

VTB Group 1Q'2014 Results

Herbert Moos
CFO and Deputy Chairman of VTB Bank Management Board

Leonid Vakeyev
Head of Investor Relations

May 27, 2014



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 1Q'2014 Highlights

Key selected items (in RUB bn)	1Q'2014	1Q'2013	Change
Net interest income	89.9	73.8	21.8%
Net fee and commission income	14.3	11.5	24.3%
Operating income before provisions	104.7	90.7	15.4%
Provision charge for impairment of debt financial assets	(47.6)	(22.0)	116.4%
Staff costs and administrative expenses	(52.8)	(45.9)	15.0%
Net profit	0.4	15.7	-97.5%
ROE, %	0.2%	8.1%	-790 bps

■ Strong performance on core income lines

- net interest income up 22% y-o-y
- net interest margin stable at 4.5%
- net fee and commission income up 24% y-o-y driven by Retail and Transaction Banking

■ Cost of risk up to 2.8% vs. 1.6% in 1Q'2013 on the backdrop of an overall macroeconomic slowdown in Russia and economic crisis in the Ukraine

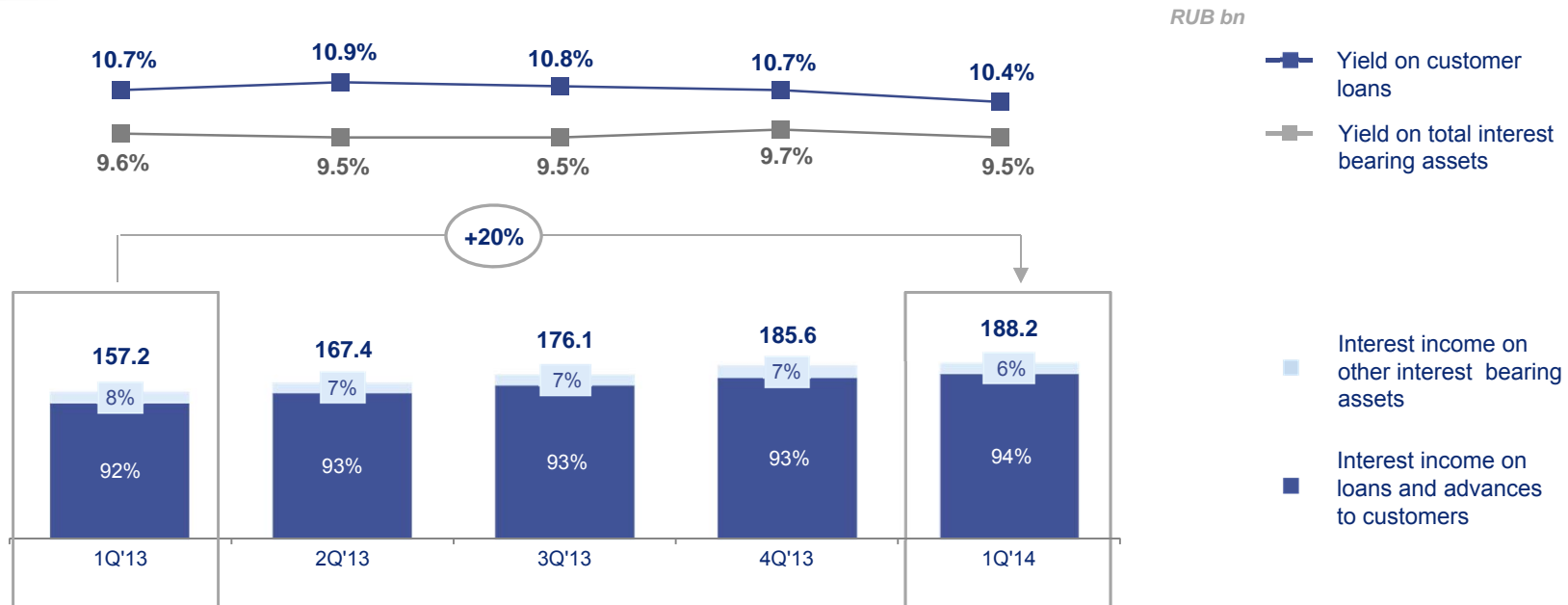
■ CIR down to 50.4% (-20 bps y-o-y), costs growth 15% y-o-y driven by Retail

■ Solid balance sheet growth: loan growth at 5.6% YTD with retail loans up 5.9% and corporate loans up 5.5%

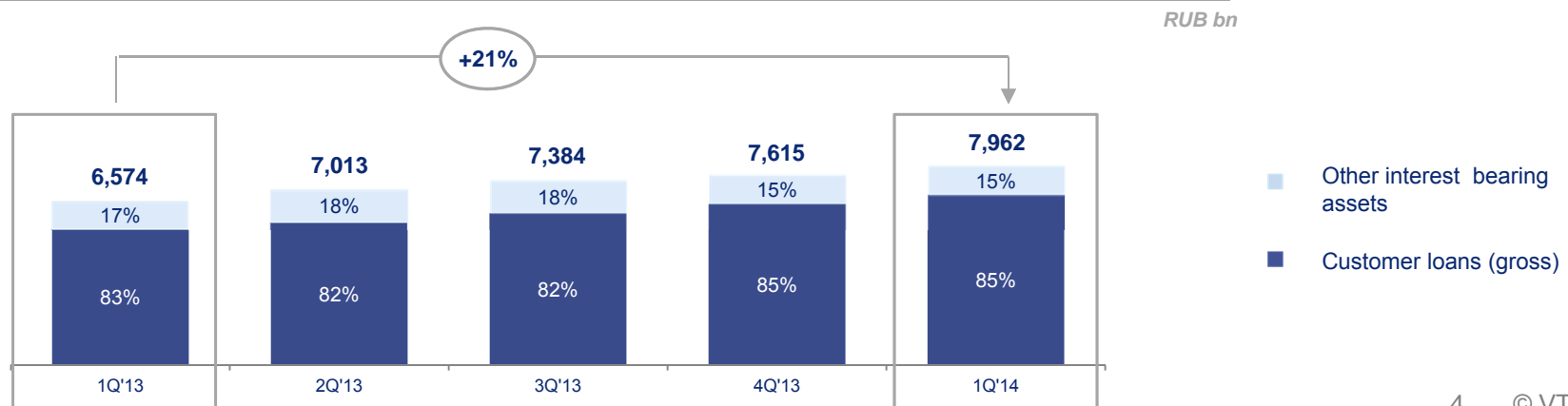
■ In line with the recently adopted strategy a new operating and reporting segment – mid-corporate business established, contributing 12% to net customer loans and 9% to customer deposits

