

# VEB GROUP IFRS NINE-MONTH 2016 RESULTS

December 2016



**BANK  
FOR DEVELOPMENT**

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# NINE-MONTH 2016 HIGHLIGHTS

## Sound and Consistent Government Support

During the nine-month period of 2016, Vnesheconombank received subsidies in the amount of RUB 150 bn designated for VEB's support in 2016.

## Fulfilling Obligations

In nine-month period of 2016, the Bank duly repaid its long-term debt in the total amount of more than US\$ 2 bn in equivalent.

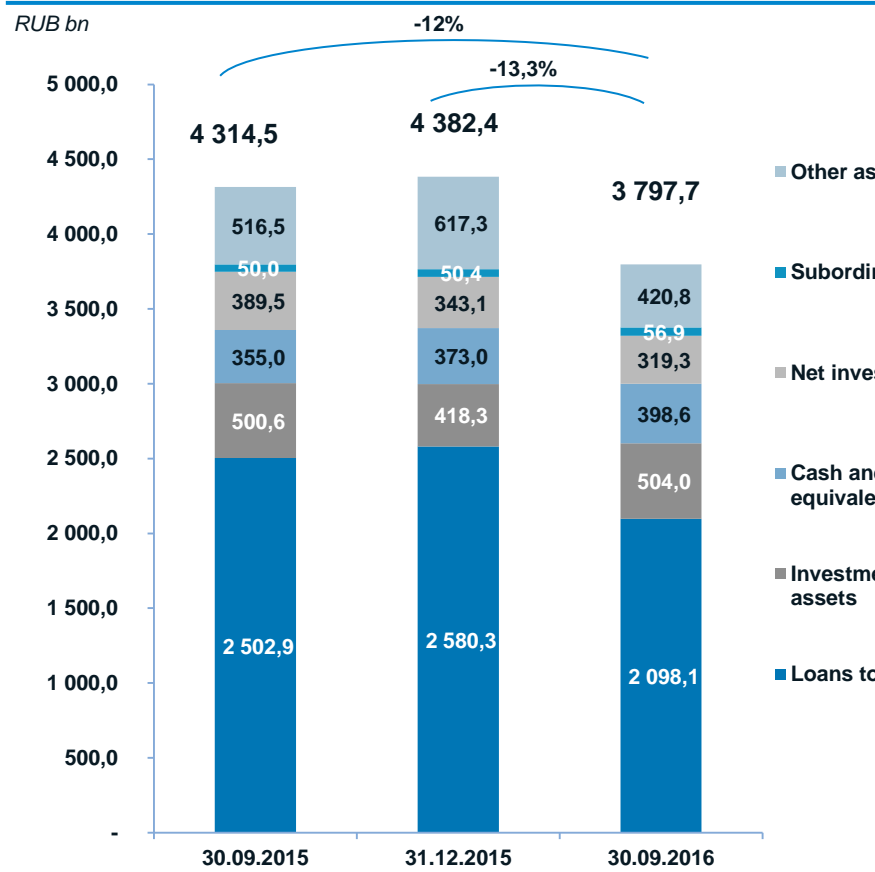
## Loan Portfolio Dynamics

A decrease in the loan portfolio by RUB 482.2 bn was mainly driven by a negative currency revaluation of foreign currency loans in the amount of RUB 178.7 bn, and additional provisions made in the amount of RUB 217.4 bn.

