

VEB GROUP IFRS H1 2016 RESULTS

September 2016



**BANK
FOR DEVELOPMENT**

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H1 2016 HIGHLIGHTS

Sound and Consistent Government Support

In H1 2016, Vnesheconombank received subsidies in the amount of RUB 109.5 bn out of the RUB 150 bn designated for VEB's support in 2016.

Fulfilling Obligations

In February 2016, the Bank repaid Eurobonds with a total nominal value of CHF 500 million in accordance with the terms of the issue.

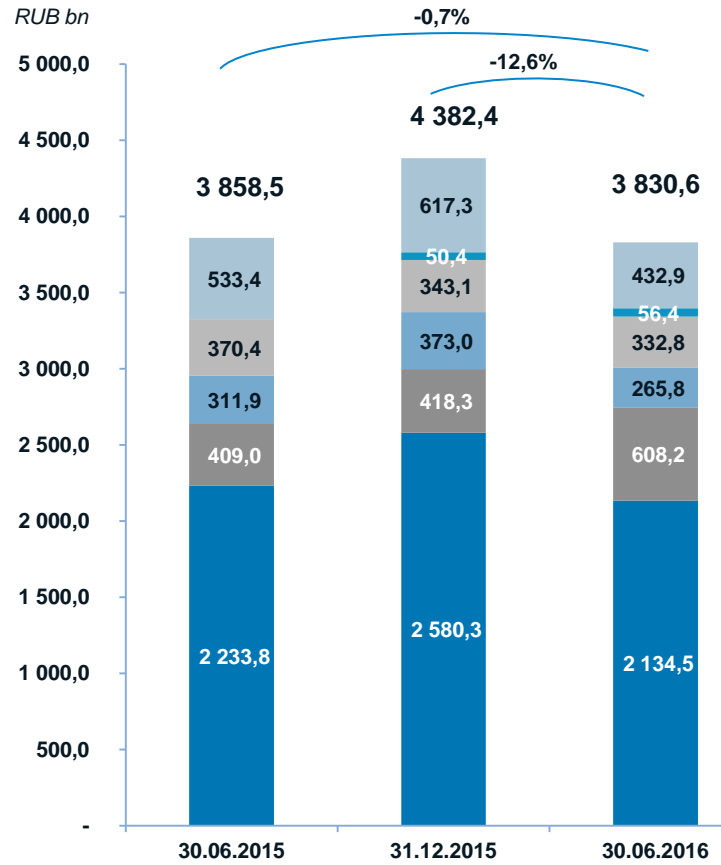
Loan Portfolio Dynamics

A decrease in the loan portfolio by RUB 445.8 bn was driven by a negative currency revaluation of foreign currency loans in the amount of RUB 156.7 bn, and additional provisions made in the amount of RUB 198.2 bn.

