

## Business Divisions

Expert knowledge of the customer base and years old proximity to customers ensure the Bank's flexibility and responsiveness in addressing the needs and interests of each of the 2 077 000 customers.

## CORPORATE BANKING

**74.9%**  
loan portfolio  
formed by loans  
to legal entities

**The Bank continues to improve its performance by offering a wide range of cutting-edge banking services to small, medium and large-sized enterprises, taking into account each customer group's particular requirements and interests.**

To date, Bank Saint Petersburg has 50 000 corporate customers. The Bank's corporate banking business remains primarily focused on the regional market of St. Petersburg. In addition, the Bank strengthened its positions in Kaliningrad in 2015 through the creation of its Evropeisky Branch, which currently has over 9 000 corporate customers (Bank Saint Petersburg completed the integration of Bank Evropeisky in Kaliningrad, reorganizing it together with the Bank's Kaliningrad Branch into the new Evropeisky Branch). In 2016, Bank Saint Petersburg strengthened its presence outside the domestic Northwestern region: The Bank opened a representative office targeted at corporate customers in Novosibirsk. Since December 2019 Nevsky Branch started carrying out banking operations and providing a full range of banking services to its individual and corporate customers instead of a representative office.

In 2020, the Bank continued its expansion across Russia by opening two new representative offices in Rostov-on-Don and Krasnodar. Bank Saint Petersburg is ready to offer its unique know-hows in the field of small and medium-sized business support in its new regions of presence. Bank Saint Petersburg currently offers companies in the South of Russia a wide range of traditional banking tools for lending, bank guarantees,

services and support for international business transactions, and many other services, along with customized solutions geared to particular business needs of companies in different sectors.

In the Rostov Region, we are already cooperating successfully with large enterprises in different industries, with a special focus on mechanical engineering, road construction, agricultural industry, including support to agricultural exporters. The Bank's representative office in Krasnodar has ambitious goals, too. The main focus of Bank Saint Petersburg's activities in the South of Russia is to support large and medium-sized businesses in the following sectors: mechanical engineering, road construction, agriculture, food industry, chemicals, etc.

In St. Petersburg, six sectoral departments provide services to large and medium businesses. Specialization of employees in companies of particular sectors allows to develop and maintain a high level of sectoral expertise, understand business specifics of customer service, and tailor products to customer needs.

Loans to legal entities represent 74.9% of the total loan portfolio. The breakdown of the Bank's corporate portfolio by sector reflects St. Petersburg's economic structure, which has a high proportion of construction, real estate, trade and production, allowing the Bank to benefit from all the advantages of the region's economic structure, as well as to contribute to its development.

### SETTLEMENT BUSINESS

Bank Saint Petersburg strives to become the leading settlement bank for residents and enterprises in St. Petersburg engaged in payments and settlements with customers and suppliers.

The Bank issues Visa Business and MasterCard Business corporate cards to be used by company employees to cover their travel expenses and current expenses related to the company's operations. Payments for products and services can also be made online. A corporate card is a universal and safe tool for accessing company funds round-the-clock without the need to visit the Bank's office: payments for goods and services are carried out by one touch thanks to modern payment services; cash deposits can be made and withdrawn 24/7/365 through the wide network of ATMs. All corporate cards issued by Bank Saint Petersburg support the cutting-edge mobile payment technology offered by Apple Pay, Samsung Pay and Android Pay. Moreover, customers may open a corporate card account and order their first card via Internet Bank i2B.

In 2020, Bank Saint Petersburg offered its clients new online cash registers with a built-in acquiring function. The device integrates an online cash register, a bank card terminal, and easy-to-use cash register software. Thus, clients do not have to buy both a cash register and a card terminal. Bank Saint Petersburg offers, in cooperation with its partner Payment Technologies LLC, the registration of A930 online cash registers on a turnkey basis, including registration with a fiscal data operator and a tax inspectorate and buying a fiscal memory device.

In 3Q 2020, the Bank launched the Mass Payment service to maintain the loyalty of customers with payroll projects distributed between several credit institutions, for example, where some of their employees are not based in the regions of the Bank's presence.

Mass Payment is an innovative service offering a number of advantages: a single register for several banks; no need for generating an additional transfer order; an ability to remotely track the payment status in the register; fees charged as a lump sum for completed transfers only.

The service has helped to significantly reduce labor inputs for the generation and signing of individual transfer orders and received positive customer feedback.

Given the current economic and geopolitical situation, one of the priorities is to make sure that customers can enjoy smooth payments in the main foreign currencies, such as US dollar, euro, pound sterling, Chinese yuan, Swiss franc, and some others. The Bank has reserve correspondent accounts in US dollars and euros with several foreign banks. The Bank has correspondent relationships with high-profile financial institutions and large clearing centers, such as JP Morgan Bank N.A., New York (including their London and Tokyo branches); The Bank of New York Mellon; Raiffeisen Bank International AG, Austria; Commerzbank AG, Germany; the Bank of China; Credit Suisse, Switzerland; Société Générale, France; etc.

In 2020, the Bank's correspondent network was expanded to include an account with a major European clearing and depositary center EUROCLEAR BANK SA/NV, indicating a high level of trust from our foreign partners.

The Bank was included in the list of banks that are entitled to open procurement participant accounts according to 44-FZ. Since September 2018, the Bank's customers can open such accounts in Internet Bank i2B as well as at the Bank's office. Nowadays, the Bank services over 2 500 customers participating in government procurement.

The Bank values the time of its corporate clients and expands its business hours. From February 1, 2020 onwards, our clients can make the Russian ruble payments within the Bank via the i2B online banking portal from 7 a.m. until 11 p.m. daily, including weekends.

The Bank provides a wide range of banking services connected with cash transactions in the regional markets of both St. Petersburg and the Leningrad Region, including receipt collection, payments, foreign exchange, cash re-counting, the delivery of cash wages to customers, and loading ATMs and payment kiosks.

The year 2020 was dominated by the need to preserve and support businesses in the context of the pandemic and optimize performance in the new environment while maintaining a high level of customer service. The Bank performed 125 500 cash collection visits, of which 91 500 were directly to our customers, 23 200 were to maintain and replenish cash in the Bank's ATMs, and 10 800 visits were made to support the Bank's own divisions. In 2020, the Bank transported and processed RUB 470.7 bn in cash.

## CORPORATE LENDING

To reach its strategic goals, Bank Saint Petersburg is striving to create a product range that matches the interests of its corporate customers as much as possible. Despite the challenging macroeconomic situation, the Bank continues to provide corporate lending to companies from various industry sectors and is strengthening its positions in this market segment. In addition to granting new loans, the Bank is also improving the terms of already existing loans, which indicates general financial sector recovery.

In 2020, the Bank and Megalit – Okhta Group LLC entered into a credit facility agreement to raise project finance for the construction of phases 2 and 3 of the Primorsky Kvartal residential facility in St. Petersburg. The credit limit under the facility is up to RUB 2 bn.

The Bank and Construction Trust Group of Companies (with ST-Novoselye Specialized Developer LLC acting as the developer) have entered into credit facility agreements with respect to project finance for the construction of two apartment buildings as part of the NEWPITER project. The term of the facilities worth RUB 1.2 bn and RUB 700 mln, respectively, is two years.

