

VEB GROUP IFRS H1 2017 RESULTS

August 2017



**BANK
FOR DEVELOPMENT**

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Sound and Consistent Government Support

- › In H1 2017, Vnesheconombank received subsidies in total amount of RUB 107.6 bn out of the RUB 150 bn designated for VEB's support in 2017.

Lending Activity

- › In H1 2017, Vnesheconombank granted RUB 69.7 bn of new loans. Total loans to customers (after allowance for impairment) amounted to RUB 1 843.8 bn as at June 30, 2017.

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 H1 2017, VEB placed 5 series of domestic bonds with a total nominal value of RUB 80 bn and USD 550 mn with settlement in Russian ruble.

Asset Structure

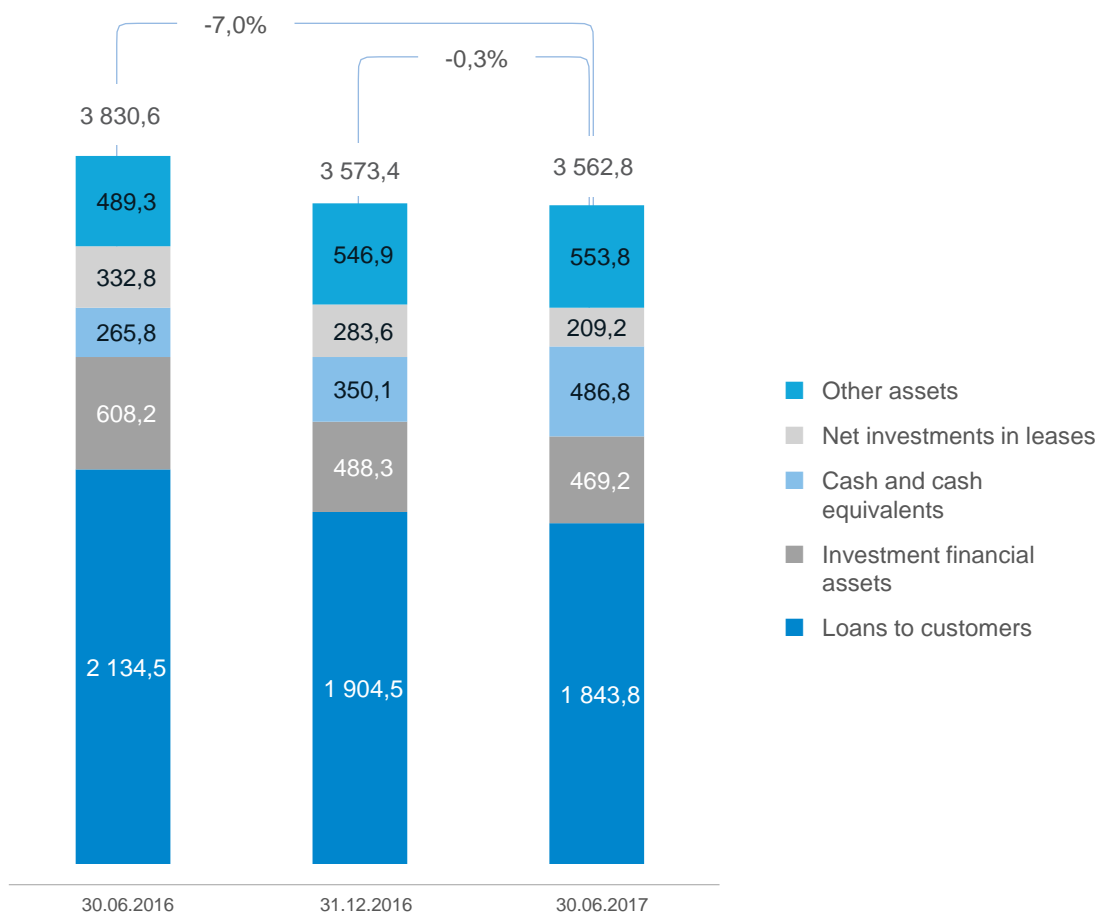
As at 30.06.2017 assets amounted to RUB 3 562.8 bn decreasing by RUB 10.6 bn (-0.3%) compared to the end of 2016.

