



**Joint Stock Company THE STATE EXPORT-IMPORT BANK OF UKRAINE**

## **Investor presentation**

**YE2019 results**

**Kyiv, May 2020**

## Agenda

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- Established in 1992
- Leading corporate sector lender with focus on long-term and investment loans
- Leading provider 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 IFRS figures as at 01.01.2020 (audited)

	UAH mln
<b>Total Assets, incl:</b>	<b>140,346</b>
• loans to customers (net)	53,286
• Investment securities	48,366
<b>Total Liabilities, incl:</b>	<b>131,429</b>
• due to customers	77,126
• Eurobonds Issued (incl. subordinated)	31,983
• due to IFIs	20,943
<b>Total Equity</b>	<b>8,917</b>

Ownership:	Cabinet of Ministers of Ukraine, 100%
Branch network :	22 branches, 38 sub-branches, 2 Representative offices (London, New York)
Customers:	corporate – over 41,500 individual – over 630,000
Employees:	3,337
Head Office:	Kyiv, Ukraine

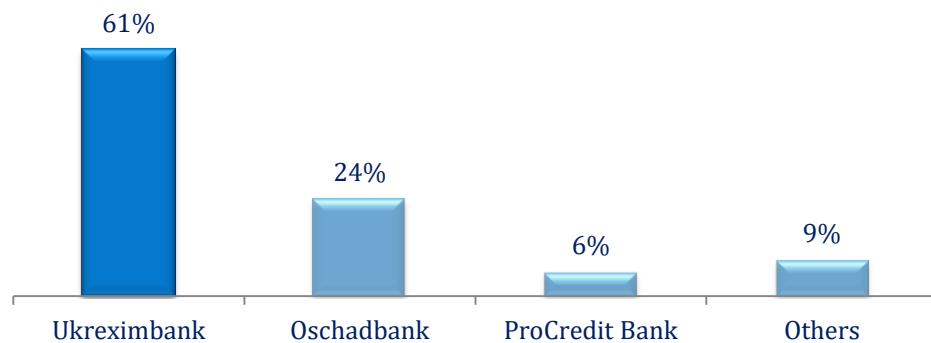
## Ratings

FitchRatings



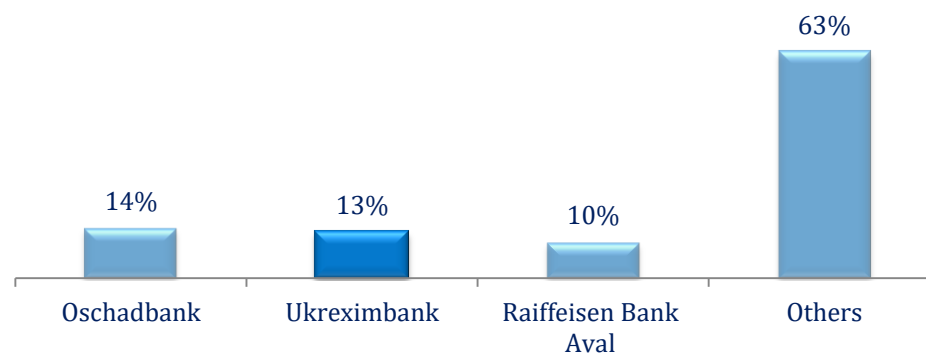
Long-term foreign currency	B (Stable)	Caa2 (Positive)
Long-term local currency	B (Stable)	Caa1 (Positive)

**Top Ukrainian bank by capital markets and IFIs funding**



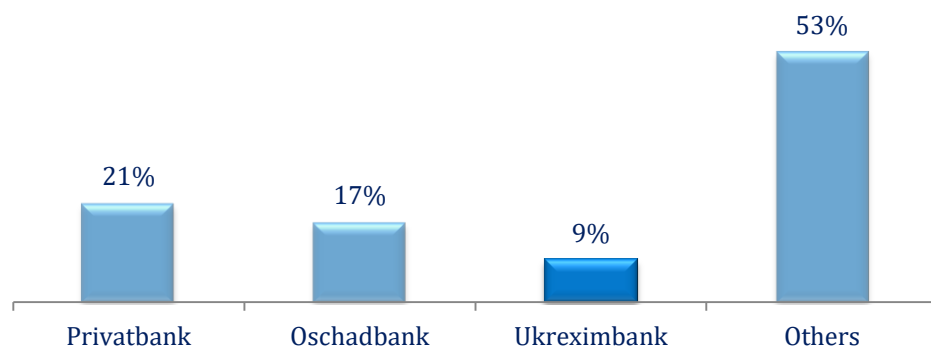
*market share by capital markets & IFI funding*

