

# VEB GROUP IFRS Q1 2017 RESULTS

June 2017



**BANK  
FOR DEVELOPMENT**

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## Financial Results

- › In Q1 2017 for the first time since 2015, Vnesheconombank recorded a net profit of RUB 14 bn.

## Sound and Consistent Government Support

- › In March 2017, Vnesheconombank received first tranche of RUB 76.7 bn out of the RUB 150 bn designated for VEB's support in 2017.

## Lending Activity

- › A decrease in the amounts of loans to customers by RUB 40.8 bn was driven by a negative currency revaluation of foreign currency loans.
- › The volume of issuance of new loans in 1Q 2017 was 2.5 times higher than the volume of loan repayments.

## Funding and Fulfilling Obligations

- › In February 2017, Vnesheconombank repaid Eurobonds with a total nominal value of USD 750 mn in accordance with the terms of the issue.
- › In Q1 2017, Vnesheconombank placed 2 series of exchange-traded bonds with a total nominal value of RUB 25 bn.

# Asset Structure

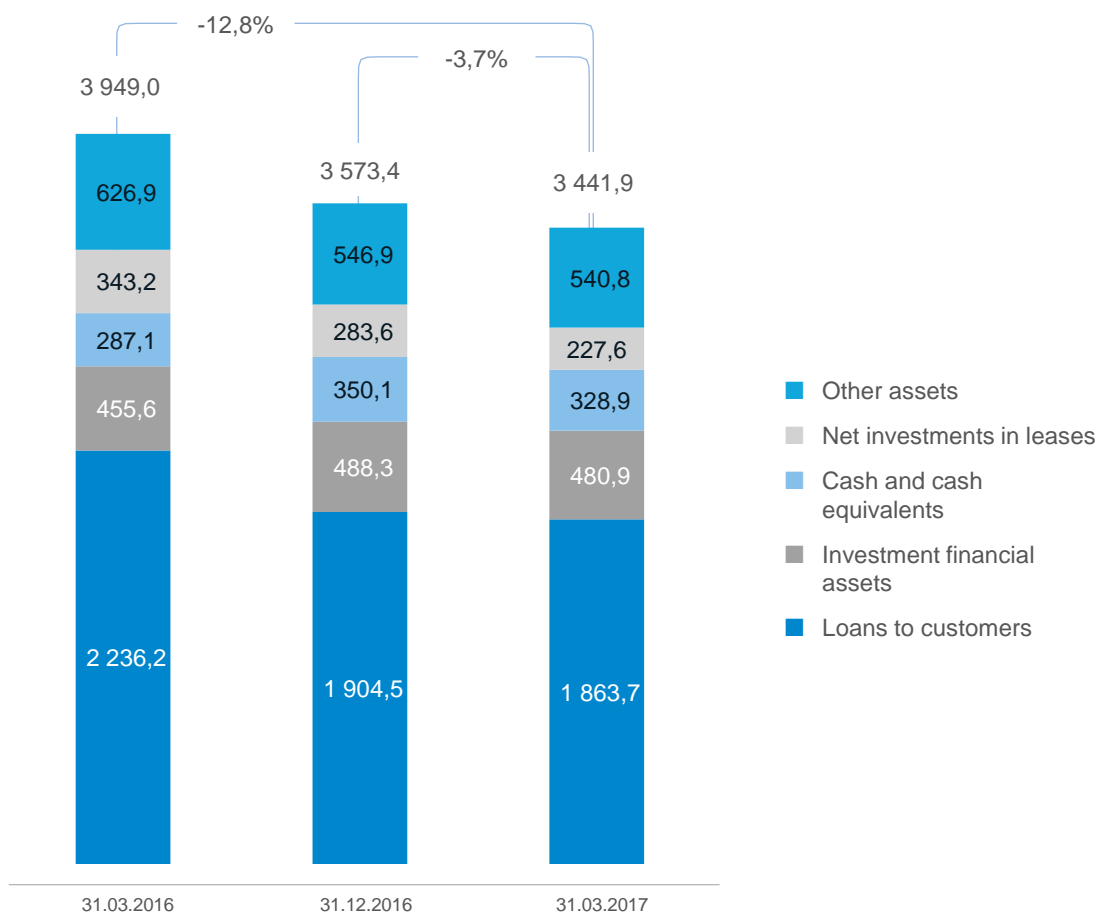
As at 31.03.2017 assets amounted to RUB 3 441.9 bn decreasing by RUB 131.5 bn (-3.7%) compared to the end of 2016.

