



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

## **Investor presentation**

**9m2020 results**

**Kyiv, December 2020**

## Agenda

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- 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 IFRS figures as at 01.10.2020 (unaudited)**

	UAH mln
<b>Total Assets, incl:</b>	<b>175,766</b>
• loans to customers (net)	51,661
• Investment securities	76,905
<b>Total Liabilities, incl:</b>	<b>162,326</b>
• due to customers	98,574
• Eurobonds Issued (incl. subordinated)	33,100
• due to IFIs	26,001
<b>Total Equity</b>	<b>13,440</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

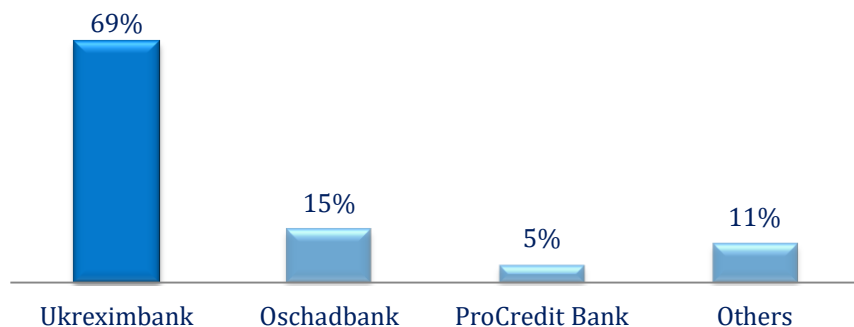
**Ratings**

FitchRatings



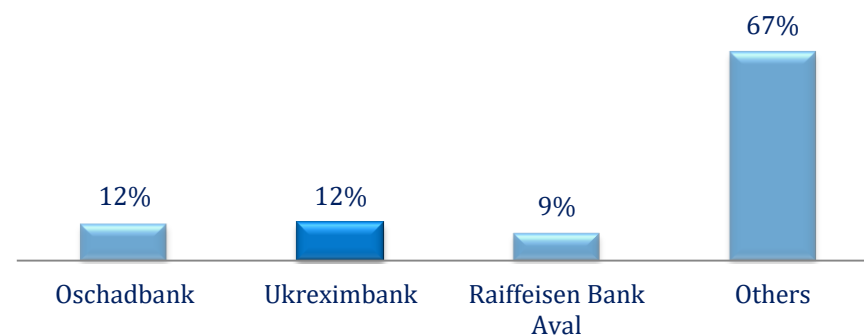
Long-term foreign currency	B (Stable)	B3 (Stable)
Long-term local currency	B (Stable)	B3 (Stable)

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



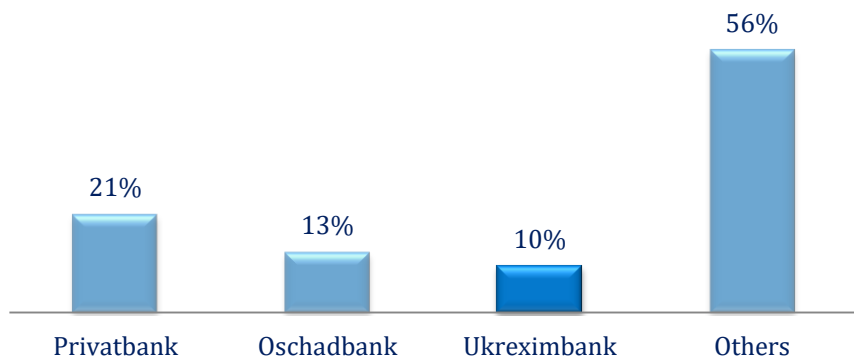
*market share by capital markets & IFI funding*

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



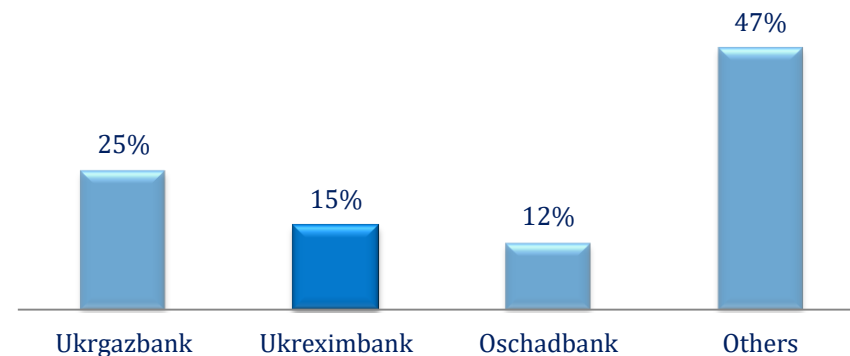
*market share by loans to corporate customers (net)*

