The Annual Report was approved by VTB Bank’s Annual General Meeting of Shareholders (Minutes No 56 as of 1 July 2021).
Hello. Is this VTB Bank?

Yes

Today I would like to discover new opportunities

Of course! CONNECTING YOU NOW
MISSION
WE HELP PEOPLE TO MAKE THEIR PLANS A REALITY BY CREATING THE BEST FINANCIAL SOLUTIONS. WE ARE A TEAM OF PROFESSIONALS WORKING FOR OUR CLIENTS AND FOR THE ENTIRE COUNTRY.

IDENTITY
VTB GROUP IS THE LEADING RUSSIAN FINANCIAL INSTITUTION WITH A STRONG PRESENCE IN KEY INTERNATIONAL MARKETS.

VISION
A UNIVERSAL FINANCIAL GROUP THAT IS DEVELOPING BOTH DYNAMICAL AND SUSTAINABLY, ONE THAT IS FOCUSED ON BEING THE FIRST-CHOICE FINANCIAL PARTNER FOR ITS CUSTOMERS AND THAT PROVIDES THE MOST CONVENIENT AND CUTTING-EDGE SOLUTIONS TO MEET THEIR NEEDS.

Values

We value our customers
We put our customers’ needs first.
We trust our customers and strive to earn their trust.
We listen to our customers and act upon their feedback.

We work as a team
We respect and trust each other.
We support each other and help our colleagues grow.
We achieve common goals.

We are responsible for our results
We are focused on the result, not the process.
Each of us is responsible for our contribution to the achievement of common goals.
We openly discuss our successes and failures.

We are proactive
We are passionate about what we do.
We are proactive in addressing common challenges.
We go beyond formal duties.

We are constantly improving our performance
We are open to change.
We start by changing ourselves.
We are not afraid to experiment.
VTB GROUP IN THE FINANCIAL SERVICES MARKET 2020

18 countries
VTB Group worldwide

1.5 thousand
Branches in Russia

15 million
Clients in Russia

336 thousand
Retail shareholders

17 thousand
ATMs in Russia

79 thousand
Employees

No. 1
Best investment bank in the emerging markets according to Global Finance

No. 1
Best bank of 2020 in Russia according to The Banker

S&P Global Ratings
BBB–

Moody’s
Baa3

Market shares of VTB Group in Russia as at 31 December 2020, %

<table>
<thead>
<tr>
<th>Business</th>
<th>Deposits</th>
<th>Mortgages</th>
<th>Loans</th>
<th>M&amp;A</th>
<th>ECM</th>
<th>DCM</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETAIL BUSINESS</td>
<td>14.8%</td>
<td>23.0%</td>
<td>19.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CORPORATE BUSINESS</td>
<td>19.8%</td>
<td>17.2%</td>
<td>17.2%</td>
<td>13.2%</td>
<td>22.3%</td>
<td></td>
</tr>
<tr>
<td>INVESTMENT BUSINESS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33.0%</td>
</tr>
</tbody>
</table>

VTB Bank’s credit ratings

ruAAA

VTB Group Today
Management Report
Corporate Governance
Sustainable Development
Financial Statements
Annexes
VTB GROUP'S PRESENCE

VTB GROUP INCLUDES RUSSIAN AND FOREIGN COMMERCIAL BANKS AS WELL AS FINANCIAL COMPANIES. VTB GROUP IS STRUCTURED AS A HOLDING COMPANY, WHICH ENVISAGES A UNIFIED STRATEGY FOR THE DEVELOPMENT OF GROUP COMPANIES, A SINGLE BRAND, CENTRALISED FINANCIAL MANAGEMENT AND RISK MANAGEMENT AND UNIFIED CONTROL SYSTEMS.

In Russia, the Group performs banking operations through a parent company (VTB Bank) and a number of subsidiary banks – Vozrozhdenie Bank, West Siberian Commercial Bank, Sarovbusinessbank – as well as through the Post Bank joint venture.

As of the end of 2020, the Group’s banking and investment banking business was present in 18 countries around the world. Outside Russia, the Group operates through subsidiary banks located in Germany, the United Kingdom, Georgia, Armenia, Belarus, Kazakhstan, Azerbaijan and Angola and through representative offices located in Italy and China, as well as VTB branches in China and India, a branch of VTB Bank (Europe) in Austria and a branch of VTB Capital in Singapore. The Group’s investment banking division conducts operations with securities and provides financial advisory services in Hong Kong, while also conducting investment banking services in Bulgaria and offering commodities financing in Switzerland.

The Group operates in all major segments of the financial market. Corporate Investment Business, Medium and Small Business and Retail Business are the Group’s global business lines, which specialise in servicing various client segments.

AS OF THE END OF 2020, THE GROUP’S BANKING AND INVESTMENT BANKING BUSINESS WAS PRESENT IN 18 COUNTRIES

VTB GROUP'S GLOBAL NETWORK IS UNIQUE TO THE RUSSIAN BANKING INDUSTRY

Group companies provide services in the CIS, Europe and Asia, enabling the Group to facilitate international partnerships and promote Russian companies aiming to engage with global markets. The Group’s international operations enable diversification and increased profitability from its transactions in high-margin markets.

VTB GROUP'S STRUCTURE

<table>
<thead>
<tr>
<th>VTB BANK</th>
<th>VTB CAPITAL HOLDING</th>
<th>VTB FACTORING</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEST SIBERIAN COMMERCIAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAROVBUSINESSBANK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VOZROZHDENIE BANK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BM-BANK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTB BANK (BELARUS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTB BANK (ARMENIA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTB BANK (AZERBAIJAN)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTB BANK (GEORGIA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANCO VTB AFRICA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTB BANK (EUROPE)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OWNERSHIP STRUCTURE
December 2020

STRUCTURE OF EQUITY CAPITAL, %

- State-owned: 47.2%
- Ordinary shares (held by Federal Agency for State Property Management): 32.9%
- Ordinary shares in free float: 9.2%
- Type 1 preference shares (held by Ministry of Finance of the Russian Federation): 3.3%
- Type 2 preference shares (held by State Corporation Deposit Insurance Agency): 1.2%
- Institutional investors: 5.4%
- Retail investors: 7.8%

STRUCTURE OF VOTING RIGHTS, %

- Ordinary shares: 60.9%
- Federal Agency for State Property Management: 5.4%
- Institutional investors: 3.3%
- Retail investors: 7.8%
- State-owned: 7.8%

REGIONAL DISTRIBUTION (% OF THE TOTAL NUMBER OF RETAIL INVESTORS), %

- Moscow: 43.6%
- Moscow region: 7.7%
- Saint-Petersburg: 6.9%
- Leningrad region: 3.7%
- Other regions: 2.0%
- Leningrad region: 1.7%
- Other regions: 1.7%
- International investors: 4.1%
- Russian investors: 4.1%
- Retail shareholders: 5.0%

LISTINGS

ORDINARY SHARES

ISIN: RU000A0JP5V6

LEI: 253400V1H6ART1UQ0N98

Ordinary shares are included in Moscow Exchange's Level 1 list and are included in the Moscow Exchange Index and the RTS Index, as well as the Moscow Exchange Index (evening trading session), the Subindex, the Broad Market Index, the Responsibility and Transparency Index, the Finance Index, the RTS Finance Index and the RTS Broad Market Index.

Ordinary shares are also included in the international MSCI Russia Index and the MSCI EM Index.

GLOBAL DEPOSITORY RECEIPTS (GDRs)

ISIN: US46630Q1031

Programme Reg-S

ISIN: US46630Q2021

Programme 144-A

Each GDR is equivalent to 2 thousand VTB ordinary shares.

VTB Bank's GDRs are included in the FTSE All-World Index, FTSE EMEA Index and MVIS Russia Index.
KEY FINANCIAL HIGHLIGHTS

TOTAL ASSETS, RUB BILLION

<table>
<thead>
<tr>
<th>Date</th>
<th>+44% Compared with 2016</th>
<th>+77% Compared with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2020</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>01.01.2018</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>

CUSTOMER LOANS, RUB BILLION

<table>
<thead>
<tr>
<th>Date</th>
<th>+39% Compared with 2016</th>
<th>+15% Compared with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2020</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>01.01.2018</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>

NET PROFIT, RUB BILLION

<table>
<thead>
<tr>
<th>Date</th>
<th>-23% Compared with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>15.3</td>
</tr>
<tr>
<td>2019</td>
<td>20.3</td>
</tr>
<tr>
<td>2018</td>
<td>17.2</td>
</tr>
<tr>
<td>2017</td>
<td>16.3</td>
</tr>
<tr>
<td>2016</td>
<td>15.6</td>
</tr>
</tbody>
</table>

COMPARISON OF PERIODS

+ COMPARED WITH 2016
+ COMPARED WITH 2019

CUSTOMER FUNDING, RUB BILLION

<table>
<thead>
<tr>
<th>Date</th>
<th>+47% Compared with 2016</th>
<th>+18% Compared with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2020</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>01.01.2018</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>

PERFORMANCE AND PROFITABILITY INDICATORS, %

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest margin (NIM)</td>
<td>3.7</td>
<td>4.1</td>
<td>3.9</td>
<td>3.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Net fee and commission margin (NCM)</td>
<td>0.6</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Cost of risk (CoR)</td>
<td>1.5</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Cost to income ratio (CIR)</td>
<td>45.8</td>
<td>44.0</td>
<td>40.5</td>
<td>38.3</td>
<td>41.6</td>
</tr>
<tr>
<td>Return on equity (ROE)</td>
<td>3.6</td>
<td>8.3</td>
<td>12.3</td>
<td>11.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Return on assets (ROA)</td>
<td>0.4</td>
<td>0.9</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
</tr>
</tbody>
</table>

1. The indicators for 2016-2019 are presented in the amount approved at the time of publication of the IFRS financial statements, without taking into account further adjustments and reclassifications.
2. The P&L components have been compared with modified financial results for 2018 for purposes of accuracy of the year-on-year analysis (not including operational net fee and commission income). Loans and advances to individuals (before provisions) and comparable perimeter1.
3. In 2018-2020 net fee and commission income is reclassified for adding non-risk income on client operations in foreign currency.
The year 2020 was marked by unprecedented challenges for the economy, business and society in Russia and throughout the world. The COVID-19 pandemic and related restrictions put considerable pressure on entire sectors of the economy and, consequently, on the banking sector. VTB Group responded to negative external changes and was able to achieve its most important goals: protecting the health of its customers and employees as well as supporting borrowers facing financial difficulties. At the same time, the Group greatly accelerated the technological transformation of its business and enjoyed impressive performance across operating metrics and key banking revenues, thus creating a solid foundation for further growth.

In a challenging macroeconomic environment, the Group demonstrated strong growth in its operating performance metrics. As of the end of 2020, VTB's total loan book had increased by 15% thanks to the expansion of both corporate and retail lending in the second half of the year. Growth in lending to individuals was facilitated by VTB's involvement in a state mortgage support program launched in April 2020. During the year, the Bank issued over 63 thousand mortgage loans at preferential rates worth a total of RUB 198 billion. Today, the state support programme accounts for about a third of VTB's mortgage lending. The Group continues to work on improving the convenience of mortgage lending, including through the development of online mortgages.

From the very beginning of quarantine restrictions in 1Q 2020, VTB Group played an important role in taking measures to support the hardest-hit segments of the Russian economy. The Bank quickly developed programmes for loan restructuring and refinancing for all groups of customers facing financial difficulties. The total volume of loan restructuring for such customers exceeded RUB 1.8 trillion. The Bank maintained constant dialogue with borrowers, informing them about state support measures and launching new online formats for communication with entrepreneurs and individuals. As part of the state loan programme to stimulate business activity, VTB helped more than 20 thousand legal entities that provide jobs for more than 1 million people. In addition, about 400 thousand of our retail borrowers were able to take advantage of the Bank’s repayment holidays.

Despite the negative backdrop, the Group continued to implement its Development Strategy for 2020–2022 and achieved success in key strategic areas, including improving the quality of services for customers, the technological transformation of its business and the creation of new digital partnerships. At the same time, the fast-paced changes made to the Bank’s customer service model in the context of the pandemic required rapid acceleration of the digitalisation of customer service and business processes, as well as the ability to provide most of our services remotely, without compromising outstanding reliability. VTB was up to the challenge, demonstrating excellent performance and the adaptability of its technology platform. During the year, important projects were implemented, and new state-of-the-art products and services based on machine learning technologies were launched, thus allowing the Bank to significantly increase the number of remote services provided for all categories of customers. VTB was the first major bank to make it possible to open an account remotely using biometrics, giving all Russians an opportunity to become a Bank client without leaving their home.

In the context of the Group’s further strategic development, VTB’s Supervisory Council approved, in December 2020, the Bank’s Long-Term Development Programme for 2020–2023. Among the Bank’s priority development goals formalised in the programme are achieving and maintaining leading positions in financing and attracting investments in infrastructure, making housing more affordable and developing the market for green financing and digital technologies. VTB’s Programme is in line with Russia’s main national development goals and is aimed at improving the prosperity of all of the country’s citizens.

Thanks to its accelerated technological transformation and persistent efforts with customers, the Group managed to maintain high growth rates in terms of banking income. Combined, net interest and net fee and commission income grew by 12% year-on-year. At the same time, the downturn in business activity and the volatility in capital markets caused by the coronavirus pandemic greatly affected the financial position of some corporate and retail customers, which led to a sharp increase in provision costs. This factor, along with the impairment of non-core assets, had a negative impact on net profit.

In 2020, the Group continued to develop its corporate governance system. The Bank’s Supervisory Council reviewed the assessment of its performance, which, for the first time, involved an independent consultant. The work of the Council was commanded by both the members of the Council staff and external experts.

As a result of the measures taken by the Bank in this area, VTB’s corporate governance rating was raised to B, corresponding to best corporate governance practice. The Bank’s management and Supervisory Council plan to further develop corporate governance practices, including through the implementation of measures recommended by experts based on the results of independent evaluations of the work of the Supervisory Council and of the best corporate governance practices.

During the year, the Bank paid particular attention to communication with shareholders and investors. The Bank remains one of the few issuers in the Russian market whose system of interaction with shareholders is not limited to mandatory corporate procedures, and the Bank’s shares are among the most popular on a Russian securities in the investment portfolios of individuals. The total number of VTB shareholders doubled in 2020, and the number of individual investors holding shares of the Bank exceeded 230 thousand. The Bank’s priority was to continue its active dialogue with shareholders with the help of remote communication tools.

Due to the growing importance of sustainable development principles (ESG) for the Bank and the entire financial sector, VTB has been playing an active role in implementing a green agenda by introducing ESG initiatives in all key areas of its operations. In 2020, a pilot green lending programme was launched through which the Bank provides customers with financing to implement ecological initiatives and initiatives to improve their performance in terms of sustainable business development. Moreover, VTB organised several issues of green bonds during the year, as well as the first issue of social Eurobonds in Russia.

On behalf of the Supervisory Council, I would like to thank VTB’s shareholders, customers and partners as well as the Group’s employees for their engagement and fruitful work in 2020. With the combined efforts of all stakeholders, we were able to respond in a meaningful way to the challenges posed by the pandemic and to create a foundation for continued growth amid a recovery in business and economic activity in 2021.
Dear VTB Group clients, shareholders and partners,

The year 2020 will go down in history as a time of serious challenges to durability and efficiency. The COVID-19 pandemic forced us all to be prepared for sudden and unpredictable changes. In a short time, millions of customers and thousands of employees were compelled to radically change their habits and lifestyle. Many enterprises and companies had to suspend their operations.

During these difficult months, VTB remained close to its clients. We quickly agreed to take part in government programmes to support businesses and individuals, and launched our own assistance measures. This enabled companies to save jobs and helped people to cope with temporary financial hardships.

It would have been impossible to achieve our objectives in addressing the impact of the pandemic without the extensive digital transformation of our business, a process that began as part of our current three-year strategy. The end-to-end digitalisation of products and services made it possible to adapt to the new reality, created the necessary conditions for the rapid development and launch of innovative new products, and made it possible to fully meet the needs of our customers for high-quality remote services and, despite the challenges, achieve good operating results.

Today I can say with satisfaction that VTB Group passed the COVID-19 test with dignity. Our results in 2020 included significant growth of our client base, expansion of our business and considerable increases in core income lines. Our strategy remains unchanged: we are developing as a modern high-tech bank and in partnership with the leaders of the Russian economy. We expect that the recovery in business activity in 2021 will enable the Group to once again meet its strategic goals in terms of net profit, which, in turn, will ensure higher returns for shareholders.

VTB’s digital infrastructure — our systems and apps — functioned reliably in the face of a fivefold increase in the volume of online transactions in April 2020 and in subsequent months. Also in April, VTB issued Russia’s first-ever online mortgage loan and first-ever online car loan.

VTB took part in government measures to help customers facing financial difficulties due to the pandemic. As part of Russian government programmes, we provided concessional loans to companies in strategic sectors and to enterprises from the sectors hit hardest by the pandemic, enabling employers to save jobs and continue their operations without interruption. As part of a state-run loan programme to stimulate business activity, VTB helped more than 20 thousand legal entities that provide jobs for more than 1 million people.

At the same time, the Bank promptly developed its own programmes to support retail customers, major companies and small and medium-sized enterprises. During the course of 2020, about 400 thousand of our retail customers facing a decrease in income were able to take advantage of repayment holidays worth a total of more than RUB 300 billion. For large and medium-sized enterprises, we restructured around RUB 230 billion of loans; for large businesses, about RUB 1.3 trillion. In total, the Group provided financial assistance to about one-third of the Russian Federation’s systemically important enterprises.

Excellent operating results and a focus on efficiency

In 2020, the total loan portfolio, net of foreign currency revaluation, increased by 9% thanks to healthy increases in core income lines. Our strategy remains unchanged: we are developing as a modern high-tech bank and in partnership with the leaders of the Russian economy. We expect that the recovery in business activity in 2021 will enable the Group to once again meet its strategic goals in terms of net profit, which, in turn, will ensure higher returns for shareholders.

Our response to the COVID-19 pandemic

From the first days of the pandemic in Russia, our key priority was to ensure the health and safety of our customers, partners and employees.

Within a month, about 90% of the Bank’s employees switched to remote work, all the necessary safety measures were implemented at our branches and offices, and our customers were informed about financial services that were available remotely.

VTB Group Today Management Report Corporate Governance Sustainable Development Financial Statements Annexes
Annual Report '20 //vtb.com

VTB’s customer base in Russia grew by 1 million individuals and legal entities, reaching 14.9 million active customers.
We continued to cut costs and improve operational efficiency. As of the end of the year, the ratio of operating expenses to total assets had decreased to 1.6%, down from 1.7% a year earlier.

In the reporting year, all of our key business lines – Corporate-Investment Business, Retail Business and Medium and Small Business – enjoyed successful growth.

VTB Capital retained first place in the investment banking services market in Russia and achieved considerable success in expanding its brokerage business on the VTB My Investments platform.

By the end of the year, the Medium and Small Business team increased its client base by 25% to nearly 640 thousand clients, increasing both the loan portfolio and the amount of customer funding thanks to the launch of new products that make the day-to-day work of entrepreneurs more convenient.

VTB’s Retail Business saw a double-digit increase in lending, with its portfolio of loans to individuals expanding by 15% by the end of the year. Mortgage loans remain an important driver of this growth. VTB has traditionally been one of the most active participants in state-run mortgage support programmes. By making housing loans more affordable, we are helping improve the quality of life for people and expanding our customer base.

The total volume of our mortgage portfolio increased by 24.3% in 2020 to more than RUB 2 trillion. As a result, the share of secured loans in the Group’s retail portfolio increased by 3.4% in 2020 to more than 59%.

Amid a steady increase in banking income, external factors, nevertheless, had a considerable impact on our financial results. Above all, these factors included the objective deterioration of the economic situation as well as the volatility of oil prices and the exchange rate. Like the entire sector, we faced a sharp increase in the cost of risk, which forced us to increase provision charges to RUB 250 billion, up by 2.4x compared with the previous year. In addition, we recognised a considerable impairment of a number of non-core assets.

These factors, which were one-off events, prevented us from achieving our net profit targets. At the same time, the strong results in our core business lines and the recovery in business activity in 2021 give us every reason to expect a return to the profitability envisaged by our strategy.

Building an ecosystem through partnerships

Rapid technological development is leading to major changes in the financial industry, which is reflected, most notably, in the development of ecosystems involving the participation of banks. At the same time, the ecosystem phenomenon is not a radical innovation or something previously unknown in the banking business. In the past, banks also expanded possibilities for physical and digital interaction with customers by creating their own services and developing partnerships.

Today, however, the bank itself can do more for its customers. Its intermediary function is now no longer limited solely to financial services provided by the bank but can be expanded to non-financial partner spheres: retail, telecommunications and real estate.

VTB supports the development of an open ecosystem through partnerships. There is no aim to control all the non-banking elements of our ecosystem. We believe it is much more effective to build strategic partnerships with market leaders in other industries. The digitalisation of our business will enable us to integrate into their business models and offer their clients high-quality financial services. At the same time, we are not competing with our partners in their core business; instead, we are strengthening and expanding their range of offers for customers.

We have identified several priority industries where we plan to implement joint solutions – retail, e-commerce, Internet and media, telecommunications, housing and utilities, transport and logistics – and we are working closely with market leaders in selected industries.

I think it is important, however, to stress that, regardless of the size and structure of the ecosystem, what is not changing is the Bank’s core competency: the provision of first-class financial services that customers can receive in the location and format that is most convenient for them, be it through one of our branches, our apps or the apps of our ecosystem partners.

Accelerating the digital transformation

The unprecedented circumstances that we faced in 2020 confirmed that we chose the right path for the technological transformation of VTB’s business. Thanks to the work that was done in previous years, we were able to meet the exploding growth in demand for online services and to greatly accelerate the rollout of our omnichannel platform for individuals and businesses.

In the second half of 2020, we brought to market a new version of our flagship retail app VTB Online, which had more than 10 million users as of the end of the year. We also updated the mobile bank for entrepreneurs and launched new functionality in the brokerage app. At the same time, the introduction of robotic services and solutions based on machine learning continued for both retail and corporate customers.

The digitalisation of our business and customer service will play an increasingly important role in further consolidating our market position. More than 70% of our retail clients are active in digital channels, and the share of retail business sales through those channels is 30%, up from 15% in 2019. Our strategic goal is to offer 100% of our products online and increase the share of remote sales to 50%.

In accordance with our current strategy, we have begun the difficult work of radically updating our digital architecture. So far, 56% of retail customers interact with the Bank through digital channels.
of the transformation has been completed. At the same time, the system continues to function in such a way that customers do not notice the move from the old platforms to a single new one. In the context of the ongoing transformation, we have been strengthening our focus on the mass-market segment since 2020.

Thanks to our new IT setup, the time needed to introduce a new service to market has been reduced eightfold (to 30 days), the time needed to make a decision on a digital loan has been reduced to 1–2 minutes, more than 400 thousand digital debit and credit cards have been issued, the first fully digital mortgage transaction in the market was completed (more than 20% of mortgage applications come through digital channels), and our Paperless Bank programme was launched, which will drastically reduce the use of paper in our document workflow.

The market – both our customers and peers – have taken note of the pace of VTB’s digitalisation. We have received a number of awards for our functional updates and for the quality of our mobile applications. We are setting new standards in a number of areas. For example, the VTB My Investments application provides Russian citizens with access to a wide range of savings instruments, and it is now recognised as the most user-friendly investment platform in the market.

We are introducing a new format for VTB branches, and in the coming years we are going to completely revamp our retail network. The new format has demonstrated an increase in efficiency of 40% while reducing floor space by 25% and at the same time reducing visitors’ waiting time by a third.

We are also developing biometric solutions and expect to digitalise 100% of all our services. In the near future, we plan to offer customer identification by means of facial recognition at Bank branches as well as the use of facial biometrics to confirm risky transactions.

**Responsible business practices**

By developing state-of-the-art banking technologies of the future, VTB at the same time remains a responsible and socially oriented company. In 2020, an important decision was taken that consolidated the transformation of VTB’s Sustainable Development policy from individual projects and initiatives into a full-fledged integrated part of the business, a cross-cutting component of all processes. ESG factors are becoming increasingly important for our development and for our investment case. Currently in its final stage of development, VTB’s Sustainability Strategy is designed to formulate targets for responsible banking based on ESG criteria. Key areas include responsible investing, interacting with customers to improve the ESG features of their businesses, engaging customers in ESG projects and initiatives, supporting public-interest projects, sponsorship and charity, as well as building an ESG management model.

At the same time, VTB has been implementing most of the initiatives included in the Strategy for a long time. These include responsible investment instruments, financing for renewable energy projects, environmental requirements in the context of VTB-supported infrastructure projects, charitable assistance in the environmental sphere and environmental initiatives for retail customers. We have financed a large number of projects for the construction of medical, sports and tourism infrastructure facilities. We launched responsible investment funds in 2020, which involve asset management in line with ESG principles.

In 2020, the VTB team did excellent work in addressing the impact of the pandemic, strengthening relationships with customers and ensuring the quality growth of the Group as a leading technological bank and digital ecosystem. Today we have a broad, loyal customer base, a strong omnichannel platform with a range of unique products and services, as well as a business model and strategy that successfully passed a test of durability in 2020. All of this gives us every reason to expect the continuation of the Group’s successful development in accordance with our strategic priorities and in the interests of shareholders, the Russian economy and all of the country’s citizens.

Sincerely,

Andrey Kostin
President and Chairman of the Management Board
Around 400 thousand individual customers, faced with a decline in their income, applied for repayment holidays to restructure more than RUB 300 billion in debt. VTB restructured about RUB 230 billion in loans for small and medium-sized businesses, and about RUB 1.3 trillion in loans for large businesses.
RUSSIAN MACROECONOMIC INDICATORS, % CHANGE YEAR-ON-YEAR

GROSS DOMESTIC PRODUCT

INVESTMENTS IN FIXED ASSETS

INDUSTRIAL PRODUCTION

RETAIL TURNOVER

OIL PRICE AND EXCHANGE RATES

INFLATION AND BANK OF RUSSIA KEY RATE

Russia’s GDP contracted by 3.0% in 2020. As a result of harsh restrictive measures adopted in 2Q 2020, economic output declined by 7.8%, with retail and wholesale trade, manufacturing, transportation and the services sector contributing the most to the decline.

In the second half of the year, the economy recovered on the back of manufacturing and retail trade (consumer demand), while the mining, transportation and services sectors continued their downturn.

The economic recovery was driven largely by an increase in federal budget spending, primarily social spending, which boosted public sector wages in particular. The growth of real wages amounted to 2.5% in 2020.

As in 2018–2019, the Russian Finance Ministry’s budget rule had an impact on the structure of economic growth: the decrease in oil prices and the loss of tax revenues from the oil and gas sector did not lead to a decrease in budgetary spending. In addition, the government was granted the right to increase budgetary spending by RUB 1.8 trillion without amending the Budget Code, thereby exceeding the maximum spending limit established by the budget rule.

As a result, the structure of GDP in terms of consumption in 2020 looked as follows: household consumption decreased by 8.6% (the drop was 21.7% in 2Q, which caused a decrease for the year as a whole), government spending increased by 4.0%, gross fixed capital formation (investment) decreased by 4.3%, and exports and imports decreased by 4.3% and 12.0%, respectively.

The purchase and sale of foreign currency, as stipulated by the budget rule, along with the actions taken by the Bank of Russia helped stabilise the rouble exchange rate, in particular when oil prices were especially low and volatile (in March and April). During the year, the rouble saw real depreciation of 7.5% against foreign currencies (the nominal rouble exchange rate decreased by 10.0% against the dollar and 11.6% against the euro).

Consumer inflation accelerated to 4.9% in December 2020 amid the weakening rouble and due to insufficient supplies in certain food markets (in particular sugar, fruits and vegetables, and sunflower oil) and higher global food prices (grain and soybeans).

Fearing considerably lower inflation than expected amid restrictions and weak consumer demand, the Bank of Russia lowered its key rate from 6.25% in early 2020 to 4.25% in July 2020; in the wake of a rise in inflation above forecasts, however, the Bank of Russia changed its rhetoric, signalling that it would determine the timing and pace of a return to a neutral monetary policy.

Unless otherwise stated, the source of macroeconomic data is the Federal State Statistics Service.

* According to the budget rule, the Ministry of Finance of the Russian Federation uses all oil and gas revenues from oil prices above the baseline set in the budget of the Russian Federation to purchase foreign currency for the National Wealth Fund.
Restrictions related to the spread of COVID-19 had a negative impact on economic growth in 2020. However, state support measures for the worst-affected sectors of the economy and relief for banks from the regulator allowed the banking sector to end what was a difficult year in decent shape.

As of the end of 2020, the banking system’s net assets had increased by 16.9% (compared with 3.0% in 2019) on the back of an expanded loan portfolio and a decrease in the value of the rouble against the US dollar. At the same time, the penetration of services, defined as the ratio of banks’ total assets to GDP, increased to 99%, up from 81% a year earlier.

The growth of the corporate loan portfolio was driven by state support measures for affected industries, the economic recovery in the second half of the year, a further decrease in interest rates on loans alongside the reduction in the Bank of Russia’s key rate and the currency revaluation of the portfolio. As a result, loans to corporate entities increased by 14.3% during the year (or by 9.8% excluding the effect of currency revaluation), compared with an increase of 2.3% a year earlier (or 5.3% excluding the effect of currency revaluation).

As of the end of 2020, the share of overdue loans in the corporate portfolio remained at the same level of the previous year, at 7.8%, while the share of overdue loans in the retail segment increased by 32 b.p. to 4.7% amid the worsening macroeconomic situation.

In 2020, the increase in individual deposits accelerated to 11.3% (7.5% in the previous period); however, excluding the effect of currency revaluation, the increase was only 7.7% (9.9% in 2019) as a result of the outflow of cash into investment products due to lower deposit rates and a decrease in household income. Corporate account balances increased by 19.6%, up from 1.2% in 2019 (growth accelerated from 4.6% to 13.7% excluding the effect of currency revaluation). Banking sector debt to the Bank of Russia increased by 46.8%; however, the share of banking sector debt of gross assets changed slightly despite the challenging conditions (2.8% at the end of 2019 compared with 4.0% at the end of 2020).

Banks earned a net profit of RUB 1.6 trillion in 2020, down 6.6% from 2019, while profit before tax amounted to RUB 2.0 trillion, down 3.1% from the year before. The return on equity before taxes was 19%, compared with 22% in the previous period, and the number of unprofitable banks increased by seven to a total of 75 at the end of 2020.
2020 KEY EVENTS

January

• VTB became the first bank in Russia to launch video ATMs, offering online consultations with call centre staff. The technology reduced customer service times and helped cover more than 90% of the standard services provided by office employees.

• VTB Capital Investments launched a comprehensive programme to help borrowers affected by the coronavirus pandemic. Under its terms, all borrowers who took sick leave as a result of COVID-19 were able to defer payments on cash loans and mortgages for up to three months. Upon receipt of an application and the necessary documentation, the service was activated automatically.

February

• VTB switched its banking network to paperless technology, making customer service faster and more secure. Customers can now sign documents electronically at all points of sale.

• Euromoney named VTB Private Banking the best in Russia for investment management.

• VTB Capital Investments received the Best Broker 2019 award – for the third year in a row – from Moscow Exchange at the annual Best Private Investor 2019 competition.

March

• VTB Bank together with Roskomunivers introduced the first mobile banking app for the Russian mobile operating system (OS) Aurora. With the launch of the new app, all of VTB’s main banking services became available to users of devices based on the Aurora OS.

• VTB launched a remote service for small and medium-sized businesses. Cifra, adding customers of the need to visit bank offices. The new app provides tools that individual entrepreneurs need to handle all of their document management: tax accounting, consulting and other functions. With the Cifra app, users can independently track financial transactions, manage several accounts in different banks, and receive work reminders and personalised expert recommendations based on deep market analysis.

April

• VTB made it possible to use biometrics to open an account remotely. Now a person can become a VTB client by registering on the Bank’s website instead of visiting a branch.

• VTB together with PIK Group issued the first online mortgage loan in Russia. The new process for obtaining a mortgage loan is completely digital and does not require a visit to a Bank office. Mortgage payments are made online through the secure payment service Square Meter.

• VTB began accepting applications and issuing mortgages as part of the State-Supported Mortgage 2020 mortgage subsidy programme, which enabled customers to take loans at a preferential rate for the purchase of new housing. Through the programme, VTB Bank issued more than 63 thousand loans in 2020 worth more than RUB 198 billion.

May

• VTB Group launched Digital Credit, a digital platform for lending to large corporate clients. The platform made the lending process more transparent and reduced the time needed to make decisions on corporate loans. The system enables Bank divisions to collaborate in a single digital space, making it possible to advance from the application stage to approval of the credit limit and agreement on the loan terms with the client practically without the use of paper.

• VTB Capital Investments' Credit, a digital platform for lending to large corporate clients. The platform made the lending process more transparent and reduced the time needed to make decisions on corporate loans. The system enables Bank divisions to collaborate in a single digital space, making it possible to advance from the application stage to approval of the credit limit and agreement on the loan terms with the client practically without the use of paper.

• VTB launched a service for remote registration with Rosreestr of real estate security agreements for business loans. This service makes it possible to register an agreement remotely in which the pledge is a legal entity. The innovative service is implemented through remote access on the Square Meter platform in VTB Group’s real estate ecosystem. All information is transmitted via encrypted communication channels, thus guaranteeing complete information security. Advanced encryption technologies allow the client to issue an enhanced qualified electronic signature and to submit a security agreement for registration without making additional visits to Rosreestr or Multifunctional Centres for the Provision of State Services.

loans were issued by VTB Bank in 2020 worth more than RUB 198 billion as part of the State-Supported Mortgage subsidy programme 2020.
June

- VTB Group received a patent for a technology developed by Bank specialists for the selection of loan offers for clients. The new technology reduces the time needed to formulate proposals, select several products at the same time and to generate the greatest possible number of combinations of credit and insurance products in one request.

- VTB, the only Russian bank with a financial license to conduct banking operations in China, opened a new office in Shanghai. The expansion of our presence in the region made it possible to continue building our client base, to launch a line of new products, and to qualitatively improve the infrastructure and information environment. The need for a new office arose as a result of the constantly increasing volume of VTB’s business in China.

- VTB Bank presented its Shareholder’s Guide, a new form of reporting for shareholders and investors. The purpose of the guide is to help private investors purchasing VTB shares to navigate through VTB’s Group’s structure and corporate governance principles and to understand their rights and obligations. The guide offers a compact overview of all the information that may be useful to investors— from the structure of VTB Group and its ownership to information about the Bank’s ESC, interests, limits, and QR codes are integrated into the document, which can be used to instantly access more detailed information on VTB’s website and in other resources.

- VTB Bank launched a new On-Site service option, which enables clients to open a current account without visiting a Bank branch. The service can be used by legal entities and individual entrepreneurs, as well as individuals engaged in private practice.

July

- VTB Capital Investments, Russia’s largest wealth management platform, launched the first comprehensive savings management service for users of Yandex, a leading technology company. The new service made it possible for millions of Russians to invest cheaply, quickly and conveniently in traditional products, without having to fill out documents, directly on the Yandex Plus platform, to invest in bonds and stocks available on the Moscow and St. Petersburg stock exchanges, to exchange foreign currency at a rate close to the official exchange rate, and much more.

- VTB Capital Investments launched a new analytics system, Data Governance, which has made it possible to speed up business analysis processes. The new system allows the Bank’s specialists to classify Bank’s corporate data more quickly. The Bank was able to accelerate the segmentation of customer data, come up with more persuasive offers, develop a partner ecosystem and bring new products and services to market faster.

- VTB Capital Investments received four of the five Visa Global Service Quality Awards in several categories. International experts noted the excellent performance of the VTB team, which was achieved thanks to the effectiveness of operational and technical support in combination with excellence in product development, content and promotion.

- VTB Bank completed the first stage of the implementation of its Data Governance system, which has made it possible to speed up business analysis processes. The new system makes it possible to classify the Bank’s corporate data more efficiently and to manage it centrally. With the help of the new analytics system, data scientists, IT professionals and other Bank employees can check the quality and reliability of corporate data more quickly.
August

• VTB started large-scale modernisation of its regional network, which should make the network even more convenient and accessible, as well as highly effective from the point of view of transitioning most products to digital. The new offices are designed in such a way as to ensure that customers are given personal attention and to provide the most comfortable experience at all stages of service. By the end of 2020, VTB had opened six offices in the new format. Beginning in 2021, VTB plans to launch every new branch in this format.

• VTB launched its VTB Business Lite mobile app enabling remote service for entrepreneurs. The mobile banking app features a new design, improved navigation and expanded functionality for financial business management. VTB Business Lite is available for iOS and Android mobile devices. The app simplifies daily operations and offers the most popular services and products.

• The number of VTB shareholders surpassed 300 thousand. By the end of August, the number of VTB retail shareholders had grown to 312 thousand. As of the end of the year, the register of VTB shareholders included 337 thousand shareholders, including 254 thousand retail shareholders.

October

• Based on the results of its annual independent monitoring, the Russian Institute of Directors raised VTB’s national corporate governance rating to 8 (best corporate governance practice).

• VTB Capital hosted the 12th annual Russia Calling! investment forum on 29–30 October 2020. The main theme of the event was Global Challenges, Local Remedies. The forum was broadcast to a wide audience for the first time. Experts took part in discussions from studios around the world, including in Europe, the United States, Asia and the Middle East. As has traditionally been the case, Russian President Vladimir Putin held a dialogue with foreign business people and investors during the macroeconomic plenary session.

September

• VTB Bank was named the best transaction bank in Central and Eastern Europe according to the British magazine The Banker. The leading global publication’s annual Transaction Banking Awards recognise the world’s best banks for business. The jury for the competition includes reputable experts in finance.

• VTB launched a new mobile app called VTB Business QR for Medium and Small Business clients, which makes it possible to accept payments from individuals using a QR code through the Faster Payments System without using cards or terminals. The service also enables individual entrepreneurs to generate and send receipts to buyers, to keep records of income from cash and non-cash transactions and to create receipts for tax purposes.

• VTB started implementing the first credit conveyor in Russia based on a microservice platform that uses advanced analytics. As part of the project, a new technology was launched for the development of pre-approved offers for cash loans and credit cards. In 2022, it will enable VTB to make 95% of decisions on granting loans to retail customers in 1–3 minutes.

• VTB Bank’s Annual General Meeting of Shareholders was held based on the results for 2019. In accordance with the recommendations of the Bank of Russia and a decision of the Supervisory Council, the meeting was held in the form of absentee voting. From 1 to 24 September, a total of 4191 Bank shareholders took part in absentee voting, 94% of whom voted electronically through the VTB Shareholder mobile app or on the VTB Registrar website. The number of participants increased by 78% from the previous year.
2020 KEY EVENTS

November

• VTB launched a completely new VTB Online mobile bank for its clients. VTB Online doubled its operating speed and tripled its maximum capacity. The app’s design was completely updated, and 50 new functions were added, including cash withdrawals from ATMs without using a card.

• VTB Group and the Square Meter real estate ecosystem launched a service called M2 Panorama. Using an Internet browser, the service enables customers to select a property from a developer and take a virtual tour with an online consultant – all in the comfort of their home. Customers wishing to purchase real estate remotely can do so with a consultant who informs them about the property’s features and conducts virtual tours of the apartments they like.

• VTB expanded the range of payment services for small and medium-sized businesses and launched a pilot product called VTB Kassa. This product combines the functions of an online checkout and an acquiring terminal. VTB Kassa is a ready-made solution for various business areas and working conditions. The device, which comes in the form of a compact wireless smart terminal with a built-in barcode scanner, accepts bank cards, prints sales receipts and transmits data to the Federal Tax Service in real time.

December

• VTB received the Bank of the Year 2020 award from the British magazine The Banker as the best Russian bank. The main assessment criteria for the magazine’s experts were the bank’s digital transformation and strategic development, its stability amid strong market volatility and the effectiveness of its customer support measures during the pandemic.

• VTB Bank launched pilot testing of 12 technological solutions with a new intake of startups from the VTB Accelerator, arranged in partnership with the Internet Initiatives Development Fund. They include a facial recognition payment technology, a payment service for self-employed individuals through the Faster Payments System, a technology enabling mobile electronic document signatures, HR services and others. The solutions were selected based on the results of a new intake through the VTB Corporate Accelerator, a platform used to find and pilot innovative technologies from the open market for their further use in the Bank.

• At the end of 2020, VTB Capital was named a winner in the prestigious international Mergermarket Europe M&A Awards 2020 and the Finance Monthly Global Awards 2020. Mergermarket named VTB Capital Financial Advisor of the Year in the field of mergers and acquisitions in Russia, recognising the investment bank’s work as the best in the country; VTB Capital won the annual Finance Monthly award in the Investment Banking Business – United Kingdom category.
RESPONSE TO THE COVID-19 PANDEMIC

The coronavirus pandemic has defined the trends of 2020. In unprecedently tight timeframe VTB managed to fully restructure the operations by shifting mainly towards the remote work format, without any detriment to technological plans of the Bank. We did commendable work in fulfilling our role as one of the country’s systemically important banks and helped the clients combat the economic fallout from the pandemic.

RESTRUCTURED LOANS

Support of clients in Retail Business

Support of clients in Medium and Small Business

Support of clients in Corporate-Investment Business

VTB was very attentive to customer support during the pandemic

PROVIDING REPAYMENT HOLIDAYS

In 2020, about 400 thousand VTB clients took advantage of repayment holidays of RUB 300 billion in loans.

Some 92% of the repayment holidays in numerical terms and 88% in monetary terms were implemented within the Bank’s own programmes. Through VTB’s own programme, 340 thousand customers with a total loan portfolio of RUB 265 billion were able to defer payments.

MORTGAGE

Within the framework of both state- and Bank-run programmes, more than 34 thousand customers took advantage of repayment holidays on RUB 63 billion in loans.

In March 2020, VTB launched its own Mortgage Holidays programme prior to the introduction of legislative changes on measures of financial support for the public. In a very short time, the Bank launched its own programme of repayment holidays with an increased limit of up to RUB 2 million, in addition to the state programme under Federal Law No. 106-FZ dated 3 April 2020. A refinancing programme with deferred payments was also launched, allowing customers to skip up to first three payments when transferring loans to VTB (support for customers who were not granted repayment holidays by their own bank).

CONSUMER LOANS

Within the framework of both state- and Bank-run programmes, more than 324 thousand customers took advantage of repayment holidays on RUB 232 billion in loans.

In 2020, VTB Bank issued more than 63 thousand loans in 2020 worth more than RUB 198 billion.

In April 2020 VTB began accepting applications and issuing mortgages as part of the State-Supported Mortgage 2020 mortgage subsidy programme, which enabled customers to take loans at a preferential rate for the purchase of new housing.

MORTGAGE REFINANCING

In 2020, more than 14 thousand customers were able to reduce their rates and their mortgage payments by RUB 255 billion.

The decrease in interest rates resulted in a high level of demand on the part of borrowers for refinancing programmes. In 2020, more than 14 thousand customers were able to reduce their rates and their mortgage payments by RUB 255 billion. The share of such transactions reached 27% in terms of sales, compared with 13% in 2019.

MORTGAGE ONLINE

In 2020, more than 15 thousand loans were issued online worth RUB 75 billion.

In April 2020, the first completely remote mortgage transaction was carried out (jointly with PIK Group). The transaction was completed with an electronic digital signature; the client concluded the transaction online and signed the mortgage agreement without leaving their home.
Support of clients in Medium and Small Business

During the pandemic, the Bank, together with the Russian Government and the relevant federal executive authorities, implemented a number of support measures for the clients of Medium and Small Business.

Comparison of support programmes for companies from the most affected industries

<table>
<thead>
<tr>
<th>Programme 696</th>
<th>Programme 422</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference lending at 2% with debt relief subject to retaining 80% of their workforce as of 1 April 2021.</td>
<td>Providing preferential loans at 0% interest for urgent needs to support and retain employees (payment of wages and payroll charges).</td>
</tr>
<tr>
<td>More than 21 thousand loan agreements were concluded for a total amount of over RUB 79 billion.</td>
<td>Over 6 thousand loan agreements were concluded for a total amount of over RUB 25 billion.</td>
</tr>
</tbody>
</table>

VTB BANK IMPLEMENTED ITS OWN PROGRAMME TO RESTRUCTURE EXISTING LOANS WITH A PROVISION FOR DEFERRED PAYMENTS FOR CUSTOMERS WHOSE BUSINESSES HAD ALREADY SUFFERED FROM THE SPREAD OF COVID-19, AS WELL AS RESTRUCTURING UNDER FEDERAL LAW NO. 106-FZ DATED 3 APRIL 2020 AND RESTRUCTURING CARRIED OUT IN ACCORDANCE WITH GOVERNMENT RESOLUTION NO. 410 DATED 14 MAY 2013.

WITHIN THE FRAMEWORK OF BOTH STATE- AND BANK-RUN PROGRAMMES, VTB RESTRUCTURED AGREEMENTS IN THE AMOUNT OF RUB 277 BILLION

4.0% LOAN AGREEMENTS WERE RESTRUCTURED THROUGH THE BANK’S OWN PROGRAMMES IN THE AMOUNT OF RUB 210 BILLION
Support of clients in Corporate-Investment Business

In 2020, the Bank, together with the Government of Russian Federation and specialising federal agencies implemented a number of support measures for the clients in Corporate-Investment Business.

Lending to systemically important companies to replenish the circulating assets

<table>
<thead>
<tr>
<th>Programme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAMME 582</td>
<td>21 loans were issued for a total of RUB 28.6 billion. Replenishment of the circulating assets in the amount of no more than RUB 3 billion for a period of up to 12 months. Maximum rate of 5% per annum.</td>
</tr>
</tbody>
</table>

Participation in support programmes for companies from the most affected industries

<table>
<thead>
<tr>
<th>Programme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAMME 696</td>
<td>36 credit agreements were concluded for a total of RUB 12.6 billion. Preferential lending at 2% with debt relief subject to retaining 80% of their workforce as of 1 April 2021.</td>
</tr>
<tr>
<td>PROGRAMME 422</td>
<td>9 credit agreements were concluded for a total of RUB 6.5 billion. Preferential loans at 0% interest for urgent needs (wages and salaries and payroll charges).</td>
</tr>
</tbody>
</table>

Rapid digitalisation

The Bank continued to implement all its technological development projects, without stopping investments related to improving reliability, developing its omnichannel approach and unifying the IT landscape.

- **35 thousand** remote workplaces were created as part of the transition to remote work, the throughput capacity of communication channels was increased tenfold.
- **90%** of the Bank’s staff was moved to remote work format in less than a month.

BY THE BEGINNING OF THE PANDEMIC, THE BANK HAS ALREADY ADAPTED ALL INTERNAL CLIENT COMMUNICATION PROCESSES TO REMOTE FORMAT. THIS ALLOWED TO PROMPTLY, FOLLOWING CLIENT REQUESTS, RESTRUCTURE LOANS DUE TO THE PANDEMIC. IN TOTAL, RUB 1.3 TRILLION WORTH OF LOANS WERE RESTRUCTURED FOR ABOUT 60 GROUPS OF COMPANIES – CLIENTS OF CORPORATE-INVESTMENT BUSINESS.

IN 2020, WE WERE ABLE TO ACCOMPLISH A GREAT DEAL IN TERMS OF VTB’S DIGITALISATION AND ALSO ACHIEVE EXCELLENT BUSINESS RESULTS.
VTB is focused on long-term and sustainable development, it has to adapt in response to new challenges, which means the evolution of the bank’s business model, an increased focus on customers and their needs, acceleration of internal processes and optimisation of the bank’s operating model.

**Key strategic priorities for VTB Group’s development in 2019–2022**

The changing economic landscape poses new challenges for VTB Group as a whole. Competition for customers is heating up, while barriers to their movement between banks are breaking down, and competition from non-financial players is increasing.

The model for the consumption of financial services is being transformed, and the trend towards greater digitalisation of products and services is growing. Pressure on margins in traditional banking and stagnation in the banking sector continue.

**2022 Strategy**

1. **The interests of our clients are the focus**

2. **Intensive growth of the banking business, complemented by digital economy initiatives**

3. **Digitalisation, advanced technologies, increased efficiency**
Responding to the new economic environment, VTB Bank’s Development Strategy for 2019–2022 sets out a renewed mission, vision and values.

**VTB’S MISSION:** WE HELP PEOPLE MAKE THEIR PLANS A REALITY BY CREATING THE BEST FINANCIAL SOLUTIONS. WE ARE A TEAM OF PROFESSIONALS, WORKING FOR THE BENEFIT OF OUR CUSTOMERS AND THE COUNTRY AS A WHOLE.

The interests of our clients and the quality of our service are the focus, which means providing the best offer for our clients and ensuring the highest level of customer satisfaction in the market. The key factors are strengthening our business model in terms of focusing the group’s efforts on customer satisfaction, moving to personalised communications based on advanced data analytics and data modelling tools available to customers through the channels that are most convenient for them.

**NEW DYNAMICS OF CHANGES:** DIGITALISATION, ADVANCED TECHNOLOGIES, INCREASED EFFICIENCY.

**INTEGRATIVE GROWTH OF THE BANKING BUSINESS COMPLEMENTED BY DIGITAL ECONOMY INITIATIVES:** INCREASING THE NUMBER OF RETAIL CUSTOMERS BY 50%, DOUBLING THE NUMBER OF CUSTOMERS IN THE MEDIUM AND SMALL BUSINESS SECTOR AND EXPANDING CUSTOMER COVERAGE IN THE CORPORATE-INVESTMENT BUSINESS TO MORE THAN 85% OF THE MARKET.

**VTB’S STRATEGIC VISION:** A UNIVERSAL FINANCIAL GROUP THAT IS DEVELOPING BOTH DYNAMICALLY AND SUSTAINABLY, ONE THAT IS FOCUSED ON BEING THE FIRST-CHOICE FINANCIAL PARTNER FOR ITS CUSTOMERS, AND WHICH PROVIDES THE MOST CONVENIENT AND CUTTING-EDGE SOLUTIONS TO MEET THEIR NEEDS.

Customer usage of digital channels for their banking needs is expected to increase considerably: more than 50% of sales will be completely digital, and 100% of products will be available to customers through electronic channels by the end of 2022; more than 80% of service operations will move to remote channels. An important priority is the digitalisation of internal processes, which will involve, in particular, the transition to a completely paperless internal workflow while maximising the electronic workflow in relations with external counterparties.

**INTENSIVE GROWTH OF THE BANKING BUSINESS COMPLEMENTED BY DIGITAL ECONOMY INITIATIVES:** INCREASING THE NUMBER OF RETAIL CUSTOMERS BY 50%, DOUBLING THE NUMBER OF CUSTOMERS IN THE MEDIUM AND SMALL BUSINESS SECTOR AND EXPANDING CUSTOMER COVERAGE IN THE CORPORATE-INVESTMENT BUSINESS TO MORE THAN 85% OF THE MARKET.

The Bank plans to build an advanced operational and processing platform based on a next-generation microservice IT architecture that will create competitive advantages for the Group in terms of the speed at which technological solutions are introduced and new services are brought to market. Investments in technological products will be aimed at creating leading solutions in such areas as the use of biometric identification platforms, robotics and advanced analytics; the virtualisation of processes based on artificial intelligence technology; the creation of a system of open interfaces for prompt integration with partners; and automation of the cloud infrastructure for the acceleration and scaling of capacities.

Key factors will be accelerating the Bank’s response to market changes and customer demand and promoting values within the corporate culture such as innovation, engagement, commitment to results and teamwork. This new approach will be facilitated by initiatives to develop human capital: the creation of a pleasant working environment and attractive conditions for the top talent in the market, the systematic development of tomorrow’s leaders, ensuring productivity growth and competitive motivation, and a balance of team and individual success. The introduction and scaling of a new model of cross-functional teams will be an important driver for speeding up these processes.
Main development trends in the Retail Business

Retail Business 2022

Market share in retail customer funding: 20%

Active clients: 18 million

Share of loans to individuals in loan portfolio: 35%

Market share in lending to individuals: 22%

A new VTB branch format was introduced based on a personalised customer approach. The new offices are efficient and convenient centres of financial knowledge and services; they also form part of a line-up of service access points that includes ATMs, the call centre, instant messaging and the mobile application. The operator of the new-format branch offices have made it clear that the use of smart technologies has boosted office efficiency by 40% while reducing floor space by 20–30% and, at the same time, shortening client waiting time by a third. The functional zoning system that was introduced enabled us to reduce not only the floor space of our branch offices but also to lower infrastructure costs by up to 22%. Our branch offices employ smart office technologies, which enable them to optimise the temperature, humidity, lighting and concentration of CO2. This reduces harmful emissions by 10% and decreases operating costs per square metre compared with standard branch offices.

In November 2020, a new version of VTB Online was launched. It now operates at twice the speed, and transitions between sections are instantaneous – taking place in less than a second. Its maximum capacity has tripled (this application can handle up to 130 thousand active users per minute, and it will be able to handle up to 400 thousand concurrent sessions in the future). Fifty new functions have been added to VTB Online, including ATM withdrawals without a card, the simultaneous payment of multiple bills and customisation of the home screen.

As of the end of 2020, some 10.1 million customers were using VTB Online, 15% of whom were users of mobile banking (1.4 million) and 1.4% – Internet banking (1.4 million).

In 2020, the Bank achieved one of its key strategic goals in terms of large consumer purchases when it enabled customers to complete remote mortgage transactions. On 16 April 2020, the first completely remote mortgage transaction was carried out jointly with PIK Group. In total, about 3 thousand customers completed remote mortgage transactions in 2020.

Main development trends in the Medium and Small Business

Medium and Small Business 2022

Increase in average revenue per client by 15–35% depending on the subsegments

Share of fees and commissions in net operating income: 35%

Goals of the Medium and Small Business global business line: doubling the client base among small and medium-sized enterprises on the subsegment with an increase in average revenue per client by 15–35% depending on the subsegment. This will be made possible, primarily, by increasing the transactional revenue of the business and developing remote and partner channels.

In 2020, a new Internet bank was created on an omnichannel platform with a unique design, a foundation for the integration of products, a universal marketplace, a navigation system and an intelligent assistant. A new Mobile Bank for business, VTB Business Lite, was created with an improved design and expanded functionality: simplified payments to individuals and expanded limits (interactive training, prompts for the automated filling of payment fields, etc.).

The VTB Business QR mobile application was launched for individual entrepreneurs (including the self-employed) and legal entities offering basic functionality (with plans for further expansion of functionality). The application enables users to quickly and easily accept payments from individuals for products or services through the Faster Payments System using a QR code.

The Cifra mobile application (digital accounting) was launched, which covers all the needs of individual entrepreneurs related to the calculation and payment of taxes as well as reporting to the Federal Tax Service.

The Bank made it possible for individual entrepreneurs (single-person executive bodies) to open a current account in-person in just 20 minutes.

The VTB Klasso product was developed and piloted in a number of regions. This is a comprehensive solution that enables customers to accept payments in cash through bank cards or by using QR codes from the Faster Payments System, to issue sales receipts and to transfer payment-related information to the Federal Tax Service online. The formalities can be completed in one visit to a Bank office. As part of the service, customers receive a ready-for-use online cash register that is registered with the Federal Tax Service and that comes with a fiscal memory device as well as an agreement with a fiscal data operator.
Main development trends in the Corporate-Investment Business

**Corporate-Investment Business 2022**

**Maintaining leadership positions in investment banking services for corporate and institutional clients**

**Ensuring better-than-market growth in current account balances and fees and commissions for transaction products**

**25%**

market share of investment products for individuals

VTB’s strategic vision for its Corporate-Investment Business implies the development of its existing business model with a special focus on an individualised client approach based on industry specifics and an understanding of client needs, expertise and partnerships to resolve financing challenges of any size, as well as unchallenged leadership in the investment business.

The goals for the development of the Corporate-Investment Business global business line are to maintain leadership positions in investment banking services for corporate and institutional clients, to ensure better-than-market growth in current account balances and fees and commissions for transaction products, and to create, together with the Retail Business, conditions for a breakthrough in the investment products market for individuals and, by the end of 2022, to have secured at least 25% of this market.

- In 2020, VTB played an active role in state programmes to support the Russian economy, in particular by financing companies in strategic sectors and providing loans to replenish working capital, interest-free loans to pay wages and loans for the resumption of business operations at 2% interest, among other measures. In total, VTB provided financial assistance to 75 groups of leading companies (about 30% of systemically important enterprises).
- The pandemic and remote work dictated the need to transform internal processes. For example, the first guarantee deal with a customer that was signed remotely was completed in 2020. Internal processes were greatly optimised and simplified, which made it possible to reduce the time from the submission of a customer request to the disbursement of funds.
- In order to improve the effectiveness and the digitalisation of credit products, the Digital Credit platform was launched. The Bank plans to develop this platform in order to greatly reduce the costs associated with the lending process, shorten the time period for issuance and increase satisfaction with the process among the Bank’s clients and employees.
- In 2020, as part of the development of round-the-clock online payments, a standard service was introduced to enable payments from individuals to corporate clients using the Raster Payments System; new customers were connected to the service as it was rolled out throughout 2020.

