



**VOZROZHDENIE
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THE BANK THAT IS ALWAYS WITH YOU

Leaving a tough year behind



**Conference call
April 6, 2016**

FY 2015 highlights

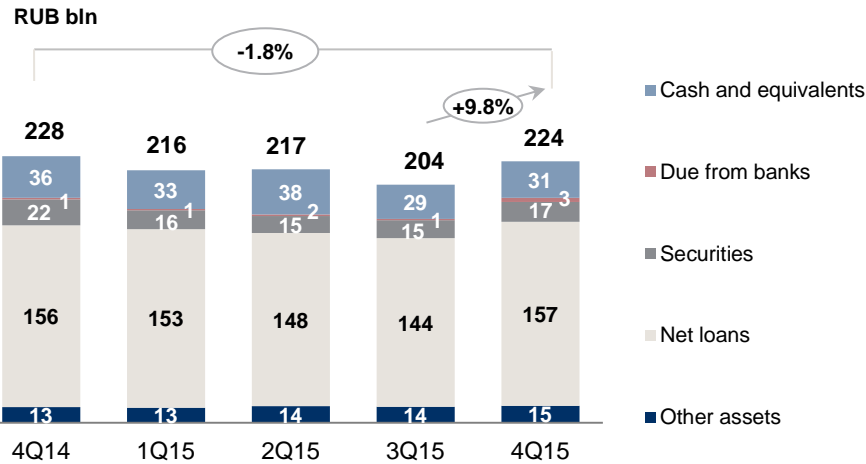
Balance sheet	01.01.2016	01.10.2015	QoQ	01.01.2015	YoY
Assets, RUB billion	223.9	203.9	+9.8%	227.9	-1.8%
Liquid assets ratio, %	21.1%	21.42%	-0.3 pps	24.9%	-3.8 pps
Loan portfolio, RUB billion	173.4	158.5	+9.4%	170.2	+1.9%
Retail loan portfolio, RUB billion	52.7	50.3	+4.8%	46.2	+14.0%
Corporate loan portfolio, RUB billion	120.7	108.3	+11.5%	123.9	-2.6%
NPL ratio (1 day+), %	11.51%	10.09%	+1.42 pps	10.03%	+1.48 pps
Customer funds, RUB billion	169.7	159.5	+6.4%	174.2	-2.6%
Retail funds, RUB billion	127.2	115.5	+10.1%	122.8	+3.6%
Corporate funds, RUB billion	42.4	44.0	-3.5%	51.4	-17.4%
Common equity Tier 1 N1.1, %	8.3%	10.0%	-1.7 pps	9.3%	-1.0 pps
Total capital ratio N1.0, %	13.0%	11.7%	+1.2 pps	12.0%	+1.0 pps

P&L	2015	YoY	Q4 2015	QoQ
Net interest income, RUB billion	10.1	+2.8%	2.4	-9.3%
Net fees and commissions, RUB billion	3.8	-4.0%	1.0	+2.0%
Operating income before provisions, RUB billion	15.0	+4,5%	3.5	-7,9%
Operating expenses, RUB billion	9.1	-2,3%	2.2	-5,8%
Net loss, RUB billion	(3.8)	-	(1.2)	-36.8%
Cost of risk ratio, %	5.7%	+3.8 pps	5.1%	-3.3 pps
NIM, %	4.7%	+9 bps	4.4%	-50 bps
ROE, %	-16.5%	-21.7 pps	-22.8%	+12.4 pps

Assets

Asset structure

Key points



Assets decreased YoY due to a contraction in the liquid assets.

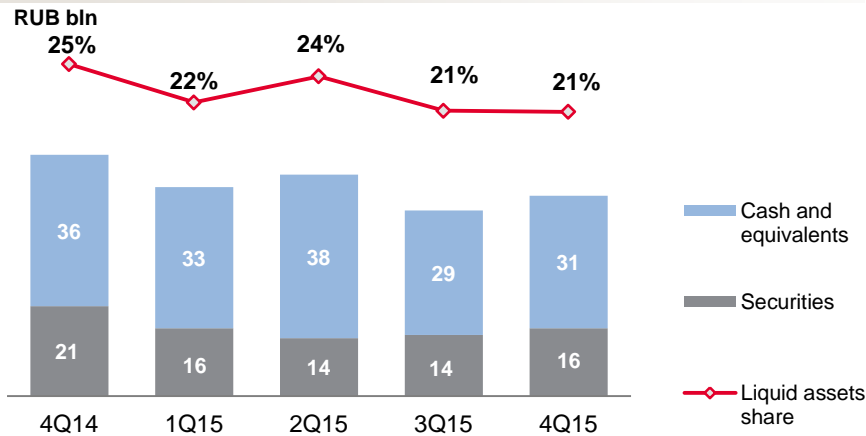
Balance sheet expansion in Q42015 was driven by a recovery of net loan book by **9.1%**.

The share of interest-earning assets grew by **1.0 pps** since December 31, 2014 to **79.5%**.

Growth in other assets resulted from revaluation of premises and equipment bringing their fair value up by **RUB 2.2 billion**.

Liquid assets

Key points

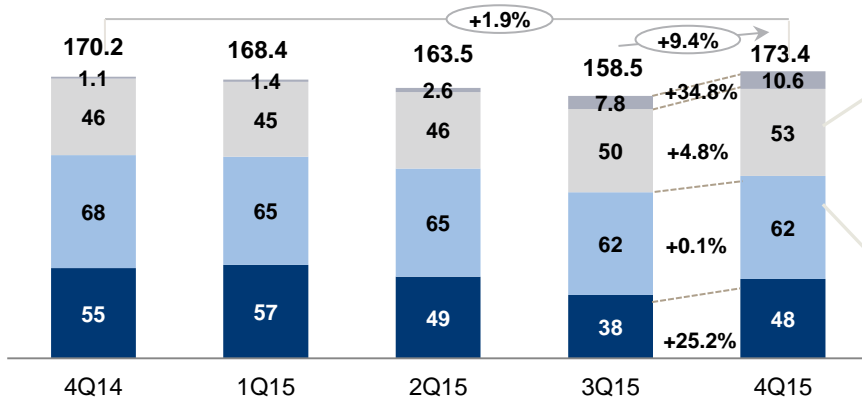


The share of liquid assets lost **3.8 pps** over the year principally owing to a shrunk of the liquidity cushion, which the bank formed to get through the extremely volatile end of 2014: cash and equivalents were down **12.2%** and securities portfolio – down **22.4%**.

