by the market situation at the end of 2019, when the Russian securities market appreciated and the probability of recession soared. Thus, the share of conservative bonds was increased (mostly through investing in federal loan bonds), whereas the share of high-risk shares was reduced.

At the year-end 2019, the income from securities trading in absolute terms amounted to RUB 18 million. In addition, interest income (dividends from shares, bond coupons, and interest from repos) amounted to RUB 42 million. The total amount of income from own securities portfolio and transactions with them amounted to RUB 60 million per year, which corresponds to a yield of 17% per annum (when calculated on the portfolio's active part).

Graph 16 – Structure of the securities portfolio 2018-2019, RUB million



5.7. Financial indicators

In 2019, credit organizations operated in a relatively stable economic and political environment. The banks' net profit in 2019 reached RUB 1,7 trillion; however, excluding the technical income from the IFRS-9 introduction, the net profit has slightly reduced – to RUB 1,3 trillion (from RUB 1,5 trillion in 2018).

In the financial situation associated with the need for the credit risk revaluation, the Bank maintained its positions in the banking market, confirming the reliability and quality of the provided services. Today, Almazergienbank is a key financial institute of the Sakha Republic (Yakutia); it is among the Top-100 Russian banks by the size of the credit portfolio and the volume of customer deposits.

Table 2 – Key financial indicators of the Bank, RUB million

№	Indicator	2019	2018	2019 to 2018
		actual	actual	Absolutely
1	Assets	29 331	26 671	2 660
2	Net lending receivables	23 380	x	23 380
3	Net lending receivables at depreciable cost	x	20 581	- 20 581
4	Attracted funds	25 337	22 673	2 664
5	Own funds	4 453	3 854	599
6	Net interest income [1]	1 571	1 424	147
7	Net commission income	487	528	- 41
8	Operating profit	2 611	2 055	556
9	Administrative expenses	1 565	1 392	173

10	Net operating income	1 046	663	383
11	Possible loss provisions	- 417	-393	- 24
12	Net profit (loss)	321	30	- 186
	Performance indicators, в %			
13	Net interest margin	6,6	6.0	0,6
14	Cost to income ratio	60	67,7	- 7,8

As of 01.01.2020, the Bank's assets made RUB 29,3 billion, which is RUB 2,7 billion (or 10%) more than last year. Net lending receivables at depreciable cost (80%) make the most of the assets.

At January 1, 2020, the Bank's own capital made RUB 4 453 million, as compared to last year, the value has grown by RUB 599 million or 16%, which is mostly associated with attracting additional capital through the indefinite term subordinated loans for a total of RUB 400 million. At 01.01.2020, the capital adequacy ratio made 14,5% (at January 01, 2018: 13,52%). In the period under review, the Bank has not breached the minimum requirements for all capital adequacy ratios.

The net interest income made RUB 1 571 million. As compared to last year, the net interest income has grown by RUB 147 million (or 10%). In the reporting period, the net interest margin made 6,6% annual, which is 0,6 percentage points higher than the previous year's value.

The net commission income has demonstrated a decrease, having made RUB 487 million (the year before – RUB 528 million), which is primarily associated with shifting to the International Financial Reporting Standards (IFRS-9).

By the results of the year 2019, the Bank has generated the operating profit of RUB 2 611 million (RUB 2 055 million the year before). The Bank fully covers its general and administrative expenses from the operating activity profit.

Because of credit risk revaluation due to worsened financial situation of borrowers and credit servicing quality, that are generally associated with the region's economic climate, the possible loss provisions made RUB 417 million.

For the year 2019, the Bank has paid taxes and levies totaling RUB 311,4 million, which is RUB 13 million or 4,4% more than in 2018. The increased total amount of taxes paid in 2019 results from the Bank's profitable operation in the reporting year and the payment of the profit tax of RUB 51 950 thousand at the year-end, including RUB 7 793 thousand to the Federal budget and RUB 44 157 thousand to the budget of the Sakha Republic (Yakutia).

Table 3 – Information on the dynamics of taxes and charges paid by the Bank to the levels of the RF budget system, in thousand rubles

№	Tax	2018	2019	2019 to 2018
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				Absolutely	%
I	RF budget	45 352	43 201	-2 151	95,26
1.1.	Profit tax	6 153	7 793	1 640	126,65
1.2.	VAT	39 199	35 408	-3 791	90,33
II	Budget of the SR (Y)	250 676	266 103	15 427	106,15
2.1.	Profit tax	34870	44157	9 287	126,63
2.2.	Income tax	76 776	69 900	-6 876	91,04
2.3.	Property tax	16 976	20 300	3 324	119,58
2.4.	Tax withheld form dividends paid to legal entities			0	
2.5.	Transport tax	224	228	4	101,79
2.6.	Insurance fee to the RPF	120 673	130 258	9 585	107,94
2.7.	Fee to the FIS for compensation in case of work injury or occupational disease	1 157	1 260	103	108,90
III	Municipal budget	2 262	2 074	-188	91,69
3.1.	Land tax	568	192	-376	33,80
3.2.	Land lease fee	1 694	1 882	188	111,10
	TOTAL:	298 290	311 378	13 088	104,39

By the results of the year 2019, the Bank's net profit made RUB 321million.

5.8. Risk Management

Risk management is a strategic direction in the Bank's work.

The main goal of the risk management is to construct an integrated system of risk management corresponding with the internationally-acknowledged practice, aimed to secure sustainable development within the framework of implementing the Bank's Development Strategy, approved by the Bank's Supervisory Board, as well as to protect the interests of the shareholders, creditors, employees, customers and other people, interested in the Bank's continued sustainable development. Introduction of risk management and control functions is a continuous process. The Bank sets internal requirements to the transparency of risk information as a basis for risk control, limiting and management.

The Bank's risk management system is based, inter alia, on the internal procedures of the capital adequacy assessment (hereinafter referred to as the ICAAP) in compliance with the Directive of the Bank of Russia dated 15.04.2015 № 3624-D "On the requirements to the risk and capital management system of a credit organization and banking group".

The basic principles of the risk management system are defined in the Risk and Capital Management Strategy of JSCB Almazergienbank JSC, endorsed by the Bank's Supervisory Board.

To implement the main risk management goals, the Bank fulfills the following tasks:

- identification and selection of substantial risks, their assessment and aggregation;
- definition of risk appetite parameters;

- definition of the aggregate required capital to cover all substantial and potential risks, inherent in the Bank’s activities, target structure of capital, sources of its formation and current capital requirement;
- evaluation and control over the adequacy of the available capital;
- stress testing of financial stability and capital towards substantial risks, analysis and consideration of the results at capital planning;
- distribution of capital by the system of limits, setting the indicators of the risk profile and their maximum values, taking into account the statutory ratios and parameters of risk appetite;
- control over the observation of the set limits, monitoring of substantial risks’ level, escalation of breaching the set risk limits;
- informing the Bank’s management of the assumed risks level within ICAAP reporting;
- assessment of efficiency of the applied risk management methods, improvement of the risk management system, if new risk factors are revealed, and reflection of these changes in the bylaws;
- development of risk culture and risk management competencies in the Bank.

In 2019, the Bank worked to improve the risk and capital management system:

- implemented arrangements to improve the management accounting – a shift to daily accounting was introduced; work was started to automate the calculation of the taken risks, broken down by subdivisions and financial instruments;
- the system of indicators of the Bank’s risk appetite was improved, as well as the procedures for its preparation, approval and cascading over the Bank’s subdivisions;
- consistent introduction and improvement of methods and processes of risk management at both the integrated level and the level of certain risks management systems were conducted; work was continued to improve the risk assessment methods and update the internal documents, including with respect to the recommendations of the Internal Audit Service;
- IT-infrastructure of risk management and the tools for risk reporting were improved.

In 2019, the Bank identified the following risk types as the substantial ones: credit risk, market and operational risks, liquidity risk, concentration risk, bank portfolio interest rate risk, as well as reputational, strategic and regulatory (compliance) risks.

The Bank’s policy is aimed at creating a comprehensive system of risk and capital management, integrated in the overall process of the Bank’s management and corresponding with

the nature and scale of the Bank's activity and the profile of the taken risks, as well as economic conditions and business development.

The Bank strives to implement the organizational structure of the risk and capital management, where there is no conflict of interests: units and employees responsible for effecting risk-exposed operations, accounting of these operations, risk management and control, as well as for the independent assessment of the risk management system efficiency and its correspondence to the nature and scale of the Group's operations, are separated at the level of the organizational structure.

The Bank's organizational system of risk management includes the Supervisory Board, the Risk Management & Audit Committee under the Supervisory Board, executive management bodies, Risk and Control Commission, Credit Commissions, Asset and Liability Management Commission under the Bank's Management Board and other structural units involved in risk management.

The key unit responsible for building a system of risk management and control over the level of the substantial risks taken by the Bank is the Risk Management Department, headed by the Director and consisting of the Credit Risk and Banking Risk Units.

Credit risk

Credit risk is a risk of the Bank's losses due to failure to perform, late or incomplete performance of the debtor's financial obligations to the Bank in accordance with the terms and conditions of the agreement.

Credit risk is managed in compliance with the Regulations on the assessment and management of the integrated credit risk and the Bank's Credit Policy.

The assessment of the credit risk, including the capital requirement, is conducted based on the methods established by the Regulations of the Bank of Russia № 590-R on the procedure for creation of provisions for loan loss, outstanding debt and similar debt, Regulations of the Bank of Russia № 611-R on creation of possible loss provisions, Instruction of the Bank of Russia № 199-I on the banks' statutory ratios (hereinafter referred to as the Instruction of the Bank of Russia № 199-I).

The Bank applies the following basic methods of credit risk management:

- risk prevention through identification, analysis and assessment of potential risks before making a credit risk-exposed transaction;
- introduction of the risk assessment and identification processes;
- planning a credit risk level through the assessment of the anticipated loss level;

- limiting credit risk through setting limits;
- diversification of credit risk;
- securing credit risk-bearing transactions in order to create loss provisions for possible deterioration of asset quality in the form of different kinds of material and non-material security;
- creation of possible loss provisions;
- allocation of the required capital or loss covering funds for the credit risk contingency reserve with the level of confidential probability set out in the Bank's risk and capital management strategy;
- creating a system of credit risk exposure indicators (risk appetite), setting and control over the observance of threshold (limit) and signal values;
- using the decision-making and authority system;
- monitoring and control of the financial position of borrowers/issuers/contractors/related borrowers' groups and compliance with the conditions of granting credit products, contracts, transactions;
- monitoring and control of credit risk level;
- audit of the credit risk management system's operation.

The Bank monthly monitored the asset quality indicators in compliance with the procedure of the Bank of Russia for the evaluation of the credit organizations' economic situation. In the period under review, the credit risk indicators were within the set limits; the integrated result for the group of indicators involved in the asset quality evaluation was rated as "satisfactory" at all reporting dates.

The following was monitored on a regular basis: a ratio of exposure to a single borrower or a group of related borrowers, a limit of major credit risks, a limit of loans, bank guarantees and securities provided by the Bank to its participants (shareholders), in the period under review the Bank didn't violate the statutory ratios of the Russian Central Bank aimed to limit the credit risk.

Diversification of the Bank's loan portfolio is carried out by allocating loans to various categories of borrowers, loan terms, types of collateral, by industry. The diversification of the loan portfolio by the terms is of particular importance, since, as a rule, the level of the Bank's credit risk increases with the extension of the loan term.

The Bank aspires to avoid excessive diversification and concentration while forming its loan portfolio. The task of determining the optimal ratio between these methods is solved by setting credit limits and making provisions. Due to setting the credit risk limits for the system of key indicators and their threshold (limiting and/or signal values), the Bank manages to avoid critical

losses due to unconsidered concentration of any type of risk, as well as to diversify the loan portfolio and ensure stable income. Limits can be set by types of loans, categories of borrowers or groups of related borrowers.

In 2019, the Bank conducted a credit policy complying with the endorsed Bank's Strategy for 2014-2019, including lending to the enterprises partially owned by the Sakha Republic (Yakutia) and to the public-private partnership projects.

Concentration risk

Concentration risk is a risk of the Bank's exposure to major risks, whose implementation can lead to significant losses that could pose a threat to the solvency of the Bank and its ability to continue operating.

The Bank's policies and procedures include special principles aimed at maintaining a diversified portfolio and managing the established concentrations of risk.

The Bank identifies the following types of the concentration risk:

The concentration of credit risk is manifested in granting loans or other assets to an individual customer or a group of related customers, as well as due to the Bank's debtors belonging to certain sectors of the economy or to geographic regions, or due to concentrating activities on certain types of active operations that make the Bank vulnerable to similar economic factors.

The concentration of liquidity risk is manifested in the Bank's concentration on certain sources of funding and revenues.

The concentration of market risk is manifested in investing in homogeneous financial instruments of one counterparty, trade portfolio, certain currencies, whose market prices vary under the influence of the same economic factors.

Monitoring and evaluation of the concentration risk is carried out simultaneously with the monitoring of the relevant significant risk according to the internal documents and is carried out on a regular basis by a monthly examination of the system of key risk concentration indicators.

Market risk

Market risk is a risk of the Bank's losses due to unfavorable changes in the market value of the financial instruments of the Bank's trading portfolio and derivative financial instruments, as well as foreign exchange and/or precious metals rates. Market risk includes stock, currency, interest rate (by the trading book) and commodity risks.

To monitor and maintain the market risk at the acceptable level, a combination of the following risk management methods is used:

- a decision-making and authority system;

- a system of collecting and analysis of information about the markets and counterparties;
- a system of current monitoring of changes in market prices;
- identification and evaluation of market risk at the stages of strategic and business planning, as well as at approving the new products and transactions;
- setting limits to the net foreign exchange positions, including certain foreign exchange, to the stock market instruments, as well as the groups of financial instruments, to the portfolios, including for certain units generating a market risk;
- setting limits to the maximum loss amount over the portfolios.

The main methods of market risk management (in terms of stock market and interest rate risks), arising in the Bank's work in the stock market, are as follows: evaluation of the risk and its concentration by the balance sheet assets, defining a possible loss due to adverse market development, limiting the monetary resources placement operations.

Currency exchange and commodity risks are mitigated by a balanced net foreign exchange position, allowing to secure a required liquidity by foreign currencies and precious metals and timely meet the customer demands.

In 2019, the Bank continued the conservative policy of placing in the securities. To minimize the market risk and the load on capital, the trading portfolio is mostly formed from the marketable instruments.

Liquidity risk

Liquidity risk is a risk of loss due to the Bank's inability to fully perform its financial obligations.

The main goal of liquidity risk management is to ensure the growth of assets and the fulfillment of obligations as they occur, without incurring losses in the amount threatening the Bank's financial stability; it is achieved through the following tasks:

- timely fulfillment of obligations and satisfaction of clients' needs for banking services;
- formation of a balanced portfolio of assets and liabilities, allowing to achieve the optimal ratio between profitability and risk;
- allocation of the necessary capital required to cover the unforeseen losses associated with the implementation of liquidity risk and maintaining the capital available to the Bank in the amount sufficient to cover the liquidity risk together with other substantial risks;
- keeping the losses related to liquidity provision, including both expenses in case of attracted liquidity and forced sale of assets, within the set limits and (or) indicators of risk

appetite;

- minimization of unjustified borrowings increasing the Bank's expenses;
- observance of the set risk appetite indicators and (or) limits of the liquidity risk;
- maintaining the Bank's high business reputation in financial markets.

The Bank manages its liquidity by analyzing the level of liquid assets required to regulate the obligations at maturity; by providing access to various funding sources; by having plans for the cases of problems with funding and control over the compliance of the liquidity ratios with the legal requirements.

The Bank conducts quick liquidity management by defining the current payment position and forecasting the payment position change with account of the payment schedule and various development scenarios, forecasts and analyzes the liquidity status to secure a required liquidity cushion, liquidity risk stress testing is held on a regular basis.

The need for liquid funds is determined monthly on the basis of the calculation of the deficit (excess) of liquidity for each urgency group. To determine the shortage (excess) of liquidity by maturity, a monthly report is prepared on the structure of funds raised and placed on maturity dates of borrowing and placement. To determine the Bank's rational need for liquid funds, including the definition of excess/deficit of liquidity, the limiting of financial transactions is introduced.

The Bank sets limits on certain types of assets and use of financial instruments in the context of common positions for the coming month on a monthly basis. To calculate the limits, the sufficiency of the cash flow to issue new loans and purchase of assets, to make payments from customers' accounts on their orders, to pay deposits and interest on them, to conduct current business activities are analyzed based on the data provided by the subdivisions.

Action plan aimed to secure the continuity of operations and (or) business restoration in case of emergencies or unanticipated liquidity deficit forms part of the integrated liquidity risk management system. The plan offers response actions for several scenarios and distributes responsibilities, including the preventive measures procedures and response protocol in case of any scenario's implementation.

Throughout the period under review, the Bank conservatively observed the statutory liquidity ratios (H2, H3 и H4).

Bank portfolio interest rate risk

Bank portfolio interest rate risk is a risk of loss, including the worsening of the Bank's position due to decrease in the capital, level of income, value of assets and increase in the value of liabilities caused by the changed market interest rates.

The main procedures for the interest rate risk management and the methods for its assessment are the following:

- detecting and assessing the value of the interest rate risk;
- forming the proposals on the composition, methods and procedures for computing of the risk-appetite values of the Bank for the interest rate risk;
- evaluation of the Bank's capital requirements to cover the interest rate risk, including the evaluation of the target levels of the interest rate risk;
- setting the limits for the interest rate risk;
- monitoring and analysis of dynamics of the key indices of the interest rate risk (duration index, excess of the Bank's deposit interest rates over the basic level of the deposit profitability, excess of the Bank's deposit interest rates over the average maximum interest rate, etc.);
- analysis of the interest rates in the banking market (including the interest rates offered by the competing banks);
- stress testing of the interest rate risk;
- implementation of measures for mitigating and decreasing the interest rate risk (revision of interest rates for the Bank's products if the interest rates in the banking market change, optimization of the interest-yielding assets-liabilities structure, application of the floating rate, etc.);
- control over the observation and the internal audit of the set

The interest rate risk has not materially affected the Bank's performance in the period under review.

Operational risk

Operational risk is a risk of the Bank's losses due to unreliable internal management procedures, personnel dishonesty, data system failure, or due to external events affecting the Bank's activity. Legal risk is part of the operational risk.

The Bank's operational risk management system is aimed at preventing possible losses and decreasing the probability of business process frustration, inability to provide high quality of customer service due to personnel error, system failures, internal or external fraud, breach of legislation.

The Bank's operational risk management system is fully integrated in the general process of the banking risk management system at all levels, in the new products, types of activity, processes and systems, and includes the following:

- introduction of the risk-based approach in all aspects of the Bank's activity;

- understanding by all the Bank’s employees of the basic principles and approaches to the operational risk management;
- systematic analysis of the revealed operating risks;
- constructing a system of control of operating risks and monitoring of operating risk management efficiency;
- providing the necessary legal and methodological support;
- distribution of authority and responsibility for operational risk management among the Bank’s structural units

The major methods used by the Bank to mitigate the operational risk are as follows:

- development of its organizational structure, internal regulations, banking operation procedures and other transactions in a manner allowing to exclude (mitigate) the probability of the operational risk factors;
- transfer of risk or its part to the third party (outsourcing);
- joint decision-making, setting a system of limits for certain operations;
- implementation of measures to guarantee the continuity of the financial and economic operations at effecting the banking operations and other transactions, including contingency plans;
- ensuring the required personnel skill level and their professional development;
- insurance of the Bank’s property, automobile insurance, banking risk insurance, optional medical insurance and accident insurance for the Bank’s staff;
- developing the system of banking processes and technologies automation;
- security and recoverability of data systems and resources, development of information security systems.

The operational risk, controlled by the Bank on a regular basis, has not materially affected its performance in the period under review.

Strategic risk

Strategic risk a risk of adverse change in the results of a credit organization’s activity due to making erroneous management decisions, including those made while developing, endorsing and implementing a credit organization’s development strategy, improper execution of the made decisions, as well as the credit organization’s management bodies’ failure to consider the changes in external factors.

The system of the Bank’s strategic risk management is implemented through:

- constant monitoring of compliance with the Russian law, particularly on the banking secret and the establishment of internal control to combat money laundering and financing

of terrorism, with the standards of the Bank of Russia on ensuring information security in credit organizations;

- execution of the internal banking documents developed on the basis of the supervisor legal acts, as well as timely execution of the written instructions of the Bank's management bodies;

- control over the execution of the strategic decisions;

- securing the timeliness of settlements on the instruction from the customers and counterparties, payment of the deposit amounts and interests on accounts (deposits), as well as settlements on other transactions;

- monitoring the efficiency of the conducted operations and the quality of their management;

- self-control over the authenticity of the accounting statements and other published information, provided to the establishers, customers and counterparties, regulators and supervisors, as well as other interested parties, including for promotion purposes;

- development in the Bank of the system of communication and document turnover, preventing the use of the information available in the Bank by the people having access to such information for their personal benefit, and, at the same time, ensuring timely, full and true acquisition of information by the people who need this information for the decision-making purposes;

- strategic risk management with threat estimate to the Bank's financial position and the Bank's business reputation in the future;

- consideration of interrelations between different risks and their capability of complementing, aggravating and compensating each other;

- development and application of the efficient personnel incentive programs;

- adherence to the "Know your employee" and "Know your customer" principles.

To mitigate the strategic risk, the Bank uses the following key measures: controls that the decisions made by the higher authorities are executed by the Bank's lower units and employees; standardizes the Bank's major operations and transactions; analyzes the impact of the strategic risk factors (both in the aggregate and broken down by their classification) on the Bank's performance as a whole; monitors the banking services market to identify the new areas of the Bank's activity and sets the new strategic tasks; monitors the resources, including the financial, material and technical, and human, to implement the Bank's strategic tasks; establishes the management reporting that is used to make management decisions.

In the period under review, the system of monitoring and control over the arrangements of the new Strategy was formed based on the existing organizational model and management

mechanisms with stage-by-stage switch to a new operating model of the Bank's subdivisions' interaction.

