



# ON THE GREEN PATH

Kyiv, Ukraine  
February 2019





## THE ONLY BANK IN THE REGION WITH FOCUS ON GREEN FINANCE

Business profile	<b>Universal bank with a focus on green finance</b> Key business lines: corporate business, SME, retail business, premier banking
Year established	<b>1993</b>
Principal place of business	<b>Ukraine</b>
Major shareholder	<b>State of Ukraine, 95%</b>
Shares in free float	<b>1.3%</b>
Total Assets <sup>1</sup>	<b>UAH 83.5 billion (USD 3.0bn)</b>
Shareholders' equity <sup>1</sup>	<b>UAH 5.6 billion (USD 0.2bn)</b>
Market share (by assets) <sup>2</sup>	<b>6.2%</b>
Number of Employees	<b>4 thousand</b> strong team
International audit	<b>since 1997</b> (currently – Ernst & Young)
Distribution network	<b>246 branches, 23 regional centers at 153 cities and towns</b>
Customer base	<b>&gt; 1.2 million</b> customers

<sup>1</sup> 3Q2018 IFRS Financial Statements. Unaudited.

<sup>2</sup> Bank calculation according to NBU data as of 3Q2018



**81**

Banks operating  
in Ukraine



**41**

Banks with foreign  
investments



**50**

BILLION  
Banking System Assets

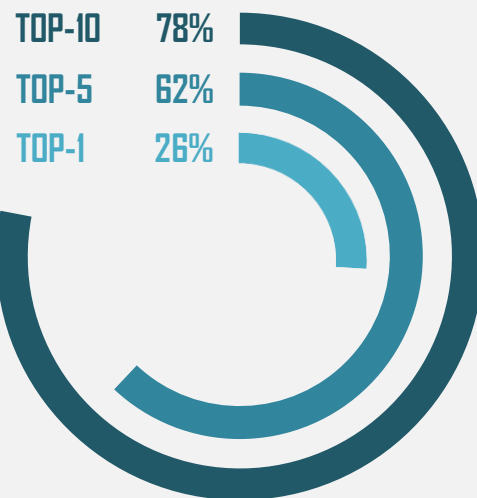


**54**

% of banking system  
assets are state-controlled

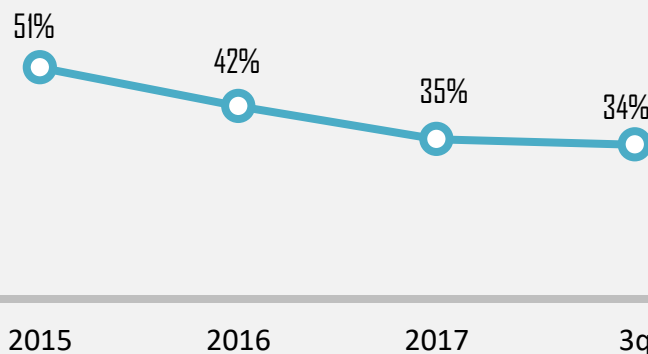
## Concentration by Assets

| 31.10.2018 |



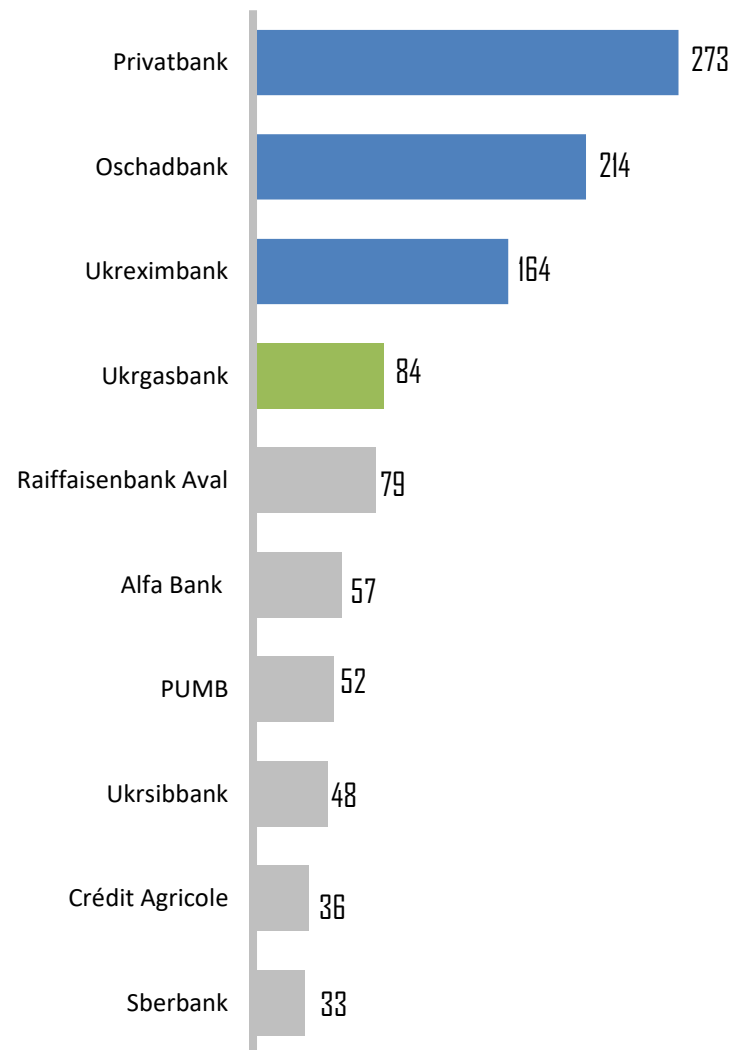
## Banking System Penetration Rate

| Gross Customer Loans to GDP Ratio |



## TOP 10 Banks by Assets

| in UAH billions as of 01.10.2018 |



# NEW HISTORY OF UKRGASBANK: successful track record & achievements

- > Losses UAH -3.4 bn
- > ROE -63.13%
- > Ranking #17 by assets
- > Share of NPLs 42%

**Survival under question**

New management  
team appointed

Two independent  
members appointed to  
the Supervisory Board



- > Beginning of cooperation with IFC
- > Focused green finance strategy formulated
- > Green portfolio UAH 1.9 billion
- > UAH 3.6 b emergency funding support from NBU fully prepaid
- > Unique sale of NPL with Creative to Kernel
- > Net profit UAH 289 million

- > Bank is #4 by assets
- > 9M2018 net profit is UAH 425 million
- > Total finance provided and committed to green projects reached UAH 19.7 billion (9M2018)
- > Share of NPLs 17% as of 9M2018
- > Passed NBU stress test

**2014**

**2015**

**2016**

**2017**

**2018**

- > Capital increased by UAH 3.8 bn
- > SME designated a separate business line
- > Bank Kyiv P&A
- > Net profit UAH 260 million
- > Passed NBU stress test



SOB Strategy  
formulated.  
UkrGasbank shall be  
privatized

- > Resilience to virus Petia
- > Green loan portfolio reached UAH 6.7 billion
- > Net profit of UAH 628 million
- > Migration to own card processing



New SOB strategy  
approved. UkrGasbank  
to focus on green  
banking and to be  
privatized by YE2019