Loan portfolio

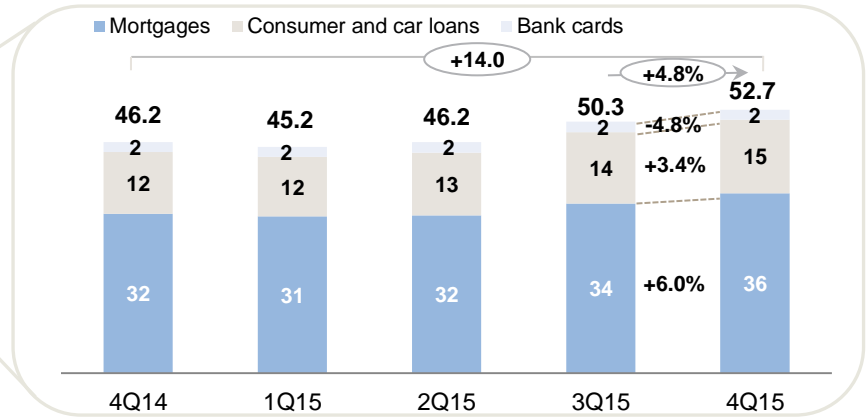
Loan portfolio expanded across all the segments

Loans to large corporates SME loans Retail loans Loans to administrations RUB bln



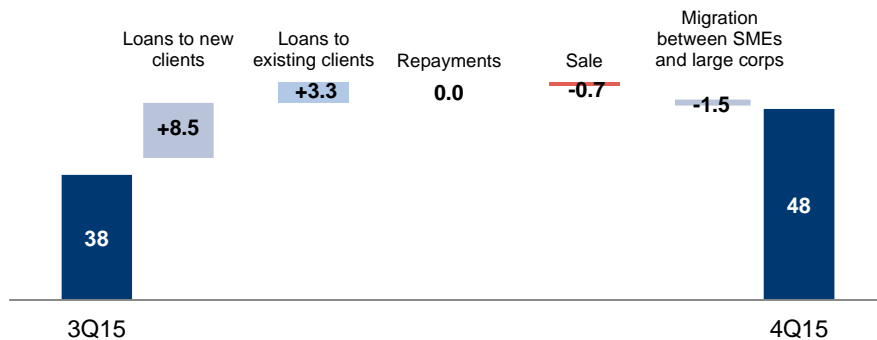
Retail lending recovered

Mortgages Consumer and car loans Bank cards RUB bln



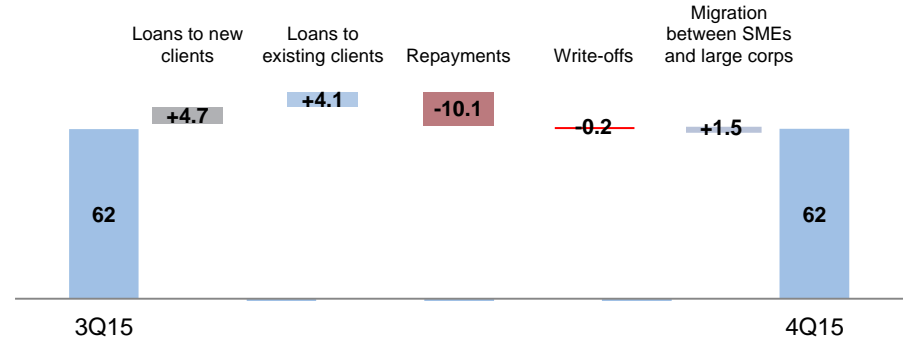
Large corporate loan book expanded

RUB bln



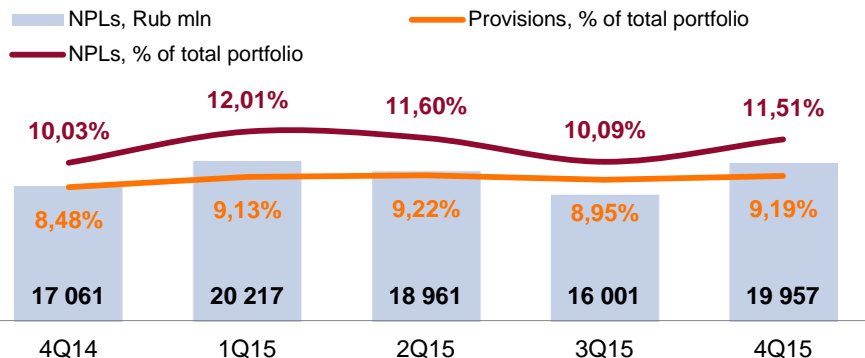
SMEs remained stable

RUB bln



Credit quality management

NPLs dynamics



* NPL includes the whole principal of loans at least one day overdue either on principal or interest as well as impaired but not overdue loans

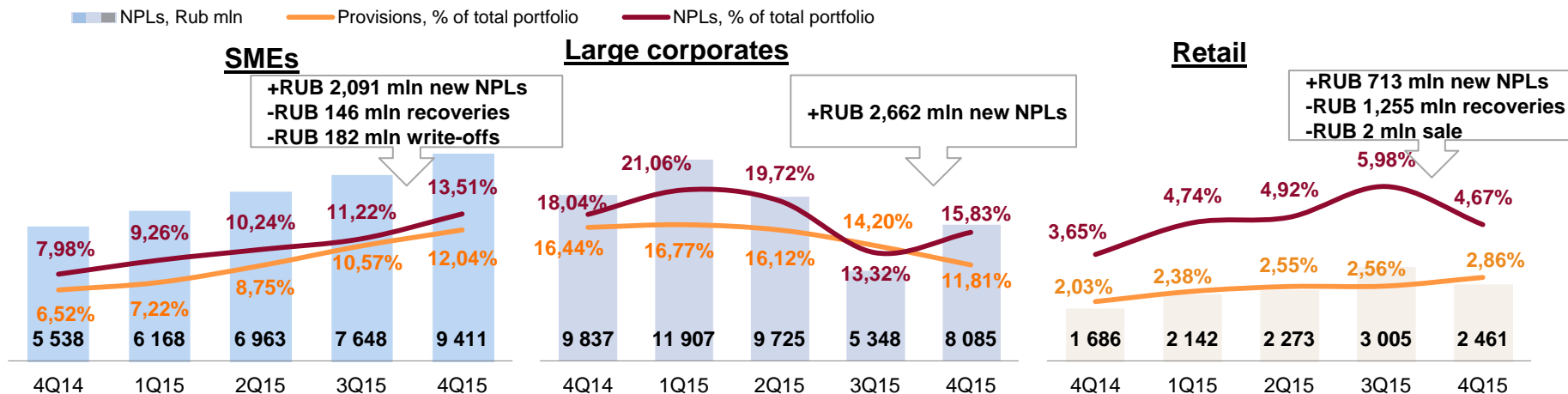
Key points

Share of NPLs was up by 1.48 pps YoY to 11,5%. Growth of problem loans was due to SMEs (+3,9 bln YoY), while large corps were down by 1,8 bln on the back of write-offs in Q2 and Q3

90 days + overdue stood at RUB 14,1 bln or 8,1% of total portfolio, in retail it's just RUB 1,3 bln or 2.5% of retail portfolio.

