

# VEB GROUP IFRS 2016 RESULTS

April 2017



**BANK  
FOR DEVELOPMENT**

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## VEB Transformation

- › In February 2016 Sergey Gorkov was appointed Chairman of VEB by Presidential Decree. New business focused management team joined.
- › In December 2016, VEB new Strategy to 2021 and business model were approved by the Supervisory Board.

## Sound and Consistent Government Support

- › During 2016, VEB received equity injections in the amount of RUB 163.8 bn.
- › RUB 450 bn subsidy included in the three-year budget plan (2017-2019).

## Lending Activity

- › Regardless the challenging environment and scarce market funding opportunities VEB has maintained its core function of a development institution.
- › Lending volume amounted to RUB 100 bn.

## Funding and Fulfilling Obligations

- › In 2016, VEB raised funds in the total amount equivalent of RUB 91 bn on local market.
- › In 2016, VEB duly repaid its long-term debt in the total amount of RUB 175 bn in equivalent.

# Asset Structure

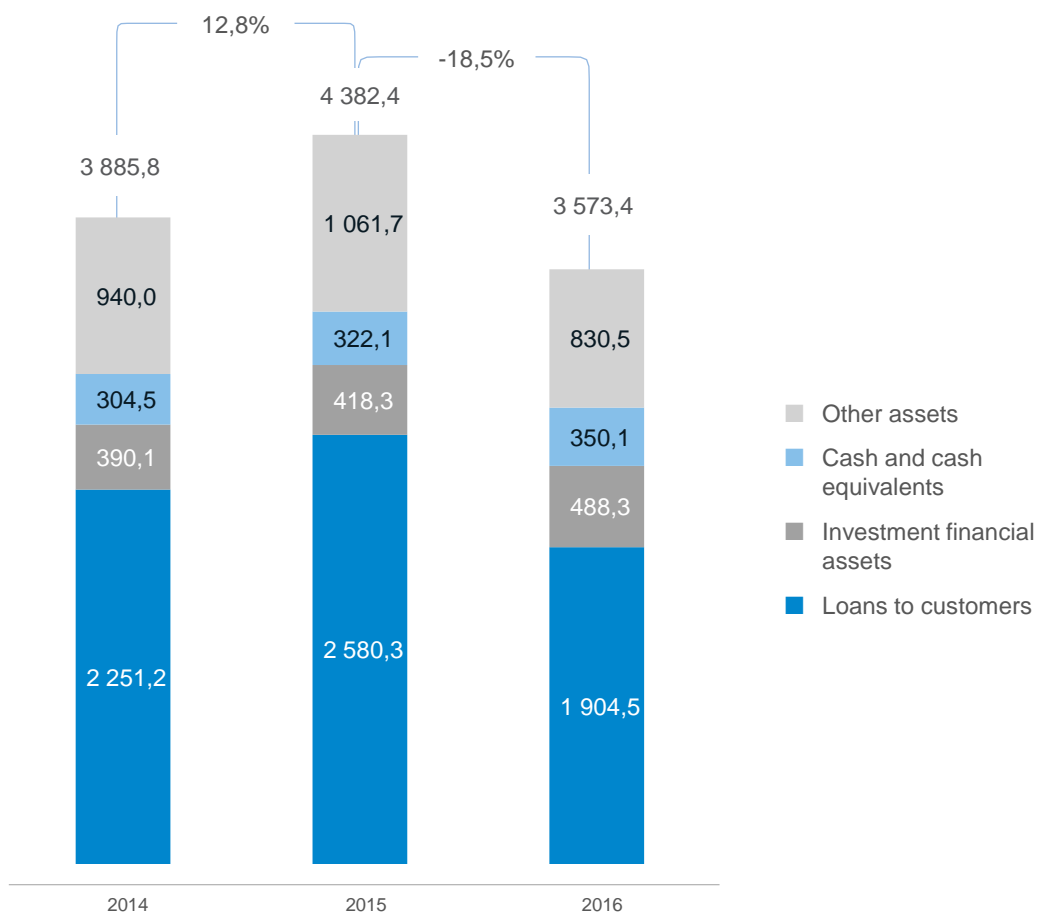
Assets amounted to RUB 3 573.4 bn decreasing by RUB 809.0 bn (-18.5%) compared to the end of 2015.