**Leading corporate sector lender and provider for structured and trade finance**



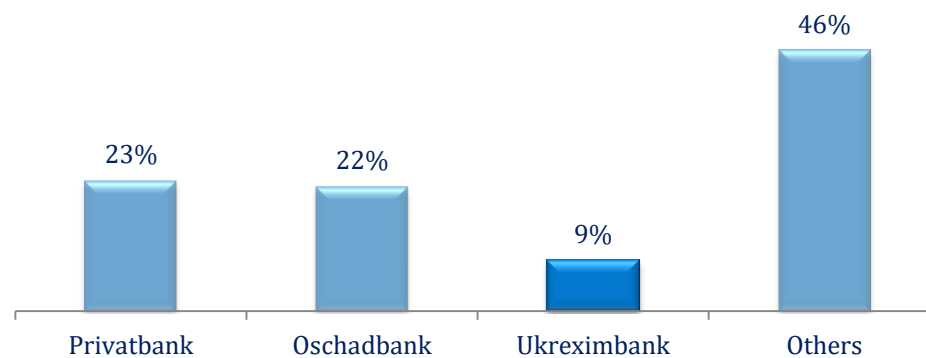
*market share by loans to corporate customers (net)*

**3<sup>d</sup> largest bank in Ukraine by assets**



*market share by assets (net)*

**3<sup>d</sup> largest bank in Ukraine by customers' time deposits**



*market share by time deposits*

## Diversified asset structure

- Loan book focused on corporate clients with strong sectoral diversification
- Investment portfolio of safe and liquid instruments – Ukrainian state bonds
- Project finance through IFI programs and foreign export credit agencies coverage
- Strong documentary business and trade finance franchise

## Stable funding base

- Clients' funds with high roll-over ratio
- Benefit from access to debt capital market
- Financing via IFIs loans and project finance
- The only Ukrainian bank recognized as a direct Borrower/Guarantor by 36 foreign Export Credit Agencies

## State Commitment

- 100% state ownership
- Maintained capitalisation through equity injections
- Recognized by the National Bank as a systemically important bank
- Reliable partner to all IFIs working in Ukraine
- Sole Financial Agent for the Government on official foreign loans

## Focus on corporate clients

- 99% of the loan book with corporates
- Leading corporate sector lender with focus on long-term and investment loans
- Prime channel of settlements related to international economic activity
- Extensive network of correspondent banks

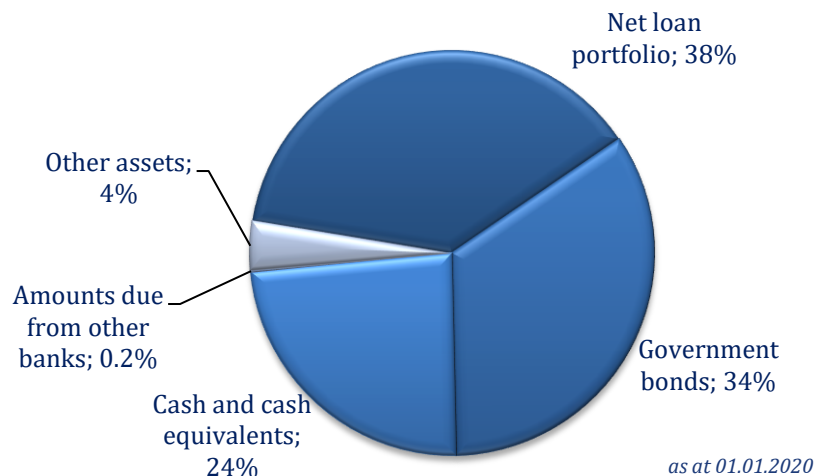
## Access to capital markets

- \$3 bln Eurobonds issued since 2004
- The only bank in Ukraine that issued Eurobonds in local currency (\$300mln equivalent issued in 2011 and \$150mln equivalent issued in 2018)
- First Ukrainian bank which tapped Eurobonds market since 2014-2015 economic crisis in Ukraine

