

# VTB Group 1Q'2017 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 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.

# VTB Group 1Q'2017 Performance Highlights

Key selected items (in RUB bn)	1Q'17	1Q'16	Change
Net interest income	113.0	98.3	15.0%
Net fee and commission income	19.7	17.4	13.2%
<b>Operating income before provisions</b>	<b>145.2</b>	<b>111.1</b>	<b>30.7%</b>
Provision charge for impairment <sup>(1)</sup>	(45.9)	(40.6)	13.1%
Staff costs and administrative expenses	(61.6)	(60.6)	1.7%
<b>Net profit</b>	<b>27.6</b>	<b>0.6</b>	<b>x46</b>
NIM	4.1%	3.4%	0.7 pp
CIR	42.4%	54.5%	-12.1 pp
ROE	7.9%	0.2%	7.7 pp

**Expansion of net interest income driven by NIM recovery to 4.1%**

**Robust growth of net fee and commission income**

**Further significant improvement of cost efficiency, CIR down 12pp y-o-y to 42.4%**

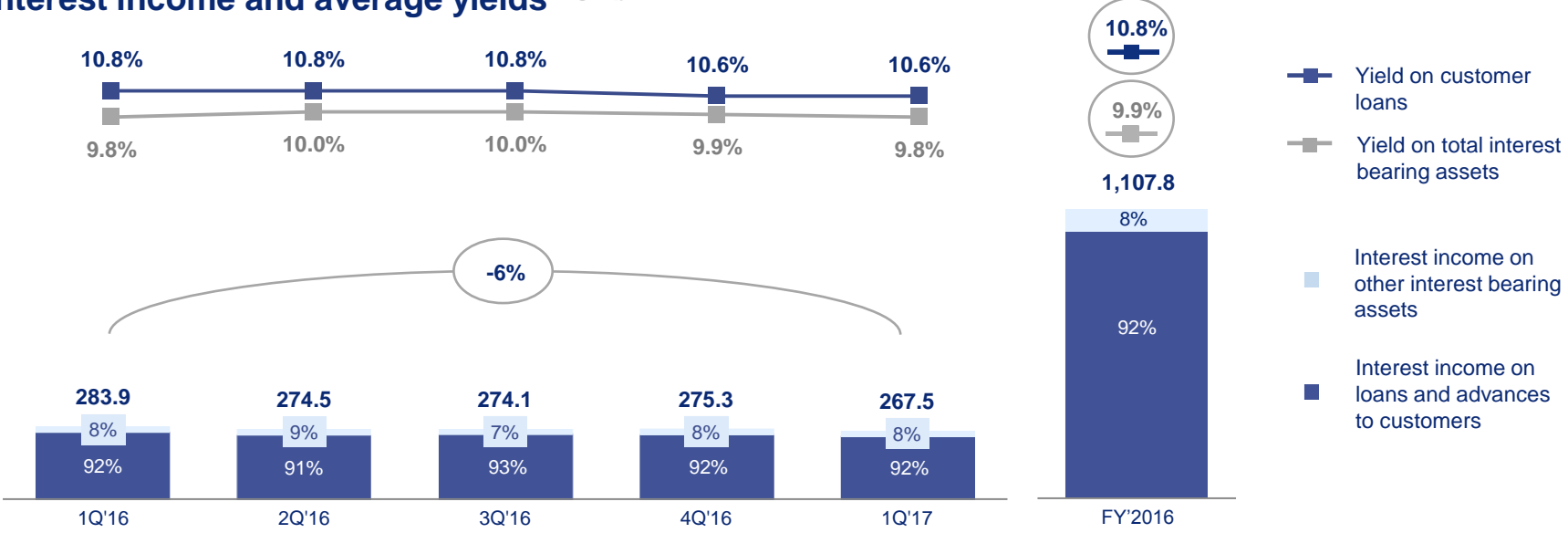
**Stronger balance sheet with higher proportion of customer deposits (74% vs 66% at YE'16) and reduced FX part**

**Solid capital base: Tier 1 CAR 13.4% up 50 bp ytd**

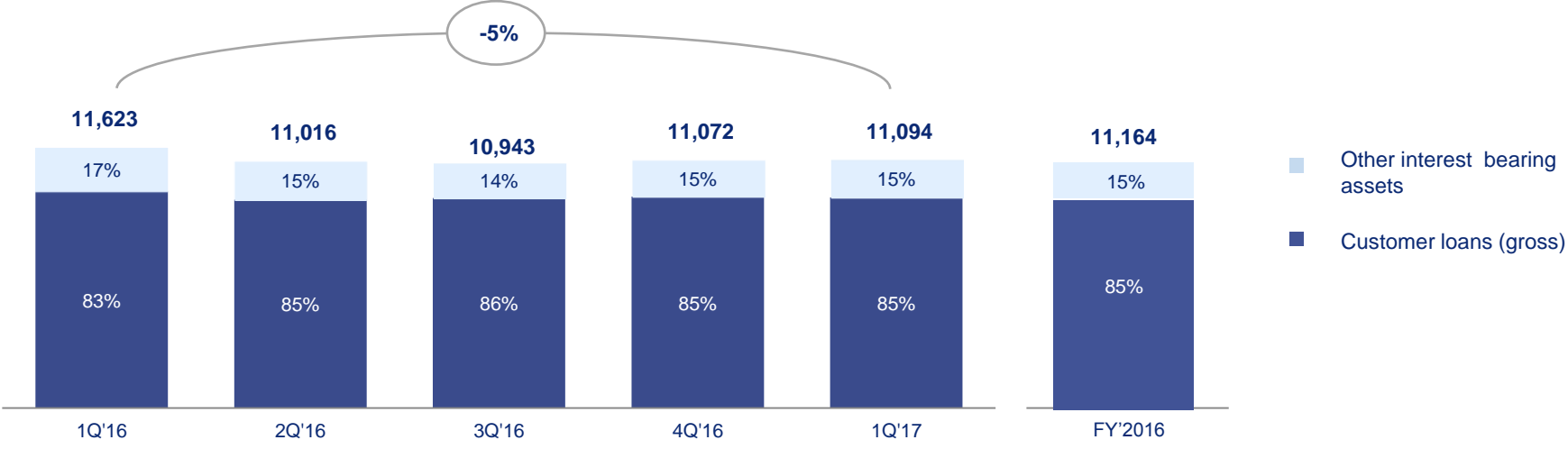
(1) Including provision charge for impairment of debt financial assets and provision charge for impairment of other assets, credit related commitments and legal claims.