The decrease was primarily caused by a decline in the Group's loan portfolio (net) by RUB 675.8 bn (-26.2%) due to:

- › the Group's conservative approach to its lending policy,
- › the pace of loan repayments exceeding the pace of new lending,
- › the ruble strengthening against major currencies and corresponding decrease in foreign currency loans book value.

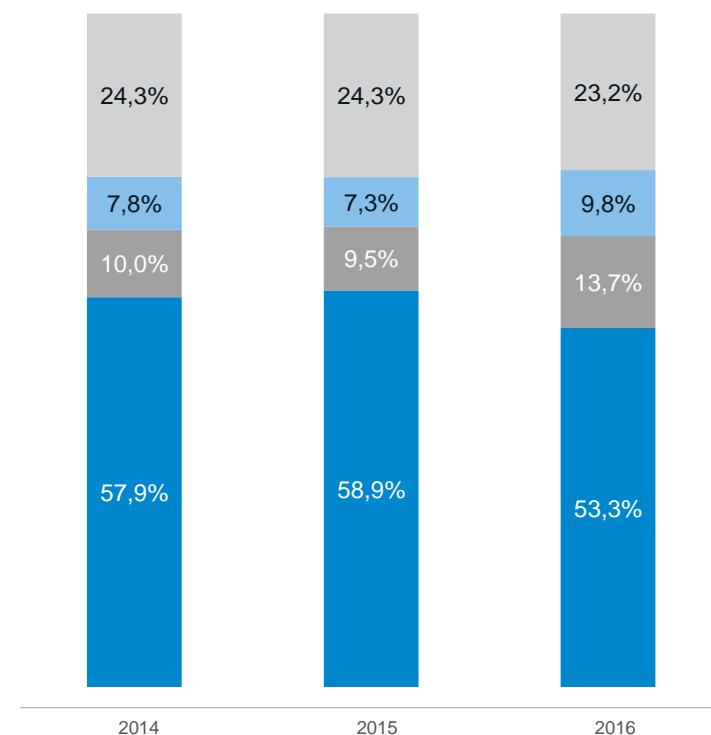
## Asset Structure

RUB bn



## Asset Structure

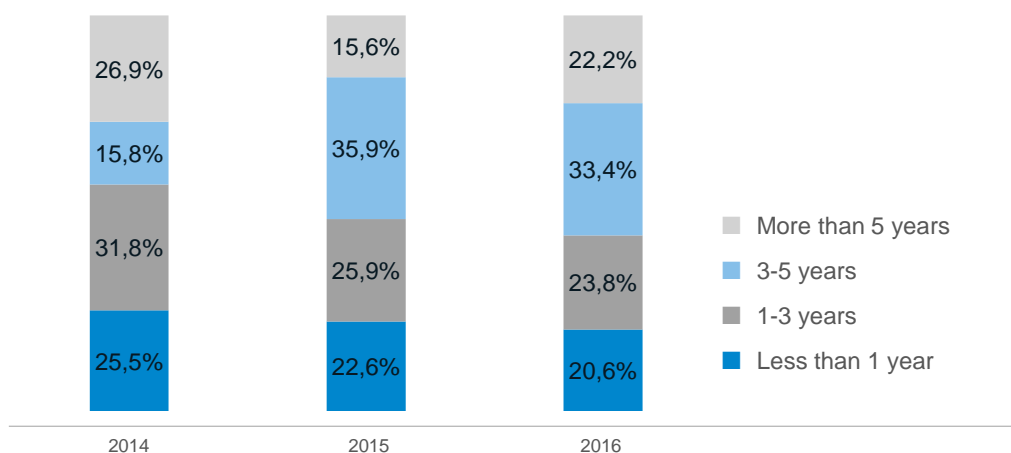
% of Total Loans



- › The share of USD-denominated loans went down from 52.0% to 29.3% with a simultaneous increase in RUB-denominated loans from 39.5% to 62.2%. This was primarily brought about by a ruble exchange rate increase and a corresponding decline in the foreign currency loans book value.
- › Major part of the loan portfolio is project financing.
- › Long term loans amount to more than 50% of the loan portfolio.