## UKRGASBANK Performance vs Market<sup>1</sup>

	YE2014		9m2018		YE2014-9m2018	
	# in the banking system	Share	# in the banking system	Share	UkrGasbank CAGR	Banking system CAGR
Assets	17	1.6%	4 ▲	6.1% ▲	45%	1%
Net loans	20	1.1%	5 ▲	6.4% ▲	42%	-10%
Due to customers	15	1.7%	4 ▲	7.1% ▲	58%	8%
- legal entities	15	1.9%	2 ▲	10.2% ▲	79%	10%
- individuals	15	1.6%	6 ▲	3.9% ▲	33%	5%
Profit/(loss), UAH millions	(3,383)	-	425	-	-	-

UKRAINE'S RENEWABLE  
ENERGY AND ENERGY  
EFFICIENCY POTENTIAL



NEED TO REDUCE  
ENERGY INTENSITY OF THE  
UKRAINIAN ECONOMY



GOVT. OBJECTIVE AS  
A SHAREHOLDER TO  
MINIMIZE ITS SHARE  
IN THE BANKING SECTOR



## FOCUSED GREEN BANKING STRATEGY

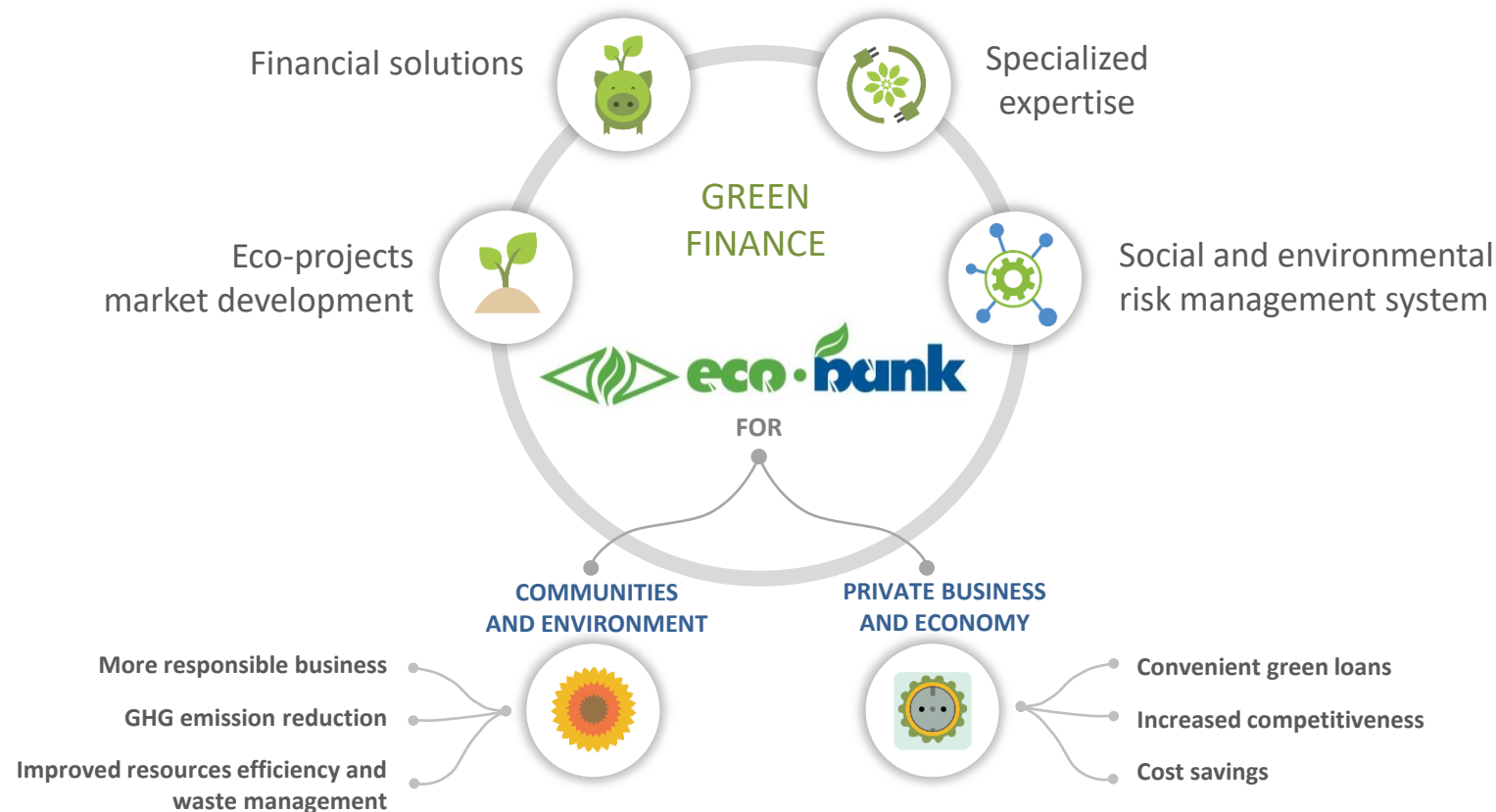
To utilize robust universal banking platform  
to become the leading green bank in  
Ukraine

To cover up to 30% of total financing needs  
of the green finance sector

## TRANSFORMATIONAL PROJECT OF UKRGASBANK

to develop green finance sector in Ukraine

In May 2016, IFC and Ukrgasbank started a joint green finance development project to provide easier access to funding for companies interested in implementing projects in renewable energy, energy efficiency and environment protection





## **R**ENEWABLE ENERGY

Wind-, solar-, hydro-power,  
biomass, power storage



## **E**NERGY EFFICIENCY

Energy saving equipment and  
measures for enterprises, housing  
and municipal objects



## **E**NVIRONMENT PROTECTION

Harmful emissions reduction  
measures



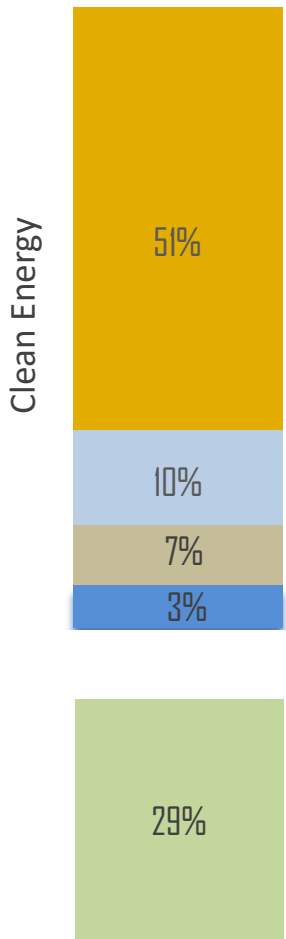


financed and committed since May 2016

## Loans

**402**  
LOANS

**€ 641**  
MILLION



Energy efficiency  
Thermal energy  
Transport  
Other

## Projects



**102**

SOLAR POWER  
PLANTS



**6**

WIND FARMS



**12**

BIO FUEL POWER  
PLANTS



**18**

SMALL HYDRO-  
POWER PLANTS



**264**

COMMERCIAL  
PROJECTS

TOTAL  
CAPACITY

**807** MW

GAS SAVINGS

**574** MILLION  
m<sup>3</sup>/year



REDUCTION OF CO<sub>2</sub> EMISSIONS

**1,057,000**  
tons/year



EQUIVALENT OF TAKING

**493,000**  
CARS FROM THE ROAD



As part of the cooperation with the Ministry of Ecology the Bank financed the installation of treatment facilities at one of the largest metallurgical plants in Europe - PJSC "Zaporizhstal"

