



VTB

World Without Barriers. VTB Group

Facets of Success

Annual Report 2015



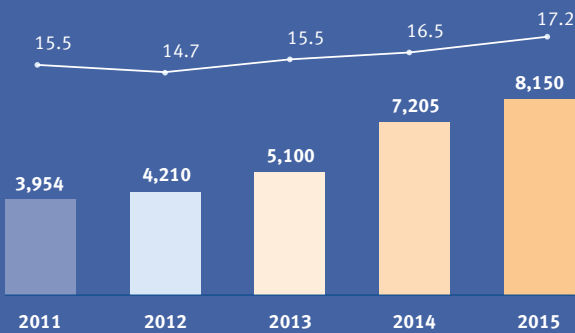
*Maintaining leadership
...we adjust to
market trends*

*Despite the difficulties of 2015, VTB Group
succeeded in maintaining its sustained leadership
in the Russian financial sector due to its efficient
solutions and prompt response to market
fluctuations.*

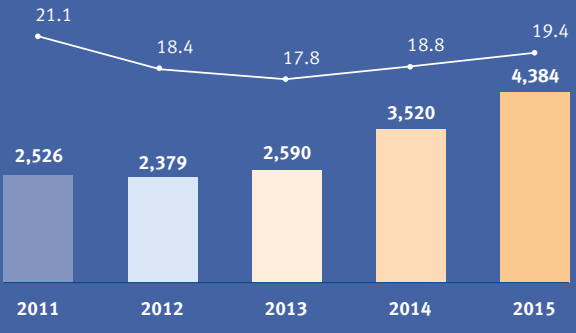


In 2015, guided by the approved “Quality Growth Strategy”, the Bank remained faithful to its key development priorities and directions. Despite the external challenges, the Bank succeeded in maintaining its market positions and enhancing its risk management.

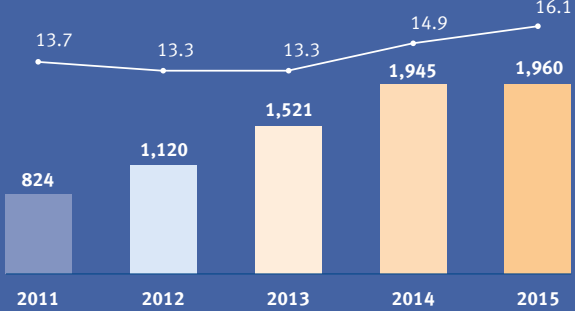
VTB Group corporate loan portfolio (RUB billion) and Russian market share (%)



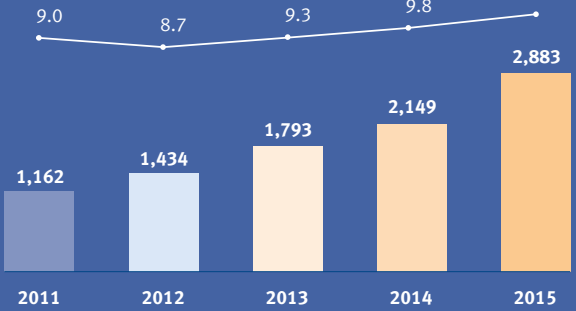
VTB Group corporate deposits (RUB billion) and Russian market share (%)



VTB Group retail loan portfolio (RUB billion) and Russian market share (%)



VTB Group retail deposits (RUB billion) and Russian market share (%)



Despite the difficulties of 2015, VTB Group succeeded in maintaining its sustained leadership in the Russian financial sector due to its efficient solutions and prompt response to market fluctuations.

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Mission and values

Our mission

To provide world-class financial products and services that help to create a prosperous and sustainable future for our customers, stakeholders and society.

Our values

Trust. Gaining and retaining the trust of our customers is VTB Group's most important value.

Reliability. VTB Group's long-term strength is reinforced by leading positions in the financial markets where we operate and our ability to provide local expertise on a global scale.

Transparency. Our business is open and transparent, and all of our key stakeholders cooperate closely in order to deliver maximum value and visibility.

Versatility. Our wealth of expertise across a broad range of financial products and services ensures that we offer all of our customers the most comprehensive, flexible and sophisticated solutions that suit their individual needs.

Team. Our dedicated team of professionals benefits from the synergy of knowledge afforded by our diverse line of businesses, and our Group's spirit is enhanced by the energy, creative insight and potential of each member of our team.

Our identity

VTB Group is the leading Russian financial institution with a strong presence in key international markets.

Our vision

VTB Group's goal is to become a premier player in all of its priority markets.

Statement of the Chairman of the Supervisory Council



Dear shareholders, clients and partners,

In 2015, VTB Group continued to pursue its strategy despite the challenging situation in the economy and in the banking sector. As a result of steps taken to improve efficiency and risk management, VTB Group continued supporting the economy by providing financing for corporate clients and lending to retail clients, including through the State-Supported Mortgage Programme. As a result, the Group grew its loan portfolio and customer deposits faster than the market average in 2015, while also overcoming the sharp decline in net interest margin at the beginning of the year, and it delivered positive financial results.

The economy is expected to begin growing again in 2017, and we should see a gradual change in this direction already in 2016. VTB Group has big plans for the coming year: completion of the merger between the Bank of Moscow and VTB Bank, the launch of Post Bank and loan portfolio growth.

VTB Group strategy

As part of the Quality Growth Strategy adopted in 2014, the Group's main priorities and areas for development remained unchanged in 2015. Work on maintaining market positions, increasing efficiency and improving the risk management system was successful despite external challenges. The Supervisory Council continued making improvements to the VTB Long-Term Development Programme for 2014-2018. The programme was updated to reflect the current market situation, and an assessment was carried out regarding the efficiency of Group companies and the attainability of the Group's main targets.

Capital adequacy, one of the key indicators of business sustainability, exceeded our target in 2015. Results in the Group's main business lines met or exceeded expectations, thus fulfilling our approved strategy. These positive results are particularly notable in light of the current challenging external environment.

Corporate governance and shareholder relations

In 2015, VTB Bank continued to strengthen its corporate governance, including through the execution of the Supervisory Council's action plan ('road map') for implementing the Corporate

Governance Code approved by the Bank of Russia in March 2014. The Bank's main activities in the reporting period included the approval of new versions of a number of by-laws regulating the Bank's corporate governance system, such as the Bank's Corporate Governance Code, the Regulation on the Supervisory Council and the Regulations on Supervisory Council Committees. In addition, a new Regulation was approved on Remuneration of Executive Bodies and the System of KPIs. This updated system will reinforce employees' focus on achieving the Bank's strategic goals.

In 2015, Sergei Galitsky was elected to the new post of Senior Independent Director on the Supervisory Council. The Senior Independent Director coordinates interaction between the independent directors on the Supervisory Council and also interacts with the Bank's shareholders. This development will make it possible to better coordinate the efforts of the Chairman and of the independent directors, as well as to interact effectively with the investment community and individual shareholders.

The equal treatment of all shareholders and maintaining an active dialogue with all stakeholders remain among VTB's top priorities.

Interaction between individual shareholders and the Shareholders Consultative Council was further developed in 2015. The practice of electing individual shareholders to the Supervisory Council continued, with the election in 2015 of Valery Petrov as the Chairman of the Shareholders Consultative Council, which supports the practice of ensuring the participation of minority in the management bodies of major Russian companies.

Interaction with shareholders, their participation in VTB's management and oversight bodies, and the transparency and efficiency of corporate

processes allowed VTB Group to maintain its 7+ corporate governance rating as determined by the Russian Institute of Directors.

Strengthening capital and further development

In order to strengthen its capital adequacy, the Bank issued new preference shares worth more than RUB 307 billion. The entire issue was acquired by the State Corporation Deposit Insurance Agency through a closed subscription. This resulted in a significant increase in VTB Bank's capital adequacy and, consequently, improved business sustainability in what was a challenging operating environment.

Work carried out throughout the year to ensure VTB's further development will make it possible to take advantage of all the opportunities that are now open to the Group, which, in addition to being beneficial for our shareholders, will have a positive impact on the Russian economy as a whole.

I am sure that the high degree of efficiency of VTB's management system, combined with responsible strategic decision-making, will ensure the Group's long-term sustainable growth and will strengthen its position both in Russia and internationally.

*Chairman
of the Supervisory Council
of VTB Bank*

Alexei Ulyukayev

Statement of the President and Chairman of the Management Board



*Dear shareholders,
clients and partners,*

In 2015, VTB Group strengthened its position in all its main business lines. VTB Group's assets grew by 12% in 2015 to RUB 13.6 trillion, and its loan book grew by 10% to RUB 10.1 trillion. The Group's portfolio of loans to individuals grew by 0.8% to RUB 2.0 trillion, which resulted in an increase in market share in this sector of 1.2 percentage points, reaching 16.1%. The corporate loan portfolio increased by 13% over the year to RUB 8.2 trillion, and the Group's share of the lending market for legal entities increased by 0.7 percentage points to 17.2%.

2015 could be described as a stressful year for Russia's economy and banking system: uncertainty in geopolitics, declining industrial production and significant currency fluctuations all exerted pressure on financial institutions. The cost of borrowing remained high, but with the drop in the Bank of Russia's key rate, demand for credit gradually began to recover. I am pleased to note that the Group's strong business model and the fact that we stuck to our strategy helped us maintain stability and continue to develop in a sustainable way, even in a challenging operating environment.

Following the increase in the key rate at the end of the 2014, VTB's liabilities revalued faster than its assets, leading to accelerated growth in interest expense and reduced net interest income for the Group. In 2015, this effect was partially offset by our successful work on developing fee and commission products in the Group's key business lines. Net fee and commission income rose by 21% to RUB 76 billion, and the Group's net income in accordance with IFRS doubled to RUB 1.7 billion, while profits in the entire banking sector declined by two thirds during the same period.

Strict cost controls also played an important role in our profitable results. In implementing the VTB Development Strategy for 2014-2016, a range of measures were taken in order to optimise costs. As a result, despite an increase in the number of transactions and high inflation in 2015, the Group's staff costs and administrative expenses decreased by 0.3%. The Group's results were boosted by a decrease in provision charges, which

was made possible by following a conservative origination policy: provision charges for impairment decreased by 35% year-on-year.

In 2015, VTB continued to strengthen its capital base by placing Type A preference shares totalling more than RUB 307 billion. It should be noted that the state continues to support major Russian banks, which ensures an adequate level of funding for key sectors of the economy. The main sectors represented in our loan portfolio in 2015 were the steel industry, construction, oil and gas and industrial production.

The Group's success in its Corporate-Investment banking line was marked by a number of awards in 2015, including the best public-private partnership project in transport for the M-11 Moscow-St. Petersburg toll motorway. VTB was also named the best bank in trade finance in Russia and the CIS.

In accordance with our approved strategy, we continued to increase the volume and efficiency of the Retail business, which showed a high degree of stability in changing economic conditions. In 2016, we plan to launch a new retail project called Post Bank in partnership with Russian Post. Within three years, we are planning to open more than 20,000 teller windows in some 15,000 post offices, which will significantly improve the availability of high-quality banking services in Russia and will enable the Group to continue to increase its share of the retail banking market.

In 2015, one of our main priorities was to develop our Mid-Corporate banking business. VTB Group implemented a large number of projects for financing infrastructure, agricultural, industrial and other socially significant projects. Moreover, promoting the development of regional economies continues to be one of VTB's most important tasks.

One of the key events for the Group in 2016 will be our merger with the Bank of Moscow, which will provide, among other things, more substantial cost savings by centralising the functions of the head office and improving the efficiency of banking operations.

Within the Group, a great deal of work has been carried out in preparation for different macroeconomic scenarios that we might face, and we look to the future with confidence. I can assure you that the Group remains true to its strategic priorities, and that we will do our best to support the growth of the Russian economy and further improve the quality of our products and services.

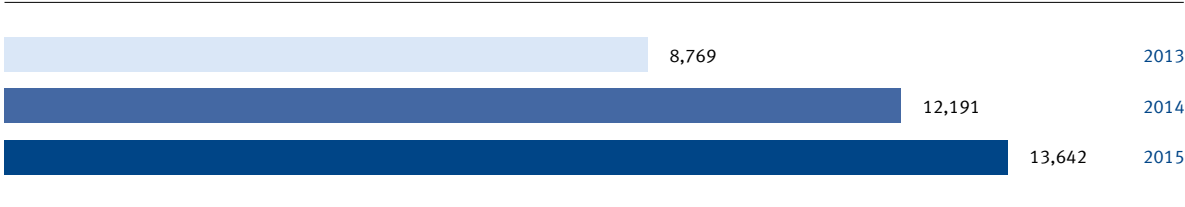
In conclusion, I would like to thank the VTB team for their effective work for the benefit of our shareholders, investors and customers, as well as to express our gratitude to our partners and customers for helping the Group strengthen its competitive advantages and open new horizons. To all our stakeholders, thank you. I am sure our joint efforts will be key to our successful future and long-term growth.

*VTB Bank President
and Chairman
of the Management Board*

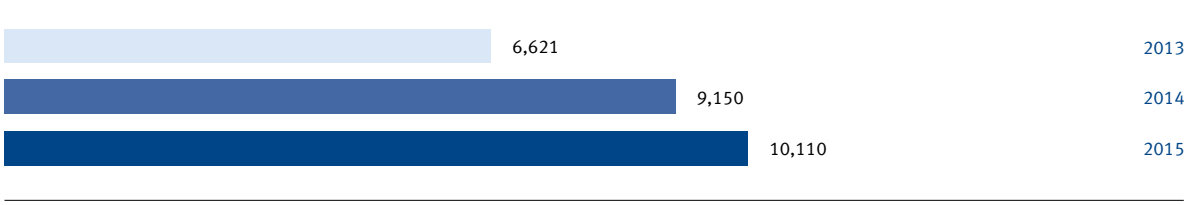
Andrey Kostin

1. VTB Group financial highlights

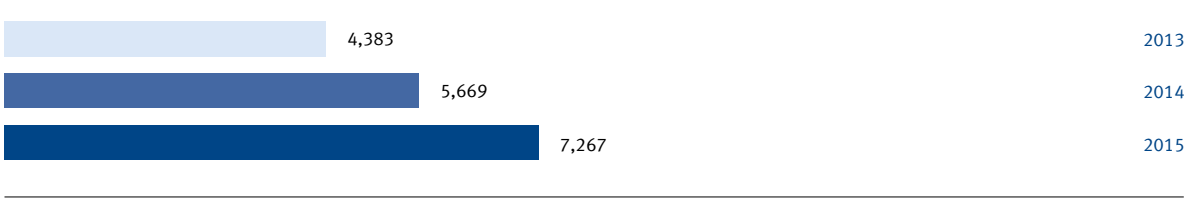
Total assets, RUB billion



Customer loans¹, RUB billion

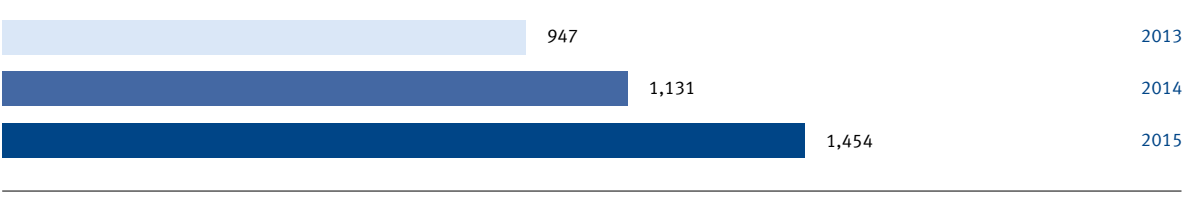


Customer deposits, RUB billion



1 Gross loans and advances to customers, including those pledged under repurchase agreements.

Shareholders' equity, RUB billion



Net operating income before provisions for impairment, RUB billion



Net profit, RUB billion



Key performance metrics, %

	2013	2014	2015
Net interest margin (NIM) ²	4.4	4.0	2.6
Cost to net operating income before provisions (CIR) ²	47.6	41.9	53.8
Cost of risk (CoR) ³	1.6	3.4	1.8
Return on equity (ROE)	11.8	0.1	0.1

2 Restated for 2013-2014. Starting from 2015, the Group presents payments to the deposit insurance system directly related to interest-bearing liabilities as a separate line of net interest income. For further clarification, please see VTB Group's 2015 financial statements.

3 Provision charge for loan impairment divided by average gross loans and advances to customers, including pledged under repurchase agreements.



*Commitment to strategy
ensures reaching our targets*

In 2015, VTB Group took leadership in the debt and equity capital markets, and also in corporate finance. According to Dealogic and Thomson Reuters, VTB Capital has strengthened its leadership in the Russian and CIS debt capital market with a record market share of 42.4% and ranked first in the equity capital market (with 49.5%) and M&A.

2. VTB Group market position

VTB Group is a leader in the Russian and international financial services markets, and is Russia’s second-largest financial services group. The Group has an

extensive branch network in Russia with over 1,800 offices, and has a presence in the world’s key financial centres.

VTB Group in the Russian banking market (as of 31 December 2015)

Segment	Market share, %	Rank
Corporate loans	17.2	2
Corporate accounts and deposits	19.4	2
Retail loans	16.1	2
Retail accounts and deposits	10.6	2

VTB Bank’s majority shareholder is the Russian Government. As of 31 December 2015, the Federal Agency for State Property Management owned 60.93% of VTB Bank’s ordinary shares, the Ministry of Finance owned 100% of the Bank’s preference shares, and the State Corporation Deposit Insurance Agency owned 100% of the Bank’s Type A preference

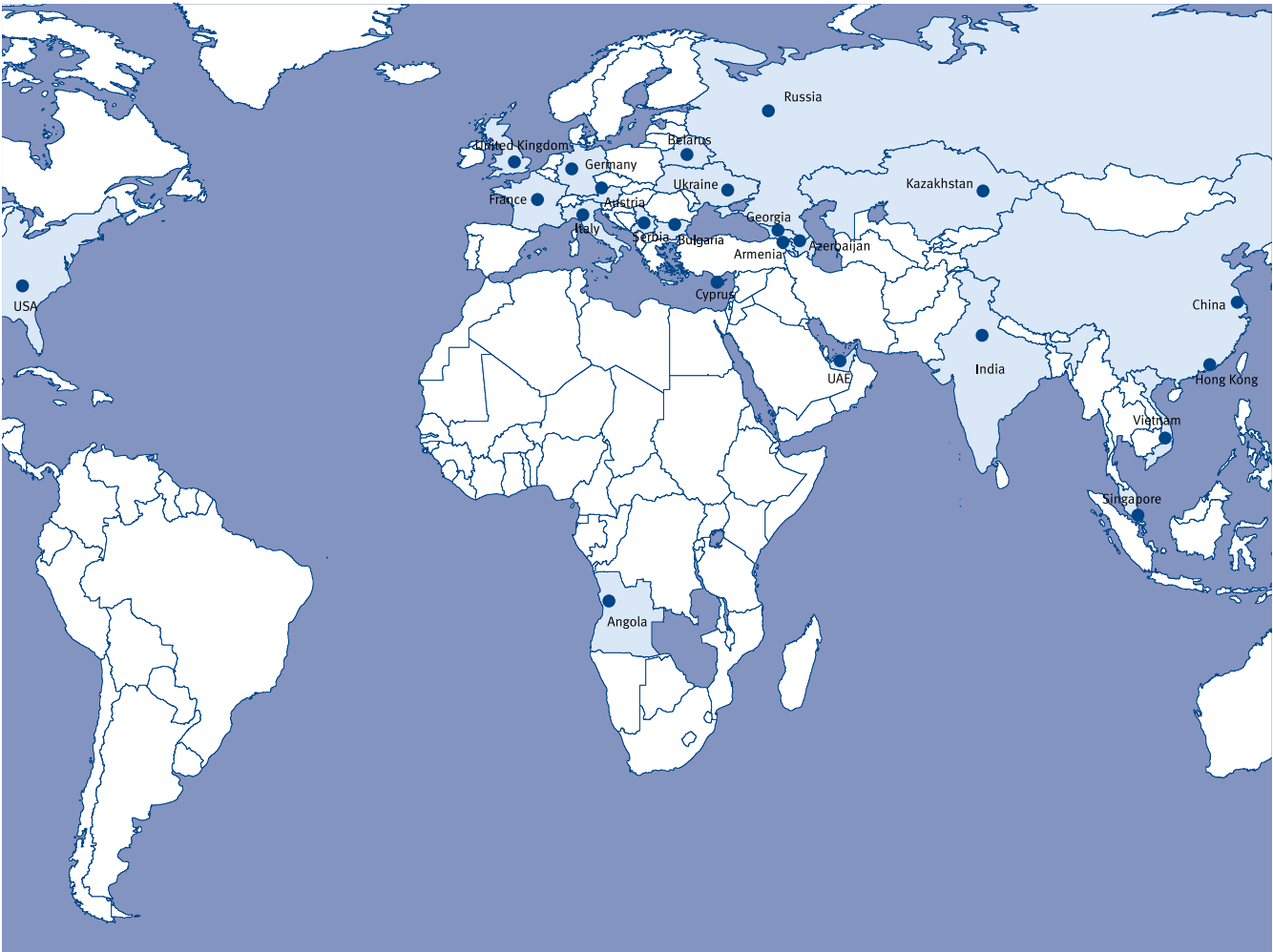
shares. The total share of the Russian Federation (acting through the Federal Agency for State Property Management and the Ministry of Finance of the Russian Federation) and the State Corporation the State Corporation Deposit Insurance Agency in the Bank’s share capital is 92.2%.

VTB Group key businesses (global business lines)

Corporate-Investment banking	Mid-Corporate banking	Retail business
Services to large corporate customers	Services to mid-corporate customers	Services to individuals and small businesses and all types of insurance services.
<ul style="list-style-type: none">Assets: RUB 7.6 trillionCustomer loans⁴: RUB 6.1 trillionCustomer deposits: RUB 3.2 trillion	<ul style="list-style-type: none">Assets: RUB 0.8 trillionCustomer loans⁴: RUB 0.7 trillionCustomer deposits: RUB 0.6 trillion	<ul style="list-style-type: none">Assets: RUB 3.8 trillionCustomer loans⁴: RUB 2.0 trillionCustomer deposits: RUB 3.3 trillion

4 Net loans and advances to customers, including those pledged under repurchase agreements.

VTB Group global presence



VTB Group’s global network is unique in the Russian banking industry. It enables the Group to facilitate international partnerships and promote Russian companies aiming to engage with global markets.

VTB Group operates a large international network across the CIS, with a presence in Armenia, Ukraine, Belarus, Kazakhstan and Azerbaijan. VTB also has banks in Austria, Germany and France, which are part of a European sub-holding with

VTB Bank (Austria) acting as the parent bank for Germany and France. The Group also has subsidiary and affiliated banks in the UK, Cyprus, Serbia, Georgia and Angola, and branches in China and India. VTB Capital has branches in Singapore and Dubai.

As of the end of 2015, more than 14.7 million individual and corporate clients were using VTB Group’s banking services both in Russia and abroad (up from 14.6 million at the end of 2014).



*Strong involvement in solving
the country's top-priority tasks*

*VTB Bank and SEMMARIS signed an agreement
to construct an unprecedented wholesale distribution
centre Maksimikha Agropark in the Moscow Region.
VTB Bank also provided finance to the main facilities
of Agrosila, Volga River region's leading agricultural
holding.*

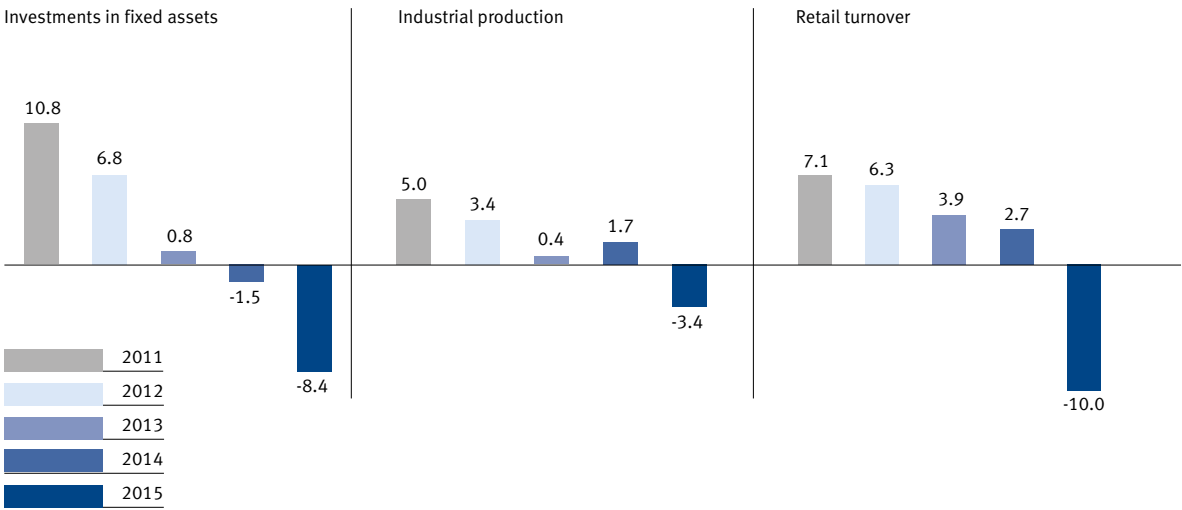
3. The economy and the banking sector

The Russian economy in 2015

In 2015, household consumption and private sector corporate investment contracted following a sharp decline in the price of oil: the price of Urals blend crude almost halved, averaging USD 51/bbl in 2015 compared to USD 98/bbl in 2014. Overall economic activity contracted for the first time since 2009, as GDP fell 3.7%, though the adjustment was much smoother compared to the 2008-2009 recession, which resulted in a 7.8% drop in GDP. Greater resilience was achieved by means of a transition to a flexible exchange rate regime, which helped soften the blow to economic activity and has created a cost advantage for many Russian corporations, which were less competitive before the depreciation.

Households were pressured by low wage growth (in nominal terms, growth slowed to 4.6%, a multi-year low) and tight lending conditions. As a result, retail trade turnover was hit hard, decreasing 10%, with the non-food segment suffering more, as demand for durable goods was skewed towards late 2014 induced by “flight-from-RUB” front-loaded purchases. Simultaneously, the labour market is going through a rebalancing process that strongly favours export trade sectors, where wage increases have reached as much as 10% (in agriculture and mining), while salaries in some non-trade sectors have already fallen into deflation in nominal terms (public administration and defence).

Russian macroeconomic indicators, % year-on-year



Source: Rosstat.

Investments in fixed assets continued to decline, a trend that began in 2013. The decrease intensified to 8.4% in 2015 against the more moderate 1.5% contraction a year earlier. Investments were restrained by a variety of factors, including policy uncertainty, reduced access to external sources of financing and an increase in the cost of borrowing in the domestic market.

In late 2014, the Bank of Russia took decisive action to maintain financial stability, hiking its key rate to 17%. Following an improvement in financial conditions, stabilisation in currency markets and confined inflationary risks, the Bank of Russia gradually cut the rate back to 11%, where it remains as of the publication of this report. In May 2015, the Bank of Russia started buying foreign currency on the open market as the rouble rallied, with oil prices increasing temporarily. These operations were halted in July when the trend in the commodity market reversed, allowing the Bank of Russia to purchase a total of about USD 10 billion in reserves. Since the Bank of Russia has adhered to a floating exchange rate, with the rouble closely followed the performance of the oil market. For the year, the rouble weakened by as much as 23%, reaching 72.9 against the US dollar as of 31 December 2015.

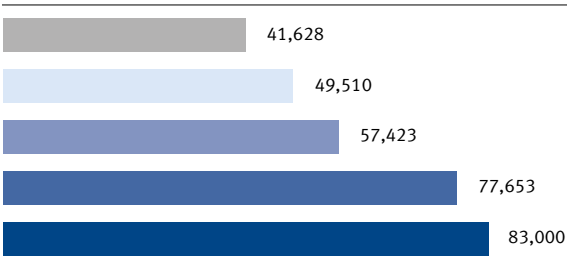
Consumer prices increased throughout 2015 as a result of the depreciation of the rouble and the subsequent pass-through effect, coupled with several waves of foreign trade restrictions. By the end of 2015, the consumer price index had risen by 12.9% year-on-year, its highest level since 2008.

The Russian banking sector in 2015

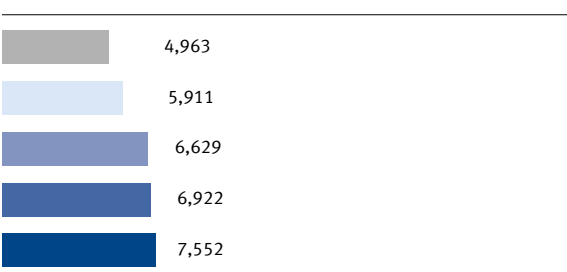
In 2015, asset growth in the Russian banking sector decreased to 6.9% year-on-year from 35.2% in 2014, as weak macroeconomic conditions

Russian banking sector, RUB billion

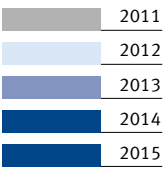
Assets



Equity



Net profit



Source: Bank of Russia.

affected loan growth. Penetration of banking services, defined as banks’ total assets divided by GDP, declined 6 percentage points year-on-year to 103%.

Weak macroeconomic conditions and elevated interest rates had a negative effect on the quality of demand for debt resources. Banks also tightened their requirements for borrowers, which resulted in slower expansion of the corporate loan portfolio (+12.7% year-on-year vs +31.3% in 2014) and deleveraging in the retail segment (-5.7% vs +13.8%, respectively). The effect of FX revaluation as the rouble depreciated further was more noticeable in the corporate segment, where the share of FX-denominated loans reached 40% at year-end. The total loan portfolio grew by 7.6% year-on-year (25.9% in 2014).

The weak macroeconomic backdrop also resulted in a further deterioration in asset quality: the share of overdue loans in the total loan portfolio increased by 2 percentage points year-on-year to 6.7%. This negative trend was seen in both the corporate and retail segments: in the former, the share of overdue loans increased to 6.2% at year-end from 4.2% at the end of 2014, while in the latter it increased to 8.1% from 5.9%.

Growth in overdue loans led to a 31% year-on-year increase in loan loss provisions. The ratio of provisions to total gross loans reached 7.9% as of 31 December 2015 vs 6.6% at the end of 2014.

FX factors and a recovery in retail deposit growth supported solid expansion in customer accounts of 18.9% year-on-year (+25.3% year-on-year in 2014). Retail deposit growth accelerated to 25.5% from only 9.4% in 2014. In contrast, growth of corporate accounts decreased to 14.2% year-on-year from rapid year-on-year growth of 40.8% in 2014.

The share of customer deposits in total liabilities recovered to 68% from 61% as of the end of 2014, as banks’ debt to the Bank of Russia decreased significantly (-42.2% year-on-year) to 6.5% of total assets from 12.0% at the end of 2014. The gross loan-to-deposit ratio decreased year-on-year to 86% from 95% at the end of 2014.

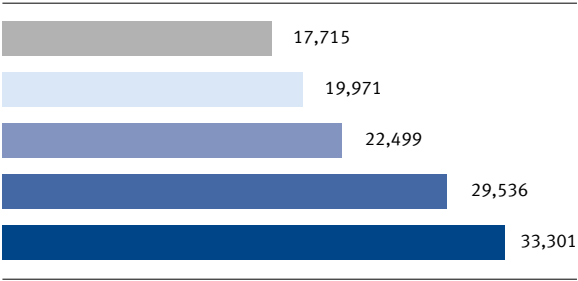
In December 2014, the Bank of Russia hiked its key rate to 17%. While it gradually reduced the key rate to 11% in 2015, the cost of financing for banks still increased significantly, especially in the first half of the year, pushing net interest margin down, as banks were unable to pass on all the costs to clients. In the second half of 2015, asset repricing and a reduction in the cost of financing on the back of rate cuts helped net interest margin to recover. Pressure on banks’ net interest income from the increased cost of financing, as well as the elevated cost of risk, had a negative effect on the sector’s profit for the full year. As a result, profit decreased in 2015 by 67% year-on-year to RUB 192 billion. According to the Bank of Russia, the number of unprofitable banks in Russia increased in 2015 to 180 from 126 in 2014.

In 2014-2015, the Russian Government and the Bank of Russia provided sufficient support to the banking sector to minimise the impact of negative external factors on banks and their customers. These measures also included recapitalisation of credit institutions and regulatory forbearance measures that were mostly terminated on 1 January

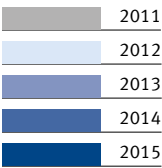
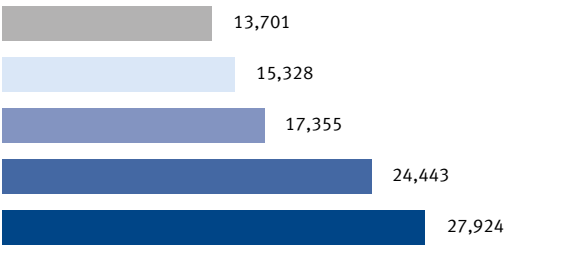
2016. The Bank of Russia’s forbearance measures helped banks meet their prudential requirements in 2015. By year-end, banks’ capital adequacy ratio increased to 12.7% from 12.5% at the end of 2014 despite a significant increase in risk-weighted assets (also due to FX revaluation) and reduced profitability in the sector.

Russian banking sector, RUB billion

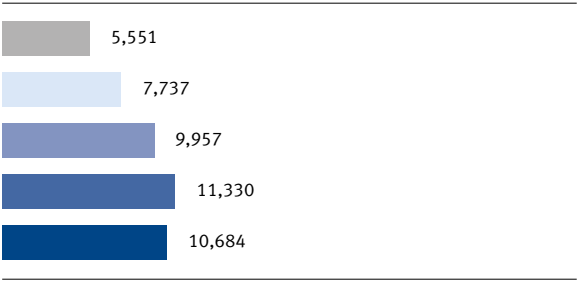
Corporate loans



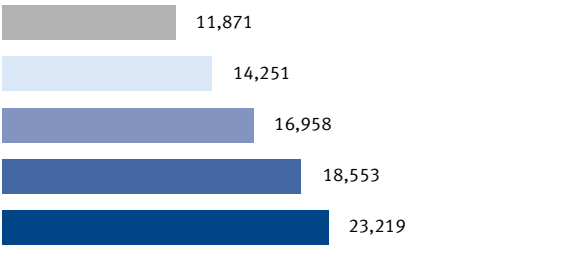
Corporate deposits



Retail loans



Retail deposits



Source: Bank of Russia.



Support to Russia's real economy and export potential

VTB is a recognised leader in financing Russian exporters and their foreign clients: the Bank is highly involved in the government programs for export support, acting as a key EXIAR partner. VTB was named "Best Trade Finance Bank in Russia and the CIS" in 2015 by Global Trade Review, and "Best Bank for Trade Finance in Russia 2016" by Global Finance.

4. Management report

4.1. Key events in 2015

March

VTB24 and the Bank of Moscow began accepting applications for a special mortgage programme developed under a state-subsidised programme called State-Supported Mortgages.

April

VTB Bank's custody services were recognised as the best in the Russian market by a customer survey conducted by *Global Custodian* magazine. VTB Group Custody is one of the largest custodians in Russia and provides a full range of custody services, as well as a full range of investment banking products such as operational support for mergers and acquisitions.

June

The Annual General Meeting of Shareholders took place on 25 June. More than 1,000 shareholders and their representatives (including those participating in absentia) attended the meeting. The event was broadcast online on VTB Bank's website.

Alexei Ulyukayev, the Minister of Economic Development of the Russian Federation, was elected Chairman of VTB Bank's Supervisory Council.

July

VTB Bank placed preferred shares totalling more than RUB 307 billion. The State Corporation Deposit Insurance Agency acted as the purchaser of the securities. As part of a private offering, 3,073,905,000,000 Type A preference shares were placed with a par value of RUB 0.1, an offer price equivalent to the par value of the shares.

VTB Capital won a 2015 Euromoney Award for Excellence in the Best Investment Bank in Russia category.

VTB Capital Asset Management was selected as the winner in the category of Best Non-State Pension Fund Management Company in the Stock Market Elite national competition, organised by the Russian National Association of Securities Market Participants (NAUFOR).

September

As another step aimed at increasing transparency and improving its disclosure standards, VTB Bank provided investors with a new format for its unaudited financial statements. The published data includes items from the balance sheet, profit and loss statement, key ratios and performance

indicators, as well as a segment analysis, based on unaudited consolidated results prepared in accordance with IFRS. The reports are published each month on VTB Bank's website.

VTB Capital was recognised by the UK publication *International Finance Magazine* as the Best Investment Bank in Russia in 2015.

VTB Capital took the top spots in equity and debt capital markets among investment banks in Central and Eastern Europe according to the annual *Euromoney Real Estate Survey 2015*.

October

VTB Capital convened the seventh annual Russia Calling! Investment Forum in Moscow. More than 2,000 guests took part, including more than 450 international and Russian investors, government representatives and key regional institutions, as well as the heads of leading Russian companies. Over two days, forum participants discussed key issues affecting the Russian and global economy.

VTB Capital was named by the UK publication *Finance Monthly* as the Best Investment Bank in Russia and the UK for M&A based on votes by market participants and *Finance Monthly's* own research.

The RAEX rating agency confirmed VTB Insurance's reliability rating at A++ ("exceptionally high level of reliability"), with a stable outlook.

November

For the fifth consecutive year, VTB Capital was named best operator in the market for forex

instruments in Russia by US publication *Global Finance*. VTB Capital ranked first among Russian financial institutions by transaction volume, market share, international business coverage, competitive pricing and innovative technologies.

RAEX conducted a study on the reliability and quality of services provided by VTB Capital Investment Management and confirmed its A++ rating ("exceptionally high level of reliability and quality of services, with a stable outlook"). It was given this rating for its leading market position, high standards of investment and risk management, the positive results of its asset management and low level of infrastructure risks.

December

VTB Bank was recognised as the best bank for trade finance in Russia and the CIS in 2015 by *Global Trade Review* magazine.

VTB Bank's high corporate governance rating of 7+ ("developed corporate governance practice") was confirmed. The national corporate governance rating is compiled based on annual independent monitoring by the Russian Institute of Directors. The research analyses aspects of corporate governance including shareholder rights, the activities of management and oversight bodies, information disclosure and corporate social responsibility.

VTB24 completed its merger with TransCreditBank, and completed the transition of former TransCreditBank clients in 2015 to the target platform, making it possible to serve customers using unified standards, products and technologies.

4.2. VTB Group strategy

In 2015, VTB Group continued implementing its Development Strategy for 2014-2016 (Quality Growth Strategy), which was approved by the Bank's Supervisory Council on 10 April 2014.

Major changes in external conditions in 2014-2015, in particular the escalation of the geopolitical situation, the imposition of sanctions, the decline of the Russian economy, the depreciation of the rouble and rising interest rates had an impact on the implementation of VTB Group's Development Strategy and the achievement of approved quantitative performance indicators. At the same time, the main objectives of the Development Strategy for 2014-2016 remained relevant: quality growth of VTB Group's business, maintaining the Group's leading market positions, realising the potential of key growth areas while achieving profitability targets and developing effective risk management systems.

Achieving these goals involves the following priorities for VTB:

- maintaining a strong market position and improving the efficiency of the Corporate-Investment banking business;
- developing the Mid-Corporate banking business as a separate profit centre and strengthening the Group's position in this market segment;
- achieving faster growth in the Retail business and increasing market share as well as the share of the retail segment in the Group's business overall;
- strengthening risk management and control systems at the Group level;

- increasing operational efficiency and instituting stringent cost control; and
- implementing measures for the transition to a universal banking platform.

In 2015, despite a decline in the retail lending market, VTB Group expanded its retail loan portfolio, increasing its market share from 14.9% to 16.1%. VTB Group also continued steadily growing its market share in retail deposits, from 9.8% to 10.6%. The number of unique⁵ VTB clients (including the insurance business and NPF VTB Pension Fund clients) exceeded 39 million.

VTB Group continued to strengthen its positions in lending to and taking deposits from legal entities, attaining market shares of 17.2% and 19.4%, respectively.

In 2015, the Group maintained its conservative approach to risk management, helping to reduce impairment provision charges, which amounted to RUB 178.1 billion in 2015, down 35.3% from 2014. The cost of risk (the provision charge for loan impairment divided by average gross loans and advances to customers) amounted to 1.8% for 2015, compared to 3.4% in 2014.

The Group's efficiency-led corporate culture helped keep costs under control, with all key business lines enacting cost-cutting measures. Staff costs and administrative expenses fell 0.3% year-on-year for FY 2015, despite the high rate of inflation. The Group's costs-to-average-assets ratio improved to 1.8% for FY 2015 from 2.2% for FY 2014, and to 1.8% in 4Q 2015 from 2.5% in the same period the previous year.

In 2015, VTB Group consistently implemented strategic initiatives that were in line with the goals

and priorities approved in its Development Strategy for 2014-2016.

Corporate-Investment banking

In 2015, the main priorities for the development of Corporate-Investment banking were income diversification, improving the efficiency of client operations and developing transaction banking.

In 2015, as part of its investment business, VTB Group took a leading position in the debt and equity markets, as well as the corporate finance market. According to Dealogic and Thomson Reuters, VTB Capital, based on its performance in 2015, ranked first in debt capital markets in Russia and the CIS with a record share of 42.4%, as well as maintaining its strong position in international debt markets by organising five placements for issuers from China. Also, according to Dealogic, VTB Capital ranked first in equity capital markets (ECM) in Russia and the CIS with a market share of 49.5%, as well as in M&A transactions.

In transaction banking, projects were developed to offer account monitoring services for state and private companies' investment programmes; the Customs Card bank payment system was launched; and a number of changes were made that expanded the functionality of the remote banking service and made it more user-friendly. The Group devised and began implementing a strategy for growing its documentary business to support projects and contracts of Russian companies with partners from China.

Further development of the customer relationship management (CRM) system and cross-selling helped ensure that the number of products per customer came close to the target level (about four products per customer).

Mid-Corporate banking

In Mid-Corporate banking in 2015, the Group focused on improving customer service and increasing cross-selling, as well as further improvements to the credit process and risk management, reducing costs and implementing organisational changes to facilitate the integration of the Bank of Moscow.

In 2015, VTB Group implemented a number of account management projects for regional housing modernisation funds, as well as projects for regional administrations on monitoring the costs of budget funds. To develop the credit process and risk management, the activities of credit committees and the composition of documents and forms for loan agreements and security documents were improved, and measures were put in place for automated document generation. As a result of a real estate inventory, excess leased space was eliminated, inefficient retail outlets were shut down, rental rates in the regional network were cut and the location of outlets was optimised. To ensure the integration of the Bank of Moscow, a target model for the corporate network was developed and approved, as was a concept for customer transfers.

Retail banking

In accordance with the approved strategy, the key objectives for VTB Group's Retail business in Russia in 2014-2016 are:

- increasing retail market share in terms of loans and deposits, as well as the number of clients;
- retaining a leading position in terms of customer satisfaction; and
- maintaining a high level of cost efficiency.

Despite the macroeconomic shocks related to the shrinking economy, the devaluation of the rouble

⁵ Unique clients are individual clients who buy certain products and services only from VTB Group companies.

and the increase in the Bank of Russia's key rate, by the end of 2015, the Group's Retail business produced positive financial results. Under IFRS, the net profit of the global Retail Banking business line amounted to RUB 16.9 billion.

To achieve its targets for 2015, emphasis was placed on continuing the introduction of segment-oriented sales models and servicing high-net-worth customers, transferring customers to the remote banking system and improving front-line productivity. As a result, the number of premium offices and service areas in the VTB24 network increased in 2015 from 530 to 576, the number of customers in the premium service models increased by 50%, the proportion of customers actively using the Internet and mobile banking more than doubled, exceeding 15%, and the productivity of sales and service channels increased by more than 20%.

