

Financial Statements

RESPONSIBILITY STATEMENT

VTB management is responsible for preparing VTB Bank's Annual Report and consolidated financial statements in accordance with applicable laws.

I hereby confirm that to the best of my knowledge:

The consolidated financial statements of VTB Bank (PJSC) and its subsidiaries (hereinafter referred to as "the Group"), prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position, profit or loss of the Group; and

This Annual Report includes a fair review of the development and performance of the Group's business and position, together with a description of the principal risks and uncertainties that the Group faces.

Andrey Kostin

VTB Bank President and Chairman
of the Management Board

VTB Bank consolidated financial statements and independent auditor's report for the year ended 31 December 2019 can be found in the [Investor Relations section on the Bank's website](#).

CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS

The following table shows VTB Group key financial data under IFRS. For a better understanding of the Group's financial position, its financial performance and its cash flows, these consolidated key financials should be read in conjunction with the audited consolidated financial statements of the Group.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER, in billions of Russian roubles

| | 2019 | 2018 (restated) | Change |
|---|--------------|--------------------|----------------|
| Interest income calculated using the effective interest method | 1,039.8 | 967.6 | 7.5 % |
| Other interest income | 67.2 | 66.4 | 1.2 % |
| Interest expense | -636.5 | -542.6 | 17.3 % |
| Payments to deposit insurance system | -29.9 | -22.8 | 31.1 % |
| Net interest income | 440.6 | 468.6 | -6.0 % |
| Provision charge for credit losses on debt financial assets | -92.2 | -160.6 | -42.6 % |
| Net interest income after provision for credit losses | 348.4 | 308.0 | 13.1 % |
| Net fee and commission income | 108.5 | 80.6 | 34.6 % |
| Gains net of losses / (losses net of gains) arising from sale and revaluation of loans at fair value through profit or loss | 3.3 | -2.0 | 265.0 % |
| Gains net of losses arising from other financial instruments at fair value through profit or loss | 63.1 | 21.1 | 199.1 % |
| Gains net of losses arising from sale of financial assets at fair value through other comprehensive income | 1.0 | 6.3 | -84.1 % |
| (Losses net of gains) / gains net of losses arising from foreign currencies and precious metals | -25.6 | 21.4 | -219.6 % |
| Gains net of losses arising from sale of financial assets at amortised cost | 9.1 | 0.7 | 1,200.0 % |
| Other gains net of losses on financial instruments at amortised cost | 0.2 | 0.7 | -71.4 % |
| Share in profit of associates and joint ventures | 11.1 | 8.1 | 37.0 % |
| Impairment of investments in associates | - | -11.8 | 100.0 % |
| Gains net of losses from disposal of subsidiaries and associates | 7.5 | 40.8 | -81.6 % |
| Losses net of gains arising from extinguishment of liabilities | - | -0.5 | 100.0 % |
| Provision charge for credit losses on credit related commitments and other debt financial assets | -7.8 | -8.3 | -6.0 % |
| (Provision charge) / reversal of provision for legal claims and other commitments | -3.3 | 1.8 | -283.3 % |
| Excess of fair value of acquired net assets over cost | 5.6 | 2.7 | 107.4 % |
| Other operating income | 7.5 | 10.1 | -25.7 % |
| Non-interest gains | 71.7 | 91.1 | -21.3 % |

CONSOLIDATED INCOME STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER,
in billions of Russian roubles

