



**BANK
FOR DEVELOPMENT**



VEB.

Bank for Development of Russia



VEB is a national development bank, which is instrumental in pursuing government socio-economic policy, making the national economy more competitive and modernizing it on an innovative basis.

Our mission is to be a driving force of Russia's development and we carry it out through funding investment projects of national significance. The implementation of such projects helps to diversify Russia's economy and enhance its efficiency. Economic modernization in its turn gives an impetus for serious social transformations in the country.

VISION

We offer an effective system of addressing major strategic objectives in the interests of Russia.

✓ Development

We face significant tasks related to the transformation of VEB. At the same time, we must not only “catch up” with the best practices of financial institutions, but we also see the opportunity to create **advanced solutions** for clients.

✓ Leadership

Achievement of the Strategy’s goals is impossible without tens and hundreds of VEB employees who have taken responsibility for the result, and solved problems, despite the difficulties and obstacles, and showed **the initiative**.

✓ Partnership

VEB and clients need to be tied with true partnerships. Partnership means **a deep understanding of business and the needs of the client** and the ability, together with the client, to create a complete solution for the success of the project.

✓ Team

Teamwork is essential for success. Team as a value means for us mutual aid and assistance, lack of formalism, **the ability to hear**, and constructive approach.

✓ Honesty

VEB deals with the financial resources entrusted to us by the government and investors. To **maintain credibility**, we adhere to the norms of professional ethics, we are transparent in our work and leave no room for corruption.

✓ Patriotism

VEB is not just a bank. We should not only ensure the profitability and return on the invested funds, but also ensure the maximum positive effect of our investments for the Russian economy. We are proud that our work **makes the country better!**

VEB 2.0 / STRATEGY IS BASED ON GLOBAL CHALLENGES AND OPPORTUNITIES FOR THE ECONOMY



Breakthrough technologies



Industry 4.0



Private capital is competing with the government



Start-ups attack corporations



New ways of interaction between the government and participants in the economy



Convergent and bio-technologies



Imbalances and the effect of technology



Multimodal strategies



New ways of arranging the work of staff



Leadership in the 21st century

NEW VEB 2.0 STRATEGY INCORPORATES THE BEST INTERNATIONAL AND RUSSIAN PRACTICES



Principles of successful development institutions

- ✓ Focus on priorities
- ✓ Maximum developmental effect
- ✓ Compensation for non-refundable projects
- ✓ State support
- ✓ Breakeven result

Tools

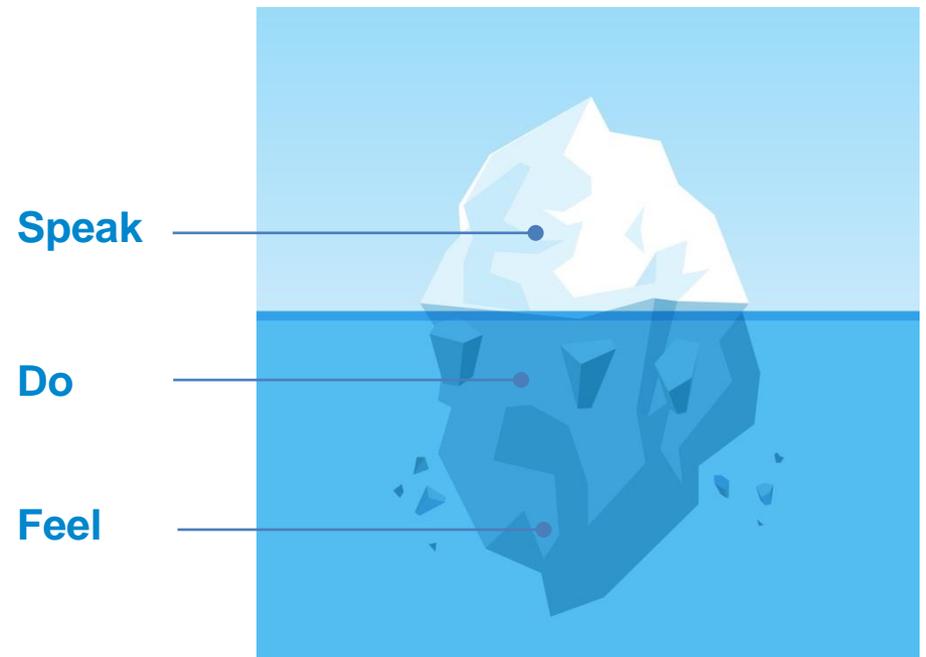
- ✓ Deep industry expertise
- ✓ Syndication and joint-stock co-financing
- ✓ IT platform

