

# SETTING THE STANDARD

Social Report 2017



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## VTB GROUP 2017 KEY HIGHLIGHTS



**RUB 120.1 billion**  
profit, up 130% y-o-y



**~ 2,000 sales offices,**  
**including**  
90% in Russia



**76,803 people**  
employed by the Group,  
up 6% y-o-y



**21.5 million**  
corporate and retail  
customers,  
up 21% y-o-y



**~ 1,800 VTB Bank**  
**cash recyclers,**  
double the 2016 figure



**71.5 hours**  
of training  
per employee,  
up 16% y-o-y



**1.6 million visitors**  
at key exhibitions sponsored  
by VTB Bank



**around 1,200 Group**  
**employees**  
signed up for the  
Week of Kind Acts  
as volunteers



**RUB 6.6 billion**  
spent by the Group on  
charity, up 29% y-o-y



**20 new agreements**  
between VTB Bank  
and leading Russian  
universities



**56 hospitals and children's institutions**  
received donations from VTB Bank



**The National Events Award**  
for the project to digitize the TASS  
news agency's photo archive



**RUB 242.6 million**  
in VTB Bank's donations to  
environmental projects



**3.73 MWh of electricity**  
consumed per Group employee,  
down 1.7% y-o-y



**The ERAECO 2017 award**  
for VTB Bank's environmental  
protection projects



**67.2 liters of fuel**  
consumed per Group employee,  
down 16% y-o-y

## Interview with the President and Chairman of the Management Board of VTB Bank (PJSC)

*Dear Reader,*

*We are pleased to share with you our tenth Social Report, which details VTB Group's 2017 corporate social responsibility performance. This time, we decided to use a different format for the VTB management message and we personally asked our President and Chairman of the Management Board Andrey Leonidovich Kostin to recount our accomplishments in 2017 and how we are positioned for the future.*

– VTB Team

### – Andrey Leonidovich, 2017 was the first year of the Group's 2017-19 growth strategy. What has been achieved to date?

– In 2017, we continued along the path of large-scale business transformation covering all our key business processes. We have completed major preparations for the merger of VTB Bank and VTB24, established Mid-Corporate Banking as a new global business line, and delivered a number of digital transformation projects, including the introduction of a common post-merger IT architecture.

These extensive efforts yielded 130% profit growth on the previous year, signaling improved business performance. The Group's loan portfolio was up 3%, while the number of customers rose by 21%. I believe that 2017 was overall a successful year for VTB.

### – Could you please tell us more about the merger of VTB Bank and VTB 24?

– With thorough preparations carried out in 2017, we managed to complete the integration of VTB Bank and VTB24 at the beginning of this year. This was the biggest merger ever on the Russian banking market. We have already reaped tangible benefits from the combined bank and we expect to gain significant synergies for the wider Group, owing largely to a stronger team, an optimized operating model and a unified corporate culture. We estimate total savings of around RUB 15 billion per year.

### – A strong focus in 2017 was placed on reorganizing the Group's business in Europe. Why did you decide to transition to a single license and what do you expect from this move in the future?

– On 29 December, we completed the restructuring of our European business, having merged our subsidiary banks in Austria, Germany and France into the newly formed VTB Bank (Europe) SE. We have made use of the single license, a new scheme that is currently available in the European Union. Today we conduct our business from a Frankfurt-based center that holds a single license, and we are active across the entire EU. We have become the first banking group in Russia to leverage such a legal format for restructuring purposes. With the merger, we are now well positioned for growth in this strategic region and can substantially reduce our costs, by almost EUR 90 million per year.

### – Could you provide some insight into the Group's approaches to managing human capital? Have there been any changes following the integration?

– We understand well that employees should be placed at the center during integration. In 2017, we embarked on a new three-year people strategy, with HR policy goals now being aligned with the Group's key business priorities.

I held a number of direct meetings with leaders of our global business lines and heads of IT in 2017 to discuss the results of our work and identify areas for improvement or corrective action.

### – The Group is highly committed to charitable and sponsorship activities. Would you like to mention any particular projects implemented in 2017?

– We believe that charity reflects the maturity of our corporate culture, and we support long-term initiatives aimed at improving the quality of people's lives. One of them is World Without Tears, a program to help children's healthcare institutions that we have been running for almost 15 years. We stay committed to promoting sports among the general public and supporting professional athletes. We continue to closely cooperate with museums and theaters. This is very important to us, as we not only contribute to efforts to foster culture but also bring joy to people.

### – 2017 was declared the Year of Ecology in Russia. What important projects did the Group implement in this field?

– In our opinion, persistence is key to success in environmental protection initiatives, as they don't yield immediate payoffs and the recovery of disturbed ecosystems is a long-lasting process. Since 2012, VTB Bank has been running nature conservation projects in the Arctic, and for the last three years we have been sponsoring the WWF's efforts to conserve rare wild cats.

We are focused on improving our environmental performance as part of our day-to-day operations. The results of our efforts to reduce resource use are impressive, as we have cut fuel consumption per employee by 16% and direct greenhouse gas emissions by 12%.

### – What are the Group's plans for 2018?

– In 2017, we built a solid foundation for future growth. We welcomed 2018 in a spirit that is best captured by our new tagline Time to Change. The world around us is changing, and so are we.

We have set very ambitious goals for the near future: a several-fold increase in profit margins, the adoption of digital innovations, and growth in the retail segment ahead of the market. We understand that these goals can only be achieved if underpinned by a slew of new initiatives to be implemented in the coming years. We are planning to increase automation across business processes, improve employee motivation and promote a high-performance culture.

I'm confident that we are pursuing the right strategy and that we won't disappoint our shareholders or partners as we move into a new growth phase. A successful business is an essential contributor to the nation's prosperity.



## ABOUT VTB GROUP

# 21.5

**million**

corporate  
and retail customers,  
up 21% y-o-y

**Around**

# 94.6

**thousand shareholders**

in 2017(+ 4,600 individuals)

## RESPECT AND PROFESSIONALISM

VTB builds long-term partnership relations with stakeholders based on principles of integrity, honesty, professionalism, mutual trust and respect, a customer-centric approach, and commitment to obligations.



## About VTB Group

VTB Group is one of the leading players on the international financial services market and Russia's second-largest financial group comprising over 20 financial and lending institutions that are active across all major segments of the financial market.

The Group operates a unique global network of branches and subsidiary banks both within and outside the CIS. With offices in China, India, Europe, Angola, Singapore and Dubai, VTB Group can offer its customers the best financial solutions and promote them globally.



Russia's second-largest bank



Offices on four continents



20 subsidiaries



Operations spanning all market segments

## CSR management



As a responsible business, VTB Group is fully aware of the potential economic, social and environmental impacts of its activities and is committed to promoting the sustainable development of the society. The Group's corporate social responsibility (CSR) activities are aligned with its strategic priorities and commitment to business transparency and visibility, helping to build trust in relationships with customers, shareholders and society at large.

VTB Bank's CSR Policy (the "Policy") is a framework document that defines the Group's sustainability principles and practices. With a formalized Policy in place, the Group takes a structured approach to its CSR initiatives and communicates more effectively with all stakeholders. The Policy is organization-wide and covers governance matters that relate to the Bank's corporate conduct and its impact on corporate, market, social and natural environments.

### VTB Bank's CSR principles

Commitment to the Group's mission, shared values and vision	Provision of quality services
Respect for human dignity and worth	Integrity and mutual respect in dealing with stakeholders
Fairness of decision-making by management	Legal compliance and responsibility
Profitability	Employees' health and safety
Openness to stakeholders	

The Policy is binding on all Bank employees, with enforcement and compliance responsibilities vested in CSR officers in each division.

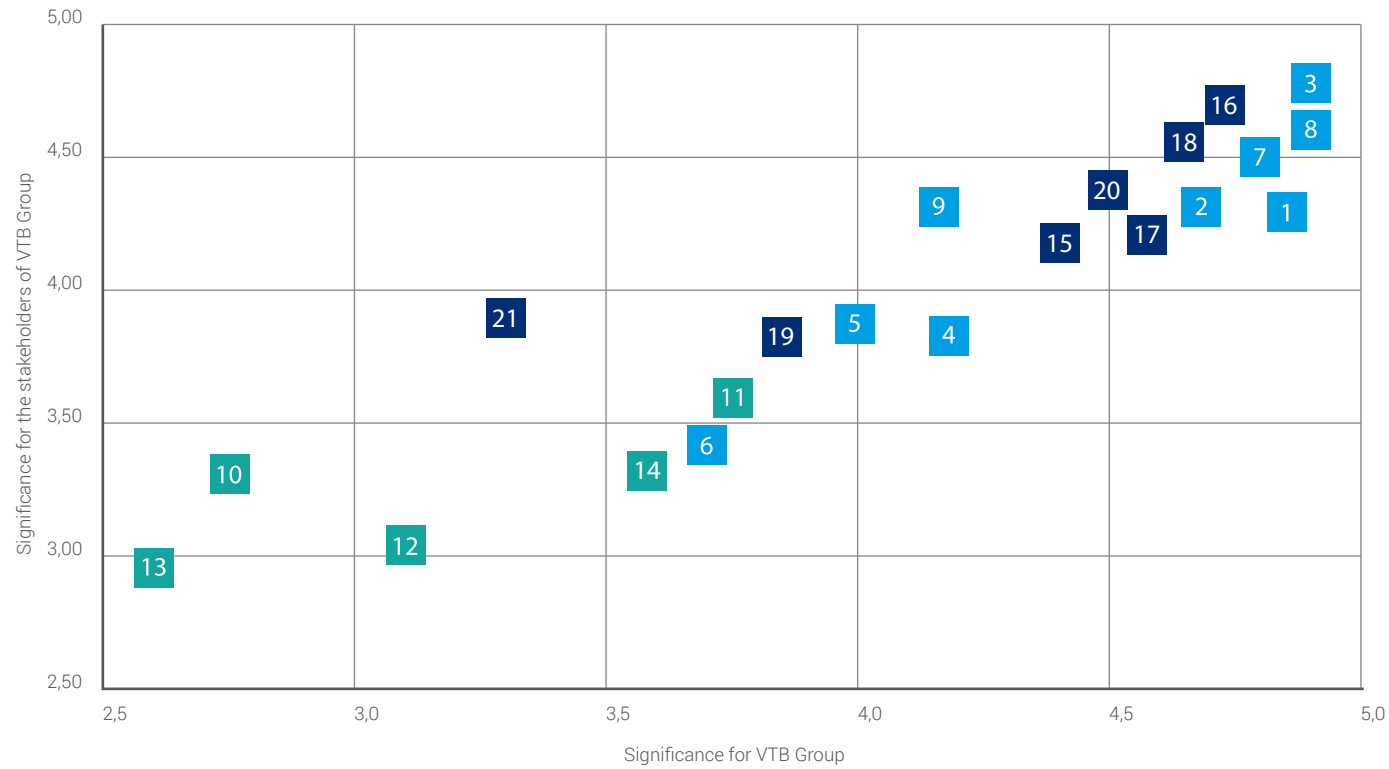
In 2017, VTB continued improvements to the existing framework for managing non-financial risks. These are defined as risks which, though not directly affecting the Bank's financial assets, may have an adverse impact on its internal processes, business reputation and performance towards strategic goals. Non-financial risks include strategic, legal, reputational, operational, and corruption risks<sup>1</sup>. Approaches to managing non-financial risks are established in the Group's internal regulations, while the focused effort to control and mitigate such risks enables the Bank to grow its market value and consolidate its status as a major international player. The environmental and social risk management framework is currently in its formative stage, with non-financial risk management processes being integrated into the operating and investing activities of Group companies.

To further improve its non-financial reporting, the Group continues to follow the Global Reporting Initiative Sustainability Guidelines (GRI Standards), with selected performance indicators being subject to independent assurance for the sixth consecutive year.

In line with GRI recommendations, VTB conducts an annual analysis to establish topics for incorporation into a materiality matrix that reflects the most significant aspects for sustainability reporting based on their influence on both internal and external stakeholders.

1. Corruption risk assessment at VTB Bank and its branches is performed in line with the internal documents of VTB Bank on Regulatory(Compliance) Risk and Self-Assessment of Operational and Regulatory (Compliance) Risks.

Sustainability topics materiality matrix



**Economic impact**

- 1 Corporate governance
- 2 Transparent procurement services
- 3 Economic results
- 4 Financial support of government-initiated projects
- 5 Social and economic development of regions
- 6 Import substitution
- 7 Innovation
- 8 Customer satisfaction
- 9 Affordable services

**Ecological impact**

- 10 Waste management
- 11 Reduction of electricity consumption
- 12 Reduction of fuel consumption
- 13 Reduction of greenhouse gas emissions
- 14 Supporting biodiversity conservation projects

**Social impact**

- 15 Responsible business practices
- 16 Corporate culture and business climate
- 17 Occupational health and safety
- 18 Employee education and development
- 19 Initiatives for young people
- 20 Employee motivation
- 21 Charity and sponsorship

**Internal (compliance) control**

Internal controls help the Bank to stay in compliance with Russian law and internal regulations. Their objective is to ensure that business operations at the local level are run in a consistent and efficient manner. This includes:

- Successful dealmaking and robust management of assets and liabilities
- Compliance with laws and regulations, standards of self-regulatory organizations (for Bank as a professional participant in the securities market), as well as with the Bank’s articles of association and internal documents
- Timely submission of financial, accounting and statistical reports that are complete and provide a true and fair view of the entity’s performance
- Preventing involvement in illegal activities, such as terrorist financing and money laundering.

Another objective of internal controls is to combat and prevent corruption. New hires must take an online anti-corruption course accessible via the Bank’s corporate portal. The course contains information about the Anti-Corruption Policy, approved by the Bank, insights into anti-corruption methods, links to other internal anti-corruption documents, which are posted on the Bank’s corporate portal, etc. Changes to these documents are communicated to all Bank employees.

All Bank’s employees must undertake compulsory Compliance electronic training course on the Bank’s portal as a part of the compliance risk management.

The Bank runs a whistleblower hotline to report complaints about potential violations of the legislation of the Russian Federation or Bank’s internal regulations and regulatory documents, decisions of collective bodies of the Bank and (or) Bank’s officials, taken within their authority.

**Results of anti-corruption activities in 2017**

**100% employees of VTB Bank were informed on current anti-corruption policies and practices.**

Notable developments in 2017 relating to internal control and corporate culture included the updating of VTB Bank Code of Ethics, which is designed to establish a set of common ethical principles and rules of business conduct that are aimed at improving VTB’s market value, financial stability and business performance. These principles and rules must be observed by all employees, as well as by members of the Supervisory Council.

## VTB Bank's key corporate values and principles

Reliability and professionalism

Integrity, mutual respect and openness

Abidance by law and responsibility

Energy and development

Efficiency

Work safety and health protection

VTB's corporate values serve as a liaison between all areas of the Bank's business and its core corporate culture, provide day-to-day guidance in making decisions and acting upon them, and define the way the Bank interacts with its clients, business partners and employees.

According to the Code of Ethics, if the Code of Ethics sets standards and principles that are higher than those established by law or custom, the standards and principles set out in the Code of Ethics shall prevail.

In 2017, the Bank successfully submitted its 2016 reports to the tax authorities, including reports on foreign tax residents filed to Russia's Federal Tax Service and FATCA forms filed to the US Internal Revenue Service. FATCA training materials and regulatory documents are on regular basis posted on the Bank's corporate data portal.

## Engagement with VTB Group's stakeholders

Stakeholder communication mechanisms	2016	2017
Total number of references to VTB Group in the mass media	350,412	383,755
Total number of references to VTB Capital	43,184	44,911
Number of unique users participating in VTB's online projects	73,017	86,036
Number of visitors to the vtbrussia.ru website	3,082,844	2,120,699
Number of visitors to the vtb.ru website	6,687,195	7,295,902
Total print run of The Energy of Success corporate magazine, copies	51,600	51,600

## Stakeholder engagement

In its relations with shareholders, customers, depositors, business partners, government officials and other stakeholders<sup>1</sup>, VTB is guided by integrity, honesty, professionalism, mutual trust and respect, a customer-centric approach, and commitment to obligations. The Bank aims at maintaining constructive and effective relationships with all stakeholder groups leveraging various communication channels and methods of information disclosure. Compliance with the highest standards of corporate governance and maximum visibility are essential to the Bank's investor appeal, successful business performance and long-term sustainable development.

VTB Bank participates in state financing programs, and supports initiatives aimed at encouraging small and medium-sized businesses. VTB Group cooperates widely with government agencies, state corporations and public organizations, and its experts participate in the lawmaking process<sup>1</sup>.

The Russian Federation, represented by the Federal Agency for State Property Management, is VTB Bank's major shareholder (60.9% of ordinary shares).

**Around  
4,600**  
individuals became VTB Bank's  
shareholders in 2017

## Key objectives and results of the Roadmap to improve the Bank's perception among minority shareholders

### Increasing the share of long-term investors among the Group's customers

An expanded pool of shareholders  
A qualitative change in the shareholder structure  
A Special Offerings Program launched for shareholders

### Building better understanding and support for the Bank's activities

Over 70 events organized for shareholders in 2017  
Briefings for shareholders, analysts and the media  
Initiatives to improve financial literacy

The percentage of ordinary shares held by individuals has grown from 1.22% to 1.49%.

The Bank has the Shareholders Consultative Council (SCC), a corporate body tasked to maintain ongoing communication with shareholders, identify and address their concerns, and facilitate their participation in managing the Bank's business.<sup>2</sup> The Bank launched a dedicated Roadmap in 2017 in order to increase the investment attractiveness of its shares and expand its retail business by creating a more favorable perception of the Bank among minority shareholders.

### Offering shareholder support programs

Victory Day greetings to veterans and Leningrad siege survivors  
Targeted communications  
Holiday greetings to shareholders

### Promoting shareholder engagement

Development of communication channels and services in response to suggestions from shareholders  
A growing number of private investors participating in meetings hosted by the Bank  
Support for the activities of the Shareholders Consultative Council

1. For more information about the Group's performance across various market segments and social performance in 2017, see Section 2: Market environment and Section 4: Social environment.

2. Detailed information about the Shareholders Consultative Council and its activities can be found on the website [www.vtb.ru/akcionery-i-investory/informaciya-dlya-akcionerov/konsultacionnyj-sovet-akcionerov](http://www.vtb.ru/akcionery-i-investory/informaciya-dlya-akcionerov/konsultacionnyj-sovet-akcionerov)

1. Key stakeholder groups are defined in Bank's CSR Policy, which can be accessed on <https://www.vtb.ru/o-banke/bank-vtb/socialnaya-otvetstvennost>.



To convey a better perception of its corporate identity among minority shareholders, the Bank hosted various meeting for shareholders, customers, VTB Group employees, journalists,

investors, students and other stakeholders. Over 2017, the Bank also organized briefings for institutional investors and analysts, and took part in investment conferences and economic forums<sup>1</sup>.

### Events for VTB shareholders in 2017

**3 Investor Days**  
(1,144 participants)

**3 live streams**  
(124 participants)

**1 roundtable**  
(25 participants)

**3 meetings with major shareholders**

**11 Open Days**  
(176 participants)

**10 seminars on the stock markets**  
(517 participants)

A new program for shareholders was launched at the General Shareholders' Meeting on 26 April 2017 in line with the objective to increase the share of long-term investors among customers as outlined in VTB Bank's Roadmap. The program offers a number of special privileges, which are available to shareholders across VTB's retail network. The program sparked a strong interest among investors, with 1,800 applications made from its inception through 31 December 2017 for a number of special-offer products, including the following:

- Insurance products;
- Cash loans/refinancing;
- Credit cards;
- Deposits;
- Safe deposit box rental.

*The implementation of the Roadmap to improve the Bank's perception among minority shareholders will help not only to bring in more private investors, but also to increase their engagement in the Group's business. Today most VTB Shareholders are not just passive owners of stock; they are actively involved in our business and are keen to know how it evolves.*

— Vladimir Khotkin, Head of Shareholder Relations Service, VTB Bank (PJSC)

1. For more information about VTB's support for major business forums, see Section 4: Social environment.

The Bank continues to develop existing and new channels of communication in order to maintain an effective ongoing dialogue with shareholders and investors. The focus in 2017 was on improving electronic services and communication channels that include an e-voting platform for shareholders, a mobile application, a corporate website and social media.

2017 saw the introduction of a common platform that is set to handle a growing number of queries received from shareholders via remote communication channels. The Shareholder Relations Service processed a total of 7,500 queries in 2017, with most of them dealing with briefings for shareholders, an extraordinary General Shareholders' meeting, dividend payouts and customer experience.

