



HELPING UKRAINE
WITHSTAND

September, 2023

AT A GLANCE	3-9	CORE BUSINESSES	10-14	SELECTED FINANCIAL INDICATORS	15-22
Team	4	Corporate banking	11	Profitability	16
Key milestones	5	SME banking	12	Assets	18
Performance vs market	6	Retail banking	13	Loan portfolio	19
Sustainable projects	7	Trade finance	14	Liabilities and equity	20
International cooperation.....	8			Condensed balance sheet dynamics	21
Banking during wartime	9			Historic P&L dynamics	22

UKRGASBANK AT A GLANCE



Universal bank with a focus on sustainable finance



Authorized bank to support the Ukrainian economy during wartime

Fitch
Ratings

CCC- (30 June 2023)

6%

Market share
(by assets)

5th

Market position
(by assets)

4.2

USD billion
in assets

95%

Owned by the
State of Ukraine

220

Branches throughout
Ukraine

Kyiv

SUPERVISORY BOARD



SANELA PAŠIĆ
Acting Chairperson,
Board member since 2023

25-year experience in the financial sector (IFC, Unicredit Group, Erste Group, Raiffeisen Group, etc).

Independent



YURII BLASHCHUK
Board member since 2018

Chair of risk-management committee

More than 40-year experience in the banking and financial sector of Ukraine

Independent



PER ANDERS FASTH
Board member since 2023

More than 30-year experience in the banking and financial sector (SEB, Piraeus Bank SA, TBC, etc)

Independent



YANA BUHRIMOVA
Board member since 2022

More than 20-year track record in the financial and economic sector of Ukraine

Dependent, MoF representative



MARYNA LAZEBNA
Board member since 2022

More than 20-year experience in social policy of Ukraine (chaired the State Employment Service of Ukraine, the State Social Service of Ukraine, served as Minister of Social Policy of Ukraine)

Dependent, MoF representative

MANAGEMENT BOARD



RODION MOROZOV
Acting CEO

More than 17-year experience in the banking and financial sector of Ukraine



NATALIIA VASYLETS
Deputy CEO, CRO

More than 20-year experience in the banking and financial sector of Ukraine



VOLODYMYR PONOMAROV
Deputy CEO, CFO

More than 15-year experience in the banking and financial sector of Ukraine



TAMARA SAVOSHCHENKO
Deputy CEO, COO

More than 25-year experience in the banking and financial sector of Ukraine



MAXIM VASCHUK
Chief Compliance Officer

More than 20-year experience in the banking sector of Ukraine



PERIOD OF FORMATION



PERIOD OF TRANSFORMATION



PERIOD OF EXTREME CHALLENGES



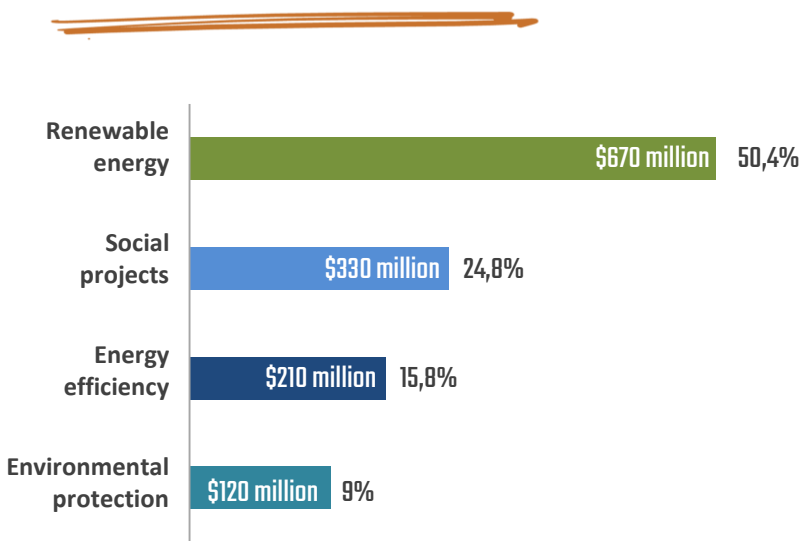
1993		2009		2014 – 2015		2016 – 2019		2020		2021		2022 – 2023	
Established		Nationalized		Survival under question		Start of the Green path		Business with focus on mitigating the effects of COVID-19 (supporting SMEs, digitalization, remote operation)		Record-breaking net profit UAH 3.8 billion.		War with Russia	
				Ranking #17 by assets		New strategy for state-owned banks, UGB focusing on privatization				Ranking #6 by assets		Business governed by the new strategy for state-owned banks prioritizing support to the economy and business during the war	
				Share of NPLs – 42%						Share of NPLs further down to 6%			
				New management and Supervisory Board appointed in 2015		Start of cooperation with IFIs (IFC, EBRD, EIB, NEFCO)				IFC Loan agreement (with conversion option) signed		War remains the key driver behind the credit risks	
						Ranking #4 by assets							
						Share of NPLs down to 12%							



	YE2014		1H2023		YE2014-1H2023	
	# IN THE BANKING SYSTEM	SHARE	# IN THE BANKING SYSTEM	SHARE	UKRGASBANK CAGR	BANKING SYSTEM CAGR
ASSETS	17	1.6%	5	6%	26%	8%
NET LOANS	20	1.1%	4	9%	26%	-4%
DUE TO CUSTOMERS	15	1.7%	5	6%	32%	14%

FINANCED PROJECTS

\$ 1.3 BILLION
SINCE 2016



REDUCTION OF CO² EMISSIONS

1,571,900
tons/year

SUSTAINABLE PROJECTS

- Ukgasbank is the leader in financing new clean energy facilities in Ukraine. 20.7% of the bank's loan portfolio consists of green loans as of 2Q2023
- Ukgasbank financed 13% of all renewable energy facilities in Ukraine
- The only bank in Ukraine with its own technical office for sustainable development projects
- Pioneer among Ukrainian banks in implementing Environmental and Social Risk Management System
- Member of UNEP FI, CPLC and other sustainable development organizations
- Recognized as the best bank for sustainable finance in CEE at the Euromoney Award for Excellence 2019





Global Trade Finance Program

Project “Becoming a leader in SME Banking”

Loan Facility for green purposes with equity conversion option



Loan Facility to promote green financing and help Ukrainian SMEs to recover from COVID-19



Trade Facilitation Program

Loan Facility to support SMEs



DCFTA Agreement Initiative East - risk sharing guarantee facility

EIB’s APEX Loan for SMEs and Mid-Caps Projects



Loan Facility for SME renewable energy projects



Loan Guarantee Fund for implementing energy management system in Ukrainian industry





- Ukgasbank was appointed by the NBU as an authorized bank to support the Ukrainian banking system operations during the martial law
- Business governed by the new strategy for state-owned banks prioritizing support to the economy and business during the war
- The Bank had been actively increasing the loan portfolio in order to facilitate the needs of agricultural producers, critical import and critical infrastructure
- Ukgasbank introduced credit holidays to support existing borrowers in the early months of the war. Subsequently the credit holidays were replaced with restructurings on the case-by-case basis.
- Amounts due to customers increase steadily - UAH 113 bn at YE2022, UAH 133 bn at 1H2023 (vs UAH 97 bn at YE2021).

