



# 9M' 2018 Results

---

November 8, 2018

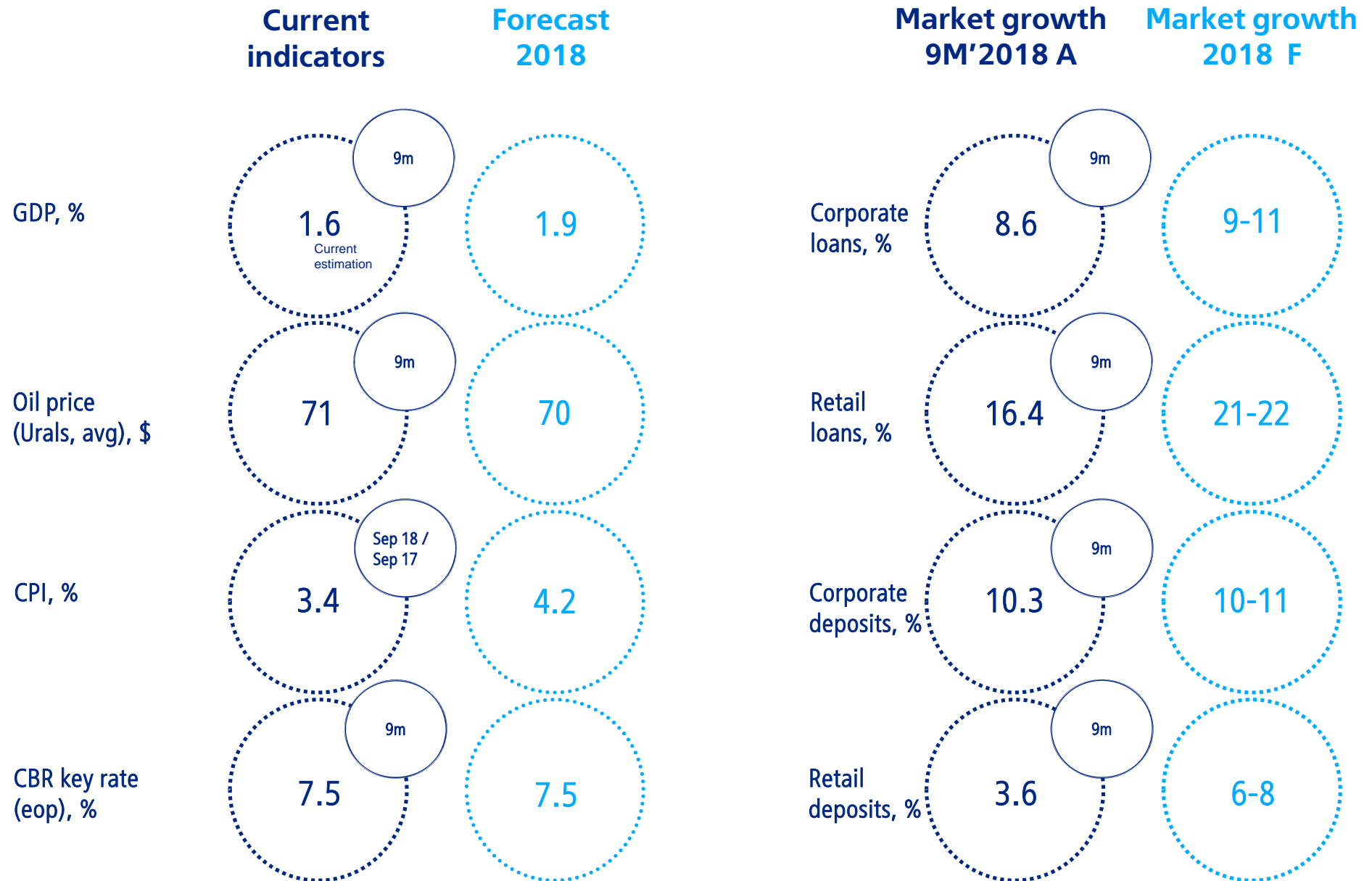
**Dmitry Pyanov**

Senior Vice President, Head of Finance Department

**Leonid Vakeyev**

Head of Investor Relations

# MACRO & MARKET ENVIRONMENT



(1) Source: GDP, oil price - Ministry of Economic Development, CPI - Rosstat, market growth - the Bank of Russia.