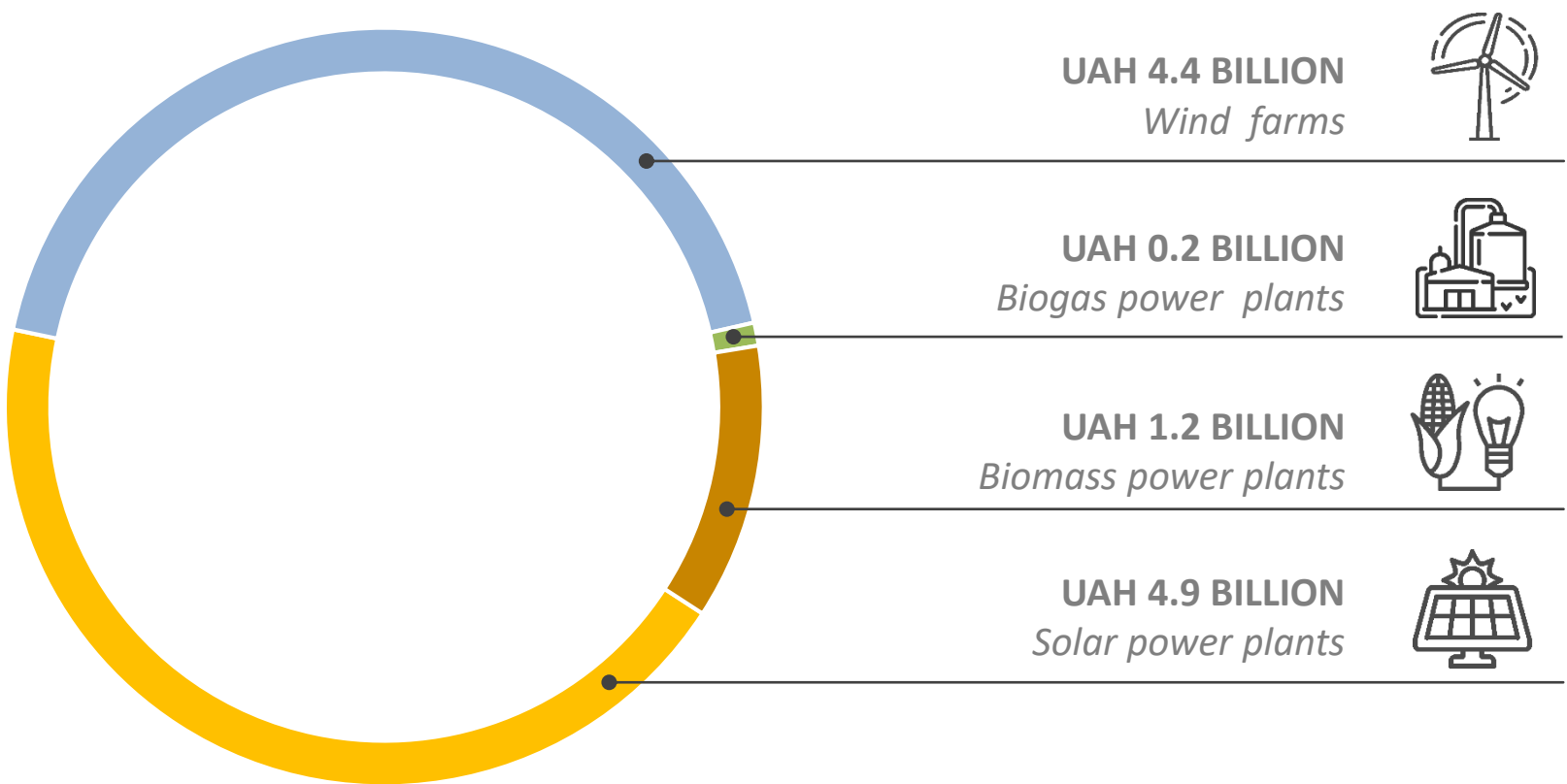


**20%**  
POLLUTION  
REDUCTION

**40**  
PROJECTS

**UAH 10.7**  
BILLION  
/\$366 million/

**725 MW**  
TOTAL PEAK CAPACITY



**UAH 4.4 BILLION**  
*Wind farms*



**UAH 0.2 BILLION**  
*Biogas power plants*



**UAH 1.2 BILLION**  
*Biomass power plants*



**UAH 4.9 BILLION**  
*Solar power plants*



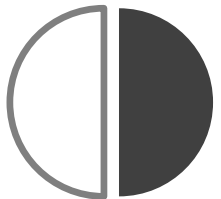




The leader in financing new clean energy facilities in Ukraine. Share of green loans in the bank loan portfolio is 25% as of 3q2018 with the target to almost double it by YE2021



UkrGasbank is a pioneer among Ukrainian banks to introduce Environmental and Social Risk Management System



Every second MW of new installed renewable energy facilities that received feed-in tariff in 2018 was financed with the help of UkrGasbank

UkrGasbank has also financed and committed \$245m /UAH 6.8 bn/ for energy efficiency and environmental projects



UkrGasbank became the first Ukrainian partner of the Carbon Pricing Leadership Coalition to advocate for climate change combating in Ukraine



SME BANKING

**58,000**

MSME customers

MSME entities with annual sales/  
balance sheet < UAH 200 million  
  
Private entrepreneurs, homeowners'  
associations, municipal utilities

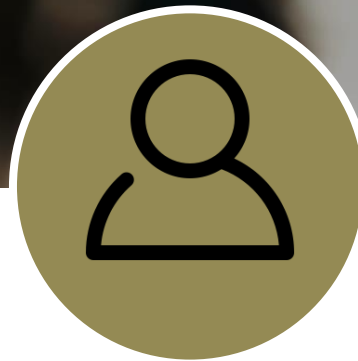


CORPORATE BANKING

**6,000**

Corporate customers

Entities with annual sales/balance  
sheet > UAH 200 million  
  
Private corporates, state-owned  
enterprises, municipalities



INDIVIDUAL BANKING

**>1,360,000**

Retail customers

Mass individuals  
Affluent individuals



- Separate business line since 2015 reporting to a dedicated Deputy CEO
- Ranking among the TOP 5 players in the SME market in Ukraine just in 3 years
- Joint TA program with IFC to enhance SME Banking at the Bank
- Special lending support programs for SMEs from IFIs (*EIB, EIF, German-Ukrainian Fund, Belarussian Government*)