**Synergies among global business lines**

One of the key areas for VTB Group in terms of the implementation of its Development Strategy is the reinforcement of synergies among its global business lines.

With respect to the development of investment products, the line of investment products available to individual customers through the mobile application was expanded in 2020; these include participation in initial and secondary public offerings on Moscow Exchange as well as over-the-counter placements, investment consulting services and portfolio analysis. The VTB investment management platform was integrated into the Yandex Plus service and the BSC interface. The Bank made it possible to open VTB brokerage accounts remotely and to buy and sell public federal loan bonds through Post Bank brokerage accounts.

As part of the Bank’s housing construction initiatives, a digital housing ecosystem was built – online search, transactions, secure payments, registration, mortgages – for individuals, developers and realtors. In the context of financing housing construction using escrow accounts, pursuant to Federal Law No. 214-FZ dated 30 December 2004, the calculation of interest rates on loans was automated.

As part of the Urban Environment and Transport initiative, a pilot was successfully carried out, whereby card payments for trips on the Moscow Metro were made based on biometric facial identification.

**Development of an operational and technological platform**

A key condition for the successful implementation of the strategies of the Bank’s global business lines and for development in the digital economy is the creation of an advanced operational and processing platform that involves efficient processes for operational support, business support and information systems that ensure a high level of automation and stability.

As part of the development of the technological elements of the VTB platform, 12 technological programmes were launched in 2020, the key results of which were as follows:

- the share of mortgage applications submitted through digital channels increased threefold;
- express loans and express guarantees for small and medium-sized businesses were introduced based on the technologies used for the credit conveyor;
- there was a 24-fold reduction in the time needed for an individual entrepreneur to open a current account;
- the productivity of remote banking services for legal entities in terms of payment orders for customers and the provision of statements increased more than tenfold;

- in the area of artificial intelligence, a graph platform, a geo-platform and a model development and application platform were introduced in 2020;
- the first microservice platform in Russia for complex automation of all channels of communication with customers was developed; the following services were introduced on the platform:
  - a new mobile bank for the Retail Business, which was included in a rating of the top five mobile financial applications;
  - the time to bring new technological products to market was reduced by 87.5% (from 240 to 30 days);
  - the first products for customers of the Medium and Small Business in the context of remote banking services (opening and maintaining accounts, cash transactions, currency control, deposits and others);
- a qualitative leap was made in terms of the reliability and availability of systems – system availability increased to 99.87%, including scheduled maintenance work. The number of crashes was reduced by more than half, and the time needed to correct them was also reduced by more than half.

In accordance with the 2020 data management strategy:

- the performance of data warehouses doubled thanks to their migration to state-of-the-art platforms;
- online analysis of business performance was enabled;
- centralised platforms for the execution and management of data models were put into commercial operation;
- the process of purchasing and loading external data sources into Bank systems was centralised.

The following initiatives were carried to improve information security:

- an Information Security Monitoring Centre was created to ensure early detection of cyberattacks and an immediate response to ongoing attacks on the Bank’s automated information systems;
- information exchange was established concerning threats and new versions of malicious software with FinCERT centres, the National Coordination Centre for Computer Incidents and international information security incident response centres;
- a process was put in place to inform Group companies about current threats based on aggregated data from various sources.

In 2020, the Bank continued to develop its employer brand. For example, VTB Bank was named one of the top 10 employers in Russia according to Forbes for the second year in a row and one of the top three employers in the banking sector according to HeadHunter, FutureToday, Universum and Best Company Award.

At the end of 2020, a large-scale programme called Career Paths was launched for employees in the Bank’s regional network, the programme is aimed at creating a comprehensive and effective system for promoting employees within the organisation, developing and retaining highly successful personnel and shortening the period for their onboarding in new roles. VTB’s official portal, vtbcareer.com, was updated. The updated website integrates VTB’s values, which are also shared in the form of success stories involving Bank employees. The Bank’s specialises career portal was visited by more than 600 thousand unique users during the year, more than 40 thousand of whom responded to vacancies at the Bank.

In early 2020, the coronavirus pandemic demanded a considerable acceleration of the introduction of remote working arrangements, and the Bank’s IT departments undertook the huge challenge of putting infrastructure in place for such arrangements to work effectively. In the future, work will continue on the introduction of flexible and hybrid working arrangements in those Bank divisions where such arrangements allow employees to perform their work without compromising quality.

In 2020, the Bank applied a lean management approach to the work of its teams and departments. Its so-called lean laboratories carried out a number of projects to improve business processes, organise workplaces, reduce last working time and increase employee engagement/motivation. More than 40 lean initiatives were undertaken at various levels; from small improvements to considerable changes in cross-functional processes. The decisions were taken at Bank meetings on 23 July 2015 (Minutes No. 20) and on 4 April 2016 (Minutes No. 6).

Pursuant to the instructions of the Government of the Russian Federation1 and the concomitant decisions of VTB Bank’s Supervisory Council1, VTB Group takes planned measures aimed at improving and monitoring the quality of banking services in all customer segments; raising customer satisfaction, streamlining management processes and improving the management philosophy, strengthening the corporate culture and ensuring the Group’s competitiveness based on a methodology of quality management. More detailed information is provided in the relevant sections of the Annual Report2.

Sound management of the quality of the customer experience is one of VTB Group’s top priorities. In 2020, VTB’s Customer Experience Quality Centre rolled out a full-scale system for measuring the quality of the customer experience across all global business lines. The system is used to conduct regular assessments of the loyalty of customers in the Retail Business, Medium and Small Business and Corporate-Investment Business global business lines.

The leaders of the streams and channels operated by the three global business lines are constantly studying feedback from customers to improve the processes of communicating with them and to make the Bank’s products and services more competitive. More than 700 thousand VTB customers share their opinions every quarter through regular surveys on the quality of VTB’s service.

During the reporting period, automated research services were launched that enable VTB product teams to test product and service ideas on the target audience quickly and independently, and to take customer feedback into account in the decision-making process at all stages of the product cycle.

VTB continued to develop its system for assessing the quality of its internal services; two Bank-wide surveys were conducted concerning employee satisfaction with the quality of the Bank’s internal services, with more than 15 thousand employees taking part. Each survey evaluated about 60 services. Based on the results, the service owners gathered the information needed to further improve and streamline internal banking processes. According to the surveys, employee satisfaction increased 22 p.p. in 2020 from a year earlier.


2. The decisions were taken at Bank meetings on 23 July 2015 (Minutes No. 20) and on 4 April 2016 (Minutes No. 6).

Developing a sustainable development strategy

The Bank began developing its sustainability strategy in 2020. The main sections of the strategy will be as follows:

1. Responsible financing
2. Reliable management system of a responsible Bank
3. Customer involvement in green initiatives
4. Socially oriented projects
5. Sponsorship and charity

Most of the initiatives included in the various sections of the strategy under development are already being implemented at VTB.

VTB provides financing both for energy services and for projects in the field of renewable energy. At the moment, we are No. 1 in factoring for energy services. A large number of projects have been financed for the construction of medical, sports and tourism infrastructure facilities. VTB Bank is a key financial partner of Mother and Child Group (MD Medical Group). The Bank was involved in the development of hospitals in Samara, Tyumen, Ufa and Novosibirsk. In addition, on 16 September 2020, the second phase of the Lapino Clinical Hospital (the Lapino-2 surgical facility) was delivered with the help of financing from the Bank; this was one of the largest projects in the healthcare sector in the Russian Federation. More than 10 projects have been completed for the construction of toll roads and airport infrastructure. The multifunctional sports complex VTB Arena was built. A transport payment platform is being introduced in Moscow and St. Petersburg.

Responsible investment funds were launched in 2020; these funds involve asset management in line with ESG principles. VTB Equity Fund Responsible Investment, an open-ended fund of market financial instruments, is intended for customers with an aggressive investment strategy. The fund's strategy is aimed at engaging customers in ESG initiatives. For example, in collaboration with Post Bank, the Give the Forest to a friend! project is ongoing; the aim of the project is to restore forests in Russian nature reserves. Over the six years of the programme's existence, more than 4 million trees have been planted. In addition, in June 2020, the Bank, together with the Russian Society for Nature Conservation and with the support of Mastercard, launched a project called Mission: Clean Water, which is aimed at helping clean up more than 146 bodies of water in eight federal districts of Russia. Programme participants can choose one or several federal districts of Russia and set up a payment for a body of water is presented through a visualisation that gives the participant a chance to learn new facts about Russian nature and to receive useful environmental advice. Work is under way to make the most popular types of social payments available through the Bank’s digital channels, and also to support the development of public superservices.

The Bank is taking part in several significant educational projects, including managing the endowment funds of Russia's largest universities. The Bank provides support to higher education institutions and also for applied and fundamental research, including through its strategic partnership with the Graduate School of Management at St. Petersburg State University, which involves support for and the development of research centres at the Business School, the launch of online courses for managers from Russian companies and an online educational programme called Management Essentials.

Charitable projects in the environmental and social spheres are being carried out. VTB participates in a WWF project for the conservation of big cats in the Russian Federation. Throughout the project (since 2014), extensive work has been done to protect and monitor snow leopards, Amur tigers, and Amur and Persian leopards. Thanks to the project, the population of big cats increased by around 25% in the period from 2012 to 2020. The Bank provides annual charitable assistance to the Russian Geographical Society (promoting geography and preserving Russia’s historical and cultural heritage); some RUB 200 million in support has been provided since 2017.

To coordinate and improve charitable activities in various regions of Russia, VTB Bank registered, in April 2020, the VTB-Strana corporate Charitable Foundation for the Support of Social Initiatives and the Provision of Targeted Assistance, which became the main operator of regional charitable projects, including the A World Without Tears programme, and of aid to medical institutions aimed at combating the COVID-19 pandemic. In addition, the Bank allocated unplanned assistance in the amount of RUB 202.2 million to 40 medical facilities in 21 regions of Russia. The VTB-Strana Foundation provided RUB 64 million to support 64 hospitals in 17 regions.
Key financial results of VTB Group 2020

**18.1 trillion RUB**
Total assets of the Group increased by 16.9% (share of loans and advances to customers - 68%)

**12.8 trillion RUB**
Customer funding increased by 16.9%; thus bringing the ratio of total loans to customer deposits to 95.6%

**3.8%**
Net interest margin increased by 40 b.p., up to 3.8%. The easing of monetary policy and liabilities revaluation that outpaced the decrease in the return on assets had a positive impact on net interest margin

**18.9%**
Net interest income and net fee and commission income increased by 19%, demonstrating robust growth in 2020

**1.6%**
The ratio of operating expenses to total assets improved to 1.6% down from 1.7% a year earlier. The Group continues to pursue initiatives to reduce costs and improve operational efficiency in line with its strategy and long-term development priorities

---

Analysis of VTB Group’s IFRS income statement

**Key income statement indicators, RUB billion**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (RUB billion)</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>531.7</td>
<td>2%</td>
</tr>
<tr>
<td>Net fee &amp; commission income</td>
<td>136.8</td>
<td>13%</td>
</tr>
<tr>
<td>Other income / (expense)</td>
<td>-59.1</td>
<td>223%</td>
</tr>
<tr>
<td>Net operating income</td>
<td>609.4</td>
<td>0.2%</td>
</tr>
<tr>
<td>Provision charge</td>
<td>-249.8</td>
<td>142%</td>
</tr>
<tr>
<td>Staff &amp; administrative expenses</td>
<td>-269.9</td>
<td>6%</td>
</tr>
<tr>
<td>Tax</td>
<td>-14.4</td>
<td>72%</td>
</tr>
<tr>
<td>Net profit</td>
<td>75.3</td>
<td>63%</td>
</tr>
</tbody>
</table>

---

1 All figures in the present report are based on the financial results from VTB Group’s IFRS consolidated financial statements and might be rounded, which allows for insignificant deviations in calculations expressed in percentage amounts compared with data from the Group’s financial statements.
NET INTEREST INCOME AND NET INTEREST MARGIN

Net interest income for 2020 amounted to RUB 531.7 billion, an increase of 20.7% from 2019 on the back of an increase in interest-bearing assets and in the net interest margin.

In 2020, interest expense decreased by 21.4% year-on-year on the back of a 150 b.p. year-on-year decrease in the cost of funding to 3.7%. At the same time, interest income decreased at the slower pace of 4.8% year-on-year. The return on interest-bearing assets decreased by 90 b.p. during the year to 7.5%.

As of the end of 2020, net interest margin had increased by 40 b.p. to 3.8%. The easing of monetary policy and liabilities revaluation that outpaced the decrease in the return on assets had a positive impact on net interest margin during the year.

NET INTEREST INCOME, RUB BILLION

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2020</th>
<th>2019</th>
<th>CHANGE, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income calculated using the effective interest method</td>
<td>1,058.8</td>
<td>1,077.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-501.6</td>
<td>-636.5</td>
<td>21.2</td>
</tr>
<tr>
<td>Payments to the deposit insurance system</td>
<td>-22.5</td>
<td>-29.9</td>
<td>24.7</td>
</tr>
<tr>
<td>Net interest income</td>
<td>531.7</td>
<td>446.6</td>
<td>20.7</td>
</tr>
</tbody>
</table>

NET FEE AND COMMISSION INCOME

Gross fee and commission income increased by 12.5% in 2020 to RUB 136.8 billion. The bulk of commission income came from settlement transactions and trade finance, which accounted for 40.8% (53.1% in 2019) of the total amount. Fee and commission expense in 2020 increased at a slower pace, 8.6%, than fee and commission income, mainly due to an 8.3% increase in commissions on settlement transactions and trade finance.

Net fee and commission income for 2020 increased by 12.5% year-on-year to RUB 136.8 billion. The increase in net fee and commission income was driven mainly by robust growth in commissions for the distribution of insurance products, trade finance and commissions on operations with securities and capital markets, including in the context of the expansion of VTB Capital Investments’ business. VTB Capital Investments’ fee and commission income for 2020 nearly doubled year-on-year to RUB 21.8 billion. VTB Capital Investments’ client base increased by 60% to 12 million individuals and legal entities. The Group’s net commission margin remained unchanged from 2019 at 0.8%.

PROVISION CHARGE

In 2020, the Group’s provision charge for credit losses on debt financial assets, credit-related commitments, legal claims and other commitments amounted to RUB 249.8 billion, an increase of 141.8% compared with 2019. The increase in provision charges was due to the impact of the COVID-19 pandemic on the Russian economy and the quality of the Group’s loan book.

The cost of risk was 1.9% in 2020, an increase of 110 b.p. year-on-year. VTB Group observed two waves of credit risk during the reporting period. The first wave came with the realisation of and provisioning for credit risk in the retail segment. The cost of risk in consumer lending peaked in 2Q 2020, which saw the toughest restrictions associated with the COVID-19 pandemic. Cost of risk in retail lending increased from 2.0% in 1Q to 3.0% in 2Q, stabilising at 2.1%–2.2% in 2H 2020. Thus, as of the end of the year, the cost of risk in lending to individuals amounted to 2.3%, an increase of 90 b.p. year-on-year. The second wave of credit risk was observed in lending to corporate clients; the timing of this wave was shifted to later in the year compared with the first. The increase in the cost of risk on loans to legal entities occurred in 2H with a peak in 3Q at 2.4%. As of the end of the year, the cost of risk in lending to legal entities was 11%, an increase of 120 b.p. year-on-year.

As of the end of the year, the cost of risk on loans to legal entities occurred in 2H with a peak in 3Q at 2.4%. As of the end of the year, the cost of risk in lending to legal entities was 11%, an increase of 120 b.p. year-on-year.

2020 Provision for loan impairment

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2020</th>
<th>2019</th>
<th>CHANGE,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission on settlement transactions and trade finance</td>
<td>84.2</td>
<td>85.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Fee received for insurance products’ distribution and agents’ services</td>
<td>44.9</td>
<td>35.3</td>
<td>27.2</td>
</tr>
<tr>
<td>Commission on operations with securities and capital markets</td>
<td>23.9</td>
<td>17.4</td>
<td>37.4</td>
</tr>
<tr>
<td>Commission on guarantees and other credit-related commitments issued</td>
<td>13.2</td>
<td>10.9</td>
<td>21.1</td>
</tr>
<tr>
<td>Commissions on customer transactions with foreign currencies and precious metals</td>
<td>10.8</td>
<td>9.9</td>
<td>9.1</td>
</tr>
<tr>
<td>Commission on cash transactions</td>
<td>9.3</td>
<td>9.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Other</td>
<td>7.8</td>
<td>8.7</td>
<td>-10.3</td>
</tr>
<tr>
<td>Total fee and commission income</td>
<td>196.1</td>
<td>176.2</td>
<td>11.3</td>
</tr>
<tr>
<td>Commission on settlement transactions and trade finance</td>
<td>-50.7</td>
<td>-46.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Commission on cash transactions</td>
<td>-2.9</td>
<td>-2.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Commission on operations with securities and capital markets</td>
<td>-2.9</td>
<td>-1.9</td>
<td>52.6</td>
</tr>
<tr>
<td>Commission on guarantees and other credit-related facilities received</td>
<td>-0.8</td>
<td>-0.9</td>
<td>-1.1</td>
</tr>
<tr>
<td>Other</td>
<td>-2.0</td>
<td>-2.2</td>
<td>-9.1</td>
</tr>
<tr>
<td>Total fee and commission expense</td>
<td>-59.3</td>
<td>-54.6</td>
<td>8.6</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>136.8</td>
<td>121.6</td>
<td>12.5</td>
</tr>
</tbody>
</table>

2019 Provision for loan impairment

2020 Provision for loan impairment

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2020</th>
<th>2019</th>
<th>CHANGE,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income calculated using the effective interest method</td>
<td>1,058.8</td>
<td>1,077.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-501.6</td>
<td>-636.5</td>
<td>21.2</td>
</tr>
<tr>
<td>Payments to the deposit insurance system</td>
<td>-22.5</td>
<td>-29.9</td>
<td>24.7</td>
</tr>
<tr>
<td>Net interest income</td>
<td>531.7</td>
<td>446.6</td>
<td>20.7</td>
</tr>
</tbody>
</table>

Financial Statements

Annual Report '20 //vtb.com
STAFF COSTS AND ADMINISTRATIVE EXPENSES
Staff costs and administrative expenses amounted to RUB 269.9 billion in 2020, an increase of 6.2% from 2019. This growth was driven by, among other things, investments in IT infrastructure as part of the digitalisation of business processes.

At the end of 2020, the cost-to-income ratio was 44.3%, an increase of 270 b.p. In the reporting period, the increase in staff costs and administrative expenses exceeded the increase in operating income before provisions, which was under pressure due to the negative revaluation of non-financial assets. At the same time, the ratio of operating expenses to total assets improved to 1.6%, down from 1.7% a year earlier. The Group continues to pursue initiatives to reduce costs and improve operational efficiency in line with its strategy and long-term development priorities.

NET PROFIT
Net profit for 2020 amounted to RUB 75.3 billion, down 62.6% year-on-year. This was primarily due to the negative revaluation of non-financial assets amid the COVID-19 pandemic.

Analysis of VTB Group's IFRS balance sheet

ASSETS
As of 31 December 2020, the Group’s total assets amounted to RUB 181 trillion, an increase of 16.9% compared with 31 December 2019. The main component of the Group’s total assets is net loans and advances to customers, accounting for 68% of the Group’s total assets.

In 2020, the Group’s loan portfolio (before provisions) increased by 14.8% to RUB 13.2 trillion. Net of currency revaluation, the increase in the total loan book for the year was 9.2% amid the recovery in corporate lending in the second half of the year and better-than-expected growth in loans to individuals during the year.

VTB Group’s retail loan portfolio showed strong growth during the reporting period, increasing by 14.6% in 2020 to RUB 5.9 trillion. This growth was mainly driven by a 24.3% increase in mortgage lending, which was partially offset by a decrease in car loans. The Group’s mortgage portfolio increased by a record RUB 122.4 billion in 4Q; this was in part due to VTB’s participation in a state-run mortgage assistance programme launched in April 2020. Since the start of the programme, VTB has issued over 63 thousand preferential-rate mortgage loans worth RUB 198 billion.

In addition, large transactions involving the sale of securitised mortgage loans had an impact on the growth of the Group’s retail loan portfolio. This product enables the Bank to attract liquidity, optimise the utilisation of capital on mortgage loans, remove interest risks from its balance sheet and earn profits by lowering market interest rates. In 2020, VTB issued RUB 191.5 billion in mortgage-backed securities, compared with RUB 265.2 billion in 2019.

As of the end of the year, secured loans (mortgages and car loans) accounted for 56.2% of the total retail loan portfolio, an increase of 340 b.p. year-on-year.

The share of retail loans in the total loan portfolio remained practically unchanged at 29.3%, compared with 29.4% in 2019.

The Group’s corporate loan portfolio grew by 14.9% to RUB 9.3 trillion in 2020, mainly due to the expansion of corporate lending in 3Q and 4Q amid the ongoing economic recovery.

In lending to legal entities in a number of industries, the Group continued to build its loan portfolio, demonstrating growth in sectors such as building construction, oil and gas, metals and transport.
ASSET QUALITY

As of 31 December 2020, the total amount of non-performing loans amounted to RUB 714.8 billion, or 5.7% of gross total customer loans (compared with RUB 534.3 billion, or 4.7%, as of 31 December 2019). The Group continued its policy of writing off bad assets at the expense of the corresponding allowance for loan impairment after all necessary procedures to recover the asset have been carried out. The volume of non-performing loans written off in 2020 amounted to RUB 72.2 billion (compared with RUB 165.5 billion in 2019). The allowance for loan impairment losses represented 6.8% of the gross loan portfolio as of 31 December 2020, up from 6.0% a year earlier. The non-performing loans coverage ratio was 120.6% as of 31 December 2020, compared with 128.7% as of 31 December 2019.

LIABILITIES

As of 31 December 2020, the Group’s total liabilities amounted to RUB 16.4 trillion, an increase of 18.4% year-on-year.

Customer deposits amounted to RUB 12.8 trillion as of 31 December 2020, an increase of 16.9% over the year, bringing the ratio of total loans to customer deposits to 95.6% as of 31 December 2020 (down from 98.2% as of 31 December 2019). At the same time, customer deposits accounted for 78.1% of the Group’s liabilities, compared with 79.2% a year earlier.

Customer deposits from individuals increased by 13.8% due to, among other factors, an increase in balances in brokerage accounts and in escrow accounts used for the purchase of housing from developers. During the year, VTB clients opened more than 47 thousand escrow accounts, with balances in excess of RUB 240 billion.

During the reporting period, deposits from corporate clients increased by 19.6% and amounted to RUB 7.1 trillion.

In 2020, the Group demonstrated a considerable increase in the share of current accounts in total customer funding: from 25.2% as of 31 December 2019 to 40.1% as of 31 December 2020.

LIABILITIES STRUCTURE, RUB BILLION

LIABILITIES, RUB BILLION

CUSTOMER FUNDING, RUB BILLION

ASSET QUALITY

ASSET QUALITY, RUB BILLION

LOANS TO LEGAL ENTITIES, RUB BILLION

LOANS TO LEGAL ENTITIES BY INDUSTRY, %
CAPITAL AND CAPITAL ADEQUACY

The Group's capital management policy is to maintain a sustainable capital base so as to retain the confidence of investors, creditors and market participants, as well as to ensure the future development of its operations. The Group manages its capital in accordance with the requirements of the Bank of Russia. The Bank of Russia has recognised the Bank as a systemically important credit institution. Thus, capital adequacy requirements calculated in accordance with the requirements of the Bank of Russia include premiums for investments-grade corporate clients, loans to small and medium-sized enterprises and mortgage loans secured by residential real estate taking into account debt burden and the loan-to-value ratio.

As of 31 December 2020, VTB Bank was in compliance with the requirements of the Bank of Russia: common equity adequacy ratio (N20.1), tier 1 capital adequacy ratio (N20.2) and total capital adequacy ratio (N20.0).

In the reporting period, VTB Bank’s total capital adequacy ratio (N20.0) increased by 59 basis points to 11.8%. Capital adequacy was supported by, among other things, the issuance of subordinated bonds, the securitisation of assets, as well as regulatory changes as part of the transition to Basel 3.5 (revision in the direction of lowering risk ratios for loans for investment-grade corporate clients, loans to small and medium-sized enterprises and mortgage loans secured by residential real estate taking into account account debt burden and the loan-to-value ratio).

CAPITAL AND CAPITAL ADEQUACY, RUB BILLION

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2020</th>
<th>2019</th>
<th>CHANGE, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 capital</td>
<td>1,586.3</td>
<td>1,562.9</td>
<td>21</td>
</tr>
<tr>
<td>Common equity</td>
<td>310.6</td>
<td>276.1</td>
<td>12.5</td>
</tr>
<tr>
<td>Total capital</td>
<td>1,895.9</td>
<td>1,829.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Risk-weighted assets after consolidation adj.</td>
<td>16,041.5</td>
<td>16,278.1</td>
<td>-1.5</td>
</tr>
<tr>
<td>Risk-weighted assets after adjustment (N20.1)</td>
<td>16,028.6</td>
<td>16,268.4</td>
<td>-1.5</td>
</tr>
<tr>
<td>Risk-weighted assets after adjustment (N20.2)</td>
<td>16,007.3</td>
<td>16,259.3</td>
<td>-1.5</td>
</tr>
<tr>
<td>Common equity adequacy ratio (N20.1)</td>
<td>8.33%</td>
<td>8.74%</td>
<td>5%</td>
</tr>
<tr>
<td>Tier 1 capital adequacy ratio (N20.2)</td>
<td>9.89%</td>
<td>9.55%</td>
<td>3%</td>
</tr>
<tr>
<td>Total capital adequacy ratio (N20.0)</td>
<td>11.84%</td>
<td>11.25%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The Corporate-Investment Business (CIB) global business line specialises in servicing major corporate clients through sales of lending, transaction and investment products as well as leasing and factoring services in Russia, the CIS countries, Europe, Asia and Africa.

To maximise the impact of its CIB customer service, VTB created a dedicated client coverage unit and product units that are responsible for maintaining and developing a line of cutting-edge banking products.

The customer service model within sector-focused divisions and departments uses sector-specific expertise and builds products and solutions tailored to the needs of particular clients.

The product units are also structured for sector specialisation and to meet the requirements of major corporate clients. This allows the Group to enhance its approach to credit analysis and improve the quality of its corporate loan portfolio.

Transaction banking comprises two main product lines: the documentary business, which includes a variety of guarantees and letters of credit, and liquidity management products, including account management products, financing products, as well as acquiring services, remote banking services, and settlement and cash services.

The Group’s investment banking business offers a full range of investment banking products, including trading operations, organising debt and equity issuance, consulting services on M&A transactions, private equity, asset management, conversion operations as well as hedging of FX and interest rate risks.

In 2020, the Bank achieved its targets in terms of key financial indicators in the Corporate-Investment Business and was able to maintain its leading positions thanks to its flexible business model and its willingness to use innovative approaches while making decisions based on market conditions. The Bank focused in particular on improving the efficiency of internal processes, digitalising its product offer and continued cost optimisation.

SHARE OF VTB GROUP TOTAL, %

- Assets
- Loan and advances
- Customer deposits and accounts
- Net interest income
- Net fee and commission income
- Net operating income (before provisions)
- Provision charge
- Staff costs and social expenses

1. Excluding management settlements.
2. This includes expenses for provisions for credit losses on debt financial assets and for provisions for credit losses on credit obligations and other financial assets.
In 2020, VTB Group Today Management Report

Customer experience quality management

In 2020, VTB carried out its first-ever comprehensive assessment of CIB customer loyalty and satisfaction. According to the survey, the degree of loyalty among customers who indicated that VTB was their main bank was 99 points out of 150, which is equivalent to the top 10% of European corporate banks.

• during the loyalty assessment, customers of VTB's Corporate-Investment Business provided detailed feedback on the quality of the customer experience in the context of key processes (payment processing, lending, payroll projects, etc.).
• a comprehensive system for assessing the quality of the customer experience when using the VTB Business Online remote banking service 2.0 is in place and is constantly being developed
• based on a comprehensive analysis of customer feedback and internal data, action plans are being developed to further improve the quality of customer experience.

Lending to CIB clients

VTB offers a wide range of lending products for corporate clients, providing financing for various terms in all major global currencies. The Bank also offers a variety of credit lines with drawdown limits, credit limits or a combination of these limits.

In addition to traditional lending, and in an effort to meet market needs, VTB also offers major corporate clients complex, personalised credit products, including structured repo, investment and project financing, debt and equity financing services, consulting services on structuring investment projects, trade finance services and direct financing from institutional investors and banks. VTB's clients have access to structured financing products that make it possible to reduce interest rates considerably by allowing the Bank to select the repayment currency. Leasing and factoring products are provided to the Group's customers through VTB Leasing and VTB Factoring.

In 2020, the Russian economy found itself in a perfect storm; overcoming it required a concerted effort on the part of all economic actors, institutions and government agencies. The Bank played an active role in this process, participating in the preparation of legislative initiatives aimed at supporting the economy as well as providing financing within the framework of state-run business support programmes. Amid increased demand for credit, the Group expanded its portfolio by RUB 12 trillion, which ensured above market-average growth rates. This was driven by the Bank's timely response to restrictions and the restructuring of business processes, which enabled the Bank to avoid work disruptions and losses in operational efficiency. In addition, in an effort to support customers, to prevent a qualitative loss in terms of its loan portfolio and to maintain returns on equity capital, the Bank restructured loans to large businesses worth a total of RUB 1.3 trillion.

In the context of the increasing importance of ESC factors for the Bank's operations and for the market as a whole, the Bank is playing an active role in the development of Russia's green agenda and is also working hard to implement sustainability principles throughout its operations.

In the corporate finance segment, the Bank is developing a pilot green lending programme, through which it provides its customers with financing for the implementation of environmental initiatives and initiatives to improve the sustainability performance of borrowers. In the project financing segment, the Bank is one of the leading lenders in financing projects for the development of renewable energy sources, with a loan portfolio of RUB 34 billion.
In project financing for industry and infrastructure, the Bank continued to finance a number of large projects despite COVID-19 restrictions. VaninoTransUgol’s state-of-the-art transhipment facility in Vanino was put into operation; financing of the construction of VaninoTransUgol’s state-of-the-art transhipment facility in Vanino was put into operation; financing of the construction of Gazprom’s Amur gas processing plant continued; financing got under way for the largest project in the Russian energy sector, the modernisation of Tatangirovo’s Trans-Ugol regional power station; and the Jerui gold mine in Kyrgyzstan was prepared for commissioning.

Despite the fact that certain segments of the construction and real estate industry experienced temporary difficulties due to the spread of COVID-19, the decrease in the key rate and the vigorous growth in mortgage lending contributed to the expansion of the Bank’s operations in the industry:

- the Bank continued to expand housing finance, partnering with key developers to scale up its housing finance model with escrow coverage. By the end of 2020, the Bank had financed 156 housing projects worth more than RUB 354 billion. During the year, VTB clients opened more than 47 thousand escrow accounts, with balances in excess of RUB 240 billion;
- lending for commercial real estate construction projects continued, and a number of properties were delivered in 2020 despite the pandemic;
- the development of a promising new product line based on collective investments is being explored.

VTB Bank’s trade and export finance business adapted to new challenges by continuing to support clients using both classic products such as confirmation and discounting of letters of credit, issuing guarantees and providing trade financing and long-term export financing.

In 2020, VTB Group completed transactions in more than 45 countries around the world with the participation of about 100 partner banks.

In order to improve the effectiveness and the digitalisation of credit products in 2020, the Bank launched a platform for corporate lending, Digital Credit, which increases the transparency of the process and reduces the time needed for decision-making on corporate loans. The system enables Bank divisions to collaborate in a single digital space, making it possible to progress from the application stage to approval of the credit limit and agreement on the loan terms with the client practically without the use of paper. At this stage, the platform has limitations in terms of the types of transactions it can work with. The Bank will continue to develop the platform in order to further reduce costs associated with the lending process, shorten the time period for issuance and increase satisfaction with the process among the Bank’s customers and employees.

The pandemic and remote working arrangements dictated the need to transform internal business processes. For example, the Bank began permitting the remote signing of guarantee transactions in 2020, and it plans to extend this service to credit transactions in 2021.

### Deposits and accounts from CIB clients

Attracting deposits and accounts from CIB clients is an important part of VTB’s business. The Bank is constantly taking steps to improve customer service and streamline business processes to further develop deposit products and reduce operating expenses.

In 2020, the structure of contracts was revised for the investment of funds in the form of deposits in minimum-balance accounts, which made it easier to invest customer deposits. VTB’s flexible policy in setting rates and its individual approach to customers made it possible to respond in a timely manner to market changes and requests from companies.

### CIB transaction banking

#### PRODUCTS FOR MANAGING PAYMENTS AND LIQUIDITY

VTB offers companies a wide range of cash management and payment services as well as liquidity management services, with which the Bank is constantly developing. In 2020, VTB Bank introduced a number of new services aimed at improving the quality of customer service and increasing the convenience, speed and functionality of the payment services available:

- the process for large business clients to open a first and subsequent accounts was considerably streamlined. Clients can now open an account in Russian rubles and in 18 foreign currencies by completing an online form through their personal account. The account number is reserved instantly, and the account is opened once the required documents are submitted to the Bank. VTB made it possible for existing clients who already have accounts with the Bank and a valid electronic signature to open a second and subsequent accounts for the same type of currencies online. Accounts are opened remotely; all the necessary documents can be filled out and submitted in electronic form by signing them with an electronic signature. At the same time, for the convenience of users, the service gathers some of the necessary information automatically with the help of internal and external sources; companies for which there are restrictions that prevent the opening of a subsequent account can reserve an account online;
- together with a Russian airline and the largest supplier of aviation fuel, an online payment service was introduced on a blockchain platform. The payment system, based on smart contracts, will enable airlines to pay for fuel instantly at the time of refuelling by making a completely secure, real-time financial transaction through a service that is available 24/7. At the same time, the parties to electronic clearing payments are no longer required to make an advance payment and apply for a bank guarantee; this innovation enables them to reduce their costs while also speeding up the completion of the transaction;
- one of the critical tasks in ensuring uninterrupted banking services during the pandemic was enabling the remote signing of contracts between the Bank and customers. For example, VTB Bank and a leading Russian telecommunications company signed an agreement to open a bank account using, for the first time, an electronic document management system and an enhanced qualified electronic signature. To enable the electronic signing of contracts, the Bank introduced corresponding services using the Cisaco system and the Bank’s Digital Client 3.17 remote banking system, and it also developed its own VTB Business Online-a-workflow system, which makes it possible to conclude contracts involving up to four parties using an enhanced qualified electronic signature. The solution provides a simple and fast tool for the exchange of legally binding electronic documents between the Bank and its clients;
- the Bank made it possible for scrap metal companies that are clients to make real-time cash payments to the cards of individuals. The new service makes it possible to transfer funds to the cards of any Russian bank securely and within a few minutes. The entire operation—from the moment the necessary documents are submitted to the creation of funds to an individual’s card—takes no more than three minutes. The solution makes it possible to comply with all legal requirements related to the acceptance of scrap metal, provides scrap metal companies with quick and safe access to primary documents for each transaction and makes it possible to comply with the necessary reports with various breakdowns;
- in 2020, VTB Bank continued expanding its service for accepting payments from individuals to legal entities using the Pastel Payments System (PPS). As part of the service, the Bank enabled payments through the PPS using a dynamic QCI code. The use of the new payment technology enables individual customers to pay for purchases without the use of bank cards, and for merchants to reduce their acquiring costs and receive funds in their account instantly. During the year, a number of very large companies were connected to the service, including in telecommunications, transport, retail and the food service industry;
- in the interests of serving one of Russia’s largest rail carriers, a project was launched to make it possible to accept cash through special-purpose devices installed on board of the client and to credit the amount of funds deposited to the client’s current account in real time. This solution increases the efficiency of the client’s business processes related to the processing and collection of cash revenue, including by enabling the client to avoid errors while processing cash payments, to reduce paperwork and to become independent of the collection schedule.

The market share was calculated according to VTB Bank’s own methodology.
In December 2020, VTB Bank became the first bank in Russia to issue a digital bank guarantee for a commercial operation using the Russian blockchain platform Masterchain. The guarantee for the full amount of payment obligations was issued in favour of one of Russia's leading providers of digital, media and telecommunication services.

In 2020, VTB Bank continued to cooperate with its clients on a wide range of documentary products, including documentary letters of credit with deferred payment on uncovered RUB letters of credit offered and executed by the Bank by means of early payment at the request of the beneficiary. The service allows sellers, pursuant to delivery contracts with buyers with deferred payment on uncovered RUB letters of credit offered and executed by the Bank, to receive money for delivered goods before the date of deferred payment according to the letter of credit (within the risk limit that the Bank has accepted for the buyer).

VTB Group continues to be an active participant in industry and professional associations in the documentary business, including ICC Russia, and it makes significant contributions of expertise to improving mechanisms that have a regulatory impact on the market and the development of its infrastructure.

During the reporting period, VTB was actively involved in large-scale projects to centralise the management of cash flows, liquidity and financial risks at leading Russian corporations.

In 2020, VTB implemented comprehensive transactional solutions for more than 110 groups of companies that include more than 3 thousand legal entities.

In 2020, VTB Bank retained its position as the main settlement bank for some of the largest companies in Russia: Russian Railways, Russian Post, Transaero, Rosneft, Rosatom, Moscow Metro, the Air Traffic Management State Corporation, Rosneft and Rosatom.

CUTTING-EDGE SOLUTIONS FOR TRANSPORT AND FOR CITIES

The Bank’s management recognised the Bank’s solutions as the best for the Moscow transport sector in 2020:

- the Bank introduced a single transport processing system for all carriers; apart from one-time trips, passengers now have access to seamless transfers between different modes of transport in the Moscow metropolitan area and integrated tariffs (uniform tariffs when making a trip using various carriers); to determine tariffs, the system processes all operations using bank cards through payment devices over a given period of time and determines the routes taken by passengers using their bank card;

- the Bank has introduced a single transport account, for each person, for all transport they have made using transport carriers and to enable payment for those trips;

- the Bank introduced an innovative technology that enables the downloading of tickets onto a passenger’s mobile device in the form of bank tokens for the purpose of subsequent payment for travel on both transport systems equipped with a contactless bank reader connected to the carrier’s fare control system. At present, this technology is available exclusively in the Moscow Metro as part of a pilot for a limited number of passengers using smartphones with the Google Pay or Samsung Pay applications;

- the Bank and the Moscow Metro have been successfully piloting a fare payment system using bank cards for biometric passenger identification. The Bank’s solution was recognised as the best available and was selected for use in all Moscow Metro vestibules in 2021.

In 2020, VTB Bank introduced an innovative technology that enables the downloading of tickets onto a passenger’s mobile device in the form of bank tokens for the purpose of subsequent payment for travel on both transport systems equipped with a contactless bank reader connected to the carrier’s fare control system. At present, this technology is available exclusively in the Moscow Metro as part of a pilot for a limited number of passengers using smartphones with the Google Pay or Samsung Pay applications.
Commodities business

VTB Group’s commodities business – a strategic area of development for VTB Group – has established a well-developed infrastructure to support the complete sales cycle from national producers to end consumers all over the world. VTB was able to create, in a very short time, a national universal trader in Russian and international markets and a full-fledged product line for business development.

**Commodities business highlights in 2020:**

- No. 1 in Russia for gold purchases
- Successful launch of Russia’s first ETF fund secured with physical gold held in VTB’s vault
- No. 1 in the CIS countries in terms of operations with physical aluminium
- Trading company launched in mainland China to develop business with Chinese clients
- Business for the sale of tangible goods developed in Russia
- Presence in the agriculture market developed in cooperation with a major market participant, Demetra-Holding

VTB’s commodities business is currently represented by a top international team with expertise in all major areas, including oil and petroleum products, coal, precious and industrial metals, agricultural products and fertilizers.

IN 2020, VTB CAPITAL RETAINED ITS LEADING POSITION IN TERMS OF THE VOLUME AND NUMBER OF M&A TRANSACTIONS IN RUSSIA AND THE CIS COUNTRIES, ACCORDING TO A NUMBER OF INDEPENDENT INTERNATIONAL AGENCIES, SUCH AS REFINITY, DEALOGIC AND MERGERMARKET.

Corporate financing

In 2020, VTB Capital retained its leading position in terms of the volume and number of M&A transactions in Russia and the CIS countries, according to a number of independent international agencies, such as Refinitiv, Dealogic, and Mergermarket.

VTB Capital successfully completed 14 transactions worth a total of USD 79 billion, making it the leader in Russia and the CIS with a 13% market share.

VTB Capital also provided advisory services both in Russia and in international M&A markets in Europe, Asia, and Africa. Deals completed in Russia included the sale of 100% minus one share in Vagornaya Ramonnoy Kompagniya-2, a rail car repair company owned by Russian Railways, for the amount of RUB 10.7 billion. VTB Capital acted as a financial advisor to Russian Railways.

Among VTB Capital’s largest M&A deals was the acquisition of Highland Gold, a mining company, by Fontana Holdings, worth GBP 11 billion. VTB Capital acted as financial advisor to Fontana.

VTB Capital once again received several prestigious awards for its advisory services, including:

- The Best Financial M&A Advisor in Russia in 2020, according to Mergermarket
- The Best Investment Bank in Emerging Markets in 2019–2020, according to Global Finance
- The Best Investment Bank in Russia 2010–2020, according to EMIA Finance Europe Banking

Equity capital markets

As of the end of 2020, VTB Capital was recognised as the leader in the equity capital markets of Russia, the CIS and Eastern Europe by the international agencies Refinitiv and Bloomberg. VTB Capital ranked first in Russia and Eastern Europe in terms of transaction volume in 2020, organising eight deals worth a total of USD 17 billion.

The most notable transactions included:

- Saxcom’s initial public offering (IPO) worth USD 500 million, in which VTB Capital acted as the lead global coordinator and bookrunner, as well as Aeroflot’s share capital increase of RUB 80 billion, in which VTB Capital acted as the sole global coordinator and bookrunner.
- Other notable deals in which VTB Capital acted as a bookrunner were Gazprom’s IPO worth USD 174 billion and Yandex’s placement of convertible bonds worth USD 1.25 billion.

Debt capital markets

VTB Capital retained its leading position in the debt capital markets of Russia, the CIS and Eastern Europe in 2020, according to Refinitiv, Dealogic and Bloomberg. VTB Capital confirmed its leading position among bookrunners in Russia and the CIS, having organised more than 100 debt placements worth a total of more than USD 9.5 billion and with a market share of 23% in Russia and 18% in the CIS.

The most notable deals completed in 2020 included the organisation of a sovereign issue of Eurobonds by the Republic of Uzbekistan in two tranches in the amount of USD 555 million and UZS 2 trillion; the placement of perpetual green bonds for Russian Railways in the amount of RUB 100 billion with a floating coupon rate; and the organisation of an issue of Eurobonds for Gazprom in the amount of USD 1 billion.

INVESTMENT MANAGEMENT – VTB CAPITAL INVESTMENTS

VTB Capital Investments, VTB Group’s unified platform, is one of the largest and most successful platforms in the Russian market for the provision of comprehensive investment services for a wide range of investors.

With its effective business strategy, excellent team of professionals, focus on the development of digital services, in-depth expertise and optimal risk management system, VTB Capital Investments is able to occupy a leading position in the investment services market.

1. According to Dealogic data for 2020
2. According to Refinitiv
VTB Capital investments
provides a full range of investment services for a broad array of investors and consolidates the following companies:

VTB Capital Investment Management: the largest asset management company for Russian and international investors

VTB Bank’s Brokerage Department: brokerage services for retail customers and opportunities to trade in both Russian and foreign markets

VTB Capital Broker: brokerage services for institutional investors using state-of-the-art technologies for remote servicing and margin lending

VTB Forex: a Forex dealer for retail clients

With its effective business strategy, excellent team of professionals, focus on the development of digital services, in-depth expertise and optimal risk management system, VTB Capital Investments is able to occupy a leading position in the investment services market.

VTB Capital Investments’ assets under management increased by 74% in 2020 to over RUB 3.4 trillion. The retail client segment saw the most growth, with assets increasing by 88% to RUB 1.8 trillion. Funds invested by legal entities increased by 60% to RUB 1.6 trillion. VTB Capital Investments’ client base increased 1.6x to 1.2 million, and its fee and investment consulting services to different sub-marks increased by 97% in 2020 to over RUB 3.4 trillion. The average number of daily active users (DAUs) of the VTB My Investments mobile application increased fourfold in 2020 to over 1 million; the average number of daily active users (DAUs) increased fivefold to 260 thousand.

To improve functionality and expand the range of investment instruments and trading services available, clients were given the opportunity to participate in IPOs and secondary public offerings (SPOs) on Moscow Exchange. Sovcomflot IPO was the first to be made available via a mobile investment application in Russia. Customers were also given the opportunity to participate in over-the-counter IPOs in 2020. During the reporting period, customers were able to use artificial intelligence to create portfolios of securities through a roboadvisor, a new service called Investment Targets was added, a functionality was added that connects various investment consulting services to different sub-accounts with separate fees, and a support function was introduced to reflect funds credited to user accounts through the new Investments bonus option. In addition to the above-mentioned new features, the option to top up a brokerage account was made available 24/7 in 2020.

In June 2020, VTB Capital Investments launched a partner programme for customers of the Magnit chain participants were offered special conditions when installing the VTB My Investments mobile application and opening (remotely) a brokerage account with VTB Bank. The promotional terms are described in detail in the Partners section on Magnet’s website.

As of the end of 2020, VTB Capital Investments was managing RUB 130 billion in mutual funds, an increase of 59% year-on-year. Funds invested in open-end mutual funds increased by 53% to RUB 1.6 trillion; funds invested in exchange-traded funds increased 63% to RUB 10 billion. The number of customers who invested in VTB mutual funds increased by 45% to 10.6 thousand.

In June 2020, VTB Capital Investments won an Investfunds Award in the category Best Brokerage Company Mobile Application.
As of today, VTB's offer includes 57 funds, including nine exchange-traded funds and 23 open-end funds. VTB Capital Investments offers the widest range of exchange-traded funds available in the Russian market.

VTB Capital Investments’ Treasury Fund was the largest mutual fund in Russia at the end of 2020. The amount of funds invested in the Treasury Fund increased by 75% by the end of the reporting period to RUB 70.8 billion.

In 2020, VTB Capital Investments launched six new strategies in the form of open-end funds, including unique funds for the Russian market (two money market funds in RUB and USD, two ESG funds – bonds and stocks – and two funds for investing in gold) and four new exchange-traded funds: VTB Gold Fund Exchange (VTBG), VTB Eurobonds Euro Fund (VTBE), VTB HOEX Fund (VTBH) and VTB Money Market Fund (VTBM). Launched in 2020, the VTB Money Market Fund is the first, and currently the only, exchange-traded money market fund in Russia. The fund is intended for the short-term investment of free funds and liquidity management. As of the end of 2020, the fund had over RUB 2.8 billion in assets. VTB Gold Fund Exchange is currently the only Russian fund with assets backed by actual gold bullion, which is held in VTB Bank's vault in Russia. In 4Q 2020, the fund switched to the physical replication of gold by purchasing gold funds, and the first delivery of physical gold to the fund was made.

In 2020, the open-end RFI investment fund VTB RUB Money Market Fund and the open-end RFI investment fund VTB USD Money Market Fund were launched for the short-term investment of free funds and liquidity management in RUB and USD, respectively.

VTB Capital Investments was the first in Russia to launch open-end active management funds based on ESG principles: VTB Equity Fund: Responsible Investments and VTB Bond Fund: Responsible Investments. When selecting and managing the funds’ assets, factors related to responsible investment are taken into account along with traditional fundamental indicators. The VTB funds were the first in Russia to include environmental, social and corporate governance factors in the process of selecting investment targets.

Also in the reporting period, VTB Capital Investments launched a programme with philanthropy built in: on the open-end mutual fund VTB Gold Fund. VTB Capital Investments earmarks 20% of the fund's income – commissions for the management of the fund – for the Starost + Radost charitable foundation for seniors. In 2020, some RUB 4 million was donated to the charity.

In 2020, marginal costs and commissions were reduced for all open-end and exchange-traded funds. As a result, VTB's mutual funds occupy leading positions in Russian rankings of the lowest overhead costs.

VTB Capital Investments continues to develop funds for real estate investment. In 2020, an agreement was signed for the purchase of industrial buildings with rental income with a total area of 45 thousand square metres through the VTB Capital Rental Income closed-end investment fund; an additional issue of investment units was placed worth RUB 1 billion.

In 2020, VTB Capital Investment Management retained its status as the largest asset management company in Russia in terms of funds under management, with assets of RUB 1.275 trillion under management and a market share of 16% among the 15 largest asset management companies.

VTB Bank was named Brokerage Company of the Year in the annual Financial Market Elite competition run by the National Association of Stock Market Participants.

For the fourth year in a row, VTB Capital Investments received the Best Broker award from Moscow Exchange. The company was named the winner in the Best Private Investor competition for having the largest number of clients among the top 100 participants – one in three of the 100 participants with the best trading results was a VTB client.

In addition, VTB Capital ranked first in the Emerging EMEA-Russia category in a separate survey by the Institutional Investor Global Fixed Income Research Team. VTB’s credit analyst was also named the best in Russia in a rating of analysts.

VTB Capital provides its clients with high-quality investment analytics on the economy, sovereign debt and the corporate sector and is a recognised source of information on the markets of Russia, Central and Eastern Europe, the Middle East and Africa.

VTB Capital analysts cover the activities of more than 100 companies, publishing over 5 thousand reviews every year with analysis of financial information and major events that have a direct impact on the activities and results of the companies and sectors of the economy subject to analysis.


The metalurgy team was the best in its sector, and other industry teams also won prizes in their sectors. VTB Capital analysts covering banking, oil and gas, telecommunications, power engineering, consumer goods and investment strategy won prizes.

In addition, VTB Capital ranked first in the Emerging EMEA-Russia category in a separate survey by the Institutional Investor Global Fixed Income Research Team. VTB’s credit analyst was also named the best in Russia in a rating of analysts.

A breakthrough growth of VTB My Investments app, client services and assets under management

100+ billion
RUB turnover per day

1.12
VTB My Investments users

x4
Growth over the year

x5
Growth of active users per day

300+ thousand
Clients per day

1,000+ thousand
Transactions per day

10 thousand
Tools in the app

+41%
Revenue CAGR since 2018
Awards received by VTB Capital in 2020

- Best Investment Bank in Emerging Markets
  2018 – 2020

- #1 Fixed Income Research Team in Russia
  2020

- #1 Trade Finance Provider in Russia
  2018 – 2020

- Best M&A Advisor in Russia
  2010 – 2020

- Best Bank for Belt and Road Initiative – related Financing in the Region (CEE and Central & West Asia)
  2020

VTB Capital’s major investment transactions in 2020

- Highland Gold
  GBP 1.1 billion
  Acquisition of Highland Gold by Fortiana
  2020 Sole Financial Advisor

- Amur Zoloto
  USD 119.5 million
  Reverse Takeover of Amur Zoloto by Kopy Goldfields
  2020 Financial Advisor

- Gazprom
  USD 1 billion
  Eurobond
  2020 Lead Manager and Bookrunner

- Detsky Mir
  USD 282 million and USD 157 million
  Accelerated Bookbuilt Offering
  2020 Joint Global Coordinator and Bookrunner

- Detsky Mir
  USD 500 million
  Eurobond issue
  2020 Joint Bookrunner

- Amur Zoloto
  USD 119.5 million
  Reverse Takeover of Amur Zoloto by Kopy Goldfields
  2020 Financial Advisor

- Gazprom
  USD 1 billion
  Eurobond
  2020 Lead Manager and Bookrunner

- STLC
  USD 500 million
  Initial Public Offering
  2020 Joint Bookrunner

- Aeroflot
  USD 1 billion
  Capital Raise
  2020 Sole Global Coordinator and Sole Bookrunner

- Aeroflot
  USD 1 billion
  Capital Raise
  2020 Sole Global Coordinator and Sole Bookrunner

- Russian Railways
  RUB 25 billion
  First out of EMERI with a Benchmark Social Eurobond
  2020 Joint Lead Manager and Bookrunner

- Russian Railways
  RUB 100 billion
  Perpetual Floating Rate Green Bond
  2020 Joint Lead Manager

- SCF
  Sovcomflot USD 500 million
  Initial Public Offering
  2020 Lead Manager and Bookrunner

- Republic of Uzbekistan
  USD 555 million and UZS 2 trillion
  Dual-tranche Eurobond
  2020 Joint Lead Manager and Bookrunner

- Detsky Mir
  USD 282 million and USD 157 million
  Accelerated Bookbuilt Offering
  2020 Joint Global Coordinator and Bookrunner

- Sovcomflot
  USD 500 million
  Initial Public Offering
  2020 Joint Bookrunner

- Aeroflot
  USD 1 billion
  Capital Raise
  2020 Sole Global Coordinator and Sole Bookrunner

- Aeroflot
  USD 1 billion
  Capital Raise
  2020 Sole Global Coordinator and Sole Bookrunner

- Yandex
  USD 1.25 billion
  Convertible Bond Offering
  2020 Joint Bookrunner

- Ozon
  USD 1.139 billion
  Initial Public Offering
  2020 Joint Bookrunner

- Russian Railways
  RUB 25 billion
  First out of EMERI with a Benchmark Social Eurobond
  2020 Joint Lead Manager and Bookrunner

- Russian Railways
  RUB 100 billion
  Perpetual Floating Rate Green Bond
  2020 Joint Lead Manager

- SCF
  Sovcomflot USD 500 million
  Initial Public Offering
  2020 Lead Manager and Bookrunner

- Republic of Uzbekistan
  USD 555 million and UZS 2 trillion
  Dual-tranche Eurobond
  2020 Joint Lead Manager and Bookrunner
FACTORING
VTB Factoring, the leader in the Russian factoring market, provides a full range of factoring services for working with receivables and payables, as well as managing stocks and warehousing of finished goods. The VTB Factoring group of companies includes ABF Finance, ABL Trade and joint venture partnerships for building VTB Group’s business. The company operates across Russia through its network of affiliates located in 15 of the country’s largest cities and also through branches of VTB Bank.

In 2020, the company provided RUB 1 trillion in financing. VTB Factoring’s portfolio exceeded RUB 335 billion, with a market share of 30%. The company is a member of FCI, the largest international factoring association, as well as the Association of Factoring Companies of Russia.

The main focal areas of VTB Factoring’s strategy are working with large nationwide companies and their suppliers, continuing digitalisation of customers’ acquisition and services for factoring business scaling to companies in the Medium and Small Business segment and development of new areas for financing working capital.

CIB Non-banking financial business

Along with providing corporate clients with banking and insurance services, VTB Group also offers clients leasing and factoring services. Synergies and cross-selling of banking and non-banking products remain one of the Group’s main development priorities.

LEASING
VTB Leasing is one of Russia’s leading leasing companies and is consistently ranked among the three largest market players. The company has offices in 61 Russian cities and also in Belarus, Ireland and Cyprus.

The main sectors of its leasing portfolio are rail transport, specialised machinery and auto-leasing. As of the end of 2020, air transport and railway equipment (40% each) as well as cars and commercial automobiles (11%) accounted for the main part of VTB Leasing’s portfolio. The fastest-growing segments in the reporting period were medical equipment (27x), railway equipment and air transport (up 12% each) and freight transport (up 6%) showed increases.

VTB Leasing’s clients include both state and private companies that are standard bearers in their industries: Aeroflot, SUEK, Aviatsiontrans, Russian Post, RosTelecom and many others. In the area of auto leasing, the company collaborates with more than 28 thousand small and medium-sized businesses and individual entrepreneurs. In 2020, VTB Leasing delivered 29.4 thousand vehicles to customers in 60 regions of the country.

As of the end of the year, VTB Leasing’s portfolio amounted to RUB 602 billion, while its volume of new leasing contracts amounted to RUB 120 billion. The company’s largest contracts included a deal for 1,162 Lada Largus cars for Russian Post, a lease agreement with the Rosseti Centre Voronezhenergo for an integrated automated electricity metering system, and an agreement for the supply of medical and IT equipment for the construction of the Institute of Nuclear Medicine in Khimki.
VTB expanded its active customer base of Medium and Small Businesses by 25%, increasing both its loan portfolio and the volume of funding from these customers thanks to the launch of new products and services, as well as the introduction of cutting-edge digital solutions.

