



CONSOLIDATING FOR GROWTH

2018

VTB Group
Sustainability
Report

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VTB GROUP 2018 SUSTAINABILITY HIGHLIGHTS

VTB for customers

328

sales offices in remote regions of Russia

[SDG 10]

2,800

cash recyclers across Russia

[SDGs 9 and 11]

Memorandum

to build a medical equipment plant signed between VTB Bank and Sarstedt

[SDGs 3, 8 and 9]

RUB 11.4 trillion

VTB Group's loan portfolio, up 17% y-o-y

[SDG 10]

Over 3 million

trees planted as part of the Plant a Tree as a Gift campaign

[SDG 15]

VTB for employees

79,622

people employed by the Group, up 5% y-o-y

[SDG 8]

33%

female representation in senior management

[SDG 5]

5.4 million

academic hours spent on employee training

[SDG 4]

5%

decrease in fuel consumption across VTB Group

[SDG 12]

306

tonnes of paper handed over for recycling by VTB Bank

[SDG 12]

VTB for society

RUB 9.4 billion

spent by the Group on charity, up 42% y-o-y

[SDG 10]

25% rise

in the big cat population since 2012 as a result of collaborative efforts with the WWF

[SDG 15]

400% increase

in Velobike rentals since 2015

[SDGs 11 and 13]

70

Russian hospitals received support from VTB Bank

[SDG 3]

170

agreements signed by VTB Bank with key universities nationwide

[SDG 4]

VTB's activities in 2018 were aimed at achieving the following UN Sustainable Development Goals:



STATEMENT BY PRESIDENT AND CHAIRMAN OF THE MANAGEMENT BOARD



Dear readers,

2018 was a special year for VTB. We successfully delivered all of our plans, achieving an all-time high net profit. In 2018 it totalled nearly RUB 179 billion, up almost 50% compared with 2017.

VTB Bank successfully completed procedures related to the merger with VTB24, so that starting from 1 January 2018 we work with our customers under a single brand. Today our top priority is to ensure we work closely together at VTB, using common service standards and encouraging better synergy across all of our business directions. **The merged Bank will continue to develop its business in a way that meets the needs of every stakeholder – our customers, our employees and people at large.**

In 2018 we continued to focus on making our financial services more accessible for those living and working in different places. In 2018 the total number of our retail offices increased by 13% and amounted to 2,300. We also acquired a number of regional banks – Vozrozhdenie, Sarovbiznesbank and Zapsibkombank – enabling VTB to strengthen positions in the Moscow, Nizhny Novgorod and Tyumen regions.

Technological transformation remains our top priority too. State-of-the-art services, rapid application development and short time to market combine to help us stay on the competitive edge and be more attractive to customers.

2018 saw an active work on making VTB services more user-friendly through digitalisation. Our VTB-Online appeared in top three mobile applications according to Rating Runet 2018 while our VTB My Investments, a mobile application for our private investors, received the Golden App 2018 award.

It is crucial that each member of our team understands and shares our goals. We have started working on a new VTB Group strategy for 2020-22 and are now reviewing our mission and values as a universal bank.

In 2018 VTB Bank selected candidates for a talent pool programme. Designed to nurture future leaders who are hand-picked from our most talented and promising employees, it aims to train them for executive positions. A functional pool of middle managers (261 persons) and an operational pool of line managers (385 persons) were established.

To observe the Year of the Volunteer in Russia, VTB Bank employees took part in the “No Child Left Alone” initiative and blood donation campaigns. They also provided assistance to the elderly and veterans, and helped find shelter for stray animals.

Recognising the need for attracting and developing young talents, VTB Bank provided internship training to

around 2,000 students across our branches and divisions. In addition to 170 current agreements with Russian universities, VTB Bank concluded cooperation agreements with Moscow State Institute of International Relations (MGIMO) and Lomonosov Moscow State University.

A contest for university students called “I Am a Professional” has been successfully running for the second year in a row, with over half a million applications filed to date. Since 2018, I have been a Board member at the Association of Student Olympiads’ Organisers. In collaboration with Higher School of Economics, we organised a winter retreat for finalists from 30 Russian regions. During the retreat called “World-Changing Finance — Reboot” we shared insights into future trends in the banking industry and into building a successful career.

In 2018 both our VTB Junior and VTB GROWTH programmes observed their eighth anniversary. Since inception more than 15,000 applications had been submitted, with over 600 young professionals taking internships at VTB Bank and VTB Capital. Upon completion of their internship, almost half of participants were offered employment and continued their career with VTB Bank or VTB Capital. This year VTB Junior will, for the first time, extend its reach to the Bank’s entire regional network and cover more than 60 Russian cities.

To improve the outcome from our charity and sponsorship initiatives, we have revamped our approach to implementing social projects. These efforts resulted in six target programmes delivered with VTB involvement: Fit Nation, National Traditions and Patriotism, Cultured Nation, Educated Nation, Business Nation and Healthy Nation.

This transformation will add consistency and structure to the Group’s social efforts and will contribute to achieving the UN Sustainable Development Goals.

VTB Bank supported key fora and business events and provided funding for a number of patriotic films. It also sponsored landmark exhibitions that brought together over 700,000 visitors.

24 children’s hospitals across the country received a total

of RUB 40 million from VTB Bank under “A World Without Tears”, a programme that marked its fifteenth anniversary in 2018 and which provided assistance to over 100 hospitals in 52 Russian regions.

Thanks to our joint project with the World Wildlife Fund (WWF) on conserving big cats, their population has grown by 25% and they are no longer threatened with extinction.

VTB continued its activities as the Russian Executive Agency for the Arctic Council Project Support Instrument and was invited by Russia’s Ministry of Natural Resources to participate in the Ecology National Project.

I am confident that 2019 will take us to new achievements, and our team will successfully deliver on our strategic goals, strengthen our market positions in Russia by integrating our regional networks.

Andrey Kostin
President and Chairman of the
Management Board of VTB Bank (PJSC)



1

ABOUT VTB GROUP

VTB corporate governance aims to increase the Bank's efficiency and protect all shareholders' interests



24.4

million VTB Group clients



1

1st place VTB wins The Banker's Bank of the Year in Russia award



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



Internationally, the Group operates through its subsidiary and associate banks, which are located both in and outside CIS, including Europe, Asia and Africa.



2018 was a landmark year for VTB Group as it began with the merger of VTB Bank and VTB24.



In the first year after the merger of the two banks, the Group streamlined its expenses and improved its financial performance. Significant efforts were also made towards combining VTB Bank's corporate and retail regional networks, which was completed in the beginning of 2019.

1.1 RELIABILITY AS A CORE VALUE

VTB Group has an effective corporate governance system, which is designed to help its members accomplish their long-term objectives. The relevant principles and procedures are laid out in VTB Bank's Corporate Governance Code¹, a document aimed at building effective operations, protecting the interests of all shareholders, irrespective of the amount of shares they hold, and promoting greater transparency in management decision-making.

The supreme governing body of VTB Bank is the General Shareholders' Meeting that takes decisions on key strategic matters. The Supervisory Council elected by the shareholders provides strategic guidance and oversight of the activities of the Bank's executive bodies, namely the President and Chairman of the Management Board and the Management Board itself, which are responsible for managing day-to-day operations of the Bank and performing the tasks assigned to them by the shareholders and the Supervisory Council.

In 2018 VTB Bank continued to implement an Action Plan (roadmap) adopted by the Supervisory Council to integrate the provisions of the Corporate Governance Code in the Bank's operations to ensure more detailed disclosure of corporate governance matters in the Annual Report and develop new internal regulations in this area².

An integral part of our corporate governance is internal control, which focuses on the following key areas:

- improved financial and business efficiency while closing deals, asset and liability management;
- compliance with laws and regulations, standards of self-regulatory organisations (applicable to the Bank as a professional participant on 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 that provide a true and fair overview of our business performance;
- preventing involvement in illegal activities such as terrorist financing and money laundering.

One of the key goals of internal control is mitigating the risk of corruption. The Bank has adopted an Anti-

¹ Approved by the VTB Bank (PJSC) Supervisory Council, Minutes No. 27 of 11 December 2015.

² For details on the Group's corporate governance system, see VTB Group's 2018 Annual Report: www.vtb.ru/akcionery-i-investory/raskrytie-informacii/godovoj-i-socialnyj-otchet.

Corruption Policy³ that sets out main guidelines and procedures for preventing corruption. New employees are required to take a special introduction course covering key provisions of this document. Anti-corruption training is also provided to existing members of staff, with 36,500 employees trained in 2018, including 7,300 executives

The Bank also has a Code of Ethics⁴, which establishes a set of common ethical principles and rules of business conduct, including rules for preventing corruption among employees. These rules and principles must be observed by all employees, as well as by members of the Supervisory Council. VTB corporate values serve as a bond between all areas of the Bank's business and its core corporate culture, provide day-to-day guidance for decision-making, and define the way the Bank interacts with clients, business partners and employees.

Our corporate values are as follows:

- reliability and professionalism;
- engagement and development;
- integrity, mutual respect and openness;
- efficiency;
- legitimacy and responsibility;
- work safety and health protection.

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

The Bank has a whistleblower hotline for employees to report violations of Russian law, the Code of Ethics or other internal rules and regulations, as well as incidents of corruption. Ten complaints were received in 2018, each complaint was investigated and resolved.

1.2 CSR MANAGEMENT

While maintaining a close focus on financial performance and commercial success, VTB Group, as a responsible business, is fully aware of the potential economic, social and environmental impact of its activities and makes every effort to ensure that sustainable development principles are applied evenly and universally. The Group's corporate social responsibility (CSR) activities are aligned with its strategic priorities and commitment to business transparency, contributing to trusting 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 formalised Policy in place, the Group takes a structured approach to its CSR initiatives and communicates more effectively

with all stakeholders. The Policy is effective across the entire Group and covers governance matters that relate to the Bank's corporate conduct and its impact on corporate, market, social and natural environments.

Key CSR focus areas for VTB



Market environment

Responsible financing and improved access to and quality of services



Internal environment

Talent development and work safety



Natural environment

Resources consumption efficiency and environmental protection



Social environment

Charity and sponsorship projects in regions where we operate



Corporate governance

Transparency and efficient corporate governance

³ Approved by a resolution of the VTB Bank Management Board, Minutes No. 29 of 26 June 2012.

⁴ Approved by VTB Bank (PJSC) Supervisory Council, Minutes No. 10 of 30 June 2017.

Non-financial risk management is another important facet of the Bank's CSR activities. The Group's internal regulations set out how we manage non-financial risks, while controlling and mitigating such risks contributes to increasing the Banks' market value and securing its status as a major international stakeholder. VTB Group continues to implement procedures to identify, assess, aggregate, control and monitor risks (including non-financial risks), which are aligned with VTB Bank's Risk and Capital Management Strategy.

Strategic, legal, reputational, operational and corruption risks have been a traditional focus for the Group⁵. Environmental risk management is also an

important element of risk management, with Group companies performing compliance checks on their customers and analysing the environmental impact of individual real property assets or asset portfolios pledged as collateral. VTB Group provides complete and reliable information on risks as part of its both external and internal reports in accordance with laws and regulations of relevant jurisdictions.

VTB Group prepares sustainability reports in accordance with GRI Standards, with featured performance indicators being subject to independent audit for the seventh consecutive year.

VTB Bank's nine CSR principles

1	Dedication to the Bank's mission, shared values and vision
2	Ensuring top-notch services
3	Respect for human dignity and value
4	Integrity and mutual respect in communication with stakeholders
5	Fair decision-making in management
6	Legitimacy of and liability for actions
7	Profitability
8	Protecting employees' health
9	Openness in communication with stakeholders

⁵ Corruption risk assessment at VTB Bank and its branches is performed in line with the Regulation on Managing Regulatory (Compliance) Risk at VTB Bank (PJSC), adopted by Order No. 366 of 2 June 2015, the Regulation on Self-Assessment of Operational and Regulatory (Compliance) Risks, adopted by Order No. 336 of 10 May 2016, and the Regulation on Collecting Data on Operational and Regulatory Risk Events and Their Impacts, adopted by Order No. 12 of 18 January 2016.

1.3 PROMOTION OF THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2018 sustainability report is our first ever report, which explores how our activities relate to the United Nations Sustainable Development Goals (SDG).

On 25 September 2015, 193 countries adopted the 2030 Agenda for Sustainable Development and its 17 SDGs calling for action on global social, environmental and economic challenges.

VTB Group contributes to the achievement of the SDGs not only in its core business activities, but also through support and engagement in various projects and initiatives aimed at improving the quality of life in regions

where it operates, supporting health care, science, education and culture, and protecting the environment. VTB's mission, values and strategic targets are aligned with the SDGs.

VTB Group's initiatives to drive progress towards the SDGs



- Supporting a healthy lifestyle among employees and local communities
- Maintaining a safe working environment
- Supporting medical institutions (over 70 hospitals in Russia and seven in Belarus)



- Employee training in multiple skills
- Cooperation with local universities (VTB bank alone supported over 170 universities in 2018)
- VTB Bank core faculty at the Financial University under the Government of the Russian Federation
- Charity projects aimed at supporting education in countries where VTB Group has a presence



- Promoting gender equality at work, with women holding one-third of senior executive positions
- Participation in gender equality events and conferences



- Providing employment and quality working conditions for local residents, with 64,500 new jobs created across VTB Group in 2018
- Supporting small, medium-sized and large businesses
- Improving access to financial services in regions where the Group has a presence
- Combating corruption, money laundering and terrorism financing
- Hosting talent fairs and participating in the "Employer of the Year" contest



- Financing socially significant infrastructure projects in regions where the Group has a presence (transport, irrigation systems, power supply, IT and telecoms)
- Developing and supporting innovations in the financial sector



- Charity projects and corporate volunteering initiatives aimed at reducing inequality and assisting those in need in regions where the Group has a presence
- Providing equal employment opportunities for all applicants
- Contributing to equal and easy access to health care, education and financial services



- Financing projects aimed at providing local residents with new opportunities, access to various services, adequate power supply, housing, transport as well as sports and social facilities in cities where the Group has a presence
- Expanding regional network (providing employment and investing in regional programmes)



- Reducing consumption of resources and implementing energy-saving technologies
- Employee training in responsible energy consumption
- Organising workplace volunteering campaigns (Volunteer Saturdays)
- Using containers for separate waste collection



- Participation in Climate Partnership of Russia, a joint effort of Russian companies to reduce their environmental footprint and tackle climate change
- Reducing indirect GHG emissions
- Financing environmentally sustainable projects in countries where the Group has a presence



- Sponsoring the WWF's efforts to conserve big cats
- Acting as the Russian Executive Agency for the Arctic Council Project Support Instrument
- Participation in a project to restore forests in Russia (Post Bank)
- Environmental protection initiatives in countries where the Group has a presence



- Participation in and organisation of business fora, conferences and events
- Cooperation with federal, regional and municipal authorities to improve social and economic welfare of local communities
- Entrepreneurship support programmes (small and medium-sized businesses and startups)

1.4 STAKEHOLDER ENGAGEMENT

Integrity, honesty, professionalism, mutual trust and respect, a customer-centric approach and commitment to obligations are fundamental principles that underpin the way VTB engages with stakeholders⁶. VTB seeks to maintain constructive and effective relationships with all stakeholder groups, leveraging various communication channels and methods of information disclosure.

Key highlights of VTB's stakeholder engagement activities

Shareholders and investors

- Three Shareholder Relations Centres based in Moscow, Yekaterinburg and St. Petersburg
- Shareholders Consultative Council held five meetings and one online conference
- Over 10,500 queries relating to corporate events, customer services, etc. processed by Shareholder Relations Service
- VTB newsletter (11 issues distributed to 38,200 recipients)
- VTB Shareholder mobile app (19,000 downloads)
- Investor days (three events, 1,400 participants), seminars on stock markets (654 participants), live streams, open days, one roundtable and one online conference

- Special offerings and privileges for VTB Bank shareholders

Customers

- Customer satisfaction surveys
- Remote banking channels, including social media, mobile apps, etc.
- VTB help desk

Employees

- Employee engagement and satisfaction surveys
- Corporate portal
- "Team Spirit" corporate magazine (a total of 15,000 copies printed)

- Whistleblower hotline
- Team building events and meetings with management

Local communities

- Charity and sponsorship projects
- Improving financial literacy
- Accounts in social media

Government and regulators

- Disclosures required by law
- Agreements with local authorities
- Participation in associations, charters, major business fora and events
- Participation in legislative task forces under Russia's Ministry of Finance
- Participation in expert councils, parliamentary hearings, roundtables and working groups to discuss draft laws affecting the Bank's business
- Participation in working sessions at the Civic Chamber of the Russian Federation, the Chamber of Commerce and Industry of the Russian Federation and the Russian Union of Industrialists and Entrepreneurs

Mass media and analysts

- Ten briefings for the media
- Seven briefings for analysts
- 394,800 references to VTB Group in mass media

Business partners

- Development of competitive bidding procedures
- Prevention of corruption in supply chain
- A high position in the National Procurement Transparency Ranking

Given the Internet's growing role in reaching out to different audiences, VTB Group companies were active in social media throughout 2018, regularly updating their accounts so that they are genuinely relevant to all stakeholders. After the website update in 2018, the number of people visiting the merged Bank's website totalled 28.2 million, up by nearly 300%.