# Interest Income and Average Yields

Interest income and average yields RUB bn



Average interest bearing assets RUB bn

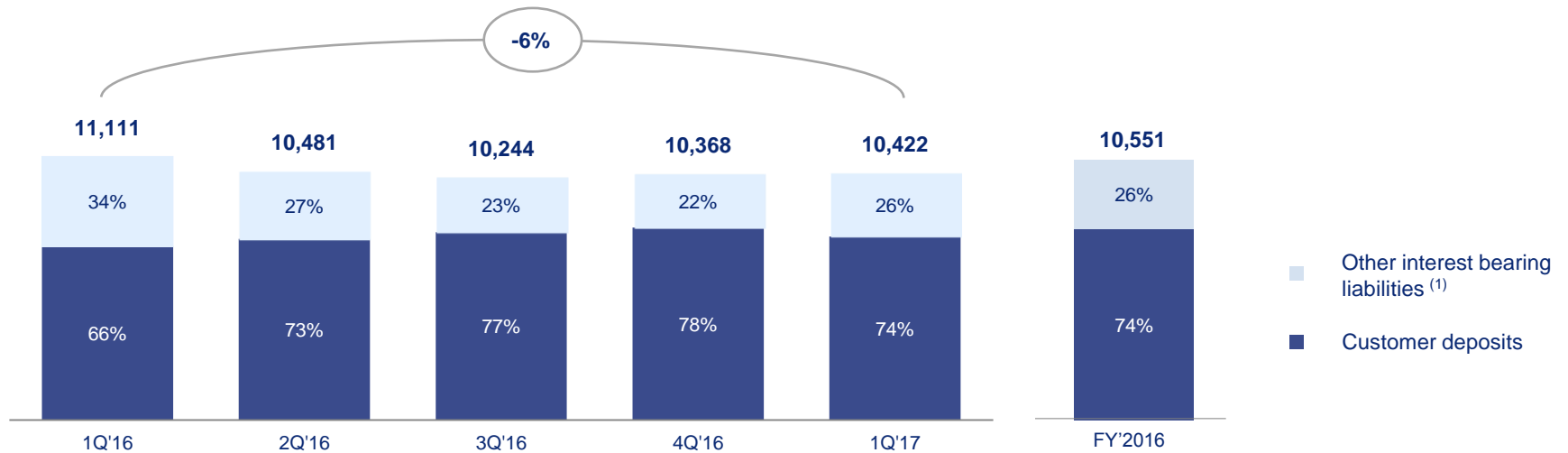


# Interest Expense and Cost of Funds

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



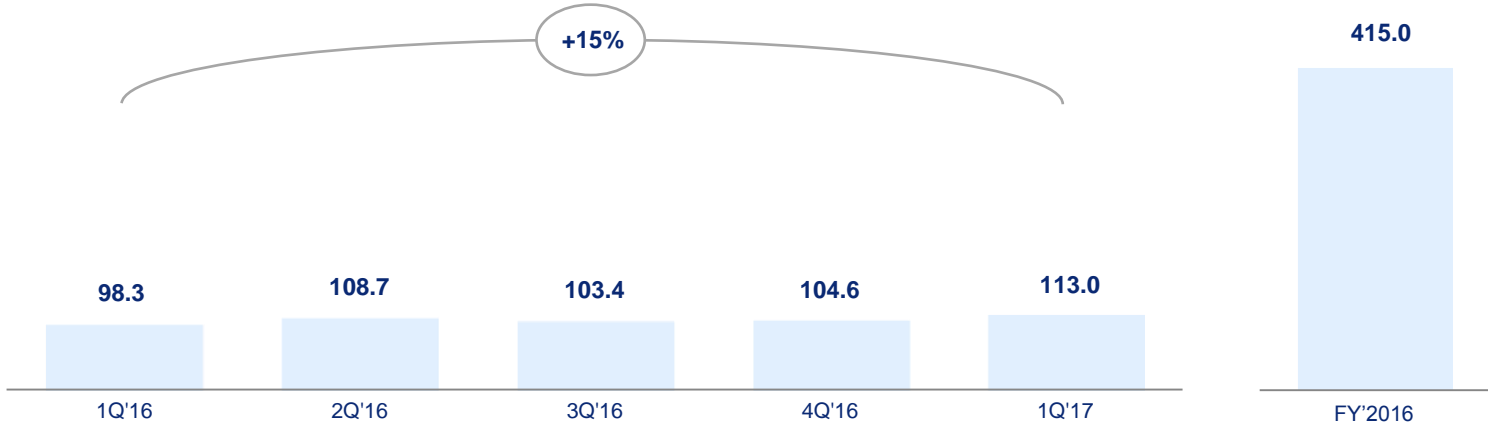
## Average interest bearing liabilities RUB bn



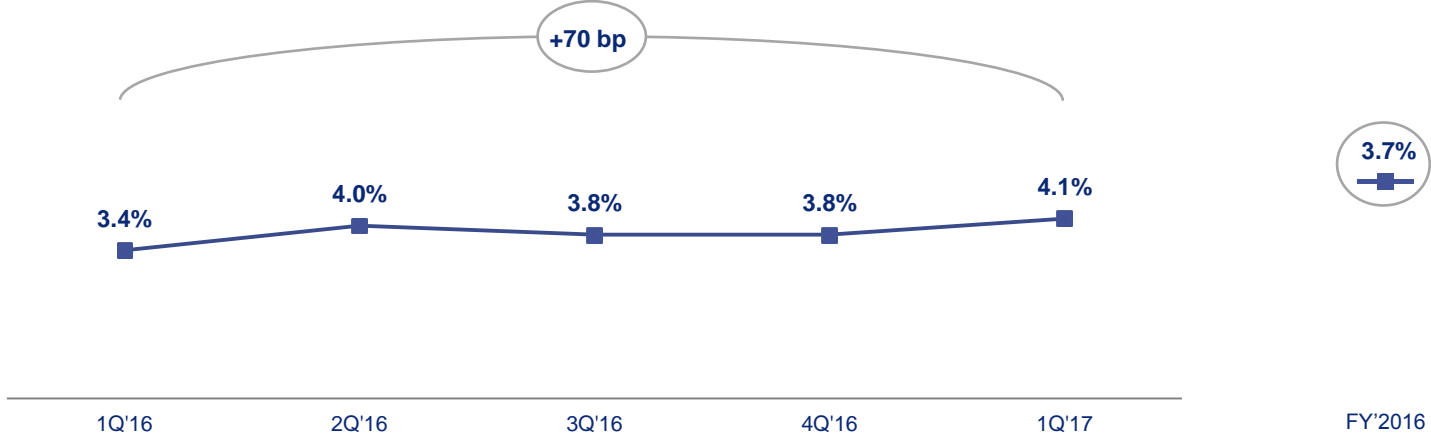
(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