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



*market share by assets (net)*

**2<sup>d</sup> largest bank in Ukraine by corporates' time deposits**



*market share by corporates' 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

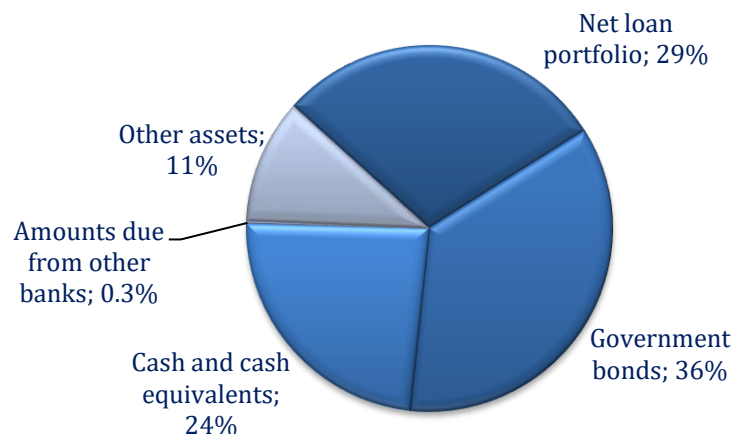
## Access to capital markets

- \$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

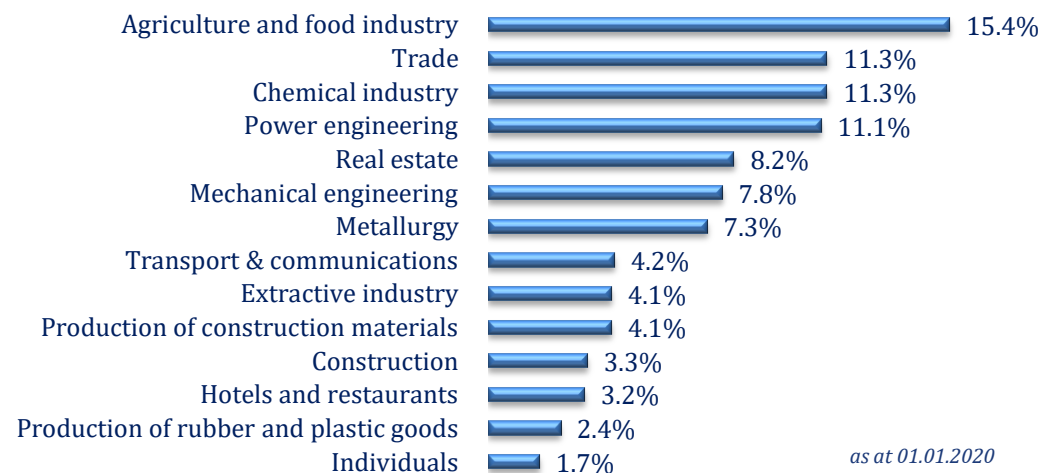
- Export development projects with IBRD in the amount of \$525 mln
- Energy efficiency programs with IBRD, EBRD and GCPF aggregate of \$500 mln
- SME & Mid-caps facilities from IBRD and EIB with total commitment \$640 mln
- Trade facilitation programs with EBRD and IFC with total commitment \$350 mln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

