

ANNUAL REPORT

2015



**10 YEARS OF SUCCESS:
STRIVING FOR PERFECTION**

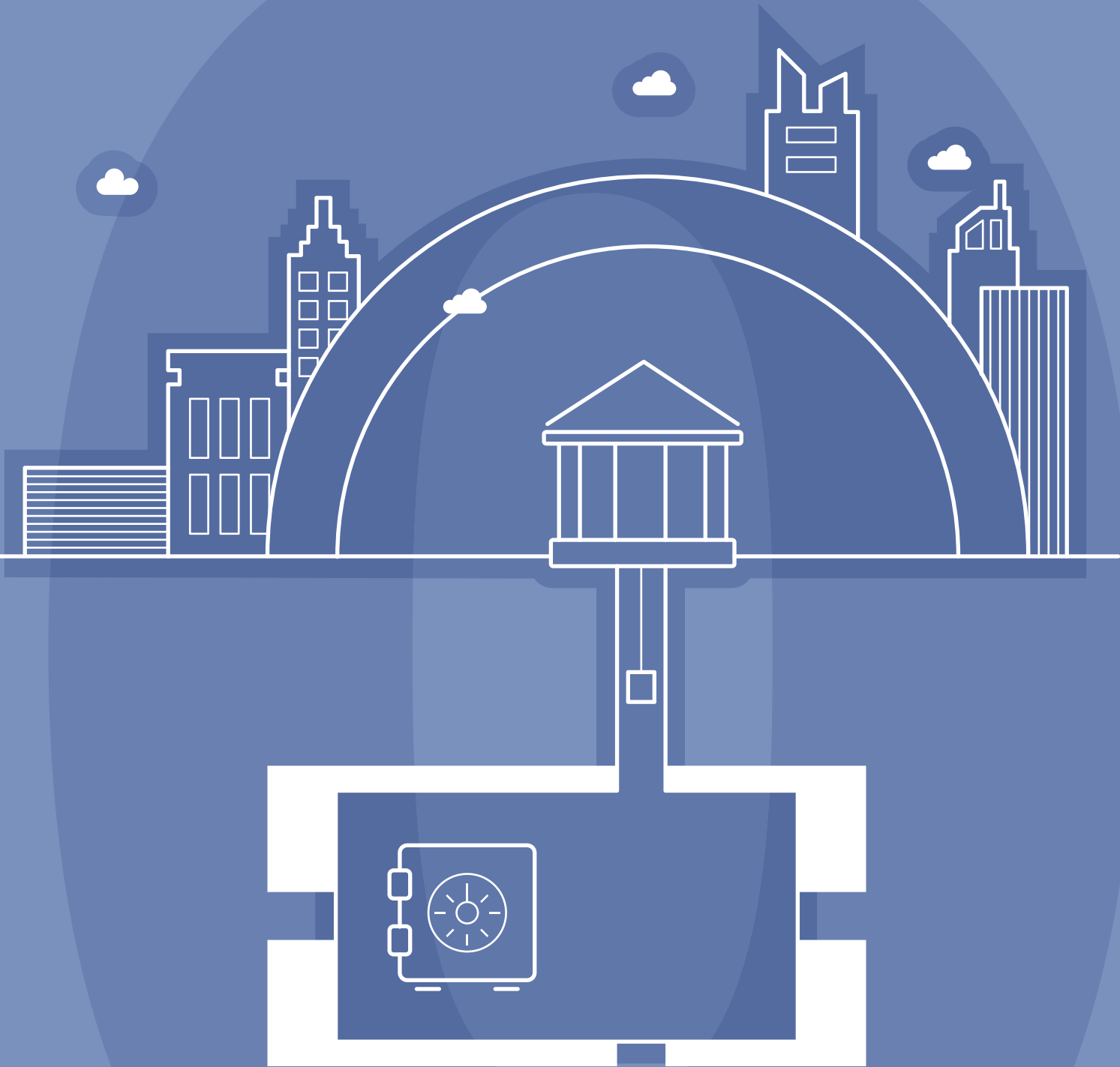
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FACE VALUE
10 ROUBLES

Ten roubles (10 roubles) (colloquial: tenner, chervonets, chirik) is a face value of currency units in Russia and several other countries. The traditional banknote issued in the Russian Empire, RSFSR, USSR, Russian Federation and a number of entities in the territory of the former Russian Empire and the former Soviet Union. The standard colour of the banknote is pinky red.

Currently, ten rouble banknotes of the 1997 series, commemorative ten rouble coins made of precious and non-precious metals are in circulation in Russia, and starting from 1 October 2009, a circulating coin with a face value of ten roubles is minted.



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ADDRESS FROM
MIKHAIL ZADORNOV, PRESIDENT AND
CHAIRMAN OF THE MANAGEMENT BOARD

Dear Friends, Dear Clients,

Despite the economic downturn, in 2015, VTB24 has shown positive bottom-line results. The Bank's net income was RUB 0.5 billion, and its assets grew 3%, or by RUB 83 billion after revaluations, to RUB 2.8 trillion.

Our retail loan portfolio has shown lower deceleration rates than the market — it has shrunk by 0.8%, which allowed us to increase our market share from 12.73% to 13.37%.

At the end of 2015, the combined portfolio of retail and small business loans stood at RUB 740 billion. During the fourth quarter of 2015, we saw a renewed interest in loan products, with sales of loans in the last three months of the year reaching RUB 258 billion, up 33% quarter-on-quarter.

Consumers have increased demand across all product segments, with cash loans recording the biggest growth

(+53% quarter-on-quarter), followed by small business loans (+49%), and mortgage loans (+45%).

During 2015, VTB24 also saw an increased demand for deposit products — over the year, our deposit portfolio grew by 25% (+RUB 452 billion after revaluations), as compared to 15% a year before (+RUB 164.5 billion). Retail term deposits rose to RUB 1.72 trillion, with two thirds of the growth coming from affluent clients. In 2015, the portfolio of deposits attracted from VIP clients increased by RUB 319 billion to over RUB 730 billion, with the share of FX deposits growing from 46.3% to 51.8%.

VTB24's retail deposits grew by about 1.5 times faster than the market rate — 33% versus 25.2%. The retail deposit portfolio rose by RUB 499 billion to over RUB 2 trillion as at 1 January 2016, with VTB24's market share growing 0.51 p.p. to 8.66%. At the same time, corporate deposits rose to RUB 303 billion.

2015 saw further consolidation of the Russian banking sector. We were a leading partner of the Deposit Insurance Agency in making insurance payments to former clients of failed banks. During 2015, VTB24 compensated depositors of 12 bankrupt banks. Insurance benefits were paid to about 400 thousand depositors of failed banks, with payouts in 2015 totalling RUB 120 billion, a 2.5-fold increase from 2014. About 40% of payouts were deposited with VTB24.

In 2015, we continued our regional network optimisation efforts. Today, we operate in 72 regions and 354 cities and towns across Russia. Our key regions include the Moscow region (120 offices), Saint Petersburg and the Leningrad Region (63 offices),

Novosibirsk (24 offices), Yekaterinburg (20 offices), and Nizhny Novgorod (18 offices). Our Private Banking network added 4 offices in 2015, bringing their total number to 24. In 2016, we plan to open 47 new offices, including a VIP office in Vladivostok.

VTB24 grew the volume of its merchant acquiring business to RUB 629 billion, up 73% from a year before. The Bank has grown into a leader in the Internet acquiring segment, with our market share rising 5 p.p. to 26%.

VTB24 has partnered with major merchants like Magnit, Auchan, Lenta, Metro C&C, and Decathlon. In addition, we implemented a money transfer functionality on the Odnoklassniki social media platform, with about 8 million active cards linked now to OK's accounts.

For 2016, we plan involvement in a number of new initiatives. VTB24 is implementing a tap-to-pay solution for the Moscow Metro using PayPass and PayWave cards. The solution will be rolled out at Tekhnopark, Rumyantsevo, Marksistskaya, Serpukhovskaya, and Salaryevo (soon to be opened) Moscow Metro stations. In May 2016, contactless payments became available on all radial line stations with interchange to the Ring Line, and the three stations within the boundaries of the Moscow City business district (Vystavochnaya, Mezhdunarodnaya, Delovoy Tsentr).

Priorities for 2016 also include the development of mobile acquiring and including the acquiring service into our package offering for small business. These new projects will help the Bank grow its business volume in 2016 to RUB 1 trillion.

Dear Friends, 2015 was a milestone year for VTB24, with the Bank celebrating its ten years of operations. Over this decade, VTB24 has grown into a major player in the Russian banking market. Today we have 16 million individuals and individual entrepreneurs as our clients, and are the main bank for 300 thousand corporates.

VTB24 is an absolutely unique business case. We are a retail bank providing services to small businesses and individuals through a dedicated platform. Over a very short period of time, we have expanded our business throughout Russia, offering a full product range across all key sales channels.

It has been a profitable growth — as early as in the second year of its operation, and throughout the entire subsequent decade, we have grown our shareholder value, multiplying the initial investments of our shareholders, despite all the crises, turbulence, and downturns in the Russian economy.

What are the drivers of this impressive success?

Our first success factor is that we operate in a competitive market, providing consumers with the banking services they need. The second factor is the fully consistent approach shown by our shareholders throughout all these years. And the third success driver is our management — we have successfully built a strong team, both in the regions and in Moscow, with high levels of cooperation and alignment of goals and objectives — managers who talk the same language and are committed to the Bank's strategic priorities.

And of course, our people have been the immense contributing factor to our success; today our team is 35 thousand strong, many of whom have been with us for five, and even ten, years. I would like to thank all my colleagues and all those who are no longer working with us but made a significant contribution to our development and growth for all our accomplishments over the past decade.

I would also like to thank our clients for their loyalty to VTB24 brand. We will do our best to justify your trust.

”

President and Chairman of the Management Board
Mikhail Zadornov

1

ABOUT US

- 1.1 MANAGEMENT OF THE BANK
- 1.2 LICENCES
- 1.3 RATINGS
- 1.4 2015 NEWS HIGHLIGHTS

- 1.5 2015 AWARD HIGHLIGHTS
- 1.6 2015 PERFORMANCE HIGHLIGHTS
- 1.7 OUTLOOK



SEDNA
10th PLANET OF THE SOLAR SYSTEM

The planet was discovered by the American researchers Brown, Trujillo and Rabinowitz.

Spectroscopy has revealed that Sedna's surface composition is similar to that of some other trans-Neptunian objects, being a mixture of water, methane, and nitrogen ices with tholins.

Sedna's perihelion is three times further away from the Sun than Neptune's orbit, and most of its orbit is further still, making it one of the most distant known objects in the Solar System other than long-period comets.



Let's go!

Discovery date
14 November 2003

Dimensions
995±80 km

Mass (m)
8.3 · 10²⁰–7.0 · 10²¹ kg



VTB24'S MANAGEMENT BOARD

VTB24'S MANAGEMENT BOARD AS OF
31 DECEMBER 2015



MIKHAIL
ZADORNOV

President and Chairman of the
Management Board



EKATERINA
PETELINA

Deputy President and
Chairman of the Management
Board



ALEKSANDR
MELENKIN

Member of the Management
Board, Head of Finance
Department



SERGEY
RUSANOV

Member of the Management
Board, Head of Banking
and Information Technology
Department



ANATOLIY
PECHATNIKOV

Deputy President and
Chairman of the Management
Board



VYACHESLAV
VOROBYEV

Deputy President and
Chairman of the Management
Board



MIKHAIL
KOZHOKIN

Deputy President
and Chairman of the
Management Board, Head of
Communications Department



ALEKSANDR
SOKOLOV

Member of the Management
Board



VALERIY
CHULKOV

Member of the Management
Board, Head of Operations
Department



NADIA
CHERKASOVA

Member of the Management
Board, Head of Small
Business Department

LICENCES

General Banking Licence of the Bank of Russia No. 1623 of 29 October 2014.

Bullion Trading Licence of the Bank of Russia No. 1623 of 29 October 2014.

Brokerage Licence of a Professional Securities Market Participant issued by the Federal Commission for the Securities Market No. 077-03219-100000 of 29 November 2000.

Dealing Licence of a Professional Securities Market Participant issued by the Federal Commission for the Securities Market No. 077-03311-010000 of 29 November 2000.

Depository Licence of a Professional Securities Market Participant issued by the Federal Commission for the Securities Market No. 077-03752-000100 of 7 December 2000.

Securities Management Licence of a Professional Securities Market Participant issued by the Federal Commission for the Securities Market No. 077-03391-001000 of 29 November 2000.

Specialised Depository Licence of a Professional Securities Market Participant of the Bank of Russia for dealing with investment funds, mutual funds, and non-governmental pension funds No. 22-000-1-00041 of 30 October 2001.

Cryptographic Equipment Licence No. 13987 N of 16 December 2014.

RATINGS

OUR FINANCIAL
POSITION HAS BEEN
RATED BY MAJOR
RATING AGENCIES:

Moody’s Investors Service: Global Long-Term Rating Ba2, affirmed on 27 February 2015

Moody’s Interfax Rating Agency: National Scale Rating Aa1.ru, affirmed on 27 February 2015

2015 NEWS HIGHLIGHTS

JANUARY

Vyacheslav Vorobyev, Deputy President and Chairman of the Management Board of VTB24, and Alexei Rakhmanov, President of the United Shipbuilding

Corporation, sign a strategic partnership agreement.
VTB24 makes trading easier for beginners

FEBRUARY

VTB24 completes the upgrade of Telebank, our customizable online banking solution.
Mikhail Zadornov, President and Chairman of the Management

Board at VTB24, and Natalya Pochinok, Acting President of the Russian State Social University, sign a cooperation agreement

MARCH

VTB24 and the creative agency Instinct launch a new advertising campaign featuring actor Vladimir Mashkov.
Users of the Internet bank Telebank get remote access to unallocated bullion accounts.

VTB24 announces cooperation with JCB international payment system.
VTB24 launches a children’s bank.
VTB24 introduces a new line of cash loans: three basic options for all customer categories.

APRIL

Our range of credit cards becomes much simpler.
Bank—Client Online can now be run on any web browser.

VTB24 launches dedicated exchange offices in Russian regions dealing in nine foreign currencies.

MAY

Our network of Euro-dispensing ATMs grows threefold.
VTB24’s Supervisory Board resolves to re-elect Mikhail Zadornov until 2020.

VTB24 finalises its connection to the National Payment Card System.
The first customer service centre in the Volga region is launched in Chuvashia.

JUNE

VTB24 becomes the first Russian bank to launch EMV readers, a new online authentication and transaction approval engine for corporate customers and individual entrepreneurs.
Maximum cash loan amount is raised to RUB 3 million.
The Bank’s third Private Banking office is launched in Moscow.
The Bank enhances its partnership with the Saratov Region on

mortgage and small business lending.
VTB24 abandons its Telebank brand, with its Internet bank and mobile banking application rebranded as VTB24-Online.
The Bank’s first Private Banking office is launched in the Kuzbass Region.
The Bank’s small business lending grows 50% in Q2.

JULY

VTB24 and the Northern Fleet of the Russian Navy sign a cooperation agreement.
VTB24’s mobile acquiring turnover exceeds RUB 500 million.
VTB24 and the Volgograd Region sign a cooperation agreement. The parties will focus their joint efforts on supporting mortgage lending and small business.
The Bank’s third office in the Southern Federal District is launched in Volgograd for holders of premium packages.

VTB24 and AHML launch a joint initiative to support mortgage borrowers.
The Bank launches self-service terminals.
VTB24 ranks third by the size of its credit card portfolio. The Bank’s credit card portfolio grew 4.3% YTD to RUB 79.8 billion.
The Bank marks the tenth anniversary of its first car loan.
VTB24 updates its ATM interface and external design.

AUGUST

VTB24 celebrates its tenth anniversary.

The Bank presents the mobile version of its Bank-Client Online system.

Holders of Visa Global are now able to pay for hotel rooms with their bonus miles.

VTB24 marks the tenth anniversary of its first mortgage loan, with over 500,000 Russian families having improved their living conditions using the Bank’s mortgage loans.

VTB24 launches a new bank card personalisation centre.

SEPTEMBER

With a 52.5% share, VTB24 is now a leader in the military mortgage market.

VTB24 becomes the acquiring bank for Saint Petersburg parking meters.

The Bank reduces the minimum amount for FX transactions at discounted rates for Privilege package holders.

Honest Money Talk – VTB24 presents a new TV commercial featuring actor Vladimir Mashkov.

Quick card-to-card transfers are now available to VTB24-Online users.

VTB24 supports Yuri Lyubimov Award as general sponsor.

OCTOBER

VTB24’s customers can now subscribe to 3D Secure service via any of the Bank’s ATMs.

The Contact Centre for payroll customers of VTB24 receives its millionth call.

VTB24 offers its customers access to FX trading on the Moscow Exchange.

VTB24’s retail loan portfolio resumes growth rising to RUB 8 billion in Q3.

VTB24’s retail deposits outpace the market by 30%.

NOVEMBER

VTB24 launches FX operations with the Chinese Yuan.

VTB24 launches a new product – balloon payment car loans.

VTB Group and AHML sign a cooperation agreement. VTB Group and AHML agree to invest RUB 5 billion in affordable housing construction.

Mikhail Zadornov holds a meeting with FX mortgage borrowers.

VTB24’s loans can now be repaid via the Golden Crown network.

The Bank joins the Mir payment system.

VTB24 launches a new service – online credit card ordering.

The Bank extends its first loan for LADA Vesta.

DECEMBER

VTB24: our Yuan exchange operations reached CNY 4 million over a month.

Over 200,000 people are now holders of VTB24 – RZD card.

VTB24 launches an initiative to refinance loans from other banks.

The Bank consolidates all agency functions to support AHML’s mortgage portfolio.

VTB24 completes the integration of TransCreditBank.

The Bank’s guarantees become more accessible.

The Bank launches a tap-to-pay solution for the Moscow Metro and Sochi buses.

VTB24 launches a second children’s bank.

2015 AWARD HIGHLIGHTS

JANUARY

Andrey Bocharov, VTB24’s Press Secretary for the Ural Federal District, is named the 2014 Best PR Manager by BankInformServis Information Agency.

Ivan Makarov, VTB24’s Press Secretary for the Northwestern Federal District, is named the Best Bank PR Officer of Saint Petersburg by FinNews, an independent web portal.

FEBRUARY

VTB24 wins the 2014 Project of the Year award in two categories. The jury chose the SAP ERP 6.0-based budget planning and control system in the Business Intelligence category. The testing facility set up by the Bank was recognised as the best IT solution to mitigate business risks in the Communications and Service category.

MARCH

The Crystal Headset international award recognises Mikhail Medvedev, Deputy Head of Customer Service Department at VTB24, as the Person of the Year in the contact centre industry.

Markswebb Rank & Report names VTB24 one of the easiest banks to open a deposit account with on a remote basis.

VTB24 becomes the best Russian employer in the rating published by HeadHunter and Kommersant Publishing House.

JUNE

Loyalty Awards Russia’s experts recognise VTB24–RZD Visa co-branded card as the best loyalty programme in the transportation industry.

JULY

VTB24’s mobile application for Windows Phone ranks among Top 3 in the 2015 Mobile Banking Rank.

VTB24’s Bank–Client Online system is listed among Top 5 remote corporate banking systems by the 2015 Business Internet Banking Rank.

VTB24 wins the Elite of the Securities Market Award for the Best Business Development Project.

SEPTEMBER

Another six executives of the Bank have been placed in the top industry rankings:

Mikhail Zadornov, VTB24’s President, becomes the Business Leader of the Year in the Top 1,000 Russian Managers rating for the ninth time.

