

ANNUAL REPORT 2020



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BANK IN FACTS

Today's UKRGASBANK:

- More than 27 years of experience in the financial market;
- Ukraine's leading ECO-bank that takes care of the environment by funding energy efficiency and renewable energy projects;
- Undisputed leader in "green" financing;
- Owned by the state beneficiary owner represented by the Ministry of Finance of Ukraine (94.9409% of the share capital);
- One of the groups of banks partially owned by the State according to the classification of the National Bank of Ukraine;
- On the list of state property of strategic importance to the economy and security of the State;
- Represented by 272 branches in all regions of Ukraine;
- One of the five largest banks of Ukraine by assets;
- Active participant of the Ukrainian stock market;
- Permanent member of the Deposit Guarantee Fund;
- Authorised by the Pension Fund of Ukraine and the Ministry of Social Policy of Ukraine to pay pensions and financial assistance.



1. BANK IDENTITY

1.1.1. Composition of the Supervisory Board

1

Shrenik Dhirajlal Davda — Chairman of the Supervisory Board, Independent Member of the Supervisory Board.

2

Artem Shevaliov — Deputy Chairman of the Supervisory Board, Representative of the Shareholder — the State of Ukraine Member of the Supervisory Board

3

Denys Uliutin — Member of the Supervisory Board, Representative of the Shareholder — the State of Ukraine.

4

Teimour Bahirov — Independent Member of the Supervisory Board.

5

Yuriy Blashchuk — Independent Member of the Supervisory Board.

6

Oksana Volchko — Independent Member of the Supervisory Board.

7

Slawomir Roman Konias — Independent Member of the Supervisory Board.

1.1.2. Composition of the Management Board



Chairman of the Management Board

Andrii Kravets

Born in 1963

Education: Kyiv Institute of Civil Aviation Engineers, Toulouse Business School (France), Kyiv National Economic University

Work experience at banking and financial institutions:

21

1. BANK IDENTITY

1.2. Composition of the Management Board



First Deputy Chairman of the Management Board

Oleksandr Dubrovin

Born in 1981

Education: Kremenchuk State Polytechnic University

Work experience at banking and financial institutions:
17 years



Deputy Chairman of the Management Board

Nataliia Vasylets

Born in 1974

Education: Kyiv National Economic University

Work experience at banking and financial institutions:
29 years



Deputy Chairman of the Management Board

Denys Chernyshov

Born in 1974

Education: Kyiv National Economic University

Work experience at banking and financial institutions:
20 years

1. BANK IDENTITY

1.2. Composition of the Management Board



Deputy Chairman of the Management Board

Rodion Morozov

Born in 1978

Education: Kyiv National Economic University, London City University (Great Britain)

Work experience at banking and financial institutions:

15 years



Deputy Chairman of the Management Board

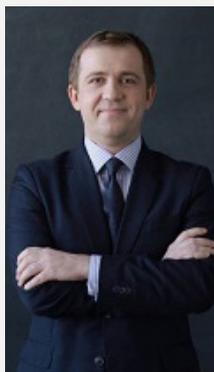
Tamara Savoshchenko

Born in 1967

Education: D. S. Korotchenko Kyiv Institute of National Economy

Work experience at banking and financial institutions:

26 years



Deputy Chairperson of the Management Board

Serhii Kharitich

Born in 1981

Education: Ukrainian State University of Chemical Technology

Work experience at banking and financial institutions:

16 years

1. BANK IDENTITY

1.2. Composition of the Management Board



Compliance Department Head

Liudmyla Chepinoha

Born in 1967

Education: Taras Shevchenko National University of Kyiv

Work experience at banking and financial institutions:
26 years

1.3. Bank Executives Other Than Members of the Management Board



Chief Accountant

Nataliia Ilnytska

Born in 1970

Education: Kyiv National Economic University

Work experience at banking and financial institutions:
27 years

1.4. Achievements in 2020

In early 2020, IBI-Rating, a rating agency, confirmed the credit rating of UKRGASBANK at the level of uaAA with a change in the rating outlook from “stable” to “developing”. The reliability rating of bank deposits was also confirmed at the level of “5+” (excellent reliability). The Bank also won the Savings Bank for the Business nomination of the Banks 2020 Rating by the Financial Club and Yurydychna Praktyka Publishing House, as well as the Savings Deposit nomination of the annual project 50 Leading Banks of Ukraine.

For the second year in a row, UKRGASBANK receives the status of a systemically important bank (according to the Decision of the NBU Board).

1. BANK IDENTITY

1.4. Achievements in 2020

The Bank was awarded for its achievements in the framework of the IFC Global Trade Finance Support Programme, which it joined in the autumn of 2017. UKRGASBANK became the best in the GTFP 2019 Best Issuing Bank Partner in Eastern Europe nomination.

The Professional Association of Corporate Governance (PACU) and the Centre for CSR Development with the assistance of the Centre for International Private Entrepreneurship (CIPE) assessed Ukrainian companies in terms of transparency in the corporate governance system and corporate social responsibility. According to experts, the state-owned UKRGASBANK took first place by information transparency.

Business Magazine published the Leaders of SME Financing Rating, where UKRGASBANK was an absolute record holder in the number of awards:

- SME support — a leader in investment lending: for achievements in the SME lending for business development purposes;
- Leader of state support programmes: for active participation in state support programmes and financing of the sector;
- Best antivirus bank: for the best comprehensive solutions to support SMEs in the context of quarantine (repayment holiday, loan restructuring programmes, concessional financing, relief of fines and penalties, etc.);
- small farmers' choice: for leading positions in the lending and servicing of farms and small agricultural companies.

UKRGASBANK also received the main acknowledgement “Entrepreneurs’ Choice 2020” for its active work with SME clients.

Fitch Ratings confirmed UKRGASBANK’s long-term foreign and national currency rating at “B” with “stable” outlook. The rating corresponds to Fitch’s current sovereign credit rating assigned to Ukraine. The Bank’s national long-term rating is confirmed at the level of “AA (ukr)” with the stable outlook that reflects its stable creditworthiness.

UKRGASBANK is also among the TOP 50 best companies of the year according to the Vlast Deneg publication. Its special rating brought together leading Ukrainian companies that develop under the latest European business standards.

1. BANK IDENTITY

1.5. Strategy for 2021

The Bank operates in accordance with the Principles of Strategic Reform of the Public Banking Sector (strategic principles), Ukrgasbank Strategy for 2019–2021, and Ukrgasbank Main Areas of Activity for 2020–2023.

The strategic activities for 2021 envisage further development of the Bank as an investment attractive financial institution through the implementation of initiatives that will allow the Bank to reach a new level of competitiveness. Increasing the scale of business, increasing profitability and efficiency, is a key task for the Bank. At the same time, the Bank will focus on strengthening its flexibility, speed and client centricity by introducing new technology, including the Open Banking concept. This will create additional value for the Bank and facilitate its further privatisation.

Main areas of development:

1 Corporate Bank No. 1:

The Bank will use its advantage as a market leader in corporate customer service;

2 Investment banking:

The investment-banking model will be changed with the expansion of the list of services for the Bank's clients;

3 Digital Bank No. 1:

Introduction of the latest client-oriented digital tools that will allow the Bank to become a leader in the e-commerce market;

4 Retail and micro business:

The Bank's activities will be focused on consumer lending and issuing credit cards;

1. BANK IDENTITY

1.5. Strategy for 2021

5 Synergy of key business areas:

Activation of cross-sales of banking products and increase of return per client;

6 Development of sales network, optimisation of Head Office and Directorates personnel:

The Bank plans to improve the quality of service and expand the sales network as one of the main distribution channels to strengthen the customer base and optimise the Head Office and Directorates personnel;

7 Agile Approach:

Implementation of an agile system of process management and interaction of departments in order to increase efficiency;

8 Green Banking development:

The Bank plans to further develop the Green Banking after the stabilisation in the financial market and settlement of problem issues in the electricity market;

9 IFC investment in the Bank equity:

The Bank will take all the necessary measures to finalise the loan agreement with the International Finance Corporation, with the subsequent conversion of the loan into the Bank equity;

10 Acquiring of the Bank's shares by employees:

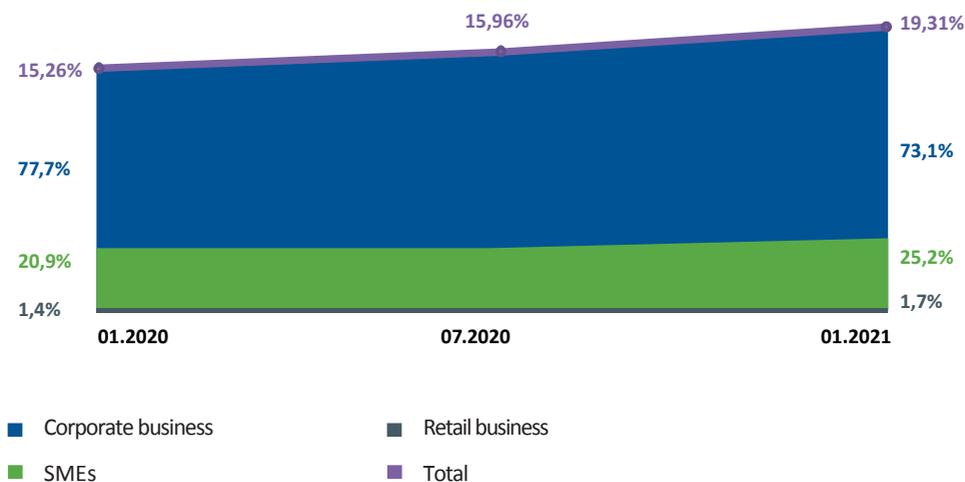
In order to increase the corporate culture and engagement of employees in the results of the Bank's activities, it is planned to implement the possibility of acquiring the Bank's shares by its employees.

1. BANK IDENTITY

1.6. ECO-banking Implementation in 2020

The Bank's priority is to finance sustainable development projects (in line with the UN Sustainable Development Goals), including, but not limited to, resource efficiency, adverse environmental impact mitigation, health protection and tackling the effects of pandemics such as COVID-19 (expansion of the Green Banking strategy to a more relevant strategy of Sustainable Banking).

UKRGASBANK remains a unique Ukrainian ECO-bank that introduces new current trends in the development of green financing and new ECO-products. As a result of the implementation of the Sustainable Banking Strategy, the Bank financed projects for the total amount of 19.31 billion in UAH equivalent as of 1 January 2021. The growth of the ECO-lending portfolio for 2020 amounted to 4 billion in UAH equivalent (+26.5%).



As of 1 January 2021, the share of clients in the ECO-lending portfolio is as follows:



corporate business — 73.1%, or 14.12 billion in UAH equivalent



SME — 25.2%, or 4.85 billion in UAH equivalent



retail business — 1.7%, or 0.34 billion in UAH equivalent

1. BANK IDENTITY

1.6. ECO-banking Implementation in 2020

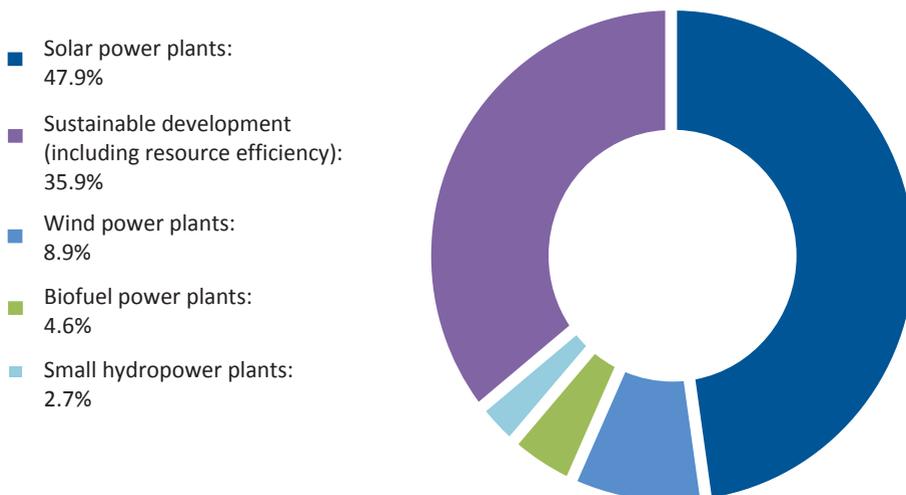
In 2020, the bank focused more on small and medium-sized business projects (a share increased by 4.3 percentage points in 2020) as a result of the launch of the state lending programme for SMEs “5–7–9” and its interest in financial ECO-leasing projects. The share of retail banking increased by 0.3 percentage points in 2020. The share of corporate business projects decreased by 4.6 percentage points in 2020, mainly due to a decrease in funding of renewable energy projects that receive income at the “green” tariff.

As per calculation, implementation of all ECO-projects financed by the Bank as of 31 December 2020 will reduce CO₂ emissions by **1,404,000 tonnes per year**. The planned saving of natural gas due to the implementation of these projects is **839 million m³ per year**.

Renewable energy projects account for the largest share in the ECO-portfolio — 64.1% (the share of RE projects decreased by 2.6 percentage points in 2020), namely as follows:

- solar power plants (including rooftop and private) — 47.9% of all ECO-projects;
- power plants on biofuel (biogas, biomass) — 4.6% of all ECO-projects;
- wind power plants — 8.9% of all ECO-projects;
- small hydropower plants — 2.7% of all ECO-projects.

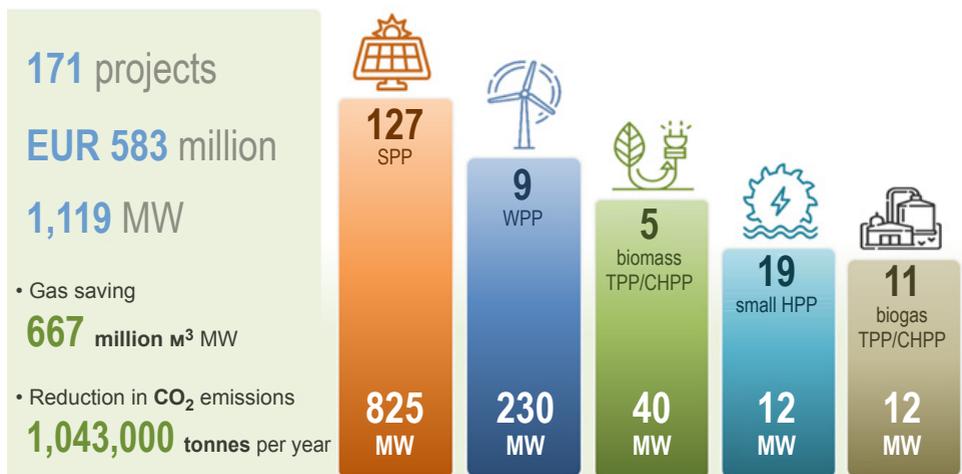
The share of sustainable development projects, including resource-efficient modernization, is 35.9%.



1. BANK IDENTITY

1.6. ECO-banking Implementation in 2020

As per calculation, implementation of all renewable energy ECO-projects financed by the Bank as of 31 December 2020 will reduce CO₂ emissions by 1,043,000 tonnes per year. The planned saving of natural gas due to the implementation of these projects is 667 million m³ per year.



As per calculation, implementation of all renewable energy eco-projects financed by the Bank as of 31 December 2020 will reduce CO₂ emissions by 1,043,000 tonnes per year. The planned saving of natural gas due to the implementation of these projects is 667 million m³ per year.

In 2020, the potential for financing RE facilities built to generate income at the green tariff has decreased significantly, but the need for financing measures aimed at fighting pandemic diseases and improving the quality of medicine has increased significantly. Thus, the key financing areas and concentration of business areas in the green loan portfolio of the Bank are gradually changing.

The bank has begun reducing the share of projects of grid-connected solar and wind power plants that receive income at the green tariff in Ukraine in the loan portfolio. At the same time, due to the significant increase in the cost of electricity for Ukrainian enterprises, Ukrainian entrepreneurs have begun showing interest in borrowing funds for constructing renewable energy projects for own consumption in order to minimise own expenses for electricity. The Bank is also considering the potential financing of the small cogeneration plants construction, existing TPP/CHPP modernization and energy conservation projects.