# GOOD PROGRESS IN DELIVERING FY 2018 RESULTS

**Tangible  
improvement  
of profitability**

9M'18

**Net profit 139.7** RUB bn

+86% YoY

**ROE 12.9%**

+5.9 ppt YoY

3Q'18

**Net profit 41.2** RUB bn

+137% YoY

**ROE 11.2%**

+6.4 ppt YoY

**Enhanced cost  
efficiency**

9M'18

**Cost / Income ratio 39.1%**

-6.7 ppt YoY

**Costs growth**

+1.2% YoY

3Q'18

**Cost / Income ratio 38.5%**

-10.3 ppt YoY

**Costs growth**

+0.3% YoY

**Robust business  
growth**

Starting from 3Q'18,  
Post Bank is  
accounted as JV

9M'18

**+13.7%** YTD

Corporate loans 8,306 RUB bn

**+14.7%** YTD

Retail loans 2,663 RUB bn

**+5.4%** YTD

Corporate deposits 5,820 RUB bn

**+13.6%** YTD

Retail deposits 3,920 RUB bn

3Q'18

**+11.4%** QoQ

Corporate loans 8,306 RUB bn

**+6.8%** QoQ

Retail loans 2,663 RUB bn

**+0.8%** QoQ

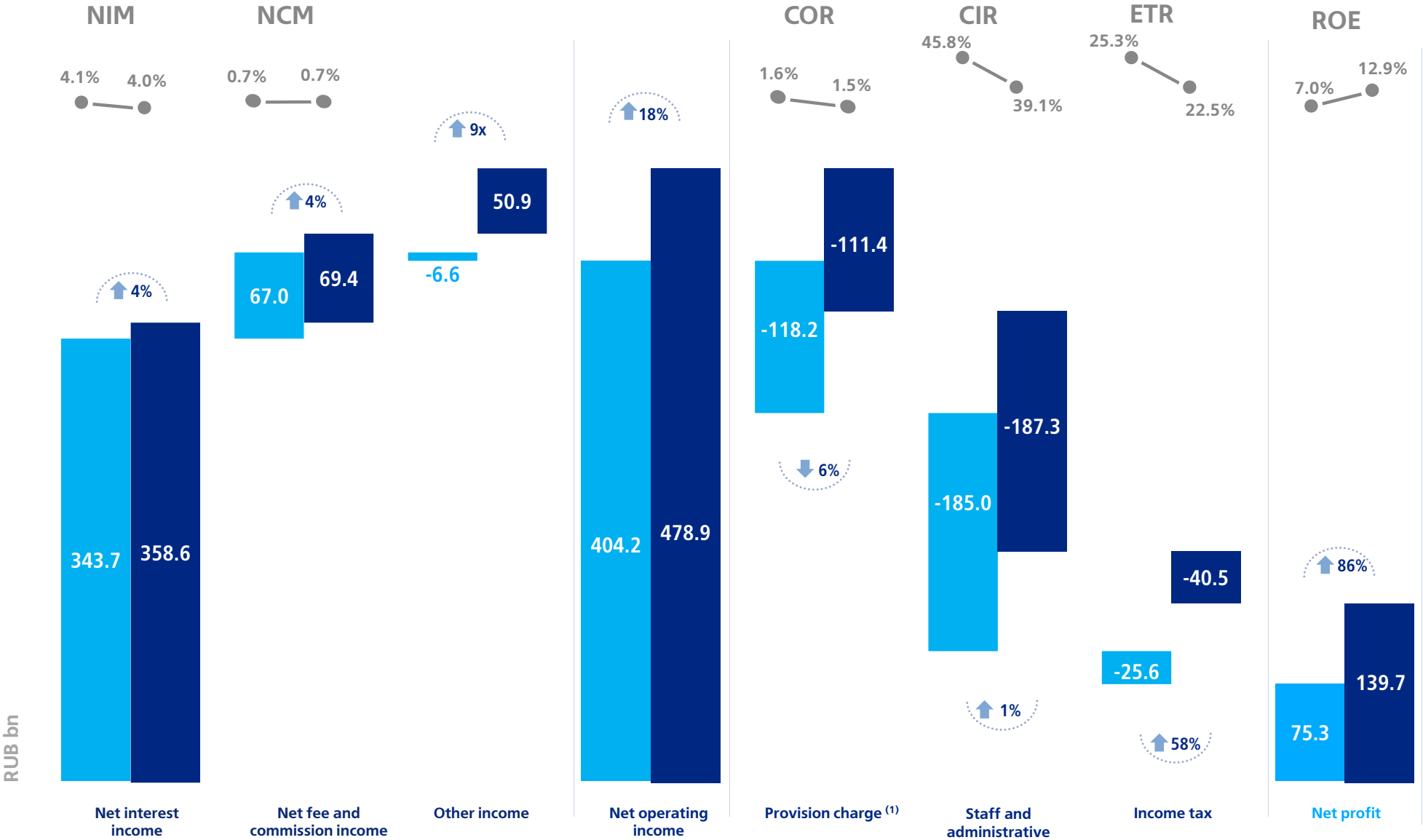
Corporate deposits 5,820 RUB bn

**+2.2%** QoQ

Retail deposits 3,920 RUB bn

# 9M'18 KEY DRIVERS OF NET PROFIT GROWTH

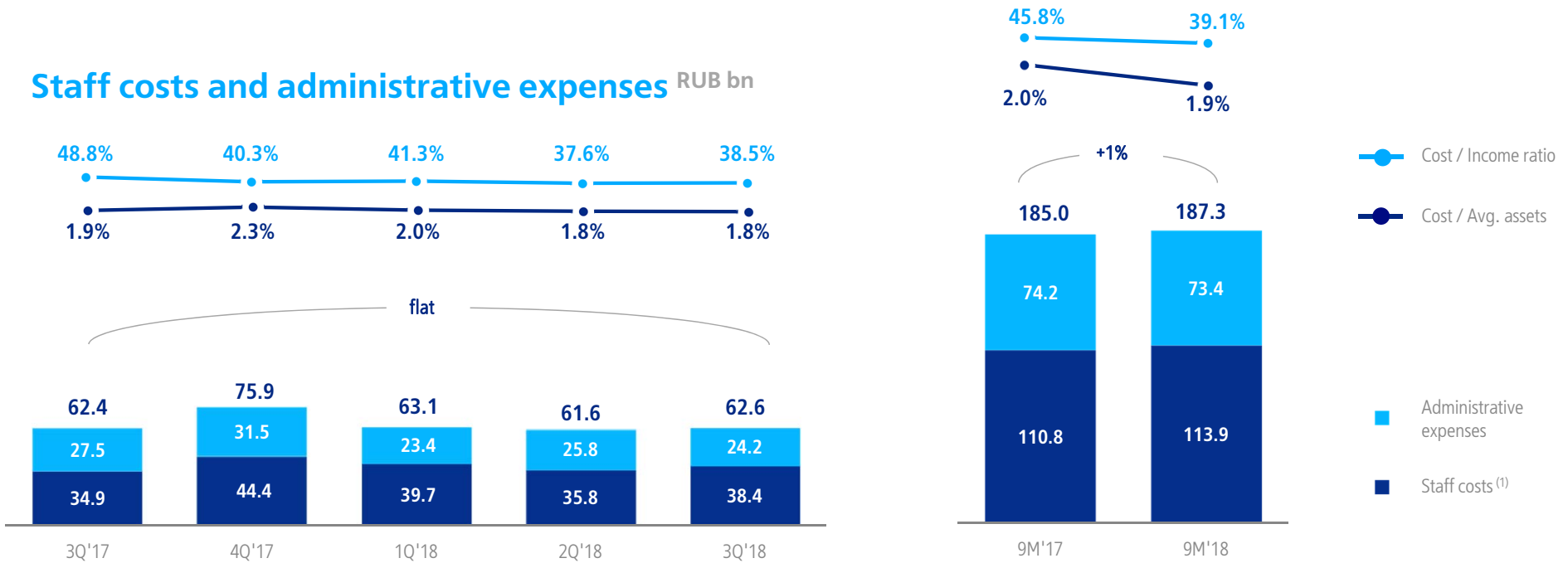
9M'17 9M'18



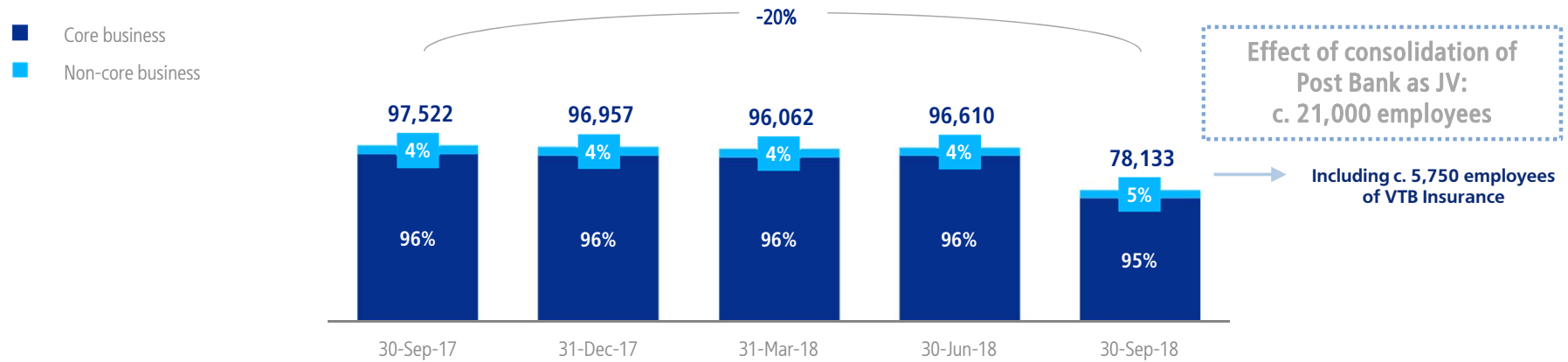
(1) Provision charge for credit losses and other provisions.

# ENHANCED COST EFFICIENCY

## Staff costs and administrative expenses RUB bn



## Number of employees



(1) Including pensions.

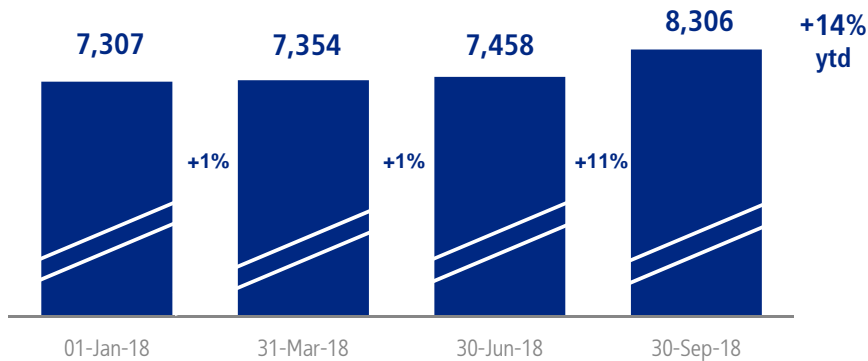
# BUSINESS GROWTH

## Loans to legal entities RUB bn

Banking sector growth:

+5%  
qoq

+9%  
ytd

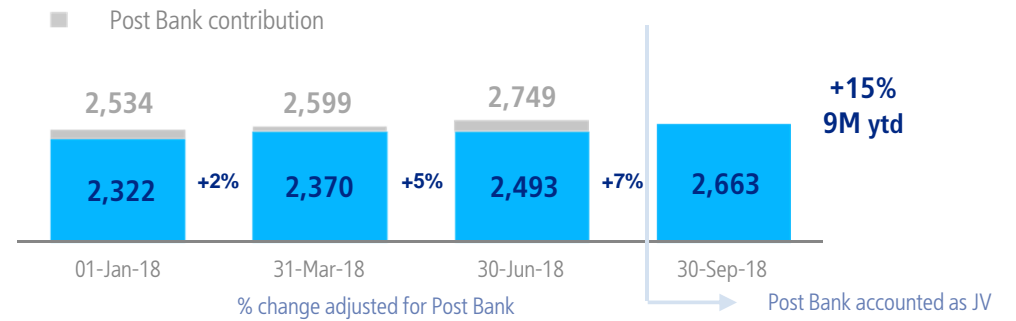


## Loans to individuals RUB bn

Banking sector growth:

+7%  
qoq

+16%  
ytd

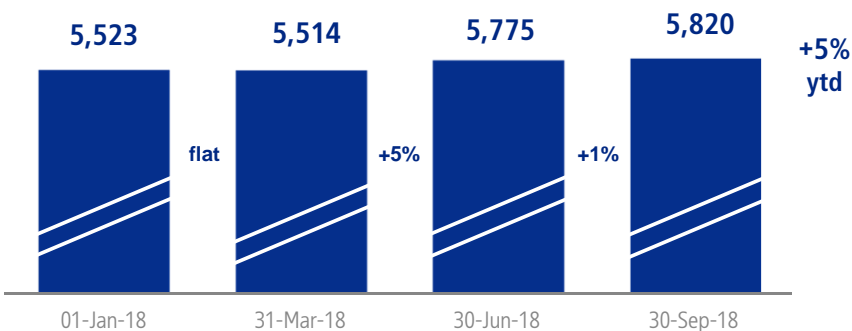


## Deposits of legal entities RUB bn

Banking sector growth:

+4%  
qoq

+10%  
ytd

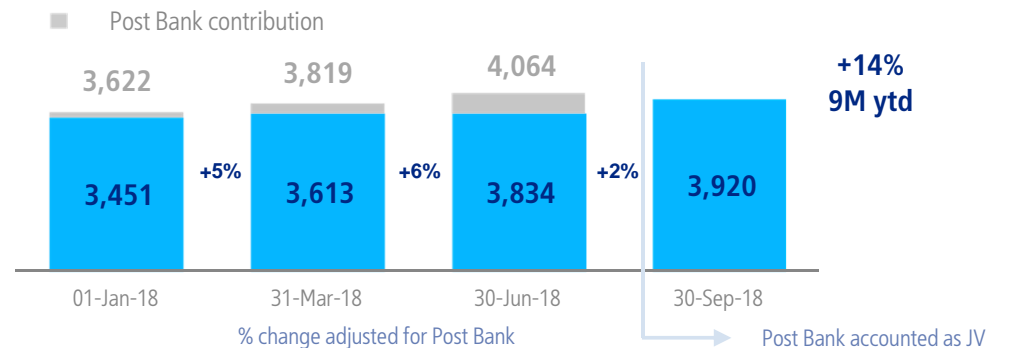


## Deposits of individuals RUB bn

Banking sector growth:

+0%  
qoq

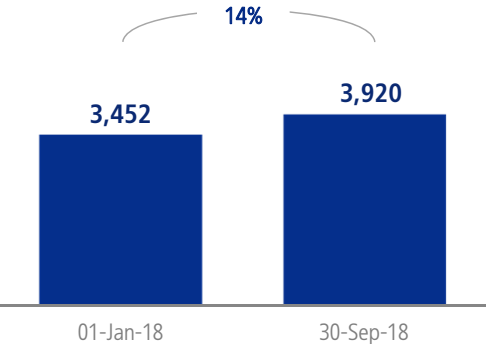
+4%  
ytd



# PROFORMA EFFECT OF POST BANK DECONSOLIDATION

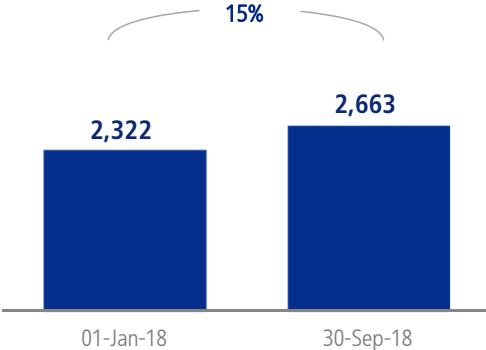
## Deposits of individuals RUB bn

Post Bank accounted as JV

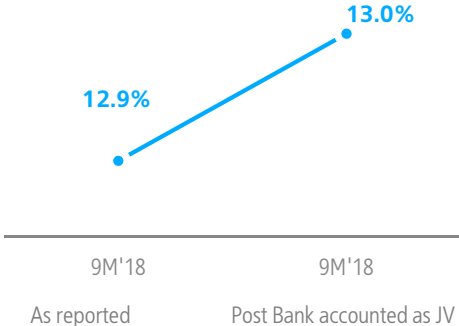


## Loans to individuals RUB bn

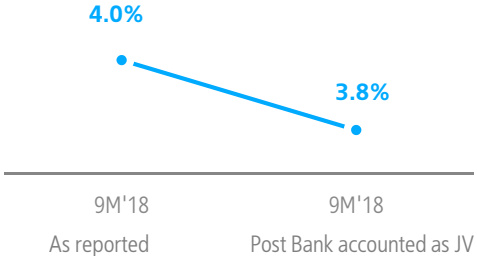
Post Bank accounted as JV



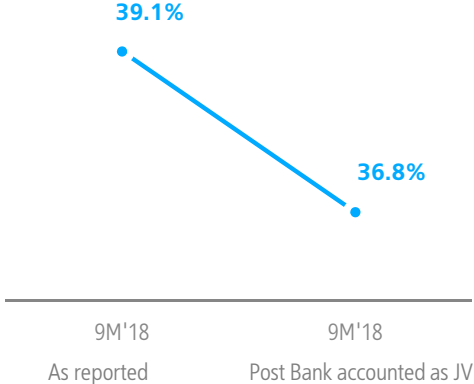
## ROE %



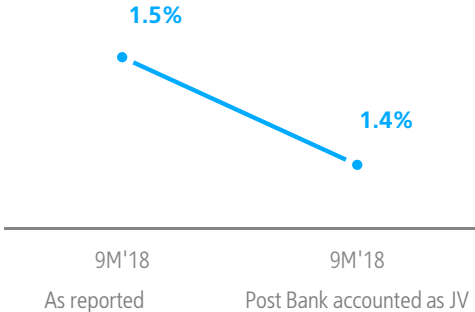
## NIM %



## CIR %



## CoR %



# FY'2018 GUIDANCE

2018	Loans to legal entities	Loans to individuals	CIR	CoR	NIM	Net profit
Initial guidance	$\text{VTB growth} = \text{market growth}$	$\text{VTB growth} > \text{market growth}$	$\approx 40\%$	$> 1.5\%$	$\geq 4\%$	$\approx 170$ RUB bn
Actual 9M'18	 $\text{VTB growth} = 14\%$ , $\text{market growth} = 9\%$	 $\text{VTB growth} = 15\%^*$ , $\text{market growth} = 16\%$	39.1 %	1.5 %	4.0 %	140 RUB bn
	* Post Bank accounted as JV.					
Updated guidance	$\text{VTB growth} > \text{market growth}$	$\text{VTB growth} > \text{market growth}$	$\approx 40\%$	$> 1.5\%$	$\approx 4\%$	$\approx 170$ RUB bn