For medium and small business customers, a new online bank was launched on an omnichannel platform with a unique design, a universal marketplace, a navigation system and an intelligent assistant.
The Medium and Small Business (MSB) global business line specialises in serving legal entities and individual entrepreneurs with annual revenues of up to RUB 25 billion per group of companies. Moreover, the following client subsegments can be distinguished based on client needs for banking products and service models: upper, standard and mass. The main (but not the only) criterion for this segmentation is the volume of annual revenue: the upper segment includes clients with revenue from RUB 1 billion to RUB 25 billion; the standard segment is for clients with revenue from RUB 120 million to RUB 1 billion; the mass segment is for clients with annual revenue of less than RUB 120 million.

Small and medium-sized enterprises are playing an increasingly important role in the economy of the Russian Federation; therefore, work with clients in the MSB segment is an important strategic direction for VTB Group.

The MSB segment is one of the most competitive sectors in the banking market, while the small business market is characterised by high volatility: with a relatively steady number of customers, there are new companies in the market every year, and a significant portion of customers change banks, which further intensifies competition among banks.

Lending to small and medium-sized businesses largely depends on general trends: in difficult economic conditions, companies reduce their borrowing, but they pick up the pace during periods of economic growth. Despite the difficult economic situation and the impact of restrictions, the Group managed in 2020 not only to maintain, but also to improve, its key performance indicators. The extensive work carried out to provide lending support for clients will have a positive impact on VTB’s results in the MSB segment in the long term. We remain focused on improving access to financing for Russian businesses.

In 2020, VTB increased its MSB client base by a quarter, which speaks to the high demand for the Bank’s products and services. In line with our strategic goals, we continued in 2020 to improve the quality of both our service and the customer experience, while also accelerating the implementation of new digital solutions.

Customer experience quality management

In 2020, VTB carried out its first-ever assessment of MSB customer loyalty and satisfaction, which enabled the Bank to determine its competitive position in the market in terms of the quality of the customer experience. According to the survey, the degree of loyalty among customers who indicated that VTB was their main bank was 58 points, which is an average score for the Russian market.

During the survey, about a thousand of the Bank’s customers assessed the quality of all service channels and the convenience of interaction in the context of key product processes (payment processing, lending, acquiring, payroll projects, etc.); in response to the survey, the Bank developed an action plan to improve the quality of the customer experience for its Medium and Small Business customers.

In 2020, the Bank also began introducing a system of key performance indicators concerning the terms through which its MSB lending activities operate by its Medium and Small Business global business line.

MSB lending and documentary business

The main trend in 2020 in terms of lending remained the provision of concessional loans through state programmes, as well as digitalisation of the process of providing products with credit risk.

STATE-RUN BUSINESS SUPPORT PROGRAMMES

VTB is an active participant in all state support programmes for business, offering preferential financing terms through these programmes. Efforts are being undertaken to simplify access for businesses in the MSB sector to preferential lending by liberalising a number of requirements for borrowers and expanding the possibility of restructuring existing loans, which will give a boost to businesses in the MSB sector as well as individual entrepreneurs.

The largest loan portfolio is concessional programme 1528, offered by Russia’s Ministry of Agriculture, the volume of which exceeded RUB 71 billion. In 2020, VTB provided loans at preferential rates to companies in the construction sector. As of 31 December 2020, 19 agreements were in place for a total amount of about RUB 286 billion (nearly a twofold increase over the year). Under loan agreements included in Programme 1764, about RUB 192 billion in loans was issued at preferential rates in 2020 (more than double the previous year).

Close cooperation with the SME Corporation continued in terms of working with existing and potential SME customers. For example, VTB relaunched its SME Corporation programme, which allows SMEs to obtain loans at a preferential rate not exceeding 8.5% per annum. In 2020, this programme included 106 loan agreements worth a total of RUB 9.8 billion, and the volume of loans issued exceeded RUB 6 billion. In total, VTB had issued 177 loans at an average annual rate through the programme as of 31 December 2020 for a total of RUB 17.6 billion; the loan portfolio is worth RUB 11.7 billion.

VTB Bank continued to finance housing construction through escrow accounts in line with Federal Law No. 214-FZ dated 30 December 2004. As one of the first banks to start operations in this sphere in 2019 (pursuant to changes in the law), VTB has been able to take a leading position in the market for financing housing construction. In the MSB segment in 2020, the Bank quadrupled the amount of financing it provided for developers (to RUB 38 billion), while the total amount of funds deposited in escrow accounts increased severalfold (to RUB 71 billion).

In 2020, VTB Bank, in response to Government Decree No 629 dated 30 April 2020, offered preferential rates to legal entities whose controlling entities were included on the list of strategically important companies in the construction sector. As of 31 December 2020, 19 agreements were in force under this programme with companies in the MSB segment for a total of RUB 24.2 billion; the loan portfolio is worth RUB 12.3 billion.

As of 31 December 2020, the loan portfolio at the end of the year was worth RUB 1675 billion (nearly a twofold increase over the year). Under loan agreements included in Programme 754, about RUB 192 billion in loans was issued at preferential rates in 2020 (more than double the previous year).
MSB transaction business

In 2020, a targeted customer path was built in terms of onboarding—the reservation and opening of a first and subsequent accounts for new customers, which, thanks to the unification of the Bank’s IT landscape, was made available to all customers. As part of onboarding, the Bank made it possible for customers to reserve a current account on the Bank’s website by providing only a small amount of information; in addition, it is now possible for individual entrepreneurs to open a current account in person in only 20 minutes. The unified line of service packages for payment and cash management services for clients of the MSB global business line in terms of price positioning and optimal content remains one of the best among similar offers from other banks, attracting the attention of almost 24x thousand new clients in 2020. Altogether, more than 43 thousand clients chose VTB Bank’s package services.

The For Starters package remained the most popular among new Bank clients to date, more than 250 thousand clients have signed up for the package. VTB developed the package in order to support small and medium-sized businesses. The package enables clients to open and maintain a current account in rubles for up to 12 months free of charge, and it also provides remote banking services, an unlimited number of intrabank transfers and up to five external payments.

Not only have VTB’s clients shown appreciation for the benefits offered by the Bank’s new line of packages, but so have independent experts. According to a study conducted by MarksWebb, VTB continued to lead in terms of service advantages for micro and small enterprises in the retail and service industries at the end of 2020.

Building a digital business

One of the key areas of the Bank’s development is the creation of a state-of-the-art digital ecosystem for clients: digital products and quality service across all channels, and the development of a leading digital business for MSB clients in Russia. In 2020, over 677 thousand settlement accounts were opened through remote channels, which was 1.4x the number opened in 2019. This is more than 22% of all accounts opened during the year.

In 2020, the Bank continued to develop its on-site service, which allows customers to deal with legal entities, individual entrepreneurs or individuals engaged in private practice—to open a current account without visiting a Bank office. One of the service’s main focal points for development is to increase its efficiency and attractiveness for customers. At present, the on-site acceptance and registration of electronic documents that a customer has received from the Federal Tax Service is possible; this enables the Bank to make the service more competitive.

In the reporting period, the quality of the on-site service improved every quarter. Customers submitted a mistake-free document package at 98.8% of on-site meetings held in 2020.
The On-Site Service mobile application was introduced in 4Q 2020, making it possible for the Bank to work with requests from potential customers. Measures were taken to expand the service’s geography to a number of cities in the Moscow region (Korolyov, Mytishchi, Ivanteyevka, Sergiev Posad, Pushkino, Krasnogorsk, Ostrovskoe, Podolsk) and the city of Voronezh. In addition, permission to accept a package of documents for the opening of a current account during an on-site visit was granted to customer acquisition managers in all regions where such managers are in place (more than 70 cities) in addition to on-site specialists.

In 2020, a new use case was developed and launched for the main page of the MSB global business line on the corporate website with a new menu and new information sections — State Programmes and Self-employed; additional pages were created to attract free-of-charge search-engine traffic to the site, and the site’s ranking in search engines was improved. In addition, dynamic markup of Google Analytics events was introduced to analyse user behaviour on site pages, and an audit of user behaviour on some pages was carried out; requirements were developed based on the results and then optimised.

VTB upgraded its Closar to Business information and training portal, which was created specifically to support entrepreneurs and business leaders. The portal now enables users to complete free online training taught by market professionals, to read expert articles on the principles of business process formation and to get free access to an electronic library. The number of entrepreneurs who underwent training in 2020 through VTB’s special Closar to Business portal increased twentyfold. More than 50 thousand people took part in courses and webinars through the VTB information and training platform. The average number of monthly website visitors in 2H 2020 increased tenfold to 35 thousand people.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

Cifra

Digital non-banking services aimed at helping entrepreneurs were developed in 2020: a Digital Accounting service (the Cifra mobile application), which was launched during the pandemic, occupies a special place among them. Digital Accounting helps individual entrepreneurs to fully automate their tax accounting without the involvement of a full-time accountant. Since its launch in March 2020, the Cifra mobile application has become one of VTB’s most popular remote tools for MSB clients. The application has already been downloaded more than 72 thousand times.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.

In 2020, services for nationwide partners in key areas (accounting and reporting, business management and security, legal support, etc.) were added to the site for non-financial services; the design was updated, multiservices were launched, and a page was created for co-marketing offers of payment and cash management services with partners. A number of services operate directly on the platform prior to registration and authorisation (express services), offering maximum discounts on services for VTB customers. During the year since the launch of VTB’s platform for non-banking services, https://marketplace.vtb.ru, over 30 thousand entrepreneurs have visited it. In 2020, the number of connected services increased by 70%.
INTERNET BANKING AND MOBILE BANKING FOR BUSINESS
Over six months in 2020, a new Internet bank was created from scratch for MSB clients on an omnichannel platform with a unique design, a basis for product integration (some are already available to existing customers), a universal marketplace, a navigation system and an intelligent assistant, including customer communications.

Until they are migrated to the new Internet bank, most MSB clients will work in the VTB Business Online system. For the convenience of clients working with special accounts in the VTB Business Online remote banking system, an enhancement was introduced that makes it possible to work with accounts under Federal Law No. 144-FZ dated 5 April 2013 – the publication of special accounts was implemented (transfer and display of an account in the VTB Business Online remote banking system) with customised names, as well as a notification of blocking service for special accounts.

In 2020, large-scale regulatory improvements were successfully implemented within a short time frame on establishing and sending budget payments in the VTB Business Online, iBank and Telebank remote banking systems. This made it possible for customers, beginning 1 January 2021, to make payments to new treasury accounts while maintaining the functionality of sending funds according to the old details.

In addition, in 2020 VTB launched a new mobile bank for entrepreneurs, VTB Business Lite, which MarkWebb included in its top 10 rating. In 4Q 2020, a major application update introducing new functions was published in the App Store and the Google Play Market. They included invoicing as well as simplified payments to legal entities and individuals or between a customer’s own accounts. In December 2020, the VTB Business Lite mobile application also appeared in the official AppGallery application store, which is available for owners of Huawei and Honor smartphones.

The number of active users of the mobile bank for business more than doubled in 2020. By the end of 2019, the mobile bank for business had about 40 thousand active monthly users. Thanks to the application update and intense work carried out in the second half of 2020 as part of the mobile bank promotion strategy, as of January 2021 the number of monthly active users had increased by more than 2.5x and was approaching 100 thousand.

VTB subsidiary banks in the CIS countries and Georgia
The traditional lending and deposit model with high capital consumption and sensitivity to economic cycles does not provide the necessary competitive advantages in the current environment; therefore, VTB’s subsidiary banks in the CIS countries and Georgia have set out to achieve full self-funding in the local market, to develop their transaction business and to move clients to digital service channels.

In 2020, VTB Bank (Azerbaijan) received a limit from the Russian Export Center to support Russian exports to the Republic of Azerbaijan. A digital bank (chat bank) was also launched based on the Facebook and WhatsApp messengers; the service is available to all customers. The digital bank provides advice on various banking products (and it can also report balances on cards, loans, etc.), and it also sells products (business cards and loan applications).

In 2020, VTB Bank (Armenia) worked intensely on the development of its transactions business. New channels for money transfer systems – payments through payment terminals – were introduced. For the first time in the Republic of Armenia, projects were implemented for signing loan documents with an electronic digital signature and for online POS financing.

In 2020, VTB Bank (Georgia) remained in third place in terms of the volume of documentary transactions in the local market. The bank transferred more than 90% of all retail operations to digital channels and began issuing loans to individuals remotely through a video bank.

In 2020, VTB Bank (Kazakhstan) carried out work to promote its remote service channels and process automation, it also migrated 100% of MSB clients to the new VTB Business Internet bank. A service enabling the remote opening of current accounts was launched on the bank’s website. In addition, the process of applying for financing within the framework of the small business lending process was automated.

VTB subsidiary banks in the CIS countries and Georgia
The traditional lending and deposit model with high capital consumption and sensitivity to economic cycles does not provide the necessary competitive advantages in the current environment; therefore, VTB’s subsidiary banks in the CIS countries and Georgia have set out to achieve full self-funding in the local market, to develop their transaction business and to move clients to digital service channels.

In 2020, VTB Bank (Azerbaijan) received a limit from the Russian Export Center to support Russian exports to the Republic of Azerbaijan. A digital bank (chat bank) was also launched based on the Facebook and WhatsApp messengers; the service is available to all customers. The digital bank provides advice on various banking products (and it can also report balances on cards, loans, etc.), and it also sells products (business cards and loan applications).

In 2020, VTB Bank (Armenia) worked intensely on the development of its transactions business. New channels for money transfer systems – payments through payment terminals – were introduced. For the first time in the Republic of Armenia, projects were implemented for signing loan documents with an electronic digital signature and for online POS financing.

In 2020, VTB Bank (Georgia) remained in third place in terms of the volume of documentary transactions in the local market. The bank transferred more than 90% of all retail operations to digital channels and began issuing loans to individuals remotely through a video bank.

In 2020, VTB Bank (Kazakhstan) carried out work to promote its remote service channels and process automation, it also migrated 100% of MSB clients to the new VTB Business Internet bank. A service enabling the remote opening of current accounts was launched on the bank’s website. In addition, the process of applying for financing within the framework of the small business lending process was automated.

VTB subsidiary banks in the CIS countries and Georgia
The traditional lending and deposit model with high capital consumption and sensitivity to economic cycles does not provide the necessary competitive advantages in the current environment; therefore, VTB’s subsidiary banks in the CIS countries and Georgia have set out to achieve full self-funding in the local market, to develop their transaction business and to move clients to digital service channels.

In 2020, VTB Bank (Azerbaijan) received a limit from the Russian Export Center to support Russian exports to the Republic of Azerbaijan. A digital bank (chat bank) was also launched based on the Facebook and WhatsApp messengers; the service is available to all customers. The digital bank provides advice on various banking products (and it can also report balances on cards, loans, etc.), and it also sells products (business cards and loan applications).

In 2020, VTB Bank (Armenia) worked intensely on the development of its transactions business. New channels for money transfer systems – payments through payment terminals – were introduced. For the first time in the Republic of Armenia, projects were implemented for signing loan documents with an electronic digital signature and for online POS financing.

In 2020, VTB Bank (Georgia) remained in third place in terms of the volume of documentary transactions in the local market. The bank transferred more than 90% of all retail operations to digital channels and began issuing loans to individuals remotely through a video bank.

In 2020, VTB Bank (Kazakhstan) carried out work to promote its remote service channels and process automation, it also migrated 100% of MSB clients to the new VTB Business Internet bank. A service enabling the remote opening of current accounts was launched on the bank’s website. In addition, the process of applying for financing within the framework of the small business lending process was automated.
VTB played an active role in a state mortgage support programme launched in April 2020: during the year, the Bank issued over 63 thousand preferential mortgage loans worth a total of RUB 198 billion. The Bank’s mortgage loan portfolio grew by 35% in 2020 and amounted to RUB 958 billion – an all-time high for VTB Group.
Retail business

2020 segment overview

A new model for the production of banking products and accelerated digitalisation
- More than 200 cross-functional teams to create the best products and services
- A brand-new VTB Online - more than 10 million active users (up 25% year-on-year), No. 3 in the App Store (Finance)
- 59% of deposits, 56% of savings accounts and 25% of consumer loans issued through VTB Online
- The first fully digital mortgage and car loans in Russia in 2020 (a total of 13 thousand transactions in 2020)
- Digital credit and debit cards.

Transition to a customer-centric business model
- Service models and products customised for customer segments
- Development of segments: Pensioners, Youth and the Mass market
- Best client experience, allowing VTB to become the bank of first choice

Extensive customer support during the pandemic
- About 400 thousand VTB clients took advantage of repayment holidays to restructure debts in the amount of RUB 300 billion under state and Bank-run programmes
- VTB was the first bank in the country to launch the State-Supported Mortgage: 2020 lending programme. VTB’s customers were issued over 63 thousand loans in the amount of around RUB 200 billion through the preferential lending programme
- VTB accelerated the digitalisation of mortgage business, making 27% of sales, up from 13% in 2019.

Leadership and sustainable growth
- 14.3 million active retail customers (up 7% year-on-year)
- RUB 3.8 trillion: loan portfolio before provisions (up 13% year-on-year)
- RUB 5.2 trillion: customer deposits and accounts (up 88% year-on-year)
- RUB 3.8 trillion: loan portfolio before provisions (up 13% year-on-year)
- RUB 70 billion: not profit of the Retail Business global business line (up 8% year-on-year)

The Retail Business global business line specialises in banking services for individuals, providing a wide range of financial products and services that fully cover the needs of clients.

### SHARE OF VTB GROUP TOTAL, %

<table>
<thead>
<tr>
<th>Segment</th>
<th>Assets</th>
<th>Loans and advances to customers</th>
<th>Customer deposits and accounts</th>
<th>Retail loans to customers</th>
<th>Non-interest income</th>
<th>Net fee and commission income</th>
<th>Provision charge</th>
<th>Total net profit before tax and profit on equity investment</th>
<th>Total net profit after tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRE-IFRS 9</td>
<td>24</td>
<td>29</td>
<td>47</td>
<td>44</td>
<td>40</td>
<td>48</td>
<td>46</td>
<td>94</td>
<td>46</td>
</tr>
<tr>
<td>POST-IFRS 9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: VTB Group’s IFRS consolidated financial statements for 2020

### Retail lending

#### MORTGAGE LENDING

The Russian mortgage market grew in 2020, with Russian banks issuing more than RUB 4.5 trillion in mortgages. VTB Bank issued a record RUB 195 billion in mortgage loans, which was a 38% year-on-year increase. Thus, the Bank helped 354 thousand Russian families acquire housing. The Group’s housing loan portfolio grew by 24.5% over the year to over RUB 2 trillion. At the end of the reporting period, VTB held 23.0% of the housing loan market in Russia.

The main drivers of growth in mortgage sales were the digitalisation of business, a decrease in rates, which helped reduce personal debt, and a preferential lending programme with state support.

VTB was the first bank in the country to launch the Mortgage with State Support 2020 lending programme. VTB’s customers were issued over 63 thousand loans in the amount of around RUB 200 billion through the preferential lending programme.

The decrease in rates resulted in higher demand on the part of borrowers for mortgage refinancing. In 2020, more than 1.4 thousand clients were able to reduce their rates at VTB and their mortgage payments by RUB 255 billion. The share of such transactions reached 27% of sales, up from 15% in 2019.

Amid the pandemic, VTB accelerated the digitalisation of its mortgage business. VTB’s personal account service is being developed to enable borrowers to apply and receive approval for a mortgage loan remotely throughout the Russian Federation. The share of remote applications increased from 5% in 2019 to 20% in 2020. VTB, together with the Squire Meter real estate ecosystem, offered customers an electronic registration service that allows them to complete a transaction without visiting a Multifunctional Centre for the Provision of State Services or a branch of Rosreestr. All the documentation is drawn up remotely, signed with an enhanced qualified electronic signature and transmitted to Rosreestr. Bank customers and partners can also settle transactions online using a secure payment service that does not require the signing of a hard-copy agreement or a visit to the Bank. In addition, VTB customers can now purchase an apartment remotely without leaving their home. On 15 April 2020, the first fully online purchase of an apartment with a mortgage loan in Russia was completed in cooperation with PIK Group. The deal received widespread television and media coverage. The online purchase format is being expanded now: all customers purchasing apartments in new buildings from VTB partners can buy an apartment with a mortgage without visiting a Bank office. In 2020, more than 15 thousand loans were issued online.

### MORTGAGE LOANS, RUB BILLION

<table>
<thead>
<tr>
<th>Date</th>
<th>101% compared with 2016</th>
<th>24% compared with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>1,06</td>
<td>0.86</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>1,06</td>
<td>0.85</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>0.98</td>
<td>0.96</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>1.03</td>
<td>0.94</td>
</tr>
<tr>
<td>31.12.2020</td>
<td>1.05</td>
<td>0.97</td>
</tr>
</tbody>
</table>

VTB expanded the terms for mortgage lending with the use of family allowances. In addition to using family allowances for down payments and the early repayment of loans, the Bank modified its condition to use family allowances to obtain a loan without a down payment if it covered at least 15% of the cost of the property. In total, more than 10 thousand loans were issued using family allowances in 2020; the total amount of family allowances came to RUB 4.9 billion.
CONSUMER LOANS

In 2020, a number of restrictions related to quarantine and self-isolation were in force, which held back growth in the consumer lending market. Once quarantine measures were relaxed, sales of consumer loans resumed. The volume of loans issued by VTB in 4Q 2020 increased 44% year-on-year.

As of 31 December 2020, VTB Group’s consumer loan portfolio amounted to RUB 1.6 trillion, showing annual growth of RUB 105 billion (up 7% for the year).

Attractive interest rates enabled the Bank to increase its market share in terms of the volume of cash loans issued in 2020 by 4 p.p. compared with the same period of the previous year (in December 2020, VTB’s market share in terms of the amount of loans issued was 18.3%).

The main focus in 2020 was the development of remote channels. In May 2020, loan applications through VTB Online became available for Android mobile devices and through Internet banking (implemented May 2020, loan applications through VTB Online were made it possible to obtain a loan in December 2019 for mobile devices using iOS). This greatly simplified the process for pre-approved customers (only seven fields, and the application was filed in from existing data) and made it possible to obtain a loan without visiting a Bank office (so-called Zero Visits technology).

In 2020, VTB issued more than 900 thousand Bank cards and acquiring cards per month on average. The volume of payment transactions for products and services using the Bank’s cards increased by 7.2% year-on-year to more than RUB 21 trillion. The bulk of cards issued were the Bank’s flagship product, Multicard, which also accounted for the bulk of purchases.

In 2020, VTB issued more than 900 thousand cards per month on average. The volume of payment transactions for products and services using the Bank’s cards increased by 7.2% year-on-year to more than RUB 21 trillion. The bulk of cards issued were the Bank’s flagship product, Multicard, which also accounted for the bulk of purchases.

CONSUMER LOANS, RUB BILLION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>POST-IFRS 9</td>
<td>1164</td>
<td>1143</td>
<td>1384</td>
<td>163</td>
</tr>
<tr>
<td>PRE-IFRS 9</td>
<td>1063</td>
<td>1030</td>
<td>1177</td>
<td>132</td>
</tr>
</tbody>
</table>

CAR LOANS

Most car dealers suspended operations during the pandemic, which had a negative impact on the car loan market. The total volume of car loans issued by VTB Group for the year amounted to RUB 880 billion, including RUB 506 billion in the second half of the year, which was on par with 2019 results. The share of loans for the purchase of new cars among VTB Group’s total car loans amounted to 85% in 2020, the rest were for used cars or were unsecured car loans.

In 2020, VTB has been developing digital channels and its own channels for selling car loans (the VTB website; the VTB Online mobile and Internet application, web surfing by customers, etc.). The share of digital channels in 2020 doubled from 10.2% in January 2020 to 20.2% by the end of 2020.

In the course of building a complete digital path for obtaining a car loan, the following measures were taken:

- online applications for car loans were introduced on the Bank’s website and through VTB Online with approval in several minutes (approval using Zero Visits technology);
- an online showcase for choosing cars from partners was launched on the Bank’s website with the option of reserving a car;
- the first pilot transactions in Russia for the purchase of cars on credit using Zero Visits technology were carried out with the subsequent delivery of the car to the customer;
- a pilot project was implemented to conduct digital transactions for car loans through the Bank’s mobile application;
- an unsecured car loan programme was launched enabling customers to purchase any car. The programme is aimed first and foremost at the purchase of used cars on credit, including on major car sales websites.

The Bank continued to develop programmes with major automakers and offered its customers special conditions for using a loan to buy cars made by Lada, Velos, Subaru, Suzuki, Land Rover, Jaguar and Honda, as well as a number of other brands.

As of 31 December 2020, VTB Group’s car loan portfolio amounted to RUB 123 billion; VTB Group’s market share was 11.5%.

CAR LOANS, RUB BILLION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>POST-IFRS 9</td>
<td>103</td>
<td>95</td>
<td>105</td>
<td>79</td>
<td>77</td>
</tr>
<tr>
<td>PRE-IFRS 9</td>
<td>94</td>
<td>84</td>
<td>106</td>
<td>68</td>
<td>60</td>
</tr>
</tbody>
</table>

In 2020, the Bank took part in government subsidy programmes for the purchase of new cars by Bank customers. The volume of car loans issued through these programmes amounted to RUB 18.6 billion, which was more than double the previous year’s result.

The product line of term deposits and the functionality of savings accounts underwent significant updates:

- the basic functionality of Savings, 3-Year accumulative accounts was expanded, the interest rate and income for the current reporting period were added to the online application, the restriction on the number of open accounts was removed, and the ability to close an account through the online application was added;
- an automated top-up function for savings accounts was added with flexible settings and the ability to set savings goals;
- a completely updated basic line of term deposits was introduced;
- new promotional deposits were launched: Secure Foundation, Success Story, and New Year;
- a special campaign called The Story Continues was carried out using bonus rewards to attract new customers to Success Story deposits.

Bank cards and acquiring

In 2020, VTB issued more than 900 thousand cards per month on average. The volume of payment transactions for products and services using the Bank’s cards increased by 7.2% year-on-year to more than RUB 21 trillion. The bulk of cards issued were the Bank’s flagship product, Multicard, which also accounted for the bulk of purchases.

In 2020, VTB issued more than 900 thousand cards per month on average. The volume of payment transactions for products and services using the Bank’s cards increased by 7.2% year-on-year to more than RUB 21 trillion. The bulk of cards issued were the Bank’s flagship product, Multicard, which also accounted for the bulk of purchases.

In 2020, VTB issued more than 900 thousand cards per month on average. The volume of payment transactions for products and services using the Bank’s cards increased by 7.2% year-on-year to more than RUB 21 trillion. The bulk of cards issued were the Bank’s flagship product, Multicard, which also accounted for the bulk of purchases.

In 2020, VTB issued more than 900 thousand cards per month on average. The volume of payment transactions for products and services using the Bank’s cards increased by 7.2% year-on-year to more than RUB 21 trillion. The bulk of cards issued were the Bank’s flagship product, Multicard, which also accounted for the bulk of purchases.
DEBIT CARDS
In 2020, the Bank continued to develop the Multicard product line and customer offers with respect to debit cards.

VTB’s Multicard was made completely free of charge for customers, and the terms of the loyalty programme were greatly simplified. Customers can subscribe to the loyalty programme at their own initiative through VTB Online. The process of signing up for the loyalty programme uses an intuitive procedure, whereby the customer, immediately after receiving their card, can set up a PIN code for it, choose their loyalty option and notification package and add the card to Apple Pay or Google Pay.

For the Privilege segment, VTB launched a new Multicard Travel Card product, which enables customers to receive 3% of their rewards in miles. Collected miles can be used for rail or air tickets or for items from the online Multibonus catalogue.

Sales of Eco-Multicards (made of environmentally friendly biodegradable material) began on World Environment Day.

Sales of digital cards were put into commercial operation through VTB Online. All the usual capabilities of a physical Multicard are also available for the digital version of the product.

Special conditions were launched for VTBMulticards for customers of retirement age: in addition to reward options, clients receiving a pension at VTB receive 4% interest on their account balance.

Special conditions were developed for VTB payroll clients where employees of payroll companies that are programme partners.

The possibility of starting a salary card account at a Bank branch was introduced, which improves the customer experience. As part of the new process, an employer can direct new employees to a Bank branch.

Individual salary customers can now apply through VTB Online for salary customer to the company’s payroll account.

The Bank made it possible to open current accounts through VTB Online in new currencies: Chinese yuan, Armenian dram, Kazakh tenges, Norwegian kroner, Azerbaijani manat and Turkish lira.

A number of customer support measures were taken amid the pandemic, including the renewal of expiring cards.

A new Investments bonus option – unique for the Russian market – was launched for VTB Multicard holders. When using their card to pay for purchases, customers receive cash back, which is credited to their brokerage account and can be invested in securities on the stock market.

In order to monitor expenses through mobile and internet banking, the Bank made it possible for customers to manage card limits for selected categories.

VTB joined a social project run by the Primorsky Krai government to issue Primorsets cards. The cards, issued to residents of Primorsky Krai, have all the functionality of a social card as well as additional features (a loyalty programme, interest paid on the balance for pensioners, and special offers and discounts at retail chains, pharmacies and clinics that are programme partners).

In 4Q 2020, VTB Multicards with the Citrout transport application were piloted in the Nizhny Novgorod region. The new card combines the advantages of a debit card and a travel ticket; the transport application operates with the Citroad Multicard throughout the region on six types of public transport, and discount passes are also available. The project was fully launched in February 2021.

CREDIT CARDS
One million new VTB credit cards were issued in 2020 thanks to the following initiatives:

- a new flagship product in the Bank’s line of credit cards was launched – the Opportunity credit card;
- two programmes were launched to help customers in difficult situations: one enabling customers to defer two payments and the other offering a grace period through a programme introduced by Federal Law No. 106-FZ;
- bonus programmes were introduced for customers: commission-free cash withdrawals, rewards for credit card activation and cash back for categorised purchases, etc.

CREDIT CARDS, RUB BILLION

<table>
<thead>
<tr>
<th></th>
<th>+3% compared with 2016</th>
<th>+8% compared with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2020</td>
<td>132</td>
<td>11</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>144</td>
<td>11</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>111</td>
<td>11</td>
</tr>
<tr>
<td>01.01.2018</td>
<td>196</td>
<td>196</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>199</td>
<td>199</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>209</td>
<td>209</td>
</tr>
</tbody>
</table>

ACQUISITION PROJECTS
In 2020, a number of large acquisition projects were implemented in Moscow’s public transport system:

- VTB won a tender for acquiring turnstiles and validators on Moscow buses;
- promotions were carried out regarding payment with Mir cards with discounts for travel on the metro, Moscow Central Diameters (MCD) and for topping up parking accounts through the Moscow Parking application;
- installation of the Bank’s equipment was carried out at MCD 1 and MCD 2 facilities;
- processing of metro fare payment transactions was transferred to transport processing.

Larger Internet acquiring projects were carried out:

- internet acquiring of UnionPay cards for 40 nationwide clients;
- VTB won a tender for internet acquiring for MasterCard in the Moscow region (unified information and payment centre);
- internet acquiring for Ural Airlines, Nordavia and Belavia representative offices in the Russian Federation.

A number of other large projects were also implemented:

- integrated three-in-one online checkout and VTB iKassa solutions were introduced for small and medium-sized businesses;
- payment for goods and services by means of QR codes through the Faster Payments System was made possible;
- deposits into and withdrawals from brokerage accounts in foreign currencies were made possible;
- retail acquiring was introduced for Sela, Pilsner, Kazdav and Calzedonia;
- measures were implemented to support SMEs during the pandemic.

THE TURNOVER OF THE ACQUIRING NETWORK, RUB TRILLION

<table>
<thead>
<tr>
<th></th>
<th>Internet acquiring</th>
<th>Trade acquiring</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2020</td>
<td>0.07</td>
<td>0.19</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>0.08</td>
<td>0.20</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>0.11</td>
<td>0.33</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>0.12</td>
<td>0.14</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>0.13</td>
<td>0.15</td>
</tr>
</tbody>
</table>

SMEs during the pandemic.
The Multibonus programme is developing new services for customers. The one that stands out the most is the launch of the first gamified project, the Multibonus Treasure Map, based on a pirate theme. Participants complete a puzzle to earn points and receive game coins and an opportunity to win valuable gifts and prizes from partners. The prize fund included more than 3 million promotional codes and certificates from partners, including TurkTour, Yandex Plus, Rostelecom (Mint), Sunlight, Lifelis, Kari, Znamya and many others.

In 2020, VTB customers were given access to:

- 25 new partners with goods and services available in the Multibonus programme catalogue;
- more than 30 new offers from partners offering points accrual in addition to points accrued from the Bank;
- more than 40 offers on discounts and bargain purchases for members of the Multibonus programme;
- more than 100 promotions from manufacturers taking part in the new cashback for purchases programme.

SUPPORT MEASURES FOR USERS OF THE MULTIBONUS PROGRAMME DURING THE PANDEMIC

All Multibonus services are accessible remotely. During the pandemic, programme partners ensured the delivery of purchased items as quickly as possible.

The Miles bonus option was adapted to pandemic conditions. Since 2019, all programme members had access to the same opportunities to purchase goods from the catalogue and travel services. During the period when borders were closed, training courses were posted on the programme website, and materials were developed for sales staff enabling them to browse the goods and services available for purchase in the catalogue.

For programme participants, offers for increased points were prepared from partners, as were discounts on leisure services, online cinemas and training resources. In addition, Multibonus prepared a number of selections with items from the catalogue, which helped people gain a benefit while comfortably passing time in isolation.

In 2020, the development of the Multibonus programme focused on new customer opportunities and philanthropy.

Customers are starting to make more and more charitable contributions. The loyalty programme enables customers to spend their bonus savings on donations to new charitable projects. Shortly before the 75th anniversary of the victory in World War II, Multibonus and the veteran support foundation Memory of Generations started to cooperate, enabling all members of the loyalty programme to make a donation to support veterans.

The entire world is witnessing a movement towards conscious consumption. On World Environment Day, 5 June, a Multibonus project was launched called Mission: Clean Water Project to Clean Up Bodies of Water in Russia, which was created together with the Russian Society for the Conservation of Nature and with the support of Mastercard. The project was implemented on the loyalty programme platform in the form of a gamified online challenge in Russia. Every customer who is a Multibonus member can choose the district of the country and the body of water that they would like to support; they can then transfer a part of their accumulated bonus rewards and take a trip through the region.

The VTB Capital Investments business line, which provides services to individuals, demonstrated vigorous growth in 2020, with assets increasing by 88% to RUB 1.8 trillion. More than 440 thousand clients signed up for brokerage services, and more than 695 thousand brokerage accounts were opened.

A detailed description of the results of the VTB Capital Investments platform is available in the Corporate-Investment Business section.

The development of digital services continued. In order to comply with public health measures, the Bank focused on the development of remote service channels: the Important Call service was introduced, which allows Private Banking clients to make transactions from anywhere in the world 24/7.

In 2020, the following initiatives were implemented:

- as part of daily banking, a new optimised line of deposits was developed and introduced; the conditions for Savings Accounts were improved;
- a product called Perspective was launched (including deposit and investment life insurance) in cooperation with Sogaz Life.

The following measures were adapted to pandemic conditions:

- Investment services for VTB Group retail customers are offered through the VTB Capital Investments platform.

VTB Private Banking

- recognised by Forbes as the No. 1 bank for significant personal wealth in 2020;
- received the prestigious SPEAR’S Legendary Team award;
- VTB Family Office Private Banking named the best in Russia by the 10th Moscow Forum of Family Offices.

Thanks to steady above-average growth, excellent service and a combination of the most competitive features, VTB Private Banking is the leader in the Russian private capital management market (with a market share of 30%).

Over the last three years, the portfolio of funds under management has doubled: in 2020, it was worth RUB 27 trillion, the investment portfolio has increased fivefold to RUB 12 trillion, and the number of clients has doubled, exceeding 25 thousand at the end of 2020.

Amid the high degree of market volatility and against the background of decreasing interest rates for deposits in 2020, VIP clients continued the trend of investing their personal wealth. Thanks to a smart model of selling investment products, not only did the Private Banking investment portfolio increase, but so did the Bank’s flagship products, such as VTB investment bonds, VTB double-denominated subordinated bonds (RUB 50 billion in sales within the VIP network, which accounts for more than 80% of all sales to high-net-worth customers). This was made possible by a set of measures to improve the financial literacy and engagement of VIP clients. An investment training system was introduced in the format of online educational seminars; 11 online conferences on investment strategies were organised for VTB’s VIP clients with the participation of VTB Capital experts and invited speakers.

Taking into account the changes in the regulatory environment in Russia and foreign jurisdictions, VTB Family Office Private Banking launched a Tax Check-up service in 2020. The service provides a comprehensive analysis of the tax implications for the current ownership structure of assets and for the structure of the succession thereafter, taking into account the new tax rules. There was also an increase in the interest on the part of VIP clients in the private equity sector in 2020, which led to the development of a unique marketplace platform for buying and selling business assets (shares in startups, commercial real estate, hotels, etc.).

Alternative investments were developed, such as the creation of a portfolio of residential and commercial real estate for the purpose of obtaining rental income and investments in gestures that offer a stable increase in value.

In 2020, the following initiatives were implemented:

- as part of daily banking, a new optimised line of deposits was developed and introduced; the conditions for Savings Accounts were improved;
- a product called Perspective was launched (including deposit and investment life insurance) in cooperation with Sogaz Life.
Retail business products

VTB ONLINE

The number of active VTB Online customers is growing steadily, increasing by 25.3% in 2020 to 10.1 million. In 2020, 59% of deposits and 56% of savings accounts were opened through VTB Online, and 25% of loans were issued through VTB Online.

PAYMENTS

In 2020, the number of payments made through VTB Online increased by 14% to 1.9 billion. The volume of payments made through VTB Online increased by 49% to 14.9 billion rubles, or 77% of which was paid through a QR code. In 2020, the reading of QR codes through VTB mobile banking was qualitatively improved. The number of payments made through a QR code reached 15 million.

In the reporting period, the number of service providers available through VTB Online more than doubled, reaching 61,119 as of 31 December 2020.

TRANSFERS

The volume of transfers increased by 77% to almost 4.8 billion in 2020. The total number of transfers was 139 million, an increase of 72%.

Advances in transfers by telephone number and card number facilitated a 57% increase in the portfolio of active users of P2P transfers to 4.1 million people. A number of factors made this possible: the development of P2P interfaces, joining the Faster Payments System and the ability to make transfers by telephone number between holders of Visa and Mastercard cards. In addition, the ability to make card-to-card transfers around the world was introduced; VTB Online users are able to transfer money to Visa, Mastercard and UnionPay cards in more than 100 countries.

In total, VTB customers made 24.8 million transfers through the Faster Payments System in 2020.

BIOMETRICS

In November 2019, VTB launched its own biometrics platform and began getting consent from customers for the use of biometrics and collecting voice samples from customers through the contact centre. By the end of 2020, VTB had received consent from 138 thousand customers and collected more than 38 thousand voice samples and more than 49 thousand biometric indicators in its Unified Biometrics System. The use of this technology improves customer security and reduces the risk of fraud through social computing.

VTB MOBILE

In 2020, the VTB Mobile application was extended to all retail branches of VTB Bank in Moscow and St. Petersburg, including the surrounding region, and the associated network of Vozrozhdenie Bank. To improve customer service amid the pandemic, the following measures were implemented: agreements concluded remotely and SIM cards delivered to customers, remote eSIM connection and customer support services expanded through VTB’s online chat. As a result, VTB Mobile’s subscriber base grew in 2020 from 4 thousand to 289 thousand. Subscribers talked for 1,000 thousand hours and used 760 thousand GB of mobile Internet.

NEW VTB ONLINE LAUNCH – MAIN EVENT OF THE YEAR

VTB launched a completely new mobile and internet bank for individual customers.

The transition between sections became instantaneous – within 1 second. An end-to-end search function that covers the entire application was introduced; the Notifications section was updated. New customers can sort messages by deposits, deductions and Bank support services expanded through VTB’s online chat. As a result, VTB’s subscriber base grew in 2020 from 4 thousand to 289 thousand. Subscribers talked for 1,000 thousand hours and used 760 thousand GB of mobile Internet.

Fifty new functions have been added to VTB Online. Customers can use a QR code to withdraw money from VTB ATM without a card. Traffic fines are now accessible, including photos and the location of the violation. If several invoices are received for payment, the customer can simply select those that need to be paid and pay them all at once. Users can view all their spending by category, create savings goals, transfer money to other VTB customers, apply for a digital credit card, and much more.
The functionality of the new VTB Online allows blind or visually impaired clients to use the application. They can independently register for VTB Online and log in to their account, and they can also use all aspects of the transfer and payment functions.

The design of the mobile bank was completely updated and made more minimalistic. Customers are now able to customise the home screen on their own: they can choose how their cards and accounts are displayed – in a list or in the familiar carousel. An important addition is the ability to hide information about one’s accounts when in a public place.

The updated version of VTB Online Internet banking offers a simplified login, which is now available by phone number and QR code.

The new web version with an updated design has more than 25 new functions, including payment of traffic fines along with the ability to view photos and the location of the violation, the batch payment of bills, the setting of limits, instant transfers to cards in more than 100 countries and an updated Bonuses section. Navigation has been greatly simplified. In particular, the sections in the top menu contain all of the most popular operations, including payments, transfers, products, services and document requests.

Customers can use the new Internet bank not only from computers or laptops; the Bank has also begun to adapt the application for smartphones and tablets. In 2021, VTB plans to adapt the entire interface for tablets and mobile browsers.

The updated version of VTB Online Internet banking offers a simplified login, which is now available by phone number and QR code.

The new web version with an updated design has more than 25 new functions, including payment of traffic fines along with the ability to view photos and the location of the violation, the batch payment of bills, the setting of limits, instant transfers to cards in more than 100 countries and an updated Bonuses section. Navigation has been greatly simplified. In particular, the sections in the top menu contain all of the most popular operations, including payments, transfers, products, services and document requests.

Customers can use the new Internet bank not only from computers or laptops; the Bank has also begun to adapt the application for smartphones and tablets. In 2021, VTB plans to adapt the entire interface for tablets and mobile browsers.

The updated version of VTB Online Internet banking offers a simplified login, which is now available by phone number and QR code.

The new web version with an updated design has more than 25 new functions, including payment of traffic fines along with the ability to view photos and the location of the violation, the batch payment of bills, the setting of limits, instant transfers to cards in more than 100 countries and an updated Bonuses section. Navigation has been greatly simplified. In particular, the sections in the top menu contain all of the most popular operations, including payments, transfers, products, services and document requests.

Customers can use the new Internet bank not only from computers or laptops; the Bank has also begun to adapt the application for smartphones and tablets. In 2021, VTB plans to adapt the entire interface for tablets and mobile browsers.
Working with bad debts

**PROCESS ROBOTISATION: RESTARTING THE RESTRUCTURING PROCESS**

An intelligent robot voice generator is being used to help the Bank's customers who have already faced or may face financial difficulties—a first for the market. Based on mathematical models, the Bank identifies customers who need to reduce their financial burden and calculates restructuring terms, and the robot informs the borrower about the offer and explains how to take advantage of it. The new technology provides major support for customers who need to reduce their credit exposure during the pandemic.

Some 30% of all calls to debtors and 90% of first calls are made by an intelligent robotic collector. In total, the robot replaced 130 remote collectors, allowing the bank to cut the number of calls from customers in the earliest stages of arrears. Thanks to the robot collector, the bank was able to direct the efforts of its employees to working with the most difficult segments of clients with overdue debts, including advising clients in difficult life situations.

**INTELLIGENT CONTROL SYSTEM**

The creation of an Intelligent Deviation Management System was initiated in 2020 and was developed, and the first reports were produced. The Intelligent Deviation Management System is a tool for managers at every level that allows them to identify, in a timely manner, deviations in the behaviour of employees working with bad or non-core assets and to provide timely support to employees to correct deviations.

**PROFESSIONAL CONTESTS**

In 2020, VTB reached the finals of the European Contact Centre & Customer Service Awards (ECCCSA, London) for the first time in the Best Employer and Best Voice of the Employee Programme categories.

**WORKING WITH NON-CORE ASSETS**

In 2020, the Bank confirmed its market leadership in terms of selling non-core assets, including assets obtained through the collection of overdue debts. The Bank continued its collaboration with the Russian Agricultural Bank in providing services for the sale of non-core assets. Agreements for similar services were signed with Vamzakhodzins Bank and West Siberian Commercial Bank; work with non-core assets in the retail and small business segments is carried out in accordance with VTB standards. VTB’s portfolio of non-core retail assets decreased from RUB 5.7 billion to RUB 4.4 billion in 2020.

**Development of special segments and projects**

In order to ensure the growth of both the client base and the Bank’s business, an approach was adopted to working with retail clients that entailed the segmentation and customisation of products and services for certain segments.

**YOUTH AND LOWER MASS MARKET**

In 2020, VTB expanded the availability of its deposits and loans to the mass market: young people, pensioners and customers with incomes below the national average. For example, the Bank made it possible to open an account remotely with a deposit of RUB 1,000 or more.

The Bank enabled existing clients 16 years of age or older to obtain a cash loan or a credit card on the basis of an offer from the Bank. The Youth segment has over 16 million active customers who regularly use VTB’s services. The requirements for minimum monthly income were reduced, the minimum loan amount was reduced to RUB 30,000, and the minimum credit card limit was reduced to RUB 50,000. The Bank also began providing loans to non-working pensioners.

**PENSIONERS SEGMENT**

Thanks to its focus on the needs of the older generation, VTB introduced a number of important changes in 2020 that have become a solid foundation for the acquisition of retirees as customers.

A description of the process involved in transferring pensioners, product preferences and services for pensioners was added to the information portal on the Bank’s website.

The launch of a pension-focused service at points of sale enabled the Bank to build a continuous customer path from the issuing of a card for the receipt of a pension to the granting of a pension to a VTB Muahard.

The higher interest accrued on the card balance made it possible to equal the terms of service offered by the main market players and to surpass some of them.

User-friendly communication using a simplified voice menu specifically for pensioners has improved the customer experience.

In 2021, the Bank is planning a breakthrough development in this segment: the introduction of a completely redesigned omnichannel customer path through which both retirees and pre-retirees can receive their pensions.

**INSURANCE**

In 2020, the year saw a transition to digital sales channels for insurance. In addition, sales of an updated line of out-of-the-box insurance products were launched at Bank branches:

- protect your home (home and property insurance);
- protect your children (insurance for children and career guidance);
- tax (help with tax deductions);
- lawyer24 (remote legal support).

In 2020, the Bank made it possible to connect accident insurance to an Opportunity credit card. Now customers do not have to worry about not being able to pay their credit card bill in case of illness or injury.

A simple and convenient way to purchase third-party liability insurance was launched for car owners. The entire process of applying for a policy takes no more than three minutes.

**PUBLIC SERVICES AT VTB BANK**

In 2020, VTB began developing digital customer paths for using public services through banking channels.

**Social benefits**

From April to September 2020, the Bank, together with the Pension Fund of the Russian Federation, made additional payments to families with children (in the amount of RUB 5,000 and RUB 10,000) in accordance with the Decrease of the President of the Russian Federation No. 249 dated 7 April 2020 and No. 317 dated 11 May 2020. In total, the Bank helped pay out RUB 13.5 billion.

**Simplification of the use of family allowances**

The Bank, together with the Ministry of Labour and Social Protection of the Russian Federation and the Pension Fund of the Russian Federation, in accordance with the amendments adopted on 1 March 2020 to Federal Law No. 256-FZ dated 29 December 2006 on Additional State Support Measures for Families with Children, began accepting applications from 15 April 2020 in all of the Bank’s regional divisions for the use of family allowances for the purpose of improving housing conditions within the framework of mortgage lending.

Thanks to the launch of a new technology, customers can apply to use family allowances for this purpose at any branch of the Bank at the same time that they submit an application for a mortgage loan. In 2020, clients received RUB 18.7 billion in family allowances. In 2021, the Bank plans to ensure the provision of public services for the disposal of family allowances through mobile or internet banking.

**Payment centre for military departments**

In 2020, the Bank created a new functionality for the payment of military pensions. The Bank currently provides a similar service for the Federal Bailiff Service. Once introduced, the functionality will help the Bank acquire new military pensioners as customers.
and carried out 43 business universalisation projects – the unification of retail and corporate segments at a single site.

As of the end of 2020, the regional network of VTB Group banks consisted of 1,747 offices in 78 regions and 480 cities in Russia:

- 657 universal offices (serving individuals and legal entities);
- 717 retail offices (serving individuals only);
- 71 corporate offices (serving legal entities only), two cash offices outside the teller network;
- 20 support offices (8 basic branches, 11 auxiliary branches and a VIP branch) and eleven cash offices outside the teller network.

Pension business

VTB Group’s pension business is represented by two non-state pension funds: the VTB Pension Fund and Magmit.

The VTB Pension Fund, a fast-growing non-state pension fund in Russia and one of the leading players in the Russian market, provides a full range of services for compulsory pension insurance and non-state retirement benefits, including corporate pension programmes. The Magmit non-state pension fund is a subsidiary of the VTB Pension Fund that was acquired for the purpose of further consolidation. An action plan was approved in 2020 for the merger of two funds.

The VTB Pension Fund is a member of the National Association of Non-state Funds (NAPF) and a member of the NAPF Board. The Fund plays an active role in the work of specialised committees and commissions within the State Duma, the Ministry of Finance of the Russian Federation and the Bank of Russia on the development of the legislative framework and regulation of the activities of non-state pension funds.

As of the end of 2020, the Bank’s pension business was managing RUB 297.6 billion in assets, up 10% from 2019. The amount of pension savings (compulsory pension insurance) totalled RUB 263.3 billion (8% growth in 2020), while the amount of pension reserves under non-state coverage totalled RUB 14.3 billion (a more than twofold increase during the year).

The Fund pursues a balanced investment policy that offers an optimal combination of high returns and maximum investment security, ensuring the preservation and accrual of customer funds. In 2020, the yield on pension savings allocated to the Fund’s customer accounts was 6.03%. Thus, the accumulated yield from 2016 through 2020 amounted to 40.21%, and the average annual yield over five years was 7.75%. The yield on pension reserves as part of the programme for non-state pensions amounted to 5.31% through a balanced investment portfolio and 4.74% through a conservative investment portfolio.

Since 2016 (over five years), the yield for participants in non-state pension programmes has increased 42.24% through investment income accrued by the VTB Pension Fund through a balanced pension portfolio and 34.13% through a conservative pension portfolio, which corresponds to average annual returns of 7.13% and 6.05%, respectively.

As of the end of the reporting period, the pension business was serving 3.0 million customers. In 2020, the VTB Pension Fund was Russia’s fifth-largest by pension assets under management.

In March 2020, the Expert RA ratings agency confirmed the VTB Pension Fund’s rating of ruAAA (the highest level of creditworthiness / financial reliability / financial stability). Thus, the VTB Pension Fund has had the highest possible financial reliability rating since 2012. In December 2020, the National Rating Agency assigned the VTB Pension Fund a non-credit rating of AAA (ru) (the best-possible reliability and service quality on the national scale for non-state pension funds).

In 2020, the Fund successfully implemented a project to promote a non-state pension product for VTB Bank’s retail and corporate clients. During the pandemic, the VTB Pension Fund did not use the support measures offered by the Bank of Russia for non-state pension funds; it honoured all its obligations to customers in a timely manner and also developed remote services.

The Fund is working hard to introduce innovative digital technologies. In 2020, a service was introduced to help individual customers obtain a social tax credit for their personal income tax return. Integration with the State Services portal was carried out. VTB Pension Fund customers were given an opportunity to automatically complete a form for a non-state pension agreement with information obtained from customers’ profiles on the State Services portal. For individuals, a mobile application called VTB Pension Fund was launched for all operating systems: App Store, Google Play and AppGallery (the application is the first for non-state pension funds in Russia for Huawei smartphones). The application enables users to conclude a non-state pension agreement with the VTB Pension Fund to top up their pension account without a commission from any bank card, to activate auto-payments and to generate account statements.

The Personal Account for legal entities was updated. An electronic document workflow was introduced for legal entities, enabling them to use an enhanced qualified electronic signature. A new channel was created to promote non-state pension products for representatives of small and medium-sized businesses by presenting the VTB Pension Fund on VTB Bank’s non-banking services platform (marketplace).

As part of the Bank’s efforts to increase customer loyalty, voice calls on VTB Bank’s hotline are now routed directly to the Fund. An updated loyalty programme was launched for customers taking part in non-state pension programmes; the number of programme partners increased to 90.

Special offers for VTB bank shareholders

In 2017, VTB Bank developed a special programme for the Bank’s shareholders that includes a comprehensive offer of financial services on preferential terms.

Since 2018, after the merger of VTB and VTB24, special terms of service for shareholders have been available in all regions where the Bank operates.

Special terms of service for VTB shareholders apply to the Privilege Prime service packages, custody and brokerage services and insurance.

Shareholders also have access to reduced rates on cash loans, mortgages and car loans, including when refinancing existing loans from other banks.

In 2020, as part of the Bank’s relations with shareholders:

- a programme for issuing pre-approved cash loans was introduced that factors in shareholdings and offers a special price for shareholders;
- mortgage rates were reduced;
- meetings were held with current and potential Bank shareholders in the regions where the Bank operates.

The possibility of accessing special conditions for certain products depends on the size of the individual shareholder’s stake in VTB Bank. At the same time, shareholders are not required to provide documents confirming their ownership of shares. The register of shareholders is checked automatically as of its last closing date whenever any branch in VTB’s retail network is contacted.

As of 31 December 2020, VTB Bank’s portfolio of loans to shareholders amounted to RUB 30 billion, having increased nearly threefold in 2020.
**Policy, organisation and structure of risk management**

**VTB GROUP-LEVEL RISK MANAGEMENT**

The main risks that VTB Group is exposed to are credit risk, market risks (including risks associated with changes in the market prices of financial instruments, interest rates and foreign exchange rates), liquidity risk and operational risks (including legal risks), as well as individual subtypes of concentration risk (risk of credit concentration within a group of borrowers, risk of concentration of financial instruments, risk of concentration of sources of liquidity).

Risk management at the Group level includes risk identification, evaluation and monitoring; control over the size, structure and concentration of risks; identification of effective measures to optimise and minimise risks; and compiling regular risk reports.

**VTB GROUP RISK MAP BASED ON RISK APPETITE**

One of VTB Group’s key principles of risk management is to take the Group’s risk appetite into account when managing its activities. Risk appetite is determined in accordance with regulatory requirements and international practice. This approach involves the identification and oversight of the Group’s overall target risk level and risk profile in accordance with its strategic objectives and the integration of risk appetite into business planning and risk management procedures.
A high-level risk appetite for the Group includes the following key provisions:

- the size of potential losses on risks accepted by the Group should not reach a level that would lead to the cessation of the Group’s operations, including under stress conditions;
- Group companies must have enough capital to secure the interests of creditors in the hypothetical (extremely unlikely) event of unexpected losses as a result of risks taken;
- the structure of the Group’s operational cash flow and liquidity reserves should ensure the timely fulfilment of obligations to clients in the short and long term;
- the structure of assets and liabilities must ensure the efficient use of resources and comply with the Group’s business model;
- the level of risk involved in the decision-making process must be assessed and monitored on an ongoing basis, and the impact of activities must also be assessed on an ongoing basis while taking risks into account;
- as part of its operations, the Group must try to avoid a high degree of concentration of credit risk in counterparties, industries and countries/regions with a high level of risk;
- sustainable development and economic efficiency in the long term;
- compliance with the regulatory requirements of the Bank of Russia, the recommendations of international bodies, as well as the requirements of local (foreign subsidiaries) or industry regulators;
- maintaining an impeccable reputation, avoiding actions that could result in harm to the Group’s reputation;
- maintaining and improving credit ratings granted by international rating agencies (without state support).

VTB Group’s high-level risk appetite is detailed through the establishment of specific quantitative and qualitative indicators, with corresponding reference values.

Quantitative indicators of risk appetite are divided into operational indicators (they may be passed down to the system of limits established for business lines, VTB Group companies and other allocation levels) and structural indicators (centrally managed at the Group level). Risk appetite indicators limit all significant risks inherent to VTB Group’s operations.

VTB Group has established a procedure for monitoring risk appetite and a procedure for actions to be taken in case of a violation of risk appetite reference values.

During the reporting period, the Group ensured compliance with capital adequacy targets and with regulatory standards, taking into account the established regulatory margins and measures to reduce the regulatory and oversight burden.

The key principles of the Group’s risk management system also include:

- compliance with legal and other mandatory requirements;
- transparency of risk-associated activities for shareholders, investors and other interested parties (primarily by disclosing the relevant information as required), taking into account their interests;
- analysing and managing risks on a consolidated basis, covering all of the Group’s Russian and foreign banks, as well as its key financial companies;
- optimal distribution of risks within the Group, minimising exposure and potential losses from risks in markets where the Group operates;
- developing a risk management culture within the Group’s companies, including improving employees’ skills in terms of identifying and preventing possible risks and losses in their areas of responsibility;
- providing the risk management function with sufficient resources, introducing modern methods for assessing and monitoring risks, and automated risk management systems based on industry best practices.