Improvement in Q4 in retail was due to better payment discipline.

NPLs categorisation



Credit quality

RUB mln											
As of December 31, 2015	Large corporates	% of provisions	SMEs	% of provisions	Mortgages	% of provisions	Other retail	% of provisions	Total	% of provisions	Total provisions to NPLs Ratio
Gross loans including	51 071	-11,8%	69 637	-12,0%	35 938	-1,5%	16 733	-5,8%	173 379	-9,2%	79.8%
Current loans	36 410	-1,5%	60 226	-2,0%	34 725	-0,1%	15 485	-0,2%	146 846	-1,2%	
Loans with signs of impairment, individually assessed for impairment but not impaired	6 576	-15,1%	--	--	--	--	--	--	6 576	-15,1%	Total provisions to 90 days+ NPLs
Impaired but not overdue loans	1 463	-31,6%	1 114	-57,7%	--	--	--	--	2 577	-42,9%	112.9%
Overdue less than 90 days	1 200	-2,1%	944	-27,9%	666	-3,9%	461	-34,1%	3 271	-14,4%	
Overdue over 90 days	5 422	-73,7%	7 353	-85,5%	547	-86,8%	787	-98,7%	14 109	-81,8%	Rescheduled Loans
Total NPLs	8 085	-55,5%	9 411	-76,4%	1 213	-41,3%	1 248	-74,8%	19 957	-65,7%	5.2%

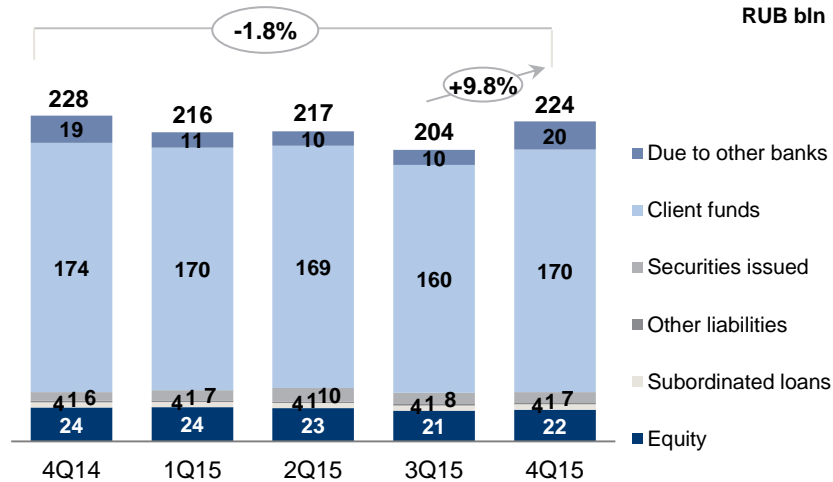
NPL - the whole principal of loans at least one day overdue either on principal or interest as well as impaired but not overdue loans



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Liabilities

Liabilities structure

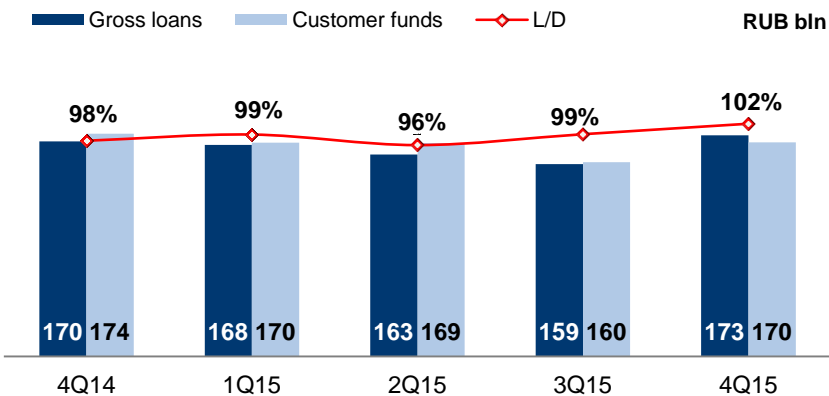


Key points

Liabilities decreased year-over-year due to 2.6% decline in customer funds.

The asset expansion in 4Q15 was funded by almost twofold raise in loans granted by the Bank of Russia under the pledge of securities to **RUB 19.8 billion (+91.2%)** and by customer accounts widening by **6.4%** to **RUB 170 billion**.

Loans-to-Deposits ratio

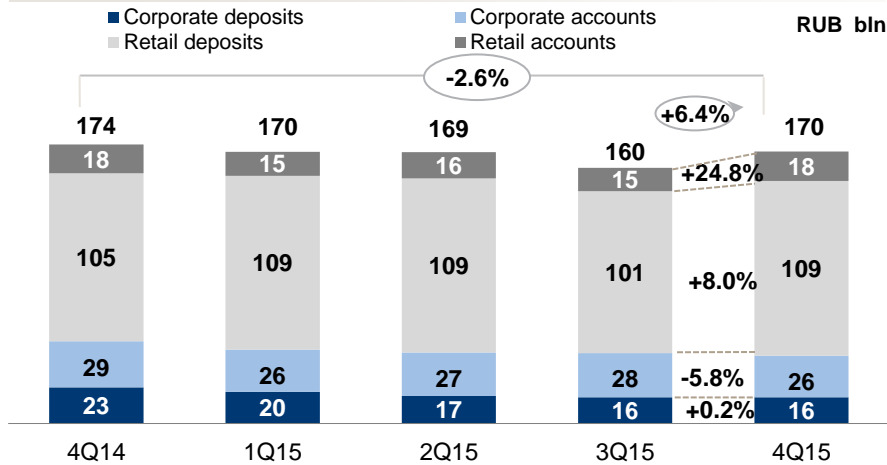


Key points

L/D ratio raised to **102%** on the back of outpacing lending growth, though remained within the comfortable range.

