

VTB Group 1H'2014 Results

Herbert Moos
CFO and Deputy Chairman of VTB Bank Management Board

Dmitry Pyanov
Senior Vice President, Head of Finance Department

Leonid Vakeyev
Managing Director, Head of Investor Relations

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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 1H'2014 Highlights

Key selected items (in RUB bn)	1H'14	1H'13	Change	2Q'14	2Q'13	Change
Net interest income	177.2	150.3	+17.9%	87.3	76.5	+14.1%
Net fee and commission income	28.8	25.6	+12.5%	14.5	14.1	+2.8%
Operating income before provisions	220.1	184.0	+19.6%	115.4	93.3	+23.7%
Provision charge for impairment of debt financial assets	(92.8)	(50.7)	+83.0%	(45.2)	(28.7)	+57.5%
Staff costs and administrative expenses	(109.0)	(97.3)	+12.0%	(56.2)	(51.4)	+9.3%
Net profit	5.0	27.6	-81.9%	4.6	11.9	-61.3%
ROE, %	1.1%	6.9%	-580 bps	2.0%	5.7%	-370 bps

■ Strong performance on core income lines

- net interest income up 18% y-o-y
- net interest margin stable at 4.3%
- net fee and commission income up 13% y-o-y driven by Retail and Transaction Banking

■ Cost of risk up to 2.6% vs. 1.8% in 1H'2013 on the backdrop of an overall macroeconomic slowdown in Russia and economic crisis in the Ukraine

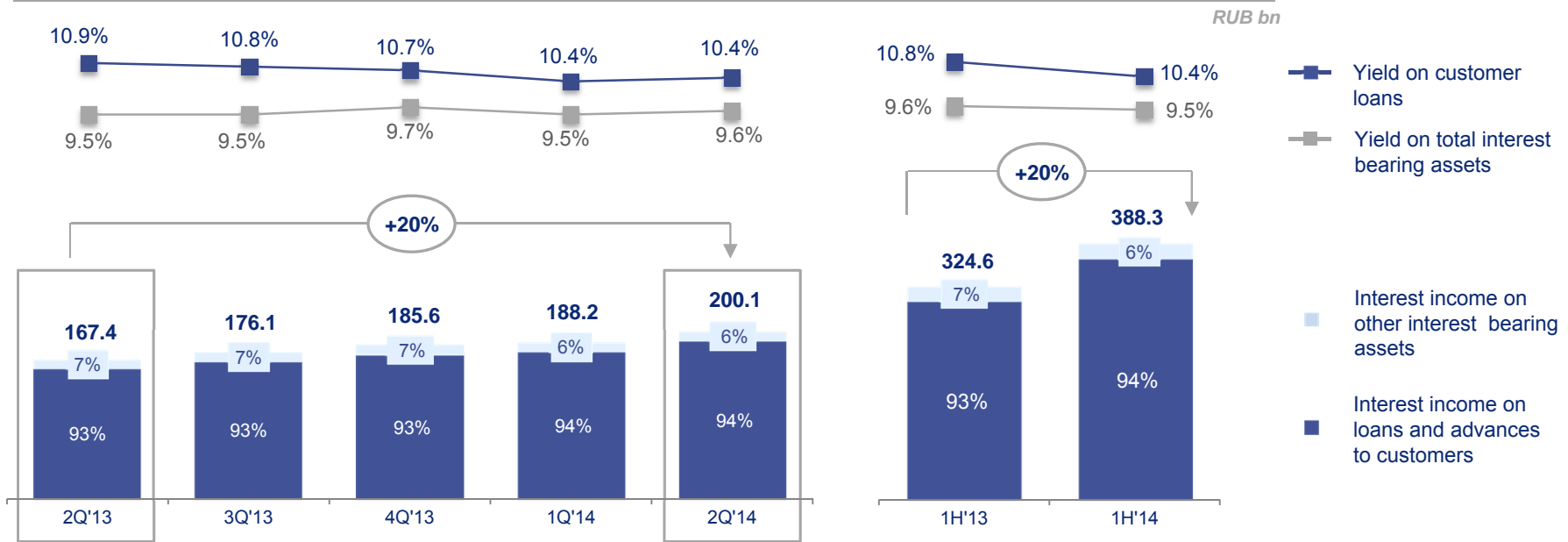
■ CIR down to 49.5% (-340 bps y-o-y)

■ Solid balance sheet growth: loan growth at 12.6% YTD with retail loans up 12.9% and corporate loans up 12.6%

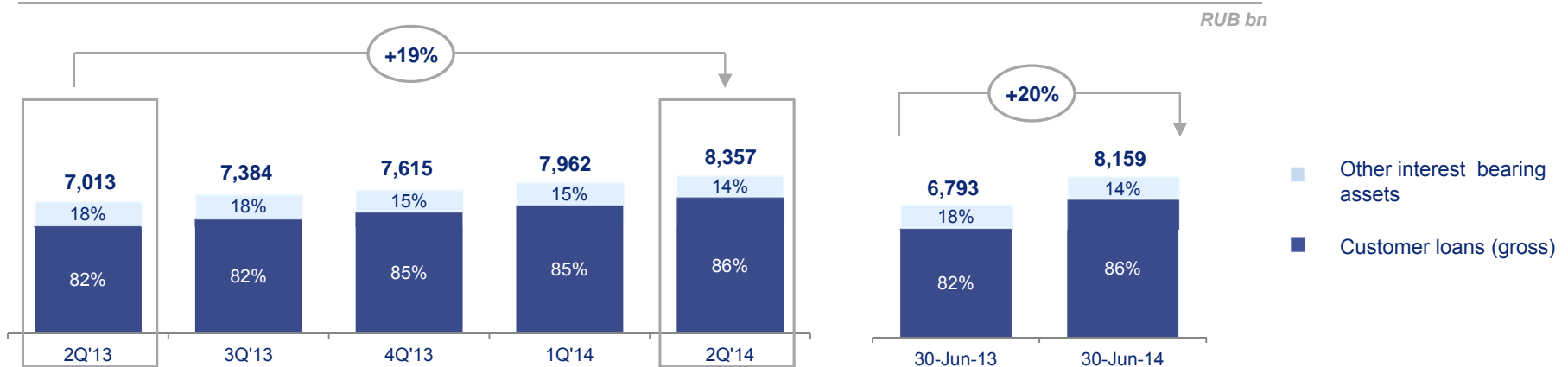
■ RUB 214 bn subordinated debt conversion expected to be completed in 2H'14 with the pro forma effect on Tier I CAR at c. 240 bps