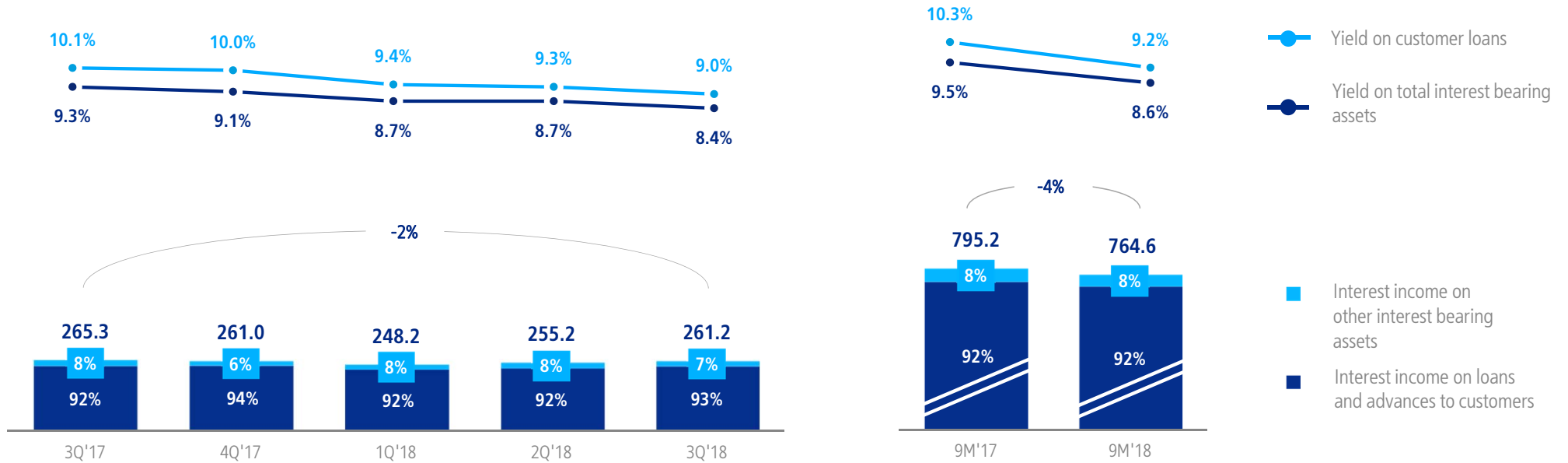


# 9M'2018 FINANCIAL APPENDIX

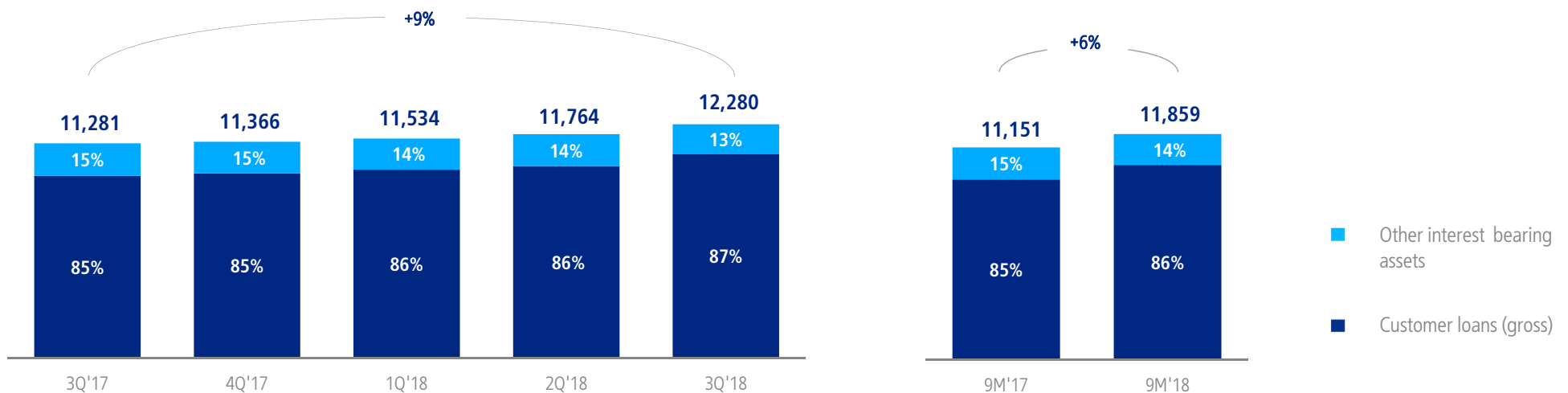


# INTEREST INCOME AND AVERAGE YIELDS

## Interest income and average yields RUB bn

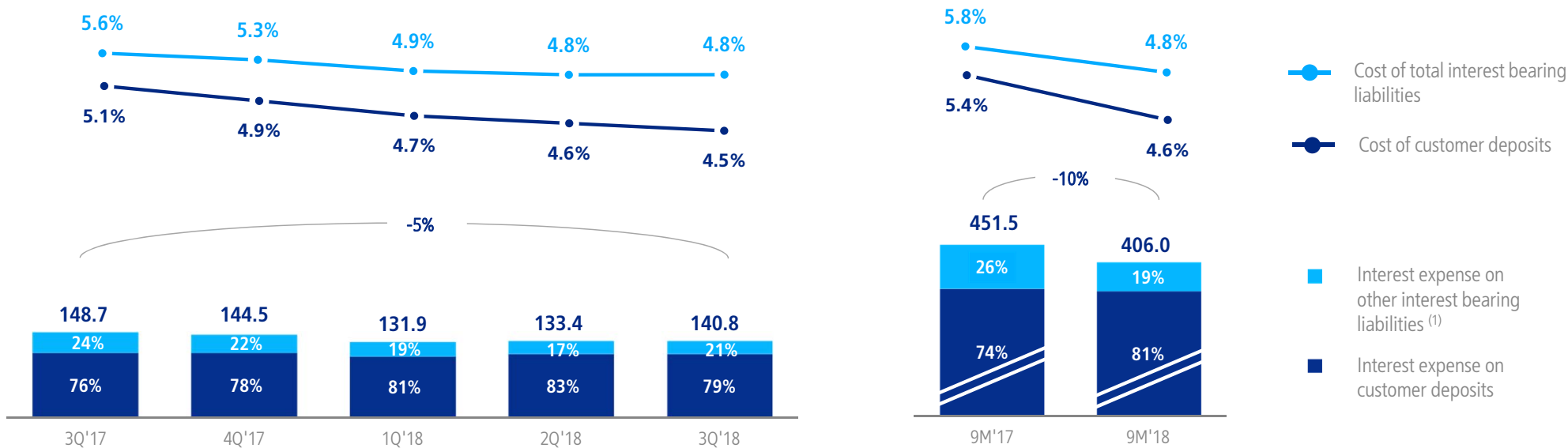


## Average interest bearing assets RUB bn

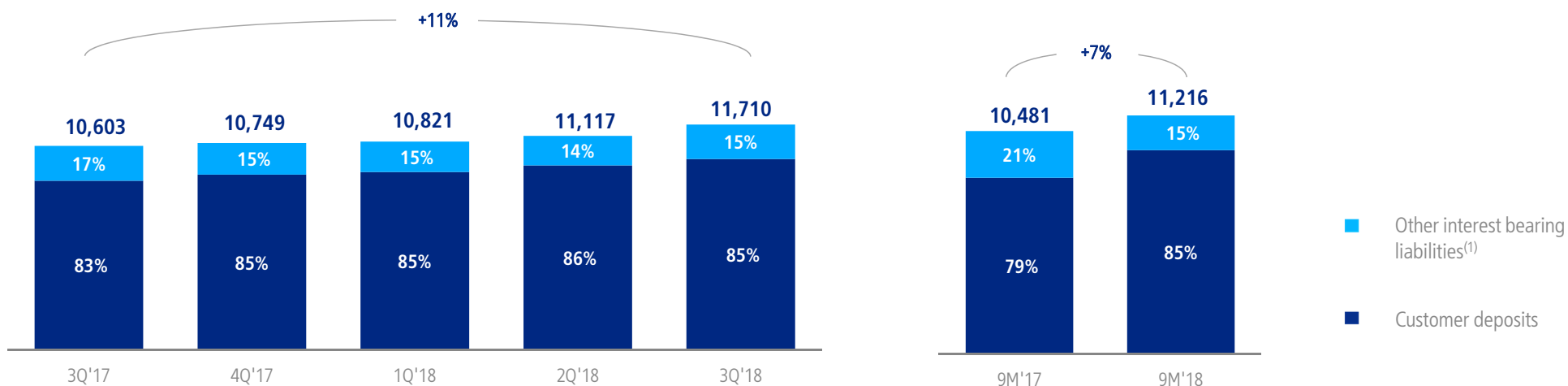


# INTEREST EXPENSE AND COST OF FUNDS

## Interest expense and cost of interest bearing liabilities RUB bn



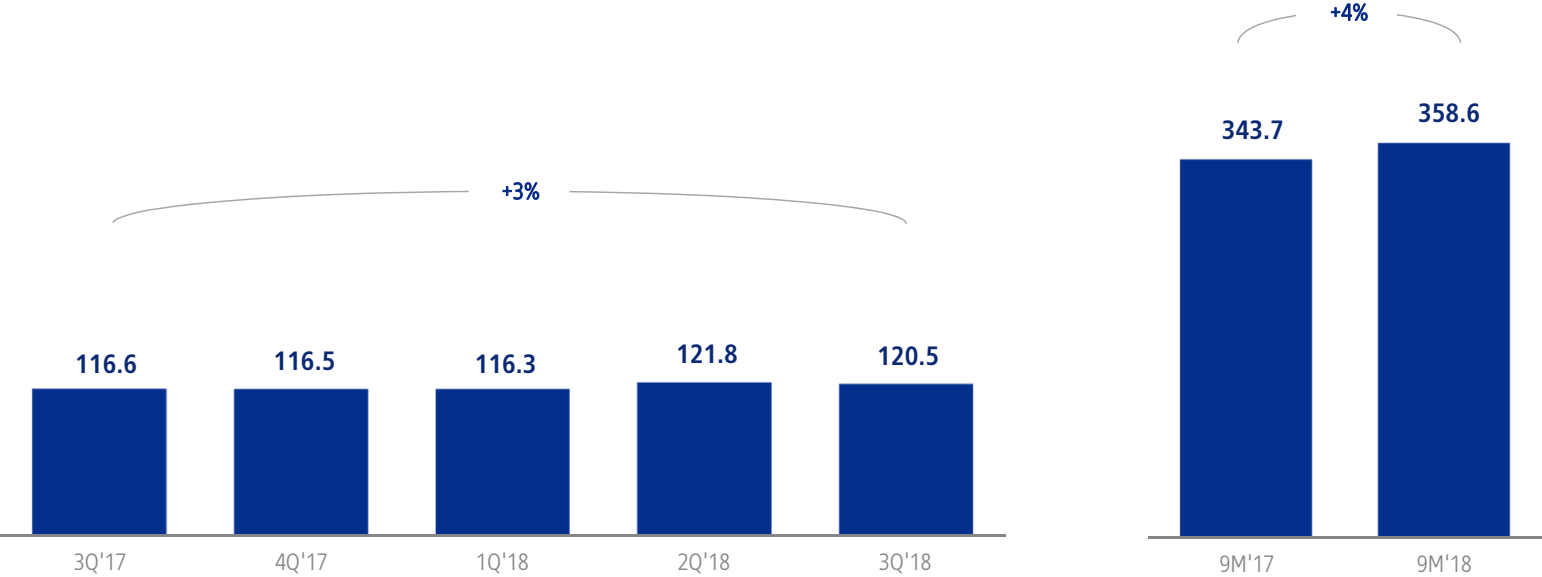
## Average interest bearing liabilities RUB bn



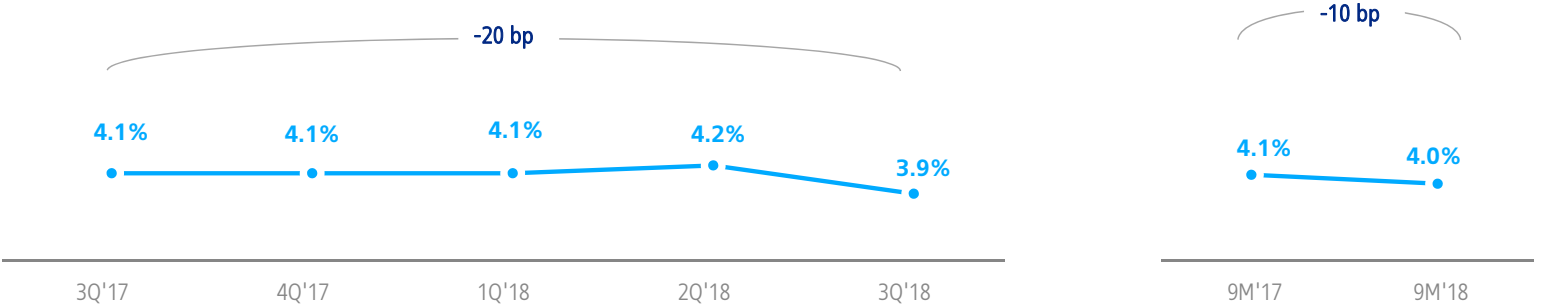
(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

# NET INTEREST INCOME AND NIM

Net interest income RUB bn



