

Translated from Russian

Attachment 15 to minutes of the meeting of Committee
for Strategic and Corporate Development of
Russian Agricultural Bank № 62 as of 13 November 2020



Russian Agricultural Bank

DEVELOPMENT STRATEGY 2025

Moscow, 2020

RusAg DEVELOPMENT STRATEGY

THROUGH 2025

INTRODUCTION

Dear Friends!



RusAg has been the core bank for Russia's agribusiness and rural areas for 20 years now. All these years, despite economic crises and other challenges, the Bank continues to contribute to the improvement of the quality of life in the countryside, maintain employment and social and economic stability in the country.

A Top Five financial institution in Russia, RusAg plays a systemic role in the national economy, serving seven million retail and corporate clients. The Bank is a leader by regional presence (with 70% of branches located in rural settlements and small towns), and is the fourth largest bank by mortgages and corporate lending and fifth largest by retail outreach and retail lending. As the undisputed leader in agribusiness finance, we have invested RUB 9.6 trillion in this sector over the last 20 years.

However, we do not stop in our development. The priorities we are setting in RusAg's Development Strategy through 2025 include supporting the government's policy for agribusiness and rural areas development, improving the quality of life of millions of our clients and promoting hi-tech services focused on people's needs. To put this all in place, the Bank must be tech-efficient and agile in responding to changes; we must rebuild our business processes and create a new corporate culture. Accordingly, we have made a decision to accelerate the Bank's transformation we launched in 2019.

We are dedicated to providing a comfortable environment for our target customer segments, and we will continue to develop unique digital services for agribusiness, support agricultural exports and help customers introduce advanced technologies for agribusiness. We will also promote farming, farm produce and rural lifestyle and will support higher education institutions that focus on agriculture.

In addition to developing modern digital services, we will continue to grow our regional presence to ensure that financial service is readily available, which is particularly relevant for clients in rural settlements and small towns. By 2022, we will bring the Bank's coverage of rural areas to 100%.

I am absolutely confident that by joint effort we can successfully develop agribusiness and the national economy as we rise to new levels of efficiency and competitiveness.

A prosperous country with well-off, happy citizens will always be RusAg's primary and ultimate objective.

Boris Listov
Chairman of the Board and CEO of
Russian Agricultural Bank

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**KEY MILESTONES.
RusAg AT A GLANCE**



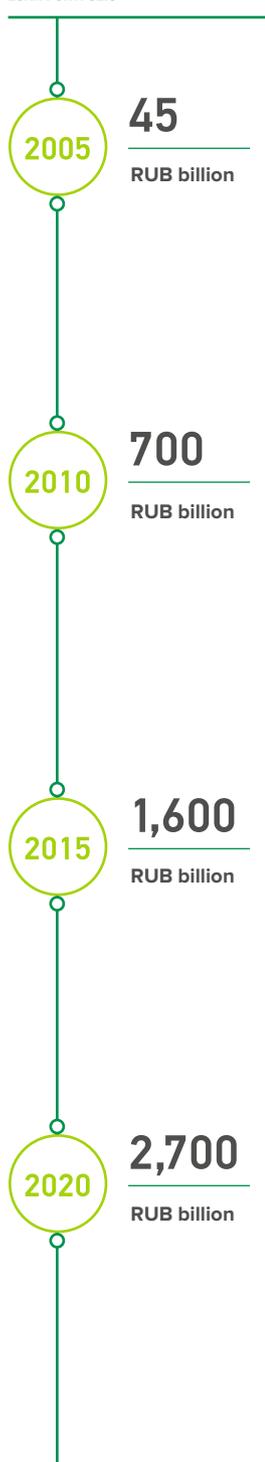
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MARKET
FORECAST



KEY MILESTONES

LOAN PORTFOLIO



2000-2009

SUPPORTING THE FORMATION OF AGRIBUSINESS

Established by the presidential order in 2000 as the core element of the prospective credit / financial system for servicing Russian agricultural producers, in 2006 RusAg becomes a key participant in Agribusiness Development, a high-priority national project for long-term investments in the sector. In 2007-2009, with a dynamic expansion of its regional presence, RusAg starts to play a key role in regional agribusiness projects, working to deliver the government's objectives of agribusiness formation and national economy development.