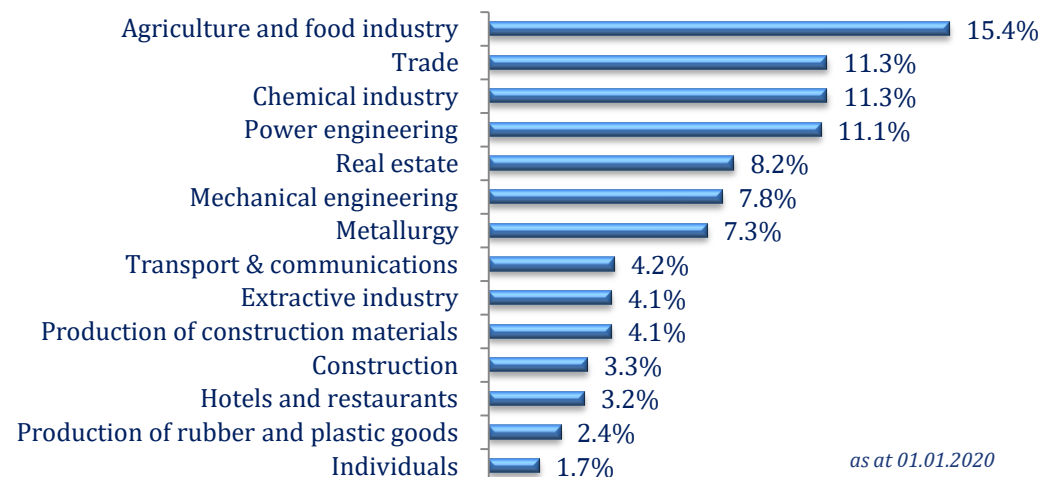
## Agent partner to IFIs

- Export development projects with IBRD in the amount of \$525 mln
- Energy efficiency programs with IBRD, EBRD and GCPF aggregate of \$500 mln
- SME & Mid-caps facilities from IBRD and EIB with total commitment \$640 mln
- Trade facilitation programs with EBRD and IFC with total commitment \$350 mln
- Agency services to the Ministry of Finance under various IFI projects

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



### Diversified loan book with strong emphasis on export-oriented corporate clients.



### The only Ukrainian bank recognized as a direct Borrower/Guarantor by 36 foreign Export Credit Agencies

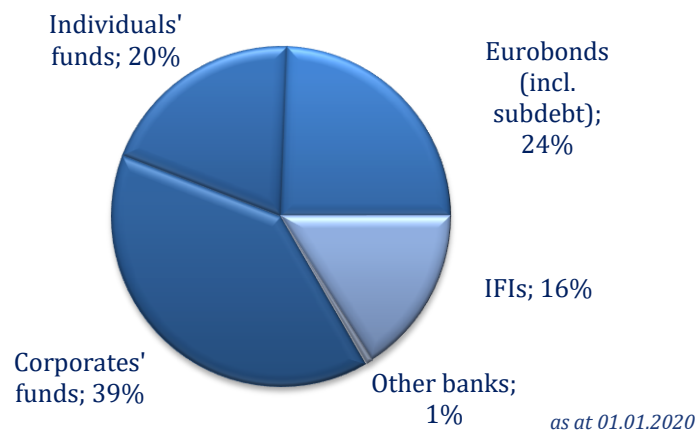


### Strong documentary business and trade finance franchise

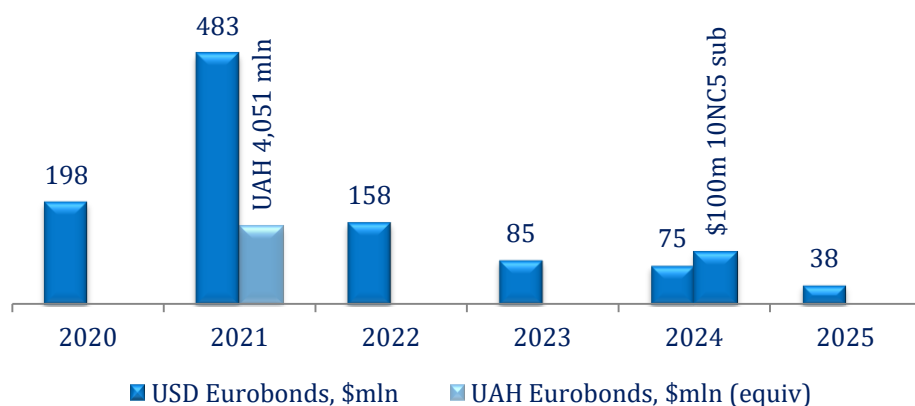
- Over \$1bln annual turnover in trade finance transactions
- Ukreximbank clients enjoy favorable terms of trade finance lines from EBRD and IFC:



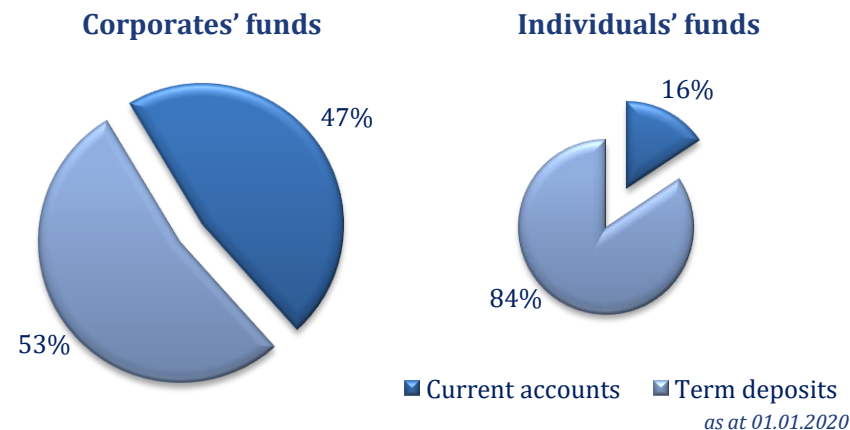
Funding base of the Bank primarily consists of corporate clients' funds and long-term international capital markets funding.



Smooth Eurobonds maturity profile with manageable peak in 2021 spread over the year.



Clients' funds comprise of term deposits and low-cost current accounts with high roll-over ratio.