This trend in assets dynamics is primarily attributable to adverse movements in:

- › net investments in leases, down by RUB 56.0 bn or 19.8%;
- › loans to customers (after allowance for loan impairment), down by RUB 40.8 bn or 2.1%, to Rub 1,863.7 bn;
- › cash and cash equivalents, down by RUB 21.2 bn or 6.1%.

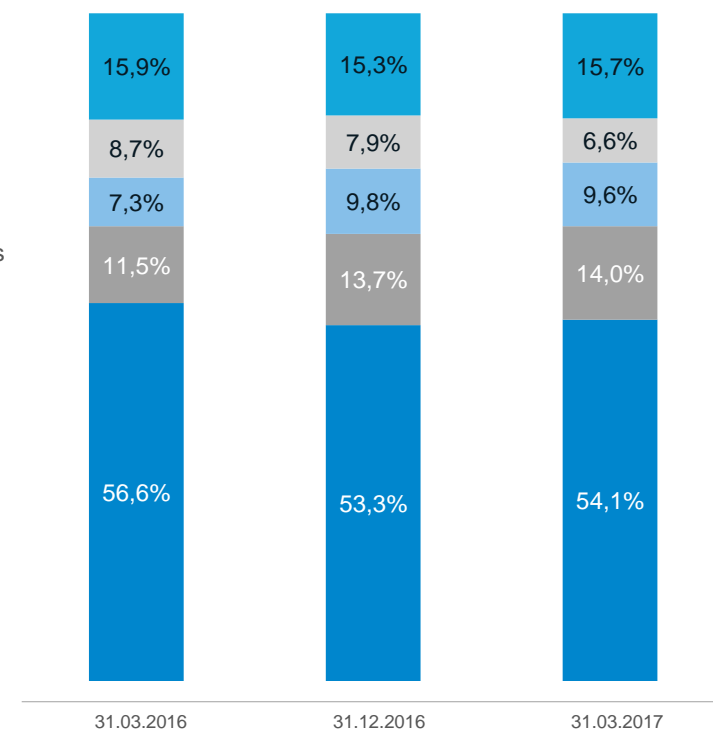
## Asset Structure

RUB bn



## Asset Structure

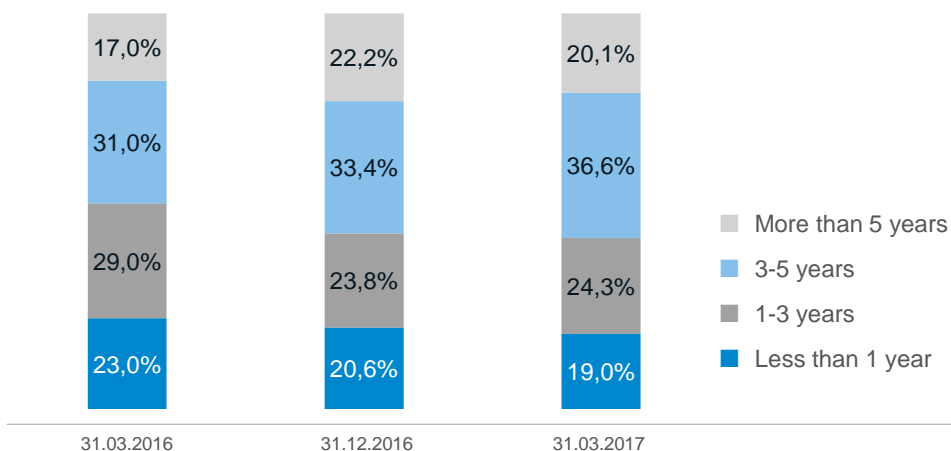
% of Total Loans



- › The share of USD-denominated loans went down from 29.3% to 20.3% with a simultaneous increase in RUB-denominated loans from 62.2% to 64.0%. 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 (more than 3 years) amount to more than 50% of the loan portfolio.

