

VTB Group 9M'2017 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 VTB Bank (PJSC) ("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.

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 VTB 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.

VTB Group 9M'2017 Performance Highlights RUB bn

Net interest income

9M: **343.7** +11%
3Q: 116.6 +13%

Provision charge

9M: **118.2** -19%
3Q: 42.2 -4%

Net profit

9M: **75.3** x2
3Q: 17.4 -7%

**RESULTS CONFIRM THE
FY GUIDANCE AND
EFFICIENT EXECUTION
OF STRATEGY**

NIM

9M: **4.1%** +40bp
3Q: 4.1% +30bp

COR

9M: **1.6%** +20bp
3Q: 1.8% +50 bp

ROE

9M: **7.0%** +4pp
3Q: 4.8% -50bp

**SOLID GROWTH OF CORE
REVENUES DRIVEN BY
HEALTHY NIM & ROBUST
FEE INCOME**

Net fee income

9M: **67.0** +20%
3Q: 23.9 +24%

Staff & admin
expenses

9M: **185.0** +8%
3Q: 62.4 +13%

LDR

9M17: **99.2%**
YE16: 120.5%

**RETAIL GROWS AS PART
OF BUSINESS
MIX IN LINE WITH
STRATEGIC PLAN**

Operating income

9M: **404.2** +12%
3Q: 127.8 +3%

CIR

9M: **45.8%** -2pp
3Q: 48.8% +4pp

Basel T1 capital

9M17: **12.9%**
YE16: 12.9%

**STRONG DEPOSITS
GENERATION,
BALANCE SHEET
STRUCTURE IMPROVED
FURTHER**

2017 Guidance

Russia

Macro

GDP growth

