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BANK**

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Bank Vozrozhdenie 6M 2016 IFRS results

Conference call



August 24, 2016

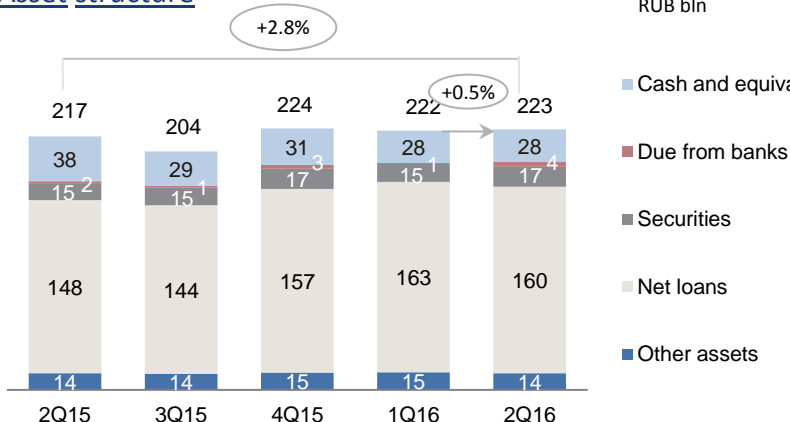
Q2 2016 performance highlights

Balance sheet	01.07.2016	01.04.2016	QoQ	01.01.2016	Ytd	
Assets, RUB billion	223.0	221.8	+0.5%	223.9	-0.4%	
Liquid assets ratio, %	21.1%	18.8%	+2.3 p.p.	21.1%	-	
Loan portfolio, RUB billion	177.0	178.8	-1.1%	173.4	+2.1%	
Retail loan portfolio, RUB billion	56.7	54.8	+3.4%	52.7	+7.6%	
Corporate loan portfolio, RUB billion	120.3	124.0	-3.0%	120.7	-0.4%	
NPL ratio (1 day+), %	11.85%	9.8%	+2.1 п.п.	11.5%	+0.35 п.п.	
Customer funds, RUB billion	185.0	174.7	+5.9%	169.7	+9.1%	
Retail funds, RUB billion	134.6	125.8	+7.0%	127.2	+5.8%	
Corporate funds, RUB billion	50.4	48.9	+3.1%	42.4	+18.8%	
Common equity Tier 1 N1.1, %	8.1%	7.9%	+0.2 p.p.	8.3%	-0.2 p.p.	
Total capital ratio N1.0, %	12.5%	12.2%	+ 0.3 p.p.	13.0%	-0.5 p.p.	
P&L	2Q16	1Q16	QoQ	1H16	1H15	YoY
Net interest income, RUB billion	2.43	2.23	+8.6%	4.7	5.2	-9.6%
Net fees and commissions, RUB billion	1.05	0.97	+8.0%	2.0	1.8	+9.0%
Operating income before provisions, RUB billion	4.5	3.3	+35.0%	7.7	7.8	-1.0%
Operating expenses, RUB billion	(2.02)	(2.23)	-9.3%	(4.2)	(4.7)	-9.5%
Net profit/loss, RUB billion	0.8	(0.27)	-	0.5	(0.6)	-
Cost of risk ratio, %	3.2%	2.1%	+1.1 p.p.	2.6%	4.7%	-2.1 p.p.
NIM, %	4.4%	4.0%	+0.4 p.p.	4.2%	4.7%	-0.5 p.p.
ROE, %	14.0%	-4.9%	-	4.6%	-4.8%	-



Assets

Asset structure



RUB bln

- Cash and equivalents
- Due from banks
- Securities
- Net loans
- Other assets

Key points

The assets of the bank remained almost at the level of the year-start (-0.4%)

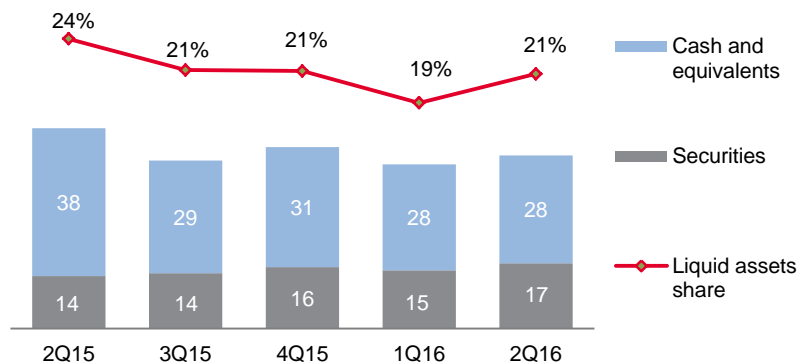
As of the end of the quarter the interest-earning assets stayed at the proportion of 81%
Liquid assets share returned to 21% as it was at the beginning of 2016

The bank improved the proportion of interest-earning assets in the liquid assets;
cash&cash equivalents grew by only 2% QoQ to Rub 28.0 billion, due from banks – by 3.5 times to Rub 3.5 billion and securities portfolio increased by 10% to Rub 16.6 billion

Q2, 2016 gross loans went down by 1.1% to Rub 177.0 billion due to tougher risk-metrics implementation led to a decrease in corporate loans (-3.0% QoQ)

The retail loan book grew by 3.4% during the last 3 months with good interest in mortgages

