



# ***VTB Group Strategy 2010-2013***

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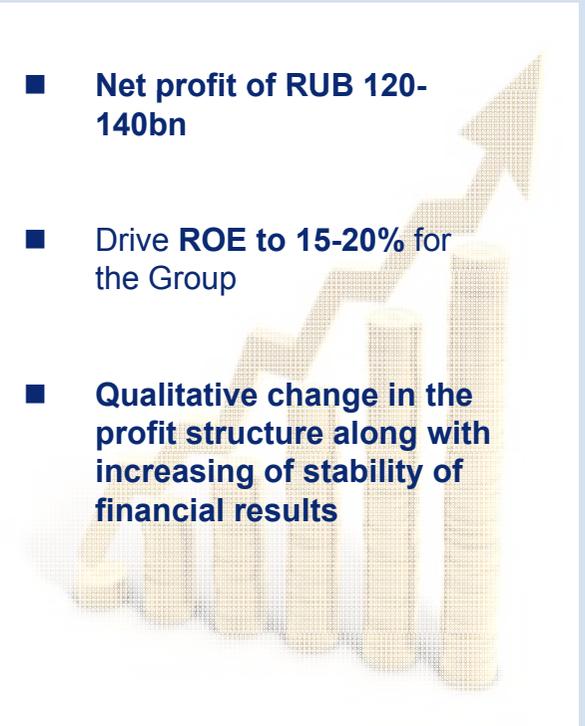
***May 27, 2010  
Moscow***



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# “Road to 15” – Clear Strategic Plan to Enhance Efficiency and Recurring Returns

## Strategic goals (2013)

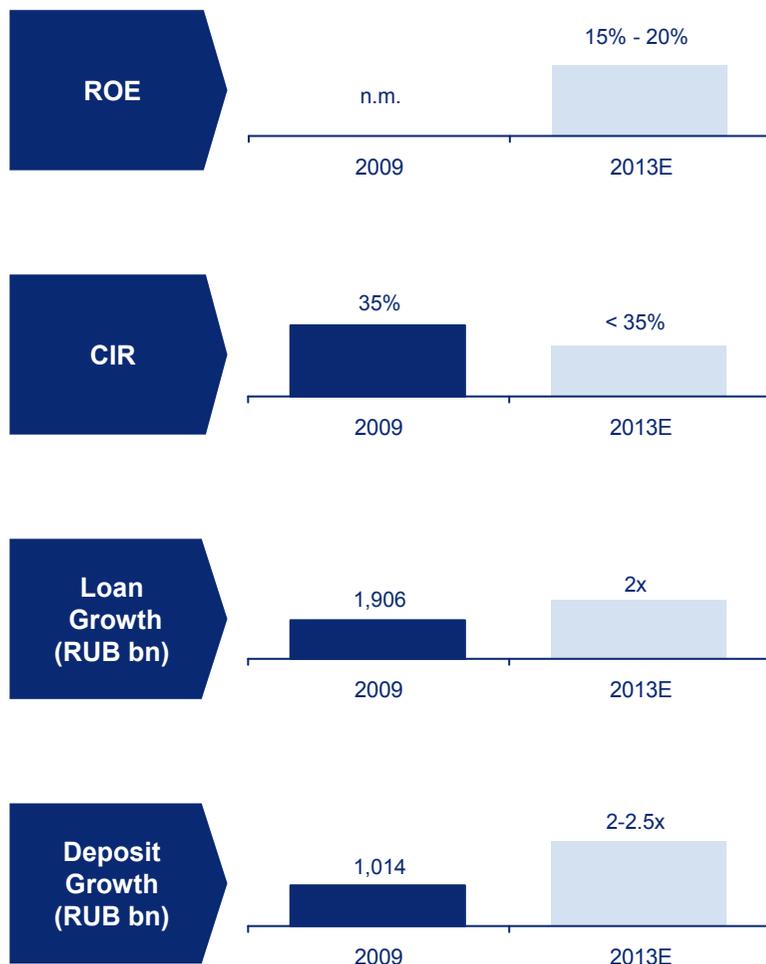
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- Net profit of RUB 120-140bn
  - Drive ROE to 15-20% for the Group
  - Qualitative change in the profit structure along with increasing of stability of financial results

