

SUPPORT FOR SOCIALLY IMPORTANT BUSINESSES AND COOPERATION WITH GOVERNMENTAL AGENCIES

In the course of its investment activity and other financial operations, the Bank pays due attention to social factors that may have an impact on a broad spectrum of stakeholders. The Bank strives to provide financing for projects that contribute to increasing employment, wellbeing, and social security.

VTB pays special attention to projects aimed at developing the social and economic potential of the countries and regions of operation. The companies in the Group support the development of all industries along with high-priority socially important projects in the area of housing service and utilities, healthcare, and infrastructure construction.

VTB makes a solid contribution to the economy of the countries and regions where it operates through its close cooperation with governmental authorities to provide employment opportunities and thus produce employment income of people and tax revenues for municipal, regional, and state budgets.

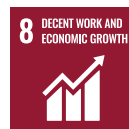
In 2019, the VTB Group continued to closely work together with state-run enterprises in the regions of operation, including:

- VTB Bank entered into a cooperation agreement with *Russian Railways*, which stipulates the principles for further development of various scopes of cooperation. In 2019, VTB Leasing closed a deal to deliver 13,000 low-sided cars to Federal Freight, a subsidiary of *Russian Railways*. The Leasing Federation recognised the deal as the Lease Deal of the Year;
- The VTB Group and Russian Federal Centre for Development of Agricultural Products Export entered into a cooperation agreement providing

joint consultancy and holding events aimed at promoting Russian products across external markets;

- VTB Bank won the bidding process arranged by *Moscow Metro* to design *e-Troika*, an electronic version of the *Troika* travel pass for smartphones;
- VTB Bank and *Sodrugestvo Group* signed a memorandum on strategic cooperation that provides for collaboration in the area of financing the company's investment projects and arranging settlements and collaboration as part of export and import deals, including deals in the grain market, etc;
- In 2019, VTB Bank and Russian Post continued to further develop and improve the post offices in Russia via a joint venture, National Logistic Technologies. As part of this cooperation, VTB Bank provided cash management services for Russian Post offices for the period of corporate restructuring. Further, 38 new logistic post centres were set up that have an increased capacity owing to the use of state-of-the-art equipment. The volume of financing amounted to RUB 22 billion. In addition, VTB Leasing provided Russian Post with 70 baggage and mail cars on seven-year lease terms; the total amount of the contract was RUB 2.9 billion.

VTB continues to work on amendments to draft laws as they are being deliberated. In 2019, VTB representatives took part in follow-up revision of approximately 60 draft laws, including laws on personal data protection, fast payment system operation, development and implementation of electronic infrastructure, etc.



During the reporting period, VTB Bank took part in the following events aimed at promoting interaction with governmental authorities, including working meetings with the heads of member states of the Russian Federation:

- Board meeting of the *Civic Chamber of the Russian Federation* under the *Russian Ministry of Finance*;
- Meetings of legislative-development working groups under the Russian government and scientific and expert centres;
- Parliamentary proceedings, round-table discussions, working groups for proposed laws relevant for the Bank (expert councils for the dedicated committees with the *State Duma* and the *Federation Council of the Russian Federation*), and conventions and general meetings of the Association of Regional Banks of Russia;
- Working meetings sponsored by the *Civic Chamber of the Russian Federation*;
- Events of the Banking Commission under the *Russian Union of Industrialists and Entrepreneurs* and its other bodies;
- Meetings of the Administrative Office and Administration and conventions and nationwide associations of employers;
- Meetings of the Expert Council at the Main Office for Protection of Rights and Legal Interests of Commercial and Investment Entities, Moscow.

In 2019, VTB was included in the list of founders of *Data Economy ANO*. This will let the Bank foster a constructive dialogue with the government and take part in making key decisions related to developing advanced digital technology. *Data Economy ANO* is a major site for fostering dialogue between the government and business community and is focused on elaborating a common strategy and implementing measures stipulated by the Digital Economy national programme. As part of implementing the programme, representatives of the business community take part in work on six federal projects:

- HR for the Digital Economy;
- Data Infrastructure;
- Data Security;
- Digital Technology;
- Statutory Regulation;
- Digital Government.

PROVIDING SUPPORT TO STATE AND MUNICIPAL AUTHORITIES

The VTB Group believes it is necessary to extend cooperation with state and municipal authorities in the area of social and economic development of the regions where it operates.

In 2019, VTB Bank entered into 27 agreements in cooperation with a number of regions across Russia.

