

# VTB'S RESPONSE TO THE COVID-19 PANDEMIC

IN 2020, THE WORLD FACED A REAL THREAT ON SUCH A LARGE SCALE. THE COVID-19 PANDEMIC PERVADED ALL ASPECTS OF LIFE AND AFFECTED NUMEROUS COUNTRIES AND COMPANIES. DURING THIS CHALLENGING PERIOD, THE BANKING SECTOR HAD A PARTICULARLY IMPORTANT, PIVOTAL ROLE TO PLAY IN SUPPORTING THE ECONOMY AND CITIZENS.

## VTB's response to the COVID-19 pandemic



**1.33**  
trillion RUB

volume of restructured deals with large corporate customers

**2300**  
billion RUB

of support provided to small and medium business customers<sup>1</sup>

**4000**  
thousand retail customers

received repayment holidays worth RUB 300 billion

Since the onset of the pandemic, VTB was able to radically restructure its operations in a very short time, and was able to reconfigure all key processes without losing efficiency, and also to achieve a new level of customer service.

Within the first month of the pandemic, more than 20 thousand employees switched to working remotely for safety reasons. We also solved the problems related to disinfecting premises, searching for new offices to ensure safe working conditions for employees,

and switching from paperwork to an electronic format of data exchange, including work with government agencies.

The coordinated work of all the Bank's departments made it possible to support hundreds of thousands of people across the country.

<sup>1</sup> Under the restructuring programme from April through to December 2020.

## Supporting small and medium businesses

**As part of its customer support, VTB offered the following solutions:**

**Interest-free loans** for paying salaries to employees;

Special preferential applications for refinancing current debt;

**Restructuring** of existing loans both on the principal, interest and fees;

**Information support** for entrepreneurs through a special section on the Bank's website [vtb.ru/stayhome](http://vtb.ru/stayhome), which contained answers to typical questions on conducting business under the pandemic conditions, information on products and remote services, and advantageous offers from our partners;

**Expansion of online services:** online reservation of current accounts, fully remote receipt of documents from customers to open accounts and update information on individual entrepreneurs and legal entities, online business registration, the provision of online services for the automation of procurement and sales, connection of mobile application *Cifra* for accounting and tax document flow.

One of the most large-scale programmes of assistance to small businesses was the programme of state support for small and micro-enterprises from the industries most affected by the COVID-19 pandemic.

VTB received over 9.8 thousand applications from entrepreneurs under the state programme of interest-free loans to pay salaries to their employees. The first interest-free loans were granted to the Bank's customers for up to six months, and later the term of financing were increased to 12 months with a partial subsidising of the interest rate for the first six month period. Under this programme, the Bank approved loans worth a total of RUB 26 billion to medium and small business customers.

In addition to participating in government support programmes, VTB launched its own SME lending programme in 2020, providing loans to the amount of more than RUB 93 billion.

There was high demand for loan restructuring programmes, which attracted more than 7 thousand applications from small and medium businesses. The Bank worked in this area both under its own deferment and refinancing programmes for up to 10 years, taking into account an individual approach to the lender, and under government programmes for reducing interest rates by two thirds and providing repayment holidays for six months<sup>1</sup>. The total volume of approved restructuring for small and medium businesses amounted to RUB 230 billion.

WITH THE SPREAD OF THE CORONAVIRUS SMALL AND MEDIUM BUSINESSES WERE PARTICULARLY IN NEED OF SUPPORT.

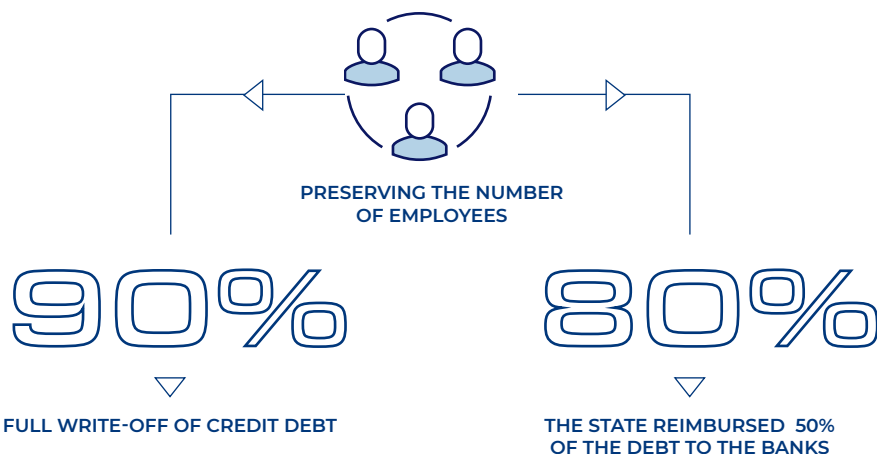
<sup>1</sup> In accordance to Federal Law No. 106-FZ dated 3 April 2020 "On Amendments to the Federal Law "On the Central Bank of the Russian Federation (Bank of Russia)" and certain legislative acts of the Russian Federation in terms of the specifics of changing the terms of a loan agreement, lending agreement".