2010-2018

DYNAMIC GROWTH

RusAg raises finance globally and domestically, steps up financial support for agricultural producers, builds up a customer base and becomes a retail market leader. As RusAg is entered on the list of systemically important banks, it becomes the government's core financial institution for the purposes of the Food Security Doctrine and helps accelerate the unlocking of the import substitution potential.

Listed as a sectoral sanctions target, RusAg shifts its focus to domestic resources and grows its loan portfolio and retail deposits faster than the market average. RusAg builds a new high-quality loan portfolio and diversifies its business, maintaining a focus on financial support for agribusiness and retail; it nurtures leaders and supports innovators in the national agribusiness.

2019-2020

TRANSITIONING TO FUNDAMENTAL TRANSFORMATION

In a context where business models are transformed, the financial sector becomes digitised and the fintech sector evolves, RusAg decides to go with the change trends and lays the groundwork for a digital transformation of its business processes and sales channels. 2020 events prove it took the right decision to speed up transformation and create long-term competitive advantages and a comfortable environment for each client.

RusAg AT A GLANCE

RusAg IS A SYSTEMICALLY IMPORTANT FINANCIAL INSTITUTION FACILITATING AGRIBUSINESS DEVELOPMENT AND SERVICING CLIENTS ACROSS THE COUNTRY

RUB 9.6 trillion

invested in national agribusiness development

5,285

agribusiness investment projects supported by RusAg

7 million

retail and corporate clients

1,362

offices

12,600

points of sale across Russia

32,000

employees working for the RusAg Group

RUB 2.7 trillion

aggregate loan portfolio (5th largest)

RUB 0.4 trillion

SME loan portfolio (3rd largest)

RUB 0.3 trillion

in mortgages (4th largest)

30%

market share in agribusiness finance (No. 1)

70%

market share in seasonal works finance (No. 1)

75%

rural coverage by RusAg's branch network

REGIONAL DEVELOPMENT

RusAg IS A BANK FOR THE REGIONS, WITH A STRONG BRANCH NETWORK AND SERVICES AVAILABLE AT MORE THAN 12,600 POINTS OF SALE, INCLUDING 1,362 OFFICES.

RusAg HAS SUPPORTED A TOTAL OF 5,285 AGRIBUSINESS INVESTMENT PROJECTS ACROSS THE COUNTRY.

Agribusiness investment projects supported by RusAg



332 OFFICES

1,081 INVESTMENT PROJECTS

CENTRAL FEDERAL DISTRICT

89 OFFICES

481 INVESTMENT PROJECTS

NORTH CAUCASIAN FEDERAL DISTRICT

128 OFFICES

521 INVESTMENT PROJECTS

SOUTHERN FEDERAL DISTRICT

354 OFFICES

1,576 INVESTMENT PROJECTS

VOLGA FEDERAL DISTRICT

110 OFFICES

520 INVESTMENT PROJECTS

NORTH-WESTERN FEDERAL DISTRICT

103 OFFICES

310 INVESTMENT PROJECTS

FAR EASTERN FEDERAL DISTRICT

71 OFFICES

140 INVESTMENT PROJECTS

URAL FEDERAL DISTRICT

175 OFFICES

656 INVESTMENT PROJECTS

SIBIRIAN FEDERAL DISTRICT



LONG-TERM TRENDS

FUNDAMENTAL TRENDS IN RUSSIA'S ECONOMY, BANKING SECTOR AND AGRIBUSINESS THAT UNDERPIN THIS LONG-TERM FORECAST ARE EXPECTED TO CONTINUE OVER THE NEXT FIVE YEARS, ALTHOUGH THEIR TRAJECTORY MAY VARY DEPENDING ON THE DEPTH OF CHANGE TRIGGERED BY THE FINANCIAL CRISIS AND THE 2020 PANDEMIC.

BANKING SECTOR TRENDS

SOCIAL AND VALUE-BASED

Growing security demands; social distancing; a faster pace of digital transformation of client communication channels

Growing requirements for customised service; the emergence of new customer experience standards; a wider availability of investment services for the mass segment

Lower loyalty barriers for customers; a growing impact of non-financial drivers on bank selection by clients

ECONOMIC

Proactive implementation of new business models (including marketplaces, platforms, partnerships)

Prioritised development of transactional business, as sustainable, long-term client relationship becomes paramount for successful competition

Narrowing bank margins and falling ROE

POLITICAL AND REGULATORY

Maintenance of country and sectoral sanctions; restricted access to foreign markets; a deficit of long money in the economy

The leading role of government in developing high-priority sectors of the economy; national projects as a driver of investment growth

Mounting regulatory pressure on the banking sector

TECH

Wide spread of new tech solutions (AI, machine learning, big data, IoT, blockchain, virtual and augmented reality, etc.)