Also, in 2020, the Bank issued a EUR 56.9 mln loan to Adamant JSC to finance their current operations. Adamant is one of Russia's major diversified holding companies, the leader of the street retail real estate market in St. Petersburg, and the actual creator of the modern shopping and entertainment complex industry in the region. The holding combines dozens of production and construction companies, trade, medical, advertising businesses, hotels, restaurants, and other enterprises in different areas of business.

In 2020, the Bank's Moscow Branch continued to work vigorously and was able to considerably increase its loan portfolio, from RUB 89 bn to RUB 137 bn.

In 2020, the Bank's Moscow Branch and Avtomir Group of Companies entered into a cooperation agreement which provides for the Bank to open a RUB 2 bn credit facility to finance the borrower's working capital to provide financing for a dealer network in cities across Russia. In addition, the Bank and Avtomir Group of Companies agreed to cooperate in developing retail lease and car lending businesses. In particular, in 1Q 2020, the Bank plans to expand its car lending program at Avtomir's car dealerships.

Also, in 2020, the Bank's Moscow Branch supported one of the largest general contractor businesses in the Moscow Region by granting In-Situ Concrete Construction Directorate-1 JSC a guarantee limit of RUB 1 bn for participation in tenders and contractual performance.

During 2020, the Bank significantly extended its partnership with Aeroflot PJSC by entering into an agreement on general terms and standby letters of credit procedures with a total financing limit of up to EUR 70 mln.

It is not the first product provided by the Bank to the country's largest air company. For example, the master agreements on general terms of loan transactions for a total of EUR 70 mln to finance working capital and general corporate needs were made in the summer of 2020.

The Bank's Moscow Branch and State Transport Leasing Company (GTLK) entered into a cooperation agreement according to which the Bank will open a RUB 10 bn line of credit for 35 months. The loan funds will be, in particular, available to finance the company's current operations in the Russian Federation, as well as its international business.

The Bank's Moscow Branch and pharmaceutical distributor "FC Grand Capital" entered into a cooperation agreement. Under this agreement, Bank Saint Petersburg shall provide financing of RUB 1 bn. The purpose of the loan is to finance the company's current operations aimed at developing the Russian pharmaceuticals market.

In 2020, the Bank partnered with Russia's major sports construction company when its Moscow Branch and Magnum Group of Companies engaged in construction and outfitting of sports facilities in Russia entered into a cooperation agreement. According to the agreement, Bank Saint Petersburg will open lines of credit and issue bank guarantees. Since 1995, Magnum has been professionally engaged in the comprehensive implementation of sports construction projects, from front-end engineering design to commissioning of completed sports facilities outfitted with all necessary equipment. Over this period, they have implemented more than 1 000 sports construction projects across Russia, from outdoor sports grounds to sports complexes and stadiums hosting world-level competitions.

In 2020, the Bank entered into cooperation with PIR Group of Companies, a leader in manufacturing of packaged cheese and distribution logistics of cheese and dairy products in Russia. A RUB 750 mln facility was provided to finance working capital of the Group's companies.

The Bank's Moscow Branch financed a major distributor of frozen fish products Agama Group under a RUB 500 mln facility agreement to finance the company's working capital.

Our regional branches and representative offices were also successful in completing a number of large transactions in 2020, which demonstrated a high level of customer focus and deep expertise across a wide range of sectors.

The Kaliningrad-based European Branch, who has been a long-term partner with Russia's leading ship repair company PREGOL Shiprepair Yard, granted them a EUR 2.5 mln line of credit within a short time frame. The loan will be used to buy a floating ship repair dock, an industrial vessel intended for ship repair (or transportation).

The Bank's Novosibirsk Branch financed the Altai Railcar Building Plant ("Altaivagon" JSC), Russia's major railway car manufacturer, by providing a RUB 2 bn facility. The purpose is to support production at one of the largest enterprises in the Altai Region as part of the government support program for backbone enterprises in the period of the pandemic.

The Bank supported AP Trade, an official distributor of Procter & Gamble, by extending a RUB 950 mln loan via its Branch in Novosibirsk. The lending purpose is to finance working capital. The Bank is willing to provide the company with all necessary banking tools and services for successful development of its operations involving distribution of high-quality consumer goods in the Siberian Federal District.

2020 saw the first loan issued to a client at the Bank's representative office in Rostov-on-Don. The first borrower is Megapolis Group who has been successfully operating in the South of Russia since 1993. The agreement sets the overall credit limit of RUB 220 mln for the Group's fuel companies Etalon MK LLC and Brizan LLC.

The Bank continues to actively participate in project financing of construction by implementing escrow projects.

In 2020 the Bank continued its long-term efficient collaboration with LSR Group PJSC. As a part of "General agreement on common lending terms" in the total amount of RUB 16 bn for three following years, loans are given for operational, financial and investment operations of the construction holding.

The Bank provided project financing for Setl Group's first escrow project Solnechny Gorod. Residents residential facility by entering into credit facility agreements to fund the construction of the project's two first phases, with the credit limits totaling RUB 2.3 bn.

In 2020, the Bank provided project financing to Terminal Resource Specialized Developer LLC for a low-rise residential construction project in Pushkinsky District of St. Petersburg. Payments between the developer and buyers of dwelling units will use escrow accounts. The financing limit granted by the Bank for the project totals RUB 1.1 bn.

In 2020, the Bank carried out its first online registration of a mortgage loan contract for a legal entity. The Bank and Geoline LLC entered into an agreement for a working capital loan secured by real estate. A loan of RUB 12 mln was made available for 12 months. A package of documents was certified with an electronic digital signature issued to the client by the Bank's certification authority. Upon the submission of the complete package via the online service of the Federal Service for State Registration, Cadastre and Cartography of the Russian Federation (Rosreestr), the registration process took three business days.

In 2020, Bank Saint Petersburg also contributed to the development of car sharing in Russia by supporting X-Leasing in its finance lease transaction to transfer 1 000 Nissan Qashqai cars to Russia's leading car sharing service YouDrive. Since the end of 2019, a total of 1 500 Nissan Qashqai cars have been leased out to YouDrive to develop car sharing in Russia.

## RISK HEDGING

One of the priorities in Bank Saint Petersburg's operations is the creation of effective solutions allowing customers to competently manage currency, commodity, and interest risks while maintaining and increasing the profitability of their business.

The Bank is actively establishing a relevant product line for corporate customers, including tools for hedging market risks, creating additional opportunities for increasing profits, and managing liquidity.

In the interests of customers, strategies based on an individual approach and thorough analysis of business specifics are constantly being developed for various market segments. They allow the Bank's customers to choose a solution that meets their expectations.

The level of service and awareness of products increases regularly. In terms of the quality of services and price parameters, the Bank competes with the world's largest investment and brokerage companies.

**99%**  
standard line  
deposits  
are made through  
Internet Bank

Highlights of 2020:

- following the interest rate swaps on RUB MosPrime and USD LIBOR, the Bank has for the first time entered into an interest rate swap transaction on the key rate of the Central Bank of Russia to hedge the interest rate risk of its corporate client;
- the Bank has executed its first ever interest rate cap transaction on the MosPrime Rate. Interest rate cap (or interest rate option) is an effective tool for managing interest rate risks for clients raising debt funding for one year or longer. The tool is used to hedge loans against interest rate going up. It is simple and quick to execute;
- the Bank has entered into its first-ever interest rate corridor transaction with a corporate client. The interest rate corridor is a modern hedging instrument for companies that run their business using borrowings. The product allows clients to manage their interest rate risks with minimum expenses on hedging while raising the attractiveness of loan transactions for the Bank by increasing ROE and profit margins in the client's budget.