#### VTB Shareholder mobile application

VTB Shareholder, a customized mobile application for private investors developed jointly by VTB Bank and VTB Registrar, is gaining traction among shareholders. The mobile user base has grown markedly over 2017, with around 31,000 logons and over 3,500 active users at the end of the year. A number of enhancements to the application's functionality in 2017 helped to make an e-voting module fully operable, and resulted in better performance and fewer bugs.

As part of its Roadmap to improve the perception among minority shareholders the Bank plans to update its special offerings for shareholders, continue to expand online communication channels, launch a revised version of the VTB Shareholder mobile application and host around 70 meetings for stakeholders in 2018.

## MARKET ENVIRONMENT

# 120.1

**RUB billion**

profit, up 130% y-o-y

# 4.5

**RUB billion**

monthly mobile payments  
processed by VTB Bank

## INNOVATIONS AND ACCESSIBILITY

VTB Group companies are committed to improving the quality and accessibility of their services, particularly by launching and customizing new products, as well conducting a large-scale technological business transformation.

## Market environment

Enabling companies with financial instruments is a key priority of VTB Group that supports not only major companies, but also small and medium-sized businesses. The Group also participates in the development of new products and services for different segments of the population and makes consistent effort to make them more attractive and accessible. By doing so, the Group demonstrates its commitment to driving socially critical industries and improving national wellbeing.

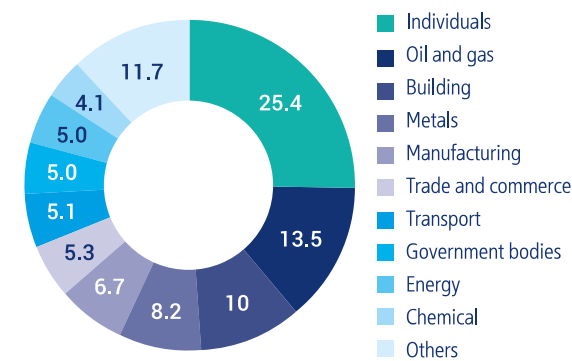
VTB Group operates in three key business segments: Corporate Investment Business (CIB), Mid-corporate Business (MCB)<sup>1</sup> and Retail Business (RB).

In 2017, VTB Group summed up the first results of its 2017-19 Development Strategy. Key achievements included:

- **Improved margins:** year-on-year profit growth by 130% to RUB 120.1 billion in 2017
- **Banking business integration:** preparations for the merger of VTB Bank and VTB24 which was completed in early 2018
- **Modernization:** the development of a target post-merger IT architecture for VTB Bank, the launch of a next generation mobile banking solution for individuals and small businesses and the first stages in the development of a new remote banking system for corporate customers

VTB Group sees a stable growth in its customer base and loan portfolio. The Group's loan portfolio totaled RUB 9.7 trillion in 2017, which was up 3% on the previous year. Individuals and corporate customers in the oil and gas and construction industries continue to account for the most of this portfolio.

Top 10 industries in VTB Group's loan portfolio as of 31 December 2017,%<sup>2</sup>



1. The Mid-corporate GBL was established in July 2017. Previously, services for SMBs were provided by the Retail Business GBL.

2. According to VTB Group's audited consolidated financial statements prepared in accordance with IFRS in 2017.

Number of VTB Group's banking customers in 2016-17<sup>1</sup>

Customers of group banks	2016	2017	Movement (%)
Corporate Investment Banking, thousand	11,220	11,115	- 0.9
Medium-sized business, thousand	113,463	112,435	- 0.9
Small-sized business, thousand	509,611	510,002	0.8
Individuals, million	17,125	20,890	22

## Support for socially significant business and cooperation with the Government

VTB Group provides extensive support to key industries by participating in government federal and region-level programs and financing social-impact projects. Group companies screen investment proposals and provide services to companies in socially critical industries, prioritizing projects with a focus on the development of transport hubs, manufacturing, and the construction and upgrade of health care institutions, sports infrastructure and residential buildings.

Apart from infrastructure development and national wellbeing, VTB Group's priorities include new jobs, growth in tax revenues into federal, regional and municipal treasuries and local production projects.

VTB Bank continued in 2017 to strengthen cooperation with backbone companies that provide critical services such as FSUE Russian Post, SUE Mosgortrans and OJSC Russian Railways.

1. All customers, including customers with zero balances (Group banks). This excludes customers of VTB Bank (France), VTB Bank (Germany) and VTB Bank (Austria), because the Group was in the process of reorganizing its business in the EU.



## Investment in the future

More than 70% of Group's CIB clients are VTB Bank and VTB Capital clients



Major deals with  
**JSC DOM.RF,**  
**FSUE Russian Post**



**Best Trade Finance Bank in Russia**  
for the second year in a row according  
to Global Finance



**Bank of the Year** award  
in the following three categories:  
**Bank Card of the Year**  
**Online Mortgage Applications**  
**VIP Office**



Major deals with  
**CEFC China Energy, Essar Oil**  
**Limited, Damac Properties,**  
**Metalloinvest, Evraz Group,**  
**OJSC Russian Railways**



**Best Investment Bank in Russia**  
**and Central and Eastern Europe**  
according to the Euromoney, Global  
Finance, EMEA Finance and  
International Finance Magazine



Top rankings on the debt/equity  
markets and M&A tables of **Dealogic,**  
**Thomson Reuters, Bloomberg**  
**and Mergermarket**



**Number One Research Team**  
**in Russia** (Institutional Investor  
EMEA Research Survey 2017)



**Best Corporate Investment Banking**  
**Brand in Russia** at the Global Brands  
Magazine Awards 2017\*



**«Best FX provider in Russia»**  
according to Global Finance



**Best FX Provider** according to Global  
Finance

\* The full list is available at [www.vtbcapital.ru/about/awards/2017/](http://www.vtbcapital.ru/about/awards/2017/).

## Support for regional and municipal authorities

VTB Bank closely cooperates with regional and municipal authorities to give a boost to economic activity across Russian regions and make them more attractive to investors.

VTB Bank concluded cooperation agreements with many constituent entities of the Russian Federation in 2017 to help:

- Design and implement investment projects, stimulate the innovation-driven growth of the manufacturing sector and upgrade the facilities of local companies – **Amur Region**
- Stimulate the local social and economic potential – **Belgorod Region**
- Improve access to loans – **Magadan Region**
- Enable transport infrastructure projects (financing, construction, reconstruction and operation) – **Perm Krai, Bashkortostan**
- Enable investment and social projects – **Sakha Republic (Yakutia)**
- Implement large-scale urban infrastructure projects – **St. Petersburg**
- Empower SMBs, design and implement joint investment programs, stimulate the innovation-driven growth of the manufacturing sector and enable local social projects – **Tver Region**
- Design and implement joint investment programs, stimulate the innovation-driven growth of the manufacturing sector and improve access to loans – **Yaroslavl Region**

## Transport infrastructure development in Russia

VTB Group continued to support transport infrastructure projects in Russia, focusing on improving transport accessibility across regions of presence and enhancing the mobility of communities.

0.6% growth in VTB Group's loan portfolio for the transport industry in 2017.

## RUB 501 billion in loans for the transport industry

As part of its assistance to the transport industry, VTB Bank provided loans, guarantees and banking support for companies in 2017.

The long-term agreement for project financing between Sovcomflot and VTB Bank was recognized as the "Deal of the Year" in Project Financing - West category.

In 2017, VTB Bank also provided banking support for transport infrastructure projects, including:

- LLC Transyuzhstroj Management Company, for the renovation of the Baikal-Amur highway
- JSC RZDstroy, for the upgrade of railway infrastructure on Sakhalin, the construction of a rail section to link the Gumrak station and the Volgograd Airport and the construction of rail infrastructure for the internal needs of the Amur Gas-processing Plant.

## Select transport infrastructure projects in Russia supported by VTB Bank

Project	Company	Purpose	Amount, RUB million	Deliverables
Construction and operation of an exit road from Ufa to the federal road M5 URAL	LLC Bashkir Concession Company	Bank guarantee	500	Improved transport infrastructure in Bashkortostan
Construction and start of technical facilities at 22 stations of the Moscow Metro	JSC Mosinzhproekt	Bank performance guarantee	1,169	Improved public transport infrastructure in Moscow and better passenger experience
Supply and warranty repair of train cars for the Moscow Metro	OJSC METROVAGONMASH	Bank performance guarantee	5,454	Upgrade of the Moscow Metro's rolling stock fleet (more than 400 train cars) and better passenger experience
Transport services for passenger flows at the Small Beltway of the Moscow Railway	OJSC Russian Railways	Bank performance guarantee (reissued)	465	Better passenger experience

In 2017, VTB Bank won a tender for SUE "Moscow Metro" for the installation of ATMs in the Moscow Metro for a period of five years. 94 machines are planned to be installed at 65 stations, 30 of which have already been installed in the reporting period.

### Surface public transport in Moscow: installation of ticket machines and validators with an upgraded functionality (VTB Bank)

SUE Mosgortrans, in partnership with VTB Bank, installed 120 ticket machines at public transport stops with the biggest passenger flows in Moscow in 2017. The machines allow passengers to buy tickets, reload their Troika Cards and check balances, including the number of trips left. The self-service technology is designed to improve customer experience and help passengers save money as machines offer tickets for longer periods, which are cheaper than single tickets.

VTB Bank, SUE Mosgortrans and Mastercard also completed a joint project in 2017 to enable users of surface public transport in Moscow to pay for their travel using either bank cards or Apple Pay, Android Pay or Samsung Pay on their smartphones. New validators were installed along two routes under a pilot project. There are plans to install them on more than 2,000 public transport systems in 2018.

*"The Bank's role in the ticket machine installation project is to provide for the trouble-free operation of the new terminals. This involves timely cash replenishment to ensure that the machines have enough banknotes and coins to dispense change, acquiring services for processing payment cards and infrastructure alignment required for its trouble-free operation during peak hours when the machines are used to full capacity. VTB has successfully accomplished this."*

— Gurinder Nikhal, Transaction Business Leader, Senior Vice President, VTB Bank (PJSC)

## Social infrastructure development

VTB understands that social infrastructure development is essential to improving the overall wellbeing of communities across regions of presence. Group companies extensively support construction and upgrade projects for healthcare institutions, schools and recreation sites, providing more financing every year.

VTB Bank has always placed a particular emphasis on supporting projects in the healthcare industry. In 2017, the Bank provided financing to:

- LLC VIS Infrastructure, for the construction of a District Mother and Child Clinical Center (RUB 6.5 billion)
- Mother and Child Group, for the construction of regional perinatal health centers and the procurement of innovative equipment and technologies for them (RUB 4.5 billion).

### Support for the Doctors, Innovations and Science for Children Fund (JSC VTB Capital Asset Management)

In 2017, the Doctors, Innovations and Science for Children Fund, established for pediatric hematology, oncology and immunology research, entrusted the management of RUB 454 million to VTB Capital Asset Management. Investment income is to go toward the fund's scientific research and clinical trials to fight childhood cancer.

In 2017, VTB Bank in Tyumen opened a RUB 2.4 billion letter of credit line for LLC SIPEK to provide performance guarantees and financing for the construction of important social facilities such as schools, kindergartens and apartment blocks for orphaned children and families relocated from dilapidated homes in a dangerous condition from across the Tyumen Region. Contracts will be awarded by the Tyumen Region Capital Construction Office and the administrations of district municipalities.

*“Support for the construction of socially significant infrastructure in the Tyumen Region is our important and meaningful commitment. This project is aimed at improving access to affordable housing and making the Tyumen Region a comfortable place to live.”*

— Ruslan Yeremenko, Corporate Network Leader, Senior Vice President, VTB Bank (PJSC)

VTB Bank provides support for projects aimed at developing recreation infrastructure for Moscow residents. Such projects help enhance the urban environment, improve investment attractiveness, build new competitive advantages for the city and help attract tourists.

*“VTB is delighted to participate in the financing structure for the development of the Island of Dreams park, a truly landmark project on a Russian scale. I am confident that this will become one of the most important tourist attractions in Moscow given the scope and unique concept of the project, which will greatly contribute to social infrastructure improvement in the capital city.”*

— Yury Solovyev, First Deputy President / Chairman of the Management Board, VTB Bank (PJSC)

The development of the Zaryadye and Island of Dreams parks are among the projects in which the Bank played a critical role:

- The Bank was in active negotiations during 2017 to agree on a financing structure for the Island of Dreams amusement park (a RUB 37 billion credit line was opened in early 2018)
- The Bank provided banking support for the construction of the Zaryadye park, including a solution to control the use of funds by all contractors.

**Zaryadye is a vast park with a total floor area of 13 hectares in the center of Moscow, which received around 100,000 visits daily in the first days after its opening.**

The construction of sports facilities is also in the Group's infrastructure development focus in regions of presence. When participating in such projects, VTB Bank places a particular emphasis on landscaping at adjacent areas and residential infrastructure development. The most notable projects that are underway include VTB Arena Park and Match Point<sup>1</sup>.

## Cooperation with housing and public utility sector

VTB gives top priority to cooperation with strategic and socially significant housing maintenance and utility providers. Housing infrastructure upgrade projects improve living standards and help to reduce a negative environmental impact through better energy and resource efficiency.

In 2017, VTB Bank opened a RUB 12.1 billion credit line for SUE St. Petersburg Fuel and Energy Complex to help it replenish its working capital and repay debt. The Bank also signed loan agreements for a total of RUB 4 billion with SUE St. Petersburg Water Utility.

### Development of standard rental housing across Russian regions (VTB Bank)

In 2017, VTB Bank entered into a cooperation agreement with JSC DOM.RF to build standard rental housing across Russia for the strategic purpose of providing access to affordable and comfortable homes for local citizens and improve their wellbeing. According to the agreement, JSC DOM.RF will be in charge of finding suitable land plots, completing related formalities, selecting standard housing development projects and performing the developer's function. VTB Bank will finance such projects. There are also plans to establish a management company that will control the operation of rental houses in regions. The project will improve access to housing for Russian citizens.

## Support for the agriculture industry

VTB Group pursues a wide array of projects to drive Russia's agriculture industry. This industry is a top priority, with a national policy focus on import substitution and support of local producers.

1. For more information about the construction of sports infrastructure, see Section 4.2. Support for sports.

**0.6% growth in VTB Bank's loan portfolio for the agriculture industry in 2017.**

**RUB 278 billion**  
in loans for the food processing and agriculture industries

### VTB Bank's select agriculture support projects

Customer	Purpose	Type of product	Amount, RUB billion
SC Belaya Dacha	To build a plant for the processing and production of frozen potatoes at the Lipetsk Special Economic Zone	Loan	5
LLC Ovoshchevod (TM Botanica)	To increase the production capacity of a greenhouse farm in the city of Volzhski, Volgograd Region	Credit lines	2.5
LLC Tolmachevski Trading Company	To build the second phase of a greenhouse vegetable farm in Novosibirsk	Credit line	1.4
SC Ecoptitsa	To build a 1,995-head dairy farm in the Zadonsk District, Lipetsk Region. The funds were provided under a soft lending program of the Russian Ministry of Agriculture for farmers	Credit line	0.5

## Support for SMBs

Given the big role played by SMBs in the economy of any country, VTB Group is committed to improving access to long-term debt for them by actively participating in government assistance programs and launching its own products and initiatives to meet the needs of customers in this segment.

VTB's key products for SMBs include:

- Revolving loans
- Loans to finance capital expenditures
- Loans under government programs for SMBs and farmers
- Express loans
- Refinancing
- Loans secured by newly acquired property
- Leasing
- Guarantees
- Support of exports and imports

VTB Bank spent much of the previous year on the post-merger execution process, placing a particular focus on the integration of small business operations run by VTB 24 into its structure. Thanks to measures taken, the integration stage, completed in early 2018, was as smooth and convenient as possible for customers.

There were also changes in VTB Group's operating segments as small and medium-sized businesses were consolidated into one customer segment in July 2017. The number of SMB customers totaled around 622,400,<sup>1</sup> with small businesses accounting for 82% of them.

1. This excludes customers of VTB Bank (France), VTB Bank (Germany) and VTB Bank (Austria), because the Group was in the process of reorganizing its business in the EU.



## Before the merger



**~344.400 customers**  
in the small business segment



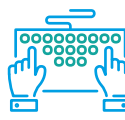
**~1,560 loans** for a total  
of **RUB 23.1 billion** were provided  
by VTB 24 for small businesses  
under soft lending programs  
in 2017 alone



**~3,000 Payroll Project**  
customers



**~2,590 loans** for a total  
of **RUB 37 billion** were provided  
under a small business support  
program run in cooperation  
with the National Guarantee  
System



**~1,300 customers** used  
a service allowing them  
to open a bank account  
without visiting a branch  
(as part of a pilot project)



The launch  
of the **VTB24 Business Online**  
platform for small businesses  
and the **Business Connect**  
solution for finding reliable  
counterparties and attractive  
commercial terms

*"We see a big growth potential in the small and medium-sized business segment, and that's why we take an active part in government assistance programs, understanding the importance of more affordable resources and simpler subsidy mechanisms for companies and demand for them. I am sure that support on this scale will enable small and medium-sized businesses in Russia to pursue new significant projects that can drive growth across industries and forward local economies, among other things".*

— Denis Bortnikov, Mid-Corporate Banking GBL Leader, Deputy President/Chairman of the Management Board, VTB Bank (PJSC)

VTB Group took an active part in government assistance programs for SMBs as part of cooperation with Russian Small and Medium Business Corporation in 2017 to enable projects across Russia's key industries<sup>1</sup>:

- 6.5 Program launched in 2016
- 674 Program, a supplementary assistance program designed by Russia's Ministry of Economic Development in 2017

Loans provided under these programs carry reduced interest rates of 9.6% and 10.6% for medium and small businesses, respectively.

Loan agreements for more than  
**RUB 75 billion**  
were concluded under government  
assistance programs for SMBs

Loans worth more than  
**RUB 55 billion**  
were provided under government  
assistance programs for SMBs

In 2017, VTB Bank also cooperated with the Government of Moscow to provide subsidies for SMBs as compensation for interest paid on loans issued by Russian banks.

### Soft lending program for the agricultural industry (VTB Bank)

In 2017, VTB Bank signed an agreement with the Russian Ministry of Agriculture to offer a reduced interest rate of 5% p.a. for SMBs in the agricultural industry under a joint soft lending program. Simplifying the subsidy mechanism in 2017 made it possible for more businesses to apply for loans. Loan agreements for more than RUB 53 billion, including RUB 33 billion in investment loans, were concluded with medium-sized businesses in the agriculture industry in 2017. The Russian Ministry of Agriculture approved soft loan applications from 300 individuals.

Apart from participating in federal-level government assistance programs, the Bank closely cooperates with the regional authorities in improving access to debt for SMBs in Russia. Notable agreements concluded to this effect in 2017 include agreements with the authorities in the Tver, Yaroslavl and Magadan Regions to provide support for SMBs and pursue other initiatives forwarding local social and economic development.

To attract new small business customers, the Bank regularly develops and launches new products and services, apart from participating in government assistance programs. For instance, the Bank launched a new loan scheme exclusively for small business customers in 2017 to offer a guaranteed interest rate of 11.8% to 12.8% p.a. depending on the financial standing of the company and its collateral, provided that the company keeps its average monthly loan balance at no less than 10% of the loan.

### Agreement with the Russian Export Center (VTB)

In 2017 Group banks continued to assist small businesses in accessing the Russian and international markets. For instance, VTB Bank concluded an agreement with the Russian Export Center to drive non-commodity exports of Russian small businesses and exchange information as part of mutual information, analytics and methodology support.

Subsidiary banks based in CIS countries and Georgia have also placed support for SMBs high on their agenda.

1. Agriculture, manufacturing, construction, transport and telecommunications, domestic tourism, high-tech projects and other priority industries.

## Examples of projects for SMBs in CIS countries and Georgia

Bank	Purpose
VTB Bank (Armenia)	Financing in the amount of RUB 1.7 billion <sup>1</sup> to support food exports and drive demand for agriculture production
VTB Bank (Belarus)	Loans in the amount of more than RUB 17 million <sup>2</sup> for SMB customers under an agreement with the Development Bank of the Republic of Belarus
VTB Bank (Georgia)	Financing in the amount of more than RUB 488 million <sup>3</sup> on favorable terms for SMBs under the United AgroProject and Produce in Georgia government programs
VTB Bank (Kazakhstan)	Loans in the amount of RUB 873 million <sup>4</sup> for SMB customers under government programs

## Socially significant retail services

Through its retail banking services, VTB Group provides assistance to individuals in unforeseen circumstances and other vulnerable groups, helps home buyers and supports environmental projects<sup>5</sup>.

