

Bank in the World
World in the Bank

Investor presentation FY2023

July 2024



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Overview

- Established in 1992
- Leading corporate sector lender with focus on long-term and investment loans
- One of the leading providers for structured and trade finance

- Top Ukrainian bank to partner IFIs under various multilateral programs
- Prime channel of settlements related to international economic activity
- Sole Financial Agent for the Government

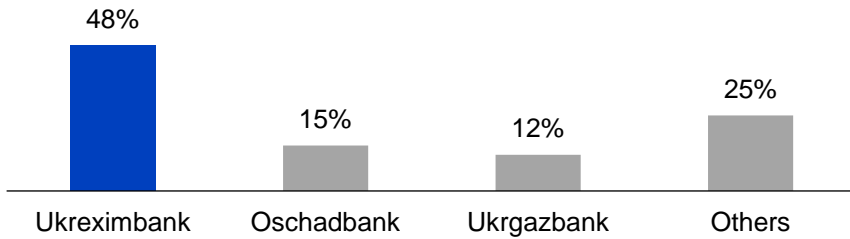
Selected figures as at 01.01.2024	
	UAH mln
Total Assets, incl:	262,499
• loans to customers (net)	74,570
• Investment securities	69,994
Total Liabilities, incl:	255,128
• due to customers	213,949
• Eurobonds Issued (incl. subordinated)	6,219
• due to IFIs	25,993
Total Equity	7,372

Ownership:	Cabinet of Ministers of Ukraine, 100%
Branch network :	22 branches, 27 sub-branches, 2 Representative offices (London, New York)
Customers:	corporate – over 36,000 individual – over 660,000
Employees:	≈2,500
Head Office:	Kyiv, Ukraine

Ratings	FitchRatings	MOODY'S
Long-term foreign currency	CCC-	Caa3
Long-term local currency	CCC	Caa3

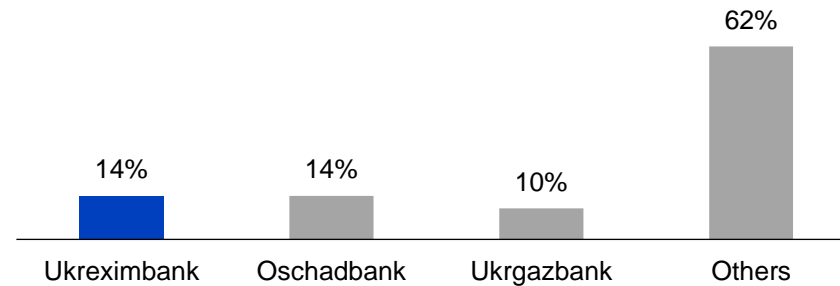
Leading market position

Top Ukrainian bank by capital markets and IFIs funding



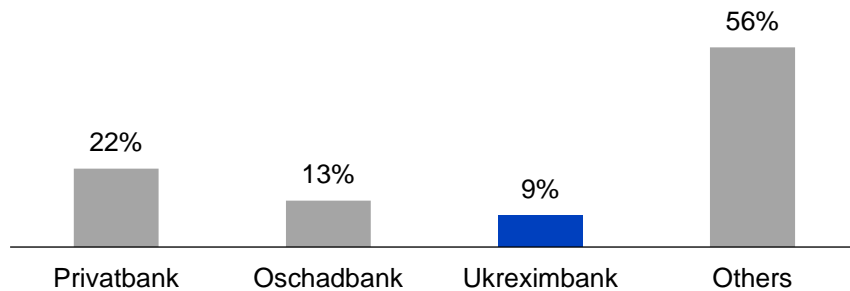
market share by capital markets & IFI funding

Leading corporate sector lender and provider for structured and trade finance



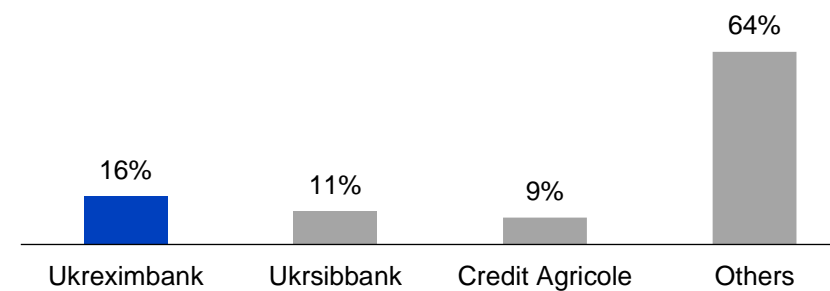
market share by loans to corporate customers (net)

3rd largest bank in Ukraine by assets



market share by assets (net)

The largest bank in Ukraine by corporates' time deposits



market share by corporates' time deposits



Best practice corporate governance meets strict principles and guidelines

- OECD Principles of Corporate Governance
- OECD Guidelines on Corporate Governance of State-Owned Enterprises
- Basel Committee's Corporate governance principles for banks
- The majority of the Supervisory Board are independent members
- Key management is appointed to positions through competitive selections



Diversified business & asset structure

- Loan book focused on corporate clients with strong sector diversification
- Investment portfolio of safe and liquid Ukrainian state bonds
- Project finance through IFI programs
- Strong documentary business and trade finance franchise
- Extensive network of correspondent banks