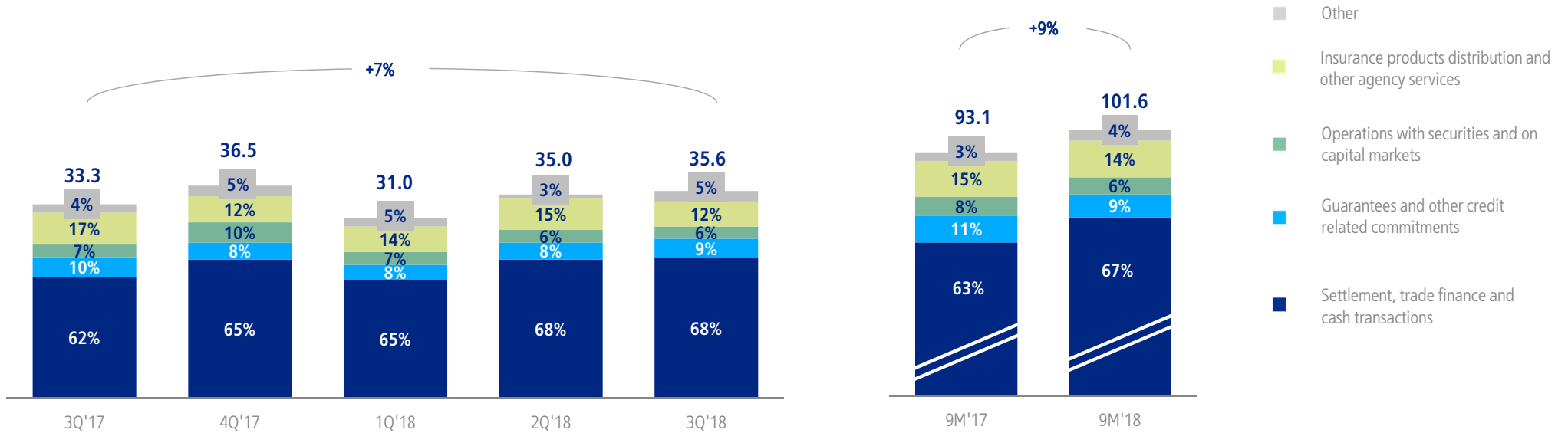
Net interest margin<sup>(1)</sup>



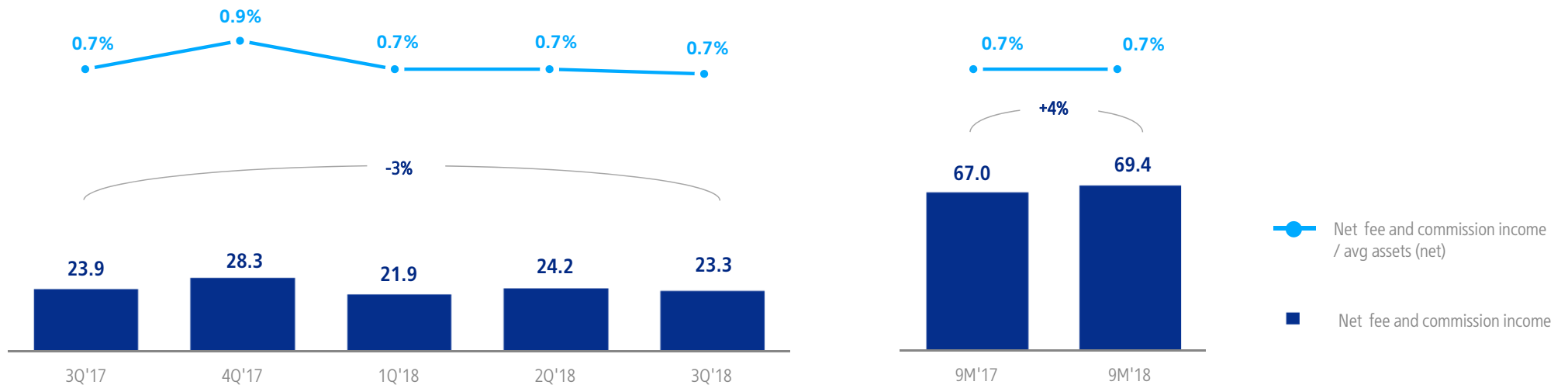
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

# FEE AND COMMISSION INCOME

## Fee and commission income breakdown RUB bn

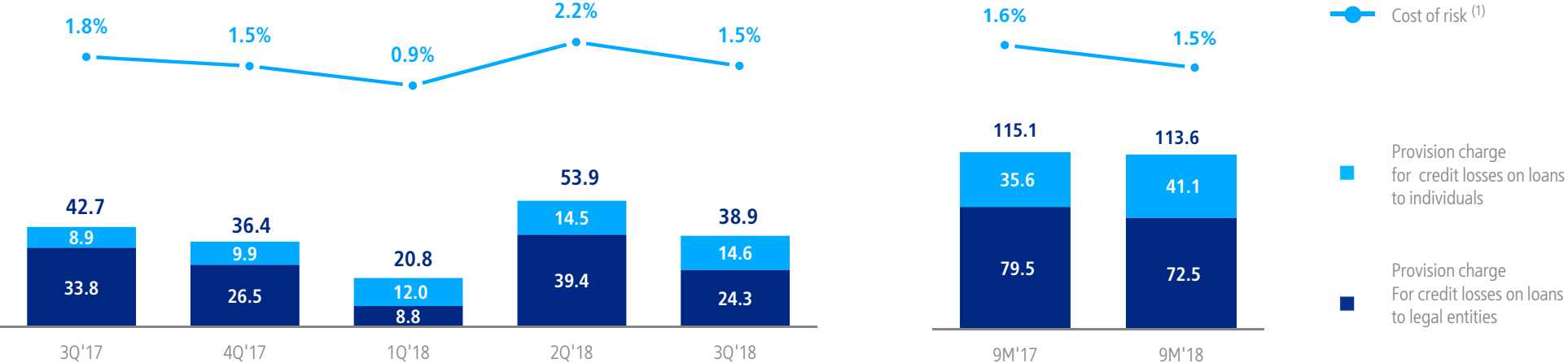


## Net fee and commission income RUB bn

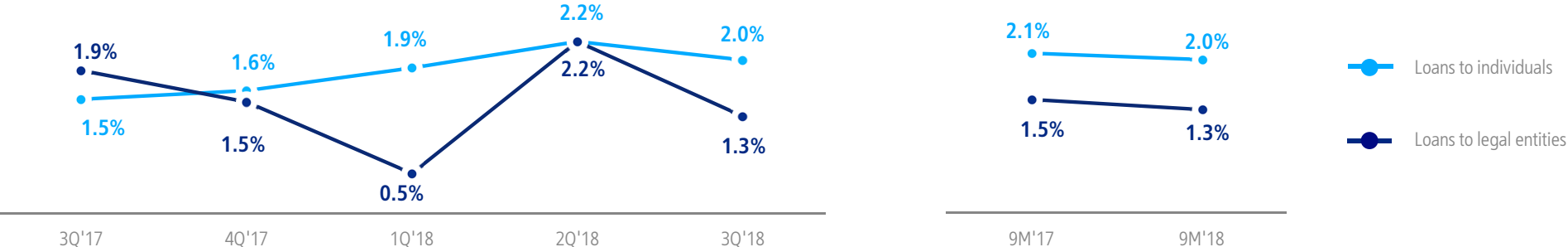


# PROVISION CHARGE AND COST OF RISK

## Provision charge for impairment of loans RUB bn



## Cost of risk breakdown



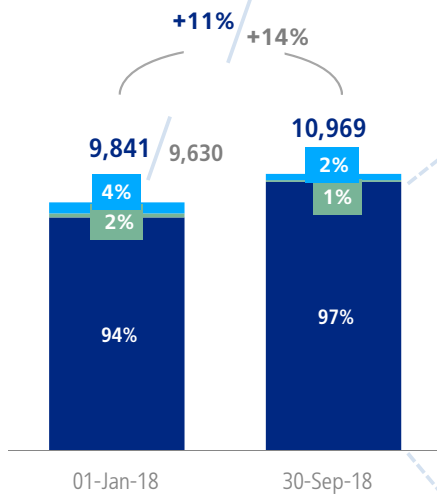
(1) Provision charge for credit losses divided by average gross loans and advances to customers.

