

VTB Group 1H'2017 Results

Herbert Moos
CFO and Deputy Chairman of VTB Bank Management Board

Dmitry Pyanov
Senior Vice President, Head of Finance Department

Leonid Vakeyev
Head of Investor Relations

August 9, 2017



Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of VTB Bank (PJSC) ("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.

Certain numbers and ratios contained herein, related to past dates and periods might have been restated in accordance with the latest financial statements issued, and hence differ from the ones presented in the previous communications.

VTB Group 1H'2017 Performance Highlights RUB bn

Net interest income

1H: **227.1** +10%
2Q: 114.1 +5%

Provision charge

1H: **76.0** -26%
2Q: 30.1 -52%

Net profit

1H: **57.9** x4
2Q: 30.3 x2

**STRONG RESULTS
CONSISTENT WITH
FY GUIDANCE AND
STRATEGIC TARGETS**

NIM

1H: **4.1%** +40bp
2Q: 4.1% +10bp

COR

1H: **1.6%** +20bp
2Q: 1.2% -10 bp

ROE

1H: **8.2%** +6pp
2Q: 8.5% +4pp

**SOLID GROWTH OF CORE
INCOME LINES DRIVEN BY
STRONGER NIM AND
ROBUST FEE GENERATION**

Net fee income

1H: **43.1** +18%
2Q: 23.4 +22%

Staff & admin
expenses

1H: **122.6** +5%
2Q: 61.0 +10%

LDR

1H17: **104.4%**
YE16: 120.5%

**MAINTAINING TARGET
EFFICIENCY WHILE
CONTINUING CORPORATE
REORGANISATION**

Operating income

1H: **276.4** +17%
2Q: 131.2 +4%

CIR

1H: **44.4%** -5pp
2Q: 46.5% +2pp

Basel T1 capital

1H17: **13.1%**
YE16: 12.9%

**BALANCE SHEET
STRUCTURE
IMPROVED FURTHER,
CAPITAL ADEQUACY
STANDS HIGH**

2017 Guidance

Russia

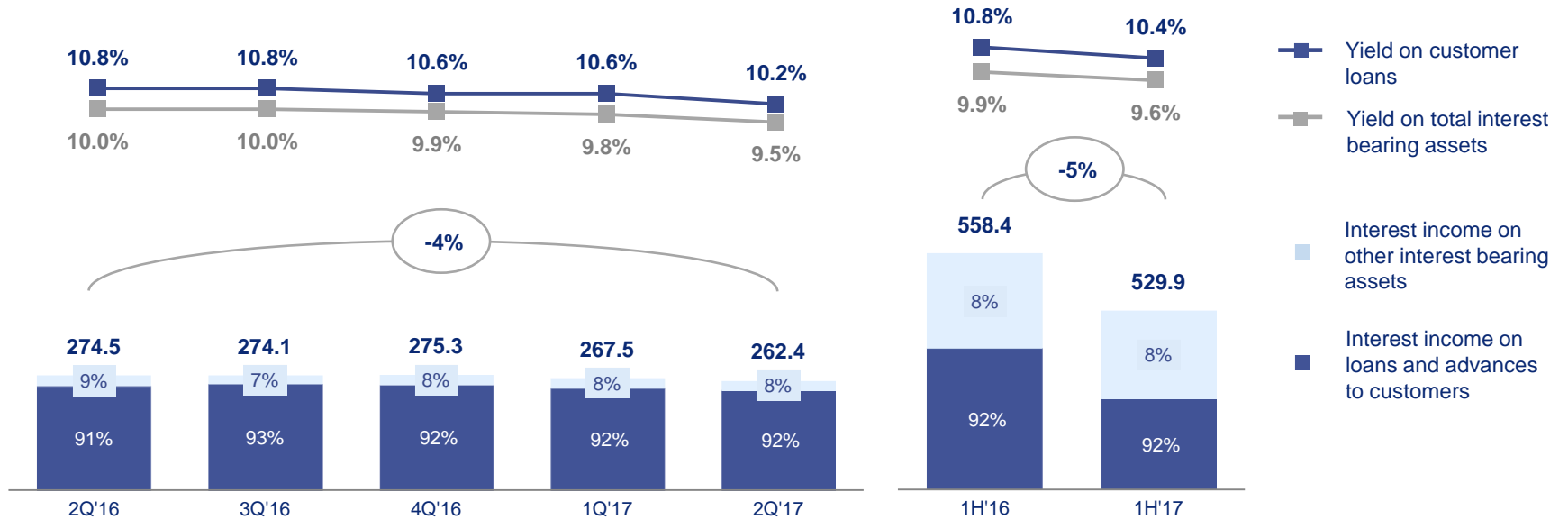
Macro	Banking sector
GDP growth 1.5%	Loans growth legal entities 6%
CPI 5.2%	Loans growth individuals 10%
Oil price Urals, avg \$54	Deposits growth legal entities 6%
CBR key rate avg 9.0%	Deposits growth individuals 10%



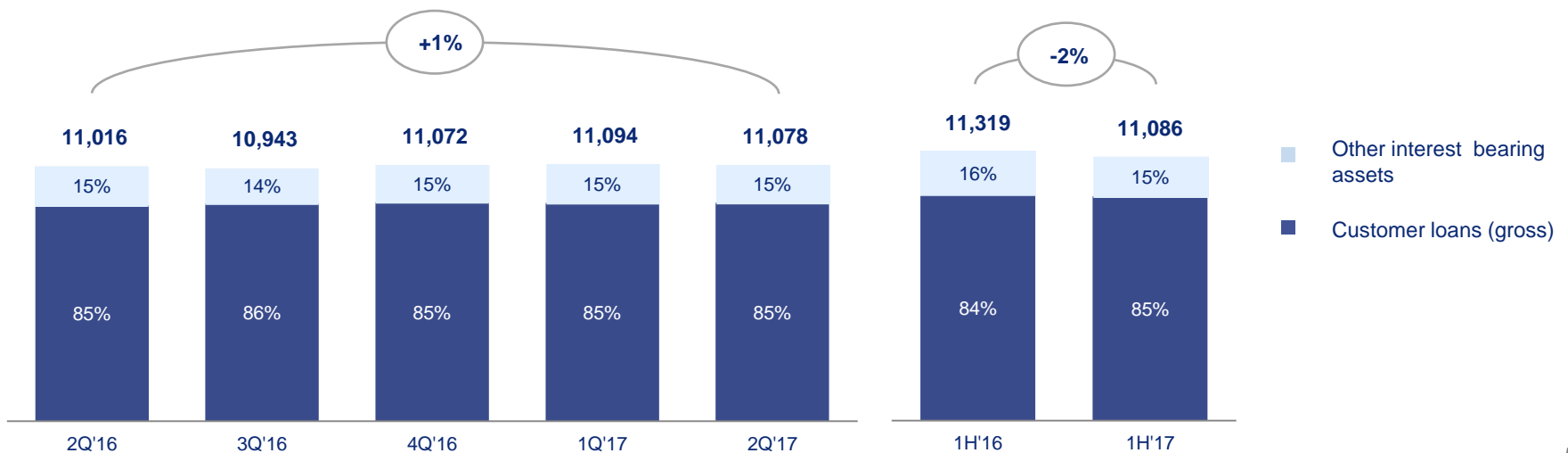
Balance sheet	Efficiency & profitability
Loans growth vs market legal entities In line	CoR Below 2%
Loans growth vs market individuals Above	NIM 4%
Deposits growth vs market legal entities Above	CIR Below 45%
Deposits growth vs market individuals Above	Net profit RUB bn ≈ 100

