

In accordance with the instructions of the Government of the Russian Federation (Directive No. 4955p-P13 of 17 July 2014), the Programme's implementation is subject to an annual audit.

The audit of the Programme's implementation is governed by the Bank-approved Standards for Conducting an Audit of the Implementation of the Long-Term Development Programme, which contains information about the procedures of the planned audit, the procedures for the tender to select an auditor, conducting 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.

The audit of the implementation of the Programme for 2018 was carried out by Ernst & Young LLC, and an audit report was prepared based on the audit results. The Supervisory Council reviewed the report on the fulfilment of the Programme for 2018 and the results of the audit. On the basis of these procedures, the auditor concluded that the information in the report fairly represents:

- the actual values of the Bank's performance indicators specified by the Programme for the year ending on 31 December 2018, and the extent of the attainment of the target values;
- information about the reasons for failing to implement measures included in the Programme, and deviations in the actual values of the Bank's performance indicators against those envisaged in the Programme for the year ending on 31 December 2018.

Key Performance Indicators (KPIs)

An important element in monitoring the attainment of the objectives of the Strategy and the Programme is the inclusion of key performance indicators (KPIs) in the system of incentives for responsible persons, guaranteeing employees a uniform course of action for the attainment of strategic goals.

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

- A list of key performance indicators to measure the performance of members of VTB Bank's Management Board (Minutes No. 18 of the Bank's Supervisory Council of 1 December 2017);

- The Method for Calculating and Evaluating the KPI "Return on Shareholder Investment" (Minutes No. 26 of the Bank's Supervisory Council of 30 December 2014);
- The Procedure for Determining the Expected Amount of Remuneration for the Members of the Bank's Management Board Depending on the Degree of Fulfilment of the KPIs (Minutes No. 26 of the Bank's Supervisory Council of 30 December 2014);
- Regulation on Remuneration of the Bank's Executive Bodies and the Key Performance Indicators for Their Activities (Minutes No. 2 of the Bank's Supervisory Council of 26 February 2018).

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

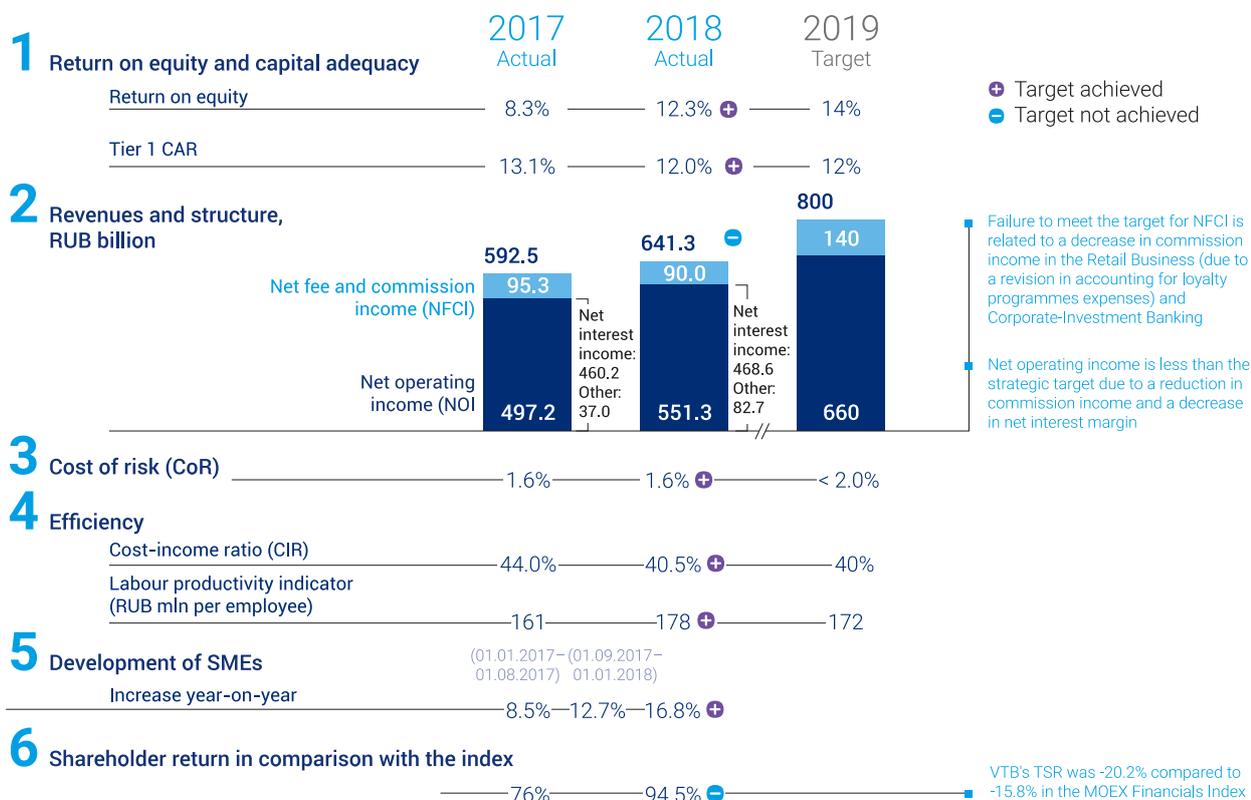
- appropriate remuneration for the tasks performed, the results of activities and the level of risks taken;
- correlation between the remuneration of the Bank's executive bodies and the achievement of the objectives and tasks specified in the Programme;
- correlation between the chief executive officer's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

Information on the link between the expected amount of the variable part of remuneration for VTB Bank's Management Board and the execution of the established KPIs can be found in the Procedure for Determining the Variable 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 key performance indicators are developed to assess the activities of the Bank's executive bodies, taking into account the areas of activity of the Bank's respective managers. It is also possible to use individual indicators for each respective manager to determine how successfully various projects/tasks/programmes have been implemented.

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

Key performance indicators of the Group



Detailed information on the Group's financial results for 2018 can be found in the "Financial review" section.