



Joint Stock Company THE STATE EXPORT-IMPORT BANK OF UKRAINE

Investor presentation

Kyiv, December 2018

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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 01.10.2018 (unaudited)

	UAH mln
Total Assets, incl:	163,963
• loans to customers (net)	71,905
• Investment securities	67,765
Total Liabilities, incl:	155,572
• due to customers	86,547
• Eurobonds Issued (incl. subordinated)	46,869
• due to IFIs	19,707
Total Equity	8,392

Ownership:	Cabinet of Ministers of Ukraine, 100%
Branch network :	22 branches, 43 sub-branches, 2 Representative offices (London, New York)
Customers:	corporate – over 40,000 individual – over 790,000
Employees:	3,500
Head Office:	Kyiv, Ukraine

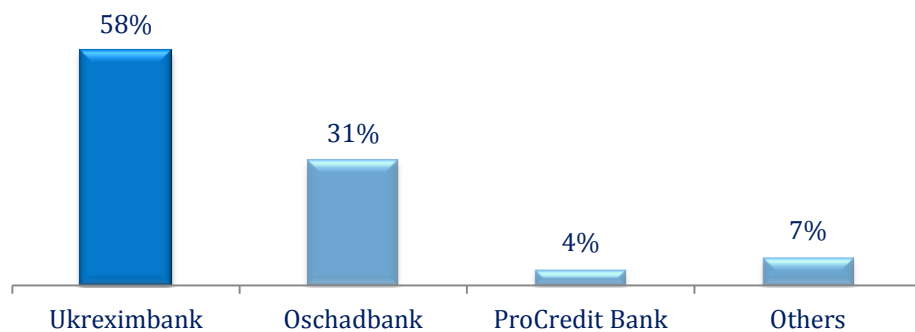
Ratings

FitchRatings



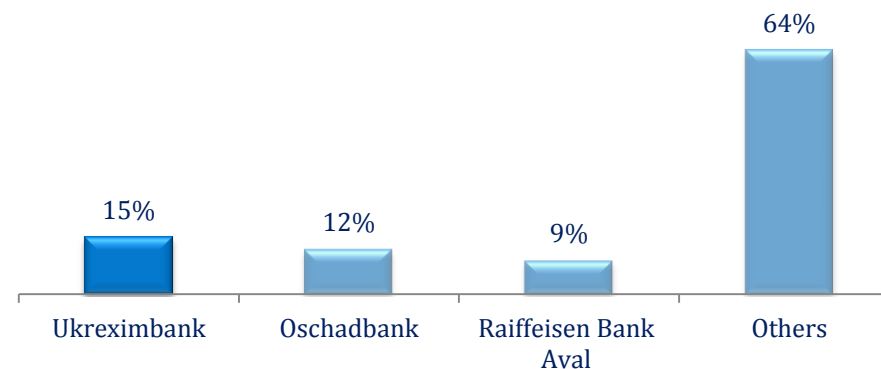
Long-term foreign currency	B- (Stable)	Caa2(Positive)
Long-term local currency	B- (Stable)	Caa2(Positive)

Top Ukrainian bank by capital markets and IFIs funding



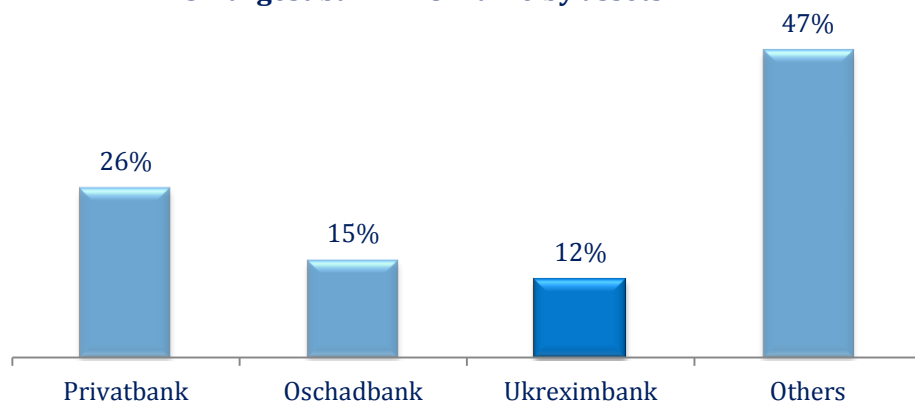
market share by capital markets & IFI funding

