



**VOZROZHDENIE
BANK**

THE BANK THAT IS ALWAYS WITH YOU

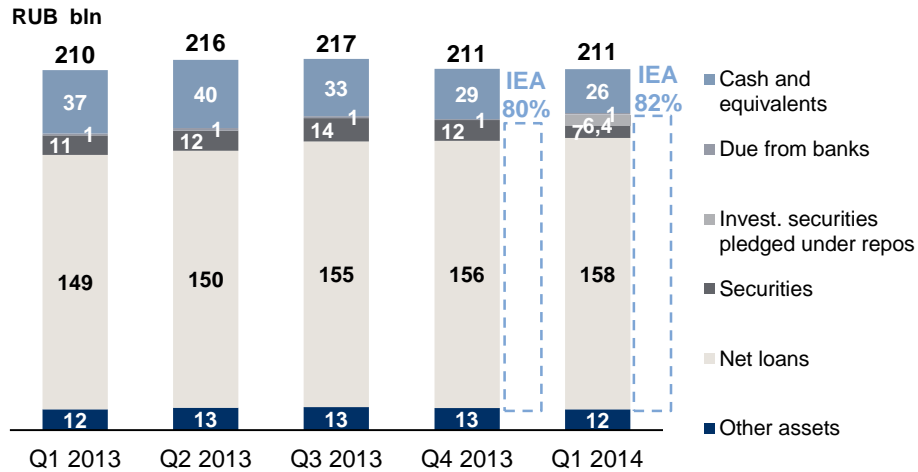
Q1 2014 IFRS Results Flexibility adds value



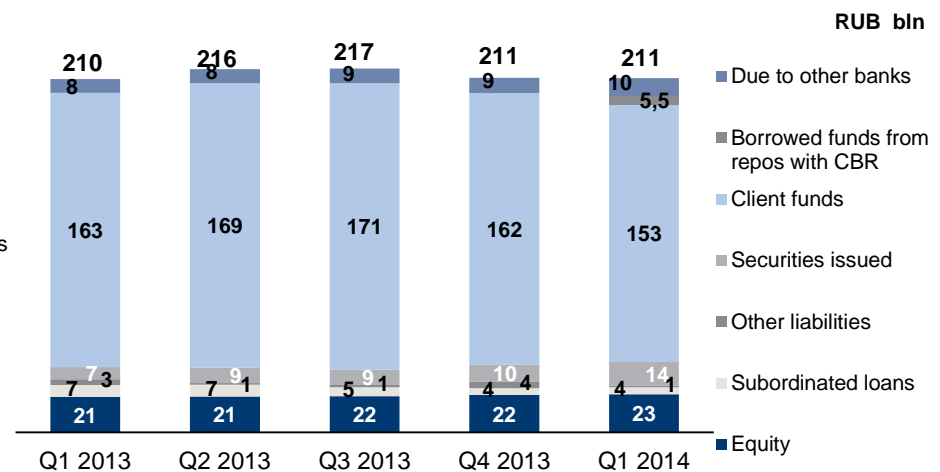
Conference Call
May 28, 2014

Assets and liabilities

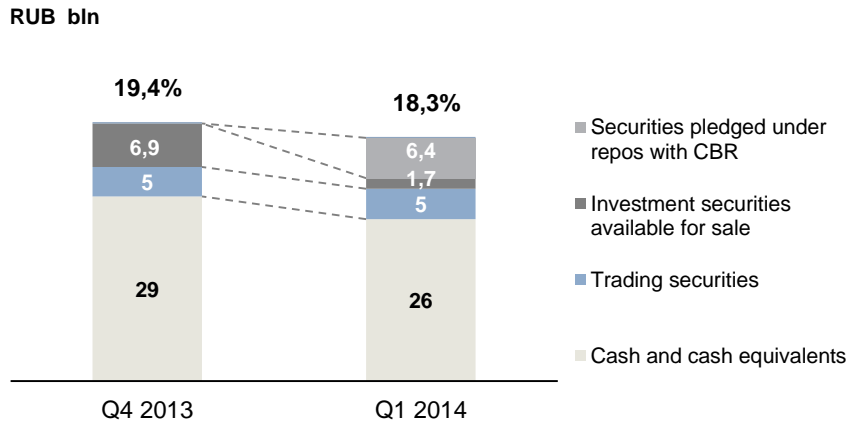
Interest-earning assets grew to 82% of balance sheet