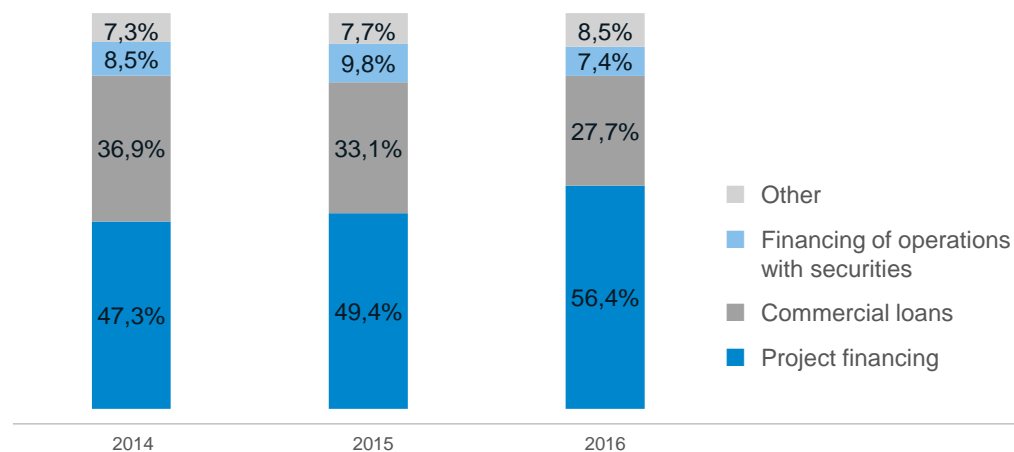
## Loan Portfolio Maturity Breakdown

% of Total Loans



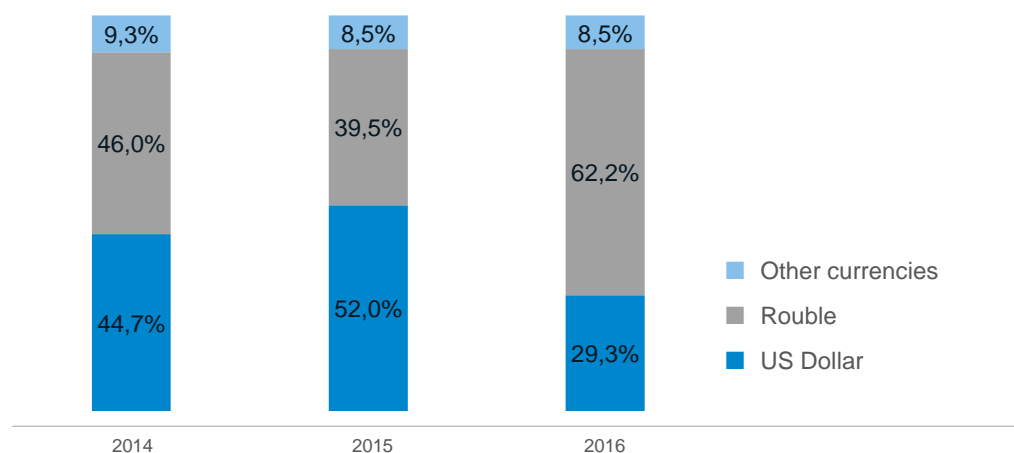
## Loan Portfolio Structure

% of Total Loans



## Loan Portfolio Currency Breakdown

% of Total Loans



# Loan Portfolio Industry Breakdown and Concentration

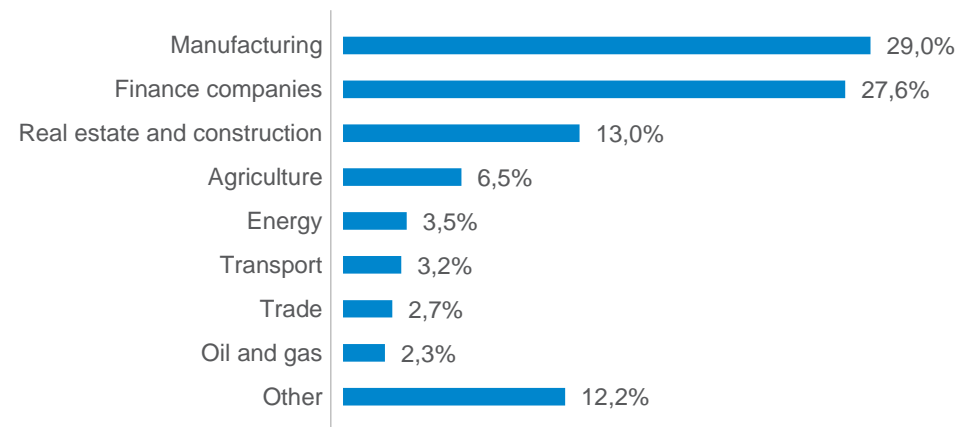
The most significant part of the loan portfolio comprised:

- > manufacturing (RUB 781.7 bn in absolute terms),
- > finance companies (RUB 742.0 bn),
- > real estate and construction (RUB 350.5 bn).

The total outstanding amount of loans to three major borrowers increased to 22.8% from 17.3%.