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

- › net investments in leases, down by RUB 74.4 bn or 26.2%;
- › loans to customers (after allowance for loan impairment), down by RUB 60.7 bn or 3.2%, to Rub 1,843.8 bn;
- › cash and cash equivalents, up by RUB 136.7 bn or 39.0%.

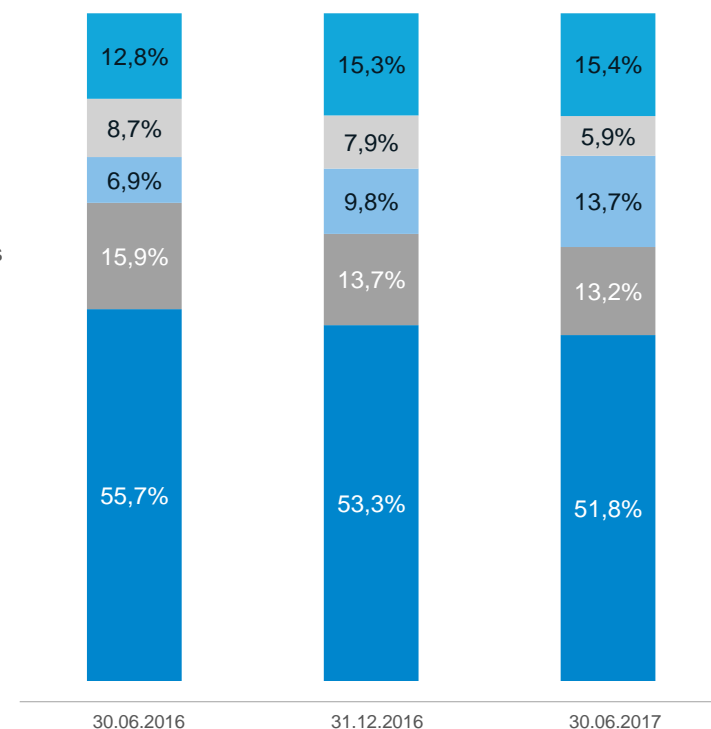
Asset Structure

RUB bn



Asset Structure

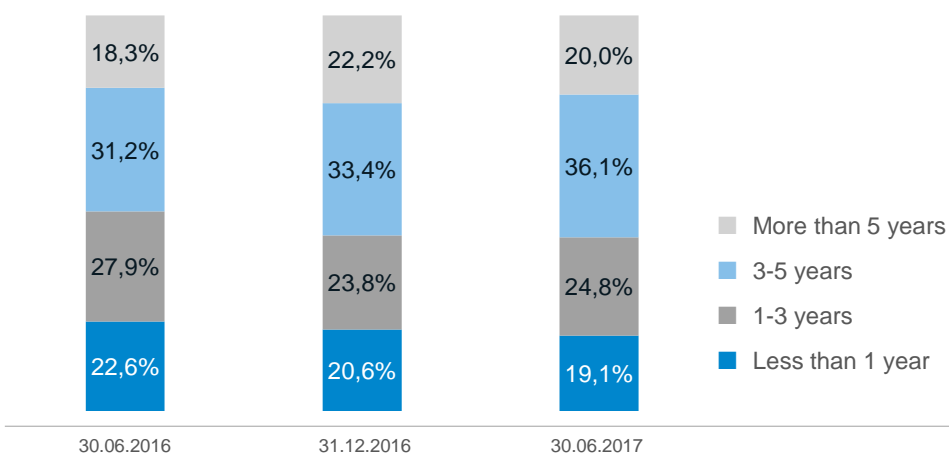
% of Total Loans



- › The share of USD-denominated loans went down from 29.3% to 28.8% with a simultaneous increase in RUB-denominated loans from 62.2% to 63.3%. 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.