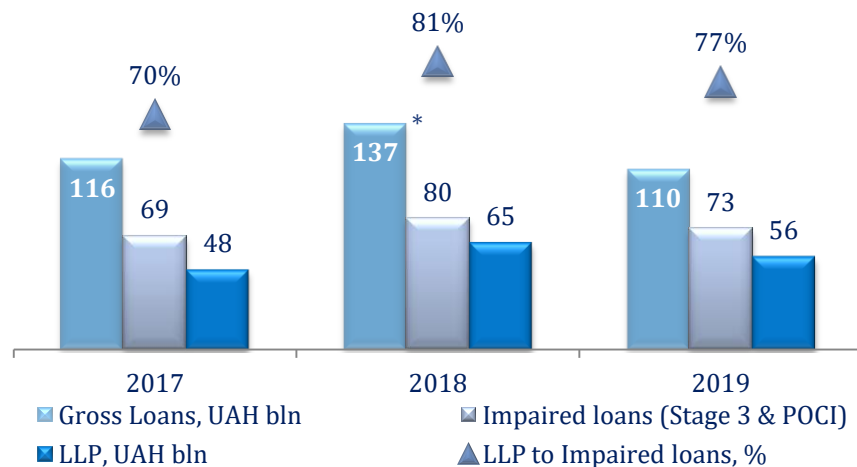


The Bank enjoys financing via various IFIs loans and projects

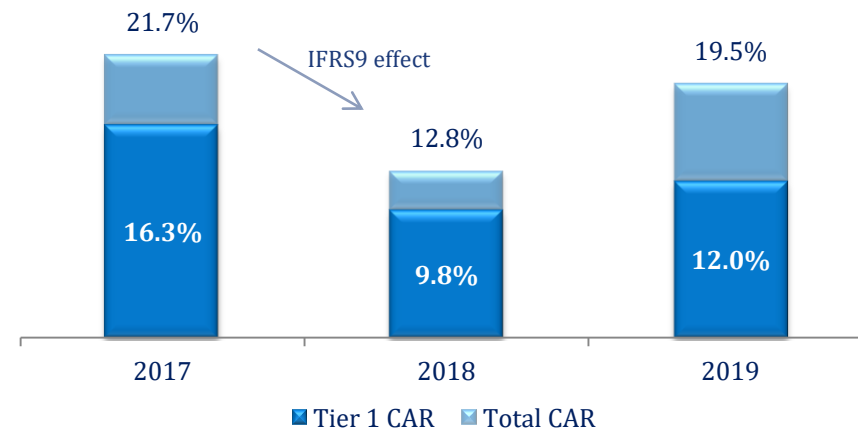


## State commitment. Stable capital position

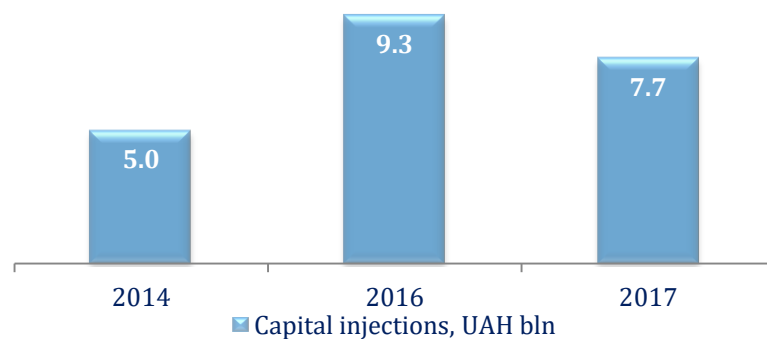
Loss absorption capacity supported by substantial loan-loss reserves coverage



Stable capital position



The Bank's capital adequacy has been supported by capital injections from the State as a shareholder in 2014-2017



The state remains supportive to the Bank given it's high systemic importance



"The Caa1 global local currency deposit rating assigned to Ukreximbank is based on its caa1 Baseline Credit Assessment, and our assessment of a **very high probability of the bank receiving government support in times of need.**"



"**The propensity to provide support to Ukreximbank remains high, in Fitch's view.** This view takes into account the bank's 100%-state ownership, high systemic importance and the record of capital support under different governments."



## Credit ratings at sovereign ceiling

### RECENT RATING ACTIONS

#### FitchRatings

#### Fitch Ratings

Long-term foreign currency issuer default rating	B	Stable
Foreign currency senior unsecured debt rating	B	
Long-term local currency Issuer Default Rating	B	Stable
Short-term foreign currency issuer default rating	B	

*24 September 2019:* Fitch has upgraded long-term foreign currency rating to B (Positive). Fitch expects that the improving macroeconomic stability, the country's reasonable economic prospects and further stabilisation in the sovereign's credit profile should have positive implications for the bank's standalone credit profile. Fitch view of the operating environment in Ukraine also factors in recovering performance of the banking sector, improved solvency levels and lower refinancing risks.