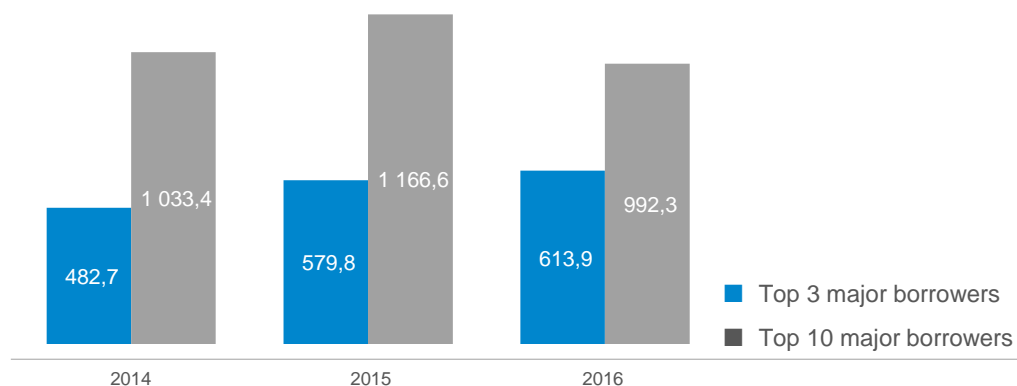
## Loan Portfolio Industry Breakdown

% of Total Loans



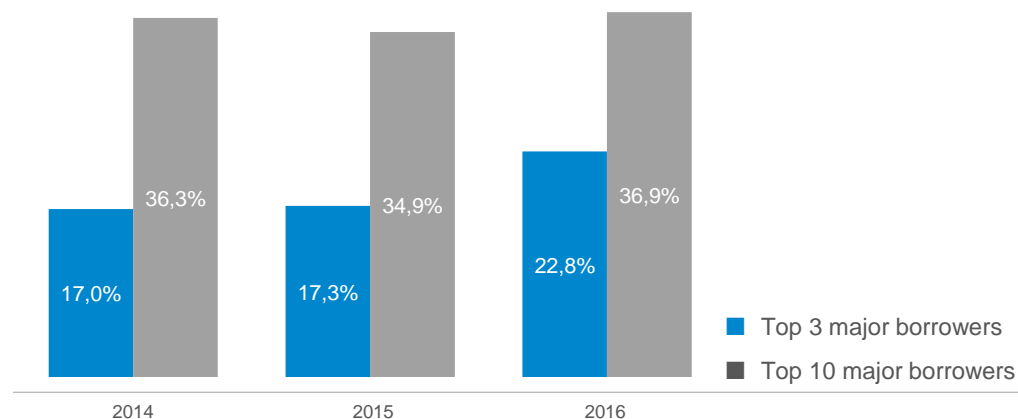
## Top Borrowers

RUB bn



## Top Borrowers

% of Total Loans



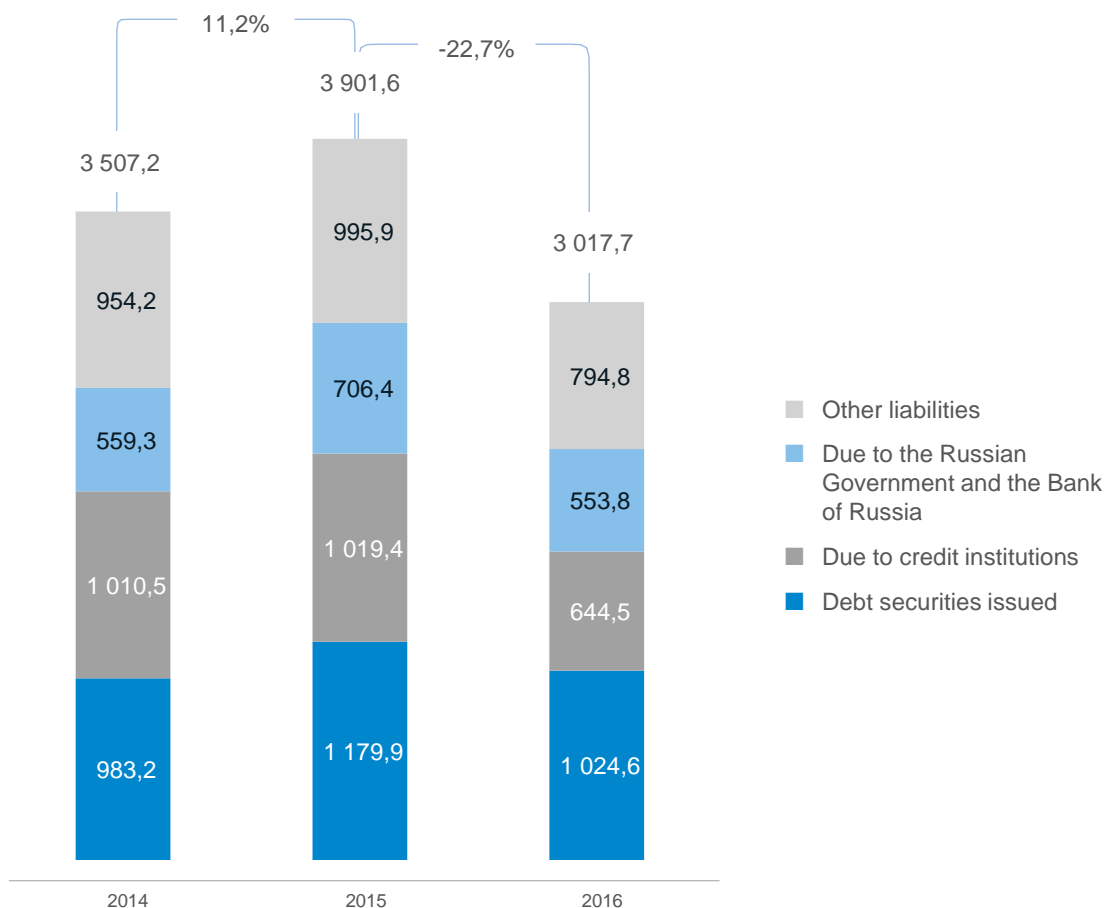
# Liabilities Structure

Total liabilities decreased by RUB 883.9 bn (-22.7%) to RUB 3 017.7 bn mainly due to:

- › a decline in amounts due to credit institutions by RUB 374.9 bn (-36.8%),
- › a decline in debt securities issued by RUB 155.3 bn (-13.2%), including the repayment of the Group's securities issues for a total amount of RUB 101.7 bn,
- › the ruble strengthening against major currencies.

