

# VTB Group FY'2015 Results

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Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of JSC VTB Bank ("VTB") and its subsidiaries (together with VTB, the "Group").

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

We caution you that these statements are not guarantees of future performance and involve risks, uncertainties and other important factors that we cannot predict with certainty. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements.

These forward-looking statements speak only as at the date of this presentation and are subject to change without notice. We do not intend to update these statements to make them conform with actual results.

# VTB Group FY'2015 Highlights

Key selected items (in RUB bn)	FY'2015	FY'2014	Change	4Q'2015	4Q'2014	Change
Net interest income	289.1	347.3	-16.8%	93.1	84.3	10.4%
Net fee and commission income	76.2	63.1	20.8%	22.2	18.3	21.3%
Net other income	47.0	21.2	121.7%	3.2	(11.4)	-
Government grant from Deposit Insurance Agency	-	99.2	-100%	-	99.2	-100%
<b>Operating income before provisions</b>	<b>412.3</b>	<b>530.8</b>	<b>-22.3%</b>	<b>118.5</b>	<b>190.4</b>	<b>-37.8%</b>
Provision charge for impairment <sup>(1)</sup>	(178.1)	(275.4)	-35.3%	(41.2)	(109.1)	-62.2%
Staff costs and administrative expenses	(221.9)	(222.6)	-0.3%	(60.5)	(69.6)	-13.1%
<b>Net profit</b>	<b>1.7</b>	<b>0.8</b>	<b>112.5%</b>	<b>12.6</b>	<b>(4.6)</b>	<b>-</b>
<b>ROE, %</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0 bps</b>	<b>3.5%</b>	<b>-1.6%</b>	<b>510 bps</b>

**Net profit in 4Q'15 reached RUB 12.6 bn, which took the Group above breakeven for 2015, with net profit for the year at RUB 1.7 bn**

**Strong growth of fees and commissions contributed to operating income**

**Net result supported by tight cost control: costs declined despite inflation hike**

**Loan book resumed growth in 2H'2015: up 10% in FY'2015**

**Robust growth in customer deposits: up 28% in FY'2015**

**Strong capital base: 14.3% total CAR, 12.4% Tier 1 CAR**

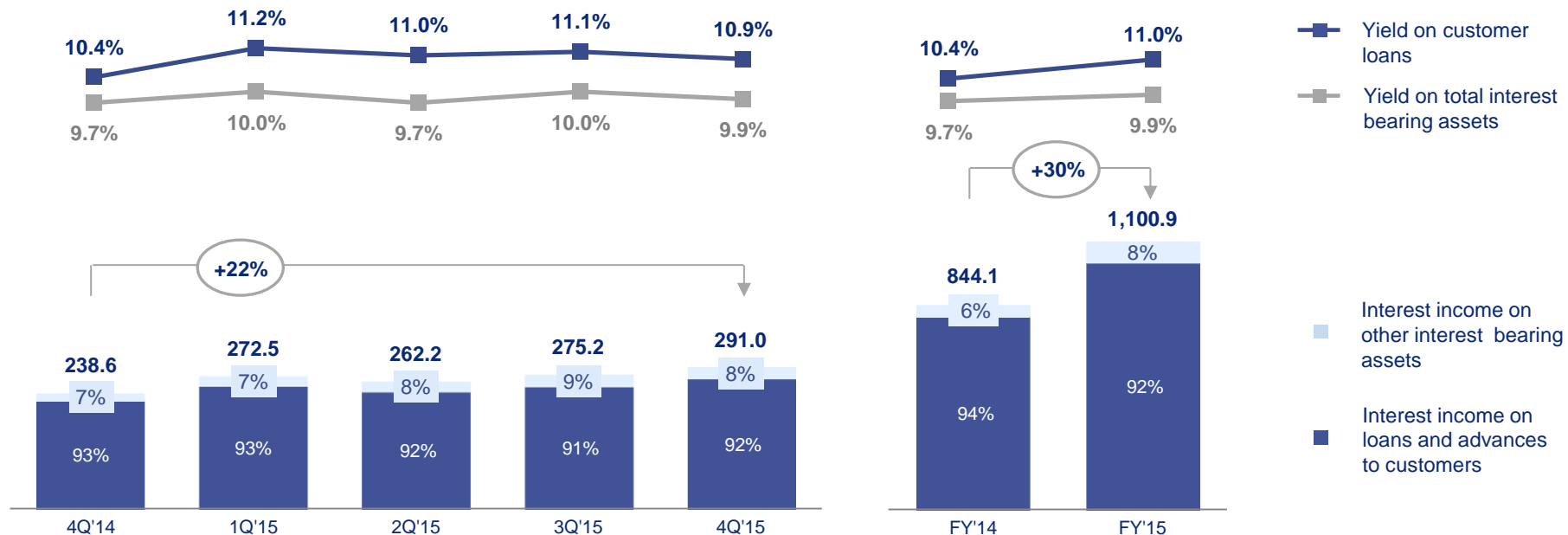
(1) Including provision charge for impairment of debt financial assets and provision charge for impairment of other assets, credit related commitments and legal claims.

## FY'2015 Targets Met

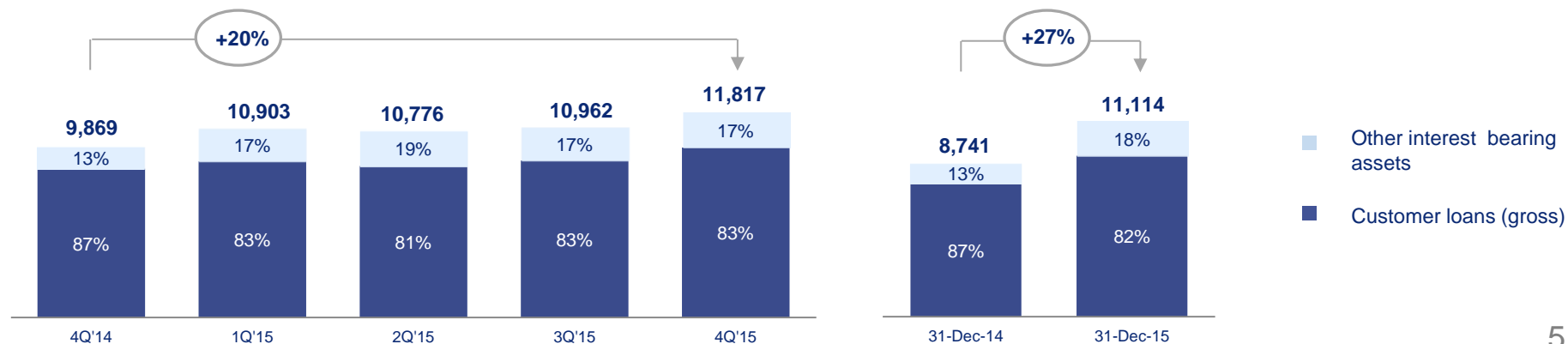
Indicator	Measurement	FY'2015 Guidance	FY'2015 Actual	Status
Loan growth				
- Loans to legal entities	% YoY	In line with the market	VTB: +13% / Market: +13%	✓
- Loans to individuals	% YoY	Flat / Above the market	VTB: +1% / Market: -6%	✓
NIM	%	2.7	2.6	✓
CoR	%	≈2.0	1.8	✓
Cost growth	% YoY	Flat	-0.3	✓
Net profit	RUB bn	Around 0	1.7	✓
NPL coverage ratio	%	Above 100	105.8	✓