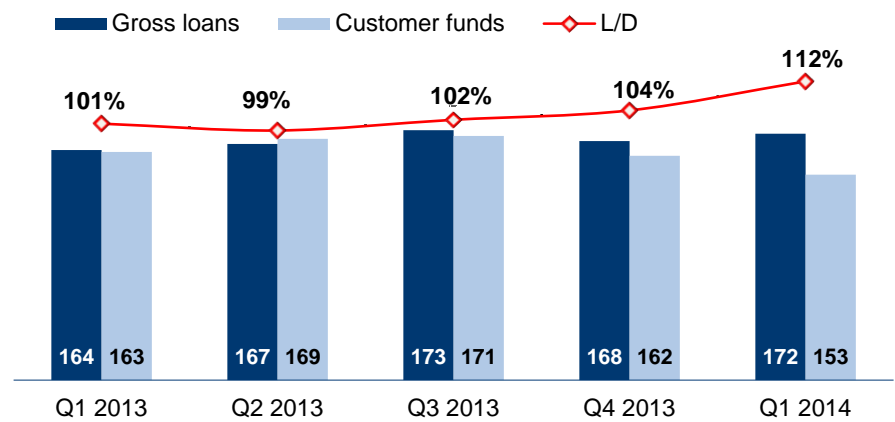
Diversified funding structure



Liquid assets share at a comfortable level

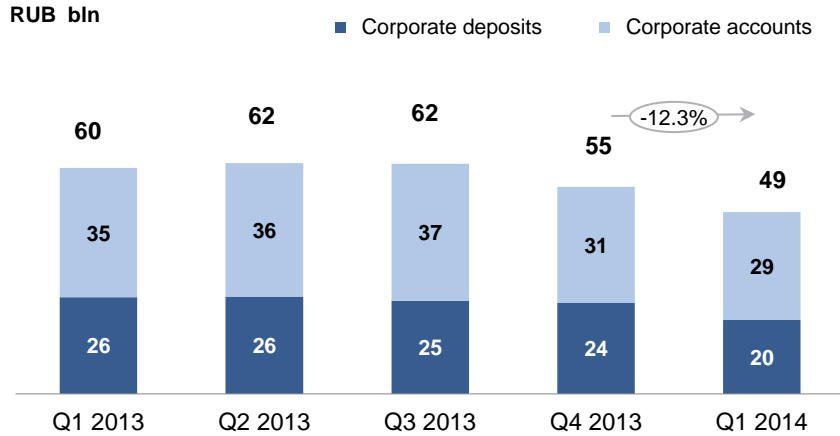


L/D ratio up as client funds replaced by CBR financing

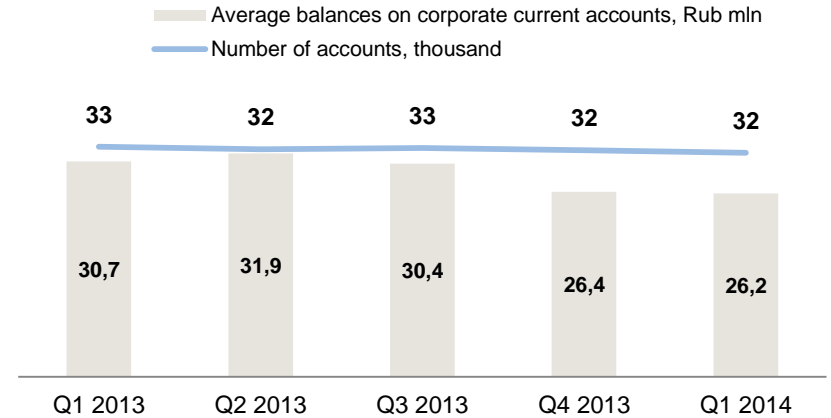


Customer funds - corporate

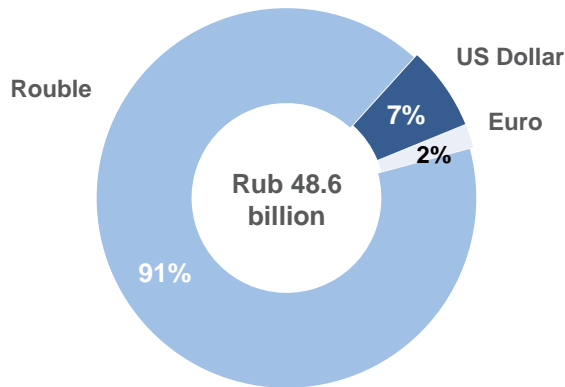
Corporate client funds continues dropping...