# Net Interest Income and NIM

Net interest income RUB bn



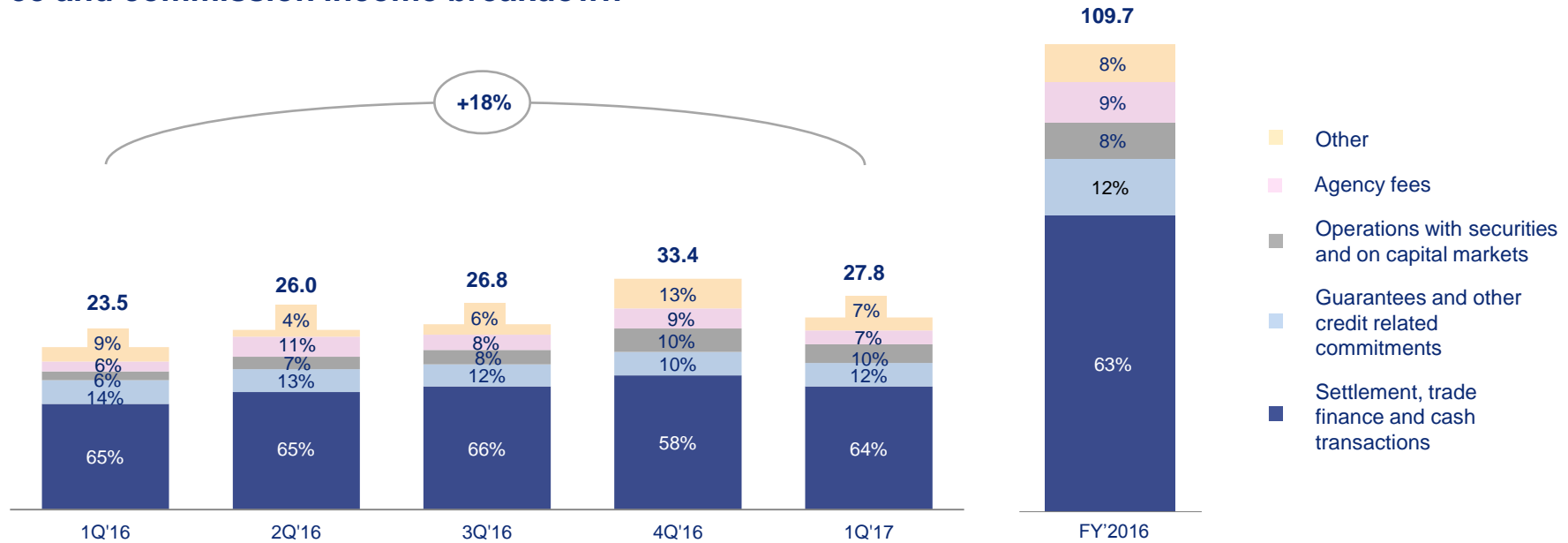
Net interest margin<sup>(1)</sup> %



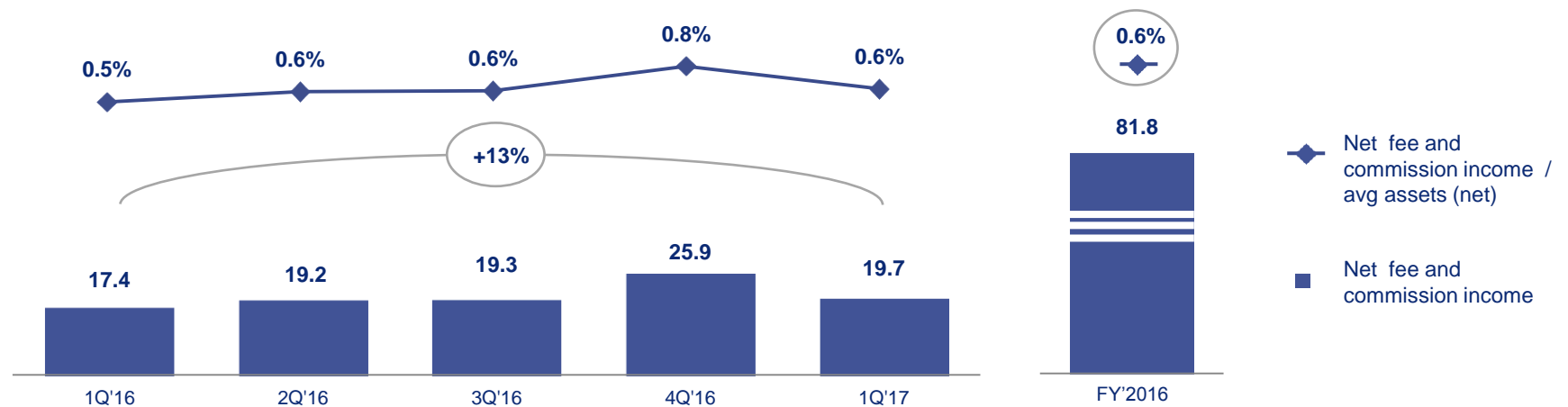
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