1. BANK IDENTITY

1.6. ECO-banking Implementation in 2020

In response to the COVID-19 pandemic, in 2020 UKRGASBANK was actively involved and planned to continue financing projects for active health protection of Ukrainians by financing projects for medical equipment, medical transport, medical supplies, comprehensive reconstruction of medical facilities, etc.

In addition, in 2020 UKRGASBANK continued to finance passive health protection of Ukrainians by lending to projects that reduce the adverse impact on the environment (emission reduction, waste management), as well as financing projects for ecological transport, production of environmentally friendly and safe food products.

In 2020, the Bank continued to actively implement the environmental management system internally. Due to the implementation of energy efficiency measures, in 2020 UKRGASBANK reduced water consumption by 28% and electricity consumption by 3% per employee of the Bank.

This saving was achieved due to the fact that part of the personnel in connection with the COVID-19 pandemic was transferred to remote work (only system units operate), and monitors and computer peripherals and office equipment of these employees did not consume energy. In addition, by reducing the number of employees working in the office premises and consequently the load at facilities of general use (corridors, kitchens, toilets, etc.), the Bank's premises, where motion sensors were installed, consumed less energy.

The water consumption at the Bank's premises was also reduced due to the fact that part of the personnel related to the COVID-19 pandemic was transferred to remote work. Additional water-saving factors were as follows: repair and modernization of components of the water supply and sewerage system; informing employees of the need for rational use of resources through newsletters.

1.7. Affiliated Persons

Entity that has a substantial share in JSB UKRGASBANK as of 1 January 2021:

The State of Ukraine, represented by the Ministry of Finance of Ukraine, substantial share of 94.9409%.

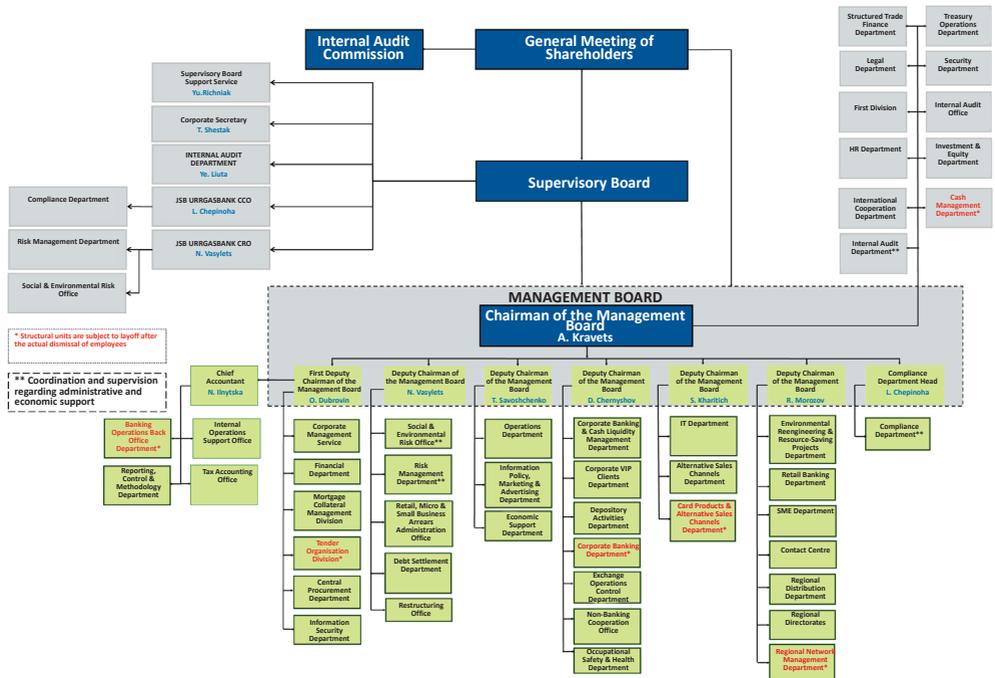
Entities in which JSB UKRGASBANK has a substantial share as of 1 January 2021:

CJSC Clearing House of Kyiv Universal Stock Exchange, substantial share of 15%.

1. BANK IDENTITY

1.8. Organisational Structure (as of 1 January 2021)

Organisational structure of the Head Office of JSB UKRGASBANK as of 1 January 2021 (approved by the decision of the Supervisory Board of JSB UKRGASBANK, Minutes No. 2 dated 7 March 2017, as amended):



UKRGASBANK personnel comprises highly qualified specialists united by a common goal, who are able to effectively use the accumulated knowledge and experience to achieve the general result.

In 2020, one of the Bank's top priorities was to take care of the physical and mental health of its employees in response to the challenges posed by the COVID-19 pandemic. The corporate insurance terms were revised, namely supplemented with COVID-19 insurance; remote work of the personnel was organised; and internal communications for providing information support to employees in difficult times were strengthened.

During 2020, UKRGASBANK management paid a lot of attention to the enhancement of environmental responsibility and awareness of its staff and supported the environmental initiatives of employees at the Bank level. Bank employees actively participated in online and off-line events on green financing and environmental protection.

1. BANK IDENTITY

1.9. Bank Team

The Bank is constantly improving its existing HR management tools. Thus, for the third year in a row, the employee motivation system has been working effectively. It aims at achieving the set goals and objectives, meeting the planned business indicators, as well as improving the objectivity of assessment of the Bank's structural units. This year UKRGASBANK has started introducing AGILE management approaches, as a result of which a number of successful projects were implemented by cross-functional teams of employees.



UKRGASBANK especially focuses on the development and internal career advancement of its employees. The priority is given to internal corporate reshuffle rather than external employment. The talent pool for management positions is being actively used and constantly supplemented with new ambitious and highly professional employees.

During 2020, the Bank management put significant efforts to improve the social standards of its employees, and, together with the UKRGASBANK trade union, continues implementing the employee support and incentive programmes.

The Bank is constantly improving its approaches to management and development of personnel, as well as guarantees high social standards, decent salary and occupational safety.

1. BANK IDENTITY

1.10. Ratings



1. BANK IDENTITY

1.11. Financial Indicators Overview at year-end 2020

Main performance indicators of JSB UKRGASBANK as at the year-end based on the financial statements of JSB UKRGASBANK as of the close of business on 31 December 2021

Indicators	2020 UAH thousand	2019 UAH thousand	Change %
Balance Sheet			
Assets, including:	142,702,732	119,137,243	19.78%
Cash and cash equivalents	35,287,994	46,412,441	23.97%
Loans to clients and financial lease	47,517,583	38,985,679	21.88
Investment recognised at fair value through other comprehensive income	30,410,368	18,801,478	61.74%
Liabilities, including:	134,153,901	110,882,759	20.99%
Client deposits	126,498,709	103,359,581	22.39%
Equity	8,548,831	8,254,484	43.41%
Share capital	13,837,000	13,837,000	

1. BANK IDENTITY

1.11. Financial Indicators Overview at year-end 2020

Indicators	2020 UAH thousand	2019 UAH thousand	Change %
Statement of Profit and Loss and Other Comprehensive Income			
Net interest (expenses)/ income after the change in the loan impairment provision	1,692,884	2,122,506	(20.24%)
Result on initial recognition/ derecognition of financial assets/liabilities	7,507	(2,501)	400.16%
Net fee and commission income	1,235,980	1,064,566	16.10%
Net profits on investment recognised at fair value through other comprehensive income	148,404	65,771	125.64%
Result from transactions with foreign currencies and derivative financial instruments	405,334	300,614	34.84%
Other income	320,366	711,029	(54.94%)
Non-interest expenses	(3,298,971)	(2,917,013)	(13.09%)
Net profits/losses	411,039	1,288,996	(68.11%)

1. BANK IDENTITY

1.11. Financial Indicators Overview at year-end 2020

Position of JSB UKRGASBANK in the banking market as of 1 January 2021¹

Indicators	Market share
Equity	4.05%
Assets	7.82%
Securities portfolio	7.13%
Loans and receivables of clients, including	5.71%
Corporate clients	6.47%
Retail clients	2.79%
Client deposits, including	9.18%
Corporate clients	13.92%
Retail clients	4.34%

¹ Calculated based on the main performance indicators of Ukrainian banks published on the website of the National Bank of Ukraine as of 1 January 2021

1. BANK IDENTITY

1.12. Bank Branch Network (as of 1 January 2021)



Kyiv — settlement (name)

11
(40) — number of branches (number of ATMs)

1. BANK IDENTITY

1.13. International Activity

Cooperation with international financial institutions and organisations, as well as participation in international programmes, is one of the important activities of UKRGASBANK. In 2020, the Bank continued to actively establish and develop relations with international institutions and financial organisations.



International Finance Corporation (IFC)

Preparations for the signing of the loan agreement with the possibility of further conversion into the Bank's equity began in 2017 with the conclusion of a tripartite memorandum with IFC and the Ministry of Finance of Ukraine, the main purpose of which was to support the preparation of the UKRGASBANK privatization. Since 2017, the Bank with the help of IFC has been preparing for privatization by improving corporate governance, commercialising operations and reducing government participation in decision-making.

One of the key directions in which the cooperation began was a three-year project to draw up an ECO-bank. The advisory work that IFC has provided since 2016 as part of the ECO-bank construction project helped UKRGASBANK become the first climate finance bank in Ukraine. In October 2020, the bank signed with IFC a cooperation agreement aimed at further developing sustainable energy and other sustainable development projects, as well as supporting enterprises under the conditions of deteriorating economic activity in Ukraine caused by the COVID-19 pandemic.

In 2017, the Bank joined the Global Trade Finance Programme (GTFP) as an issuing bank, and in November 2020 as a confirming bank. GTFP provides the Bank with access to 1,300 banks from more than 100 countries and significantly facilitates the entry of Ukrainian companies into international markets. In 2020, the programme's transaction limit reached USD 70 million.

The Energodim project, started in 2019, is also currently under way, in which UKRGASBANK is a partner of IFC and the Energy Efficiency Fund. The project is aimed at implementing energy efficiency measures for apartment blocks joint owners associations.



Nordic Environment Finance Corporation (NEFCO)

In 2019, the Bank has been cooperating with the Northern Environment Finance Corporation (NEFCO) under a loan agreement. The purpose of the agreement is to support renewable energy and energy efficiency projects in Ukraine. According to the agreement terms, the programme is designed for 7 years and provides funding for SME projects up to EUR 10 million.

1. BANK IDENTITY

1.13. International Activity



European Bank for Reconstruction and Development

In 2019, the Bank cooperated with the European Bank for Reconstruction and Development (EBRD) by joining the Trade Facilitation Programme (TFP) as an issuing bank and a confirming bank. The programme aims at financing export-oriented companies, support the country's economic development and creating new jobs. Due to the programme, Ukrainian companies have gained expanded access to trading financial instruments and a range of relevant products. The programme will facilitate the Bank's better integration into the regional and global economy through the development of strong trade communications and relationships between companies and banks in the EBRD's region of operations and beyond. In 2020, the line of trade funding was increased to USD 170 million.



Black Sea Trade and Development Bank

In October 2020, the Bank signed a EUR 30 million loan agreement with its new international partner, the Black Sea Trade and Development Bank. The purpose of the agreement is to finance energy efficiency, renewable energy, as well as to assist Ukrainian SMEs in recovering from the crisis caused by the COVID-19 pandemic.



European Investment Bank (EIB)

In 2017, UKRGASBANK joined the shared Project of Ukraine and the EIB "Core Loan for SMEs and Middle-Caps". The Project is aimed at developing SMEs through the expansion of their access to long-term loan resources for financing production needs and business development projects.

The Bank also continued its cooperation with the EIB under the Guarantee-Based Mechanism, the agreement on which was signed in autumn 2017. The Guarantee-Based Mechanism is aimed at supporting lending to Ukrainian SMEs. Its application expands SMEs' access to loans by relaxing the collateral requirements.

1. BANK IDENTITY

1.13. International Activity

Founding Signatory of:



United Nations Environment Programme Finance Initiative

In October 2019, the Bank was the first Ukrainian bank to join the Principles for Responsible Banking and became a member of the United Nations Environment Programme Finance Initiative (UNEP FI). The Principles of Responsible Banking define the role and responsibility of the banking sector in the formation of the sustainable future and compliance of the banking sector with the UN Sustainable Development Goals and the 2015 Paris Climate Agreement. Adherence to the Principles and their application in the Bank's activities complies with the Bank's strategic goals to become the leading "ECO-bank" in Ukraine. The United Nations Environment Programme is an international partnership between the United Nations and the financial sector with the purpose of supporting sustainable development in the financial sector.



United Nations Industrial Development Organisation

In June 2020, UKRGASBANK and the United Nations Industrial Development Organisation (UNIDO) signed an agreement establishing the USD 1.5 million loan guarantee fund. The fund will assist industrial enterprises in obtaining access to capital for the implementation of energy management systems, as well as other energy efficiency measures. The UNIDO partnership is particularly important for the Ukrainian industry in the context of its recovery from the effects of COVID-19. As a result, Ukrainian companies will receive additional support, which can be aimed at optimising assets, improving energy efficiency and restoring business competitiveness.



SME Finance Forum

Since 2018, the Bank has been a member of the SME Finance Forum, which brings together financial institutions, technology companies and financial development organisations from all over the world in order to promote innovation and ensure the growth of SMEs. Participation in the Forum provides the Bank with new opportunities for SME lending, including access to lending resources and global practices in SME financing.

1. BANK IDENTITY

1.13. International Activity



Carbon Pricing Leadership Coalition (CPLC)

Since 2018, UKRGASBANK has been a member of the Carbon Pricing Leadership Coalition (CPLC). Due to the membership in the coalition, the Bank has the opportunity to promote the development of green financing, as the pricing system for greenhouse gas emissions is aimed at stimulating green investment in the private sector and is able to ensure the necessary development pace of renewable energy sources and energy efficiency in Ukraine.



Private Financing Advisory Network

UKRGASBANK is a partner of the Private Financing Advisory Network (PFAN), a global network that provides free expert support to green energy projects, in particular, provides assistance in preparing documentation for attracting funding to projects. The partnership with PFAN is an opportunity to overcome investment barriers between global investors and Ukrainian entrepreneurs and attract investment in promising green projects.



Government of the Republic of Belarus

Since 2014, UKRGASBANK has been successfully cooperating with the Government of the Republic of Belarus under the Preferential Lending Programme for the purchase of Belarusian goods. In 2020, the Bank also joined the Preferential Lending Programme for the leasing of Belarusian equipment. This programme provides for the most convenient and loyal financing terms, flexible schedules of lease payments, reliable insurance of leased property and compensation from the Republic of Belarus. It is also the most appealing and profitable for utility enterprises.



2. CORPORATE GOVERNANCE

The corporate governance of UKRGASBANK is organised in accordance with the Ukrainian laws taking into account the Recommendations on the practice of application of corporate governance laws approved by Decision of the National Securities and Stock Market Commission No. 118 dated 12 March 2020, and the Methodological Recommendations for Corporate Governance Organisation of Ukrainian Banks approved by Decision of the Board of the National Bank of Ukraine No. 814-rsh dated 3 December 2018.

The Decision of the General Meeting of Shareholders dated 25 April 2017 (Minutes No. 1) approved the Corporate Governance Code of PUBLIC JOINT-STOCK COMPANY JOINT-STOCK BANK UKRGASBANK, which defines the basic principles of corporate governance of JSB UKRGASBANK, the structure of corporate governance, loyalty and responsibility of the Bank's officers, the internal control system, disclosure and transparency in the Bank's activities, environmental responsibility, etc.