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



as at 01.10.2020

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



as at 01.01.2020

### 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:

Global trade finance guarantees programme

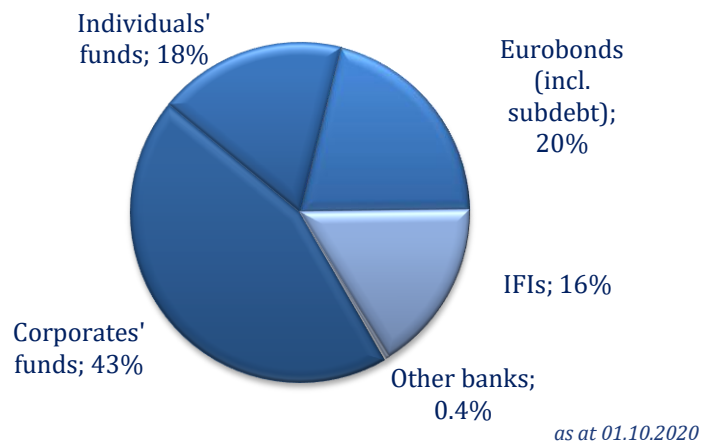
Limit: \$80 mln

Trade facilitation programme

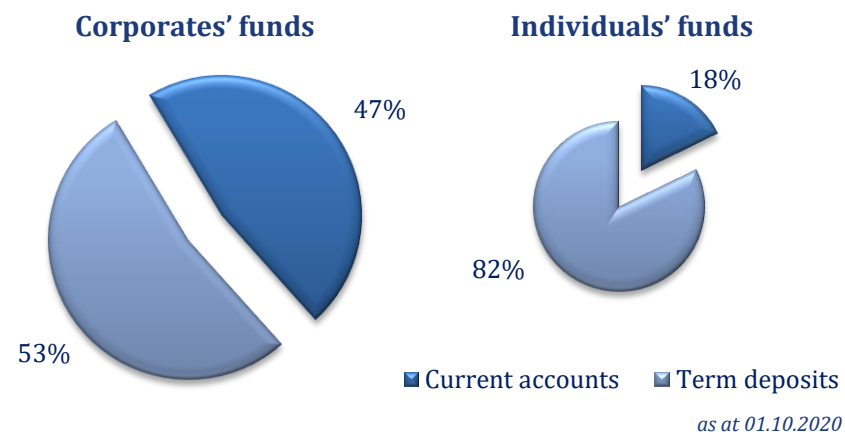
Limit : \$116 mln

Source: Ukreximbank IFRS financials, managerial data

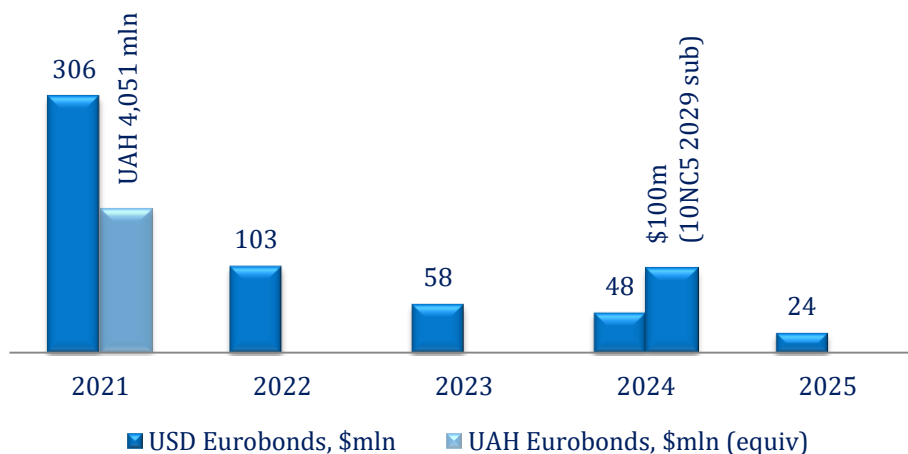
### Funding base of the Bank primarily consists of corporate clients' funds and long-term international capital markets funding



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



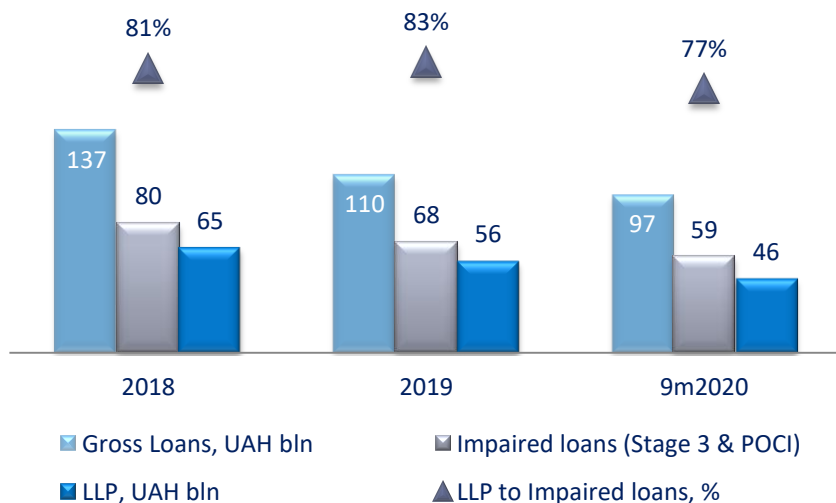
### Smooth Eurobonds maturity profile with manageable peak in 2021 spread over the year