# Fee and Commission Income

Fee and commission income breakdown RUB bn

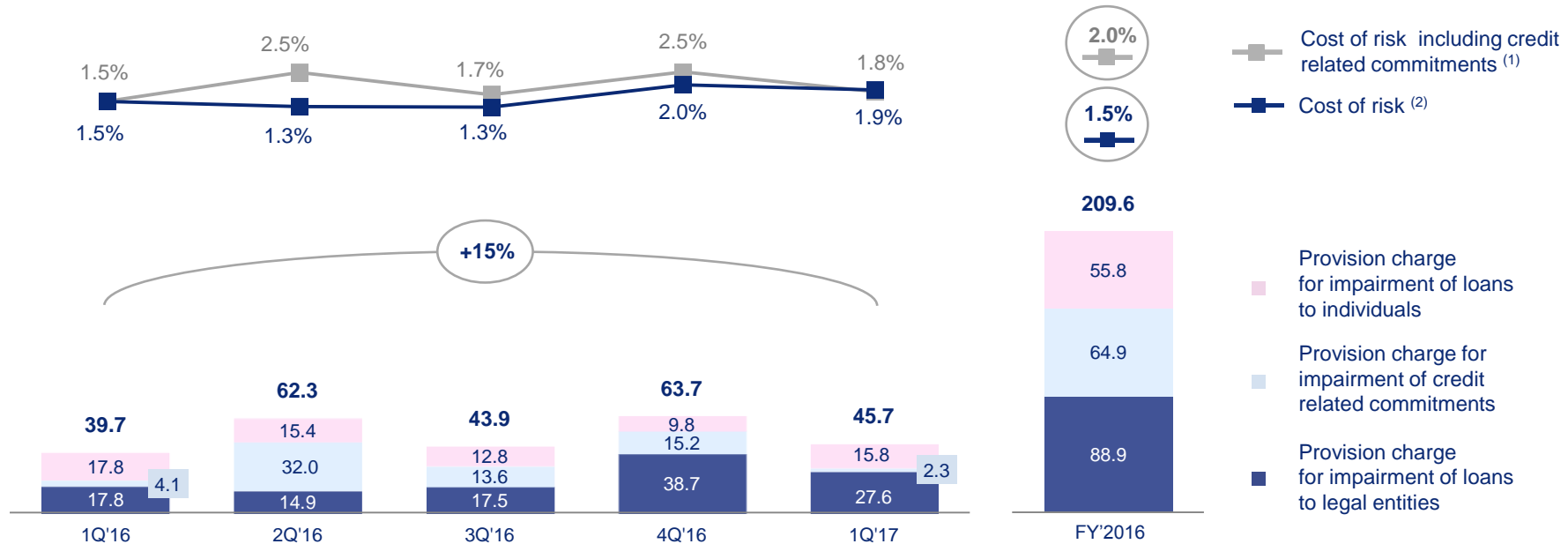


Net fee and commission income RUB bn

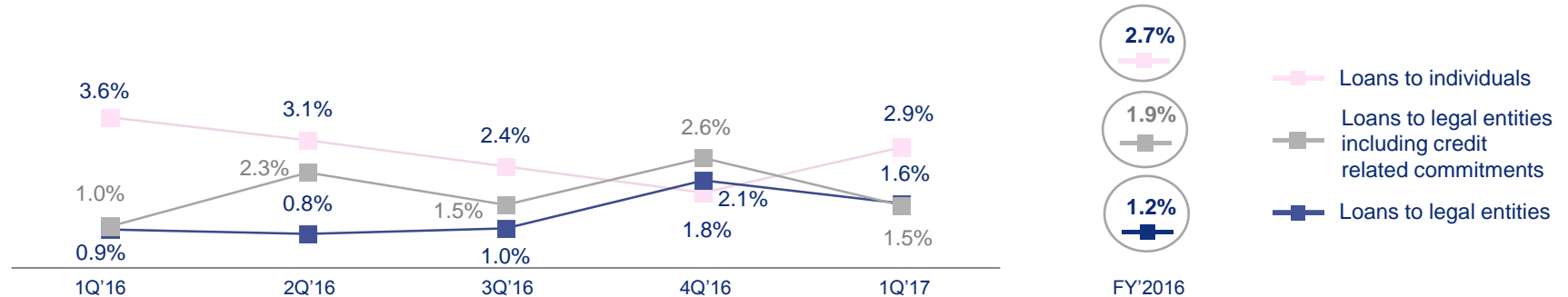


# Provision Charge and Cost of Risk

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



## Cost of risk breakdown %

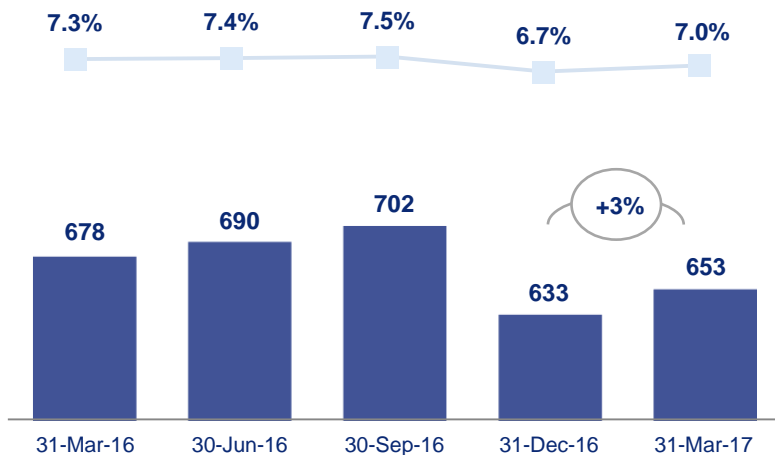


(1) Provision charge for loan impairment and provision charge for impairment of credit related commitments divided by average gross loans and advances to customers and average credit related commitments.  
 (2) Provision charge for loan impairment divided by average gross loans and advances to customers.