Regulatory risk

Regulatory (compliance) risk is the risk of the Bank's direct or indirect losses due to non-compliance with the Russian legislation, the Bank's internal documents, standards of self-regulated organizations or other standards, as well due to the application of sanctions and (or) other enforcement actions by the supervisory authorities.

The goal and key priority of the regulatory (compliance) risk management policy is to improve the internal control system, identify and eliminate deficiencies in internal documents, internal control environment, operating environment and bank systems to minimize regulatory risk sources and maintain regulatory risk at the level acceptable for the Bank and securing the preservation of own capital, reputation of the Bank and the shareholders, and the Bank's operational stability.

In managing the regulatory risk, the Bank is guided by the following principles:

- the regulatory risk management system is integrated in the Bank's operating environment;
- the regulatory risk management is conducted on a regular basis and involves every employee;
- information flows and the accountability system are designed and operate to secure the efficient regulatory risk management. The Bank's internal communications promote the formation of the risk culture of the regulatory risk management and assist with conducting monitoring and control of the regulatory risk;
- the Bank's executive bodies are responsible for creating the efficient regulatory risk management system and introduction of the risk management culture, as well as for establishing the procedure for the interaction and reporting on the regulatory risk;
- within the framework of the regulatory risk management system, the sources of the regulatory risk are detected and evaluated, to which the Bank's activity is exposed;
- the level of risks, inherent in the existing and the newly-developed products, activities, automated systems and processes of the Bank are evaluated regularly;
- the authorities and responsibilities of all stakeholders to the regulatory risk management are defined in order to eliminate possible conflicts of interests between the stakeholders to the regulatory risk management and the Bank's bylaws.

In the period under review, no material fines on the basis of the instructions from the regulatory authorities have been imposed on the Bank.

Major priorities in 2020

Following the international practices' standards, the Bank continues to improve the risk management system by implementing the internal capital adequacy assessment procedures (part of Pillar 2 of Basel II), setting the requirements for the own capital adequacy assessment process.

For further development of the risk management system in 2020, the Bank plans, in particular, the following arrangements:

- improvement of the risk assessment methods and stress-testing procedures for the internal capital adequacy assessment procedures;
- optimization and speed-up of the credit process by improving the methods of risk evaluation methods and decision-making tools with respect to risk-return, integration into the transfer pricing processes;
- improvement of the risk analysis and management tools by modelling the behavior of the credit and deposit portfolios;
- improvement of the operating risk management procedures, including the risks of information and information systems security, centralization and automation of keeping a database of operating risk events and losses;
- development of the IT-infrastructure for data collecting, storage and processing for the internal capital adequacy assessment procedures, further automation of risk evaluation and management accounting procedures.
- development of risk-culture as part of the Bank's corporate culture.

5.9. Prospects of the Bank's development

According to the analysts, the economic situation in Russia may develop by a moderately negative or a critical scenario. The coronavirus pandemic and the tear-up of the OPEC+ deal create risks for the global financial system. Loan slowdown, negative revaluation of securities, loan impairment expect the banking market.

The perspective of interest income stagnation and slowdown in net commission income growth will transform the banks into the ecosystems. The competition shifts from prices to servicing quality, interaction convenience and communication channels.

Under tough competition, as part of the Development Strategy's implementation in 2020 the Bank will work to increase the speed and quality of all its functions, reduce the operating costs and improve the through processes' efficiency.

Active work is conducted to implement the strategic project "Supercard", which frameworks the Svoi loyalty program.

The Bank will continue lending to the organizations and enterprises of the republic, aimed to support and stimulate the region's economy: financing of public-private partnership infrastructure projects on the construction of kindergartens in the districts of the republic, lending to the partially state-owned organizations, including the systemic companies, as well as small and medium businesses.

As a participant of the Far Est Mortgage Program, in 2020 the Bank will start granting 2% mortgage loans within the subsidy program for the residents of the Far Eastern Federal District. It will also continue lending to the population by New Flat and Capital Improvement Programs.

The Bank will continue operating in the financial markets by placing the available resources in the inter-banking markets through the deposits of the Bank of Russia and repo transactions with the central counterparty.

6. CORPORATE GOVERNANCE

6.1. Corporate governance system review

The system of corporate governance in JSCB Almazergienbank JSC is based on the strict implementation of principles of the Corporate Governance Code (letter of the Bank of Russia dated April 10, 2014 № 06-52/2463), as well as on the Bank's Corporate Governance Code, Charter of the Bank, Regulations on the General Shareholders Meeting, Regulations of the Supervisory Board, Regulations on the Risk Management and Audit Committee, Regulations on the Strategic Development and Corporate Governance Committee, Regulations on the HR and Remuneration Committee, Regulations on the Chair of the Management Board, Regulations on the Management Board, Regulations on the Audit Team, Information Policy and other internal documents of the Bank.

The corporate governance system is based on the following principles of corporate governance:

- Ensure the protection of shareholders' rights and legal interests.
- Exercise strategic governance of the Bank by the Supervisory Board, define the key principles and approaches to organizing the risk management and internal control system,

control over the Bank's executive bodies activity, and implementation of other key functions.

- Supervisory Board's accountability to the Bank's shareholders;
- Ensure that the Supervisory Board makes decisions that meet the interests of the Bank and its shareholders;
- Ensure that the Supervisory Board includes independent directors;
- Ensure that the Bank's executive bodies have a possibility of conducting efficient management of the Bank's current operations prudently, in good faith and solely for the benefits of the Bank conducting efficient management of the Company's current operations, as well as ensure the Bank's executive bodies' accountability to the Supervisory Board and the General Shareholders Meeting;
- Ensure the establishment in the Bank of an efficient system of risk and capital management and internal control aimed to secure reasonable assurance in reaching the goals set before the Bank;
- Ensure timely disclosure of full and true information about the Bank, including its financial position, economic performances, structure of ownership and management in order to provide the Bank's shareholders and investors an opportunity for making informed decisions;
- Ensure effective control over the financial and economic activity of the Bank with the purpose of protecting rights and legal interests of its shareholders;
- Acknowledge the corporate social responsibility.

General shareholders meeting is a supreme management body of JSCB Almazergienbank JSC. The Bank's Supervisory Board is elected by shareholders and is accountable to them; it provides strategic management and control over the activity of the executive bodies – Chair of Management Board and Management Board. The executive bodies manage the Bank's current operations and implement tasks set by the shareholders and the Supervisory Board.

The system of internal control over financial and economic activity holds a special place in the system of corporate governance, which aims to protect shareholders' rights and legal interests. Under the Bank's Supervisory Board there is a Risk Management & Audit Committee; together with the Internal Audit Service it aids the management bodies to secure the Bank's efficient work. The Audit Team controls the compliance with law of the operations conducted by the Bank.

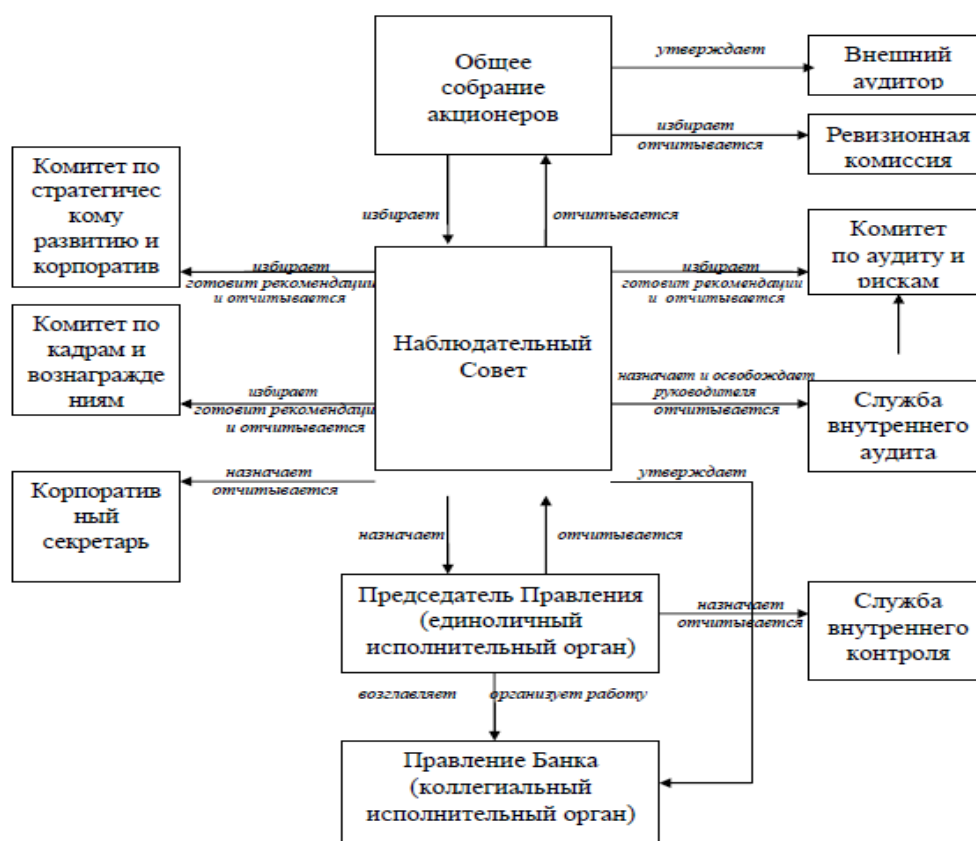
To conduct audit and confirm its financial statements, JSCB Almazergienbank JSC involves an external auditor without ownership interests with the Bank and its shareholders.

The HR & Remuneration Committee under the Supervisory Board develops recommendations on the key issues of appointing and motivating the members of the Supervisory Board and executive bodies.

The Supervisory Board's Strategic Development and Corporate Governance Committee considers and develops recommendations on the issues of strategic development and corporate governance.

JSCB Almazergienbank JSC timely discloses true information, including information about its financial position, economic performances and ownership structure. The information is disclosed in compliance with the requirements of the Russian law and on the basis of the Bank's current Information Policy.

Scheme 3 – Structure of corporate governance of JSCB Almazergienbank JSC



Development of corporate governance system in 2019

After being elected, the Supervisory Board of JSCB Almazergienbank JSC endorses the Plan of Corporate Governance System Development for the corporate year.

In the year under review, JSCB Almazergienbank JSC continued its work on improving the corporate governance system.

To implement the Corporate Governance System Development Plan, the Bank has made arrangements on improving the corporate governance system, including:

- Regulations on the Committees of the Supervisory Board have been amended;
- Self-assessment of corporate governance quality, based on the self-assessment methodology of the Federal Agency for State Property Management, was conducted in JSCB Almazergienbank JSC;
- The results of the self-assessment of corporate governance quality were considered at the meeting of the Bank's Supervisory Board;
- Quarterly review of the Committees' reports by the Supervisory Board has been introduced into practice.

6.2. General Shareholders Meeting

General Shareholders Meeting is a supreme management body of JSCB Almazergienbank JSC. By voting on the issues on the agenda at the Meeting, the Bank's holders exercise their rights related to the participation in its management. General Shareholders Meetings are held annually on the date defined in compliance with the applicable law, no sooner than March 1 and no later than June 30 of the year following the accounting year.

The decision on the convocation of the General Shareholders Meeting is made by the Supervisory Board. Shareholders are informed of the date and place of the General Shareholders Meetings, as well as of the date as of which the list of people entitled to attend is made, in compliance with the applicable law and the Bank's Charter. The participants can get acquainted with the meeting's materials within the legal period at the Bank's Main Office, as well as on the Bank's official website www.albank.ru in the "For shareholders and investors" section (upon the shareholder's request, the materials can be sent by email).

In 2019, the General Shareholders Meeting was convoked three times, including the Annual General Shareholders Meeting and two Extraordinary General Shareholders Meetings.

General Shareholders Meeting on June 27, 2019

The Annual General Shareholders Meeting of JSCB Almazergienbank JSC took place on June 27, 2019 in Yakutsk.

The Annual General Shareholders Meeting was attended by the Bank's shareholders owning in total 2 935 680 720 of the Bank's common registered shares, which makes 93,0165% of the total number of votes.

The shareholders took part in discussing nine issues on the agenda.

- 1) On approving the Annual Report of JSCB Almazergienbank JSC on the results of the year 2018.
- 2) On approving the accounting statements of JSCB Almazergienbank JSC for the year 2018, including the profit and loss statement.
- 3) On the distribution of profit and loss of JSCB Almazergienbank JSC on the results of the year 2018.
- 4) On the amount of dividends, dates and forms of their payment on the results of the year 2018.
- 5) On setting the date at which the persons entitled to get the dividends are defined.
- 6) On approving the auditor to confirm the accounting of JSCB Almazergienbank JSC for the year 2019.
- 7) On the payment of remuneration to the members of the Supervisory Board of JSCB Almazergienbank JSC.
- 8) On electing the members of the Supervisory Board of JSCB Almazergienbank JSC.
- 9) On electing the Audit Team of JSCB Almazergienbank JSC.

Protocol # 01 dated July 01, 2019 was made up on the results of the Annual General Shareholders Meeting.

At the Meeting the shareholders decided to distribute the profit on the results of the year 2018 in the following order:

Table 4.

#	Item, Funds	%	RUB thousand for 2018
1	Payment of dividends	50	14 815
Buildup of funds/loss recovery			
2	Reserve fund	0	0
3	Employee share ownership fund	27	8 092
4	Uncovered loss	23	6 723
	Total	100,0	29 630

At the Annual General Meeting, the shareholders decided to pay the dividends by the results of the year 2018 in the amount of RUB 0, 00461795373 per 1 share.

More detailed information on the dividend payment is presented in the Dividends of the Bank Section.

Inter alia, the key decision of the Annual General Shareholders Meeting was the election of a new composition of the Supervisory Board.

The voting elected the following new members to the Supervisory Board:

1. Nikolay Dolgunov
2. Vladimir Solodov
3. Evgenia Grigorieva
4. Dmitry Filippov
5. Pavel Bagynanov
6. Maia Danilova
7. Alexander Kondrashin

Extraordinary General Shareholders Meetings on November 15, 2019

The extraordinary general meeting of the Bank's shareholders took place on November 15, 2019; it was organized as an absent voting. The meeting addressed the following issue:

1. On making amendments to the Charter of JSCB Almazaergienbank JSC and defining a person authorized to sign a solicitation to the Bank of Russia on the state registration of the amendments made to the Charter of JSCB Almazergienbank JSC, as well as other documents, associated with making amendments to the Charter of JSCB Almazergienbank JSC.

Extraordinary General Shareholders Meetings on December 30, 2019

The extraordinary general meeting of the Bank's shareholders took place on December 30, 2019; it was organized as an absent voting. The meeting addressed the following issue:

1. On the increase of authorized capital of JSCB Almazergienbank JSC.

6.3. Supervisory Board

The Supervisory Board of JSCB Almazergienbank JSC, being one of the most important elements of the Bank's corporate governance, has overall charge of the activity, defines the Bank's long-term strategy, acts in accordance with the Russian law, Charter (approved by the Protocol of the General Shareholders Meeting № 05 dated 02.04.2015), and Regulations on the Supervisory Board (approved as amended at the Extraordinary General Shareholders Meeting of JSCB Almazergienbank JSC by Protocol № 04 dated 07.12.2018).

The members of the Supervisory Board are elected at the General Shareholders Meeting for a period until the next annual meeting. Shareholders holding at least 2% of the Bank's voting shares total are entitled to nominate the candidate to the Supervisory Board members. The members of the Supervisory Board are elected by cumulative voting at the General Shareholders Meeting.

The main tasks of the Supervisory Board are the participation in the development and approval of the Bank's Development Strategy, formation of the Bank's executive bodies and control over their activity, organization of the efficient operation of the internal control and risk and capital management system.

The Supervisory Board defines the rules of the corporate governance system's operation by adopting the internal documents regulating the principles and procedure of work of its certain elements, as well as controls the efficiency of the entire corporate governance system.

Composition of the Supervisory Board of JSCB Almazergienbank JSC

Composition of the Supervisory Board elected at the Extraordinary General Shareholders Meeting on January 22, 2018 and valid until June 27, 2019:

1. Vladimir Solodov – Chair of the Supervisory Board;
2. Pavel Bagynanov;
3. Evgenia Grigorieva;
4. Maia Danilova;
5. Nikolay Dolgunov;
6. Alexander Kondrashin;
7. Dmitry Filippov.

The Annual General Shareholders Meeting dated June 27, 2019 elected 7 people to the Supervisory Board.

Table 5 – Supervisory Board of JSCB Almazergienbank JSC

Composition of the Supervisory Board	Education			
	Finance	Law	Economics	Business Administration
Vladimir Solodov			✓	✓
Pavel Bagynanov	✓			
Evgenia Grigorieva		✓		
Maia Danilova			✓	✓
Alexander Kondrashin				✓
Dmitry Filippov	✓		✓	✓
Nikolay Dolgunov	✓	✓		

5 members are non-executive directors, 1 member is an independent director. Such combination of executive and non-executive (the independent ones, in particular) directors

complies with the best practices and guarantees the representation of interests of all shareholders, whereas professionalism and experience of all members of the Supervisory Board allows it to efficiently solve the tasks faced by the Bank.

During the year 2019, there was no fact of the Supervisory Board's member losing a status of independent director.

In compliance with the Regulations on the Supervisory Board of JSCB Almazergienbank JSC (approved by the Extraordinary General Shareholders Meeting of JSCB Almazergienbank JSC, Protocol # 4 dated December 7, 2018), the Supervisory Board's competence includes the following main functions:

- Strategic management of the Bank's operations;
- Quarterly monitoring of implementation of the working plans and the Bank's budget;
- Approval of the Risk and Capital Management Strategy of the Bank and the Bank group, review of reports on the risk and capital management system's status and effectiveness;
- Approval of the Internal Audit Service's work plans;
- Consideration of quarterly reports of the professional securities trader comptroller.
- Consideration of semiannual internal control reports and assessment of efficiency of the Bank's internal control system.
- Making decisions on the participation and termination of participation of the Bank in other organizations.
- The full list of the Supervisory Board's functions is stated in the Regulations on the Supervisory Board. The document is posted on the Bank's website at <http://www.albank.ru>, For Shareholders and Investors.

Chair of the Supervisory Board

The Supervisory Board's Chair is elected by the Board's members by a majority vote. The Bank's Supervisory Board has a right to reelect its Chair at any time by a majority vote of the total number of the Board's members.

The Supervisory Board's Chair cannot combine this position with the position of the Bank's Management Board Chair and shall not have employment relationship with the Bank.

The Chair of the Supervisory Board, together with the Corporate Secretary, organizes its work, convenes the meetings and chairs them, as well as chairs the General Meetings of the Bank's

Shareholders. In the absence of the Supervisory Board’s Chair, his/her functions are performed by the Deputy Chair of the Supervisory Board.

Table 6 – The composition of the Supervisory Board of JSCB Almazergienbank JSC elected on June 27, 2019 at the Annual General Shareholders Meeting.

The composition of the Supervisory Board of JSCB Almazergienbank JSC elected on June 27, 2019 at the Annual General Shareholders Meeting.								
	Chair of the Supervisory Board	Deputy Chair of the Supervisory Board	Chair, Risk Management and Audit Committee	Chair, HR & Remuneration Committee	Chair, Strategic Development & Corporate Governance Committee	Member, Risk Management and Audit Committee	Member, HR & Remuneration Committee	Member, Strategic Development & Corporate Governance Committee
Vladimir Solodov								
Pavel Bagynanov								
Evgenia Grigorieva								
Maia Danilova								
Alexander Kondrashin								
Dmitry Filippov								
Nikolay Dolgunov								

Vladimir Solodov

Chair of the Supervisory Board since December 05, 2018

Professional experience for the last 5 years:

Since 2018 – Chair of the Government of the Sakha Republic (Yakutia)

2015 – 2018 – Deputy Russian Presidential Envoy to the Far Eastern Federal District

He also holds the position of the Member of the Board of Directors of ALROSA PJSC.

He was born in 1982. In 2004, he graduated from Lomonosov Moscow State University with a degree in Public Administration.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Pavel Bagynanov

Deputy Chair of the Supervisory Board since July 10, 2017

Member of the Supervisory Board since September 23, 2016

Professional experience for the last 5 years:

Since 2016 First Deputy Finance Minister of the Sakha Republic (Yakutia)

2010 - 2016 Deputy Finance Minister of the Sakha Republic (Yakutia)

He also holds the following positions: Member of the Board of Directors, Republican Investment Company JSC; Member of the Board of Directors, RIC Plus JSC; until October 2019, he also held the position of the Deputy Chair of the Board of Directors, RIC Sterkh JSC.

3rd Class Full State Counselor of the Sakha Republic (Yakutia).

He was born in 1979. In 2003, he graduated from Khabarovsk State Economics and Law Academy with a degree in Finance and Credit, with a qualification of Economist.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Evgenia Grigorieva

Member of the Supervisory Board since c 05.12.2018

Professional experience for the last 5 years:

Since 2011 Minister of Property and Land Relations of the Sakha Republic
(Yakutia)

She also holds the position of the Member of the Board of Directors of ALROSA PJSC and member of the Board of Directors of the State Committee for Precious Metals of the SR (Y) JSC.

She was born in 1965. In 1988, she graduated from Riga Civil Aviation Engineering Institute with a degree in Electronic Computing Machines, Systems Engineering; in 1998, she graduated from Ammosov Yakutsk State University with a degree in Law.

At 31.12.2019, she had no participation interest in the authorized capital of Almazergienbank.

Maia Danilova

Member of the Supervisory Board since 05.12.2018

Professional experience for the last 5 years:

Since 2018 Minister of Economy of the Sakha Republic (Yakutia)

2014 – 2018 First Deputy Minister of Economy of the Sakha Republic (Yakutia)

Until October 2019, she held the position of the Member of the Board of Directors, RIC Sterkh JSC.

