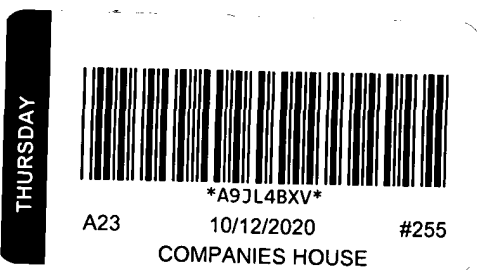


VTB CGI LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2019

Registered No: 07759905



VTB CGI LIMITED

REPORT AND FINANCIAL STATEMENTS **31 December 2019**

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VTB CGI LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|------------------------------|---|
| Board of Directors: | N. Hutt J.S. Klus |
| Company Secretary: | R. Munger |
| Independent Auditors: | Ernst & Young LLP 25 Churchill Place, London E14 5EY |
| Registered office: | 14 Cornhill London EC3V 3ND |
| Registration number: | 07759905 |

VTB CGI LIMITED

Introduction

The directors have pleasure in presenting the Strategic Report, Directors' Report and the Accounts of VTB CGI Ltd (the "Company") for the year ended 31 December 2019.

STRATEGIC REPORT

Principal activities

The principal activities of the Company which are unchanged from last year is to undertake transactions of "strategic nature" for VTB Capital Plc ("VTBC"), its related company undertaking, a bank incorporated in England. VTBC's and the Company's ultimate parent company is JSC VTB Bank (PJSC) ("VTB" and together with its subsidiaries the "VTB Group").

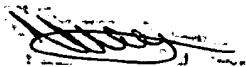
Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered to be consistent with the nature and volume of its activities. Prior to Financial Year 2013, the Company had undertaken one strategic transaction since incorporation which matured in June 2012. In April 2014 another strategic transaction took place which matured on 12 April 2016.

Going forward, when suitable transactions arise that, from a business and commercial perspective, structurally fit within the company's risk appetite, then they will be transacted within this entity. While new opportunities are actively sought on an ongoing basis by its immediate parent company, shareholder VTB Capital PE Investment Holding (Cyprus) Limited, no new transactions have been undertaken during the financial period under review.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks are described in note 3 of the financial statements.

The Company's principal risks and uncertainties are managed with the principal risks and uncertainties of the VTB Capital Plc group of Companies, ("VTBC Group"). The principal risks and uncertainties of the VTB Group, which include those of the Company, are explained in the VTBC Group's Annual Report and Accounts which does not form part of this report.



N. Hutt
Director

7 December 2020

REPORT OF BOARD OF DIRECTORS

The Board of Directors presents its annual report and audited financial statements of VTB CGI Ltd (the "Company") for the year ended 31 December 2019.

Results

The Company's results for the year are set out on page 9. The Company reported a nil profit (2018: loss of EUR 20,505). No dividend has been proposed.

Going concern

Company's business activities, its business model and strategy are described in the Strategic Report, whilst Note 3 to the financial statements includes, or references, the Company's objectives, policies and processes in respect of financial risk management, capital and liquidity profile. Based on its review of the above information and after making enquiries, the Directors along with the Company's management have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resource to continue in business for a period of at least 12 months from the date of signing the Financial Statements. The Directors and management are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Post the 31 December 2019 year end, the global COVID-19 outbreak has significantly impacted the global economy as a wide range of industries were disrupted, particularly travel, retail, commodities (mainly oil) and hospitality. With this, management have completed its assessment of the impact of the Covid-19 outbreak to the business and have concluded that there were no significant events identified which remain to be adjusted in the financial statements given the nature of the Company's principal activities.

VTB Group is also a systemically important financial institution within Russia and remains majority owned by the Government of Russia, who has shown demonstrable support during previous periods of crisis and, given the level of foreign currency reserves at their disposal, has the ability to do so again.

As the Company does not hold any Investments in Subsidiaries and does not have any material receivables from Companies within VTB Group, the Directors have agreed that the Financial Statements should continue to be prepared on the going concern basis.