⁶ Key stakeholder groups are defined in the Bank's CSR Policy, which can be accessed on the Bank's official website <https://www.vtb.com/o-banke/bank-vtb/socialnaya-otvetstvennost/>.

⁷ Detailed information about the Shareholders Consultative Council and its activities can be found on the Bank's official website <https://www.vtb.com/akcionery-i-investory/informaciya-dlya-akcionerov/konsultacionnyj-sovet-akcionerov/>.

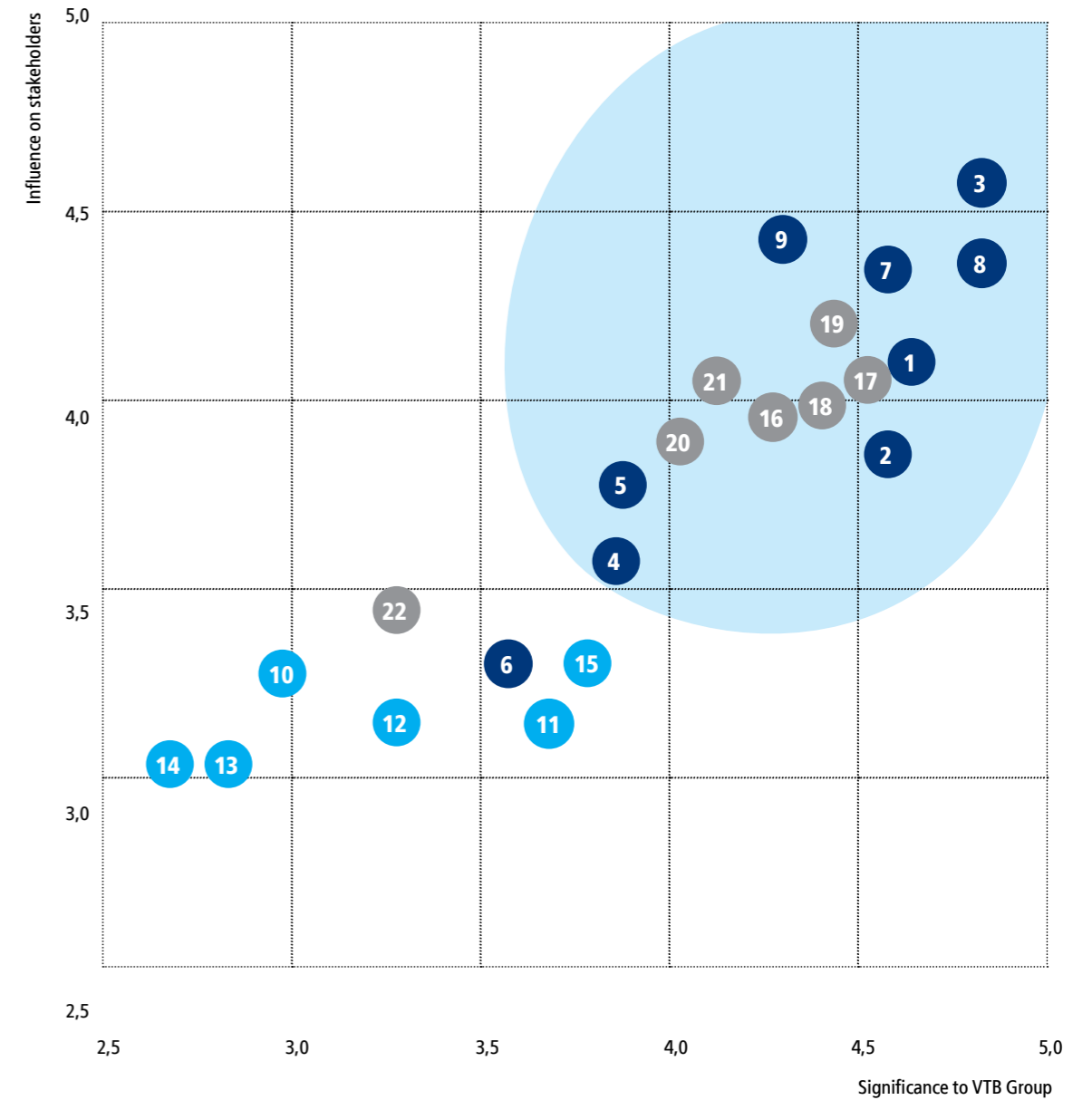
The publication of our Sustainability Report⁸ (the "Report") is another important channel of communication with stakeholders. Every year VTB identifies topics for disclosure, including surveys among stakeholders, in order to make the report more relevant and insightful. This leads to elaboration

of a materiality matrix which reflects our most significant activities in sustainable development in terms of the impact they have on both internal and external stakeholders and on our corporate strategic goals.

VTB Group's followers in social media



VTB Group materiality matrix



- **Economic impact**
 - 1. Corporate governance
 - 2. Transparent procurement procedures
 - 3. Economic performance
 - 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
- **Environmental impact**
 - 10. Waste management
 - 11. Reduction of electricity consumption
 - 12. Reduction of fuel consumption
 - 13. Reduction of GHG emissions
 - 14. Reduction of water consumption
 - 15. Supporting biodiversity conservation projects
- **Social impact**
 - 16. Responsible business practices
 - 17. Corporate culture and business climate
 - 18. Occupational health and safety
 - 19. Employee education and development
 - 20. Initiatives for young people
 - 21. Employee motivation
 - 22. Charity and sponsorship

⁸ Prior to 2018, VTB Social Report



2

VTB FOR CLIENTS

VTB keeps expanding its network and offering new attractive products benefiting its clients

6.3

million VTB Online app users

33

thousand public servants benefited from mortgage rate discounts



VTB plays an important role in social and economic development of countries of presence by improving quality of and access to services, providing finance for socially significant projects and creating jobs in companies that were set up with our support. VTB understands that customer trust is key to success and therefore concentrates on making it stronger.



VTB was awarded the "Bank of the Year in Russia" in 2018 according to the Banker magazine.

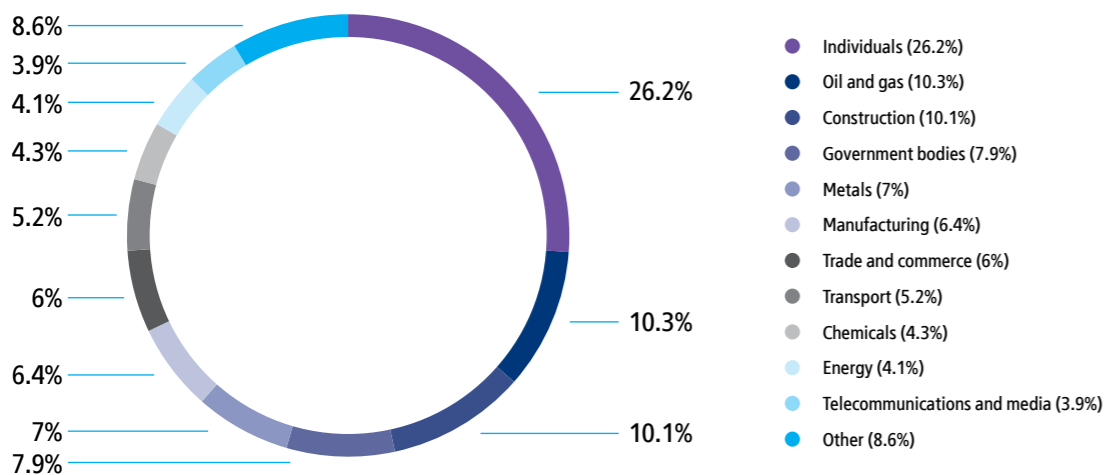
In 2018 VTB Bank continued to deliver its development strategy for 2017-2019 and achieved the following results:

- **Improved margins:** the Bank saw profit increase by almost 50% year on year to RUB 178.8 billion;
- **Banking business integration:** VTB24 was successfully

incorporated into VTB, with the former beginning operations under the VTB Bank brand on 1st of January 2018. Work was also carried out to establish a single branch network at regional level;

- **Innovations:** VTB Bank launched a new mobile app for investors and brokers and an online business registration solution.

Breakdown of VTB Group's loan portfolio as of 31 December 2018⁹



⁹ VTB Group's audited IFRS consolidated financial statements for 2018.

In 2018 VTB continued to develop its branch network and to offer new, more attractive products, seeing an increase in lending. Its loan portfolio grew by almost 17% year on year to RUB 11.4 trillion in

2018. Individuals accounted for the most of the loan portfolio, 26.2%, followed by oil and gas companies (10.3%) and construction sector (10.1%).

VTB Group's focus areas by business segment

Segment	Focus areas	Priorities
Corporate Investment Banking (CIB)	<ul style="list-style-type: none"> ● Financing and banking support of socially significant projects in leading industries in countries and regions of presence, including support for infrastructure development and the transportation, healthcare and other industries 	<ul style="list-style-type: none"> ● Achieving VTB's strategic goals ● Strengthening cooperation with governmental agencies ● Supporting projects aimed at propelling local social and economic development and strengthening environmental protection ● Improving quality of and access to financial services for customers
Small and Medium-sized Business (SMB)	<ul style="list-style-type: none"> ● Support for SMEs engaged in leading industries in countries and regions of presence 	
Retail Business (RB)	<ul style="list-style-type: none"> ● Support for socially vulnerable groups ● Socially significant retail services ● Support for home buyers 	

Number of VTB Group's banking customers in 2017-18¹⁰

Customers of Group banks	2017	2018	Increase, %
Corporate Investment Banking, pc	9,008	11,735 ▲	30
Small and Medium-sized Business, pc	613,936	630,258 ▲	3
Individuals, thousand clients	18,848	23,727 ▲	26

¹⁰ All customers, including customers with zero balances (Group banks). Changes in 2017 data are due to changes in the scope of the 2018 report versus the 2017 report.

2.1 SUPPORT FOR SOCIALLY IMPORTANT BUSINESS AND COOPERATION WITH GOVERNMENTAL AGENCIES

Support for projects aimed at propelling social and economic development in regions and countries of presence is an important focus area for VTB Group. The Group provides services that help drive growth in top priority sectors and enable projects in housing, infrastructure development and healthcare sectors.

By financing socially significant projects and cooperating closely with governmental agencies, VTB Group makes a considerable contribution to local economies as it helps create jobs and increase household earnings, along with tax revenues at municipal, regional and national level.

In 2018 VTB Group continued to cooperate closely with core companies in regions of presence:

- VTB Bank concluded a deal with Russian Post to establish a logistics joint venture, planning to build 38 logistics centres in different Russian cities that will enable safer, faster and more affordable delivery of packages across the country.
- VTB Bank and Russian Railways signed an agreement on cooperation in building a digital economy through supporting high-potential digital programmes and project, including development of transportation and payment ecosystem for Russian Railways.
- VTB Bank (Kazakhstan) and KazakhExport signed an agreement to support export operations. The agreement made possible for KazakhExport to open deposit accounts with the Bank to provide soft loans for exporters. It extends the range of financial tools available to local export-oriented companies with new products such as pre-export financing and insurance against importer payment failure risk.
- VTB Bank (Azerbaijan) signed a memorandum of cooperation with Azexport.az which gave the Bank access to exporters' database and new opportunities on export financing.
- Post Bank signed an agreement on cooperation with Russia's Central Bank and Rostelecom to improve access to financial services for people living in remote, poorly accessible and underpopulated parts of Russia.

Support for regional and municipal authorities

VTB Group focuses on developing relations with regional and municipal authorities to drive social and economic growth in local communities.

In 2018 VTB Group signed cooperation agreements with a number of Russian regions, including Zabaikalsky Krai, the Republic of Buryatia, Sakhalin Region, Kemerovo Region, the Republic of Karelia, Saratov Region, Kaliningrad Region, Ulyanovsk Region, Kostroma Region, the Chuvash Republic, Novgorod Region, Rostov Region and Nizhny Novgorod Region, to:

- help boost social and economic potential of local communities;
- strengthen cooperation under SME support programmes;
- support innovations and improvements of social infrastructure;
- introduce cutting-edge banking technologies;
- develop and implement joint investment programmes;

- increase cooperation under top priority projects in housing, healthcare and infrastructure;
- develop banking infrastructure in regions of presence.

Post Bank also enters into cooperation agreements with Russian regions, focusing on extending its branch network, on introducing new products for the elderly, on improving lending services for communities and on enhancing their financial literacy. In 2018 such agreements were signed with Kursk Region, the Republic of Tatarstan, Khabarovsk Krai, the Komi Republic, the Udmurt Republic, the Republic of Bashkortostan and the Penza, Murmansk, Leningrad, Saratov, Kemerovo, Nizhny Novgorod, Ivanovo, Vologda, Ulyanovsk, Sakhalin and Tver regions.

Development of transport systems in Russia

VTB Group understands the importance of projects in transport sector that help improve quality of and access to transport infrastructure for communities, promote modern technologies and open new routes. In 2018 loans to Russia's transportation sector increased by 18% year on year to RUB 592.9 billion.

To improve quality of and access to transportation services in 2018, VTB Bank participated in the following projects:

- VTB Bank's My Travel Pass app for buying tickets on intercity trains running between Moscow and Leningrad Region (JSC Moscow-Tver Suburban Passenger Company);
- card/mobile contactless payment systems in all metro stations in Moscow (SUE Moscow Metro);

- the rollout of card/mobile payment systems to new surface public transport routes in Moscow (SUE Mosgortrans);
- Union Pay systems at Aeroexpress gates in all Moscow airports (LLC Aeroexpress);
- agreement on the introduction of a Single Transport Card for rail passengers to pay for their journeys and rail services on board and at railway stations (JSC Russian Railways and JSC TransTeleCom Company).

VTB Bank also provides finance for socially significant projects pursued by companies in railway sector. Supporting transport infrastructure projects is an important priority for the Bank.

Select transport infrastructure projects in Russia supported by VTB Bank

Project	Company	Purpose	Amount, RUB million	Deliverables
Construction and upgrade of sections of the federal motorway M5 URAL				
Construction and reconstruction of sections of the motorway M6 Kaspy	JSC SMU-Dondorstroi	Guarantee limit	3,000	Improved transport infrastructure and new transport routes
Supply and warranty repair of train cars for the Moscow Metro	OJSC METROVAGONMASH	Bank performance guarantee	2,508	Renewed rolling stock and better passenger experiences
Transport services for passengers at the Small Circus of Moscow Railway	JSC Russian Railways	Bank performance guarantee (reissued)	600	Better transport services at the Small Circus of Moscow Railway

Support for healthcare projects

Recognising the importance of social infrastructure projects, VTB Group continues to provide extensive financial services to companies that are directly or indirectly involved in healthcare.

In 2018 VTB Bank provided strong support for projects focused on practical healthcare and biomedical technologies. Key achievements included:

- agreement on cooperation with Federal Biomedical Agency to drive growth in Russia's healthcare industry;
- memorandum with Sarstedt, a leading global supplier of laboratory and diagnostic products,

to build a medical equipment plant in St. Petersburg;

- loan agreement with Pharnasynthesis Group to build a modern pharmaceutical plant that would meet both national and international standards.

In addition, VTB Bank in partnership with JSFC Sistema acquired a stake in OBL Pharm, a leading Russian pharmaceutical company. The purpose of the deal is to establish a top holding company in Russia's pharmaceutical industry.

Finance for the construction of Lapino 2 hospital unit



VTB Bank has been providing finance for multi-purpose healthcare centres and clinics of Mother and Child Group of companies since 2011. In 2018 the Bank granted RUB 2.5 billion for the construction of a new diagnostic centre and a multi-purpose surgical unit. The Lapino-2 surgical unit, which is scheduled to commence operations in 2020, will be capable of annually performing

more than 15,000 surgeries, accommodating patients for more than 27,000 days in total and accepting more than 200,000 visits. In addition, the construction of the new unit is also important from the economic and social perspective as the project will create new jobs and play a vital role in promoting healthcare innovations.

Cooperation with companies in housing construction

VTB Group provides substantial support for urban infrastructure projects to ease access to housing and improve living standards in regions of presence.

In partnership with major stakeholders, VTB Bank participates in mortgage market development programmes that intend to make mortgage lending more transparent and affordable. Among things we did in 2018:

- signing a memorandum with DOM.RF on issuing mortgage bonds for up to RUB 500 billion under the Fabrica MBS programme for 2019-2021 and concluding an agreement on cooperation to stimulate lending for housing construction companies;

- signing an agreement with PIK Group on opening a RUB 19.9 billion credit line to provide project finance for the construction of Dmitrovsky Park housing complex.

The Group's subsidiary banks based in CIS also cooperate with local state-owned companies in supporting housing construction projects. For instance, VTB Bank (Kazakhstan) provides finance for private developers engaged in the construction of homes under Nurly Zher Housing Construction Programme, thus making homes more affordable.

Support for agriculture

VTB Group has always been committed to supporting agricultural producers as it helps create new jobs and empower partners, which have been cooperating with VTB Group for several years, to encourage business growth and to make high-quality, affordable and green products. In 2018 loans issued to food and agricultural industries increased by 32% to RUB 367 billion in 2018.

In 2018 VTB Bank and Russia's Ministry of Agriculture signed an agreement on cooperation in providing all-round support for agricultural sector and in improving access to financing. Initiatives set out in the agreement include:

- delivering modern banking solutions and infrastructure for agricultural producers;

- developing and implementing joint investment programmes;
- supporting innovations and upgrades pursued by agricultural companies;
- improving access to loans under regional programmes and governmental subsidy schemes.