... but not due to clients loss



FX structure



Key points

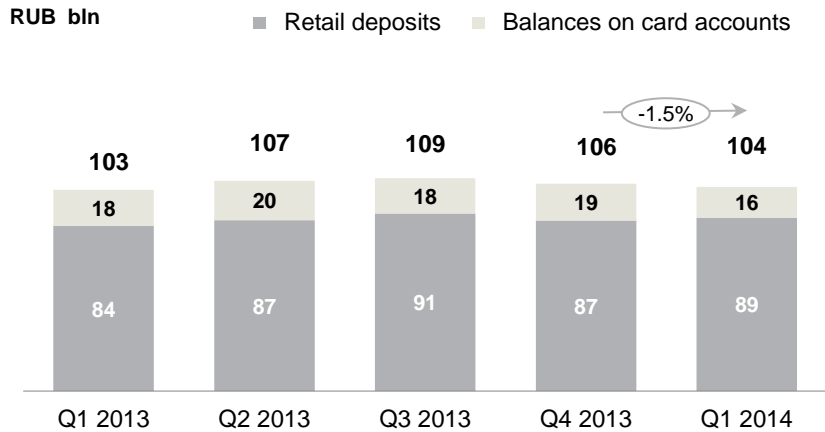
We are reluctant to raise corporate deposits, a volatile funding source, due to fierce competition and heightened market rates.

A decline in corporate accounts resulted from lower average balances across the whole client base that reflected customers' search for diversification and growing needs of their own businesses in working capital.

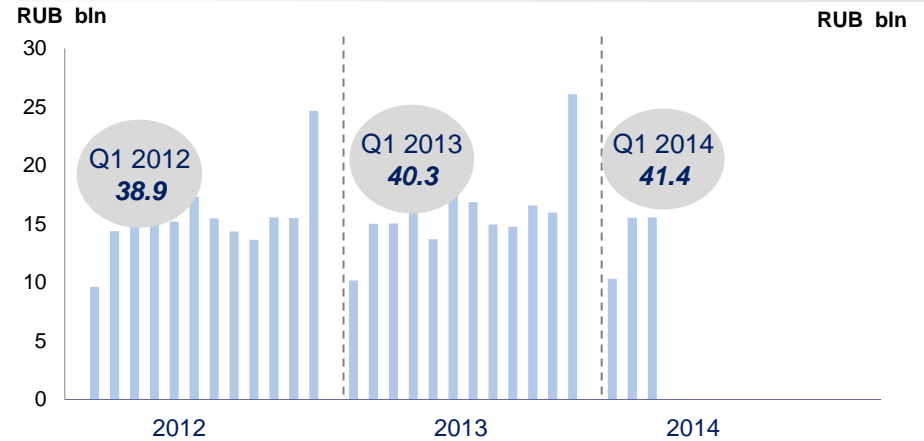
Share of FX corporate funds grew from 7% to 9 % QoQ on the devaluation effect.

Customer funds - retail

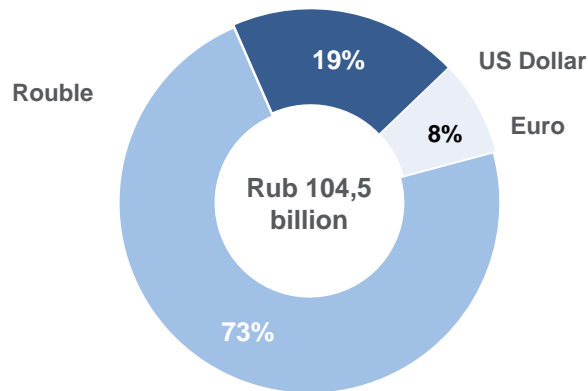
Retail client funds



Credit turnover on card accounts growing



FX structure



Key points

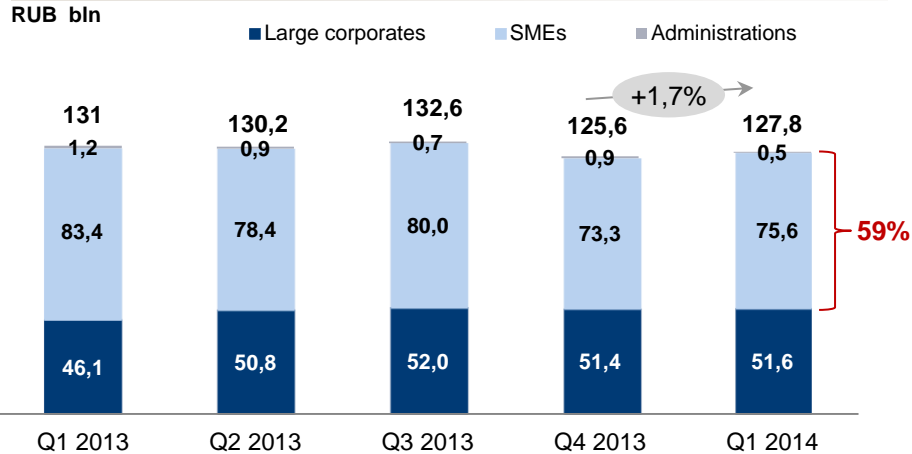
The decline in retail funds was reasoned by seasonal outflow from card accounts during long New Year and Christmas holidays. However, the credit turnover in Q1 2014 improved by 2,7% YoY.

FX deposits were in clients' demand with the proportion in total retail funds growing to 27%.

