



## **Vozrozhdenie Bank 9M 2016 IFRS results**

Conference call



November 24, 2016

## Q3 2016 performance highlights

Balance sheet	01.10.2016	01.07.2016	QoQ	01.01.2016	Ytd
Assets, RUB billion	<b>233.5</b>	<b>223.0</b>	+4.7%	<b>223.9</b>	+4.3%
Liquid assets ratio, %	20.9%	21.1%	-0.2p.p.	21.1%	-0.2p.p.
Loan portfolio, RUB billion	<b>183.3</b>	<b>177.0</b>	+3.6%	<b>173.4</b>	+5.7%
Retail loan portfolio, RUB billion	59.1	56.7	+4.2%	52.7	+12.2%
Corporate loan portfolio, RUB billion	124.2	120.3	+3.2%	120.7	+2.9%
NPL ratio (90 day+), %	<b>9.01%</b>	<b>7.79%</b>	+1.22 p.p.	<b>8.14%</b>	+0.87 p.p.
Customer funds, RUB billion	<b>187.7</b>	<b>185.0</b>	+1.4%	<b>169.7</b>	+10.6%
Retail funds, RUB billion	132.5	134.6	-1.6%	127.2	+4.1%
Corporate funds, RUB billion	55.2	50.4	+9.4%	42.4	+30.0%
Common equity Tier 1 N1.1, %	<b>8.2%</b>	<b>8.1%</b>	+0.1 p.p.	<b>8.3%</b>	-0.1 p.p.
Total capital ratio N1.0, %	<b>12.6%</b>	<b>12.5%</b>	+0.1 p.p.	<b>13.0%</b>	-0.4 p.p.

P&L	3Q16	2Q16	QoQ	9M16	9M15	YoY
Net interest income, RUB billion	<b>2.61</b>	<b>2.43</b>	+7.5%	<b>7.3</b>	<b>7.7</b>	-6.0%
Net fees and commissions, RUB billion	<b>1.08</b>	<b>1.05</b>	+2.9%	<b>3.1</b>	<b>2.8</b>	+9.6%
Operating income before provisions, RUB billion	<b>3.9</b>	<b>4.5</b>	-11.8%	<b>11.7</b>	<b>11.6</b>	+0.9%
Operating expenses, RUB billion	<b>(2.01)</b>	<b>(2.02)</b>	-0.3%	<b>(6.3)</b>	<b>(7.0)</b>	-10.4%
Net profit/loss, RUB billion	<b>0.7</b>	<b>0.8</b>	-6.5%	<b>1.2</b>	<b>(2.5)</b>	-
Cost of risk ratio, %	<b>2.2%</b>	<b>3.2%</b>	-1.0 p.p.	<b>2.5%</b>	<b>5.9%</b>	-3.4 p.p.
NIM, %	<b>4.6%</b>	<b>4.4%</b>	+0.4 p.p.	<b>4.3%</b>	<b>4.8%</b>	-0.5 p.p.
ROE, %	<b>12.9%</b>	<b>14.0%</b>	-1.1 p.p.	<b>7.3%</b>	<b>-14.5%</b>	-

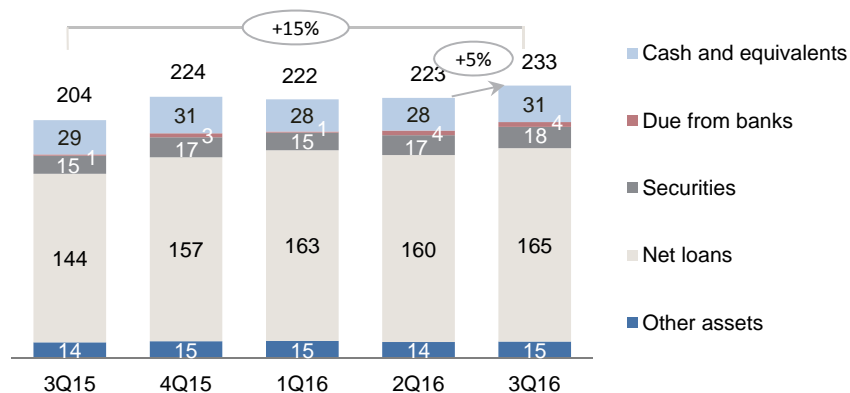


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# Assets

## Asset structure



## Key points

Assets of the bank grew by 5% during Q3'16

The proportion of interest-earning assets remained almost the same

The share of liquid assets stayed at 21% of the total assets

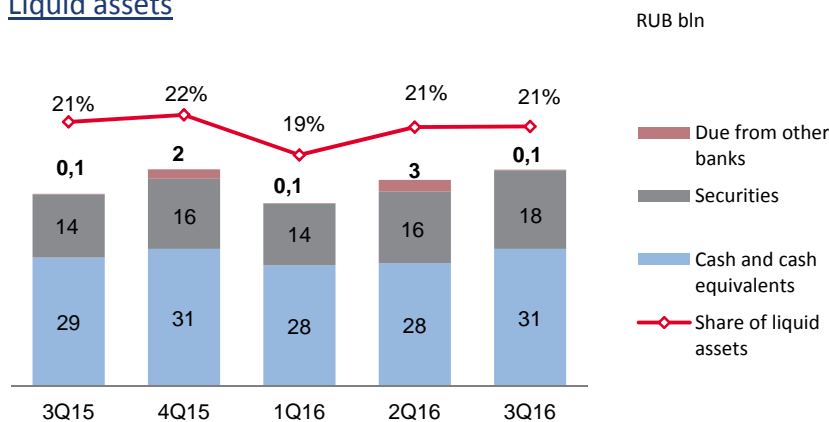
Cash & cash equivalents represented 63% of liquid assets. Securities accounted for 36% and due from banks share was less than 1% of the total liquid assets

In Q3'16 gross loans grew by 3.6% to Rub 183 billion

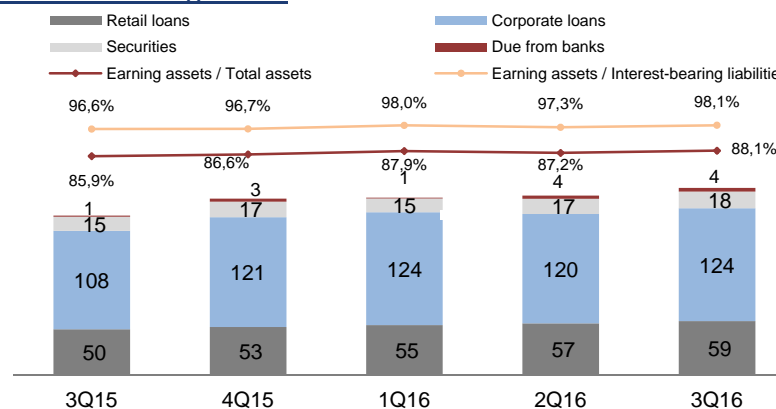
Corporate loans increased by 3.2% during the last 3 months

