

VEB GROUP IFRS 9M 2017 RESULTS

December 2017



**BANK
FOR DEVELOPMENT**

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Lending Activity

- › Vnesheconombank granted RUB 107.9 bn of new loans.
- › As at September 30, 2017 total loans to customers (after allowance for impairment) amounted to RUB 1 767.4 bn.

Funding and Fulfilling Obligations

- › In February and November 2017, Vnesheconombank repaid 2 issues of its Eurobonds with a total nominal value of USD 1 350 mn in accordance with the terms of the issue.
- › VEB placed 5 issues of domestic bonds with a total nominal value of RUB 80 bn and USD 550 mn with settlement in Russian rubles.

Sound and Consistent Government Support

- › Vnesheconombank received subsidies in the total amount of RUB 107.6 bn.
- › CAR is maintained at above 15%.

Assets Structure

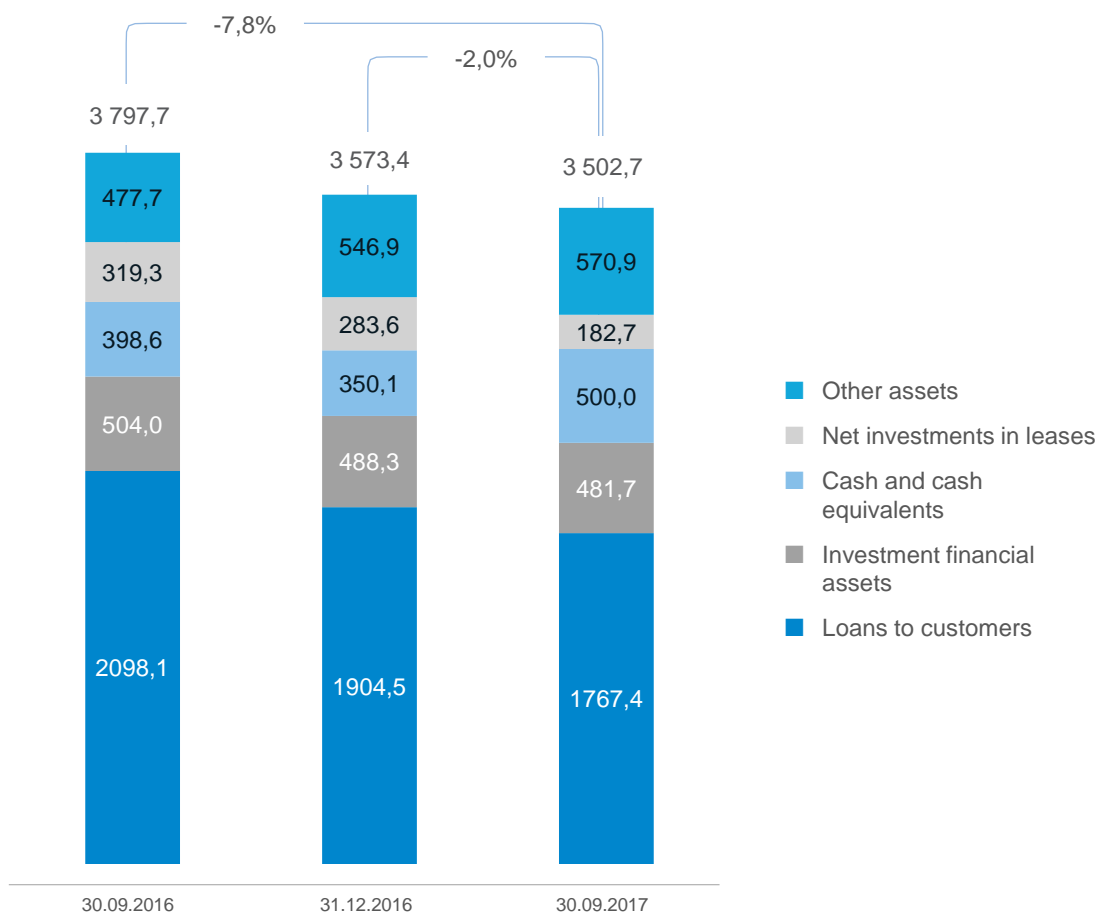
As at 30.09.2017 assets amounted to RUB 3 502.7 bn decreasing by RUB 70.7 bn (-2.0%) compared to the end of 2016.