She was born in 1975. In 1999, she graduated from Ammosov Yakutsk State University with the degree in Economics, with specialization in Banking. In 2005, she graduated from the Academy of National Economy under the Government of the Russian Federation with a degree in Public Policy and Public Administration.

At 31.12.2019, she had no participation interest in the authorized capital of Almazergienbank.

Dmitry Filippov

Independent member of the Supervisory Board since September 23, 2016; previously a member of the Supervisory Board as an independent director from June 27, 2014 to June 28, 2016.

Professional experience for the last 5 years:

Since 2015 Dean, Road Faculty, Ammosov North-Eastern Federal University

2006 - 2015 Assistant Professor, Finance and Banking Department, Economics and Finance Institute, Ammosov North-Eastern Federal University

Since 2001 Consulting expert on project management, investment, business planning, Ammosov North-Eastern Federal University

He was born in 1973. In 1994, he graduated from the Ural Institute of National Economy with a degree in International Economic Relations, with a qualification of an Economist with a knowledge of a foreign language. In 2016, he graduated from the NRU Higher School of Economics majoring in Management, the Master Program in the Management in Higher Education.

Candidate of Economics.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Alexander Kondrashin

Member of the Supervisory Board since 05.12.2018

Professional experience for the last 5 years:

Since 2018 Director General, Yakutia Investment Development Agency

2017-2018 Far East Investment and Export Agency, Representative to China

2014 – 2015 Association of Independent Directors, corporate governance analyst

He was born in 1991. He graduated from Lomonosov Moscow State University with a degree in Public Administration.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Nikolay Dolgunov

Member of the Supervisory Board since 27.06.2019.

Professional experience for the last 5 years:

Since 05.02.2018	Chair of the Management Board of JSCB Almazergienbank JSC
2018 – 2019	Head of the Internal Control Service of JSCB Almazergienbank JSC
2013 – 2018	Industrial & Financial Cooperation Commercial Bank JSC (Moscow): - Head of Risk Management and Evaluation Department; - Head of Risk Management Department; - Head of Risk Management Service.

He also holds the positions of the Chair of the Board of Directors of Sayuri LLC and Member of the Board of Directors of SAYBM LLC.

He was born in 1981. In 2005, he graduated from Moscow State University of Economics, Statistics and Informatics and Moscow International Institute of Econometrics, Informatics, Finance and Law with a degree in Finance and credit. In 2014, he graduated from the Russian Presidential Academy of National Economy and Public Administration with a degree in Law.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Induction of the Supervisory Board members

To secure the Supervisory Boards' effective work and improve corporate governance in compliance with the best practices and principles of corporate governance, for the newly elected members of the Supervisory Board the Bank's Corporate Secretary arranged the induction procedure, where the members of the Bank's Management Board and its key personnel were introduced to the members of the Supervisory Board. The members of the Supervisory Board were provided with the information on the Bank, on the competencies of the Bank's management bodies and the procedure of interaction between them; they were also provided with the bylaws on the structure, competencies and procedure of work of the Supervisory Board and its Committees, the Bank's Management Board and the entire corporate governance system, including the procedure of work of the Internal Audit System and the interaction between the IAS and the Corporate Secretary.

The members of the Supervisory Board were acquainted with the Bank's Information Policy, as well as with the bylaws defining the responsibility of the members of the Supervisory Board and the members of the collective executive body.

More detailed information on the induction of the Supervisory Board members can be found in the Regulations on the Induction of the Supervisory Board Members of JSCB Almazergienbank

JSC, placed on the bank's official website <http://www.albank.ru/> in For Shareholders and Investors Section.

Work of the Supervisory Board

The meetings of the Bank's Supervisory Board are convened under the initiative of its Chair or if demanded by the member of the Supervisory Board, the Bank's Audit Team or Auditor, the Bank's Management Board and the Chair of the Bank's Management Board.

Quorum for the meeting of the Bank's Supervisory Board makes at least 4 people out of the number of the elected members of the Bank's Supervisory Board.

The decisions at the Supervisory Board's meetings are made by a majority vote of the present members, if more votes are not required by the Federal Law on Joint-Stock Companies, the Charter or the Regulations on the Bank's Supervisory Board.

Each member of the Board has one vote at making decisions at the Supervisory Board's meetings.

The meetings of the Bank's Supervisory Board are regular; extraordinary meetings are convened if required.

The work plan of the Bank's Supervisory Board is developed for a period between the Annual General Shareholders Meetings and is approved by the Supervisory Board. The meetings of the Bank's Supervisory Board are scheduled based on the Bank's activity.

The bylaws of Almazergienbank define a minimal number of Supervisory Board's meetings – at least once a quarter; in practice the meetings and the absent votes are held at least 3 times a quarter. The members of the Supervisory Board receive the notice and the necessary materials 10 days prior to the meeting. The Supervisory Board can be arranged as an absent vote.

Information on the fulfillment of the decisions and assignments, previously approved by the Supervisory Board is provided at its meeting quarterly.

The members of the Supervisory Board can beforehand get acquainted with meetings' materials and the recommendations of the Board's committees on the issues on the agenda.

A protocol is made up by the results of the physical meeting and absent voting, where a position of each member of the Supervisory Board is reflected.

When performing their functions in the Supervisory Board, the representatives of the main shareholder – the Ministry of Property and Land Relations of Yakutia – shall take into account the position of the shareholder and take part in the voting based on the shareholder's directives.

The year 2019 saw 23 meetings of the Supervisory Board, where 128 issues were considered.

Table 7- Statistics of the Supervisory Board's meetings:

Form of holding	2017	2018	2019
Physical	7	7	7
In absentia	18	24	16

Table 8 - Attendance of the Supervisory Board members of at the meetings in 2019:

Member of the Supervisory Board	Attended the meetings	Physical, personal attendance	Physical, written opinion	Absent voting
Vladimir Solodov	19 of 23	7 of 7 / 100%	-	12 of 16 / 75%
Pavel Bagynanov	20 of 23	5 of 7 / 71,4%	-	15 of 16 / 93,7%
Evgenia Grigorieva	18 of 23	5 of 7 / 71,4%	-	13 of 16 / 81,2%
Maia Danilova	19 of 23	4 of 7 / 51,7 %	-	16 of 16 / 100%
Dmitry Filippov	22 of 23	6 of 7 / 85,7%	-	16 of 16 / 100%
Nikolay Dolgunov	10 of 11	2 of 3 / 66,7%	-	8 of 8 / 100%
Alexander Kondrashin	20 of 23	5 of 7 / 71,4%	-	15 of 16 / 93,7%

During 2019, the Bank's Supervisory Board considered the following issues:

Control Environment:

- Approval of amendments to the Charter of Internal Audit of JSCB Almazergienbank JSC;
- Review of the Statement of work of the Internal Audit Service (quarterly);
- Approval of the Work Plan of the Internal Audit Service for 2019;
- Approval of the Procedure for the assessment of activity of the Internal Audit Service as amended;
- Review of the results of self-assessment for the Internal Audit Service for 2018;
- Review of the Statement of work on the regulatory risk management for 2018;
- Review of the professional securities market player Comptroller's Report (quarterly);
- Review of the Report on the results of implementation of AML/CFT Regulations of the Internal control;
- Review of the information about the status of the information security system of the Bank;

Risk and Capital Management:

- Approval of the Bank's and the Banking Group's ICAAP financial reporting (quarterly);
- On the results of the IAS assessment of the quality of risk and capital management systems and capital adequacy, in accordance with the Directive of the Bank of Russia #3883-D;

- Making amendments to the Risk and Capital Management Strategy of the Bank and the Banking Group;
- Approval of the Regulations on substantial risks assessment and management of the Banking group;
- Approval of the Action Plan aimed to secure the continuation and (or) recovery of the banking group's business in case of abnormal situations and emergencies.

HR & Remunerations:

- Review of KPI results for 2018;
- Approval of target KPI values for 2019;
- Approval of Amendments to the Regulations on the payroll system of the risk-taking personnel and the personnel of the units exercising internal control and risk management;
 - Consideration of the Report of the independent assessment of payroll system at JSCB Almazergienbank JSC at 01.01.2019;
 - On the results of Internal Audit Service's assessment of the efficiency of organization and functioning of the payroll system;
 - Coordination of the nominees to the subsidiaries' management bodies;
 - Coordination of the participation of the Management Board members in the management bodies of other organizations;
 - Approval of the terms and conditions of the Agreement with the Single executive body of JSCB Almazergienbank JSC;
 - On the early termination of powers of the member of the Management Board and termination of appointment of the First Deputy Chair of the Management Board of JSCB Almazergienbank JSC and on the early termination of powers of the member of the Management Board and termination of appointment of the Deputy Chair of the Management Board of JSCB Almazergienbank JSC Roman Bryushkov;

Strategic Development:

- Approval of the Development Strategy of the Banking Group of JSCB Almazergienbank JSC for 2019-2022;
- On the disposition of own outstanding shares of JSCB Almazergienbank JSC to the third parties;
- Approval of the Report on the progress in implementing the endorsed annual work plan and budget of the Bank (quarterly);
- Review of the Reports by the results of work for 2018 of the subsidiaries;

- Review of the information on the progress of the process of lending to the real estate developers within the PPP framework for the construction of kindergartens;
- Approval of the Non-core Asset Management Program;
- Approval of the Report and Plan of the realization of non-core assets and the Plan of the realization of non-core assets;
 - Review of the Reports on the implementation of the Bank's Credit, Deposit and Customer Policies for 2018;
 - Approval of Amendments to the Bank's Credit and Deposit Policies.

Corporate Governance:

- Convocation of the shareholders meetings;
- Review of the proposals from the shareholders on the nomination of candidates to the Supervisory Board and Audit Team, single executive body;
- On the progress in implementation of the Information Policy of JSCB Almazergienbank JSC;
- Approval of the Regulations on the Induction of the Supervisory Board Members;
- Approval of the Regulations on the preparation and holding of meetings of the Supervisory Board of JSCB Almazergienbank JSC;
- Approval of the Regulations on interest conflict management in JSCB Almazergienbank JSC and its Banking Group;
- Review of the Report on fulfilling the Plan of corporate governance system development for 2018-2019 corporate year;
- Approval of the Plan of Bank's corporate governance system development in 2019-2020 corporate year;
- Review of the results of self-assessment of the Bank's corporate governance quality for 2018-2019;
- Approval of the Report of work of the Bank's Supervisory Board for 2018-2019;
- Approval of the Report of work of the Bank's Committees quarterly;
- Approval of the Work plan of the Bank's Supervisory Board for 2019-2020 corporate year;
- Approval of amendments to the Regulations on the Risk Management & Audit Committee of the Supervisory Board and to the Regulations on the Strategic Development & Corporate Governance Committee of the Supervisory Board.

Table 9– Numbers and dates of protocols of the Supervisory Board meetings

Format of the meeting	Protocol, date
Absent voting	№21 of 10.01.2019
Absent voting	№22 of 28.01.2019
Physical meeting	№23 of 25.02.2019
Absent voting	№24 of 06.03.2019
Absent voting	№25 of 21.03.2019
Physical meeting	№26 of 29.03.2019

Physical meeting	№27 of 22.04.2019
Absent voting	№28 of 30.04.2019
Absent voting	№29 of 17.05.2019
Absent voting	№30 of 23.05.2019
Absent voting	№31 of 11.06.2019
Physical meeting	№32 of 19.06.2019
Absent voting	№01 of 12.07.2019
Physical meeting	№02 of 07.08.2019
Absent voting	№03 of 27.08.2019
Absent voting	№04 of 11.10.2019
Absent voting	№05 of 17.10.2019
Physical meeting	№06 of 29.10.2019
Absent voting	№07 of 12.11.2019
Absent voting	№08 of 25.11.2019
Absent voting	№09 of 05.12.2019
Physical meeting	№10 of 17.12.2019
Absent voting	№11 of 26.12.2019

6.4. Committees of the Supervisory Board

For the Supervisory Board to perform its functions more effectively, as well as for a preliminary detailed study of certain issues, there are committees developing recommendations on the issues within the Supervisory Board's competence.

The following committees work under the Supervisory Board:

- Risk Management & Audit Committee
- HR & Remunerations Committee
- Strategic Development and Corporate Governance Committee

Risk Management & Audit Committee

The Risk Management & Audit Committee has been established to develop the soundly-based recommendations for the Supervisory Board while the latter one controls the Bank's financial and economic activity, truthfulness of financial reporting, functioning of internal control systems and risk and capital management.

The Committee's main tasks include the consideration of financial reporting and other financial information disclosed publically or provided by the Bank to its investors, shareholders and other interested parties; organization of the Bank's interaction with the external auditor; surveillance over the formation of the internal control systems, risk and capital management and functioning of internal audit.

The Committee is headed by the independent member of the Supervisory Board. In 2019, the Risk Management & Audit Committee included:

- Dmitry Fillipov, Chair of the Committee, independent member of the Supervisory Board;
- Pavel Bagynanov, member of the Committee, member of the Supervisory Board;
- Maia Danilova, member of the Committee, member of the Supervisory Board.

Table 10 – Statistics of the meetings of the Risk Management & Audit Committee in 2019

Composition	Number of meetings	Physical, personal attendance	Absent voting
Dmitry Fillipov	14 of 14	8 of 8	6 of 6
Pavel Bagynanov	13 of 14	8 of 8	5 of 6
Maia Danilova	5 of 14	0 of 8	5 of 6

Table 11 – Numbers and dates of protocols of the Risk Management and Audit Committee meetings in 2019

Format of the meeting	Protocol, date
Physical meeting	№07 of 28.02.2019
Physical meeting	№08 of 14.03.2019
Absent voting	№09 of 17.04.2019
Absent voting	№10 of 12.05.2019
Physical meeting	unnumbered of 17.05.2019
Physical meeting	№11 of 06.06.2019
Physical meeting	№01 of 01.08.2019
Absent voting	№02 of 21.08..2019
Absent voting	№03 of 24.09.2019
Physical meeting	№04 of 11.10.2019
Absent voting	№05 of 25.10.2019
Physical meeting	№06 of 08.11.2019
Absent voting	№07 of 08.11.2019
Physical meeting	№08 of 24.12.2019

The year 2019 saw 14 meetings of the Risk Management & Audit Committee of the Supervisory Board of JSCB Almazergienbank JSC, including 8 with joint attendance and 6 absent votings.

After preliminary review, the Committee recommended that the Supervisory Board approve the bylaws and the interested party transactions and take note of the reports of the relevant units.

Total 66 issues were considered, including such as quarterly consideration of the reports of the Internal Audit Service, including those on the results of the audits conducted by the Internal Audit Service, approval of the IAS plans, preliminary quarterly consideration of the Bank's and the Banking Group's ICAAP reporting, including the Report of the Bank's and the Banking

Group’s capital amount, Report of meeting the statutory ratios, Report of substantial risks, as well as annual review of the stress testing report; the amendments to the Bank and Banking Group Risk and Capital Management strategy have been reviewed preliminarily. Besides, there was a preliminary review of the comptroller’s report, information security report, financial monitoring report, information policy implementation report, regulatory risk compliance report, and the formation on the Bank’s property insurance.

As part of the annual meetings, in May 2019 the Committee met with the external auditor on the results of the 2018 IFRS audit, as well as a working meeting of the Committee’s Chair with the external auditor, where the information on the results of the review of IFRS consolidated financial statements for the first 6 months of 2019 was considered.

HR & Remunerations Committee

The Committee aims to improve the efficiency of the Bank’s development management by elaborating the soundly-based recommendations to the Bank’s Supervisory Board regarding personnel policy and motivation, as well as regarding the control over the implementation of such decisions made by the Supervisory Board.

The Committee’s main tasks are to develop the Bank’s policy regarding the establishment and motivating of the Supervisory Board’s activity, develop the Bank’s policy regarding the remuneration of members of the Management Board and other key executives of the Bank.

In 2019, the HR & Remunerations Committee included:

- Evgenia Grigorieva, Chair of the Committee, member of the Supervisory Board;
- Pavel Bagynanov, member of the Supervisory Board;
- Dmitry Filippov, member of the Committee, independent member of the Supervisory Board.

Table 12 - Statistics of the meetings of the HR & Remunerations Committee in 2019

Composition	Number of meetings	Physical, personal attendance	Absent voting
Evgenia Grigorieva	5 of 5	5 of 5	-
Dmitry Filippov	4 of 5	4 of 5	-
Pavel Bagynanov	4 of 5	4 of 5	-

Table 13 – Numbers and dates of protocols of the HR & Remunerations Committee meetings in 2019

Format of the meeting	Protocol, meeting
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Physical meeting	№04 of 18.02.2019
Physical meeting	№05 of 27.02.2019
Physical meeting	№01 of 21.08.2019
Physical meeting	№02 of 28.10.2019
Physical meeting	№03 of 23.12.2019

Total, the year 2019 saw 5 meetings of the HR & Remunerations Committee of Almazergienbank's Supervisory Board, all of them with joint attendance.

Total 16 issues were considered in 2019, including such as the preliminary review of 2018 KPI results and 2019 KPI target values for the personnel assuming risks and conducting internal control and risk management, results of Internal Audit Service's assessment of the efficiency of organization and functioning of the payroll system; the Committee preliminarily considered the proposals from the Bank's shareholders and decided on including them in the agenda of the Annual General Shareholders Meeting, associated with the nomination of candidates to the Supervisory Board of JSCB Almazergienbank, as well as the preliminary review of the nominee for the position of the First Deputy Chair of the Management Board, Member of the Management Board of JSCB Almazergienbank JSC.

Strategic Development and Corporate Governance Committee

The Strategic Development & Corporate Governance Committee aims to improve the efficiency of the Bank's development management by elaborating the soundly-based recommendations to the Bank's Supervisory Board regarding the Bank's long-term and mid-term Development Strategy, development of the best practices of the Bank's corporate governance to the interests of shareholders, investors and other stakeholders of the Bank.

The main tasks of the Committee are as follows: consideration of long-term and mid-term strategies of the Bank's development, monitoring and timely adjustment of the Strategy, organizing the development of proposals on improving the corporate governance in the Bank, prevention and resolution of corporate conflicts and conflicts of interests, etc.

In 2019, the Strategic Development & Corporate Governance Committee included:

- Pavel Bagynanov, Chair of the Committee, member of the Supervisory Board;
- Maia Danilova, member of the Committee, member of the Supervisory Board;
- Alexander Kondrashin, member of the Committee, member of the Supervisory Board;
- Nikolay Dolgunov, member of the Committee, member of the Supervisory Board.

Table 14 – Statistics of the meetings of the Strategic Development and Corporate Governance Committee in 2019.

Composition	Number of meetings	Physical, personal attendance	Absent voting
Pavel Bagynanov	10 of 12	3 of 4	7 of 8
Maia Danilova	6 of 12	1 of 4	5 of 8
Alexander Kondrashin	11 of 2	3 of 4	8 of 8
Nikolay Dolgunov	5 of 5	2 of 2	3 of 3

Table 15 - Numbers and dates of protocols of the Strategic Development and Corporate Governance Committee meetings in 2019

Format of the meeting	Protocol, date
Absent voting	№07 от 19.02.2019 г.
Absent voting	№08 от 01.03.2019 г.
Physical meeting	№09 от 25.05.2019 г.
Absent voting	№10 от 23.04.2019 г.
Absent voting	№11 от 17.05.2019 г.
Absent voting	№12 от 07.06.2019 г.
Physical meeting	№13 от 19.06.2019 г.
Physical meeting	№01 от 05.08.2019 г.
Absent voting	№02 от 22.08.2019 г.
Absent voting	№03 от 14.10.2019 г.
Absent voting	№04 от 07.11.2019 г.
Physical meeting	№05 от 03.12.2019 г.

The year 2019 saw 12 meetings of the Strategic Development & Corporate Governance Committee of JSCB Almazergienbank JSC total, including 4 meetings with joint attendance and 8 meetings in the form of absent voting.

Total 43 issues were considered, including such as preliminary consideration of the Banking Group's Development Strategy for 2019-2022, preliminary review of quarterly reports on the implementation of the adopted annual work plan and budget of the Bank, Statement of work on reducing the overdue indebtedness and non-core assets, on lending the developers within the PPP project, on the implementation of the anti-corruption policy, preliminary review of the Sponsor Support Plan, preliminary review of the bylaws, as well as the issues of the Bank's participation in the associated companies, distribution of profit by the results of 2018, the results of self-assessment of corporate governance quality, and procedural matters.

After preliminary review, the Committee has recommended that the Supervisory Board approve the bylaws and take note of the reports of the relevant units.

Corporate secretary

In accordance with the Corporate Governance System Development Plan, a position of the Corporate Secretary was introduced in JSCB Almazergienbank JSC in 2014.

The Bank's Corporate Secretary ensures that the Bank's bodies and executives observe the rules and procedures of corporate governance guarantying the realization of rights and interests of shareholders, as well as work of the Supervisory Board and interaction with the Bank's shareholders. The Corporate Secretary's duties also include the arrangement of the General Shareholders Meeting, meetings of the Supervisory and Management Boards, as well as development of corporate government practices in the Bank in compliance with the interests of its shareholders, provision of effective functioning of information exchange channels between the Bank's management bodies and assistance with disclosing information about the Bank.

Functionally, the Corporate Secretary is subordinate to the Supervisory Board and administratively – to the Chair of the Management Board.

Corporate Secretary is the secretary of the General Shareholders Meeting, the Supervisory Board and its committees and the Management Board.

The Corporate Secretary acts based on the Regulations on Corporate Secretary and his/her office of JSCB Almazergienbank JSC, endorsed by the Supervisory Board (protocol №11 dated 11.06.2014, amendments approved by the Supervisory Board (protocol №23 dated 26.04.2018).

The Corporate Secretary's scope of activity includes:

- involvement in preparing the General Shareholders Meeting in compliance with applicable law of the Russian Federation, the Charter and other Bylaws of the Bank;
- maintenance of the Supervisory Board's work as well as control over the preparation and holding of the meetings of the Supervisory Board's Committees;
- maintenance of work of the Banks' Management Board;
- ensuring the Bank's disclosure and corporate documents storage;
- coordination and control over the interaction between the Bank and its shareholders, involvement in the prevention of corporate conflicts;
- involvement in the improvement of the Bank's corporate governance system and practice;
- other issues in compliance with the Regulations on the Corporate Secretary of JSCB Almazergienbank JSC.