Retail loans added 4.2% QoQ

## Liquid assets

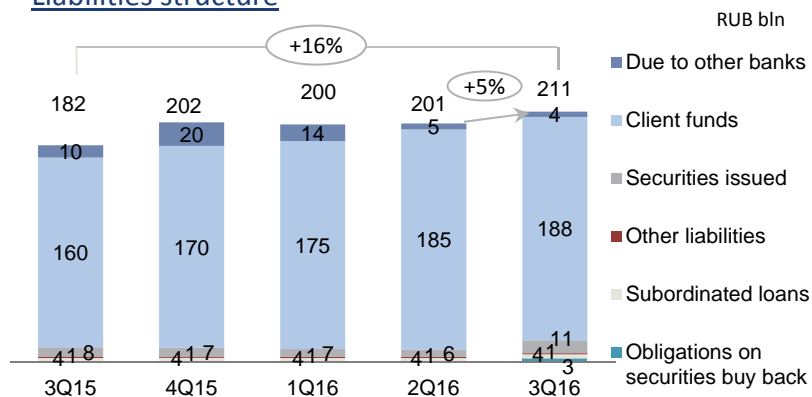


## Interest-earning assets

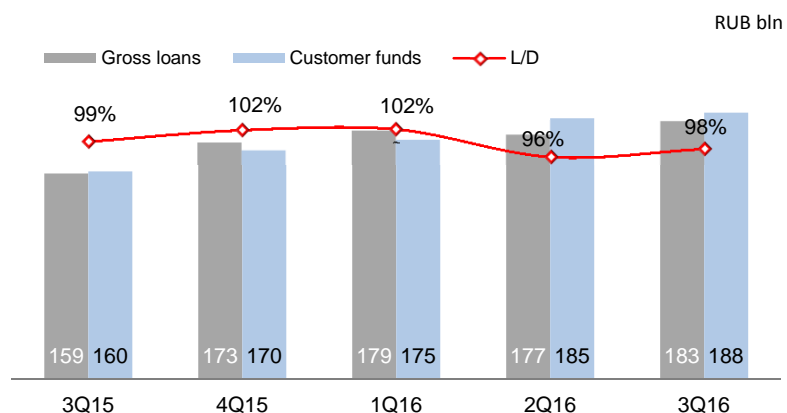


# Liabilities

## Liabilities structure



## Loans-to-Deposits ratio



## Key points

During Q3'16 liabilities of the bank increased by 4.9% to Rub 211 billion

Recourses of corporate clients were raised both in the form of term deposits and as the bank's promissory notes sale

Customer funds grew by 1.4% QoQ to Rub 188 billion.

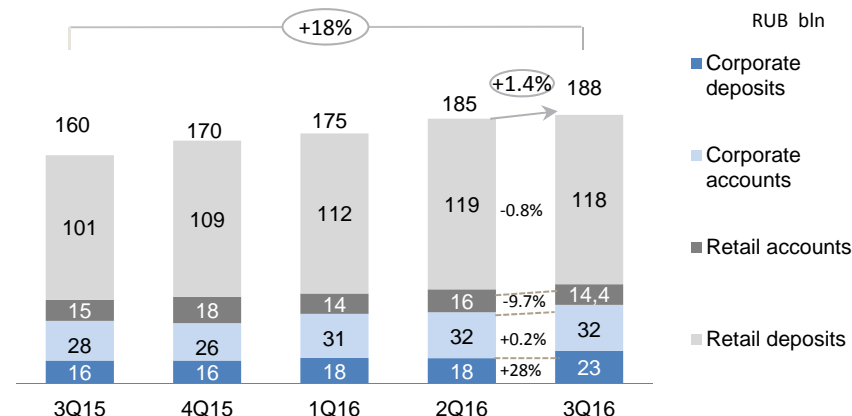
In Q3'16 corporate clients' funds added 9% and reached Rub 55 billion (including funds of state and municipal organisations).

Retail clients' funds decreased by 1.6% to Rub 133 billion.

Loan-to-deposit ratio grew to 98% from 96% as of Q2'16.

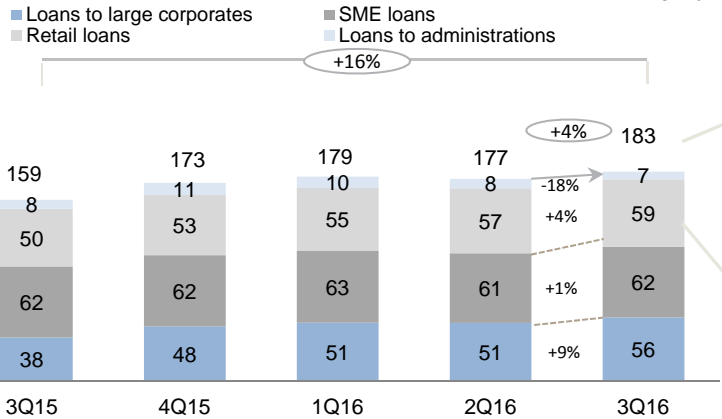
Demand accounts represented a quarter of all customer funds