According to the above Code, the Bank's corporate governance is based on the following principles:

- Ensuring the protection of the rights and legitimate interests of shareholders and equal treatment of all shareholders, regardless of the number of shares they hold and other factors;
- Rational and clear division of powers between the Supervisory Board and the Management Board, as well as implementation of an appropriate accountability and control system, creation of the necessary conditions for timely information exchange and effective interaction between them;
- Respect for rights and consideration of the lawful interests of stakeholders (employees, creditors, state authorities and local self-government bodies, etc.) and active cooperation with the same to build prosperity, create jobs and ensure financial stability of the Bank;
- Determination of the goals and main areas of the Bank's activities by the General Meeting;
- Carrying out of strategic management of the Bank's activities and provision of effective control over the activities of the Management Board by the Supervisory Board;
- Carrying out of well-balanced, diligent and effective management of current activities by the Board;
- Timely disclosure of complete and reliable information about the Bank, including its financial condition, economic indicators, significant events, ownership and management structure in order to ensure the ability to make informed decisions by information users;
- Effective control over financial and economic activities of the Bank in order to protect the rights and lawful interests of the Bank's shareholders and clients.

These principles underlie the corporate governance policies, which are binding upon all the Bank's structural units.

2. CORPORATE GOVERNANCE

At the current stage of its development, the Bank is characterised by a number of specific features that determine its approaches to building the Bank corporate governance system and impose additional requirements and restrictions on the Bank's activities.

The State represented by the Ministry of Finance of Ukraine holds significant (94.9409%) interest in the Bank's share capital. This ownership structure of the Bank necessitates the observance of the interests of the State as a shareholder and balancing of interests of owners (including the State). Under such conditions, the organisation of corporate governance of the Bank envisages the creation of a transparent and effective model of corporate governance that would ensure the balance of interests of all participants of corporate relations and active cooperation with stakeholders (employees, clients, the State, the public, etc.).

The Bank management system is created and operates on the principle of subordination of a lower management body to a higher one.

The General Meeting of Shareholders is the Bank's supreme management body that controls all Bank's activities, as well as defines its goals and main areas of activity.

The Supervisory Board is the body that protects the rights of depositors, other creditors and shareholders of the Bank and, within its competence, controls and regulates the activities of the Management Board, but is not involved in the daily management of the Bank.

The Management Board is the executive body of the Bank that controls the Bank's daily operations.

During 2020, the Bank continued to work closely with the International Finance Corporation in order to improve its corporate governance, harmonise it with the international corporate governance practices and improve the Bank's investment attractiveness. The Bank will continue to take measures to create effective legal, regulatory and institutional framework for proper corporate governance.



2. CORPORATE GOVERNANCE

Remuneration of Managers of JSB UKRGASBANK

In accordance with the Articles of Association of JSB UKRGASBANK and the Regulations on Remuneration of Members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT-STOCK BANK UKRGASBANK approved by the decision of the General Meeting of Shareholders of JSB UKRGASBANK dated 19 April 2019 (Minutes No. 1), the remuneration payment procedure for the members of the Supervisory Board is determined by civil law contracts signed with each member of the Supervisory Board. This civil law contract may be either fee-based or free of charge. The Chairperson and members of the Supervisory Board of UKRGASBANK who are public officers or persons authorised to perform functions of the State discharge their duties under UKRGASBANK Articles of Association, Regulations on the Supervisory Board and related civil law contracts without remuneration (with the possibility of compensation of documented expenses related to activities of members of the Supervisory Board of UKRGASBANK in accordance with the procedure established by the valid civil law contracts). Members of the Supervisory Board of UKRGASBANK who are not public officers or persons authorised to perform functions of the State, but are independent members or representatives of a shareholder, discharge their duties under UKRGASBANK Articles of Association, Regulations on the Supervisory Board and related civil law contracts with remuneration (with the possibility of compensation of documented expenses related to their activities as members of the Supervisory Board of UKRGASBANK in accordance with the procedure established by the valid civil law contracts). The amount of remuneration is established by decision of the General Meeting of Shareholders of UKRGASBANK and consists of the basic amount and additional remuneration for the discharge of duties of the Chairperson of the Supervisory Board by a member of the Supervisory Board (20% of the basic remuneration) and for his participation in the work of a Supervisory Board committee (10% of the basic remuneration (irrespective of the number of committees)).



2. CORPORATE GOVERNANCE

The procedure for remuneration and financial incentives for the Chairperson and members of the Management Board is determined by the Law of Ukraine “On Joint-Stock Companies”, other legislative acts, the Articles of Association of JSB UKRGASBANK, Regulations on the Management Board, Regulations on Remuneration of the Chairperson and Members of the Management Board, as well as by civil law and employment contracts (agreements) signed with the Chairperson and each member of the Management Board.

The amount of remuneration of the Chairperson and members of the Management Board, including incentive and compensation payments, as well as performance evaluation criteria, on the basis of which the variable component of remuneration is calculated, is established by a separate decision of the Supervisory Board of JSB UKRGASBANK. The amount of remuneration of the Chairperson and members of the Management Board, including incentive and compensation payments, is established by a separate decision of the Supervisory Board of JSB UKRGASBANK. Remuneration of the Chief Accountant and his deputies is paid under the Collective Contract and Regulations on Remuneration and Financial Incentives for the Employees of PUBLIC JOINT-STOCK COMPANY JOINT-STOCK BANK UKRGASBANK.

2.1. Major Shareholders (as of 1 January 2021)

As of 1 January 2021, the Bank’s share capital amounted to UAH 13,837,000,000 and was divided into 13,836,522,922 registered ordinary shares and 477,078 registered preferred shares.

The largest beneficiary owner is the State of Ukraine represented by the Ministry of Finance of Ukraine, which holds 94.940948% of the Bank’s share capital. No other shareholder holds more than 1.0% of the Bank’s share capital.

Members of the Supervisory Board of the Bank do not own any shares in the Bank.

Members of the Management Board own 0.000244% of the Bank’s share capital.

2.2. Share Capital Variation

No.	Registration date of amendments to the Articles of Association	Share capital amount, UAH
1	December 2002	64,567,571
2	December 2003	90,000,000
3	August 2004	120,000,000
4	June 2005	170,000,000

2. CORPORATE GOVERNANCE

2.2. Share Capital Variation

No.	Registration date of amendments to the Articles of Association	Share capital amount, UAH
5	May 2006	200,000,000
6	December 2006	300,000,000
7	May 2007	400,000,000
8	November 2007	500,000,000
9	May 2008	600,000,000
10	December 2008	700,000,000
11	July 2009	3,800,000,000
12	January 2010	5,700,000,000
13	July 2011	10,000,000,000
14	May 2015	13,204,000,000
15	August 2015	13,837,000,000

2.3. Dividend Policies

The General Meeting of Shareholders of the Bank takes a decision on payment of dividends on ordinary shares based on the Bank's financial performance in the reporting period.

Dividends are distributed among shareholders in proportion to the number of shares they own. Dividends are paid in accordance with the decision of the General Meeting of Shareholders on the terms set forth in the relevant minutes of the General Meeting of Shareholders of the Bank once a year based on the respective calendar year performance from the net profit for the reporting year and/or undistributed profit.

Dividends on ordinary shares are paid within six months after the date of the relevant decision on dividends payment of the General Meeting of Shareholders of the Bank.

2. CORPORATE GOVERNANCE

2.3. Dividend Policies

Dividends on preferred shares are paid within six months from the end of the reporting year, subject to absence of restrictions established by the banking laws and taking into account individual decisions of the Supervisory Board.

The procedure for annual payment of dividends to shareholders based on performance for the year is determined by the Regulations on Shares and Dividend Policies of the Bank approved by the General Meeting of Shareholders of the Bank in accordance with the effective laws of Ukraine.

The Bank pays dividends exclusively in cash.

Dividends are paid on shares for which the placement result report has been registered in accordance with the procedure established by law.

Dividends are paid to shareholders of the same type and class in proportion to the number of securities they own, and the dividend payment terms (in particular, due date, method and amount) shall be the same for all shareholders of the same type and class.

Within 10 days from the date of decision to pay dividends on ordinary shares, the Bank shall notify the stock exchange(s) where the Bank's shares are listed of the date, amount, procedure and due date of payment of dividends on ordinary shares.

The Bank pays dividends through the depository system of Ukraine.

Dividends are paid in accordance with the procedure established by law, Articles of Association and Regulations on Shares and Dividend Policies of the Bank.

According to the procedure established by the Supervisory Board, the Bank shall notify the persons entitled to receive dividends of the date, amount, procedure and due date of payment.

In case of alienation of shares owned by a shareholder after the date of compilation of the list of persons entitled to receive dividends, but before the dividends payment date, the person specified in the list is still entitled to receive dividends.

When deciding on payment and effecting payment of dividends, the Bank is governed by the laws, in particular, the Laws of Ukraine "On Banks and Banking" and "On Joint-Stock Companies".

Based on the Bank's performance in 2020, the General Meeting of Shareholders of JSB UKRGASBANK did not take any decision to pay dividends.

During 2020, no dividends were paid.



3. INTERNAL CONTROL SYSTEM

The main objectives of the internal control system are as follows:

- Achievement of the Bank's goals, including fulfilment of the target indicators of its activities, ensuring the efficiency and productivity of the Bank's operations, and preservation of its assets;
- Ensuring the effectiveness of corporate governance in the Bank through the operation of a comprehensive, effective and adequate risk management system;
- Ensuring the completeness, timeliness and reliability of the preparation and submission of financial, statistical, management and other reports;
- Compliance of the Bank's activities with the laws of Ukraine, regulations of the National Bank of Ukraine, standards of professional associations, which apply to the Bank, and internal documents of the Bank.

Standards and requirements for the functioning of the Bank's Internal Control System are determined by the Internal Control System Organisation Policies of JSB UKRGASBANK approved by the Supervisory Board of the Bank.

The Internal Control System ensures the achievement of operational, informational and compliance goals of the Bank's activities, which are defined in the strategies, policies, business plan, other internal documents or individual decisions of the collegial bodies of the Bank.

The Internal Control System is based on the setting of clear internal control system goals, formation of an organisational structure and clear distribution of powers, functions and functional responsibilities defined by the Bank internal documents between the Bank's collegial bodies, structural subdivisions and employees.

The distribution of functions between structural subdivisions is based on the application of the Three Lines of Defence Model, namely as follows:

1

First line — at the level of business units and support units of the Bank; These units initiate, carry out or reflect operations, take risks in the course of their activities, bear responsibility for the day-to-day management of these risks, and take control measures;

2

Second line — at the level of risk management units defined by the Risk Management Strategy of JSB UKRGASBANK and the Compliance Department. These units provide assurance to the Bank management that the first line of defence measures implemented to control and manage risks have been developed and function properly;

3

Third line — at the level of the internal audit department, which carries out an independent assessment of the effectiveness of the first and second lines of defence and an overall assessment of the effectiveness of the internal control system, taking into account the requirements established by Regulation No. 311.

3. INTERNAL CONTROL SYSTEM

The subjects of the internal control system in the Bank include as follows:

- Supervisory Board of the Bank;
- Management Board of the Bank;
- Collegiate bodies of the Bank, including collegial bodies of the Supervisory Board and the Management Board of the Bank;
- Business units, support units;
- Risk management units defined by the Risk Management Strategy of JSB UKRGASBANK and the Compliance Department;
- Internal Audit Department;
- Managers and employees of the Bank who exercise internal control in accordance with the powers specified in the internal documents of the Bank.



The main areas of internal control are as follows:

- Control over the achievement of the Bank's goals, including the goals defined in the ABP and individual decisions of the General Meeting of Shareholders, the Supervisory Board, the Management Board, the Chairperson of the Management Board and other collegial bodies of the Bank;
- Control over ensuring the efficiency of the Bank's financial and economic activities when conducting banking and other operations;
- Control over the effectiveness of asset and liability management;
- Control over the preservation of the Bank's assets;
- Control over the effectiveness of the risk management system;
- Control over the compliance with the requirements of the laws of Ukraine, regulations of the National Bank, internal bank documents, and standards of professional associations, which apply to the Bank;
- Control over the accuracy, completeness, objectivity and timeliness of accounting, preparation and publication of financial and other statements for external and internal users;
- Management of information flows, including the receipt and transmission of information, ensuring the functioning of the information security management system.

4. BUSINESS DEVELOPMENT

In 2020, UKRGASBANK, despite the difficult economic situation in Ukraine, significantly strengthened its position in the banking market of Ukraine by such indicators as customer growth, variation of liability portfolios, share of ECO-loans in the bank portfolio, variation of documentary business, foreign exchange transactions, and commission income.

During the year, 336 new corporate clients were attracted to get service at the bank, including 211 active clients, as well as cooperation with existing clients of the Bank was expanded. Clients with private form of ownership who were national leaders in key sectors of the economy were identified as targets for attraction. An additional advantage of implementing this approach is diversification of the client base of corporate business towards clients of the private (non-governmental) sector.

In 2020, JSB UKRGASBANK provided its services to the following clients:

- Companies of oil and gas, transport, and energy industry;
- Defence enterprises;
- Budget and educational institutions;
- Transport and logistics companies;
- Agricultural companies;
- Companies of construction industry and construction materials production;
- Non-bank financial institutions;
- Manufacturers of food and beverages;
- Manufacturers and distributors of medicinal products;
- Manufacturers of machinery and equipment;
- Distributors and retailers of all types of consumer goods, etc.



Currently, the banking market of Ukraine has a clearly defined product structure, which is determined by the level of economic development as a whole, so maintaining and improving the Bank's position has become possible due to the development of innovative characteristics of key banking products. Under such conditions, the Bank constantly modernizes its product range targeted at selling effective products and services to clients, developing mutually beneficial business relations and improving the quality of banking services. Acknowledgement of success and effectiveness of the Bank's efforts is the recognition of it in 2020 rating "Leaders of the Banking Market" of the Business Magazine as the winner in The Most Professional Bank nomination, and The Best Ecobank nomination for financing energy efficiency and renewable energy projects, etc.

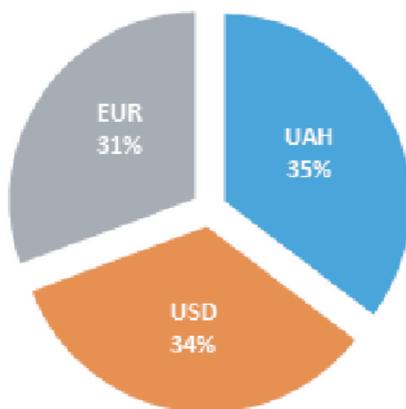
4. BUSINESS DEVELOPMENT

4.1.1. Asset-related transactions

The main lending objective in 2020 was to maintain the quality and diversity of the Bank's loan portfolio against the backdrop of complicated economic challenges caused by the pandemic, difficult logistics, and mass introduction of remote work by legal entities. In lending, the Bank continued to implement a prudent policy, where asset-related transactions were accompanied by measures aimed at minimising the Bank's credit risks, maintaining the target profitability of operations and extending comprehensive services.

As a result, the volume of loans to corporate clients at year-end 2020 increased by 2.2 billion in UAH equivalent (excluding exchange rate differences) and amounted to 40.6 billion in UAH equivalent as of 1 January 2021, which allowed the Bank to improve its position and ranked 3rd among the banking institutions of Ukraine by the loan portfolio of legal entities including reserves (4th place as of 1 January 2020). At year-end 2020, loans in the national currency accounted for the largest share of corporate loan portfolio — 35%, loans in USD and EUR accounted for 34% and 31%, respectively.

**Chart 1. Corporate Loan Portfolio
Breakdown by Currency, %**

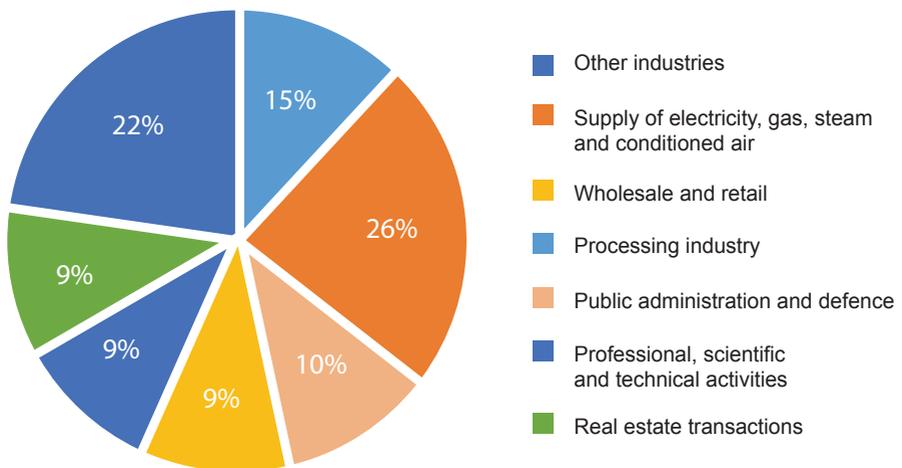


4. BUSINESS DEVELOPMENT

4.1.1. Asset-related transactions

The corporate loan portfolio by economic sector is as follows: supply of electricity, gas, steam and conditioned air 26%; processing industry 15%; public administration and defence 10%; wholesale and retail trade 9%; professional, scientific and technical activities 9%; and real estate transactions 9%.

