

PROVIDING SOCIALLY IMPORTANT RETAIL SERVICES

Retail business services provided by the Group support clients in emergency life situations, help socially vulnerable groups, and provide support for home buyers. In 2019, the activities of companies of VTB Group aimed at providing support to socially vulnerable groups were focused on developing products and services that took account of the needs of clients who in most cases couldn't afford traditional banking products.

VTB Bank was the winner in the Breakthrough of the Year in the Retail Financial Business category at the 12th annual *Retail Finance Awards* hosted by *The Retail Finance* magazine to recognise achievements in Russia's financial business. Experts noted VTB Bank's record-setting performance in terms of mortgages, lending, savings and commission products, and the *My Investments* app.

PROVIDING SUPPORT TO SPECIFIC COMMUNITY GROUPS

The VTB Group is actively working on projects that take account of the needs of specific community groups: students, the retired, beneficiaries of maternity capital, families with many children, civil servants, and military servicemen.

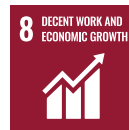
In 2019, VTB Bank implemented a number of important projects for retirement-age individuals.

Over 68,000 new clients got VTB Bank cards to receive pension and welfare payments or store life savings. Unemployed retired people, including military servicemen, got an opportunity to receive loans in cash provided that they receive their pension on a VTB bank card. The Bank also offered clients a special-purpose Retirement Plan deposit at an increased rate. Special terms were offered to recipients of military pensions.

In 2019, we released a new feature that lets clients use Russia's Public Services Portal to draft an application to have their pension paid into a VTB account. Now clients can apply for switching their pension-paying banks without visiting an office of the Pension Fund or the Centre for Public Services.

VTB Group's banks are specially developing products for retirement-age individuals. In particular, VTB Bank (Belarus) increased the maximum age of loan recipients to 69 years. VTB Bank (Armenia), VTB Bank (Azerbaijan), and *Zapsibkombank* continued to issue pension cards with the ability to cash them out in ATMs. Besides, *Zapsibkombank* offers a special-term deposit for the retired people with a minimum amount of in-payment.

Another social category that Group companies are developing specialised products for is people facing difficult life situations. For instance, in 2019, VTB Bank issued funds and the bank guarantees for the construction of houses for orphaned children and for those relocated from dilapidated dwellings.



In 2019, *Zapsibkombank* created a “northern deals” mortgage line for residents of the North, offering them an opportunity to submit an application in the city of their residence and later receive the loan and buy a home in any other city where *Zapsibkombank* operates.

VTB Bank was one of the first banks to offer auto loans for cars registered with an electronic vehicle licence. The Bank also attended the meetings of task forces working to roll out electronic vehicle licences across Russia (as part of the Digital Economy programme).

VTB Bank took part in a national discounted-auto-loan programme intended to increase the accessibility

of auto loans for specific social groups such as families with two or more children and people purchasing their first car. The amount of loans issued reached RUB 8.2 billion, and over 17,000 people took part in the programme.

In 2019, the VTB Group focused its efforts on digitalisation and offered new online services designed with specific social categories in mind. In particular, VTB Pension Fund updated the Personal Account service for the participants of non-state pension programmes. They now don't need to post documents with personal data or visit a Bank or Fund office to submit them; they only need to submit an online application to receive the pension and get an additional consultation if necessary.

17K
participants
in VTB's programme
for discounted
auto loans



SOFTPOS APP FOR MICROBUSINESSES

VTB Bank started connecting clients to a service that enables contactless payments for smartphones to be received. *SoftPOS* is an app that will completely replace classic POS terminals. The Bank provides acquiring services for this platform for self-employed Russians and micro-enterprises. They can now accept payment for services without purchasing specialised equipment.

PROVIDING SOCIALLY IMPORTANT RETAIL SERVICES

The Group companies tend to view the improvement of people's quality of as one of the most important business goals. Various socially important projects help achieve the goal.

"This year we continued improving our Payroll Programme, which is an opportunity for any client to open a special-purpose account with VTB Bank to receive their salary payments. Besides standard banking services, VTB Bank offers card holders special terms on retail loans. The product is attractive to clients: starting from early 2019, the number of clients that decided in favour of the transition to VTB from other financial institutions increased by 82%, totalling around 700,000 people".



Mikhail Bolonyaev
Deputy Head of Retail Business
Senior Vice-President, VTB

> 300K
VTB clients
improved
their terms
of loan servicing

In late 2018, VTB launched a Borrower option that allows the loan rate to be lowered. Clients who use a VTB Multicard a lot for their day-to-day purchases qualify for a discounted loan interest rate. During the year, over 300,000 clients of the Bank improved their terms of loan servicing.

In 2019, VTB Bank launched a virtual mobile carrier, VTB Mobile, based on Tele2's radio access network and infrastructure. VTB offers mobile connection without any hidden charges and subscriptions, offering an opportunity to shape one's own plan connecting only the desired services.