Leading corporate sector lender and provider for structured and trade finance



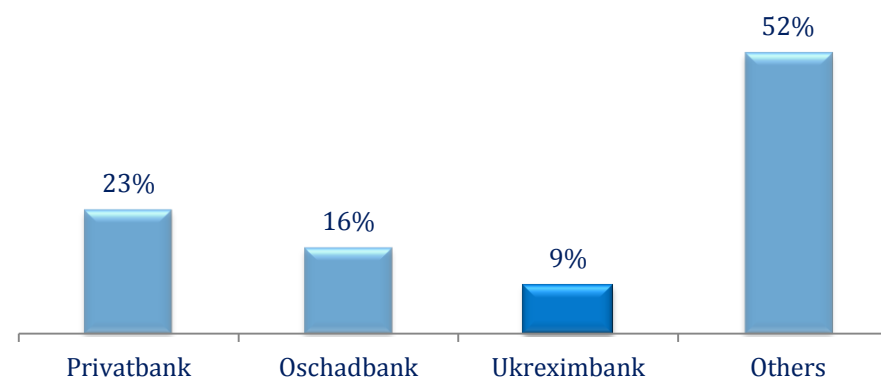
market share by loans to corporate customers (net)

3^d largest bank in Ukraine by assets



market share by assets (net)