This assets dynamics is primarily attributable to:

- › a decrease in net investments in leases by RUB 100.9 bn (-35.6%) and in
- › loans to customers (after allowance for loan impairment) by RUB 137.1 bn (-7.2%), down to RUB 1 767.4 bn;
- › an increase in cash and cash equivalents by RUB 149.9 bn (+42.8%).

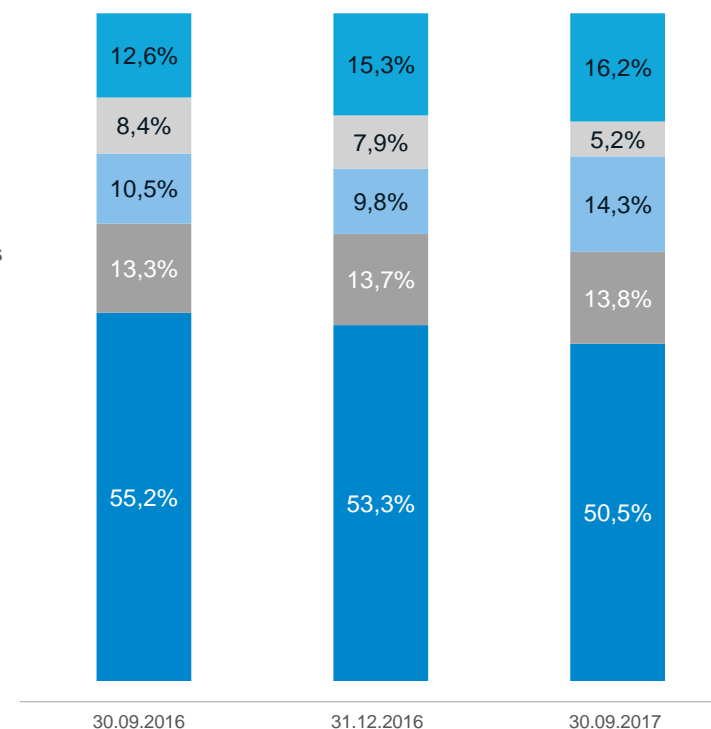
Assets Structure

RUB bn



Assets Structure

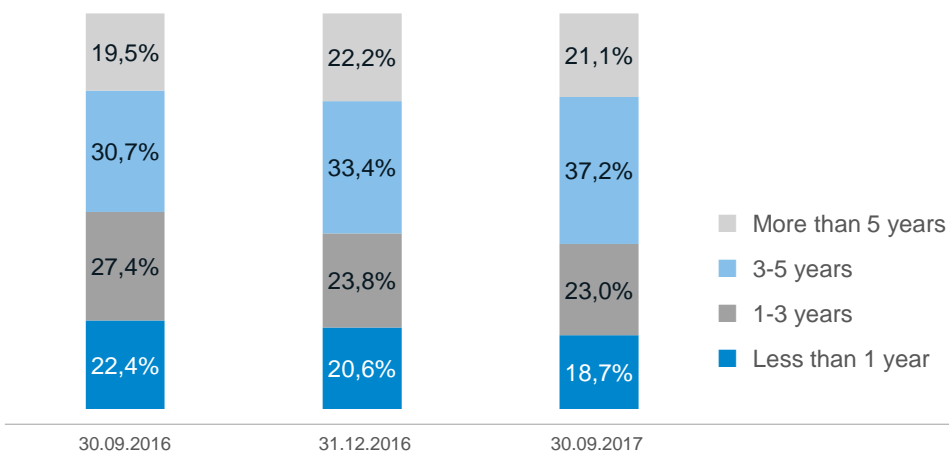
% of Total Loans



- › For the nine-month period of 2017 the share of USD-denominated loans remained unchanged with a simultaneous increase in the share of RUB-denominated loans from 62.2% to 63.4%. This was primarily brought about by the repayment of foreign currency loans.
- › 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.