Internal digital transformation and process automation at banks

Growing cyber threats and demands for cybersecurity

AGRIBUSINESS TRENDS

SOCIAL AND VALUE-BASED	A growing demand for healthy and affordable food
	De-urbanization and increasing demands for the quality of rural life
	An increasing demand from agribusiness for highly skilled professionals
ECONOMIC	Growing investments in fixed asset renewal, production efficiency and logistics
	Prioritised support for export operations and the creation of new 'windows of opportunity' for Russian agricultural exporters
	Rising concentration in agribusiness; the need to identify new niches and sales channels for small and medium-sized producers
POLITICAL AND REGULATORY	A more prominent role of government in rural development and small business development in rural areas
	Diminishing reliance by Russian agribusiness on imported machinery and technologies
	Stricter product safety requirements; introduction of environment-friendly production standards
TECH	Digital transformation, transition to 'smart' agriculture; development of agricultural technologies
	Breeding and genetics development
	Technology development to boost resilience to climate change and epizootic risks

GEOPOLITICS AND GLOBAL MARKETS

A long period of sustainable growth in the global economy, driven by technological achievements of the fourth industrial revolution, a rapid spread of globalisation, a sharp rise in money supply and low inflation on a global scale, is now coming to an end. 2020 will be remembered as a year of dramatic economic downturn marked by growing market uncertainty, declining global GDP and falling real disposable incomes for a vast number of people the world over. The pandemic is seen as a catalyst for a drastic transformation of production and consumption patterns around the world as well as technological progress towards enhanced cybersecurity. **Accelerated digital transformation** is becoming essential for all spheres of public life and business. Unlike previous crises, many of the consequences of 2020 that are setting economic, behavioural and technological trends are becoming **new facts of everyday life**.

Russia's economy, although not immune from global trends, is in an advantageous position: it is not 'overheated'; no bubbles are seen on its financial markets; it has relatively low levels of corporate and sovereign debt and it has accumulated some reserves. The Russian government is putting in place measures to revive the national economy, aiming to transition to recovery growth in mid-2021 and to resume **sustainable growth** by the end of 2021.

However, neither the global nor Russian economy will be immune from the ever-accelerating political, technological and other changes – and only those who are able to quickly rethink their strategic and operational models will be successful, irrespective of the segment they operate in.

RUSSIAN BANKING SECTOR

After five years of vigorous reform, the Russian banking sector has reached a level of sustainability and developed the resources and technologies it requires for steady operation.

In the new, 'post-pandemic' era, rapid **digital transformation** emerges as a sine qua non for further growth of the banking sector, given that technology development (AI, machine learning, big data, IoT, blockchain, virtual and augmented reality, etc.) helps introduce new banking business models and, at the same time, improve banking processes and cut costs. Digital transformation across the banking sector will be aligned with the further development of the *Bank In Your Pocket* concept. It is also a prerequisite for a successful realisation of another trend when products and services from different sectors are integrated around a bank on technology platforms that serve as a single window of access to all types of services. This trend is Russia-specific: other countries tend to place prominent IT companies at the core of such amalgams. By creating groups of subsidiaries that provide insurance, financial, investment and non-financial services and by building a cluster of strategic partners, banks can expand the range of services that cover all aspects of their clients' life and business.

Banks will be looking to grow their **transaction income** as falling interest rates in the economy put pressure on interest margins. Accordingly, banks will have to expand the range of their services, both traditional financial (including leasing and factoring) and non-financial, through developing partnerships and digital ecosystems.

Corporate lending in 2020-2021 will be largely focussed on working capital finance, given negative developments on the global and domestic markets. Short-term focus will have to be on debt restructuring tools as well as on financing urgent needs and covering cash gaps. The delivery of national projects and government support will help restore corporate lending in terms of size and growth rates. As business activity recovers, demand will gradually shift towards investment and project financing. Over time, corporate finance transactions are expected to grow more and **more sophisticated** and will require from lender banks a thorough understanding of their clients' business as well as their sectoral and manufacturing context.

