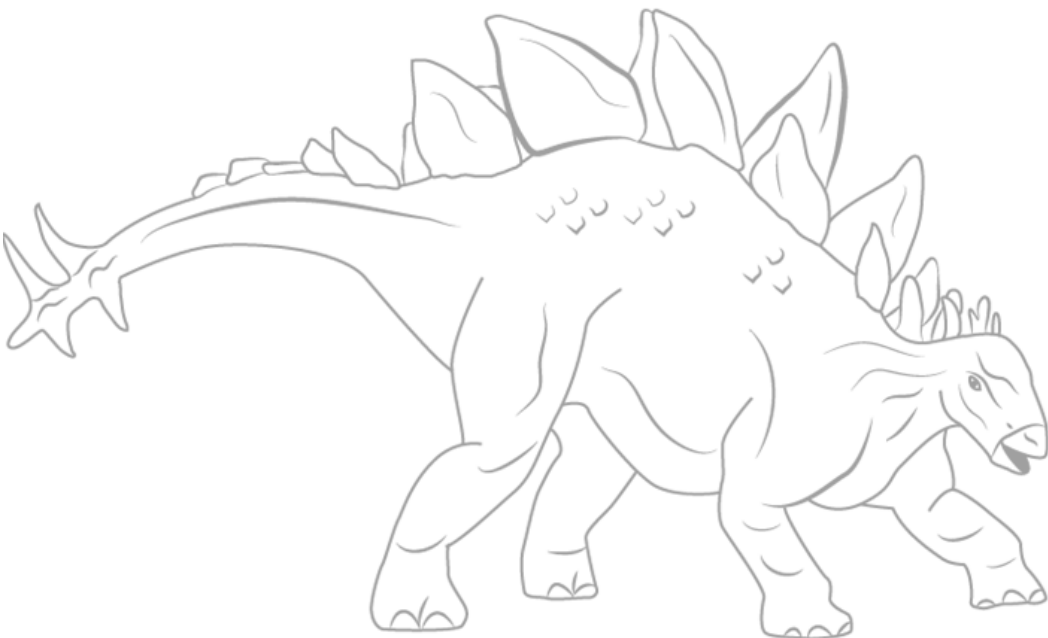


# What does future hold for banks: evolution or extinction?



March 18, 2021

- 
- Last 25 years – In high tech value created, in financial services value destroyed
  - Lost decade – European banks lost 60% of their value
  - Global market cap leaders – Top-30 is dominated by IT sector
  - Top-100 – Winner takes it all
  - Quadro play – Four horsemen racing to The Circle
  - Quadro play in Russia – Who is going to hit the jackpot?
  - Russia's GDP, Equity and Fixed Income are a small fraction of the world's
  - Russia's consumer demand is limited by low income and savings
  - Russia's online advertising is small compared to US or China's
  - Foreign trade turnover in Russia is 42% of GDP, higher than US, Japan or China's
  - Do you want to be The Circle?

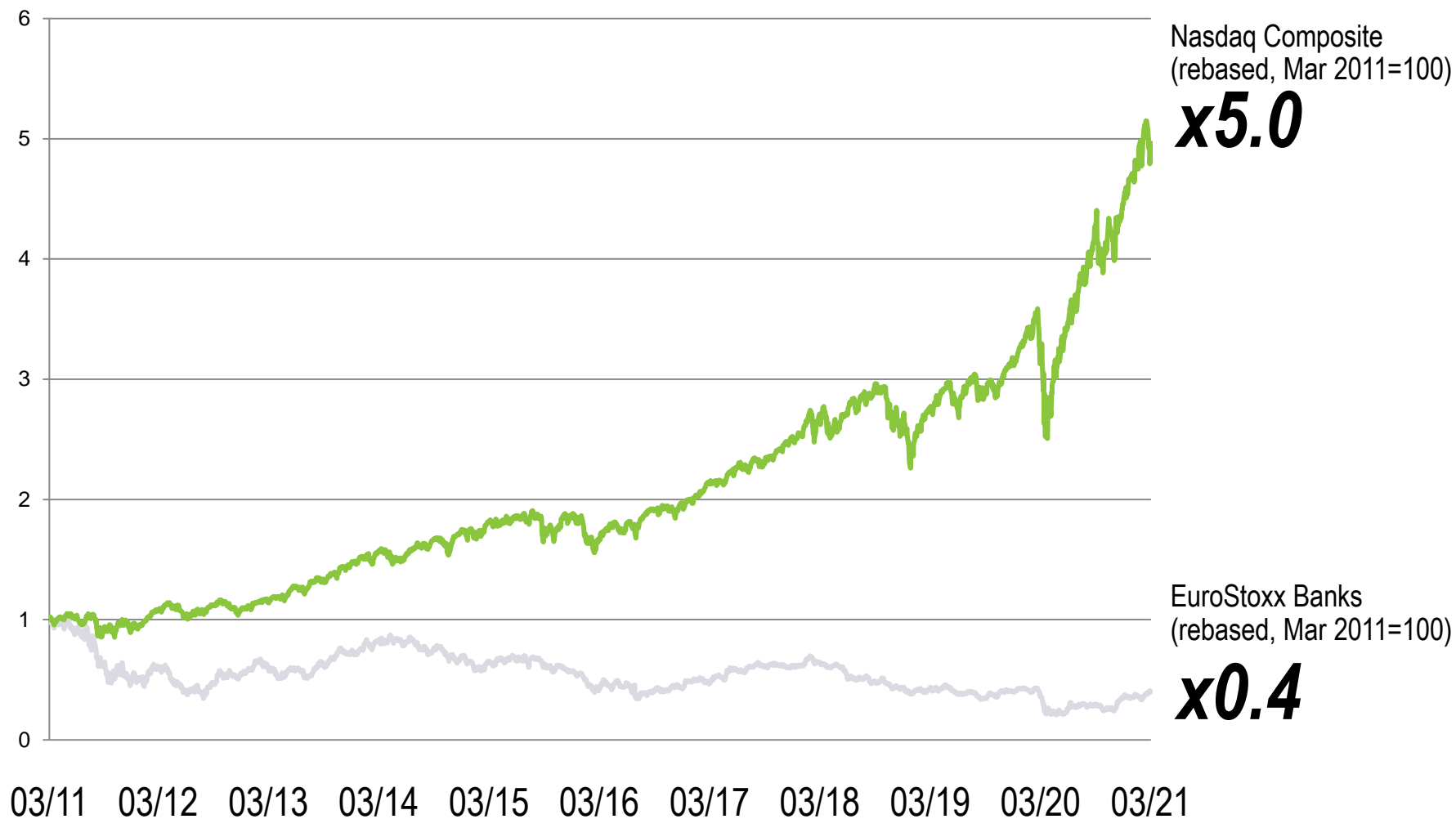
# Last 25 years – In high tech value created, in financial services value destroyed