In addition, the Bank continues to develop a product line of interest rate derivatives for corporate clients who, once embedded in the credit process, allow to reduce the interest rate to the Borrower without lowering the interest margin or to increase the profitability of the loan transaction, as well as to neutralize currency and trade risks for the company.

## DEPOSIT PRODUCTS

One of the strategic priorities of the Bank's deposit business is to gradually transfer the conclusion of deposit agreements to digital channels. This substantially reduces the workload of branch network employees who will be able to focus instead on individually tailored deposits and devote more time to other products for corporate customers. Around 99% of deposits in the standard range are already placed through Internet Bank i2B.

In 2020, the Bank launched a new deposit product for legal entities and individual entrepreneurs. The Universal deposit allows our customers to earn by depositing their temporarily idle funds and secure themselves against an unpredictable decrease in the flow of payments.

## PROGRAMS TARGETED AT SMALL AND MEDIUM ENTERPRISES

Loans to small and medium enterprises are strategically important for Bank Saint Petersburg and allow SMEs to finance their working capital, purchase equipment, vehicles, real estate, and other property required to develop their business, as well as to start new lines of business.

To grant financing to small and medium-sized businesses on preferential terms, the Bank actively interacts with specialized organizations within the framework of state support programs. The Bank's Program for Stimulating Lending to Small and Medium-Sized Businesses (Program 6.5) includes loans for small and medium-sized businesses at good rates of up to 8.5% per annum. Another program implemented by the Ministry of Economic Development of the Russian Federation in accordance with Decree of the Government No. 1764 dated December 30, 2018 is Program 8.5 which enables SMEs engaged in the priority sectors of the Russian economy to borrow at a rate not exceeding the key rate of the Bank of Russia plus 2.75% per annum.

In 2020, the Bank's customers were able to enjoy the benefits of the Leasing Premium Program run in cooperation with our partner X-Leasing. In this program, the Bank determines and preapproves for a client a credit limit that can be used to purchase vehicles and special equipment without further documents, collateral and guarantors at a better rate. The leasing transaction can involve purchasing either new or used (for up to three years) movable property, such as cars, trucks, trailers, semi-trailers, special vehicles, buses, and light commercial vehicles. The customer's leasing application is processed within two hours.

In the beginning of 2020, the Bank issued its first preapproved loans to legal entities and individual entrepreneurs. In total, in 2020, preapproved lending programs involved 492 agreements worth more than RUB 1.5 bn.

The Bank's preapproved loans for small and medium-sized businesses were recognized as the best in the Quick Solutions for Business category of the Russian Chamber of Commerce and Industry's competition.

The Bank's loan portfolio under lending programs targeted at SMEs (including those supported by government measures for the period of the pandemic) increased 2.4 times in 2020.

As for supporting its SME customers, it was not just a set of measures but entire ecosystem #ICAN\_BUSINESS\_ONLINE that the Bank launched during the coronavirus pandemic. It accommodates financial services that are particularly relevant when the Bank's dealings with clients are remote.

The #ICAN\_BUSINESS\_ONLINE ecosystem enables our corporate customers to do the following without visiting the Bank:

- make payments quickly and securely;
- receive bank statements by email;
- check their business partners using our Svetofor service;
- monitor the account activity and balance changes;
- convert foreign currencies using a quotation board;
- place a deposit;
- submit a loan application;
- use our international business services;
- issue a qualified electronic signature in a matter of minutes;
- connect to acquiring services;
- and many more.

The Bank's digital platform for SMEs involving Internet Bank i2B and the BSPB Business mobile app draws on the market's best practices and know-hows. It is an open digital platform convenient for daily financial transactions in real time without visiting the bank office.

The high quality of our digital solutions for small and medium-sized businesses was highly rated by independent experts. In 2020, the Bank ranked among the top 20 leading banks in the CIS and the Caucasus region offering the best digital ecosystems for SMEs according to the SME Banking Club's Banking Ecosystems for SMEs 2020 study. The rating research encompassed services for legal entities and individual entrepreneurs offered by 212 banks in 11 countries of the study region (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan, and Ukraine).

SME Banking Club's experts rated the banks in terms of convenience and comprehensiveness of functionality of their web and mobile applications taking into account customers' needs, the extent of innovation, and contribution to the improvement of remote banking services during the pandemic. Services of the same type were grouped to get 34 unique services offered by banks to their customers on an ecosystem basis. The research identified the top 20 best ecosystems in the region.

## TARGETED PROGRAM FOR AGRICULTURERS

Boasting extensive experience of providing loans to agricultural enterprises, in 2017 the Bank was granted the status of an authorized bank of the Ministry of Agriculture of the Russian Federation for the agribusiness concessional lending program: The Bank's customers can now apply for loans with up to a 5% interest rate.

In 2020, the Bank continued to actively lend to the agriculture sector. In particular, the Bank financed Pravdinskoye Pig Framing Company, one of the major breeding companies in the Kaliningrad Region. As part of the credit facility agreement with the company, the Bank opened two lines of credit worth a total of RUB 500 mln under the Concessional Loan Program of the Ministry of Agriculture of the Russian Federation. The loans were disbursed to Pravdinskoye Pig Framing Company to buy young stock, fodder, and veterinary drugs, prepare for planting operations and repair agricultural equipment for a new season.

In the reporting year, the Bank executed concessional facility agreements with a total value of RUB 1.5 bn with agricultural enterprises.

## FOR EXIM COMPANIES

In 2020, the development of services for EXIM companies was one of the Bank's strategic priorities.

The principal area of focus in this direction is the positioning of the Bank as a reliable partner, a leader in servicing the EXIM activities of Russian companies. Throughout the year the Bank's experts demonstrated the market a high level of competence in this field, while the operational service provided the first-class experience.

We always place a special focus on improving the convenience and quality of the integrated international business services for our corporate customers where not just individual aspects are worked on but an ecosystem as a whole. The change represents an evolution from the simple to the complex: the work is not merely and not only aimed at improving cash payment services or currency control procedures but also at handling these aspects in combination with other products and services, for example, as a consulting service or a niche pricing plan offering, etc.

In 2020, in the context of the COVID-19 pandemic, the Bank provided a range of banking support measures to its corporate customers engaged in international business. This included financial services that are particularly relevant when the Bank's dealings with clients are fully remote, such as:

- seamless cross-border payments both in Russian rubles and in foreign currency without changing the receipt and transfer routines;

- an increased period of time and a higher amount of FX transactions, with making FX transactions available to customers via our online banking portal between 9 a.m. and 11 p.m., and increasing the upper limit on the transaction amount to USD 15 mln;
- consistently responsive, personalized customer support for registering international business contracts, where our employees provide clients with necessary support and our currency control officers are always ready to be contacted;
- a series of webinars to support business partners covering relevant issues in the field of foreign economic activities.

When structuring transactions with clients, the Bank put a particular focus on the use of letters of credit for payments under international business contracts. For exporters, this method secures that foreign currency revenue is credited to their account on the dates stated in their international business contracts, while for importers, it is a good way to secure the receipt of the very product that is to be supplied under the contract.