3^d largest bank in Ukraine by amounts due to customers



market share by amounts due to customers

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

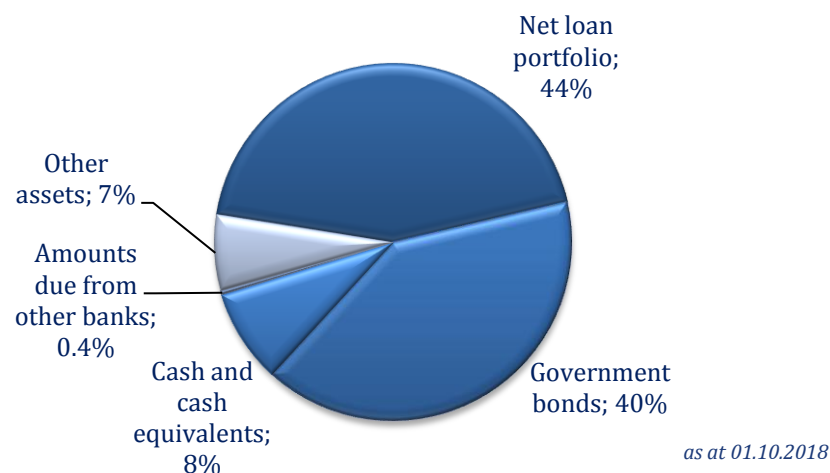
Access to capital markets

- \$2,925 mln 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

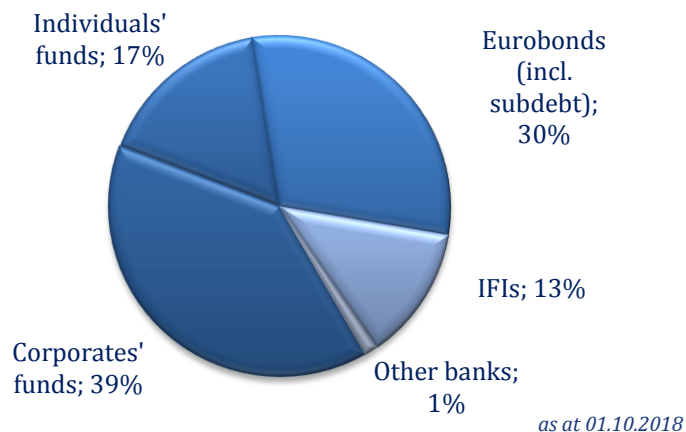


Strong documentary business and trade finance franchise

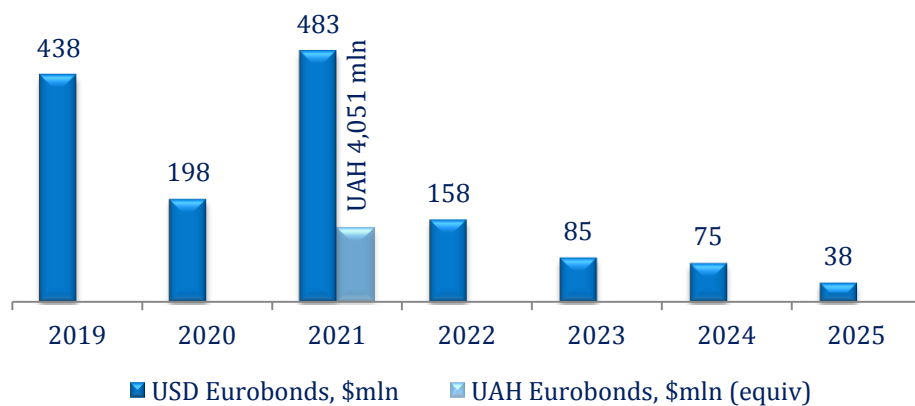
- 1,431 trade finance transactions in aggregate of \$973 mln in 2017
- Ukreximbank clients enjoy favorable terms of trade finance lines from EBRD and IFC:



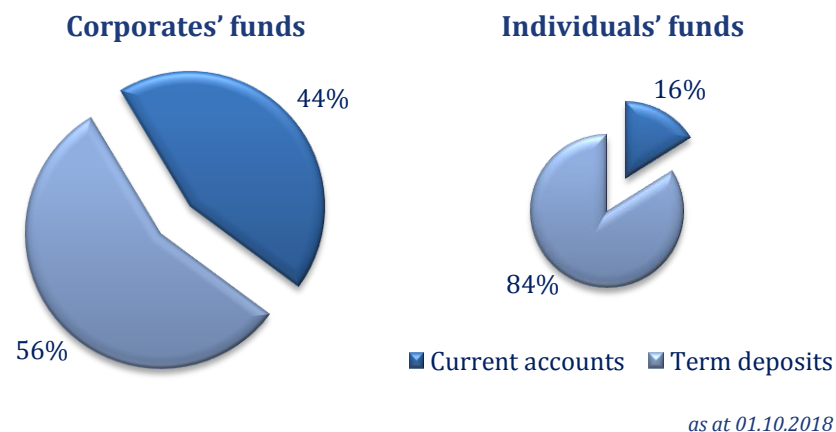
Funding base of the Bank primarily consists of corporate clients' funds and long-term international capital markets funding.



Smooth Eurobonds maturity profile with manageable peaks in 2019 and 2021.



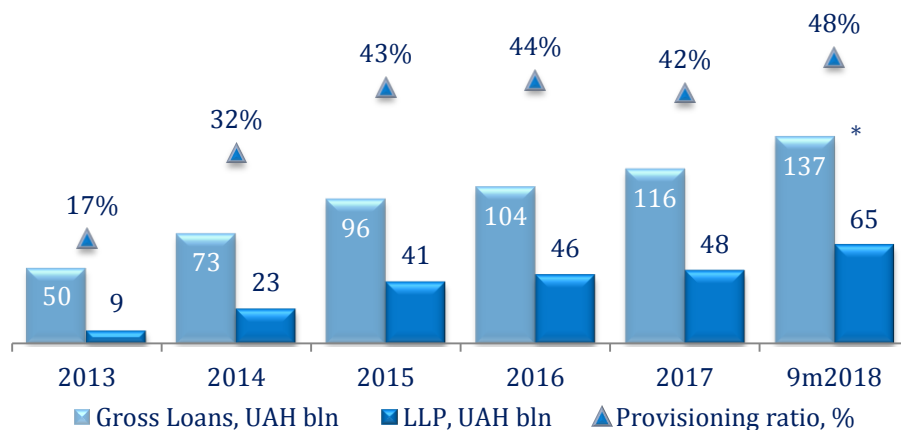
Clients' funds comprise of term deposits and low-cost current accounts with high roll-over ratio.



