

VTB Group 1H'2016 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 PJSC 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 1H'2016 Performance Highlights

| Key selected items (in RUB bn) | 1H'16 | 1H'15 | Change | 2Q'16 | 2Q'15 | Change |
|--|--------------|---------------|--------------|--------------|-------------|-----------------|
| Net interest income | 207.0 | 110.1 | 88.0% | 108.7 | 65.7 | 65.4% |
| Net fee and commission income | 36.6 | 32.6 | 12.3% | 19.2 | 17.2 | 11.6% |
| Operating income before provisions | 237.0 | 170.8 | 38.8% | 125.9 | 85.9 | 46.6% |
| Provision charge for impairment ⁽¹⁾ | (102.9) | (79.9) | 28.8% | (62.3) | (31.0) | 101.0% |
| Staff costs and administrative expenses | (116.3) | (105.8) | 9.9% | (55.7) | (51.2) | 8.8% |
| Net profit | 15.4 | (17.1) | - | 14.8 | 1.2 | 1 133.3% |

Strong 88% y-o-y growth on net interest income driven by the recovery of net interest margin to 3.4% in 1H'16 and 4.0% in 2Q'16

Robust 12% y-o-y growth of net fee and commission income underscores sharp focus on transactional business

Well on track to deliver on the full year costs target, synergies from Bank of Moscow consolidation started to take effect

Loan portfolio resumed growth in 2Q'16

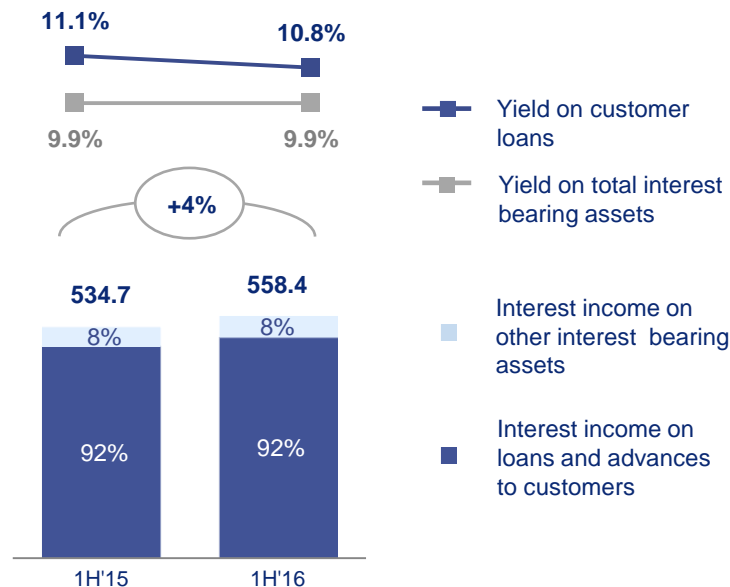
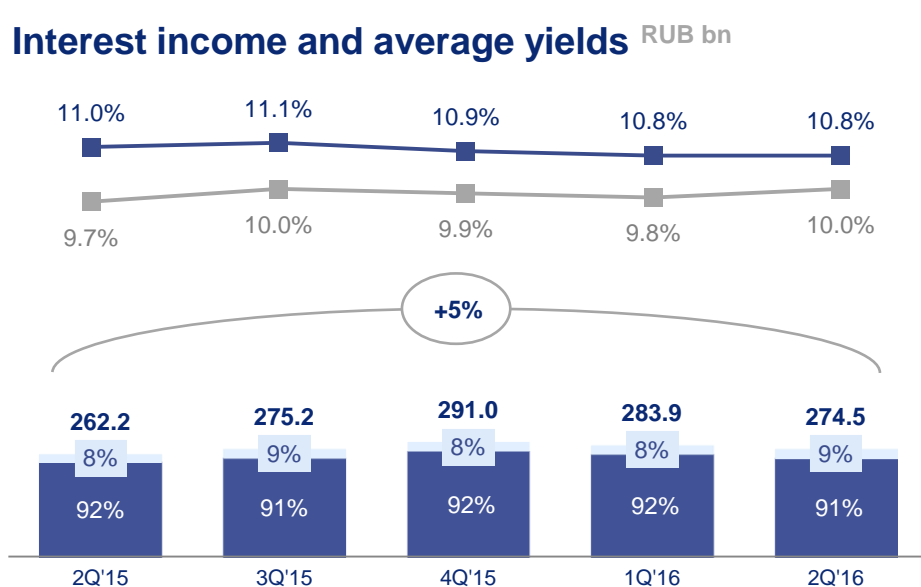
Balance sheet improved with lower CBR borrowing and reduced FX proportion

Strong capital base: Tier 1 CAR 13.3%, up 90 bps ytd

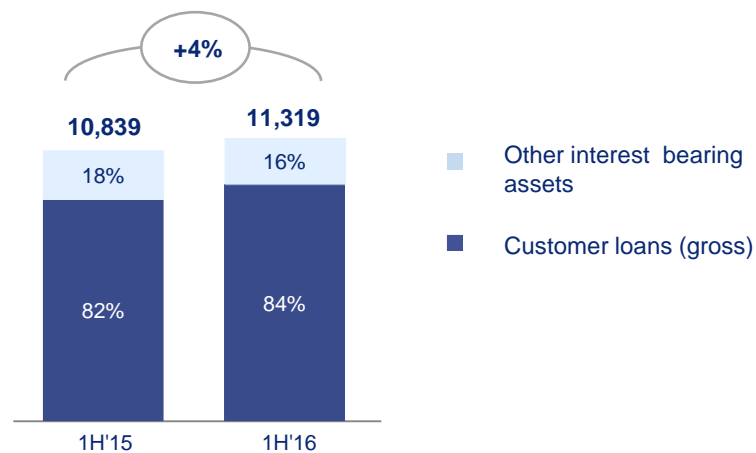
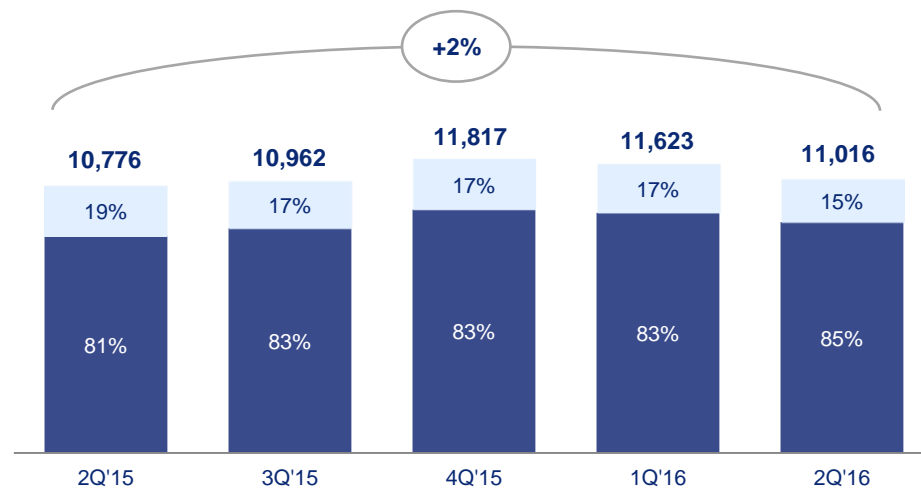
(1) Including provision charge for impairment of debt financial assets and provision charge for impairment of other assets, credit related commitments and legal claims.

