

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;
- 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

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)

	2020	2019	CHANGE
Interest income calculated using the effective interest method	974.3	1,039.8	-6.3%
Other interest income	81.5	67.2	21.3%
Interest expense	(501.6)	(636.5)	-21.2%
Payments to deposit insurance system	(22.5)	(29.9)	-24.7%
Net interest income	531.7	440.6	20.7%
Provision charge for credit losses on debt financial assets	(227.0)	(92.2)	146.2%
Net interest income after provision for credit losses	304.7	348.4	-12.5%
Net fee and commission income	136.8	121.6	12.5%
(Losses net of gains) / gains net of losses arising from sale and revaluation of loans at fair value through profit or loss	(3.1)	3.3	-193.9%
Gains net of losses arising from other financial instruments at fair value through profit or loss	32.8	63.1	-48.0%
Gains net of losses arising from sale of financial assets at fair value through other comprehensive income	0.8	1.0	-20.0%
Gains net of losses / (losses net of gains) arising from foreign currencies and precious metals	18.9	(35.5)	153.2%
Gains net of losses arising from disposal of financial assets at amortised cost	1.4	9.1	-84.6%
Other gains net of losses on financial instruments at amortised cost	0.7	0.2	250.0%
Share in profit of associates and joint ventures	17.3	11.1	55.9%
Impairment of investments in associates	(12.8)	-	n/a
Gains from disposal of subsidiaries and associates	6.1	7.5	-18.7%
Losses net of gains arising from extinguishment of liabilities	(0.2)	-	n/a
Provision charge for credit losses on credit related commitments and other financial assets	(19.9)	(7.8)	155.1%
Provision charge for legal claims and other commitments	(2.9)	(3.3)	-12.1%
Excess of fair value of acquired net assets over cost	-	5.6	-100.0%
Other operating income	9.2	7.5	22.7%
Non-interest gains	48.3	61.8	-21.8%

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER
(IN BILLIONS OF RUSSIAN ROUBLES)**

	2020	2019	CHANGE
Revenue and other gains from operating lease of equipment	30.3	30.5	-0.7%
Expenses related to equipment leased out	(17.3)	(15.1)	14.6%
Revenues less expenses from operating leasing	13.0	15.4	-15.6%
Net insurance premiums earned from non-state pension fund activity	14.1	40.8	-65.4%
Net insurance claims incurred, movement in liabilities to policyholders and acquisition costs on non-state pension fund activity	(30.0)	(60.5)	-50.4%
Revenues less expenses from non-state pension fund activity	(15.9)	(19.7)	-19.3%
Revenue and other gains from other non-banking activities	102.6	96.9	5.9%
Cost of sales and other expenses from other non-banking activities	(92.7)	(87.0)	6.6%
Expenses from write-down of property held for sale in the ordinary course of business	(9.6)	(6.2)	54.8%
Impairment of land, premises and intangible assets other than goodwill used in non-banking activities	(17.0)	(1.1)	1,445.5%
Net loss from change in fair value of investment property recognised on revaluation or disposal	(87.0)	(0.9)	9,566.7%
Revenues less expenses from other non-banking activities	(103.7)	1.7	-6,200.0%
(Impairment)/reversal of impairment of land, premises and intangible assets other than goodwill	(0.2)	0.1	-300.0%
Other operating expense	(23.4)	(22.2)	5.4%
Staff costs and administrative expenses	(269.9)	(254.2)	6.2%
Non-interest expenses	(293.5)	(276.3)	6.2%
Profit before tax	89.7	252.9	-64.5%
Income tax expense	(14.4)	(51.7)	-72.1%
Net profit	75.3	201.2	-62.6%
Net profit/(loss) attributable to:			
Shareholders of the parent	80.6	202.0	-60.1%
Non-controlling interests	(5.3)	(0.8)	562.5%
Basic and diluted earnings per share (expressed in Russian roubles per share)	0.00503	0.01453	-65.4%

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE YEAR ENDED 31 DECEMBER (IN BILLIONS OF RUSSIAN ROUBLES)**

	2020	2019
Net profit	75.3	201.2
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	8.6	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)	(0.7)
Cash flow hedges, net of tax	-	0.1
Share of other comprehensive income/(loss) of associates and joint ventures	4.3	(2.0)
Effect of translation, net of tax	27.9	(21.2)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	40.1	(16.3)
OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
Net change in fair value of equity financial assets at fair value through other comprehensive income, net of tax	0.6	2.0
Actuarial losses net of gains arising from difference between pension plan assets and obligations	-	(0.1)
Land and premises revaluation, net of tax	0.1	(0.3)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	0.7	1.6
Other comprehensive income/(loss), net of tax	40.8	(14.7)
Total comprehensive income	116.1	186.5
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent	120.8	186.2
Non-controlling interests	(4.7)	0.3

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
(IN BILLIONS OF RUSSIAN ROUBLES)**