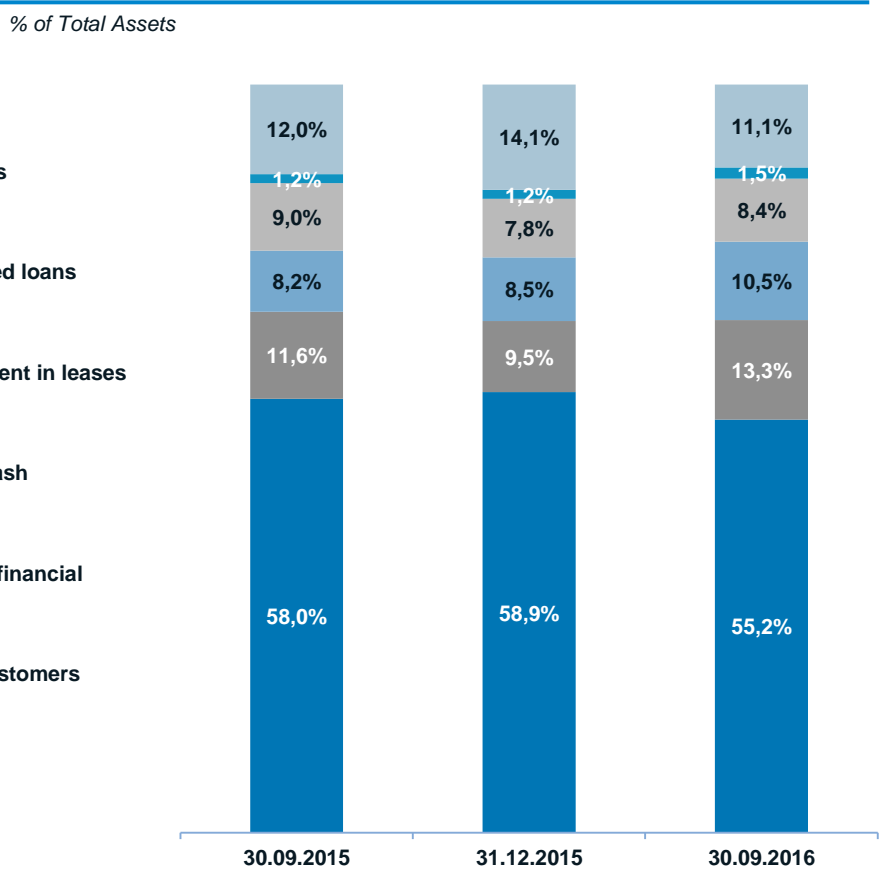
# ASSET STRUCTURE

- As at 30.09.2016 assets amounted to RUB 3 797.7 bn decreasing by RUB 584.7 bn (-13.3%) compared to the end of 2015.
- The decrease was primarily caused by a decline in the Group's loan portfolio (net) by RUB 482.2 bn (-18.7%) due to the Group's conservative approach to its lending policy, with the pace of loan repayments exceeding the pace of new lending, as well as the ruble strengthening against major currencies and corresponding decrease in foreign currency loans book value.

## Asset Structure



## Asset Structure

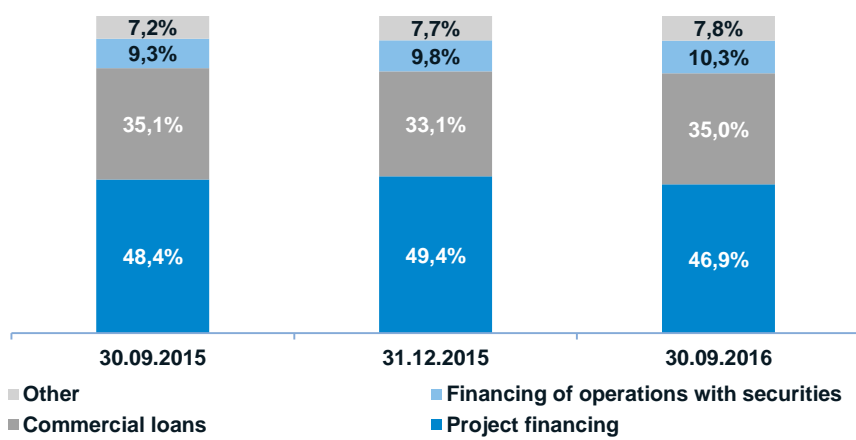


# LOAN PORTFOLIO

- As at 30.09.2016 the share of USD-denominated loans went down from 52% to 45.7% with a simultaneous increase in RUB-denominated loans from 39.5% to 45.7%. 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.