The Group’s risk management system has a multilayered structure, which includes consolidated (Group-level) and local-level risk management, with a high degree of centralisation of the Group’s risk management function. The risk management system is built around the Group’s global business lines (Corporate-Investment Business, Medium and Small Business, Retail Business) and is based on the harmonisation of approaches to managing risk, including through the coordination of competencies exercised by the Group’s specialised risk divisions.
STRUCTURE OF RISK MANAGEMENT WITHIN VTB GROUP

CREDIT AND COUNTRY RISKS
MARKET RISKS OF THE TRADING PORTFOLIO
MARKET RISKS LIQUIDITY RISK
OPERATIONAL AND REGULATORY (COMPLIANCE) RISKS

CONSOLIDATED RISKS

SUPERVISORY COUNCIL
MANAGEMENT BOARD
GROUP MANAGEMENT COMMITTEE

COLLEGIATE BODIES
Finance Committee
Operational and Regulatory (Compliance) Risk Management Committee
Coordination Commission compliance and AML/CFT groups
Credit and Market Risk Management Committee
Retail Risk Committee
Credit Committee CIB Groups
Credit Committee Medium-sized businesses of the Group

OPERATIONAL AND REGULATORY (COMPLIANCE) RISKS

VTB GROUP CHIEF RISK OFFICER

Corporate Credit Risk Department
Retail Credit Risk Department
Integrated Risk Management Department

Collateral Department
Department of Expertise and Fraud Monitoring
Model risk management and validation

Operational and Regulatory (Compliance) Risk Management Committee

Risk Competence centres

Central office

Underwriting department:

Treasury Department
Department of Compliance Control and Financial Monitoring (Regulatory Risk)
Department of Strategy and Corporate Development (strategic risk)
Media Relations Department (reputational risk)

NPF (pension risks)

VTB Leasing (in terms of leasing operations); VTB Factoring (in terms of factoring operations)

CREDIT RISKS
MARKET RISKS
LIQUIDITY RISK
OTHER RISKS
OPERATIONAL AND REGULATORY (COMPLIANCE) RISKS

CONSOLIDATED RISKS

Group's companies

Management bodies of the Group's companies
Working collective bodies of the Group's Companies
Risk management units
Authorised persons of the Group's Companies

Local Level
The standard organisational structure of the Group’s banks and financial companies includes an independent risk assessment and control division that corresponds to the appropriate risk profile, specific features and scale of the business; as well as a senior manager responsible for comprehensive risk management.

The organisational structure of risk management within VTB Group includes the following:

- collective bodies responsible for coordination within the Group;
- collective bodies within VTB Bank as the parent bank of the banking group;
- headquarters (the Group’s chief risk manager and the Group’s specialised risk divisions);
- management bodies at the local level, collective working bodies: committees, structural divisions/authorised officers within Group companies.

Control over the organisation of risk management and the risk management policy within the Group’s companies is carried out on a systematic basis, primarily through corporate governance (including through the representation of VTB Bank on subsidiaries’ supervisory councils/boards of directors), as well as through the Group’s specialised risk divisions. Key internal regulations of subsidiaries related to risk management are approved by governing bodies, taking into account the contribution of the specialised risk divisions.

As part of the development of internal procedures for assessing capital adequacy, the following results have been achieved:

- steady compliance with regulatory capital requirements established by the Bank of Russia – compliance with capital adequacy ratios, taking into account risk appetite beyond the reference values in light of the established regulatory margins;
- compliance with capital requirements to cover the risks assumed with a margin sufficient for the implementation of strategic business development measures;
- compliance with the planned targets in terms of capital structure and capital adequacy, capital distribution by types of significant risks and areas of business;
- establishment of a system of control of material risks that ensures the required level of monitoring of the amount of risk in different areas of business and early warning when reference values are within reach;
- increased attention to data integrity and quality as a means of increasing the efficiency of internal procedures for assessing capital adequacy;
- capital planning and monitoring of capital adequacy are carried out in light of business development plans and the results of integrated stress testing.

### VTB BANK-LEVEL RISK MANAGEMENT

The Bank’s main internal documents specifying key principles of and approaches to the organisation and development of its risk management system (including subsidiaries included in the Group’s consolidated risk management) are the following:

- the Regulation on the VTB Bank Risk Management System designed in line with the Procedures endorsed by the Russian Government and approved by the Supervisory Council on 5 November 2020;
- VTB Bank’s Strategy for Managing Risk and Capital and the Procedure for Managing VTB Bank’s Most Significant Risks developed in accordance with the regulatory requirements of the Bank of Russia and subject to revision at least once a year to update its provisions.

In 2020, new versions of VTB Bank’s Strategy for Managing Risk and Capital and the Procedure for Managing VTB Bank’s Most Significant Risks were approved by a decision of the Bank’s Supervisory Council on 5 November 2020.

The main strategic objective in risk management is to minimise potential financial losses from exposure to the risks faced by the Bank’s operators, ensuring financial strength and long-term sustainable growth for the Bank in accordance with the strategic objectives specified by the Supervisory Council. VTB Bank’s Development Strategy aims to create an integrated risk management system that corresponds to the nature and scale of the Bank’s operations and risk profile, and that enables further business development in line with economic conditions and the Bank’s needs.

The Bank’s risk management is developed and improved in accordance with legal regulations and recommendations of the Bank of Russia, as well as generally accepted international standards and banking best practices.

VTB Bank’s risk management system comprises the Supervisory Council and the Bank’s executive bodies, credit committees, the Retail Risk Committee, the Finance Committee, the Credit and Market Risk Management Committee and other special committees and structural units involved in risk management processes.
Credit risk

Credit risk is the risk that the Bank (Group) will incur losses as a result of a counterparty's non-performance (improper performance) of its obligations to the Bank (Group companies).

**VTB GROUP–LEVEL CREDIT RISK MANAGEMENT**

Credit risk at VTB Group is managed simultaneously at the local level with VTB Group companies and at the Group (consolidated) level.

Within the framework of the local credit risk management system, VTB Group companies assume and manage credit risks independently (including through insurance and hedging of risks), within the scope of their authority and limits with regard to risk indicators, and in accordance with national regulations. VTB Group’s companies are responsible for the results of their lending activities and the quality of their loan portfolios and also for monitoring and controlling the credit risks associated with their portfolios.

The key elements of the Group’s consolidated credit risk management are as follows:

- harmonisation of credit policies (credit risk management policies) of the Group’s companies;
- development and adoption of common standards concerning credit procedures, decision-making processes, models and methods for managing credit risk to be used throughout the entire Group (including the methodology for assessing counterparties, pricing credit operations, collateral, monitoring, backup and stress testing);
- establishing consolidated limits and other restrictions within the Group (including limits on counterparties / groups of related counterparties, large transactions, countries, industry sectors);
- assessing the capital necessary to cover the Group’s credit risks;
- maintaining a centralised database of the Group’s borrowers, including those requiring particular attention;
- preparing regular consolidated financial statements regarding the Group’s credit risk and submitting them to the Group’s governing bodies for review.

Consolidated risk management covers all essential assets and off-balance-sheet operations of the Group’s companies that bear credit risk and that require control over their concentration within the Group as a whole. Within the context of consolidated control and reporting, the scope and range of such operations is determined by the Group’s coordinating bodies.

In 2020, specialised units within VTB Bank, including the Non-Core and Bad Assets Department and the Retail Debt Collection Department, dealt with identifying, monitoring and resolving issues of bad debt at the Group level.

In 2020, the corporate credit risks of subsidiary banks were managed by the Corporate Credit Risk Department. As the Group’s specialised risk division for corporate credit risks, the Corporate Credit Risk Department is responsible for developing common approaches and methods for managing corporate credit risks, for evaluating them on a centralised and systematic basis and for developing the optimal structure of corporate credit risk accepted by the Group, including its compliance with the Group’s risk appetite.

In 2020, the centralised management of retail risks at VTB Bank’s subsidiary banks was carried out by the Retail Credit Risk Department. Monitoring of the credit procedure in the expert decision-making area and control of limits on non-standard transactions was carried out by the Retail Credit Risk Department in conjunction with the Underwriting Department. As the Group’s specialised risk division dealing with credit risks, the Retail Credit Risk Department is responsible for developing common approaches and methods for managing retail risks, for evaluating them on a centralised and systematic basis and for developing the optimal structure of retail risk accepted by the Group, including its compliance with the Group’s risk appetite.

**VTB BANK–LEVEL CREDIT RISK MANAGEMENT**

VTB Bank manages credit risk by:

- restricting credit risk through the Bank’s existing system of limits, which comply with the Bank of Russia’s mandatory regulations and other requirements. They are reviewed regularly by the Corporate Credit Risk Department and the Integrated Risk Management Department and approved by the authorised collective body;
- accepting collateral and insurance to cover credit risks, charging adequate fees for the credit risk and establishing provisions for possible loan losses;
- assessing the level of credit risk assumed by the Bank for each counterparty, as well as regularly monitoring the credit portfolio, individual customers, transactions and collateral (including by ranking borrowers);
- minimising credit risk at the loan application review stage and taking prompt measures as soon as credit risk factors have been identified through monitoring.

The Bank applies the following main methods of credit risk assessment:

- determining a customer’s level of creditworthiness by analysing financial and non-financial indicators and conducting an expert assessment (in compliance with the Bank’s internal procedures for ranking), the level at which a customer (a group of related customers) is ranked is taken into account when determining the cost levels of loan transactions; assessing retail credit risks by means of scoring models and automated credit-related decision-making procedures, as well as verifying/gathering client data (the client’s financial position, social variables, credit history);
- analysing the level of concentration of the Bank’s credit risk for individual borrowers (a group of related borrowers), industries, countries, customer segments, types of credit products;
- estimating possible losses from credit risk in the process of calculating and creating provisions for possible losses (in compliance with the requirements of the Bank of Russia and IFRS);
- assessing capital adequacy and the scale of credit risk when calculating the required capital established by the Bank of Russia;
- determining internal capital needs (capital calculation) for credit risk, taking into account the actual quality of the loan portfolio (as required by the Bank of Russia and the standards set by the Basel Committee on Banking Supervision);
- conducting stress testing of loan portfolio losses, taking into account different macroeconomic scenarios.

**Internal ratings approach**
The Bank employs collateral to reduce credit risk.

In the context of strategic initiatives undertaken in the reporting period, changes in the procedures and methodology for credit risk management were implemented.

The regulatory framework was updated as follows:

- the corporate ratings models were aligned with the retail segments of Group companies on the PD master scale;
- the previously unified business planning procedure for the retail loan portfolio in terms of the risk components set at subsidiary banks and in the Retail Business global business line was updated (separate qualitative planning for the new and old portfolios, planning additional risk metrics [jars and repayment from 90+; amortisation and depreciation, early repayments, write-offs 90+] the detailed breakdown of the actual and loaned portfolios by credit deterioration buckets increased to 180+ days);
- models were developed for the segments cash loan refinancing, gold-secured loans (VTB Bank [Armenia]) and pre-approved credit cards (VTB Bank [Belarus]);
- the financial model (EORAM assessment) was improved, including the unified methodology for calculating risk metrics.

**Liquidity risk**

Liquidity risk means the risk that the Group or a Company will be unable to finance its activities, i.e., to ensure asset growth and settle liabilities as they become due without incurring losses in an amount that would threaten the financial stability of the Group and/or a Company group.

**VTB GROUP–LEVEL LIQUIDITY RISK MANAGEMENT**

Liquidity risk management involves a set of measures used to manage the Group’s assets and liabilities with the aim of maintaining the Group’s ability to meet its obligations while ensuring an optimal balance between the level of liquidity risk and profitability of the Group’s operations.

The VTB Group Management Committee, VTB Bank’s Finance Committee, VTB Bank’s Treasury Department and the Market Risk Division of the Integrated Risk Management Department all play a role in the Group’s liquidity risk management process.

The VTB Group Management Committee determines the Group’s general policy in the area of liquidity risk management, sets limits and triggers for VTB Group’s liquidity risk appetite, and also reviews reports on the status of VTB Group’s liquidity risk as part of reports on Group’s risks.

The Bank’s Finance Committee approves the Regulation on the Procedure for Managing Liquidity Risk in the Group, approves the Group’s liquidity risk assessment methodology, monitors the Group’s liquidity, and makes decisions on measures related to the management of the Group’s assets and liabilities with the aim of ensuring the required level of liquidity and growth of the Group’s assets.

Liquidity management is applied at the Group level based on bylaws approved by the Group’s Management Committee and is based on the following principles:

- each bank/company within the Group manages its own liquidity on a separate basis to meet its obligations and comply with the requirements of the national regulator and the recommendations of VTB Bank;
- VTB Bank manages the Group’s liquidity by centrally controlling and managing the key measures taken by the Group.

Methods for controlling and reducing the Group’s liquidity risk include monitoring compliance with the established appetite for liquidity risk and with the regulatory limit and the net stable funding ratio set by the Bank of Russia for the short-term liquidity of a banking group, as well as calculating the amount of capital needed to cover liquidity risk.

**VTB BANK–LEVEL LIQUIDITY RISK MANAGEMENT**

Liquidity risk management involves a set of measures used to manage the Bank’s assets and liabilities with the aim of maintaining the Bank’s ability to meet its obligations while ensuring an optimal balance between the level of liquidity risk and profitability of the Bank’s operations.

The Bank has current and forecast liquidity risk management in place.

Managing current liquidity entails short-term forecasting and management of cash flows in respect of currencies and terms (time frames) so that the Bank can ensure that it will meet its obligations, complete settlements on behalf of its customers and fund ongoing operations.

Current liquidity management is carried out by the Treasury Department based on a real-time (intraday) determination of the Bank’s current payment position and forecast future payment position, taking into account the payments schedule and other scenarios.

The objective in forecast liquidity management is to develop and implement instruments to manage assets and liabilities to support the Bank’s instant funding capability, and to plan increases in its asset portfolio by optimising the ratio of liquid assets and profitability.

The Bank achieves this by making liquidity forecasts on the basis of: resource and business plans, and also by managing liquidity forecasts in light of the liquidity accounting standards established by the Bank of Russia.

Each forecast includes receivables and payments according to the contractual terms for operations, while also taking into account planned transactions, possible extension of clients’ funds (deposits and promissory notes) and possible outflows of unstable on-demand funding (clients’ settlement and current accounts, as well as loan accounts). In addition, the Integrated Risk Management Department conducts stress testing to assess risk factors that can have an impact on the Bank’s liquidity forecast. Liquidity gaps are closed through new borrowings and the renewal of existing deposits. The Group’s medium-term liquidity is managed by attracting interbank loans and customer deposits, repo transactions and secured loans from the Bank of Russia. The currency structure of liquidity is managed by conducting conversion swap transactions.

A significant proportion of VTB Group’s liabilities is represented by customer deposits (deposits, promissory notes, current accounts of corporate and retail customers), resources from the Bank of Russia and interbank deposits.

Although a considerable portion of customer liabilities are short-term deposits and on-demand accounts, the diversification of these liabilities and VTB past experience indicate that these liabilities are consistently refinanced by customers, and they are, for the most part, a stable source of funding. The stable element of short-term liquidity is determined by correcting inventory of interbank deposits.

A statistical trend analysis of the cumulative balances of these accounts over time. Monetary instruments (interbank loans and deposits, repurchase agreements) are used to control short-term liquidity and are not considered as a source of funding for long-term assets.

Methods for controlling and reducing liquidity risk include:

- monitoring compliance with established internal limits and regulations, including appetite for liquidity risk;
- analysing liquidity risk using a set of quantitative and qualitative indicators;
- implementing forecasting, situational modelling and stress testing of the Bank’s liquidity;
- calculating the amount of capital needed to cover liquidity risk;
- monitoring calculated gaps taking into account the scenario analysis of the Bank’s liquidity for various time periods to identify disparities between receivables and payables;
- identifying and analysing the impact of internal and external factors on the Bank’s liquidity, and the forecast for changes;
- adopting and implementing solutions for management of the Bank’s assets and/or liabilities to maintain liquidity risk at a level that complies with internal and regulatory liquidity ratios;
- developing a detailed plan of action for mobilisation of funds by the Bank in the event of insufficient liquidity;
- ensuring compliance with the Bank of Russia’s mandatory liquidity ratios by monitoring actual and forecast values of intrabank maximum permissible indicators for mandatory ratios.
Market risks

Market risk is the risk of downward pressure on the Group’s financial results or its capital base due to adverse changes in the value of the Group’s assets/liabilities (claims/obligations) as a result of market conditions, i.e., risk factors.

VTB Group has a standing collective body within the Group Management Committee as part of its system for managing the Group’s consolidated assets and liabilities: the VTB Bank Finance Committee and the Credit and Market Risk Management Committee.

The main objectives of the Finance Committee in terms of managing the Group’s risks are as follows:

• improving the risk and capital management system;
• capital management;
• managing the currency risk of a structurally open currency position, the interest rate risk of the bank book, the market risk of the treasury debt securities portfolio and liquidity risk (including the risk of liquidity sources concentration);
• determining policies in terms of internal and external pricing and establishing principles for the system for funding operations.

The main objectives of the Credit and Market Risk Management Committees in terms of the Group’s risk management are:

• improving the system for managing core risks;
• managing the market risk of the trading book;
• managing credit risk;
• managing concentration risks (including the risk of the concentration of sources of liquidity).

The Regulation on the Procedure for Managing Market Risks (approved by VTB Group’s Market Risk Management Committee, Minutes No. 31 dated 7 December 2018) within VTB Group establishes procedures for identifying and monitoring market risks; the structure and hierarchy of market risk limits from the level of VTB Group to the level of Group companies and individual divisions, procedures for monitoring compliance with limits and restrictions and for responding in case they are exceeded, and it also specifies the procedure for preparing reports on the Group’s market risk.

According to this Regulation, market risk is assessed and managed in the context of the following types of books:

• a trading book consisting of operations carried out in order to extract profits through their revaluation or hedging of other elements of the trading book;
• a portfolio of treasury debt securities consisting of transactions conducted by the Treasury Department and revalued at fair value;
• a bank book consisting of interest-sensitive instruments that are revalued at amortised cost or instruments used to hedge elements of the bank book; loans that do not pass the SPTM test are counted in the bank book;

Based on an analysis of VTB Group’s portfolio, the following areas of market risk can be identified:

• interest rate risk of the bank book;
• currency risk of a structural open currency position;
• depending on the nature of the operations bearing currency risk, the Group’s entire currency position is attributed to either the trading book or the bank book;
• market risk for the trading book and the treasury debt securities portfolio.

INTEREST RATE RISK OF THE BANK BOOK

Interest rate risk management is based on VTB Group’s bylaws and includes:

• setting standard interest rates for deposits and internal rates for financing, taking into account current market conditions;
• calculating interest rate risk indicators;
• setting capital limits for covering the interest rate risk for the Group and individual banks;
• establishing an indicator for the bank book’s appetite for interest rate risk – the indicative value of the sensitivity of net interest income to a change in interest rates.

The main parameters used to assess interest rate risk are:

• the capital to cover interest rate risk, measured by assessing reductions in the net current value of the Bank’s interest rate position in the event of likely unfavourable interest rate movements;
• net present value (NPV) of assets/liabilities exposed to interest rate risk;
• sensitivity of NPV to a 100 b.p. change (ΔNPV = 100 b.p.);
• sensitivity of net interest income (ΔNII = 100 b.p. and ΔNII stress).

CURRENCY RISK OF A STRUCTURAL OPEN CURRENCY POSITION

The Group uses internal regulations adopted by the Group’s Management Committee to manage its currency risk. It also ensures that the currency of its assets matches that of its liabilities and maintains an open currency position (OCP) in each of the Group’s banks within established limits, including internal OCP limits and the capital limit to cover the currency risk of structural OCP, as well as regulatory OCP limits.

Approved stress scenarios are used to calculate the capital required to cover VTB Bank’s currency risk stemming from structural OCP.

The following are the main parameters for assessing the currency risk of the Group’s structural OCP:

• calculation of open currency positions in the context of individual currencies and VTB Group companies;
• calculation of the OCP sensitivity to changes in foreign currency exchange rates of 1 RUB and by 1%;
• calculation of the OCP sensitivity to changes in foreign currency exchange rates against the rouble using the VaR approach (one day, 95%).

Capital to cover the currency risk of a structural OCP

MARKET RISK OF TRADING OPERATIONS

VTB Group is exposed to market risk through its trading book and its treasury debt securities portfolio associated with a negative revaluation of instruments due to changes in the values of various risk factors, including bond prices, stocks, commodity instruments, exchange rates, interest rates, credit spreads, risk volatility factors and correlations between them.

Although the treasury bond portfolio is separate from the trading book due to the different objectives in conducting transactions involving these portfolios, market risk management for treasury debt instruments is managed in the same way as for the trading book.

To limit market risk within VTB Group, a set of limits is used. All limits can be divided into the following two groups: portfolio limits (VaR limits, stop-loss limits and stress limits) and operational limits that limit the concentration of individual indicators or types of assets in the portfolio.

The Integrated Risk Management Department performs the following market risk management functions for trading operations:

• evaluates and reports on the Group’s market risk profile, reviews the structure of limits and proposes proposals for reducing and managing market risk for the trading book and the treasury debt securities portfolio;
• monitors on a daily basis compliance with the Group’s market risk limits; local market risk limits are monitored by the risk divisions of subsidiary banks also on a daily basis;
• informs business units on a daily basis about compliance with the Group’s limit discipline.

The results of stress testing are used to assess the market risk of the trading book and the treasury securities portfolio. The methodology used to assess these risk metrics is submitted to the Credit and Market Risk Management Committee for consideration and communicated to VTB Group companies.
Financial Statements
Annexes
Corporate Governance
Sustainable Development
Management Report
VTB Group Today

Stress testing

The result of the revaluation of the Group’s trading book and treasury debt securities portfolio is modelled on the basis of historical changes in risk factor values (observed under conditions of significant changes in macroeconomic indicators), as well as hypothetical changes in risk factors.

A scenario analysis showed that, in 2020, the greatest impact on market risk would have corresponded with a significant increase in risk-free, rouble-denominated interest rates and the widening of credit spreads.

Vａlf is calculated based on the following parameters:

- historical period: two years;
- forecasting horizon: one trading day;
- confidence interval: 95%.

Operational risk

Operational risk is the risk of direct and indirect losses as a result of a failure or faulty internal processes at the Bank; the actions of personnel and other individuals; failures and shortcomings in terms of information, technological and other systems; or as a result of external events. Operational risk covers legal risks, information security risks (including cyber-risks) and information system risks.

The operational risk management system distinguishes individual types of operational risk and outlines the management procedures carried out by specialised divisions concerning such risk types.

One type of operational risk is information security risk: the risk of information security threats caused by deficiencies in information security processes, including technological and other measures, shortcomings in the software used for automated systems and information systems and information system risks.

The application of the above mechanisms makes it possible to carry out a quantitative and qualitative assessment of the level of operational risk, including in the context of certain types of events and areas of the Bank’s operations, types of operational risk, sources of risk and other elements of classification. Based on the results of the assessment, mitigating actions are developed and taken, and management reports are prepared.

Operational risk

In managing operational risk, the Bank adheres to the Bank of Russia’s regulations as well as the recommendations of the Basel Committee on Banking Supervision. To implement its operational risk strategy, VTB carries out regular procedures to identify, assess and monitor, control and respond to operational risk. All significant deficiencies from a risk perspective that are identified within the internal control system are subjected to detailed analysis. Based on this analysis, measures are taken in order to eliminate the causes and sources of the risk.

Operational risk is the risk of direct and indirect losses as a result of a failure or faulty internal processes at the Bank; the actions of personnel and other individuals; failures and shortcomings in terms of information, technological and other systems; or as a result of external events. Operational risk covers legal risks, information security risks (including cyber-risks) and information system risks.

To manage operational risk, the Bank has implemented the following unified mechanisms to identify, assess and monitor the level of operational risk: a centralised process to collect information on incidents of operational risk and resulting losses, monitoring of key operational risk indicators, including control indicators of the level of operational risk, an operational risk self-assessment and scenario analysis. All changes concerning Bank processes, products (services) and systems at the development stage are subject to mandatory analysis in order to identify operational risks in a timely manner.

The Bank uses the following principal measures to reduce the negative impact of operational risk:

- changing processes;
- establishing additional forms (methods) of control;
- training employees, including those involved in processes;
- using automated solutions.

The main measures aimed at limiting the amount of losses from the realisation of operational risk events include, among other things:

- setting thresholds for decision-making authority and establishing limits;
- developing plans to ensure the continuity and/or recovery of critical processes and the functioning of information systems, as well as plans to ensure the security and integrity of information systems and information;
- insuring operational risks.

VTB Bank's operational risk management system is designed to minimise incidents of operational risk, including reducing the likelihood of business process failures, the inability to provide high-quality services to the Bank's clients caused by staff errors, deliberate actions by staff and/or third parties in relation to the Bank/clients, system and equipment failures, and violations of the rights of customers and counterparties; the operational risk management system is also designed to limit losses from the realisation of said risk.

In managing operational risk, the Bank adheres to the Bank of Russia’s regulations as well as the recommendations of the Basel Committee on Banking Supervision. To implement its operational risk strategy, VTB carries out regular procedures to identify, assess, monitor, control and respond to operational risk. All significant deficiencies from a risk perspective that are identified within the internal control system are subjected to detailed analysis. Based on this analysis, measures are taken in order to eliminate the causes and sources of the risk.

To manage operational risk, the Bank has implemented the following unified mechanisms to identify, assess and monitor the level of operational risk: a centralised process to collect information on incidents of operational risk and resulting losses, monitoring of key operational risk indicators, including control indicators of the level of operational risk, an operational risk self-assessment and scenario analysis. All changes concerning Bank processes, products (services) and systems at the development stage are subject to mandatory analysis in order to identify operational risks in a timely manner.

The application of the above mechanisms makes it possible to carry out a quantitative and qualitative assessment of the level of operational risk, including in the context of certain types of events and areas of the Bank's operations, types of operational risk, sources of risk and other elements of classification. Based on the results of the assessment, mitigating actions are developed and taken, and management reports are prepared.

The Bank uses the following methods to respond to operational risk:

- accepting risk: the Bank's readiness to accept possible losses (issues of risk acceptance are subject to consideration by the Bank’s authorised bodies if the implementation of measures to minimise risk does not appear to be economically justified);
- avoiding risk: refusal to provide particular types of services or operations due to a high level of operational risk (used if the implementation of risk minimisation measures is not economically justified);
- transferring risk (risk insurance): the Bank's operational risks are insured; the risk is transferred to another party – a counterparty and/or customer (used if the Bank is unable to manage the operational risk independently);
- avoiding risk: refusal to provide particular types of services or operations due to a high level of operational risk (used if the implementation of risk minimisation measures is not economically justified);
- transferring risk (risk insurance): the Bank's operational risks are insured; the risk is transferred to another party – a counterparty and/or customer (used if the Bank is unable to manage the operational risk independently).

The main measures aimed at limiting the amount of losses from the realisation of operational risk events include, among other things:

- setting thresholds for decision-making authority and establishing limits;
- developing plans to ensure the continuity and/or recovery of critical processes and the functioning of information systems, as well as plans to ensure the security and integrity of information systems and information;
- insuring operational risks.

The insurance programmes covering risks related to the Bank's professional activities in 2020 were provided by insurance against crime under the Financial Institution's Blanket Bond scheme (including electronic and computer crimes), liability insurance for directors and officers of the Group's companies, insurance for funds and valuables while in storage and during transit. In addition, the Bank provides insurance against risks related to business activities (including buildings, equipment and vehicles) and civil liability.

In 2020, the Group took the following steps to develop its system for managing operational risk:

- development of mechanisms to monitor the level of operational risk at the level of the Bank and the Group's companies as part of the management of risk appetite;
- unification of methodological approaches in order to bring the operational risk management system in line with new regulatory requirements;
- refinement of priorities for the creation of a detailed development plan to ensure the continuity and restoration of operations, and the establishment of recommended approaches to determine the most critical activities;
- improvement of regular reporting on the Group's operational risks.

Operational risk did not have a significant impact on the Bank's performance in 2020.
Model risk

In connection with the Bank's transition to the use of internal ratings for the purpose of calculating capital adequacy ratios, model risk was one of the Bank’s significant sustainability risks in 2020. Model risk is understood as the risk of errors in the processes of developing, verifying, adapting, accepting and applying the methods used in quantitative and qualitative models for assessing assets, risks and other indicators used in making management decisions. Model risk is a subtype of operational risk.

In order to ensure effective management of model risk in line with the requirements of national regulators and international supervisory bodies, the model risk management function is set apart in a separate, independent unit, the Model Risk and Validation Department, which regularly validates and analyses the effectiveness of models. In addition, it determines, together with the Integrated Risk Management Department, the level of model risk, which is taken into account when determining the Bank's capital adequacy in the context of internal procedures for assessing capital adequacy.

Model risk management procedures are governed by the Regulation on the Model Risk Management Procedure of VTB Bank, enacted by Order No. 1670 dated 3 September 2020, which establishes the classification and life cycle of models, basic principles of model risk management, and the stages of and participants in the model risk management process.

In conducting model risk management, the Bank is guided by the principles of regularity, completeness, confidentiality; the distribution of responsibilities; the functioning of three lines of defence, as well as the principle of conservatism. Of the stages of the model life cycle, the stage of evaluating (validating) the effectiveness of models is separate from the others. The Bank carries out regular (at least once a year) validation of significant models.

To ensure the identification of model risk, a consolidated register of models has been created and is updated on a regular basis, while the Bank’s authorised body regularly considers issues related to recognising models as significant on the basis of the data in the register as well as other available information.

A quantitative assessment of model risk is carried out both in the context of operational risk management procedures and by the Model Risk and Validation Department in the context of each significant model, including during regular model validation procedures. Model and process risk ratios are aggregated in order to calculate the capital needed to cover the Bank’s model risk; this is carried out annually in accordance with the Methodological Guidelines for the Calculation of Capital for Model Risk.

The following types of ESG risks may affect financial stability:

- physical risk: the risk of financial and economic losses as a result of emergencies or acts of nature (floods, earthquakes, increases in average temperature);
- transition risk: the risk of financial losses as a result of political, legal and technological changes in connection with the transition to a low-carbon economy. This category of risks is associated with the financial implications of measures aimed at limiting the negative impacts of climate change or adapting to climate change.

Transitional risk is assessed by the Bank in terms of credit risk when considering the possibility of issuing a loan and assigning a credit rating to the borrower.

The Bank performs a physical risk assessment primarily as part of an operational risk assessment; the Bank may also conduct a scenario analysis, including an assessment of the consequences of possible adverse conditions, as well as a self-assessment of the actual losses incurred from operational risk, including in connection with emergencies. In addition, in the context of collateral assessment, an analysis is conducted of the risks associated with the possibility of emergency situations.

In its sectoral analysis, the Bank takes into account political, legal and technological changes in the sector, thus carrying out an additional assessment of the transition risk.

As part of the assessment of credit risk premiums, the borrower’s credit rating is taken into account, which in turn includes an assessment of the probability of losses from investment risks stemming from transition risk as well as from physical risk.

In the context of its approach to ESG risk management, the Bank verifies a customer's compliance with legal requirements, and also analyses the impact of pledged real estate and property assets on the environment.

ESG risk management is carried out in the context of comprehensive management of credit risk, concentration risk and reputational risk as well as operational and strategic risks.
DIGITAL TRANSFORMATION

VTB undertook rapid digitalisation in 2020. Thanks to actions and initiatives taken in the second half of 2019 and the well-coordinated work of the entire team, VTB was able not only to respond to the unprecedented challenges of the past year but also to bolster its leadership position in the market as a whole. In accordance with the Development Strategy adopted in April 2019, VTB Group set itself rather ambitious goals for the period up to 2022 and outlined key development areas. All of them are connected in one way or another with the technological transformation.

In accordance with the Development Strategy for 2019–2022, the following key priorities for the Bank’s technological development have been identified:

• a reliable and flexible platform;
• a new production model and new competencies;
• internal efficiency.

To fulfill our established goals and objectives, digital transformation programmes got underway starting at the end of 2019 and continuing throughout 2020. By the end of 2020, we had achieved the following important results in terms of the Bank’s technological development:

• the number of VTB Online users increased by 1.6 million (to 10 million) during the year, the share of VTB Online sales in the Retail Business increased from 15% to 25% in 2020;
• the share of mortgage applications submitted through digital channels increased threefold (from 5% to 15%), and the share of loans issued without a visit to a Bank office increased from 10% to 25%;
• there was a fourfold reduction (to 20 minutes) in the time needed for an individual entrepreneur to open a current account thanks to the optimisation of verification on the part of the back office;
• the productivity of remote banking services for legal entities in terms of payment orders for customers and the provision of statements increased more than tenfold thanks to the implementation of the platform and the reduced complexity of the processes involved;
• the time needed to review applications for a number of large-business products was reduced to 85 minutes thanks to the creation of a technological basis for the digitalisation of our loans business;
• internal efficiency.

To fulfill our established goals and objectives, digital transformation programmes got underway starting at the end of 2019 and continuing throughout 2020. By the end of 2020, we had achieved the following important results in terms of the Bank’s technological development:

• the number of VTB Online users increased by 1.6 million (to 10 million) during the year, the share of VTB Online sales in the Retail Business increased from 15% to 25% in 2020;
• the share of mortgage applications submitted through digital channels increased threefold (from 5% to 15%), and the share of loans issued without a visit to a Bank office increased from 10% to 25%;
• there was a fourfold reduction (to 20 minutes) in the time needed for an individual entrepreneur to open a current account thanks to the optimisation of verification on the part of the back office;
• the productivity of remote banking services for legal entities in terms of payment orders for customers and the provision of statements increased more than tenfold thanks to the implementation of the platform and the reduced complexity of the processes involved;
• the time needed to review applications for a number of large-business products was reduced to 85 minutes thanks to the creation of a technological basis for the digitalisation of our loans business;
• the use of artificial intelligence in 2020 enabled us to build 1.2 billion (1T7 models are in use in the business processes of all global business lines). Data analytics platforms (a graph platform, a geo-platform, and a model development and application platform) were introduced. For example, the geo-platform enables the Bank to make a variety of forecasts and receive data analysis for various objects, connections and parameters in the form of interconnected information blocks (Graphs). With its help, it is possible, for example, to calculate with a sufficiently high degree of precision the prospects for the development of a land plot, the optimal cost per square metre of real estate and the level of demand.

A platform for natural language processing (NLP) became available in our VTB Online mobile application at the end of February 2021; the platform is needed for the introduction of smart chatbots and voice assistants.

Building technology platforms

We achieved the results described above thanks to intensive work on the creation of technology platforms. The following projects were implemented in 2020 as part of our efforts to build technology platforms:

• the first microservice platform in Russia for complex automation of all channels of communication with customers was developed; the following services were introduced on the platform:
  - a new mobile bank for the Retail Business, which was included in ratings of the top five mobile financial applications;
  - the first products for MSB customers in the context of remote banking services (opening and maintaining accounts; cash transactions, currency control, deposits and others);
  - a platform for open application programming interfaces (open APIs) was introduced for integration with the Bank’s partners in developing the partner network;
  - a qualitative leap was made in terms of the reliability and availability of systems – system availability increased to 99.87%, including scheduled maintenance work; the number of crashes was reduced by more than half, and the time needed to correct them was also reduced by more than half;
  - in the context of the unification and simplification of the IT landscape, all Bank branches were migrated to a single centralised banking IT system (Krasnodar, Novosibirsk, St. Petersburg, Voronezh, Khabarovsk, Yakutsk, Moscow and Samara);
  - data processing centres (DPCs) are undergoing a large-scale, comprehensive upgrade programme.

New management model and production process

Successful work on the Bank’s technological development is based on a new model of programme and project management and a new production process, thanks to which:

• a platform for automating the development and introduction of technology products was created, and the working rhythm between the business lines and IT in cross-functional teams was synchronised with deliveries of changes every two weeks;
• the time to bring new technology products to market was reduced by 87.5% (from 240 to 30 days);
• a new organisational model for VTB Bank was developed in accordance with the target IT architecture;
• through effective procurement management, we managed to secure significant additional discounts, which made it possible to meet excess business needs and also to take into account the changes associated with the spread of COVID-19 without increasing the budget.

As a result of the acceleration of the Bank’s technological transformation and the successful implementation of technological programmes, in 2020, the reliability of the Bank’s IT systems increased considerably (from 96.74% to 99.87%), and the number of IT system crashes was reduced by more than half, and the time needed to recover from crashes decreased by 58%. At the same time, the total number of changes in our IT systems increased over this period by 57%, and the time-to-market indicator (time for displaying changes) decreased by 87.5%.

In addition, the Bank developed and strengthened the architectural function that controls all IT systems, namely:

• the Bank developed its target application architecture for the period to 2022;
• a decomposition plan was approved for 100 untargeted IT systems;
• the entire IT landscape was brought under full architectural control with a focus on omnichannel and credit conveyors;
• the platform architecture was developed;
• the controllability and transparency of architectural processes were improved;
• a qualitatively new process for making architectural decisions at all levels (strategic, stream and team) was built; proactive monitoring of the achievement of the target architecture was introduced.

The key elements of the new production operations for developing technology products were successfully implemented. More than 170 streams were generated with assigned responsibility for business and technological results. About 1250 cross-functional teams were created in streams, employing more than 12 thousand participants working according to the agile methodology. An effective and transparent procurement system was created with more than 100 dashboard metrics (available online to monitor the work of streams and teams). A target platform for the automated development and testing of technological products (DevSecOps) was introduced. As a result, a single operational rhythm was created for all of VTB Bank, which ensures synchronisation in achieving the Bank’s strategic goals.
**Data management development strategy**

In the context of the implementation of the data management strategy, the following results were achieved:

- reducing the cost of ownership by approximately RUB 0.4 billion per year thanks to the introduction of a new platform for archiving information in the main data warehouses;
- the performance of data warehouses doubled thanks to their migration to state-of-the-art platforms;
- online analysis of business performance was enabled through the introduction of an operational data warehouse for 20 of the Bank’s key systems;
- about 100 aggregated data marts were developed for use by the Bank’s global business lines and by global functional lines in the data platform.

The use of data models in VTB Bank’s business processes made it possible to achieve the following results:

- RUB 346 million in income was received in 2020 thanks to the use of data models; over a period of three years, the expected total income will be about RUB 10 billion;
- some 137 models were developed and applied in the Bank’s business processes (99 of which are joint models with the Retail Business; 23 – with the Medium and Small Business; and 15 – with the Corporate-Investment Business);
- the centralised platforms for the execution and management of data models were put into commercial operation;
- the process of purchasing and loading external data sources into Bank systems was centralised.

### Results

<table>
<thead>
<tr>
<th>Strategic areas</th>
<th>No.</th>
<th>Programme</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reliable and flexible platform</strong></td>
<td>1</td>
<td>Omnichannel approach</td>
<td>14 services put into operation on the omnichannel platform; the total number of changes in the Retail Business increased by 24%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Credit conveyor for retail clients</td>
<td>Fourfold reduction in the time needed for the development of pre-approved offers; the average limit for pre-approved consumer loans and credit cards increased by 18%; 85 minutes – review time (T2D) for express guarantee transactions (MSB)</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Credit conveyor for corporate clients</td>
<td>RUB 346 million in income was received in 2020 thanks to the use of data models; over a period of three years, the expected total income will be about RUB 10 billion;</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Unification of IT platforms</td>
<td>Migration of all branches to a single centralised banking IT system completed</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Reliability</td>
<td>Increased actual availability from 94.40% to 99.87%; reduced the number of crashes by 63%, with a twofold reduction in response time</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>OpsNEXT</td>
<td>A new-generation operating model and geomapping model developed; rapid initiatives saved RUB 520+ million in 2020 alone</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Paperless Bank</td>
<td>RUB 750 million in savings achieved by reducing the cost of paper, printing and records; more than 1.5 thousand contracts and 2.8 thousand primary documents with counterparties signed in the electronic document management system; four new projects launched for the transition to paperless document flow</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Introduction of ERP 2.0</td>
<td>Unified personnel management system introduced in the SAP HANA in-memory database; fivefold reduction in the time needed for payroll processing</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>New model for IT production</td>
<td>New model for the management and organisation of production was introduced based on cross-functional teams (1,200+ teams); Time to market reduced by 87.5%; from 240 days to 30 days; 100+ dashboard metrics available online to monitor the work of streams and teams; basic infrastructure for development created, including the DevSecOps pipeline (a single production platform: from business setting to code development and implementation of changes)</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Advanced analytics lab</td>
<td>on the basis of artificial intelligence, the Bank earned RUB 1.2 billion and implemented 137 models; a graph platform, a geo-platform and a platform for the development and application of models implemented; cumulative savings as a result of the programme increased to RUB 10 billion</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Data platform modernisation</td>
<td>Reduction in the cost of owning data storage systems of approximately RUB 0.4 billion per year achieved; storage performance doubled; online analysis of business performance introduced for 20 of the Bank’s key systems</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Transition to the use of internal ratings for calculating credit risk (based on the internal ratings of borrowers)</td>
<td>MVP of web applications for automation and centralisation of reserve calculations created; total amount of the Bank’s risk-weighted assets (RWA) reduced thanks to refinements made to the RWA calculator</td>
</tr>
</tbody>
</table>

>10 RUB billion

The financial impact from the implementation of projects as part of digital transformation programmes in 2020

---

**Note:** A minimum viable product (MVP) is a product with minimal but sufficient functionality to satisfy the product’s first consumers. The main objective of the MVP stage is to get feedback from consumers for further product development.
Accelerator

VTB’s accelerator is the single contact point for interaction between the Bank’s divisions and technology startups. It helps the Bank find innovative solutions to technological and business problems and offers end-to-end service (from searching for and reviewing solutions to implementing pilot projects within VTB).

In 2020, the accelerator team evaluated more than 350 startups, launched 24 pilot projects together with 13 departments from all global and functional business lines, and developed and approved the rapid piloting of technological solutions.

About 700 innovative companies from 12 countries applied to take part in the accelerator in 2020; more than half of them passed the initial selection procedure and were able to offer their solutions to the Bank’s business units. At the end of 2020, VTB announced the launch of pilot testing of 10 more technological solutions with startups. They include a payment technology using face recognition, a service for payments to self-employed individuals through the Faster Payments System, a technology for the use of mobile electronic signatures for documents, HR services and others.

In 2020, the Internet Initiatives Development Fund presented a study on the implementation of open innovations within corporations, which reported that, according to a survey of more than 200 Russian startups, VTB’s accelerator was the most recognised corporate accelerator brand in the Russian market.

Patents

It should be noted that the Bank continues to file patents for its intellectual solutions on a regular basis. In 2020, the Bank received four patents:

- Method and system for validating complex data structures in an integrated microservice architecture with the visual display of results: this provides a way to verify the integrity and reliability of electronic data when working with customer data in the remote banking system. What makes this method unique is the breakdown of the process of verifying and controlling data into three independent parts:
  1. data;
  2. metadata;
  3. logic (verification rules).

- Automated system for the selection of combined loan offers: this solution reveals a number of advantages of the system and algorithms used for calculating loan offers in the credit conveyor. A combined personal product is selected for the customer that consists not only of banking products but also of non-banking products, such as insurance.

- Two patents for a set of pages for the graphical user interface for the My Smart City mobile application: as a design solution, the interface pages were patented – the interface is a state-of-the-art digital channel for integrated communication between the City, its residents and the Bank’s payment services.

An international application was filed in relation to an invention called the Decentralised Payment Service System. The system enables users to launch fast and instant payments, cross-border payments, loyalty programmes, etc.

VTB awards for IT achievements in 2020

The results of the Bank’s technological transformation received recognition in the form of IT ratings and prestigious awards:

**Finalta**

First place in terms of the number of functional upgrades made to mobile banking.

**The Banker**

Bank of the Year (thanks to the results of the Bank’s digital transformation).

**Markswebb**

- 11th place (H1) in the rating of Internet banking for individuals;
- 10th place (first time included) in the rating of the best mobile banks for individual entrepreneurs;

**Usability Lab**

third place in the ranking of the convenience of mobile applications for individuals;

**NAFI**

eighth place in terms of the Consumer Loyalty Index (NPS).

Global CIO Awards (presented by the community of IT leaders – the most up-to-date and important rollouts in the industry) were received in the following categories:

- RWA Calculator: the Bank introduced a system for calculating regulatory indicators – capital adequacy ratios;
- project for the introduction of a data management system: creation of an efficient universal platform for navigating through the Bank’s data and monitoring its quality, as well as ensuring the reliability, consistency and relevance of data;
- robotisation, experience implementing business-critical RPA solutions: in 2020, internal business customers entrusted RPA with the robotisation of high-priority, business-critical processes;
- migration of the report preparation system from Oracle SuperCluster to the Russian solution Arenadata DB: the first project at a bank for import substitution of a key system involved in the process of preparing reports for the regulator.
VTB made significant progress in the digitalisation of its customer service and business processes: most services are available remotely and with a high level of reliability.

A new version of the flagship retail app, VTB Online, was launched; the app, which meets advanced requirements in terms of functionality and security, had more than 10 million users by the end of 2020.
The number of members of the Management Board is given as of 31 December 2020.
The Bank’s corporate governance system is based on the following principles:

- equal and fair treatment of all shareholders, providing shareholders with opportunities to exercise their rights and protect their legitimate interests;
- professionalism and accountability on the part of the Supervisory Council, active participation on the part of independent directors as well as members of the Supervisory Council nominated by the Bank’s minority shareholders in the management of the Bank;
- implementation of strategic management of the Bank by the Supervisory Council and its effective oversight of the activities of executive bodies and of the functioning of the risk management system and internal control;
- reasonable, conscientious and effective management of the Bank’s ongoing operations by executive bodies and key executives;
- compliance with the laws of the Russian Federation and the national laws of the countries where the Group’s companies are located;
- corporate social responsibility;
- a highly ethical approach to business and zero tolerance for corruption;
- complete, transparent, reliable and timely disclosure of information by the Bank;
- an effective system of internal control as well as internal and external audit;
- active cooperation with investors, creditors and other stakeholders in an effort to augment the Bank’s assets and capitalisation;
- continuous improvement of corporate governance practices.

The General Meeting of Shareholders is the supreme governing body of VTB Bank. Any holder of ordinary shares may exercise the right to participate directly in the management of the Bank by voting on the agenda of the General Meeting of Shareholders.

The Supervisory Council, elected by shareholders and accountable to them, provides strategic management and oversight of the Bank’s executive bodies, namely the President and Chairman of the Management Board and the Management Board itself. The Supervisory Council approves the Bank’s strategy and long-term development programme and its Regulation on Remuneration and Compensation for employees for executive bodies and other key executives of the Bank, plays a key role in the Bank’s material corporate events, and determines the key principles and overall approach to risk management and the internal control system.

The executive bodies are responsible for day-to-day management and carry out the tasks entrusted to them by the shareholders and the Supervisory Council.

The following committees function under the Supervisory Council:

- the Staff and Remuneration Committee, which drafts recommendations and implements on key appointments and incentives for members of the Supervisory Council and the Bank’s executive and control bodies;
- the Audit Committee, whose main activity is to analyse and support an effective and adequate system of internal control;
- the Strategy and Corporate Governance Committee, which considers and makes recommendations on strategic development issues and on improving corporate governance, as well as on refining management of the Bank’s capital.

The Bank has established a special structural unit, the Supervisory Council Administration, headed by the Corporate Secretary, who is approved by the Bank’s Supervisory Council.

The Bank’s financial and economic affairs are monitored by the Statutory Audit Commission and also by the Internal Audit Department, an independent structural unit that operates under the direct supervision of the Supervisory Council. It verifies and assesses the effectiveness of the Bank’s internal control and risk management systems, verifies the reliability, completeness, objectivity and timeliness of accounting and management reports, establishes uniform approaches to the organisation of internal control systems in companies controlled by the Bank, gathers information about their status, and develops recommendations for improvement. The Supervisory Council approves the Internal Audit Department’s work plans and monitors their implementation.

In order to reduce management risks, liability insurance is purchased for the Bank, as well as for members of the Bank’s Supervisory Council and executive bodies (director’s and officer’s liability insurance, D&O).

The Bank and its minority shareholders created a Shareholders Consultative Committee, an independent expert consultative and advisory body consisting of minority shareholders whose meetings are also attended by members of the Bank’s Supervisory Council and executive bodies. Members of the Shareholders Consultative Committee play an active part in VTB Bank’s activities, discussing with the Group’s top management the most pressing issues concerning the interests of shareholders, including issues related to strategy development and implementation, as well as improving corporate governance practices.

VTB adheres to a policy of full and timely disclosure of reliable information, giving shareholders, investors and counterparties the opportunity to make properly informed decisions. Information is disclosed in compliance with Russian legislation and the requirements of the UK financial regulator, the Financial Conduct Authority. The Bank’s Supervisory Council has approved the VTB Bank Regulation on Information Policy, which is posted on the Bank’s website and specifies the ways in which information may be disclosed, as well as the time frame for such disclosure and the forms such disclosure may take; it provides a list of information that the Bank has a duty to disclose, as well as measures to ensure compliance with the Bank’s Information Policy.

The Bank regularly publishes its financial results in accordance with both Russian and international standards. In order for all stakeholders to obtain the most up-to-date information on VTB Group’s activities as quickly as possible, the Bank publishes information from its IFRS management reporting on a monthly basis in addition to quarterly and annual reports.

Development of corporate governance in 2020

The Bank views improving its corporate governance system as an integral part of its work to improve the efficiency and results of its activities; the corporate governance system is also subject to constant monitoring by the Bank’s Supervisory Council and executive bodies.

VTB Bank closely monitors the development of corporate legislation and practices and carries out consistent work to improve the corporate governance system within the Bank and Group companies by applying international standards and the best Russian and international practices.

In 2020, the Bank continued introducing into its operations the provisions of the Russian Corporate Governance Code, which remain the main source of guidance for improving the Bank’s corporate governance system.

At the Annual General Meeting of Shareholders on 24 September 2020, a new Supervisory Council was elected. Out of 11 members of the Supervisory Council five directors are not associated with the main shareholder, while three of them are independent directors and four are representatives of minority shareholders / institutional investors. Consultants were also involved in the formation of the new Supervisory Council: the Strategy and Corporate Governance Committee as well as the Audit Committee and Remuneration Committee. The latter two of which comprised independent directors only for the first time.

Shareholders also elected a new Statutory Audit Commission, which retained its status for a representative of minority shareholders.

Minutes No. 18 dated 1 December 2017.
Results of an external assessment of the work of the Bank’s Supervisory Council

During the reporting year, the Bank’s Supervisory Council held an in-person meeting at which it reviewed an assessment report of its performance, which was conducted for the first time by an independent consultant.

The experts who conducted the assessment noted the following positive aspects of the Supervisory Council’s work:

- compliance in terms of the performance of the Bank’s key management-related functions with the recommendations of the Russian Corporate Governance Code and the Guidelines for Members of Boards of Directors (Supervisory Councils) of Financial Institutions (Letter of the Bank of Russia No. 4-06-28/18 dated 28 February 2019);
- the optimal and balanced composition and structure of the Supervisory Council in terms of the number of members, the representation of different groups of shareholders, the participation of independent directors and the key competencies of its members;
- the effective work of the Chairman of the Supervisory Council and of the Corporate Secretary in terms of the functions assigned to them;
- the excellent organisation of the work of the Supervisory Council and the information support available for members, creating the conditions for their wide-ranging participation in the work of the Supervisory Council;
- the use of advanced tools to improve the efficiency of the Supervisory Council’s work; in particular, the Supervisory Council switched to a paperless workflow with the help of an electronic information and communication system;
- the committees’ excellent performance of the duties assigned to them; the balanced and optimal composition of the committees to ensure the success of their work.

At the same time, the assessment highlighted areas in which the activities of the Supervisory Council and its committees could be improved. Recommendations were made for development and improvement in the following key areas: the inclusion of Supervisory Council candidates with competencies in digitalisation and information technology, the organisation of an expanded meeting of the Strategy and Corporate Governance Committee – open to all members of the Supervisory Council; on issues related to developing and updating the Bank’s Development Strategy, the establishment of programmes and the organisation of training for members of the Supervisory Council; the expansion of the Supervisory Council’s remit in relation to subsidiaries and an update to the existing system of incentives for members of the Supervisory Council.

As part of the assessment of the Supervisory Council’s work, the experts also carried out benchmarking (comparative analysis) of the Bank’s corporate governance practices in order to establish an objective understanding of the Bank’s current level of corporate governance in comparison with comparable Russian state-owned companies in terms of the scale of their operations. The comparative analysis identified the strengths and weaknesses of the Bank’s corporate governance system and also identified areas for further improvement.

Increased corporate governance scores

The RID provides the annual rankings, which are based on an independent review. A rating of 8 is assigned to companies that, according to experts, comply with the requirements of Russian legislation in the field of corporate governance, follow a substantial portion of the Corporate Governance Code and represent a low risk to shareholders of losses associated with corporate governance.

Every year, the Bank engages an external consultant as an independent expert to assess the quality of corporate governance, which enables it to continue implementing the best applicable practices to improve its corporate governance system. For these assessments, the Bank engages the RID, which is a recognised expert institution in Russia in the field of corporate governance and in assessing the quality of corporate governance in Russian companies.

The RID’s assessment methodology includes 160 criteria on four components: shareholder rights, management and oversight bodies, disclosure, and corporate social responsibility and sustainable development.

Among other positive changes in the reporting year, it is worth noting the Supervisory Council’s approval of a new version of the Bank’s Code of Ethics, which was considerably expanded to include new standards on the comprehensive regulation of conflicts of interest between employees and members of the Bank’s Supervisory Council.

Plans to improve corporate governance practices

In order to continue improving the corporate governance system in 2021, the Bank plans to develop and implement measures recommended by experts that take into account the independent assessments of the Supervisory Council’s work and corporate governance practices. Key events that the Bank is planning for 2021 include amendments to the methodology for self-assessment of corporate governance and the work of the Supervisory Council, which is to be updated in light of recommendations from the Federal Property Management Agency and from the Bank of Russia, and also in light of advanced corporate governance practices.
GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of VTB Bank. Any holder of ordinary shares may exercise the right to participate directly in the management of the Bank by voting on the agenda of the General Meeting of Shareholders. Preference shares carry voting rights only in special cases, as stipulated by law.

We treat the organisation and conduct of the General Meeting of Shareholders very seriously, and we use every available communication channel to inform all of our shareholders about when the meeting is to be held and about the procedure for participating in it. Shareholders may take part in a meeting of shareholders either in person (in the event that an in-person meeting is held) or through absentee voting. All shareholders of VTB Bank have access to the convenient e-voting system developed by the Bank’s registrar, VTB Registrar.

The decision to convene a General Meeting of Shareholders is taken by the Supervisory Council. In accordance with applicable Russian laws and the Bank’s Charter, information about the date and venue of the General Meeting of Shareholders, as well as the record date for shareholders eligible to participate, is published on VTB’s website and is also distributed through the VTB Shareholders Application. During the time frame specified by law, shareholders can review materials for the General Meeting of Shareholders on the Bank’s website or in person at Shareholder Liaison Centres in Moscow, St. Petersburg and Yekaterinburg. When voting electronically, the materials for meetings are also available through the mobile application and in each user’s personal account on VTB Registrar’s website.

In 2020, the General Meeting of Shareholders was held in the form of an in-person meeting on 3 June 2020 in Moscow. The Supervisory Council decided on 14 April 2020 to annul its earlier decision to hold the Annual General Meeting of Shareholders in the form of an in-person meeting on 3 June 2020 in St. Petersburg. By decision of the Supervisory Council, the Annual General Meeting of VTB was held by absentee voting on 24 September 2020.

2020 ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

Due to the COVID-19 pandemic in 2020, the procedure for regulating corporate relations and the timing of shareholder meetings changed. In 2020, joint-stock companies were permitted to hold annual general meetings of shareholders in the form of absentee voting. In addition, the deadline for holding meetings was extended until 30 September.

At the same time, the Bank of Russia, in its letter No. Б-36-28/14-dated 9 April 2020 on Holding Annual General Meetings and the Distribution of Profits in 2020, recommended that financial institutions hold their annual general meetings at the end of August or in September 2020, and that those companies that had already decided to hold their meeting by 30 June 2020 consider the feasibility of changing the date of their annual general meeting.

Guided by the recommendations of the Bank of Russia and the growing health risk, the Supervisory Council decided on 14 April 2020 to annul its earlier decision to hold the Annual General Meeting of Shareholders in the form of an in-person meeting on 3 June 2020 in St. Petersburg. By decision of the Supervisory Council, the Annual General Meeting of VTB was held by absentee voting on 24 September 2020.

CHANGING THE TIMING OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The number of participants increased by 78% compared with the year before.

SHARE OF SHAREHOLDERS WHO VOTED ELECTRONICALLY AT THE AGM

The annual report on the work of the Shareholders Consultative Council, which is usually included in the list of reports provided at in-person annual meetings, was presented in the format of a webinar in 2020, with some 4.5 thousand users viewing the presentation online.

