

**Justification of the proposed allocation of net profit and assessment of its compliance with the Bank's dividend policy, including allocation to dividend payment and the Bank's needs with explanations and economic justification of the requirement to allocate a certain part of net profit to the Bank's needs;**

In the past few years, to create a positive dividend history and increase investment appeal of JSC VTB Bank, the dividend amount has been approved at a level equal or more than that of the previous year.

Taking into account the 2014 performance, it is proposed to recommend that the AGM should resolve to pay the dividend and set the amount of the dividend to be paid out at 91.49% of the Bank's net profit under the RAS (with dividends on ordinary shares accounting for 77.08% of the Bank's net profit under the RAS and on preference shares, for 14.41% of the Bank's net profit under the RAS).

Such amount of dividend payment would comply with the dividend policy of JSC VTB Bank, which provides for dividend payment of at least 10% of the Bank's net profit under RAS.

**Chart 1 Dividends paid from 2011 to 2014**

Payment year	Paid for the year	Total dividend payment (RUB billions)	Dividend payout ratio / Percentage of net profit	
			JSC VTB Bank, RAS, %	VTB Group, IFRS, %
2011	2010	6.1	13.9	11.1
2012	2011	9.2	37.7	10.2
2013	2012	15.0	82.7	16.5
2014	2013	15.0	43.6	15.0
<b>Recommendation:</b>				
2015	2014	18.0	91.5	2250%
Including dividend on ordinary shares		15.2	77.1	1895%
Including dividend on preference shares		2.8	14.4	355%

Under the Federal Law "On Joint-Stock Companies" and its Charter, the Bank should make an annual allocation to the Reserve Fund of at least 5% of its net profit until the fund reaches 5% of the charter capital. In 2014, the Bank increased its charter capital to RUB 343,643,383,623.38. As a result, it has to make a mandatory allocation to the Reserve Fund of 5% of its net profit for 2014, which amounts to RUB 983,690 thousand.

Retained net profit of the Bank for 2014 amounts to RUB 690,420 thousand and will be used to ensure the Bank's organic growth.