In 2018 VTB Bank opened a credit line for the Biosphere Fish sturgeon farm in the Republic of Tatarstan. The five-year credit line worth RUB 200 million at a fixed interest rate of 6.5% was granted under a subsidised financing programme of Russia's Ministry for Economic Development. The farm will use the money to increase production capacity and install modern equipment.

VTB Bank's select agriculture support projects

Customer	Purpose	Type of product	Amount, RUB billion
BIO TON Group	Purchase new equipment, upgrade existing production facilities and maintain current operations	Credit limit	2
LLC Vesna	Build a new greenhouse farm in Stavropol Krai	Credit limit	0.5
LLC Ovoshchevod	Build the fifth phase in the Botanika greenhouse farm in Volzhsky, Volgograd Region, and purchase necessary equipment	Credit limit	4.8
JSC ROSKAR poultry farm	Build a feed production unit	Credit limit	1.75

Financial support for environment protection projects

Environment protection is a top priority in the Group's CSR activities. As the role of financial institutions in environmental initiatives can hardly be overestimated, VTB Bank is committed to promoting green finance practices.

Since 2014, VTB Bank has been acting as the Russian Executive Agency for the Arctic Council Project Support Instrument (PSI), a financing tool focused on preventing and mitigating pollution of the Arctic. VTB Bank cooperates with governmental agencies, non-profit organisations and other stakeholders in protecting Arctic biodiversity, in particular endangered animals, plants and ecosystems.

In 2018, acting as the Russian Executive Agency, VTB Bank participated in the following PSI initiatives:

- feasibility studies on replacing diesel generators with renewable alternatives in Dolgoshchelye village located in Arkhangelsk Region, and on phasing out diesel generators in the Arctic region and other northern parts of Russia, with final reports submitted to the Expert Group on Short Lived Climate Pollutants;
- initial phase completion in a project to lower soot and methane flare emissions from associated petroleum gas in Russia's Arctic region, and preparations for signing an agreement between the project owner, VYGON Consulting, and the Nordic Environment Finance Corporation (NEFCO) on the beginning of the second phase;
- initial phase completion in a project to gradually reduce emissions of fluorinated greenhouse

gases and ozone-depleting substances by fish and seafood companies in Murmansk Region, and preparations for signing an agreement between the project owner, International Council for Scientific and Technical Information, and NEFCO on the beginning of the second phase;

- second phase implementation in the project “Demonstration Testing of the System for the Disposal of Obsolete Pesticides,” initiated by Practical Geoecology Scientific and Industrial Association;
- assistance to initiators and developers with preparing project applications under the following three initiatives: a reduction in CO₂ and soot emissions to protect rivers in Russia’s Arctic region, removal of municipal solid waste site in the city of Dudinke and adoption of best available technology to mitigate pollution in the Arctic region.

In late 2018 VTB Bank was invited by Russia’s Ministry of Natural Resources and Environment to participate in the Ecology National Project¹¹ and contribute to the following project initiatives:

- engaging major companies and smaller businesses to contribute to biodiversity protection efforts, including reintroduction of rare species, under Russia’s federal-level project “Preservation of Biodiversity and Ecotourism Development”;
- encouraging companies to align their growth strategies and programmes with biodiversity protection agenda and to develop relevant

corporate programmes;

- running environmental awareness campaigns and coordinating joint initiatives pursued by large companies, business communities, federal and regional governmental agencies, special protection areas, scientific research institutions and public associations.

In 2019 VTB Bank also plans to join a working group on entrepreneurship promotion and biodiversity protection, set up under Russia’s Ministry of Natural Resources and Environment, to contribute to legislative activities and run biodiversity protection and environmental awareness programmes.

Providing financial support for green projects in countries of presence is another essential item on the Group’s environmental agenda. In particular, in 2018 VTB Bank provided finance for construction of four 15 MW solar power plants (Volodarovka, Yenotayeva, Elista Severnaya and Mikhailovskaya). This was the first deal concluded by VTB Bank with a foreign investor and an Austrian-German general contractor on Russia’s renewable energy market and the first loan provided by the Bank for a renewable energy project run under the capacity supply mechanism without direct governmental subsidies.

In 2018 VTB Bank also provided banking guarantees under municipal solid waste and bulky waste management projects in the city of Moscow and Moscow Region.

In addition, VTB Group employees take an active part in campaigns focused on promoting green finance practices in Russia. In 2018 employees of VTB Bank and VTB Ecology participated in the 10th Ecology International Forum held in Moscow on 22-23 March and in the eighth International

Forum “The Arctic: the Present and the Future” held in St. Petersburg on 5-7 December to present reports on VTB Group’s contribution to sustainable development and green finance projects and programmes in the Arctic region.

Financial support for energy efficiency and GHG emissions reduction projects



VTB Bank (Kazakhstan) provided its first financial support for energy efficiency and GHG emissions reduction initiatives under the Sustainable Cities for Low-Carbon Development project launched by the

UNDP in Kazakhstan in 2018. Loans are granted on favourable terms thanks to subsidies and guarantees available under the project.

¹¹ Pursuant to clause 7 of Decree No. 204 of the President of the Russian Federation of 7 May 2018 “On National Goals and Strategic Objectives of the Russian Federation for 2024”.

2.2 SUPPORT FOR SMEs

SMEs make a big contribution to developing local economies in VTB Group's countries and regions of presence. VTB Group understands the importance of banking support for SMEs to be sustainable and is focused on developing products and programmes to strengthen cooperation with customers in this segment.

VTB Bank is largely involved in governmental lending programmes aimed at supporting domestic enterprises. In 2018 VTB Bank:

- joined lending programme of Russia's Ministry of Industry and Trade to provide five-year loans at interest rates of no more than 5% for the purchase of agricultural, road construction and city maintenance equipment as well as the purchase of equipment for food industry¹²;
- provided, in partnership with Russia's Ministry for Economic Development, loans at reduced rates of no more than 6.5% to SMEs under the 1706 Programme,¹³ launched to support Russia's top priority industries such as agriculture, construction, transportation, manufacturing, tourism and healthcare;
- assisted SMEs, which were short of assets to pledge as collateral, with obtaining access to business growth loans against independent guarantees

granted by SME Corporation and regional guarantee issuers. The broad range of guarantee products serves the needs of SMEs, helping them secure up to 75% of requested loans. VTB Bank cooperates with more than 60 regional guarantee organisations across the country.

SMEs are also entitled to VTB Bank's services at reduced rates. In 2018 VTB Bank introduced new packages of services tied to the current accounts of SMEs that vary depending on their business needs and specifics.

VTB Bank also introduced pre-approved loans and a distant service for the loan application process for small businesses under One Click Programme to improve access to its services and give more flexibility to its customers. These services are available via VTB Bank's mobile app and VTB Business Online Internet banking service. A pre-approved loan may be provided for up to RUB 5 million at an annual rate of

In 2018 VTB Bank was named the Best Bank for Small and Medium-sized Enterprises by the Financial University under the Government of the Russian Federation.

13.5% or more for a period of up to three years..

Subsidiary banks also provide remarkable support for private entrepreneurs in countries of presence. VTB Bank (Kazakhstan) offers soft microloans for small businesses under its agreement with Damu Fund, while VTB Bank (Georgia) is an active contributor to local agriculture support initiatives run under the government-sponsored United Agro Project and other programmes, including "Produce in Georgia – Industry" and "Produce in Georgia – Tourism". Initiatives pursued under these programmes are important to local communities as they help create jobs. They also empower subsidiary banks with new competitive advantages.

Apart from providing financial support to SMEs, VTB

Group helps develop IT solutions for automation of enterprise resource management. Innovative technologies minimise the risk of human error, saving time for aspiring entrepreneurs to generate business growth. In 2018 VTB Group launched a new Sales Manager module on its Business Connect platform, which can be integrated with various enterprise resource management systems. This module enables full automation of corporate ordering process.

VTB Bank provides considerable support for SMEs in Russia. In 2018 our measures of support included:

- opening a RUB 550 million letter of credit line for the construction of a modern plant in Kirov to produce firefighting equipment;

Financial support for the construction of a new water intake system in Yakutsk



The Republic of Sakha (Yakutia) has launched a government programme to reconstruct water treatment systems and add new capacity to align the infrastructure with current sanitary and epidemiological requirements.

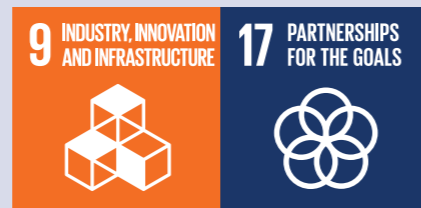
VTB Bank granted a RUB 1.83 billion credit line to the public water utility JSC Vodokanal to help it refinance loans provided by other banks.

¹² Decree No. 163 of the Government of the Russian Federation of 17 February 2018 "On the Approval of Rules for Providing Subsidies to Russian Credit Institutions to Compensate Them for Income Loss from Loans Issued for the Purchase of Agricultural, Road Construction and City Maintenance Equipment as well as Equipment for the Food and Food-Processing Industry".

¹³ Decree No. 1706 of the Government of the Russian Federation of 30 December 2017 "On the Provision of Loans at Reduced Rates for Small and Medium-sized Businesses to Enable Projects in Priority Industries".

- opening two credit lines in Nizhny Novgorod, one for RUB 460 million to support a holding company in the construction industry and the other for RUB 375 million to finance infrastructure development and landscaping work at Ankudinovsky Park residential complex, construction of a kindergarten, an alley and a parking site for local residents, and upgrade of water, heat and power supply systems;
- providing RUB 150 million for upgrade and retrofitting of a fish processing plant in the Ust-Bolsheretsk district, Kamchatka Krai, to help the company prepare for the annual salmon run; the project involves repairs and the purchase of new equipment.

Cooperation with tech startups



To promote private entrepreneurship, VTB Bank signed an agreement on cooperation with Internet Initiatives Development Fund. Key focus areas include:

- holding Demo Startup Days to bring together alumni of the Fund's accelerator;
- fostering entrepreneurial culture and internal demand for innovations at financial organisation;

- providing educational and consulting support through strategic sessions and other events in order to build a robust corporate system that would foster innovations and pilot projects in partnership with startups.

2.3 SOCIALLY IMPORTANT RETAIL SERVICES

The retail business segment is highly important to VTB Group. As individuals comprise most of our customer base, VTB Group places special emphasis on providing financial services for this segment. Sharing social responsibility, the Group provides support for vulnerable social groups, people struggling with unforeseen life circumstances and home buyers.

Support for socially vulnerable groups

Tailoring products and services to the needs of socially vulnerable groups is on top of our agenda. The Group pursues different projects targeting students, elderly, women entitled to maternity capital, large families, civil servants and military servicemen.

In 2018 VTB Bank issued around 123,000 pensioner cards, with over 1,000 of them under Military Retirees project. The project was launched in 2018 to offer this group accounts for receiving social allowances and making savings at an interest rate of up to 6% on the balance.

Post Bank also focuses on developing new products, services and campaigns for the elderly. In 2018 it launched a programme entitling its senior customers who hold pension accounts and use Post Bank's mobile or internet banking services to a "13th" monthly pension. In addition, the most active participants, who have brought in five or more new customers, qualify for a RUB 8,700 bonus.

Customers holding pension accounts with Post Bank may also use the Line of Care social service to receive free healthcare, social or legal advice, psychological support or emergency aid

by telephone, Skype or email irrespective of their location.

Group banks located in CIS offer a wide range of products to the elderly. For instance, VTB Bank (Armenia) offers this group a credit line with an annual interest rate of 0% and a simplified repayment structure.

Students are another important target audience for the Group. In 2018:

- VTB Bank (Azerbaijan) participated in Education Abroad exhibition to present its educational loan product for students who want to study in Azerbaijan or abroad.
- Post Bank reduced interest rate on its "Knowledge is Power" loan to 9.9%. This loan offers students not only reduced rate but also a deferment, allowing them to make principal and interest payments only after graduation.

Socially important retail services

Improving standards of living is an important item on VTB Group's CSR agenda. To deliver on this commitment, the Group continues to implement various social and environmental projects.

Before beginning of school year in 2018, VTB Bank, for instance, connected all providers of school meals in Moscow to its distant banking channels to enable parents to pay for school meals by adding money to their children's accounts via VTB Online or any VTB Bank ATM without commissions.

In 2018 VTB Bank (Kazakhstan), in partnership with Transavia, launched a programme enabling its customers to receive medical treatment at the Republic of Korea's best health clinics at a discount. The 30% discount is available for VTB Bank clients who are citizens of

Kazakhstan and who pay for healthcare services with a VTB Bank card.

In 2018 Post Bank entered into a strategic cooperation agreement with the Russian Union of Gardeners to:

- develop and implement joint social and economic projects and programmes in Russian regions;
- improve quality of and access to financial services for horticultural, market-gardening or dacha non-commercial associations of citizens;
- enhance financial literacy among people, including through helping staff of gardeners' partnerships develop the necessary competencies.

Further support for the Plant a Tree as a Gift to a Friend project



In 2018 Post Bank continued to support the Plant a Tree as a Gift to a Friend campaign, an environmental initiative intended to protect biodiversity in Russia through forest

restoration. More than 3 million trees have already been planted under the campaign while it continues to expand to new protected sites

Support for home buyers

In 2018 VTB Bank continued to run a number of home buying programmes to make mortgage loans more accessible for individuals. In 2018:

- More than 2,000 servicemen were granted a total of RUB 3.7 billion in soft loans.
- More than 33,000 civil servants were granted a discounted interest rate on loans that totalled RUB 63 billion.
- Almost 16,500 mothers were able to use maternity capital in the total amount of RUB 38.3 billion to improve their housing conditions.

The Bank also restructured 393 mortgage loans, waiving RUB 364.4 million of the total debt, pursuant to Decree No. 373 of the Government of the Russian Federation "On the Main Conditions for the Implementation of the Program of Support for Certain Categories of Mortgage Loan Borrowers in Difficult Financial Circumstances, and On Increasing the Share Capital of OJSC DOM.RF."

In addition, in 2018 VTB Bank launched a new governmental support programme targeting families with two children or more¹⁴, issuing 985 mortgage loans worth RUB 2.5 billion at a reduced interest rate.

To support mortgage lending market in Russia, Post Bank began selling VTB Bank mortgage loans in Samara Region, Sverdlovsk Region and the Republic of Bashkortostan. The project spans 400 branches. Such programmes help improve access to banking services in smaller cities and towns.

VTB Bank (Azerbaijan) cooperates with State Housing Development Agency to offer people mortgage loans at reduced rates. Such soft loans are available to families of those killed in the Nagorno-Karabakh war, holders of the National Hero title, displaced persons, civil servants, applicants who have worked for more than five years in a public general education school, PhD degree holders and to some other customers.

New mortgage loans issued by VTB Bank in 2017-2018

Indicators	2017	2018	Increase, %
Amount of mortgage loans, RUB million	433,812	670,411 ▲	55
Number of mortgage loans	203,280	292,544 ▲	44
Number of mortgage loans for housing under construction	74,503	102,565 ▲	38

¹⁴ Decree No. 1711 of the Government of the Russian Federation of 30 December 2017.

2.4 QUALITY OF AND ACCESS TO BANKING SERVICES

VTB continues to improve accessibility and affordability of its banking services. It keeps track of emerging trends and changing customer preferences. The Group is focused on expanding its geographical footprint with new branches and ATMs and improving services for all customers irrespective of their location or available resources.

Growth of branch networks

VTB Group continued to provide services for retail customers in Armenia, Austria, Azerbaijan, Belarus, Georgia, Germany, Kazakhstan and Russia in 2018. Our retail banking network consisted of more than 2,200 offices, 90% of them located in Russia.

Improving access to financial services for remote and small communities is a key priority for VTB Group. More than 19% of VTB Bank branches and around 18% of Post Bank branches are located in low-populated and economically disadvantaged regions.

Number(√) of VTB Group's banking branches in 2017-2018

Branches	2017	2018
Branches in Russia, including:	1,686	1,779 ▲
in low-populated and economically disadvantaged regions ¹⁵	295	328 ▲
Branches abroad	181	183 ▲
Total branches (excluding desks)	1,867	1,962 ▲
Limited service branches (desks)	215	191 ▼

¹⁵ Changes were made to the methodology of assigning constituent entities of the Russian Federation to low-populated and economically disadvantaged regions in 2018 (for details, see the About the Report section).

In 2018 the number of ATMs operated by VTB Group in Russia increased by 5% year on year and totalled 20,600.

VTB Bank installed more cash recycling ATMs in 2018¹⁶. Their number rose by 52% year on year to 2,800 machines, 32% of them located in Moscow and Moscow Region and 68% in regional offices.

In 2018 VTB Bank installed around 250 ATMs in Moscow Metro and plans to increase this number to 365. The machines allow passengers to top up their Troika cards, apart from providing other services. More than RUB 500,000 were transferred to Troika cards via VTB Bank ATMs a month on the average, which was six times more than in 2017.

To improve access to banking services in remote areas, Post Bank is looking for alternatives to self-service cash dispensers. Their high costs, including maintenance, make large-scale installation in rural areas less feasible. As an alternative, Post Bank offers customers to withdraw cash or top up their accounts using a terminal at a local post office.