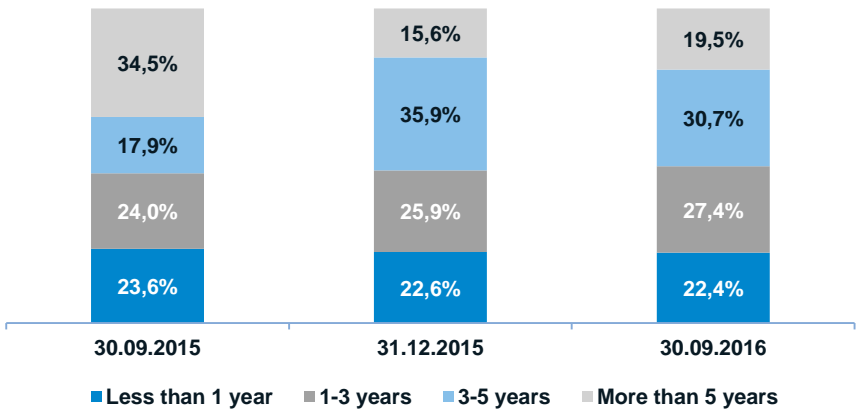
## Loan Portfolio Structure

% of Total Loans



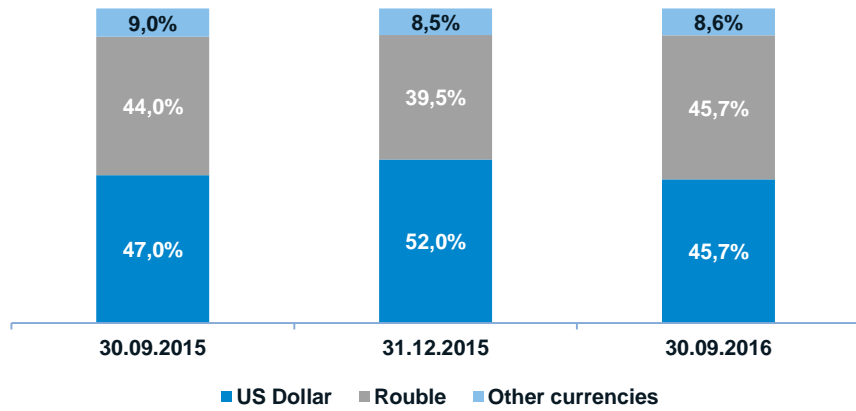
## Loan Portfolio Maturity Breakdown

% of Total Loans



## Loan Portfolio Currency Breakdown

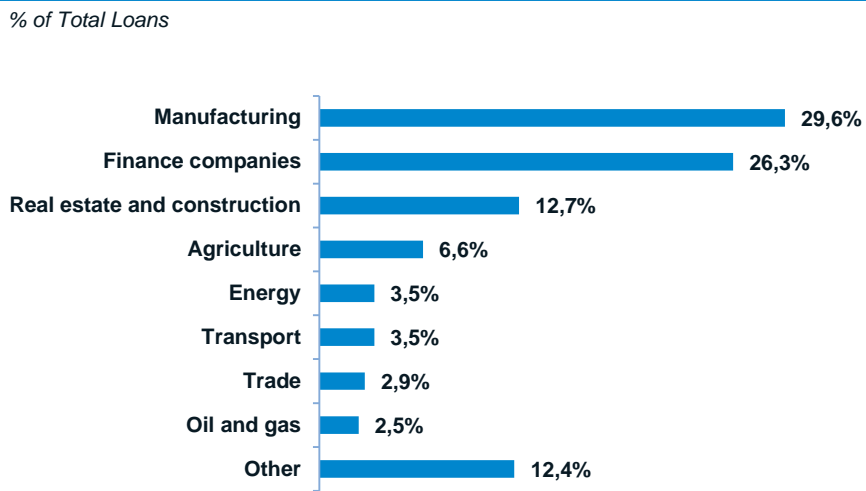
% of Total Loans



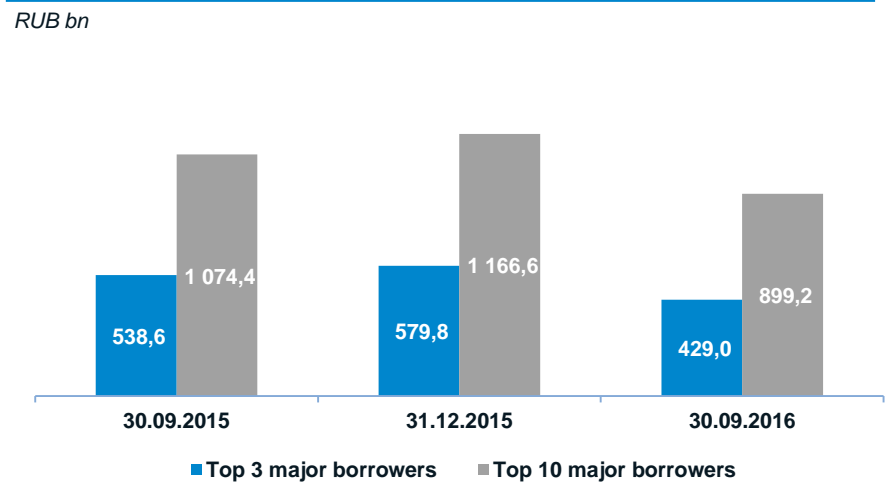
# LOAN PORTFOLIO INDUSTRY BREAKDOWN AND CONCENTRATION

- 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 30.09.2016 comprised manufacturing (RUB 845.6 bn in absolute terms), finance companies (RUB 753.3 bn) and real estate and construction (RUB 363.8 bn).
    - As at 30.09.2016, the total outstanding amount of loans to three major borrowers decreased to 15,0% from 17.3%.