# GROSS LOAN PORTFOLIO BREAKDOWN UNDER IFRS 9

## By measurement approach RUB bn

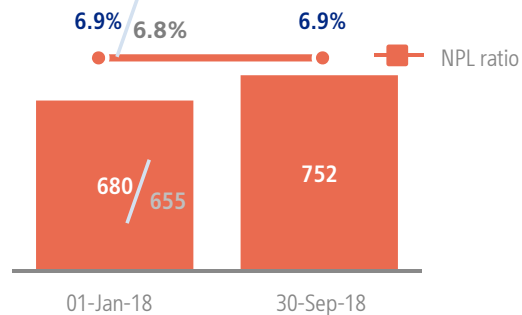
Post Bank accounted as JV ( / x )

- Loans at amortised cost
- Loans at fair value through P&L
- Loans at fair value through OCI

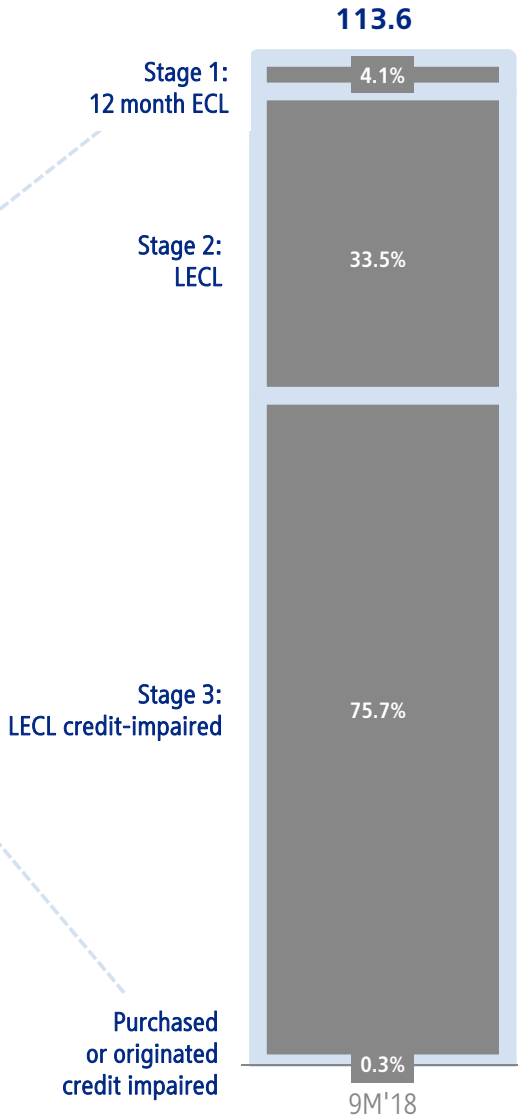


## NPLs RUB bn

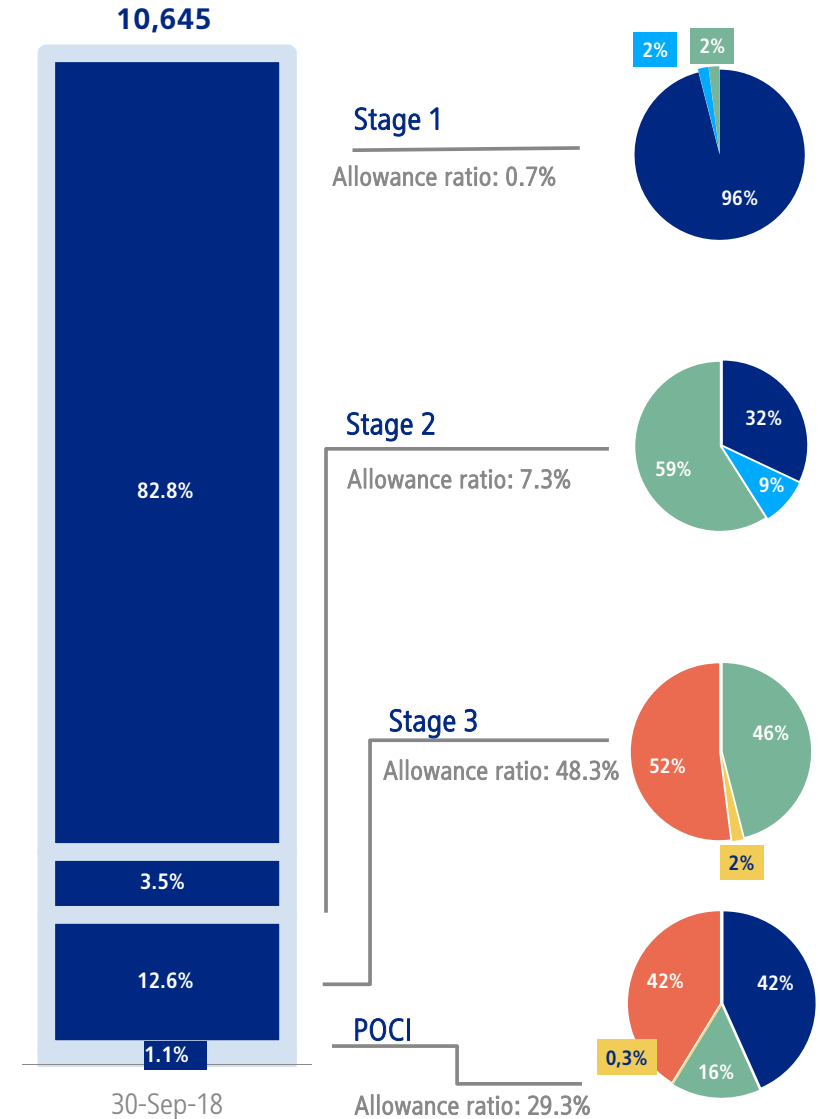
Post Bank accounted as JV ( / x )



## Provision charge by ECL stages



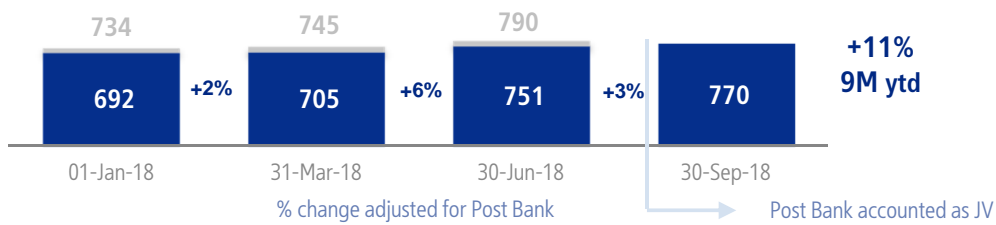
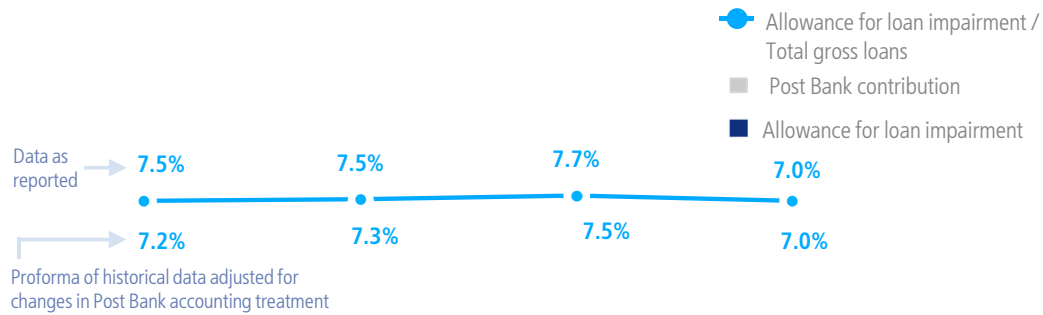
## Loans at amortised cost RUB bn by ECL stages



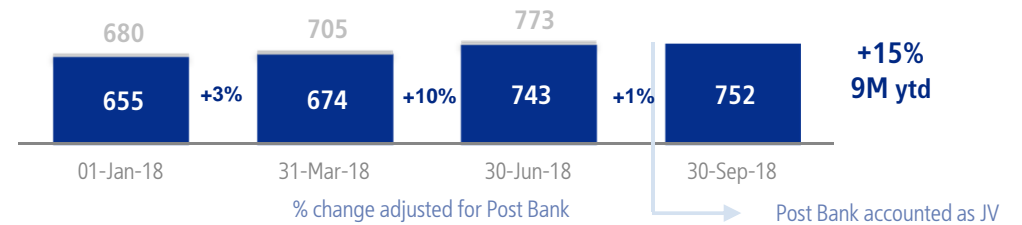
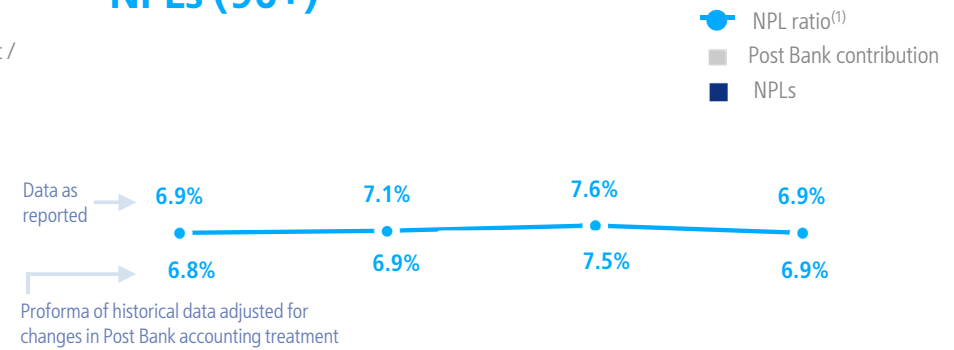
- Pass
- Watch
- Sub-standard
- Doubtful
- NPLs