Today, an increasing amount of customers is switching to digital channels, preferring to communicate with banks through messengers or chats. As part of developing distant services in 2018, VTB Bank launched a virtual branch enabling customers to contact its call centre via a chat or online interfaces.

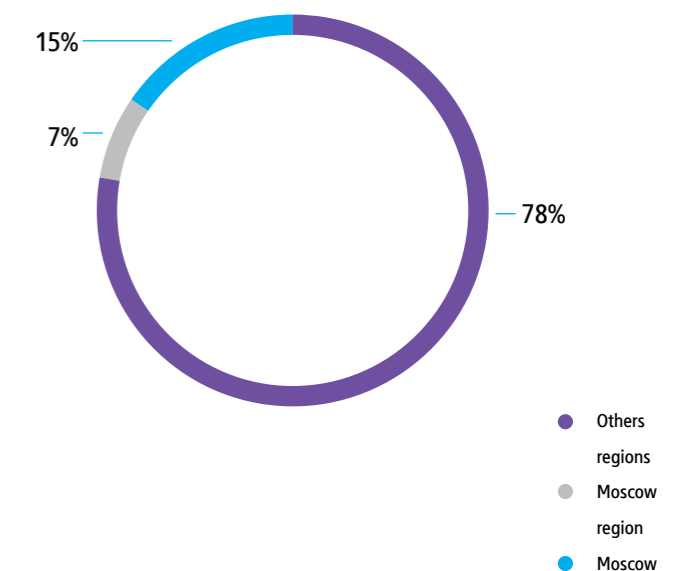
Better access for people with disabilities

VTB Group is committed to providing equal access to its services for all customers. Our new branches are equipped with necessary infrastructure to provide barrier-free access for people with reduced mobility, including disabled and elderly people.

Many branches have ramps or other infrastructure to ease access to services for disabled and elderly people. Distant banking services and tools offered by the Bank are becoming more user-friendly. As many as 668 VTB Bank branches in Russia have ramps, 22% of them located in Moscow and Moscow Region.

ATMs are fitted with tactile controls for visually impaired users, with no personal information displayed on the screen to protect their privacy.

Branches with ramps in Russia in 2018



¹⁶ Cash recycling ATMs are modern multi-purpose machines that dispense the same cash that is deposited to them, making the cash-in-transit cycle longer.

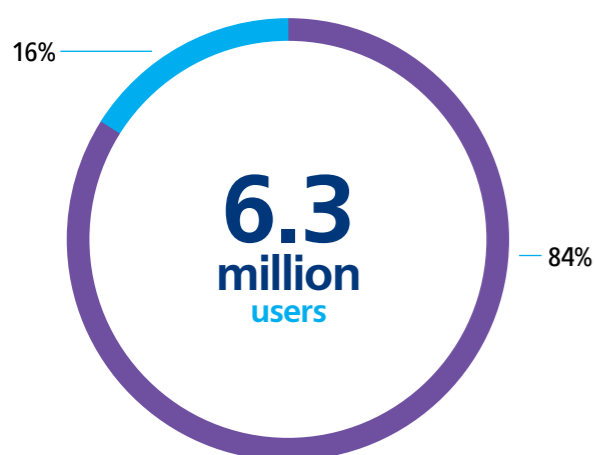
In addition, VTB Bank's website has an in-built text-to-speech tool that reads texts aloud.

VTB Bank staff received special training and knows how to assist people with impairments in overcoming possible barriers to services.

VTB Bank (Armenia) is also focused on addressing

Remote banking development

Number of VTB Online users in 2018



- Mobile devices
- Online banking

VTB Online was ranked among top three mobile apps in the Finance and Business category in Rating Runet 2018.

the needs of disabled people and on making its new branches and ATMs easy to use:

- 160 ATMs have Braille alphabet on the buttons and 100 ATMs provide audio instructions.
- 18 offices have ramps.

The development of digital services is an important strategic priority for VTB Group. Group banks are committed to improving remote banking experience for customers and regularly launch new apps and services that help enhance access to their financial services and increase customer loyalty.

The number of users of VTB Online mobile app increased by 56% to more than 6.3 million people in 2018, 84% of them using mobile devices. VTB Online app handles more than 15 million transactions a month. VTB continues to enhance mobile banking experience for retail customers, enabling them to:

- monitor their card application status online, including expected pick up date and address;
- get a new PIN code;
- select desired amount of a pre-approved loan and approve it via SMS/push code;
- receive detailed account statements, including transactions on accounts, cards, as well as operations carried out in VTB-Online.

We understand how important it is to expand our geographical footprint for our retail customers, and therefore, in partnership with INPAS, we work on

integrating our acquiring network with Alipay – a system which enables Chinese tourists to pay for their purchases via mobile app.

There is a courier service in Moscow and St. Petersburg to deliver debit cards to retail customers who apply for them online. More than 20,000 Multicard and Privilege cards were delivered by courier in 2018. There are plans to extend this service to other Russian cities with a population of more than one million people.

Post Bank was the first Russian bank to introduce remote authentication based on the Unified Biometric System for customers using its mobile services. Customers can choose the most convenient channel for communicating with the bank without visiting its physical location.

Remote banking services are available not only to individuals, but also to corporate customers and entrepreneurs. Every fourth customer in the SME segment uses VTB Bank's mobile banking solution for business. Our Business Online mobile banking tool allows customers to monitor their balances online, make payments via Internet-connected mobile device at any time and in any place, run a check on a counterparty before making a payment and analyse patterns in bilateral transactions based on graphs and

Better service and data privacy

Customer feedback is fundamental to improving our clients' experiences. VTB Bank conducts monthly customer satisfaction surveys to measure customer perceptions about the quality of services they get at our offices. The main objective is to identify key areas for improving customer experiences and performance management. In 2018 our survey revealed that 93% of our clients expressed

diagrams. This app also allows businesses to open savings accounts, place requests for loan instalments or apply for security deposits.

In 2018 VTB Bank launched an online registration service that allows limited liability companies and entrepreneurs to register using their electronic signature from a mobile phone.

The VTB My Investments app for private investors was named the Best Investment Application at Russia's Golden App 2018 awards.

In 2018 VTB My Investments app was improved with an option to open a broker's or investment account from a mobile phone or a tablet. This option can be deployed in any part of the world, giving easy access to the Bank's investment services. Touch ID, Face ID or Passcode solutions are used to authenticate transactions and protect app users. Transactions worth RUB 5 billion are daily made via VTB My Investments. The Roboadvisor tool is especially popular among app users, giving them recommendations on compiling attractive asset portfolios for investment.

satisfaction with the quality of service. This was a better result against the previous year due to:

- more respondents reporting first call resolution (an 83% increase);
- shorter waiting periods in Moscow and Moscow Region (a 27% decrease);

- more respondents reporting issue resolution during one business day after complaining about poor service (a 74% increase).

According to the monthly survey, the level of customer satisfaction with mobile channels, online banking services and ATMs is stable. At the same time, more customers expressed their satisfaction with ATM service quality after a number of actions were taken in 2018 to stabilize their operations.

In 2018 VTB Bank received 2,100 points for “Issues resolved” on Banki.ru, a website that helps customers find the best banking products. This was the record number of points earned in the entire history of this website, a sign of the Bank’s strong customer focus and commitment to speed up resolution of all customer concerns.

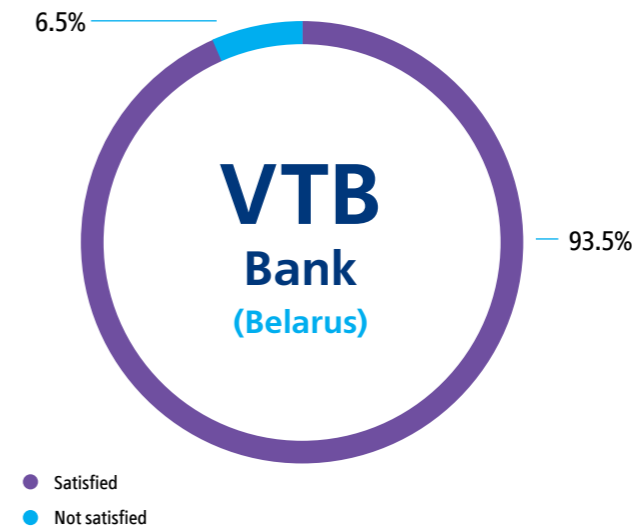
VTB Bank uses modern information security systems, endorsing a policy of zero tolerance to customer data breaches. The total number of customer data leaks, thefts and losses reduced by 37% and totalled 17 such incidents in 2018.

Subsidiary companies also understand the importance of improving interactions with customers. According to Naumen’s 2018 study, Post Bank is a leading Russian bank if measured by the performance of its call centre. Its call centre earned 96.55% on first call resolution and 96.67% on the ease of contacting the centre. In addition, Post Bank was among the first banks in Russia to introduce voice biometrics for identity verification.

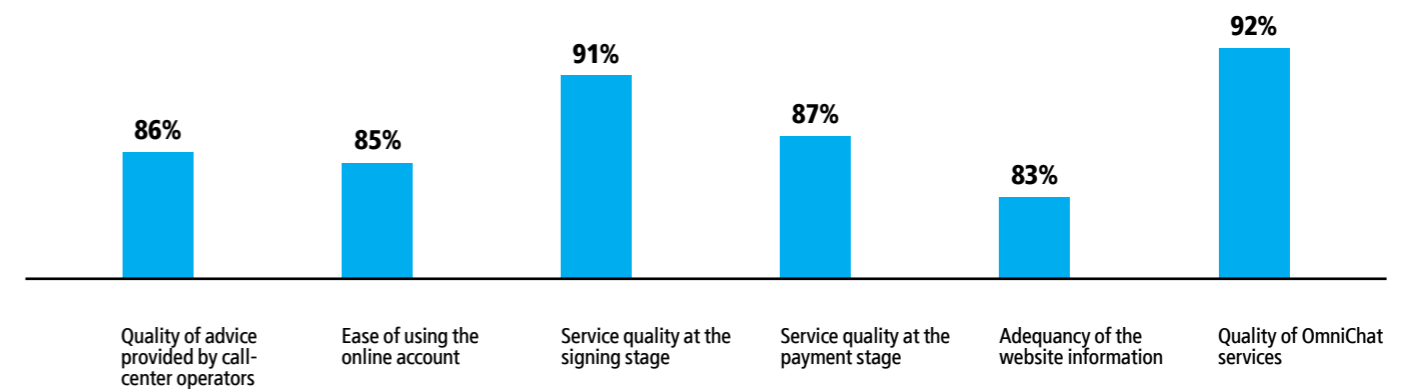
To help keep track of service quality indicators, VTB Bank (Belarus) conducts telephone surveys among retail and corporate customers to measure their satisfaction with the quality and range of services/products, as well as their loyalty. The total satisfaction score was 93.5% in 2018, with respondents citing high service speed, their technological nature and attractive conditions as the most important factors.

VTB Pension Fund is also committed to enhancing service quality and monitoring customer satisfaction to improve its units’ performance, simplify the use of personal accounts and making content better on its website.

Findings of the 2018 satisfaction survey run by VTB Bank (Belarus)



Customer satisfaction with VTB Pension Fund





3

VTB FOR EMPLOYEES

Motivated and loyal employees
are key to the Group's successful
performance



59.5

thousand VTB employees received
advanced training in 2018



1.9

thousand students
offered pre-graduation
internships at
VTB Bank



Highly motivated and loyal employees are an essential element of a successful and thriving business.



This is why VTB Group companies put great emphasis on building and nurturing a high-performance corporate culture, improving personnel compensation and training mechanisms, as well as creating a safe and conformable working environment.



Other important step towards improved business processes is reducing a negative impact on the environment, adopting modern energy-saving technologies and observing green-office principles.



Given the largest merging in banking sector of VTB Bank and VTB24 in 2018, one of the key tasks is to harmonise all processes and policies in the field of personnel management of merged VTB Bank.

3.1 PERSONNEL MANAGEMENT

In 2018 VTB Group continued to implement its three-year HR Strategy, which is aligned with key priorities of the Growth Strategy for 2017–2019.

Along with optimisation and performance improvements across all processes, VTB Group is pursuing business expansion and is therefore hiring more staff. The Group's average headcount rose to

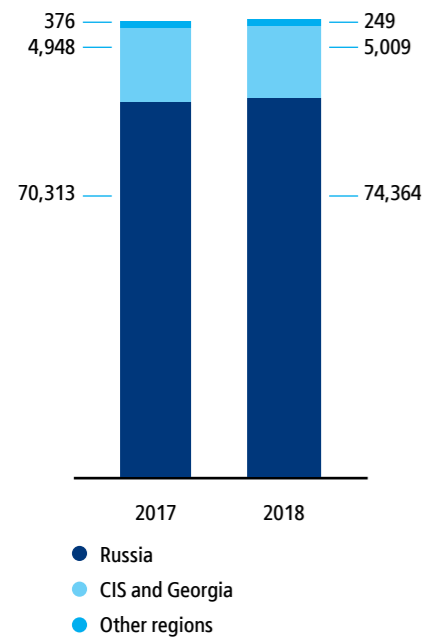
79,622(√) employees¹⁷ in 2018, up 5% year on year. VTB Bank is the biggest employer in VTB Group, accounting for 60.6% of total headcount. In 2018 the employee turnover rate was 26%.

Progress towards HR Strategy goals in 2018

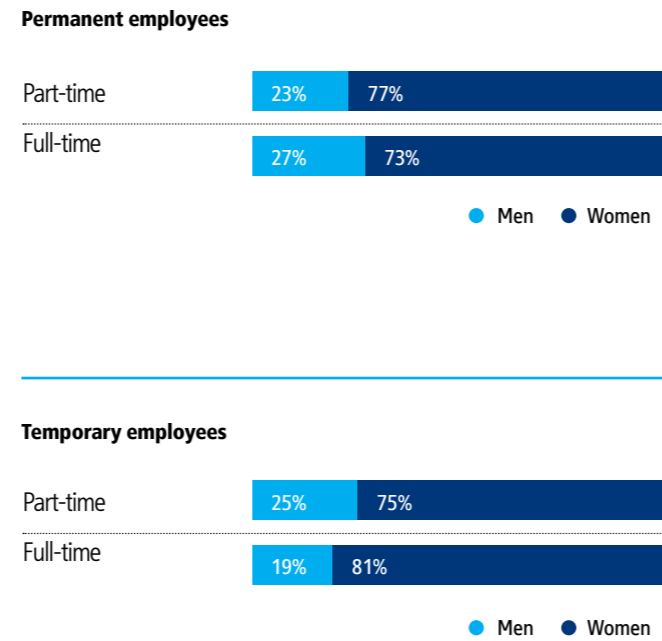
Key initiatives	Activities in 2018
Providing competitive pay, linked to the individual's performance	<ul style="list-style-type: none"> ● An annual comprehensive salary survey in the banking sector ● Conducting a salary revision to harmonise remuneration of employees of the merged Bank
Promoting a high-performance culture	<ul style="list-style-type: none"> ● Employee performance management practices were implemented in VTB Bank ● Transition to an organisation-wide competency model
Establishing a unified brand as number one employer in the financial services sector	<ul style="list-style-type: none"> ● Visualisation and promotion of a new employer brand ● Launch of a new career site of the merged Bank (vtbcareer.com)
Growing new leaders through a consistent coaching process	<ul style="list-style-type: none"> ● Development tracks were established and launched as part of the organisation-wide competency model ● Creating a talent pool at VTB Bank, followed by the launch of a talent development programme ● Running various upskilling programmes for executives, including online programmes based on INSEAD digital learning platform
Building a modern internal communication network	<ul style="list-style-type: none"> ● Establishing a common intranet portal for employees of the merged Bank ● Updating and developing electronic and printed channels of internal communication

¹⁷ Quantitative data in this Section covers 20 entities listed in Section 5 hereof.

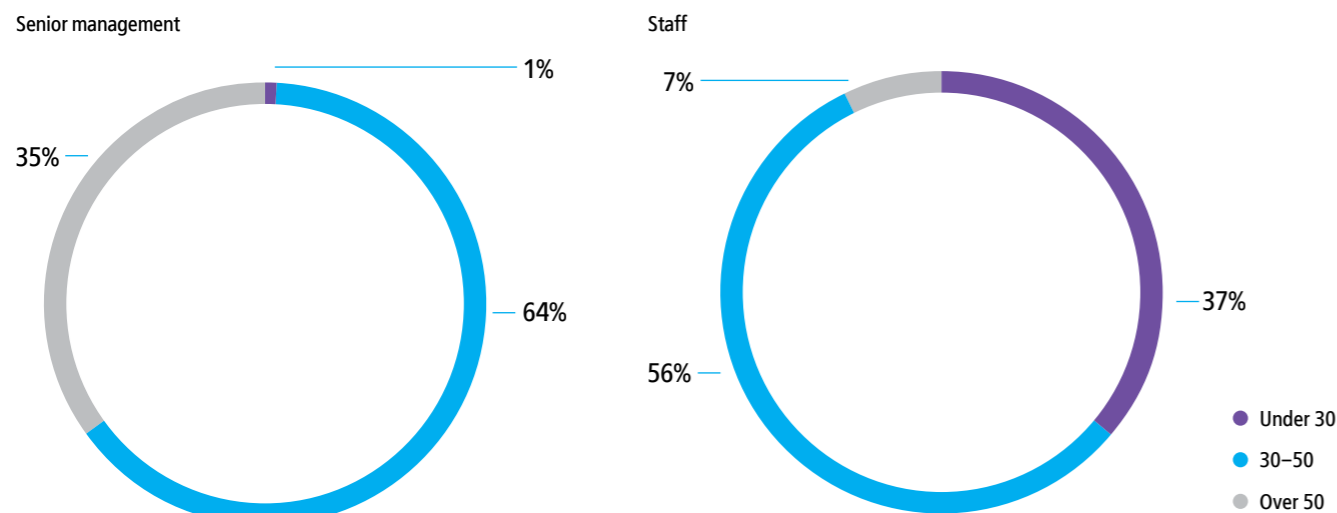
VTB Group's average headcount in 2017-2018¹⁸



VTB Group's headcount by type of contract at 31 December 2018



VTB Group's headcount by age group at 31 December 2018



VTB Group is strongly opposed to all forms of discrimination, whether in relation to job applicants or existing employees, and is committed to tolerance and respect for all employees regardless of their physical, racial, religious or other differences. Group companies provide equal opportunities for men and women and take an active part in various events to promote gender equality, including the following ones in 2018:

- VTB Bank participated in a press breakfast on the side lines of Woman Who Matters Forum and Award to discuss how women can build a successful career, find

employment after maternity leave, etc.