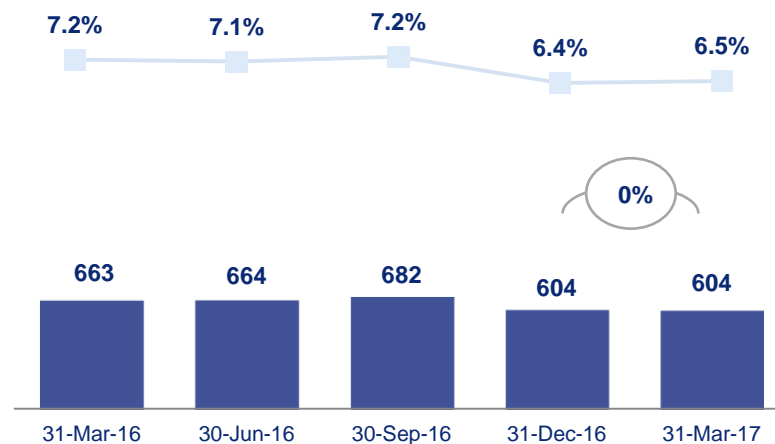
# Loan Book Quality

## Provision for loan impairment <sup>RUB bn</sup>



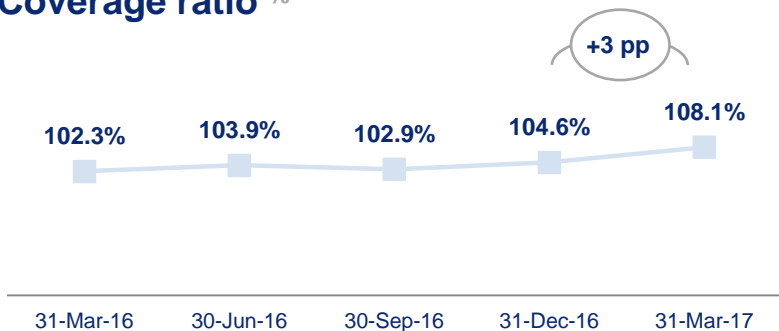
- Allowance for loan impairment / Total gross loans <sup>(1)</sup>
- Allowance for loan impairment

## NPLs (90+) <sup>RUB bn</sup>



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

## Coverage ratio %



## Loan write-offs <sup>RUB bn</sup>

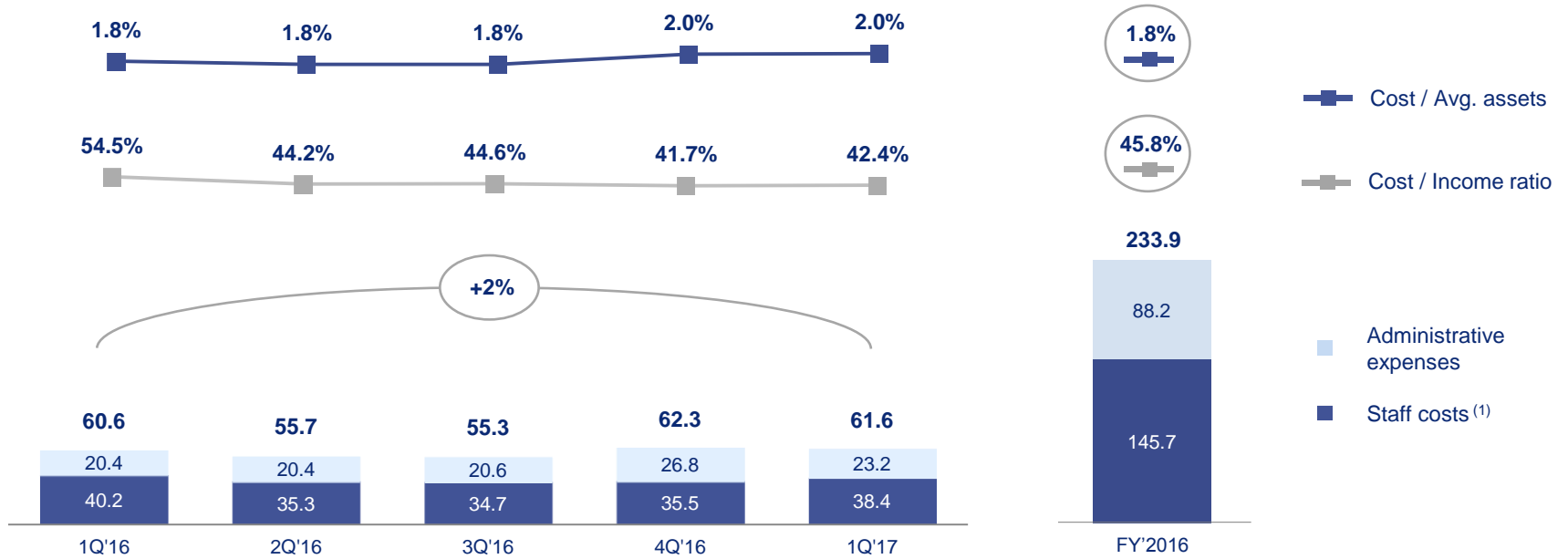


(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

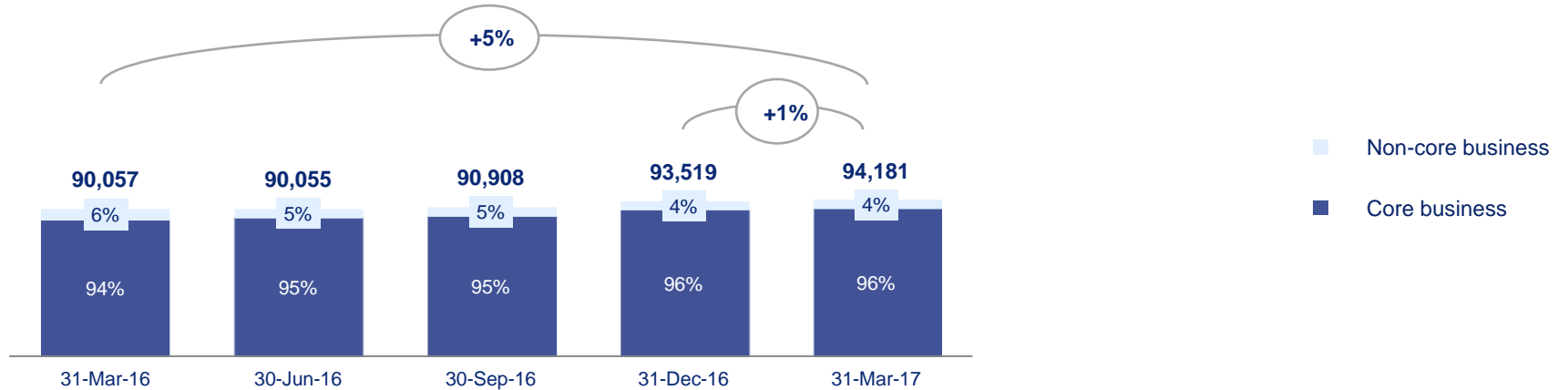
(2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase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