Improving risk management

In 2015, the priorities in improving the risk management system and strengthening risk controls were set to update the risk management model and develop systems for managing credit, market and operational risks.

As a result, improvements were made to procedures for determining economic capital; approaches to assessing, monitoring and controlling credit risk; the methodology for assessing and managing liquidity risk and currency risk; and procedures for collecting information on operational risk events and subsequent control procedures.

Operational efficiency

To improve operational efficiency and institute stringent cost controls in 2015, the following priority areas were identified within VTB Group:

- payroll reductions;
- maximum utilisation of the Group's infrastructure resources;
- improvement in the internal efficiency of the back office;
- performance improvements across all business lines, with relevant teams being rewarded based on results;
- optimisation of expenses; and
- reorganisation of the Bank of Moscow.

The key results in 2015 were:

- maintaining costs at a level not exceeding 2014 costs (staff costs and administrative expenses decreased by 0.3% year-on-year);
- introduction of project management to implement cost reduction initiatives for VTB Group, and the launch of projects to develop infrastructure solutions shared by the Group;
- approval and subsequent successful implementation of a model for the acquisition of the Bank of Moscow to generate significant cost savings by centralising head-office functions; cooperation among the networks of VTB Bank, VTB24 and the Bank of Moscow; and a reduction in excess network resources; and
- introduction of monthly management reports for the Group's Corporate-Investment, Mid-Corporate and Retail business lines, making it possible to conduct a quick analysis of business performance broken down by global business lines, customers and products.

Transition to a single universal bank platform

Under the Bank's Development Strategy for 2014-2016 and the Bank's Long-Term Development Programme for 2014-2018, plans are in place for VTB Group's transition to a single universal bank platform. The integration of OJSC Bank of Moscow and JSC VTB Bank is envisioned as a step towards the realisation of this goal. This integration will increase the efficiency of VTB Group's banking activities both by optimising costs and increasing revenue.

The Integration of the Bank of Moscow and VTB Bank is being carried out by restructuring the Bank of Moscow by spinning off JSC BS Bank with its regular business (Corporate-Investment banking, Mid-Corporate, and Retail business banking) and merging it with VTB Bank.

Among other steps as part of the plans for the integration of the Bank of Moscow and VTB Bank in 2015, the Bank of Russia agreed on the legal model for the reorganisation of the Bank of Moscow, the Bank developed a target organisational and functional model for VTB Bank after its acquisition of the Bank of Moscow, the financial model for the acquisition was approved, and goals were set for optimising the administrative, economic and administrative costs of the acquired bank.

In January 2016, the Supervisory Council decided to convene an Extraordinary General Meeting of VTB Bank Shareholders concerning the Bank's reorganisation in respect of the acquisition of JSC BS Bank.

VTB Bank's Long-Term Development Programme

In December 2014, VTB Bank developed, and the Bank's Supervisory Board approved, a Long-Term

Development Programme for 2014-2018 (the Programme).

In 2015, the Supervisory Council reviewed the Programme and the following adjustments were implemented:

- increased labour productivity (the Bank prepared a list of measures aimed at increasing labour productivity with the indicator values for their implementation, as well as the indicator value for labour productivity);
- workforce needs (the Bank prepared information about its workforce needs, including for engineering and technical specialists);
- replacement of foreign products with products of Russian origin (in line with the principles of economic feasibility and technological validity, the Bank prepared information about measures aimed at the planned, gradual replacement of products originating from foreign countries with Russian-produced products that have the equivalent technical characteristics and consumer properties, and that are used in the implementation of investment projects and ongoing activities);
- a reduction in operating costs/expenditures (the Bank prepared a list of measures aimed at reducing operating costs (expenditures) by at least 2-3% per year, as well as the indicator value for a reduction in operating costs (expenditures) by at least 2-3% per year);
- corporate governance (the Bank prepared a section on the development of its corporate governance system).

These proposals were considered by the relevant ministries and agencies (Ministry of Finance, Ministry of Economic Development and the Federal

Property Management Agency) without comments and sent for approval to the Government. Pending the coordination and approval of the proposals by the Government, the appropriate amendments and additions to the Programme will be submitted for the approval of the Supervisory Council.

Auditor’s conclusions about the implementation of the Long-Term Development Programme

In accordance with the instructions of the Government, the Bank is subject to an annual audit of the Programme’s implementation (the Audit). The Audit is governed by the Bank-approved Standards for Conducting an Audit on the Implementation of the Long-Term Development Programme, a document that contains information about the procedures for the planned Audit, the procedures for the tender to select an auditor, the conduct of the Audit, the time frame for completing Audit-related work and on decision-making based on the results of the Audit, as well as on the corresponding Terms of Reference for Conducting the Audit.

In December 2015, in accordance with a Directive of the Government, the Bank prepared and reviewed a report on the fulfilment of the Programme indicators for the first half of 2015 at a meeting of the Committee of the Bank’s Supervisory Council on Strategy and Corporate Governance.

The Audit of the implementation of the Programme for the 2015 financial year was conducted in April 2016. The Audit was carried out by Ernst & Young. The Bank’s Supervisory Council reviewed the report on the Programme’s 2015 performance indicators and the results of the Audit of its implementation on 13 May 2016.

Key performance indicators

The successful implementation of the Strategy and Development Programme is managed through a system of key performance indicators (KPIs). These KPIs are set out in the Strategy and Development Programme documents, and are designed to motivate relevant employees to work towards implementing the Group’s strategic objectives.

In order to provide the basis for further development of the KPI system, the following documents were approved:

- A list of key performance indicators to measure the performance of members of VTB Bank’s Management Board;
- The Method for Calculating and Evaluating the KPI Total Shareholder Return;
- The Procedure for Determining the Expected Amount of Remuneration for the Members of the Management Board of JSC VTB Bank, Depending on the Degree of Fulfilment of the KPIs.

In March 2015, to fulfil the requirements of an Order from the Bank of Russia, taking into account the recommendations of the Federal Property Management Agency, the Bank’s Supervisory Council approved a new edition of the Regulation on the Remuneration of JSC VTB Bank’s Executive Bodies and on Key Performance Indicators (the Regulation on KPIs). Changes were made to the paragraphs of the document on KPI target values and on the variable part of the remuneration for VTB Bank’s executive bodies.

The current version of the Regulation on KPIs also contains the following information:

- appropriate remuneration for tasks performed, results and the level of risk taken;
- correlation between the remuneration of the Bank’s executive bodies and the achievement of the objectives and tasks specified in the Programme;
- correlation between the chief executive officer’s KPIs and the achievement of VTB Group’s performance targets calculated on the basis of the IFRS consolidated financial statements of VTB Bank and its subsidiaries, as determined in the Programme.

The link between the expected amount of the variable part of the remuneration for VTB Bank’s Management Board and the execution of the established KPIs is established in the approved Procedure for Determining the Expected Amount of Remuneration for the Members of the Management Board of the Bank, as well as in the employment contracts of the Bank’s senior management.

The above-mentioned documents were prepared in accordance with the Guidelines for the Use of Key Performance Indicators by State Corporations, State-Owned Companies, State Unitary Enterprises and Commercial Enterprises in whose Charter Capital the Russian Federation or a Subject of the Russian Federation Has a Share of More than

In accordance with the approved strategic objectives, VTB Group established the following key performance indicators:

Indicator				
ROE – return on equity				
TSR – total shareholder return for a given year				
Net operating income before provisions for loan impairment				
CoR (Cost of risk) – provision charge for loan impairment divided by the average customer loans				
Net fee and commission income				
CIR (Cost-income ratio) – staff costs and administrative expenses divided by operating income before provisions				
Tier 1 CAR – tier 1 capital adequacy ratio				

KPIs for 2015-2018

Indicator	2015	2016	2017	2018
ROE	14%	15%	15%	15%
TSR	The yield on the MICEX Financials Index for the relevant reporting period, adjusted for dividends paid out during the period on shares included in the Index			
Net operating income before provisions, RUB billion	623	743	810	875
CoR	2.0%	2.2%	1.9%	1.7%
Net fee and commission income, RUB billion	92	118	140	155
CIR	44%	42%	42%	42%
Tier 1 CAR	11.0%	11.3%	11.4%	11.5%



Dynamic development and customer-tailored approach

VTB Bank continued to cooperate with EVRAZ Group – one of the leading steel and mining holdings both in Russia and the world, and helped refinance the current debt of JSC EVRAZ NTMK, providing it with USD 345 mln. VTB Bank also participated in a number of landmark transactions, including placement of EUR and RUB bonds for EVRAZ Group, and in the Liability Management program aimed at long-term buy-back of the company's bonds.

KPIs execution in 2015

Indicator	Target	Actual (methodology of Long-Term Development Program)		Actual (VTB IFRS)	Execution	Comments
ROE	14.0%			0.1%	0.7%	Not met due to the significant decline in net interest margin against the backdrop of increased funding costs in 2015
TSR	100%			83%	83%	KPI execution in 2015 amounts to 83%: VTB TSR reached 33% comparing with 60% for the MICEX Financials Index. KPI execution in 2014-2015 amounts to 129%: VTB TSR reached 66% comparing with 29% for the MICEX Financials Index.
Net operating income before provisions, RUB billion	623.0	412.3	438.8		70%	Not met due to the significant decline in net interest margin against the backdrop of increased funding costs in 2015
CoR	2.0%			1.8%	107%	Target exceeded
Net fee and commission income, RUB billion	92.0		76.2		83%	Net fee and commission income grew by 20.8% y-o-y in 2015, but growth rate was below the targeted level due to weak macroeconomic conditions in Russia.
CIR	44.0%	53.8%	56.6%		71%	Not met due to lower net operating income before provisions. Staff costs and administrative expenses decreased by 0.3% in 2015 compared to 2014
Tier 1 CAR	11.0%		12.4%		112.7%	Target exceeded

50%, jointly developed by Russia’s Ministry of Economic Development and the Russian Federal Property Management Agency.

Based on these KPIs, key performance indicators are created to assess the activities of the Bank’s executive bodies and of the Bank’s management. It is also possible to use individual indicators for managers to determine how successfully various projects/tasks/programmes have been implemented.

The list of KPIs and their weight in accordance with the Bank’s documents is determined for the reporting period by the decision of the Supervisory Council on an individual basis for each member of the Board.

In accordance with point 4.1 of the Regulation on KPIs, the approved business plan, budget and Bank strategy can be used in setting KPI targets. In accordance with point 6.1 of the Regulation on KPIs, the variable part of the remuneration of the executive bodies can be determined by taking into account performance indicators that measure specific areas of responsibility for any Board member (individual targets) or for the organisation in general (Group targets).

In accordance with the instructions of the Government on amending the Long-Term Development Programme, including with regard to the inclusion in the list of KPIs of indicator values for labour productivity and an indicator for reductions in operating cost (expenditures)

of at least 2-3% annually, the Bank developed appropriate indicators and their values and sent them for approval to the relevant ministries and agencies as part of its proposals on adjusting the Programme.

Pending the coordination and approval of the proposals by the Government, the appropriate amendments and additions to the Programme will be submitted for the approval of the Supervisory Council. Subsequently, the Bank plans to approve an updated list of KPIs.

4.3. Review of operating performance

4.3.1. Corporate-Investment banking

Segment overview

Share of VTB Group total	
Assets	44%
Customer loans and advances (net)	65%
Customer deposits	44%
Net interest income	26%
Net fee and commission income	23%
Provision charge ⁶	39%
Net operating income	41%
Staff costs and administrative expenses	27%

Source: VTB Group IFRS consolidated financial statements for 2015.

The Corporate-Investment banking (CIB) global business line specialises in servicing major corporate clients through lending, selling transaction and investment products, as well as leasing and factoring services across all regions where VTB Group is present, including Russia, the CIS, Europe, Asia, the USA, the Middle East and Africa.

In order to maximise the effectiveness of its customer service, VTB has created a dedicated client coverage unit and a separate credit unit that is responsible for maintenance and development of a modern line of lending products.

The client coverage unit’s service model is centred around sector coverage, with dedicated teams being responsible for doing business with clients from the respective sectors of the economy, including companies in the public and defence sectors. This approach enables the Group to improve the quality of its sector expertise and build products and solutions tailored to the needs of specific clients.

The structure of the product units is also designed for sector specialisation and the requirements of major corporate clients. This, in particular, allows the Group to improve its credit analysis and the quality of its corporate loan portfolio.

The transaction banking business comprises two main product lines: the documentary business, which includes various types of guarantees and credits, and a line of liquidity management products, including account management products, financing products (including various means of accruing interest on account balances), as well as acquiring services, remote banking services, and settlement and cash services.

The Group’s investment banking business offers a full range of investment banking products, including trading operations, organising debt and equity issuance, M&A transactions and consulting services, private equity, asset management, FX and interest rate products and hedging strategies.

6 Including the provision charge for impairment of debt financial assets and the provision charge for impairment of other assets, credit-related commitments and legal claims.

The main CIB objectives in respect of VTB Group’s strategy are maintaining its strong market positions, improving efficiency and stringent cost control. The distribution of powers between the CIB and the Corporate Centre in respect of support and control functions enables the Bank to focus more on cost controls.

In 2015, the Bank continued developing the project for the cross-selling of products from subsidiary companies to VTB Bank’s corporate customers. Compared to 2014, there was a significant increase in the number of client managers and clients taking part in the project. In addition, there was also an increase in the number of subsidiary companies taking part in the project: over the course of the year, three new companies joined the cross-sales system: JSC VTB Development, OJSC Bank of Moscow and JSC Unified Electronic Trading Platform.

Lending business

VTB offers a wide range of lending products, providing financing for varying time periods and in all the world’s major currencies. The Bank also offers various types of credit lines — with drawdown limits, credit limits or with a combination of these limits.

Besides traditional financing, VTB also offers complex credit products, including structured repo, investment and project financing, debt and equity financing services, advisory services on structuring investment projects, trade finance services and direct financing from institutional investors and commercial banks. VTB clients have access to structured financing products that make it possible to significantly reduce interest rates by allowing the Bank to select the currency

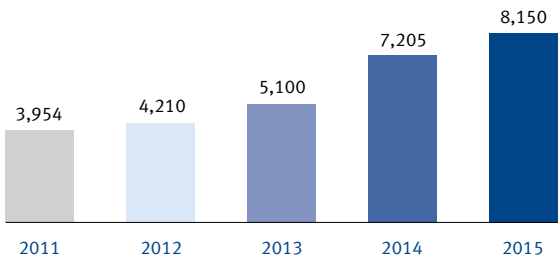
for repayment. Leasing and factoring products are provided to the Group’s customers through the Group’s subsidiaries, VTB Leasing and VTB Factoring.

In 2015, with a decrease in the Bank of Russia’s key rate, the Russian corporate lending market became more attractive, and demand for credit remained a key source of capital for first-grade borrowers, as international debt capital markets generally remained closed to issuers from Russia.

At the same time, there was still a level of economic uncertainty, a drop in industrial production, and significant exchange rate fluctuations, which exerted a restraining influence on the investment activity of large customers and their demand for credit resources.

The weakening of the rouble against foreign currencies, and the corresponding decline in the economic activity of tenants and investors in 2015 exerted pressure on the ability of borrowers to service their obligations to the Group, especially in foreign currency. In connection with this, work was carried out to align the repayment schedule for a number of transactions with market realities, and to reduce the debt burden. Despite the challenging economic conditions, the decline

VTB Group loans to legal entities⁷, RUB billion



Source: VTB Group IFRS consolidated financial statements

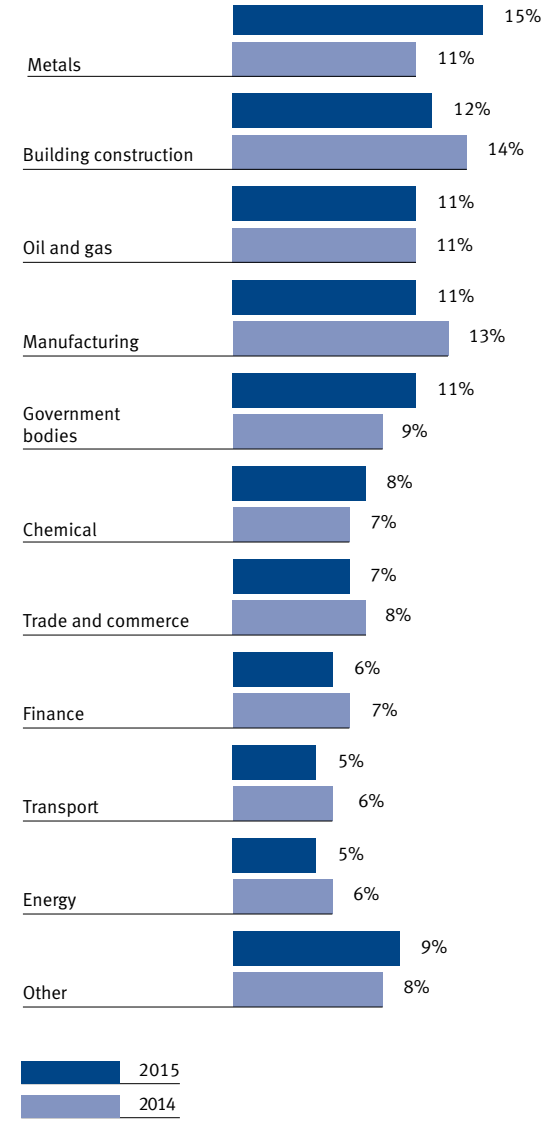
in consumer demand and the maintenance of sectoral sanctions, VTB Group’s corporate lending continued to exceed the industry average. By the end of 2015, the Group’s corporate loan portfolio had increased by 13.1% to RUB 8,150.0 billion. As a result, the Group saw its market share in corporate lending increase from 16.5% to 17.2%, thereby maintaining the second position in the market.

The worsening economic situation in Russia had a significant impact on the Group’s customers. In response to the change in macroeconomic conditions, CIB prioritised risk optimisation and maintaining the quality of the Group’s loan portfolio. The Group adjusted its corporate lending policies by limiting new issuances of FX-denominated credit and tightening collateral requirements.

In 2015, the Group continued to actively participate in infrastructure projects. The project to finance, build and operate the M-11 Moscow-St.Petersburg toll motorway was awarded the 2015 ROSINFRA National Infrastructure Award for the best public-private partnership project in transport.

Also in 2015, VTB Bank became the first bank to provide funding as part of a programme to support investment projects in Russia on the basis of project financing. As a result, Tele2 Group received a concessional loan to construct 3G/4G networks in the Moscow Region. The development of trade and export finance in all regions where VTB Group operates remains a priority, with a special focus on the Asia-Pacific region. In 2015, the Bank occupied a leading position in expanding business with Chinese financial institutions by signing a number of agreements totalling more than RUB

VTB Group loans to legal entities by economic sector



Source: VTB Group IFRS consolidated financial statements for 2015.

160 billion to finance trade flows between Russia and China. At the same time, VTB introduced innovative products for export financing, with the largest transactions in the Russian market covered by EXIAR.

7 Gross loans and advances to customers, including pledged under repurchase agreements.

Based on its performance in 2015, VTB was recognised as the best bank in trade finance in Russia and the CIS by Global Trade Review, an independent and authoritative publication in the areas of trade and export financing.

In 2015, the Group was active in the debt markets of Eastern Europe and Africa, and work continued on new credit instruments with the Indian conglomerate Essar, including financing the largest delisting in the history of India’s equity market.

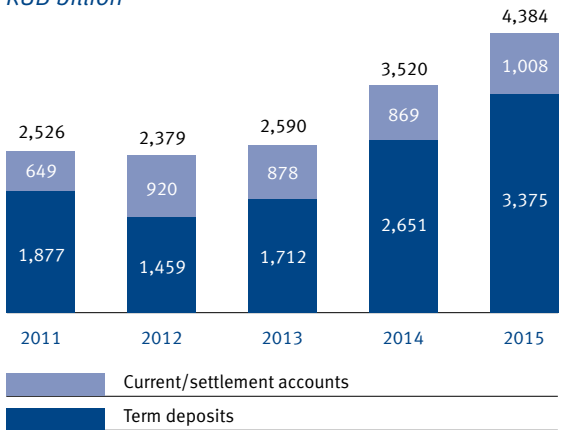
Customer deposits

VTB Group continued to focus on attracting customer deposits, keeping in line with market changes and meeting customer needs. CIB quickly ensured compliance with any legislative changes by not only informing customers, but also by proactively rolling out products and providing customers with effective mechanisms to ensure compliance with new regulatory requirements. VTB Bank’s flexible pricing policy and individual approach to customers enabled the Group to increase the volume of customer liabilities, with a line of liquidity management products that aided the development of this area of activity.

In 2015, the Bank continued to expand placement options for temporarily free cash. In particular, regional clients were given the option under special terms and conditions to implement the simultaneous accrual and payment of interest on their monthly average and minimum cash balances, as well as the option of accruing interest on account balances based on average monthly balances under a progressive scale of interest rates.

The Bank saw an increase in the volume of deposit products, due in part to the introduction

VTB Group deposits of legal entities, RUB billion



Source: VTB Group IFRS consolidated financial statements.

of a simplified procedure for placing deposits in pension funds and savings for housing for military personnel. In order to increase customer account balances in the Pension Funds sector, the Bank factored in special circumstances regarding placement and improved the mechanism for calculating interest, taking into account specific situations, which increased the appeal of these funds.

These steps enabled the Group to attract new customers. Corporate deposits in 2015 increased by 24.5% to RUB 4,383.6 billion (in part due to the revaluation of funds denominated in foreign currencies), and VTB Group’s market share in this sector increased from 18.8% at the end of 2014 to 19.4% by 31 December 2015. The Group has the second-largest market share for corporate deposits in Russia.

Transaction banking

In 2015, the Group continued to improve the quality of customer service in its transaction banking business by introducing best

international practices and by responding quickly to market demands. This included the development of new products, improvements to sales procedures, and a particular focus on the development of the remote banking system. The Group introduced a new version of its Online Banking service, featuring a more intuitive, user-friendly interface. Also, a new service called Personal Office was introduced that features a simplified procedure for connecting customers to the remote banking system, reducing the required number of trips to the bank to a single visit and improving internal processes for customers to register and get connected.

In 2015, the remote banking system was integrated into the 1C accounting system: the option of a direct workflow was introduced, enabling users to sign and send payment orders in roubles without exiting the accounting system, and to receive account statements and status updates on the execution of documents.

As part of the settlement and cash management services under transaction banking, customers were given the option of opening several accounts under a single bank account agreement and connecting to the remote banking system. The Bank expanded its range of credit cards and launched the Customs Card payment system. In 2015, the Bank developed a new service in this line of products called SWIFT for corporate customers: now customers can accept payments through the SWIFT system from customers of other banks to the Customer Settlement Centre with the option of manual or automatic acceptance (based on budgetary limits).

In accordance with Federal Law N 275-FZ of 29 December 2012 on State Defence Contracts, VTB Bank is an authorised bank for the

implementation of defence procurement contracts. Since 2015, the Bank has been carrying out the maintenance and settlement of accounts for the leading contractors and executors of defence procurement contracts under this Federal Law.

VTB has been actively involved in large-scale projects to centralise management of cash flows, liquidity and financial risks at leading Russian corporations. This has enabled the Bank to increase its market share among Russia’s largest companies.

Over the course of 2015, VTB established a centralised treasury and introduced other transaction banking products for more than 80 major holding companies involving more than 600 legal entities.

In 2015, VTB subsidiary banks in Ukraine, Belarus, Kazakhstan and Western Europe successfully expanded and improved their line of transaction banking products, and also carried out a series of measures to increase sales.

Every year, VTB conducts customer satisfaction surveys regarding its transaction banking services. Customers’ responses are taken into account when planning the further development of the Bank’s products, helping VTB to stay at the leading edge in the banking market.

Documentary business

In light of the economic situation and the realities faced by Russian companies in terms of their ability to engage in international economic activities, the main objectives of the VTB documentary business were to strengthen its leading position in the Russian market, improve its documentary portfolio, including in Russia’s regions, expand its product range and reduce the

burden on the Bank's regulatory capital while complying with the guidelines for the repayment of the economic capital allocated under operations.

Despite the difficult conditions for conducting foreign trade operations, VTB Bank, together with its partners, created a product offering for opening import letters of credit for the settlement of contracts for CIB customers. In 2015, the volume of import letters of credit opened by the Bank on behalf of clients exceeded RUB 100 billion.

VTB Bank is actively developing its documentary business with large corporate clients in Russia's regions. The Bank put together a team of qualified managers at sales outlets, making it possible to focus on quality improvements to the Bank's services for large regional and geographically diversified companies. This measure should further enhance the quality of the individual terms and conditions for documentary transactions, factoring in the specifics of the work and servicing export, import and domestic contracts.

Investment banking

VTB Group has Russia's leading investment banking franchise and continues to be one of the key advisors for Russian corporate clients looking to access global capital markets. Investment services are primarily sold under the VTB Capital brand. In 2015, the Group maintained its leading position in various segments of the investment banking market.

Global markets

VTB Group offers a full range of services for fixed income, equity and FX trading, as well as interest rate and global commodities markets operations.

The Group also provides currency and interest rate risk management services, including hedging solutions, as well as structured finance, structured deposits and notes, structured credit and hybrid products.

VTB Group clients are able to access equity capital markets in Russia, Turkey, Eastern Europe, the Middle East and South Africa. VTB Capital is a member of the London Stock Exchange (LSE), and also has access to a number of foreign markets through its extensive network of local brokers.

In 2015, VTB Capital strengthened its position in the Russian market and was the leading bank by trading volume in the Moscow Exchange repo market.

VTB Capital Broker continued to develop its direct market access (DMA) service on the Moscow Exchange. The Group expanded the business's customer base in 2015 and plans to expand the geography of its DMA services throughout 2016, in particular by providing Russian clients with direct access to the LSE.

VTB Group maintained its position as one of the leading traders of government and corporate bonds on the Moscow Exchange and in over-the-counter markets. It remains the market leader in Russia in fixed-income instruments. In 2015, the Group's share of trades in the bond market was 15% for both rouble-denominated bonds and Eurobonds.

The Group remains one of the leading players in the foreign exchange and derivatives markets, with market shares of 22% and 30%, respectively. In 2015, VTB Capital was named Best Foreign Exchange Provider in Russia for the fifth consecutive year by *Global Finance* magazine.

Investment banking

VTB Group offers a full range of investment banking products, including advising on M&A transactions and organising debt and equity issuance. The business is focused on serving customers in key sectors of the economy in both Russia and international markets.

Debt capital markets

According to Dealogic and Thomson Reuters, VTB Capital was the top performer in the debt capital markets in Russia and the CIS in 2015, with a record share of 42.4%. In maintaining its leading position in Russia, VTB Capital expanded its presence in international debt markets by participating in the organisation of five placements for issuers from China, including the issue of China SCE Property Eurobonds in the amount of USD 350 million.

Other notable transactions by VTB Capital included the debut placement by the Ministry of Finance of the Russian Federation of federal loan bonds linked to inflation in the amount of RUB 75 billion, and the issue of a new series of EVRAZ Group Eurobonds worth USD 750 million with the simultaneous buyback of circulating bonds.

Equity capital markets

Despite adverse market conditions, VTB Capital confirmed its leading position in ECM in Russia and the CIS. As a leading ECM consultant in Russia, VTB Capital successfully implemented a number of landmark transactions in 2015, including the launch of four initial public offerings (IPOs) of Russian companies on the Moscow Stock Exchange, including the IPO of OJSC Moscow Credit Bank in the amount of RUB 13.2 billion, followed by the placement of additional shares totalling RUB 16.5 billion, and the IPO of NPK

United Wagon Company, the leading manufacturer of railway carriages, in the amount of RUB 9 billion.

VTB Capital was also one of the organisers of the Lenta retail chain's additional offerings in the amount of USD 275 million and 225 million, as well as that of the Magnit retail chain totalling RUB 9.8 billion.

According to Dealogic and Thomson Reuters, VTB Capital was the market leader in ECM in Russia and the CIS in 2015, with a record 49.5% market share.

Corporate finance

In 2015, VTB Group strengthened its leading position in Russia and the CIS, and showed that it had opportunities for growth in the international M&A market, providing consulting services to clients in Western Europe, China, Africa, Turkey and the United States. At the end of the year, the British publication Finance Monthly named VTB Capital as the Investment Bank of the Year in the UK at the M&A Awards 2015. This notable achievement can be attributed to the role of VTB Capital in realising one of the UK's largest M&A deals – the share buyback of Polyus Gold International Ltd in the amount of USD 9 billion in accordance with the British Takeover Code. This transaction strengthened the position of VTB as a universal bank providing a comprehensive package of financial services and solutions to its customers in international markets.

VTB Capital acted as financial consultant for China Merchants Holdings International as part of a consortium with COSCO Container Lines Co Ltd and China Investment Corporation to acquire a marine terminal in Eastern Europe for USD 940 million.

At year-end, Dealogic and Thomson Reuters ranked VTB Capital as the top consultant for M&A transactions in Russia and the CIS countries with a record market share.

The British magazine Euromoney and the US magazine Global Finance named VTB Capital the Best Investment Bank in Russia for the third and the sixth year in a row, respectively, which is clear recognition of the Group's success.

Commodities markets

VTB Group offers an extensive line of financial products for commodities markets, including international and local trade in raw materials, structured financing and hedging strategies.

The Group is an active participant in international precious metals market and a key provider of hedging solutions to Russia's leading gold producers.

In 2015, the Group completed a number of strategic transactions, including risk hedging operations for gold and crude oil producers, structured loans in gold, financing transactions with prepaid and deferred payments for commodities, the first transactions involving financing with the transformation of credit risk to market risk on commodities, as well as buying transactions for commodities with prepaid and embedded hedging products.

In 2015, VTB Group attained a qualitatively new level in trading raw materials in international markets. Thanks to VTB Group's successful positioning and time to market, its volume of trading in Moscow and Zug (Switzerland) has grown significantly, as has the volume of financial backing for deliverables, including solutions

involving market risk hedging for customers, Russian and Eastern European producers of raw materials.

Important milestones in the development of the business infrastructure were achieved: VTB Bank became an active member of the Shanghai Stock Exchange for the gold trade, VTB Bank (Austria) was granted an opportunity to execute financial transactions involving commodities, and VTB Capital Trading (Zug, Switzerland) secured a new credit line, extended its product line and achieved its financial goals.

Investment management

The Group offers sophisticated asset management solutions in Russian and international markets. These services are offered by subsidiaries of VTB Capital Investment Management (VTB Capital IM), one of the key divisions of VTB Capital.

In 2015, VTB Capital IM assets under management increased by more than 21%, exceeding RUB 316 billion. According to this indicator, VTB Capital IM is now the second-largest asset management group in Russia.

In 2015, VTB Capital IM developed every major aspect of its business: managing the assets of corporate clients, wealth management, retail business, as well as the management of closed-end mutual funds.

VTB Capital IM subsidiaries include market leaders in terms of managing the assets of pension funds, insurance reserves, endowment funds and self-regulatory organisations (SROs). In 2015, VTB Capital Asset Management continued to develop relationships with the largest non-state pension funds, insurance companies and

endowment funds, and was the market leader in the volume of endowment funds (over 33%) under management.

VTB Capital IM was able to improve its product line for high-net-worth clients by continuously monitoring their preferences, thereby tripling assets under management in this sector to RUB 10 billion compared to the previous year, marking an increase in 2015 revenue that exceeded the business plan.

VTB Capital Asset Management has repeatedly been named among the top 10 firms in the retail mutual fund sector by Investfunds.ru. The company's clients have access to 19 unique strategies for investing in the Russian economy and in foreign securities.

VTB Capital IM continued to expand its range of closed-end mutual investment funds, which it used to implement a range of real estate and private equity projects, as well as incentive programmes for corporate management. By the end of 2015, the volume of assets under management grew to RUB 132 billion.

In 2015, the National Rating Agency and Rus-Rating assigned the subsidiaries of VTB Capital IM a reliability rating of AAA (maximum reliability), while RAEX assigned an A++ rating (extremely high/highest level of reliability and quality of service).

Custody services

VTB Group Custody is one of the largest custodians in Russia and provides a full range of custody services for all types of securities issued by Russian and foreign issuers. The majority of

companies operating in the Russian market hold depositary accounts with the Bank.

Transaction services through accounts with Russian sovereign bonds remained in high demand among local and foreign participants in the Russian securities market. These services were jointly developed with Euroclear Bank, one of the largest international account depositories, whose agent for custody operations in Russia is VTB Custody. Currently, transactions with Russian shares and bonds can be carried out by Euroclear Bank with VTB Custody.















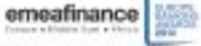
The Bank's depositary acts as the Russian sub-custodian for the Bank of New York Mellon, holding the underlying assets for issuing share depositary receipts for 23 Russian issuers. The depositary also acts on behalf of Deutsche Bank Trust Company Americas.

Research

























VTB Capital provides research services to clients representing the economic, political and corporate spheres in Russia, Turkey, Eastern Europe, the Middle East and North Africa. In 2015, the VTB Capital research department covered the operations of 160 Russian and international companies. VTB Capital analysts regularly provide independent research on Russian markets, including reports on fixed-income, equity and commodity markets. As part of their work, the research team provides high-quality analytical support to Group companies, customers and partners, as well as government agencies.

The VTB Capital research team took first place in the 2015 Thomson Reuters Eintel Survey, leading in the categories Fixed Income Instruments, Stock Market Strategies and Macroeconomics. The VTB

Awards received by VTB Capital in 2015

 World's Best Investment Banks Best Investment Bank in Russia 2010 – 2015	 World's Best Investment Banks Best Investment Bank in CEE 2013, 2015	 World's Best FX Providers Best FX Provider in Russia 2011 – 2015	 Investment Banking Firm of the Year in Russia 2015
 #1 M&A Advisor in Russia 2015	 #1 ECM Bookrunner in Russia 2015	 #1 Domestic DCM Bookrunner in Russia 2015	 Investment Banking Firm of the Year in the UK 2015
 #1 Equity Sales Team in Russia 2011 – 2015	 #1 Research Team in Russia Country Analysis 2011, 2012, 2015	 #1 Private Equity Firm in Russia 2011 – 2015	 Best management of investor and analyst relations: VTB Capital Investment Forum "RUSSIA CALLING" 2015
 Best Investment Bank in Russia 2013 – 2015	 #1 Best Investment Bank for equity and debt finance in CEE 2015	 Best Asset Manager in Russia 2015	
















VTB Capital major investment transactions in 2015

 HNA Group USD 250 million Eurobond issue  Joint Bookrunner 2015	 HNA Tourism Group Co CNH 450 million Eurobond issue  Joint Global Coordinator, Joint Lead Manager and Joint Bookrunner 2015	 Polyus Gold RUB 15 billion Local Bond Issue  Joint Lead Manager 2015	 Polyus Gold Circa USD 9 billion Take private of Polyus Gold International  Sole Financial Advisor and Sole Financing Bank 2015
 ChemChina Undisclosed Rosneft equity investment in CCPC  Sole Financial Advisor 2015	 Finpro Circa USD 200 million Sale of minority stock in Grup Maritim TCB  Exclusive Financial Advisor 2015	 Credit Bank of Moscow RUB 13.2 billion Initial Public Offering  Sole Global Coordinator and Bookrunner 2015	 Lenta USD 275 million USD 225 million Accelerated Bookbuild Offering  Joint Global Coordinator and Joint Bookrunner 2015
 Beijing Properties USD 300 million Eurobond issue  Joint Bookrunner 2015	 China SCE Property Holdings USD 350 million Eurobond issue  Joint Bookrunner and Joint Lead Manager 2015	 Essar Oil Limited Undisclosed Sale of up to 49% stake in Vadinar refinery to Rosneft  Sole Financial Advisor 2015	 Russian Railways RUB 15 billion Local Bond Issue  Joint Lead Manager 2015

VTB Capital major investment transactions in 2015

 Novorossiysk Grain Plant RUB 3.7 billion Initial Public Offering  Sole Global Coordinator and Bookrunner 2015	 International Bank of Azerbaijan USD 59 million ECP Programme Set Up and Drawdown  Dealer 2015	 STLC RUB 5 billion Local Bond Issue  Joint Lead Manager 2015	 Magnit RUB 9.8 billion Accelerated Bookbuild Offering  Joint Global Coordinator and Joint Bookrunner 2015
 EVRAZ RUB 15 billion Local Bond Issue  Joint Lead Manager 2015	 Europlan RUB 3.3 billion Initial Public Offering  Sole Global Coordinator and Joint Bookrunner 2015	 RPC United Wagon Company USD 175 million Initial Public Offering  Sole Global Coordinator and Joint Bookrunner 2015	 RUSNANO RUB 9 billion Local Bond Issue  Joint Lead Manager 2015
 MOESK RUB 7 billion Local Bond Issue  Joint Lead Manager 2015	 China Merchants Holdings (International) USD 940 million Acquisition of 65% in Kumport (in consortium with COSCO and CIC)  Financial Advisor 2015	 The Kraft Heinz Company Undisclosed Acquisition of 100% in Ivanovo Baby Food  Exclusive Financial Advisor 2015	 Prevent Group Undisclosed Acquisition of 100% of ES Automobilguss GmbH  Exclusive Financial Advisor 2015

VTB Capital major investment transactions in 2015

 Rosseti RUB 10 billion Local Bond Issue  Joint Lead Manager 2015	 RusHydro RUB 10 billion Local Bond Issue  Joint Lead Manager 2015	 Mechel RUB 10 billion Restructuring of the local bond issues  Sole Dealer Manager 2015	 Alliance Oil Company USD 350 million Partial Tender Offer and Consent Solicitation of Eurobond  Sole Dealer Manager 2015
 Yildirim Group EUR 335 million Acquisition of 100% of Tertir  Financial Advisor 2015	 Credit Bank of Moscow RUB 16.5 billion Secondary Public Offering  Sole Global Coordinator and Bookrunner 2015	 MegaFon RUB 15 billion Local Bond Issue  Joint Lead Manager 2015	 Uralkali USD 1.1 billion Tender offer for share capital  Financial Advisor 2015
 CIAN Group Undisclosed Sale of minority stock to Elbrus Capital  Exclusive Financial Advisor 2015	 Ministry of Finance of the Russian Federation RUB 75 billion Real Return (Inflation linked) OFZ Issue  Joint Bookrunner 2015	 Center-invest Bank RUB 1.3 billion Exchange rouble bonds  Joint Lead Manager 2015	



*Unique potential unlocked
in global markets*

VTB has become the first Russian bank to start direct supplies of physical gold to the Chinese market. The Bank is set to further expand its precious metal portfolio and increase the number of partners to become a leading supplier in this global market.

Capital research team was ranked second in the Institutional Investor 2015 All-Russia investor survey, occupying 11 of the leading spots in the industry rankings, including three first-place spots.

Non-banking financial business

Along with providing corporate clients with banking and insurance services, VTB Group also offers clients leasing and factoring services. Synergies and cross-selling of banking and non-banking products remain one of the Group’s top priorities.

Leasing

VTB Leasing is one of Russia’s leading leasing companies, offering its clients world-class services. The company has 54 offices across Russia, as well as subsidiary businesses in the CIS and Europe. VTB Leasing is one of the top three leasing companies in Russia, and one of the top 30 in Europe.

At the end of 2015, VTB Group’s leasing portfolio totalled RUB 417.6 billion, with the volume of new leasing agreements coming to RUB 91.5 billion. The main sectors of the leasing portfolio remain rail transport, aviation equipment and equipment for oil production and refining. The share of transactions in relatively new but rapidly expanding sectors for leasing such as automobiles, freight transport and specialised machinery continued to grow, reaching 13% of the portfolio by the end of 2015.

In 2016, the Group will continue to develop its leasing business with a focus on strong growth in the automobile, freight transport and specialised machinery sectors. In VTB Leasing’s core sectors, such as the transport industry and equipment for the oil and gas industry, the Group is focusing on conservative, risk-balanced growth.

Factoring

VTB Factoring is the undisputed leader in the Russian factoring market. The company operates across Russia through its network of affiliates located in 17 of the country’s largest cities, and also through branches of VTB Bank. VTB Factoring offers a full range of financial services for working with receivables and payables.

The main targets for VTB Factoring are Russia’s largest companies in the markets for goods and services.

The turnover in assigned receivables for 2015 amounted to RUB 441 billion, while the factoring portfolio totalled RUB 101 billion. VTB Factoring’s revenue reached RUB 10.8 billion, a 32% increase over 2014. The company ranks first among Russian factoring companies by portfolio size (with a market share of 32%), turnover of assigned receivables (25% market share) and revenue.

4.3.2. Mid-Corporate banking

Segment overview

Share of VTB Group total	
Assets	5%
Customer loans and advances (net)	8%
Customer deposits	8%
Net interest income	10%
Net fee and commission income	15%
Provision charge ⁸	17%
Net operating income	10%
Staff costs and administrative expenses	11%

Source: VTB Group IFRS consolidated financial statements for 2015.

In line with its three-year strategy for 2014-2016, VTB Group continued to develop Mid-Corporate banking as a global business line in 2015, with the aim of increasing mid-corporate client volumes,

market share and profitability in the segment. Outside Russia, the Group has been working with mid-corporate clients in the CIS region.

Lending business

A drop in consumer demand and significant rise in interest rates intensified the downward trend in the business and investment activity of mid-corporate customers. Owners of private companies have become more conservative in their assessments of investment projects. Regarding projects involving the purchase of imported equipment, owners have had to significantly revise forecasts and time-to-break-even. At the same time, the drop in the national currency exerted a rather positive impact on producers and exporters of agricultural products.

In light of the lacklustre market conditions, the Mid-Corporate banking team adjusted its lending procedures, focusing on maintaining the quality of the loan portfolio. In particular, the requirements related to the financial position of borrowers and loan security were tightened up. VTB directs customers with revenue streams in roubles to take out loans denominated in roubles, thereby ensuring that the share of FX-loans in the Mid-Corporate business portfolio remains low.

As part of its work with its mid-corporate customer base, VTB Bank successfully participated in the financing of infrastructure projects, food and agricultural production, the pharmaceutical industry, and industries focused on import substitution, and the development of innovative manufacturing and construction methods both throughout Russia and in the countries where VTB has a presence in the CIS region and in Georgia. Work with regional administrations and municipalities was also strengthened (VTB Bank holds a 15% share of the market for commercial loans to Russian regions and municipalities).

A particularly significant infrastructure project in which VTB Mid-Corporate banking took part was the financing of a project by one of the leading companies in the Kostroma Region to build a production facility for machine parts for civil aviation. The Ministry of Industry and Trade of the Russian Federation included the project in its list of complex capital investment projects in priority areas of civilian industry with subsidised interest rates.

In 2015, VTB Mid-Corporate banking took part in socially significant projects, such as the construction of facilities in Kazakhstan, which involved interstate cooperation, and the development of essential medicines under the import substitution programme (Irkutsk).

The Bank financed a number of significant investment projects in agriculture, such as the construction of a greenhouse complex for the production of vegetable crops in the Stavropol Region, the construction of an advanced soybean processing plant in the Amur Region, the construction of a cutting-edge poultry complex in the Republic of Tatarstan, the construction of a turkey hatchery and breeding facilities in the Omsk Region, the construction of an advanced wheat processing plant in the Tyumen Region, a variety of activities to upgrade equipment used in the production and packaging of curd cheese and a filling line in the Stavropol Territory, the construction of a modern fishing vessel in the Murmansk Region, the upgrading of a sugar factory in the Republic of Tatarstan, and the construction of a dairy complex for 5,000 head of cattle in the Voronezh Region.