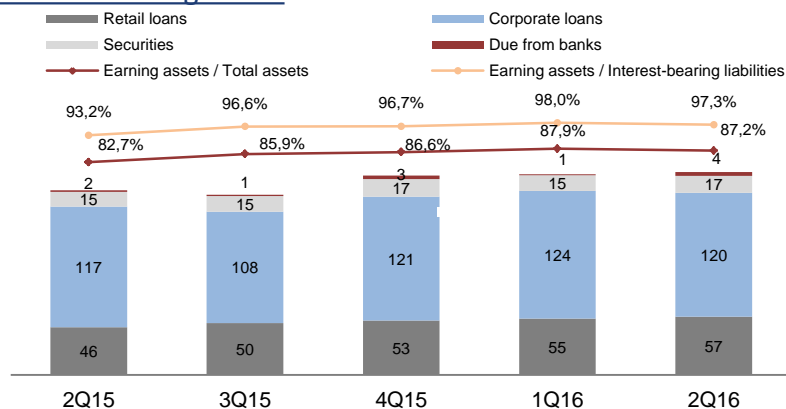
Liquid assets



RUB bln

- Cash and equivalents
- Securities
- ◆ Liquid assets share

Interest-earning assets

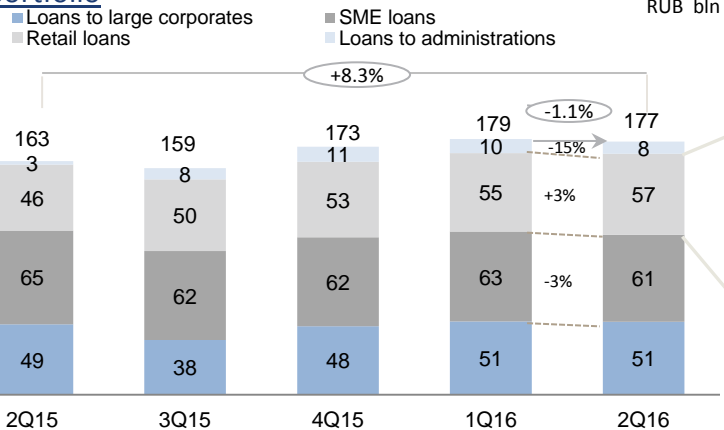


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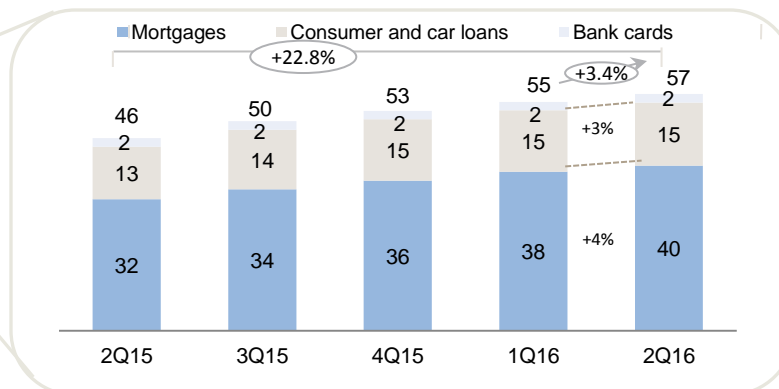
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Loan portfolio

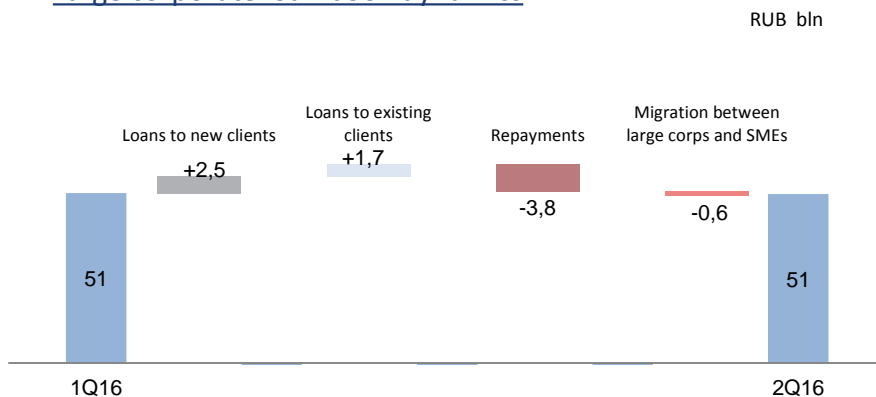
Loan portfolio



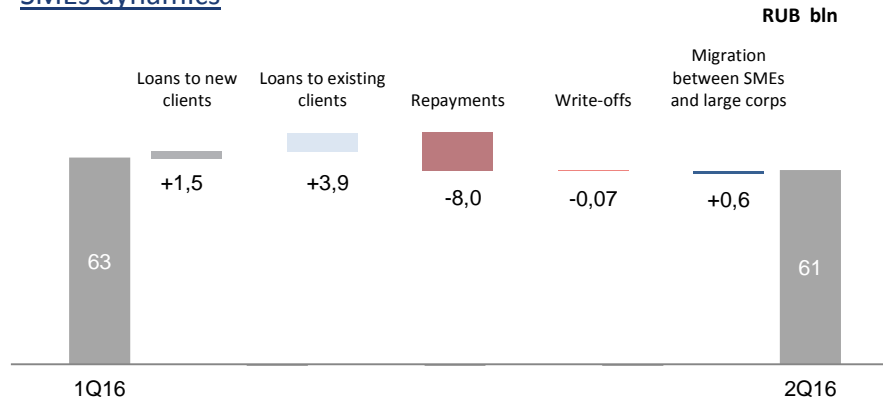
Retail lending



Large corporate loan book dynamics



SMEs dynamics



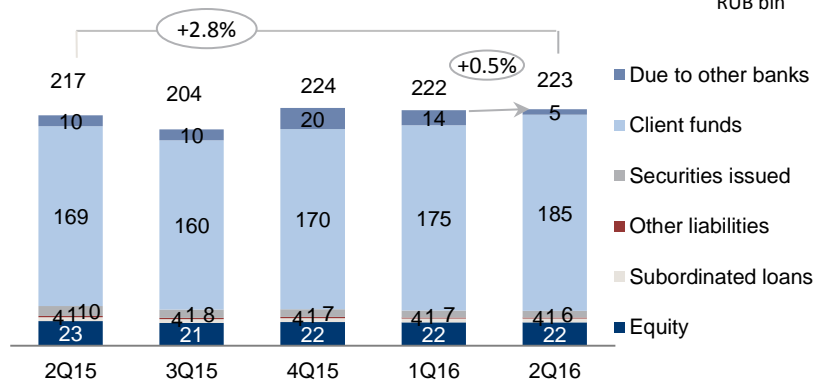
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Liabilities

Liabilities structure

RUB bln



Key points

Liabilities stayed almost unchanged compared to the beginning of 2016 and equalled to Rub 200.9 billion, 0.4% below their volume as of December 31, 2015.