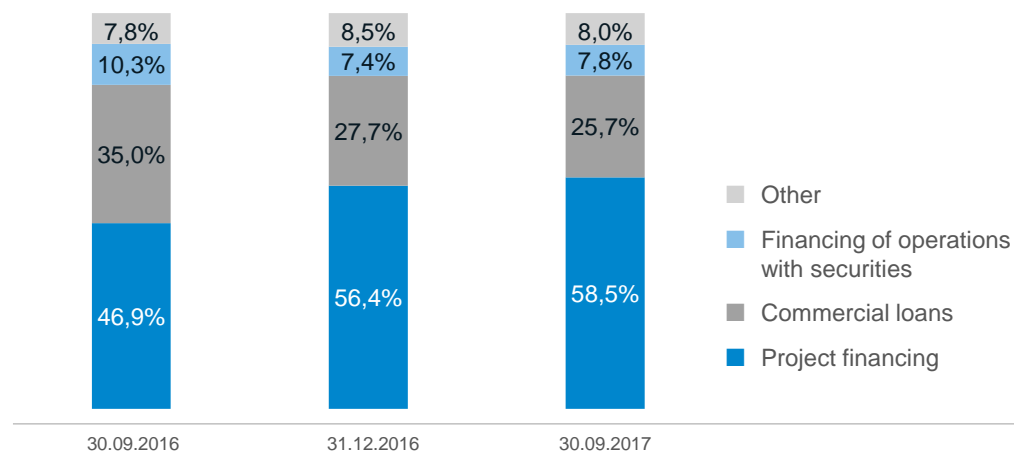
Loan Portfolio Maturity Breakdown

% of Total Loans



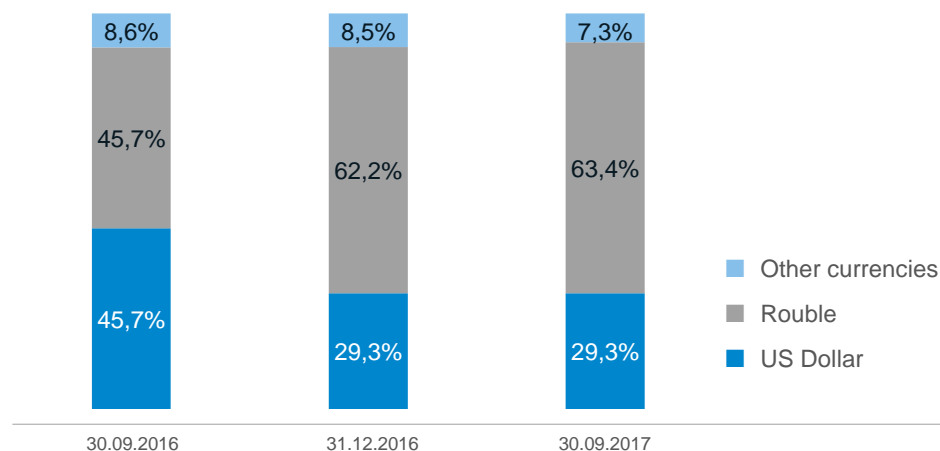
Loan Portfolio Structure

% of Total Loans



Loan Portfolio Currency Breakdown

% of Total Loans



Loan Portfolio Industry Breakdown and Concentration

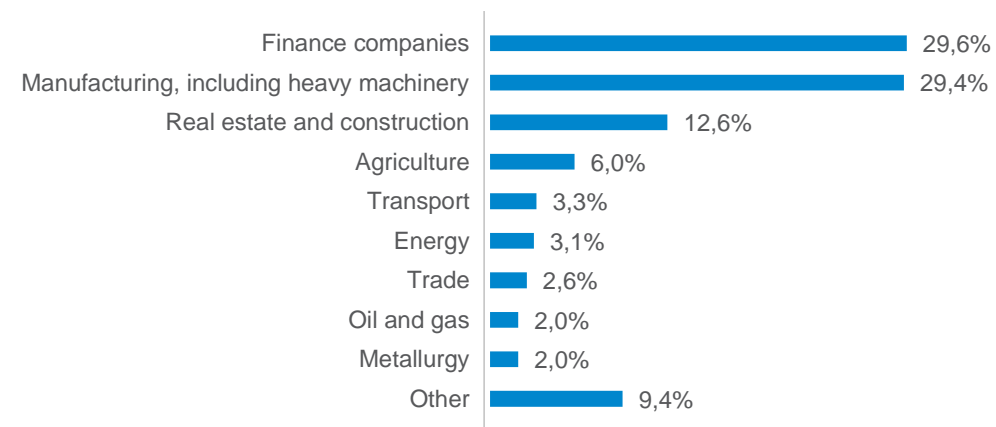
Loans are made principally in the following industry sectors:

- › finance companies (RUB 769.1 bn),
- › manufacturing, including heavy machinery (RUB 762.1 bn),
- › real estate and construction (RUB 327.1 bn).

The total outstanding share of loans to three major borrowers increased from 22.8% to 24.5%.