The Regulations on the Corporate Secretary of JSCB Almazergienbank JSC and his/her office are posted on the Bank's official website at <http://www.albank.ru/>, For Shareholders and Investors.

Tatiana Krivtsova

Corporate Secretary

On June 16, 2014, the Supervisory Board, upon the recommendation of the HR & Remunerations Committee, elected Tatiana Krivtsova a Corporate Secretary.

Professional experience for the last 5 years:

Since 2014 Corporate Secretary, JSCB Almazergienbank JSC

She was born in 1955. In 1985, she graduated from Novosibirsk Institute of Water Transport Engineers with a degree in Water transport operations, a qualification of Water transport engineer.

She holds a title of honor “Honorary Employee of National Economy”, 2008.

At 31.12.2018, she had no participation interest in the authorized capital of Almazergienbank.

She is not an affiliate of JSCB Almazergienbank JSC.

She has been a member of the Public Organization National Association of Corporate Secretaries since 2014.

6.5. The Management Board (at 31.12.2019)

The Management Board is a collective executive body of Almazergienbank managing the Bank's current activities together with the Bank's Chair of Management Board. The Management Board is accountable to the General Shareholders Meeting and the Supervisory Board.

The Management Board acts based on Russian law, the Charter of JSCB Almazergienbank JSC and the Regulations on the Management Board of JSCB Almazergienbank JSC approved by the General Shareholders Meeting (Protocol № 04 dated 07.12.2018).

The Supervisory Board defines the personal composition of the Management Board, elects its members and can terminate their appointment. The members of the Management Board are appointed based on the decision of the Supervisory Board and approval of the nominees by the RF Central Bank. The Management Board's term of appointment cannot exceed five years.

The Management Board manages the Bank's current operations, except for the issues attributed to exclusive competence of the General Shareholders Meeting and Supervisory Board, and arranges the implementation of their decisions.

The Regulations on the Management Board of JSCB Almazergienbank JSC is posted on the Bank's official website at <http://www.albank.ru/>, For Shareholders and Investors.

Composition of the Management Board (as of 31.12.2019)

Nikolay Dolgunov

Chair of the Management Board of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: February 05, 2019 - February 04, 2022.

Professional experience for the last 5 years:

Since 05.02.2018	Chair of the Management Board of JSCB Almazergienbank JSC
2018 – 2019	Head of the Internal Control Service of JSCB Almazergienbank JSC
2013 – 2018	Industrial & Financial Cooperation Commercial Bank JSC (Moscow): - Head of Risk Management and Evaluation Department; - Head of Risk Management Department; - Head of Risk Management Service.

He also holds the positions of the Chair of the Board of Directors of Sayuri LLC and Member of the Board of Directors of SAYBM LLC.

He was born in 1981. In 2005, he graduated from Moscow State University of Economics, Statistica and Informatics and Moscow International Institute of Econometrics, Informatics, Finance and Law with a degree in Finance and credit. In 2014, he graduated from the Russian Presidential Academy of National Economy and Public Administration with a degree in Law.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Valery Velikikh

First Deputy Chair of the Management Board of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: May 17, 2019 - February 04, 2022.
Resigned voluntarily on December 31, 2019.

Professional experience for the last 5 years:

05.02.2019- 31.12.2019	First Deputy Chair of the Management Board, JSCB Almazergienbank JSC
18.12.2018- 04.02.2019	Acting Chair of the Management Board of JSCB Almazergienbank JSC
17.05.2018- 18.12.2018	First Deputy Chair of the Management Board of JSCB Almazergienbank JSC
2014-2018	Deputy Minister for Property and Land Relations of the Sakha Republic (Yakutia)

In 2019, he was a member of the Board of Directors of Republican Special Registrar Yakutsk Fund Center JSC, Yakutia Venture Company JSC, RIC Sterkh JSC, Republican Mortgage Agency JSC, AEB Capital LLC.

2nd Class Full State Counselor of the Sakha Republic (Yakutia).

He was born in 1983. In 2005, he graduated from the Siberian State Transport University (Novosibirsk) with a degree in Applied Informatics in Economy, with a qualification of a Computational Economist. In 2018, he graduated from the Russian Presidential Academy of the National Economy and Public Administration with a degree in Finance and Credit.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Anatoly Myreyev

First Deputy Chair of the Management Board of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: May 17, 2019 - February 04, 2022.

Professional experience for the last 5 years:

Since 13.05.2019 – First Deputy Chair of the Management Board,
JSCB Almazergienbank JSC

03.09.2018– 08.05.2019	Corporate Business Director, JSCB Almazergienbank JSC
2017 –2018	Director General, AEB IT LLC
2016 – 2017 2015 – 2016	Project manager, JSCB Almazergienbank JSC Project Office Head, Planning and Budgeting Unit, Analysis and Planning Department, JSCB Almazergienbank JSC

He also is a member of the Board of Directors of AEB IT LLC.

He was born in 1986. In 2004, he graduated from Ammosov Yakutsk State University with a degree in Finance and Credit, a qualification of Economist. Candidate of Economics.

At 31.12.2019, he had no participation interest in the authorized capital of Almazergienbank.

Anatoly Tabunanov

Deputy Chair of the Management Board of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: May 17, 2019 - February 04, 2022.

Professional experience for the last 5 years:

Since 2014 Deputy Chair of the Management Board,
JSCB Almazergienbank JSC

He also is a member of the Board of Directors of MFC AEB Partner LLC.

He was born in 1963. In 1985, he graduated from Ammosov Yakutsk State University with a degree in Industrial and Civil Engineering, with a qualification of a Construction engineer. In 2002, he graduated from Yakutsk Economics and Law Institute (branch) of the Academy of Labor and Social Relations with a degree in Finance and Credit, with a qualification of Economist.

He holds a title of honor “Honorary Employee of National Economy”, 2018.

At 31.12.19, his participation interest in the authorized capital of Almazergienbank makes 0,0094%.

Svetlana Platonova

Deputy Chair of the Management Board – Chief Accountant of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: May 17, 2019 - February 04, 2022.

Professional experience for the last 5 years:

Since 2018	Deputy Chair of the Management Board – Chief Accountant, JSCB Almazergienbank JSC
2013-2018	Deputy Chair of the Management Board, JSCB Almazergienbank JSC

She also holds the following positions: Member of the Board of Directors, Republican Special Registrar Yakutsk Fund Center OJSC; Member of the Board of Directors, AEB Capital LLC.

She was born in 1965. In 1988, she graduated from Novosibirsk Institute of National Economy with a degree in Industrial Planning, with a qualification of Economist.

She holds a title of honor “Distinguished Economist of the Sakha Republic (Yakutia)”, 2013.

At 31.12.19, her participation interest in the authorized capital of Almazergienbank makes 0,0094%.

Motryona Nikolaeva

Member of the Management Board

Chief HR Officer of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: May 17, 2019 - February 04, 2022.

Professional experience for the last 5 years:

Since 2019	Chief HR Officer, JSCB Almazergienbank JSC
2014 – 2019	Director, Analysis and Planning Department, JSCB Almazergienbank JSC

She was born in 1975. In 1999, she graduated from Ammosov North-Eastern Federal University with a degree in Finance and Credit, with a qualification of Economist.

She holds a title of honor “Distinguished Economist of the Sakha Republic (Yakutia)”, 2019.

At 31.12.19, her participation interest in the authorized capital of Almazergienbank makes 0,0094%.

Roman Bryushkov

Deputy Chair of the Management Board of JSCB Almazergienbank JSC

The term of appointment as per the employment contract: May 17, 2019 - February 04, 2022.

Resigned voluntarily on June 19, 2019.

Professional experience for the last 5 years:

05.02.2019 – 19.06.2019	Deputy Chair of the Management Board, JSCB Almazergienbank JSC
08.10.2018 - 05.02.2019	Advisor to the Chair of the Management Board, JSCB Almazergienbank JSC
2017 – 2018	Director for Strategic Development and Management, Paradigma LLC
02.2016 – 12.2016	Director of Moscow Regional Center, CB CLOBEX JSC
2015 – 2016	Acting Manager, Moscow Branch of Clobexbank JSC

He was born in 1966. In 1989, he graduated from Cherepovets Higher Military Engineering School of Radioelectronics with a degree in Command and Tactical Radio Communications, Foreign Language. In 2007, he graduated from the All-Russian Distant Institute of Finance and Economics with a degree in Finance and Credit.

At 31.12.19, he had no participation interest in the authorized capital of Almazergienbank.

6.6. Remunerations to the members of the Bank's Supervisory Board and Management Board

Remunerations to the members of the Supervisory Board for 2019 is defined in compliance with the Regulations on Remunerations and Compensations to the Members of the Supervisory Board of JSCB Almazergienbank JSC (hereinafter referred to as the Regulations), approved by the

General Shareholders Meeting of JSCB Almazergienbank JSC (Protocol № 01 dated June 26, 2015).

According to the Regulations, the final amount of remuneration to the member of the Supervisory Board is defined with account of his/her actual participation in the work as a Member of the Supervisory Board as well as a Member or Chair of the Supervisory Board's Committee.

In compliance with Article 1.6 of the Regulations, those members of the Supervisory Board who are prohibited to receive any payments from commercial organizations by the federal legislation, are not remunerated and compensated.

Table 16 - Information on remuneration and compensation to the members of the Supervisory Board in 2019

Components of the Regulations on remuneration	Components of remuneration			Compensation payments	
	Basic remuneration	Additional remuneration			
Goals	Stimulate personal participation in the meetings of the Supervisory Board	Stimulate personal participation in the work of the Supervisory Board's Committees			Reimbursement of expenses related to the participation in the meetings of the Supervisory Board
Amount-defining criteria	Actual participation in the meeting of the Supervisory Board, in at least 75% of the held meetings	Actual participation in the work of the Committees			Actual expenses incurred
Types of additional payments	-	For performing the duties of			-travel expenses to the meeting's venue by all modes of transport; -housing rent expenses; -expenses associated with getting professional consulting services
		Committee Member	Committee Chair	Chair of the Supervisory Board	
		10%	20%	30%	
Maximum possible payments	100% participation in the meetings of the Supervisory Board	100% participation in the work of the Committees			
Payment period	Within 15 working days after the holding of the Annual	Within 15 working days after the holding of the Annual General Shareholders Meeting			Within 15 working days after receiving the documents

	General Shareholders Meeting		confirming the actual expenses
Amount for the first 6 months of 2019 (paid in July 2019)	704 500,00	115 900,00	-
Amount for the second 6 months of 2019 (to be paid in July 2020 upon the decision of the Annual General Shareholders Meeting)	705 000, 00	117 500,00	-

Key provisions of the policy of JSCB Almazergienbank JSC in the field of remunerations and (or) compensations to the members of the Management Board

The remunerations policy to the members of the Bank's Management Board provides for the dependence of the remuneration on the bank's performance and the personal contribution of each Management Board member to the result through the monitoring of KPI meeting by every member of the Management Board.

The main goal of remunerations and (or) compensations policy is to balance the payroll system with the nature and scope of the Bank's operations, its performance, the level and combination of the assumed risks, as well as to create a competitive motivational package to attract highly-qualified professionals to the Bank's management.

The payroll structure includes fixed and variable components.

The fixed component of the payroll for the members of the Bank's Management Board is paid in compliance with the Regulations on the system of payroll and stimulation of the employees of JSCB Almazergienbank. Remuneration for working in the Bank's Management Board is paid in compliance with the Regulations on the Management Board of JSCB Almazergienbank JSC.

The variable component of the bonus pay to the single executive body and members of the Management Board of the Bank is directly linked with the fulfillment of the key performance indicators and is accrued in compliance with the Regulations on the payroll system of the employees assuming risks and the employees of the units conducting internal control and risk management of JSCB Almazergienbank JSC, approved by the meeting of the Supervisory Board (Protocol №7) dated September 30, 2015.

The variable component consists of two parts: an immediate and a deferred payment, where the deferred payment is paid to the member of the Management Board not earlier than in 3 years, if they implement the target values of the set performance indicators during the period. In compliance with these Regulations, the immediate payments for 2019 will be effected in 2020. Compensation payments to the members of the Management Board of the Bank are effected in compliance with the Regulations on compensation payments and social support to the employees of JSCB Almazergienbank JSC.

The main goal of remuneration and (or) compensation policy is to balance the payroll system with the nature and scope of the Bank's operations, its performance, the level and combination of the assumed risks, as well as to create a competitive motivational package to attract highly-qualified professionals to the Bank's management.

The aim of introducing the system of key performance indicators to pay the bonus pay to the members of the Bank's Management Board is to transfer the Bank's development strategy into the form of concrete indicators of the operations management, to assess the status of their achievement, to construct the effective risk management system, as well as to increase the Bank's value in the long-term. Remuneration for working in the Bank's Management Board, compensation payments are aimed for the Management Board members to fulfill the strategic indicators, as well as to stimulate personal participation in the work of the Bank's management body.

Table 17 - Information on the remunerations to the members of the Bank's Management Board

Component of the policy	Component of remuneration			
	Payroll	Remuneration for participating in the work of the Management Board	Compensation payments	Variable component Annual remuneration Regulations on the payroll system to the employees assuming risks and the employees of the units conducting internal control and risk management / <i>including Deferred payment</i>
Goals	Balance of the payroll system with the nature and scope of the Bank's operations, its performance, the level of the assumed risks, create a competitive motivational package to attract highly-qualified professionals to the Bank's management in order to achieve the strategic indicators and plans set by the Supervisory Board.			
Amount-defining criteria	Grade in compliance with the assessment of the held position	10 % of the official salary of the member of the Management Board	In compliance with the payments stipulated in the employment contract, the contract with the single executive body of compensation payments	Depending of the fulfillment of the set target values and target KPI values, approved by the Management Board
Maximum possible payments	RUB 28 240 thousand	RUB 2 824 thousand	RUB 2 554 thousand	RUB 19 718 thousand/ RUB 7 173 thousand
Payment period	In the period of paying the salary in the Bank	In the period of paying the salary in the Bank	In the period paying the payroll by the bank's relevant orders	Before the 31 st of July following the reporting year after compiling the annual reporting and its approval by the annual shareholders meeting
Total amount of payments for the year	RUB 20 162 thousand	RUB 1 881 thousand	RUB 2 554 thousand	RUB 10 292 thousand/ RUB 3 631 thousand

6.7. Internal control and audit

Internal control and audit in JSCB Almazergienbank JSC is based on the best practices and complies with the Russian legislation; it makes an integral part of corporate governance and one of the most important factors in the effective operation of the Bank.

The order of cooperation and the chain of command of the internal control system's elements secures the required level of their independence. The internal control and audit services ensure stability of the Bank's development and guarantee the protection of the interests of shareholders, which increases the Bank's investment attractiveness.

In compliance with COSO (Committee of Sponsoring Organizations of the Treadway Commissions) model, the Bank has formed a control environment with three defense lines; there is a system of risk assessment, control procedures are implemented.

The Bank's internal control system guarantees:

- Effectiveness and efficiency of the Bank's operations;
- Effectiveness of asset and liability management (including asset protection) and risk management;
- Reliability, accuracy and timeliness of financial and management information and reporting;
- Information security;
- Compliance with legislation, regulations, rules and standards;
- Resolution to the conflicts of interests arising in the process of the Bank's activity;
- Exclusion of the involvement of the Bank and its employees in unlawful activities;

Key requirements for the organization of internal control and audit, basic standards and principles of operation, as well the distribution of powers and responsibilities are established in the Bank's bylaws.

In compliance with the Bank's Charter endorsed by the General Shareholders Meeting, the system of the Bank's internal control bodies includes:

- The Bank's management bodies (General Shareholders Meeting, Supervisory Board, Risk Management & Audit Committee, Management Board, Chair of the Management Board, Deputies of the Chair of the Management Board);

- Audit Team;
- Chief Accountant (his/her deputies);
- Heads of internal structural units;
- Structural units (responsible staff) of the Bank exercising internal control in compliance with the authority defined by the Bank's internal normative acts.

The internal control system is monitored on a regular basis by the Bank's management and its structural units' staff, as well as by the Internal Audit Service.

Risk Management & Audit Committee

The responsibility for proper functioning of the internal control system is born by the Supervisory Board of the Bank.

To implement the abovementioned task of developing fully informed recommendations to the Supervisory Board at exercising control over the financial and economic activities of the Bank, reliability of financial reporting, operation of the internal control risk management systems, the structure of the Supervisory Board includes the Risk Management & Audit Committee.

The Committee's work is guided by the Regulations on Risk Management & Audit Committee of the Supervisory Board of JSCB Almazergienbank JSC.

More information on the Risk Management & Audit Committee and its work can be found in Section 6.4 (crp. 66).

Audit Team

In compliance with the Regulations on the Audit Team of JSCB Almazergienbank JSC, approved by the General Shareholders Meeting of JSCB Almazergienbank JSC, (Protocol №06 dated April 15, 2016), the Audit Team (auditor) is elected in the amount of at least 3 people for a period of 1 (one) year.

In compliance with Article 53 of the Federal Law on Joint-Stock Companies №208-FL, the shareholders of JSCB Almazergienbank have timely nominated 2 (two) candidates to be elected to the Bank's Audit Team.

By the resolution of the Supervisory Board of JSCB Almazergienbank JSC (protocol №24 dated March 06, 2018), the following candidates, nominated by the shareholders, have been included in the list of nominees to the Bank's Audit Team:

Representing the Bank's shareholder – Ministry of Property and Land Relations of the SR (Y) (85,8189%):

Tatiana Lvova – Head, Government Debt Department, Ministry of Finance of the Sakha Republic (Yakutia);

Nikolai Ivanov – Chief Specialist, Department of Industry, Transport, Communications and Financial Sphere of the Ministry of Property and Land Relations of the SR (Y).

Other shareholders hadn't nominated their candidates to the Audit Team in due time, which is why the Audit Team wasn't elected.

Internal Audit Service

To assist the management bodies in ensuring the efficient operation of the Banking Group, the Internal Audit Service (IAS) was established in the Bank. The unit monitors the system of internal control, conducts audit and provides independent recommendations on improving the banking activities and control procedures.

IAS is an independent structural unit of the Bank; it reports directly to the Supervisory Board that approves the plans of the IAS and supervises their implementation, considers the IAS reports on the results of audit and monitoring of the internal control system, as well as on the implementation of IAS activities and recommendations to address the identified weaknesses; it analyzes the issues of resources provision, including the appointment of the head of the Internal Audit Service.

The IAS scope of functions includes:

- Check and assessment of the effectiveness of internal control system;
- Check and assessment of the quality of the risk and capital management system and capital adequacy;
- Check and assessment of the corporate governance system;
- Check the accuracy, completeness, objectivity and timeliness of accounting and management reporting;
- Check the compliance with Russian legislation and the acts of the regulatory and supervision agencies;
- Check the adequacy and reliability of internal control over the use of automated information systems;
- Secure the integrity of approaches to the organization and operation of internal audit in Almazergienbank group.

Within the framework of its competence, the IAS cooperates with the Bank's Risk Management & Audit Committee and external auditors in providing information about the internal control system, as well as the main deficiencies identified by the IAS in the period under review.

The audits conducted by the IAS can be integrated, limited-scope, internal and extraordinary, depending on the set goals and the potential. In 2019, the IAS held 56 audits, including 8 extraordinary ones.

In addition to auditing and monitoring of the Bank's internal control system, the IAS prioritizes the control over the work of the subsidiaries. In 2019, the IAS conducted 3 scheduled audits in the subsidiaries.

Internal Control Service

To assist the Bank's management in efficient regulatory risk management (default risk due to noncompliance with the Russian legislation, regulatory documents of the Russian Central Bank, standards of self-regulated organizations and the Bank's bylaws, as well as due to applying sanctions and (or) other supervisors' enforcement actions) and to secure the integrity of approaches to the organization and operation of internal control in the Bank group, the Internal Control Service (ICS) was established in the Bank.

The ICS is an independent unit and reports to the Chair of the Management Board.

The ICS performs the following functions:

- Detection of the regulatory risk, registration of the regulatory risk-related events, evaluation of the probability of their occurrence and quantitative assessment of their potential impact;
- Monitoring of the regulatory risk, including the analysis of the Bank's new bank products, services and planned methods of their implementation for the presence of the regulatory risk;
- Coordination and engagement in the development of the set of measures aimed to reduce the level of the Bank's regulatory risk;
- Monitoring of the legal framework of the Bank of Russia for timely informing the Bank's units of its changes;
- Engagement in the development of the internal documents on the regulatory risk management, detection of the interest conflict in the activity of the Bank and its staff, complying with the rules of corporate conduct and the business ethics;
- Engagement, as part of their remit, in the Bank's interaction with the supervisory agencies, self-regulated organizations, associations and financial markets' players.

The ICS implements the set tasks through the annual work plan, approved by the Chair of the Management Board.

In general, the constructed system of centralized methodological support ensures timely adjustment of internal regulations to the regulator's standards and consideration of through procedures in the business processes' regulations.

Financial Monitoring Service

JSCB Almazergienbank JSC attaches great importance to the implementation of measures aimed at combating money laundering and terrorism (or) proliferation financing (AML/CFT/FP). The Bank's internal documents regulating the activities in this area are based on the "Know Your Customer" principle, elimination of possibility of using products (services) to conduct money laundering operations, and compliance with the Russian law.

The AML/CFT/FP internal control is part of the Bank's internal control system and aims to conduct monitoring based on the evaluation of the level of risk of customers (potential customers), particularly to secure the transparency of operations, collection and recording of information about them, detection of operations suspicious of money laundering/financing of terrorism, and informing the authorized agency (Federal Financial Monitoring Service) about these operations, as well as taking measures aimed to stop such operations.