25 YEARS

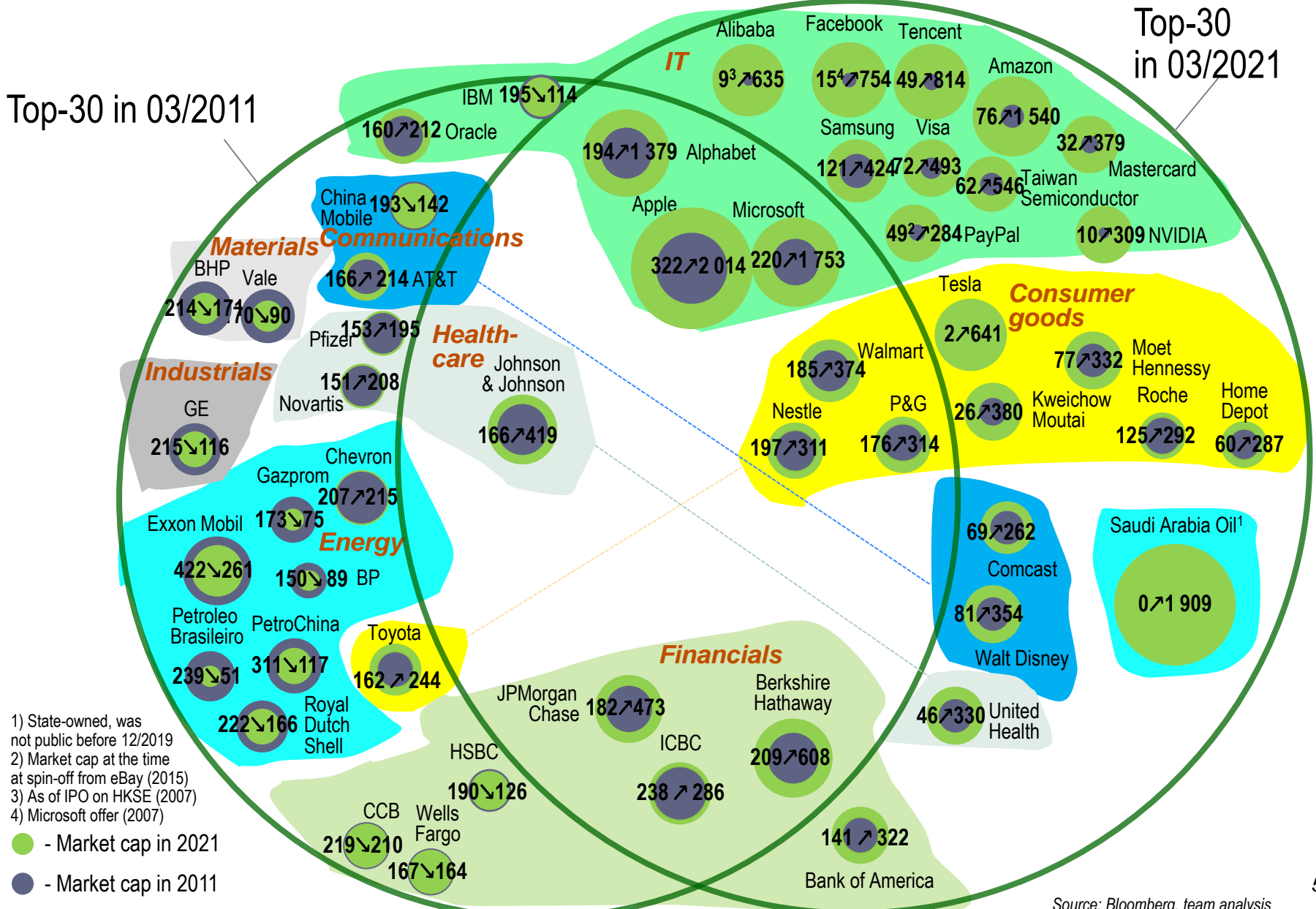


# Lost decade – European banks lost 60% of their value

10 YEARS



# Global market cap leaders – Top-30 is dominated by IT sector



	Number of IT companies	Market cap of IT companies, \$ bn	Share of IT in market cap of companies	Total market cap (all sectors), \$ bn
#1-30	13	11 325	59%	19 221
#31-100	13	2 391	19%	12 349
<b>Top-100 (total)</b>	26	13 715	43%	31 570

# IT companies in Top-100 (backup)

#	Company	Country of listing	Sector	Market cap, \$ bn
<b>#1-30</b>				
1	Apple Inc	UNITED STATES	Information Technology	2 014
3	Microsoft Corp	UNITED STATES	Information Technology	1 753
4	Amazon.com Inc	UNITED STATES	Information Technology	1 540
5	Alphabet Inc	UNITED STATES	Information Technology	1 379
6	Tencent Holdings Ltd	CHINA	Information Technology	814
7	Facebook Inc	UNITED STATES	Information Technology	754
9	Alibaba Group Holding Ltd	CHINA	Information Technology	635
11	Taiwan Semiconductor Manufacturing	TAIWAN	Information Technology	546
12	Visa Inc	UNITED STATES	Information Technology	493
14	Samsung Electronics Co Ltd	SOUTH KOREA	Information Technology	424
17	Mastercard Inc	UNITED STATES	Information Technology	379
25	NVIDIA Corp	UNITED STATES	Information Technology	309
29	PayPal Holdings Inc	UNITED STATES	Information Technology	284
<b>TOTAL</b>				<b>11 325</b>
<b>#31-100</b>				
32	Intel Corp	UNITED STATES	Information Technology	253
37	ASML Holding NV	NETHERLANDS	Information Technology	222
43	Oracle Corp	UNITED STATES	Information Technology	212
45	Adobe Inc	UNITED STATES	Information Technology	209
48	Cisco Systems Inc/Delaware	UNITED STATES	Information Technology	204
53	salesforce.com Inc	UNITED STATES	Information Technology	195
60	Broadcom Inc	UNITED STATES	Information Technology	179
65	Accenture PLC	IRELAND	Information Technology	170
74	Texas Instruments Inc	UNITED STATES	Information Technology	156
75	Tata Consultancy Services Ltd	INDIA	Information Technology	156
76	SAP SE	GERMANY	Information Technology	154
84	QUALCOMM Inc	UNITED STATES	Information Technology	145
98	Shopify Inc	CANADA	Information Technology	135
<b>TOTAL</b>				<b>2 391</b>