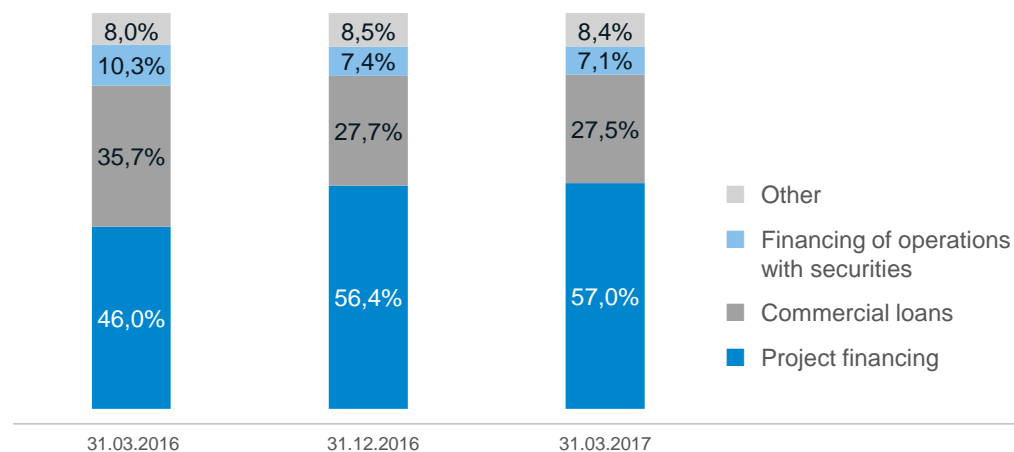
## Loan Portfolio Maturity Breakdown

% of Total Loans



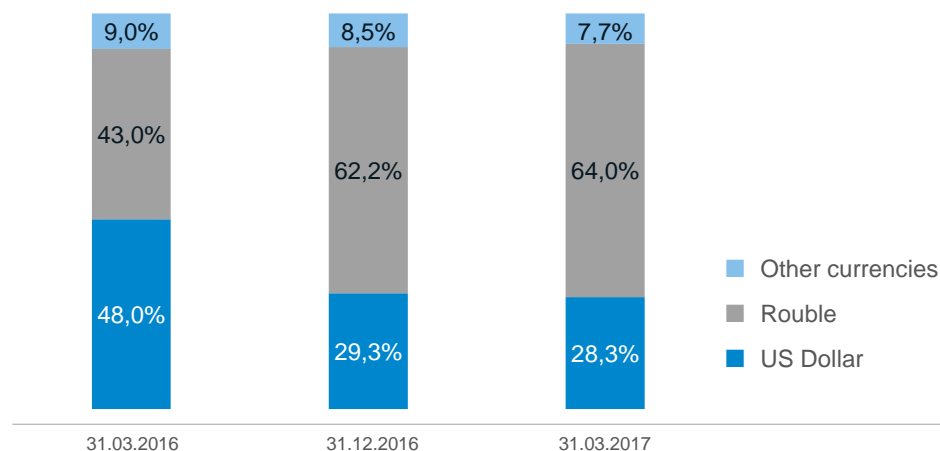
## Loan Portfolio Structure

% of Total Loans



## Loan Portfolio Currency Breakdown

% of Total Loans



# Loan Portfolio Industry Breakdown and Concentration

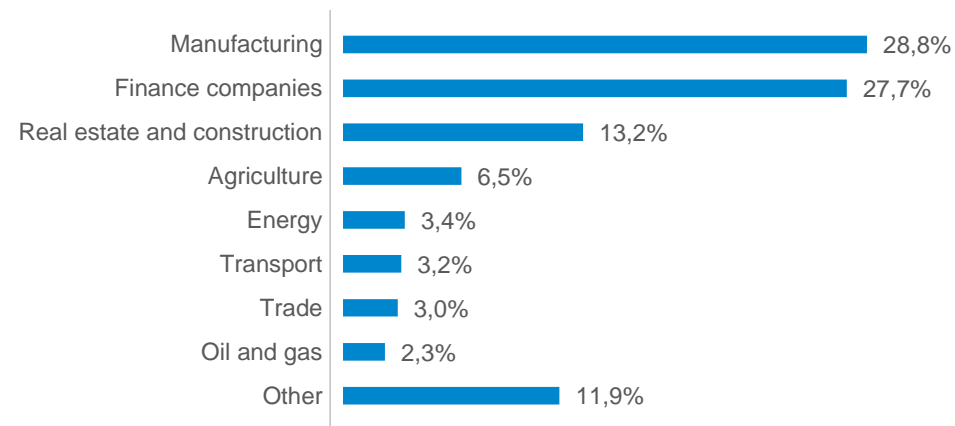
The most significant part of the loan portfolio comprised:

- › manufacturing (RUB 759.0 bn in absolute terms),
- › finance companies (RUB 731.0 bn),
- › real estate and construction (RUB 349.1 bn).

The total outstanding amount of loans to three major borrowers increased to 23.1% from 22.8%.