Absentee voting on agenda items for the annual meeting took place from 1 to 24 September 2020. A total of 4,191 VTB shareholders took part in the meeting, 98% of whom used electronic voting through the mobile app or on the VTB Registrar website. The number of participants increased by 78% from the previous year.

Chaired by the head of the Board of Directors, VTB, the meeting was attended by 540 shareholders. The decision to hold the meeting was taken by the Supervisory Council on 14 April 2020.

The meeting was attended by 540 shareholders. The decision to hold the meeting was taken by the Supervisory Council on 14 April 2020.

More than 30% of requests made during the meeting were related to dividends.

The employees of the centres were available to elaborate on the agenda and the meeting’s draft decisions for shareholders. More than 10 thousand users visited the site during the meeting.

The number of participants increased by 78% compared with the year before.

## CHANGING THE TIMING OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Guided by the recommendations of the Bank of Russia and the growing health risk, the Supervisory Council decided on 14 April 2020 to annul its earlier decision to hold the Annual General Meeting of Shareholders in the form of an in-person meeting on 3 June 2020 in St. Petersburg. By decision of the Supervisory Council, the Annual General Meeting of VTB was held by absentee voting on 24 September 2020.

The decision to convene a General Meeting of Shareholders is taken by the Supervisory Council. In accordance with applicable Russian laws and the Bank’s Charter, information about the date and venue of the General Meeting of Shareholders, as well as the record date for shareholders eligible to participate, is published on VTB’s website and is also distributed through the VTB Shareholders Application. During the time frame specified by law, shareholders can review materials for the General Meeting of Shareholders on the Bank’s website or in person at Shareholder Liaison Centres in Moscow, St. Petersburg and Yekaterinburg. When voting electronically, the materials for meetings are also available through the mobile application and in each user’s personal account on VTB Registrar’s website.

In 2020, the General Meeting of Shareholders was held in the form of an in-person meeting on 3 June 2020 in Moscow. The Supervisory Council decided on 14 April 2020 to annul its earlier decision to hold the Annual General Meeting of Shareholders in the form of an in-person meeting on 3 June 2020 in St. Petersburg. By decision of the Supervisory Council, the Annual General Meeting of VTB was held by absentee voting on 24 September 2020.

CHANGING THE TIMING OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The number of participants increased by 78% compared with the year before.

SHARE OF SHAREHOLDERS WHO VOTED ELECTRONICALLY AT THE AGM

The annual report on the work of the Shareholders Consultative Council, which is usually included in the list of reports provided at in-person annual meetings, was presented in the format of a webinar in 2020, with some 4.5 thousand users viewing the presentation online.

Absentee voting on agenda items for the annual meeting took place from 1 to 24 September 2020. A total of 4,191 VTB shareholders took part in the meeting, 98% of whom used electronic voting through the mobile app or on the VTB Registrar website. The number of participants increased by 78% from the previous year.

Chaired by the head of the Board of Directors, VTB, the meeting was attended by 540 shareholders. The decision to hold the meeting was taken by the Supervisory Council on 14 April 2020.

More than 30% of requests made during the meeting were related to dividends.

The employees of the centres were available to elaborate on the agenda and the meeting’s draft decisions for shareholders. More than 10 thousand users visited the site during the meeting.

In the event that shareholders were unable to take part in electronic voting, they could contact one of the branches or divisions of VTB Registrar, send instructions through a nominee holder or complete a paper ballot.

In preparation for the annual meeting, the Bank took a number of additional measures. In particular, online training was organised for more than 20 thousand front-line employees on interaction with shareholders and on the procedure for holding a shareholders meeting. This made it possible to provide qualified explanations to all shareholders who contacted VTB branches.

Chaired by the head of the Board of Directors, VTB, the meeting was attended by 540 shareholders. The decision to hold the meeting was taken by the Supervisory Council on 14 April 2020.

More than 30% of requests made during the meeting were related to dividends.

The employees of the centres were available to elaborate on the agenda and the meeting’s draft decisions for shareholders. More than 10 thousand users visited the site during the meeting.

In the event that shareholders were unable to take part in electronic voting, they could contact one of the branches or divisions of VTB Registrar, send instructions through a nominee holder or complete a paper ballot.

In preparation for the annual meeting, the Bank took a number of additional measures. In particular, online training was organised for more than 20 thousand front-line employees on interaction with shareholders and on the procedure for holding a shareholders meeting. This made it possible to provide qualified explanations to all shareholders who contacted VTB branches.
Shareholders who participated in the Annual General Meeting of Shareholders took part in absentee voting on 18 agenda items:

1. Approval of VTB Bank's Annual Report;
2. Approval of VTB Bank’s annual financial statements;
3. Approval of VTB Bank’s profit allocation for 2019;
4. Approval of the allocation of VTB Bank’s retained earnings from previous years;
5. The amount, terms and form of the 2019 dividend payment and the record date to determine eligibility to receive dividends;
6. The payment (declaration) of dividends for Type 1 preference shares; the amount, terms and form of the dividend payment; and the establishment of the record date to determine eligibility to receive dividends;
7. The remuneration of Supervisory Council members who are not state employees, in accordance with VTB Bank’s bylaws;
8. The remuneration of Statutory Audit Commission members who are not state employees, in accordance with VTB Bank’s bylaws;
9. The number of VTB Bank Supervisory Council members;
10. The election of VTB Bank Supervisory Council members;
11. The number of VTB Bank Statutory Audit Commission members;
12. The election of VTB Bank Statutory Audit Commission members;
13. Approval of the VTB Bank’s auditor;
15. Approval of a new edition of the Regulation on VTB Bank’s Supervisory Council;
16. Approval of a new edition of the Regulation on VTB Bank’s Management Board;
17. Approval of a new edition of the Regulation on VTB Bank’s Statutory Audit Commission;
18. VTB Bank’s participation in the Big Data Association.

The meeting elected a new Supervisory Council and a new Statutory Audit Commission. As in the previous year, the members of both bodies included two representatives of the Shareholders Consultative Council as well as representatives of minority shareholders (Otkritie Group and the State Oil Fund of the Republic of Azerbaijan).

Shareholders agreed to the following distribution of the Bank’s profit for 2019:

| DISTRIBUTION OF THE BANK’S PROFIT FOR 2019, RUB BILLION |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net income to be distributed | Dividends on ordinary shares | Dividends on Type 1 preference shares | Dividends on Type 2 preference shares | Contributions to the Reserve Fund | Deductions for the payment of dividends due to the operation of the Charter |
| 140 | 12 | 6 | 24 | 1 | 0 |

Deductions for the payment of dividends on Type 1 registered preference shares were calculated based on the principle of equalising returns on all three types of shares. For ordinary shares, the average annual market value of the Bank’s shares on Moscow Exchange for 2019 was used; for Type 1 and Type 2 preference shares, the par value of the shares was used. The dividend yield for each type of shares was 1.9%.

By decision of the Annual General Meeting of Shareholders, part of the Bank’s net profit was transferred to the Bank’s reserve fund, since in accordance with Article 35 of the Federal Law on Joint-Stock Companies, the Bank must make annual contributions to the reserve fund in the amount of at least 5% of the net profit for distribution. In 2019, the fund reached 5% of the charter capital. Due to the fact that, as of 31 December 2019, the size of the reserve fund was less than 5% of the charter capital, the Bank allocated RUB 7.7 billion, or 3.9% of the Bank’s net profit, for the reserve fund at the end of 2019, bringing the fund to 5% of the charter capital.

Part of the net profit earned in 2019 – in the amount of RUB 17.7 billion, or 3.9% of net profit for distribution – was used to cover the loss in balance sheet account 1091 (Uncovered Loss) that arose as a result of the transition from RAS to accounting in accordance with International Financial Reporting Standards (IFRS) 9 Financial Instruments. By decision of the Annual General Meeting of Shareholders, the majority of this loss was covered by retained earnings from previous years.

The Annual General Meeting of Shareholders decided to distribute the Bank’s retained earnings from previous years as follows:

- VTB Bank’s retained earnings from previous years, total RUB 349,300,947,164.24
- Deductions for the payment of dividends on Type 1 registered preference shares
- RUB 4,276,602,333.66
- Deductions to cover losses incurred by VTB Bank in 2019 as a result of the transition, in accordance with the regulations of the Bank of Russia, to accounting using International Financial Reporting Standards (IFRS) 9 Financial Instruments
- RUB 344,346,344,870,58

The Bank’s retained earnings, which, following the distribution of net profit for 2019, amounted to RUB 166.7 billion, or 84.6% of the net profit for distribution, will be used, by decision of the Annual General Meeting of Shareholders, to ensure business growth and to maintain the Bank’s capital adequacy in accordance with the requirements of the Bank of Russia.

Ernst & Young was approved as the auditor of the Bank’s 2020 financial statements. The shareholders also approved new editions of bylaws, including the Bank’s Charter. Pursuant to a decision of the General Meeting of Shareholders, the Bank’s legal address was changed to 11a Degtyarnyy Pereulok, St. Petersburg, 191144, Russia.
Biographies and titles of the members of the Supervisory Council are provided as of 31 December 2020.

Dmitry Grigorenko
Chairman of the Supervisory Council
Deputy Prime Minister of the Russian Federation,
Chief of Staff of the Government of the Russian Federation

Mathias Warnig
Executive Director of Nord Stream 2 AG (Switzerland)
Vice President, authorised administrator of Vinci, SAS (France)

Yves Thibault de Silguy
President and Chairman of Otkritie Financial Corporation

Andrey Kostin
President and Chairman of VTB Bank’s Management Board

Mikhail Zadornov
President and Chairman of the Management Board of Bank Otkritie Financial Corporation

Aleksey Moiseev
Deputy Finance Minister of the Russian Federation

Igor Repin
Deputy Executive Director of the Professional Investors Association

Israfil Mammadov
Executive Director of the State Oil Fund of the Republic of Azerbaijan

Maksim Reshetnikov
Minister of Economic Development of the Russian Federation

Valery Sidorenko
First Deputy Chief of Staff of the Government of the Russian Federation

Alexander Sokolov
President and Chairman of the Management Board of Trust Bank

Scope of responsibilities

The Supervisory Council is one of the most important elements of VTB Bank’s corporate governance system. In its activities, the Supervisory Council is guided by the interests of shareholders and the Bank. Acting in the interests of shareholders and in accordance with Russian legislation, the Bank’s Charter, the Regulation on the Supervisory Council and the Corporate Governance Code, it provides general oversight of the Bank’s operations.

The Supervisory Council’s main tasks are the elaboration and adoption of the Bank’s Development Strategy, as well as the formation of the Bank’s executive bodies and oversight of their activities, organising assessments of the performance of the internal control and risk management system, determining the Bank’s personnel policy, including remuneration of executive bodies and Bank management, and participation in decision-making on issues pertaining to Bank management.

The Supervisory Council determines the rules for the functioning of the Bank’s corporate governance system through the adoption of bylaws that regulate the principles and procedures of its individual elements and oversight of the effectiveness of the corporate governance system as a whole.

The Supervisory Council is entrusted with the function of managing conflicts of interest between the Bank’s management bodies, shareholders and employees.

Members of the Supervisory Council are elected by the General Meeting of Shareholders for a term of one year. Shareholders holding at least 2% of the Bank’s voting shares have the right to nominate candidates to the Supervisory Council, and the Supervisory Council can nominate candidates at its own discretion. Members of the Supervisory Council are elected by means of a cumulative ballot at the General Meeting of Shareholders.

The functioning Supervisory Council as of the end of 2020 was elected at the AGM on 24 September 2020. As of 31 December 2020, the Supervisory Council consisted of 11 members, 10 of whom were non-executive directors, and three were independent directors. This combination of directors is in line with international best practices and ensures that all shareholders’ interests are represented. The composition of the Supervisory Council is reviewed annually to ensure the right level of professionalism, experience and effectiveness, and to ensure that it is in line with VTB’s strategic goals.

According to the Bank’s Corporate Governance Code, the Supervisory Council should include at least three directors who meet the independence criteria established by the listing rules of the exchange whose quotation list includes the Bank’s securities. The independent members of the Supervisory Council must not have any relationship with the Bank that would prevent them from fairly and impartially making decisions with regard to VTB’s strategy and ongoing activities. In determining the independence criteria for the members of the Supervisory Council, VTB Bank is guided by the requirements of applicable legislation, the listing rules of the stock exchange whose quotation list includes the Bank’s securities and the Bank’s Charter.

Remit of the Supervisory Council

The Supervisory Council provides strategic direction; determines VTB Bank's long-term priorities; approves its Development Strategy and long-term development programme; determines the key principles and overall approach to risk management and internal control, as well as its policy on remuneration and compensation paid to executive bodies and other key executives; and exercises oversight of the activities of executive bodies and corporate governance. The Supervisory Council plays a key role in the Bank's main corporate activities.

PROFESSIONAL COMPETENCIES OF MEMBERS OF THE SUPERVISORY COUNCIL

<table>
<thead>
<tr>
<th>MEMBER OF THE SUPERVISORY COUNCIL</th>
<th>FIRST YEAR ON VTB BANK'S SUPERVISORY COUNCIL</th>
<th>STRATEGY</th>
<th>FINANCE AND ECONOMICS</th>
<th>RISK MANAGEMENT, AUDIT</th>
<th>CORPORATE GOVERNANCE, LEGAL ISSUES</th>
<th>BUSINESS ADMINISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dmitry Grigorenko</td>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matthias Warnig</td>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yves Thibault de Silguy</td>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mikhail Zadornov</td>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andrey Kostin</td>
<td>2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israfil Mammadov</td>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aleksey Moseev</td>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Igor Repin</td>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maksim Rashitnikov</td>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valery Sidorenko</td>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alexander Sokolov</td>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chairman of the Supervisory Council

The Chairman of the Supervisory Council is elected by majority vote of the members of the Supervisory Council. The Supervisory Council has the right to re-elect its Chairman at any time by majority vote.

The Chairman is not permitted to combine this role with the position of President and Chairman of the Management Board. The Chairman of the Supervisory Council may not also be a member of the VTB Bank Management Board, nor may he or she have any type of employment relationship with the Bank.

The Chairman organises the work of the Council, convenes and chairs its meetings, ensures that minutes are kept and presides over General Meetings of Shareholders. In the absence of the Chairman, his or her duties are assumed by a Supervisory Council member as decided by the Supervisory Council.

Dmitry Grigorenko has been the Chairman of VTB Bank’s Supervisory Council since 28 September 2020.

Chairman of the Supervisory Council composition

On 24 September 2020, the Annual General Meeting of Shareholders elected Dmitry Grigorenko, Israfil Mammadov, Aleksey Moseev, Maksim Rashitnikov and Valery Sidorenko to the Supervisory Council for the first time. Anton Siluanov, Sergey Dubinin, Shahmar Movsumov, Oksana Tarasenko and Vladimir Chistyukhin left the Supervisory Council.

Corporate governance in partially state-owned companies differs as a result of the special status of their major shareholder, the Russian Federation. VTB Bank’s Supervisory Council includes state officials: the civil servants Dmitry Grigorenko, Aleksey Moseev, Maksim Rashitnikov and Valery Sidorenko, as well as the representatives of state interests Matthias Warnig and Andrey Kostin.

In addition, the Supervisory Council includes representatives of institutional/minority shareholders (professional directors): Mikhail Zadornov, Alexander Sokolov, Israfil Mammadov (independent director), Igor Repin (independent director) and Yves Thibault de Silguy (senior independent director).

The biographies of the members of the Supervisory Council and their positions in other organisations are reported as of 31 December 2020.

Education:

2000 – Kuban Institute of International Entrepreneurship and Management, specialisation in Finance and credit
2000 – Institute of Economics, Law and Humanities, specialisation in jurisprudence

Positions in other organisations:

• Chairman of the Supervisory Council of VEB RF

Ownership of shares in the Bank as of 31 December 2020:

% of ordinary shares: • 0% 
% of the charter capital: • 0%

Professional activities:

Since January 2020 – Deputy Prime Minister of the Russian Federation, Chief of Staff of the Government of the Russian Federation
2013–2020 – Deputy Head of the Federal Tax Service

Dmitry Grigorenko
Chairman of the Supervisory Council

Civil servant
Born in 1978

Information on the activities of the Bank's Supervisory Council (available in Russian language only).
Matthias Warnig
Member of the Strategy and Corporate Governance Committee

Education:
1985 – Friedrich-Alexander University of Erlangen-Nuremberg, specialisation in international economics
1995 – additional professional training at Dresdner Bank AG in Bad Homburg (Germany) and in London (United Kingdom) through the Lending and Risk Management programme

Professional activities:
Since September 2015 – Executive Director of Nord Stream 2 AG (Switzerland)
Since 2008 – Director of Interatis AG (Switzerland)

Positions in other organisations:
• Member of the Board of Directors of Transalta and of Fussballclub Gelsenkirchen-Schalke 04 e.V. (Germany)
• Deputy Chairman of the Board of Directors of Rosneft
• Chairman of the Administrative Council of Gas Project Development Central Asia AG (Switzerland)
• Member of the Administrative Council of Gazprom Schweiz AG (Switzerland)

Ownership of shares in the Bank as of 31 December 2020:
% of ordinary shares: 0%
% of the charter capital: 0%

Yves-Thibault de Silguy
Chairman of the Audit Committee
Member of the Staff and Remuneration Committee

Education:
1971 – University of Rennes II in Upper Brittany, degree in law
1972 – University of Paris I (Panthéon-Sorbonne), degree in public law
1976 – National School of Administration (ENA), Guernica class

Professional activities:
Since May 2010 – Vice President and delegated administrator of Vinci SAS (France), Senior Director of the Board of Directors, Vinci Group (France)
Since 2010 – President of YTS Euroopaconsorts, SARL (France)
2005-2012 – Member of the Council for Foreign Affairs, French Foreign Ministry

2004-2011 – Member of the Board of Directors of SMEG (Société Monégasque de l’Electricité et du Gaz)

Positions in other organisations:
• Chairman of the Supervisory Council of Softsport SA (France)
• Member of the Board of Directors of Louis Vuitton Most Hněvánská SA (France)

Ownership of shares in the Bank as of 31 December 2020:
% of ordinary shares: 0%
% of the charter capital: 0%

Mikhail Zadornov
Member of the Supervisory Council

Education:
Candidate of Economic Sciences
1984 – Plekhanov Russian University of Economics, specialisation in national economic planning

Professional activities:
Since January 2018 – President and Chairman of the Management Board of Bank Otkritie Financial Corporation
2005-2017 – President and Chairman of the Management Board and member of the Management Board of VTB24

Positions in other organisations:
• Member of the Board of Directors of the Otkritie private pension fund
• Chairman of the Board of Directors of Rosgosstrakh insurance company and RGS Bank

Ownership of shares in the Bank as of 31 December 2020:
% of ordinary shares: 0.000049%
% of the charter capital: 0.000049%

Israfil Mammadov
Member of the Staff and Remuneration Committee, Member of the Audit Committee

Education:
1995 – Moscow State Institute of International Relations, specialisation in international economic relations
2017 – Yale School of Management, Executive Education: Leadership and Change Management
2017 – Stanford Graduate School of Business, Executive Education: Leading Change and Organisational Renewal
2018 – Harvard Business School, Executive Education: High Potentials Leadership Program

Professional activities:
Since November 2019 – Executive Director of the State Oil Fund of the Republic of Azerbaijan
2013-2019 – Deputy Executive Director of the State Oil Fund of the Republic of Azerbaijan
2008-2013 – Chief Investment Director of the State Oil Fund of the Republic of Azerbaijan
2007-2008 – Representative of the State Oil Company of the Republic of Azerbaijan in Great Britain

Positions in other organisations:
• Member of the Supervisory Council of the Southern Gas Corridor
• Member of the Management Board of the International Forum of Sovereign Wealth Funds
• Member of the Board (in a pro bono capacity) of the Economic Council of the Republic of Azerbaijan

Ownership of shares in the Bank as of 31 December 2020:
% of ordinary shares: 0%
% of the charter capital: 0%
Andrey Kostin  
Chairman of the Strategy and Corporate Governance Committee

Born in 1956

Education:
- Candidate of Economic Sciences  
  1979 — Lomonosov Moscow State University, Economics Department

Professional activities:
- Representative of the state
- Chairman of the Supervisory Council of the Russian Gymnastics Federation
- Member of the Board of Directors of Post Bank, the Russian Volleyball Federation and the Kurchatov Institute
- Member of the Bureau of the Board of the Russian Union of Industrialists and Entrepreneurs
- Member of the Board of Directors of VTB Capital, VTB Capital IB Holding, Russian Post and Rostelem
- Member of the Board of Trustees of the Bolshoi Theatre
- Member of the Board of Trustees of the Foundation for Supporting and Developing Physical Culture and Sport, the Sports Federation Dynamo Hockey Club,
- the Financial University under the Government of the Russian Federation, Lomonosov Moscow State University, St. Petersburg State University, Friends of the Russian Museum Development Fund, the Moscow State Institute of International Relations (MGIMO), the Charitable Foundation for the Restoration of the Resurrection New Jerusalem Monastery, the Mariinsky Theatre, the I.K.O. Centre, the State Primorsky Opera and Ballet Theatre, the National Coordination Centre for Developing Economic Cooperation with the Countries of the Asia-Pacific Region, the Deaf-Blind Support Fund, the Russian Geographical Society, the Nauka-Detyam Foundation, the Russian Children’s Foundation, the Vygnyt Primakov High School and the National Intellectual Development Foundation
- Member of the Supervisory Council of Post Bank, the Russian Volleyball Federation and the Kuchatov Institute
- Member of the Board of Directors of VTB Capital, VTB Capital IB Holding, Russian Post and Rostelem
- Member of the Bureau of the Board of the Russian Union of Industrialists and Entrepreneurs and of the Russian Union of Industrialists and Entrepreneurs
- Chairman of the Board of Trustees of the Bolshoi Theatre
- Member of the Board of Trustees of the Foundation for Supporting and Developing Physical Culture and Sport, the Sports Federation Dynamo Hockey Club,
- the Financial University under the Government of the Russian Federation, Lomonosov Moscow State University, St. Petersburg State University, Friends of the Russian Museum Development Fund, the Moscow State Institute of International Relations (MGIMO), the Charitable Foundation for the Restoration of the Resurrection New Jerusalem Monastery, the Mariinsky Theatre, the I.K.O. Centre, the State Primorsky Opera and Ballet Theatre, the National Coordination Centre for Developing Economic Cooperation with the Countries of the Asia-Pacific Region, the Deaf-Blind Support Fund, the Russian Geographical Society, the Nauka-Detyam Foundation, the Russian Children’s Foundation, the Vygnyt Primakov High School and the National Intellectual Development Foundation

Ownership of shares in the Bank as of 31 December 2020:
- % of the charter capital: 0.00036%
- % of ordinary shares: 0.0000000461%
- % of the charter capital: 0.0002315%

Positions in other organisations:
- Chairman of Vnesheconombank 1996–2002
- President and Chairman of VTB Bank's Management Board Since 2002
- Member of the Board of Trustees of the Bolshoi Theatre
- Member of the Board of Trustees of the Foundation for Supporting and Developing Physical Culture and Sport, the Sports Federation Dynamo Hockey Club,
- the Financial University under the Government of the Russian Federation, Lomonosov Moscow State University, St. Petersburg State University, Friends of the Russian Museum Development Fund, the Moscow State Institute of International Relations (MGIMO), the Charitable Foundation for the Restoration of the Resurrection New Jerusalem Monastery, the Mariinsky Theatre, the I.K.O. Centre, the State Primorsky Opera and Ballet Theatre, the National Coordination Centre for Developing Economic Cooperation with the Countries of the Asia-Pacific Region, the Deaf-Blind Support Fund, the Russian Geographical Society, the Nauka-Detyam Foundation, the Russian Children’s Foundation, the Vygnyt Primakov High School and the National Intellectual Development Foundation
- Chairman of the Supervisory Council of Post Bank, the Russian Volleyball Federation and the Kurchatov Institute
- Member of the Board of Directors of VTB Capital, VTB Capital IB Holding, Russian Post and Rostelem
- Member of the Bureau of the Board of the Russian Union of Industrialists and Entrepreneurs
- Member of the Board of Directors of VTB Capital, VTB Capital IB Holding, Russian Post and Rostelem
- Member of the Board of Trustees of the Bolshoi Theatre
- Member of the Board of Trustees of the Foundation for Supporting and Developing Physical Culture and Sport, the Sports Federation Dynamo Hockey Club,
- the Financial University under the Government of the Russian Federation, Lomonosov Moscow State University, St. Petersburg State University, Friends of the Russian Museum Development Fund, the Moscow State Institute of International Relations (MGIMO), the Charitable Foundation for the Restoration of the Resurrection New Jerusalem Monastery, the Mariinsky Theatre, the I.K.O. Centre, the State Primorsky Opera and Ballet Theatre, the National Coordination Centre for Developing Economic Cooperation with the Countries of the Asia-Pacific Region, the Deaf-Blind Support Fund, the Russian Geographical Society, the Nauka-Detyam Foundation, the Russian Children’s Foundation, the Vygnyt Primakov High School and the National Intellectual Development Foundation

Independent director

Alexey Moiseev
Member of the Strategy and Corporate Governance Committee

Civil servant

Born in 1973

Education:
- 1995 – Sergei Ordzhonikidze State Academy of Management, specialisation in global economy
- 1998 – University of Rochester, USA, specialisation in business administration
- 2013 – Financial University under the Government of the Russian Federation, Professional Development Programme: Organisational Economics
- 2016 – Russian Presidential Academy of National Economy and Public Administration, Professional Development Programme: Organisational Economics

Professional activities:
- Since July 2012 – Deputy Finance Minister of the Russian Federation
- 2010–2012 – Deputy Head of the Analytics Department, Head of the Macroeconomic Analysis Division at VTB Capital
- 2001–2010 – Senior Economist, Deputy Head of the Analytics Department at Renaissance Capital – Financial Adviser

Positions in other organisations:
- Chairman of the Board of Directors of Bank DOM RF, Almazyuvelirexport, Coznak
- Member of the Board of Director of Rosippodromy, Deposit Insurance Agency, Russian Post
- Member of the National Financial Council of the Bank of Russia

Ownership of shares in the Bank as of 31 December 2020:
- % of ordinary shares: 0%

Igor Repin
Member of the Strategy and Corporate Governance Committee

Chairman of the Staff and Remuneration Committee

Chairman of the VTB Bank's Shareholders Consultative Council

Independent director

Born in 1966

Education:
- 1988 – Lomonosov Moscow State University, specialisation in land hydrology

Professional activities:
- Since 2001 – Deputy Executive Director of the Professional Investors Association

Positions in other organisations:
- Chairman of the Board of Directors of the Federal Centre for Geoeconomic Systems

Ownership of shares in the Bank as of 31 December 2020:
- % of ordinary shares: 0.0000002315%

- % of the charter capital: 0.0000000461%
Valery Sidorenko
Member of the Strategy and Corporate Governance Committee

Education:
Candidate of Economic Sciences
1998 – Tver Technical University, specialisation in power supply
1999 – Tver Technical University, specialisation in economics and enterprise management
2004 – postgraduate studies at the Budget and Treasury Academy of the Ministry of Finance of the Russian Federation

Professional activities:
Since January 2020 – First Deputy Chief of Staff of the Government of the Russian Federation
2018–2020 – Deputy Chief of Staff of the Government of the Russian Federation

Positions in other organisations:
• Deputy Chairman of the Supervisory Council, Analytical Centre for the Government of the Russian Federation
• Member of the Supervisory Council, VEB.RF

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Alexander Sokolov
Member of the Strategy and Corporate Governance Committee

Professional director
Born in 1979

Education:
2002 – Russian State University of Aviation Technology, specialisation in economics and enterprise management

Professional activities:
Since July 2018 – President and Chairman of the Management Board of Trust Bank
2019–2020 – Head of the First Block of Bank Otkritie Financial Corporation
2018–2019 – Head of the Risks and Collection Unit, Bank Otkritie Financial Corporation
2017–2018 – Member of the Management Board of Bank Otkritie Financial Corporation
2014–2017 – Member of the Management Board of VTB24
2008–2017 – Director of the Risk Analysis Department at VTB24

Positions in other organisations:
• Member of the Supervisory Council of Trust Bank
• Chairman of the Board of Directors of United Wagon Company and of Inteco Intex JSC

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Maksim Reshetnikov
Member of the Supervisory Council

Civil servant
Born in 1979

Education:
Candidate of Economic Sciences
2000 – Perm State National Research University, specialisation in mathematical economics
2002 – Perm State National Research University, specialisation in linguistics and translation

Professional activities:
Since January 2020 – Minister of Economic Development of the Russian Federation
2017–2020 – Governor of Perm Krai
2017 – Acting Governor of Perm Krai
2012–2017 – Minister, Head of the Department of Economic Policy and Development of the City of Moscow, Government of Moscow
2010–2012 – First Deputy Chief of Staff for the Mayor and Government of Moscow

Positions in other organisations:
• Chairman of the Supervisory Council of the Federal Competence Centre for Labour Productivity, the WTO Centre of Expertise, MONOGORODA.RF, the Entrepreneurs Platform, AIF
• Member of the Supervisory Council of the Moscow Innovation Cluster, the Analytical Centre for the Government of the Russian Federation, the Russian Direct Investment Fund, Roscosmos, Digital Economy and VEB.RF
• Chairman of the Board of Directors of RVC
• Deputy Chairman of the Board of Directors of SME Corporation
• Member of the Board of Directors of Russian Railways and Russian Post
• Member of the National Financial Council of the Bank of Russia
• Member of the Board of Trustees of the Skolkovo Foundation

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Valery Sidorenko
Member of the Strategy and Corporate Governance Committee

Civil servant
Born in 1972

Education:
Candidate of Economic Sciences
1998 – Tver Technical University, specialisation in power supply
1999 – Tver Technical University, specialisation in economics and enterprise management
2004 – postgraduate studies at the Budget and Treasury Academy of the Ministry of Finance of the Russian Federation

Professional activities:
Since January 2020 – First Deputy Chief of Staff of the Government of the Russian Federation
2018–2020 – Deputy Chief of Staff of the Government of the Russian Federation

Positions in other organisations:
• Deputy Chairman of the Supervisory Council, Analytical Centre for the Government of the Russian Federation
• Member of the Supervisory Council, VEB.RF

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Alexander Sokolov
Member of the Strategy and Corporate Governance Committee

Professional director
Born in 1979

Education:
2002 – Russian State University of Aviation Technology, specialisation in economics and enterprise management

Professional activities:
Since July 2018 – President and Chairman of the Management Board of Trust Bank
2019–2020 – Head of the First Block of Bank Otkritie Financial Corporation
2018–2019 – Head of the Risks and Collection Unit, Bank Otkritie Financial Corporation
2017–2018 – Member of the Management Board of Bank Otkritie Financial Corporation
2014–2017 – Member of the Management Board of VTB24
2008–2017 – Director of the Risk Analysis Department at VTB24

Positions in other organisations:
• Member of the Supervisory Council of Trust Bank
• Chairman of the Board of Directors of United Wagon Company and of Inteco Intex JSC

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Valery Sidorenko
Member of the Strategy and Corporate Governance Committee

Civil servant
Born in 1972

Education:
Candidate of Economic Sciences
1998 – Tver Technical University, specialisation in power supply
1999 – Tver Technical University, specialisation in economics and enterprise management
2004 – postgraduate studies at the Budget and Treasury Academy of the Ministry of Finance of the Russian Federation

Professional activities:
Since January 2020 – First Deputy Chief of Staff of the Government of the Russian Federation
2018–2020 – Deputy Chief of Staff of the Government of the Russian Federation

Positions in other organisations:
• Deputy Chairman of the Supervisory Council, Analytical Centre for the Government of the Russian Federation
• Member of the Supervisory Council, VEB.RF

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Alexander Sokolov
Member of the Strategy and Corporate Governance Committee

Professional director
Born in 1979

Education:
2002 – Russian State University of Aviation Technology, specialisation in economics and enterprise management

Professional activities:
Since July 2018 – President and Chairman of the Management Board of Trust Bank
2019–2020 – Head of the First Block of Bank Otkritie Financial Corporation
2018–2019 – Head of the Risks and Collection Unit, Bank Otkritie Financial Corporation
2017–2018 – Member of the Management Board of Bank Otkritie Financial Corporation
2014–2017 – Member of the Management Board of VTB24
2008–2017 – Director of the Risk Analysis Department at VTB24

Positions in other organisations:
• Member of the Supervisory Council of Trust Bank
• Chairman of the Board of Directors of United Wagon Company and of Inteco Intex JSC

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Valery Sidorenko
Member of the Strategy and Corporate Governance Committee

Civil servant
Born in 1972

Education:
Candidate of Economic Sciences
1998 – Tver Technical University, specialisation in power supply
1999 – Tver Technical University, specialisation in economics and enterprise management
2004 – postgraduate studies at the Budget and Treasury Academy of the Ministry of Finance of the Russian Federation

Professional activities:
Since January 2020 – First Deputy Chief of Staff of the Government of the Russian Federation
2018–2020 – Deputy Chief of Staff of the Government of the Russian Federation

Positions in other organisations:
• Deputy Chairman of the Supervisory Council, Analytical Centre for the Government of the Russian Federation
• Member of the Supervisory Council, VEB.RF

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%

Alexander Sokolov
Member of the Strategy and Corporate Governance Committee

Professional director
Born in 1979

Education:
2002 – Russian State University of Aviation Technology, specialisation in economics and enterprise management

Professional activities:
Since July 2018 – President and Chairman of the Management Board of Trust Bank
2019–2020 – Head of the First Block of Bank Otkritie Financial Corporation
2018–2019 – Head of the Risks and Collection Unit, Bank Otkritie Financial Corporation
2017–2018 – Member of the Management Board of Bank Otkritie Financial Corporation
2014–2017 – Member of the Management Board of VTB24
2008–2017 – Director of the Risk Analysis Department at VTB24

Positions in other organisations:
• Member of the Supervisory Council of Trust Bank
• Chairman of the Board of Directors of United Wagon Company and of Inteco Intex JSC

Ownership of shares in the Bank
as of 31 December 2020:
% of ordinary shares ▶ 0%
% of the charter capital ▶ 0%
Members of the Supervisory Council whose term ended at the AGM on 24 September 2020

Shahmar Movsumov
Independent director
Born in 1972

Education:
1995 – Moscow State Institute of International Relations, specialisation in international economic relations
2004 – John F. Kennedy School of Government at Harvard University, specialisation in public finance

Professional activities:
Since 2019 – Assistant to the President of the Republic of Azerbaijan, Head of the Department for Economic Affairs and Innovative Development Policy of the Administration of the President of the Republic of Azerbaijan
2006–2019 – Executive Director of the State Oil Fund of the Republic of Azerbaijan
2005–2006 – General Director of the National Bank of Azerbaijan

Positions in other organisations:
• Chairman of the Supervisory Council of the International Bank of Azerbaijan
• Member of the Board of Trustees of the ADA University Foundation

Anton Siluanov
Civil servant
Born in 1963

Education:
Doctor of Economic Sciences
1985 – Moscow Financial Institute, specialisation in finance and credit

Class 1 Full State Counsellor of the Russian Federation

Professional activities:
Since 2020 – Minister of Finance of the Russian Federation
2018–2020 – First Deputy Prime Minister of the Russian Federation, Minister of Finance of the Russian Federation
1992–2018 – Deputy Head of Section, Deputy Department Manager–Head of Section, Deputy Department Manager, Deputy Department Head, Head of Department, Department Manager, Deputy Minister, Director of Department, Deputy Minister, acting Minister of Finance of the Russian Federation, Minister of Finance of the Russian Federation

Positions in other organisations:
• Chairman of the Supervisory Council of Alrosa
• Governor from the Russian Federation of the BRICS New Development Bank and the International Monetary Fund
• Member of the Supervisory Council of the Russian Direct Investment Fund, VEB.RF and Rostec
• Member of the Board of Trustees of the Skolkovo Foundation and the Charitable Foundation for the Restoration of the Resurrection New Jerusalem Monastery
• Member of the Academic Council of the Financial University
• Authorised representative of the Russian Federation in the Eurasian Development Bank
• Chairman of the Board of the Eurasian Fund for Stabilisation and Development, and of the National Financial Council of the Bank of Russia

Sergey Dubinin
Representative of the state
Born in 1950

Education:
Doctor of Economic Sciences, Associate Professor
1973 – Lomonosov Moscow State University, specialisation in political economy

Professional activities:
Since 2014 – Head of the Finance and Credit Faculty at Lomonosov Moscow State University
2005–2008 – Member of the Board of Directors, Chief Financial Officer of RAO UES
2004–2005 – Member of the Management Board of RAO UES
2001–2004 – Deputy Chairman of the Management Board of RAO UES

Positions in other organisations:
• Advisor and member of the Board of Directors of VTB Capital
• Member of the Board of Directors of VTB Capital Holding IB and VTB Capital Holding
Oksana Tarasenko
Civil servant
Born in 1983

Education:
1995 – Lomonosov Moscow State University, specialisation in legal studies

Professional activities:
Since 2014 – Deputy Governor of the Bank of Russia
2011–2013 – Director of the Financial Stability Department, Bank of Russia
2004–2011 – Deputy Director of the Banking Regulation and Supervision Department, Bank of Russia

Vladimir Chistyukhin
Representative of the state
Born in 1973

Education:
1998 – Lomonosov Moscow State University, specialisation in legal studies

Professional activities:
Since 2014 – Deputy Governor of the Bank of Russia
2011–2013 – Director of the Financial Stability Department, Bank of Russia
2004–2011 – Deputy Director of the Banking Regulation and Supervision Department, Bank of Russia

In accordance with the Regulation on the Bank’s Supervisory Council, a senior independent director has been elected since 2015 from among the members of the Council serving as independent directors. The senior independent director acts as an advisor to the Chairman of the Supervisory Council and coordinates interactions between the independent directors. The senior independent director also interacts with the Bank’s shareholders. If a dispute arises, the senior independent director should take measures to resolve the dispute through cooperation with the Supervisory Council Chairman, the other members of the Supervisory Council and the Bank’s shareholders to ensure the smooth operation of the Supervisory Council.

Yves Thibault de Silguy has been the senior independent director since 23 May 2018.

In 2020, no transactions were made involving the acquisition or disposal of Bank shares by members of the Supervisory Council.

55
9
9
27
55
balance of interests

18
versatility

28
continuity

36
length of service, %

Majority shareholder
Institutional investors
Minority shareholders
Senior independent director
Representatives of the state
Independent directors
Professional directors

Less than 1 year
From 1 year to 5 years
More than 5 years

3 permanent members of the Supervisory Council
13 changes in the composition of the Supervisory Council
63% of the composition of the Supervisory Council changed
Liability insurance for Supervisory Council members

Supervisory Council members are insured under the directors liability insurance programme (director’s and officer’s liability, D&O) in accordance with the D&O insurance programme, compensable losses (including legal expenses) incurred due to unintentional wrongful acts, negligence or omission on the part of members of the Supervisory Council related to the Bank’s financial operations are reimbursed in relation to claims filed during the insurance period by investors, shareholders or government bodies. The grounds for a claim may be the personal responsibility of members of the Supervisory Council for mistakes made during the decision-making process, shortfalls in financial control and risk management leading to losses, a reduction in share price or asset value or damages caused to third parties.

In 2020, a contract for directors liability insurance was signed for a new term. The feasibility of the extension was approved by VTB Bank’s Operational and Regulatory (Compliance) Risks Committee.

Introduction to membership of the Supervisory Council

An induction programme for first-time members of the Supervisory Council of VTB Bank was introduced in order to ensure the efficient operation of the Supervisory Council. It will also improve the Bank’s corporate governance practices in accordance with the best international corporate governance principles, including those provided by the Corporate Governance Code approved by the Board of Directors of the Bank of Russia, the Regulation on the Staff and Remuneration Committee of the Bank’s Supervisory Council and the Bank’s Corporate Governance Code. The induction programme was created by decision of the Staff and Remuneration Committee of the Bank’s Supervisory Council on 7 October 2016 (Minutes No. 48, hereinafter the Programme).

As part of the Programme in 2020, the Supervisory Council’s newest members met for the first time with members of VTB Bank’s Management Board and with the Corporate Secretary. During these meetings, they were provided with information on the Bank’s Development Strategy for 2019–2022, the corporate governance system and the risk management and internal control system. In addition, they were given an introduction to the Bank’s bylaws and other information necessary for members of the Supervisory Council to perform their duties effectively.

The induction programme consists of the following activities:

- Holding meetings with the managers of the Bank’s key structural divisions, as well as with members of the Bank’s executive bodies.
- Consultations with the Bank’s Corporate Secretary on issues related to the organisation of the work of the Bank’s Supervisory Council.
- Familiarisation with Bank documents governing the activities of the Bank’s governing bodies.
- Introduction to membership of the Supervisory Council.

Meetings of the Supervisory Council are convened at the initiative of its Chairman or at the request of a Council member, the Statutory Audit Commission, the Auditor, the Management Board, the President and Chairman of the Management Board or the Head of the Internal Audit Department. A quorum is formed by the attendance of at least half of the elected members.

Decisions are taken by a majority vote of participating members unless otherwise provided in the Charter and the Regulation on the Supervisory Council. For decision-making purposes, each member of the Council has one vote at meetings.

When considering agenda items, the members of the Supervisory Council assess possible conflicts between their interests and the Bank’s interests and do not participate in voting on any issue (and, if necessary, do not take part in discussions of the issue) that may, in the opinion of a member of the Supervisory Council, lead to such a conflict of interest.

Meetings of the Supervisory Council are held on a scheduled basis, although, if necessary, they may be held outside of the schedule. The format of each Supervisory Council is determined in accordance with the Bank’s Charter and based on the importance of its agenda. The most significant matters are brought up at in-person meetings.

At every Supervisory Council meeting, a report is provided to update members on the implementation of decisions, assignments and programmes approved by the Supervisory Council.
Depending on the results of in-person meetings or absentee ballots, minutes are drawn up reflecting the voting results as well as the position of each member of the Supervisory Council on the agenda items.

In 2020, the Supervisory Council actively engaged with the Bank’s minority shareholders and also considered the Report on Cooperation with the Bank’s Shareholders and an action plan for working with shareholders in the upcoming calendar year.

A representative of minority shareholders and an independent member of the Supervisory Council, Igor Repin, took part in meetings with minority shareholders and also in meetings of the Bank’s Shareholders Consultative Council.

### Priority Areas of the Bank’s Operations

- approval of VTB Bank’s business plan and financial plan (budget) for 2021;
- approval of VTB Bank’s Investment Programme for 2020; approval of a programme to improve VTB Bank’s operational efficiency and reduce expenses for 2020;
- approval of a new version of the plan to restore VTB Bank’s financial stability;
- participation of VTB Bank in Banco VTB Africa and VTB Commercial Financing;
- approval of an action plan for the divestment of the Bank’s non-core assets for 2020 and for (quarterly) registration of the Bank’s non-core assets, and approval of a new version of the Programme for the Divestment of Non-core Assets;
- approval of a programme and prospectus for VTB Bank’s KS-4 series of listed bonds, and of programmes for VTB Bank’s SUB-T1 and SUB-T2 series bonds;

### Corporate Governance and Procedural Issues

- calling and determining the agendas for the AGM and Extraordinary General Meetings of Shareholders; establishing the record data for eligibility in General Meetings of Shareholders, consideration of issues proposed by Bank shareholders for inclusion on the agenda of AGMs, consideration of candidates proposed by Bank shareholders for election to the Supervisory Council and the Statutory Audit Commission, and other issues proposed by Bank shareholders for election to the Supervisory Council and the Statutory Audit Commission, and other issues related to the preparation and holding of the General Meeting of Shareholders;
- recommendations on the distribution of profits and the amount of dividends on Bank shares;
- preliminary approval of the Bank’s Annual Report;
- proposals of candidates for the Bank’s auditor;
- review of the results of the assessments of VTB Bank’s corporate governance system for 2019 and of the work of the Supervisory Council in 2019;
- election of the members of the Supervisory Council’s committees and the appointment of the committee chairpersons;
- approval of amendments to the Bank’s Regulation on the Procurement of Goods, Works and Services;
- approval of the Regulation on Management of VTB Bank’s Intellectual Property Rights;
- approval of a new version of VTB Bank’s Code of Ethics;
- review of directives from the Federal Agency for State Property Management and reports on their implementation.

### STAFF ISSUES

- election of the Chairman of the Supervisory Council (Dmitry Grigorenko);
- election of the senior independent director (Yves-Thibault de Silguy);
- approval of the Supervisory Council to allow the President and Chairman of the Management Board and members of the Management Board to hold management positions in other organisations;
- election of members of VTB Bank’s Management Board (Svyatoslav Ostrovsky and Natalia Dirks) and establishing their remuneration and compensation;
- payment of bonuses to members of VTB Bank’s executive bodies for 2019 and deferred bonuses for 2018 and 2017;
- approval of a new version of the List of Key Performance Indicators for Evaluating the Activities of Members of the Management Board of VTB Bank.

### Risks and Internal Control

- approval of new versions of VTB Bank’s Internal Control Regulation, Risk and Capital Management Strategy, Procedure for Managing the Most Significant Risks, Regulation on the Risk Management System and Procedure for the Application of Risk Management Methodologies and Models for Quantitative Risk Assessment (concerning credit risk and using an approach based on internal ratings);
- review of a report on the activities of the Internal Audit Department for 2H 2019 and 1H 2020, and approval of its work plan for 2021;
• review of a report on the results of the implementation in 2019 of the Rules on Internal Monitoring in Respect of the Prevention of Money Laundering and Terrorist Financing (AML/CTF) and recommended measures to improve the AML/CTF system;
• review of quarterly reports by inspectors of the Bank’s professional activities in the securities market;
• review of quarterly reports on significant risks and on VTB Bank’s capital adequacy, as well as on the results of stress testing at VTB Bank; key parameters of quantitative indicators of the risk appetite of VTB Bank and of VTB Group were approved/amended;

REVIEW OF REPORTS AND PLANS:
• reports on the activities of the Supervisory Council’s committees;
• report on the Bank’s sponsorship and charitable activities for 2019;
• report on the work of the Bank’s Corporate Secretary in 2019;
• report on interaction between VTB Bank and its shareholders in 2019 and plans to work with shareholders in 2020;
• report on the financial results and performance of VTB Group companies (quarterly);
• progress report on the implementation of the Bank’s Programme for the Divestment of Non-core Assets (quarterly);

INFORMATION TECHNOLOGY IN THE WORK OF THE SUPERVISORY COUNCIL:
Since 2019, members of the Supervisory Council have been able to use a mobile electronic office that gives them single-point access to materials from current and past meetings of the Supervisory Council and its committees, as well as information about decisions adopted, participants and other information required for the members of the Bank’s Supervisory Council to perform their duties effectively, including financial statements, press reviews, Bank bylaws, etc.

The Bank continued to work on introducing digital technologies into the activities of the Supervisory Council. In 2020, for example, the Bank made it possible for members of the Supervisory Council to vote electronically using an electronic signature.

Evaluation of the work of the Supervisory Council

VTB Bank conducts an annual assessment of its corporate governance system. The assessment also includes a self-evaluation of the activities of the Supervisory Council based on a questionnaire completed by the members of the Council pursuant to the Methodology for Assessing the Bank’s Corporate Governance System approved by the Supervisory Council’s Strategy and Corporate Governance Committee.

In accordance with the Methodology, the Bank’s corporate governance system is assessed according to the following components:
• division of powers between management bodies;
• organisation of the activities of the Supervisory Council;
• approval of the Bank’s development strategy and oversight of its implementation;
• coordination of risk management;
• prevention of conflicts of interest on the part of shareholders, members of the Supervisory Council, the Bank’s executive bodies and Bank employees;
• relations with affiliated parties;
• determination of rules and procedures ensuring compliance with the principles of professional ethics;
• coordination of the disclosure of information about the Bank;

The results of the assessment revealed that the members of the Supervisory Council highly rated the maturity of the Bank’s corporate governance system. The average assessment score was 3.95 points (98.75% of the highest possible score), an increase from 3.91 in 2019. The score has remained steadily above 3.9 over the past five years.

In 2020, all of the assessed components either increased or remained the same as in 2019. Increases were noted for the following components: coordination of the disclosure of information about the Bank (from 3.90 to 3.97), approval of the Bank’s development strategy and oversight of its implementation (from 3.73 to 3.76), division of powers between management bodies (from 3.67 to 3.92) and determination of rules and procedures ensuring compliance with the principles of professional ethics (from 3.87 to 3.96).

In the final results, four components received the maximum score of 4.00 points; the remaining five received scores between 3.76 and 3.97 points.

Compensation paid to members of the Supervisory Council

The amount of remuneration and compensation paid to the members of VTB Bank’s Supervisory Council and the procedure for determining the amount thereof is defined in accordance with the Regulation on Remuneration and Compensation Paid to the Members of the Supervisory Council of VTB Bank, approved pursuant to the recommendation of the Supervisory Council’s Staff and Remuneration Committee at the Bank’s AGM and posted in the Charter and bylaws section on the Bank’s website:

THE AMOUNT OF REMUNERATION PAID TO MEMBERS OF THE BANK’S SUPERVISORY COUNCIL FOR THE CORPORATE YEAR HAS NOT CHANGED SINCE 2012 AND AMOUNTS TO:2

<table>
<thead>
<tr>
<th>% OF BASE PAYMENT</th>
<th>RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base payment</td>
<td></td>
</tr>
<tr>
<td>Remuneration for performing the duties of a member of the Supervisory Council</td>
<td>100</td>
</tr>
<tr>
<td>Bonuses for additional duties</td>
<td></td>
</tr>
<tr>
<td>For chairmanship of the Supervisory Council</td>
<td>30</td>
</tr>
<tr>
<td>For chairmanship of a Supervisory Council committee</td>
<td>20</td>
</tr>
<tr>
<td>For membership in a Supervisory Council committee</td>
<td>10</td>
</tr>
</tbody>
</table>

1 Minutes No. 47 dated 24 June 2016.
2 Payment contingent, attendance in person or participation via videoconference in at least half of the meetings held, as well as participation in at least half of the meetings of the Committee of the Supervisory Council based on 2019 results was taken at VTB Bank’s Annual General Meeting of Shareholders on 24 September 2020. The decision on the payment of remuneration to the members of the Supervisory Council based on 2020 results will be made at VTB Bank’s Annual General Meeting of Shareholders in 2021.

Information about the activities of the Bank’s Supervisory Council can be found on the Bank’s official website (http://vtb.com) (available in Russian language only).
In the reporting year, the Strategy and Corporate Governance Committee provided recommendations to the Supervisory Council regarding key issues of strategic and business planning: the Committee also reviewed and recommended for approval the Strategy for Risk Management, the Investment Programme for 2020, reports on realisation of the Bank’s Long-Term Development Programme and IT Strategy in 2019. Special attention was paid to questions relating to corporate governance: the Committee evaluated the results of the Supervisory Council’s performance review, which, for the first time, was conducted with the help of an independent consultant; an updated edition of the Bank’s Code of Ethics, which was supplemented with new norms regarding comprehensive management of conflicts of interest, was recommended for approval.

In accordance with a resolution of the General Meeting of Shareholders, the members of the Bank’s Supervisory Council may receive remuneration and compensation for expenses incurred in the course of their duties during their term in office depending on their actual involvement in the work of the Supervisory Council and Supervisory Council committees.

In case of early termination, as well as the re-election of members of the Supervisory Council at an Extraordinary General Meeting of Shareholders, the remuneration of a newly elected or former member of the Supervisory Council is determined proportionate to the time spent as a member of the Supervisory Council, as Chairman of the Supervisory Council, as a member of a Supervisory Council committee or as the Chairman of a Supervisory Council committee during the corporate year.

In accordance with applicable Russian legislation, members of the Supervisory Council who are state employees do not receive any remuneration. Remuneration is paid by the Bank through bank transfers; no other forms of remuneration are stipulated.

Supervisory Council members who are not state employees are compensated for expenses they incur while carrying out their duties, including accommodation, food, travel expenses (including VIP lounge services), other duties and fees for air and rail transport.

**Committees of the Supervisory Council**

The Supervisory Council has standing committees that support the effective implementation of the Council’s managerial and supervisory functions and that provide preliminary detailed analysis and recommendations regarding the issues that the Council deems most important.

At the end of 2020, the Supervisory Council had the following committees:

- Strategy and Corporate Governance Committee;
- Audit Committee;
- Staff and Remuneration Committee.

<table>
<thead>
<tr>
<th>Year</th>
<th>Remuneration Paid to Members of the Supervisory Council, RUB Thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>38,660</td>
</tr>
<tr>
<td>2019</td>
<td>44,160</td>
</tr>
<tr>
<td>2018</td>
<td>48,280</td>
</tr>
<tr>
<td>2017</td>
<td>47,948</td>
</tr>
<tr>
<td>2016</td>
<td>48,760</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Compensation of Expenses for Members of the Supervisory Council, RUB Thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>194</td>
</tr>
<tr>
<td>2019</td>
<td>127</td>
</tr>
<tr>
<td>2018</td>
<td>2,372</td>
</tr>
<tr>
<td>2017</td>
<td>1,747</td>
</tr>
<tr>
<td>2016</td>
<td>1,249</td>
</tr>
</tbody>
</table>

**Strategy and Corporate Governance Committee**

In the reporting year, the Strategy and Corporate Governance Committee provided recommendations to the Supervisory Council regarding key issues of strategic and business planning; the Committee also reviewed and recommended for approval the Strategy for Risk Management, the Investment Programme for 2020, reports on realisation of the Bank’s Long-Term Development Programme and IT Strategy in 2019. Special attention was paid to questions relating to corporate governance: the Committee evaluated the results of the Supervisory Council’s performance review, which, for the first time, was conducted with the help of an independent consultant; an updated edition of the Bank’s Code of Ethics, which was supplemented with new norms regarding comprehensive management of conflicts of interest, was recommended for approval.

**Andrey Kostin**
Committee Chairman
Representative of the state

**Aleksey Moiseev**
(Civil servant)
From 28 September 2020

**Matthias Warnig**
(Representative of the state)

**Igor Repin**
(Independent director)

**Alexander Sokolov**
(Professional director)

**Sergey Dubinin**
(Representative of the state)
(Until 24 September 2020)

**Vladimir Chistyukhin**
(Representative of the state)
(Until 24 September 2020)

**Oksana Tarasenko**
(Civil servant)
(Until 24 September 2020)

**MAIN TASKS:**

- determining the Bank’s strategic goals and development priorities for the short, medium and long term, and monitoring of the achievement thereof;
- supporting and improving the Bank’s corporate governance system;
- improving the strategic management of the Bank’s capital.
KEY AREAS OF WORK IN 2020

Strategic objectives and priorities:

- Business plan and financial and economic plan (budget) for 2021;
- Report on the implementation of VTB Bank’s Long-Term Development Programme for 2014-2019 and the results of its implementation for 2019;
- Progress report on the implementation of the IT strategy for 2017-2019 in 2019;
- Operational Efficiency and Cost Reduction Programme for 2020;
- Investment programme for 2020.

Capital management:

- Distribution of profits for 2019 and determination of the amount of dividends to be paid out;
- Risk and capital management strategy;
- Updating the plan to restore financial stability;
- New version of the Programme for the Dissemination of Non-core Assets;
- Merger of Vozrozhdenie Bank and BM-Bank;
- The Bank’s participation in new companies;
- Changes in the Bank’s share participation in subsidiaries (CityBike, Sarovbusinessbank, Ryabinovoye);
- Changes in the charter capital of subsidiaries (BP Pechatniki).

Corporate governance:

- Results of the assessment of VTB Bank’s corporate governance and the results of the external assessment of the work of the Bank’s Supervisory Council for 2019;
- New version of the Code of Ethics;
- New versions of the Procedure for Managing the Most Significant Risks and the Regulation on the Risk Management System.

Corporate governance:

- Results of the assessment of VTB Bank’s corporate governance and the results of the external assessment of the work of the Bank’s Supervisory Council for 2019;
- New version of the Code of Ethics;
- New versions of the Procedure for Managing the Most Significant Risks and the Regulation on the Risk Management System.
Staff and Remuneration Committee

Throughout 2020, the committee provided required recommendations to the Supervisory Council regarding questions relating to changes in the composition of the Management Board, the determination of key performance indicators, remuneration of the members of the Management Board and other issues within the remit of the committee.

Igor Repin
Committee Chairman from 28 September 2020
(Independent director)

Yves Thibault
de Silguy
Committee Chairman
(Senior independent director)

Israfil Mammadov
(Independent director)
from 28 September 2020

Sergey Dubinin
Committee Chairman
until 24 September 2020
(Representative of the state)

Shahmar Movsumov
Independent director
until 24 September 2020

**MAIN TASKS:**
- ensuring continuity in the activities of the Bank’s executive bodies and the Statutory Audit Commission;
- arranging a performance assessment of the Bank’s executive bodies and the Statutory Audit Commission;
- review of the Bank’s HR policy, including in terms of remuneration and oversight of its implementation;
- assistance in ensuring compliance with the legal requirements governing the activities of members of the Bank’s executive bodies and the Statutory Audit Commission;

**KEY AREAS OF WORK IN 2020:**

- discussion of issues related to the further development of the internal audit function;
- review of other matters related to the Bank’s activities, including pursuant to particular assignments from the Supervisory Council.

