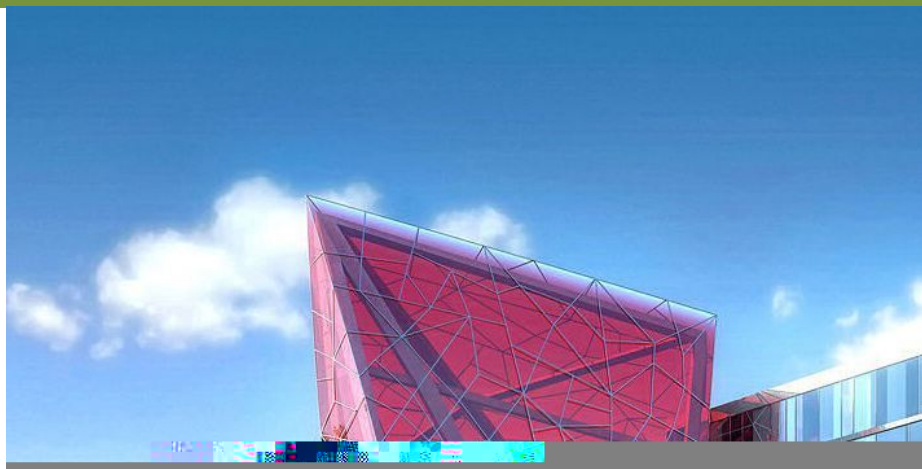
Development Bank

New Business Partner in the Republic of Belarus



Belarusian Investment Forum
New York, USA, September 22, 2014

Belarusian-American cooperation

Key political events

1991 — Establishment of diplomatic relations. Embassies opening

1993 — Visit of S. Shushkevich, Chairman of Belarus Supreme Soviet, to the USA

1994 — Visit of B. Clinton, President of the USA, to Belarus

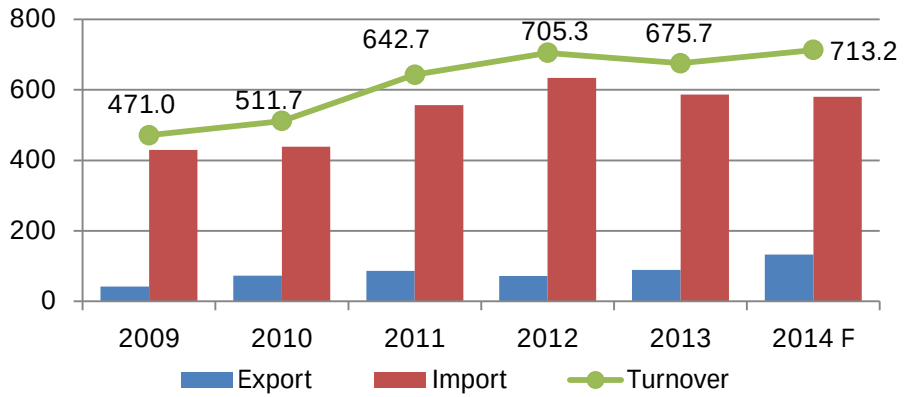
1995, 2000, 2005 — Visits of A.Lukashenko, President of the Republic of Belarus, to the USA

2009 — Visit of United States Congress' delegation to Belarus

2010 — Establishment of Business Cooperation Council "Belarus – USA"

2013 — Consultations at the level of foreign ministries' heads of departments. Visit of Deputy Assistant Secretary of State to Belarus

Trade turnover Belarus-USA, mln USD



Export to the USA

- metal production
- flax fabric
- X-ray equipment
- optical products
- woodworking articles
- foodstuffs

Import from the USA

- internal combustion engines
- automobiles and trucks
- medical equipment
- medicine

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Development Bank's features

Development Bank's establishment

Functioning model

Development Bank's features

- establishment initiated by the Government
- established in close cooperation with IMF and World Bank
- enjoys special legal status
- specialized development institution

Objectives

- financing of investment projects included into state programs
- procurement of export loans
- agent-bank of the Government on servicing and external government loans
- single coordinator of state programs

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Organizational Structure

General Meeting of Shareholders

100% state-owned

Supervisory Board (7 members)

