

Amendments to the Federal Law of the Russian Federation 173-FZ “On Additional Measures for Supporting the Financial System of the Russian Federation” and the effect on VTB

Herbert Moos
CFO and Deputy Chairman of VTB Bank Management Board

Leonid Vakeyev
Head of Investor Relations

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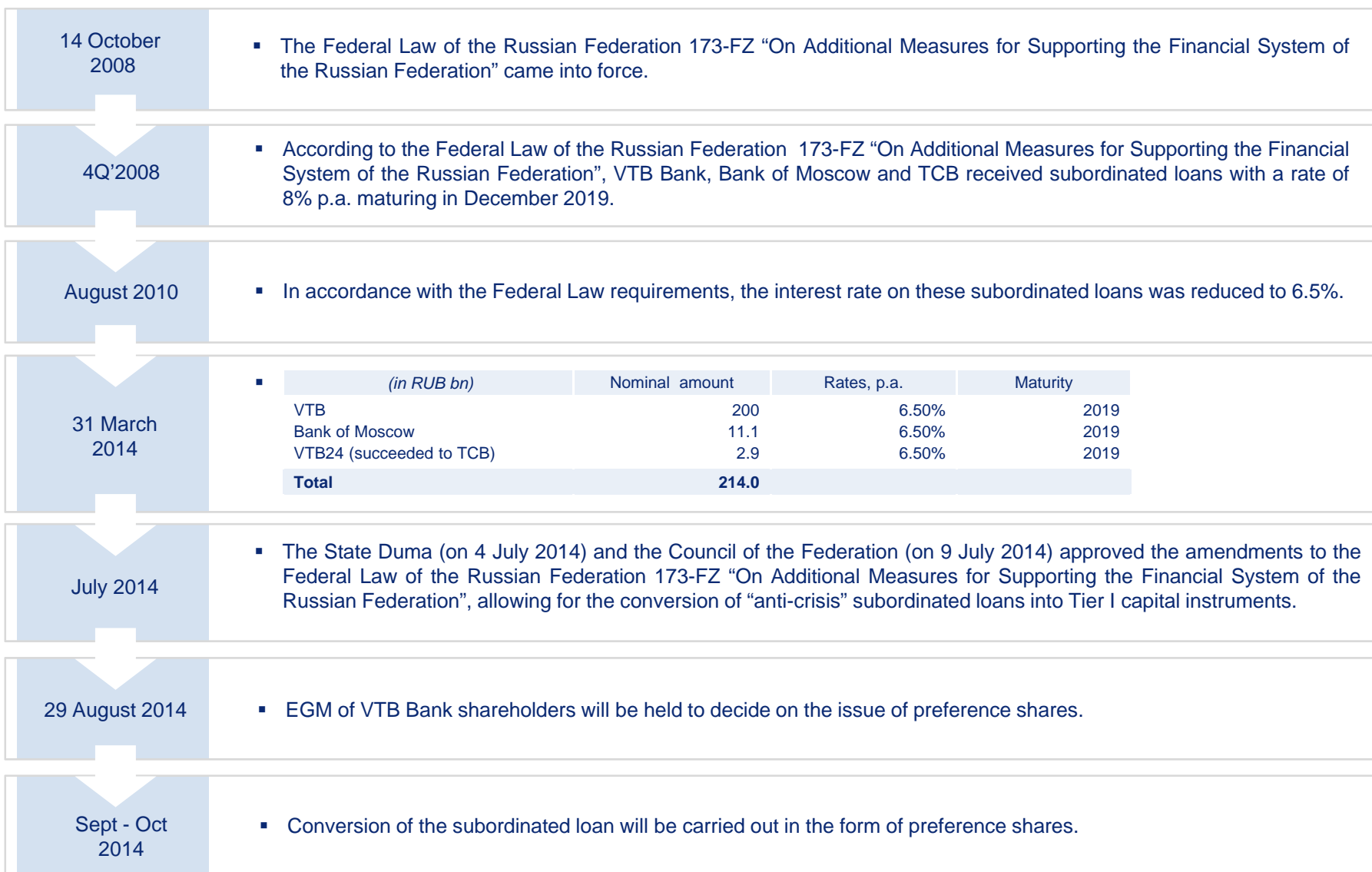
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Preference shares issuance and subordinated loan conversion: legal framework and timeline



Preference shares terms and conditions

Issuer	JSC VTB Bank
Governing law	Federal Law of the Russian Federation 173-FZ “On Additional Measures for Supporting the Financial System of the Russian Federation”
Number of shares issued	21.4 trillion
Nominal value	RUB 0.01 per 1 share
Total issuance amount	RUB 214 bn
Dividend	Not fixed, non-cumulative, each year to be approved by the AGM
Placement	The issuance will be purchased by the Russian Federation, shares will not be listed or traded
Regulatory treatment	CET1 treatment (under the CBR and Basel III standards)
Voting rights	No voting rights
Subordination	In the event of issuer default and liquidation: pari-passu to common shares, claim on book value is not fixed
Maturity Date	No maturity date

Effect of the subordinated debt conversion on VTB Group capital and CAR

Proforma effect under the Basel accord guidelines

(in RUB bn)	31-Mar- 14 actual	31-Mar- 14 proforma	
Tier 1 capital			
Share capital	138	352	+214
- Common shares	138	138	
- Preference shares	-	214	
Share premium	434	434	
Treasury shares and perpetual loan participation notes	-3	-3	
Perpetual loan participation notes	80	80	
Retained earnings	260	246	-13
Unrealized gain on financial assets AFS and cash flow hedge	-1	-1	
Currency translation difference	18	18	
Non-controlling interests	6	6	
Deducted: Goodwill	-120	-120	
Total Tier 1 capital	812	1,013	
Tier 1 CAR	10.3%	12.9%	+ 2.6 pp
Total CAR	14.0%	14.0%	

Proforma effect on total equity under IFRS

(in RUB bn)	31-Mar- 14 actual	31-Mar- 14 proforma	
Equity			
Share capital	138	352	+214
- Common shares	138	138	
- Preference shares	-	214	
Share premium	434	434	
Perpetual loan participation notes	80	80	
Treasury shares and perpetual loan participation notes	-3	-3	
Other reserves	38	38	
Retained earnings	260	246	-13
Equity attr. to shareholders of the parent	946	1,147	
Non-controlling interests	6	6	
Total equity	952	1,153	

Effect of the subordinated debt conversion on VTB Bank capital adequacy

Proforma effect under RAS

(in RUB bn)	01-Jul- 14 actual	01-Jul- 14 proforma	
Tier 1 capital			
Total tier 1 capital (main capital)	433	651	
Core capital	433	651	
- Share capital	130	344	+214
- Share premium	439	439	
- Reserve fund	5	5	
- Retained earnings	182	182	
- Investments in subsidiaries and associates	-68	-63	+4
- Negative supplementary capital	-256	-256	
Supplementary capital	0	0	
- Perpetual loan participation notes	76	76	
- Investments in subsidiaries and associates	-332	-332	
- Other deductions	-0.1	-0.1	
Tier 2 capital			
Total tier 2 capital (additional capital)	217	3	
Unaudited profit for the reporting period	30	30	
Subordinated debt	253	53	-200
Premises revaluation reserve	13	13	
Subordinated loans	-80	-94	-14
Total capital	649	653	+4
N 1.1	7.2	10.7	
N 1.2	7.3	10.9	
N 1.0	11.1	11.1	



Investor Relations

Tel: +7 (495) 775-71-39

e-mail: investorrelations@vtb.ru