



# 1H'2019 IFRS Results

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August 8, 2019

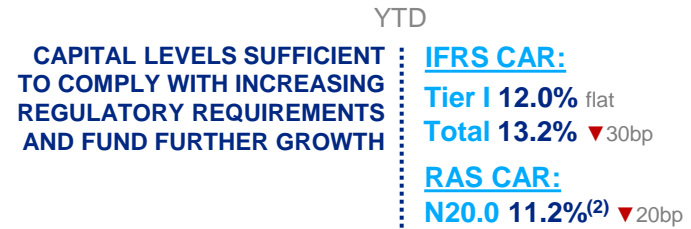
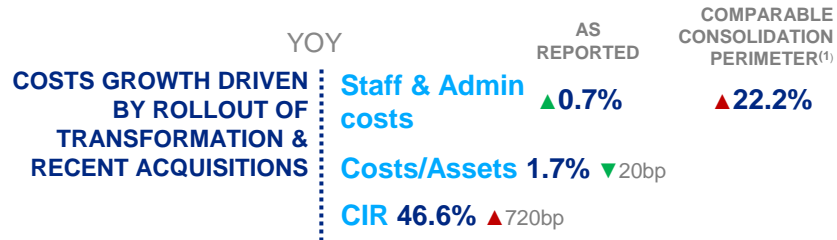
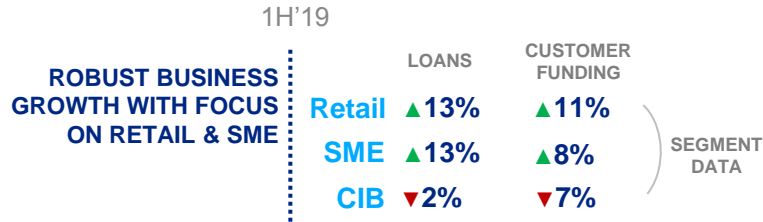
**Dmitry Pianov**

Member of the Management Board

**Leonid Vakeyev**

Head of Investor Relations

# 1H'19 KEY HIGHLIGHTS

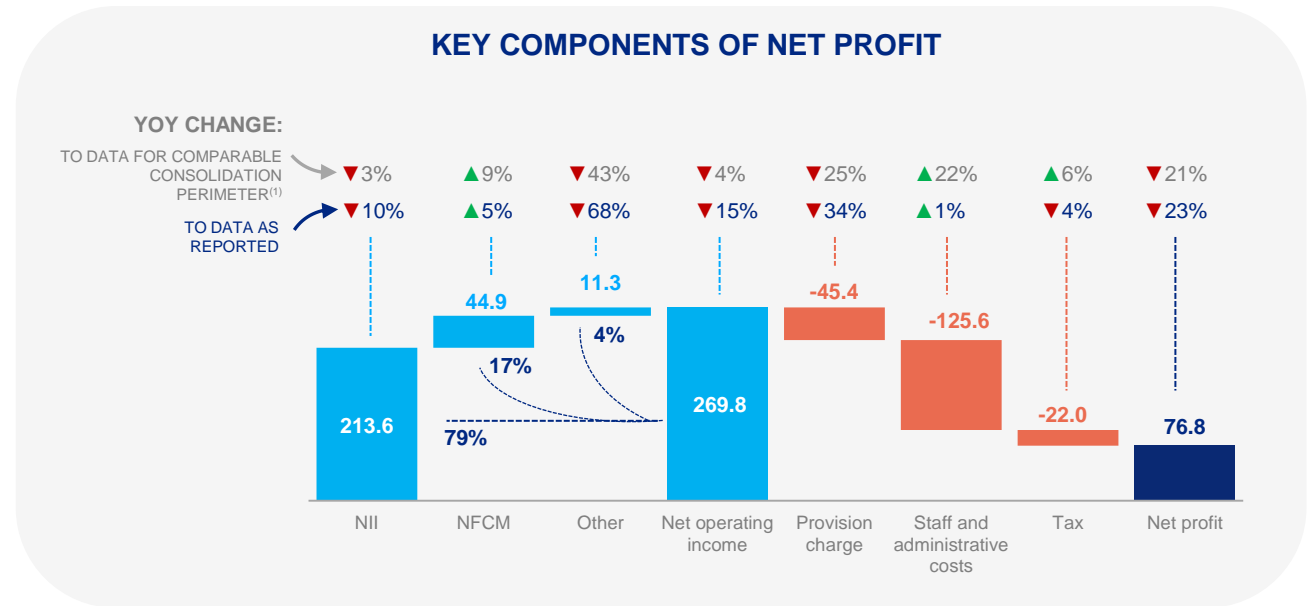
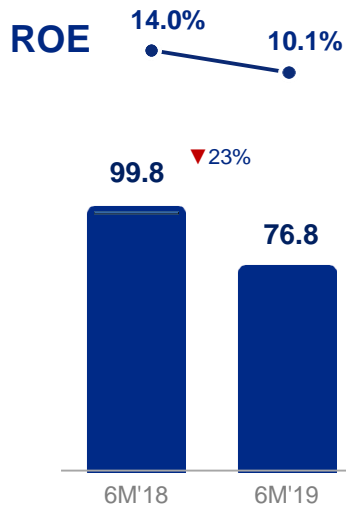


(1) 1H'18 financial results were adjusted to reflect the changes in the groups structure (deconsolidation of Post bank, Multicarta and VTB Bank Ukraine, disposal of VTB Insurance Group and VTB Bank Belgrade). Financial results were not adjusted to reflect the acquisitions of "Vozrozhdenie Bank", PJSC, "Sarovbusinessbank", PJSC and "Zapsibcombank", PJSC, which occurred in the second half of 2018 and the beginning of 2019. The Group management believes that the impact of these acquisitions on the Group's financial performance for the first half of 2018 individually or in aggregate would have been immaterial had it been applied as if the acquisitions happened prior to 1 January 2018.

(2) Preliminary estimate

# BOTTOM LINE DRIVEN BY NII, 96% OF NOI COMES FROM CORE BANKING

## NET PROFIT RUB BN

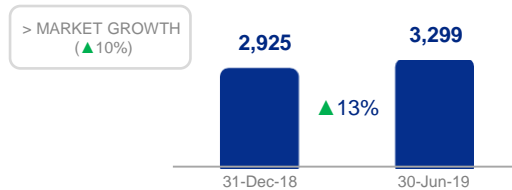


(1) 1H'18 financial results were adjusted to reflect the changes in the groups structure (deconsolidation of: Post bank, Multicarta and VTB Bank Ukraine, disposal of VTB Insurance Group and VTB Bank Belgrade). Financial results were not adjusted to reflect the acquisitions of "Vozrozhdenie Bank", PJSC, "Sarobusinessbank", PJSC and "Zapsibcombank", PJSC, which occurred in the second half of 2018 and the beginning of 2019. The Group management believes that the impact of these acquisitions on the Group's financial performance for the first half of 2018 individually or in aggregate would have been immaterial had it been applied as if the acquisitions happened prior to 1 January 2018.