| | 2019 | 2018 (restated) | Change |
|---|---------------|--------------------|-----------------|
| Revenue and other gains from operating lease of equipment | 30.5 | 26.5 | 15.1 % |
| Expenses related to equipment leased out | -15.1 | -14.9 | 1.3 % |
| Revenues less expenses from operating leasing | 15.4 | 11.6 | 32.8 % |
| Net insurance premiums earned | 40.8 | 121.8 | -66.5 % |
| Net insurance claims incurred, movement in liabilities to policyholders and acquisition costs | -60.5 | -99.3 | -39.1 % |
| Revenues less expenses from insurance activity¹ | -19.7 | 22.5 | -187.6 % |
| Revenue and other gains from other non-banking activities | 96.9 | 71.3 | 35.9 % |
| Cost of sales and other expenses from other non-banking activities | -93.2 | -66.3 | 40.6 % |
| Impairment of land, premises and intangible assets other than goodwill used in non-banking activities | -1.1 | -7.1 | -84.5 % |
| Net loss from change in fair value of investment property recognised on revaluation or disposal | -0.9 | -14.4 | -93.8 % |
| Revenues less expenses from other non-banking activities | 1.7 | -16.5 | 110.3 % |
| Reversal of impairment / (impairment) of land, premises and intangible assets other than goodwill | 0.1 | -9.4 | 101.1 % |
| Impairment of goodwill | - | -0.1 | 100.0 % |
| Other operating expense | -19.0 | -13.6 | 39.7 % |
| Staff costs and administrative expenses | -254.2 | -259.8 | -2.2 % |
| Non-interest expenses | -273.1 | -282.9 | -3.5 % |
| Profit before tax | 252.9 | 214.4 | 18.0 % |
| Income tax expense | -51.7 | -32.9 | 57.1 % |
| Net profit | 201.2 | 181.5 | 10.9 % |
| Net profit / (loss) attributable to: | | | |
| Shareholders of the parent | 202.0 | 181.9 | 11.1 % |
| Non-controlling interests | -0.8 | -0.4 | 100.0 % |
| Basic and diluted earnings per share (expressed in Russian roubles per share) | 0.01453 | 0.01299 | 11.9 % |

¹ After disposal of VTB Insurance Group in October 2018 this line includes only results of non-state pension funds activity accounted for under IFRS 4 Insurance Contracts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER,
in billions of Russian roubles

| | 2019 | 2018 |
|---|--------------|--------------|
| Net profit | 201.2 | 181.5 |
| Other comprehensive income / (loss): | | |
| Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods: | | |
| Net change in fair value of debt financial assets at fair value through other comprehensive income, net of tax | 7.4 | -7.4 |
| Reclassification of gains to income statement on sale of debt financial assets at fair value through other comprehensive income, net of tax | -0.7 | -5.1 |
| Cash flow hedges, net of tax | 0.1 | - |
| Share of other comprehensive (loss) / income of associates and joint ventures | -2.0 | 3.5 |
| Effect of translation, net of tax | -21.2 | 33.8 |
| Total other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods | -16.3 | 24.8 |
| Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods: | | |
| Actuarial losses net of gains arising from difference between pension plan assets and obligations | -0.1 | -0.2 |
| Net change in fair value of equity financial assets at fair value through other comprehensive income, net of tax | 2.0 | -2.7 |
| Land and premises revaluation, net of tax | -0.3 | 6.2 |
| Total other comprehensive income not to be reclassified to profit or loss in subsequent periods | 1.6 | 3.3 |
| Other comprehensive (loss) / income, net of tax | -14.7 | 28.1 |
| Total comprehensive income | 186.5 | 209.6 |
| Total comprehensive income / (loss) attributable to: | | |
| Shareholders of the parent | 186.2 | 210.8 |
| Non-controlling interests | 0.3 | -1.2 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER,
in billions of Russian roubles

| | 2019 | 2018 | Change |
|--|-----------------|-----------------|--------------|
| Assets | | | |
| Cash and short-term funds | 1,335.0 | 935.8 | 42.7 % |
| Mandatory cash balances with central banks | 127.2 | 111.1 | 14.5 % |
| Trading financial assets | 501.3 | 298.7 | 67.8 % |
| • Trading financial assets | 481.9 | 264.6 | 82.1 % |
| • Trading financial assets, pledged under repurchase agreements | 19.4 | 34.1 | -43.1 % |
| Derivative financial assets | 142.8 | 202.5 | -29.5 % |
| Due from other banks | 610.1 | 693.1 | -12.0 % |
| Loans and advances to customers | 10,774.1 | 10,691.6 | 0.8 % |
| • Loans and advances to customers | 10,753.1 | 10,665.7 | 0.8 % |
| • Loans and advances to customers, pledged under repurchase agreements | 21.0 | 25.9 | -18.9 % |
| Investment financial assets | 316.6 | 352.6 | -10.2 % |
| • Investment financial assets | 163.5 | 339.5 | -51.8 % |
| • Investment financial assets, pledged under repurchase agreements | 153.1 | 13.1 | 1,068.7 % |
| Investments in associates and joint ventures | 264.9 | 286.8 | -7.6 % |
| Assets of disposal groups and non-current assets held for sale | 75.8 | 22.0 | 244.5 % |
| Land, premises and equipment | 422.5 | 402.3 | 5.0 % |
| Investment property | 196.1 | 197.2 | -0.6 % |
| Goodwill and other intangible assets | 209.2 | 160.0 | 30.8 % |
| Deferred income tax asset | 129.9 | 119.6 | 8.6 % |
| Other assets | 410.6 | 287.3 | 42.9 % |
| Total assets | 15,516.1 | 14,760.6 | 5.1 % |