Interest Income and Average Yields

Interest income and average yields RUB bn

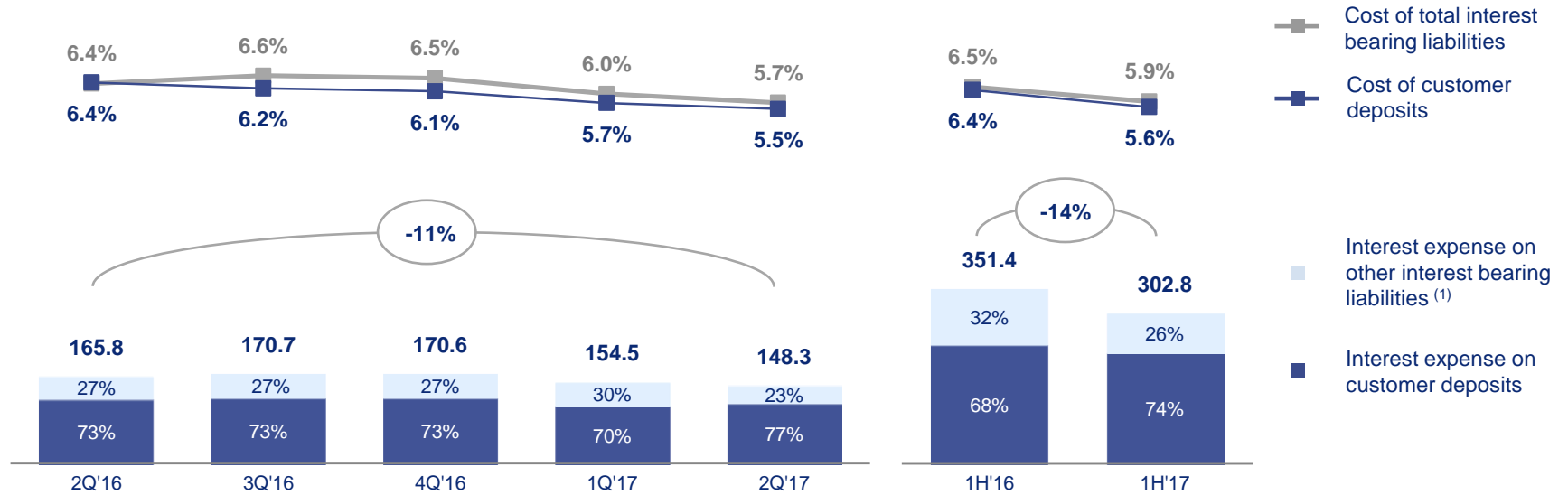


Average interest bearing assets RUB bn

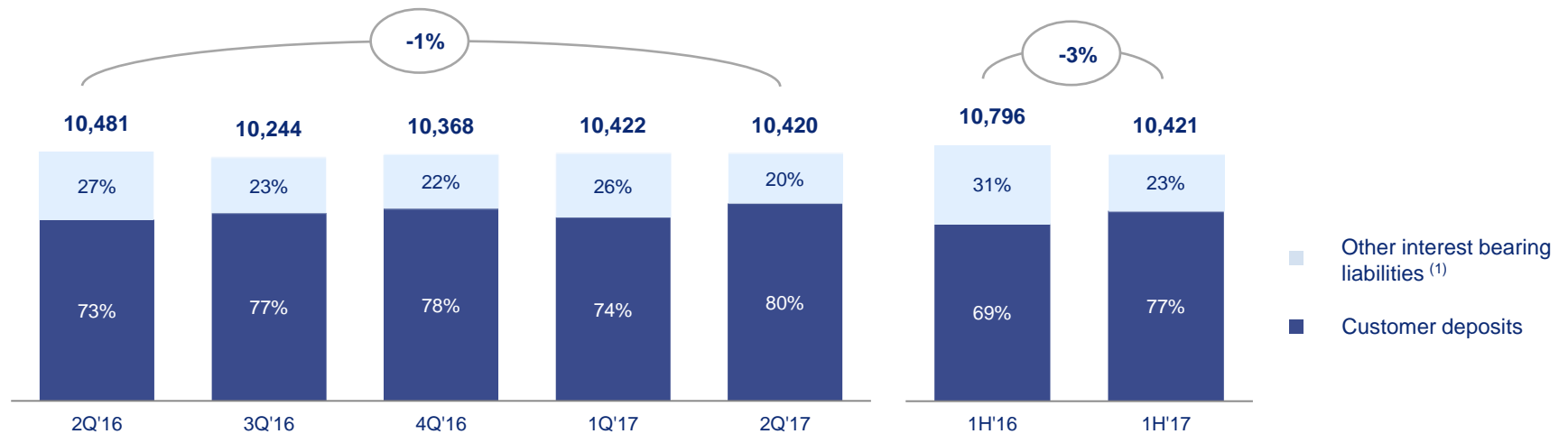


Interest Expense and Cost of Funds

Interest expense and cost of interest bearing liabilities RUB bn



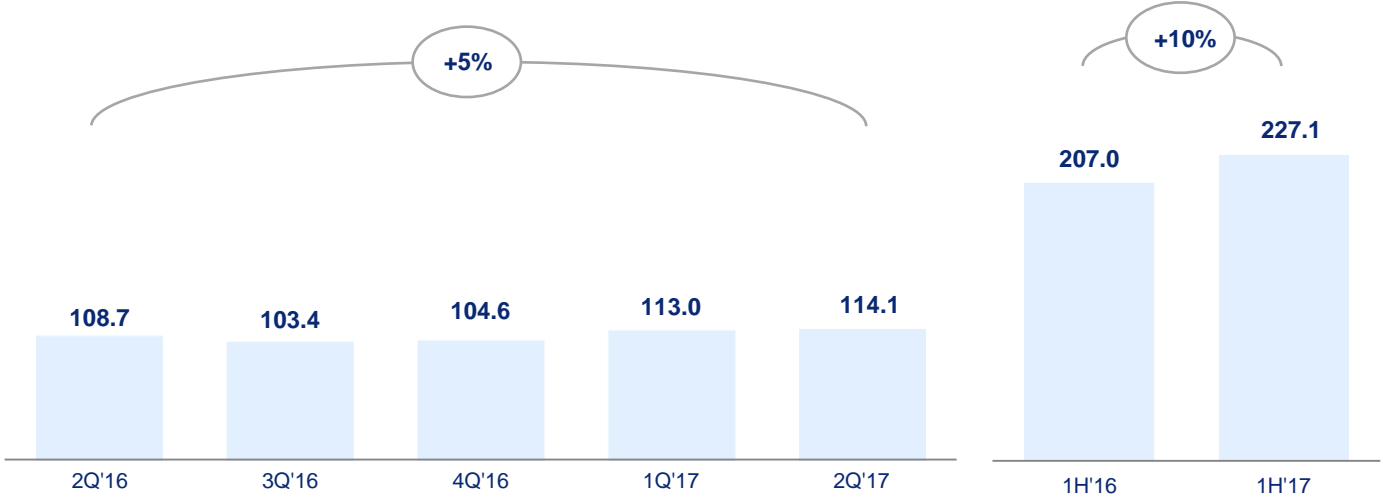
Average interest bearing liabilities RUB bn