BANKING DURING WARTIME

80%

of our branches are operative
(vs YE2021)

121

of branches are operative
even during blackouts

+\$640million

of new loans issued since the beginning of
the war to support businesses

CORE BUSINESSES



Corporate



SME



Retail



Trade Finance

MARKET SHARES

11%

Loans to legal entities

3%

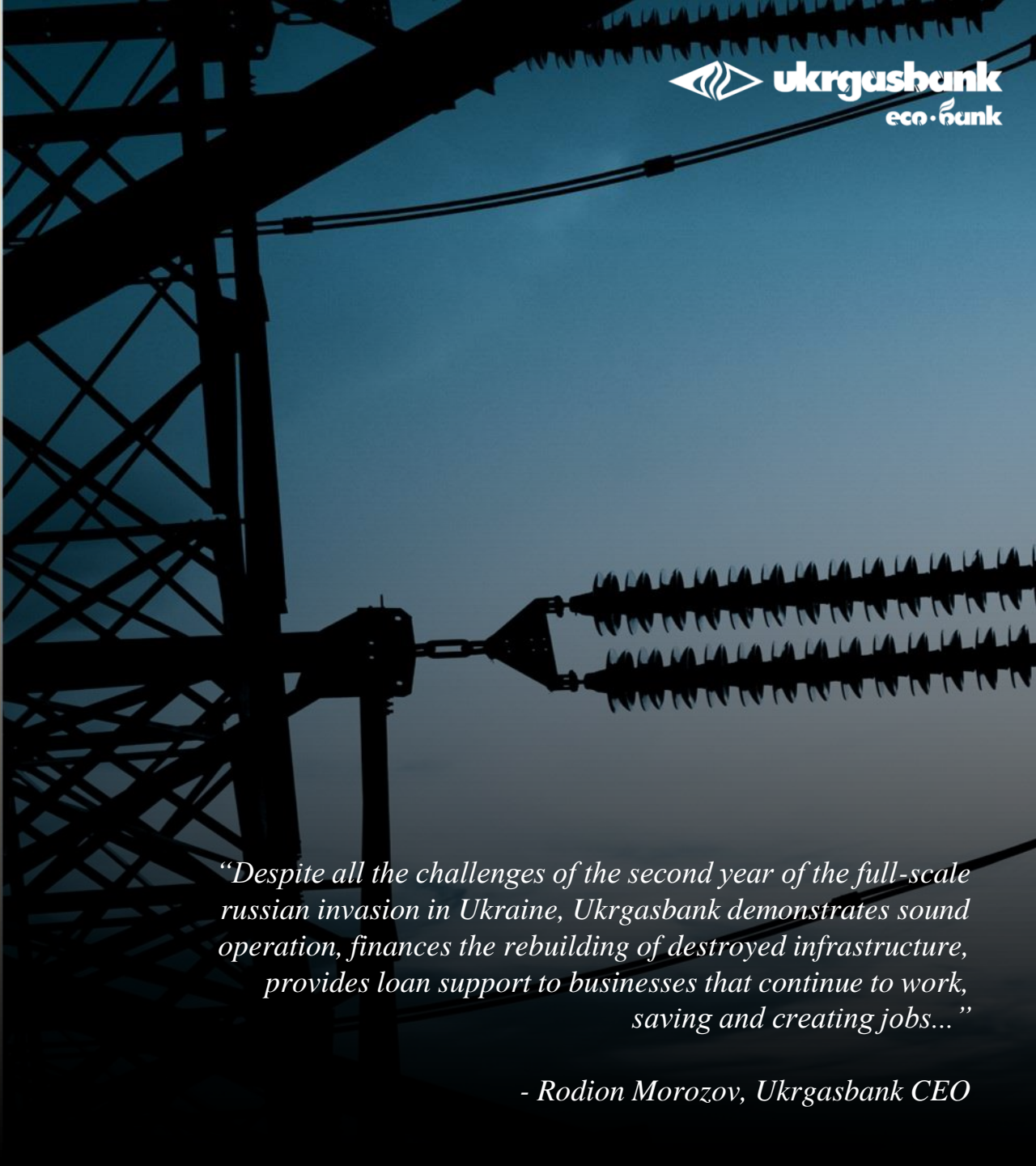
Loans to individuals

9%

Amounts due to legal entities

3%

Amounts due to retail customers



“Despite all the challenges of the second year of the full-scale russian invasion in Ukraine, UkrGasbank demonstrates sound operation, finances the rebuilding of destroyed infrastructure, provides loan support to businesses that continue to work, saving and creating jobs...”

- Rodion Morozov, UkrGasbank CEO

7,000

Corporate customers

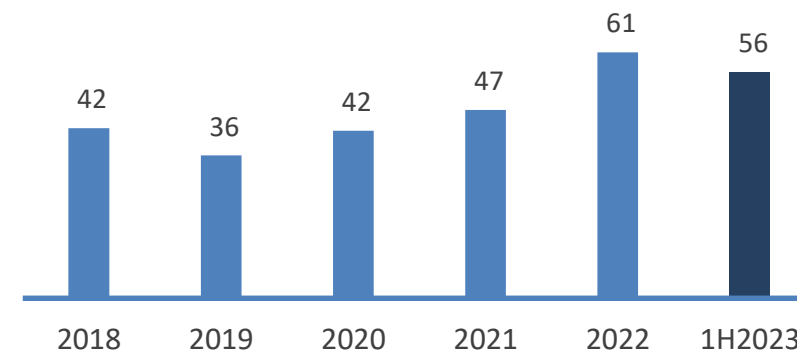
Entities with annual revenues > UAH 300m