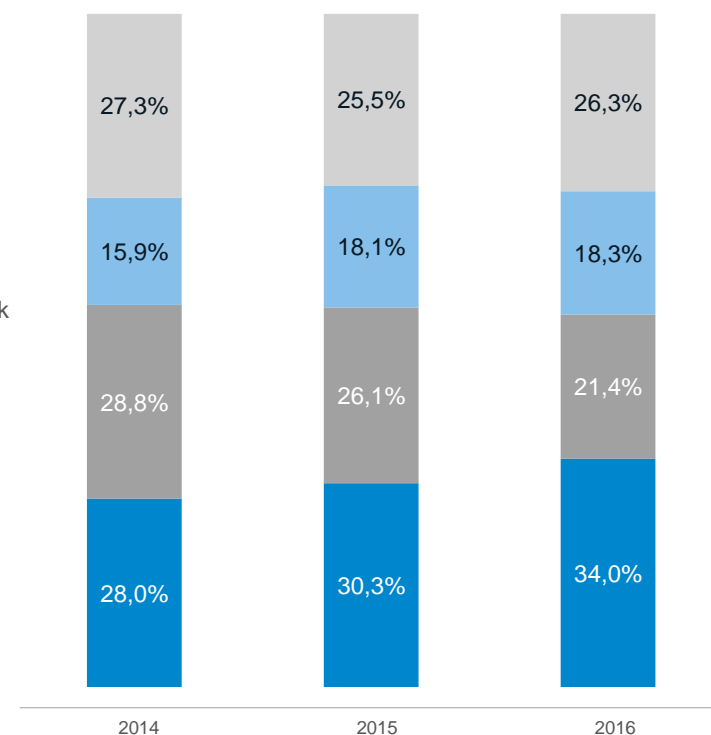
## Liabilities Structure

RUB bn



## Liabilities Structure

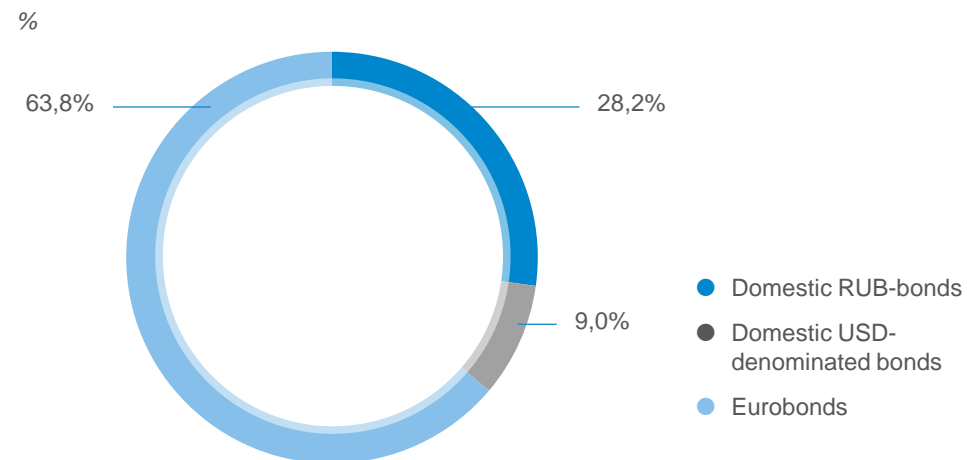
% of Total Liabilities



# VEB Standalone Repayment Schedule

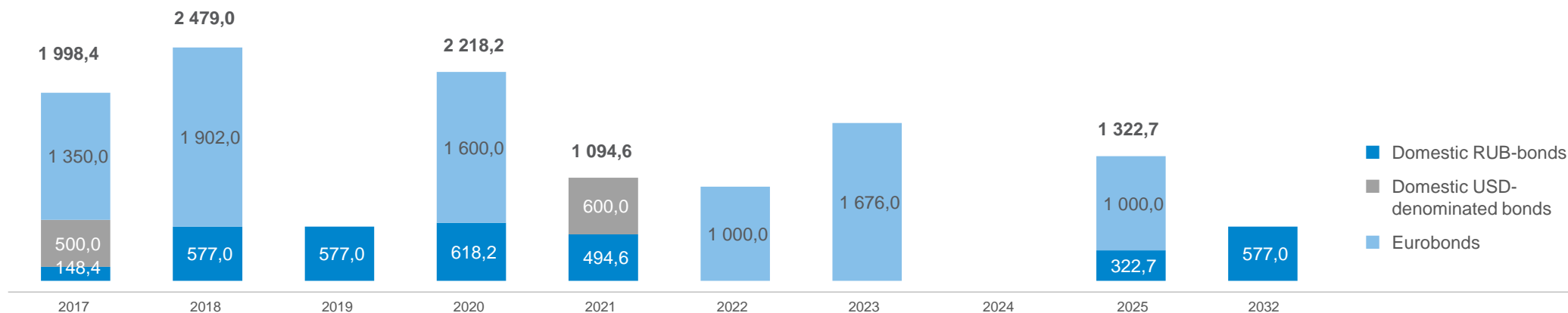
- › VEB fully repaid its CHF-denominated 500 mn Eurobond issue as well as RUB-denominated 20 bn bond issue.
- › VEB placed 4 new issues with a total nominal value of nominal value of RUB 54.6 bn and US\$ 600 mn.