Interest Income and Average Yields

Interest income and average yields

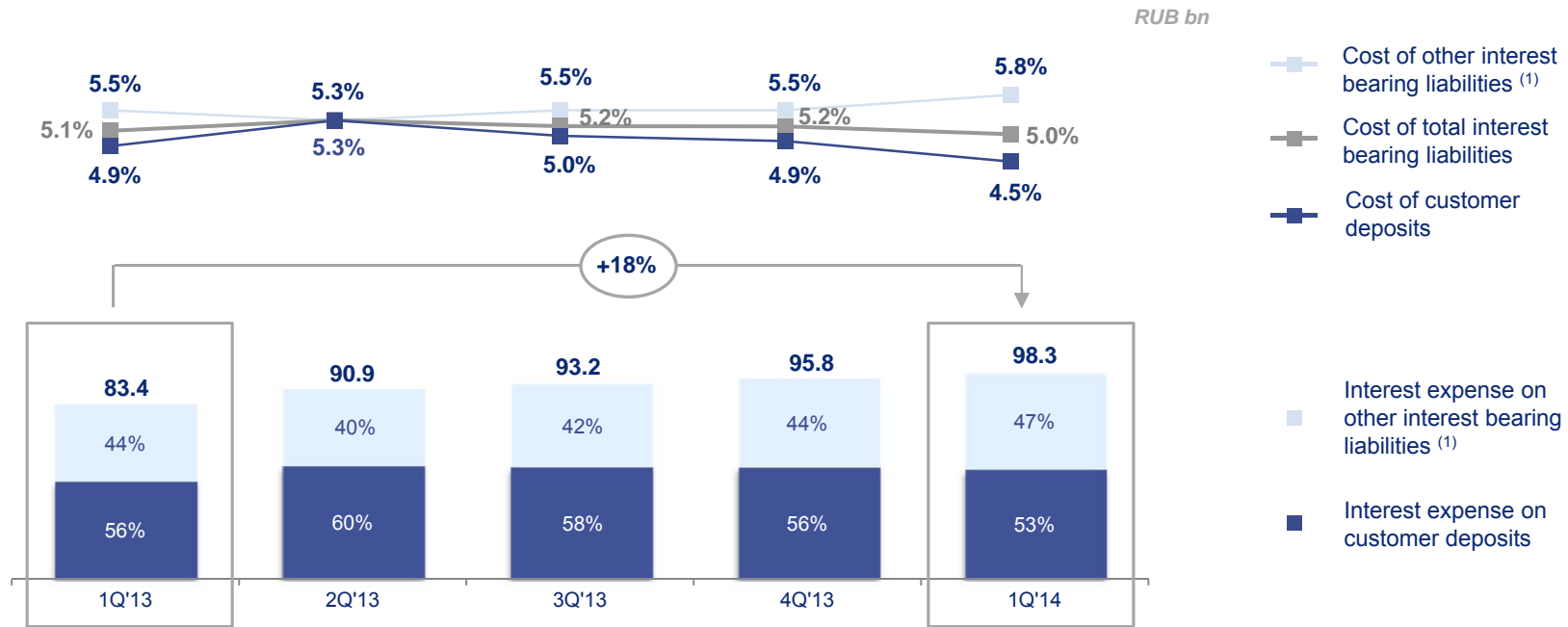


Average interest bearing assets

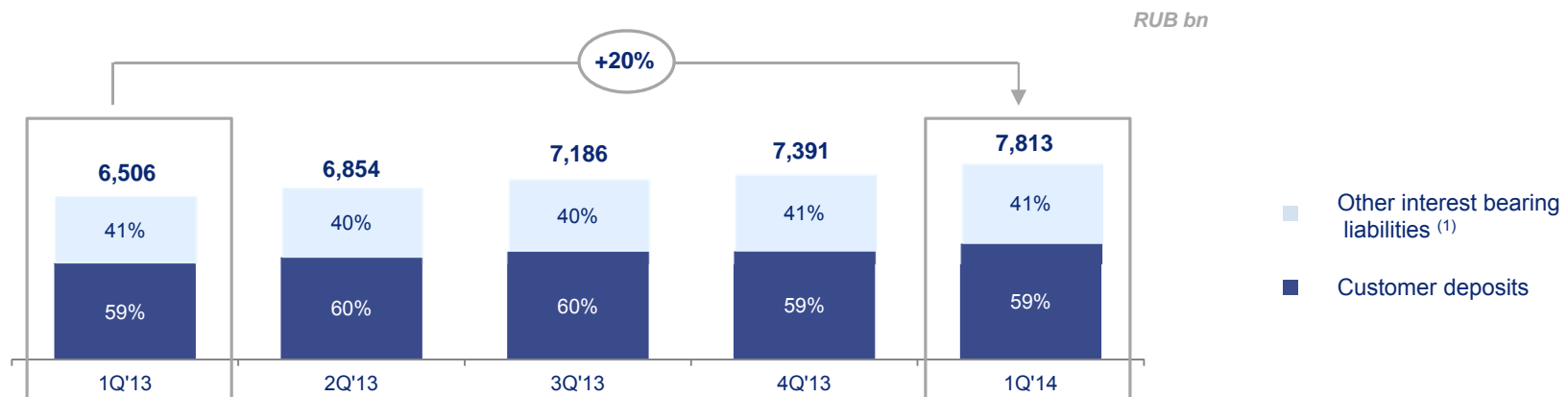


Interest Expense and Cost of Funds

Interest expense and cost of interest bearing liabilities



Average interest bearing liabilities

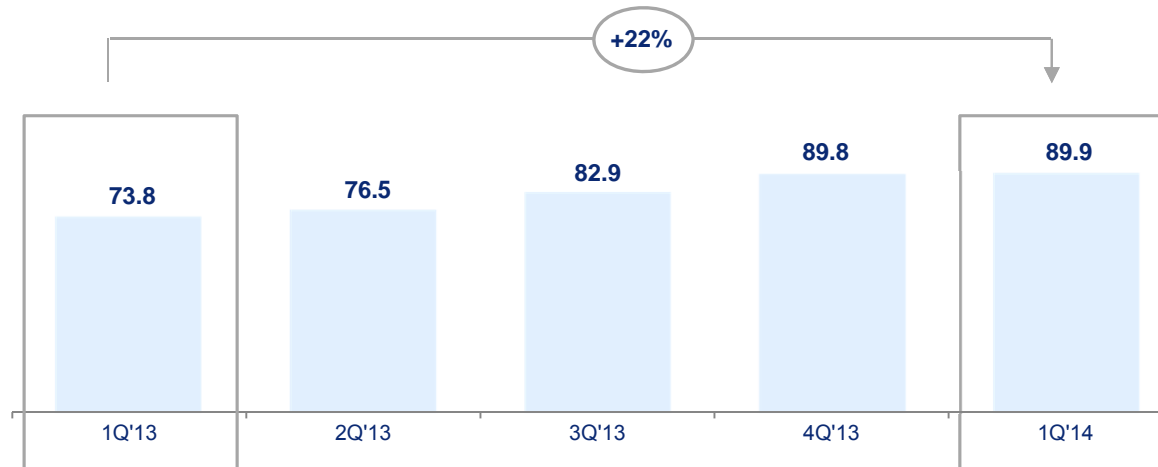


(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

Strong Net Interest Income Supported Stable NIM

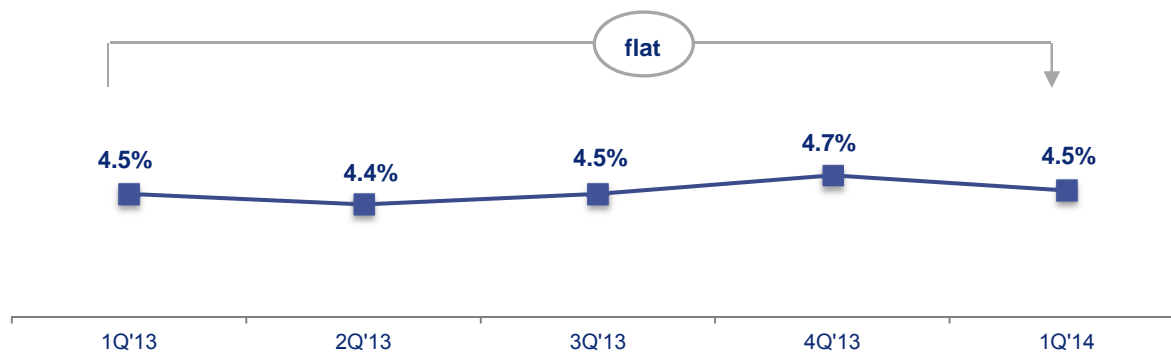
Net interest income

RUB bn



Net interest margin (1)