**STATISTICS ON THE PARTICIPATION OF MEMBERS OF THE AUDIT COMMITTEE IN MEETINGS / ABSENTEE VOTING UNTIL 24 SEPTEMBER 2020**

<table>
<thead>
<tr>
<th>Name</th>
<th>Personal participation in-person meetings</th>
<th>Written opinion submitted to in-person meetings</th>
<th>Participation in absentee voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Igor Repin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israfil Mammadov</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shahmar Movsumov</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**STATISTICS ON THE PARTICIPATION OF MEMBERS OF THE AUDIT COMMITTEE IN MEETINGS / ABSENTEE VOTING FROM 28 SEPTEMBER 2020**

<table>
<thead>
<tr>
<th>Name</th>
<th>Personal participation in-person meetings</th>
<th>Written opinion submitted to in-person meetings</th>
<th>Participation in absentee voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Igor Repin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israfil Mammadov</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shahmar Movsumov</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Corporate Secretary

Thanks to the consistent implementation of the provisions of the Corporate Governance Code, as well as the digitalisation of the work of the Bank’s management bodies, the Russian Institute of Directors, based on its own independent assessment, raised the Bank’s corporate governance to 8 — best corporate governance practice.

The Corporate Secretary is a Bank official who oversees compliance on the part of the Bank’s management and employees with applicable legislation, the Charter and bylaws guaranteeing shareholders’ interests and their ability to exercise their legal rights. The Corporate Secretary also provides a liaison between the Bank and its shareholders, promotes the development of corporate governance practices and supports the smooth operation of the Bank’s Supervisory Council. Functionally, the Corporate Secretary is elected by and reports to the Supervisory Council and, administratively, reports to the President and Chairman of the Bank’s Management Board. The Corporate Secretary is subordinate to the Supervisory Council and is appointed and dismissed by decision of the Supervisory Council. The report on the work of the Corporate Secretary is reviewed and approved on an annual basis by the Bank’s Supervisory Council. The report on work for 2019 was approved by the Supervisory Council on 3 March 2020.

The administration of the Supervisory Council operates under the guidance of the Corporate Secretary. The Corporate Secretary is secretary to the Supervisory Council and also serves as secretary for the General Meeting of Shareholders.

The Staff and Remuneration Committee reviews candidates for the position and provides recommendations to the Supervisory Council.

The Corporate Secretary acts on the basis of the Regulation on the Corporate Secretary of VTB Bank, approved by the Bank’s Supervisory Council (Minutes No. 22 dated 7 September 2015), which takes into account the requirements of the Listing Rules of Moscow Exchange, the recommendation of the Corporate Governance Code approved by the Board of Directors of Bank of Russia and the guidelines of the Federal Agency for State Property Management.

Yevgeny Ignatiev
Chief of Staff of the Supervisory Council and Corporate Secretary

Born in 1981

Education:
1999 — St. Petersburg Social Services School, specialisation in jurisprudence, with a qualification to practise as a lawyer
2002 — St. Petersburg State University of Maritime and Inland Shipping, specialisation in jurisprudence, with a qualification to practise as a barrister
2007 — British Institute of Directors, international certificate as a Certified Director and the title of Cert IoD

Professional activities:
Since 2003 — Chief of Staff of VTB Bank’s Supervisory Council and Corporate Secretary
2013–2015 — Corporate Secretary of VTB Bank
2010–2011 — Director of the Shareholder Relations Service of VTB Bank

2008–2010 — Senior Manager of the Debt Origination and Investor Relations Department at VTB Bank
2004–2008 — Chief Consultant, Deputy Director (acting director) of the Corporate Governance Department at VTB Bank North-West (former Industrial Construction Bank)
2003–2004 — Lawyer, Investtorg
2002–2003 — Assistant Lawyer, Exchange Complex

Positions in other organisations:
Member of the Expert Council of the National Association of Corporate Secretaries
Member of the Moscow Exchange Committee of Issuers

Achievements:
Winner of the Corporate Governance Director – Corporate Secretary category at the Director of the Year awards held by the Independent Directors Association and the Russian Union of Industrialists and Entrepreneurs
### Management Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Svyatoslav Ostrovsky</td>
<td>Member of the Management Board</td>
</tr>
<tr>
<td>Maxim Kondratenko</td>
<td>Member of the Management Board</td>
</tr>
<tr>
<td>Dmitry Pianov</td>
<td>Member of the Management Board</td>
</tr>
<tr>
<td>Valery Lukyanenko</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Yuri Soloviev</td>
<td>First Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Andrey Puchkov</td>
<td>First Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Denis Bortnikov</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Olga Dergunova</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Anatoly Pechatnikov</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Vadim Kulik</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Erkin Norov</td>
<td>Member of the Management Board</td>
</tr>
<tr>
<td>Andrey Kostin</td>
<td>President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Andrey Puchkov</td>
<td>First Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Valery Chulkov</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Yuri Soloviev</td>
<td>First Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Andrey Kostin</td>
<td>President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Andrey Puchkov</td>
<td>First Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Denis Bortnikov</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Andrey Kostin</td>
<td>President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Andrey Puchkov</td>
<td>First Deputy President and Chairman of the Management Board</td>
</tr>
<tr>
<td>Denis Bortnikov</td>
<td>Deputy President and Chairman of the Management Board</td>
</tr>
</tbody>
</table>

**Professional activities:**

- Since 2002 — President and Chairman of the VTB Bank Management Board

**Education:**

- 1998 — Lomonosov Moscow State University, specialisation in jurisprudence, with a qualification to practise as a lawyer

**Positions in other organisations:**

- Chairman of the Board of Directors of VTB Debt Centre
- Chairman of the Board of Directors of BM-Bank
- Chairman of the Board of Directors of Dynamo Management Company
- Chairman of the Board of Directors of SG-Development
- Chairman of the Board of Directors of Vozrozhdenie Bank

**Ownership of shares in the Bank as of 31 December 2020:**

- 1% of ordinary shares
- 0.00030% of the charter capital
- 0.00006% of the charter capital

The members of the Management Board and their biographies are presented as of 31 December 2020.
Yuri Soloviev
First Deputy President and Chairman of the Management Board
Oversees the Corporate-Investment Business global business line

Term of office in accordance with employment contract: 10 June 2017 to 9 June 2022
Born in 1970

Education: 1994 – Mendeleev Russian University of Chemical Technology, degree in chemical engineering technology with a specialisation in chemical technology for advanced energy materials

Professional activities:
Joined VTB Bank in 2004. Since November 2011, First Deputy President and Chairman of the Management Board
Prior to June 2012, held the following positions: Senior Vice President, President of VTB Capital
2006–2008 – Head of Investment Banking, First Deputy Chairman of the Management Board, Deutsche Bank

Positions in other organisations:
• Chairman of the Board of Directors, VTB Bank (Belarus), VTB Bank (Kazakhstan), West Siberian Commercial Bank
• Member of the Board of Directors of VTB Capital Holding and of Vzorozhdenie Bank
• Chairman of the Supervisory Council of VTB Bank (Azerbaijan)
• Member of the Board of the Leningrad Regional Chamber of Commerce and Industry
• Member of the Board of Trustees of the Federal State Budget Institution of Higher Professional Education St. Petersburg State University of Economics

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares 0%
% of the charter capital 0%

Denis Bortnikov
Deputy President and Chairman of the Management Board
Oversees the Medium and Small Business global business line

Term of office in accordance with employment contract: 10 June 2017 to 9 June 2022
Born in 1974

Education: 1996 – St. Petersburg State University of Economics and Finance, degree in economics with a specialisation in national economy

Professional activities:
Joined VTB Bank in 2004. Since November 2011, member of the Management Board, Before November 2011, Head of North-Western Regional Centre; Senior Vice President, Chairman of the Management Board; First Deputy Chairman of the Management Board, Deputy Chairman of the Management Board of VTB Bank North-West; Deputy Head of Vshetorgbank’s St. Petersburg branch
2004–2006 – Advisor to the General Manager and Deputy General Manager of Culta-Bank, North-West branch
1996–2004 – Consultant with the Liquidity Management Department, Consultant with the Transfer Operations Department, Consultant with the Department of Financial Instruments,Senior Consultant with the Brokerage Department, Chief Acquiring and Authorisation Expert; Head of the Acquiring and Authorisation Department at Industry and Construction Bank

Positions in other organisations:
• Chairman of the Board of Directors, VTB Bank (Belarus), VTB Bank (Kazakhstan), West Siberian Commercial Bank
• Member of the Board of Directors of VTB Capital Holding and of Vzorozhdenie Bank
• Chairman of the Supervisory Council of VTB Bank (Azerbaijan)
• Member of the Board of the Leningrad Regional Chamber of Commerce and Industry
• Member of the Board of Trustees of the Federal State Budget Institution of Higher Professional Education St. Petersburg State University of Economics

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares 0%
% of the charter capital 0%
Valery Lukyanenko
Deputy President and Chairman of the Management Board
Oversees work with clients from backbone industries
Term of office in accordance with employment contract: 10 June 2017 to 9 June 2022
Born in 1955

Education:
- Russian Academy of Public Administration under the President of the Russian Federation, degree in management with a specialisation in state and municipal administration
- Novosibirsk Agricultural Institute, degree in agriculture

Professional activities:
- Joined VTB Bank in 2002. Since August 2016, Deputy President and Chairman of the Management Board
- Since December 2008, Member of the Management Board
- Before 2008, Head of the First Corporate Business Division and Senior Vice President, Senior Vice President and Head of Mid-Size Business in the First Corporate Business Division, Senior Vice President of the First Corporate Business Division, Vice President and Head of Large Corporate Business in the Fourth Corporate Business Division, Vice President,

Counsellor to the President and Chairman of the Management Board
2001–2002 – Chairman of the Council of Experts in Project Financing and Forecasting at Lanta-Bank
1994–2002 – Head of the State Programmes Division, Head of the Foreign Economic Relations Division in the Administrative Directorate of the President of the Russian Federation

Ownership of shares in the Bank as of 31 December 2020
- % of ordinary shares: 0.00046%
- % of the charter capital: 0.00009%

Maxim Kondratenko
Member of the Management Board
Oversees risk management units
Term of office in accordance with employment contract: 10 June 2017 to 9 June 2022
Born in 1973

Education:
- Russian Foreign Trade Academy of the Ministry of Trade of the Russian Federation, degree in economics (with a foreign language), with a specialisation in global economy
- Lomonosov Moscow State University, degree in philosophy, with a qualification to teach philosophy
- London Business School of the University of London, Master of Business Administration (MBA)

Information about academic degrees:
- Candidate of Economic Sciences (Decision No. 1 of the dissertation council of the (MENO) Institute of the Russian Academy of Sciences dated 8 February 2000)

Professional activities:
- Joined VTB Bank in 2013. Since November 2015, Member of the Management Board
- Before November 2015, Head of the Risk Department and Senior Vice President
- 2009–2013 – First Vice President, Director of the Strategic Risk Department, Director of the Restructuring and Bad Loan Department, UniCredit Bank
- 2008–2009 – Member of the Management Board, Russian Standard Bank

Positions in other organisations:
- Member of the Supervisory Council of VTB Bank (Georgia)
- Member of the Board of Directors of BM-Bank and of Vozrozhdenie Bank

Ownership of shares in the Bank as of 31 December 2020
- % of ordinary shares: 0%
- % of the charter capital: 0%

Anatoly Pechatnikov
Deputy President and Chairman of the Management Board
Oversees the Retail Business global business line
Term of office in accordance with employment contract: 14 July 2017 to 9 June 2022
Born in 1969

Education:
- Moscow Engineering Physics Institute, degree in engineering physics with a specialisation in automation and electronics of physical installations

Professional activities:
- Joined VTB Group in 2003. Since July 2017, Deputy President and Chairman of the Management Board of VTB Bank
- 2010–2017 – Deputy President and Chairman of the Management Board of VTBs
g- 2006–2010 – Senior Vice President, Director of the Mortgage Lending Department at VTBs
- 2003–2006 – Head of the Mortgage and Consumer Lending Department at Vneshtorgbank
- 2001–2003 – Head of the Credit Department, Deputy Chairman of the Management Board of DeltaCredit Bank

Positions in other organisations:
- Chairman of the Board of Directors of VTB Pension Fund and of Sarovobusinessbank
- Deputy Chairman of the Board of Directors of Vozrozhdenie Bank and of West Siberian Commercial Bank
- Member of the Board of Directors of VTB Capital Holding
- Member of the Supervisory Council of Post Bank
- Member of the Strategic Planning Committee of the Supervisory Council of DOM-IF

Ownership of shares in the Bank as of 31 December 2020
- % of ordinary shares: 0.00001355%
- % of the charter capital: 0.00000228%

Erkin Norov
Member of the Management Board
Oversees issues related to internal control and audit
Term of office in accordance with employment contract: 10 June 2017 to 9 June 2022
Born in 1954

Education:
- Academy of National Economy under the Government of the Russian Federation, degree in economics and mathematics with a specialisation in economic cybernetics
- Academy of National Economy under the Government of the Russian Federation, Executive Master of Business Administration (EMBA) with a specialisation in banking management

Information about academic degrees:
- Candidate of Economic Sciences (decision of the council of Business Administration (EMBA) with a specialisation in economic cybernetics
- Academy of National Economy under the Government of the Russian Federation, Executive Master of Business Administration (EMBA) with a specialisation in banking management

Positions in other organisations:
- Member of the Board of Directors of BM-Bank

Ownership of shares in the Bank as of 31 December 2020
- % of ordinary shares: 0%
- % of the charter capital: 0%
Svyatoslav Ostrovsky
Oversees the development of retail, mortgage and car credit lending, savings and investments, credit/debit cards and accounts, and the work of the Department of digital business as well as the key areas of VTB's Retail Business

Term of office in accordance with employment contract: from 30 June 2020 to 9 June 2022
Born in 1979

Education: 2000 – University of London, United Kingdom, master’s degree in management.
2003 – Middlesex University, London, United Kingdom, master’s degree in business information systems
2000 – College of Tourism and Hotel Management, Nicosia, Cyprus, bachelor’s degree in hotel management

Professional activities: Joined VTB Bank in 2020. Since June 2020, Member of the Management Board. Before June 2020, Advisor to the President and Chairman of the Management Board 2019–2020 – Managing Director of the General Department, Managing Director of General Administration, KIEH eCommerce 2014–2019 – Vice President and Director of the Digital Platform Division, Director of the Digital Platform Division, Senior Managing Director and Bank XXI Division Director, Senior Managing Director and Bank KXI Division Director, Sberbank of Russia

Positions held in other organisations:
Member of the Board of Directors of CityBike
Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares • 0%
% of the charter capital • 0%

Dmitry Olyunin
Left the Management Board on 31 January 2020
First Deputy President and Chairman of the Management Board
Oversees the financial function (Finance Department and Accounting and Reporting Department), risk management, and was also responsible for strategic and corporate development, and business process transformation
Born in 1968

Education: 1993 – Lomonosov Moscow State University, degree in economics
1994 – Paris Institute of Political Studies, degree in economics and finance
2009 – Paris Dauphine University, master’s degree in economics, banking and finance

Professional activities prior to departure from the Bank’s Management Board
Worked at VTB Bank from 2018 and from 2004 to 2006 was Vice President and Head of the Coordination and Analysis Office of the Investment Division of Vneshtorgbank

From May 2018 – First Deputy President and Chairman of the Management Board 2013–2018 – Chairman of the Board, Rosbank 2011–2013 – First Vice President, President and Chairman of the Management Board of TransCreditBank 2006–2011 – First Deputy Chairman of the Management Board of Industrial and Construction Bank (later renamed VTB North-West Bank) until 2007, after 2007, Chairman of the Management Board of VTB North-West Bank)

Education: 1982 – St. Petersburg Naval Institute
2003 – Financial Academy under the Government of the Russian Federation, degree in economics with a specialisation in finance and credit

Professional activities prior to departure from the Bank’s Management Board
Joined VTB Group in March 2008. From May 2018, Member of the Management Board of VTB Bank. Before May 2018, Head of the Department of Business Operations Support and Senior Vice President of VTB Bank, Member of the Management Board and Director of the Operations Department of VTB24

Oversaw the department of business operations support


Valery Chulkov
Left the Management Board on 17 January 2020
Member of the Management Board Oversee the department of business operations support

Born in 1960
Oleg Smirnov Left the Management Board on 13 January 2020
Member of the Management Board
Oversee the Retail Business Department, the Mortgage and Car Loan Department, the Digital Business Department, the Customer Service Department and the Retail Business Development Department at subsidiaries
Born in 1975

Education:
1996 – Ural State University of Economics, degree in economics with a specialisation in finance and credit
2001 – Ural State University of Economics, candidate of economic sciences

Professional activities prior to departure from the Bank’s Management Board
Joined VTB Bank in November 2018. From January 2019 to January 2020, member of the Management Board of VTB Bank
2013–2018 – Vice President of Sberbank and Chairman of the Moscow Bank Sberbank
2012–2013 – Chairman of the Central Russian Bank Sberbank of Russia
2007–2012 – Chairman of the Management Board of Sberbank of Russia’s subsidiary in Kazakhstan
2007 – Advisor to the First Deputy Chairman of the Management Board of the Sberbank of Russia head office
1996–2007 – Ural Bank Sberbank of Russia

Remuneration for members of the Management Board

The Supervisory Council is responsible for determining the amount of the remuneration and compensation paid to members of the Management Board. Salaries, including compensation and incentive payments, are fixed in the employment contracts of the Management Board members.

In accordance with the policy of awarding bonuses to key Group executives, the Management Board of VTB Bank receives 60% of its annual bonus at a time, and 40% is deferred for a period of three years.

The deferred amount is paid in three equal instalments, one and three years after the grant date, subject to the achievement of certain non-vesting conditions. Half of the deferred amount is paid in cash, and the other half is paid through a cash-settled, share-based payment plan.

Main objectives of VTB Group’s internal control functions

- to independently assess the effectiveness of the internal control and risk management systems, accounting reports, business processes and the activities of departments and individual employees, and also to assess the economic expediency and effectiveness of operations and transactions;
- to verify the reliability of internal control over automated information systems, and also to verify the methods used to secure property;
- to monitor key risk areas and risk control mechanisms, with a view to identifying shortcomings in the internal control system and emerging risks, and to creating mechanisms to prevent these risks;
- to develop recommendations to improve the efficiency of systems, processes, procedures, transactions and activities by the Group’s structural units and employees;
- to communicate with external regulatory bodies and external auditors.

Monitoring of the internal control system is carried out on an ongoing basis by management and employees of the Bank’s structural units, as well as by the Internal Audit Department.

VTB Group’s internal control system ensures:

- efficiency of VTB Group’s and VTB Bank’s activities
- effective management of assets and liabilities (including asset integrity) and risks
- reliable, complete and timely financial and management information and reporting
- information security
- compliance with legislation, regulations, rules and standards
- no involvement on the part of the Group and its employees in unlawful activities

Internal Control and Audit

VTB Group’s internal control and audit functions operate in compliance with international best practices and applicable legislation in the countries where the Group operates. The system is guaranteed the necessary independence by the way its parts function together and by its reporting structure.

The VTB Group Management Committee established an Internal Audit Coordination Committee as well as a Coordination Committee for Compliance and Internal Control aimed at preventing money laundering and the financing of terrorism.

VTB BANK’S INTERNAL CONTROL SYSTEM

Governance Bodies (General Meeting of Shareholders, Supervisory Council, Management Board, President and Chairman of the Management Board)

Statutory Audit Commission

Chief Accountant (and His or Her Deputies)

Branch Managers (and Their Deputies) and Branch Chief Accountants (and Their Deputies)

Structural Units (Responsible Managers) in Charge of Internal Control

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>AMOUNT OF REMUNERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,927,799</td>
</tr>
<tr>
<td>2019</td>
<td>2,230,000</td>
</tr>
<tr>
<td>2018</td>
<td>1,615,854</td>
</tr>
<tr>
<td>2017</td>
<td>1,390,794</td>
</tr>
<tr>
<td>2016</td>
<td>381,805</td>
</tr>
<tr>
<td>2015</td>
<td>399,031</td>
</tr>
</tbody>
</table>
Audit Committee

The Audit Committee operates as part of the structure of the Supervisory Council in order to facilitate the effective performance of the supervisory functions of the Supervisory Council in the area of control over the Bank's financial and economic activities. More detailed information on the composition and activity of the Audit Committee can be found in the section Corporate Governance / Supervisory Council / Supervisory Council Committees.

Internal Audit Department

The Internal Audit Department provides direct support to the Bank's governing bodies to ensure that VTB Group works efficiently and effectively. The Internal Audit Department monitors internal control systems, conducts audits and provides impartial recommendations for improving banking operations and control procedures.

The Internal Audit Department is an independent structural unit of VTB Bank and operates under the direct supervision of the Supervisory Council. The Supervisory Council approves the Internal Audit Department’s work plans and monitors their implementation, reviews the Internal Audit Department’s reports on the results of audits and monitors the implementation of the Internal Audit system, and also reports on the implementation of the Internal Audit Department’s recommendations to address previously identified issues.

The Internal Audit Department’s organisational structure comprises a number of units responsible for auditing the lending process, non-core business processes, regional divisions, digital auditing of processes and information technologies, as well as auditing within the Group.

To improve the effectiveness of the monitoring of the internal control system in the Bank’s regional branches, the structure of the Internal Audit Department includes dedicated internal control teams at the branch level.

In 2020, the Internal Audit Department conducted 27 scheduled audits and assessments, including 7 audits with experts in various activities within the parent company and 10 audits of operations in Bank branches. In addition, as part of its ongoing monitoring, Internal Audit Department staff members conducted 177 thematic audits at the branch level.

In addition to conducting audits and monitoring the Bank’s internal control system, the Internal Audit Department’s priority is operational oversight as well as the coordination and maintenance of the same level of practice and competence in terms of internal audit within subsidiaries. In 2020, the Department carried out 11 control measures.

The Internal Audit Department issues with the Audit Committee and independent auditors, providing information on the internal control system and reporting any shortcomings during the audit period.

The Audit Committee conducts an annual evaluation of the effectiveness of the internal audit process. In 2020, the results of internal audit activities for 2019 were recognized as fully consistent with the established purpose and objectives.

The Internal Audit Department has developed and is implementing an Internal Audit Quality Assurance and Quality Improvement Programme, which covers all aspects of the internal audit function.

According to the Regulation on the Bank’s Internal Audit Department, the Department’s activities are subject to a regular external independent assessment at least once every two years. In 2019, the Independent External Assessment of the Bank’s internal audit function was carried out in accordance with the standards and requirements of the International Association of Internal Auditors (IIA).

Operation of the Department is aimed at ensuring that the Bank's internal audit function is in line with international best practices and requirements.

Compliance control

The Bank has a Compliance Control and Financial Monitoring Department (hereinafter in this section the Department), whose main objectives are to build an internal control system to manage regulatory (compliance) risks and to prevent money laundering and the financing of terrorism (AML/CFT) and the spread of weapons of mass destruction (WMD).

The Department ensures that the Bank complies with the applicable laws and Bank regulations on AML/CFT and on the spread of WMD. It also assists the Bank’s divisions in performing tasks related to business operations and business support with respect to regulatory compliance in areas such as managing compliance risk, preventing the use of information and market manipulation, managing conflicts of interest and combating corruption.

Recognising the importance and special significance of combating terrorism, the Bank has always singled out this area as one of its highest priorities, where compliance with oversight requirements is mandatory and unconditional.

In 2020, the Department, together with the Bank’s business divisions, implemented a number of innovative digital projects focused on automated solutions and remote communication with clients, which enabled the Bank to make progress towards creating more comfortable working conditions for customers and business divisions in the traditionally conservative area of compliance.

The traditional screening of new (potential) clients, which is mandatory for all financial institutions, now takes less time – a decision is made literally in seconds and without the involvement of a Bank employee. The Bank also eliminated the need for clients to visit a Bank office for an interview, resulting in much faster acceptance as clients. In addition, the procedure for updating client information on an annual basis was simplified: new documents can be sent to the Bank electronically through our remote banking service (RBS).

Through integration with state systems and services, the Bank has begun receiving in digital form the bulk of the information that it needs to comply with the principle of know your customer: this reduces the burden on customers to respond to requests for information.

As a leader in the use of new technologies to combat money laundering, the Bank is taking part in several new pilot projects run by Rosfinmonitoring and it plays an active role in discussing issues that require the involvement of the banking community. The Bank of Russia also considers VTB to be an institution that makes every effort to achieve the shared goal of keeping out of the financial sector those actors whose goals are to conduct grey transactions, to evade taxes or to carry out shady operations.

The Bank is a permanent member of specialized committees of professional associations: the Association of Russian Banks (the Russia Association), the National Financial Market Council and Rosfinmonitoring’s Compliance Control Council. As a permanent member, the Bank takes part in the development of legislative initiatives, proposes improvements to regulatory requirements in the area of AML/CFT and compliance, and also – together with representatives of specialised private sector organisations and government agencies – develops integrated solutions and uniform approaches to the implementation of these requirements.

The Department regularly monitors compliance with business ethics and anti-corruption requirements. The Bank has established a system for receiving information from employees about violations and corrupt practices, including in terms of conflicts of interest, corruption and violations of business ethics. The Department analyses submissions, determines the cause and provides recommendations to the Bank’s divisions on how to resolve situations and to prevent them from arising in the future.

On a daily basis, the Bank analyses its products and services, regulatory documents, at the request of supervisory authorities; and customer requests, to assess them from the standpoint of possible regulatory (compliance) risks, their potential consequences and mitigation measures. Information concerning regulatory (compliance) risk, with a breakdown by business areas, is reported to the Bank’s designated authorities on a quarterly basis.

In 2020, the Bank took part in the Anti-Corruption Rating of Russian Business conducted by the Russian Union of Industrialists and Entrepreneurs, which designated the Bank as a class AI institution – an organisation that exercises the highest level of corruption prevention and demonstrates a minimal corruption risk.
The Statutory Audit Commission is responsible for providing financial control over the Bank's financial and economic activities. The Statutory Audit Commission verifies VTB Bank's compliance with regulations established by the laws of the Russian Federation on accounting procedures, compiling reports and reporting, the veracity with regulations established by the laws of the Russian Federation.

The Statutory Audit Commission reached the following conclusions:

- No violations of legal acts of the Russian Federation on accounting and reporting procedures or violations of legal acts of the Russian Federation in conducting financial and economic activities were found that could have had a significant impact on the Bank's financial results for 2019;
- VTB Bank's annual financial statements for 2019 as well as the Bank's other financial documents are true and fair and provide an objective picture of the Bank's financial position as of 1 January 2020;
- VTB Bank's 2019 annual report was prepared in accordance with the applicable legislation of the Russian Federation;
- The information contained in the report on interested-party transactions completed by the Bank in 2019 is accurate;
- The Bank complies with the statutory requirements established by the Bank of Russia;
- The Bank's systems of corporate governance, risk management and internal control meet the requirements established by the laws of the Russian Federation and regulations of the Bank of Russia and are in accordance with the nature and scale of the Bank's operations.

The conclusion of the Statutory Audit Commission on its audit of VTB Bank's financial and economic activities in 2019 was presented to the AGM on 24 September 2020.

In accordance with the Work Plan for the Statutory Audit Commission for 2019–2020, the Statutory Audit Commission held two in-person meetings, at which the following issues, among others, were considered: verification of budget performance with respect to the Bank's management expenses, analysis of the Bank's operating and non-operating expenses, review of information on the progress of implementation of the Bank's investment programme, analysis of reports produced by the internal control function, analysis of the Bank's internal regulations governing the activities of the Statutory Audit Commission, election of the Chairman of the Statutory Audit Commission, approval of the Work Plan for the Statutory Audit Commission for the 2020–2021 corporate year, approval of the programme for auditing the Bank's financial and economic activities for the 2020–2021 corporate year, approval of the programme for reporting to the Statutory Audit Commission of an analysis of the Bank's internal regulatory documents. In 2020, VTB Bank provided the members of the Statutory Audit Commission with information necessary to monitor the Bank's financial and economic activities on a regular basis, including information concerning indicators related to financial statements prepared in accordance with RAS and consolidated financial statements prepared in accordance with IFRS, as well as information on the Bank's implementation of directives issued by the government of the Russian Federation, on the Bank's Long-Term Development Programme and on its Programme for the Sale of Non-core Assets.

On 24 June 2016, in accordance with the recommendations of the Bank's Supervisory Council Staff and Remuneration Committee1, the Bank's Annual General Meeting of Shareholders approved the Regulation on Remuneration and Compensation Paid to the Members of the Statutory Audit Commission. According to this document, the basic part of the remuneration paid to members of the Statutory Audit Commission is 20% of the average remuneration paid to a member of the Supervisory Council who is an independent director or representative of the state.

The actual amount of remuneration paid to a member of the Statutory Audit Commission during the reporting period is determined based on the number of days in the corporate year during which said member of the Statutory Audit Commission carried out their duties.

For chairing the Statutory Audit Commission, the Regulation on Remuneration and Compensation Paid to the Members of the Statutory Audit Commission establishes a bonus of 30% of the basic remuneration for members of the Bank's Statutory Audit Commission. Remuneration is paid by the Bank through bank transfers; no other forms of remuneration are stipulated.

Members of the Statutory Audit Commission who miss more than half of the meetings of the Statutory Audit Commission during the time in which they are members of the Commission are not paid any remuneration, nor are members of the Statutory Audit Commission who are civil servants.

The positions and biographies of the members of the Statutory Audit Commission are reported as of 31 December 2020.

1 Minutes No. 1 dated 9 September 2019.
2 Minutes No. 47 dated 24 June 2016.
At VTB Bank’s AGM on 24 September 2020, on the matter of the payment of remuneration to members of the Statutory Audit Commission who are not civil servants in the amount established by the Bylaws of VTB Bank, it was decided to pay remuneration to members of the Statutory Audit Commission who are not civil servants:

- for work as part of the Statutory Audit Commission of VTB Bank: RUB 916,310 each;
- for chairing the Statutory Audit Commission of VTB Bank: RUB 274,893;
- to compensate members of the Statutory Audit Commission of VTB Bank who are not civil servants, during the performance of their duties, for all expenses associated with the performance of their duties as members of the Statutory Audit Commission of VTB Bank, namely: accommodations, travel and other fees and charges for various types of transport.

In order to audit and confirm the veracity of its annual financial statements, VTB Bank engages an independent, professional external auditor.

The auditor did not provide any other non-auditing consulting services to VTB Bank (PJSC) in 2020.

Ernst & Young has more than 30 years of successful practice in Russia and the CIS countries. Over the years, the company has established itself as a leading expert in the provision of audit and consulting services in Russia and other CIS countries.

Moreover, in 2020, a contract with the Centre For Audit Technologies and Solutions, Limited Liability Company was concluded, in compliance with the international auditing standards and the regulations of Russian law for the provision of quarterly reviews of interim consolidated financial statements of VTB Group according to International Financial Reporting Standards (IFRS).

In 2020, a contract with the Centre For Audit Technologies and Solutions, Limited Liability Company was concluded, in compliance with the international auditing standards and the regulations of Russian law for the provision of quarterly reviews of interim consolidated financial statements of VTB Group according to International Financial Reporting Standards (IFRS).

The tender procedure was governed by Federal Law No. 44-FZ dated 5 April 2013 on the Contractual System for the Procurement of Goods, Works and Services for State and Municipal Needs.

The selection of the auditor was carried out by a tender commission consisting of competent Bank employees as well as a representative of the Federal Agency for State Property Management. The tender commission assessed and compared the bids based to the following criteria: the contract price and the qualifications of each bidder.

Ernst & Young LLC is the Russian subsidiary of Ernst & Young, one of the four largest auditing companies in the world.

Ernst & Young has more than 30 years of successful practice in Russia and the CIS countries. Over the years, the company has established itself as a leading expert in the provision of audit and consulting services in Russia and other CIS countries.

Further to procuring services from a single counterparty for the purposes of confirming the Bank’s RAS profit for 9M 2020, auditing service contracts were concluded between the Centre For Audit Technologies and Solutions, Limited Liability Company and VTB Bank.

In 2020, a contract with the Centre For Audit Technologies and Solutions, Limited Liability Company was concluded, in compliance with the international auditing standards and the regulations of Russian law for the provision of quarterly reviews of interim consolidated financial statements of VTB Group according to International Financial Reporting Standards (IFRS).

The auditor did not provide any other non-auditing consulting services to VTB Bank (PJSC) in 2020.
Investor relations

Developing relations and supporting a constructive dialogue with shareholders and representatives of the investment community have traditionally been a high priority for VTB Group and extend beyond required corporate procedures. VTB has been recognised as one of the leaders in Russia in this area, and in 2020 the Russian Institute of Directors raised VTB Bank’s national corporate governance rating to 8 (best corporate governance practice).

VTB’s senior management and authorised units engage with investors on an ongoing basis. The Investor Relations Department is responsible for communications with institutional investors, and its Stakeholder Relations Service is responsible for communications with individual shareholders. On average, there are more than 530 thousand communications from minority shareholders every month.

In addition, the Bank’s subsidiaries VTB Registrar and VTB Capital Investments as well as the business divisions of the Retail Business global business line interact with shareholders in providing special products and services for Bank shareholders.

Amid the pandemic in 2020, most communications with shareholders and investors took place online. Large-scale events, including shareholder seminars and Investor Days, were temporarily suspended in the interests of safety and in accordance with government regulations. As a result, remote and electronic communication channels took on particular importance.

In 2020, the key investor relations events were:

- a twofold increase of the number of shareholders; the number of VTB shareholders more than doubled from the previous year to more than 330 thousand as of December 2020;
- the transfer of most communications with shareholders and investors to online venues;
- the holding of the Annual General Meeting of Shareholders by absentee voting; a special website was developed for the meeting;
- new reporting forms and online resources for shareholders and investors;
- the development of a programme of special offers and products for shareholders, the introduction of new products on special terms and a record increase in the number of programme participants;
- an increase in the number of participants in financial reporting webcasts, partly the result of invitations to private investors;
- the expanded functionality of the VTB Shareholder mobile application.

The number of shareholders continued to increase dramatically in 2020: the number of VTB Bank shareholders increased by 111%, or by 177 thousand individuals. The total number of Bank shareholders as of December 2020 was 337 thousand, including 336 thousand individual shareholders.

Shareholder growth factors:

- the rapid influx of new private investors into the market;
- increased market volatility in 2020 amid the coronavirus pandemic and falling stock prices;
- recovery of the Bank’s stock prices after a serious drop in March, followed by an upward trend (more than 20% by the end of the year);
- new formats for shareholder relations, including a benefits and privileges programme;
- increased activity and engagement on the part of shareholders and private investors as a result of the successful implementation of a comprehensive shareholder engagement programme.

VTB Shareholder mobile application

An important area in which the system of relations with minority shareholders is being improved is the development of digital communication channels. One of the key objectives in developing communications in 2020, including because of COVID-19, was to improve existing digital channels and to provide shareholders with new possibilities for communication. The Bank’s flagship channel for electronic communications with shareholders is the VTB Shareholder mobile application.

Thanks to the mobile application, any shareholder, regardless of where they live or are currently located, has access to news about the activities of the Bank and VTB Group as a whole, and can take part in the management of the Bank by voting at general meetings, receive announcements about events for shareholders and investors and register to participate in them.

Users of the application have access to recommendations from leading analysts in VTB Group, real-time information on stock prices, the ability to maintain records of their investment portfolio and to stay up to date on important news and events for shareholders.

The application enables users to see all existing privileges for VTB Bank shareholders. In addition, clients can use the feature of filtering and registering to participate in them. Users of the application have access to recommendations from leading analysts in VTB Group, real-time information on stock prices, the ability to maintain records of their investment portfolio and to stay up to date on important news and events for shareholders.

The application also enables users to see all existing privileges for VTB Bank shareholders. In addition, clients can use the feature of filtering and registering to participate in them. Users of the application have access to recommendations from leading analysts in VTB Group, real-time information on stock prices, the ability to maintain records of their investment portfolio and to stay up to date on important news and events for shareholders.

In 2020, a major update of the mobile application was carried out. VTB conducted a survey of users of the application in order to identify trouble spots for users and to determine what information they would like to see. This resulted in the addition of several new sections, including Analytics and Reporting, which publishes analytical materials on shareholders relations, legislative reviews, VTB Group’s financial statements and stock-market analyses.

In 2020, a major update of the mobile application was carried out. The application was updated in order to enhance the user experience. It now includes all the necessary information for shareholders, including news, events and publications, as well as the ability to access the Bank’s financial statements and legislative reviews.

Users of the application have access to recommendations from leading analysts in VTB Group, real-time information on stock prices, the ability to maintain records of their investment portfolio and to stay up to date on important news and events for shareholders.

The VTB Shareholder mobile application is available on both iOS and Android platforms, and is accessible to any user who has an active VTB mobile account.

As of 31 December 2020

<table>
<thead>
<tr>
<th></th>
<th>PURCHASED SHARES ON THE SECONDARY MARKET</th>
<th>IPO PARTICIPANTS</th>
<th>FORMER SHAREHOLDERS OF VTB NORTHWEST (FORMER PROMSTROYBANK)</th>
<th>FORMER SHAREHOLDERS OF VTB 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>84 (up 177 p.p. year-on-year)</td>
<td>13 (down 14.8 p.p. year-on-year)</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2019</td>
<td>66</td>
<td>28</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>
Shareholder newsletter
In order to maintain constant communication with shareholders, VTB prepares a monthly news digest and shares it by e-mail with the Bank’s shareholders. The newsletter continues to be one of the most convenient and most popular ways for the Bank to communicate with its shareholders. Available in HTML and PDF formats, the newsletter contains information on important corporate and shareholder events, new products and services, financial performance and other important topics of interest to shareholders. The newsletter was published 12 times in 2020, and each issue reached an average of about 120 thousand recipients.

Social networks
There are dedicated Facebook and Twitter accounts for VTB shareholders; they are administered on behalf of the Shareholders Consultative Council. Social networks enable the Bank to promptly convey important information to shareholders, to attract a younger audience and to interact with new shareholders. Owing to COVID-19-related restrictions, VTB received an increased number of communications from shareholders through social networks.

In 2020, social networks were used for, among other things, a series of thematic posts on financial literacy, the 75th anniversary of Victory Day (ending World War II) and the 30th anniversary of the founding of the Bank. In addition, information about the activities of the Shareholders Consultative Council is regularly posted on social media. In 2020, the Shareholders Consultative Council arranged a reporting webinar for the first time in preparation for the Annual General Meeting of Shareholders.

The number of subscribers to the Facebook pages for VTB shareholders increased by 37% in 2020, the number of posts increased by 43%. The number of subscribers on Twitter increased by 2%; the number of posts increased by 43%. A total of 241 posts were published in 2020, which were viewed more than 75 thousand times.

VTB website section for shareholders and investors
The Investor Relations section was one of the most popular on the Bank’s website in 2020, having been visited by more than 190 thousand users; the number of section page views increased by 77%. VTB started updating the section for shareholders and investors in accordance with current trends and user requests.

VTB Shareholder’s Guide
A new interactive format for providing information to shareholders and investors, the Shareholder’s Guide, was prepared and released for the first time in June 2020. The purpose of the guide is to help private investors purchasing VTB shares familiarise themselves with VTB Group structures and corporate governance principles and to understand their rights and obligations. The guide offers a compact overview of all the information that may be useful to investors – from the structure of VTB Group and its ownership to information about the Bank’s ESG initiatives.

The Shareholder’s Guide replaces the FAQ section for shareholders that used to be on the website. The information in the guide is updated on a quarterly basis. Both interactive and PDF versions are available for shareholders.

Meetings with shareholders and investors
One of the key elements of the road map to improve the Bank’s image is meetings with shareholders and other interested parties (stakeholders).

The COVID-19 pandemic forced the Bank to make a number of significant adjustments to its plans to hold events for shareholders and other stakeholders. The Shareholder Relations Service had planned at least 70 events for private investors, regional media and investment companies, students and analysts, but VTB managed to hold only nine of them before restrictions were introduced.

In early February 2020, a seminar was held for VTB shareholders and investors in Samara. It was attended by 105 participants.

On 9 February, VTB held an Investor Day in Yekaterinburg, with 420 people taking part. Speakers included representatives of the Bank’s management as well as members of the Shareholders Consultative Council and experts from Moscow Exchange. The 10th Investor Day in Yekaterinburg welcomed a record number of participants. Eight specialised areas were set up for shareholder consultations about the Bank and its subsidiaries.

In March, an event for shareholders was held in Sochi with 53 participants. VTB experts also held meetings in these regions with representatives of investment firms and brokerages, analysts and journalists.

Starting in mid-March 2020, all events were moved online. For individual shareholders, VTB organised three online conferences with management (in partnership with VTB Capital Investments, BCS and Atom) and an online conference on the future of the stock market on the VTB Registrar platform. These conferences were viewed a total of 116 thousand times.

Starting in 2020, individual shareholders and representatives of the Shareholders Consultative Council were also able to take part in webcasts on the disclosure of VTB Group’s financial statements. Information about the data and location of webcasts is published through the VTB Shareholder mobile application.

The format for communication with institutional investors and analysts also had to be adapted to the reality of 2020 – all events took place online. Despite the slowdown in business activity in 2020, there was frequent communication with the investment and analytical community, and the Bank was an active participant in online meetings and international investment conferences, which were also held online. VTB Capital’s annual international investment forum (Russia Calling!) was no exception, as it was broadcast online – to a wide audience – for the first time in its history.
Online training courses

Quarantine measures and remote work gave many people an opportunity to engage in personal development in 2020. Taking this trend into account as well as the rapid growth in the number of private investors among shareholders, the Bank developed a number of training courses aimed at improving the financial literacy of individual investors.

At the end of April 2020, VTB launched its Beginner Investor’s Course, an online course on corporate law and management for private investors. The training consisted of three tasks: a quiz, an analytical task and a ranking of issuers by rate of return. More than 10 thousand users took the course.

The second part of the Beginner Investor’s Course was launched in July 2020 together with Moscow Exchange; this part was dedicated to exchange instruments, the organisation of trading and various strategies for stock market investments. More than 10 thousand VTB shareholders and clients completed the training.

In November, a new project was launched called Quest Invest – an interactive online game for Bank shareholders and customers. More than 5 thousand users from more than 30 regions of Russia took part in the game, which consisted of three mini-quests. The winners received valuable prizes: tablets, urban backpacks, a discount on brokerage fees and useful gadgets.

Shareholders Consultative Council

The Shareholders Consultative Council (SCC) is an independent advisory body that represents the interests of VTB’s minority shareholders. All SCC members are current shareholders. In Russian practice, such shareholder councils are very rare. At the same time, the Bank of Russia, as the regulator, notes that this practice is an effective way to increase the activity and involvement of shareholders.

In December 2020, VTB and Moscow Exchange organised an Investment Marathon for VTB Capital Investment clients and VTB shareholders. The intensive training consisted of 10 YouTube webinars and a self-administered test. The training was viewed more than 200 thousand times. Following the training, the participants took a test and received certificates.

Main types of interaction between the SCC and the bank

- Meetings with the Bank’s top management
- Test purchases
- Development proposals

Main types of interaction between the SCC and shareholders

- Participation in Bank events
- Social networks, e-mail, VTB Shareholder mobile application
- Online conferences and webinars

Main issues of interest to the SCC

- Corporate governance
- Dividend policy
- Financial statements and forecasts
- Investor relations
- Strategy and risk management
- Investment and retail products
- Shareholder privileges
- Performance of subsidiaries
- IT solutions and digitalisation
MEMBERS OF THE SHAREHOLDERS CONSULTATIVE COUNCIL AS OF 31 DECEMBER 2020

Igor Repin

Chairman of the Bank’s Shareholders Consultative Council
Member of the Bank’s Supervisory Council
Member of the Bank’s Strategy and Corporate Governance Committee
Member of the Bank’s Staff and Remuneration Committee
Member of the Bank’s Audit Committee
Member of the Bank’s Shareholders Consultative Council since 2013

For a detailed biography, see the Corporate Governance / Supervisory Council section.

Vadim Soskov

Member of the Bank’s Statutory Audit Commission
Member of the Bank’s Shareholders Consultative Council since 2013

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares: 0.000015431%
% of the charter capital: 0.000003072%

Education:
Graduated from the Moscow Lenin State Pedagogical University, candidate of economic sciences

Professional activities:
Deputy CEO of Gazprombank – Asset Management

Achievements:
• Winner of a Russia’s Financial Elite award for Most Senior Player in the collective investment market
• Included on the list of Russia’s Top 100 Managers
• Was a TACIS expert for the World Bank on pension reform in Russia

Sergey Gavrilov

Member of the Bank’s Shareholders Consultative Council since 2009

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares: 0.000003666%
% of the charter capital: 0.000000738%

Education:
Lomonosov Moscow State University, candidate of economic sciences

Professional activities:
Head of Premier BCS projects at BCS

Alexander Yenin

Member of the Bank’s Shareholders Consultative Council since 2017

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares: 0.000007726%
% of the charter capital: 0.000001556%

Education:
Graduated from the Financial University under the Government of the Russian Federation and the Russian State Social University

Professional activities:
Head of Premier BCS projects at BCS

Vladimir Zotov

Member of the Bank’s Shareholders Consultative Council since 2017
Corresponding Member of the Russian Academy of Engineering

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares: 0.00000007726%
% of the charter capital: 0.00000001556%

Education:
Graduated from Moscow State University of Design and Technology, candidate of economic sciences

Professional activities:
Director of the Institute of Social Engineering at Kosygin Russian State University, Associate Professor in the Management Department

Vladimir Znamensky

Member of the Bank’s Shareholders Consultative Council since 2017
Member of the Young International Arbitration Group and the Russian Arbitration Association 25

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares: 0.000008799%
% of the charter capital: 0.000001758%

Education:
Lomonosov Moscow State University with a bachelor’s degree in law and a master’s degree in corporate law

Professional activities:
Lawyer for the United Metallurgical Company, specialising in corporate law

Stanislav Kleschev

Member of the Bank’s Shareholders Consultative Council since 2013

Ownership of shares in the Bank as of 31 December 2020
% of ordinary shares: 0.000000802%
% of the charter capital: 0.000000163%

Education:
Completed undergraduate and graduate studies at Lomonosov Moscow State University

Professional activities:
Head of the Analytics Division in VTB Bank’s Brokerage Services Department
Director Vadim Kulik took part in the event. The meeting, place on 22 July. Deputy President and Chairman of the Management Board, re-elected as a member of the Bank’s Supervisory Council.

Valery Petrov

Member of the Bank’s Shareholders Consultative Council since 2017

Member of the Moscow Exchange Index Committee and Listing Council

Ownership of shares in the Bank as of 31 December 2020

- % of ordinary shares: 0.000000077%
- % of the charter capital: 0.000000035%

Education:

- Holds several university degrees as well as a Chartered Financial Analyst (CFA) diploma, candidate of economic sciences

Professional activities:

- Deputy Chairman of the Management Board at the Institute for the Development of Financial Markets

Ilya Khersontsev

Member of the Bank’s Shareholders Consultative Council since 2017

Member of the Russian Association of Independent Directors

Ownership of shares in the Bank as of 31 December 2020

- % of ordinary shares: 0.000000039%
- % of the charter capital: 0.000000063%

Education:

- Graduated from the Irkutsk Polytechnical Institute (cybernetics)

Professional activities:

- Advisor to the Chairman of the Management Board at Astramed-MS

Elena Shtykanova

Member of the Bank’s Shareholders Consultative Council since 2013

Member of the Bank’s Shareholders Consultative Council since 2013

Ownership of shares in the Bank as of 31 December 2020

- % of ordinary shares: 0.000000015%
- % of the charter capital: 0.000000002%

Education:

- Graduated from the Moscow State Institute of International Economics with a degree in international economic relations, candidate of economic sciences

Professional activities:

- Advisor to the Senior Vice President of Norilsk Nickel

Maxim Sergeyev

Member of the Bank’s Shareholders Consultative Council since 2013

Ownership of shares in the Bank as of 31 December 2020

- % of ordinary shares: 0.000000077%
- % of the charter capital: 0.000000035%

Education:

- Graduated from the Irkutsk Polytechnical Institute (cybernetics)

Professional activities:

- Engineer at St. Petersburg Alferov Academic University

Yelena Shafranskaya

Member of the Bank’s Shareholders Consultative Council since 2017

Ownership of shares in the Bank as of 31 December 2020

- % of ordinary shares: 0.000000039%
- % of the charter capital: 0.000000063%

Education:

- Graduated from the Irkutsk Polytechnical Institute (cybernetics)

Professional activities:

- Self-employed entrepreneur in the field of construction and real estate

At the AGM in 2020, shareholders once again elected representatives of the Shareholders Consultative Council to the Bank’s management and oversight bodies.

Igor Repin, Chairman of the Bank’s Shareholders Consultative Council, was re-elected as a member of the Bank’s Supervisory Council.

Vadim Soskov was re-elected as a member of the Bank’s Statutory Audit Commission.

In 2020, the Shareholders Consultative Council held one in-person meeting; two meetings online, a new format for the SCC, and an online conference on the impact of COVID-19 on the stock market. In addition, the report of the SCC Chairman on the Council’s activities, which is traditionally presented at the Annual General Meeting of Shareholders, was presented instead as a reporting webinar.

The SCC’s first meeting of 2020 was held in person on 12 February. The subject of the meeting was the development of VTB Group’s investment products. The invited speaker was Vladimir Potapov, head of VTB Capital Investments, head of the Brokerage Department and Senior Vice President of VTB. He presented the results of work for 2019, shared work plans for 2020, answered questions of interest to SCC members and also took on board the requests, advice and comments that SCC members had collected.

On 10 April, an online conference took place called ‘Stock Market 2020: Crisis or New Opportunities?’ The following members of the SCC took part as experts: Stanislav Kleschev, Valery Petrov, Igor Repin, Vadim Soskov, Ilya Khersontsev and Yelena Shafranskaya. SCC members answered 112 questions from conference participants and shared their views on the situation in the stock market after it experienced a serious correction in March 2020.

The next meeting of the Bank’s Shareholders Consultative Council took place on 22 July. Deputy President and Chairman of the Management Board Vadim Kulik took part in the event. The meeting, on the implementation of the Bank’s IT strategy, was the first-ever SCC meeting held online.

A reporting webinar on the SCC’s work for the year was held on 14 August. Representatives of the Shareholders Consultative Council – Igor Repin, Vadim Soskov and Ilya Khersontsev – spoke about the SCC’s work, further work plans and forthcoming election, and they also answered questions from minority shareholders.

The Bank’s Shareholders Consultative Council held its last meeting of 2020 on 31 December. SCC members held discussions with representatives of the Retail Products Department on the results and further development of the programme of special products and services for shareholders.

During the year, the Shareholders Consultative Council continued to work on key issues and existing projects. For example, as part of the Accessible Bank project, the SCC is closely involved in adapting VTB’s banking services to meet the needs of customers with disabilities. Studies were conducted on customer needs in 2020, and specific proposals were made regarding the product line and the accessibility of services for customers with disabilities.

In implementing the Youth Bank initiative, SCC members made a number of proposals for the development of the VTB brand and for the creation of a product line for the youth segment. SCC members have also traditionally taken part in organising
One of the Bank’s partners, the Sogaz insurance group, is offering shareholders a new telemedicine product. During the year, several holiday promotions were held during which shareholders were offered discounts of up to 50% on basic insurance products – for example, a promotion to mark VTB Bank’s 30th anniversary. In addition, a special page was added to the Sogaz website to make it easy for VTB shareholders to submit an application for preferential insurance products.

VTB Bank will continue to develop its programme of benefits and privileges in order to expand the list of products and services for shareholders, including through the Group’s subsidiaries.

In the spring of 2021, the current members of the SCC will complete their four-year term, and elections will be held to elect a new Council. Any VTB shareholder over the age of 21 can run for election to the Council. Information about the SCC elections is available on the website ksa.vtb.ru.

Preferential products for shareholders

Since 2017, VTB has been developing a programme of special offers for its shareholders that is unique for the Russian market. It involves a comprehensive offer of a wide range of banking and financial services on preferential terms.

In 2020, VTB Bank noted a significant increase in shareholder interest in the programme. For example, the number of service packages issued to the Bank’s shareholders increased 3% over the year to more than 180 thousand. The number of loans issued to shareholders on preferential terms increased to 54 thousand over the same period. Overall, more than 290 thousand of the Bank’s 336 thousand minority shareholders are currently VTB customers.

In 2020, VTB continued to expand the shareholder programme’s product line. For example, a new option for VTB Multicard holders was launched – cash back with shares – that enables programme members to use the cash they get back for purchases made with their card to buy VTB shares and other investment assets.
Disclosure policy

Information disclosure is one of the most important tools for the Bank’s interaction with shareholders, investors, customers and other interested parties, contributing to the formation of long-term, transparent and trust-based relationships with all stakeholders, while also improving the Bank’s investment case.

Throughout 2020, the Bank’s Supervisory Council monitored compliance on the part of the Bank and its employees with the requirements of the legislation of the Russian Federation on the securities market, on the protection of the rights and legitimate interests of investors in the securities market and on advertising, the regulations of the Bank of Russia concerning financial markets, and the requirements and standards of self-regulatory organisations of professional securities market participants that the Bank is a member of, as well as the Bank’s internal regulations, including the Regulation on the Information Policy approved by the Bank’s Supervisory Council.

When disclosing information, VTB Bank is guided by the applicable legislation of the Russian Federation, the requirements of Moscow Exchange and the London Stock Exchange, the Regulation on the Bank’s Information Policy and its Corporate Governance Code, and other requirements and regulations.

Principles of information disclosure by the Bank

The principle of providing information quickly, consistently and on a regular basis

The principle of the accessibility of disclosed information

Compliance with regulations on the protection of information containing state, commercial, banking and/or official secrets of the Bank and other information protected by law, including insider information and protection of personal data

The principle of the veracity, completeness and comparability of disclosed information

Observance of a reasonable balance between the Bank’s openness and the protection of its commercial interests

Primary information disclosure channels

<table>
<thead>
<tr>
<th>The Interfax newswire and the Bank’s dedicated page at <a href="http://www-disclosure.ru/portal/company.aspx?id=1210">http://www-disclosure.ru/portal/company.aspx?id=1210</a>.</th>
<th>According to Interfax, the Bank continued to be ranked second in 2020 among leading companies in terms of information disclosure: 2,040 statements, annual report for 2019, annual accounting (financial) statements under RAS for 2019, 4 consolidated financial statements under IFRS, 4 quarterly issuer reports, 4 lists of affiliates, New versions of the Charter and the Regulation on the Supervisory Council, the Regulation on the Management Board and the Regulation on the Statutory Audit Commission, other documents in accordance with legislative requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>VTB Bank’s corporate website <a href="http://www.vtb.ru">www.vtb.ru</a> and <a href="http://www.vtb.com">www.vtb.com</a>, which offers the most complete information about the Bank’s activities and is regularly updated in accordance with the requirements of legislation and the Bank’s bylaws.</td>
<td>VTB Bank’s corporate website <a href="http://www.vtb.ru">www.vtb.ru</a> and <a href="http://www.vtb.com">www.vtb.com</a>, which offers the most complete information about the Bank’s activities and is regularly updated in accordance with the requirements of legislation and the Bank’s bylaws.</td>
</tr>
<tr>
<td>The Company’s account in the Unified Federal Register of Information about the Activities of Legal Entities, Individual Entrepreneurs and Other Economic Entities: <a href="https://fedresurs.ru/company/836582F-57A4-5F-d4-4F-fc-779c290536c">https://fedresurs.ru/company/836582F-57A4-5F-d4-4F-fc-779c290536c</a></td>
<td>The Company’s account in the Unified Federal Register of Information about the Activities of Legal Entities, Individual Entrepreneurs and Other Economic Entities: <a href="https://fedresurs.ru/company/836582F-57A4-5F-d4-4F-fc-779c290536c">https://fedresurs.ru/company/836582F-57A4-5F-d4-4F-fc-779c290536c</a></td>
</tr>
<tr>
<td>With regard to ensuring corporate actions: web channels (web service in conjunction with Luch software or the web office of the National Settlement Depository)</td>
<td>With regard to ensuring corporate actions: web channels (web service in conjunction with Luch software or the web office of the National Settlement Depository)</td>
</tr>
<tr>
<td>Informational seminars, conferences, press conferences, meetings, forums and other meetings with concerned parties</td>
<td>Informational seminars, conferences, press conferences, meetings, forums and other meetings with concerned parties</td>
</tr>
</tbody>
</table>

Information distributed about the Bank’s activities can be divided into three groups:

1. Information that must be disclosed in the prescribed manner and by the means specified in regulatory documents and by regulatory authorities

2. Information disclosed by the Bank on a voluntary basis by any means chosen by the Bank

3. Publicly available information that is freely provided at the request of stakeholders for informational purposes

1 Minute No. 18 of the Bank’s Supervisory Council dated 1 December 2017

The Bank’s official social media accounts:

- Facebook: facebook.com/vtbrussia/ 99,900 followers
- VK: vk.com/vtb 130,000 followers
- Instagram: 19,373 followers
- Twitter: twitter.com/vtb 19,000 followers
- YouTube: youtube.com/user/vtbgroup 65,000,000 views

Annual Report ‘20
SUSTAINABLE DEVELOPMENT


At a time of instability and restrictions, the concept of sustainability, which enables us to ensure a secure future not only for our business but also for humanity as a whole, has taken on even greater importance.