Public and Corporate Relations Directors: Mikhail Kozhokin (Deputy President and Chairman of the Management Board, Head of Communications Department);

Marketing Directors: Zinaida Khokhlova (Head of Marketing Department);

CFOs: Aleksandr Melenkin (member of the Management Board, Head of Finance Department);

HR Heads: Natalia Travnikova (Vice President, Head of HR and Corporate Development Department);

CIOs: Sergey Rusanov (member of the Management Board, Head of Banking and Information Technology Department);

Legal Directors: Yuri Ivakin (Senior Vice President, Head of Legal Department).

OCTOBER

The Banking Association for Central and Eastern Europe (BACEE) delivers the Golden Award to VTB24’s press service for the PR version of the Bank’s 2014 Annual Report.

NOVEMBER

• VTB24 wins the Financial Olympus National Prize as the Leader in Mortgage Lending.

VTB24 wins the 2015 Leaders in Corporate Philanthropy award. Leaders in Corporate Philanthropy is a joint initiative of Donors Forum, a non-profit partnership, and PwC, an international network of audit and advisory firms.

DECEMBER

Mikhail Zadornov, VTB24’s President is named PBWM Legend by SPEAR’S Russia.

2015 PERFORMANCE HIGHLIGHTS

OVERVIEW OF THE RUSSIAN BANKING SYSTEM

In 2015, banking assets rose 6.9% to RUB 82,999.7 billion as of 1 January 2016.

Corporate loans kept growing on the back of declining retail loans. In the reporting year, the retail loan portfolio shrank 5.7% to RUB 10,684.3 billion as of 1 January 2016. The non-financial sector loan portfolio grew 12.7% year-on-year to RUB 33,300.9 billion. Net of the FX effect, however, the corporate loan portfolio only grew 2.5%.

2015 saw banks' profits decline 67.4% to RUB 192 billion, mainly due to larger loan loss provisions made by lending institutions – rising by RUB 1,352 billion or 33.3% year-on-year, as compared to RUB 1,203 billion or 42.2% in 2014.

GROWTH CONSTRAINTS FOR THE RUSSIAN BANKING SYSTEM

Customer deposits went up 18.5%, primarily due to retail deposits growing 25.2%, and corporate deposits and cash balances rising 15.6%.

1. Commodity prices

Prices for oil, Russia's major export commodity, kept falling. In 2015, the average annual price for the Urals oil came at USD 53 per barrel, representing a 46% drop year-on-year. According to the Russian Ministry of Economic Development, the Russian GDP will grow at 0.7% in 2016 if oil prices stay at USD 50 per barrel. Should average annual oil prices come down to USD 40 per barrel, the GDP may have a 1.2% decrease. As such, these ups and downs in commodity prices seem to drive unstable expectations and constrain investor appetite and consumer demand.

2. Geopolitics

KEY RATE OF THE BANK OF RUSSIA

INFLATION

CONSUMER DEMAND

The continuing conflict in Ukraine and rising tensions in the Middle East prolong the economic sanctions against Russia, resulting in lower incomes and business confidence. Tighter access to international capital markets and a stringent monetary policy have led to higher borrowing costs and a weaker Rouble.

In 2015, capital outflow reduced to USD 66.5 billion against USD 166 billion in 2014. The Ministry of Economic Development estimates that in 2016 capital outflow may slow down to USD 50 billion. Investments are expected to fall 1.6% (against a 7% drop in 2015) and industry to rise 0.6% (against a 3.3% drop in 2015). However, if oil prices fall to USD 40 per barrel, investment may decline 5% and industry – 0.4%. The average annual RUB/USD rate would be RUB 63.3 per USD (RUB 61 per USD in 2015), while oil at USD 40 per barrel might drive the average annual RUB/USD rate at RUB 68.2 per USD.

In 2015, the Bank of Russia consistently reduced its key rate from 18% to 11% in five steps. The most recent reduction was made on 3 August 2015. Since then, the key rate of the Bank of Russia has remained flat (as of 18 March 2016, with the next meeting of the Bank of Russia's Board of Directors on the key rate scheduled for 29 April 2016).

The decline and subsequent stabilisation of the key rate were reflected by movements in bank loan and deposit rates.

In 2015, consumer price inflation stood at 12.9% (December-over-December) against 11.4% in 2014.

According to the Ministry of Economic Development, inflation should fall to an average 7.4% in 2016, although with oil at USD 40 per barrel it may reach 9.3%.

In 2015, real wages in Russia fell by 8.9%, while real disposable income was down 4%. 2016 is expected to see real wages down 0.2%, and real disposable income down 0.7%; however, with oil at USD 40 per barrel, this decline may reach 2.0% and 2.5%, respectively. Lower incomes will put a drag on retail loans.

In 2015, lower retail turnover fell 10%, while the turnover in fee earning retail services went down 2.1%. 2016 is expected to see retail turnover grow 0.4% with average annual oil prices at USD 50 per barrel, and fall 2.5% with oil at USD 40 per barrel.

VTB24'S POSITION
IN THE INDUSTRY

VTB24 is currently Russia's second largest retail bank. As at the end of 2015, the Bank's network expanded to 1,045 offices in 354 cities across 72 regions, covering 79% of Russia's urban population.

The Bank's shareholders include: VTB Bank (PJSC) holding 99.9269% and minority shareholders holding a total of 0.0731% in the Bank's authorised capital. As of 1 January 2016, VTB24 had the authorised capital of RUB 104.0 billion and equity of RUB 267.0 billion.

In the reporting year, VTB24's assets grew 3% to RUB 2,820.1 billion.

In 2015, our net outstanding loans rose 7% to RUB 2,306.4 billion as of 1 January 2016.

Our cash balances on correspondent accounts with other banks declined 33% year-on-year to RUB 12.2 billion.

In 2015, deposits by other banks declined 52% to RUB 132.6 billion.

In the reporting period, customer deposit amounts grew 22% to RUB 2,440.8 billion as of 1 January 2016, including retail deposits up 33% to RUB 2,028.4 billion as of 1 January 2016.

In 2015, the Bank's equity (capital) rose 2% to RUB 267.0 billion, against RUB 261.6 billion in 2014. The Bank's authorised capital grew 14% to RUB 104.0 billion as at the year's end.

In 2015, VTB24's loss after tax was RUB 6.7 billion (in 2014, the Bank's profit after tax was RUB 28.1 billion).

OUTLOOK

IN APRIL 2013, THE BANK'S SUPERVISORY BOARD APPROVED THE VTB GROUP'S RETAIL DEVELOPMENT STRATEGY IN RUSSIA FOR 2013-2016 PROVIDING FOR A NUMBER OF PRIORITY AREAS FOR VTB24, INCLUDING EFFORTS TO:

- enhance customer experience;
- increase loyalty and prevent customer churn;
- introduce innovative and enhance existing products and services;
- open new offices to pursue regional expansion;
- increase the Bank's market share in retail loans and deposits;
- expand the network of self-service terminals;
- manage costs;
- manage risks and bad debt recovery;
- continue developing management processes for the Retail Global Business Line within VTB Group's management framework.

In the mid-term, retail and small business interest income and expenses, as well as non-interest fee and commission income will remain key drivers of the Bank's financial performance.

VTB24 IS
CURRENTLY
RUSSIA'S
SECOND
LARGEST RETAIL
BANK

2

OUR PRODUCTS AND SERVICES

- 2.1 MORTGAGE LOANS

2.2 CASH LOANS

2.3 CAR LOANS

2.4 PAYMENT CARDS – DEBIT AND CREDIT

2.5 RETAIL DEPOSITS

2.6 COINS AND PRECIOUS METALS
- 2.7 PAYMENTS AND TRANSFERS

2.8 INDIVIDUAL SAFE DEPOSIT BOXES

2.9 PRIVATE BANKING

2.10 MASS AFFLUENT BANKING

2.11 SMALL BUSINESS BANKING

2.12 INVESTMENT SERVICES

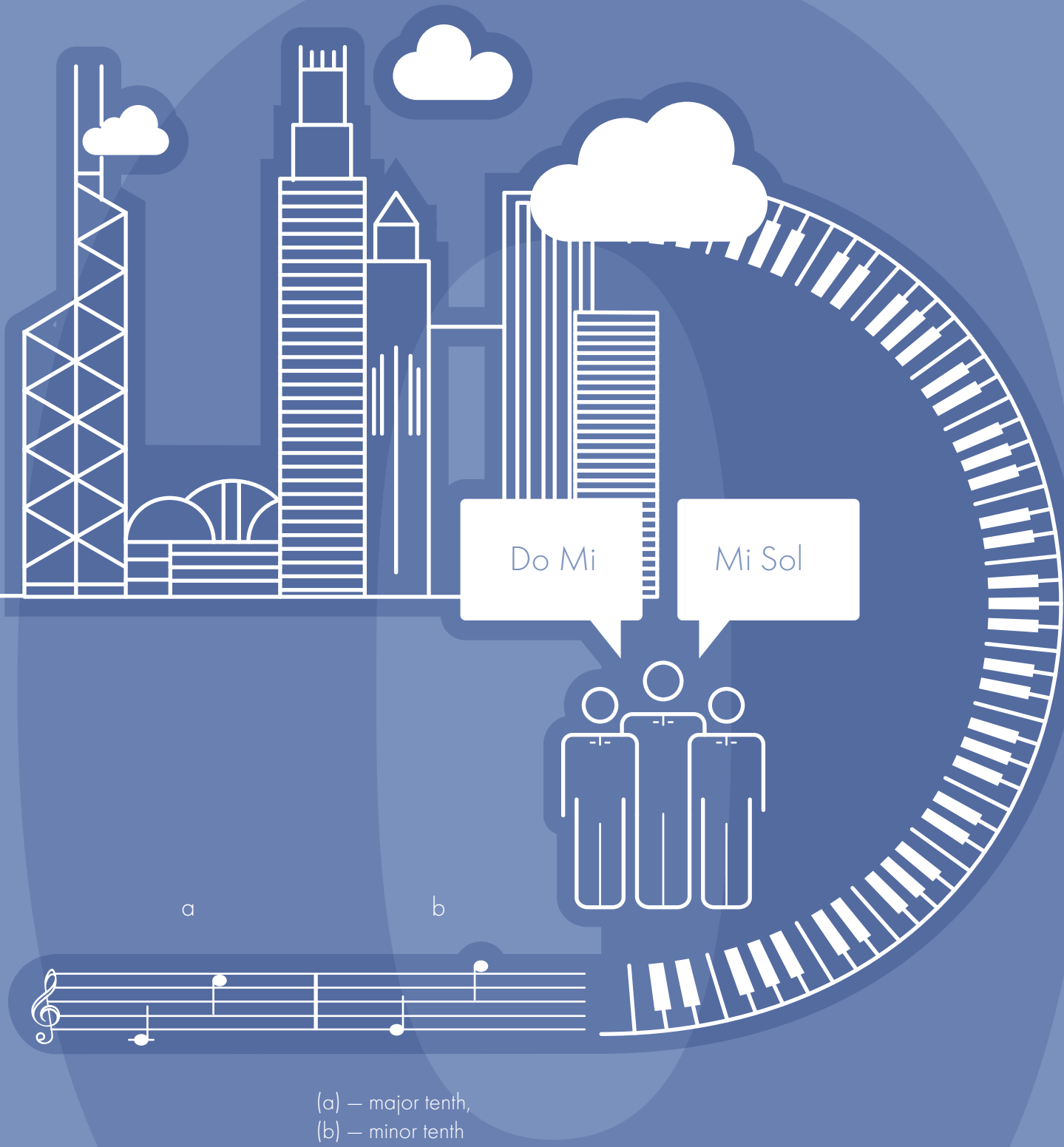


DECIMA (TENTH)
INTERVAL OF 10 DEGREES

Decima (Lat. – tenth part) is a musical interval of ten degrees designated by the figure 10.

Spans more than one octave and is often deemed a compound interval, or an octave plus a third.

Tenths, same as thirds, are consonant intervals. Compared with other intervals exceeding an octave, a tenth is more frequently used in melodic turns.



MORTGAGE LOANS

In 2015, VTB24 issued over 106 thousand mortgage loans for a total of RUB 198.4 billion. The Bank's mortgage portfolio rose 10% year-on-year to RUB 780 billion. As at the year's end, VTB24's mortgage portfolio included 554 thousand outstanding mortgage loans. As at the end of 2015, the Bank's share in the home loan market stood at 19.3%.

While the country is still facing macroeconomic challenges, the mortgage market was the only retail lending segment to post annual growth (10%). This growth was facilitated by a government subsidy programme, with VTB24 as a key enabler.

Through partnering with major Russian builders, we have been active in home construction loans so that our customers could buy newly built, modern homes on the best possible terms. In 2015, almost every second mortgage loan issued by the Bank was a loan to buy a newly constructed home.

To keep our mortgage lending as simple as possible we launched VTB24 Bank-Partner service in 2015, and our customers may now apply for a loan at our partners' offices without visiting the Bank's office.

In 2015, VTB24, with a 43% market share, retained its leadership in military loans to participants of the Mortgage Savings System. We issued over RUB 25 billion of mortgage loans under the programme.

As an important highlight, we successfully secured RUB 13 billion worth of loans from the Bank of Russia against the mortgage loans issued under the Military Mortgage programme.

An ambitious project launched by us and the Agency for Housing Mortgage Lending (AHML) was a landmark event for VTB24 and the wider market. In Q4 2015, we won a public tender floated by AHML to centralise such functions as buyout of mortgage deeds, administration of mortgage loans, debt collection and property management. Over 200 thousand mortgage deeds were handed over by AHML to VTB24 for administration in a deal of unprecedented format and scale for the Russian mortgage market.

To support mortgage borrowers in difficult life situations, including FX borrowers, we offered our customers a comprehensive restructuring programme and joined AHML's programme for government support to mortgage borrowers.

PLANS FOR 2016

In 2016, our mortgage business will focus on offering affordable retail mortgage loans, improving customer service and providing an easy-to-use and transparent home loan product.

TO THIS END, WE ARE PLANNING TO:

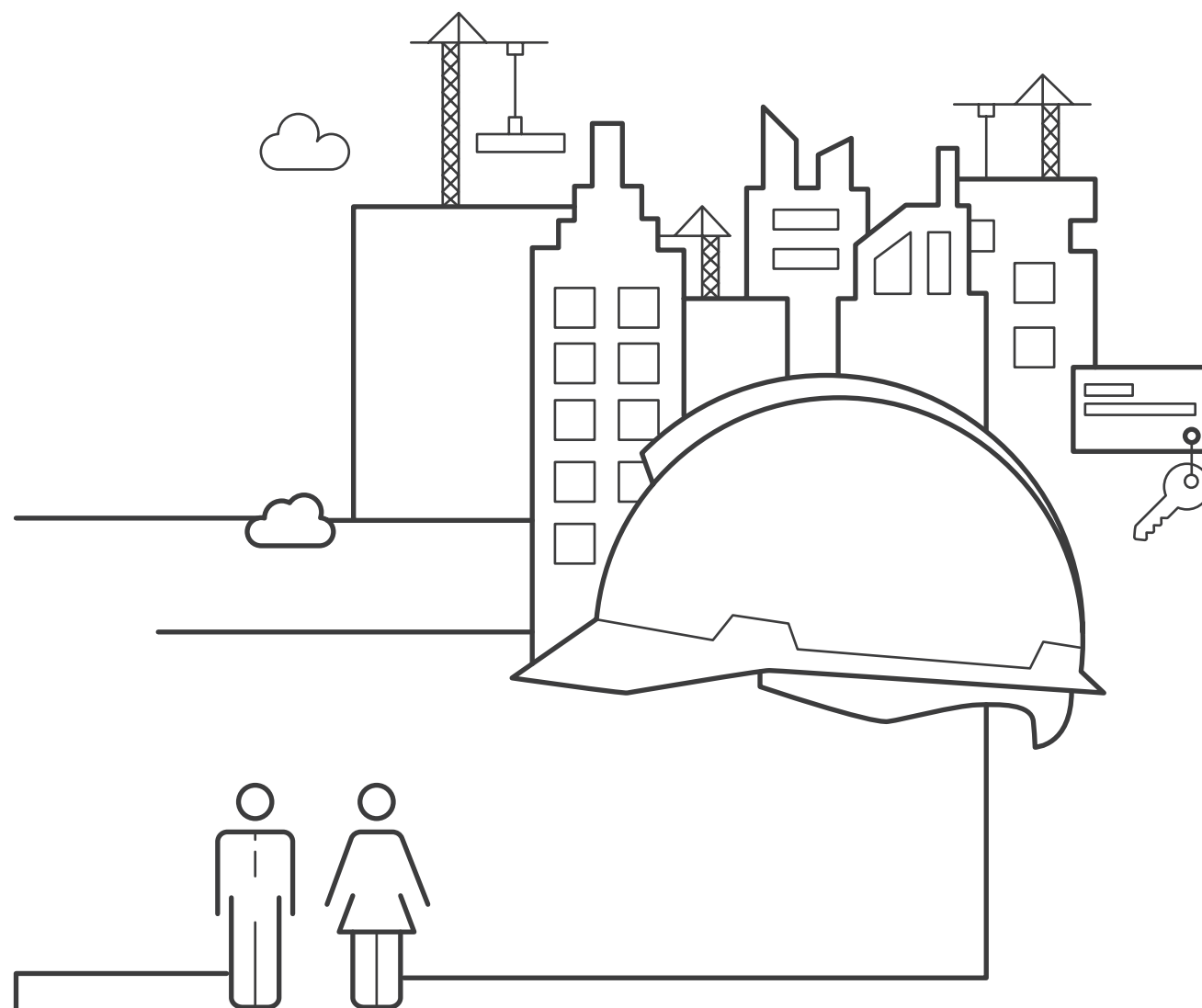
enhance our relations with partners;

actively engage in the government programme for support to mortgage lending: the Bank is planning to lend about RUB 135 billion under the programme in 2016; and

upgrade our CRM technologies to make mortgage lending simpler and easier for the customer, including through enhanced remote services.

VTB24 ISSUED OVER 106 THOUSAND MORTGAGE LOANS

FOR A TOTAL OF RUB 198.4 BILLION

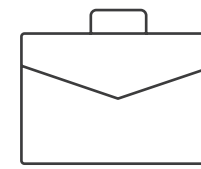


MORTGAGE LENDING



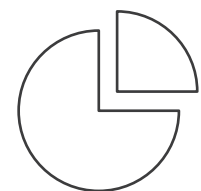
554 000

OUTSTANDING MORTGAGE LOANS
AS AT YEAR-END



10%

ANNUAL GROWTH, BRINGING
THE BANK'S MORTGAGE
PORTFOLIO TO RUB 780 MILLION



19,3%

THE BANK'S SHARE IN THE
RUSSIAN HOUSING MORTGAGE
MARKET

CASH LOANS

In 2015, VTB24 issued over 500 thousand mortgage loans for a total of RUB 153.8 billion. As at the year’s end, the Bank’s share in total market loans was 13.45%. In 2015, VTB24 was chosen as a financial partner by every seventh customer taking out a cash loan to make their dreams come true.

In the reporting year, the Bank fully refreshed its line of cash loan products. In designing the new product line, we sought to build a product offer that would highlight key advantages of the product, and to streamline the product range.

After launching the renewed product line, we recorded a 50% rise in customer applications. The banking community also highly appreciated the Bank’s new offer. VTB24 won the annual Bank of the Year 2015 award by Banki.ru news agency in the Consumer Loan of the Year category.

In the reporting year, we updated our product offering and took some steps to support our sales and maintain the product margin:

- improved pricing;
- enhanced our sales CRM, while our number of cash loan offers active at any given time exceeded 1.5 million, which is a record high for the Bank;
- totally revised the terms of our Refinancing product. Sales of the revised product have recovered in all regions where we operate;
- piloted remote cash loans.