Although shrinking consumer activity may put brakes on retail lending, it is likely to recover soon if unemployment remains low. At early stages, sustainability and growth in the retail loan portfolio will rely on government-subsidised **mortgage lending**. As regards other retail lending segments, banks who want to grow on this very competitive market will need competency and technology to be able to assess and manage credit risk in their retail portfolios.

RUSSIAN AGRIBUSINESS DEVELOPMENT

Unlike many other sectors, agribusiness has demonstrated a stronger resilience to the pandemic and is expected to act as a key driver of recovery and subsequent growth of the national economy. The key objectives for agribusiness will be to ensure that **food products are readily available** up and down the country as well as to gain a better foothold on the global market to be able to boost its exports. A weaker rouble will support the competitiveness of domestic products, whereas growing costs of imported resources will facilitate import-substitution and drive up demand for loans.

To be more cost-effective, agribusiness will have to transform itself through **digital transformation** and advanced **agricultural technologies**, including automation, 'precision farming' and new approaches to breeding. First and foremost, this will create benefits for large holding companies, helping them grow their market shares. SMEs (about 40% of the agricultural market) will continue to grow too, if they are able to phase in new technologies and identify new channels for distribution.

Sector transformation will require investment in **fixed assets**, whilst a growing market of **agricultural insurance** will help mitigate financial risks in agribusiness. In this context, banks that serve agribusiness (and insurance companies alike) must be able to develop advanced **industry expertise**.

Given that the gradual consolidation of retail networks will significantly affect producer prices, mechanisms will have to be put in place to promote small businesses' products as an alternative to large retail.

Although global trends are expected to change consumer behaviour in Russia giving prominence to new niche food categories, their consequences for the domestic market are unlikely to be very significant.

The 'new reality' triggered by the pandemic will facilitate **de-urbanisation**, rural development and agro tourism. Combined with government subsidies for rural loans and construction of municipal and social infrastructure, these trends will contribute to **rural development** whereas growing business activity in rural territories will require more sophisticated physical bank networks as well as digital service.

Factors such as these create demand for better banking service in rural areas, new financial solutions and customised **digital service**.

Given growing technological sophistication and competition in agribusiness, the sector needs adequately **trained** professionals, either as new graduates or retrained experts.

ECONOMIC DEVELOPMENT SCENARIOS THROUGH 2025

Although our macroeconomic forecast is underpinned by sustainable long-term global trends, the market turbulence caused by the plummeting oil prices and the pandemic is bound to affect the trajectories of these trends, making expert forecasting wander on the current stage within a fairly wide range.

For the purposes of modelling RusAg performance indicators and forecasting what path the bank may follow to reach its strategic goals, we have developed **three** macroeconomic **scenarios**: Negative, Baseline, and Optimistic.

These scenarios are informed by different macroeconomic assumptions, but each of them factors in a stabilisation in the sectors most badly hit by the crisis, a gradual **recovery** of economic growth in 2021, and a **transition to growth** by the end of 2021.

Having analysed growth rates in the global and domestic economy as well as the current forecasts of the Russian Ministry for Economic Development, we have decided to use the **Baseline scenario** for Strategy 2025. It is based on the following assumptions: economic consequences of the pandemic are eventually mitigated and the pandemic does not generate any subsequent large-scale waves; banking sector regulation helps reduce risks for the sector; financially stricken businesses continue as going concerns, and no systemic action is taken to resolve the 'bad debt' problem.

However, as rapid global developments are keeping Russian economy's growth indicators in a zone of high **uncertainty**, forecasts will have to be updated on an ongoing basis at the government level. We will be assessing movements in these indicators and the way they impact the RusAg Group's business, promptly fine-tuning our current priorities and targets within the framework of our global development objectives set in Strategy 2025.