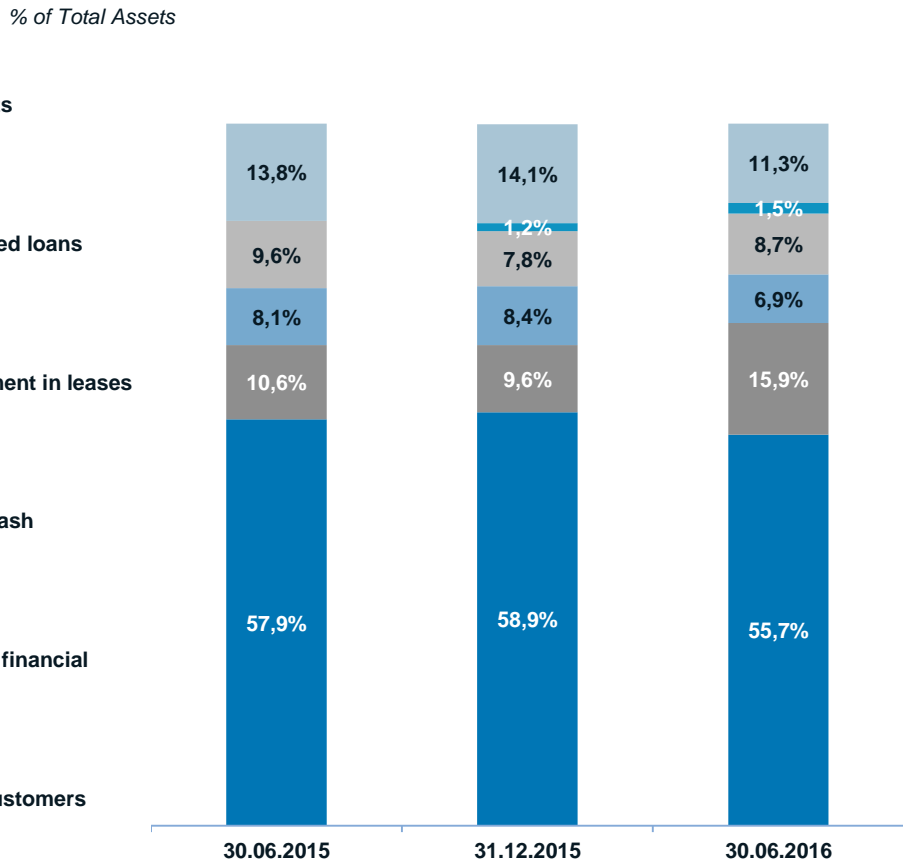
ASSET STRUCTURE

- As at 30.06.2016 assets amounted to RUB 3 830.6 bn decreasing by RUB 551.8 bn (-12.6%) compared to end of 2015.
- The decrease was primarily caused by a decline in the Group's loan portfolio (net) by RUB 445.8 bn (-17.3%).

Asset Structure



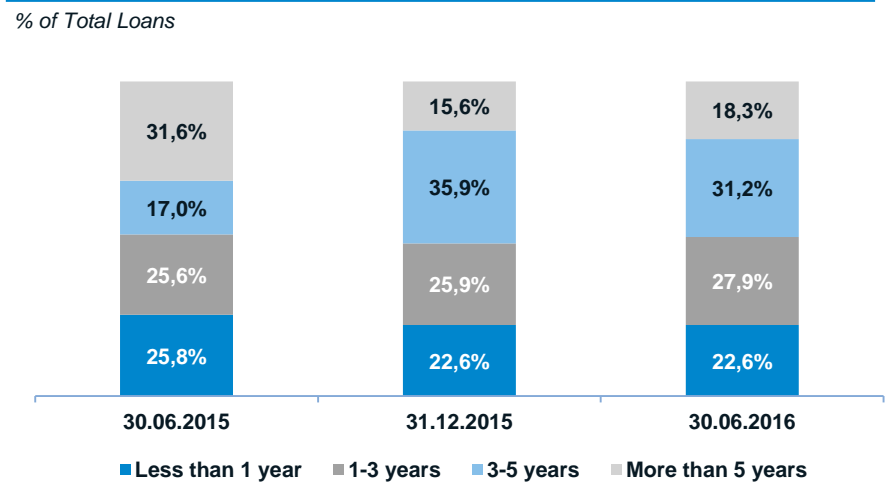
Asset Structure



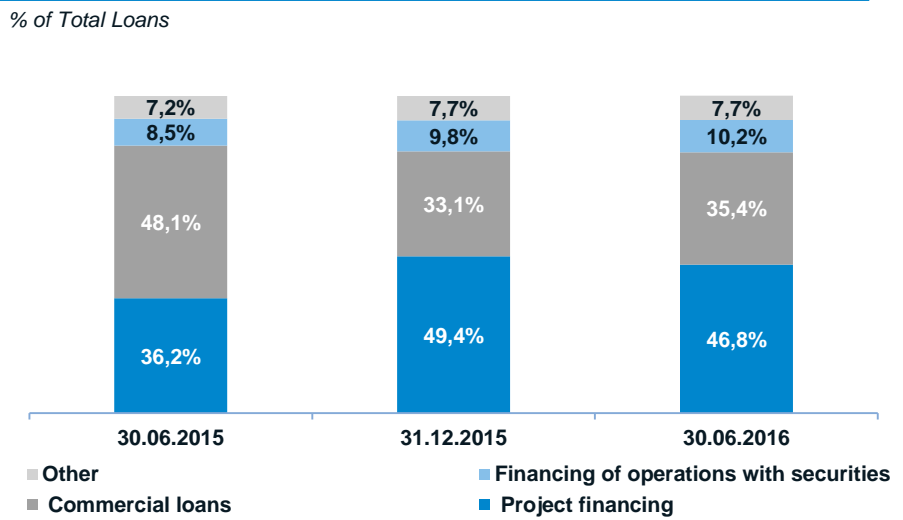
LOAN PORTFOLIO

- As at 30.06.2016 the share of USD-denominated loans went down from 52% to 46.3% with a simultaneous increase in RUB-denominated loans from 39.5% to 45%. This was primarily brought about by a rouble exchange rate increase and a corresponding decline in the foreign currency loans book value.
- Long term loans (over 75% of total loan portfolio) with maturity of over 1 year prevail in the loan portfolio structure.