## Key Strategic Actions

- Leverage achieved scale to focus on **profitable growth**
- Convert **unique strategic positioning** into **consistent return on capital**
- Further diversify business while maintaining **focus on key strategic segments** which contribute the most to the Group's profit
- **Maximise synergies** across business lines
- **Leverage broad international presence** to serve clients globally
- Build best in class **financial management** in the Group
- Further **enhance risk management, optimise business processes, IT and infrastructure**

# Corporate Banking - A Leading Force With a Renewed Business Approach

## Key Financial Targets (2013)



## Strategic Initiatives

### Establish Corporate-Investment Banking Business

- Shift focus of **top-clients coverage** to provide comprehensive service and cross-sales of IB product sft
- Separate **client coverage and product offering** – differentiated product model
- **Increase share of wallet** from top clients
- Organizational changes underway to align with the **new client coverage model**

### Strong Transactional Banking

- Actively develop and market **cash management products**
- Develop the **product managers force**
- Improve the **product line and quality of services** for payment and account management products, Strengthen focus on **cross-sales**

### Increase Penetration in Lower Segments

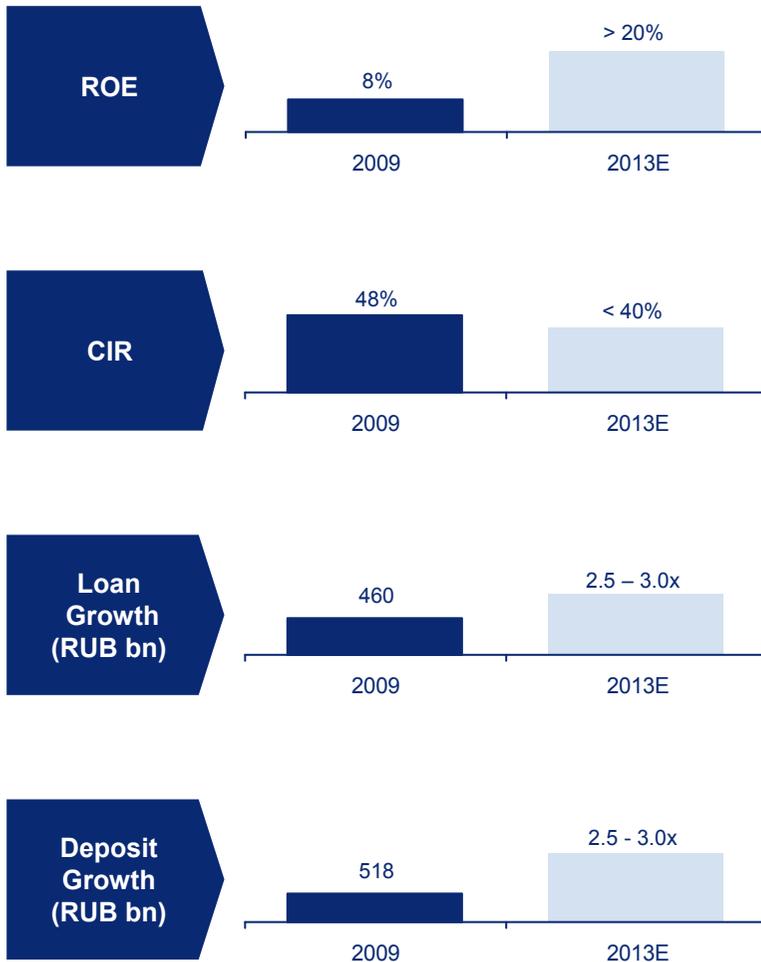
- Introduce a **new client coverage model** based on granular client segmentation
- Optimize the **sales and service model** to lower segment clients