NEW VEB 2.0 STRATEGY BASED ON DESIGN THINKING WITH CLIENTS AND THE GOVERNMENT

- ✓ Take into account the priorities of the government
- ✓ Help in searching for projects, not just a job “to enter”
- ✓ Improve risk management

- ✓ Client managers
- ✓ Assistance in the development of business models
- ✓ One-stop shop
- ✓ Simplification of collateral framework

- ✓ Reduced time for consideration, transparent process
- ✓ Internet Banking, electronic document management



Catch-up development



Downstream industry

Target priorities of the government



Infrastructure

Transport
Energy
Health care



Export

Unique largest projects
Support for exports

Priority development

Blockchain

- Implementation in the state management system (a pilot project Rosreestr)
- Creating prototypes for businesses (cross-border transactions with Belarus, end-to-end project management of VEB)

Quantum technologies

- Computer calculations
- Sensors
- Data transfer

Private capital in space technology

The projects of Dauria Aerospace (new-generation small spacecraft)

B2B Marketplace

- Scaling of the diversification system of Russian defense enterprises
- For innovative products and services (element of the innovation ecosystem)

NBICS technologies

Cooperation with the Kurchatov Institute - the leader in Russia in the development of NBICS technologies

Infrastructure for new technologies

Maxima Telecom projects – wireless networks in public service outlets, including metro