**Chart 2. Corporate Loan Portfolio
Breakdown by Industry, %**



When lending to corporate clients, the Bank structures the loan agreement and establishes additional lending terms that allow the Bank to control credit risk of the borrower and entitle the Bank to revise lending terms, including early repayment of the loan in the event of reasonable grounds or adverse market trends.

Lending was provided mainly in the form of loans, revolving and non-revolving credit lines, in particular, with the execution of the master loan agreement for a period of up to 5 years that provides access to all loan products of the Bank within a single limit of asset-related transactions secured by collateral.

4. BUSINESS DEVELOPMENT

4.1.1. Asset-related transactions

At the same time, reasonable credit funds repayment schedules are established, and credit line limits are reduced according to the forecast efficiency of economic activity of the borrower. Loans are repaid and interest is paid, usually on a monthly basis. Repayment is made both in equal parts and taking into account the seasonal/cyclical nature of the borrower's activity. One-time repayment is allowed for loans secured by property rights to cash placed in accounts with the Bank. In addition, some banking products allow for a grace period for the principal debt repayment (3 to 15 months), during which only interest is payable for the use of credit funds within the time limits of installation and commissioning works under the project.

During 2020, the Bank was selling its loan products to corporate clients aimed at:

- Lending for working capital financing;
- Lending to municipalities;
- Provision of loans within target banking products for purchase of agricultural machinery, vehicles, equipment and tools, including under the international programme with the Republic of Belarus;
- Provision of loans secured by property rights under a bank deposit contract (deposit);
- Provision of guarantees and letters of credit.



Besides, in 2020, UKRGASBANK continued its cooperation with the European Investment Bank under the previous agreements extended to the end of 2020:

- Sub-Financing Agreement with the Ministry of Finance of Ukraine, JSC Ukreximbank under the European Investment Bank's Principal Loan for SMEs and Mid-Caps Project for the amount of EUR 50 million;
- Agreement with the European Investment Bank and the European Investment Fund on the introduction of the guarantee-based mechanism to cover part of the credit risk in lending to Ukrainian SMEs for the amount of EUR 50 million.

4. BUSINESS DEVELOPMENT

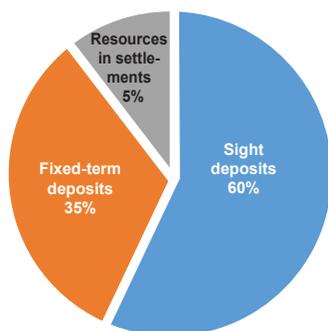
4.1.2. Liability-related transactions

During 2020, the activity of UKRGASBANK in the area of resource operations was primarily focused on the formation of a stable diversified liability base of fixed-term and sight deposits and improvement of the granulation of liabilities.

The balanced interest rate policy, flexible terms of investment of funds and active attraction of new clients have made UKRGASBANK the fund-raising market leader and the 1st in the rating among banking institutions of Ukraine.

As of 1 January 2021, the funds of corporate clients amounted to 85.1 billion in UAH equivalent, including 29.7 billion in UAH equivalent of fixed-term deposits; 51.0 billion in UAH equivalent of balances of sight deposits; and 4.4 billion in UAH equivalent of resources in settlements.

Chart 3. Corporate Client Funds Portfolio, %



Due to the dominating share of the State in the Bank's share capital, the level of trust of companies and organisations in the Bank remained high enough throughout the year, which, in combination with the client-centred approaches, allowed the Bank to develop the loyal client base and improve the liability base.

During the year, UKRGASBANK actively cooperated with budget institutions, state-owned, utility, agricultural companies, non-bank financial institutions and insurance companies.

Within the framework of cooperation with budget institutions and educational establishments in 2020, UKRGASBANK raised funds of local budgets and educational establishments to deposit and current accounts for the amount of over 4 billion in UAH equivalent.

4.1.3. Individual banking

During 2020, UKRGASBANK successfully continued to actively develop one of the most priority areas of its activity — VIP banking.

VIP banking in UKRGASBANK combines the individual strategy and personal manager in the field of professional financial management. These mainly include promptness, benefit and confidentiality, quality and comfort, effective time management, and high-quality operational service in the provision of a package of banking services.

4. BUSINESS DEVELOPMENT

4.1.3. Individual banking

The Bank financial manager helps the client to organise his business more effectively by providing personal consultations. Highlighting the individual approach and exclusivity of services, UKRGASBANK offers a convenient and mutually beneficial model of cooperation with VIP clients and ensures conditions of the highest convenience and comfort for the Bank's financial partners.

In July 2020, the Cabinet of Ministers of Ukraine authorised JSB UKRGASBANK to service electricity market participants' current accounts with a special application regime. The relevant amendments to Resolution No. 140 dated 27 February 2019 were approved at the Government Session dated 8 July 2020.

The Resolution was aimed at improving the competitive environment in the field of banking services for electricity market participants, which would provide electricity market participants with the opportunity to choose the best banking service conditions.

UKRGASBANK is an authorised bank of the electricity market in the banking market of quality and professional services for electricity market participants and ensures their stable work. The division supporting transactions of electricity market participants has been created and operates on the basis of the VIP Corporate Clients Department. VIP banking service will help the Bank to respond promptly to any banking service-related issue of electricity market participants, ensure flexible tariff policy, settlement and cash services in real-time and the best level of service.



4.1.4. Implementation of ECO-projects

In 2020, the Bank continued implementing the ECO-banking strategy with the advisory support of the International Finance Corporation for projects related to environmental protection, reduction of polluting emissions, use of renewable energy sources and energy-efficient measures. However, the difficulties encountered in the functioning of the electricity market slowed down the growth rate of the Bank's ECO-loan portfolio.

At year-end 2020 (as of 1 January 2021), the volume of corporate ECO-lending portfolio was 14.1 billion in UAH equivalent, or 35% of the total corporate loan portfolio of the Bank.

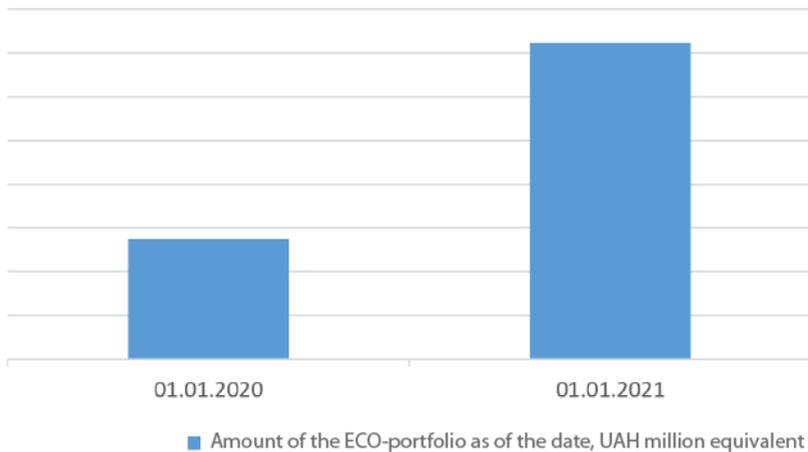
4. BUSINESS DEVELOPMENT

4.1.4. Implementation of ECO-projects

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At year-end 2020 (as of 1 January 2021), the volume of corporate ECO-lending portfolio was 14.1 billion in UAH equivalent, or 35% of the total corporate loan portfolio of the Bank.

Chart 4. Corporate ECO-Lending Portfolio



4.2. SMEs

In 2020, the Bank continued developing SME area as one of its priorities. The Bank's activities in the SME segment focused on increasing the client base, expanding the list of services and enhancing the quality of customer service, increasing the portfolio of ECO-loans, improving SME customer service, supporting existing businesses affected by COVID-19 and providing funds to start-ups in the framework of the state business development programme.

4. BUSINESS DEVELOPMENT

4.2. SMEs

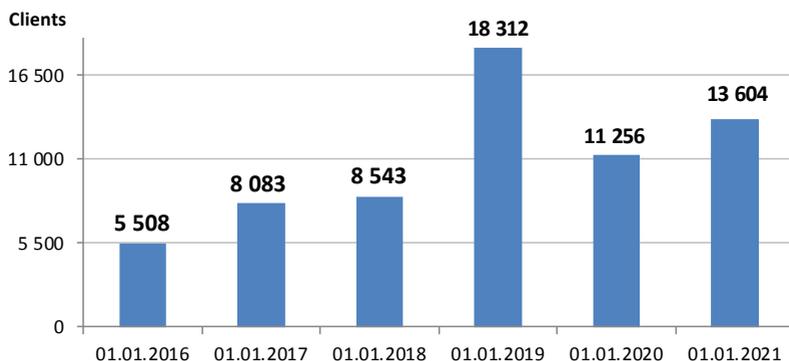
In 2020, UKRGASBANK updated the loan product range for SME clients, which takes into account their needs, types of activity and market conditions, as well as ensures an acceptable level of lending risks. The new state financial support programme for micro and small businesses “Affordable Loans 5–7–9%”, implemented with the support of the Entrepreneurship Development Fund, has become a priority programme for SME business development.

The Entrepreneurship Development Fund provides loans to micro, small and medium-sized enterprises in the framework of the FinancEast Programme. The programme was implemented in the framework of the agreement between the Government of Ukraine and the European Union “EU Support to the East of Ukraine”. Lending was provided for the purchase of vehicles, agricultural machinery and equipment. These conditions were used by borrowers engaged in economic activities in the Donetsk and Luhansk regions in order to purchase or upgrade fixed assets.

As of 1 January 2021, the number of SME clients amounted to 71,510 and increased by 13.7% (8.6 thousand) compared to 2019.

During 2020, the number of new SME clients increased by 20.4% (2,300 clients) — from 11,300 to 13,600.

Number of new SME clients



4.2.1. SME Asset-related Transactions. Top-Priority SME Support Programmes.

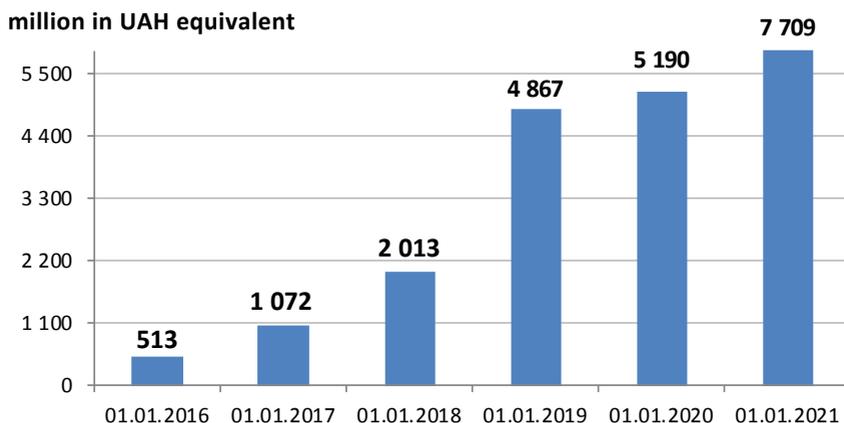
In 2020, the Bank continued to actively attract SME clients for lending. The SME loan portfolio grew in 2020 from 5,190 million in UAH equivalent to 7,709 million in UAH equivalent, or by 48.5% (2,519 million in UAH equivalent).

4. BUSINESS DEVELOPMENT

4.2.1. SME Asset-related Transactions. Top-Priority SME Support Programmes

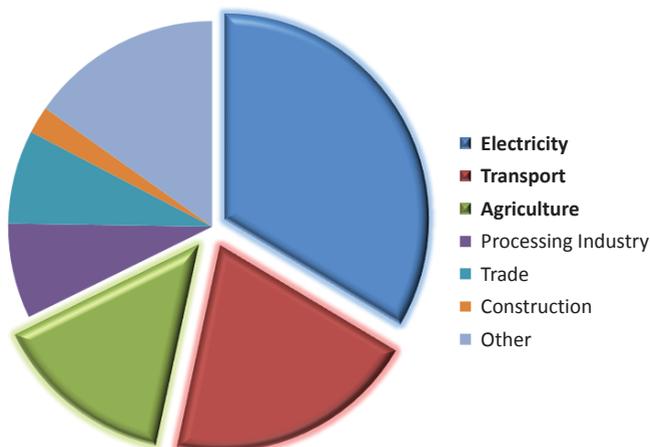
To ensure better client servicing, the Bank improved the existing lending processes and implemented the new ones, which reduced the loan application processing time and simplified the package of documents.

SME Loan Portfolio



As of 1 January 2021, clients employed in the electricity sectors accounted for the largest share (33.5%) in the structure of the SME loan portfolio, followed by transport (19.9%) and agriculture (14.4%).

Loan Portfolio as of 1 January 2020 — Breakdown by Industry, %



4. BUSINESS DEVELOPMENT

4.2.1. SME Asset-related Transactions. Top-Priority SME Support Programmes

In 2020, the Bank expanded the range of loan products for SME clients taking into account their needs, market conditions and impact of COVID-19 on business activities while providing an acceptable level of credit risk. The Bank introduced new loan products with the support of the Entrepreneurship Development Fund:

1

Introduction of the banking product “Affordable Loans 5–7–9%” (23 January 2020) to finance investment goals related to small and micro businesses’ business activities.

This product is implemented in the framework of the Procedure for Providing Financial State Support to Micro and Small Businesses approved by Resolution of the Cabinet of Ministers of Ukraine No. 28 dated 24 January 2020. The product provides loans to small and micro businesses with a rate of 5% to 9% depending on the proceeds from the economic activity of the Borrower or group of connected counterparties and the number of new jobs created by compensating the difference between the basic interest rate and the compensated interest rate of the Entrepreneurship Development Fund. Loans are provided for up to 60 months.

2

Introduction of lending to micro, small and medium-sized businesses as part of the FinancEast Programme implemented in the framework of the agreement between the Government of Ukraine and the European Union “EU Support to the East of Ukraine”.

Lending was provided for the purchase of vehicles, agricultural machinery and equipment. These conditions may be used by borrowers engaged in economic activities in the Donetsk and Luhansk regions in order to purchase or upgrade fixed assets for up to 60 months. The Entrepreneurship Development Fund provides compensation to Borrowers in the amount of 50% of the project cost under the FinancEast Programme.



The Bank continues to occupy leading positions in the sale of specialised products for SME clients under programmes supported by the Entrepreneurship Development Fund, which is the successor of the German-Ukrainian Fund, — to finance working capital and investment costs, and the Republic of Belarus — to finance investment costs for purchasing vehicles, agricultural machinery, equipment and tools. The loan portfolio under the lending programme “Affordable Loans 5–7–9%” amounted to UAH 741 million as of 1 January 2021.

4. BUSINESS DEVELOPMENT

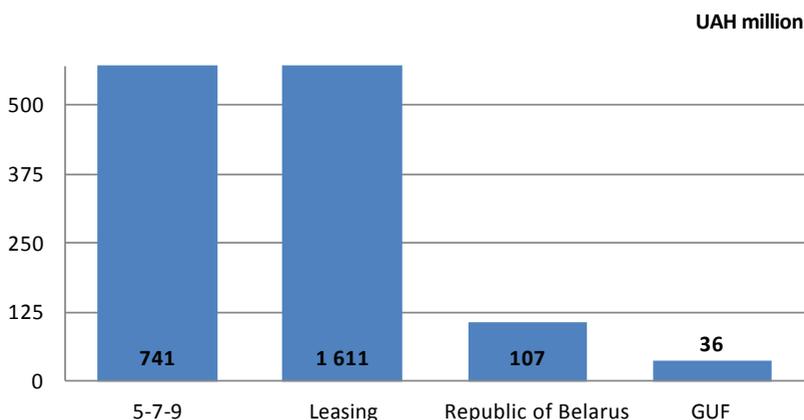
4.2.1. SME Asset-related Transactions. Top-Priority SME Support Programmes

The Bank actively increased the volume of financial leasing operations. The portfolio of financial leasing operations for SME clients amounted to UAH 1,611 million as of 1 January 2021.