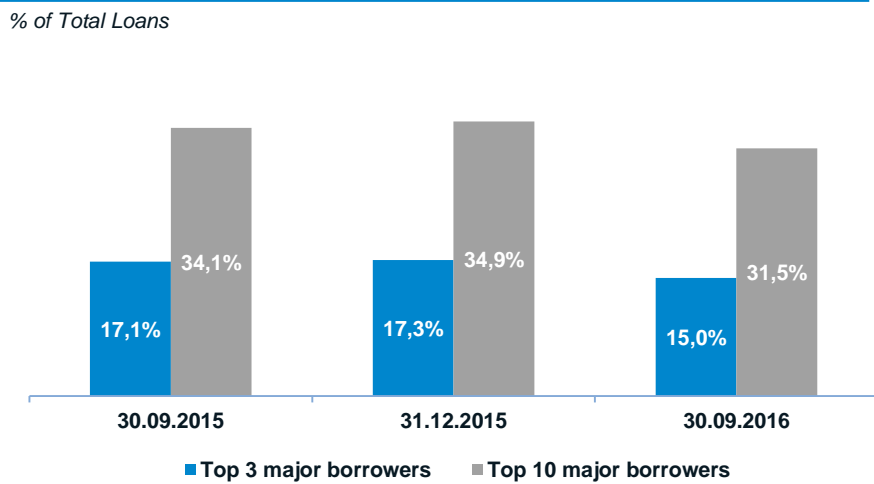
## Loan Portfolio Industry Breakdown



## Top Borrowers



## Top Borrowers

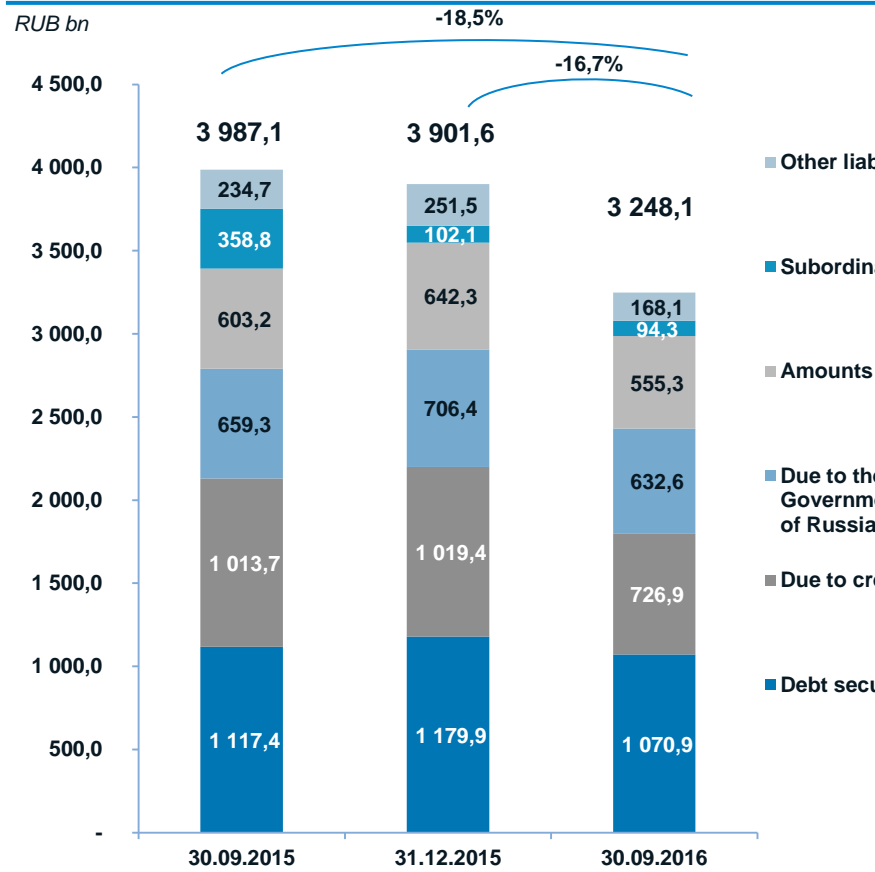