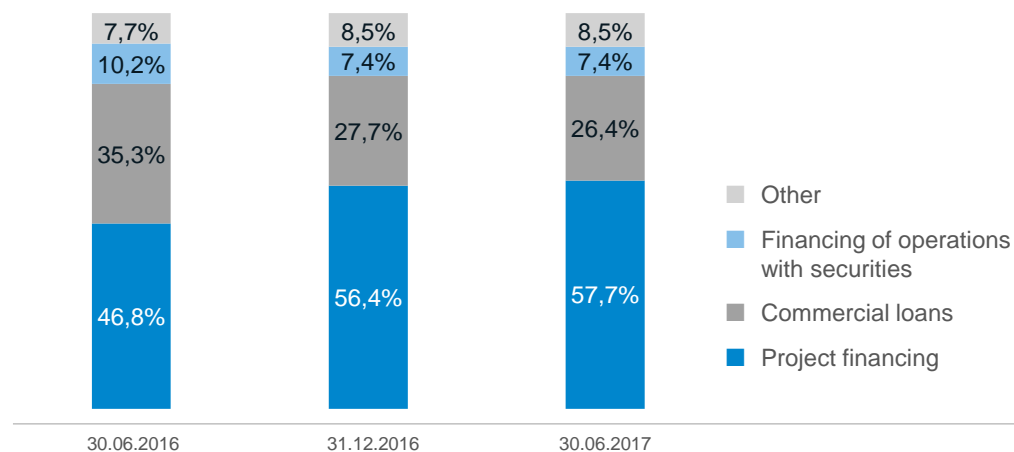
Loan Portfolio Maturity Breakdown

% of Total Loans



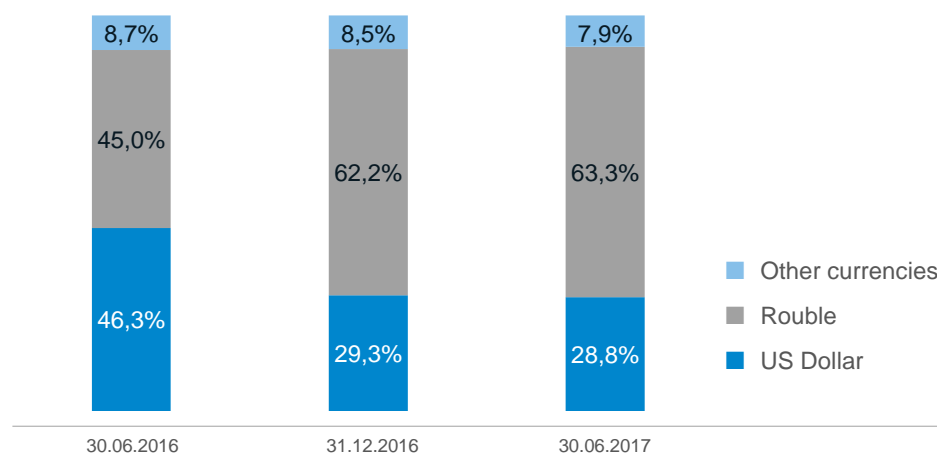
Loan Portfolio Structure

% of Total Loans



Loan Portfolio Currency Breakdown

% of Total Loans



Loan Portfolio Industry Breakdown and Concentration

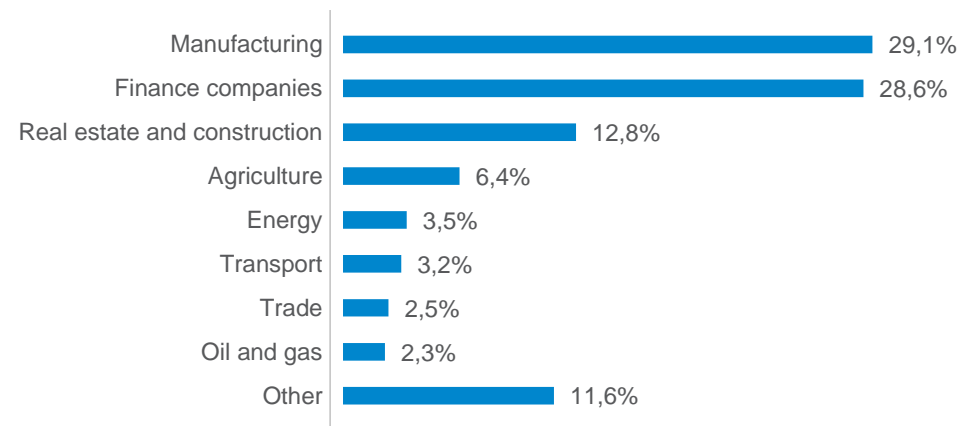
The most significant part of the loan portfolio comprised:

- › manufacturing (RUB 774.5 bn in absolute terms),
- › finance companies (RUB 761.2 bn),
- › real estate and construction (RUB 339.9 bn).

The total outstanding share of loans to three major borrowers increased to 23.6% from 22.8%.