State commitment

- 100% state ownership
- Maintained capitalisation through equity injections
- Recognized by the National Bank as a systemically important bank
- Sole Financial Agent for the Government on official foreign loans and IFI projects



Stable funding base

- Clients' funds with high roll-over ratio
- Financing via IFIs loans and project finance
- Benefit from historical access to debt capital market
- \$3 bln Eurobonds issued since 2004
- The only bank in Ukraine that issued Eurobonds in local currency (\$450 mln equivalent total)

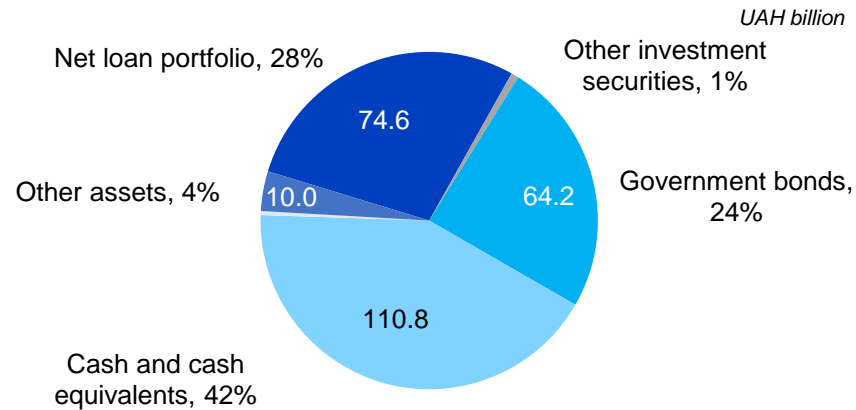


Agent partner to IFIs

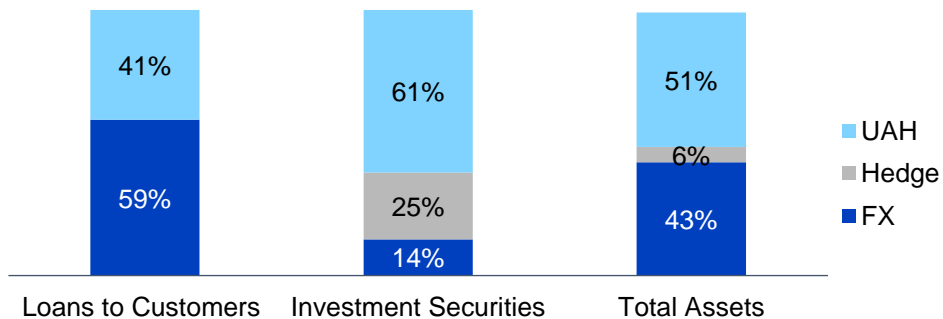
- Export development projects with IBRD in the amount of \$525 mln
- Energy efficiency programs with IBRD, EBRD & GCPF aggregate of \$500 mln
- SME & Mid-caps facilities from IBRD & EIB - total commit. \$640 mln
- Trade facilitation programs with EBRD & IFC - total commit. \$350 mln

Diversified asset structure

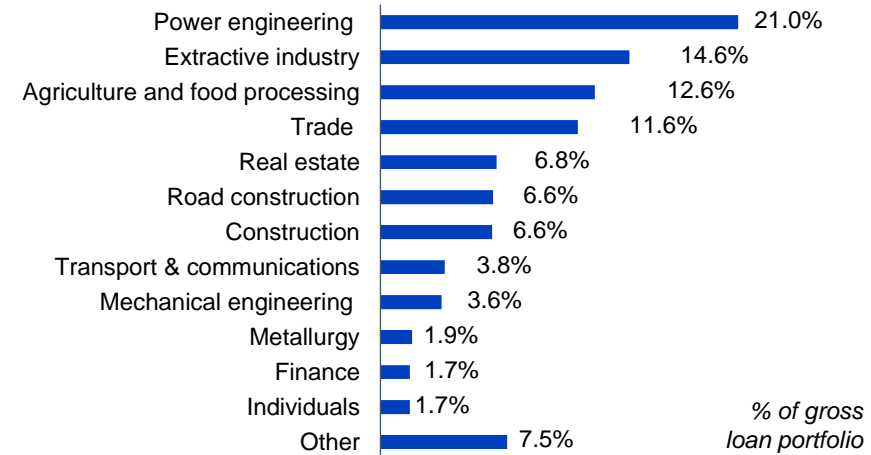
Highly liquid assets structure with large share of comparatively low-risk Government bonds



Currency breakdown of assets



Diversified loan book with emphasis on export-oriented corporate clients and critical infrastructure



Strong documentary business and trade finance franchise

- Over \$1bn annual turnover in trade finance & documentary transactions
- Ukreximbank clients enjoy favorable terms of trade finance lines from EBRD and IFC



