

VTB Group 9M'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 9M'2016 Performance Highlights

Key selected items (in RUB bn)	9M'16	9M'15	Change	3Q'16	3Q'15	Change
Net interest income	310.4	196.0	58.4%	103.4	85.9	20.4%
Net fee and commission income	55.9	54.0	3.5%	19.3	21.4	-9.8%
Operating income before provisions	361.1	293.8	22.9%	124.1	123.0	0.9%
Provision charge for impairment ⁽¹⁾	(146.7)	(136.9)	7.2%	(43.8)	(57.0)	-23.0%
Staff costs and administrative expenses	(171.6)	(161.4)	6.3%	(55.3)	(55.6)	-0.5%
Net profit	34.1	(10.9)	-	18.7	6.2	201.6%

Strong 58% y-o-y growth on net interest income driven by the recovery of net interest margin to 3.7% in 9M'16 vs 2.4% in 9M'15

Well on track to deliver on the full year costs target, synergies from Bank of Moscow consolidation started to take effect (6% y-o-y cost growth in 9M'16 with -1% y-o-y cost growth in 3Q'16)

Retail loans grew above the sector; corporate loans below the sector because of large FX loan repayments in 1Q'16

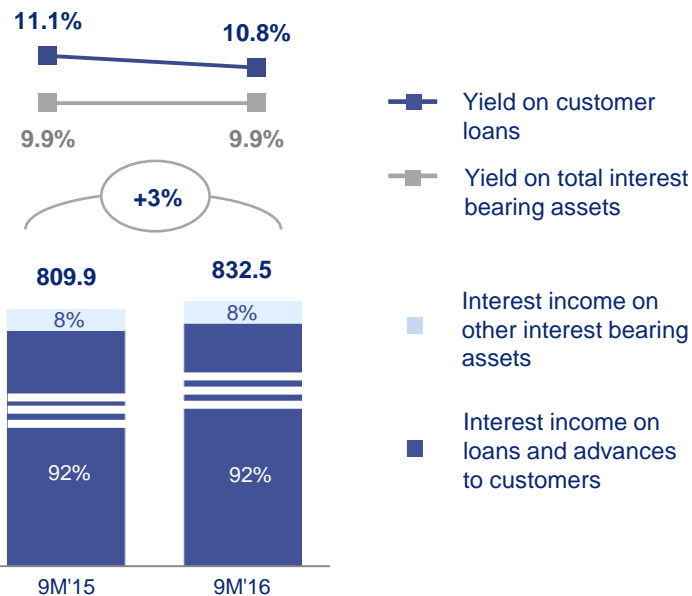
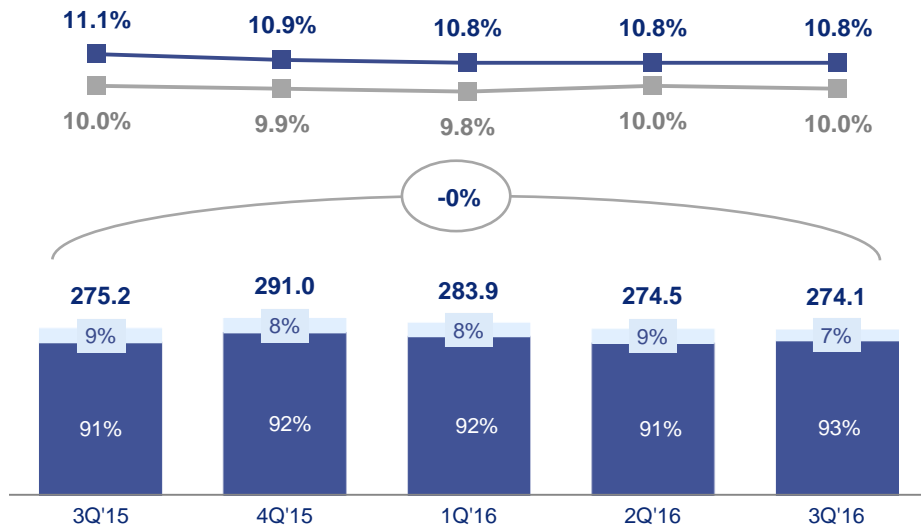
Balance sheet improved with increased proportion of customer deposits (73% vs 60% at YE'15) and reduced FX share

Strong capital base: Tier 1 CAR 13.5%, up 110 bps ytd

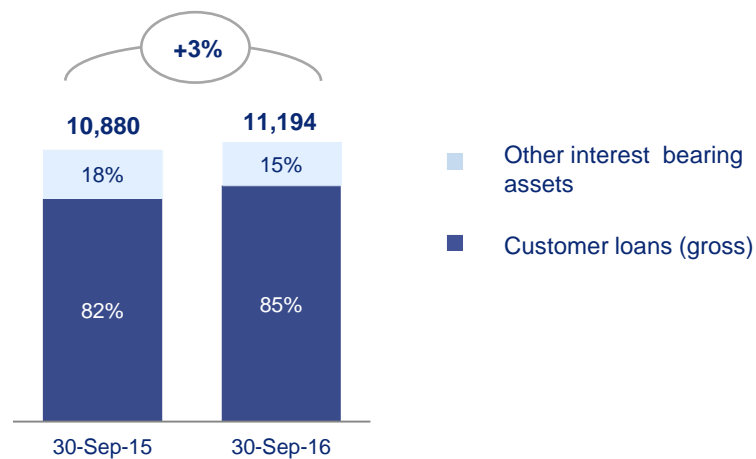
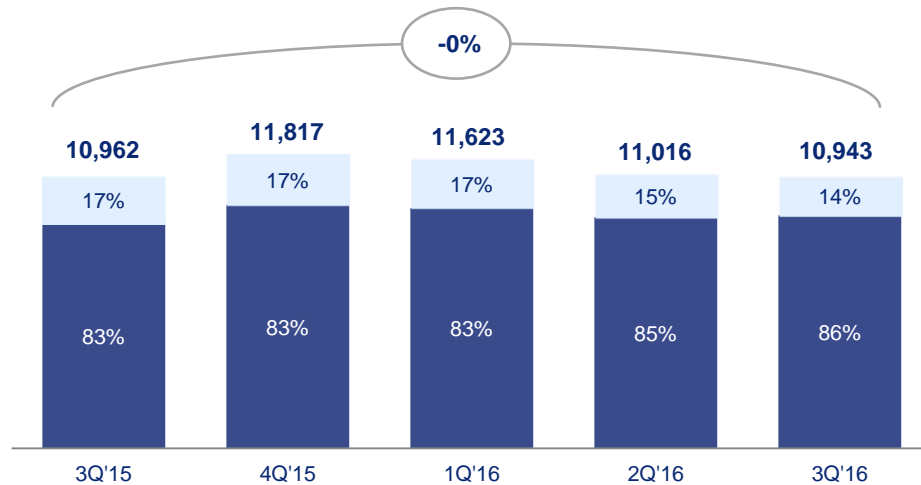
⁽¹⁾ Including provision charge for impairment of debt financial assets and provision charge for impairment of other assets, credit related commitments and legal claims.

