



SCB-25 Social Eurobond Use of Proceeds Report For 2021Y

1.	About the Bank	2
2.	Sovcombank PJSC Project	2
3.	Issue Information	4
4.	Project Financing	5
5.	Proceeds Allocation	5
6.	Management of Undistributed Proceeds	5
7.	Qualitative and Quantitative Indicators	6
8.	Project Implementation and Use of Proceeds	7
9.	Project Status EOP	7

1. About the Bank

Sovcombank is a universal nationwide bank included in the list of systemically important financial institutions. In 2021, Sovcombank ranked among the top 10 largest banks in Russia across a range of key metrics and was in the top 3 privately-owned banks by total assets and retail loan portfolio.

Approach to sustainable development and responsible financing

Sovcombank seeks to strike the right balance between maintaining stable shareholder returns, providing decent living conditions for its employees, ensuring a high quality of services for its customers and making a difference for the wider society.

The Bank integrated global ESG initiatives into its strategy and actively develops responsible financing and investment tools to facilitate the ESG transformation of its clients. As one of Russia's pioneers in ESG banking, Sovcombank arranged the first Russian placements of green and social bonds in 2020 and introduced ESG-linked loans.

To promote responsible banking services, Sovcombank adopted its Responsible Finance Policy. The key principle of the Policy is to increase the positive impact and reduce the negative impact on society and the environment.

The Responsible Finance Policy is available on the Bank's [website](#).

2. Sovcombank PJSC Project

2.1 Project Title

The Halva national system of installment cards ("the Project").

2.2 Project Summary

In 2021, Sovcombank placed an issue of social Eurobond with the total value of the placement amounting to **\$300,000,000**.

The proceeds from the issuance of social Eurobond are used to finance the Bank's socially oriented project Halva, a national system of installment cards, which provides low- and moderate-income customers (earning up to 50,000 rubles per month before tax) with an interest-free installment plan of up to 12 months for purchases of goods (in some cases up to 36 months). The card also offers cashback and interest on account balance.

The issuance was verified by one of the world's largest ESG international rating agencies and complies with the Social Bond Principles (SBP) of the ICMA. The bonds received high credit ratings from international and Russian agencies.

This transaction is the first ever placement of social Eurobond by a Russian financial institution and the first ever placement of social Eurobond in US dollars by a financial institution from the CEEMEA region.

The Moscow Exchange included the Eurobond issue in its [Sustainable Development Sector](#) established to finance projects in the fields of environmental and social sustainability. Sovcombank's Eurobond falls into the social bonds segment.

The use of proceeds from the placement of social Eurobond meets the following requirements:

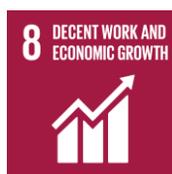
The project category according to the ICMA Social Bond Principles

UN SDGs



1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Access to essential services



8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

3. Term Sheet

Short name	SCB-25
Full name	SovCom Capital 2025
ISIN	XS2291914971 144a: US84605LAC00
Currency	USD
Total size, pcs.	300,000
Total nominal value, USD	300,000,000
Issue date	January 26, 2021
Maturity date	January 26, 2025
Start of trading on the Moscow Exchange	February 1, 2021
Listing level	3
Interest rate, % per annum	3.40
Credit ratings as at 31.12.21	Moody's: Ba1 Fitch Ratings: BB+ ACRA: AA-(RU)

Details

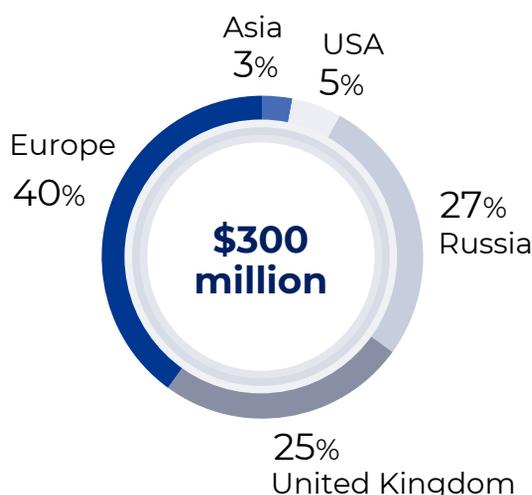
Demand for the Bank's Eurobond peaked at \$900 million. Due to this high demand, the final coupon rate was the lowest among all existing issues of banks in Russia and the CIS – 3.4% per annum.

4. Project financing from SCB-25 social Eurobond

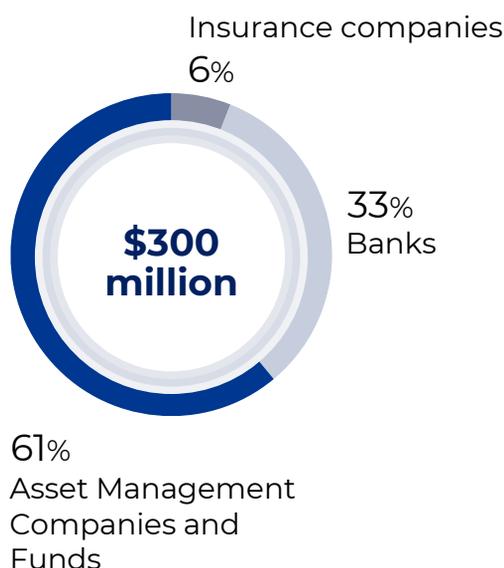
Proceeds from the issuance of social Eurobonds (LPN – Loan Participation Notes) of Sovcombank PJSC (issue of LPN by SovCom Capital D.A.C., “SCB-25 social Eurobond”) used to finance the Project totaled **300,000,000 (three hundred million) US dollars** (about **22.5 billion rubles** at the exchange rate on the date of issue).

