

# EVENTS AND RESULTS OF THE YEAR

VTB is focused on long-term and sustainable development and is building its business in such a way as to provide maximum contribution to social and economic development of the countries and regions where it operates, as well as to meet the expectations of its clients.

## Financial results for the year

The new challenges of 2020 required significant development of VTB's business model, an increased focus on customers and their needs, as well as the acceleration of internal processes and optimisation of the Group's operating model.

Throughout the year, the Group implemented a number of reference technological transformation projects. Specifically, a target technology layer was introduced for a single omni-channel platform that allows customers to continuously use key services and products through any convenient channel (in an application, at offices, in a personal account, in a call centre, etc.), changing the way they contact the Bank easily and without restrictions.

As part of our technology transformation strategy, we continued to integrate robotised solutions and machine learning technologies into our digital services, such as the investment recommendation service in the *VTB My Investments* app. VTB also transferred the creation of all pre-approved loans and the receipt of digital credit cards in *VTB Online* to a new retail loan pipeline. The volume of applications to be processed quadrupled, while the period for calculating credit limits was cut threefold.

**The Group's net income for 2020 was RUB 75.3 billion**, down 62.6% year-on-year due to higher provisioning costs and negative revaluation of non-financial assets amid the COVID-19 pandemic;

**Net interest income for 2020 increased by 20.7% year-over-year** as a result of higher interest-earning assets and higher net interest margin;

**Net fee and commission income for 2020 increased by 12.5% year-over-year** to RUB 136.8 billion compared to 2019. The dynamics of net fee and commission income were supported mainly by the active growth of commissions on securities and capital markets transactions, including against the background of VTB Capital Investments' increased scale of business, as well as commissions for distribution of insurance products;

**Personnel and administrative expenses amounted to RUB 269.9 billion at year-end 2020**, up 6.2%, including investments in IT infrastructure as part of the digitalisation processes of the business. The Group continues to implement cost reduction and operational efficiency improvement initiatives in line with its strategy and long-term development priorities.

### Key banking revenues showed steady growth

**20.7%**  
net interest income

**12.5%**  
net fee and commission income

### The aggregate loan portfolio grew by

**15%**

### Customer funds increased by

**17%**

As of 31 December 2020, **the Group's joint liabilities amounted to RUB 16.4 trillion, up 18.4%** compared to 31 December 2019.

Since the launch of the programme, VTB has issued **over 63 thousand mortgages at a discounted rate**, amounting to RUB 198 billion.

**The portfolio of loans to legal entities increased by 14.9% year-to-date**, mainly due to the expansion of corporate lending amid the ongoing economic recovery.

**The growth of customer funds of legal entities amounted to 19.6%. The growth of customer funds of individuals amounted to 13.8%**, including the growth of balances on brokerage accounts and escrow accounts used in the purchase of housing from developers.

**The portfolio of loans to individuals increased by 14.6% year-to-date**, mainly due to growth in mortgage lending, partially offset by a decline in auto loans.

As of year-end 2020, the Group showed **a significant increase in the share of current accounts in total customer funds**, from 25.2% as of 31 December 2019 to 40.1% as of 31 December 2020.

The Group's **mortgage portfolio increased to RUB 122.4 billion at the end of the fourth quarter**, mainly due to VTB's active participation in the government mortgage support programme launched in April 2020.