To comply with law, the staff of the Financial Monitoring Service conducts regular internal audits, amends the internal regulations, software and report generation procedures. Measures aimed to improve the Bank's AML/CFT/FP system are elaborated.

The summary indicators of the estimated coefficients have shown low overall level of risk of the bank's involvement in money laundering and financing of terrorism.

External auditor

To check and confirm the truthfulness of its annual financial statements, JSCB Almazergienbank JSC engages an independent professional auditing organization – external auditor.

In accordance with the Federal Law of the Russian Federation dated December 30, 2008 N307-FL "On audit activity", if the share of state ownership in the organization's authorized capital is at least 25%, the contract for mandatory audit of accounting (financial) reporting is signed through an open tender.

In order to conduct an open tender for selecting an external auditor, tender documentation is prepared, which is eventually posted as a tender notice on the official website of procurements of the Russian Federation www.zakupki.gov.ru.

The approval of the auditor's competitive selection terms, results of the tender, monitoring of tender's progress, preliminary examination of conditions of the contract signed with the auditor, including the amount of remuneration, and consideration of external auditor's reports is effected by the Audit & Risk Management Committee of the Bank's Supervisory Council.

Tender commission, created in the Bank in accordance with the requirements of the procurement legislation, checks that the organizations that have applied for the auditor selection tender meet the requirements specified in the tender documentation. The composition of the tender commission is reviewed and approved by the Audit and Risk Management Committee under the Bank's Supervisory Board. The commission may include the Bank's employees (including those trained in public procurement), as well as the members of the Supervisory Board.

After the deadline for submission of bids to take part in the tender, the meetings of the tender commission are held as part of tender procedures. In order to identify the best conditions for the contract's fulfillment in accordance with the criteria and procedures established in the tender documentation, the submitted bids are evaluated and compared. The criteria for assessing the bids include the price of the contract, the qualification of participants, including working experience and professional reputation, audit methodology and other qualitative and functional characteristics.

According to the law and the constituent documents, the audit company selected to conduct the mandatory annual audit is endorsed by the Bank's Supervisory Board and approved at the General Shareholders Meeting.

On the results of the Bank's financial and economic activity check, the external auditor prepares a report submitted to the Risk Management & Audit Committee for review. A prepared report is submitted to the Bank's Supervisory Board and is presented at the Annual General Shareholders Meeting.

In 2018, the tender commission, whose composition had been approved by Bank's Risk Management and Audit Committee, held an open tender for selecting the auditor for conducting a mandatory annual audit of JSCB Almazergienbank JSC for 2018, 2019 and 2020, in compliance with the requirements of the Russian legislation and IFRS.

The following companies were approved as the Bank's external auditors in 2018 upon the results of the open tender:

- PricewaterhouseCoopers Audit JSC (Moscow);
- Listik & Partners Limited Liability Company (Chelyabinsk).

The companies have no property interests in JSCB Almazergienbank JSC, except for payment for auditor's services, are not the Bank's affiliates, are not the members of its management bodies, and do not provide the Bank with consulting services stipulated in Clause 6 of Article 1 of the Federal Law on Audit.

In compliance with the conditions of the tender documentation and the International Standards on Auditing, the Risk Management & Audit Committee of the Bank's Supervisory Board annually hears the external auditor's report on the results of the audit of the Annual accounting (financial) statements and evaluates the audit's performance and the auditor's opinion.

External auditors provide the Risk Management & Audit Committee, the Management Board and the Supervisory Board with the recommendations on the internal control systems and preparation of RAS and IFRS reporting, the Group's performance statements, the Group's benchmarking and the recommendations on the improvement of its activities.

6.8. Information policy and information disclosure

The Bank discloses information in compliance with the requirements of the Federal Law on the Securities Market dated 22.04.1996 # 39-FL, the Federal Law on the Joint-Stock Companies dated 26.12.1995 № 208-FL, the Regulations on the Information Disclosure by the Registrable Securities Issuers, approved by the Bank of Russia on December 30, 2014 № 454-R. The Procedure for the information disclosure in the Internet and the newsfeed, approved by the Chair of the Management Board on 22.08.2016, defines the contents, procedure and timeframe of the mandatory information disclosure by the Bank by publishing it in the Internet and the newsfeed.

The Information Policy approved by the Supervisory Board (Protocol № 12 dated 26.06.2014) is the document stating the level of openness and trust between the Bank and its shareholders, investors, counterparties and other interested parties.

The major information disclosure channel is a newsfeed and a personal account on the website of the information disseminator SKRIN JSC <http://disclosure.skrin.ru/disclosure/1435138944>, as well as the Bank's official website <http://www.albank.ru/>, where the most complete information on the Bank's operations is posted. The information is regularly updated as required by law and the Bank's Bylaws.

The Bank seeks regular and quick provision of information in the forms suitable and convenient for the shareholders, investors and other users of such information. The Bank secures equal access to the disclosed information of all interested stakeholders.

The Bank acknowledges the importance of timely and full disclosure of information about its operations to all interested stakeholders and strives that the information on its website be disclosed simultaneously and in similar volume in Russian and English languages.

On the website of SKRIN JSC, the Bank discloses information in the form of the Annual Report, lists of the affiliates, notices of corporate action and notices of other actions subject to disclosure in the Russian securities market, annual accounts, and other information mandatory for disclosure by the joint-stock companies.

The Bank's website discloses information on the system and development of corporate governance, including the information on the members of the Supervisory Board and Management Board, Corporate Secretary, Chief Accountant and his/her Deputies.

At the end of the fiscal year, the Banks discloses the audited IFRS consolidated financial statements with the attached Audit Report, as well as the interim condensed IFRS consolidated financial statements by the results of three, six and nine months at <http://www.albank.ru/ru/stockholder/godovaya-bukhgalterskaya-otchetnost.php>.

The electronic version of the Annual Report is posted on the Bank's official website <http://www.albank.ru/ru/stockholder/godovye-otchety.php> as well as on the website of SKRIN JSC <http://disclosure.skrin.ru/disclosure/1435138944>.

The Bank quarterly discloses the lists of the affiliated persons on the website <http://www.albank.ru/ru/stockholder/affilirovannye-litsa.php>, as well as on the website of SKRIN JSC <http://disclosure.skrin.ru/disclosure/1435138944>.

The shareholders are entitled to get acquainted with the documents disclosed by the Bank without requesting the Bank, by reading the texts of these documents on the Bank's website <http://www.albank.ru/> and on the Interfax disclosure portal <http://disclosure.skrin.ru/disclosure/1435138944>

To get acquainted with the Bank's documents, a shareholder should send to the Bank a demand of providing the documents (or their copies) for acquaintance, where s/he is entitled to state a convenient form of acquaintance: directly in the Bank or in the form of copies.

The procedure for defining the Bank's expenditures for making the copies of the documents and the bank details for covering the expenditures are posted on the on the Bank's official website <http://www.albank.ru/ru/stockholder/stoimost-izgotovleniya-kopiy.php>.

So, the Bank timely and fully discloses information on its activities, strategic areas, major regulations and held events to the external users.

7. SUSTAINABLE DEVELOPMENT

7.1. Personnel

As technologies develop and digital transformation on business occurs, human capital becomes of utmost importance. The significance of investments in the human capital is understood at the organizations' level and the states' level alike. Progress, technologic development, sales level and employer's image depend on human capital, on the staff's competencies and qualities. That is why, investments in the Bank's personnel development make one of the key priorities of the Banking Group's Development Strategy.

In 2019, the Bank's Development Strategy for 2019-2022 was adopted; since then, the Bank has faced the task of the employer brand development. For the Bank's digital transformation, it is necessary to change the organizational structure, the mechanisms for the employees' professional development, the hiring specifications and the Bank's corporate culture.

The Banks sets a task increasing the employee happiness and reduce the personnel outflow. The Bank began working on that in 2019, and many tasks are ahead: establish a flexible system of personnel management, sensitive to business needs in personnel; establish an efficient employee incentive program (both tangible and intangible) to increase the employee loyalty.

One of the key tasks in personnel management is to maintain the Bank's efficient organizational structure, meeting the goals and objectives of business, corporate governance and risk management.

AEB IT subsidiary was established within the Banking Group, where we have brought together promising youth competent in fintech. In 2019, we moved the employees to the main credit organization to disseminate their knowledge and experience throughout the entire Bank. Thus, we established a relevant unit of developers to speed up the introduction of new products and services. We also enforced the Business and Personnel IT Support Unit. The Bank's organizational structure was changed for this purpose. Per the new Development Strategy of Almazergienbank Banking Group for 2019-2022, the Innovative Development Unit and Transformation Office were established, and the IT block in the Bank's structure on the whole was enforced for the Bank's digital transformation.

Personnel structure

At December 31, 2019, the Bank had 733 employees (at December 31, 2018 – 691 employees). 90% of the Bank's staff work full-time under an unlimited employment contract. In 2019, 203 employees were hired.

The average age of the personnel was 36 years. 82,23% of the total number of the staff have higher education. Women make 63% of the total number of the employees. Over 70% of the Bank's staff are those working there for up to 5 years.

Chart 17 - Number of the Bank's employees by gender at the year-end for 2016-2019

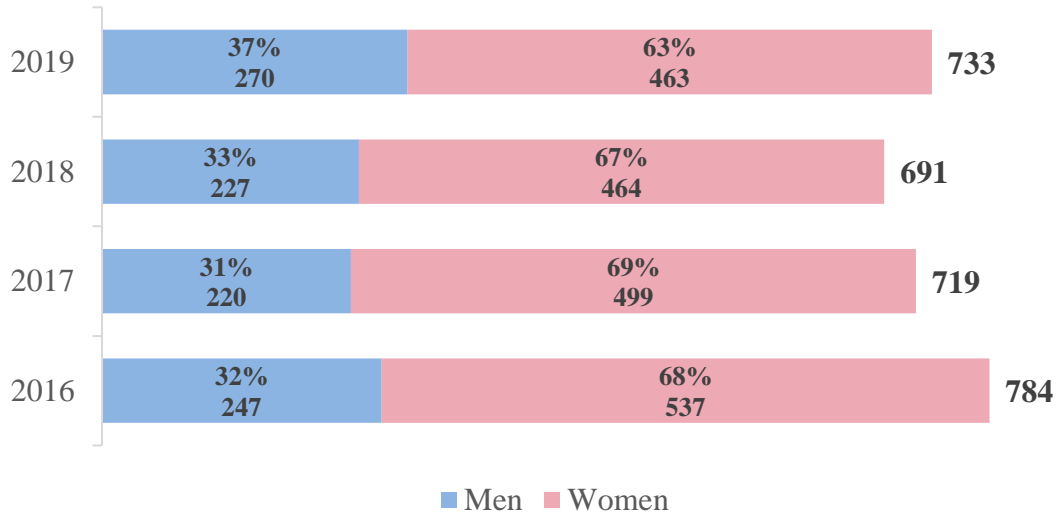
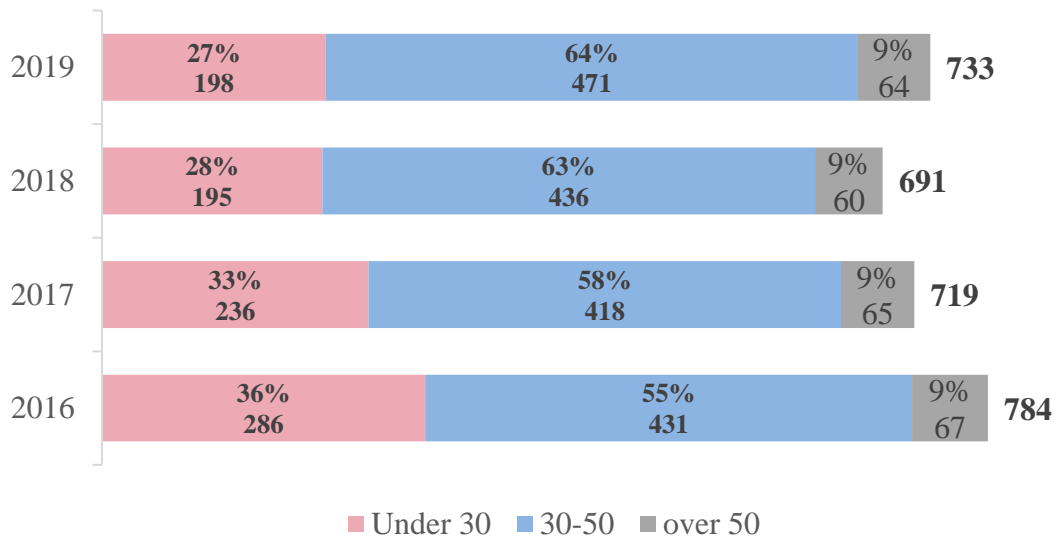
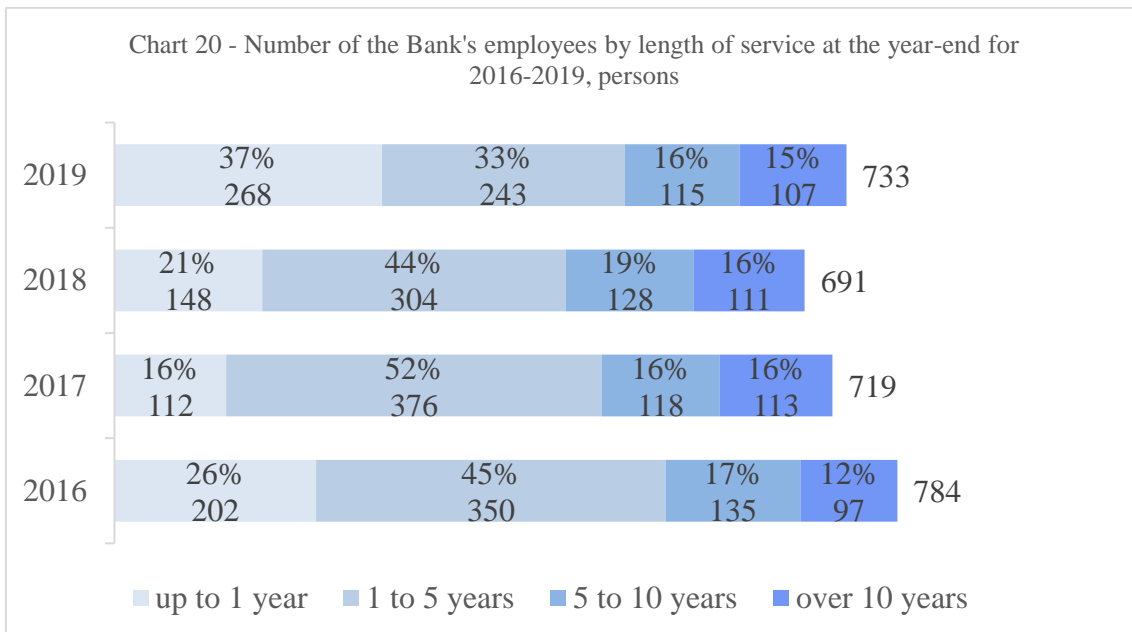
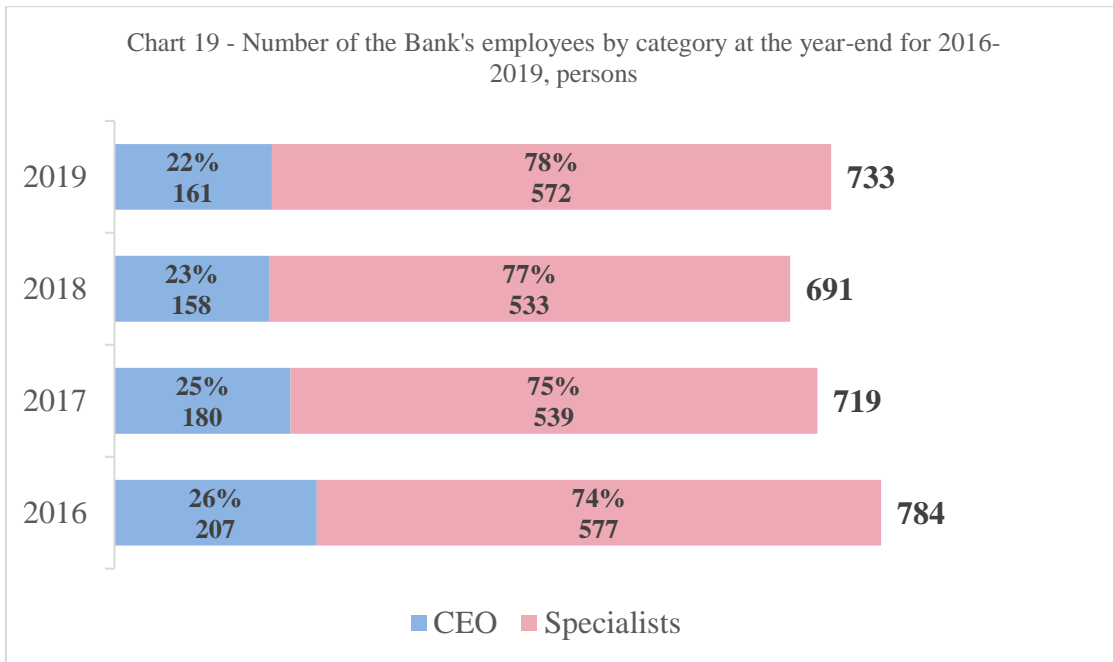


Chart 18 - Number of the Bank's employees by age at the year-end for 2016-2019, persons





A personnel continuity index – a ratio of the number of employees who have worked at the Bank for more than 1 year to the total number of employees – is used to assess the performance of the Bank and its wage system.

Table 18 – Personnel continuity index

	at 31.12.2016	at 31.12.2017	at 31.12.2018	at 31.12.2019
Personnel continuity index	0,74	0,84	0,79	0,63

Training and development

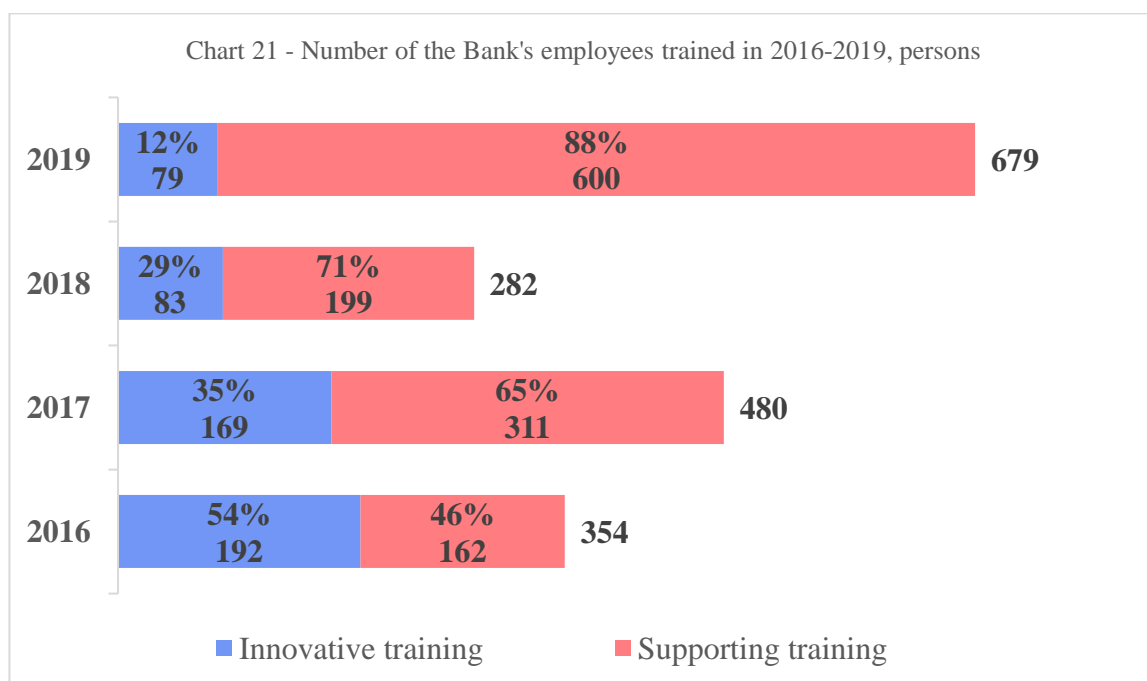
In 2019, the personnel’s training was focused on increasing the efficiency of the Bank’s business units. Highly specialized short-term trainings in the relevant areas of the Bank's activities were organized, focusing on risk management and IFRS. Besides, mandatory training in accordance with the requirements of the federal laws – a regular training for the category of employees whose activities require admission to fulfill their functional requirements, professional development for the heads of risk management, internal control, internal audit, information security and financial monitoring services.

In Quarter 4 of 2019 all employees of the bank were trained in risk culture development and operating risk management, organized by the Risk Management Department online and offline.

In November, 17 employees of the Bank attended the educational program on data-driven management.

Besides, within the implementation of the Bank’s new strategy, the staff of the Innovative Development Unit attended the conferences Devops-conference in Saint-Petersburg and DOTNEXT-conference for NET developers in Moscow.

Traditionally, internships for the students of Yakutsk Trade and Economics College of Consumer Cooperation, Yakutsk Dudkin Communications and Power Engineering College, Fadeev Finance and economics College and Ammosov North-Eastern Federal University were arranged. 56 students did their internships in the Bank’s structural units in the year 2019.



System of motivation and social support

The Bank provides its employees with a competitive remuneration. The system of remuneration in the Bank takes into account the categories of positions, the efficiency of the structural units, the peculiarities of the regional labor markets and each employee's individual contribution.

The Bank actively uses the tools of intangible motivation that help assess the employee's contribution to the Bank's performance and acknowledge their efficiency and high-level performance.

The Bank constantly develops social programs to create comfortable conditions for the employees' professional and personal development. The Bank has a program of concessional long-term lending to improve the employees' living conditions. The Bank has a system of non-state pension provision, when a corporate pension is provided to the in addition to the state pension at the employees' retirement.

Corporate culture

Corporate culture is a strategic tool that allows to motivate employees to achieve common business goals, improve the image of the Bank and its profits. The priority of corporate culture development is to improve the quality of interaction between the Bank's employees and improve the Bank's image in the eyes of its employees, customers and partners.