*29 April 2020:* Fitch has revised the Outlooks Ukreximbank to Stable from Positive and affirmed its Long-Term Issuer Default Ratings



#### Moody's Investors Service

Long-term foreign-currency senior unsecured debt rating	Caa1	Positive
Long-term local-currency deposit rating	Caa1	Positive
Long-term foreign currency deposit rating	Caa2	Positive
Long-term foreign-currency subordinated debt rating	Caa2	

*27 December 2018:* Followed by Moody's upgrade of Ukraine's sovereign bond rating to Caa1 (Stable) driven by recent improvement in the creditworthiness of the Government of Ukraine, Moody's upgraded Ukreximbank's long-term local currency deposit and foreign currency senior unsecured debt ratings to Caa1 (Stable) with the following credit strengths:

- Good liquidity
- Sufficient loss absorption supported by good provisioning coverage, sufficient capital position and profitable performance
- Strong business position in the context of Ukraine

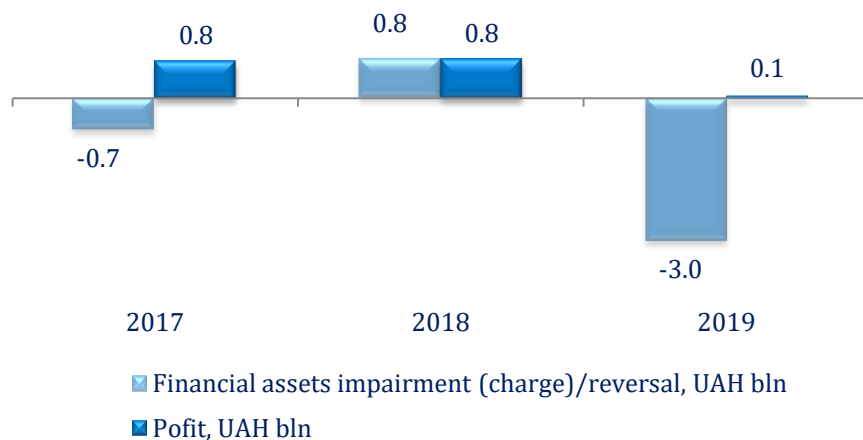
*27 November 2019:* Moody's affirmed all the ratings of Ukreximbank and changed the outlook on its deposit ratings to Positive from Stable.

## Agenda

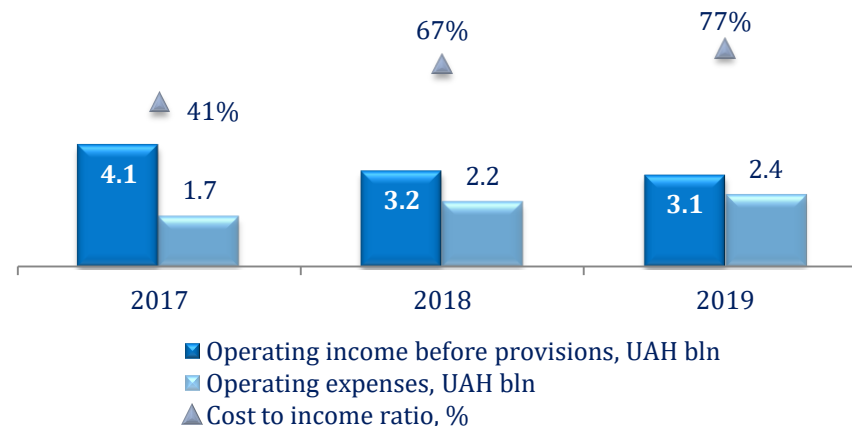
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## Profitability restrained with conservative provisioning & lending

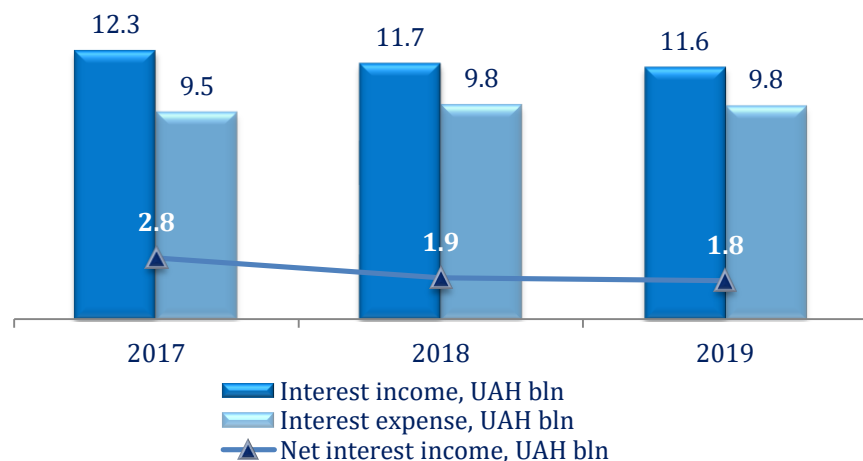
2019 profit constrained with provisioning expenses.