- › VEB refinanced its bond liabilities on the local market with a total amount of RUB 89 bn and US\$ 500 mn.

## Public debt diversification by source



## Public Debt Maturity Profile as at 31.12.2016<sup>(1,2,3)</sup>

USD mn



(1) RUB and EUR amounts converted into US\$ at official CBR exchange rates as at 31.12.2016

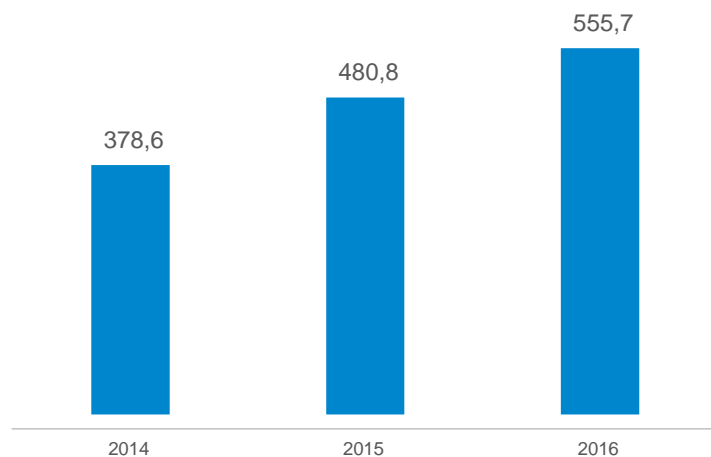
(2) VEB USD 750 mn Eurobond was fully repaid in February 2017 after reporting date

(3) After the reporting date Bank placed 2 series of exchange-traded bonds with a total nominal value of RUB 25 bn