Interest Income and Average Yields

Interest income and average yields

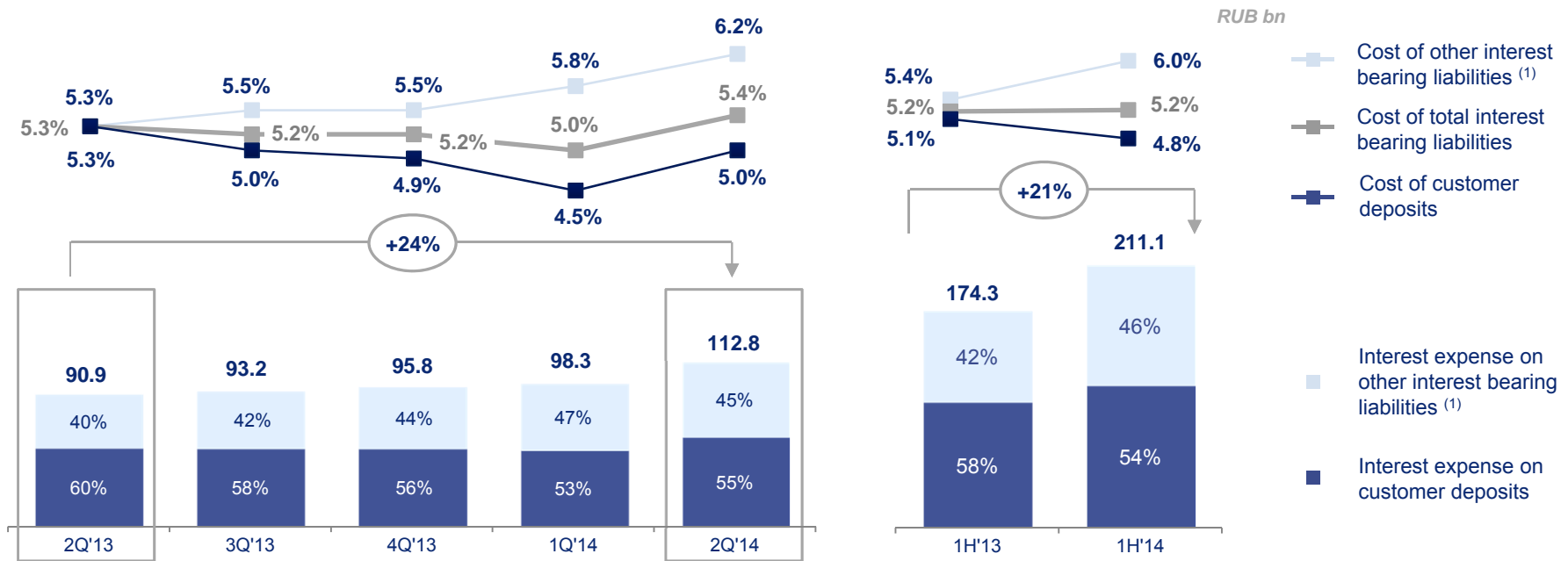


Average interest bearing assets

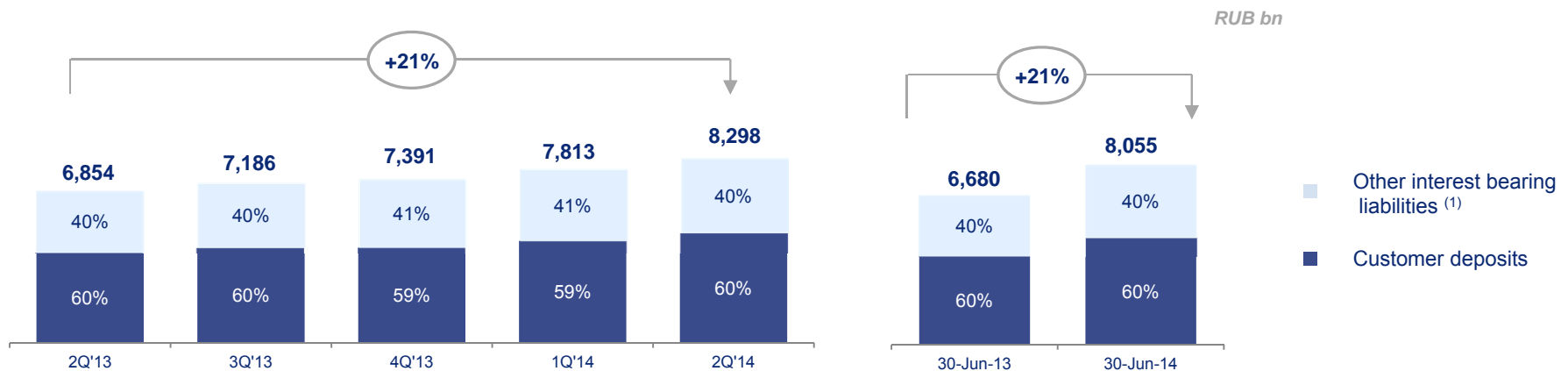


Interest Expense and Cost of Funds

Interest expense and cost of interest bearing liabilities



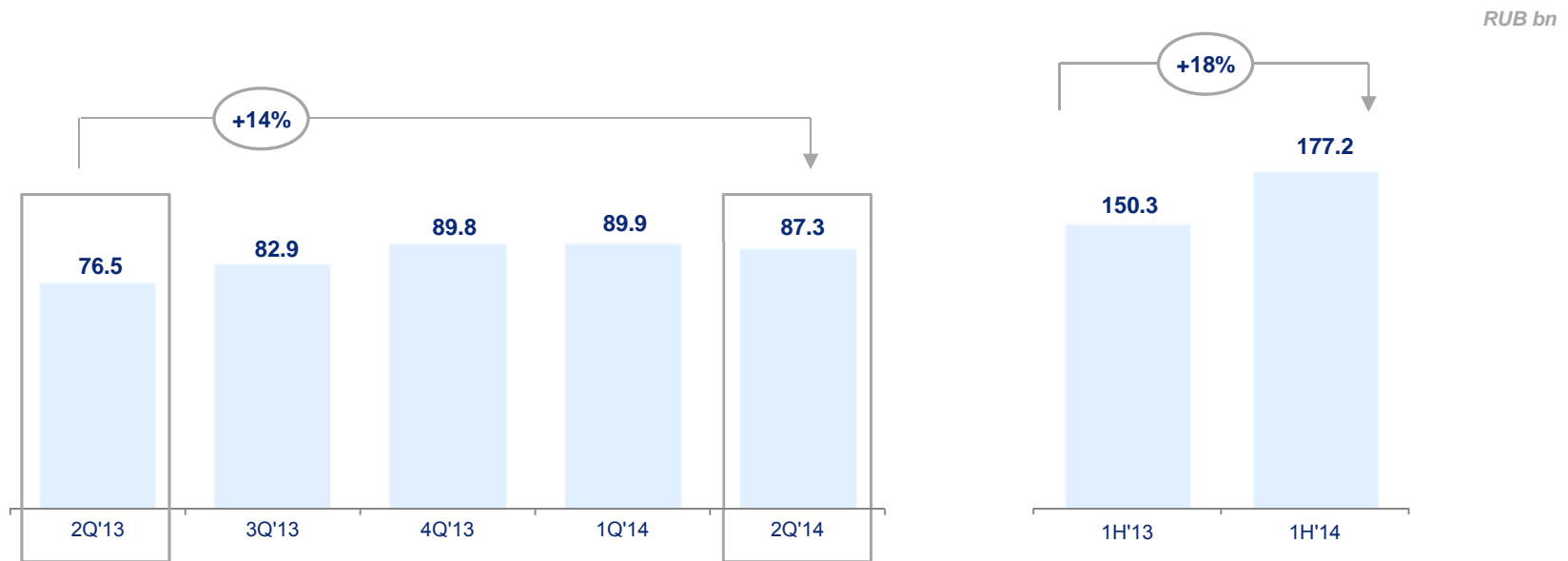
Average interest bearing liabilities



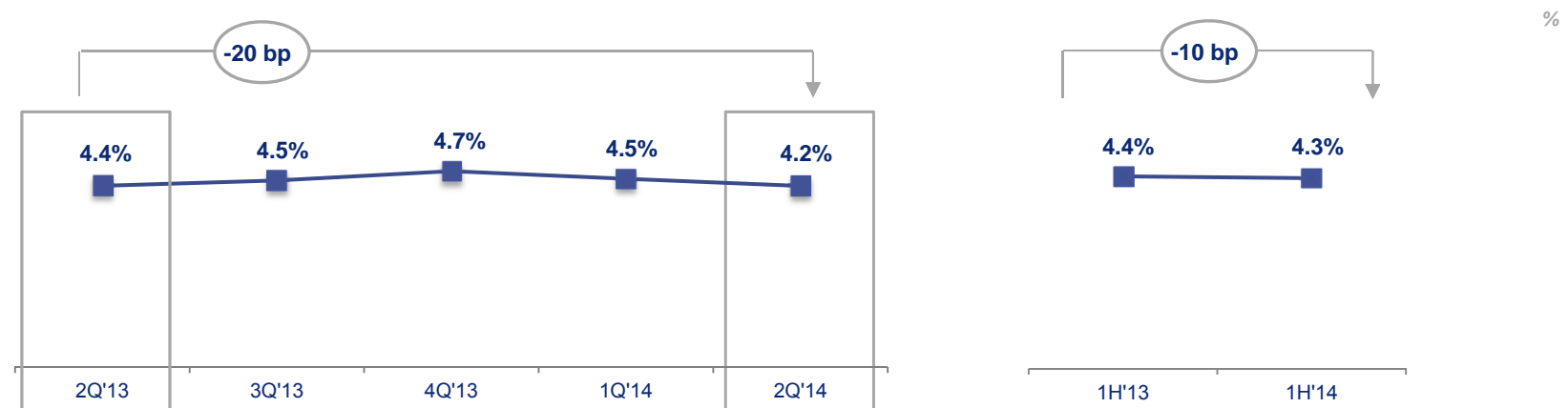
(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