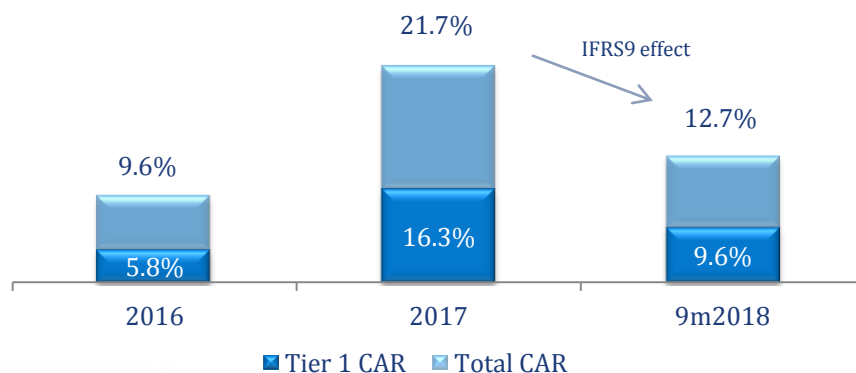
The Bank enjoys financing via various IFIs loans and projects



Severe economic deterioration in 2014-2015 resulted in increased loan loss provisions.

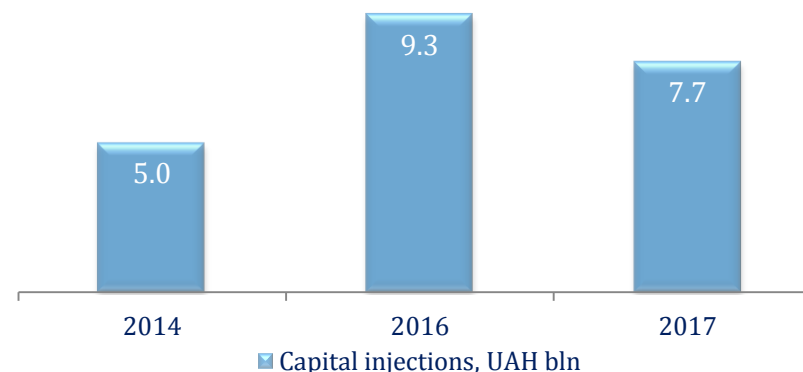


Loss absorption capacity has grown following the recapitalisation by the state.



State commitment. Retained capital position

Continued support of the Bank by the state as a shareholder allowed the Bank to stabilize capital position.



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

Fitch

"The Ukrainian authorities have a high propensity to support the bank given its state ownership, policy role, high systemic importance and the record of capital support under different governments."



"The Caa2 GLC deposit rating assigned to Ukreximbank is based on its caa2 BCA and our assessment of a very high probability of government support in the event of need."

Credit ratings at sovereign ceiling

RECENT RATING ACTIONS



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	

23 July 2018: Fitch Ratings has affirmed the ratings Ukreximbank. The affirmation of the ratings reflects limited changes to these bank's standalone credit profiles and Fitch's view of potential support, if required, from the government of Ukraine (B-/Stable).

25 July 2017: Fitch has affirmed the long-term foreign currency rating at B-(Stable) driven by the bank's strengthened capitalization and loss absorption capacity, reasonable coverage of NPLs by specific reserves, the bank's moderate risk appetites since Ukraine's downturn in 2014, manageable refinancing risks and solid liquidity cushions.



Moody's Investors Service

Long-term foreign-currency senior unsecured debt rating	Caa2	Positive
Long-term local-currency deposit rating	Caa2	Positive
Long-term foreign currency deposit rating	Caa3	Positive
Long-term foreign-currency subordinated debt rating	Caa3	

26 June 2018: Moody's assigned Counterparty Risk Ratings (CRR) to Ukreximbank following the update to Moody's Banks rating methodology. Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Caa1. Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned Not Prime.