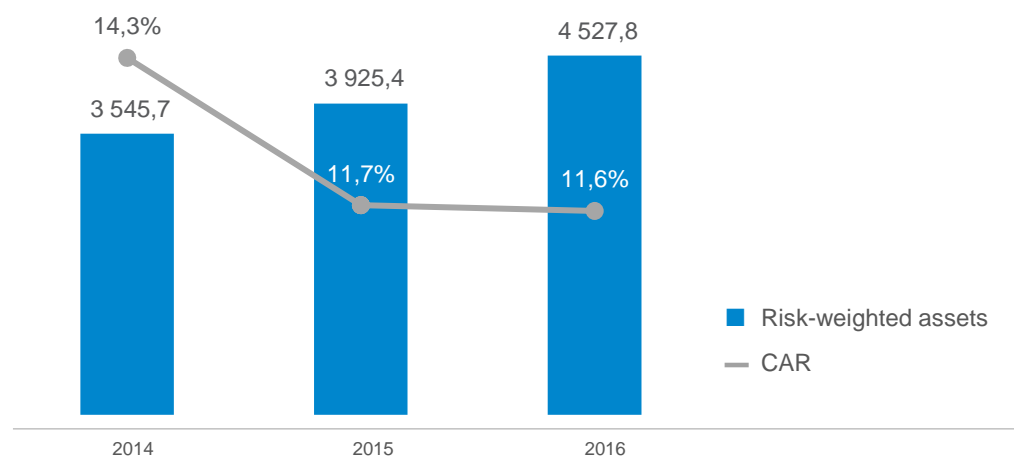
## VEB Group's Equity

RUB bn



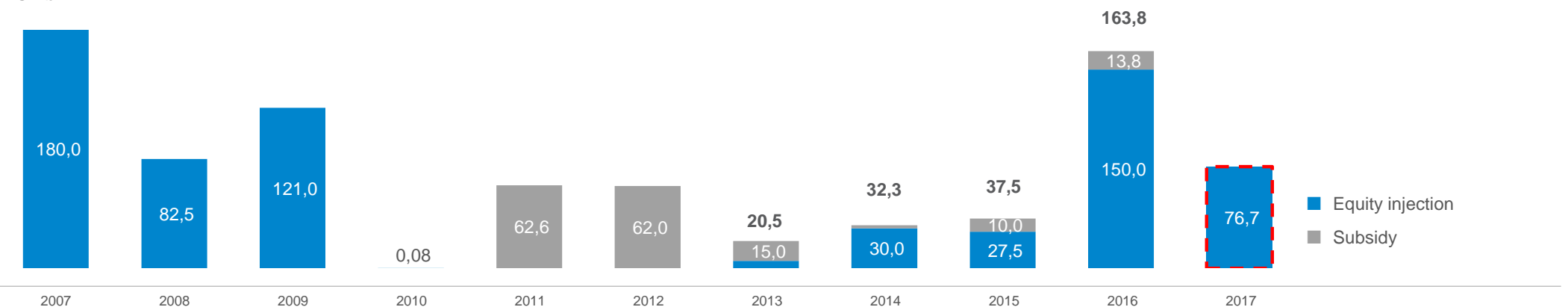
## Risk-Weighted Assets and CAR (1)

RUB bn, %



## VEB Equity Injection History (2)

RUB bn



(1) Calculated on a standalone basis in accordance with methodology based on CBR requirement  
 (2) First tranche of RUB 76.7 bn of the approved RUB 150 bn was received in March 2017 after reporting date

# Income Statement

	<i>RUB bn</i>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Change</b>
<b>Net interest income</b>		<b>89,1</b>	<b>67,0</b>	<b>33,0%</b>
Provision for impairment of interest-earning assets		(510,4)	(292,8)	74,3%
<b>Net interest expense after provision for impairment of interest-earning assets</b>		<b>(421,3)</b>	<b>(225,8)</b>	<b>86,6%</b>
<b>Net fee and commission income</b>		<b>9,2</b>	<b>9,1</b>	<b>1,1%</b>
<b>Non-interest income</b>		<b>433,4</b>	<b>332,8</b>	<b>30,2%</b>
Government grants		211,9	330,3	-35,8%
Other operating income		212,5	25,6	730,1%
Net losses on initial recognition of financial instruments and restructuring		(5,5)	(12,9)	-57,4%
<b>Non-interest expense</b>		<b>(126,1)</b>	<b>(100,9)</b>	<b>25,0%</b>
<b>Income/(loss) before income tax</b>		<b>(104,8)</b>	<b>15,2</b>	<b>-789,5%</b>
Income tax expense		(7,1)	(0,3)	2266,7%
<b>Income /(loss) for the period</b>		<b>(111,9)</b>	<b>14,9</b>	<b>-851,0%</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>26,2</b>	<b>47,4</b>	<b>-44,7%</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(85,7)</b>	<b>62,3</b>	<b>-237,6%</b>

# Thank you!

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