In addition, the Bank has made available to exporters and importers three comprehensive offers combining a letter of credit and hedging facilities, which provide protection against business and currency risks. These include the following:

- a letter of credit with post-financing + a hedging instrument;
- a letter of credit with reservation of funds + a hedging instrument;
- an export letter of credit + a hedging instrument.

A suitable hedging instrument (such as a forward contract, an option, or an option strategy) is selected on a case-by-case basis.

As for special pricing plan offers, in 2020, the Bank offered its Light VED — a new pricing plan adapted for small and medium-sized businesses engaged in international business operations. The Light VED includes a range of services that are most required by exporters and importers. The following services are available on a no-fee basis: preliminary review of an international business contract; maintaining the first foreign currency account; subscription fee for the i2B service; payments within the Bank both in Russian rubles and in foreign currency; 15 payments in Russian rubles (to corporate accounts) to other banks; issuing a bank control record on request; adjustment of details of supporting documents and urgent registration of the contract.

As for the development of technological equipment and provision of benefits to participants of EXIM activities with online services, corporate customers can automatically send SWIFT MT 940, MT 941 and MT 942 statement messages through Internet Bank i2B. Russian representative offices of foreign companies and other organizations founded by non-resident entities must regularly provide them financial reports according to the established international reporting standards. Internet Bank i2B has an in-built functionality which, once enabled, will automatically send out reports with the required (daily/monthly) frequency. Financial information is transmitted via protected SWIFT channels directly to the parent entity's bank. Foreign bank's consent to receive such statements must be obtained to enable the service.

In 2020, the SWIFT GPI service was launched into commercial operation. SWIFT GPI allows you to track payments as they go through a chain of correspondent banks in real time. The system generates notifications every time when a credit institution changes the status of your transfer.

From November 2020 onwards, all the banks using SWIFT will need to send information about transfer execution, delay or denial to the SWIFT GPI service, which will significantly improve the transparency of transfers for the participating banks.

As part of developing the Bank's international business consulting service, we work to continuously enhance the existing and build new contacts with counterparties and business partners specialized in the development of international business operations and services. The second half of 2020 was busy in terms of achieving final agreements and approving long-term plans for fruitful cooperation between the Bank and a number of support organizations and institutions. In particular, September 2020 saw the conclusion of an agreement with the Saint Petersburg Export Support Center, and in December 2020, the Bank partnered with the Leningrad Region's Economic Development Agency and Industry Development Center, and one of the largest transport and forwarding operators MODUL. By strengthening its partner network, the Bank will be able to expand its service offering for corporate customers engaged in international business operations, develop better product offers and improve customer service.

The Bank has launched its business channel VEDsovet on Telegram to expand its range of online services for both existing and prospective clients. The VEDsovet provides a forum for real professionals in different areas of international business to publish cases, opinions and reviews, as well as latest news from the world of export and import on a daily basis. The channel's content will be of interest not only to our customers already engaged in international business, but also to those who are just considering to start it. The channel has already attracted about 3 800 followers.

The VEDsovet customer support service, which is currently available to both existing and prospective customers of the Bank via a dedicated phone line, email, Telegram, and WhatsApp, has won a prize at the Innovation Time 2020 awards in the Service Solution of the Year — Financial Services category, which reflects the high level of customer service provided by the Bank.

## TRADE FINANCE OPERATIONS

Bank Saint Petersburg offers its customers a wide range of high-quality services related to documentary operations and international trade finance. The Bank continues to maintain and strengthen its positions in this market segment by supporting and expanding the list of its foreign counterparty banks.

In 2020, the Bank's trade finance business saw a significant increase in the number of transactions involving import letters of credit and an uptick in handling standby letters of credit intended to secure obligations of the Bank's customers.

# RETAIL BANKING

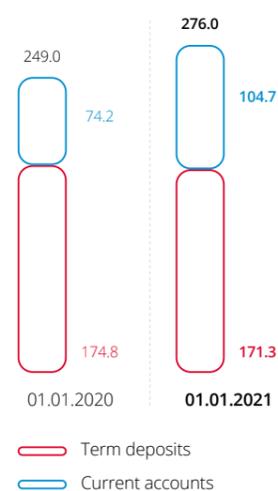
**115.3**  
 RUB BN  
 retail loan  
 portfolio  
**+12.0%**

As one of the key players in St. Petersburg's retail banking services, Bank Saint Petersburg aims to become the first bank of choice for the city's residents. The Bank currently has 2 077 000 retail customers, forming a solid base for the future successful growth of its retail business.

Throughout 2020, the retail loan portfolio increased by 12.0% to RUB 115.3 bn, mortgage loans grew by 16.8%, consumer loans grew by 1.5%, and car loans grew by 2.0%. The share of loans to individuals reached 25.1% of the total loan portfolio.

In 2020, the total amount of retail deposits increased by 10.9%, totaling RUB 276.0 bn. The share of retail deposits amounted to 57.6% of total customer deposits.

**Dynamics of Retail  
Customer Deposits, RUB bn**



## RETAIL DEPOSIT SERVICES

An extensive sales network, an opportunity to make deposits online, a high quality of services, reliability, a wide range of deposit options and competitive interest rates provide the Bank with a continuously increasing number of loyal customers and a steadily broadening deposit base.

According to the Interfax agency, the Bank ranks 15th among Russian banks by total retail deposits as of January 1, 2021.

In order to increase its customer base and attract additional deposit inflow, the Bank offered its customers a choice of several seasonal deposits with historically high interest rates in 2020. Customers receiving their pensions through the Bank enjoyed increased deposit rates on several deposits.

The Bank's customers also have an opportunity to make deposits online. Online deposits accounted for 79% of retail deposits placed in 2020.

In 2020, the mobile application was expanded to include a capability to open any deposit offered by the Bank, resulting in an 88% increase in the number of deposits opened via the mobile platform.

## BANK CARDS

One of the priority areas for the Bank's retail business is the issuance of bank cards and the provision of related services. As of January 1, 2021, a total number of all types of plastic bank cards issued reached 1 459 000. The Bank has also seen an annual increase in the number of its payroll customers: over 8 000 payroll programs with over 650 000 active payroll cards as of January 1, 2021.

To ensure compliance with the Federal Law on the National Payment System, the Bank issued more than 140 000 MIR cards in 2020.

In addition, all holders of the 100 Days cards issued by Bank Saint Petersburg are enrolled on the Mastercard's Privilege Program where they can have access to special offers, enjoy up to 40% discounts, and earn up to 20% cashback from Mastercard's partners.

In response to the coronavirus challenge, in 2020, the Bank issued a virtual card for online shopping. Visa Virtual is a new debit card specifically designed for purchasing goods and services online. Holders can shop in any web-based stores, buy air and rail tickets online, pay for purchases without limits, including online games, music and movie downloads, and many more, without leaving their homes.

The Visa Virtual card is part of the Bank's #ICAN\_ONLINE ecosystem launched to support its clients in the context of the COVID-19 expansion. It accommodates financial services that are particularly relevant when the Bank's dealings with clients are fully remote.

In 2020, the Bank updated its Service Terms for payroll card holders. Now, free withdrawals from any ATMs of any bank across Russia are available to the Bank's payroll clients twice every month.

Besides, all payroll cards participate in the YARKO awards scheme which is designed for the ICOUNT card, our new attractive product.