Net Interest Income Supported by Stable NIM

Net interest income



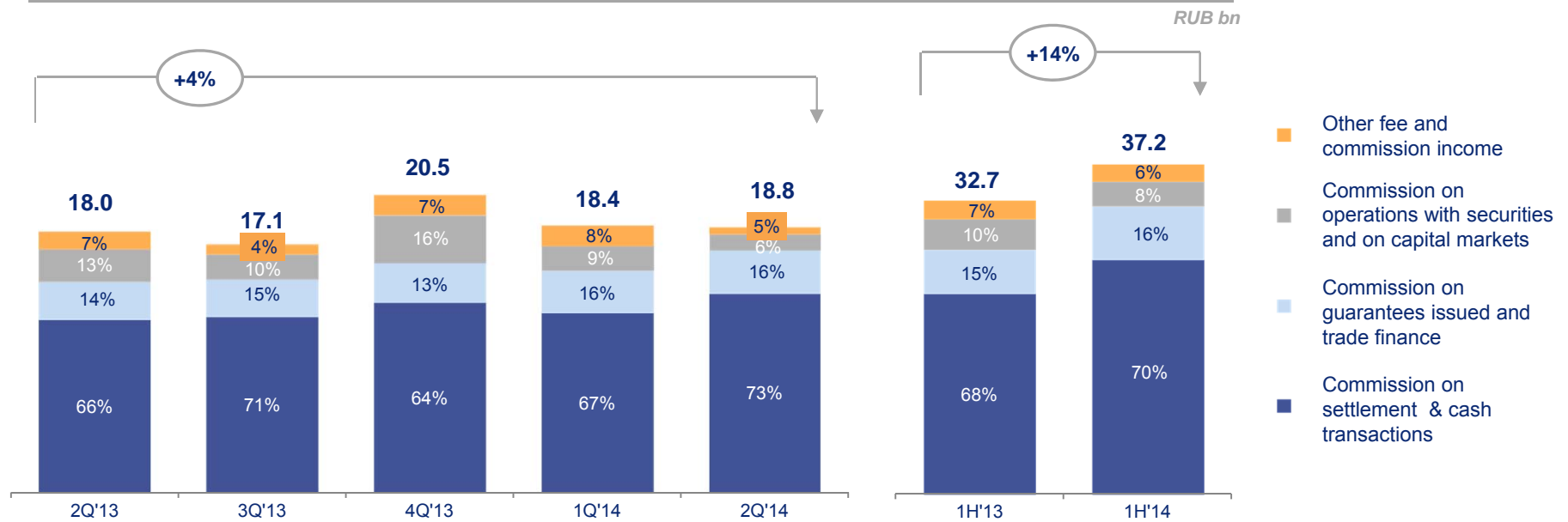
Net interest margin (1)



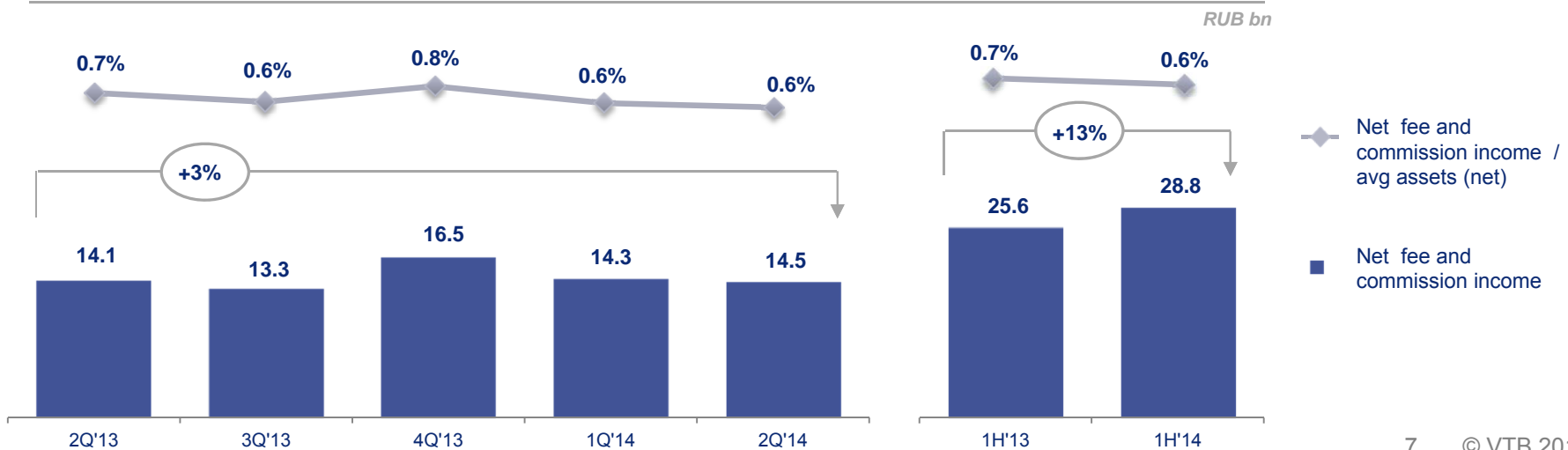
(1) Net interest income divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