Interest Income and Average Yields

Interest income and average yields RUB bn

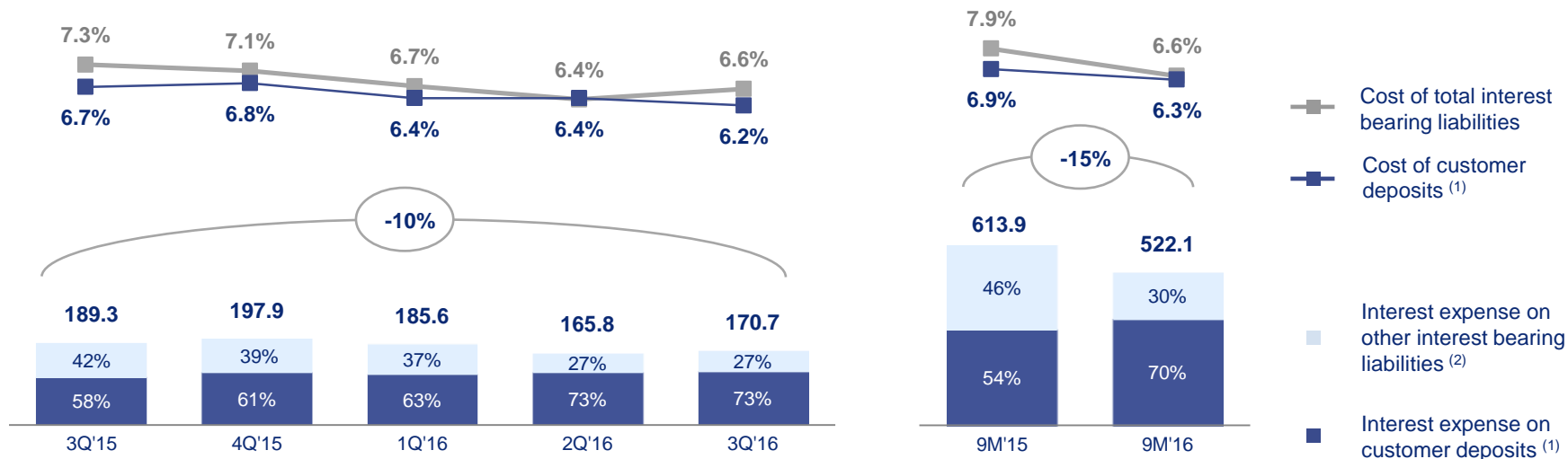


Average interest bearing assets RUB bn

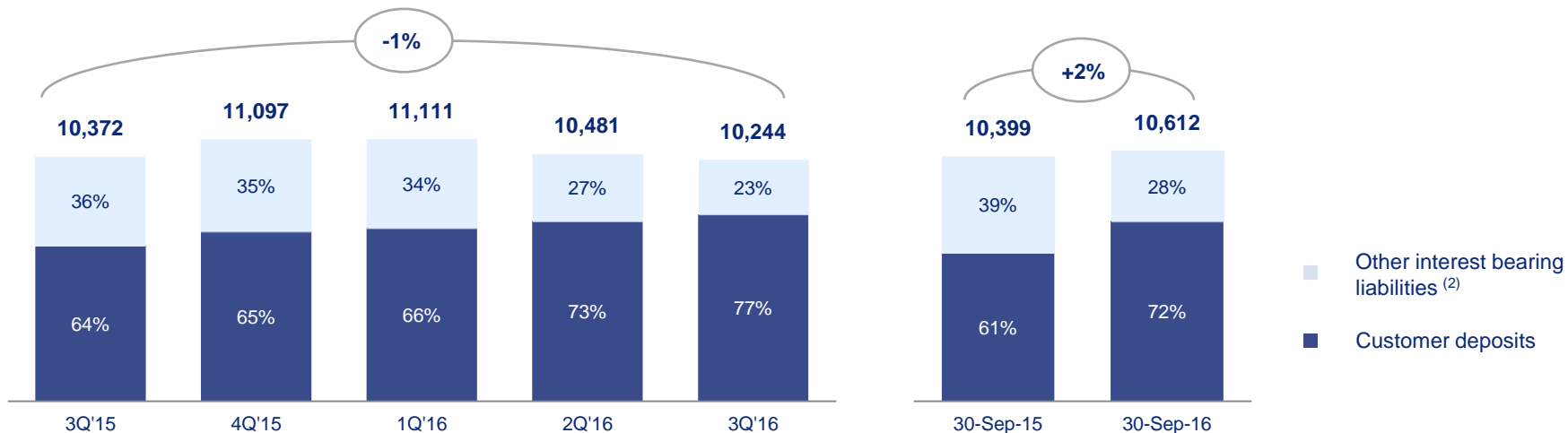


Interest Expense and Cost of Funds

Interest expense and cost of interest bearing liabilities RUB bn



Average interest bearing liabilities RUB bn

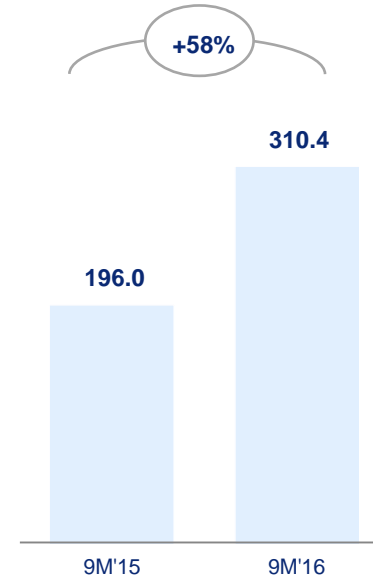
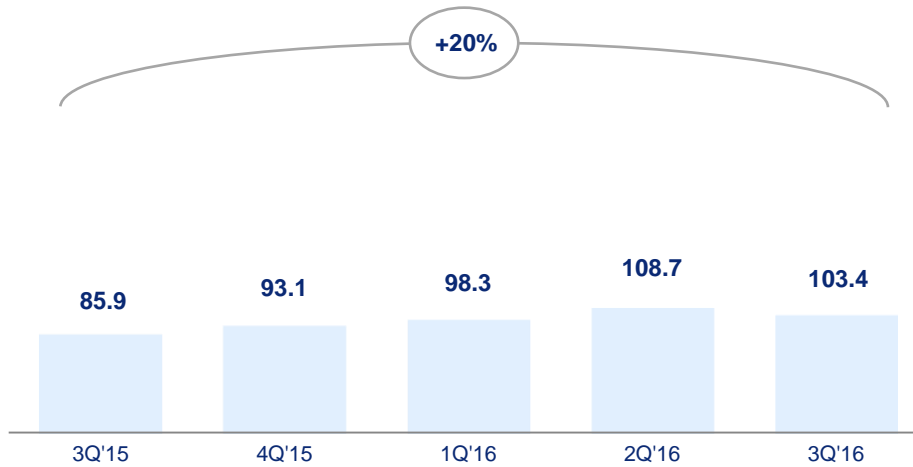


(1) Starting from 2015, the Group presents payments to deposit insurance system directly related to interest-bearing liabilities as a separate line of the net interest income. For further clarification please see Note 60 of the FY 2015 VTB Group financial statements.