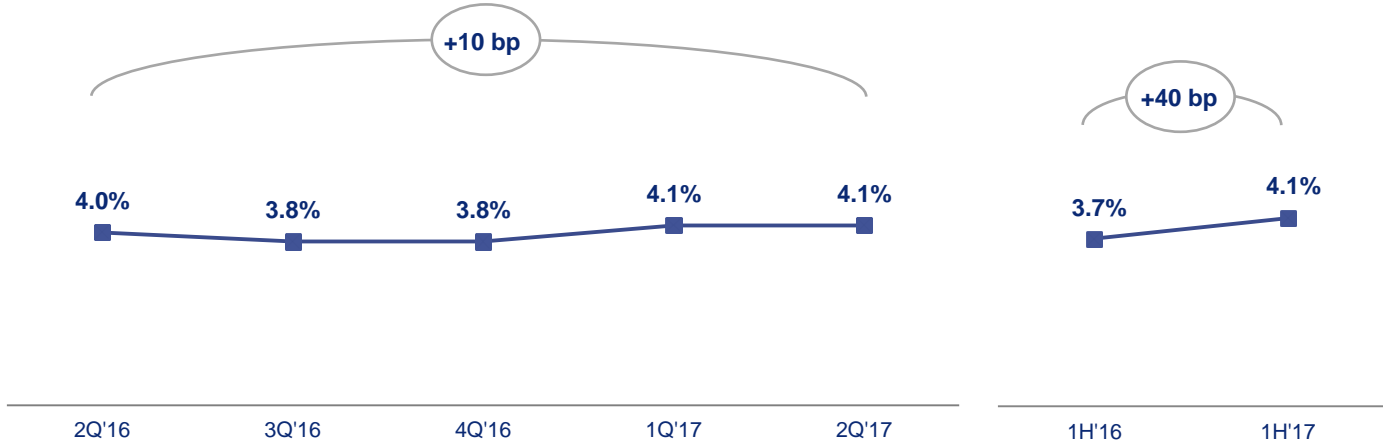
(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

Net Interest Income and NIM

Net interest income RUB bn



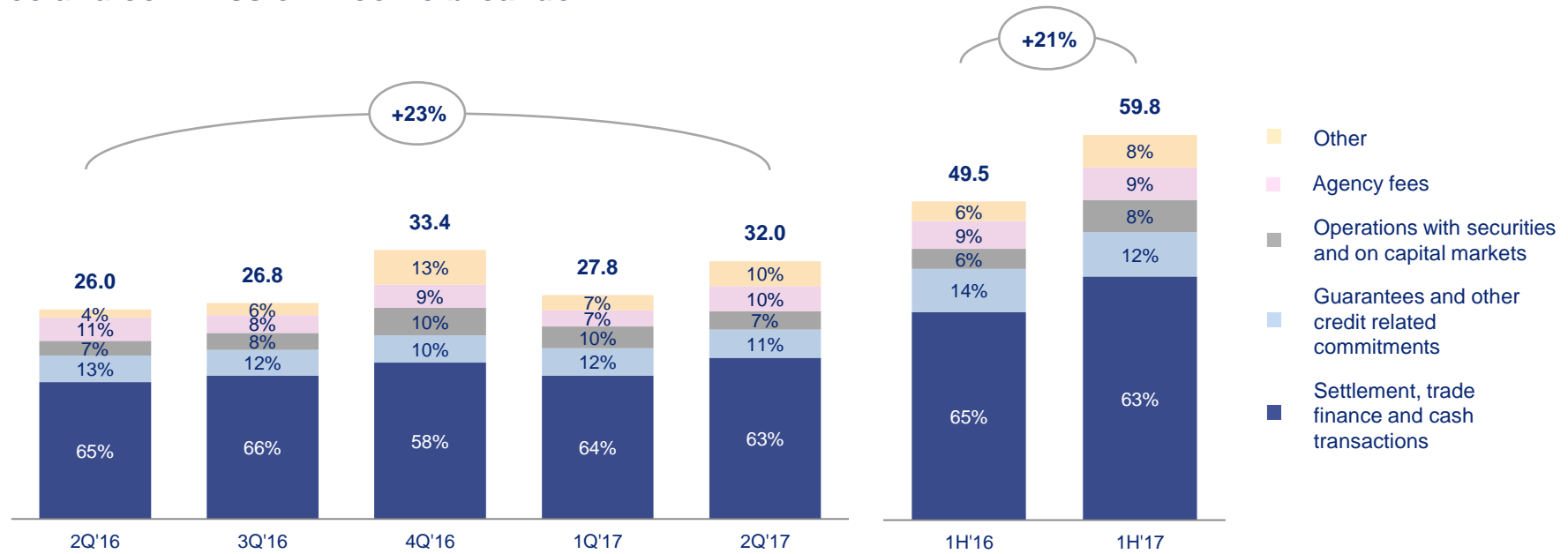
Net interest margin⁽¹⁾ %



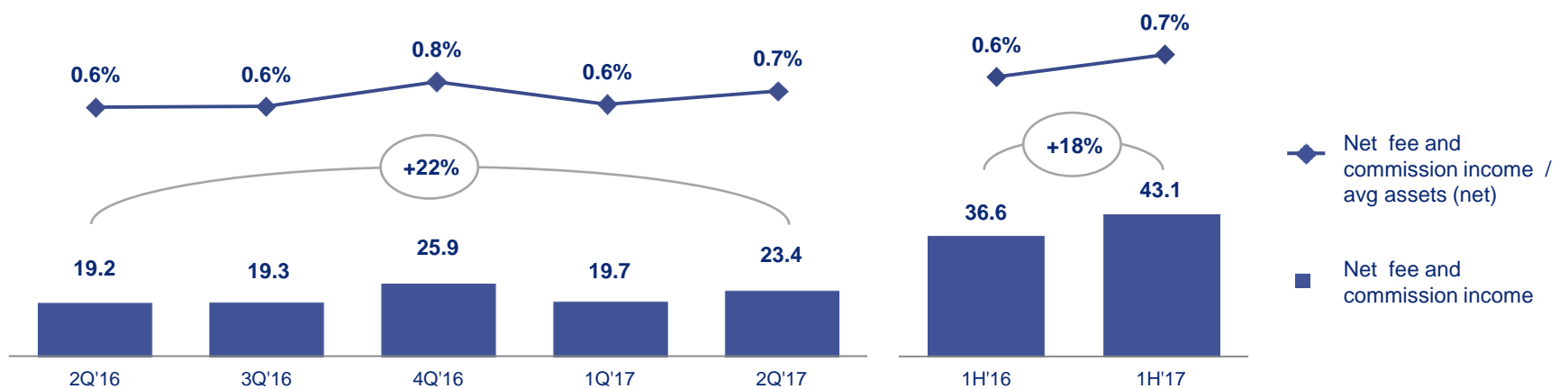
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