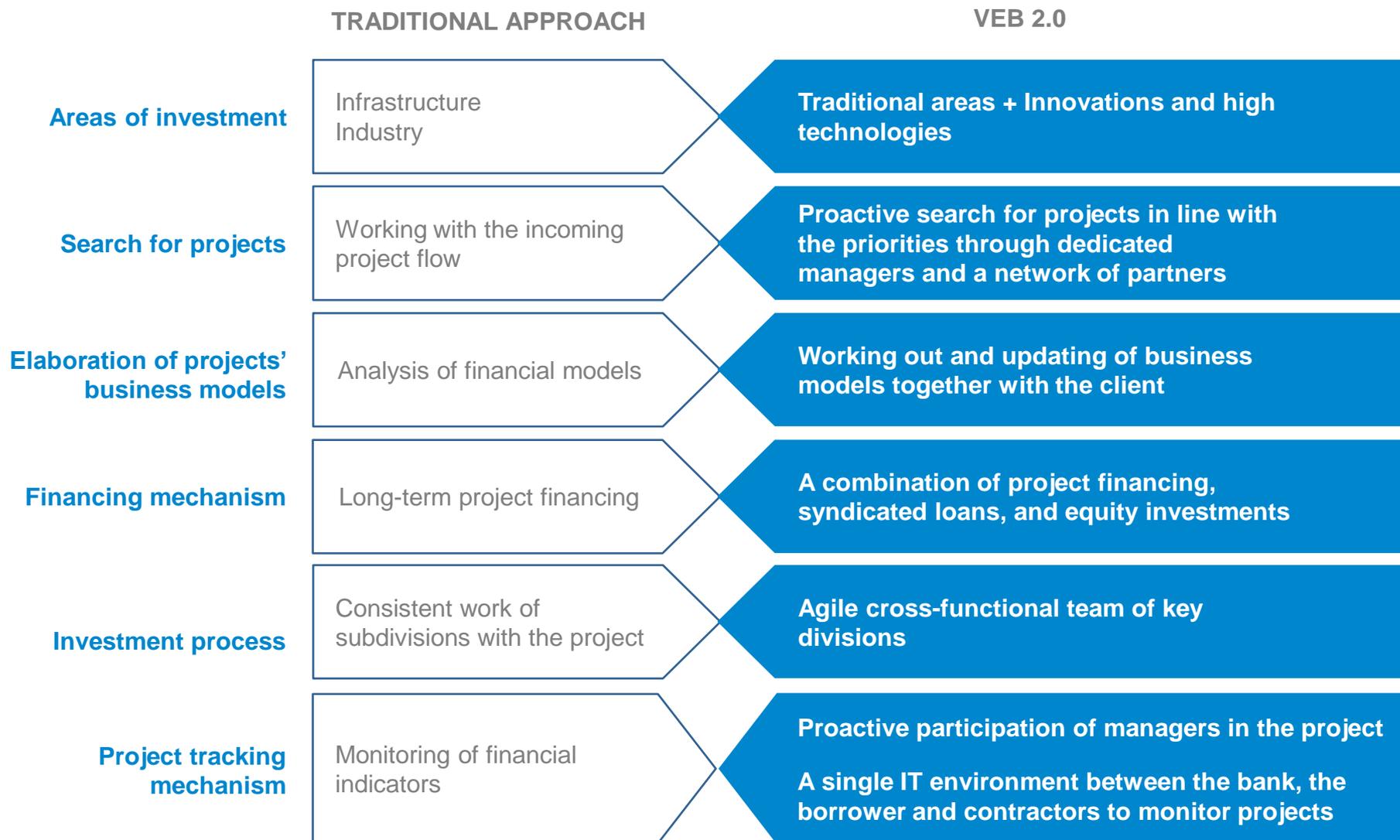


Innovations and projects of the National Technology Initiative



Transfer of the defense industry to civilian products of downstream industry

VEB 2.0: UNIQUE* BUSINESS MODEL FOR DEVELOPMENT BANKS



* - upon the results of interviews with McKinsey, JP Morgan, Citibank

Catch-up development



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Innovations and projects of the National Technology Initiative



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Catch-up development



Downstream industry

- Target priorities of the state
 - Microelectronics
 - Radio electronics
 - Instrumentation
 - Information and communication technologies, including hardware and software
 - Power engineering
 - Machine tool building
 - Electrical equipment
 - New materials
 - Rare earth metals
 - Chemistry of polymers
 - Aviation industry
 - Space industry
 - Engine building
 - Medical equipment
 - Pharmaceuticals
 - Introduction of the best available technologies on the basis of Russian equipment



Infrastructure

- Transport infrastructure
 - Railway infrastructure
 - Roads and bridges
 - Port Infrastructure
 - Airport Infrastructure
- Energy infrastructure (generation and distribution of energy)
- High-tech health infrastructure
- Infrastructure for industrial sites



Export

- Unique major projects
- Export of high-tech products (aviation, energy and transport engineering, defense industry, IT)
- Complex new markets (Asia, Africa, Latin America)
- Pre-export investment projects in Russia
- Investment projects abroad based on Russian equipment

Challenge Groups: Organization Principles

- ✓ Cross-functional teams to implement key challenges of the strategy
- ✓ Team leader: senior among equals
- ✓ Result and thinking of the result image is top priority
- ✓ People and interaction are more important than rules and processes
- ✓ Several points of view – the guarantee of the right decision
- ✓ The leader ensures common vision and information realm
- ✓ Flexible work plan and quick updating
- ✓ Readiness for changes is more important than the original plan
- ✓ Achieving result is more important than methodology and regulations
- ✓ Participation assessment by preferential voting
- ✓ Challenges are discussed in Transformation Office