Private corporates, state-owned enterprises, municipalities

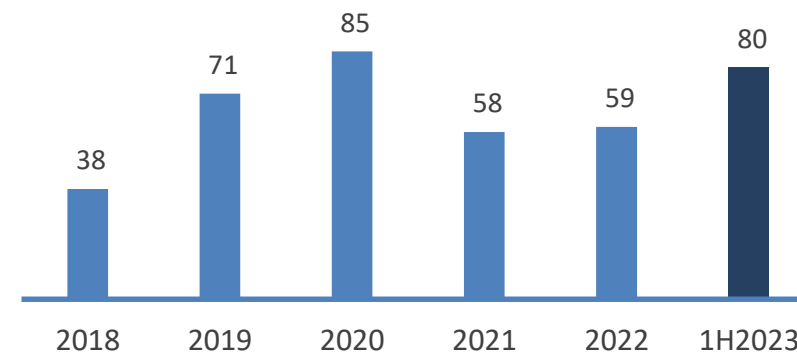
- Largest business segment at the Bank
- In line with the new strategy for state-owned banks, during the wartime, Ukgasbank focused on supporting critical sectors for the Ukrainian economy:
 - agribusiness, including through state support programs, e.g. "5-7-9%";
 - food safety;
 - critical infrastructure, including electricity market;
 - reconstruction/development of social, transport and critical infrastructure;
 - transport and logistics infrastructure;
 - import substitution of products imported from russia and/or belarus.
- Development of remote customer servicing through digital channels

CORPORATE BANKING

Corporate Loans | gross, UAH billions |



Due to Corporate Customers | UAH billions |





78,000

MSME customers

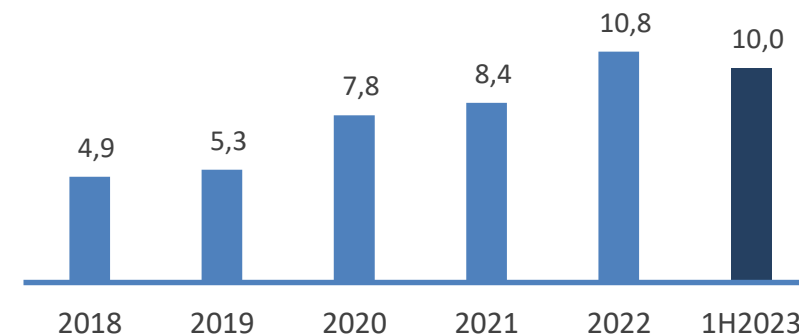
MSME entities with annual revenues < UAH 300m, max exposure UAH 150m

Private entrepreneurs, homeowners' associations, municipal entities

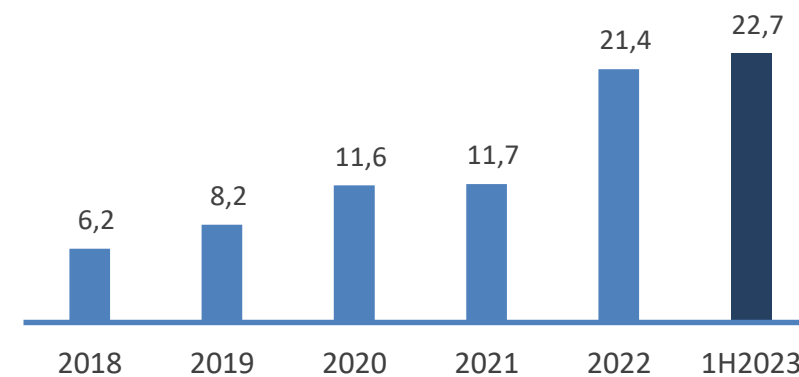
- SME financing is the most dynamically growing business segment at the bank
- SME business built from scratch: singled-out into a separate business line since 2015
- Achieved a TOP-5 ranking in the Ukrainian SME market just in 3 years
- Leading bank in lending to agribusiness in 2022
- In 2020, top-1 bank among state-owned banks by the volume of SME loan portfolio
- One of the leaders in the implementation of the government business support programs
- Market leader in the municipal utility sector financing
- The bank actively increases its digital share in customer servicing channels

SME BANKING

SME Loans | gross, UAH billions |



Due to SME Customers | UAH billions |





1,400,000

Active retail customers

Mass market customers

Affluent individuals

- Strong retail customer base growth by attracting economically active working age population
- Remote customer onboarding, co-branding projects
- In-house card processing in place, allowing customization and targeting of card-based products
- UkrGasbank takes a leading position and is the main participant in state socially oriented programs in close cooperation with the Ministry of Digital Transformation and Diya State Enterprise
- Market leader in providing local currency mortgages, incl. through government support programs
- Unique green products (roof solar power stations, electric vehicles, energy efficiency)
- Retail banking cross sales with SME Business and Corporate Business