VTB24 ISSUED
OVER 500
THOUSAND
MORTGAGE
LOANS

OR A TOTAL OF RUB 153.8 BILLION

CAR LOANS

Following the implementation of a number of crisis management measures in December 2014, VTB24 has gradually eased its car loan policy and took steps to support its sales in the segment:

In 2015, new car sales in Russia sank to a low since 2010, with some car manufacturers withdrawing from Russia. Despite the market downturn, VTB24 retained its leadership in car loans, with its portfolio standing at RUB 93 billion as of 1 January 2016 and its market share at 13.5%.

In 2015, the highest demand for VTB24’s car loans was recorded in Moscow, Saint Petersburg, Kazan, Krasnodar, and Tyumen.

Region	Loans (RUB bn)	Share, %
Moscow	8.9	25.5%
Saint Petersburg	2.7	7.6%
Kazan	1.7	5.0%
Krasnodar	1.4	4.1%
Tyumen	1.4	4.0%

- took part in a car loan subsidy programme launched by the government: by December 2015, every fifth loan under the programme was issued by VTB24;
- started partnerships with new car manufacturers: joint projects were launched in the reporting year with Volvo, Cadillac, Honda, Opel, and Haval;
- launched a new product: balloon payment car loans, a popular car purchase format in Europe;
- launched a solution to directly subsidise interest rates on car loans via a sales channel of our car manufacturer and dealer partners. The programme offers buyers attractive lending terms, documented in a loan agreement. Loan rates under such direct subsidy programmes ranged between 5.9% and 11.0%;
- introduced new aftersale service packages, including banking and roadside assistance options;
- streamlined operating processes by putting in place pledge notarisation and balance payouts on days-off.

PAYMENT CARDS

At the end of 2015, VTB24’s bank card portfolio comprised around 1.6 million active cards. The portfolio growth was mainly driven by payroll projects and the new line of credit cards and service packages.

In April 2015, VTB24 refreshed its line of retail credit cards by greatly simplifying the products and standardising the rates. As a key component of the new product range, the Bank now focuses on customer lifestyle segments such as travelling, entertainment, cars, and good bargains and pleasant shopping experience. Our credit card holders are now able to maximise the value of their relations with the Bank by aligning their transaction behaviour with their lifestyles. The re-positioned credit card line proved attractive to customers from the mass affluent segment and pushed up the share of premium cards.

In June 2015, we launched a line of retail service packages for daily banking support and personal finance management. With the new service packages, debit card sales went up 3.2 times in 2H 2015.

The new service packages encourage our customers to expand their business relations with the Bank. E.g. active users of banking products are offered interest-free rouble transfers and payments via VTB24-Online. Around 30% of our customers were offered a service package precisely for their active use of the Bank’s products.

In 2015, sales of retail service packages were about 253 thousand, while sale rates stabilised at over 20 thousand a week.

In the reporting year, we acquired 768 thousand payroll customers with income levels above RUB 15 thousand, while the number of active payroll cards totalled RUB 4.5 million. We signed 4.9 thousand new payroll project agreements, including with such large nationwide holding companies and organisations as Bashneft, the Ministry of Internal Affairs, EMERCOM of Russia, the Ministry of Healthcare, EvrazHolding Finance, and Russian Railways’ entities other than those migrated from ex-Transcreditbank. As at the year’s end, around 40 thousand organisations were paying salaries and wages to their staff by loading them onto VTB24’s cards.

In 2015, we took the following measures to enhance our payroll offer:

put in place Best Terms for Best Customers, a new line of B2B packages for corporate clients. The packages included products for the business, executives and employees. Maximum preferences for products and services were offered to companies with the highest payroll and headcount;

a new payroll card line was introduced within the service package, with brand new service content;

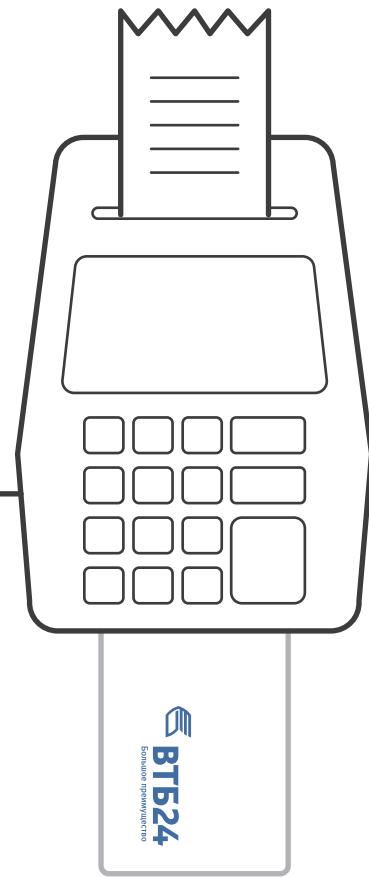
a new automated system was rolled out to handle corporate payroll projects and minimise service time;

a new page, We Specialise in Payroll Projects, was launched on the Bank’s website to highlight our payroll offer and make it catchy while targeting a specific customer segment; and

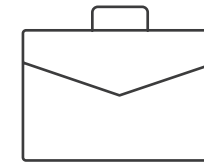
a customised design card project was implemented for Rosatom and Severstal.

WE ACQUIRED
768 THOUSAND
PAYROLL
CUSTOMERS

WITH INCOME LEVELS ABOVE
RUB 15 THOUSAND

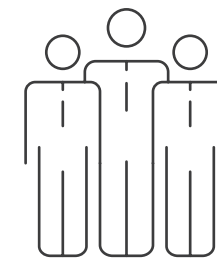


PAYMENT CARDS – DEBIT AND CREDIT



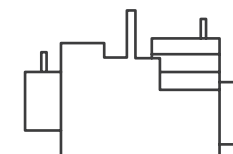
16 MLN

VOLUME OF THE BANK CARD
PORTFOLIO



4,5 MLN

TOTAL NUMBER OF ACTIVE PAYROLL CARDS



4,5 MLN

NEW PAYROLL PROJECT CONTRACTS

RETAIL DEPOSITS

The Bank has optimised its product offering. A new line of deposit products was introduced at VTB24–Online, with legacy products phased out throughout the year. As such, our product range has become easier to use and to understand.

In the reporting year, VTB24 stepped up its promotion of savings accounts. The product offers both attractive saving rates and unrestricted use of the balance. At the year's end, our savings accounts became more attractive than deposits accounts allowing for withdrawals and deposits.

In 2015, we remained a major partner of the Deposit Insurance Agency for payouts to failed bank depositors. We paid insurance benefits to depositors in twelve banks. The total payout in 2015 was RUB 123 billion, or 2.4 times as high as a year before (RUB 50 billion). Insurance benefits were paid to about 400 thousand depositors of failed banks. About 40% of payouts were deposited with VTB24.

In 2015, VTB24 repeatedly revised its deposit rates to adjust to changes in the market environment. In the reporting year, the Russian market the overall decline in deposit yields as the country's economy stabilised.

COINS AND PRECIOUS METALS

VTB24 offers unallocated bullion accounts for four metals: gold, silver, platinum, and palladium. In 2015, the Bank sold over 60 thousand coins in precious metals. VTB24 offers over 400 types of coins made in Russia and in other countries. All types of coins in precious metals enjoy high demand, including investment coins, commemorative coins, and coins of different countries.

As of 1 January 2016, over 17 thousand active unallocated bullion accounts were opened in 499 offices of the Bank.

PAYMENTS AND TRANSFERS

VTB24 continues developing its payment services and money transfers. In 2015, bill payments by the Bank's retail customers grew 29% year-on-year to 50 million transactions. Our commission income grew 83% year-on-year to RUB 858.5 million.

In the reporting year, the Bank began targeted expansion of the range of utility suppliers whose bills can be paid via VTB24-Online and self-service terminals without filling out recurrent payment details. These efforts will be continued in 2016.

Card-to-card, or person-to-person (P2P), payments launched in 1H 2014 showed a rapid growth in our remote service channels. 2015 saw three million customer transactions worth RUB 27.5 billion.

INDIVIDUAL SAFE DEPOSIT BOXES

The Bank offers its customers an opportunity to lease individual safe deposit boxes to keep their valuables in, and to settle their deals, including mortgage transactions involving VTB24.

We offer safe deposit boxes for lease to both retail and corporate customers. A customer may issue a power of attorney to provide access to a safe deposit box to a third party.

In 2015, VTB24 launched 37 new offices with vaults for safe deposit boxes. As the year's end, the total number of offices with such vaults exceeded 250 offices offering over 60 thousand individual safe deposit boxes of various sizes.

THE TOTAL PAYOUT IN 2015 WAS RUB 123 BILLION

PRIVATE BANKING

In 2015, the Bank expanded its network of Private Banking offices and their geography. Four new VIP offices were opened in Moscow, Izhevsk, Tula and Kemerovo, bringing the total number of Private Banking offices operated by VTB24 up to twenty-four.

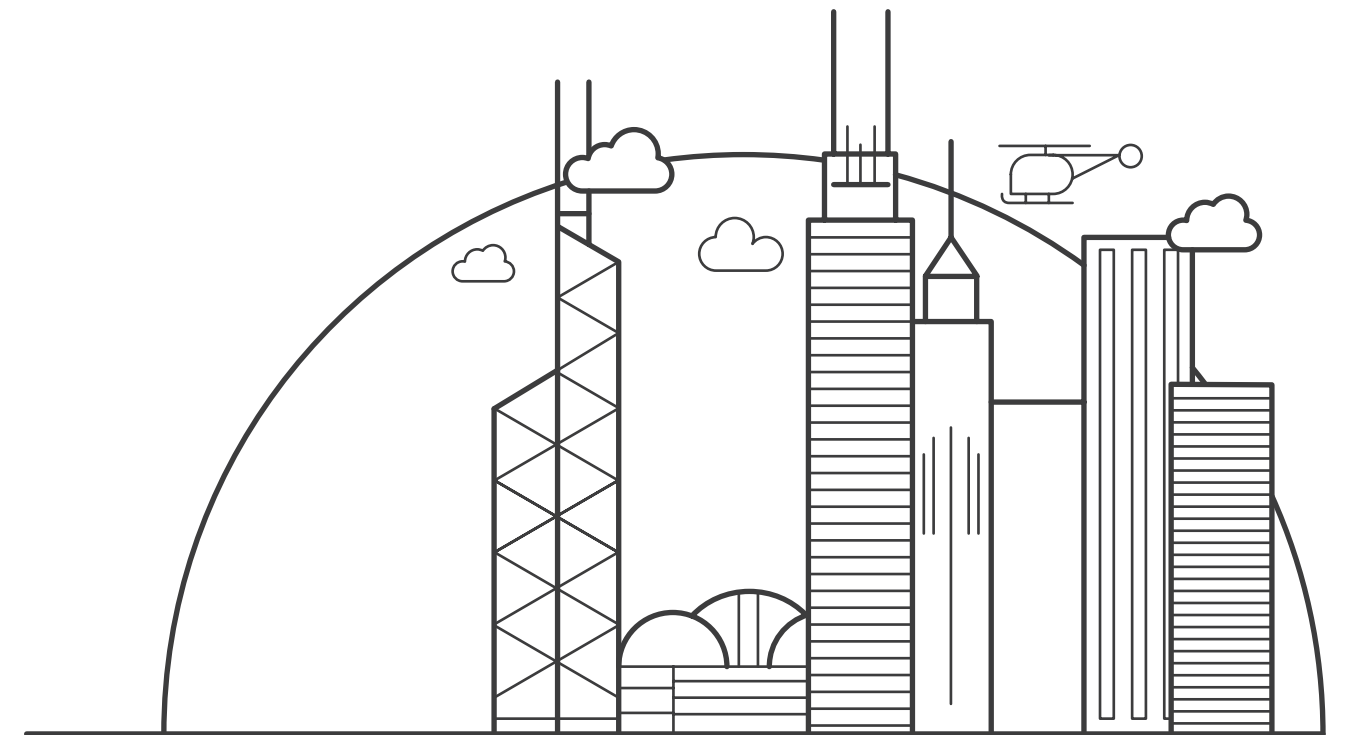
In 2015, our VIP customer base rose 50% to 8,079 clients, with our AuM portfolio growing by RUB 319 billion to RUB 732 billion, while our aggregate PB balances increased 77%. By the year's end, average liabilities per customer reached RUB 90.6 million.

We offered new products and services to our Private Banking clients in the reporting year, boosting active sales of investment products, including investment insurance programmes, and enhancing our investment product mix with such services as Personal Broker and Prime Investment Advisor. Our PB clients are now able to take out mortgage loans from a bank of VTB Group's European sub-holding company operating in France.

MASS AFFLUENT BANKING

VTB24 continued actively targeting premium banking customers. We issued more than 200,000 Privilege packages over the year, with 60% clients serviced for free as holding sufficient capital with the Bank.

In late 2015, we launched a special offer for payroll customers: customers who demonstrate a certain level of income may be offered a Black Edition Signature card as a payroll card. With this product, customers get a full Privilege package which includes a dedicated relationship manager, preference terms for services offered by VTB24 and a wide range of options.



**IN 2015, THE
BANK EXPANDED
ITS NETWORK
OF PRIVATE
BANKING
OFFICES
AND THEIR
GEOGRAPHY**

SMALL BUSINESS BANKING

In 2015, VTB24 continued rapidly growing its small business (SB) segment. The SB customer base increased by 21%, a record rate for the last four years, to 347 thousand customers. We are also building up our deposit portfolio in this segment. The portfolio grew 37% to about RUB 308 billion, outgrowing the SB loan portfolio for the first time in the Bank’s history.

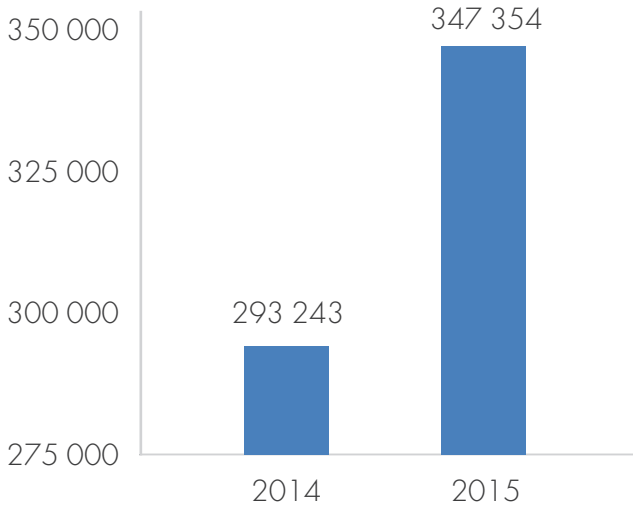
As part of its lending programs, VTB24 maintains strong relations with government agencies responsible for support to small businesses:

lent RUB 3.8 billion under the programmes run by JSC Russian Bank for Small and Medium Enterprises Support;
lent RUB 2.5 billion against guarantees of JSC Russian Small and Medium Business Corporation, or twice as much as in 2014; and
lent RUB 7.6 billion in 59 regions under a government programme for lending secured by regional guarantee funds.
In the reporting year, these organisations extended a total of RUB 14 billion of loans to small business customers.

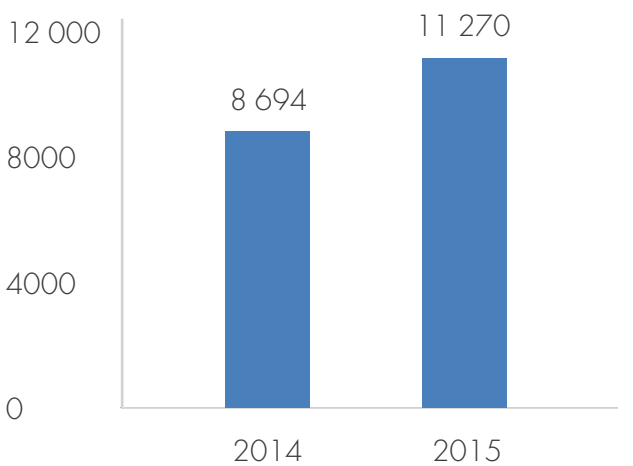
In 2015, VTB Group’s small business product range was updated and expanded to include new offers:

an integrated payroll and acquiring solution for small business customers;
special service terms for customers of banks with revoked licenses;
non-banking services for small businesses: a partnership with Yandex and Google; access to legal support services for entrepreneurs; and
enhanced functionality and security of the Bank-Client Online remote banking system.

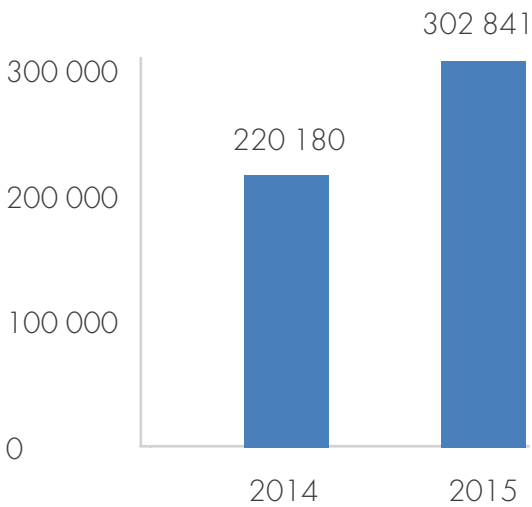
NUMBER OF CUSTOMERS/ACCOUNTS



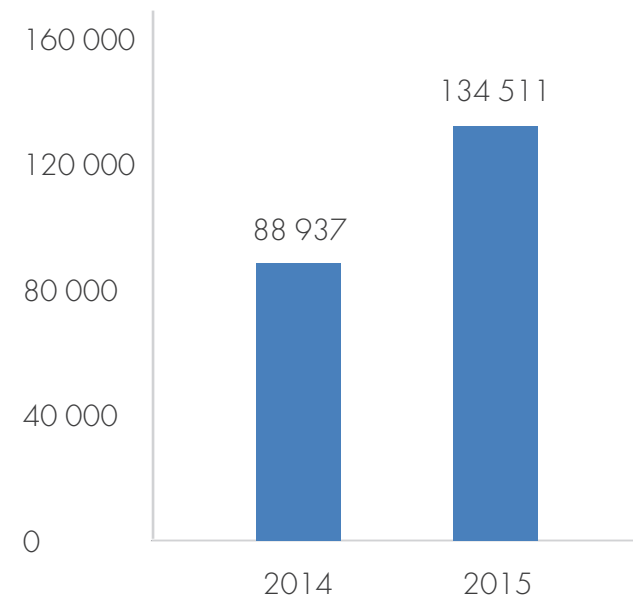
COMMISSION FEES, RUB M



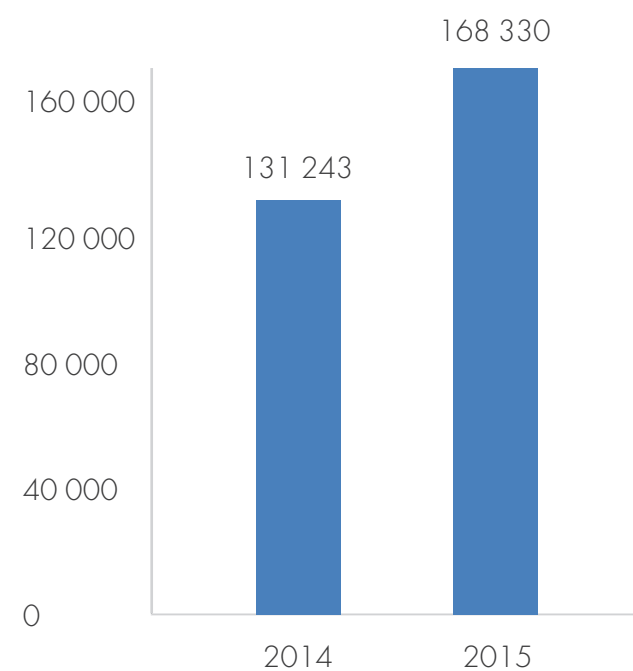
CORPORATE AND ENTREPRENEUR LIABILITIES



CORPORATE AND ENTREPRENEUR DEPOSITS



BALANCES IN BANK ACCOUNTS OF CORPORATE CUSTOMERS AND ENTREPRENEURS



BROKERAGE OPERATIONS IN FINANCIAL MARKETS

VTB24 has retained its leadership position among brokers and banks offering brokerage services in the Russian market. We rank first by the number of registered customers and third by the number of active customers on Moscow Exchange (MOEX).