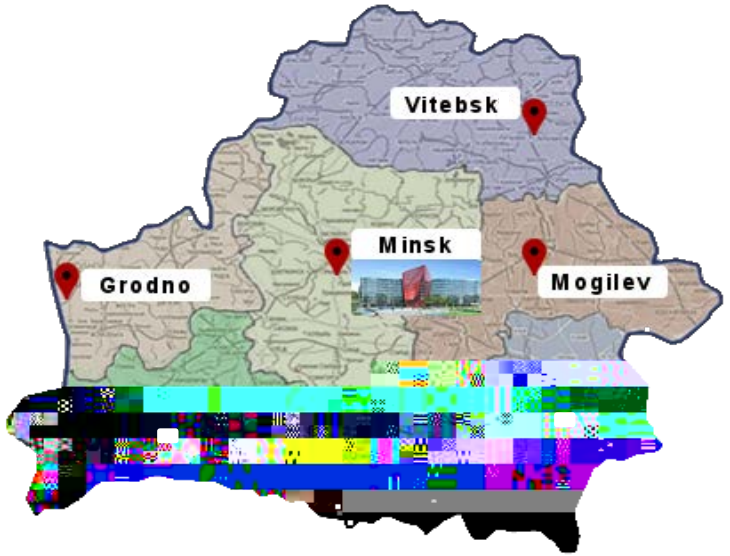
- Audit Committee
- Risk Committee
- Budget and remuneration Committee

Management Board

Supervisory Board :

- headed by Prime-Minister
- includes 3 independent directors

Compact branch network



Management Board

Promagroleasing

66,58% owned by Development Bank

Key operator of the international leasing in Belarus

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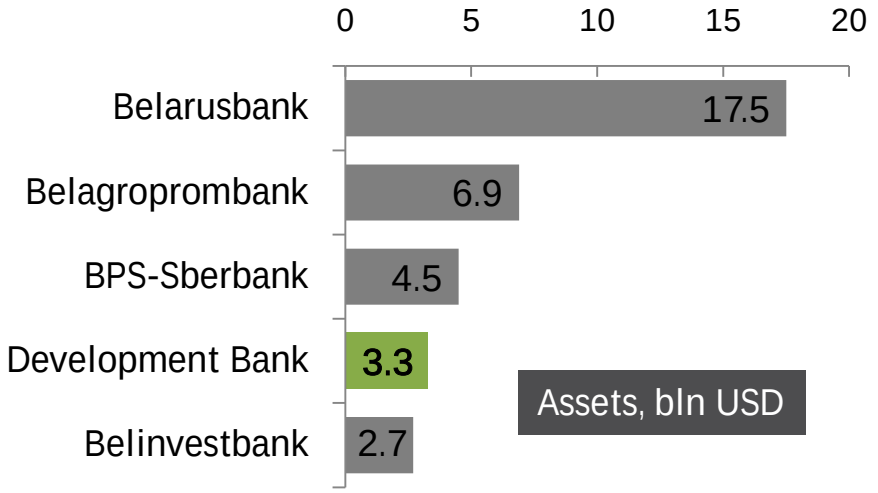
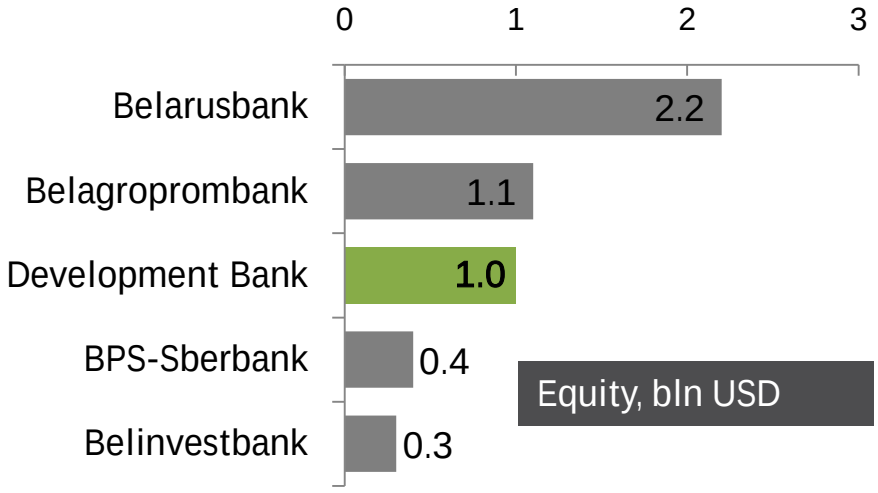
Market position