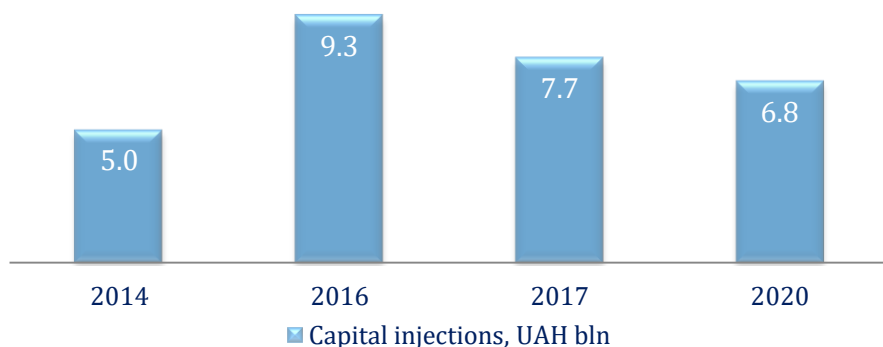
### The Bank enjoys financing via various IFIs loans and projects



### Loss absorption capacity supported by substantial loan-loss reserves coverage

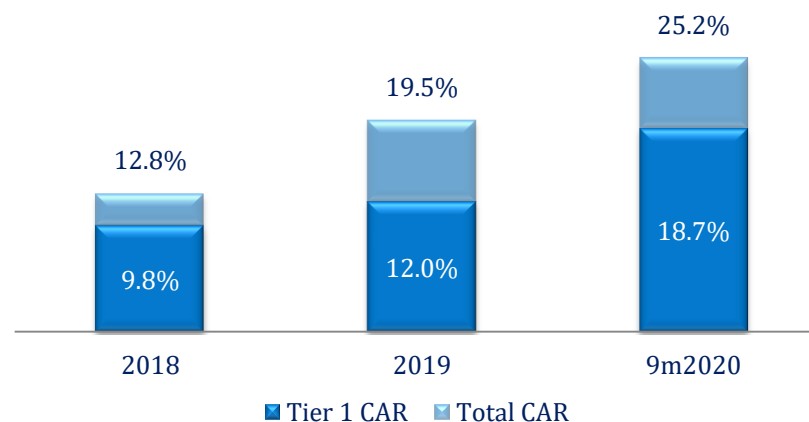


### The Bank's capital adequacy supported by capital injections from the State as a shareholder



## State commitment. Stable capital position

### Capital position remains strong due to support provided by the government in the 3Q2020



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



"The B3 long-term deposit ratings assigned to Ukreximbank incorporates a one-notch uplift from the bank's BCA of caa1, given a **very high probability of support from the government**"



"The propensity of the Ukrainian authorities to provide support remains high, in Fitch's view, taking into account the bank's full ownership by the state, systemic importance and the record of capital support provided 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	



#### Moody's Investors Service

Long-term foreign-currency senior unsecured debt rating	B3	Stable
Long-term local-currency deposit rating	B3	Stable
Long-term foreign currency deposit rating	B3	Stable
Long-term foreign-currency subordinated debt rating	Caa1	

*21 October 2020:* Fitch Ratings affirmed the Long-Term Issuer Default Ratings (IDRs) of Ukreximbank at 'B' with a Stable Outlook. Fitch also affirmed the Viability Rating (VR) at 'ccc+' level. The affirmation of the IDRs, Support Rating and Support Rating Floor reflects Fitch's view of potential support the bank could receive from the government of Ukraine (B/Stable), if needed. The Stable Outlook on the IDRs mirrors that on the sovereign. Senior unsecured debt ratings of Ukreximbank, issued by UK-registered BIZ Finance PLC, are aligned with the bank's Long-Term Foreign- and Local-Currency IDRs.

*10 December 2020:* Moody's upgraded the long-term foreign-currency deposit rating of Ukreximbank to B3 (stable) from Caa1 following the change in the FC ceiling of Ukraine (B3 stable). Ukreximbank's long-term deposit ratings incorporate a one-notch uplift based on the bank's Baseline Credit Assessment (BCA) of caa1, which reflects a very high probability of government support. Credit strengths:

- » Very high probability of government support
- » Good liquidity
- » Track record of capital support from the state