In housing and communal services, the Bank financed the operations of water utilities in the Stavropol Territory, which covers a population of more than 600,000 people; the reconstruction and upgrading of water and wastewater systems

8 Including provision charge for impairment of debt financial assets and provision charge for impairment of other assets, credit-related commitments and legal claims.

in Nizhny Novgorod, providing services to 1.3 million people and nearly 7,000 companies and organisations; the construction of a boiler house, main pipeline, and lines for heating networks designed to provide the population of the Krasnodar Territory with an uninterrupted heat supply. In the infrastructure and road construction sector, the Bank financed the construction of a production and warehouse complex in the village of Shushary near St. Petersburg; the reconstruction of airport facilities in Volgograd and the Begishevo Airport in Nizhnekamsk, the Republic of Tatarstan; the complete overhaul of a major traffic artery in Samara extending 16 km; the overhaul of roads in Yakutsk; the construction of the Novo Sertolovo neighbourhood in the Vsevolozhsk District of the Leningrad Region, as well as the Zolotye Kupola low-rise residential complex with engineering infrastructure in Sertolovo; the construction of a hotel in Krasnodar under the Metropolitan Look for Krasnodar regional programme; financing was provided to a company for the construction of bridges over the Kama and Bui rivers in the Udmurt Republic to ensure the integrity of the country's transport system.

As regards other industries, the Bank financed the purchase of equipment for the industrial production of cutting-edge water heating equipment with high-performance energy-saving water heaters designed to extend the production line and increase market share and import substitution in St. Petersburg; financing was provided to a Nizhnevartovsk oil company for drilling and well repairs; for a company's activities in Pyatigorsk to secure the supply of electrical energy, as well as the transmission and distribution of electricity; to a pharmaceutical company in Irkutsk under a programme to stimulate lending to small and medium-sized businesses run by the Federal Corporation for the Development of Small and Medium-Sized

Enterprises (JSC Corporation SME). The Bank also financed the ongoing operations of one of Russia's and the world's leading manufacturers of unique, innovative equipment used in oil production, located in the city of Perm. The Bank was one of the first to take part in a Russian Government programme to stimulate lending to small and medium-sized businesses run by JSC Corporation SME. The programme is dedicated to the creation of a mechanism to support small and medium-sized businesses through the provision of guarantees and loans on favourable terms for the acquisition of fixed assets, and for upgrades and overhauls to production facilities, new project launches, and also to provide working capital.

VTB Bank is also actively involved in the state programme for the support of investment projects approved by a Russian Government Resolution on Approval of the Programme to Support Investment Projects on the Territory of the Russian Federation Based on Project Financing.

In 2015, VTB subsidiary banks in the CIS countries and Georgia continued their active participation in the development of social infrastructure projects, including in the transport sector, financing of food and agricultural production, as well as the construction and modernisation of social infrastructure, including educational institutions, sports facilities and the reconstruction of buildings to ensure their compliance with current environmental requirements.

For example, JSC VTB Bank (Kazakhstan) is financing the construction of an important sporting facility, the Ice Arena, in preparation for the 28th World Winter Universiade in 2017 in Almaty.

VTB Group also finances the development of export-oriented industries. The development of

the agricultural areas of the CIS and Georgia is of strategic importance not only for these countries but also for the Russian Federation in terms of compensation for the loss of products due to sanctions.

As a result of the significant deterioration in the macroeconomic environment in the countries where VTB Group has subsidiary banks and the devaluation of national currencies, key to the development of this segment will be the maximum preservation/improvement of the quality of the loan portfolio, improvements in the transaction banking product line, and the streamlining of operating costs and business processes.

Documentary business

In 2015, in light of the economic downturn and international sanctions, the documentary business focused primarily on the development and commissioning of tools and product solutions designed to meet customer demand, including for the financing of foreign trade and protection of customer interests.

Customer demand for the Group's documentary products remained steady. VTB demonstrated a flexible response to customer requests and offered interesting product solutions for services related to letters of credit, including handling accounts with counterparts from China in national currencies.

The entry into force in June 2015 of amendments to the Civil Code of the Russian Federation had a significant impact on the guaranty business, requiring significant changes to the Bank's procedures for handling guarantee both within the Bank and with customers and their counterparts.

In 2015, the Bank developed standard forms for bank guarantees to adapt them to the requirements

of the new provisions of the Civil Code, updated simplified procedures for issuing bank guarantees secured in full by cash or a promissory note from the Bank and also prepared a platform for the introduction of new document exchange channels for bank guarantees.

Transaction banking

In 2015, VTB transaction business continued to occupy a special position due to its wide regional presence, solid technological foundation and vast experience of working with mid-corporate clients.

VTB successfully launched a joint project with the 1C: Enterprise 8 accounting firm. Thanks to VTB Bank's Integrated Bank Client remote banking system, customers could take advantage of 1C's direct document flow system. As a result, companies in Khabarovsk, Vladivostok, Nizhny Novgorod, Rostov-on-Don and in many other regions can use the 1C system to digitally sign and send the Bank payment orders in roubles, and also receive bank account statements.

VTB strengthened its mutually beneficial partnerships with a significant number of regional multi-sectoral enterprises and groups of companies. The high-tech Customer Settlement Centre service provides VTB corporate clients with a branched structure to optimise business management, and also improves the transparency of financial transactions and flows.

Optimisation of the banking network

VTB Group's Quality Growth Strategy is aimed at monitoring and reducing administrative costs, including the costs of the Bank's regional network.

In November 2014, VTB Group's Management Committee approved the Concept for Reducing



Large-scale investment in high potential national projects

NEARMEDIC PHARMA, a unique full-cycle pharmaceuticals plant of NEARMEDIC Group, constructed with VTB Bank financial support, was inaugurated in Obninsk in 2015. The plant only manufactures products of its proprietary research.

Mid-Corporate Business Costs, calling for the implementation of a series of measures in 2015 aimed at reducing non-production costs and increasing the efficiency of the Bank's regional branches.

Optimisation measures included:

- Analysis of the regional network and its potential to identify inefficient sales outlets;
- Analysis of the distribution of regional offices for more efficient use of the real estate fund.

By closing unprofitable retail outlets, giving up unnecessarily rented space and reducing the space used by the Bank, about 30 thousand sq.m was freed up.

Additional synergies were achieved through intra-group savings by combining the regional offices of VTB and VTB24 in Yoshkar-Ola, Kaluga, Tambov and Magadan.

In January 2016, as part of a strategic initiative to merge the Group's largest banks, the Board of Directors of the Bank of Moscow and VTB Bank's Supervisory Council decided to reorganise the Bank of Moscow, resulting in the allocation and transfer of the bulk of its assets and liabilities to VTB Bank.

To facilitate the transfer of the Bank of Moscow's corporate clients based in the Moscow Region to the target IT platform, VTB opened a branch of the Bank and the first five satellite outlets in Moscow in late 2015, which immediately opened their doors to customers.

Areas for further development

In 2016, the Mid-Corporate business team's plans include:

- expanding cooperation with JSC Corporation SME in the lending sector, and implementing documentary transactions with small and medium-sized businesses;
- continuing active financing of investment projects under Government Resolution No 1044-P;
- expanding cooperation with the Russian Federation and municipal entities in the financing of infrastructure and socially significant regional projects;
- further developing the product line and enhancing the quality of customer service and the efficiency of products and processes.

VTB Mid-Corporate banking plans to work on preserving asset quality, as well as on further optimising operating costs and business processes.

4.3.3. Retail business

Segment overview

Share of VTB Group total	
Assets	22%
Customer loans and advances (net)	21%
Customer deposits	45%
Net interest income	53%
Net fee and commission income	56%
Provision charge ⁹	46%
Net operating income	52%
Staff costs and administrative expenses	51%

Source: VTB Group IFRS consolidated financial statements for 2015.

The VTB Retail business provides banking services to individuals and small business customers (the Retail banking product line). This sector also includes the entire range of insurance products and solutions (the Insurance product line).

The core of the Group's Retail business is VTB24, the second-largest retail bank in Russia. In addition, VTB Group's Retail banking services in Russia are provided by the Bank of Moscow, as a universal bank, while Leto Bank specialises in consumer loans.

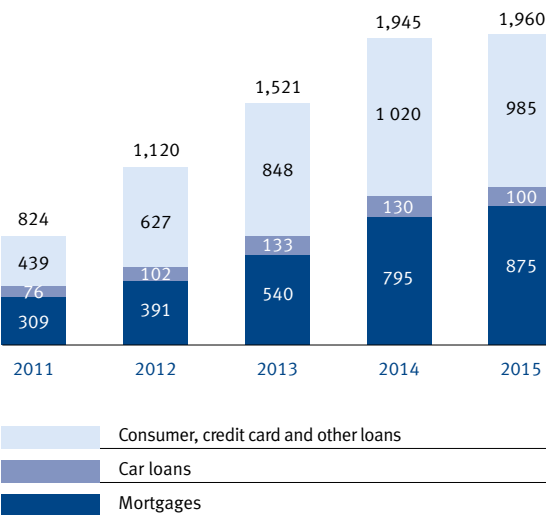
Lending business

The economic slowdown and weaker real disposable incomes along with significant currency fluctuations over 2015 led to a drop in consumer spending, with a corresponding weakening in demand for consumer products and car loans. High interest rates in the first half of the year and banks' tougher stance on borrowers also held back lending.

In light of this, the Group's retail loan portfolio in 2015 increased by 0.8% to RUB 1,960.0 billion, and the Group ended the year as Russia's second-largest retail lender, increasing its market share by 1.2 percentage points to 16.1%.

In 2015, the main driver of growth in the retail loan portfolio were mortgage loans, as the demand for these loans in Russia remained high, and the

VTB Group loans to individuals, RUB billion



Source: VTB Group IFRS consolidated financial statements.

Group continued to prioritise relatively low-risk products while increasing assets.

Mortgage loans reached 44.6% of the Group's gross loans to individuals as of 31 December 2015, versus 40.9% as of 31 December 2014. The shares of consumer loans and credit card loans in the portfolio were 43.6% and 6.3%, respectively, versus 46.3% and 5.9% as of 31 December 2014. The share of car loans in the portfolio decreased to 5.1% as of 31 December 2015, versus 6.7% at the start of the year.

Consumer loans

As part of the Group's development strategy, high-income customers are the priority category for VTB24, while Leto Bank focuses on serving the mid- and lower-income customer segments.

In 2015, VTB24 completely updated its product line of lending solutions. In creating a new line, the goal was to come up with a product offering with undisputed major benefits, and to simplify the product range.

To ensure sales and maintain margins in 2015 together with updating the product offering, VTB24 introduced the following:

- An improved pricing system;
- A Top-Up programme was launched whereby customers with an active loan are pre-approved for an additional amount in excess of their current obligations. Thus, the main part of the new loan goes towards paying off the old loan, while the remaining amount is at the borrower's disposal. The high level of interest ensured a share of around 40% of sales of all pre-approved VTB24 loans;

9 Provision charges for impairment of debt financial assets, other assets, credit-related commitments and legal claims.

- VTB24 optimised its cash payment procedure for credit-related insurance products;
- A full revision of the terms and conditions for the Refinancing product was implemented, resulting in a renewal of sales of the updated product throughout the regions where the Bank has a presence;
- VTB24 launched a pilot project for cash loans through remote channels.

As part of the Cash Loan and Refinancing programmes, the Bank of Moscow increased the maximum loan term from five to seven years, thereby enabling the Bank's customers to take out larger loans with lower monthly payments.

In 2015, Leto Bank was active in developing corporate and cross-selling, which made it possible to attract more stable customers. Leto Bank also significantly improved its scoring procedure, thereby improving the quality while maintaining the volume of loans at last year's level. Improvements in the success rate of debt collection in conjunction with better scoring meant cutting the cost of managing risks in half.

Leto Bank established an innovative cashback loan programme with interest repayments for solid customers. Almost 40,000 customers took advantage of the Super-rate service. Special loan products for seniors were introduced, including a flexible insurance offer. The Bank also implemented and successfully developed a programme to offer products to its top clients.

Mortgage lending

In 2015, VTB24 issued more than 106,000 mortgage loans worth a total of RUB 779 billion. At the end of the year, the Bank's loan portfolio included about 550,000 mortgages. In 2015, nearly one-fifth of

Russian families purchasing property with the help of a mortgage did so with a loan from VTB24.

In 2015, VTB24 participated in the Russian Government's programme to subsidise mortgage interest rates to buy housing in new buildings at a discounted rate of 11.4% per annum. In 2015, about 40% of the mortgage loans issued by VTB24 were part of this programme.

The active presence of VTB24 in the sector of mortgage lending for housing under construction and its cooperation with the country's largest construction companies enabled customers to purchase new housing that complies with current quality requirements under the most favourable terms, including a reduced interest rate for the mortgage and the option of purchasing housing at an earlier stage of construction.

To improve cooperation with partners and customers in 2015, VTB24 introduced an online mortgage partner platform through which real estate agencies and construction companies can submit their customers' applications for mortgage loans without visiting a branch of the Bank.

In 2015, VTB24 maintained its position as a market leader in lending to servicemen participating in the accumulative mortgage system, with a market share of about 43%. Mortgage loans worth over RUB 25 billion were issued under this programme. VTB24 also took part in the Mortgages for Service Personnel programme, a project of the Bank of Russia to attract loans from the Bank of Russia under the pledge of mortgage certificates, resulting in transactions worth a total of about RUB 10 billion.

In 2015, VTB24 was awarded the tender for the maintenance of the entire mortgage portfolio of the Agency for Housing Mortgage Lending (AHML)

(more than 210,000 borrowers), and went on to implement this massive new project, a landmark for the market.

In 2015, the Bank of Moscow joined the AHML programme to support borrowers facing difficult financial situations. The requisite regulatory and technological activities were carried out for the transfer of all transactions to the VTB24 line in 2016.

Car loans

In 2015, sales of new cars in Russia fell to their lowest level since 2010, leading some automakers to shut down their operations in Russia. VTB24 retained its leading position in the area of car loans, with a portfolio volume of RUB 93 billion at year-end, providing the Bank with a market share of 13.5%.

After the adoption of a number of anti-crisis measures in December 2014, VTB24 gradually liberalised its lending policies for car loans in 2015 by taking the following steps:

- The Bank participated in the launching of a state programme subsidising car loans, and by December 2015, one in five loans under the programme was issued by VTB24.
- In 2015, the Bank initiated joint projects with new car manufacturers, including Volvo, Cadillac, Honda, Opel and Haval.
- A new product called Car Loans with Deferred Payment was launched, which is one of the most common types of car loans in Europe.
- Through partnerships between manufacturers and dealers, a scheme was established for the direct subsidy of interest rates on car loans, making favourable credit conditions possible for customers who are locked into their loan agreement. Thus, the

lending rates under the direct subsidy programme ranged from 5.9% to 11.0%.

- Customers were offered new service packages, including options for banking services and automotive assistance.
- Operational procedures were also improved, such as the procedure for registering mortgages at a notary office, and issuing balance statements at weekends.

Bank cards and acquiring

By year-end 2015, VTB24 bank card portfolio totalled about 16 million active cards. In 2015, the main drivers of growth for the bank card portfolio were payroll projects, a new line of credit cards and service packages.

In April 2015, VTB24 updated its retail credit card line, significantly simplifying the products and instituting uniform tariffs for the cards. A key component of the new line of credit cards is the Bank's segmented focus on customer lifestyle preferences in such areas as travel, entertainment, cars and purchases for fun and what they regard as bargain buys. Holders of VTB24 credit cards were able to maximise their benefits from their banking operations, bringing their transactions in line with their lifestyle. The new positioning of the credit card line attracted new high-net-worth customers, increasing the share of premium cards.

In June 2015, VTB24 launched a line of retail packages targeting everyday banking services and financial management. In the second half of the year, the launch of these service packages led to a more than threefold increase in the sales of debit cards.

Service packages stimulate customer business with the Bank. Customers who actively use the

Bank's products can make transfers and payments in roubles through VTB24 Online free of charge. About 30% of VTB24 clients were provided with a service package due to their active use of the Bank's products, including customers who maintain a stable balance in VTB24, as well as customers who use the Bank's debit card to make payments.

At the end of 2015, retail sales of service packages totalled approximately 253,000 units, reaching a consistent level of more than 20,000 units sold per week.

By year-end, VTB24 had brought in 768,000 payroll clients with an income above RUB 15,000, resulting in a total of 4.5 million active payroll cards. In 2015, 4,900 new contracts for payroll projects were concluded, including major federal holdings, such as Bashneft, the Ministry of the Interior, the Ministry of Emergency Situations, the Ministry of Health, Evraz, and the divisions of Russian Railways not included in the migration from the former TransCreditBank. At the end of the year, some 40,000 different companies were using VTB24 cards to pay their employees' wages.

In 2015, VTB24 implemented the following measures aimed at developing its payroll offerings:

- A new line of B2B packages for legal entities called "the Best Conditions for the Best Clients" was launched. The packages included products for businesses, managers and employees. Maximum preferences for products and services were set for companies with the highest payrolls and staff size.
- A new line of payroll cards was added to the service package with qualitatively new services.
- A new line of operations with payroll companies was promoted (a new accounting system and services for payroll projects) to automate and

minimise the time required for the maintenance of payroll projects.

- A new page on the Bank's website was launched entitled "Payroll Projects Are Our Specialty". This distinguished the VTB24 payroll service from competitors, increasing its profile, targeting a specific segment of customers.

- A project was implemented to issue specially designed cards for Rosatom and Severstal.

In 2015, VTB24 increased annual turnover for POS acquiring by 73% and the annual turnover of Internet acquiring by 81%.

In 2015, VTB24 rerouted all domestic transactions using Visa and MasterCard cards to the NBTS operating payment and clearing centre, in accordance with the requirements of the regulator. VTB24 instituted operations under the Rules of JSC NPCS (National Payment Card System) and joined the MIR billing system as an individual participant. An initiative was implemented enabling the use of an account opened in VTB24 as a backup if there are insufficient funds during the completion of settlements between JSC NPCS members.

In 2015, VTB24 launched a process for organising issues and acquiring a MIR national card, and also implemented a pilot acquiring project for the MIR card at the Bank's ATMs.

In December 2015, VTB24 signed an acquiring agreement for the Moscow subway, and the first stations in the pilot project were launched. The 2016 plan is to develop cooperation programmes at all of the Circle Line stations and at three of the Business Centre stations.

In 2016, VTB24 will continue to develop its product offering for its service package by providing additional services to customers. A special focus will

be on the development of innovative technologies, such as contactless payments by telephone.

In 2015, the Bank of Moscow introduced technology for issuing 3-in-1 pension cards and also issued pension cards to existing payroll customers, resulting in the sale of 13,700 pension cards in Q4 2015.

Leto Bank created a unique online credit card with a 0% rate on purchases and cash withdrawals.

Services for small businesses

In 2015, VTB24 continued its growth in the small business sector. The small business client base increased over the past four years by a record figure of 21%, and now numbers 347,000 customers.

VTB24 also continued to grow deposits of small business customers. Deposits were up 37% to RUB 308 billion, exceeding the loan portfolio of small business customers for the first time.

As part of its lending programmes, VTB24 continues its cooperation with government institutions that support small businesses:

- In 2015, the loan portfolio under the JSC Russian Bank Support for Small and Medium-Sized Enterprises programme totalled RUB 3.8 billion;
- RUB 2.5 billion in loans were issued and backed by JSC Federal Corporation for the Development of Small and Medium-Sized Enterprises, doubling the 2014 amount;
- Under the state programme for the provision of loans under the guarantee of regional guarantee funds, loans totalling RUB 7.6 billion were issued in 59 regions.

- In 2015, a total of RUB 14 billion in loans were issued to small business customers under programmes with these organisations.

- Updates to existing products and new offerings in the Group's product line for small businesses in 2015 included the following:

- A package proposal of payroll projects and acquiring for small business customers;
- Special terms and conditions for customers of banks with revoked licences;

- Non-banking services for small business: a partnership with Yandex and Google, access to legal support for entrepreneurs;

- Expanded functionality and security for the Bank-Client Online remote banking service.

The Bank of Moscow instituted a Client target portrait and new tools for deal structuring in 2015.

The Bank of Moscow filed an application to participate in a programme of Moscow's Department of Science, Industrial Policy and Entrepreneurship on subsidising interest payments on loans for small businesses that are residents of technology parks, or so-called technopolises.

Asset quality

At the turn of 2014-2015, the reform of the incentive pay system for collection staff was completed. The main component of the reform was the implementation of an aggressive incentive system for remote collection in comparison to the previous focus on efforts to collect bad debt that had been written off under bad debt provisions.

In 2015, VTB24 continued to develop an intelligent decision-making system in respect of work with problem assets. New, improved scoring and

behavioural models were introduced. By analysing a customer’s credit history, these models enable the Bank to calculate the probability of debt repayment by the customer depending on which collection strategy is applied.

In recent years, VTB24 has been continuously enhancing its line of restructuring products. As of now, the Bank has implemented a programme that meets the needs of all categories of customers for whom restructuring is a solution to the problem of changing solvency. In 2015, VTB24 introduced a new programme for customers before they fall into arrears, preventing credit defaults before they happen.

VTB24 devoted extra attention to the problem of foreign currency mortgage borrowers, and developed special measures in this regard, including programmes enabling debt conversion to roubles, as well as the transfer of mortgaged property to VTB24 as compensation with the option of subsequent placement and buy-back on favourable terms for the client.

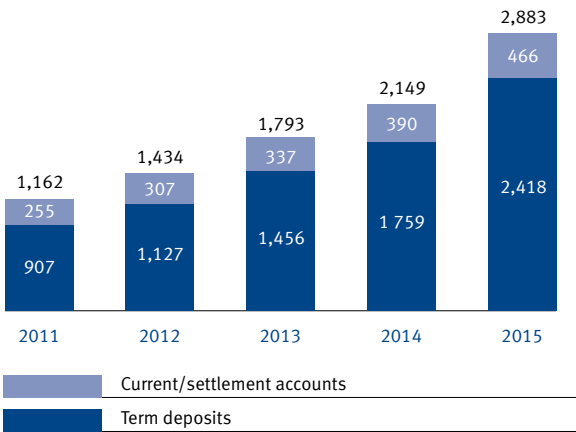
In 2015, the VTB24 Mobile Collection project entered its final stage. The key objective of the project is to increase labour productivity. Now, debt collection personnel are no longer tied to the office, and can access information about a debt and the client while on the road. The project also allows for enhanced quality control over the work of debt collection divisions.

The Bank set up a new platform for remote collection in Cheboksary, where some staff units were relocated in 2015, thereby significantly reducing personnel costs.

Customer deposits

As of 31 December 2015, VTB Group’s retail customer deposits amounted to RUB 2,883.4

VTB Group deposits of individuals, RUB billion



Source: VTB Group IFRS consolidated financial statements.

billion, an increase of 34.2% from the beginning of the year. This is due to the Group’s strong position in the retail market, changing preferences of Russian customers in favour of large, systemically important banks, as well as the revaluation of client balances denominated in foreign currencies. The Group’s market share in terms of individual deposits increased for the year from 9.8% to 10.6%.

Deposits at VTB24 account for the bulk of funds from the Group’s retail customers. In 2015, VTB24 completed the upgrading of its product offering. In February 2015, a new line of deposits was introduced in VTB24-Online.

In 2015, VTB24 began offering customers a product called the Savings Account, which provides savings benefits, along with unrestricted authority to dispose of their funds. By the end of 2015, this product was more profitable than deposits involving credit and debit transactions.

In 2015, VTB24 acted as an agent for the payment of insurance to depositors of the following banks: Sudostroitelny Bank, Transnational Bank,

Transportny, Admiralteisky, ITB, Lenoblbank, Greenfieldbank, Benefit Bank, Bank Gorod, Baltika, Renaissance, Dil-Bank. Total cash payouts amounted to about RUB 123 billion.

In 2015, VTB24 revised its interest rates on deposits several times in accordance with market conditions. During the year, the Russian market was mainly dominated by a downward trend in the yield on deposits in connection with the stabilisation of the country’s economic situation.

Remote banking services

In 2015, the number of active clients using the VTB24 remote banking system, VTB-Online, more than doubled to 861,000 users, while the total number of online customers increased by 1.7 million to 3.9 million.

In 2015, VTB24 worked hard to upgrade the remote channels of VTB24-Online aimed at improving the system’s current functionality, and new features were added.

In particular, the most important upgrades to the VTB24-Online channels were:

- 1) Internet banking:
 - The transition from Telebank 2.0 to 3.0, making Telebank 3.0 the only version of the system as of March 2015;
- 2) Mobile banking:
 - Solutions for new platforms were launched: Windows Phone smartphones, Android tablets;
 - A new functionality was added: the Bankcard Discounts service (information about partners that provide discounts for payments made with a VTB24

bank card), PUSH codes, a card-to-card transfer service, fingerprint login (Touch ID) and savings account management.

In addition, work was done to improve the stability and availability of access channels, including through the improvement of user interfaces, Internet banking and mobile banking.

In order to further improve the security of its remote banking channels, VTB24 implemented the following measures:

- A pilot programme for Bank employees to test the new Software Token app for mobile devices designed to generate one-time codes for authenticating and verifying VTB24-Online operations. It works on the Android, iOS and Windows Phone platforms.
- Work was carried out to improve the templates for SMS codes.
- A pilot programme to test the fraud prevention system was launched that covers all channels of VTB24-Online.

In 2015, the total number of customers using SMS notifications increased by 89% to 5.4 million (including 2.7 million customers using the service free of charge as part of payroll services). The number of customers using SMS notifications for a fee more than doubled to 2.7 million people, which led to an increase in commission income from this service.

The Bank of Moscow introduced the option of making deposits through ATMs. The transition of the entire system of ATMs to the new interface was completed, as was work on the centralisation of online banking, with new functionalities. At the

end of 2015, Customer Care, a unique new service, was launched on the Bank of Moscow website. The new service speeds up the search for solutions to customer problems, and makes it possible not only to follow up on responses but also to further evaluate their quality.

Leto Bank introduced a self-service telephone system for customer loan applications, started a website for the Bank with a user-friendly customer interface, and created a Mobile Bank product aimed at providing the latest conveniences to customers.

Leto Bank unrolled an innovative system for payments and transfers, a programme for accepting deposits was launched, a project for the sale of insurance policies of subsidiary banks was implemented, and the innovative Lawyer 24 programme was launched.

Transfers and payments

In 2015, VTB24 continued to develop its payment and money transfer services. The number of transactions carried out by the Bank's individual customers to pay for the services of various organisations reached 50 million, an increase of 29% compared to 2014. Commission income rose by 83% year-on-year, reaching around RUB 860 million.

In 2015, VTB24 launched the targeted expansion of the number of providers of utility services, who can now settle payments via VTB24-Online and VTB24 self-service machines without having to deal with basic banking details. In the second half of 2014, the service for card-to-card transfers using remote banking (VTB24-Online and self-service machines) was developed. Throughout 2015, customers

carried out 3 million transactions totalling around RUB 28 billion.

Services for high-net-worth customers

In 2015, VTB24 continued to be active in attracting customers for the Bank's premium service model. Over the year, more than 200,000 Privilege packages were provided to clients, in which more than 60% of customers receive services free of charge for carrying out the requisite volume of business at the Bank.

At the end of 2015, a special offer was made to payroll clients whereby clients with a certain income level on their payroll card are eligible for Black Edition/Signature cards. These customers receive a full Privilege package that includes the services of a personal manager, access to preferential banking products and a wide range of services.

Private Banking

VTB24 Private Banking is the market leader in Russia's private banking market. In 2015, VTB24 expanded the network and geography of its Private Banking offices. Four new branches were opened serving high-net-worth clients (in Moscow, Izhevsk, Kemerovo and Tula), bringing the total VTB24 Private Banking network to 24 offices.

In 2015, new products and services were offered to Private Banking clients. The Bank focused on sales of investment products, including the investment and insurance programme, and Personal Broker and Prime Investment Consultant were launched, expanding the range of investment banking products.

In addition, VTB24 Private Banking clients can now secure mortgage loans at the European sub-holding of VTB Group in France.

In 2015, VTB24 saw a 50% increase in its VIP client base, which rose to 8,079 customers, and the portfolio of assets under management increased by RUB 319 billion roubles, reaching RUB 732 billion. Aggregate balances grew by 77% in 2015. The average credit balance per customer reached RUB 90.6 million by year-end.

The Bank of Moscow also continues to develop technologies to enhance the user-friendliness of processes for product owners, and it has also introduced new insurance products.

Three new limited-edition cards were issued with the co-brands State Tretyakov Gallery-Bank of Moscow-Visa in honour of the 150th birthday of Valentin Serov, and ads for the Bank of Moscow's Private Banking products were placed in a brochure published by the Bolshoi Theatre.

Investment services for retail customers

VTB Group ended 2015 with a firm hold on its position as one of the leading brokerage firms and banks providing brokerage services. VTB24 has the highest number of registered customers and the third-largest number of active clients on the Moscow Exchange.

The volume of VTB24 customer transactions in the stock market in 2015 exceeded RUB 1.015 trillion, placing the Bank in sixth place in the Moscow Exchange rankings for "Leading Market Operators – Shares: T+ trading".

The average daily volume of margin lending for 2015 exceeded RUB 5.7 billion. The volume of operations conducted by VTB24 customers in the stock market exceeded RUB 3.8 trillion in the Moscow Exchange's futures and options market. The volume of customer transactions in the over-the-counter market for foreign securities exceeded USD 314 million. By the end of the year, VTB24

clients had registered 228,128 brokerage accounts on the Moscow Exchange.

In 2015, VTB24 provided its brokerage service clients with the ability to conduct operations on the MICEX currency market, as well as the ability to make unsecured FX transactions (USD and EUR).

In 2015, VTB24 also offered clients the option of entering into agreements on the management of individual investment accounts.

In 2015, the volume of VTB24 customer transactions on the foreign exchange market exceeded USD 142 billion, including SWAP-type operations. The number of customers using FOREX services in 2015 increased by 5,655 year-on-year.

In 2015, the amount of mutual funds raised through VTB24 agent points amounted to more than RUB 1 billion.

Branch network and ATMs

As of 31 December 2015, the Group had more than 1,600 retail offices in Russia in total (operating under the VTB24, Bank of Moscow and Leto Bank brands), as well as more than 13,300 ATMs operated by its Russian banks.

By the end of 2015, the VTB24 branch network consisted of 1,046 offices in 354 cities and 72 regions of Russia.

In 2015, the development programme targeted the development of infrastructure for services for high-net-worth clients. Over the year, VTB24 opened 60 sales offices, 43 of which have service areas for high-net-worth clients.

In total, taking into account the network optimisation programme, 70 new premium zones

were created in 2015, enabling the Bank to increase the number of employees serving high-net-worth clients by 20%. At the same time, the percentage of offices with areas for high-net-worth clients in 2015 exceeded 50% of the entire sales network. In 2015, the Bank also implemented a programme to close inefficient, underperforming offices, resulting in the closure of 80 sales offices.

According to an independent study by Marc Analytics, VTB24 was among the leaders in terms of customer satisfaction and loyalty in all client segments in 2015.

The establishment of Post Bank, on the basis of Leto Bank, is slated for 2016. The project main shareholders will be VTB24 and Russian Post. Over three years from the project launch, plans call for opening more than 20,000 teller windows in 15,000 post offices. In 2016, at least 6,500 windows will be opened in 3,500 post offices.

The VTB24 ATM network expanded in 2015, reaching 10,940 units. During the year, VTB24 purchased 841 ATMs, 824 of which are equipped with a cash pay-in function, increasing the percentage of cash pay-in ATMs in the VTB24 network by 6% to 36%. The number of ATMs with closed cash turnover increased by 70%. In 2015, the VTB24 self-service network had accessibility of 96.4%, which is 0.8% higher than in 2014.

VTB24 is constantly improving its network of self-service devices. In 2015, the bank commissioned new up-to-date devices, in particular information and payment terminals for non-cash payments, and also introduced a new design for the exterior and self-service menu.

Transaction turnover in the network grew by RUB 286 billion (11%) compared to 2014.

Insurance

The insurance business is part of the global Retail business line and is represented by VTB Insurance, VTB Health Insurance, VTB Life Insurance and the MSK Insurance Group.

VTB Insurance is one of the most dynamic players in the Russian insurance market. The volume of insurance premiums paid to the company from 2010 to 2015 increased more than nine times, making VTB Insurance one of the 10 largest insurers in Russia. Standard & Poor's rating agency granted VTB Insurance a rating of BB+ for financial stability, which is the highest rating accorded to insurance companies with Russian capital. VTB Insurance was granted the highest reliability ratings from RAEX and the National Rating Agency.

VTB Insurance has been successfully developing all of its key business lines, taking advantage of synergies with other businesses in VTB Group. In 2015, the company's growth outpaced the market average. While average growth in the Russian insurance market was 3.6% for the year, VTB Insurance's total premiums increased by 28% compared to 2014, reaching almost RUB 48 billion. VTB Insurance's market share by volume of premiums earned increased from 3.7% in 2014 to 4.6%.

In 2015, VTB Insurance performed well in terms of premiums earned (up 33%) in the retail sales segment of the market. The total for insurance premiums in the Retail business reached RUB 28.4 billion. Corporate insurance grew by 21%, with premiums reaching RUB 19.5 billion. By the end of 2015, the company's number of retail customers had increased by 135%, exceeding 3.5 million. In addition, more than 14,000 corporate clients availed themselves of the company's services. The company paid out a total of RUB 16.9 billion for the year.

VTB Insurance significantly strengthened its position in several segments of the insurance market. The company is the market leader in accident insurance, is among the top three market players in financial risk insurance, and is in the top three in the market for personal property insurance. The company is also among the 10 largest Russian insurers in markets such as corporate property insurance, comprehensive insurance for aircraft and watercraft, voluntary health insurance and more. The company is also one of the 10 largest Russian reinsurers.

In 2015, VTB Insurance continued to develop a product called Manage Your Health!, a voluntary type of personal insurance that guarantees financial support in the event of a diagnosis of cancer or another life-threatening illness. Manage Your Health! is an important social programme with consequences for the fight against cancer, and it has received high praise and support from oncologists.

Since 2014, VTB Insurance has served as the parent company of an insurance group that includes the subsidiaries VTB Life Insurance and VTB Medical Insurance, as well as the planned incorporation of the MSK Insurance Group.

Having completed the optimisation of its business in 2015, MSK Insurance Group maintained its high standing in the markets where it has a presence (Moscow, St. Petersburg, the Republic of Tatarstan). The company's premiums in 2015 exceeded RUB 7.5 billion. The restructuring of the business allowed the company to scale back unprofitable activities of its branch network and reduce operational costs by more than 30% compared to 2014. In light of the declining profitability of the auto insurance sector, the decision was taken on a merger with VTB Insurance and on the inexpediency of developing wholesale motor insurance. VTB Life Insurance began selling life insurance products in 2014, and in 2015 launched the sale of an investment programme for life insurance, thereby increasing its sales to RUB 6.5 billion. In the

first year of operations under the new company brand, more than 5,200 insurance investment contracts and almost 1,000 cumulative insurance contracts were signed. The successful start of sales positioned VTB Life Insurance among the 10 largest Russian companies in the life insurance market.

In 2015, VTB Health Insurance enrolled more than 30,000 new people in mandatory health insurance plans. The company currently insures nearly 5.9 million individuals. In addition, the company concluded a deal in 2015 for the acquisition of two regional insurers operating in the mandatory health insurance system, resulting in an increase in the number of insured by more than 413,000 individuals. VTB Health Insurance is one of the top 10 mandatory health insurance participants in the market.

4.3.4. Other non-banking financial business

VTB Pension Fund

The VTB non-state Pension Fund is one of the fastest-growing non-state pension funds in Russia, providing a full range of services for compulsory pension insurance and non-state retirement benefits, including corporate pension programmes.

In February 2015, the Fund was included in the register of members of the system for protecting the rights of the insured, enabling the Group to continue to actively develop business in the field of mandatory pension schemes. In connection with this, funds that had previously been frozen by a decision of the Russian Government were transferred to the Fund. The net inflow of these funds totalled more than RUB 30 billion. By the end of 2015, the Fund's assets, according to IFRS, had increased by 65% to RUB 113 billion. By the end of the reporting period, the Fund had served more than 1.3 million customers.

In 2015, the VTB Pension Fund was ranked eighth in terms of the number of clients for compulsory

pension insurance. In addition, the Fund was ranked sixth in terms of pension savings under management. In January 2016, the RAEX rating agency granted the Fund a rating of A++ (“exceptionally high level of reliability”), with a “stable” outlook.

The Fund is pursuing a balanced investment policy, offering low levels of risk and balanced growth. Despite challenging market conditions, the Fund’s yield on pension savings increased to 10.44% in 2015 versus 4.41% in 2014.

4.4. Review of financial performance

Financial highlights of 2015

- VTB Group’s net profit in 2015 was RUB 1.7 billion.
- An increase in the Bank of Russia’s key rate in December 2014 led to a decrease in net interest

income by 16.8%, as the Group’s liabilities revalued faster than its assets.

- The Group’s net fee and commission income reached a record high of RUB 76.2 billion despite the decline in the level of business activity in the Russian economy.
- The total provision charge decreased by 35.3% due to the consistent implementation of a conservative risk management strategy. The cost of risk amounted to 1.8% in 2015 compared to 3.4% in 2014.
- Staff costs and administrative expenses decreased by 0.3% despite the high rate of inflation. The Group’s ratio of costs to average assets decreased to 1.8%.
- In 2015, the Group significantly strengthened its capital adequacy. At the end of 2015, the Tier 1 capital adequacy ratio was 12.4%.

VTB Group key financial highlights

RUB billion	2015	2014	Change
Net interest income	289.1	347.3	-16.8%
Net fee and commission income	76.2	63.1	20.8%
Provision charge for impairment ¹⁰	(178.1)	(275.4)	-35.3%
Staff costs and administrative expenses	(221.9)	(222.6)	-0.3%
Net profit	1.7	0.8	112.5%
Gross loans and advances to customers, including pledged under repurchase agreements	10,110.0	9,150.4	10.5%
Customer deposits	7,267.0	5,669.4	28.2%
Net interest margin ¹¹ (NIM)	2.6%	4.0%	-1.4 p.p.
Ratio of costs to average assets	1.8%	2.2%	-0.4 p.p.
Cost of risk ¹² (CoR)	1.8%	3.4%	-1.6 p.p.
Tier 1 CAR	12.4%	9.8%	2.6 p.p.
Return on equity	0.1%	0.1%	—

10 Provision charges for impairment of debt financial assets, other assets, credit-related commitments and legal claims.

11 Presented after reclassification. Information about reclassification is available in VTB Group’s IFRS consolidated financial statements for 2015.

12 Provision charge for loan impairment divided by average gross loans and advances to customers, including financial assets classified as loans and advances to customers pledged under repurchase agreements in the same period.

Interest income

RUB billion	2015	2014	Change
Financial assets at fair value through profit or loss	21.1	31.1	-32.2%
Loans and advances to customers	1,011.7	792.8	27.6%
Due from other banks	51.5	12.5	312.0%
Other financial assets, including securities	16.6	7.7	115.6%
Financial assets not at fair value through profit or loss	1,079.8	813.0	32.8%
Total interest income	1,100.9	844.1	30.4%

Source: VTB Group IFRS consolidated financial statements for 2015.

Interest expense

RUB billion	2015	2014	Change
Customer deposits	(441.6)	(263.1)	67.8%
Due to other banks and other borrowed funds	(287.5)	(156.5)	83.7%
Debt securities issued	(49.9)	(50.9)	-2.0%
Subordinated debt	(24.1)	(19.3)	24.9%
Total interest expense	(803.1)	(489.8)	64.0%
Payments under the deposit insurance system	(8.7)	(7.0)	24.3%
Net interest income	289.1	347.3	-16.8%

Source: VTB Group IFRS consolidated financial statements for 2015.

Income statement analysis

Net interest income and net interest margin

Interest income on loans and advances to customers, debt securities and amounts due from other banks represent one of the main sources of the Group’s operating income. In 2015, this amounted to RUB 1,100.9 billion, an increase of 30.4% compared to 2014 due to an increase in interest-bearing assets and higher interest rates in Russia.

In December 2014, the Bank of Russia raised its key rate from 10.5% to 17.0%. A fast revaluation of the Group’s liabilities against the backdrop of increased funding costs led to a 64.0% increase in interest expense compared to 2014, reaching RUB 803.1 billion. As a result, net interest income decreased by 16.8% to RUB 289.1 billion. The Group’s net interest margin contracted to 2.6% from 4.0% in 2014.

Net fee and commission income

Growing fee and commission income is one of the Group’s priorities. Development of Transaction banking products and services in all business segments allowed the Group to achieve a record level of net fee and commission income for the year, RUB 76.2 billion, which was an increase of 20.8% over 2014. The Retail business accounted for 56% of net fee and commission income.

Total fee and commission income in 2015 increased by 21.0% compared to 2014, amounting to RUB 98.6 billion. The bulk of fee and commission income came from payment transactions, accounting for 55.8% of the overall amount, down from 61.2% in 2014. The proportion of fee and commission income from securities transactions increased significantly from 6.7% to 10.3%.

Net fee and commission income

RUB billion	2015	2014	Change
Commission on settlement transactions	55.0	49.9	10.2%
Commission on guarantees issued and trade finance	14.8	12.8	15.6%
Commission on operations with securities and capital markets	10.2	5.5	85.5%
Agents' fee received for insurance products distribution	8.3	4.3	93.0%
Commission on cash transactions	5.2	5.4	-3.7%
Other	5.1	3.6	41.7%
Total fee and commission income	98.6	81.5	21.0%
Commission on settlement transactions	(14.0)	(11.7)	19.7%
Commission on cash transactions	(2.9)	(2.8)	3.6%
Other	(5.5)	(3.9)	41.0%
Total fee and commission expense	(22.4)	(18.4)	21.7%
Net fee and commission income	76.2	63.1	20.8%

Source: VTB Group IFRS consolidated financial statements for 2015.

Fee and commission expenses increased by 21.7% in 2015, mainly due to growth in fees and commissions on settlement transactions.

Provision charge for impairment

In 2015, the Group's provision charge for impairment for debt financial assets and for other assets, liabilities and credit-related legal claims decreased to RUB 178.1 billion, a drop of 35.3% year-on-year.

More than half of the provision charge for impairment of loans and advances to customers in 2015 was booked as provisions for impairment of corporate loans. The Group's cost of risk (CoR) in corporate lending was 1.4% of average gross loans and advances to customers for 2015, versus 3.1% for 2014. The CoR in retail lending was 3.5% in 2015 compared to 4.3% in 2014.

Staff costs and administrative expenses

Due to a number of cost cutting measures, even against a backdrop of high inflation and growth in the volume of transactions, staff costs and administrative expenses still decreased by 0.3%, amounting to RUB 221.9 billion. The Group's ratio

of costs to average assets decreased from 2.2% in 2014 to 1.8% in 2015.

Net profit

VTB Group's net profit amounted to RUB 1.7 billion in 2015, more than double that of 2014.

Analysis of statement of financial position

Assets

As of 31 December 2015, the Group's assets amounted to RUB 13,641.9 billion, up 11.9% compared to 31 December 2014.

VTB Bank's total credit portfolio (gross loans and advances to customers, including those pledged under repurchase agreements before provision charges for impairment) amounted to RUB 10,110.0 billion, an increase of 10.5%. Corporate loans increased 13.1% to RUB 8,150.0 billion, while retail loans were up 0.8% to RUB 1,960.0 billion.