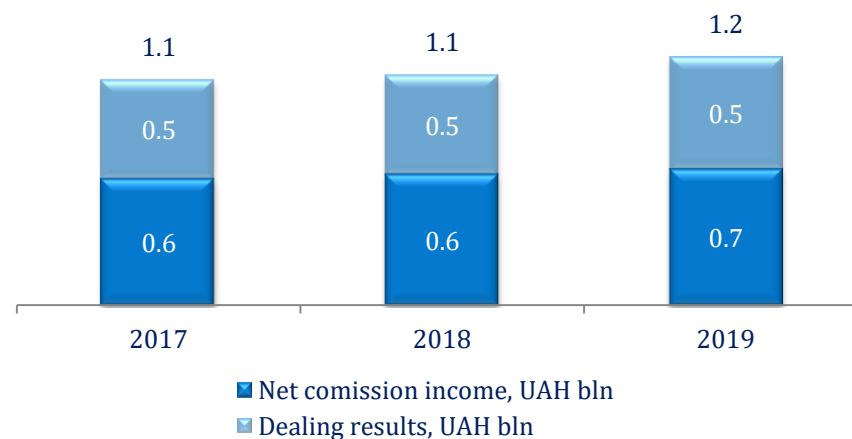
Cost to income increased due to reasonable growth of operating expenses.



Net interest income preserved in 2019 amid contraction of loans and securities portfolio ...

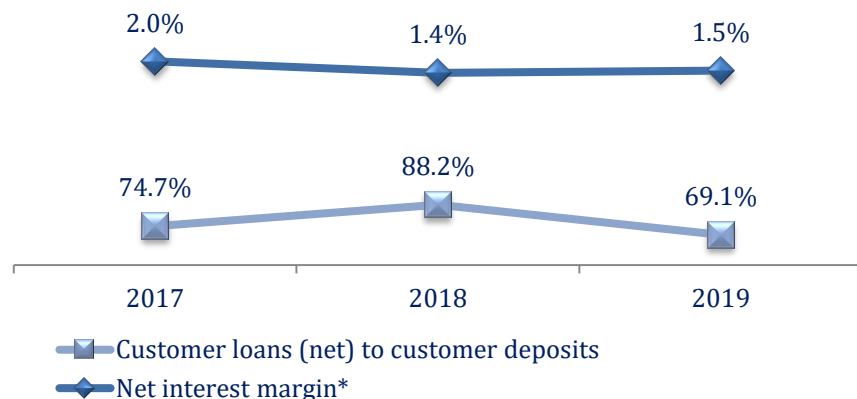


... supported with stable commission and dealing income.



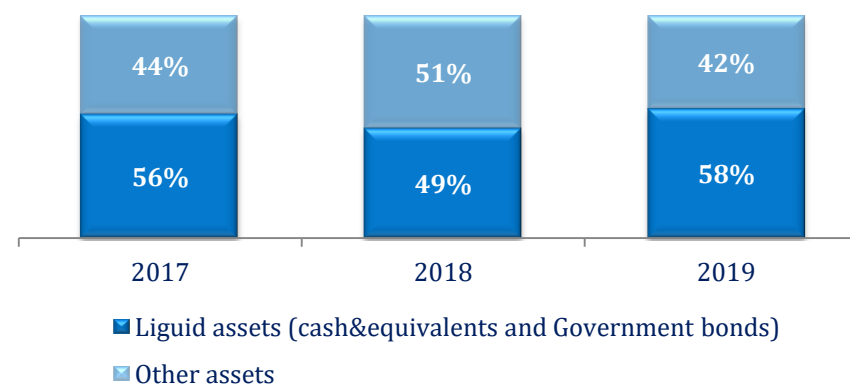
## Risk-averse asset structure preserving liquidity vs marginality

Interest margin constrained with cautious pace of risky operations ...

