

Supporting small and medium businesses (SMB)

In 2020, VTB Group companies made significant efforts to provide loan support to small and medium businesses. We continued to improve the quality of service: VTB Bank accelerated the introduction of new digital solutions for our customers. An absolute majority of settlement transactions at VTB became available to small and medium businesses remotely.

The overall number of active customers¹ in the medium and small business segment increased by over 25% over 2020 to 636 thousand.

The loan portfolio of VTB Bank's SMB customers grew by 12% in 2020 year-on-year to RUB 1.42 trillion.

In the total volume of the loan portfolio, the leading companies are companies in the field of trade, (12%), housing and commercial construction, real estate and building materials (10.5%), food processing and agriculture (9.4%), transport and infrastructure construction (5%).

In 2020, VTB Bank continued to actively participate in the implementation of government programmes, the number of active agreements under which on 1 January 2021 has exceeded 32 thousand. The loan portfolio of the medium and small business segment under concessional instruments increased 2.3 times compared to the same indicator in 2019 and exceeded RUB 476 billion. A significant volume of the portfolio is formed by Programme 1764², aimed at concessional lending to small and medium businesses, and Programme 1528³, designed to support the agricultural sector.

The aggregate loan value of these programmes in the VTB Bank portfolio amounted to RUB 327.3 billion. The total value of VTB's loans under state employment support programmes during the COVID-19 pandemic exceeded RUB 111.6 billion.

Loans for resuming entrepreneurial activity

In 2020, VTB Bank executed 21 thousand loan agreements with 2% per annum worth over RUB 92 billion under the state programme for lending for resumption of activities (Decree of the Government of the Russian Federation No. 696 dated 16 May 2020), supporting over a million jobs.

The state programme for lending for resuming activities was made effective on 1 June 2020 and is aimed at supporting the industries affected by the COVID-19 pandemic. If the number of employees remained over 90%, the loan debt under the programme would be subject to a full write-off. If the number of employees remained over 80%, the Bank reimbursed 50% of the borrower's debt.

The programme is implemented using the Federal Tax Service's digital platform based on blockchain technology, which provides programme participants with access to the necessary information services.

Among the customers supported by VTB Bank: Imperial Porcelain Factory JSC, State Academic Mariinsky Theater, Russian New University ANO VO, Mosigra Empire LLC, Yakitoria and Restostar restaurants, Bashavtotrans GUP, Baucentre Rus LLC, Electrotransport LLC, Ionessi shoe factory and others.

21
thousand

loan agreements at 2% per annum were issued under the state lending programme for the resumption of activities in 2020

¹ 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.

² Decree of the Government of the Russian Federation No. 1764 dated 30 December 2018.

³ Decree of the Government of the Russian Federation No. 1528 dated 29 December 2016.

Projects simplifying SMEs' operations

Internet Bank

In six months of 2020, a completely new online bank was created from scratch for medium and small business customers on an omni-channel platform with a unique design, a basis for embedding products (some already available to existing customers), a universal marketplace, navigation system, and intelligent assistant, including communication with the customer.

VTB Business Lite

VTB has launched *VTB Business Lite*, a new mobile bank for remote banking services for entrepreneurs. The bank was named by *Markswest* as one of the top 10 banks in 2020, with a customer score of 8 out of 10. *VTB Business Lite* is available on the *App Store*, *Google Play* and *AppGallery*. The application simplifies day-to-day operations while maintaining extensive functionality. *VTB Business Lite* provides the ability to issue invoices and make payments in a simplified form to legal entities and individuals or between accounts. For the convenience of customers, the one-off payment limits were increased to RUB 300,000.

VTB Cash Desk

VTB expanded its line of settlement services for medium and small businesses and launched a pilot *VTB Cash Desk* product. The product combines the functions of an online cash desk and acquiring terminal. The compact wireless smart terminal with an integrated barcode scanner accepts bank cards, prints sales receipts and sends data to the Federal Tax Service in real time. The equipment is provided to customers at no extra charge. The cost of connection within the product depends on the selected service plan. By the end of 2020, the service would be available in six Russian cities.

Cifra

VTB has launched *Cifra*, a digital accounting service for small and medium businesses. The service helps individual entrepreneurs fully automate accounting and tax records. The service includes the tools necessary for an individual entrepreneur to organize a full-fledged document flow. *Cifra* supports multi-bank, the user can manage multiple accounts opened in different banks.

The service automatically uploads information about transactions, calculates and sends tax and other mandatory payments, forms declarations and other documents. In the live chat customers can get an accountant's advice on any issues related to the financial support of their business. VTB has also recently introduced the possibility for entrepreneurs to receive prompt assistance with legal issues.

VTB Business QR

VTB has developed *VTB Business QR*, a mobile app for all medium and small business customers, which allows entrepreneurs to accept QR-code payments through the *Faster Payments System* with a low fee, without the need for cards or terminals.

In order to receive QR-code payments, entrepreneurs should have a current account with VTB Bank and install the *VTB Business QR* app on their smartphones; no additional equipment is required. Payments can be made instantly, as after registering with the app, users can conduct transactions online.

For self-employed individual entrepreneurs, the functionality of the service also allows them to create and send a receipt to the customer, keep records of income from non-cash and cash transactions and create receipts for tax payments.

Digital Onboarding for VTB Factoring Customers

VTB Factoring has implemented an onboarding system that allows any customer system to be integrated with the GetFinance electronic document flow (EDF) system. The service is designed for representatives of medium and small businesses.