# Interest Income and Average Yields

## Interest income and average yields RUB bn

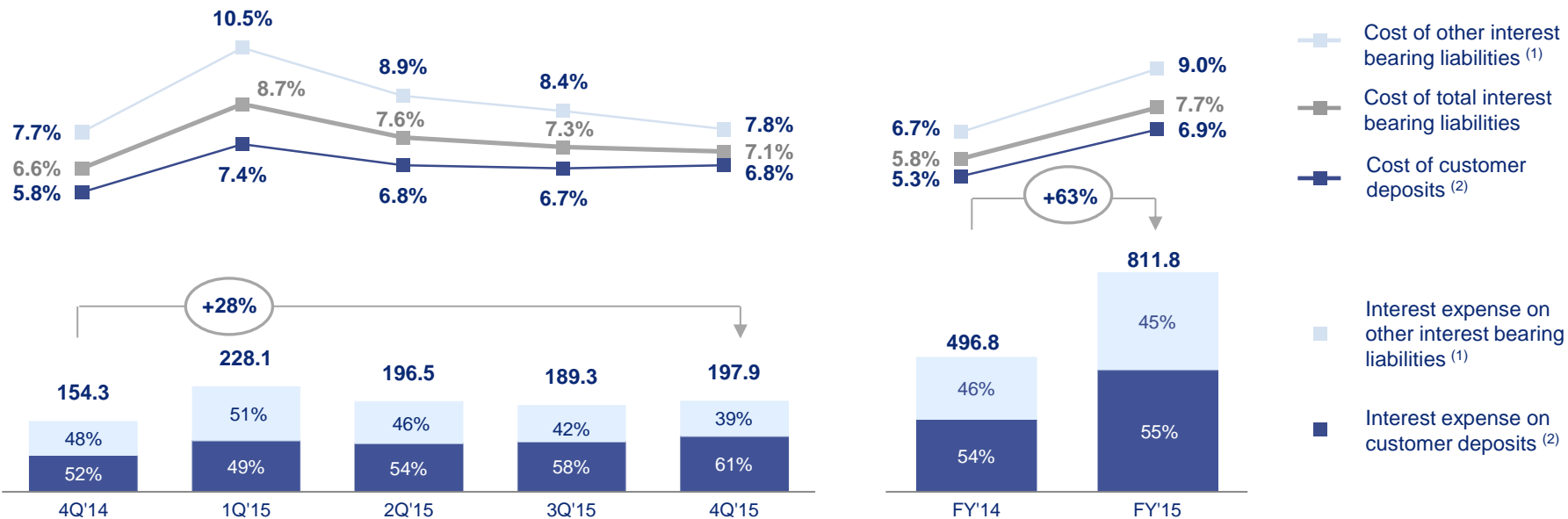


## Average interest bearing assets RUB bn

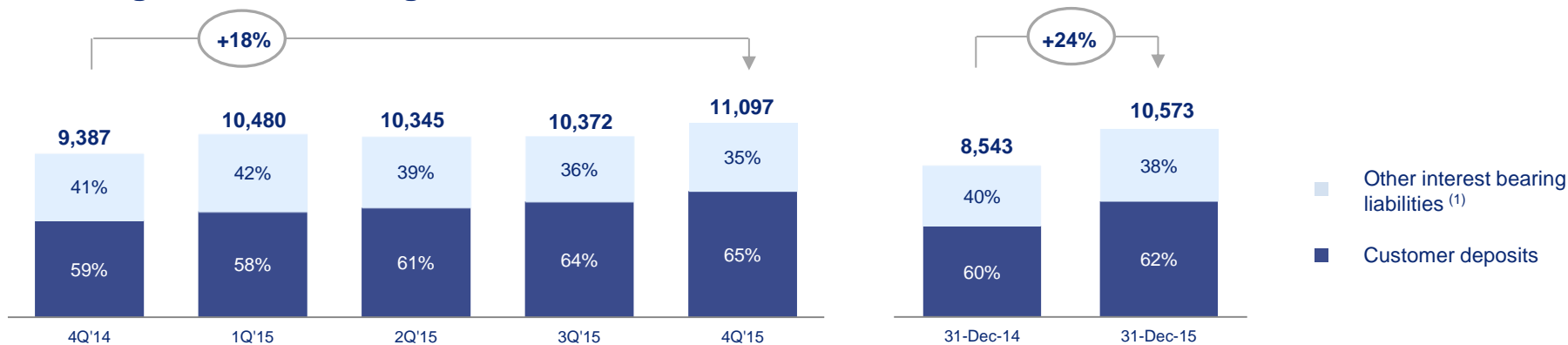


# Interest Expense and Cost of Funds

## Interest expense and cost of interest bearing liabilities RUB bn



## Average interest bearing liabilities RUB bn

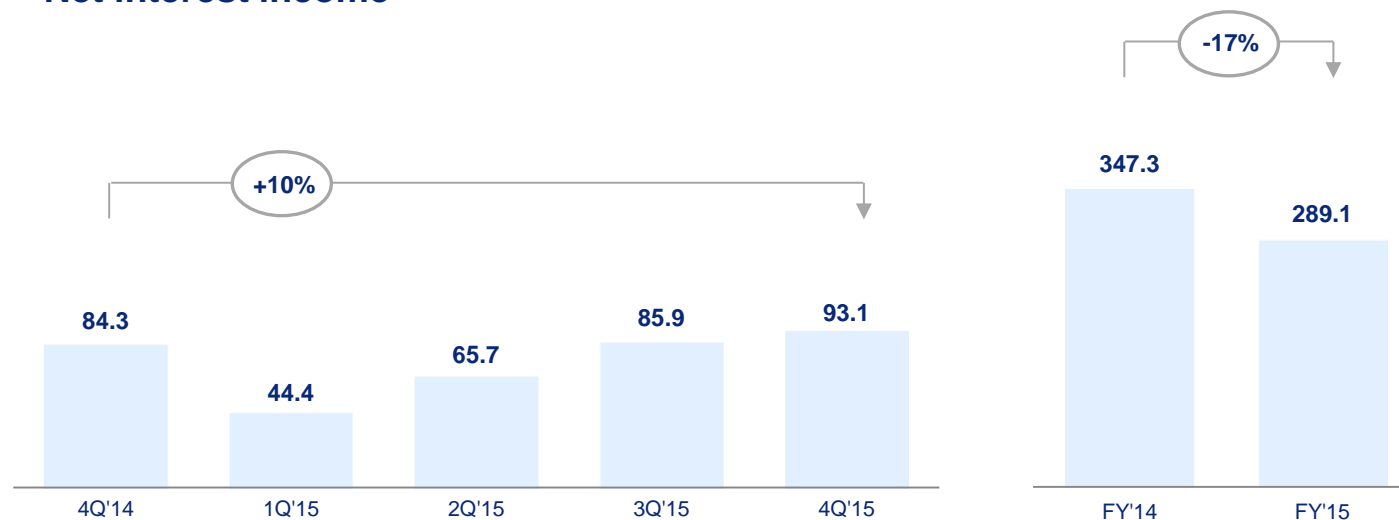


(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

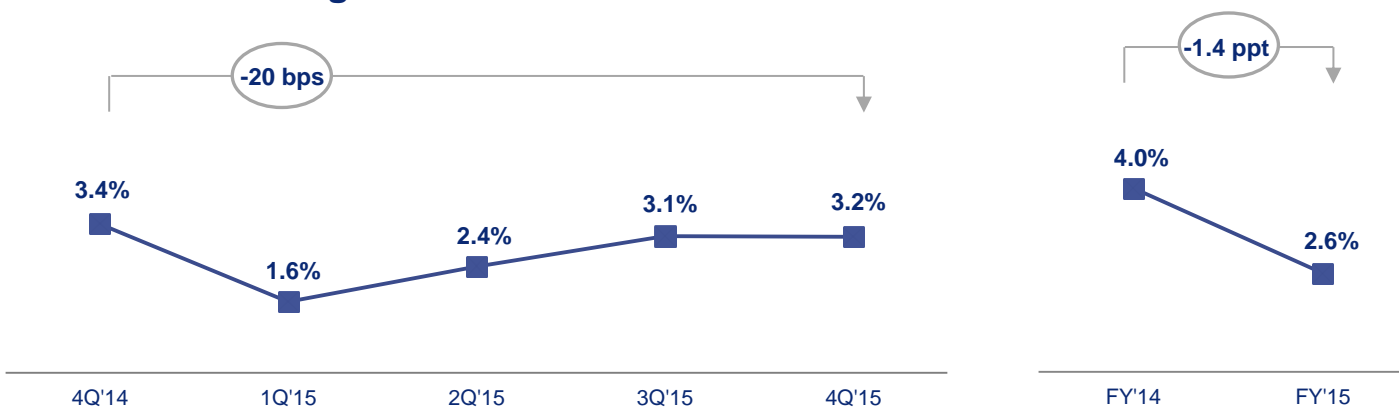
(2) Starting from 2015, the Group presents payments to deposit insurance system directly related to interest-bearing liabilities as a separate line of the net interest income. For further clarification please see Note 60 of the FY 2015 VTB Group financial statements.