Challenges VEB 2.0 - 2017

1 Old portfolio

2 VEB Capital

3 Subsidiary banks

4 VEB Leasing

5 Diversification of Defense Industry

6 Innovations

7 Investment process

8 Project management

9 Business Solutions

10 Syndication

11 Funding

12 Finances

13 GR and regions

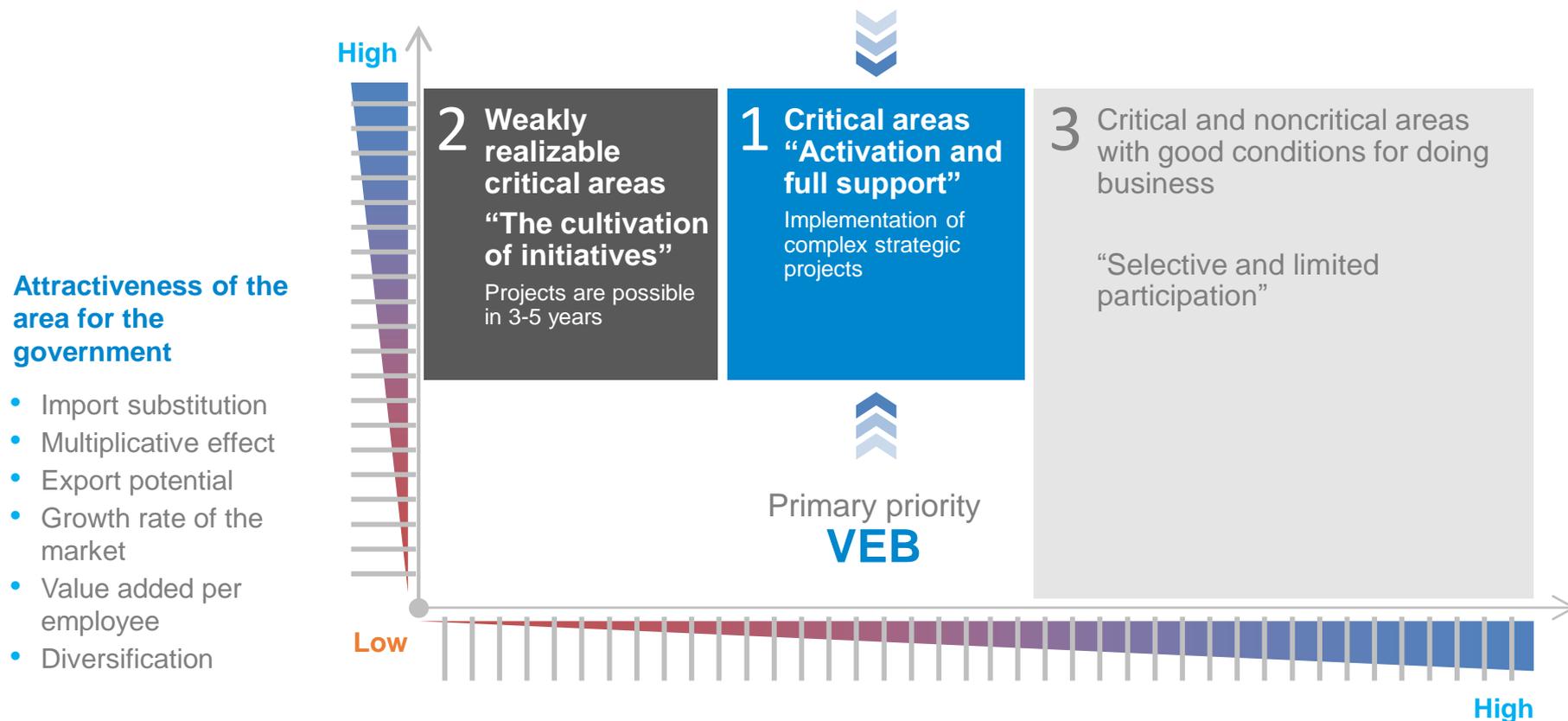
14 Blockchain

15 Transformation team

16 Subsidiaries and affiliates management and service model

VEB 2.0 APPROACH TO DEFINING INTRA-SECTORAL PRIORITIES

As a rule, these are projects of the “border” zone, which are not of interest to the investor without state support. In many industries, the state defines the projects of this zone as high priority and targeted for state support measures.