Interest Income and Average Yields

Interest income and average yields RUB bn

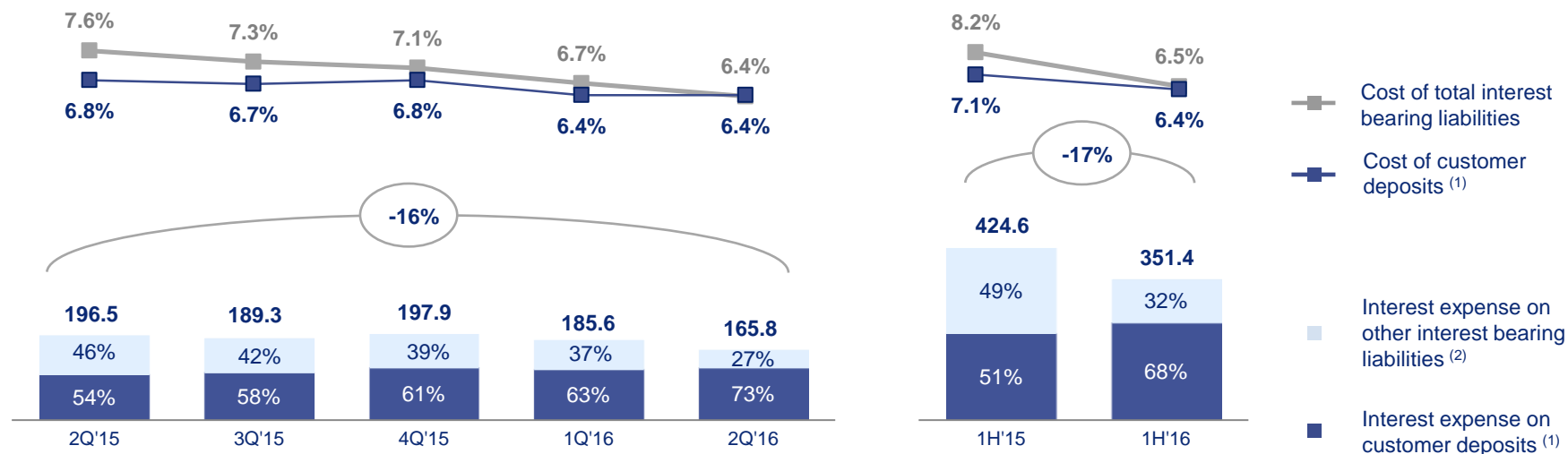


Average interest bearing assets RUB bn

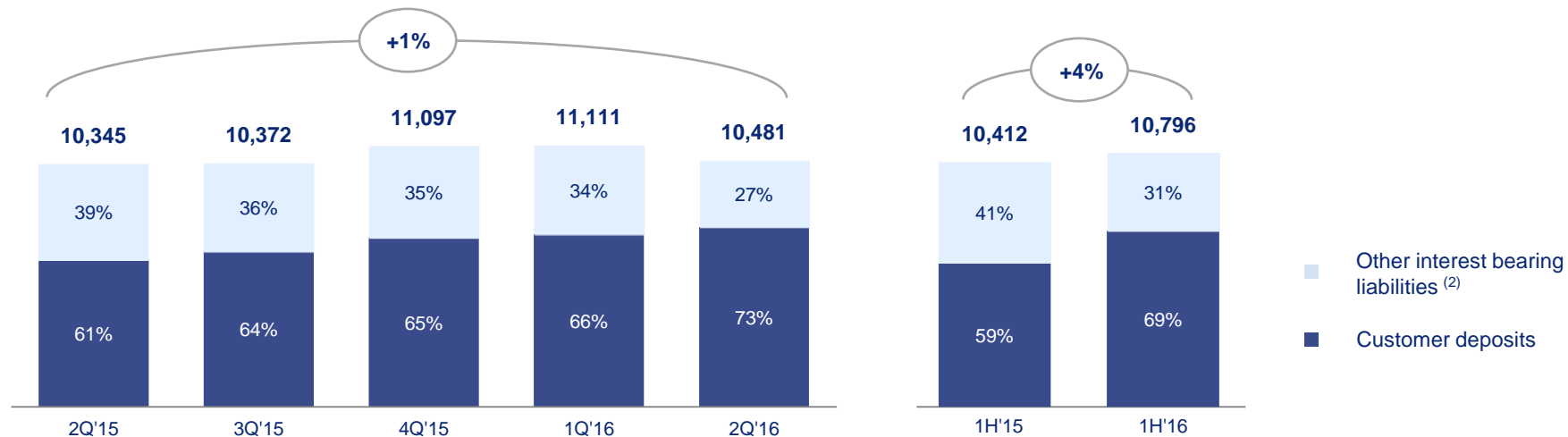


Interest Expense and Cost of Funds

Interest expense and cost of interest bearing liabilities RUB bn



Average interest bearing liabilities RUB bn

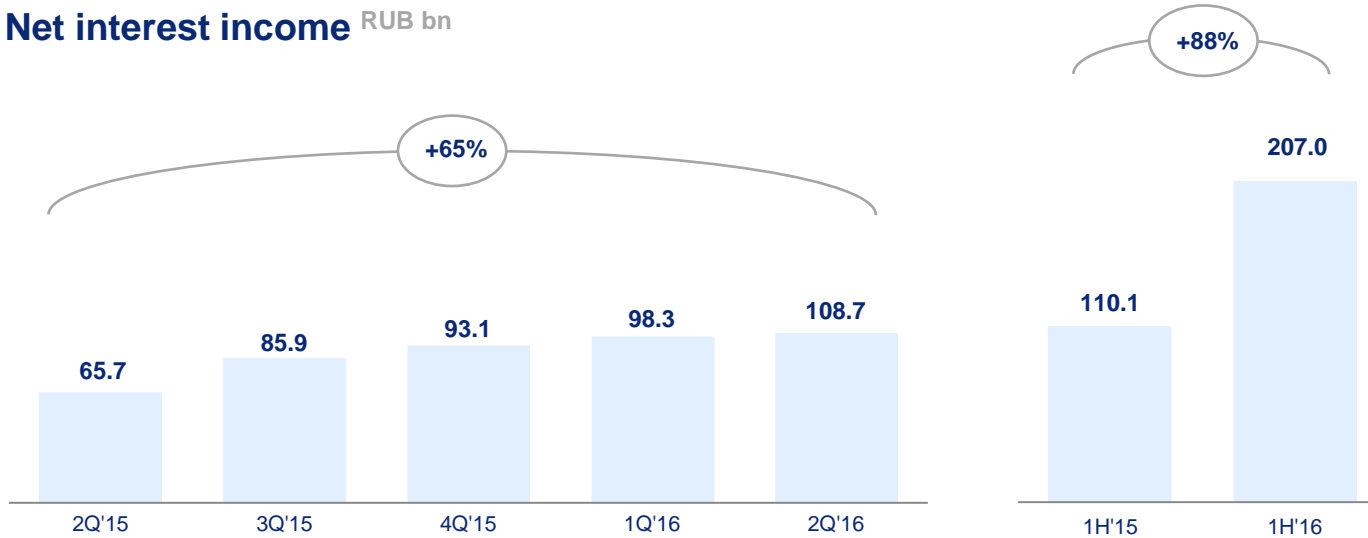


(1) Starting from 2015, the Group presents payments to deposit insurance system directly related to interest-bearing liabilities as a separate line of the net interest income. For further clarification please see Note 60 of the FY 2015 VTB Group financial statements.