# Net Interest Income <sup>(1)</sup> and NIM <sup>(2)</sup>

## Net interest income RUB bn



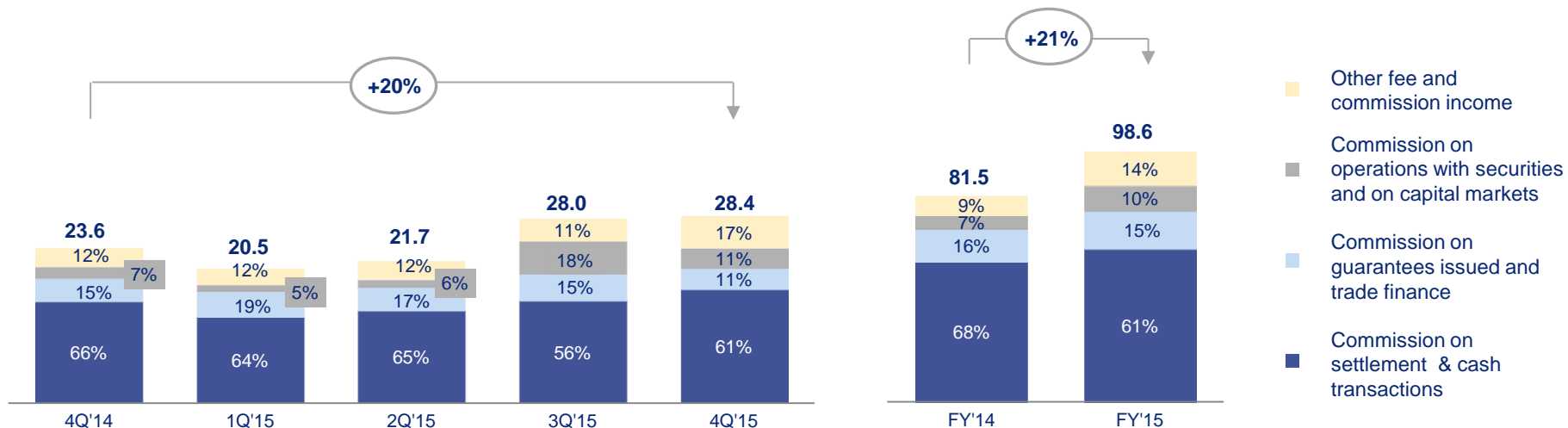
## Net interest margin %



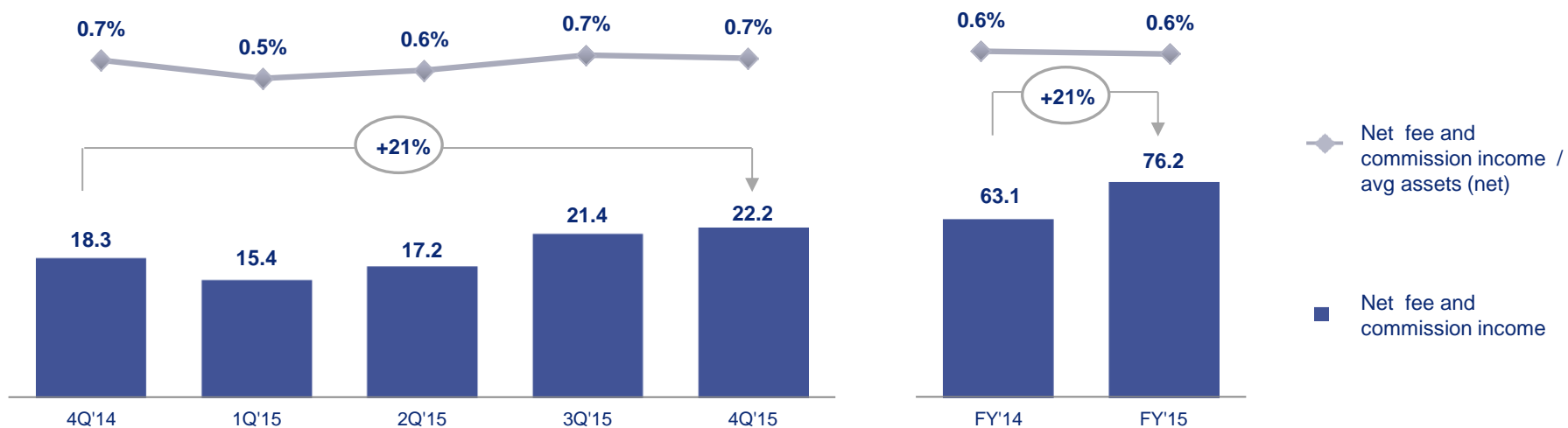
- (1) Net interest income restated for previously reported periods. Starting from 2015, the Group presents payments to deposit insurance system directly related to interest-bearing liabilities as a separate line of the net interest income. For further clarification please see Note 60 of the FY2015 VTB Group financial statements.
- (2) NIM restated for previously reported periods. Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