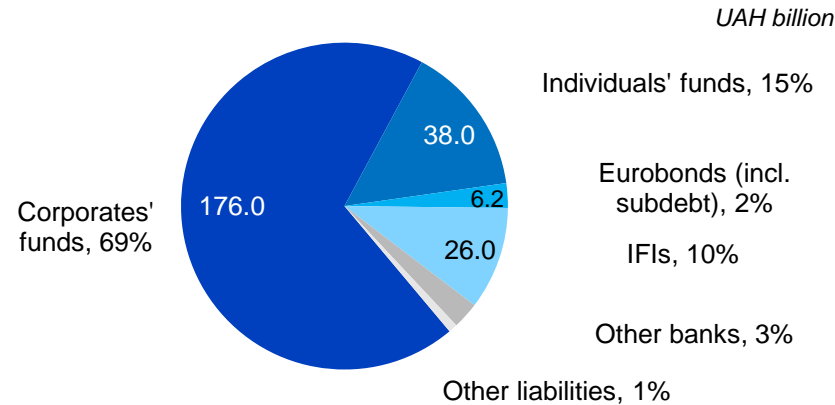
Global trade finance guarantees programme



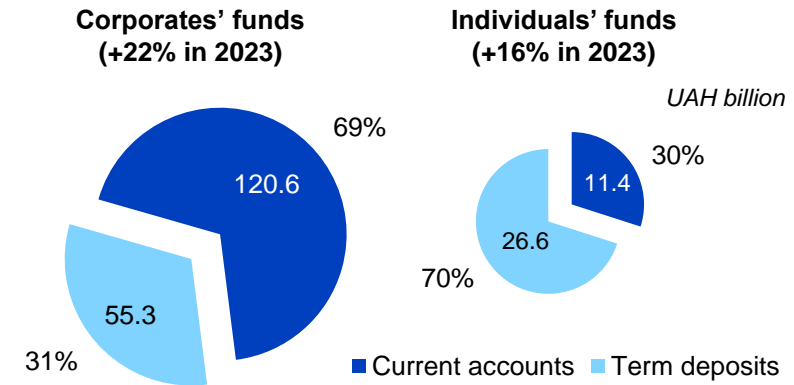
Trade facilitation programme

Stable funding base

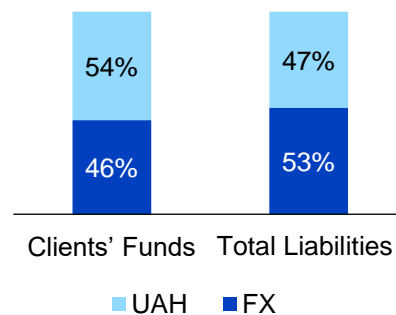
Funding base of the Bank primarily consists of corporate clients' funds



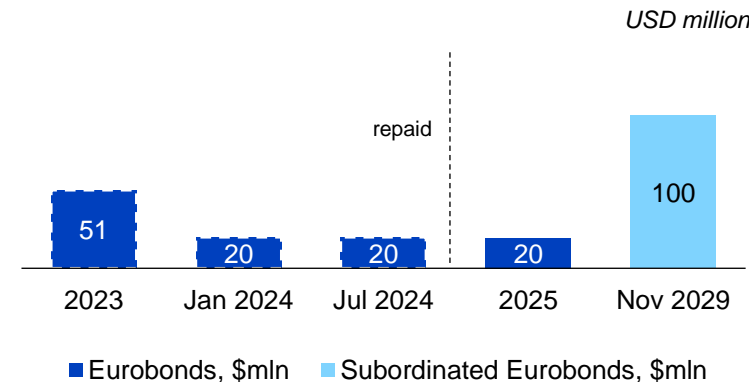
Clients' funds (+21% in 2023) comprise of term deposits and low-cost current accounts with high roll-over ratio



Currency breakdown of liabilities



Smooth Eurobonds maturity profile



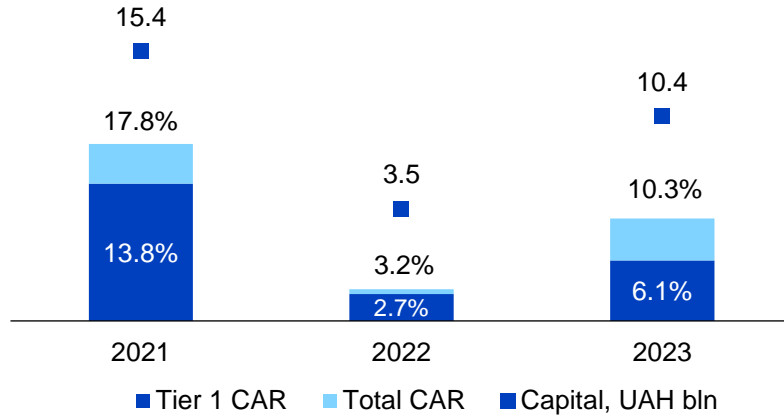
The Bank enjoys financing via various IFIs loans and projects