Customer funds

Customer funds structure



Key points

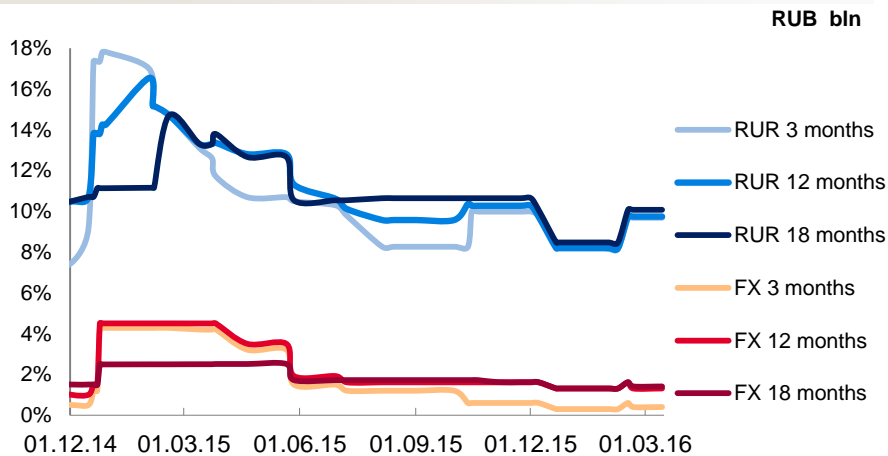
Customer accounts decreased by 2.6% year-over-year mainly on the back of continuing trend of corporate deposits and current accounts outflow (-27.5% and -9.6%, respectively).

Retail deposits were up 4.1% during the year and recovered to the level of the end of 2Q15 after a one-off outflow of VIP FX deposits in August 2015.

Card accounts balances jumped by 24.8% in Q415 due to a seasonal growth of credit turnovers on payroll accounts.

The share of current accounts in customer funds comprised 26,1%.

Dynamics of effective rates on retail deposits



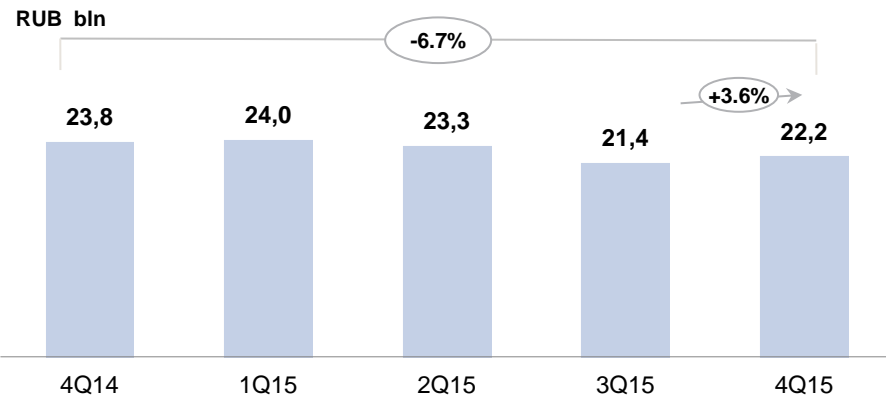
Key points

In 2015 substantial amounts of retail deposits were attracted for short terms – less than a year. The bank intentionally did not promote longer-term deposits in expectation of rate moderation which fell to the year-end, when clients re-allocate their funds. Expansion of deposits with maturity over 12 months was up by 67.6% in Q415.

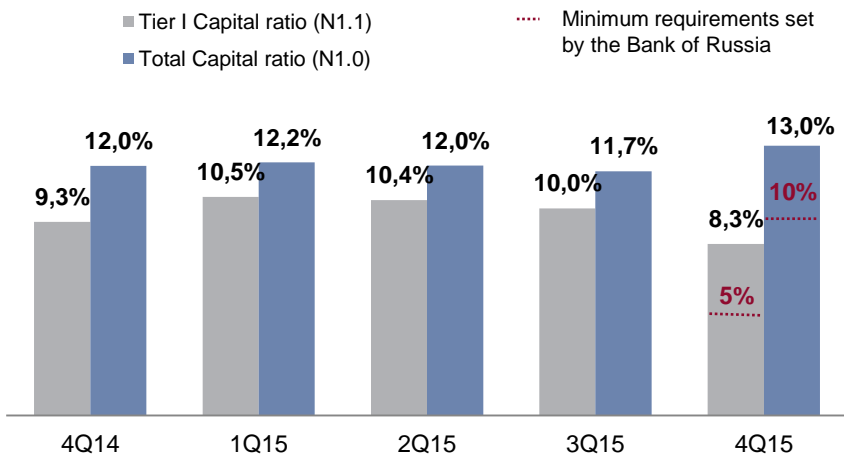
In Q415 funds attracted for terms less than six months also saw positive dynamics (+15.2%), as a number of short-term deposits expired in the year-end.

Capital position

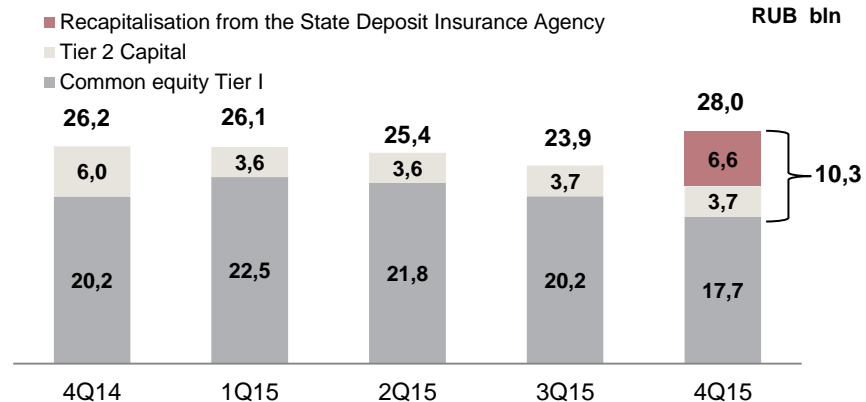
IFRS capital



Capital adequacy under Basel III



Basel III regulatory capital



Key points

The bank's equity declined by **6.7%** over the reporting period to **RUB 22.2 billion**. The decrease was driven by a loss absorbed in 2015 and was partially offset by **RUB 1.9 billion** of premises and equipment positive revaluation.

In 2015, the bank's Tier 1 capital decreased resulting from a loss incurred. **RUB 6.6 billion** that were raised under the re-capitalisation programme of the State Deposit Insurance Agency replenished Tier II capital and supported the total equity.

N1.1 norm moderated to **8.3%** while the minimum set level is 5% and N1.0 norm was up to **13%** while the minimum set level is 10%.