Solid Fee and Commission Income Growth

Fee and commission income breakdown

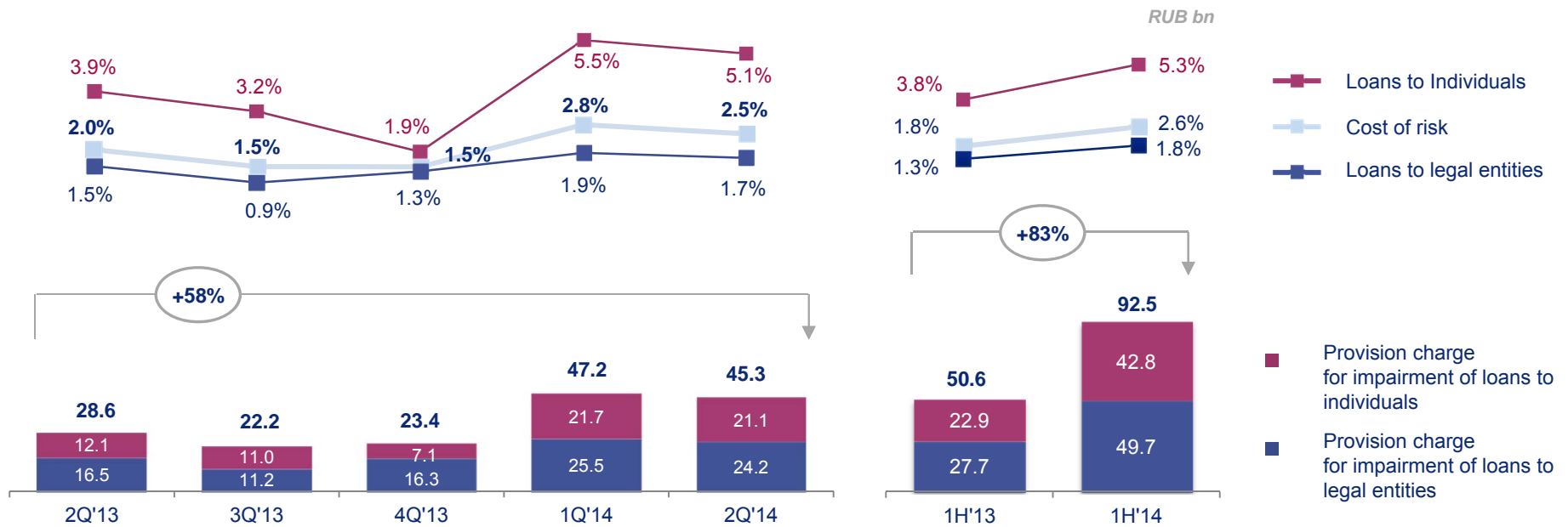


Net fee and commission income

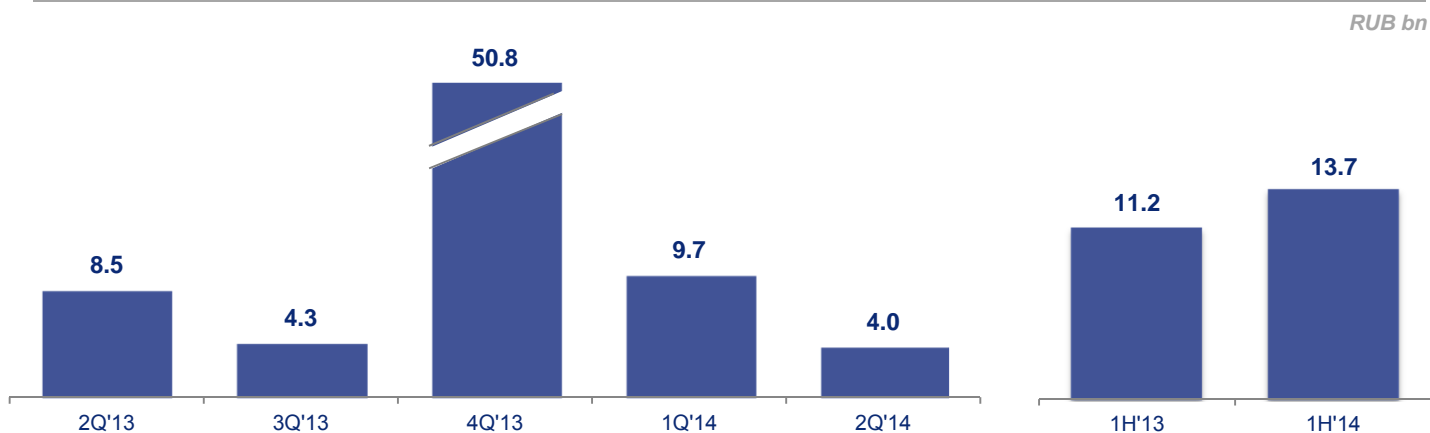


Cost of Risk Reflects Macroeconomic Environment

Provision charge for loan impairment and cost of risk

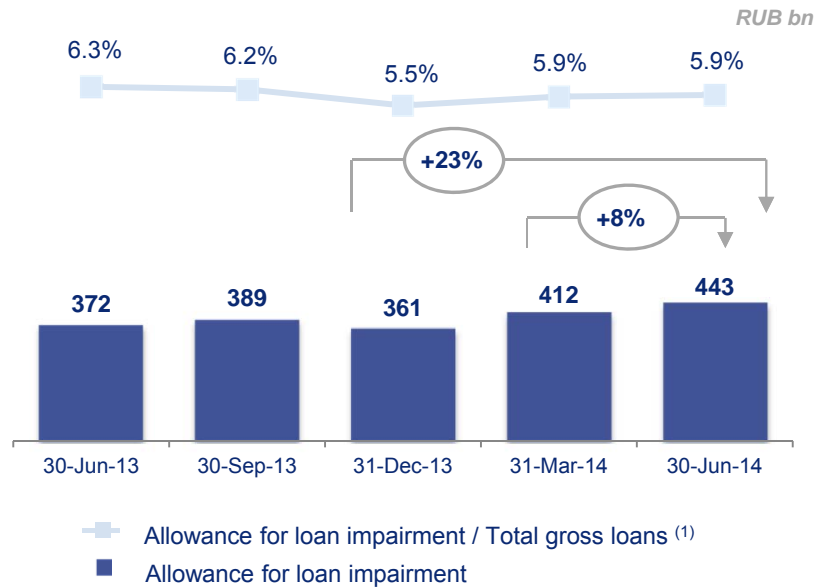


Loan write-offs

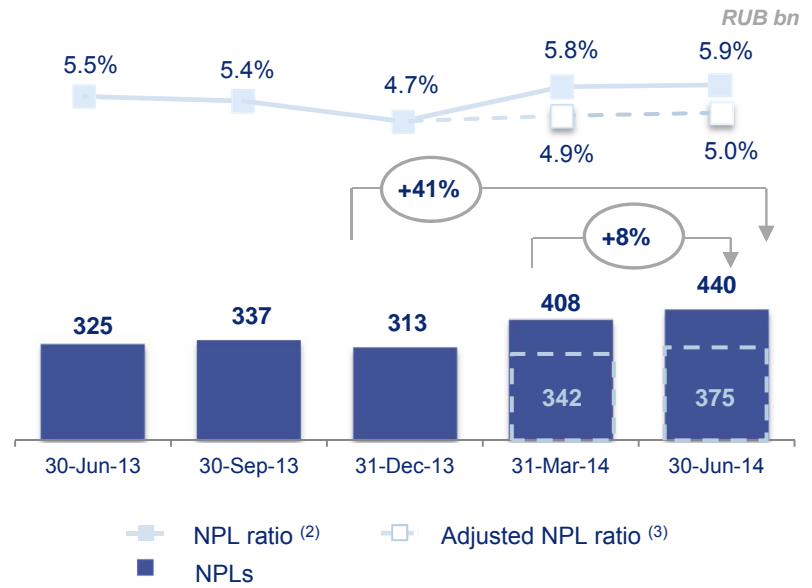


Loan Book Quality

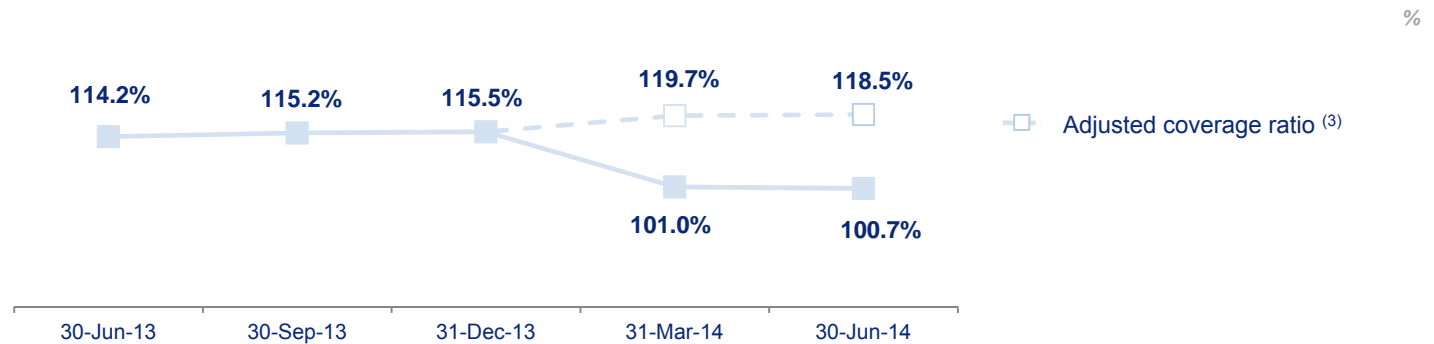
Provision for loan impairment



NPLs (90+)