Fee and Commission Income

Fee and commission income breakdown RUB bn

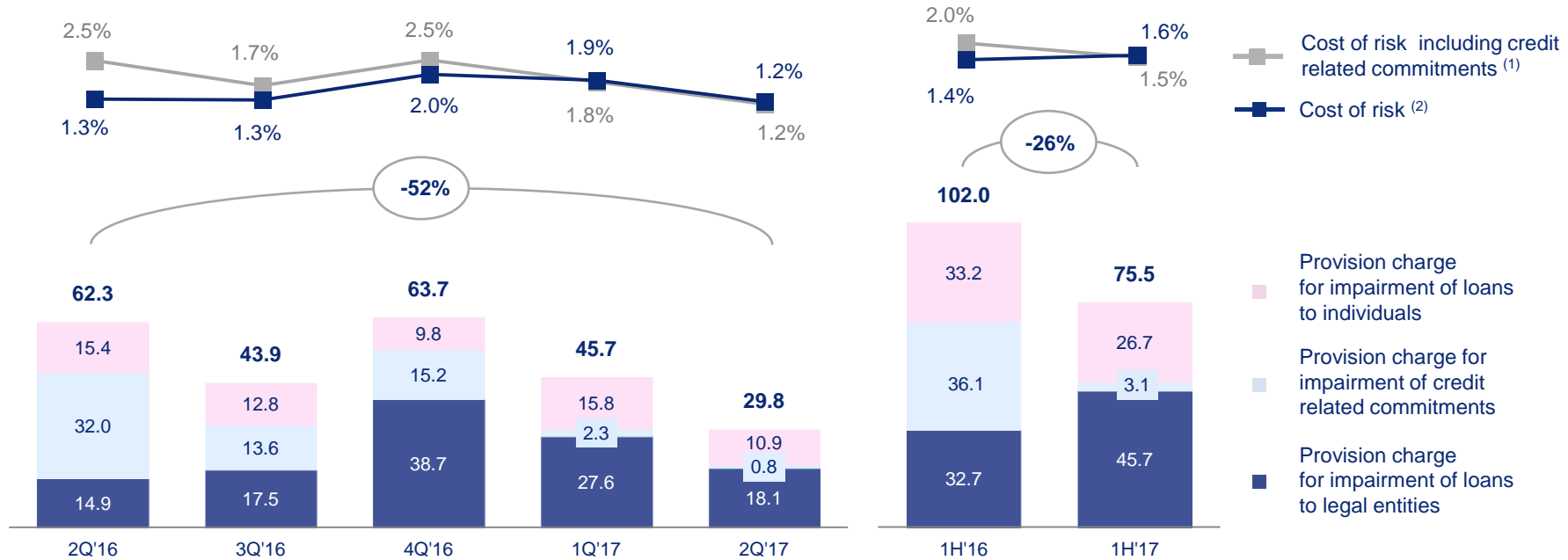


Net fee and commission income RUB bn

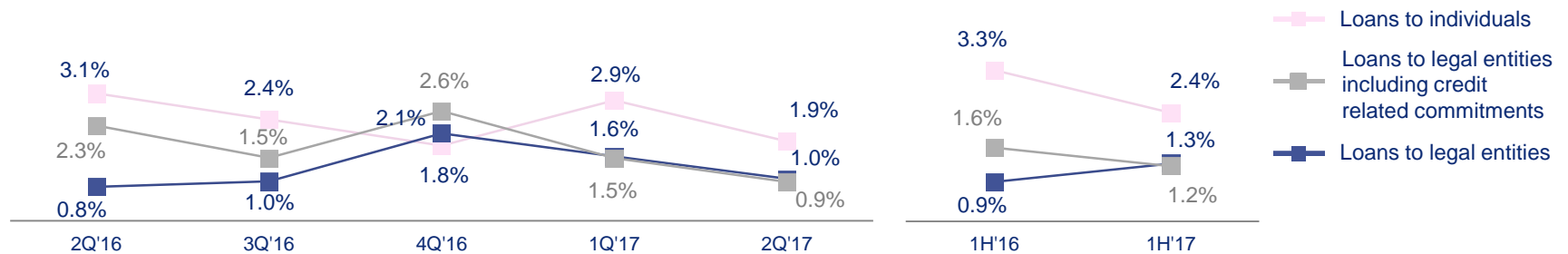


Provision Charge and Cost of Risk

Provision charge for impairment of loans and credit related commitments RUB bn



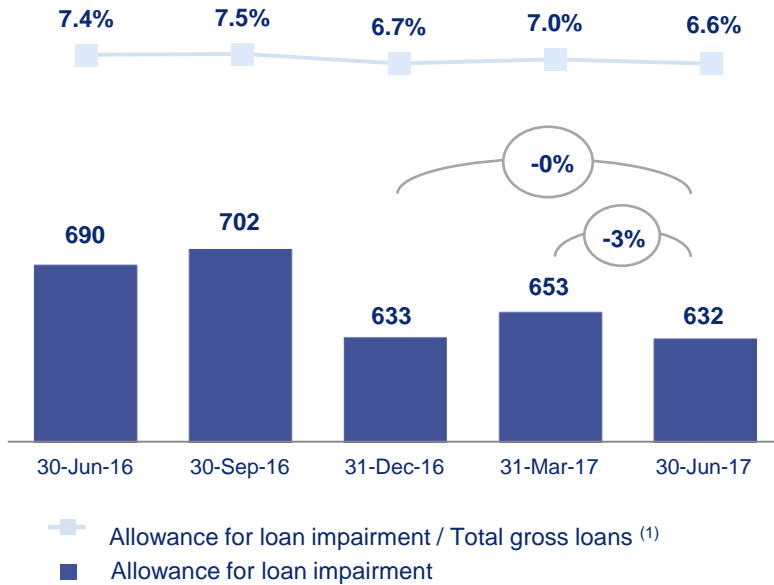
Cost of risk breakdown %



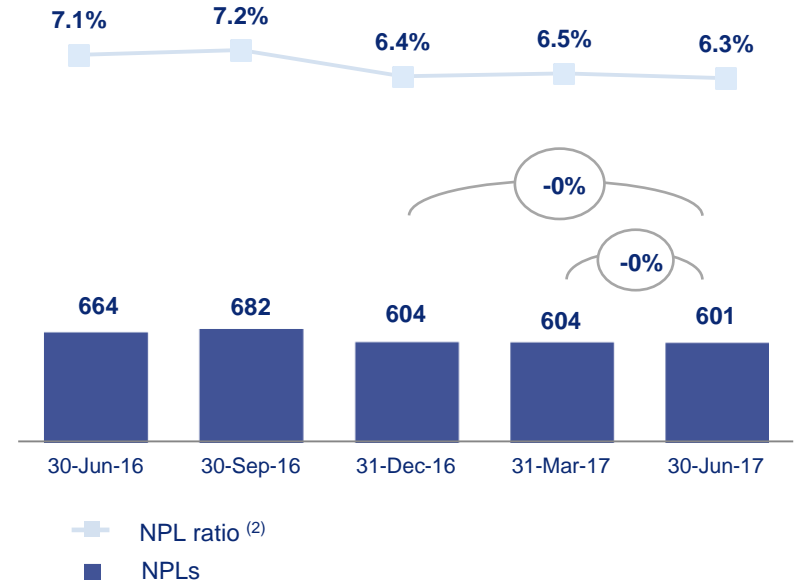
(1) Provision charge for loan impairment and provision charge for impairment of credit related commitments divided by average gross loans and advances to customers and average credit related commitments.
 (2) Provision charge for loan impairment divided by average gross loans and advances to customers.