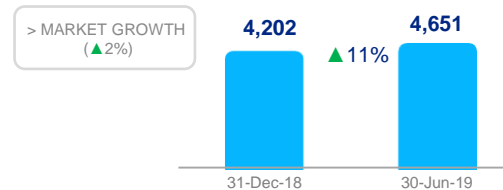
# ROBUST BUSINESS GROWTH WITH FOCUS ON RETAIL & SME

## RETAIL RUB BN

### LOANS<sup>(1)</sup>

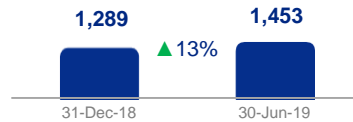


### DEPOSITS<sup>(1)</sup>

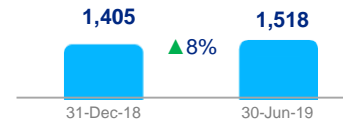


## SME RUB BN

### LOANS

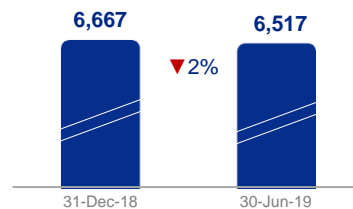


### DEPOSITS

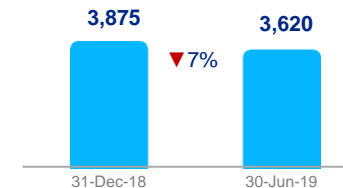


## CIB RUB BN

### LOANS



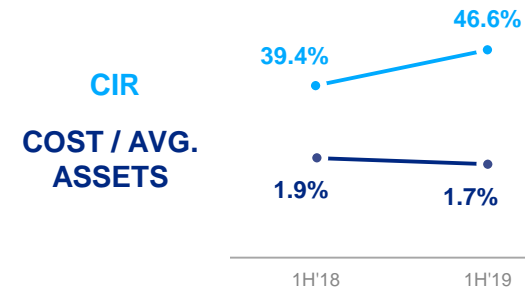
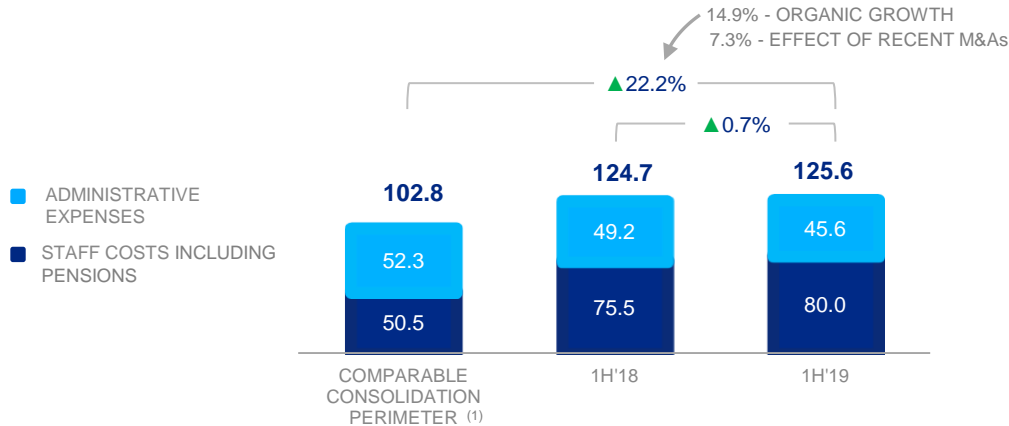
### DEPOSITS



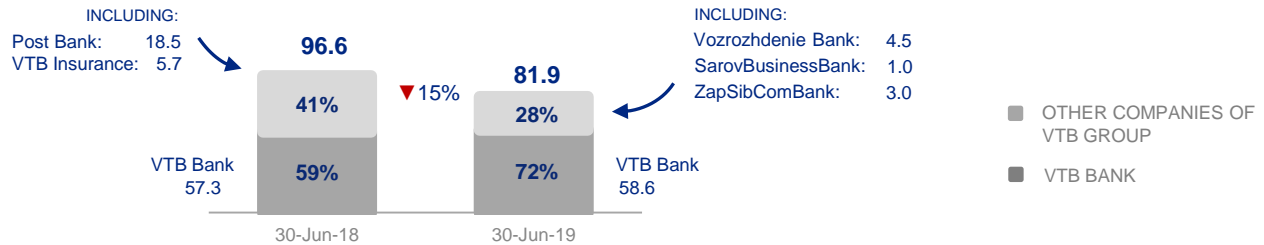
(1) Data from Segment analysis FY'18 and 1H'19 FS

# COSTS GROWTH DRIVEN BY ROLL OUT OF TRANSFORMATION & RECENT ACQUISITIONS

## STAFF AND ADMINISTRATIVE COSTS RUB BN



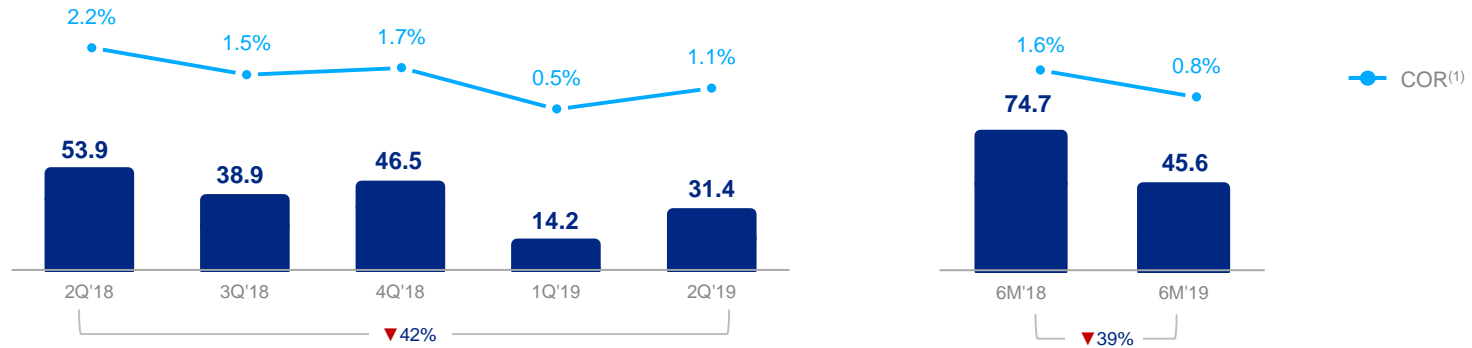
## NUMBER OF EMPLOYEES THSD



(1) 1H'18 financial results were adjusted to reflect the changes in the groups structure (deconsolidation of: Post bank, Multicarta and VTB Bank Ukraine, disposal of VTB Insurance Group and VTB Bank Belgrade). Financial results were not adjusted to reflect the acquisitions of "Vozrozhdenie Bank", PJSC, "Sarovbusinessbank", PJSC and "Zapsibcombank", PJSC, which occurred in the second half of 2018 and the beginning of 2019. The Group management believes that the impact of these acquisitions on the Group's financial performance for the first half of 2018 individually or in aggregate would have been immaterial had it been applied as if the acquisitions happened prior to 1 January 2018.

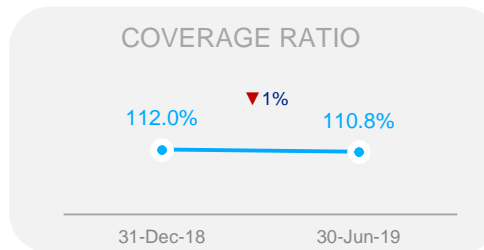
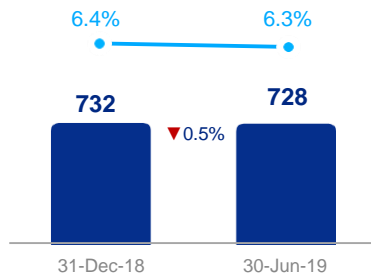
# COST OF RISK IN LINE WITH GUIDANCE

## PROVISION CHARGE FOR LOAN IMPAIRMENT RUB BN



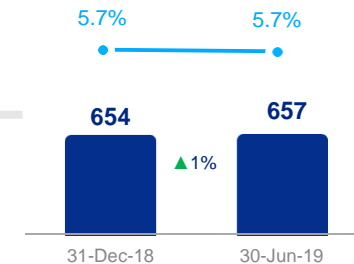
## PROVISION FOR LOAN IMPAIRMENT RUB BN

● ALLOWANCE FOR LOAN IMPAIRMENT / TOTAL GROSS LOANS



## NPLS (90+) RUB BN

● NPL RATIO (2)

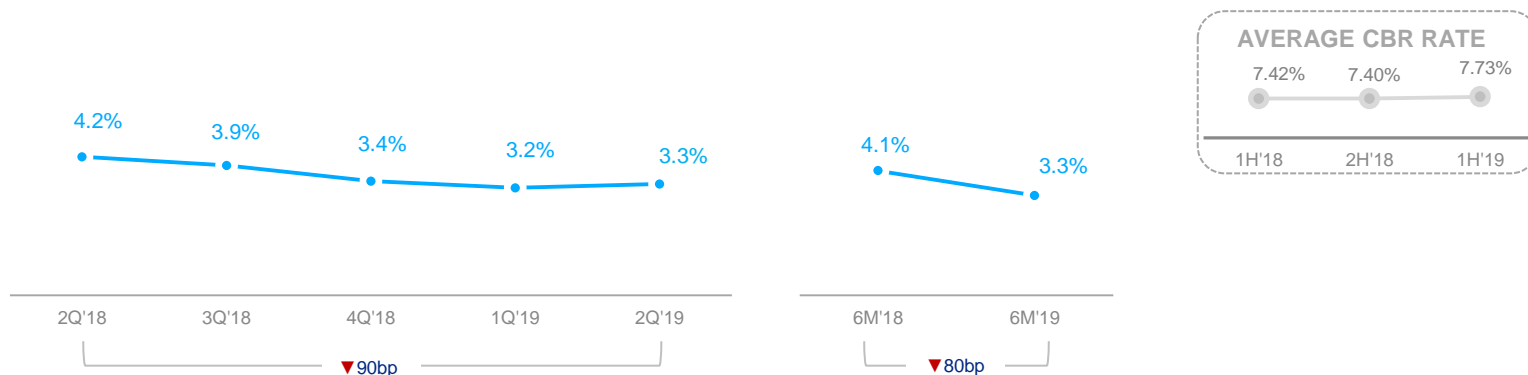


(1) Provision charge for credit losses divided by average gross loans and advances to customers.