# Staff and Administrative Expenses

Staff costs and administrative expenses RUB bn



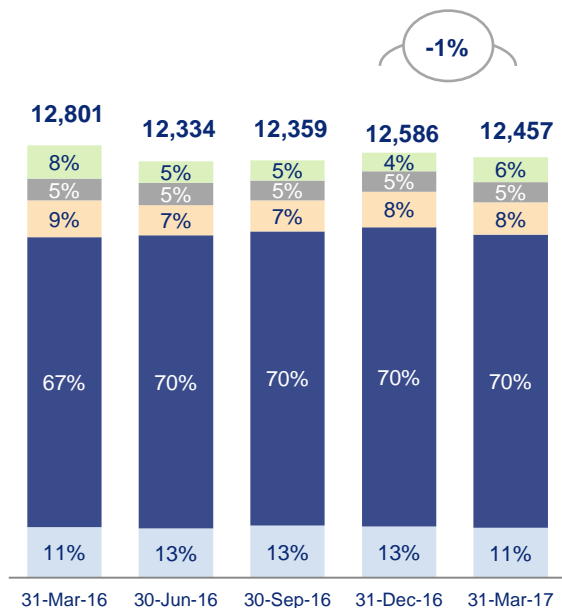
## Number of employees



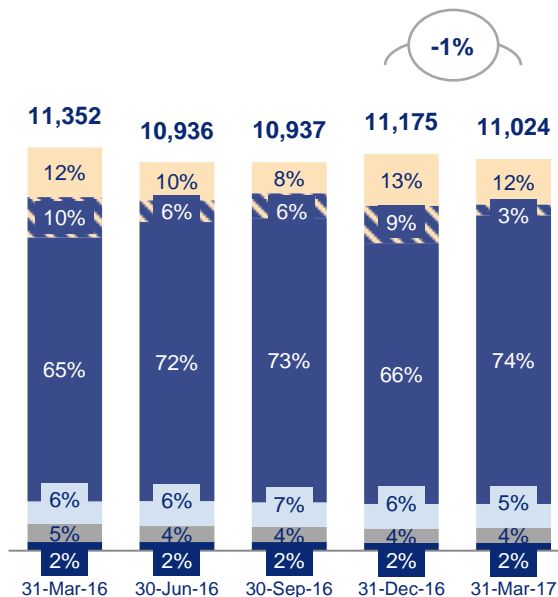
(1) Including pensions.

# Balance Sheet Structure and Capital Adequacy

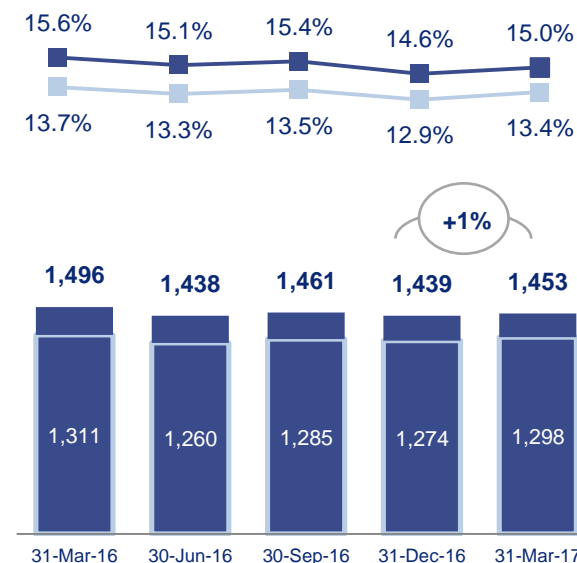
## Assets structure RUB bn



## 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

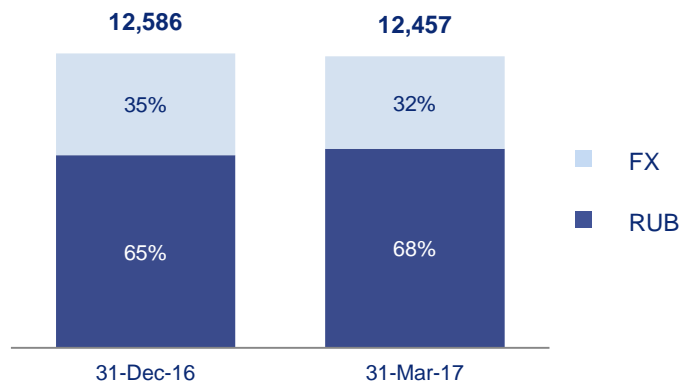
■ Total capital

■ Tier I

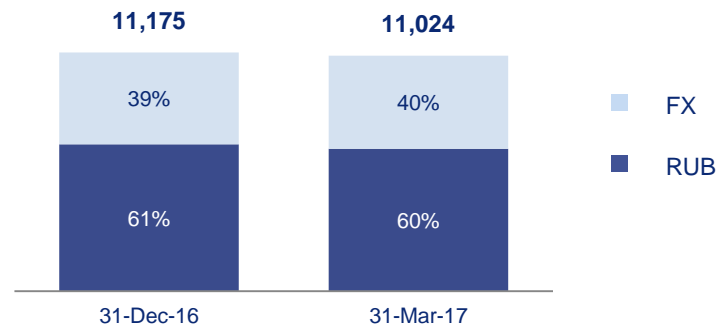
(1) Includes loans and advances to customers, pledged under REPO.  
 (2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