Asset quality

Asset quality metrics reflected trends in the banking sector and the Russian economy. The

Assets

RUB billion	2015	2014	Change
Cash and short-term funds	570.7	695.2	-17.9%
Mandatory cash balances with central banks	70.8	85.5	-17.2%
Non-derivative financial assets at fair value through profit or loss	237.1	275.0	-13.8%
Derivative financial assets	304.8	407.0	-25.1%
Financial assets, other than loans and advances to customers and due from other banks, pledged under repurchase agreements	165.0	184.0	-10.3%
Due from other banks, including pledged under repurchase agreements	1,358.2	814.5	66.8%
Loans and advances to customers, including pledged under repurchase agreements	9,437.5	8,537.3	10.5%
Investment financial assets	259.3	132.2	96.1%
Investments in associates and joint ventures	104.3	96.3	8.3%
Assets of disposal groups held for sale	15.8	11.1	42.3%
Land, premises and equipment	310.3	246.9	25.7%
Investment property	245.0	192.3	27.4%
Goodwill and other intangible assets	162.0	161.8	0.1%
Deferred income tax asset	76.6	66.9	14.5%
Other assets	324.5	284.8	13.9%
Total assets	13,641.9	12,190.8	11.9%

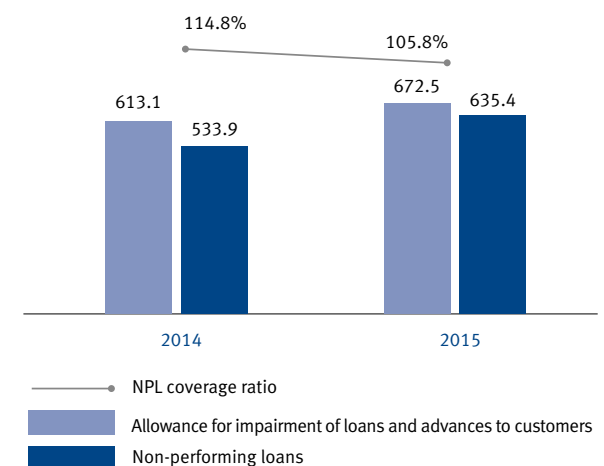
Source: VTB Group IFRS consolidated financial statements for 2015.

NPL ratio¹³ was 6.3% of gross customer loans, including those pledged under repurchase agreements, as of 31 December 2015, up from 5.8% at the end of 2014.

The allowance for loan impairments remained unchanged at 6.7% of the total loan book. The NPL coverage ratio remained at a comfortable level of 105.8% as of 31 December 2015, down from 114.8% a year earlier.

The amount of loans and advances to customers written off amounted to RUB 159.7 billion, compared with RUB 73.1 billion in 2014. The main reason for this change was the increase in write-offs of corporate loans, including project financing, as well as of individual consumer loans

Non-performing loans and allowance for impairment of customer loans, RUB billion



Source: VTB Group IFRS consolidated financial statements for 2015.

¹³ Non-performing loans are loans that are in arrears for more than 90 days. Principal and interest payments are included in the calculation of non-performing loans. The NPL ratio is calculated as the share of the total amount of loans, including financial assets classified as loans and advances to customers pledged under repurchase agreements.

Liabilities

RUB billion	2015	2014	Change
Due to other banks	1,224.0	733.2	66.9%
Customer deposits	7,267.0	5,669.4	28.2%
Derivative financial liabilities	284.1	397.8	-28.6%
Other borrowed funds	2,121.5	2,729.2	-22.3%
Debt securities issued	623.5	921.4	-32.3%
Liabilities of disposal groups held for sale	13.0	4.7	176.6%
Deferred income tax liability	30.2	26.6	13.5%
Other liabilities	361.7	312.3	15.8%
Total liabilities before subordinated debt	11,925.0	10,794.6	10.5%
Subordinated debt	262.8	265.2	-0.9%
Total liabilities	12,187.8	11,059.8	10.2%

Source: VTB Group IFRS consolidated financial statements for 2015.

Liabilities

Total liabilities increased by 10.2% in 2015, amounting to RUB 12,187.8 billion, mainly due to higher inflows of customer deposits, as well as term loans and bank deposits.

As of 31 December 2015, customer deposits amounted to RUB 7,267.0 billion, up 28.2% year-on-year. This increase is mainly due to an increase in both corporate and individual term deposits. As of the end of 2015, customer deposits accounted for 59.6% of the Group's total liabilities versus 51.3% at the end of 2014.

Capital and capital adequacy

Due to the increased level of risk in the economy and the revaluation of assets denominated in foreign currency, strengthening capital adequacy remained an important priority for VTB Group in 2015.

In July 2015, VTB placed preference shares amounting to RUB 307 billion. These preference shares are included in VTB Group's capital base.

As of 31 December 2015, the Group's total and Tier 1 capital adequacy ratios were 14.3% and 12.4%, respectively, versus 12.0% and 9.8% as of 31 December 2014.

4.5. Risk management

Policy, organisation and structure of risk management

VTB Group-level risk management

The main risks that VTB Group is exposed to are credit risk, market risks (including risks associated with changes in the market prices of financial instruments, interest rates and foreign exchange rates), liquidity risk and operational risks.

Risk management at the Group level includes risk evaluation and monitoring; control over the size, structure and distribution of risks; identification of effective measures to optimise and minimise risks; and compiling regular risk reports.

One of the key principles of risk management for VTB Group is to take risk appetite into account

Capital and capital adequacy

RUB billion	2015	2014	Change
Tier 1 capital	1,315.8	997.5	31.9%
Tier 2 capital	259.3	240.3	7.9%
Deducted: equity investments in financial institutions and subordinated debt provided	(59.2)	(21.2)	179.2%
Total capital after deductions	1,515.9	1,216.6	24.6%
Risk-weighted assets	10,630.1	10,176.2	4.5%
Tier 1 capital ratio to total risk-weighted assets	12.4%	9.8%	2.6 p.p.
Total capital ratio to total risk-weighted assets	14.3%	12.0%	2.3 p.p.

Source: VTB Group IFRS consolidated financial statements for 2015.

while managing the Group's operations. This approach involves the identification and oversight of the Group's risk target level and risk profile in accordance with its strategic objectives and the integration of risk appetite into business planning and risk management procedures.

According to VTB Group's Risk Appetite Concept approved in 2015, the level of risk that is defined as a high-risk appetite includes the following basic provisions:

- the size of potential losses on risks accepted by the Group should not reach such a level that would lead to the cessation of the Group's operations, including under stress conditions;
- the Group must have enough capital to secure the interests of creditors in the hypothetical (extremely unlikely) event of unexpected losses as a result of risks taken;
- the structure of the Group's operational cash flow and liquidity buffers should ensure the timely fulfilment of obligations to clients in the short and long term;
- the structure of assets and liabilities must ensure the efficient use of resources and comply with the Group's business model;
- as part of its operations, the Group must try to avoid a high degree of concentration of credit risk in counterparties, industries and countries/regions with a high level of risk;
- sustainable development and economic efficiency in the long term;
- compliance with the national regulators in countries where the Group operates, as well as with the standards and recommendations of international bodies¹⁴;
- maintaining an impeccable reputation, avoiding actions that could result in harm to the Group's reputation;
- maintaining and improving credit ratings granted by international rating agencies (without state support).
- The key principles of the Group's risk management system also include the following:

14 Basel Committee on Banking Supervision, the European Central Bank and others.

- compliance with legal and other mandatory requirements;
 - transparency of risk-associated activities for shareholders, investors and other interested parties;
 - analysing and managing risks on a consolidated basis, covering all of the Group's Russian and foreign banks, as well as its key financial companies;
 - optimal distribution of risks within the Group; minimising exposure and potential losses from risks in national and international markets;
 - developing a risk management culture within the Group's companies, including improving employees' skills in terms of identifying and preventing possible risks and losses in their areas of responsibility;
 - providing the risk management function with sufficient resources, introducing modern methods for assessing and monitoring risks based on industry best practices.
- The Group's risk management system has a multi-layered structure, which includes consolidated-level (Group-level) and local-level risk management, with a high degree of centralisation of the Group's risk management function. The risk management system is built around the Group's global business lines (Corporate-Investment banking, Mid-Corporate banking, Retail banking) and is based on the harmonisation of approaches to managing the main types of risks, including through the coordination of activities by specialised risk divisions. For example, in respect of the Group's Retail business line, VTB24 would be the specialised risk division.
- The standard organisational structure of the Group's banks and financial companies includes an independent risk assessment and control division that corresponds to the appropriate risk profile and scale of business, as well as a high-ranking manager responsible for comprehensive risk management.
- In order to coordinate risk management policies and practices across the Group, and to implement and improve the analysis of consolidated risk management procedures, a number of collective bodies function under the VTB Group Management Committee. These collective bodies include:
- The Group's Risk Management Committee, including its Commission on the Introduction of Risk Management within VTB Group;
 - The Group's Credit Committee;
 - The Group's Finance Committee, including its subordinate Assets and Liabilities Committee.
- Control over the organisation and the risk management policy within the Group's companies is carried out on a systematic basis, primarily through corporate governance (including through the representation of VTB Bank on subsidiaries' supervisory boards/boards of directors). Thus, the basic internal regulations of subsidiaries related to risk management are approved by the governing bodies, which take into account the contribution of the specialised risk divisions.
- During the year, the Group continued work on implementing a strategy for the development of VTB Group's system of risk management for 2014-2016, including:
- the phased implementation of the concept for risk appetite within VTB Group;
 - improvements to the system for limiting risk, including introducing limits on the level of

expected losses on transactions subject to credit risk, setting limits on operations of the Treasury portfolio subject to market risk;

- the method was refined for calculating the requirements for capital adequacy for significant risks based on internal models (economic capital) to meet the requirements of the Bank of Russia;
- models for credit risk assessment were fine-tuned, based on the internal rating system in accordance with the requirements of the Bank of Russia;
- development projects for the IT infrastructure for risk management and reporting tools for risk were implemented.

VTB Bank-level risk management

- In 2015, VTB Bank's Supervisory Council approved the Regulation on the VTB Bank Risk Management System. In addition, the Bank carried out work updating the risk and capital management strategy for VTB Bank and the Procedures for Managing VTB Bank's Most Significant Risks, a new version of which was approved by the Supervisory Council in January 2016.
- The main strategic objective in the field of risk management is to minimise potential financial losses from exposure to the risks faced by the Bank's operations, ensuring financial strength and sustainable growth for the Bank in accordance with the strategic objectives specified by the Supervisory Council.
- VTB Bank's policy is aimed at the formation of an integrated risk management system that corresponds to the nature and scale of the Bank's operations and risk profile, and that enables further development of the business.
- Developing and improving the Bank's risk management is done in accordance with banking

best practices, regulations and recommendations of the Bank of Russia, as well as generally accepted international standards and best practices.

- In terms of organisation, VTB Bank's risk management system comprises various collective bodies (the Supervisory Council, executive bodies, the system of credit committees, the Assets and Liabilities Committee, the Credit Risk Management Committee and other special committees) and structural units involved in risk management processes.
- The division responsible for developing the risk management system and controlling credit, market and operational risks within VTB Group and VTB Bank is the VTB Bank Risk Department. As of the end of 2015, it comprised the following units:
 - the Credit Risk Division;
 - the Market Risk Division;
 - the Operational Risk Division;
 - the Credit Applications Examining Service;
 - the Strategy, Methodology and Consolidated Risk Analysis Division; and
 - the Corporate Business Support Directorate.

Credit risk

Credit risk is the risk of financial loss (loss of revenue or additional expenses) should a borrower/counterparty/issuer fail to meet its contractual obligations.

VTB Group is exposed to credit risk through its loan portfolios, securities portfolios, guarantees, letters

of credit, derivatives portfolios and other credit-related contractual commitments.

VTB Group-level credit risk management

Credit risk management at VTB Group is carried out simultaneously at the local level with VTB Group companies and at the Group (consolidated) level.

Within the framework of the local credit risk management system, Group companies assume and manage credit risks independently (including insurance and hedging risks), within the scope of their authority and limits with regard to risk indicators, and in accordance with national regulations and Group standards. VTB Group's companies are responsible for the results of their lending activities, the quality of their loan portfolios, and also for monitoring and controlling the credit risks linked with their portfolios.

The key elements of the Group's consolidated credit risk management are as follows:

- harmonising the credit policies (credit risk management policies) of the Group's companies;
- the development and adoption of common standards (principles and methods) concerning credit procedures and managing credit risk to be used throughout the entire Group (including the methodology for assessing counterparties, pricing credit operations, security, monitoring, backup, stress testing);
- establishing consolidated limits and other restrictions within the Group (including limits on counterparties/groups of related counterparties, large transactions, countries, industry sectors);
- assessing the capital necessary to cover the Group's credit risks;

- maintaining a centralised database of Group borrowers, including those requiring more attention;
- preparing regular consolidated financial statements regarding the Group's credit risk and submitting them to the Group's governing bodies for review.

Consolidated risk management covers the most essential assets and off-balance-sheet operations of the Group's companies that bear credit risk and that require control over their concentration within the Group as a whole. Within the context of consolidated control and reporting, the scope and range of such operations is determined by the Group's coordinating bodies.

VTB Group has a separate policy for regulating the Group's credit risk management relating to lending operations with individual borrowers and small-business clients. VTB subsidiary banks that perform the above-mentioned operations are guided by a set of documents approved by the Group's Management Committee that establish standards and approaches for managing retail lending risks at the level of each subsidiary bank and at the Group level.

Specialised units within VTB Bank that are not part of the Risk Department (including the Corporate Business Support Directorate and the Non-Core Bad Assets Department) work to identify, monitor and resolve potential problems and bad debt at the Group level.

VTB Bank-level credit risk management

VTB Bank manages credit risk by:

- restricting credit risk through the Bank's existing system of limits, which comply with the Bank

of Russia's mandatory regulations and other requirements, and are regularly reviewed by the VTB Risk Management Department and approved by VTB Bank's authorised collective body;

- covering credit risks by accepting collateral and insurance, charging adequate fees for the credit risk and establishing provisions for possible loan losses;
- assessing the level of credit risk assumed by the Bank for each counterparty, as well as regularly monitoring the credit portfolio, individual customers, transactions and collateral (including by ranking borrowers);
- preventing credit risk at the loan application review stage, and taking prompt measures as soon as credit risk factors have been identified through monitoring.

The Bank applies the following main methods of credit risk assessment:

- determining a customer's level of creditworthiness by analysing financial indicators and conducting an expert assessment (in compliance with the Bank's internal procedures for ranking); the customer (group of related customers) rank is taken into account when determining the cost levels of loan transactions;
- analysing the level of concentration of the Bank's credit risk for individual borrowers (group of related borrowers), the industry, country, customer segments, types of credit products;
- estimating possible losses from credit risk in the process of calculating and creating provisions for possible losses (in compliance with the requirements of the Bank of Russia and IFRS);

- assessing capital adequacy and the scale of credit risk when calculating the required ratios established by the Bank of Russia;

- determining internal capital needs (economic capital calculation) for credit risk, taking into account the actual quality of the loan portfolio (as required by the Bank of Russia and under Basel II)¹⁵;

- conducting stress testing of loan portfolio losses, taking into account different macroeconomic scenarios.

Key areas (methods) for managing credit risk at VTB Bank are determined by the credit risk management policy (credit policy). The main tool for credit risk mitigation and control over their levels is the system for establishing credit limits.

The main types of credit risk limits are:

- limits on the aggregate level of credit risk for the loan portfolio overall and for individual segments;
- limits restricting the level of risk for a particular customer (group of related customers). These limits include limits for operations with a customer (group of related customers), including sub-limits for various types of operations with a credit risk/ designated purpose (credit, documentary limits, limits on trading activities, limits on transactions with debt securities, etc.);
- limits on the concentration of credit risk (by industry, country, major counterparties, credit products);
- credit and deposit limits are established for credit organisations (including overdraft sub-limits, nostro, the provision of funds), limits on trading

¹⁵ An approach based on internal credit ratings.

operations, limits on transactions with debt securities, and limits on contingent liabilities;

- limits in accordance with the requirements (mandatory regulations) of the Bank of Russia.

Liquidity risk

VTB Group-level liquidity risk management

Liquidity management is applied at the Group level on the basis of the internal regulations approved by the Group's Management Committee.

Within the Group, liquidity management is carried out on the basis of the following principles:

- Each bank/company within the Group manages its own liquidity on a separate basis in order to meet its obligations and to comply with the requirements of the national regulator and the recommendations of VTB Bank;
- VTB manages the Group's liquidity by centrally controlling and managing the key measures taken by the Group.

VTB Bank-level liquidity risk management

The Bank has current and forecast liquidity risk management in place.

Managing current liquidity entails short-term forecasting and management of cash flows in respect of currencies and terms (time frames). In this way, the Bank can ensure that it will meet its obligations, complete settlements on behalf of its customers and fund ongoing operations.

Current liquidity management is carried out by the Treasury Finance Department based on a real-time (intraday) determination of the Bank's current payment position and forecast future payment

position, taking into account the payments schedule and other scenarios.

The objective in forecast liquidity management is to develop and implement a number of instruments for managing assets and liabilities that are aimed at supporting the Bank's instant funding capability, and to plan increases in its asset portfolio by optimising the ratio of liquid assets and profitability.

The Bank achieves this by making long-term liquidity forecasts and by adhering to internal liquidity standards (standards for liquid and highly liquid assets and the liquidity standard for the Treasury securities portfolio), as formulated by the Assets and Liabilities Management Committee. The liquidity accounting standards of the Bank of Russia are also applied when carrying out forecast liquidity management.

Long-term liquidity forecasts and risk analysis across VTB Group and within VTB Bank are carried out by the Market Risk Division. The results of the analysis are presented in a consolidated report to the Bank's Assets and Liabilities Committee, the Group's Management Committee and the Assets and Liabilities Committee operating under the Group's Finance Committee.

Each forecast includes receivables and payments according to the contractual terms for operations, while also taking into account the following:

- planned transactions;
- possible extension of clients' funds (deposits and promissory notes);
- possible outflows of unstable "on-demand" capital (clients' settlement and current accounts, as well as Loro accounts).

In addition, the Risk Division conducts stress testing to assess risk factors that can have an impact on the Bank's liquidity forecast.

Liquidity gaps are closed through new borrowing and the renewal of existing deposits. The Group's medium-term liquidity is managed by attracting interbank loans and customer deposits, repo transactions, and secured loans from the Bank of Russia.

The currency structure of liquidity is managed by conducting "conversion swap" transactions.

A significant proportion of VTB Group's liabilities is represented by customer deposits (deposits, promissory notes, the current accounts of corporate and retail customers), resources from the Bank of Russia, interbank deposits and Eurobonds.

Despite the fact that a considerable portion of customer liabilities are short-term deposits and "on-demand" accounts, the diversification of these liabilities and VTB's past experience indicate that these liabilities are consistently refinanced by customers, and they are, for the most part, a stable source of funding. The stable element of short-term customer liabilities is determined for various currencies using a statistical trend analysis of the cumulative balances of these accounts over time.

Money market instruments (interbank loans and deposits, repurchase agreements) are used to control short-term liquidity, and are not considered as a source of funding for long-term assets.

Methods for controlling and reducing liquidity risk include:

- monitoring compliance with internal ratios and standards;
- analysing liquidity risk using a set of quantitative and qualitative indicators;
- implementing forecasting, situational modelling and stress testing of the Bank's liquidity;
- monitoring calculated gaps taking into account the scenario analysis of the Bank's liquidity for various time periods to identify disparities between receipts and payments;
- identifying and analysing the impact of internal and external factors on the Bank's liquidity, and the forecast for changes;
- adopting and implementing solutions for asset management and/or liabilities of the Bank that are aimed at maintaining liquidity risk at a level that complies with internal and regulatory liquidity ratios;
- developing a detailed action plan for mobilisation by the Bank of liquid assets in the event of insufficient liquidity;
- ensuring compliance with the Bank of Russia's mandatory liquidity ratios by monitoring actual and forecast values of established intra-bank maximum permissible values for mandatory ratios. The procedure for monitoring compliance with mandatory liquidity ratios is regulated by a separate regulatory act of the Bank.

Market risk

Market risk is the risk of downward pressure on the Group's financial results or the capital base as a result of adverse changes in the value of the

Group's assets/liabilities (claims/liabilities) as a result of market conditions, i.e., risk factors (such as exchange rates, interest rates, the yield on debt securities and credit spreads, stock quotes and stock market indices, commodity prices, etc.), as well as due to changes in the volatility of these indicators and correlations between them.

Interest rate risk

Interest rate risk management is based on internal regulations adopted by the Group's Management Committee and includes:

- Setting standard interest rates for deposits and internal rates for funding, taking into account current market conditions;
- Calculating interest rate risk (ECap, etc);
- Setting capital limits for covering the interest rate risk for the Group and individual banks.

The basic parameters used to assess interest rate risk are:

- The sensitivity of the Group's interest position to a change in interest rates, measured in terms of (1) the size of the reduction in the net present value of the interest position and (2) the net interest income under an unfavourable parallel movement of the yield curves by 100 basis points;
- The capital for covering the interest rate risk, which is measured by assessing reductions in the current value of the Bank's interest rate position in the event of potentially unfavourable interest rate movements.

Currency risk

The Group uses internal regulations adopted by the Group's Management Committee to manage its currency risk. It also ensures that the currency

of its assets matches that of its liabilities and maintains an open currency position (OCP) in each of the Group's banks within established limits, including internal OCP and VaR (Value-at-Risk) limits and regulatory OCP limits.

A VaR risk assessment is carried out in order to estimate the largest potential negative effect (within a specified confidence interval) of changes in the value of foreign exchange positions on the Group's financial performance. The VaR assessment is conducted via historical modelling over a period of two years with a one-trading-day time horizon and a confidence interval of 95%.

Market risk on trading operations

The Group's securities portfolio is exposed to risk of losses resulting from changes in the market prices of securities, commodities and stock indices.

In order to limit price risk, the Group's Management Committee sets/revises, on an annual basis, the Group's appetite for market risk (including stress-test limits, VaR limits and limits on the allowable losses, i.e., "stop loss"), which are then passed down by the Group's Risk Management Committee to the business lines and subsidiaries.

The Risk Department monitors compliance with the Group's market risk limits on a weekly basis. Local market risk limits are monitored by subsidiary banks' risk divisions on a daily basis.

The Risk Department informs the business divisions about compliance with the Group's limits on a weekly basis and submits a report to the Assets and Liabilities Committee on a monthly basis regarding compliance with limits, recommendations for the modification thereof, and proposals to reduce/hedge market risk.

VTB uses VaR to evaluate risks in its securities portfolio. The key assumptions listed above that are used in calculating VaR for currency risk are also applicable for the calculation of VaR for market risk associated with the Group's securities portfolio.

VaR is calculated by using historical modelling over a period of two years with a one-trading-day time horizon and a confidence interval of 95%.

Due to the limited liquidity in the Russian market for corporate fixed-income instruments (typical for emerging markets), the selection of historical data concerning quotes was based on the following approach. Historical data was used for instruments with a quote history of at least 200 trading days in the previous year, no more than 10 successive trading days without quotes, and an issue date no later than the beginning of the reporting year.

VaR is assessed for less liquid securities that do not meet the above requirements on the basis of historical data on comparable (proxy) instruments that meet the following criteria:

- the proxy instrument should be the same type of financial instrument as the original instrument;
- the issuer of the proxy instrument should be from the same sector and country as the original instrument; in addition, the issuers should have comparable credit ratings;
- the proxy instrument and the original instrument should be denominated in the same currency;
- the proxy instrument and the original instrument should have comparable durations.

Proxy instruments were used for the VaR calculation for approximately one-quarter of the securities in the Group's portfolio.

Operational risk

Operational risk is the risk of loss resulting from flaws in the type and scale of the Group's operations or inconsistency between internal processes and legislative requirements for banking operations, their violation by VTB staff or other individuals (due to unintentional or intentional acts or omissions), lack of functionality of IT and other systems or the breakdown thereof, as well as damaging external events.

VTB Bank's operational risk management system is designed to prevent potential losses and to reduce the possibility of business process failures and the inability to provide high-quality services to the Bank's clients caused by staff errors, system breakdowns, internal or external fraud or violations of the law.

In managing operational risk, the Bank adheres to the Bank of Russia's regulations, as well as the recommendations of the Basel Committee on Banking Supervision. To implement its operational risk strategy, VTB carries out regular procedures to identify, assess, control and limit operational risk. All significant deficiencies from a risk perspective that are identified within the internal control system are subjected to rigorous analysis. Based on the analysis, measures are developed and implemented to eliminate the causes and sources of the risk.

In order to manage operational risk, the Bank has implemented the following unified mechanisms to identify, assess and monitor the level of operational risk: a centralised process to collect information on incidents of operational risk and related operating losses, control over the level of key performance indicators related to operational risk and procedures to minimise operational risk.

This makes it possible to carry out a quantitative assessment of operational risk indicators in relation to the Bank's products, processes and systems, including in the context of individual risk categories, and the Bank's various business activities, the identification of sources of risk and implementation of measures to limit risk, reflected in management reporting.

The Bank uses the following methods to respond to operational risks:

- minimising risk: developing and implementing the necessary corrective measures to reduce identified risks;
 - taking risk: questions related to whether or not to take a certain risk are subject to approval by the authorised bodies/individuals within the bank in the event that measures aimed at minimising the risk are not economically feasible;
 - avoiding risk: refusal to carry out a business operation subject to an identified risk in the event that the potential losses as a result of the risk would be critical for the Bank and/or if carrying out the operation in question could jeopardise the Bank's solvency, and if measures aimed at minimising the risk are not economically feasible;
 - transferring risk (risk insurance): risk insurance involves those operational risks that the bank is unable to manage and that exceed the Bank's direct control (including the risk of the loss of collateral pledged to the Bank to secure credit, the risks associated with the transportation and storage of valuables and cash, property risks, etc.).
- maintaining a complex system of current and backup internal controls that is common to all business units and operations throughout the Bank;
 - regulating all key operations using internal standards and codes of practice;
 - registering and documenting banking operations and transactions and maintaining consistent control over primary documents and operating accounts;
 - applying the principles of dividing and limiting employees' functions, authority and responsibilities; implementing dual controls; collective decision-making; setting limits on the terms and scale of operations;
 - automating banking operations using high-performance IT systems that are constantly monitored and repaired promptly in case of breakdown;
 - good systems of physical and information security and control over access to the Bank's facilities and its IT resources;
 - a well-managed HR policy, good staff training and education;
 - prevention measures to ensure continuity of financial and economic activities related to the Group's banking operations and transactions by setting up alternative communications channels, geographically distributed server rooms, independent sources of power, heat and water supply, and by taking fire protection measures.

The Bank uses the following key methods to reduce and limit its operational risk:

The insurance programmes covering risks to the Bank's professional activity risks in 2015

were provided by insurance against crime under the Financial Institutions Blanket Bond scheme (including electronic and computer crimes), liability insurance for directors and officials of the Group's companies, insurance for funds and valuables while in storage and during transit, ATM insurance etc. VTB Bank also insures against risks related to business activities (including buildings, equipment and vehicles), as well as risks of loss of property received as collateral for credit transactions.

In 2015, the Bank took the following steps to develop its system for managing operational risk:

- development of mechanisms to monitor the level of operational risk at the level of the Bank and the Group's companies as part of the concept of managing risk appetite;
- unification of the methodological approaches to operational risk management at the Group level, including with regard to risk management regarding fraud and IT risks;
- development of the methodology for a unified system of tools to be used for operational risk management (self-assessment, key risk indicators, corrective action plans to reduce risks and the consequences thereof, scenario analysis);
- improving regular reporting on the Group's operational risks.

Operational risk did not have a significant impact on the Bank's performance in 2015.

Key priorities for 2016

In 2016, the Group plans to develop further its risk management system (including to ensure

compliance with new regulatory requirements and international standards) by implementing the following measures:

- consistent implementation and development of the key elements of the target risk management model (in accordance with the VTB Risk Management Development Strategy for 2014-2016), taking into account increased demands on the quality and effectiveness of risk management in light of adverse trends in the Russian economy and the banking sector;
- the adaptation of VTB Bank's risk management system for integration with the Bank of Moscow, including aligning the management of retail credit risks;
- the development of internal procedures for assessing and planning capital adequacy, as well as a system for limiting the consumption of capital in the context of business divisions aligned with the performance of the business plan;
- control over the accuracy and effectiveness of existing risk assessment models as part of regular internal validation procedures;
- further work on the automation of key processes and the analytical aspects of risk management, in particular, the further implementation of an IT platform for calculating the value of risky assets under Basel II;
- improving the system for planning and the continuity of operations at the level of the Bank and the Group.



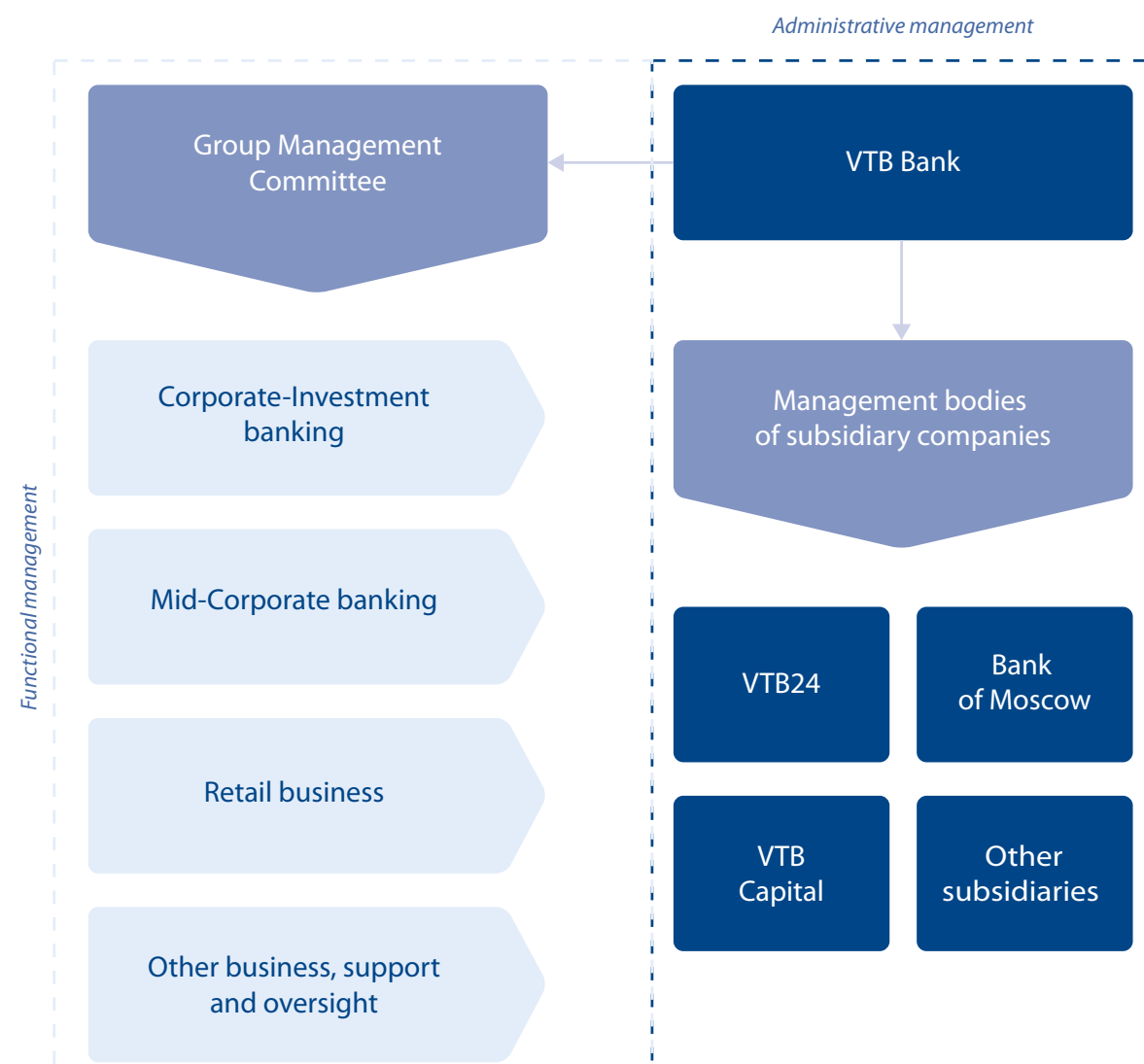
Competitive edge in transparency

Reconstruction of Pulkovo airport has become the first example of major public-private partnership in the Russian aviation industry involving LLC Air Gates of Northern Capital consortium with the leading international companies Fraport AG and Copelouzos attracted by VTB Capital.

5. Corporate governance

5.1. Overview of the corporate governance system

VTB Group management system



5.1.1. VTB Group governance

VTB Group is structured as a strategic holding. This model entails a unified development strategy and control systems for all companies within the Group, a single brand and centralised management of financial performance and risks.

Under its current management model, the Group is governed along two key lines:

Administrative management – realising the rights of the parent bank as the main shareholder by allowing its representatives to participate in the management bodies of subsidiary companies.

Functional management – managing the Group's business, support and control lines within VTB Group as a whole. Functional coordination is a supplementary governance mechanism that provides early-stage expert review of management decisions.

To meet key strategic objectives, the following business lines were formed in the Group: Corporate-Investment banking, Mid-Corporate banking, Retail banking (for more information on the global business lines and their performance, see Section 4.3, "Review of operating performance").

The Group's Corporate Centre sets the Group's overall strategic direction and promotes best practices within the Group.

VTB Group Management Committee

VTB Group's single governing body is the VTB Group Management Committee, which analyses the development strategies of individual business areas, business plans for the Group and its companies, examines reports on their implementation, assesses liquidity and risks, oversees the implementation of priority projects,

and approves standards, approaches and principles for the Group's operations.

Coordinating commissions have been established to provide expert support to the Group Management Committee in the following lines of activity:

- Corporate-Investment banking;
- Mid-Corporate banking;
- Retail banking;
- Business with financial institutions;
- Corporate governance;
- Information technology;
- Internal control and audit;
- Compliance and internal controls aimed at countering money laundering and the financing of terrorism;
- Branding and marketing;
- Human resources;
- Security;
- Property management.

- The commissions' responsibilities include identifying best practices and developing proposals on their implementation, which are then considered by the Group Management Committee.

As of 31 December 2015, the Group Management Board consisted of the following members:

- Andrey Kostin – Chairman of the Group Management Committee, President and Chairman of the Management Board, Member of the JSC VTB Bank Supervisory Council;
- Yuri Soloviev – First Deputy President and Chairman of the JSC VTB Bank Management Board;
- Vasily Titov – First Deputy President and Chairman of the JSC VTB Bank Management Board;
- Herbert Moos – Deputy President and Chairman of the JSC VTB Bank Management Board;
- Mikhail Oseevskiy – Deputy President and Chairman of the JSC VTB Bank Management Board;
- Andrei Puchkov – Deputy President and Chairman of the JSC VTB Bank Management Board;
- Denis Bortnikov – Member of the JSC VTB Bank Management Board;
- Victoria Vanurina – Member of the JSC VTB Bank Management Board;
- Valery Lukyanenko – Member of the JSC VTB Bank Management Board;
- Chaba Zentai – Member of the JSC VTB Bank Management Board;
- Maksim Kondratenko – Member of the JSC VTB Bank Management Board;
- Erkin Norov – Member of the JSC VTB Bank Management Board;
- Riccardo Orcel – Head of the Client Coverage Department, Senior Vice President of JSC VTB Bank;
- Mikhail Zadornov – President and Chairman of VTB 24 (PJSC) Management Board;
- Gennady Soldatenkov – President and Chairman of the OJSC Bank of Moscow Management Board;
- Alexei Krokhin – President and Chairman of the Management Board of VTB Bank (Austria) AG;
- Ekaterina Petelina – Deputy President and Chairman of the VTB 24 (PJSC) Management Board;
- Konstantin Vaisman – Chairman of the Management Board of PJSC VTB Bank;
- Dmitry Rudenko – President and Chairman of the PJSC Leto Bank Management Board;
- Alexei Yakovitskiy – CEO of CJSC Holding VTB Capital.

The management system established by the Group enables the Bank to develop a global mechanism for client service, closely coordinate the work of every business line in all the Bank's regions of operation, increase profitability through synergies between business lines and best practices, and optimise costs by sharing infrastructure and resources more extensively among Group companies. Furthermore, this management model is a platform to effectively integrate assets acquired by VTB Group.

VTB Group pays significant attention to improving its governance system, which is designed to comply fully with corporate and antimonopoly legislation in countries where the Group operates. The regulations of the Management Committee ensure that it cannot make decisions that would in any way limit competition in the Group's markets of operation or violate legislative norms or the

statutory documents of those companies. In accordance with civil law, VTB Group's governance system is based on the principle of protecting the independence of all legal entities within the Group.

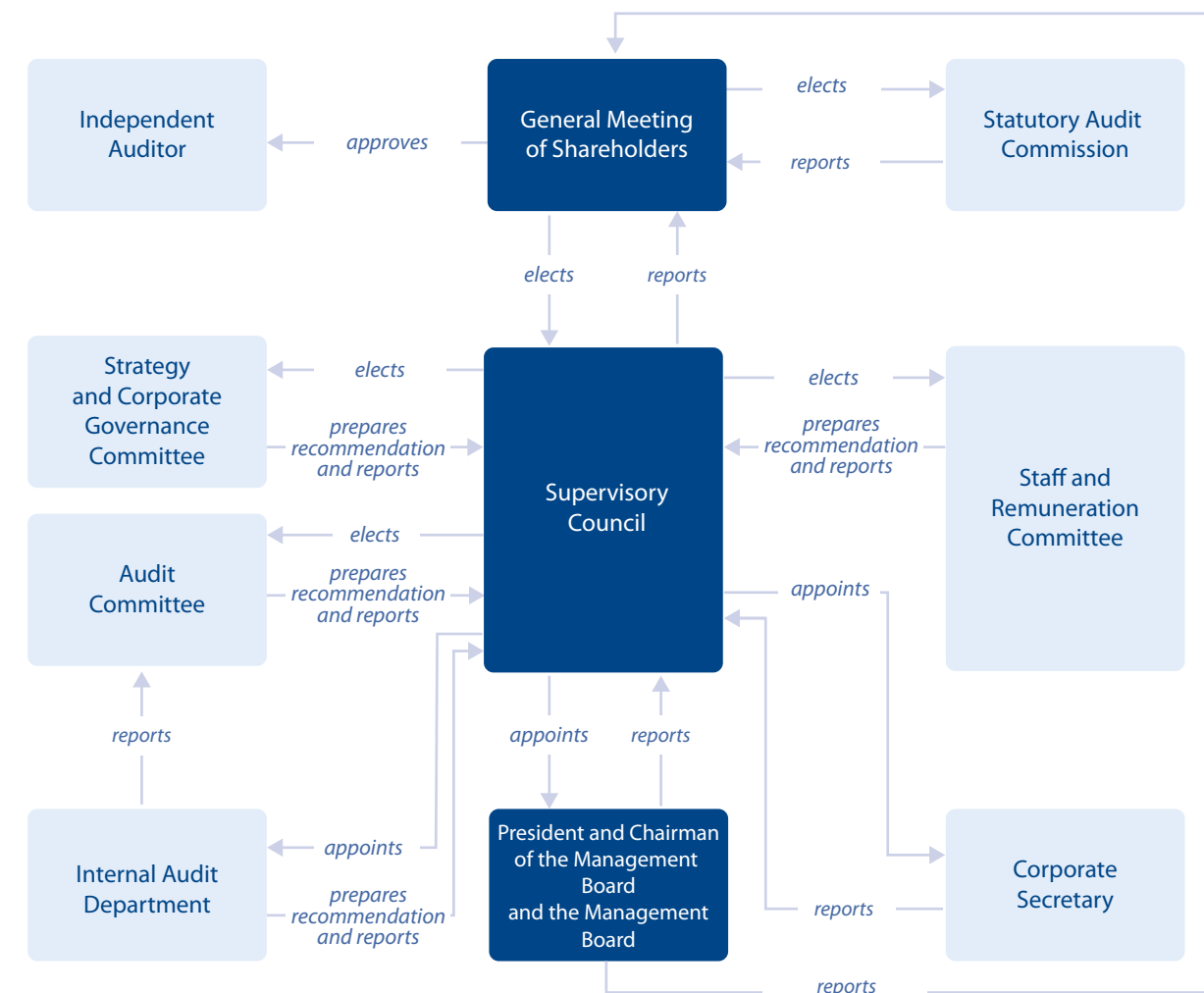
5.1.2. Corporate governance of VTB Bank

The VTB Bank corporate governance system is based on unconditional compliance with the requirements of Russian legislation and the Bank of Russia, and it also draws heavily on international best practices.

VTB guarantees that all shareholders receive equal treatment.

The General Meeting of Shareholders is the supreme governing body of VTB Bank. The Supervisory Council, elected by the shareholders and accountable to them, provides strategic management and oversight of the Bank's executive bodies, namely the President and Chairman of the Management Board and the Management Board itself. The executive bodies are responsible for the day-to-day management of the Bank and carry out

VTB Bank corporate governance system



the tasks entrusted to them by the shareholders and the Supervisory Council.

The system of corporate governance and internal control of the Bank's financial and economic activity is aimed primarily at safeguarding the rights and interests of the shareholders. The Supervisory Council oversees the Audit Committee, which, in conjunction with the Internal Audit Department, supports the management function in ensuring the smooth running of the Bank's operations. VTB contracts an external auditor, who has no connection to the Bank or the interests of its shareholders, to inspect and verify the Bank's financial reports. The Statutory Audit Commission monitors the Bank's financial and economic affairs.

The Staff and Remuneration Committee reports to the Supervisory Council and drafts recommendations on key appointments and incentives for members of the Supervisory Council and the Bank's executive and control bodies.

The Strategy and Corporate Governance Committee, which reports to the Supervisory Council, considers and makes recommendations on strategic development issues and on improving corporate governance at VTB, as well as on streamlining the management of the Bank's own stock.

VTB operates a policy of full and timely disclosure of reliable information, giving shareholders, investors and counterparties the opportunity to make properly informed decisions. Information is disclosed in compliance with Russian legislation and the requirements of the UK financial regulator, the Financial Conduct Authority (FCA).

5.2. Development of corporate governance in 2015

In 2015, VTB Bank continued to improve its corporate governance system, consistently working to fulfil the Supervisory Council Action Plan of

measures on implementing the provisions of the Corporate Governance Code (the Code), approved by the Bank of Russia in March 2014.

In accordance with the directives of the Government of the Russian Federation and instructions of the Federal Property Management Agency on the implementation of the Code in the companies whose main shareholder is the state, VTB assessed its compliance with the corporate governance principles outlined in the Code by comparing the Code's provisions with its own corporate governance standards.

As a result of this analysis, VTB developed an Action Plan (road map) to integrate the Code's provisions into VTB Bank's operations. In February 2015, the road map was approved by VTB Bank's Supervisory Council.

In the reporting year, the Bank worked on implementing the following measures set out in the road map:

- approval of the Code of Corporate Management of VTB Bank, developed on the basis of recognised international standards of corporate governance, including the corporate governance principles of the Organisation for Economic Co-operation and Development, and the Corporate Governance Code recommended for application by the Bank of Russia;
- approval of the new edition of the Regulation on the VTB Bank Supervisory Council Audit Committee and the corresponding recommendations of the new Corporate Governance Code;
- approval of a new edition of the Regulation on the VTB Bank Corporate Secretary;
- the election from among the Supervisory Council's independent directors of a Senior Independent Director;

- enshrining the rights and duties of the members of the Supervisory Council in the Bank's Charter and the Regulations on the Supervisory Board, as well as information about the Senior Independent Director.

- Report on the Bank's compliance with the Corporate Governance Code in 2015.

The Bank's performance in the area of corporate governance enabled it to maintain a high position in the National Corporate Governance Rating, where it was accorded a score of 7+, corresponding to "well-developed corporate governance practice". The Russian Institute of Directors (RID) provides the annual rankings, which are based on an independent review. A rating of 7+ is assigned to a company that, according to experts, complies with the requirements of Russian legislation in the field of corporate governance, and denotes fairly low risk to shareholders of losses associated with corporate governance.