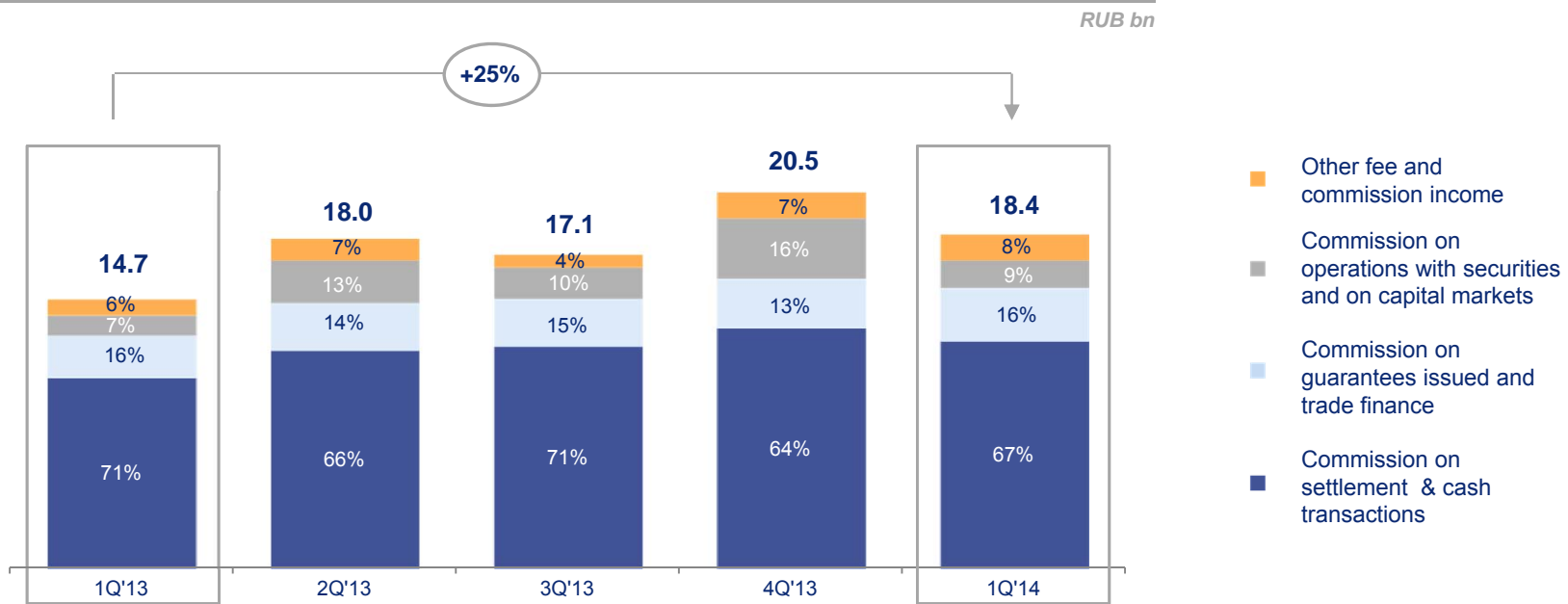
%



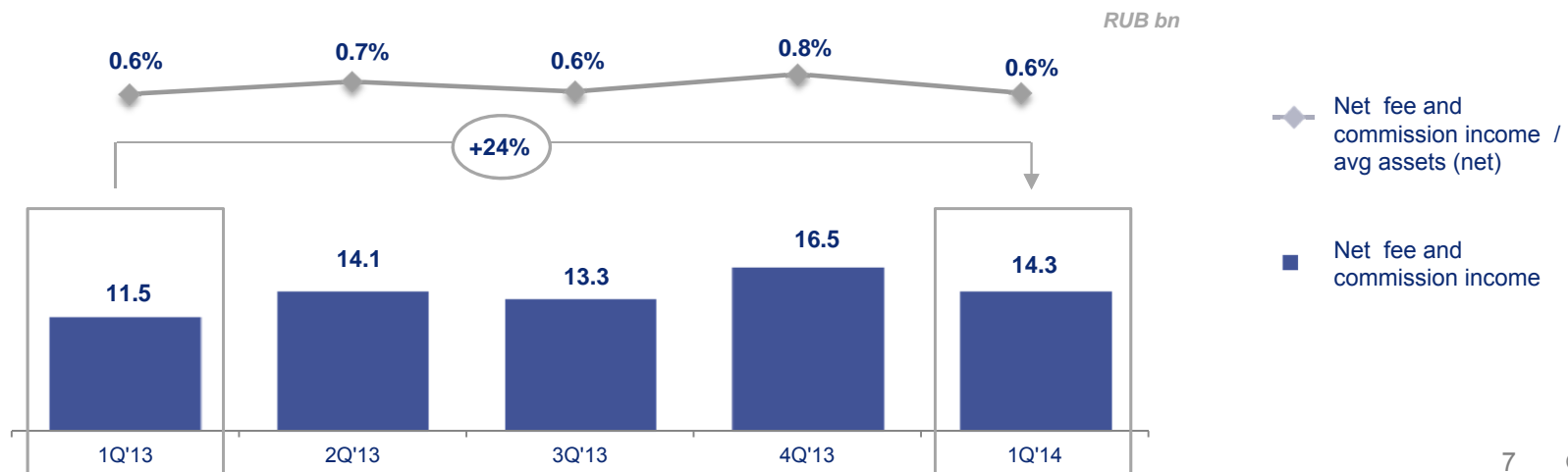
(1) Net interest income divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