# LIABILITIES STRUCTURE

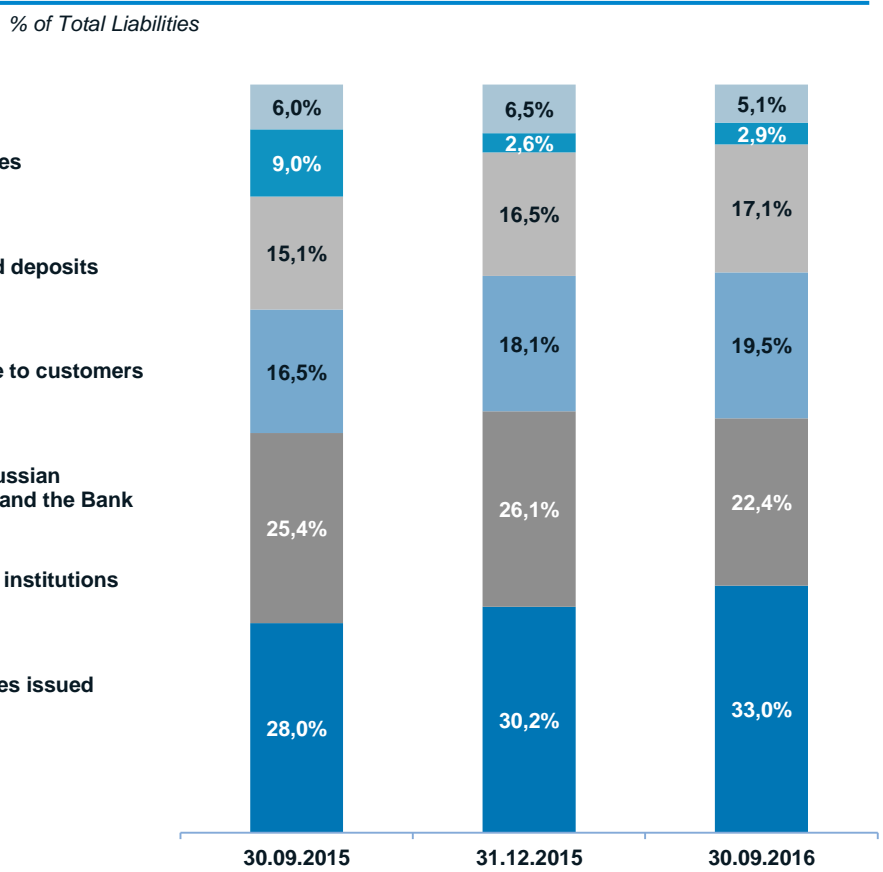
Over the nine-month period of 2016 total liabilities decreased by RUB 653.5 bn (-16.7%) to RUB 3 248.1 bn mainly due to:

- a decline in amounts due to credit institutions by RUB 292.5 bn (-28.7%),
- a decline in debt securities issued by RUB 109 bn (-9.2%),
- the ruble strengthening against major currencies.

## Liabilities Structure



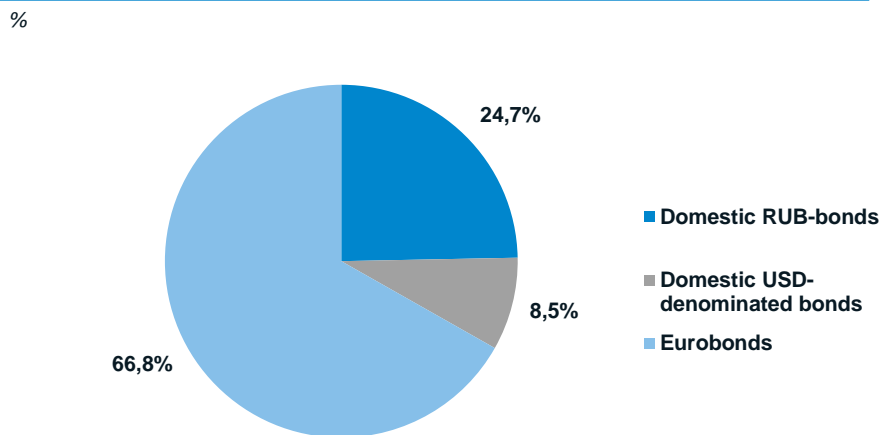
## Liabilities Structure



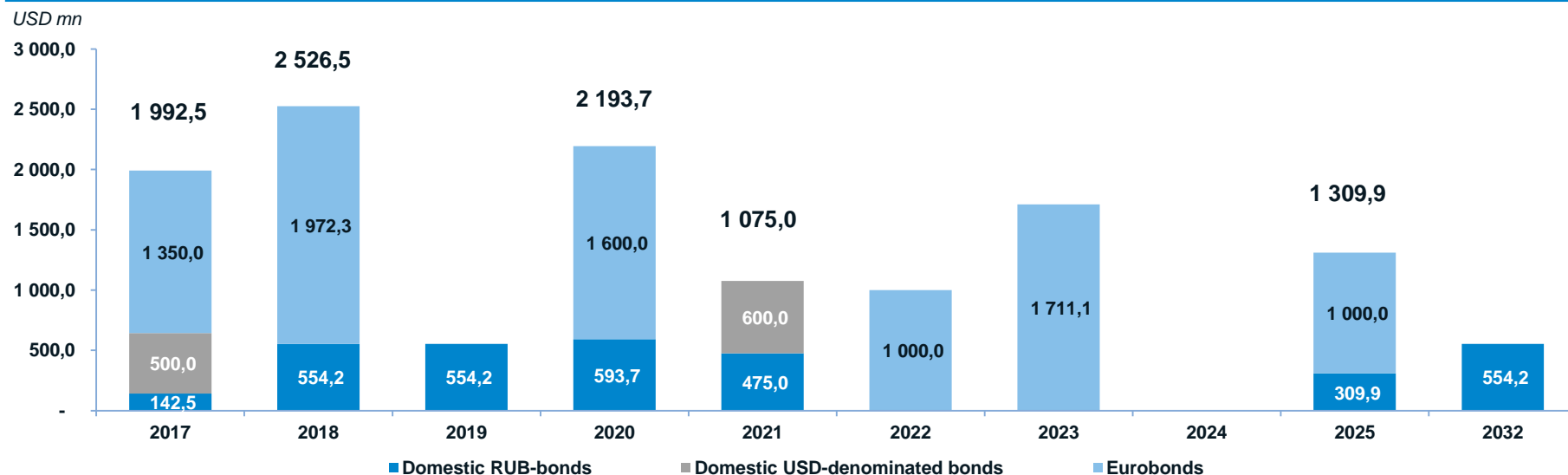
# VEB STANDALONE REPAYMENT SCHEDULE

- In the nine-month period of 2016 VEB fully repaid its CHF-denominated 500 mn eurobond issue as well as RUB-denominated 20 bn bond issue.