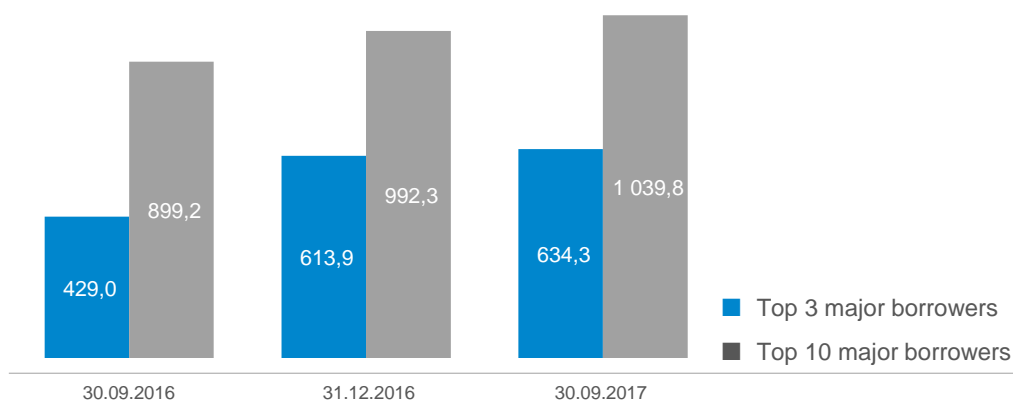
Loan Portfolio Industry Breakdown

% of Total Loans



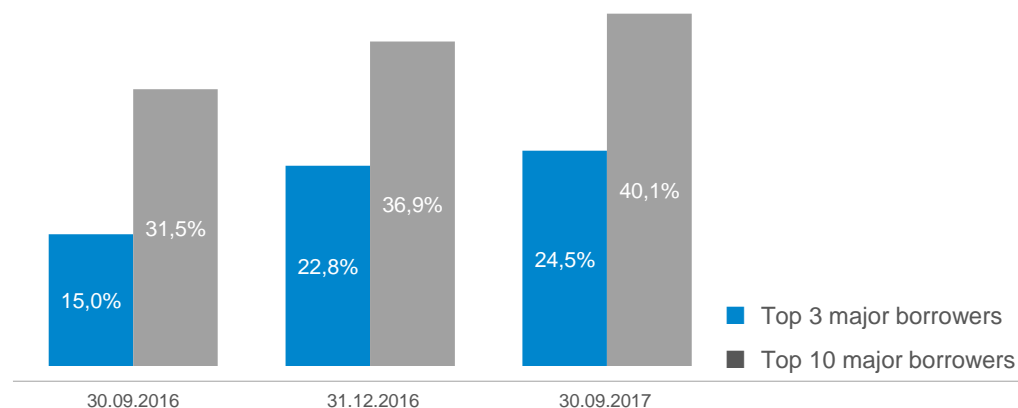
Top Borrowers

RUB bn



Top Borrowers

% of Total Loans