# LOAN BOOK QUALITY

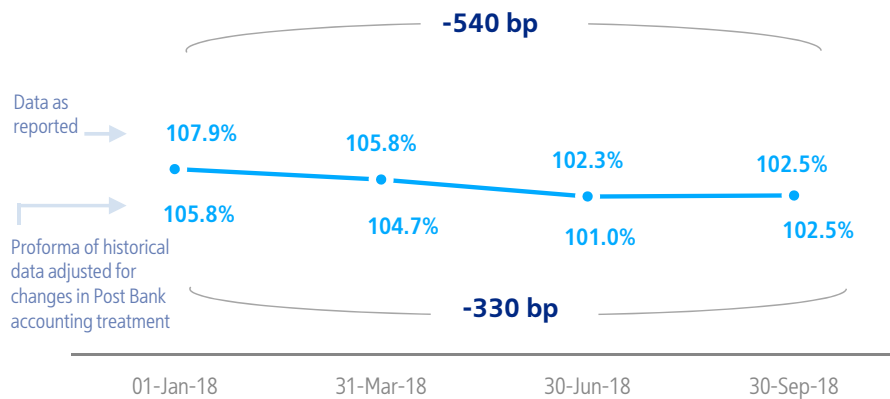
## Provision for loan impairment RUB bn



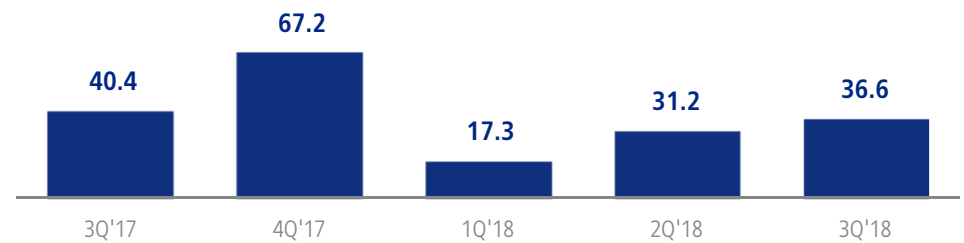
## NPLs (90+) RUB bn



## Coverage ratio



## Loan write-offs RUB bn



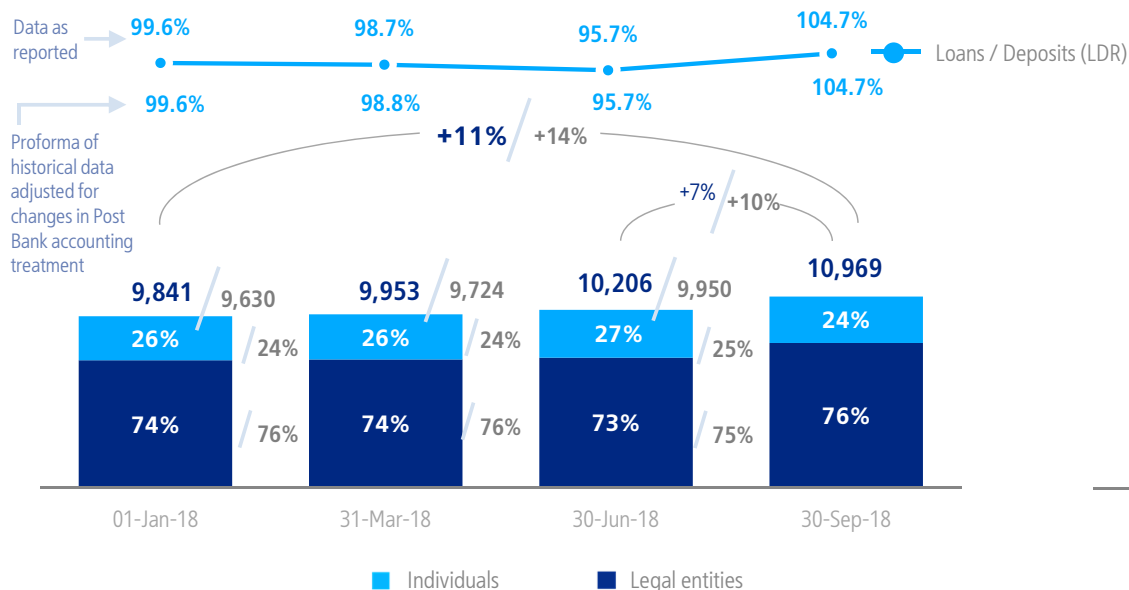
(1) The Group defines non-performing loans (NPL) as lifetime expected credit losses (ECL) credit-impaired loans with contractual principal and or interest payments overdue more than 90 days and purchased or originated credit impaired (POCI) loans with principal and or interest payments becoming overdue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



# LOAN PORTFOLIO AND CUSTOMER DEPOSITS

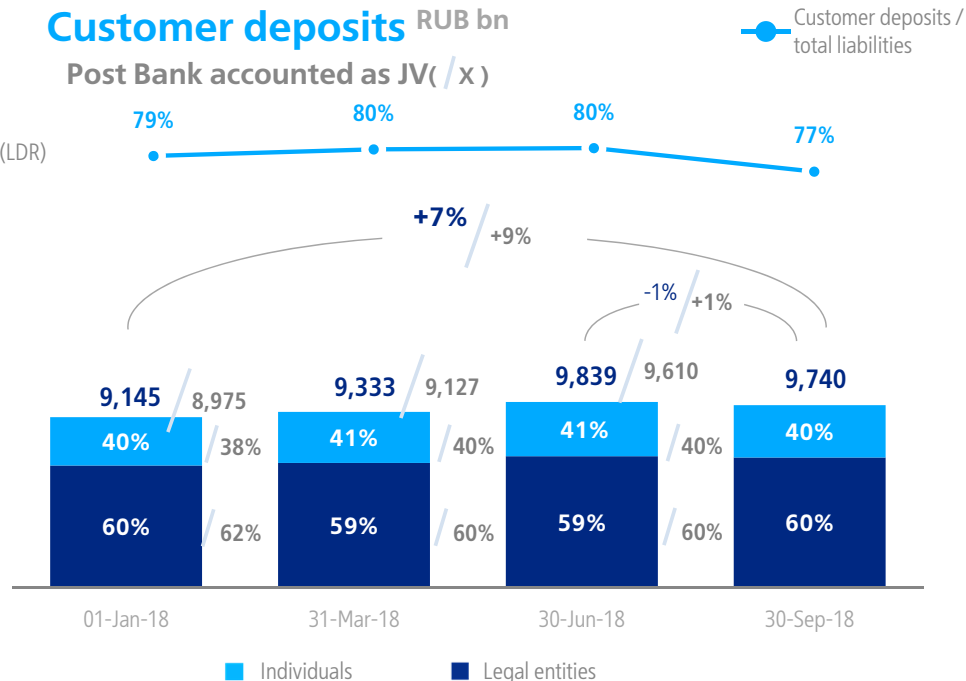
## Loans and advances to customers RUB bn

Post Bank accounted as JV( / x )

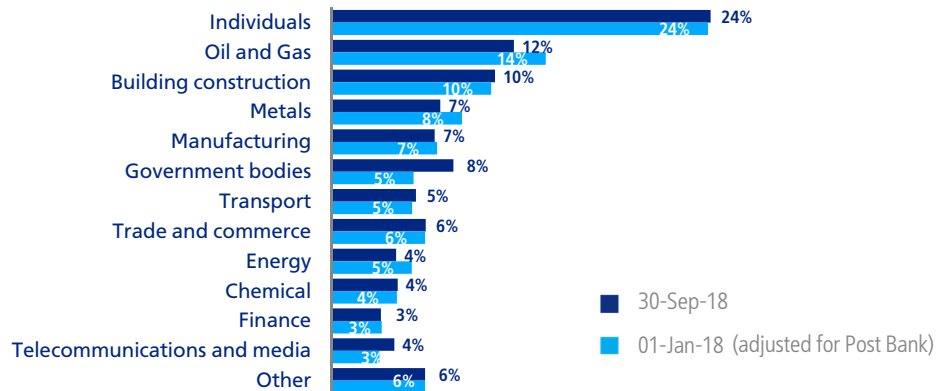


## Customer deposits RUB bn

Post Bank accounted as JV( / x )



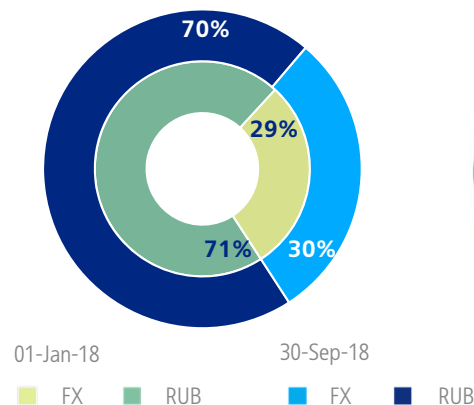
## Loans and advances to customers by industry