Internal communications are an integral part of the Bank's corporate culture and one of the main factors for increasing its business efficiency. Today, the Bank's dominating tasks include timely informing the staff about all changes, projects and events taking place in the Bank, supporting cooperation and sharing knowledge between the units.

To increase the employees' engagement in the reporting year, there has been improved a system of internal corporate communications – a translation of corporate culture and a dialogue with the staff. To ensure the employees' 100% inclusion in the communication, the Bank implements and uses the latest communication formats and tools, and works in the following priority directions:

- using analytical tools (surveys, feedback) on the internal portal;
- introduction of infographic and graphic design in the communication environment;
- higher quality of communication with HR unit, including automated notices of leaves, personnel issues, etc.
- PR support of the results and achievements of the staff and teams, and events to improve personnel engagement;
- development and content of the new corporate portal with online HR services;

- expansion of information formats and channels, engagement through developing events, quizzes and competitions;

Corporate events

Three major events are annually held in the Bank. They are Spartakiad, Ysekh National Holiday and the Bank's Birthday.

The Bank's Spartakiad

The Bank actively supports healthy lifestyle and promotes it among its staff. For sports and active leisure enthusiasts, volleyball trainings in a rented gym are organized; there is a dancing club for those who love dancing; the Bank's dance ensemble performs at the charity concerts and other public events.

The Bank's 8th Spartakiad convened over 120 athletes from 5 teams, including the staff of the Bank's subsidiaries. They competed in 13 sports: Yakut national jumps, darts, volleyball, draughts, futsal, table tennis, arm-wrestling, mas-wrestling, khapsagai, sports quiz, Swedish relay, khabylyk and great sports relay.

A lot of attention is paid to the employees' children. Such holidays as June 1st – The Children's Day and September 1st – the Day of Knowledge are organized; we also congratulate the school graduates from staff families and make New Year presents for the kids. In addition, ballroom dancing classes are organized for the kids; open days are arranged, when our staff show the elementary graders how the Bank operates.

Ysekh National Holiday

In 2019, Ysekh National Holiday was celebrated as part of the Bank's 25th Anniversary at Il Eige area. It was organized as team performances and was dedicated to the Year of Theater. The employees were supposed to join and go through several stages of competitions, including Tyusyulge contest, a contest of performances and sports competitions. The jury, consisting of the holiday's guests, management and their families, gave big points to the creative ideas and performances, as well as a strong team spirit of the participants. Kids and family contests were also organized. The Bank's team was also united by the traditional national activities, such as national dish contest, national costume contest and national sports.

The Bank's Birthday

The holiday is associated with summing up the year's work results and includes a part of the motivation system. The reward structure helps to identify and encourage proactive and promising employees, contributes to the growth of professional skills of the Bank's staff and to the improvement of the culture of efficiency, recognition and responsibility for the work done. On

the Bank's 26th anniversary, over 70 best employees were awarded with corporate and state awards; a number of motivational and developmental events were held for the employees, partners and customers.

In addition to major events, other activities are held at the Bank throughout the year, aimed at the teams' unification, employees' engagement in improving business processes and promoting the employer's brand.

Occupational safety

The Bank's work on occupational safety is carried out in accordance with the requirements of Section 10 "Occupational safety" of the Labor Code of the Russian Federation, the Regulations on the occupational safety in the Bank and other internal regulatory and legal acts. The main direction of this work is the creation of safe working conditions and the prevention of industrial injuries. All managers share the same task – save lives and health of the people in their working places and make their work as safe as possible.

In pursuance of the Federal Law № 426-FL "On Special Assessment of Working Conditions", a special assessment of working conditions at 725 workplaces was conducted in December 2019. According to the results of the Special Assessment of Working Conditions (SAWC), no harmful and (or) hazardous working environments have been detected in the bank. According to SAWC results, in terms of job site organizations, the working conditions are Class 2 (acceptable).

The state of occupational safety at the Bank is monitored by the occupational safety committee, the Deputy Chair of the Board, heads of structural units, and the head of the Occupational Safety and Environment Unit.

Each newly hired person is instructed on the occupational safety; heads of the structural units give initial workplace induction to the workers.

Compliance with environmental safety requirements when working with hazardous waste is carried out in accordance with the Regulations on industrial environmental monitoring.

The Bank has approved the regulations and the standards for granting the personal protective equipment (PPE). The heads of structural units were provided with methodological assistance in developing the instructions for occupational safety, granting of specialized clothes and shoes; they were consulted on workplace-related training and occupational safety document maintenance.

A healthcare worker conducts pre-trip and post-trip medical checkups for drivers under a service contract. The Bank biannually organizes compulsory periodic medical examinations and compulsory preliminary medical examinations upon entering employment. In the main office, 3

people underwent a compulsory periodic medical examination. No occupational diseases have been detected by the medical examinations. All drivers at the main office have undergone a psychiatric evaluation.

The Bank has organized medical first-aid stations (main office - 4 stations, operating offices - 1 station in each, out-of-town structural units - 1 station each).

The employees are annually examined for the early detection of chronic non-communicable diseases and risk factors for their development, which are the main cause of disability and premature mortality of the population: cardiovascular diseases, cancer, diabetes, glaucoma, tuberculosis.

To prevent cardiovascular diseases and form a healthy lifestyle, the State Budgetary Institution of the Sakha Republic (Yakutia) “Republican Center of Medical Prevention” conducted a free preventive screening. 200 employees have been examined.

In 2019, the State Budgetary Institution of the Sakha Republic (Yakutia) “Polyclinic № 1” has free of charge vaccinated and conducted medical examination for 120 of the Banking Group’s employees.

Achievements

The Bank continues to follow the principles of occupational safety and health management, namely: mandatory continuous training of personnel in the field of occupational safety, encouraging commitment to education and improvement, training in leadership and commitment of managers to the occupational safety, motivating employees to safe work, performance evaluation, regular days of occupational safety, monitoring of conditions and occupational safety, integrated management of occupational, environmental, fire and industrial safety, joint solving of security issues at all stages of the Bank’s life cycle, managing changes in the production process and the equipment and facilities used, applying new materials, carrying out experimental work, etc.

7.2. Responsible resource management

For responsible resource management and mitigated environmental impact, Almazergienbank implements a number of arrangements to reduce the resource consumption (fuel, water, electricity and heating) and the consumption of the office paper. To save the resources and cut costs, energy audit of all facilities of the Bank’s main office and out-of-town structural units has been conducted.

Resource consumption figures:

Table 19 - Paper consumption (1 ordinary paper pack A4 = 2,45 kg)

	2017	2018	2019
Yakutsk	7801 packs 19112,45 kg	6875 packs 16843,75 kg	6755 packs 16549,75 kg
Out-of-town structural units	6201 packs 15192,45 kg	6182 items 15145,90 kg	6203 items 15197,35
Given for recycling (tons)	20	20	10

Table 20. Energy consumption. Yakutsk and out-of-town structural units

	Unit of measure	2017	2018	2019	Change*
Overall fuel consumption					
Petrol (own transport and leasing)	(ths litres)	72,1	70,29	63,75	-0,093043107 Since 2018 sale of motor transport of the out-of-town structural units and Yakutsk
Diesel (own transport and leasing)	(ths litres)	69	67,15	48,49	-0,277885331 In 2019, AEB supplementary office in Nizhny Bestaykh switched from a liquid fuel boiler to a gas boiler, and has considerable reduced fuel costs.
Energy					
Overall energy consumption	(kW*h)	1430058	1889711	1560103	-0,174422438 Sale of non-core assets (including a production facility at 1/1 Ochichenko Street).
Overall energy consumption for heating	(Gcal)	3878	3715	2354	-0,366352624 Sale of non-core assets (including a production facility at 1/1 Ochichenko Street).
Overall gas consumption	(ths m3)	379	357	254,5	-0,287114846

Table 21 - Water consumption Yakutsk and out-of-town structural units

	Unit of measure	2017	2018	2019	
Hot water consumption	(ths liters)	519	518	298	-0,424710425 Due to the sale of the non-core assets that were on the Bank's balance sheet. The venues were used. Venues: 1/1 Ochichenko Street – production facility, 8 Pirogova Street.
Cold water consumption	(ths liters)	7945	9634	5347	-0,444986506 Due to the sale of the non-core assets that were on the Bank's balance sheet. The venues were used. Venues: 1/1 Ochichenko Street – production facility, 8 Pirogova Street.

Table 22 - Waste treatment

Production and treatment of hazardous waste, including:	Unit of measure	2017		2018		2019	
		Produced	Given to recycling/ utilization	Produced	Given to recycling/ utilization	Produced	Given to recycling/ utilization
Luminous tube lamp (average weight - 170 g)	Items	161	161	92	92	996	996
Batteries (weight - 15 kg).	Items	20	20	-	-	25	25
Used cartridges (average weight - 1,7 kg)	Items	1969	1969	2363	2363	3015	-
Production and treatment of low-hazard waste, including:							
Garbage from office and household facilities	Tons	60,2	60,2	63	63	81	841

7.3. Social responsibility

Charity

JSCB Almazergienbank attaches significant attention to its social projects aimed to support sports, culture, healthcare, education, childhood and veterans. During the year 2019, the Bank sponsored organizations and social partners for the total of RUB 26 million.

Sport

Support of sports competitions, creation of a stable financial base for the successful performance of athletes in different sports at various tournaments and competitions at the republican, Russian and international levels, support of national sports are one of the main objectives of Almazergienbank social activities.

The following sport organizations and events have received the Bank's financial support:

- Federation of Rhythmic Gymnastics of the SR (Y) – to organize the training process of Yakutia's team to prepare for the Competition of Russia, Competition of the Far Eastern Federal District, All-Russian tournaments, and to hold republican tournaments.
- Wrestling Federation of the SR (Y) – to organize the participation of the republic's athletes in wrestling tournaments of republican, Russian and international level. The Bank has a status of the General Sponsor.
- Dance Sport Union of the SR (Y) – to organize republic's sport dance tournaments among children, to participate in the regional competition and organize master classes of Russian coaches.
- Equestrian Federation of the SR (Y) - to organize horse races at Tuymada Ysekh.
- Federation of Compact Sporting of the SR (Y) – to organize the republic's compact sporting tournament in memory of Alexander Mironov.

Culture

Supporting spiritual heritage and national traditions of the Sakha Republic (Yakutia) is one of the major areas of the Bank's social policies. Over the last years, the Bank has supported many largest cultural facilities of the republic; it has actively engaged in the republic's cultural life, facilitated the promotion of significant projects at the Russian and international levels and helped developing Yakutia's national culture.

The holding of Tuymada Ysekh in Yakutsk, Republican Ysekh in Namtsy, Republican Youth Ysekh and Ysekhs in all of the Bank's supplementary offices' operations areas was sponsored. The Bank sponsors the republic's cultural exchange events – Winter Starts in Yakutia International Festival.

The following cultural events of the republic and the city have been supported:

- The Union of Theater Workers on the occasion of the Year of Theater;

- 1st Festival-Contest of Opera Singers;
- Sterkh International Ballet Festival.

Education

The Bank annually supports educational contests not only for the schoolchildren but also for the educators. In 2019, it provided financial support to such republican contests as The Teacher of the Year, The Preschool Teacher of the Year and The Silver Pelican. Also, the Bank provided financial support to the City Classical Gymnasium in Yakutsk and the secondary general education school in Botulu village of Verkhnevilyuisk District.

7.4. Society and business support

Socially significant projects for corporate customers

One of the strategically important features of Almazergienbank's activity is its involvement in solving the socially-significant development tasks in its operations area. The largest bank of the Sakha Republic (Yakutia) is involved in the implementation of the state socio-economic policy and significantly contributes to the republic's development and improvement of the populations' living standards within its joint projects with the Government of the Sakha Republic (Yakutia).

Lending to the participants of the infrastructure project on constructing preschool educational institutions in the territory of the Sakha Republic (Yakutia) using the mechanisms of public-private partnership

In 2016, the implementation of the infrastructure project on constructing 17 preschool educational institutions in the territory of the Sakha Republic (Yakutia) using the mechanisms of public-private partnership began, where the Bank acted as a funding organization.

By the results of 2019, total 5 kindergartens for 970 kids have been commissioned in the districts of the SR (Y):

- 21.10.2019 in the town of Vilyuisk for 200 kids;
- 16.12.2019 in the village of Churapcha for 240 kids;
- 31.12.2019 in the town of Lensk for 315 kids;
- 31.12.2019 in the settlement of Chersky for 75 kids;
- 31.12.2019 in the village of Ytyk-Kyuel for 140 kids.

A favorable credit facility for small and medium businesses within the national project on the small and medium businesses and support for the individual entrepreneurial initiative.

On February 25, 2019, a favorable credit facility for small and medium businesses within the national project on the small and medium businesses and support for the individual entrepreneurial initiative was launched. The subsidy is granted to the Bank based on the agreement on granting a subsidy, signed with the Ministry of Economic Development of the Russian Federation on the basis of the Agreement dated March 07, 2019 года № 139-11-2019-010. The guidelines for granting a subsidy are approved by the Executive Order of the RF Government dated December 30, 2018 № 1764. The Guidelines outline the goals, conditions and procedure for granting a subsidy. By the results of 2019, total RUB 1'034,5 million were credited to 33 small and medium businesses. The share of lending to small and medium businesses in the Bank by this program made 28,1%.

Concessional lending to the agro-industrial sector

At the beginning of the year 2018 the Bank started lending by the federal favorable credit facility for the republic's agro-industrial sector. In 2019, the loans under this program totaled RUB 86,14 million.

Bank guarantees

During 2019, the Bank provided 147 bank guarantees, totaling RUB 3,7 billion, which is more than three times as much as last year. At January 1, 2019, the bank guarantees portfolio made RUB 3 581,3 million, including large customers RUB – 137,7 million, small and medium businesses – RUB 3 444,6 million.

Table 23 - Socially-significant projects

Socially-significant projects	Volume in RUB million
National project on the rehousing from dilapidated dwellings	741,4

Construction of educational facilities (schools, kindergartens, dormitories), in particular:	594,7
- School for 220 pupils in the village of Betyuntsy of Amga District of the SR (Y)	156,40
- Kindergarten for 240 kids in the village of Churapcha of Churapcha District;	136,05 34,66
- Republican special (remedial) school for 120 pupils with a dormitory for 100 beds for the children with severe speech pathologies in Yakutsk;	53,45
- Kindergarten in the village of Berdigestyakh for 98 kids in the village of Berdigestyakh of Gorny District;	46,50
- School for 550 pupils in the village of Berdigestyakh of Gorny District;	28,04 47,13
- School for 90 pupils in the village of Kyii of Tatta District of the SR (Y);	92,46
- School 220/100 pupils in the village of Oktyomtsy of Khangalass District;	
- School for 360 pupils in Microdistrict 203 in the city of Yakutsk.	
Construction of healthcare facilities for a total amount of, in particular:	301,7
- Republican cardiologic dispensary in Yakutsk (Stage 2 – Cardiovascular center for 150 beds;	286,69
- Polyclinic of the City Hospital № 2 for 600 visits per shift in Yakutsk	15,00
Construction of cultural facilities, in particular:	
- State Philharmonic of Yakutia, Arctic Epic and Art Center.	90,00
Urban development, in particular:	
- 63-flat residential house in Isaeva Street in the village of Maia of Megino-Kangalassy District;	22,40
- Apartment building with heated parking in Shevchenko Street in District 94 of the city of Yakutsk (building 4, built-up area development agreement, District 94)	30,00

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Socially-significant projects for retail customers

Table 24 - List of the Bank's socially-significant services for individuals

№	Name of the project/program/service	Type of product (e.g. loan, deposit, etc.)	Amount granted in 2019, RUB million	Number of customers (contracts), who used the service in 2019	Purpose and socially-significant effect*
1	School meal card	Local card	Turnover for 2019 – RUB 36, 820 million	Number of issued cards – 51597 Number of schools – 63	Beneficiary of the social effect – schoolchildren and their families Favorable conditions for guaranteed full hot meals at school. Funds allocated to parents for school meals are used for this this purpose only. Personal menu option. Full consumer control from parents.
2	Transport card	Local card	4,873 million trips, 9 697 sold cards	No information	Beneficiary – Yakutsk citizens Cashless fare system in Yakutsk buses using transport cards
3	School card (travel card)	Local card	1,719 million trips, 8 882 sold cards	11 thousand active cards on average per month	Beneficiary of the social effect – schoolchildren and their families. Free travel for primary school children in Yakutsk
4	Travel card	Travel cards (ticket)	15,986 million trips, 332 sold cards	No information	Beneficiary – Yakutsk citizens Cashless fare system in Yakutsk buses using transport cards valid for 60 days for 20,40,60 trips
5	Social card	Bank card with travel app	13,860 million trips	20,6 thousand active cards on average per month	Beneficiary of the social effect – social welfare beneficiaries per the regulatory documents of the SR (Y), who can connect their card to a transport app

					and get benefits at paying bus fares in Yakutsk.
6	New Flat mortgage loan	Mortgage loan	RUB 162 million	40 loans	A mortgage loan to buy a flat in a house under construction within the state program of the Sakha Republic (Yakutia) on providing with a quality housing for 2012 – 2019. The loan was offered in 2016-2019. Total RUB 500 million was granted under the New Flat product. 9271 square m of housing was commissioned. 170 families in different districts of Yakutia bought flats in the apartment building under construction.
7	Capital Improvement consumer loan	Targeted consumer loan	RUB 6,9779 million	50 loans	In the year of capital improvement in Yakutia, a Capital Improvement Program was developed for rural residents in cooperation with the Government of the SR (Y). Total RUR 77,8 was granted under the program, 559 families in different districts of Yakutia improved their living conditions.
8	Charity card	Bank debit card	Charity deduction to Kharyskhal Fund made RUB 34 thousand	216	Deductions are made to Kharyskhal (Mercy) Charity Fund from each purchase paid by a card and from the card's annual fee

Table 25 - Mortgage lending

№	Indicator	Unit of measure	2017	2018	2019	Note
1	Volume of granted mortgage loans	RUB million	707	1093	846	
2	Number of granted mortgage loans	Items	324	445	303	
3	Number of granted mortgage loans for a housing under construction	Items	51	134	91	
4	Volume of lending under the Mortgage +Maternal capital Program	RUB million	74,8	41,8	27,6	Numbers are given for the Own House consumer target loan. Purpose of

						the loan: Construction of a private housing structure and purchase of real estate using the maternal (family) capital
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Accessibility for people with disabilities

Table 26 - Accessibility for people with disabilities

	2017	2018	2019
A number of offices/sales points equipped for the people with disabilities	10	11	14

To gradually secure the facilities' availability to the people with disabilities in compliance with the requirements¹⁷, a number of arrangements have been made to secure the facilities' accessibility to the people with disabilities in the established fields of activity in the Bank's offices:

Wheelchair ramps have been installed in the Bank's offices in Vladivostok, Ytyk-Kyuel, Churapcha, Suntar, Neryungri, Verkhnevilyuisk, Berdigestyakh, Khabarovsk, 22 Lenin Avenue and 26/4 Dzerzhinskogo Street.

In addition, the following have been installed in 2019 in the supplementary office in Namtsy: a personnel attendance button, wheelchair ramps, aa hoist for wheelchairs; in the supplementary office in Aldan: wheelchair ramps, a personnel attendance button, contrast markings on the doors; in the supplementary office in Nyurba: wheelchair ramps and contrast markings on the doors.

In Yakutsk offices (except the Premium Office) the queuing system screens are propped up for the information to be seen by the with people in the wheelchairs. The speech system is located near the queuing system navigation screens, the level of sound is regulated.

¹⁷ Federal law of the Russian Federation dated 24.11.1995 N 181-FL "On social security of people with disabilities in the Russian Federation", recommendations of the Russian Central Bank to JSCB Almazergienbank JSC

8. APPENDICES

8.1. Authorized capital

As of 31.12.2019, the authorized capital of JSCB Almazergienbank JSC makes 3 208 084 446 (three billion two hundred eight million eighty-four thousand four hundred forty-six) rubles and is divided into 3 208 084 446 (three billion two hundred eight million eighty-four thousand four hundred forty-six) common registered shares with a nominal value of 1 (one) ruble each. All of the Bank's shares are common registered and are issued in a book-entry form.

In compliance with the Charter, the limit of the authorized common shares, which the bank is entitled to place additionally to the already placed 3 208 084 446 (three billion two hundred eight million eighty-four thousand four hundred forty-six) shares, makes 6 791 915 554 (six billion seven hundred ninety one million nine hundred fifteen thousand five hundred fifty four) items with a nominal value of 1 ruble each.

As of December 31, 2019, the Bank has no outstanding preferred shares.

In compliance with the list of the registered persons, as of 31.12.2019 the number of shareholders of JSCB Almazergienbank JSC is 22.