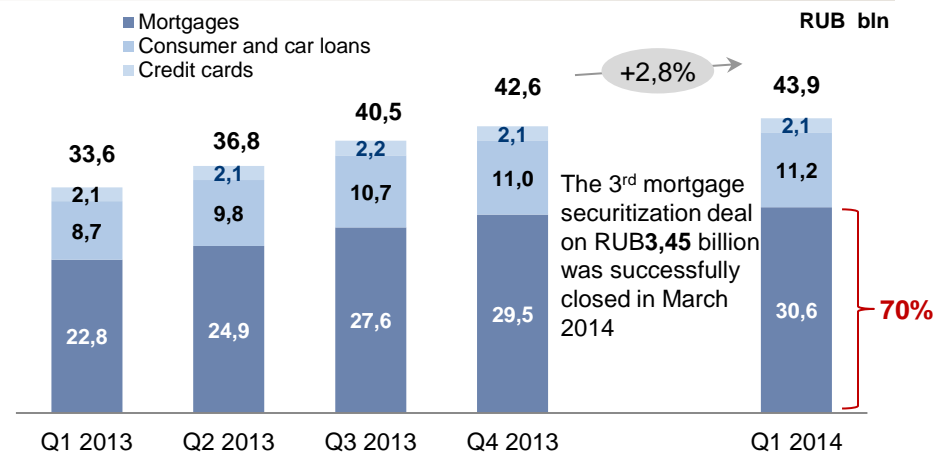
Excluding revaluation effect, retail FX deposits grew by 3,4%.