TOP 5 banks in Belarus (as of 01.07.2014)

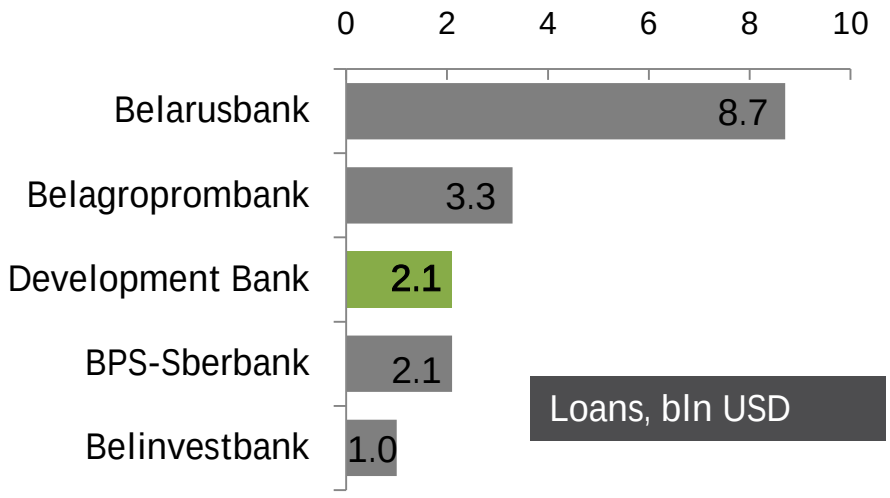




Financial Position (Bank's results of 2013)

- #1 by profit among the Belarusian banks
- #1 by ROA among the Belarusian banks
- #1 by profit per employee among the largest Belarusian companies

Long-term loans provided to corporates, bln USD (as of 01.07.2014)



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International Credit Ratings

September 4, 2013 **Standard&Poor's** assigned the credit ratings to the Development Bank equal to the sovereign

September 4, 2014 **Standard&Poor's** affirmed credit ratings, noted improvement of business position

February 5, 2014 **Fitch** assigned the credit ratings to the Development Bank

		Long-term		Short-term	
		S&P	Fitch	S&P	Fitch
	Republic of Belarus	B-	-	B	-
	Development Bank	B-	B-	B	B
	Belarusbank	B-	B-	C	B
	Belagroprombank	B-	-	C	-
	BPS-Sberbank	-	B-	-	B
	Bank BelVEB	B-	B-	C	B
	Belgazprombank	-	B-	-	B
	Belinvestbank	-	B-	-	B

Ratings fully mirror sovereign ratings of the Republic of Belarus

Key Strength:

- critical public policy role as the main institution providing long-term capital-intensive loans under government programs in Belarus
- most certain likelihood of extraordinary support from Belarus' government in all circumstances
- robust liquidity and funding positions
- high market share

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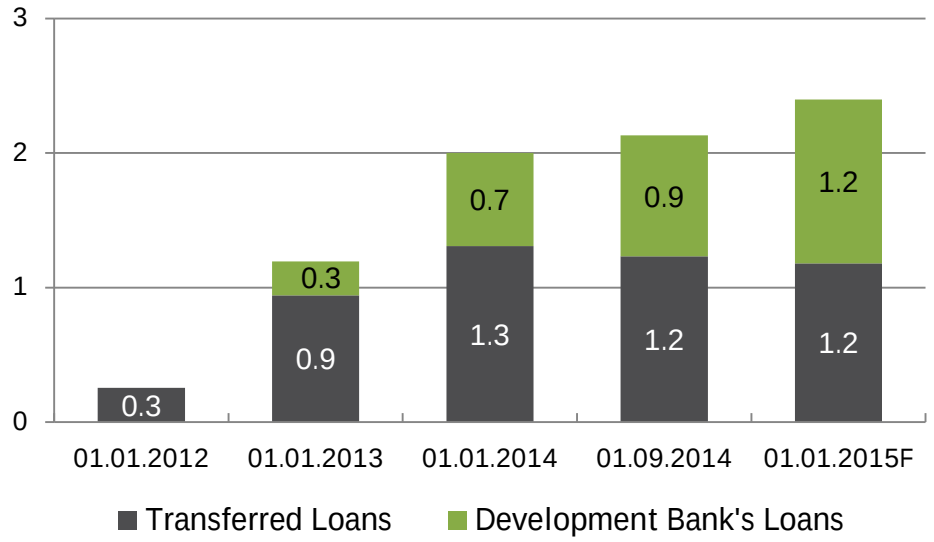
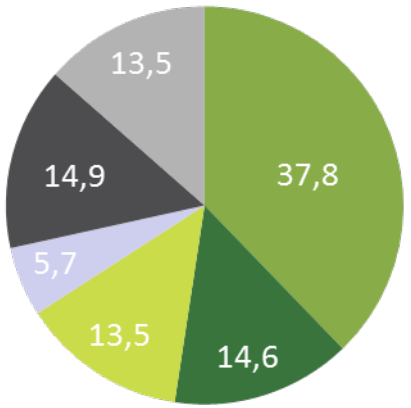
Loan Portfolio