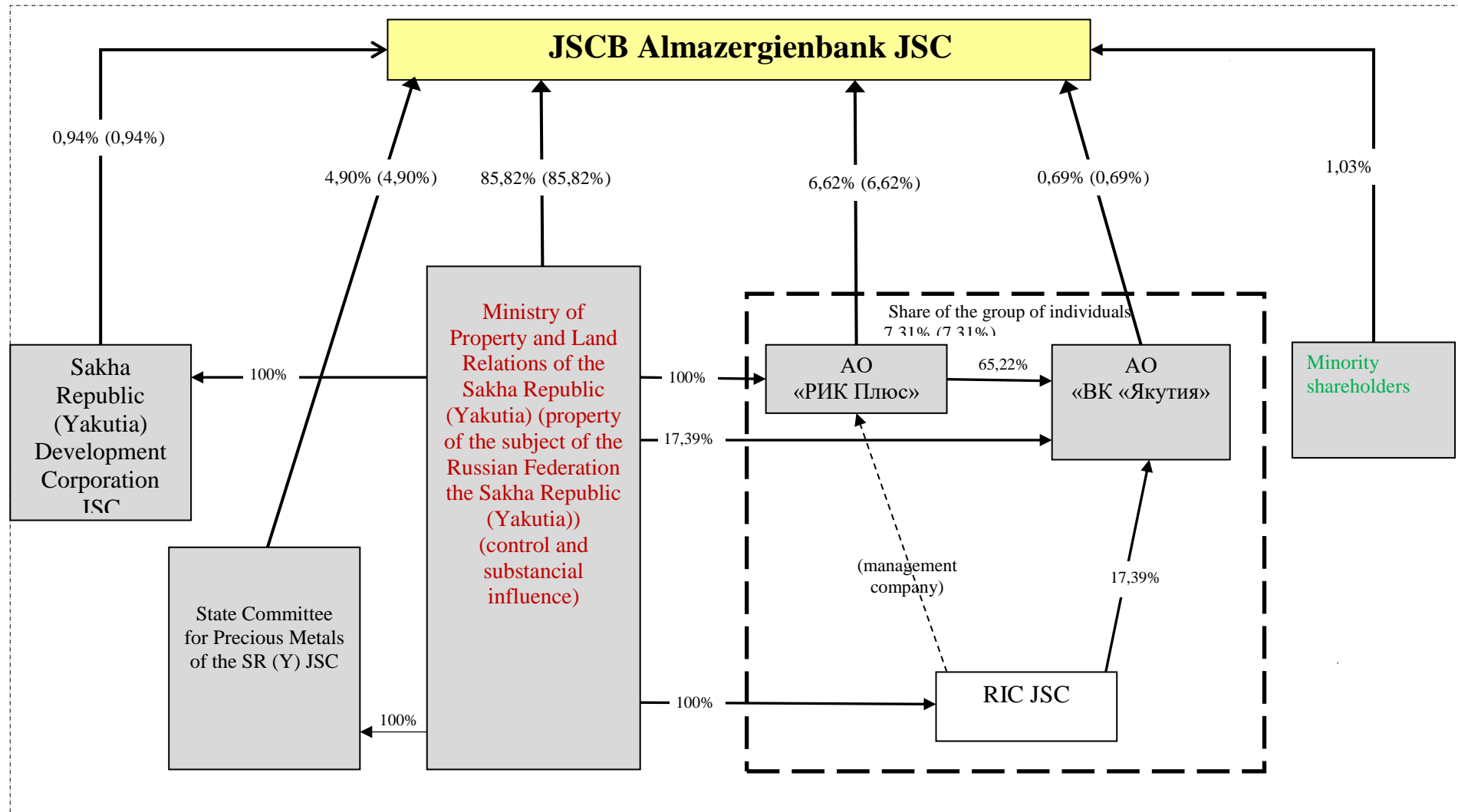
Table 27 - The Bank's largest shareholders as of December 31, 2019

Shareholder	Number of shares, items	Nominal value of the shares, RUB	Share in the authorized capital, per cent
Ministry of Property and Land Relations of the Sakha Republic (Yakutia)	2 753 141 617	2 753 141 617	85,8189
RIC Plus Joint-Stock Company	212 343 770	212 343 770	6,6190
State Committee for Precious Metals of the Sakha Republic (Yakutia) JSC	157 196 136	157 196 136	4,9000
Other legal entities and individuals	454 942 829	454 942 829	2,6621
TOTAL	3 208 084 446	3 208 084 446	100,0000

There is no information on share ownership exceeding 5 percent, besides those already disclosed by the Bank.

As of December 31, 2019, the total number of the Bank's shareholders made 22, including 8 legal entities and 14 individuals. The Bank is not aware of the shareholders (shareowners) of the Bank, owning more than 1% of the Bank's authorized capital, besides those listed above.

Scheme 4 – The scheme of interconnections between JSCB Almazergienbank JSC and the individuals who control or substantially influence JSCB Almazergienbank JSC **АО РИК Плюс RIC Plus JSC АО Венчурная Компания Якутия Yakutia Venture Company JSC**



8.2. Dividends of the bank

The Bank's Annual General Shareholders Meeting on September «29» 2020 decided to pay the dividends for the year 2019 in the amount of 0,00208254486 per one placed common registered share with a nominal value of RUB 1.

Table 28 – Dividend record

	2015	2016	2017	2018	2019
Net profit by RAS, RUB ths	177 520	232 177	- 1 044 787	29 630	320 814
Dividend per one common share, RUB	0,017251019	0,021627447	0	0,004617954	0,00208254486
Total volume of dividend payments, RUB ths	35 504	49 918	0	14 815	6 681

In compliance with the information letter¹⁸ of the Bank of Russia “On the impact of payment of dividends to the shareholders (distribution of part of earnings among the participants) on the own funds (capital) of credit organizations in 2020”, the accrued and actual dividends (distributed part of profit among the participants) in 2020 by the results of 2019 are taken into the reduction of own funds (capital) of the credit organization in full amount.

Dividend policy

In compliance with the Bank's Dividend Policy (approved by the protocol of the meeting of the Supervisory Board № 21 dated December 29, 2014), the Bank's shareholders are entitled to get a part of the Bank's net profit in the form of dividends. The dividend amount paid to the shareholders is defined based on the net profit received by the Bank, calculated by the data of the Bank's accounting (financial) statements, and is approved by the decision of the General Shareholders Meeting upon the recommendation of the Supervisory Board.

In compliance with Clause 5 of Article 44 of the Law # 208-FL On Joint-Stock Companies, an individual registered in the shareholder register must timely inform the register-keeper of the company's shareholders of changes in his/her personal data, including bank details. Shall the shareholder fail to provide the information on changes in his/her personal data, the Company and the Register-keeper shall not be responsible for the incurred losses.

¹⁸ Information letter of the Bank of Russia dated 26.05.2020 #IN-03-41/92 “On the impact of payment of dividends to the shareholders (distribution of part of earnings among the participants) on the own funds (capital) of credit organizations in 2020”.

8.3. Licenses of the bank

As of January 1, 2020, JSCB Almazergienbank JSC holds the following licenses:

- General license of the RF Central Bank for banking operations in rubles and foreign currency № 2602 of 08.06.2015;
- License of the RF Central Bank for attracting to deposits and placement of precious metals and other operations with precious metals № 2602 of 08.06.2015;
- License of a professional participant of the securities market for carrying out activity in managing securities of the RF Federal Financial Markets Service №098-04782-001000 of 23.02.2001;
- License of a professional participant of the securities market for carrying out depository activity of the RF Federal Financial Markets Service №098-04732-000100 of 16.02.2001;
- License of a professional participant of the securities market for carrying out dealer activity of the RF Federal Financial Markets Service №098-04769-010000 of 23.02.2001;
- License of a professional participant of the securities market for carrying out broker activity of the RF Federal Financial Markets Service №098-04752-100000 of 23.02.2001;

8.4. Information on the bank's transactions

In compliance with the recommendations of the Corporate Governance Code (letter of the Bank of Russia dated 10.04.2014 # 06-52/2463), the company's major transactions mean the company's large transactions, interested party transactions major for the company (where the company defines their importance), as well as other transactions acknowledged as major by the company.

Interested party transactions are those meeting the criteria established by Article 81 of the Federal Law dated 26.12.1995 # 208-FL on Joint-Stock Companies.

The Bank didn't have major transactions in 2019; 1 interested party transaction of pledge agreement was made, approved by the Supervisory Board.

8.5. Report of the bank's compliance with the Corporate Governance Code

The report of compliance with the principles and recommendations of the Corporate Governance Code has been prepared by the Bank in accordance with the Letter of the Bank of Russia dated February 17, 2016 #IN-06-52/8.

Table 29 – Report of the Bank’s compliance with the Corporate Governance Code

	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	The company shall ensure fair and equitable treatment of all shareholders in exercising their rights to participate in the governance of the company.			
1.1.1	The company shall ensure the most favorable conditions for its shareholders to participate in the general meeting, develop an informed position on items on the agenda of the general meeting, coordinate their actions, and voice their opinions on items considered.	1. The company’s internal document approved by the general shareholders meeting governing the procedures to hold general meetings of shareholders is publicly available. 2. The company provides accessible means of communication with the company, such as a hotline, email or online forum, to enable shareholders to express their opinion and send questions on the agenda in preparation for the general meeting. The company performed the above actions in advance of each general meeting held in the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting shall enable shareholders to properly prepare for attending the general meeting.	1. The notice of an upcoming general shareholders meeting is posted (published) online at least 30 days prior to the date of the general meeting. 2. The notice of an upcoming meeting indicates the location of the meeting and the documents required for admission. 3. Shareholders were given access to the information on who proposed the agenda items and nominees to the company’s board of directors and the audit commission.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criteria 1 and 3:</u> 1. When developing the current version of the Charter, the procedure for giving notice to the shareholders at least 30 days prior had been amended. However, the amendments to the Charter were not approved by the Bank of Russia as this period – 30 days – did not correspond with the Federal law №208-FL “On the Joint-Stock Companies”. In this regard, the current version of the Charter stipulated the period of notification in compliance with the 208-FL – at least 21 days prior. At that, the Bank seeks to ensure the accessibility of the materials and information for the meeting at least 30

				days prior to its date.
1.1.3	In preparation for the general meeting and during the general meeting, shareholders shall be enabled to receive information about, and all materials related to, the meeting, put questions to executive bodies and members of the board of directors, as well as communicate with each other, in an unobstructed and timely manner.	<p>1. In the reporting period, shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in advance of and during the annual general meeting.</p> <p>2. The position of the board of directors (including dissenting opinions entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general shareholders meeting.</p> <p>3. The company gave duly authorized shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, in all instances of general meetings held in the reporting period.</p>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criterion 1:</u> Unfortunately, this practice has not been in place in the Bank until now. At that, the Bank realizes the importance of respect for rights of its shareholders, and that is why it plans to take measures to implement this practice at the next shareholders meetings.
1.1.4	Shareholders shall not encounter unjustified difficulties in exercising their right to request that a general meeting be convened, to nominate candidates to governance bodies, and to make proposals for the agenda of the general meeting.	<p>1. In the reporting period, shareholders had an opportunity to make proposals for the agenda of the annual general meeting for at least 60 days after the end of the respective calendar year.</p> <p>2. In the reporting period, the company did not reject proposals for the agenda or candidates to governance bodies due to misprints or other insignificant flaws in the shareholder's proposal.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.1.5	Each shareholder shall be enabled to freely exercise his/her voting right in the simplest and most convenient way.	<p>1. The internal document (internal policy) contains provisions stipulating that every participant in the general meeting may, before the end of the respective meeting, request a copy of the ballot filled in by them and certified by the counting commission.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.1.6	The general meeting procedure established by the company shall equally enable all persons attending the meeting to voice their opinion and ask questions.	<p>1. During general shareholders meetings held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on and discussion of the agenda items.</p> <p>2. Nominees to the company's governance and control bodies were available to answer shareholders' questions during the meeting at which their nominations were put to vote.</p> <p>3. When passing resolutions on the preparation and holding of general shareholders meetings, the board of directors considered the use of telecommunications means to</p>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criteria 2 and 3:</u> 2.The Bank invited all nominees to the Supervisory Board members, but only 2 of them were able to attend. 3.The Bank's Supervisory Board did not consider the use of telecommunications means to provide shareholders with remote access to general meetings

		provide shareholders with remote access to general meetings in the reporting period.		because the shareholders (19 shareholders total) are in the bank's operations area.
1.2	Shareholders have equal and fair rights to share profits of the company by receiving dividends			
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and paying dividends.	1. The company's dividend policy is developed, approved by the board of directors and disclosed. 2. If the company's dividend policy uses the company's reporting figures to determine the dividend amount, then the respective provisions of the dividend policy shall take into account the consolidated financial statements	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.2.2	The company shall not resolve to pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's performance.	1. The company's dividend policy contains clear indications of financial/economic circumstances under which the company shall not pay out dividends.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.2.3	The company shall not allow the dividend rights of its existing shareholders to be impaired.	1. In the reporting period, the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	This principle was complied with in the previous years. The Annual General Shareholders Meeting for 2019 is scheduled for September 29, 2020.
1.2.4	The company shall strive to exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value.	1. To exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value, the company's internal documents provide for controls to ensure timely identification and procedure for approval of transactions with affiliates (associates) of the company's significant shareholders (persons entitled to use the votes attached to voting shares) in cases when the law does not formally recognize these transactions as interested party transactions.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	On 03.05.2018, the Bank approved the Regulations on detecting major transactions and interested party transactions and receiving endorsement for them or their subsequent approval. Interested party transactions are approved in compliance with the Federal law "On the Joint-Stock Companies" and these Regulations.
1.3	Corporate governance system and practices ensure equal treatment for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the governance bodies and the company's controlling entities, including conditions ruling out	1. In the reporting period, the procedures for managing potential conflicts of interest among significant shareholders were efficient, and the board of directors paid due attention to conflicts	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

	abuse of minority shareholders by major shareholders.	among shareholders, if such conflicts occurred.		
1.3.2	The company shall not perform actions which lead or may lead to artificial redistribution of corporate control.	1. Quasi-treasury shares do not exist or did not participate in voting in the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.4	Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance			
1.4	Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance.	1. The quality and reliability of the securities register maintained by the company's registrar meet the requirements of the company and its shareholders.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1	The board of directors shall carry out the strategic management of the company, establish the basic principles of, and approaches to, setting up a risk management and internal control system in the company, control the activities of the company's executive bodies, and perform other key functions.			
2.1.1	The board of directors shall be responsible for passing resolutions related to appointment and removal of executive bodies, including due to their inadequate performance. The board of directors shall also ensure that the company's executive bodies act in accordance with the approved growth strategy and along the company's core lines of business.	1. The board of directors has the authority stipulated in the charter to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. The board of directors reviewed the report(s) by the sole executive body or members of the collective executive body on the implementation of the company's strategy.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.2	The board of directors shall define the main long-term targets of the company's operations, assess and approve its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. In the reporting period, the board of directors reviewed at its meetings matters related to the progress in the implementation of the strategy and its updates, approval of the company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the company's strategy and business plans.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.3	The board of directors shall determine the principles of, and approaches to, organizing a risk management and internal control system in the company.	1. The board of directors has determined the principles of, and approaches to, organizing a risk management and internal control system in the company. 2. The board of directors assessed the risk management and internal control system in the company during the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.4	The board of directors shall define the company's policy on remuneration due to and/or reimbursement (compensation) of costs incurred by members of the board of directors, executive bodies, and other key executives of the company.	1. The company has developed and put in place the policy (policies) on remuneration and/or reimbursement (compensation) of costs incurred by members of the board of directors, executive bodies, and other key executives, approved by the board of directors. 2. In the reporting period, the board of directors reviewed at its	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criterion 1:</u> Executive bodies and some key management are remunerated in compliance with the Instruction of the bank of Russia dated June 17, 2014

		meetings matters related to the said policy (policies).		№ 154-I “On the Procedure for assessing the remuneration system in the credit organization and the procedure for sending an instruction to rectify violations in its remuneration system”; The Bank has no separate Regulations on the remuneration of other key management. The Bank’s HR Service has been tasked with developing these Regulations.
2.1.5	The board of directors shall play a key role in preventing, identifying and settling internal conflicts between the company’s bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying and settling internal conflicts. 2. The company has set up a system for identification of transactions involving a conflict of interest, and a set of measures to resolve such conflicts.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.6	The board of directors shall play a key role in ensuring the company’s transparency, the timeliness and completeness of its information disclosures, and unhindered access to the company’s documents for shareholders	1. The board of directors has approved the regulations on information policy. 2. The company has designated the persons responsible for the implementation of the information policy.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.7	The board of directors shall control the company’s corporate governance practices and play a key role in its significant corporate events.	1. In the reporting period, the board of directors considered the matter of the company’s corporate governance practices.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.2	The board of directors shall be accountable to the company shareholders.			
2.2.1	Performance of the board of directors shall be disclosed and made available to the shareholders.	1. The company’s annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings. 2. The annual report contains key results of assessment of the board of directors’ work in the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.2.2	The chairman of the board of directors shall be available to communicate with the company shareholders.	1. The company has in place a transparent procedure enabling shareholders to forward questions to the chairman of the board of directors and express their respective position.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	There is no relevant formal procedure in the Bank; however, the Chair of the Supervisory Board is always available to communicate with the Bank’s

				shareholders – they can forward questions to the Chair of the Supervisory Board and express their respective position personally or via the Corporate Secretary.
2.3	The board of directors shall manage the company in an efficient and competent manner and make fair and independent judgements and decisions in line with the best interests of the company and its shareholders.			
2.3.1	Only persons with impeccable business and personal reputation, possessing the knowledge and expertise required to make decisions falling within the authority of the board of directors and to perform its functions efficiently, shall be elected to the board of directors.	1. The procedure for assessing the board of directors’ performance established in the company includes, inter alia, assessment of professional qualifications of the board members. 2. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors in terms of having the required experience, knowledge, business reputation, absence of a conflict of interest, etc.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criteria 1 и 2:</u> 1. The Bank has no formal approach to assessing the performance of the Supervisory Board. At that, the Bank believes that the biographical information of the nominees to the Supervisory Board, provided to the shareholders when preparing for the annual general meeting, were a sufficient proof of the nominees’ experience and knowledge. 2. The HR & Remunerations Committee of the Supervisory Board preliminarily reviewed the nominees to the Supervisory Board in terms of having the required experience, qualification, knowledge, and business reputation.
2.3.2	The company’s board of directors shall be elected as per a transparent procedure enabling shareholders to receive information about nominees which is sufficient to get an idea of their personal and professional qualities	1. Whenever the agenda of the general shareholders meeting included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of their assessment carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

		Code, as well as the nominees' written consent to be elected to the board of directors		
2.3.3	The board of directors shall be balanced, including in terms of qualifications of its members, their experience, knowledge and business qualities, and it shall have the trust of shareholders.	1. As part of assessment of the board of directors carried out in the reporting period, the board of directors analyzed its needs in terms of professional qualifications, experience, and business skills.	<input type="checkbox"/> full <input type="checkbox"/> partial <input checked="" type="checkbox"/> none	The 2018-2019 corporate year saw significant changes in the Supervisory Board; therefore, it was impossible to conduct a quality self-assessment by the results of the year. At that, the Bank believes that the members of the Supervisory Board are balanced in terms of qualification, experience, knowledge and business skills. An independent director is elected to the Supervisory Board. All nominees are reviewed by the HR & Remunerations Committee. The demand for the area of professional qualification, experience and business skills is determined by surveying the members of the Supervisory Board.
2.3.4	The company has a sufficient number of directors to organize the board of directors' activities in the most efficient way, including the ability to set up committees of the board of directors and enable the company's significant minority shareholders to elect a nominee to the board of directors for whom they vote.	1. As part of the assessment of the board of directors carried out in the reporting period, the board of directors considered whether the number of members on the board of directors was in line with the company's needs and with the interests of shareholders.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The 2018-2019 corporate year saw significant changes in the Supervisory Board; therefore, it was impossible to conduct a quality self-assessment by the results of the year. The current number of members of the Supervisory Board is effective.
2.4	The board of directors shall include a sufficient number of independent directors.			
2.4.1	An independent director shall be a person of sufficient professionalism, experience and self-reliance to form his/her own opinion, able to make impartial judgements in good faith independent from the company's	1. In the reporting period, all independent members of the board of directors met the independence criteria set forth in Recommendations 102-107 of the Code, or were deemed	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

	executive bodies, particular groups of shareholders or other stakeholders. It should also be taken into account that in normal conditions a nominee (elected member of the board of directors) cannot be considered independent if he/she is related to the company, its significant shareholder or contractor, the company's competitor, or the government.	independent by resolution of the board of directors.		
2.4.2	The compliance of nominees to the board of directors with the criteria for independence shall be assessed, and a regular review of compliance of independent members of the board of directors with such criteria shall be performed. Substance shall prevail over form in such assessments.	<p>1. In the reporting period, the board of directors (or the nomination committee of the board of directors) formed its opinion on the independence of each nominee to the board of directors and presented respective opinions to shareholders.</p> <p>2. In the reporting period, the board of directors (or the nomination committee of the board of directors) reviewed at least once the independence of the current members of the board of directors listed by the company in its annual report as independent directors.</p> <p>3. The company has developed procedures defining the actions to be taken by a member of the board of directors if he/she ceases to be independent, including the obligation to timely notify the board of directors thereof.</p>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criteria 1 и 2:</u> Using its own resources, the Bank assesses the compliance of the nominees to the Supervisory Board with the criteria for independence, according to the Corporate Governance Code. The Bank plans to formalize the procedure for the assessment of the nominees' independence in 2020-2021.
2.4.3	At least one third of the total elected number of members of the board of directors shall be constituted by independent directors.	1. At least one third of the total number of members of the board of directors is constituted by independent directors.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The Bank's supervisory Board includes one independent director, which makes 14,29%.
2.4.4	Independent directors shall play a key role in preventing internal conflicts in the company and in the performance by the latter of material corporate actions.	1. Independent directors (who do not have a conflict of interest) carry out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment are presented to the board of directors.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The Bank's internal documents stipulate the requirements for the independent directors to carry out a preliminary assessment of material corporate actions implying a possible conflict of interest, and to present the results of such assessment to the Supervisory Board. At that, the independent

				director can investigate all issues, including those relating to the transactions, assess and express his/her opinion in an open and independent manner at the meetings of the Supervisory Board.
2.5	The chairman of the board of directors shall facilitate the best performance of assigned duties by the board of directors.			
2.5.1	The board of directors shall be chaired by an independent director, or a senior independent director shall be chosen from among the elected independent directors to coordinate the activities of independent directors and enable the interaction with the chairman of the board of directors.	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criterion 1:</u> 1. The Chair of the Supervisory Board is not an independent director. The Bank's Supervisory Board includes one independent director, thus, there is no need to appoint a senior independent director.
2.5.2	The chairman of the board of directors shall maintain a constructive environment at meetings, enable free discussions of agenda items, and supervise the execution of resolutions passed by the board of directors.	1. The performance of the chairman of the board of directors was assessed as part of the procedure for assessing the efficiency of the board of directors in the reporting period.	<input type="checkbox"/> full <input type="checkbox"/> partial <input checked="" type="checkbox"/> none	The 2018-2019 corporate year saw significant changes in the Supervisory Board, including the change of the Chair; therefore, it was impossible to conduct a quality assessment by the results of the year.
2.5.3	The chairman of the board of directors shall take all steps necessary for the timely provision to members of the board of directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to members of the board of directors of materials regarding items on the agenda of the board meeting.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.6	Members of the board of directors shall act reasonably and in good faith in the best interests of the company and its shareholders, relying on sufficient information, exercising due care and prudence.			
2.6.1	Members of the board of directors shall make decisions based on all information available, without conflict of interest, subject to equal treatment of the company shareholders, and assuming normal business risks.	1. The company's internal documents provide that a member of the board of directors shall notify the board of directors if he/she has a conflict of interest in respect of any item on the agenda of the board meeting or the board's committee meeting, prior to the discussion of the relevant agenda item. 2. The company's internal documents provide that a member	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

		of the board of directors shall abstain from voting on any item in connection with which he/she has a conflict of interest. 3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.		
2.6.2	The rights and obligations of members of the board of directors shall be clearly defined and set out in the company's internal documents.	1. The company has adopted and published an internal document clearly defining the rights and obligations of members of the board of directors.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.6.3	Members of the board of directors shall have sufficient time to perform their duties.	<p>1. Individual attendance at board and committee meetings, as well as time devoted to preparation for attending meetings, was recorded as part of the procedure for assessing the board of directors in the reporting period.</p> <p>2. In accordance with the company's internal documents, members of the board of directors shall inform the board of their intentions to join governance bodies of other organizations (except for entities controlled by, or affiliated to, the company), or of the relevant appointment made.</p>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criterion 1:</u> The 2018-2019 corporate year saw significant changes in the Supervisory Board; therefore, it was impossible to conduct a quality self-assessment by the results of the year. The Bank analyzed the attendance at the Supervisory Board meetings (the information is presented in Corporate Governance Section of the Annual Report) and can conclude that the members have sufficient time to perform their duties.
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	1. In accordance with the company's internal documents, members of the board of directors are entitled to have access to documents and make queries regarding the company and entities under its control, and the company's executive bodies must provide relevant information and documents. 2. The company has in place a formalized induction program for newly elected members of the board of directors.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.7	Meetings of the board of directors, preparation for such meetings and participation of members of the board of directors shall ensure efficient performance by the board of directors.			
2.7.1	Meetings of the board of directors shall be held as needed, taking into account the scale of operations and goals of the company at a particular time	1. The board of directors held at least six meetings in the reporting year.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