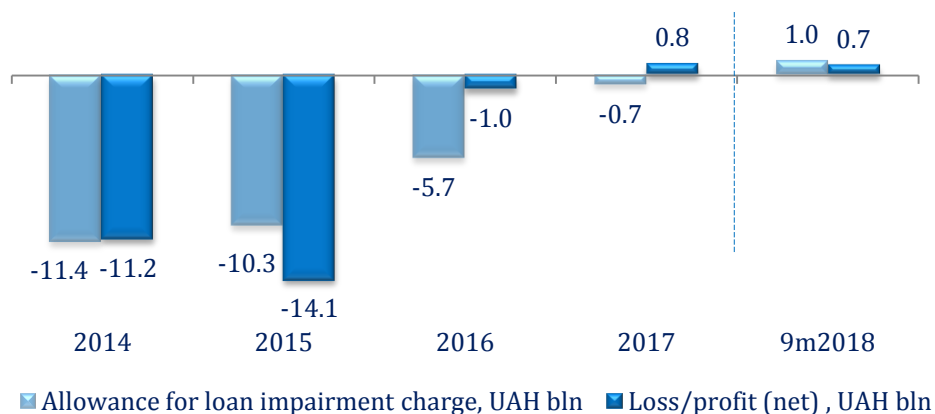
30 August 2017: Followed by sovereign rating action Moody's upgraded Ukreximbank's long-term local currency deposit and foreign currency senior unsecured debt ratings to Caa2 (Positive) driven by improved operating environment as well as stable funding and liquidity profile and very high probability of government support in the event of need.

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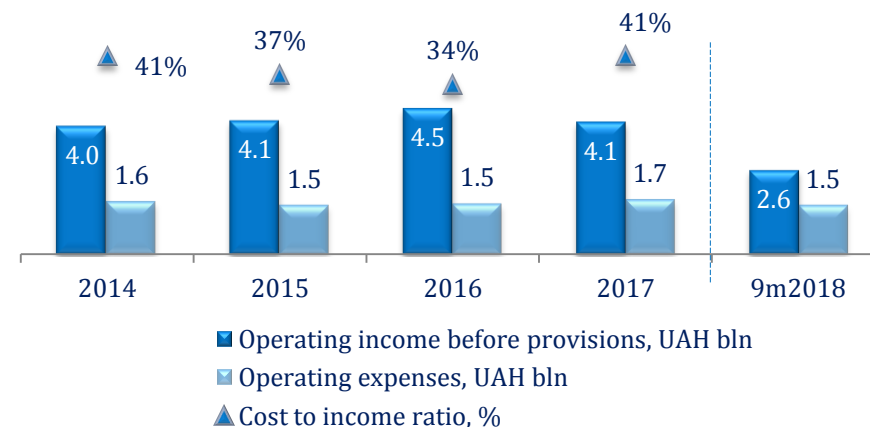
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Returning to profitability with stabilized loan quality

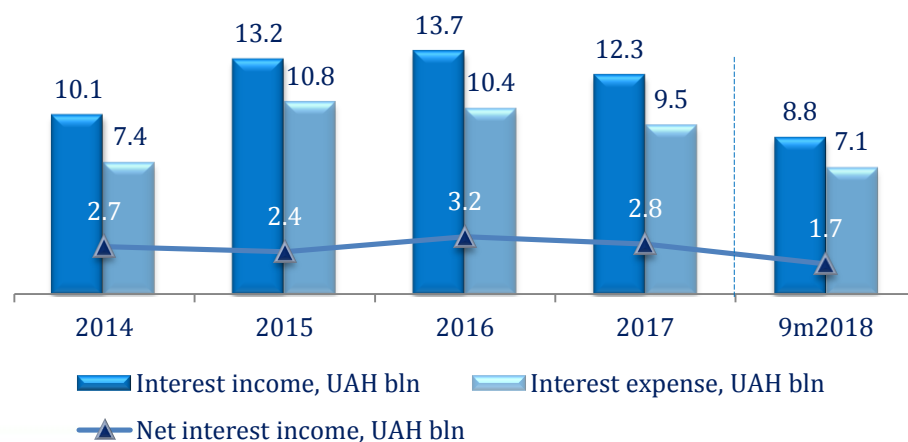
Stabilized asset quality after 2014-2015 crisis allowed the Bank to return to profitability in 2017.