Revised upwards

↑ **1.7%**

CPI

Revised downwards

↓ **≈3%**

Oil price

Urals, avg

\$54

CBR key rate

avg

9.0%

Banking sector

Loans growth

legal entities

Revised downwards

↓ **<3%**

Loans growth

individuals

10%

Deposits growth

legal entities

6%

Deposits growth

individuals

Revised downwards

↓ **5%**



Balance sheet

Loans growth vs
market legal entities

In line

Loans growth vs
market individuals

Above

Deposits growth vs
market legal entities

Above

Deposits growth vs
market individuals

Above

Efficiency & profitability

CoR

Below 2%

NIM

4%

CIR

Below 45%

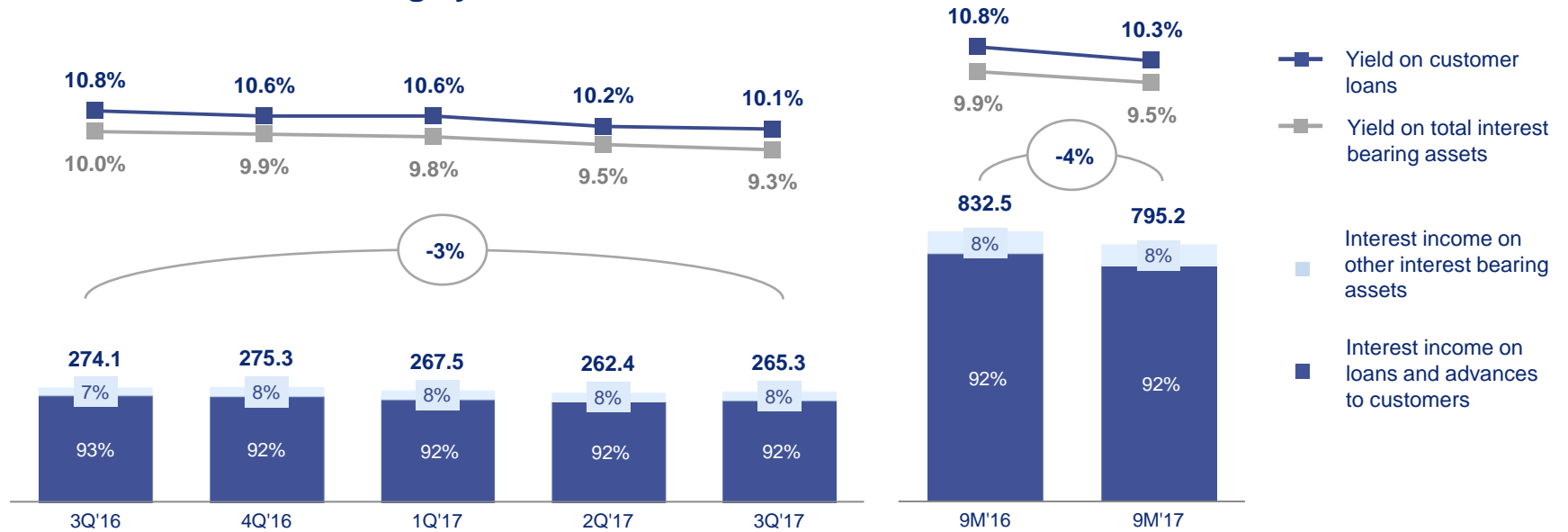
Net profit

RUB bn

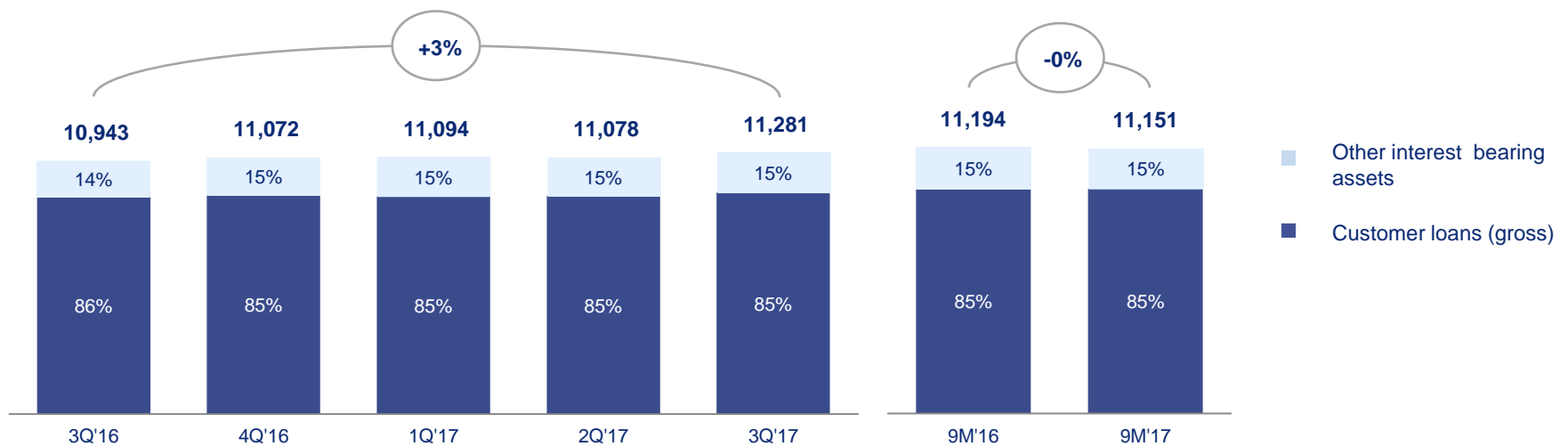
≈ 100

Interest Income and Average Yields

Interest income and average yields RUB bn

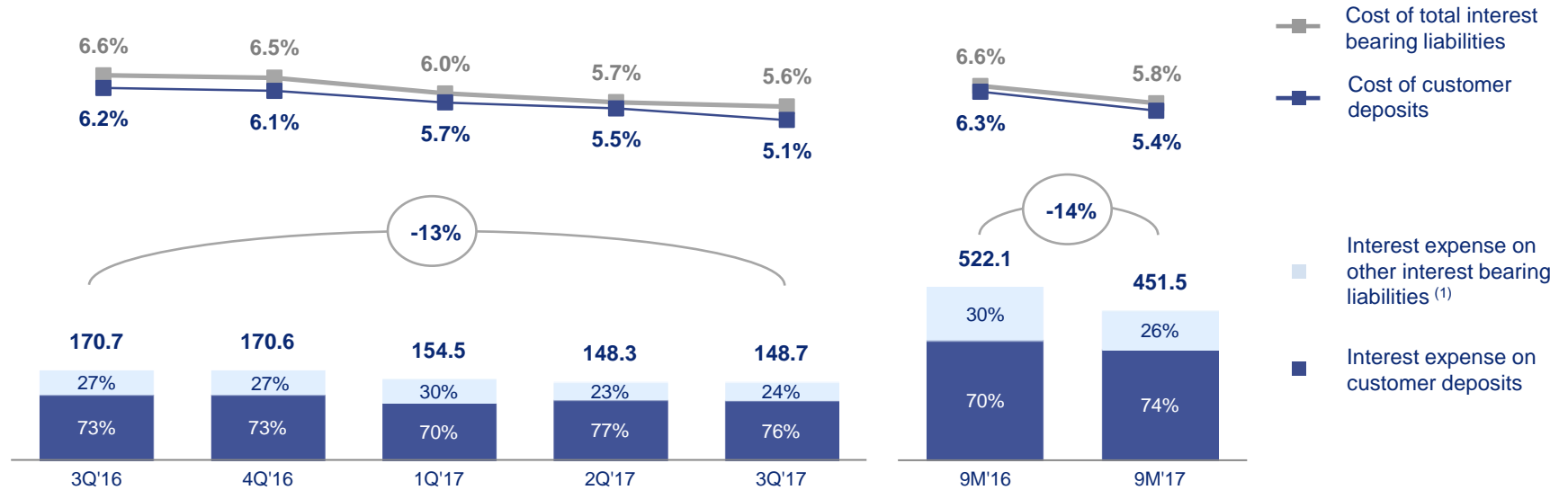


Average interest bearing assets RUB bn

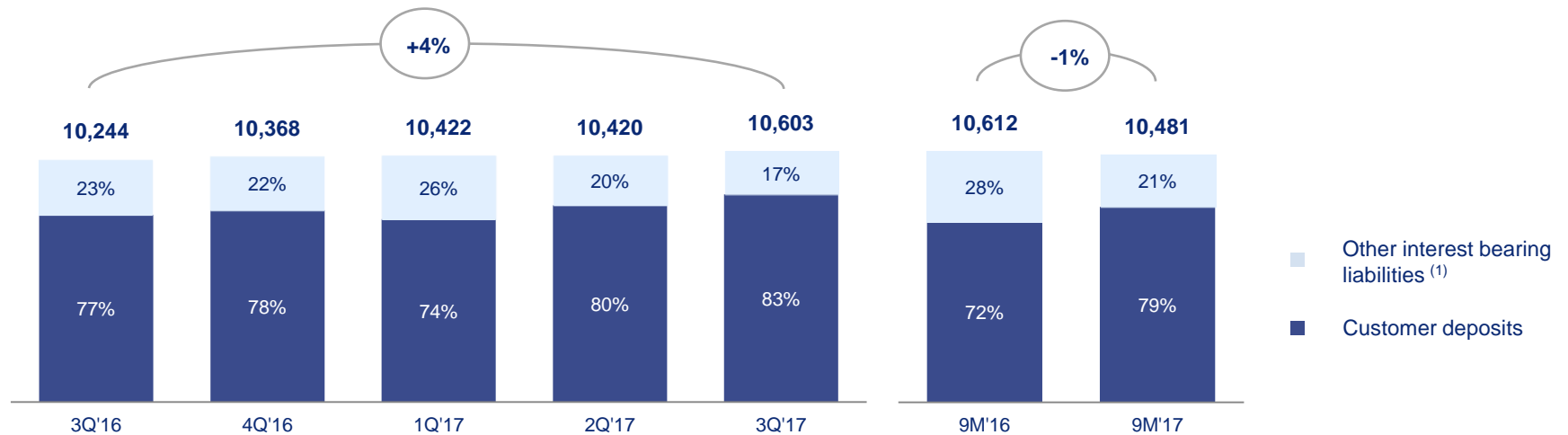


Interest Expense and Cost of Funds

Interest expense and cost of interest bearing liabilities RUB bn



Average interest bearing liabilities RUB bn



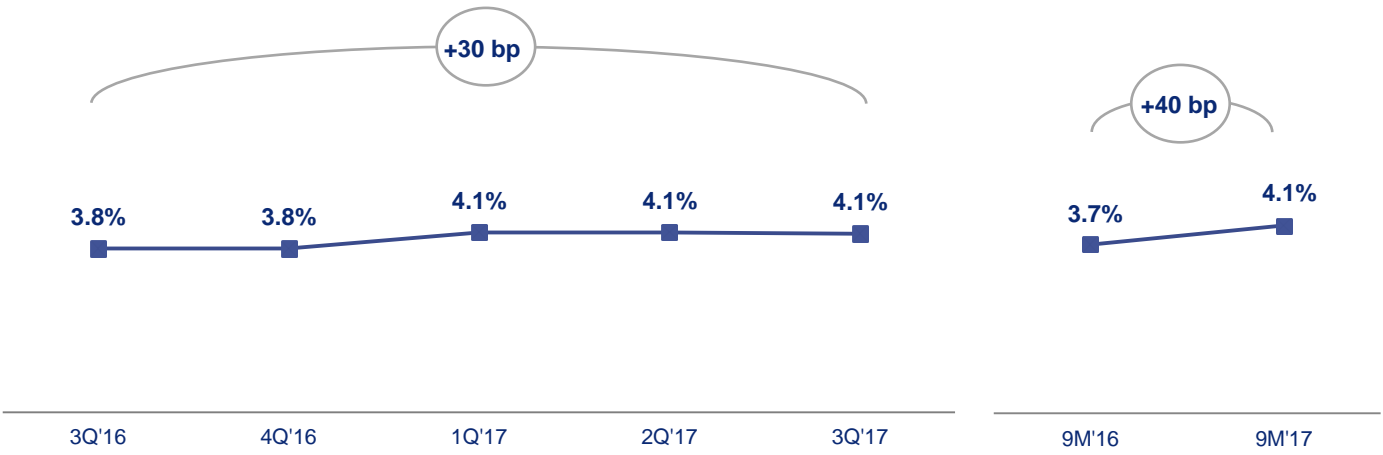
(1) Including debt securities in issue, subordinated debt, interbank (incl. LORO and other borrowed funds).