# Assets and Liabilities by Currency

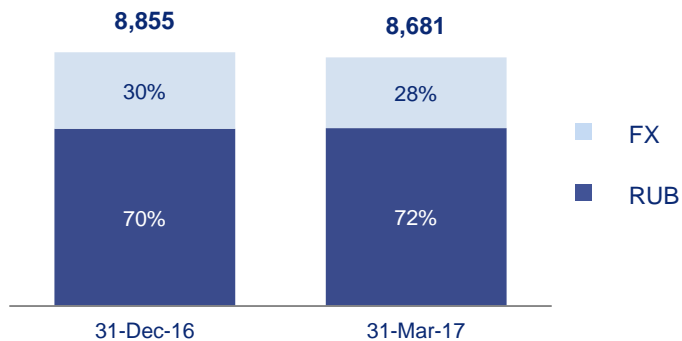
## Total assets RUB bn



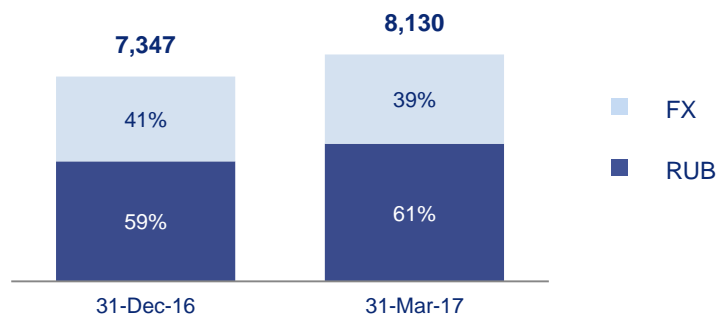
## Total liabilities RUB bn



## Net loans and advances to customers RUB bn

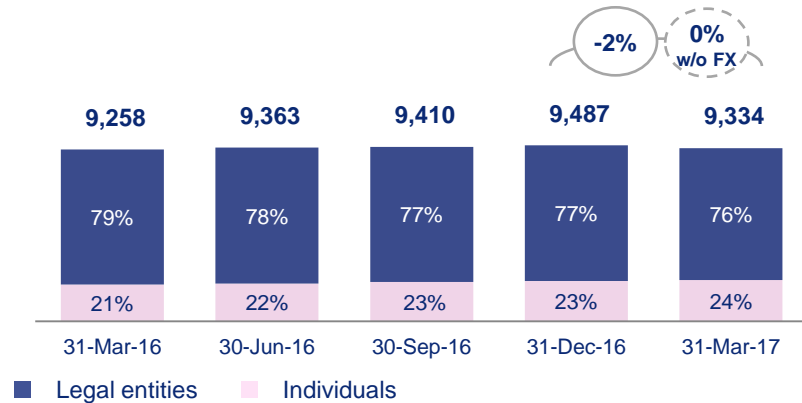


## Customer deposits RUB bn

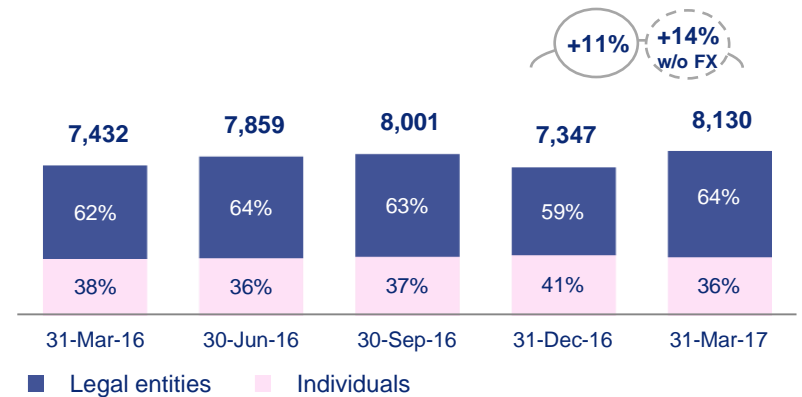


# Loan Portfolio and Customer Deposits

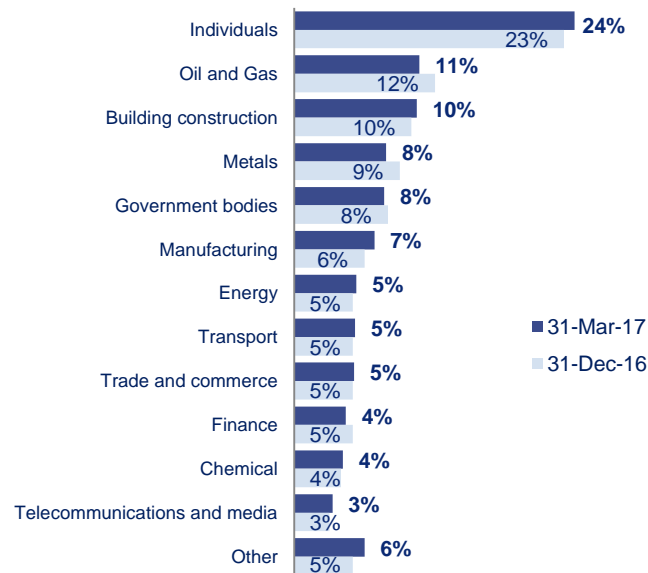
Loans and advances to customers RUB bn



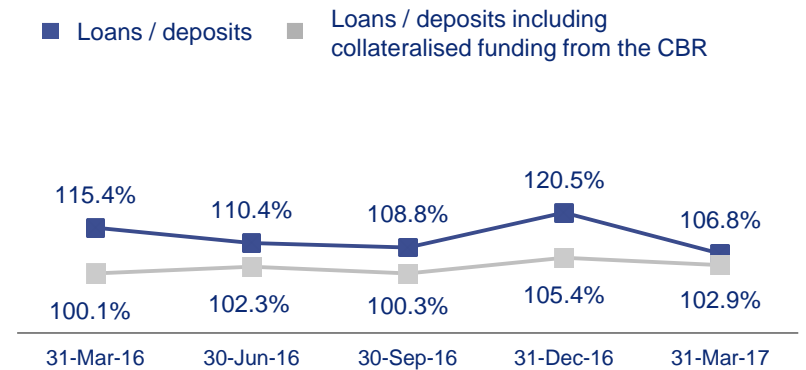
Customer deposits RUB bn



Loans and advances to customers by industry %

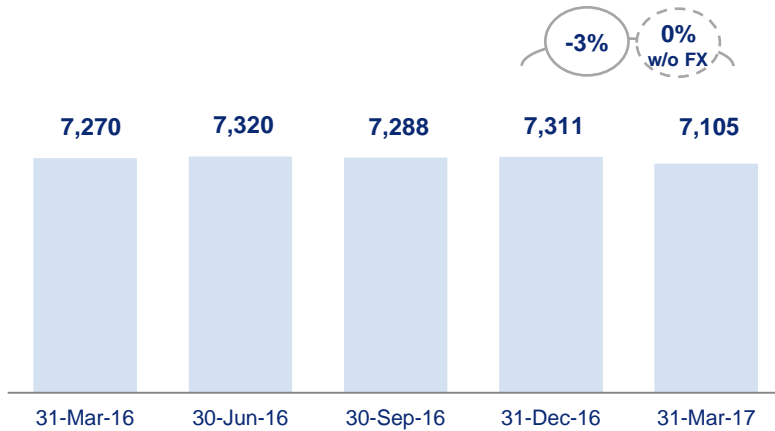


Customer loans / customer deposits %

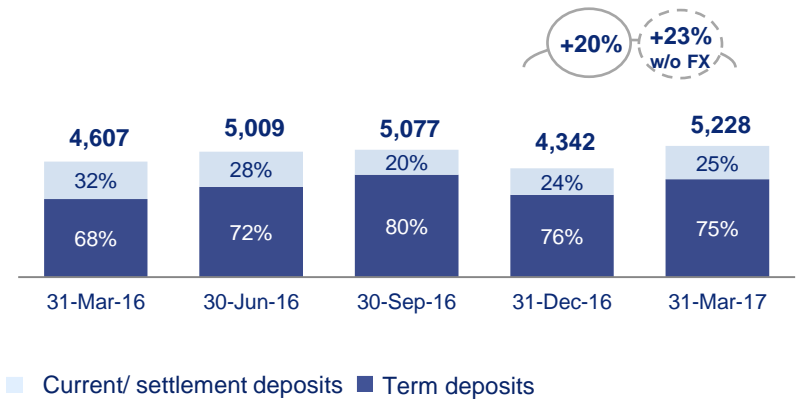


# Business with Legal Entities

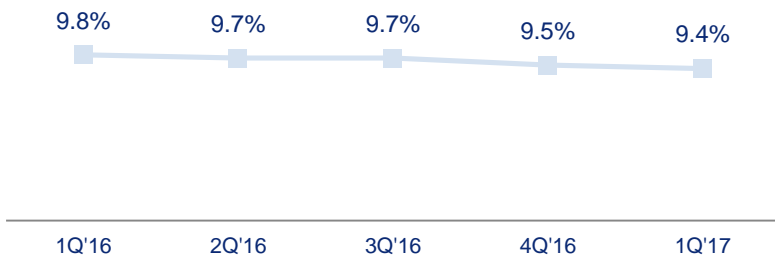