# Fee and Commission Income

## Fee and commission income breakdown RUB bn



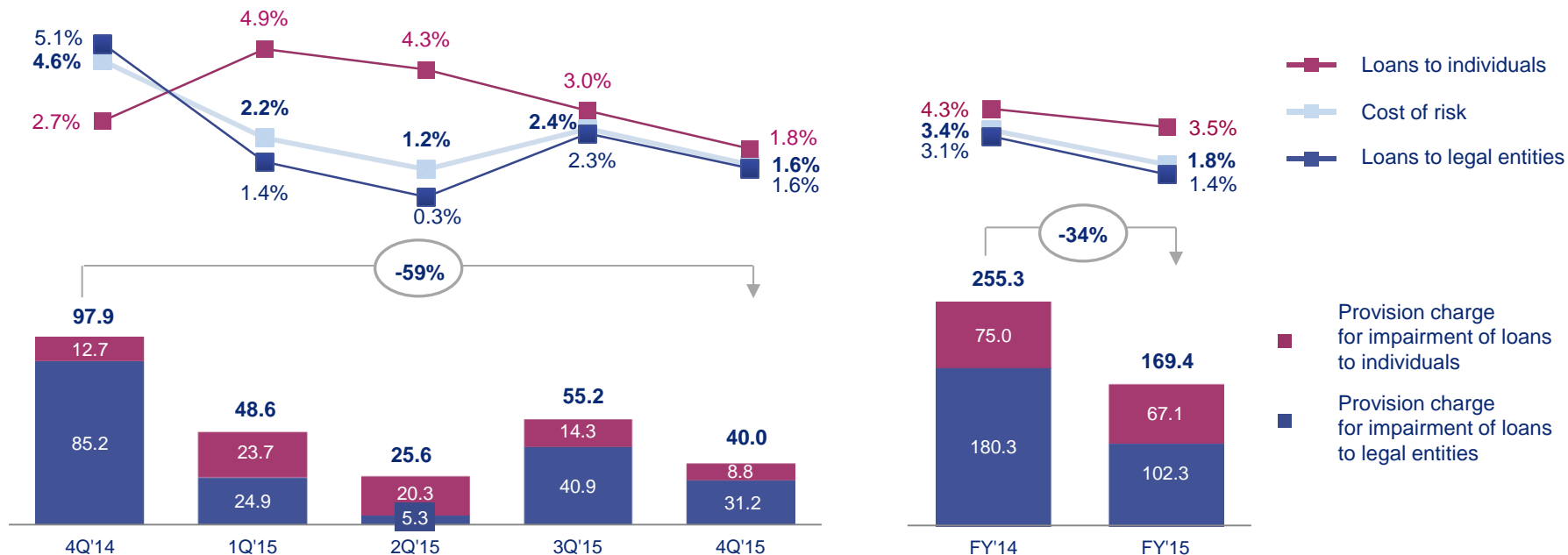
## Net fee and commission income RUB bn



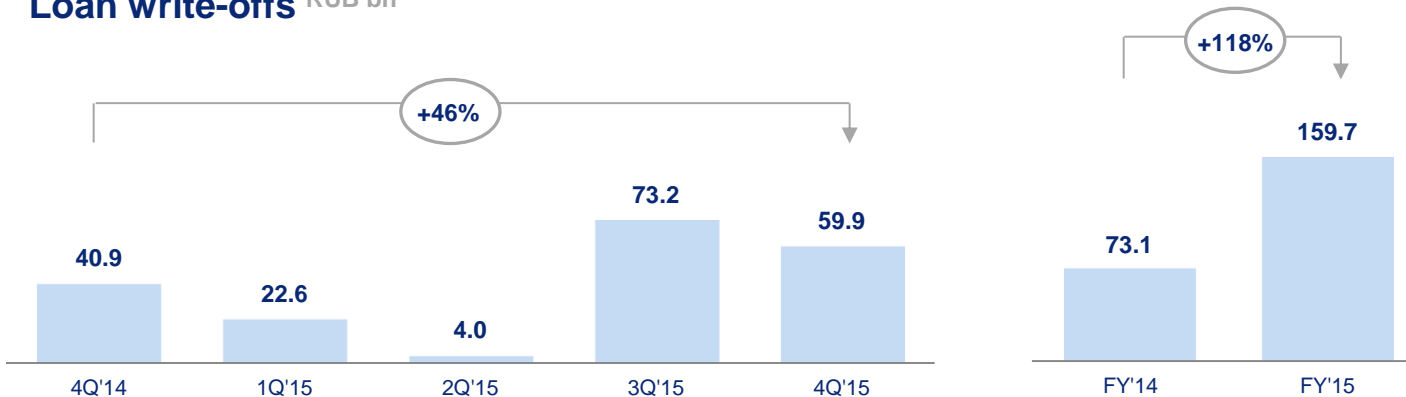


# Provision Charge for Loan Impairment and Cost of Risk

Provision charge for loan impairment and cost of risk RUB bn

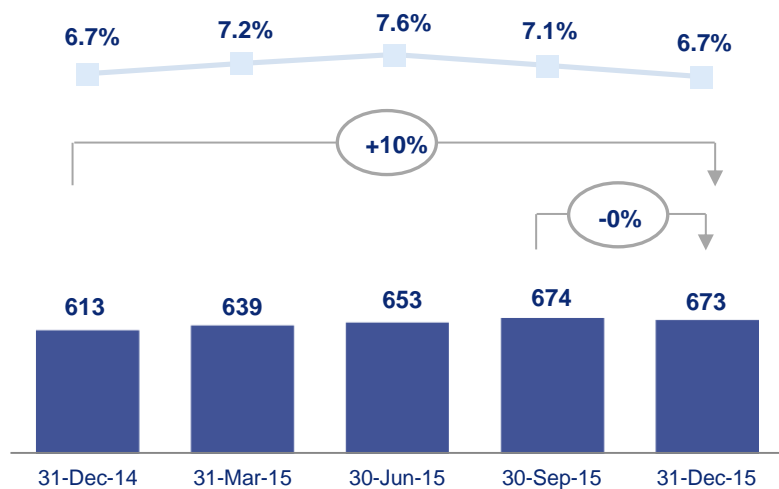


Loan write-offs RUB bn



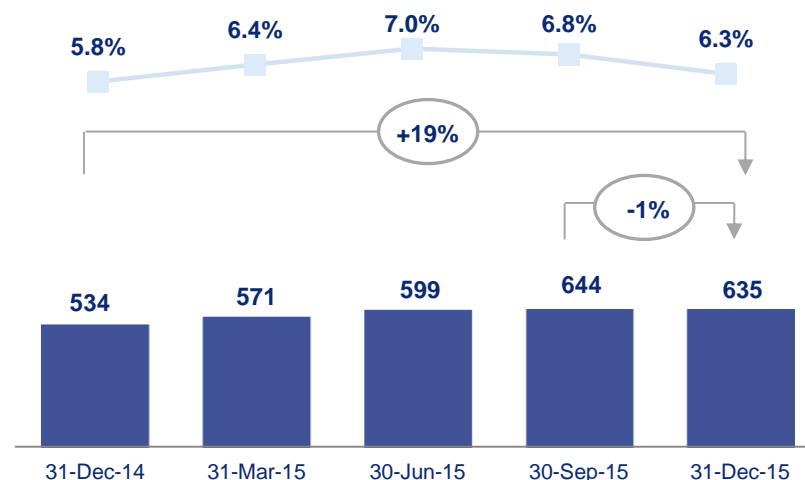
# Loan Book Quality

## Provision for loan impairment RUB bn



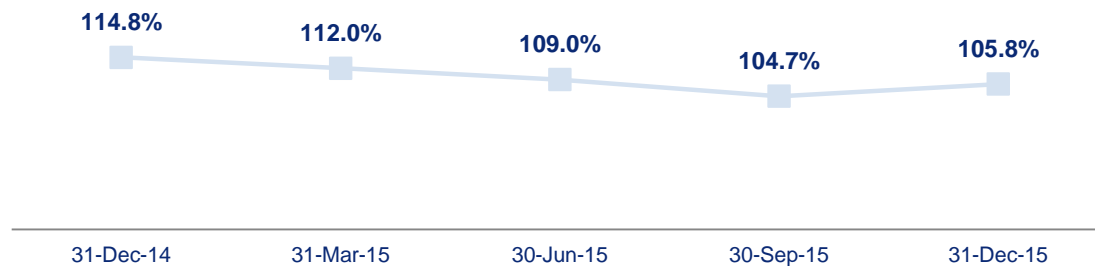
- Allowance for loan impairment / Total gross loans <sup>(1)</sup>
- Allowance for loan impairment