In June 2015, the VTB Bank Annual General Meeting of Shareholders (AGM) was held, at which the new composition of the Supervisory Council and the Statutory Audit Committee were approved. Four independent directors became part of the Supervisory Council, including minority shareholder representatives Shahmar Movsumov and Valery Petrov. Sergei Galitsky was elected Senior Independent Director.

The Statutory Audit Committee is composed of six people, none of whom is a VTB officer or employee.

The Russian Institute of Directors considers the current composition of the Bank's Supervisory Council to be balanced and sensitive to the interests of all investors and shareholders.

5.3. General Meeting of Shareholders of VTB Bank

The General Meeting of Shareholders is the supreme governing body of VTB Bank. Any holder of ordinary shares may exercise the right to participate directly in the management of the Bank by voting on the agenda of the General Meeting of Shareholders. Preference shares carry voting rights only in special cases defined by the law.

The decision to convene a General Meeting of Shareholders is taken by the Supervisory Council. In accordance with the applicable Russian law and the Bank's Charter, information about the date and venue of the General Meeting of Shareholders, as well as the publication date of the list of shareholders eligible to participate, is published on the VTB website. During the time frame specified by law, shareholders can review materials for the General Meeting of Shareholders on the Bank's official website or at Shareholder Liaison Centres in Moscow, St. Petersburg and Ekaterinburg.

2015 Annual General Meeting of Shareholders

In 2015, the AGM was held on 25 June at the Oktyabrsky Grand Concert Hall in St. Petersburg and was led by Sergey Dubinin, Chairman of the Supervisory Council. The meeting was attended by 379 shareholders and their representatives. In total, there were 1,083 participants, including voting by proxy. VTB arranges a live webcast of the event on the VTB website. In 2015, the webcast of the meeting was also broadcast to VTB Bank's Ekaterinburg branch for shareholders in the Ural region.

A consultation zone was organised for shareholders in the lobby of the Oktyabrsky Grand Concert Hall to review materials about the meeting, and obtain information from VTB Group experts about the products and services offered by subsidiaries.

Shareholders discussed and voted on 19 agenda items:

1. Approval of the JSC VTB Bank Annual Report;
2. Approval of JSC VTB Bank annual financial statements, including the profit and loss statement;
3. Approval of the profit allocation of JSC VTB Bank for 2014;
4. Amount, terms and form of the 2014 dividend payment and a record date to determine persons to be entitled to receive dividends;
5. Remuneration of Supervisory Council members who are not state employees, in accordance with JSC VTB Bank by-laws;
6. Remuneration of Statutory Audit members who are not state employees, in accordance with JSC VTB Bank by-laws;
7. Number of JSC VTB Bank Supervisory Council members;
8. Election of JSC VTB Bank Supervisory Council members;
9. Number of JSC VTB Bank Statutory Audit Commission members;
10. Election of Statutory Audit Commission members;
11. Approval of the JSC VTB Bank auditor;
12. Approval of the new version of the JSC VTB Bank Charter;
13. Approval of the new version of the Regulation on the Procedure for Preparing, Convening and Holding of General Meetings of Shareholders;

14. Approval of the new version of the Regulation on the JSC VTB Bank Supervisory Council;

15. Approval of the new version of the Regulation on the JSC VTB Bank Management Board;

16. Approval of the new edition of the Regulation on the JSC VTB Bank Statutory Audit Committee;

17. Termination of the membership of VTB in the National Payments Council Non-Profit Partnership;

18. Approval of interested-party transactions to be entered into by JSC VTB Bank in the course of its ordinary business; and

19. An increase in the authorised capital of JSC VTB Bank by the placement of preferred shares.

At the meeting, shareholders agreed to the following distribution of the Bank's profits from 2014:

- Net profit to be allocated: RUB 19,673,800,000;
- Allocations to the Reserve Fund: RUB 983,690,000;
- Dividend payment allocations on ordinary shares: RUB 15,163,833,000;
- Dividend payment allocations on preference shares: RUB 2,835,857,000;
- Retained net profit: RUB 690,420,000.

Shareholders approved a dividend payment for 2014 of RUB 0.00117 per ordinary share, slightly exceeding the level of the previous year. Detailed information on dividend payments for 2014 is available in the Section 10.2, "Dividends of VTB Bank".

The election of new members of the Supervisory Board and the Audit Committee was among the key decisions of the Annual General Meeting of Shareholders. The voting results preserved the

representation of minority shareholders in these management and oversight bodies. Valery Petrov, Chair of the Consulting Committee, was elected to the Supervisory Council, and Shahmar Movsumov, Head of the State Oil Fund of Azerbaijan, one of the Bank's major shareholders, was elected to a second term on the Council.

The AGM also decided to change the corporate name of the Bank. The new name, VTB Bank (public joint-stock company), was enshrined in a new version of the Charter.

The voting results and all decisions can be viewed on the Bank's website at:
<http://www.vtb.ru/ir/governance/meeting/2015/>.

No Extraordinary General Meetings of Shareholders were convened in 2015.

5.4. Supervisory Council of VTB Bank

Scope of responsibilities

The Supervisory Council is one of the most important elements of the VTB corporate governance system. The Council is guided in its activities by the interests of the Bank and its shareholders. Acting in accordance with Russian legislation, the Bank's Charter and the Regulation on the Supervisory Council, it provides general oversight over the Bank's operations.

The main tasks of the Supervisory Council are the elaboration and adoption of the Bank's development strategy, as well as the formation of the Bank's executive bodies and oversight over their activities, organising assessments of the performance of the internal control and risk management system, determining the Bank's personnel policy, including remuneration of executive bodies and Bank management, and

participation in decision-making on issues pertaining to Bank management.

The Supervisory Council determines the rules for the functioning of the Bank's corporate governance system through the adoption of internal documents regulating the principles and procedures of its individual elements and the controls over the effectiveness of the corporate governance system as a whole.

The Supervisory Council is entrusted with the function of managing conflicts of interest between the Bank's management bodies, shareholders and employees.

Members of the Supervisory Council are elected by the General Meeting of Shareholders for a term of one year. Shareholders holding at least 2% of the Bank's voting shares have the right to nominate candidates to the Supervisory Council. Members of the Supervisory Council are elected by means of a cumulative ballot at the General Meeting of Shareholders.

The Supervisory Council in place at the end of 2015 was elected at the AGM on 25 June 2015. As of 31 December 2015, the Supervisory Council consisted of 11 members, 10 of whom were Non-executive Directors, and four were Independent Directors. This combination of directors is in line with international best practices and ensures that all shareholders' interests are represented on the Supervisory Council. The composition of the Supervisory Council is reviewed annually to ensure the right level of professionalism, experience and effectiveness, and that it is in line with the strategic objectives of VTB.

VTB places great importance on the appointment of Independent Directors. These directors' effective work on the Supervisory Council strengthens shareholders' and investors' trust in

the Bank and ensures a high level of transparency for its governance system and the objectivity of the Supervisory Council's decision-making. The Independent Directors actively participate in Supervisory Council discussions and the decision-making process. Together, they monitor the Bank's performance and its competitive position, analyse the effectiveness of the management team, assess mechanisms and systems of internal control and risk management, and settle corporate conflicts.

According to the Bank's Code of Corporate Conduct, the Supervisory Council should include at least three Directors who meet the independence criteria established by the listing rules of the trade operator whose quotation list includes the Bank's securities. The independent members of the Supervisory Council must not have any relationship with the Bank that would prevent them from fairly and impartially making decisions with regard to the strategy and current activity of VTB. In determining the independence criteria for the members of the Supervisory Council, VTB Bank is guided by the requirements of current legislation, the listing rules of the trade operator whose quotation list includes the Bank's securities, and the Bank's internal documents.

In order to fulfil the recommendations of the Code of Corporate Governance, the Annual General Meeting of Shareholders of 25 June 2015 approved a new edition of the Regulation on the Supervisory Council that specifies the rights and duties of the members of the Supervisory Council, as well as the option of electing a Senior Independent Director from among the members of the Supervisory Council serving as Independent Directors. The Senior Independent Director acts as an adviser to the Chairman of the Supervisory Council, and coordinates interactions between the Independent Directors, including, as needed, the convening of meetings between the Independent Directors and the Chairman, and also interacts

with the Bank's shareholders. If there is a dispute, the Senior Independent Director should undertake to resolve the dispute through cooperation with the Supervisory Council Chairman, the other members of the Supervisory Board and the shareholders of the Bank to ensure the smooth operation of the Supervisory Council.

On 23 July 2015, Sergey Galitsky was elected Senior Independent Director.

Liability insurance for Supervisory Council members

Supervisory Council members are insured under the directors liability insurance programme (Directors and Officers Liability, D&O). In accordance with the D&O, compensable losses (including legal expenses) incurred due to unintentional wrongful acts, negligence or omission on the part of members of the Supervisory Council related to the Bank's financial operations are reimbursed in relation to the claims filed during the insurance period by investors, shareholders or government bodies. The grounds for a claim may be the personal responsibility of members of the Supervisory Council for mistakes made during the decision-making process, for shortfalls in financial control and risk management leading to losses, reduction in share price, asset value or damages caused to third parties.

In 2015, the Supervisory Council reviewed and approved the extension of the directors liability insurance contract for a new term. The Procurement Commission and the Staff and Remuneration Committee approved the feasibility of extending the contract.

Remit

The Supervisory Council provides strategic direction, determines the long-term priorities for VTB; approves its development strategy; defines

the key principles and overall approach to risk management and internal control, remuneration policy and compensation paid to members of the Supervisory Council, executive bodies and other key executives; and exercises oversight over the activity of executive bodies and corporate governance. The Supervisory Council plays a key role in the Bank's key corporate activities.

The main functions of the Supervisory Council are specified in the Charter and the Regulations on the VTB Bank Supervisory Council. These documents can be viewed on the Bank's website at: <http://www.vtb.ru/group/documents/>

Chairman of the Supervisory Council

The Chairman of the Supervisory Council is elected by majority vote of the members of the Supervisory Council. The Supervisory Council has the right to re-elect its Chairman at any time by majority vote.

The Chairman is not permitted to combine this role with the position of President and Chairman of the Management Board. The Chairman of the Supervisory Council may not also be a member of the VTB Bank Management Board, nor may he or she have any type of employment relationship with the Bank.

The Chairman organises the work of the Council, convenes and chairs its meetings, and presides over General Meetings of Shareholders. In the absence of the Chairman, his or her duties are assumed by a Supervisory Council member as decided by the Supervisory Council.

On 25 June 2015, Alexey Ulyukayev was elected Chairman of VTB Bank Supervisory Council.

Composition of the Supervisory Council

On 25 June 2015, the Annual General Meeting of Shareholders elected four new members to the

Supervisory Council: Alexey Ulyukayev and Andrei Sharonov, as well as independent members Sergey Galitsky and Valery Petrov.

Simeon Djankov, Mikhail Kopeikin, Aleksey Moiseev and Elena Popova left the Supervisory Council after the new Supervisory Council was elected by the AGM.



Alexey Ulyukayev
Chairman of the Supervisory Council since 25 June 2015
Member of the Supervisory Council from 29 November 2002 to 19 June 2014

Since 2013 – Minister of Economic Development of the Russian Federation. Also serves as Chairman of the Supervisory Council of Russian Direct Investment Fund (RDIF), Member of the Supervisory Council of the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank) and the Agency for Strategic Initiatives, Chairman of the Board of Directors of JSC Corporation SME, Member of the Board of Directors of the New Economic School.

Previous positions:

2004–2013 – First Deputy Chairman of the Bank of Russia;

2000–2004 – First Deputy Minister of Finance of the Russian Federation;

1999–2000 – Deputy Director of the Institute for the Economy in Transition;

1998–1999 – Deputy Director of the of Economic Problems during Transition Periods;

1996–1998 – Deputy of the Moscow City Duma.

Class 1 Acting State Advisor of the Russian Federation.

Awards: Order for Merit to the Fatherland III Degree (2015), Order for Merit to the Fatherland IV Degree (2010), Order of Merit (2006), Gratitude of the Russian Federation (2006), Honorary Title Merited Economist of the Russian Federation (2004), Medal Commemorating the 300th anniversary of St. Petersburg (2003), Gratitude of the President of Russian Federation (2002), Jubilee Medal Commemorating 200 Years of the Russian Federation Ministry of Finance (2002), Certificate of Merit of the Russian Federation (2001).

Born in 1956. Graduated in 1979 from the Lomonosov Moscow State University majoring in Political Economy. PhD in Economics, Professor.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Matthias Warnig
Member of the Supervisory Council since 20 June 2007

Since 2006 – Managing Director of Nord-Stream AG (Switzerland); since 2008 – Director of Interatis AG (Switzerland); since 2015 – Executive Director of Nord-Stream 2 AG (Switzerland). Also serves as a member of the Board of Directors of JSC AK Transneft, Chairman of the Board of Directors of United Company RUSAL Plc (Jersey), Deputy Chairman of the Board of Directors of OJSC NK Rosneft, member of the Administrative Board of GAZPROM Schweiz AG (Switzerland), Chairman of the Administrative Council of Gas Project Development Central Asia AG (Switzerland), Interatis Engineering AG (Switzerland), Interatis Consulting AG (Switzerland).

Previous positions:

2005–2006 – Chairman of the Board of Directors of CJSC Dresdner Bank;

2004–2005 – Chairman of the Management Committee of Dresdner Kleinwort for Russia and the CIS;

2002–2005 – President of CJSC Dresdner Bank;

2001–2006 – Chief Coordinator of Dresdner Bank Group in Russia;

1999–2000 – Managing Director of the BNP-Dresdner Bank branch in St. Petersburg;

1997–1999 – Deputy Manager of the Moscow branch of BNP-Dresdner Bank;

1990–1997 – Management Board Advisor of Dresdner Bank AG;

1981–1990 – Officer at the Ministry of Foreign Trade, then at the Council of Ministers of the German Democratic Republic.

Born in 1955. In 1981, graduated from the Bruno Leuschner Higher School of Economics in Berlin and Karlshorst, majoring in National Economics.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Sergey Galitsky
Independent Member of the Supervisory Council since 25 June 2015
Senior Independent Director since 23 July 2015

Since 2006 – Director General of PJSC Magnit; since 2014 – President of Krasnodar Football Club. Chairman of the Board and member of the Board of Directors of PJSC Magnit.

Previous positions:

2009–2014 – President of Krasnodar Football Club;

1996–2006 – Director General of JSC Tander.

Born in 1967. In 1992, graduated from Kuban State University, majoring in Finance and Credit.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Yves-Thibault de Silguy
Independent member of the Supervisory Council since 28 June 2013
Member of the Supervisory Council from 20 June 2007 to 26 June 2008

Since May 2010 – Vice-Chairman and Senior Director of the Board of Directors of VINCI Group (France). Also serves as President of YTSeuropaconsultants SARL (France), manager of YSILOP consulting SARL (France), Chairman of the Supervisory Council of Sofisport SA (France), member of the Supervisory Council of VTB (France), member of the Board of Directors of SOLVAY SA (Belgium) and of Louis Vuitton Moët Hennessy SA (France).

Previous positions:

2005–2012 – Member of the Council for Foreign Affairs, French Ministry of Foreign Affairs and International Development;

2004–2011 – Member of the Board of Directors of SMEG;

2007–2008 – Member of the Supervisory Council of JSC VTB Bank;

2004–2006 – Vice-President of Suez Environnement (Belgium);

2003–2006 – Director, Lead Director of SUEZ (Belgium).

2003–2006 – President of Aguas Argentinas (Argentina);

2002–2010 – Member of the Economic Council, French Defence Ministry;

2001–2002 – General Director, Suez (Belgium);

2000–2006 – President, Sino-French Holdings (Hong Kong);

1995–1999 – Member of the European Commission, responsible for economic, monetary and financial affairs;

1993–1995 – Secretary-General of the Interdepartmental Committee for Questions of Economic Cooperation in Europe. Advisor for European affairs responsible for the preparation of summits of industrialised nations in the Cabinet of French Prime Minister Édouard Balladur;

1988–1993 – Director for International Affairs of Usinor Sacilor Group;

1986–1988 – Adviser in the French Prime Minister's office (Jacques Chirac) with responsibility for European affairs and international economic and financial affairs;

1985–1986 – Counsellor for Economic Affairs, French Embassy in Washington;

1981–1984 – Advisor, then Deputy Head of the Cabinet, then Vice-President of Economic and Monetary Affairs for the Commission of European Communities;

1976–1981 – Authorised representative of the Department for Economic Cooperation at the Ministry of Foreign Affairs, France.

Awards: Chevalier de la Légion d'honneur (Knight of the Legion of Honour); French National Order of Merit for Services to the Fatherland; French National Order of Merit for Services to Development of Agriculture; French National Order of Merit for Services to Art and Literature; Bronze Medal of the French Republic for Voluntary Military Service.

Born in 1948. In 1971, graduated from University of Rennes II Upper Brittany with a degree in Law, in 1972 – from University of Paris I (Pantheon-Sorbonne) with a degree in Public Law, from the Paris Institute of Political Studies (Sciences Po) majoring in Public Law, in 1972, and from the École Nationale d'Administration (ENA) in 1976, Guernica class.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Sergey Dubinin
Member of the Supervisory Council since 3 June 2011
Chairman of the Supervisory Council from 16 June 2011 to 25 June 2015

Since February 2014 – Head of the Finance and Credit Department at the Faculty of Economics, Lomonosov Moscow State University. Advisor and member of the Board of Directors of CJSC VTB Capital. Member of the Board of Directors of JSC VTB Capital IB Holding Ltd, CJSC VTB Capital Holding.

Previous positions:

2005–2008 – Member of the Board of Directors, Chief Financial Officer of RAO UES;

2004–2005 – Member of the RAO UES Board of Directors;

2001–2004 – Deputy Chairman of the RAO UES Board of Directors;

1998–2001 – Deputy Chairman of the OJSC Gazprom Management Board;

1995–1998 – Chairman of the Bank of Russia;

1995–1995 – Member of the OJSC Gazprom Management Board;

1994–1995 – First Deputy Chairman of the Management Board of Imperial Commercial Bank;

1994–1994 – Acting Minister of Finance of the Russian Federation;

1993–1994 – First Deputy Minister of Finance of the Russian Federation;

1992–1993 – Deputy Chairman of the Russian State Committee for Economic Cooperation with CIS countries;

1991–1992 – Economics Expert in the Executive Office of the USSR President;

1981–1991 – Associate Professor of Foreign Economies and Foreign Economic Relations at the Faculty of Economics, Lomonosov Moscow State University;

1977–1981 – Assistant Professor of Foreign Economies and Foreign Economic Relations at the Faculty of Economics, Lomonosov Moscow State University;

1976–1977 – Teaching Assistant of Foreign Economies and Foreign Economic Relations at the Faculty of Economics, Lomonosov Moscow State University;

1975–1976 – Junior Research Associate, Lomonosov Moscow State University;

1974–1975 – Secretary of the Komsomol Committee at the Faculty of Economics, Lomonosov Moscow State University.

Awards: Medal Commemorating the 850th Anniversary of Moscow; Honorary Diploma of the Government of the Russian Federation and Honorary Badge for Achievements in the Russian Electric Power Industry; Winner of Best Financial Director and Best Independent Director of the Year, Aristos Award 2013, winner of Best Independent

Director of the Financial Market, Reputation of the Year Award 2013. In 2014, Mr Dubinin ranked in the 25 Top Chairmen of the Board of Directors.

Born in 1950. In 1973, graduated from the Lomonosov Moscow State University, majoring in Political Economy, and in 1976 as an extramural postgraduate of Moscow State University. Higher Doctorate in Economics, Associate Professor.

Holds shares equivalent to 0.00033% of the Bank's charter capital as of 31 December 2015.

Holds 0.00164% of ordinary shares of the Bank as of 31 December 2015.



Simeon Djankov
Independent member of the Supervisory Council from 19 June 2014 to 25 June 2015

Since 2013 – Rector and Chairman of the Board of Directors of the New Economic School.

Previous positions:

2013–2014 – Professor at the John F. Kennedy School of Government, Harvard University;

2009–2013 – Deputy Prime Minister and Minister of Finance of Bulgaria;

2008–2009 – Chief Economist, Finance and Private Sector Development Department, World Bank;

2002–2008 – Doing Business Project Manager, International Finance Corporation;

2001–2002 – Principal author of the World Development Report 2002, World Bank;

1999–2001 – Senior Financial Economist, Europe and Central Asia, World Bank;

1998–1999 – Economist for East Asia, World Bank;

1997–1998 – Associate, International Finance Corporation;

1995–1997 – Advisor on Europe and Central Asia, World Bank.

Born in 1970. In 1993, graduated from Geneva College, Pennsylvania, USA, majoring in Economics. In 1995, graduated from the University of Michigan, USA, majoring in Economics. In 1997, received a PhD in Economics.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Mikhail Kopeikin
Member of the Supervisory Council from 19 June 2014 to 25 June 2015

Since April 2014 – First Deputy Chief of Staff of the State Duma, Federal Assembly of the Russian Federation. Also serves as a member of the Supervisory Boards of the Foundation for the Promotion of Small Research and Technology Enterprises and the Foundation for Infrastructure and Education Programmes. Chairman of the Board, Bureau of Economic Analysis. Member of the Board of Directors of the Montreal Group international association of development banks. Chairman of the Board of Directors, International Fund to Support Russian Entrepreneurship.

Previous positions:

2008–2014 – Board member and Deputy Chairman, State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank);

1996–2008 – Department Head, Deputy Chief of Staff of the Russian Government – Head of the

Economic and Property Management Department. Deputy Chief of Staff of the Russian Government;

1992–1996 – Deputy Department Head – Subdivision Head, Department Head, Supervisor of Economic Reform Package Implementation, Head of the Department of Economic Reform, Board member at the Ministry of Economics of the Russian Federation;

1991–1992 – Subdivision Head, Department for Market Relations and Economic Legislation at the Ministry of Economics of the USSR;

1989–1991 – Subdivision Deputy Head, Department for Streamlining Planning Mechanisms and State Plan Implementation, State Planning Committee of the USSR;

1976–1989 – Engineer, Senior Engineer, Group Head, Deputy Head of the Technical and Economic Department at the Institute for the Design of Heavy Chemical Plants.

Awards: Honorary title Merited Economist of the Russian Federation (2000); Honorary Diploma of the Government of the Russian Federation (2002); Letter of Acknowledgement from the Government of the Russian Federation (2003); Honorary Diploma of the Russian Government's Executive Office (2004); Order of Merit (2004); Order of Merit to the Fatherland IV Class (2008).

Class 1 Acting State Advisor of the Russian Federation.

Born in 1954. In 1976, graduated from the Ordzhonikidze Moscow Institute of Management, majoring in Economics and Administration in the Chemical Industry. Doctor of Economics, Professor.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Andrey Kostin
Member of the Supervisory Council since 2002.

Since 2002 – President and Chairman of the VTB Bank Management Board.

Chairman of the Supervisory Councils of VTB 24 (PJSC) and PJSC VTB Bank (Ukraine), Russian Gymnastics Federation. Chairman of the Board, OJSC Bank of Moscow. Member of the Board of Directors at Pirelli & C. S.p.A., CJSC VTB Capital, CJSC VTB Capital Holding, VTB Capital IB Holding Ltd, CJSC Congress Centre Konstantinovsky. Member of the Council of the Association of Russian Banks. President of the non-commercial Partnership Financial and Banking Council of the CIS. Member of the Bureau of the Board, Russian Union of Industrialists and Entrepreneurs. Member of the Supervisory Board, Russian Volleyball Federation CSKA Hockey Club. Member of the Board of Trustees: Fund for the Support and Development of Physical Culture and Sports of the Russian Federation, Dynamo Hockey Club, Higher School of Economics, Lomonosov Moscow State University, Moscow State Institute of International Relations, St. Petersburg State University, Friends of the Russian Museum Development Fund, Russian Orthodox Church Charitable Foundation for the Restoration of the Voskresensk Stavropegial Resurrection (New Jerusalem) Monastery, Bolshoi Theatre, State Academic Mariinsky Theatre, non-commercial organisation Governance and Problem Analysis Centre, State Primorsky Opera and Ballet Theatre, National Coordination Centre for Developing Economic Cooperation with Countries of the Asia-Pacific Region, the Deaf-Blind Support Fund. Member of the Supreme Council, United Russia political party. Member of the Management Board, non-profit partnership National Council on Corporate Governance.

Previous positions:

1996–2002 – Chairman of the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank);

1995–1996 – First Deputy Chairman of the Management Board of the National Reserve Bank;

1993–1995 – Deputy Head of the Foreign Investment Department at Imperial Bank;

1979–1992 – Diplomatic service at the USSR Consulate-General in Australia (1979–1982) and Embassy to the UK (1985–1990).

Born in 1956. In 1979, graduated with Honours from the Economics Department of the Lomonosov Moscow State University. PhD in Economics.

Holds shares equivalent to 0.00036% of the Bank's charter capital as of 31 December 2015.

Holds 0.00183% of ordinary shares of the Bank as of 31 December 2015.



Nikolai Kropachev
Member of the Supervisory Council since 26 June 2008

Since 2008 – Rector of St. Petersburg State University.

Previous positions:

2006–2008 – Senior Vice-Rector of St. Petersburg State University;

2000–2005 – President of the Statutory Court of St. Petersburg.

Class 1 Acting State Advisor of St. Petersburg.

Born in 1959. In 1981, graduated from the Legal Department of Leningrad State University (now St. Petersburg State University). Doctor of in Law, Professor.

Has received multiple awards from the President of Russia, the Russian Government and the Russian Ministry of Education.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Shahmar Movsumov
Independent member of the Supervisory Council since 28 June 2013

Since 2006 – Executive Director of the State Oil Fund of Azerbaijan and Chairman of the National Committee on the Extractive Industries Transparency Initiative.

Previous positions:

2005–2006 – General Director of the National Bank of Azerbaijan;

1995–2005 – Chief FX Markets Economist, Head of Group, Head of Section, Deputy Head of Department, Head of Department, Chief Advisor to CEO – all at the National Bank of Azerbaijan.

Awards: Taraggi Medal, Republic of Azerbaijan.

Born in 1972. In 1995, graduated from the Moscow State Institute of International Relations with a degree in International Economics, and in 2004 from the John F. Kennedy School of Government at Harvard University with an MBA in Public Finance.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Alexey Moiseev
Member of the Supervisory Council from 28 June 2013 to 25 June 2015

Since 2012 – Deputy Finance Minister of the Russian Federation.

Previous positions:

2010–2012 – Deputy Head of the Analytics Department, Head of Macroeconomic Analysis Division at CJSC VTB Capital;

2001–2010 – Senior Economist, Deputy Head of Analytics Department at Renaissance Capital – Financial Adviser LLC;

1998–2001 – Economist and Senior Analyst in Sovereign Instruments Market, Fixed Income Instruments Market Department at BNP Paribas, London, UK;

1995–1996 – Category 1 Economist, Leading Economist at the Bank of Russia.

Awards: Honorary Diploma of the Government of the Russian Federation; Letter of Acknowledgement from the Chairman of the Bank of Russia; Letter of Acknowledgement from Igor Shuvalov, First Deputy Prime Minister of the Russian Federation.

Born in 1973. In 1995, graduated from Ordzhonikidze State University of Management with a degree in International Economics and in 1998 from the University of Rochester (USA) with an MBA in Business Management.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Valery Petrov
Independent Member of the Supervisory Council since 25 June 2015

Since 2013 – Chairman of the VTB Bank Shareholder Consultative Council.

Since 2011 – Deputy Chairman of the Board, Institute of Financial Markets Development, since 2013 – Deputy Chief Executive Officer, Arsenal Insurance Company. Independent member of the Board of Directors of Livestock Breeding, Kurskoye JSC, Finstroy JSC, Burlinsky Stud Farm.

Previous positions:

2009–2013 – Deputy General Director, JSC RCB Group;

2007–2009 – General Director, JSC Ingosstrakh-Investments Asset Management;

2005–2007 – Chief Managing Director, Alfa Capital Asset Management;

2003–2005 – Deputy General Director, Moscow Interbank Currency Exchange;

1999–2003 – Director of the Market Analysis Department, Rosbank;

1997–1999 – General Director, Alyans Asset Management.

Awards: Recognised in Top 100 Professional General Directors in Russia (2008), Award for Personal Contribution to the Development of the Stock Market (2008), Diploma for Top 100 Professional Commercial Directors in Russia (2005), Diploma for Top 200 Professional Commercial Directors in Russia (2004), Diploma

for Top 100 Professional Careers in Business and Government (2004).

Born in 1966. In 1988, graduated from the Alexander Mozhaisky Military Space Academy (previously the Alexander Mozhaisky Military Engineering Institute), majoring in Radio Engineering and Automatic Control Systems Programming. In 1999, graduated from the Chernomyrdin Moscow State Open University, majoring in Law. PhD in Economics.

Holds shares equivalent to 0.00000002% of the Bank's charter capital as of 31 December 2015.

Holds 0.00000008% of ordinary shares of the Bank as of 31 December 2015.



Elena Popova
Member of the Supervisory Council from 28 June 2013 to 25 June 2015
Independent member of the Supervisory Council from 19 June 2014 to 25 June 2015

Since 2009 – member of the VTB Bank Shareholder Consultative Council. Since 2012 – Deputy Chairman of the Dissertation Board, Academic Secretary of the Russian Academy of Sciences' Council for the Study of Manufacturing Resources; since 1986 – Professor of Management Theory and Business Technology, Plekhanov Russian University of Economics.

Previous positions:

2002–2012 – Deputy Director of the Institute of State Regulation of the Economy, Head of General Theoretical and Language Training, Professor of Innovation Management and Investment Business in Regional Economics, member of the Board of Trustees at the State Academy of Professional Development and Training for Senior Management and Investment Specialists;

2003–2009 – Professor of the Department of Economic Theory at the Institute of Economics of the Russian Academy of Sciences.

Awards: Award of the Russian Government in the field of science and technology; Honoured Worker of Higher Education of the Russian Federation; Honoured Worker of Science and Technology of the Russian Federation.

Born in 1958. In 1981, graduated from State University of Management (Ordzhonikidze Moscow State University of Management), majoring in Municipal Management. In 1999, graduated from the Law Academy of the Russian Interior Ministry with a degree in Law. In 2003, received a PhD in Economics and in 2004 became a Professor. In 2007, graduated from the Russian Institute of Professional Accountants and Auditors.

Holds shares equivalent to 0.0000096% of the Bank's charter capital as of 31 December 2015.

Holds 0.000048% of ordinary shares of the Bank as of 31 December 2015.



Vladimir Chistyukhin
Member of the Supervisory Council since 19 June 2014

Since February 2014 – Deputy Governor of the Bank of Russia. Member of the Board of Directors of the Bank of Russia.

Previous positions:

2013–2014 – First Deputy Head of the Financial Markets Service, Bank of Russia;

2011–2013 – Director of the Financial Stability Department, Bank of Russia;

2004–2011 – Deputy Director of the Banking Regulation and Supervision Department, Bank of Russia;

2002–2004 – Deputy Director of the Department of Foreign Exchange Regulation and Control, Bank of Russia;

2000–2002 – Deputy Director of the Department of Foreign Exchange Regulation, Bank of Russia;

1999–2000 – Head of the Foreign Exchange Operations Analysis Division, Department of Foreign Exchange Regulation, Bank of Russia;

1997–1999 – Deputy Head of the Division of Foreign Exchange Control of Capital Operations, Division Head of the Department of Foreign Exchange Regulation and Control, Bank of Russia;

1996–1997 – Lead Economist of the Foreign Exchange Regulation Division, Chief Economist of the Division of Foreign Exchange Control of Capital Operations, Department of Foreign Exchange Regulation and Control, Bank of Russia;

1995–1996 – Category 2 Economist, Category 1 Economist, Lead Economist of the Foreign Exchange Regulation Division, Chief Directorate of Foreign Exchange Regulation and Control, Bank of Russia.

Born in 1973. In 1995, graduated from the Lomonosov Moscow State University with a degree in Law.

Holds no shares of the Bank’s charter capital as of 31 December 2015.

On 29 July 2015, VTB Bank carried out the placement of Type A preference shares through their sale under a closed subscription to the State Corporation Deposit Insurance Agency, resulting in the following changes to the shares of the members of the Supervisory Council in the Bank’s charter capital not associated with the purchase and sale of shares:

Member of the Supervisory Council	Share in the Bank’s charter capital prior to the change	Share in the Bank’s charter capital after the change
Sergey Dubinin	0.00062%	0.00033%
Andrey Kostin	0.00069%	0.00036%
Valery Petrov	0.00000003%	0.00000002%



Andrey Sharonov
Member of the Supervisory Council since 25 June 2015

Since 2013 – Rector, Skolkovo School of Management. Member of the Board of Directors, JSC Rosgeologiya, JSC Sovcomflot. Member of the Supervisory Council, Moscow Exchange and the Higher School of Economics. Chairman and independent member of the Board of Directors, NefteTransService Management Company. Independent member of the Board of Directors, Novatek, Chairman of the Board of Directors, Eko-Sistema Management Company.

Previous positions:

2010–2013 – Moscow Deputy Mayor for Economic Policy;

2007–2010 – Managing Director, Troika Dialog Investment Company.

Awards: Order of Honour (2009), Letter of Acknowledgment from the President of the Russian Federation (2008), Title of Merited Economist of the Russian Federation (2006), Letter of Acknowledgment from the President of the Russian Federation (2003).

Born in 1964. In 1986, graduated from the Ufa Aviation Institute, majoring in Aviation Engineering; in 1996, graduated from the Russian Presidential Academy of Public Administration with a degree in Law, PhD in Sociology.

Holds no shares of the Bank’s charter capital as of 31 December 2015.

Introduction to membership on the Supervisory Council

Under the Introduction to Membership Programme, the Bank’s Corporate Secretary held meetings with the newly elected members of the Supervisory Council and the re-elected members of the Supervisory Council, at which the procedures for the work of the Supervisory Council and other bodies of the Bank were reviewed, as were the organisational structure, internal Bank documents, strategy, the corporate governance system, risk management and internal control

Statistics for VTB Bank Supervisory Council meetings

Meeting format	2014	2015
Number of meetings in person	8	8
Number of meetings conducted by absentee ballots	18	20

Member of the Supervisory Council	Number of meetings/absentee voting attended in 2015
Sergey Dubinin	28 out of 28
Matthias Warnig	20 out of 28
Sergey Galitsky (elected on 25 June 2015)	11 out of 11
Yves-Thibault de Silguy	18 out of 28
Simeon Djankov (left office on 25 June 2015)	9 out of 17
Shahmar Movsumov	26 out of 28
Alexey Moiseev (left office on 25 June 2015)	17 out of 17
Andrey Kostin	28 out of 28
Mikhail Kopeikin (left office on 25 June 2015)	17 out of 17
Nikolai Kropachev	28 out of 28
Valery Petrov (elected on 25 June 2015)	11 out of 11
Elena Popova (left office on 25 June 2015)	17 out of 17
Vladimir Chistyukhin	28 out of 28
Andrey Sharonov (elected on 25 June 2015)	11 out of 11
Alexey Ulyukayev (elected on 25 June 2015)	11 out of 11

systems, the division of responsibilities between the executive bodies of the Bank, and other information regarded as important for the proper performance of the duties of members of the Supervisory Council was also provided.

Work of the Supervisory Council

Meetings of the Supervisory Council are convened at the initiative of its Chairman, or at the request of a Council member, the Statutory Audit Commission, the Auditor, the Management Board or the President and Chairman of the Management Board. A quorum is formed by the attendance of half of the elected members. Decisions are made by a majority vote of participating members, unless otherwise provided in the Charter and the Regulation on the Supervisory Council. For decision-making purposes, each member of the Council has one vote at meetings.

Meetings of the Supervisory Board are held on a scheduled basis, although if necessary they may be held outside the schedule with absentee voting. The format of each Supervisory Council meeting is decided based on the importance of its agenda. The most significant matters are brought before in-person meetings.

At every Supervisory Council meeting a report is provided to give an update on the implementation of previously approved decisions and programmes, as well as directives and assignments stipulated by the Russian Government, and a briefing on the loan portfolio.

Members have the opportunity to review materials for meetings in advance, as well as recommendations and conclusions of the Council's Committees on each agenda point. The schedule for the Council is compiled for the period between AGMs and is approved by the Supervisory Council. Meetings are scheduled in advance based on the business cycle of the Bank and may be held in person or through absentee voting. Any member unable to attend a meeting can still participate via video conference (including voting on the agenda topics); they can also submit a written opinion on agenda topics.

Depending on the results of in-person meetings or absentee ballots, minutes are drawn up reflecting the position of each member of the Supervisory Council based on his or her vote on the agenda topics.

Meetings and absentee ballots are held on average six times a quarter. In 2015, the Supervisory Council held 28 meetings (26 in 2014), including eight meetings in person and 20 through absentee voting.

The Supervisory Council actively engaged with the Bank's minority shareholders, and also considered the Report on Cooperation with the Bank's Shareholders and an action plan for work

with the shareholders in the upcoming calendar year. Independent member of the Supervisory Board and Chairman of the VTB Bank Shareholder Consultative Council Valery Petrov and Senior Independent Director Sergey Galitsky took part in meetings with minority shareholders.

In 2015, the Supervisory Council discussed and took decisions on priority areas of the Bank's activities, including the following issues:

- changes in the Long-Term Development Programme of VTB Bank for 2014-2018, fulfilment of the Programme targets based on performance in 2014, and the results of the audit of its implementation;
- acquisition and disposal of shares in the Bank's subsidiary companies;
- increasing the Bank's charter capital, determining the offer price for Type A preference shares, monetary evaluation of federal loan bonds contributed as payment for Type A preference shares, and approval of the Decision on the Issuance of Bank Shares;
- reorganisation of the Bank's subsidiaries;
- analysis of the performance of the Programme for Disposal of Non-core Assets;
- approval of the Regulation on Remuneration of Executive Bodies of the Bank and their KPIs;
- the operational efficiency of the VTB Group companies (including the global network);
- the structure and volume of VTB Bank's bad assets;
- optimising and improving the effectiveness of spending on charity and sponsorship;
- election of a Senior Independent Director.

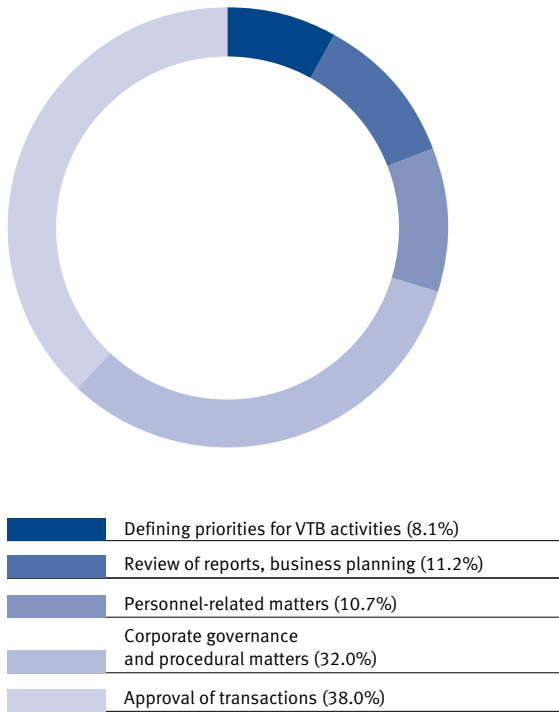
In addition, in 2015, the agenda of the Supervisory Council included such questions as:

- review of the report on the results of the assessment of the corporate management system;
- review of the reports on the activities of the committees of the Supervisory Council;
- approval of the Bank's Corporate Governance Code, the Regulation on the Corporate Secretary, the Regulation on the Supervisory Council Audit Committee, the Regulation on the Procurement of Goods, Works and Services;
- consideration of the report on the Bank's sponsorship and charitable activities for the year, as well as plans for the implementation of sponsorship and the provision of charitable assistance in the upcoming calendar year;
- approval of the agenda for the Annual General Meeting of Shareholders, recommendations on the amount of dividends, the prior approval of the Bank's annual report, determination of the amount of payment for the auditor's services;
- approval of transactions with related parties;
- the approval of the Supervisory Board to allow the President and Chairman of the Board and members of the Management Board to hold management positions in other organisations;
- the election of Maxim Kondratenko as a member of the Management Board of VTB Bank.

As part of the organisation of an effective system of risk management and internal control within the Bank's Supervisory Board in 2015:

- the Regulation on the System of Risk Management at the Bank was approved;

Issues considered by the Supervisory Council in 2015



- the report on the state and assessment of efficiency of risk management was reviewed;
- the action plan for providing business continuity and/or operational recovery in case of a material deterioration in the Bank's financial standing was approved;
- the Regulation on Internal Control and the Regulation on the Internal Audit Department, activity reports and the plans of the Internal Audit Department were approved;
- the reports issued by responsible managers on the results of implementation of the Consolidated Policy on the Prevention of Money Laundering and Terrorist Financing (AML/CTF) were reviewed; the

Statistics on the meetings of the Audit Committee in 2015

Member of the Committee	Number of meetings/absentee voting attended
Yves-Thibault de Silguy	16 out of 16
Matthias Warnig	16 out of 16
Nikolai Kropachev (until 25 June 2015)	8 out of 8
Valery Petrov (from 25 June 2015)	8 out of 8

recommended measures for improving AML/CTF for 2015 were reviewed;

- the quarterly reports by inspectors on the Bank’s professional activity in the securities market and specialised depositary were reviewed, as were the reports on preventing abuse of insider information and market manipulation.

In total, the Supervisory Council reviewed 197 issues in 2015.

Details of the Supervisory Council’s work can be viewed on the Bank’s website at: <http://www.vtb.ru/ir/governance/council/activity/>.

Committees of the Supervisory Council

The Supervisory Council has standing committees that support the effective implementation of the Council’s managerial and supervisory functions and provide preliminary detailed analysis and recommendations regarding the issues that the Council deems most important.

At the end of 2015, the Supervisory Council had the following committees:

- Audit Committee;
- Staff and Remuneration Committee;
- Strategy and Corporate Governance Committee.

The Supervisory Council committees are not governing bodies of the Bank, and cannot act in the name of the Supervisory Council.

Audit Committee

The Audit Committee performs an analytical and support function to ensure that internal control systems work effectively. The Committee’s remit includes general oversight over the preparation of financial reports and the effectiveness of the Bank’s risk management and internal control procedures, as well as the appraisal of candidates for external auditor, review of the audit report and cooperation with the Bank’s internal audit.

The Audit Committee is headed by an independent member of the Supervisory Council. The majority of the members of the Committee are also independent directors. As of 31 December 2015, the Audit Committee comprised the following members:

- Yves-Thibault de Silguy (Committee Chairman, independent member of the Supervisory Council);
- Matthias Warnig (member of the Supervisory Council);
- Valery Petrov (independent member of the Supervisory Council).

In 2015, a total of 16 meetings (four meetings in person and 12 with absentee voting) were held by the Audit Committee. Considerable focus was

placed on the development of the internal control system within the Bank and the Group, on the effectiveness of various types of risk management and control over financial and economic activities.