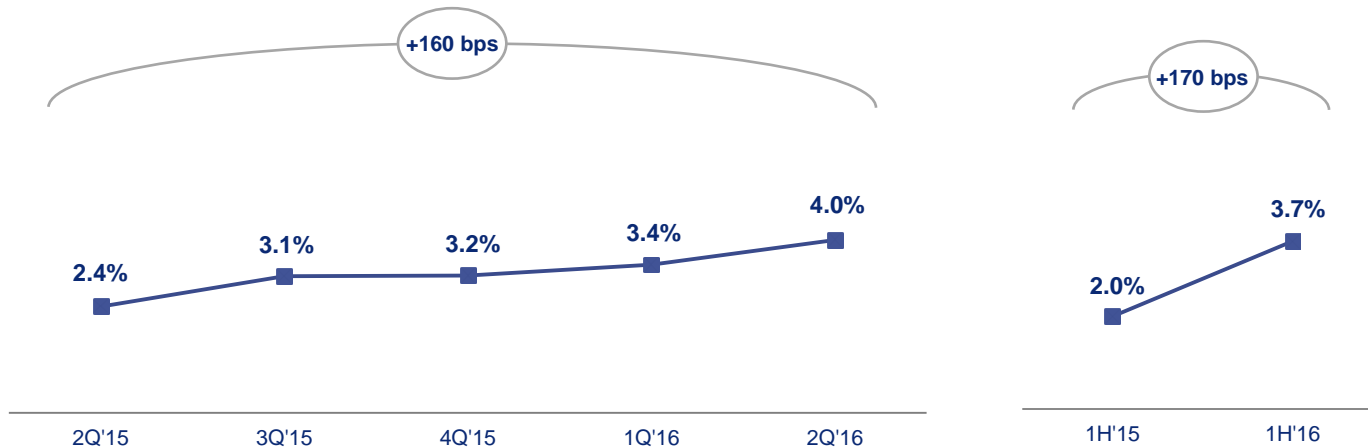
(2) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

Net Interest Income and NIM (1)

Net interest income RUB bn



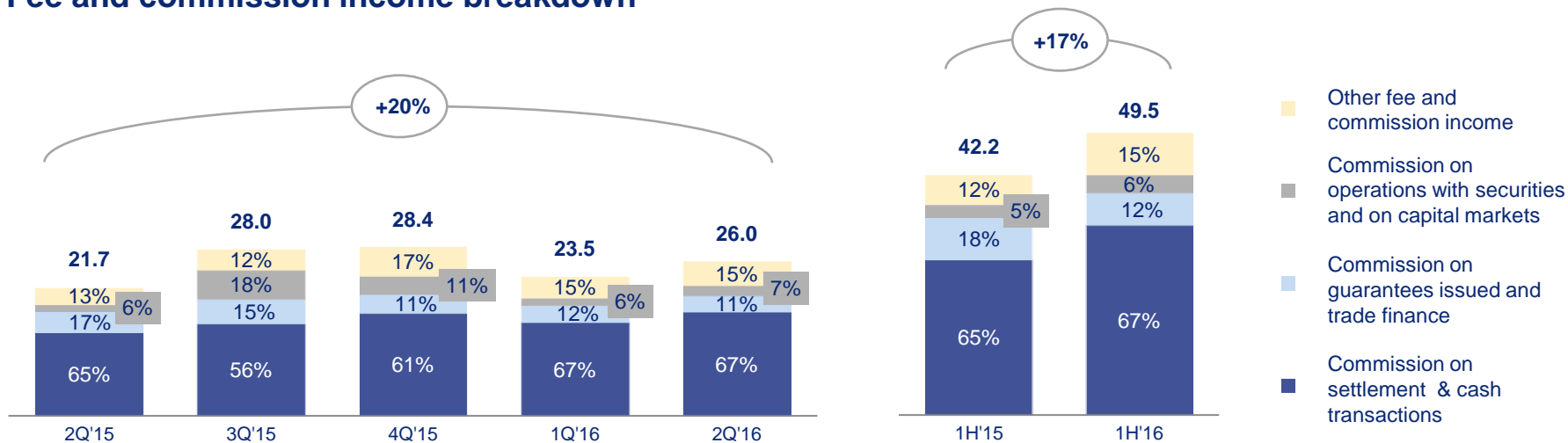
Net interest margin %



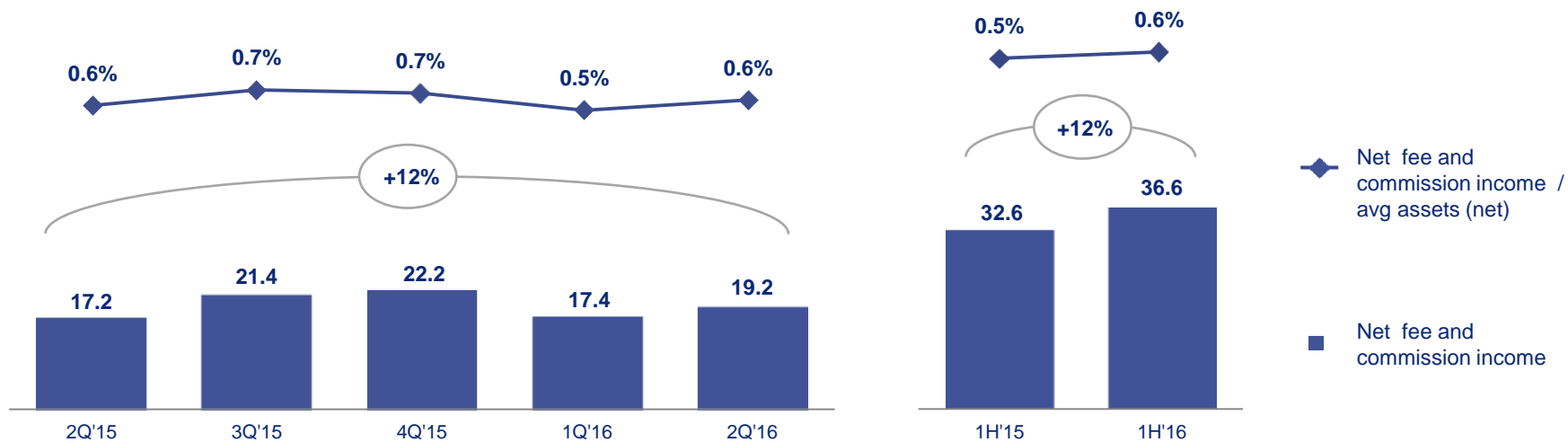
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