Increase in the customer funds of 5.9% to Rub 185.0 billion resulted in liabilities' QoQ growth of Rub 1.0 billion (+0.5%).

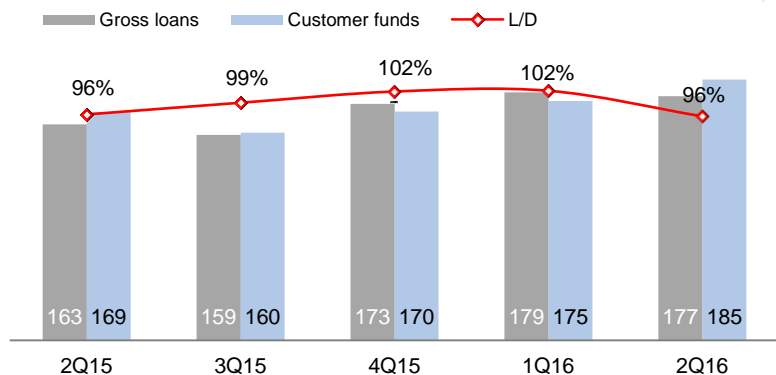
The inflow of clients' resources during the last 3 months allowed the bank to fully repay the Bank of Russia loans raised in late 2015 and to reduce due to banks amount by 63.7% to Rub 5.1 billion.

As a result of deposits growing faster than loans, the loan-to-deposit ratio decreased to 96%.

Demand accounts represented 26.0% of the customer funds

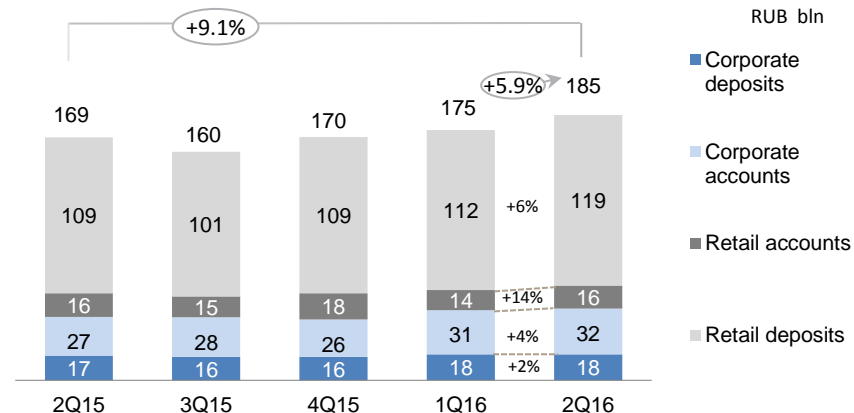
Loans-to-Deposits ratio

RUB bln



Customer funds structure

RUB bln

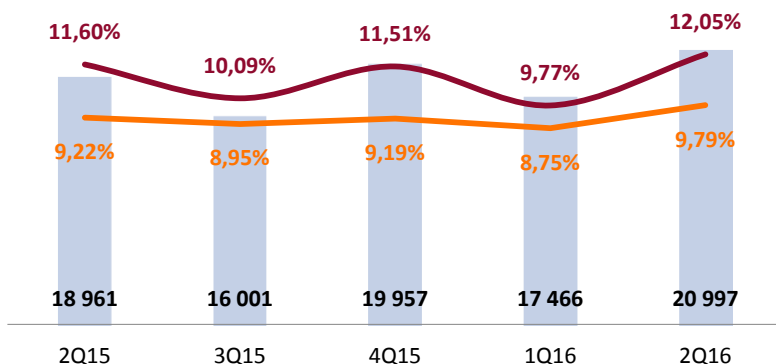


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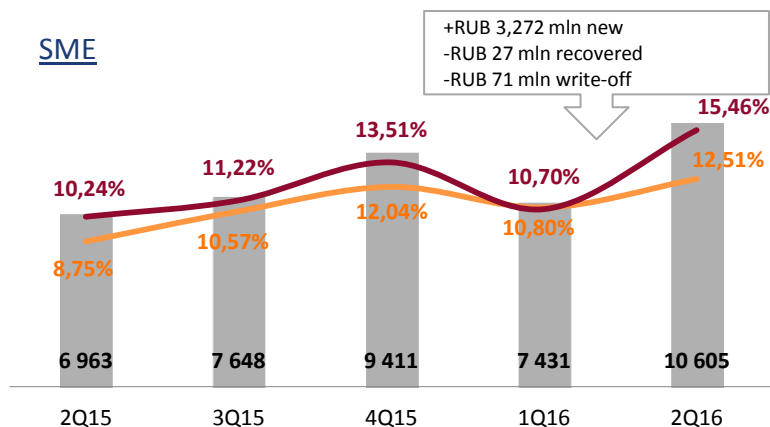
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Credit quality

NPLs overall



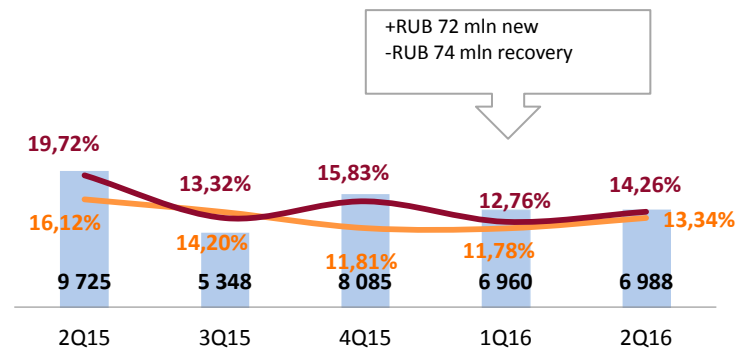
SME



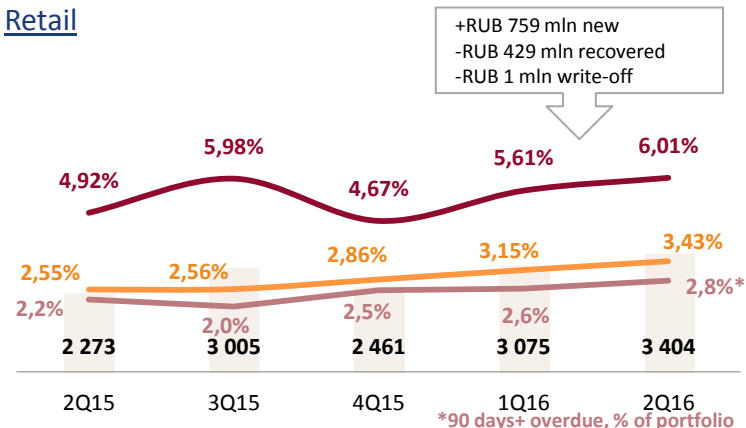
■ NPLs — Provisions, % of total portfolio — NPLs, % of total portfolio