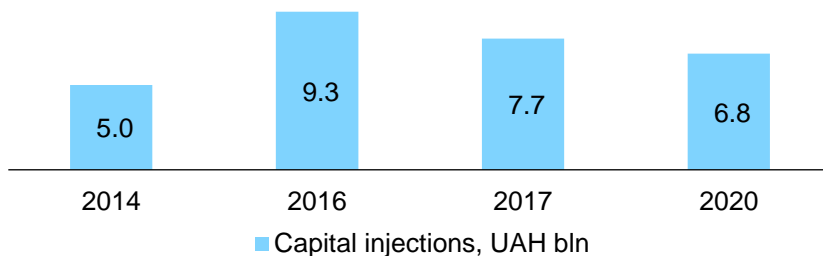
NEFCO

Capital position

Capital position

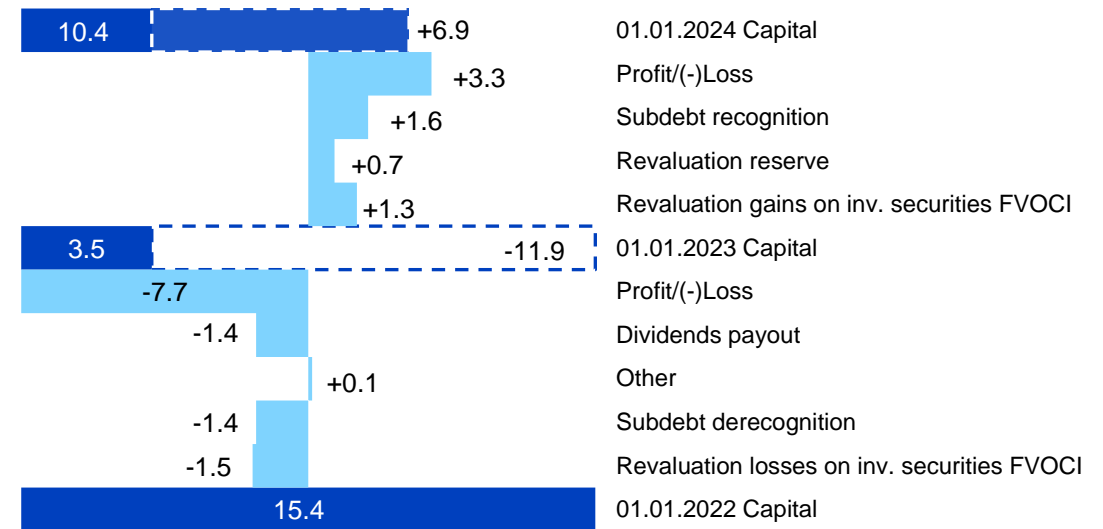


Track record of capital injections from the state as a shareholder



Russian invasion led to a provisioning pressure on the capital in 2022. Profitable operation in 2023 provided partial capital restoration

UAH billion

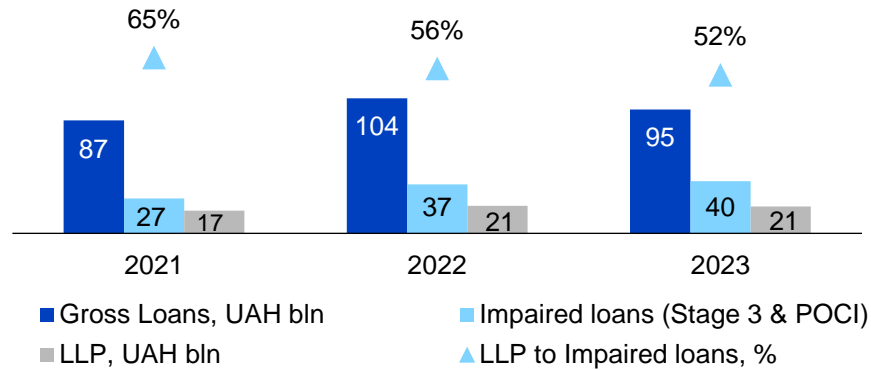


The state remains supportive to the Bank given its systemic importance

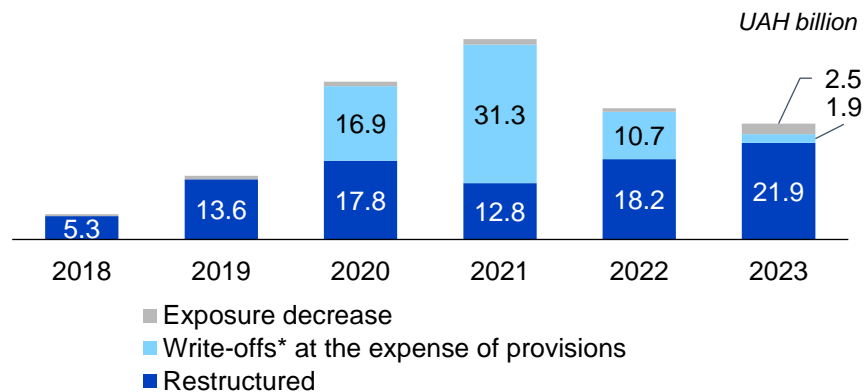
MOODY'S "The probability of government support is very high"