*"We study massive volumes of customer data when developing a new product. What is important to us is to find data that reveals their needs, habits and what they are thinking about, maybe unconsciously".*

— Vladimir Verkhoshinski, Deputy Leader of the Retail Business GBL, Member of the Management Board, VTB Bank (PJSC)

## Support for vulnerable groups

To support vulnerable groups that often cannot afford traditional bank products, Group banks are focused on tailoring products and services to their needs. The target audience for such projects includes students, the elderly and young families.

VTB24 participates in the government car loan scheme "My First Family Car" that offers customers who raise two or more underage children a government subsidy for the purchase of their first car, which amounts to 10% of the car price. More than RUB 6 billion in loans were provided under the scheme in 2017.

Apart from reduced interest rates on loans and assistance with go-to-market strategies, Group companies also provide advisory support for SMB customers.

The most notable initiatives include the launch of the Sales Manager module and the Export Manager technology based on the Business Connect B2B platform. The Sales Manager module is compatible with 1C and other ERP systems, enabling the full automation of the corporate ordering process, while the Export Manager solution integrates with the biggest online shopping sites such as eBay, Amazon, AliExpress and Alibaba. Business Connect users can now sell their goods, find new clients and improve brand recognition globally.

*"With the audience of marketplaces exceeding 800 million customers and non-commodity exports highly prioritized, we continue to invest in new technologies and equip entrepreneurs with useful tools to structure processes and free resources for business growth".*

— Spartak Solonin, Small Business Leader, Senior Vice President, VTB Bank (PJSC)

To improve access to education at leading Russia' universities, Post Bank reduced an interest rate on its Knowledge is Power loan facility by 5%. Under the scheme, students may study at more than 1,500 education institutions and apply for different loan types to pay for the entire period of study or only a few semesters.

The elderly account for a significant proportion of the Group's customer base. Group companies develop special products in line with the needs of this segment, with the most popular including savings accounts and soft loans.

1. AMD 14 billion at the yearly average exchange rate of 1 AMD/0.12 RUB in 2017  
 2. BYN 553,000 at the yearly average exchange rate of 1 BYN/30.21 RUB in 2017  
 3. GEL 21 million at the yearly average exchange rate of 1 GEL/23.22 RUB in 2017  
 4. KZT 4.9 billion at the yearly average exchange rate of 1 KZT/0.18 RUB in 2017  
 5. For more information about environmental projects, see Section 5.2. Support for environmental projects.

## Select savings programs for senior citizens in 2017

Program	Group company	2017 performance indicators
Seniors Card, a card for social benefit payments and savings (4% interest on savings account balance)	VTB Bank	Around 200,000 Seniors Cards issued
Increased interest rates on fixed deposits, minimum deposit of RUB 1,000	VTB Bank	RUB 100 billion in senior citizens' fixed deposits
Special conditions for fixed deposits	Post Bank	RUB 27.6 billion of deposits placed Around 69,900 customers
A free tool for banking services, including the transfer of social benefit payments via the Mir Card	Post Bank	RUB 14.15 billion of savings account balances Around 358,600 customers under the Senior Citizens and Working Senior Citizens plans
The Social savings plan with a low entry threshold	VTB Bank (Armenia)	RUB 170 million of deposits <sup>1</sup> Around 97,800 cards (18% of the bank's card portfolio)

Apart from attractive savings plans, the Group also offers soft loans to senior citizens. Such loan facilities provided in 2017 included:

- VTB Bank's Senior Citizen Loan facility with simpler eligibility requirements for borrowers due their senior age – RUB 15.2 billion in new loans
- Post Bank's cash loans for senior citizens provided at a nominal rate that was on average three percentage points lower than the market rate – RUB 11.1 billion in new loans

VTB Pension Fund, a non-state fund that is part of VTB Group, plays an important role in providing social security for citizens. The fund has been running pension security plans for its customers for more than 24 years. It provides the complete range of services, from mandatory pension insurance to private pension plans, including corporate schemes. Its services are available to customers across Russia through its branches and Group banks. More than 2.2 million people have chosen the fund for saving into a pension, with around 48,000 people already receiving pensions. The combined margins on the accounts of insured persons and investors/participants totaled 74.32% and 79.24%, respectively, in 2010-17.

Subsidiary banks of VTB Group also participate in an array of government allowance schemes for vulnerable groups. For instance, VTB Bank (Armenia) runs a maternity capital program, pays monthly maternity allowances and loss of breadwinner benefits, and offers banking services on favorable terms to such groups. In 2017, VTB Bank (Armenia) paid out RUB 360 million<sup>2</sup> under government assistance programs for vulnerable groups.

1. AMD 1.4 billion at the yearly average exchange rate of 1 AMD/0.12 RUB in 2017  
 2. AMD 3 billion at the yearly average exchange rate of 1 AMD/0.12 RUB in 2017

## Socially significant retail services

VTB Group is committed to providing stronger support for projects that improve people's wellbeing. Socially significant projects run by VTB are becoming increasingly prominent.

*"VTB cooperates with the Government of Moscow in providing a wide range of services and implements its own projects for citizens to provide them with convenient and innovative payment solutions. The growing popularity of all lines is a sign that both residents and guests of the capital city are of a high opinion about the quality of the Bank's services".*

— Gurinder Nikhal, Transaction Business Leader, Senior Vice President, VTB Bank (PJSC)

VTB Bank participates in the **Moscow Resident's Social Card** program launched under the aegis of the Government of Moscow for people entitled to social benefits. Approximately 1.2 million cards were issued under the program in 2017, with their balances amounting to around RUB 2 billion in December 2017. The Bank offers special benefits to Seniors Card holders, including 4% interest p.a. on their balance and no fee for SMS alerts. The card also provides non-financial advantages for holders who can use it as an identity card instead of a compulsory medical insurance certificate at clinics, a concessionary travel pass and an electronic social certificate. Seniors Card holders are also eligible for discounts from about 4,500 stores and service providers. Starting June 2017, Seniors Cards have been linked to the Mir National Payment System. More than 1 million Mir Cards were issued in the nine months. Mir Card holders are eligible for discounts and bonuses under the Mir loyalty program.

VTB Bank is a partner in the **Moskovenok** Card project run by the Educational Department of the Government of Moscow since 2012. Moskovenok Cards issued for schoolchildren are designed to control their stay at school and can be used as a means of non-cash payment for meals. More than 930,000 children studying in over 1,700 schools in Moscow used the card in 2017. Payments processed by VTB Bank totaled RUB 442 million, up 50% on the 2016 level.

VTB Bank also continued to participate in the **Social Taxi** project launched in partnership with SUE Mosgortrans to offer transport services to passengers with reduced mobility. The Bank equipped the taxis participating in the project with payment terminals that accept the Moscow Resident's Social Card with no fees applied. More than 385,000 people used the Social Taxi service in 2017. Card-based payments for the service increased by 80% to RUB 12.7 million. As many as 170 cars had payment terminals at the end of 2017.

The **Social Assistant** app of VTB Bank allows users who stay at care-giving institutions in Moscow to pay their utility and mobile phone bills, order food and other products online and pay for social security services. Average monthly payments via the app rose by 20% in 2017.

VTB Bank's **My Travel Pass** app, which enables passengers to buy tickets on their Troika and Strelka cards and intercity train cards of Central Suburban Passenger Company and Moscow-Tver Suburban Passenger Company, saw a significant increase in usage activity in 2017. More than 1 million payments were made via the app, with more than 600,000 of them using the contactless payment technology NFC<sup>1</sup>, which was up 50% percent on the number of transactions in 2016.

Post Bank continued to issue **Zeleny Mir Cards** that enable holders to make payments and participate in the bank's large-scale tree planting campaign "**Plant a Tree as a Gift to a Friend**"<sup>2</sup>.

1. NFC is a near field communication technology that is embedded in contactless payment cards used on public transport and elsewhere.

2. For more information about environmental projects, see Section 5.2. Support for environmental projects.

## Support for customers in unforeseen circumstances

In 2017, VTB Group continued to provide assistance to customers struggling with unforeseen circumstances. For instance, the VTB Insurance group offered a wide range of services to such customers, including:

### VTB Health Insurance

~ **24 million** customers

- Compulsory health insurance
- Voluntary health insurance

### VTB Life Insurance

~ **66,000** customers

- Investment life insurance
- Endowment policy

### VTB Insurance

~ **8 million** customers

- Property insurance
- Personal insurance
- Civil liability and professional liability insurance products

VTB Insurance's customer base consists almost entirely of individuals

**99.9%**

### Select insurance plans offered by VTB Insurance in 2017

Insurance plan	Insurance company	Brief description	Number of new agreements	Insurance premium, RUB million
Financial Reserve Life+	VTB Insurance	Insurance for consumer loan borrowers	339,902	17,072
Barrier growth	VTB Life Insurance	Life insurance plan with a nominal coupon	205	2,390
Medical treatment in Russian Federation	VTB Insurance	Cancer treatment in Russia	68,738	534
Card Protector	VTB Insurance	Insurance against financial risks associated with the use of bank cards	15,205	30
Yandex. Taxi	VTB Insurance	Life and health insurance for taxi passengers and drivers	88	3



### Telemedicine (VTB Health Insurance)

VTB Health Insurance launched a telemedicine program at the end of 2017 to offer online consultations as part of the Online Physician service. The IT solution provides a channel between the insured and a health care institution for online medical services. Eighty agreements for approximately RUB 342,000 were concluded under this program.

### Support for home buyers

Group banks take part in mortgage market development projects that deliver social value and government programs aimed at improving access to housing through mechanisms such as mortgages. Favorable lending terms are available to servicemen, families with children, educational workers, health care workers, police, tax officers and officials of federal and municipal government agencies. The mortgage portfolio of VTB Group's retail business segment more than doubled in the last four years to exceed RUB 1 trillion in the first quarter of 2017.

**VTB Bank helped 1 million families to buy new homes since the introduction of mortgage schemes in Russia.**

### New mortgage loans issued by VTB Bank in 2016-17

Indicator	2016	2017	Movement (%)
New mortgage loans, RUB million	293,836	433,812	+ 48
Number of new mortgage loans	153,421	203,280	+ 32
Number of new mortgage loans for housing under construction	71,046	74,503	+ 5
Mortgage loans issued under the Mortgage Lending + Maternal Capital Program, RUB million	13,081	25,719	+ 97

Mortgage lending is also a fast growing business segment for banks in CIS countries and Georgia. For instance, mortgages worth a total of RUB 41.4 million<sup>1</sup> were provided under a young family support program in Armenia in 2017.

1. AMD 345 million at the yearly average exchange rate of 1 AMD/0.12 RUB in 2017

### Social projects with a focus on infrastructure development

Group banks participate in a wide range of infrastructure development projects in countries of presence. Apart from strengthening cooperation with the authorities, their priorities include supporting individuals under such projects.

For instance, Post Bank has decided to support a program launched in February 2017 to grant Russian citizens a free hectare of land in the Far East. In partnership with the Far East Development Fund, the bank offers reduced interest rates of 8.5% and 10.5% on loans for purchases of goods and services required for land use and development.

In addition, VTB Group provides wide support for projects aimed at developing innovative payment solutions for passengers to enhance their experience.<sup>1</sup>

### Lower mortgage rate program (VTB Azerbaijan)

In 2017, VTB Azerbaijan provided more than RUB 16 million of loans at a reduced interest rate of 4% under a government mortgage program for certain groups, including<sup>2</sup>:

- Individuals who have served in the civil service for at least three years
- Forced to be displaced persons or persons with equal status
- Holders of a PhD degree
- Prominent athletes
- Family members of individuals awarded the National Hero of Azerbaijan title

### Quality and access to banking services

In 2017, Group banks continued to improve the accessibility and affordability of their services for customers. The Group opened branches, installed ATMs and focused on improving access for people with disabilities. In particular, VTB Group is focused on developing new mobile apps to extend the list of round-the-clock banking services available to this segment.

### Number of VTB Group's banking branches (✓) in 2016-17

Branches	2016	2017
Branches in Russia, incl.	1,788	1,817
in underpopulated and economically depressed Russian regions	471	468
Branches in foreign locations	220	213
<b>Total branches (without desks)</b>	<b>2,008</b>	<b>2,030</b>
Limited service branches (desks)	259	215

1. For more information, see Section 2.1. Transport infrastructure development in Russia.

2. c. AZN 482,000 at the yearly average exchange rate of 1 AZN/33.87 RUB in 2017

Post Bank significantly expanded its retail network in 2017, which increased almost twofold, from approximately 6,000 to around 12,100 branches in around 4,400 localities, almost 2,200 localities more compared with the previous year. Around 87.5% of all branches are located in rural areas or cities with a population of less than 30,000 people.

In addition, the bank started operations in the North Caucasus and the Far East in 2017. Its key priority is to increase presence in localities where there is a shortage of branches.

### Post Bank: Access and quality for all



**6.3 million**  
customers



**~ 3,900 ATMs**, 27% of them  
are located in low-populated and  
economically disadvantaged  
regions



**1.9 million**  
mobile banking users



**~ 12,100 branches**



**323 student** loans for a total  
of **RUB 145 million**



**RUB 180 billion**  
of loans

### Development of ATM networks

The number of ATMs run by VTB Group in Russia increased year on year by 16% in 2017 to around 20,000. More than 6,000 of them are multi-function ATMs that accept and dispense cash.

The installation of self-service cash recycling systems is a priority for VTB Bank. Such systems have bill identifiers to determine the validity of banknotes that are deposited to a recycler and later dispensed from it. This functionality keeps ATMs full of usable cash for a period that is three times longer than for a typical teller. In addition, recycler installation on a large scale in 2017 led to savings: costs of opening and maintaining new branches reduced by 20% and 40%, respectively. Economic effects from a reduced frequency of cash replenishment and removal totaled RUB 90 million.

The number of cash recyclers doubled to around 1,800, making VTB Bank's network one of the largest in Russia.

### Better access for people with disabilities

VTB Group is committed to improving access to its services for all groups of customers. Almost all branches are equipped with ramps or elevators to provide barrier-free access for people with reduced mobility.

#### Post Bank's support for people with disabilities

Support of customers with disabilities is a core priority for Post Bank. The bank has opened offices in all cities where it operates which are easily accessible to people with disabilities. Such branches are equipped with:

- ramps, roll-a-ramps or elevators
- call for the bank-employee buttons
- special yellow stickers in the entrance lobby for visually impaired people

Moreover, the bank has adopted internal guidelines calling on staff to be attentive to the needs of disabled people and be aware that they may need personal assistants such as sign language interpreters when applying for a loan.

### Remote banking development

VTB Bank is committed to improving quality and access to its services for customers. As part of this commitment, VTB Bank is strongly focused on developing remote banking services for both retail and corporate customers.

The Bank sees a steady growth in remote banking customers as the number of CIB and SMB<sup>1</sup> customers using such channels rose by 19% year on year in 2017. The number of users of the Mobile Customer and Bank-Customer Integration solutions increased by 150% and 45%, respectively, in 2017 compared with the previous year.

Retail customers are an important target audience for remote banking services. VTB Group earned the following awards for developing remote banking channels:

- **VTB Bank's retail business site** was named by **Markswobb Rank&Report** the most convenient site for card applications
- **The online banking platform of VTB 24** ranked third on **USABILITYLAB**'s list for ease of use

In 2017, VTB24 launched a round-the-clock live chat service for retail customers to help them fill in applications for refinancing, a cash loan or a credit card.

As part of its remote banking focus, VTB 24 launched a free courier service to deliver debit cards to individuals applying for them online. As many as 3,264 cards were delivered by courier service in 2017.

1. VTB Bank Remote banking facilities customers (CIB and SMB), excluding customers subscribed to the remote banking services of the VTB Northwest Regional Center and what was formerly the Bank of Moscow.

In 2017, VTB24 launched a chatbot-enabled service in Viber that allows retail customers to exchange currency and check current exchange rates.

Most retail and small business customers of Group banks switched from online to mobile banking in 2017. This trend was linked to fewer card-to-card transfers via ATMs in 2017 compared with the previous year.

In 2017, VTB24 launched a pilot online banking solution for small business customers that can access Business Online using any device. The new solution offers a simple procedure for creating payments and documents and a smart assistant functionality based on artificial intelligence technology to answer customers' questions via live chat. The objective is to provide fast and quality support for customers.

### Mobile payments processed by VTB Bank in 2017



VTB Bank was the first bank in Russia to enable a fingerprint login for its Mobile Banking app in 2017. The Touch ID solution allows customers to log on to the mobile banking app and authenticate transactions using their fingerprint. It is designed to enhance customer experience and personal security as every fingerprint is unique and it is extremely hard to hack.

*“Our new functionality is a serious step forward in banking services. Fingerprint scanning is convenient and, what is most important, well familiar for smart phone users. The fingerprint authentication of transactions is really a very simple and secure payment method that delivers better customer experience in making settlements using a mobile phone. When introducing new technologies, we try to give our customers everything to make their daily financial life convenient, comfortable and secure”.*

— Aleksandr Solonin, Digital Business Deputy Leader, Senior Vice President, VTB Bank (PJSC)

Post Bank also has a very strong mobile banking focus, with its 2017 highlights including:

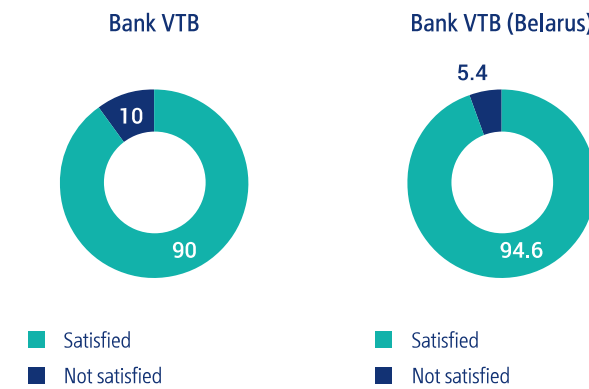
- The number of remote banking users increased almost sixfold
- The number of payments and transfers increased 5.7-fold
- The number of online purchases increased almost sevenfold
- The number of Samsung Pay and Android Pay newly subscribed users totaled around 8,600

Another remote banking technology that has recently gained much prominence is cash transfers over social channels such as VKontakte and Odnoklassniki. VTB24 in partnership with Multikarta subscribed to this service back in 2016. Customers can transfer RUB 100 to RUB 75,000 over a social network. A 3DS verification code is sent to a customer's mobile phone to make the transaction secure. This makes it harder to transfer cash using a stolen card. The new service has become incredibly popular, with the number of users increasing by almost 30% in 2017.

### Better quality and personal data protection

VTB Group highly prioritizes quality and customer experience management. Improving the quality of service and loyalty across customer segments is among the key priorities identified in the Group's 2017-19 Development Strategy. Group banks annually conduct customer satisfaction surveys to measure customers' perceptions.

#### Satisfaction surveys run by Group banks



More than 5,500 customers participated in VTB Bank's survey in 2017. Their satisfaction was measured based on their perception of staff courtesy, attentiveness, professionalism, expertise, the speed of service delivery, the speed of issue resolution and the overall quality of services provided by bank staff (transactions, cash operations and currency control). The overall satisfaction score in 2017 was 90 on a 100-point scale, a sign that customers are quite satisfied with the quality of service across the Bank's branches.

VTB Bank (Belarus) quarterly conducts surveys to measure customers' satisfaction with the range of available services and their quality. Based on the findings, VTB Bank (Belarus) runs initiatives to improve performance indicators and live up to customers' expectations. VTB Bank (Belarus) reported the average customer satisfaction score in 2017 at 9.46 on a 10-point scale.

Group companies are focused on improving customer data protection and developing more efficient tools to prevent fraud, card skimming and data losses. Group banks that provide retail services publish on their sites tips on how to avoid card skimming which is the illegal copying of information using a skimming device that perpetrators attach to an ATM.

In 2017, VTB24 launched a pilot project to use NBKI-AFS<sup>1</sup>, a solution developed by the National Bureau of Credit Histories to battle fraud in loan applications. The solution allows banks to quickly identify suspicious loan applications and manage risks in an efficient way. It is capable of screening up to 200 applications per second.

1. National Bureau of Credit Histories Anti-Fraud Service



## INTERNAL ENVIRONMENT

# 76.8

**thousand people**

employed by the Group,  
up 6% y-o-y

# 71.5

**hours**

of training per employee,  
up 16% y-o-y

## PARTNERSHIP AND SELF-FULFILLMENT

VTB offers its employees a wealth of opportunities to develop their professional skills and competencies. VTB Group companies actively develop corporate culture; improve existing working conditions and motivation system.

# Internal environment

VTB Group companies are making considerable efforts to develop corporate culture and improve existing personnel training, motivation and compensation mechanisms, while also remaining aware of the need to provide a safe working environment for employees as key contributors to business growth.