## Supporting large employers

An important area of VTB's work in this time was to support sectors of the Russian economy and large enterprises that were most affected by the pandemic.

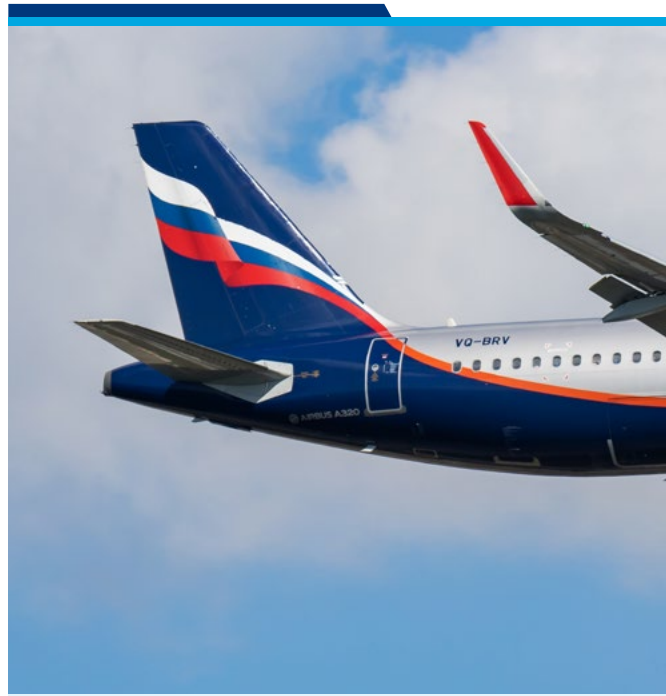
Since the beginning of April 2020, deals with large corporate customers worth over RUB 1.3 trillion have been restructured. VTB restructured loans to 75 groups of enterprises, or 30% of all systemic enterprises with loans from VTB Group.

VTB also supported large enterprises within the government loan programme to resume business. While working on this programme, VTB has provided support to customers, designed to save more than 1 million jobs in total. In 2020, 21 thousand loan agreements were signed at an annual interest rate of 2%, amounting to over RUB 92 billion. If the number of employees remained over 90%, the loan debt under the programme was fully written off. If the number of employees remained over 80%, the government reimbursed the banks 50% of the borrower's debt.



**75**  
groups of companies

received concessional financing from VTB



## Financial solutions for Aeroflot PJSC during the COVID-19 pandemic

VTB CAPITAL ACTED AS THE SOLE GLOBAL COORDINATOR AND BOOK-RUNNER IN THE RUB 80 BILLION EQUITY INCREASE FOR AEROFLOT.

Due to closure of borders relating to the spread of COVID-19, the air transport markets around the world were significantly affected. Russian and foreign airlines were faced with the need to consider financial solutions that would allow them to support their business, preserve jobs and infrastructure availability in order to fully resume flights after the restrictions were lifted.



The placement of the additional issue was a balanced financial solution that allowed *Aeroflot* to raise funds in order to support its operations whilst maintaining an optimal debt load. *Aeroflot* plans to use the funds raised in the course of the offering for general corporate purposes and for debt load reduction.

This deal was unprecedented for the Russian market in terms of volume (in fact, the company more than doubled the number of shares outstanding) and structure.

**There was a balance of interest in all parties within the deal:**

**The company** that attracted the necessary amount of funds;

**The main shareholder represented by the state** that did not have to significantly increase its stake within company;

**Investors** who had an opportunity to participate in the deal through pre-emption right and public offering with a transparent and market-based pricing mechanism.