(2) The Group defines non-performing loans (NPL) as lifetime expected credit losses (ECL) credit-impaired loans with contractual principal and or interest payments overdue more than 90 days and purchased or originated credit impaired (POCI) loans with principal and or interest payments becoming overdue more than 90 days after the date of initial recognition.

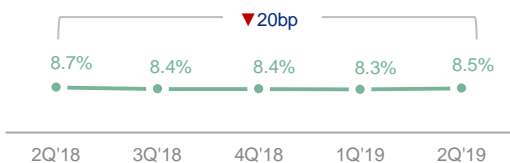
# NIM UNDER PRESSURE DUE TO CHALLENGING ENVIRONMENT, BOTTOMED OUT IN MARCH-APRIL

## NET INTEREST MARGIN

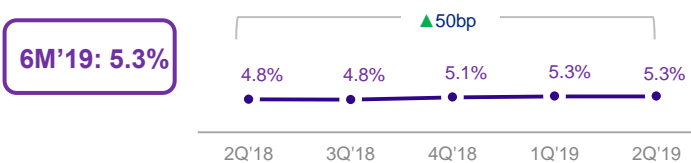


## YIELDS & COST OF FUNDING

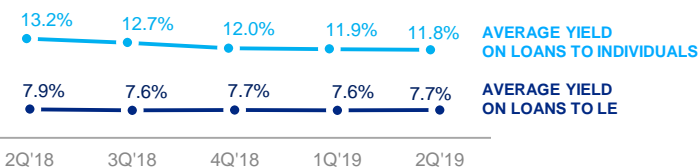
### AVERAGE YIELD ON TOTAL INTEREST BEARING ASSETS



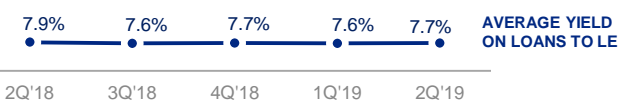
### COST OF INTEREST BEARING LIABILITIES



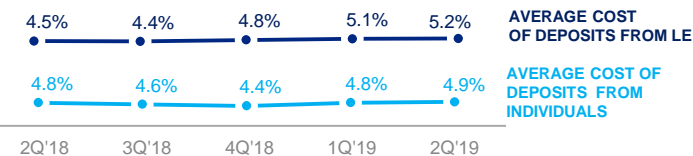
**6M'19: 11.9%**



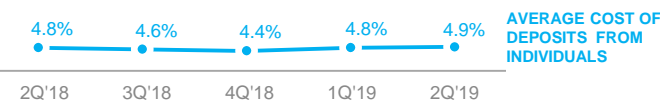
**6M'19: 7.7%**



**6M'19: 5.1%**

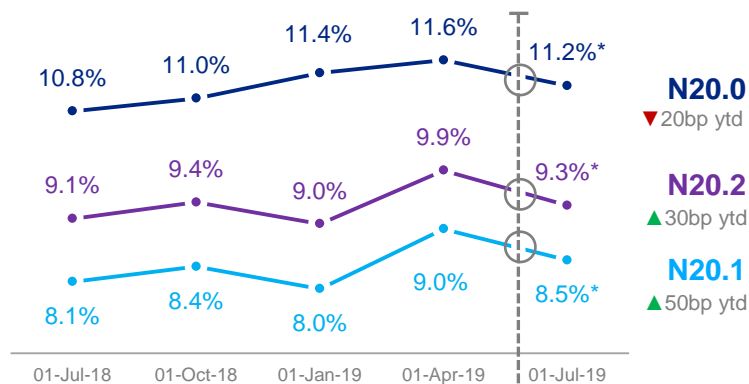


**6M'19: 4.9%**

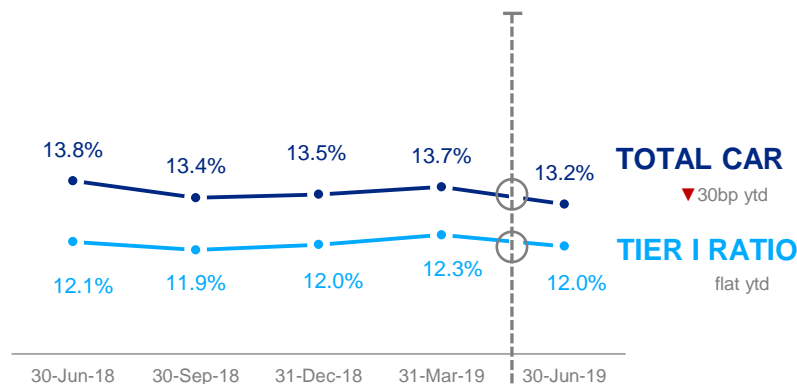


# CAPITAL LEVELS SUFFICIENT TO COMPLY WITH INCREASING REGULATORY REQUIREMENTS AND FUND FURTHER GROWTH

## RAS (GROUP)



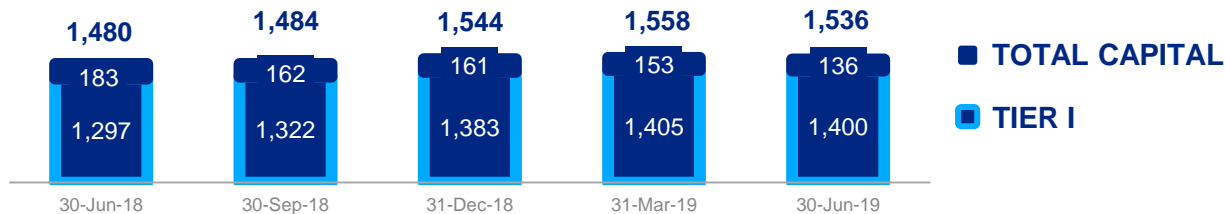
## BASEL IFRS



Dividend payout in the amount of RUB 26.8 bn

12% of FY2018 RAS net profit  
15% of FY2018 IFRS net profit

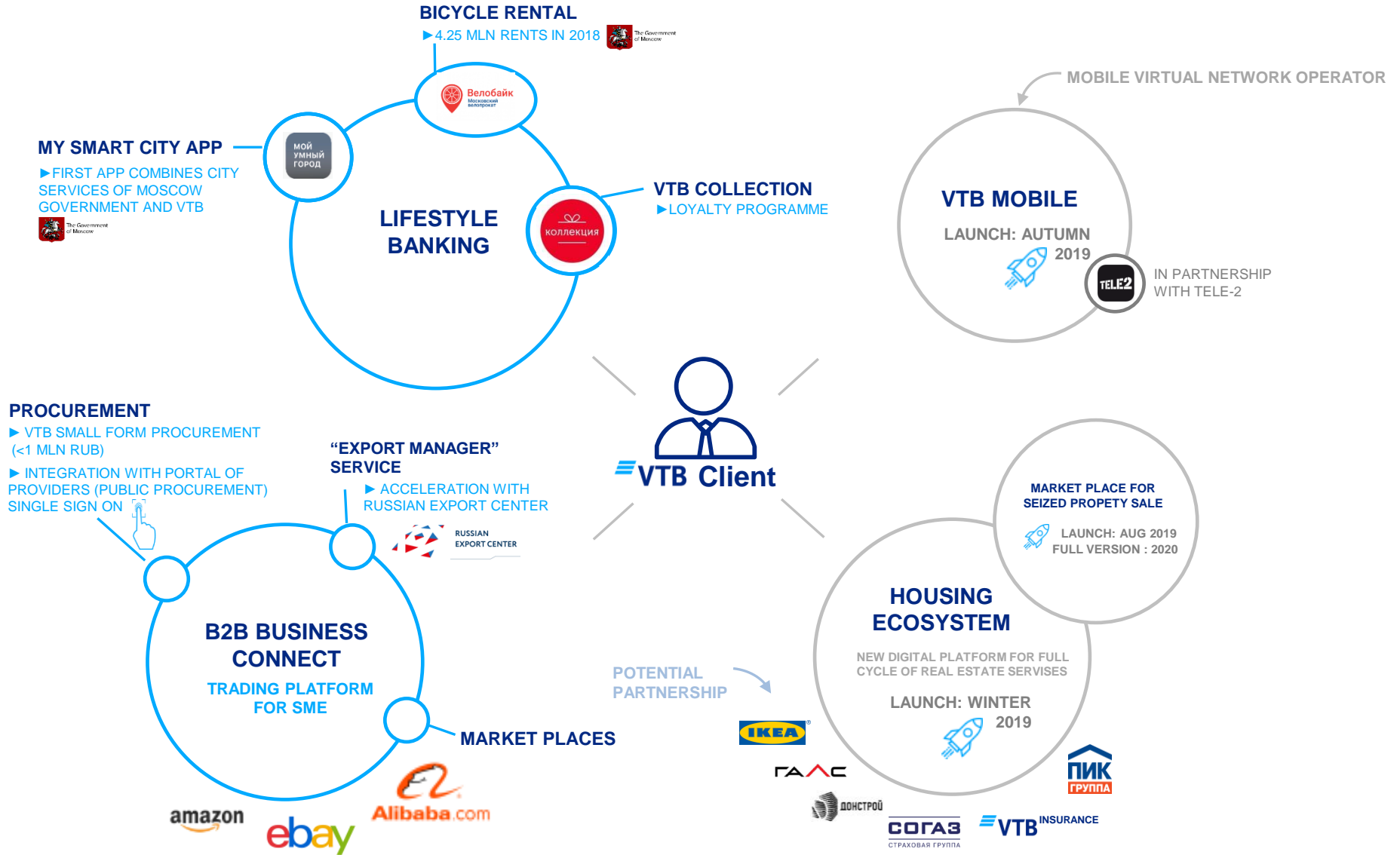
## BASEL CAPITAL RUB BN



\* - Preliminary estimate



# FIRST STEPS IN ROLLING OVER VTB ECOSYSTEM



## LOAN GROWTH

Legal entities

**In line with industry**

Market growth  $\approx$  5%

**CIR**

$\approx$  40 %

## LOAN GROWTH

Individuals

**Above industry**

Market growth  $\approx$  20%

**NIM**

$\approx$  3.5 %

**COR**

$\approx$  1.2 %

**Net profit**

$\approx$  200 RUB BN

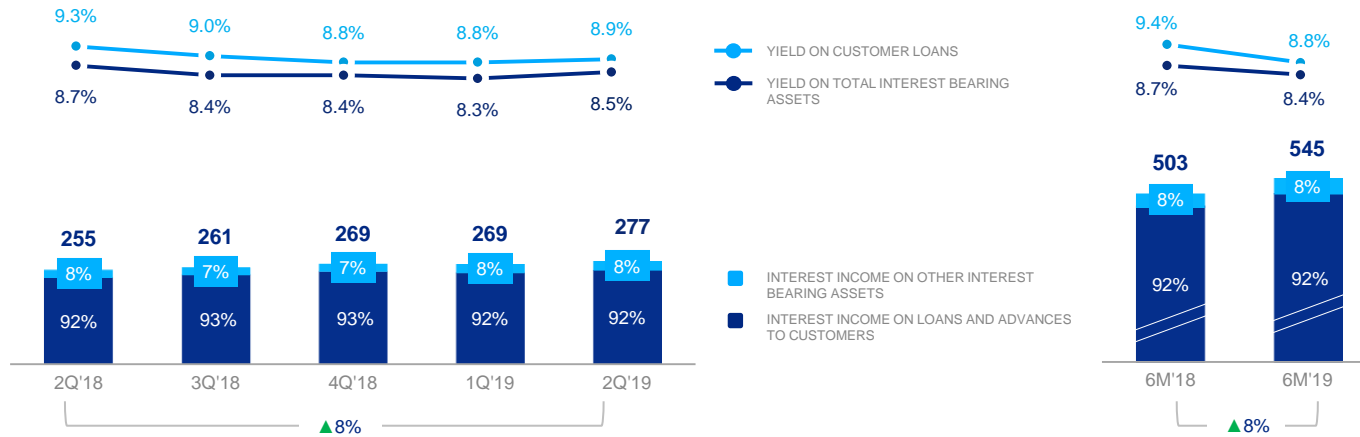


# 1H'19 FINANCIAL APPENDIX

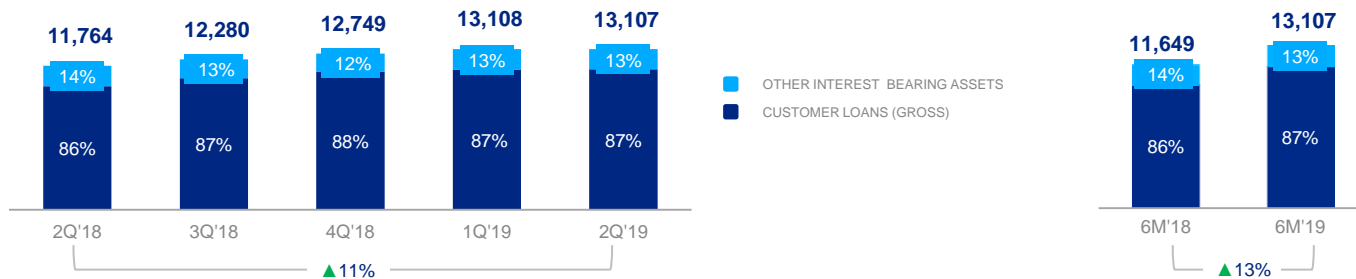
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# INTEREST INCOME AND AVERAGE YIELDS