### Optimise Key Business Processes

- Provide **transparent reports** on clients and business lines - income, expenses and capital allocation
- **Optimise** credit procedure
- Increase regional **network efficiency** by allocating certain regional powers to branches

# Retail Banking - Continue Being a Key Growth Driver

## Key Financial Targets (2013)



## Strategic Initiatives

### Segment-oriented Approach in Servicing Customers

- **Become a primary bank for its customers** in terms of client relationship quality and cross-sales
- **Drive returns** in each client segment
- **No.1 leadership for service quality**

### Distribution

- Enhance distribution approach via:
  - **network expansion** to 630 – 715 branches, and
  - developing **alternative channels**

### New Products

- Launch '**Innovation Factory**' to improve efficiency and generation of new income sources
- **Distribute IB products** to retail clients

### Regional Initiatives

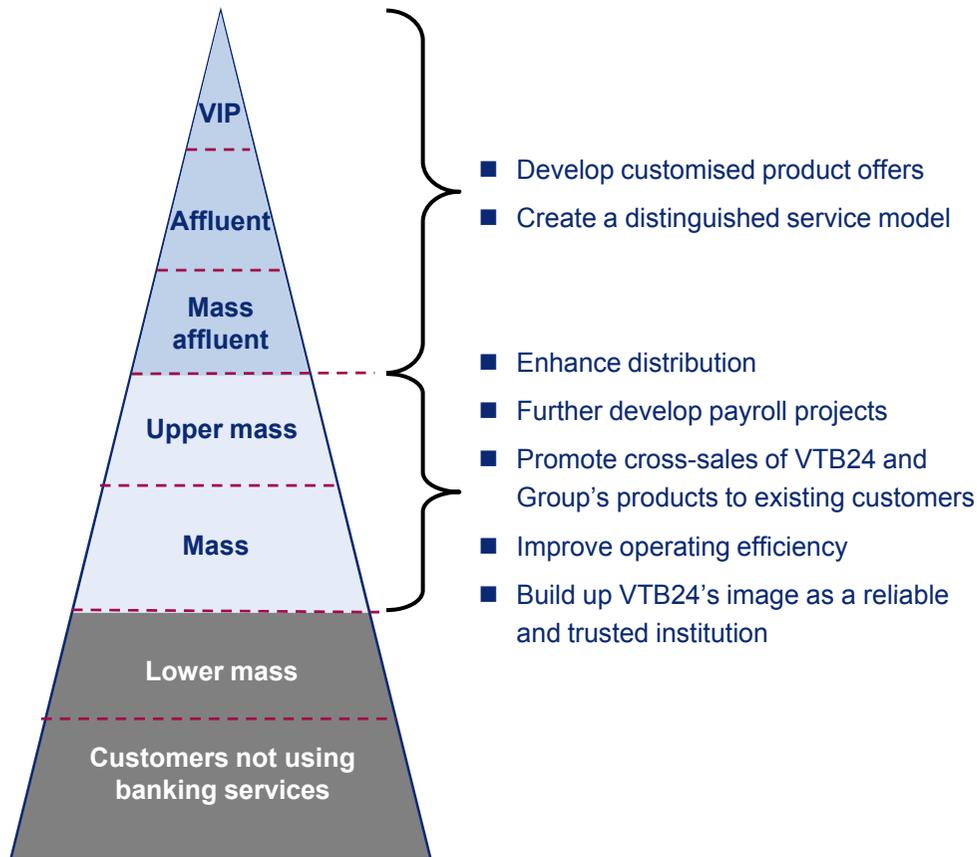
- Use VTB24's expertise and technologies to **develop retail business in CIS**

### Infrastructure

- Enhance **IT platform and technologies**

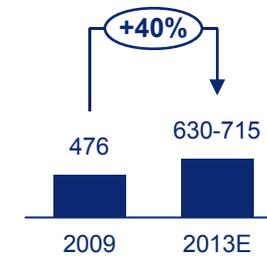
# Retail Banking - New Segmented Approach and Distribution Strategy