Fee and Commission Income

Fee and commission income breakdown RUB bn

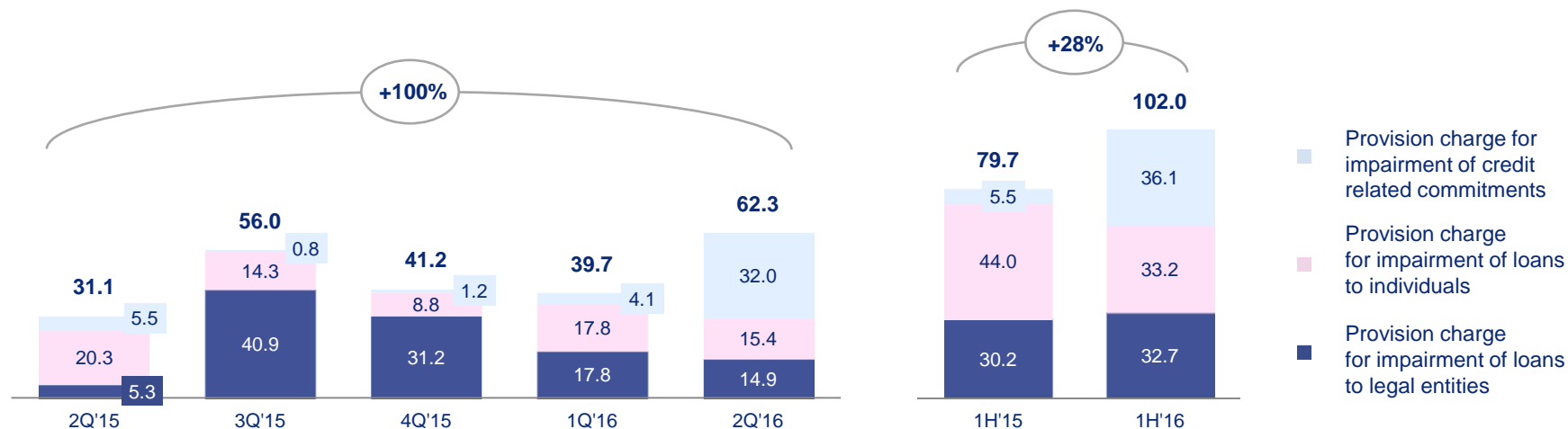


Net fee and commission income RUB bn

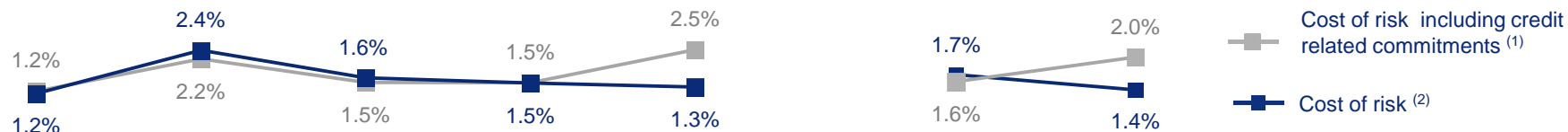


Provision Charge for Loan Impairment and Cost of Risk

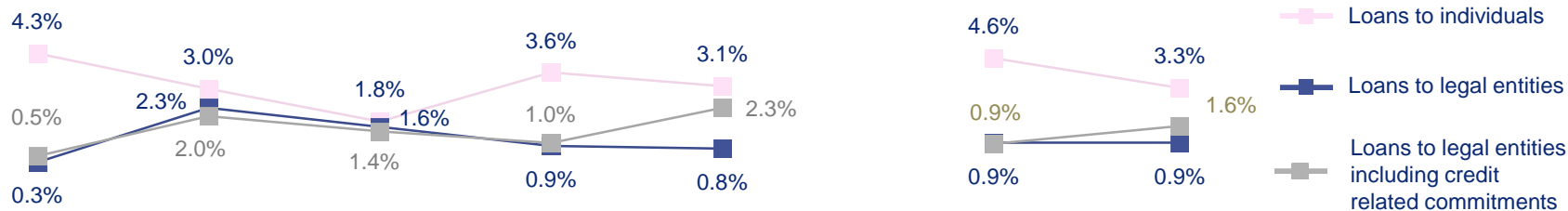
Provision charge for loan impairment credit related commitments RUB bn



Cost of risk %



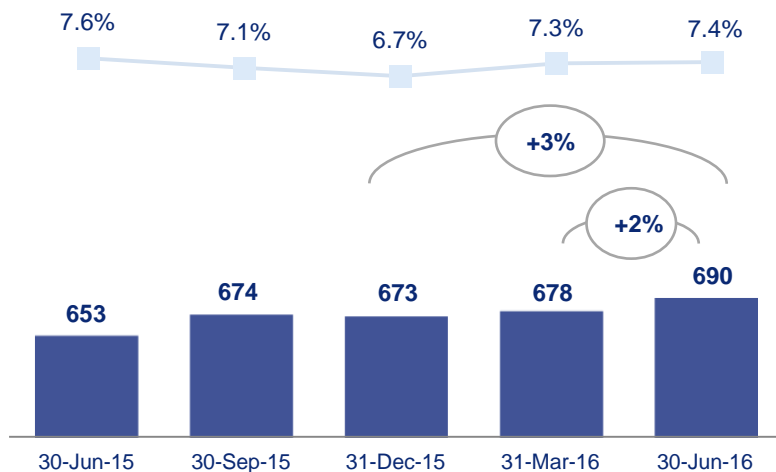
Cost of risk breakdown %



(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.

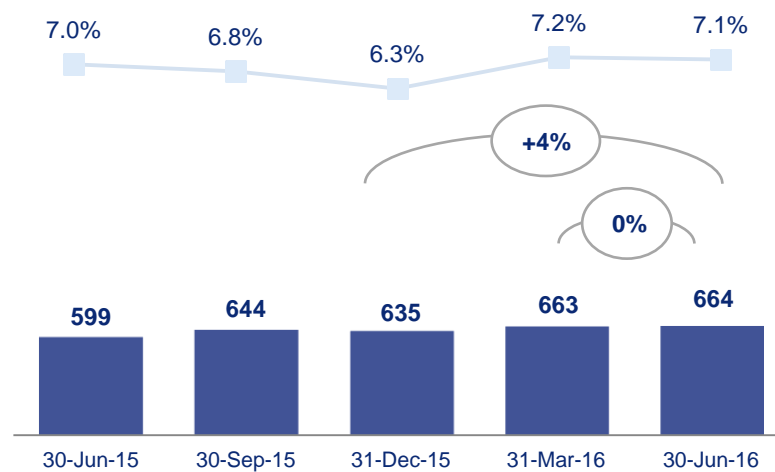
Loan Book Quality

Provision for loan impairment RUB bn



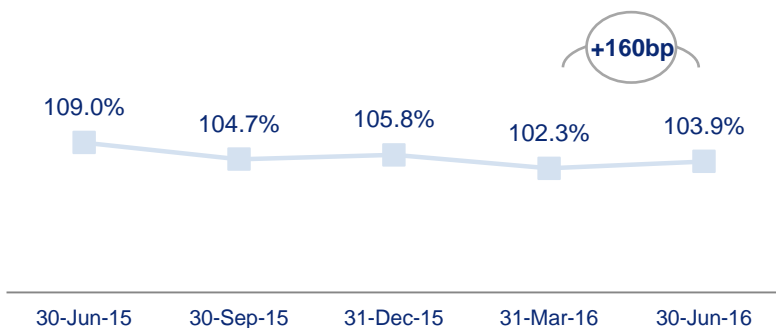
- Allowance for loan impairment / Total gross loans ⁽¹⁾
- Allowance for loan impairment