The quality of conditions for the development of the IRR project

- Availability of technologies and competences
- Availability of human resources
- Effectiveness of state regulation
- Supply of raw materials
- Availability of financial resources
- Infrastructure
- Access to the market

TARGET BUSINESS MODEL: STAGES OF IMPLEMENTATION

1 Anti-crisis management

2016

- Divestment of non-core assets
- New mechanism for special projects
- Cost optimization

2 Transformation

2017-2018

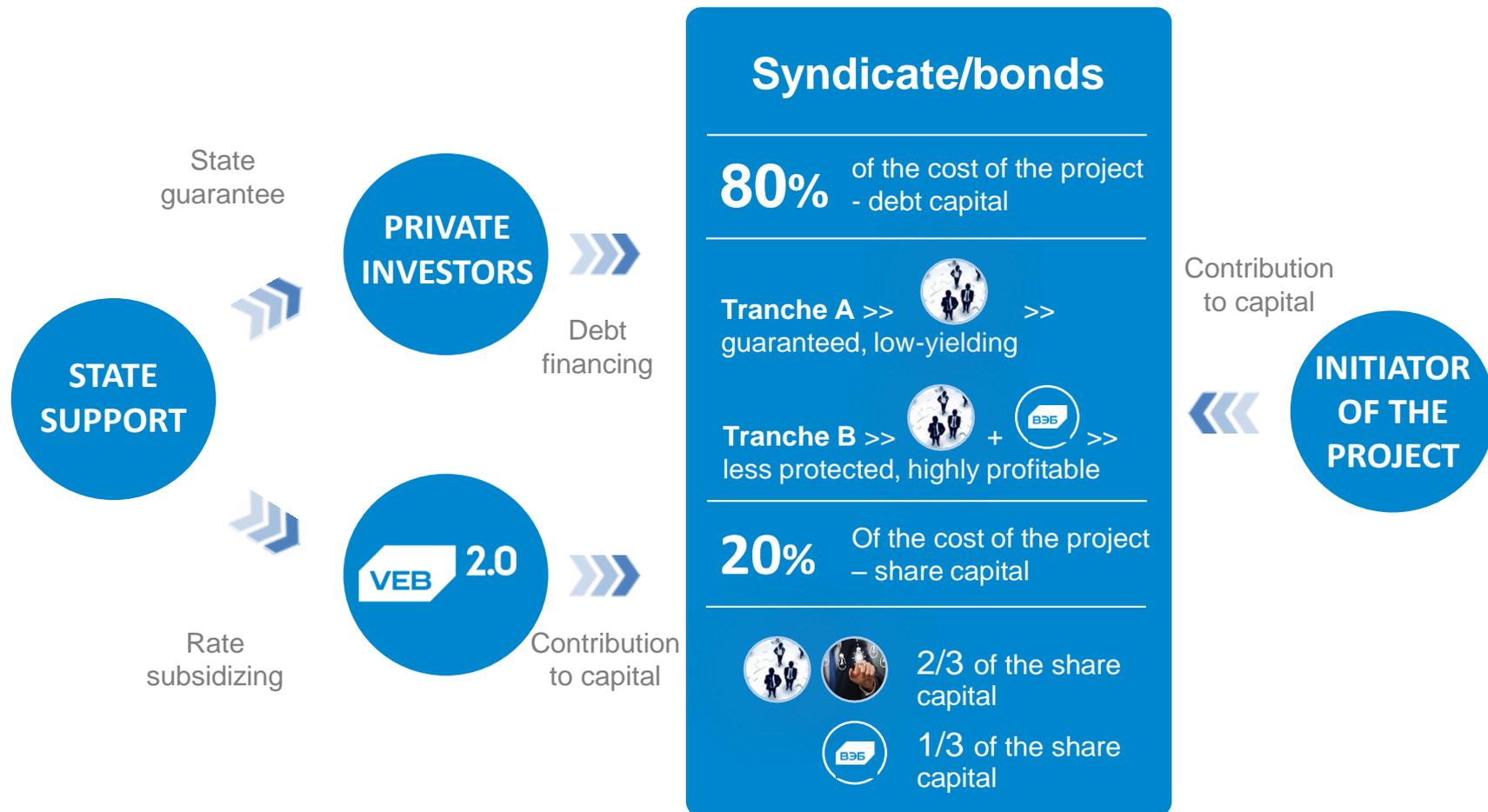
- Divestment of non-core assets
- New investment process and organization
- Launch of investments by target areas
- New process of project support