FORECASTS FOR 2021-2025

3.3%

GDP growth in 2021

3.1%

annual GDP growth
in 2022-2025

USD 40-50/bbl

oil price

3.5-4%

inflation

RUB 70-80

dollar exchange rate



3

MISSION AND
TARGET IMAGE.
STRATEGIC OBJECTIVES



MISSION

WE ARE BUILDING THE BEST BANK FOR AGRIBUSINESSES, SMEs AND THE POPULATION OF THE COUNTRY'S REGIONS. WE ARE PUTTING IN PLACE ADVANCED DIGITAL TECHNOLOGIES AND KEEPING OUR REGIONAL NETWORK RUNNING TO MAKE OUR PRODUCTS AND SERVICES AVAILABLE 24/7 NATIONWIDE. BY MAKING LIFE COMFORTABLE, WE HELP REALISE A POSITIVE SCENARIO FOR THE FUTURE.

As Strategy 2025 targets were developed with regard to the National Development Targets of the Russian Federation and Agribusiness Development Strategy through 2030, the achievement of these targets reflects our role in delivering on agribusiness and rural areas development targets.

RusAg's TARGET IMAGE 2025 IS SHAPED BY TWO STRATEGIC OBJECTIVES:

OBJECTIVE No. 1. THE CORE BANK FOR AGRIBUSINESS AND RURAL AREAS

RusAg helps clients proactively use the available windows of opportunity and respond to the challenges of the 21st century on both domestic and global scales. RusAg plays an active role in agribusiness transformation and acts a key government policy tool to fundamentally develop agribusiness and rural areas.

RusAg is now more than just a bank or a provider of traditional financial services – it offers unique non-financial mechanisms for comprehensive support of agribusiness and rural areas. RusAg creates a comfortable business environment, facilitates growth of the entire agribusiness, promotes farming and improves the quality of rural life.

OBJECTIVE No. 2. AN EFFICIENT, COMPETITIVE, HI-TECH FINANCIAL INSTITUTION

RusAg is an operationally efficient and financially sustainable institution that relies on diversified streams of income and resources as well as on a high quality of its loan portfolio.

RusAg is a competitive, modern commercial bank that complements advanced digital transformation with a trusting, customised approach. Its services across digital channels are reinforced by a strong regional presence and rapid rollout of state-of-the-art innovative solutions.

OBJECTIVE No. 1

THE CORE BANK FOR AGRIBUSINESS AND RURAL AREAS

As a long-time partner and core bank for agribusiness, RusAg primarily aims at **attracting investment in agribusinesses' fixed capital** to boost the sector's added value and production efficiency. This objective is part of Agribusiness Development Strategy through 2030 approved by the Russian Government. Given that Russia's agribusiness increasingly needs integrated solutions, RusAg aims to shift to a 'turnkey' investment project model, implementing products aligned with government support instruments and using advanced credit and debt market tools. As a service to large corporates, RusAg can arrange bond issues and float bonds on the stock market. RusAg intends to grow agribusiness financing to **RUB 2 trillion** by 2025, maintaining leadership in both investment and working capital financing, primarily for seasonal works.

Aiming to step up agricultural **exports** to minimum USD 45 billion dollars annually, RusAg will engage in upgrading production and delivering an acceleration programme for agricultural exporters to help them bring their products to export markets. By developing its core competencies RusAg will ensure that its customers have the benefit of its support as a skilled professional player and reliable source of information on export related issues.