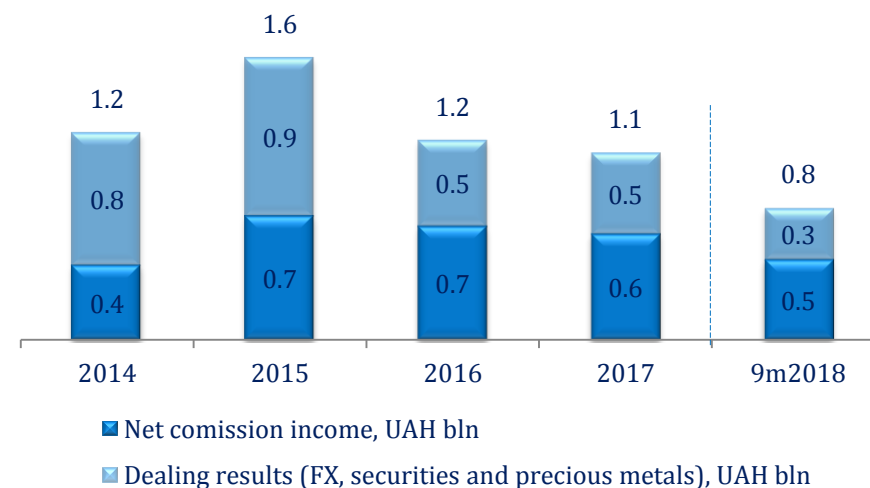
The Bank maintained the level of it's operating profitability and operational costs in 2014-2017.



Net interest income is preserved due to high quality of securities portfolio and stabilized loan book quality.

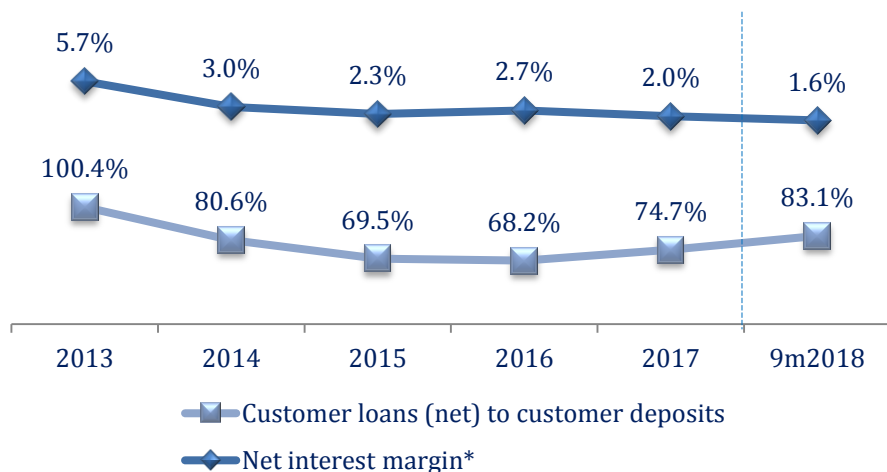


Stable commission and dealing income.