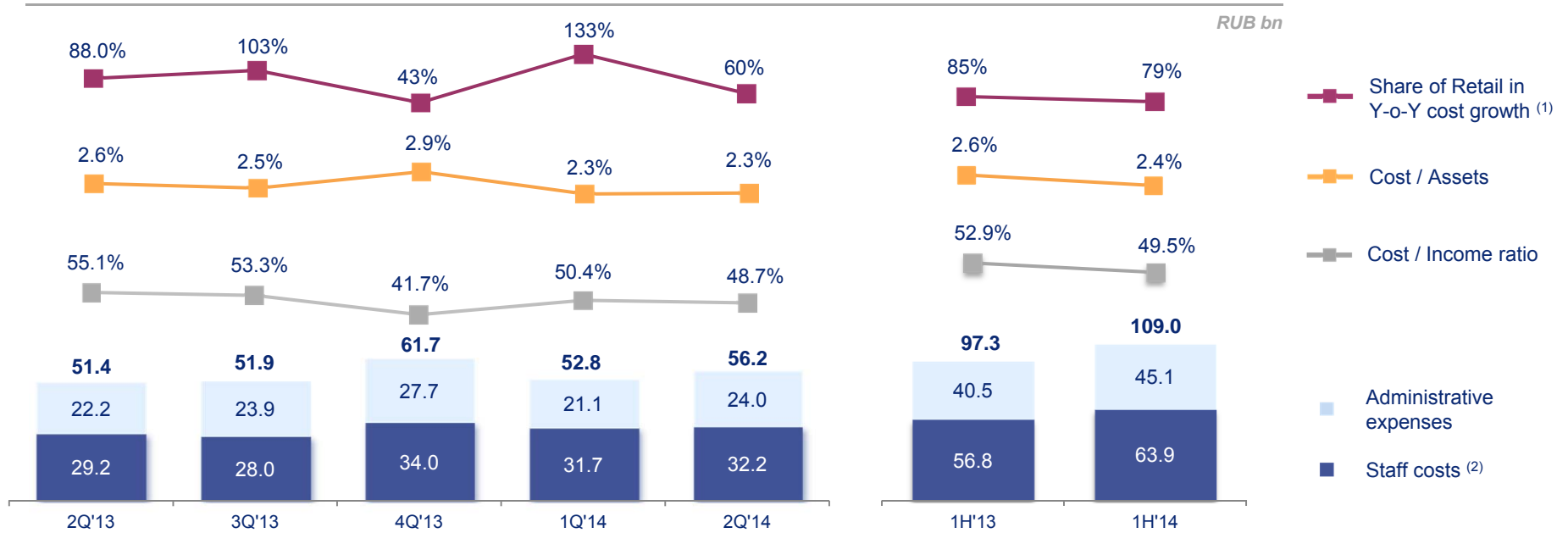
Coverage ratio



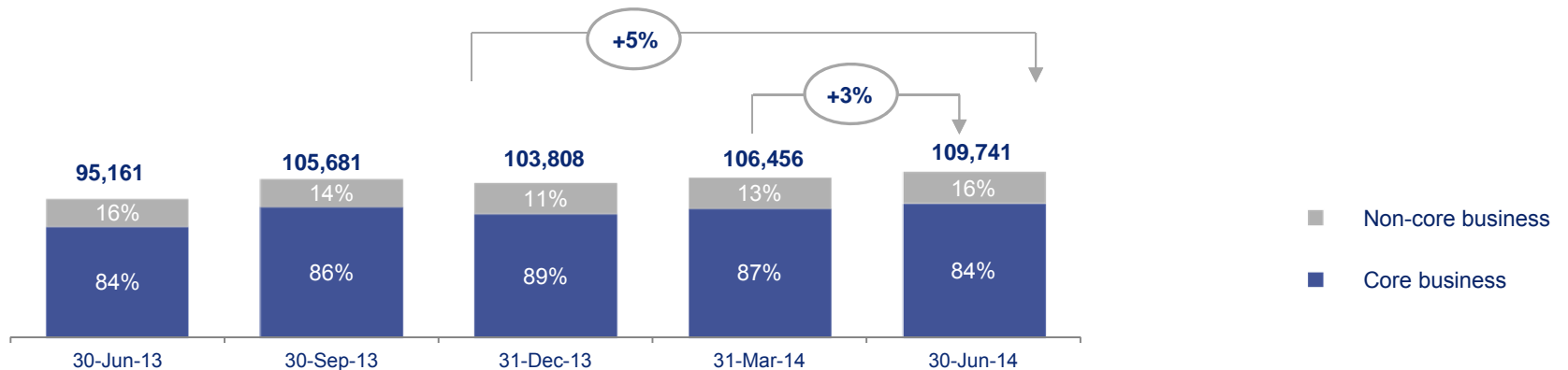
(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.
 (2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal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



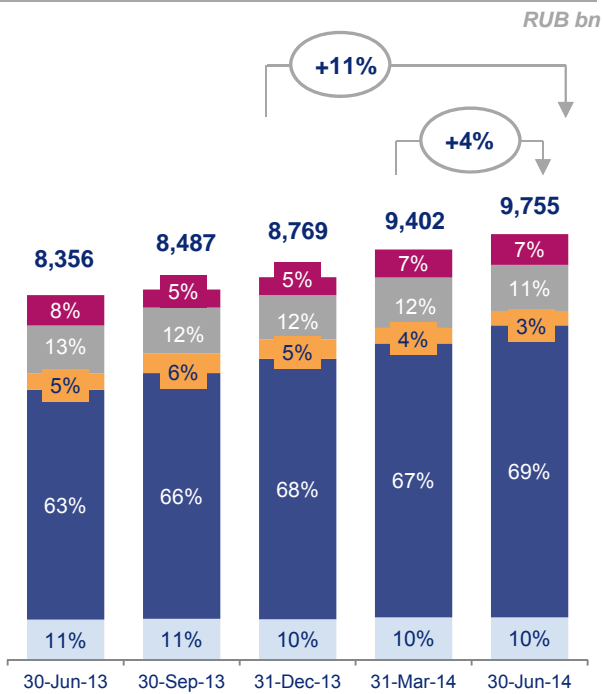
Number of employees



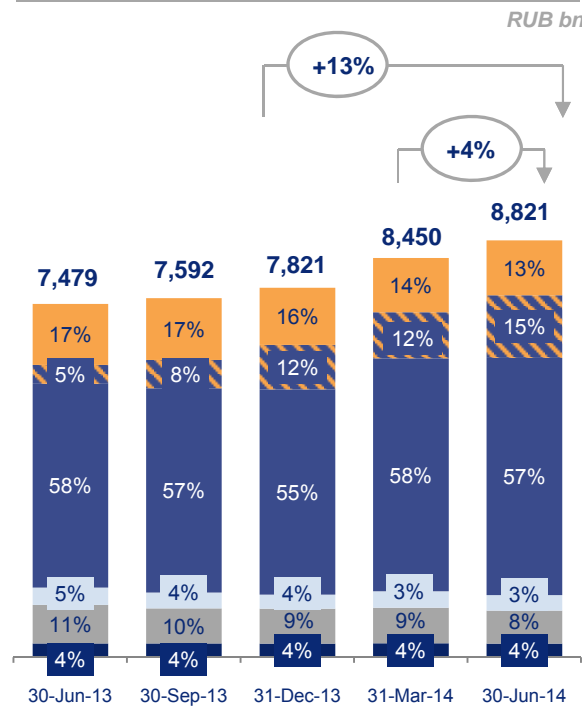
(1) Calculation is based on segment analysis. Share of Retail in Y-o-Y cost growth represents contribution of Retail banking subsegment into Y-o-Y growth of total costs before intersegment eliminations.
 (2) Including pensions.

Balance Sheet Structure and BIS Capital

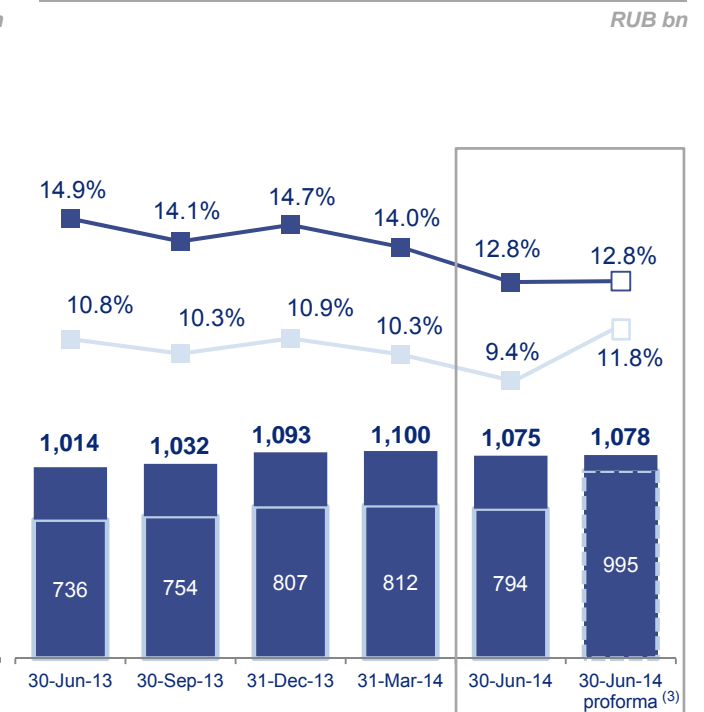
Assets structure



Liabilities structure



BIS Group capital



- 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

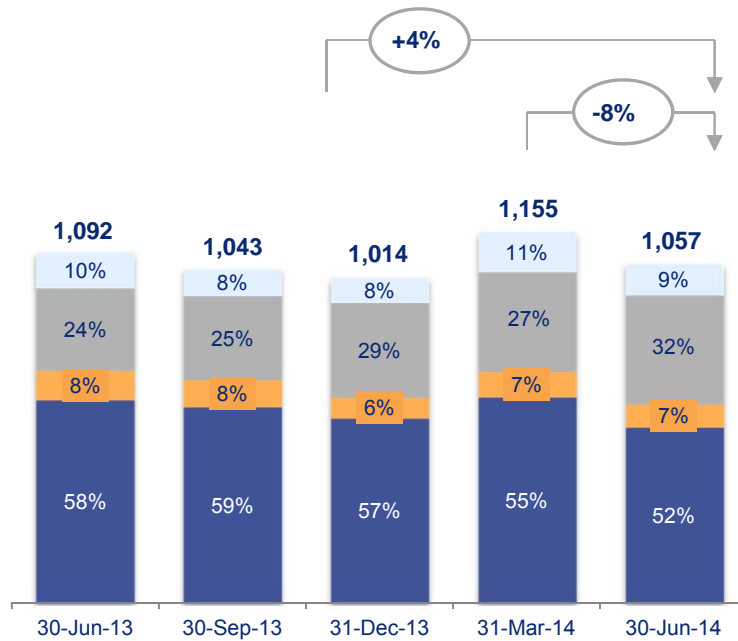
- Total CAR
- Tier I ratio
- Total capital
- Tier I

(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.
 (3) Pro forma calculation based on RUB 214 bn subordinated debt conversion assumption.