## INTEREST INCOME AND AVERAGE YIELDS RUB BN

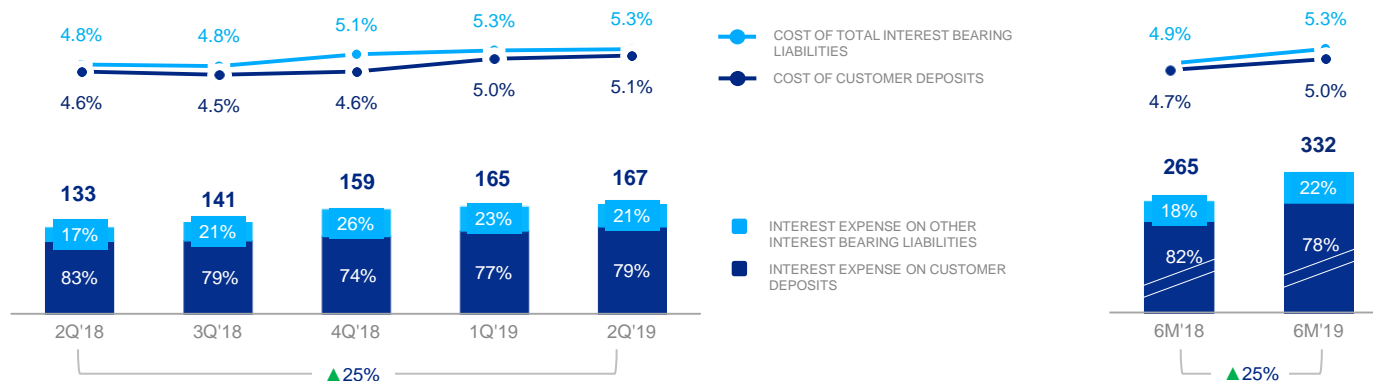


## AVERAGE INTEREST BEARING ASSETS RUB BN

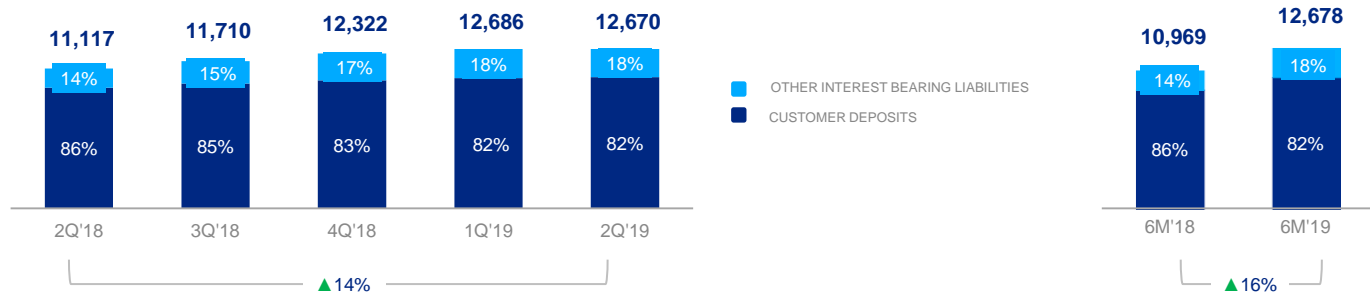


# INTEREST EXPENSE AND COST OF FUNDS

## INTEREST EXPENSE AND COST OF INTEREST BEARING LIABILITIES RUB BN

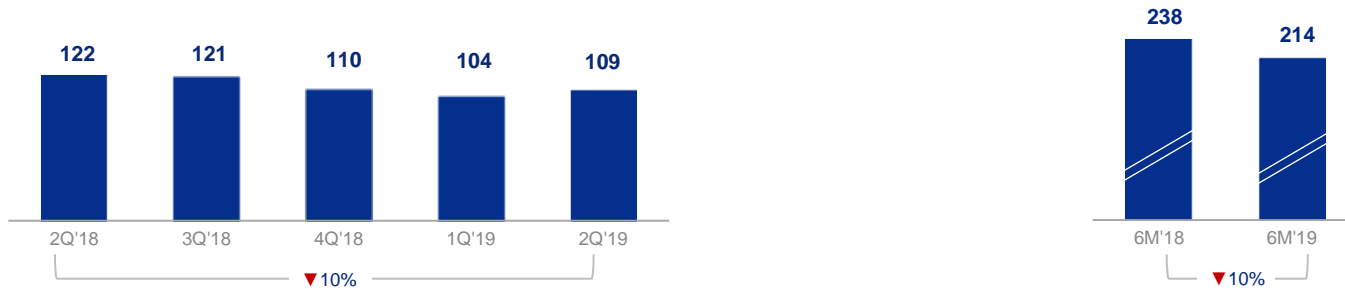


## AVERAGE INTEREST BEARING LIABILITIES RUB BN

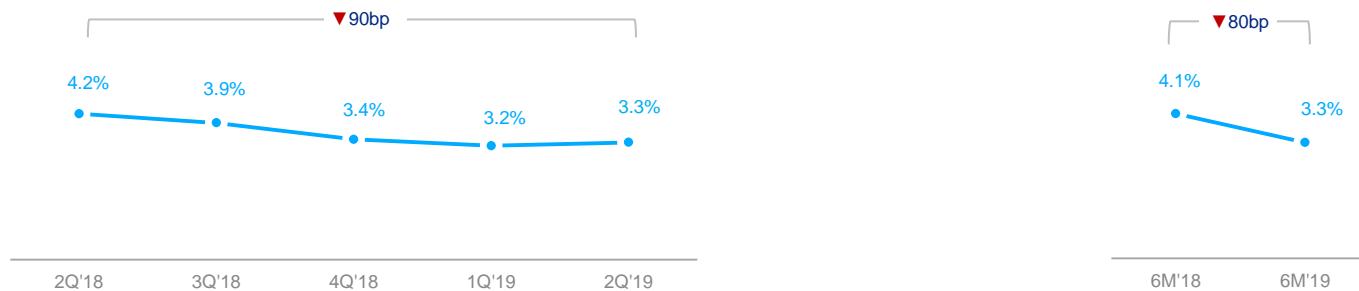


# NET INTEREST INCOME AND NIM

## NET INTEREST INCOME RUB BN



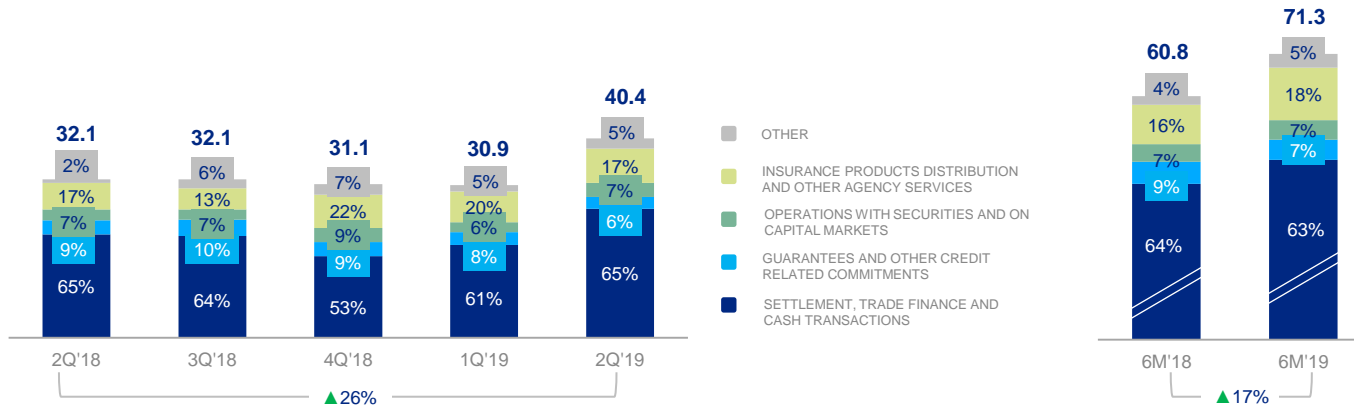