## NPLs (90+) RUB bn



- NPL ratio <sup>(2)</sup>
- NPLs

## Coverage ratio %

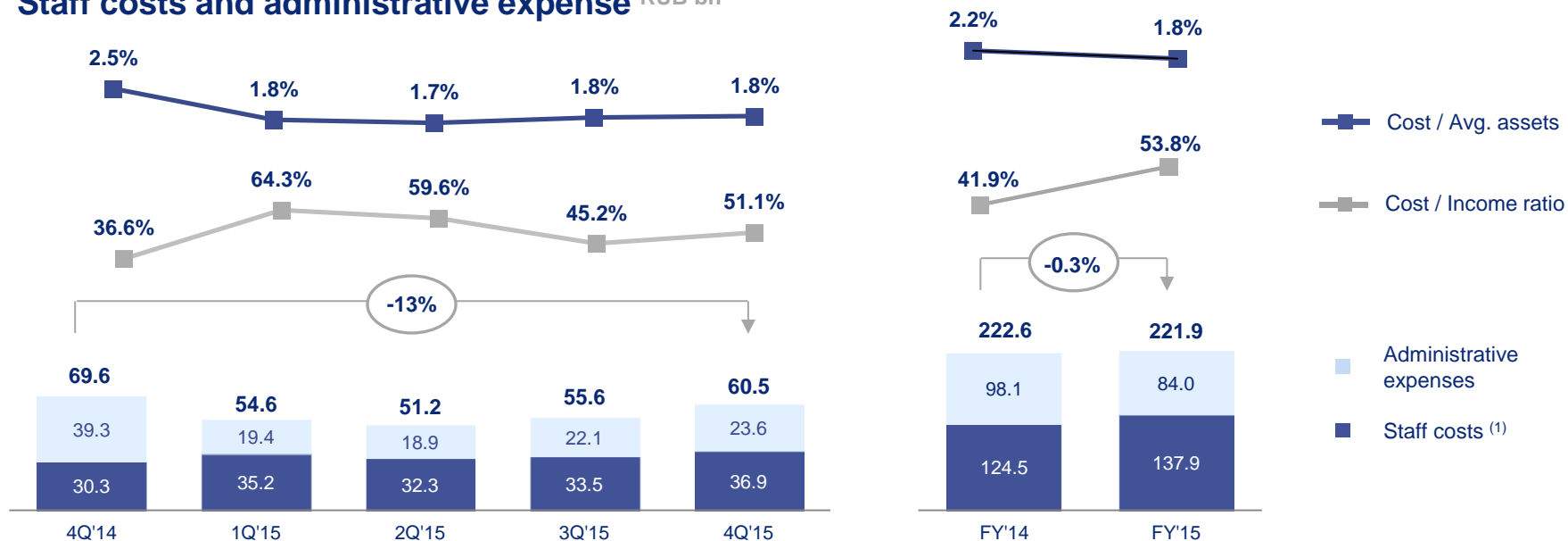


(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

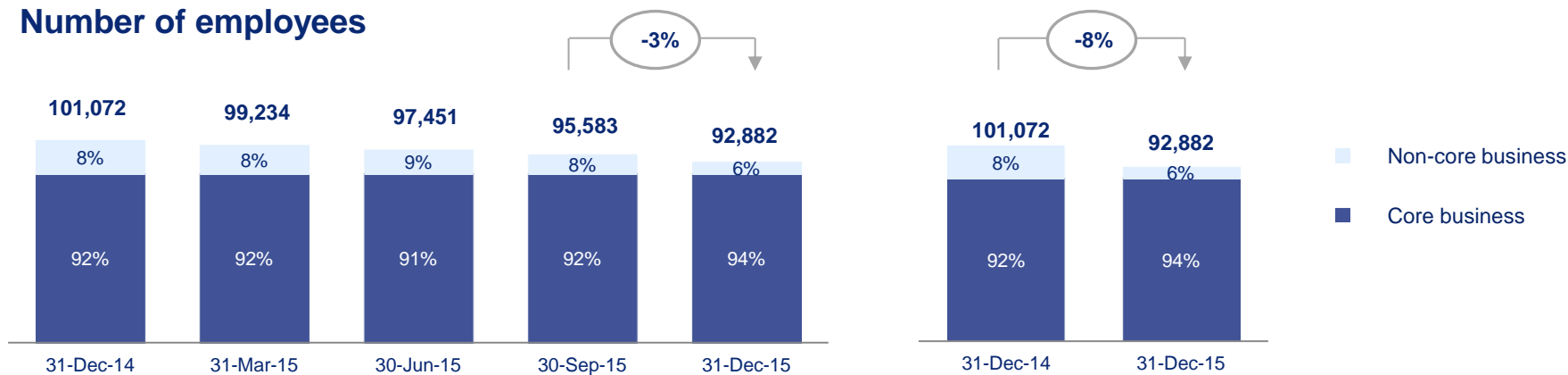
(2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

# Staff and Administrative Expenses

## Staff costs and administrative expense RUB bn



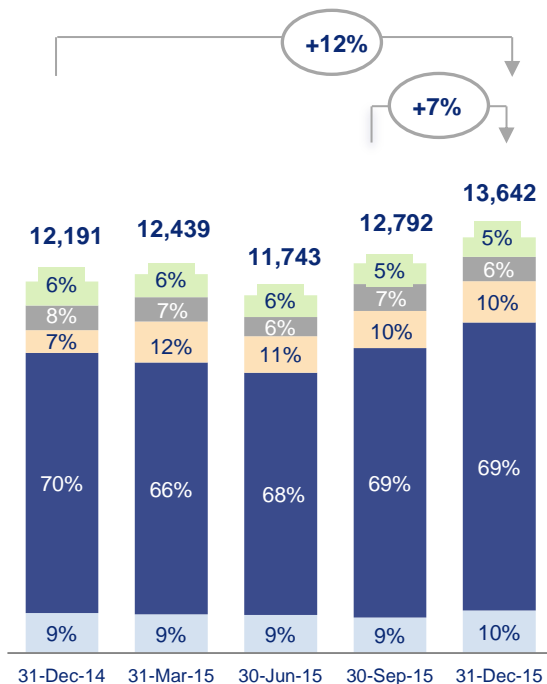
## Number of employees



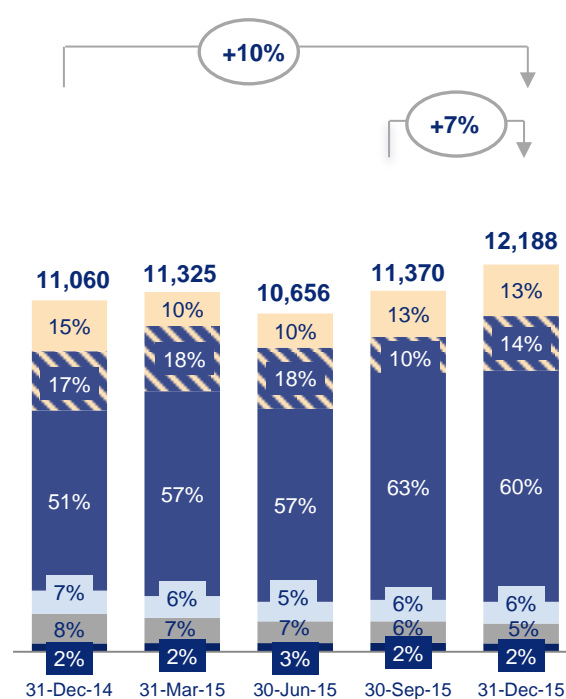
(1) Staff costs restated for previously reported periods. For further clarification please see Note 60 of the FY 2015 VTB Group financial statements.