Large corporates

RUB mln



Retail



*90 days+ overdue, % of portfolio



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Credit quality

As of June 30, 2016 RUB mln	Large corporates	SMEs	Mortgages	Other retail	Total	Total provisions to NPLs Ratio
Gross loans including	51,666	68,611	39,610	17,072	176,959	81.2%
Current loans	38,325	58,006	37,934	15,344	149,609	
Loans with signs of impairment, individually assessed for impairment but not impaired	6,383	-	-	-	6,383	
<i>Impaired but not overdue loans</i>	<i>1,610</i>	<i>23</i>	<i>-</i>	<i>-</i>	<i>1,633</i>	Total provisions to 90 days+ NPLs
<i>Overdue less than 90 days</i>	<i>-</i>	<i>3,748</i>	<i>1,129</i>	<i>676</i>	<i>5,368</i>	123.6%
<i>Overdue over 90 days</i>	<i>5,348</i>	<i>6,834</i>	<i>547</i>	<i>1,052</i>	<i>13,781</i>	
Total NPLs	6,958	10,605	1,676	1,728	20,967	Rescheduled loans
Provisions	- 6,505	- 8,586	- 654	-1,288	- 17,033	5.1%

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

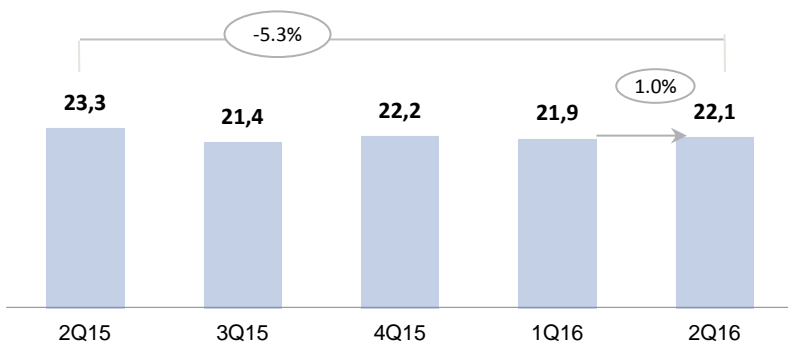


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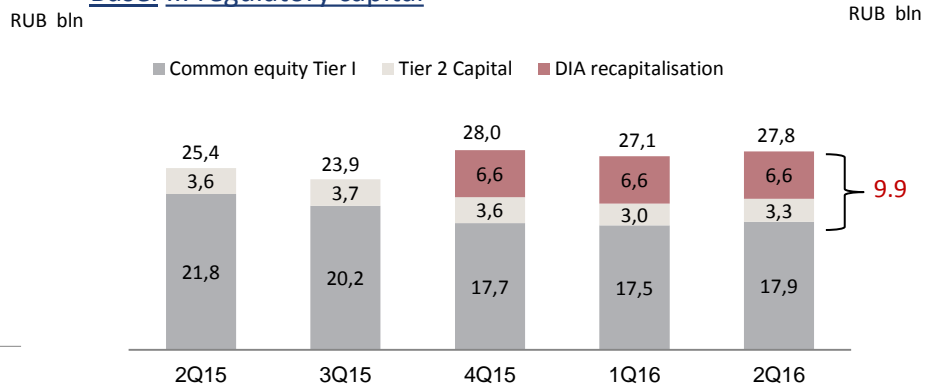
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Strong capital position