In autumn 2020, the Bank launched a new card product ICOUNT in all regions of operations, which previously tailored for Moscow and Novosibirsk customers. Free issuance and service, unlimited withdrawals from ATMs of any credit institution, and premium status are just a few benefits of this payroll card. In addition, ICOUNT card includes unique YARKO rewards accrual system providing up to 1.5% payback of the amounts spent and up to 20% when buying from the Bank's partners. The card is available online, it takes three minutes to place an order. The card then can be acquired through the branch network or courier service.

In 2020, the Bank launched Mastercard® 100 Days, a new credit card featuring a longer grace period. Bank Saint Petersburg's new product breaks the traditional perception of credit cards by allowing its cardholders to make any purchases on credit for three months without paying any interest to the Bank. In addition, the 100 Days credit card can substitute for your other credit cards: thanks to its higher credit limit of up to RUB 750 thousand and a grace period of 100 days, it will combine loans and credit cards from other banks into a single card. Besides, no annual fee will be charged for your Mastercard® 100 Days for the first year of service.

In 2020, the total number of pension cards exceeded 78 000.

**1.5**  
 MLN  
 plastic cards

**>140k**  
 MIR cards

## PAYMENTS AND TRANSFERS

In 2020, the Bank significantly expanded the possibilities for convenient and fast transfer to legal entities and individuals. At the beginning of the year, fast payment in digital channels became available to more than 4.8 thousand organizations in the housing and utilities sector and telecommunications services.

The audience of customers active in digital channels increased by 15% and amounted to 539 000 users in December, while the number of transfers made increased by 21% and in December for the first time exceeded 1.2 mln transactions per month.

In 2020, the number of tax payments made through the Bank's digital channels amounted to 68 000 payments and increased by 84% compared to 2019.

**921.5k**  
operations  
per month  
via mobile app

The number of users of the mobile application grew throughout 2020 at a fast pace and amounted to 460 500 people in December, which is 24% more than the figure as of the year beginning. An increase in the number of transfers made by these customers amounted to more than 27%, reaching 921 500 operations per month.

In 2020, the Bank invited its clients to extend their vacation season by paying for travel services via its online banking portal and mobile app without fees. Clients can use the Bank's digital channels to make no-fee payments for orders, tickets and trips to most of the key travel agencies.

## LOYALTY PROGRAMS

In 2020, the Bank offered its customers to join three loyalty programs:

- YARKO — emotional and engaging;
- Cashback — for rational customers;
- Travel — for travelers.

In 2020, the YARKO bonus loyalty program celebrated its 6th anniversary and surprised its customers with great gifts from the program's partners.

The YARKO program is actively contributing to the development of the partner pipeline. 2020 saw the launch of more than 200 new partners, with particular focus being placed on online services and those partners who can offer new opportunities to our cardholders. The program's catalogue was expanded to include partners such as Yandex.Zapravki, Perekryostok Vprok online hypermarket, and IVI online movie theater. We have also engaged partners sought after by clients, such as the pharmacy chains Ozerki, Pervaya Pomoshch, and Doktor Stoletov.

Strong confidence of YARKO customers is unchanged with their number reaching 852 000 as of January 1, 2021. At the same time, the number of active users of the program has increased by 14% compared to the previous year.

The Bank's loyalty programs have been highly appreciated by independent experts. The Bank has won three awards in the 7th Annual Loyalty Awards Russia Competition. In 2020, the Competition included 173 projects from 94 companies. The Bank has become the winner in three categories: The Team of the Year, The Best Loyalty Program from

Financial Institutes for its YARKO Bonus Program, and the Person of the Year awarded to Yekaterina Zvonova, Director of the Department of Mass Segments, Marketing and Big Data Analytics who heads the YARKO development team.

## PROGRAMS FOR THE SELF-EMPLOYED

In 2020, the Bank launched a bunch of products and services for the self-employed — a new customer segment comprised of individuals who earn professional income from activities that have neither an employer nor workers hired under employment contracts, or income from the use of property.

With our services for the self-employed, a client can:

- get registered online on the Government Services Portal for user-friendly registration in the Moi Nalog (My Tax) application of the Federal Tax Service;
- order a card that will best suit them, choosing from our wide range of bank cards;
- use our free courier delivery of cards;
- enjoy up to 20% bonus awards on the YARKO loyalty program for their purchases;
- receive a professional income tax refund through the YARKO loyalty program;
- get an individual consultation to find answers to any question they have or obtain any other relevant information.

## MORTGAGE LENDING

The Bank is represented by six Mortgage Lending Centers (four in St. Petersburg, one in Moscow and one in Kaliningrad). Also mortgage lending is available in the Novosibirsk branch. In the Mortgage Lending Centers customers can get detailed advice on all mortgage lending programs available and obtain an estimated calculation of the amount and maturity, as well as apply for a mortgage loan. A dedicated loan officer supports each customer throughout the entire process. As an additional convenience for the customers and a way to ensure confidentiality, each center has a separate meeting room; the Bank's outlets also have depository areas for transactions using safe deposit boxes.

The Bank ranks 3rd among all local banks and 1st among private banks in St. Petersburg's mortgage lending market. Throughout 2020, the Bank provided a total of RUB 36.1 bn in the form of 11 978 loans, compared to RUB 25.1 bn and 10 146 loans in the previous year. 73% of the total mortgage loan portfolio consisted of mortgage loans for newly constructed buildings.

During the reporting period, the Bank of Russia was gradually lowering its key rate, enabling the Bank to reduce its mortgage interest rates both as limited special offers for certain partners and permanently.

The Bank is continuing its productive cooperation with construction companies and real estate agencies. By the end of 2020, more than 620 developers and over 1 100 construction projects received the Bank's accreditation.

**852k**  
loyalty  
programs  
participants  
**+14%**

**1st**  
PLACE  
among private  
banks  
in St. Petersburg  
in mortgage  
lending

**> 7k**  
 escrow accounts within real estate transactions

Customers can receive mortgage-related advice and apply for a mortgage loan at the Bank's representative desks located in the offices of its partner companies.

In 2020, the Bank launched a mortgage lending program under the national interest rate subsidy scheme. The interest rate on mortgage loans subsidized by the government was 6% per annum for the Bank's payroll clients and 6.25% per annum for other customers.

As at the year end, the Bank ranked among the top 10 banks in terms of the amount of government-subsidized mortgage loans.

Since May 2019 the Bank provides mortgage lending under the national subsidy program introduced by Decree of the Government of the Russian Federation No. 1711 dated January 30, 2017. Families where a second or subsequent child citizen of the Russian Federation has been born since January 1, 2018, are entitled to a mortgage for the acquisition of housing from a legal entity on a new build mortgage lending market at a rate of 6% p.a.

By the end of December 2020, the Bank opened over 7 000 escrow accounts within real estate transactions under sale and purchase contracts and concession agreements between individuals. Bank Saint Petersburg was one of the first banks in the country to introduce an escrow account system for both mortgage lending and real estate transactions without the Bank's mortgage. This form of settlement implies placement of the buyer's cash funds on a special-purpose escrow account opened under a trilateral agreement, and transfer of the transaction amount is made available only after all terms and conditions of the agreement are met.

Also, in 2020, the Bank opened more than 1 000 escrow accounts for the purposes of payments between a participant of share-equity construction, of the one part, and a developer, of the other, under co-investment contracts under Federal Law No. 214-FZ.

To develop its remote services, in 2020, the Bank simplified its mortgage documentation package and made it available online.