# Balance Sheet Structure and BIS Capital

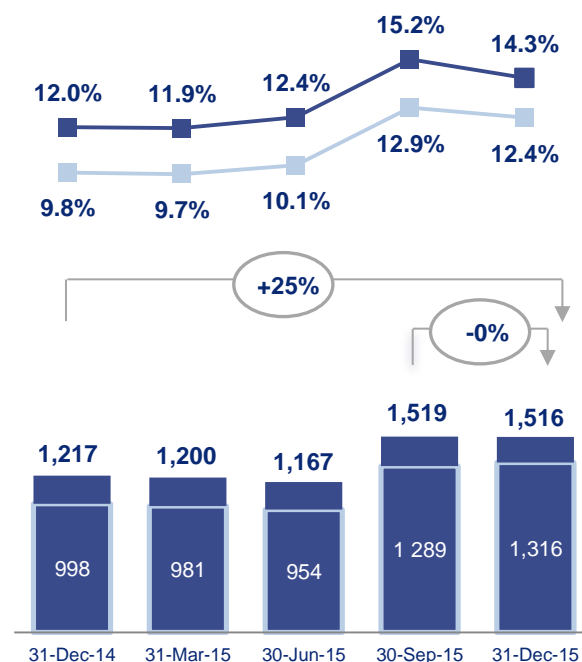
## Assets structure RUB bn



## Liabilities structure RUB bn



## BIS Group capital RUB bn



- Cash and mandatory reserves
- Securities portfolio
- Due from other banks
- Loans to customers (1)
- Other assets (2)

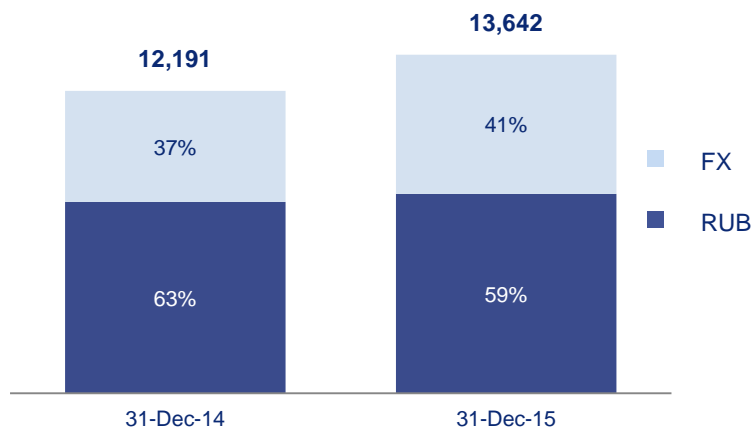
- Due to banks and other borrowed funds
- Collateralised funding from the CBR
- Customer deposits
- Other liabilities
- Debt securities issued
- Subordinated debt

- Total CAR
- Tier I ratio
- Total capital
- Tier I

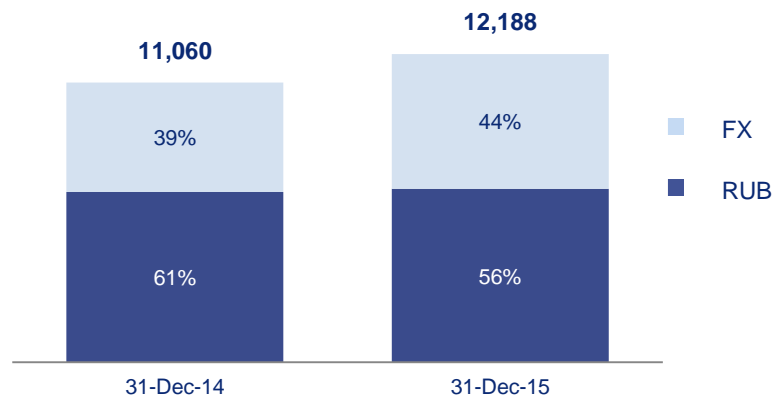
(1) Includes loans and advances to customers, pledged under REPO.  
 (2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