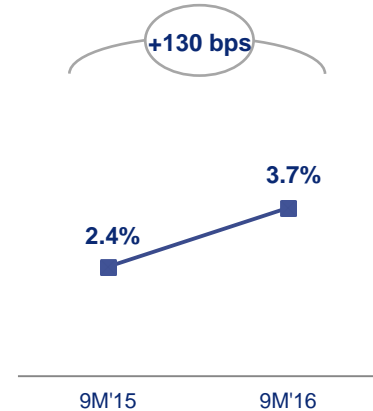
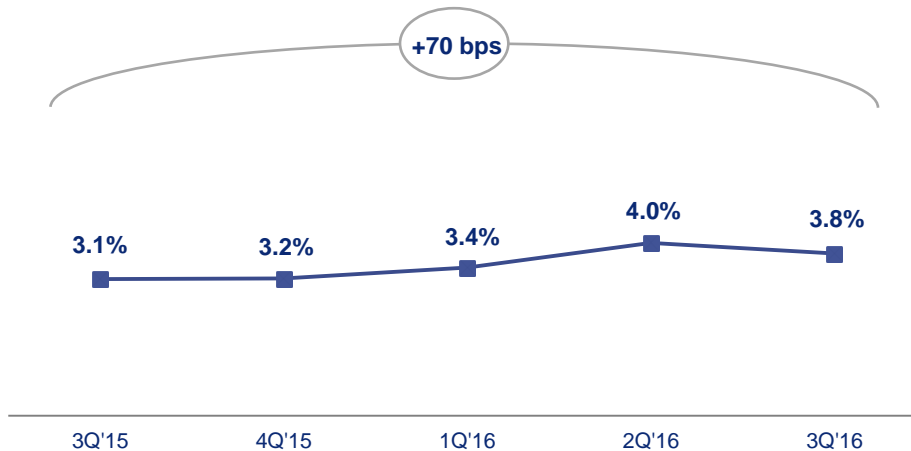
(2) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

Net Interest Income and NIM (1)

Net interest income RUB bn



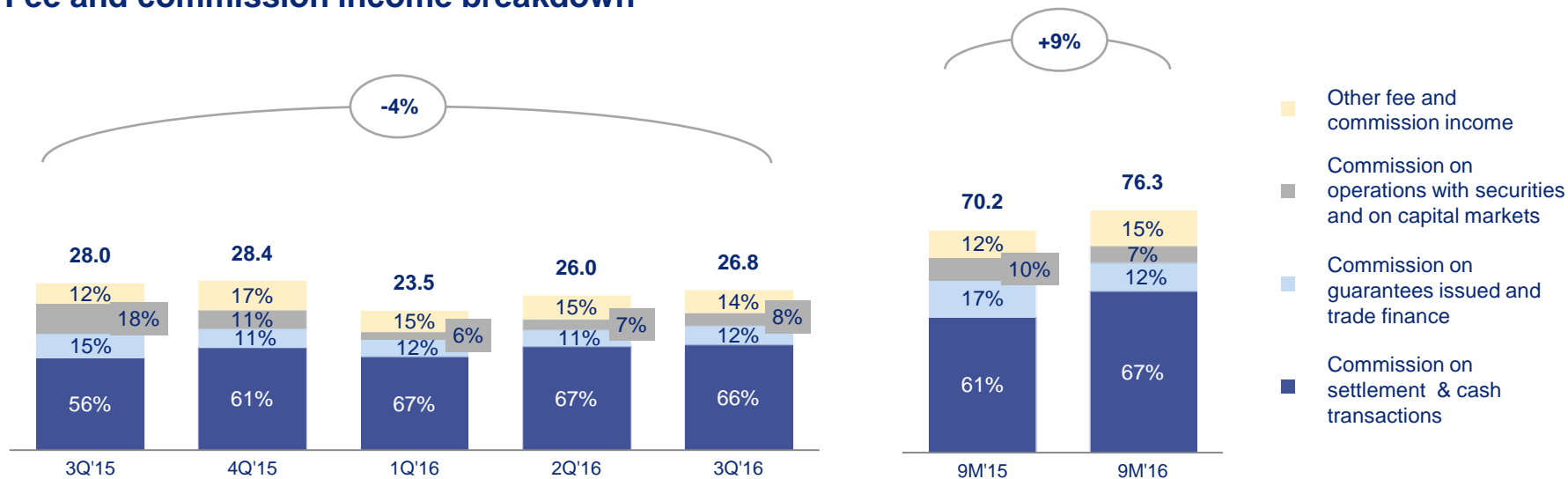
Net interest margin %



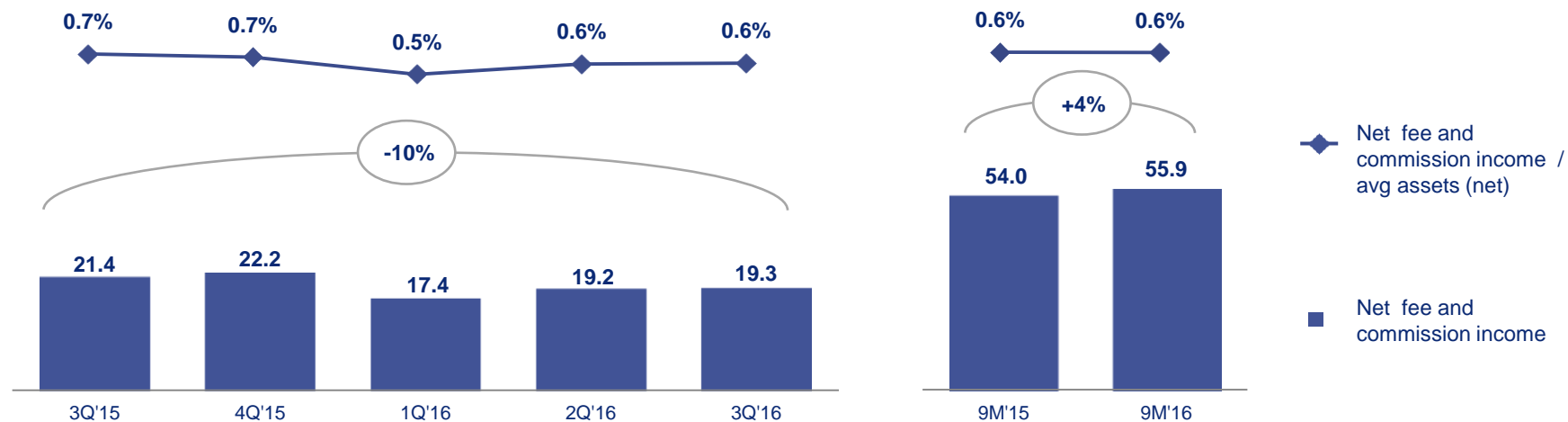
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

