

VTB GROUP AT A GLANCE

VTB GROUP IS ONE OF THE LARGEST FINANCIAL GROUPS IN THE RUSSIAN FEDERATION AND ONE OF THE LEADERS IN THE GLOBAL FINANCIAL SERVICES MARKET. THE GROUP INCLUDES OVER 20 RUSSIAN AND FOREIGN COMMERCIAL BANKS AND FINANCIAL COMPANIES OPERATING IN ALL KEY SEGMENTS OF THE FINANCIAL MARKET.

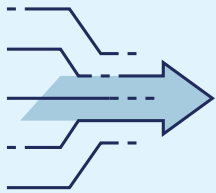
VTB Group is built on the principle of a strategic holding company



A SINGLE BRAND



**CENTRALISED FINANCIAL
MANAGEMENT AND RISK
MANAGEMENT**



**A SINGLE DEVELOPMENT
STRATEGY FOR THE GROUP'S
COMPANIES**



**UNIFIED CONTROL
SYSTEMS**

AT A GLANCE

Our values



WE VALUE OUR CUSTOMERS

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



WE WORK AS A TEAM

We respect and trust each other. We support each other and help our colleagues grow. We achieve common goals.



WE ARE RESPONSIBLE FOR OUR RESULTS

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



WE ARE PROACTIVE

We are not indifferent to what we are doing. We contribute proactively when dealing with shared tasks. We go beyond our formal duties.



WE CONTINUOUSLY IMPROVE OUR PERFORMANCE

We are open to change. We start change with ourselves. We are not afraid to experiment.

BUSINESS MODEL AND MARKET PRESENCE

The Group operates in all key segments of the financial market. Corporate and Investment Business Medium and Small Business, and Retail Business represent the Group's global business lines, specialising in servicing different customer segments.

The Group has a network that is unique for Russian banks. The Group operates outside Russia through subsidiaries and associated banks that are located in a number of countries in the CIS, Europe, and Asia, which supports the development of international cooperation and the promotion

of Russian companies in global markets. At the end of 2020, the Group's banking and investment banking business was active in 18 countries around the world.

The Group's integrated diversified business

RETAIL BUSINESS

- Loan portfolio RUB 3.8¹ trillion
- 100% of products available through digital channels

SMALL AND MEDIUM BUSINESS

- Loan portfolio RUB 1.6¹ trillion
- 636 thousand active customers²

CORPORATE AND INVESTMENT BUSINESS

- Loan portfolio RUB 7.4¹ trillion
- 21% market share for investment products of individuals (according to VTB Capital as of 31 December 2020)

Strategic development priorities 2019-2022

1

Improving
customer focus

2

Digitalising
the business

3

Developing
in the digital
economy

4

Creating
a cutting-edge
operating
platform

5

Creating
a highly effective
organisation
and culture

¹ Before provisions for loan impairment.

² Active SME customers are existing customers that have either non-zero net operating income over 12 months before the reporting date or have active salary project cards as of the reporting date.

The Group operates outside Russia through subsidiary banks located in Germany, the UK, Georgia, the Republics of Armenia, Belarus, Kazakhstan, Azerbaijan and Angola, and through representative offices located in Italy and China, as well as through VTB branches in China and India, VTB Bank (Europe) in Austria and VTB Capital branch in Singapore. The Group investment banking division also performs securities trading and financial advisory in Hong Kong, as well as investment banking operations

in Bulgaria and commodity finance services in Switzerland. In addition, the Group has an associate bank in Cyprus. In Vietnam, VTB established the Vietnam-Russia Joint Venture Bank in partnership with a local lending institution.