- Employees of VTB Capital took part in a start-of-trading ceremony, which took place within a global initiative called Ring the Bell for Gender Equality and was dedicated to gender equality and women's involvement in business, political and economic life¹⁹.

The Group is also committed to helping socially disadvantaged groups to access employment. For example, VTB Bank hired 45 people with disabilities in 2018, up 55% from the previous year.

Training

VTB Group offers employees ample opportunities for training and individual development, with various training initiatives regularly held across the

organisation, allowing our team members to acquire new knowledge and skills so that they can maximise and achieve their potential.

67.7 hours
Annual average time spent on training per employee

VTB Bank taking the lead among other members of VTB Group in training employees

54 hours
Average time spent on training per employee in 2018

42%
Distance training in VTB Bank

> 59,500
Employees took training in 2018

up 5%
number of employees who received training year on year

¹⁸ "Other regions" include regions where VTB Bank (Angola) and VTB Bank (Europe) have a presence.

¹⁹ Ring the Bell for Gender Equality is an initiative held in stock exchanges all around the world as a call to action for businesses to advance women's empowerment and gender equality. It is hosted by a partnership comprising the UN Global Compact, International Finance Corporation, Sustainable Stock Exchanges Initiative and UN Women.

Training is available in four main formats: on-site, distance, online and mixed. Training extends to all staff, from managers at various levels to employees, including front-office staff.

Executive training

For VTB Group, highly-competent managers who effectively leverage interdisciplinary strategies when dealing with current tasks are the backbone of a successful

organisation. Most of our training programmes for executives are therefore focused on improving their management skills and developing a creative approach to the management process as a whole.

VTB Group makes the best of the existing feedback mechanism to increase training effectiveness and improve its educational programmes.

VTB Bank's key executive training programs in 2018

Program name	Description	Results
A comprehensive programme aimed at developing corporate competencies	A set of development tracks covering various areas (change management, team leadership, cross-functional engagement, etc.)	<ul style="list-style-type: none"> 1,300 participants 40 academic hours per course Three distance modules and one on-site module
VTB Bank performance management	A set of on-site, online and distance learning courses dedicated to Employee Performance Management, a process introduced in 2018	<ul style="list-style-type: none"> Over 1,000 participants From 2 to 21 academic hours per course
Business simulations (a VUCA world and management cases)	Development of systemic and strategic thinking among executives and practicing skills of using a management cycle	<ul style="list-style-type: none"> 913 participants 21 academic hours
A program for IT executives aimed at developing management competencies	Developing management competencies within an IT team (communicating with business customers, conflict management and interviewing skills, etc.)	<ul style="list-style-type: none"> 198 participants 18 academic hours
Emotional intelligence	Training executives to detect and understand other people's emotions and resolve conflicts	<ul style="list-style-type: none"> 109 participants 21 academic hours
New manager starter kit	A set of programmes for new branch managers to help them quickly adapt to changes and improve their self-organisation skills and personal performance as managers	<ul style="list-style-type: none"> Over 100 participants From 3 to 21 academic hours per programme
Collaboration with European Institute of Business Administration (INSEAD)	Online trainings for managers	<ul style="list-style-type: none"> 54 executives

Employee training

Given the changes in VTB Group structure, a high priority on our training agenda for 2018 was the integration of former VTB24 employees in VTB Bank through a number of initiatives aimed at helping them get acquainted with

their colleagues and learn about the activities of all divisions across VTB Bank. Further improvements were made to the Corporate Training Portal in 2018, including the launch of Vector, a mobile training app for employees.

Examples of VTB Group's employee training programmes in 2018

Programme name	VTB Group/ Group company	Description	Results
Training in agile development techniques	VTB Bank	Agile Scrum, Scrum Master and Product Owner trainings for innovation project teams	<ul style="list-style-type: none"> Over 250 participants representing 14 agile development teams
Technology breakfasts	VTB Bank	Expanding knowledge on innovative technologies (Big Data, AI, Blockchain, etc.)	<ul style="list-style-type: none"> 11 events Over 17,000 participants 2 academic hours per event
A comprehensive training program for direct sales managers	VTB Bank	Developing selling skills	<ul style="list-style-type: none"> Over 340 participants 21 academic hours
Business communications: rules of the game	VTB Bank (Belarus)	Developing teaming skills	<ul style="list-style-type: none"> 40 participants 10 academic hours
Workplace conflicts: handling techniques and resolution algorithms	VTB Bank (Belarus)	Developing conflict-handling skills	<ul style="list-style-type: none"> 20 participants 8 academic hours

VTB Bank continued to develop its mentoring practices, with various training programmes held during the year for executives and employees to increase their engagement in mentoring processes, including the following:

6,900
interns

participated in the "Mentoring for New Hires" project

189
executives

participated in the "Mentoring as a Key Enabler of Improved Network Performance" webinars

183
employees

participated in the "Mentoring Practices: Development of Local Staff as a Key Management Competency" on-site training sessions

Training for front-office staff

VTB Group honours and values its clients and focuses on developing its front-office staff as they are the ones who have the most direct contact with customers. Front-office staff may attend various training courses, each aimed at building competencies that are critical to providing quick and effective service.

The launch of a knowledge management database called Business Wikipedia was one of our key initiatives

in 2018. This is a streamlined database that serves as a comprehensive source of reference for all banking products, services, branches and divisions. Over 32,000 people used Business Wikipedia in 2018, including call-centre operators and employees working in retail business segment.

Training programmes held by VTB Bank in 2018 include Negotiations as a Professional Competency for Mortgage Lending Staff (129 participants), Art of Business Style (631 participants) and Effective Business Communications (190 participants).

Group companies operating outside Russia also offered training to their front-office staff in 2018. For example, 26 employees of VTB Bank (Belarus) were trained through Convincing Sales Pitch programme, and 50 employees of VTB Bank (Kazakhstan) attended a training course called "The Art of Selling by Phone".

Attracting young talents

VTB Group puts great emphasis on attracting young talents and engaging with students of key universities, both within and outside Russia, as its prospective employees.

VTB Bank has cooperation agreements with over 170 universities nationwide, with two new agreements signed in 2018 with Moscow State Institute of International Relations (MGIMO) and Lomonosov Moscow State University. This cooperation is aimed at hosting and participating in events for university students and graduates, at organising internships at VTB Bank as well as at providing professional training, re-training and upskilling programmes to Bank employees. VTB Bank hosted over 110 events in collaboration with its partner universities in 2018.

Every year, young professionals take internships and are offered employment at VTB Bank. Over 1,900 apprentices and undergraduates were working at various branches and divisions of VTB Bank. The Bank also offers paid internship under VTB Junior²⁰ and VTB Rost²¹, the two programmes which have now been running for over eight years. 19 and 81 people participated in VTB Rost and VTB Junior programmes in 2018, respectively. Apart from training in several special courses, all interns participating in VTB Junior and VTB Rost benefit from other training programmes offered by the Bank.

VTB Bank became the general organising partner of the All-Russian Student Olympiad "I Am a Professional" in two directions at once: "Business Informatics" and "Finance and Credit". Talented students from different regions of the country have been carefully selected. Given the results of the Olympiad, 50 finalists were invited to the Bank for an internship.

²⁰ For graduates with bachelor's degrees.

²¹ For graduates with master's degrees and minimal work experience.

Employee motivation and remuneration

An effective remuneration framework is a must for ensuring loyalty and high productivity among employees. That is why the Group companies are taking continued efforts to improve working conditions and enhance employee motivation.

They annually run detailed salary surveys in banking sector to make sure they provide competitive pay. VTB Group uses the survey findings to adjust its pay scale so that it reflects current economic conditions.

VTB Bank allocated around RUB 2.4 billion to various social programmes in 2018, including RUB 1.4 billion (58.3%) to a Voluntary Health Insurance programme that covers all

Given the merger of VTB Bank and VTB24 in 2018 social programmes and employee benefits were also harmonised.

Thus the Bank's social benefits in 2018 included:

»	voluntary health insurance (VHI), including pregnancy coverage
»	accident and sickness insurance
»	corporate pension programme
»	one-off payments for family emergencies
»	financial aid in the event of exceptional circumstances

Bank employees, including those on maternity leave and employees who retired prior to 29 December 2017.

To boost motivation and recognise personal contribution to the overall performance in 2018, VTB Bank held an annual award ceremony where top performers were given VTB Honorary Badges of Distinction and letters of commendation signed by the President and Chairman of the Board and other senior executives of the merged Bank.

»	partial reimbursement of tuition fees under core higher education programs
»	payment in addition to the statutory amount of temporary disability benefits
»	payment in addition to the statutory amount of maternity leave benefits
»	retirement and jubilee benefits
»	paid compassionate leave
»	psychological support hotline
»	reimbursement of relocation expenses
»	reimbursement of return vacation travel expenses for employees working in the Far North (including luggage costs)
»	discounts and special offers under VTB Privilege Club ²²

²² A project to drive employee motivation through special offers and discounts on goods and/or services, which are provided to VTB Group employees and their families by VTB partners.

Performance assessment and talent pooling

Along with employee training, VTB Group is closely focused on performance assessment as an important factor to encourage professional development of its teams and improve their skills.

In 2018 VTB Bank completed the first implementation phase of a performance management process. Over 1,000 Bank executives received special training to provide their teams with timely support in setting their individual performance targets and competency goals. KPI setting and performance review contribute to improving motivation and professional focus among employees.

VTB Bank selected candidates for a talent pool programme designed to nurture future leaders who are hand-picked among the most talented and promising employees in order to train them for executive positions. A functional pool of middle

managers (261 persons) and an operational pool of line managers (385 persons) were established in 2018.

In 2018 Post Bank held a biannual event called Prolific Week to assess employee performance against the criteria of professional competence, business skills and soft skills. Following this assessment, each employee was graded on a scale of one to five. Employees graded higher than the base grade received a pay rise.

Post Bank runs an AI-based system that automatically analyses employee performance and makes recommendations on professional development.

These channels are also used for employee training purposes.

Internal communications and corporate culture

Internal communications

With effective internal communications being a key priority of our HR Strategy for 2017–2019, the Group was strongly focused on improving mechanisms of communication between employees in 2018.

Given the merger of VTB Bank and VTB24, the work was carried out both to expand existing channels of internal communications and to create and develop new channels, intended for interaction of employees inside the group.

A project to establish a common intranet portal for employees of the merged Bank was launched in 2018. The new portal is set to become a modern and convenient platform to expand information support for teams both in the head office and across the Bank's network. It will drive employee performance with the help of unified access to information resources and services, including from mobile devices, and an integrated self-service channel. Implementation of the new intranet portal will continue through the end of 2020.

Corporate culture

VTB Groups understands that effective corporate culture is key to our business success and therefore hosts many

team-building and sports events for employees and their families.

Major corporate events for Group employees and their families in 2018

Name	VTB Group/Group company	Description and results
VTB Group 10th Spartakiad	VTB Group	<ul style="list-style-type: none"> ● 1,200 participants ● 13 kind of sports ● Entertainment programme featuring famous athletes for more than 5,000 fans
Dunno in the Land of Masters	VTB Bank	<ul style="list-style-type: none"> ● 1,500 participants ● Entertainment programme featuring actors
VTB Football Cup	VTB Bank	<ul style="list-style-type: none"> ● 200 participants ● Traditional tournament between VTB Group football teams

Volunteering

As 2018 was the Year of the Volunteer in Russia, VTB Group put special emphasis on volunteering programmes. These initiatives are largely directed to helping disadvantaged adults and children, pensioners living alone, schoolchildren and stray animals.

In addition to this, Group employees are regular contributors to public reach-out events dedicated to memorable dates, such as Victory Day, Knowledge Day, International Women’s Day, etc.

VTB Bank’s select volunteering initiatives in 2018

Name	Description
No Child Left Out	<ul style="list-style-type: none"> 200 participants 50 pairs of footwear, over 40 diaper packs for babies
Helping lonely seniors in collaboration with the Happy Old Age charity	<ul style="list-style-type: none"> 45 participants 40 gift sets for lonely seniors, gifts for local hospital staff in Ostashevo
Contributing to the activities of the Sun in the Hands charity	<ul style="list-style-type: none"> 55 employees Purchase of children’s play sets, sweets, toys, diapers, tickets to entertainment events, etc.
Saint George’s Ribbon	<ul style="list-style-type: none"> 20 participants Greetings to WWII veterans
Caring for stray animals	<ul style="list-style-type: none"> 50 employees Participation in pet adoption fairs Hundreds of dogs found their homes

Due to extensive efforts in the field of HR management, members of VTB Group earn top positions in various contests and rankings. For example, in 2018:

- VTB Bank won 15 awards in Crystal Headset, an international contest hosted by Call Centre Guru, including awards in HR categories, Best Employee Motivation and Engagement Programme, Leader of the Year and Trainer of the Year.

- VTB Bank (Belarus) appeared in top 25% of companies for the level of satisfaction among operators of call centres, according to the 2nd Global Survey Job Quality 2018 (86.7% engagement rate).

44,900

employees received occupational health and safety training

10,500

employees were provided with preventive health checks

Occupational health and safety

As part of its strong commitment to occupational health and safety (OHS), VTB Group is working hard to reduce work-related injuries and occupational illnesses, with a variety of steps taken every year.

A key initiative in this area is OHS training, with a total of 44,900 executives and employees attending courses in 2018²³. To improve labour conditions and ensure compliance with occupational safety law, a special assessment of 16,600 workplaces²⁴ was conducted across the Group in 2018.

VTB Group widely uses a personal accident insurance scheme that covers certain categories of employees who are at high risk of injury on the job (drivers, cash

collectors, etc.). Insurance benefits are payable if an injury results in full or partial disability or death.

A total of 34 accidents were reported in 2018 across the Group in Russia, and accident frequency rate was 0.46 (√). Each accident was carefully investigated, and steps were taken to prevent similar accidents in future.

Among OHS priorities for 2019 is protecting the life and health of employees, observing safety rules and improving relevant risk management practices. VTB Group’s OHS team will also be actively involved in various dedicated events, including participation in Russia Health and Safety Week, an event that has been going on for a number of years.

²³ Quantitative data hereinafter applies only to companies in Russia, as differences in local legislation make it impossible to provide correct interpretation of such data for other countries where VTB Group operates.

²⁴ Special assessment of working conditions is a procedure to assess workplaces against the existing occupational health and safety standards.

3.2 ENVIRONMENTALLY SUSTAINABLE MANAGEMENT

Environmental protection is an essential element of VTB's corporate culture. VTB Group companies continue to improve energy efficiency, upgrade their property assets, actively leverage energy-saving technologies and promote sustainable use of resources among employees. The Group therefore strives to minimise environmental footprint through rigorous control over consumption of all types of resources.

VTB's key environmental impact mitigation measures in 2018

Name	Description	Effect
Electricity consumption optimisation and heating system upgrades	<ul style="list-style-type: none"> Optimising air conditioning systems Replacing cast iron radiators with more energy-efficient aluminium or bimetallic radiators Installing thermostats and temperature controllers Partial renovation of pipework insulation 	<ul style="list-style-type: none"> PUE²⁵ was reduced by an average of 0.1, resulting in annual savings of 485,000 kWh
Waste management optimisation	<ul style="list-style-type: none"> Transition to new principles of accounting for actual volumes of municipal solid waste to be managed by a regional operator 	<ul style="list-style-type: none"> All office waste²⁶ (10,100 tonnes) was handed over to contractors for recycling Separate waste collection in Moscow and St. Petersburg
Vehicle fleet renewal	<ul style="list-style-type: none"> Purchasing 12 Euro-5 vehicles and putting them into service Optimising spending on global navigation systems thanks to GLONASS²⁷ Reducing own fleet by 23% at the Bank's head office 	<ul style="list-style-type: none"> Fuel consumption was reduced by 9%
Paper consumption optimisation	<ul style="list-style-type: none"> Gradual transition to electronic document flow Using double-sided printing 	<ul style="list-style-type: none"> Collection of paper for recycling increased 33% year on year

²⁵ Power usage effectiveness (PUE), a metric used to determine energy efficiency.

²⁶ Luminous tubes, batteries, old office equipment and spent cartridges.

²⁷ Global navigation satellite system.