## NET INTEREST MARGIN (1)



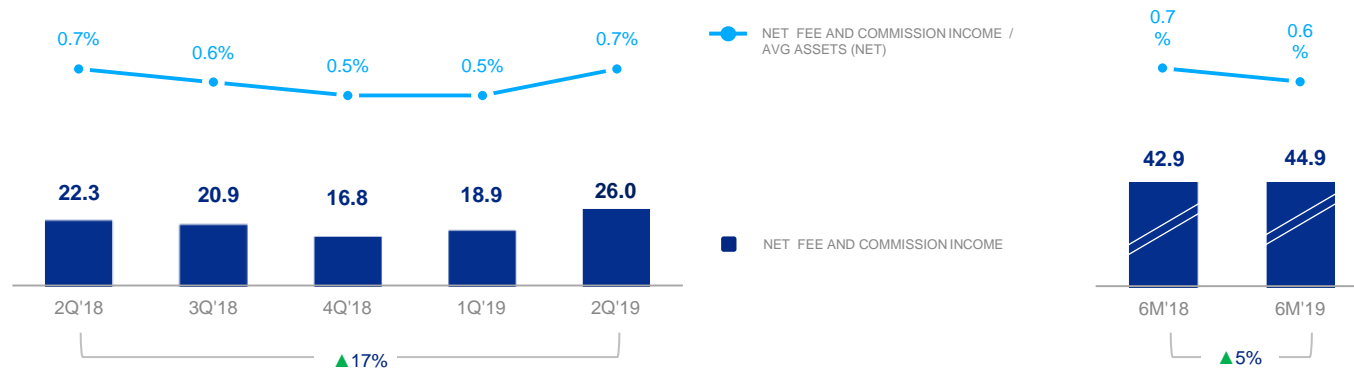
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks

# FEE AND COMMISSION INCOME

## FEE AND COMMISSION INCOME BREAKDOWN RUB BN

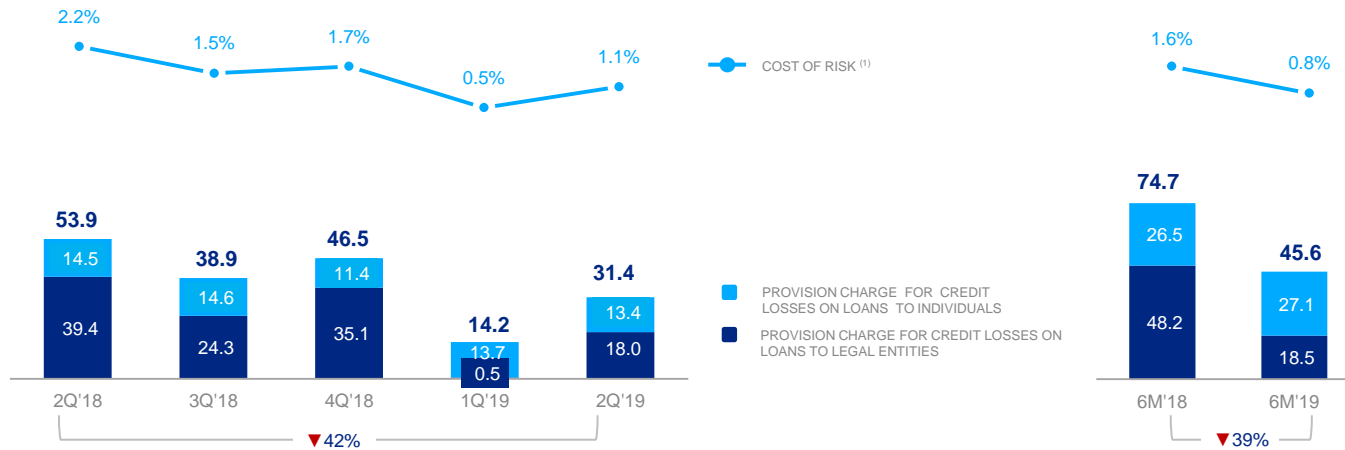


## NET FEE AND COMMISSION INCOME RUB BN

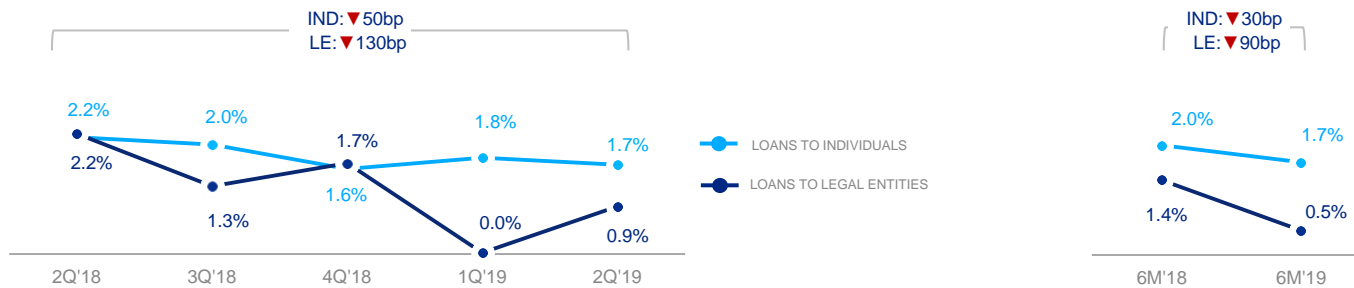


# PROVISION CHARGE AND COST OF RISK

## PROVISION CHARGE FOR IMPAIRMENT OF LOANS RUB BN



## COST OF RISK BREAKDOWN



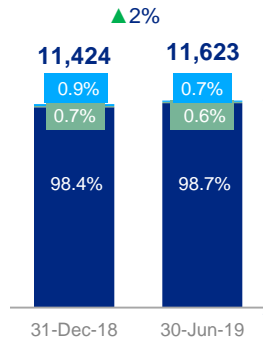
(1) Provision charge for credit losses divided by average gross loans and advances to customers