| | 2019 | 2018 | Change |
|--|-----------------|-----------------|---------------|
| Liabilities | | | |
| Due to other banks | 1,177.2 | 1,425.7 | -17.4 % |
| Customer deposits | 10,974.2 | 10,403.7 | 5.5 % |
| Derivative financial liabilities | 176.5 | 140.2 | 25.9 % |
| Other borrowed funds | 348.9 | 329.7 | 5.8 % |
| Debt securities issued | 343.4 | 259.1 | 32.5 % |
| Liabilities of disposal groups held for sale | 0.3 | - | n/a |
| Deferred income tax liability | 15.7 | 12.4 | 26.6 % |
| Other liabilities | 603.5 | 452.3 | 33.4 % |
| Total liabilities before subordinated debt | 13,639.7 | 13,023.1 | 4.7 % |
| Subordinated debt | 223.1 | 214.5 | 4.0 % |
| Total liabilities | 13,862.8 | 13,237.6 | 4.7 % |
| Equity | | | |
| Share capital | 659.5 | 659.5 | 0.0 % |
| Share premium | 433.8 | 433.8 | 0.0 % |
| Perpetual loan participation notes | 139.3 | 156.3 | -10.9 % |
| Treasury shares and bought back perpetual loan participation notes | (0.4) | (1.0) | -60.0 % |
| Other reserves | 66.1 | 82.4 | -19.8 % |
| Retained earnings | 362.1 | 197.0 | 83.8 % |
| Equity attributable to shareholders of the parent | 1,660.4 | 1,528.0 | 8.7 % |
| Non-controlling interests | -7.1 | -5.0 | 42.0 % |
| Total equity | 1,653.3 | 1,523.0 | 8.6 % |
| Total liabilities and equity | 15,516.1 | 14,760.6 | 5.1 % |

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER,
in billions of Russian roubles

| | 2019 | 2018 |
|--|--------------|--------------|
| Cash flows from / (used in) operating activities | | |
| Interest received | 1,081.2 | 1,047.9 |
| Interest paid | -649.7 | -508.4 |
| Payments to deposit insurance system | -28.2 | -20.2 |
| Gains / (losses) on operations with trading financial assets | 65.1 | -25.4 |
| (Losses) / gains incurred on dealing in foreign currency | -96.5 | 88.8 |
| Fees and commissions received | 160.0 | 141.7 |
| Fees and commissions paid | -58.4 | -43.1 |
| Other operating income received | 6.6 | 9.3 |
| Other operating expenses paid | -8.9 | -15.5 |
| Revenue received from operating lease of equipment | 28.4 | 26.9 |
| Expenses paid related to equipment leased out | -4.8 | -4.7 |
| Net insurance premiums received | 40.7 | 152.2 |
| Net insurance claims paid | -3.4 | -30.4 |
| Revenue received from non-banking activities | 101.1 | 32.6 |
| Expenses paid related to non-banking activities | -87.7 | -36.3 |
| Staff costs, administrative expenses paid | -227.3 | -233.6 |
| Income tax paid | -53.4 | -44.6 |
| Cash flows from operating activities before changes in operating assets and liabilities | 264.8 | 537.2 |
| Net decrease / (increase) in operating assets | | |
| Net increase in mandatory cash balances with central banks | -15.7 | -13.7 |
| Net (increase) / decrease in correspondent accounts in precious metals | -2.9 | 29.2 |
| Net increase in trading financial assets | -147.9 | -74.5 |
| Net decrease in due from other banks | 53.2 | 122.5 |
| Net increase in loans and advances to customers | -319.5 | -1,423.6 |
| Net increase in other assets | -129.4 | -4.7 |
| Net (decrease) / increase in operating liabilities | | |
| Net (decrease) / increase / in due to other banks | -200.2 | 573.7 |
| Net increase in customer deposits | 845.5 | 718.9 |
| Net increase in debt securities issued other than bonds issued | 3.8 | 13.7 |
| Net increase / (decrease) in other liabilities | 17.8 | -2.8 |
| Net cash from operating activities | 369.5 | 475.9 |