Under the lending programmes in the framework of cooperation of the Bank with the German-Ukrainian Fund (GUF), as of 1 January 2021, the loan portfolio amounted to 36 million in UAH equivalent.

In 2020, loans for the total amount of UAH 107 million were provided under the client lending programme for purchase of new equipment, agricultural machinery and vehicles produced in the Republic of Belarus, for which the Government of the Republic of Belarus provided partial compensation of interest.

Priority Programmes as of 1 January 2021



4.2.2. Transactions Related to Resources. Clearing and Settlement

During 2020, the Bank maintained the upward trend of attracting clients for clearing and settlement services and receiving temporarily free funds from them, which was achieved through the unification of the product range and tariff plans, as well as the introduction of automation projects of operational processes with the purpose of more efficient client service. The Bank continued to improve services, develop and automate processes in order to meet clients' needs, in particular, through the implementation of the following measures during 2020:

- Implementation of a new ECOBUM client bank payment processing service by means of a distance system 24/7. The ECOBUM service allowed entrepreneurs to manage their funds in real time.

4. BUSINESS DEVELOPMENT

4.2.2. Transactions Related to Resources. Clearing and Settlement

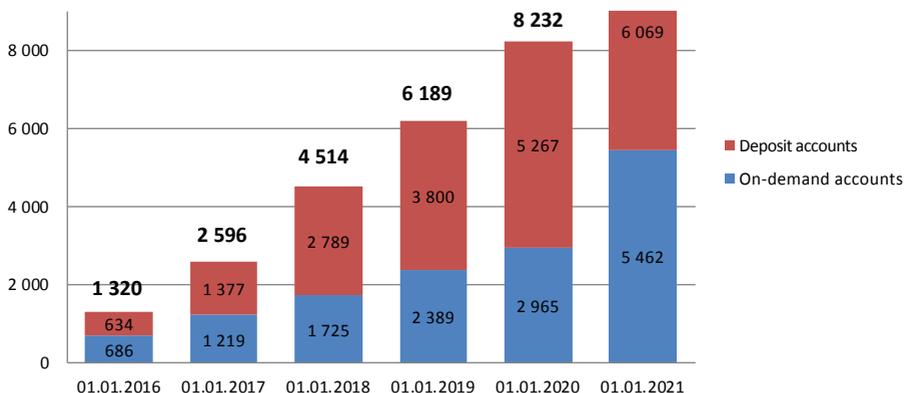
In particular, clients may use it to quickly track the status of documents, receive information about all accounts and agreements, submit and process applications for currency exchange, generate statements of an account or group of accounts for export online without any restrictions.

- Improvement of the terms for transactions related to resources;
- Introduction of promotion offers for certain groups of clients;
- Improvement of the distance service system.

As a result, in 2020 the Bank managed to increase the balances of SMEs' current and deposit accounts from 8,232 million in UAH equivalent to 11,531 million in UAH equivalent, or by 40.0% (3,299 million in UAH equivalent).

SME Resources

million in UAH equivalent

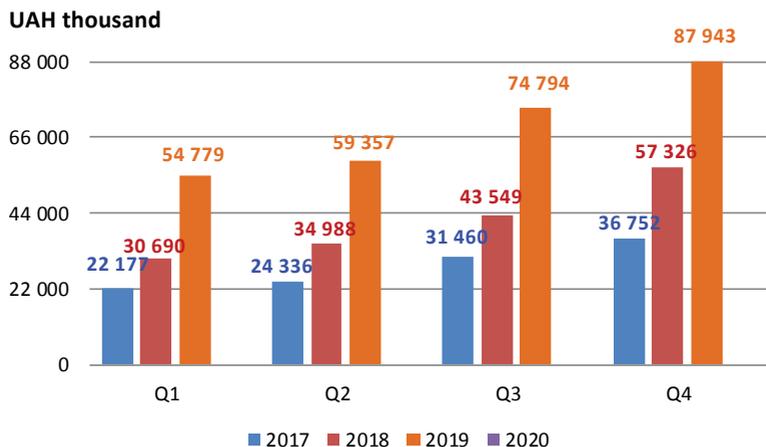


4. BUSINESS DEVELOPMENT

4.2.2. Transactions Related to Resources. Clearing and Settlement

In 2020, the amount of non-interest income of the Bank from services to SME clients increased from UAH 276.9 million in 2019 to UAH 339.8 million in 2020, which is 22.7% (UAH 62.9 million) more than in 2019.

Variation of Non-Interest Income



In 2021, the Bank plans to further increase its growth rates and scope of cooperation with SME clients in the following areas:

- Holding of the leading position in the financial market in the area of ECO-lending and introduction of new ECO-products;
- Participation in state and local SME support programmes, including Affordable Loans 5–7–9%, clients of the agricultural or other sectors;
- Expansion of the list of loan products under joint projects with international financial organisations;
- Improvement of banking products and procedures for servicing micro and small clients;
- Improvement of clearing and settlement terms and remote servicing by providing high-quality service (including remote access) for SME clients.

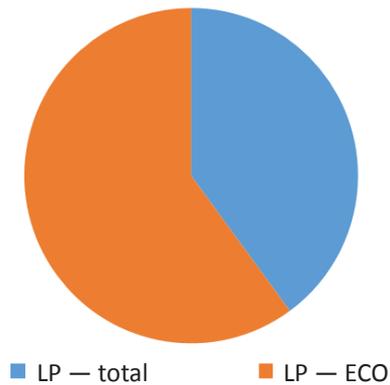
In 2020, the Bank continued implementing the ECO-banking development strategy. Due to the implementation of the ECO-bank concept, the share of ECO-loans in the Bank's loan portfolio is constantly growing.

4. BUSINESS DEVELOPMENT

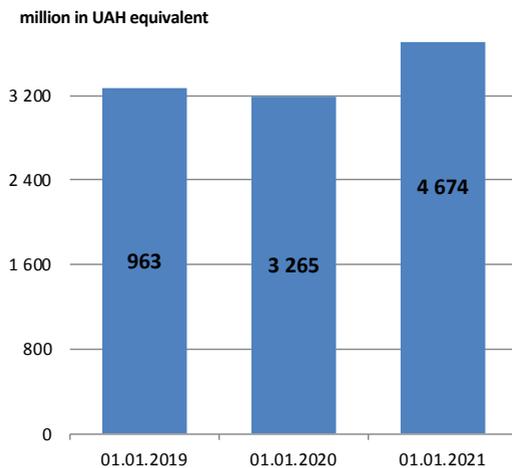
4.2.3. Implementation of Eco-projects

As of 1 January 2021, the ECO-loan portfolio amounted to 4,674 million in UAH equivalent (increase in 2020, excluding exchange rate differences, amounted to +1,483 million in UAH equivalent). The share of ECO-loans in the SME loan portfolio was 60.1% as of 1 January 2021.

SME Loan Portfolio Breakdown as of 1 January 2021



SME ECO-loans



4. BUSINESS DEVELOPMENT

4.3.1. Loans

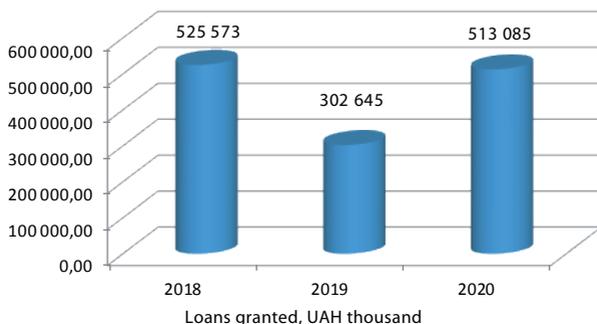
In 2020, UKRGASBANK continued to develop the retail lending segment and strengthen its position in the retail lending market (for secured and unsecured products, as well as credit cards).

Taking into account the current market conditions, the Bank's strategy and economic environment of the country as a whole, special attention was paid to such loan products as mortgage and auto loans to individuals, unsecured targeted loans for purchasing energy-efficient equipment, ECO-loans and credit cards/overdrafts for individuals.

The Bank made a lot of efforts to accelerate the development of mortgage in Ukraine, and remained the leader in the retail mortgage lending market in 2020. This was achieved due to gradual reduction of interest rates under standard mortgage lending programmes, cooperation with developers, preferential rates for partner programmes in the primary real estate market. In addition, since July 2020 the Bank has introduced new lending terms for the purchase of housing on the secondary market with an interest rate of 8.8% per annum (in the first year of lending).

The volume of mortgages in 2018–2020 amounted to UAH 1,341.3 million. At the same time, in 2018 UKRGASBANK provided 1,018 mortgage loans to individuals for the total amount of UAH 525.5 million, in 2019 — 534 loans for the total amount of UAH 302.6 million, and in 2020 — 684 loans for the total amount of UAH 513.09 million.

Variation of Mortgage Loans to Individuals in 2018–2020

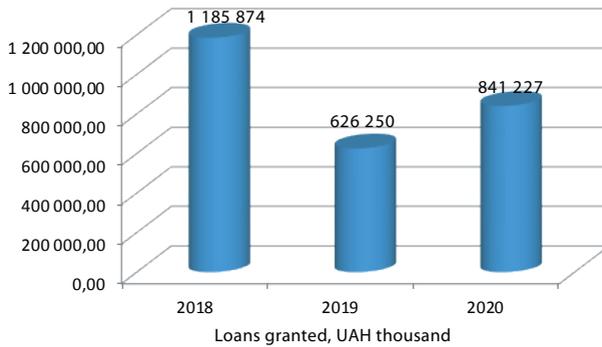


During 2018–2020, the Bank also actively developed auto loans by improving standard lending terms and implementing new partner programmes. As a result, in 2020 the Bank provided 1,763 auto loans in this area for a total amount of UAH 841.2 million.

4. BUSINESS DEVELOPMENT

4.3.1. Loans

Variation of Auto Loans to Individuals in 2018–2020



4.3.2. Deposits

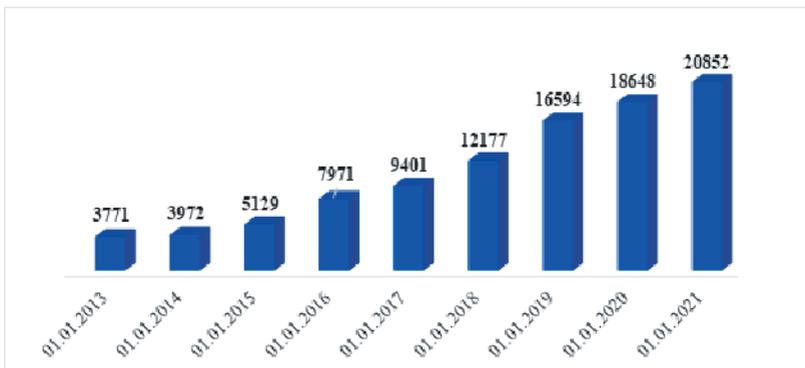
Raising deposits from individuals is an important source of the Bank's resource base.

The Bank's clients have the opportunity to place their savings in various deposit programmes: with payment of interest at the end of the term or monthly, with the replenishment option, with an automatic extension of the contract, or with an increasing interest rate. The deposit may be placed in national or foreign currencies for a period of 7 days to 24 months.

The deposit portfolio of individuals of the Bank for 2020 increased by UAH 2,204 million and reached UAH 20,852 million, which was 11.8% more than in 2019.

The annual growth of the retail deposit portfolio indicates a high level of trust in the Bank.

Fixed-Term Retail Deposit Portfolio, UAH Million



4. BUSINESS DEVELOPMENT

4.3.2. Deposits

In 2020, the average maturity of foreign currency deposits did not change compared to the previous year, in particular, more than 51% of deposits in EUR and 47% of deposits in USD were placed for a period of 12–18 months.

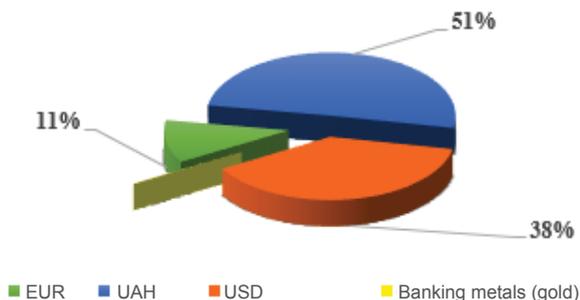
In 2020, over 38% of deposits in UAH were placed for a period of 3 to 6 months, and 23.5% of deposits were placed for a period of 6 to 9 months.

The deposit products “Fixed-Term Deposit with Extension” and “ECO-deposit” with the payment of interest at the end of the term, an automatic extension and replenishment were in the highest demand among the Bank’s depositors in 2020.

At the end of the year, the number of depositors was over 66,000, of which 20% (over 13,000) have several open deposit accounts with the Bank.

The total number of open deposit accounts at the end of 2020 amounted to more than 85,000 accounts, of which 51% of retail deposit accounts in UAH, which is 3.0% more than last year, and 49% of deposit accounts in foreign currency (38% in USD and 11% in EUR).

Number of Fixed-Term Retail Deposit Accounts, %



In addition, in 2020, UKRGASBANK expanded the deposit product range that has an ECO-component with a new deposit “ECO Deposit Plus” with replenishment, an automatic extension of the contract, as well as payment of interest at the end of the term or every month. Funds of depositors placed in ECO Deposit Plus are used to finance projects of emissions class 2 or 3, which showed a significant reduction in CO₂ emissions.

4.3.3. Card Products

As in the previous years, special attention was paid to high-margin lending products — overdraft for individuals.

The Bank was actively selling its retail overdraft lending products under its Domovychok, ECO Credit Card, and Premier Card programmes comprising a deposit and a loan.

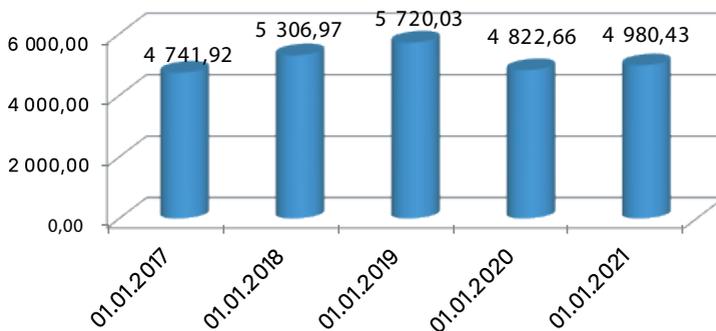
4. BUSINESS DEVELOPMENT

4.3.3. Card Products

The result was the establishment of 65,655 loan limits for the total amount of UAH 1,141,757,381 in 2020.

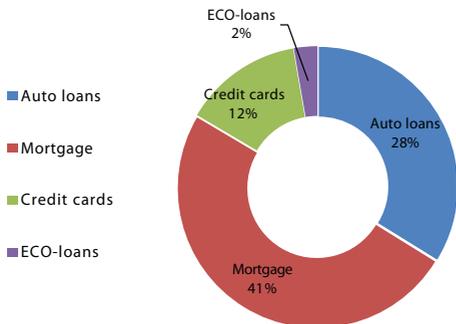
In 2020, the loan portfolio of individuals of the Bank increased slightly compared to 2019 due to the issuance of new loans, as well as timely (and early) repayment of existing loans to individuals. Based on the loan portfolio variation over the past 5 years (2016–2020), it has increased from UAH 4,741,920 to 4,980,430.