Fee and Commission Income

Fee and commission income breakdown RUB bn

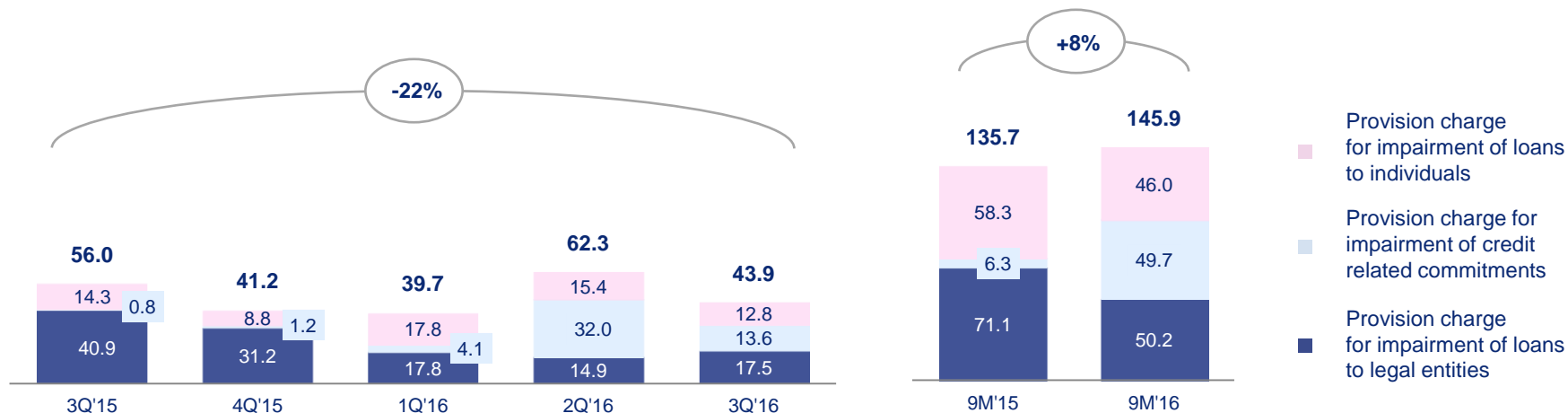


Net fee and commission income RUB bn

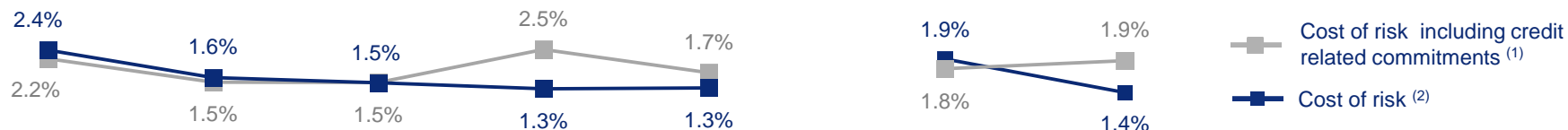


Provision Charge for Loan Impairment and Cost of Risk

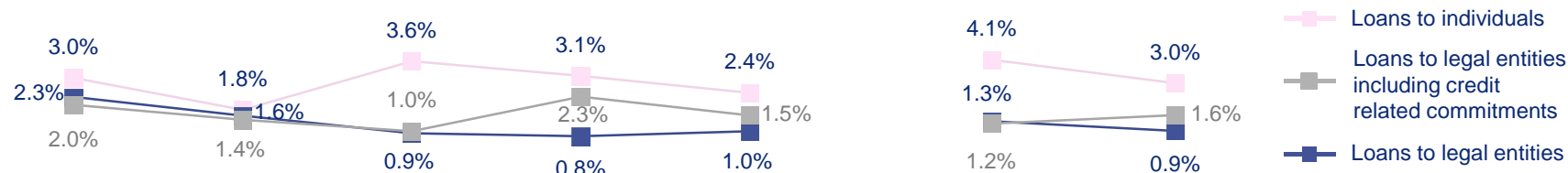
Provision charge for impairment of loans and credit related commitments RUB bn



Cost of risk %



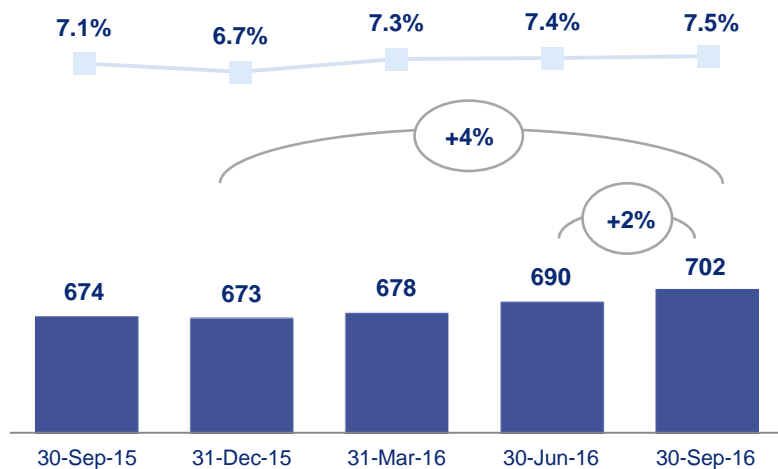
Cost of risk breakdown %



(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.

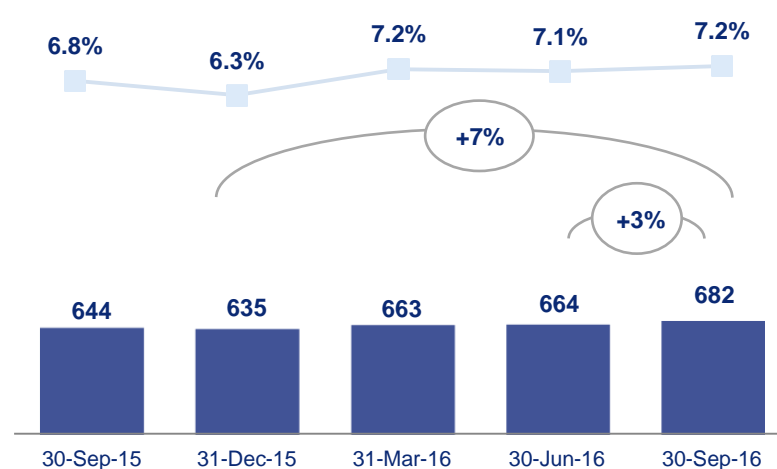
Loan Book Quality

Provision for loan impairment ^{RUB bn}



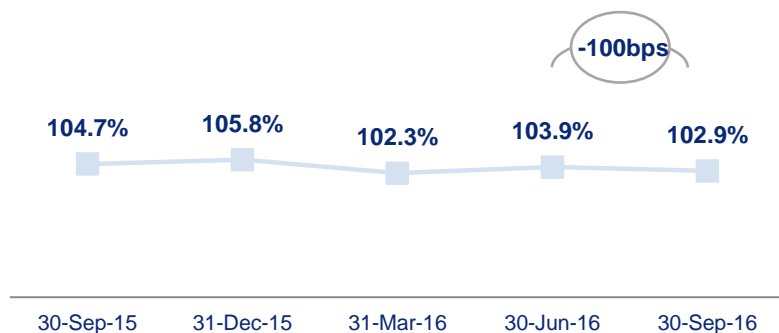
- Allowance for loan impairment / Total gross loans ⁽¹⁾
- Allowance for loan impairment