In addition, the Bank began issuing mortgage loans to buyers of real estate properties on the primary market, with co-investment contracts being registered electronically. The Bank's borrowers buying real properties from PIK Group were the first to engage in new format transactions. Also, the Bank abandoned the practice of mandatory mortgage bonds on the secondary real estate market. Now, its clients may get their transactions registered online via a notary public or the Bank's own services.

The Bank has launched a smart mortgage program for acquisitions on the secondary housing market. Now, the Bank processes mortgage applications without an appraisal report and other additional documents for the subject project. What is required is only the documents of title. Applications are processed within up to two days.

In 2020, the Bank launched a real estate showcase on its website, where developers offer more than 4 000 residential facilities. Almost all of the projects under construction in St. Petersburg, Leningrad Region and Kaliningrad, have been accredited for mortgage loans by the Bank. In addition to residential construction projects, the real estate showcase will help the Bank's clients to select an apartment on the secondary market from among more than 1.2 mln available options.

The service hosted on dom.bspb.ru is provided by the Bank in cooperation with CIAN, a major online real estate marketplace. The real estate showcase will help you find an apartment for your approved mortgage loan. You can also go the other way round: choose a real estate property and immediately submit a mortgage application.

Besides, the website provides you with the point-and-click access to the Bank's operators and mortgage advisors who can help you navigate through the real estate showcase to make the right choice or advise you on what to do further, how to make an application, what documents you need for making a transaction and getting a loan, and so on.

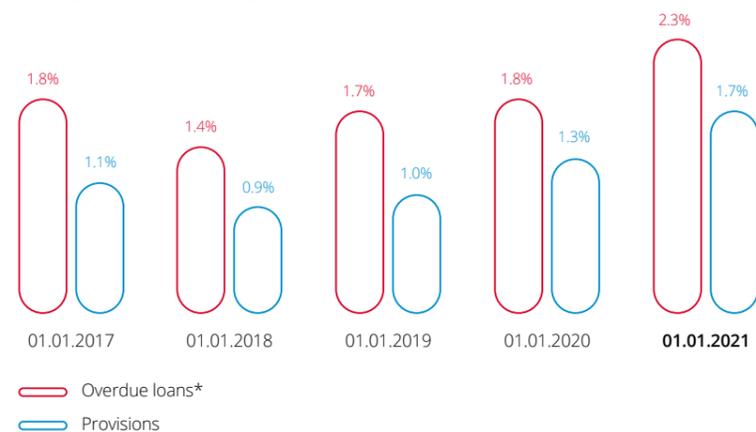
**CAR LOANS**

The Bank is represented by three Car Lending Centers in St. Petersburg and one Car Lending Center in Kaliningrad where customers can get detailed advice on all car lending programs, apply for and receive a loan.

In 2020, the Bank successfully launched a project to develop its car loan business in regions, thus expanding its geography and ramping up its customer base and partner network.

In 2020, the Bank efficiently managed competitive product lines and interest rates, continued to maintain its high-quality car loan portfolio, and built long-term and reliable partnerships with major auto sales centers in St. Petersburg. The main advantages of the Bank's car loan product line include large loan amounts, the possibility to add insurance premiums and additional services to the loan amount and a down payment starting from 0% (even if additional products are added to the loan amount). Constant efforts to speed up loan application consideration and drafting of loan transactions, to develop remote sales channels, and to keep up with main market trends have also enabled the Bank to gain strong footing in the car loan business.

**Mortgage portfolio high quality**



\* Overdue loans include the entire principle of the loan at least 90 days overdue.

## 5<sup>th</sup> PLACE in the ranking of the Best banks of St. Petersburg in terms of car loans

From 2020 onwards, the Bank offers its clients to carry out a car purchase transaction with a secure payment arrangement using an escrow account.

Where the escrow method is chosen, the car purchase transaction is closed at the Bank. The Bank undertakes drafting a sale and purchase contract, counting and verifying the cash. The money is deposited to an escrow account. The seller and the buyer sign the car purchase contract and the seller hands over the keys and documents to the buyer. The buyer gets the vehicle registered with the Road Police, and only thereafter the Bank transfers the funds to the seller. Thus, such a transaction poses no risk of buying a car that is pledged, stolen or seized by the court. There is no need for the seller to carry cash around, as after the registration of the car, the money is credited to their own account from which it can be withdrawn or transferred to an account with another bank without bank fees.

Starting from 2020, the Bank offers a service for selling vehicles used as collateral for loans. This type of transactions involves assisting individual clients with the sale of a car held as collateral by the Bank, namely the following:

- dealings with the seller (the current borrower of the Bank) and the buyer of the vehicle;
- supporting the release of pledge and transfer of money by the vehicle buyer to repay the existing loan of the vehicle seller using an escrow account;
- making a sale and purchase contract for the vehicle used as collateral in accordance with the applicable laws.

In 2020, the Bank ranked 5th out of 20 among the Best St. Petersburg Banks for Car Lending.

## CONSUMER LOANS

Bank Saint Petersburg takes a conservative approach to risk and offers consumer loans only to the existing customer base. The target segment for the unsecured lending program is still represented by the customers holding the Bank's payroll cards, whose financial position is well known to the Bank. 85% of the unsecured loan portfolio is attributed to payroll cardholders. The Bank also offers loans to customers who have a good profile with the Bank or are employed by reliable partner entities.

This approach has proved to be the most efficient one. First of all, targeted work with customers and forecasting their individual needs warrant a more sizeable response. The second advantage is that the Bank can take a cautious approach to new borrowers and accept only measured risks of the external unsecured lending market, having customers whose financial position it can assess most efficiently.

Bank Saint Petersburg continues to maintain and improve the technology of issuing consumer loans, which significantly saves the customers time, as it implies the full remote receipt of loans. Internet Bank users can not only sign an agreement and receive money into an account through a personal account on a proposal approved by the Bank, but also make an application on their own, and track the course of its consideration.

Bank Saint Petersburg has expanded capabilities of its Time is Money lending product involving deposit secured loans for retail clients. Now, a loan can be issued to any client of the Bank who is willing to put up their valid deposit or promissory note as collateral. So, if a client urgently needs money for any purpose, there is no need to close their term deposit prematurely and thus lose interest on it, but instead they can obtain a loan for the required amount secured by their deposit. What is particularly important about the Time is Money loans is that decisions are made quickly (you can borrow within a day) and the terms are quite simple — all you need is just a couple of documents, including an application, passport, and promissory note to be put up as collateral, if any.

The Bank is in the top 3 of St. Petersburg market leaders in terms of consumer lending, and in the top 10 in terms of credit cards.

2020 was a good year in terms of refinancing loans at Bank Saint Petersburg. The loans refinanced by the Bank allow customers to optimize the debt burden by reducing the amount of monthly payments and reducing the overpayment on loans of other banks.

Improvement efforts in 2020 were focused on scaling unsecured lending which allowed to increase the loan portfolio in low-risk customer segments. The Bank will continue to enlarge the customer base and maximize its potential by improving the quality of customer service.

## 3<sup>rd</sup> PLACE in the ranking of the Best banks of St. Petersburg in terms of consumer lending

## PRIVATE BANKING

**65.7**  
RUB BN  
assets under  
management  
in St. Petersburg

**For more than 13 years, our Private Banking business has been a reliable partner to high net worth clients in managing their wealth.**

Our Private Banking team is successful in creating individual wealth management schemes, both for business and family, using conventional banking products along with state-of-the-art and advanced tools on financial markets, asset structuring, and real estate transactions, and by engaging the most reliable partners, including for taxes and legal issues.