*“To grow and thrive, a business needs three basic components: the right people, the right processes and the right motivation system. HR must therefore become a real partner for management in moving towards the set business goals, and for employees in achieving their personal and professional potential”.*

— Gleb Yermakov, HR Leader, Senior Vice President, VTB Bank (PJSC)

In 2017, VTB Group embarked on a new three-year HR strategy that is aligned to business priorities of Group's 2017-19 Development Strategy.

VTB Group's strategic business priorities for 2017-19 and key enabling initiatives under the HR strategy

## VTB Group's strategic business priorities

## Key initiatives under the HR strategy

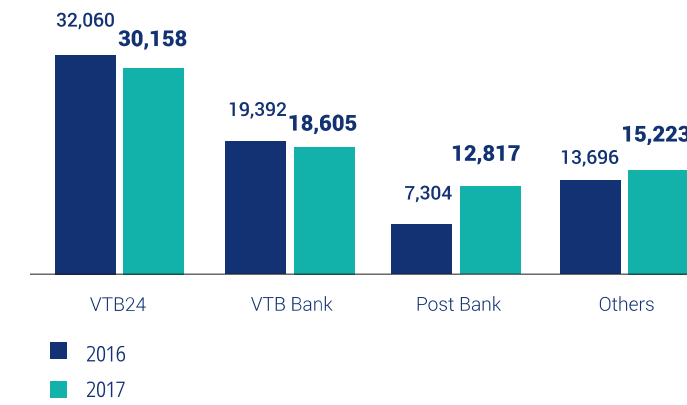
<b>1</b> <b>Accelerating results.</b> <i>Earning over RUB 200 billion in profits by 2019, up 300% from the current level</i>	Encouraging high-performers	<b>1</b> Providing competitive pay, linked to the individual's performance <b>2</b> Promoting a high-performance culture
<b>2</b> <b>Creating a single full-service bank.</b> <i>Merging VTB24 into VTB Bank, and leveraging synergies and efficiencies gained from the merger</i>	Consolidating and developing the best talent	<b>3</b> Establishing a unified brand as No. 1 employer in the financial services sector <b>4</b> Growing new leaders through a consistent coaching process
<b>3</b> <b>Modernization.</b> <i>Taking a leap forward in creating an innovative bank through large-scale technology transformation</i>	Introducing innovative solutions	<b>5</b> Increasing the automation of HR processes <b>6</b> Building a modern internal communication network

VTB Group's average headcount in 2017 was 76,803<sup>1</sup> employees, up 6% from the year earlier. The top three employers were VTB24 (39%), VTB Bank (24%), and Post Bank (17%). In 2017, the Group employed over 30,000 people, with the highest numbers of new hires recorded at Post Bank (~13,000), VTB24 (~7,900), and VTB Bank (~4,300). The employee turnover rate was 26%.

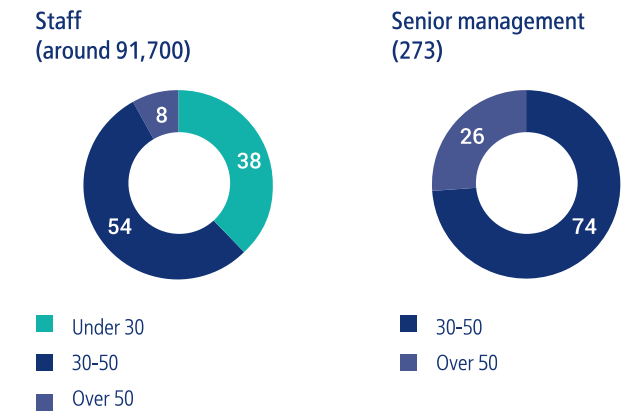
VTB promotes diversity and inclusion, recognizing and accepting different kinds of people irrespective of their physical, racial, religious or other differences, and places a particular emphasis on preventing discrimination against job applicants or existing employees. Group companies are committed to fulfilling their legal obligations to help socially disadvantaged groups access employment, including by offering job vacancies for people with disabilities.

1. Quantitative data in this section is for 28 Group companies listed in Section 6. About the Report.

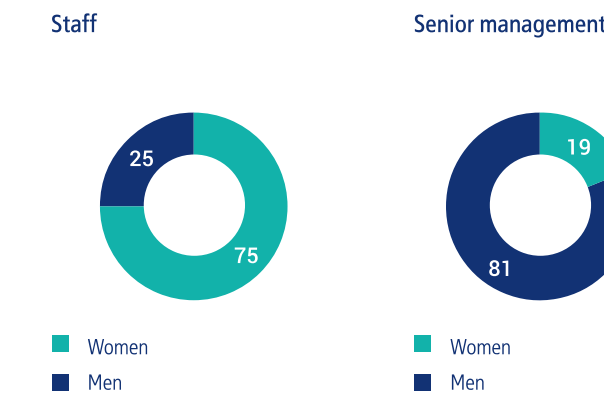
VTB Group's average headcount in 2017<sup>1</sup>



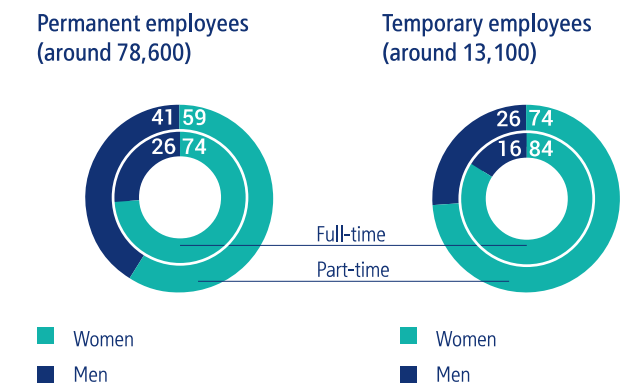
Distribution of personnel headcount at 31 December 2017 by age, %



Distribution of personnel headcount at 31 December 2017 by gender, %<sup>2</sup>



Distribution of personnel headcount at 31 December 2017 by type of contract, %



Promoting gender equality was high on the agenda in 2017: VTB Capital organized two events as part of the Women's Internal Network initiative. Speaking at the events were Iceland's Ambassador to Russia Berglind Asgeirsdottir and Yuliana Slashcheva, chair of the management board of the Soyuzmultfilm animation studio. The ambassador spoke about gender equality promotion in Iceland, while Yuliana Slashcheva shared details about her key career milestones and challenges that she is facing as the chair of Soyuzmultfilm's management board. Post Bank continued its Client Service from Home, a project launched in 2016 that allows female employees to work remotely while on child-care leave.

1. VTB Bank's average headcount in 2016 (15,780 people) includes that of Bank of Moscow (3,612 people) for the period from 1 January 2016 through 9 May 2016 (the two banks officially merged on 10 May).  
 2. The data on VTB Group's personnel structure is based on the Group's 2017 headcount. The difference between the headcount and the average headcount (91,700 and 76,800 employees, respectively) is due to different calculation techniques. The headcount is presented as at a specific data (31 December 2017 here), while the average headcount is determined by adding up the number of employees on the list in each month of the reporting period and dividing this sum by the number of months in the reporting period. The difference partly reflects a significant increase in Post Bank employees in 2017 (up 5,500 employees). In addition, the average headcount excludes certain categories of employees such as women on maternity or childcare leave and employees studying at educational institutions.



## Employee training and development

VTB offers its employees a wealth of opportunities to develop their professional skills and competencies. The Group's corporate training activities in 2017 were focused on the following areas:

- Improving the quality and efficiency of management decision-making
- Training employees in digital management techniques and building an Agile culture
- Expanding the share of distance learning

Group companies have established a feedback mechanism to measure the effectiveness of their training programs. The metrics used by learners in the assessment process are the competence of the trainer, and the relevance and applicability of the knowledge gained. The assessment results serve as a valuable source of information for the improvement and continuous enhancement of existing training programs.

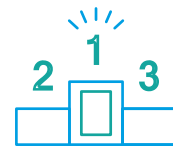
### Key highlights of VTB Group's corporate training activities in 2017



**71.5 hours training hours** per employee, up 16% y-o-y

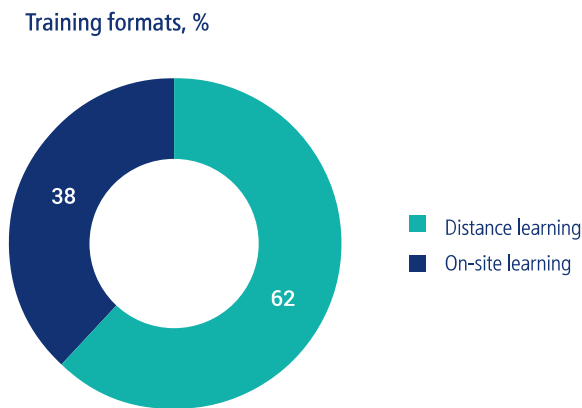
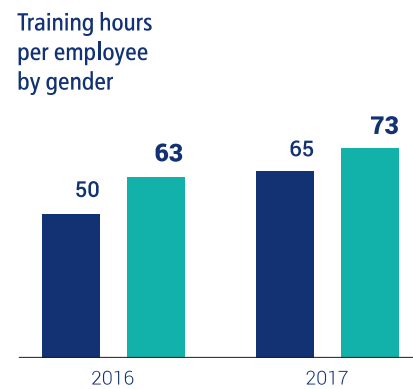


**44.2 distance learning hours** per employee, up 18% y-o-y



**Top three banks** in terms of training hours per employee:

- Post Bank (**161.8 hours**)
- VTB24 (**95 hours**)
- VTB Bank (**17.4 hours**)



## Executive training

Executive training programs undertaken by Group companies in 2017 were intended primarily to provide learners with requisite managerial skills and develop a creative approach to organizing an effective workspace.

### VTB Group's key executive training programs in 2017

Program name	VTB Group /Group company	Description	Results
New Energy for Leadership	VTB Group	The program is designed to strengthen the link between VTB's corporate culture and core business functions	
Management Algorithms	VTB Group	The program is intended for line managers and is focused, among other areas, on building a mentoring culture	
Project Mindset	VTB Bank	The program is designed to show learners how to use project-based approaches to non-routine tasks and change management	
Module program on partnerships for client and credit branches of the Northwest regional center	VTB Bank	The program is designed for managers who want to improve their leadership skills and includes training courses in Efficient Communications, Partnerships and Efficient Cross-Functional Teams	
The Perfect Leader	Post Bank	The program is designed to teach learners how to build effective relationships with their subordinates	

### New Energy for Leadership: participants feedback

*"With this training, I am now better poised to handle the pressures and challenges of my job, and I gained a lot of useful knowledge and skills".*

— Maria Dubrovina, Managing Director for Lending to Regional and Medium-Sized Businesses, VTB Bank (PJSC)

*"I am thankful for this project that is not only insightful, but also provides a useful developmental experience for managers. New Energy for Leadership is a critical investment that the Bank makes in building and strengthening its management team".*

— Sergey Krasnikov, Retail Network Operations Deputy Leader, Senior Vice President, VTB Bank (PJSC)



## Employee training

Group companies keep track of technological innovations in the banking sector as they strive to be more responsive to evolving market needs. Over the past year, VTB improved its existing training programs and launched new ones to make sure its employees are among the first to learn about the most recent banking innovations and apply them to practice. Some highlights of 2017 include:

- 15 master classes on financial innovations, RPA technologies and design thinking, held for Group employees under the Knowledge Academy program
- VTB Bank's pilot program to train employees in the Agile methodology and its core principles, complete with case studies (66 participants)
- Two training courses, Strategic Trends in the Finance Industry (15 participants) and Blockchain, Big Data and New Digital Technologies and Their Impact on the Banking Sector (17 participants), launched at VTB Bank (Belarus)

A special integration support program was introduced in 2017 for the employees of VTB Bank and VTB24, with a dedicated page set up on the learning portal that features training courses, helpful tips and links to recommended literature for self-learning. Bank executives also took in-class training in change management, employee motivation, team building, stress management, etc.

Building a strong mentoring culture has consistently ranked high on the list of employee training tasks, and 2017 was no exception. A series of webinars on Mentoring as a Key to Improved Network Performance (584 participants) as well as in-class training sessions on Mentoring Practice: Development of Local Staff as a Key Management Competency (969 participants) were held for VTB24 executives.

**VTB Bank's Negotiation Academy program earned the Skolkovo Trend Award 2017.**

### Negotiation Academy (VTB Bank)

VTB Bank launched a new training program in 2017 aimed at developing negotiating skills. The program, targeted at both front- and back-office staff, consists of several modules, allowing learners to choose the topics that are most relevant to them, and to decide on the training format and the amount of time they are willing to spend on training. The course is delivered by a team of negotiation experts from Russia and other countries. Since the program's inception, the training has been attended by 620 employees. The course feedback showed a very high satisfaction rate (around 96%).

## Training for front-office staff

With a strong customer focus being at the heart of VTB's business, all Group companies remain keen on developing knowledge and skills that are critical to customer service.

Among initiatives in 2017, mention must be made of Post Bank's Knowledge Base, a repository containing templates and other information that is essential to front-office staff.

*"Our bank is growing fast, with around a dozen new points of service being opened daily across Russia. This means that we constantly acquire new knowledge and experience that must be analyzed, organized and shared with others. That's why we have established a Knowledge Base that gives employees quick access to all required information about the bank's products and services. The launch of this resource will drive a better customer experience".*

— Denis Lopatin, Business Development Leader, Post Bank

Group companies organized a large number of training programs for front-office staff in 2017, including the following:

- Rules for Serving Customers with Disabilities, a distance learning course held at VTB24 (around 3,100 participants)
- Stress Resistance, a phone etiquette course held at VTB Insurance (75 participants)
- Authenticity: Using Acting Skills in Business, a training course held at VTB Bank (Belarus) for employees involved in negotiations with customers (31 participants)
- Service Excellence and Proactive Selling Skills: How to Sell Commission-Generating Products, a training course held at VTB Bank (Kazakhstan) (360 participants)

## Attracting young talent

Attracting and developing young talent is an important element of VTB Bank's HR policy. Bank runs annual internship programs for students and cooperate with leading local universities.

Following the 2017 admission round, over 80 students and graduates of Russian and foreign universities joined the VTB Bank's Junior and VTB Rost programs for young professionals and took on an internship in VTB Bank's corporate investment banking, mid-corporate banking and retail business units, as well as in business support and control divisions.

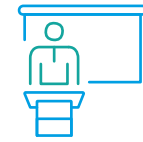
## Cooperation with universities and recruitment of students in 2017 (VTB Bank)



**291 students** took on an internship, and **44 students received individual scholarships**



**20 agreements** were signed with leading Russian universities



**15 career fairs** were held across Russia

## Employee motivation and remuneration

VTB is strongly focused on improving its remuneration practices and creating a more favorable work environment. These efforts help not only to attract and retain the best talent but also to increase their productivity.

### Motivation system

VTB looks out for its employees by offering them competitive pay. Group companies conduct annual salary surveys to see how they measure against peers and adjust their remuneration structure accordingly.

Extensive efforts were made in 2017 towards aligning remuneration and non-financial motivation systems of VTB Bank and VTB24 as part of the post-merger integration and establishing a remuneration and motivation framework building on the best practices of the two banks.

The Group has a robust benefits system that is designed to improve employee motivation through non-financial incentives. Social benefits vary by company, depending on the size and nature of business.

**RUB 854 million provided in 2017 as funding for VTB Bank's benefits programs, including RUB 496 million for VHI.**

### Social benefits at VTB Bank

- Voluntary health insurance (VHI), including pregnancy coverage under the VHI policy
- Accident and sickness insurance
- One-off payments for family emergencies
- Financial aid in the event of exceptional circumstances
- Reimbursement of expenses on VHI for children under 1 year of age
- Reimbursement of relocation expenses
- Additional paid leave
- Corporate pension program
- Discounts and special offers under the VTB Privilege Club program

VTB held a major survey in April 2017, covering around 6,000 respondents across the Group, in order to assess the quality of its card products and services. Following a detailed analysis of responses, VTB introduced Our Card, a special product for Group employees that allows them to earn cashback on purchases and benefit from lower mortgage rates (9.5%) and discounts on insurance products. The next survey round, scheduled for 2018, is expected to provide insight into the level of satisfaction with the new product.

Beginning in 2017, VTB issues certificates of commendation, signed by the President and Chairman of the Management Board of VTB Bank that serve as an extra motivating factor to drive high performance. Certificates are granted to employees with over five years of continuous service at VTB in recognition for the following achievements:

- Successful contribution to the Group's business
- Producing a high-value intellectual product
- Successful delivery of short-term and/or long-term projects
- Outstanding efforts to prepare and implement service excellence initiatives
- Significant contribution to VTB Group's strategic initiatives

These certificates have become an addition to the wealth of rewards offered by the Group's parent bank.

High employee satisfaction not only drives their motivation and performance, but also helps Group companies to earn top spots among best employers.

### Talent awards scooped by VTB in 2017

- VTB Bank: ranked by Forbes Global 2000 list as one of top-500 World's Best Employers
- VTB24: ranked by Headhunter as the best employer in Russia's banking sector
- Hals-Development: ranked by Headhunter as the best employer among Russian developers

## Employee evaluation and talent pooling

In 2017, VTB Bank updated and adopted a post-merger model and framework to manage employee performance. The framework outlines goal-setting procedures and streamlines performance assessment criteria and competencies needed by employees.

At Post Bank, employee evaluation is conducted every six months. The evaluation procedure, named Prolific Idea, involves a comprehensive review of employees' performance, as well as their professional, personal and organizational skills. The evaluation procedure ends up with grade assignment, and top performers are offered a pay rise.

VTB Bank developed and adopted talent pooling principles and procedures in line with the initiative to grow new leaders through a consistent coaching process, as provided in the Group's HR strategy. VTB builds its talent pool by looking for high-potential employees and training them for promotion to key management positions. In 2017, the Group ran New Energy for Leadership and Management Algorithms, the two training programs targeted at the most promising employees.

## Internal communications and corporate culture

Creating a favorable psychological climate is an important task of VTB's HR policy. With that in mind, Group companies work hard to strengthen corporate culture and maintain dialogue between management and employees.

*"Without my team, I would have never achieved anything. Our team is around 50 people (25% of the company's management team). They have been working with me for ten or more years. I can rely on them in any situation. I am very lucky to work with them".*

— Sergey Kalinin, President and Board Chairman, Hals-Development PJSC

### Internal communications

Robust internal communications are one of the pillars the Group's HR strategy for 2017-19. In 2017, VTB Group continued to publish the Team Energy magazine, which main topics were the corporate merger and the first annual results of the business strategy.

Apart from the major communication channels, such as corporate intranet portal and corporate magazine The Team Energy, gathering of employee feedback is widely used. Gathering employee feedback is the most accurate and effective way to assess the maturity of corporate culture. The following initiatives were taken in 2017:

- Dialogue on Possibilities, a regular meeting platform between VTB Head Andrey Kostin and Bank's senior and middle managers (both in regions and foreign subsidiaries) to discuss

the preliminary results of the strategy, analyze deviations from the set targets and decide on corrective actions

- Departmental meetings held in a free-discussion format (27 meetings, attended by over 1,500 VTB Bank employees)
- Direct Phone-in Line, an annual Q&A session with Post Bank's President and Board Chairman Dmitry Rudenko, which was streamed live on the bank's corporate portal
- My Bank, an employee satisfaction survey held by VTB 24 (76.8% participation rate and 72% engagement rate)

### Corporate culture

Apart from expanding the internal communication network, the new HR strategy is focused on building a unified organizational culture of the combined bank and embedding corporate values across all key talent management processes.

VTB regularly hosts various sports and holiday events for Group employees and their family members in order to increase employee motivation and loyalty. While improving rapport between staff and management and strengthening the team, these outings also provide employees with a great opportunity to enjoy quality leisure time with their families.