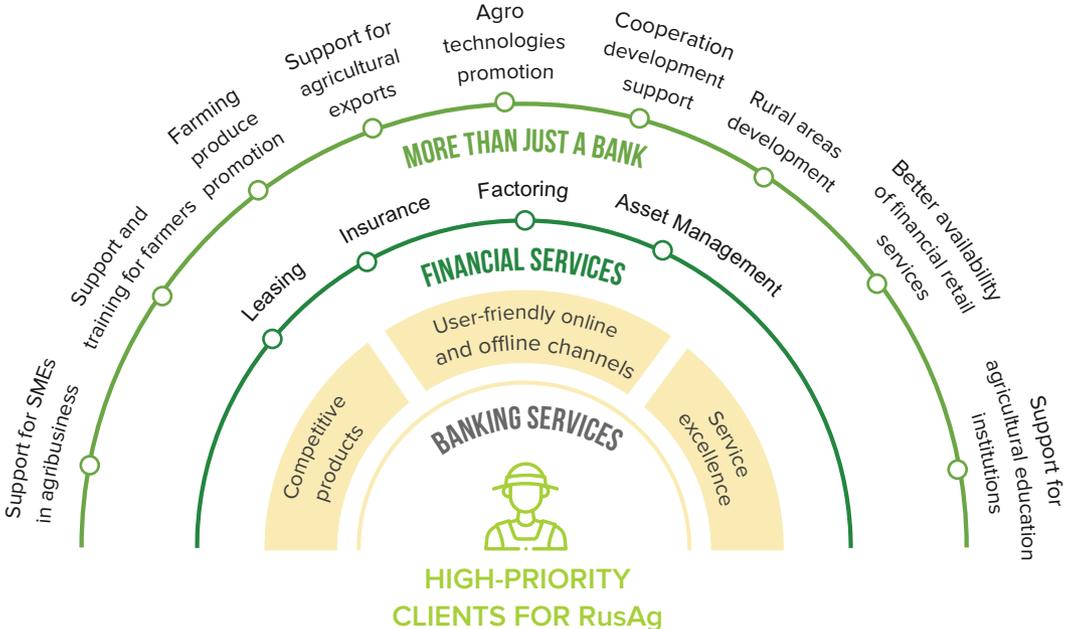
RusAg will strengthen its role as a leading expert and trustworthy source of agribusiness analytics, building up an advanced **knowledge base** to improve customer relations, develop lending operations and support a wide range of its customers with industry analytics. RusAg's expertise will also be essential for industry-wide consulting, which includes the selection of the relevant government support programmes, insights for specific customer needs, marketing research and support in the course of technology audit and equipment selection.

To contribute to **rural development**, RusAg will deliver a wide range of measures aligned with the objectives of Comprehensive Rural Development, a government programme for financing and issuing guarantees for developers, contractors and subcontractors for the projects they implement under the programme. This programme also offers mortgage lending to improve housing conditions in rural areas and small-sized settlements. Prioritised development of these areas will help RusAg expand its mortgage portfolio by 10-20 per cent on an annual basis, which corresponds to up to two thirds of its total retail loan portfolio growth over a five-year horizon. At early stages, this growth will primarily be driven by rural mortgage which (being launched in 2020) has already helped identify high demand and a great potential for growth.

A **better availability** of the RusAg Group's financial services is a critical driver of rural development, which will be supported by a broader regional presence, remote facilities and the involvement of authorised representatives alongside distant channels.

Given increased customer demand for integrated and sophisticated banking service, RusAg offers a wide range of state-of-the-art competitive **banking services** across remote channels and through a network of operational offices available up and down the country. In addition to traditional banking, the RusAg Group will be developing **financial services**, including leasing, factoring, insurance and asset management. To meet the needs of its target customers, RusAg is building a **comfortable environment** as it develops specialised non-financial services and support tools and becomes **more than just a bank**. Such target customers are primarily SMEs in agribusiness, farmers, agricultural exporters, rural residents and students of agricultural higher education institutions.

A COMFORTABLE ENVIRONMENT FOR HIGH-PRIORITY CLIENT SEGMENTS



To develop non-financial services for **SMEs** in agribusiness, RusAg intends to use digital **ecosystem Svoe.Fermerstvo** (My Farming) launched in 2020. **Svoe.Fermerstvo** is a nationwide innovative online platform used by agribusinesses to purchase seeds, fertilisers, feed, agricultural machinery and other products as well as receive 24/7 veterinary consultations, access agro-technology solutions in addition to a wide range of banking, accounting, legal, recruitment and other services.

It is a priority for RusAg to support **farmers**, including by promoting farming produce and developing regional brands. Offline promotion will be supported by putting up farmers stalls at retail outlets and running **Svoe** farming product fairs across the regions. **Svoe.Rodnoe** (A World of My Own) online platform, launched in 2020, brings together farmers and buyers and helps them sell and buy farming products and agro tourism services direct. Customers can use mobile and web-based apps to choose from a wide product range and order farm produce bypassing intermediaries and avoiding surcharges. It is a good opportunity for farmers to sell direct and offer trips, tasting experiences and craft workshops.

RusAg also intends to deliver programmes to **train** and retrain farmers. In 2020 it launched **Farmer's School**, a unique project bringing together agricultural education institutions, regional authorities and agribusinesses and helping recruit highly skilled personnel for Russian agribusinesses as well as create new jobs and engage farmers in commodity distribution mechanisms.