NPLs (90+) RUB bn

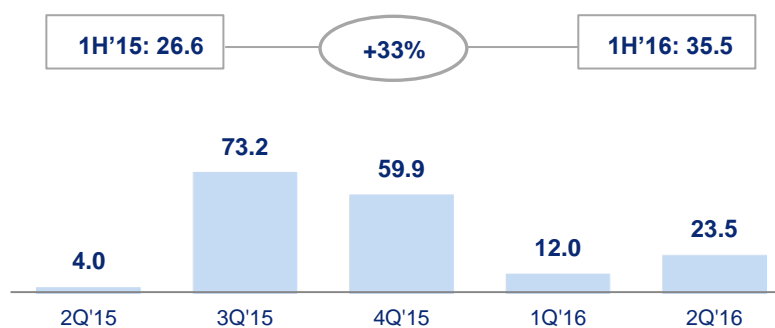


- NPL ratio ⁽²⁾
- NPLs

Coverage ratio %



Loan write-offs RUB bn

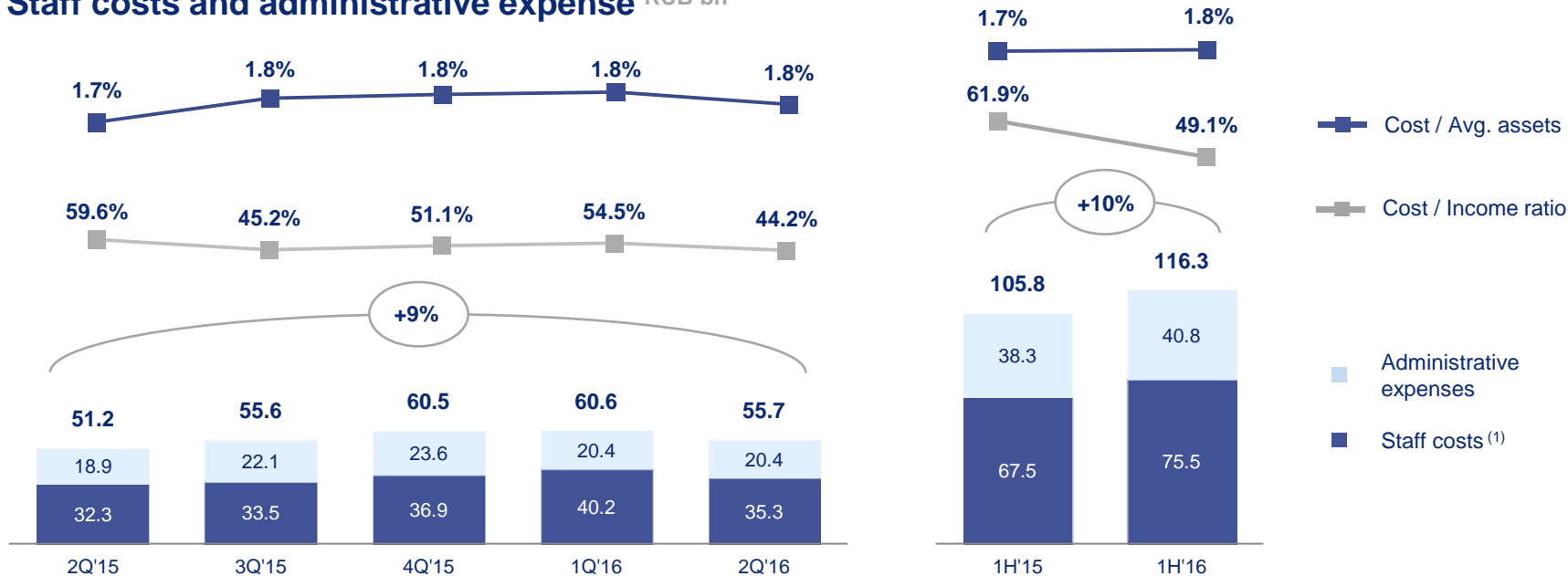


(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

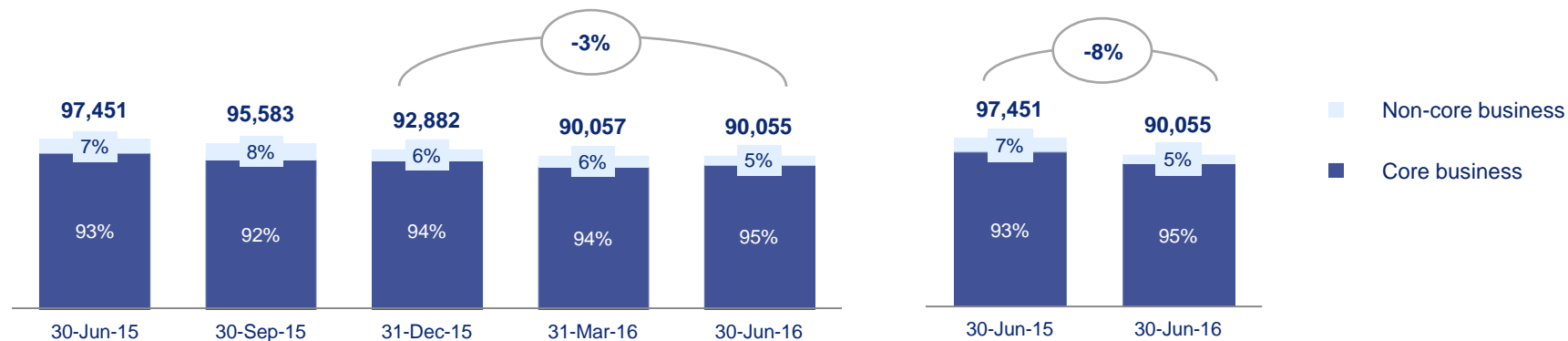
(2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase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