Variation of Retail Loan Portfolio in 2016–2020, UAH thousand

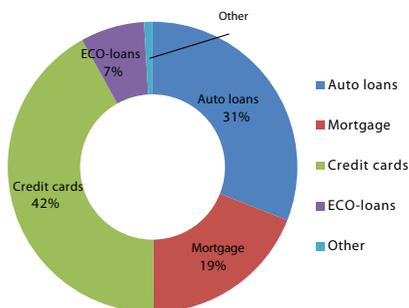


■ Variation of Retail Loan Portfolio in 2016–2020, UAH thousand

Retail Loan Portfolio Breakdown as of 1 January 2021



Loans Granted Breakdown in 2020



4. BUSINESS DEVELOPMENT

4.3.4. Money Transfers and Payments

UKRGASBANK continues to actively develop money transfer services via IPSs.

In 2020, UKRGASBANK offered its clients to use any of four international payment systems to transfer money, namely, Welsend, Western Union, MoneyGram, and RIA. These international payment systems are indisputable leaders in the Ukrainian and international markets by number of points of service, speed and amounts of transfers.



Welsend

Welsend, an international money transfer system, operated by JSB UKRGASBANK, was registered with the National Bank of Ukraine and has provided services since 2013.

One of the most important strategic areas of Welsend development is the involvement of legal entities as participants (agents) of the system, as well as expansion of the service network within and outside Ukraine.

As of 1 January 2020, Welsend was a leader of money transfers in Ukraine. The total number of Welsend members is fifty-four (54), of which residents and non-residents, banks and non-banking financial institutions.

The main advantages of Welsend are as follows:

- Advanced technology. Welsend is based on Single Window, which takes into account process requirements of different banks: integration option from the Automated Banking System (in whole or in part) through web services or easy access to the system via the web interface; general administration module for all money transfer systems, generation of various reports, etc.;
- Large number of points of service within and outside Ukraine;
- Domestic or international transfers;
- Transfers in UAH to payment cards issued by Ukrainian banks;
- Cross-border transfers in USD/EUR with automatic crediting to payment cards issued by Ukrainian banks;
- Transfers in four currencies: UAH, USD, EUR, RUB;
- Loyalty system for clients and all Welsend members;

4. BUSINESS DEVELOPMENT

4.3.4. Money Transfers and Payments

- Favourable rates for clients;
- Simple registration and instant money transfer;
- Automatic control of limits of the National Bank of Ukraine and automatic control of financial monitoring.

In 2020, the total volume of money transfers via Welsend was around 1 billion in UAH equivalent:

In 2020, transfers sent via websites and mobile applications continued gaining popularity. This service has undeniable advantages in terms of convenience due to the possibility of instant money transfer or receipt without leaving home, even from the application on smartphones.

The Bank cooperates with a non-resident participant (resident of Canada) of Welsend system — Meest Corporation Inc., which provides services to customers via the Perekaz24 website. The cooperation with this participant allowed the Welsend system to reach a new modern level of development, due to which in 2020 it increased the volume of cross-border transfers in USD and EUR with automatic payment in UAH to payment cards issued by Ukrainian banks by 4.5 times compared to 2019. This evidences the benefits and popularity of this service among clients.

Advantages of Transfers to Payment Cards:

- Low tariffs;
- Possibility of sending a transfer to any card issued by any Ukrainian bank;
- Cross-border transfers in foreign currency with its subsequent crediting to payment cards in national currency;
- Instant crediting of the transfer to the card;
- Minimum information on the sender/recipient;
- Time saving for the recipient and sender.

4. BUSINESS DEVELOPMENT

4.3.5. Premier Banking

Despite the difficult period and its consequences, there were no significant changes in the premium banking in terms of trust and service of premium clients; on the contrary, the number of new premium clients increased by 20% and reached 30,000. Moreover, the liability portfolio increased by 15% and amounted to more than 18 billion in UAH equivalent, and more than 2,500 premium packages of comprehensive services were sold, which evidenced high-quality service and impeccable personal service.

70% of clients switched to remote service by means of the mobile application Ecobank Online. Clients continue to actively buy real estate, take mortgages and auto loans, and show higher demand for safety deposit boxes.

In 2020, more than 400 credit cards were sold with the issuance of a premium Visa Signature card with the credit limit of over UAH 15 million.

Deposits have remained the main choice of fund investment. Clients diversified currency risks, so they placed deposits in different currencies. The second most popular investment decision was the purchase of DGBs, which is more profitable for the client, because the interest on bonds was higher, state guarantees were 100%, and income from DGBs was not subject to taxation.

Clients have also begun to actively receive e-limits for investments abroad. In 2020, more than 100 e-limits, 60% of which were the placement of funds in own accounts abroad with European banks, were opened.

Premier Banking at UKRGASBANK is a well-developed network of Premier zones in the best branches of the Bank throughout Ukraine, as well as a VIP office in the centre of Kyiv. In 2020, over UAH 100 million of net non-interest income was received from transactions with Premier Banking clients.

Premier Banking from UKRGASBANK ranked 2nd in the PRIVATE BANKING nomination according to the Business Magazine Rating. The nomination was based on the introduction and compliance with the high standards of VIP client service. The rating was compiled on the basis of expert assessments, performance indicators of financial institutions, and variation in their development and operation during 2020.



4. BUSINESS DEVELOPMENT

4.3.6. Premier Banking

In the framework of the ECO-banking development strategy for retail business clients, UKRGASBANK implemented banking products aimed at ensuring environmental and energy efficiency objectives. Financing under the ECO-banking concept is aimed at environmental protection projects, reduction of polluting emissions, use of renewable energy sources and energy-efficient measures.

Since 2017, in support of the ECO-orientation of the Bank's activities, the Bank has developed and implemented the ECO-energy lending for individuals for purchase and installation of solar power plants, heat pumps or wind power plants.

UKRGASBANK continues to actively develop and improve ECO-projects, such as:



Green Car is an unsecured loan for purchasing cars that will be used for personal and family purposes and apply a hybrid method of connecting engines to the car drive or are driven by an electric motor(s).



Loan for purchasing charging stations and relevant additional equipment and materials for charging cars, which use a hybrid method of connecting engines to the car drive or are driven by electric motors.



ECO Oselia is a loan for purchasing energy-efficient equipment and/or materials that provide for no partial compensation of the loan by the State Agency on Energy Efficiency and Energy Saving of Ukraine;



ECO Car Loan is a loan for purchasing electric cars for personal or family use; Tepla Oselia is a loan for purchasing energy-efficient equipment and/or materials that provide for no partial compensation of the loan by the State Agency on Energy Efficiency and Energy Saving of Ukraine.

4. BUSINESS DEVELOPMENT

4.3.7. Ecobank Online Mobile Application and Alternative Channels



Ecobank Online Mobile Application

During 2020, constant work was carried out to improve the Ecobank Online mobile application for individuals and increase the number of services provided to clients. The Bank's clients had the opportunity to order cards in the mobile application, generate statements, share the card number and IBAN number, make payments in Ukraine to any bank details, pay traffic fines, view information and repay loans, apply for loan products, etc. As of 1 January 2021, the number of clients who had installed the Ecobank Online mobile application was 712,656.



Alternative Communication Channels System

During the year, the scope of the client alternative communication channels system expanded in terms of the creation and processing of client requests for services, creation and displaying of the interface for interacting with clients on the UKRGASBANK website, and conduct of outgoing communications with clients by sending messages. As of 1 January 2021, 21,467 clients requested a consultation via the instant messaging systems; 43,711 requests were processed.



ATM and POS network

To improve servicing of payment cards, the Bank is constantly expanding the infrastructure of terminal equipment and the range of services to be provided through the network.

In 2020, UKRGASBANK expanded its acquiring network, in particular, purchased 47 more ATMs.

As of 31 December 2020, the total fleet of ATMs amounted to more than 740 units in more than 245 settlements of Ukraine. In 2020, clients conducted more than 13,100,000 transactions totalling UAH 20,763 million through the ATM network of the Bank. In 2020, the Bank had the network of more than 2,800 POSs; turnover by trade transactions exceeded UAH 2,478 million per year.

In 2020, the ATM and POS network was connected to the international payment system Union Pay International, which allowed the Bank to easily service additional payment cards of the international payment system Union Pay International. In 2020, UKRGASBANK together with the Kryvyi Rih City Council, the Volyn City Council and the private Kyiv carrier introduced the non-cash payment in municipal/private transport using contactless technology of international payment systems.

4. BUSINESS DEVELOPMENT

4.4. Trade Finance

In 2020, the Bank actively developed trade loan operations. The portfolio of these operations as of 1 January 2021 amounted to UAH 14.9 billion, including letters of credit opened of UAH 3.5 billion, letters of credit received of UAH 2.0 billion, guarantees provided of UAH 6.2 billion, guarantees received of UAH 1.7 billion, and instruments on own liabilities of UAH 1.5 billion.

In 2020, UKRGASBANK confidently held the leading position by the trade finance portfolio among all Ukrainian banks; the Bank also won the Best Trade Finance Bank of Ukraine 2021 nomination by the results of the 11th Annual Global Banking & Finance Review Awards. This achievement was mainly due to the support of trade finance agreements by the EBRD and IFC under the trade support programmes, as well as the use of “net” limits from foreign banks and counterparties.

In 2020, the Bank increased the amount of fee and commission income from trade finance operations (guarantees and letters of credit) by 19% to UAH 157 million.

4.5. Encashment and Transportation of Valuables

UKRGASBANK is an active participant in the market of encashment services and transportation of currency valuables. Encashment units are represented in 22 regions of Ukraine.

The fleet of cash-in-transit vehicles comprises 108 vehicles.

In 2020, UKRGASBANK encashment divisions provided a full range of encashment services and transportation of currency valuables to legal entities, individuals, and commercial banks.

In 2020, 750 retail outlets and self-service terminals, 325 branches and self-service machines of commercial banks were engaged in the services. In addition, as of 1 January 2021, the encashment units served 279 branches and 628 ATMs of the Bank.



4. BUSINESS DEVELOPMENT

4.5. Encashment and Transportation of Valuables

In 2020, the encashment units received UAH 56,105,700 in fee and commission income, of which UAH 25,605,200 from servicing banks and UAH 30,500,500 from servicing customers.

In 2020, the volume of trans-regional transportation services in Ukraine both for the needs of the Bank and clients was significantly increased, which allowed the Bank to solve the issues of supporting own branches and receiving additional fee and commission income more quickly.

Fee and commission income for 2020 in the business area of encashment increased by 87.4%.

In 2020, UKRGASBANK established itself as a reliable partner and an important player in the encashment services market.

4.6. Investment Business. Securities

UKRGASBANK is one of the most powerful and reliable institutions of the Ukrainian stock market.

The Bank received the first permit for professional activity in the stock market from the Ministry of Finance of Ukraine in 1996.

In 2020, UKRGASBANK carried out transactions in the stock market based on the licences of the National Securities and Stock Market Commission, namely: professional activity in the stock market — trading in securities: broker activity — AE No. 294713 dated 14 February 2015, indefinite validity period; dealer activity — AE No. 294714 dated 14 February 2015, indefinite validity period; underwriting — AE No. 294715 dated 14 February 2015, indefinite validity period.

UKRGASBANK also has the licence of the National Securities and Stock Market Commission for professional activity in the stock market — mortgage collateral management AD No. 034432 dated 18 June 2012. This is the first and sole licence issued for professional mortgage collateral management in the Ukrainian stock market.

UKRGASBANK is a primary dealer designated by the Ministry of Finance of Ukraine, and, fulfilling the important mandate of the Ministry of Finance of Ukraine, it has undertaken to develop the domestic government securities market in exchange for the exclusive right to participate in the placement of domestic government bonds.

In and at year-end 2020, UKRGASBANK repeatedly ranked among the leaders of securities traders in various ratings.

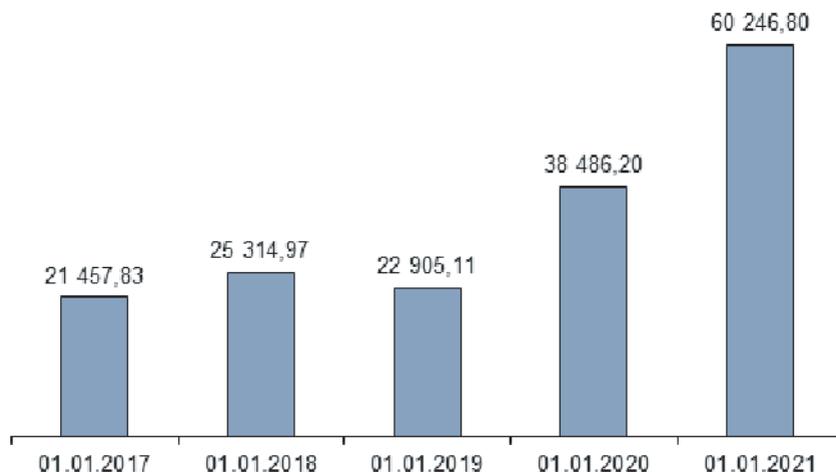
In 2020, UKRGASBANK entered into more than 3,000 broker, dealer, underwriting contracts for the total amount of more than UAH 164 billion.

As of 1 January 2021, the Bank's securities portfolio increased to UAH 60,246,80 million compared to 1 January 2020.

4. BUSINESS DEVELOPMENT

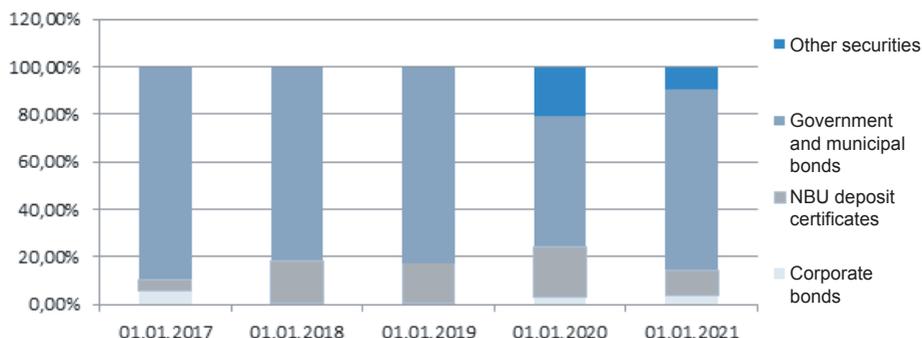
4.6. Investment Business. Securities

Securities Portfolio as of 1 January 2021, UAH Million



In 2020, the structure of the Bank's investment in securities changed, mainly due to the growth of a share of investment in government securities and municipal securities.

Investment in Securities Breakdown, %



In 2020, the Bank significantly increased the number of transactions on broker services for clients in the stock market. First of all, the volume of investment in domestic government bonds by individuals increased, since investments in government securities are currently profitable, risk-free and highly liquid. These factors are constantly increasing the demand for UKRGASBANK's broker services.

4. BUSINESS DEVELOPMENT

4.7.1 TRANSACTIONS IN THE INTERBANK MARKET

UKRGASBANK is an active participant of the interbank market. In cooperation with counterparty banks, the Bank is guided by the principles of long-term mutually beneficial partnerships. The Bank's impeccable reputation helps it to cooperate as efficiently as possible with a wide range of both Ukrainian and foreign banks.

One of the main goals of the Bank in carrying out transactions in the interbank markets is the efficient cash flow management and achievement of optimal balance between liquidity, risk and profit.

Considering the sufficient level of liquidity and highly liquid surety available, in 2020, the Bank carried out a large amount of SWAP foreign exchange transactions and REPO transactions with government bonds of Ukraine and deposit certificates of the National Bank of Ukraine.

The Bank also actively carried out transactions in the interbank foreign exchange market, selling or buying foreign currency for both its own needs and at the expense and by order of its clients in order to support export and import operations. Traditionally, transactions in the US dollar and euro account for the main volume of transactions, but the volume of those in the British pound, Polish zloty and Japanese yen has also increased. The Bank is constantly expanding the range of services for its clients and counterparties; it was the first bank in the Ukrainian interbank market to begin streaming Forex quotes for counterparty banks.