Share capital

Authorised

Under its Memorandum of Association, the Company fixed its share capital at 1 ordinary share of nominal value of EUR 1.17 each. On 9 April 2013, the Company authorised to allot up to maximum of 30,000,000 redeemable shares of EUR 1 to VTB Capital PE Investment Holding (Cyprus) Limited.

Issued

Upon incorporation on 2 September 2011, the Company issued 1 ordinary share of GBP1 to VTB Capital Plc. On 8 April 2013, this ordinary share was transferred to VTB Capital PE Investment Holding (Cyprus) Limited for USD 2 and on 11 April 2013, the ordinary share was redenominated to EUR 1.17. On 15 April 2013, the company issued 29,700,000 redeemable shares of EUR 1 each in the share capital of the Company to VTB Capital PE Investment Holding (Cyprus) Limited. Redeemable shares were redeemable at any time at the option of VTB Capital PE Investment Holding (Cyprus) Limited, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 10 April 2014. The shares were not redeemable by the expiry date. On 18th September 2019 the loan receivable from VTB Capital PE Investment Holding (Cyprus) Limited (the sole shareholder of the Company) in the amount of EUR 20,000,000 was fully repaid by way of reduction of share capital of the Company.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

REPORT OF BOARD OF DIRECTORS (continued)

Events after the reporting period

During the Board meeting held on 30 November 2020, it was agreed that Share Capital of EUR 9,700,001 and Capital Contribution Reserve of EUR 105,150 would be reduced by the Accumulated Losses of EUR 9,805,150.

Post the 31 December 2019 year end, the global COVID-19 outbreak has significantly impacted the global economy as a wide range of industries were disrupted, particularly travel, retail, commodities (mainly oil) and hospitality. With this, management have completed its assessment of the impact of the Covid-19 outbreak to the business and have concluded that there were no significant events identified which remain to be adjusted in the financial statements given the nature of the Company's principal activities.

VTB Group is also a systemically important financial institution within Russia and remains majority owned by the Government of Russia, who has shown demonstrable support during previous periods of crisis and, given the level of foreign currency reserves at their disposal, has the ability to do so again.

As the Company does not hold any Investments in Subsidiaries and does not have any material receivables from Companies within VTB Group, the Directors have agreed that the Financial Statements should continue to be prepared on the going concern basis.

Independent Auditors

The Independent Auditors, Ernst & Young LLP, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes In Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make estimates and judgements that are reasonable.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the VTB CGI Limited financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are on page 1, confirm that, to the best of each person's knowledge and belief:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic and other reports contained on pages 2 to 5 include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

VTB CGI LIMITED

REPORT OF BOARD OF DIRECTORS (continued)

Disclosure of information to auditors

This information is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006. Each person who is a Director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware,
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information, and
- The information given in the director's report is consistent with the financial statements.

By order of the Board of Directors,



R. Munger
Secretary

7 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VTB CGI LIMITED

Opinion

We have audited the financial statements of VTB CGI Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 and 12 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting financial markets, personnel availability for work or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

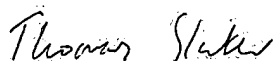
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas Slater (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
08 December 2020

VTB CGI LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

| | Note | 2019 EUR | 2018 EUR |
|---|------|-------------|-------------|
| Re-charges fees | | - | (374) |
| Administration and other expenses | 4 | - | (20,640) |
| Operating profit/(loss) | | - | (21,014) |
| Finance income | 5 | - | 654 |
| Finance cost | 5 | - | (145) |
| Profit/(loss) before tax | | - | (20,505) |
| Tax | 6 | - | - |
| Net profit/(loss) for the year | | - | (20,505) |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total income/(loss) and comprehensive expense attributable to the owners of the parent | | - | (20,505) |

The accompanying notes form an integral part of these financial statements.