Stakeholder impact results in 2020

63
>63
thousand families

received RUB 198 billion in preferential mortgages under the government support programme since its launch

76
76
socially significant funds

in seven federal districts of the Russian Federation under the management of VTB Capital Asset Management JSC

No.1
No.1

on energy service factoring

354
>354
thousand families

improved their housing conditions with the support of VTB

50
>50
billion RUB

lending for environmental projects, including renewable energy

15.8
15.8.8
billion RUB

VTB was the organizer of the first Russian Green Eurobonds (issued by Russian Railways OJSC)

749
749
offices

(55% of the network) are equipped with access and service infrastructure for disabled people

33.6
33.6.6
billion RUB

volume of purchases from small and medium businesses

EVENTS AND RESULTS OF THE YEAR

VTB is focused on long-term and sustainable development and is building its business in such a way as to provide maximum contribution to social and economic development of the countries and regions where it operates, as well as to meet the expectations of its clients.

Financial results for the year

The new challenges of 2020 required significant development of VTB's business model, an increased focus on customers and their needs, as well as the acceleration of internal processes and optimisation of the Group's operating model.

Throughout the year, the Group implemented a number of reference technological transformation projects. Specifically, a target technology layer was introduced for a single omni-channel platform that allows customers to continuously use key services and products through any convenient channel (in an application, at offices, in a personal account, in a call centre, etc.), changing the way they contact the Bank easily and without restrictions.

As part of our technology transformation strategy, we continued to integrate robotised solutions and machine learning technologies into our digital services, such as the investment recommendation service in the *VTB My Investments* app. VTB also transferred the creation of all pre-approved loans and the receipt of digital credit cards in *VTB Online* to a new retail loan pipeline. The volume of applications to be processed quadrupled, while the period for calculating credit limits was cut threefold.

The Group's net income for 2020 was RUB 75.3 billion, down 62.6% year-on-year due to higher provisioning costs and negative revaluation of non-financial assets amid the COVID-19 pandemic;

Net interest income for 2020 increased by 20.7% year-over-year as a result of higher interest-earning assets and higher net interest margin;

Net fee and commission income for 2020 increased by 12.5% year-over-year to RUB 136.8 billion compared to 2019. The dynamics of net fee and commission income were supported mainly by the active growth of commissions on securities and capital markets transactions, including against the background of VTB Capital Investments' increased scale of business, as well as commissions for distribution of insurance products;

Personnel and administrative expenses amounted to RUB 269.9 billion at year-end 2020, up 6.2%, including investments in IT infrastructure as part of the digitalisation processes of the business. The Group continues to implement cost reduction and operational efficiency improvement initiatives in line with its strategy and long-term development priorities.

Key banking revenues showed steady growth

20.7%
net interest income

12.5%
net fee and commission income

The aggregate loan portfolio grew by

15%

Customer funds increased by

17%

As of 31 December 2020, **the Group's joint liabilities amounted to RUB 16.4 trillion, up 18.4%** compared to 31 December 2019.

Since the launch of the programme, VTB has issued **over 63 thousand mortgages at a discounted rate**, amounting to RUB 198 billion.

The portfolio of loans to legal entities increased by 14.9% year-to-date, mainly due to the expansion of corporate lending amid the ongoing economic recovery.

The growth of customer funds of legal entities amounted to 19.6%. The growth of customer funds of individuals amounted to 13.8%, including the growth of balances on brokerage accounts and escrow accounts used in the purchase of housing from developers.

The portfolio of loans to individuals increased by 14.6% year-to-date, mainly due to growth in mortgage lending, partially offset by a decline in auto loans.

As of year-end 2020, the Group showed **a significant increase in the share of current accounts in total customer funds**, from 25.2% as of 31 December 2019 to 40.1% as of 31 December 2020.

The Group's **mortgage portfolio increased to RUB 122.4 billion at the end of the fourth quarter**, mainly due to VTB's active participation in the government mortgage support programme launched in April 2020.