3 Expansion

2019-2021

- Portfolio increase by target areas
- Active market fundraising

VEB 2.0 PROJECTS FINANCING SCHEME



Period: 10-15 years

Rate for the borrower: the yield of inflationary OFZ (Federal Loan Bonds) + premium (not more than 3.5% per annum)

NEW MODEL OF VEB'S WORK WITH THE REGIONS

Most of the VEB projects are implemented in the regions

**Institute
of certified
managers**

**Online platform
“Factory of the
Development
Projects”**

**ELEMENTS OF
THE NEW
MODEL**

**Interaction with the
Agency for Strategic
Initiatives and project
offices under the
governors**

- 1** Expansion of a pipeline of projects
- 2** Proactive search for projects
- 3** Acceleration of the application process
- 4** Improving the economy of projects by aggregating state support measures

Implementation of the international segment of the VEB 2021 global strategy: development through leadership



EXPORT: ONE OF THE MOST IMPORTANT AREAS OF INVESTMENT IN THE **VEB** DEVELOPMENT STRATEGY 2021



VEB MISSION: to promote long-term economic development of Russia by supporting downstream industry and high-tech projects, **support for exports** and the development of infrastructure that provides economic growth.



**KEY SECTORS: AVIATION, NUCLEAR
ENGINEERING, TRANSPORT MACHINE-BUILDING,
DEFENSE INDUSTRY**



**EXPANSION OF THE SYNDICATION WITH
COMMERCIAL BANKS**



**DEVELOPMENT OF CREDITS AND SUPPLY CHAIN
FINANCE AND FINANCING OF RUSSIAN COMPANIES
ABROAD**



**ANALYSIS OF EXPORT POTENTIAL AT LAUNCHING
VEB INVESTMENT PROJECTS**

SUPPORT TO NON-RESOURCE EXPORTS is aimed at changing the structure and creating a new quality of the economy, increasing labor productivity, reducing dependence on imports and commodity exports.

VEB'S ROLE IN SUPPORTING RUSSIAN EXPORTS

1

Financing of investment projects abroad with a view to expand access of Russian industrial products to foreign markets

2

Financing of large-scale export projects with a complex structure

3

Support to exports of sectors of the Russian non-resource and high-tech products

4

Support of exports of Russian goods, works and services when entering new markets (primarily export to the countries of South-East Asia, Africa and Latin America) and to maintain the share of presence in traditional markets