| | 2019 | 2018 |
|---|------------|---------------|
| Cash flows from / (used in) investing activities | | |
| Dividends and other distributions received | 10.7 | 10.0 |
| Proceeds from redemption and sales of investment financial assets | 341.4 | 174.0 |
| Purchase of investment financial assets | -257.5 | -197.9 |
| Acquisition of subsidiaries, net of cash | -32.1 | 6.9 |
| Disposal of subsidiaries, net of cash | 3.7 | -18.9 |
| Purchase of share in associates and other contributions | -39.1 | -140.1 |
| Proceeds from sale of share in associates and other distributions | 0.3 | 64.9 |
| Purchase of land, premises and equipment | -17.4 | -53.3 |
| Proceeds from sale of land, premises and equipment | 1.1 | 4.8 |
| Purchase or construction of investment property | -6.6 | -7.3 |
| Proceeds from sale of investment property | 12.2 | 3.5 |
| Purchase of intangible assets | -14.7 | -10.1 |
| Proceeds from sale of intangible assets | 0.1 | 0.7 |
| Net cash from / (used in) investing activities | 2.1 | -162.8 |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER,
in billions of Russian roubles

| | 2019 | 2018 |
|---|----------------|---------------|
| Cash flows from / (used in) financing activities | | |
| Dividends paid | -31.1 | -78.2 |
| Proceeds, net of repayment, from short-term local bonds issued | -13.6 | -11.2 |
| Proceeds from local bonds issued | 125.9 | 55.6 |
| Repayment of local bonds | -16.3 | -33.6 |
| Buy-back of local bonds | -12.0 | -10.6 |
| Proceeds from sale of previously bought-back local bonds | 0.6 | 3.6 |
| Repayment of Eurobonds | - | -115.8 |
| Buy-back of Eurobonds | -6.7 | -2.5 |
| Proceeds from sale of previously bought-back Eurobonds | 6.0 | 2.4 |
| Repayment of syndicated loans | -1.6 | -1.6 |
| Proceeds from other borrowings and funds from local central banks | 402.6 | 535.4 |
| Repayment of other borrowings and funds from local central banks | -394.0 | -540.4 |
| Repayments of lease liabilities | -10.6 | - |
| Proceeds from subordinated debt | 20.0 | - |
| Repayment of subordinated debt | -0.5 | - |
| Buy-back of subordinated debt | - | -0.7 |
| Proceeds from sale of previously bought-back subordinated debt | - | 0.8 |
| Purchase of shares in subsidiaries from non-controlling interests | -6.6 | - |
| Proceeds from issue of shares to non-controlling interest holders in subsidiaries | - | 3.1 |
| Cash received from sale of treasury shares | 2.9 | 4.1 |
| Cash paid for treasury shares | -2.4 | -2.4 |
| Buy-back of perpetual loan participation notes | -10.6 | -10.5 |
| Proceeds from sale of previously bought-back perpetual loan participation notes | 10.7 | 11.1 |
| Amounts paid on perpetual loan participation notes | -13.8 | -13.7 |
| Net cash from / (used in) financing activities | 48.9 | -205.1 |
| Effect of exchange rate changes on cash and cash equivalents | -24.0 | 83.3 |
| Effect of change in impairment loss allowance | -0.2 | -0.1 |
| Net increase in cash and cash equivalents | 396.3 | 191.2 |
| At the beginning of year | 929.3 | 738.1 |
| At the end of year | 1,325.6 | 929.3 |

| | 2019 | 2018 |
|--|------|-------|
| Non-cash changes in liabilities arising from financial activities | | |
| Foreign currency translation | | |
| Eurobonds | -6.4 | -15.6 |
| Syndicated loans | 3.0 | -1.4 |
| Funds from local central banks | - | -0.1 |
| Subordinated debt | 14.6 | -18.4 |
| Other non-cash changes | | |
| Local bonds | 11.4 | -1.2 |
| Eurobonds | 12.9 | 1.2 |
| Syndicated loans | -2.1 | -0.2 |
| Funds from local central banks | 9.2 | 10.1 |
| Subordinated debt | -3.7 | -2.8 |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER,
in billions of Russian roubles