In 2015, VTB24's customer transactions in the stock market exceeded RUB 1,015 billion to rank sixth in MOEX's rating Leading Operators – Equities: Main Trading Mode (T+2).

In the reporting year, VTB24 offered those of its customers who used brokerage services an opportunity to deal in the FX market of Moscow Exchange and enter into unsecured FX transactions (in USD and EUR).

Additionally, our customers are now able to enter into Individual Investment Account (IIA) agreements.

MARKETING UNITS IN MUTUAL FUNDS

In 2015, we invested over RUB 1 billion in mutual funds via our agency outlets.

IN 2015, VTB24 CONTINUED RAPIDLY GROWING ITS SMALL BUSINESS SEGMENT

3

DISTRIBUTION CHANNELS

- 3.1 VTB24 OFFICES
- 3.2 REMOTE BANKING
- 3.3 SELF-SERVICE NETWORK
- 3.4 CORPORATE WEBSITE



PYTHAGOREAN TETRACTYS

10 POINTS IN A PYRAMID

Pythagoreans considered 10 (a decade) to be the great number of all things, the archetype of the Universe. The Pythagorean Theorem is a theorem of geometry: the square of the hypotenuse of a right triangle is equal to the sum of the squares of the legs.

The tetractys has a heterogeneous field structure capable of harmonising and aligning frequency characteristics of objects that surround you, and restoring your aura.



OFFICES

As the end of 2015, VTB24’s network comprised 1,046 offices in 354 cities and towns across 72 Russian regions. During the reporting year, the Bank opened 60 new sales offices.

In 2015, VTB24 focused on developing its mass affluent banking (MAB) infrastructure. 43 out of 60 offices now feature dedicated MAB areas. A total of 70 of such areas were set up under our network optimisation programmes.

As a result, the share of offices with dedicated MAB areas exceeded 50% of the total sales network. As at the end of 2015, the network included 531 offices with MAB areas, including 26 specialised outlets. MAB staff grew 30% from 2.1 thousand to 2.7 thousand employees.

Over the reporting year, four new offices were added to the Private Banking network: in Moscow, Tula, Izhevsk, and Kemerovo. The sales network now includes a total of 24 Private Banking offices.

During the year, the Bank implemented a programme to shut down poorly performing sub-standard offices and closed a total of 80 sales offices.

REMOTE RETAIL BANKING

The number of active customers of VTB24-Online rose 2.3 times (to 861 thousand), while the total number of subscribers grew by 1.7 million to 3.9 million customers.

The number of transactions via the mobile bank grew 2.8 times to 9.8 million transactions, or 35% more than the total number of transactions made via VTB24-Online. In 2015, the number of mobile bank users grew 2.2 times.

The total number of text alert service users rose 89% to 5.4 million (including 2.7 million payroll customers using the service as part of the Payroll package free of charge). The number of clients using the paid text service packages grew more than twofold to 2.7 million.

In 2015, VTB24 particularly focused on sales and functionality of banking products and services, while enhancing security and improving customer service quality, design and ergonomics.

WE HAVE IMPLEMENTED A NUMBER OF PROJECTS IN THE FOLLOWING AREAS:

Enhanced functionality and sales of banking products, services and options:

- introduced online opening and management option for the new line of deposit products, including deposit accounts offered in the Privilege service package;
- o introduced an application form for users of VTB24-Online to apply for credit cards online;
- o expanded the range of utility bill payments available in the cities and towns where VTB24 operates through the integration with a payment aggregator, Gorod Federal System;
- o introduced online purchases of international travel insurance policies (VTB Insurance) with a 10% discount; and
- o launched P2P transfers using the card number and unique customer identifier (as an alternative to account number transfers to VTB24 customers).

Enhanced security framework:

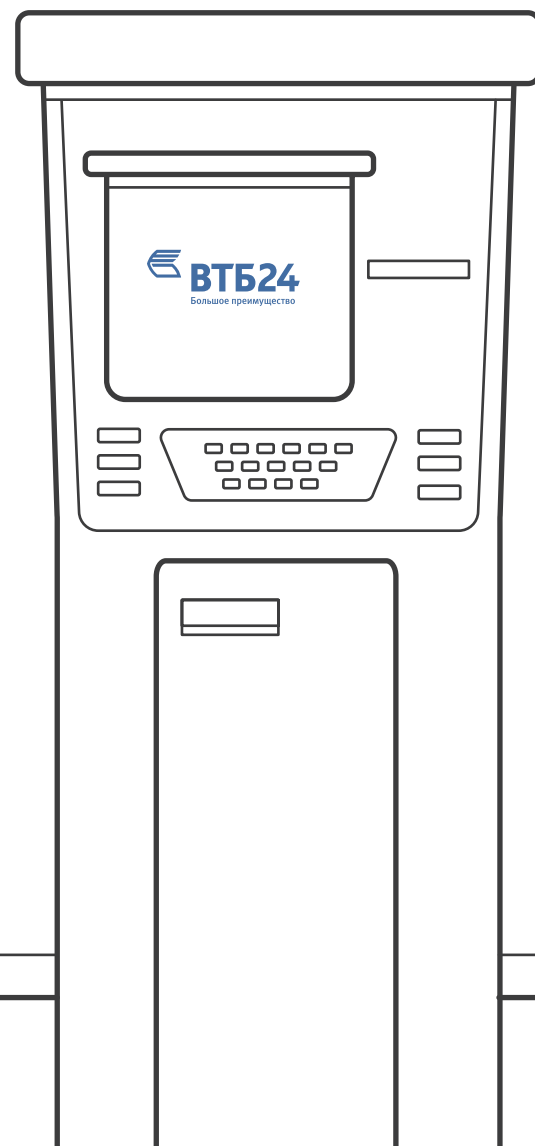
- refined templates for SMS short codes;
- o implemented and piloted Software Token, a new technology; and
- o launched a fraud prevention system covering all sales channels used by VTB24-Online.

Enhanced customer service:

- added a new service, Robot P24 virtual assistant serving as an interactive Q&A wizard;
- o implemented a remote password recovery option that does not require a client to visit the Bank’s office.

Improved design and ergonomics:

- shut down Telebank 1.0 and Mobile Bank 1.0, migrating from Telebank 2.0 to Telebank 3.0. As a result, Telebank 3.0 is now the only version used;
- o took steps to enhance channel stability and accessibility, including optimised user interfaces of the online and mobile banks;
- o added a new My Finance widget to the online bank interface, enabling a client to view a summary of their finances.



SELF-SERVICE TERMINALS IN THE NETWORK

96,4%

ACCESSIBILITY OF SELF-SERVICE
TERMINALS

10,9 THOUSAND

SELF-SERVICE TERMINALS IN THE NETWORK

493 BILLION

RECEIVED AND CREDITED TO CUSTOMERS'
CARD ACCOUNTS

2,3 TRILLION

CASH WITHDRAWALS

A NUMBER OF MOBILE BANK DEVELOPMENT INITIATIVES WERE IMPLEMENTED DURING 2015:

launched new mobile apps for Windows Phone and Android smartphones, and Android tablets;

added new functionality: launched a card-to-card payment service; introduced QR code payments for Android; added the VTB24 Card Discount service (information about partners which offer discounts to customers paying with a VTB24 card); implemented fingerprint login for iPhones and iPads; and launched a savings account management option. We have also introduced PUSH codes to confirm transactions in VTB24-Online as an alternative to text messages.

PLANS FOR 2016

For 2016, we plan a number of initiatives to enhance the online bank’s stability and performance. VTB24 also intends to add a number of new service options such as savings account opening and automatic payment of mobile bills.

MOBILE BANK IMPROVEMENT INITIATIVES PLANNED FOR 2016 INCLUDE:

mobile app redesign;

QR money transfers for iOS;

savings account opening;

simplified procedure for mobile app login using short PIN;

review of limits on transfers between accounts; and

fingerprint login for Android mobile apps.

SELF-SERVICE NETWORK

In 2015, 850 new terminals were added to our self-service network, taking their total number to over 10.9 thousand as at 1 January 2016. The share of terminals with a cash deposit option grew 6 p.p. to 36%.

Cash withdrawals rose 19% to RUB 2.3 trillion, and cash deposits to card-linked accounts grew 17% to RUB 493 billion.

Accessibility of self-service terminals (percentage of time when terminals were operationally available) reached 96.4% in 2015 (+0.8% year-on-year).

We have upgraded the external design and interface of our self-service terminals to make them more attractive.

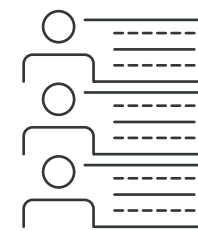
In 2016, the Bank is planning to expand its network of self-service terminals by more than 1,650 units, focusing mostly on terminals with cash deposit and withdrawal functionality, two thirds of which are high-tech cash recycling systems, and on new specialised cashless payment and transfer terminals offering enhanced user experience.

CORPORATE WEBSITE

VISITS TO VTB24’S WEBSITE GREW MORE THAN 20%. THE BANK HAS SUCCESSFULLY COMPLETED THE FOLLOWING INITIATIVES:

launched an online office workload monitoring system; and

fully launched a multi-purpose platform for online customer applications on its website. This service has been highly acclaimed by the professional community: Markswebb Rank & Report ranked VTB24 among the TOP-3 banks for ease of submitting online applications for cash loans via the bank’s website.



20%

GROWTH IN THE NUMBER
OF VISITS TO THE WEBSITE



ONLINE OFFICE WORKLOAD
MONITORING SYSTEM
LAUNCHED



MULTI-PURPOSE PLATFORM
FOR ONLINE CUSTOMER
APPLICATIONS ON THE WEBSITE
FULLY LAUNCHED

4 RISK MANAGEMENT

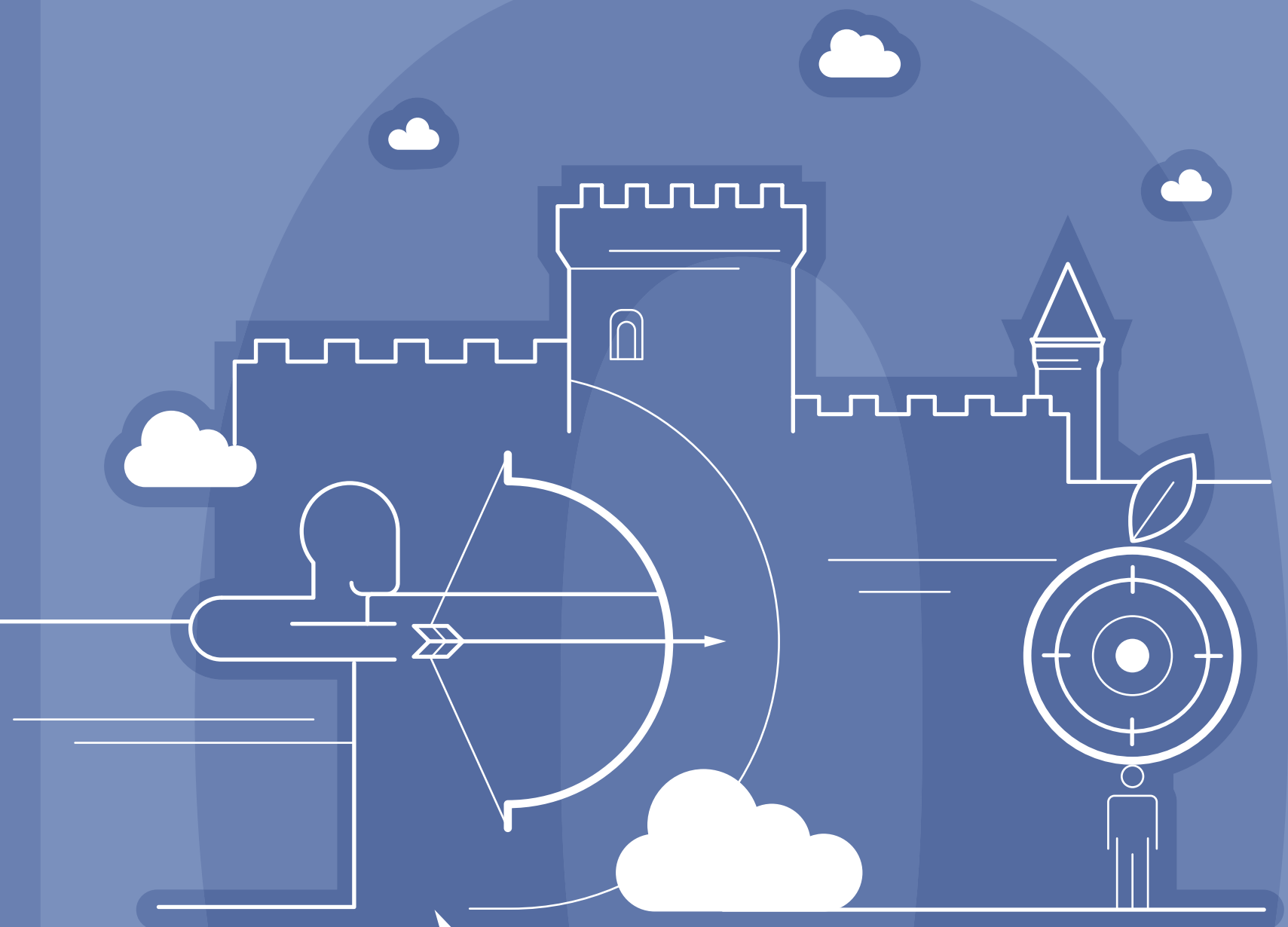


APPLE SHOT 10 – CENTRE OF A TARGET

Ten (bullseye) is the most central ring of a target. Hitting the very centre of a target scores the most points.

The expression “apple shot” comes from the legend of William Tell. The legend has it that Al-brecht, a cruel vicegerent of the German Emperor in Switzerland, hung the Austrian Duke’s hat on a pole in the square of the town of Altdorf and ordered that every passer-by bow before the hat.

The young peasant William Tell, known to be an excellent archer, disobeyed this order. As a punishment, Gessler made him shoot a crossbow at an apple placed on his son’s head. Tell fulfilled the task, but admitted later on that if he had hit his son, he would have killed Gessler with the second bolt.



HIT TEN POINTS

1. do something with a high degree of accuracy;
2. select exact words straight to the point when describing something;
3. make a very accurate guess, solve a riddle;
4. in the speech of servicemen or sports shooters – hit the centre of a target.

THE BANK’S
MANAGEMENT
PRIMARILY FOCUSES ON
THE FOLLOWING KEY
RISKS:

credit risk;
market risk (including equity risk, currency risk, and interest rate risk);
liquidity risk;
operational risk;
reputational risk;
strategic risk; and
legal risk.

The risk management system in place at VTB24 follows the recommendations of the Basel Committee on Banking Supervision.

When developing our business processes we seek to identify sources of all types of risk and their concentrations, establish acceptable risk levels, and design risk mitigants and controls.

The Bank’s key units responsible for credit, financial and operational risk management include the Risk Analysis Department (RAD) and the Credit Risk Underwriting and Control Department (CRUCD), which enables better responses to business strategy challenges and stronger performance in a weaker retail lending market. The RAD’s focus is on analytical risk management, while the CRUCD is focused on operational risk management.

CREDIT RISK

In credit risk management, VTB24 adheres to conservative approaches, and uses methods and procedures that are in line with regulatory requirements.

The Bank employs customised risk assessment methods based on the customer profile, industry, and loan purpose.

This approach enables sound risk management, prompt adjustments of the loan portfolio structures and proactive management decisions to dilute the overall banking risks.

To mitigate potential loss risks VTB24 conducts comprehensive assessments of borrowers and proposed property collateral, including:

A well-developed system of limits is another tool we use to enhance our credit risk management process. The limit-setting process restricts the Bank’s exposure to specific segments to prevent excessive concentrations of risk. This process includes:

application and behavioural scoring;
analysis of a borrower’s financial position and credit history (including credit histories with, and obligations to, other banks as per the data obtained from credit bureaus);
deal structuring and evaluation of loan purpose;
evaluation of the quality of proposed collateral; and
checks of all legal documents submitted by the borrower to make sure they comply with applicable regulatory requirements.

To mitigate credit risk we have drafted internal documents setting out the transaction limit structure and transaction limit setting procedure. The RAD employees monitor our counterparty banks on a monthly basis.

The credit limits determining the acceptable risk level for a specific borrower are calculated based on the borrower’s financial position and their scoring process results, subject to the borrower’s existing obligations. The use of the score-based limit and score-based pricing options in making lending decisions enables us to optimise the risk profile of our loan portfolio and offer bigger loans at lower rates to borrowers with low risks of default.

size limits per product and portfolio;
maturity limits;
interest rate limits;
authority limits;
concentration limits per specific industry and region; and
structural limits (per product, per counterparty/third party).

Our credit risk management comprises ongoing loan portfolio monitoring which includes the procedures listed below:

Credit risks are also minimised through insurance, use of various collateral and suretyship formats, and through the loan portfolio diversification by product type and industry.

The Bank's units also monitor collateral value, liquidity and integrity, and design requirements to loan collateral.

The multi-tier lending decision-making framework in place at VTB24 is diversified based on risk level and includes a number of competence levels (collective, joint, and individual), which enables better lending decisions.

risk-level monitoring of the Bank's individual projects and entire portfolios to take preventive measures in case any negative trends are identified;

monitoring of country, regional, industry and other concentrations of the Bank's credit exposures and other major credit risks.

VTB24 has implemented revised procedures for monitoring overdue retail loans to promptly identify fraudulent schemes, and overdue mortgage loans to more promptly identify concentrations of potentially non-performing debt by group of mortgage products.

Provisions are another metric used to assess portfolio quality. We use two approaches to risk level assessment and provisioning: portfolio-level and loan-level.

Loan-level approach: each loan is assessed and provisioned for on a case-by-case basis. The loan-level approach to risk assessment is driven by economic considerations and used for large loans and loans that show individual signs of impairment. The provision percentage for specific risk category is determined by the Bank's internal documents subject to requirements of the Bank of Russia.

Portfolio-level approach: the level of risk is assessed for the overall portfolio based on accumulated statistics and performance of overdue debt, and other risk factors without looking into individual loans. This approach assumes that individual loans in the assessed portfolio are homogeneous and each specific loan does not carry the risk of impairment, but the entire portfolio can be impaired. The provision percentage for each specific risk category is determined by the Bank's internal documents subject to regulatory requirements.

MARKET RISK

VTB24 manages market risk by regularly assessing potential losses from adverse changes in the market environment, and setting the relevant price floors and requirements to security deposits and collateral. The Bank's market risk management policy is determined by the Assets and Liabilities Management (ALM) Committee.