Solid Fee and Commission Income Growth

Fee and commission income breakdown

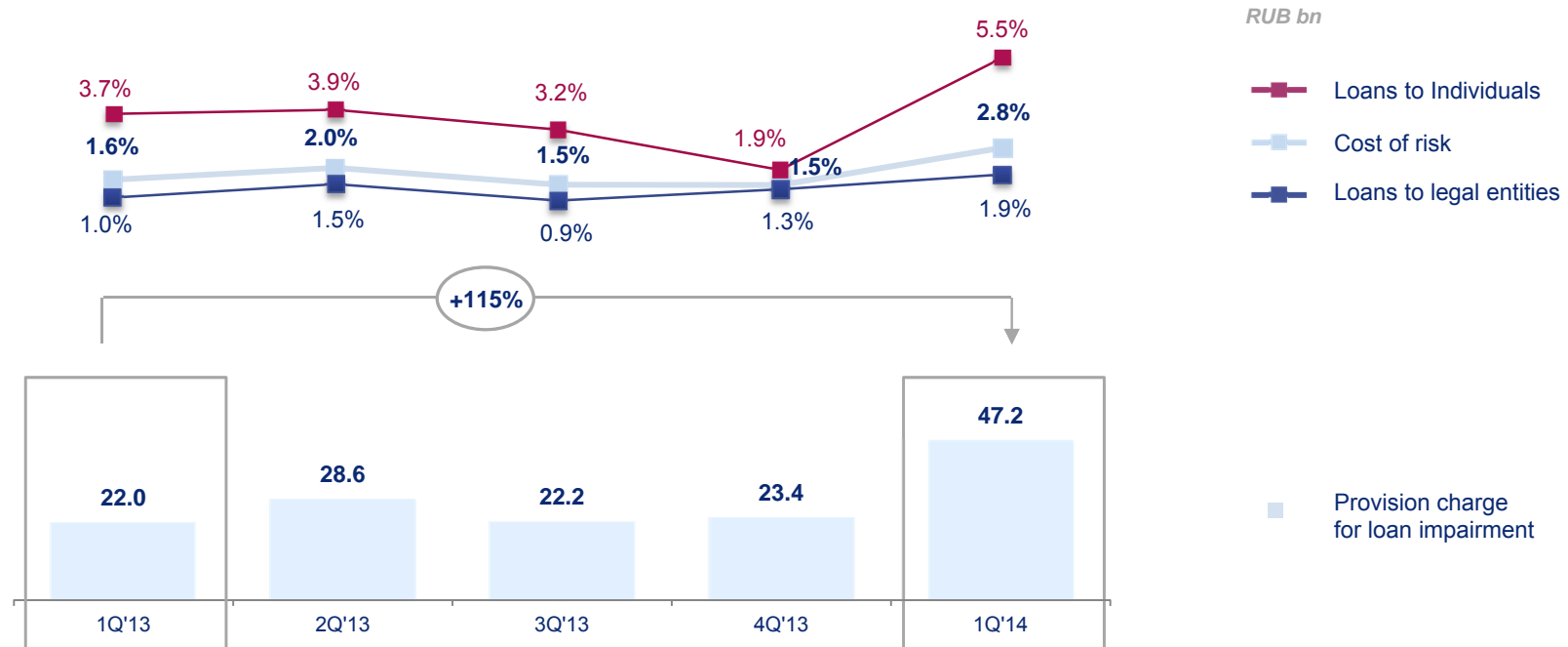


Net fee and commission income

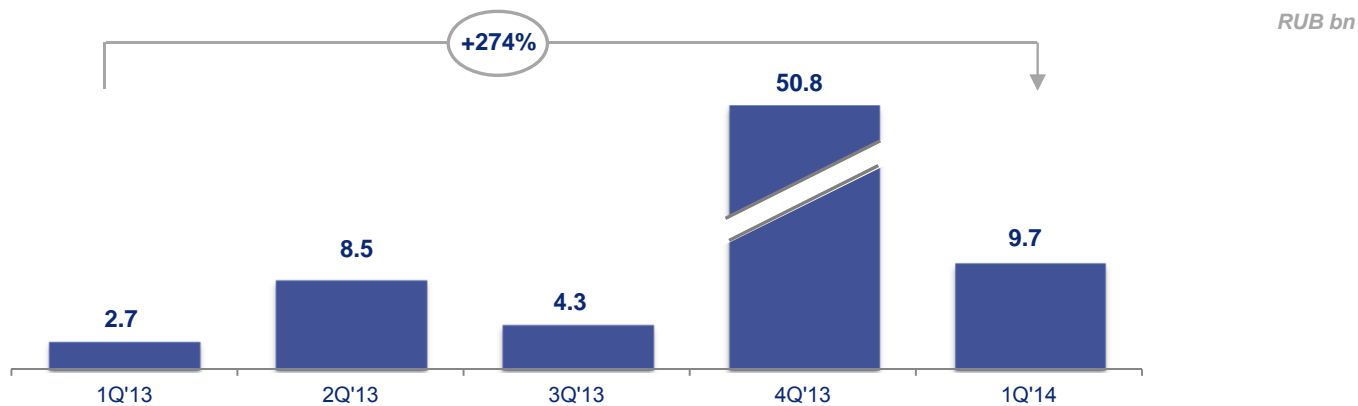


Cost of Risk Reflects Macroeconomic Environment

Provision charge for loan impairment and cost of risk

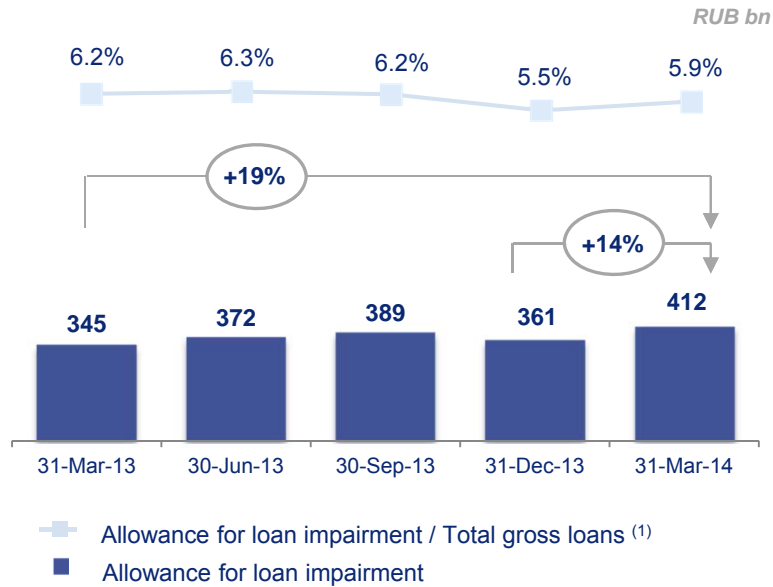


Loan write-offs

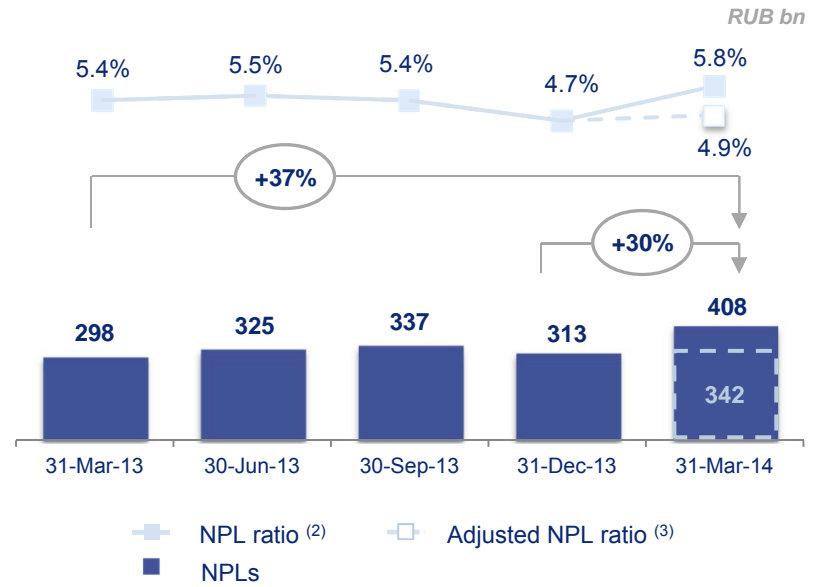


Loan Book Quality

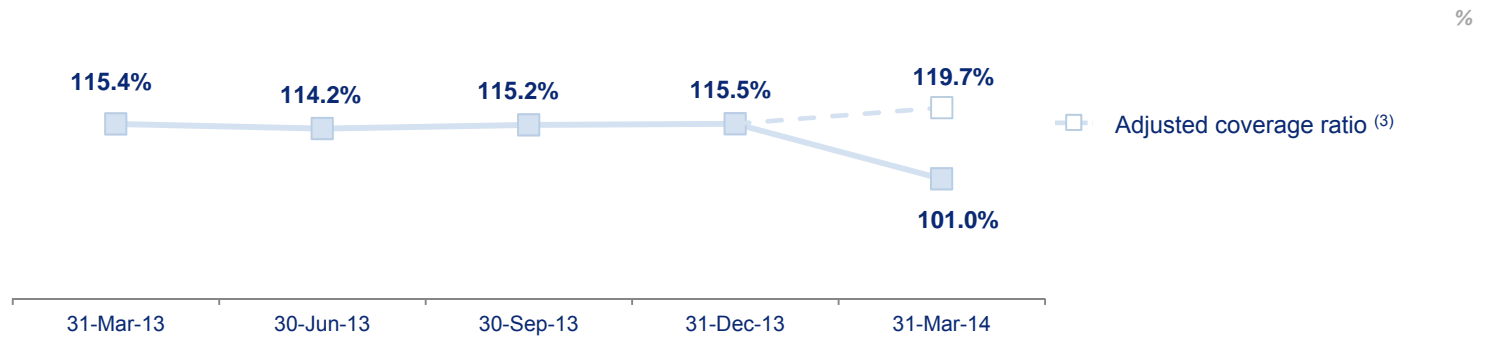
Provision for loan impairment



NPLs (90+)