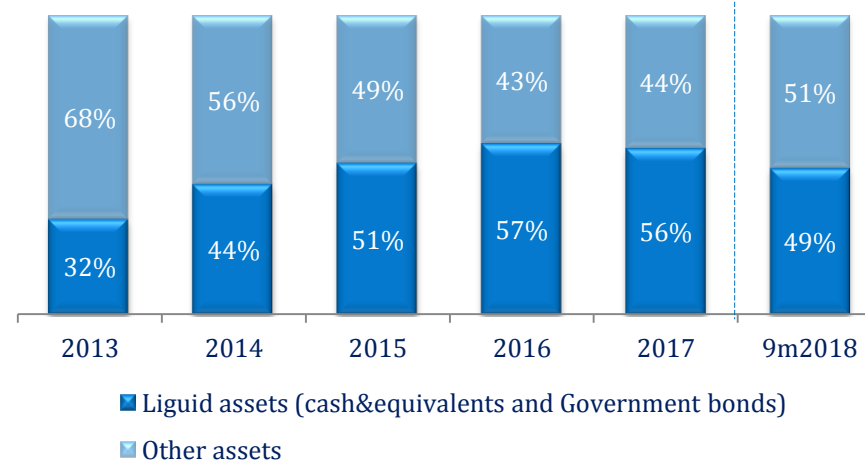


Risk-averse asset structure preserving liquidity vs marginality

Interest margin constrained while decreasing risky operations...



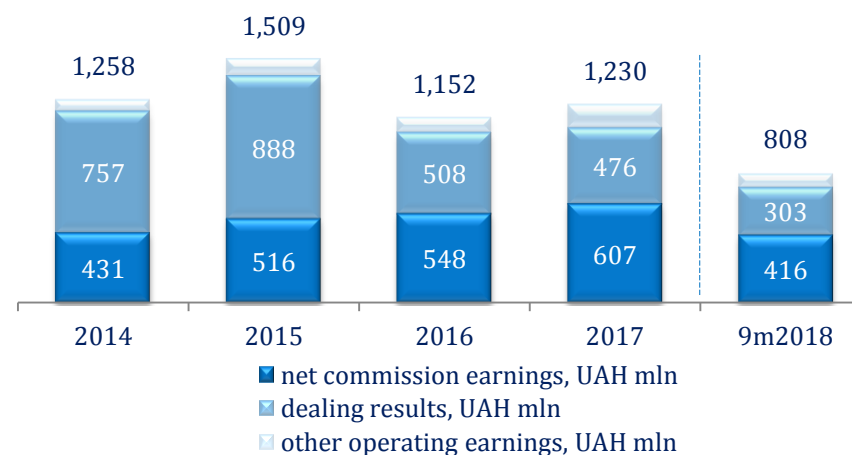
and accumulating substantial liquidity cushion.



Improved cash generating capacity from interest-bearing operations...



and stable earnings from commissions and dealing.



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05 Jul 2018 The Parliament adopted the law on improvement of the operation of the financial sector in Ukraine

This law inter alia aims to implement effective corporate management practices in state-owned banks, using a corporate management model based on the best international standards (EU, OECD, Basel Committee): the supervisory board 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).

05 Apr 2018 U.S.\$ 150 million loan from IBRD under Access to Long Term Finance (ALTF) Project came into force

Ukrainian parliament ratified the Guarantee Agreement between Ukraine and IBRD signed in June 2017 in conjunction with the Loan Agreement between Ukreximbank and IBRD. The U.S.\$ 150 million ATLTF loan from IBRD aimed to provide long-term and working capital financing to export-oriented SME's became available for disbursement by Ukreximbank in June 2018.

05 Mar 2018 Ukreximbank successfully completed the issue of its Ukrainian Hryvnia denominated three-year Eurobonds for a total principal amount of UAH 4,051 million (the equivalent of approximately U.S.\$150 million) at a fixed interest rate of 16.5% payable semi-annually and maturing in March 2021.

The transaction has allowed Ukreximbank to raise funds denominated in Hryvnia for a three year period – a term that is practically unavailable for local market borrowings at the moment. The transaction will enable Ukreximbank to proceed with its long-term lending projects.

21 Feb 2018 The Ministry of Finance published “the Principles of Strategic Reform of the State-Controlled Banking Sector” and a presentation on “the Main Areas of Implementation of Strategic Principles” (together, the “Updated Strategy”). The Updated Strategy indicates that the State will examine opportunities to sell minority shareholdings in Ukreximbank to international financial institutions in the course of 2021 and 2022 and in the long term the State may consider the privatisation of the Bank taking into account banking market conditions (although the Updated Strategy does not specifically cover the period after 2022).