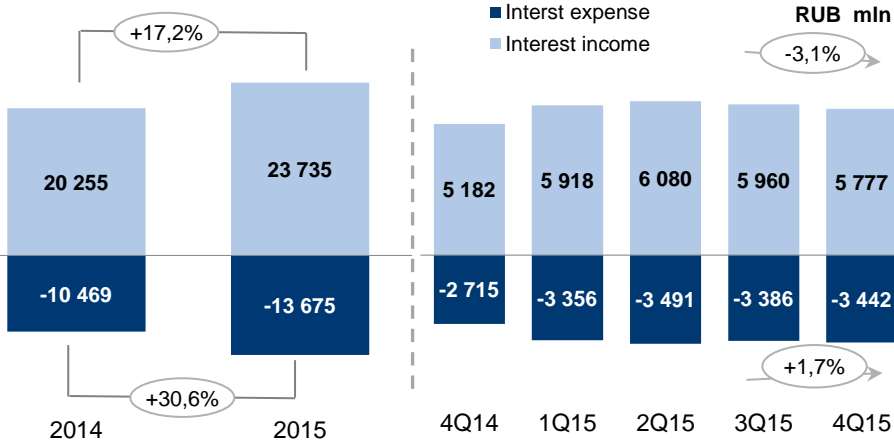
Financial highlights

RUB mln

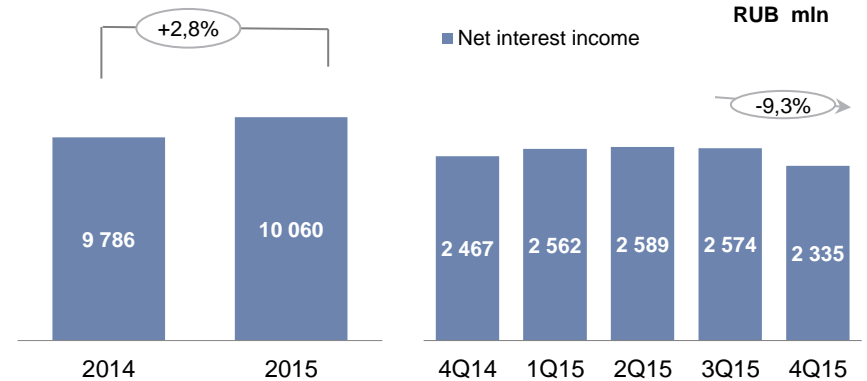
<i>As of December 31, 2015</i>	4Q 2015	3Q 2015	QoQ	2015	2014	YoY
Interest income	5,777	5,960	-3.1%	23,735	20,255	+17.2%
Interest expense	(3,442)	(3,386)	+1.7%	(13,675)	(10,469)	+30.6%
Fee and commission income	1,203	1,170	+2.8%	4,571	4,720	-3.2%
Fee and commission expense	(214)	(200)	+7.0%	(765)	(756)	+1.2%
Other operating income	133	209	-36.4%	1,158	629	+84.1%
Total operating income b.p.	3,457	3,753	-7.9%	15,024	14,379	+4.5%
Operating expenses	(2,161)	(2,295)	-5.8%	(9,146)	(9,364)	-2.3%
Provisions for loan impairment	(2,132)	(3,387)	-37.1%	(9,451)	(3,192)	x3
Provisions for impairment of other assets	(904)	(84)	X10.8	(1,023)	(238)	X4.3%
Provisions for credit related commitments	(29)	(14)	X2.1	49	(92)	-
Loss from premises and equipment revaluation	(182)	-	-	(182)		
Taxation	710	62	X11.5	954	(289)	-
Net loss (profit)	(1,241)	(1,965)	-36.8%	(3,775)	1,204	-

Net interest income

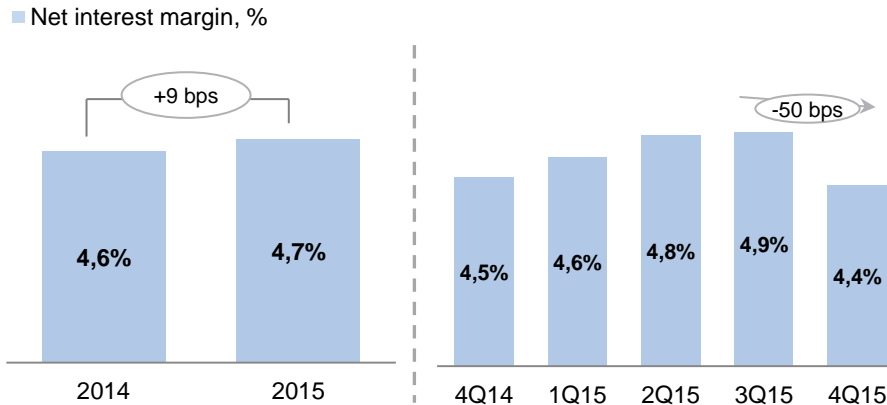
Interest income and expense



Net interest income



Net interest margin



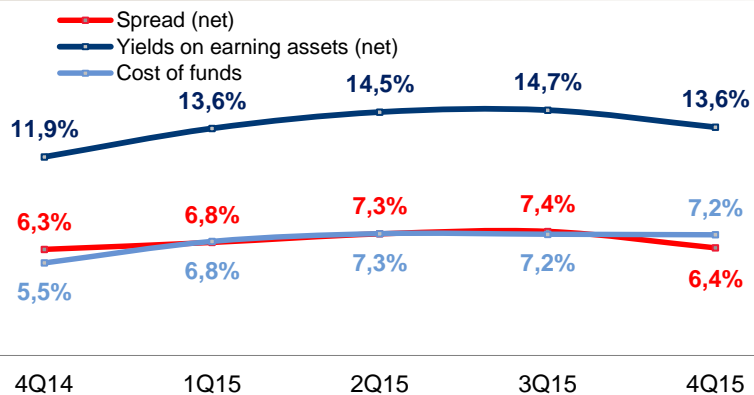
Key points

In 2015 the bank's interest income grew by 17.2% on the back of the active repricing of corporate loans and retail book widening. In the reporting quarter the indicator declined by 3.1% reflecting lower rates on corporate loans granted during the second half of the year and the fact that the loan portfolio growth came just at the year-end.

Interest expense added 30.6% in 2015 amid a jump in funding rates at the end of 2014 after the key rate elevation. Retail deposit rates gradually moderated during 2015. In Q415 interest expense advanced by 1.7% as a result of the deposit base recovery after a one-off outflow in August 2015.

Interest rates

Net interest spread



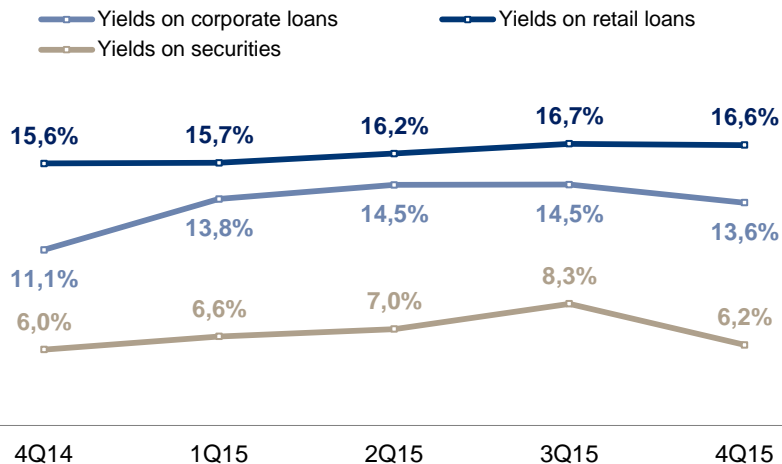
Key points

Throughout 9M15 the bank enhanced net interest spread, offsetting moderate growth of funding costs with higher corporate loan rates.