## Customer funds structure

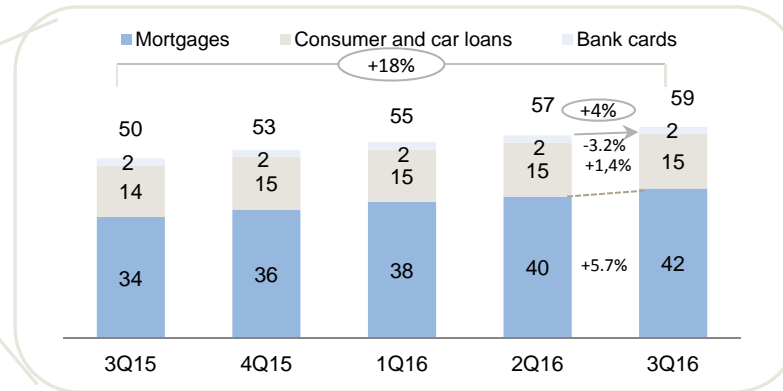


# Loan portfolio

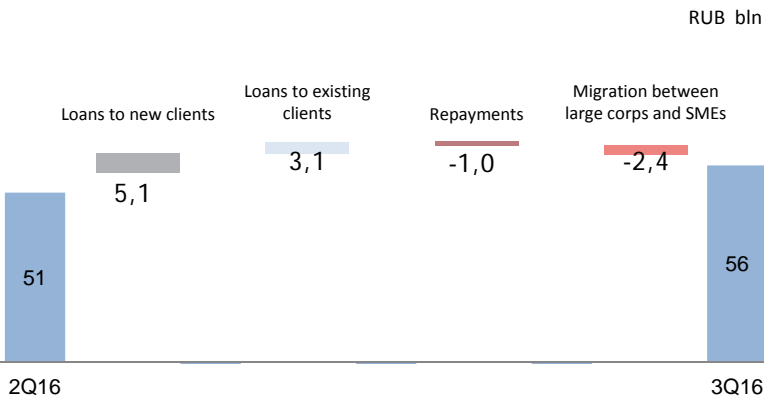
## Loan portfolio



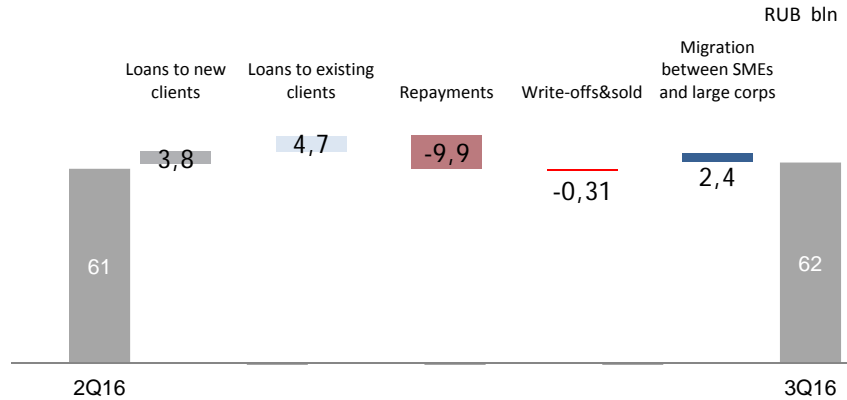
## Retail lending



## Large corporate loan book dynamics



## SMEs dynamics

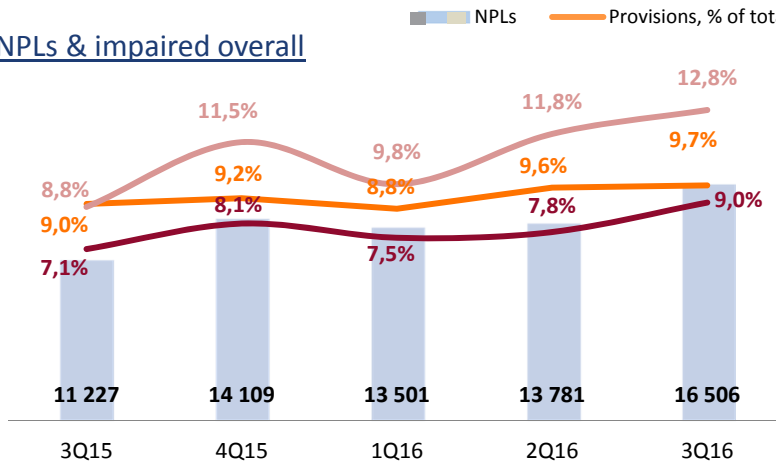


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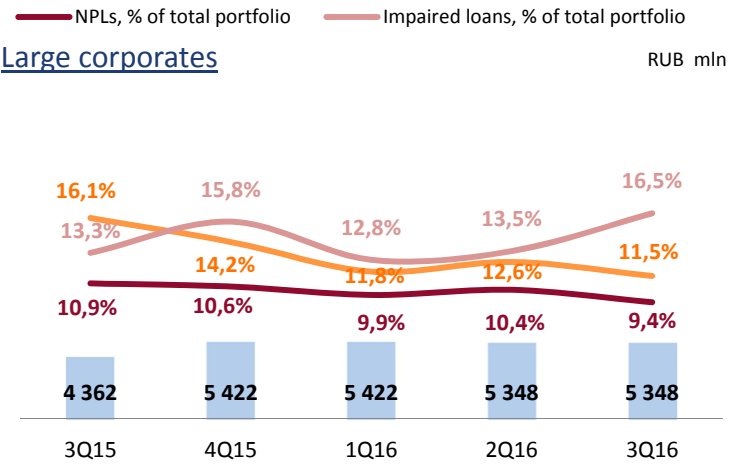
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# Credit quality