Loan portfolio, bln USD

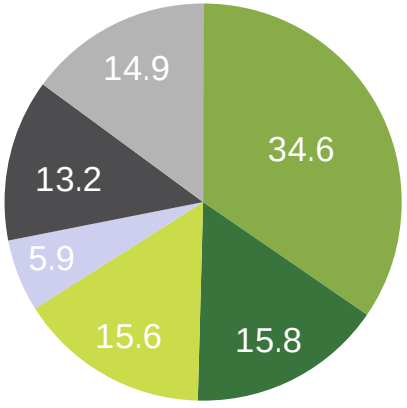


Loan portfolio structure, %

as of 01.01.2014

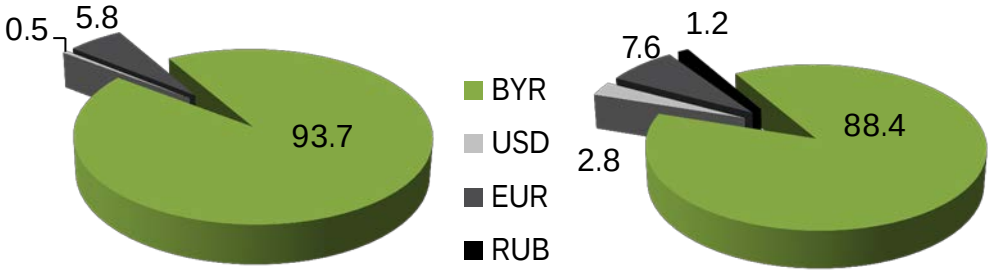


as of 01.07.2014



Agriculture
Industry
Construction & Real Estate
Trade
Infrustucture
Other

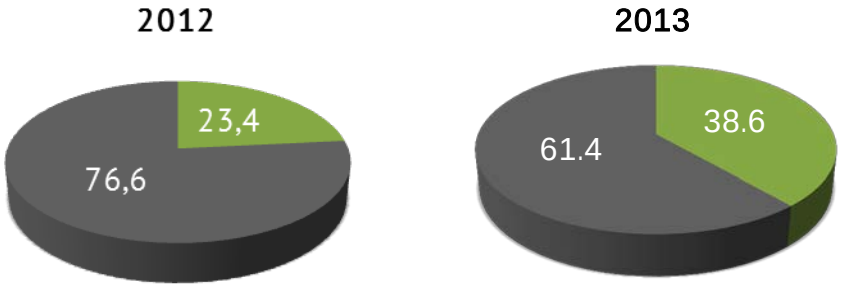
Loan portfolio FX structure, %



as of 01.01.2014

as of 01.09.2014

Development Bank's share in long-term loans provided to corporate customers, %



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Quality of Loan Portfolio

Assets under the State Programs – Transfer Plan

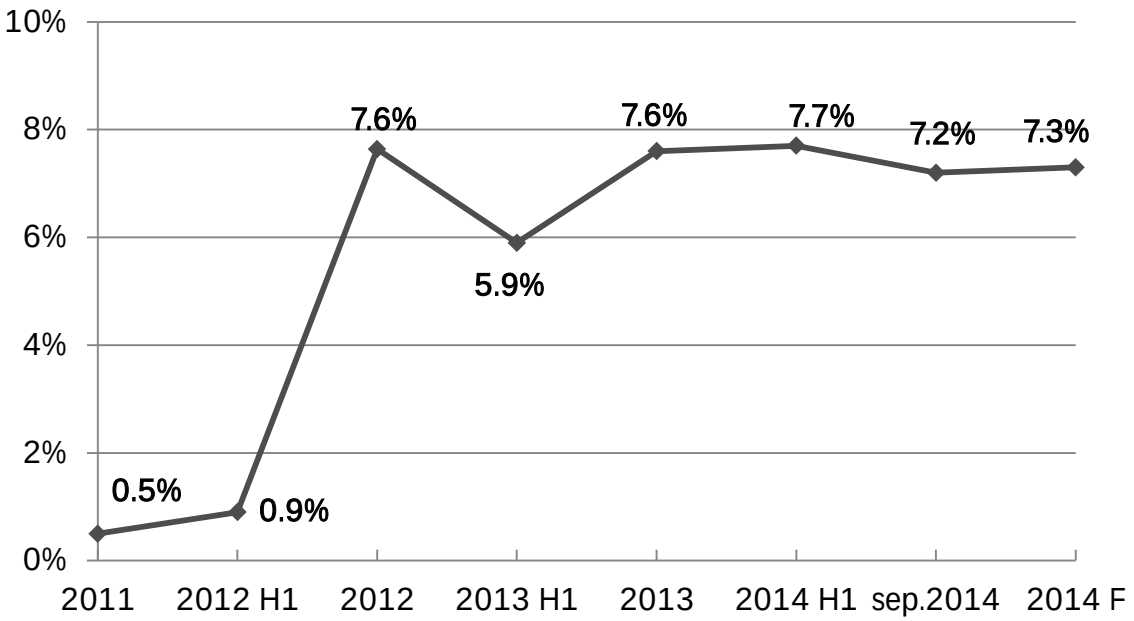
Belarusbank

Belagroprombank

The biggest state-own banks

First Stage 2011	Second Stage 2012	Third Stage 2013	Fourth Stage 2014
USD 0,3 bln	USD 0,6 bln	USD 0,5 bln	USD 0,1 bln

Non-performing loans*, %



** According to NFRS*

Share of non-performing loans, % (as of 01.09.2014)

- Transferred Loans– 12,47%
- Development Bank's Loans– 0,01%

Reserve level in Development Bank * (as of 01.09.2014) **16,3%**

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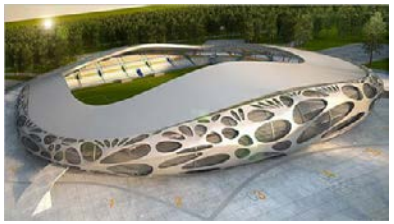
Major investment projects

DEVELOPMENT BANK

Completed and current projects



Construction of the stadium in Borisov

USD 50 mln

Construction of Turov dairy factory

USD 110 mln

«School Bus» project

USD 20 mln