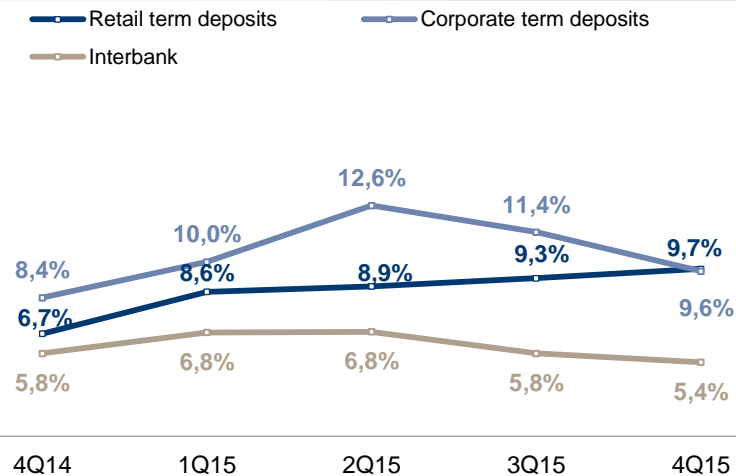
In 4Q14 spread was 98 bps down due to lower yields on corporate loans (on the back of a lower base during the major part of the quarter, vivid portfolio growth just at the end of the quarter and lower rates) and securities (that were related to a moderation of market volatility).

In 4Q15 the bank also optimised funding costs on the corporate deposit book, decreasing average funding rate by 180 bps.

Yields

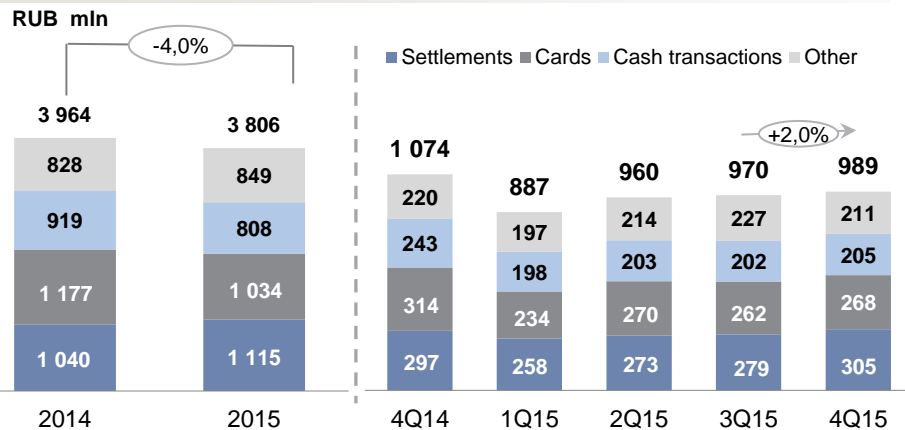


Funding rates

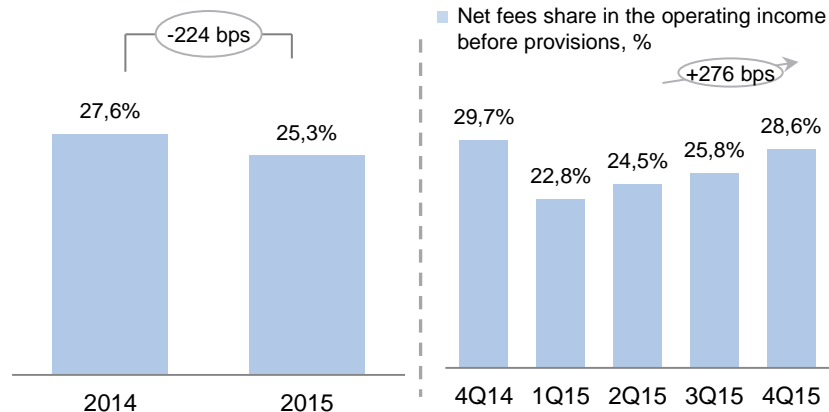


Fee and commission income

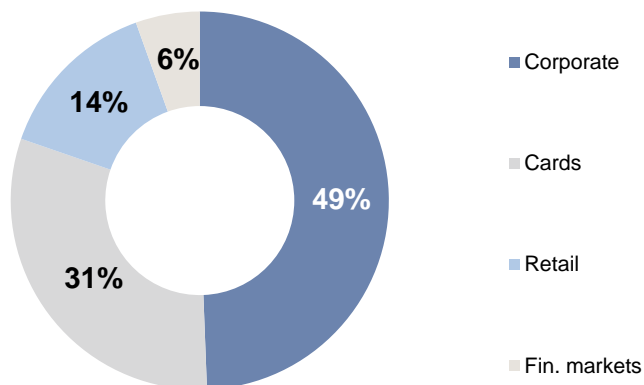
Net fee and commission income dynamics



Share of fees & commissions in the operating income



Non-interest income structure



Key points

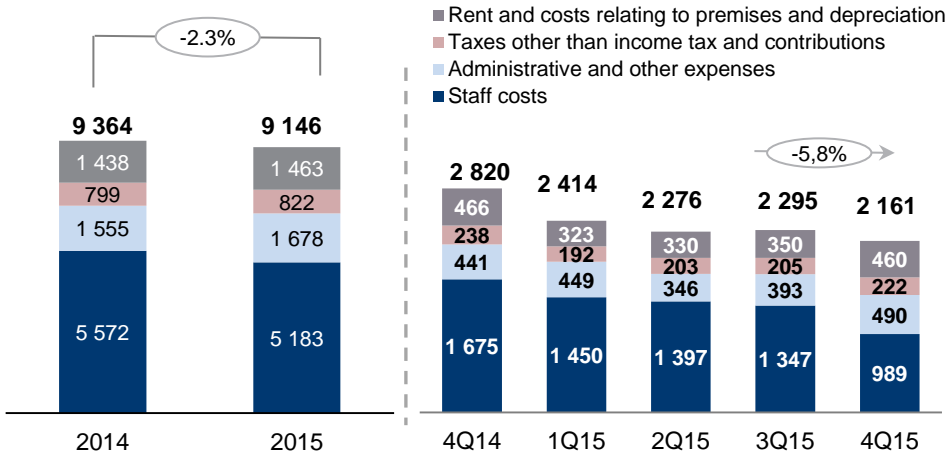
2015 net fee and commission income decreased by 4% versus 2014 due to a decline in income from operations with cash and bank cards operations amid shrinking average commissions level and toughening competition in the segment.