In 2015, the key areas addressed by the Audit Committee were the following:

- strategic issues concerning the development and management of the risks faced by the Bank and VTB Group, including the quality of the corporate and retail loan portfolios, operational and market risks management, liquidity risk management and capital adequacy, initiatives taken by the Bank and VTB Group to address the strategies for optimising business expenses, and a package of measures to prepare for the integration of the business operations of the Bank of Moscow and VTB Bank;
- analysis of VTB tools for maintaining the effectiveness of the internal control system in combating money laundering and the financing of terrorism;
- control of the annual open tender for the external auditor, including the provision of recommendations on candidates to the Supervisory Council;
- coordinating with the external auditor, assessment of the external auditor’s report and recommendations provided as part of the audit process and of the review of the Bank and Group interim and annual financial statements (according to RAS and IFRS);

Statistics on the meetings of the Staff and Remuneration Committee in 2015

Member of the Committee	Number of meetings/absentee voting attended
Mikhail Kopeikin (left office on 25 June 2015)	4 out of 9
Nikolai Kropachev	9 out of 9
Elena Popova (left office on 25 June 2015)	4 out of 9
Simeon Djankov (left office on 25 June 2015)	4 out of 9
Sergey Galitsky (elected on 3 July 2015)	5 out of 9
Valery Petrov (elected on 3 July 2015)	5 out of 9

- regular review of the consolidated financial statements of VTB Bank in compliance with IFRS and quarterly monitoring of the financial results of VTB Group;

- preliminary review of matters related to the Bank’s Internal Audit Department (analysis of the work plan for internal audit, approval of the Department’s regulations) and organisation of the internal control system;

- reports of the Department of Internal Audit on significant violations and shortcomings detected at VTB Bank and its subsidiaries, recommendations by the internal audit and external supervisory bodies to further improve the procedures of the internal and external audit;

- review of other matters related to the Bank’s activity, in some cases based on particular assignments of the Supervisory Council.

Staff and Remuneration Committee

The Staff and Remuneration Committee’s role is to assist the Supervisory Council in appointing and remunerating members of the Bank’s governing bodies and the Statutory Audit Commission.

The Committee comprises members of the Supervisory Council who have relevant expertise and experience in this area.

As of 31 December 2015, the Staff and Remuneration Committee comprised the following members:

- Nikolay Kropachev (Committee Chairman, member of the Supervisory Council);
 - Sergey Galitsky (independent member of the Supervisory Council, senior independent director);
 - Valery Petrov (independent member of the Supervisory Council).

In 2015, a total of nine meetings with absentee voting were held to consider matters concerning the composition of the Supervisory Council and Statutory Audit Commission, staffing issues, and remuneration of the members of the Management Board, along with other issues in accordance with its main functions.

Strategy and Corporate Governance Committee

The Strategy and Corporate Governance Committee assists the Supervisory Council on matters of strategy and corporate governance. The Committee's main tasks are to set the Bank's short-, medium- and long-term strategic objectives and priorities and to monitor progress towards achieving them; to support and improve corporate governance; and to assist in the effective strategic management of the Bank's capital.

As of 31 December 2015, the Strategy and Corporate Governance Committee comprised the following members:

 - Alexey Ulyukayev (Chairman, Chairman of the Supervisory Council);
 - Sergey Galitsky (independent member of the Supervisory Council, Senior Independent Director);
 - Sergey Dubinin (member of the Supervisory Council);
- Andrey Kostin (member of the Supervisory Council);
 - Shahmar Movsumov (independent member of the Supervisory Council);
 - Valery Petrov (independent member of the Supervisory Council);
 - Vladimir Chistyukhin (member of the Supervisory Council);
 - Andrey Sharonov (member of the Supervisory Council).

In 2015, the Strategy and Corporate Governance Committee held a total of 10 meetings (one in-person meeting and nine with absentee voting). At these meetings, the following matters were considered:

- Report on the implementation of the Bank's Long-Term Development Programme for 2014-2018 based on the results of the first half of 2015;
- Proposals for amending the Bank's Long-Term Development Programme for 2014-2018;
- VTB Bank's Corporate Governance Code;
- Regulations on VTB Bank's Dividend Policy;
- Regulations on VTB Bank's Risk Management System;
- Action plan for providing business continuity and/or operational recovery in case of a material deterioration in the Bank's financial standing;
- Results of the assessment of the corporate governance system carried out by the Supervisory Council, and of the independent monitoring of the Bank's corporate governance system;

Statistics on the meetings of the Committee for Strategy and Corporate Governance in 2015

Member of the Committee	Number of meetings/absentee voting attended
Sergey Dubinin	10 out of 10
Mikhail Kopeikin	3 out of 3
Andrey Kostin	10 out of 10
Shahmar Movsumov	9 out of 10
Alexey Moiseev	3 out of 3
Elena Popova	3 out of 3
Vladimir Chistyukhin	10 out of 10
Sergey Galitsky (elected on 25 June 2015)	7 out of 7
Valery Petrov (elected on 25 June 2015)	7 out of 7
Alexey Ulyukayev (elected on 25 June 2015)	7 out of 7
Andrey Sharonov (elected on 25 June 2015)	6 out of 7

- Matters related to the Bank's participation in subsidiary companies and procedural topics.

More information about the Supervisory Council and its committees can be found on the Bank's website at: <http://www.vtb.ru/ir/governance/council/>.

Corporate Secretary

The Corporate Secretary is a Bank official who oversees compliance of the Bank's management and employees with applicable legislation, the Charter and internal documents that guarantee shareholders' interests and ability to exercise their legal rights. The Corporate Secretary also provides a liaison between the Bank and its shareholders, promotes the development of corporate governance practices and supports the smooth operation of the Bank's Supervisory Council.

Functionally, the Corporate Secretary is elected by and reports to the Supervisory Council, while administratively the position is subordinate to the President and Chairman of the VTB Bank Management Board. The administration of the

Supervisory Council operates under the guidance of the Corporate Secretary.

The Corporate Secretary is Secretary to the Supervisory Council and also serves as Secretary at the General Meeting of Shareholders.

The Staff and Remuneration Committee reviews candidates for the position and provides recommendations to the Supervisory Council.

In 2015, the Supervisory Council approved a new edition of the Regulation on VTB Bank's Corporate Secretary, which takes into account the requirements of the Moscow Exchange Listing Rules, the recommendations of the Bank of Russia's Corporate Governance Code, and the methodological recommendations of the Federal Property Management Agency.

The Regulation on VTB Bank's Corporate Secretary is available on the Bank's website at: <http://www.vtb.ru/upload/iblock/b7c/polozhenie-o-korporativnom-sekretare-2015.pdf>.

The Corporate Secretary's main responsibilities include:

- participation in preparations for and holding of General Meetings of Shareholders and compliance with the requirements of Russian legislation, the VTB Bank Charter and other internal regulations;
- administration of the Supervisory Council's operations and supervision of preparations for and holding of Council meetings;
- ensuring the disclosure of information about the Bank and archiving the Bank's corporate documents;
- coordinating and monitoring interaction between the Bank and its shareholders, helping to avoid corporate conflicts;
- participating in improving the system and functioning of the Bank's corporate governance;
- ensuring interaction with the Bank's regulatory agencies, trade operators, the registrar and the Statutory Audit Commission;
- other matters in accordance with the Regulation on the Corporate Secretary.

The Corporate Secretary keeps the Supervisory Council informed about the work of VTB Bank, as well as changes in Russian legislation with implications for the Supervisory Council.

The Corporate Secretary carries out the actions necessary to maintain VTB Bank's listing in accordance with the Moscow Exchange Listing Rules.



On 28 September 2011, the Supervisory Council elected Evgeniy Ignatyev as Corporate Secretary following recommendations from the Strategy and Corporate Governance Committee and the Staff and Remuneration Committee.

Biography

Since June 2013 – Chief of Staff of the JSC VTB Bank Supervisory Council and Corporate Secretary.

2011–2013 – Corporate Secretary of JSC VTB Bank;

2010–2011 – Director of the Shareholder Relations Service, JSC VTB Bank;

2008–2010 – Senior Manager of the Debt Origination and Investor Relations Department, JSC VTB Bank;

2004–2008 – Chief Consultant, Deputy Director (acting director) of the Corporate Governance Department at JSC VTB Bank North-West (former Industrial Construction Bank);

2003–2004 – Lawyer, CJSC Investtorg;

2002–2003 – Assistant Lawyer, CJSC Exchange Complex (St. Petersburg).

Born in 1981. In 1999, graduated from the St. Petersburg Social Services School, majoring in Law, with a qualification to practise as a lawyer. 2002 – Law Degree from St. Petersburg State University of Maritime and Inland Shipping, with a qualification as a lawyer.

Winner of the Corporate Governance Director – Corporate Secretary category at the Director

of the Year awards held by the Independent Directors Association and the Russian Union of Industrialists and Entrepreneurs.

Holds no shares of JSC VTB Bank's charter capital.

One of the founders and since July 2013 a member of the Council of the National Association of Corporate Secretaries.

The Corporate Secretary represents the Bank's interests on the Issuers Committee and working groups of Moscow Exchange.

5.5. Management Board of VTB Bank

The Management Board is the collective executive body of VTB Bank, and together with the President and Chairman, it oversees the Bank's day-to-day operations. The Management Board reports to the General Meeting of Shareholders and the Supervisory Council.

The Management Board acts in accordance with Russian legislation, the Bank's Charter and the Regulation of the Management Board as approved by the General Meeting of Shareholders.

The Supervisory Council is responsible for determining the size and composition of the Management Board and for electing its members, and for pre-term termination of their powers if necessary. Members of the Management Board are appointed by the Supervisory Council. Members of the Management Board may not serve longer than five years.

The Management Board is in charge of the day-to-day operations of VTB Bank that fall within its area of expertise, and is responsible for implementing decisions of the General Meeting of Shareholders and the Supervisory Council.

More detailed information on the powers of the Management Board is provided in the Regulation on the Management Board, available on the Bank's website at:

http://www.vtb.ru/upload/iblock/bf1/polozhenie_o_pravlenii_2015.pdf.

Composition of the Management Board

Andrey Kostin

President and Chairman of the Management Board, Member of the Supervisory Council



Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

(For a detailed biography, see the Supervisory Council section, p. 100-101).

Yuri Soloviev



First Deputy President and Chairman of the Management Board

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in April 2008. Since May 2011 – First Deputy President and Chairman of the Management Board.

He is also Chairman of the Board of Directors of CJSC VTB Capital, CJSC Holding VTB Capital, VTB Capital IB Holding Ltd, VTB Capital Investment Management Ltd, JSC VTB Leasing and JSC VTB

Infrastructure Investment, T2 RTK Holding LLC. Member of the Supervisory Council of PJSC VTB Bank (Ukraine). Member of the Board of Directors of VTB Capital Investment Management Holding AG, VTB Capital Private Equity Holding AG, OJSC Bank of Moscow and the insurance company VTB-Insurance, Ltd.

Previous positions:

2008–2011 – Senior Vice-President of JSC VTB Bank; President of CJSC VTB Capital;

2006–2008 – Head of Investment, First Deputy Chairman of the Management Board, Deutsche Bank Russia;

2002–2006 – Director, Head of Eastern European Operations at Deutsche Bank AG, London;

1996–2002 – Analyst, Executive Director of the Emerging Markets Department, Lehman Brothers Bank, London;

1994–1996 – Dealer, Senior Dealer at the Currency Trading Department, JSC INCOMBANK.

Born in 1970. In 1994, graduated from the Plekhanov Russian University of Economics. In 2002, graduated from London Business School with an MBA.

Holds shares equivalent to 0.00362% of the Bank's charter capital as of 31 December 2015.

Holds 0.01819% of ordinary shares of the Bank as of 31 December 2015.



Vasily Titov

First Deputy President and Chairman of the Management Board

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in 2002. Since August 2009 – First Deputy President and Chairman of the Management Board. Before August 2009 – Deputy President and Chairman of the Management Board, member of the Management Board, Senior Vice-President and Vice-President.

He is also Chairman of the Supervisory Council of VTB Bank (Austria) AG, JSC VTB Bank (Georgia) and OJSC VTB Bank (Azerbaijan). Chairman of the Board of Directors CJSC VTB Bank (Belarus), CJSC Dynamo Moscow Football Club, OJSC Glavkino. Deputy Chairman of the Supervisory Council of PJSC VTB Bank (Ukraine). Member of the Supervisory Council of OJSC EvroFinance Mosnarbank, VTB 24 (PJSC). Member of the Board of Directors of OJSC Bank of Moscow, OJSC ROSKINO, CJSC National Satellite Company, and JSC Russian Media Group.

Previous positions:

1998–2002 – Deputy Head of the Administrative Department, External and Public Relations Director, Head of Information and External Relations at the Bank for Development and Foreign Economic Affairs (Vnesheconombank) of the USSR. Member of the Board of Directors at the Bank for Development and Foreign Economic Affairs (Vnesheconombank);

1996–1998 – Deputy Managing Director of the All-Russian Automobile Alliance;

1996 – Assistant to the First Deputy Chairman of the Government of the Russian Federation.

Born in 1960. In 1983, graduated from A.A. Zhdanov Leningrad State University, and in 2002 from the Financial Academy under the Government of the Russian Federation.

Holds shares equivalent to 0.00022% of the Bank's charter capital as of 31 December 2015.

Holds 0.00112% of ordinary shares of the Bank as of 31 December 2015.



Herbert Moos

Deputy President and Chairman of the Management Board

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in 2009. Since November 2009 – Deputy President and Chairman of the Management Board. Before November 2009 – Senior Vice-President.

He is also Chairman of the Board of Directors of VTB Capital Plc. Member of the Board of Directors of JSC VTB Leasing, VTB Factoring Ltd, VTB Capital IB Holding Ltd, JSC Holding VTB Capital, JSC VTB Capital, PJSC Hals-Development, OJSC Bank of Moscow and VTB Debt Centre Ltd. Member of the Supervisory Council of VTB 24 (PJSC), PJSC Leto Bank and PJSC VTB Bank (Ukraine).

Previous positions:

2008–2009 – CEO VTB Capital Plc, London;

2007–2008 – CFO Lehman Brothers Asia-Pacific, Hong Kong;

2002–2007 – Head of Asset and Liability Management, Treasurer, Lehman Brothers Asia-Pacific, Tokyo;

1995–2002 – Debt Management, Capital and Transaction Planning, Asset and Liability Management, Lehman Brothers, London.

Born in 1972. In 2002, graduated from London Business School with a Masters in Finance.

Holds shares equivalent to 0.00207% of the Bank's charter capital as of 31 December 2015.

Holds 0.01042% of ordinary shares of the Bank as of 31 December 2015.



Mikhail Oseevskiy
*Deputy President and
Chairman of the Management
Board*

Term of office in accordance with employment contract: 16 August 2012 to 9 June 2017.

Joined VTB Bank in 2012. Before August 2012 – Advisor to President and Chairman of the Management Board.

He is also a member of the VTB 24 (PJSC) Supervisory Council, JSC VTB Bank (Georgia). Member of the Board of Directors of CJSC VTB Bank (Belarus), JSC Unified Electronic Trading Platform.

Previous positions:

2011–2012 – Deputy Minister of Economic Development and Trade of the Russian Federation;

2010–2012 – Vice-Governor of St. Petersburg and Head of the St. Petersburg City Administration;

2006–2010 – Vice-Governor of St. Petersburg;

2001–2003 – First Deputy Chairman of the Management Board of JSC Industrial and Construction Bank;

1999–2001 – Deputy Chairman of the Management Board of JSC Industrial and Construction Bank;

1993–1999 – Deputy Managing Director, and later Managing Director, of the St. Petersburg Currency Exchange.

Awards: Order for Merit to the Fatherland, II Class; Order of Friendship.

Born in 1960. In 1983, graduated from the M.I. Kalinin Polytechnic Institute, Leningrad. PhD in Economics.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Andrey Puchkov
*Deputy President and
Chairman of the Management
Board*

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in 2002. Since December 2008 – Deputy President and Chairman of the Management Board. Before December 2008, held the following positions in the Bank's Legal Department: Deputy Head of Department, Head of Department, Vice-President (Head of Department), Senior Vice-President (Head of Department), Senior Vice-President and member of the Management Board.

He is also a member of the Supervisory Council of PJSC VTB Bank (Ukraine), VTB 24 (PJSC). Chairman of the Supervisory Council of JSC VTB Development. Member of Board of Directors of OJSC Bank of Moscow. Chairman of the Board of Directors of VTB Debt Centre Ltd and PJSC Hals-Development.

Previous positions:

1999–2002 – Member of the Moscow City Bar Association;

1996–1997 – Legal consultant in the Central Economic Department of the Bank of Russia.

Born in 1977. In 1998, graduated from the Law Department of the Lomonosov Moscow State University.

Holds shares equivalent to 0.00006% of the Bank's charter capital as of 31 December 2015.

Holds 0.00030% of ordinary shares of the Bank as of 31 December 2015.



Denis Bortnikov
*Member of the Management
Board*

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017. Joined VTB Bank in January 2006. Since November 2011 – Member of the Management Board.

Before November 2011, held the following positions: Head of North-Western Regional Centre, Senior Vice-President.

He is also a member of the board of the Leningrad Regional Chamber of Commerce and Industry.

Previous positions:

2007–2011 – Deputy Chairman of the Management Board, Head of Department, First Deputy Chairman of the Management Board, Chairman of the Management Board of JSC VTB Bank North-West;

2006–2007 – Deputy Head of JSC Vneshtorgbank Branch, St. Petersburg;

2004–2006 – Advisor to the General Manager and Deputy General Manager of GUTA-BANK, North-West Branch;

1996–2004 – Consultant with the Liquidity Management Department, Consultant with the

Transfer Operations Department, Consultant with the Department of Financial Instruments, Senior Consultant with the Brokerage Department, Chief Acquiring and Authorisation Expert, Head of the Acquiring and Authorisation Department at JSC Industry and Construction Bank.

Born in 1974. In 1996, graduated from St. Petersburg State University of Economics and Finance, majoring in National Economics.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Victoria Vanurina
*Member of the Management
Board*

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in October 2009. Since August 2011 – Member of the Management Board.

She is also a member of the Board of Directors of JSC Holding VTB Capital, CJSC VTB Specialised Depositary.

Previous positions:

2009–2011 – Senior Vice-President of JSC VTB Bank, Chief Operating Officer, member of the Management Board, CJSC VTB Capital;

2008–2009 – Managing Director, Head of the Business Support Division, CJSC VTB Capital;

1998–2008 – Head of the Fixed Income Securities Transactions Unit, Head of the FX Transactions

and Fixed Income Transactions Unit, Head of the Operational Division at Deutsche Bank Ltd;

1994–1998 – Economist, Head of Back Office, Head of the Interbank Transactions Unit of the FX Transactions Division, JSCB Avtobank;

1992–1994 – FX Transactions Economist at Rosvooruzhenie.

Born in 1972. In 1995, graduated from the Moscow State Institute of International Relations.

Holds shares equivalent to 0.00021% of the Bank's charter capital as of 31 December 2015.

Holds 0.00103% of ordinary shares of the Bank as of 31 December 2015.



Chaba Zentai
Member of the Management Board from 24 October 2012 until 18 January 2016

Joined VTB Bank in 2011. Since October 2012 – Member of the Management Board.

Previous positions:

2011–2012 – Head of the Regional Network Department, Senior Vice-President of JSC VTB Bank;

2010–2011 – Head of Medium-Sized and Regional Corporate Business, AO Alfa-Bank;

2008–2010 – Head of the Small and Medium-Sized Business Division, AO Alfa-Bank;

2007–2008 – Director of the Small and Medium-Sized Corporate Business Division of AO Alfa-Bank;

2000–2007 – Director, then member of the Management Committee on Corporate Banking,

Head of Commercial Banking and a top manager at Citibank (Hungary);

1998–2000 – Chairman of the Board of ABN AMRO Equipment Leasing and member of the Board of Directors of ABN AMRO Pension Fund (Hungary);

1995–1998 – Client manager at GE Capital, Hungary, Deputy Chairman of the Hungarian Leasing Association.

Born in 1970. In 1997, graduated from GE Capital University (USA). In 2000, graduated from Buckinghamshire Chilterns University College (Great Britain) with a degree in Research Management, and in 2005 with an MBA.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Maxim Kondratenko
Member of the Management Board

Term of office in accordance with employment contract: 27 November 2015 to 9 June 2017.

Joined VTB Bank in August 2013. Since November 2015 – Member of the Management Board.

He is also a member of the Supervisory Council, PJSC VTB Bank (Ukraine).

Previous positions:

2013–2015 – Head of the Risks Department, Senior Vice-President, JSC VTB Bank;

2012–2013 – Director of Restructuring and Bad Loan Department, CJSC UniCredit Bank;

2009–2012 – Director of the Credit Restructuring Department, CJSC UniCredit Bank;

2008–2009 – Member of the Board, CJSC Russian Standard Bank;

2008 – Deputy Director of the Retail Business Department, CJSC Russian Standard Bank;

2007–2008 – Department Head, Executive Director of the Retail Sales and Private Banking Department, CJSC Mezhdunarodny Moskovsky Bank (since 26 December 2007, CJSC UniCredit Bank);

2006–2007 – General Manager, CJSC Mezhdunarodny Moskovsky Bank;

2003–2006 – Head of the Retail Sales Department, CJSC Mezhdunarodny Moskovsky Bank;

2001–2003 – Deputy Head of the Private and Corporate Services Department, CJSC Mezhdunarodny Moskovsky Bank;

1999–2001 – Head of the Corporate Services Department, Austria Creditanstalt Bank (Russia), LLC (from 28 September 2001, CJSC Mezhdunarodny Moskovsky Bank);

1999–1999 – General Director, CitiConsult Ltd;

1997–1999 – Deputy Manager, RK-International Rossiysky Kredit Commercial Bank (since 13 January 1998, OJSC Rossiysky Kredit Bank);

1996–1997 – Chief Specialist for operations with non-residents and client development in the Liabilities Department, Rossiysky Kredit Commercial Bank;

1996–1996 – Deputy Head, Chief Specialist, Regional Clients Section, Regional Development

and Regional Policy Department, Rossiysky Kredit Bank;

1995–1996 – Deputy Head, Chief Specialist, Information and Analysis Section, Regional Development, Analysis and Planning Department, Rossiysky Kredit Bank;

1994–1995 – Manager, Clients Sector, Passive Operations Department, Rossiysky Kredit Bank.

Born in 1973. Graduated in 1996 from the Lomonosov Moscow State University with a major in Philosophy. In 1999, he graduated from the Russian Foreign Trade Academy of the Russian Trade Ministry with a specialisation in International Economics. PhD in Economics. In 2007, he graduated from the London Business School with an MBA.

Holds no shares of the Bank's charter capital as of 31 December 2015.



Valery Lukyanenko
Member of the Management Board

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in 2002. Since December 2008 – Member of the Management Board. Before 2008 – Head of the First Corporate Business Division and Senior Vice-President; Senior Vice-President and Head of Mid-Size Business in the First Corporate Business Division; Senior Vice-President of the First Corporate Business Division; Vice-President and Head of Large Corporate Business in the Fourth Corporate Business Division; Vice-President;

Counsellor to President and Chairman of the Management Board of VTB.

He is also a member of the Supervisory Board of VTB 24 (PJSC).

Previous positions:

2001–2002 – Chairman of the Council of Experts in Project Financing and Forecasting at JSCB Lanta-Bank;

1994–2002 – Deputy Head of the State Programmes Division, Head of Foreign Economic Relations Division at the Office of the President of the Russian Federation;

1993–1994 – Director, Chairman of the GagarinStroi Industrial and Investment Centre.

Born in 1955. Graduated from the Novosibirsk Agricultural Institute. PhD in Economics, Professor of Economics and Finance at the Department of the Russian Presidential Academy of National Economy and Public Administration, Member of the PhD Council.

Holds shares equivalent to 0.00009% of the Bank’s charter capital as of 31 December 2015.

Holds 0.00046% of ordinary shares of the Bank as of 31 December 2015.



Erkin Norov
Member of the Management Board

Term of office in accordance with employment contract: 10 June 2012 to 9 June 2017.

Joined VTB Bank in 2002. Member of Management Board from 2002 to 2007 and from September 2009 to date.

He is also a member of the Board of Directors of OJSC Bank of Moscow and Airport Alliance (Netherlands) B.V.

Previous positions:

2007–2009 – Senior Vice-President, Management Board member of JSC NOMOS-BANK;

2002–2007 – Vice-President, Senior Vice-President, member of the Management Board of the Bank for Foreign Trade of the Russian Federation (JSC Vneshtorgbank);

1999–2002 – Development Director, Development and Strategic Planning Director, USSR Bank for Foreign Economic Activities;

1999–Department Head, Calculation of Taxable Base and Tax Revenue Planning Department, Russian Ministry of Taxes and Duties;

1992–1999 – Deputy Chairman of the Management Board for Development of JSC AvtoVAZ Servicing – Lada Service; Marketing and Trade Director, General Director of the Economy and Finance Department at AvtoVaz Corporation.

Born in 1954. In 1976, graduated from the Lomonosov Moscow State University and in 2001 from the Academy of National Economy under the Government of the Russian Federation.

PhD in Economics.

Holds no shares of the Bank’s charter capital as of 31 December 2015.

As a result of a placement by VTB Bank of Type A preference shares, sold under a closed subscription in favour of the State Corporation

Deposit Insurance Agency on 29 July 2015, the following changes in the shares held by members of the Management Board in the Bank’s authorised capital, which are not associated with transactions involving the purchase and sale of shares, took place:

Member of the Management Board	Share in the Bank’s charter capital prior to the change	Share in the Bank’s charter capital after the change
Andrey Kostin	0.00069%	0.00036%
Yuri Soloviev	0.00686%	0.00362%
Vasily Titov	0.00042%	0.00022%
Herbert Moos	0.00393%	0.00207%
Andrey Puchkov	0.00011%	0.00006%
Victoria Vanurina	0.00039%	0.00021%
Valery Lukyanenko	0.00018%	0.00009%

President and Chairman of the Management Board

The President and Chairman of the Management Board oversees the day-to-day operations at VTB and ensures that its targets are met and its strategy is put into effect. The President and Chairman reports to the General Meeting of Shareholders and the Supervisory Council. Andrey Kostin has been President and Chairman of the Management Board of VTB Bank since June 2002.

5.6. Remuneration of the members of the Supervisory Council and the Management Board

In accordance with a resolution of the General Meeting of Shareholders, the members of the VTB Bank Supervisory Council may, during their term in office, receive remuneration and compensation for expenses incurred in the course of their duties.

The Regulation on Remuneration and Compensation for Expenses Incurred by Members of the Supervisory Council has been in force

since 2010. According to the Regulation, the total remuneration of a Supervisory Council member in any given reporting period is based on their participation in Council activities, both as a member of the Council and as a member and/or Chairman of a committee.

Remuneration consists of two parts: a base payment for performing the duties of a Council member and a bonus for performing additional duties. The bonus for chairmanship of the Supervisory Council can be up to 30% of the base, up to 20% of the base for chairmanship of a Council committee, and up to 10% of the base for membership of a Supervisory Council committee.

In accordance with current Russian legislation, members of the Supervisory Council who are civil servants do not receive any remuneration.

On 25 June 2015, the Annual General Meeting of Shareholders approved the following:

a) To pay remuneration as follows to Supervisory Council members who are not state employees: for their work in the Supervisory Council – RUB 4,600,000 each;

for chairmanship of the Supervisory Council – RUB 1,380,000;

for chairmanship of a Supervisory Council committee – RUB 920,000 each;

for membership of a Supervisory Council committee – RUB 460,000 each.

b) To provide compensation to Supervisory Council members who are not state employees for expenses they incur while carrying out their duties, namely: accommodation, travel expenses (including VIP lounge services), other duties and fees for travelling via air and/or rail.

In 2015, remuneration paid to members of the Supervisory Council who are not state employees totalled RUB 49,680 thousand (RUB 45,540 thousand in 2014). Expenses incurred in the course of their duties were also reimbursed. These expenses totalled RUB 956 thousand. The Supervisory Council is responsible for determining the amount of the remuneration and compensation paid to members of the Management Board. Salaries, including compensation and incentive payments, are fixed in the employment contracts of the Management Board members.

In 2015, members of the Management Board received remuneration (salaries, bonuses) in the amount of RUB 399,031 thousand (RUB 1,597,668 thousand in 2014).

5.7. Statutory Audit Commission of VTB Bank

The Statutory Audit Commission is responsible for providing financial control over the Bank’s financial and economic activities. The main objective of the Statutory Audit Commission is to ensure that the Bank is compliant with applicable legislation and other statutory instruments, that its internal controls function properly, and that the transactions it carries out are legal. The Statutory Audit Commission is

elected at the AGM, which determines its size and composition for the period until the next AGM.

At the AGM on 25 June 2015, shareholders elected the Statutory Audit Commission as follows:

- Sergei Platonov (Chairman) – Deputy Director of the Financial Policy Department, Ministry of Finance of the Russian Federation;
- Leonid Volkov – Plenipotentiary Representative of the Chuvash Republic to the President of the Russian Federation;
- Yevgeny Gontmakher – Deputy Director at the Institute of World Economics and International Relations (affiliated to the Russian Academy of Sciences), Deputy Director of the Kudrin Fund of Civil Initiatives, member of the Management Board, Institute of Contemporary Development;
- Alexander Krivosheev – Advisor to the General Director of OJSC United Grain Company;
- Mikhail Krasnov – Director of Vercell SA (Switzerland), member of the Board of Directors of PJSC Russian Aircraft Corporation MiG, member of the Consultative Council and member of the Committee for Strategic Planning of the Board of Directors at OJSC Russian Venture Company;
- Zakhar Sabantsev – Head of the Banking Sector Monitoring, Consolidation and Analytics Unit of the Financial Policy Department of the Ministry of Finance of the Russian Federation.

On 25 June 2015, the AGM approved the following:

1. To pay remuneration to the members of the VTB Bank Statutory Audit Commission who are not state employees;

- for work as members of the Statutory Audit Commission – RUB 690,000 each;
- for chairmanship of the Statutory Audit Commission – RUB 897,000.

2. To provide compensation to Statutory Audit Commission members who are not state employees, throughout the period when they are performing their duties, for all expenses tied to the performance of their duties as members of the Bank’s Statutory Audit Commission, namely: accommodation, travel expenses, other charges and fees for travelling via air and/or rail.

In 2015, members of the Statutory Audit Commission received remuneration of RUB 1,380 thousand. More details on the Bank’s Statutory Commission can be found on the VTB website: http://www.vtb.ru/ir/governance/control/revision_commitition/.

5.8. Internal control and audit

- The internal control and audit functions at VTB operate in compliance with international best practices and applicable legislation in the countries where the Group operates. The system is guaranteed the necessary independence by the way its parts function together and by its reporting structure.

The VTB internal control system ensures:

- efficiency of Bank and VTB Group activities;
- effective management of assets and liabilities (including asset integrity) and risks;
- reliable, complete and timely financial and management information and reporting;
- security of information;

- compliance with legislation, regulating acts, rules and standards;
- non-involvement of the Group and its employees in unlawful activity.

VTB Group’s internal control and audit

The VTB Group Management Committee established an Internal Audit Coordination Committee, as well as a Coordination Committee for Compliance and Internal Control Aimed at Combating Money Laundering and the Financing of Terrorism.

The main objectives of VTB Group’s internal control and audit functions include:

- independently assessing the effectiveness of the internal control and risk-management systems, accounting reports, business processes and the activities of departments and individual employees, as well as assessing the economic expediency and effectiveness of operations and transactions;
- verifying the reliability of internal control over automated information systems, as well as verifying methods used to secure property;
- monitoring key risk areas and risk-control mechanisms, with a view to identifying shortcomings in the internal control system and emerging risks, and to create mechanisms to prevent these risks;
- developing recommendations to improve the efficiency of systems, processes, procedures, transactions and departmental and employee activities;
- organising efficient communications with external regulatory bodies and auditors.

VTB Bank's internal control and audit

The Bank's internal control system includes:

- governing bodies (General Meeting of Shareholders), Supervisory Council, Management Board, and the President and Chairman of the Management Board as the sole executive body);
- Statutory Audit Commission;
- Chief Accountant (and his/her deputies);
- branch managers (and their deputies) and Branch Chief Accountants (and their deputies);
- structural units (responsible managers) in charge of internal control.

Audit Committee

Responsibility for the smooth running of the internal control system lies with the Supervisory Council. The Audit Committee, which is part of the Supervisory Council structure, ensures full analysis and maintenance of an effective internal control system.

More detailed information on the composition and activity of the Audit Committee can be found in the Supervisory Council section

Internal Audit Department

The Internal Audit Department provides direct support to the Bank's governing bodies to ensure that VTB Group works effectively. The Internal Audit Department monitors internal control systems, conducts audits and provides impartial recommendations for improving banking operations and control procedures.

The Internal Audit Department is an independent structural department of VTB Bank and operates under the direct supervision of the Supervisory Council. The Supervisory Council approves the

Internal Audit Department's plans and monitors their implementation, reviews reports on the results of audits and on monitoring of the internal control system, as well as reports on the implementation of the Internal Audit Department's recommendations to address previously identified issues.

The Internal Audit Department's organisational structure comprises a number of units responsible for day-to-day monitoring, coordination of internal control systems across the Group, and auditing. To increase the effectiveness of monitoring of internal control systems at regional branches, the Internal Audit Department structure includes dedicated internal control teams at branch level.

The Internal Audit Department is responsible for:

- verifying and assessing the effectiveness of the internal control system;
- verifying the effectiveness of the Bank's risk-management system;
- verifying the reliability, completeness, objectivity and timeliness of the preparation of accounting and management reports;
- verifying compliance with Russian legislation and the requirements of regulatory and supervisory authorities;
- verifying the adequacy and reliability of systems of internal control for the use of automated information systems;
- establishing uniform approaches to the organisation of the VTB internal control systems.

The Internal Audit Department liaises with the Audit Committee and independent auditors, providing information on the internal control system and reporting any shortcomings during the audit period.

In 2015, the Internal Audit Department conducted 29 audits, including nine audits of the business

processes of the Bank's parent company and 20 audits of branch activities. In addition, as part of its ongoing monitoring, Internal Audit Department staff members conducted 500 thematic audits at the branch level.

In addition to conducting audits and monitoring the Bank's internal control system, the Internal Audit Department's priority is to control the activities of subsidiaries. In 2015, the Internal Audit Department conducted 10 audits related to the activities of the Bank's subsidiaries. The Internal Audit Department also analyses, on a regular basis, reports on the work of Group companies' internal audit services. To enhance the level of professionalism and exchange experience, on-the-job training is provided for staff from the internal audit services within Group companies, including with the involvement of VTB Group functional coordinators.

In 2015, following directives approved by the First Deputy Prime Minister of the Russian Government, Igor Shuvalov, on the Development/Revision of Internal Regulations, a new edition of the Regulations for the Internal Audit Department was prepared and adopted by the Supervisory Council.

Compliance control

The main objectives of the VTB Group compliance control system are:

- compliance of VTB Group companies with the legislation of the country of registration, internal regulations, standards of self-regulatory organisations, and common business practice;
- effective management of regulatory (compliance) risks;
- creation and maintenance of an effective system of governance information and reporting;
- preventing the involvement of VTB Group stakeholders or employees in unlawful activities

(including corruption), improper use of insider information and market manipulation;

- maintenance of VTB Group's strong reputation and raising its investment appeal on the financial market.

The main requirements of the internal control (compliance) system, the standards and principles of its functioning within VTB Group, the distribution of powers and areas of responsibility are set out in the Group's internal documents.

Prevention of money laundering and financing of terrorism

Implementing the functional coordination of VTB Group companies' activities in the sphere of preventing money laundering and terrorism financing (hereinafter AML/CFT), VTB Bank is developing Group-wide standards of financial monitoring and is ensuring compliance on the part of subsidiaries. Ongoing communication between specialist divisions of Group companies means money-laundering and terrorist-financing risks can be managed on a systematic basis.

The Bank pays close attention to the effectiveness of its internal audit system for AML/CFT, considering it an investment into the Bank's stability, reliability and good reputation, as well as a guarantee for the protection of the interests of creditors and depositors.

As part of its efforts to maintain a high-quality client base, VTB Bank carries out all necessary client identification and investigation procedures, and also works systematically with financial institutions in the form of correspondent relations. In the process of this work with correspondent banks, information about measures being implemented in the sphere of AML/CFT is periodically exchanged, and the monitoring and oversight over client operations are constantly being improved.

Drafts of all internal documents setting out procedures for providing banking products and services are submitted for obligatory assessment to identify any possible abuse of the product (service) for money laundering purposes. If necessary, measures to minimise these potential risks are taken by establishing the necessary control procedures.

Training Bank personnel is an essential element in the development of an internal control system for AML/CFT goals and is conducted in accordance with the requirements of the Bank of Russia and the Russian Federal Financial Monitoring Service.

5.9. Investor relations

The development of relations and maintenance of constructive dialogue with shareholders, investors and all interested parties within the investment community is one of VTB Group's key priorities.

VTB senior management and authorised units engage with investors on an ongoing basis. The Investor Relations Department is responsible for communications with institutional investors. And the Shareholder Relations Service is responsible for communications with individual shareholders.

In 2015, the economic slowdown, significant exchange rate fluctuations and the challenging geopolitical situation continued to influence the activity of investors in the Russian market. In this environment, VTB Bank continued taking great care to inform shareholders and investors in detail about the Group's performance and key financial indicators. Further diversification of the shareholder base and intensive cooperation with Russian investors continued.

In 2015, the key events in the sphere of investor relations were:

- the introduction of a monthly format for disclosure of the Group's consolidated financial results in accordance with IFRS;

- the Annual General Meeting of Shareholders;
- placement of Type A preference shares at the disposal of a sole purchaser, the State Corporation Deposit Insurance Agency;
- implementation of a comprehensive programme for cooperation with shareholders in Russia;
- introduction of new electronic channels for communication with shareholders.

Increasing transparency in business and improving information disclosure standards

As the next step in increasing transparency and improving information disclosure standards, in September 2015 VTB Bank began to disclose unaudited consolidated financial results in accordance with IFRS on a monthly basis. This format of disclosing results, which is not done by any other Russian banks, was a useful tool for investors and the analytical community, and further added to the degree of transparency about the Group's performance for market participants.

In addition, in 2015, VTB substantially reduced the time frames for publishing quarterly reports under IFRS.

Placement of Type A preference shares

With the goal of maintaining a stable capital base and strong capital adequacy ratios, as well as for the further expansion of the financing by VTB Group of key projects for the Russian economy, the issue of increasing the Bank's share capital through the issuance of Type A preference shares in favour of the State Corporation Deposit Insurance Agency was considered at the AGM.

One thousand eighty-three shareholders, representing 67% of the votes of those with the right to participate in the AGM, attended the meeting. Ninety-nine percent (818 shareholders, 76% of those participating in the AGM) of the votes

were cast in favour of a decision to increase the Bank's share capital.

Some 3,073,905,000,000 Type A preference shares with a nominal value of RUB 0.1 per share were placed by closed subscription on 29 July 2015.

Meetings with shareholders and investors

VTB Bank continues to hold regular meetings with investors and shareholders in Russia and abroad. In 2015, the VTB management team, employees of the Investor Relations Department and Shareholder Relations Services actively participated in investor conferences and meetings with individual shareholders in Moscow and across Russia. In the current challenging environment, the Bank's active communication with the investment community has not decreased.

VTB Bank continues to implement a comprehensive programme for engaging with shareholders and the investment community in Russia's regions. In 2015, 74 events were held within the framework of the programme, including Investor Days, seminars for shareholders, meetings with analysts and representatives of brokerage firms and workshops for students from Economics faculties.

In 2015, the Bank held Investor Days for individual shareholders in four cities: Moscow, St. Petersburg, Ekaterinburg and Krasnodar. These events were attended by Supervisory Council members Sergey Galitsky and Valery Petrov, as well as by leading experts from the Group. The shareholders received detailed information on the activities of VTB Group, as well as on topical ideas and opportunities for private investors in the stock market.

In 12 other Russian cities (Kaliningrad, Samara, Kazan, Ufa, Irkutsk, Perm, Nizhny Novgorod, Rostov-on-Don, Voronezh, Vladivostok, Volgograd, Tyumen), training seminars were held on selected

topics: review of VTB Group financial results, changes to corporate legislation and new opportunities for private investors.

A total of 1,025 shareholders and investors participated in the regional Investor Days and seminars in 2015.

Over the course of the year, the Bank held seven meetings, in various Russian cities, with analysts, portfolio managers and investment consultants (representatives of companies providing brokerage services to individuals). In addition, 20 Open Days were hosted at the Bank's branch and operations offices. At these events, Bank representatives and members of the Shareholders Consultative Council provided individual consultations for shareholders, addressing a wide range of issues related to the ownership and disposal of VTB Bank shares. Over 300 VTB Bank individual shareholders participated in these meetings.

The Bank also continued its work to improve the financial literacy of individual shareholders and potential investors. In 2015, a two-year cycle of workshops came to a close. Participants included 875 students and trainees at federal universities in Moscow, Irkutsk and Ekaterinburg. Additionally, a series of masterclasses was organised according to a modular system in Rostov-on-Don and Khabarovsk.

Shareholders Consultative Council

In 2015, the Shareholders Consultative Council continued its active work within VTB Group, participating in discussions on strategically important issues, including dividend payments and a development strategy for Bank subsidiaries, as well as proposing new ways to improve service quality for Group clients. Over the course of the year, the Shareholders Consultative Council held four meetings in which Management Board and Supervisory Council members took part, as well as

heads of departments and divisions of the Bank and its subsidiaries.

VTB Group's financial results and operating performance were discussed at each meeting, alongside predictions and plans for working in the current economic environment. Among the major issues discussed at Consultative Council meetings were the following:

- VTB Bank's engagement with individual shareholders;
- VTB Group's Retail business;
- Amount of 2014 dividends;
- Issuance of preference shares;
- Work of the Audit Commission;
- Launch of the VTB Shareholder mobile application.

Throughout the year, members of the Shareholders Consultative Council participated in 39 events held by the Bank for individual shareholders in various regions of Russia. A detailed report on the Council's work was presented at the AGM, and members of the Shareholders Consultative Council provided individual consultations for Bank shareholders.

Development of channels of communication with shareholders and investors

VTB Bank is constantly developing remote channels of communication with shareholders and investors, and attaches great importance to modern electronic communication channels.

In December 2015, the Bank launched a specialised mobile application called VTB Shareholder for private investors. The mobile application is adapted for individual shareholders

and includes such sections as "News", "Investor's Calendar", "Quotes", "My Investments", "Investment Ideas" and "Financial Forecasts".

The application makes it possible to keep up with important news and events at VTB, as well as to monitor the changing value of shares and receive daily investment ideas and recommendations from the Group's top analysts.

On 27 October 2015, the first online conference for VTB shareholders was held. Over 40 shareholders participated along with members of the Shareholders Consultative Council. Conference participants discussed in detail 50 questions on topics such as corporate governance, the Group's financial performance, dynamics of VTB share price and activities of the Consultative Council, among others.

The best way to obtain information about VTB activities remains the website www.vtb.ru. In 2015, there were over 900 thousand visitors to the Investor Relations section on the website.

To provide targeted information for shareholders about important events and news at VTB Group, the Shareholder Relations Service issues a monthly electronic newsletter in which up-to-date information about financial indicators, dividend payments, new products and services for VTB individual shareholders and clients is provided, as well as announcements about meetings with individual shareholders in the regions.

In 2015, the Bank continued issuing the newspaper "Controlling Stake" for shareholders and investors. It is published on a quarterly basis and distributed at the AGM, meetings with shareholders, Bank branches and VTB24 offices. An interactive version is also available on the VTB website.

Facebook and Twitter have become priority means of communication with shareholders, with engagement led through the accounts of the Shareholders Consultative Council.

More information about VTB's engagement with the investment community can be found in the Investor Relations section on the website: www.vtb.ru.

5.10. Disclosure policy of VTB Bank

VTB Bank adheres to the principle of providing shareholders, potential investors and professional market participants with reliable information about the Bank's operations that may be useful for making investment and management decisions.

VTB discloses information in accordance with the requirements of the Federal Law on the Securities Market, the Federal Law on Joint Stock Companies, Regulation No. 454-P on Disclosure of Information by Issuers of Equity Securities adopted by the Bank of Russia on 30 December 2014, as well as the requirements of Moscow Exchange's Listing Rules and those of the London Stock Exchange, and in accordance with the recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014.