The crisis, which disrupted the usual course of life, became at the same time an additional impetus for the implementation of corporate social responsibility initiatives, motivating businesses to develop and promptly introduce new forms of interaction with customers and new digital services. In 2020, banks played an important role in supporting the economy; they ensured the seamless implementation of government programmes and developed their own measures to help customers.

In the course of its 30-year history, VTB Bank gradually worked up to this new stage: with the approval of a new business strategy for 2019–2022, the Bank began introducing elements of sustainability into all of its activities.

Open and transparent business conduct in a manner that the public can understand and socially responsible behaviour are in line with VTB Group's strategic interests. VTB's mission, values and strategic guidelines are in line with the UN Sustainable Development Goals (SDGs). Considerable efforts are directed at supporting local communities, territorial sustainable development and positive changes in the Bank's workforce and in society.

In accordance with its approved Corporate Social Responsibility Policy, VTB continues the implementation of the SDGs not only within the framework of its core activities but also by participating in initiatives aimed at improving the quality of life in the regions where it operates and developing healthcare, science and education, culture and environmental protection.

VTB has issued annual social reports on various aspects of corporate social responsibility since 2008, and a sustainability report since 2018. The Bank's sustainability performance has been independently audited since 2012. The Bank pays particular attention to the achievement of the six priority Sustainable Development Goals that it identified in 2019.

Due to the spread of COVID-19, the Bank had to radically restructure its work procedures as quickly as possible starting in March 2020. Every effort was made to protect the health of employees and to ensure the continuity of the Bank's operations; more than 20 thousand VTB Bank employees across the country began working remotely. We began offering business owners repayment holidays and interest-free loans to pay the salaries of their employees. As many services as possible were moved online – 2020 was a breakthrough year for VTB's digital agenda.

We have learned important lessons in effectively mobilising forces and resources to respond quickly to major unplanned challenges, which will be very useful in ensuring a sustainable future.

The year 2020 posed a number of new challenges for VTB: the coronavirus pandemic, the associated increased security measures for employees and, as a result, the widespread adoption of remote working arrangements required the reconfiguration of many processes related to personnel management and the acceleration of the digitalisation of HR tools.

As of 31 December 2020, VTB Bank employed 60.3 thousand people (compared with 58.6 thousand as of 31 December 2019), while VTB Group employed 79.2 thousand people (compared with 82.3 thousand as of 31 December 2019). The main driver behind the change in the Group’s headcount was the reduction in the number of employees at Varyazhdnevne Bank, West Siberian Commercial Bank and Sarovbusinessbank.

Personnel

The year 2020 posed a number of new challenges for VTB: the coronavirus pandemic, the associated increased security measures for employees and, as a result, the widespread adoption of remote working arrangements required the reconfiguration of many processes related to personnel management and the acceleration of the digitalisation of HR tools.

As of 31 December 2020, VTB Bank employed 60.3 thousand people (compared with 58.6 thousand as of 31 December 2019), while VTB Group employed 79.2 thousand people (compared with 82.3 thousand as of 31 December 2019). The main driver behind the change in the Group’s headcount was the reduction in the number of employees at Varyazhdnevne Bank, West Siberian Commercial Bank and Sarovbusinessbank.

Recruitment

In 2020, the Bank continued developing its employer brand – an effort that received high praise in the market. The Bank was named one of the 10 best employers in Russia according to Forbes for the second year in a row, and was among the three best employers in the banking sector according to HeadHunter, FutureToday, Universum and Best Company Award. The Bank’s specialised career portal, vtbcareer.com, was visited by more than 600 thousand unique users during the year, more than 40 thousand of whom responded to vacancies at the Bank.

Despite the pandemic, the change in business processes during the transition to remote work and the continued high degree of competition in the labour market in a number of specialties, the Bank recruited more than 17 thousand people in 2020, 12 thousand of whom were for management positions, more than 14 thousand for IT positions and 7 thousand for positions in the Bank’s regional network. More than 1 thousand highly qualified employees were hired as part of efforts to develop one of the Bank’s key strategic projects – the 600 Days Programme.

Work with young specialists

The Bank continues to develop its internship programme for students and young professionals, creating a new subject area in 2020 called the School of IT Professionals. In total in 2020, more than 500 people took part in internships throughout Russia (including through the Growth, Junior and IT Junior programmes), more than 50 people of whom completed training as part of VTB’s IT team.
In 2020, VTB Bank launched its One Step Ahead programme to support talented senior undergraduates. Over the two-month selection period, more than 9 thousand students from 350 Russian universities in 16 cities took part in the competition. The competition finalists included 50 students, each of whom received a personal grant from VTB Bank for their professional development.

In 2020, the Bank acted for the third time as the main organising partner for the 4th Annual Professional competition for Russian students within the framework of Russia – Land of Opportunity platform; winter schools were held in finance and credit and business informatics, and practical workshops, business games and business simulators were organised.

Incentive and remuneration system

VTB’s current incentive and remuneration system is designed to motivate employees, to perform their duties at a high level and to be results-oriented.

In 2020, work continued to improve the remuneration system and to make wages more fair internally and more competitive externally. Within the scope of the existing grade system, employee salaries were analysed in comparison with the market at the end of 2020; as a result, the Bank’s management agreed to increase employee salaries by an average of 5%.

One significant event that took place in 2020 was the introduction of an online training format using new digital capabilities. Partnerships with international business schools also continued. More than 700 Bank managers took part in a variety of training programmes at leading business schools, including programmes customised at the Bank’s request on subjects of current interest (innovation and value creation, team management, digital transformation, leadership and performance management, etc.).

Leagues of Champions, a new development programme for management personnel from the Bank’s regional network, was launched in 2020. The main topics covered were business strategy, risk management and performance management. The Bank launched a School for New Managers for newly appointed line managers in the regional network. The heads of IT departments are developing their managerial skills through the Team Lead Code and Manager Level Up programmes.

Personnel assessment and career development

In 2020, projects to assess the leadership potential and competencies of managers and their teams in order to determine areas for further development and career advancement remained a fixture; the number of such projects increased 2.5 compared with the previous year; about 500 employees from different Bank divisions – from specialists to senior management – took part in them. Special attention was paid to the development of employees’ IT skills (in total, more than 16 thousand employees in 18 roles and IT specialisations were assessed in 2020); based on the results of the assessment of employees’ professional knowledge and skills, appropriate training events were organised.

At the end of 2020, a large-scale programme called Career Paths was launched for employees in the Bank’s regional network; the programme is aimed at creating a comprehensive and effective system for promoting employees within the organisation, developing and retaining highly successful personnel and shortening the period for their onboarding in new roles.

Training and development

The development priorities for Bank employees in 2020 were guided by the objectives outlined in VTB Group’s development strategy, corporate values, as well as the challenges of a new reality that require flexibility and readiness for change, a strengthened culture of leadership and efficiency, increased digitalisation of customer-facing processes.

Training and development programmes were converted to an online format using new digital capabilities.

In 2020, the main topics covered were business strategy, succession planning, team management, digital transformation, leadership and performance management, etc.

The Bank also carried out systematic work on the further digitalisation of internal communications channels. A project to create a new intranet portal was completed; the portal is an information space and a single entry point to key corporate resources and services for employees. A digital version of the Team Energy corporate magazine was developed.

AMID THE PANDEMIC, THE INTERNAL COMMUNICATIONS FUNCTION MOVED ALL MAJOR EVENTS AND MEETINGS WITH EXECUTIVES AND THE REGIONAL NETWORK ONLINE. MORE THAN 4 THOUSAND PEOPLE TOOK PART IN SUCH EVENTS.
Responsible resource management

An important part of VTB’s corporate philosophy is respect for nature. As such, reducing its impact on the environment is an integral part of the Bank’s policy for responsible resource management.

In upgrading its existing facilities and improving their environmental efficiency, VTB Group companies are guided by the principles of green office; they are also implementing projects aimed at reducing their consumption of electricity, fuel and paper, and recycling office waste.

In 2020, the Group continued to implement its Energy Conservation and Energy-Efficiency Programme. Among other things, the Group took measures to repair the thermal insulation of heating system pipelines, to replace outdated air-conditioning systems with lower-consumption inverters, to introduce a dispatcher system for the supervision of the utility systems at the Group’s facilities and to replace fluorescent (halogen) lights with LED lights. As a result of these measures, the Bank’s total energy savings amounted to 636 thousand kWh.

In the context of waste management, a project was carried out in 2020 aimed at the environmentally friendly recycling of electronic waste and end-of-life equipment. Servers, uninterruptible power supplies, racks, storage systems and workstations were sent for recycling, plans are also in place to recycle ATMs, POS terminals, and office and household appliances.

In addition to the use of resource- and energy-saving technologies aimed at reducing the environmental impact, VTB Group companies are constantly optimising their own fleet and freight traffic as well as routes for automobile traffic. In addition, the Group continues to replace its Euro 4–rated vehicles with Euro 5–rated vehicles. In 2020, VTB Bank reduced the number of vehicles it operated by 14%; its gasoline and diesel fuel consumption decreased by 27%.

In the context of waste management, a project was carried out in 2020 aimed at the environmentally friendly recycling of electronic waste and end-of-life equipment. Servers, uninterruptible power supplies, racks, storage systems and workstations were sent for recycling, plans are also in place to recycle ATMs, POS terminals, and office and household appliances.

In addition, the transition to electronic documentation and paperless systems at all levels of the Bank’s activity is underway. The introduction of a dispatcher system for the utility systems at the Bank’s facilities will speed up the response to breakdowns and emergencies, thereby reducing any resulting harm, including downtime; this step will also allow the Bank to disconnect some of its support systems remotely at night.

The following were VTB Bank’s main achievements in terms of resource management in 2020:

<table>
<thead>
<tr>
<th>Implementation of the energy-saving programme, including the introduction of the following measures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing fluorescent (halogen) lights with LED lights</td>
<td>3,209</td>
</tr>
<tr>
<td>Partially repairing the thermal insulation of the pipelines used in the heating system and hot water supply</td>
<td></td>
</tr>
<tr>
<td>Replacing outdated air-conditioning systems with lower-consumption inverters</td>
<td>80</td>
</tr>
<tr>
<td>the resulting savings amounted to 28.8 thousand kWh or 173 RUB thousand</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measures for waste management, including hazardous waste</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing the volume of discarded lights</td>
<td>6.8</td>
</tr>
<tr>
<td>2.5 tonnes in 2020</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measures to reduce fuel consumption</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing the Bank’s fleet</td>
<td>12%</td>
</tr>
<tr>
<td>56 new vehicles were put into operation in place of 58 vehicles from a lower environmental class</td>
<td></td>
</tr>
<tr>
<td>Replacing Euro 4–rated vehicles with Euro 5–rated vehicles</td>
<td>3%</td>
</tr>
<tr>
<td>by 8%</td>
<td></td>
</tr>
</tbody>
</table>

Goals for the period until 2022 in terms of resource consumption and waste management

- The introduction of a dispatcher system for the utility systems at the Bank’s facilities will speed up the response to breakdowns and emergencies, thereby reducing any resulting harm, including downtime; this step will also allow the Bank to disconnect some of its support systems remotely at night.

- The Bank plans to introduce the dispatcher system at 100 facilities in 2021 at a cost of 6.8 RUB million.

- The replacement of outdated air-conditioning systems with lower-consumption inverters (plans are in place to install 167 units in 2021).

- The approximate savings will amount to 60.1 thousand kWh or 361,000 RUB.

- The transfer of 80% of operations at all VTB offices to paperless service by the end of 2022.

- The approximate savings will amount to >1 RUB billion or >13 thousand trees.
VTB Group’s resource consumption

In connection with the introduction of restrictions related to the COVID-19 pandemic and the transfer of employees to remote work in 2020, the Group enjoyed savings in terms of the following resources: heating energy, paper, fuel, water and drinking water.

<table>
<thead>
<tr>
<th>RESOURCE TYPE</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Equivalent</td>
<td>Monetary Equivalent, RUB million</td>
<td>Natural Equivalent</td>
</tr>
<tr>
<td>Heating energy, Gcal</td>
<td>255,140</td>
<td>460.3</td>
</tr>
<tr>
<td>Electricity, thousand kWh</td>
<td>335,927</td>
<td>1,740.7</td>
</tr>
<tr>
<td>Gas, thousand m³</td>
<td>2,810</td>
<td>186.6</td>
</tr>
<tr>
<td>Paper, tonnes</td>
<td>2,765</td>
<td>210.0</td>
</tr>
<tr>
<td>Fuel, thousand litres</td>
<td>2,553</td>
<td>116.2</td>
</tr>
<tr>
<td>Water, thousand m³</td>
<td>2,397</td>
<td>112.8</td>
</tr>
<tr>
<td>Drinking water, thousand litres</td>
<td>3,509</td>
<td>267</td>
</tr>
</tbody>
</table>

GENERATION AND PROCESSING OF HAZARDOUS WASTE

<table>
<thead>
<tr>
<th>RESOURCE TYPE</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generated</td>
<td>% Sent for Processing/Disposal</td>
<td>Generated</td>
</tr>
<tr>
<td>Fluorescent lights, tonnes</td>
<td>9</td>
<td>100</td>
</tr>
<tr>
<td>Batteries, tonnes</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>Disposal of fuels and lubricants, litres</td>
<td>1,069</td>
<td>100</td>
</tr>
<tr>
<td>Equipment sent for recycling/scrap, tonnes</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

GENERATION AND RECYCLING OF LOW-HAZARD WASTE

<table>
<thead>
<tr>
<th>RESOURCE TYPE (TONNES)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generated</td>
<td>% Sent for Processing/Disposal</td>
<td>Generated</td>
</tr>
<tr>
<td>Trash from office and residential buildings</td>
<td>14,709</td>
<td>100</td>
</tr>
<tr>
<td>Food waste</td>
<td>924</td>
<td>100</td>
</tr>
</tbody>
</table>

Social Projects

Decisions related to the allocation of funds for sponsorship and charitable activities are made by the standing Committee for VTB Bank’s Sponsorship and Charitable Activities. The Committee reports to the Bank’s Management Board and to the President and Chairman of the Management Board.

To coordinate and improve charitable activities in various regions of Russia, VTB Bank registered, in April 2020, the VTB-Strana corporate Charitable Foundation for the Support of Social Initiatives and the Provision of Targeted Assistance, which became the main operator of regional charitable projects, including the A World Without Tears programme and aid to medical institutions aimed at combating the COVID-19 pandemic.

During the period when there were restrictions on mass events, it was especially important for us to support our long-term partners in the fields of culture and sports, who, due to the restrictive measures in place, lost their usual influx of visitors and faced a significant decrease in income.

In accordance with the adopted strategy, the total amount of expenditures has remained at approximately the same level in recent years, with a gradual increase in the share of support in the form of sponsorship and partnerships. In addition, the methodology developed in 2019–2020 enables the Bank to evaluate the success of projects and to track its return on investment.

As part of its sponsorship and charitable activities, VTB continues to implement the following six large-scale target programmes:

- **A Sporting Country**
- **Patriotism and a Country of Traditions**
- **A Country for Business**
- **A Cultural Country**
- **A Healthy Country**
- **An Educated Country**

Financing these programmes enables the Bank to share its core values and social mission with society. The programmes include both sponsorship and charity projects.

In addition, a separate Strategic projects subgroup was set apart that includes long-term, large-scale projects of national importance – for example, cooperation with Dynamo for the purpose of maintaining national sporting traditions and developing popular sports, including educating the younger generation.
A Sporting Country

VTB Bank’s A Sporting Country programme provides support for both high-performance sports and popular sports that engage a large number of people in healthy lifestyles.

Despite the restrictions on holding mass events, we supported 97 large sporting projects in 2020 that were being carried out over the long term.

The Russian Artistic Gymnastics Federation, the VTB United Basketball League, men’s and women’s beach volleyball teams, the Russian Volleyball Federation, the men’s volleyball team, the KAMAZ-master rally team and others all received support.

Due to the partial cancellation of events and the holding of competitions without spectators, the Bank stepped up its work with athletes in order to maintain engagement; new forms of interaction were developed, such as online competitions and promotions for spectators with the participation of athletes.

On 11 April 2020, a group on the Vkontakte network hosted the first-ever virtual Russian Formula 1 Grand Prix; in 2020, the Formula 1-VTB Grand Prix, Russia 2020 was held in compliance with public health regulations. Over three days, more than 34 million people around the world watched the race.

The Velobike bike-sharing service received a new impetus with public health regulations. Over three days, more than 34 million people around the world watched the race.

For the younger generation.

The Velobike bike-sharing service received a new impetus with public health regulations. Over three days, more than 34 million people around the world watched the race.

In 2020, for example, a project was launched to create a network of regional branches of the Yashin Dynamo Football Academy, which is rightfully considered one of the best in the country. In Moscow, 400 boys are already learning the basics of football skills under the guidance of qualified coaches. In February 2020, the club’s first branch in the Republic of Dagestan (Kaspiysk) was opened; some 300 children were training at the club by the end of the year.

In addition, VTB cooperates closely with the Anton Golotsutskov Academy of Artistic Gymnastics, where 15 thousand children, including those from large families, are currently training – 100 places are free. The Academy has an ongoing programme for the rehabilitation of children diagnosed with cerebral palsy.

In 2020, for example, a project was launched to create a network of regional branches of the Yashin Dynamo Football Academy, which is rightfully considered one of the best in the country. In Moscow, 400 boys are already learning the basics of football skills under the guidance of qualified coaches. In February 2020, the club’s first branch in the Republic of Dagestan (Kaspiysk) was opened; some 300 children were training at the club by the end of the year.

A Cultural Country

VTB Bank has traditionally supported projects related to key Russian cultural institutions, national heritage sites, national-level troupes and performers, as well as the primary channels for the communication and distribution of cultural values (film production, television).

Some 74 cultural projects were realised in 2020 with VTB’s support. Online activities reached more than 209 million people during the year; 18 digital activities had a total audience of more than 209 million people.

During the reporting year to the Dynamo hockey and football clubs, the Voronin Gymnastics Club, and the Dynamo women’s basketball club and rugby club.

Around 600 children currently train at the Voronin Dynamo Moscow Gymnastics Club. The main objective of the club which employs more than 20 coaches, is to train members of the Russian national team and to participate in the biggest national and international competitions. Four of the gymnasts training at the club are currently candidates for the upcoming Olympic Games in Tokyo.

As part of our implementation of social projects, we supported a number of initiatives aimed at ensuring equal opportunities for the younger generation.

In 2020, for example, a project was launched to create a network of regional branches of the Yashin Dynamo Football Academy, which is rightfully considered one of the best in the country. In Moscow, 400 boys are already learning the basics of football skills under the guidance of qualified coaches. In February 2020, the club’s first branch in the Republic of Dagestan (Kaspiysk) was opened; some 300 children were training at the club by the end of the year.

In addition, VTB cooperates closely with the Anton Golotsutskov Academy of Artistic Gymnastics, where 15 thousand children, including those from large families, are currently training – 100 places are free. The Academy has an ongoing programme for the rehabilitation of children diagnosed with cerebral palsy.

Patriotism and a Country of Traditions

The main goal of this programme is to build a sense of patriotism and pride in the country. The Bank supports unique projects aimed at reviving national and spiritual values, and also provides charitable assistance to public-interest foundations.

In 2020, VTB Bank implemented 125 projects in this area, mainly in the form of charitable assistance.

We consider the preservation of historical heritage sites to be an extremely important social objective. In the reporting year, VTB continued to support the Yolazam and Neva-Jerusalem monasteries, and provided assistance to museums, including the Novgorod State United Museum; the Kizhi State Open-Air Museum of History, Architecture and Ethnography; and the Peterhof State Museum-Reserve.

Funds for the implementation of 2020 programmes aimed at patriotic education were allocated to the St. Petersburg Cadets, the Unarma Russian national children’s and youth military and patriotic social movement and the Russian Union of Free Youth.

In the context of the anniversary of Victory Day in World War II, special attention was paid to supporting the veterans funds that we collaborate with on an ongoing basis.

The feature film Lev Yashin: The Dream Goalkeeper and the television series The Terrible were produced with VTB’s support.

A Cultural Country

VTB Bank has traditionally supported projects related to key Russian cultural institutions, national heritage sites, national-level troupes and performers, as well as the primary channels for the communication and distribution of cultural values (film production, television).

Some 74 cultural projects were realised in 2020 with VTB’s support. Online activities reached more than 209 million people during the year; 18 digital activities had a total audience of more than 209 million people.

Due to restrictions, cultural institutions, especially museums, were among the most vulnerable. Project support was not suspended; joint efforts undertaken by the Bank and its museum partners were aimed at maximising the impact of moving activities online in order to maintain target audiences. Thanks to VTB’s support, exhibitions were first made available online and then opened up to visitors once restrictions were lifted.

To mark its 125th anniversary, the Russian Museum prepared a large-scale exhibition called Gifts to the Russian Museum From Artists and Collectors: Selected Works 1898–2019. An exhibition of the work of Robert Falk and an extensive educational programme timed to coincide with it opened at the Tretyakov Gallery. Two exhibitions of porcelain were held at the Hermitage with VTB’s support. In 2020, VTB Bank – the general sponsor of the Pushkin State Museum of Fine Arts – acted as the exclusive partner of the museum’s educational programmes for young audiences.

In the year of the 75th anniversary of Victory Day in World War II, we acted as the general...
In its collaboration with the pillars of national culture, the Bank also supports regions outside Moscow and St. Petersburg. For example, the Wild Swans inclusive theatre studio (Yaroslavl region) received funding for the production of a musical – involving 48 children and adolescents with disabilities – based on the fairy tale The Wizard of the Emerald City.

As part of the federal project Conservation of Biodiversity and Development of Eco-tourism, cooperation with the Centre for the Study and Conservation of the Amur Tiger Population and with the World Wide Fund for Nature continued under a programme for the conservation of big cats in Russia.

On 29 May 2020, we signed an agreement with the Russian Ministry of Natural Resources and Environment on cooperation on the implementation of the activities as part of the Environment national project. Within this cooperation framework, the Bank will support protected areas – the Kronotsky Nature Reserve (on the shores of Kurile Lake in Kamchatka) and the Russky Silver National Park (Vologda region) – and will continue promoting the restoration of the Persian leopard population in the Caucasus.

VTB Bank continued to act as Russia’s implementing agency for the Arctic Council Project Support Instrument (PSI), a fund whose purpose is to finance projects aimed at reducing pollution and improving practices for managing the environmental impact in the Arctic. In 2020, representatives of VTB

Environment played an active role in the work of the PSI Committee, discussed new applications for funding for environmental projects in the Arctic zone and also served as members of the project review committees.

In November 2020, we supported the implementation of an environmental dictation exercise. Alexander Gogolev, VTB Bank Senior Vice President, served on the organising committee for the dictation, and interested Bank employees took part in writing it.

We collaborate with educational institutions in every region where we operate. Over the course of 2020, 250 educational institutions in more than 120 Russian cities received funds to update their facilities and equipment, to repair classrooms, auditoriums and gymnasiums, and to carry out campus projects.

VTB considers it necessary to improve the financial literacy of the population. To this end, we co-founded, together with other leading Russian banks, the Association for the Development of Financial Literacy. Support for gaming areas in the format of mini-banks at Kidburg vocational centres for children help shape a positive attitude to finance among children of preschool and primary school age.

A Healthy Country

Keeping people in good health and constantly improving Russia’s healthcare system are very important tasks for both the state and business – tasks that took on even greater urgency in 2020.

Since public health is unimaginable without a healthy planet, VTB’s A Healthy Country programme is aimed not only at providing charitable support to healthcare institutions and projects related to the development of advanced medical technologies but also at protecting the country’s environment, including through projects related to biodiversity conservation.

In 2020, 71 projects were implemented, including support for healthcare institutions and charitable foundations, as well as projects to increase populations of rare animal species in Russian ecosystems.

To combat COVID-19, the Bank allocated unplanned assistance in the amount of RUB 262.2 million to 40 medical institutions in 21 regions of Russia.

VTB Bank has been operating its nationwide corporate charity programme A World without Tears for 17 years. The programme finances the purchase of expensive medical equipment, medicines and supplies for children’s hospitals throughout the country. The programme sponsored 26 events in 2020 – four in Moscow and 22 in regional cities – with total support for the year amounting to RUB 74.65 million. When children’s celebrations were banned in hospitals due to the pandemic, A World without Tears project ambassadors – the characters from the programme Good Night, Kids – continued to raise the spirits of young patients through the A World without Tears Instagram account (@mirbezslez) and on the Carousel TV channel.

We also support scientific research and infrastructure development. In the reporting year, funding was allocated to the Science for Children Foundation for Support and Development of Paediatric Haematology, Oncology and Immunology, the International Clinic of Cardiology, the Moscow Regional Cooperation and Development Support Foundation, and the Foundation for Assistance in the Design and Foundation; and the Foundation for Assistance in the Design and Construction of the Infectious Diseases Hospital in Saratov. In addition, the Bank sponsored the 17th Healthy Moscow Assembly and took part in the presentation of the Person of the Year in Healthcare award.

As part of the federal programme Conserving Biodiversity and Development of Eco-tourism, cooperation with the Centre for the Study and Conservation of the Amur Tiger Population and with the World Wide Fund for Nature continued under a programme for the conservation of big cats in Russia.

On 29 May 2020, we signed an agreement with the Russian Ministry of Natural Resources and Environment on cooperation on the implementation of the activities as part of the Environment national project. Within this cooperation framework, the Bank will support protected areas – the Kronotsky Nature Reserve (on the shores of Kurile Lake in Kamchatka) and the Russky Silver National Park (Vologda region) – and will continue promoting the restoration of the Persian leopard population in the Caucasus.

VTB Bank continued to act as Russia’s implementing agency for the Arctic Council Project Support Instrument (PSI), a fund whose purpose is to finance projects aimed at reducing pollution and improving practices for managing the environmental impact in the Arctic. In 2020, representatives of VTB

An Educated Country

The Bank supports educational institutions through sponsorship and charity within the framework of its An Educated Country global social programme in accordance with its strategy to support the regions where it operates.

Quality education is one of the UN Sustainable Development Goals that VTB promotes as a priority in the course of its core activities. In 2020, 177 education projects received financial support. VTB has invested more than RUB 5 billion in education since 2018.

Among the Bank’s initiatives aimed at achieving its priorities in terms of the UN Sustainable Development Goals in the area of education, the following should be highlighted:

- cooperation with universities in the regions where the Bank operates;
- cooperation with the Graduate School of Management at St. Petersburg State University, including management of the business school, updating and implementing a development strategy, as well as joint development of a number of educational projects;
- VTB Bank’s specialised department at the Financial University under the Government of the Russian Federation;
- implementation of charitable projects aimed at supporting education in the regions where the Bank operates;
- improvement of financial literacy among the population.

In 2020, the Bank supported 10 leading universities: MGIMO, Moscow State University, the Graduate School of Management at St. Petersburg State University, the National Research University Higher School of Economics, the Moscow School of Social and Economic Sciences, the Far Eastern Federal University, the Russian Institute of Theatre Arts, the Financial University under the Government of the Russian Federation and the Gerasimov Institute of Cinematography. Funds were earmarked to update their IT capacity, among other things. This work was completed in a timely manner, which was essential in helping the universities make a quick transition to remote operations in the context of the pandemic.

We collaborate with educational institutions in every region where we operate. Over the course of 2020, 250 educational institutions in more than 120 Russian cities received funds to update their facilities and equipment, to repair classrooms, auditoriums and gymnasiums, and to carry out campus projects.

VTB considers it necessary to improve the financial literacy of the population. To this end, we co-founded, together with other leading Russian banks, the Association for the Development of Financial Literacy. Support for gaming areas in the format of mini-banks at Kidburg vocational centres for children help shape a positive attitude to finance among children of preschool and primary school age.

A Healthy Country

Keeping people in good health and constantly improving Russia’s healthcare system are very important tasks for both the state and business – tasks that took on even greater urgency in 2020.

Since public health is unimaginable without a healthy planet, VTB’s A Healthy Country programme is aimed not only at providing charitable support to healthcare institutions and projects related to the development of advanced medical technologies but also at protecting the country’s environment, including through projects related to biodiversity conservation.

In 2020, 71 projects were implemented, including support for healthcare institutions and charitable foundations, as well as projects to increase populations of rare animal species in Russian ecosystems.

To combat COVID-19, the Bank allocated unplanned assistance in the amount of RUB 262.2 million to 40 medical institutions in 21 regions of Russia.

VTB Bank has been operating its nationwide corporate charity programme A World without Tears for 17 years. The programme sponsored 26 events in 2020 – four in Moscow and 22 in regional cities – with total support for the year amounting to RUB 74.65 million. When children’s celebrations were banned in hospitals due to the pandemic, A World without Tears project ambassadors – the characters from the programme Good Night, Kids – continued to raise the spirits of young patients through the A World without Tears Instagram account (@mirbezslez) and on the Carousel TV channel.

We also support scientific research and infrastructure development. In the reporting year, funding was allocated to the Science for Children Foundation for Support and Development of Paediatric Haematology, Oncology and Immunology, the International Clinic of Cardiology, the Moscow Regional Cooperation and Development Support Foundation, and the Foundation for Assistance in the Design and Foundation; and the Foundation for Assistance in the Design and Construction of the Infectious Diseases Hospital in Saratov. In addition, the Bank sponsored the 17th Healthy Moscow Assembly and took part in the presentation of the Person of the Year in Healthcare award.

As part of the federal programme Conserving Biodiversity and Development of Eco-tourism, cooperation with the Centre for the Study and Conservation of the Amur Tiger Population and with the World Wide Fund for Nature continued under a programme for the conservation of big cats in Russia.

On 29 May 2020, we signed an agreement with the Russian Ministry of Natural Resources and Environment on cooperation on the implementation of the activities as part of the Environment national project. Within this cooperation framework, the Bank will support protected areas – the Kronotsky Nature Reserve (on the shores of Kurile Lake in Kamchatka) and the Russky Silver National Park (Vologda region) – and will continue promoting the restoration of the Persian leopard population in the Caucasus.

VTB Bank continued to act as Russia’s implementing agency for the Arctic Council Project Support Instrument (PSI), a fund whose purpose is to finance projects aimed at reducing pollution and improving practices for managing the environmental impact in the Arctic. In 2020, representatives of VTB

Environment played an active role in the work of the PSI Committee, discussed new applications for funding for environmental projects in the Arctic zone and also served as members of the project review committees.

In November 2020, we supported the implementation of an environmental dictation exercise. Alexander Gogolev, VTB Bank Senior Vice President, served on the organising committee for the dictation, and interested Bank employees took part in writing it.

We collaborate with educational institutions in every region where we operate. Over the course of 2020, 250 educational institutions in more than 120 Russian cities received funds to update their facilities and equipment, to repair classrooms, auditoriums and gymnasiums, and to carry out campus projects.

VTB considers it necessary to improve the financial literacy of the population. To this end, we co-founded, together with other leading Russian banks, the Association for the Development of Financial Literacy. Support for gaming areas in the format of mini-banks at Kidburg vocational centres for children help shape a positive attitude to finance among children of preschool and primary school age.
A Country for Business

VTB has made a tradition of sponsoring and organising business events at the national and international levels. The largest industry events related to strategically important areas of VTB Bank’s activities are held with the support of Group companies.

In challenging economic situations, events that offer an opportunity to carry on a dialogue between business, the state, investors and the market, where it is possible, search for answers together about growth and development opportunities, take on a greater importance. In an effort to find solutions to pressing issues facing the business community, the Bank supported 36 major business events in 2020, including forums with the participation of Russian President Vladimir Putin, which were held online and in a hybrid format due to the pandemic.

The VTB Capital Investment Russia Calling! forum remains a leading platform for communication between investors from all over the world and representatives of the Russian authorities and business. In 2020, the forum brought together participants from 103 countries around the world to discuss global challenges stemming from the pandemic, as well as possible growth points and investment scenarios.

The Bank acted as the general sponsor of the Powerful Ideas for a New Time forum, which took place in Moscow in November 2020. The best initiatives in seven areas, selected at the end of the forum, are aimed at rebooting the economy and social sphere, and ensuring Russia’s sustainable development under new economic conditions. The Bank participated in the World Economic Forum in Davos, the 13th Eurasian Economic Forum in Verona, the CIS + World International Economic Forum of the Commonwealth Member States, Russian Business Week (the annual forum of the Russian Union of Industrialists and Entrepreneurs), the Moscow Financial Forum and the 12th Ural Financial Information Security Forum and a number of industry conferences.

In accordance with the Bank’s strategic priority for innovative development, it participated in a number of IT projects, including the Moscow International Forum for Innovative Development Open Innovations 2020, the Pulse of Digitalisation: Forum for Digital Development Leaders on New Realities and Changing Business Strategies, Emergo 2020 (international tech conference on new technologies and the creation of global products), the Heisenbug International Software Testing Conference, the HolyJS Conference for JavaScript Developers and the JPoint International Java Conference.

In partnership with the Skolkovo Forum, an online conference for beginning entrepreneurs and investors called Startup Village 2020 and the annual international startup conference Open Innovation Startup Tour 2020 were held in Arkhangelsk.

One of the most topical issues in 2020 was sustainable development. VTB Bank signed on to the sustainability agenda by sponsoring Visionaries 2020: ‘Change Management and partnering with the Effie Russia programme in support of the 17 UN Sustainable Development goals.

Sponsorship and charity activities of other VTB Group companies

VTB companies and subsidiaries conduct sponsorship activities on the basis of their own annual sponsorship plans. Group members make their own independent decisions on charitable activities in line with their forecast limit for the year and in accordance with a decision by their management or their own charity committees.

Despite the difficult economic situation in 2020, VTB Group companies continued to conduct regular activities related to social projects. The following companies contributed to the social development of the regions where they operate:

- VTB Bank (Azerbaijan);
- VTB Bank (Armenia);
- VTB Bank (Belarus);
- VTB Bank (Georgia);
- VTB Bank (Kazakhstan);
- VTB Bank Europe;
- Vozrozhdenie Bank;
- West Siberian Commercial Bank;
- Sarovbusinessbank;
- VTB Capital Holding.

In 2020, VTB Group companies in Russia spent a total of RUB 522.24 million to support social projects, and VTB Group members operating outside of Russia spent USD 0.84 million. In total, support was provided for 203 projects, including 60 sponsorship and 143 charitable projects.

VTB Bank subsidiaries support projects and programmes that are in line with the areas of social investments that VTB has identified as corporate priorities. During the reporting year, the most important topics were the celebration of the 75th anniversary of the victory in World War II and the honouring of veterans, as well as assistance in the fight against the COVID-19 pandemic.
Responsibility statement

VTB management is responsible for preparing VTB Bank’s Annual Report and consolidated financial statements in accordance with applicable laws.

I hereby confirm that to the best of my knowledge:

• The consolidated financial statements of VTB Bank (PSC) and its subsidiaries (hereinafter referred to as the Group), prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position, profit or loss of the Group.
• This Annual Report includes a fair review of the development and performance of the Group’s business and position, together with a description of the principal risks and uncertainties that the Group faces.

Andrey Kostin
VTB Bank President and Chairman of the Management Board

Financial statements under IFRS

The following table shows VTB Group key financial data under IFRS. For a better understanding of the Group’s financial position, its financial performance and its cash flows, these consolidated key financials should be read in conjunction with the audited consolidated financial statements of the Group.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER
(IN BILLIONS OF RUSSIAN ROUBLES)

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income calculated using the effective interest method</td>
<td>974.3</td>
<td>1,039.8</td>
</tr>
<tr>
<td>Other interest income</td>
<td>81.5</td>
<td>67.2</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(101.6)</td>
<td>(836.5)</td>
</tr>
<tr>
<td>Payments to deposit insurance system</td>
<td>(22.5)</td>
<td>(29.9)</td>
</tr>
<tr>
<td>Net interest income</td>
<td>531.7</td>
<td>440.6</td>
</tr>
<tr>
<td>Provision charge for credit losses on debt financial assets</td>
<td>(270.0)</td>
<td>(92.2)</td>
</tr>
<tr>
<td>Net interest income after provision for credit losses</td>
<td>304.7</td>
<td>348.4</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>136.8</td>
<td>121.6</td>
</tr>
<tr>
<td>(Losses net of gains) / gains net of losses arising from sale and revaluation of loans at fair value through profit or loss</td>
<td>(3.1)</td>
<td>3.3</td>
</tr>
<tr>
<td>Gains net of losses arising from other financial instruments at fair value through profit or loss</td>
<td>32.8</td>
<td>631</td>
</tr>
<tr>
<td>Gains net of losses arising from sale of financial assets at fair value through other comprehensive income</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Gains net of losses / (losses net of gains) arising from foreign currencies and precious metals</td>
<td>18.9</td>
<td>(35.5)</td>
</tr>
<tr>
<td>Gains net of losses arising from disposal of financial assets at amortised cost</td>
<td>1.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Other gains net of losses on financial instruments at amortised cost</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Share in profit of associates and joint ventures</td>
<td>17.3</td>
<td>17.3</td>
</tr>
<tr>
<td>Impairment of investments in associates</td>
<td>(12.8)</td>
<td>-</td>
</tr>
<tr>
<td>Gains from disposal of subsidiaries and associates</td>
<td>0.1</td>
<td>7.5</td>
</tr>
<tr>
<td>Losses net of gains arising from extinguishment of liabilities</td>
<td>(0.3)</td>
<td>-</td>
</tr>
<tr>
<td>Provision charge for credit losses on credit related commitments and other financial assets</td>
<td>(19.9)</td>
<td>(7.8)</td>
</tr>
<tr>
<td>Provision charge for legal claims and other commitments</td>
<td>(2.9)</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Excess of fair value of acquired net assets over cost</td>
<td>-</td>
<td>5.6</td>
</tr>
<tr>
<td>Other operating income</td>
<td>9.2</td>
<td>7.5</td>
</tr>
<tr>
<td>Non-interest gains</td>
<td>48.3</td>
<td>61.8</td>
</tr>
</tbody>
</table>
### Consolidated Income Statement for the Year Ended 31 December

#### (In billions of Russian roubles)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other gains from operating lease of equipment</td>
<td>30.3</td>
<td>30.5</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Expenses related to equipment leased out</td>
<td>(17.3)</td>
<td>(15.1)</td>
<td>14.6%</td>
</tr>
<tr>
<td>Revenues less expenses from operating leasing</td>
<td>13.0</td>
<td>15.4</td>
<td>-15.6%</td>
</tr>
<tr>
<td>Net insurance premiums earned from non-state pension fund activity</td>
<td>14.1</td>
<td>40.8</td>
<td>-65.4%</td>
</tr>
<tr>
<td>Net insurance claims incurred, movement in liabilities to policyholders and acquisition costs on non-state pension fund activity</td>
<td>(30.0)</td>
<td>(60.5)</td>
<td>-50.4%</td>
</tr>
<tr>
<td>Revenues less expenses from non-state pension fund activity</td>
<td>(15.9)</td>
<td>(19.7)</td>
<td>-19.3%</td>
</tr>
<tr>
<td>Revenue and other gains from other non-banking activities</td>
<td>102.6</td>
<td>96.9</td>
<td>5.9%</td>
</tr>
<tr>
<td>Cost of sales and other expenses from other non-banking activities</td>
<td>(92.7)</td>
<td>(87.0)</td>
<td>6.6%</td>
</tr>
<tr>
<td>Expenses from write-down of property held for sale in the ordinary course of business</td>
<td>(9.6)</td>
<td>(6.2)</td>
<td>54.8%</td>
</tr>
<tr>
<td>Impairment of land, premises and intangible assets other than goodwill used in non-banking activities</td>
<td>(17.1)</td>
<td>(1)</td>
<td>1,445.5%</td>
</tr>
<tr>
<td>Net loss from change in fair value of investment property recognised on revaluation or disposal</td>
<td>(97.0)</td>
<td>(0.9)</td>
<td>9,566.7%</td>
</tr>
<tr>
<td>Revenues less expenses from other non-banking activities</td>
<td>(103.7)</td>
<td>1.7</td>
<td>-6,200.0%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>89.7</td>
<td>252.9</td>
<td>-64.5%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(14.4)</td>
<td>(31.7)</td>
<td>72.1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>75.3</td>
<td>201.2</td>
<td>-62.6%</td>
</tr>
<tr>
<td>Net profit/(loss) attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the parent</td>
<td>80.6</td>
<td>202.0</td>
<td>-60.1%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>5.3</td>
<td>0.8</td>
<td>562.5%</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (expressed in Russian roubles per share)</td>
<td>0.00503</td>
<td>0.0453</td>
<td>-96.4%</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Comprehensive Income for the Year Ended 31 December

#### (In billions of Russian roubles)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>75.3</td>
<td>201.2</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income/(loss):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair value of debt financial assets at fair value through other comprehensive income, net of tax</td>
<td>8.6</td>
<td>7.4</td>
<td></td>
</tr>
<tr>
<td>Reclassification of gains to income statement on sale of debt financial assets at fair value through other comprehensive income, net of tax</td>
<td>(0.7)</td>
<td>(0.7)</td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges, net of tax</td>
<td>–</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income/(loss) of associates and joint ventures</td>
<td>4.3</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Effect of translation, net of tax</td>
<td>27.9</td>
<td>(21.2)</td>
<td></td>
</tr>
<tr>
<td>Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</td>
<td>40.1</td>
<td>(16.3)</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair value of equity financial assets at fair value through other comprehensive income, net of tax</td>
<td>0.6</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Actuarial losses net of gains arising from difference between pension plan assets and obligations</td>
<td>–</td>
<td>(0.1)</td>
<td></td>
</tr>
<tr>
<td>Land and premises revaluation, net of tax</td>
<td>0.1</td>
<td>(0.3)</td>
<td></td>
</tr>
<tr>
<td>Total other comprehensive income not to be reclassified to profit or loss in subsequent periods</td>
<td>0.7</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income/(loss), net of tax</td>
<td>40.8</td>
<td>(14.7)</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>116.1</td>
<td>186.5</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income/(loss) attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the parent</td>
<td>120.8</td>
<td>186.2</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(4.7)</td>
<td>0.3</td>
<td></td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER (IN BILLIONS OF RUSSIAN ROUBLES)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term funds</td>
<td>1,229.5</td>
<td>1,335.0</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Mandatory cash balances with central banks</td>
<td>137.2</td>
<td>127.2</td>
<td>7.9%</td>
</tr>
<tr>
<td>Trading financial assets</td>
<td>647.0</td>
<td>501.3</td>
<td>29.1%</td>
</tr>
<tr>
<td>• Trading financial assets, pledged under repurchase agreements</td>
<td>62.3</td>
<td>19.4</td>
<td>221.1%</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>233.8</td>
<td>142.8</td>
<td>63.7%</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>837.9</td>
<td>610.1</td>
<td>37.3%</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>12,264.4</td>
<td>10,774.1</td>
<td>13.8%</td>
</tr>
<tr>
<td>• Loans and advances to customers, pledged under repurchase agreements</td>
<td>63.3</td>
<td>21.0</td>
<td>201.4%</td>
</tr>
<tr>
<td>Investment financial assets</td>
<td>952.7</td>
<td>316.6</td>
<td>200.9%</td>
</tr>
<tr>
<td>• Investment financial assets, pledged under repurchase agreements</td>
<td>390.2</td>
<td>163.5</td>
<td>138.7%</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>562.5</td>
<td>163.1</td>
<td>267.4%</td>
</tr>
<tr>
<td>Assets of disposal groups and non-current assets held for sale</td>
<td>2.5</td>
<td>1.5</td>
<td>40.0%</td>
</tr>
<tr>
<td>Land, premises and equipment</td>
<td>456.0</td>
<td>422.5</td>
<td>8.0%</td>
</tr>
<tr>
<td>Investment property</td>
<td>100.5</td>
<td>98.1</td>
<td>2.4%</td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>210.0</td>
<td>209.2</td>
<td>0.4%</td>
</tr>
<tr>
<td>Deferred income tax asset</td>
<td>154.7</td>
<td>128.9</td>
<td>19.1%</td>
</tr>
<tr>
<td>Other assets</td>
<td>583.6</td>
<td>430.6</td>
<td>34.7%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>18,142.2</td>
<td>15,516.1</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other banks</td>
<td>1,093.0</td>
<td>1,177.2</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>12,831.0</td>
<td>10,974.2</td>
<td>16.9%</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>260.7</td>
<td>176.5</td>
<td>46.6%</td>
</tr>
<tr>
<td>Other borrowed funds</td>
<td>1,053.2</td>
<td>348.9</td>
<td>198.1%</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>215.7</td>
<td>343.4</td>
<td>-37.2%</td>
</tr>
<tr>
<td>Liabilities of disposal groups held for sale</td>
<td>0.3</td>
<td>0.3</td>
<td>0.0%</td>
</tr>
<tr>
<td>Deferred income tax liability</td>
<td>10.9</td>
<td>15.7</td>
<td>-49.1%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>648.1</td>
<td>603.5</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Total liabilities before subordinated debt</strong></td>
<td>16,312.9</td>
<td>13,639.7</td>
<td>18.1%</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>336.7</td>
<td>223.1</td>
<td>42.0%</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>16,419.6</td>
<td>13,862.8</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>659.5</td>
<td>659.5</td>
<td>0.0%</td>
</tr>
<tr>
<td>Share premium</td>
<td>433.8</td>
<td>433.8</td>
<td>0.0%</td>
</tr>
<tr>
<td>Perpetual loan participation notes</td>
<td>166.6</td>
<td>139.3</td>
<td>19.6%</td>
</tr>
<tr>
<td>Treasury shares and bought back perpetual loan participation notes</td>
<td>(0.7)</td>
<td>(0.4)</td>
<td>75.0%</td>
</tr>
<tr>
<td>Other reserves</td>
<td>112.1</td>
<td>66.1</td>
<td>69.6%</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>351.6</td>
<td>362.1</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Equity attributable to shareholders of the parent</td>
<td>1,722.6</td>
<td>1,653.3</td>
<td>4.2%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>7.7</td>
<td>7.7</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,722.6</td>
<td>1,653.3</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>18,142.2</td>
<td>15,516.1</td>
<td>16.9%</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
(IN BILLIONS OF RUSSIAN ROUBLES)

<table>
<thead>
<tr>
<th>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>1,001.4</td>
<td>1,081.2</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(516.1)</td>
<td>(649.7)</td>
</tr>
<tr>
<td>Payments to deposit insurance system</td>
<td>(24.6)</td>
<td>(28.2)</td>
</tr>
<tr>
<td>Gains on operations with trading financial assets</td>
<td>20.2</td>
<td>65.1</td>
</tr>
<tr>
<td>Gains/(losses)/gains incurred on dealing in foreign currency</td>
<td>11.6</td>
<td>(106.4)</td>
</tr>
<tr>
<td>Fees and commissions received</td>
<td>109.4</td>
<td>169.9</td>
</tr>
<tr>
<td>Fees and commissions paid</td>
<td>(58.3)</td>
<td>(55.2)</td>
</tr>
<tr>
<td>Other operating income received</td>
<td>(11.1)</td>
<td>6.6</td>
</tr>
<tr>
<td>Revenue received from operating lease of equipment</td>
<td>19.0</td>
<td>28.4</td>
</tr>
<tr>
<td>Expenses paid related to equipment leased out</td>
<td>(2.1)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Net increase in non-state pension fund activity</td>
<td>14.0</td>
<td>40.7</td>
</tr>
<tr>
<td>Net insurance claims paid on non-state pension fund activity</td>
<td>(2.9)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Revenue received from non-banking activities</td>
<td>76.7</td>
<td>101.1</td>
</tr>
<tr>
<td>Expenses paid related to non-banking activities</td>
<td>(67.5)</td>
<td>(87.7)</td>
</tr>
<tr>
<td>Staff costs, administrative expenses paid</td>
<td>(239.1)</td>
<td>(227.1)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(146.8)</td>
<td>(53.4)</td>
</tr>
<tr>
<td>Cash flows from operating activities before changes in operating assets and liabilities</td>
<td>363.5</td>
<td>264.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET DECREASE/(INCREASE) IN OPERATING LIABILITIES</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in mandatory cash balances with central banks</td>
<td>(9.8)</td>
<td>(5.7)</td>
</tr>
<tr>
<td>Net decrease/(increase) in correspondent accounts in precious metals</td>
<td>13.1</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Net increase in trading financial assets</td>
<td>(126.0)</td>
<td>(47.9)</td>
</tr>
<tr>
<td>Net (increase)/decrease in due from other banks</td>
<td>(204.6)</td>
<td>53.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and other distributions received</td>
<td>10.8</td>
<td>10.7</td>
</tr>
<tr>
<td>Proceeds from redemption and sale of investment financial assets</td>
<td>214.3</td>
<td>341.4</td>
</tr>
<tr>
<td>Purchase of investment financial assets</td>
<td>(827.1)</td>
<td>(267.8)</td>
</tr>
<tr>
<td>Purchase of subsidiaries, net of cash</td>
<td>0.3</td>
<td>(32.1)</td>
</tr>
<tr>
<td>Disposal of subsidiaries, net of cash disposed</td>
<td>0.4</td>
<td>5.7</td>
</tr>
<tr>
<td>Acquisition and other contributions of shares in associates and joint ventures</td>
<td>(73.1)</td>
<td>(39.1)</td>
</tr>
<tr>
<td>Proceeds from sale of shares in associates and other distributions</td>
<td>80.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Net increase in debt securities issued other than bonds issued</td>
<td>(227.1)</td>
<td>(49.8)</td>
</tr>
<tr>
<td>Proceeds from sale of land, premises and equipment</td>
<td>2.3</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Purchase or construction of investment property</td>
<td>(2.8)</td>
<td>(6.6)</td>
</tr>
<tr>
<td>Proceeds from sale of investment property</td>
<td>19.2</td>
<td>12.2</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(476.1)</td>
<td>(14.7)</td>
</tr>
<tr>
<td>Proceeds from sale of intangible assets</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Net cash (used in)/from investing activities</td>
<td>(687.3)</td>
<td>21</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER (IN BILLIONS OF RUSSIAN ROUBLES)

#### CASH FLOWS FROM/(USED IN) Financing Activities

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid</td>
<td>(26.7)</td>
</tr>
<tr>
<td>Dividends, net of repayment, from short-term local bonds issued</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from local bonds issued</td>
<td>108.3</td>
</tr>
<tr>
<td>Repayment of local bonds</td>
<td>(158.5)</td>
</tr>
<tr>
<td>Buy-back of local bonds</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back local bonds</td>
<td>0.1</td>
</tr>
<tr>
<td>Repayment of Eurobonds</td>
<td>(86.2)</td>
</tr>
<tr>
<td>Buy-back of Eurobonds</td>
<td>(56.6)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back Eurobonds</td>
<td>5.8</td>
</tr>
<tr>
<td>Repayment of syndicated loans</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Proceeds from other borrowings and funds from local central banks</td>
<td>1,773.2</td>
</tr>
<tr>
<td>Repayment of other borrowings and funds from local central banks</td>
<td>(1,122.6)</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Repayments of subordinated debt</td>
<td>3.0</td>
</tr>
<tr>
<td>Purchase of shares in subsidiaries from non-controlling interests</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Cash received from sale of treasury shares</td>
<td>0.7</td>
</tr>
<tr>
<td>Cash paid for treasury shares</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Buy-back of perpetual loan participation notes</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back perpetual loan participation notes</td>
<td>–</td>
</tr>
<tr>
<td>Amounts paid on perpetual loan participation notes</td>
<td>(15.6)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>552.6</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>196.5</td>
</tr>
<tr>
<td>Effect of change in impairment loss allowance</td>
<td>0.2</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(96.8)</td>
</tr>
<tr>
<td>At the beginning of year</td>
<td>1,325.6</td>
</tr>
<tr>
<td>At the end of year</td>
<td>1,228.8</td>
</tr>
</tbody>
</table>

#### Effect of exchange rate changes on cash and cash equivalents

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid</td>
<td>(26.7)</td>
</tr>
<tr>
<td>Dividends, net of repayment, from short-term local bonds issued</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from local bonds issued</td>
<td>108.3</td>
</tr>
<tr>
<td>Repayment of local bonds</td>
<td>(158.5)</td>
</tr>
<tr>
<td>Buy-back of local bonds</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back local bonds</td>
<td>0.1</td>
</tr>
<tr>
<td>Repayment of Eurobonds</td>
<td>(86.2)</td>
</tr>
<tr>
<td>Buy-back of Eurobonds</td>
<td>(56.6)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back Eurobonds</td>
<td>5.8</td>
</tr>
<tr>
<td>Repayment of syndicated loans</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Proceeds from other borrowings and funds from local central banks</td>
<td>1,773.2</td>
</tr>
<tr>
<td>Repayment of other borrowings and funds from local central banks</td>
<td>(1,122.6)</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Repayments of subordinated debt</td>
<td>3.0</td>
</tr>
<tr>
<td>Purchase of shares in subsidiaries from non-controlling interests</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Cash received from sale of treasury shares</td>
<td>0.7</td>
</tr>
<tr>
<td>Cash paid for treasury shares</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Buy-back of perpetual loan participation notes</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back perpetual loan participation notes</td>
<td>–</td>
</tr>
<tr>
<td>Amounts paid on perpetual loan participation notes</td>
<td>(15.6)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>552.6</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>196.5</td>
</tr>
<tr>
<td>Effect of change in impairment loss allowance</td>
<td>0.2</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(96.8)</td>
</tr>
</tbody>
</table>

#### At the beginning of year

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid</td>
<td>(26.7)</td>
</tr>
<tr>
<td>Dividends, net of repayment, from short-term local bonds issued</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from local bonds issued</td>
<td>108.3</td>
</tr>
<tr>
<td>Repayment of local bonds</td>
<td>(158.5)</td>
</tr>
<tr>
<td>Buy-back of local bonds</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back local bonds</td>
<td>0.1</td>
</tr>
<tr>
<td>Repayment of Eurobonds</td>
<td>(86.2)</td>
</tr>
<tr>
<td>Buy-back of Eurobonds</td>
<td>(56.6)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back Eurobonds</td>
<td>5.8</td>
</tr>
<tr>
<td>Repayment of syndicated loans</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Proceeds from other borrowings and funds from local central banks</td>
<td>1,773.2</td>
</tr>
<tr>
<td>Repayment of other borrowings and funds from local central banks</td>
<td>(1,122.6)</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Repayments of subordinated debt</td>
<td>3.0</td>
</tr>
<tr>
<td>Purchase of shares in subsidiaries from non-controlling interests</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Cash received from sale of treasury shares</td>
<td>0.7</td>
</tr>
<tr>
<td>Cash paid for treasury shares</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Buy-back of perpetual loan participation notes</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back perpetual loan participation notes</td>
<td>–</td>
</tr>
<tr>
<td>Amounts paid on perpetual loan participation notes</td>
<td>(15.6)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>552.6</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>196.5</td>
</tr>
<tr>
<td>Effect of change in impairment loss allowance</td>
<td>0.2</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(96.8)</td>
</tr>
</tbody>
</table>

#### At the end of year

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid</td>
<td>(26.7)</td>
</tr>
<tr>
<td>Dividends, net of repayment, from short-term local bonds issued</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from local bonds issued</td>
<td>108.3</td>
</tr>
<tr>
<td>Repayment of local bonds</td>
<td>(158.5)</td>
</tr>
<tr>
<td>Buy-back of local bonds</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back local bonds</td>
<td>0.1</td>
</tr>
<tr>
<td>Repayment of Eurobonds</td>
<td>(86.2)</td>
</tr>
<tr>
<td>Buy-back of Eurobonds</td>
<td>(56.6)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back Eurobonds</td>
<td>5.8</td>
</tr>
<tr>
<td>Repayment of syndicated loans</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Proceeds from other borrowings and funds from local central banks</td>
<td>1,773.2</td>
</tr>
<tr>
<td>Repayment of other borrowings and funds from local central banks</td>
<td>(1,122.6)</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Repayments of subordinated debt</td>
<td>3.0</td>
</tr>
<tr>
<td>Purchase of shares in subsidiaries from non-controlling interests</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Cash received from sale of treasury shares</td>
<td>0.7</td>
</tr>
<tr>
<td>Cash paid for treasury shares</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Buy-back of perpetual loan participation notes</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Proceeds from sale of previously bought-back perpetual loan participation notes</td>
<td>–</td>
</tr>
<tr>
<td>Amounts paid on perpetual loan participation notes</td>
<td>(15.6)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>552.6</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>196.5</td>
</tr>
<tr>
<td>Effect of change in impairment loss allowance</td>
<td>0.2</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(96.8)</td>
</tr>
</tbody>
</table>

#### OTHER NON-CASH CHANGES

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency translation</td>
<td>21.6</td>
</tr>
<tr>
<td>Syndicated loans</td>
<td>16.0</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>22.6</td>
</tr>
<tr>
<td>Local bonds</td>
<td>51.0</td>
</tr>
<tr>
<td>Eurobonds</td>
<td>51.0</td>
</tr>
<tr>
<td>Syndicated loans</td>
<td>–</td>
</tr>
<tr>
<td>Funds from local central banks</td>
<td>1.8</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>(0.1)</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Changes in Shareholders’ Equity for the Year Ended 31 December (in billions of Russian Roubles)

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Share Premium</th>
<th>Perpetual Loan Participation Notes</th>
<th>Treasury Shares and Bought Back Perpetual Loan Participation Loan Notes</th>
<th>Other Reserves</th>
<th>Retained Earnings</th>
<th>Total Shares and Total Non-controlling Interests</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 January 2019</strong></td>
<td>659.5</td>
<td>433.8</td>
<td>156.3</td>
<td>(1.0)</td>
<td>82.4</td>
<td>190.3</td>
<td>1,521.3</td>
<td>1,516.3</td>
</tr>
<tr>
<td>Net result from treasury shares transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>-</td>
<td>(0.1)</td>
<td>0.4</td>
</tr>
<tr>
<td>Net result from bought back perpetual loan participation notes transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Profit/(loss) for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>202.0</td>
<td>202.0</td>
<td>(3.8)</td>
</tr>
<tr>
<td>Other comprehensive (loss)/income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17.7)</td>
<td>(17.7)</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the period</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(15.7)</td>
<td>201.9</td>
<td>186.2</td>
<td>186.5</td>
</tr>
<tr>
<td>Transfer of premises revaluation reserve upon disposal or depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reclassification of net change in fair value of equity instruments upon derecognition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>0.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.0</td>
<td>3.0</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Amounts paid on perpetual loan participation notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(13.8)</td>
<td>(13.8)</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency translation of perpetual loan participation notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax effect recognised on perpetual loan participation notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3.4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared and other distributions to shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(33.5)</td>
<td>(33.5)</td>
<td>(35.6)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2019</strong></td>
<td>659.5</td>
<td>433.8</td>
<td>139.3</td>
<td>(0.4)</td>
<td>66.1</td>
<td>362.1</td>
<td>1,660.4</td>
<td>1,653.3</td>
</tr>
<tr>
<td>Net result from treasury shares transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>-</td>
<td>0.2</td>
<td>-</td>
</tr>
<tr>
<td>Net result from bought back perpetual loan participation notes transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.3)</td>
<td>-</td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(loss) for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80.6</td>
<td>80.6</td>
<td>(15.3)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39.9</td>
<td>0.3</td>
<td>40.2</td>
<td>40.8</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the period</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39.9</td>
<td>80.9</td>
<td>120.8</td>
<td>116.1</td>
</tr>
<tr>
<td>Transfer of premises revaluation reserve upon disposal or depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.3</td>
<td>(5.3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reclassification of net change in fair value of equity instruments upon derecognition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.8</td>
<td>(0.8)</td>
<td>-</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(14.7)</td>
<td>(14.7)</td>
<td>14.0</td>
</tr>
<tr>
<td>Amounts paid on perpetual loan participation notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(15.4)</td>
<td>(15.4)</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency translation of perpetual loan participation notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax effect recognised on perpetual loan participation notes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.5</td>
<td>5.5</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared and other distributions to shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(24.5)</td>
<td>(24.5)</td>
<td>(26.7)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2020</strong></td>
<td>659.5</td>
<td>433.8</td>
<td>166.6</td>
<td>(0.7)</td>
<td>112.1</td>
<td>351.3</td>
<td>1,722.6</td>
<td>1,722.6</td>
</tr>
</tbody>
</table>
The Russian Federation as represented by the Federal Agency for State Property Management (12.13% of the charter capital, or 60.93% of ordinary shares) and the Russian Ministry of Finance (32.88% of the charter capital), as well as the Deposit Insurance Agency (47.22% of the charter capital).