Fee and commission income saw positive quarterly dynamics after the trough in 1Q15 largely as a result of efforts on launching and promoting new products related to streamlining settlements processing.

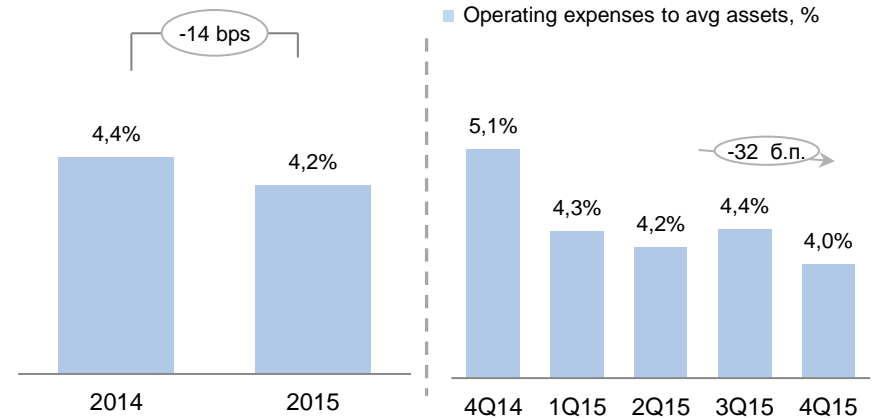
Throughout 2015 the share of fees & commissions in the operating income before provisions was growing and reached 28.8% in 4Q15.

Operating expenses

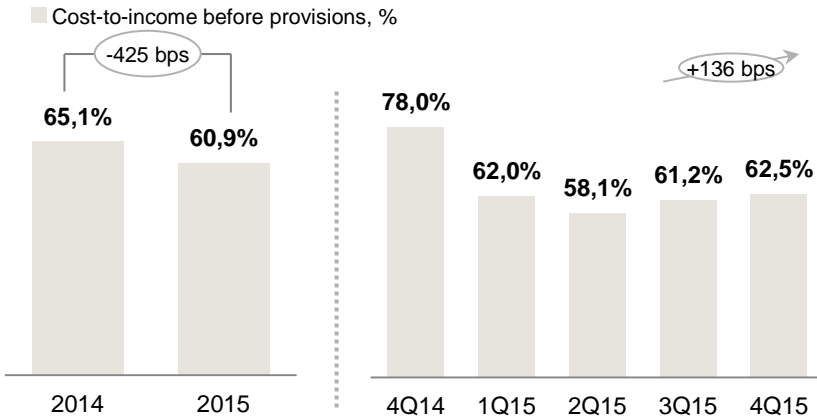
Operating expenses structure



Cost-to-assets ratio



Cost-to-income ratio



Key points

For the first time since 2009 the bank managed to cut operating expenses in absolute terms by **2.3%** over the year that was primarily a result of a **10.5%** decrease in the average staff headcount. In 4Q15 personnel expense declined by **26.6%**.

Other expenses grew in 4Q15, reflecting growth in costs on non-core assets maintenance in the year-end.

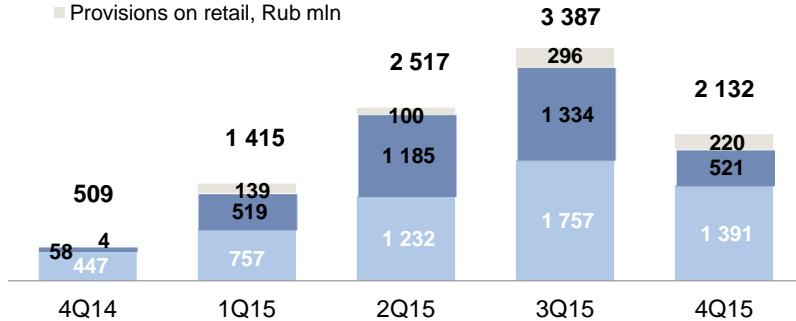
4Q15 cost-to-income ratio raised as a result of a decrease in operating income.

Charges to provisions

Charges to loan loss provisions across segments

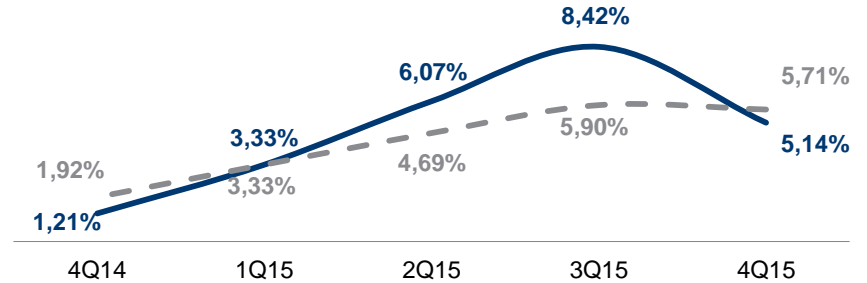
RUB mln

- Provisions on SMEs, Rub mln
- Provisions on large corps, Rub mln
- Provisions on retail, Rub mln



Cost of risk

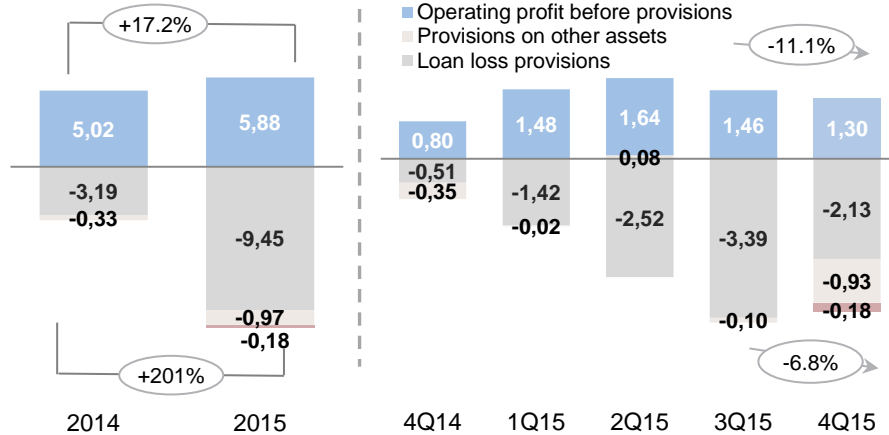
- Charges to provisions to avg gross loans, QoQ
- Charges to provisions to avg gross loans, YtD