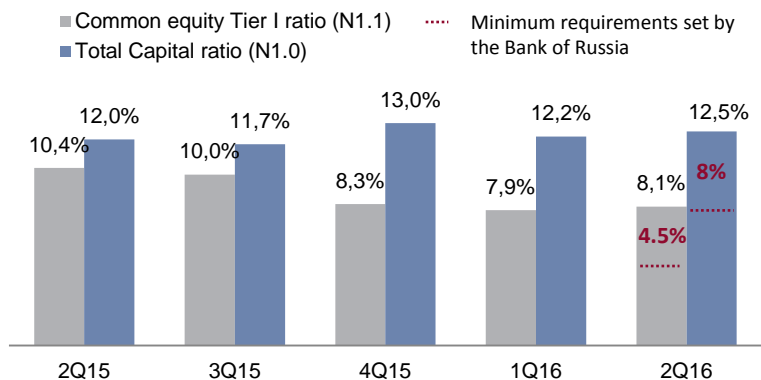
IFRS capital



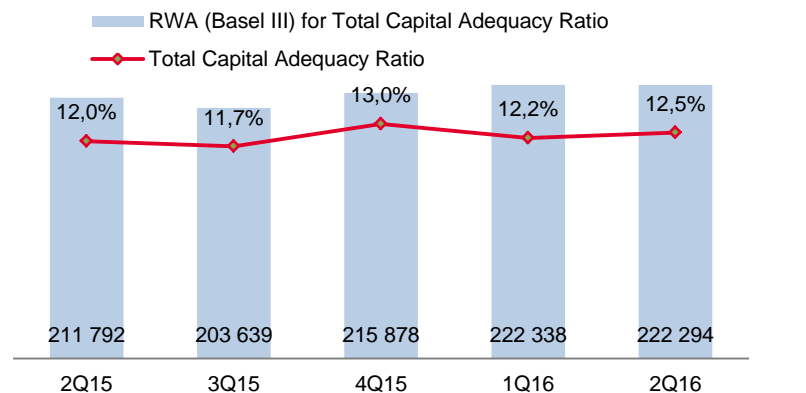
Basel III regulatory capital



Capital adequacy under Basel III



RWA

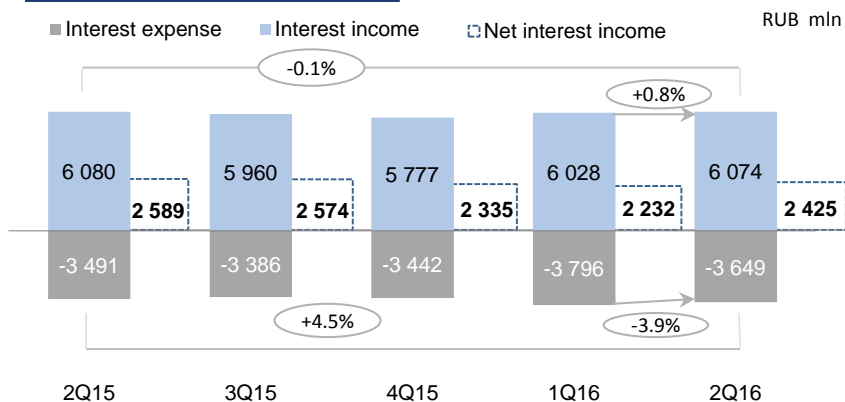


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Interest income & expense

Interest income and expense



Key points

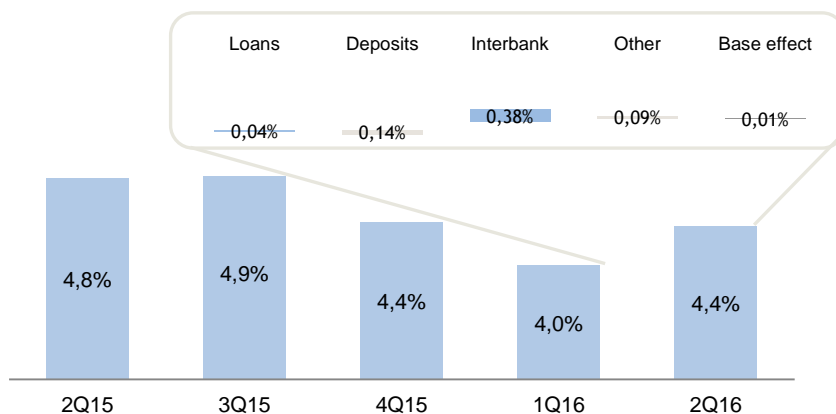
Q2 2016 interest income was quite close to the results of the previous quarter and equalled Rub 6.1 billion notwithstanding the decline in the loan book.

The bank successfully reversed the trend of interest expenses growth, which had persisted over previous quarters, and interest expenses went down by 3.9% QoQ to Rub 3.6 billion.

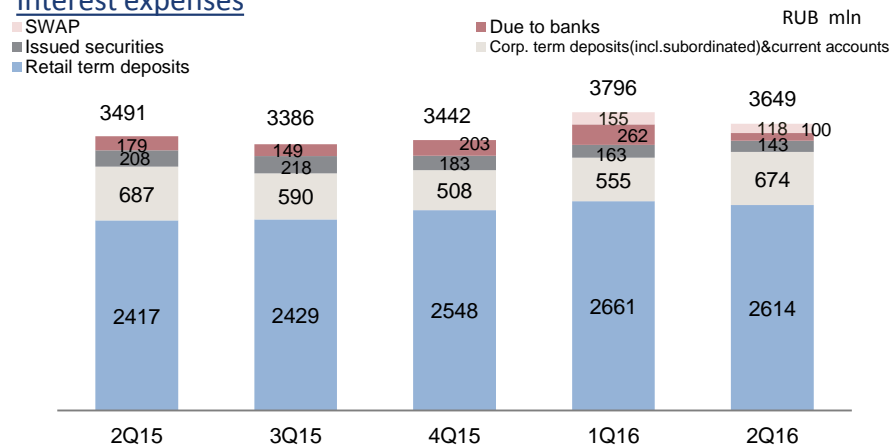
Net interest income grew by 8.6% QoQ to Rub 2.4 billion for the first time over the last 12 months

NIM improved by 35 b.p. to 4.36% reflecting NII growth and a minor reduction of average assets