#5

BY AUTO LOANS



#3

BY MORTGAGE LOANS



#5

BY MOBILE APPLICATION

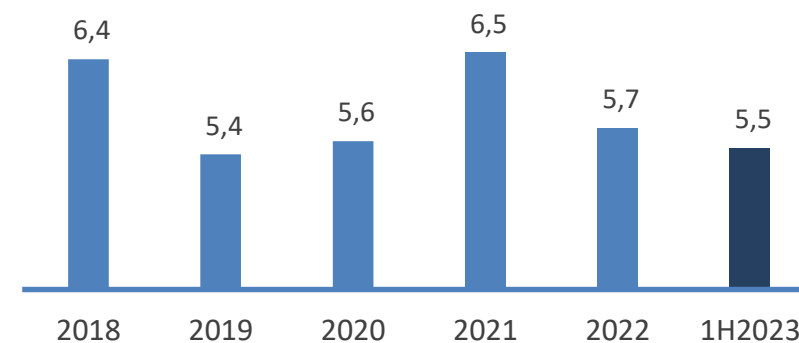


#9

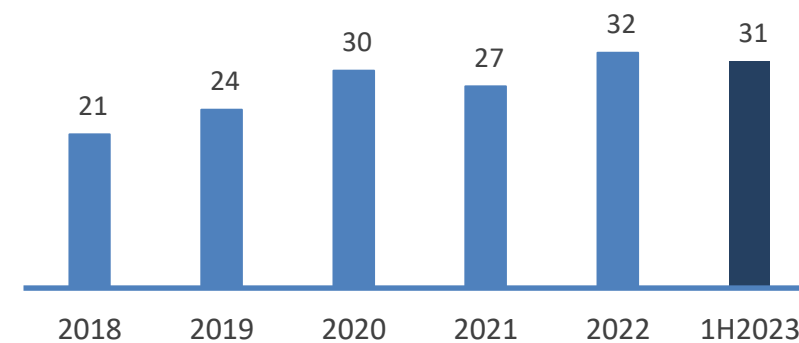
BY ACTIVE CARDS

RETAIL BANKING

Retail Loans | gross, UAH billions |



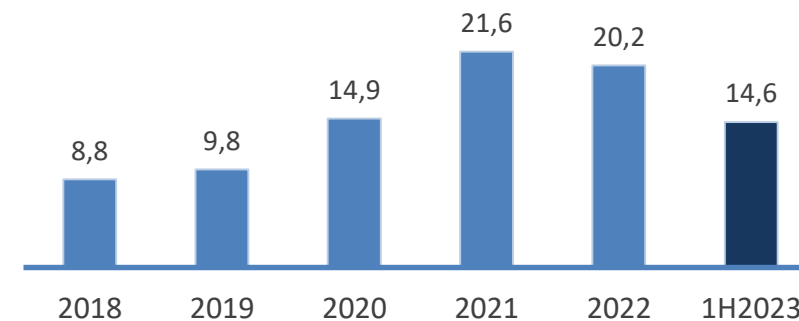
Retail Deposits | UAH billions |





- Trade finance closely intertwines with corporate and SME business lines
- Number 1 in trade finance portfolio in Ukraine in 2019–2021
- Participant in the IFC Global Trade Finance Program since 2017 with total TF limit of USD 110 million and tenor up to 5 years (*availability pre-invasion/war*)
- Participant in the EBRD Trade Facilitation Programme since 2019 with total TF limit of USD 170 million and tenor up to 5 years (*availability pre-invasion/war*)
- USD 50+ million of clean limits from RBI, Commerzbank, Deutsche bank, DZ, ODDO-BHF, BCP, JP Morgan (*availability pre-invasion/war*)
- EUR 100+ million of ECA’s limits from OeKB, SACE, Sinasure, US Exim, KUKA, TurkExim (*availability pre-invasion/war*)
- Focus on supporting critical imports during the war

Trade Finance Volumes | UAH billions|



ANNUAL TRADE AWARDS

Best issuing bank in Ukraine in 2020-2022 and best green deal in 2020, 2022 (*by EBRD*)

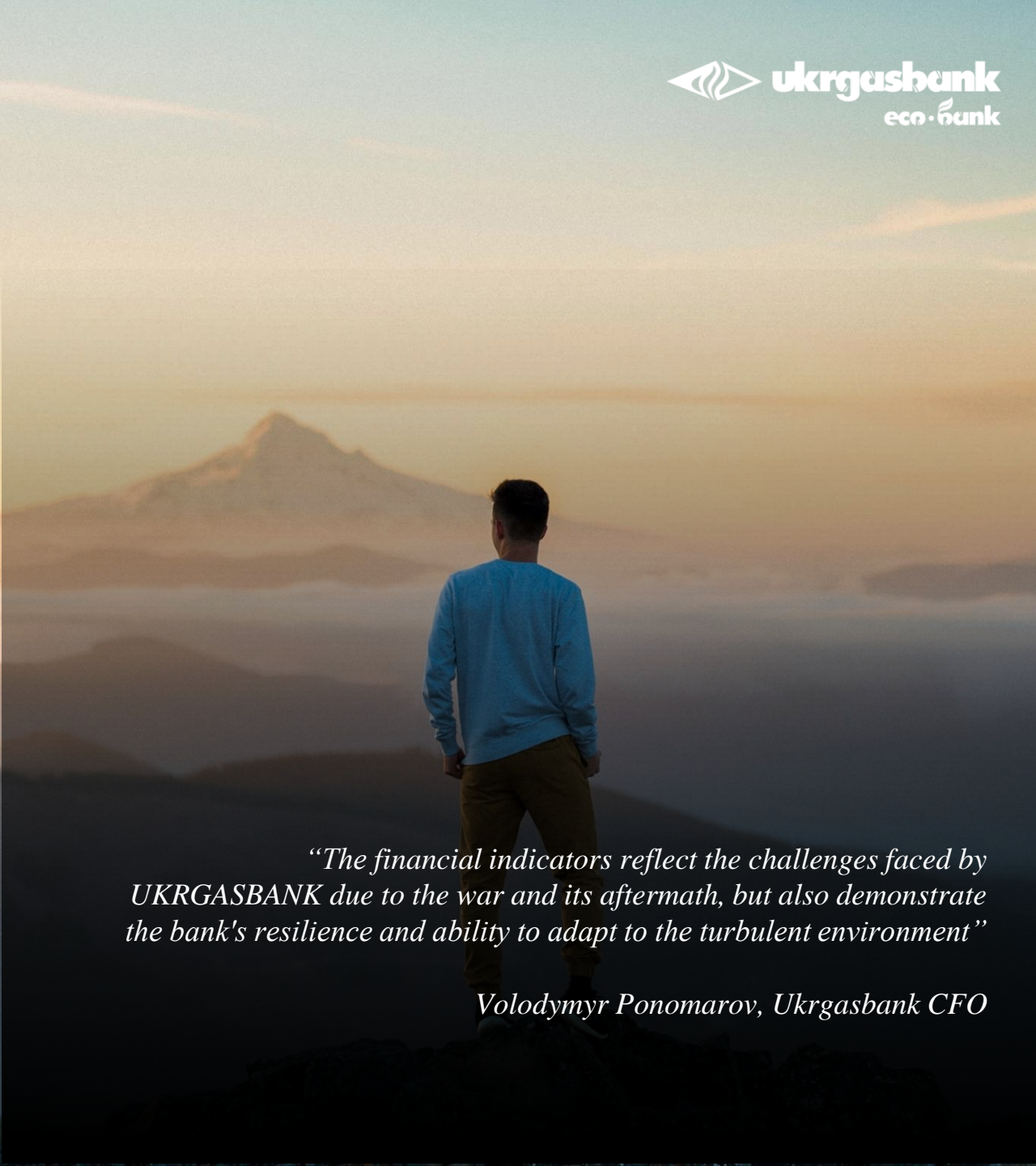
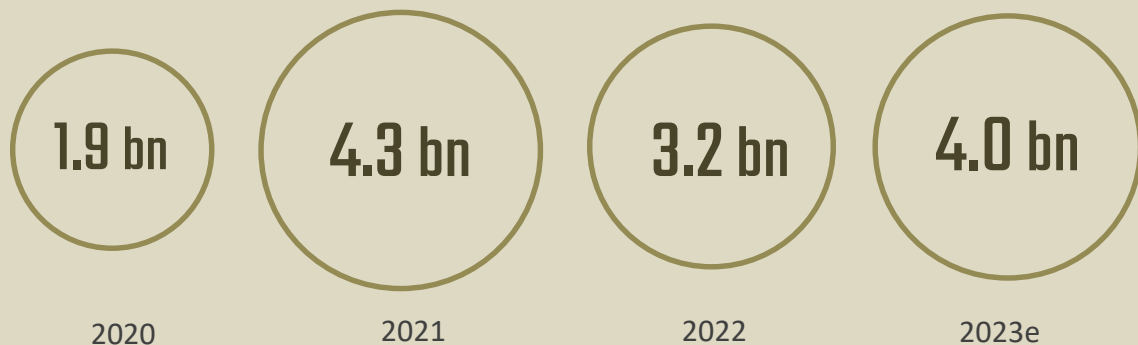
Best issuing bank in Eastern Europe in 2019, 2020 (*by IFC*)