## Loans and deposits by currency %

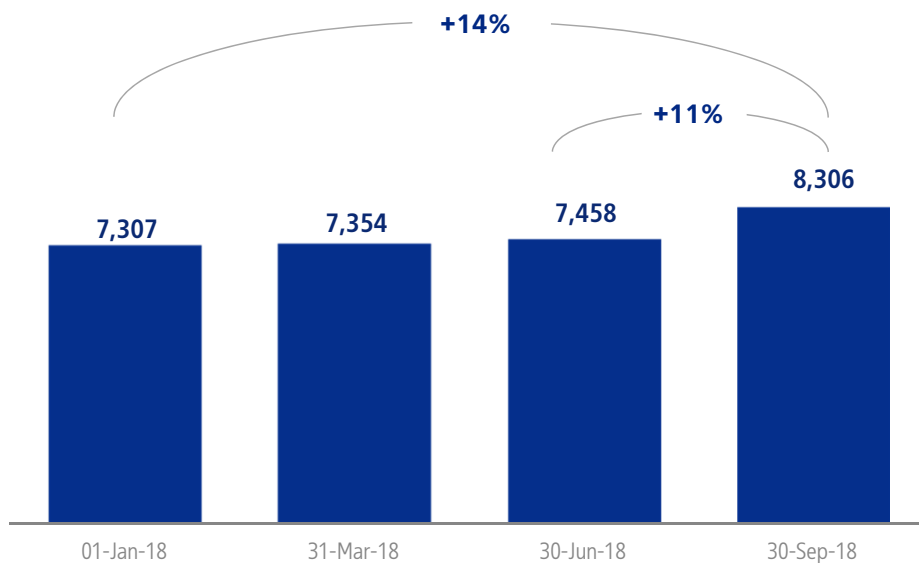
Net loans and advances to customers

Customer deposits

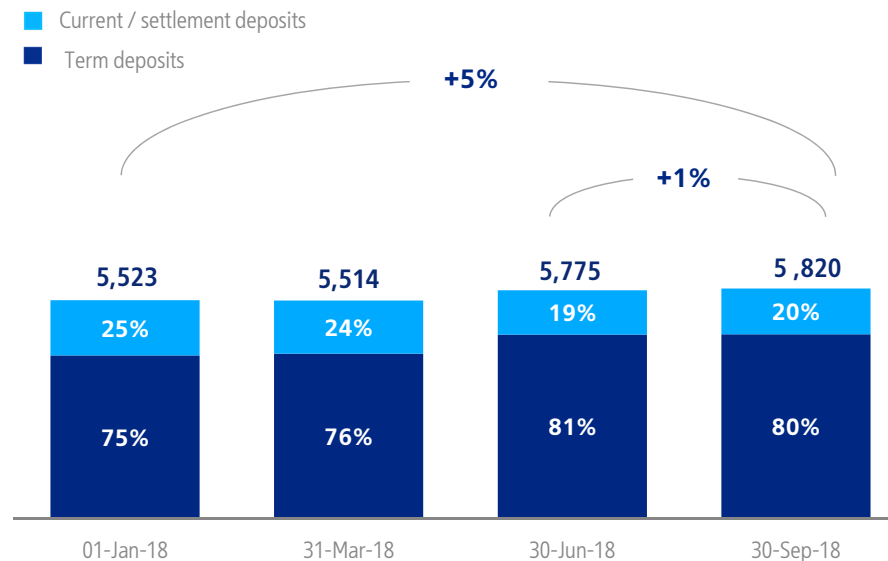


# BUSINESS WITH LEGAL ENTITIES

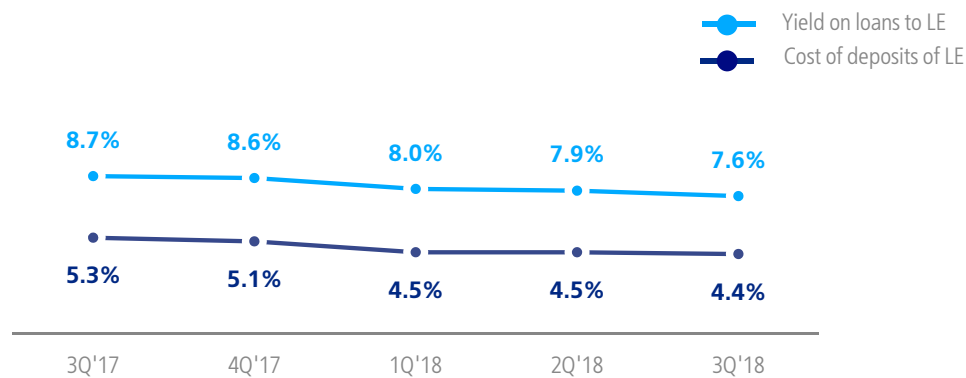
## Loans to legal entities RUB bn



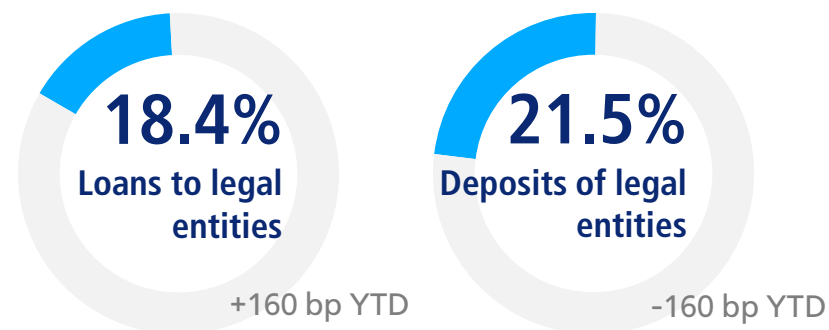
## Deposits of legal entities RUB bn



## Yield on loans and cost of deposits



## Market shares<sup>(1)</sup>

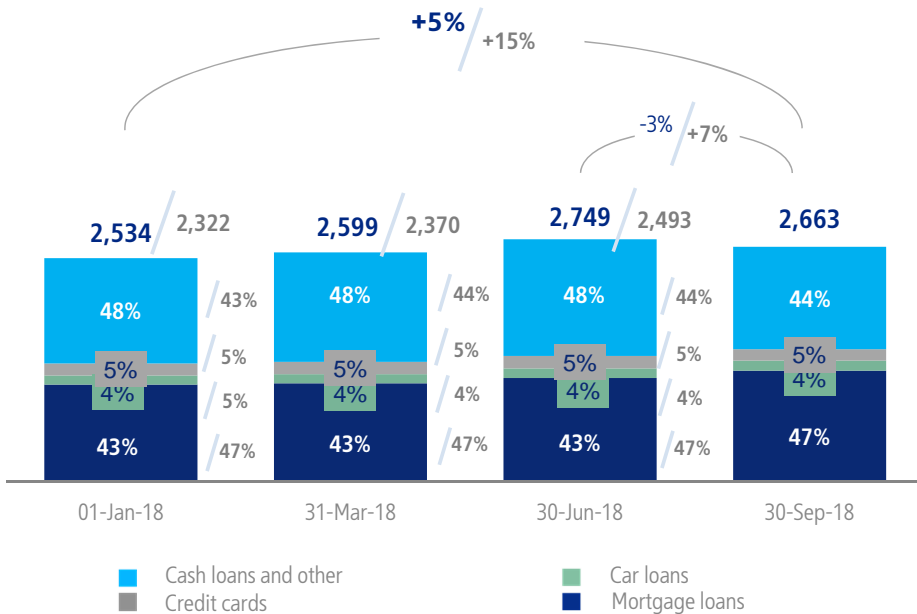


(1) The market share is calculated using VTB's methodology with data from the Bank of Russia based on RAS statements.

# BUSINESS WITH INDIVIDUALS

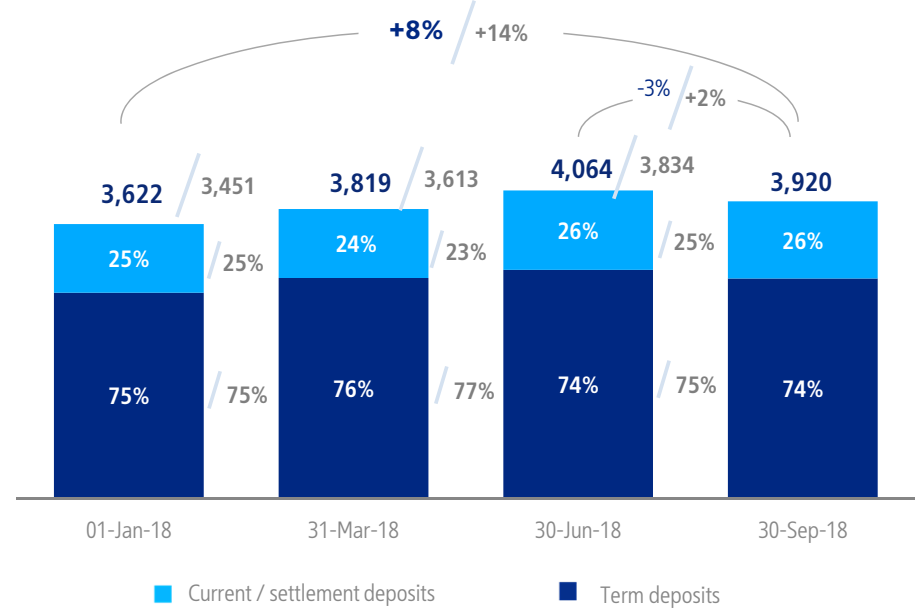
## Loans to individuals RUB bn

Post Bank accounted as JV ( / x )

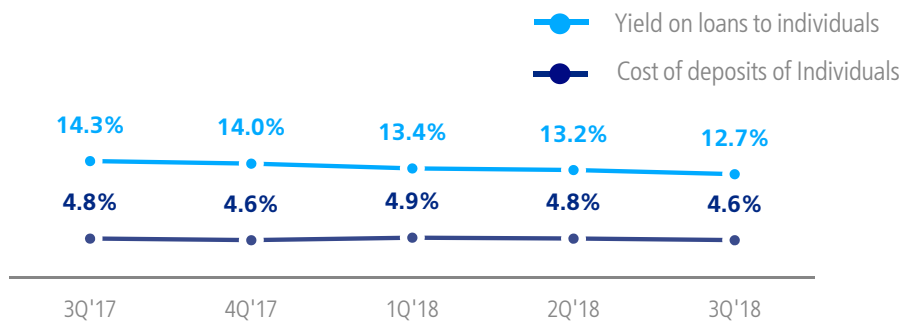


## Deposits of individuals RUB bn

Post Bank accounted as JV ( / x )

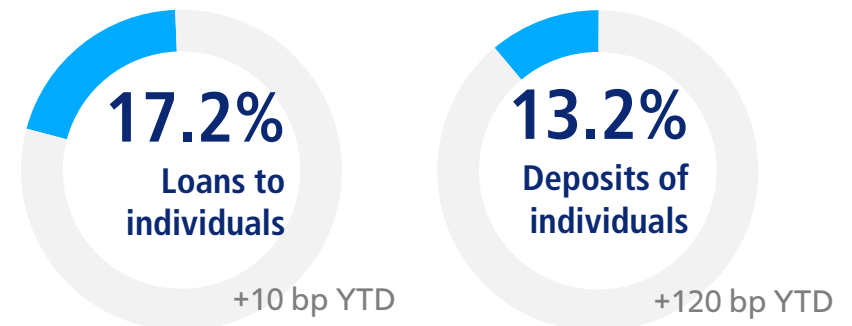


## Yield on loans and cost of deposits



## Market shares<sup>(1)</sup>

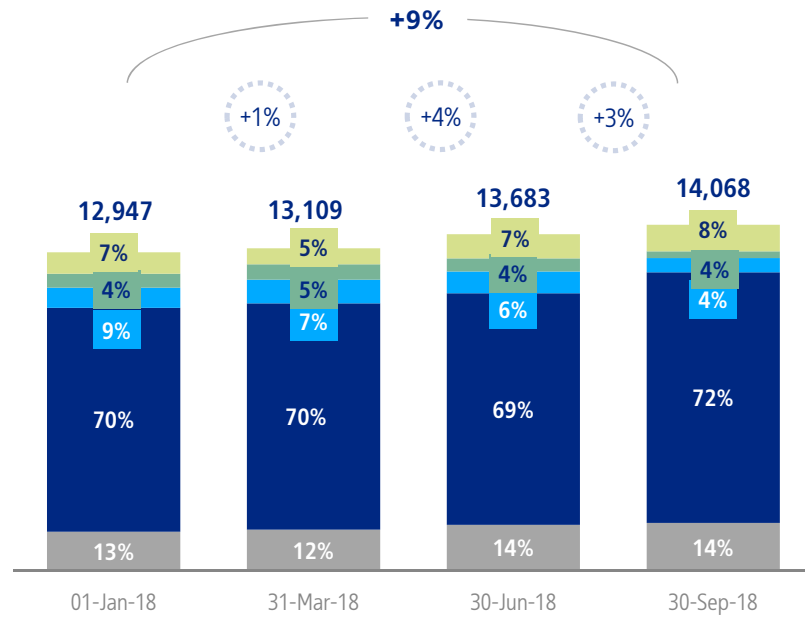
Post Bank accounted as JV



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

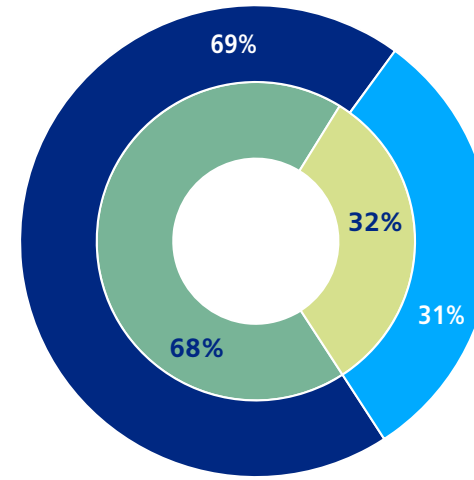
# ASSET STRUCTURE

Assets structure RUB bn



- Cash and mandatory reserves
- Securities portfolio
- Due from other banks
- Loans to customers
- Other assets