Loan portfolio

Corporate portfolio free of uncollectable NPLs

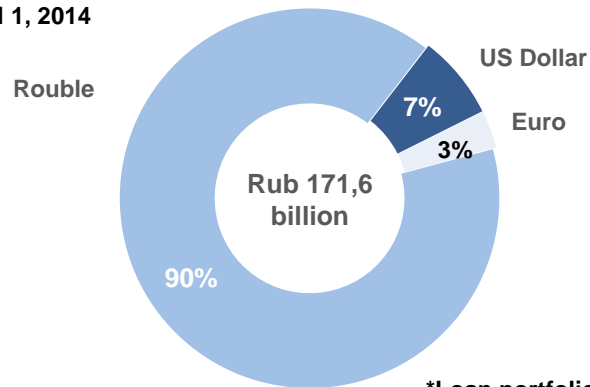


Retail portfolio with mortgages leading the way



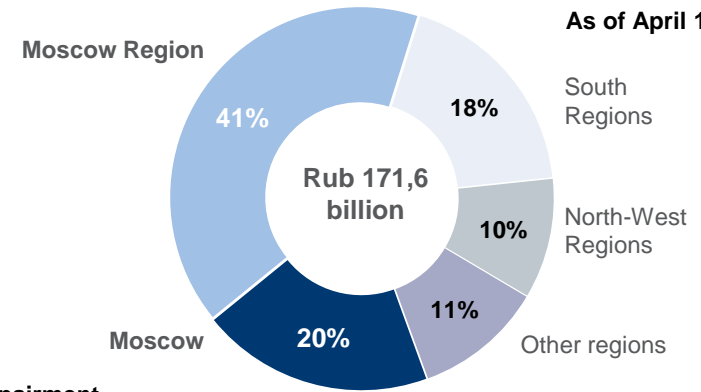
FX structure *

As of April 1, 2014



Regional diversification of loan portfolio *

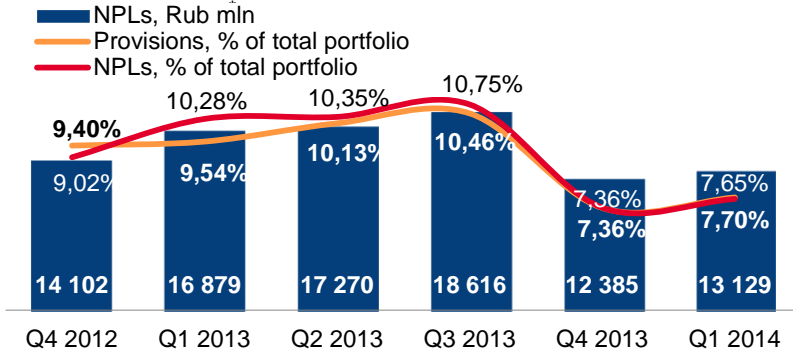
As of April 1, 2014



*Loan portfolio before provisions for impairment

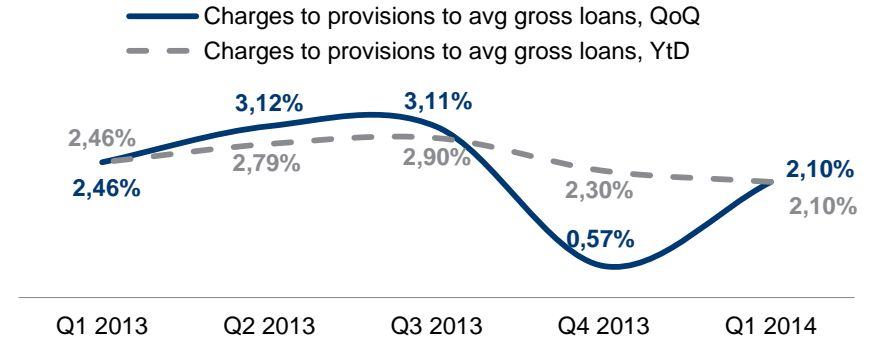
Credit quality management

NPLs dynamics*



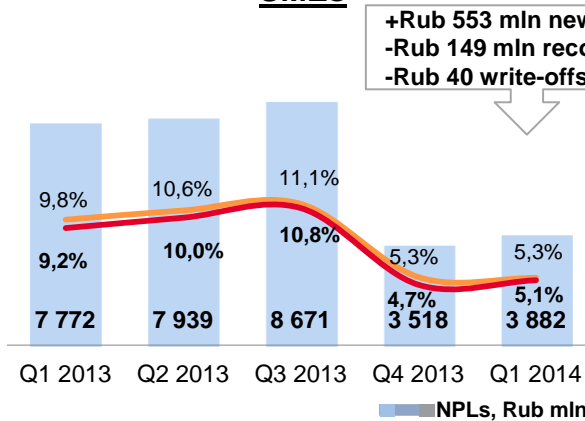
* NPL includes the whole principal of loans at least one day overdue either on principal or interest as well as not overdue loans with signs of impairment

Annualized cost of risk

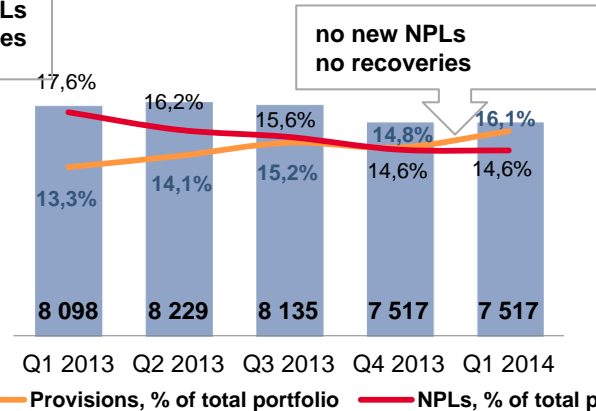


NPLs categorization

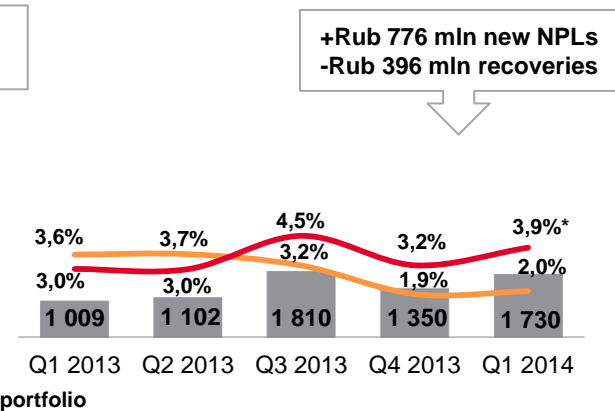
SMEs



Large corporates



Retail



*2,0% of which is overdue less than 30 days

Credit quality

As of 31.03.2014	RUB mln					
	Large corporates	SMEs	Mortgages	Other retail	Total	
Gross loans, including	51,573	76,178	30,622	13,233	171,606	Provisions to NPLs Ratio
Current loans	85.4%	94.9%	97.0%	93.9%	92.3%	101%
Past-due but not impaired, including	-	0.3%	2.4%	1.8%	0.7%	
Less than 90 days	-	0.1%	2.3%	1.7%	0.6%	
Over 90 days	-	0.2%	0.1%	0.1%	0.1%	
Impaired, including	14.6%	4.8%	0.6%	4.3%	6.9%	Provisions to 90 days+ NPLs
Less than 90 days	-	0.8%	0.1%	0.5%	0.4%	116%
Over 90 days	14.6%	4.0%	0.5%	3.8%	6.5%	
Total NPLs	14.6%	5.1%	3.0%	6.1%	7.7%	
Provisions	-16.1%	-5.3%	-0.9%	-4.6%	-7.7%	Rescheduled Loans
Net Loans	43,274	72,151	30,338	12,630	158,393	6.5%

NPL - the whole amount of loans with principal overdue for more than 1 day as well as loans with any delay in interest payments.