4.7.2 TRANSACTIONS WITH GOVERNMENT DEBT INSTRUMENTS

In 2020, the Bank acted as a primary dealer in the government stock market of Ukraine and remained one of the largest market operators. The Bank's strategy in this area was to maintain the achieved volumes and yields on Ukraine's domestic government bonds (DGB). Thus, as of 31 December 2020, the Bank's DGB portfolio amounted to UAH 28,700 million, USD 462 million and EUR 30 million at face value.

In 2020, the total volume of DGB buying and selling transactions in the secondary market amounted to about UAH 107 billion, USD 1,717 million, and EUR 66 million. As a primary dealer in the government stock market, the Bank carried out buying transactions for the amount of UAH 51.4 billion, USD 982 million, and EUR 61 million.

4.7.3 TRANSACTIONS WITH BANKING METALS AND FOREIGN EXCHANGE CASH

More than 270 branches of UKRGASBANK throughout Ukraine carry out operations with foreign exchange cash and banking metals.

4. BUSINESS DEVELOPMENT

The Bank carries out currency exchange transactions in US dollars, Euros, Swiss francs, British pounds sterling, Russian roubles, Polish zlotys, Czech crowns, Romanian leis and Hungarian forints.

Having an extensive network of branches, UKRGASBANK carries out the full range of operations with banking gold.

4.7.4 DEVELOPMENT OF CORRESPONDENT RELATIONS

UKRGASBANK has an extensive own correspondent network, which includes, inter alia, correspondent accounts with first-class foreign banks around the world. The Bank has established correspondent relations with more than 70 banks, with which settlements were made in 17 currencies and banking metals.

UKRGASBANK opens correspondent accounts and selects countries, account currencies and payment terms by taking into account the business needs of the Bank and all categories of its clients.

4.7.5 FOREX FOR PRIVATE CLIENTS

In 2020, UKRGASBANK was a leader in retail margin trading operations in Ukraine. We offer round-the-clock access to cash funds of the global foreign exchange market in 24/5 mode with 48 instruments with market trading conditions for each private client.

Main achievements in 2020:



Increase of income from operations due to the most effective management of the portfolio of positions;



Enhancement of customer centricity of banking processes and introduction of new convenient services for clients;



Attraction of new and retention of existing clients, increase in the average annual balances on customer accounts due to stable quality and market conditions for access to liquid funds in global markets, customer-oriented approach to service, clear algorithm for working with clients, introduction of new convenient functions and regular publishing of content, professional consultations in real time 24/5 and analysis of market processes on all tools at the request of clients;

4. BUSINESS DEVELOPMENT

4.7.6. Bullion coins and foreign-manufactured coins



Mitigation of operational risks — optimisation of all internal banking processes related to margin trading transactions to ensure their maximum efficiency;



Significant extension of topics of educational and analytical content on the YouTube channel, Telegram channel and the official website of the service <https://www.forex.ukrgasbank.com>, which increased interest in the service of current and potential clients.

The improvement of quality of customer-oriented banking service and own unique analytical content allowed the Bank to create additional value for clients, and effective management of positions increased the financial result of the Bank from carrying out margin trading transactions.

4.7.6 BULLION COINS AND FOREIGN-MANUFACTURED COINS

In 2020, UKRGASBANK continued to sell bullion coins of the National Bank of Ukraine and coins produced by recognised world manufacturers in the market of numismatic products: Mennica Polska (Poland), Perth Mint (Australia), New Zealand Mint, JVP Investment Coins (Germany), Treasures of Oz (Australia).

4.8. Depository Activity

JSB UKRGASBANK carries out depository activity on the basis of the licences issued by the National Securities and Stock Market Commission, namely:

- Licence for depository activity of depository institution, AE No. 263236 issued on 28 August 2013, valid from 12 October 2013, indefinite validity period;
- Licence for custody of assets of collective investment schemes, AE No. 263237 issued on 28 August 2013, valid from 12 October 2013, indefinite validity period;
- Licence for custody of assets of pension funds, AE No. 263238 issued on 28 August 2013, valid from 12 October 2013, indefinite validity period.

Depository institution of JSB UKRGASBANK offers a full range of high-quality depository services, since it is a client of the National Bank of Ukraine and the Central Depository of Public Joint-Stock Company National Depository of Ukraine. This allows the Bank to carry out transactions with any securities circulating in these depository systems and maintain the circulation of state, corporate and municipal securities.

4. BUSINESS DEVELOPMENT

4.8. Depository Activity

Depository institution of JSB UKRGASBANK maintains titles to state-owned securities, as well as securities owned by individuals, legal entities, residents or non-residents, collective investment schemes, pension funds, banks and other financial non-bank institutions.

According to ratings of depository institutions of the Professional Association of Capital and Derivatives Markets, depository institution of JSB UKRGASBANK ranked second in terms of depository assets at face value maintained by the Bank during 2020.

At the end of 2020, UKRGASBANK maintained more than 35,000 securities accounts. The list of securities registered on these accounts includes 904 issues of securities. The amount of depository assets maintained by depository institution of UKRGASBANK reached UAH 276 billion of securities and titles to securities at face value as of 31 December 2020.



During 2020, the number of securities issued and maintained by the depository institution increased from 881 to 904, as the result of which depository assets increased from UAH 250 billion to UAH 276 billion at face value of the securities maintained by the Depository Department.

In addition, at year-end 2020, UKRGASBANK maintained 19 government property management entities, which performed securities management of the state-owned property on the securities account opened with the depository institution on behalf of the State of Ukraine and 17 non-state pension funds in accordance with the Laws of Ukraine “On Management of State Property”, “On the Cabinet of Ministers of Ukraine”, and other legislative acts.

5. PARTNERSHIP AND COOPERATION

5.1. International Money Transfer Systems

During 2020, JSB UKRGASBANK sent/paid transfers using international payment systems created by non-residents — Western Union, MoneyGram and RIA.



Western Union

JSB UKRGASBANK has been working with the system since 2002 as an indirect participant in the Western Union international payment system through a direct participant in PJSC Ukrainian Financial Group. In total, the amount of money equivalent to more than UAH 780 million was sent/paid via this system in 2020, which was 50% more than in the previous year.



MoneyGram

JSB UKRGASBANK has been working with the system as a direct participant of MoneyGram IPS since 2007.

UKRGASBANK attracts banking financial institutions — residents of Ukraine to the system as indirect participants of the MoneyGram international payment system. As of 1 January 2021, the MoneyGram international payment system had 13 banking institutions as indirect participants attracted by the Bank.

In total, the amount of money equivalent to more than UAH 440 million was sent/paid via this system in 2020, which was 70% more than in the previous year.



RIA

UKRGASBANK has been working with the system as a direct participant of RIA IPS since 2010.

Since 2017, UKRGASBANK has attracted other banking financial institutions — residents of Ukraine, as indirect participants of the RIA international payment system.

As of 1 January 2020, the RIA international payment system had 6 banking institutions as indirect participants attracted by the Bank.

In total, the amount of money equivalent to more than UAH 190 million was sent/paid via this system in 2020, which was 60% more than in the previous year.

In 2020, Ukraine was still a recipient of cross-border money transfers. The number of funds received in Ukraine via international payment systems was almost five times the amount of funds sent from Ukraine in 2020.

5. PARTNERSHIP AND COOPERATION

5.2. Auto Dealers and Auto Importers

During 2020, UKRGASBANK efficiently cooperated with more than 470 auto dealers and car importers in the framework of the targeted lending programme “All-Inclusive Car for Loan”; more than 100 car showrooms were certified; the Bank issued more than 1,700 auto loans, which is almost 20% more than in the previous year.

The lending programme for used cars was also launched in December.

The Bank’s partners include the following companies of the Ukrainian automobile market:

Corporation UkrAVTO

LLC Eurocar

Bogdan Corporation

Winner Imports Ukraine

5.3. Real Estate Developers

As of 1 January 2021, the Bank certified 14 developers and around 65 housing projects in different regions of Ukraine.

The main partners in the primary market real estate lending programmes are as follows:



Kyivmiskbud Holding Company



Kovalska Real Estate



Integral-Bud



JSC TREST ZHYTLOBUD-1

5.5. Interaction with the Deposit Guarantee Fund

JSB UKRGASBANK is a permanent member of the Deposit Guarantee Fund since 2 September 1999 (Certificate of a participant of the Fund No. 052 dated 19 October 2012).

UKRGASBANK is an agent of the Deposit Guarantee Fund and conducts payments of guaranteed amounts of compensation for deposits on behalf of the Deposit Guarantee Fund.

5. PARTNERSHIP AND COOPERATION

5.5. Interaction with the Deposit Guarantee Fund

The Bank has performed all the necessary technical settings and connections to the automated payment system of the Deposit Guarantee Fund.

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UKRGASBANK is an agent of the Deposit Guarantee Fund and conducts payments of guaranteed amounts of compensation for deposits on behalf of the Deposit Guarantee Fund.

The Bank has performed all the necessary technical settings and connections to the automated payment system of the Deposit Guarantee Fund.



5.6. Concierge Service Company

During 2020, UKRGASBANK was constantly expanding the list of services and additional services provided to clients and holders of premium cards. One of the most popular services is concierge service, an information and consulting service that helps clients to solve any issues and requests.

The Mastercard Concierge service is provided to Mastercard Platinum and Mastercard World Elite premium cardholders, and the VISA concierge service is provided to Visa Platinum, Visa Signature and Visa Infinite premium cardholders in order to become a personal secretary for clients and choose the best solution to any issue: search for data or information, booking and purchase of tickets, check-in and booking of hotels, settlement of household issues, etc.

For the sake of convenience, clients may use the concierge service by registering in the concierge chatbot in Telegram or Viber.

More than 1,000 premium clients use this service, and more than 2,000 requests have been processed.

The main requests processed by the concierge service employees remain ticket reservations, search for goods at the client's request, schedules of events around the world during the pandemic, etc.

5. PARTNERSHIP AND COOPERATION

5.7. Insurance and Appraisal Companies

Insurance and appraisal companies cooperating with the Bank:

- Alfa Insurance IC
- ARKS IC
- Arsenal Insurance IC
- Brokbusiness IC
- ViDi Insurance IC
- VUSO IC
- Guardian IC
- Grandwis IC
- Express Insurance
- Euroins Ukraine IC
- INGO Ukraine JSIC
- Ukrainian Insurance Company Kniazha Vienna Insurance Group
- Kraina IC
- Kredo IC
- Misto IC
- NIKO Insurance
- Persha IC
- PZU Ukraine IC
- PROSTO Insurance
- East West IC
- TAS IC
- Tecom IC
- Ukrainian Fire Insurance Company
- Ukrainian Insurance Group IC
- Universalna IC
- Uniqa IC
- UBI-Coop Insurance Group
- ARKS Life IC
- KD Life IC
- Kniazha Life Vienna Insurance Group IC
- MetLife

5. PARTNERSHIP AND COOPERATION

Appraisal Companies

ASSET EXPERTISE LLC

GBM FINANCE LLC

UVECON Group

PIK ENGINEERING GROUP LLC

5.8. Asset Management Companies

During 2020, JSB UKRGASBANK actively cooperated with the following asset management companies:

- Asset Management Company UDP ASSET MANAGEMENT Limited Liability Company
- Asset Management Company CITY ONE ASSET MANAGEMENT Limited Liability Company

5.9. Securities Depositories

PUBLIC JOINT-STOCK COMPANY NATIONAL DEPOSITORY OF UKRAINE

(hereinafter referred to as the NDU) operates the unified depository record-keeping system and provides depository services. The NDU exclusive competence is to number (codify) securities and standardise the depository accounting and document circulation by securities transactions, etc.

The Bank has been the NDU's client since 2007 after it had entered into the depository agreement for opening and maintenance of securities account, storage and record-keeping of securities, the rights to which belong to the depository institution's depositors.

In 2009, the Bank entered into an agreement with the NDU on opening and maintenance of securities account of the issuer and deposited global certificates of both ordinary and preferred shares of the Bank.

DEPOSITORY OF THE NATIONAL BANK OF UKRAINE

carries out activities on depository accounting and maintenance of circulation of domestic or foreign government bonds of Ukraine, targeted domestic government bonds of Ukraine, treasury bonds of Ukraine and local government bonds, as well as debt securities that certify lending relationships of local government bodies placed outside Ukraine, and maintenance of corporate transactions of the issuer on securities accounts of clients.

5. PARTNERSHIP AND COOPERATION

5.10. Stock Exchanges



PFTS STOCK EXCHANGE JOINT-STOCK COMPANY

(hereinafter referred to as PFTS Stock Exchange) is one of the largest trade organisers in the Ukrainian stock market that maintains the interregional system of online trading in securities.

The Bank has been a member of PFTS Stock Exchange since 1997 and carries out securities transactions on this exchange both from its own portfolio and by its clients' orders. UKRGASBANK is a shareholder of PFTS Stock Exchange with a share of 0.19% as of the end of 2019.



STOCK EXCHANGE PERSPEKTIVA PRIVATE JOINT STOCK COMPANY

(hereinafter referred to as Stock Exchange Perspektiva), after being created in 2006, has taken up the leading position in the Ukrainian market due to active implementation of trading, settlement and information technology.

The Bank has been a member of Stock Exchange Perspektiva since 2007 and carries out securities transactions on this exchange.



UKRAINIAN EXCHANGE JOINT-STOCK COMPANY

(hereinafter referred to as Ukrainian Exchange) is one of the trade organisers on the Ukrainian stock market.

The Bank has been a member of Ukrainian Exchange since its foundation in 2008 and carries out securities transactions on this exchange both from its own portfolio and by its clients' orders.

5.11. Financial institutions that refinance residential mortgage loans



AGENCY FOR REFINANCING OF RESIDENTIAL LOANS PRIVATE JOINT-STOCK COMPANY

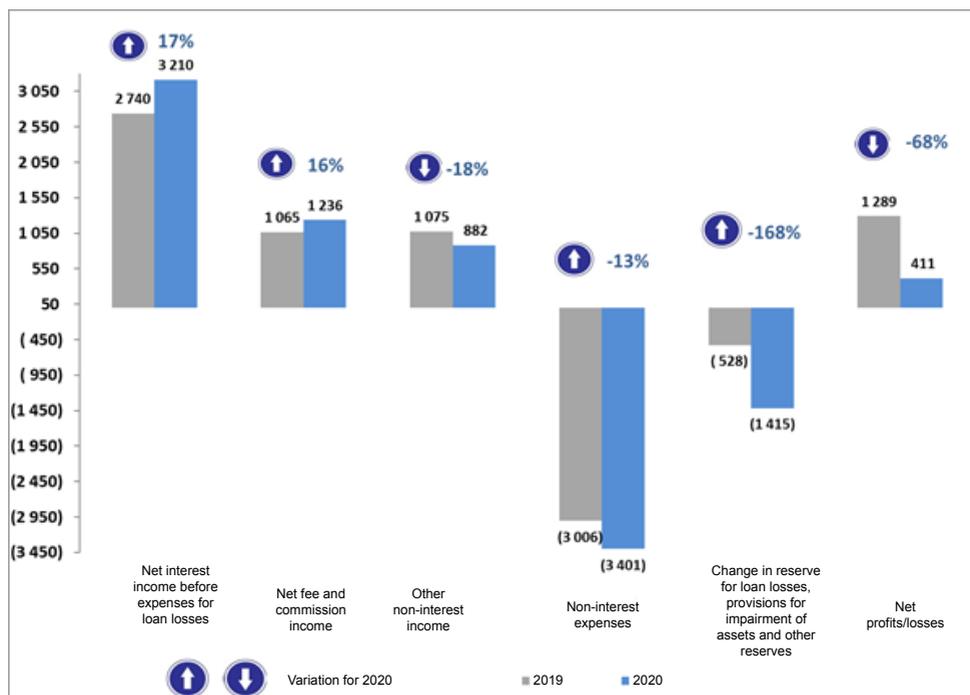
(hereinafter referred to as ARRL) was established in February 2012. The main areas of activity of ARRL are acquisition of claims under long-term residential mortgage loans issued by mortgage lending banks, as well as attraction of long-term resources for mortgage lending through the issuance of ordinary mortgage bonds.