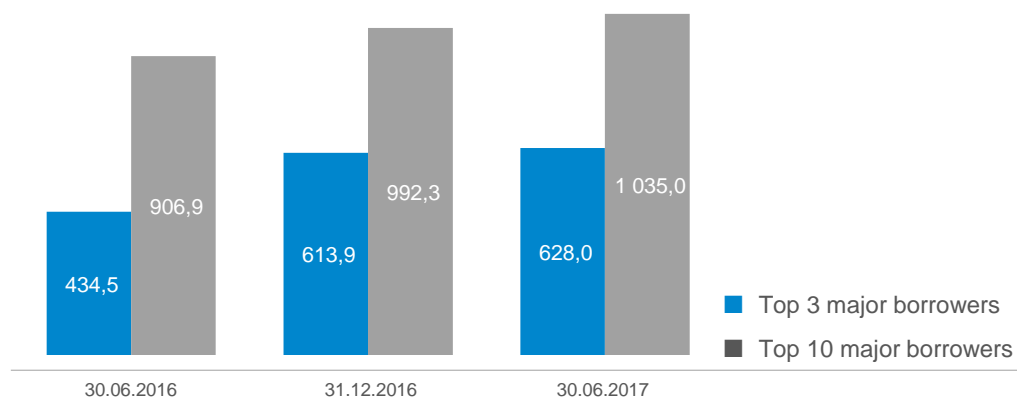
Loan Portfolio Industry Breakdown

% of Total Loans



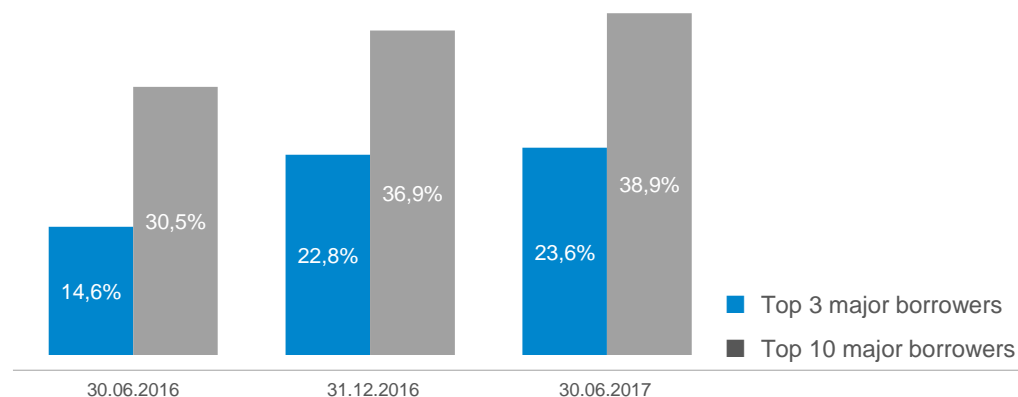
Top Borrowers

RUB bn



Top Borrowers

% of Total Loans



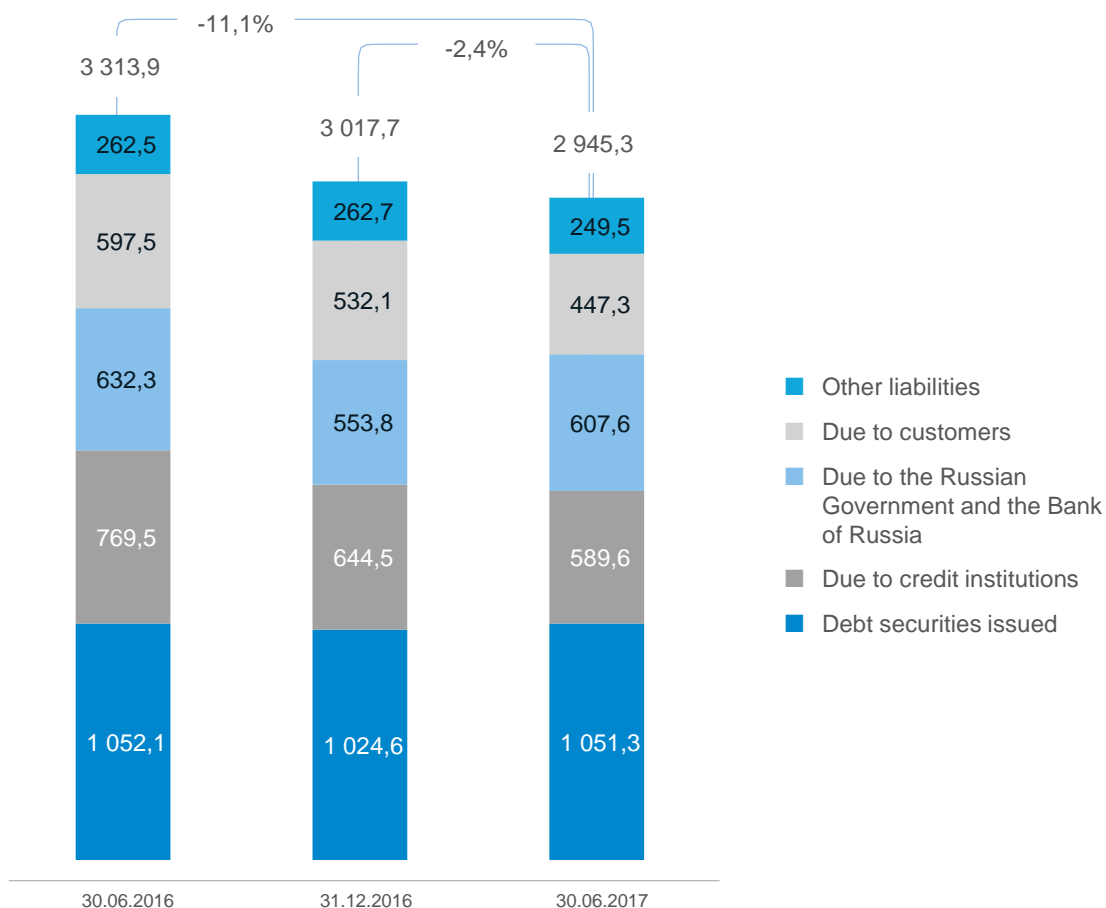
Liabilities Structure

Over H1 2017 total liabilities decreased by RUB 72.4 bn (-2.4%) to RUB 2 945.3 bn mainly due to:

- › a decline in amounts due to credit institutions by RUB 54.9 bn (-8.5%);
- › an increase in amounts due to the Russian Government and the Bank of Russia by RUB 53.8 bn (+9.7%);
- › a decline in amounts due to customers by RUB 84.8 bn (-15.9%);
- › an increase in debt securities issued by RUB 26.7 bn (+2.6%).