5

Development and introduction of new financial products to support exports

6

Providing synergy with VEB investment projects in terms of export support

7

The development of Russian industrial and logistics centres abroad

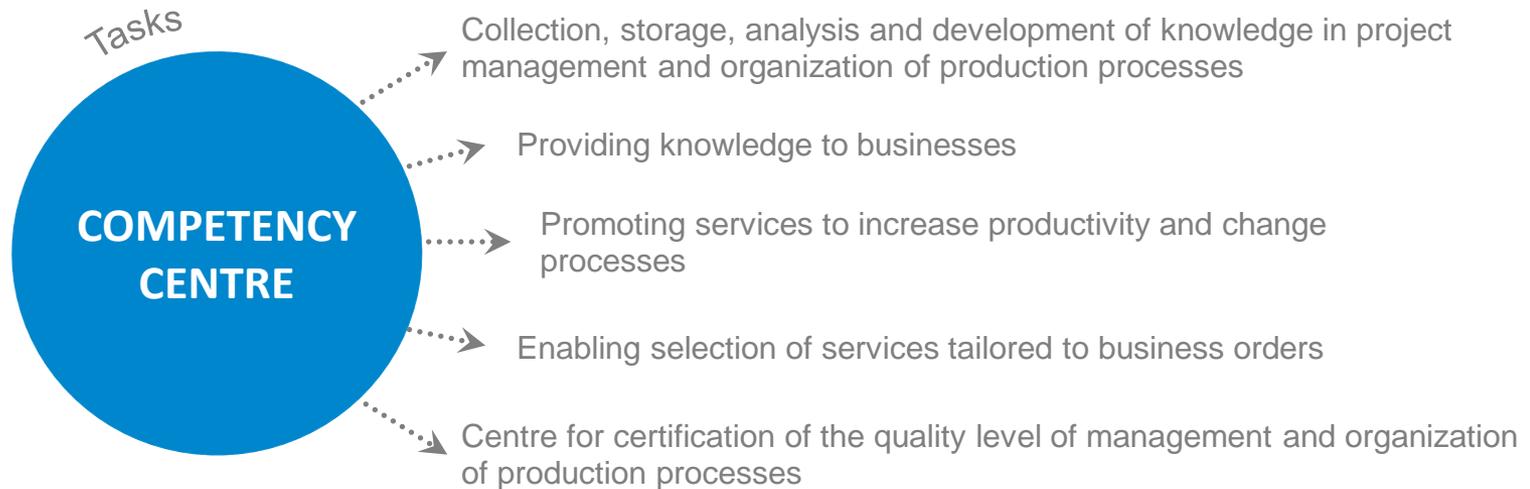
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Attracting co-financing from Russian and international commercial banks and development institutions

9

Documentation, credit and interbank operations within the framework of export support activities

ESTABLISHING THE RUSSIAN COMPETENCY CENTRE FOR PROJECT MANAGEMENT AND ORGANIZATION OF PROCESSES UNDER THE AUSPICES OF VEB



Proposed mechanisms for the establishment of the Competency Centre

1	Standardization	Formation of standards for the quality of management and organization of production processes
2	Certification	Independent examination of the level of productivity and quality of organization of production processes
3	Rating	Assigning ratings to top managers and teams
4	State subsidies	Granting state subsidies to enterprises that have been certified and have the highest rating

SOLUTION: UBERISATION OF CONSULTING AND EDUCATIONAL SERVICES

State:

- Motivation of business to increase productivity
- Support to the enterprises and top teams with the maximum performance ratings

Russian business

- Personalized orders for the selection of services
- Requests for training
- Requests for process improvements (RFP)
- Requests for certification

Creating Marketplace b2b:

- Content and quality management
- Selection and access of (certified) consultants and educational institutions
- Management of pricing

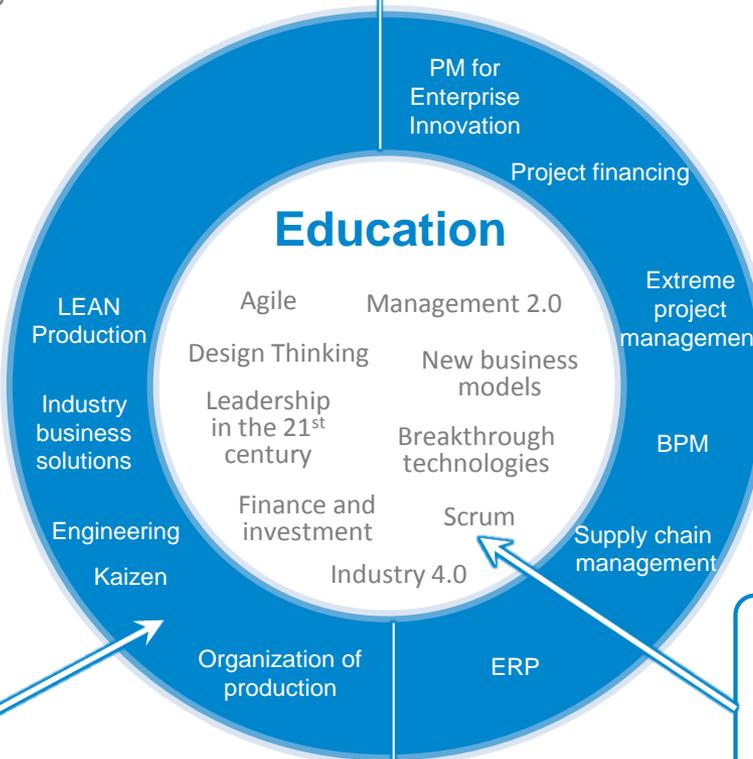
Service providers

- Education
- Experts
- Consulting
- IT
- Technological expertise

Smart books

- Management practices
- Process organization technologies
- Industry business solutions
- Project management