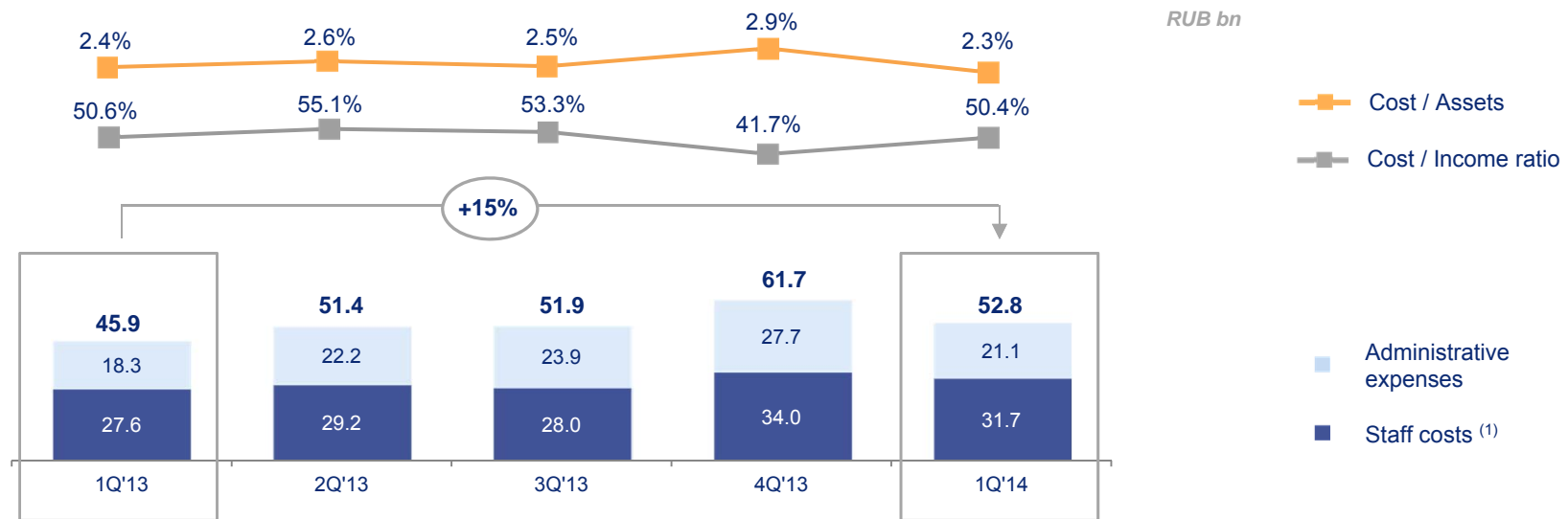
Coverage ratio



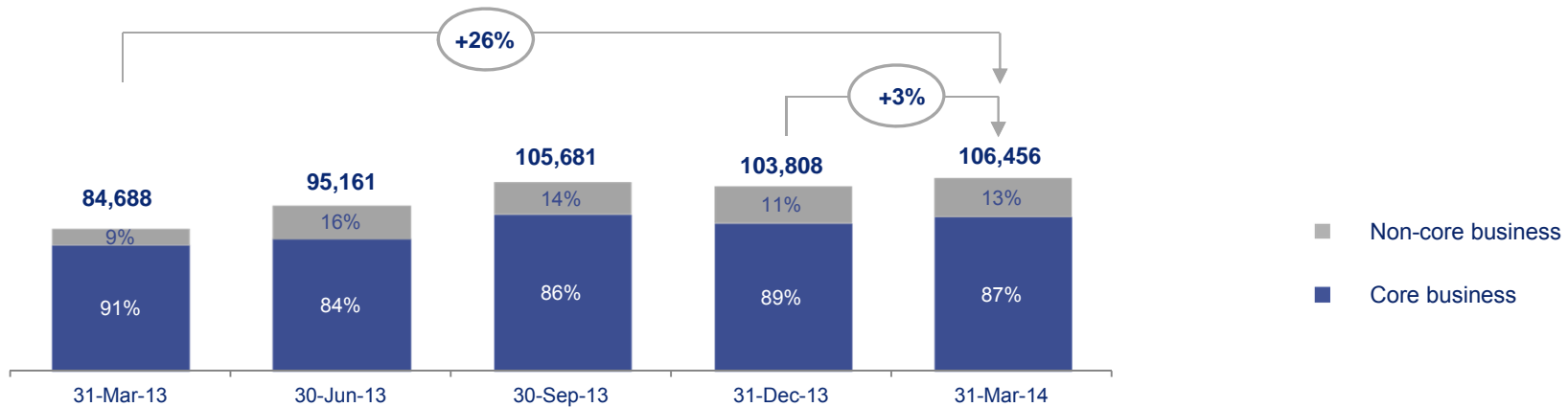
(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.
 (2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.
 (3) Adjusted for a new NPL secured by liquid collateral for which the recovery is expected.

Staff and Administrative Expenses

Staff costs and administrative expenses



Number of employees

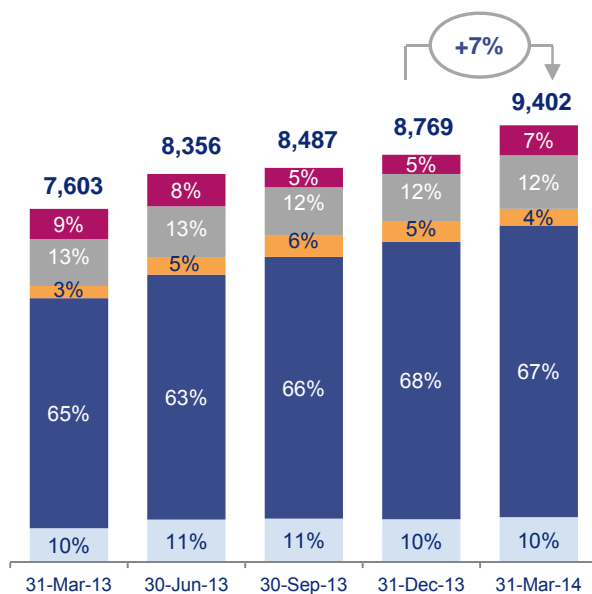


(1) Including pensions.