# 57%

Share of green loans  
in total SME loans

# 0,2%

Level of NPLs in the new  
SME loan portfolio  
generated since mid-2015

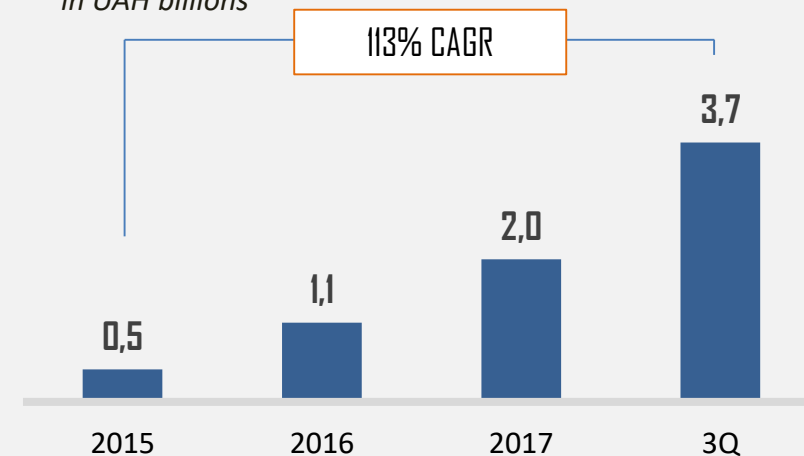
# 8%

Share of SMEs in total  
customer loans

## SME BANKING

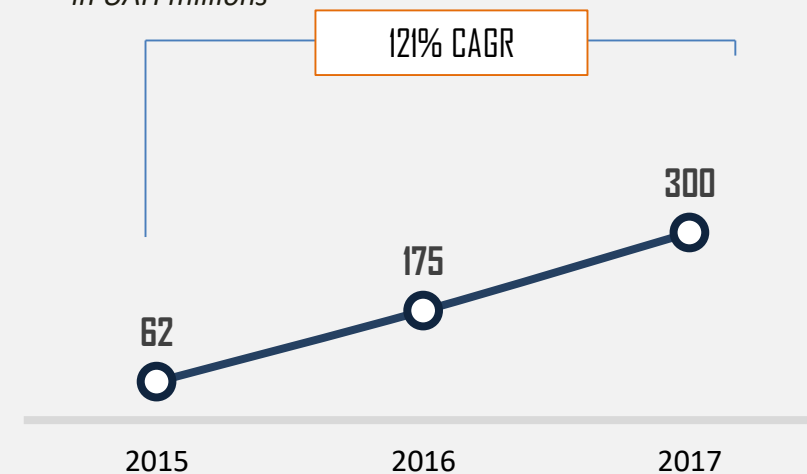
### SME Loans

in UAH billions



### SME Banking Interest and Fee Income

in UAH millions







- Largest business segment at the Bank volume-wise
- Comprehensive customer service and product coverage
- Track record of work with all economy industries
- Focus on private business development and reduction of exposure to state-owned enterprises

**26%**

Share of green loans in total corporate loans

**71%**

Share of corporates in total amounts due to customers

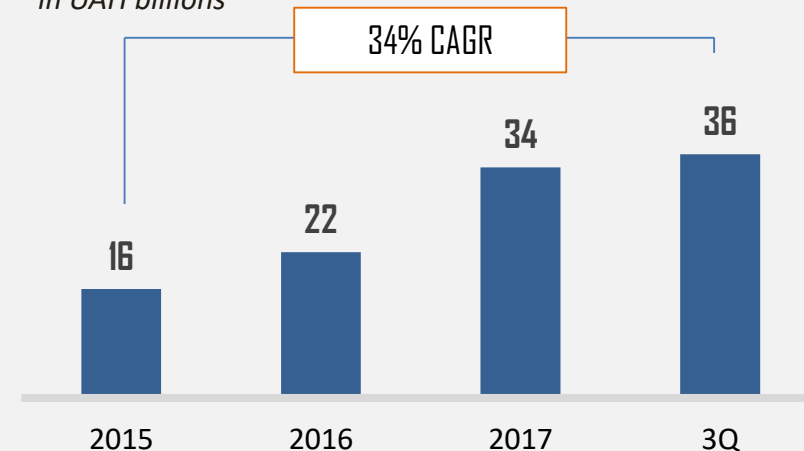
**78%**

Share of corporate business in total customer loans

# CORPORATE BANKING

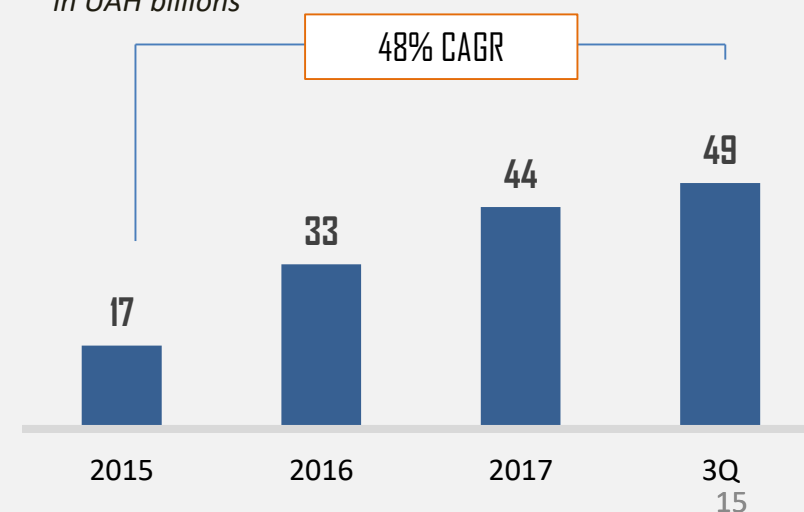
## Corporate Loans

in UAH billions



## Corporate Deposits

in UAH billions





- Unique green products in the market (*roof solar power stations, electric vehicles, green mortgages*)
- A Top-3 market player in terms of mortgage and car loans

- Partnership programs with car dealers, developers, insurers, etc.
- Wide network coverage and customer service at any branch
- In-house card processing allowing fast customization and targeting of card-based products