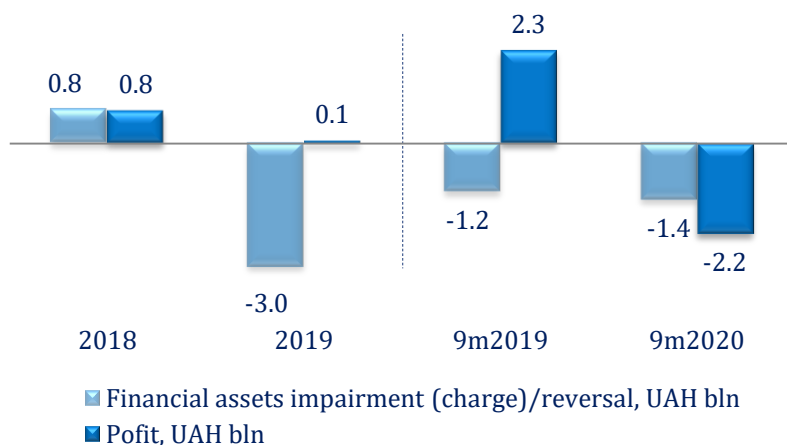
*12 October 2020:* Moody's upgraded the Ukreximbank's BCA to caa1 from caa2 and subordinated debt rating to Caa1 from Caa2.

## Agenda

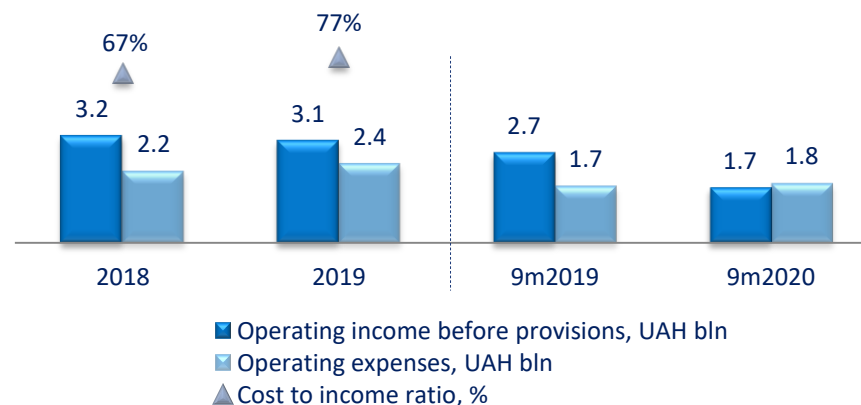
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## Profitability restrained with conservative provisioning & lending

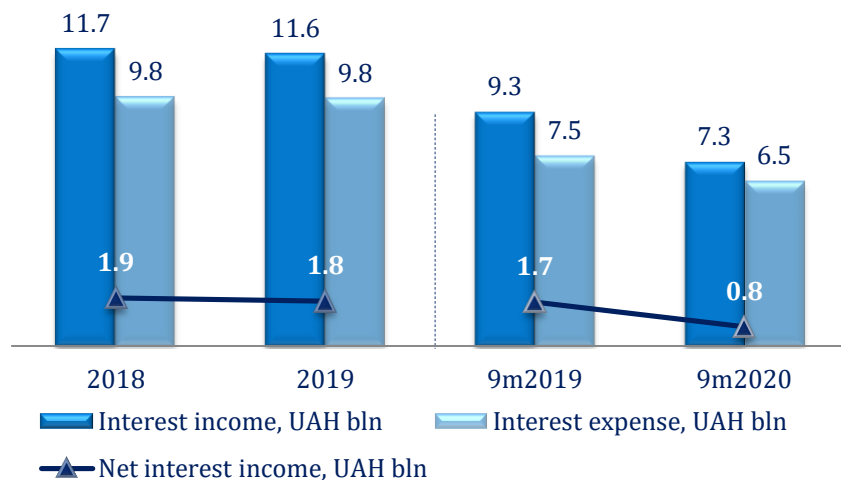
9m2020 loss driven by provisioning expenses



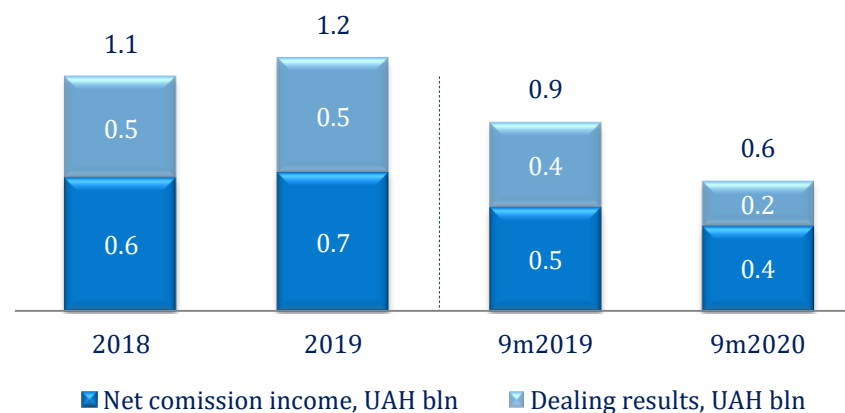
Operating income slipped down in 9m2020 on the back of suspended lending during COVID-uncertainty