Loans to legal entities RUB bn



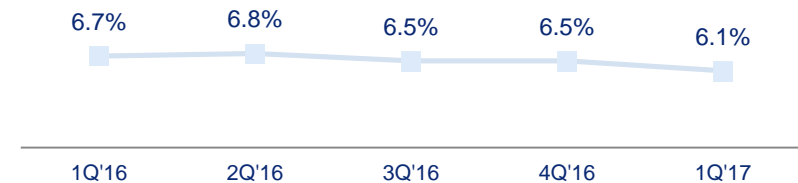
Deposits of legal entities RUB bn



Yield on loans to legal entities %

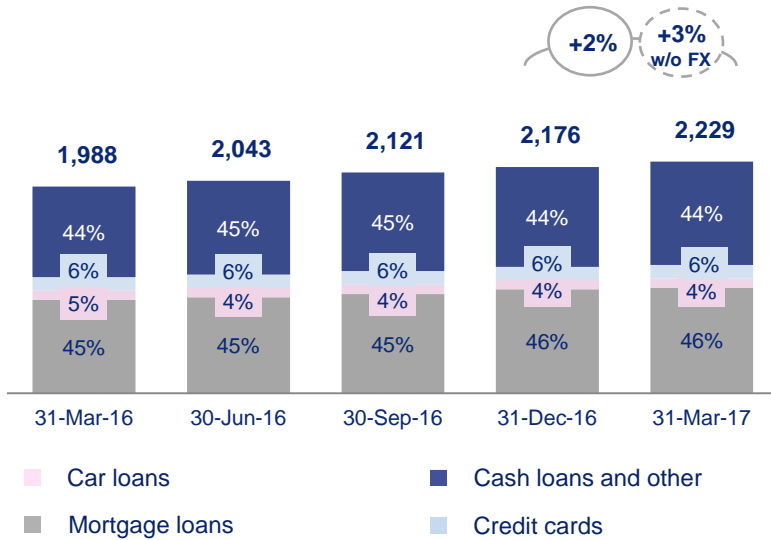


Cost of deposits of legal entities %

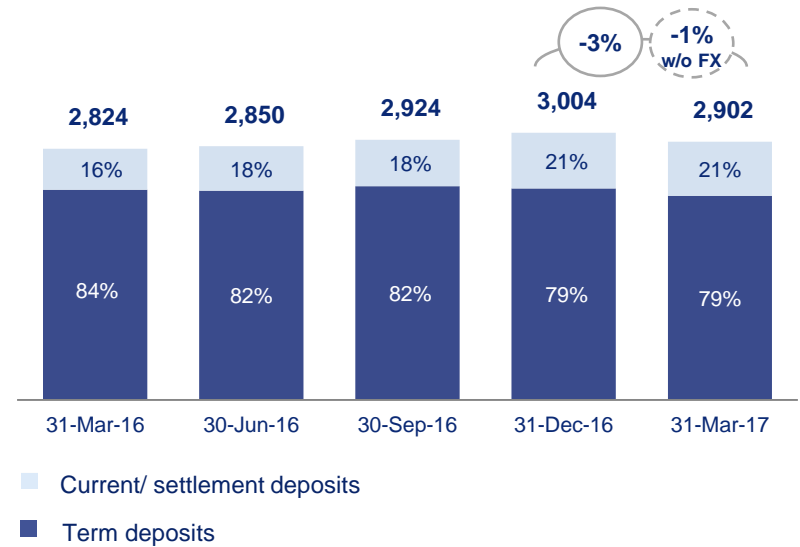


# Business with Individuals

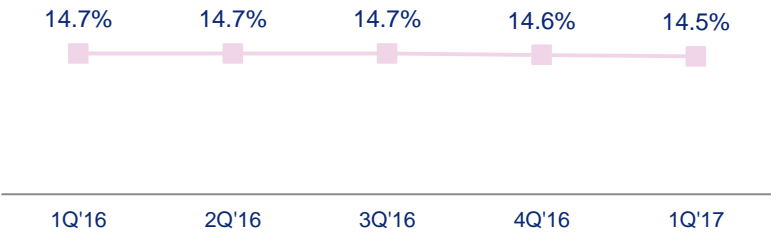
## Loans to individuals RUB bn



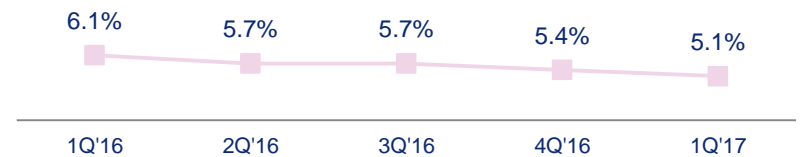
## Deposits of individuals RUB bn



## Yield on loans to individuals %



## Cost of deposits of individuals %



# 2017 Guidance

## Russia

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



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





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