Net Interest Income and NIM

Net interest income RUB bn



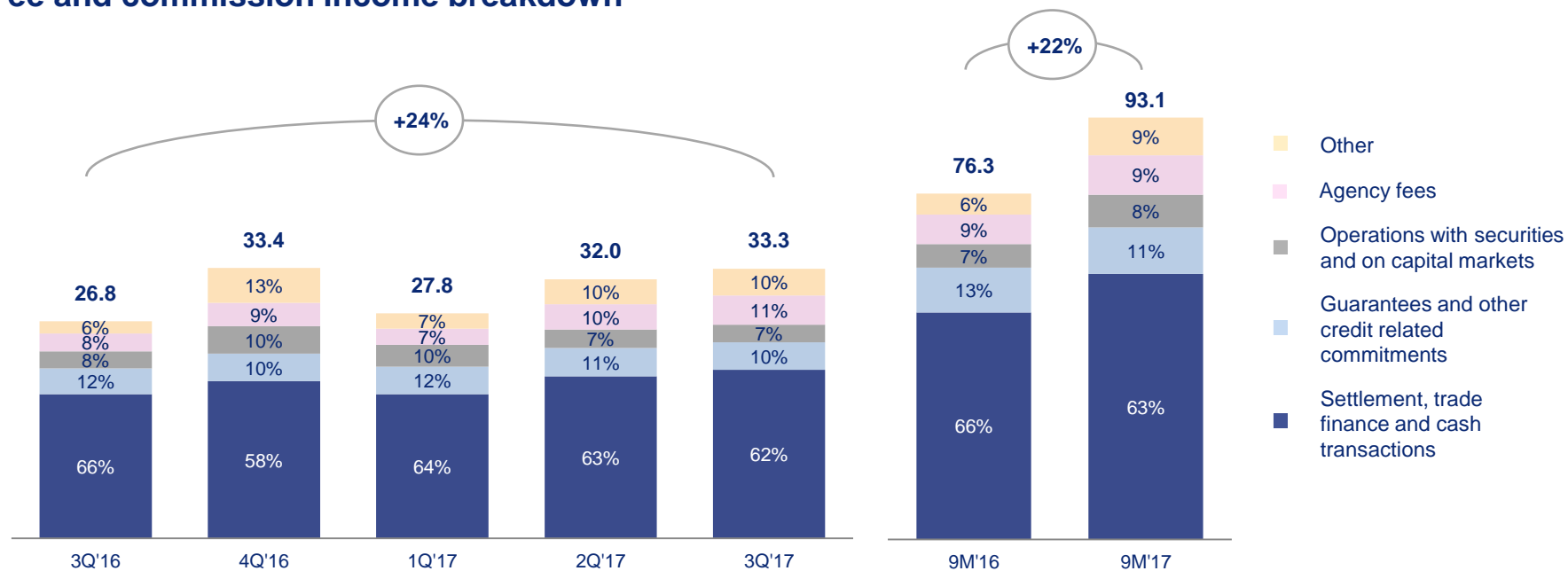
Net interest margin⁽¹⁾ %



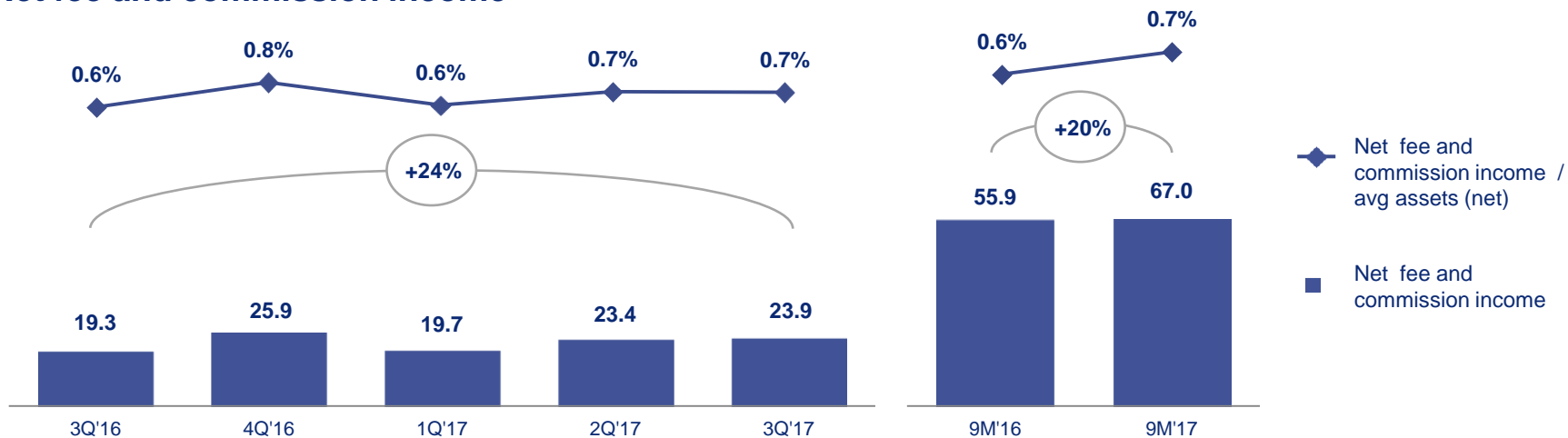
(1) Calculated as net interest income (adjusted for payments to deposit insurance system) divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks.