>55k

Energy efficiency loans to households

720k

Active cards

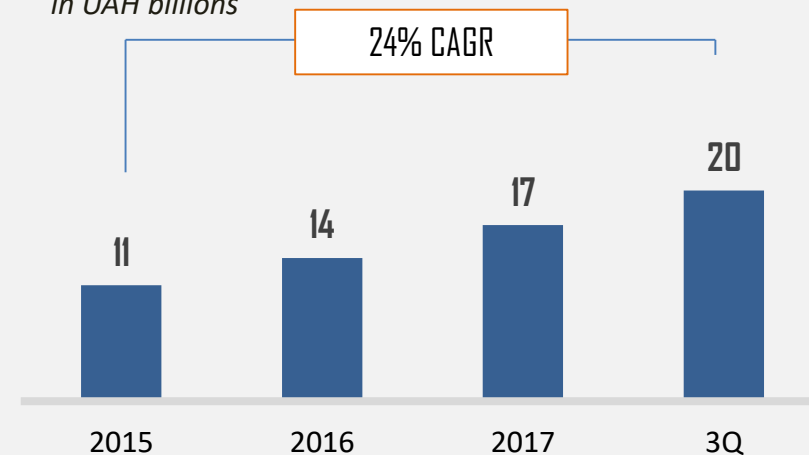
14%

Share of retail business in total customer loans

# RETAIL BANKING

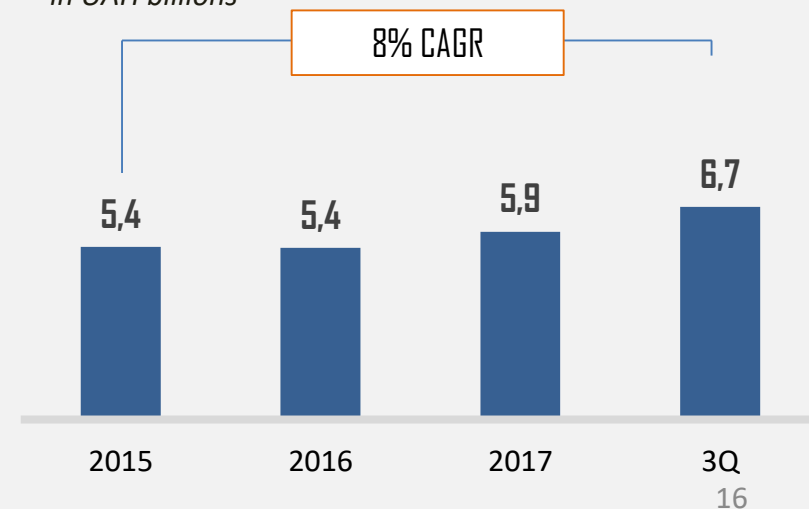
## Retail Deposits

in UAH billions




## Retail Loans


in UAH billions




## DIVERSIFIED SALES NETWORK THROUGHOUT UKRAINE

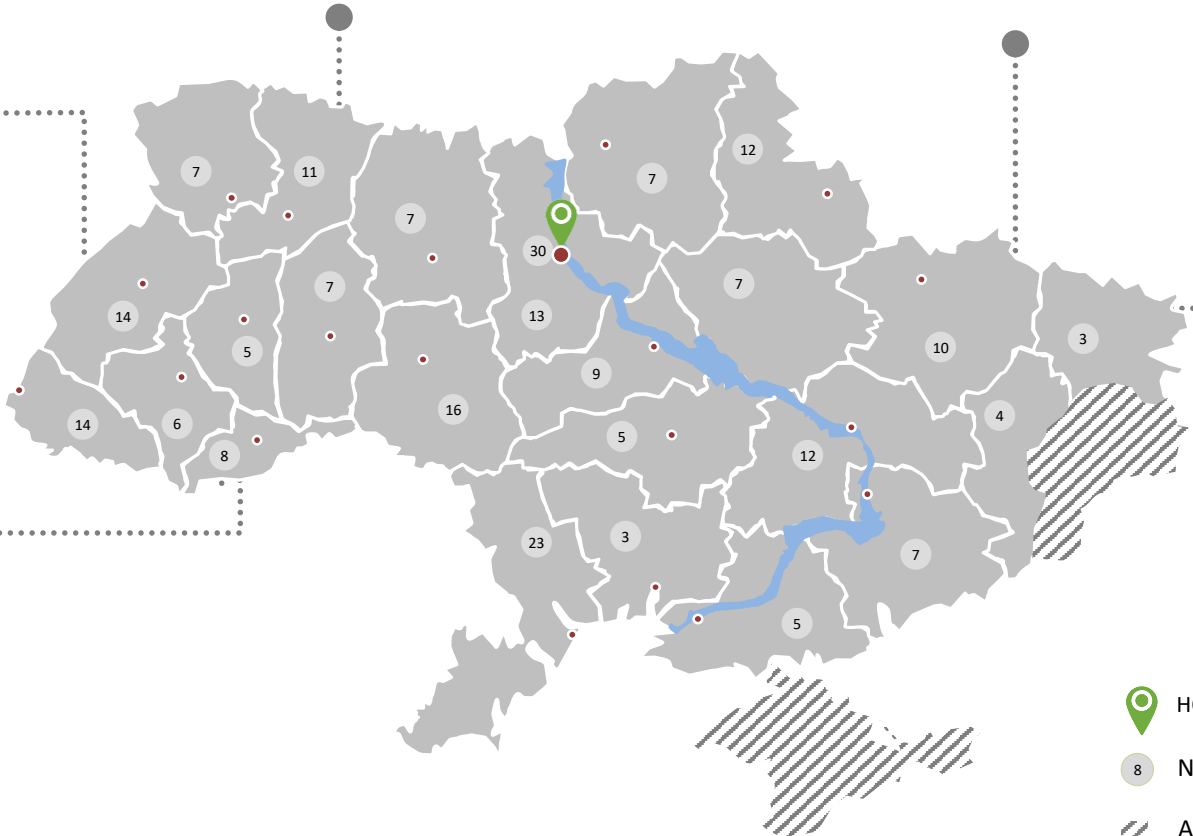
 **153**  
cities and towns covered




 **686**  
ATMs

 **23**  
regional centers

 **1,500**  
POS-terminals

 **246**  
branches



-  HQ located in Kyiv
-  Number of branches
-  Areas of the Crimea, Luhansk, Donetsk oblasts beyond control of Ukraine





Green banking project

Global Trade Finance Program

Memorandum on pre-privatization preparation

Project "Becoming a leader in SME Banking"



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



SME Lending Facilitation Program



Export Support Program with the Belarusian government

Export Support Program with Poland



Memorandum on cooperation with the USAID Project "Municipal Energy Reform in Ukraine"