Best Trade Finance Bank in Ukraine in 2021 (*by Global Banking & Finance Review Awards*)

Best trade finance bank in Eastern Europe in 2022 and Best Deal in 2022 (*by Global Trade Review*)

SELECTED FINANCIAL INDICATORS

PROFIT BEFORE IMPAIRMENT CHARGES AND TAXES,
UAH billions

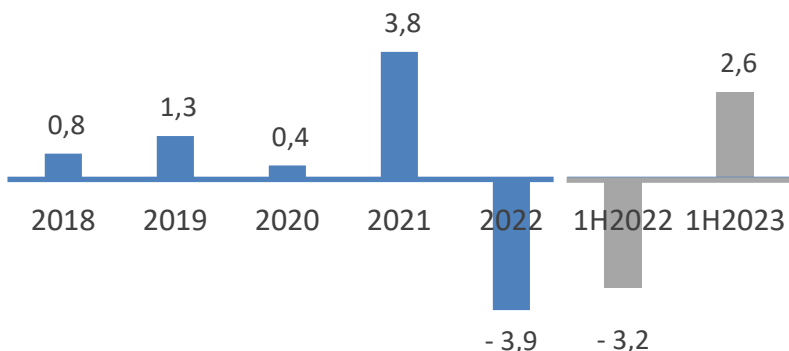


“The financial indicators reflect the challenges faced by UKRGASBANK due to the war and its aftermath, but also demonstrate the bank's resilience and ability to adapt to the turbulent environment”

Volodymyr Ponomarov, Ukgasbank CFO

Profit (Loss)

| UAH billions |



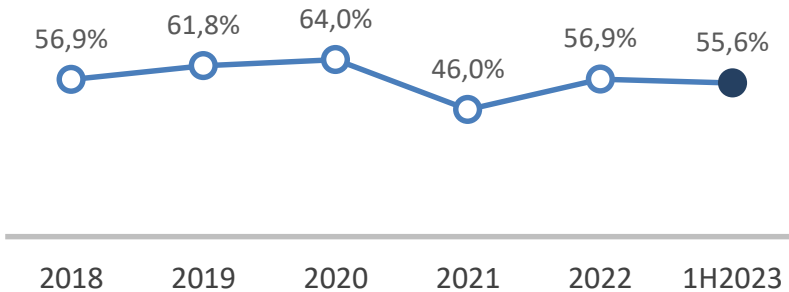
In 2022, UKRGASBANK's profit before impairment charges and taxes was UAH 3.2 billion, down from UAH 4.3 billion the previous year, due to the war's impact on business activity and increased funding costs. Waiving fees for customer support also affected profitability.

After a UAH 3.9 billion loss in 2022 driven by impairment provisions due to war-related asset quality deterioration, the bank achieved a UAH 2.6 billion profit in 1H2023. The growth resulted from enhanced operating performance, including balance sheet optimization, and a partial loan loss allowance release due to better-than-expected loan portfolio performance.

In 2022, the bank's CIR increased by nearly 11 PPTs, mainly due to expense growth from a high CPI, increased spending on charitable initiatives, including support for the Ukrainian army and war-affected cities, higher staff costs incurred to provide support to employees during the war's initial months. There was a slight improvement in CIR (by 1.3 PPTs) in 1H2023.