Liabilities Structure

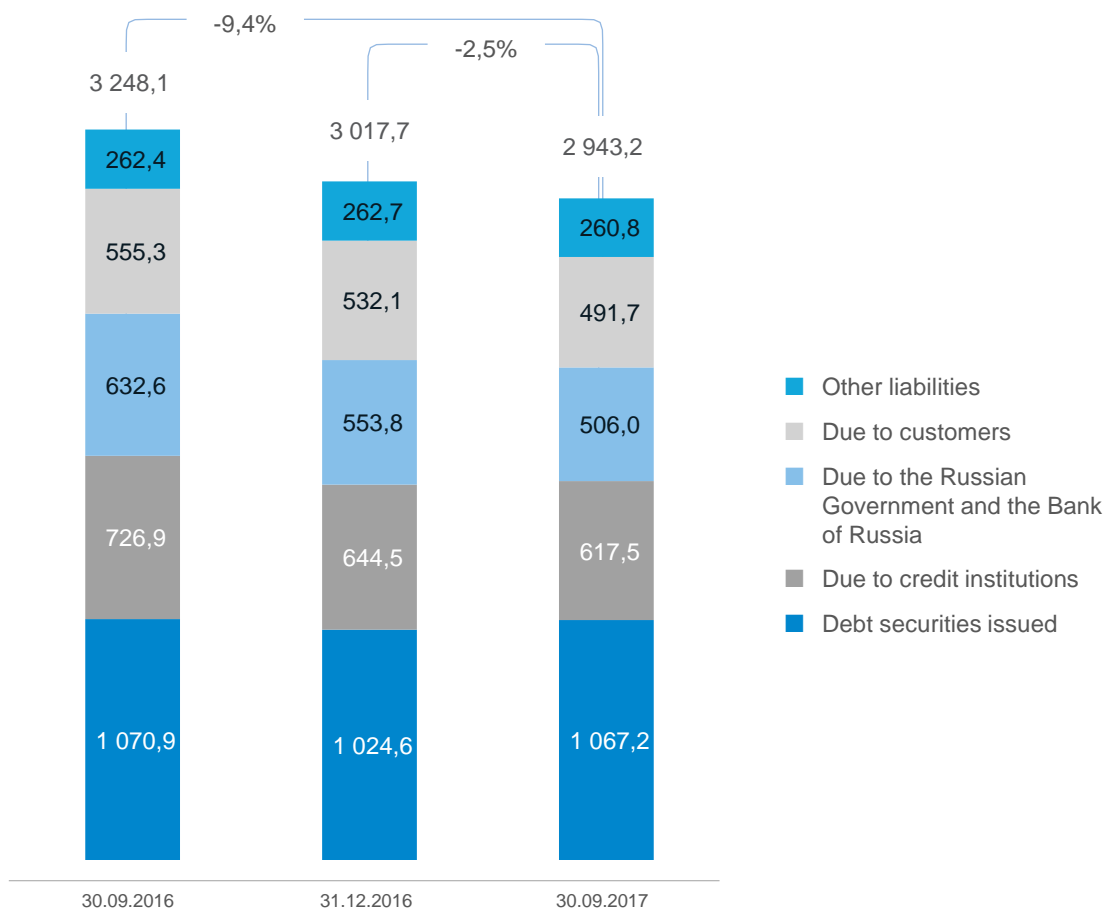
For the nine-month period of 2017 total liabilities of the Group decreased by RUB 74.5 bn (-2.5%) to RUB 2 943.2 bn.