Carbon Pricing Leadership Coalition



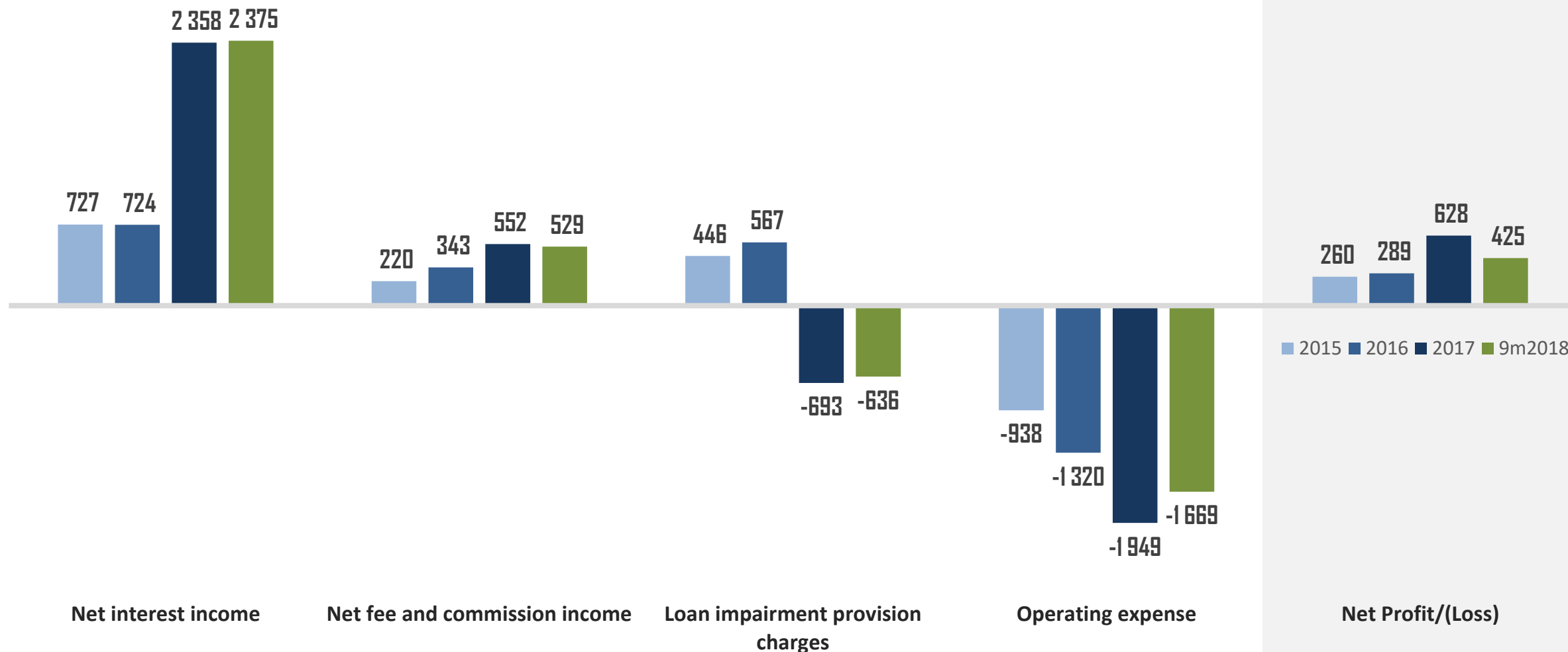
## APPENDICES

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# SELECTED FINANCIAL DATA

## Key PLA Items

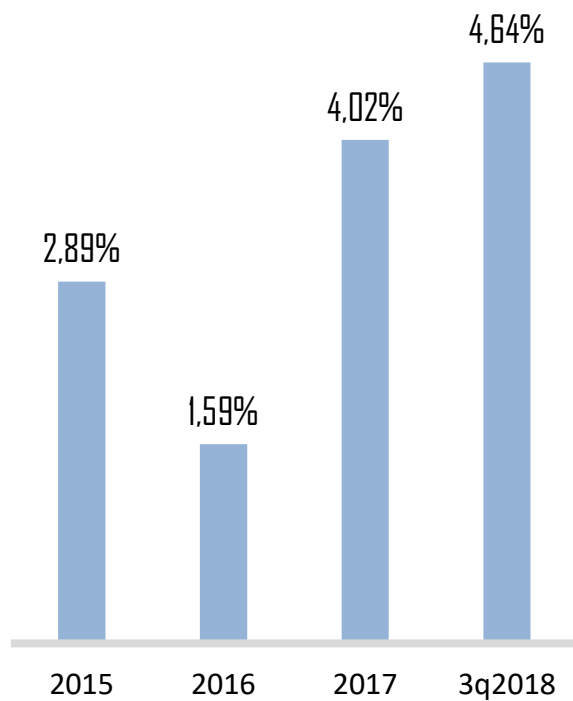
in UAH millions





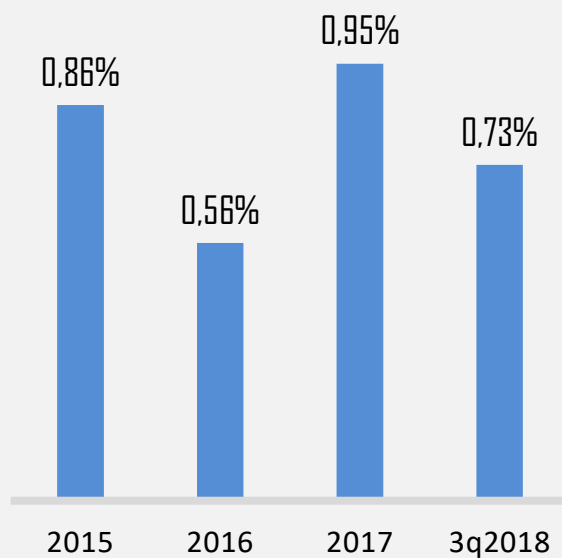
## Interest Margin <sup>1</sup>

in %



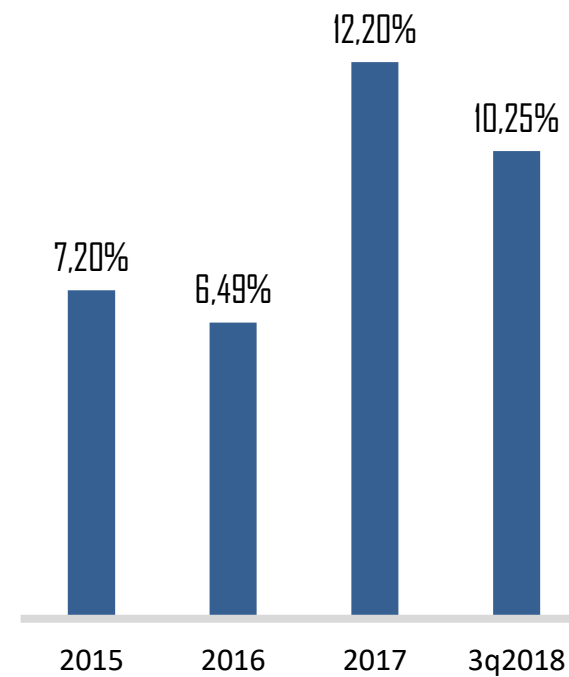
## Return on Assets (RoA) <sup>1</sup>

in %



## Return on Equity (RoE) <sup>1</sup>

in %



## Ukraine's Banking System: <sup>2</sup>

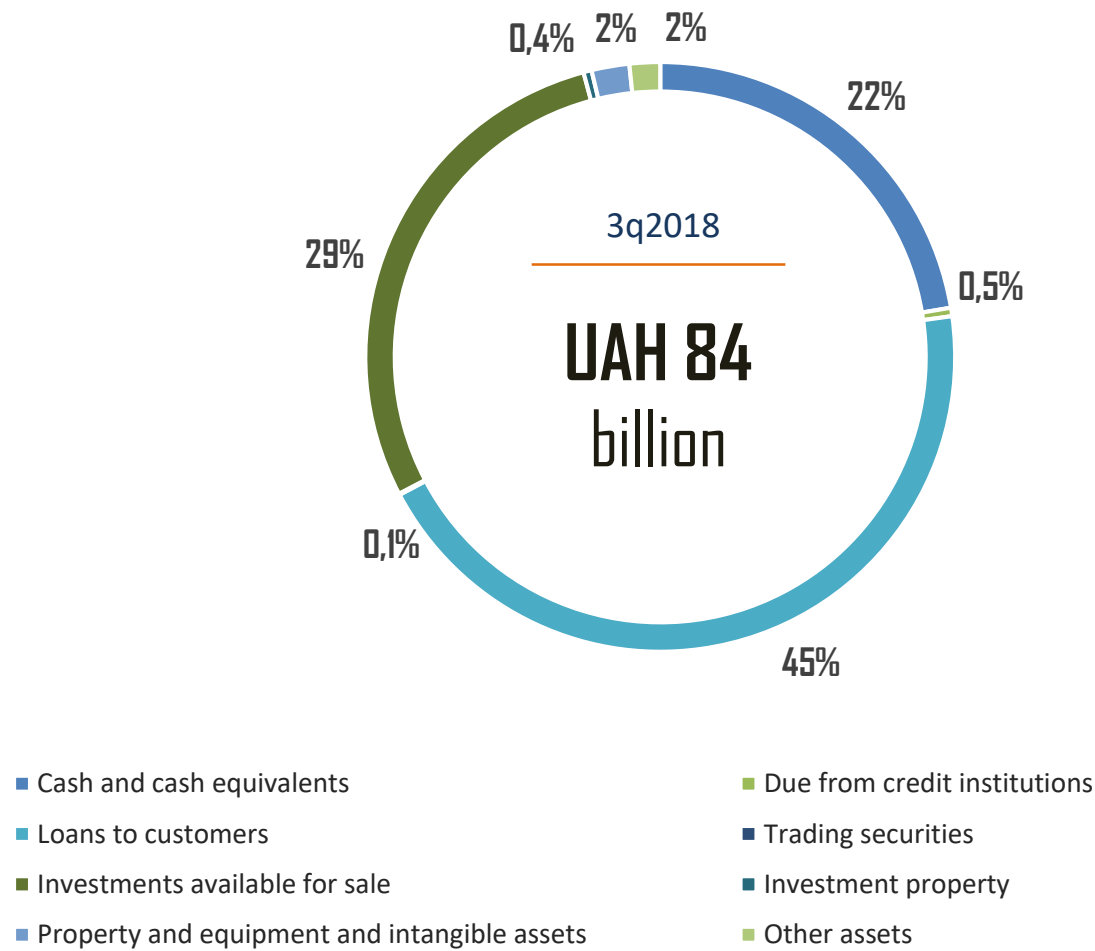
-51.91%	-12.6%	-1.94%	1.11%	-5.46%	-116.74%	-15.96%	9.51%
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<sup>1</sup> Source: Bank data. 3q data annualized