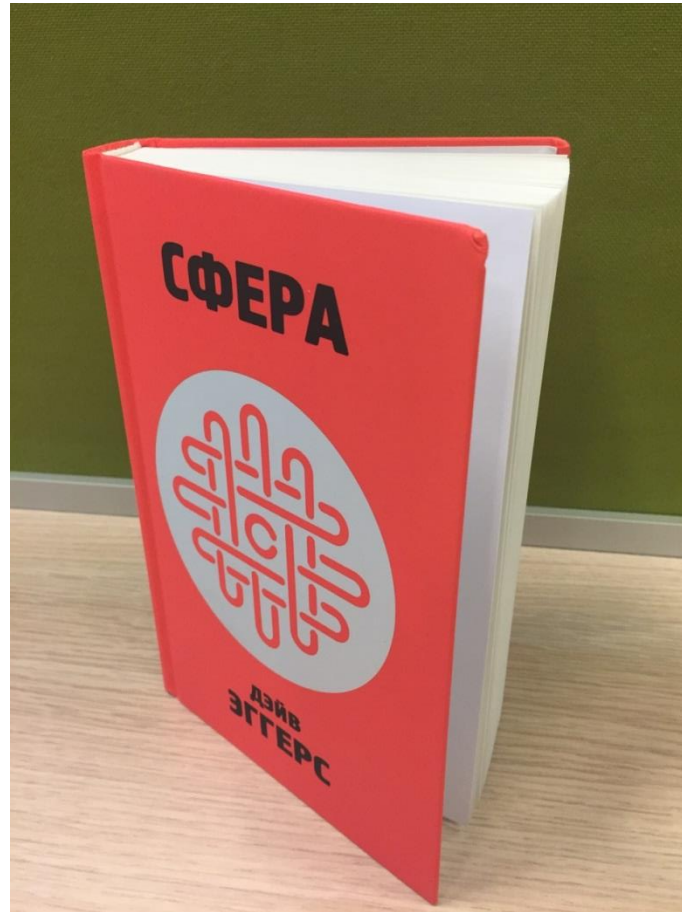
secrets are lies

sharing is caring

privacy is theft

chaos made elegant

knowing is good  
but knowing  
everything  
is better



знание – сила,  
**ВСЕЗНАНИЕ**  
– ВЛАСТЬ

собственность есть воровство

тайна есть ложь

Приведенный  
в порядок хаос

**Делиться**  
значит любить



## Internet search and communication

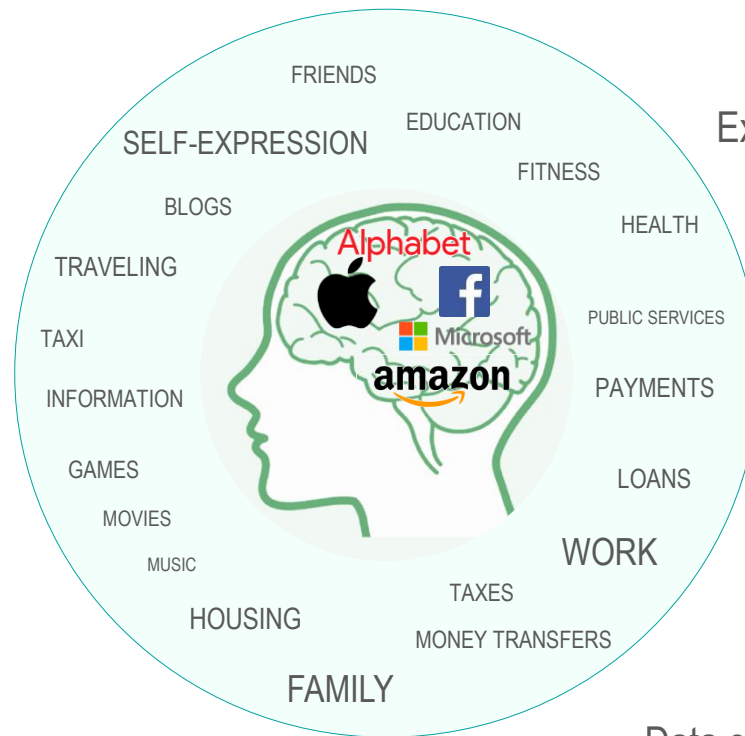


Largest amount of client data  
Advanced level of technology  
Engineering culture

## Telecoms, software and devices



Highest penetration rate  
Brand equity  
Marketing experience



## eCommerce



Delivery speed and convenience  
Experience in building marketplaces  
Data on the clients' purchases  
Logistics

## Banks



Risk assessment competence  
Data on the clients' financial transactions  
Access to capital

## Internet search and communication

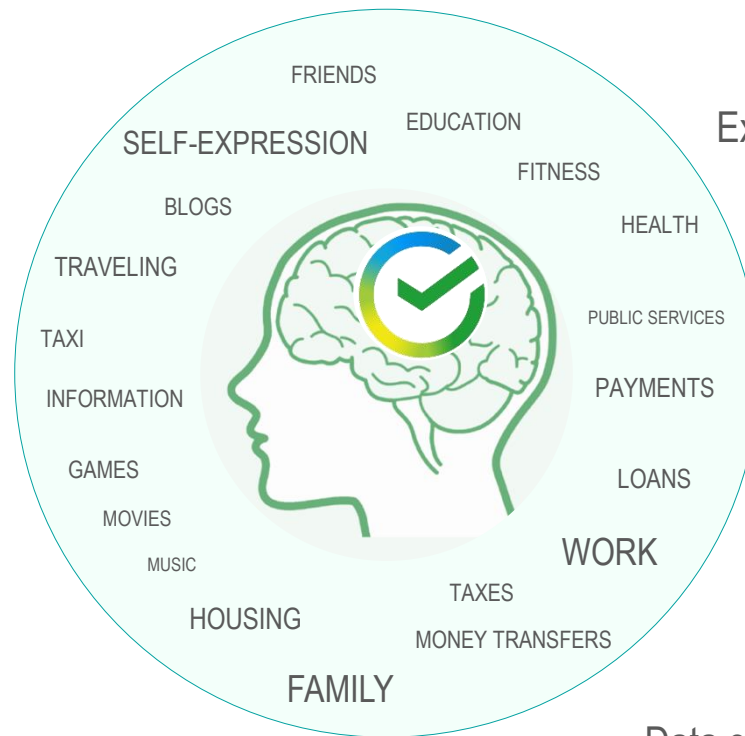


Largest amount of client data  
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Highest penetration rate  
Brand equity  
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## eCommerce



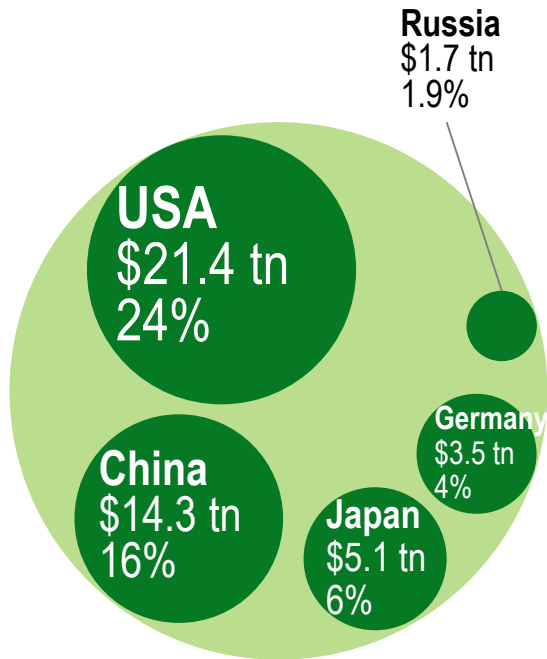
Delivery speed and convenience  
Experience in building marketplaces  
Data on the clients' purchases  
Logistics

## Banks



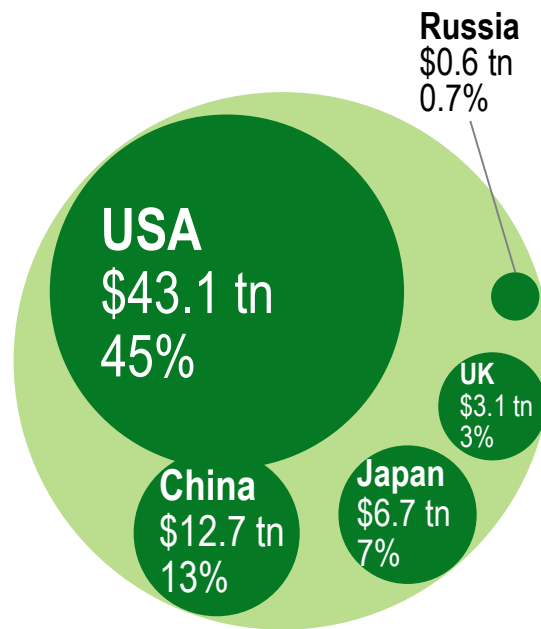
Risk assessment competence  
Data on the clients' financial transactions  
Access to capital