VTB CGI LIMITED

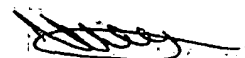
STATEMENT OF FINANCIAL POSITION 31 December 2019

| | Note | 2019 EUR | 2018 EUR |
|------------------------------------|------|-------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Loan Receivable from related party | 9.2 | - | 20,000,000 |
| | | - | 20,000,000 |
| Current assets | | | |
| Receivable | 9.1 | 1 | 1 |
| | | 1 | 1 |
| Total assets | | 1 | 20,000,001 |

EQUITY AND LIABILITIES

| | | | |
|-------------------------------------|---|-------------|-------------------|
| Equity | | | |
| Share capital | 7 | 9,700,001 | 29,700,001 |
| Capital Contribution Reserve | 8 | 105,150 | - |
| Accumulated losses | | (9,805,150) | (9,805,150) |
| Total equity | | 1 | 19,894,851 |
| Current liabilities | | | |
| Trade and other payables | 9 | - | 105,150 |
| Total liabilities | | - | 105,150 |
| Total equity and liabilities | | 1 | 20,000,001 |

On⁷ December 2020 the Board of Directors of VTB CGI Limited authorised these financial statements for issue.



.....
N. Hutt
Director

The accompanying notes form an integral part of these financial statements.

VTB CGI LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

| | Share capital | Capital Contribution Reserve | Accumulated losses | Total |
|-----------------------------|-------------------|------------------------------------|-----------------------|-------------------|
| | EUR | EUR | EUR | EUR |
| Balance at 31 December 2017 | 29,700,001 | - | (9,784,645) | 19,915,356 |
| Total comprehensive loss | - | - | (20,505) | (20,505) |
| Balance at 31 December 2018 | <u>29,700,001</u> | <u>-</u> | <u>(9,805,150)</u> | <u>19,894,851</u> |
| Total comprehensive profit | - | - | - | - |
| Capital Contribution | - | 105,150 | - | 105,150 |
| Redemption of shares | (20,000,000) | - | - | (20,000,000) |
| Balance at 31 December 2019 | <u>9,700,001</u> | <u>105,150</u> | <u>(9,805,150)</u> | <u>1</u> |

The accompanying notes form an integral part of these financial statements.

VTB CGI LIMITED

STATEMENT OF CASH FLOWS Year ended 31 December 2019

| | Note | 2019 EUR | 2018 EUR |
|--|------|------------------|--------------|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | |
| Expenses paid | | - | (145) |
| Re charges expenses paid | | - | (374) |
| Net cash flows used in operating activities | | - | (519) |
| Net decrease in cash and cash equivalents | | - | (519) |
| Cash and cash equivalents: | | | |
| Effect of exchange rates | | - | 1 |
| At the beginning of the year | | - | 518 |
| At the end of the year | | - | - |
| Non-cash transactions | | - | - |
| Administration expenses | | - | (20,640) |
| Trade and other payable | | 105,150 | 20,640 |
| Capital Contribution Reserve | | (105,150) | - |
| | | - | - |

VTB CGI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. Incorporation and principal activities

Country of incorporation

VTB CGI Limited (the "Company") was incorporated in United Kingdom on 2 September 2011 as a private company limited by shares. Its registered office is at 14 Cornhill, London, United Kingdom.

Principal activities

The principal activities of the Company which are unchanged from last year are to undertake transactions of strategic nature for VTB Capital Plc ("VTBC"), its related company undertaking, a bank incorporated in England. The Company's ultimate parent company is JSC VTB Bank (PJSC) ("VTB" and together with its subsidiaries the "VTB Group").

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

Going Concern

During the year to 31 December 2019, the Company reported a nil profit and its total liabilities matched its total assets of EUR 1 (2018: total assets exceeded its total liabilities by EUR 19,894,851). The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Post the 31 December 2019 year end, the global COVID-19 outbreak has significantly impacted the global economy as a wide range of industries were disrupted, particularly travel, retail, commodities (mainly oil) and hospitality. With this, management have completed its assessment of the impact of the Covid-19 outbreak to the business and have concluded that there were no significant events identified which remain to be adjusted in the financial statements given the nature of the Company's principal activities.

VTB Group is also a systemically important financial institution within Russia and remains majority owned by the Government of Russia, who has shown demonstrable support during previous periods of crisis and, given the level of foreign currency reserves at their disposal, has the ability to do so again.