In 2020, the amount of assets managed by the Private Banking business increased by 35% compared to 2019 to reach RUB 65.7 bn (RUB 52.1 bn in St. Petersburg and RUB 13.6 bn in Moscow).

Our own concierge service is successfully fulfilling customer requests of various levels of complexity: from day-to-day requests to individual traveling, from the creation of wine collections to real estate purchase and art-banking.

The purpose of Private Banking is to be the center of financial expertise for the customer, offer the best products and the best services based on the customer-centric model, build relationships with the customer on the basis of mutually beneficial cooperation.

Private Banking team is constantly researching new market practices to solve any extraordinary requests of our customers.

**13.6**  
RUB BN  
assets under  
management  
in Moscow

## DIGITAL BANKING

### DIGITAL CUSTOMER SERVICES

The difficult circumstances due to the coronavirus pandemic in 2020 has given a great impetus to the digital transformation in all dimensions, bringing the understanding that the world has no choice but to digitalize. By the date the quarantine was imposed, the Bank has already achieved a high level of digitalization and thus was very well prepared for the situation.

The e-banking system for retail customers, Internet Bank, accessible at i.bspb.ru, is the principal online channel for the customers of Bank Saint Petersburg, offering increasingly better services and solutions at more favorable prices. The number of individuals who have signed up for i.bspb.ru showed a growth of 14% in 2020: from 1 300 000 to 1 482 000. One-third of the city's economically active population has access to i.bspb.ru, and every third customer of the Bank uses the mobile banking application: The number of active users exceeded 460 000 per month with the number of app uses exceeding 10 mln per month. The share of users of the mobile banking application grew by 25% and reached 85% of the total number of Internet Bank users.

In 2020, Bank Saint Petersburg updated its mobile application to improve the quality of the customer interface. This primarily involved the most anticipated improvements requested by proactive users of the Bank.

In 2020, clients ordered 63% more credit cards via the mobile and Internet banking solutions than in 2019. For debit cards, this figure increased by 20%. 50% more SMS online services were ordered and digital orders for corporate cards grew by 9.2%.

In 2020, the mobile application was expanded to include a capability to open any deposit offered by the Bank, resulting in an 88% increase in the number of deposits opened via the mobile platform.

The mobile app was further enhanced by adding the Exchange Bridge service. Now, our customers can make transactions to buy or sell foreign currency with deferred conversion backed with a security deposit in any place of the globe. Nowadays the new service has no analogues among existing offers for individual customers. Within the Exchange Bridge service, the client gets the opportunity to buy and sell currency with a deferred settlement date upon paying 10–12% of the future transaction amount. At the same time, the Bank will accrue and pay monthly interest on the amount of the security deposit, and the planning horizon for a convenient settlement date in the future will be 365 days.

The Cash Back section was introduced to the mobile app. Now, holders of the Visa Cashback card who receive standard cashback rate of 1% and higher cashback earnings for the categories, such as "Filling station" (5%) and "Cafes and restaurants" (10%), can control the amount of payable cashback rewards and the program performance terms.

Payroll clients of the Bank can now pick the initial credit limit via the mobile application. The limit has been approved and can be picked in just one click. You do not need any document or statement. The initial amount is RUB 5 000, but it can be increased in 3 months.

**99%**  
share of electronic  
payments

The Bank cares about its customers' security and does its utmost to offer the best possible service on remote channels. Therefore, in our mobile app you can now restore your username and password without visiting or calling the Bank (sometimes a call may still be necessary, as the security of our clients' funds and data is the Bank's number one priority), order statements for public and municipal employees, download any file from your correspondence with the Bank, download account statements, delete any authorized device that is not used, apply for a loan repayment holiday, and ask to update your passport details.

Further, in 2020, the Bank launched a number of important digital projects for its customers. Via our mobile app, you can now order a virtual card that can be tokenized (added to your phone's wallet). The Bank has introduced a simpler application form and submission procedures for consumer loans. The Bank has speeded up the display of card operations in its mobile banking application — now, the information appears instantly. Users have an opportunity to pick a credit limit in just a couple of clicks. The Bank has provided an opportunity to recommend the Yarkaya and ICOUNT cards to your friends and get rewards. In addition, the Bank has made considerable investments in ensuring the security of its customers' money in the digital banking space.

At the end of 2019, 99% of corporate customers use the Internet Bank i2B, 99% of payments and FX transactions are made online.

In 2020, the Bank added new functionality to its BSPB Business mobile app for corporate customers. Now, our clients can choose a mobile phone number for receiving a payment confirmation SMS.

In addition, the Counterparty Check service is now available in the mobile app. It enables clients to get information about reliability of their business partners by simply entering their taxpayer identification code. The system can generate a brief report on the business partner and send it if required.

The BSPB Business mobile app now allows for sending a printable copy of transfer orders marked as executed by the Bank. In the History section of the mobile application, the user can generate a PDF printable copy of an executed ruble transfer order chosen from the list and send it to their counterparty using the standard application tools.

It is now possible to edit payments awaiting signature and control your payment drafts, which considerably simplifies the creation of new payments and speeds up the completion of transactions.

In 2020, the Bank's BSPB Business mobile application for corporate customers ranked second in the rating maintained by brobank.ru, a service for choosing financial services from banks and loan companies. The rating was based on user reviews published in Google Play and App Store, making it as unbiased as possible. Other leaders include applications of Alfa Bank, Sberbank, and Tinkoff Bank. In terms of platforms, the BSPB Business topped the rating among Android apps.

As for the support for its SME customers, it was not just a set of measures but an entire ecosystem #ICAN\_BUSINESS\_ONLINE that the Bank launched during the coronavirus pandemic. It accommodates financial services that are particularly relevant when the Bank's dealings with clients are remote.

The #ICAN\_BUSINESS\_ONLINE ecosystem enables our corporate customers to do the following without visiting the Bank:

- make payments quickly and securely;
- receive bank statements by email;
- check their business partners using our Svetofor service;
- monitor the account activity and balance changes;
- convert foreign currencies using a quotation board;
- place a deposit;
- submit a loan application;
- use our international business services;
- issue a qualified electronic signature in a matter of minutes;
- connect to acquiring services;
- and many more.

The Bank's digital platform for SMEs involving the i2B online banking service and the BSPB Business mobile app draws on the market's best practices and know-hows. It is an open digital platform convenient for daily financial transactions in real time without visiting the bank office.

A high quality of our digital solutions for small and medium-sized businesses was highly rated by independent experts. In 2020, the Bank ranked among the top 20 leading banks in the CIS and the Caucasus region offering the best digital ecosystems for SMEs according to the SME Banking Club's Banking Ecosystems for SMEs 2020 study.

In 2020, the highest standard of the Bank's online products was confirmed by a number of independent experts.

The Bank received a prize for digitalization at the annual Digital Leaders awards in the Digitalization Program 2020 — Banking Services category. The Digital Leaders awards is an annual event that showcases the best achievements in the field of digitalization and online services and inspires for greater digital transformation in all spheres of life. It has evolved from the Innovation Time project that has been running for more than a decade.

The Bank has won a prize for its achievements in organizational digital transformation in the CDO/CDTO AWARD 2020.