## GDP



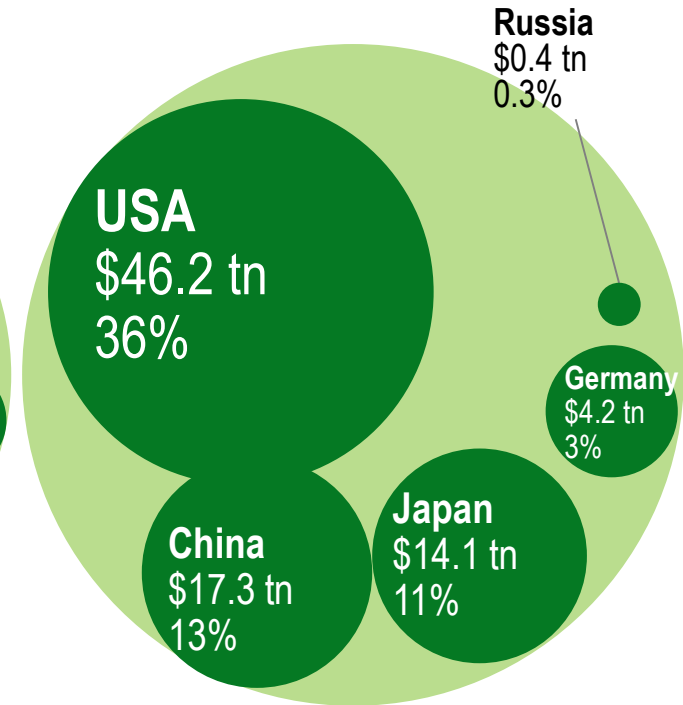
World  
\$88 tn

## Equity



World  
\$96 tn

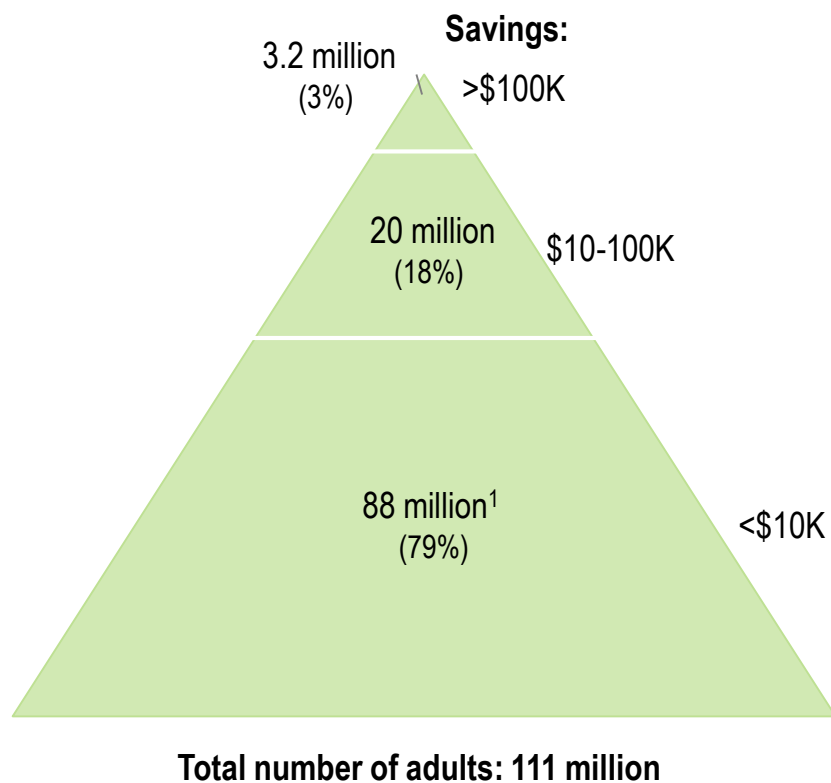
## Fixed Income



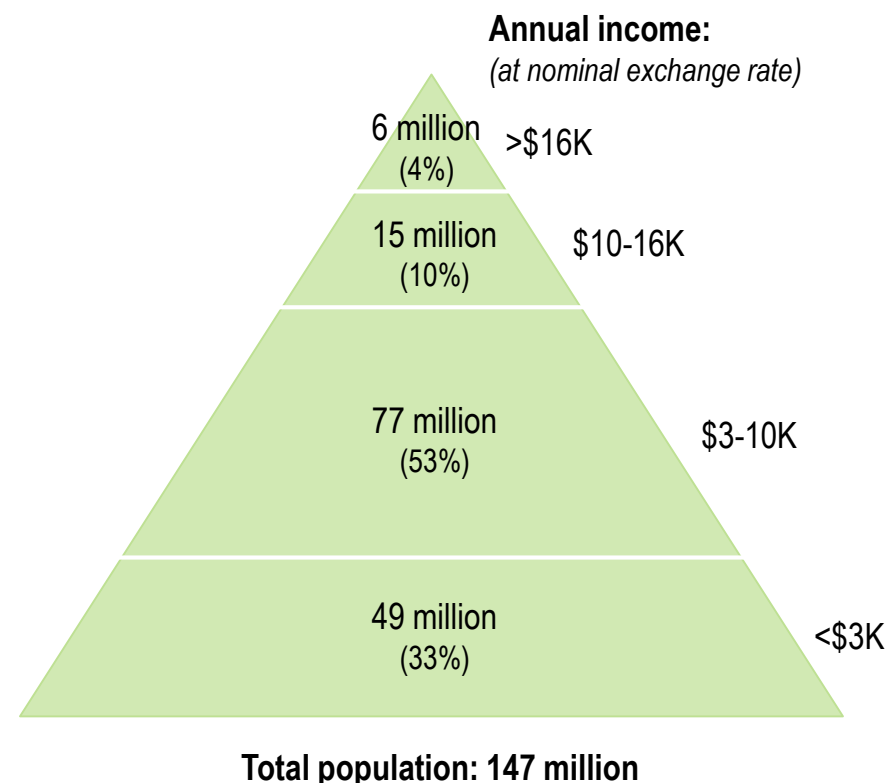
World  
\$128 tn

## INCOME AND SAVINGS IN RUSSIA

### Population distribution by savings (per adult)

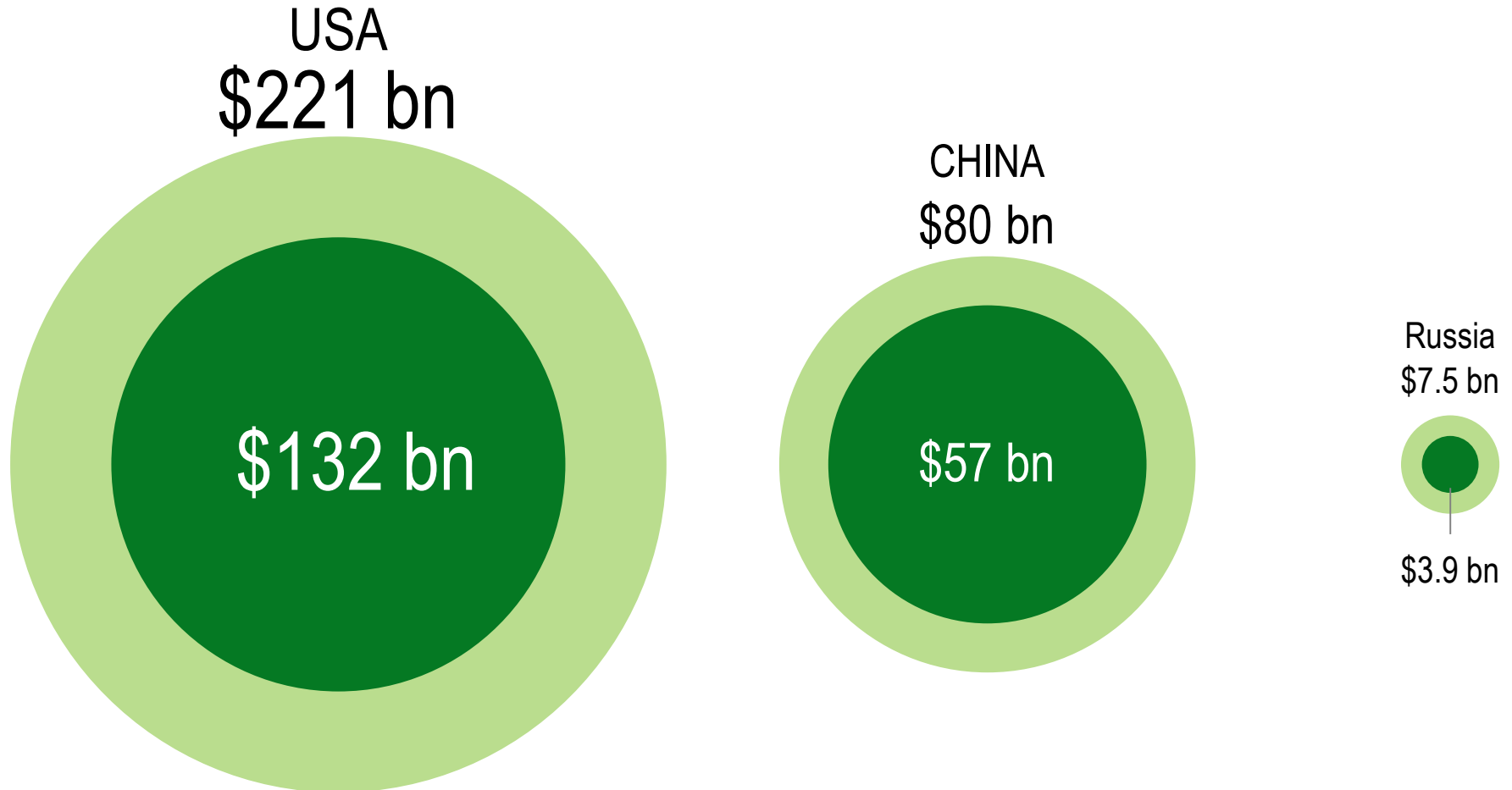




### Population distribution by per capita income



1) According to a 2020 poll by NTTs Perspektiva, 63% of adults have no savings at all