Balance Sheet Structure and BIS Capital

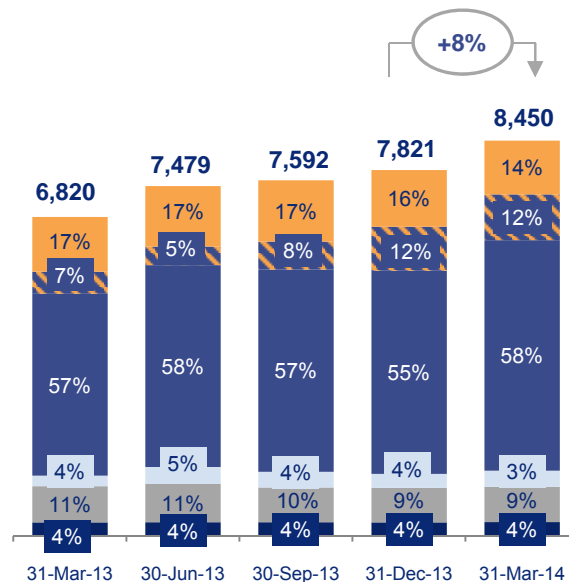
Assets structure

RUB bn



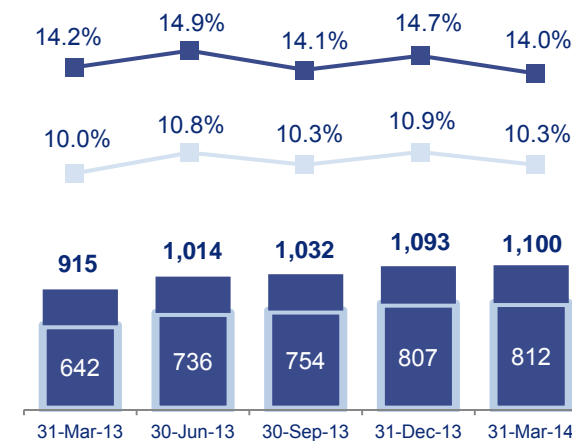
Liabilities structure

RUB bn



BIS Group capital

RUB bn



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

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

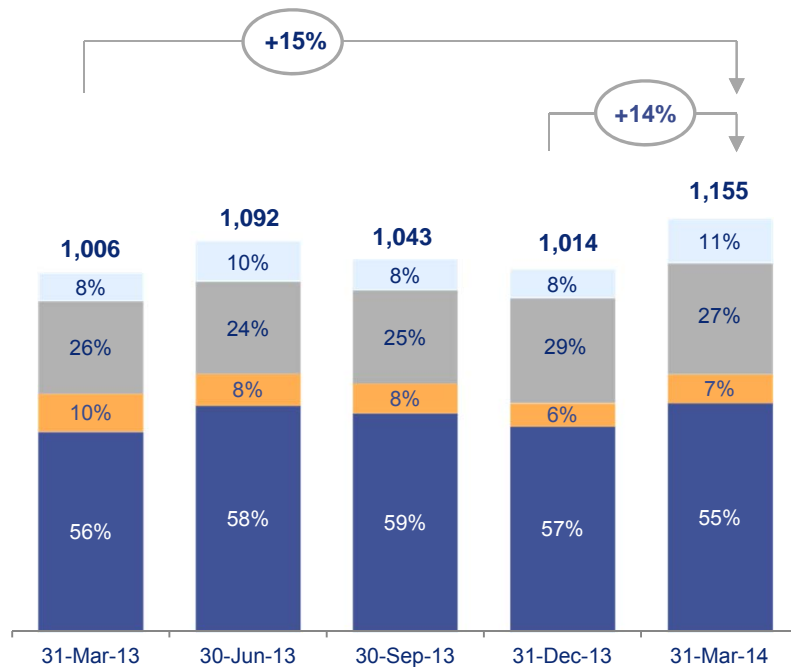
- Total CAR
- Tier I ratio
- Total capital
- Tier I

(1) Includes debt and equity securities, assets pledged under REPO, securities classified as due from other banks and loans to customers, and derivatives.
 (2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

Financial Instruments

Breakdown by type

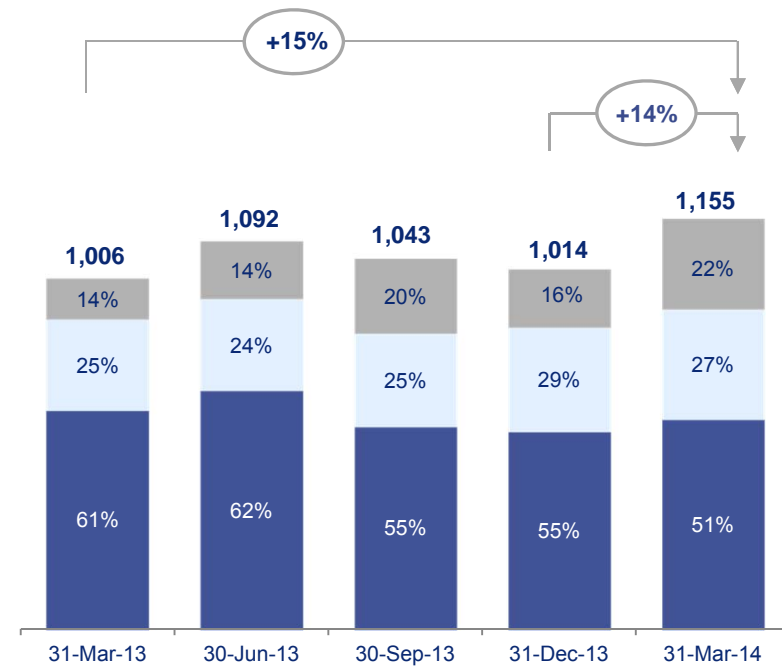
RUB bn



- Derivative assets
- Financial assets classified as loans to customers & due from other banks
- Equity securities
- Debt securities

Breakdown by classification

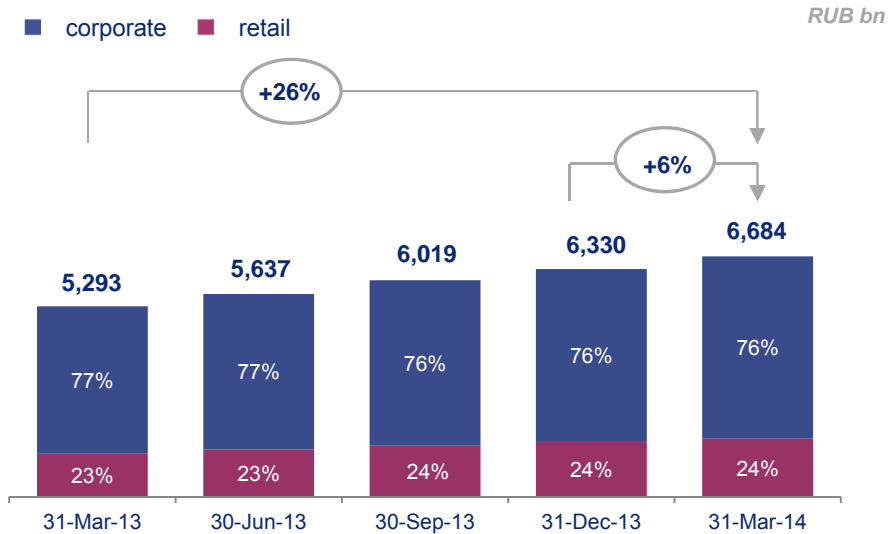
RUB bn



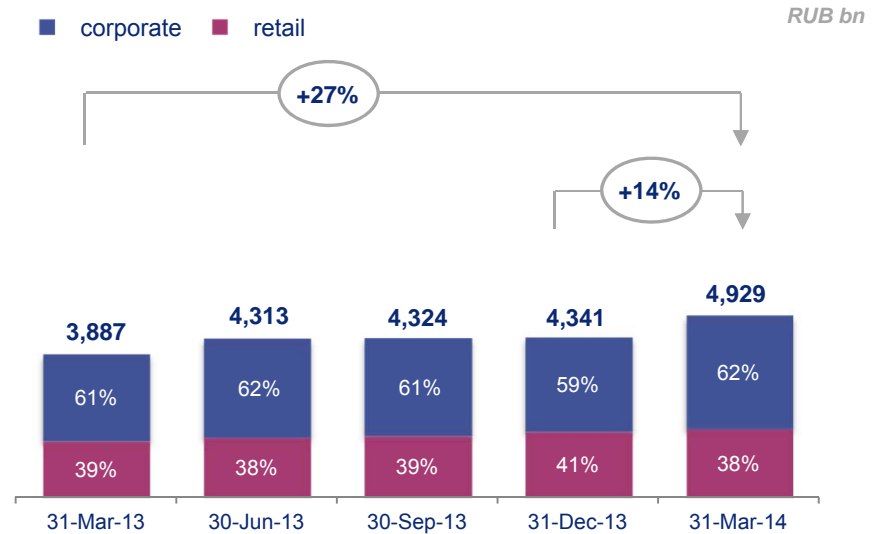
- Investment financial assets (AFS & HTM)
- Financial assets classified as loans and advances to customers and due from other banks
- Financial assets at fair value through profit or loss