Net interest income dropped in 9m2020 amid concentrated loan repayments in the beginning of the year



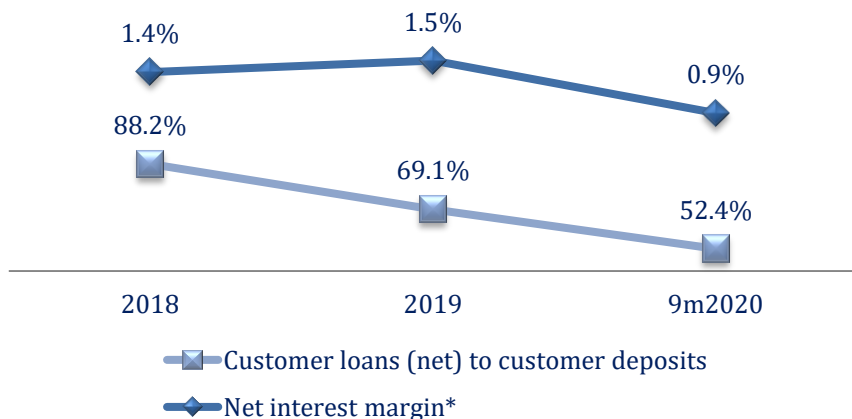
9m2020 dealing results slipped down due to quarantine measures. Commission income preserved



Source: Ukreximbank IFRS financials, managerial data

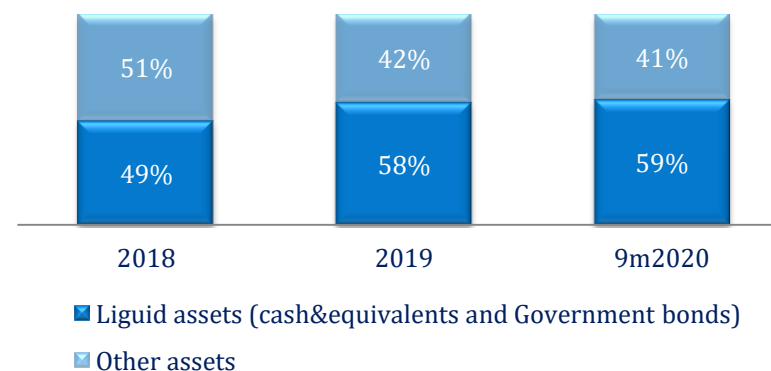
## Risk-averse asset structure preserving liquidity vs marginality

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

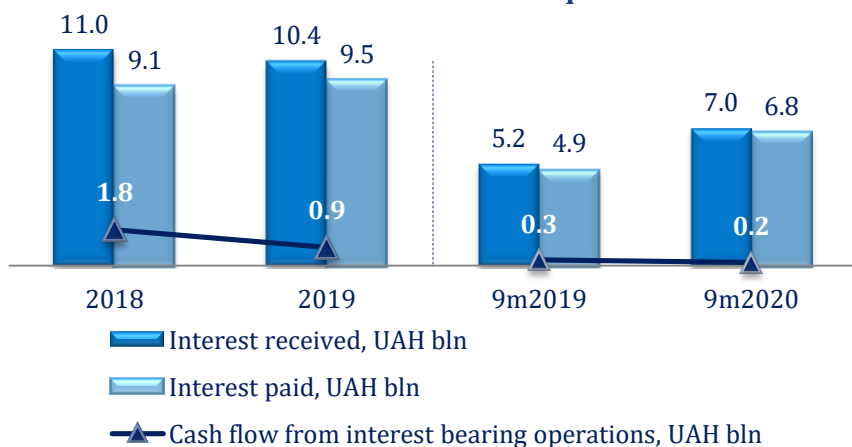


*\*NIM over net customer loans, interbank loans and securities*

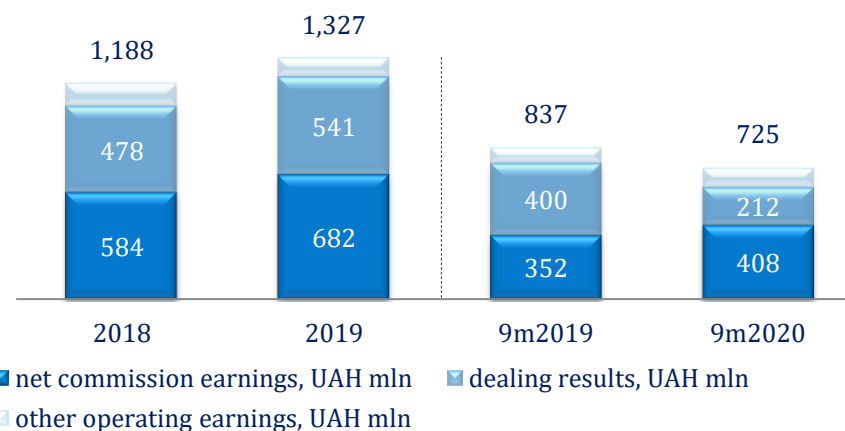
### ...as well as maintaining substantial liquidity cushion