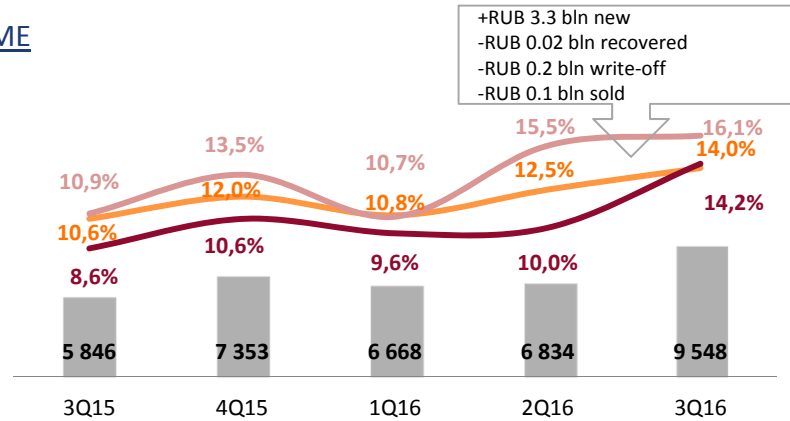
## NPLs & impaired overall



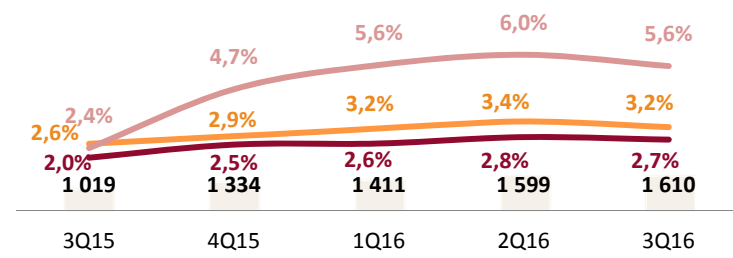
## Large corporates



## SME



## Retail



## Credit quality

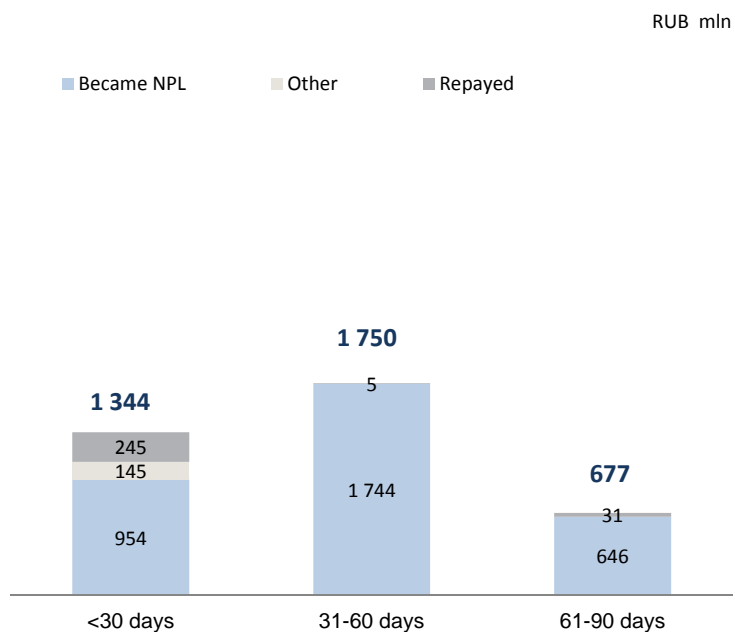
As of September 30, 2016 RUB mln	Large corporates	SMEs	Mortgages	Other retail	Total	Total provisions to impaired Loans Ratio
Gross loans including:	57,167	67,019	41,864	17,210	<b>183,260</b>	<b>75.7%</b>
Current loans	43,822	54,941	40,159	15,626	<b>154,548</b>	
Loans in "watch" list	3,912	1,269	-	-	<b>5,181</b>	Total provisions to NPLs
Impaired but not overdue loans	1,617	461	-	-	<b>2,078</b>	<b>107.9%</b>
Impaired loans overdue less than 90 days	2,468	800	1,102	577	<b>4,947</b>	
<b>NPLs (Overdue &gt; 90 days)</b>	<b>5,348</b>	<b>9,548</b>	<b>603</b>	<b>1,007</b>	<b>16,506</b>	Rescheduled loans
Provisions	- 6,556	- 9,357	- 679	-1,217	- 17,809	<b>4.9%</b>

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

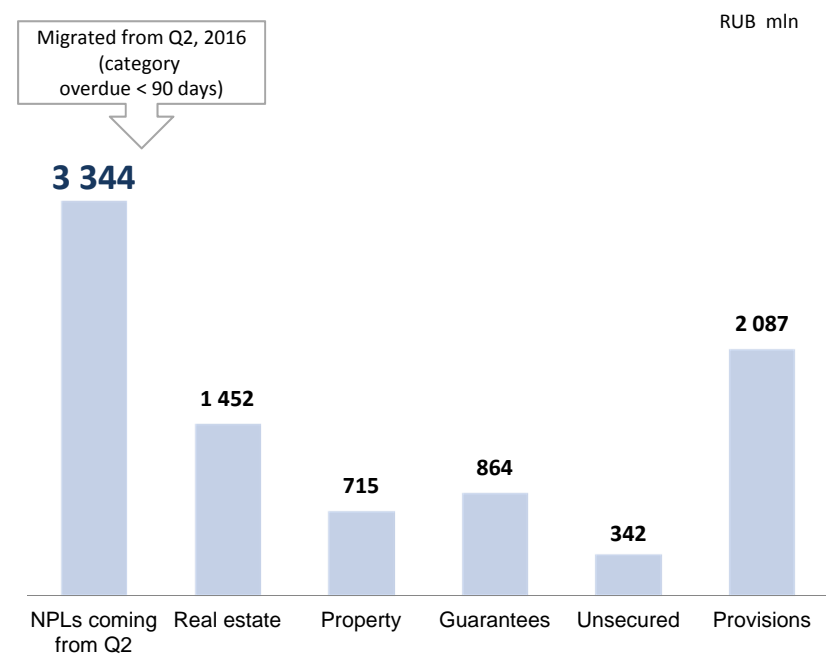
NPLs are 90 days+ overdue impaired loans

# SME problem loans

Evolution of problems loans arising in Q2 during Q3'16



Collateral covering new SME NPLs (> 90 days)



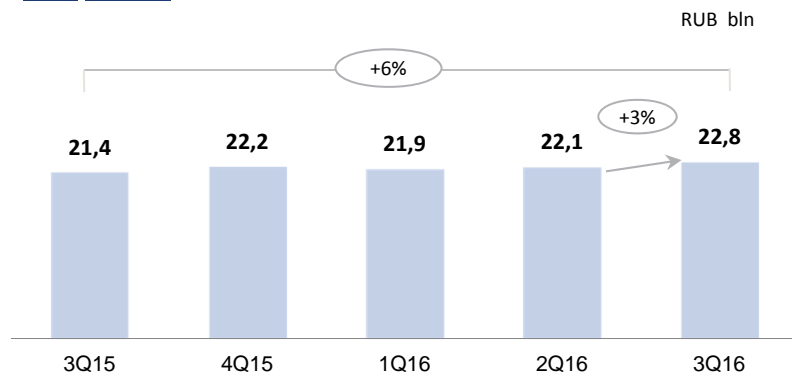
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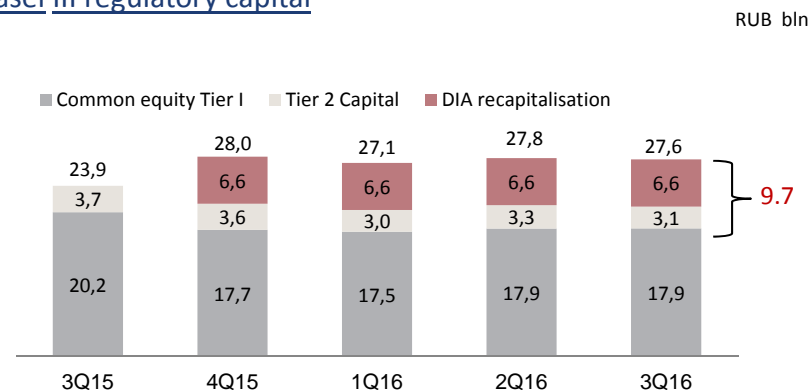