As the Company does not hold any Investments in Subsidiaries and does not have any material receivables from Companies within VTB Group, the Directors have agreed that the Financial Statements should continue to be prepared on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as adopted by the European Union (collectively, 'IFRS').

In accordance with International Accounting Standard 8, 'Accounting policies, changes in accounting estimates and errors', the Company has reviewed its Accounting Policies so as to ensure that they are appropriate for the nature of the business and its operation.

The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements on the grounds that it is a wholly-owned subsidiary within the VTB Bank (PJSC) ("VTB") Group, the consolidated financial statements of which include the results of the Company, its subsidiaries and its associated undertakings and are publicly available. These financial statements, therefore, present information about the Company as an individual undertaking and not as a group.

VTB CGI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Adoption of New or Revised Standards and Interpretations

The accounting policies adopted are consistent with the accounting policies described in the 2018 Annual Report & Accounts, except for the effects of the following revised accounting standards which apply to the Company from 1 January 2019:

- IFRS 16 – Leases
- IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment
- Curing of a Credit-Impaired Financial Asset (IFRS 9 Financial Instruments)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation

IFRS16

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

As the Company does not have any leases, IFRS 16 did not have an impact on the Financial Statements.

IFRIC Interpretation 23

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The tax filings of VTBC and the subsidiaries in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

The Interpretation did not have an impact on the financial statements of the Company.

Curing of a Credit-Impaired Financial Asset (IFRS 9 Financial Instruments)

When a financial asset becomes credit-impaired, paragraph 5.4.1(b) of IFRS 9 requires an entity to calculate interest revenue by applying the 'effective interest rate to the amortised cost of the financial asset'. This results in a difference between (a) the interest that would be calculated by applying the effective interest rate to the gross carrying amount of the credit-impaired financial asset; and (b) the interest revenue recognised for that asset. The request asked whether, following the curing of the financial asset, an entity can present this difference as interest revenue or, instead, is required to present it as a reversal of impairment losses.

Appendix A to IFRS 9 defines a credit loss as 'the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls),

VTB CGI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

discounted at the original effective interest rate...'. Appendix A also defines the gross carrying amount as 'the amortised cost of a financial asset, before adjusting for any loss allowance.' Based on the definitions in Appendix A to IFRS 9, the gross carrying amount, amortised cost and loss allowance are discounted amounts, and changes in these amounts during a reporting period include the effect of the unwinding of the discount.

This did not have an impact on the financial statements of the Company.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the 'SPPI' criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. Where the prepayment is made at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instruments, the Company assesses the specific contractual cash flows for the relevant debt instruments in order to determine whether they meet the SPPI criterion.

These amendments had no impact on the financial statements of the Company.

New IFRS Standards and interpretations not yet effective nor applied

The IASB issued the following amendments, which are effective from 1 January 2020; none of which will have a material impact on the Company.

Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark based cash flows of the hedged item or the hedging instrument. The Company has elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. IAS 39 requires that for cash flow hedges, a forecast transaction must be highly probable. IAS 39 also requires that a hedging relationship only qualifies for hedge accounting if the hedging relationship is highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk. The assessment of hedge effectiveness is made prospectively and retrospectively. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective. The amendments provide reliefs from the uncertainties to allow hedging relationships to continue during the period before hedging instruments transition to RFRs.

IFRS 3 – Business Combinations – IASB issued on 22 October 2018 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – IASB issued on 31 October 2018 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

2. Significant accounting policies

Investment in subsidiary undertakings

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiary undertakings are stated at cost less impairment.

VTB CGI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Debtors

Debtors are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Creditors

Creditors are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Revenue recognition

Revenue is recognised on an accrual basis over the period where the service has been provided.

Share capital

Ordinary shares are classified as part of equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

Date of recognition of financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument.