## Segment-oriented Approach in Servicing Customers to Enhance Service and Profitability



## Expansion of Branch Network

- Grow branch network by 40%
- Network efficiency to grow by 50%
- Share of sales in the front office – 3-fold growth expected

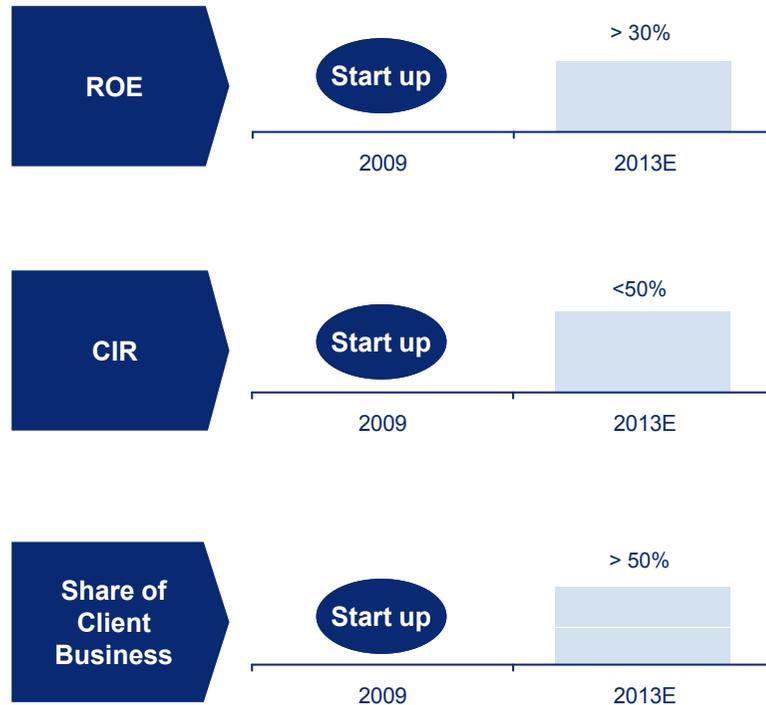


## Development of Alternative Channels

- Fully utilise existing sales and service channels
- Promote internet banking penetration
- Develop new sales and services channels (>1,000 payment terminals, mobile banking)
- 2.5x increase in share of remote channels in transaction flows

# Investment Banking - A Dominant Franchise in Russia and CIS

## Key Financial Targets (2013)



## Strategic Initiatives

### Fully Integrated Platform

- **Expand** business with existing clients **beyond Russia**, particularly in CIS
- Develop **higher margin business lines** (asset management, private equity)
- Develop **retail investment products**

### Enhance Business Profitability and Revenue Structure

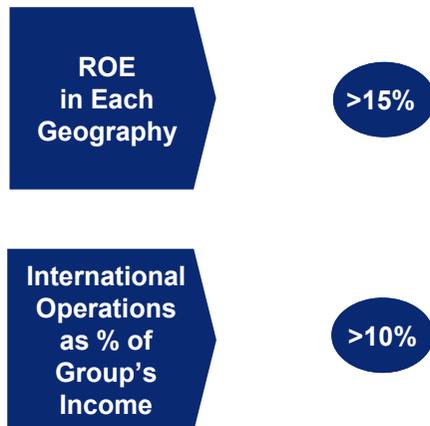
- Increase level of **fee and commission income**
- **Broader product offering** to drive revenue from clients and profitability
- Increase **volumes and revenues** from client operations

### Top 3 Investment Bank in Russia

- Product line and service quality aligned to **global best practices**
- Strong **analytical support** to clients
- **Best-practice infrastructure and business processes** (straight-through processing, operating efficiency and productivity)

# International Operations - Contributing to Greater Efficiency of The Group

## Key Targets and Strategic Priorities (2013)



## Strategic Initiatives

- **Strengthen the Group's position** in each of the markets where it operates
- **Capitalise on unique advantages** of the only Russian Banking Group with a broad international network
- Expand operations in **dynamic and high-margin markets**
- Enhance **corporate governance and streamline co-ordination** between business and product divisions