Financial Instruments

Breakdown by type

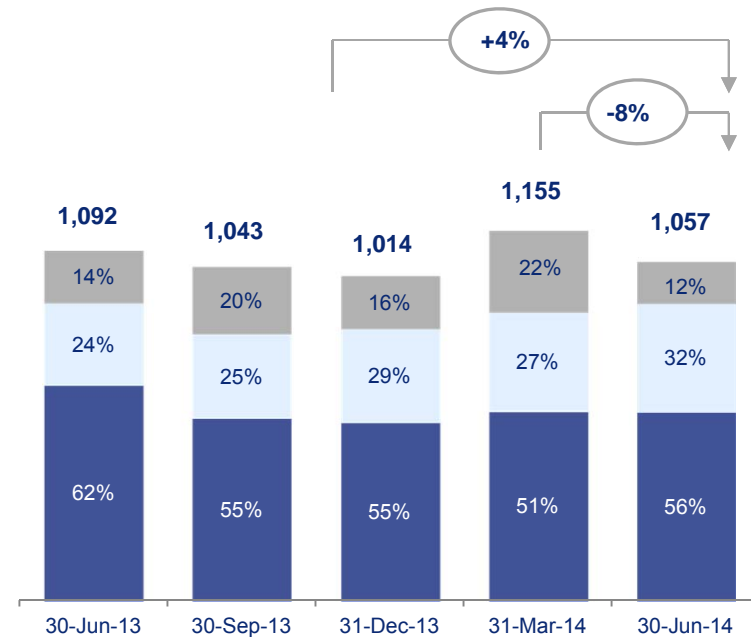
RUB bn



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

Breakdown by classification

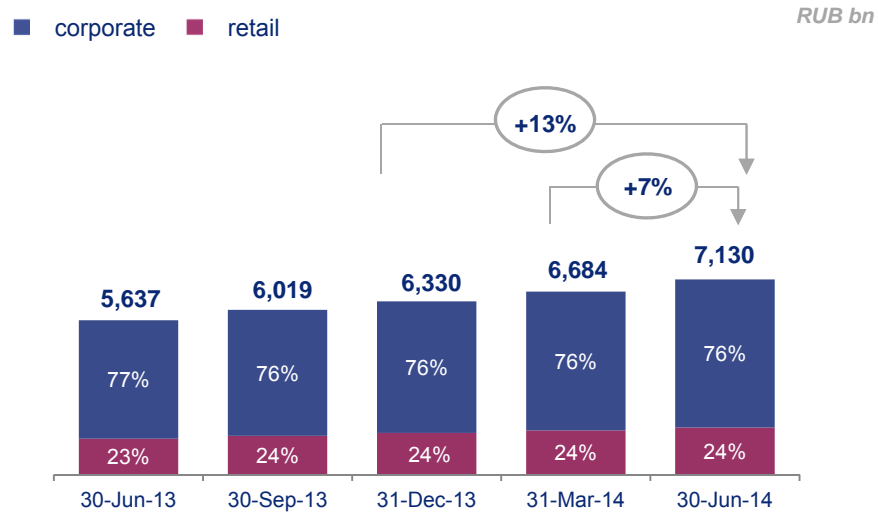
RUB bn



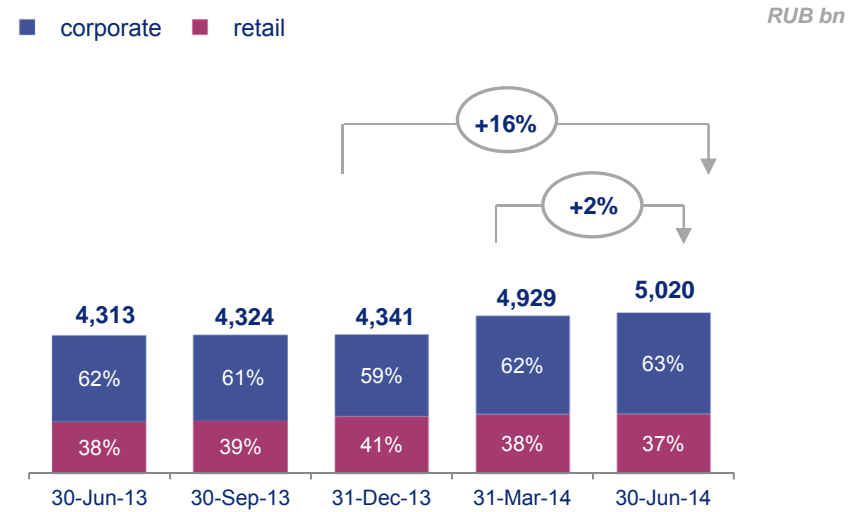
- Investment financial assets (AFS & HTM)
- Financial assets classified as loans and advances to customers and due from other banks
- Financial assets at fair value through profit or loss