All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment by investment basis.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

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Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are initially measured at fair value and subsequently measured using the effective interest (EIR) method and are subject to impairment. Interest income from these financial assets is presented in profit or loss separately. Any gain or loss arising on derecognition is also presented separately in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income. There are no financial assets measured at amortised cost (AC) during the year 2019 (2018: loan receivable).

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in the fair value are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is presented in profit or loss separately and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises. Interest income on from these financial assets is presented in profit or loss in a separate line than interest income from FVOCI and Amortised cost financial assets.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of comprehensive income as applicable.

Financial assets - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward looking basis the ECL for debt instruments measured at AC and FVOCI. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "Net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects the accumulated amount recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For trade and other receivables with a significant financing component the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

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Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 3.3, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Financial liabilities – Classification and Measurement

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Subsequent measurement of financial liabilities is at amortised cost, using the effective interest rate method.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over their maturity period using the effective interest method.

Payables

Payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset have expired. The Company also recognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Modifications to, and exchanges of, financial liabilities are treated as extinguishments and derecognised, when the revised terms are substantially different to the original term. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in profit or loss.

Finance costs

Interest expense and are charged to profit or loss in the statement of comprehensive income, using the effective interest rate method.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euros, which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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Tax

Income tax

Tax expense/credit comprises current tax expense/credit and deferred tax expense/credit.

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from profit as reported in Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at reporting date.

3. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company is not exposed to such risk.

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company is not exposed to interest rate risk.

3.3 Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

During 2019 and 2018, loans are receivable from related parties, are denominated in EUR, carry no interest and are unsecured. The Company's management is informed of the performance and results of the respective related parties, in order to take appropriate decisions and actions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2019 | 2018 |
|----------------------------|----------|-------------------|
| | EUR | EUR |
| Loan receivable (Note 9.3) | - | 20,000,000 |
| Receivable (Note 7) | 1 | 1 |
| | <u>1</u> | <u>20,000,001</u> |

3.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has policies in place with the objective of minimising such losses such as maintaining sufficient cash and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

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| 31-Dec-19 | Carrying amounts EUR | Contractual cash flows EUR | 3 months or less EUR | Between 3-12 months EUR | Between 1-5 years EUR | More than 5 years EUR |
|--------------------------|----------------------------|----------------------------------|----------------------------|----------------------------------|--------------------------------|-----------------------------------|
| Payable to related party | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| 31-Dec-18 | Carrying amounts EUR | Contractual cash flows EUR | 3 months or less EUR | Between 3-12 months EUR | Between 1-5 years EUR | More than 5 years EUR |
| Payable to related party | 16,269 | 16,269 | - | 16,269 | - | - |
| | 16,269 | 16,269 | - | 16,269 | - | - |

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from currency exposures with respect to the United States Dollars and British Pounds. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Liabilities | | Assets | |
|-----------------------|--------------------|-------------|---------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | EUR | EUR | EUR | EUR |
| United States Dollars | - | (14,961) | 2 | - |
| British Pounds | - | (88,883) | - | - |
| | - | (103,844) | 2 | - |

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Sensitivity analysis

The following table calculates the effect on the net (loss)/profit of the company, as at 31 December 2019 and 31 December 2018, of a reasonably possible movement of the US\$ and GBP rates against the EUR, the main foreign exchange risk to which the Company is exposed.

| | Change in exchange rate, % | Effect on equity and profit/(loss) | Change in exchange rate, % | Effect on equity and profit/(loss) |
|-----------------------|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| | | 2019 | | 2018 |
| | | € | | € |
| United States Dollars | | - | 0.73% | (110) |
| United States Dollars | | - | -2.73% | 408 |
| British Pounds | | - | 0.46% | (410) |
| British Pounds | | - | -5.46% | 4,852 |

2019 Impact is nil as all asset and liability balances are Euro as at 31st December 2019.

3.6 Capital management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's operations are currently funded by issued share capital.

4. Administration and other expenses

| | 2019 | 2018 |
|--|------|--------|
| | EUR | EUR |
| Audit fees and Other Professional fees | - | 20,640 |
| | - | 20,640 |

The auditor's remuneration for 2019 amounted to EUR 14,450 (2018: EUR 13,748); these fees will be borne by VTB Capital Plc and not recharged to VTB CGI Limited.