01 Jan 2018 Transition to IFRS 9

In compliance with the requirements of the National Bank of Ukraine, JSC Ukreximbank introduced IFRS 9 with the date of transition on January 1, 2018, which resulted in amendments in its accounting policies in respect of the recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

Amid UAH 4.8 bln decrease in equity due to application of IFRS 9, the bank's total capital adequacy ratio retained at sustainable level of 12,7% as of end-3Q2018.

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Statement of financial position summary

Thousands of Ukrainian hryvnia	30 September 2018 (unaudited)	31 December 2017 (audited)	31 December 2016 (audited)
Cash and Cash Equivalents	13,888,835	19,866,217	21,378,517
Due from Credit Institutions	669,273	699,739	1,544,476
Loans to Customers	71,905,439	67,607,544	58,469,531
Available-for-sale Investment Securities	-	48,254,711	48,193,549
Investment Securities designated at fair value through other comprehensive income	41,142,198	-	-
Investment Securities designated at fair value through profit or loss	26,575,117	28,072,289	24,064,110
Other Investment Securities	47,682	96,022	139,098
Investment Property & Equipment	2,870,941	2,901,412	3,464,746
Other Assets	6,863,606	3,120,039	3,148,202
Total Assets	163,963,091	170,617,973	160,402,229
Current Accounts and Deposits from Customers	86,546,807	90,501,500	85,788,952
Loans from Credit Institutions	21,700,766	23,283,787	27,931,388
Eurobonds Issued	43,291,504	38,821,831	37,562,345
Subordinated Debt	3,577,776	3,615,792	3,495,895
Other Liabilities	454,774	331,116	263,383
Total Liabilities	155,571,627	156,554,026	155,041,963
Share Capital	38,730,042	38,730,042	31,008,041
Revaluation Reserves	(727,915)	282,951	725,335
Result from transactions with the shareholder	635,104	635,104	
Reserve and Other Funds	162,926	162,926	162,926
Accumulated Losses	(30,408,693)	(25,747,076)	(26,536,036)
Total Equity	8,391,464	14,063,947	5,360,266
Total Liabilities and Equity	163,963,091	170,617,973	160,402,229

Income statement summary

Thousands of Ukrainian hryvnia	30 September 2018 (unaudited)	31 December 2017 (audited)	31 December 2016 (audited)
Interest Income	8,837,507	12,335,686	13,680,411
Interest Expense	(7,141,139)	(9,513,693)	(10,446,370)
Net Interest Income	1,696,368	2,821,993	3,234,041
Net Fee and Commission Income/(Loss)	460,366	606,363	651,531
Net Gain/(Loss) from FX :			
- dealing	302,604	475,807	503,559
- translation differences	(34,537)	(907,659)	(3,472,421)
Net Gain/(Loss) on Investment Securities designated at fair value through profit or loss	(1,281,437)	258,257	5,314,500
Net Gain/(Loss) on Available-for-sale Assets	-	(49,749)	4,365
Net losses on investment securities at fair value through other comprehensive income, reclassified from statement of comprehensive income on redemption	(50,083)	-	-
Net losses on increase in provisions for credit-related commitments	(43,570)	-	-
Net Gain/(Loss) from precious metals	(483)	(1,976)	(3,363)
Other Income	146,328	186,978	114,937
Other Net Non-interest Income/(Loss)	(961,178)	(38,342)	2,461,577
Provisions for Impairment Losses on Loans	-	(666,076)	(5,700,145)
Other Provision & Impairment Losses	-	18,419	(122,487)
Reversal of financial assets impairment	1,554,660	-	-
Net losses on derecognition of financial assets measured at amortised cost	(565,893)	-	-
General & Administrative, Other Expenses	(1,508,855)	(1,795,340)	(1,716,873)
Profit/(Loss) before Taxes	675,468	947,017	(1,192,356)
Income Tax (Expense)/Benefit	(4)	(181,522)	215,050
Profit/(Loss) for the Period	675,464	765,495	(977,306)

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