# Strong capital position

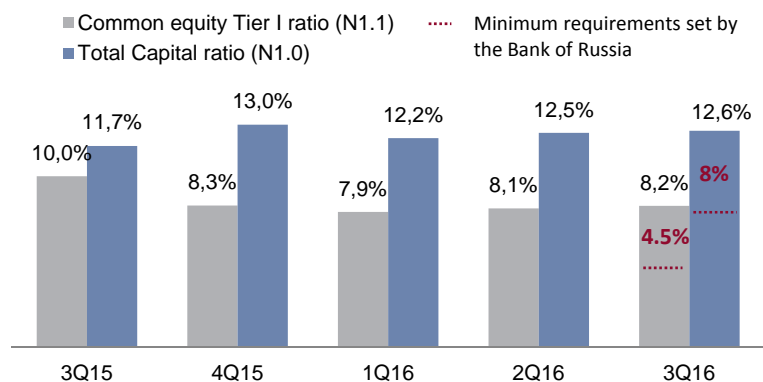
IFRS capital



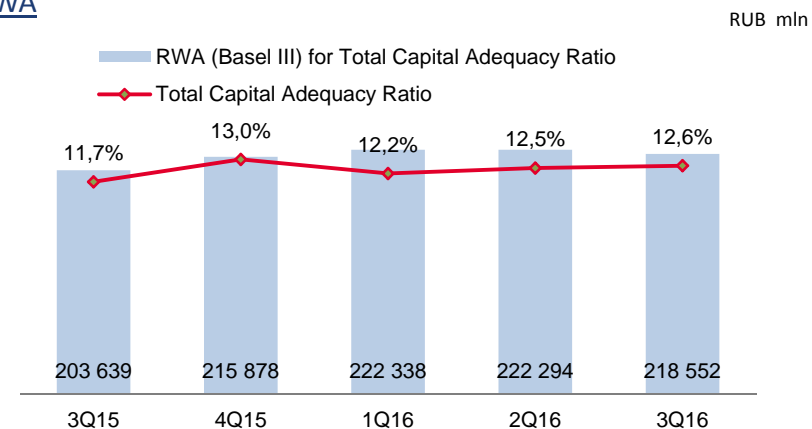
Basel III regulatory capital



Capital adequacy under Basel III

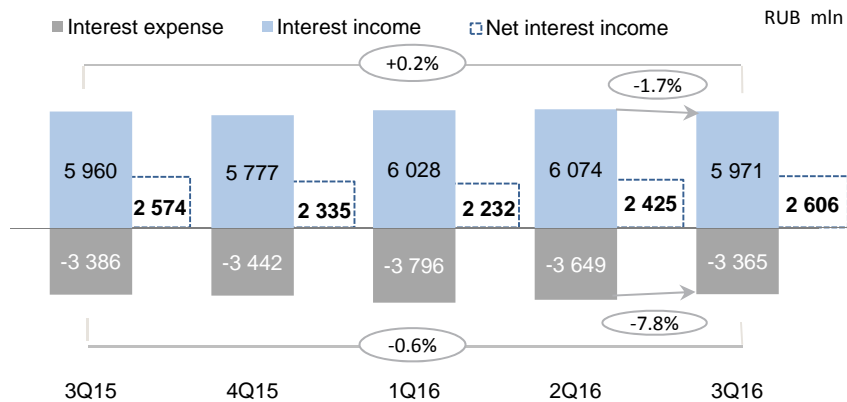


RWA

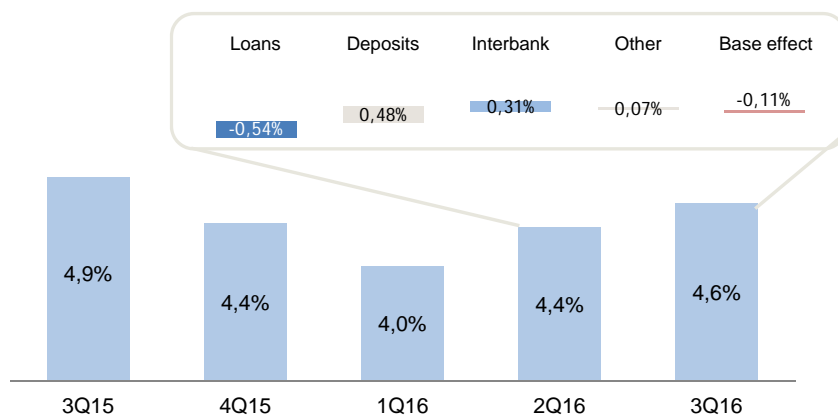


# Interest income & expense

## Interest income and expense



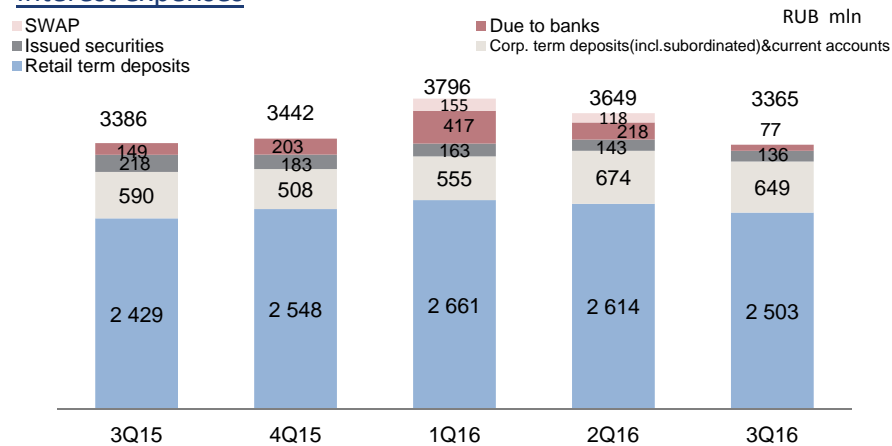
## Net interest margin



## Interest expenses breakdown by currency

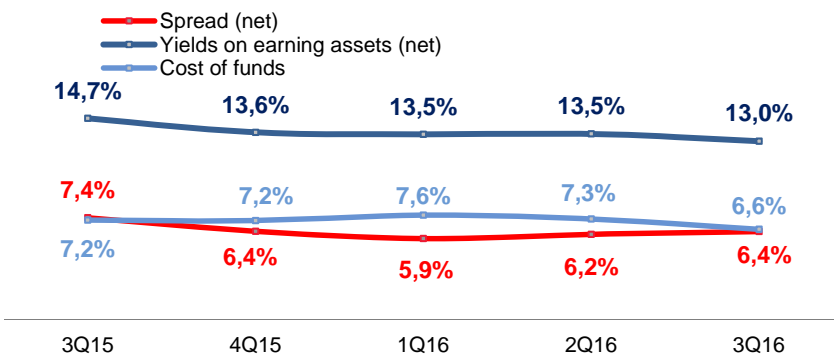
Interest expenses	Q3'16			Q2'16			Q3'16		
	RR	RR	QoQ	USD	USD	QoQ	Euro	Euro	QoQ
Retail term deposits	2,399	2,411	0%	69	141	-51%	35	62	-44%
Corp. term deposits	497	529	-6%	2	1	100%	1	1	0%
Issued debt securities	136	143	-5%	0	-	-	0	-	-
Due to banks	73	100	-27%	0	-	-	4	-	-
SWAPs	-	-	-	0	112	-100%	-	6	-33%
Subordinated deposits	70	69	1%	14	16	-13%	-	-	-
Corp. transaction accounts	64	58	10%	1	-	-	0	-	-
<b>Total interest expenses</b>	<b>3,239</b>	<b>3,310</b>	<b>-2%</b>	<b>86</b>	<b>270</b>	<b>-68%</b>	<b>40</b>	<b>69</b>	<b>-42%</b>