NPLs (90+) ^{RUB bn}

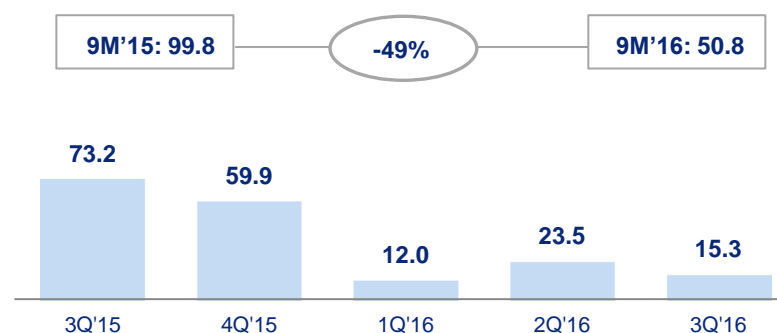


- NPL ratio ⁽²⁾
- NPLs

Coverage ratio %



Loan write-offs ^{RUB bn}

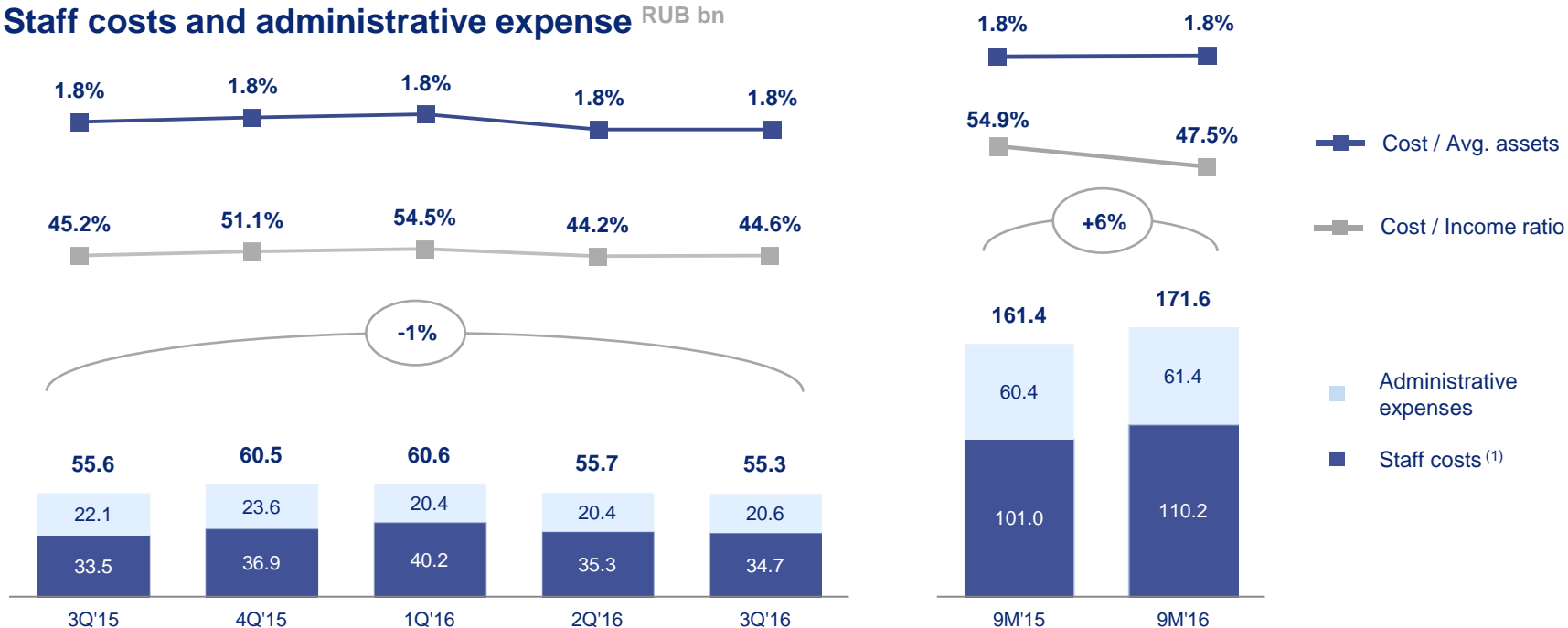


(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

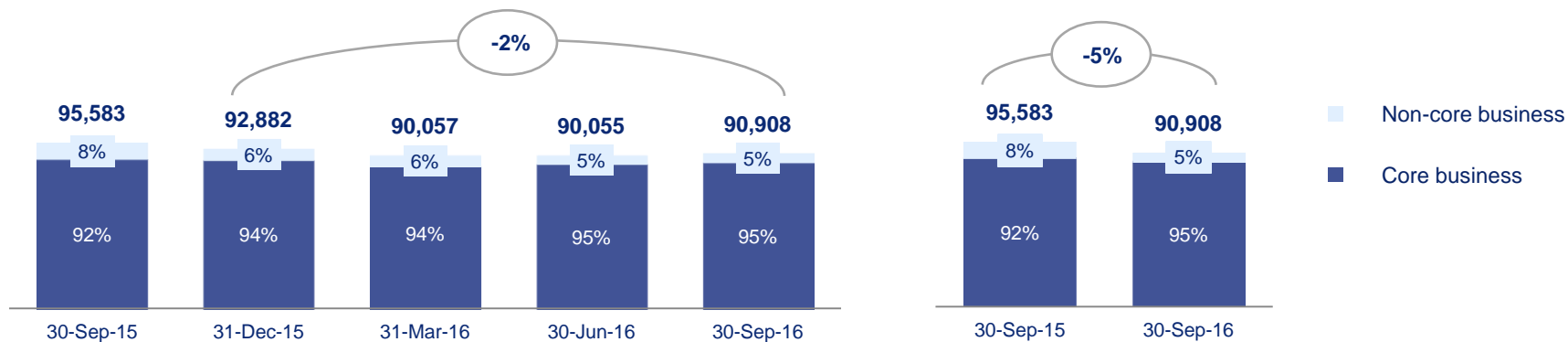
(2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase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

Staff and Administrative Expenses

Staff costs and administrative expense RUB bn



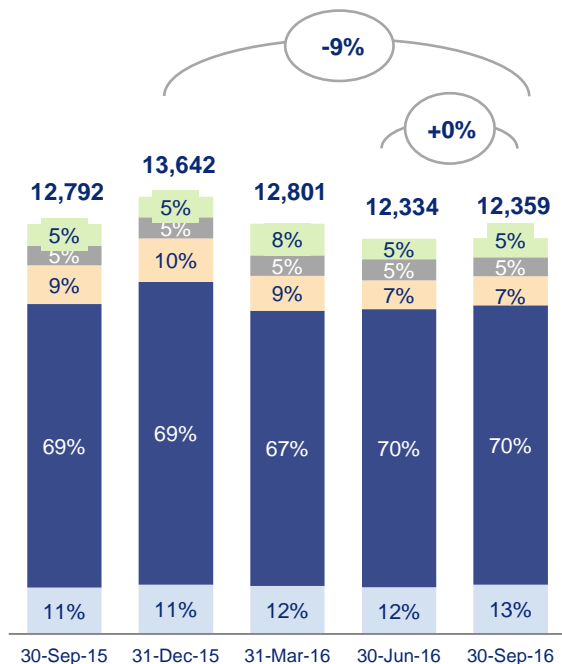
Number of employees



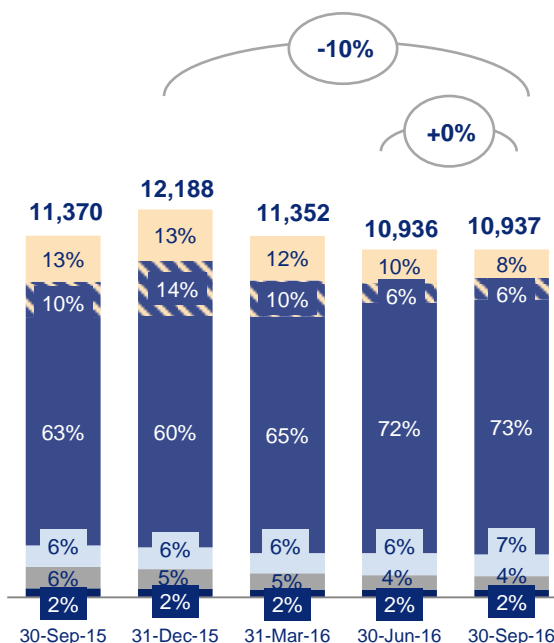
(1) Including pensions.