2-sided ratings



Vnesheconombank Group comprises VEB's subsidiaries, the activities of which are aimed at implementing various provisions of the Federal Law of the Russian Federation "On the Bank for Development". Vnesheconombank Group's institutions act in the interests of enhancement of the competitiveness of the Russian economy, its diversification, and stimulation of investment activities.

Far East and Baikal Region Development Fund OJSC promotes the implementation of investment projects in the region, in particular those aimed at developing the general economic and social infrastructure, the sphere of innovations, special economic zones, increasing the efficiency of using natural resources, protecting the environment, support to exports of Russian goods, works and services, and small and medium-sized enterprises.

VEB GROUP

Engineering

VEB Engineering LLC was established in Vnesheconombank Group as a competency centre for the examination of engineering and technical solutions, monitoring and management of investment projects of national importance. The company has direct access to the best world experience in the design and construction of industrial, civil infrastructure facilities through a partnership with the Canadian company SNC-Lavalin, one of the leading engineering companies in the world. The main area of operation of VEB Engineering LLC is project management in strategic sectors of the Russian economy: oil and gas processing, petrochemicals, energy, and mining industry.

Capital

VEB Capital LLC manages the assets of Vnesheconombank Group, including immovable property. The company also conducts analysis of investment projects, carries out brokerage and dealer activities.

Leasing

VEB-Leasing JSC has been a member of Vnesheconombank Group since 2008. The main activities of the company include leasing of modern aircraft, high-tech equipment, rolling stock, sea and river vessels, automobiles and special equipment. Since 2009, VEB-Leasing JSC is the leader of the Russian leasing industry in terms of the volume of new businesses. VEB-Leasing JSC actively supports representatives of small and medium-sized enterprises in financing the procurement of vehicles and special equipment, fully sharing the strategy of Vnesheconombank Group designed to promote the development of small and medium-sized businesses in Russia. Currently, VEB-Leasing JSC has a wide network of regional divisions with 130 points of presence in 89 cities on the territory of the Russian Federation.

Innovation

The purpose of the VEB Innovations Fund is promoting the innovative development of industries and infrastructure improvement of Russia. One of the activities of the Fund is the implementation of the financial support program for the Skolkovo Foundation projects.

VEB GROUP



Federal Centre for Project Finance OJSC is a financial company, the purpose of which is to prepare regional and urban development projects for attracting extra-budgetary funding. Major activities of Federal Centre for Project Finance OJSC include financial assistance on returnable basis (granting a target loan, factoring, equity participation in project companies), provision of investment consulting services, inter alia, on commercial credit terms. Federal Centre for Project Finance OJSC encourages projects in the following sectors: health care, social security, tourism, roads, airports, solid waste management, industrial parks, and development of urban agglomerations.



GLOBEXBANK CJSC is developing as a universal commercial bank. It provides credit support to the real sector of the economy and small and medium-sized businesses.



AKB Sviaz-Bank CJSC is a dynamically developing credit institution involved in providing support to the real economy, as well as small and medium-sized enterprises. It is assumed that before the adoption of the decision on the establishment of Postal Bank, Sviaz-Bank will expand its business in the selected segment.



The Russian Export Centre is a state export support institution, established as part of Vnesheconombank with the support of the Government of the Russian Federation. The Centre provides financial and non-financial assistance to Russian exporters in the one-stop shop mode – here entrepreneurs can obtain full range of services from initial consultations to aid in the processing of export transactions. The Russian Export Centre Group also includes JSC EKSAR and JSC ROSEXIMBANK.

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