Loan Book Quality

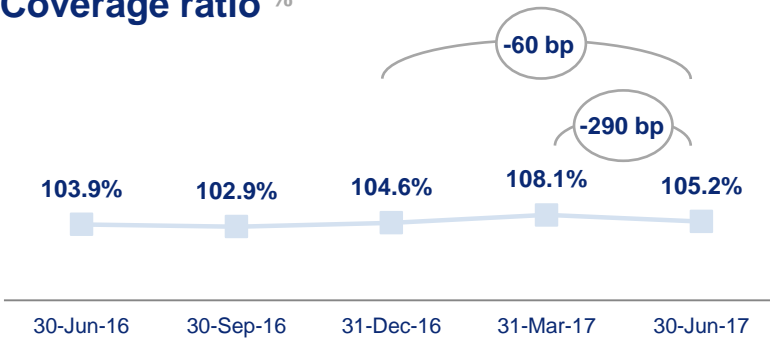
Provision for loan impairment RUB bn



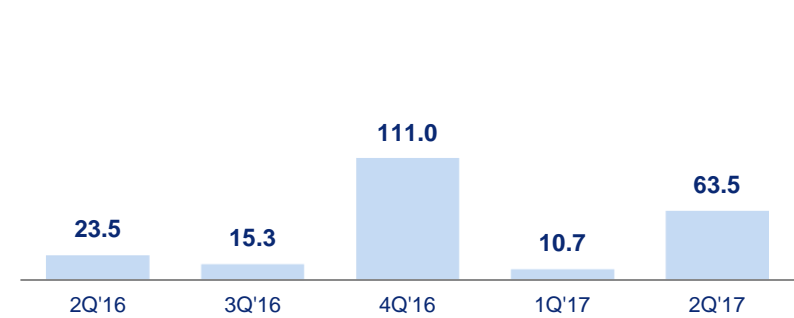
NPLs (90+) RUB bn



Coverage ratio %



Loan write-offs RUB bn

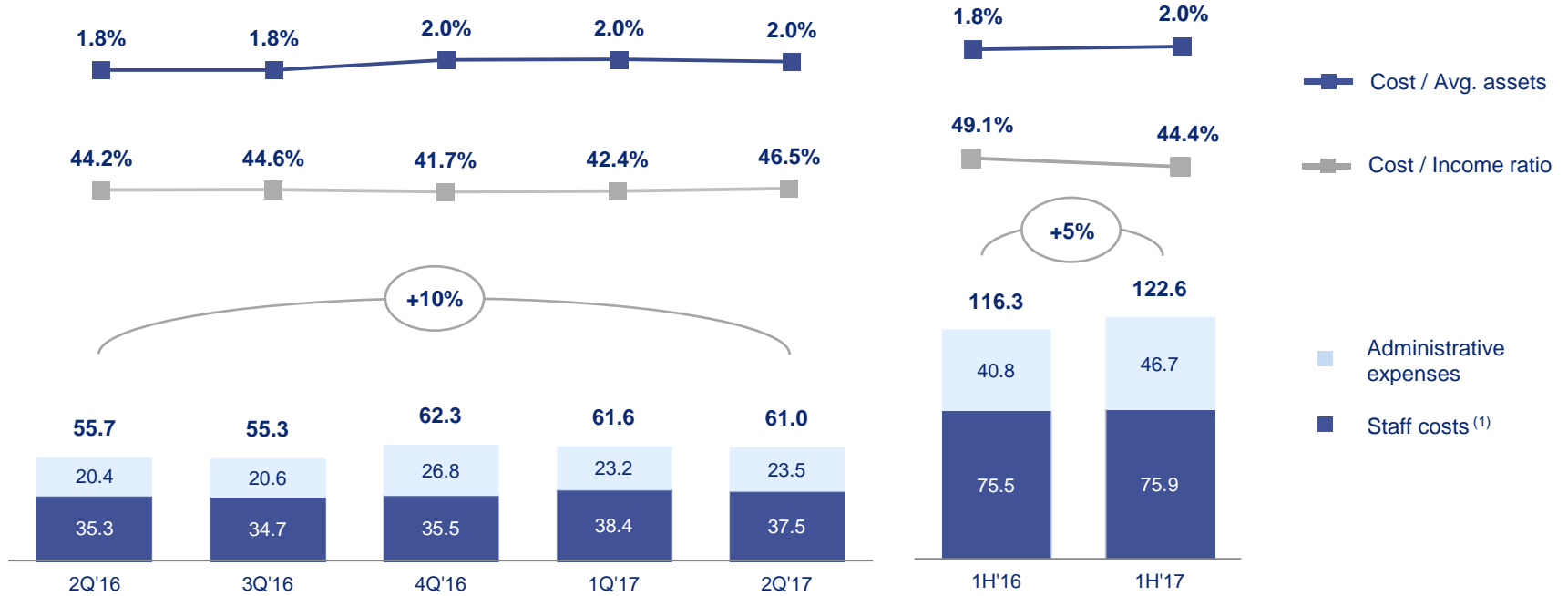


(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

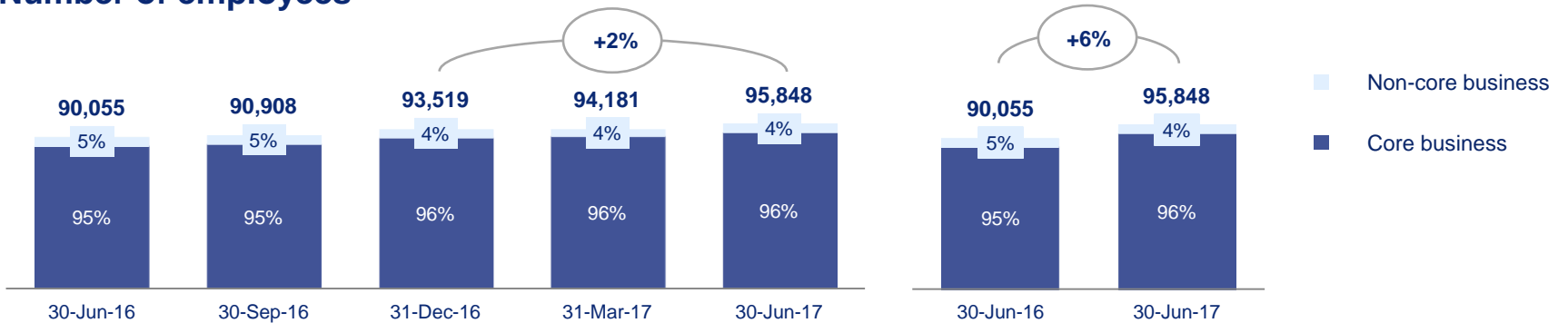
(2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase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

Staff and Administrative Expenses

Staff costs and administrative expenses RUB bn



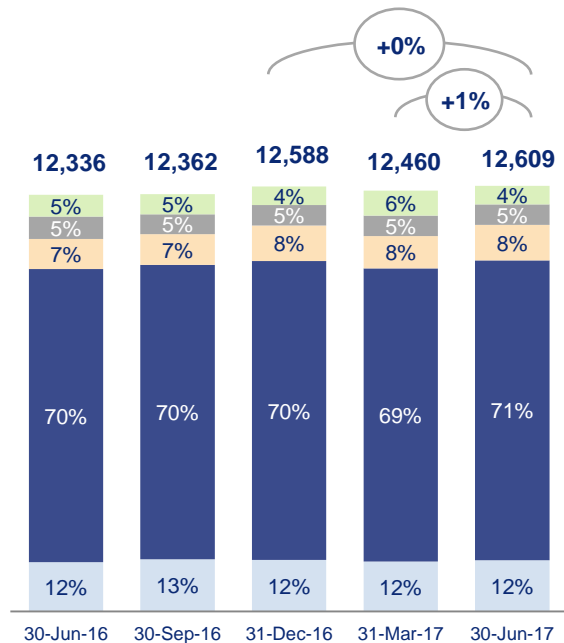
Number of employees



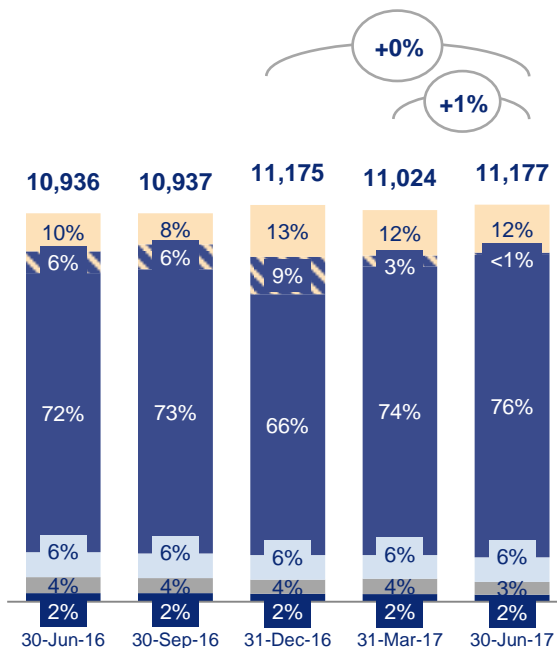
(1) Including pensions.