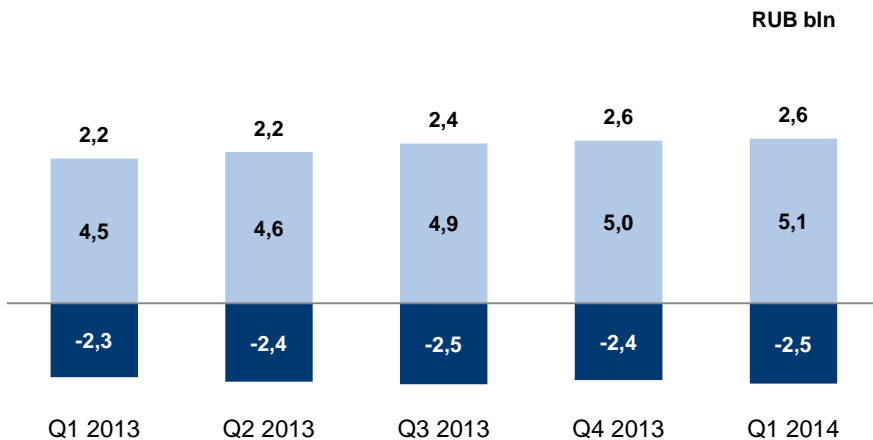
Financial highlights

RUB mln

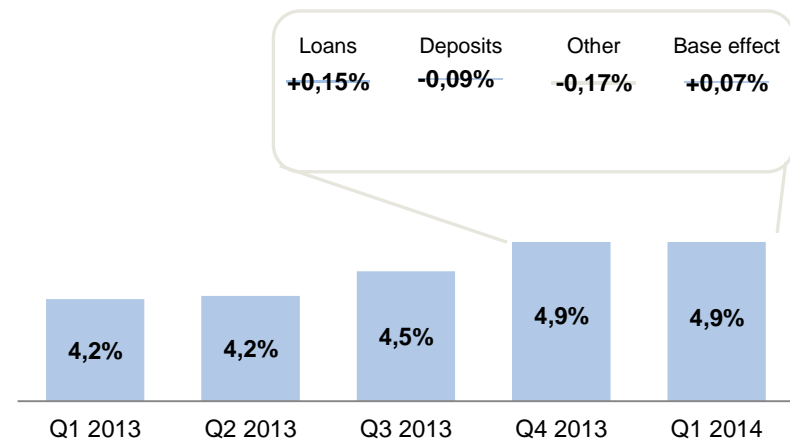
As of 31.03.2014	1Q14	4Q13	1Q13	YoY	QoQ
Interest income	5,063	5,005	4,451	13.7%	1.2%
Interest expense	(2,472)	(2,359)	(2,271)	8.9%	4.8%
Fee and commission income	1,101	1,148	1,222	-9.9%	-4.1%
Fee and commission expense	(185)	(208)	(115)	60.9%	-11.1%
Other operating income	138	96	203	-32.0%	43.8%
Total operating income b.p.	3,645	3,682	3,490	4.4%	-1.0%
Operating expense	(2,187)	(2,417)	(2,091)	4.6%	-9.5%
Provisions for loan impairment	(893)	(244)	(985)	-9.3%	x3.7
Provisions for impairment of other assets	(9)	(121)	21	-	-92.6%
Taxation	(128)	(176)	(102)	25.5%	-27.3%
Net profit	428	724	333	28.5%	-40.9%

Target on NIM achieved

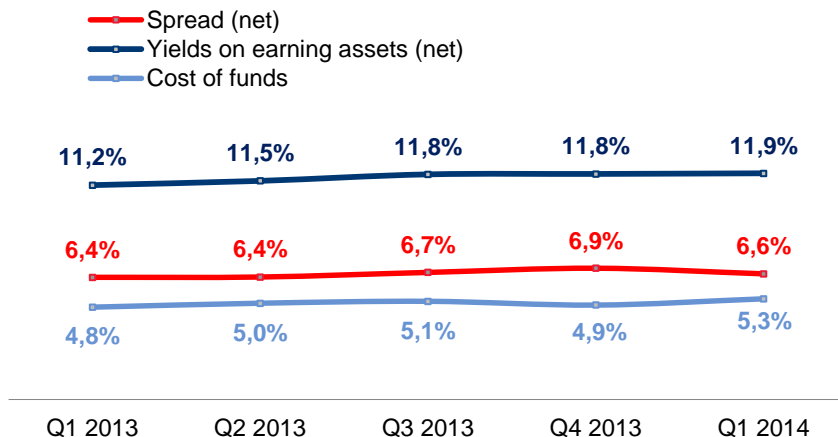
Net interest income evolution



NIM decomposition



Spread dynamics



Recent changes of retail deposit rates

	6 Months RUB	1,5-year RUB	6 Months FX	1,5-year FX
Sep'13	-	-0,25 pps		
Feb'14	-	-	-0,5 pps – -0,6 pps	-0,5 pps – -0,6 pps
Mar'14	-	+0,5 pps – +1 pps	-0,1 pps – -0,3 pps	-0,1 pps – -0,3 pps