Lean at VTB Bank

In 2018 VTB Bank began to rapidly introduce Lean (Lean Manufacturing) into its day-to-day operations. Lean management is our ongoing effort to reduce all forms of waste and losses, engage all employees in business optimisation and promote a customer-centric culture. VTB Bank implemented over 200 Lean projects in 2018, including Document Storage and Processing, a system that spans the Bank and its

In 2018 VTB Group companies were also increasingly switching towards a more efficient use of energy resources, including replacing fluorescent bulbs with LEDs, optimising space utilisation, using double-sided printing, reducing paper-based correspondence and using energy-saving advertising billboards.

In 2018 VTB Capital had its ISO 14000 certificate of compliance reissued by OSG Records Management, Ltd. This document confirms that VTB Capital carries out destruction and processing of paper-based correspondence.

The measures taken in 2018 resulted in the reduced consumption of electricity, water, paper and fuel across VTB Group, both in absolute and percentage terms.



branches and allows employees to process and sign certain documents electronically rather than print a hard copy. This helps reduce printed output by 99%, leaving only 1% that must be kept as hard copies as required by law. Recognising the need for introducing staff to new advancements in the area of process optimisation and cost reduction, 400 employees of Operations Support Department took relevant training in 2018.

VTB Group companies are promoting environmental awareness and stewardship among its staff and local communities. Each year VTB delivers a large number of environmental initiatives, which adjacent to our daily work and which enjoy increasing involvement of the Group's employees. For example, in 2018 Post Bank continued its tree-planting campaign, Plant a Tree as a Gift²⁸, and VTB Bank, for the second year in a row, supported Basketbottle, a campaign, initiated by VTB United League to collect plastic waste at basketball matches.

VTB Bank has ambitious environmental goals for 2019. Among key priorities are improving indoor space utilisation in server rooms and reducing electricity consumption by replacing fluorescent lights with LEDs.

²⁸ For details, see Section 3 hereof.

Resource savings by VTB Capital in 2018



220
trees saved



25,800 kWh
of electricity saved



387,000 litres
of fresh water saved

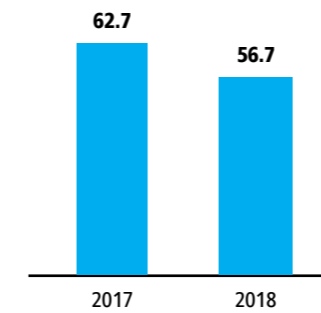


12,900 kg
of paper recycled

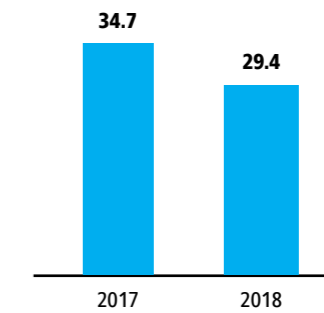
Resource consumption and greenhouse gas (GHG) emissions by the Group in 2017-18

Indicator	2017	2018	Change, %
Total electricity consumption, thousand MWh (√)	241.8	262.9 ▲	9
Total fuel consumption, thousand litres (√)	4,741	4,514 ▼	-5
Paper consumption, tonnes (√)	4,240	4,448 ▲	5
Direct GHG emissions, tonnes of CO2 equivalent	11,208	15,839 ▲	41
Indirect GHG emissions, tonnes of CO2 equivalent	171,435	186,394 ▲	8

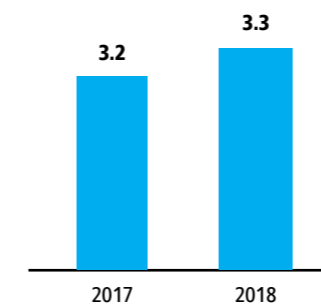
Fuel (petrol and diesel) consumption by the Group, litres/employee per year, 2017-2018



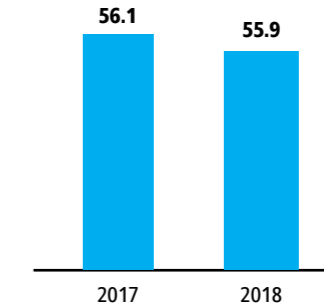
Water consumption by the Bank, thousand litres/employee per year, 2017-2018



Electricity consumption by the Group, MWh/employee per year, 2017-2018



Paper consumption by the Group, kg/employee per year, 2017-2018





4

VTB FOR SOCIETY

VTB contributes a lot to social wellbeing and regional economic development




500

thousand people visited exhibitions sponsored by VTB



4.3

million Velobike bicycle rentals throughout the year



VTB makes an important contribution to the nation's welfare and economic stability of Russia's regions, caring for social and economic development, supporting cultural traditions and working to preserve natural environment in the regions where it has a presence.

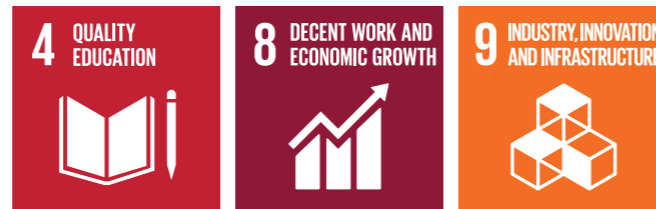


To make its charity and sponsorship activities more effective, VTB rethought its former approach involving social projects in 11 different areas and focused on six target programmes in 2018:

Fit nation
(promotion of professional sports a healthy lifestyle)



Educated nation
(contribution to education and science)



National traditions and patriotism
(support for foundations, religious organisations, veterans and people with disabilities)



Business nation
(involvement in business communities, fora and conferences)



Cultured nation
(partnership with theatres and museums and support for culture at large)



Healthy nation
(support for health care and environmental initiatives)

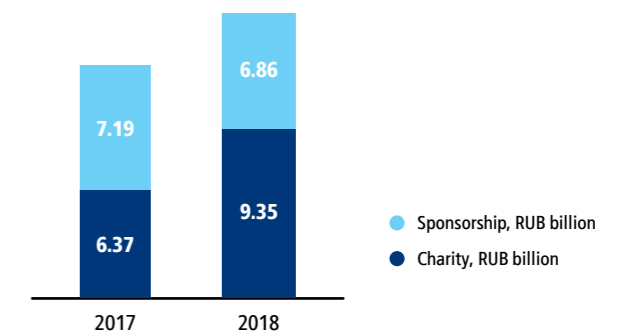


VTB also has a subgroup of strategic projects (long-term projects of national significance). In 2018, for example, partnership with Dynamo was designated as a strategic project aimed at the development of sports infrastructure, support for team involvement in competitive events and comprehensive support for the organisation as a whole. The Bank has been the general sponsor of the Dynamo Moscow Football Club since 2009 and the general sponsor of the Dynamo Hockey Club since 2010. Along with its support for these clubs, the Bank is committed to VTB Arena Park, a major investment project involving complete reconstruction of the Central Dynamo Stadium and its grounds. The stadium complex, designed for over 26,000 football fans and 33,000 concert visitors, opened in December 2018.

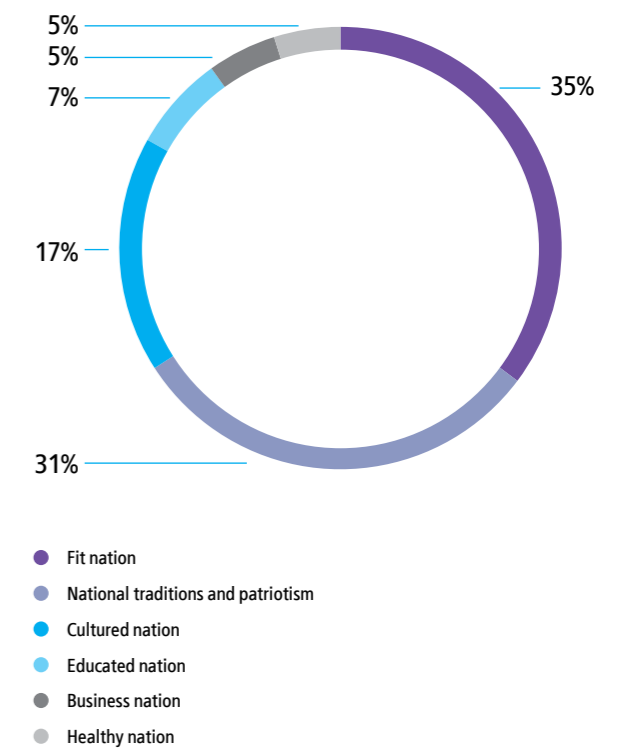
Programme accounting, in addition to delivering on VTB's goals, helps the Group companies organise their charity and sponsorship activities and pool their efforts to achieve the UN Sustainable Development Goals.

In 2018 the Group's charity spending totalled RUB 9.4 billion (√), a 42% increase. Traditionally, the greater part of VTB Group's social projects has been realised by VTB Bank. In 2018 the Bank spent a total of RUB 16.1 billion on 164 projects, of which charity projects accounted for 59% and sponsorship projects totalled 41%.

VTB Bank's spending on charity and sponsorship



VTB Bank's spending on charity and sponsorship by area in 2018²⁹



²⁹ Excluding strategic projects.

4.1 FIT NATION

VTB's Fit Nation programme involves support for professional sports and a healthy lifestyle in regions where the Group has a presence.

Support for professional sports

In 2018 VTB Bank supported five professional sports federations: International Gymnastics Federation (FIG), Russian Gymnastics Federation, Russian National Volleyball Federation, Russian Rowing Federation and Russian Judo Federation.

VTB Bank continued its sponsorship of KAMAZ Master Rally Team. The team celebrated its 30th anniversary in 2018 and triumphed for the 15th time at the 40th 2018 Dakar Rally in Argentina, which brought together teams from 54 countries. Each year the team takes part in Silk Road Rally since the rally got under way in 2009, being the first on the finish line for the seventh time in 2018.

In 2018 KAMAZ Master team, VTB Bank and Gazprom observed a five-year partnership on gas-fuelled KAMAZ, a special sport truck that uses natural gas – EcoGas – as a motor fuel. Natural gas gives the truck better competitive performance, reduces fuel consumption and improves engine stability. Emissions of gas-fuelled engines also have lower pollution levels, with entirely lead-free exhaust. Transition to gas fuel helps in the fight against global warming, improves

air quality and reduces noise pollution. In 2018 a new modification of gas-fuelled KAMAZ with a 16-liter engine and third-generation gas equipment was unveiled, and the truck successfully completed seven stages of Silk Road Rally – a distance of around 3,500 kilometres.

In 2018 VTB Bank supported such notable sports events as:

- VTB Kremlin Cup Tennis Tournament, attended by over 81,000 fans;
- Formula One Russian Grand Prix, which drew over 150,000 spectators;
- VTB United League Basketball Tournament (2018/2019 season)³⁰;
- a number of competitions held jointly with International Gymnastics Federation, whose athletes won nine gold medals in 2018;
- Russia's national volleyball team won the first round in the Nations League in the framework of cooperation with Russian Volleyball Federation;
- an international basketball tournament involving VTB Cup student teams from 15 countries.

VTB Kremlin Cup Tennis Tournament

The 29th VTB Kremlin Cup Tennis Tournament, once again supported by VTB Bank, drew over 81,000 spectators – 4,000 more than the year before. The Bank sponsored a special action enabling Moscow residents with social cards as well as students with ID and holders of complimentary tickets to attend the first matches free of charge.

In 2018 VTB Bank (Georgia) continued its active support for high-performance sports, including VTB Cup International Gymnastics Tournament, qualification round of VTB Equestrian World Cup and Zuka Cup Mini Water Polo Tournament in Honor of Zurab Sakhelashvili.

In 2018 VTB Bank (Belarus) supported Dynamo Minsk Football Club, Belarus Federal Table Tennis Federation and Belarusian Basketball Federation while VTB Bank (Armenia) financed the bid of Vardan Davtyan, a many-time winner of European armwrestling and weightlifting contests, in the World Armwrestling Championship.



A charity initiative in cooperation with Central Federal District's Foundation for Disadvantaged Children and Families and Gift of Life Foundation gave 380 children from orphanages and boarding schools as well as tennis club members an opportunity to attend the tournament.

Support for amateur sports and physical fitness

Alongside our support for high-performance sports, the Group companies never cease to promote a healthy lifestyle.

In Moscow, VTB Bank is committed to enhancing city infrastructure so that more city residents and visitors enjoy healthy leisure time.

Since 2013 VTB Bank has been a partner of Velobike, an initiative to promote fitness, reduce traffic and carbon emissions by encouraging the use of alternative transport.

³⁰ A collaborative effort of VTB Bank and the Russian Basketball Federation launched in 2008.

In 2018 VTB Bank sponsored traditional cycling events: Autumn Veloparade (35,000 cyclists), Moscow Veloparade (over 30,000 cyclists) and Night Veloparade (20,000 cyclists).

Skating is not only a favourite pastime for Russia's residents, but also a symbol of Christmas and New Year holidays. In 2018, for the first time, VTB Bank supported the opening of several ice rinks in Moscow: in Gorky Park and Sokolniki Park, State Department Store's rink on Red Square and the rink at National Economic Achievements Exhibition. Opening ceremonies impressed with colourful shows, fairs and master classes.

Post Bank, keeping up with the times, was active in promoting eSports in 2018. The bank was the general partner of Cybersport Russia Cup and in August announced that it would work with Russian eSports Federation on a long-term initiative to develop eSports in Russia.

VTB Bank (Georgia) also makes an important contribution to the development of amateur sports, supporting 2018 Great Batumi Night Race, an international half-marathon that drew 800 runners from 32 countries. The final stage of School Olympics was held in 2018 with the bank's support, and the winning schools in seven sports were announced: badminton, table tennis, basketball, handball, volleyball, running and indoor football. Around 100,000 young people from 1,700 schools took part in this competition.

VTB Bank (Armenia) supported a number of amateur competitions in 2018, including VTB League Football Competition for Government Employees, Fourth Chess Tournament for Mass Media and Second International Football Competition for Journalists.

Velobike 2018 in figures



23,300
daily bicycle rentals



430
bicycle stations



4.25 million
annual bicycle rentals



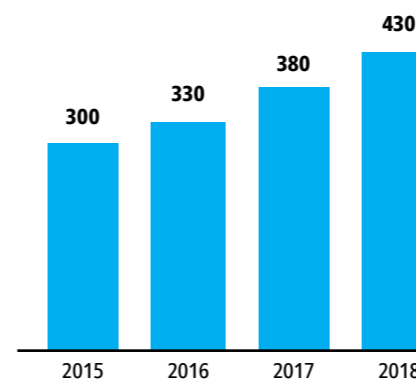
4,300
bicycles



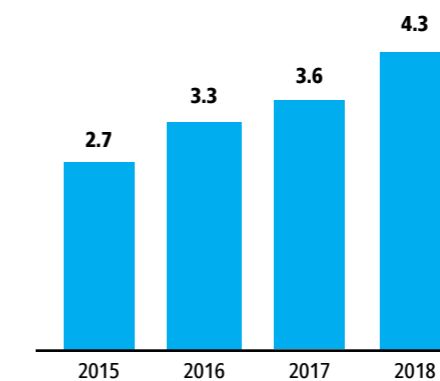
340,000
users

VeloBike since 2015

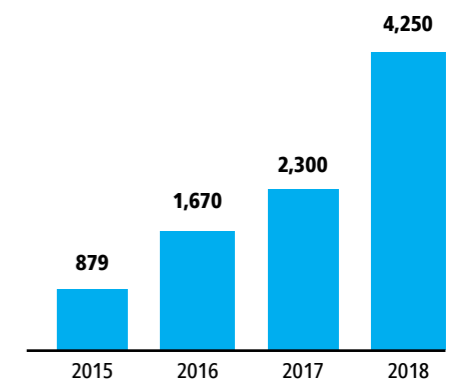
Number of bicycle stations, thousand



Number of bicycles, thousand



Number of bicycle rentals, thousand



4.2 NATIONAL TRADITIONS AND PATRIOTISM

The Group's National Traditions and Patriotism Programme involves support for patriotic and religious organisations as well as foundations and associations of service members, veterans and their widows. The purpose of such projects is to inspire patriotism and interest for the nation's history, restore and strengthen moral values, ensure peace and security.

VTB Bank sponsored two historical films about Great Patriotic War:

- wartime drama "Invincible" based on a true story of heroism of a KV-1 tank crew;
- "Sobibor" which tells a story of prisoners who ventured to escape from Nazi death camp in occupied Poland.

VTB also supports cultural and educational events as part of its efforts to promote national traditions and patriotism. In 2018, for example, we supported events which celebrated Moscow City Day and Cosmonautics Day.

TV series "Godunov"



VTB Bank sponsored "Godunov", a big-scale historical series which explores one of the most complex and controversial periods in Russia's history – from the reign of Ivan the Terrible to the crowning of Mikhail Romanov. The series centres on the fate of the Godunov family: Tsar Boris Godunov and his wife, sister and daughter. With the

first season shown on TV in November 2018 followed by the second season in March 2019, "Godunov" became largely popular and got to the top in terms of audience size.

Moscow City Day in figures



27
parks took part in the celebrations



80
museums and galleries opened their doors free of charge



>2,000
venues throughout the city



10 million
people attended holiday events

To preserve Russia's moral traditions, the Bank provided charitable assistance to many religious organisations in 2018, including Valaam Monastery, Moscow Patriarchate, New Jerusalem Monastery, Nizhny Novgorod Eparchy of the Russian Orthodox Church and Resurrection Foundation.