Fee and Commission Income

Fee and commission income breakdown RUB bn

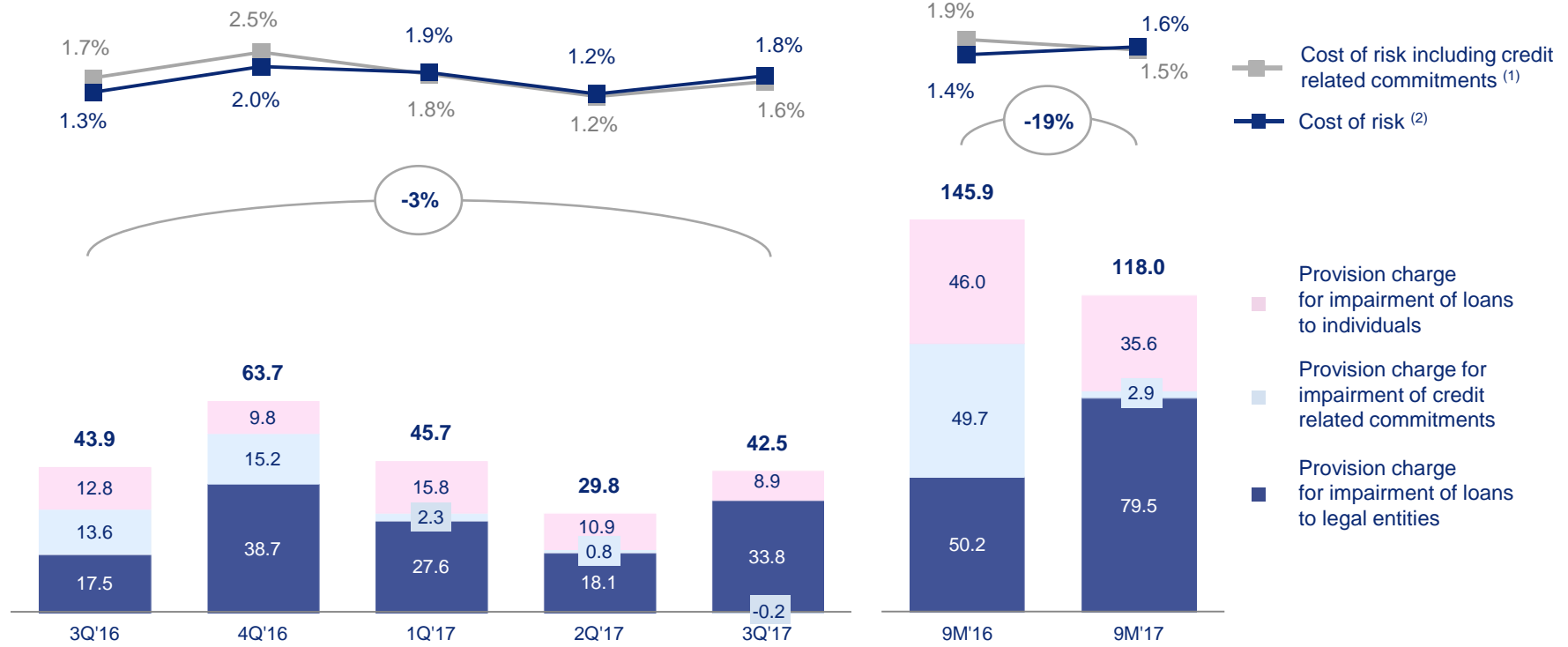


Net fee and commission income RUB bn

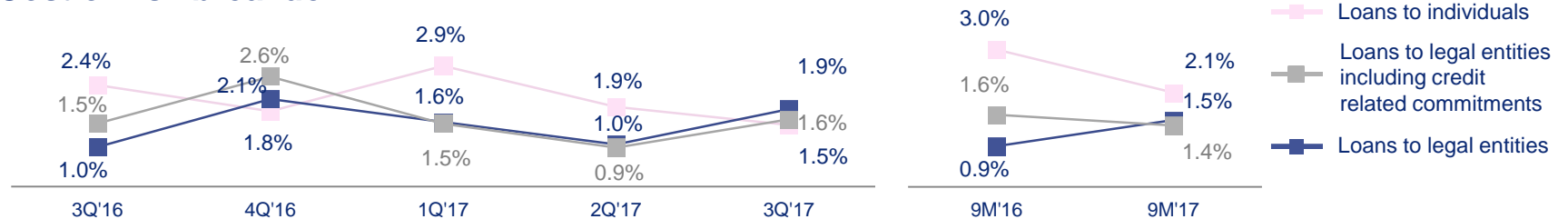


Provision Charge and Cost of Risk

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



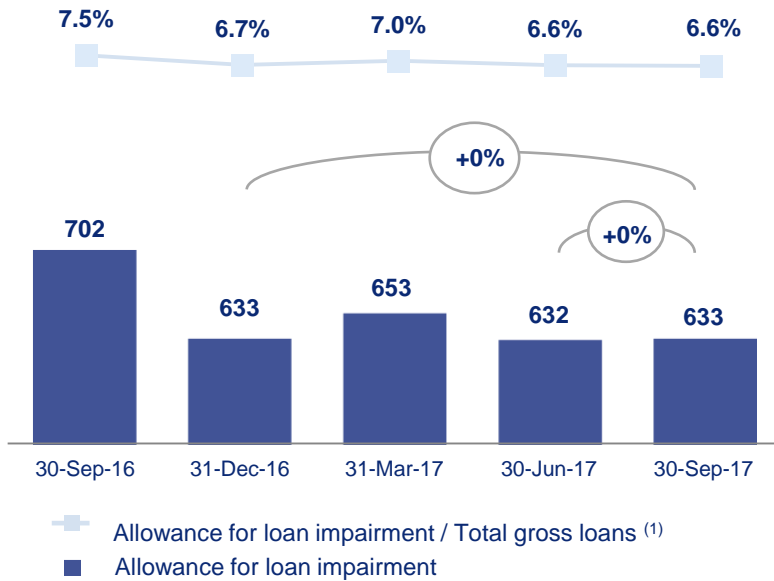
Cost of risk breakdown %



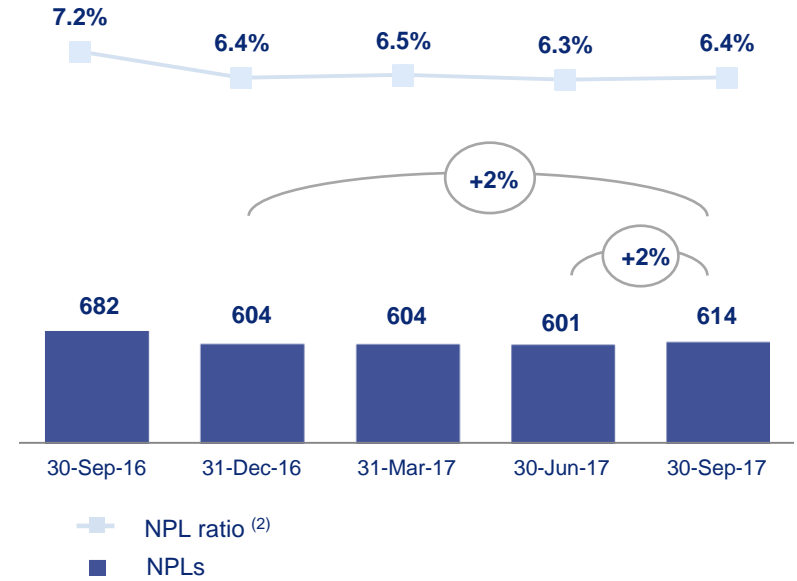
(1) Provision charge for loan impairment and provision charge for impairment of credit related commitments divided by average gross loans and advances to customers and average credit related commitments.
 (2) Provision charge for loan impairment divided by average gross loans and advances to customers.

