

Interaction with Suppliers

MKB organizes procurement with due responsibility as it implies building direct relations between the Bank and its suppliers. The results of those relations shape the reputation of the Bank, supply the Bank with the quality products and services in due time and at optimal market prices, etc. Besides, working with suppliers implies a risk of a corruption element in the procurement process. In this respect, there is a continuous effort to improve interaction with suppliers.

The Bank builds its relations with counterparties on the principles of:

- **Competition** – the suppliers and contractors are selected on a competitive basis. The Bank creates the most competitive environment during its procurement procedures to engage as many participants as possible.
- **Equality of rights** – procurement approaches, requirements to participants, criteria for their evaluation, and the procedure for determining the winner are always the same for all participants. These conditions ensure an honest and competitive struggle of all participants of the procedures.
- **Transparency** – electronic procurement procedures are always used by the Bank during the competitive procedures to increase procurement transparency and reduce the risk of corruption-related incidents.
- **Responsible partnership** – the Bank works with counterparties that have a spotless reputation, comply with the laws and generally accepted standards of corporate and business ethics.

Most purchases are conducted on a tender basis in the form of a request for prices. As a rule, the minimum number of participants of the competitive procedures is 7–8 companies.

The notice of the forthcoming procurement procedure is placed in the following ways: 1) in open sources on an electronic trading platform; 2) sending invitations to the current suppliers and participants of previous procurement procedures; 3) searching for potential participants in the market of supply items for the purpose of targeted sending of invitations to participate in the procurement procedures. This work provides for the maximum information transparency of the Bank with respect to its procurement procedures.

The Bank always evaluates possibilities for the consolidation of demands of its divisions in Moscow and in other regions of its presence and—subject to economic expediency—carries out centralized product purchases considering alternative proposals of regional participants of the procurement procedures. The Bank carries out marketing research on a regular basis to check the market value and expediency of procurement.

Local suppliers prevail among the suppliers (98%, vs. 96% in 2018), while the SME share in procurement accounts for 50% (49% in 2018).

Procurement structure of CREDIT BANK OF MOSCOW

Indicator/Year	2015	2016	2017	2018	2019
Number of suppliers	2,165	2,315	2,361	2,558	2,593
Total amount of payments to suppliers, RUB million	3,839	4,917	5,602	5,503	6,884
Share of local suppliers in procurement, %	95%	95%	94%	96%	98%
SME share in procurement, %	52%	48%	46%	49%	50%