VTB Bank supported numerous Russian organisations promoting public awareness and civic initiatives, including Social Research Expert

Institute, Centre for Youth Initiatives, Russian Union of Free Youth and Creation Charitable Fund for Civic Initiatives.

VTB Bank is also committed to helping people in difficult life circumstances, assisting families of soldiers who died and paying benefits to women who lost their husbands in military operations.

4.3 CULTURED NATION

VTB contributes to preserving and promoting the country's cultural values, encouraging a common cultural space, raising cultural awareness among different members of Russia's society and to supporting multicultural traditions of people in regions where we work.

VTB supports exhibitions in major museums and art galleries, musical performances, theatrical productions, films, TV programmes and books.

In 2018 the Bank expanded its partnership with prominent theatres, including Bolshoi, Mariinsky Theater, Pyotr Fomenko Workshop, Boris Eifman State Academic Ballet Theatre, Taganka Theatre, Chekhov Moscow Art Theatre, Vakhtangov Theatre, Griboyedov Russian Drama Theatre (Tbilisi) and others.

In 2018 VTB Bank supported the following major events in the country's musical life:

- a premiere of Gioachino Rossini's opera *Viaggio a Reims* on the historic stage of Bolshoi Theatre;
- a performance of MusicAeterna Ensemble, directed by Teodor Currentzis, at Tchaikovsky Concert Hall;
- annual Dmitri Shostakovich Awards for contributions to international musical culture, established by Yuri Bashmet International Charity Fund;
- 13th Kaliningrad City Jazz Festival, in top ten

best open-air events according to Russian TurStat Agency.

A new sponsorship initiative was an immersive theatrical performance called "Dinner with a Classic. Anton Chekhov." In this new genre of theatrical art, which has become increasingly popular in recent years, audience can interact with actors and in a way lead the course of the overall performance.

In addition to organising exhibitions and cultural events, the Bank works with museums to renovate their expositions. In 2018, thanks to our support, major restoration work on a church pavilion of Grand Menshikov Palace in Peterhof Museum-Reserve was completed, and the pavilion was officially opened.

Given a pivotal role that television plays in modern societies, VTB Bank makes consistent efforts to develop this strategic sector. In 2018 VTB continued support for Russia-Culture and Russia-1 TV channels, including Bluebird Competition for talented children. With VTB's support, the First Channel premiered documentary called "Unfasten Your Seatbelt for Good" to observe the 100th anniversary of Alexander Galich birth, and showed a special musical programme in his honour.

Exhibitions supported by the Group in 2018

Exhibition	Museum	Exhibited	Visitors
VTB Bank (PJSC)			
Vasily Vereshchagin	State Tretyakov Gallery	Over 100 paintings and 130 works of graphic art	320,000
Expressionism in Russian Art	State Russian Museum	Over 350 paintings and sculptures from the 1900s-1930s	150,000
Picasso and Khokhlova	Pushkin Museum of Fine Arts	Over 200 items	125,400
Kuzma Petrov-Vodkin: For the 140th Anniversary of His Birth	State Russian Museum	Over 220 paintings and works of graphic art	120,000
Isaac Levitan and Auteur Cinema	Jewish Museum and Tolerance Center	Over 30 landscapes by Isaac Levitan	47,700
Swaddling, Bandaging and Wrapping in Art	Mikhail Chemiakin Center	600 images from ancient times to the present	4,700
An exhibition devoted to Mikhail Chemiakin's Leningrad period	Mikhail Chemiakin Center	50 works by Mikhail Chemiakin from the 1960s	2,500
Exhibition Geography	Mikhail Chemiakin Center	Works by the artist as well as exhibition catalogues and reviews	894
VTB Bank (Georgia)			
Titian, Master of Colour: Madonna and Child	National Museum	The painting Madonna and Child	
Masters of the Renaissance Graphic art	National Museum	45 works of graphic art from the Royal Library of Turin	7,400
Evidence: A New State of Art	National Museum	Works of contemporary Italian art	
Michelangelo and the Sistine Chapel	Dimitri Shevardnadze National Gallery	Pencil sketches by the painter and sculptor as well as video images of his frescoes	5,200
The School of Bernini and the Roman Baroque	Dimitri Shevardnadze National Gallery	Masterpieces from the Palazzo Chigi of Ariccia, Rome	4,700
Exhibition of works by Nina Peri: "It's Their Time"	Zurab Tsereteli Museum of Modern Art	Portraits of English King Henry VIII and His Wives	2,400
VTB Bank (Belarus)			
Open-air projects: "The Artist and the City" and "A Gallery for Everyone"	Vitebsk, Minsk and Novopolotsk	Works of Belarusian artists	Over 2,500,000

One of the most important cultural tasks facing societies is preservation and promotion of literary heritage. For the last seven years, VTB Bank has been involved in a project to translate Russian classics into Vietnamese and works of contemporary Vietnamese

writers into Russian. Also with the Bank's support, Lewis Carroll's "Alice Through the Looking Glass" was published in 2018 in the Classics of World Literature series.

4.4 EDUCATED NATION

Good education lays the groundwork for improvements in people's lives and sustainable development.

Within our Educated Nation Programme, VTB Group companies strive to raise quality of financial and economic education, improve school and university infrastructure, develop scientific potential and cutting-edge technologies, and improve financial literacy of the public.

In 2018 VTB Bank continued partnership with leading Russian universities, including Moscow State Institute of International Relations, Higher School of Economics National Research University, St. Petersburg State University, Far East Federal University, Moscow Architectural Institute, Russian

Institute of Theatre Arts and many others..

Since 2016 Financial University under the Government of the Russian Federation has been running Department of Bank Automation and Information Technologies which was designed to improve the quality of education in this area and to provide the Bank with a pool of highly qualified professionals.

Post Bank and Bauman Moscow State Technical University held a competition designed to support talented students by

Management of the Future

A highlight of the Bank's collaboration with St. Petersburg State University in 2018 was the latest Management of the Future conference, where students were introduced to CEOs of major Russian companies and top business experts. The conference explored digital economy and innovation, social entrepreneurship, corporate digital transformation,



women empowerment and success stories. We received around 3,000 applications in the reporting year and selected, after rigorous screening, 100 students who got the chance to be part of this project.

giving them a chance to present and defend their projects and, on top of that, to put them into practice at Post Bank.

Another focus of VTB's social efforts is the development of scientific potential, support for young scholars and assistance in researching, testing, refining and implementing innovative technologies. In 2018, for example, VTB Bank supported such institutions as the Russian Geographical Society and Innopolis, the first Russian university to specialize in IT and robotics. In addition to teaching, Innopolis has 12 laboratories and 8 research centres that are actively involved in research. In 2018 the Bank also supported the Valdai International Discussion Club. Over the years, this club has won worldwide recognition as a venue for dialogue between top Russian and global experts. Over a thousand members of the international

scientific community from 71 countries have taken part.

To develop the banking sector and raise public awareness of VTB's products and services, Group companies support and organise events to improve general financial literacy.

In addition to teaching schoolchildren and university students, the Group companies contribute to encouraging correct attitude towards finance among preschool and primary-school children. Play zones in career cities are among the most effective forms of communication. These interactive museums introduce children to the basics of different careers and measure their flair for particular professions. VTB has a theme zone in Kidburg Career City, and Post Bank has its own in KidsCity.

Select events on improving public financial literacy by VTB Group banks in 2018

Initiative	Group company	Target audience	Key results in 2018
World-Changing Finance Winter Financial Retreat	VTB Bank	Finalists of I'm a Professional Olympiad	Some 100 participants from 33 Russian regions
A series of seminars to improve children's financial literacy	VTB Bank	School-age children	A series of seminars for children from 12 regions
Kidburg Career City	VTB Bank	Children of school and preschool age	Over 920,000 children visited centres supported by VTB Bank
FINFAIR 2018: a financial solutions fair	VTB Capital Investments	New and experienced investors	Talks by over 120 speakers and more than 80 events
Events during the Fifth Russian Savings Week	Post Bank	Russia's adult population	Over 1,800 events in 300 localities across Russia, drawing 55,000 participants
Events during the Fourth Financial Literacy Week for Children and Young Adults	Post Bank	School-age children, university students and parents	Over 1,200 events, for which Post Bank was awarded by Russia's Ministry of Finance
	VTB Bank (Belarus)	School-age children	Events in 17 cities of Belarus with some 500 participants

Fourth Financial Literacy Week for Children and Young Adults

In 2018 Post Bank was a partner of the Fourth Financial Literacy Week for Children and Young Adults, during which Bank employees held over 1,200 events, including:

- “Five Pieces of Advice to Myself: How to Build a Successful Future,” an essay contest on the intelligent management of personal finances;
- an online seminar for parents, “National Parents’ Meeting on Financial Literacy”, and a webinar, “Advantages of Bank Mobile Apps for Children”;
- a tour of the Moscow headquarters to give children an idea of what the bank’s various divisions do, how



bank products are developed, how ATMs and POS terminals work and much more;

- Distribution the On Money newspaper, published jointly with Russia’s Ministry of Finance, at the bank’s customer centres;
- “Post Finquest,” a financial literacy quest to teach children in grades 8-11 about Moscow’s financial and economic history through an exploration of the city’s old business streets.

4.5 BUSINESS NATION

VTB believes in productive collaboration between Russian business and global investors. Direct dialogue enables Russian companies to achieve strong results on global markets and enables foreign companies to operate effectively in Russia. By participating in major fora, Group companies promote international cooperation and investments in Russia’s economy.

The Group strives to develop Russia’s financial system and enhance its business reputation by participating in fora and conferences and by playing an active role in industry associations and business communities.

The “Russia Is Calling” Forum, held for the 10th time in 2018 with support of VTB Capital, is an event of prime importance for the development of Russia’s investment potential. At the forum, over 2,500 guests discussed economic growth, monetary policy, and how to make the Russia’s economy more competitive and how to increase mobility of resources, as well as key economic growth drivers and risks faced by investors, companies and society.

In 2018 VTB Capital continued tradition of holding a

business breakfast at the World Economic Forum in Davos. The event’s theme this year was “Laying the Foundations and Lifting Restrictions to Promote Global Economic Growth.” It was attended by more than 70 business leaders from over 15 countries, including the US, the UK, Turkey, India, France, China and Switzerland.

VTB positions itself as a leader in the field of innovative financial technologies and takes an active part in discussions and events on that topic. VTB Bank held a roundtable for clients in cooperation with Association of Corporate Treasurers called “FinTech and Blockchain Technologies for the Corporate Sector.” It explored legal framework for digital technologies and the current status of the relevant draft laws.

Corporate FinTech accelerator based on GenerationS



In 2018 VTB Group launched a corporate FinTech accelerator based on GenerationS – the largest startup accelerator in Russia and Eastern Europe. The idea behind it is to find and develop technology projects with solutions

that can be implemented in VTB Group companies. Applications have been received from 190 startups that work in 33 cities in Russia, Finland, Canada, Georgia, Armenia and Belarus.

Key events supported by VTB Bank in 2018

Event	Dates	Purpose	Results
Russian Investment Forum	15-16 February Sochi	Development of the financial sphere	<ul style="list-style-type: none"> ● 55 events ● 896 representatives of the Russian business community, 204 representatives of foreign companies. ● 538 agreements worth a total of some RUB 794.057 billion
Russian-Lebanese Business Forum	18-20 April Beirut	Promotion of international cooperation	<ul style="list-style-type: none"> ● Meetings between the Russian delegation and Lebanese prime minister Saad Hariri as well as the Lebanese foreign minister and ministers of economics and tourism ● Talks on cooperation in the sectors of machine-building, aerospace, agriculture, pharmaceuticals and tourism
St. Petersburg International Economic Forum	24-26 May Saint-Petersburg	Promotion of international cooperation	<ul style="list-style-type: none"> ● 593 agreements worth a total of RUB 2.625 trillion ● Eight agreements between the Bank and regional leaders
International Financial Congress	6-8 June Saint-Petersburg	Development of the financial sphere	<ul style="list-style-type: none"> ● Over 1,200 participants and journalists from Russia and 41 other countries
International Moscow Urban Forum	17-22 July Moscow	Industry event	<ul style="list-style-type: none"> ● 30 official delegations, 300 speakers ● 70 events in the business program
Sixteenth International Banking Forum: Russian Banks: The Twenty-First Century	5-8 September Sochi	Development of the financial sphere	<ul style="list-style-type: none"> ● Over 500 participants and over 60 media representatives
Third Moscow Financial Forum	6-7 September Moscow	Development of the banking sphere and national financial and economic policy	<ul style="list-style-type: none"> ● Held for the first time in a two-day format ● 3,000 delegates ● Two plenary sessions and 26 topical discussions ● Recognition of outstanding financial professionals in 15 categories
Eastern Economic Forum	11-13 September Vladivostok	Promotion of international cooperation	<ul style="list-style-type: none"> ● Over 100 business events ● 6,000 delegates and 1,400 media representatives from 60 countries ● 220 agreements worth a total of RUB 3.108 trillion
Finopolis Forum of Innovative Financial Technologies	17-19 October Sochi	Development of the financial sphere	<ul style="list-style-type: none"> ● 1,400 participants from 37 countries ● 3 plenary discussions, 12 section discussions, 3 roundtables and 7 open lectures

4.6 HEALTHY NATION

Promoting a healthy lifestyle and helping people of all ages to flourish are fundamental to sustainability. Efforts must be intensified to fully eradicate a wide range of illnesses and solve a wide variety of problems in the field of health care. Financing is needed not only for treatment, but also for research, infrastructure, access to medical services and education to help raise awareness about air and water pollution.

VTB Group provides assistance to medical institutions (including support for treatment, renovation and landscaping, purchases of equipment and parts, and events organisation) and contributes to environmental conservation.

In 2018 VTB Bank worked actively with a variety of medical institutions and charitable organisations and marked the 15th anniversary of its corporate charity programme "A World Without Tears", whose mission is to support paediatric health care in the Russian Federation. The Bank provided assistance to 24 children's hospitals throughout Russia during the year. For 10 years VTB Bank (Belarus) has run "A World Without Tears" to finance purchases of equipment, medicines and other materials for paediatric facilities and children's hospitals around the country as well as organising holidays for children.

VTB Bank not only has long-term assistance programmes for medical institutions and charitable funds, but also makes donations to support their core operations. Organisations that the Bank worked with in 2018 include Lighthouse, Happy Old Age, So-Edinenie Fund for the Vision and Hearing Impaired, International Cardiology Clinic and Dmitry Rogachev National Research Centre of Paediatric Haematology, Oncology and Immunology.

VTB Bank (Azerbaijan) celebrated International Azerbaijani Solidarity Day and the New Year by holding a charity concert for children from Special Boarding School No. 5. Celebrities performed alongside children from the school.

The second key priority for VTB's Healthy Nation Programme is biodiversity and conservation, since environment protection and promotion of environmental principles are an essential part of

During 15 years of support for medical institutions, "A World Without Tears" programme provided assistance to over 100 children's hospitals across Russia.

Dmitry Rogachev National Research Center of Pediatric Hematology, Oncology and Immunology



In 2018 VTB Bank continued to provide financial support for Dmitry Rogachev National Research Centre, Europe's largest specialised centre of paediatric haematology, oncology and immunology. Money was allocated to Doctors, Innovations and Science for Children Endowment Fund, whose central purpose is sustainable financing of research and clinical trials. The fund supports innovative, breakthrough methods and technologies for the treatment of children's cancer and other serious illnesses, raises money for research and holds lectures,

seminars, training courses and conferences. The fund has made it possible for Dmitry Rogachev Centre, a driving force in developing paediatric haematology and oncology in Russia, to develop and implement the most advanced techniques. Thanks to cutting-edge technologies, over 80% of patients enjoyed full recovery, including those with ailments previously regarded as incurable.

encouraging public health. VTB efforts in this area fall into two major areas: support for populations of big cats and nature conservation in Russia's Arctic.

For many years the Bank has been active in developing Russia's Arctic, including acting as the Russian Executive Agency for the Arctic Council Project Support Instrument.³¹ In 2018 VTB Bank was an official partner of the Eighth International Forum "The Arctic: Today and Tomorrow." It provided insights into how Russia's Arctic should be developed, how to raise awareness of the Arctic natural world among younger generations and how to promote volunteer work. The Forum

also explored cumulative environmental damage, biodiversity, thawing permafrost, ways of improving the lives of indigenous peoples, etc.

Since 2016 VTB Ecology has worked with World Wildlife Fund (WWF) on a five-year project to raise funds for the conservation of rare species of big cats in Russia: tigers, leopards and snow leopards. In three regions of Russia (the Far East, Altay-Sayan and the Caucasus), studies are under way to obtain valuable new data on cat populations, technical support is provided for specially protected areas inhabited by big cats, and anti-poaching brigades are equipped.

Efforts continued in 2018 to renew the fleet of vehicles needed to inspect the territory of the Amur tiger and protect its wildlife. As a result of this conservation project, cat populations have grown 25%, and the big cats are no longer threatened with extinction.

To help preserve biodiversity, VTB has worked for a number of years with Amur Tiger Research and Conservation Centre on a project to preserve and increase the population of the Amur tiger.