Loan Portfolio and Customer Deposits

Loans and advances to customers

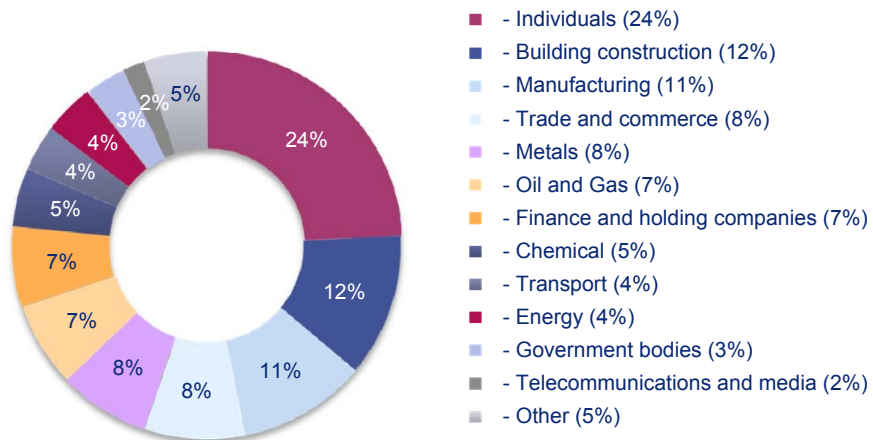


Customer deposits

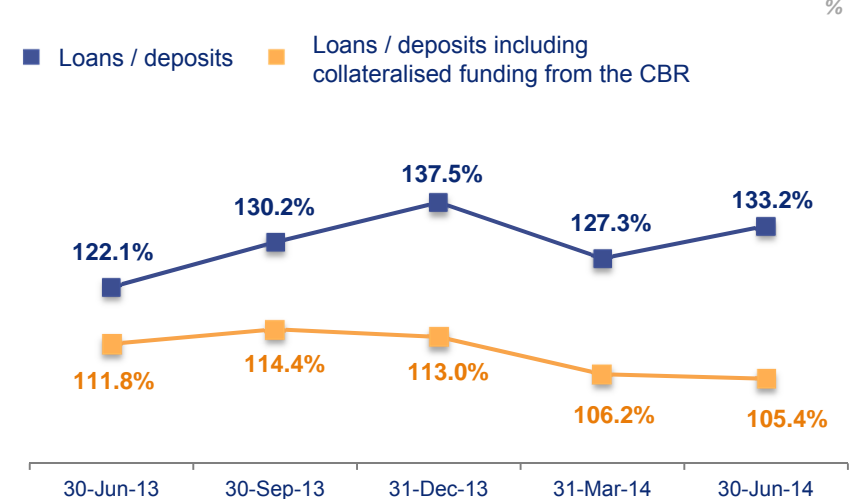


Loans and advances to customers by industry

30-Jun-14

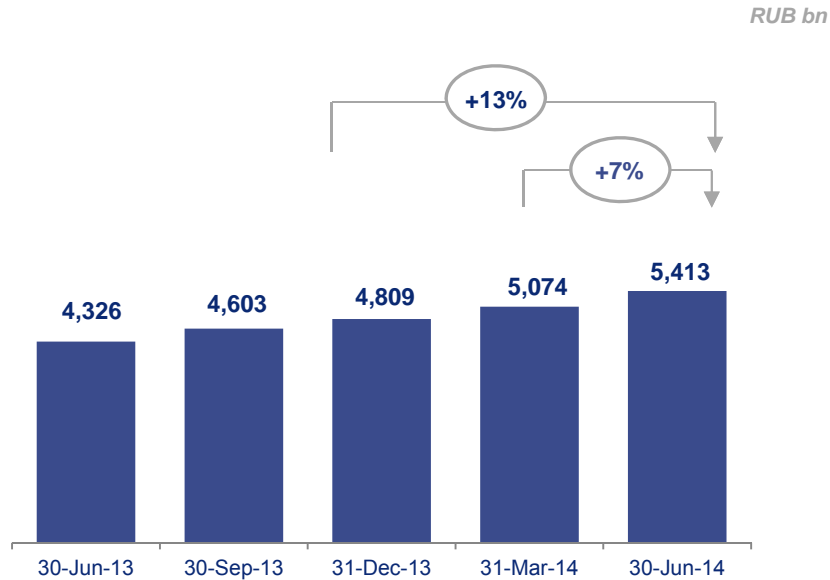


Customer loans / customer deposits

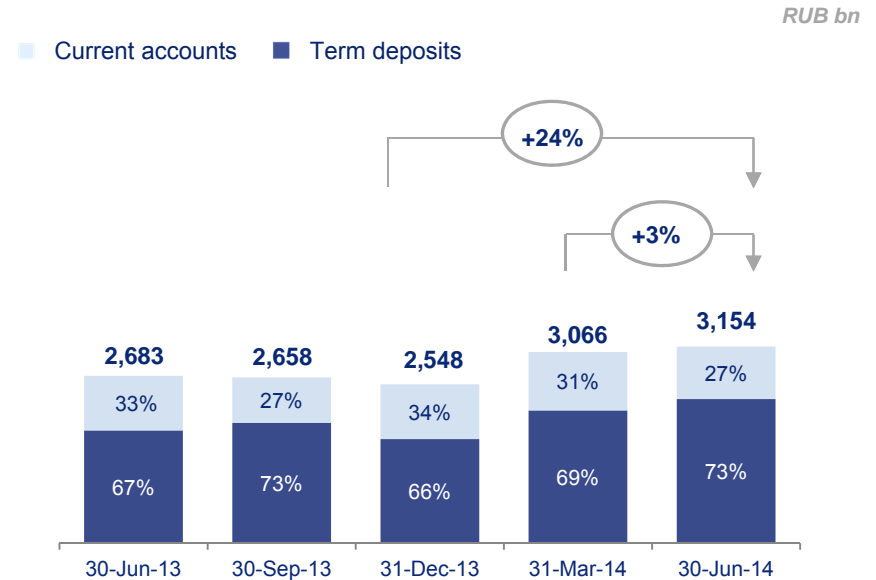


Performance of Corporate Banking

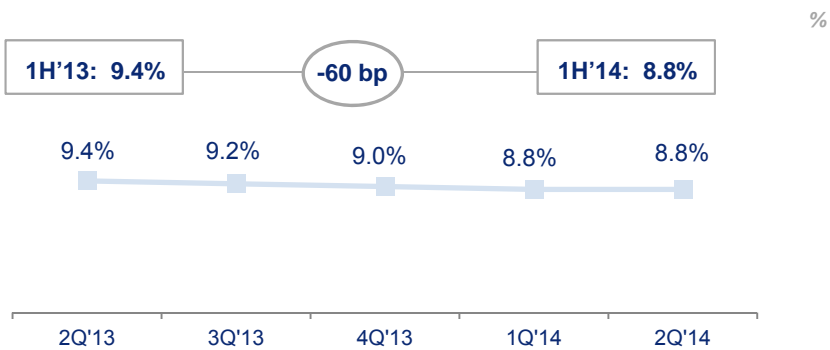
Corporate loan portfolio



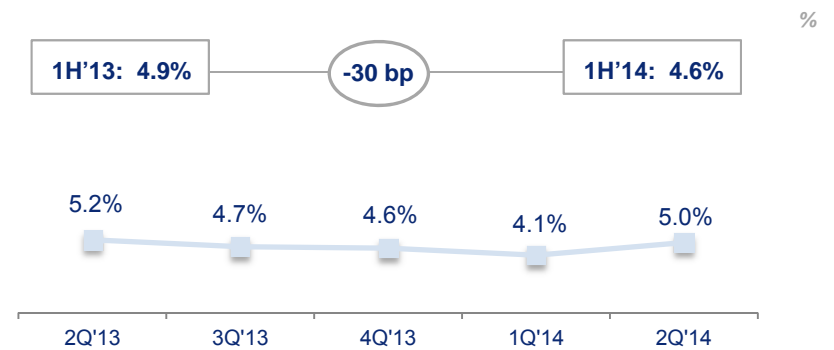
Corporate liabilities



Yield on corporate loans