6. REVIEW OF FINANCING ACTIVITIES

6.1 Financial Result

According to the results of 2020, UKRGASBANK earned a profit of UAH 411 million. The result was due to the following factors: operating income of UAH 3,911 million (of which net interest income amounted to UAH 1,693 million and net non-interest income amounted to UAH 2,118 million), non-interest expenses, including expenses for other reserves in the amount of UAH 3,399 million.

Financial indicators, UAH million



6. REVIEW OF FINANCING ACTIVITIES

6.2. Operating Income

In 2020, the Bank's operating income amounted to UAH 3,911 million, including net interest income after expenses for loan losses of UAH 1,693 million (interest income was UAH 9,576 million; interest expenses were UAH 6,366 million, expenses for loan losses were UAH 1,517 million); and the total amount of net non-interest income amounted to UAH 2,118 million. The following items account for the largest share in non-interest income: net fee and commission income of UAH 1,236 million (fee and commission income was UAH 1,619 million, which is UAH 256 million or 19% more than in 2019), net income from foreign currency transactions of UAH 223 million, result from transactions with derivative financial instruments of UAH 182 million, net income from investment securities available for sale of UAH 148 million, fee and commission from insurance companies and banks of UAH 137 million, a positive result from sale of assets held for sale, fixed assets and intangible assets of UAH 42 million, income from marketing support services of UAH 30 million, fines received and other payments for overdue payments under the loan agreement in the amount of UAH 27 million, net income from investment real estate of UAH 13 million, return of previously written off assets of UAH 9 million, other income of UAH 71 million.

6.3. Interest income

Interest income, the amount of which decreased by UAH 88 million (-1%) in 2020 and amounted to UAH 9,576 million as of 1 January 2021 traditionally accounts for the largest share in the structure of the Bank's operating income. Corporate business income (37%) and income from asset management (49%) account for the largest share of interest income.

The net interest spread for 2020 was 2.52%; the margin was 2.45%.

Interest income by client segment

Areas of activities	2020		2019		Change, %
	Amount of income, UAH million	Share in interest income, %	Amount of income, UAH million	Share in interest income, %	
Corporate business	3,587.5	37.5%	4,659.0	48.2%	-23.0%
SMEs	668.0	7.0%	620.7	6.4%	7.6%
Retail business	542.4	5.7%	519.8	5.4%	4.3%
Financial institutions	112.3	1.2%	202.1	2.1%	-44.4%
Asset management and other	4,666.1	48.7%	3,662.3	37.9%	27.4%
Total	9,576.3	100.0%	9,663.9	100	-0.9%

6. REVIEW OF FINANCING ACTIVITIES

6.4. Net Non-Interest Income

The total amount of net non-interest income is UAH 2,118 million. The following items account for the largest share in non-interest income: net fee and commission income of UAH 1,236 million (fee and commission income was UAH 1,619 million, which is UAH 256 million or 19% more than in the previous year), net income from foreign currency transactions of UAH 223 million, result from transactions with derivative financial instruments of UAH 182 million, net income from investment securities available for sale of UAH 148 million, fee and commission from insurance companies and banks of UAH 137 million, positive result from sale of assets held for sale, fixed assets and intangible assets of UAH 42 million, income from marketing support services of UAH 30 million, fines received and other payments for overdue payments under the loan agreement in the amount of UAH 27 million, net income from investment real estate of UAH 13 million, return of previously written off assets of UAH 9 million, other income of UAH 71 million.

At year-end 2020, the Bank received UAH 1,619 million of fee and commission income, which is UAH 256 million, or 19%, more than in 2019.

Fee and commission income by transaction type

Transaction type	2020		2019		Change, %
	Amount of income, UAH million	Share in fee and commission income, %	Amount of income, UAH million	Share in fee and commission income, %	
Settlement	1,082.7	66.9%	894.3	65.6%	21.1%
Lending to clients	191.6	11.8%	156.9	11.5%	22.1%
Agency transactions in the foreign exchange market	139.6	8.6%	142.1	10.4%	-1.7%
Guarantees and letters of credit	157.1	9.7%	131.8	9.7%	19.2%
Security transactions	22.7	1.4%	17.6	1.3%	28.8%
Other transactions	24.9	1.5%	20.3	1.5%	22.6%
Total	1,618.6	100.0%	1,363.1	100.0%	18.7%

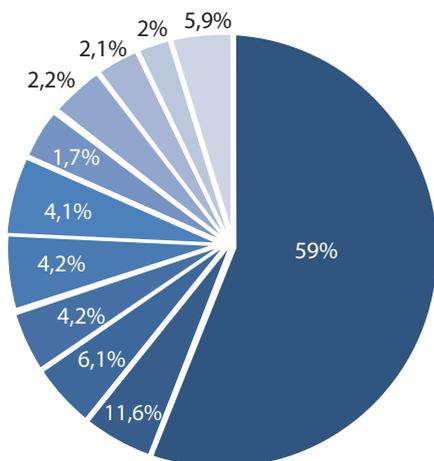
In 2020, the Bank continued to develop trade finance transactions, which resulted in the increase of fee and commission income from guarantees and letters of credit by UAH 25 million, or 19%, compared to 2019. At the same time, income from settlements (67%) accounts for the largest share of the Bank's fee and commission income.

6. REVIEW OF FINANCING ACTIVITIES

6.5. Non-Interest Expenses

In 2020, the amount of non-interest expenses, including the expenses for expected loan losses for other assets and other reserves, amounted to UAH 3,299 million. The ratio of administrative and other operating expenses to operating income before the change in reserves was 64%.

Non-Interest Expenses Breakdown in 2020



- Staff costs
- Depreciation and amortization (including depreciation of right-of-use assets)
- Deductions to the Deposit Guarantee Fund
- Cost of professional services
- Communication services
- Repair and maintenance of fixed assets
- Software support
- Office expenses
- Taxes other than income tax
- Rental and maintenance of premises
- Other operating expenses



7. FINANCIAL STATEMENTS OF JSB UKRGASBANK AS OF THE CLOSE OF BUSINESS ON 31 DECEMBER 2020 (SUMMARY)

PUBLIC JOINT-STOCK COMPANY
JOINT-STOCK BANK UKRGASBANK

Financial Statements for 2020

STATEMENT OF FINANCIAL POSITION

As of 31 December 2020

(in UAH thousand)

	Notes	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	7	35,287,994	46,412,441
Banking metals		2,401	1,428
Due from lending institutions	8	661,491	293,570
Derivative financial assets	9	5,186	8
Loans to clients and financial lease	10	47,517,583	38,985,679
Investment recognised at fair value through other comprehensive income	11	56,034,056	30,410,368
Investment property	12	149,255	228,857
Fixed and intangible assets	13	1,348,538	1,433,633
Right-of-use assets	14	157,200	166,159
Other properties	15	770,248	735,298
Current income tax assets		39,429	-
Other assets	18	729,351	469,802
Total assets		142,702,732	119,137,243
Liabilities			
Due to lending institutions	19	5,669,678	5,734,932
Derivative financial liabilities	9	227,651	43,624
Client deposits	20	126,498,709	103,359,581
Reserves for guarantees, liabilities and legal risks	17, 22, 26	406,111	478,949
Lease liabilities	14	126,148	131,747
Current corporate income tax liabilities		-	21,723
Deferred corporate income tax liabilities	16	60,806	83,681
Other liabilities	18	1,164,798	1,028,522
Total liabilities		134,153,901	110,882,759
Equity			
Share capital	21	13,837,000	13,837,000
Acquired title to shares		(518,439)	(518,439)
Results from transactions with shareholders		(1,102,304)	(1,102,304)
Additional paid-in capital		135,942	135,942
Other reserves	21	687,554	830,986
Accumulated deficit		(4,490,922)	(4,928,701)
Total equity		8,548,831	8,254,484
Total equity and liabilities		142,702,732	119,137,243

Authorised and signed on behalf of the Bank's management by:

Chairperson of the Management Board

Andrii Kravets

Chief Accountant

Nataliia Ilnytska

Seal: Ukraine, city of Kyiv, Public Joint-Stock
Company Joint-Stock Bank Ukrgasbank,
EDRPOU code 23697280.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended on 31 December 2020

(in UAH thousand)

	<i>Notes</i>	31 December 2020	31 December 2019
Interest income calculated by the effective interest method			
Loans to clients		4,649,123	5,667,839
Investment recognised at fair value through other comprehensive income		3,545,675	2,936,018
Due from lending institutions		112,263	202,070
Deposit certificates of the National Bank of Ukraine		1,120,416	726,308
		9,427,477	9,532,235
Other interest income			
Loans to clients recognised at fair value through profit or loss		14,815	-
Financial lease		133,971	131,702
		148,786	131,702
		9,576,263	9,663,937
Interest expenses			
Funds of the National Bank of Ukraine		-	(50,597)
Client deposits		(6,236,387)	(6,720,606)
Due to lending institutions		(106,736)	(135,797)
		(6,343,123)	(6,907,000)
Other interest expenses			
Lease liability		(23,536)	(17,050)
		(23,536)	(17,050)
		(6,366,659)	(6,924,050)
Net interest income before expenses for loan losses		3,209,604	2,739,887
	7, 8, 10, 11		
Expenses for loan losses	26	(1,516,720)	(617,381)
Net interest income after expenses for loan losses		1,692,884	2,122,506
Loss on initial recognition of financial assets		(172)	(1,787)
Change in fair value of loans to clients recognised at fair value through profit or loss		(1,605)	-
Net fee and commission income	23	1,235,980	1,064,566
Net profits resulting from derecognition of financial assets measured at depreciate value		7,831	407
Net losses resulting from derecognition of financial liabilities		(152)	(1,121)
Profits on trading securities		-	11
Net profits on investment recognised at fair value through other comprehensive income		148,404	65,771

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	<i>Notes</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Net profits on foreign exchange transactions and banking metals	24	223,274	158,736
Result from transactions with derivative financial instruments		182,060	141,878
Net profits on investment property		13,151	17,009
Other income	25	308,820	694,009
Non-interest income		2,117,591	2,139,479
Staff costs	27	(1,946,206)	(1,488,543)
Other operating expenses	27	(1,072,290)	(1,186,764)
Depreciation and amortisation	13	(316,017)	(292,518)
Amortisation of right-of-use assets		(66,279)	(38,088)
Change in provision for impairment of other assets and other reserves	26	101,821	88,900
Non-interest expenses		(3,298,971)	(2,917,013)
Profits before tax		511,504	1,344,972
Corporate income tax expenses	16	(100,465)	(55,976)
Net profits		411,039	1,288,996
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profits/losses</i>			
Revaluation of fixed assets		70,090	(31,595)
Corporate income tax related to the revaluation of fixed assets		(12,586)	5,687
		57,504	(25,908)
<i>Items that will be reclassified subsequently to profits/losses</i>			
Net change of the fair value of debt instruments recognised at fair value through other comprehensive income		(534,733)	1,332,211
Amount of retained (profit)/loss reclassified to profit or loss upon disposal of debt instruments recognised at fair value through other comprehensive income	21	(148,404)	(65,771)
Amount of change in estimated reserve for expected credit losses on debt instruments recognised at fair value through other comprehensive income	21	470,699	104,408
Corporate income tax associated with revaluation of investment recognised at fair value through other comprehensive income	21	38,242	(135,467)
		(174,196)	1,235,381
Other comprehensive income/(losses) after tax		(116,692)	1,209,473
Total comprehensive income/(losses)		294,347	2,498,469
Weighted average number of shares (thousand)		13,837,000	13,837,000
Net and adjusted net profits per share (UAH)		0.03	0.09

Authorised and signed on behalf of the Bank's management by:

Chairperson of the Management Board

Andrii Kravets

Chief Accountant

Nataliia Ilnytska

STATEMENT OF CHANGES IN EQUITY**For the year ended on 31 December 2020***(in UAH thousand)*

Notes	Share capital	Acquired title to shares	Results from transactions with shareholders	Additional paid-in capital	Other reserves	Accumulated deficit	Total equity
As of 1 January 2019	13,837,000	(518,439)	(1,102,304)	135,942	(347,763)	(6,248,421)	5,756,015
Total comprehensive income for the year	-	-	-	-	1,209,473	1,288,996	2,498,469
Transfer of retained revaluation reserve upon disposal of equity instruments recognised at fair value through other comprehensive income	-	-	-	-	59,353	(59,353)	-
Conversion of results of asset disposal	-	-	-	-	(90,077)	90,077	-
As of 31 December 2019	13,837,000	(518,439)	(1,102,304)	135,942	830,986	(4,928,701)	8,254,484
Total comprehensive income for the year	21	-	-	-	(116,692)	411,039	294,347
Conversion of results of real estate disposal	-	-	-	-	(26,662)	26,662	-
Transfer due to disposal of assets	-	-	-	-	(78)	78	-
As of 31 December 2020	13,837,000	(518,439)	(1,102,304)	135,942	687,554	(4,490,922)	8,548,831

Authorised and signed on behalf of the Bank's management by:

Chairperson of the Management Board

Andrii Kravets



Chief Accountant

Nataliia Ilnytska

Seal: Ukraine, city of Kyiv, Public Joint-Stock
Company Joint-Stock Bank Ukrgasbank,
EDRPOU code 23697280.

CASH FLOW STATEMENT (Direct Method)

For the year ended on 31 December 2020

(in UAH thousand)

	Notes	2020	2019
Cash flow from operating activities			
Interest received		9,950,134	10,666,928
Interest paid		(6,508,752)	(6,757,390)
Fees and commissions received		1,579,670	1,345,311
Fees and commissions paid		(382,655)	(298,538)
Net result from foreign exchange transactions and banking metals (realised)	24	(71,823)	168,029
Result from transactions with derivative financial instruments		371,342	159,265
Other income received		321,762	220,244
Staff costs		(1,885,900)	(1,454,261)
Other operating expenses		(1,122,875)	(1,127,629)
Cash flow from operating activities before changes in operating assets and liabilities		2,250,903	2,921,959
<i>Net decrease/(increase) in operating assets</i>			
Banking metals		4,262	452
Due from lending institutions		(157,784)	320,286
Loans to clients and financial lease		(12,785,916)	1,695,103
Other assets		(175,378)	103,128
<i>Net decrease/(increase) in operating liabilities</i>			
Due to lending institutions		(1,162,073)	(460,014)
Client deposits		17,180,970	45,101,518
Other liabilities		199,100	300,293
Net cash received from operating activities before income tax		5,354,084	49,982,725
Income tax paid		(158,837)	-
Net cash generated from operating activities		5,195,247	49,982,725
Cash flow from investment activities			
Securities purchase		(720,396,119)	(231,286,990)
Proceeds on sale and repayment of investment securities		697,963,889	218,687,205
Acquisition of fixed and intangible assets		(227,609)	(212,379)
Proceeds on sale of fixed assets		3,280	217,057
Proceeds on sale of investment property		12,493	14,700
Proceeds on sale of other property	15	2,985	646,806
Net cash used in financing activities		(22,641,081)	(11,933,601)
Cash flow from financing activities			
Proceeds on borrowed funds from lending institutions		1,402,766	1,624,312
Repayment of borrowed funds from lending institutions		(1,394,031)	(508,228)
Repayment of borrowed funds from the National Bank of Ukraine		-	(4,304,156)
Payment of the principal amount of leasing liability		(62,858)	(73,558)
Net cash used in financing activities	33	(54,123)	(3,261,630)
Effect of exchange rate changes on cash and cash equivalents		6,374,453	(2,409,504)
Effect of expected loan losses on cash and cash equivalents		1,057	(984)
Net increase in cash and cash equivalents		(11,124,447)	32,377,006
Cash and cash equivalents at the beginning of the period		46,412,441	14,035,435
Cash and cash equivalents at the end of the period	7	35,287,994	46,412,441

Authorised and signed on behalf of the Bank's management by:

Chairperson of the Management Board

Andrii Kravets



Chief Accountant

Nataliia Ilnytska

Seal: Ukraine, city of Kyiv, Public Joint-Stock
Company Joint-Stock Bank UkrGasbank,
EDRPOU code 23697280.