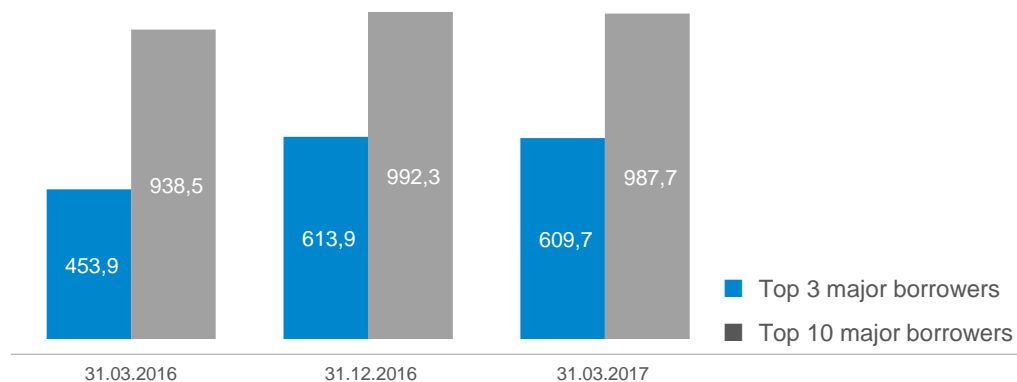
## Loan Portfolio Industry Breakdown

% of Total Loans



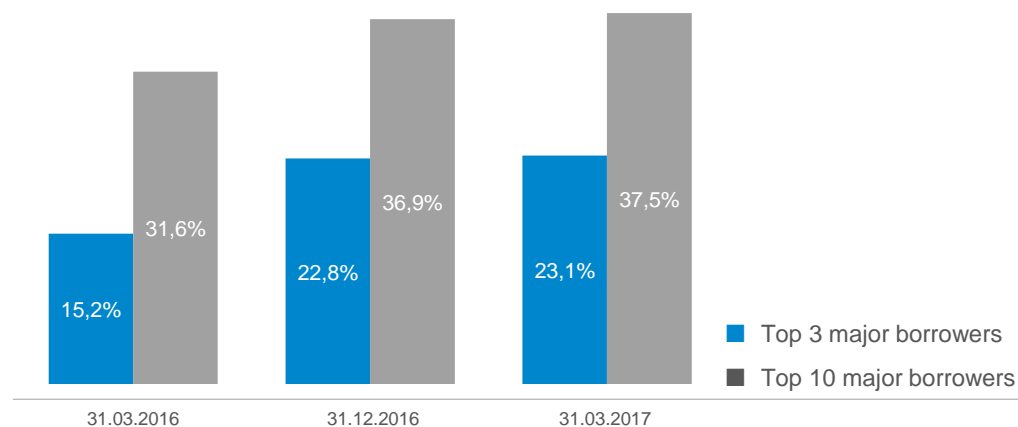
## Top Borrowers

RUB bn