### Cash flow from interest bearing operations decreased on the back of increased volumes of cash equivalents



### Earnings from commissions and dealing remain stable, slipping down in 9m2020 due to quarantine measures



Source: Ukreximbank IFRS financials, managerial data

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### **10 November 2020 Ukreximbank repurchased notes issued on international markets**

On October 26, 2020 the Bank officially invited holders of the outstanding Notes due 2025 with a coupon of 9.75% and Notes 2022 with a coupon of 9.625%, issued by Biz Finance PLC, to tender up to USD 300 mln in aggregate principal amount of such Notes for repurchase.

On November 10, 2020 the Bank repurchased aggregate principal amount of:

- the Notes due 2022 – in the aggregate principal amount of USD 84,047,000;
- the Notes due 2025 – in the aggregate principal amount of USD 215,948,000.

### **23 September 2020 UAH 6.8 billion capital injection from the government**

At the end of September 2020, the government of Ukraine injected UAH 6.8 billion of new capital into Ukreximbank in the form of domestic government bonds, which resulted in Tier1 CAR at 18.7% as of end-3Q2020.

### **16 September 2020 Government determined the main activities of Ukreximbank for 2021-2024**

The Cabinet of Ministers of Ukraine supported the draft order "On approval of the main activities of the joint-stock company "State Export-Import Bank of Ukraine" for 2020-2024" proposed by the Ministry of Finance.

It is envisaged that Ukreximbank is mainly a corporate bank focused on financing export-import operations with a partial presence in the retail sector. The main activities of Ukreximbank for 2020-2024 envisage that the bank's mission will be to create and develop an accessible infrastructure of credit instruments, adapted with taking into account the specifics of export and export-oriented activities, in order to increase the competitiveness of Ukrainian business in world markets.

Such a model will ensure its proper functioning and will contribute to the effective management of the state bank, protection of the rights of depositors, creditors, the state as a shareholder and will be the basis for developing a strategy to ensure its further development.

### **03 August 2020 Ukreximbank and the EIB are expanding financing for small and medium-sized enterprises (SMEs)**

Ukreximbank has raised another EUR 182 million tranche of a loan under a joint program with the European Investment Bank to support a Deep and Comprehensive Free Trade Area (DCFTA) between Ukraine and the EU.

The goal of the joint program with the EIB is to develop private business in Ukraine, expand access of enterprises to medium and long-term financing, strengthen the position of Ukrainian enterprises in international trade, energy efficiency and renewable energy, and environmental protection.

As for now, Ukreximbank has financed about 30 projects of Ukrainian enterprises from the previous tranche. These included purchasing equipment and machinery within investment projects, as well as replenishing working capital by providing the necessary raw materials for technological processes. All projects passed the examination of Ukreximbank on compliance with the environmental and social criteria of the Program, as well as the EIB procurement regulations.

### **23 March 2020 Ukreximbank and NEFCO launch a new facility to finance green projects**

Ukreximbank and NEFCO have signed a loan agreement for setting up a new green facility to support the implementation of renewable energy and energy-efficiency projects in Ukraine.

The new EUR 10 million facility will finance small and medium-sized projects implemented by Ukrainian companies related to renewable energy and energy efficiency over a period of five years. NEFCO will provide a EUR 5 million loan to the facility.

“Ukreximbank has a strong track record in green financing, and we are very pleased to support the implementation of small and medium-sized projects within both the private and public sectors through the new facility,” commented Trond Moe, Managing Director at NEFCO.

### **13 March 2020 Ievgen Metsger appointed as the Chairman of the Management Board of Ukreximbank**

According to the results of competitive selection conducted by the Bank's Supervisory Board, Ievgen Metsger was appointed to the position of Chairman of the Management Board.

The overall experience of Ievgen Metsger in banking is 19 years, including executive positions. In 2006–2015, he headed the retail, small and medium-sized business units at Ukreximbank. From 2015 to 2020, he worked as a Director of the Department and Deputy Chairman of the Management Board at the state-owned JSB Ukgasbank.