MISSION

**WE HELP
PEOPLE MAKE
THEIR PLANS
A REALITY
BY CREATING
THE BEST
FINANCIAL
SOLUTIONS.**

**WE ARE A TEAM
OF PROFESSIONALS,
WORKING
FOR THE BENEFIT
OF OUR CLIENTS
AND THE COUNTRY
AS A WHOLE.**

VISION

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

- ✓ **Universal financial group**
- ✓ **Financial partner of first choice**
- ✓ **More than a bank**
- ✓ **An agile bank**
- ✓ **Convenient, cutting-edge solutions**

STRATEGY

Directions for a new Sustainability Strategy

Strategic priorities for implementing the vision

1

IMPROVING CUSTOMER FOCUS

2

DIGITALISING THE BUSINESS

3

DEVELOPING IN THE DIGITAL ECONOMY

4

CREATING A CUTTING-EDGE OPERATING PLATFORM

5

CREATING A HIGH-PERFORMANCE OPERATING CULTURE

Financing social and environmental projects

Development of ESG funds

Providing financial products that promote green lifestyles

Engaging customers in an ESG-oriented product line

Customer stimulation to improve their sustainability performance

Deductions from credit and debit cards for environmental and social projects

Accessibility of digital services for entrepreneurs

Support in the development of superservices for public services

Accessibility and security of digital technologies for the Bank's customers

Reducing our own ecological footprint

Improving the structure and reducing energy consumption, switching to paperless document flow

Contributing to the UN Sustainable Development Goals

VTB's strategy up to 2022 and the development of the Group's responsible banking practices are integrated into the context of achieving the UN Sustainable Development Goals (SDGs).

VTB's mission, values and vision are aligned with the implementation of all 17 UN Sustainable Development Goals. In 2020, as part of preparations for the development of the VTB Group's Sustainable Development Strategy, a comprehensive analysis of various aspects of VTB's activities and their contribution to the UN SDGs was conducted. As part of this analysis, it was decided to reduce the number of priority goals from 8 to 6 in order to improve the tracking of results for the achievement of these goals and the development of target indicators for the VTB Sustainability Strategy.



THE GROUP CONTRIBUTES TO THE ACHIEVEMENT OF THE SIX PRIORITY GOALS IN THE COURSE OF ITS CORE ACTIVITIES, INCLUDING BY SUPPORTING AND PARTICIPATING IN VARIOUS PROJECTS AND INITIATIVES AIMED AT IMPROVING THE QUALITY OF LIFE IN THE REGIONS WHERE IT OPERATES, PROMOTING HEALTHCARE, SCIENCE, EDUCATION AND CULTURE, AND PROTECTING THE ENVIRONMENT.

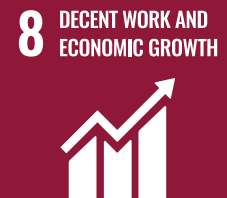
Goal 4:
QUALITY OF EDUCATION

Objective:
4.4



Goal 8:
DECENT WORK AND ECONOMIC GROWTH

Objectives:
8.2 8.3 8.4
8.5 8.10



Goal 9:
INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Objectives:
9.1 9.3 9.4



Goal 11:
SUSTAINABLE CITIES AND COMMUNITIES

Objectives:
11.1 11.4



Goal 12:
RATIONAL CONSUMPTION AND PRODUCTION PATTERNS

Objectives:
12.5 12.6 12.7



Goal 15:
TERRESTRIAL ECOSYSTEMS

Objectives:
15.5





**Goal 4:
QUALITY OF
EDUCATION**

Objective 4.4

Substantially increase the number of youth and adults with marketable skills for employment, decent jobs, and entrepreneurship

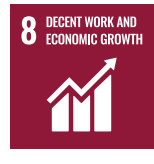
- Partnering with the Graduate School of Management at St. Petersburg State University (GSOM SPbSU);
- VTB's system of internships and grants for gifted students;
- Financial literacy and skills development programmes.

2000
higher educational establishments

in the regions of VTB's operation receive comprehensive support

654
million RUB

the scope of the *An Educated Country* global target programme



**Goal 8:
DECENT WORK AND
ECONOMIC GROWTH**

Objective 8.2

Achieve higher economic productivity through diversification, technical modernisation and innovative activities

Financing socially important industries:

- Housing construction;
- Transport infrastructure;
- Healthcare;
- Agriculture.

Modernisation and innovation in the banking sector:

- Implementation of the target technology layer of a single omnichannel platform for customers;
- Implementation of robotised solutions and machine learning technologies in digital services;
- Creation of a retail loan pipeline.