- In the nine-month period of 2016, VEB placed 4 new issues with a total nominal value of nominal value of RUB 54,6 bn and US\$ 600 mn.
- In the nine-month period of 2016 VEB successfully refinanced its bond liabilities for a total amount of RUB 89 bn and US\$ 500 mn.

## Public debt diversification by source



## Public Debt Maturity Profile as at 30.09.2016<sup>(1)</sup>



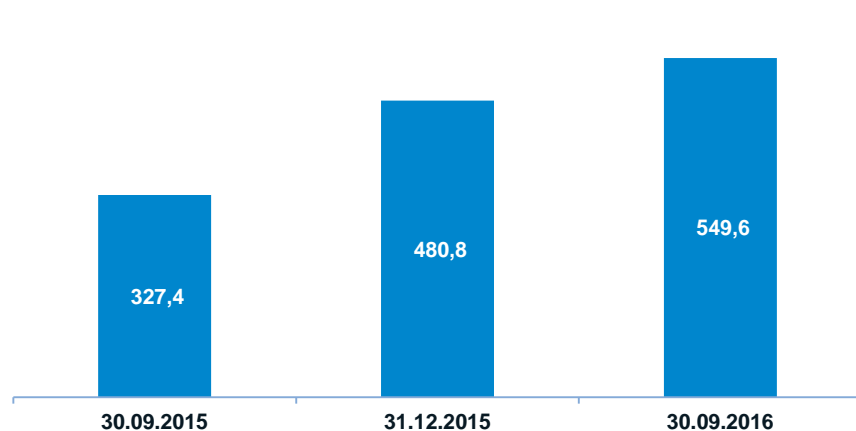
<sup>(1)</sup> RUB and EUR amounts converted into US\$ at official CBR exchange rates as at 30.09.2016