# GROSS LOAN PORTFOLIO BREAKDOWN UNDER IFRS 9

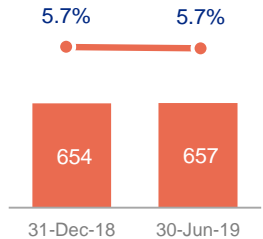
## BY MEASUREMENT APPROACH RUB BN

- LOANS AT AMORTISED COST
- LOANS AT FAIR VALUE THROUGH P&L
- LOANS AT FAIR VALUE THROUGH OCI



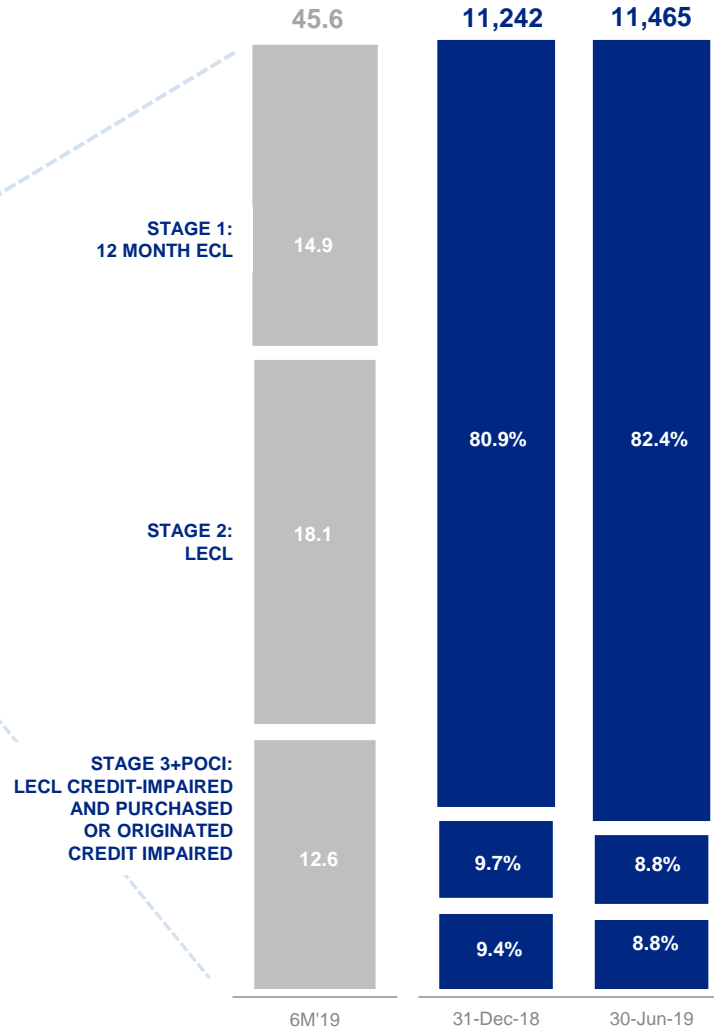
## NPLs RUB bn

NPL RATIO



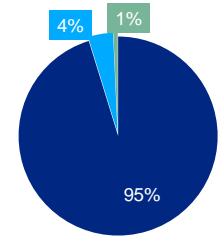
## LOANS AT AMORTISED COST RUB BN BY ECL STAGES

PROVISION CHARGE



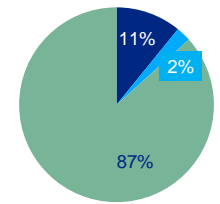
### Stage 1

Allowance ratio: 0.9%



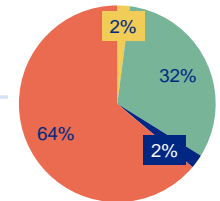
### Stage 2

Allowance ratio: 12.2%



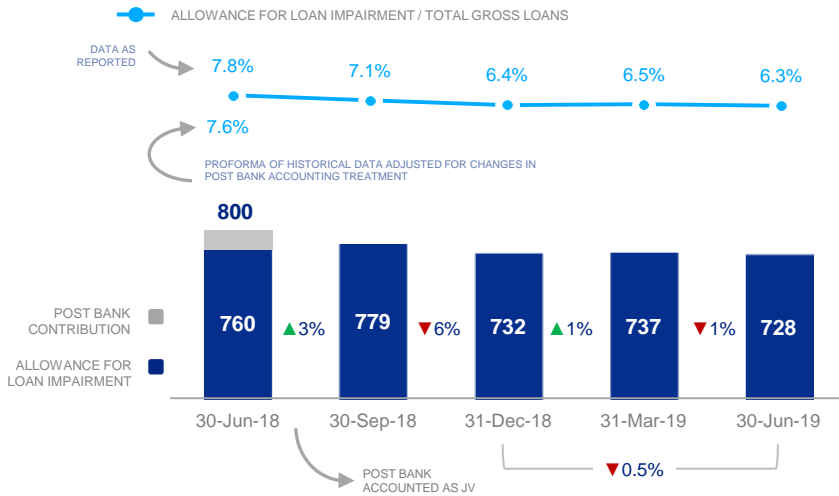
### Stage 3 + POCI

Allowance ratio: 51.6%

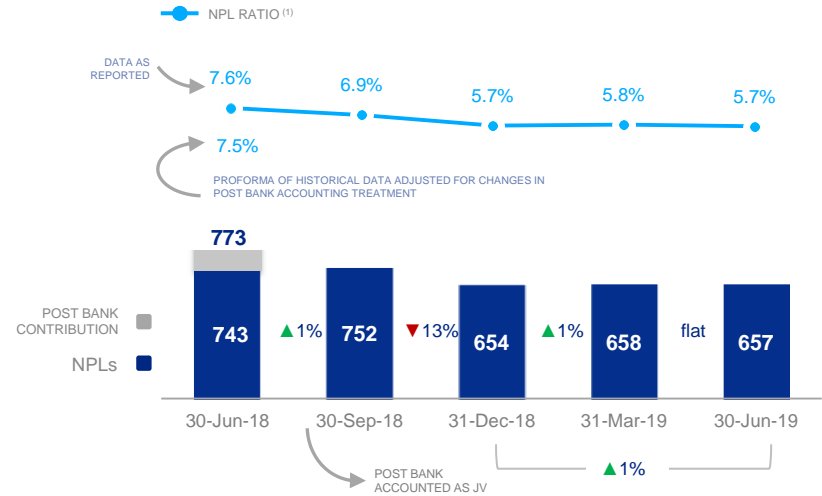


# LOAN BOOK QUALITY

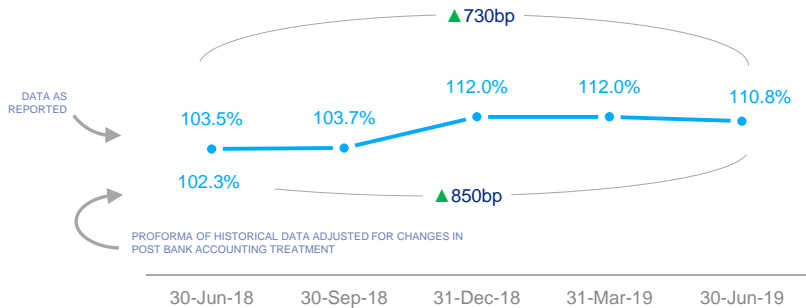
## PROVISION FOR LOAN IMPAIRMENT RUB BN



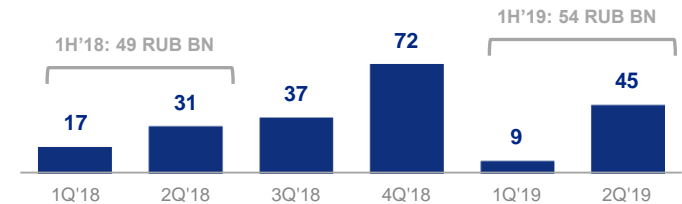
## NPLS (90+) RUB BN



## COVERAGE RATIO



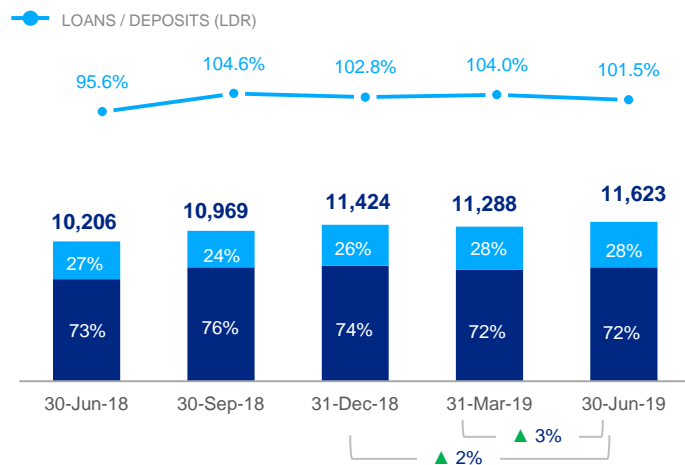