Balance Sheet Structure and Capital Adequacy

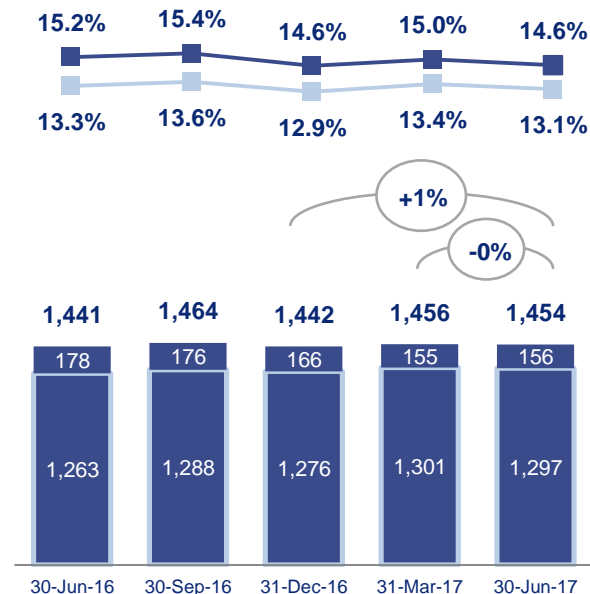
Assets structure RUB bn



Liabilities structure RUB bn



Basel capital RUB bn



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

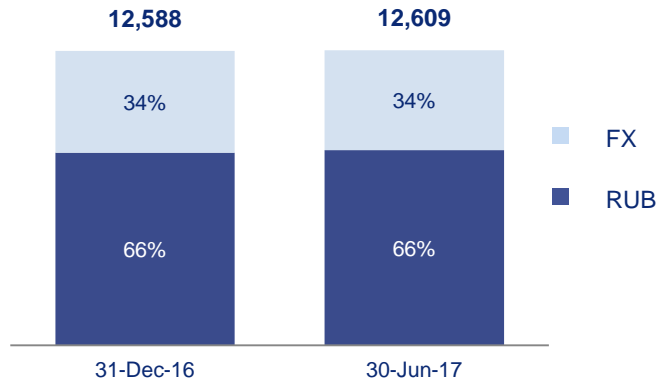
- Due to banks and other borrowed funds
- Collateralised funding from the CBR
- Customer deposits
- Other liabilities
- Debt securities issued
- Subordinated debt

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

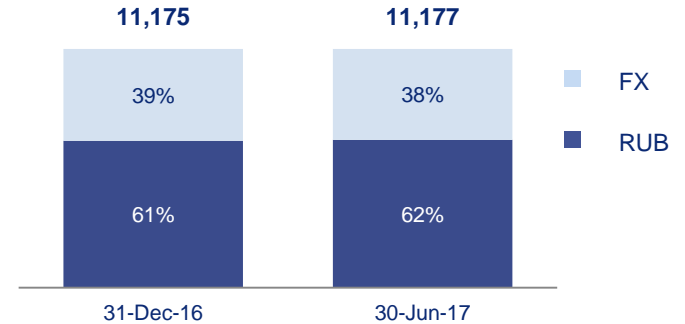
(1) Includes loans and advances to customers, pledged under REPO.
 (2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