Loan portfolio quality

Loss absorption capacity supported by adequate loan-loss reserves coverage

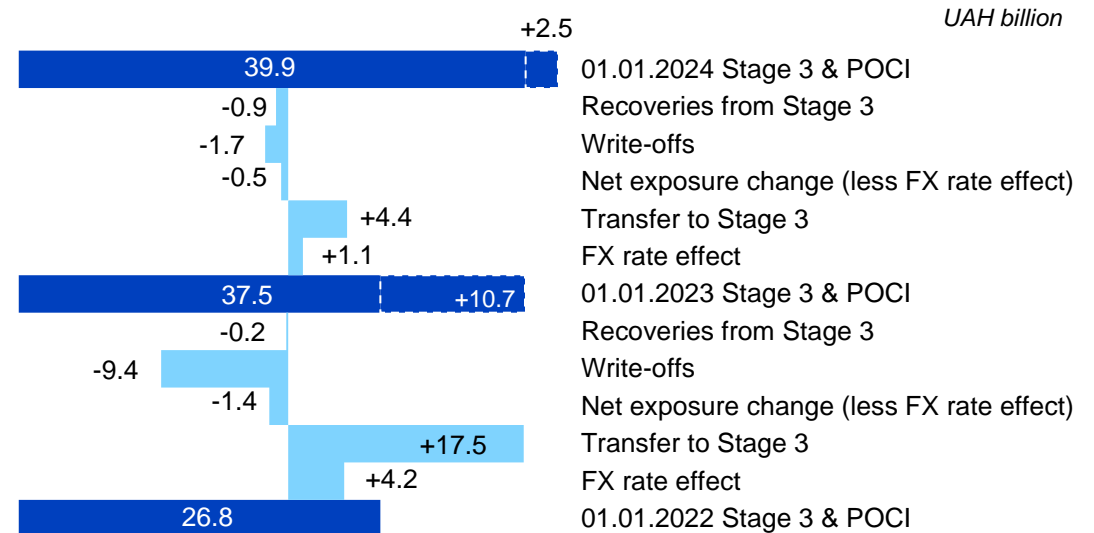


Resolution of NPLs

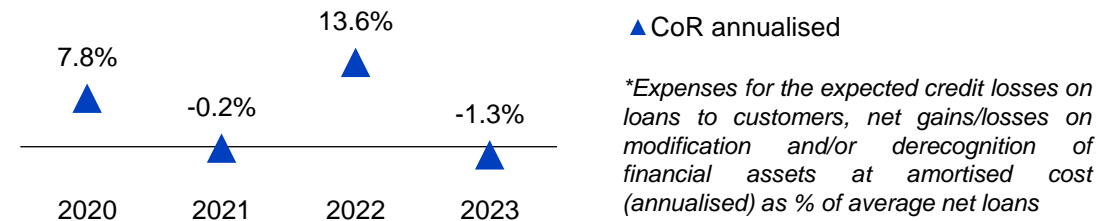


* principal and interest value

Stage 3 & POCI loans increased by UAH 10.7 billion in 2022 with no further substantial deterioration in 2023



Negative cost of risk* in 2023 after spike in 2022



Fitch Ratings

Long-term foreign currency issuer default rating	CCC-
Foreign currency senior unsecured debt rating	CCC-
Long-term local currency issuer default rating	CCC
Short-term foreign currency issuer default rating	C

Moody's

Long-term foreign-currency senior unsecured debt rating	Caa3 (Stable)
Long-term local-currency deposit rating	Caa3 (Stable)
Long-term foreign currency deposit rating	Caa3 (Stable)
Long-term foreign-currency subordinated debt rating	Ca

RECENT RATING ACTIONS

June 17, 2024: Fitch affirmed Long-Term FC Issuer Default Rating (IDR) at 'CCC-', Long-Term LC IDR at 'CCC' and Viability Rating (VR) at 'f'.

June 30, 2023: Fitch affirmed Long-Term FC IDR at 'CCC-', Long-Term LC IDR at 'CCC' and Viability Rating (VR) at 'f'.

December 19, 2022: Fitch Ratings downgraded Ukreximbank's Viability Rating (VR) to 'f' from 'cc' following the breach of its minimum regulatory requirements caused by the deterioration in bank's capitalisation. Fitch affirmed Long-Term FC IDR at 'CCC-' and Long-Term LC IDR at 'CCC'

August 22, 2022: Fitch Ratings affirmed Long-Term FC IDR at 'CCC-' and Long-Term LC IDR at 'CCC'. Fitch also downgraded VR to 'cc' from 'ccc'. The rating actions followed the downgrade of Ukraine's sovereign rating to 'RD' on 12 August 2022, and subsequent upgrade to 'CC' on 17 August 2022.

March 6, 2024: Moody's affirmed all ratings and assessments of Ukreximbank. The outlook on the long-term deposit and senior unsecured debt ratings was changed to stable from negative.

February 14, 2023: Moody's affirmed all ratings and assessments of Ukreximbank, following the downgrade of sovereign rating to Ca.

December 07, 2022: Moody's downgraded Ukreximbank's BCA and Adjusted BCA to ca from caa3 due to the material deterioration in its capital position, which followed large credit losses and resulted in the breach of its minimum capital requirements. Moody's affirmed Caa3 long-term deposit ratings, Caa3 senior unsecured debt rating given a very high probability of support from the government and bank's ample liquidity and extremely challenging operating environment. Moody's also affirmed Ca subordinated debt rating.