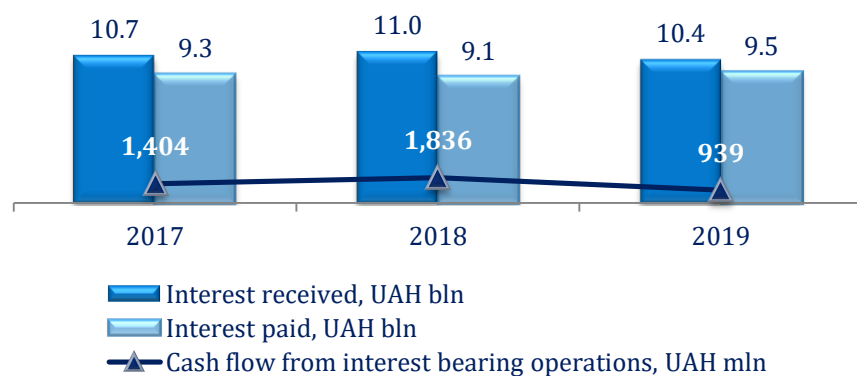


\*NIM over net customer loans, interbank loans and securities

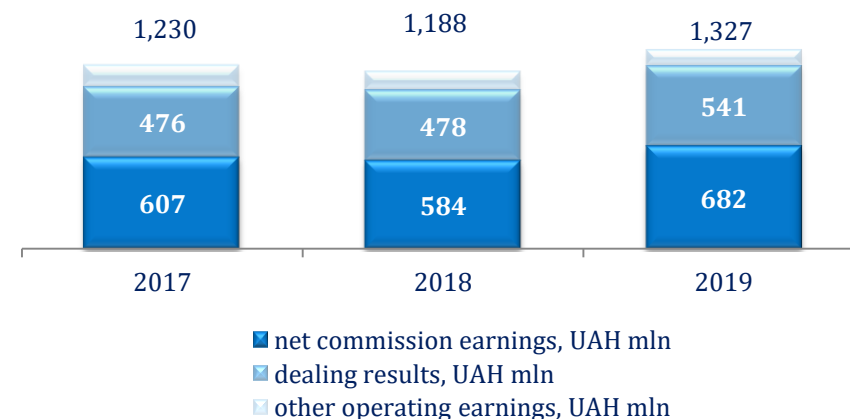
...as well as maintaining substantial liquidity cushion.



Cash flow from interest bearing operations decreased in 2019 due to scheduled Eurobond repayment in April 2019.



Earnings from commissions and dealing remain stable.



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### **17 Apr 2019 Ukreximbank and China Export & Credit Insurance Corporation (SINOSURE) signed the framework cooperation agreement**

The agreement stipulates that SINOSURE will provide insurance support in relation to projects applied for by Ukreximbank and contracted by Chinese enterprises in Ukraine. In particular, the support will be provided for implementation of construction projects in Ukraine and other countries in which Ukreximbank participates or operates, including projects in fields of infrastructure, agriculture, power, transportation, oil and gas, chemical industry, purchase of large-scale mechanical and electrical products and whole-set equipment, etc. The total insurance limit provided by SINOSURE for Ukreximbank will amount to USD 500 million. The loan maturity (including availability period, grace period and maturity) will be determined according to the parameters of each individual contract and may reach up to 15 years.

### **16 Aug 2019 A new loan for renewable energy and energy efficiency project financing signed with EBRD**

Ukreximbank and EBRD entered into a 4-year senior unsecured A/B loan of up to EUR 80 million to support renewable energy and energy efficiency projects of Ukreximbank's clients. The loan comprises an "A Loan" portion of up to EUR 40 million for EBRD's own account, and a "B Loan" portion of up to EUR 40 million for the account of participants. The project will support long-term "green" investments, compliant with industry best standards and EBRD's requirements in terms of energy generation capacity, carbon emissions and air pollution.

### **11 Sept 2019 The Government of Ukraine approved Strategic directions for Ukreximbank's activity in 2019-2023**

The Strategic directions of activity are aimed at improving the strengths and the bank's market positions using new business opportunities and ensuring a stable level of profitability.

The Bank's strategic goals and priorities for 2019 - 2023 are, in particular:

- to become a leading bank for export-import financing and corporate lending in Ukraine, in particular through retaining existing customers and attracting new clients for servicing export-import operations, as well as advisory support;
- ensure the Bank's activity as a leading provider of a wide range of corporate banking services for state-owned entities, large, medium and small enterprises focused on foreign economic activity, as provided in the Bank's long-term, approved and profit-oriented strategy;
- reduce loan portfolio in non-strategic sectors;
- establish stable mechanisms for funding of the Bank's operations, taking into account the current situation in the credit and money markets and the priority of reducing cost of lending and other debt instruments, offered by the Bank;
- examining the possibility of attracting minority investments from a strategic international financial institution.

The document was developed on the basis of the Principles of Strategic Reform of the State-Controlled Banking Sector, developed by the Ministry of Finance jointly with international financial institutions and approved by the Government on 21.02.2018.

### 14 Nov 2019 **Ukreximbank successfully placed new USD 100 million 9.95 per cent 10NC5 subordinated bonds.**

The funds raised by Ukreximbank through the issue of USD 100 million 9.95 per cent. (coupon resettable on the fifth anniversary of issuance) Loan Participation Notes, which are listed on the London Stock Exchange (LSE) and have a maturity of 10 years (10NC5 structure – callable on the fifth anniversary of issuance). J.P. Morgan and Morgan Stanley acted as a joint lead managers.

The total order book for the new issue included orders from approximately 50 different investors and peaked at approximately USD 300 million. The final distribution of investors was as follows: Switzerland - 30%, the United Kingdom - 29%, the United States - 26%, other European countries - 9% and Asia - 6% in terms of geography; asset managers and funds - 61%, hedge funds - 21%, banks and private banks - 18% in terms of investor type.

This transaction is the first issuance of subordinated Eurobonds by borrowers from Ukraine since 2006.