This trend in liabilities dynamics is primarily attributable to:

- > a decline in amounts due to credit institutions by RUB 27.0 bn (-4.2%);
- > a decline in amounts due to the Russian Government and the Bank of Russia by RUB 47.8 bn (-8.6%);
- > a decline in amounts due to customers by RUB 40.4 bn (-7.6%);
- > an increase in debt securities issued by RUB 42.6 bn (+4.2%).

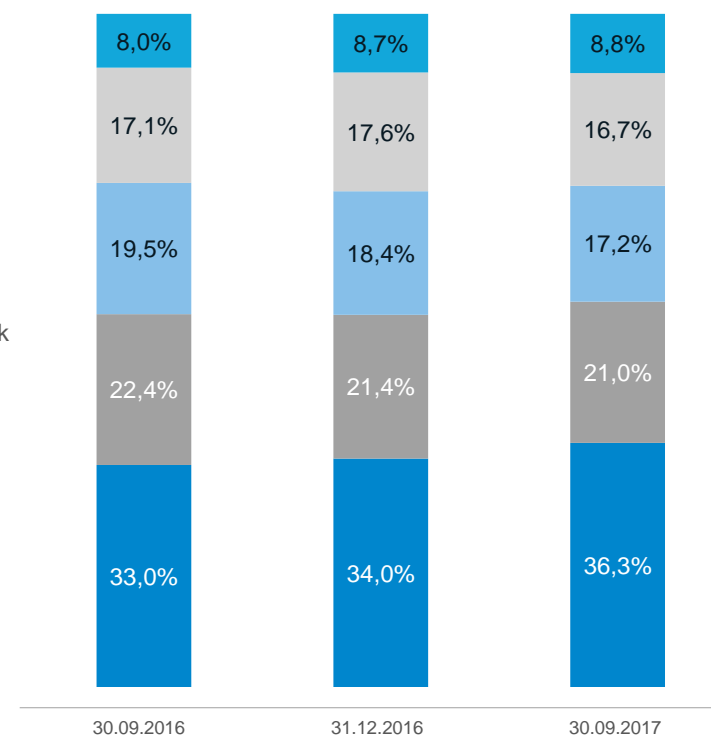
Liabilities Structure

RUB bn



Liabilities Structure

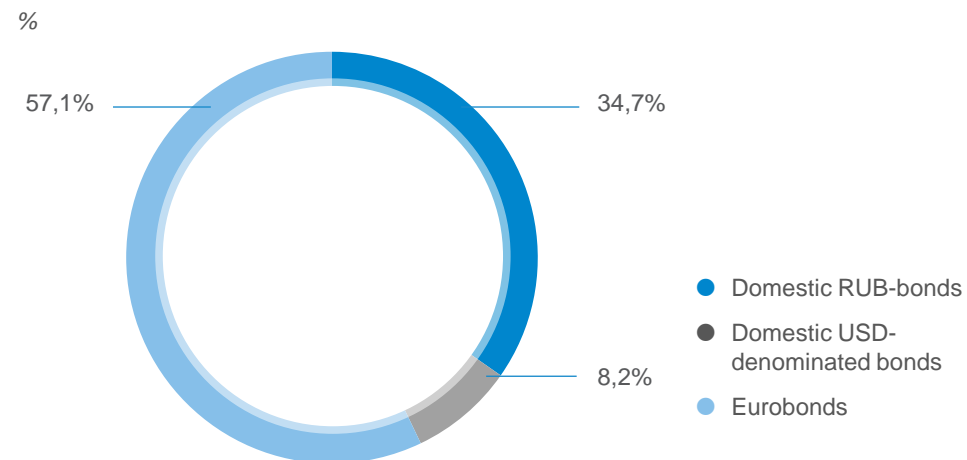
% of Total Liabilities



VEB Standalone Repayment Schedule

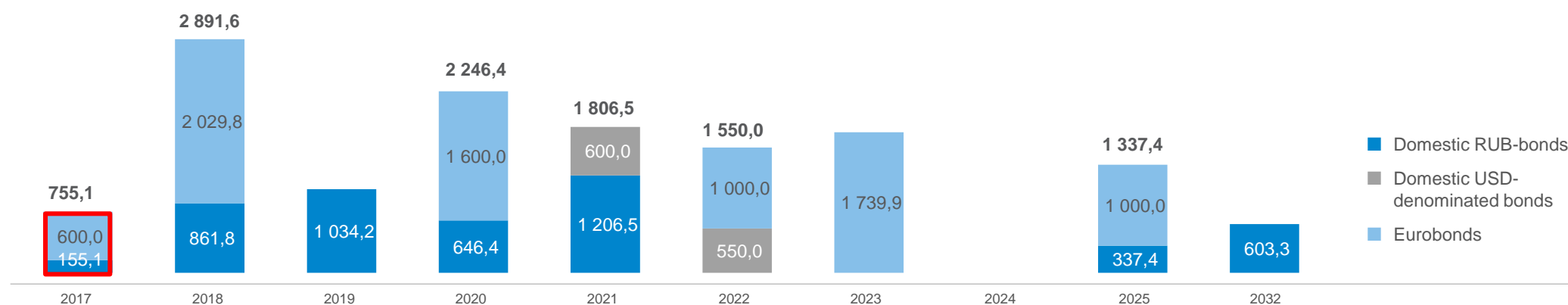
- › In February 2017, Vnesheconombank repaid its Eurobonds with a total nominal value of USD 750 mn in accordance with the terms of the issue.