Our risk management is focused on limiting and reducing potential losses from open positions that may result from adverse changes in exchange rates or stock performance. The Bank monitors compliance with market risk position limits both in real time and on a regular (daily and weekly) basis.

INTEREST RISK

To assess interest risk we analyse interest rate positions and calculate potential changes in the net present value (NPV) of interest-bearing assets/liabilities and net interest income (NII) in adverse interest rate change scenarios.

Reports on the structure of VTB24's open interest rate positions are prepared on a quarterly basis to analyse potential risks associated with interest rate positions. The reports present data broken down by currency and detail average weighted interest rates on investments and borrowings broken down by financial instrument and maturity as of the reporting date.

Our interest rate risk stems from open positions in assets and liabilities with interest rate exposure. Interest rate positions are calculated based on transactions that feature details required to calculate payment flows and indicate the transaction amount and payment date.

Transactions are included in the report on open interest rate positions subject to relevant interest rate revision dates. Floating rate transactions are included in the report if they feature rate revision parameters (revision frequency; revision index and next revision date).

Interest rate positions are calculated by currency, basic segment (business segment), interest-bearing instrument, transaction type and time interval.

Interest rate positions do not include balance sheet items that are not interest-bearing, as well as the following interest bearing instruments:

- instruments which are at least 50% provisioned for under applicable regulations of the Bank of Russia;
- overdue debt;
- loan loss provisions; and
- other transactions that do not affect the Bank’s interest rate risk.

CURRENCY RISK

Currency risk is analysed by the Risk Analysis Department. The RAD’s reports on the currency risk level are examined by the ALM Committee on a regular basis as part of a wider market risk assessment. These reports drive the ALM Committee’s decision-making on currency risk management.

The Bank’s open currency position (OCP) is projected and calculated on a daily basis in line with the Bank of Russia’s guidelines. The OCP is adjusted via FX transactions on exchanges and in the OTC market. VTB24 has in place an internal system of limits and restrictions on financial market operations, including on FX transactions, to mitigate currency risks.

We regularly match the sizes of the Bank’s FX claims and liabilities (FX GAP analysis) across major currencies, broken down by claim and liability maturity subject to planned transactions as reflected in the business plan.

LIQUIDITY RISK

To manage its liquidity the Bank assesses the current and projected liquidity position on a daily basis, including versus the Bank of Russia’s regulatory ratios. We analyse potential liquidity gaps on an ongoing basis by assessing the balance of resources subject to planned transactions in the approved business plan. The balance of resources also includes the currency component to assess currency risk concentrations.

The ALM Committee reviews reports on the current and projected liquidity level and liquidity ratio projections, which inform decision-making on medium- and long-term liquidity management.

Under the approved methodology for stress testing of liquidity risk, the Bank’s Treasury conducts liquidity risk stress tests on a quarterly basis in a number of test environments (crisis scenarios) / time horizons and submits the results to the ALM Committee for consideration. Stress testing parameters are reviewed at least annually.

The Treasury provides day-to-day liquidity management by managing balances on correspondent accounts of the parent bank and branches, by raising and investing funds in the financial markets, and through trading in the securities market. To cover the gap between current assets and liabilities the Bank forms a pool of the most liquid securities, the treasury portfolio, using the approved treasury portfolio sizing methodology.

Thus, the liquidity management system in place at VTB24 enables proper assessments of incoming and outgoing cash flows, with account for asset and liability duration, and timely decisions to compensate for any shortage of liquid assets as it may arise. By regularly calculating and maintaining a certain percentage of liquid assets we ensure that we are capable of meeting all our obligations to customers and counterparties on time under any scenario.

OPERATIONAL RISK

General operational risk
mitigants include:

The operational risk management framework in place at the Bank helps to identify potentially risky areas, develop loss assessment and minimisation procedures, design and evaluate controls, and flexibly respond to material business expansion.

- dividing and limiting transaction execution and approval authority among the Bank’s employees and units;
- differentiating access rights and monitoring employees’ access to the Bank’s corporate information and tangible assets;
- enhancing operating processes and developing banking technology automation and information security systems;
- maintaining accessibility of the Bank’s systems at a level required for full-scale operation of internal processes and customer services; and
- ensuring backup and recovery of the Bank’s operations in emergency or other potential situations that are difficult to predict and could result in material financial losses or have other consequences preventing the Bank from meeting its obligations, by developing and testing business continuity and recovery plans.

The Bank may additionally decide to mitigate certain risk types through insurance.

Operational risk affects the capital adequacy ratios and as such is calculated in line with the Bank of Russia’s Regulation No. 346-P On the Procedure for Calculating the Amount of Operational Risk dated 3 November 2009.

REPUTATIONAL RISK

To mitigate our reputational risk we: timely and efficiently discharge our obligations to customers and partners; strictly comply with laws and standards of business ethics; ensure accountability and responsibility of our executives and employees; comply with the decision-making procedure for operations and transactions within approved competence; exercise internal control over our operations and transactions; have in place an information support system that prevents the use of information for private gain; promptly examine and analyse media reports on VTB24 for completeness, reliability and impartiality and promptly respond to them.

STRATEGIC RISK

When building and approving its strategy under the strategic planning methodologies designed by VTB24, the Bank applies various macroeconomic scenarios and their impacts on financial markets, and prepares scenarios of its response to potential threats. The strategic plan itself is regularly adjusted to keep it up to date with actual data. VTB24 considers the above set of procedures sufficient to bring strategic risk down to acceptable levels.

LEGAL RISK

We use a range of legal risk mitigants to reduce (or prevent) potential losses. Among other things, we standardise our banking operations and other transactions; the Bank’s non-standardised transactions are approved by the Legal Department; we also monitor legislative changes and promptly amend our constituent and internal documents accordingly; we monitor compliance of our banking and other transaction documents with Russian laws, and recruit highly skilled personnel.

To mitigate the risk of non-compliance by counterparties with regulations or terms of existing agreements VTB24 uses such tools as counterparty due diligence, mandatory third-party liability insurance and collaterals to secure contractual obligations.

5

REDUCING NON-PERFORMING LOANS

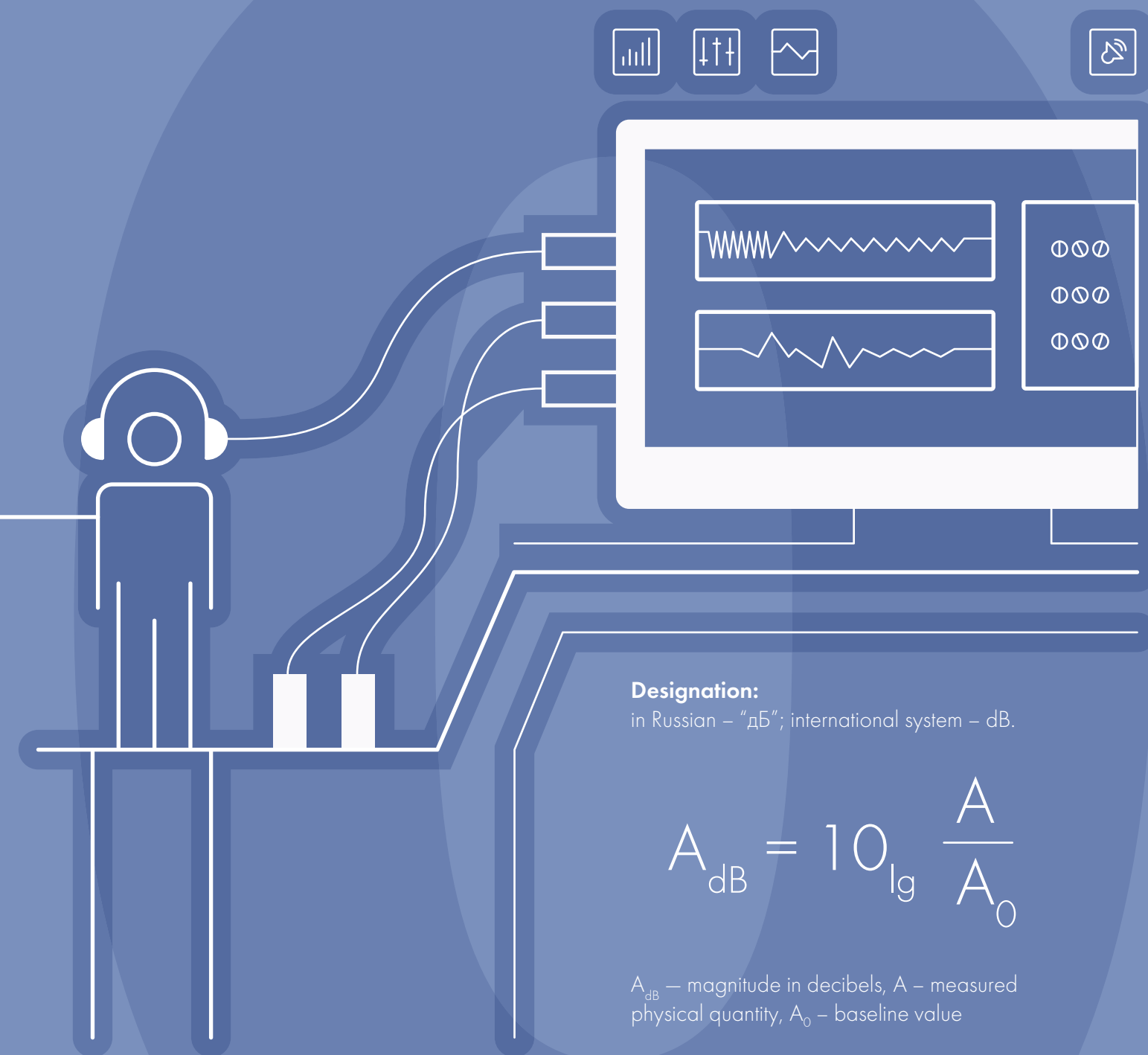
WWW

DECIBEL

One tenth of one BEL

Decibel is one tenth (deci-) of the bel, a less frequently used unit named in honour of Alexander Graham Bell.

Alexander Graham Bell fundamentally transformed our understanding of sound transmission and perception; so his name was given to a concept, a logarithmic unit used to express the ratio between values of a physical quantity like "energy" (power, energy, power flux density, etc.) or "power" (current, voltage, etc.).



We have in place a strong collections unit and make consistent efforts to enhance its performance. In 2015, we made further progress in this area.

VTB24 has overhauled its employee motivation and compensation system. In particular, we have revised our previously used approach, which is widely spread in the market and places the emphasis on growing non-performing debt collection volumes. Instead, the Bank is now focusing on the amount of provisions that are dissolved as overdue debt is collected.

Importantly, the reform also provides for putting in place a more aggressive motivation system of remote collections: a rating model where all local employees are divided into several groups. Members of the team with the highest score are paid the maximum bonus, while the lowest score team gets no bonuses.

Additionally, in the reporting year, VTB24 set up a new remote collections platform in Cheboksary, where a number of FTEs were relocated, significantly reducing our staff costs.

In 2015, our Mobile Collection project entered the home stretch. The project primarily seeks to enhance employee productivity. Employees of collection units are no longer “attached” to their offices and can get the required information on the debt and customer while in the field. In addition to improved mobility, the initiative also enables better performance quality control.

In the reporting year, VTB24 continued to refining its intelligent decision-making systems dealing with non-performing loans. We put in place and fine-tuned new scoring and behavioural models. They analyse a client’s credit history to assess the likelihood of debt repayment by the client under various collection strategy scenarios.

In recent years, the Bank has been consistently enhancing its line of restructuring product offering. We have currently in place programmes that cater for all categories of those customers who see restructuring as a solution to a weaker solvency. E.g. in 2015, we put in place a new programme for prompt payers to prevent their credit default in time.

The Bank places a particular emphasis on alleviating the plight of FX mortgage borrowers. We have designed special solutions to support them, including conversion of their debt into roubles, and transfer of the mortgaged property to the Bank as compensation, with an option of subsequent rent and buyback on preferential terms.



**THE BANK PLACES
A PARTICULAR
EMPHASIS ON
ALLEVIATING
THE PLIGHT OF
FX MORTGAGE
BORROWERS**

6

INFORMATION TECHNOLOGY

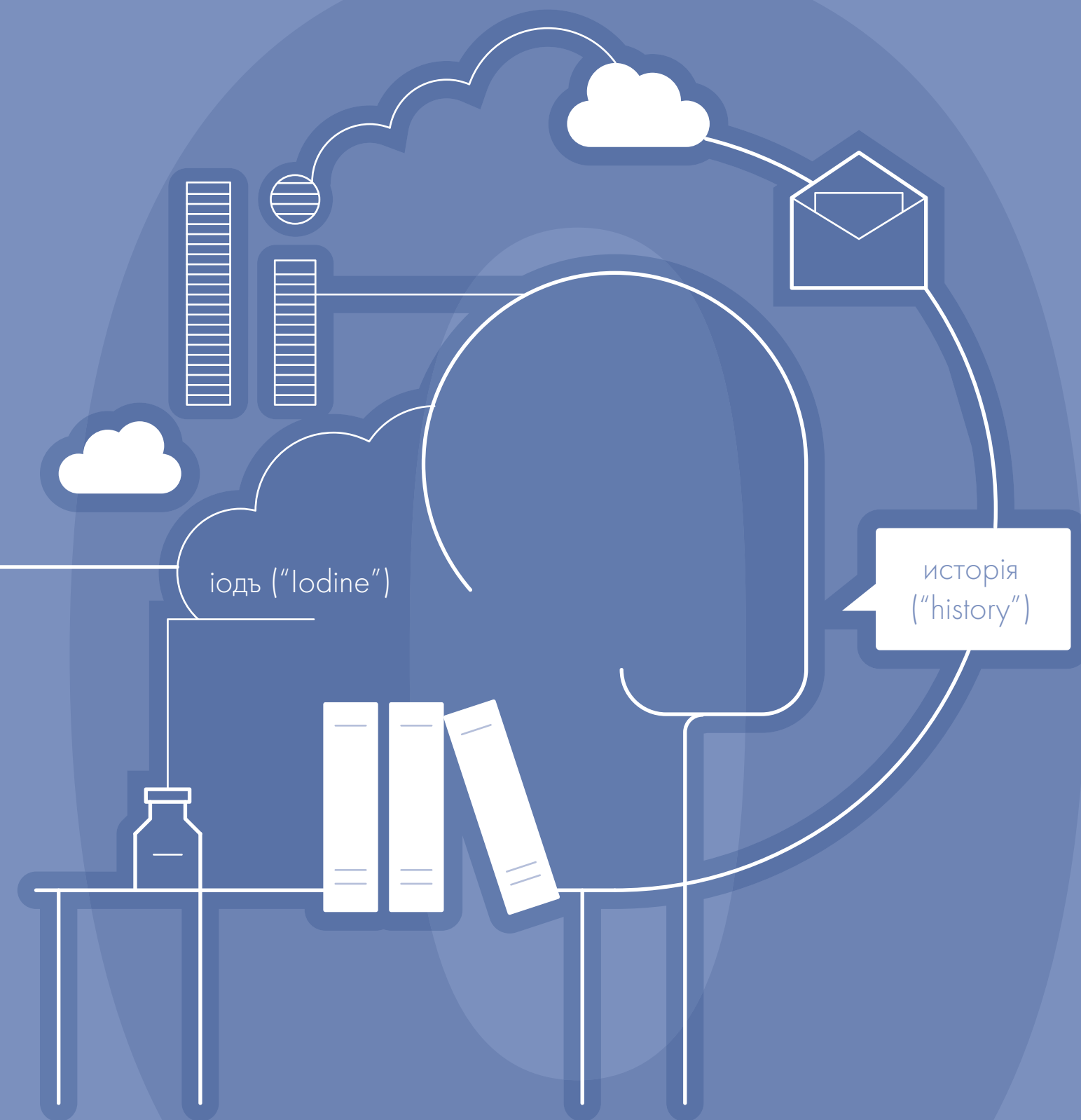
і

RUSSIAN LANGUAGE
10TH LETTER IN THE CYRILLIC SCRIPT

"I, i", or dotted i (used later with one dot – i), is a letter in a number of Cyrillic alphabets. It was in use in the Russian language until the Russian orthography reform of 1917–1918 (when it was replaced with "И").

The letter represented number ten both in the Cyrillic numeral system and in the Greek alphabet; therefore, it was commonly referred to as "decimal I" to differentiate it from "octal I", or "I (ižei)", meaning "and".

It was used before vowels and before "й", short I or Yot ("исторія", "русскій", "Іерусалимъ" – history, Russian, Jerusalem); in the word "міръ" for "World", "society" to differentiate it from the word "миръ" meaning "peace"; except at the end of a morpheme in compound words, where "и" was used: "пятиугольникъ", "наиужасный" – "pentagon", "most horrible". At the beginning of words and between vowels, "I" was sometimes pronounced as the consonant "й" – "іюдь", "маіоръ" – "Iodine", "major".



In 2015, we fully launched our Oracle Siebel-based VTB24 Front solution, and rolled out the system across the Bank. This Integrated Frontal Solution (IFS) covers the entire retail network of VTB24 and is integrated with the data storage, CRM, MDM and telephony systems of the Call Centre. The architecture of this solution implemented by the Bank provides a unique example for the Russian market in terms of the platforms used and data volumes processed. The system processes thousands of applications and handles tens of thousands of customers on a daily basis, while accounting for 99% of all cash loans issued by the Bank.

With the introduction of this enterprise integration platform bringing together over forty IT systems, the Bank's infrastructure has moved to a fundamentally new level of connectivity. As a result, over 13,000 employees of VTB24 working in IFS are now able to deliver a game-changing customer relationship experience, with all customer data collected and unified in a centralised MDM system.

In the reporting year, we launched a new 1.6 MW data centre, measuring 480 sq m overall and designed to accommodate over 90 high-load racks of various sizes. The data centre meets such international standards as TIA-942 and TIER III, while its fault tolerance is 99.982%.

We have built integrated LAN and SAN infrastructure covering all our data centres and also designed and put in place a detailed migration plan providing for uninterrupted operation of our data centres. The core of our Structured Cabling System (SCS) is based on the high-density Central Cross-Connect solution using Huber&Suhner hardware. As a result, the switch cabinets require six times less place than before.

We have also designed and put in place a framework of engineering subsystems to support data centre operations, while all data centre equipment has been connected to a dispatch control system to analyse equipment status readings via an integrated graphic interface and promptly redistribute the load.

Additionally, we have launched a new terminal network control system to streamline our document flow and reduce the lead times to finalise installation sites, register and organise communications channels, and make comprehensive ATM maintenance arrangements. With this solution, we have migrated data from more than 11,000 ATMs to the new system and drastically improved their lifecycle support.

The SAP ERP-based budgeting solution rolled out in VTB24 is seamlessly integrated into the overall management system of the Bank, which is also SAP-based. As part of the solution development project, we have automated our planning of opex, G&A and staff costs, and drafting of consolidated cost estimates, IFRS cost estimates, and cost estimates in the parent bank's formats.

We have also put in place a DocVision-based electronic financial document management solution to manage approval of business contracts, contract applications, invoices, and adjustments to budget items.