Loan Book Quality

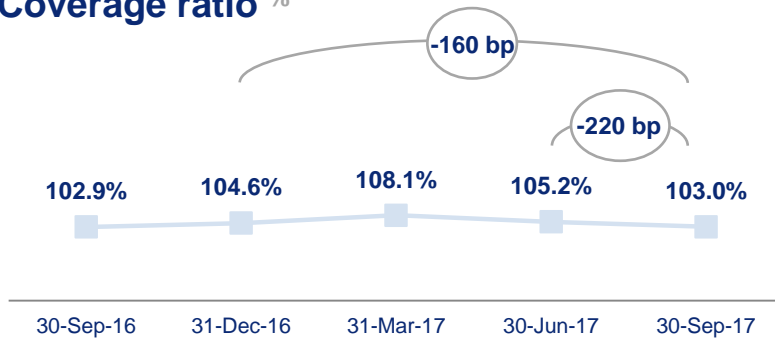
Provision for loan impairment ^{RUB bn}



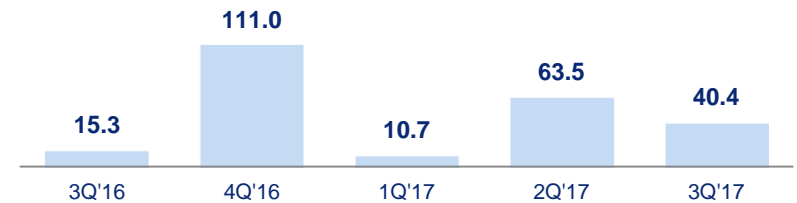
NPLs (90+) ^{RUB bn}



Coverage ratio %



Loan write-offs ^{RUB bn}

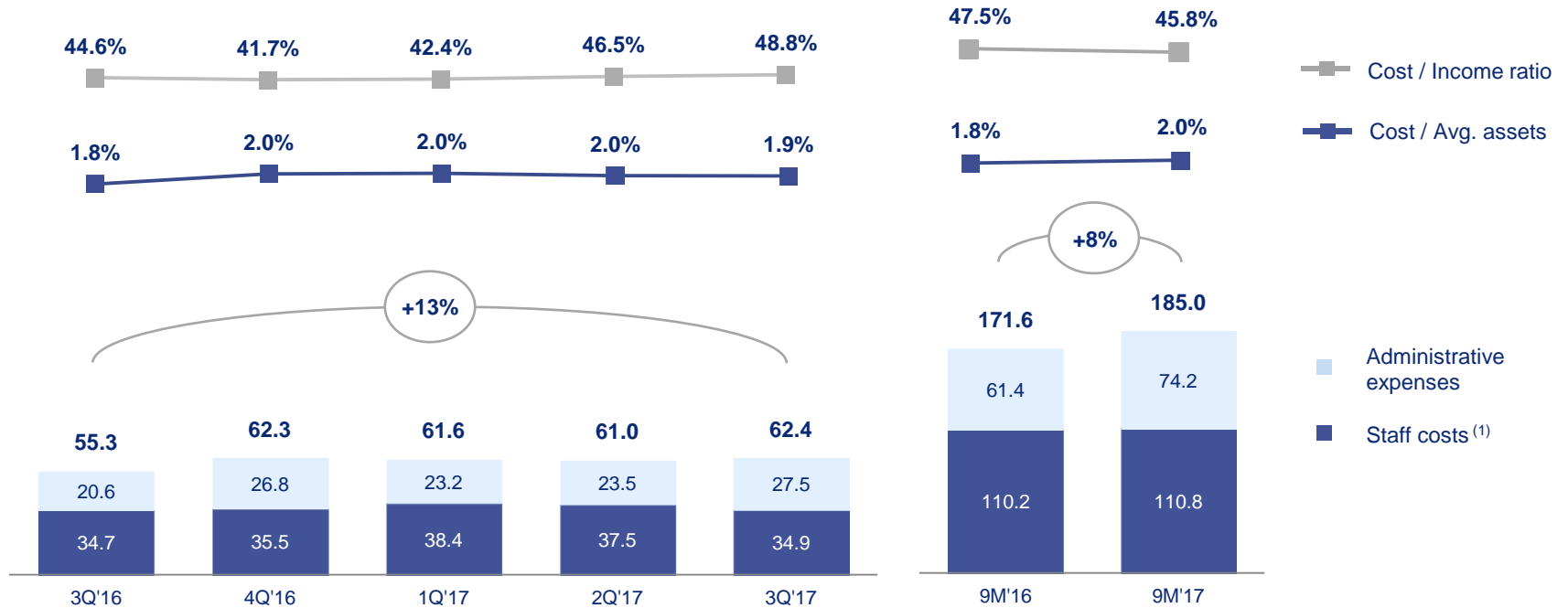


(1) Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase agreements.

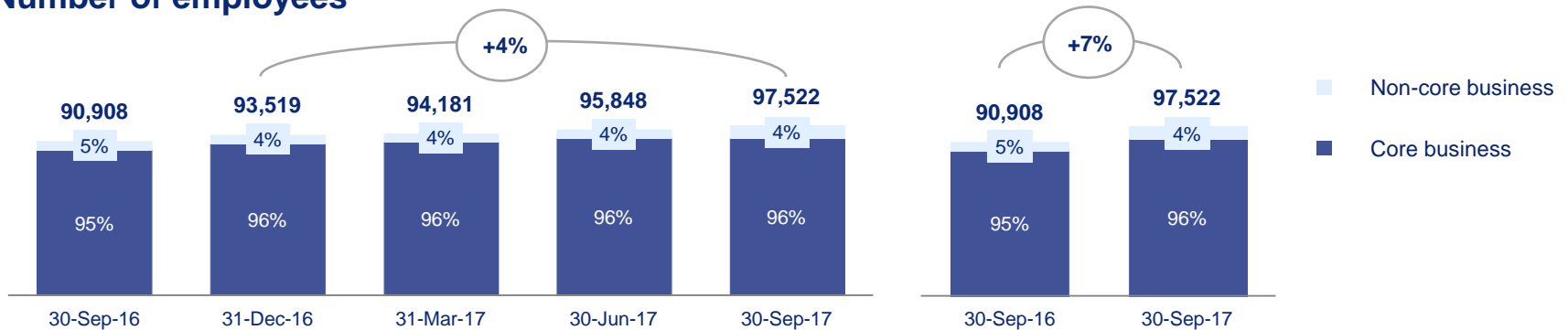
(2) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans including financial assets classified as loans and advances to customers pledged under repurchase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

Staff and Administrative Expenses

Staff costs and administrative expenses RUB bn



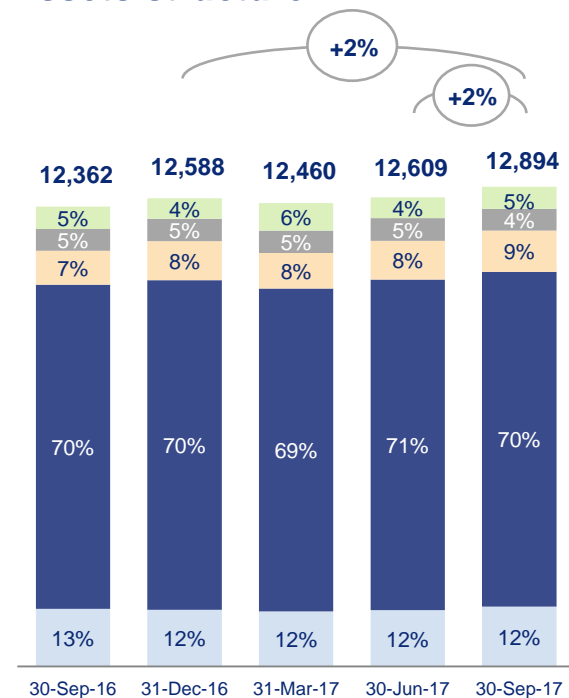
Number of employees



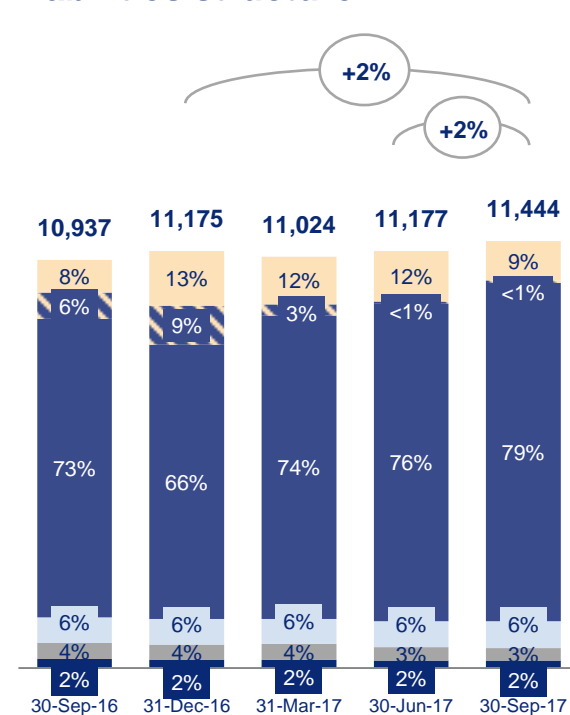
(1) Including pensions.