2.7.2	Internal regulations of the company shall provide a procedure for the preparation and holding of the board meetings, enabling members of the board of directors to prepare for such meetings in a proper manner.	1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting shall be given, as a rule, at least five days prior to such meeting.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The procedure for the preparation and holding of the Supervisory Board Meetings is based on the Regulations on the Bank's Supervisory Board, per which the notice of the meeting is given to the members of the Supervisory Board 10 days prior.
2.7.3	The format of the meeting of the board of directors shall be determined taking into account the importance of items on the agenda. The most important matters shall be dealt with at meetings of the board of directors held in person.	1. The company's charter or internal document provides for the most important matters (as per the list set out in Recommendation 168 of the Code) to be discussed at in-person meetings of the board of directors.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.7.4	Resolutions on most important matters relating to the company's operations shall be passed at a meeting of the board of directors by a qualified majority or by a majority of all elected board members.	1. The company's charter provides for resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected board members.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The requirements for the resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the Supervisory Board by a qualified majority are stipulated only in the Regulations on the Supervisory Board. The Bank plans to include this requirement into the new version of its Charter.
2.8	The board of directors shall set up committees for preliminary consideration of the most important matters related to the business of the company.			
2.8.1	To preview matters related to controlling the Company's financial and business activities, it is recommended to set up an audit committee comprised of independent directors.	1. The board of directors has set up an audit committee comprised solely of independent directors. 2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code. 3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analyzing, assessing and auditing accounting (financial) statements.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criterion 1:</u> 1. The Bank's Risk Management & Audit Committee consists of 3 members, including 1 independent director, being the Committee's Chair.

		4. Meetings of the audit committee were held at least once a quarter during the reporting period.		
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee shall be set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	1. The board of directors has set up a remuneration committee comprised solely of independent directors. 2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors. 3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criteria 1 и 2:</u> The HR & Remunerations Committee consists of 3 members, one of them being an independent director.
2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (appointments, HR) committee shall be set up, predominantly comprised of independent directors.	1. The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors. 2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criteria 1 и 2:</u> 1. Based on the business scope, the Bank has established the HR & Remunerations Committee, including the functions of the nomination committee. The Committee includes one independent director. 2. When amending the Regulations on the HR & Remunerations Committee, the following procedures will be included in the Committee's tasks: - a procedure for a self-assessment of the Supervisory Board and the Committees; - induction of the newly elected members of the Supervisory Board; - making a training program. The above procedures are

				implemented by the Bank, but they are not formalized.
2.8.4	Taking into account the company's scale of operations and level of risks, the company's board of directors made sure that the composition of its committees is fully in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	1. In the reporting period, the board of directors considered whether the composition of its committees was in line with the board's tasks and the company's business goals. Additional committees were either set up or not deemed necessary.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.8.5	Committees shall be composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	1. Committees of the board of directors are headed by independent directors. 2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Частично Partial compliance with criterion 1:</u> 1. The independent director chairs the Risk management & Audit Committee.
2.8.6	Committee chairmen shall inform the board of directors and its chairman on the work of their committees on a regular basis.	1. During the reporting period, committee chairmen reported to the board of directors on the work of committees on a regular basis.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.9	The board of directors shall ensure performance assessment of the board of directors, its committees, and members of the board of directors.			
2.9.1	The board of directors' performance assessment shall be aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's development requirements, as well as bolstering the work of the board of directors and identifying areas for improvement.	1. Self-assessment or external assessment of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual members of the board of directors, and the board of directors in general. 2. Results of self-assessment or external assessment of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board.	<input type="checkbox"/> full <input type="checkbox"/> partial <input checked="" type="checkbox"/> none	The 2018-2019 corporate year saw significant changes in the Supervisory Board; therefore, it was impossible to conduct a quality self-assessment by the results of the year.
2.9.2	Performance of the board of directors, its committees and members shall be assessed regularly at least once a year. An external advisor shall be engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	<input type="checkbox"/> full <input type="checkbox"/> partial <input checked="" type="checkbox"/> none	The Regulations on the Supervisory Board's performance assessment in the Bank stipulate the assessment engaging external advisors at least once in three years, but in reality, an

				external advisor has not been engaged until now.
3.1	The company's corporate secretary shall ensure efficient ongoing interaction with shareholders, coordinate the company's efforts to protect shareholder rights and interests, and support the activities of the board of directors.			
3.1.1	The corporate secretary shall have the knowledge, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	1. The company has adopted and published an internal document – regulations on the corporate secretary. 2. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report with the same level of detail as for members of the board of directors and the company's executives.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
3.1.2	The corporate secretary shall be sufficiently independent of the company's executive bodies and have the powers and resources required to perform his/her tasks.	1. The board of directors approves the appointment, dismissal and additional remuneration of the corporate secretary.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The Bank has no remuneration policy for other key management, to which the Corporate Secretary belongs.
4.1	Remuneration payable by the company shall be sufficient to attract, motivate and retain people with competencies and qualifications required by the company. Remuneration payable to members of the board of directors, executive bodies and other key executives of the company shall be in compliance with the approved remuneration policy of the company.			
4.1.1	The amount of remuneration paid by the company to members of the board of directors, executive bodies and other key executives shall create sufficient incentives for them to work efficiently, while enabling the company to engage and retain competent and qualified specialists. At the same time, the company shall avoid unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company employees.	1. The company has in place an internal document (internal documents) – the policy (policies) on remuneration of members of the board of directors, executive bodies and other key executives, which clearly defines (define) the approaches to remuneration of the above persons.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The Bank has in place the Regulations on remuneration and compensation, paid to the members of the Supervisory Board. The executives are remunerated in compliance with the Instruction of the Bank of Russia dated June 17, 2014 № 154-I “On the Procedure for assessing the remuneration system in the credit organization and the procedure for sending an instruction to rectify violations in its remuneration system”. The Bank has no other Regulations on the key management remuneration. The Bank's HR Service has been tasked with

				developing these Regulations.
4.1.2	The company's remuneration policy shall be devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, shall ensure control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. During the reporting period, the remuneration committee considered the remuneration policy (policies) and the practical aspects of its (their) introduction and presented relevant recommendation to the board of directors as required.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	Information on the results of the assessment of the organization's performance and functioning of its wage system by the Internal Audit Service was reviewed by the HR & Remunerations Committee of the Supervisory Board and the Supervisory Board.
4.1.3	The company's remuneration policy shall include transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key executives of the company, and regulate all types of expenses, benefits and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key executives of the company, and regulates (regulate) all types of expenses, benefits and privileges provided to such persons.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The Bank has in place the Regulations on remuneration and compensation, paid to the members of the Supervisory Board. The executives are remunerated in compliance with the Instruction of the Bank of Russia dated June 17, 2014 № 154-I "On the Procedure for assessing the remuneration system in the credit organization and the procedure for sending an instruction to rectify violations in its remuneration system". The Bank has no other Regulations on the key management remuneration. The Bank's HR Service has been tasked with developing these Regulations.
4.1.4	The company shall define a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying service levels that members of the board of directors, executive bodies and other key executives of the company can claim. Such policy	1. The remuneration policy (policies) defines (define) the rules for reimbursement of costs incurred by members of the board of directors, executive bodies and other key executives of the company.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	The Bank has in place the Regulations on remuneration and compensation, paid to the members of the Supervisory Board. The executives are remunerated in

	can make part of the company's remuneration policy.			compliance with the Instruction of the Bank of Russia dated June 17, 2014 № 154-I "On the Procedure for assessing the remuneration system in the credit organization and the procedure for sending an instruction to rectify violations in its remuneration system". The Bank has no other Regulations on the key management remuneration.
4.2	The system of remuneration of members of the board of directors shall ensure alignment of financial interests of directors with long term financial interests of shareholders.			
4.2.1	The company shall pay fixed annual remuneration to members of the board of directors. The company shall not pay remuneration for attending particular meetings of the board of directors or its committees. The company shall not apply any form of short-term motivation or additional financial incentive for members of the board of directors.	1. Fixed annual remuneration was the only form of monetary remuneration payable to members of the board of directors for their service on the board of directors during the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.2.2	Long-term ownership of the company's shares shall help align the financial interests of members of the board of directors with long-term interests of shareholders to the utmost. At the same time, the company shall not link the right to dispose of shares to performance targets, and members of the board of directors shall not participate in stock option plans.	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.	<input type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	As long as the Bank does not envisage providing shares as a remuneration to the members of the Supervisory Board, this criterion is not relevant for the Bank.
4.2.3	The company shall not provide for any extra payments or compensations in the event of early termination of powers of members of the board of directors resulting from the change of control or any other reasons whatsoever.	1. The company does not provide for any extra payments or compensations in the event of early termination of powers of members of the board of directors resulting from the change of control or any other reasons whatsoever.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.3	The company shall consider its performance and the personal contribution of each executive to the achievement of such performance, when determining the amount of remuneration payable to members of executive bodies and other key executives of the company.			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company shall be determined in a manner	1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial	<u>Partial compliance with criterion 2:</u> Information on the results of the

	providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution.	variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the system of remuneration of members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration. 3. The company has in place a procedure that guarantees return to the company of bonus payments illegally received by members of executive bodies and other key executives of the company.	<input type="checkbox"/> none	assessment of the organization's performance and functioning of its wage system by the Internal Audit Service within the Instruction of the Bank of Russia dated June 17, 2014 № 154-I "On the Procedure for assessing the remuneration system in the credit organization and the procedure for sending an instruction to rectify violations in its remuneration system" was reviewed by the HR & Remunerations Committee (Protocol №01 dated 28.08.2018)
4.3.2	The company shall put in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company shares (options and other derivative instruments where the company shares are the underlying asset).	. The company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company shares (financial instruments based on the company shares). 2. The long-term incentive program for members of executive bodies and other key executives of the company implies that the right to dispose of shares and other financial instruments used in this program shall take effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.	<input type="checkbox"/> full <input type="checkbox"/> partial <input checked="" type="checkbox"/> none	There is no long-term incentive program for members of executive bodies and other key executives of the company with the use of the company shares (options and other derivative instruments where the company shares are the underlying asset).
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration.	1. In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	Clause 7.7.5 of the Contract with the single executive body stipulates a compensation in the amount of three average monthly salaries in case of early termination of the Contract in compliance with Clause 2 of Article 278 of the Labor Code of the Russian Federation without cause (omission) of

				the Chair of the Management Board. Labor contracts with other members of the Management Board do not stipulate a compensation in case of early termination of powers under the company's initiative. There is no policy for the remuneration of other key executives of the Bank.
5.1	The company shall put in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals.			
5.1.1	The company's board of directors shall determine the principles of, and approaches to, organizing a risk management and internal control system at the company.	1. Functions of different management bodies and units of the company in the risk management system and internal control are clearly defined in the company's internal documents/relevant policy approved by the board of directors.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.1.2	The company's executive bodies shall ensure establishment and continuous operation of an efficient risk management and internal control system in the company	1. The company's executive bodies ensured the distribution of functions and powers related to risk management and internal control between the heads (managers) of units and departments accountable to them.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.1.3	The company's risk management and internal control system ensures an objective, fair and clear representation of the current state of the company and its future prospects, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place the anti-corruption policy. 2. The company has arranged for accessible means of notifying the board of directors or the board's audit committee about violations of the law, the company's internal procedures and code of ethics.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.1.4	The company's board of directors shall take necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its organization determined by the board of directors, and that the system is functioning efficiently	1. In the reporting period, the board of directors or the board's audit committee assessed the efficiency of the company's risk management and internal control system. The information on the key results of this assessment is included in the company's annual report.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.2	The company shall perform internal audit for the regular independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate governance.			

5.2.1	The company shall set up a separate business unit or engage an independent external organization to carry out internal audits. The functional and administrative subordination of the internal audit unit shall be separated. The internal audit unit shall functionally report to the board of directors.	1. To perform internal audits, the company has set up a separate internal audit unit functionally reporting to the board of directors or the audit committee, or engaged an independent external organization under the same principle of subordination.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.2.2	The internal audit unit shall assess the performance of the internal control, risk management, and corporate governance systems. The company shall apply generally accepted standards of internal audit.	1. In the reporting period, the performance of the internal control and risk management system was assessed as part of the internal audit procedure. 2. The company applies generally accepted approaches to internal audit and risk management.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.1	The company and its business shall be transparent for shareholders, investors, and other stakeholders.			
6.1.1	The company shall develop and adopt an information policy ensuring an efficient exchange of information between the company, its shareholders, investors, and other stakeholders.	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. The board of directors (or one of its committees) considered matters related to the company's compliance with its information policy at least once in the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.1.2	The company shall disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code.	1. The company discloses information on its corporate governance system and general principles of corporate governance applied in the company, in particular, on the corporate website. 2. The company discloses information on the composition of executive bodies and the board of directors, independence of the board members and their membership in the board's committees (as defined in the Code). 3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out the latter's plans for the company's corporate governance.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<u>Partial compliance with criterion 3:</u> 3. A previously approved Information Policy of the Bank provided for the memorandum of the controlling person, but later this clause was eliminated by the resolution of the Bank's Supervisory Board upon the proposal of the major shareholder.
6.2	The company shall make timely disclosures of complete, updated and reliable information to allow shareholders and investors to make informed decisions.			
6.2.1	The company shall disclose information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness and comparability of disclosed data.	1. The company's information policy defines the approaches to, and criteria of, identification of information that can have a material impact on the company's evaluation and the price of its securities, as well as procedures ensuring timely disclosure of such information. 2. If the company securities are traded on foreign regulated	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

		<p>markets, the company shall ensure concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting period.</p> <p>3. If foreign shareholders hold a significant amount of the company shares, during the reporting year, information was disclosed not only in the Russian language, but also in one of the most widespread foreign languages</p>		
6.2.2	The company shall strive to avoid a formalistic approach to information disclosure, and to disclose critical information about its operations even if such disclosure is not required by law.	<p>1. In the reporting period, the company disclosed annual and 6M financial statements prepared under the IFRS. The company's annual report for the reporting period contains annual financial statements prepared under the IFRS, along with the auditor's report. 2. The company discloses complete information on its capital structure, as stated in Recommendation 290 of the Code, in its annual report and on the official website of the company.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.2.3	The annual report, as one of the most important tools of information exchange with shareholders and other stakeholders, shall contain information enabling assessment of the company's performance in the reporting year.	<p>1. The company's annual report contains information on the key aspects of the company's operations and its financial results. 2. The company's annual report contains information on the environmental and social aspects of the company's operations.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.3	The company shall provide information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.			
6.3.1	The company shall provide information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.	<p>1. The company's information policy establishes the procedure for providing shareholders with easy access to information, including information on legal entities controlled by the company, as requested by shareholders</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.3.2	When providing information to shareholders, the company shall ensure reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitiveness.	<p>1. In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified. 2. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
7.1	Actions that significantly impact or may significantly impact the share capital structure or financial condition of the company and, respectively, shareholders' position (material corporate actions) shall be fairly executed providing observance of the rights and interests of shareholders and other stakeholders.			

<p>7.1.1</p>	<p>Material corporate actions shall include restructuring of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of significant transactions, increase or reduction of the company's charter capital, listing or delisting of the company shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The charter of the company shall provide a list of transactions, or other actions classified as material corporate actions pertaining to the competence of the board of directors of the company.</p>	<p>1. The company's charter provides for a list of transactions or other actions classified as material corporate actions, and criteria for their identification. Resolutions on material corporate actions are referred to the competence of the board of directors. When execution of such corporate actions is expressly referred by law to the competence of the general shareholders meeting, the board of directors presents relevant recommendations to shareholders.</p> <p>2. Under the charter, material corporate actions include at least: company reorganization, acquisition of 30% or more of the company's voting shares (takeover), entering in significant transactions, increase or reduction of the company's charter capital, listing or delisting of the company shares.</p>	<p><input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none</p>	
<p>7.1.2</p>	<p>The board of directors shall play a key role in making decisions or working out recommendations regarding material corporate actions, relying on the opinions of the company's independent directors.</p>	<p>1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.</p>	<p><input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none</p>	<p>The Bank's internal documents stipulate the requirements for the independent directors to carry out a preliminary assessment of material corporate actions implying a possible conflict of interest, and to present the results of such assessment to the Supervisory Board. At that, the independent director can investigate all issues, including those relating to the transactions, assess and express his/her opinion in an open and independent manner at the meetings of the Supervisory Board.</p>

7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, equal terms and conditions shall be ensured for all shareholders of the company, and, in case of insufficient statutory mechanisms for protecting shareholder rights, additional measures shall be taken to protect the rights and legitimate interests of the company shareholders. In doing so, the company shall be guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	1. Taking into account the specifics of the company's operations, the company's charter establishes lower minimum criteria for the company's transactions to be deemed material corporate actions than those provided by law. 2. In the reporting period, all material corporate actions were subject to the approval procedure prior to execution.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
7.2	The company shall execute material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when performing such actions.			
7.2.1	Information about material corporate actions shall be disclosed with explanations of the grounds, circumstances and consequences.	1. In the reporting period, the company disclosed information about its material corporate actions in due time and in detail, including the grounds for, and timelines of, such actions.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
7.2.2	Rules and procedures related to material corporate actions taken by the company shall be set out in the company's internal documents.	1. The company's internal documents provide for the procedure for engaging an independent appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or an interested party transaction. 2. The company's internal documents provide for the procedure for engaging an independent appraiser to assess the value of the company shares at their repurchase or redemption. 3. The company's internal documents provide for an expanded list of grounds on which members of the company's board of directors as well as other persons as per the applicable law are deemed to be interested parties to the company's transactions.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<p>1.The Bank realizes that major transactions and interested party transactions can materially affect its financial position, but there have been no such transactions in the last few years. In case the issue of such transactions' approval is raised, the Bank will pay special attention to determining the price of transaction, defining it based on the property's market value. The decision on engaging an independent appraiser will be made based on the nature of a specific transaction.</p> <p>2.In case the Bank decides to purchase its own shares, the reasonability of engaging an independent appraiser will be</p>

			<p>made in each individual case. When selecting an independent appraiser, the procedure stipulated by the Bank's internal document on procurement will be used.</p> <p>3.The Bank's internal documents do not provide for an expanded list of grounds on which members of the company's board of directors as well as other persons as per the applicable law are deemed to be interested parties to the company's transactions. On 03.05.2018, the Bank approved the Regulations on detecting major transactions and interested party transactions and receiving endorsement for them or their subsequent approval.</p>
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8.6. Membership in professional associations

JSCB Almazergienbank is:

- Member of the Association of Banks of Russia;
- Member of the Association of Russian Banks (ARB);
- Participant of MICEX unified trading session;
- Participant of BESP System (Bank of Russia Real Time Gross Settlement System);
- Participant of SWIFT international settlements system;
- Member of NAUFOR (National Association of Securities Market Participants);
- Associate member of VISA International payment system;
- Affiliated member of Master Card International payment system;
- Participant of JCB international payment system
- Participant of national MIR payment system;

- Participant of the state deposit insurance scheme.

8.7. Requisites of the Bank

Full name: Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company

Abbreviated name: JSCB Almazergienbank JSC

General license for banking operations № 2602 of 08.06.2015

Registration number and date of entering the Unified State Register of Legal Entities - №1031403918138 dated 23.07.2003

Legal address: 677000, Russian Federation, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Avenue

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**Chair of the Management Board of
JSCB Almazergienbank JSC**

Nikolay Dolgunov