<sup>2</sup> NBU data

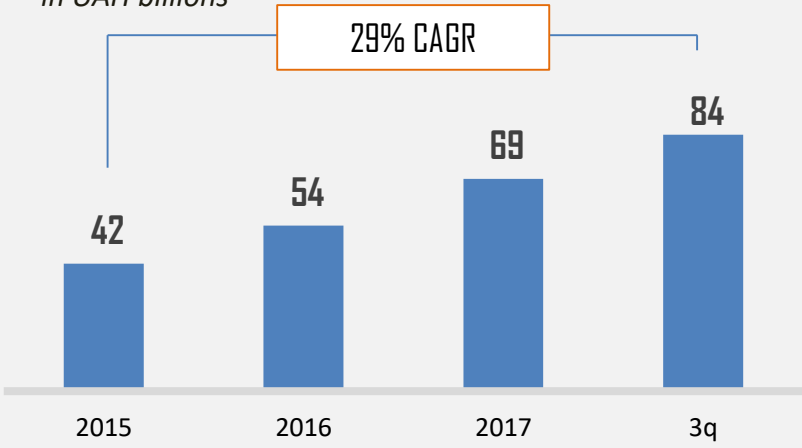
## Assets Breakdown

in %

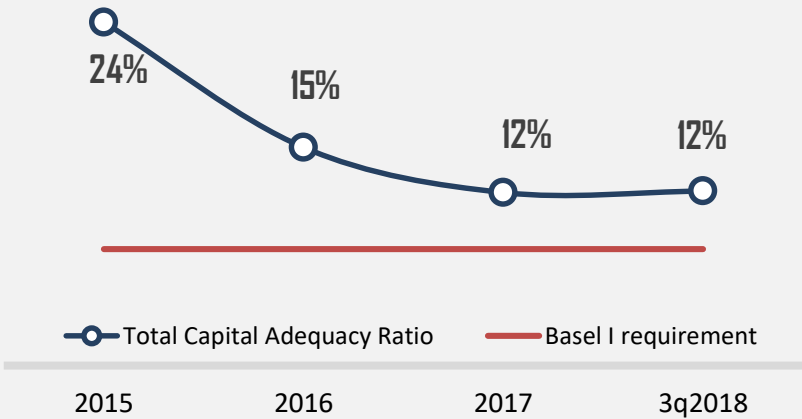


## Assets Dynamics

in UAH billions

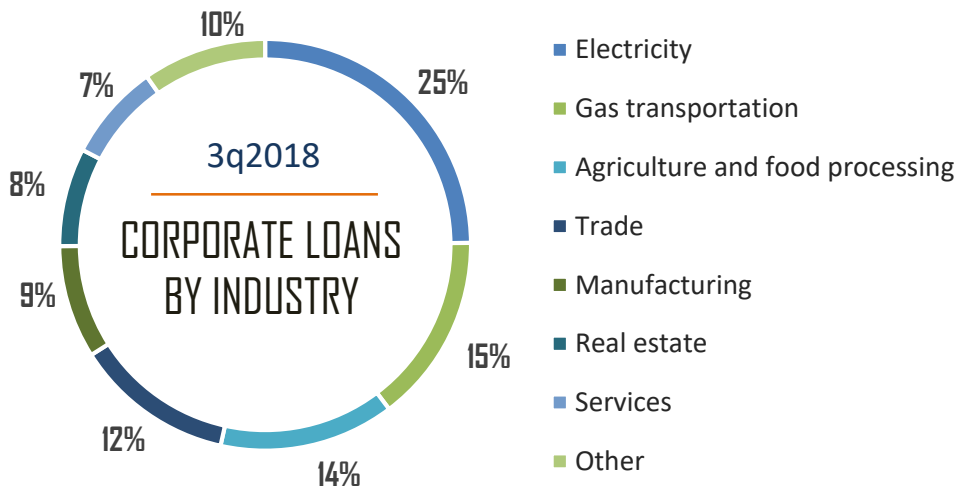
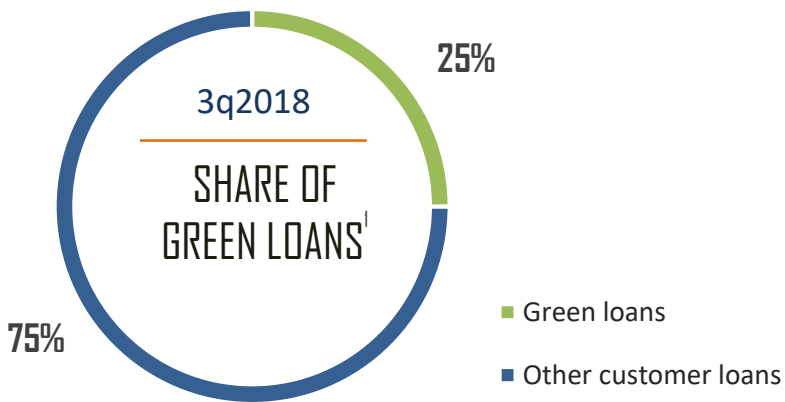
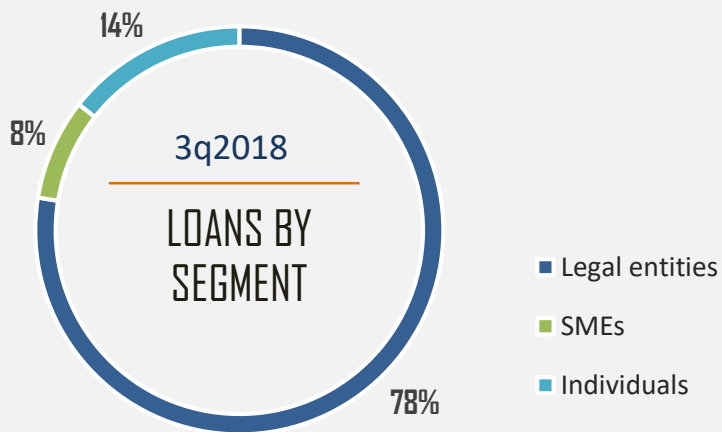
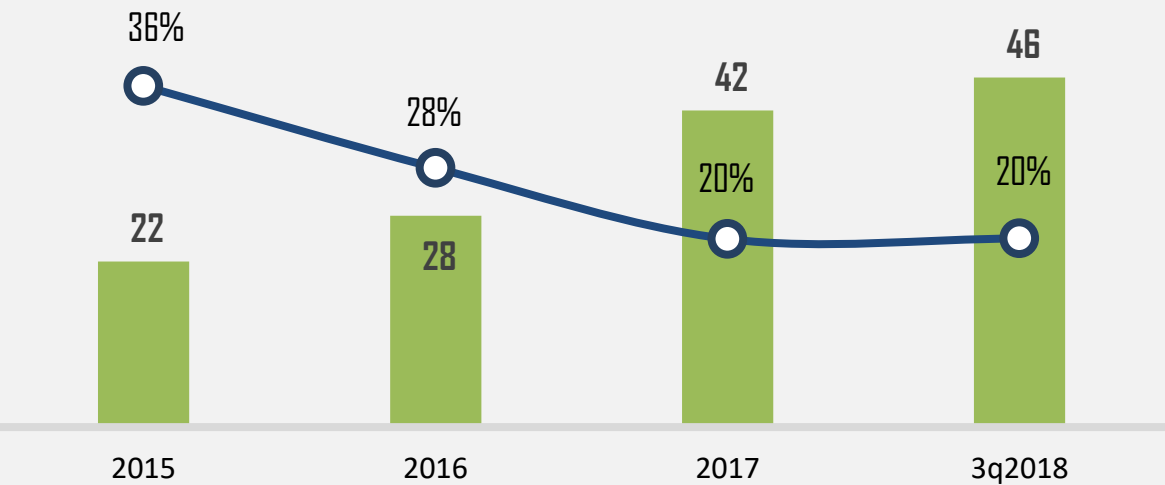