The directors, who held office during the year ended 31 December 2019 and at the date of this report, are listed on page 1 of these financial statements. No service contracts have subsisted between the Company and any of its directors during the year and no such contracts have come into being since the year end. None of the directors who served during the year received emoluments for services to the Company (2018: Nil).

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5. Finance Income

| | 2019 | 2018 |
|----------------------------------|-------------|--------------|
| | EUR | EUR |
| Foreign exchange | - | (145) |
| Finance cost | - | (145) |
| Foreign exchange | - | 654 |
| Other income | - | - |
| Finance income | - | 654 |
| Net (loss)/finance income | - | 509 |

6. Tax

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

| | 2019 | 2018 |
|--|-------------|-------------|
| | EUR | EUR |
| Profit / (Loss) before tax | - | (20,505) |
| Tax calculated at the applicable tax rates | - | (3,896) |
| Non-deductible expenses | - | - |
| Tax effect of unrecognised tax assets | - | 3,896 |
| Tax charge | - | - |

The Company has unutilised tax losses of EUR 2,198,140 (2018: EUR 2,218,645) at the reporting date. No deferred tax asset has been recognised in respect of these losses, because it is not considered probable that future taxable profit will be available against which they can be realised in the foreseeable future. The amount of deferred tax asset not recognised as at 31 December 2019 is EUR 373,684 (2018: EUR 377,170), using a corporation tax rate of 17%.

The government announced and substantively enacted a reduction in the corporation tax rate to 20% from April 2015. Finance (No.2) Act 2015 provides that the rate of corporation tax for the 2017 Financial Year (commencing 1 April 2017) will be 19% and that the rate from 1 April 2020 will be 18%. On 6 September 2016 the government substantively enacted Finance Act 2016 that reduced the tax rate to 17% effective from 1 April 2020. On 11 March 2020, the UK Government announced (and substantively enacted on 17 March 2020) its intention to reverse the planned rate reduction and to maintain the current rate of 19%.

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7. Share capital

| | 2019 Number of shares | 2019 EUR | 2018 Number of shares | 2018 EUR |
|--|-----------------------------|-------------------|-----------------------------|-------------------|
| Authorised | | | | |
| Ordinary shares of EUR 1.17 each | 1 | 1 | 1 | 1 |
| Redeemable shares of EUR 1 each | <u>30,000,000</u> | <u>30,000,000</u> | <u>30,000,000</u> | <u>30,000,000</u> |
| Issued | | | | |
| Balance at 1 January-Ordinary shares | 1 | 1 | 1 | 1 |
| Balance at 1 January-Redeemable shares | 29,700,000 | 29,700,000 | 29,700,000 | 29,700,000 |
| Redemption of share capital | <u>(20,000,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 31 December | <u>9,700,001</u> | <u>29,700,001</u> | <u>29,700,001</u> | <u>29,700,001</u> |

Authorised

Under its Memorandum of Association, the Company fixed its share capital at 1 ordinary share of nominal value of EUR 1.17 each. On 9 April 2013, the Company authorised to allot up to maximum 30,000,000 redeemable shares of EUR 1 to VTB Capital PE Investment Holding (Cyprus) Limited.

Issued

Upon incorporation on 2 September 2011, the Company issued 1 ordinary share of GBP 1 to VTB Capital Plc. On 8 April 2013, this ordinary share was transferred to VTB Capital PE Investment Holding (Cyprus) Limited for USD 2 and on 11 April 2013, the ordinary share was redenominated to EUR 1.17. On 15 April 2013, the company issued 29,700,000 redeemable shares of EUR 1 each in the share capital of the Company to VTB Capital PE Investment Holding (Cyprus) Limited. Redeemable shares were redeemable at any time at the option of VTB Capital PE Investment Holding (Cyprus) Limited, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 10 April 2014. The shares were not redeemable by the expiry date. On 18th September 2019 the loan receivable from VTB Capital PE Investment Holding (Cyprus) Limited (the sole shareholder of the Company) in the amount of EUR 20,000,000 was fully repaid by way of reduction of share capital of the Company.