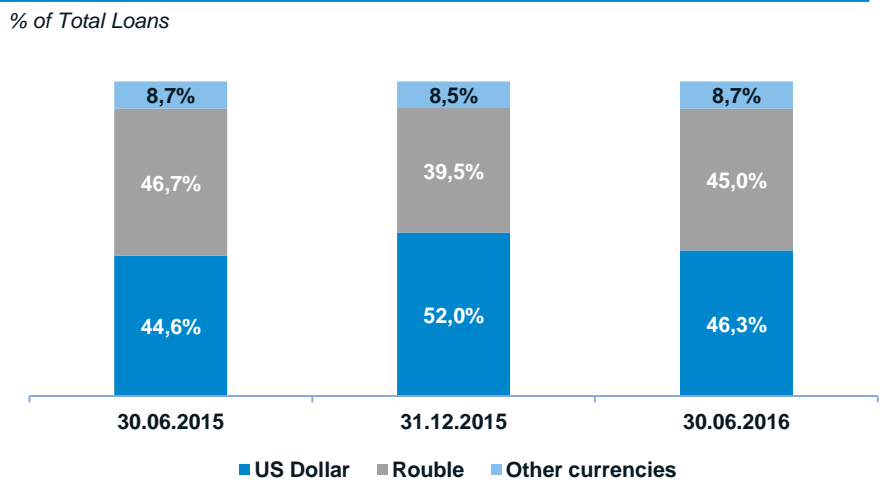
Loan Portfolio Maturity Breakdown



Loan Portfolio Structure



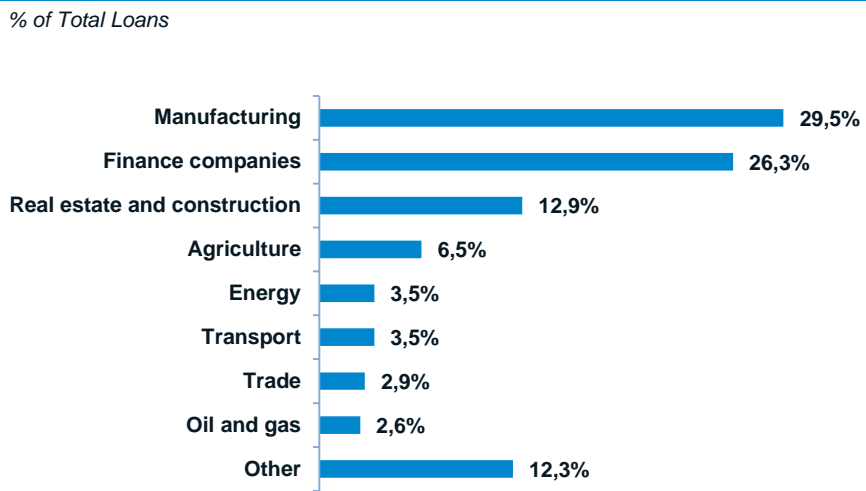
Loan Portfolio Currency Breakdown



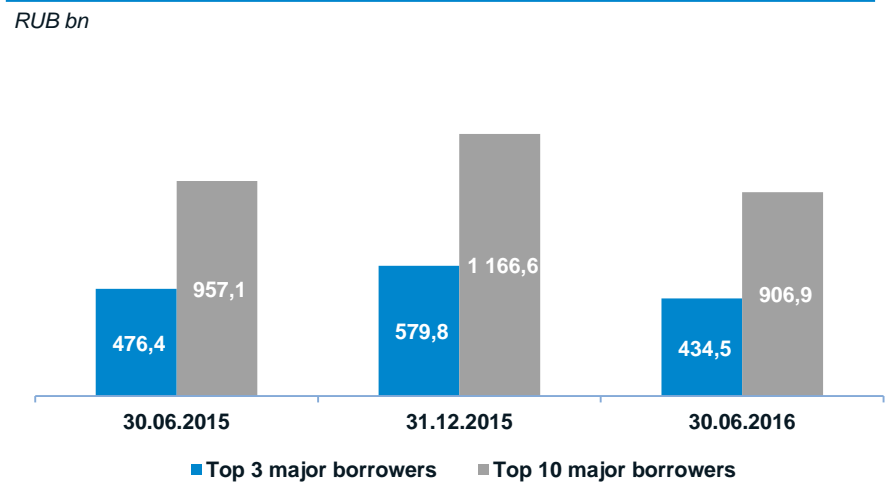
LOAN PORTFOLIO INDUSTRY BREAKDOWN AND CONCENTRATION

- Loan portfolio industry composition matches the goals set out in the Memorandum On Financial Policy i.e. the loan portfolio consists of loans to top priority industries.
 - The most significant part of the loan portfolio as at the end of H1 2016 comprised manufacturing (RUB 852.2 bn in absolute terms), finance companies (RUB 759.4 bn) and real estate and construction (RUB 371.5bn).
 - As at 30 June 2016, the total outstanding amount of loans to three major borrowers decreased to 14.6% from 17.3% as at end 2015.