The Regulation on Information Policy approved by the Bank's Supervisory Council on 15 July 2008 is applied at VTB Bank, as is the Regulation on the Procedure for Disclosure of Information in the Bank adopted by Order No. 262 of the President and Chairman of VTB Bank on 11 April 2014 and the Regulation for Cooperation in Information Disclosure in the Securities Market, approved by VTB Group's Management Committee.

The main portals for disclosure are the Interfax newswire and the Bank's own website at www.e-disclosure.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=1210>, the London Stock

Exchange's website at www.londonstockexchange.com and VTB Bank's corporate website www.vtb.ru, where the most complete information about the Bank's activities is regularly updated in accordance with the requirements of legislation and the Bank's internal documents.

VTB Bank pays particular attention to ensuring that any relevant information is available simultaneously to all shareholders and analysts in accordance with the principles of openness and transparency. The Bank strives to maintain the highest level of transparency in relation to its activities and discloses a wide range of corporate information.

The Bank discloses its information in the form of an annual report, quarterly reports, lists of affiliates, material facts and announcements on events that are required to be disclosed in Russia and abroad, listing prospectuses, annual financial statements, and other information subject to mandatory disclosure by joint stock companies.

Information about the system and practice of corporate governance is disclosed on the Bank's corporate website. This includes detailed information about compliance with the principles and recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014, along with information about the organisation and general principles of corporate governance at VTB Bank, information about members of the Supervisory Council, members of the executive bodies, the Corporate Secretary, the Chief Accountant and his deputies, and the managers and Chief Accountants of Bank branches.

At the close of each financial year, VTB Bank publishes audited consolidated financial statements in accordance with IFRS, with an audit report and interim condensed consolidated financial statements in accordance with IFRS every three, six and nine months at the following

address: www.vtb.ru/ir/disclosure/, as well as on VTB Bank’s dedicated Interfax disclosure portal at www.e-disclosure.ru/portal/company.aspx?id=1210.

An electronic version of the Annual Report is uploaded onto the Bank’s corporate website at www.vtb.ru/ir/disclosure/fannual/ and the Interfax disclosure portal at www.e-disclosure.ru/portal/company.aspx?id=1210. Hard copies are available at the Shareholders’ Support Centres, or can be requested by sending an e-mail to InvestorRelations@vtb.ru.

VTB Bank discloses information on a quarterly basis at www.vtb.ru/ir/disclosure/affiliated/, and a list of affiliates can be found on VTB Bank’s Interfax disclosure portal at www.e-disclosure.ru/portal/company.aspx?id=1210.

In addition, in accordance with Paragraph 7 of Article 7.1 of Federal Law No. 129-FZ on State Registration of Legal Entities and Individual Entrepreneurs of 8 August 2001 and Article 7 of Federal Law No. 127-FZ on Insolvency (Bankruptcy) of 26 October 2002, VTB Bank discloses information through a specialised resource called the Unified Register of Information on Facts about Legal Entities at www.fedresurs.ru.

The provision of information and documents by VTB Bank upon the request of Bank shareholders is performed in accordance with the principle of equal and unhindered access.

Shareholders have the right to access documents that are publicly disclosed by the Bank, without sending requests to the Bank, via the Bank’s website (www.vtb.ru) and through VTB Bank’s

Interfax disclosure portal at www.e-disclosure.ru/portal/company.aspx?id=1210.

To obtain access to Bank documents, a shareholder must send a request to the Bank for inspection or copies of documents in which the shareholder is entitled to specify the manner of inspecting the documents that is convenient for him/her: directly or by requesting copies.

If the documents requested by the shareholder for inspection contain information that is a commercial secret, a receipt from the shareholder confirming that he/she has been warned of the confidentiality of the information being obtained and of the necessity for preserving it must be attached to the request.

For providing copies of documents, the Bank charges a fee not exceeding the cost of their preparation (and mailing costs, if the entitled person has copies of documents sent to his/her address).

Detailed procedures for obtaining access to Bank documents, as well as the procedures for assessing the cost to the Bank for making copies of documents and bank details for payment are provided on the Bank’s official website: www.vtb.ru.

5.11. Shareholder structure of VTB Bank

As of 31 December 2015, VTB Bank’s charter capital amounted to RUB 651,033,883,623.38, and was divided into ordinary and preference shares:

Type of shares	Number of shares	Par value of a share
Ordinary shares	12,960,541,337,338	RUB 0.01
Preference shares	21,403,797,025,000	RUB 0.01
Type A preference shares	3,073,905,000,000	RUB 0.1
Total	37,438,243,362,338	

In accordance with its Charter, the Bank has the right to issue a maximum number of 14,000,000,000,000 ordinary shares with a par value of RUB 0.01 each in addition to the shares already placed.

The state registration number of VTB Bank’s outstanding ordinary shares is 10401000B. The record date for the state registration of VTB Bank’s ordinary share issue is 29 September 2006.

As of 31 December 2015, the Bank’s largest shareholders are as follows:

Shareholder	Number of shares	% of ordinary shares	% of share capital in RUB
Ordinary shares			
Federal Agency for State Property Management	7,897,477,400,292	60.93%	12.13%
State Oil Fund of the Republic of Azerbaijan	381,913,414,634*	2.95%	0.59%
Credit Suisse AG	381,964,578,608*	2.95%	0.59%
AO Alfa-Bank	353,283,659,680*	2.73%	0.54%
Russian Agricultural Bank	260,709,900,873*	2.01%	0.40%
Other legal entities and individuals	3,685,192,383,251*	28.43%	5.65%
Total ordinary shares	12,960,541,337,338	100%	19.90%
Preference shares			
Ministry of Finance of the Russian Federation	21,403,797,025,000	–	32.88%
Type A preference shares			
State Corporation Deposit Insurance Agency	3,073,905,000,000	–	47.22%

* This information is based on data as of 8 May 2015, the date that the list of persons entitled to participate in the Annual Meeting of Shareholders was compiled.

As of 8 May 2015, VTB shares were owned by 90,470 shareholders, including 89,530 individuals. VTB Bank is not aware of any shareholders owning more than 1% of the Bank’s authorised share capital, except those mentioned above.

VTB Bank’s ordinary shares trade on Moscow Exchange and on the London Stock Exchange in the form of Global Depositary Receipts (GDRs). Moscow Exchange has included VTB Bank’s shares in its top Level 1 list and in the MICEX Index, the MICEX 10 Blue Chip Index, the Broad Market Index and the MICEX Financials Index. One lot is 10,000 shares.

Each VTB GDR is the equivalent of 2,000 ordinary shares. The Bank of New York Mellon is the depository bank for the VTB GDR Programme. On 31 December 2015, GDRs accounted for 8.4% of

the Bank’s voting shares, or 1.67% of the Bank’s share capital.

VTB Bank preference shares are not traded on exchanges and are not convertible, nor do they imply a fixed dividend. The amount thereof is subject to approval at the Annual General Meeting of Shareholders. The state registration number of VTB Bank preference shares is 20101000B. The record date for the state registration of the issue is 11 September 2014.

Likewise, VTB Bank Type A preference shares are not traded on exchanges and are not convertible. All shares of this type are placed at the disposal of a sole purchaser, the State Corporation Deposit Insurance Agency. The state registration number of VTB Bank preference shares is 20101000B. The record date for the state registration of the issue is 7 July 2015.



*Outstanding performance
through creative energy*

Supported by VTB Bank, the 12th awards ceremony was held in 2015 for the Baltic Star international prize for developing and consolidating humanitarian relations in the Baltic states. Some of the Baltic Star winners in the previous years included European culture and arts professionals, creative workers, representatives of political and social elite.

6. Corporate social responsibility

Due to the scale of its operations, the Group has a significant economic and social impact on the regions where it operates. VTB fully recognises that achieving the Group's strategic targets is impossible without aligning its own goals with society's interests. Therefore, the Group maintains strong relationships with stakeholders and strives to consider their interests in all aspects of its activities, thereby ensuring the business's sustainable development.

6.1. Personnel

2015 clearly demonstrated once again that professional teamwork and focusing on common business objectives are guaranteed to help Group companies manage any challenges or difficulties they may face.

As of 31 December 2015, VTB Group employed 92,882 people (compared to 101,072 people as of 31 December 2014).

Appraisal

Personnel assessment tools were used in various HR projects and operational tasks: personnel recruitment, contests for participation in corporate development programmes, annual performance reviews, providing feedback and in the implementation of personal development plans.

VTB Group carries out regular personnel performance assessments. These assessments cover all employees and management and are based on key

performance indicators (KPIs) consistent with the Group's strategic and operational priorities, and defined in both quantitative and qualitative terms.

KPIs are applied to all divisions, starting with the indicators set for Group management, and impact the approach taken in determining the variable part of salaries within a monthly, quarterly and/or yearly assessment cycle, depending on the specific aspects of the activities of Group companies and their divisions.

Incentive and remuneration system

Improving the remuneration system, including through adopting and following the latest practices, consistent with the Group's objectives, is one of the most important ways to increase VTB Group's effectiveness. In 2015, work was continued on one of the key priorities in this area – modifying the remuneration system to reflect changes to Russian legislation and in accordance with the new requirements to ensure that remuneration systems in place at credit institutions correspond to the type and scale of their operations, performance results, level and combination of assumed risks.

In 2015, as part of VTB Group's HR Strategy, measures were implemented to modify the incentive system for subsidiary companies, including in the insurance sector. Harmonisation of the various elements of the incentive system, including approaches to calculating and reporting on KPIs within the retail sector and in VTB Group as a whole, was an important part of this effort.

The VTB incentive system is designed to motivate employees to be effective and results-oriented. Incentives provided within the system reflect the results of Group companies' performance and the personal effectiveness of employees. For executives, they reflect the performance of each business line and that of the Group as a whole.

Training and development

Ongoing efforts to improve the effectiveness of administrative culture are reflected in programmes being developed in Group companies and at the intergroup level. Thus, in 2015 two streams of the modular line manager development programme, Algorithms of Management, were run. Managers from six VTB Group companies and eight regional divisions of VTB Bank participated. The programme's main objectives were forming a uniform understanding of key aspects of management, training in effective management tools and the creation of a platform for sharing experience. The middle management development programme "New Energy of Leadership" has proven to be an excellent platform for the formation of cross-functional ties and, during a period of active integration, has become a tool for increasing the effectiveness of relations within the Group. One of the programme's unique characteristics is the active involvement of senior management in the learning process. In 2016, two modules from the corporate mini-MBA that VTB24 held in 2015 will be added to the programme, which has been reformatted on the basis of the Graduate School of Management at St. Petersburg State University. Business cases worked on by managers participating in the "Strategic Blitz" workshop will also be included, and top managers will personally co-lead seminars for their employees.

In 2015, the concept of "a learning organisation" was developed through a programme called "VTB Knowledge Academy". This is conceived as an open and evolving platform consisting of short, thematic modules from which employees receive cross-functional knowledge and information necessary for

efficient performance. The programme instructors – VTB leaders and experts with extensive experience in their professional field – share their unique experience and knowledge with their audience. The use of video-conferencing allows employees to participate in programme sessions wherever they are located.

In the context of dynamic transformational processes, all training events are evaluated primarily in terms of their practical applicability. Therefore, specific business problems are, as a rule, resolved during training sessions, and a short format and combined distance and in-person learning formats are increasingly common.

Corporate culture

The integration of the Bank of Moscow entered its active phase in 2015, and the importance of the further development of internal communication channels cannot be overestimated: new communication channels are being developed on a broad scale, and the use of video content and mobile applications for covering individual events and projects is becoming the company standard. A more modern layout design was developed for the quarterly corporate publication "Team Energy", which began covering a broader range of news related to the Group's companies. In addition to extensive interviews with the organisation's managers, which have traditionally been of interest to employees, editorials on topical themes of personal efficiency are, according to reader reviews, not only interesting to read but also stimulate self-improvement.

The difficulty in maintaining a work-life balance is one of the factors leading to dissatisfaction in modern organisations. For this reason, sporting events and family holidays for employees are an important part of life in Group companies. A week of "New Year's Resolutions" workshops for experts in the fields of medicine, psychology, sports and art generated

a very positive response among employees. The workshops “Working Moms” and “The Art of Taking Travel Photographs” were especially popular. Thus, just before the New Year, employees at both the head office and in subsidiary companies were able to acquire new knowledge and ideas for themselves and their loved ones.

Charity and volunteer initiatives have always reflected VTB values, and, in 2015, all Group companies organised donor days and charity auctions, as well as visits to orphanages and retirement homes. In addition, support was provided for veterans of the Great Patriotic War (Second World War) and for retired workers.

Concern for the environment is becoming an important theme in corporate responsibility: sorted waste collection is organised, and separate containers for battery collection have been set up in the Group’s offices.

6.2. Responsible resource management

One of VTB Group’s main priorities is taking a responsible approach to the use of natural resources with emphasis on improving systems for managing the Group’s own resource and power consumption.

Environmental efficiency

VTB Group’s environmental efficiency is primarily related to controlling resource use and saving energy in its properties, as well as implementing uniform standards and practices alongside measures for optimising consumption levels.

In particular, the process that started in 2014 to transition all VTB Bank divisions and Group companies from technologically outdated buildings to two large business centres fully compliant with all current ergonomic, resource and energy-efficiency

requirements was completed in 2015. A number of floor-space optimisation projects and measures are also being implemented in regions where the Bank and Group companies have a presence.

Thus, as a result of joint activities, it was possible in 2015 to free up and sell nine properties totalling 20,400 square metres through the implementation of projects for bringing Group divisions into centralised and more compact locations. It is expected that this process will be continued and intensified in 2016, and plans are already in the works for VTB Bank alone to sell some 17 other unused properties in Moscow and Russian regions.

Major projects for optimising the Group’s real estate portfolio:

- Consolidation of the Bank of Moscow units into VTB premises in the Federation Tower and the Bank building at 43 Vorontsovskaya Street;
- Sale of unused properties freed up as part of the project to optimise the placement of VTB Group divisions.

Group companies are also implementing a range of measures for reducing resource consumption (fuel, water, electric and thermal energy), including office paper. In 2015, 90,500 packets of paper were purchased at the VTB Bank head office in Moscow compared to 109,000 the year before, a decrease of 12.8%.

Measures to reduce and modernise the company’s automobile fleet (including planned replacements with cars that meet higher emission standards) and the optimisation of traffic routes are constantly being implemented. As a result, in 2015 the automobile fleet was reduced by 32 units (from 220 to 188 vehicles) and fuel consumption decreased by about 100 thousand litres (down to approximately 718 thousand litres) at VTB Bank’s head office in Moscow alone.

In 2013, the Energy Conservation and Enhanced Efficiency Programme was approved at the Bank, which, along with the project for the optimisation of administrative costs initiated by the Bank in 2014, made it possible to offer Group companies a number of initiatives aimed at improving the energy efficiency of properties owned by Group companies, including the following:

- harmonisation of the air-conditioning system (ventilation) with the heating system (savings of at least 5% of current energy costs);
- transition to LED lighting and the installation of light sensors (savings of no less than 40% of lighting costs);
- replacement of plumbing fixtures with water-saving fixtures (savings of at least 30% of the volume of water used);
- installation of water metres on each floor;
- installation of control valves in heating system circuits;
- installation of garbage compactors in large office complexes.

The following measures were implemented for the collection and recycling of waste:

- a press for compacting cardboard and paper was installed in Moscow at 43 Vorontsovskaya Street;
- three containers for collecting batteries and 30 tri-compartment containers for sorting waste were installed in the kitchen areas in Federation Tower; and
- over 100 tonnes of paper was handed over for recycling.

One of the major results of implementing energy-efficiency programmes has been the use of the most advanced energy-saving technologies, automated dispatch control systems and lighting and climate control systems. Removing incandescent bulbs and using only energy-saving lamps and fixtures helped lower lighting-related electricity costs by up to 50%.

Pilot projects implemented at VTB Bank in 2014-2015:

- Moscow, 43 Vorontsovskaya Street:
- the acquisition and installation of presses for solid domestic waste – savings (including on removal amounts) of RUB 1.1 million per year;
 - the installation of sensor faucets in washrooms – water savings of 50% (RUB 0.7 million per year).

Data on VTB Bank’s resource consumption

Resource type	2013		2014		2015	
	Natural equivalent	Monetary equivalent ¹⁵ , RUB million	Natural equivalent	Monetary equivalent ¹⁵ , RUB millions	Natural equivalent	Monetary equivalent ¹⁵ , RUB millions
Thermal energy, Gcal	19,017	7.4	20,498	11.5	16,533	6.7
Electricity, thousand kWh	24,002	68.0	26,709	78.7	21,269	58.6
Water, cubic metres	74,501	1.8	67,738	1.6	47,542	1.3
Paper, tonnes	255	13.4	275	12.2	229	10.9
Fuel consumption, thousands of litres	883	23.0	815	22.5	718	20.8

15 Not including VAT

- St. Petersburg, 30 Bolshaya Morskaya Street:
- a regulation system for boiler gas supply and automatic shutdown for plenum ventilation – gas savings of 13% (RUB 0.09 million per year);
- installation of inverter air conditioners – energy savings of 5% (RUB 0.3 million per year).

Supporting environmental protection projects

In 2015, VTB Group continued its support of important environmental protection projects. For example, VTB Bank continued cooperation with the World Wildlife Fund (WWF) to finance the “Preservation of the big cat population in the Russian regions” programme and decided to co-finance the project in the amount of USD 5 million over five years. The project’s main aim is to improve the environmental sustainability of the natural ecosystems in the Far East, Altai, Sayany and the North Caucasus to preserve and expand the habitat of Amur tigers, as well as Far Eastern, Persian and snow leopards.

In 2015, the Bank continued its activities as the Russian Executive Agency for the Project Support Instrument (PSI) under the the Arctic Council Action Plan to Eliminate Arctic Pollution. During 2015, VTB actively participated in implementing the following projects for which financing was provided:

- reconstruction of the Valday Cluster fuel and energy complex to reduce black carbon emissions;
- construction of a hybrid wind-diesel power station at the agricultural production co-operative Tundra.

The Bank also participated in preparations for the financing and implementation of several new PSI projects, such as:

- reduction of dioxin emissions and dust at the Vorkuta cement factory;

- stock-taking, monitoring technology and other measures to support Russia’s implementation of international conventions;
- an assessment of the impact of soot emissions on public health at the local level;
- “mapping” of the potential for replacing diesel-powered heat and power plants in the Arctic and north-western regions of the Russian Federation;
- a feasibility study for eliminating the use of diesel fuel for powering Dolgoshchelya (Mezensky District, Arkhangelsk Region);
- the collection, disposal and destruction of PCBs in the Russian Railways system;
- the capture and recycling of methane from landfills in the Komi Republic; and
- reduction of air emissions and gas flaring at enterprises in Russia’s fuel and energy industry.

In 2015, the Bank of Moscow continued its transition to electronic document management in various spheres of activity in order to save paper. Measures taken in this area in 2015 included a competition called “Customer Attitudes to Electronic Document Management BM.doc” and the initiation of the use of electronic signatures in place of paper statements in AML/CFT employee training.

During the reporting period, VTB Bank (Belarus) employees took part in a nationwide action called Forest Week 2015, planting dozens of saplings at Loshitsa Manor in Minsk. Forest Week 2015 was held in Belarus from 28 March to 4 April as part of an effort to preserve and expand the forests in the country, as well as to raise awareness among the public about issues related to enhancing the ecological, economic and social role of forests.

VTB Insurance likewise continued implementing its “green office” principles in 2015. In particular, the following initiatives were implemented:

The company’s central office is operating in power-saving mode: fluorescent and diode lamps are being used to light the office, and office lighting is turned off every day from midnight to 06:00;

Greenery and landscaping were introduced on the territory surrounding the central office;

Bicycle parking was arranged in order to discourage employees and visitors from using cars on central office grounds.

Since December 2014, Leto Bank has been a financial partner of the Maraquia Internet provider in an effort to revive Russia’s dead and threatened forests. Leto Bank plans to plant 1 million trees. By the end of 2015, 300 thousand trees had been planted. In order to achieve this ambitious goal, two forms of participation in the ecological programme were established:

- planting trees via the Bank’s website and ATMs with “Give the Forest a Friend!”; and
- using the “Green World” eco-card.

The Bank’s website features an interactive map of Russia where visitors can select a site and number of trees to be planted in Russian national parks, name forests after themselves and pay for their purchase in a cashless form. An official certificate is sent to them by post. Over the following five years, a forester will personally update each participant on the growth of his or her saplings.

The “Green World” eco-map is one of a kind in the banking industry. The Visa Premium card combines all the features of a bank card and also allows holders to participate in the restoration

of Russia’s forests. For every RUB 3,000 spent on the card within a one-month period, the Bank will pay to restore one tree. The project is supported by the Ministry of Natural Resources and the Environment of the Russian Federation and is included in the National Platform for the Conversation of Biological and Landscape Diversity.

In late 2015, it was decided that the project would be replicated among VTB Group subsidiary companies, and by 2017, the Year of Protected Areas, the Group will be able to make a real contribution to improving Russia’s environment.

In addition, Leto Bank’s head office has been recognised as one of the most environmentally friendly in Russia. According to the “Green Offices of Russia 2015” ratings system, Leto Bank received two stars out of a possible three for its environmental friendliness. The project is being implemented by specialists from Ecobureau GREENS and the World Wildlife Fund (WWF Russia).

“Green Offices of Russia” is the only independent ratings system in Russia that compares offices based on environmental criteria. Participants provided the organisers with a large volume of data: from their activities in the area of energy conservation and responsible procurement to a calculation of their carbon footprint.

The rankings organisers especially praised the system for sorting, collecting and disposing of common waste (glass, plastic, chemical power sources, consumable office supplies) practised at Leto Bank’s main office.

Its eco-friendly approach to the organisation of its work is the logical continuation of the Bank’s eco-initiatives like “Give the Forest a Friend!” and the unique “Green World” map.

6.3. Social programmes

VTB Group carries out substantial work within the framework of corporate social responsibility, including charity and sponsorship programmes supporting healthcare, sports, education, science, culture and art initiatives, in addition to providing aid to socially vulnerable groups.

Sports

VTB Group’s key social activity priorities include supporting high-performance sport, investing in sports infrastructure facilities and promoting a healthy lifestyle. In 2015, the Group provided financial support to various Russian and international sports organisations, including:

- Dynamo Moscow Football Club;
- United Hockey Club Dynamo;
- Women’s Basketball Club Dynamo;
- Volleyball Federation of Russia;
- Russian Gymnastics Federation;
- Georgian National Gymnastics Federation;
- International Gymnastics Federation (FIG);
- The International Association of Athletics Federations (IAAF);
- VTB United League (basketball);
- Student Basketball Association;
- International Student Basketball League;
- KAMAZ-Master rally team;
- Kremlin Cup International Tennis Tournament;

- Hoff Open 2015 Tennis Tournament;
- National Tennis Development Centre;
- Russian Chess Federation;
- Golf Federation in the City of Moscow;
- Public bicycle hire system in Moscow.

In Moscow, VTB Group is financing the “VTB Arena Park” project for the comprehensive redevelopment of the Dynamo stadium and surrounding area. Under the project, there are plans to expand stadium capacity to 26,319 seats, create green spaces and build residential complexes. The project aims to create a new approach to sports infrastructure, which will blend into the urban environment and be convenient for local residents.

Over the past several years, the Bank of Moscow has been one of the main initiators and participants in the development of a public network for urban bicycle use. In 2014, the Bank of Moscow became the official sponsor of the public bicycle hire system in Moscow. The system introduced in the capital is a fourth-generation system with special anti-theft bicycles, docking stations, solar batteries and a convenient bank card payment scheme. The public bicycle sharing system has been very popular with Moscow residents and visitors.

Arts and culture

Supporting arts and culture is a key part of the Bank’s social policy, and VTB Group provides significant financial support in this area. In recent years, VTB has supported a number of national events as a sponsor of major theatres, museums and festivals.

In 2015, VTB Group continued its cooperation with the following museums:

- Russian Museum (exhibition devoted to Pavel Fedotov);
- State Tretyakov Gallery (exhibition of the works of Valentin Serov);
- State Hermitage Museum (exhibition titled “Catherine the Great and Stanisław August: Two Enlightened Monarchs in Eastern Europe”);
- St. Petersburg Stieglitz State Academy of Art and Design (international scientific and practical conference called “Art of Ceramics and Glass in the Modern World”);
- State Peterhof Museum Reserve (opening of the New Farm modern museum centre with VTB support);
- State Russian Museum;
- Jewish Museum and Tolerance Centre;
- Städel Museum in Frankfurt am Main.

VTB Bank was the general sponsor of the ballet UP & DOWN put on by Boris Eifman’s St. Petersburg State Academic Ballet Theatre. It is based on F. Scott Fitzgerald’s novel Tender Is the Night and features music by George Gershwin, Franz Schubert and Alban Berg. In addition, the theatre toured Canada and the USA, France, Slovakia and Israel in 2015 with the support of VTB Bank.

The Bank was the general sponsor of the All-Russian Ballet and Choreography Competition in the category “Modern Dance in Musical Theatre”, organised by the Federal State Budgetary Institution of Culture, the SODRUZHESTVO Russian State Concert Company. The founders of the competition are the Government and Ministry of Culture of the Russian Federation. This unique nationwide ballet review was initiated by outstanding contemporary choreographer Yuri Grigorovich, a People’s Artist of the USSR.

VTB has a tradition of supporting theatres. The Bank is a long-standing general partner of the Mariinsky Theatre and the Pyotr Fomenko Workshop Theatre in Moscow. In the reporting period, the Bank provided support for new shows at the Moscow Pyotr Fomenko Workshop Theatre and the Tbilisi A.S. Griboedov Russian State Drama Theatre.

The Bank also provided charitable assistance to the Bolshoi Theatre, the Valery Gergiev Charitable Foundation, the Primorsky Opera and Ballet Theatre in Vladivostok and the Moscow Conservatory. Moreover, the Bank allocated funds for the restoration of the Bolshoi State St. Petersburg Circus (Le Cirque Cinicelli), which was opened in December 2015.

With VTB Bank support, the World Congress of Russian Theatres Abroad was held in Tbilisi, Georgia, from 26 to 30 October. Representatives from Russian theatres in 23 countries participated.

During the reporting period, the Bank of Moscow provided support to the Moscow Theatre of Young Spectators, the Gnessin Russian Academy of Music and the P.I. Tchaikovsky International Charitable Foundation.

On 8 October 2015, the 12th awards ceremony for the Baltic Star International Award for Developing and Consolidating Humanitarian Relations in Countries of the Baltic Region was held at the Hermitage Theatre in St. Petersburg thanks to support from the VTB North-Western Regional Centre.

The awards ceremony for the Dmitri Shostakovich Prize was held on 21 April 2015 at the Pushkin State Museum of Fine Arts. The prize was established by the Yuri Bashmet International Charitable Fund, and VTB Bank was the general partner for the awards ceremony.

In 2015, VTB Bank continued its sponsorship of the Kultura TV channel. The Bank has supported Kultura for many years. Since it starting operating, a unique

video archive of the most significant events in Russian and world culture has been created and is constantly being updated.

Since 2014, VTB Bank has been a sponsor of the National Satellite Company, which broadcasts under the name Tricolor TV, which is the largest Russian digital television broadcaster, serving European Russia as well as Siberia and parts of the Far East.

With the support of VTB Bank, the TEFI awards ceremony, industry awards for the highest achievements in the field of television arts, was held on 25 June 2015.

One of the most brilliant and prominent projects in the world of television is the Bank of Moscow's cooperation with the intellectual programme broadcast on Channel One called "What? Where? When?", in which the Bank of Moscow has traditionally presented and defended the interests of viewers. Every year, the prize fund for games and other organisational costs for the show's set-up are financed through the sponsorship of the Bank of Moscow. In addition, the Bank created and manages an online resource called Telezriteli.tv, which brings together the show's fans. The site promotes learning and the development of erudition among its young audience, and the Bank of Moscow further encourages the best players and fans.

In 2015, the Russian news agency ITAR-TASS and VTB Bank signed an agreement on the joint implementation of a project to digitise the unique TASS Photochronicles archive. The joint TASS and VTB project will include the complete digitisation and systematisation of the TASS photo archive, which currently contains over 800 thousand slides and negatives.

Moscow celebrated its 868th birthday on 5-6 September 2015. The main celebrations for City Day were held on the capital's central streets and squares, and in various districts, estates and parks. VTB Bank and the Bank of Moscow sponsored the event. Eight million people attended more than 500

events held at 205 sites in the city. Some 5,835 artists from Moscow cultural institutions and invited guests – over 500 creative teams – produced the creative content for the celebratory events.

VTB Bank was the general sponsor of the international Christmas Lights Festival held in Moscow from 18 December 2015 through 10 January 2016. During the festival, Moscow's central streets were decorated with unusual luminous designs and colourful installations. It took more than 100 kilometres of garlands and 8 thousand various decorative elements to create them. One of the main ideas behind Christmas Lights was to introduce Muscovites to the traditions of holiday decorations in other major cities.

Healthcare

Thousands of children needing qualified medical care end up in Russian hospitals every day. Oftentimes, the provision of medical assistance and whether or not a child's life is saved depends on the availability of sufficient medicines and modern specialised equipment. It is for precisely this reason that the corporate charity programme "World Without Tears" was created in 2003. Within the framework of this programme, VTB Bank finances the purchase of expensive medical equipment, medicines and supplies for children's hospitals. It is a long-term, targeted programme that is focused strictly on supporting children's healthcare institutions.

In 2015, VTB Bank continued implementing the "World Without Tears" programme. Twenty medical institutions from various regions in Russia, as well as five hospitals and two centres for working with disabled children in Moscow participated in the programme in 2015.

Over the course of the year, children's hospitals in the following cities received needed medical equipment from the Bank: Moscow, Ekaterinburg, Vladimir, Voronezh, Nizhny Novgorod, Nalchik, Ufa, Kemerovo, Kazan, Cheboksary, Bryansk, Ulan-Ude, Petropavlovsk-Kamchatsky, Yuzhno-Sakhalinsk,

Smolensk, Izhevsk, Nakhodka, Krasnodar, Samara, Rostov-on-Don and Kursk. The Bank spent a total of RUB 45 million in providing assistance to hospitals in 2015.

During the programme's 12 years, more than 100 children's hospitals and other healthcare facilities for children in the capital and regions of Russia have been helped by the programme.

In addition to implementing the "World Without Tears" programme, in 2015, VTB Bank allocated RUB 30 million in charity aid for the purchase of medical equipment for children's hospitals in the Republic of Karelia, as part of preparations for the republic's anniversary celebration.

The Bank of Moscow provided assistance to the NGO Downside Up, the Lifeline charitable fund for support for gravely ill children, the Central Federal District's charitable fund Supporting Children and Families in Difficult Life Situations, the Moscow Diabetes Association and the VERA Hospice Charity Fund, among others.

In 2015, VTB Bank (Belarus) provided assistance to children's healthcare facilities in Pinsk, Molodechno and Slutsk. During the programme period, VTB Bank (Belarus) provided financial support to medical institutions in 15 cities in the Republic of Belarus. In 2015, VTB Bank (Belarus) spent over 180 million Belarusian roubles (about USD 10,000) on this project.

Science and education

In 2015, the Group continued to provide support in the form of sponsorship for science and education projects. Every year since 2010, VTB Bank has been the general sponsor of the OJSC NPO Saturn Youth Gathering Summer and Winter Games. The goal of the event is to encourage young workers to engage in regular physical training and sport, organising active holidays for young people, promoting an active lifestyle, improving the health of employees, and strengthening ties between OJSC ODK companies

with which VTB has long-standing client and partner relations.

On 3-4 April 2015, the Management of the Future '15 conference was held. For the fourth year in a row, VTB Bank was the general sponsor of this event. The conference is organised by the student council organising committee at the St. Petersburg University Graduate School of Management. The conference facilitates interaction between leading Russian companies and students with a view to establishing potential management personnel for these companies. In 2015, VTB also provided financial support to the St. Petersburg University Graduate School of Management in order to attract the best teachers to the School, to establish scholarships and grants for students, to fund scientific research and to develop innovative educational programmes and materials.

Additionally, during the reporting period, VTB Bank allocated funds to the Far Eastern Federal University Endowment Foundation (Vladivostok) and the M.K. Ammosov North-Eastern Federal University (Yakutsk), assisted in the development of Innopolis University (Kazan), and also provided support for the Economics Faculty at the Lomonosov Moscow State University to host a student conference and the Peter the Great St. Petersburg State Polytechnical University.

VTB Bank (Austria) allocated funds in 2015 for the participation of Russian students in the European Forum Alpbach. The European Forum Alpbach is an interdisciplinary platform for effective socio-political dialogue, and an interactive and open research centre.

7. Management responsibility statement

The management of VTB is responsible for preparing the Annual Report and the Group’s consolidated financial statements in accordance with applicable laws and regulations.

I confirm that to the best of my knowledge:

- the consolidated financial statements of VTB Bank and its subsidiaries (together “the Group”), prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and 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.

VTB Bank
President and Chairman
of the Management
Board



Andrey Kostin

8. VTB Group summary consolidated financial statements in accordance with IFRS

Summary consolidated financial statements derived from the audited consolidated financial statements and independent auditors’ report for the years ended 31 December 2015 and 2014

Independent auditors’ report on the summary consolidated financial statements

To the Supervisory Council and Shareholders of VTB Bank

The accompanying summary consolidated financial statements, which comprise the summary consolidated statements of financial position as of 31 December 2015 and 2014, the summary consolidated income statements, summary consolidated statements of comprehensive income, summary consolidated statements of cash flows, and summary consolidated statements of changes in shareholders’ equity for the years then ended, are derived from the audited consolidated financial statements of VTB Bank and its subsidiaries (together “the Group”) for the years ended 31 December 2015 and 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our auditors’ report dated 17 March 2016. Those consolidated financial statements and the summary consolidated financial statements of the Group do not reflect the effects of events that occurred subsequent to the date of our auditor’s report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

Management’s responsibility for the summary consolidated financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in the footnote to the summary consolidated financial statements.

Auditors’ responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the years ended 31 December 2015 and 2014 are consistent, in all material respects, with those audited consolidated financial statements, on the basis described in the footnote to the summary consolidated financial statements.



26 April 2016
Moscow, Russia

VTB Bank summary consolidated income statements for the years ended 31 December (in billions of Russian Roubles)

	2015	2014	Change
Interest income	1,100.9	844.1	30.4%
Interest expense	(803.1)	(489.8)	64.0%
Payments into the deposit insurance system	(8.7)	(7.0)	24.3%
Net interest income	289.1	347.3	-16.8%
Provision charge for impairment of debt financial assets	(167.5)	(255.4)	-34.4%
Net interest income after provision for impairment	121.6	91.9	32.3%
Net fee and commission income	76.2	63.1	20.8%
Gains less losses/(losses net of gains) arising from financial instruments at fair value through profit or loss	34.2	(3.0)	1,240.0%
Losses net of gains from investment financial assets available-for-sale	(16.7)	–	100%
Gains net of losses/(losses net of gains) arising from foreign currencies	32.3	(3.2)	1,109.4%
Government grant from Deposit Insurance Agency	–	99.2	-100.0%
Gains on initial recognition of financial instruments, restructuring and other gains on loans and advances to customers	1.4	3.5	-60.0%
Share in profit of associates and joint ventures	5.8	0.3	1,833.3%
Gain from disposal of subsidiaries and associates	3.3	15.1	-78.1%
(Losses net of gains)/gains net of losses arising from extinguishment of liabilities	(1.5)	0.8	-287.5%
Provision charge for impairment of other assets, credit-related commitments and legal claims	(10.6)	(20.0)	-47.0%
Excess of fair value of acquired net asset over cost	–	0.3	-100.0%
Other operating income	23.2	18.5	25.4%
Non-interest gains	71.4	111.5	-36.0%
Net insurance premiums earned	84.1	43.9	91.6%
Net insurance claims incurred, movement in liabilities to policyholders and acquisition costs	(80.5)	(31.8)	153.1%
Revenues less expenses from insurance activity	3.6	12.1	-70.2%
Revenue from other non-banking activities	24.0	34.5	-30.4%
Cost of sales and other expenses from other non-banking activities	(35.2)	(43.1)	-18.3%
Impairment of land, premises and intangible assets other than goodwill used in non-banking activities	(6.2)	(2.8)	121.4%
Net (loss)/gain from change in fair value of investment property recognised on revaluation	(3.1)	3.6	-186.1%
Revenues less expenses from other non-banking operations	(20.5)	(7.8)	162.8%
Impairment of land, premises and intangible assets other than goodwill	(5.3)	(0.9)	488.9%
Impairment of goodwill	(0.3)	(5.7)	-94.7%
Other operating expense	(12.5)	(8.8)	42.0%
Staff costs and administrative expenses	(221.9)	(222.6)	-0.3%
Non-interest expenses	(240.0)	(238.0)	0.8%
Profit before tax	12.3	32.8	-62.5%
Income tax expense	(6.9)	(31.5)	-78.1%
Net profit after tax	5.4	1.3	315.4%
Loss after tax from subsidiaries acquired exclusively with a view to resale	(3.7)	(0.5)	640.0%
Net profit	1.7	0.8	112.5%

VTB Bank summary consolidated income statements for the years ended 31 December (in billions of Russian Roubles)

	2015	2014	Change
Net profit/(loss) attributable to:			
Shareholders of the parent	10.7	4.1	161.0%
Non-controlling interests	(9.0)	(3.3)	172.7%
Basic and diluted earnings per share (expressed in Russian roubles per share)	0.00010	(0.00023)	143.5%
Basic and diluted earnings per share before profit after tax from subsidiaries acquired exclusively with a view to resale (expressed in Russian roubles per share)	0.00039	(0.00019)	305.3%

VTB Bank summary consolidated statements of comprehensive income for the years ended 31 December (in billions of Russian Roubles)

	2015	2014
Net profit	1.7	0.8
Other comprehensive income/(loss):		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Net result on financial assets available for sale, net of tax	13.7	(20.7)
Cash flow hedges, net of tax	(0.1)	(0.4)
Share of other comprehensive income of associates and joint ventures	4.6	2.0
Effect of translation, net of tax	6.4	37.2
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	24.6	18.1
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains net of losses /(losses net of gains) arising from difference between pension plan assets and obligations	0.3	(1.2)
Land and premises revaluation, net of tax	6.1	(0.4)
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	6.4	(1.6)
Other comprehensive income, net of tax	31.0	16.5
Total comprehensive income	32.7	17.3
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent	41.5	17.6
Non-controlling interests	(8.8)	(0.3)

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VTB Bank summary consolidated statements of financial position as of 31 December

(in billions of Russian Roubles)

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Assets	2015	2014	Change
Cash and short-term funds	570.7	695.2	-17.9%
Mandatory cash balances with central banks	70.8	85.5	-17.2%
Non-derivative financial assets at fair value through profit or loss	237.1	275.0	-13.8%
Derivative financial assets	304.8	407.0	-25.1%
Financial assets, other than loans and advances to customers and due from other banks, pledged under repurchase agreements	165.0	184.0	-10.3%
Due from other banks, including pledged under repurchase agreements	1,358.2	814.5	66.8%
– Due from other banks	1,353.2	740.3	82.8%
– Due from other banks, pledged under repurchase agreements	5.0	74.2	-93.3%
Loans and advances to customers, including pledged under repurchase agreements	9,437.5	8,537.3	10.5%
– Loans and advances to customers	8,827.7	8,074.7	9.3%
– Loans and advances to customers, pledged under repurchase agreements	609.8	462.6	31.8%
Investment financial assets	259.3	132.2	96.1%
Investments in associates and joint ventures	104.3	96.3	8.3%
Assets of disposal groups held for sale	15.8	11.1	42.3%
Land, premises and equipment	310.3	246.9	25.7%
Investment property	245.0	192.3	27.4%
Goodwill and other intangible assets	162.0	161.8	0.1%
Deferred income tax asset	76.6	66.9	14.5%
Other assets	324.5	284.8	13.9%
Total assets	13,641.9	12,190.8	11.9%
Liabilities			
Due to other banks	1,224.0	733.2	66.9%
Customer deposits	7,267.0	5,669.4	28.2%
Derivative financial liabilities	284.1	397.8	-28.6%
Other borrowed funds	2,121.5	2,729.2	-22.3%
Debt securities issued	623.5	921.4	-32.3%
Liabilities of disposal groups held for sale	13.0	4.7	176.6%
Deferred income tax liability	30.2	26.6	13.5%
Other liabilities	361.7	312.3	15.8%
Total liabilities before subordinated debt	11,925.0	10,794.6	10.5%
Subordinated debt	262.8	265.2	-0.9%
Total liabilities	12,187.8	11,059.8	10.2%

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VTB Bank summary consolidated statements of financial position as of 31 December

(in billions of Russian Roubles)

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Equity	2015	2014	Change
Share capital	659.5	352.1	87.3%
Share premium	433.8	433.8	0.0%
Perpetual loan participation notes	164.0	126.6	29.5%
Treasury shares and bought-back perpetual loan participation notes	(2.9)	(6.7)	-56.7%
Other reserves	72.2	42.8	68.7%
Retained earnings	127.6	169.3	-24.6%
Equity attributable to shareholders of the parent	1,454.2	1,117.9	30.1%
Non-controlling interests	(0.1)	13.1	-100.8%
Total equity	1,454.1	1,131.0	28.6%
Total liabilities and equity	13,641.9	12,190.8	11.9%

Approved for issue and signed
on 17 March 2016

Andrey Kostin
President – Chairman of the Management Board



Herbert Moos
Chief Financial Officer – Deputy Chairman
of the Management Board



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VTB Bank summary consolidated statements of cash flows for the years ended 31 December (in billions of Russian Roubles)

Cash flows from operating activities	2015	2014
Interest received	1,043.7	813.7
Interest paid	(785.2)	(442.4)
Payments to deposit insurance system	(8.7)	(7.0)
Gains received on operations with financial assets at fair value through profit or loss	27.1	68.3
Gains received from extinguishment of liability	–	1.0
Gains received on dealing in foreign currency	18.8	80.7
Fees and commissions received	97.6	83.4
Fees and commissions paid	(22.7)	(18.6)
Other operating income received	22.9	12.3
Other operating expenses paid	(5.3)	(6.0)
Staff costs, administrative expenses paid	(213.5)	(182.7)
Income received from non-banking activities	39.4	50.7
Expenses paid in non-banking activities	(35.3)	(38.7)
Net insurance premiums received	92.1	43.9
Net insurance claims paid	(37.4)	(35.1)
Income tax paid	(15.1)	(20.6)
Cash flows from operating activities before changes in operating assets and liabilities	218.4	402.9
Net decrease/(increase) in operating assets		
Net decrease/(increase) in mandatory cash balances with central banks	15.2	(27.0)
Net increase in restricted cash	(0.8)	(0.3)
Net increase in correspondent accounts in precious metals	(0.9)	(1.6)
Net decrease/(increase) in financial assets at fair value through profit or loss	63.1	(40.0)
Net increase in due from other banks	(558.5)	(239.2)
Net increase in loans and advances to customers	(466.7)	(2,159.5)
Net increase in other assets	(37.4)	(25.0)
Net (decrease)/increase in operating liabilities		
Net increase in due to other banks	499.5	116.0
Net increase in customer deposits	1,368.7	1,120.0
Net increase/(decrease) in debt securities issued other than bonds issued	0.4	(3.5)
Net (decrease)/increase in other liabilities	(39.5)	19.6
Cash flows used in investing activities	2015	2014
Dividends and other distributions received	1.0	1.8
Proceeds from sales or maturities of investment financial assets available for sale	225.2	190.7
Purchase of investment financial assets available for sale	(232.0)	(324.9)
Purchase of subsidiaries, net of cash	–	2.5
Disposal of subsidiaries, net of cash	2.8	17.2
Purchase of and contributions to associates	(0.6)	(0.7)
Proceeds from sale of share in associates	–	4.0
Proceeds from distribution to shareholders of associates	–	1.6
Purchase of investment financial assets held to maturity	(63.9)	(1.6)

These summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS), namely a summary of principal accounting policies and other explanatory information as presented in the audited consolidated financial statements of VTB Bank and its subsidiaries (together “the Group”) prepared in accordance with IFRS for the years ended 31 December 2015 and 2014.