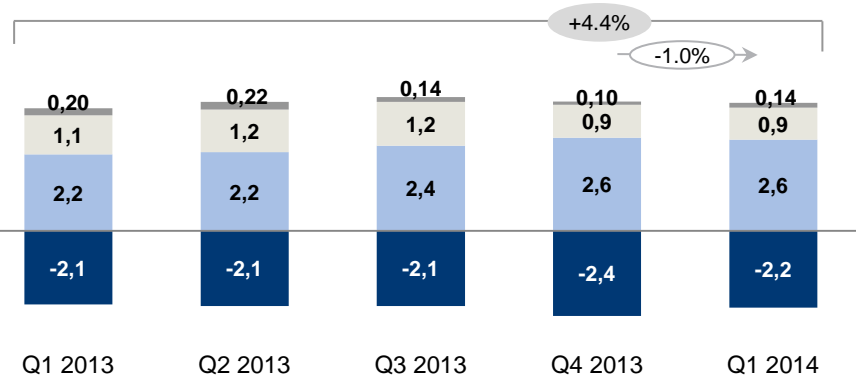


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Operating results

Stable operating result

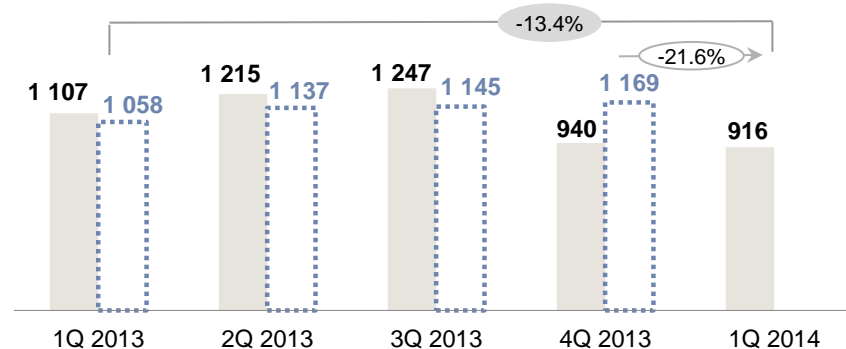
■ Net interest income ■ Net fees ■ Other income ■ Operating Expenses RUB bln



Net fees

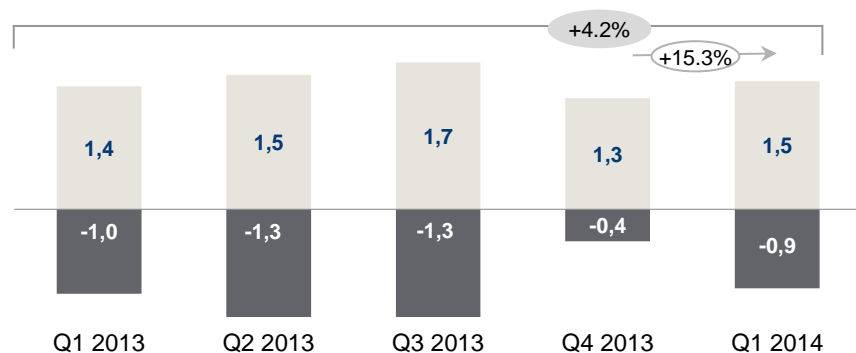
RUB mln

■ Net fee income
 ■ Net fee income with corrected gradual accruals of one-off reclass



Operating profit under provisions pressure

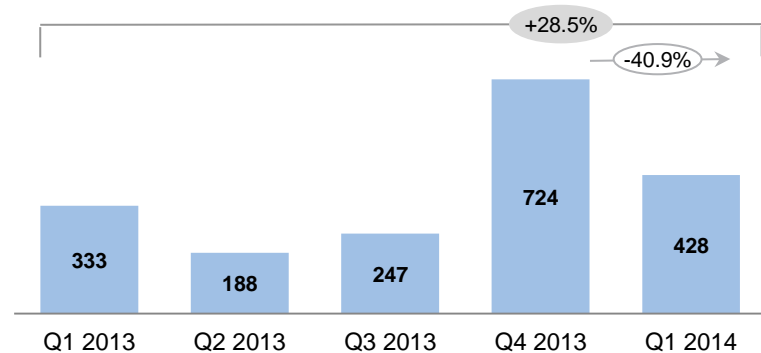
■ Provisions ■ Operating profit before provisions and taxes RUB bln