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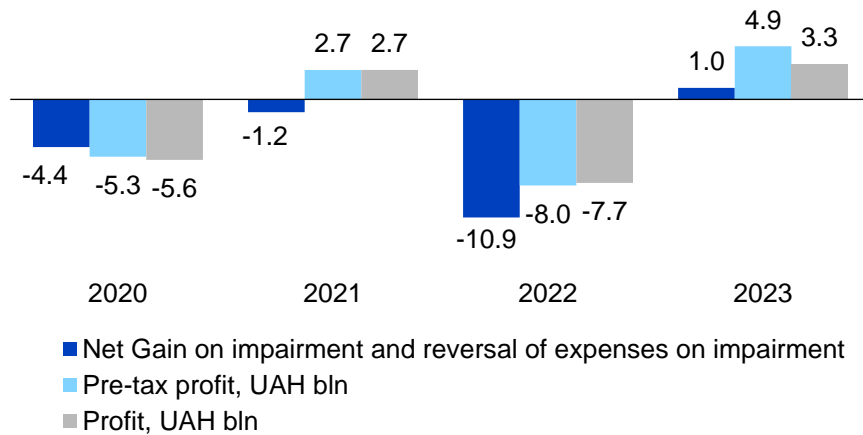
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Balance sheet & Income statement summary

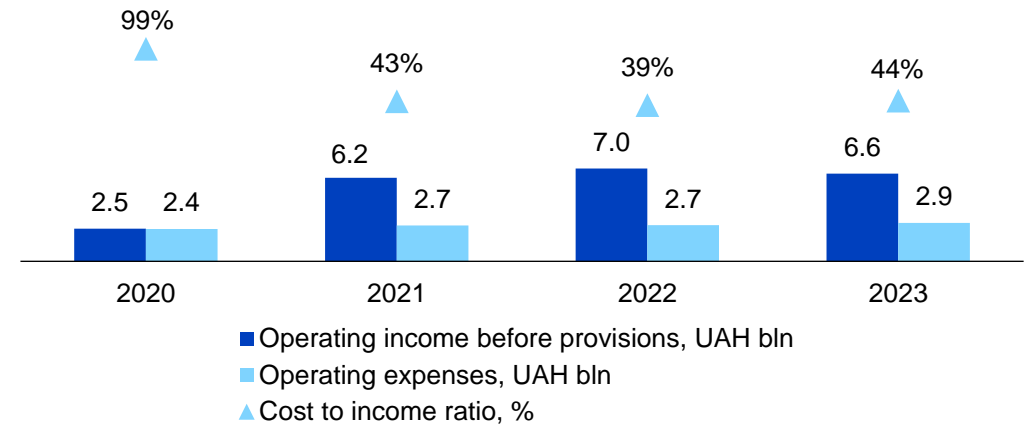
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Profitability restored in 2023

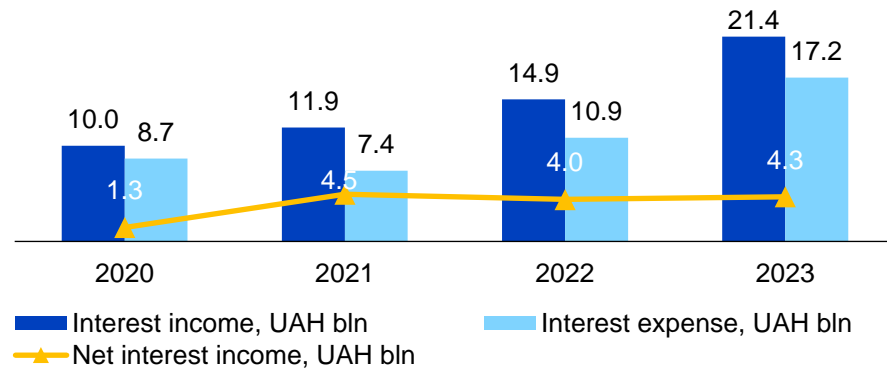
Considerable profit in 2023 with reversal of provisions



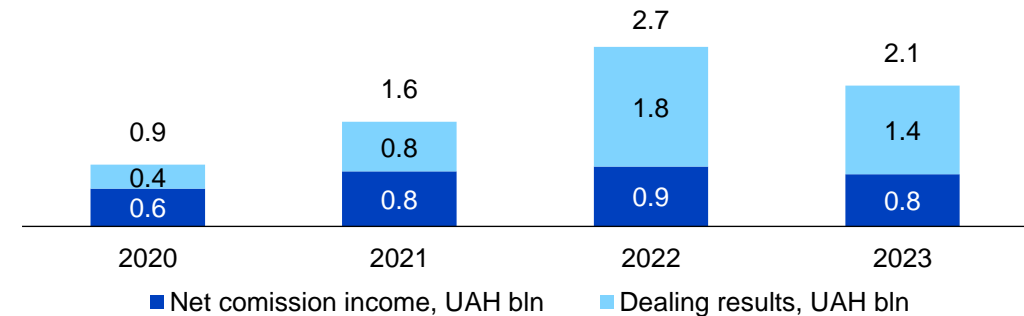
Operating profitability moderately increased and remains sustainable