## Interest expenses

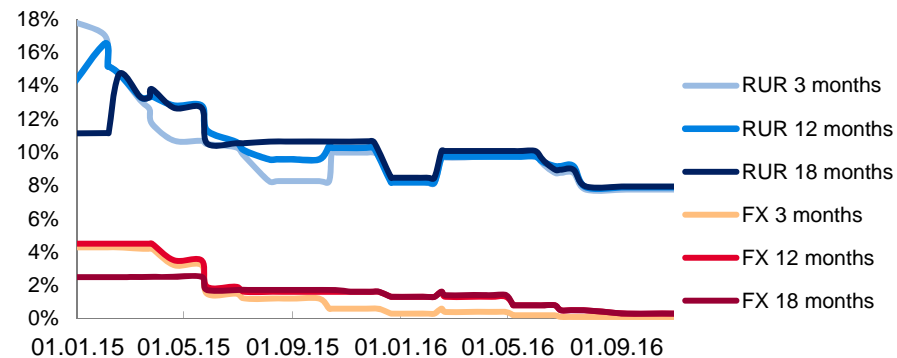


# Interest rates

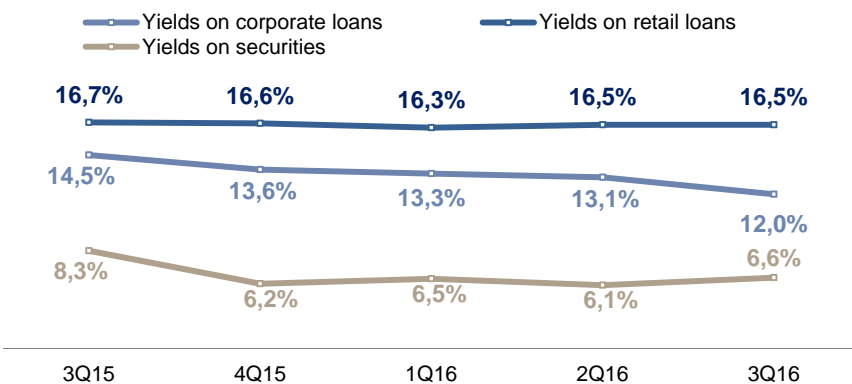
## Interest spread



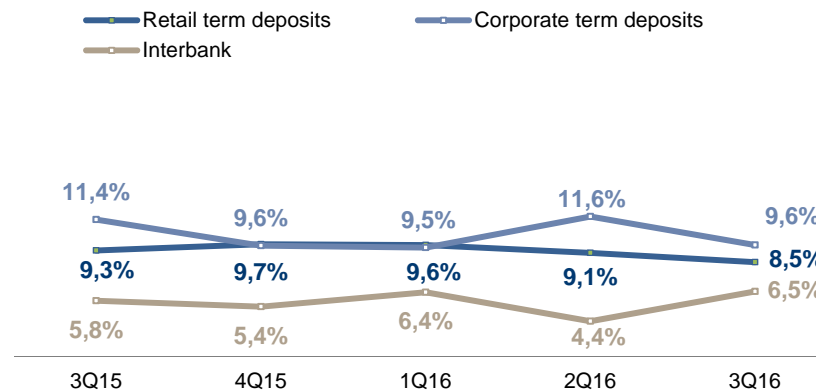
## Contractual interest rates on retail deposits



## Yields

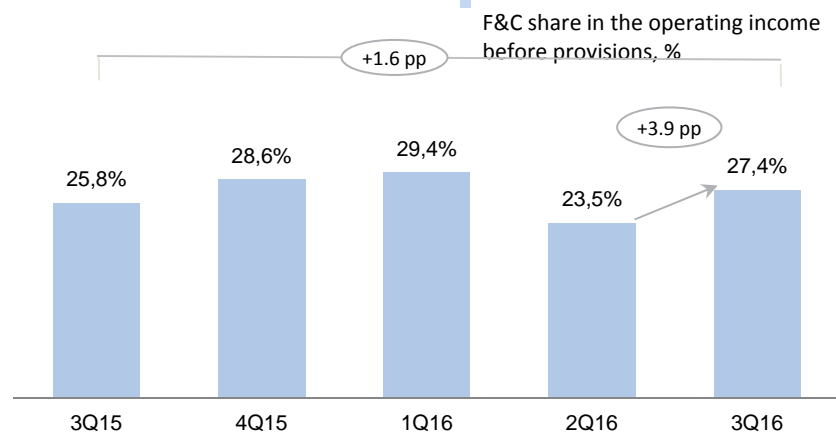


## Cost of funds

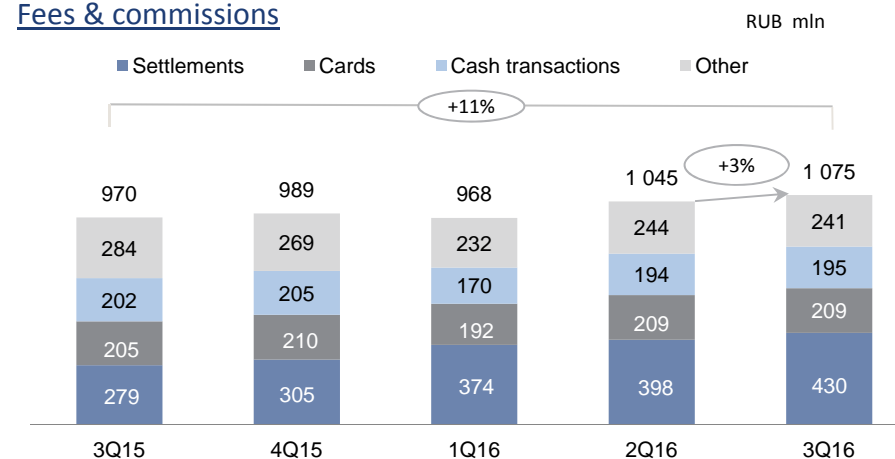


# Fees & Commissions

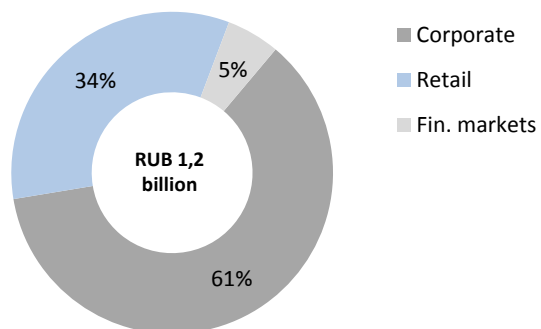
## Share of fees & commissions in the operating income