Objective 8.3

Facilitate development-oriented policies that promote productive activities, decent jobs, entrepreneurship, creativity, and innovative activities, and encourage formal recognition and development of micro, small, and medium enterprises, including by providing them access to financial services

- Active participation in the implementation of government programmes to support small and medium businesses;
- Special conditions for financing small and medium businesses;
- Development of special financial services for small and medium businesses in order to make it easier for them to operate;
- Restructuring of deals for large employers.

Objective 8.4

Ensure that economic growth is not accompanied by environmental degradation

- Responsible investing;
- Financing green industries;
- Funding for energy efficiency projects;
- Making environmental claims in project financing;
- Environmental initiatives for retail customers.

Objective 8.5

Ensure full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value

- Programmes for gender equality and inclusion in the workplace;
- Working with students and young professionals;
- Ensuring decent working conditions and social benefits for employees in all regions of operation.

Objective 8.10

Strengthen the ability of national financial institutions to promote and expand access to banking, insurance and financial services for all

- Territorial accessibility of financial services and digitalisation of banking processes;
- Making financial services accessible to people with health limitations;
- Financial literacy programmes for the population;
- Specialised products and services for socially vulnerable categories of population.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Goal 9: INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Objective 9.1

Develop qualitative, reliable, sustainable and resilient infrastructure to support economic development and people's well-being, with a focus on affordable and equitable access for all

- Financing socially important infrastructure development projects (transport, energy supply, information and communication technologies) in the regions of operation;
- Developing and implementing support for innovation in the financial sector, digitalisation of business;
- Including VTB Group in the list of the founders of Data Economy ANO.

Objective 9.4

Upgrade infrastructure and re-equip industrial establishments, making them sustainable through increased resource efficiency and the increased use of clean and environmentally friendly technologies

- Financing projects that increase the energy efficiency of production;
- Financing the construction of renewable energy sources;
- Supervising the implementation of environmental projects in the Arctic zone of the Russian Federation;
- Making environmental claims when financing major infrastructure projects.

Objective 9.3

Increase access of small industrial and other enterprises to financial services, including low-cost loans, and strengthen their integration into value chains and markets

- Specialised products and services for small and medium businesses;
- Facilitate a state support programme for small and medium businesses.

11 SUSTAINABLE CITIES AND COMMUNITIES



Goal 11: SUSTAINABLE CITIES AND COMMUNITIES

Objective 11.1

Ensure universal access to adequate, safe and affordable housing and basic services

- Financing projects aimed at providing cities of operation with new opportunities, access to various services, and sufficient power supply, housing, public transport, sports and social infrastructure (cooperation with regional and municipal authorities);
- Developing the regional network (creating jobs, investing in regional programmes).

Objective 11.4

Enhance efforts to protect and preserve the world's cultural and natural heritage

3,368
million RUB

large-scale target programme
Patriotism and a Country of Traditions



Goal 12: RATIONAL CONSUMPTION AND PRODUCTION PATTERNS

Objective 12.5

Significantly reduce the volume of waste through prevention, reduction, recycling and reuse measures

- Implementing a paperless document flow system, drastically reduce consumption of paper media;
- Optimising waste management.

Objective 12.6

Apply sustainable production practices and report information about far-sighted use of resources

- Reducing our own environmental footprint: reducing resource consumption, introducing energy-saving technologies;
- Reporting according to the GRI standard and independent certification of a number of environmental indicators.

Objective 12.7

Promote sustainable public procurement practices in line with national strategies and priorities

- Taking a responsible approach to procurement;
- Anti-corruption programmes and compliance system.



Goal 15: TERRESTRIAL ECOSYSTEMS

Objective 15.5

Restrain the degradation of natural habitats, halt biodiversity loss, ensure conservation and prevent extinction of endangered species

- Participating in the Ecology National Project;
- Functioning as the Russian Executive Agency for the Arctic Council Project Support Instrument for Arctic nature conservation;
- Financial support for the World Wildlife Fund (WWF) programme for the conservation of rare species of big cats and the Amur Tiger Centre;
- Green financing;
- Environmental initiatives for VTB's retail customers.