	2020	2019	CHANGE
ASSETS			
Cash and short-term funds	1,229.5	1,335.0	-7.9%
Mandatory cash balances with central banks	137.2	127.2	7.9%
Trading financial assets	647.0	501.3	29.1%
• Trading financial assets	584.7	481.9	21.3%
• Trading financial assets, pledged under repurchase agreements	62.3	19.4	221.1%
Derivative financial assets	233.8	142.8	63.7%
Due from other banks	837.9	610.1	37.3%
Loans and advances to customers	12,264.4	10,774.1	13.8%
• Loans and advances to customers	12,201.1	10,753.1	13.5%
• Loans and advances to customers, pledged under repurchase agreements	63.3	21.0	201.4%
Investment financial assets	952.7	316.6	200.9%
• Investment financial assets	390.2	163.5	138.7%
• Investment financial assets, pledged under repurchase agreements	562.5	153.1	267.4%
Investments in associates and joint ventures	326.9	264.9	23.4%
Assets of disposal groups and non-current assets held for sale	2.5	75.8	-96.7%
Land, premises and equipment	456.5	422.5	8.0%
Investment property	100.5	196.1	-48.8%
Goodwill and other intangible assets	215.0	209.2	2.8%
Deferred income tax asset	154.7	129.9	19.1%
Other assets	583.6	410.6	42.1%
Total assets	18,142.2	15,516.1	16.9%

	2020	2019	CHANGE
LIABILITIES			
Due to other banks	1,093.0	1,177.2	-7.2%
Customer deposits	12,831.0	10,974.2	16.9%
Derivative financial liabilities	250.7	176.5	42.0%
Other borrowed funds	1,053.2	348.9	201.9%
Debt securities issued	215.7	343.4	-37.2%
Liabilities of disposal groups held for sale	0.3	0.3	0.0%
Deferred income tax liability	10.9	15.7	-30.6%
Other liabilities	648.1	603.5	7.4%
Total liabilities before subordinated debt	16,102.9	13,639.7	18.1%
Subordinated debt	316.7	223.1	42.0%
Total liabilities	16,419.6	13,862.8	18.4%
EQUITY			
Share capital	659.5	659.5	0.0%
Share premium	433.8	433.8	0.0%
Perpetual loan participation notes	166.6	139.3	19.6%
Treasury shares and bought back perpetual loan participation notes	(0.7)	(0.4)	75.0%
Other reserves	112.1	66.1	69.6%
Retained earnings	351.3	362.1	-3.0%
Equity attributable to shareholders of the parent	1,722.6	1,660.4	3.7%
Non-controlling interests	-	(7.1)	-100.0%
Total equity	1,722.6	1,653.3	4.2%
Total liabilities and equity	18,142.2	15,516.1	16.9%

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
(IN BILLIONS OF RUSSIAN ROUBLES)**

	2020	2019
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Interest received	1,001.4	1,081.2
Interest paid	(516.1)	(649.7)
Payments to deposit insurance system	(24.6)	(28.2)
Gains on operations with trading financial assets	20.2	65.1
Gains/(losses)/gains incurred on dealing in foreign currency	6.7	(106.4)
Fees and commissions received	191.4	169.9
Fees and commissions paid	(58.3)	(55.2)
Other operating income received	11.1	6.6
Other operating expenses paid	(22.1)	(12.1)
Revenue received from operating lease of equipment	19.0	28.4
Expenses paid related to equipment leased out	(2.1)	(4.8)
Net insurance premiums received from non-state pension fund activity	14.0	40.7
Net insurance claims paid on non-state pension fund activity	(2.9)	(3.4)
Revenue received from non-banking activities	78.7	101.1
Expenses paid related to non-banking activities	(57.0)	(87.7)
Staff costs, administrative expenses paid	(229.1)	(227.3)
Income tax paid	(46.8)	(53.4)
Cash flows from operating activities before changes in operating assets and liabilities	383.5	264.8
NET DECREASE/(INCREASE) IN OPERATING ASSETS		
Net increase in mandatory cash balances with central banks	(9.8)	(15.7)
Net decrease/(increase) in correspondent accounts in precious metals	13.1	(2.9)
Net increase in trading financial assets	(126.0)	(147.9)
Net (increase)/decrease in due from other banks	(204.6)	53.2