8. Capital Contribution

Other Payables of EUR 105,150 reported in the 2019 Financial Statement were re-classified to be a Capital Contribution as the Company will not settle these liabilities.

9. Related party transactions

The Company is controlled by VTB Capital PE Investment Holding (Cyprus) Limited, incorporated in Cyprus, which owns 100% of the Company's shares. The Company's ultimate controlling party is JSC VTB Bank (PJSC) in Russia. JSC VTB Bank's (PJSC) majority shareholder is the Russian Federation state, acting through the Federal Property Agency, which holds 60.93% of VTB's issued and outstanding shares at 31 December 2019 (31 December 2018: 60.93%).

The following transactions were carried out with related parties during the year and the following balances are outstanding as at 31 December 2019:

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9.1 Receivable from shareholders

| | 2019 | 2018 |
|---|-------------|-------------|
| | EUR | EUR |
| VTB Capital PE Investment Holdings (Cyprus) Limited | <u>1</u> | <u>1</u> |
| | <u>1</u> | <u>1</u> |

Upon Incorporation on 2 September 2011, the Company issued 1 ordinary share of GBP 1 to VTB Capital Plc. On 8 April 2013, this ordinary share was transferred to VTB Capital PE Investment Holding (Cyprus) Limited for USD 2 and on 11 April 2013, the ordinary share was redenominated to EUR 1.17.

Carrying value approximate Fair Value on the basis of short-term maturities.

9.2 Payable to shareholder

| | 2019 | 2018 |
|---|-------------|----------------|
| | EUR | EUR |
| VTB Capital PE Investment Holdings (Cyprus) Limited | <u>-</u> | <u>105,150</u> |
| | <u>-</u> | <u>105,150</u> |

Carrying value approximates to Fair Value on the basis of short-term maturities.

9.3 Other transactions and loan receivable from related party

| | 2019 | 2018 |
|--|-------------|-------------------|
| | EUR | EUR |
| VTB Capital PE Investment Holding (Cyprus) Limited | <u>-</u> | <u>20,000,000</u> |
| | <u>-</u> | <u>20,000,000</u> |

On 15 April 2013, an Assignment agreement was signed between Dewa International Ltd (acting as Assignor) and the Company (acting as Assignee), according to which Dewa International Ltd assigns absolutely and with full title guarantee all of its right, title and interest, present and future, in, under and to the Relevant payments, together with all present and future claims, causes of action, payment and proceeds in respect of the loan granted to VTB PE Investment Holding (Cyprus) Limited (the sole shareholder of the Company), amounting to EUR 20,000,000. On 18th September 2019 the shareholder repaid the loan in the amount of EUR 20,000,000 on the basis that the funds are solely used to repay their share of the Share capital of the Company.

10. Contingent liabilities

The Company had no other contingent liabilities as at 31 December 2019 and 2018.

11. Commitments

The Company had no capital or other commitments as at 31 December 2019 and 2018.

12. Events after the reporting period

During the Board meeting held on 30 November 2020, it was agreed Share Capital of EUR 9,700,001 and Capital Contribution Reserve of EUR 105,150 would be reduced by the Accumulated Losses of EUR 9,805,150.

Post the 31 December 2019 year end, the global COVID-19 outbreak has significantly impacted the global economy as a wide range of industries were disrupted, particularly travel, retail, commodities (mainly oil) and hospitality. With this, management have completed its assessment of the impact of the Covid-19 outbreak to the business and have concluded that there were no significant events identified which remain to be adjusted in the financial statements given the nature of the Company's principal activities.

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VTB Group is also a systemically important financial institution within Russia and remains majority owned by the Government of Russia, who has shown demonstrable support during previous periods of crisis and, given the level of foreign currency reserves at their disposal, has the ability to do so again.

As the Company does not hold any Investments In Subsidiaries or have any material receivables, the Directors have agreed that the Financial Statements should continue to be prepared on the going concern basis.