Net interest margin

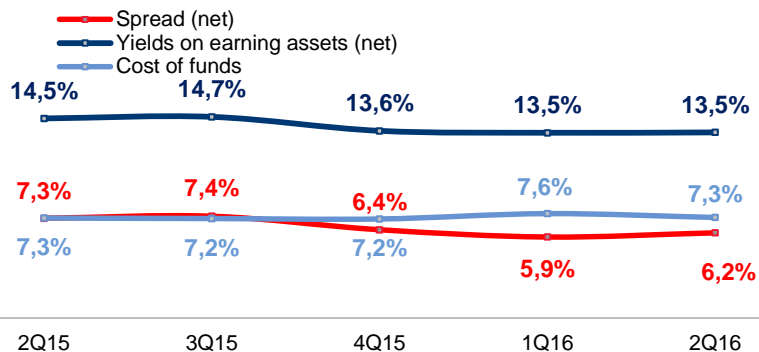


Interest expenses

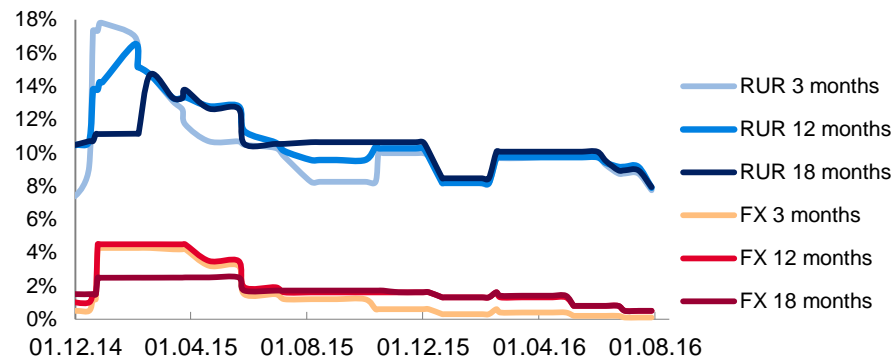


Interest rates

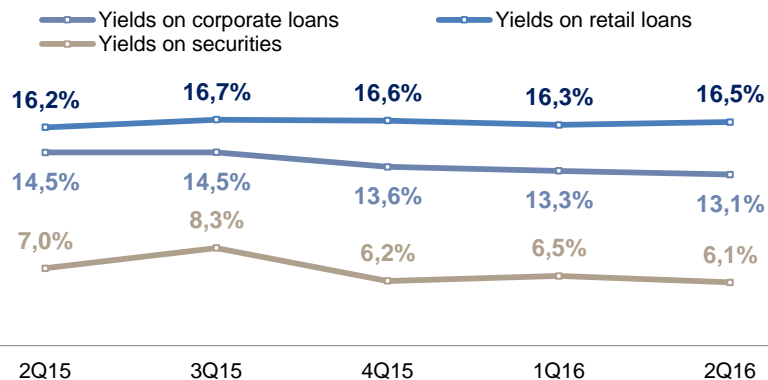
Interest spread



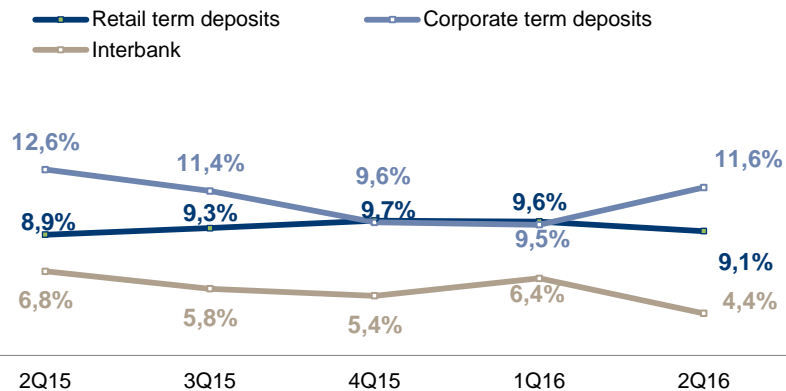
Effective interest rates on retail deposits



Yields



Cost of funds

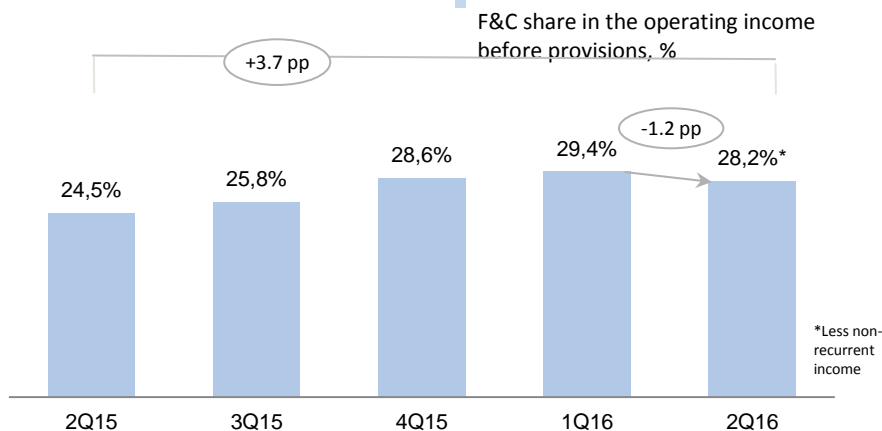


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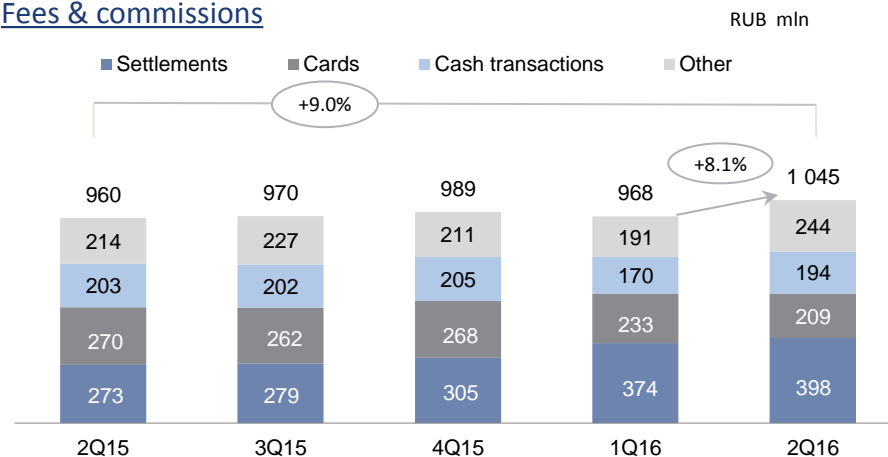
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Fees & Commissions

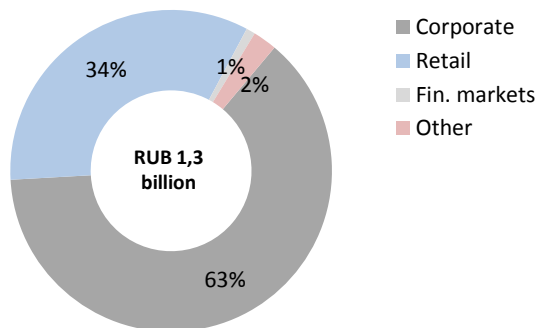
Share of fees & commissions in the operating income



Fees & commissions



Non-interest income generation by business lines



For Q2, 2016

Key points

In Q2 2016 the bank's continuing efforts to improve fee-generating products increased net fees & commissions by 8.0% QoQ.

Transaction fees grew by 6.4%, cash operations fees by 14.1%, bank cards fees by 8.9%.