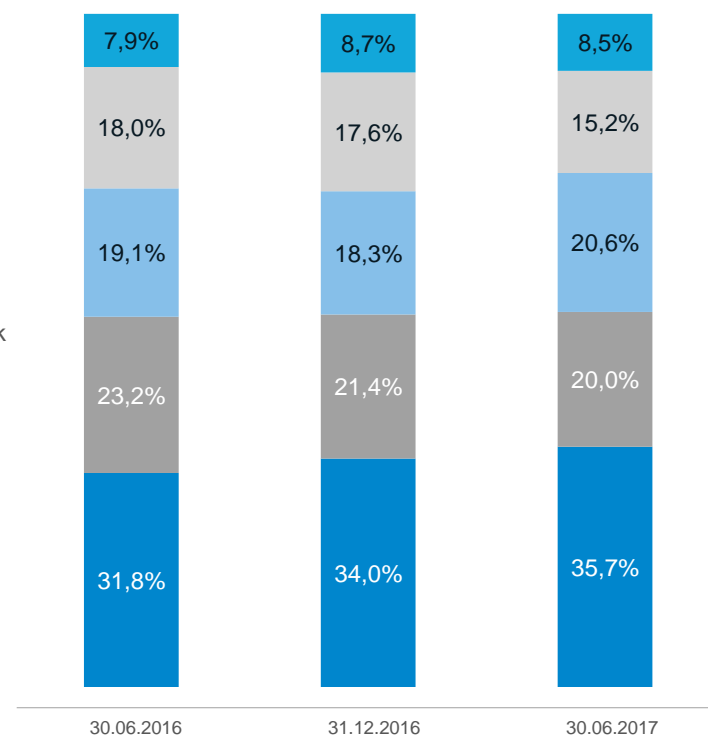
Liabilities Structure

RUB bn



Liabilities Structure

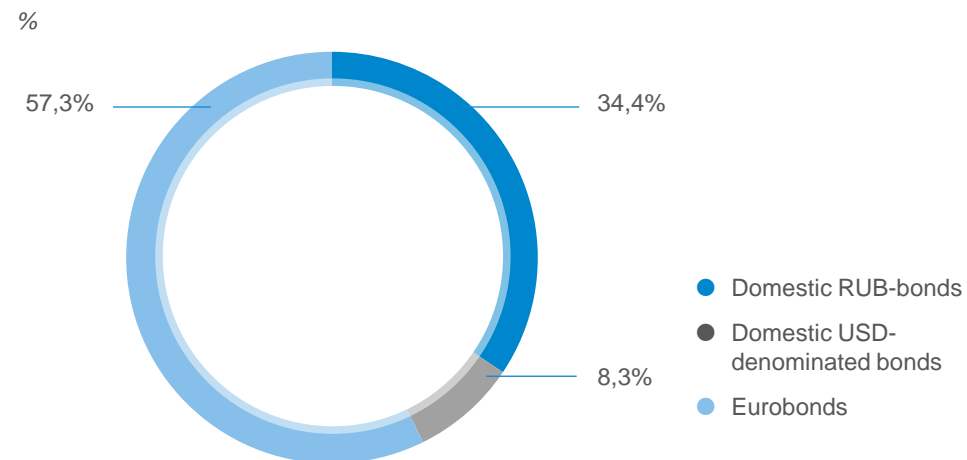
% of Total Liabilities



VEB Standalone Repayment Schedule

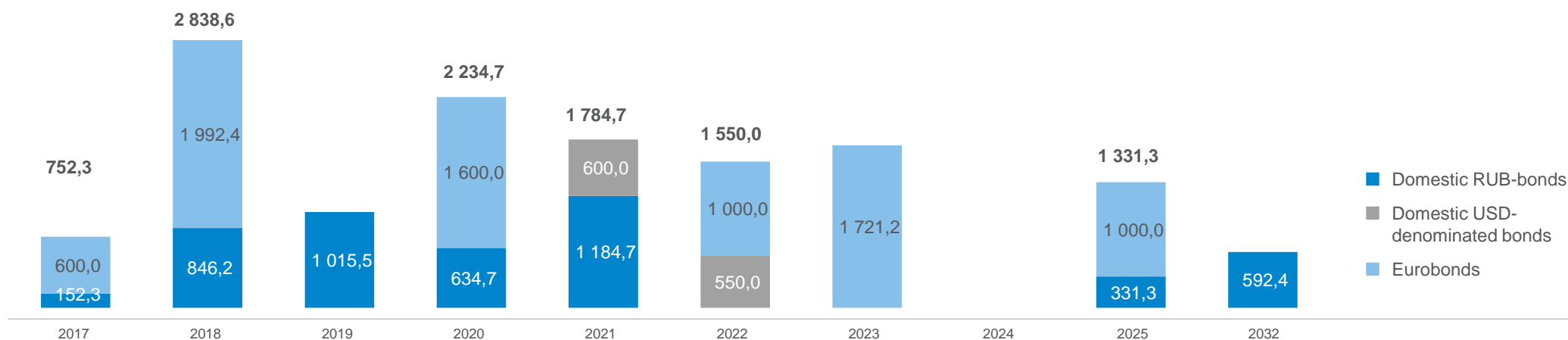
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Public debt diversification by source



Public Debt Maturity Profile as at 30.06.2017⁽¹⁾

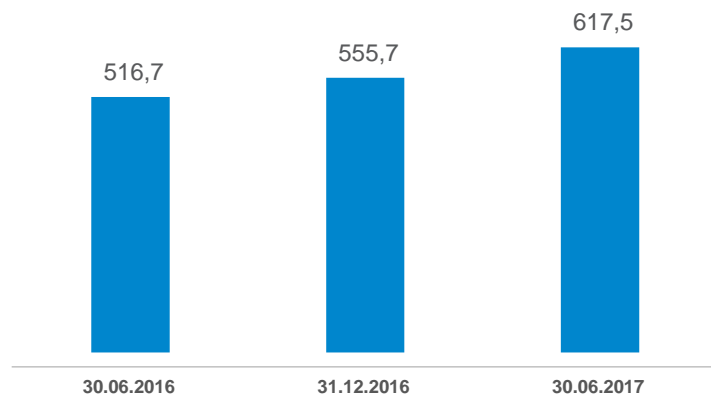
USD mn



(1) RUB and EUR amounts converted into US\$ at official CBR exchange rates as at 30.06.2017

