

Dividends

One of the main rights of shareholders is the right to receive a share of the Bank's net profit in the form of dividend payments. Dividend payments are approved by the Bank's AGM, following recommendations made by the Supervisory Council. In determining the recommended dividend amount, the Supervisory Council is guided by the amount of the Bank's net profit and by the Dividend Policy (approved by the Supervisory Council of Bank VTB (PJSC))¹.

The Bank's Charter also provides for the possibility of the payment of interim dividends for each quarter to holders of issued shares.

The record date for persons entitled to a share of the Bank's net profit is determined at the General Meeting of Shareholders, but can be no earlier than 10 days before the date when the decision to pay dividends is due to be made, and no later than 20 days following such a decision. The time period for the payment of dividends depends on the type of registered shareholder.

Dividend payments to nominal shareholders and trustees listed on the shareholder register must be made within 10 working days, while dividend payments to other registered shareholders must be made within 25 working days of the date when the list of persons entitled to dividends is compiled.

At their request, shareholders appearing on the register receive dividends by bank transfer to their accounts (if bank details are provided) or by postal order. Shareholders whose rights are registered via nominal shareholders receive dividends in monetary form in accordance with the procedure stipulated in Russian laws on securities. The applicable law does not provide for dividend payments in cash.

Any dividends accrued but unclaimed by shareholders within a period of three calendar years are subject to allocation back to the profit of the Bank. Therefore, if a shareholder does not claim his or her accrued dividends within three years, he or she loses the right to receive them. If dividends are transferred to a shareholder's bank account, they are considered paid.

RECORD OF VTB BANK DIVIDEND PAYMENTS FOR THE LAST FIVE YEARS

	2015	2016 ²	2017	2018	2019*
Total amount of dividend payments (RUB million)	33,093	62,265	73,516	26,820	20,120
DIVIDEND PAYOUT RATIO					
(% of VTB Bank's net profit under RAS)	67	90	73	12	10
(% of VTB Group's net profit under IFRS)	1,947	121	61	15	10
DIVIDEND PAYMENTS, RUB MILLION					
Ordinary shares	15,164	15,164	44,759	14,240	10,024
Type 1 preference shares ³	90	11,130	11,804	5,164	4,144
Type 2 preference shares ³	17,839	35,971	16,953	7,416	5,952
DIVIDEND PER SHARE, RUB					
Ordinary shares	0.00117	0.00117	≈0.00345	≈0.00110	≈0.00077
Type 1 preference shares	≈0.000132	≈0.0000042	0.00052	≈0.00024	≈0.00019
Type 2 preference shares	–	≈0.0058	≈0.01170	≈0.00241	≈0.00193
DIVIDEND YIELD, %					
Ordinary shares	1.7	1.7	5.5	2.4	1.9
Type 1 preference shares	0.04	5.2	5.5	2.4	1.9
Type 2 preference shares	5.8	11.7	5.5	2.4	1.9

* excluding dividend payments as part of the transfer of capital relating to the transfer of credit claims connected to the implementation of a state defence order to another authorised bank.

¹ Minutes No. 2 dated 29 January 2016.

² Taking into account interim dividends on Type 2 preference shares for 9M 2016, paid in December 2016.

³ In accordance with the decision of the Extraordinary General Meeting of Shareholders of VTB Bank on 8 December 2016, Type 1 and Type 2 preference shares were placed by converting preference shares and Type A registered preference shares.

At the Annual General Meeting of Shareholders on 24 September 2020, a decision was made on the payment of dividends based on 2019 results, and the record date for persons entitled to receive a dividend was set as 5 October 2020. Dividends were paid in full except to shareholders on the list with no or incorrectly entered

address and / or bank account details. There are no liabilities owed to the budget for the payment of dividends.

PAYMENT OF DIVIDENDS IN 2019

NAME	PAR VALUE OF SHARES, RUB	DEDUCTIONS FOR THE PAYMENT OF DIVIDENDS, RUB	DIVIDEND AMOUNT PER SHARE, RUB	AMOUNT OF DIVIDENDS PAID, RUB	DIVIDENDS PAID, % OF THE TOTAL AMOUNT OF DEDUCTIONS FOR THE PAYMENT OF DIVIDENDS ON SHARES OF A GIVEN TYPE	PAYMENT DATE / PLANNED PAYMENT DATE
ORDINARY REGISTERED SHARES						
Federal Property Management Agency				6,108,330,554.07	60.94	14.10.2020 / 09.11.2020
Registered nominal shareholders	0.01	10,024,374,447.11	0.00077345337561138	3,904,262,350.11	38.95	13.10.2020 / 16.10.2020
Other registered shareholders				10,038,080.44 ¹	0.106 ¹	27.10.2020 / 09.11.2020
TYPE 1 REGISTERED PREFERENCE SHARES						
Russia's Ministry of Finance		4,144,091,328.02	0.000193614774199896	4,144,091,328.02	100	14.10.2020 / 09.11.2020
Russia's Ministry of Finance (Due to retained earnings from previous years)	0.01	4,376,602,353.66	0.000204477847951373	4,376,602,353.66	100	14.10.2020 / 09.11.2020
TYPE 2 REGISTERED PREFERENCE SHARES						
Deposit Insurance Agency	0.1	5,951,534,224.87	0.00193614774199896	5,951,534,224.87	100	14.10.2020 / 09.11.2020

Funds were sent by bank transfer to the accounts provided to the registrar by registered shareholders and nominal shareholders. In cases where bank details were not provided to the registrar, dividends were sent by postal order.

Dividend taxation

When calculating dividends for the year, the tax agent calculates and withholds tax from the accrued dividends. Since 1 January 2014, when paying dividends on shares issued by a Russian organisation, not only is the issuer of shares recognised as a tax agent, but in cases determined by law, a trustee, depository, etc. are too. Income is calculated and withheld by the tax agent, and in order to be exempt from taxation or apply a reduced tax rate on dividends paid to mutual funds and foreign organisations and citizens, documentation must be provided confirming the right to preferential taxation at the place of share registration, namely the registrar of Bank JSC VTB Registrar, or to the depository, and in the case of shares being placed under trust management, to the trustee.

The dividend tax rate for individuals and legal entities that are residents of the Russian Federation is 13%, while for non-residents it is 15%. It applies to the taxable amount of dividends, which may be less than the total amount of payments due on income received by VTB Bank in the form of dividends from participation in other companies, as tax on these amounts has already been withheld. If an international agreement on the avoidance of double taxation is in force, tax payments are made in accordance with the rate determined in this agreement, taking into account Russian legal requirements.

¹ RUB 1,742,780.03 were not paid out due to lack of accurate and necessary address data or bank details of persons, eligible to receive the mentioned above dividends.