Balance Sheet Structure and Capital Adequacy

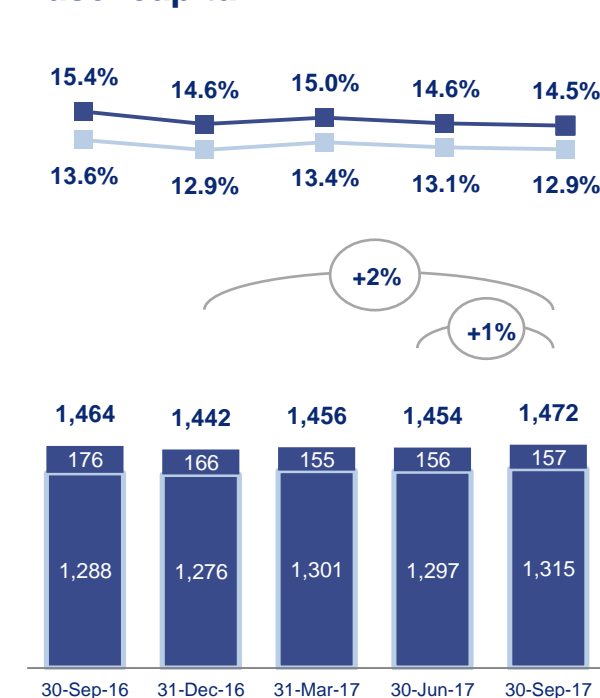
Assets structure RUB bn



Liabilities structure RUB bn



Basel capital RUB bn



- Cash and mandatory reserves
- Securities portfolio
- Due from other banks
- Loans to customers (1)
- Other assets (2)

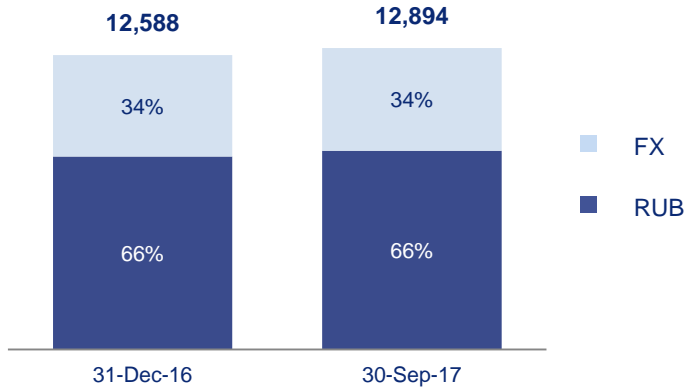
- Due to banks and other borrowed funds
- ▨ Collateralised funding from the CBR
- Customer deposits
- Other liabilities
- Debt securities issued
- Subordinated debt

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

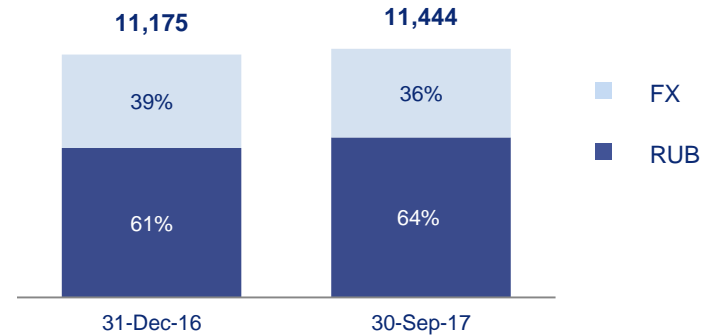
(1) Includes loans and advances to customers, pledged under REPO.
 (2) Includes investment in associates, premises and equipment, investment property, intangible assets and goodwill, deferred tax assets and others.