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SCOPES OF COOPERATION BETWEEN VTB AND RUSSIAN REGIONS

- Development of regions' social and economic potential
- Implementation of cutting-edge banking technologies and increasing the availability of financial services
- Development of bank card service infrastructure
- Industrial complex modernisation
- Facilitation of investment in the regions
- Development of a credit system
- Development of housing construction



RUSSIAN REGIONS WITH WHICH VTB BANK HAS COOPERATION AGREEMENTS IN PLACE

Chelyabinsk region, Tomsk region, Vladimir region, Mari El Republic, Udmurt Republic, Tyumen region, Novosibirsk region, Kursk region, Chechen Republic, Primorsky territory, Republic of Tatarstan, Krasnoyarsk territory, Orlov region, Kamchatka territory, Arkhangelsk region, Ryazan region, Kaliningrad region, Tula region, Novgorod region, Samara region, Rostov region, Orenburg region, Amur region, Khabarovsk territory, Sakha Republic (Yakutia), Magadan region, Buryat Republic



Funding the construction of a power plant in Bilibino, Chukotka Autonomous district

VTB Bank signed a deal with Chukotka Autonomous district's government to roll out projects in Russia's Arctic region. As part of this cooperation, the Bank financed a project to construct and commission a diesel-generator electric and thermal power plant in Bilibino's permafrost terrain. Given the planned decommissioning of the Bilibino Nuclear Power Plant and the need to replace its capacity, the project is of the utmost importance to the region. The Bank is currently considering issuing a guarantee for the contract and is funding the project. The project value stands at over RUB 8 billion.

DEVELOPING RUSSIA'S TRANSPORT SYSTEM

The VTB Group continued to support projects developing Russia's transport sector. These projects chiefly aim to improve accessibility in the regions of operation and increase the mobility of local residents. Loans to transportation companies totalled RUB 673.6 billion.

PARTICIPATION IN PROJECTS AIMED AT INCREASING THE ACCESSIBILITY AND QUALITY OF SERVICES

St. Petersburg Metro



A single card for Saint Petersburg residents that can also serve as a travel ticket

Moscow Metro



Moscow
Metro



Installation of bank card readers on turnstiles in the *Moscow Metro*

Mosgortrans



Mosgortrans



Approximately 500 vehicles are equipped with validators for contactless fare payment



Social Taxi: over 100 vehicles are equipped with terminals to accept payments using the Moscow resident card and bank cards

Department of Transport and Infrastructure of Moscow



Moscow
Transport



New version of the *Moscow Parking Lots app*, supporting *ApplePay*

SAMPLE PROJECTS TO DEVELOP THE TRANSPORT SYSTEM IN RUSSIA IMPLEMENTED WITH VTB BANK PARTICIPATION

Project	Company	Description	Amount, RUB million	Effect of the project implementation
Construction of the M4 Don highway connecting Tambov, Volgograd, and Astrakhan and reconstruction of specific parts of the highway	Donaerodstroy	Guarantee line	10,000	Traffic infrastructure improvement, development of additional transport routes
Construction and reconstruction of sections of the R22 Kaspiy highway				
Construction of the M-11 Neva (Moscow–Saint Petersburg) motorway	Russian Highways	Credit limit Bank guarantees	10,200 16,700	Traffic infrastructure transformation, development of additional transport routes Trunk infrastructure modernisation
Reconstruction of the Filyovskaya Line	Moscow Metro	Guarantee	4,861	Metro infrastructure improvement

In 2019, VTB Bank also purchased the *Novorossiysk Grain Terminal*; a 50% share in *Gelendzhik Airport*; and a controlling interest in *RusTransCom*, a leading Russian operator of special-purpose grain, timber, and mineral fertiliser transportation cars.

SUPPORT FOR HEALTHCARE PROJECTS

VTB understands that developing social infrastructure is essential for living standards to increase in the regions of operation. Companies in the Group traditionally pay special attention to supporting healthcare projects and invest heavily in those projects involving the construction and renovation of healthcare institutions.

FINANCING OF HEALTHCARE PROJECTS IN 2019

- Credit agreement with *Samara Medical Products Plant*;
- Line of credit to the *University Clinic Group* to construct a family medicine centre operating as part of the compulsory health insurance system, designed to accommodate 10,000 patients;
- Loan to *PetScan* to purchase medical equipment for the Positron Emission Tomography (PET) Centre, the first healthcare institution in Southern Russia to use this diagnostic method for research;
- Line of credit for the *Saint Petersburg Scientific and Research Institute of Vaccines and Serums* (Enterprise for the Production of Bacterial Preparations) under Russia's Federal Biomedical Agency (to produce flu vaccines as part of the National Calendar of Preventive Vaccinations and to upgrade the existing capacities for the production of flu drugs, allergens, and combined vaccines).

Additionally, the VTB Group facilitates the development of health care in the regions of Russia. In particular, in 2019, VTB Bank (Georgia) provided funds for the construction and purchase of equipment for hospitals and healthcare units in Tbilisi, Rustavi, Kutaisi, and Batumi.