# EQUITY

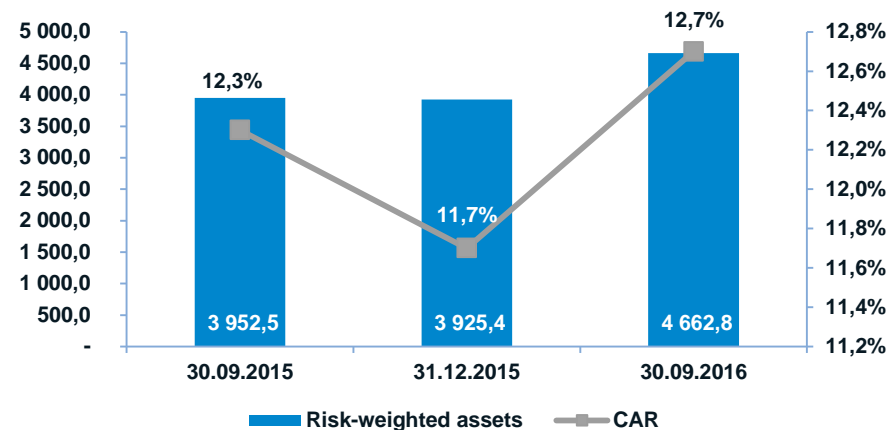
## VEB Group's Equity

RUB bn



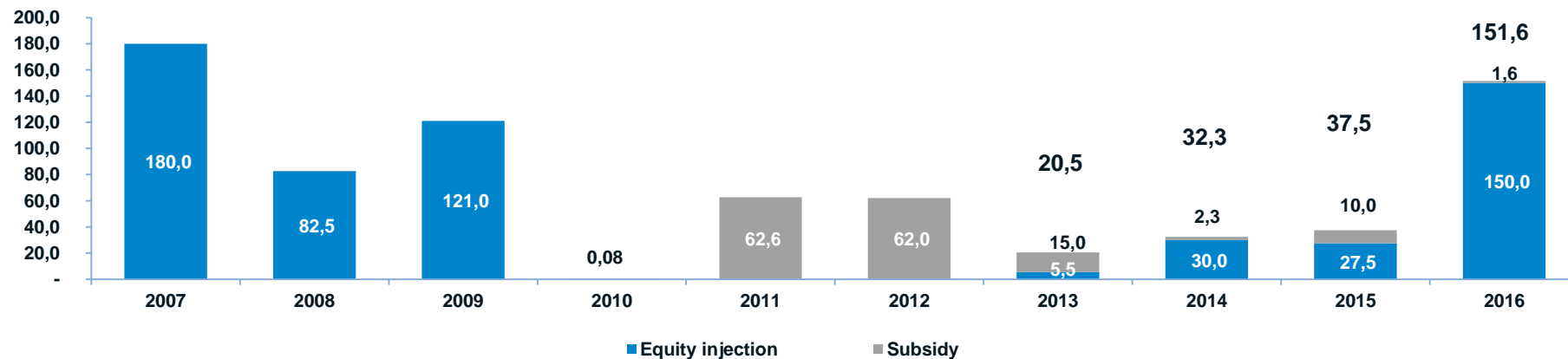
## Risk-Weighted Assets and CAR <sup>(1)</sup>

RUB bn, %



## VEB Equity Injection History

RUB bn



<sup>(1)</sup> Calculated on a standalone basis in accordance with methodology based on CBR requirement

# INCOME STATEMENT

	<i>RUB bn</i>	<b>30.09.2016</b>	<b>30.09.2015</b>
<b>Net interest income</b>		<b>69,6</b>	<b>49,5</b>
Provision for impairment of interest-earning assets		(238,1)	(121,5)
<b>Net interest expense after provision for impairment of interest-earning assets</b>		<b>(168,5)</b>	<b>(72,0)</b>
<b>Net fee and commission income</b>		<b>6,2</b>	<b>6,0</b>
<b>Non-interest income/ (expense)</b>		<b>157,0</b>	<b>2,3</b>
Government grants		143,5	13,1
Gains less losses on initial recognition of financial instruments and restructuring		(2,7)	(6,1)
<b>Non-interest expense</b>		<b>(87,0)</b>	<b>(63,9)</b>
<b>Loss before income tax</b>		<b>(92,3)</b>	<b>(127,6)</b>
Income tax benefit/(expense)		6,1	(5,4)
<b>Loss for the period</b>		<b>(86,2)</b>	<b>(133,0)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>2,0</b>	<b>42,9</b>
<b>Total comprehensive loss for the period</b>		<b>(84,2)</b>	<b>(90,1)</b>

**Thank you !**

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