*"It's important not just to read documents about corporate culture, not just to be informed, but to try and observe their principles every day. And not just observe, but have zero tolerance for any violation of the key principles and our core corporate values. This requires personal maturity".*

— Anatoly Pechatnikov, Deputy President / Chairman of the Management Board, VTB Bank (PJSC)

### Major family events for Group employees in 2017

Event	VTB Group / Group company	Description and results
VTB Group 's winter sports festival at the Leonid Tyagachev Mountain Ski Club	VTB Group	<ul style="list-style-type: none"> <li>• Over 1,700 Group employees and their family members</li> </ul>
Events under the Children 360° program	VTB Group	<ul style="list-style-type: none"> <li>• Family Day (62 children and 55 adults)</li> <li>• Parent-Child Conference, a discussion platform for promoting trust and mutual understanding between parents and children (250 adults)</li> <li>• Junior Detectives School, an educational event for children aimed at encouraging creativity and intellectual prowess (107 children)</li> </ul>
Epiphany Frosts, a family holiday event	VTB Group	<ul style="list-style-type: none"> <li>• Over 4,000 guests</li> </ul>
A tour to the Dynamo Football Club	VTB Bank	<ul style="list-style-type: none"> <li>• Participating in contests and quizzes, and receiving autographs from sports celebrities</li> </ul>

Promoting a healthy lifestyle among employees is another important element of VTB's corporate culture. Group companies have employee sports teams that compete in various internal and external tournaments throughout the year:

- VTB Bank's football team played a series of friendly matches against Moscow Government's team at the Meteor stadium
- VTB Bank's women's team won a silver medal at the Russian Futsal Cup
- VTB24 hosted several team-building sports events called Grouping Up, a tagline designed to highlight the purpose of the upcoming merger

#### VTB Bank retirees

VTB Bank provides various kinds of assistance for retired employees, including financial support for voluntary medical insurance agreements. The Bank regularly greets retired employees on their birthday anniversaries and holidays and invites them to attend annual meetings. The 2017 meeting, dedicated to the Victory Day and the Senior Citizens' Day, brought together around 200 VTB Bank retirees. The Bank also organized a tour of iconic movie locations in Moscow, including the Mosfilm film studio, and a trip to Tula for 100 retired employees.



## Volunteering

Volunteering remained a strong focus despite major organizational changes that the Group was going through during 2017 ahead of the merger.

VTB Bank employees collected 61 liters of blood during the Donor Day, organized in collaboration with A.N. Bakoulev Scientific Center for Cardiovascular Surgery.

### Key volunteering initiatives in 2017

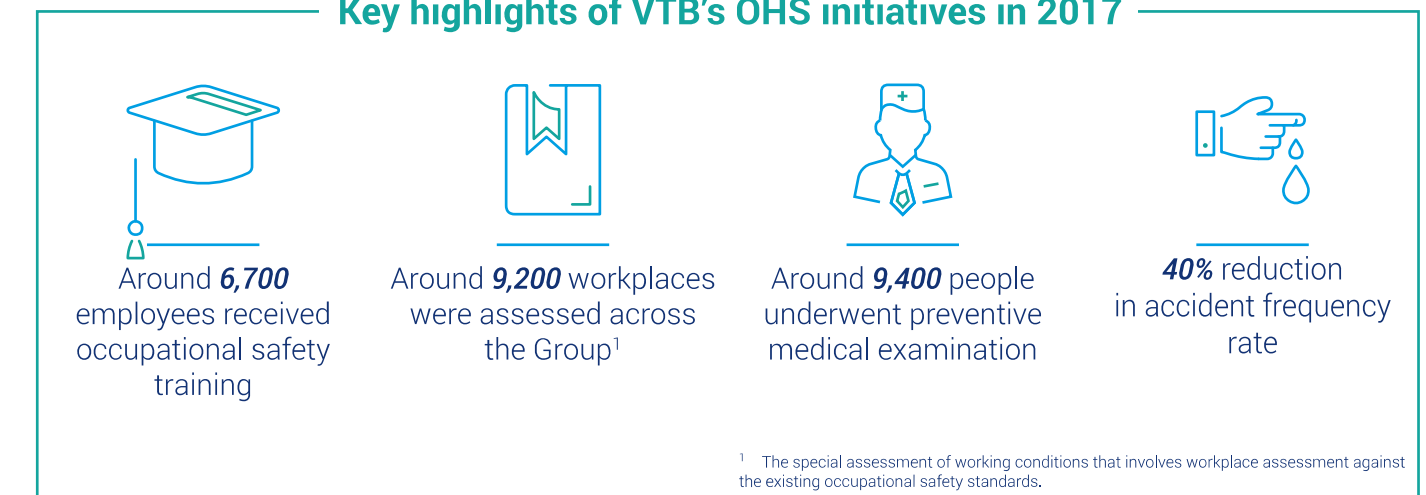
Event	Group company	Description and results
Week of Kind Acts	VTB Bank, VTB24, VTB Capital, Post Bank and VTB Factoring	<ul style="list-style-type: none"> <li>• Around 1,200 volunteers</li> <li>• Over RUB 500,000 donations</li> <li>• 283 books were sent to orphanages</li> <li>• sporting goods were collected for three orphanages</li> </ul>
A charity fair to sell items handmade by orphaned children	VTB Bank	<ul style="list-style-type: none"> <li>• 120 volunteers</li> <li>• RUB 115,000 raised</li> <li>• Required supplies and gifts for young crafters were purchased</li> </ul>
Galafest, an inclusive family festival	Post Bank	<ul style="list-style-type: none"> <li>• 7,000 participants</li> <li>• Over RUB 4 million were raised for the Galchonok charity</li> </ul>
A charity book fair	VTB Capital in collaboration with the Pink Giraffe publishing house	<ul style="list-style-type: none"> <li>• Over 60 books were donated to a children's library in the village of Yemetkino, Chuvash Republic</li> </ul>
The retirement home in the village of Podborki, Kaluga Region	VTB Capital	<ul style="list-style-type: none"> <li>• RUB 120,000 raised</li> <li>• Three visits to the retirement home were organized</li> <li>• Medicines and aids for bedridden patients were donated</li> </ul>
Generation Foundation (established by employees)	VTB Bank (Georgia)	<ul style="list-style-type: none"> <li>• 225 employees were actively engaged in charity work</li> <li>• 46 people got help</li> </ul>

## Occupational health and safety

VTB Group's OHS goals are to reduce work-related injuries and illnesses and to create a safe and comfortable working environment for employees. In 2017, the Group revised its internal regulatory framework in response to changes in occupational safety legislation.

Group companies conduct regular OHS training for employees to promote workplace safety and reduce the risk of work-related injuries.

### Key highlights of VTB's OHS initiatives in 2017



The Group's consistent focus on health and safety has led to a considerable reduction in the number of accidents from the year earlier. A total of 13 accidents were reported in 2017 across the Group companies based in Russia. Each accident was carefully investigated, and steps were taken to prevent similar accidents in the future.

### VTB's accident performance in 2016-17<sup>1</sup>

Indicator	2016	2017	Change (%)
Number of accidents	20	13	-35
Accident frequency rate (v)	0.30	0.18	-40

1. The quantitative data hereinafter applies only to companies in Russia, as differences in local legislation make it impossible to provide a correct interpretation of such data for other countries where VTB Group operates.

## SOCIAL ENVIRONMENT

# 56

**hospitals  
and children's  
institutions**

received donations  
from VTB Bank

**SOCIAL  
WELFARE**

VTB understands its social responsibility and supports projects in socially significant areas. VTB's social initiatives help to promote the welfare of the regions in which Group companies operate.

# 1.6

**million**

visitors at key exhibitions  
sponsored by VTB Bank

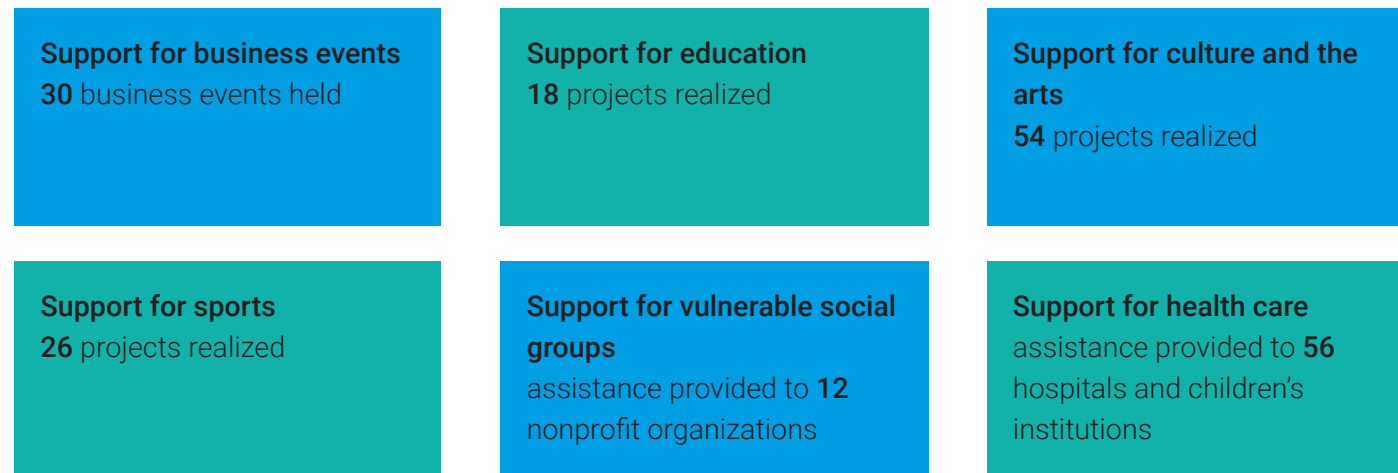


## Social environment

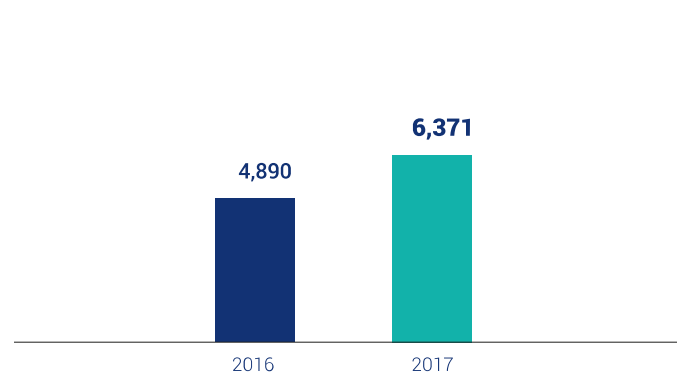
Charity and sponsorship projects are a key component of VTB's corporate activities. Group companies traditionally focus on projects promoting the socioeconomic development of their regions and the welfare of the local population.

In 2017, the Group invested RUB 6.6 billion in charity projects (✓) – up 29% year-on-year – and the Bank alone had 80 sponsorship projects and 147 charity projects with RUB 7.2 billion and 6.4 billion in investments, respectively.

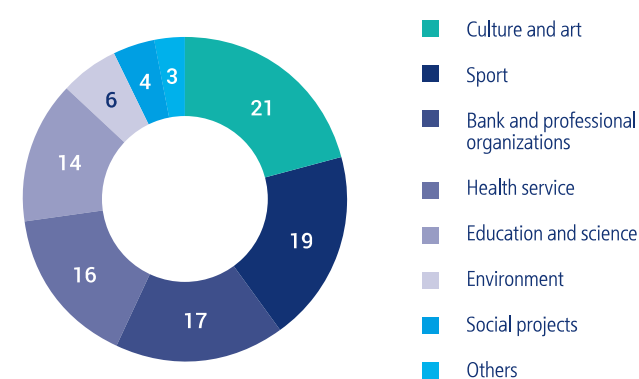
Highlights of VTB Bank's key sponsorship and charity efforts in 2017



VTB Bank's charity expenses in 2016-17



VTB Bank's charity expenses in 2017 by type



## Development of the business environment

Major international and Russian business events sponsored by VTB help to build Russia's economy, improve international relations, attract large-scale investments and strengthen the investment potential of Russian companies.

- The Moscow Financial Forum (8 September, Moscow); its theme this year was "The Financial System of a 21st-Century Competitive Economy: Challenges and Solutions"
- The Twelfth International Russian Derivative Market Forum (10 October, Moscow) on the current state and outlook of the Russian and global derivative market and related changes in laws and regulations
- The Thirteenth International REPO Forum (19-20 December, Moscow), devoted to a discussion of the financial market's potential

## Development of the Russian economy

VTB works closely with banking and professional organizations and supports major business forums, conferences and exhibitions. By sponsoring such events, VTB builds its reputation among leading companies in key sectors of the Russian economy and expands its corporate client base.

In 2017, VTB Bank supported a number of major Russian and international business events devoted to the banking industry, including:

- The International Financial Congress (12-14 July, Moscow) on current issues affecting the finance industry, financial market regulation and oversight, and monetary policy

Several events were held in 2017 as part of the Bank's collaboration with the Association of Corporate Treasurers, including roundtables – "Optimization of Transaction Expenses (Settlement and Cash Services, Acceptance of Revenue, Acquiring)" and "Automation of the Treasury Function: Development of a Unified Payment System" – and a panel discussion: "The Use of Nominal, Escrow and Pledge Accounts."

### Finopolis Forum of Innovative Financial Technologies (VTB Bank)

In 2017, VTB Bank supported the Bank of Russia in organizing the Finopolis Forum of Innovative Financial Technologies, held on 4-6 October in Sochi. The forum's goal is to promote new information technologies in the Russian financial sector. Four plenary sessions, six open lectures and eight roundtables drew over 1,400 participants, including representatives of VTB Bank, VTB24, VTB Capital and VTB Registrar.



## Events held with VTB Bank's support in 2017

Event	Date and location	Main topics	Results
Passenger Forum-2017	19 April Moscow	Development of passenger (largely rail) transport	<ul style="list-style-type: none"> <li>over 600 participants and 87 journalists</li> <li>96 companies</li> <li>5 participating countries</li> </ul>
International business forum Strategic Partnership 1520	6-8 June, Sochi	Rail transport	<ul style="list-style-type: none"> <li>some 1,100 participants, 145 journalists and 107 speakers</li> <li>337 companies</li> <li>24 participating countries</li> <li>20 agreements</li> </ul>
ATOMEXPO-2017	19-21 June, Moscow	Nuclear energy	<ul style="list-style-type: none"> <li>over 6,500 delegates and guests from 65 countries</li> <li>over 50 agreements</li> </ul>
Moscow Urban Forum	6-7 July, Moscow	The outlook of global megacities	<ul style="list-style-type: none"> <li>some 71,000 visitors, 414 speakers and around 10,800 participants (business program)</li> <li>68 participating countries</li> </ul>
Amberforum-2017	28-30 July, Svetlogorsk	Amber industry	<ul style="list-style-type: none"> <li>around 1,000 participants</li> <li>Experts from Poland, China, Lithuania, France, Denmark, Latvia and Estonia</li> </ul>
International exhibition Customs Service 2017	25-26 October, Moscow	Results achieved by the Russian customs authorities	<ul style="list-style-type: none"> <li>over 40 participants</li> <li>around 60,000 customs declarations processed</li> </ul>
Transportation week	2-8 December, Moscow	Transport industry	<ul style="list-style-type: none"> <li>some 8,000 visitors and 3,000 participants, 520 journalists</li> <li>905 companies</li> <li>120 exhibitors</li> </ul>

## Strengthening international cooperation

VTB's efforts in organizing and supporting major business forums is intended, above all, to promote international cooperation and bring investments into the Russian economy. They also build the Group's reputation.

The ninth Russia Is Calling forum, held in 2017, brought together over 2,500 participants, including 535 investors from 62 countries as well as government officials and the heads of leading global corporations. Attendance was more than 30% higher than at the first such forum in 2009. VTB Capital received awards for the 2017 forum in the categories "Best International Conference Devoted to Russia" (Extel) and "Best Management of Investor and Analyst Relations" (Corporate Financial Awards).

*"The VTB Capital forum has long been an effective means of interaction between the investment community and Russian companies. Our event gave participants an opportunity to discuss the latest market trends and factors that will shape Russia's investment climate in the coming years. In today's ever-changing economic climate, such an exchange of opinions is key, and I'm pleased that the forum was a platform for real dialog".*

— Alexey Yakovitsky General Director, VTB Capital Holding JSC

## Major international forums held with VTB Bank's support in 2017

**World Economic Forum**

17-20 January 2017, Davos, Switzerland

- over 3,000 participants
- 100 participating countries
- 400 sessions
- some 1,800 business leaders
- 300 public figures
- 245 media representatives
- VTB Capital breakfast with investors, attended by over 70 people from more than 20 countries

**Russian-Lebanese Business Forum**

19 April 2017, Moscow

- Lebanese delegation headed by Raed Houry, Minister of Economy and Trade
- public expression of gratitude for the Bank's contribution to Russian-Lebanese commercial and economic relations

**St. Petersburg Economic Forum**

1-3 June 2017, St. Petersburg, Russia

- over 14,000 participants
- 143 participating countries
- some 3,000 journalists from 45 countries
- 120 events
- 75 business meetings and 10 agreements involving VTB

**Russian Investment Forum**

27-28 February 2017, Sochi, Russia

- some 4,500 participants
- 37 participating countries
- 430 speakers
- 41 business events
- 377 agreements worth a total of some RUB 490 billion

**Eastern Economic Forum**

6-7 September 2017, Vladivostok, Russia

- 83 events
- some 6,000 people
- 60 participating countries
- around 1,100 media representatives
- 103 heads of foreign companies
- 240 heads of Russian companies
- 217 agreements worth around RUB 2.496 trillion

In 2017 cooperation with countries of the CIS – a traditional focus of the Bank's international efforts – included:

- Russia Trade & Export Finance Conference (12 April, Moscow) on the topic of international cooperation and Russia's involvement in global trade under sectoral sanctions
- International Economic Forum of CIS Member States – "The CIS: A Look into the Future" (17 March, Moscow) – attended by around 1,000 delegates from 11 countries of the CIS as well as entrepreneurs from 17 non-CIS countries

**Improving financial literacy**

By focusing on financial culture, Group companies not only help to make the public more financially literate, but also spark the younger generation's interest in pursuing careers in banking.

The Internet is among the most popular channels of communication on financial literacy. Group companies have their own social media accounts, where they regularly publish information on bank products and services as well as advice on managing personal finances and planning a budget. For example, clips on the Group's YouTube channel explain how to intelligently apply for a loan.

**VTB's main channels of public communication on financial literacy matters**

**c. 5 million**  
views



**c. 72,000**  
followers



**c. 291,000**  
followers



**c. 20,000**  
followers



**c. 13,000**  
followers

In 2017, Group companies held a number of special events to enhance the public's financial literacy, including:

- a free learning program for entrepreneurs: Getting Down to Business (VTB Bank)
- clients received access to the Thomson Reuters ribbon under a signed cooperation agreement (VTB24 Forex)
- a free seminar in Moscow on financial market forecasts, current investment ideas and bank investment products (VTB24)
- participation in the All-Russia Financial Literacy Conference in Sochi (Post Bank)
- over 1,100 free educational consultations provided to over 33,000 people in 82 regions of Russia during the Fourth Russian Savings Week (Post Bank)

*"As a large federal bank, we are committed to developing the financial literacy of the Russian public. Our work with the finance ministries of Krasnodar Territory; Tomsk, Volgograd, Kaliningrad and Arkhangelsk regions; and a number of other regions shows that close collaboration with local authorities helps to reinforce priorities and raise the level of financial literacy in constituent entities of the Russian Federation".*

— Denis Lopatin, Commercial Development Leader, Post Bank (PJSC)

### Financial Literacy Festival (VTB Bank)

With the Bank's support, the first Financial Literacy Festival was held in Moscow in 2017. The festival, targeted at local residents of all ages, launched over 60 facilities for learning events at schools, colleges and universities. Master classes taught participants how to plan a personal and family budget, pay taxes, protect themselves against fraud and go into business.

Group companies also train children and young adults to plan a budget and set financial priorities. Some of the most notable initiatives in 2017 were:

- VTB Capital Children's Academy, a course of online lectures: bank employees offered over 25 online lessons for children from the Vasilyevsky Children's Home in Ivanovo Region, and the best students were given a chance to attend the Russia Is Calling forum
- a new financial literacy classroom was opened with the support of VTB Bank (Belarus) in School No. 10 in Soligorsk: lessons will be offered at least once per quarter, and events will be also be arranged for teachers and parents
- a financial literacy event for children of Correctional Boarding School No. 1 in Nizhny Novgorod, held with the support of the city administration and VTB Bank's Volga Branch
- a master class for tenth- and eleventh-graders given by BM Bank's President and CEO Svetlana Tolкачеva as part of the Financial Literacy Festival in Moscow.

### Support for sports

Group companies are active in supporting professional sports, financing the construction of sports infrastructure and promoting a healthy lifestyle.

### High-performance sports

The promotion of high-performance sports is a priority of VTB's sponsorship and charity efforts.

In 2017, VTB Bank continued its collaboration with the Russian Gymnastics Federation, the All-Russian Volleyball Federation and the Dynamo football and hockey clubs.<sup>1</sup> For the first time, the Bank became a partner of the Russian Hockey Federation and provided support for junior and youth hockey teams in Russia as well as various children's and youth tournaments.