NEXT GENERATION INSURANCE PRODUCT

VTB Bank has been financing multi-functional centres and the *Mother and Child* Group of Companies since 2011. In 2019, VTB Bank joined *Mother and Child* Group and *SOGAZ* Insurance Company to launch a fully packaged insurance product, a unique prenatal care and labour management programme across the Russian *Mother and Child* private clinics network.

The *Mother and Child* company has extensive experience in obstetrics and gynaecology. The company's clinics are able to perform unique

surgeries. The Next Generation project will enable even more residents of various Russian regions to seek medical advice from the leading private clinic.

COOPERATION WITH COMPANIES IN THE HOUSING CONSTRUCTION SECTOR

The availability of living accommodation is a top priority in the development of urban infrastructure for improving the quality of life. The VTB Group provides extensive support for housing construction projects in the regions of operation. In 2019, VTB focused on collaboration with real estate developers.

The amount of VTB funding for housing construction in the reporting period reached RUB 150 billion, which makes up 20% of the total amount of the Russian market.

20%
share
in Russia's
housing-
construction
funding

SAMPLE VTB BANK PROJECTS AIMED AT THE DEVELOPMENT OF HOUSING CONSTRUCTION

Client	Project description	Type of product	Amount, RUB billion
Ingrad Group	RiverSky Housing Estate (Moscow)	Line of credit	21.7
RosStroyInvest Group	Terra Housing Estate (St. Petersburg)	Line of credit	5.6
Mavis Investment & Construction Group	Urbanist Housing Estate in Murino (Leningrad region)	Credit limit	3.1
RosStroyInvest Group	11 housing estate (Moscow)	Line of credit	2.0
Novy dom	Hotel complex in Kamchatka territory	Credit limit	2.0
SZ Drevo.Centre	Panova Park Housing Estate (Samara)	Credit limit	1.9
SZ ObjectStroy	Marshal Grad Housing Estate (Nizhny Novgorod)	Credit limit	1.6

Additionally, VTB Bank provided funds to improve urban amenities:

- Repurposing the building of the former Zotov Bread-Baking Plant No. 5 for museum and exhibition events;
- Renovating 39 cinemas in Moscow's dormitory districts (463,000 square metres of usable floor area upon completion);
- Outfitting a park complex in a former industrial park in Moscow's Shelepikhinskaya Naberezhnaya.

AGRICULTURAL DEVELOPMENT

The VTB Group is implementing a number of projects aimed at developing Russia's agricultural industry. VTB pays special attention to agricultural development, which is explained primarily by long-term benefits that the development of this sector provides in terms of import substitution and supporting local manufacturers.

The volume of loans provided to food and agricultural companies increased by 3.7% YoY, reaching RUB 427.7 billion.

In addition to actively working within the framework of the Russian Ministry of Agriculture's preferential-loan programme, the Bank is also modernising its own offerings.

RUB 427.7
billion
lent to food
and agricultural
companies
by the VTB Group



ACQUISITION OF MIROGROUP RESOURCES

In 2019, VTB Bank purchased a 70% interest in *Mirogroup Resources*. The deal is an important step in implementing VTB's new development strategy as it applies to the grain market. *Mirogroup Resources* has an extensive network of regional branches and long-term partnerships with a variety of agricultural producers, from smaller farm businesses to nationwide agricultural groups.

This transaction will enable transparent grain pricing across the Russian domestic market and support the organisation of stock exchange trading.

Owing to the trading and logistics infrastructure, the Bank will be able to sell high-quality grain directly to end consumers across global markets. Such a system will enable risk mitigation for all participants and facilitate efficient cooperation with export companies, manufacturers, and infrastructure companies.



FRUITFUL BUSINESS

In 2019, VTB updated its Fruitful Business product family for agricultural companies to provide support for SMEs. The minimum amount of credit is now RUB 4 million.

The funds are provided for the purposes of increasing float fund, purchasing property, and performing repairs and reconstruction. Moreover, the updated family of credit products offers significantly simplified collateral requirements. In particular, deals may now be closed with the only pledged property being agricultural lands – the core asset of the agribusiness industry.

SAMPLE VTB BANK PROJECTS AIMED AT AGRICULTURAL DEVELOPMENT

Client	Project description	Type of product	Amount, RUB billion
RosAgroMarket Group	Construction of a wholesale distribution centre in Novosibirsk region	Line of credit	5.0
Resource	Development of a state-of-the-art manufacturing and logistics complex in Chelyabinsk region	Line of credit	2.5
Russian Cotton investment project	Construction of irrigation systems and purchase of equipment for irrigation systems	Line of credit	1.5
Volga Grain Group	Construction of two grain elevators for storage and sale of grain, expansion of territories intended for sowing of grains, oilseed, and technical crops	Credit limit	1.0
Master Mushroom	Construction of a full-service farm for growing champignons in Kaluga region	Line of credit	1.2
Dolina Solntsa	Completion of the second phase of greenhouse complex construction in Stavropol territory	Line of credit	0.9