Size of big cat populations in Russia in 2012-18³²

Amur tiger



Persian leopard



Amur leopard



Snow leopard



Photo exhibition "Snow Leopards and the Heroes Who Protect Them"



In October, when the world observed International Snow Leopard Day, the Bank and the World Wildlife Fund (WWF) sponsored the photo exhibition called "Snow Leopards and the Heroes Who Protect Them." It illustrated the life of snow

leopards (ounce) and revealed the secrets and challenges involved in studying and preserving these big cats. The exhibition ran for a month at Pulkovo Airport in St. Petersburg before moving to the Altai Republic on 23 October.

³¹ For details, see the section "VTB for customers".

³² Statistics of the World Wildlife Fund (WWF) The Bank has supported the project since 2016.

5 APPENDICES

5.1 ABOUT THE REPORT

This 2018 VTB Group Sustainability Report (hereinafter referred to as "Report") is the 11th 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 for employees, customers, shareholders, investors, local communities and non-profit organisations. 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 two criteria: control over the

entities' activities (more than 50% of voting shares held by VTB Bank) and/or importance in terms of the entities' economic, social and environmental aspects.

VTB Group companies falling within the scope of the Report

Country	Full name	Type of business	VTB Bank's ownership interest at 31 December 2018
Russia	VTB Bank (PJSC)	Bank	-
	CJSC Holding VTB Capital ³⁴	Finance	100%
	PJSC Post Bank	Bank	n/a
	HALS-Development PJSC	Real estate	99,69%
	JSC VTB Leasing	Leasing	100%
	VTB Factoring, Ltd.	Factoring	100%
	JSC NPF VTB Pension Fund	Pension fund	100%
	CJSC VTB Specialized Depository	Non-bank custodial institution	100%
	LLC VTB DC	Finance	100%

³⁴ Including the subsidiaries CJSC VTB Capital and VTB Capital plc.

Country	Full name	Type of business	VTB Bank's ownership interest at 31 December 2018
	CJSC MC Dynamo	Real estate	25%
	LLC VTB Real Estate	Real estate	100%
	CJSC VTB Registrar	Registrar	100%
	VTB Insurance, Ltd.	Insurance	n/a
CIS and Georgia	Subsidiary Organisation 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 (Europe) SE	Bank	99,39%
Asia and Africa	Banco VTB Africa, SA (Angola)	Bank	49,9%

The financial information on VTB Group is presented herein as stated in VTB Bank's consolidated financial statements as of 31 December 2018, prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise indicated.

Approach to determining material topics

The 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 specific nature of reporting systems and difficulties in collecting relevant information across the Group.

The Report is prepared in accordance with GRI Sustainability

Reporting Standards (hereinafter referred to as GRI). To comply with GRI Standards, VTB Group identified material topics to be covered in this Report.

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 according to the GRI Standards. However, this Report addresses some of them, since they may be important to stakeholders.

To ensure the quality of the Report, the Group followed the principles of balance, comparability, accuracy, timeliness, reliability and clarity, as defined in the GRI Standards.

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

Procedure for identifying material topics for inclusion into the 2018 Sustainability Report

step 1 Identifying all material topics

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

step 2 Prioritising material topics

To identify the importance of each material topic, a survey was conducted among employees, top managers, non-profit organisations, investors and partners.

step 3 Developing a materiality matrix

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

step 4 Validating material aspects

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

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

The Bank engages external experts to conduct the 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, billion RUB	These refer to charitable contributions made by the Group companies (within the scope of VTB Group's audited IFRS consolidated financial statements) in the reporting period. In cases where charitable donations were made in foreign currencies, they were converted into rubles using the average exchange rate of the Bank of Russia for the year.
Number of sales offices including number of sales offices in under-populated and economically underdeveloped regions of Russia, pc	The number of sales offices is determined by summing the offices of Group banks, excluding retail desks and POS terminals. Sales offices in underpopulated and economically disadvantaged regions are those located in regions with lower levels of population density (less than 50% of Russia's average) and lower levels of income per capita (less than 65% of Russia's average), according to state statistics reports.
Electricity consumption, thousand MWh	This refers to electricity consumption by all companies of the Group (within the scope of the Report except JSC NPF VTB Pension Fund and VTB Bank (Europe) SE since it was not possible to collect the necessary data) in the reporting period.
Paper consumption, tonnes	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 tonnes. 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 litters	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 held in inventory.
Average headcount	Average headcount is determined by summing the number of employees of Group companies in each calendar day of the reporting period, including weekends and holidays, and dividing this sum by the number of calendar days in the month. Average headcount in the reporting period is determined by summing the average headcount 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 to take entrance exams to be admitted to an educational institution.
Accident frequency rate	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.

5.2 MEMBERSHIP IN BUSINESS ASSOCIATIONS

VTB Group company	Business association
VTB Bank	American Chamber of Commerce in Russia (AmCham)
	Asia-Pacific Economic Cooperation Business Advisory Council
	SME Corporation
	London Bullion Market Association
	International Capital Market Association (ICMA)
	International Chamber of Commerce (ICC)
	National Council on Corporate Governance (NCCG)
	Russian Union of Industrialists and Entrepreneurs (RSPP)
	Climate Partnership of Russia
	National Securities Market Association (NSMA)
CIS Financial and Banking Council (FBC)	
Russian Managers Association	
VTB Factoring	Association of Factoring Companies (AFC)
	Factors Chain International (FCI)
VTB Pension Fund	National Association of Non-Governmental Pension Funds
VTB Capital	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)

VTB Group company	Business association
VTB Registrar	National Securities Market Association (NSMA)
	National Settlement Depository
VTB Specialized Depository	Russian National Association of Securities Market Participants (NAUFOR)
Post Bank	Russian Managers Association
	Association of Taxpayers in Kazakhstan
VTB Bank (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 Bank (Azerbaijan)	Azerbaijan Banks Association
	National Confederation of Entrepreneurs of Azerbaijan Republic
	Azerbaijani-Russian Chamber of Business Cooperation
VTB Bank (Armenia)	United States - Azerbaijan Chamber of Commerce
	Union of Banks of Armenia (UBA)
VTB Bank (Belarus)	Association of Belarusian Banks
	Association of Securities Market Participants of the Republic of Belarus
VTB Bank (Georgia)	Association of Banks of Georgia
VTB Bank (Europe)	International Capital Market Association (ICMA)

5.3 ABBREVIATIONS

The key abbreviations that are used in VTB Group's 2018 Sustainability Report are listed in the table below.

Abbreviated name	Full name
AI	Artificial Intelligence
Bank, VTB Bank	VTB Bank (PJSC)
CIB	Corporate Investment Banking
CJSC	Closed joint-stock company
CSR	Corporate social responsibility
FSUE	Federal state unitary enterprise
GHG	Greenhouse gases
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
NEFCO	Nordic Environment Finance Corporation
OJSC	Open joint-stock company

Abbreviated name	Full name
PJSC	Public joint-stock company
Post Bank	PJSC Post Bank
RB	Retail Business
Report	VTB Group's 2018 Sustainability Report
RSMB Corporation	Russian Small and Medium Business Corporation
RSPP	Russian Union of Industrialists and Entrepreneurs
SDG	Sustainable Development Goals
SME	Small and medium-sized enterprises
SUE	State unitary enterprise
Supervisory Council	Supervisory Council of VTB Bank (PJSC)
UN	United Nations
VTB Bank (Angola)	VTB Bank SA Africa (Angola)
VTB Bank (Armenia)	VTB Bank (Armenia) CJSC
VTB Bank (Belarus)	CJSC VTB Bank (Belarus)
VTB Bank (Europe)	VTB Bank (Europe) SE
VTB Bank (Georgia)	JSC VTB Bank (Georgia)
VTB Bank (Kazakhstan)	Subsidiary Organisation JSC VTB Bank (Kazakhstan)
VTB Capital	JSC VTB Capital
VTB Pension Fund	JSC NPF VTB Pension Fund
VTB Registrar	CJSC VTB Registrar
VTB Factoring	VTB Factoring, Ltd.
VTB, Group, VTB Group	VTB Group (within the scope of the Report)

5.4 GRI STANDARDS REFERENCE TABLE

Indicator	Definition	Report section / notes	Report page	External assurance
GENERAL DISCLOSURES				
102-1	Name of the organisation	Appendix 5.1. About the Report Contact information	85-86 100	
102-2	Activities, brands, products, and services	Section 2. VTB for customers	23-38	
102-3	Location of headquarters	Contact information	100	
102-4	Location of operations Number of countries where the organisation operates	Section 1. About VTB Group Appendix 5.1. About the Report	9 85-86	
102-5	Ownership and legal form	Section 1. About VTB Group	85-86	
102-6	Markets on which the organisations works	Section 1. About VTB Group Section 2. VTB for customers Appendix 5.1. About the Report	9 23-24 85-86	
102-7	Scale of the organisation	Section 1. About VTB Group Section 2. VTB for customers Section 3. VTB for employees Appendix 5.1. About the Report	9 23-24,39 49 85-86	+ (number of sales offices)
102-8	Information on employees and other workers	Section 3. VTB for employees	47-49	+ (average headcount)
102-9	Supply chain	The Group's procurement policy is available on http://www.vtb.ru/group/purchases/ The procurement record for local suppliers is not kept		
102-10	Significant changes to the organisation and its supply chain	Section 1. About VTB Group Section 2. VTB for customers Appendix 5.1. About the Report	9 23-24 85-86	
102-11	Implementation of precautionary principle	The Group does not explicitly use the precautionary principle		
102-12	A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	VTB Group endorses the Banks Against Money Laundering Declaration and the Anti-Corruption Charter of Russian Business		

Indicator	Definition	Report section / notes	Report page	External assurance
102-13	Membership in associations (for example, industry associations), and/or national or international advocacy organisations	Appendix 5.2. Membership in business associations	89-90	
102-14	Statement by President and Chairman of the Board	Statement by President and Chairman of the Management Board Andrey Kostin	5-6	
102-15	Key impacts, risks, and opportunities	Section 1. About VTB Group	9-13	
102-16	Values, principles, standards, and norms of behaviour	Section 1. About VTB Group http://www.vtb.ru/group/mission/	12-13	
102-18	Governance structure	Section 1. About VTB Group www.vtb.ru	9-13	
102-35	Remuneration policies for the highest governance body and senior executives	www.vtb.ru		
102-40	A list of stakeholder groups engaged by the organisation	Section 1. About VTB Group	17-20	
102-41	Percentage of total employees covered by collective bargaining agreements	There is no collective bargaining agreement in place		
102-42	The basis for identifying and selecting stakeholders with whom to engage	Section 1. About VTB Group Appendix 5.1. About the Report	17-20 86-87	
102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	Section 1. About VTB Group Section 2. VTB for customers Section 3. VTB for employees Appendix 5.1. About the Report	17-20 39-44 58 86-87	
102-44	Key topics and concerns that have been raised through stakeholder engagement	Section 1. About VTB Group Section 2. VTB for customers Section 3. VTB for employees	17-20 43-44 47-64	
102-45	Entities included in the consolidated financial statements	Appendix 5.1. About the Report	85-86	
102-46	Defining report content and topic boundaries	Appendix 5.1. About the Report	86-87	
102-47	A list of the material topics identified in the process for defining report content	Section 1. About VTB Group	20	
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	Appendix 5.1. About the Report	88	
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	Appendix 5.1. About the Report	85-86	
102-50	Reporting period	Appendix 5.1. About the Report	85	

Indicator	Definition	Report section / notes	Report page	External assurance
102–51	Date of most recent report	Appendix 5.1. About the Report	85	
102–52	Reporting cycle	Appendix 5.1. About the Report	85	
102–53	Contact information for questions regarding the report or its contents	Contact information	100	
102–54	Claims of reporting in accordance with the GRI standards	Appendix 5.1. About the Report	86	
102–56	External assurance	Appendix 5.1. About the Report	98–99	
Management approach				
103–1	Explanation of material topics and their boundaries	Section 1. About VTB Group	20	
103–2	The management approach and its components	Section 1. About VTB Group Section 2. VTB for customers Section 3. VTB for employees Section 4. VTB for society	9–20 23–44 47–64 67–84	
103–3	Evaluation of the management approach	Section 1. About VTB Group Section 2. VTB for customers Section 3. VTB for employees Section 4. VTB for society	9–20 23–44 47–64 67–84	
TOPIC-SPECIFIC DISCLOSURES				
Economic category				
Economic performance				
201–1	Direct economic value generated and distributed	Section 2. VTB for customers VTB Group's consolidated financial statements together with the independent auditor's report for the year ended 31 December 2018: pp. 13-14	25–32	
201–3	Defined benefit plan obligations and other retirement plans	Section 3. VTB for employees VTB Group's consolidated financial statements together with the independent auditor's report for the year ended 31 December 2018: p. 78	55	
Indirect economic impacts				
203–1	Infrastructure investments and services supported	Section 2. VTB for customers Section 4. VTB for society	36–38 67–84	
203–2	Significant indirect economic impacts	Section 2. VTB for customers Section 4. VTB for society	25–32, 36–38 67–84	

Indicator	Definition	Report section / notes	Report page	External assurance
Anti-corruption				
205–2	Communication and training about anti-corruption policies and procedures	Section 1. About VTB Group	9–13	
Environmental category				
Materials				
301–1	Materials used by weight or volume	Section 3. VTB for employees	61–64	+(paper consumed)
Energy				
302–1	Energy consumption within the organisation	Section 3. VTB for employees	61–64	+(electric energy and fuel consumed)
302–4	Reduction of energy consumption	Section 3. VTB for employees	61–64	
Water				
303–5	Water consumption	Section 3. VTB for employees	63–64	
Social category				
Employment				
401–1	New employee hires and employee turnover	Section 3. VTB for employees (partially disclosed)	48–49	
401–2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Section 3. VTB for employees	55–56	
Labour/management relations				
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		
Occupational health and safety				
403–6	Promotion of worker health	Section 3. VTB for employees	58–60	
403–9	Work-related injuries	Section 3. VTB for employees	60	+(accident frequency rate)

Indicator	Definition	Report section / notes	Report page	External assurance
Training and education				
404-1	Average hours of training per year per employee by gender and employee category	Section 3. VTB for employees VTB Group provides an average of 55 and 66 hours of training per year per male and female employee, respectively	50	
404-2	Programs for upgrading employee skills and transition assistance programs	Section 3. VTB for employees	51-54	
Diversity and equal opportunity				
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	Section 3. VTB for employees http://www.vtb.ru/group/management/	49	
Local communities				
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Not applicable to Group financial companies. MC Dynamo organises regular meetings with FC Dynamo Moscow supporters. Hals-Development participates in public hearings on its projects.		
Financial services indicators				
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Section 1. About VTB Group Section 2. VTB for customers Section 3. VTB for employees Section 4. VTB for society	9-20 23-44 47-64 67-84	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	Section 2. VTB for customers	23-38	
FS13	Access points in low-populated or economically disadvantaged areas by type	Section 2. VTB for customers	39-40	
FS14	Initiatives to improve access to financial services for disadvantaged people	Section 2. VTB for customers	40-41	
	Charity and Sponsorship	Section 4. VTB for society	67-84	

5.5

INDEPENDENT ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INDICATORS FOR THE YEAR ENDED 31 DECEMBER 2018

Translation of the original Russian version

Independent Assurance Report¹ on selected Sustainability Indicators for the year ended 31 December 2018

To the Supervisory Council of PJSC VTB Bank

Subject matter

At the request of PJSC VTB Bank (hereinafter "the Bank") we have obtained a limited level assurance on the following seven material sustainability performance indicators disclosed in the 2018 VTB Group Sustainability Report (hereinafter "the Report") and identified in it by the symbol ✓ (hereinafter "the Indicators"):

- ▶ Number of sales offices including number of sales offices in under-populated and economically underdeveloped regions of Russia (page 39 of the Report)
- ▶ Average headcount (page 49 of the Report);
- ▶ Accident frequency rate (page 60 of the Report);
- ▶ Charitable donations made (page 68 of the Report);
- ▶ Electric energy consumed (page 63 of the Report);
- ▶ Fuel (petrol and diesel) consumed (page 63 of the Report);
- ▶ Paper consumed (page 63 of the Report).

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

Applicable criteria

The criteria of our engagement are disclosed in the chapter About the Report on pages 85-88 of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of the Bank is responsible for the preparation of the Report and for the Indicators for the year ended December 31, 2018 included in the Report are disclosed fairly in all material respects and in compliance with the criteria that are disclosed in the chapter About the Report on pages 85-88 of the Report. 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 measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

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

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

¹ Assurance Engagement Report; Assurance engagement is conducted in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000).

Page 2

Translation of the original Russian version

Summary of work performed

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

- ▶ Interviews with the managers and specialists responsible for sustainability policies, activities and sustainability performance relevant to the Indicators and preparation of relevant reporting;
- ▶ Analysis of key documents related to sustainability policies, performance and sustainability reporting of VTB Group;
- ▶ Obtaining understanding of the process of reporting on the Indicators and other engagement circumstances by reviewing the reporting process used for reporting on sustainability issues;
- ▶ Review of data samples and its collection process regarding the 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 2018 to assess whether these data have been collected, prepared, collated and reported appropriately.

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 that are disclosed in the chapter *About the Report* on pages 85-88 of the Report.

P.P. TSEBERNYAK
Partner
Ernst & Young LLC

20 May 2019

Details of the audited entity

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

Details of the auditor

Name: Ernst & Young LLC
Entered in the Unified state register of legal entities 5 December 2002 and assigned state registration number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

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