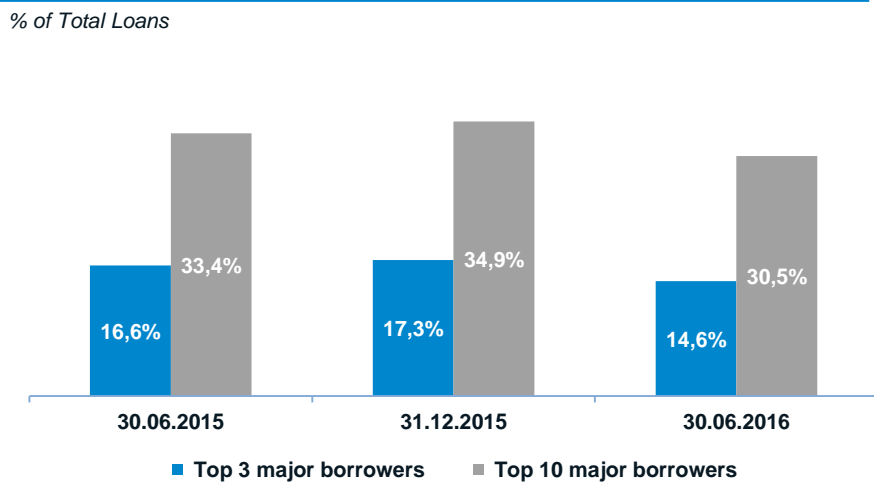
Loan Portfolio Industry Breakdown



Top Borrowers



Top Borrowers

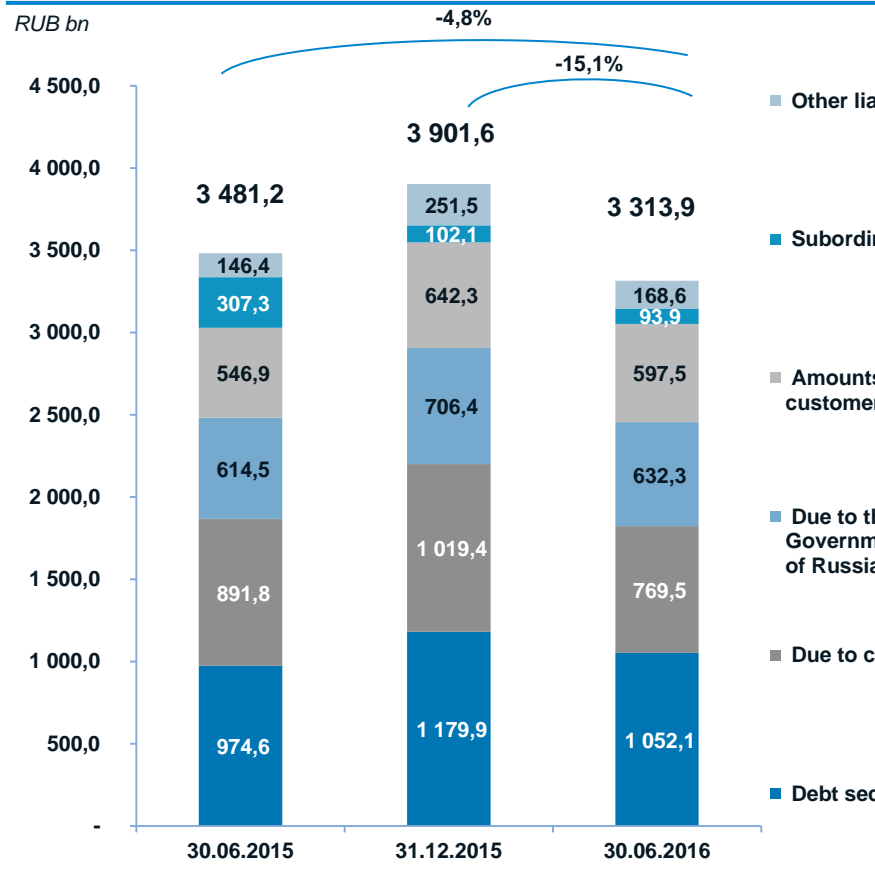


LIABILITIES STRUCTURE

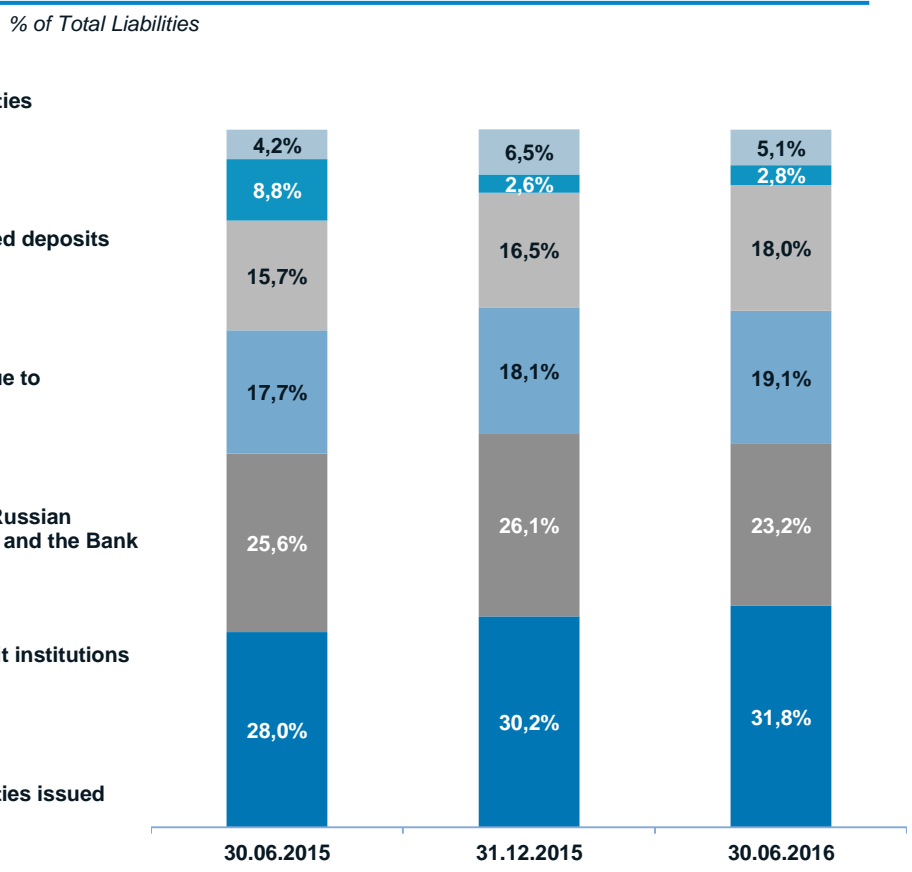
Over H1 2016 total liabilities decreased by RUB 587.7 bn (-15.1%) to RUB 3 313.9 bn mainly due to:

- a decline in amounts due to credit institutions by RUB 249.9 bn (-24.5%),
- a decline in debt securities issued by RUB 127.8 bn (-10.8%).