In 2017, VTB Bank supported such notable sports events as:

- the VTB Kremlin Cup tennis tournament (16-22 October) at the Olimpiyskiy Sports Complex, which drew over 77,000 spectators
- the Ignition Motorsport Festival (25-26 August) on the Sochi Autodrom Circuit, attended by over 8,000 spectators
- the Formula One VTB Russian Grand Prix (28-30 April) on the Sochi Autodrom Circuit, attended by more than 150,000 fans over four days

- the VTB United League Basketball Tournament (2017/2018 season), a collaborative effort of VTB Bank and the Russian Basketball Federation that was launched in 2008
- a number of competitions in collaboration with the International Gymnastics Federation: the Rhythmic Gymnastics World Championship, the Gymnastics World Championship and the Trampoline, Tumbling and Double Mini-Trampoline World Championship

*"Being the title sponsor of such a major international project as the Formula One Russian Grand Prix opens up new horizons for VTB Group and for the Russian stage of the Formula One Championship. I'm confident that our collaboration will serve as a model of motorsports sponsorship for many other companies".*

— Alexander Yerofeyev, Sponsorship and Client Event Leader, Vice President, VTB Bank (PJSC)

VTB Bank continued to sponsor the KAMAZ Master rally team in 2017. With the Bank's support, the team took first place in two major events: the Dakar Rally (South America) and the Africa Eco Race (Morocco–Mauritania–Senegal). VTB Bank is also the KAMAZ Master team's official sponsor for novel gas-engine truck races.

1. A list of sports organizations that received assistance from VTB in the reporting period is posted at [www.vtbrussia.ru](http://www.vtbrussia.ru).

### Results of the 2017 Dakar Rally

KAMAZ Master won  
**its 14th**  
Gold Bedouin

**8,782 km**  
distance

**4,000 km**  
speed sections

Crews from  
**59 countries**

**12 stages**

Broadcast to  
**190 world**  
countries

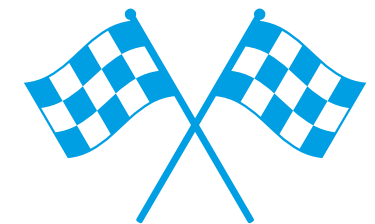
**19 years**  
age of the youngest  
competitor

**80**  
first-time  
competitors

**76 years**  
age of the oldest  
competitor

**309**  
crews (start)

**222**  
crews (finish)



Subsidiary banks were also active in promoting high-performance sports in the reporting period:

- VTB Bank (Belarus) continued to sponsor the Belarus Basketball Federation, Table Tennis Federation and the Dynamo Minsk Football Club
- VTB Bank (Germany) continued its support for the Frankfurt Lions Hockey Club
- VTB Bank (Georgia) is the general sponsor of the Georgian national football team and an official partner of the Georgian Fencing Federation and the European Fencing Championship

- VTB Bank (Georgia) supported the "World Stars for Georgia" charity match, and ticket profits were donated to help restore forestland destroyed by fire in Borjomi Gorge

- VTB Bank (Azerbaijan) provided charitable assistance to the Chess Federation of Azerbaijan



## Sports infrastructure

One focus of VTB's development efforts is the construction and reconstruction of sports infrastructure.

Construction of the Match Volleyball Arena continued in 2017 with the Bank's support. The arena is scheduled to open in 2018 and will be the home stadium of the Dynamo Volleyball Club. It is designed to hold around 3,500 spectators.

In the reporting period, VTB Bank also provided funding for the construction of a regional Gymnastics Center in the Republic of Karelia.

### Reconstruction of the Central Dynamo Stadium (Dynamo Management Company)

In 2017, the final touches were put on the reconstructed Dynamo Stadium and its landscaped grounds. The stadium, expected to be in full use in 2018, has two sections: the Central Dynamo Stadium for football and VTB Arena Park for hockey, basketball, tennis, boxing and concerts. The football stadium will hold some 26,000 spectators, and the concert venue is designed for an audience of around 33,000. The arena's symbolic opening in October 2017 was timed to mark the birthday of legendary Dynamo goalkeeper Lev Yashin.

*"Dynamo Stadium is one of the country's oldest. It was the home stadium of world-renowned goalkeeper Lev Yashin, and the players of Dynamo and the Soviet national team made history here. We preserved the stadium's time-honored western stand and upgraded the facade so that the complex would blend well into the area's historic profile".*

— Andrey Peregodov, VTB Arena Park Project Leader, Senior Vice President, VTB Bank (PJSC)

### VTB Arena Park won five awards in 2017:

- Best Future Arena (World Stadium Congress in Qatar)
- Unique Facility of the Year ([DI] Awards)
- Best Infrastructure Project (Sports Facilities magazine at the Sport City 2.0 Forum)
- Smart Stadium (Moscow Stadium Forum)
- Project of the Year in the Architecture and Landscaping category (Innovation Time Awards)

## Promotion of a healthy lifestyle

Promotion of a healthy lifestyle is a key focus of VTB's social policy. Group companies are involved in public sports events, and they support schools with a sports orientation and hold amateur competitions.

Since 2013,<sup>1</sup> VTB Bank has been a partner of Moscow's public bike rental system, which is designed to popularize a healthy lifestyle, clear up traffic congestion and improve urban mobility as well as reduce carbon dioxide emissions by encouraging Muscovites to use alternative transportation.

### Results of the VeloBike Project in 2017



**380 bike stations**  
in 7 Moscow districts



**over 2.3 million**  
bike rentals



**6 bike stations**  
with **130 electrobikes**

In 2017, VTB Bank (Georgia) continued its efforts to promote a healthy lifestyle. The most notable initiatives in 2017 were:

- support, as a partner, for the Tbilisi charity marathon, which drew around 2,300 runners – 600 from other countries
- collaboration with the Georgian Corporate Sports Federation, including several conferences on sports and hiking, theme runs as part of the Run Georgia program and International Walking Day in Tbilisi
- collaboration with the Georgian National Equestrian Federation on a Day of Sport, an International Olympics Day and a Horse

Lovers' Day for residents of a children's home and children with Down Syndrome as well as support for young equestrians from disadvantaged families.

In the reporting period, VTB Bank (Belarus) was the general sponsor of an international amateur handball tournament held from 20 to 22 January in Novopolotsk. Teams from Belarus, Latvia, Russia and Ukraine competed.

1. Until 2017 the project's sponsor was the Bank of Moscow.

## Support for culture and the arts

The Group has traditionally been involved in prominent cultural and art events. VTB provides support for music festivals, exhibitions at world-level Russian museums and new theatrical productions as well as films and books.

### Support for art

Group companies collaborate with major local museums and are actively involved in sponsoring art exhibitions.<sup>1</sup>

*“This year the Bank is marking its fifteenth year of collaboration with the Tretyakov Gallery, and the last three years are especially noteworthy. Exhibitions of works by Ivan Aivazovsky, Valentin Serov and Zinaida Serebryakova during this period were formative events in the cultural life of both Moscow and the country as a whole”.*

— Alexander Yerofeyev, Sponsorship and Client Event Leader, Vice President, VTB Bank (PJSC)

1. A list of cultural institutions that received assistance from VTB in the reporting period is posted at [www.vtbrussia.ru](http://www.vtbrussia.ru)

### VTB Bank’s collaboration with major Russian museums in 2017

#### State Tretyakov Gallery

Exhibition of works by Zinaida Serebryakova (5 April–30 July)

- over 200 artworks
- some 190,000 visitors

#### Moscow Kremlin Museum

Lords of the Ocean (December 2017–25 February 2018)

- treasures of the Portuguese Empire from the 16th and 17th centuries
- some 184,000 visitors

#### State Hermitage

The Winter Palace and the Hermitage in 1917: History Was Made Here (25 October 2017–4 February 2018)

- over 350 items
- some 615,700 visitors

#### State Russian Museum

Exhibition of works by Vasily Vereshchagin to mark the 175th anniversary of his birth (20 April–24 July)

- over 150 works of art
- some 262,000 visitors

#### Pushkin State Museum of Fine Arts

Renaissance Venice: Titian, Tintoretto, Veronese (9 June–20 August)

- over 25 paintings by the great Italian masters
- some 185,400 visitors

Chaim Soutine: A Retrospective (24 October–21 January)

- over 60 works of art
- published exhibition catalog
- some 193,700 visitors

As a result of collaboration with the Development Fund of the Pushkin State Museum of Fine Arts, the following were restored in 2017:

- *The Triumph of Hope*, a tapestry in the “Triumph of the Seven Virtues” series
- Canaletto’s painting *Bucentaur’s Return to the Pier by the Palazzo Ducale* (Giovanni Antonio Canal)

For the fourth year in a row, VTB Bank (Belarus) sponsored the “The Artist and the City” exhibition project, designed to popularize Belarusian painting. Over 3 million people visited this open-air exhibition of reproductions of 35 works by Belarusian painters and graphic artists belonging to various generations and creative schools.

## Support for theater

For many years, VTB has taken an active part in the theatrical life of local regions. Theater and ballet premieres as well as new music festivals and concerts are made possible by the annual support of Group companies.

*“Ballet is a unique art that has no need for translation. It speaks in a language that is accessible and comprehensible to all, regardless of their political and economic views. It’s an art that blazes a path to the future, a world without borders, which is, by the way, the VTB Group’s motto. I hope that in these uneasy times, when new borders and barriers are springing up everywhere, our concert can make the world a little more united and beautiful”.*

— Andrey Kostin, President and CEO, VTB Bank (PJSC)

### Key cultural events held with VTB’s support in 2017

#### Support for ballet

- The premiere of *Russian Hamlet* (Boris Eifman Academic Ballet Foundation)
- A performance of Boris Eifman Ballet soloists (Boris Eifman Academic Ballet Foundation) at a gala reception held by VTB Bank on 13 October 2017 in Washington during the annual conferences of the World Bank and the International Monetary Fund
- The premiere of a new staging of *Romeo and Juliet* choreographed by Alexei Ratmansky (Bolshoi Theater)
- A production of *La Bayadère* (Valery Gergiev Charitable Foundation)

### Support for theater

- A concert of the State Academic Mariinsky Theater in Antwerpen (Valery Gergiev Charitable Foundation)
- A number of tours, including a tour in Macedonia (Skopje) and tours as part of the Tbilisi International Theater Festival (Pyotr Fomenko Workshop, Moscow)
- Financial support for Kurazh Moscow Children's Theater
- Financial support for the Moscow Youth Theater
- Presentation of the 14th International Baltic Star Award, which recognizes prominent members of the cultural and fine arts community for strengthening cultural ties in the Baltic countries
- Sponsorship of the 27th Baltic House International Theater Festival

### Support for music

- The Dmitri Shostakovich Awards Ceremony, recognizing contributions to international musical culture (24 June 2017)
- "I Thank You Forever," an evening of music and poetry to mark the 85th anniversary of the birth of Yevgeny Yevtushenko (19 September 2017)
- The Music of Life, an evening of music to mark the 90th anniversary of the birth of film director Eldar Ryazanov (19 November 2017)
- The Tenth Spasskaya Tower Military Music Festival on Red Square (26 August–3 September 2017), featuring thirty outstanding groups from fourteen countries as well as ten Russian bands
- The international Usadba Jazz Festival in St. Petersburg, with over 20 music groups from Russia, the US, Guinea, Brazil, the UK, France, Switzerland and Tunisia (VTB24)

## Support for cinema and the mass media

Major cinema and television projects were realized in 2017 thanks to VTB's active sponsorship.

For many years, VTB Bank has supported federal television channels, including Russia-K (Kultura), NTV and Tricolor TV.

In 2017, the Bank also provided financial assistance for television programs, including "Business Morning" and news broadcasts on NTV, the annual Bluebird Competition for Gifted Children on the Russia Channel and Channel One's intellectual game show "What? When? Where?"

### Bluebird Television Competition for Gifted Children (VTB Bank)

VTB Bank supported the annual Bluebird Competition for talented children on the Russia-1 channel. The competition is unique in not being limited to any particular genre and is open to children who can sing, dance, play musical instruments and perform acrobatic feats. Twenty-six children were finalists in 2017

### The 2017 National TEFI Awards Ceremony for excellence in television was held with the support of VTB Bank.

VTB also contributes to Russian cinema and in 2017 provided support for the following films:

- *The Chinese Dream*, a documentary on China's history, the evolution of its modern economy and China's place in the world today
- *The Wild Division*, a full-length feature film based on events of the First World War
- *Billion*, a comedy thriller

One notable event in 2017 was the traditional Russian fashion show held by the Russian Silhouette Charity Foundation at the Moscow International Film Festival. This event was made possible by the sponsorship efforts of VTB Bank.

## Preservation of the country's literary heritage

As another of its charity and sponsorship efforts, VTB Group is committed to preserving the country's literary heritage and making the work of Russian writers popular with foreign readers. The following publications came out in 2017 with the Bank's support:

- five books as part of "Classics of World Literature: Word and Image," a joint project with the Russian State Library: Machiavelli's *Prince*, Homer's *Iliad*, Perrault's *Fairy Tales*, Yesenin's *Short and Long Poems*, and *The Russian Folk Calendar*
- The three-volume *Great Russians: Cinematic Russia (Andrei Tarkovsky, Vasily Shukshin, Sergei Eisenstein)* in the "Lives of Remarkable People" series published by Molodaya Gvardiya
- *A Walking Tour of History*, a children's book in collaboration with the Development Fund of the Pushkin State Museum of Fine Arts
- five works of Russian literature translated into Vietnamese: Tolstoy's *Plays*, Valentin Rasputin's *Ivan's Daughter*, *Ivan's Mother*, Andrei Fyodorov's *Fundamentals of Translation Theory* and Sergei Yesenin's *Selected Works*

### Prime Shots: TASS Opens Its Photo Archives (VTB Bank)

A two-year project supported by VTB Bank to transform the TASS photo archives into a digital image bank was brought to completion in 2017. During this period over 850,000 images depicting key events in Soviet history were digitized, scanned and systematized. The project's final stage in autumn 2017 was Prime Shots, a major exhibition at the Manege Exhibition Hall. More than 60,000 visitors were shown over a thousand photographs, many on view for the first time.

In 2017, the Bank also helped the Friends of Peterhof State Museum acquire restoration equipment for the foundation's graphic arts studio and provided financial support for the publication of *Marina Tsvetayeva's Moscow*, an illustrated guidebook put out by Moscow's Tsvetayeva House Cultural Center.

- *Kochergin at the Bolshoi Drama Theater*, a book to mark the 80th birthday of Eduard Kochergin, People's Artist of Russia and Chief Designer of the Bolshoi Drama Theater

A project to translate Russian classics into Vietnamese and works of contemporary Vietnamese writers into Russian has been under way for six years. During this time, some 28,000 volumes of translated literature have been sent to Vietnam.

## Preservation of the country's cultural heritage

Preserving the country's cultural heritage and national traditions for future generations is a central task for our time. The Bank supports a variety of museums and cultural institutions as well as helping to organize public cultural events.

"Prime Shots: TASS Opens Its Photo Archives," a joint project of TASS and VTB Bank, won the national Event of the Year awards in two categories: Exhibition of the Year and Best PR Campaign.

Every year VTB provides financial support for cultural and educational events to preserve the national traditions of regions in which the Group has a presence and to popularize traditional arts and crafts.



## Public cultural events held with VTB's support in 2017



**City Day  
Moscow's 870th Anniversary:  
VTB Bank**  
some **4,500 performers**  
at **50 venues**, covering  
**7 themes** fireworks display  
with **13,260 salvos**



**Beringia Dogsled Races:  
VTB24**  
**16 mushers** covered a route of  
some **1,500 km** in the Republic  
of Karelia



**Cooking and Art Festival:  
VTB Bank (Austria)**  
**40 star chefs**, over the course of  
a month, held **master classes** for  
residents of the Austrian city of  
St. Anton am Arlberg

## Support for health care and vulnerable social groups

VTB Group regularly assists health care organizations and supports disadvantaged families and vulnerable social groups.

### Support for health care

VTB Bank's health care efforts include collaboration with various medical institutions and charity organizations, including the Konstantin Khabensky Charitable Foundation and the Tabletochki Foundation.

*"We have many ongoing projects involving support for health care. The central effort is our corporate charity program, "A World without Tears," which has assisted children's hospitals throughout Russia since 2003. What is unique about our approach is that we work with hospitals directly. We talk to head physicians and provide financing for the new medical equipment they need. As part of this effort, children in each hospital - are treated to gifts and entertainment featuring TV personalities from the show "Good Night, Little Ones!"*

— Elena Melikhova, Deputy Sponsorship and Client Event Leader, VTB Bank (PJSC)

For fourteen years, VTB Bank has supported "A World without Tears," a charity program that promotes children's health care in the Russian Federation. In 2017, the Bank assisted five Moscow medical institutions and twenty-one hospitals in various parts of Russia. In addition to purchasing medical equipment, the Bank sponsors children's parties at hospitals and gives gifts to children. During the reporting year, young patients were treated to events featuring TV personalities from the shows "Good Night, Little Ones!" and "Kikoriki." VTB Bank (Belarus) also participates in the World without Tears program and provided support to three children's hospitals in Belarus in 2017.

### Small Business with a Big Heart (VTB 24)

In 2017, VTB24 continued to work with the Konstantin Khabensky Charitable Foundation on "Small Business with a Big Heart," a project making it easy for bank customers to make donations via an online service. Over the project's history,<sup>1</sup> more than 11,000 legal entities have made some 21,300 donations, totaling nearly RUB 38 million. These donations have funded treatment for 42 children, high-precision medical examinations for eleven, needed medicines for eight and essential medical equipment and expendables for five.

The management of VTB Bank took an active part in the Group's charity efforts. In 2017, top managers made personal donations of some RUB 220 million to the Dmitry Rogachev National Research Center of Pediatric Hematology, Oncology and Immunology. Around 100 million of this was presented personally by VTB Bank President and CEO Andrey Kostin.

In the reporting period, VTB Bank (Ukraine) continued to provide charitable assistance to Tabletochki International Charity Foundation. The funds donated by the Bank were used to treat children with cancer.

## Support for education

VTB Group's education support initiatives are focused mostly on improving the quality of financial and economic education and enhancing the infrastructure of secondary and higher education institutions.

**891 million RUB**  
were spent on charitable projects for  
science and education support by  
VTB Bank (↑ more than twice)

## Support for vulnerable social groups

VTB Group companies provide support for vulnerable social groups, including people with disabilities and special needs, veterans and children without parental care. In 2017, Group companies actively expanded their efforts in this area, including the following:

- VTB Bank provided charitable support to the Gaia Apatity Environmental Center for the establishment of a city park offering ecological therapy for people with special needs
- VTB Bank's continuing collaboration with the Videopassport Charity Foundation resulted in the filming of 200 video profiles of children so that couples seeking to adopt can study all the information and make an informed decision before meeting a potential adoptee
- VTB Bank (Armenia) provided assistance to the Tezh Ler Resort to finance vacations for children from disadvantaged families
- VTB Bank (Ukraine) assisted the Point of Support Fund, which looks after young mothers without means of subsistence

The Bank is also committed to helping veterans of recent military actions, accident victims and people with disabilities. In 2017 alone, VTB Bank assisted eleven charity organizations working in this area. RUB 17.8 million were provided to the families of those who died in the TU-154 air crash over the Black Sea and the bus crash in Krasnodar Territory.

In 2017, Group companies continued cooperation with leading universities in Russia and other countries where they operate. VTB Bank also provided support to research institutes, including Innopolis University and the Russian Geographical Society.

*"I'm very pleased to visit Tatarstan and see that the investments in Innopolis, a special economic zone and a university, came to fruition as projects attracting strong interest from major banking groups, such as VTB. It was nice to see that the university's programs are up and running, delivered by highly qualified faculty. But most importantly is that we got to know companies, which are now present in Innopolis and develop products that are available for use, or already in use, by VTB".*

— Olga Dergunova, Deputy President and CEO, VTB Bank (PJSC)

In 2016, with the support of VTB Bank, a specialized department “Banking Automation and Information Technologies” was established at the Financial University under the Government of the Russian Federation. It was actively being developed within the whole reporting period. In 2017, particularly, an excursion to the central office of the Bank was conducted for students of this department and the Faculty of Finance and Economics, where

they met employees of various departments. After the excursion the students also took part in the roundtable “Bank of the Future: IT as a transformation driver in the banking sector” where VTB Bank top-management told them about prospects of the banking sector development in an environment of rapidly changing information technologies.