Assets and Liabilities by Currency

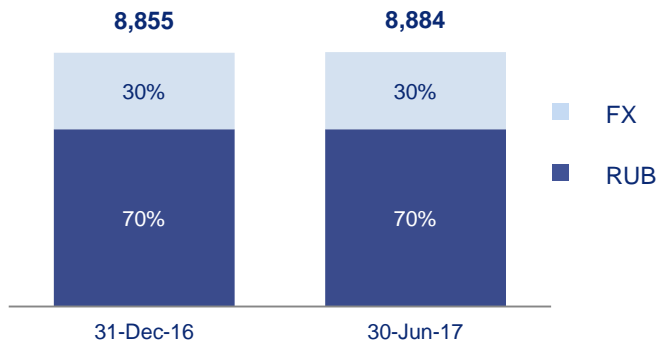
Total assets RUB bn



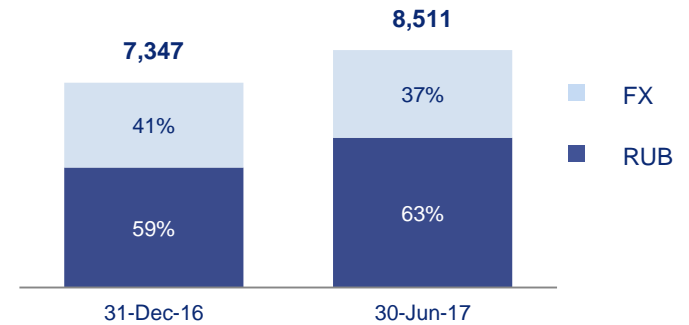
Total liabilities RUB bn



Net loans and advances to customers RUB bn

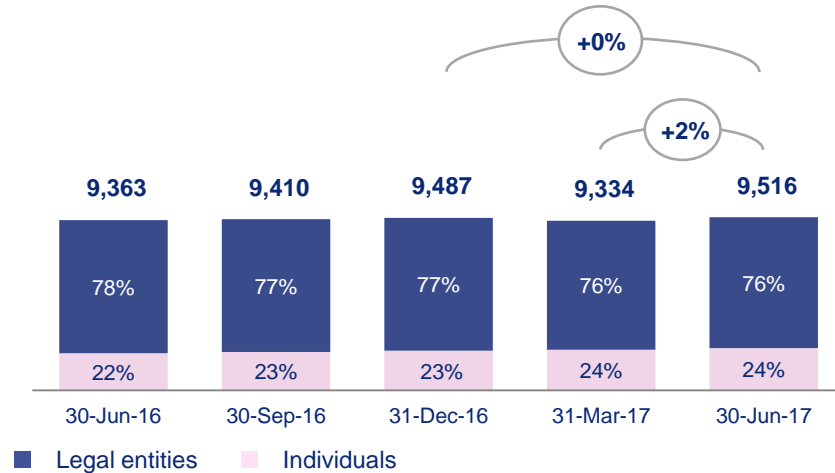


Customer deposits RUB bn

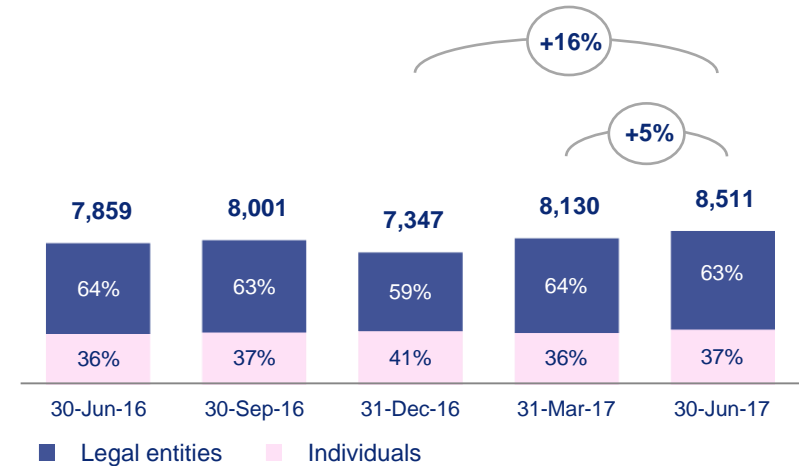


Loan Portfolio and Customer Deposits

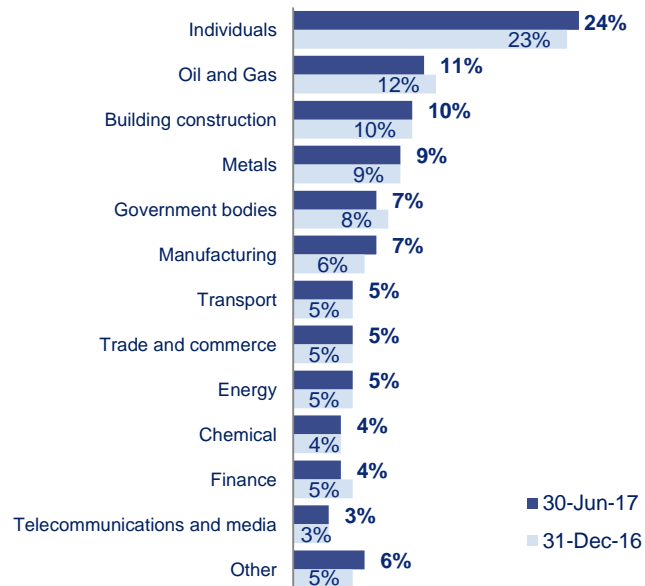
Loans and advances to customers RUB bn



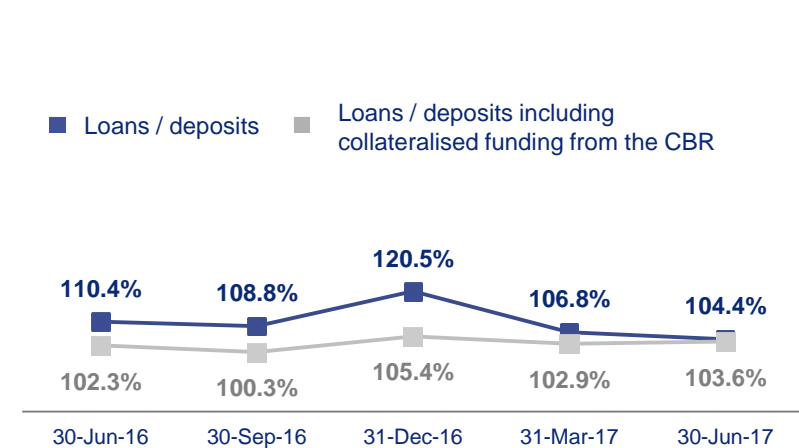
Customer deposits RUB bn



Loans and advances to customers by industry %

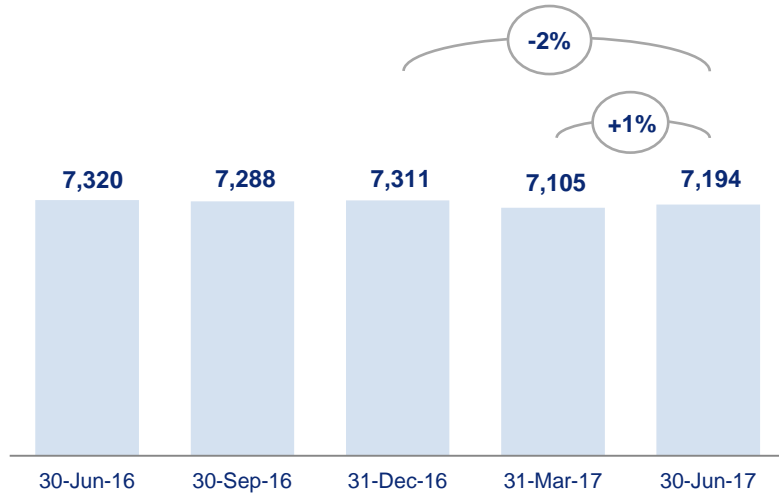


Customer loans / customer deposits %

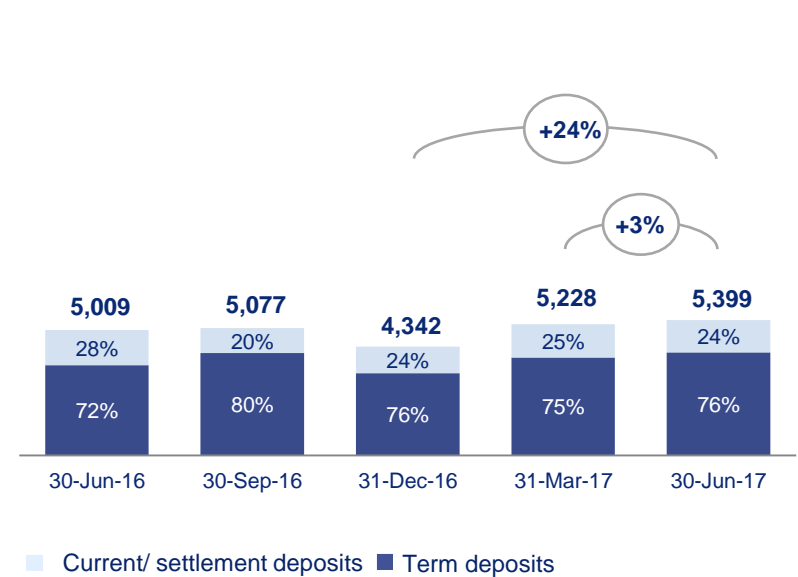


Business with Legal Entities

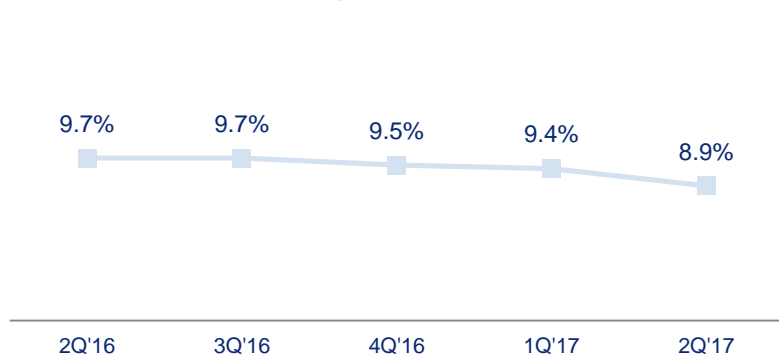
Loans to legal entities RUB bn



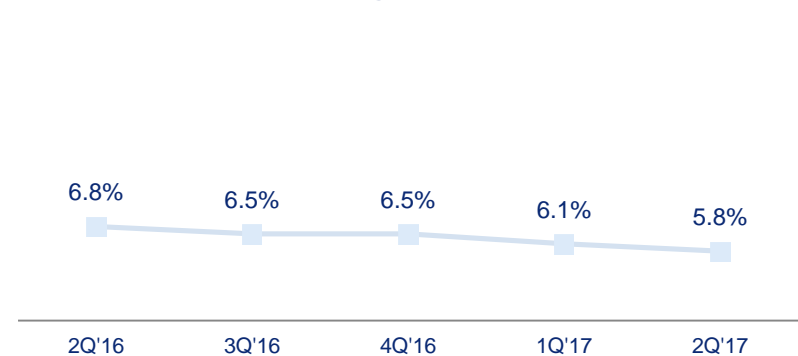
Deposits of legal entities RUB bn



Yield on loans to legal entities %

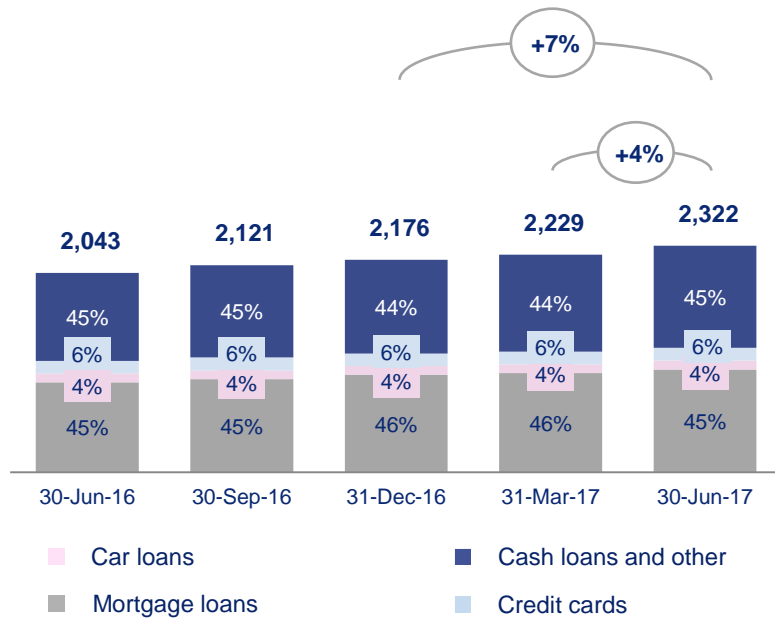


Cost of deposits of legal entities %

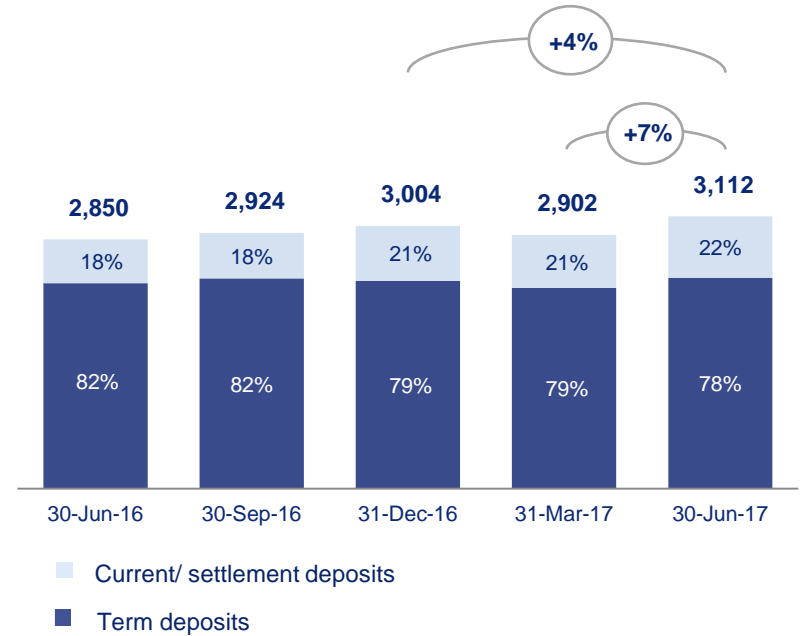


Business with Individuals

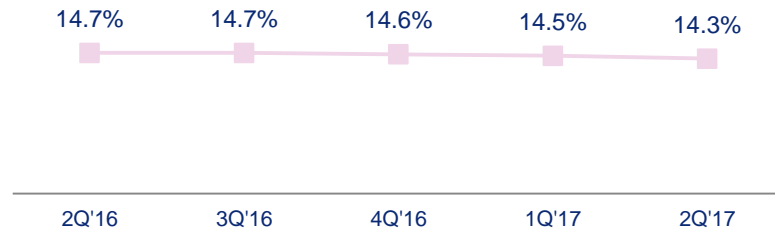
Loans to individuals RUB bn



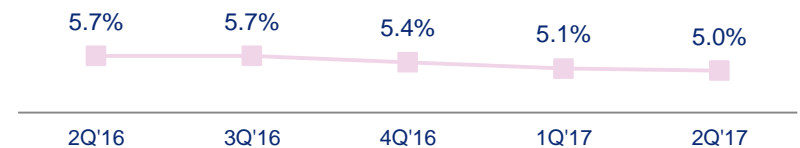
Deposits of individuals RUB bn



Yield on loans to individuals %



Cost of deposits of individuals %



VTB Group Financial Highlights: P&L and Key Ratios

Income Statement – Key Indicators

Key selected items (in RUB bn)	1H'17	1H'16	Change	2Q'17	2Q'16	Change
Net interest income	227.1	207.0	9.7%	114.1	108.7	5.0%
Net fee and commission income	43.1	36.6	17.8%	23.4	19.2	21.9%
Net other income	6.2	(6.6)	193.9%	(6.3)	(2.0)	215.0%
Operating income before provisions	276.4	237.0	16.6%	131.2	125.9	4.2%
Provision charge for impairment ⁽¹⁾	(76.0)	(102.9)	-26.1%	(30.1)	(62.3)	-51.7%
Staff costs and administrative expenses	(122.6)	(116.3)	5.4%	(61.0)	(55.7)	9.5%