UNIFIED VTB CARDS FOR VARIOUS SOCIAL GROUPS

MOSCOW RESIDENT'S CARD

for all residents of Moscow



- Banking app
- Compulsory medical insurance
- Pass
- Government services
- *Troika* / concessionary tickets

UNIFIED SAINT PETERSBURG RESIDENT'S CARD

for all residents of Saint Petersburg



- Banking, public transportation, and social services, including the ability to receive salary payments to the card
- Healthcare services
- Discounts from trade and service companies
- Electronic signature for healthcare workers

CAMPUS CARD

for students and employees of higher education institutions



- Pass
- For receiving scholarship or salary payments
- Electronic document flow
- Library card
- Concessionary tickets

**MY SMART CITY**

In 2019, the VTB Group created *My Smart City*, an app that brings together Moscow municipal services and VTB Bank. The app allows users to view event posters, top up their parking account, pay utility bills and traffic fines, top up the balance of their *Troika* transport card, see the latest *Active Citizen* votes, and more.

My Smart City was recognised as the best technology product of the year by *The Banker* magazine. VTB's solution was the winner in the *Mobile Apps* category at the *Tech Projects Awards*, beating out mobile products created by some of the world's top banks.

Further plans include adding schedules and routes for public transport, a parking lot map indicating available parking spaces, and a feature to search the closest car-sharing opportunities, purchase tickets for cultural events, and book tables in nearby restaurants. We are also working on adding some new sections – for instance, one for mothers, to include information about restaurants offering play areas and events for children, and a healthcare section with contact information for healthcare facilities and the ability to schedule a medical appointment.

SUPPORT FOR HOME BUYERS

In 2019, VTB's residential-loan portfolio increased by 20%, reaching RUB 1.7 trillion, while the volume of mortgage loans broke a record of RUB 712 billion.

The reporting period saw VTB become the absolute leader for the growth of the market share in the mortgage loan segment: one out of four mortgage loans in Russia is issued by VTB.

VTB Bank is working to transition the entire client service process when obtaining a mortgage loan to a remote format, which will make the process simple and intuitive for clients.

In 2019, VTB Bank continued with its effort to increase the accessibility of mortgage loans for specific community groups, having renewed a number of residential loan programmes. Thus, in 2019:

- Over 1,500 military servicemen benefited from preferential loans (a total of RUB 2.6 billion);
- Over 12,000 people receiving maternity capital could use it to improve their living conditions (a total of RUB 29.5 billion);
- Almost 16,000 people took part in the State-Aided Mortgage Service programme (a total of RUB 44 billion).

VTB actively participated in national programmes increasing the accessibility of mortgage lending. In 2019, VTB decreased the interest rate on mortgage loans from 6% to 5% as part of a programme to subsidise the rate on mortgage loans for families with two or more children across Russia. VTB's service simplified and accelerated access to new terms for receiving state subsidies.

As part of VTB's Working Professionals mortgage programme, over 30,000 Bank clients employed in healthcare, education, and law enforcement agencies have been able to improve their living conditions thanks to preferential mortgage loans (the interest rate is decreased by 0.3%–0.5%).

In 2019, VTB accepted applications and issued mortgage loans as part of a new state subsidy programme for residents of Russia's Far East, offering an interest rate of 2%. Young families purchasing real estate in the Far East (both spouses 35 years or younger) and single parents with children under 18 were eligible to receive mortgage loans. Preferential loans are available to purchase homes in new developments or existing homes from developers in the Far Eastern Federal District.

> 30K clients
of the Bank
employed
in healthcare,
education,
and law enforcement
agencies have been
able to improve
their living
conditions thanks
to preferential
mortgage loans

DYNAMICS OF MORTGAGE LENDING AT VTB BANK, 2017–2019

Indicator	2017	2018	2019
Mortgage loans issued, RUB million	433,812	670,411	675,440 ¹
Number of mortgage loans issued	201,633	289,898	275,546
Number of mortgage loans issued to purchase homes in new developments	74,503	102,565	87,047

¹ Generally, the market observed a 6% decrease in the volume of mortgage loans issued in 2019.

DIGITAL SERVICES IN MORTGAGE LENDING

DIGITAL MORTGAGE



The service enables clients to submit a mortgage loan application right from the Bank's website, receive a preliminary decision, and gain access to the Personal Account where they can attach the required documents to obtain approval for the selected real estate property and final approval of the application. After that, users will only have to choose a convenient date and branch for a visit to sign papers. In 2019, VTB's online mortgage loan application won the annual Bank of the Year award sponsored by the largest independent financial website *Banki.ru*.

VR MORTGAGE



The Bank's VR mortgage service lets clients use a VR headset to evaluate all the features of a property: its location on a city map, infrastructure, layout, and a possible detailed design of the rooms. VTB was the first bank in the market to issue a mortgage loan through a VR mortgage service. A client from Krasnoyarsk completed the purchase of an apartment in St. Petersburg using the service.

CIAN.MORTGAGE



In 2019, VTB Bank joined the *CIAN* service for home buyers and lease providers to launch a remote mortgage application submission service for users. With the *CIAN.Mortgage* service, clients can obtain the Bank's preliminary lending decision within two minutes, an easy and convenient option.

In 2019, the Bank also initiated three issues of mortgage bonds by *DOM.RF* Mortgage Agent, secured by VTB Bank's mortgage loan portfolio. The third issue, RUB 96.6 billion, became the largest in the entire history of the Russian mortgage securitisation market. Mortgage bonds are a key tool used to achieve the goals set by the national

Housing and Urban Environment project and Presidential Decree No. 204 dated 7 May 2018 ("Concerning national goals and strategic development objectives of the Russian Federation for 2024"), which sets out the goal of improving living conditions for at least five million families every year.