IN THE REPORTING YEAR, WE LAUNCHED A NEW 1.6 MW DATA CENTRE

MEASURING 480 SQ M OVERALL

7

HR POLICY

7.1 УПРАВЛЕНИЕ ПЕРСОНАЛОМ

7.2 КОРПОРАТИВНЫЕ КОММУНИКАЦИИ



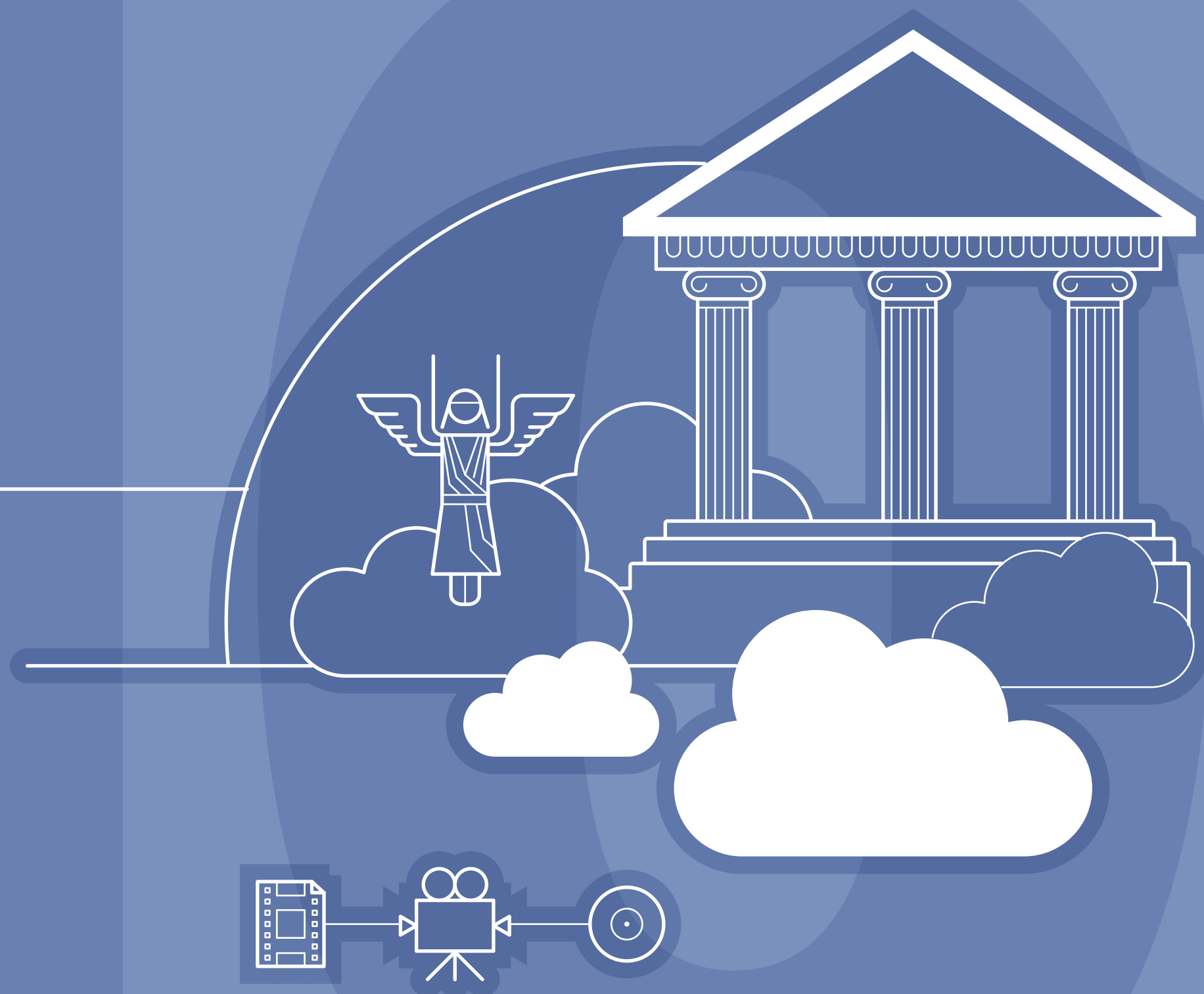
TECHNE

10TH MUSE – THE MUSE OF CINEMA

There were nine muses in Greek mythology. The 10th muse, Techne, is the muse of cinema.

The ancient Greek poet Hesiod in his poem The Theogony gave the first surviving account of their names: Calliope (epic poetry), Clio (history), Melpomene (tragedy), Thalia (comedy), Polyhymnia (sacred hymns), Terpsichore (dance), Euterpe (lyric poetry), Erato (love and wedding poetry), Urania (astronomy).

People use the phrase the “Tenth Muse” to describe an area of art which is mostly recent and not covered by the canonical list of muses – in the 18th century it was literary criticism, in the mid-19th century in Germany, it was variety theatre; and nowadays, it can mean cinema, radio, TV, etc.



HR MANAGEMENT

In the reporting year, we put consistent effort into fostering our talent pool for the retail network and reducing employee churn:

In 2015, we reviewed the progress on the implementation of our HR strategy for 2013–2016 to assess its interim results. We are happy with the performance across the planned initiatives and against the key targets. The Bank was recognised as the best Russian employer in the ranking compiled jointly by HeadHunter web-portal and the Kommersant Publishing House, and as the top entry level employer in the financial services sector by Future Today. We also won, as part of VTB Group, the Randstad Award as the most attractive employer in the Russian financial services sector.

- strengthened the team of managers at regional operating offices and directors of Moscow network offices;
- launched an assessment centre to improve recruitment of frontline personnel;
- updated our basic training programs for frontline personnel to improve training and onboarding processes; and
- launched the Career Paths programme for our network staff.

These efforts reduced our overall network employee churn rate down to 20.8% in 2015, with a substantially lower employee churn rate across the Moscow network (down to 17.6%).

In the reporting year, VTB24 ran a scheduled rightsizing initiative as part of our efforts to complete the transformation of ex-Transcredibank’s offices, enhance the operational efficiency across our sales network, and adjust to the market environment.

As of 31 December 2015, our headcount was 39,919 employees, or about 5% down year-on-year.

We officially launched our customer service centre in Cheboksary on 28 May 2015. The centre accommodates units of the Customer Service Department, NPL Department, Due Diligence Service, and Operations Department. Over the year, its headcount grew more than fivefold from 159 to 866 employees. All employees went through assessment centres and were trained under the Bank’s standards.

PERSONNEL DEVELOPMENT

During the reporting year, we kept implementing large-scale training and development programmes for our personnel:

- completed all training modules under the Corporate MBA programme for the Bank’s talent pool, while the programme participants prepared and defended their graduation projects;
- trained top managers under the Motivational Leadership programme, with one of the programme modules dedicated to leadership in a challenging economic environment;
- ran a series of master classes by Management Board members for managers of the Head Office and a master class for regional managers hosted by the President and Chairman of VTB24’s Management Board;
- added a Call Centre section and product modules to Career Paths; and
- ran integrated training programs for new employees and managers, and Olympic Sales and Efficient Communications or Getting Along with Your Customer programmes for our frontline staff.

Throughout 2015, we designed or updated 179 training programmes, including online courses. The total training time for all staff of the Bank exceeded two million training hours.

COOPERATION WITH UNIVERSITIES AND STUDENTS

Our Generation 24 programme saw its first graduates in 2015. The programme is aimed at picking the best graduates of economics universities for internships at VTB24’s units.

Our Regional Operating Office Rostovsky hosted Your Great Advantage, a contest of student papers on retail banking business.

We also signed cooperation agreements with the International College of Economics and Finance of the Higher School of Economics and the Russian State Social University.

REMUNERATION AND SOCIAL PROGRAMMES

In 2015, the Bank benchmarked its bonus system against Russian and international best practices. For this exercise, we engaged PricewaterhouseCoopers as independent experts. The benchmarking exercise showed that the bonus system used in VTB24 is in line with best practices.

During the reporting year, we continued our efforts to improve our motivation and compensation system in the context of changes in the Bank's business priorities. The Bank has updated the list of its key performance indicators to which staff bonuses are linked.

Our customer service centres in Barnaul and Cheboksary opened first-aid stations.

CORPORATE COMMUNICATIONS

In 2015, VTB24 marked its tenth anniversary and held several corporate events to celebrate it.

Employees with a ten-year service record with the Bank were given various awards. A number of presents were given to 1,840 employees across Russia: a letter of gratitude signed by Mikhail Zadornov; a commemorative medal; a book entitled We Are Ten. Let's Grow Together! on the history of the Bank, its employees, customers, Russia and the world over the last ten years; and a CD with songs about VTB24 performed by winners of the corporate contest Songs about the Bank.

The Bank's anniversary was celebrated in all regional operating offices. VTB24's anniversary celebrations in Kuskovo Estate gave start to a series of events held across 69 units of the Bank in all federal districts of Russia. Regional branches picked up the concept of celebratory events held in Moscow (themed "VTB24 City") and took it further: e.g. Yekaterinburg became the "City of Sports", while a theme chosen for Krasnodar by the local office was the "City of Creativity".

In 2015, VTB24 ran a third My Bank survey. The first two surveys took place in 2011 and 2013.

The survey primarily seeks to assess the current state of corporate culture and internal banking processes; relations between business units of VTB24; and its training, development, motivation and remuneration systems.

The survey results are thoroughly analysed by the Bank's top managers and personally by the President and Chairman of the Management Board. The results are used as an input for a change plan to improve communications and working conditions, and expand career growth opportunities both at the level of VTB24 on the whole, and at the level of each individual unit.



8

BANK AND SOCIETY

8.1 TRANSPARENCY

8.2 SPONSORSHIP AND CHARITY



TOP 10
10 BEST RATED

TOP in English means “the highest rank, the best”. A list of best-rated objects or things is commonly called “Top N” or “TOP N”, where N is the number of objects in the list, typically divisible by 10. VTB Bank is ranked second in Russia’s top 10 most trusted banks. It is also ranked second by assets. The state owns 60% of the Bank’s shares, which is a guarantee of its reliability. The Bank’s assets total RUB 13 trillion.

The Bank has over 20 subsidiary credit institutions. It is focused on corporate banking. The Bank’s regional network comprises 23 branches and 108 units. The Bank is committed to supporting charitable causes and is active in sponsorship.



TRANSPARENCY

In the reporting year, the survey covered 22,587 employees (with the response rate across the Bank at 68.5%). Employee motivation has risen since the first survey: the share of highly loyal staff has grown to 26% (from 22% in 2013).

VTB24’s press service is responsible for cooperation with the mass media in 72 Russian regions, promptly providing information to federal and regional media.

In 2015, our press service arranged over 170 events for regional and federal media, drafted over 850 press releases, conducted more than 200 interviews and participated in over 400 TV reports.

The Bank’s press service initiated over 5,000 communications, while VTB24’s experts and executives gave almost 3,000 comments to media.

In the reporting year, VTB24 was referenced in the media 13% more than a year before. The media index grew 17%, with the Bank ranking seventh in the media rating of Russian banks compiled by Medialogia. Mikhail Zadornov, President and Chairman of the Management Board, came third in the banker media rating for the year.

VTB24 has long become an example of transparency for the Russian market. The Bank’s speakers are rightly considered among the most competent experts highly available to the media.

Andrey Bocharov, the Bank’s Press Secretary for the Ural Federal District received an award from BankInformServis for strong involvement of VTB24 in the media landscape.

A five-time winner of the Best Bank PR Officers of Saint Petersburg contest, Ivan Makarov, VTB’s Press Secretary for the Northwestern Federal District, was awarded the title of a Bank PR Master and became the chairman of the expert panel for the annual bank PR officer rating (based on an expert poll of journalists by TT Finance Publishing House). He was also elected Chairman of the Committee for Media Relations of the Association of Northwestern Banks.

SPONSORSHIP AND CHARITY

Over many years, VTB24 has been contributing to social support and development by running charitable and sponsorship programmes and projects in culture, arts, healthcare, education and social security. These efforts are an integral part of the Bank’s business activities, as they ultimately contribute to sustainable economic development, higher quality of life and social support to local communities.

In 2015, VTB24 stayed true to its approach to charitable and sponsorship activities, which is driven by the principles of consistency, continuity, openness and transparency. We give priority to long-standing partners and beneficiaries who have been strongly contributing for many years to social development.

SUPPORTING AND PROMOTING CULTURE AND ARTS

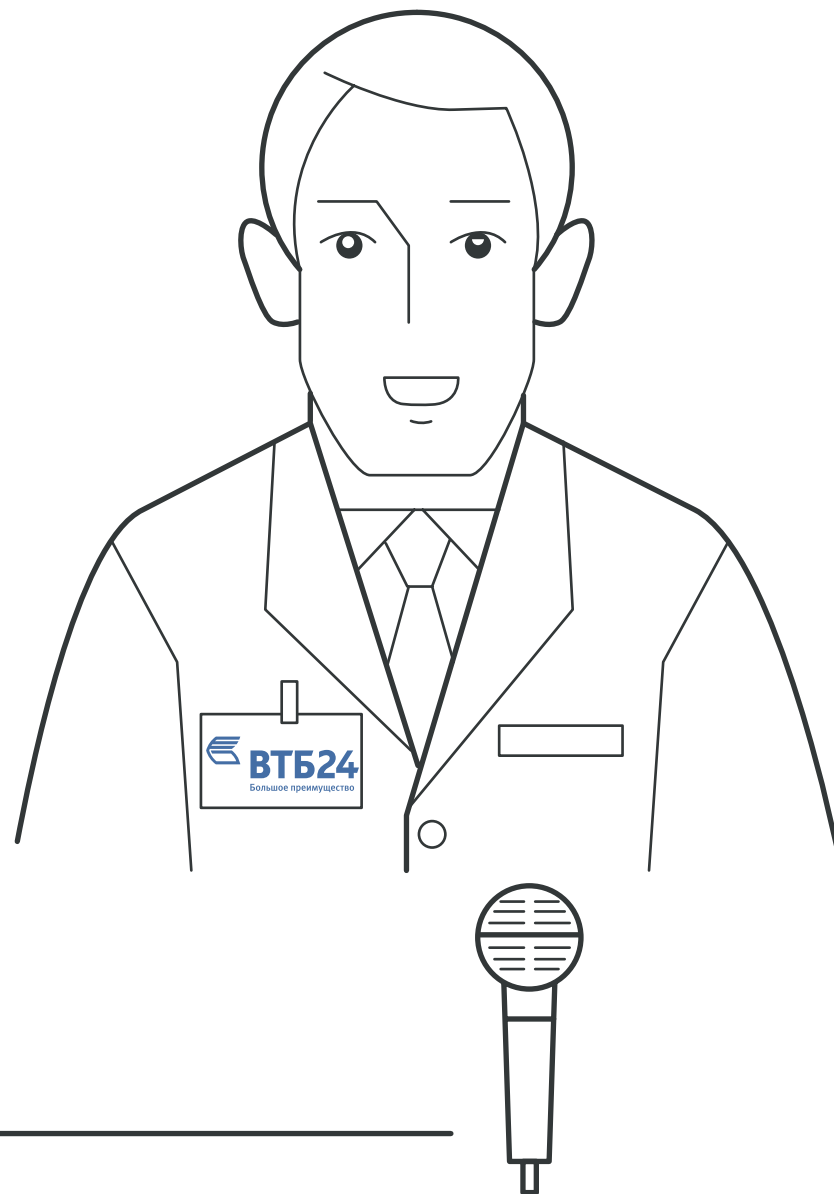
Our charitable activities include partnerships with multiple cultural institutions at federal and regional levels.

Since 2008, the Bank has supported Oleg Tabakov Theatre in Moscow, and since 2011, the Vakhtangov Theatre, including its regional tours.

In 2014, VTB24 acted as a partner in the guest house renovation project in the village of Mikhailovskoye for the State Museum-Reserve of A. S. Pushkin Mikhailovskoye. Due to the Bank’s support, the Museum-Reserve was able to welcome guests and fans of the great Russian poet and author within its walls as early as in 2015, the Year of Literature.

In addition, since 2014 we have been supporting the International Usadba Jazz Festival and became an official partner of its regional programme in Voronezh, Yekaterinburg and Saint Petersburg.

In 2015, VTB24 acted as the general sponsor of Yuri Lyubimov Award, with the award ceremony taking place on 30 September, the birthday of the legendary theatre director, in the Vakhtangov Theatre. The Award was launched by the Lyubimov Charitable Foundation for Theatre Development not-for-profit organisation to mark the 100th birthday of the director which will be celebrated in 2017. The organisers are planning to make the Award an annual event.



TRANSPARENCY

170

EVENTS HELD FOR REGIONAL
AND FEDERAL MEDIA

200

INTERVIEWS ORGANISED

5000

COMMUNICATIONS INITIATED
BY THE BANK'S PRESS SERVICE

17%

MEDIA INDEX GROWTH

SUPPORTING AND PROMOTING EDUCATION

Since 2008, VTB24 has maintained close relations with the National Research University Higher School of Economics (HSE). With the Bank's support as general sponsor, HSE has been holding the annual April International Academic Conference and running a scholarship programme within the Master Programme of HSE's International College of Economics and Finance and the London School of Economics and Political Science. The Bank helps 18 best students of the Programme to graduate every year from both Schools by financing their training costs.

In 2015, VTB24 continued its partnership relations with the International Laboratory of Quantitative Finance of HSE (currently closed). The Bank also supported the Centre for Labour Market Studies and the Laboratory for Studies in Economic Sociology of HSE. The cooperation between these units of the Higher School of Economics and VTB24 is focused on supporting fundamental research and contributing to validation and application of theoretical findings.

Since 2015, VTB24 has been supporting Gaidar Institute for Economic Policy. The Institute mainly focuses on economic research.

VOLUNTEERING

We have been long supporting the volunteer movement, with the number of volunteers in the Bank growing with every passing year. Since 2013, we have been running a monthly volunteer project contest. According to the contest's rules, the winning projects are to be co-financed by the Bank and the volunteers.

In 2015, our employees took part in our long-standing corporate volunteering programme, the only such programme run in VTB Group on an ongoing basis. For many years, we have been implementing projects to support war veterans, disabled persons, and parentless children and holding useful master classes, arts contests, financial literacy trainings, volunteer clean-ups and other events. All these events are quite popular among our staff: in 2015, our employees collected over RUB 1 million, while the Bank provided over RUB 3 million for volunteer projects.

The Bank's employees participated in sports events organized by major charitable foundations. For example, the Bank continued its partnership with Downside Up foundation which supports families, government agencies and not-for-profit organisations in training, upbringing, and providing community inclusion for children with Down's syndrome. Our employees also took part in a charity bike ride and futsal tournament.

In late 2015, we held our second New Year charity fair, Good Deeds, where our employees could buy hand-made craftwork and New Year presents made by Downside Up's children and the foundation's staff, and the Bank's employees from across Russia. The money raised was also handed over to the foundation.

SUPPORTING CHARITABLE PROGRAMMES AND PRODUCTS

VTB24 offers its customers to take part in charitable programmes. For instance, the Bank backs fund raising campaigns to support survivors and families of victims of disasters and emergencies by launching charge-free collection of donations via VTB24-Online, as well as our ATMs and offices. Information on our campaigns is available in the Bank's offices and on our website, and is sent out to our customers in information letters.

Additionally, users of VTB24-Online can access our special Charity section for information on charitable activities supported by the Bank or approach our partner foundations, and make an online donation. The same options are available via ATMs.

Under our Collection bonus programme, the Bank's customers can not only exchange their accumulated bonuses for presents, but also donate them to a charitable foundation they like in a relevant menu section.