Liabilities Structure



Liabilities Structure

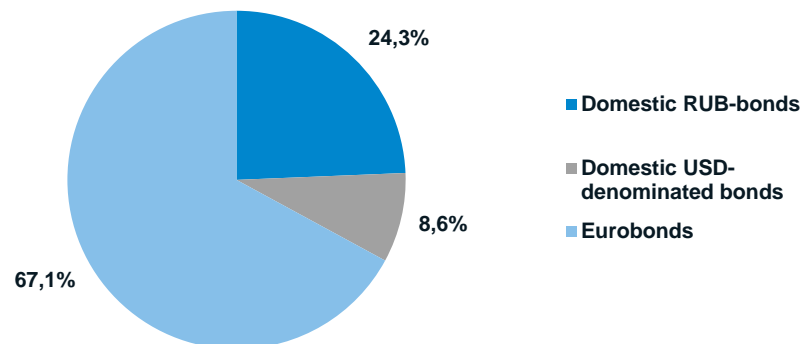


VEB STANDALONE REPAYMENT SCHEDULE

- In Q1 2016 VEB fully repaid its CHF-denominated 500 mn eurobond issue.
- In July 2016, the Bank issued exchange-traded bonds with a nominal value of US\$ 600 mn maturing in July 2021.
- In July 2016, the Bank issued exchange-traded bonds with a nominal value of RUB 20 billion, maturing in July 2019.

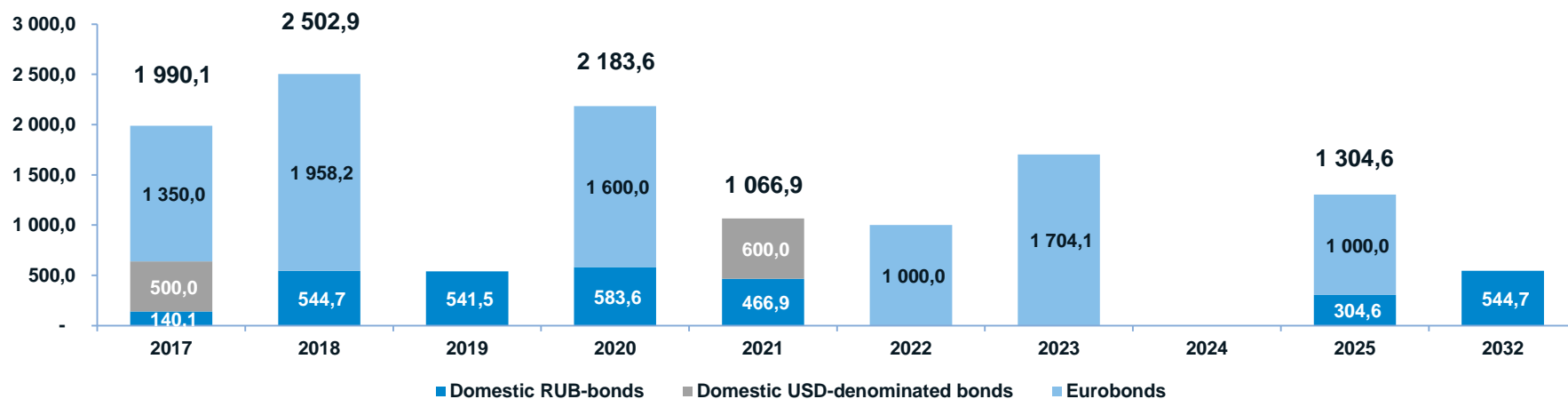
Public debt diversification by source

%



Public Debt Maturity Profile as at 30.06.2016^(1,2,3)

USD mn



⁽¹⁾ RUB and EUR amounts converted into US\$ at official CBR exchange rates as at June 30, 2016

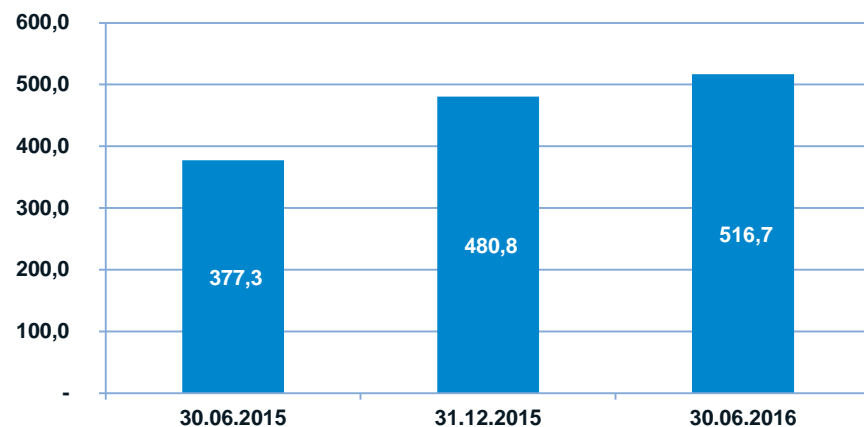
⁽²⁾ After the reporting date Bank placed a series of exchange-traded bonds with a total nominal value of RUB 20 bn and a series of exchange-traded bonds with a total nominal value of US\$ 600 mn