## Fees & commissions



## Non-interest income generation by business lines



For Q3, 2016

## Key points

Q3'16 was a quite successful quarter in terms of earning fees & commissions

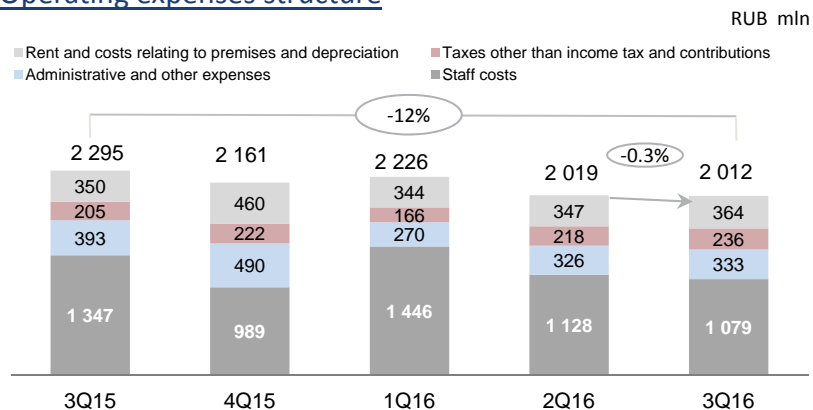
Transaction fees grew by 8% that resulted in net fees & commissions' growth by 3% QoQ

Net fees & commissions for 9M'16 were Rub 3.1 billion and exceeded the result of the same period of 2015 by 10%

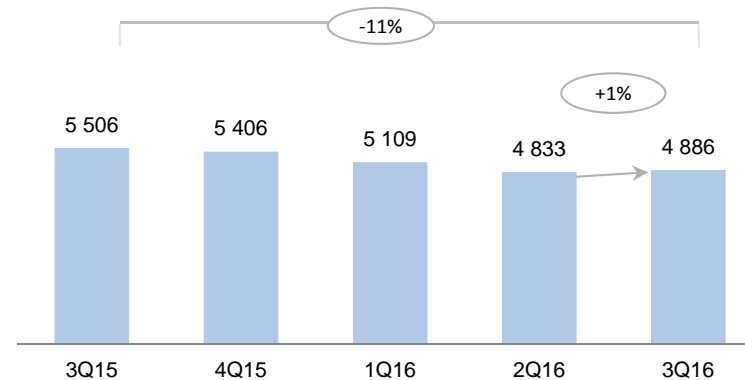
The share of net fees & commissions in the operating income before provisions grew by 3.9 p.p QoQ. If calculate the share excluding non-recurrent income, it remained almost flat (-0.8 p.p. QoQ)

# Operating expenses

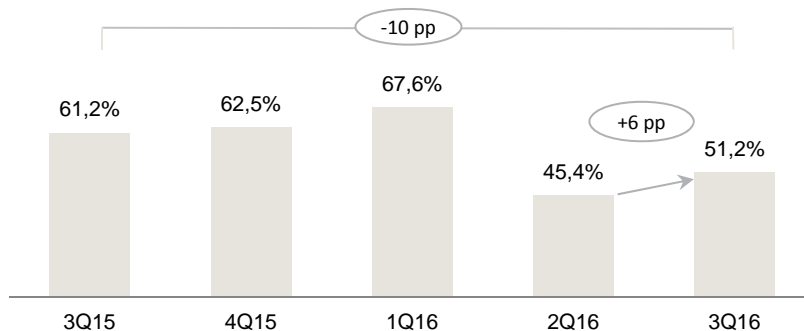
## Operating expenses structure



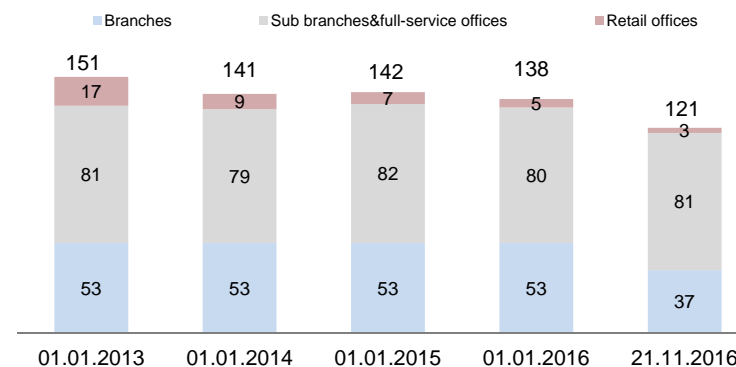
## Staff number



## Cost-to-Income ratio

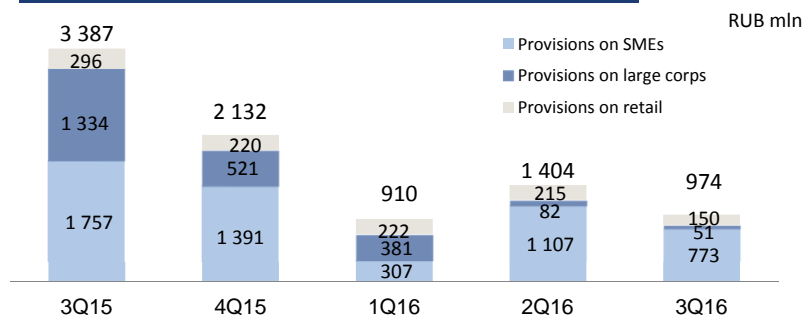


## Sales offices network evolution

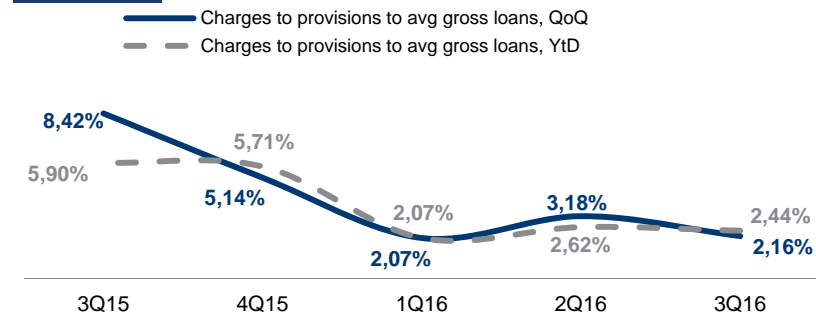


# Provisions

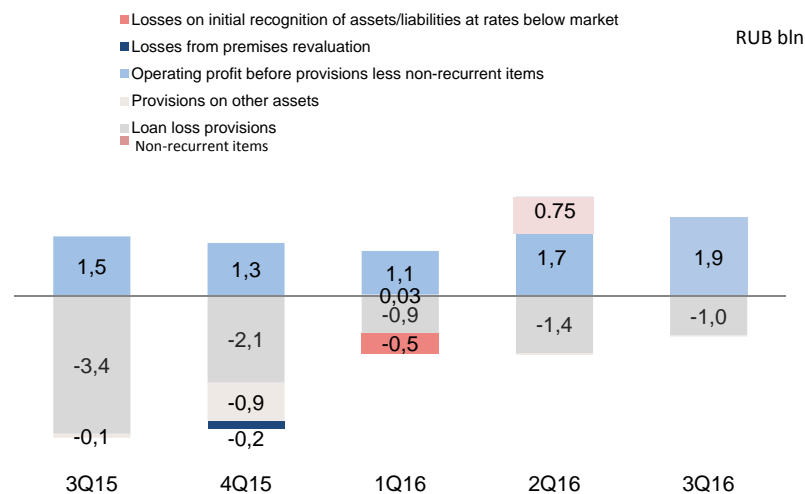
### Charges to loan loss provisions across segments