Assets and Liabilities by Currency

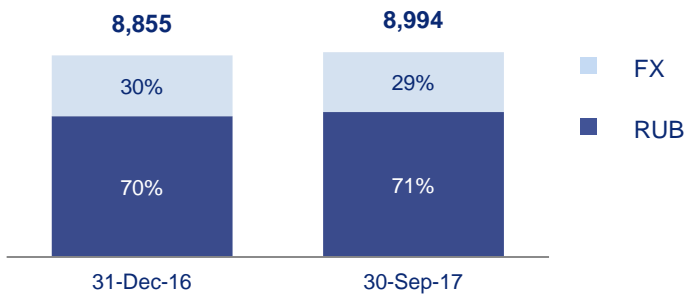
Total assets RUB bn



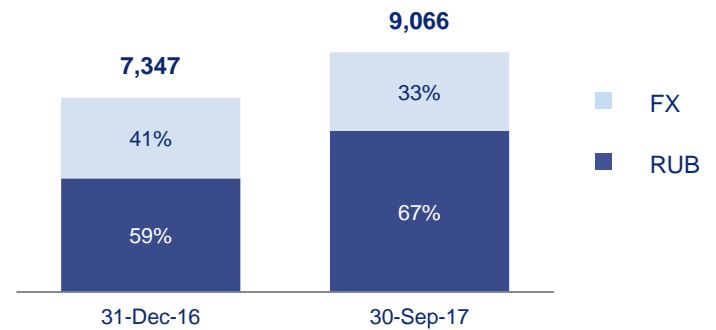
Total liabilities RUB bn



Net loans and advances to customers RUB bn

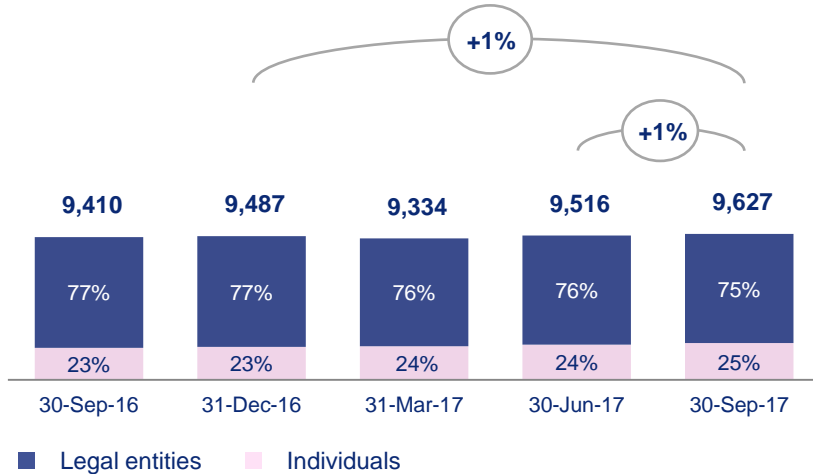


Customer deposits RUB bn

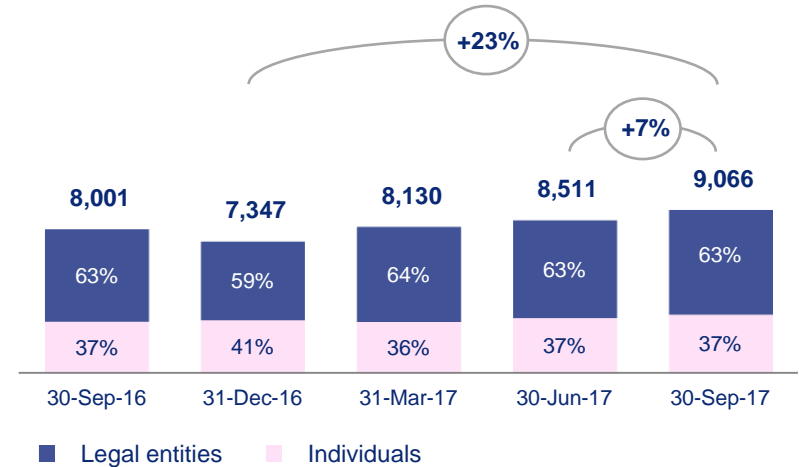


Loan Portfolio and Customer Deposits

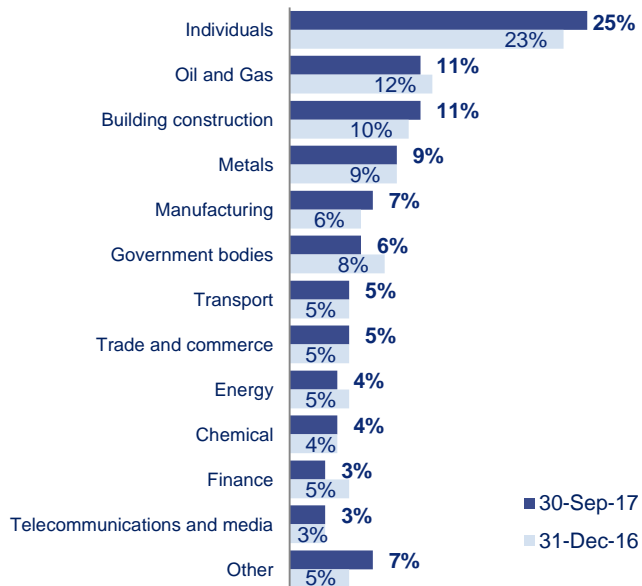
Loans and advances to customers RUB bn



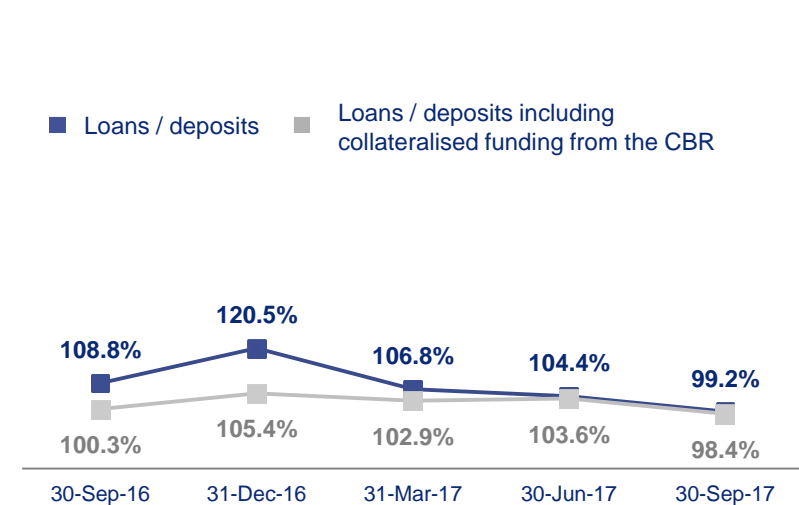
Customer deposits RUB bn



Loans and advances to customers by industry %

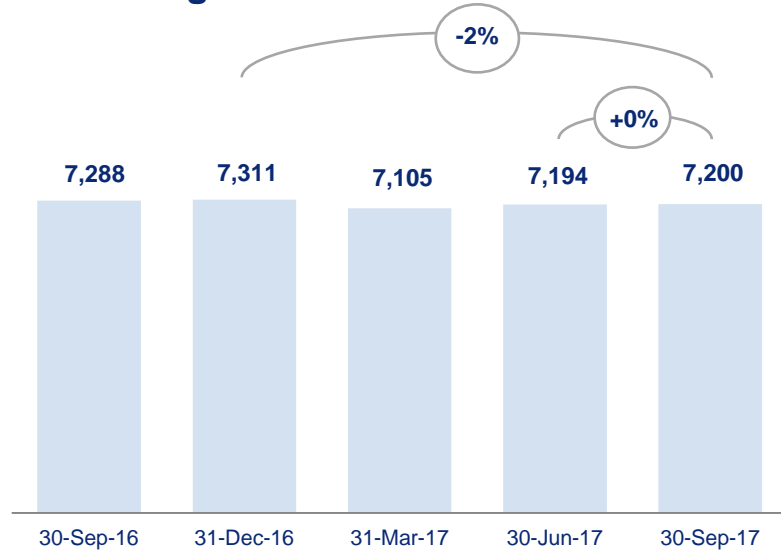


Customer loans / customer deposits %

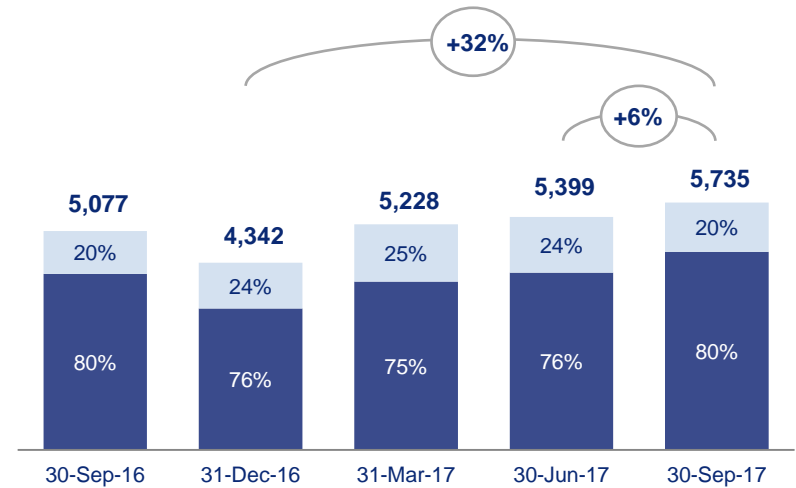


Business with Legal Entities

Loans to legal entities RUB bn

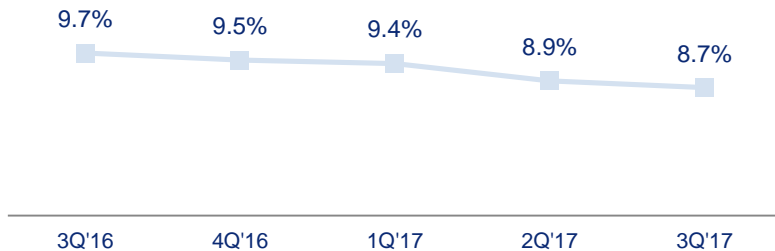


Deposits of legal entities RUB bn

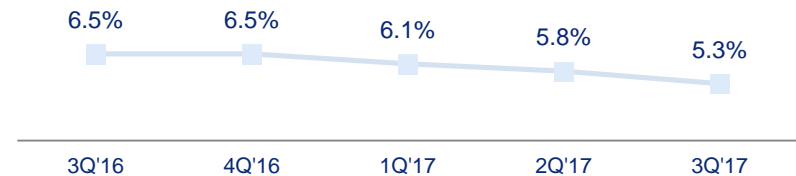


■ Current/ settlement deposits ■ Term deposits

Yield on loans to legal entities %

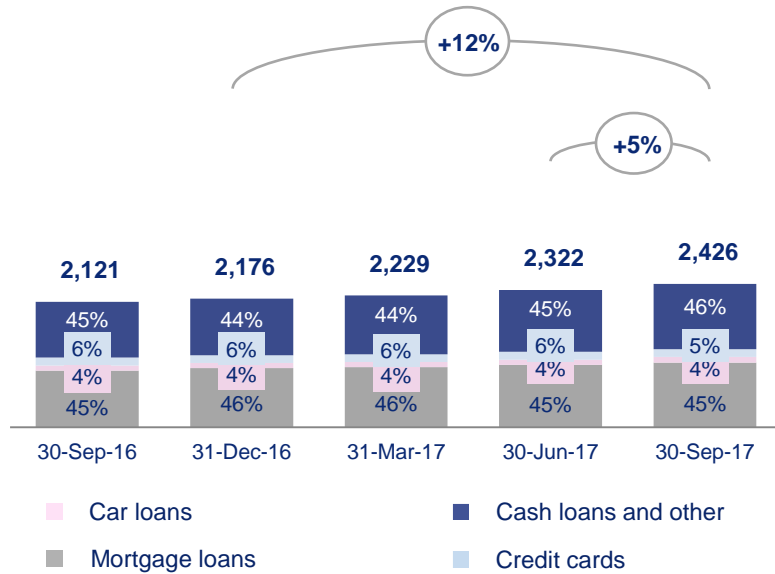


Cost of deposits of legal entities %

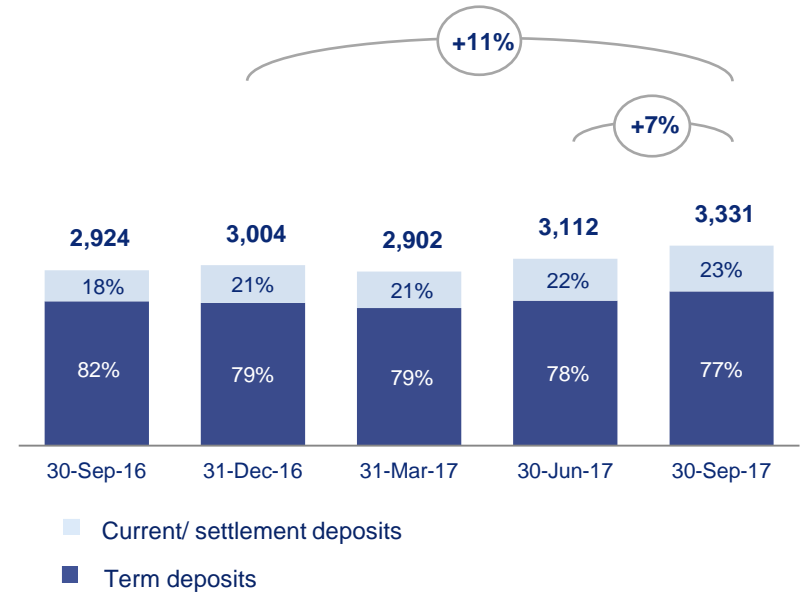


Business with Individuals

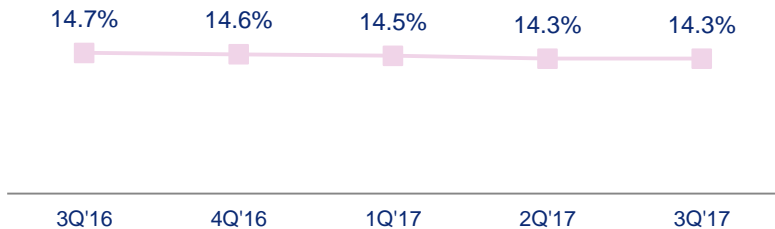
Loans to individuals RUB bn



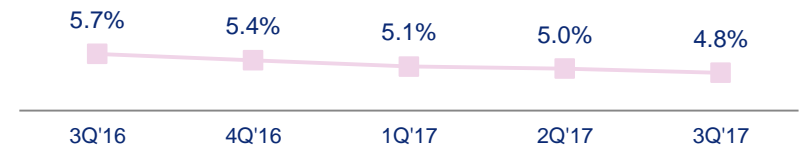
Deposits of individuals RUB bn



Yield on loans to individuals %



Cost of deposits of individuals %



VTB Group Financial Highlights: P&L and Key Ratios

Income Statement – Key Indicators

Key selected items (in RUB bn)	9M'17	9M'16	Change	3Q'17	3Q'16	Change
Net interest income	343.7	310.4	10.7%	116.6	103.4	12.8%
Net fee and commission income	67.0	55.9	19.9%	23.9	19.3	23.8%
Net other income	(6.5)	(5.2)	25.0%	(12.7)	1.4	-
Operating income before provisions	404.2	361.1	11.9%	127.8	124.1	3.0%
Provision charge for impairment ⁽¹⁾	(118.2)	(146.7)	-19.4%	(42.2)	(43.8)	-3.7%
Staff costs and administrative expenses	(185.0)	(171.6)	7.8%	(62.4)	(55.3)	12.8%
Profit before tax	101.0	42.8	136.0%	23.2	25.0	-7.2%