Profit before tax	77.8	17.8	x4	40.1	7.9	x5
Income tax expense	(19.9)	(10.1)	97.0%	(9.8)	(4.9)	100.0%
Net profit after tax	57.9	7.7	x8	30.3	3.0	x10
Profit after tax from subsidiaries acquired exclusively with a view to resale	-	7.7	-	-	11.8	-
Net profit	57.9	15.4	x4	30.3	14.8	x2

Key Financial Ratios

	1H'17	1H'16	Change	2Q'17	2Q'16	Change
NIM	4.1%	3.7%	0.4 pp	4.1%	4.0%	0.1 pp
CoR	1.6%	1.4%	0.2 pp	1.2%	1.3%	-0.1 pp
Cost / Assets	2.0%	1.8%	0.2 pp	2.0%	1.8%	0.2 pp
CIR	44.4%	49.1%	-4.7 pp	46.5%	44.2%	2.3 pp
ROE	8.2%	2.2%	6.0 pp	8.5%	4.2%	4.3 pp

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

VTB Group Financial Highlights: Balance Sheet

Balance Sheet – Key Indicators

Key selected items (in RUB bn)	30-Jun-2017	31-Mar-2017	QoQ	31-Dec-2016	YTD
Gross loan portfolio	9,515.8	9,333.8	1.9%	9,487.0	0.3%
Loans to legal entities	7,194.2	7,105.2	1.3%	7,311.4	-1.6%
Loans to individuals	2,321.6	2,228.6	4.2%	2,175.6	6.7%
Total assets	12,608.9	12,459.9	1.2%	12,588.2	0.2%
Customer deposits	8,510.5	8,130.1	4.7%	7,346.6	15.8%
Deposits of legal entities	5,398.6	5,228.2	3.3%	4,342.3	24.3%
Deposits of individuals	3,111.9	2,901.9	7.2%	3,004.3	3.6%
Total liabilities	11,176.6	11,024.2	1.4%	11,175.3	0.0%
Total shareholders' equity	1,432.3	1,435.7	-0.2%	1,412.9	1.4%

Key Asset Quality & Capital Ratios

	30-Jun-2017	31-Mar-2017	QoQ	31-Dec-2016	YTD
NPL ratio ⁽¹⁾	6.3%	6.5%	-0.2 pp	6.4%	-0.1 pp
LLR ratio ⁽²⁾	6.6%	7.0%	-0.4 pp	6.7%	-0.1 pp
Tier I	13.1%	13.4%	-0.3 pp	12.9%	0.2 pp

(1) 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.

(2) Loan-loss reserve ratio represents allowance for loan impairment to total gross loan portfolio including financial assets classified as loans and advances to customers pledged under repurchase agreements.



Investor Relations

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

e-mail: investorrelations@vtb.ru