| | Attributable to shareholders of the parent | | | | | | | Non-controlling interests | Total equity |
|---|--|---------------|------------------------------------|---|----------------|-------------------|----------------|---------------------------|----------------|
| | Share capital | Share premium | Perpetual loan participation notes | Treasury shares and bought back perpetual loan participation loan notes | Other reserves | Retained earnings | Total | | |
| Balance at 1 January 2018 | 659.5 | 433.8 | 129.6 | -3.3 | 54.1 | 126.6 | 1,400.3 | 10.5 | 1,410.8 |
| Net result from treasury shares transactions | - | - | - | 1.7 | - | 0.1 | 1.8 | - | 1.8 |
| Net result from bought back perpetual loan participation notes transactions | - | - | - | 0.6 | - | - | 0.6 | - | 0.6 |
| Profit / (loss) for the period | - | - | - | - | - | 181.9 | 181.9 | -0.4 | 181.5 |
| Other comprehensive income / (loss) | - | - | - | - | 29.1 | -0.2 | 28.9 | -0.8 | 28.1 |
| Total comprehensive income / (loss) for the period | - | - | - | - | 29.1 | 181.7 | 210.8 | -1.2 | 209.6 |
| Transfer of premises revaluation reserve upon disposal or depreciation | - | - | - | - | -0.8 | 0.8 | - | - | - |
| Share-based payments | - | - | - | - | - | -1.1 | -1.1 | - | -1.1 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 2.2 | 2.2 |
| Disposal of subsidiaries | - | - | - | - | - | - | - | -15.9 | -15.9 |
| Acquisition of non-controlling interests | - | - | - | - | - | -0.9 | -0.9 | 0.6 | -0.3 |
| Increase in share capital of subsidiaries | - | - | - | - | - | - | - | 3.1 | 3.1 |
| Put options over non-controlling interests | - | - | - | - | - | -1.7 | -1.7 | - | -1.7 |
| Amounts paid on perpetual loan participation notes | - | - | - | - | - | -13.7 | -13.7 | - | -13.7 |
| Foreign exchange translation of perpetual loan participation notes | - | - | 26.7 | - | - | -26.7 | - | - | - |
| Tax effect recognised on perpetual loan participation notes | - | - | - | - | - | 5.4 | 5.4 | - | 5.4 |
| Dividends declared | - | - | - | - | - | -73.5 | -73.5 | -4.3 | -77.8 |
| Balance at 31 December 2018 | 659.5 | 433.8 | 156.3 | -1.0 | 82.4 | 197.0 | 1,528.0 | -5.0 | 1,523.0 |
| Impact of adopting IFRS 16 at 1 January 2019 | - | - | - | - | - | -6.7 | -6.7 | - | -6.7 |
| Balance at 1 January 2019 after adoption | 659.5 | 433.8 | 156.3 | -1.0 | 82.4 | 190.3 | 1,521.3 | -5.0 | 1,516.3 |
| Net result from treasury shares transactions | - | - | - | 0.5 | - | -0.1 | 0.4 | - | 0.4 |
| Net result from bought back perpetual loan participation notes transactions | - | - | - | 0.1 | - | - | 0.1 | - | 0.1 |
| Profit / (loss) for the period | - | - | - | - | - | 202.0 | 202.0 | -0.8 | 201.2 |
| Other comprehensive (loss) / income | - | - | - | - | -15.7 | -0.1 | -15.8 | 1.1 | -14.7 |
| Total comprehensive income / (loss) for the period | - | - | - | - | -15.7 | 201.9 | 186.2 | 0.3 | 186.5 |
| Transfer of premises revaluation reserve upon disposal or depreciation | - | - | - | - | -0.3 | 0.3 | - | - | - |
| Transfer of fair value reserve of equity investment financial assets upon disposal or derecognition | - | - | - | - | -0.3 | 0.3 | - | - | - |
| Share-based payments | - | - | - | - | - | -0.5 | -0.5 | - | -0.5 |
| Acquisition of subsidiaries | - | - | - | - | - | 0.6 | 0.6 | 5.1 | 5.7 |
| Acquisition of non-controlling interests | - | - | - | - | - | 3.0 | 3.0 | -5.4 | -2.4 |
| Amounts paid on perpetual loan participation notes | - | - | - | - | - | -13.8 | -13.8 | - | -13.8 |
| Foreign exchange translation of perpetual loan participation notes | - | - | -17.0 | - | - | 17.0 | - | - | - |
| Tax effect recognised on perpetual loan participation notes | - | - | - | - | - | -3.4 | -3.4 | - | -3.4 |
| Dividends declared and other distributions to shareholders | - | - | - | - | - | -33.5 | -33.5 | -2.1 | -35.6 |
| Balance at 31 December 2019 | 659.5 | 433.8 | 139.3 | -0.4 | 66.1 | 362.1 | 1,660.4 | -7.1 | 1,653.3 |