# Assets and Liabilities by Currency

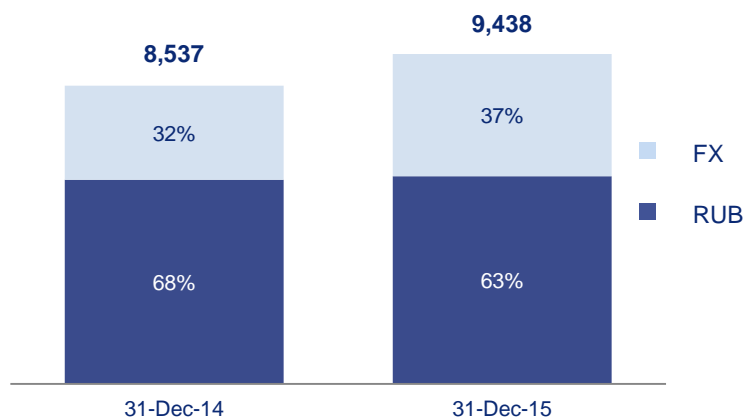
## Total assets RUB bn



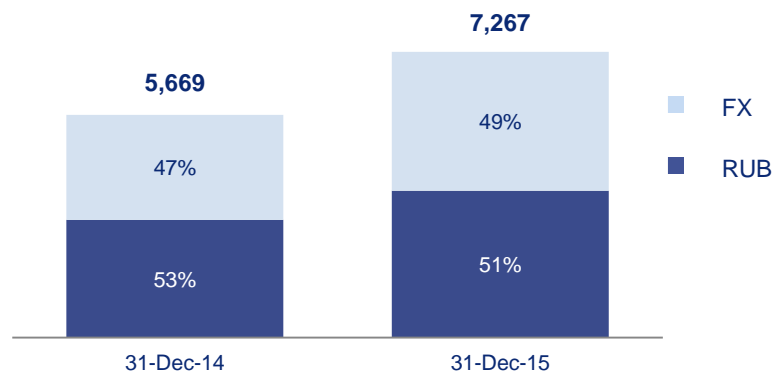
## Total liabilities RUB bn



## Net loans and advances to customers RUB bn

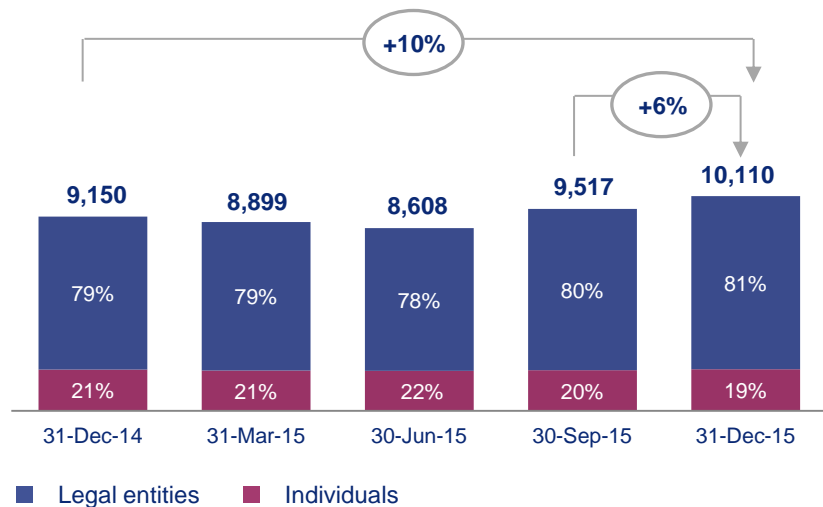


## Customer deposits RUB bn

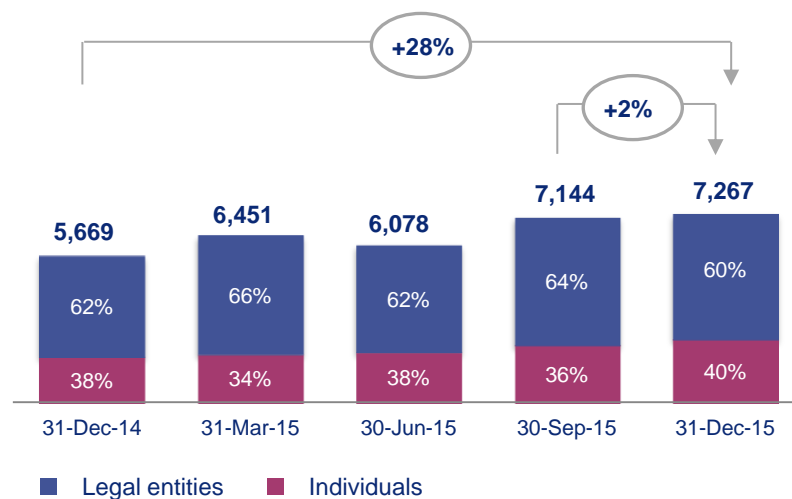


# Loan Portfolio and Customer Deposits

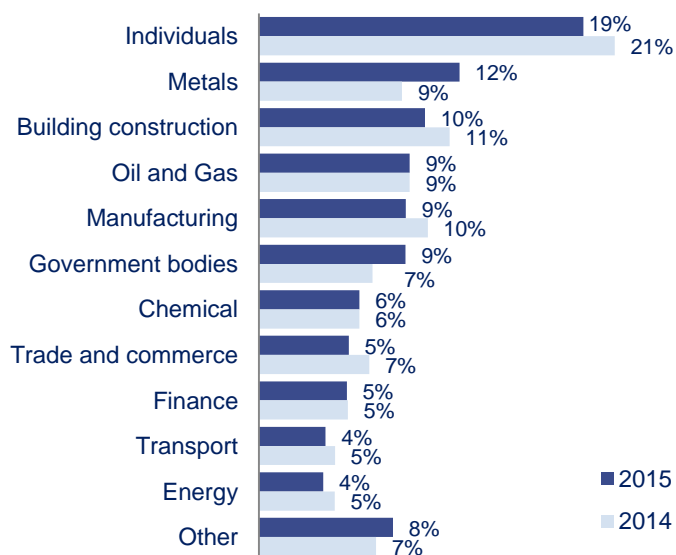
## Loans and advances to customers RUB bn