Income tax expense	(25.6)	(16.4)	56.1%	(5.7)	(6.3)	-9.5%
Net profit after tax	75.4	26.4	185.6%	17.5	18.7	-6.4%
Profit after tax from subsidiaries acquired exclusively with a view to resale	(0.1)	7.7	-101.3%	(0.1)	-	-
Net profit	75.3	34.1	120.8%	17.4	18.7	-7.0%

Key Financial Ratios

	9M'17	9M'16	Change	3Q'17	3Q'16	Change
NIM	4.1%	3.7%	0.4 pp	4.1%	3.8%	0.3 pp
CoR	1.6%	1.4%	0.2 pp	1.8%	1.3%	0.5 pp
Cost / Assets	2.0%	1.8%	0.2 pp	1.9%	1.8%	0.1 pp
CIR	45.8%	47.5 %	-1.7 pp	48.8%	44.6%	4.2 pp
ROE	7.0%	3.2%	3.8 pp	4.8%	5.3%	-0.5 pp

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

VTB Group Financial Highlights: Balance Sheet

Balance Sheet – Key Indicators

Key selected items (in RUB bn)	30-Sep-2017	30-Jun-2017	31-Mar-2017	QoQ	31-Dec-2016	YTD
Gross loan portfolio	9,626.5	9,515.8	9,333.8	1.2%	9,487.0	1.5%
Loans to legal entities	7,200.4	7,194.2	7,105.2	0.1%	7,311.4	-1.5%
Loans to individuals	2,426.1	2,321.6	2,228.6	4.5%	2,175.6	11.5%
Total assets	12,893.7	12,608.9	12,459.9	2.3%	12,588.2	2.4%
Customer deposits	9,065.8	8,510.5	8,130.1	6.5%	7,346.6	23.4%
Deposits of legal entities	5,735.3	5,398.6	5,228.2	6.2%	4,342.3	32.1%
Deposits of individuals	3,330.5	3,111.9	2,901.9	7.0%	3,004.3	10.9%
Total liabilities	11,443.7	11,176.6	11,024.2	2.4%	11,175.3	2.4%
Total shareholders' equity	1,450.0	1,432.3	1,435.7	1.2%	1,412.9	2.6%

Key Asset Quality & Capital Ratios

	30-Sep-2017	30-Jun-2017	31-Mar-2017	QoQ	31-Dec-2016	YTD
NPL ratio ⁽¹⁾	6.4%	6.3%	6.5%	0.1 pp	6.4%	0.0 pp
LLR ratio ⁽²⁾	6.6%	6.6%	7.0%	0.0 pp	6.7%	-0.1 pp
Tier I	12.9%	13.1%	13.4%	-0.2 pp	12.9%	0.0 pp

(1) 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.

(2) Loan-loss reserve ratio represents allowance for loan impairment to total gross loan portfolio including financial assets classified as loans and advances to customers pledged under repurchase agreements.



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