Net profit

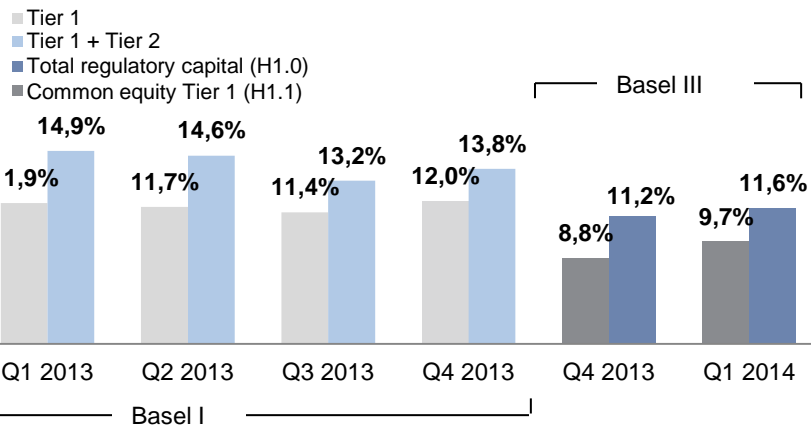
RUB mln

■ Net profit

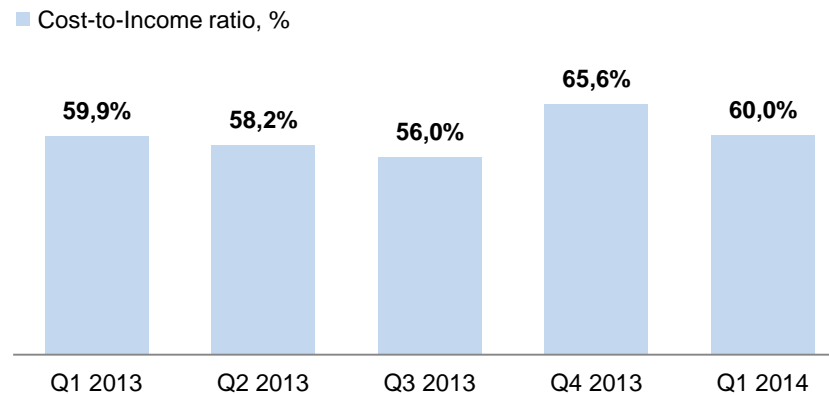


Efficiency indicators

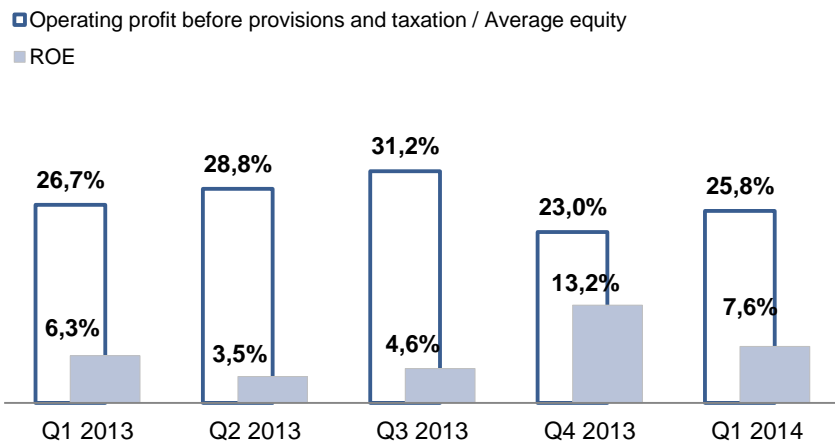
Capital adequacy



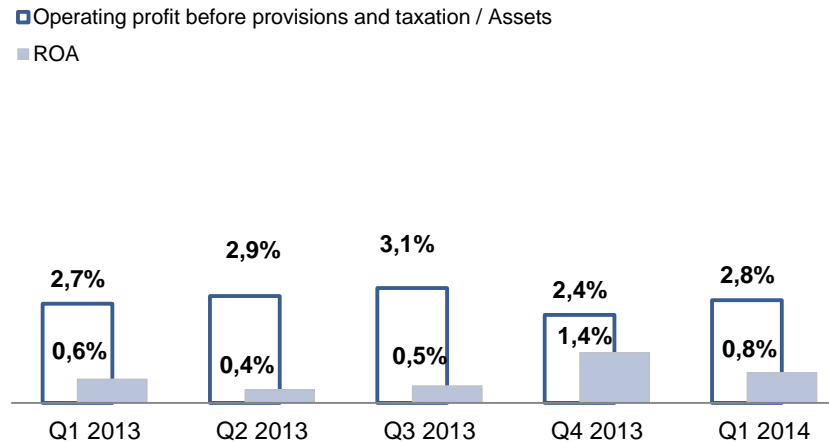
Operating efficiency



ROE, %



ROA, %



Questions and answers



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- 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;
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