## Support for retail customers

From the very introduction of COVID-19 restrictions, VTB made supporting citizens in a difficult financial situation a priority.

Around 400 thousand VTB customers received repayment holidays in the sum of around RUB 300 billion. State programmes and the Bank also implemented these measures.

VTB was the first bank to begin accepting government mortgage programme applications at reduced rates. More than 63 thousand families have already taken advantage of these rates, for a total of over RUB 198 billion. The programme became an effective measure to support the construction industry and improve living conditions of citizens.

**63**  
thousand families

benefited from the government mortgage programme with a preferential interest rate in the amount of over RUB 198 billion in total

## Ensuring the smooth operation of the banking sector

During the COVID-19 pandemic, VTB's most important undertaking was to maintain normal timing and the volume of banking turnover in order to avoid disruptions in business and social support for citizens across the country. VTB managed to ensure the full operation of all of the most popular customer services and functions, including domestic and international money transfers.

### Availability of online services

In order to minimise the number of customer visits to its offices, VTB made a breakthrough in terms of using the latest technology to develop its products. In April 2020, the number of services available to customers through remote channels increased significantly. Thus, remote account opening for retail customers using biometrics, applications for repayment holidays payment deferment via chat-bot and online mortgage transactions became available.

### High standards for continuity of service

During the self-isolation rule introduced in April 2020, VTB made every effort to ensure uninterrupted operations. Customers continued to make their usual transactions, while the full range of usual services remained available via remote channels. VTB did not stop producing, delivering or issuing cards at the Bank's operating branches, while salaries and other payments continued to be credited to customers' accounts and the speed and quality of transactions in the accounts of medium and small business customers were maintained at the same level.

Under the imposed restrictions, VTB was able to provide services for all their priority customer group of foreign trade participants using remote banking channels within the established deadlines, from taking on new contracts to quickly processing currency controls for cross-border transfers and verifying transaction documentation. These measures proved particularly important for contracts for the purchase of medical equipment and personal protective equipment.

In addition, many companies working with foreign partners under the current situation of international isolation, partial closure of borders and the emergence of new barriers regarding businesses needed help in adapting to foreign trade contracts. Our currency control experts have successfully dealt with this task.

The Bank also successfully detected and prevented fraudulent schemes, despite the noticeable activation of criminals who began using new types of social engineering attack techniques.

### Maintaining territorial accessibility

The bank continued to support the operation of 15.5 thousand ATMs and 850 of its branches nationwide. All sales offices were divided into several types based on the criticality of maintaining uninterrupted operations in prevailing epidemiological conditions. The score was based on a geographical approach: if there was only one sales offices in a settlement, it was critically important to ensure its operation; if there were several, the offices with the highest volume of transactions were selected.

Thanks to timely and well-coordinated actions, the Bank managed to maintain uninterrupted operations in all regions of the Russian Federation. In order to prevent the spread of Coronavirus infection, employees in each office were provided with all the necessary personal protective equipment (masks, gloves and antiseptic). All VTB offices implemented the "1.5 m social distancing" marking. VTB customers were advised not to visit the offices but to make remote use of banking services instead.

**850**  
branches

across the country continued their work

## Help in the fight against the COVID-19 pandemic

In addition to helping citizens and businesses through its operations, VTB allocated over RUB 262 million of charitable support to medical institutions and NGOs combating COVID-19.

### Areas of assistance in the fight against COVID-19



**Building and re-equipping hospitals to meet the needs of COVID-19 patients**



**Purchasing personal protective equipment for medical and social workers**



**Organising the transportation of patients and doctors**



**Purchasing medicines**



**Providing communication facilities for educational and scientific purposes**

The issue of providing urgent medical assistance became particularly acute in the spring of 2020, when the number of infected people in the country began to rise. In response to this situation, VTB provided

a total of RUB 262.2 million for 40 charitable projects implemented by healthcare institutions and non-profit organisations in 21 regions of the Russian Federation.

**262.2**  
million RUB

donated by VTB to implement charitable projects to fight COVID-19

IMPLEMENTATION OF THESE PROJECTS ENSURED SUPPORT FOR COVID-19 PATIENTS, MEDICAL WORKERS AND VULNERABLE MEMBERS OF THE POPULATION.