	2020	2019
Net increase in loans and advances to customers	(1,102.5)	(319.5)
Net increase in other assets	(61.2)	(129.4)
NET (DECREASE)/INCREASE IN OPERATING LIABILITIES		
Net decrease in due to other banks	(184.5)	(200.2)
Net increase in customer deposits	1,145.1	845.5
Net (decrease)/increase in debt securities issued other than bonds issued	(20.3)	3.8
Net increase in other liabilities	8.4	17.8
Net cash (used in)/from operating activities	(158.8)	369.5
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividends and other distributions received	10.8	10.7
Proceeds from redemption and sale of investment financial assets	214.3	341.4
Purchase of investment financial assets	(827.1)	(257.5)
Purchase of subsidiaries, net of cash	0.3	(32.1)
Disposal of subsidiaries, net of cash disposed	0.4	3.7
Acquisition and other contributions of shares in associates and joint ventures	(73.1)	(39.1)
Proceeds from sale of shares in associates and other distributions	80.1	0.3
Purchase of land, premises and equipment	(64.3)	(17.4)
Proceeds from sale of land, premises and equipment	2.3	1.1
Purchase or construction of investment property	(2.8)	(6.6)
Proceeds from sale of investment property	19.2	12.2
Purchase of intangible assets	(47.6)	(14.7)
Proceeds from sale of intangible assets	0.2	0.1
Net cash (used in)/from investing activities	(687.3)	2.1

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER
(IN BILLIONS OF RUSSIAN ROUBLES)**

	2020	2019
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid	(26.7)	(31.1)
Proceeds, net of repayment, from short-term local bonds issued	–	(13.6)
Proceeds from local bonds issued	108.3	125.9
Repayment of local bonds	(158.5)	(16.3)
Buy-back of local bonds	(2.5)	(12.0)
Proceeds from sale of previously bought-back local bonds	0.1	0.6
Repayment of Eurobonds	(66.2)	–
Buy-back of Eurobonds	(5.6)	(6.7)
Proceeds from sale of previously bought-back Eurobonds	5.8	6.0
Repayment of syndicated loans	(1.4)	(1.6)
Proceeds from other borrowings and funds from local central banks	1,773.2	402.6
Repayment of other borrowings and funds from local central banks	(1,122.8)	(394.0)
Repayments of lease liabilities	(6.3)	(10.6)
Proceeds from subordinated debt	74.6	20.0
Repayment of subordinated debt	(3.0)	(0.5)
Purchase of shares in subsidiaries from non-controlling interests	(0.7)	(6.6)
Cash received from sale of treasury shares	0.7	2.9
Cash paid for treasury shares	(0.5)	(2.4)
Buy-back of perpetual loan participation notes	(0.5)	(10.6)
Proceeds from sale of previously bought-back perpetual loan participation notes	–	10.7
Amounts paid on perpetual loan participation notes	(15.4)	(13.8)
Net cash from financing activities	552.6	48.9
Effect of exchange rate changes on cash and cash equivalents	196.5	(24.0)
Effect of change in impairment loss allowance	0.2	(0.2)
Net (decrease)/increase in cash and cash equivalents	(96.8)	396.3
At the beginning of year	1,325.6	929.3
At the end of year	1,228.8	1,325.6

NON-CASH CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES	2020	2019
FOREIGN CURRENCY TRANSLATION		
• Eurobonds	21.6	(6.4)
• Syndicated loans	1.6	3.0
• Subordinated debt	22.6	14.6
OTHER NON-CASH CHANGES		
• Local bonds	(3.0)	11.4
• Eurobonds	5.1	12.9
• Syndicated loans	–	(2.1)
• Funds from local central banks	1.8	9.2
• Subordinated debt	(0.1)	(3.7)

**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 NOTES	OTHER RESERVES	RETAINED EARNINGS	TOTAL				
Balance at 1 January 2019	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	-	-	-		
Reclassification of net change in fair value of equity instruments upon 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		
Net result from treasury shares transactions	-	-	-	0.2	-	-	0.2	-	0.2		
Net result from bought back perpetual loan participation notes transactions	-	-	-	(0.5)	-	-	(0.5)	-	(0.5)		
Profit/(loss) for the period	-	-	-	-	-	80.6	80.6	(5.3)	75.3		
Other comprehensive income	-	-	-	-	39.9	0.3	40.2	0.6	40.8		
Total comprehensive income/(loss) for the period	-	-	-	-	39.9	80.9	120.8	(4.7)	116.1		
Transfer of premises revaluation reserve upon disposal or depreciation	-	-	-	-	5.3	(5.3)	-	-	-		
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	-	-	0.8	(0.8)	-	-	-		
Share-based payments	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)		
Acquisition of non-controlling interests	-	-	-	-	-	(14.7)	(14.7)	14.0	(0.7)		
Amounts paid on perpetual loan participation notes	-	-	-	-	-	(15.4)	(15.4)	-	(15.4)		
Foreign exchange translation of perpetual loan participation notes	-	-	27.3	-	-	(27.3)	-	-	-		
Tax effect recognised on perpetual loan participation notes	-	-	-	-	-	5.5	5.5	-	5.5		
Dividends declared and other distributions to shareholders	-	-	-	-	-	(24.5)	(24.5)	(2.2)	(26.7)		
Other changes	-	-	-	-	-	(9.1)	(9.1)	-	(9.1)		
Balance at 31 December 2020	659.5	433.8	166.6	(0.7)	112.1	351.3	1,722.6	-	1,722.6		