### VTB Bank’s support for leading Russian universities in 2017

University	Results
St. Petersburg State University Graduate School of Management	<ul style="list-style-type: none"> <li>Management of the Future, a conference held on 6-8 April and attended by over 100 students from around the world, VTB senior management and executives of leading Russian companies</li> <li>Donations to invest in a special-purpose development fund under St. Petersburg State University Graduate School of Management and finance its activities according to the charter</li> </ul>
National Research University Higher School of Economics	<ul style="list-style-type: none"> <li>Donations toward authorized activities according to the charter and ongoing investments in social studies</li> <li>Supplying the Higher School of Economics with modern computer equipment and multimedia tools</li> <li>Organizing the “I’m a Professional” competition for students in the “Finance and Credit” and “Business Informatics” categories</li> </ul>
Financial University under the Government of the Russian Federation	<ul style="list-style-type: none"> <li>Organizing the 10th National Olympiad for Schoolchildren “Mission Possible: Finance as a Calling”</li> <li>Expanding the capabilities of Banking Automation and IT, the university’s specialized department</li> </ul>
Far East Federal University	<ul style="list-style-type: none"> <li>Donations toward the University’s Fundamental and Applied Scientific Research, a special-purpose fund to support and expand the University’s activities</li> </ul>
Lomonosov Moscow State University	<ul style="list-style-type: none"> <li>Organizing a financial analysis competition for students</li> </ul>
Saint Petersburg State University of Economics	<ul style="list-style-type: none"> <li>Donations toward the authorized activities of the University’s Alumni Association and a charity program to support and expand the University’s activities</li> </ul>
Peter the Great St. Petersburg Polytechnic University	<ul style="list-style-type: none"> <li>Donations to finance the authorized activities of the University’s Peter the Great special-purpose development fund</li> </ul>

In 2017, Group companies ran top talent scholarship programs for students, including the following:

- VTB Bank established a special scholarship fund totaling RUB 400,000 to support five students of Khabarovsk State University of Economics and Law, one student of Pacific National University, three students of Far East Management University (a branch of the Russian Academy of National Economy and Public Administration under the President of the Russian Federation), and one student of Far East State Railway University
- VTB24 continued a project to grant scholarships to top students of Moscow Institute of Economics and Finance of National Research University Higher School of Economics For ten years, VTB24 has been running a program to support best students doing a Master’s degree in Financial Economics by granting them an annual RUB 75,000 scholarship, with over 100 students benefiting from the program since its inception. A bachelor scholarship program was launched in 2017 to grant RUB 120,000 annually to the top ten students.

- VTB Bank’s Northwest Regional Center held a competitive selection process among top students of St. Petersburg State University to choose eligible candidates for a special scholarship program the Bank has been running since 1994

VTB Bank (Azerbaijan) won the Azerbaijan Banks Associations Banking Awards 2017 for excellence in supporting education. VTB Bank (Azerbaijan) supported the opening of a computer class at the Russian Culture Center run by the Russian community, which now offers training in computer literacy as well as Russian language and literature lessons.



**NATURAL  
ENVIRONMENT**

**242.6**

**RUB million**

in VTB Bank's donations  
to environmental projects

**Around**

**2**

**million trees**

have been planted under  
the Plant a Tree as a Gift  
to a Friend project

**RESPONSIBILITY  
AND EFFICIENCY**

VTB annually improves its  
environmental performance,  
integrates responsible finance  
principles into its operations  
and provides financial support  
for biodiversity conservation  
projects in Russia.



# Natural environment

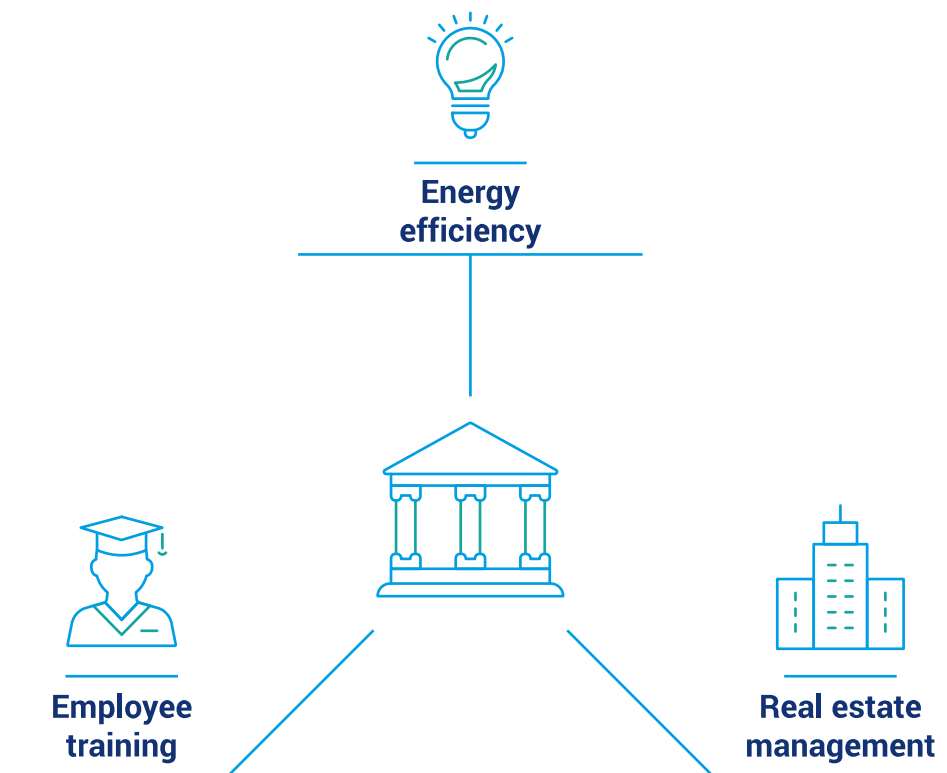
Environmental protection is an essential element of VTB Group’s corporate mindset. VTB Group companies are striving to minimize a negative impact on the environment by running various initiatives to improve the sustainability of their business and administrative practices, providing financial support for biodiversity projects in Russia and integrating responsible finance principles into its operations.

## Environmentally sustainable management

VTB Group is committed to green office practices that focus on improving energy efficiency, streamlining real estate portfolios, renovating property and increasing sustainable resource consumption awareness among employees.

To minimize its negative environmental impact in 2017, Group companies maintained strict control of paper, power and fuel consumption and pursued waste management initiatives.

### Key focus areas of environmentally sustainable management



### Key environmental impacts caused by VTB Bank and measures implemented in 2017

Impact types	Measures	Effect
Energy consumption	<ul style="list-style-type: none"> <li>Improving coordination between air conditioning (ventilation) and heating systems</li> <li>Installing heating controls</li> <li>Installing LED lamps and lighting sensors</li> <li>Using UPS batteries with a longer lifespan (10 years instead of five)</li> <li>Replacing split air conditioners that use harmful refrigerants with new, safer models</li> </ul>	Energy consumption per VTB Group employee was reduced by 1.7%
Waste management	<ul style="list-style-type: none"> <li>Increasing the collection of used tires and car batteries for recycling</li> <li>Collecting batteries and paper waste for recycling</li> </ul>	114 tires and 28 car batteries were handed over to recycling centers
Fuel consumption	<ul style="list-style-type: none"> <li>Scheduled replacement of old cars with more environmentally friendly vehicles</li> <li>Downsizing the corporate car fleet</li> <li>Finding shorter routes</li> </ul>	Fuel consumption was reduced by 16% per VTB Group employee
Paper consumption	<ul style="list-style-type: none"> <li>Transition to electronic document flow</li> </ul>	Paper consumption per VTB Group employee increased by 3%, but measures were taken to reduce it in the future

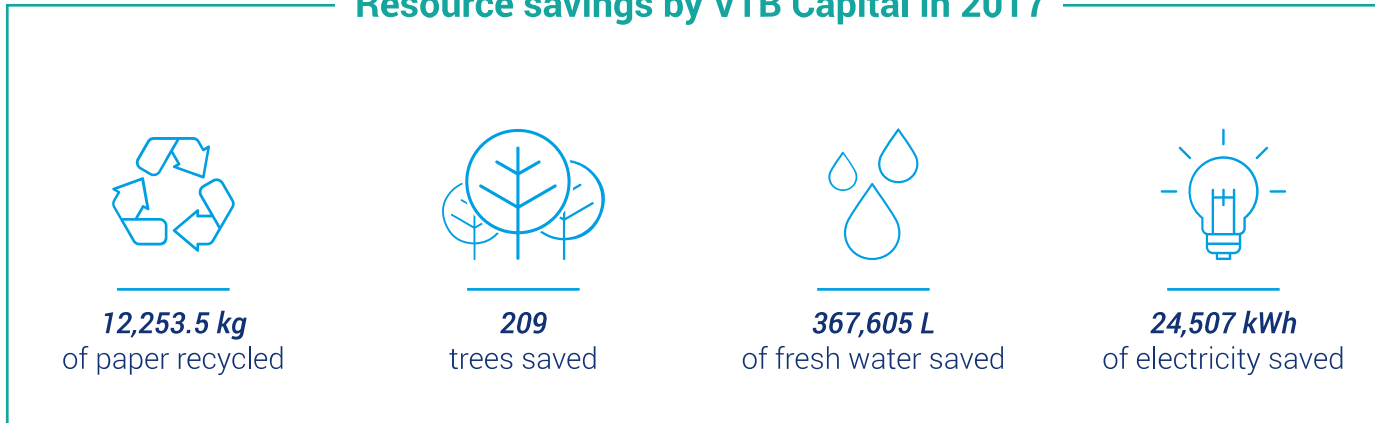
Enhancing real estate management to save resources and cut costs is one of the main business priorities for the Group. In 2017, the Group continued to move the head offices of its companies to business centers that meet modern office layout and energy efficiency guidelines. The 2017 highlights include:

- The completion of relocation of Group companies to the Nevskaya Ratusha Business Center in St. Petersburg
- The relocation of more head offices to the Eurasia Tower in Moscow

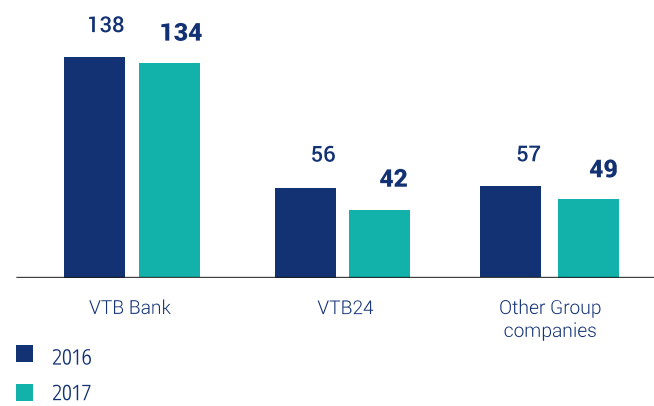
Subsidiary banks also focused on resource efficiency initiatives in 2017:

- VTB24 tested a novel solution to implement a paperless office by equipping staff across its branches with tablets to reduce paper consumption
- VTB Capital was awarded a certificate by OSG Records Management for its environmental management system according to ISO 14000

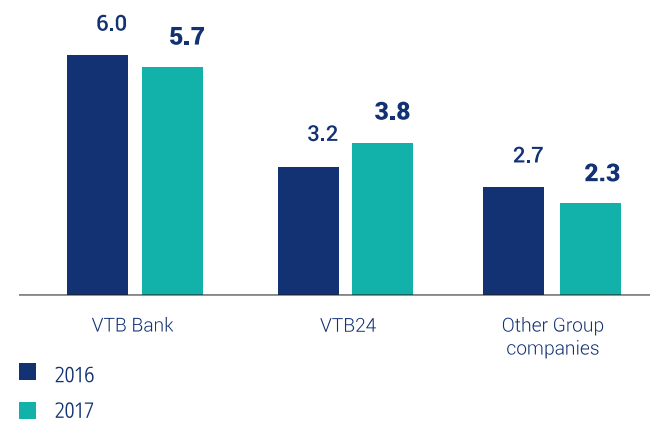
### Resource savings by VTB Capital in 2017



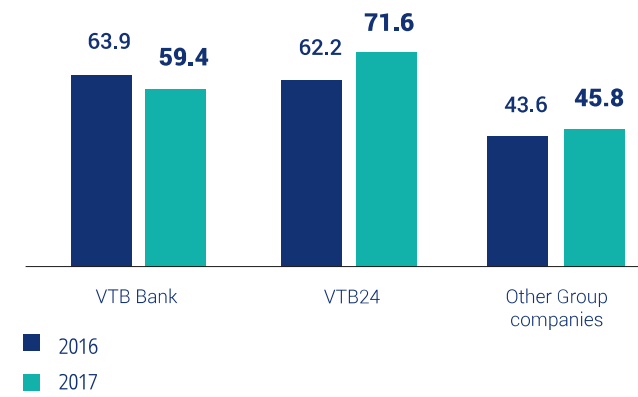
Fuel (petrol and diesel) consumption by the Group, L/employee per year, 2016-17



Electricity consumption by the Group, MWh/employee per year, 2016-17



Paper consumption by the Group, kg/employee per year, 2016-17



VTB Group companies understand that employee training in sustainability and resource efficiency is an important part of environmental performance improvement, apart from initiatives aimed at reducing resource consumption. For instance, the Group encouraged employees to participate in Volunteer Saturdays in 2017.

Resource consumption and greenhouse gas emissions by the Group in 2016-17

Resource	2016	2017	Movement (%)
Total electricity consumption(√), thousand MWh	274.9	286.5	+4
Total fuel consumption(√), thousand liters	5,833.3	5,164	-11
Paper consumptions(√), tonnes	4,161	4,551	+9
Direct greenhouse gas emissions, tonnes of CO2 equivalent	16,067	14,185	-12
Indirect greenhouse gas emissions, tonnes of CO2 equivalent	192,472	195,962	+2

## Financial support for environmental projects

VTB Ecology, a dedicated legal entity established in 2016, is responsible for VTB Bank's environmental initiatives. Apart from environmental protection projects, the company is focused on stimulating green finance practices. With Russia's green finance market yet in its nascent stage, VTB Ecology has committed itself to developing such instruments and adapting them for the local context. The company participated in many events in 2017 to promote green finance practices in the business world, including:

- ECOTECH International Expo and Forum (Moscow, 12-24 December)
- The Arctic: Territory of Dialogue – International Arctic Forum (Arkhangelsk, 29-30 March)
- The first international conference on green finance under the aegis of the St. Petersburg Initiative (Moscow, 18 May)

VTB Group has been integrating responsible finance principles into its operations and providing financial support for environmental protection initiatives run by other companies.

### Cooperation with JSC Rosgeo (VTB Bank)

In 2017, VTB Bank provided banking support for an agreement between JSC Rosgeo and the Irkutsk Region Ministry of Natural Resources and Ecology whereby JSC Rosgeo has committed itself to eliminate the consequences of pollution caused by the Baikal Pulp and Paper Plant closed in 2013. The project focuses on the reclamation of the waste produced by the plant since the 1960s, which now threatens Lake Baikal.

Biodiversity conservation projects are also in the environmental protection focus of VTB Group. The most notable initiatives include the Conservation of Big Cats, Arctic Contamination Action and Plant a Tree as a Gift to a Friend projects.

**In 2017, VTB Bank won the ERAECO 2017 award for its environmental protection projects, while Post Bank was recognized with the Award for Russia's Best Social Projects.**

*"We are proud that the professional community has rated highly our bank's effort to conserve the unique nature of our country and its inhabitants. With our action, we are also calling on other financial institutions to address Russia's pressing environmental challenges".*

— Aleksandr Gogolev, Senior Vice President, VTB Bank / General Director, LLC VTB Ecology

VTB Bank continued to pursue Arctic contamination action projects through VTB Ecology, acting as the Russian Executive Agency for the Arctic Council Project Support Instrument. The Arctic Council Project Support Instrument Committee held two meetings in 2017 to approve financing for six projects focusing on climate action, hazardous waste management and biodiversity conservation in the Arctic. Preparatory work was conducted throughout 2017 to launch the projects in 2018.

### Conservation of Rare Big Cats (VTB Bank, VTB Ecology)

In 2017, VTB Bank continued cooperation with the WWF under a joint project aimed at conservation of big cats. According to a bilateral agreement on cooperation signed in 2015, VTB Bank should allocate to US\$5 million to WWF within five years. In 2017, the second transaction of US\$1 million was transferred to the Fund. VTB Ecology was in charge of purchasing and sending equipment to Russia's national reserves and national parks under the project. The project is focused on identifying new sites for protection, preserving protected areas, improving spatial planning for areas inhabited by big cats and implementing measures against poaching. VTB Bank received the national environmental award ERAECO 2017 in the EcoWorld category for this project in 2017.

VTB United League<sup>1</sup> initiated in early 2017 a campaign called BASKETBOTTLE to promote more responsible attitude to plastic waste under the Sort it Right! initiative of the Russian Ministry of Natural Resources. Plastic collected at VTB United League's matches is recycled into new products such as clothing, packaging, road materials and other.

**More than 3,000 plastic bottles were collected at the first round of the 2017 VTB United League Playoffs.**

Post Bank has been supporting the Maraquia online tree planting project in the last three years<sup>2</sup>. Under the Plant a Tree as a Gift to a Friend project, bank customers and employees are encouraged to pay for the planting of trees in 20 national reserves and parks across Russia. Around 2 million trees have been planted over the three years. The initiative was recognized as the best project in the Environmental Projects and Initiatives category at Russia's Best Social Projects Awards on 28 April 2017.

Promoting environmental awareness among the public is another important dimension of VTB Group's environmental protection agenda. The following was accomplished on this front in 2017:

- VTB Ecology participated in the All-Russian Ecology Lesson – Let's Do it Together! at the Artek summer camp, which brought together 214 schoolchildren
- Post Bank signed an agreement on cooperation with the Federal Supervisory Natural Resources Management Service to run events aimed at promoting pro-environmental behaviors among citizens

Charity is also a big priority for VTB Bank, which provides extensive support for biodiversity conservation funds and groups.

In 2018, VTB Group plans to place a greater emphasis on biodiversity conservation, including projects focusing on Arctic contamination action and the conservation of rare big cats, and pursue more initiatives to promote green finance practices in Russia.

### Donations made by VTB Group to environmental groups in 2017

Environmental group	VTB Group company	Donation, RUB million
Amur Tiger Research and Conservation Center	VTB Bank	30
Great Baikal Trail, a local non-governmental organization	VTB Bank	6
AIST, a local environmental non-governmental organization	VTB Bank	150

1. VTB United League is a basketball league founded in 2008 by VTB Group and the Russian Basketball Federation. For more information about the league, see Section 4.2. Support for sports.

2. Leto Bank was in charge of this project until 2016.



# APPENDICES



## Appendices

### About the Report

This 2017 VTB Group's Social Report (the "Report") is the tenth non-financial report issued by VTB Bank. The Report is published annually and forms an integral part of the Group's annual reporting. It is targeted at employees, customers, shareholders, investors, local communities and non-profit organizations. The Report is intended to inform stakeholders about VTB Group's CSR activities in the reporting period.

### Scope of the Report

Entities falling within the scope of the Report were determined based on the two criteria: control over the entity's activities (more than 50% of voting shares held by VTB Bank) and the entity's economic, social and environmental materiality.

#### VTB Group entities falling within the scope of the Report

Country	Full name	Type of business	VTB Bank's share ownership as at 31 December 2017
Russia	VTB Bank (PJSC)	Bank	-
	VTB24 (PJSC)	Bank	99.97%
	CJSC Holding VTB Capital <sup>1</sup>	Finance	100%
	PJSC Post Bank	Bank	50%
	HALS-Development PJSC	Real estate	98.11%
	JSC VTB Leasing	Leasing	100%
	VTB Insurance, Ltd.	Insurance	100%
	VTB Factoring, Ltd.	Factoring	100%
	JSC NPF VTB Pension Fund	Pension fund	100%
	CJSC VTB Specialized Depository	Non-bank custodial institution	100%

1. Including the subsidiaries CJSC VTB Capital and VTB Capital plc.

#### VTB Group entities falling within the scope of the Report

Country	Full name	Type of business	VTB Bank's share ownership as at 31 December 2017
Russia	MultiCarta LLC	Processing center	25.33% <sup>1</sup>
	LLC VTB DC	Finance	100%
	CJSC MC Dynamo	Real estate	75%
	LLC VTB Real Estate	Real estate	100%
	CJSC VTB Registrar	Registrar	100%
	CIS and Georgia	PJSC VTB Bank (Ukraine)	Bank
Subsidiary Organization JSC VTB Bank (Kazakhstan)		Bank	100%
VTB Bank (Armenia) CJSC		Bank	100%
CJSC VTB Bank (Belarus)		Bank	100%
OJSC VTB Bank (Azerbaijan)		Bank	100%
JSC VTB Bank (Georgia)		Bank	97.38%
Europe	VTB Bank (Austria) AG	Bank	n/a <sup>2</sup>
	VTB Bank (France) SA	Bank	n/a <sup>2</sup>
	VTB Bank (Deutschland) AG	Bank	n/a <sup>2</sup>
	VTB Bank JSC Belgrade	Bank	100%
Asia and Africa	Banco VTB Africa, SA (Angola)	Bank	50.1%

The financial information on VTB Group is presented herein as stated in VTB Bank's consolidated financial statements as at 31 December 2017, prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise indicated.