Allocation:

Geographic breakdown



Investors



5. Information on the use (allocation) of proceeds from the issue of SCB-25 social Eurobond

Proceeds from the placement of SCB-25 social Eurobond in the amount of \$300,000,000 were used to fund the loan portfolio of Halva installment cards. As a result, the portfolio grew by **43 billion rubles** (68%) for the period starting February 01, 2021 (Start of trading on the Moscow Exchange) and ending December 31, 2021.

6. Management of undistributed proceeds from the issue of SCB-25 social Eurobonds

Funds were fully allocated to support the Bank’s Project activities.

7. Qualitative and quantitative indicators of the Project

Pursuant to the Social Bond Framework, Sovcombank discloses the information on the Project's social impact on an annual basis:

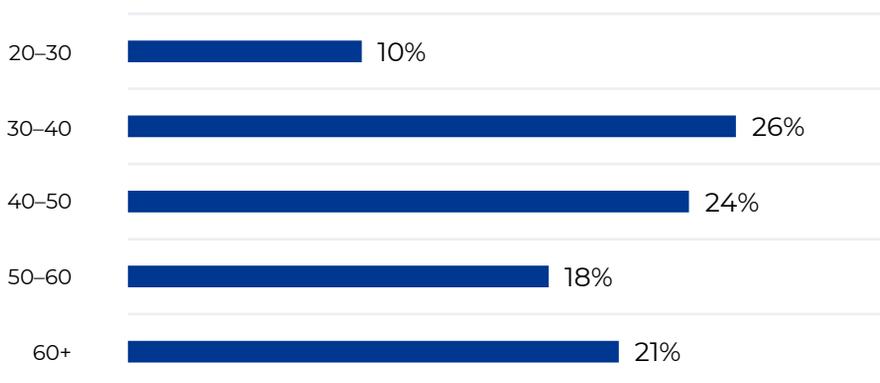
7.1 The total number of cards provided

As at December 31, 2021, Sovcombank issued a total of 8.2 million Halva cards (up 30% vs 6.3 million as at December 31, 2020). The approval of Halva card issuance is based on a comprehensive assessment of the client's creditworthiness.

7.2 Demographic data on the pool of cardholders

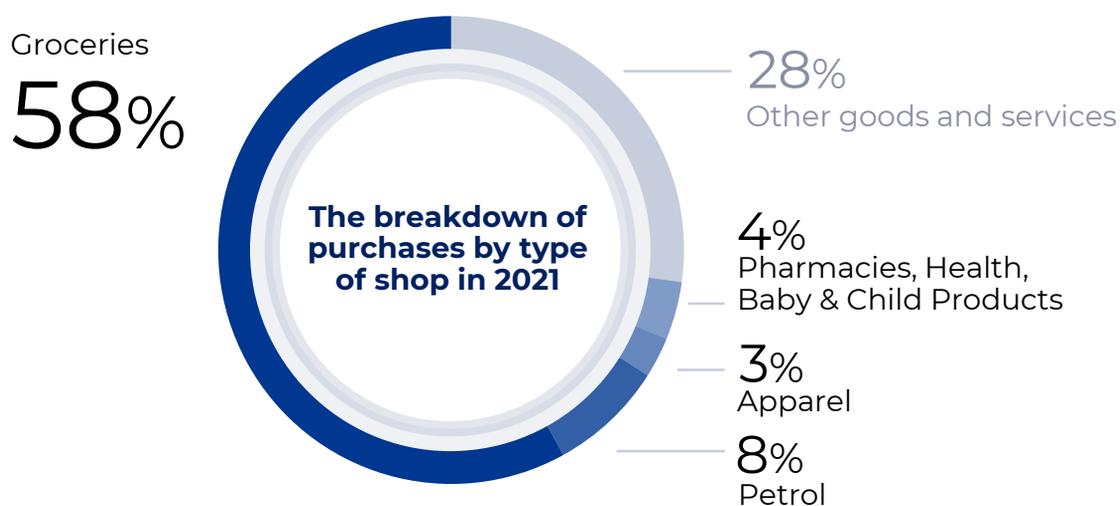
21% of cardholders are people of retirement age over 60 years old, and their share is growing: in 2020, they accounted for 19% of card users.

Demographic data on the pool of cardholders, 31 Dec 2021



7.3 The breakdown of purchases by type of shop

In 2021, socially significant categories such as groceries, petrol, apparel, medicine accounted for 72% of receipts. At the same time, the total volume of transactions with the Halva card increased by 45% year-on-year.



8. Information confirming the implementation of the Project and the actual use of proceeds from the placement of SCB-25 social Eurobond

Since the date of issue of social Eurobond (February 01, 2021) to December 31, 2021, the Halva cards portfolio increased by **43 billion rubles**. The proceeds from the SCB-25 Eurobond placement were the main source of funding for the portfolio.

9. The Project status as of the end of the reporting period (December 31, 2021)

The Halva installment card is the pillar of the Bank's long-term strategy and the driver of its retail business. Since the launch of the project in March 2017, 8.2 million cards have been issued and 221,000 Russian retailers have become partners of the Project.

Today, the Halva card enables Sovcombank to ensure that the majority of the Russian population has access to high-quality financial services, acting as an alternative to traditional credit cards.



2 0 2 2