Balance Sheet Structure and BIS Capital

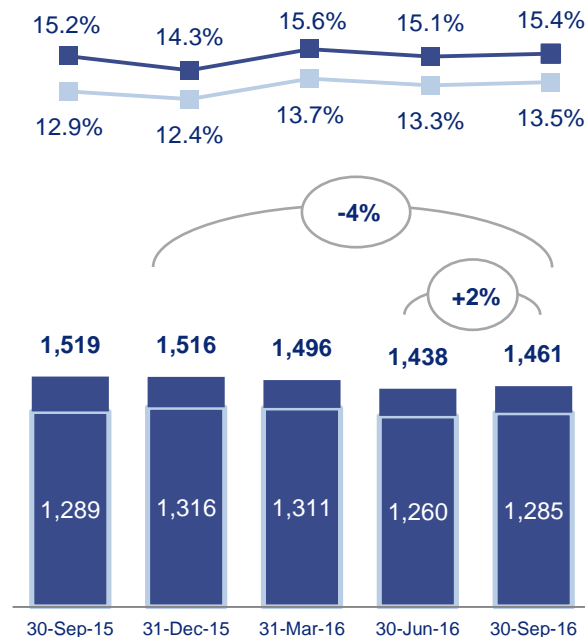
Assets structure RUB bn



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⁾

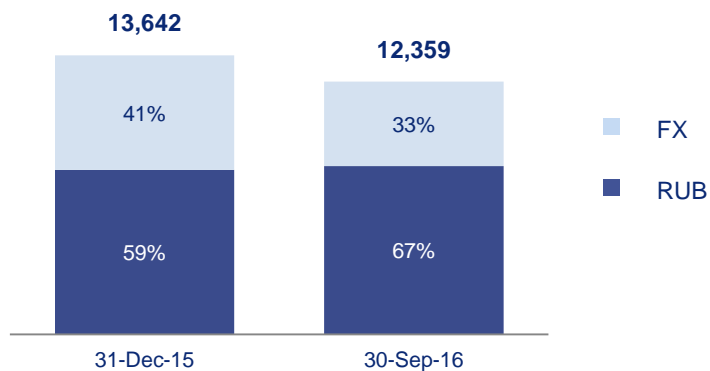
- Due to banks and other borrowed funds
- Collateralised funding from the CBR
- Customer deposits
- Other liabilities
- Debt securities issued
- Subordinated debt

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

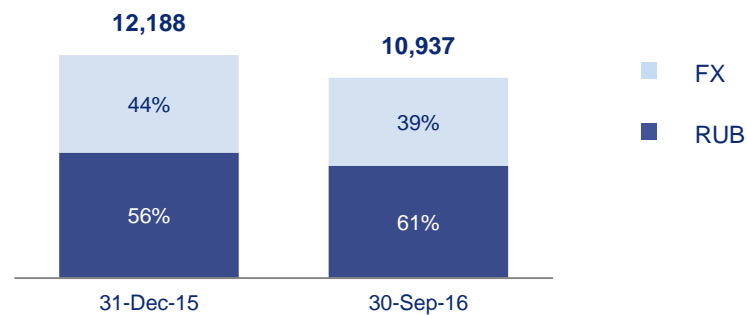
(1) Includes loans and advances to customers, pledged under REPO.
 (2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