VTB Bank summary consolidated statements of cash flows for the years ended 31 December (in billions of Russian Roubles)

Cash flows used in investing activities	2015	2014
Proceeds from redemption of investment financial assets held to maturity	3.0	1.9
Purchase of land, premises and equipment	(51.1)	(49.6)
Proceeds from sale of land, premises and equipment	4.3	6.4
Purchase or construction of investment property	(17.3)	(20.8)
Proceeds from sale of investment property	4.6	3.5
Purchase of intangible assets	(5.8)	(6.1)
Proceeds from sale of intangible assets	0.6	0.4
Net cash used in investing activities	(129.2)	(173.7)
Cash flows from financing activities	2015	2014
Dividends paid	(18.0)	(16.3)
Proceeds from issuance of local bonds	–	101.5
Repayment of local bonds	(76.2)	(48.0)
Buy-back of local bonds	(13.0)	(84.3)
Proceeds from sale of previously bought-back local bonds	24.3	15.3
Proceeds from issuance of Eurobonds	–	7.5
Repayment of Eurobonds	(319.7)	(41.2)
Buy-back of Eurobonds	(40.7)	(30.6)
Proceeds from sale of previously bought-back Eurobonds	26.5	17.3
Proceeds from syndicated loans	15.7	2.5
Repayment of syndicated loans	(28.7)	(108.0)
Proceeds from other borrowings and funds from local central banks	10,731.0	9,353.7
Repayment of other borrowings and funds from local central banks	(11,369.2)	(8,045.5)
Proceeds from subordinated debt	–	113.5
Repayment of subordinated debt	(53.9)	(218.8)
Buy-back of subordinated debt	(4.3)	(2.0)
Proceeds from sale of previously bought-back subordinated debt	8.5	1.2
Proceeds from share issue, less transaction costs	–	214.0
Cash received from sale of treasury shares	13.6	15.1
Cash paid for treasury shares	(6.5)	(18.1)
Cash paid for purchase of non-controlling interests in subsidiaries and non-parent interests in consolidated funds	–	(21.6)
Buy-back of perpetual loan participation notes	(0.9)	(2.5)
Proceeds from sale of previously bought-back perpetual loan participation notes	0.5	2.4
Amounts paid on perpetual loan participation notes	(13.1)	(9.4)
Net cash (used in)/from financing activities	(1,124.1)	1,197.7
Effect of exchange rate changes on cash and cash equivalents	65.7	153.2
Effect of hyperinflation	–	(0.5)
Net (decrease)/increase in cash and cash equivalents	(126.1)	339.1
At the beginning of period	687.7	348.6
At the end of period	561.6	687.7

For a better understanding of the Group’s financial position, its financial performance and its cash flows, these summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group from which these summary consolidated financial statements were derived. Copies of audited consolidated financial statements can be obtained from VTB Bank.

VTB Bank summary consolidated statements
of changes in shareholders' equity for the years
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 on 1 January 2014	138.1	433.8	73.6	(3.6)	35.6	262.0	939.5	7.6	947.1
Net result from treasury shares transactions	–	–	–	(3.1)	–	(0.1)	(3.2)	–	(3.2)
Profit for the period	–	–	–	–	–	4.1	4.1	(3.3)	0.8
Other comprehensive income	–	–	–	–	14.2	(0.7)	13.5	3.0	16.5
Total comprehensive income for the period	–	–	–	–	14.2	3.4	17.6	(0.3)	17.3
Preference share issue	214.0	–	–	–	–	(12.3)	201.7	–	201.7
Transfer of premises revaluation reserve upon disposal or depreciation	–	–	–	–	(2.3)	2.3	–	–	–
Share-based payments	–	–	–	–	–	0.4	0.4	–	0.4
Increase in share capital of subsidiaries	–	–	–	–	–	–	–	0.1	0.1
Acquisition of subsidiaries	–	–	–	–	–	–	–	0.5	0.5
Disposal of subsidiaries	–	–	–	–	(4.9)	0.9	(4.0)	(7.2)	(11.2)
Acquisition of non-controlling interests	–	–	–	–	0.2	(23.4)	(23.2)	13.7	(9.5)
Amounts paid on perpetual loan participation notes	–	–	–	–	–	(7.5)	(7.5)	–	(7.5)
Foreign exchange translation of perpetual loan participation notes	–	–	53.0	–	–	(53.0)	–	–	–
Tax effect recognised on perpetual loan participation notes	–	–	–	–	–	11.6	11.6	–	11.6
Dividends declared	–	–	–	–	–	(15.0)	(15.0)	(1.3)	(16.3)
Balance on 31 December 2014	352.1	433.8	126.6	(6.7)	42.8	169.3	1,117.9	13.1	1,131.0
Net result from treasury shares transactions	–	–	–	4.2	–	2.3	6.5	–	6.5
Net result from treasury perpetual loan participation notes transactions	–	–	–	(0.4)	–	0.2	(0.2)	–	(0.2)
Profit for the period	–	–	–	–	–	10.7	10.7	(9.0)	1.7
Other comprehensive income	–	–	–	–	30.5	0.3	30.8	0.2	31.0
Total comprehensive income for the period	–	–	–	–	30.5	11.0	41.5	(8.8)	32.7
Preference share issue	307.4	–	–	–	–	–	307.4	–	307.4
Transfer of premises revaluation reserve upon disposal or depreciation	–	–	–	–	(1.2)	1.2	–	–	–
Share-based payments	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Acquisition of subsidiaries	–	–	–	–	–	–	–	1.8	1.8
Disposal of subsidiaries	–	–	–	–	–	–	–	0.1	0.1
Acquisition of non-controlling interests	–	–	–	–	0.1	1.1	1.2	(6.3)	(5.1)
Amounts paid on perpetual loan participation notes	–	–	–	–	–	(11.7)	(11.7)	–	(11.7)
Foreign exchange translation of perpetual loan participation notes	–	–	37.4	–	–	(37.4)	–	–	–
Tax effect recognised on perpetual loan participation notes	–	–	–	–	–	9.8	9.8	–	9.8
Dividends declared	–	–	–	–	–	(18.0)	(18.0)	–	(18.0)
Balance on 31 December 2015	659.5	433.8	164.0	(2.9)	72.2	127.6	1,454.2	(0.1)	1,454.1

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understanding of the Group’s financial position, its financial performance and its cash flows, these summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group from which these summary consolidated financial statements were derived. Copies of audited consolidated financial statements can be obtained from VTB Bank.

9. Report on compliance with the Corporate Governance Code in 2015

The report on compliance with the principles and recommendations of the Corporate Governance Code has been prepared in accordance with Information Letter from the Bank of Russia of 30 March 2015 No. 06-52/2825 on Disclosure in the Annual Report of a Joint Stock Company for 2014 of Information on Compliance with the Corporate Governance Code Provisions, as well as Information Letter from CJSC MICEX Stock Exchange of 13 March 2015 No. 31-14/236 on Disclosure in an Annual Report of a Joint Stock Company of Information on Compliance with the Recommendations of the Corporate Governance Code (the Code)¹⁶.

Information on compliance with the Code's principles		Comments / explanation	
Nº	Principle of corporate governance		
I.	The company shall ensure equal and fair treatment for all its shareholders in the exercise by them of their rights to participate in the management of the company. The system and practices of corporate governance shall ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders, as well as their equal treatment by the company.		
1	<p>An Internal document is approved by the company that sets the main procedures for preparing, convening and conducting the general meeting of shareholders in line with the recommendations of the Corporate Governance Code, including the following responsibilities of the company:</p> <ul style="list-style-type: none">to give notice to shareholders on convening the General Meeting of Shareholders and to provide information, including publishing the notice and materials on the company's website not later than 30 days before the appointed date unless a longer period is required by Russian legislation);to disclose information on the compilation date of a list of persons eligible to attend the General Meeting of Shareholders not later than 7 days before such date;to provide additional information and materials on agenda items for the General Meeting of Shareholders in accordance with the recommendations of the Corporate	<p>Non-compliant in terms of formalising in this document the provision of shareholder access to materials in not less than 30 days, as well as for supplying shareholders with all additional materials and information for the General Meeting of Shareholders recommended by the Code</p>	<p>1. In accordance with clause 6.3 of the Regulation on Preparing, Convening and Holding JSC VTB Bank General Meetings of Shareholders, information (materials) must be accessible to persons eligible to participate in a given General Meeting of Shareholders 20 days prior to the Meeting's commencement.</p> <p>Thus, in accordance with clause 3.1.7 of the Bank's Corporate Governance Code approved by the Bank's Supervisory Council on 11 January 2015 (hereinafter Bank's CG Code), the Bank aims to provide access to materials and information for the General Meeting no later than 30 days prior to the Meeting unless a longer period is required by law).</p> <p>2. Clause 3.1.14 of the Bank's CG Code specifies a list of additional materials provided by the Bank to its shareholders in accordance with the recommendations of the Code; and it is specified that the Bank also aims to provide shareholders with other materials for the General Meeting that are recommended in the Code.</p>

16 Additional information concerning the methodology used to determine compliance with principles outlined in the Corporate Governance Code, as well as a statement from the Supervisory Council regarding compliance with the principles, can be found in the Corporate Governance section and in the Statement of the Chairman of the Supervisory Council in this Annual Report.

Information on compliance with the Code's principles		Comments / explanation	
Nº	Principle of corporate governance		
2	The company takes responsibility to provide the shareholders with an opportunity to put questions regarding company activity to members of the company's governance and control bodies, members of the Audit Committee, and candidates for the governance and control bodies during the preparation for and conduct of the General Meeting of Shareholders. These responsibilities are formalised in the Charter or internal documents of the company.	Compliant	
3	The company takes responsibility to follow the principle of not allowing for artificial reallocation of corporate control (for example, voting with quasi-treasury stock; taking the decision to pay dividends on preference shares when the company's financial means are limited; taking the decision not to pay dividends on preference shares defined in the Charter when there are enough resources to pay it). These responsibilities are formalised in the Charter or internal documents of the company.	Compliant	In clause 3.1.14 of the Bank's CG Code, it is specified that based on the principle of inadmissibility of voting by treasury and quasi-treasury shares, recommendations not to participate in voting on decisions by the Bank's General Meeting may be sent to companies controlled by the Bank that are Bank shareholders.
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.		
II.	Shareholders shall be given equal and fair opportunities to participate in the profits of the company by receiving dividends.		
1	The company approved an internal document defining a dividend policy consistent with the recommendations of the Corporate Governance Code, which specifies: <ul style="list-style-type: none">the distribution of net profit (for companies that make up consolidated financial statements – a minimum share of consolidated net income) for the payment of dividends, the conditions under which the dividends are declared;the minimum amount of dividends on company shares of different categories (types);the obligation to disclose the document defining the company dividend policy on the company's website.	These recommendations are not fully reflected in the Regulation on Dividend Policy of the Bank	In January 2016, a new edition of the Regulation on Dividend Policy was approved, taking into account, inter alia, the recommendations of the Code, with the exception of Code recommendations on the inclusion in the specified document of provisions on the minimum size of dividends for company shares of different categories (types).
2	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.		
III.	The Board of Directors determines the major long-term strategic targets of the company and the company's key performance indicators, provides strategic management of the company, defines the principles of and approaches to organising a risk management and internal control system in the company, supervises the activities of the executive bodies, defines company policy on remuneration of directors and executive bodies and performs other key functions.		

Nº Principle of corporate governance		Information on compliance with the Code's principles		Comments / explanation
1	<p>The company has formed a Board of Directors that:</p> <ul style="list-style-type: none">• defines the major long-term strategic targets of the company and its key performance indicators;• supervises the activities of the executive bodies;• defines the principles of and approaches to organising a risk management and internal control system in the company;• defines company policy on remuneration of directors, executive bodies and other key managers of the company.	Compliant		
2	<p>Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.</p>			
IV. The Board of Directors shall be an efficient and professional governing body of the company, capable of making objective and independent judgements and shall pass resolutions in the best interests of the company and its shareholders. The Chairman of the Board of Directors shall help it perform the functions assigned to it in the most efficient way. Meetings of the Board of Directors, preparations for them, and participation of Board members therein shall ensure efficient work by the Board.				
1	<p>The Chairman of the Board of Directors is an independent director, or a Senior Independent Director selected from among the elected independent directors who coordinates the work of the independent directors and is responsible for communication with the Chairman of the Board of Directors.</p>	Compliant		<p>The Bank has elected a Senior Independent Director from among the independent directors of the Bank's Supervisory Council who coordinates the work of the independent directors and is responsible for communication with the Chairman of the Board of Directors.</p>
2	<p>Internal documents outlining the procedure for preparation and holding of meetings of the Board of Directors, which allow members of the Board the opportunity for proper preparation for participation and provide for the following:</p> <ul style="list-style-type: none">• a defined period of notice for Board members on upcoming meetings;• deadlines for sending voting forms (paper) and receiving completed forms (paper) for meetings held in absentia;• the opportunity for Board members to send, and have taken into account, written opinions on the agenda items of meetings of the Board of Directors that they are unable to attend;• the opportunity to discuss and vote remotely, via conference and video conference links.	Compliant		

Information on compliance with the Code's principles		Comments / explanation	
Nº	Principle of corporate governance		
3	The most important issues are resolved at meetings of the Board of Directors held in person. The list of such issues follows the recommendations of the Corporate Governance Code ¹⁷	Compliant	Sec. 4.2.5 of the Bank's CG Code provides a list of the most important issues to be resolved at Supervisory Council meetings held in person. The list of such issues follows the recommendations of the Corporate Governance Code.
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.		
V. The Board of Directors shall include a sufficient number of independent directors.			
1	Independent directors shall account for at least one third of all directors elected to the Board.	Compliant	
2	Independent directors must fully meet the independence criteria recommended by the Corporate Governance Code	Compliant	
3	The Board of Directors (Nominating (Appointments and Human Resources) Committee) carries out an assessment as to whether candidates for the Board of Directors meet independence criteria.	Compliant	
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.		
VI. The Board shall form committees for preliminary consideration of the most important issues in the company's business.			
1	An Audit Committee consisting of independent directors was formed by the Board of Directors; its functions are formalised in internal documents and are consistent with the recommendations of the Corporate Governance Code. ¹⁸	Non-compliant in terms of being composed only of independent directors	The majority of the members of the Supervisory Council's Audit Committee, including the Chairman, are independent, which conforms with the requirements of the Moscow Exchange Listing Rules.
2	A Remuneration Committee (may be combined with the Nominating (Appointments and Human Resources) Committee) consisting of independent directors was formed by the Board of Directors; its functions are consistent with the recommendations of the Corporate Governance Code. ¹⁹	Non-compliant in terms of being composed only of independent directors	The majority of the members of the Supervisory Council's Staff and Remuneration Committee are independent directors, which complies with the requirements of the Moscow Exchange's Listing Rules
3	A Nominating (Appointments and Human Resources) Committee (may be combined with the Remuneration Committee) consisting mostly of independent directors was formed by the Board of Directors; its functions are consistent with the recommendations of the Corporate Governance Code. ²⁰	Compliant	Functions of the Nominating Committee belong to the Supervisory Council Staff and Remuneration Committee of JSC VTB Bank

17 Specified in clause 168 of Part B of the Corporate Governance Code.
18 Specified in clause 172 of Part B of the Corporate Governance Code.
19 Specified in clause 180 of Part B of the Corporate Governance Code.
20 Specified in clause 186 of Part B of the Corporate Governance Code.

Information on compliance with the Code's principles		Comments / explanation
Nº	Principle of corporate governance	
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.	
VII. The Board of Directors shall ensure that the quality of its work and that of its committees and its members is assessed.		
1	The quality of the work of the Board of Directors, its committees and Board members is assessed on a regular basis, at least once a year. At least once every three years, the quality of the Board of Directors' work is assessed by a third-party entity (consultant).	Compliant
2	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.	
VIII. The company's Corporate Secretary (special structural unit headed by the Corporate Secretary) shall be responsible for efficient interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders and support of efficient work of its Board of Directors.		
1	The company's Corporate Secretary reports directly to the Board of Directors. The Board of Directors makes or approves decisions to appoint and dismiss the Corporate Secretary.	Compliant
2	The company approved an internal document which defines the rights and obligations of the Corporate Secretary (the Regulation on the Corporate Secretary) and its content is consistent with the recommendations of the Corporate Governance Code. ²¹	Compliant
3	The Corporate Secretary does not carry out his/her work concurrently with performing any other functions in the company. The Corporate Secretary is assigned functions consistent with the recommendations of the Corporate Governance Code. ²² The Corporate Secretary is given enough resources to perform his/her functions.	Compliant
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.	
IX. The level of remuneration paid by the company shall be sufficient to enable it to attract, motivate and retain persons having the required skills and qualifications. Remuneration due to Board members, the executive bodies, and other key managers of the company shall be paid in accordance with a remuneration policy adopted by the company.		

21 Specified in clause 217 of Part B of the Corporate Governance Code.

22 Specified in clause 218 of Party B of the Corporate Governance Code

Information on compliance with the Code's principles		Comments / explanation
Nº	Principle of corporate governance	
1	All types of payments, benefits and privileges provided to the Board members, the executive bodies and other key managers of the company are formalised by the company.	Compliant
2	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.	
X. The system of remuneration of Board members shall ensure that the financial interests of the directors are in line with the long-term financial interests of the shareholders.		
1	A fixed annual fee is the only monetary remuneration of the Board members.	Compliant
2	Board members are not allowed to take part in the company's option plans, and their right to dispose of shares is not dependent on the achievement by the company of certain performance results.	Compliant
3	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.	
XI. The system of remuneration due to members of the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance results and their personal contributions to achieving these.		
1	The company set up a system of long-term incentives for members of the company's executive bodies and other key managers.	Compliant
2	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.	
XII. The company should have in place an efficient risk management and internal control system designed to provide reasonable confidence that the company's goals will be achieved.		
1	The Board of Directors determined the principles of and approaches to the creation of the risk management and internal control system in the company.	Compliant
2	The company formed a separate structural unit in charge of risk management and internal control.	Compliant

Nº Principle of corporate governance		Information on compliance with the Code's principles		Comments / explanation
3	The company developed and implemented an anti-corruption policy defining measures aimed at developing elements of corporate culture, organisational structure, rules and procedures to ensure the prevention of corruption.	Compliant		
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.			
XIII. The company shall organise an internal audit for regular independent evaluation of the reliability and effectiveness of the risk management and internal control system and corporate governance practice.				
1	<p>The company formed a separate structural unit, performing the function of internal audit and functionally reporting to the Board of Directors. The functions of the unit comply with the recommendations of the Corporate Governance Code, in particular:</p> <ul style="list-style-type: none">assessment of the effectiveness of the internal control system;assessment of the effectiveness of the risk management system;assessment of corporate governance (in the absence of the Corporate Governance Committee).	Compliant		
2	The head of the Internal Audit Commission reports to, and is appointed and removed from office by, the Board of Directors.	Compliant		
3	The company approved a policy on internal audit (Regulation on Internal Audit) which defines the goal, tasks and functions of internal audit.	Compliant		
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.			
XIV. The company and its activities shall be transparent to its shareholders, investors and other interested parties.				

Nº Principle of corporate governance		Information on compliance with the Code's principles		Comments / explanation
1	<p>The company approved internal documents defining the company's information policy consistent with the relevant recommendations of the Corporate Governance Code. The company's information policy includes the following methods of interaction with investors and other interested parties:</p> <ul style="list-style-type: none">setting up a special page on the company's website where it posts answers to frequently asked questions from shareholders and investors, a regularly updated calendar of corporate events and other information useful to shareholders and investors;holding regular meetings of members of executive bodies and other key managers of the company with analysts;organising regular presentations (including in the form of teleconferences and webcasts) and meetings with members of executive bodies and other key managers of the company, in particular to accompany, inter alia, disclosure of company accounting (financial) statements or in relation to major investment projects and plans for strategic development of the company.	Compliant		
2	Implementation of an information policy is carried out by the executive bodies of the company. Control over appropriate disclosure and compliance with the information policy is ensured by the Board of Directors.	Compliant		
3	In the company, procedures are set up to ensure the coordination of all the company's services and structural units related to the disclosure of information or whose activity may lead to the need for disclosure of information.	Compliant		
4	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.			
XV. The company shall disclose on a timely basis fully updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.				
1	If foreign investors hold a substantial share in the company's capital, the company should, along with disclosure of information in Russian, disclose the most important information about itself (including an announcement of a General Meeting to be held, its annual report and accounting (financial) statements) in a foreign language that is commonly used on the financial market, and provide free access to it.	Compliant		

Nº Principle of corporate governance		Information on compliance with the Code's principles	Comments / explanation
2	The company discloses information not only about itself but also about any legal entities which are controlled by and are material to the company.	Compliant	
3	The company discloses annual and interim financial statements (consolidated or standalone) for a reporting period of six months, prepared in accordance with the International Financial Reporting Standards (IFRS). Annual consolidated or standalone financial statements are disclosed together with an auditor's report thereon, while its interim consolidated or individual financial statements are disclosed together with a report on the results of an auditor's review or an auditor's report.	Compliant	
4	The company discloses a special memorandum that explains the plans for the company set by the person controlling the company. The memorandum is prepared in accordance with the recommendations of the Corporate Governance Code. ²³	Non-compliant	The person controlling the Bank is the Russian Federation represented by the Federal Property Management Agency.
5	The company discloses information on the biographical details of each Board member (including information on whether they are an independent director), as well as information on the loss by a Board member of his/her status as an independent director.	Compliant	
6	The company discloses information on its capital structure in accordance with recommendations of the Corporate Governance Code.	Compliant	

23 Specified in clause 279 of Part B of the Corporate Governance Code.

Nº Principle of corporate governance		Information on compliance with the Code's principles	Comments / explanation
7	<p>The company's annual report contains additional information recommended by the Corporate Governance Code:</p> <ul style="list-style-type: none">a summary of the most significant transactions (including related transactions) entered into by the company and legal entities controlled thereby during the past year;a report of the Board of Directors (including reports by its committees) for the year; in particular, such a report should include information about the number of Board meetings held in person/in absentia and about participation of each member of the Board of Directors in its meetings, a description of the most important and complex issues which were discussed at the meetings of the Board of Directors and its committees, and the main recommendations made by the committees to the Board of Directors;information about any shares in the company which are owned, directly or indirectly, by members of the Board of Directors and/or executive bodies of the company;information on whether any members of the Board of Directors and the executive bodies have conflicts of interest (including those associated with their participation in the governance bodies of any competitors of the company);a description of the system of remuneration of Board members, including the amount of individual remuneration payable upon the results of the year to each Board member (with a breakdown between their basic fee, additional remuneration for the chairmanship of the Board of Directors and for the chairmanship/ membership of committees of the Board of Directors, the amount of participation in the long-term incentive programme, the amount of participation of each Board member in an option plan, if any), reimbursement of expenses associated with their participation in the Board of Directors, and costs incurred by the company in connection with liability insurance for its directors in their capacities as members of the governance bodies;	Non-compliant in terms of information on the amount of remuneration of a group of at least five members of the executive bodies and other key managers of the company who receive the largest amounts of remuneration, as well as information on the remuneration amount of the chief executive officer for the year which he/she has received or is to receive from the company with a breakdown by type of remuneration	In accordance with the requirements of Instruction of the Bank of Russia of 17 June 2014 No. 154-I, information about the labour compensation system at the Bank is to be disclosed at least once a year, including information on payments (remuneration) to the person performing the function of sole executive body and members of the collective executive body, and on payments to other workers performing functions involving taking risks. In annual reports as well as the quarterly reports of the credit organisation, the issuer discloses the aggregate sum of remuneration (salary and bonuses) for members of the collective executive body for the relevant reporting period.

Nº Principle of corporate governance		Information on compliance with the Code's principles		Comments / explanation
	<ul style="list-style-type: none">information on the total remuneration for the year: an) in respect of a group of at least five members of the executive bodies and other key managers of the company who received the largest amounts of remuneration, broken down by type of remuneration; b) in respect of all members of the executive bodies and other key managers of the company who are subject to the company's remuneration policy, broken down by type of remuneration;information on the remuneration of the one-person executive body for the year, which he/she has received or is to receive from the company (or a legal entity forming part of a group of entities which includes the company) with a breakdown by type of remuneration, both for carrying out his/her duties of the one-person executive body and otherwise.			
8	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.			
XVI.	The company shall provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.			
1	In accordance with the information policy of the company, shareholders owning an equal number of voting shares in the company should be provided with equal opportunities to access the company's documents and information.	Compliant		
2	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.			
XVII.	Any actions which will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders ("material corporate actions") shall be taken on fair terms and conditions ensuring that rights and interests of the shareholders as well as other interested parties are observed.			

Nº Principle of corporate governance		Information on compliance with the Code's principles		Comments / explanation
1	<p>The company's Charter includes a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provides therein that decisions on any such actions shall fall within the jurisdiction of the company's Board of Directors, including:</p> <ul style="list-style-type: none">reorganisation of the company, acquisition of 30 or more percent of its voting shares (takeover), increasing or decreasing its charter capital, listing and delisting of its shares;any sale of shares (interests) in any legal entity controlled by the company which is material to the latter, where, as a result of such transaction, the company would lose control over such legal entity;any transaction with property of the company or any legal entity controlled thereby (including related transactions) whose value exceeds a threshold amount specified in the company's Charter or which is material to the company's business operations;establishment of a legal entity controlled by the company and having material significance for its business;disposal of treasury or quasi-treasury shares by the company.	The Bank's Charter does not include a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions		At the next AGM, the Bank plans to approve a new edition of its internal documents that will expand the Bank Supervisory Council's sphere of competency regarding the approval of material transactions.
2	Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.			
XVIII.	The company shall have in place a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and that would also guarantee that the shareholder rights are observed and duly protected in the course of taking such actions.			

Information on compliance with the Code's principles		Comments / explanation	
Nº	Principle of corporate governance		
1	<p>In the internal documents of the company, the principle of equal terms and conditions is ensured for all of the shareholders in case of any material corporate actions which would have impact on the rights or legitimate interests of the company's shareholders. Also, in line with the Corporate Governance Code, other additional measures are formalised to protect the rights and legitimate interests of the company's shareholders, including the following:</p> <ul style="list-style-type: none">retaining an independent appraiser with an established impeccable reputation in the market and appraisal experience in the respective area or providing a reason for not retaining an independent appraiser when determining the value of property to be acquired or disposed within a major transaction or an interested-party transaction;the price of shares to be repurchased or redeemed by the company is determined by an independent appraiser with an established impeccable reputation in the market and appraisal experience in the respective area with the account of the weighted average price of the shares over a reasonable period of time, without accounting for the effect of a respective transaction to be entered into by the company (including without accounting for any change in the price of the shares in connection with circulation of information on the company's entering into the transaction), and without accounting for a discount for selling shares as part of a non-controlling block of shares;expanding the list of grounds on which members of the company's Board of Directors as well as other persons referred to in respective laws are deemed to be interested in transactions of the company with a view to assessing the actual ties of the individuals concerned.	<p>Non-compliant in terms of expanding the list of grounds on which persons referred to in respective laws are deemed to have interest in transactions of the company</p>	<p>Expanding the list of grounds on which members of the Supervisory Council and other persons referred to in respective laws are deemed to have interest in transactions of the company is not expedient for the Bank, as it can significantly complicate the activity of JSC VTB Bank and make it less competitive compared to other financial market players by prolonging the process or preliminary approval of transactions.</p>
2	<p>Other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance that the company considers important.</p>		

10. Other information

10.1. Details of VTB Bank

General information	
Full name	VTB Bank (public joint-stock company)
Main activity	Banking activities
Period of activity in the banking industry	Since 1990
OGRN (Primary State Registration Number)	1027739609391, issued by Interdistrict Tax Inspectorate No. 39 of the Russian Tax Ministry, Moscow, 22 November 2002
General banking licence	No. 1000
Legal address	29 Bolshaya Morskaya St., St. Petersburg, 190000, Russia
Postal address	JSC VTB Bank, 43 bldg 1 Vorontsovskaya St., Moscow 109147
Call centre	8 800 200 7799 (toll-free in Russia) +7 (495) 739 7799
Fax	+7 (495) 258 4781
Email	info@vtb.ru (for inquiries and offers) compliance@msk.vtb.ru (for insiders)
Website	http://www.vtb.ru/
Details	
Code of Russian National Classifier of Businesses and Organisations	00032520
INN (Taxpayer Identification Number)	7702070139
Correspondent account at the Bank of Russia, Central Federal District	30101810700000000187
Russian BIC	044525187
All-Russian Classifier of Administrative Division	40262563000
Taxpayer Record Validity Code	997950001
TELEX	412362 BFTR RU
Teletype	114624 CRINUM
SPRINTMAIL	PROTOCOL/MOSVTBO/CEA
SWIFT	VTBRRUMM VTBRRUMM SEC VTBRRUMM CSD (depository)

10.2. Dividends of VTB Bank

Dividend payments

VTB Bank’s Annual General Meeting of Shareholders on 25 June 2015 approved the payment of dividends for 2014 in the amount of RUB 0.00117 per ordinary nominal share with a par value of RUB 0.01 and RUB 0.000132493150684932 per preferred share with a par value of RUB 0.01. The total amount of dividends was RUB 18.0 billion, including RUB 15.164 billion on ordinary shares (RUB 15.034 billion for 2013) and RUB 2.836 billion on preference shares (not paid out for 2013).

In accordance with a decision of the Annual General Meeting of Shareholders, the record date for dividends for 2014 was 6 July 2015. Dividends were paid in the time set out by law. As of 31 December 2015, the amount paid in dividends amounted to RUB 15,161,799.44 thousand, with the proportion of dividends paid out of the total declared dividends amounting to 99.987%. Dividends on preferred shares were paid in full.

2010-2014 dividend payments

	2010	2011	2012	2013	2014
Net profit in accordance with RAS (RUB million)	43,343	24,406	18,096	34,485	19,674
Total amount of dividend payments (RUB million)	6,067	9,205	14,959	15,034	18,000
Dividend payout ratio (% of net profit in accordance with RAS)	14	38	83	44	91
Dividend payout ratio (% of net profit in accordance with IFRS)	11	10	17	15	2,250
Dividend payout for ordinary shares (RUB million)	6,067	9,205	14,959	15,034	15,164
Dividend payout for preference shares (RUB million)	-	-	-	-	2,836
Dividend amount per ordinary share (RUB)	0.00058	0.00088	0.00143	0.00116	0.00117
Dividend amount per preference share (RUB)	-	-	-	-	≈0.000132

The amount of dividends paid to major shareholders was as follows:

- The Russian Federation, represented by the Federal Agency for State Property Management: RUB 9,240,048,558.34;
- The Russian Federation, represented by the Ministry of Finance of the Russian Federation: RUB 2,835,856,504.46.

Since 2014, dividends have been paid using the ‘cascade’ payment mechanism. The mechanism provides that issuers transfer the total amount of dividend to the first level of nominal holders appearing on the shareholder register, who in turn distribute it among beneficial owners, or other custodians and depository banks, who in turn are obliged to further transfer dividends to ultimate shareholders. Ultimate shareholders appearing on the list of owners receive dividends directly from the issuer.

Dividend policy

One of the main rights of VTB Bank’s 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 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, which is posted on the Bank’s official website:

<http://www.vtb.ru/group/documents/#regulation>.

The size of the dividend payment per share, as well as the period and form of payment are determined at the General Meeting of Shareholders. The size of the dividend payment cannot exceed the amount recommended by the Supervisory Council. The amount of accrued dividends per VTB share is calculated to the nearest kopeck. Rounding is performed in accordance with the rules of mathematical rounding.

The date when the list of persons entitled to a share of the bank’s net profit is compiled should be determined at the General Meeting of Shareholders, but can be no sooner 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 payout 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.

Shareholders appearing on the register receive dividends by postal order or bank transfer to the shareholders’ accounts at their request (if bank details are provided). 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 current legislation, which was amended on 1 January 2014, does not provide for cash dividend payments.

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.

On 29 January 2016, VTB Bank’s Supervisory Board approved a new version of the Regulations on the Dividend Policy of VTB Bank (public joint-stock company). In accordance with the new version of the Regulations, the recommended amount for dividend payouts shall be determined by the Bank’s Supervisory Board on the basis of the Bank’s consolidated financial statements in accordance with IFRS. The recommended amount of dividend payments, according to the Regulations, is not less than 25% of the consolidated net profit according to IFRS.

Dividend taxation

A tax agent calculates and deducts tax from the dividend payments it makes at year-end. Since 1 January 2014, when income is distributed in the form of dividends on shares issued by a Russian organisation, a tax agent can be considered not only an issuer of these shares, but also, in cases stipulated by law, a trustee, a depository and so on.

Given the above, and taking into account that the income tax is calculated and withheld by a tax agent, mutual funds, foreign institutional and individual investors can apply for a tax exemption or a reduced tax rate on dividends received by submitting documents that demonstrate that they have the right to preferential tax treatment to the Bank's registrar, CJSC VTB Registrar, or to the depository where his or her shares are registered. In the case of share transfer to beneficial ownership, documents should be submitted to

a trust manager. A complete list of the required documents can be found in the Investor Relations section of www.vtb.ru.

Since 1 January 2015, the tax rate on dividends has changed, and for both individuals and legal entities that are residents of the Russian Federation it now amounts to 13% (previously it was 9%), and 15% for non-residents. This rate applies to the total dividend sum, which can be less than the total volume of payments based on the income received by VTB Bank as dividends from participating in other companies, as tax has already been paid on these amounts.

If a double taxation agreement applies, tax payments are made in accordance with the rate specified in the agreement, taking into account Russian legislation.

11. Contact information

VTB Bank branch network

Branch of JSC VTB Bank in Voronezh

Address: 58 Revolyutsii Avenue,
Voronezh 394018
Phone: +7 4732 53 1926

Branch of JSC VTB Bank in Moscow

Address: 12 Presnenskaya Emb., 3rd floor,
Moscow 123317
Phone: +7 495 739 7799

Branch of JSC VTB Bank in Rostov-on-Don

Address: 62 bldg 284 Voroshilovsky Avenue,
Rostov-on-Don 344000
Phone: +7 8632 97 2728

Branch of JSC VTB Bank in Stavropol

Address: 7 Marshala Zhukova St.,
Stavropol 355000
Phone: +7 8652 26 1754

Branch of JSC VTB Bank in Nizhny Novgorod

Address: 4 Reshetnikovskaya St., GSP 78,
Nizhny Novgorod 603950
Phone: +7 831 428 1801

Branch of JSC VTB Bank in Ekaterinburg

Address: 5 Marshala Zhukova St.,
Ekaterinburg 620014
Phone: +7 343 379 6696

Branch of JSC VTB Bank in Krasnoyarsk

Address: 3B Krasnaya Sq., Krasnoyarsk Territory,
Krasnoyarsk 660021
Phone: +7 3912 56 0802

Branch of JSC VTB Bank in Khabarovsk

Address: 7 Moskovskaya St.,
Khabarovsk 680000
Phone: +7 4212 41 3601

Banks and financial companies of VTB Group in Russia

JSC VTB Bank

Address: 29 Bolshaya Morskaya St.,
St. Petersburg 190000
Phone: 8 800 200 7799 (toll-free in Russia);
+7 495 739 7799
Fax: +7 495 258 4781
Website: www.vtb.ru
E-mail: info@vtb.ru

VTB 24 (PJSC)

Address: 35 Myasnitskaya St., Moscow 101000
Phone: 8 800 100 2424, +7 495 777 2424
Fax: +7 495 980 4666
Website: www.vtb24.ru
E-mail: info@vtb24.ru

OJSC Bank of Moscow

Address: 8/15 bldg 3 Rozhdestvenka St.,
Moscow 107996
Phone: +7 495 925 8000
Fax: +7 495 795 2600
Website: <http://www.bm.ru>
E-mail: info@mmbank.ru

PJSC Leto Bank

Address: 8 Preobrazhenskaya Sq., Moscow 107061
Phone: 8 800 510 9510
Fax: +7 495 646 5814
Website: <http://www.letobank.ru>
E-mail: welcome@letobank.ru

CJSC Holding VTB Capital

Address: Federation Tower West,
12 Presnenskaya Emb., Moscow 123100
Phone: +7 495 960 9999
Fax: +7 495 664 4700
Website: www.vtbcapital.ru
E-mail: info@vtbcapital.com

Insurance Company VTB Insurance Ltd

Address: 8 bldg 1 Chistoprudnyi Blvd,
Moscow 101000
Phone: +7 495 580 7333, +7 495 644 4440;
8 800 100 4440 (toll-free in Russia)
Fax: +7 495 589 2408
Website: www.vtbins.ru
E-mail: info@vtbins.ru

OJSC VTB Leasing

Address: 10 2nd Volkonskiy Per., Moscow 127473
Phone: +7 495 514 1651
Fax: +7 495 514 1650
Website: www.vtb-leasing.com
E-mail: inbox@vtb-leasing.com

VTB Factoring Ltd

Address: 52 bldg 1, Kosmodamianskaya Emb.,
Moscow 115054
Phone: +7 495 783 3534
Fax: +7 495 783 3534
Website: www.vtbf.ru
E-mail: factoring@vtbf.ru

CJSC VTB Registrar

Address: 23 Pravdy St., Moscow 125040
Phone: +7 495 787 4483
Fax: +7 499 257 1700
Website: www.vtbreg.ru
E-mail: info@vtbreg.ru

CJSC VTB Specialised Depositary

Address: 35 Myasnitskaya St., Moscow 101000
Phone: +7 495 956 3070
Fax: +7 495 956 3071
Website: www.vtbsd.ru
E-mail: info@vtbsd.ru

NPF VTB Pension Fund

Address: 43 bldg 1 Vorontsovskaya St.,
Moscow 109147
Phone: +7 495 668 6111
Fax: +7 495 668 6111
Website: www.vtbnpf.ru
E-mail: info@vtbnpf.ru

VTB Real Estate Ltd

Address: 70 Mosfilmovskaya St.,
Moscow 119590
Phone: +7 495 925 4570
Fax: +7 495 925 4570
Website: www.vtbr.ru
E-mail: info@vtbr.ru

MultiCarta Ltd

Address: 43 Vorontsovskaya St.,
Moscow 109147
Phone: +7 495 784 6055, +7 495 785 1515
Fax: +7 495 785 1224
Website: www.multicarta.ru
E-mail: info@multicarta.vtb.ru

OJSC VTB DC

Address: room 47, office XIV, 8 2nd Brestskaya St.,
Moscow 125047
Phone: +7 495 795 0042
Fax: +7 495 795 0044

VTB Group banks outside of Russia

Banks and financial companies in Europe

VTB Capital Plc

Address: 14, Cornhill,
London EC3V 3ND,
United Kingdom
Phone: +44 20 3334 8000
Fax: +44 20 3345 8900
Website: www.vtbcapital.com

VTB Bank (Austria) AG

Address: Postfach 560, Parkring 6,
Wien A-1010, Austria
Phone: +43 15 153 50
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Website: www.vtb.at
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VTB Bank (France) SA

Address: 86 Boulevard Haussmann 75008
Paris Cedex 08, France
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Fax: +33 14 006 4848
Website: <http://france.vtb.com>

VTB Bank (Deutschland) AG

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Main, Germany
Phone: +49 69 216 80
Fax: +49 69 216 86319
Website: www.vtb.de
E-mail: service@vtb.de

RCB Bank Ltd

Address: 2 Amathuntos St., P.C.3105, PO Box 56868,
3310 Limassol, Cyprus
Phone: +357 2583 7300
Fax: +357 2534 2192
Website: www.rcbcy.com
E-mail: rcb@rcbcy.com

VTB Bank JSC Belgrade

Address: 2 Balkanska St., Belgrade 11000, Serbia
Phone: +381 11 395 2200
Fax: +381 11 395 2240
Website: www.vtbbanka.rs
E-mail: info@vtbbanka.rs

Banks in the CIS and Georgia

PJSC VTB Bank

Address: 8/26 T. Shevchenko Blvd./Pushkinskaya St.,
Kiev 01004, Ukraine
Phone: +380 44 391 5409, +380 44 593 6952
Fax: +380 44 391 5409
Website: www.vtb.com.ua
E-mail: info@vtb.com.ua

CJSC VTB Bank (Belarus)

Address: 14 Moskovskaya St., Minsk 220007, Belarus
Phone: +375 17 309 1515
Fax: +375 17 309 1530
Website: www.vtb-bank.by
E-mail: info@vtb-bank.by

CJSC Bank VTB (Armenia)

Address: 46 Nalbandyana St., Yerevan 0010, Armenia
Phone: +374 1056 5860
Fax: +374 1056 5578
Website: www.vtb.am
E-mail: headoffice@vtb.am

OJSC VTB Bank (Azerbaijan)

Address: 38 Khatai Avenue, Baku AZ1008, Azerbaijan
Phone: +99 412 492 0080;
Fax: +99 412 437 7121
Website: www.vtb.az
E-mail: info@vtb.az

JSC VTB Bank (Kazakhstan)

Address: 28B Timiryazeva St., Almaty 050040
Phone: +7727 330 5050
Fax: +7727 330 4050
Website: www.vtb-bank.kz
E-mail: info@vtb-bank.kz

JSC VTB Bank (Georgia)

Address: 14 Chanturia St.,
Tbilisi 0108, Georgia
Phone: +99 532 224 2424
Fax: +99 532 293 3291
Website: www.vtb.ge
E-mail: info@vtb.ge

Banks and financial companies in Asia and Africa

Banco VTB Africa S.A.

Address: 22 Rua da Missao,
Luanda, Angola
Phone: +244 222 39 0307,
+244 222 39 2227, +244 222 39 5696
Fax: +244 222 39 5889
Website: www.vtb.ao
E-mail: info@vtb.ao

Vietnam-Russia Joint Venture Bank

Address: 1st & 2nd Floor, Building N1 Yet Kieu St.,
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Website: <http://www.vrbank.com.vn/>
E-mail: vrbank@vrbank.com.vn

Branches and representative offices abroad

JSC VTB Bank Branch in Shanghai (China)

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JSC VTB Bank in New Delhi (India)

Address: Taj Mahal Hotel, 1 Mansingh Rd.,
New Delhi 110011, India
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Website: www.vtbindia.cin

Representative office of JSC VTB Bank in China

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Beijing 100004, China
Phone: +86 10 8526 2800
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E-mail: chinavtb@public3.bta.net.cn

Representative office of JSC VTB Bank in Italy

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Contact information for shareholders

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E-mail: Info@vtb.ru

Chief of staff of the Supervisory Council –
Corporate Secretary

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E-mail: InvestorRelations@vtb.ru

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(individual shareholders)

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E-mail: Shareholders@vtb.ru

Shareholders Consultative Council

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www.facebook.com/ksavtb
www.twitter.com/ksavtb

Phone: +7 985 774 3155
E-mail: KSA@vtb.ru

VTB Bank Shareholders' Centre in Moscow

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VTB Bank Shareholders' Centre in St. Petersburg

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St. Petersburg
Phone: +7 812 494 9446

VTB Bank Shareholders' Centre in Ekaterinburg

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Phone: +7 343 379 6615

Auditor

Ernst and Young LLC
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Moscow 115035, Russia
Phone: +7 495 755 9700

Depository bank for VTB GDR programme

The Bank of New York Mellon
Legal address:
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Postal address:
BNY Mellon, Depository Receipts Division
101 Barclay Street — 22nd Floor
New York, NY 10286, USA

Registrar

JSC VTB Registrar

Legal address:
23 Pravdy St., Moscow 125040, Russia
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E-mail: Info@vtbreg.ru

VTB shareholder mobile application