Staff and Administrative Expenses

Staff costs and administrative expense RUB bn



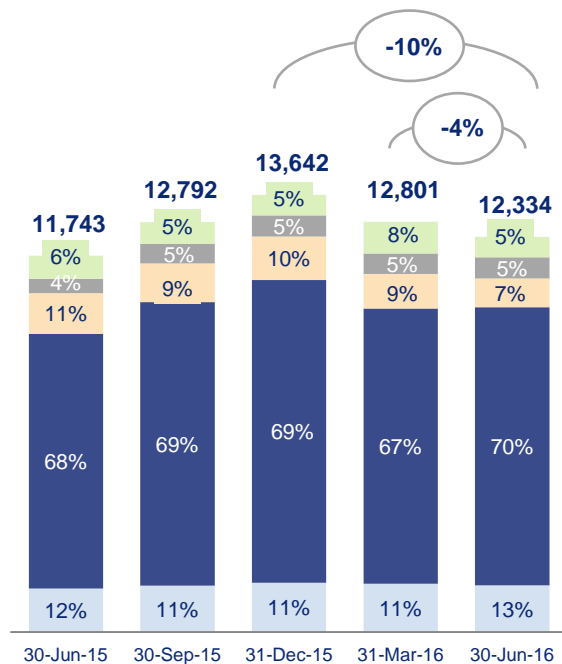
Number of employees



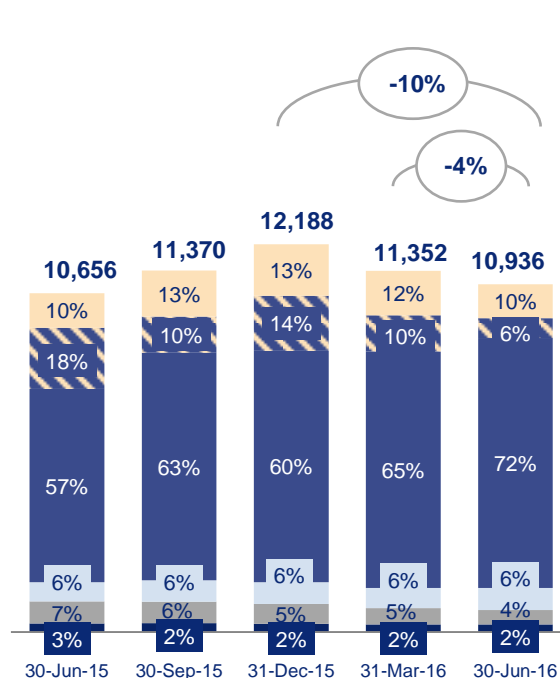
(1) Including pensions.

Balance Sheet Structure and BIS Capital

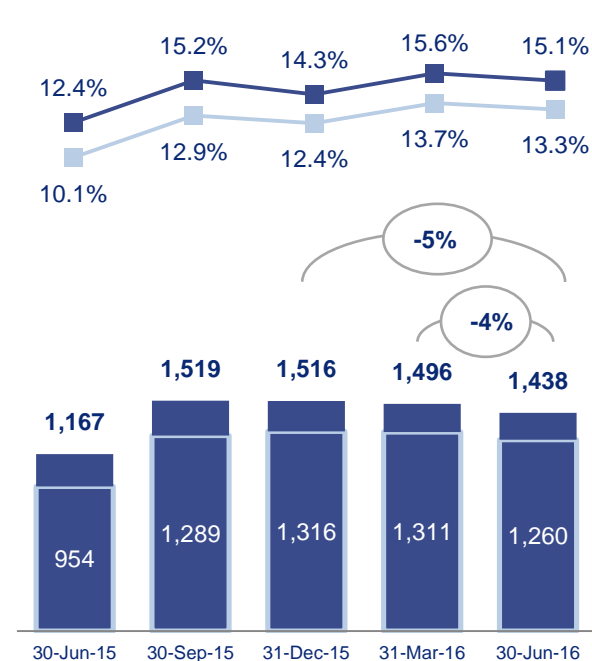
Assets structure RUB bn



Liabilities structure RUB bn



BIS Group capital RUB bn



■ Cash and mandatory reserves

■ Securities portfolio

■ 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

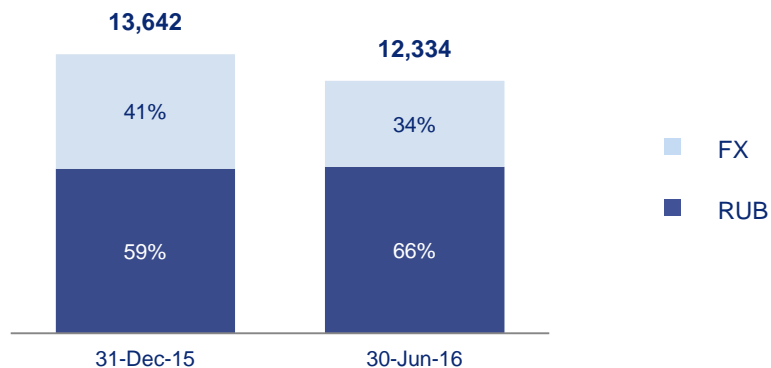
■ Tier I

(1) Includes loans and advances to customers, pledged under REPO.

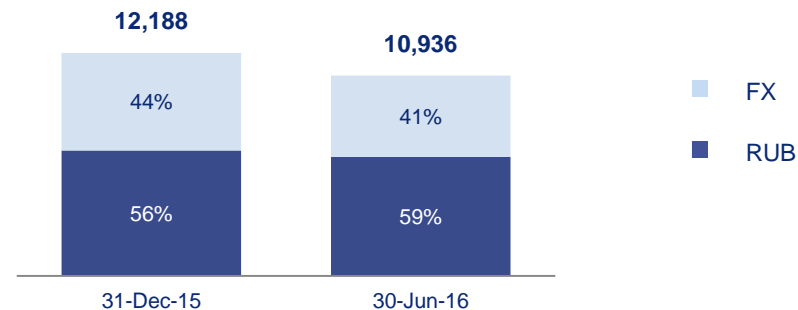
(2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