Net interest income increased in 2023 with raised local interest rates



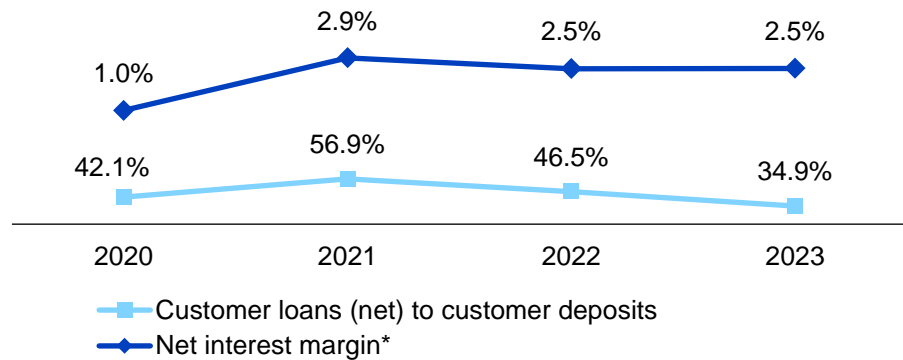
Dealing income almost doubled in 2022 and maintained high in 2023



Source: Ukreximbank consolidated IFRS financials

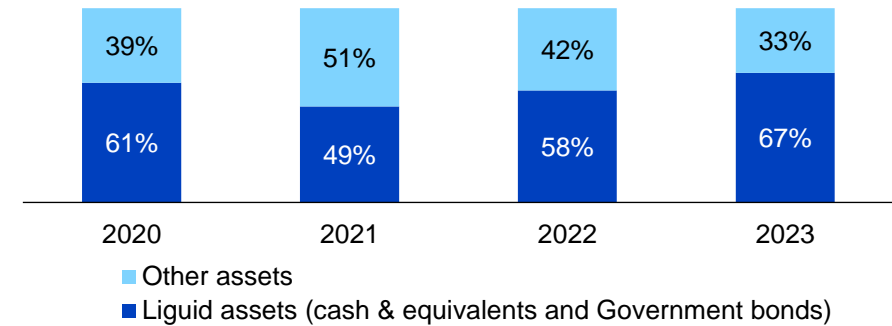
Asset structure focusing on marginality and liquidity

Net interest margin flat due to shift to low-risk asset structure

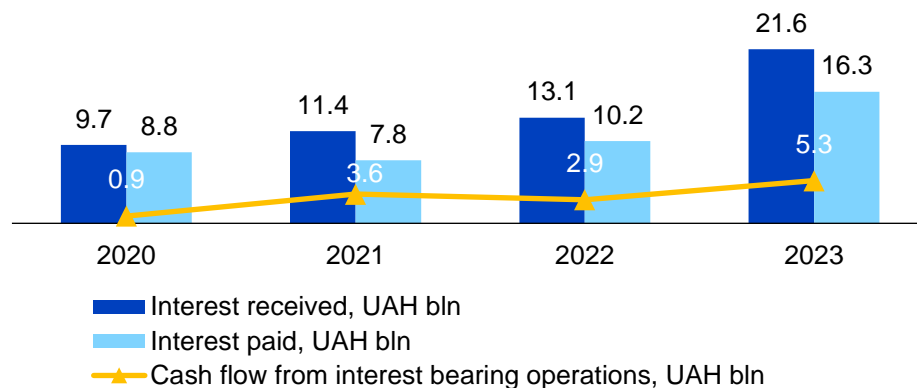


*NIM over net customer loans, interbank loans, NBU deposit certificates and investment securities

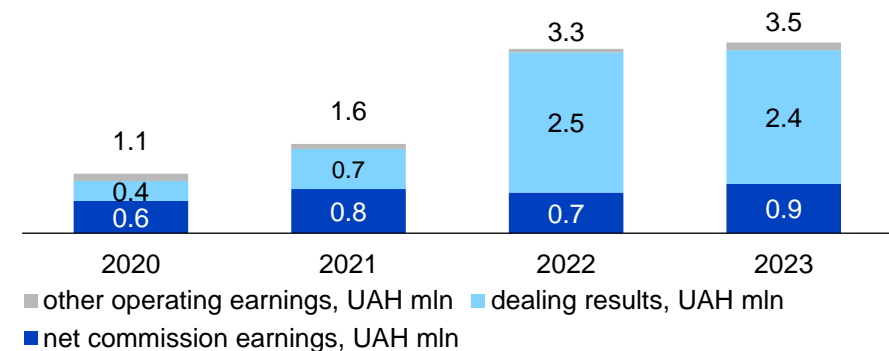
Substantial liquidity – the Bank complies with all regulatory liquidity ratios



Cash flow from interest bearing operations increased in 2023



Dealing and commissions earnings expanded in 2022 and 2023



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Ukreximbank booked UAH 4.4 billion profit in 6m2024

The operating profit in 6m2024 increased by UAH 1.9 billion to UAH 3.3 billion, compared to 6m2023.

The Supervisory Board of Ukreximbank appointed Viktor Ponomarenko as the Chairman of the Management Board of the Bank, effective July 1, 2024. Viktor Ponomarenko's track record of leadership in the banking sector is over 24 years, twenty of which he worked for "ProCreditBank" JSC, part of ProCredit Holding (Germany), an international financial holding company. Since 2012, Viktor Ponomarenko has been the Chairman of the Management Board of "ProCreditBank" JSC.

Six new members of the Management Board were selected by the Supervisory Board of Ukreximbank on the open competitive selection.

Ukreximbank enhances access to funding with the IFIs even amid the war

In June 2024 Ukreximbank and the Green for Growth Fund (GGF) signed the Letter of Intent for the development of the "green" economy of Ukraine. The Green for Growth Fund (GGF) is part of the EU4Energy initiative and invests in measures aimed at reducing energy use and CO2 emissions, as well as improving resource efficiency in 19 markets, including the Eastern Partnership region.