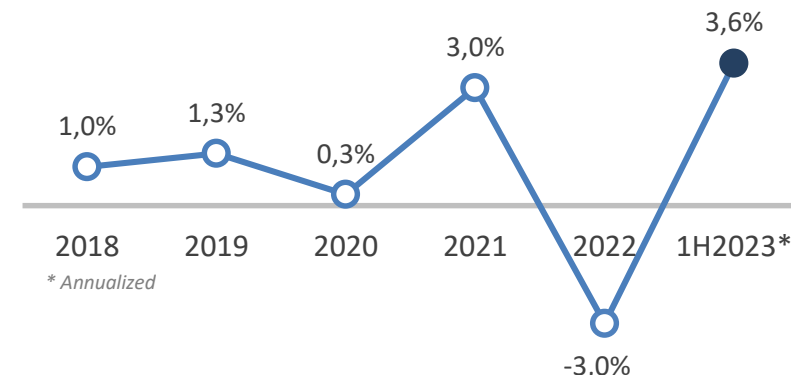
Cost to Income Ratio

| % |



Return on Assets

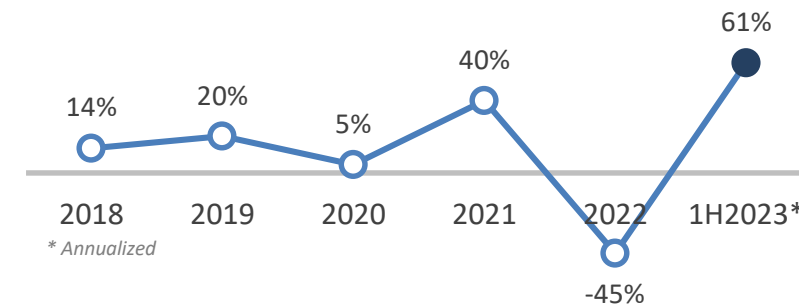
| % |



* Annualized

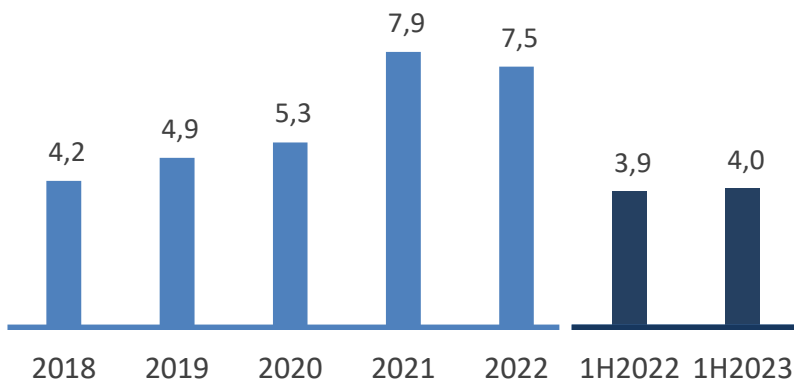
Return on Equity

| % |

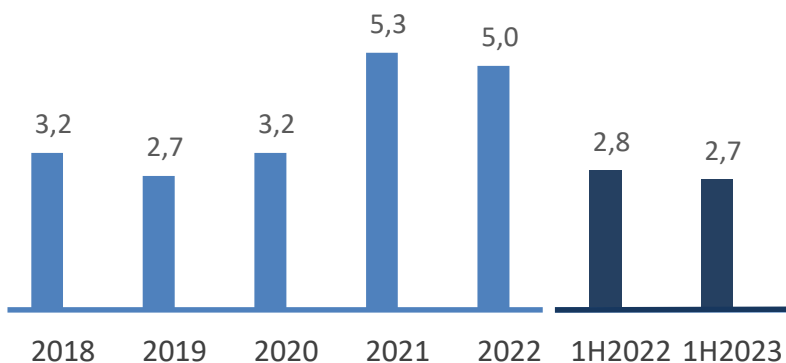


* Annualized

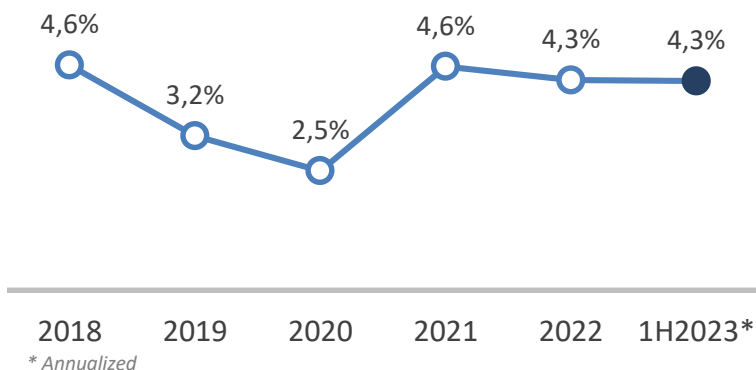
Operating income *(before impairment provisions and taxes)* | UAH billions |



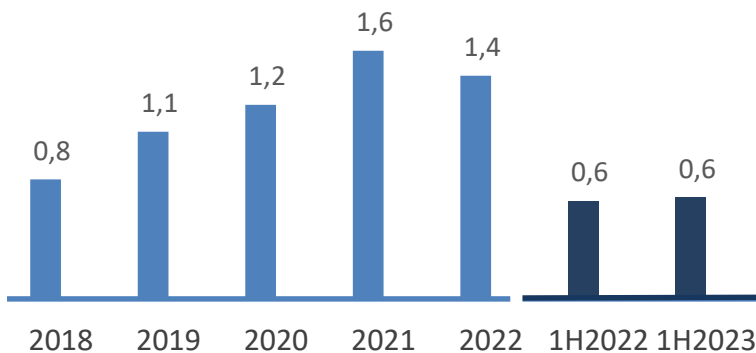
Net Interest Income | UAH billions |



Net Interest Margin | % |



Net Fee and Commission Income | UAH billions |



In 2022, UKRGASBANK experienced a 5% YoY reduction in net interest income. This decline was primarily due to the higher cost of funding caused by the NBU policy rate hike from 10% to 25% in June 2022, as well as a slower growth in interest rates for interest-bearing assets.

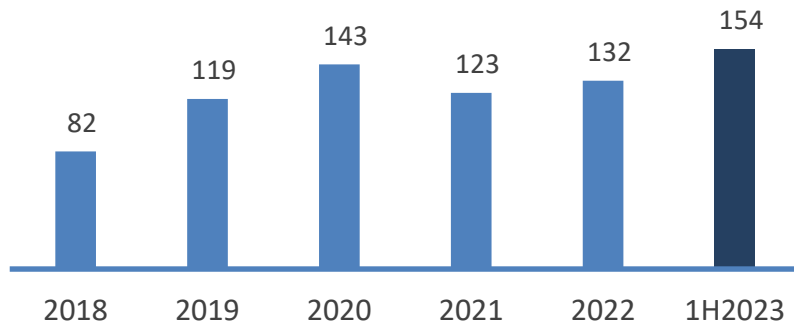
The impact of these factors persisted into 1H2023, leading to lower net interest income compared to 1H2022.

In 2023, the bank managed to improve NIM (June 5.5% to January 3.9%), which resulted in improved P&L figures and capital position at 1H2023. NIM is expected to reach aprox. 5% at YE2023.

In 2022, there was a slight decrease in fee and commission income, which can be attributed to the depressed business activity of customers and the bank's decision to waive a portion of fees to support them during the early months of the war. However, by the end of 2022, fee and commission income had recovered, resulting in only a 5.7% YoY reduction for the year.

Assets Dynamics

| UAH billions |



In 2022, the bank actively increased its loan portfolio (+26% YoY), focusing on agricultural producers, critical imports, fuels, and FMCG. These sectors drove the significant growth in assets.

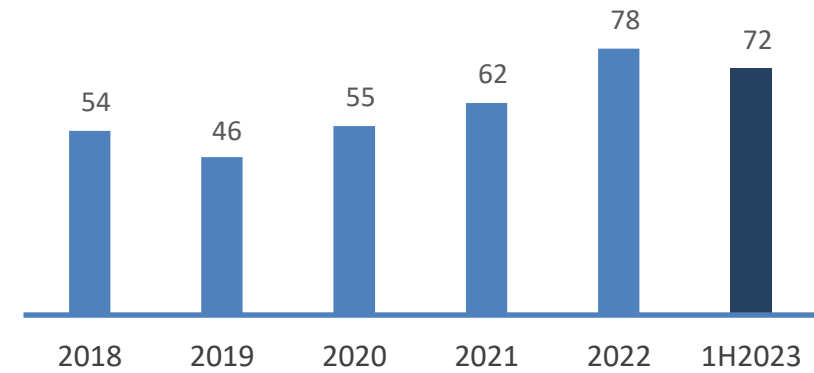
The bank issued over USD 600 million in new loans during the wartime, however in 2023 lending slowed down in line with the banking system trends. In the environment of high loan interest rates, government supported lending programs are the main driver of lending.

In 1H2023, assets increased by 17% (+UAH 22 billion). The growth was fueled by investments in government securities and NBU CDs in response to the monetary policy design.

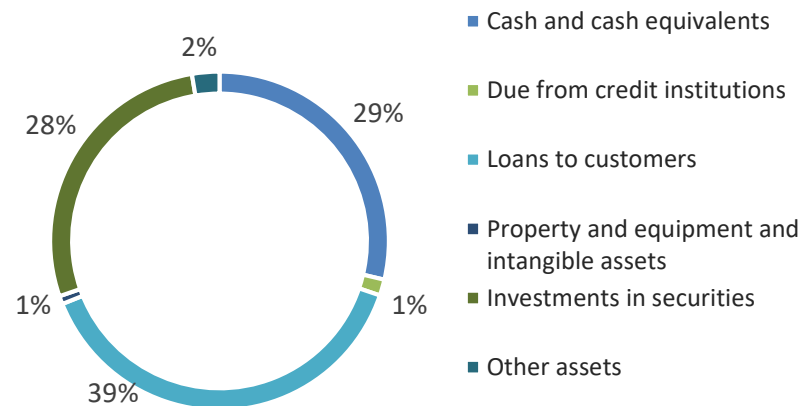
The loan portfolio breakdown remained stable, with loans to legal entities increasing by 3 PPTs at the expense of loans to individuals and owing to the organic growth of the portfolio in 2022.