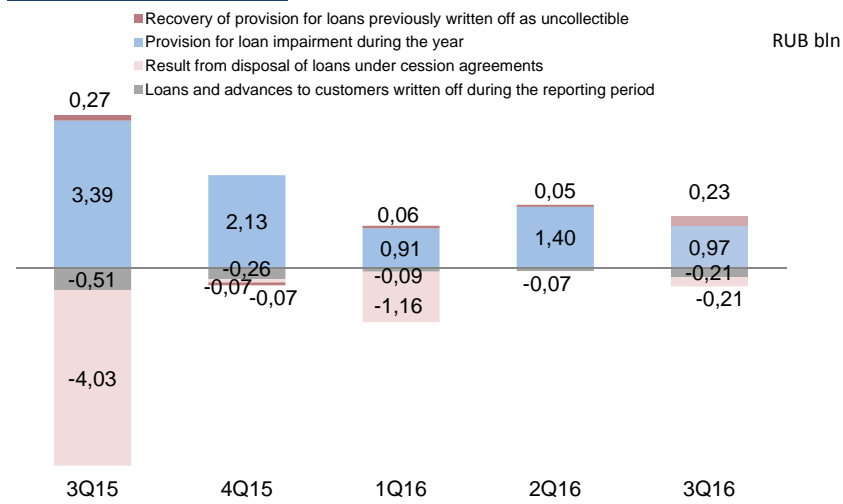
### Cost-of-risk



### Operating profit and provisions

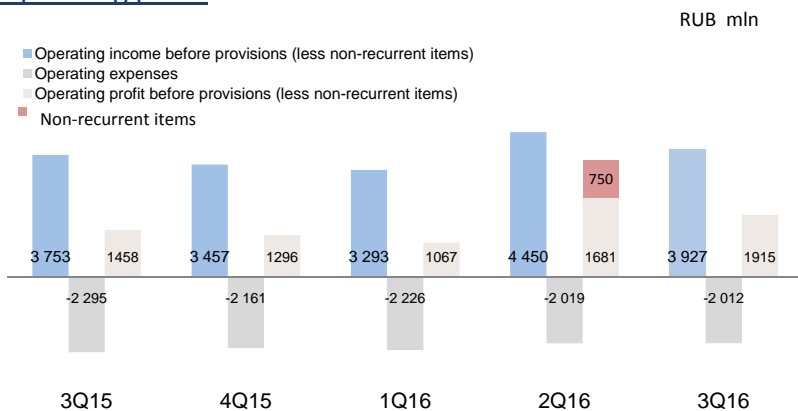


### Provisions movement

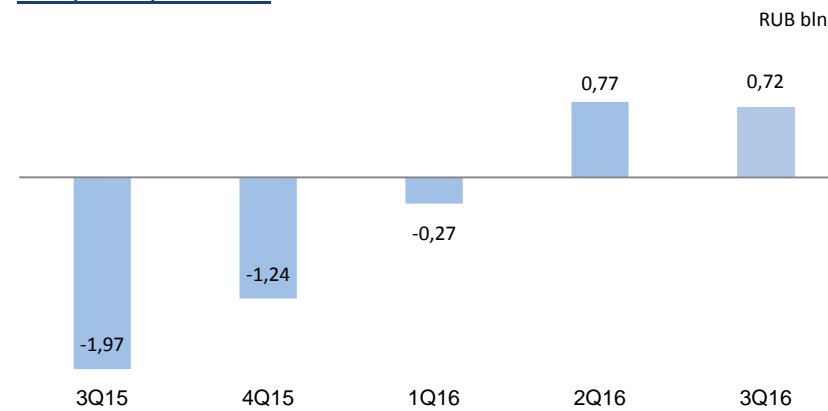


# Profit & returns

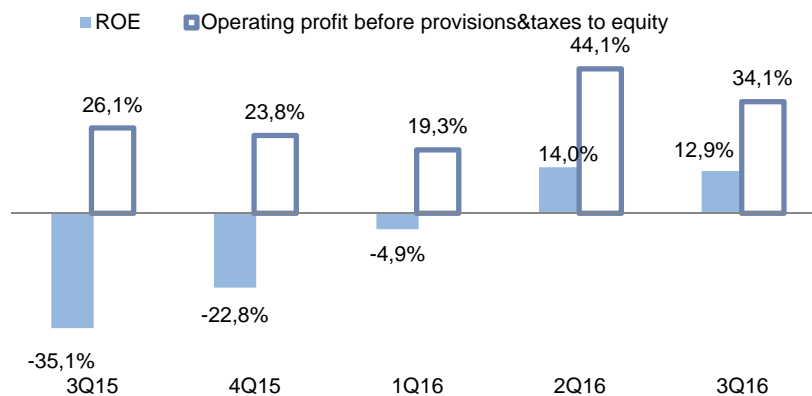
## Operating profit



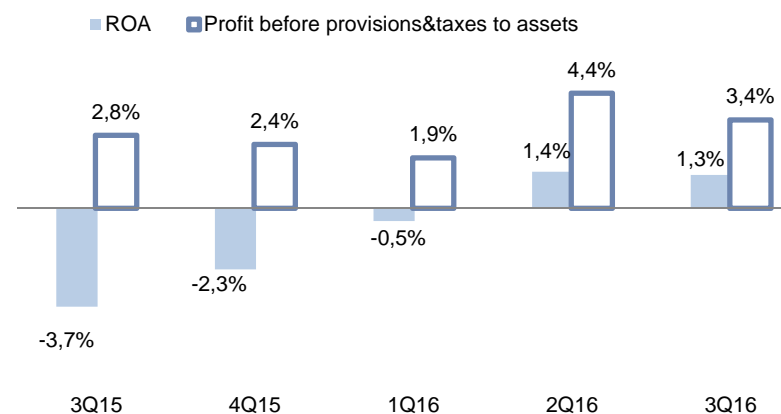
## Net profit / net loss



## ROE



## ROA



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## 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;
- the Bank's expectations as to regulatory changes and assessment of impact of regulatory initiatives on the Bank's activity.

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- risks related to Russian legislation, regulation and taxation;
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