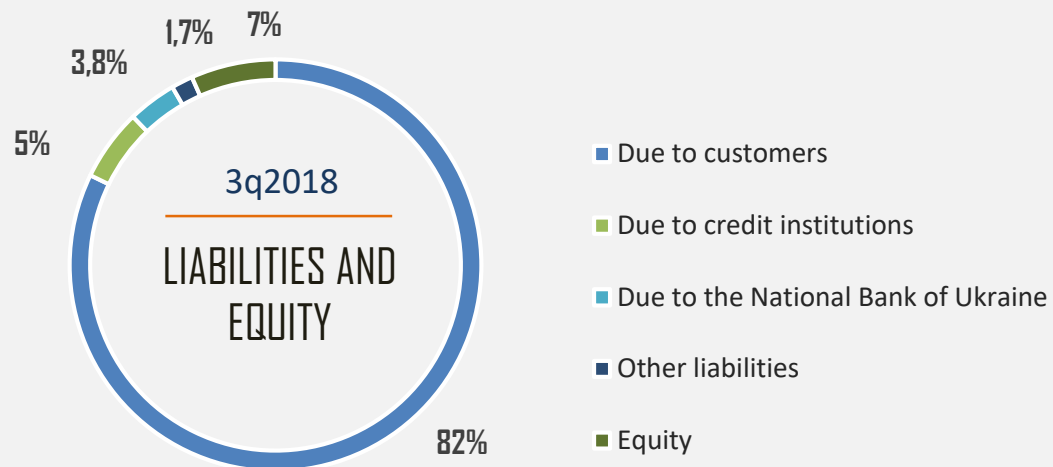
## Capital Adequacy Ratio



## Customer Loans and Impairment Provisions Coverage

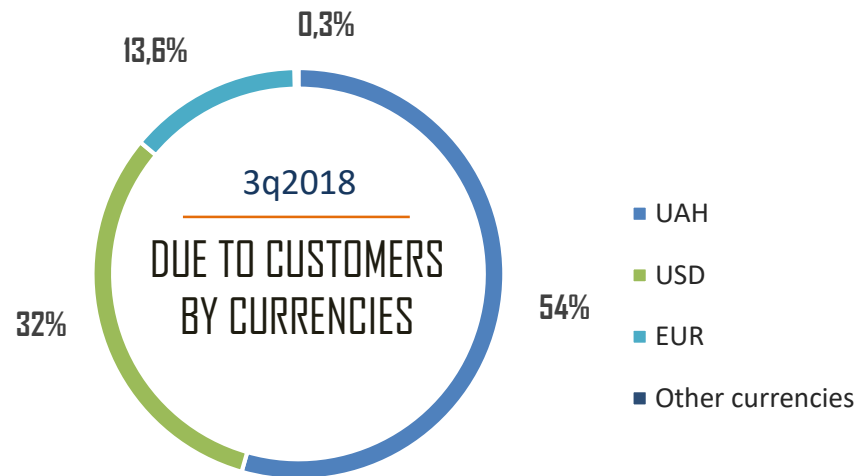
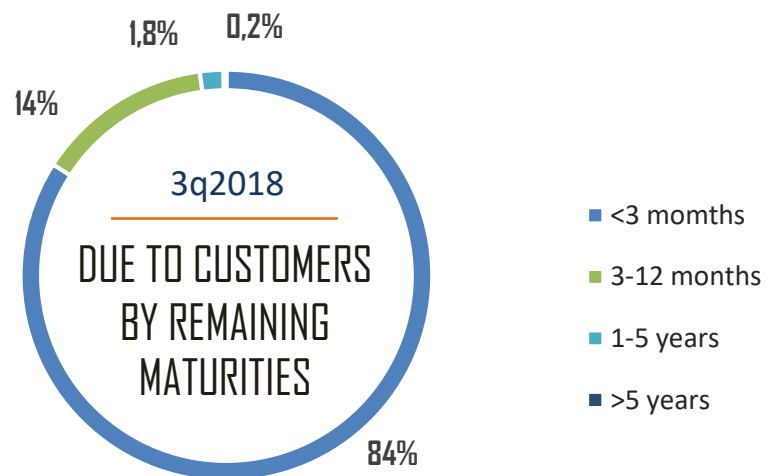
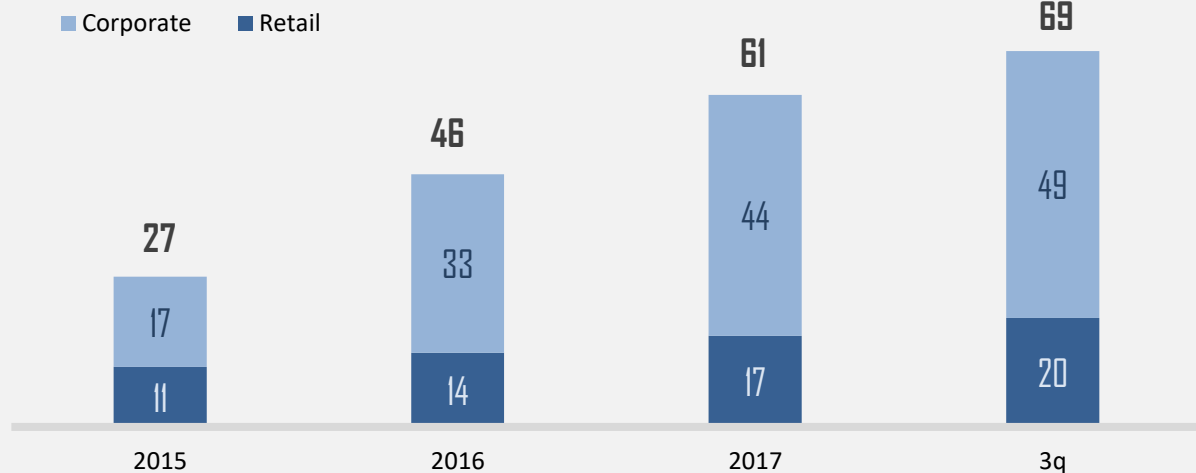
in UAH billions and % of Gross Loans





## Due to Customers

in UAH billions



## CONTACT UKRGASBANK EXTERNAL RELATIONS



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