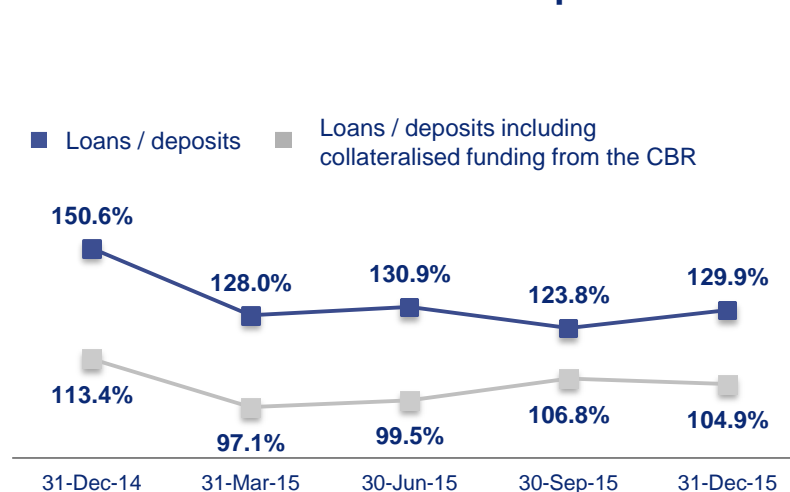
## Customer deposits RUB bn



## Loans and advances to customers by industry %

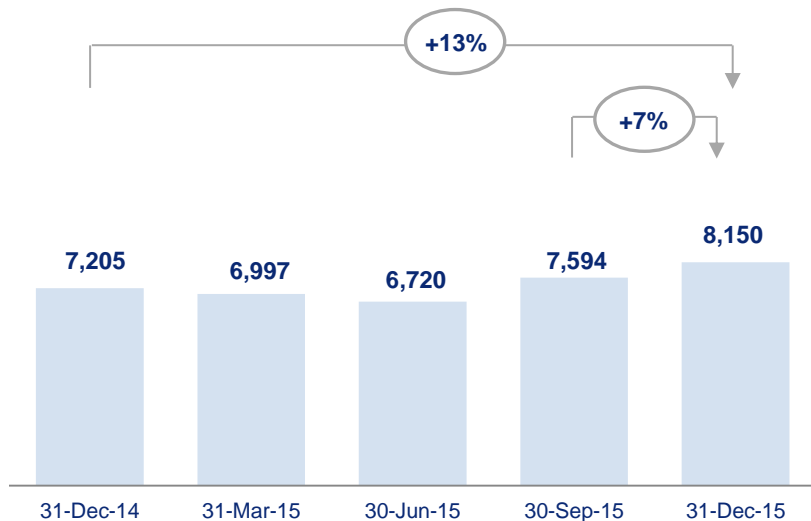


## Customer loans / customer deposits %

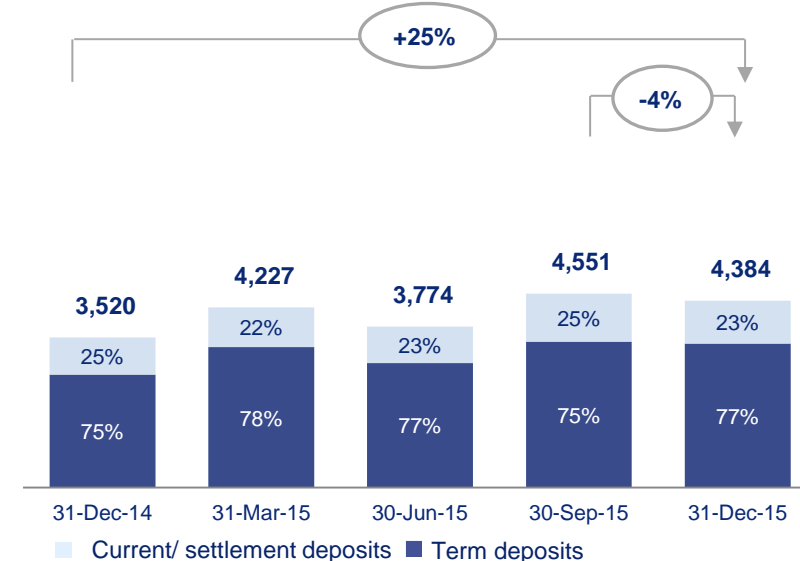


# Business with Legal Entities

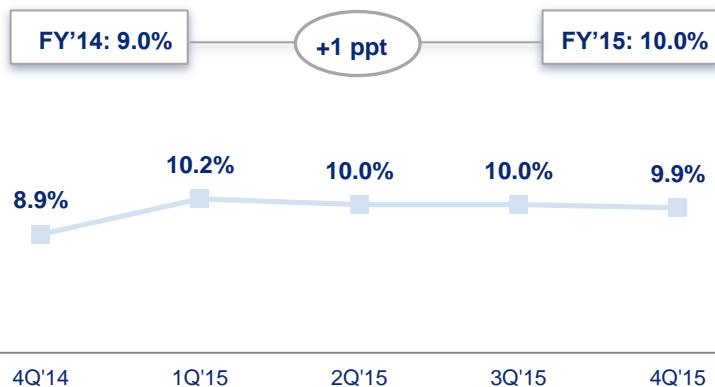
## Loans to legal entities RUB bn



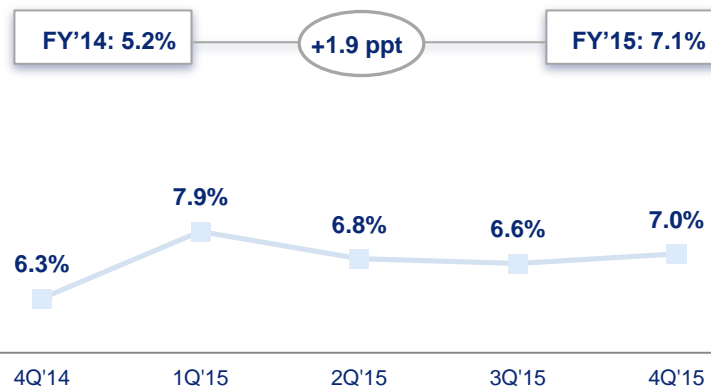
## Deposits of legal entities RUB bn



## Yield on loans to legal entities %

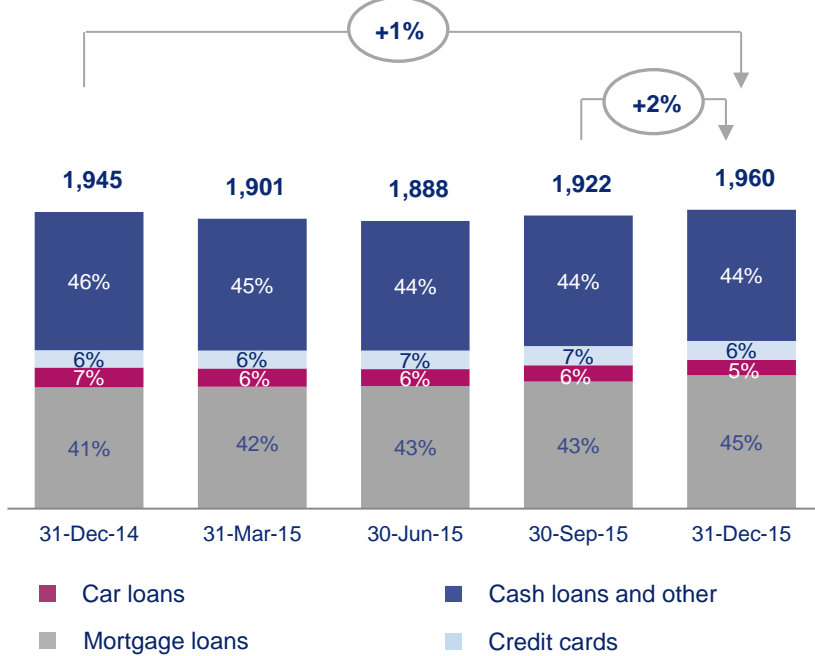


## Cost of deposits of legal entities %

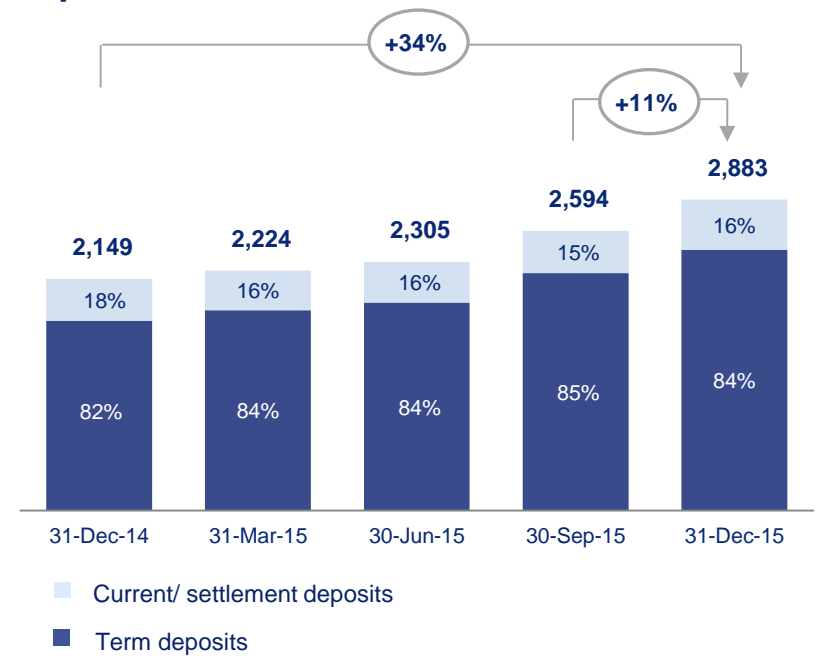


# Business with Individuals

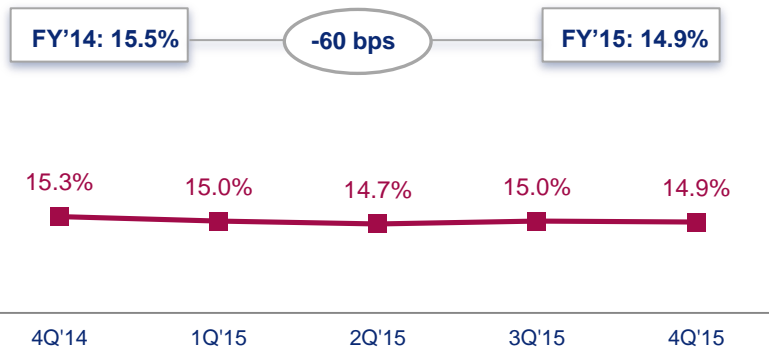
## Loans to individuals RUB bn



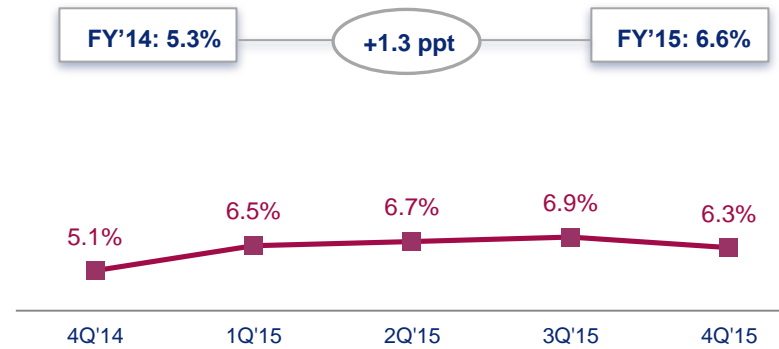
## Deposits of individuals RUB bn



## Yield on loans to individuals %



## Cost of deposits of individuals %





# 2016 Management Expectations

Indicator	Measurement	Optimistic scenario	Conservative scenario
<b>Marco</b>			
GDP, nominal	% YoY	0.5	-1.2
CPI inflation	% YoY	7.0	7.6
Oil price (Urals), average	USD/bbl	50	40
CBR key rate, average	%	9.1	10.0
<b>Banking sector</b>			
Loan growth			
- Loans to legal entities	% YoY	5-10	0-5
- Loans to individuals	% YoY	5-10	0-5
<b>VTB Group</b>			
Loan growth			
- Loans to legal entities	% YoY	In line with the market	In line with the market
- Loans to individuals	% YoY	Above the market	Above the market
NIM	%	≈4.0	>3.0
CoR	%	≈2.0	>2.0
Cost growth	% YoY	In line with inflation	In line with inflation
Net profit	RUB bn	≈50	>0
NPL coverage ratio	%	Above 100	Above 100



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