For companies who want to operate globally, RusAg and the Russian Export Centre are developing **Export Accelerator**, a programme to assist in building up export competencies and bringing new agribusinesses onto global markets. In addition, the programme offers educational, financial and non-financial tools to support and accelerate export activities for entrants with no exporting experience. To promote global exports RusAg, together with the Russian Ministry for Agriculture and Moscow State Institute of International Relations, is developing a training programme for agricultural attachés.



As the RusAg Group is making its banking services more available to rural residents and small settlements online and offline, RusAg is introducing new customised retail services, including an online platform offering real estate under a subsidised rural mortgage programme.

RusAg is committed to expanding its comprehensive programmes for **agricultural education institutions**, including campus projects, RusAg scholarships, advanced training and internships. The bank also helps young professionals find jobs in the countryside. Today, RusAg is working with 54 agricultural education institutions in Russia, supporting more than 400 students.

RusAg in 2025

1st
strategic partner for
agribusinesses

1st
lender to
agribusinesses

1st
in seasonal
works finance

1st
bank for farmers

RUB 2 trillion
in agribusiness
financing

100%
rural coverage



OBJECTIVE No. 2

AN EFFICIENT, COMPETITIVE, HI-TECH FINANCIAL INSTITUTION

To achieve its strategic goals and stay competitive on the horizon of Strategy 2025, RusAg launched in 2019 a comprehensive **transformation** programme for IT, customer services, internal business processes and corporate culture. This will help the bank rise to a new technological level and provide fast and comfortable service to each and every client. As some of the **transformation** projects have been completed by now, RusAg is now offering advanced and highly popular digital services, maintaining high rates of development and update.

Not only will these changes help RusAg remain a trustworthy partner for customers, but also become the 'bank of first choice' for agribusinesses and rural residents. Along with the development of digital channels, the bank will continue to **expand its physical regional presence**, including 'light-format' offices and multifunction branches in district centres. Successful transformation will ensure that bank systems are integrated with the government's existing and emerging digital services to maintain a comfortable and seamless customer relationship.

As RusAg further develops its specialist agribusiness expertise, its clients will come to enjoy its integrated personal offers of financial and non-financial service synched with government support programmes and will be given an opportunity to gradually integrate with marketplaces and other external platforms. As an example, not only will RusAg provide financial support to clients engaged in foreign economic activities (including agricultural exporters), but it will also offer an improved mechanism for international payments and introduce a marketplace based platform with non-banking services, such as global partner selection, customs clearance, product certification and logistics services.



RusAg will use client relationship history to offer customised digital services to residents of small settlements. Clients will not need to visit a physical office to receive a service of excellence: the bank and the client will be interfacing in modern digital channels, including messengers and social media, as well as through **specialised digital services** established for specific needs of target audiences. As an example, with ecosystem **My Time** elderly customers with an active lifestyle have access to most convenient services that are useful in everyday life and help arrange contacts with government agencies, enhance financial literacy, get discounts at stores and pharmacies, use online training and other services. **My Housing** ecosystem, launched in 2020, makes real estate operations as transparent and convenient as they can possibly be for clients who want a new home. In addition to selecting residential options and having their mortgage applications approved online, clients can use other services such as moving, cleaning, design and renovation.

All RusAg Group financial and non-financial services, including specialist ecosystem-based digital services for agribusinesses, will be at the disposal of SMEs, enabling them to use recruitment, accounting, legal and business planning services; access all the relevant government services through one window; and implement systems for e-document management and business analytics. All of the Group's target services will be at the disposal of SMEs in a digital format.

It is expected that these efforts will help RusAg grow the percentage of current and settlement accounts in total customer accounts to at least 20-25 per cent, and total customer liabilities to RUB 4 trillion by 2025.

Internal business process transformation and digitisation efforts will deliver better customer experience. According to RusAg estimates, this will help grow functionality optimisation rate from 20 to 50 per cent, depending on the function, and bring down Cost-Income Ratio (CIR) by at least 2-3 pp on an annual basis.

To ensure fast growth of its front-end systems, RusAg intends to build a state-of-the-art infrastructural application-based IT landscape on the principles of **micro-service architecture** and change over to modern languages and development tools on a commercial scale to be able to implement new business logic quickly, without interruption or downtime. This will eventually reduce response time to market changes by a factor of minimum two or three, helping maintain a product range that is up-to-date and popular with clients and launch new services onto the market against the clock.