RELATIVE SIZE OF ADVERTISING MARKETS

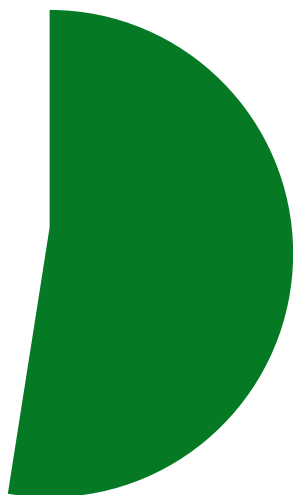


-  - Total advertising market
-  - Online advertising market

Target advertising revenue in Russia is less than \$3 billion

RELATIVE SIZE OF TOP PLAYERS' MARKET SHARES (COMBINED)

## USA



Alphabet } 54%  
facebook } **\$72 bn**

## CHINA



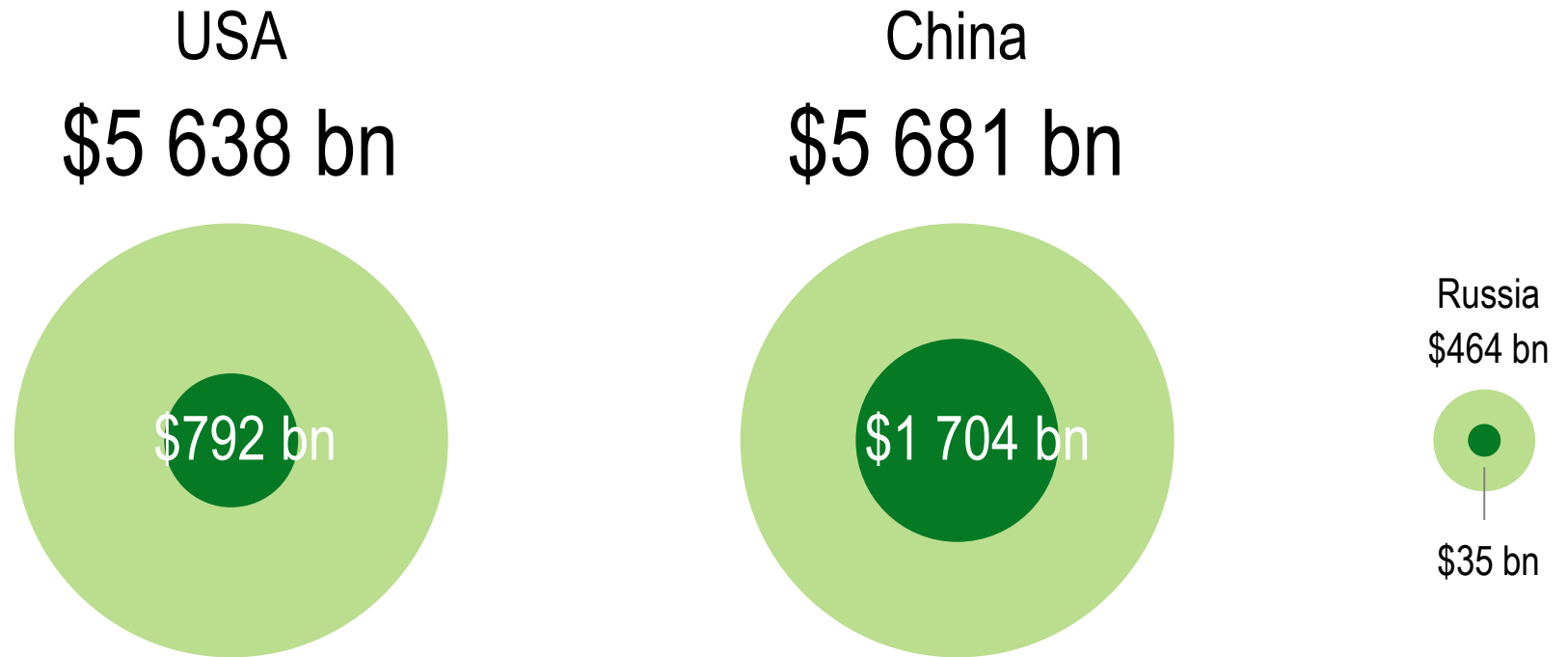
Alibaba Group } 74%  
ByteDance } **\$42 bn**  
Baidu }  
Tencent 腾讯 }