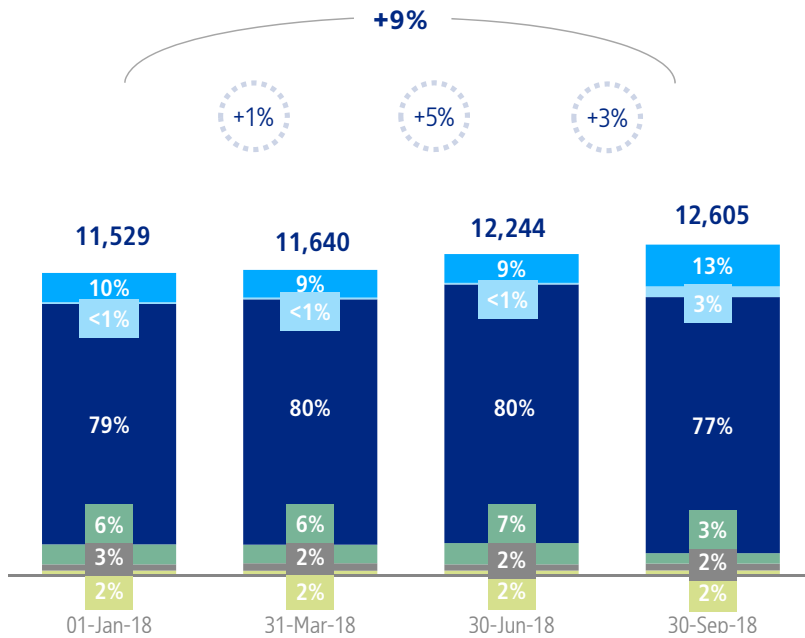
Assets by currency %



- 01-Jan-18:  FX  RUB
- 30-Sep-18:  FX  RUB

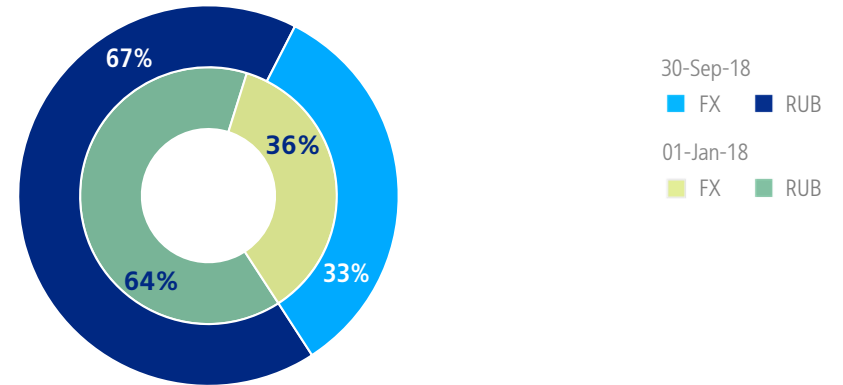
# LIABILITIES AND CAPITAL STRUCTURE

Liabilities structure RUB bn

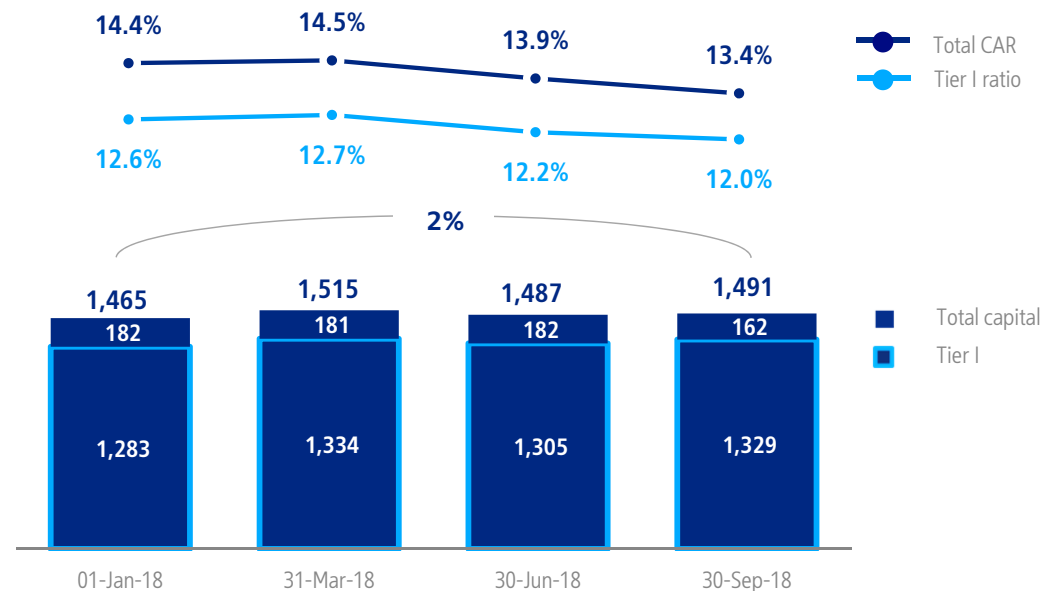


- Due to banks and other borrowed funds
- Collateralised funding from the CBR
- Customer deposits
- Other liabilities
- Debt securities issued
- Subordinated debt

Liabilities by currency %



Basel capital RUB bn



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

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

	9M'18	9M'17	Change	3Q'18	3Q'17	Change
Net interest income	358.6	343.7	4.3%	120.5	116.6	3.3%
Net fee and commission income	69.4	67.0	3.6%	23.3	23.9	-2.5%
Net other income	50.9	(6.5)	-883.1%	18.8	(12.7)	-248.0%
Operating income before provisions	478.9	404.2	18.5%	162.6	127.8	27.2%
Provision charge for credit losses and other provisions	(111.4)	(118.2)	-5.8%	(42.4)	(42.2)	0.5%
Staff costs and administrative expenses	(187.3)	(185.0)	1.2%	(62.6)	(62.4)	0.3%
Profit before tax	180.2	101.0	78.4%	57.6	23.2	148.3%
Income tax expense	(40.5)	(25.6)	58.2%	(16.4)	(5.7)	-187.7%
Profit after tax from subsidiaries acquired exclusively with a view to resale	-	(0.1)	-	-	(0.1)	-
<b>Net profit</b>	<b>139.7</b>	<b>75.3</b>	<b>85.5%</b>	<b>41.2</b>	<b>17.4</b>	<b>136.8%</b>

## Key financial ratios

	9M'18	9M'17	Change	3Q'18	3Q'17	Change
NIM	4.0%	4.1%	-10 bp	3.9%	4.1%	-20 bp
CoR	1.5%	1.6%	-10 bp	1.5%	1.8%	-30 bp
Cost / Assets	1.9%	2.0%	-10 bp	1.8%	1.9%	-10 bp
CIR	39.1%	45.8%	-670 bp	38.5%	48.8%	-1030 bp
ROE	12.9%	7.0%	+590 bp	11.2%	4.8%	+640 bp

# VTB GROUP FINANCIAL HIGHLIGHTS: BALANCE SHEET

## Balance sheet key indicators <sup>RUB bn</sup>

	30-Sep-18	30-Jun-18	QoQ	01-Jan-18 IFRS 9	YTD
Gross loan portfolio	10,968.8	10,206.2	7.5%	9,841.1	11.5%
Loans to legal entities	8,305.7	7,457.6	11.4%	7,307.4	13.7%
Loans to individuals	2,663.1	2,748.6	-3.1%	2,533.7	5.1%
Total assets	14,068.0	13,683.3	2.8%	12,947.4	8.7%
Customer deposits	9,740.1	9,839.2	-1.0%	9,144.7	6.5%
Deposits of legal entities	5,819.8	5,775.3	0.8%	5,523.1	5.4%
Deposits of individuals	3,920.3	4,063.9	-3.5%	3,621.6	8.2%
Total liabilities	12,604.6	12,243.7	2.9%	11,529.2	9.3%
Total shareholders' equity	1,463.4	1,439.6	1.7%	1,418.2	3.2%

Post Bank accounted as JV ←

## Key asset quality & capital ratios

	30-Sep-18	30-Jun-18	QoQ	01-Jan-18 IFRS 9	YTD
NPL ratio <sup>(1)</sup>	6.9%	7.6%	-70 bp	6.9%	0bp
LLR ratio	7.0%	7.7%	-70 bp	7.5%	-50bp
Tier I CAR	12.0%	12.2%	-20 bp	12.6%	-60 bp
Total CAR	13.4%	13.9%	- 50 bp	14.4%	-100 bp

Post Bank accounted as JV ←

(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.

# DISCLAIMER

---

This presentation has been prepared by VTB Bank (PJSC) ("VTB") and has not been independently verified. This presentation does not constitute or form part or all of, and should not be construed as, any offer of, or any invitation to sell or issue, or any solicitation of any offer to purchase, subscribe for, underwrite or otherwise acquire, or a recommendation regarding, any shares or other securities representing shares in, or any other securities of VTB, or any of its subsidiaries, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or any commitment whatsoever or any investment decision. Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of VTB and its subsidiaries (together with VTB, the "Group"). Forward-looking statements are statements that are not historical facts. They include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of VTB. Such forward-looking statements are based on numerous assumptions, beliefs and expectations regarding the Group's present and future business strategies, financial conditions, targets and the operating environment. 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 materially differ 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 assume no obligation to update or revise these statements whether as a result of new information or for any other reason or to make them conform to actual results. Certain numbers and ratios contained herein, related to past dates and periods, might have been restated in accordance with the latest financial statements issued, and hence differ from the ones presented in the previous communications. Figures shown in this presentation are based on figures disclosed in the annual and interim financial statements of the Group. However, figures used in this presentation might have been rounded, which could result in slight differences in percentage changes compared to those provided in such financial statements.





---

## **Investor Relations**

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

e-mail: [investorrelations@vtb.ru](mailto:investorrelations@vtb.ru)