## Top Borrowers

% of Total Loans



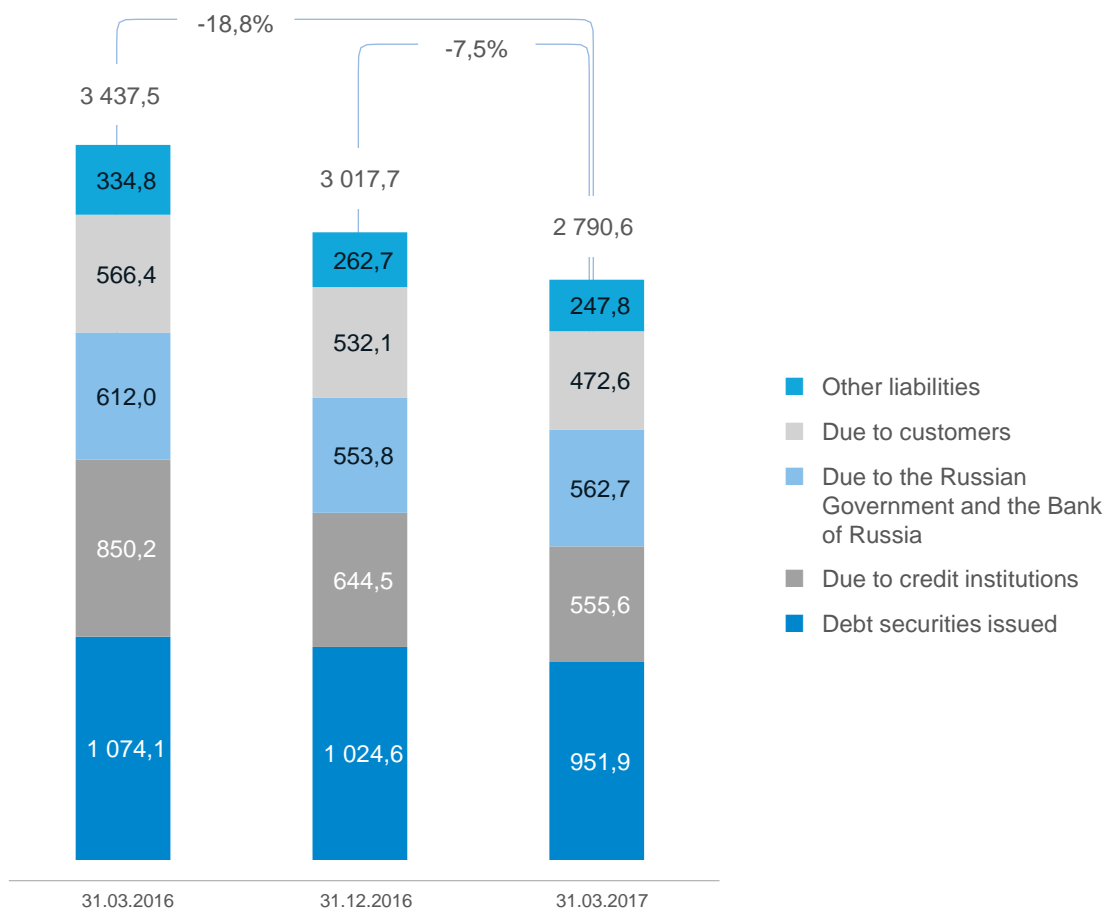
# Liabilities Structure

Over Q1 2017 total liabilities decreased by RUB 227.1 bn (-7.5%) to RUB 2 790.6 bn mainly due to:

- › a decline in amounts due to credit institutions by RUB 88.9 bn (-13.8%);
- › a decline in amounts due to customers by RUB 59.5 bn (-11.2%);
- › a decline in debt securities issued by RUB 72.7 bn (-7.1%);
- › the ruble strengthening against major currencies.

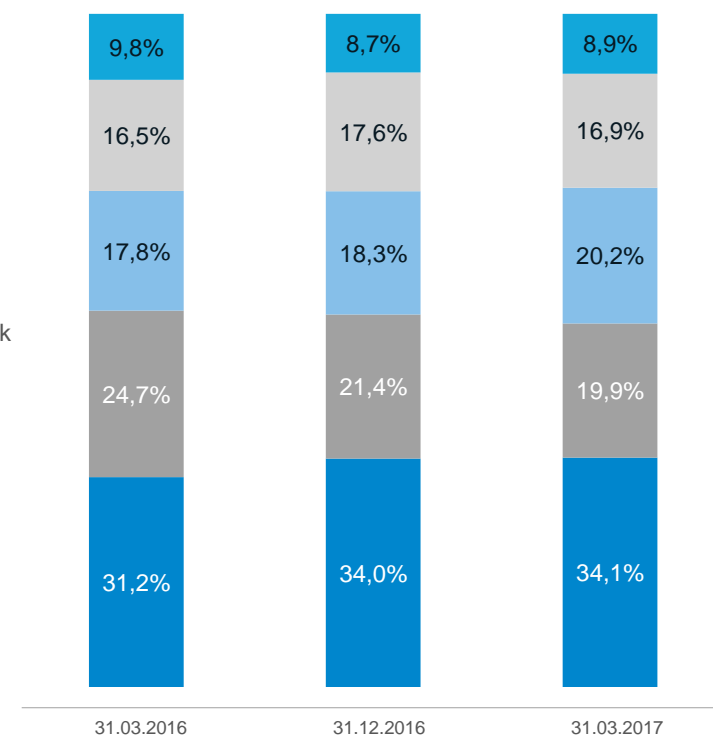
## Liabilities Structure

RUB bn



## Liabilities Structure

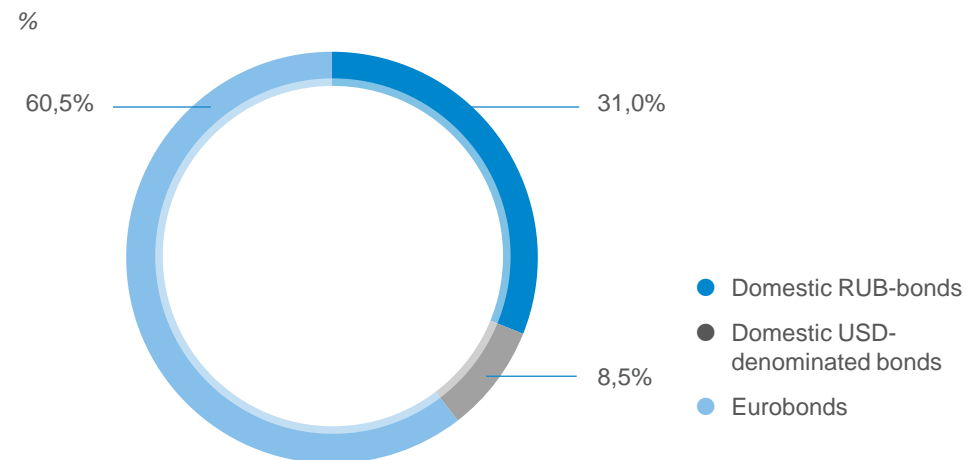
% of Total Liabilities



# VEB Standalone Repayment Schedule

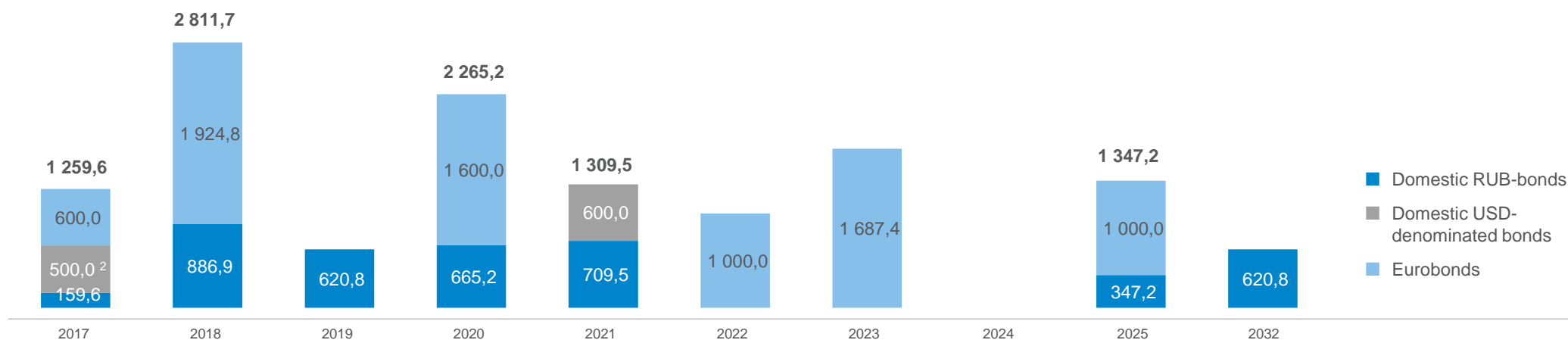
- › In February 2017, Vnesheconombank repaid Eurobonds with a total nominal value of USD 750 mn in accordance with the terms of the issue.