1. VTB Bank sold a 74.67% interest in MultiCarta to Post Bank in December 2017. MultiCarta was included in the Report, as it had been wholly owned by VTB Bank prior to December 2017.

2. VTB Bank (Austria) AG and VTB Bank (Deutschland) AG were wholly owned by VTB Bank in 2016, which also held a 96.30% interest in VTB Bank (France) SA. In December 2017, the three banks were merged into the newly formed VTB Bank (Europe) SE. Given that in the period from January through December 2017 the banks were not integrated, they are considered separately in the Report.

## Approach to determining material topics

This Report presents information on the Group's sustainable development and CSR activities. A number of quantitative indicators presented in this Report refer only to the Bank's performance due to the specific nature of reporting systems and difficulties in collecting relevant information across the Group.

This Report is prepared in accordance with the GRI Sustainability Reporting Standards (the core option). To comply with the GRI Standards, VTB Group identified material topics to be covered in the Report.

### Procedure for identifying material topics for inclusion into the 2017 Social Report

#### Step 1. Identifying all material topics

Material topics were identified through interviews with leaders of relevant business units, the review of non-financial reports issued by Russian and foreign peer companies, and the analysis of internal regulations and media coverage.

#### Step 2. Prioritizing material topics

Identified material topics were ranked by significance based on findings from a survey conducted among employees, top managers, non-profit organizations, investors and partners.

#### Step 3. Developing a materiality matrix

A materiality matrix was developed to highlight the most significant topics for sustainability reporting based on their influence both on stakeholders and corporate strategic goals.

#### Step 4. Validating material aspects

A validity check was conducted on identified material topics to ensure completeness and balanced presentation and determine their boundaries and the level of coverage.

This Report covers all materials topics, including results for the reporting period and performance assessment findings. Topics which are not considered relevant are not subject to disclosure in sustainability reports according to the GRI Standards. However, this Report addresses some of them, since they may be important to stakeholders.

High standards of the Report were achieved following the principles of balance, comparability, accuracy, timeliness, clarity and reliability, as defined by the GRI Standards.

Information for this Report was collected and consolidated by relevant functions of VTB Group companies.

## Engagement to obtain a limited level assurance on the selected material sustainability performance indicators disclosed in the Report

The Bank engages external experts to conduct an independent assurance of selected performance indicators presented in the Report. The assessment was focused on material indicators of VTB Group's CSR activities in the reporting period.

### VTB Group's material indicators subject to independent assurance

Indicator	Description
Charitable donations, RUB	These refer to charitable contributions made by Group companies (within the scope of the Report) in the reporting period. In cases where charitable donations were made in foreign currency, they were converted into RUB les using the average exchange rate of the Bank of Russia for the year.
Sales offices	The number of sales offices is determined by summing the offices of Group banks, excluding retail desks and POS terminals.
Electricity consumption, kWh	This refers to electricity consumption by all companies of the Group (within the scope of the Report) in the reporting period.
Paper consumption, tons	This refers to paper consumption by all companies of the Group (within the scope of the Report) in the reporting period. The amount of paper consumed was determined by converting the number of paper packs used into metric tons. In cases where there was no information on the weight of an A4 or A3 sheet pack, average values were used (2.5 kg and 4.8 kg, respectively).
Fuel (gasoline and diesel fuel) consumption, thousand liters	This refers to fuel consumption by all companies of the Group (within the scope of the Report) in the reporting period, which was limited to the fuel consumed by vehicles on their books.
Average headcount	Average headcount is determined by adding up the number of employees of Group companies in each month of the reporting period and dividing this sum by the number of months in the reporting period. Part-time employees as defined by their employment contracts are counted proportionally to the number of hours they worked. Average headcount in the reporting period excludes women who were on maternity leave or extended child-care leave and employees who were on unpaid leave to undertake a course of study at an educational institution or take entrance exams to be admitted to an educational institution.
Accident frequency rate <sup>1</sup>	This refers to the accident frequency rate across all companies of the Group (within the scope of the Report) in the reporting period. Accident frequency rate is determined as the number of accidents per 1,000 employees.

1. The previous year's report provided data on lost time injury frequency rate (LTIFR).



## Membership in business associations

VTB Group company	Business association
<b>VTB Bank</b>	American Chamber of Commerce in Russia (AmCham)
	Asia-Pacific Economic Cooperation Advisory Council
	RSMB Corporation
	London Bullion Market Association
	International Capital Market Association (ICMA)
	International Chamber of Commerce (ICC)
	National Council on Corporate Governance (NCCG)
	National Financial Market Council (NFMC)
	Russian Union of Industrialists and Entrepreneurs (RSPP)
	National Securities Market Association (NSMA)
CIS Financial and Banking Council (FBC)	
<b>VTB 24</b>	Russian Managers Association (RMA)
	National Securities Market Association (NSMA)
	Nonprofit Partnership for the Development of Financial Market RTS (NP RTS)
	National Securities Market Association (NSMA)
<b>Hals-Development</b>	First National Organization of Builders
<b>VTB Insurance</b>	Association of Life Insurance Companies
	All-Russian Insurance Association
	Interregional Union of Medical Insurers
	Russian Nuclear Insurance Pool (RNIP)
	National Union of Liability Insurers
	Russian Association of Aviation and Space Insurers (RAASI)
Russian Antiterrorism Insurance Pool (RATIP)	
<b>VTB Factoring</b>	Association of Factoring Companies (AFC)
	Factors Chain International (FCI)
<b>VTB Pension Fund</b>	National Association of Non-Governmental Pension Funds

VTB Group company	Business association
<b>VTB Capital</b>	American Chamber of Commerce in Russia (AmCham)
	British Bankers' Association (BBA)
	Association of Foreign Banks (AFB)
	Association of Professional Investors (API)
	International Capital Market Association (ICMA)
	Russian National Association of Securities Market Participants (NAUFOR)
	Corporate Counsel Association
	Russian Venture Capital Association (RVCA)
	Russian National SWIFT Association (ROSSWIFT)
	Russo-British Chamber of Commerce (RBCC)
<b>VTB Registrar</b>	National Securities Market Association (NSMA)
	National Settlement Depository
<b>VTB Specialized Depository</b>	National Association of Non-Governmental Pension Funds
	Professional Association of Registrars, Transfer Agents and Depositories
<b>Post Bank</b>	Russian Managers Association
<b>VTB Bank (Ukraine)</b>	MasterCard WorldWide and Visa International global payment systems
	European Business Association
	Independent Association of Ukrainian Banks
	Deposit Guarantee Fund
	Ukrainian Interbank Payment Systems Members Association (EMA)
<b>VTB Bank (Kazakhstan)</b>	Association of Taxpayers in Kazakhstan
	Financial Institutions' Association of Kazakhstan
	Kazakhstan Stock Exchange
	Kazakhstan Deposit Insurance Fund
	Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T. SCRL)
	Council of Representatives of Banking Ombudsman
	Damu Entrepreneurship Development Fund

VTB Group company	Business association
VTB Bank (Azerbaijan)	Azerbaijan Banks Association
	National Confederation of Entrepreneurs of Azerbaijan Republic
	Azerbaijani-Russian Chamber of Business Cooperation
	United States - Azerbaijan Chamber of Commerce
VTB Bank (Armenia)	Union of Banks of Armenia (UBA)
VTB Bank (Belarus)	Association of Belarussian Banks
	Association of Securities Market Participants of the Republic of Belarus
	Belarusian Chamber of Commerce and Industry (BelCCI)
VTB Bank (Georgia)	Association of Banks of Georgia
VTB Bank (Austria)	Austrian Bankers' Association
	Austrian Federal Economic Chamber
	Federation of Austrian Industry
VTB Bank (Deutschland)	Association of Foreign Banks in Germany (VAB)
	Association of Foreign Bank Representatives in Germany (VRAB)
	Auditing Association of German Banks (Prüfungsverband deutscher Banken)
	Hessen Bankers Association (Bankenverband Hessen)
	Federal Association of German Banks (BdB)
Deposit Protection Fund (Einlagensicherungsfonds)	
VTB Bank (France)	Franco-Russian Dialogue Association
	Association of Foreign Banks in Paris
	French Banking Federation
	French Bankers Association
	Financial Professions Center
VTB Bank (Belgrade)	Belgrade Chamber of Commerce

## GRI content index

Indicator	Definition	Report section / notes	Report page	External assurance
<b>General disclosures</b>				
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102-2	Activities, brands, products, and services	Market environment	18-33	
102-3	Location of headquarters	Contact information	100	
102-4	Location of operations Number of countries where the organization operates	About VTB Group Market environment About the Report	8, 33, 82-83	
102-5	Ownership and legal form	About the Report	82-83	
102-6	Markets served	About VTB Group Market environment About the Report	8, 19, 82-83	
102-7	Scale of the organization	About VTB Group Market environment About the Report	8, 19, 33, 82-83	+ (number of sales offices)
102-8	Information on employees and other workers	Internal environment	3, 38-41	+ (average headcount)
102-9	Supply chain	The Group's procurement policy is available on <a href="http://www.vtb.ru/group/purchases/">http://www.vtb.ru/group/purchases/</a> The procurement record for local suppliers is not kept		
102-10	Significant changes to the organization and its supply chain	Market environment About the Report	18, 82-83	
102-11	Precautionary Principle or approach	The Group does not explicitly use the precautionary principle		

Indicator	Definition	Report section / notes	Report page	External assurance
102-12	External initiatives. A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	VTB Group is a member of the Banks Against Money Laundering Declaration. VTB Bank is a member of the Anti-Corruption Charter of Russian Business		
102-13	Membership of associations. A list of the main memberships of industry or other associations, and national or international advocacy organizations	Appendix "Membership in business associations"	86-88	
102-14	Statement from senior decision-maker	Interview with the President and Chairman of the Management Board of VTB Bank	4-5	
102-15	Key impacts, risks opportunities	About VTB Group	9, 11	
102-16	Values, principles, standards, and norms of behavior	About VTB Group <a href="http://www.vtb.ru/group/mission/">http://www.vtb.ru/group/mission/</a>	8-9, 11-12	
102-18	Governance structure	About VTB Group About the Report <a href="http://www.vtb.ru">www.vtb.ru</a>	8, 82-83	
102-35	Remuneration policies for the highest governance body and senior executives	<a href="http://www.vtb.ru">www.vtb.ru</a>		
102-40	A list of stakeholder groups engaged by the organization	About VTB Group	12-13	
102-41	Percentage of total employees covered by collective bargaining agreements	There are no collective bargaining agreements in VTB Group		
102-42	The basis for identifying and selecting stakeholders with whom to engage	About VTB Group	12-13	
102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	About VTB Group Market environment Internal environment About the Report	12-15, 36, 47-49, 84	

Indicator	Definition	Report section / notes	Report page	External assurance
102-44	Key topics and concerns that have been raised through stakeholder engagement	About VTB Group Market environment Internal environment	10, 12-15, 36, 47-49	
102-45	Entities included in the consolidated financial statements	About the Report	82-83	
102-46	Defining report content and topic boundaries	About the Report	84	
102-47	A list of the material topics identified in the process for defining report content	About VTB Group	10	
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	About the Report	84-85	
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	About the Report	82-85	
102-50	Reporting period	About the Report	82	
102-51	Date of most recent report	About the Report	82	
102-52	Reporting cycle	About the Report	82	
102-53	Contact point for questions regarding the report	Contact information	100	
102-54	Claims of reporting in accordance with the GRI standards	About the Report	84	
102-56	External assurance	About the Report	84-85, 98-99	



Indicator	Definition	Report section / notes	Report page	External assurance
<b>Management approach</b>				
103-1	Explanation of the material topic and its boundary	About VTB Group	10	
103-2	The management approach and its components	About VTB Group Market environment Internal environment Social environment Natural environment	8-79	
103-3	Evaluation of the management approach	About VTB Group Market environment Internal environment Social environment Natural environment	8-79	
<b>Topic-specific disclosures</b>				
<b>Economic category</b>				
Economic performance				
201-1	Direct economic value generated and distributed	About VTB Group VTB Group's Annual report 2017	18-33	
201-3	Defined benefit plan obligations and other retirement plans	Market environment Internal environment	28-29, 46	
<b>Indirect economic impacts</b>				
203-1	Infrastructure investments and services supported	Market environment Social environment	19-33, 54-71	
203-2	Significant indirect economic impacts	Market environment Social environment	18-19, 54-71	

Indicator	Definition	Report section / notes	Report page	External assurance
<b>Environmental category</b>				
<b>Materials</b>				
301-1	Materials used by weight or volume	Natural environment	75-77	+ (paper consumed)
<b>Energy</b>				
302-1	Energy consumption within the organization	Natural environment	75-77	+ (electric energy and fuel consumed)
302-3	Energy intensity	Natural environment	75-77	
302-4	Reduction of energy consumption	Natural environment	75	
<b>Social category</b>				
<b>Employment</b>				
401-1	New employee hires and employee turnover	Internal environment (partially disclosed)	40	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Internal environment	46-47	
<b>Labor/management relations</b>				
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The minimum notice period is defined by the applicable laws of the countries of operation and is strictly observed by all Group companies		
<b>Occupational health and safety</b>				
403-2	Types of injury and rates of injury, occupational disease rate, lost day date, absentee rate, work-related fatalities	Internal environment (partially disclosed)	51	+ (accident frequency rate)

Indicator	Definition	Report section / notes	Report page	External assurance
<b>Training and education</b>				
404-1	Average hours of training per year per employee by gender and employee category	Internal environment (partially disclosed)	42	
<b>Diversity and equal opportunity</b>				
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group and other indicators of diversity	Internal environment <a href="http://www.vtb.ru/group/management/">http://www.vtb.ru/group/management/</a>	41	
<b>Society</b>				
<b>Local communities</b>				
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Not applicable to Group financial companies. MC Dynamo organizes regular meetings with FC Dynamo Moscow supporters. Hals-Development participates in public hearings on its projects.		
<b>Anti-Corruption</b>				
205-2	Communication and training on anti-corruption policies and procedures	About VTB Group	11	

Indicator	Definition	Report section / notes	Report page	External assurance
<b>Financial services indicators</b>				
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Market environment Social environment Natural environment	18-33, 55-71, 78-79	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	Market environment	19, 21	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Market environment	21-22, 24-33	
FS13	Access points in low-populated or economically disadvantaged areas by type	Market environment	33-34	
FS14	Initiatives to improve access to financial services for disadvantaged people	Market environment	34-35	
<b>Insurance</b>				
		Market environment	31-32	
<b>Charity and sponsorship</b>				
		Social environment	54-71	

## Abbreviations

Abbreviated name	Full name
Bank, VTB Bank	VTB Bank (PJSC)
CIB GBL	Corporate Investment Banking global business line
CJSC	Closed joint-stock company
CSR	Corporate social responsibility
FATCA	US Foreign Account Tax Compliance Act
FGUP	Federal State Unitary Enterprise
Former Bank of Moscow	PJSC Bank of Moscow, merged into VTB Bank in 2016
GRI	Global Reporting Initiative
Hals-Development	HALS-Development PJSC
IFRS	International Financial Reporting Standards
ISO 14000	A set of key requirements for an enterprise's environmental management system
JSC	Joint-stock company
LLC	Limited liability company
MC	Management company
MC Dynamo	CJSC Management Company Dynamo
MCB GBL	Mid-Corporate Banking global business line
MultiCarta	MultiCarta LLC
OJSC	Open joint-stock company
OHS	Occupational health and safety
PJSC	Public joint-stock company

Abbreviated name	Full name
Post Bank	PJSC Post Bank
RB GBL	Retail Business global business line
Report	VTB Group 's 2017 Social Report
RSMB Corporation	Russian Small and Medium Business Corporation
SC	State company
SMB	Small and medium-sized businesses
SUE	State unitary enterprise
Supervisory Council	Supervisory Council of VTB Bank (PJSC)
VTB Bank (Armenia)	VTB Bank (Armenia) CJSC
VTB Bank (Austria)	VTB Bank (Austria) AG
VTB Bank (Belarus)	CJSC VTB Bank (Belarus)
VTB Bank (Belgrade)	VTB Bank JSC Belgrade
VTB Bank (France)	VTB Bank (France) SA
VTB Bank (Georgia)	JSC VTB Bank (Georgia)
VTB Bank (Kazakhstan)	Subsidiary Organization JSC VTB Bank (Kazakhstan)
VTB Bank (Ukraine)	PJSC VTB Bank (Ukraine)
VTB Capital	CJSC VTB Capital
VTB Factoring	VTB Factoring, Ltd.
VTB Insurance	VTB Insurance, Ltd.
VTB Pension Fund	JSC NPF VTB Pension Fund
VTB Registrar	CJSC VTB Registrar
VTB Leasing	JSC VTB Leasing
VTB, Group, VTB Group	VTB Group (within the scope of the Report)
VTB24	VTB24 (PJSC)





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## Independent Assurance Report on selected Sustainability Indicators for the year ended 31 December 2017

*Translation of the original report issued in Russian; corresponds to, and should be read in conjunction with the 2017 VTB Group Social Report prepared by VTB Bank*

To the Supervisory Council of PJSC VTB Bank

### Identification and description of the subject matter

At the request of PJSC VTB Bank (the "Bank") we have obtained a limited level assurance on the following seven material sustainability performance indicators disclosed in VTB Group Social Report 2017 (the "Report") and identified in it by the symbol ✓ (the "Indicators"):

- ▶ Number of sales offices including number of sales offices in under-populated and economically under-developed regions of Russia (page 33 of the Report)
- ▶ Average headcount (page 40 of the Report);
- ▶ Accident frequency rate (page 51 of the Report);
- ▶ Charitable donations made (page 54 of the Report);
- ▶ Electric energy consumed (page 77 of the Report);
- ▶ Fuel (petrol and diesel) consumed (page 77 of the Report);
- ▶ Paper consumed (page 77 of the Report).

The Indicators have been selected and prepared by the Bank management based on the relevant sustainability reporting principles, scope and methods.

### Identification of the criteria

The criteria of our engagement are disclosed in the chapter About the Report on pages 82-85 of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

### Management responsibilities

The management of the Bank is responsible for preparation of the Report and for fair disclosure of the Indicators for the year ended December 31, 2017 included in the Report in all material respects and in compliance with the sustainability reporting principles, scope and methods. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the Indicators that are free of material misstatements.

The management of the Bank is also responsible for selecting and applying appropriate reporting principles and using relevant measurement and evaluation methods.

### Our Responsibilities

Our responsibility is to independently express a conclusion that the Indicators have been fairly stated, in all material respects.

We apply the International Standard on Quality Control 1 and therefore support an exhaustive quality control system, also confirmed by documented policies and procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence requirement and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Council on International Ethics Standards Board for Accountants, which is based on the fundamental principles of honesty, objectivity, professional competence and due diligence, confidentiality and professional behavior.

### Summary of the work performed

Our engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and, accordingly, included the following procedures:

- ▶ analysis of the Bank internal regulatory documents related to sustainability policies, activities and relevant reporting;
- ▶ interviews with the managers and specialists responsible for sustainability policies, activities and reporting relevant to the Indicators;
- ▶ understanding the process of reporting on the Indicators by analyzing the process used for reporting on sustainability issues;
- ▶ review of sustainability reports of selected national and international financial institutions;
- ▶ review of a selection of corporate and external publications with respect to the Bank sustainability policies, activities and related events in 2017;
- ▶ identification of sustainability issues material for the Bank based on the procedures described above and analysis of their reflection in the Report;
- ▶ review of the data samples regarding Indicators at the Bank and its subsidiaries including review on a



sample basis of documentation evidence of the Indicators value for the year ended 31 December 2017 in order to verify that the data was collected, prepared, collated and reported in a proper manner.

Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators are not represented fairly, in all material respects, in accordance with the criteria of our assurance engagement set out in the chapter About the Report on pages 82-85 of the Report.

Signed by: Oleg Youshenkov

Moscow,  
16 May 2018

#### Information about the subject of the independent assurance

Name: VTB Bank  
Entered in the Unified state register of legal entities August 17, 2012 and assigned state registration number 1027739609391.  
Location: 29 Bolshaya Morskaya, Saint-Petersburg, 190000, Russia

#### Information about the assurance provider

Name: Ernst & Young Limited Liability Company  
Entered in the Unified state register of legal entities December 5, 2002 and assigned state registration number 1027739707203.  
Location: Russia, 115035 Moscow, Sadovnicheskaya emb., 77, bld. 1.  
Ernst and Young LLC is a member of non-profit partnership 'Russian Audit Chamber' (decision of the Council of NP RAC of 21.12.2009, protocol №55). Ernst and Young LLC is included in the master copy of the register of auditors and audit organizations with the primary registration number 11603050648.

## Contact information

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