OUR EMPLOYEES COLLECTED OVER RUB 1 MILLION FOR VOLUNTEER PROJECTS

WHILE THE BANK PROVIDED OVER RUB 3 MILLION

9

FINANCIAL STATEMENTS

- 9.1 BALANCE SHEET
- 9.2 INCOME STATEMENT
- 9.3 STATEMENT OF RISK-BASED CAPITAL ADEQUACY,
ALLOWANCE FOR DOUBTFUL LOANS AND
OTHER ASSETS

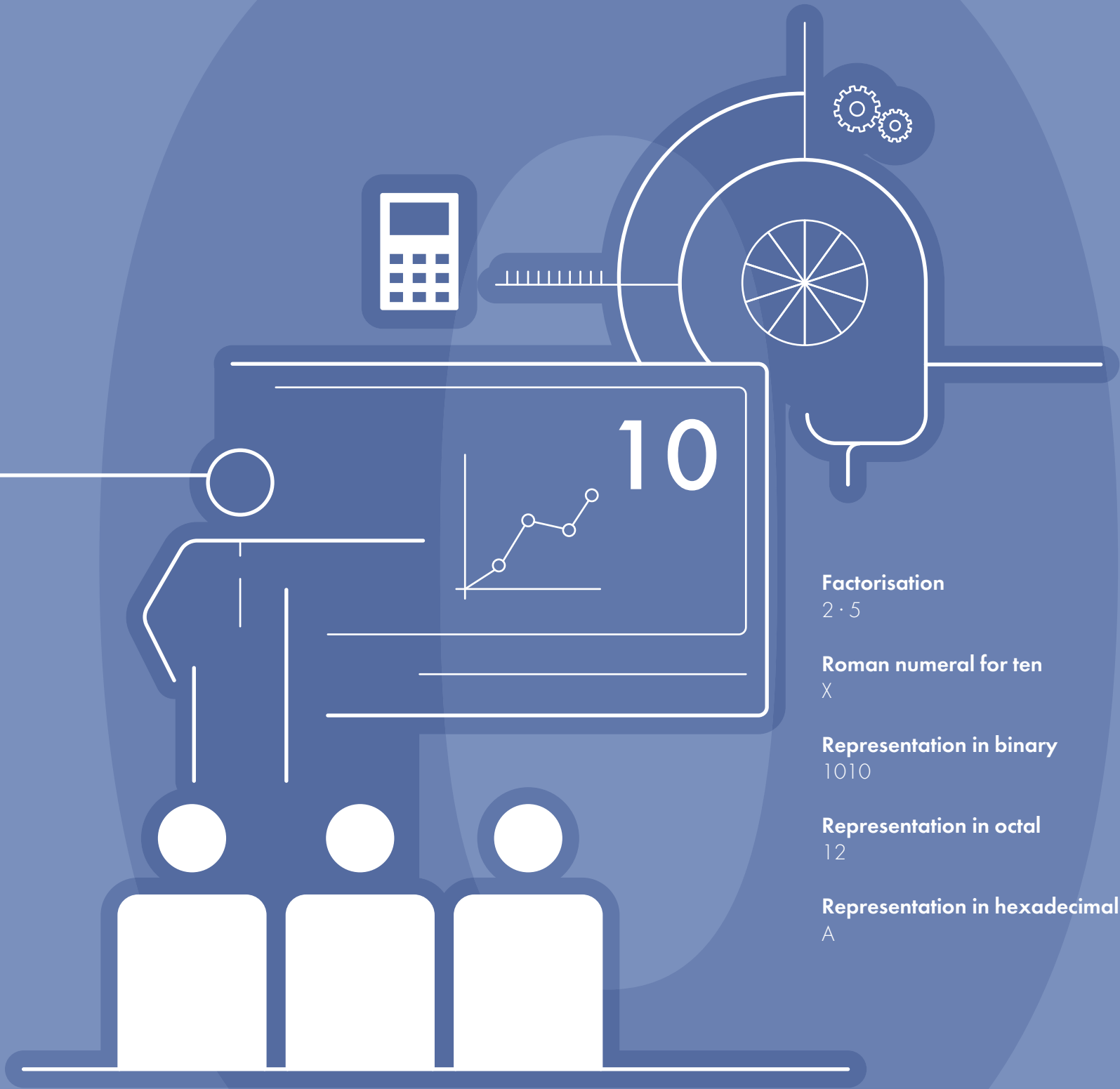
10

NATURAL NUMBER
10 (TEN)

The sum of its digits is 1.
The product of its digits is 0.
The square of 10 is 100.

Ten is the smallest semiprime, that is the sum of all the distinct prime numbers from its lower factor through its higher factor (2+3+5). Only three other small semiprimes below billion share this attribute – 39, 155, and 371.

Ten is the smallest number that can be represented as the sum of two primes in two different ways (3+7 and 5+5).



- Factorisation
2 · 5
- Roman numeral for ten
X
- Representation in binary
1010
- Representation in octal
12
- Representation in hexadecimal
A

BALANCE SHEET

(published version)
as of 1 January 2016

Lending institution: Bank VTB24 (public joint-stock company)
VTB24 (PJSC)

(full and abbreviated trade names)

Postal address: 35 Myasnitskaya St., Moscow, 101000

OKUD form code: 0409806
Quarterly (annual)
RUB thousand

Line No.	Item	Note No.	At the reporting date	Opening balance
1	2	3	4	5
I. ASSETS				
1	Cash	12	85 668 480	138 341 245
2	Cash balances of lending institutions with the Bank of Russia	12	54 153 088	92 758 502
2.1	Mandatory cash balances		16 535 217	19 837 894
3	Due from other lending institutions	12	12 169 082	18 101 912
4	Financial assets at fair value through profit or loss	13	96 471	1 396 106
5	Net outstanding loans	14	2 306 355 628	2 162 160 038
6	Net investments in securities or other financial assets available for sale	15	103 586 295	136 827 802
6.1	Investments in subsidiaries and affiliates	16	5 632 732	5 966 734
7	Net investments in securities held to maturity	17	126 275 054	96 420 683
8	Current income tax assets	18	263 603	2 233 314
9	Deferred tax assets	19	5 009 894	0
10	PPE, intangible assets, and inventories	20	35 414 948	27 071 711
11	Other assets	21	91 059 220	61 364 077
12	Total assets		2 820 051 763	2 736 675 390

II. LIABILITIES				
13	Loans, deposits and other cash due to the Bank of Russia	22	0	223 779 418
14	Due to other lending institutions	23	132 584 369	278 675 940
15	Due to customers other than lending institutions	24	2 440 810 607	1 996 398 067
15.1	Deposits (cash balances) due to retail customers and	24	2 028 435 813	1 524 505 464
16	entrepreneurs		77 203	55 270
17	Financial liabilities at fair value through profit or loss	25	36 566 657	32 039 942
18	Debt issued		0	0
19	Current income tax liabilities	19	8 122 659	2 502 242
20	Deferred tax liabilities	26	21 543 427	24 460 559
21	Other liabilities	28	1 246 613	2 175 866
22	Provision for losses from credit contingencies, other possible losses and transactions with offshore residents		2 640 951 535	2 560 087 304
III. EQUITY				
23	Shareholders' (members') equity	30	103 973 260	91 564 891
24	Treasury shares (stocks)		0	0
25	Share premium	30	55 391 665	40 352 971
26	Reserve fund		4 608 954	4 206 578
27	Revaluation of securities available for sale at fair value less deferred tax liabilities (plus deferred tax assets)	19	-4 829 820	-8 468 899
28	Revaluation of PPE less deferred tax liabilities	19	4 362 101	150 488
29	Retained earnings (uncovered loss) of previous years		22 293 134	20 700 251
30	Unused income (loss) for the reporting period		-6 699 066	28 081 806
31	Total equity		179 100 228	176 588 086
IV. OFF-BALANCE SHEET LIABILITIES				
32	Irrevocable liabilities of the lending institution		236 224 971	211 032 784
33	Guarantees and sureties issued by the lending institution		22 040 803	57 388 987
34	Non-credit contingencies		0	0

President and Chairman of the Management Board

Mikhail Zadornov

Chief Accountant
Deputy Head of Finance Department

Svetlana Yemelyanova

INCOME STATEMENT

(published version)
as of 1 January 2016

Lending institution: Bank VTB24 (public joint-stock company)
VTB24 (PJSC)

(full and abbreviated trade names)

Postal address: 35 Myasnitskaya St., Moscow, 101000

OKUD form code: 0409807
Quarterly (annual)
RUB thousand

Line No.	Item	Note No.	For the period	Y-o-Y
1	2	3	4	5
1	Total interest income, including:		289 323 886	267 664 279
1.1	cash balances with other lending institutions		31 905 304	20 929 853
1.2	loans to customers other than lending institutions		240 599 716	236 028 074
1.3	financial lease		0	0
1.4	investments in securities		16 818 866	10 706 352
2	Total interest expense, including:		175 375 203	112 736 052
2.1	deposits of lending institutions		28 688 846	21 282 246
2.2	deposits of customers other than lending institutions		144 261 580	88 206 368
2.3	debt issued		2 424 777	3 247 438
3	Net interest income (negative interest margin)		113 948 683	154 928 227
4	Total changes in provisions for losses on loans and loan equivalents, cash balances with correspondent banks, and accrued interest income, including:	28	-33 168 423	-72 355 449
4.1	changes in provisions for possible losses on accrued interest income	28	-3 052 719	-4 779 539
5	Net interest income (negative interest margin) after provision for possible losses		80 780 260	82 572 778
6	Net income from operations with financial assets at fair value through profit or loss		896 153	-1 909 581
7	Net income from operations with securities available for sale		-2 363 759	594 188

8	Net income from operations with securities held to maturity		4 110	0
9	Net income on dealing in foreign currencies		11 048 910	7 208 283
10	Net income from revaluation of foreign currency		3 042 181	11 236 797
11	Income from ownership interest in other corporate entities		2 955 130	1 520 862
12	Fee and commission income		39 427 555	36 307 130
13	Fee and commission expense		12 864 030	10 735 370
14	Changes in provisions for possible losses from securities available for sale		588 802	-882 163
15	Changes in provisions for possible losses from securities held to maturity		4 954	334 715
16	Changes in provisions for other losses		-761 076	-1 368 966
17	Other operating income		48 532 439	29 545 158
18	Net income (expenses)		171 291 629	154 423 831
19	Operating expenses	29	177 009 802	119 849 393
20	Profit (loss) before tax		-5 718 173	34 574 438
21	Tax refund (expense)	28	980 893	6 492 632
22	Profit (loss) after tax		-6 699 066	28 081 806
23	Total disbursements after tax, including:		0	0
23.1	distributed among shareholders (members) as dividends		0	0
23.2	initial and subsequent deductions to the reserve fund		0	0
24	Unused income (loss) for the reporting period		-6 699 066	28 081 806

President and Chairman of the Management Board

Mikhail Zadornov

Chief Accountant
Deputy Head of Finance Department

Svetlana Yemelyanova

STATEMENT OF RISK-BASED CAPITAL ADEQUACY,
ALLOWANCE FOR DOUBTFUL LOANS AND OTHER ASSETS

(published version)
as of 1 January 2016

Lending institution: Bank VTB24 (public joint-stock company)
VTB24 (PJSC)

(full and abbreviated trade names)

Postal address: 35 Myasnitskaya St., Moscow, 101000

OKUD form code: 0409808
Quarterly (annual)
RUB thousand

SECTION 1. CAPITAL ADEQUACY

Line No.	Item	Note No.	At the reporting date	Increase (+) / decrease (-) in the reporting period	Opening balance
1	2	3	4	5	6
1	Equity (capital) (RUB thousand), including:	27	266 954 334.0	5 342 037.0	261 612 297.0
1.1	Common equity Tier 1 (CET1) components	30.2	186 462 105.0	19 167 234.0	167 294 871.0
1.1.1	Total share capital, including:	30	103 973 260.0	12 408 369.0	91 564 891.0
1.1.1.1	common shares (stocks)	27	103 973 260.0	12 408 369.0	91 564 891.0
1.1.1.2	preference shares		0.0	0.0	0.0
1.1.2	Share premium	27	55 391 665.0	15 038 694.0	40 352 971.0
1.1.3	Reserve fund		4 608 954.0	402 376.0	4 206 578.0
1.1.4	Retained earnings:		22 488 226.0	-8 682 205.0	31 170 431.0
1.1.4.1	of previous periods	30.2	22 488 226.0	1 561 251.0	20 926 975.0
1.1.4.2	for the period		0.0	-10 243 456.0	10 243 456.0
1.2	Items decreasing CET1 components		15 365 414.0	14 580 502.0	784 912.0
1.2.1	Intangible assets		83 732.0	67 111.0	16 621.0

1.2.2	Deferred tax assets		0.0	0.0	0.0
1.2.3	Treasury shares (stocks)		40 792.0	19 519.0	21 273.0
1.2.4	Losses:		14 607 521.0	14 607 521.0	0.0
1.2.4.1	of previous periods		0.0	0.0	0.0
1.2.4.2	for the period		14 607 521.0	14 607 521.0	0.0
1.2.5	Investments in financial institutions:		0.0	0.0	0.0
1.2.5.1	insignificant		0.0	0.0	0.0
1.2.5.2	significant		0.0	0.0	0.0
1.2.5.3	total significant investments and total deferred tax assets		0.0	0.0	0.0
1.2.6	Negative capital surplus		633 369.0	-113 649.0	747 018.0
1.2.7	Commitments to acquire CET1 components		0.0	0.0	0.0
1.2.8	Proceeds from issue of shares (stocks) included in CET1		0.0	0.0	0.0
1.3	CET1	30.2	171 096 691.0	4 586 732.0	166 509 959.0
1.4	Capital surplus components:		0.0	0.0	0.0
1.4.1	Total share capital from preference shares, including:		0.0	0.0	0.0
1.4.1.1	issued under Federal Law No. 181-FZ On the Use of Government Securities of the Russian Federation to Increase Bank Capitalisation dated 18 July 2009 <1>		0.0	0.0	0.0
1.4.2	Share premium		0.0	0.0	0.0
1.4.3	Subordinated debt with additional terms		0.0	0.0	0.0
1.4.4	Subordinated credit (deposit, loan, bonded loan) with unlimited maturity		0.0	0.0	0.0
1.5	Items decreasing capital surplus:		633 369.0	-113 649.0	747 018.0
1.5.1	Investments in treasury preference shares		0.0	0.0	0.0
1.5.2	Investments in financial institutions:		0.0	0.0	0.0
1.5.2.1	insignificant		0.0	0.0	0.0
1.5.2.2	significant		0.0	0.0	0.0
1.5.3	Subordinated credit (deposit, loan, bonded loan) to financial institutions		0.0	0.0	0.0
1.5.3.1	insignificant		0.0	0.0	0.0

1.5.3.2	significant		0.0	0.0	0.0
1.5.4	Negative additional Tier 1 capital		0.0	0.0	0.0
1.5.5	Commitments to acquire capital surplus components		0.0	0.0	0.0
1.5.6	Proceeds from issue of shares (stocks) included in capital surplus		0.0	0.0	0.0
1.6	Capital surplus		0.0	0.0	0.0
1.7	Tier 1 capital	30.2	171 096 691.0	4 586 732.0	166 509 959.0
1.8	Additional Tier 1 capital components:	30.3	95 857 643.0	755 143.0	95 102 500.0
1.8.1	Total share capital from preference shares, including:		0.0	0.0	0.0
1.8.1.1	after 1 March 2013		0.0	0.0	0.0
1.8.2	Share capital from capitalisation of an increase in property value		0.0	0.0	0.0
1.8.3	Profit:		0.0	-12 466 430.0	12 466 430.0
1.8.3.1	in the reporting year		0.0	-12 466 430.0	12 466 430.0
1.8.3.2	of previous periods		0.0	0.0	0.0
1.8.4	Total subordinated credit (deposit, loan, bonded loan), including:	30.3	89 637 654.0	7 807 318.0	81 830 336.0
1.8.4.1	taken (placed) before 1 March 2013		7 250 000.0	-1 400 000.0	8 650 000.0
1.8.4.2	provided under Federal Laws No. 173-FZ On Additional Measures to Support the Financial System of the Russian Federation <2> dated 13 October 2008 and No. 175-FZ On Additional Measures to Reinforce Stability of the Banking System until 31 December 2014 dated 27 October 2008.		0.0	0.0	0.0
1.8.5	Increase in property value		6 219 989.0	5 414 255.0	805 734.0
1.9	Items decreasing additional Tier 1 capital components:		0.0	-162.0	162.0
1.9.1	Investments in treasury preference shares		0.0	-32.0	32.0
1.9.2	Investments in financial institutions:		0.0	0.0	0.0
1.9.2.1	insignificant		0.0	0.0	0.0
1.9.2.2	significant		0.0	0.0	0.0
1.9.3	Subordinated credit (deposit, loan, bonded loan) to financial institutions		0.0	0.0	0.0
1.9.3.1	insignificant		0.0	0.0	0.0
1.9.3.2	significant		0.0	0.0	0.0

1.9.4	Commitments to acquire additional Tier 1 capital components		0.0	0.0	0.0
1.9.5	Proceeds from issue of shares (stocks) included in additional Tier 1 capital		0.0	0.0	0.0
1.10	Items decreasing Tier 1 and additional Tier 1 capital:		0.0	0.0	0.0
1.10.1	Accounts receivable overdue for more than 30 calendar days		0.0	0.0	0.0
1.10.2	Subordinated loans not exceeding 1% of the borrowing bank's share capital		0.0	0.0	0.0
1.10.3	Excess by total loans, bank guarantees and sureties issued to members (shareholders) and insiders over the maximum limit under federal laws and regulations of the Bank of Russia		0.0	0.0	0.0
1.10.4	Excess by investments in construction, manufacturing and acquisition of PPE over the sum of Tier 1 and additional Tier 1 capital components		0.0	0.0	0.0
1.10.5	Excess by the actual value of the share of a member withdrawing from a limited liability company over the value at which such share is sold to another member in the limited liability company		0.0	0.0	0.0
1.11	Additional Tier 1 capital	30.3	95 857 643.0	755 305.0	95 102 338.0
2	Risk-weighted assets (RUB thousand):	X	X	X	X
2.1	required to determine CET1 adequacy		2 623 862 665.0	362 731 001.0	2 261 131 664.0
2.2	required to determine Tier 1 capital adequacy		2 623 862 665.0	362 731 001.0	2 261 131 664.0
2.3	required to determine equity (capital) adequacy		2 630 082 654.0	368 145 418.0	2 261 937 236.0
3	Capital adequacy (%)	X	X	X	X
3.1	CET1 adequacy		6.5	X	7.4
3.2	Tier 1 capital adequacy		6.5	X	7.4
3.3	Достаточность собственных средств (капитала)		10.2	X	11.6

<1> Federal Law No. 181-FZ On the Use of Government Securities of the Russian Federation to Increase Bank Capitalisation dated 18 July 2009 (Collection of Legislative Acts of the Russian Federation, 2009, No. 29, Art. 3618; 2012, No. 31, Art. 4334; No. 52, Art. 6961).

<2> Federal Law No. 173-FZ On Additional Measures to Support the Financial System of the Russian Federation dated 13 October 2008 (Collection of Legislative Acts of the Russian Federation, 2008, No. 42, Art. 4698; 2009, No. 29, Art. 3605; No. 48, Art. 5729; No. 52, Art. 6437; 2010, No. 8, Art. 776; No. 21, Art. 2539; No. 31, Art. 4175).

<3> Federal Law No. 175-FZ On Additional Measures to Reinforce Stability of the Banking System until 31 December 2014 dated 27 October 2008 (Collection of Legislative Acts of the Russian Federation, 2008, No. 44, Art. 4981; 2009, No. 29, Art. 3630; 2011, No. 49, Art. 7059; 2013, No. 19, Art. 2308).