Data management efficiency will grow with a new consolidated data storage facility integrated with the core systems of the bank, delivering effective data governance and using BI tools and big data analytics. Modern technologies for unstructured data storage and processing (Data Lake, etc.) will act as additional growth drivers.

It is one of RusAg's key priorities to ensure that its financial transactions and customer data are **secure**. Regular monitoring and response to DDoS attacks from a single centre, with cross-channel fraud monitoring and secure development techniques, help minimise the negative impact of the growing number of cyber threats. RusAg is committed to proactively counteracting external threats and using cyber intelligence tools to predict the direction of computer attacks and to neutralise high-tech malware. These efforts will be strengthened by inculcating a corporate culture of information security amongst employees and clients.

Transformation results will serve as a **key driver** for Strategy 2025 and are expected to help the Group boost its transaction income 1.8 times by 2025, and its total income 1.5 times. Accordingly, this will go towards covering the costs related to RusAg transformation and delivering sustainable internal generation of capital on the levels required for further development of the RusAg Group.

RusAg in 2025

RUB 4 trillion

loan portfolio

RUB 4 trillion

customer accounts

+50%

RusAg Group
income growth

+25%

customer base
growth

100%

share of target bank
products available
digitally

x1.5-2 times

growth in the Group
products per
customer ratio

A photograph of a nest containing seven eggs, six light brown and one speckled, resting on a bed of straw inside a wooden enclosure. A bright light source from the right creates a strong highlight on the straw and the eggs. The background shows the wooden walls of the nest.

4

TEAMBUILDING



A TEAM OF PROFESSIONALS

Transformation and the development of corporate culture are seen as the key drivers of RusAg's successful evolution. To accomplish its strategic objectives under Strategy 2025, RusAg is building up a team that is highly efficient, performance-driven and prepared for rapid changes. This suggests a shift from a traditional culture based on hierarchy and rivalry over resources to a **digital culture** with an emphasis on delegation, cooperation and agility.

RusAg's corporate culture rests on the following **teamwork** pillars:

- Use of modern technology and identification of new market trends
- Fast adaptation to change
- Cohesion and engagement
- Reasonable allocation of resources and performance focus
- A systemic approach to improving competencies; continuous development and application of new skills.

We intend to develop our teams through **training** and mentoring, by introducing a coaching ecosystem, by expanding and automating functions at our corporate training website and by establishing an in-house multimedia lab. RusAg identifies three key areas of professional skills development for its staff members:

- Smart training courses on advanced financial and analytical tools, management skills and efficient performance in project teams
- Establishing a leadership institute with an advanced level of digital competencies and personal qualities to enable people to make decisions in a rapidly changing environment
- Helping specialist staff develop profound industry-specific competencies in agribusiness, offering advanced training (including joint programmes with agricultural education institutions).

We intend to put in place a culture of teamwork through corporate sporting and intellectual events, digitally transforming staff communication processes and developing remote interactive training formats.



Creating a **comfortable office environment** for teams and staff is an equally important success factor in building corporate culture and developing the Group's business. This will be supported by a whole range of efforts to develop innovative office spaces, promote a healthy lifestyle, such as *Health Days*, eco- and charity projects, and to apply a flexible approach to shaping a package of social benefits. RusAg wants to become one of the select employers in the national financial sector by creating a comfortable environment for the development of professional and personal competencies of its staff, helping them attain their objectives and fulfil career ambitions.



CONCLUSION

Strategy 2025 is RusAg's roadmap for the coming years. Our objectives are closely aligned with the nation-wide objectives and government efforts to support agribusiness and rural areas development.

For our Strategy 2025, we chose the most intensive, fast-tracked option to create a comfortable environment for customers, make high-tech services conveniently available both physically and digitally for residents of rural areas, small settlements and, indeed, for every Russian citizen. Our primary focus is people, particularly people who work the land.

Strategy 2025 will help us transform and evolve into more than just a bank, rising to new levels of competitiveness and staying fit for new challenges on the next strategic horizon as we continue to be the core bank for agribusiness and rural areas.

RusAg's team is moving ahead with confidence. We share our success with the whole country and remain part and parcel of its past, present, and future.

A prosperous country with well-off, happy citizens will always be RusAg's primary and ultimate objective.