In March 2024 Ukreximbank received EBRD's guarantee to cover up to 50 percent of Ukreximbank's credit risk on newly issued sub-loans worth €40 million to private businesses operating in Ukraine.

In November 2023 the EIB disbursed EUR 20 million to Ukreximbank as the last tranche of a EUR 300 million facility. This financing aims to support Ukrainian SMEs. The funds will be available in UAH using a parallel cross-currency swap. The European Union is supporting this transaction with a EUR 2 million grant, which will improve the terms and conditions of the funding.

In June 2023 Ukreximbank engaged a EUR 50 million from the EBRD to ensure access to financing for war-affected businesses and municipalities.

In April 2022 Ukreximbank engaged a USD 100 million state-guaranteed loan from the World Bank to provide medium and long-term financing to the sectors of economy determined as strategic under martial law.

The renewed Supervisory Board of Ukreximbank has started its work on January 15, 2024 in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 19-r dated 12 January 2024. The Supervisory Board consists of 3 representatives of the state and 5 independent members. The term of office of members of the Supervisory Board is three years.

Operations during martial law time

The Bank continues operations in line with the Resolution of the NBU 18 dated 24 February 2022 'On the operations of the Banking System during the martial law time' adopted after the beginning of russia's full-scale war against Ukraine. The Bank put Business Continuity Plan into action to ensure uninterrupted operation of the Bank and client service.

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Statement of financial position summary

Thousands of Ukrainian hryvnia	31 December 2023 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
Cash and Cash Equivalents	110,794,727	81,386,122	42,882,371
Due from Credit Institutions	1,009,865	593,472	8,270,170
Loans to Customers	74,569,673	82,429,861	69,334,862
Investment Securities designated at fair value through profit or loss	19,071,183	26,961,581	23,319,112
Investment Securities designated at fair value through other comprehensive income	27,592,940	12,543,679	12,737,353
Other Investment Securities (at amortised cost)	19,451,294	22,092,656	30,139,375
Available-for-sale Investment Securities	3,878,986	888,792	-
Investment Property & Equipment	2,827,020	2,654,362	2,834,522
Other Assets	3,303,631	4,614,390	2,575,767
Total Assets	262,499,319	234,164,915	192,093,532
Current Accounts and Deposits from Customers	213,949,142	177,147,425	121,837,236
Due to Credit Institutions	32,708,525	27,120,752	25,722,711
Due to NBU	-	18,468,854	21,367,229
Eurobonds Issued	2,413,346	3,870,390	5,725,085
Subordinated Debt	3,805,882	4,055,444	3,605,597
Other Liabilities	2,250,706	1,467,056	1,382,929
Total Liabilities	255,127,601	232,129,921	179,640,787
Share Capital	45,570,041	45,570,041	45,570,041
Other Reserves	580,926	(1,461,266)	(98,629)
Result from transactions with the shareholder	635,104	635,104	635,104
Accumulated Losses	(39,414,353)	(42,708,885)	(33,653,771)
Total Equity	7,371,718	2,034,994	12,452,745
Total Liabilities and Equity	262,499,319	234,164,915	192,093,532

Income statement summary

Thousands of Ukrainian hryvnia	31 December 2023 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
Interest Income	21,430,952	14,868,512	11,923,313
Interest Expense	(17,169,597)	(10,865,346)	(7,409,358)
Net Interest Income	4,261,355	4,003,166	4,513,955
Net Fee and Commission Income	793,849	910,554	835,998
Net Gain/(Loss) from FX and precious metals:			
- trading	1,351,630	1,826,139	757,247
- translation differences	(1,122,557)	(6,676,529)	956,181
Net Gain/(Loss) on financial assets at fair value through profit or loss	394,567	6,086,552	(1,867,000)
Net Gain/(Loss) on investment securities at fair value through other comprehensive income	51,739	68,998	29,150
Net Gain/(Loss) from financial assets held for trading	560,078	25,410	-
Other Income	165,202	211,964	136,690
Other Net Non-interest Income/(Loss)	1,400,659	1,542,534	12,268
Net Gain on impairment and reversal of expenses on impairment	1,033,915	(10,901,760)	(1,191,215)
Net Gain/(Loss) on initial recognition of financial assets measured at interest rate above or below market	(208,193)	4,646	462
Net (Loss)/Gain on derecognition of financial assets measured at amortised cost	43,580	(223,934)	1,213,652
Net (Loss)/Gain on impairment and reversal of expenses on impairment of non-financial assets	28,804	(42,013)	23,940
Net Gain/(Loss) on revaluation of investment property	20,642	(58,644)	36,989
Reversal of impairment loss (impairment loss) on income tax advances	492,911	-	-
Impairment loss recognised in profit or loss	-	(492,911)	-
General & Administrative, Other Expenses	(2,969,136)	(2,713,951)	(2,736,733)
Profit/(Loss) before Taxes	4,898,386	(7,972,313)	2,709,316
Income Tax (Expense)/Benefit	(1,628,917)	257,534	(148)
Profit/(Loss) for the Period	3,269,469	(7,714,779)	2,709,168

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