

The Pandemic and its Impact on NSD's Operations

In 2020, the global economy faced an unprecedented global crisis caused by the COVID-19 pandemic. The Russian economy was also impacted by the coronavirus crisis through the suspension of business activity as a measure in response to the pandemic; falling oil prices; shrinking demand for Russian exports; GDP decrease; and the public budget deficit.

For NSD, 2020 presented a challenge, to cope with which the company's entire team had to work in the new environment in a well-orchestrated manner and effectively. Thanks to digital solutions, the company managed to fine-tune its business processes in the pandemic environment quickly and effectively, while complying with all regulatory requirements, meeting its obligations to clients, and ensuring full business continuity.

To ensure its business continuity, NSD has in place and continuously improves the business continuity management system based on the recognized standards and global best practices. The Public Health Threat Response Plan prepared by NSD well in advance was promptly adapted to the new pandemic environment.

In 2020, NSD, like most businesses in the financial services sector, made the transition to remote work in a short time frame. In addition, the company made arrangements for providing remote support to its employees, clients, IT systems and infrastructure, while maintaining the proper level of service. In the office premises, sanitary measures were taken to disinfect work and common areas. The employees working in the office were provided with personal protective equipment and their taxi costs were reimbursed for by the company. Health workers visited the office premises to test the employees for COVID-19, and measures were taken to prevent the spread of COVID-19 in the office.

The coronavirus situation had a mixed impact on NSD's operations.

On the one hand, complete uncertainty across the financial markets and high volatility resulted in an increase in the number of transactions in the securities market and, consequently, caused the load on the company's infrastructure to grow. On the other hand, that drove the growth of NSD's fee and commission income that hit a fresh all-time high.

Overall, 2020 was characterized by the growing number of transactions and securities balances at NSD and by the demand for NSD's complementary services, including liquidity management tools.

All these factors required NSD to take a comprehensive approach to the challenges. Having successfully adapted to the new environment, not only NSD managed to maintain its financial strength and operational reliability, but the company also demonstrated the growth of its key financial and operating performance metrics, including fee and commission income.

Estimates of the scope of the pandemic crisis and expectations as to when it would come to an end were constantly shifting throughout 2020, and, as of now, the range of forecasts remains wide. As of the time of publication of this Annual Report, there is no consensus as to how soon the global and Russian economies will recover from the crisis caused by the pandemic. NSD continues keeping an eye on the developments and considering different business scenarios, in line with the development strategy approved earlier.