Assets and Liabilities by Currency

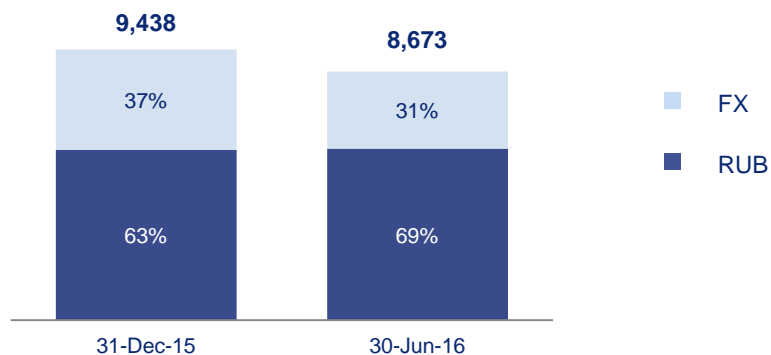
Total assets RUB bn



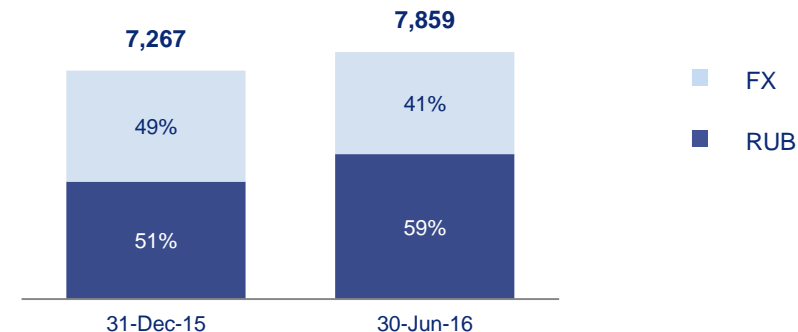
Total liabilities RUB bn



Net loans and advances to customers RUB bn

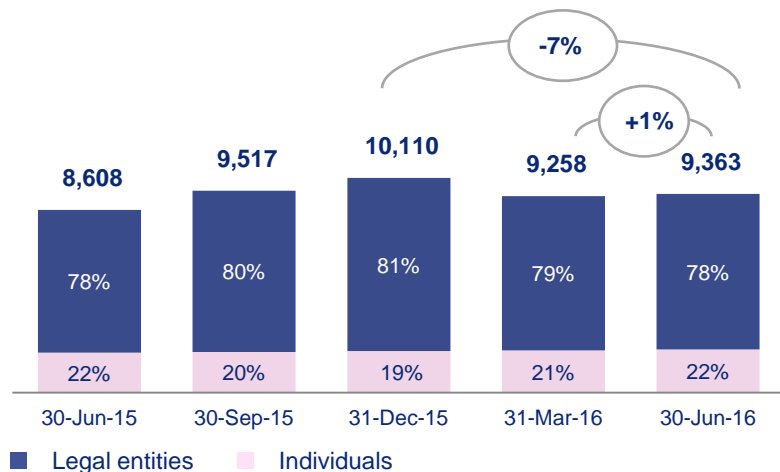


Customer deposits RUB bn

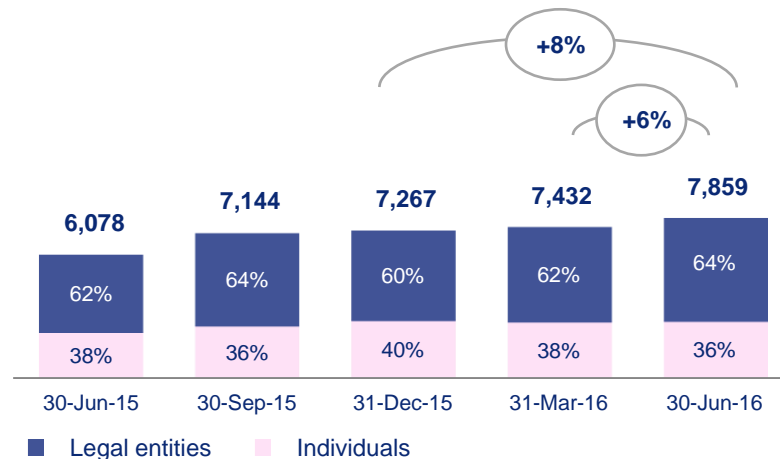


Loan Portfolio and Customer Deposits

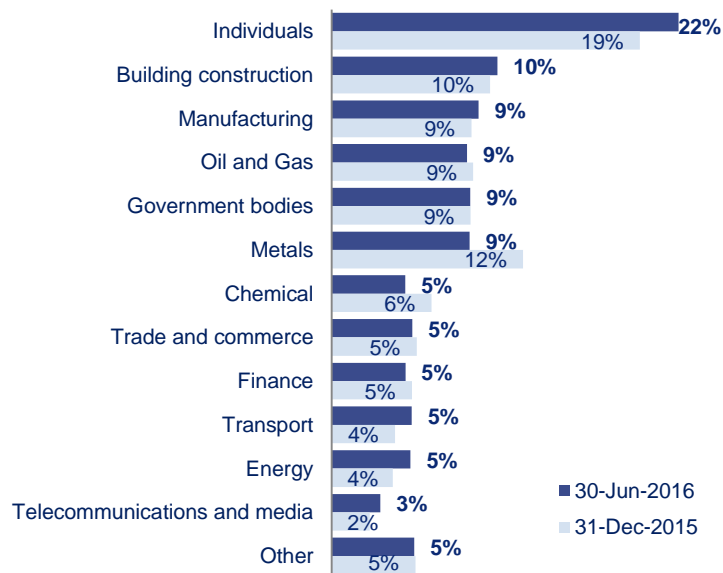
Loans and advances to customers RUB bn



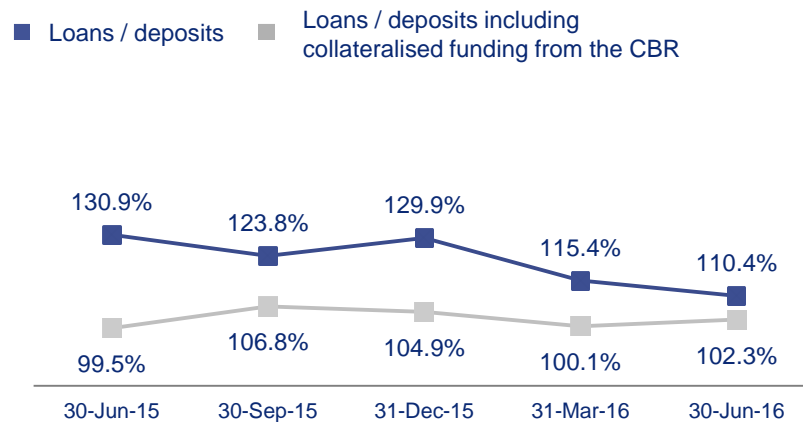
Customer deposits RUB bn



Loans and advances to customers by industry %

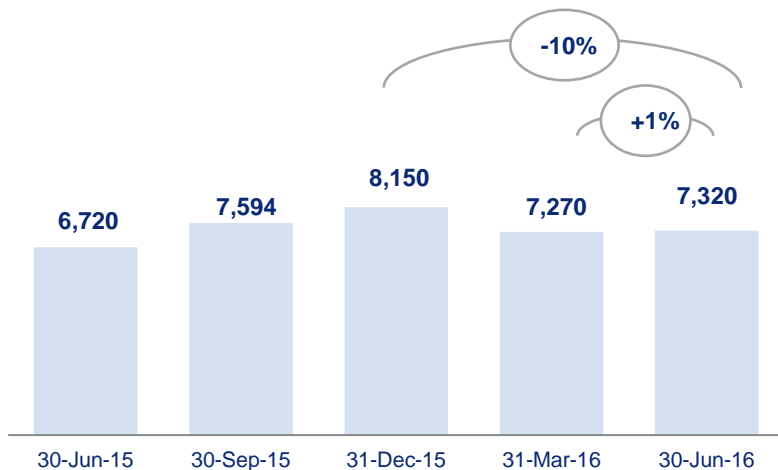


Customer loans / customer deposits %

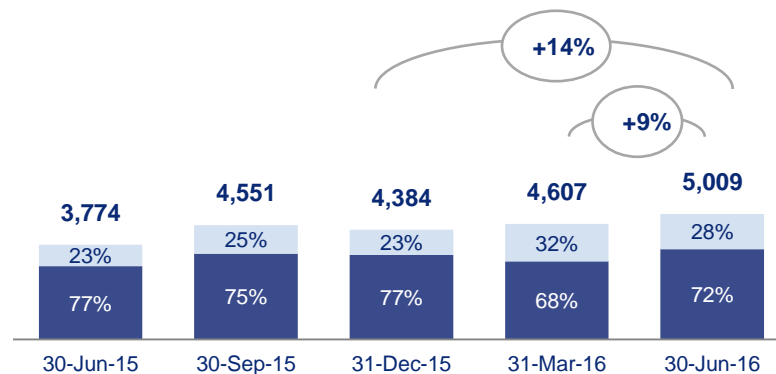


Business with Legal Entities

Loans to legal entities RUB bn

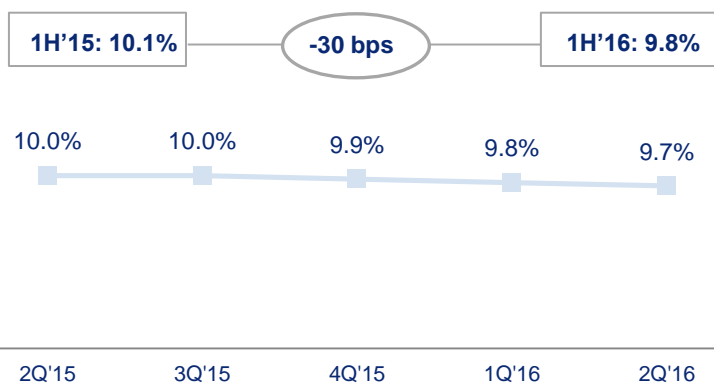


Deposits of legal entities RUB bn

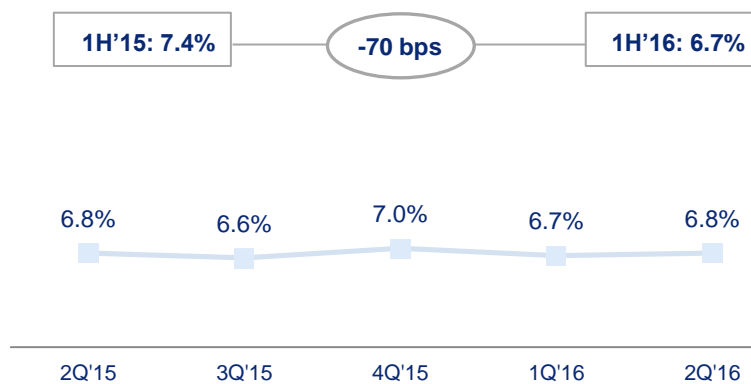


■ Current/ settlement deposits ■ Term deposits

Yield on loans to legal entities %