Solutions of digitalization leaders in their industries and famous CIOs, CDOs/CDTOs of leading companies were nominated for the prize in 2020.

Bank Saint Petersburg has won the prize in two categories, the DIGITAL Transformation of the Year 2020 and the CDO/CDTO Award 2020 (the prize for the digitalization leader). The latter was given to Alexander Rybakov, Vice-President, Director of the Digital Department of Bank Saint Petersburg.



**PRIZE**  
for  
the digitalization  
leader  
in CDO/CDTO  
Award 2020

In the Retail Finance Awards 2020, our project “The WF Core Platform. Digital Transformation of the CRM System of Bank Saint Petersburg” received a special award in the IT Implementation category.

BusinessDrom analytical agency updated the Bank's rating “Quality Seal.Online” at the A1.online level. This is the highest quality level that may be assigned to online banking systems and online accessibility of services. The Quality Seal.Online is a unified system for rating online accessibility of services and quality of remote customer services. The rating methodology involves analysis of external communications, functionality of the online system, and features available in the client area. The agency reviews the level of disclosure, quality and convenience of the client service infrastructure, standard contract terms, the level of financial sustainability, and other parameters.

Preapproved loans offered by Bank Saint Petersburg were recognized as the best in the Quick Solutions for Business category of the Russian Chamber of Commerce and Industry's competition.

## IT SUPPORT FOR BUSINESS OPERATIONS

In 2020, the Bank was able to ensure that measures to allow for a continuous remote work in the context of the pandemic were put in place within a short time frame.

Other measures taken by the Bank to increase the efficiency of technological support of business in 2020:

- the first part of a project for rapid deployment of combat/testing zones (CI/CD) was implemented. The project's goal was to provide automated deployment of presales CRM zones (fully automated deployment and configuration of Windows servers, SQL servers, web-services for IIS). In some cases, deployment acceleration ranges from several days to several minutes;
- a solution for the centralized application software update service was found and put into commercial operation (PatchMyPC);
- employees were enabled to create virtual machines via a self-service portal and related work to develop the virtual cloud infrastructure tool MS Azure Pack was performed;
- the Bank's main ABS (CFT) and Processing IS (TWO) switched to new equipment (Exadata hardware and software).

The Bank continues to develop its consumer lending business, including by using process digitalization tools. The Bank uses deep analytics techniques to increase sales and offer customers what they really need. In order to support these techniques, we have found a solution that is capable of determining individual offerings in a precise and quick manner: SAS RTDM (SAS Real-Time Decision Manager).

The Bank has improved credit risk management processes by moving all calculations into a new decision-making system based on the SAS platform and the WF Core low-code platform.

The deployment of the solution virtually instantly began to produce positive effects on the Bank's performance. A new loan pipeline powered by the SAS RTDM and the WF Core low-code platform is able to quickly adapt to the business needs and maintains a high standard of customer service.

So, the use of the SAS RTDM product brings logics of decision-making on loans to a brand new level. A prospective customer instantly receives a response to their loan request in accordance with the latest relevant offers of the Bank, including a possible loan amount, an interest rate, a monthly repayment amount, and the cost of insurance. The system makes a decision based on the borrower's risk portfolio and where the terms sought after by the borrower do not match, generates an alternative offering.

The offering is calculated by the system within no longer than one minute. Now, additional information sources configured in both synchronous and asynchronous modes are used in the decision-making process for even more precise calculation of the credit risk and assessment of prospective borrowers' solvency.

Deep analysis of risk profiles of prospective borrowers helps reduce the number of “bad” loans and quick generation of offerings contributes to improved service levels and, hence the number of clients. Optimization and digitalization of the process made it possible to reduce manual verifications, possible errors, and operating expenses.

Moreover, in 2020, the Bank and Neoflex, a developer of IT platforms for business digitalization, launched pilot services for receipt and processing of client requests from external sources on the basis of the Neoflex MSA Platform. The platform will enable the Bank to create and launch new services in common architecture within shorter time frames.

The aim of the implementation of the Bank's digitalization strategy and upgrading of its technology landscape is to achieve faster time to market for new product launches. Based on analysis of the customer's business tasks, Neoflex experts have, in cooperation with the Bank, developed a targeted architecture and deployed and configured the Neoflex MSA Platform as the first step. This produced an environment that brings together developers, engineers, and operations staff. The platform includes services, such as automated CI/CD processes, monitoring, logging, and enables the Bank to easily scale it as business functions are transferred.

Neoflex's pilot project has developed microservices that implement processing and verification of loan applications against the clients' requests received from partner websites and digital channels of the Bank followed by channeling the requests to the CRM system for further processing.

In 2020, the Bank deployed the AppDynamics solution to improve customer service levels. It will enable the Bank to effectively manage the performance of both internal and clients' applications.

CISCO's AppDynamics, a world leader on the market of monitoring performance of services and applications, and Bank Saint Petersburg, one of Russia's largest regional banks, announced the beginning of their cooperation aimed at the implementation of a long-term program for digital transformation of banking products. AppDynamics provides the Bank with a single platform for monitoring and analysis of software and hardware for improved customer service.

AppDynamics will monitor the Bank's infrastructure elements, such as the online banking portal, the mobile app, the Bank's internal applications, the client server application Microsoft Dynamics CRM, CFT-Bank ABS, the Processing System, and the IBM Integration Bus (IIB). The project is implemented in cooperation with Winncom Technologies, one of the leading vendors of integrated telecommunications and network solutions.

In July 2020, the Bank migrated to the fail-safe cluster RDQM, a group of servers that provide high accessibility of the IBM Integration Bus. The cluster uses a single IP-address and a failure of one server does not lead to an outage, as the IT systems automatically switch to another server in the cluster.

## INFORMATION SECURITY

The Bank pays great attention to the security of remote customer service systems. Protecting customer data and operations is one of the Bank's top priorities. In 2020, the Bank finished the implementation of the Information Security Strategy by having achieved the desired goals. Also, in 2020, it prepared a new Information Security Strategy for 2021–2023, which determines areas of improvement for the information security system and draws on the Bank's Development Strategy.

The Bank continued to improve the information security incident monitoring system. The Information Security Monitoring and Incident Response members took part in cyber drills both with the involvement of third party vendors and with the participation of FinCERT of the Bank of Russia. In order to remain prepared to counter external and internal attacks, penetration tests are conducted on a regular basis.

To minimize information security risks, a security standard for third parties that sets out mandatory requirements for provision of IT services was adopted for the purposes of contracting.

Thanks to the fact that the Bank's infrastructure was prepared for safe remote work, the staff was switched to remote routines within the shortest time frames.

The Information Security Strategy involved the deployment of a number of systems to protect the IT infrastructure, such as a privileged user monitoring system and a corporate network risk management system, as well as a protection system against targeted attacks during online operations.

The Bank's critical web-services, including its online banking service, were protected against application attacks using a web-attack protection tool from one of the leading data protection providers in Russia.

The Bank continues to expand and develop cooperation with leading Russian and international companies in the field of information security which ensures a high level of protection of the Bank's infrastructure, banking information and services.

The high level of compliance of the Bank's information security system with the latest requirements has been confirmed by successful audits in accordance with such standards as GOST R 57580.1-2017 "Security of financial (banking) operations. Protection of information of financial organizations. Basic set of organizational and technical measures"; Payment Card Industry Data Security Standard (PCI DSS) and a number of others.