The digital onboarding process involves identifying the customer and remotely entering into an online factoring agreement with them, as well as the launch of financing for paperless signing of notifications by debtors using the EDF systems. Thanks to the digitalisation of the remote onboarding process, any customer in the medium or small business segment, regardless of the size of the business or geography, can become a customer of VTB Factoring with only an authenticated electronic signature. This gives the Customer access to financing on competitive terms from VTB Group, as well as allowing them to use effective factoring solutions and technologies.

Special accounts

In 2020, in order to develop the *Special Accounts* business line, VTB implemented a service that allows the exchange of electronic documents between the customer and the Bank via the remote banking system as part of the procurement of goods/works/services in the format of electronic tenders.

Onboarding

In 2020, the Bank built a target customer pathway for onboarding (reserving and opening of the first and subsequent accounts of new customers) which, thanks to the unification of the Bank's IT landscape, became available to all customers. As part of onboarding, remote reservation of a current account on the Bank's website using minimal customer data was implemented, as well as an opportunity to open a current account for individual entrepreneurs in 20 minutes in the presence of the customer.



"Our strategic objectives are to support the economy of the country's regions, customer focus and development of digital products and services. Moving toward our goal of becoming the bank of first choice for our customers, we are improving our processes to make the full range of services available to entrepreneurs as much as possible and to meet all of their business development needs. VTB uses the best international and our own practices to develop and implement cutting-edge technological solutions, thus contributing to the growth of our customers' businesses".

Denis Bortnikov

Deputy President and Chairman of the Management Board, VTB Bank

VTB Bank actively promotes the development of regional small and medium-sized businesses. For example, in 2020 the Bank provided:

- Three lines of credit in the total amount of RUB 5.8 billion to Susumanzoloto JSC. The funds were used to implement gold mining plans and to build a mining and processing facility at the Verkhne-Alinskoye gold ore deposit in Zabaykalsky territory;
- Medium-term financing for the construction of a hotel and business compound in Petropavlovsk-Kamchatsky: two lines of credit worth RUB 2 billion were extended to Novy Dom LLC under the preferential lending programme (Programme 1764). The project value is RUB 5.5 billion;
- Financing for the purchase of a fishing vessel by Kamchattraflot LLC in the amount of RUB 460 million, the funds were granted for a period of five years;
- A line of credit for the Mir Remonta (World of Repair) company in the amount of RUB 580 million for a period of four years. Part of the funds will be used for the implementation of the investment project to preserve a cultural heritage site – the building of the *Molot* publishing house in the centre of Rostov-on-Don.

The VTB Group's subsidiary banks also provide support to companies in the countries and regions of operation:

- VTB Bank (Kazakhstan) and the leading operator on the telecommunications market of the Republic of Kazakhstan Ksell JSC signed an agreement on granting a credit limit of KZT 6 billion for a period of 36 months to the company;
- VTB Bank (Armenia) restructured 1.3 thousand corporate loans for AMD 400 million of deferred payments within the announced repayment holiday;
- VTB Bank (Georgia) granted a loan in the amount of GEL 670,000 to Georgian Fruits cooperative for the construction of a refrigerating facility in the village of Sakobo, Signaghi district.

***Closer to Business* information and educational portal**

Closer to Business an Internet portal created by VTB, is aimed at providing information support to entrepreneurs. In 2020, the number of users on the portal increased 20 times, the number of new users amounted to 50 thousand people. The portal offers free online training from market professionals, a wide range of courses, business cases, webinars, expert articles, and e-library resources. Such activity of entrepreneurs confirms that the *Closer to Business* platform can act as an assistant and business mentor for both beginners and more experienced entrepreneurs.

VTB ACCELERATOR

VTB Accelerator is a platform for cooperation between technology start-ups and the Bank's business units, which select solutions that interest them and allow them to launch pilot projects. VTB specialists test innovative technologies and assess their maturity, potential business impact and opportunities for integration into the banking infrastructure.

In 2020, the second cycle of the VTB Accelerator was completed. At the request of the Bank's business units, 16 innovative solutions of technology start-ups were piloted. Twelve of them have begun testing their solutions at the Bank and another four are in the preparation stage. The selected pilots include facial recognition payment technologies, mobile electronic document signing technologies, HR services etc.

Results of the two sets of the VTB Accelerator

900+

startups have passed the examination

42

pilots launched

10

solutions launched or ready to be launched

27

pilots completed

40

VTB departments are interested in piloting the technology

VTB Bank launched biometrics and thermometry pilot project for campuses

In 2020, VTB launched a pilot project with the Moscow State University of Medicine and Dentistry named after A.Evdokimov. The pilot project includes the launch of a biometric and thermometric facial recognition system for students and teachers at the entrance to the university.

The pilot project is implemented jointly with *O.Vision*, a start-up, a participant of the VTB Accelerator, a Russian developer of contactless biometric devices and a facial recognition system based on computer vision and machine learning technologies.

The new technology is integrated into the building's access control system and solves several problems at

once: employee identification through a database and contactless temperature measurement, which has a positive impact on the epidemiological situation in the university.

Based on the results of the project's piloting, it is planned to launch the technology on a broad market. It will enable the development of a convenient and modern ecosystem for participants in campus projects. The service can be integrated not only into the pass system, but also into other systems, such as contactless payment for meals, parking, etc.