SECTION 2. CREDIT, OPERATIONAL AND MARKET RISKS COVERED BY CAPITAL

Subsection 2.1. Credit risk

Line No.	Item	Note No.	At the reporting date			Opening balance		
			Assets (instruments)	Assets (instruments) net of provisions for possible losses	Risk-weighted assets (instruments)	Assets (instruments)	Assets (instruments) net of provisions for possible losses	Risk-weighted assets (instruments)
1	2	3	4	5	6	7	8	9
1	Credit risk on balance sheet assets		2 482 588 231	2 292 094 019	2 013 105 854	2 316 125 658	2 160 324 068	1 642 794 229
1.1	Total zero-risk assets<1>, including:		199 171 857	199 171 464	0	430 669 690	430 514 512	0
1.1.1	cash balances, including mandatory cash balances, with the Bank of Russia		139 821 479	139 821 479	0	231 462 194	231 462 194	0
1.1.2	credit and other claims guaranteed by the Russian Federation, the Russian Ministry of Finance or the Bank of Russia and secured with government bonds issued by the Russian Federation, the Russian Ministry of Finance or the Bank of Russia		0	0	0	0	0	0
1.1.3	credit claims and other claims against central banks or governments of countries with country ratings "0" or "1"<2>, including claims guaranteed by such countries, etc.		0	0	0	0	0	0
1.2	Total 20% risk assets, including:		87 355 255	87 355 255	17 471 051	105 855 505	105 855 505	21 171 101
1.2.1	credit and other claims against constituent entities of the Russian Federation, municipalities, or other organisations secured with guarantees or securities issued by constituent entities of the Russian Federation or municipalities		1 532 907	1 532 907	306 581	629 433	629 433	125 887
1.2.2	credit and other claims against central banks or governments of countries with a country rating of "2", including claims guaranteed (secured) by such banks or governments		0	0	0	0	0	0
1.2.3	credit and other claims to lending institutions residing in countries with country ratings of "0" or "1" with a long-term creditworthiness rating <3>, including guaranteed claims		6 835 240	6 835 240	1 367 048	12 604 206	12 604 206	2 520 841

1.3	Total 50% risk assets, including:	19 864 994	19 864 994	9 932 497	4 661 846	4 661 846	2 330 923
1.3.1	credit and other claims in foreign currency guaranteed by the Russian Federation, the Russian Ministry of Finance or the Bank of Russia and secured with government bonds of the Russian Federation, the Russian Ministry of Finance or the Bank of Russia denominated in a foreign currency	0	0	0	4 548 081	4 548 081	2 274 041
1.3.2	credit and other claims against central banks or governments of countries with a country rating of "3", including guaranteed (secured) by such banks or governments	0	0	0	0	0	0
1.3.3	credit and other claims against lending institutions residing in countries with a country rating of "0" or "1" without long-term creditworthiness ratings, and against lending institutions residing in countries with a country rating of "2", including guaranteed by such lending institutions	477	477	239	178	178	89
1.4	Total 100% risk assets, including:	2 176 196 125	1 985 702 306	1 985 702 306	1 774 938 617	1 619 292 205	1 619 292 205
1.4.1	outstanding retail loans	1 023 201 571	876 528 777	876 528 777	1 084 012 628	987 672 628	987 672 628
1.4.2	outstanding corporate loans	194 821 478	169 055 493	169 055 493	239 724 342	194 163 312	194 163 312
1.4.3	interbank loans and deposits	706 427 007	706 427 007	706 427 007	377 331 639	377 331 639	377 331 639
1.5	150% risk assets: credit and other claims against central banks or governments of countries with a country rating of "7"	0	0	0	0	0	0
2	Assets with other risk factors	X	X	X	X	X	X
2.1	total low-risk assets, including:	295 167 440	291 224 761	168 007 833	232 484 445	228 433 472	156 662 630
2.1.1	70% risk mortgage loans	116 264 147	114 511 969	80 158 378	227 131 215	223 080 242	156 156 169
2.1.2	claims from clearing participants	1 664 700	1 664 700	325 409	5 353 230	5 353 230	506 461
2.2	total high-risk assets, including:	98 235 143	80 158 267	112 028 990	87 170 892	72 716 185	101 569 540
2.2.1	110% risk	6 370 730	4 698 655	5 168 521	9 339 668	8 164 213	8 980 634
2.2.2	130% risk	31 543 888	30 784 235	39 728 339	23 730 416	22 721 289	29 464 067
2.2.3	150% risk	60 201 459	44 556 311	66 834 466	53 721 999	41 451 874	62 177 815
2.2.4	250% risk	119 066	119 066	297 664	378 809	378 809	947 024
2.2.5	1,000% risk	0	0	0	0	0	0

3	Total consumer loans, including:	1 817 244	1 580 773	2 673 582	58 084 356	52 689 399	58 391 704
3.1	110% risk	0	0	0	57 003 963	51 701 229	56 871 351
3.2	140% risk	1 555 867	1 335 688	1 869 962	996 822	913 318	1 278 646
3.3	170% risk	18 952	13 599	23 118	23 307	18 341	31 182
3.4	200% risk	12 975	8 759	17 518	17 179	15 567	31 134
3.5	300% risk	196 097	191 126	573 377	23 539	22 093	66 281
3.6	600% risk	33 353	31 601	189 607	19 546	18 851	113 110
4	Total credit risk from credit contingencies, including:	221 267 692	220 021 080	9 013 814	226 240 130	224 063 974	18 902 814
4.1	high-risk financial instruments	1 011 828	1 005 580	1 011 334	32 031 589	31 760 572	9 829 725
4.2	medium-risk financial instruments	7 215 441	7 133 118	3 660 714	10 270 937	10 125 979	4 782 970
4.3	low-risk financial instruments	21 988 210	21 842 236	4 341 766	21 810 381	21 460 426	4 290 119
4.4	zero-risk financial instruments	191 052 213	190 040 146	0	162 127 223	160 716 997	0
5	Credit risk from derivatives	391 155		391 155	1 036 730		1 004 538

<1> Assets are classified into risk groups in line with paragraph 2.3 of Instruction No. 139-I of the Bank of Russia.

<2> Country ratings are given in line with the OECD’s country risk classifications of the Participants to the Arrangement on Officially Supported Export Credits (country ratings are published on the official website of the Bank of Russia in the Banking Supervision section).

<3> Long-term creditworthiness ratings are determined based on ratings assigned by international rating agencies: Standard & Poor’s, or Fitch Rating’s, or Moody’s Investors Service.

Subsection 2.2. Operational risk

Line No.	Item	Note No.	At the reporting date	Opening balance
1	2	3	4	5
6	Total operational risk, including:	33.4	24 519 363.0	20 846 413.0
6.1	Total income for operational risk capital calculation, including:	33.4	490 387 259.0	416 928 261.0
6.1.1	net interest income		395 231 828.0	332 458 670.0
6.1.2	net non-interest income		95 155 431.0	84 469 591.0
6.2	Number of years preceding the date of operational risk calculation		3.0	3.0

Subsection 2.3. Market risk

Line No.	Item	Note No.	At the reporting date	Opening balance
1	2	3	4	5
7	Total aggregate market risk, including:	33.2	18 320 442.0	21 747 297.8
7.1	Total interest risk, including:	33.2	521 523.0	549 229.2
7.1.1	general		268 647.0	160 855.7
7.1.2	specific		252 876.0	388 373.5
7.2	total stock market risk, including:		0.0	0.0
7.2.1	general		0.0	0.0
7.2.2	specific		0.0	0.0
7.3	currency risk	33.2	11 801 404.0	14 881 933.1

SECTION 3. PROVISIONS FOR LOSSES ON LOANS AND OTHER ASSETS

Line No.	Item	Note No.	At the reporting date	Increase (+) / decrease (-) in the reporting period	Opening balance
1	2	3	4	5	6
1	Total actual provisions for possible losses, including:		211 497 649	29 545 559	181 952 090
1.1	for losses on loans and loan equivalents		202 877 567	29 427 090	173 450 477
1.2	for other balance sheet assets that carry the risk of losses, and for other losses		7 373 469	1 047 710	6 325 759
1.3	for off-balance sheet credit contingencies and securities registered with depositories non-eligible for the Bank of Russia		1 246 613	-929 241	2 175 854
1.4	for transactions with offshore residents		0	0	0

SECTION 4. LEVERAGE

Line No.	Item	Note No.	At the reporting date (RD)	One quarter before the RD	Two quarters before the RD	Three quarters before the RD
1	2	3	4	5	6	7
1	Tier 1 capital, RUB thousand		171 096 691.2	166 841 109.0	166 573 806.0	158 945 772.0
2	Balance sheet assets and off-balance sheet value at risk for leverage calculation, RUB thousand		2 808 241 390.0	2 626 494 466.0	2 517 400 018.0	2 525 733 645.0
3	Basel III leverage, %	6.1	6.4	6.6	6.6	6.3

REFERENCE SECTION
CHANGES IN PROVISIONS FOR POSSIBLE LOSSES
ON LOANS AND LOAN EQUIVALENTS

1. Total initial (subsequent) accruals of 457,566,003 (RUB thousand)
to the provisions in the reporting period, including from:

- 1.1. loans issued – 141 835 191;
- 1.2. changes in loan quality – 285,877,553;
- 1.3. changes in the official foreign currency exchange rate to rouble as set
by the Bank of Russia – 17,024,624;
- 1.4. other sources – 12,828,635.

2. Total reversal (decrease) of provisions for 428,138,913 (RUB thousand)
in the reporting period, including from:

- 2.1. written-off NPLs – 3,435,860;
- 2.2. repaid loans – 141,835,666;
- 2.3. changes in loan quality – 260,165,586;
- 2.4. changes in the official foreign currency exchange rate to rouble as set
by the Bank of Russia – 8,783,271;
- 2.5. other sources – 20,744,530.

President and Chairman of the Management Board

Mikhail Zadornov

Chief Accountant
Deputy Head of Finance Department

Svetlana Yemelyanova

AUDITOR'S REPORT

Аудиторское заключение
о годовой бухгалтерской (финансовой) отчетности
Банка ВТБ 24 (публичное акционерное общество)
за 2015 год

Апрель 2016 г.

Аудиторское заключение о годовой бухгалтерской (финансовой)
отчетности Банка ВТБ 24 (публичное акционерное общество)

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Аудиторское заключение независимого аудитора

Наблюдательному совету и Акционерам
Банка ВТБ 24 (публичное акционерное общество)

Заключение о годовой бухгалтерской (финансовой) отчетности

Мы провели аудит прилагаемой годовой бухгалтерской (финансовой) отчетности Банка ВТБ 24 (публичное акционерное общество) (далее – «Банк»), которая состоит из бухгалтерского баланса (публикуемая форма) по состоянию на 1 января 2016 г., отчета о финансовых результатах (публикуемая форма) за 2015 год и приложений к бухгалтерскому балансу и отчету о финансовых результатах в составе отчета об уровне достаточности капитала для покрытия рисков, величине резервов на возможные потери по ссудам и иным активам (публикуемая форма) по состоянию на 1 января 2016 г., сведений об обязательных нормативах и о показателе финансового рычага (публикуемая форма) по состоянию на 1 января 2016 г., отчета о движении денежных средств (публикуемая форма) по состоянию на 1 января 2016 г., а также пояснительной информации (пункты 2, 3, 4, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35).

Ответственность аудируемого лица за годовую бухгалтерскую (финансовую) отчетность

Руководство Банка несет ответственность за составление и достоверность указанной годовой бухгалтерской (финансовой) отчетности в соответствии с установленными в Российской Федерации правилами составления годовой бухгалтерской (финансовой) отчетности и за систему внутреннего контроля, необходимую для составления годовой бухгалтерской (финансовой) отчетности, не содержащей существенных искажений вследствие недобросовестных действий или ошибок.

Ответственность аудитора

Наша ответственность заключается в выражении мнения о достоверности данной годовой бухгалтерской (финансовой) отчетности на основе проведенного нами аудита.

Мы провели аудит в соответствии с федеральными стандартами аудиторской деятельности, действующими в Российской Федерации, и международными стандартами аудита. Данные стандарты требуют соблюдения применимых этических норм, а также планирования и проведения аудита таким образом, чтобы получить достаточную уверенность в том, что годовая бухгалтерская (финансовая) отчетность не содержит существенных искажений.



Аудит включает в себя проведение аудиторских процедур, направленных на получение аудиторских доказательств, подтверждающих числовые показатели в годовой бухгалтерской (финансовой) отчетности и раскрытие в ней информации. Выбор аудиторских процедур является предметом суждения аудитора, которое основывается на оценке риска существенных искажений годовой бухгалтерской (финансовой) отчетности, допущенных вследствие недобросовестных действий или ошибок. В процессе оценки данного риска аудитор рассматривает систему внутреннего контроля, обеспечивающую составление и достоверность годовой бухгалтерской (финансовой) отчетности, с целью выбора соответствующих аудиторских процедур, но не с целью выражения мнения об эффективности системы внутреннего контроля. Аудит также включает в себя оценку надлежащего характера применяемой учетной политики и обоснованности оценочных показателей, полученных руководством, а также оценку представления годовой бухгалтерской (финансовой) отчетности в целом.

Мы полагаем, что полученные нами аудиторские доказательства представляют достаточные и надлежащие основания для выражения нашего мнения.

Мнение

По нашему мнению, годовая бухгалтерская (финансовая) отчетность отражает достоверно во всех существенных отношениях финансовое положение Банка ВТБ 24 (публичное акционерное общество) по состоянию на 1 января 2016 г., результаты его финансово-хозяйственной деятельности и движение денежных средств за 2015 год в соответствии с установленными в Российской Федерации правилами составления бухгалтерской (финансовой) отчетности.

Прочие сведения

Прилагаемая годовая бухгалтерская (финансовая) отчетность не имеет своей целью представление финансового положения и результатов деятельности в соответствии с принципами или методами бухгалтерского учета, общепринятыми в странах и иных административно-территориальных образованиях, помимо Российской Федерации. Соответственно, прилагаемая годовая бухгалтерская (финансовая) отчетность не предназначена для лиц, не знакомых с принципами, процедурами и методами бухгалтерского учета, принятыми в Российской Федерации.

Отчет о результатах проверки в соответствии с требованиями статьи 42 Федерального закона от 2 декабря 1990 г. № 395-1 «О банках и банковской деятельности»

Руководство Банка несет ответственность за выполнение Банком обязательных нормативов, установленных Центральным Банком Российской Федерации (далее «Банком России»), а также за соответствие внутреннего контроля и организации систем управления рисками Банка требованиям, предъявляемым Банком России к таким системам.



В соответствии с требованиями статьи 42 Федерального закона от 2 декабря 1990 г. № 395-1 «О банках и банковской деятельности» (далее - Федеральный закон) в ходе аудита годовой бухгалтерской (финансовой) отчетности Банка за 2015 год мы провели проверку:

- 1) выполнения Банком по состоянию на 1 января 2016 г. обязательных нормативов, установленных Банком России;
- 2) соответствия внутреннего контроля и организации систем управления рисками Банка требованиям, предъявляемым Банком России к таким системам в части:
 - ▶ подчиненности подразделений управления рисками;
 - ▶ наличия у Банка утвержденных уполномоченными органами Банка методик выявления значимых для Банка рисков, управления значимыми для Банка рисками, осуществления стресс-тестирования, наличия системы отчетности по значимым для Банка рискам и капиталу;
 - ▶ последовательности применения в Банке методик управления значимыми для Банка рисками и оценки их эффективности;
 - ▶ осуществления Наблюдательным советом и исполнительными органами управления Банка контроля соблюдения установленных внутренними документами Банка предельных значений рисков и достаточности собственных средств (капитала), эффективности применяемых в Банке процедур управления рисками и последовательности их применения.

Указанная проверка включала в себя такие выбранные на основе нашего суждения процедуры как запросы, анализ, изучение документов, сравнение утвержденных Банком требований, порядка и методик с требованиями, предъявляемыми Банком России, а также пересчет, сравнение и сверка числовых значений и иной информации.

Результаты проведенной нами проверки изложены ниже.

Выполнение Банком обязательных нормативов, установленных Банком России

Мы установили, что значения обязательных нормативов Банка по состоянию на 1 января 2016 г. находились в пределах лимитов, установленных Банком России.

Мы не проводили каких-либо процедур в отношении данных бухгалтерского учета Банка кроме процедур, которые мы сочли необходимыми для целей выражения мнения о достоверности годовой бухгалтерской (финансовой) отчетности Банка.



Соответствие внутреннего контроля и организации систем управления рисками Банка требованиям, предъявляемым Банком России к таким системам

- ▶ Мы установили, что в соответствии с нормативными актами и рекомендациями Банка России по состоянию на 31 декабря 2015 г. служба внутреннего аудита Банка подчинена и подотчетна Наблюдательному совету, а подразделения управления рисками Банка не были подчинены и не были подотчетны подразделениям, принимающим соответствующие риски.
- ▶ Мы установили, что внутренние документы Банка, действующие на 31 декабря 2015 г. и устанавливающие методики выявления значимых для Банка кредитных, рыночных, операционных рисков и рисков потери ликвидности, управления такими рисками и осуществления стресс-тестирования утверждены уполномоченными органами управления Банка в соответствии с нормативными актами и рекомендациями Банка России. Мы также установили наличие в Банке по состоянию на 31 декабря 2015 г. системы отчетности по значимым для Банка кредитным, рыночным, операционным рискам и рискам потери ликвидности и собственным средствам (капиталу) Банка.
- ▶ Мы установили, что периодичность и последовательность отчетов, подготовленных подразделениями управления рисками Банка и службой внутреннего аудита Банка в течение 2015 года, в отношении вопросов управления кредитными, рыночными, операционными рисками и риском потери ликвидности Банка соответствовали внутренним документам Банка, и что указанные отчеты включали в себя наблюдения, сделанные подразделениями управления рисками и службой внутреннего аудита Банка, в отношении оценки эффективности соответствующих методик Банка по управлению рисками.
- ▶ Мы установили, что по состоянию на 31 декабря 2015 г. к полномочиям Наблюдательного совета и исполнительных органов управления Банка относился контроль за соблюдением Банком установленных внутренними документами Банка предельных значений рисков и достаточности собственных средств (капитала). С целью осуществления контроля эффективности применяемых в Банке процедур управления рисками и последовательности их применения в течение 2015 года Наблюдательный совет и исполнительные органы управления Банка на периодической основе рассматривали отчеты, подготовленные подразделениями управления рисками Банка и службой внутреннего аудита.

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THE BANK ON THE INTERNET

The Bank's main website

www.vtb24.ru

VTB24-Online:

www.online.vtb24.ru

Private Banking:

<http://www.vtb24.ru/private-banking/>

VTB24's investment web-portal:

www.onlinebroker.ru

VTB Group's website:

www.vtb.ru

Our accounts in social networks

vk.com/bank_vtb24

facebook.com/vtb24

[twitter.com/@bankvtb24](https://twitter.com/bankvtb24)

OUR PAYMENT DETAILS:

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OGRN: 1027739207462

KPP: 775001001



Процедуры в отношении внутреннего контроля и организации систем управления рисками были проведены нами исключительно для целей проверки соответствия указанных в Федеральном законе и описанных выше определенных элементов внутреннего контроля и организации систем управления рисками Банка требованиям, установленным Банком России.

Мария Игнатьева
Партнер
ООО «Эрнст энд Янг»

14 апреля 2016 г.

Сведения об аудируемом лице

Наименование: Банк ВТБ 24 (публичное акционерное общество).
Запись внесена в Единый государственный реестр юридических лиц 17 сентября 2002 г. и присвоен государственный регистрационный номер 1027739207462.
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Сведения об аудиторе

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ООО «Эрнст энд Янг» является членом Саморегулируемой организации аудиторов «Аудиторская Палата России» (Ассоциация) (СРО АПР). ООО «Эрнст энд Янг» включено в контрольный экземпляр реестра аудиторов и аудиторских организаций за основным регистрационным номером записи 10201017420.