The share of net fees & commissions in the operating income before provisions (less non-recurrent income) slightly declined by 1.2 p.p. QoQ



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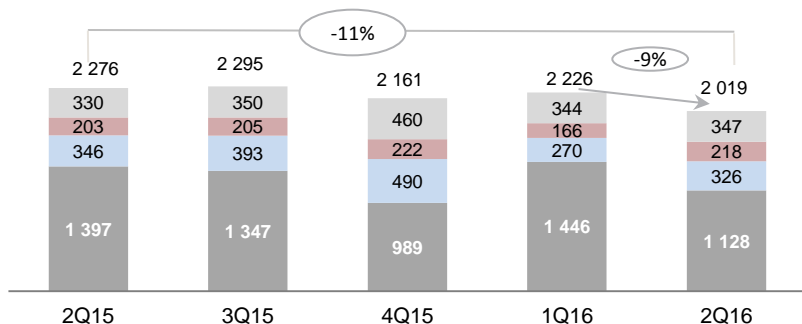
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Operating expenses

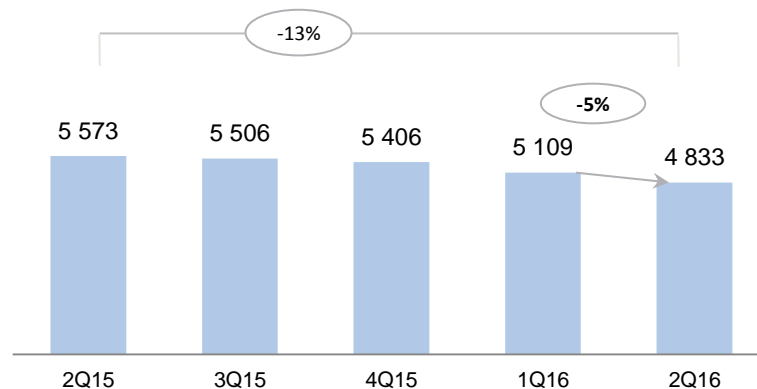
Operating expenses structure

RUB mln

- Rent and costs relating to premises and depreciation
- Taxes other than income tax and contributions
- Administrative and other expenses
- Staff costs

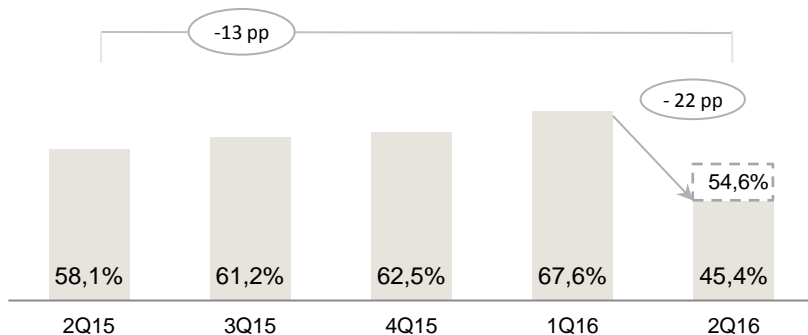


Staff number

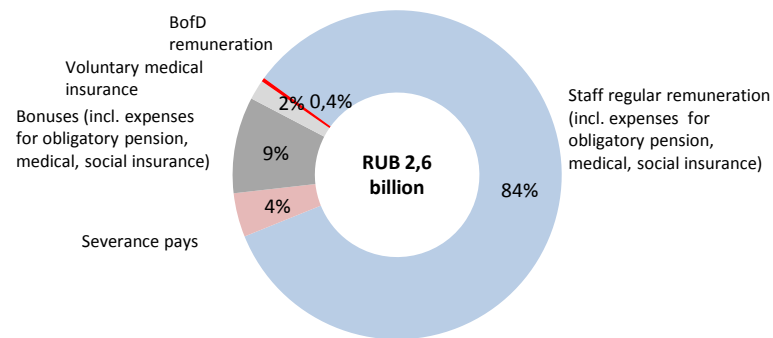


Cost-to-Income ratio

Less Non-recurrent income



Staff expenses breakdown



For H1, 2016

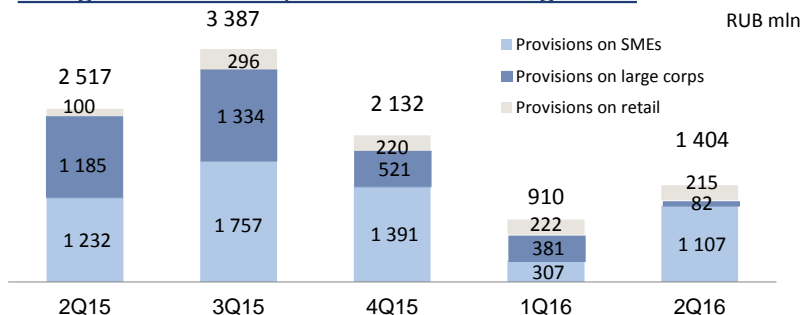


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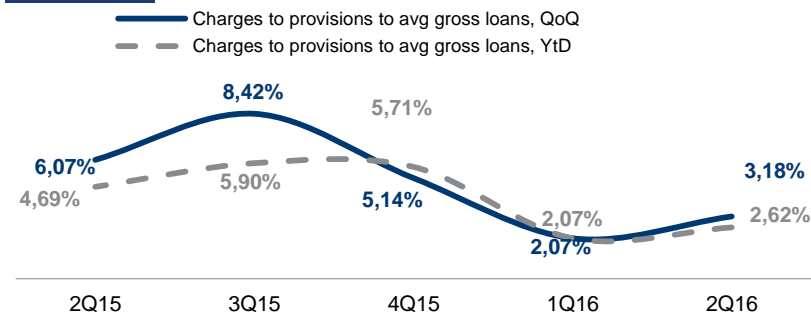
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Provisions

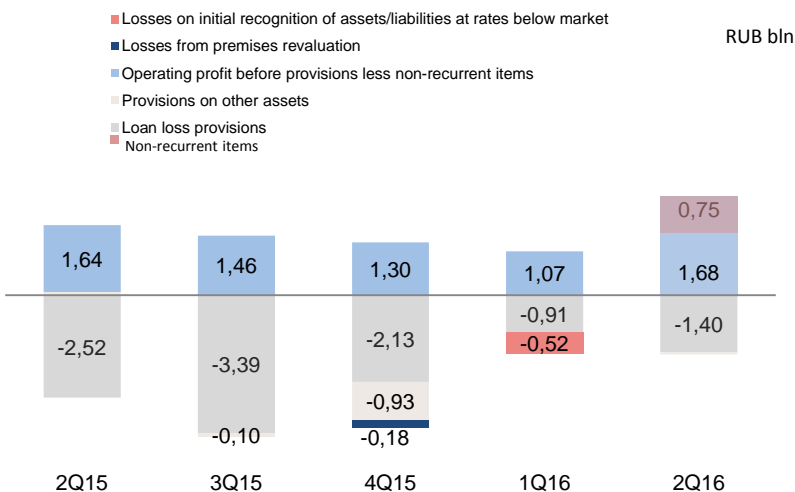
Charges to loan loss provisions across segments