⁽³⁾ RUB amount of domestic RUB-bond maturing in 2019 converted into US\$ at official CBR exchange rates as at July 26, 2016 (Placement Date)

EQUITY

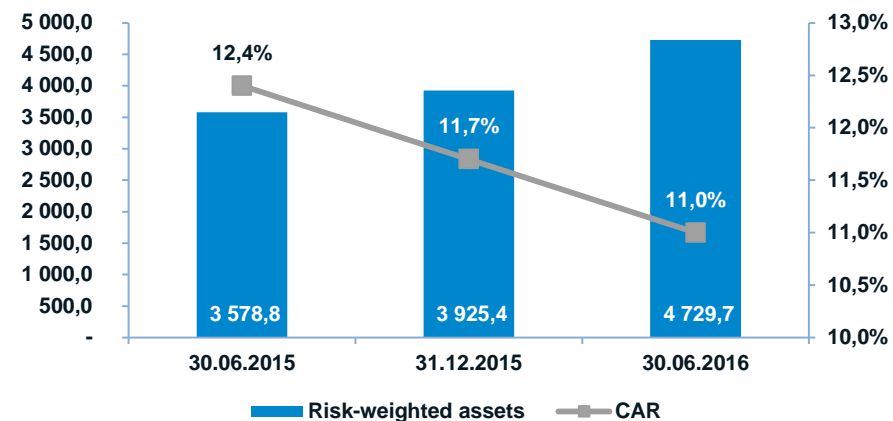
VEB Group's Equity

RUB bn



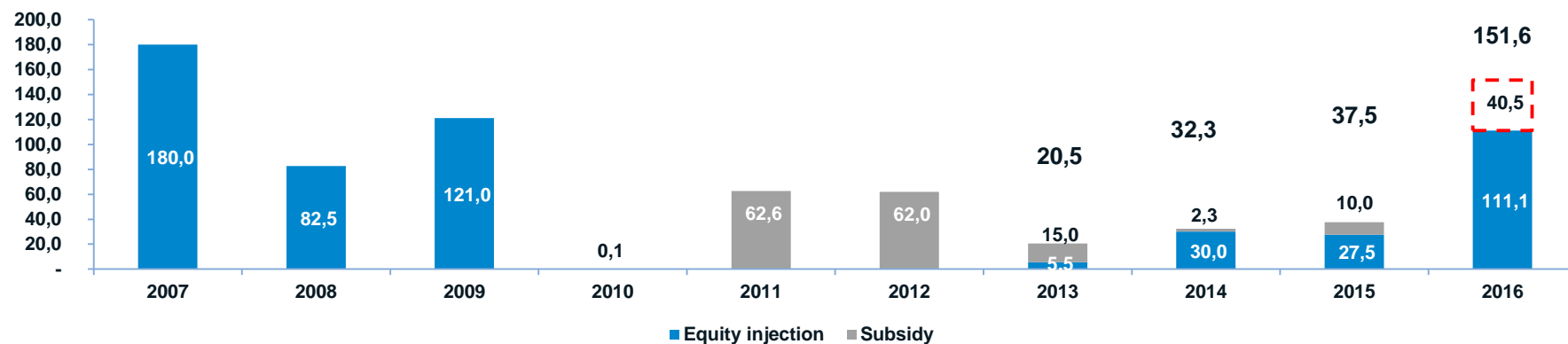
Risk-Weighted Assets and CAR ⁽¹⁾

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>	30.06.2016	30.06.2015
Net interest income		47,5	41,2
Provision for impairment of interest-earning assets		(200,2)	(76,9)
Net interest income/(expense) after provision for impairment of interest-earning assets		(152,7)	(35,7)
Net fee and commission income		4,2	4,1
Non-interest income/ (expense)		120,5	(3,6)
Government grants		135,9	13,1
Gains less losses on initial recognition of financial instruments and restructuring		(2,7)	(5,2)
Non-interest expense		(54,1)	(36,1)
Profit/(loss) before income tax		(82,1)	(71,3)
Income tax expense		(0,7)	(2,2)
Profit/(loss) for the period		(82,8)	(73,5)
Other comprehensive income/(loss) for the period, net of tax		5,7	32,5
Total comprehensive income/(loss) for the period		(77,1)	(41,0)

Thank you !

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