## Russia



Яндекс } 69%  
@mail.ru group } **\$2,7 bn**

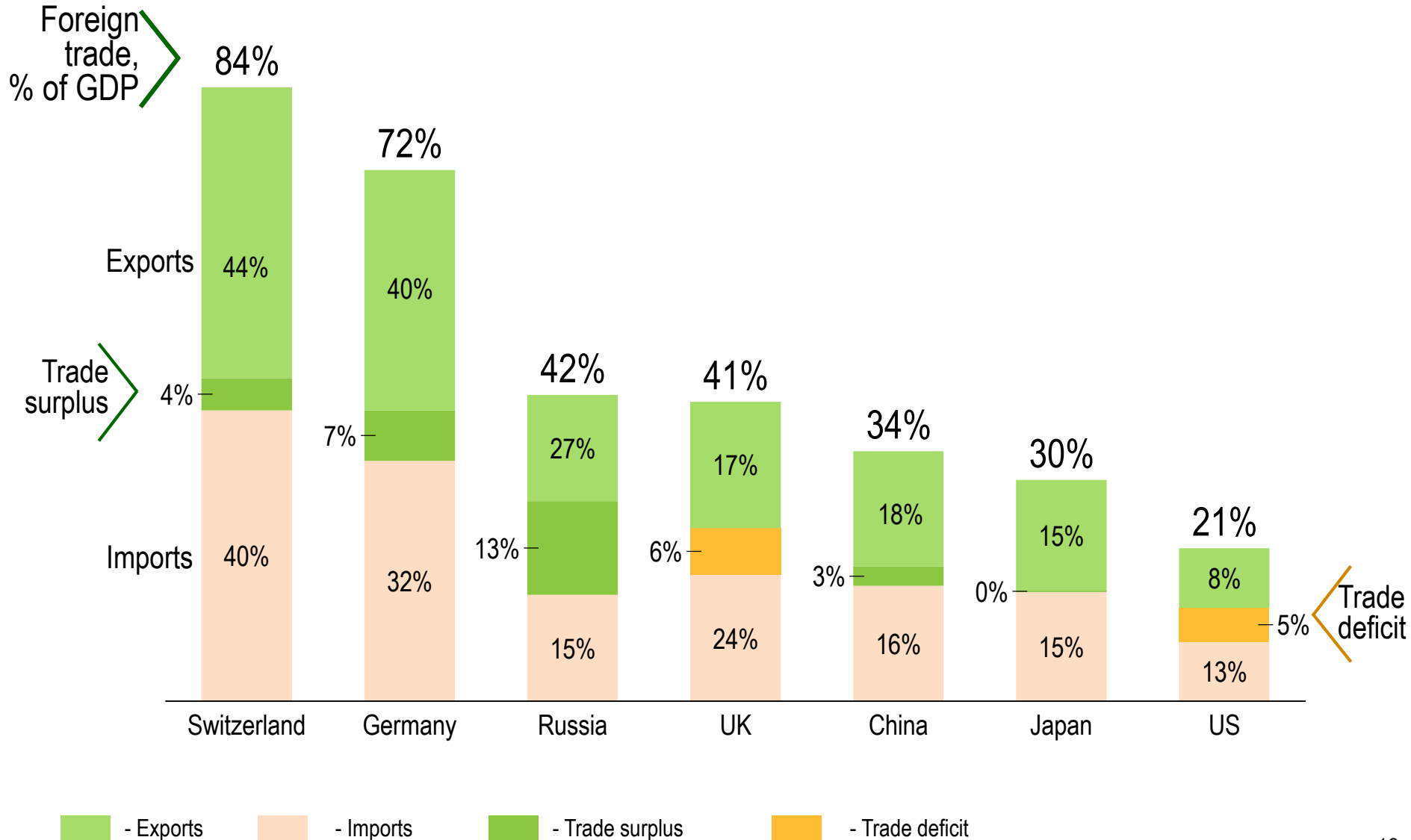
RELATIVE SIZE OF RETAIL TURNOVER



- Total retail turnover
- Online retail turnover

# Foreign trade turnover in Russia is 42% of GDP, higher than US, Japan or China's

## FOREIGN TRADE BY COUNTRY







Do we want to be **The Circle?**

# Appendix

# Top-30 companies by market cap as of today, 03/2021

Company	Country of listing	Sector	Market cap, \$ bn / today	MCap, \$ bn / 10 years ago	Position in 2011
1 Apple Inc	UNITED STATES	IT	2 014	322	2
2 Saudi Arabian Oil Co	SAUDI ARABIA	Energy	1 909	-	-
3 Microsoft Corp	UNITED STATES	IT	1 753	220	8
4 Amazon.com Inc	UNITED STATES	IT	1 540	76	90
5 Alphabet Inc	UNITED STATES	IT	1 379	194	15
6 Tencent Holdings Ltd	CHINA	IT	814	49	164
7 Facebook Inc	UNITED STATES	IT	754	15	-
8 Tesla Inc	UNITED STATES	Consumer Goods	641	2	-
9 Alibaba Group Holding Ltd	CHINA	IT	635	9	-
10 Berkshire Hathaway Inc	UNITED STATES	Financials	608	209	11
11 Taiwan Semiconductor Manufacturing	TAIWAN	IT	546	62	126
12 Visa Inc	UNITED STATES	IT	493	72	103
13 JPMorgan Chase & Co	UNITED STATES	Financials	473	182	19
14 Samsung Electronics Co Ltd	SOUTH KOREA	IT	424	121	44
15 Johnson & Johnson	UNITED STATES	Health Care	419	166	24
16 Kweichow Moutai Co Ltd	CHINA	Consumer Goods	380	26	375
17 Mastercard Inc	UNITED STATES	IT	379	32	299
18 Walmart Inc	UNITED STATES	Retail	374	185	18
19 Walt Disney Co/The	UNITED STATES	Communications	354	81	78
20 LVMH Moët Hennessy Louis Vuitton	FRANCE	Consumer Goods	332	77	88
21 UnitedHealth Group Inc	UNITED STATES	Health Care	330	46	180
22 Bank of America Corp	UNITED STATES	Financials	322	141	37
23 Procter & Gamble Co/The	UNITED STATES	Consumer Goods	314	176	20
24 Nestlé SA	SWITZERLAND	Consumer Goods	311	197	13
25 NVIDIA Corp	UNITED STATES	IT	309	10	-
26 Roche Holding AG	SWITZERLAND	Health Care	292	125	42
27 Home Depot Inc/The	UNITED STATES	Consumer Goods	287	60	129
28 Industrial & Com Bank of China	CHINA	Financials	286	238	6
29 PayPal Holdings Inc	UNITED STATES	IT	284	49	-
30 Comcast Corp	UNITED STATES	Communications	262	69	109
<b>TOTAL</b>			<b>19 221</b>	<b>3 211</b>	

■ - Companies that were on the top-30 list in 2011 (10 out of 30)

● - Companies that were on the top-30 list in 1996 (5 out of 30)