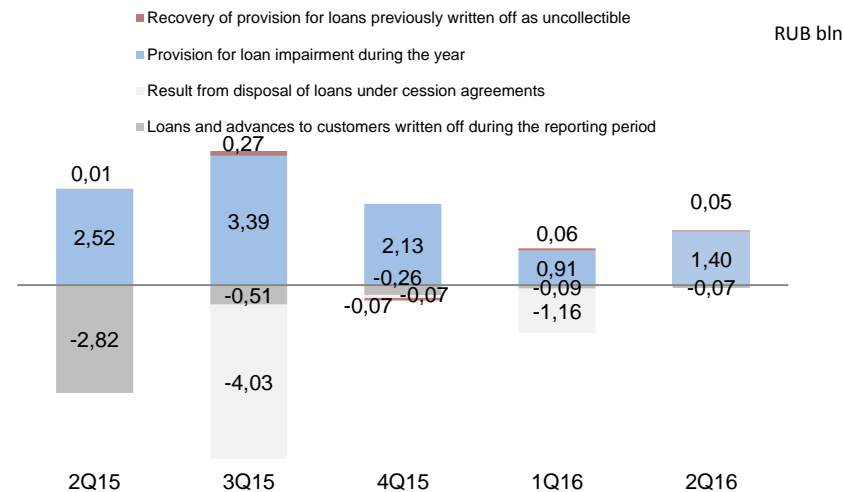
Cost-of-risk



Operating profit and provisions



Provisions movement

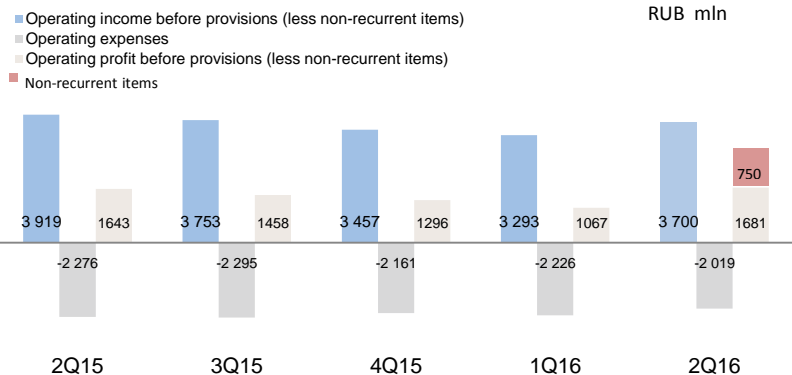


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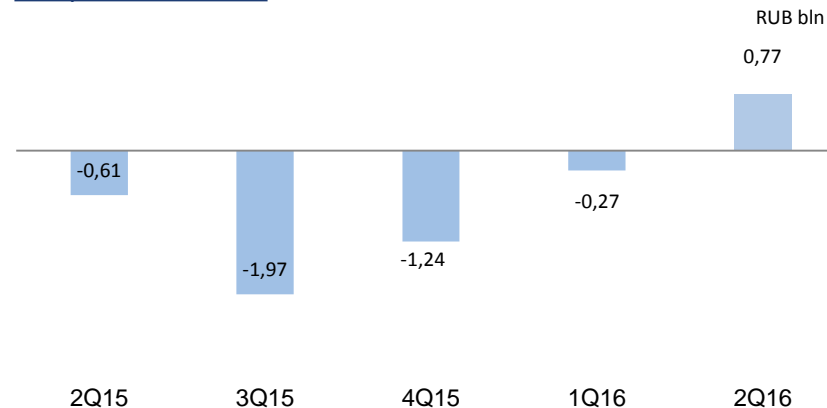
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Profit & returns

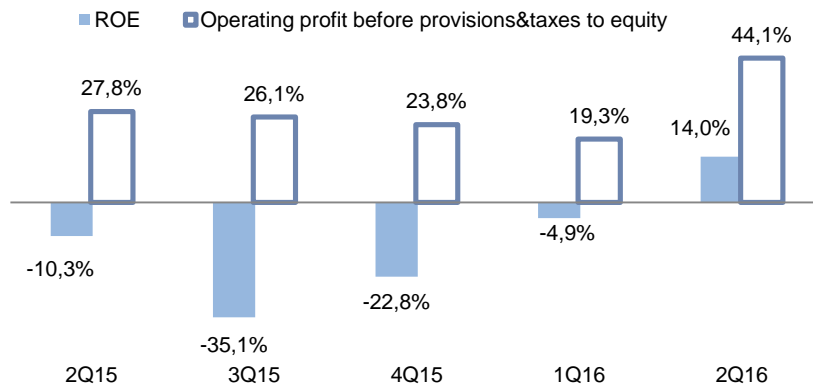
Operating profit



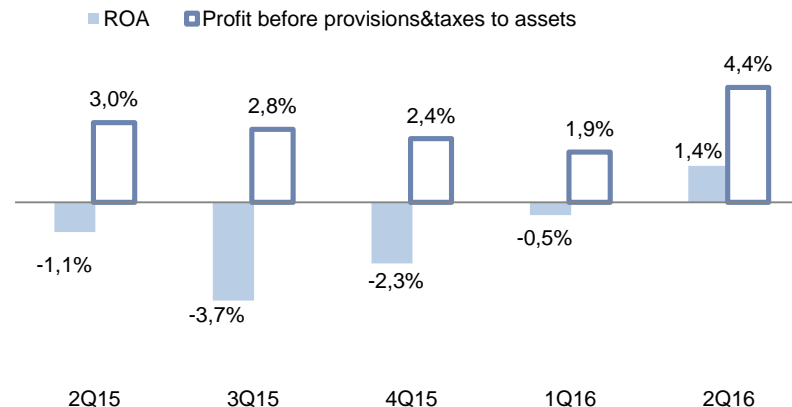
Net profit / net loss



ROE



ROA



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Questions and answers



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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.



Thank you for your attention!

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