### CIS

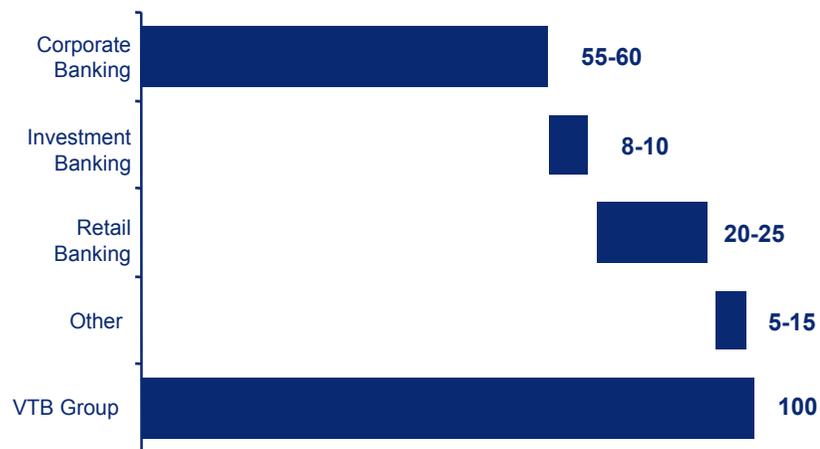
- #1 priority region abroad
- **Adopt universal banking model**
- Aggressively develop **retail banking**
- **Leadership** in servicing Russian and local customers

### Europe, Asia and Africa

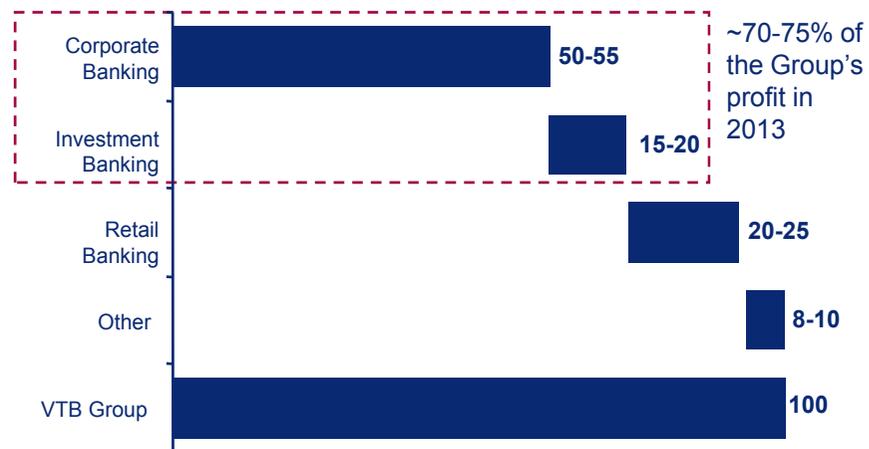
- Further **transform the Europe-based banks** to increase their efficiency
- Become a **#1 reference bank** for Russian and CIS companies as well as local customers interested in doing business in CIS

# VTB Group by 2013 – Evolution of Asset and Net Profit Structure

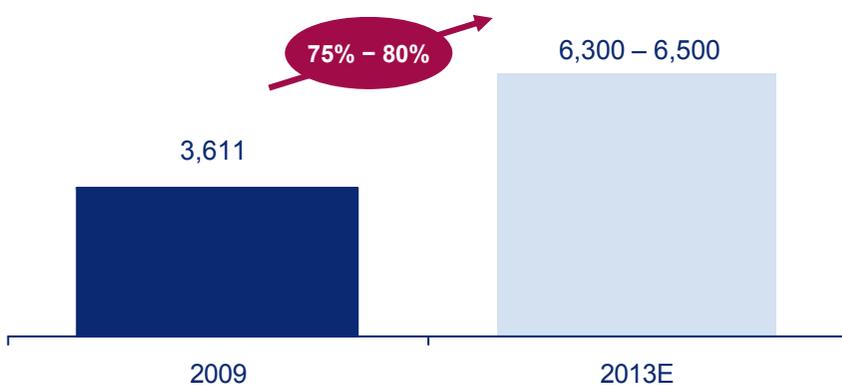
### Asset Dynamics by Business Lines (2013, %)