Following appointment of CEO, the Supervisory Board appointed new members of the Management Board:

- Mr. Sergii IERMAKOV — Member of the Management Board, Chief Financial Officer
- Mr. Oleksandr IGNATENKO — Member of the Management Board, responsible for corporate banking.
- Mr. Dmytro KAPLYUK — Member of the Management Board, Chief Risk Officer
- Mr. Vadym POLISHCHUK — Member of the Management Board, responsible for problem assets management
- Mr. Alexander MURAVITSKI — Member of the Management Board, Chief Operating Officer



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## Statement of financial position summary

Thousands of Ukrainian hryvnia	30 September 2020 (unaudited)	31 December 2019 (audited)	31 December 2018 (audited)
Cash and Cash Equivalents	41,600,142	33,469,935	18,545,858
Due from Credit Institutions	510,431	256,172	569,890
Loans to Customers	51,660,607	53,285,804	72,496,358
Available-for-sale Investment Securities	-	-	-
Investment Securities designated at fair value through profit or loss	29,342,952	25,731,949	26,653,561
Investment Securities designated at fair value through other comprehensive income	14,003,764	22,633,899	35,789,095
Other Investment Securities	33,558,267	-	49,855
Investment Property & Equipment	2,634,134	2,652,047	2,799,352
Other Assets	2,456,045	2,316,518	4,739,504
<b>Total Assets</b>	<b>175,766,342</b>	<b>140,346,324</b>	<b>161,643,473</b>
Current Accounts and Deposits from Customers	98,574,466	77,125,819	82,163,124
Loans from Credit Institutions	26,714,290	21,825,762	24,405,913
Eurobonds Issued	28,708,509	26,553,076	42,541,905
Subordinated Debt	4,391,841	5,429,914	3,584,690
Other Liabilities	3,937,266	494,528	496,248
<b>Total Liabilities</b>	<b>162,326,372</b>	<b>131,429,099</b>	<b>153,191,880</b>
Share Capital	38,730,042	38,730,042	38,730,042
Unregistered Share Capital	6,839,999	-	-
Revaluation Reserves	264,443	337,779	(816,406)
Result from transactions with the shareholder	635,104	635,104	635,104
Reserve and Other Funds	207,458	162,926	162,926
Accumulated Losses	(33,237,076)	(30,948,626)	(30,260,073)
<b>Total Equity</b>	<b>13,439,970</b>	<b>8,917,225</b>	<b>8,451,593</b>
<b>Total Liabilities and Equity</b>	<b>175,766,342</b>	<b>140,346,324</b>	<b>161,643,473</b>

## Income statement summary

Thousands of Ukrainian hryvnia	30 September 2020 (unaudited)	31 December 2019 (audited)	31 December 2018 (audited)
Interest Income	7,282,345	11,568,804	11,747,735
Interest Expense	(6,526,706)	(9,793,136)	(9,841,373)
<b>Net Interest Income</b>	<b>755,639</b>	<b>1,775,668</b>	<b>1,906,362</b>
<b>Net Fee and Commission Income</b>	<b>401,014</b>	<b>651,788</b>	<b>627,473</b>
Net Gain/(Loss) from FX :			
- dealing	212,226	541,206	478,028
- translation differences	(4,489,042)	3,970,946	553,897
Net Gain/(Loss) on investment securities at fair value through profit or loss	3,823,434	(924,980)	(1,422,103)
Net Gain/(Loss) on investment securities at fair value through other comprehensive income, reclassified from statement of comprehensive income at redemption	(33,059)	(7,780)	(52,803)
Net Gain/(Loss) from precious metals	4,603	627	(172)
Other Income	293,712	104,883	205,458
<b>Other Net Non-interest Income/(Loss)</b>	<b>(188,126)</b>	<b>3,684,902</b>	<b>(237,695)</b>
(Expenses)/Reversal of expenses for the expected credit losses	(754,211)	(3,036,021)	1,602,446
Net (Loss)/Gain on modification of financial assets measured at amortised cost	(621,540)	38,115	(778,755)
Net Gain/(Loss) on impairment for credit-related commitments	(25,506)	18,619	(28,763)
General & Administrative, Other Expenses	(1,802,030)	(2,498,493)	(2,181,101)
<b>Profit/(Loss) before Taxes</b>	<b>(2,234,760)</b>	<b>634,578</b>	<b>909,967</b>
Income Tax (Expense)/Benefit	-	(569,298)	(105,136)
<b>Profit/(Loss) for the Period</b>	<b>(2,234,760)</b>	<b>65,280</b>	<b>804,831</b>

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