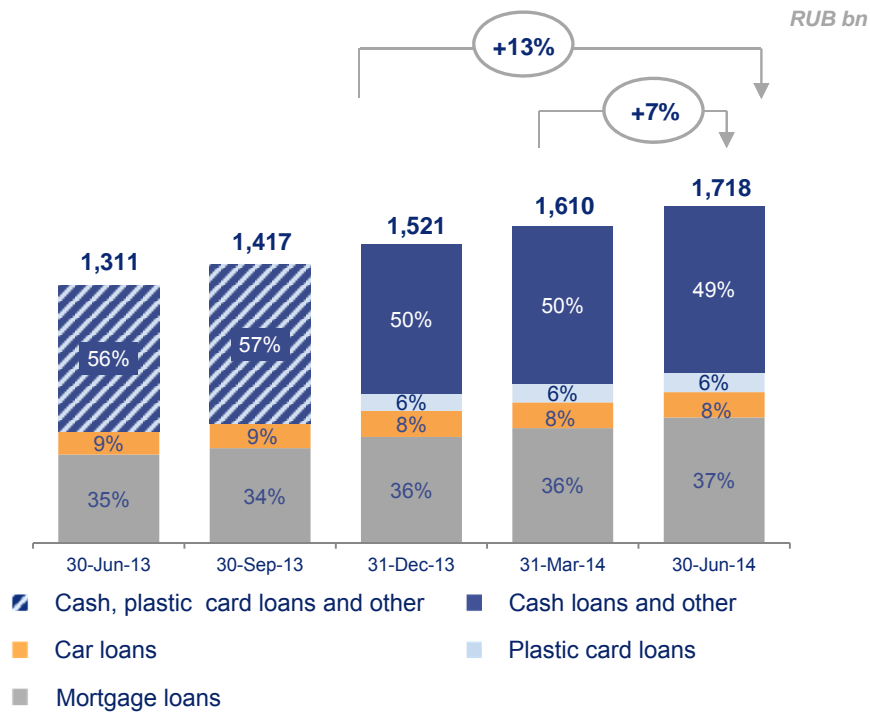


Cost of corporate deposits

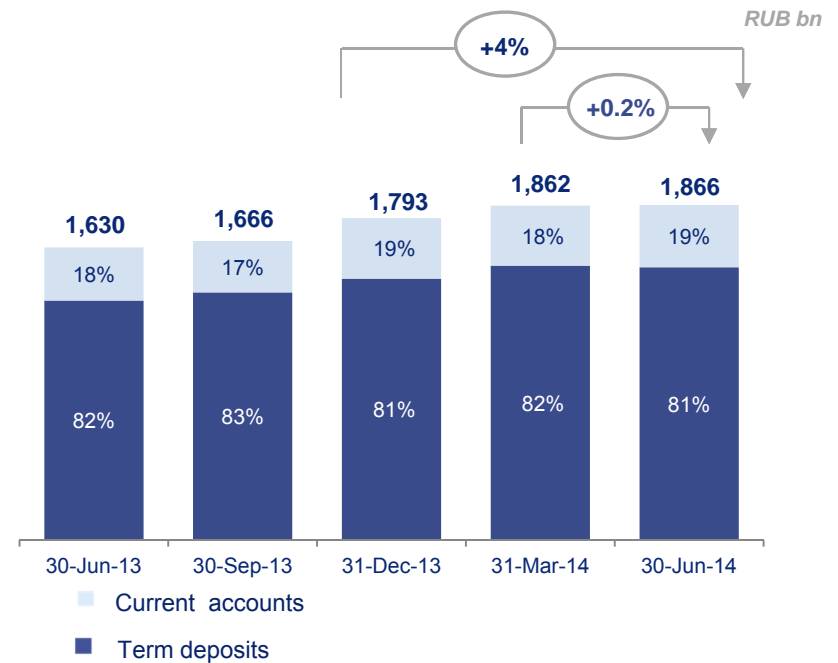


Performance of Retail Banking

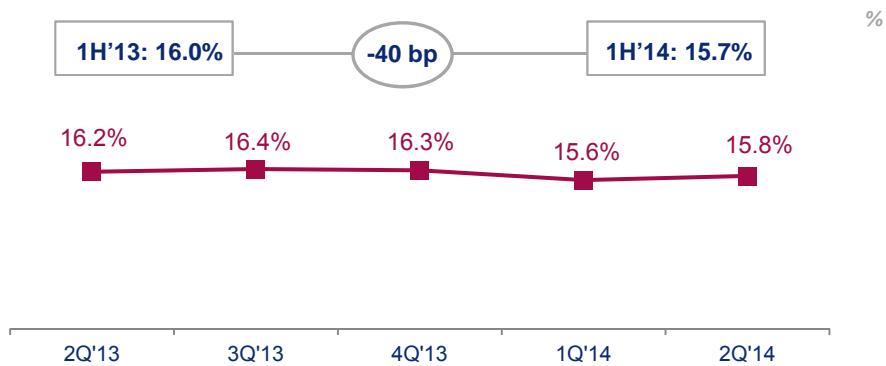
Retail loan portfolio



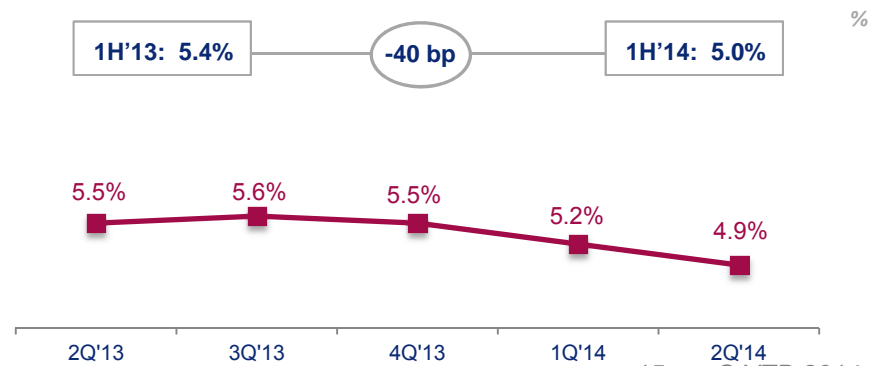
Retail liabilities



Yield on retail loans

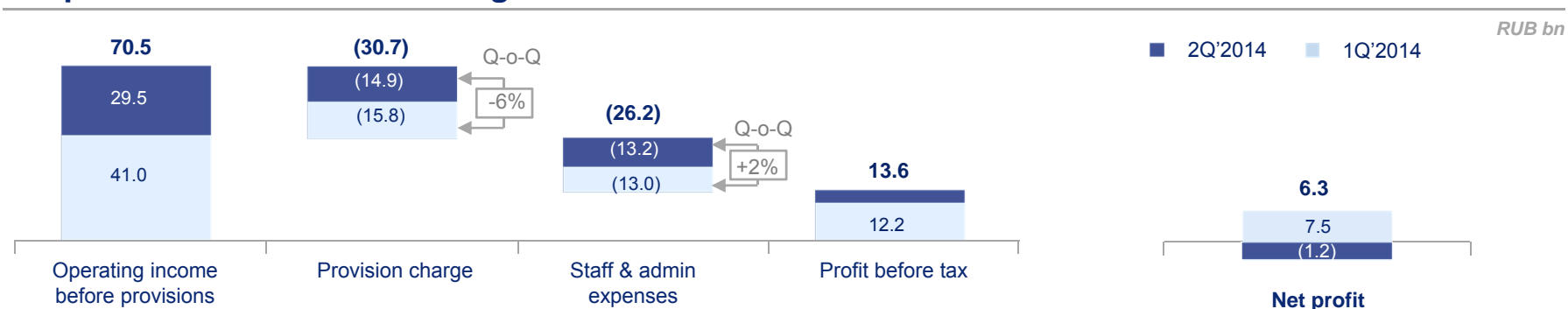


Cost of retail deposits

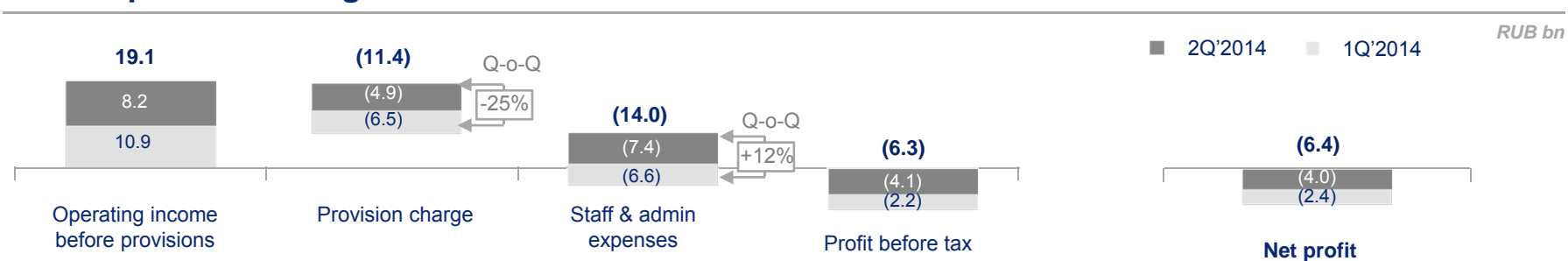


Segment Analysis 1H'2014

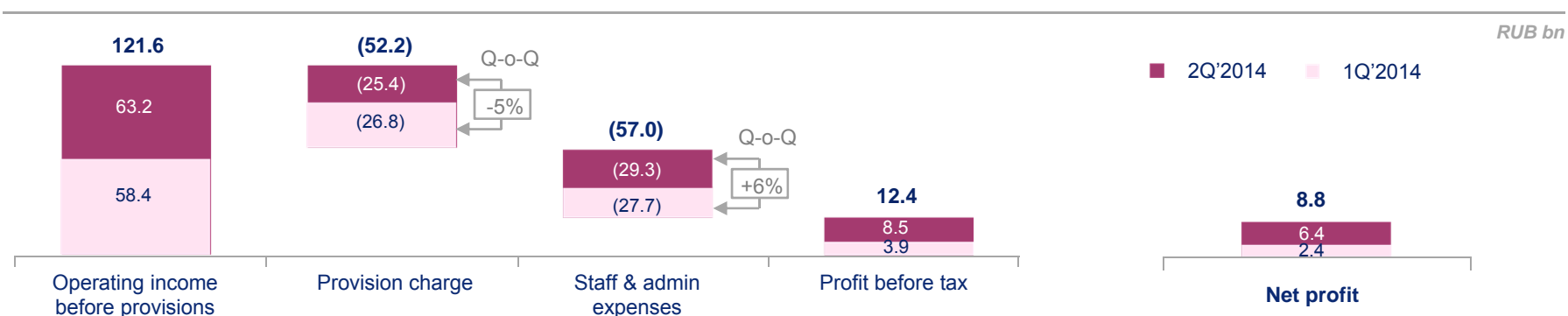
Corporate – Investment Banking



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