Delivery of BELAZ trucks to Mongolia and Russia

USD 40 mln

Construction of dairy farms

USD 300 mln

Reconstruction of the biathlon stadium of Center of Olympic training

USD 45 mln

Modernization production of float glass

USD 300 mln USD

Construction/reconstruction of Minsk–Mikashevichy road

USD 200 mln

Delivery of 2 Embraer 195LR jets for Belavia

USD 52 mln

Leasing of agricultural and forestry machinery

USD 60 mln

Perspective projects

Construction of third underground line in Minsk

USD 2 bln

Construction of industrial rubber article factory

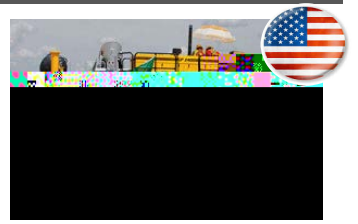
USD 25 mln

Delivery of 3 Boeing NG737 jets for Belavia

USD 272 mln

Construction of the modern foundry in Zhodino

USD 29 mln



Construction of second Minsk ring road

USD 155 mln

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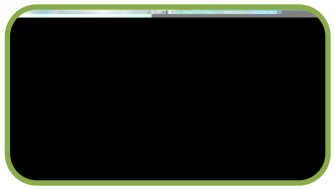
Financing of investment projects: plan for 2014

Main directions of financing in 2014

Agricultural sector
≈ USD 275 mln

Infrastructure
≈ USD 165 mln

Industry modernization
≈ USD 97 mln



Agricultural and forestry machinery
≈ USD 63 mln

Development of mineral deposits
≈ USD 19 mln

Priority of financing

- Creation of infrastructural facilities
- Knowledge-intensive and innovative projects
- Export-oriented projects
- Agricultural sector