- › In Q1 2017, VEB placed 2 series of exchange-traded bonds with a total nominal value of RUB 25 bn.
- › After the reporting date VEB placed an issue of exchange-traded bonds with a total nominal value of RUB 25 bn.

## Public debt diversification by source



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

USD mn



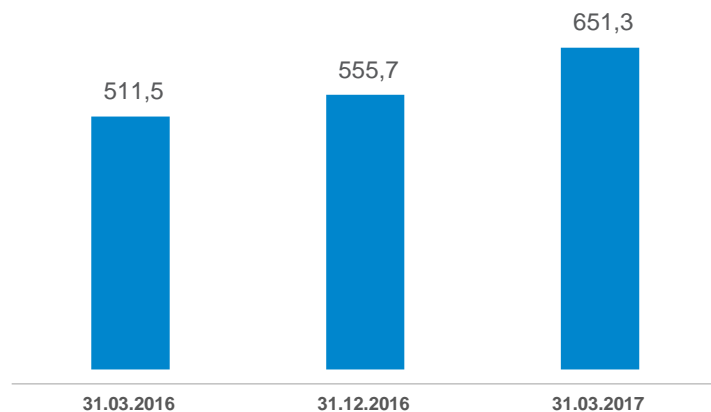
(1) RUB and EUR amounts converted into US\$ at official CBR exchange rates as at 31.03.2017

(2) VEB USD 500 mn exchange-traded bond was fully repaid in May 2017 after reporting date