Assets and Liabilities by Currency

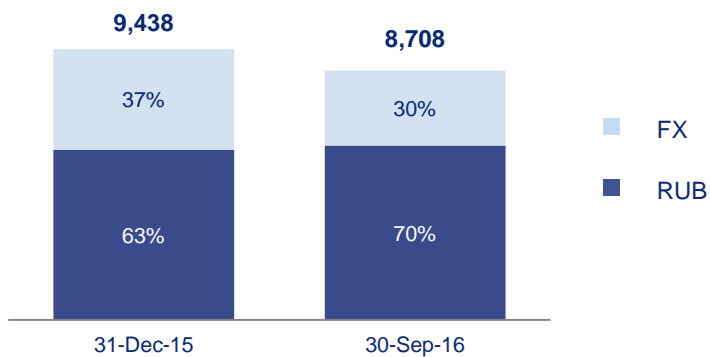
Total assets RUB bn



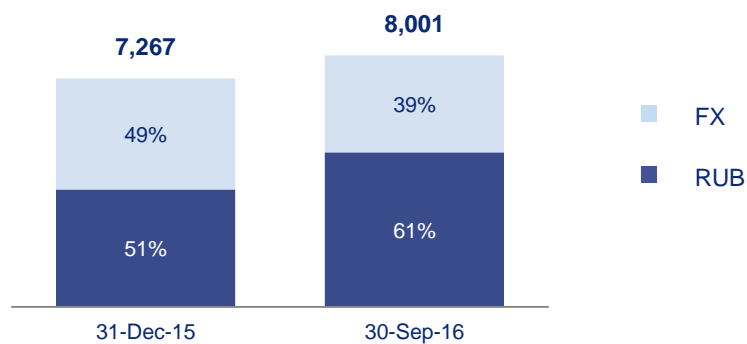
Total liabilities RUB bn



Net loans and advances to customers RUB bn

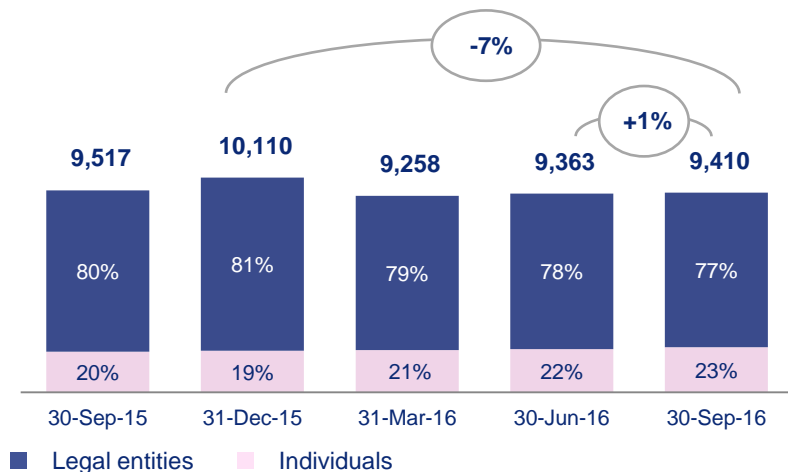


Customer deposits RUB bn

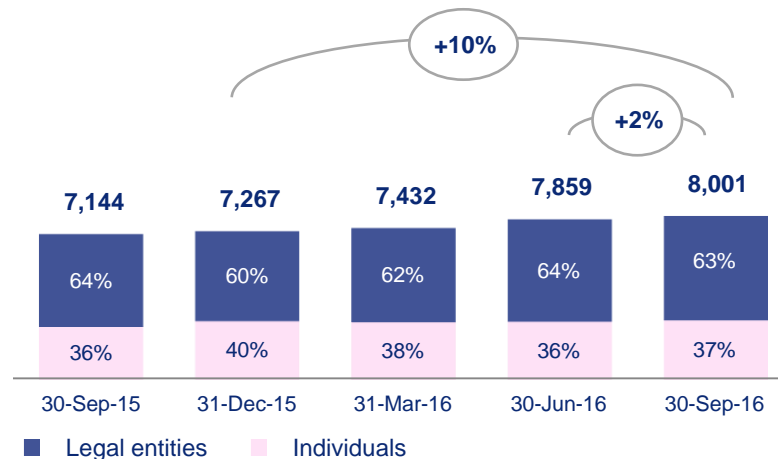


Loan Portfolio and Customer Deposits

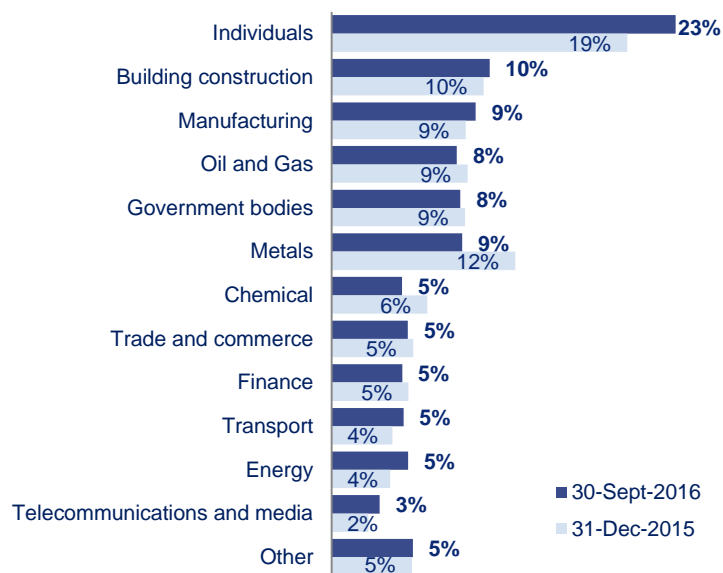
Loans and advances to customers RUB bn



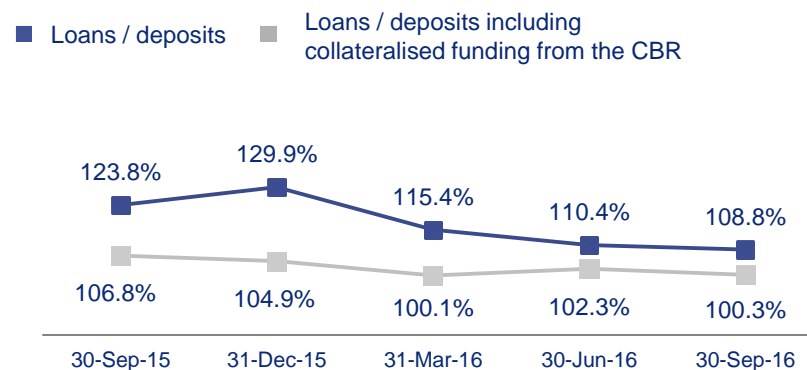
Customer deposits RUB bn



Loans and advances to customers by industry %

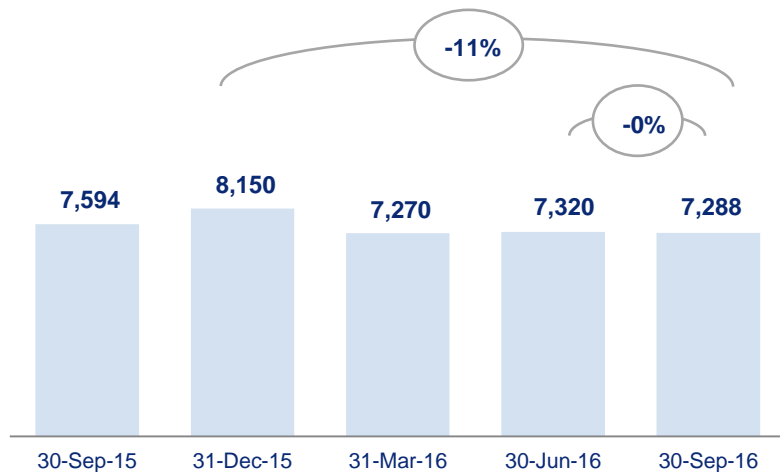


Customer loans / customer deposits %

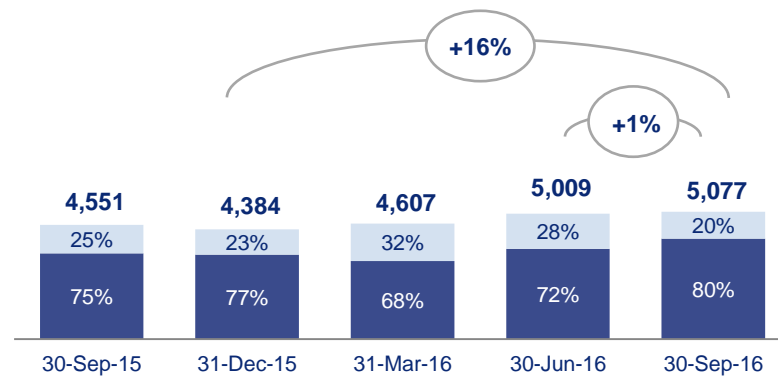


Business with Legal Entities

Loans to legal entities RUB bn

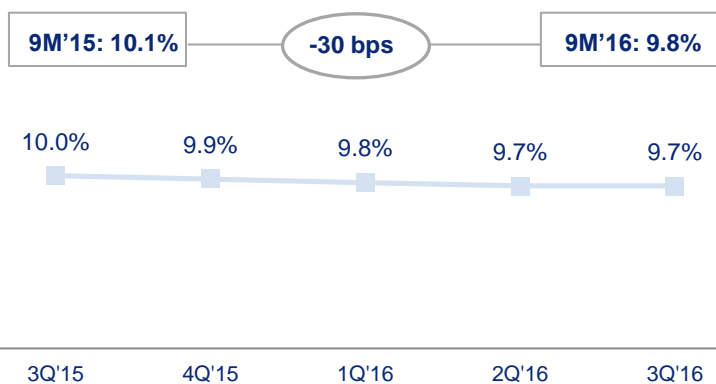


Deposits of legal entities RUB bn

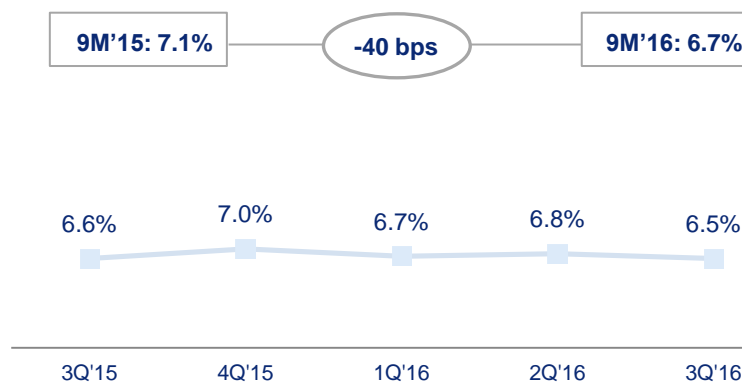


■ Current/ settlement deposits ■ Term deposits

Yield on loans to legal entities %

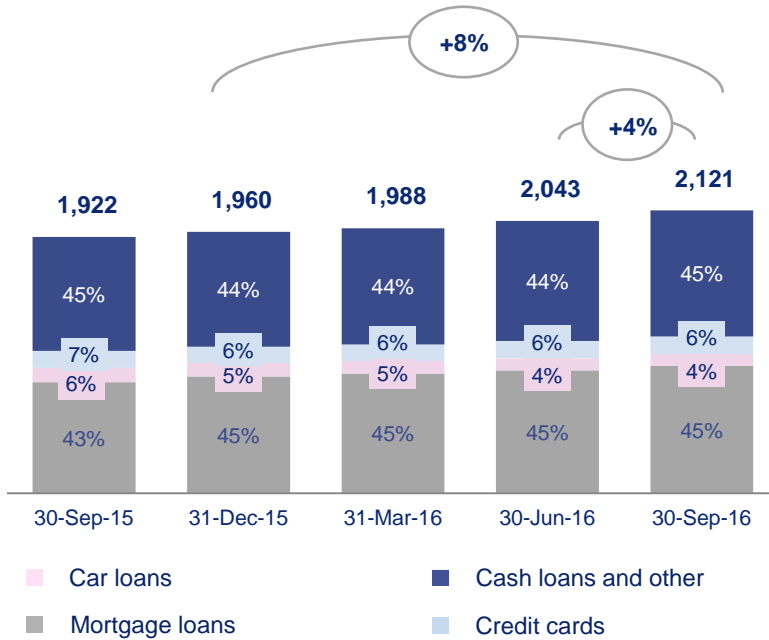


Cost of deposits of legal entities %

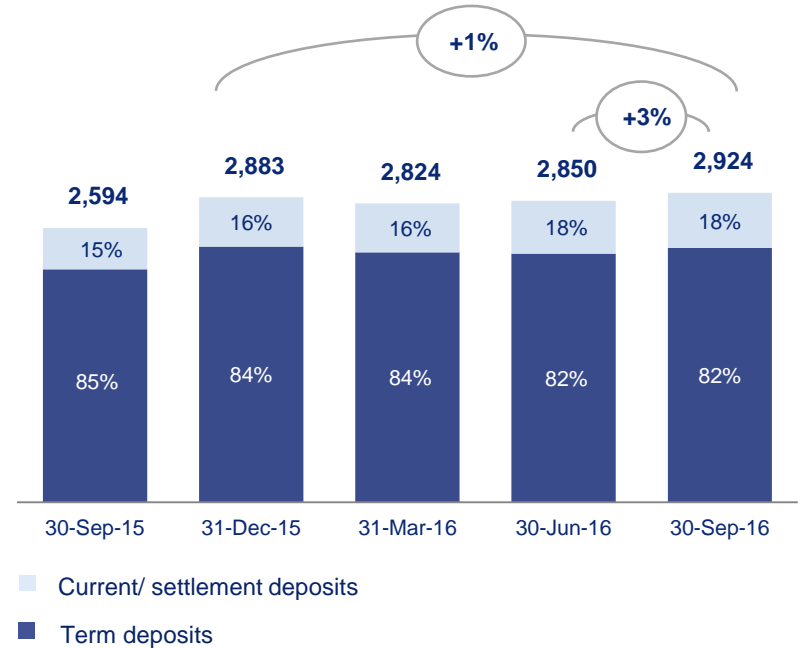


Business with Individuals

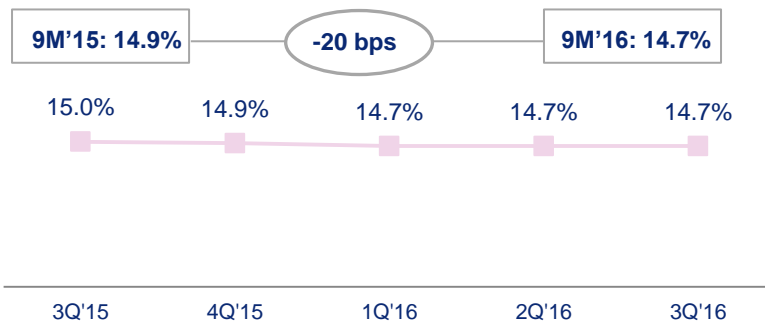
Loans to individuals RUB bn