## LOAN WRITE-OFFS RUB BN



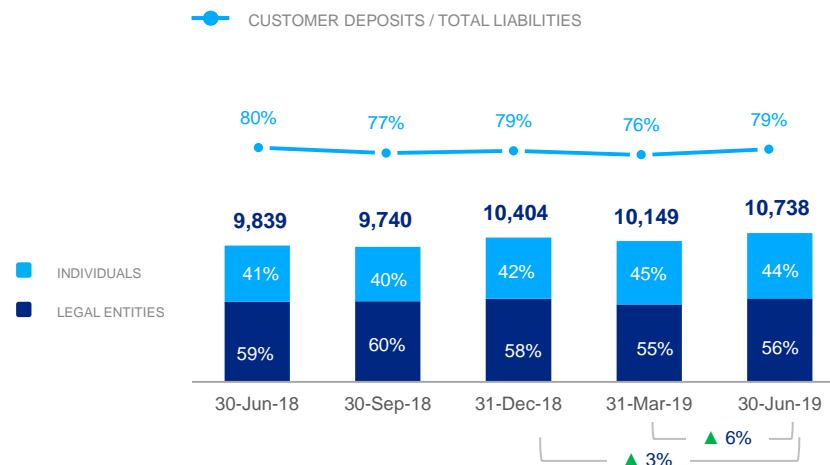
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# LOAN PORTFOLIO AND CUSTOMER DEPOSITS

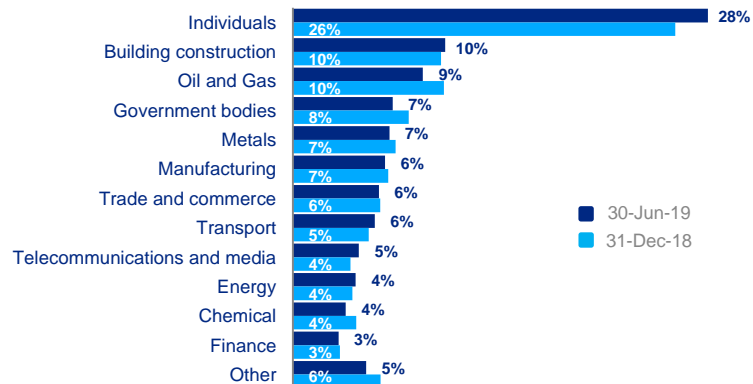
## LOANS AND ADVANCES TO CUSTOMERS RUB BN



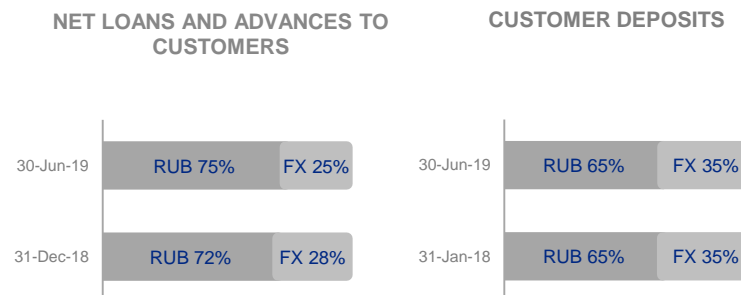
## CUSTOMER DEPOSITS RUB BN



## LOANS BY INDUSTRY

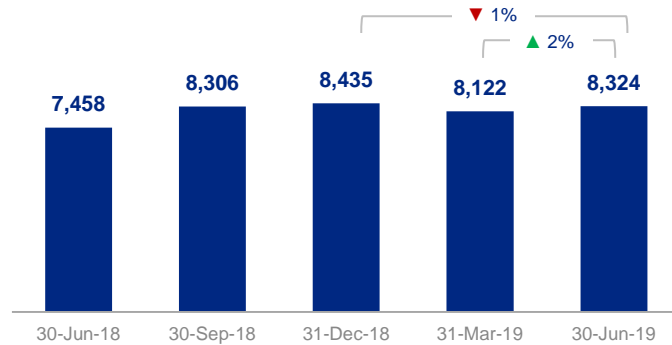


## LOANS AND DEPOSITS BY CURRENCY %

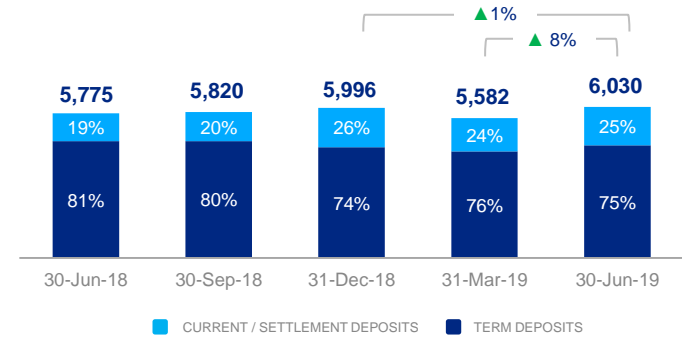


# BUSINESS WITH LEGAL ENTITIES

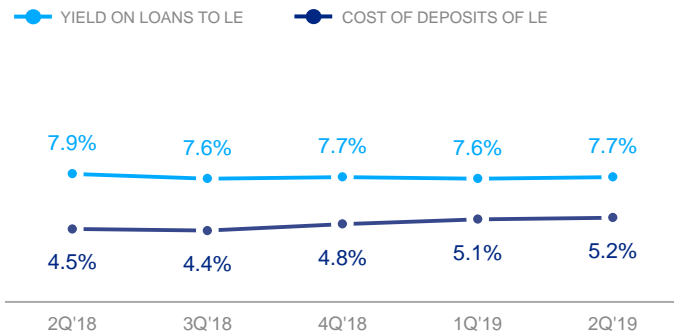
## LOANS TO LEGAL ENTITIES RUB BN



## DEPOSITS OF LEGAL ENTITIES RUB BN



## YIELD ON LOANS AND COST OF DEPOSITS



## MARKET SHARES<sup>(1)</sup>

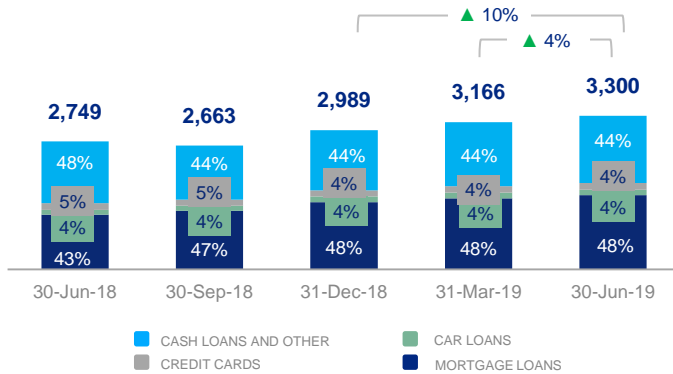
DATA AS OF 30-JUN-19



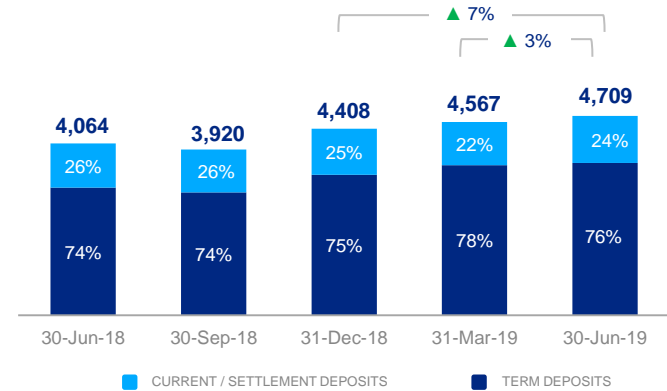
(1) The market share is calculated using VTB's methodology with data from the Bank of Russia based on RAS statements