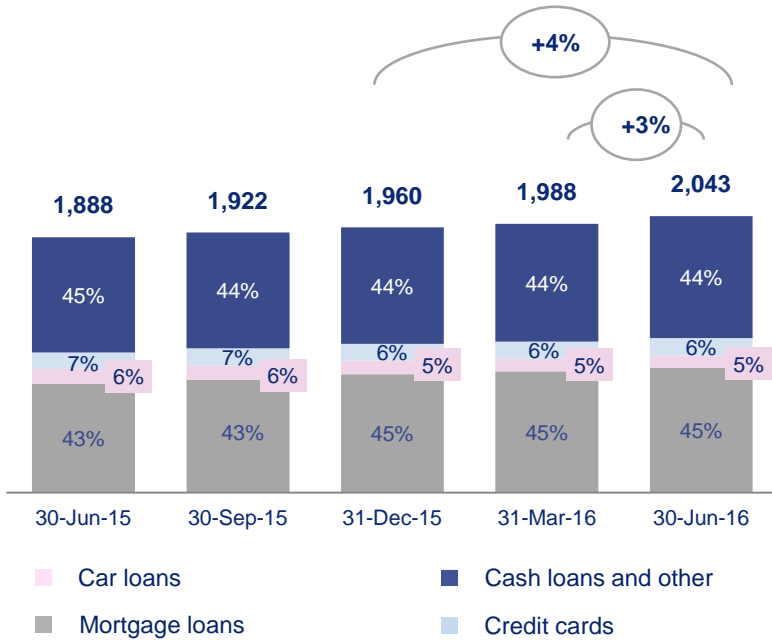


Cost of deposits of legal entities %

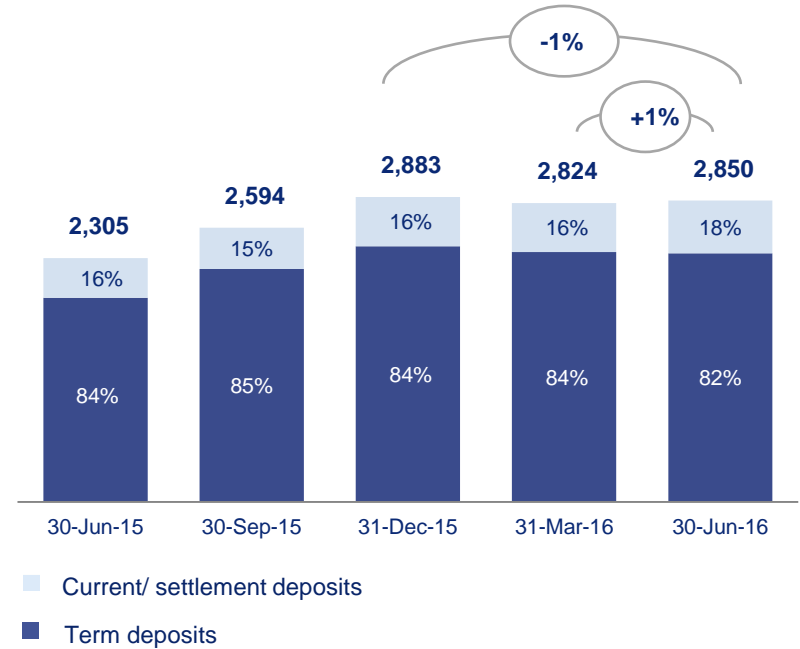


Business with Individuals

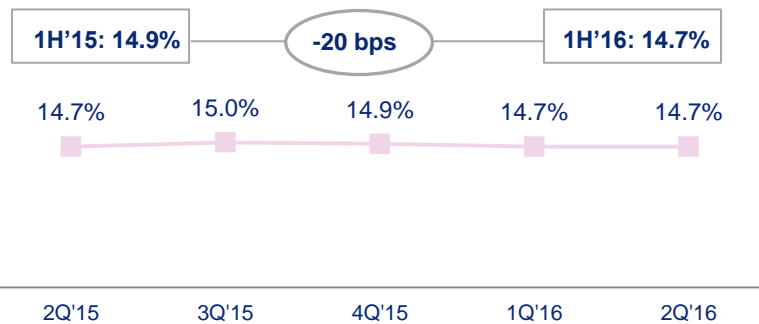
Loans to individuals RUB bn



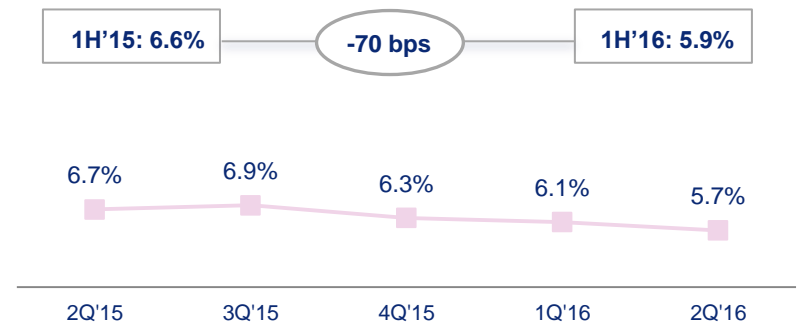
Deposits of individuals RUB bn



Yield on loans to individuals %



Cost of deposits of individuals %



2016 Management Expectations

| Indicator | Measurement | Optimistic scenario | Conservative scenario |
|----------------------------|-------------|-------------------------|-------------------------|
| Macro | | | |
| 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 |
| Banking sector | | | |
| Loan growth | | | |
| - Loans to legal entities | % YoY | 5-10 | 0-5 |
| - Loans to individuals | % YoY | 5-10 | 0-5 |
| VTB Group | | | |
| 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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