### 2019 **New members of the Supervisory Board were appointed**

According to the recently adopted new legislation on state-owned banks corporate governance reform, new members of the Supervisory Board were appointed. According to the legislation, the Supervisory Board of a state-owned bank shall consist of 6 independent representatives and 3 members representing the state (one proposed by the relevant Parliament's committee, one – by the President and one – by the Cabinet of Ministers). All independent members have a substantial professional management experience in financial sector and international companies. Candidates for independent members were selected through a transparent procedure conducted by HR companies with over 10 years of international experience in hiring senior management for banks.

Independent members of the Supervisory Board as of May 2020 are:

- Ms. Olyana GORDIYENKO, Chairperson of the Supervisory Board – independent member
- Mr. Dimitri CHICHLO, Deputy Chairperson of the Supervisory Board – independent member
- Mr. Sergiy KONOVETS – independent member
- Mr. Dominique MENU – independent member
- Mr. Laszlo URBAN – independent member
- Mr. Yuriy BUTSA – representative of the State (of the Cabinet of Ministers of Ukraine)
- Ms. Viktoriya STRAKHOVA – representative of the State (of the President of Ukraine)

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## Statement of financial position summary

Thousands of Ukrainian hryvnia	31 December 2019 (audited)	31 December 2018 (audited)	31 December 2017 (audited)
Cash and Cash Equivalents	33,469,935	18,545,858	19,866,217
Due from Credit Institutions	256,172	569,890	699,739
Loans to Customers	53,285,804	72,496,358	67,607,544
Available-for-sale Investment Securities	-	-	48,254,711
Investment Securities designated at fair value through profit or loss	25,731,949	26,653,561	28,072,289
Investment Securities designated at fair value through other comprehensive income	22,633,899	35,789,095	-
Other Investment Securities	-	49,855	96,022
Investment Property & Equipment	2,652,047	2,799,352	2,901,412
Other Assets	2,316,518	4,739,504	3,120,039
<b>Total Assets</b>	<b>140,346,324</b>	<b>161,643,473</b>	<b>170,617,973</b>
Current Accounts and Deposits from Customers	77,125,819	82,163,124	90,501,500
Loans from Credit Institutions	21,825,762	24,405,913	23,283,787
Eurobonds Issued	26,553,076	42,541,905	38,821,831
Subordinated Debt	5,429,914	3,584,690	3,615,792
Other Liabilities	494,528	496,248	331,116
<b>Total Liabilities</b>	<b>131,429,099</b>	<b>153,191,880</b>	<b>156,554,026</b>
Share Capital	38,730,042	38,730,042	38,730,042
Revaluation Reserves	337,779	(816,406)	282,951
Result from transactions with the shareholder	635,104	635,104	635,104
Reserve and Other Funds	162,926	162,926	162,926
Accumulated Losses	(30,948,626)	(30,260,073)	(25,747,076)
<b>Total Equity</b>	<b>8,917,225</b>	<b>8,451,593</b>	<b>14,063,947</b>
<b>Total Liabilities and Equity</b>	<b>140,346,324</b>	<b>161,643,473</b>	<b>170,617,973</b>

## Income statement summary

Thousands of Ukrainian hryvnia	31 December 2019 (audited)	31 December 2018 (audited)	31 December 2017 (audited)
Interest Income	11,568,804	11,747,735	12,335,686
Interest Expense	(9,793,136)	(9,841,373)	(9,513,693)
<b>Net Interest Income</b>	<b>1,775,668</b>	<b>1,906,362</b>	<b>2,821,993</b>
<b>Net Fee and Commission Income</b>	<b>651,788</b>	<b>627,473</b>	<b>606,363</b>
Net Gain/(Loss) from FX :			
- dealing	541,206	478,028	475,807
- translation differences	3,970,946	553,897	(907,659)
Net Gain/(Loss) on investment securities at fair value through profit or loss	(924,980)	(1,422,103)	258,257
Net Gain/(Loss) on investment securities at fair value through other comprehensive income, reclassified from statement of comprehensive income at redemption	(7,780)	(52,803)	-
Net Gain/(Loss) from available-for-sale investment securities	-	-	(49,749)
Net Gain/(Loss) from precious metals	627	(172)	(1,976)
Other Income	104,883	205,458	186,978
<b>Other Net Non-interest Income/(Loss)</b>	<b>3,684,902</b>	<b>(237,695)</b>	<b>(38,342)</b>
(Expenses)/Reversal of expenses for the expected credit losses	(3,036,021)	1,602,446	-
Net (Loss)/Gain on modification of financial assets measured at amortised cost	38,115	(778,755)	-
Net Gain/(Loss) on impairment for credit-related commitments	18,619	(28,763)	-
Allowance for loan impairment charge	-	-	(666,076)
Allowances for other impairment and provisions	-	-	18,419
General & Administrative, Other Expenses	(2,498,493)	(2,181,101)	(1,795,340)
<b>Profit/(Loss) before Taxes</b>	<b>634,578</b>	<b>909,967</b>	<b>947,017</b>
Income Tax (Expense)/Benefit	(569,298)	(105,136)	(181,522)
<b>Profit/(Loss) for the Period</b>	<b>65,280</b>	<b>804,831</b>	<b>765,495</b>

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