# Top-30 companies by market cap 10 years ago, 03/2011

Company	Country of listing	Sector	Market cap, \$ bn / 10 years ago	MCap,\$ bn / today	Position in 2021
1 Exxon Mobil Corp	UNITED STATES	Energy	422	261	31
2 Apple Inc	UNITED STATES	IT	322	2 014	1
3 PetroChina Co Ltd	CHINA	Energy	311	117	119
4 BHP Group Ltd	AUSTRALIA	Materials	244	171	63
5 Petroleo Brasileiro SA	BRAZIL	Energy	239	51	351
6 Industrial & Com Bank of China	CHINA	Financials	238	286	28
7 Royal Dutch Shell PLC	NETHERLANDS	Energy	222	166	67
8 Microsoft Corp	UNITED STATES	IT	220	1 753	3
9 China Construction Bank Corp	CHINA	Financials	219	210	44
10 General Electric Co	UNITED STATES	Industrials	215	116	124
11 Berkshire Hathaway Inc	UNITED STATES	Financials	209	608	10
12 Chevron Corp	UNITED STATES	Energy	207	215	40
13 Nestle SA	SWITZERLAND	Consumer Goods	197	311	24
14 International Business Machine	UNITED STATES	IT	195	114	125
15 Alphabet Inc	UNITED STATES	Communications	194	1 379	5
16 China Mobile Ltd	HONG KONG	Communications	193	142	92
17 HSBC Holdings PLC	BRITAIN	Financials	190	126	110
18 Walmart Inc	UNITED STATES	Consumer Goods	185	374	18
19 JPMorgan Chase & Co	UNITED STATES	Financials	182	473	13
20 Procter & Gamble Co/The	UNITED STATES	Consumer Goods	176	314	23
21 Gazprom PJSC	RUSSIA	Energy	173	75	209
22 Vale SA	BRAZIL	Materials	170	90	157
23 Wells Fargo & Co	UNITED STATES	Financials	167	164	68
24 Johnson & Johnson	UNITED STATES	Health Care	166	419	15
25 AT&T Inc	UNITED STATES	Communications	166	214	41
26 Toyota Motor Corp	JAPAN	Consumer Goods	162	244	33
27 Oracle Corp	UNITED STATES	IT	160	212	43
28 Pfizer Inc	UNITED STATES	Health Care	153	195	52
29 Novartis AG	SWITZERLAND	Health Care	151	208	46
30 BP PLC	BRITAIN	Energy	150	89	163
<b>TOTAL</b>			<b>6 197</b>	<b>11 111</b>	

- Companies that are still on the top-30 list today (10 out of 30)

# If we were high tech (numbers as of 03/2021)

P/E BASED ON PROJECTED EARNINGS<sup>2</sup>

Sberbank  
market cap  
(current)