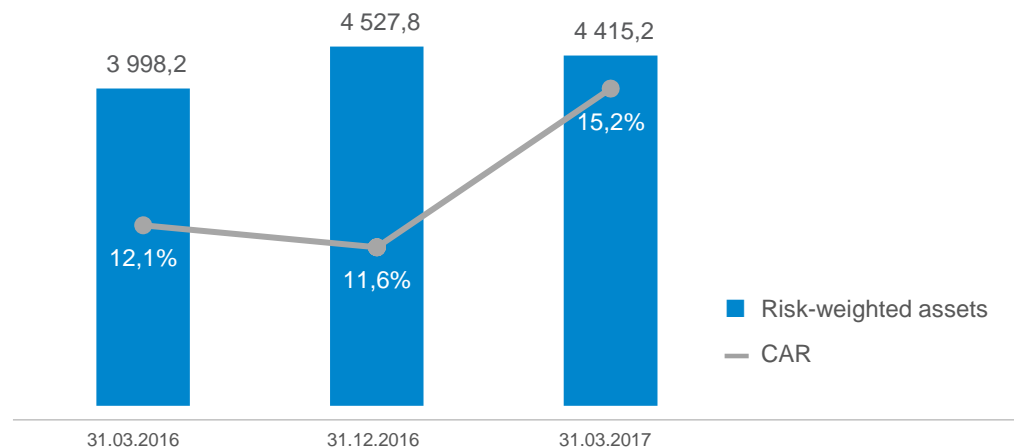
## VEB Group's Equity

RUB bn



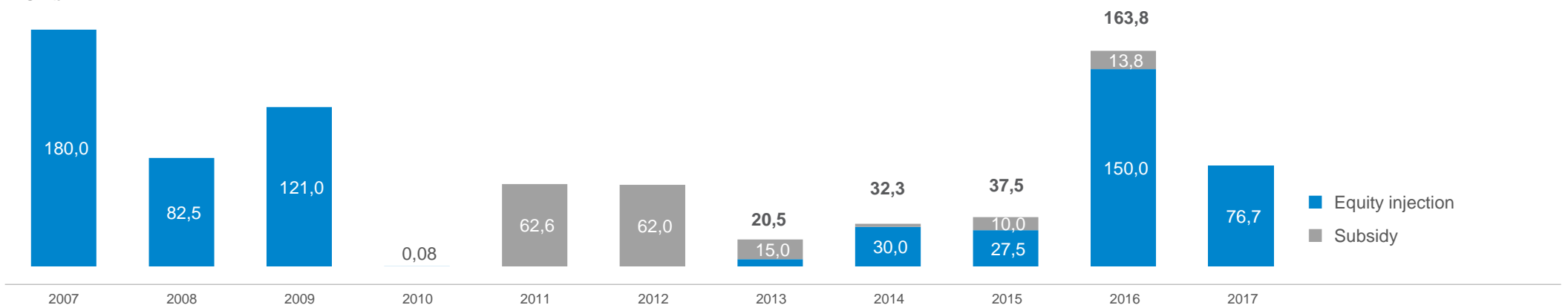
## Risk-Weighted Assets and CAR (1)

RUB bn, %



## VEB Equity Injection History

RUB bn



(1) Calculated on a standalone basis in accordance with methodology based on CBR requirement

# Income Statement

	<i>RUB bn</i>	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>Net interest income</b>		20,2	25,7
Provision for impairment of interest-earning assets		(3,2)	(176,2)
<b>Net interest income/(expense) after provision for impairment of interest-earning assets</b>		17,0	(150,5)
<b>Net fee and commission income</b>		1,9	2,1
<b>Non-interest income</b>		17,9	110,5
Government grants		-	135,9
Other operating income		12,1	4,5
Net losses on initial recognition of financial instruments and restructuring		-	(2,7)
<b>Non-interest expense</b>		(22,7)	(21,8)
<b>Income/(loss) before income tax</b>		14,1	(59,7)
Income tax benefit/(expense)		(0,1)	1,4
<b>Income /(loss) for the period</b>		14,0	(58,3)
<b>Other comprehensive income for the period, net of tax</b>		4,9	12,2
<b>Total comprehensive income/(loss) for the period</b>		18,9	(46,1)

# Thank you!

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