Lending under State programs

≈ **USD 615 mln** (in equivalent)

Export support

≈ **USD 80 mln**

Funding sources

- Own resources
- Local Bonds (BYR)
- External Loans (FX)

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Foreign bank-partners

ECA cooperation

IFI and Development banks cooperation

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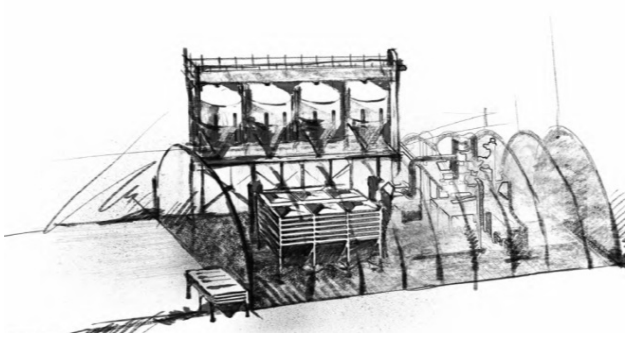
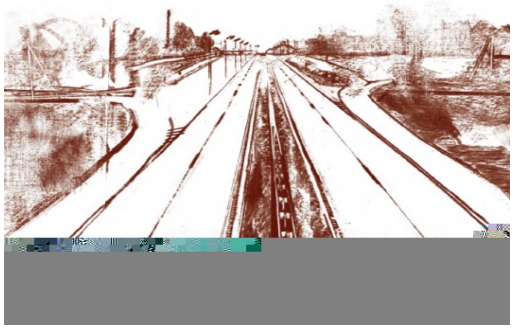
Strategy and near-term objectives

- #1 by capital in Belarus
- TOP-3 by assets in Belarus
- Single coordinator of State programs lending
- #1 by export credits
- First-class borrower on the international market
- Government agent for raise external loans
- Government agent for SME's support





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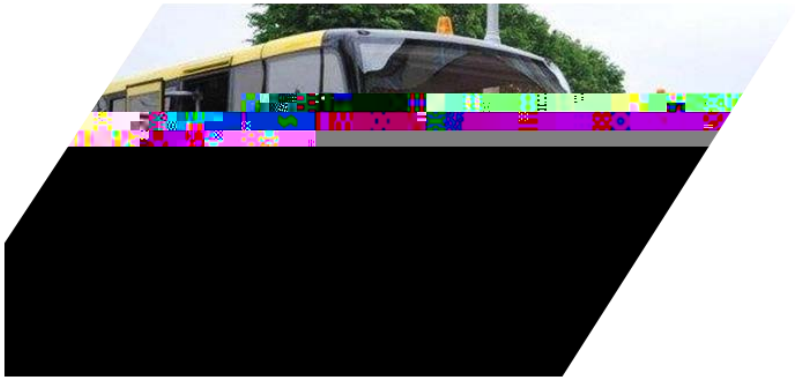

Development Bank is co-financing the «School Bus» project

Appendixes

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Financial Indicators

Financial Indicators according to IFRS, mln USD

	2013*	2012	2011
Total Assets	**3 333,7**	**2 814,9**	**1 855,3**
Due from banks	167,0	316,7	2,1
Loans to customers	1 780,7	1 013,2	193,5
Securities available for sale	1 292,0	1 441,5	1 642,6
Property and other assets	94,0	43,5	17,1
Total liabilities and equity	**3 333,7**	**2 814,9**	**1 855,3**
Due to banks	133,1	0,0	0,0
Customers' deposits	317,5	71,0	254,1
incl. deposits of Ministry of Finance	*298,8*	*71,0*	*254,1*
Debt securities in issue	1 793,2	2 170,7	1 642,7
Other liabilities	30,4	9,4	2,1
Equity	1 059,4	563,7	-43,6
incl. Share capital	938,8	356,9	3,5

** Consolidated statement incl. Promagroleasing*

Independent Auditors' Report on Review Financial Statement on half-year basis since 2012

Key Indicators

	2013	2012
Ownership-State Owned	100%	100%
ROE, %	8,8	-
ROA, %	2,3	10,5
Tier 1 ratio, %	31,18	12,32
General capital adequacy ratio, %	31,75	22,20

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