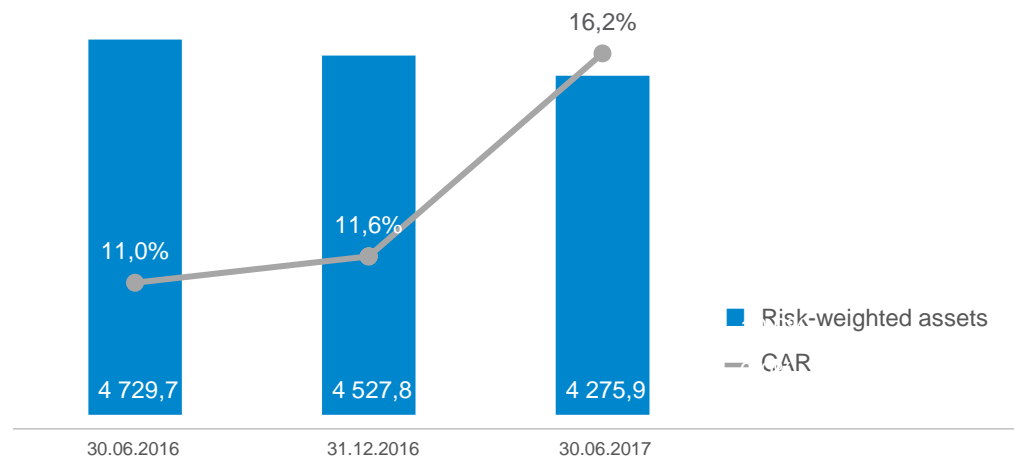
VEB Group's Equity

RUB bn



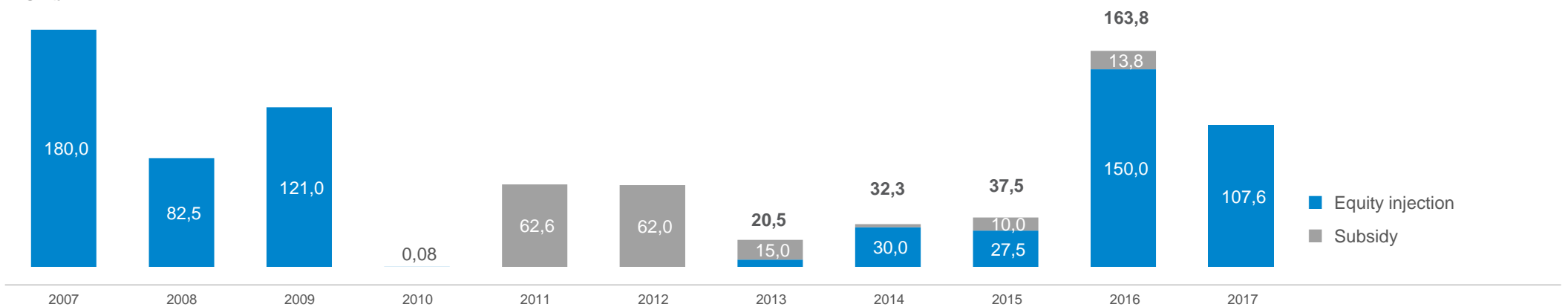
Risk-Weighted Assets and CAR (1)

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>	30.06.2017	30.06.2016
Net interest income		44,1	47,5
Provision for impairment of interest-earning assets		(91,6)	(200,2)
Net interest expense after provision for impairment of interest-earning assets		(47,5)	(152,7)
Net fee and commission income		3,6	4,2
Non-interest income		50,8	120,5
Government grants		3,0	135,9
Other operating income		25,6	14,4
Net losses on initial recognition of financial instruments and restructuring		(1,9)	(2,7)
Non-interest expense		(53,4)	(54,1)
Loss before income tax		(46,5)	(82,1)
Income tax expense		(1,1)	(0,7)
Loss for the period		(47,6)	(82,8)
Other comprehensive income/(expense) for the period, net of tax		(3,2)	5,7
Total comprehensive loss for the period		(50,8)	(77,1)

Thank you!

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