Loan Portfolio and Customer Deposits

Loans and advances to customers

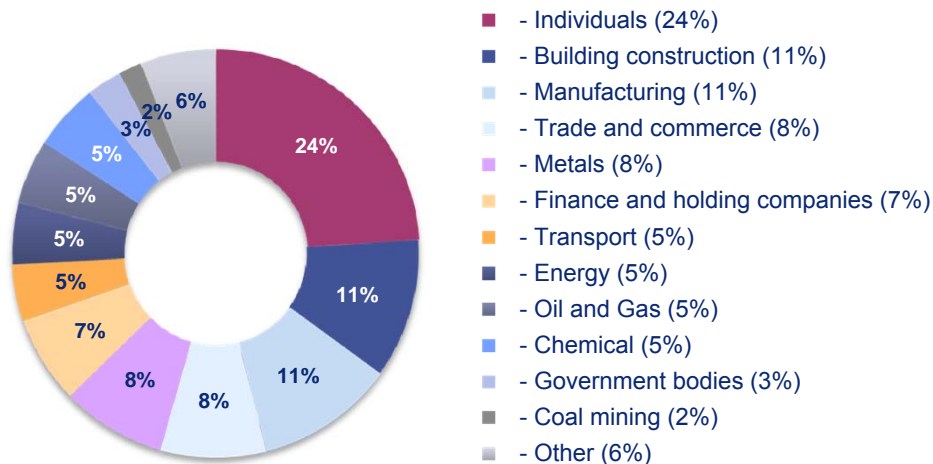


Customer deposits

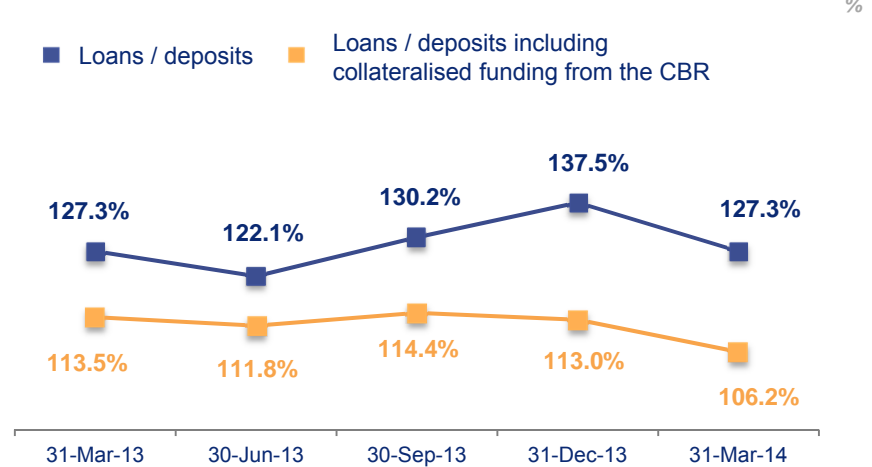


Loans and advances to customers by industry

31-Mar-14



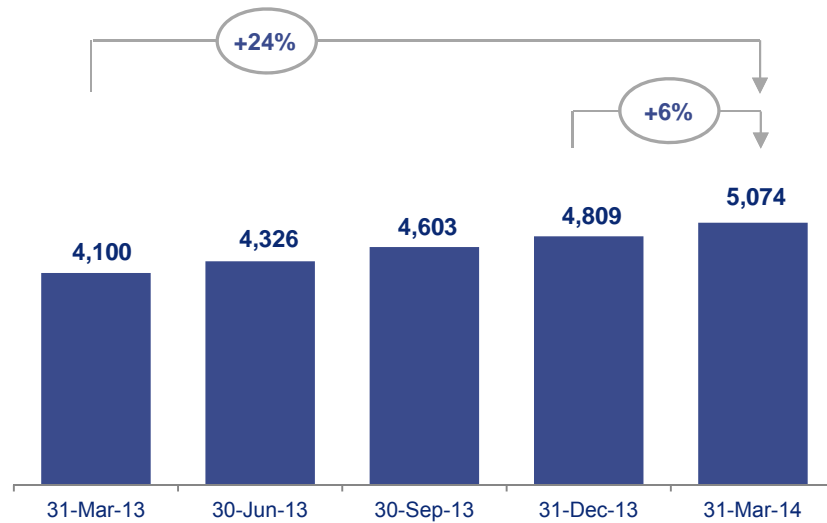
Customer loans / customer deposits



Performance of Corporate Banking

Corporate loan portfolio

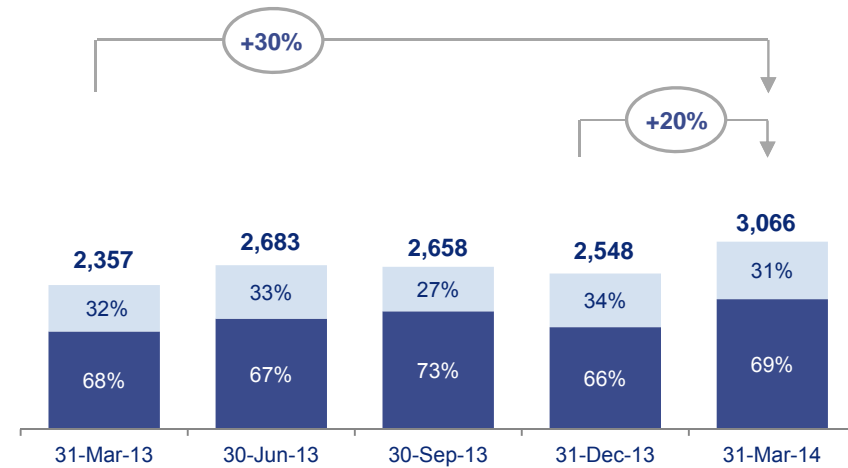
RUB bn



Corporate liabilities

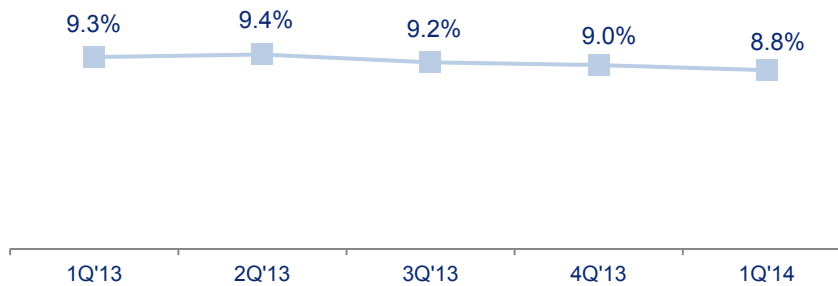
RUB bn

■ Current accounts ■ Term deposits



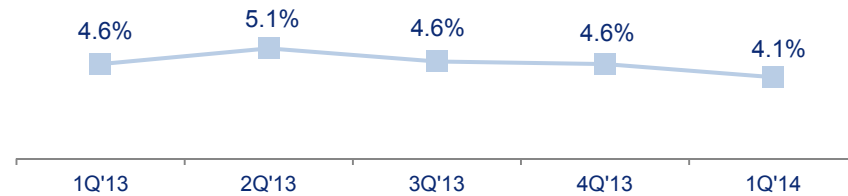
Yield on corporate loans

%



Cost of corporate deposits

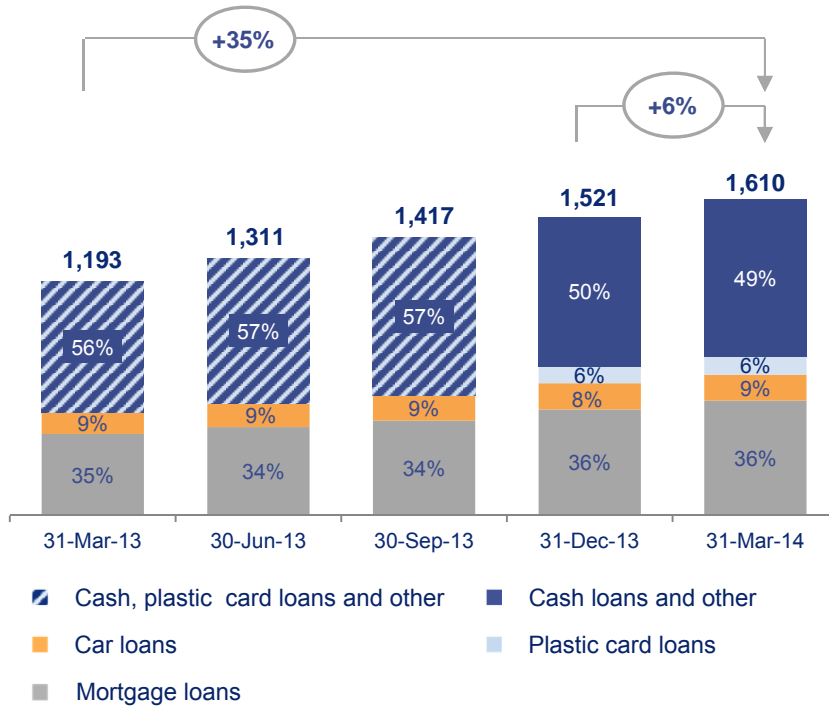