Customer Loans

| gross, UAH billions |

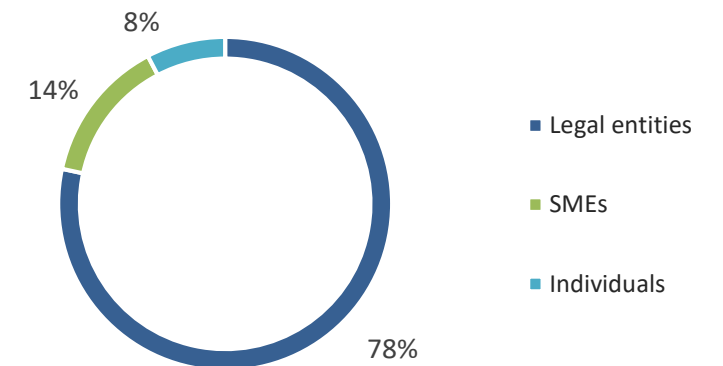


Assets Breakdown, 1|H|2023



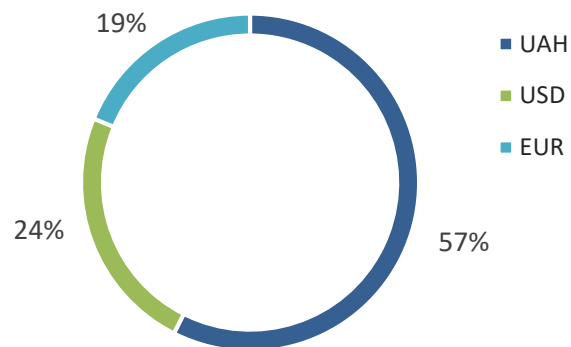
Loans Breakdown, 1H2023

| gross |



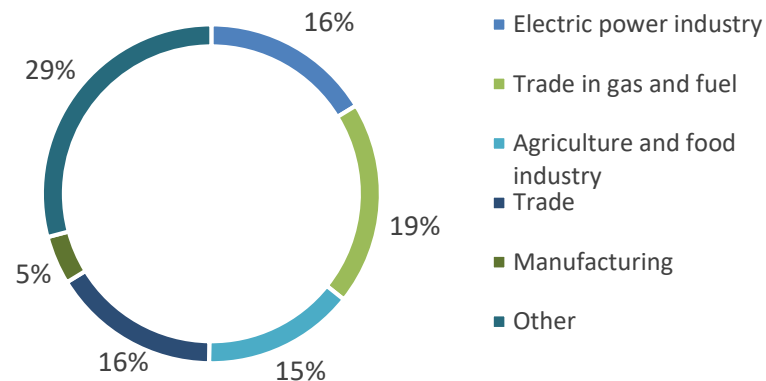
Loans by Currencies, 1H2023

| net |



Loans by Industries, 1H2023

| % |



UkrGasbank initially introduced credit holidays to support borrowers during the early war months, which were later replaced with case-by-case loan restructurings.

The war remains the key driver of credit risks.

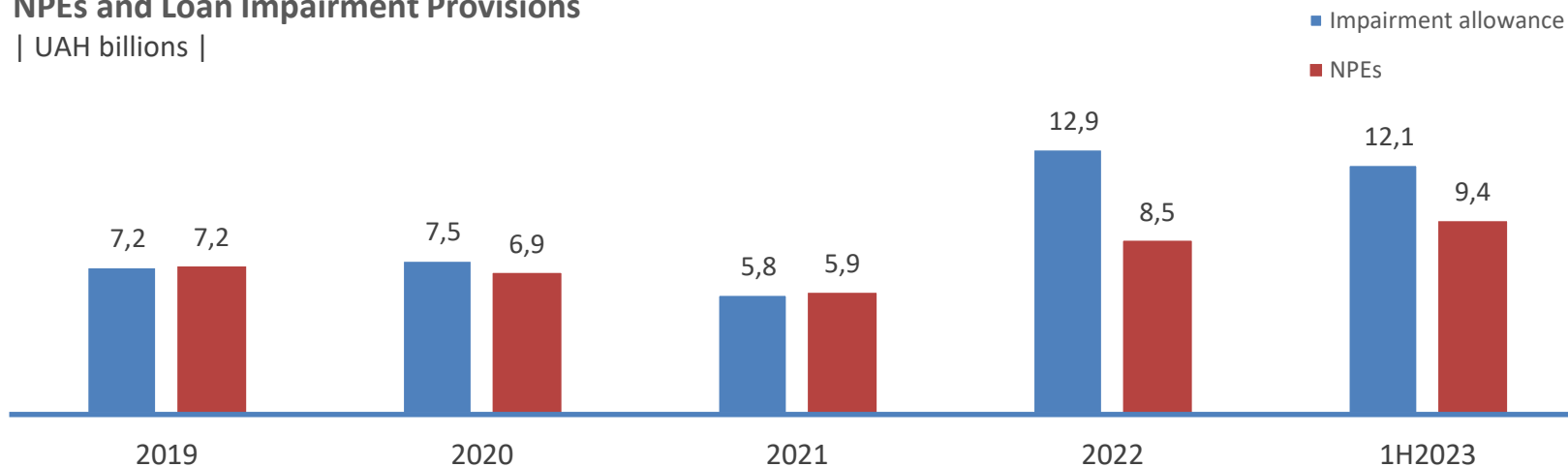
In 2022, the bank formed UAH 6.4 billion in impairment provisions to address increased war risks.

Active financing of agricultural and critical sectors in UAH during Q2-Q3 2022, coupled with a reduction in the foreign currency portfolio, increased the UAH share in the loan portfolio by 10 PPTs to 60% in 2022.

As of 1H2023, the non-performing exposure (NPE) ratio stood at 12% of customer loans, with a loan loss allowance to gross customer loans ratio of 17%.