- › For the nine-month period of 2017 VEB placed 5 issues of domestic bonds with a total nominal value of RUB 80 bn and USD 550 mn with settlement in Russian rubles.
- › In November 2017 after the reporting date Vnesheconombank repaid:
 - series 2 Eurobonds with a total nominal value of USD 600 mn in accordance with the terms of the issue;
 - a series of exchange-traded bonds with a total nominal value of RUB 9 bn.

Public debt diversification by source



Public Debt Maturity Profile as at 30.09.2017^(1,2)

USD mn

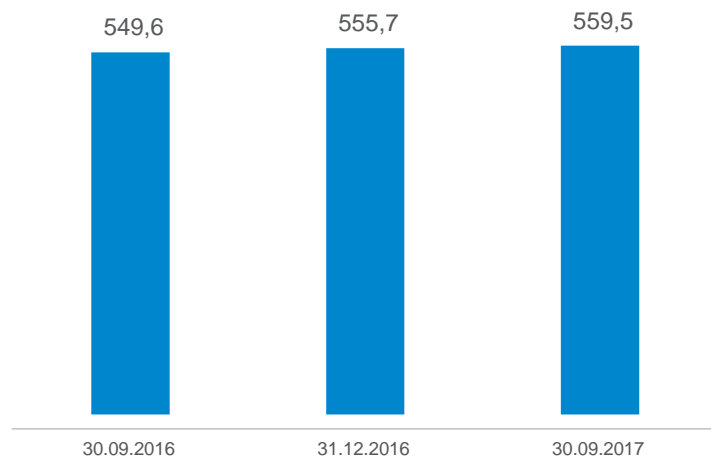


(1) RUB and EUR amounts converted into US\$ at official CBR exchange rates as at 30.09.2017

(2) Issues maturing in 2017 were repaid in November 2017 after the reporting date.