Operating profit and provisions

RUB bln

- Loss from revaluation of premises & equipment
- Operating profit before provisions
- Provisions on other assets
- Loan loss provisions



Key points

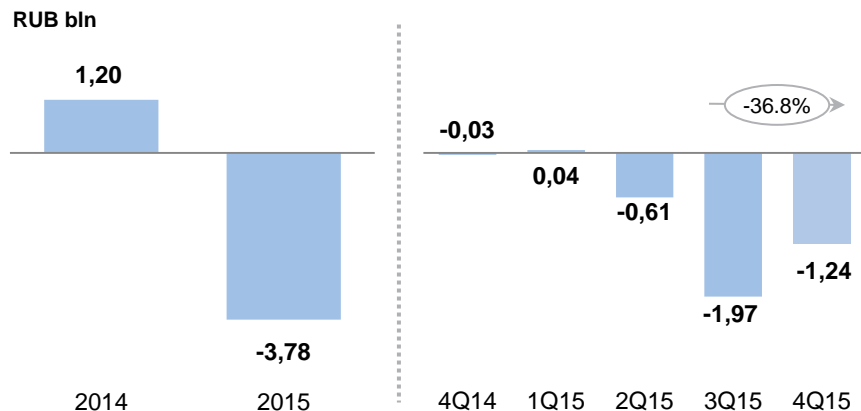
In 2015 the growth of operating profit was fully offset by charges to provisions.

One-off spike in charges to non-core assets provisions to RUB 904 million in 4Q15 was largely reasoned by overall repricing of the portfolio.

Loss from revaluation of premises & equipment is a negative result on a number of objects revaluation that should be accounted in P'n'L. Net result of premises repricing, reflected in the capital position, was positive (+RUB 2 billion).

Net profit (net loss)

Net profit / net loss



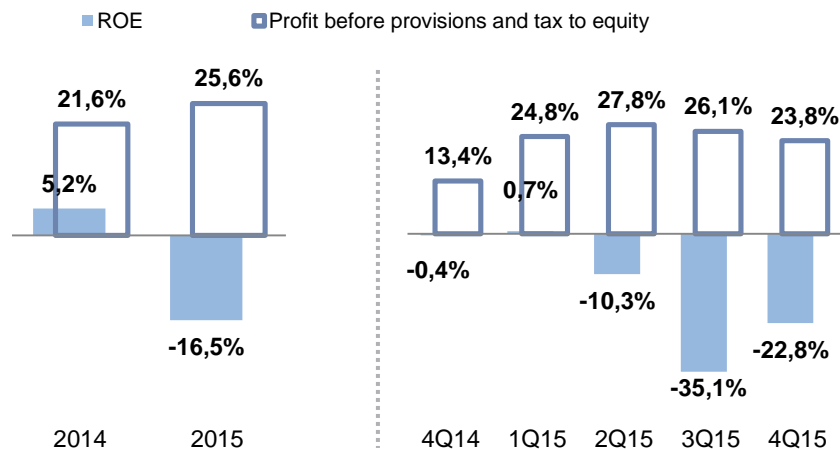
Key points

RUB 3.8 billion net loss for 2015 came from high charges to provisions.

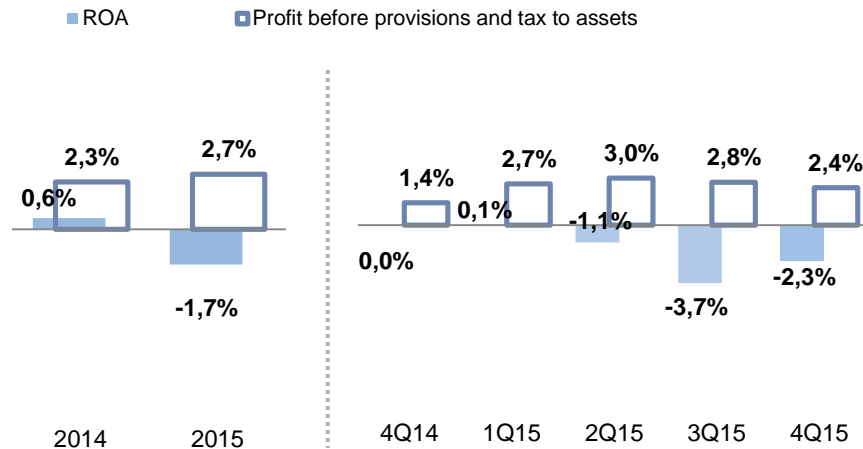
Income from the income tax **RUB 954 million** versus RUB 289 million of income tax expense in 2014 owing to the recognised deferred tax asset for 2015 that amounted to **RUB 916 million** with regard to the tax expense that will decrease the income tax base during further reporting periods.

2015 profit before provisions and tax to equity improved by **4.1 pps** to **25.6%**, that was reasoned by a progress in interest and trading income and lower operating costs.

ROE



ROA



Key 2015 highlights

- Strong operating income due to solid interest and trading income
- Improved operating efficiency and cut of operating expenses
- High provisioning charges resulted into a loss in 2015
- Retail loan book as a key driver of loan portfolio growth
- Funding base maintained
- Regulatory capital strengthened



Disclaimer

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Vozrozhdenie Bank (the Bank). Such forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future.

The Bank cautions 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.

The Bank is not responsible for statements and forward-looking statements including the following information:

- assessment of the Bank's future operating and financial results as well as forecasts of the present value of future cash flows and related factors;
- economic outlook and industry trends;
- the Bank's anticipated capital expenditures and plans relating to expansion of the Bank's network and development of the new services;
- the Bank's expectations as to its position on the financial market and plans on development of the market segments within which the Bank operates;
- the Bank's expectations as to regulatory changes and assessment of impact of regulatory initiatives on the Bank's activity.

Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include:

- risks relating to changes in political, economic and social conditions in Russia as well as changes in global economic conditions;
- risks related to Russian legislation, regulation and taxation;
- risks relating to the Bank's activity, including the achievement of the anticipated results, levels of profitability and growth, ability to create and meet demand for the Bank's services including their promotion, and the ability of the Bank to remain competitive.

Many of these factors are beyond the Bank's ability to control and predict. Given these and other uncertainties the Bank cautions not to place undue reliance on any of the forward-looking statements contained herein or otherwise.

The Bank does not undertake any obligations to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.

Questions and answers



Andrey Shalimov
Deputy Chairman of
the Management Board
A.Shalimov@voz.ru



Elena Mironova
Deputy Head of IR
+7 495 620 90 71
E.Mironova@voz.ru

investor@voz.ru
<http://www.vbank.ru/en/investors>



**VOZROZHDENIE
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THE BANK THAT IS ALWAYS WITH YOU

Vozrozhdenie Bank FY 2015 results under IFRS



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