The Bank's largest shareholders are the Federal Agency for State Property Management, (12.13% of the charter capital, or 60.93% of ordinary shares) and the Russian Ministry of Finance (32.88% of the charter capital), as well as the Deposit Insurance Agency (47.22% of the charter capital).

In accordance with the Bank’s Charter, it has the right to issue a maximum number of 14 trillion ordinary shares with a par value of RUB 0.01 each. The state registration number of ordinary shares: 10401000B. The record date for the state registration of the Bank's issue of ordinary shares is 29 September 2006.

VTB Bank’s ordinary shares trade on Moscow Exchange and on the London Stock Exchange in the form of global depository receipts (GDRs). Moscow Exchange has included VTB Bank’s (PJSC) shares in its Level 1 list, and they are included on the Moscow Exchange Index and the RTS Index, as well as the Moscow Exchange Index (additional session), Equity Subindex, Broad Market Index, Responsibility and Transparency Index, Sustainable Development Vector Index, Financial Index, RTS Finance Index, and RTS Broad Index market.

One Global Depositary Receipt traded on the London Stock Exchange is equivalent to 2 thousand ordinary shares.

The Bank of New York Mellon is the custodian bank under the GDR program.

VTB Bank Type 1 and Type 2 preference shares are not traded on exchanges and do not offer a fixed dividend for the year. The amount of the dividend is subject to approval at the Annual General Meeting of Shareholders. In addition, the Bank’s Charter provides for the possibility of paying out interim dividends.

The state registration number of the Bank’s first type of preferred shares is 20301000B. The date of state registration of the issue was 13 December 2016. All shares of this type are at the disposal of the sole shareholder, the State Corporation Deposit Insurance Agency (hereinafter the State Corporation Deposit Insurance Agency).

The total number of shareholders of the Bank as of 31 December 2020 amounted to 337 thousand, including 336 thousand individuals. In 2020, the number of shareholders of the Bank increased by 111%, or by 117 thousand individuals. The shareholder base increased throughout the whole year.

Share capital

In 2020, the structure of VTB Bank’s share capital did not undergo significant changes. There was also no change in the amount of the Bank’s charter capital, remaining at RUB 651,033,883,623.38, which is divided into ordinary and preference shares.

In 2020, the structure of VTB Bank’s share capital did not undergo significant changes. There was also no change in the amount of the Bank’s charter capital, remaining at RUB 651,033,883,623.38, which is divided into ordinary and preference shares.

<table>
<thead>
<tr>
<th>TYPE OF SHARES</th>
<th>NUMBER OF SHARES</th>
<th>NOMINAL VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>12,960,541,337,338</td>
<td>0.01</td>
</tr>
<tr>
<td>Type 1 preference shares</td>
<td>21,403,797,085,000</td>
<td>0.01</td>
</tr>
<tr>
<td>Type 2 preference shares</td>
<td>3,073,905,000,000</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>37,438,243,362,338</td>
<td>0.1</td>
</tr>
</tbody>
</table>

In accordance with the Bank’s Charter, it has the right to issue a maximum number of 14 trillion ordinary shares with a par value of RUB 0.01 each. The state registration number of ordinary shares: 10401000B. The record date for the state registration of the Bank's issue of ordinary shares is 29 September 2006.

On 30 December 2020, information was received that the sizes of blocks of shares owned by a number of shareholders had changed.

On 30 December 2020, information was received that the sizes of blocks of shares owned by a number of shareholders had changed.

DYNAMICS OF THE NUMBER OF INDIVIDUAL SHAREHOLDERS:

<table>
<thead>
<tr>
<th>SHAREHOLDER</th>
<th>NUMBER OF INDIVIDUALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank Trust</td>
<td>9,077</td>
</tr>
</tbody>
</table>

Individual shareholders live in all regions of Russia. The largest number of minority shareholders is in Moscow and the Moscow Region (24.8%), St. Petersburg and the Leningrad Region (9.4%), the Krasnodar Region (3.3%), the Sverdlovsk Region (2.9%), and the Republic of Tatarstan (2.5%).

The table shows the Bank’s shareholder structure as of 1 March 2020, the latest date of the register closing in 2020.
Dividends

One of the main rights of shareholders is the right to receive a share of the Bank’s net profit in the form of dividend payments. Dividend payments are approved by the Bank’s AGM following recommendations made by the Supervisory Council. In determining the recommended dividend amount, the Supervisory Council is guided by the amount of the Bank’s net profit and by the Dividend Policy (approved by the Supervisory Council of Bank VTB (Public Joint Stock Company)).

The Bank’s Charter also provides for the possibility of the payment of interim dividends for each quarter to holders of issued shares.

The record date for persons entitled to a share of the Bank’s net profit is determined at the General Meeting of Shareholders, but can be no earlier than 10 days before the date when the decision to pay dividends is due to be made, and no later than 20 days following such a decision. The time period for the payment of dividends depends on the type of registered shareholder.

Dividend payments to nominal shareholders and trustees listed on the shareholder register must be made within 10 working days, while dividend payments to other registered shareholders must be made within 25 working days of the date when the list of persons entitled to dividends is compiled.

At their request, shareholders appearing on the register receive dividends by bank transfer to their accounts (if bank details are provided) or by postal order. Shareholders whose rights are registered via nominal shareholders receive dividends in monetary form in accordance with the procedure stipulated in Russian laws on securities. The applicable law does not provide for dividend payments in cash.

Any dividends accrued but unclaimed by shareholders within a period of three calendar years are subject to allocation back to the profit of the Bank. Therefore, if a shareholder does not claim his or her accrued dividends within three years, he or she loses the right to receive them. If dividends are transferred to a shareholder’s bank account, they are considered paid.

Dividends

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>Number of Shares (in millions)</th>
<th>Dividend Amount (RUB million)</th>
<th>Dividend Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1 preference shares</td>
<td>10,244,374,447</td>
<td>4,144,091,328.02</td>
<td>5.5</td>
</tr>
<tr>
<td>Type 2 preference shares</td>
<td>13,839,982,413</td>
<td>4,144,091,328.02</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Funds were sent by bank transfer to the accounts provided to the registrar by registered shareholders and nominal shareholders. In cases where bank details were not provided to the registrar, dividends were sent by postal order.

**Dividend taxation**

When calculating dividends for the year, the tax agent calculates and withholds tax from the accrued dividends. Since 1 January 2014, when paying dividends on shares issued by a Russian organisation, not only is the issuer of shares recognised as a tax agent, but in cases determined by law, a trustee, depositary, etc., tax income is calculated and withheld by the tax agent, and in order to be exempt from taxation or apply a reduced tax rate on dividends paid to mutual funds and foreign organisations and citizens, documentation must be provided confirming the right to preferential taxation at the place of share registration, namely the register of Bank JSC VTB Registrar, or to the depository, and in the case of shares being placed under trust management, to the trustee.

The dividend tax rate for individuals and legal entities that are residents of the Russian Federation is 13%, while for non-residents it is 15%. It applies to the taxable amount of dividends, which may be less than the total amount of payments due on income received by VTB Bank in the form of dividends from participation in other companies, as tax on these amounts has already been withheld. If an international agreement on the avoidance of double taxation is in force, tax payments are made in accordance with the rate determined in this agreement, taking into account Russian legal requirements.

At the Annual General Meeting of Shareholders on 24 September 2020, a decision was made on the payment of dividends based on 2019 results, and the record date for persons entitled to receive a divided was set as 5 October 2020. Dividends were paid in full except to shareholders on the list with no or incorrectly entered address and / or bank account details. There are no liabilities owed to the budget for the payment of dividends.

**PAYMENT OF DIVIDENDS IN 2019**

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>Number of Shares (in millions)</th>
<th>Dividend Amount (RUB million)</th>
<th>Dividend Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1 preference shares</td>
<td>10,244,374,447</td>
<td>4,144,091,328.02</td>
<td>5.5</td>
</tr>
<tr>
<td>Type 2 preference shares</td>
<td>13,839,982,413</td>
<td>4,144,091,328.02</td>
<td>2.4</td>
</tr>
</tbody>
</table>

**RECORD OF VTB BANK DIVIDEND PAYMENTS FOR THE LAST FIVE YEARS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount of Dividends (RUB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>33,093</td>
</tr>
<tr>
<td>2016</td>
<td>62,265</td>
</tr>
<tr>
<td>2017</td>
<td>73,016</td>
</tr>
<tr>
<td>2018</td>
<td>26,400</td>
</tr>
<tr>
<td>2019</td>
<td>20,120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Payout Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>67</td>
</tr>
<tr>
<td>2016</td>
<td>90</td>
</tr>
<tr>
<td>2017</td>
<td>73</td>
</tr>
<tr>
<td>2018</td>
<td>12</td>
</tr>
<tr>
<td>2019</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Per Share (RUB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10,038,080.44</td>
</tr>
<tr>
<td>2016</td>
<td>10,392,411.11</td>
</tr>
<tr>
<td>2017</td>
<td>16,953</td>
</tr>
<tr>
<td>2018</td>
<td>7,416</td>
</tr>
<tr>
<td>2019</td>
<td>5,952</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10.61%</td>
</tr>
<tr>
<td>2016</td>
<td>10.61%</td>
</tr>
<tr>
<td>2017</td>
<td>10.61%</td>
</tr>
<tr>
<td>2018</td>
<td>10.61%</td>
</tr>
<tr>
<td>2019</td>
<td>10.61%</td>
</tr>
</tbody>
</table>
### VTB Group outstanding public debt and hybrid capital instruments

#### SUBORDINATED DEBT

<table>
<thead>
<tr>
<th>INSTRUMENT</th>
<th>PLACEMENT</th>
<th>MATURITY DATE / PUT OR CALL OPTION</th>
<th>COUPON</th>
<th>ISIN</th>
<th>CURRENCY</th>
<th>AMOUNT, MLN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 perpetual subordinated debt instrument</td>
<td>August 2012</td>
<td>(December 2022)</td>
<td>9.50%</td>
<td>XS0190596832</td>
<td>USD</td>
<td>2,250</td>
</tr>
<tr>
<td>Series 2 1 EMTN 2 (Tier 2 perpetual subordinated debt instrument)</td>
<td>October 2012</td>
<td>October 2022</td>
<td>6.95%</td>
<td>XS0402076365</td>
<td>USD</td>
<td>1,500</td>
</tr>
<tr>
<td>Series 4 EMTN 3 (Tier 2 perpetual subordinated debt instrument)</td>
<td>July 2014</td>
<td>October 2024</td>
<td>5.00%</td>
<td>CH0248531102</td>
<td>CHF</td>
<td>350</td>
</tr>
<tr>
<td>Tier 2 EMTN 1 (Tier 2 subordinated debt instrument)</td>
<td>December 2019</td>
<td>May 2030 (May 2023)</td>
<td>8.40%</td>
<td>RU000A102QJ7</td>
<td>USD</td>
<td>20,000</td>
</tr>
<tr>
<td>Series SUB-T2-1 (Tier 2 subordinated debt instrument)</td>
<td>October 2020</td>
<td>April 2031 (April 2024)</td>
<td>7.60%</td>
<td>RU000A102QJ7</td>
<td>RUB</td>
<td>70,000</td>
</tr>
<tr>
<td>Series SUB-T2-2 (Tier 2 subordinated debt instrument)</td>
<td>October 2020</td>
<td>April 2031 (April 2024)</td>
<td>Bank of Russia key rate + 2.2%</td>
<td>RU000A102QJ7</td>
<td>RUB</td>
<td>20,000</td>
</tr>
<tr>
<td>Series SUB-T1-1 (Tier 1 perpetual subordinated debt instrument)</td>
<td>February 2021</td>
<td>(August 2026)</td>
<td>5.00%</td>
<td>RU000A102QJ7</td>
<td>USD</td>
<td>825</td>
</tr>
<tr>
<td>Series SUB-T1-2 (Tier 1 perpetual subordinated debt instrument)</td>
<td>February 2021</td>
<td>(August 2026)</td>
<td>3.75%</td>
<td>RU000A102QJ7</td>
<td>EUR</td>
<td>190</td>
</tr>
<tr>
<td>Series SUB-T1-3 (Tier 1 perpetual subordinated debt instrument)</td>
<td>February 2021</td>
<td>(August 2026)</td>
<td>SOFR + 5.5%</td>
<td>RU000A102QJ7</td>
<td>USD</td>
<td>89</td>
</tr>
<tr>
<td>Series SUB-T1-4 (Tier 1 perpetual subordinated debt instrument)</td>
<td>February 2021</td>
<td>(August 2026)</td>
<td>EURIBOR + 0.5%</td>
<td>RU000A102QJ7</td>
<td>EUR</td>
<td>19</td>
</tr>
</tbody>
</table>

#### OTHER BONDS

<table>
<thead>
<tr>
<th>CURRENCY</th>
<th>OUTSTANDING AMOUNT, MLN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary bonds</td>
<td>RUB</td>
</tr>
<tr>
<td>Investment bonds</td>
<td>RUB</td>
</tr>
<tr>
<td>Structural bonds</td>
<td>RUB</td>
</tr>
</tbody>
</table>

1. Fixed coupon until the first call option (3 December 2022), then reset for every 10 years.
2. Fixed coupon until the first call option (3 August 2016), then reset for every 5 years.

---

### Report on compliance with the principles and recommendations of the Corporate Governance Code

This report on compliance with the principles and recommendations of the Corporate Governance Code was reviewed by the Supervisory Council of VTB Bank at its meeting on 23 April 2021 within the framework of the Annual Report for 2020. VTB Bank’s Supervisory Council confirms that the data provided in this report present complete and accurate information about the Company’s compliance with the principles and recommendations of the Code of Corporate Governance in 2020.
1.1.5 Every shareholder had the opportunity to put questions to the members of the executive bodies and members of the Board of Directors prior to and during the Annual General Meeting.

1.1.4 Implementation of the shareholder right to request that a general meeting be convened, to nominate candidates to the management bodies and to communicate with one another.

- Shareholders had the opportunity to put questions to the members of the executive bodies and the members of the Board of Directors prior to and during the Annual General Meeting.
- The position of the Board of Directors (including dissenting opinions expressed in the minutes) on each agenda item at General Meetings held during the reporting period was included in the materials for the General Meeting of Shareholders.
- The company provided shareholders with such a right access to the list of persons entitled to participate in the General Meeting from the date of its receipt by the company in all cases regarding the Annual General Meeting.
- The company provided shareholders with the opportunity to freely express their opinions and ask questions during meeting.
- The company considered the use of telecommunications facilities to provide remote access to shareholders to participate in General Meetings during the reporting period.

1.2.1 The company has developed an open mechanism for determining the amount and payment of dividends.

1.2.2 The company did not take any actions that led to the diminution of the dividend rights of existing shareholders.

1.2.3 The company does not permit any diminution of the dividend rights of existing shareholders.

1.2 Shareholders are given equal and fair opportunities to participate in the profits of the company by receiving dividends.

1.2.1 The company has developed an open, transparent and clear mechanism for determining the amount and payment of dividends.

1.2.2 When conducting General Meetings, the company did not take any actions that led to the diminution of the dividend rights of existing shareholders.

1.2.3 The company’s Dividend Policy takes the economic circumstances under which the company operates.

1.2.4 The company’s Dividend Policy provides clear guidance on financial/economic circumstances under which the company should not pay dividends.
1.3.2 The company does not undertake actions that lead or may lead to the artificial redistribution of corporate control.

During the reporting period, the procedures for managing potential conflicts of interest involving major shareholders were effective, and conflicts between shareholders, if any, were given due attention by the Board of Directors.

- Compliance

1.3.3 The company does not undertake actions that lead or may lead to the artificial redistribution of corporate control.

The company does not undertake actions that lead or may lead to the artificial redistribution of corporate control.

- Compliance

1.3.4 Shareholders must be provided with reliable and effective ways to register their rights to their shares, as well as the possibility to dispose of their shares freely and easily.

The quality and reliability of the activities performed by the company's registrar to maintain the register of securities holders meet the needs of the company and its shareholders.

- Compliance

1.3.5 The company has created the conditions for the fair treatment of each shareholder by the company's management and oversight bodies, including conditions ensuring the inadmissibility of abuse by major shareholders in relation to minority shareholders.

The company has established the conditions for the fair treatment of each shareholder by the company's management and oversight bodies, including conditions ensuring the inadmissibility of abuse by major shareholders in relation to minority shareholders.

- Compliance

1.3.6 The company has established the conditions for the fair treatment of each shareholder by the company's management and oversight bodies, including conditions ensuring the inadmissibility of abuse by major shareholders in relation to minority shareholders.

The company has created the conditions for the fair treatment of each shareholder by the company's management and oversight bodies, including conditions ensuring the inadmissibility of abuse by major shareholders in relation to minority shareholders.

- Compliance

1.4.1 Shareholders must be provided with reliable and effective ways to register their rights to their shares, as well as the possibility to dispose of their shares freely and easily.

2.1.4 The Board of Directors carries out strategic management within the company, defines the basic principles and approaches to organizing a risk management and internal control system within the company, supervises the activity of executive bodies and also performs other key functions.

The Board of Directors reviewed the report(s) of the sole executive body and of members of the collective executive body on the implementation of the company's strategy.

- Compliance
2.3.1 Only individuals who have an excellent business and personal reputation, and who also have the knowledge, skills and experience required to make decisions related to the remit of the board of directors, and required for the effective performance of its functions, may be elected by the members of the board of Directors.

2.3.2 The members of the Board of Directors are elected through a transparent procedure that allows shareholders to receive information about the candidates that is sufficient to form a picture of their personal and professional qualities.

2.3.3 The composition of the Board of Directors shall be balanced, including in terms of the qualifications of its members, their experience, knowledge and business qualities, and it shall enjoy the confidence of the shareholders.

2.3.4 The quantitative composition of the Board of Directors shall make it possible to organize the activities of the Board of Directors in the most efficient manner possible, including the possibility of the formation of the board committees. It shall also provide the company’s significant minority shareholders with an opportunity to elect to the Board of Directors a candidate of their choice.

2.2 The Chairman of the Board of Directors must be available to the company’s shareholders.

2.2.1 Information about the work of the Board of Directors is disclosed and presented to the shareholders.

2.2.2 The Chairman of the Board of Directors plays a key role in ensuring the transparency of the company’s disclosure of information and satisfies the shareholders’ and shareholders’ unhindered access to company documents.

2.2.3 The composition of the Board of Directors must be an efficient and professional governing body that is capable of making objective and independent judgements and passing resolutions in the best interests of the company and its shareholders.

2.3 The Board of Directors must be accountable to the company’s shareholders.

2.3.1 Only individuals who have the necessary experience, knowledge and business reputation, as well as the knowledge, skills and experience required to make decisions related to the remit of the board of directors, and required for the effective performance of its functions, may be elected by the members of the Board of Directors.

2.3.2 The members of the Board of Directors are elected through a transparent procedure that allows shareholders to receive information about the candidates that is sufficient to form a picture of their personal and professional qualities.

2.3.3 The composition of the Board of Directors shall be balanced, including in terms of the qualifications of its members, their experience, knowledge and business qualities, and it shall enjoy the confidence of the shareholders.

2.3.4 The quantitative composition of the Board of Directors shall make it possible to organize the activities of the Board of Directors in the most efficient manner possible, including the possibility of the formation of the board committees. It shall also provide the company’s significant minority shareholders with an opportunity to elect to the Board of Directors a candidate of their choice.

2.3.5 The composition of the Board of Directors shall be balanced, including in terms of the qualifications of its members, their experience, knowledge and business qualities, and it shall enjoy the confidence of the shareholders.

2.3.6 The quantitative composition of the Board of Directors shall make it possible to organize the activities of the Board of Directors in the most efficient manner possible, including the possibility of the formation of the board committees. It shall also provide the company’s significant minority shareholders with an opportunity to elect to the Board of Directors a candidate of their choice.

2.3.7 The composition of the Board of Directors shall be balanced, including in terms of the qualifications of its members, their experience, knowledge and business qualities, and it shall enjoy the confidence of the shareholders.
### 2.4.2 An assessment

#### 2.4.1 An independent director

A person who has sufficient professionalism, experience and independence to form their own positions, is able to formulate objective and honest opinions, is independent from the influence of the company’s executive bodies, individual groups of shareholders and other interested parties. It should be kept in mind that, under normal conditions, a candidate (elected member of the Board of Directors) who is associated with the company, its major shareholders, a significant counterparty or competitor of the state may not be considered independent.

#### 2.4.2 An assessment of the Board of Directors (or its Nominating Committee) formed an opinion about each candidate’s independence and presented shareholders with their conclusions

During the reporting period, the Board of Directors (or its Nominating Committee) reviewed at least one occasion, the independence of the current members of the Board of Directors who are indicated as independent directors in the company’s Annual Report.

- The company has developed procedures for determining the necessary actions a board member must take in the event that he or she ceases to be independent, including the obligation to inform the Board of Directors about this in a timely manner.

<table>
<thead>
<tr>
<th>NO.</th>
<th>PRINCIPLES OF CORPORATE GOVERNANCE</th>
<th>CRITERIA FOR ASSESSING COMPLIANCE WITH THE RELEVANT PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>STATUS OF COMPLIANCE</th>
<th>COMMENTS / EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4.3</td>
<td>Independent directors shall account for at least one third of all directors elected to the board</td>
<td>Compliance</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>2.4.4</td>
<td>Independent directors play a key role in the prevention of internal conflicts within the company and in the company’s performance of material corporate actions</td>
<td>Compliance</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>The Chairman of the Board of Directors shall facilitate the most effective performance of the functions assigned to the Board.</td>
<td>Compliance</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>2.5.1</td>
<td>The Chairman of the Board of Directors is an independent director, or the elected independent directors select a senior independent director who coordinates the work of the independent directors and is responsible for communication with the Chairman of the Board of Directors.</td>
<td>Compliance</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>2.5.2</td>
<td>The Chairman of the Board of Directors ensures a constructive atmosphere for holding meetings, a free discussion of the issues included in the meeting agenda and oversight over the execution of decisions taken by the Board of Directors.</td>
<td>Compliance</td>
<td>Non-compliance</td>
<td></td>
</tr>
</tbody>
</table>
### 2.6 Board Members

#### 2.6.1 Board members act in good faith and reasonably in the interests of the company and its shareholders on the basis of sufficient information, with due care and diligence.

- According to the company’s bylaws, a member of the Board of Directors must notify the Board of Directors if he or she has a conflict of interest in respect of any item on the agenda of a meeting of the Board.
- The company’s bylaws provide that a board member must abstain from voting on any matter in which he or she has a conflict of interest.
- The company has established a procedure that allows the Board of Directors to receive professional advice on matters within its remit at the company’s expense.

#### 2.6.2 The rights and obligations of members of the Board of Directors are clearly enshrined in the company’s bylaws.

- The company has adopted and published a bylaw that clearly stipulates the rights and responsibilities of members of the Board of Directors.

#### 2.6.3 Board members have sufficient time to perform their duties.

- Individual attendance at board and committee meetings, as well as the time devoted to preparation for participation in such meetings, was taken into account as part of the Board of Directors assessment procedures during the reporting period.
- In accordance with the company’s bylaws, members of the Board of Directors are required to notify the Board of their intention to be a part of the management bodies of other organisations (beyond those that are the company’s subsidiaries or dependent organisations), as well as the fact of such appointments.

### 2.7 Meetings of the Board of Directors

#### 2.7.1 Meetings of the Board of Directors, preparations for them and the participation of board members therein shall be provided, as a rule, not less than five days prior to the meeting.

- The Board of Directors held at least six meetings during the reporting year.

#### 2.7.2 The company’s bylaws shall enshrine procedures for the preparation and holding of board meetings that allow members of the Board of Directors to prepare adequately for such meetings.

- The company has approved a bylaw that stipulates the procedure for the preparation and holding of board meetings, in which it is also established that notice about a meeting must be provided, as a rule, not less than five days prior to the meeting.

#### 2.7.3 The format of each meeting of the Board of Directors is determined based on the importance of the items on its agenda. The most important issues are resolved at meetings of the Board of Directors held in person.

- The company’s Charter or bylaws provide that the most important issues (according to the list provided in recommendation 170 of the Code) must be considered at in-person Board meetings.

#### 2.7.4 Decisions on the most important issues concerning the company’s activities shall be taken at a meeting of the Board of Directors by a qualified majority or a majority of all the elected members of the Board of Directors.

- The company’s Charter provides that decisions on the most important issues outlined in recommendation 170 of the Code must be taken at a meeting of the Board of Directors by a qualified majority of not less than three fourths of the votes or by a majority of all the elected members of the Board of Directors.
2.8 The Board of Directors shall form committees for preliminary consideration of the most important issues related to the company’s activities.

2.8.1 For preliminary consideration of issues related to the control of the company’s financial and economic activities, an Audit Committee shall be established that is composed of independent directors:

- The Board of Directors has formed an Audit Committee composed entirely of independent directors.
- The company’s bylaws stipulate that the Audit Committee’s tasks, including those tasks outlined in recommendation 172 of the Code.
- At least one member of the Audit Committee, who is an independent director, has experience and expertise in the preparation, analysis, evaluation and auditing of financial statements.
- Meetings of the Audit Committee took place at least once a quarter during the reporting period.

2.8.2 For preliminary consideration of issues related to the formation of effective and transparent remuneration practices, a Remuneration Committee was established that consists of independent directors and is chaired by an independent director who is not the Chairman of the Board of Directors:

- The Board of Directors established a Remuneration Committee that consists solely of independent directors.
- The Chairman of the Remuneration Committee is an independent director who is not the Chairman of the Board of Directors.
- The company’s bylaws stipulate the Remuneration Committee’s tasks, including those tasks outlined in recommendation 180 of the Code.

2.8.3 For preliminary consideration of issues related to the implementation of staff planning (succession planning) and the professional composition and performance of the Board of Directors, a Nominating Committee (appointments, human resources) was established, most of whose members are independent directors:

- The Board of Directors established a Nominating Committee (or the tasks thereof specified in recommendation 186 of the Code are performed by another committee) consisting mostly of independent directors.
- The company’s bylaws stipulate the tasks of the Nominating Committee (or the relevant committee with combined functions), including the tasks outlined in recommendation 186 of the Code.

In case the tasks of the Nominating Committee are performed by another committee, then name that committee here.

2.8.4 Given the scope and risk level, the Board of Directors determined that the composition of its committees fully meets the company’s goals. Additional committees were either formed or are not deemed necessary (strategy, committees, corporate governance committees, ethics committee, risk management committee, budget committees, committees on health, safety and the environment, etc.).

- During the reporting period, the company’s Board of Directors considered the composition of its committees in terms of the Board’s duties and the company’s objectives. Additional committees were either formed or were deemed unnecessary.

2.8.5 The composition of the committees is determined in such a way that it allows for a comprehensive discussion of issues beforehand, taking into account different views.

- Committees of the Board of Directors are chaired by independent directors.
- The company’s bylaws (policies) include provisions under which individuals who are not members of the Audit Committee, the Nominating Committee, or the Remuneration Committee may attend committee meetings only at the invitation of the chairman of the relevant committee.

2.8.6 The committee chairmen shall regularly inform the Board of Directors about the work of their committees.

- During the reporting period, the chairman of the committees reported regularly to the Board of Directors on the work of the committees.

Provide a list of additional committees that have been created.
2.9 The Board of Directors shall ensure that the quality of its work and that of its committees and its members is assessed.

2.9.1 Assessment of the quality of the work of the Board of Directors is aimed at determining the degree of the effectiveness of the work of the Board of Directors, its committees, and Board members, as well as the compliance of the work of the Board of Directors and identifying areas in which their work can be improved.

- The self-assessment and external evaluation of the Board of Directors carried out during the reporting period included an evaluation of the work of the committees, individual Board members and the Board of Directors as a whole.
- The results of the self-assessment or external assessment of the Board of Directors carried out during the reporting period were discussed at an in-person meeting of the Board of Directors.

4.1 The level of remuneration paid by the company shall be sufficient to enable it to recruit, motivate and retain employees who have the required skills and qualifications. Remuneration shall be paid to Board members, executive bodies and other key managers at the company in accordance with the remuneration policy adopted by the company.

4.1.1 The company's Remuneration Policy (Policies) contains transparent mechanisms for determining the remuneration of members of the Board of Directors, executive bodies and other key executives, which clearly stipulate approaches to the remuneration of these individuals.

4.1.2 The company's Remuneration Policy (Policies) contains transparent mechanisms for determining the remuneration of these individuals. During the reporting period, the Remuneration Committee reviewed the Remuneration Policy (Policies) and the policy regulating its (their) implementation. If necessary, it presented appropriate recommendations to the Board of Directors.

3.1 The company's Corporate Secretary is responsible for efficient ongoing interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders and support for the efficient work of its Board of Directors.

3.1.1 The Corporate Secretary.

3.1.2 The work of the Board of Directors, its committees and Board members is assessed on a regular basis, at least once a year, to conduct an independent assessment of the quality of the Board of Directors' work, a third-party entity (consultant) is engaged at least once every three years.

3.1.3 The company's Corporate Secretary has sufficient knowledge, experience and expertise for the execution of his or her duties. This official enjoys an impecable reputation and the confidence of shareholders.

3.1.4 The company's Corporate Secretary is sufficiently independent of the company's executive bodies, and has been given the necessary authority and resources to carry out his assigned tasks.

<table>
<thead>
<tr>
<th>NO.</th>
<th>CRITERIA FOR ASSESSING COMPLIANCE WITH THE RELEVANT PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>STATUS OF COMPLIANCE</th>
<th>COMMENTS / EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9</td>
<td>Assessment of the quality of the work of the Board of Directors carried out during the reporting period included an evaluation of the work of the committees, individual Board members and the Board of Directors as a whole.</td>
<td>Compliance</td>
<td>Non-compliance</td>
</tr>
<tr>
<td>2.9.1</td>
<td>The results of the self-assessment or external assessment of the Board of Directors carried out during the reporting period were discussed at an in-person meeting of the Board of Directors.</td>
<td>Partial compliance</td>
<td>Non-compliance</td>
</tr>
<tr>
<td>4.1</td>
<td>The company's Remuneration Policy (Policies) contains transparent mechanisms for determining the remuneration of these individuals. During the reporting period, the Remuneration Committee reviewed the Remuneration Policy (Policies) and the policy regulating its (their) implementation. If necessary, it presented appropriate recommendations to the Board of Directors.</td>
<td>Compliance</td>
<td>Non-compliance</td>
</tr>
<tr>
<td>4.1.1</td>
<td>The company's Remuneration Policy (Policies) contains transparent mechanisms for determining the remuneration of these individuals.</td>
<td>Partial compliance</td>
<td>Non-compliance</td>
</tr>
<tr>
<td>4.1.2</td>
<td>The company's Remuneration Policy (Policies) contains transparent mechanisms for determining the remuneration of these individuals. During the reporting period, the Remuneration Committee reviewed the Remuneration Policy (Policies) and the policy regulating its (their) implementation. If necessary, it presented appropriate recommendations to the Board of Directors.</td>
<td>Partial compliance</td>
<td>Non-compliance</td>
</tr>
<tr>
<td>3.1</td>
<td>The company's Corporate Secretary is responsible for efficient ongoing interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders and support for the efficient work of its Board of Directors.</td>
<td>Compliance</td>
<td>Non-compliance</td>
</tr>
</tbody>
</table>
4.2.3 The company determines a policy on the reimbursement (compensation) of expenses that enumerates a list of reimbursable expenses and the level of service that members of the Board of Directors, executive bodies and other key executives at the company may qualify for. This policy may form a part of the company’s Remuneration Policy.

4.2.2 Long-term holding of company shares has been the most conducive to ensuring the convergence of the financial interests of the members of the Board of Directors and the long-term interests of shareholders. The company does not make the right to dispose of shares dependent on the achievement of certain performance results, and Board members do not participate in option programmes.

4.2.1 The company pays fixed annual remuneration to the members of the Board of Directors. The company does not pay remuneration for participation in meetings of the Board or Board committees.

4.2 The system of remuneration for members of the Board of Directors shall ensure that the financial interests of the directors are in line with the long-term financial interests of shareholders.

4.3 The system of remuneration due to members of the executive bodies and other key company executives provides that their remuneration is dependent on the company’s performance results and their personal contributions to achieving these.

4.3.1 Remuneration for members of executive bodies and other key executives at the company shall be determined in such a way as to provide a reasonable and justified ratio between their base salary and variable remuneration depending on the company’s results and the personal (individual) contribution of each employee to the final result.

4.3.2 The company has established a long-term incentive programme for members of the executive bodies and other key company executives. The company’s shares (options or other derivative instruments whose underlying asset is company shares).

4.3.3 The amount of compensation (golden parachute) that is paid by the company in the event of the early termination of members of the Board of Directors in connection with the transfer of control over the company or other circumstances.

<table>
<thead>
<tr>
<th>NO.</th>
<th>CRITERIA FOR ASSESSING COMPLIANCE WITH THE RELEVANT PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>STATUS OF COMPLIANCE</th>
<th>COMMENTS / EXPLANATION ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>The company determines a policy on the reimbursement (compensation) of expenses that enumerates a list of reimbursable expenses and the level of service that members of the Board of Directors, executive bodies and other key executives at the company may qualify for. This policy may form a part of the company’s Remuneration Policy.</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>The company pays fixed annual remuneration to the members of the Board of Directors. The company does not pay remuneration for participation in meetings of the Board or Board committees.</td>
<td>Partial compliance</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>The system of remuneration due to members of the executive bodies and other key company executives provides that their remuneration is dependent on the company’s performance results and their personal contributions to achieving these.</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>4.3.1</td>
<td>Remuneration for members of executive bodies and other key executives at the company shall be determined in such a way as to provide a reasonable and justified ratio between their base salary and variable remuneration depending on the company’s results and the personal (individual) contribution of each employee to the final result.</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>4.3.2</td>
<td>The company has established a long-term incentive programme for members of the executive bodies and other key company executives. The company’s shares (options or other derivative instruments based on company shares).</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>4.3.3</td>
<td>The amount of compensation (golden parachute) that is paid by the company in the event of the early termination of members of the executive bodies or key executives at the initiative of the company or in the absence of any actions taken by themselves themselves that were not in good faith shall not exceed two times the base salary that is paid as part of the annual compensation package.</td>
<td>Compliance</td>
<td></td>
</tr>
</tbody>
</table>

¹ The policy (policies) on remuneration or the company’s other (other) remuneration rules for Board members, executive bodies and other key executives at the company.Members of the Board of Directors do not participate in the Bank’s option programmes. The company’s shares (options or other derivative instruments whose underlying asset is company shares).

<table>
<thead>
<tr>
<th>NO.</th>
<th>CRITERIA FOR ASSESSING COMPLIANCE WITH THE RELEVANT PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>STATUS OF COMPLIANCE</th>
<th>COMMENTS / EXPLANATION ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2</td>
<td>The company pays fixed annual remuneration to the members of the Board of Directors. The company does not pay remuneration for participation in meetings of the Board or Board committees.</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>The system of remuneration due to members of the executive bodies and other key company executives provides that their remuneration is dependent on the company’s performance results and their personal contributions to achieving these.</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>4.3.1</td>
<td>Remuneration for members of executive bodies and other key executives at the company shall be determined in such a way as to provide a reasonable and justified ratio between their base salary and variable remuneration depending on the company’s results and the personal (individual) contribution of each employee to the final result.</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>4.3.2</td>
<td>The company has established a long-term incentive programme for members of the executive bodies and other key company executives. The company’s shares (options or other derivative instruments based on company shares).</td>
<td>Non-compliance</td>
<td></td>
</tr>
<tr>
<td>4.3.3</td>
<td>The amount of compensation (golden parachute) that is paid by the company in the event of the early termination of members of the executive bodies or key executives at the initiative of the company or in the absence of any actions taken by themselves themselves that were not in good faith shall not exceed two times the base salary that is paid as part of the annual compensation package.</td>
<td>Non-compliance</td>
<td></td>
</tr>
</tbody>
</table>

¹ The policy (policies) on remuneration or the company’s other (other) remuneration rules for Board members, executive bodies and other key executives at the company. Members of the Board of Directors do not participate in the Bank’s option programmes.
### 5.2.1 The company has created an efficient risk management and internal control system that is designed to provide reasonable assurance that the company's goals will be achieved.

<table>
<thead>
<tr>
<th>NO.</th>
<th>PRINCIPLES OF CORPORATE GOVERNANCE</th>
<th>CRITERIA FOR ASSESSING COMPLIANCE WITH THE RELEVANT PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>STATUS OF COMPLIANCE</th>
<th>COMMENTS / EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1</td>
<td>The Board of Directors determines the principles and approaches used to shape the company's risk management and internal control system.</td>
<td>The functions that the company's various control bodies and divisions play in the risk management and internal control system are clearly stipulated in the company's bylaws/relevant policies that were approved by the Board of Directors.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
<tr>
<td>5.1.2</td>
<td>The company's executive bodies shall ensure the establishment and maintenance of an effective system of risk management and internal control at the company.</td>
<td>The company's executive bodies have ensured the distribution of functions and responsibilities for risk management and internal control between their subordinate unit and department heads.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
<tr>
<td>5.1.3</td>
<td>The company's risk management and internal control system provides for an objective, fair and clear picture of the company's current state and prospects, thereby ensuring transparency of the company's reporting and the reasonableness and acceptability of the risks taken by the company.</td>
<td>The company has approved a policy on preventing corruption. The company provides an accessible means of notifying the Board of Directors or the Board's Audit Committee about violations of the law, internal procedures and the company's code of ethics.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
<tr>
<td>5.1.4</td>
<td>The Board of Directors takes necessary measures to ensure that the company's current risk management and internal control system complies with the principles and approaches determined by the Board of Directors to ensure that such a system is organised and functions effectively.</td>
<td>During the reporting period, the Board of Directors or its Audit Committee evaluated the effectiveness of the company's risk management and internal control system. Information about the main findings of this evaluation is included in the company's Annual Report.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
<tr>
<td>5.2.2</td>
<td>The company organises an internal audit to ensure the regular independent evaluation of the reliability and effectiveness of the risk management and internal control system and corporate governance practice.</td>
<td>The internal audit unit evaluates the effectiveness of the internal control system and assesses the effectiveness of the risk management and corporate governance systems. The company employs generally accepted standards in the field of internal auditing, including on the company's website. During the reporting period, an assessment was provided of the effectiveness of the internal control and risk management system as part of the internal audit process.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
</tbody>
</table>

### 6.1 The company and its activities are transparent to shareholders, investors and other interested parties.

<table>
<thead>
<tr>
<th>NO.</th>
<th>PRINCIPLES OF CORPORATE GOVERNANCE</th>
<th>CRITERIA FOR ASSESSING COMPLIANCE WITH THE RELEVANT PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>STATUS OF COMPLIANCE</th>
<th>COMMENTS / EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1.1</td>
<td>The company has developed and implemented an information policy that ensures effective communication of information between the company, shareholders, investors and other interested parties.</td>
<td>The company discloses information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code. The company discloses information on its system of corporate governance and the general principles of corporate governance that are applied in the company, including on the company's website. The company discloses information on the composition of its executive bodies and Board of Directors, the independence of Board members and their membership of Board committees (in accordance with the definitions provided in the Code). In the event that a person should assume control of the company, the company publishes a memorandum by the controlling person concerning said person's plans in relation to the company's corporate governance.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
<tr>
<td>6.1.2</td>
<td>The company discloses information on the company's corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code.</td>
<td>The company discloses information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code. The company discloses information on the composition of its executive bodies and Board of Directors, the independence of Board members and their membership of Board committees (in accordance with the definitions provided in the Code). In the event that a person should assume control of the company, the company publishes a memorandum by the controlling person concerning said person's plans in relation to the company's corporate governance.</td>
<td>Compliance</td>
<td>Partial compliance; Non-compliance</td>
</tr>
</tbody>
</table>

---

**Partial compliance**

**Non-compliance**

**Compliance**
## NO. 6.2

**The company discloses complete, up-to-date and reliable information about the company to allow its shareholders and investors to make informed decisions.**

### 6.2.1

<table>
<thead>
<tr>
<th>Criteria for Assessing Compliance with the Relevant Principle of Corporate Governance</th>
<th>Status of Compliance</th>
<th>Comments / Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company discloses information in accordance with the principles of regular publication, consistency, timeliness, as well as accessibility, accuracy, completeness and comparability of the data disclosed.</td>
<td>Partial Compliance</td>
<td>The company's Information Policy stipulates the approaches and criteria for determining information that could materially affect the company's valuation, the value of its securities and the procedures that ensure the timely disclosure of such information.</td>
</tr>
<tr>
<td>If the company's securities are traded in foreign markets, then equivalent material information is disclosed in the Russian Federation and in those foreign markets at the same time during the reporting year.</td>
<td>Partial Compliance</td>
<td>If foreign shareholders hold a substantial number of shares in the company, then information was disclosed during the reporting year not only in Russian, but also in a commonly known foreign language.</td>
</tr>
<tr>
<td>If the company's securities are traded in foreign markets, then equivalent material information is disclosed in the Russian Federation and in those foreign markets at the same time during the reporting year.</td>
<td>Partial Compliance</td>
<td>If foreign shareholders hold a substantial number of shares in the company, then information was disclosed during the reporting year not only in Russian, but also in a commonly known foreign language.</td>
</tr>
</tbody>
</table>

### 6.2.2

<table>
<thead>
<tr>
<th>Criteria for Assessing Compliance with the Relevant Principle of Corporate Governance</th>
<th>Status of Compliance</th>
<th>Comments / Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company avoids taking a formal approach to the disclosure of information, and it discloses important information about its activities even when such disclosure is not required by law.</td>
<td>Partial Compliance</td>
<td>During the reporting period, the company disclosed its annual and semi-annual financial statements prepared in accordance with IFRS. The company's Annual Report for the reporting period included annual financial statements that were prepared in accordance with IFRS, along with the auditor's report.</td>
</tr>
<tr>
<td>The company discloses both its Annual Report and on its website complete information on its capital structure in accordance with recommendation 300 of the Code.</td>
<td>Partial Compliance</td>
<td>The company discloses both its Annual Report and on its website complete information on its capital structure in accordance with recommendation 300 of the Code.</td>
</tr>
</tbody>
</table>

### 6.2.3

<table>
<thead>
<tr>
<th>Criteria for Assessing Compliance with the Relevant Principle of Corporate Governance</th>
<th>Status of Compliance</th>
<th>Comments / Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Annual Report, which is one of the most important tools for sharing information with shareholders and other interested parties, contains information that makes it possible to assess the company's activities for the year.</td>
<td>Partial Compliance</td>
<td>The company's Annual Report provides information on the key aspects of its activities and its financial results.</td>
</tr>
<tr>
<td>The company's Annual Report contains information about the environmental and social aspects of the company's activities.</td>
<td>Partial Compliance</td>
<td>The company's Annual Report contains information about the environmental and social aspects of the company's activities.</td>
</tr>
</tbody>
</table>

## NO. 6.3

**The company provides information and documents requested by its shareholders in accordance with the principle of equal and unhindered access.**

### 6.3.1

<table>
<thead>
<tr>
<th>Criteria for Assessing Compliance with the Relevant Principle of Corporate Governance</th>
<th>Status of Compliance</th>
<th>Comments / Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company provides information and documents requested by its shareholders in accordance with the principle of equal and unhindered access.</td>
<td>Partial Compliance</td>
<td>The company's Information Policy stipulates a non-burdensome procedure for providing shareholders with access to information, including information about the company's subsidiaries, at the request of shareholders.</td>
</tr>
</tbody>
</table>

### 6.3.2

<table>
<thead>
<tr>
<th>Criteria for Assessing Compliance with the Relevant Principle of Corporate Governance</th>
<th>Status of Compliance</th>
<th>Comments / Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company provides information and documents requested by its shareholders in accordance with the principle of equal and unhindered access.</td>
<td>Partial Compliance</td>
<td>During the reporting period, the company did not refuse to satisfy shareholder requests for information, or if it did deny any requests, then such refusals were justified.</td>
</tr>
<tr>
<td>The company provides information and documents requested by its shareholders in accordance with the principle of equal and unhindered access.</td>
<td>Partial Compliance</td>
<td>In cases stipulated by the company's Information Policy, shareholders are warned about the confidential nature of information and take responsibility for maintaining its confidentiality.</td>
</tr>
</tbody>
</table>

---

**VTB Group Today**  
Management Report  
Corporate Governance  
Sustainable Development  
Financial Statements  
Annexes
7.1 Any actions that will or may materially affect the company’s share capital structure and its financial position and, accordingly, the position of its shareholders (“material corporate actions”) shall be taken on fair terms and conditions ensuring that the rights and interests of the shareholders as well as other interested parties are observed.

7.1(1) Material corporate actions include the reorganisation of the company, the acquisition of 30 percent or more of voting shares (takeover), material transactions by the company, an increase or decrease in the company’s share capital, the listing and delisting of company shareholders, as well as other actions that could lead to a significant change in the rights of shareholders or a diminution of their interests. The company’s Charter includes a list of (criteria for) transactions or other actions falling within the category of material corporate actions. These actions fall within the remit of the company’s Board of Directors.

The company’s Charter contains a list of transactions or other actions that constitute material corporate actions and the criteria that are used to determine such actions. Decisions regarding material corporate actions fall within the remit of the Board of Directors. In cases where the authority to take such corporate actions falls within the remit of the General Meeting of Shareholders, the Board of Directors provides shareholders with appropriate recommendations.

The company’s Charter recognises the following, at a minimum, to be material corporate actions: the reorganisation of the company, the acquisition of 30 percent or more of voting shares (takeover), the completion of material transactions by the company, an increase or decrease in the company’s share capital and the listing and delisting of company shares.

1.2 The Bank’s Charter does not specify a list of transactions and material corporate actions. At the same time, the Bank’s Charter assigns decision-making power regarding such material corporate actions to the remit of the Bank’s Supervisory Council and General Meeting of Shareholders in accordance with the recommendation.

In addition, the Regulation on the Bank’s Supervisory Council Audit Committee provides for a special procedure for the Committee to deal with matters related to material and non-standard transactions conducted by the Bank (para. 2.2.1 of the Regulation), including reviews of their compliance with applicable standards.

Considering the above, in order to avoid duplication in the Bank’s Charter of provisions on the procedure for taking decisions on matters falling within the remit of the Supervisory Council and the General Meeting of Shareholders, and also taking into account the lack of relevant practice in comparable companies, the Bank considered it expedient to further enshrine in its Charter provisions on material corporate actions and on the procedure for making decisions on such actions.

7.2 The company has established a procedure regulating material corporate actions that allows shareholders to receive timely and complete information on such actions, provides them with an opportunity to influence decision-making about such actions and ensures compliance with, and an adequate level of protection of, their rights in the performance of such actions.

7.2(1) Information about material corporate actions is disclosed together with the reasons, conditions and consequences of such actions.

During the reporting period, the company disclosed information on its material corporate actions in a timely manner and in detail, including the reasons for, and timing of, such actions.

The rules and procedures governing material corporate actions taken by the company are stipulated in the company’s bylaws. The company’s bylaws have established a procedure for retaining an independent appraiser to determine the value of property that is alienated or acquired by a material transaction or a related party transaction.

The company’s bylaws have established a procedure for retaining an independent appraiser to assess the value of shares that are acquired or bought back by the company.

The company’s bylaws have established an expanded list of grounds on which the members of the Board of Directors and other persons referred to in respective laws are deemed to have an interest in the company’s transactions.

7.2(3) The Bank believes that the implementation of the relevant practice may significantly complicate the Bank’s activities and put it in an unequal position compared to other financial market participants, due in part to the lengthy procedure for preliminary approval of transactions. Considering the above, the Bank does not plan to implement this recommendation.

The Bank believes that the applicable legislation on joint stock companies sufficiently regulates the risks of non-compliance with this recommendation in so far as concerns the list of grounds on which a person may be recognised as an interested party to a transaction. Considering the above, the Bank does not plan to implement this recommendation.

The company has established an expanded list of grounds on which the members of the Board of Directors and other persons referred to in respective laws are deemed to have an interest in the company’s transactions.

The rules and procedures governing material corporate actions taken by the company are stipulated in the company’s bylaws. The company’s bylaws have established a procedure for retaining an independent appraiser to determine the value of property that is alienated or acquired by a material transaction or a related party transaction.

The company’s bylaws have established a procedure for retaining an independent appraiser to assess the value of shares that are acquired or bought back by the company.

The company’s bylaws have established an expanded list of grounds on which the members of the Board of Directors and other persons referred to in respective laws are deemed to have an interest in the company’s transactions.

The rules and procedures governing material corporate actions taken by the company are stipulated in the company’s bylaws. The company’s bylaws have established a procedure for retaining an independent appraiser to determine the value of property that is alienated or acquired by a material transaction or a related party transaction.

The company’s bylaws have established a procedure for retaining an independent appraiser to assess the value of shares that are acquired or bought back by the company.

The company’s bylaws have established an expanded list of grounds on which the members of the Board of Directors and other persons referred to in respective laws are deemed to have an interest in the company’s transactions.
## Bank's details and contacts

<table>
<thead>
<tr>
<th><strong>Full official name</strong></th>
<th>VTB Bank (Public Joint-Stock Company)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short name</strong></td>
<td>VTB Bank (PJSC)</td>
</tr>
<tr>
<td><strong>Main type of activity</strong></td>
<td>Banking</td>
</tr>
<tr>
<td><strong>Date of state registration</strong></td>
<td>17 October 1990</td>
</tr>
<tr>
<td><strong>General licence for banking operations</strong></td>
<td>No. 1000</td>
</tr>
<tr>
<td><strong>Main state registration number (OGRN)</strong></td>
<td>1027739609391, issued by the Interdistrict Inspectorate of the Ministry of Taxes and Levies of Russia No. 39 for the city of Moscow on 22 November 2002</td>
</tr>
<tr>
<td><strong>Taxpayer identification number (TIN)</strong></td>
<td>7702070139</td>
</tr>
<tr>
<td><strong>Bank identifier code (BIC)</strong></td>
<td>044525187</td>
</tr>
<tr>
<td><strong>Address</strong></td>
<td>11A Degtyarniy Lane, St. Petersburg, 191144</td>
</tr>
<tr>
<td><strong>Mailing address</strong></td>
<td>VTB Bank (PJSC) 43 Vorontsovskaya St., bldg. 1 Moscow, 109147</td>
</tr>
</tbody>
</table>
| **Call centre** | For corporate clients  
| | +7 (800) 200-77-99 (toll-free within Russia)  
| | +7 (495) 739-77-99  
| | For private clients  
| | +7 (800) 100-24-24 (toll-free within Russia)  
| | +7 (495) 777-24-24 |
| **Email** | info@vtb.ru (for information and offers)  
| | compliance@vtb.ru (for insiders) |
| **Website** | [https://www.vtb.com/](https://www.vtb.com/) |
| **Details for transfers** | [https://www.vtb.com/o-banke/bank-vtb/rekvizity/](https://www.vtb.com/o-banke/bank-vtb/rekvizity/) |

### Investor Relations Department (institutional investors and analysts)

- **Phone:** +7 (495) 775-71-39
- **E-mail:** InvestorRelations@vtb.ru

### Shareholder Relations Department (individual shareholders)

- **Phone:** +7 (495) 258-49-47
- **E-mail:** Shareholders@vtb.ru

### Chief of Staff of the Supervisory Council – Corporate Secretary

- **Evgeniy Ignatyev**
- **Phone:** +7 (495) 775-70-88
- **E-mail:** ignatyev@vtb.ru

### Shareholders Consultative Council

- **Site:** [www.facebook.com/ksavtb](https://www.facebook.com/ksavtb), [www.twitter.com/ksavtb](https://www.twitter.com/ksavtb)
- **Phone:** +7 (985) 774-31-55
- **E-mail:** KSA@vtb.ru

### Registrar

- **JSC VTB Registrar**
- **Legal address:** 23 Pravdy St. Moscow 127015, Russia
- **Postal address:** P.O. Box 54, Moscow 127137, Russia
- **Phone / fax:** +7 (495) 787-44-83
- **E-mail:** info@vtbreg.ru

### Shareholder centres

- **Moscow**
  - 35 Myasnitskaya St.
  - +7 (495) 645-43-61

- **St. Petersburg**
  - 78 B Bolshoy Prospekt of Vasilievsky Island
  - +7 (812) 494-94-46

- **Yekaterinburg**
  - 5 Marshala Zhukova St.
  - +7 (343) 379-66-15

### VTB SHAREHOLDER mobile application

- [Download on the App Store](https://apps.apple.com/ru/app/id1519661867)