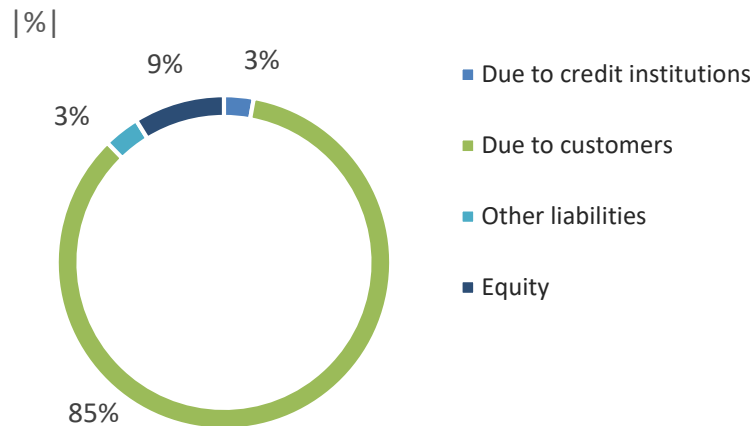
NPEs and Loan Impairment Provisions

| UAH billions |



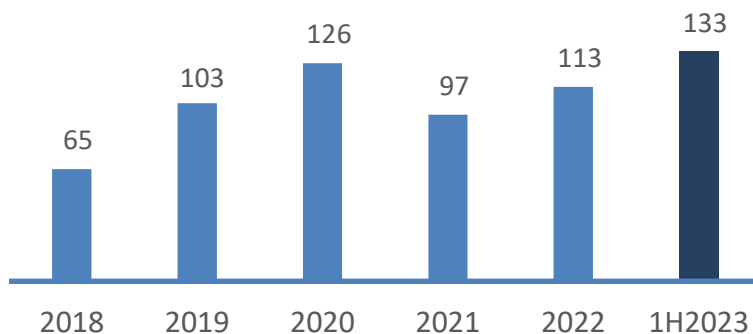
LIABILITIES AND EQUITY

Due to Customers Breakdown, 1H2023



Due to Customers

| UAH billions |



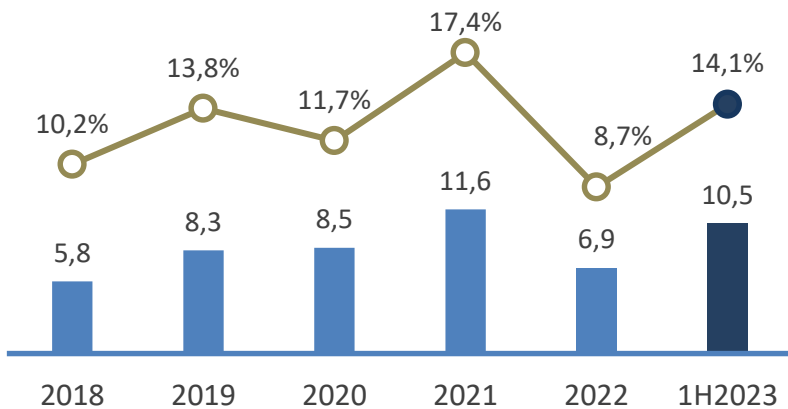
Amounts due to customers remain the primary funding source for the bank (94%).

In response to the war, the NBU introduced deposit withdrawal limitations; Deposit Guarantee Fund's coverage was expanded to 100% of retail loans, ensuring system stability.

Amounts due to customers stood at UAH 113 billion at YE2022 (+16%). In 2023, the bank continued attracting funding from customers (+18% growth) and remained a market leader, with corporate business driving the growth.

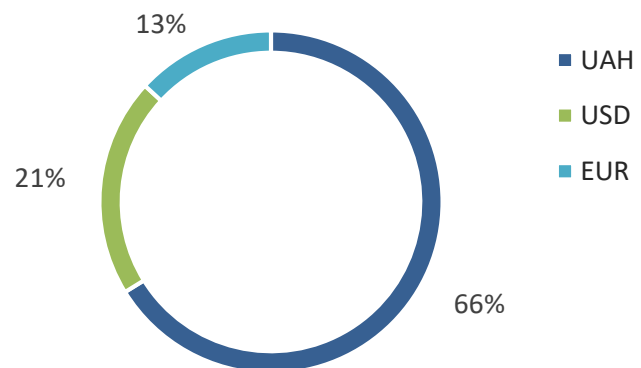
Total Capital Adequacy Ratio Dynamics

| UAH billions, % |



Due to Customers by Currencies, 1H2023

| % |



Share of amounts due to customers in UAH increased by 11 PPTs in 2022 due to rising demand for local currency lending. This trend continued in 2023, with additional UAH 16 million in local currency funding.

Total capital ratio substantially improved during 1H2023 to sound 14.1% mainly as a result of well-thought risk-management approach and current year profit.

<i>In UAH billions</i>	YE2018	YE2019	YE2020	YE2021	YE2022	1H2023
Total assets	82.2	119.1	142.7	123.2	131.6	153.9
Cash and cash equivalents	14.0	46.4	35.3	30.2	35.3	44.1
Due from credit institutions	0.7	0.3	0.7	5.1	2.4	2.4
Loans to customer and financial leases	45.2	39.0	47.5	55.9	64.8	59.6
Securities and investments	18.8	30.4	56.0	29.5	23.2	42.6
Property/Investment property, equipment and intangible assets	2.8	2.6	2.4	1.9	1.9	1.9
Other assets	0.7	0.4	0.8	0.6	4.0	3.3
Total liabilities	76.5	110.9	134.2	111.6	124.7	143.4
Due to NBU	4.3	-	-	4.7	1.0	1.0
Due to credit institutions	5.8	5.7	5.7	7.3	8.9	7.4
Due to customers	65.1	103.4	126.5	96.7	112.8	133.4
Other liabilities	1.2	1.8	2.0	2.9	2.0	1.6
Equity	5.8	8.2	8.5	11.6	6.9	10.5
Share capital	13.8	13.8	13.8	13.8	13.8	13.8
Accumulated deficit	-6.2	-4.9	-4.5	-0.7	-4.6	-1.9
Other equity items	-1.8	-0.7	-0.8	-1.5	-2.3	-1.4
Total equity and liabilities	82.2	119.1	142.7	123.2	131.6	153.9

<i>In UAH millions</i>	2018	2019	2020	2021	2022	1H2022	1H2023
Interest income	8,116	9,664	9,576	8,702	11,566	4,717	7,847
Interest expense	-5,156	-6,924	-6,366	-3,442	-6,572	-1,870	-5,187
Net interest income before provisions	2,960	2,740	3,210	5,260	4,994	2,847	2,660
Change in allowance for impairment of loans	-558	-617	-1,517	610	-7,135	-4,770	856
Change in allowance for impairment of other financial assets	-226	233	100	-220	64	52	127
Non-interest income	1,253	2,139	2,118	2,676	2,513	1,027	1,301
Operation income (after provisions)	3,429	4,495	3,911	8,326	437	-844	4 944
Operating expense	-2,434	-3,006	-3,401	-3,627	-4,282	-2,352	-2,207
Income / (loss) before tax	882	1,345	511	4,685	-3,999	-3,203	2,715
Income tax benefit / (expense)	-113	-56	-100	-914	138	4	-119
Net Profit/(loss)	769	1,289	411	3,771	-3,862	-3,199	2,596

CONTACT UKRGASBANK EXTERNAL RELATIONS



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