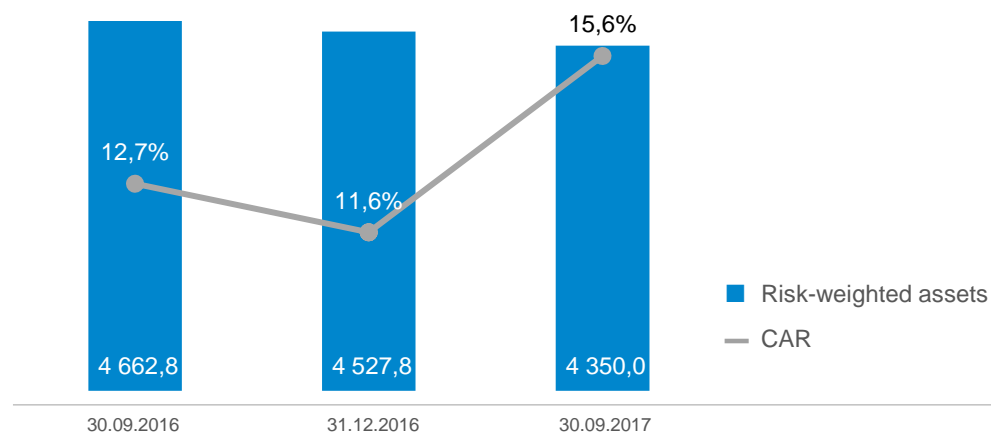
VEB Group's Equity

RUB bn



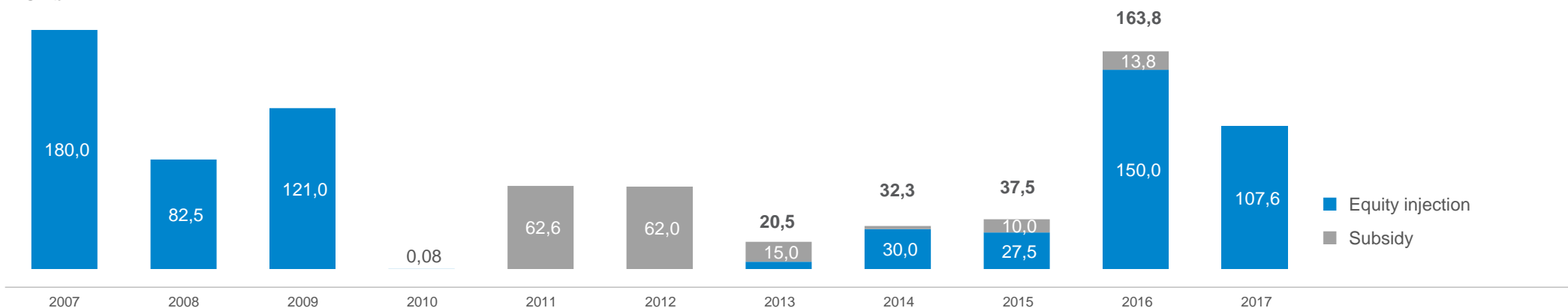
Risk-Weighted Assets and CAR (1)

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>	30.09.2017	30.09.2016
Net interest income		63,6	69,6
Provision for impairment of interest-earning assets		(139,5)	(238,1)
Net interest expense after provision for impairment of interest-earning assets		(75,9)	(168,5)
Net fee and commission income		6,1	6,2
Non-interest income		41,4	157,0
Government grants		3,2	143,5
Net gains from foreign currency revaluation		23,4	-56,6
Insurance premiums		3,7	19,2
Other operating income		11,1	50,9
Non-interest expense		(81,4)	(87,0)
Loss before income tax		(109,8)	(92,3)
Income tax expense		(0,6)	6,1
Loss for the period		(110,4)	(86,2)
Other comprehensive income/(expense) for the period, net of tax		15,2	2,0
Total comprehensive loss for the period		(95,2)	(84,2)

Thank you!

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