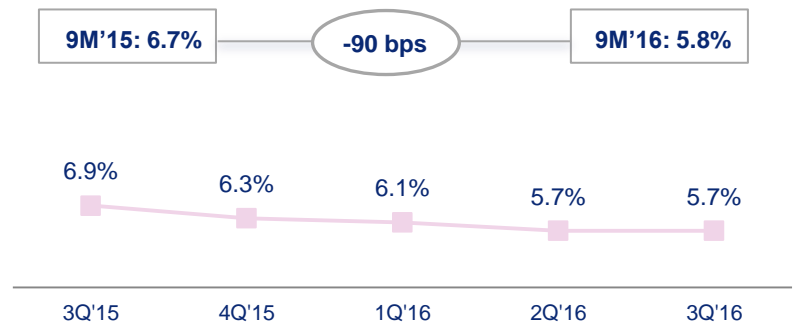
Deposits of individuals RUB bn



Yield on loans to individuals %



Cost of deposits of individuals %



2016 Management Expectations

Indicator	Measurement	Previous communication		Updated communication
		Optimistic scenario	Conservative scenario	
Macro				
GDP, nominal	% YoY	0.5	-1.2	-0.5
CPI inflation	% YoY	7.0	7.6	close to optimistic expectations
Oil price (Urals), average	USD/bbl	50	40	close to conservative expectations
CBR key rate, average	%	9.1	10.0	10.0
Banking sector				
Loan growth				
- Loans to legal entities	% YoY	5-10	0-5	below conservative expectations
- Loans to individuals	% YoY	5-10	0-5	in line with conservative expectations
VTB Group				
Loan growth				
- Loans to legal entities	% YoY	in line with the market	in line with the market	below the market
- Loans to individuals	% YoY	above the market	above the market	significantly above the market
NIM	%	≈4.0	>3.0	close to optimistic expectations
CoR	%	≈2.0	>2.0	≈2.0
Cost growth	% YoY	in line with inflation	in line with inflation	in line with inflation
Net profit	RUB bn	≈50	>0	≈50
NPL coverage ratio	%	above 100	above 100	above 100



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