\$83 billion

Place  
(world)<sup>2)</sup>

180

Companies  
with similar  
market caps



Applying P/E<sup>1)</sup> of  
Facebook

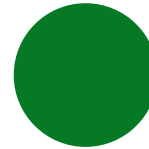


\$272 billion

30



Alphabet

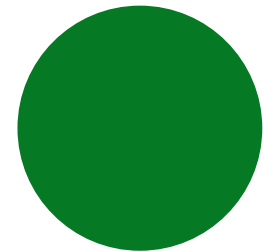


\$323 billion

22



Amazon



\$606 billion

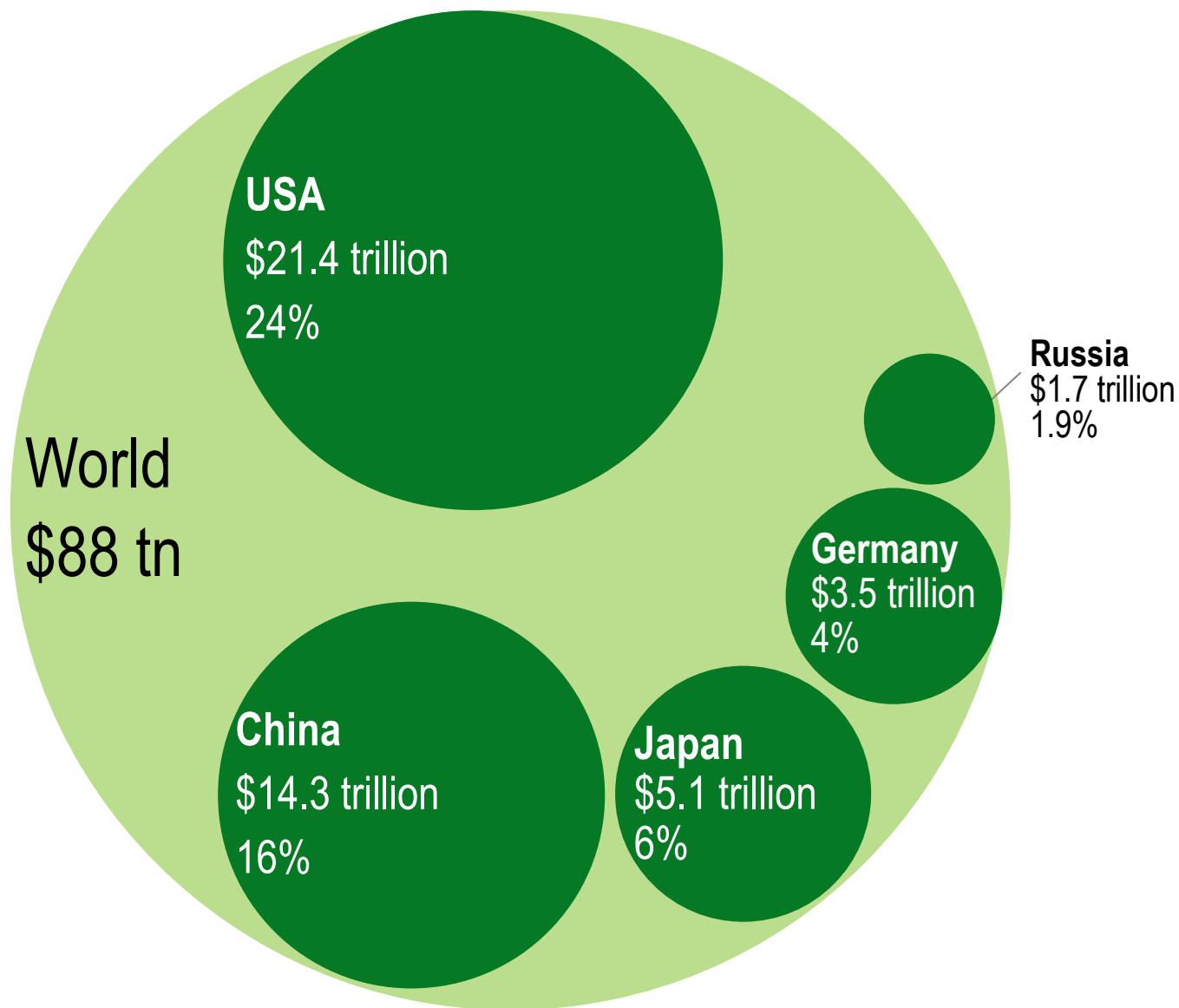
11



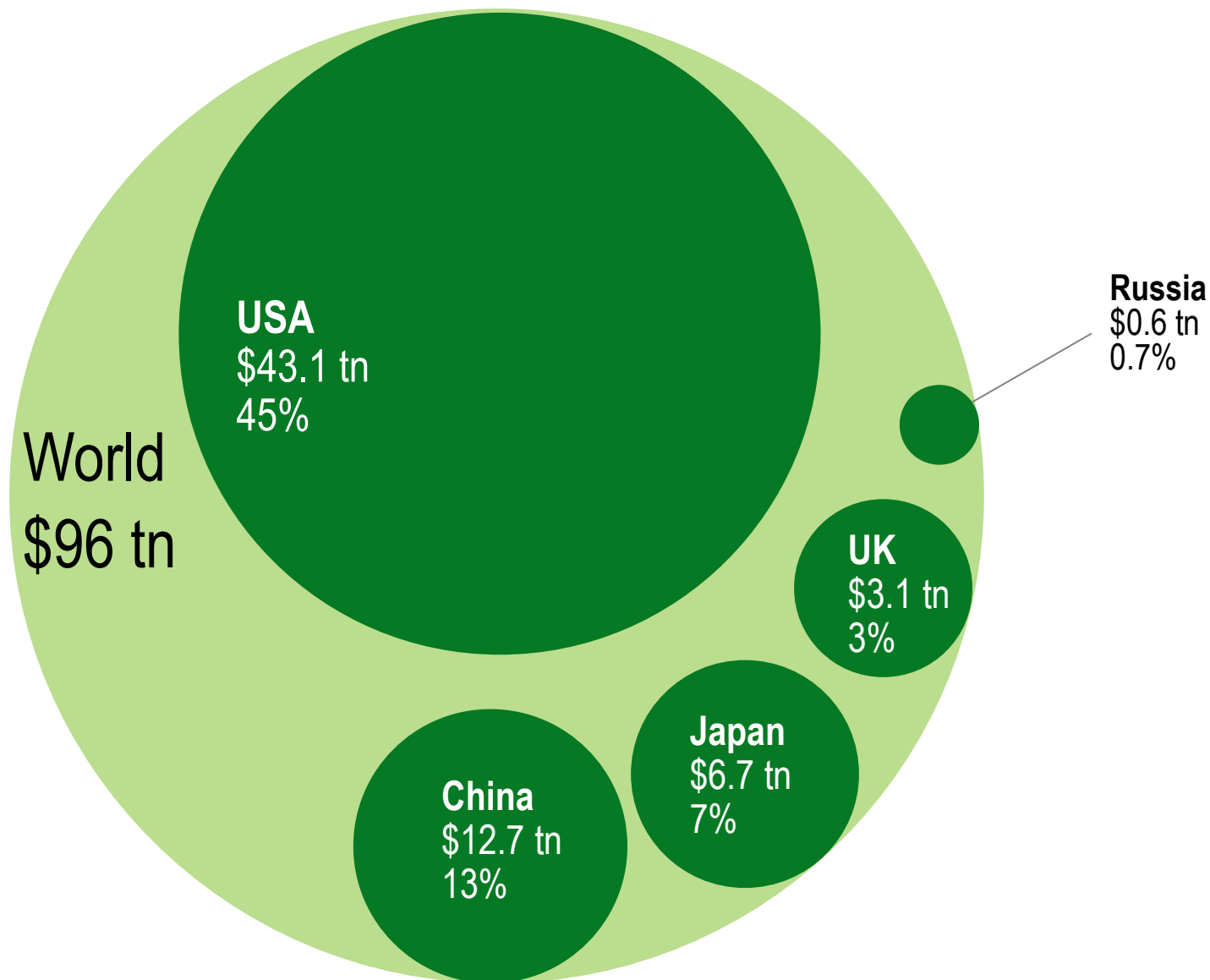
1) Based on current Price per Share and projected 12 months Earnings per Share (according to Bloomberg, 03.2021)

2) Bloomberg as of 03.2021

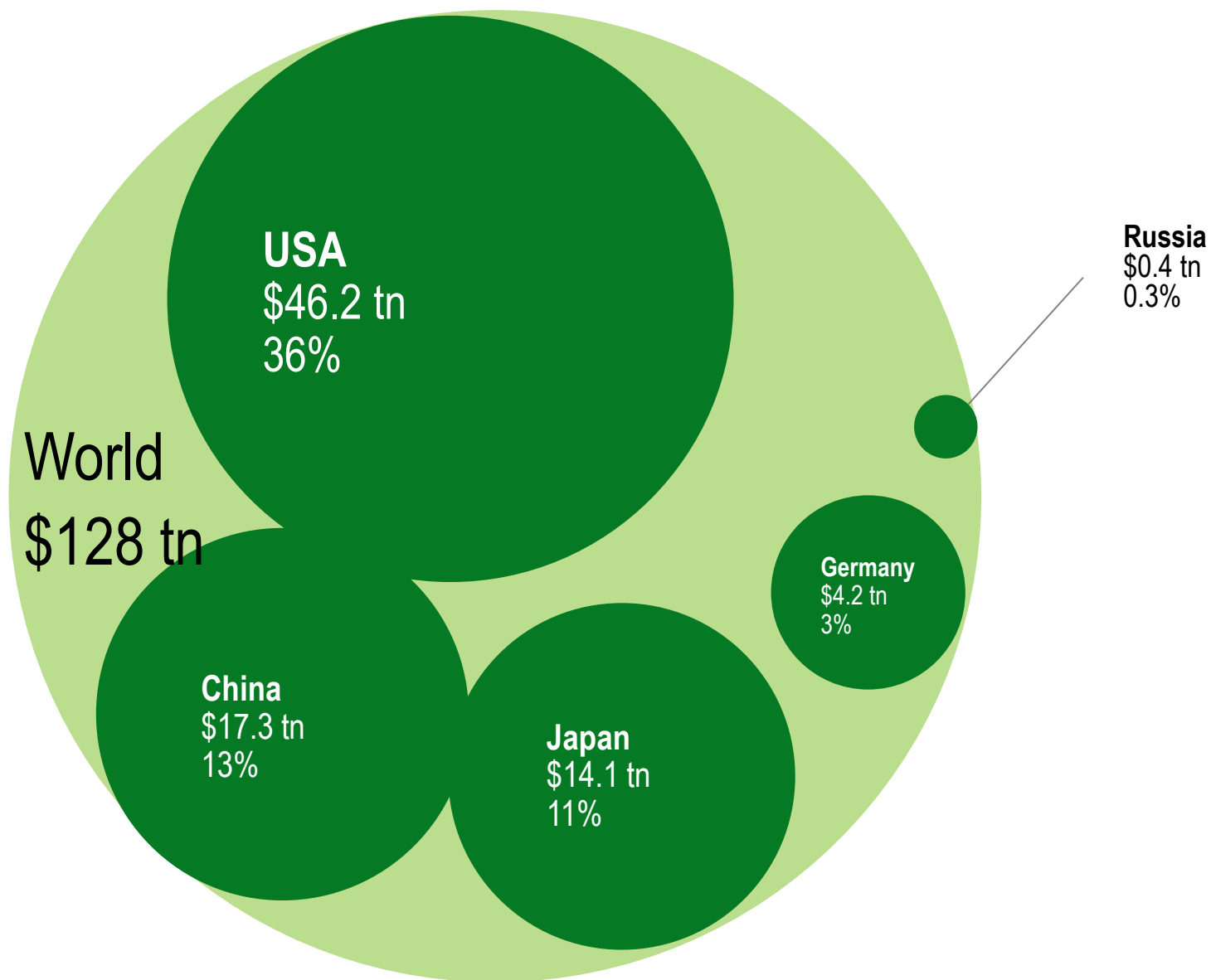
World GDP – 4 biggest countries (USA, China, Japan and Germany)  
account for 50% of the total



World Equity Market – 4 biggest countries (USA, China, Japan and UK)  
account for ~70% of the total



Fixed Income – 4 biggest countries (USA, China Japan and Germany)  
account for >60% of the total





## SUPERSECTOR INDICES

### EURO STOXX® BANKS INDEX

#### Top 10 Components<sup>5</sup>

Company	Supersector	Country	Weight (%)
BNP PARIBAS	Banks	France	15.32
BCO SANTANDER	Banks	Spain	13.99
INTESA SANPAOLO	Banks	Italy	11.00
ING GRP	Banks	Netherlands	9.61
BCO BILBAO VIZCAYA ARGENTARIA	Banks	Spain	8.39
DEUTSCHE BANK	Banks	Germany	5.78
UNICREDIT	Banks	Italy	5.65
KBC GRP	Banks	Belgium	5.01
GRP SOCIETE GENERALE	Banks	France	4.40
CREDIT AGRICOLE	Banks	France	3.99

<sup>5</sup> Based on the composition as of Jan. 29, 2021