# BUSINESS WITH INDIVIDUALS

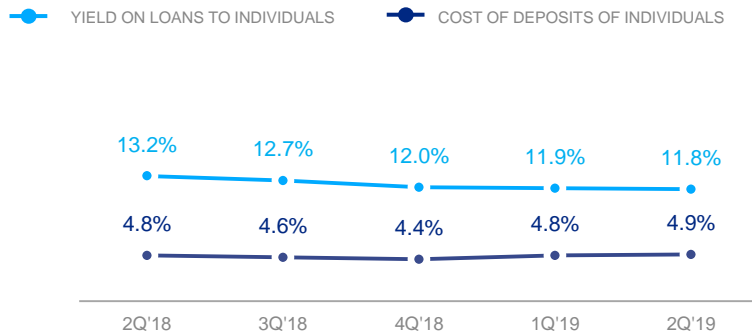
## LOANS TO INDIVIDUALS RUB BN



## DEPOSITS OF INDIVIDUALS RUB BN



## YIELD ON LOANS AND COST OF DEPOSITS



## MARKET SHARES<sup>(1)</sup>

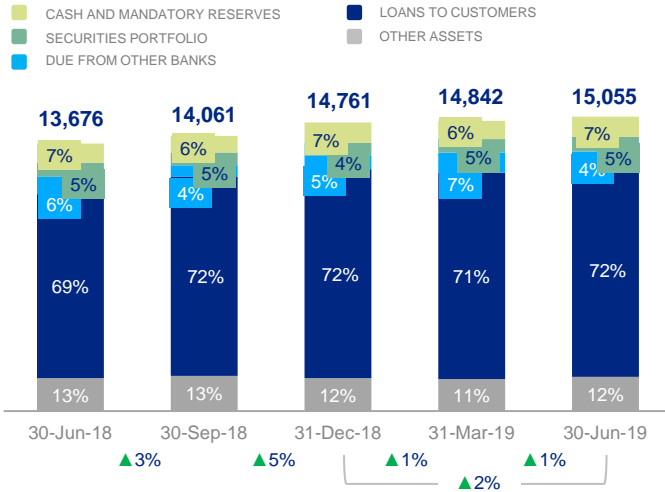
DATA AS OF 30-JUN-19



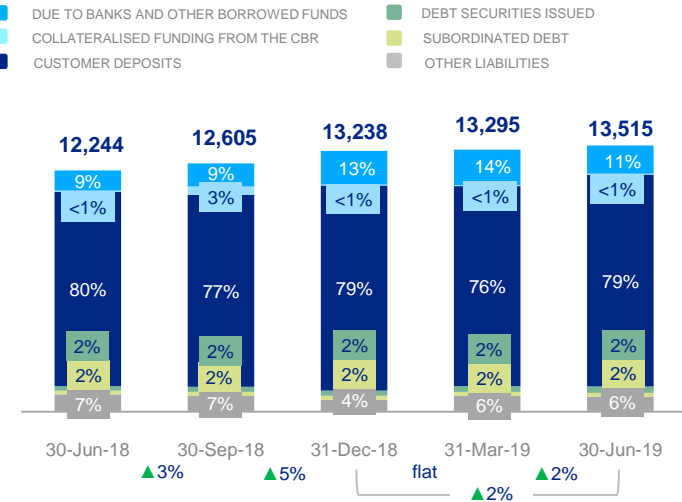
(1) The market share is calculated using VTB's methodology with data from the Bank of Russia based on RAS statements

# BALANCE SHEET STRUCTURE AND CAPITAL

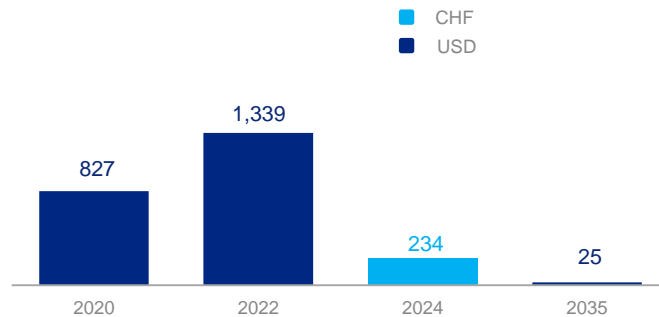
## ASSETS STRUCTURE RUB BN



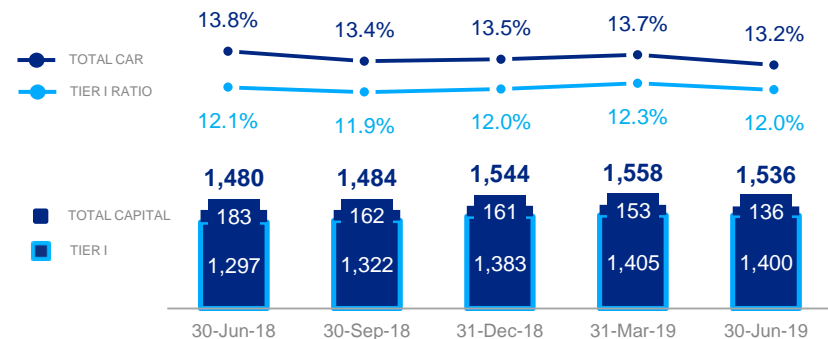
## LIABILITIES STRUCTURE RUB BN



## INTERNATIONAL DEBT MATURITY PROFILE USD MLN



## BASEL CAPITAL RUB BN



# VTB GROUP FINANCIAL HIGHLIGHTS: P&L AND KEY RATIOS

## Income statement key indicators <sup>RUB bn</sup>

	1H'19	1H'18	Change	2Q'19	2Q'18	Change
Net interest income	213.6	238.1	-10.3%	109.4	121.8	-10.2%
Net fee and commission income	44.9	42.9	4.7%	26.0	22.3	16.6%
Net other income	11.3	35.3	-68.0%	-2.6	19.6	-113.3%
Operating income before provisions	269.8	316.3	-14.7%	132.8	163.7	-18.9%
Provision charge for credit losses and other provisions	-45.4	-69.0	-34.2%	-30.2	-48.3	-37.5%
Staff costs and administrative expenses	-125.6	-124.7	0.7%	-64.9	-61.6	5.4%
Profit before tax	98.8	122.6	-19.4%	37.7	53.8	-29.9%
Income tax expense	-22.0	-22.8	-3.5%	-7.4	-9.5	-22.1%
<b>Net profit</b>	<b>76.8</b>	<b>99.8</b>	<b>-23.0%</b>	<b>30.3</b>	<b>44.3</b>	<b>-31.6%</b>

## Key financial ratios

	1H'19	1H'18	Change	2Q'19	2Q'18	Change
NIM	3.3%	4.1%	-80bp	3.3%	4.2%	-90bp
CoR	0.8%	1.6%	-80bp	1.1%	2.2%	-110bp
Cost / Assets	1.7%	1.9%	-20bp	1.7%	1.8%	-10bp
CIR	46.6%	39.4%	-720bp	48.9%	37.6%	130bp
ROE	10.1%	14.0%	-390bp	7.9%	12.3%	-440bp

# VTB GROUP FINANCIAL HIGHLIGHTS: BALANCE SHEET

Balance sheet key indicators <sup>RUB bn</sup>	30-Jun-19	31-Mar-19	Change	31-Dec-18	YTD
Gross loan portfolio	11,623.2	11,287.9	3.0%	11,423.5	1.7%
Loans to legal entities	8,323.6	8,121.9	2.5%	8,435.0	-1.3%
Loans to individuals	3,299.6	3,166.0	4.2%	2,988.5	10.4%
Total assets	15,055.3	14,841.8	1.4%	14,760.6	2.0%
Customer deposits	10,738.0	10,149.0	5.8%	10,403.7	3.2%
Deposits of legal entities	6,029.5	5,582.2	8.0%	5,995.8	0.6%
Deposits of individuals	4,708.5	4,566.8	3.1%	4,407.9	6.8%
Total liabilities	13,514.7	13,295.2	1.7%	13,237.6	2.1%
Total shareholders' equity	1,540.6	1,546.6	-0.4%	1,523.0	1.2%

Key asset quality & capital ratios	30-Jun-19	31-Mar-19	Change	31-Dec-18	YTD
NPL ratio <sup>(1)</sup>	5.7%	5.8%	-10bp	5.7%	flat
LLR ratio	6.3%	6.5%	-20bp	6.4%	-10bp
Tier I CAR	12.0%	12.3%	-30bp	12.0%	flat
Total CAR	13.2%	13.7%	-50bp	13.5%	-30bp

(1) The Group defines non-performing loans (NPL) as lifetime expected credit losses (ECL) credit-impaired loans with contractual principal and or interest payments overdue more than 90 days and purchased or originated credit impaired (POCI) loans with principal and or interest payments becoming overdue more than 90 days after the date of initial recognition.



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