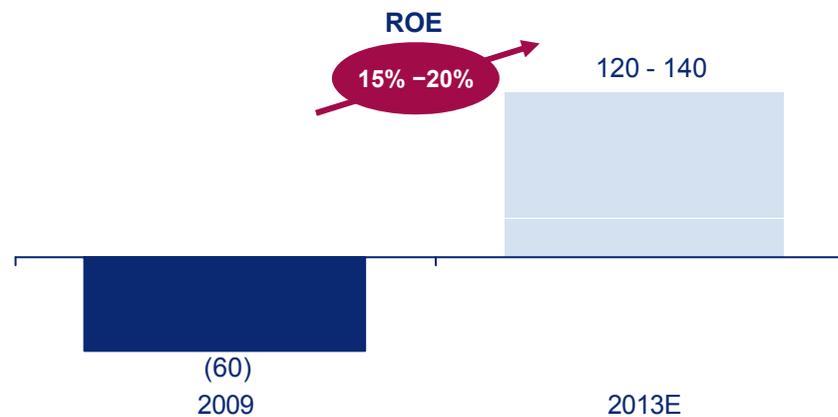
### Net Profit Structure (2013, %)



### Assets (RUB bn)

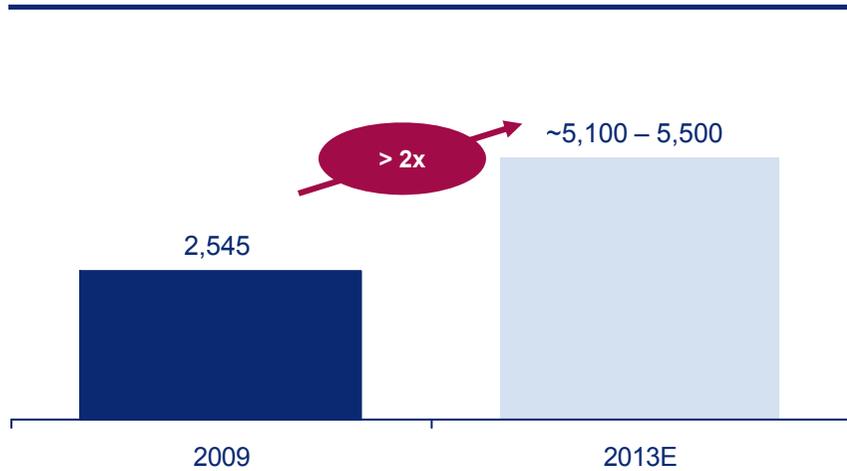


### Net Profit (RUB bn)

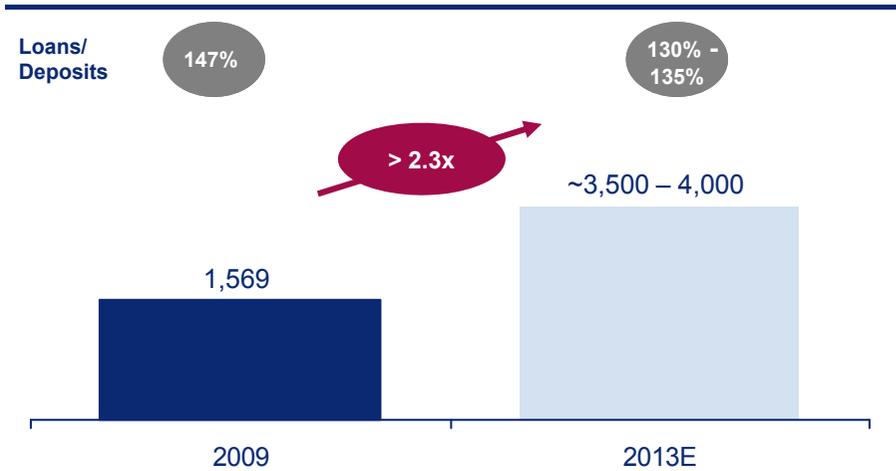


# VTB Group by 2013 – Growth of Key Financial Metrics

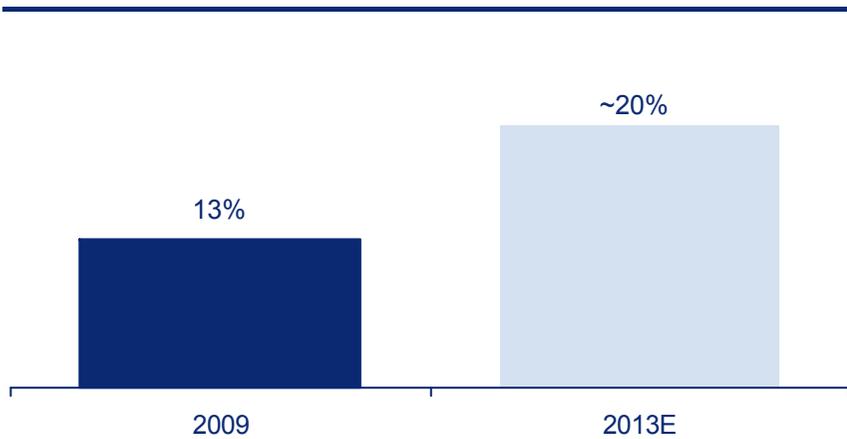
Loan Portfolio (RUB bn)



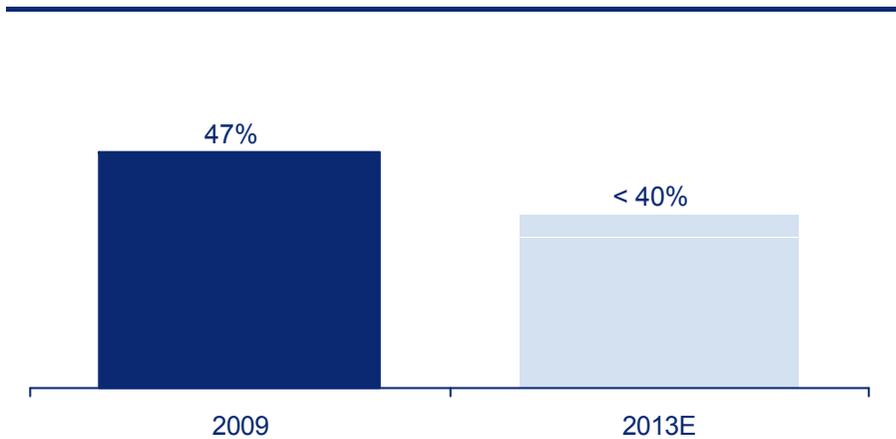
Customer Deposits (RUB bn)



Net Fees and Commissions Income / Net Operating Income



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# Build Best in Class Financial Management

- Create **in-house expertise** to analyse financial markets and VTB Group positioning
- **New approach to budgeting and planning** based on dynamic proprietary model of the market profit pools and targeting of the most profitable segments
- Implementation of the **new product matrix** to drive financial accountability
- Development of **economic capital allocation** model
- Comprehensive **cost allocation model**, new strategy to manage costs in the Group
- **New funding strategy** – diversification of funding sources across products, geographies and investor base, increased focus on secondary market, grow the share of customer deposits
- **New dividend policy** focused on predictable stream of dividends - balance between fixed payout and participation of shareholders in the growth of Group profits
- Effective **tax planning** on a Group level
- Proactive management of **capital resources**

# A New Management Approach





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