%



Performance of Retail Banking

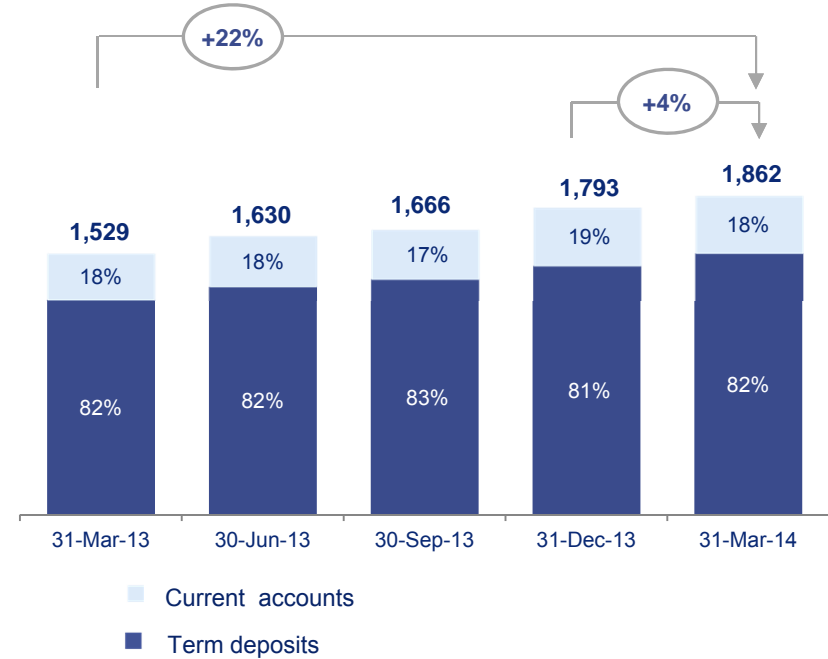
Retail loan portfolio

RUB bn



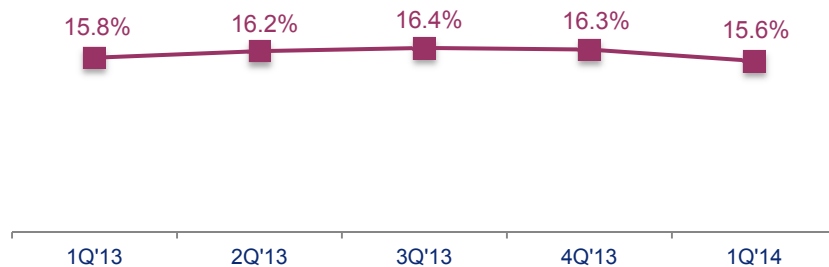
Retail liabilities

RUB bn



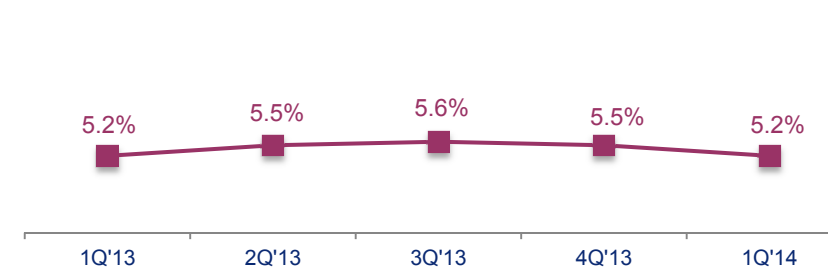
Yield on retail loans

%



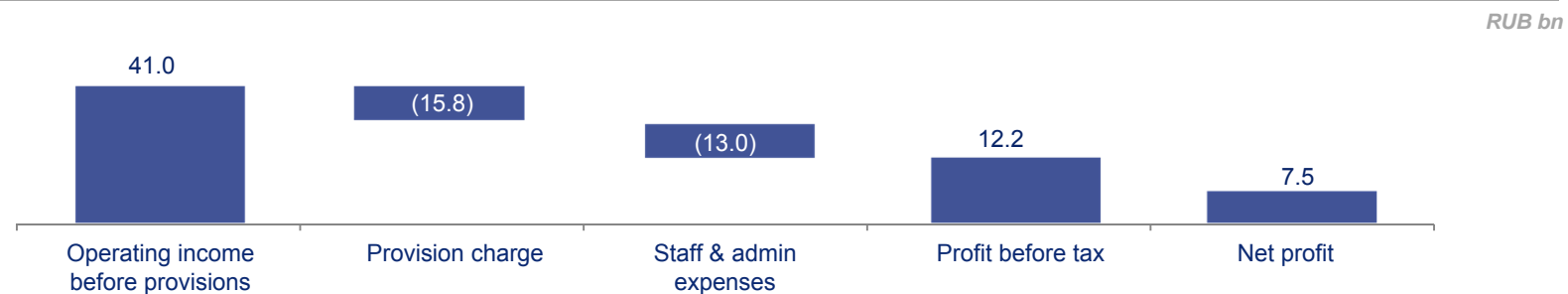
Cost of retail deposits

%

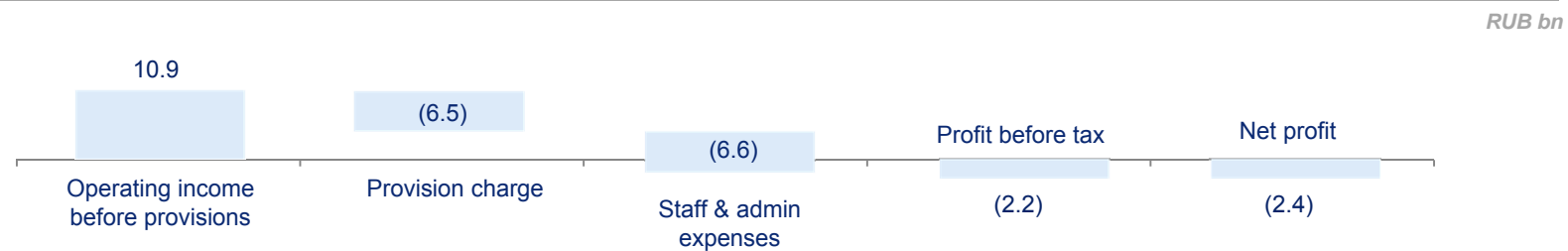


Segment Analysis 1Q'2014

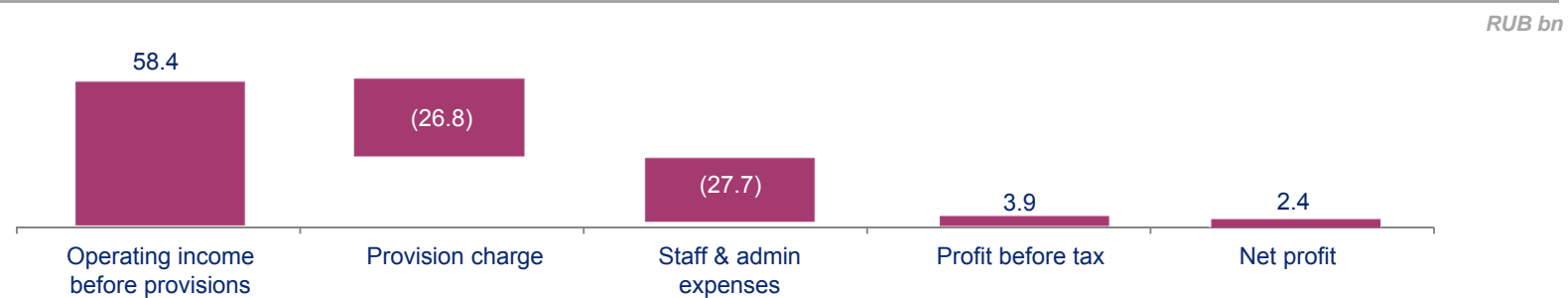
Corporate – Investment Banking



Mid-corporate banking



Retail Business (1)



(1) Retail business combines retail banking and insurance subsegments.



Investor Relations

Tel: +7 (495) 775-71-39

e-mail: investorrelations@vtb.ru