



SUSTAINABLE DEVELOPMENT REPORT 2020

According to the principles
of Global Reporting Initiative

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ADDRESS OF THE CHAIRPERSON OF THE MANAGEMENT BOARD



Although 2020 was far from easy for everyone, the new challenges inspired us to search for fresh eco-banking ideas even more. After all, our “green” direction is an innovative model in the banking sector. Moreover, this vector is in demand most of all in terms of both world realities and Ukrainian heritage. Since the Ukrainians who have been feeling the shortcomings of extensive energy acutely in recent years, the transition from traditional to “green” energy is vital for us. And we have good results because the growth of our loan eco-portfolio in 2020 amounted to UAH 4 billion.

This means that our contribution to solving the problem of air pollution was a really significant reduction in CO₂ emissions of more than 1.4 million tons.

Of course, we paid particular attention to protecting our clients and employees from COVID-19. The main thing is that we managed to quickly set up distance work of the vast majority of our employees in order to protect both them and our clients. By the way, we did not close any of our branches.

Although the pandemic has distanced us from each other, it has made our services closer and more accessible. We started a lot of new online products last year.

We did not waste time on our international activities. Together with UNIDO, we started an innovative project for lending for the implementation of energy management systems and energy renovation projects at Ukrainian enterprises (in accordance with ISO 50001). We also received EUR 30 million loan from the Black Sea Trade and Development Bank for green funding purposes.

In cooperation with IFC, we have developed a joint project aimed at developing and promoting sustainable development projects. It includes waste management, health care and pandemic projects, water efficiency projects, energy accumulating and storage systems.

Thus, in the difficult times of the global pandemic, it is too difficult to implement new projects and complete the work started, but our Bank is adapting to new working conditions and with dignity accepts the new challenges of nowadays. Today, everything that has had its days and become worse in terms of efficiency, economy and particularly safety requires changes. And we work every day to make these changes happen as soon as possible.

MAJOR ACCOMPLISHMENTS OF THE YEAR

In 2020, UKRGASBANK continued to develop as a leading Ecobank of Ukraine, focusing on funding projects related to energy efficiency, renewable energy, resource efficiency, pollution reduction, etc.



As of 01.01.2021:

loan portfolio of clients, UAH billion, including [*] :	55.1
- corporate business loan portfolio	41.7
- SME loan portfolio	7.8
- retail business loan portfolio	5.6
client funds, including deposit (saving) certificates, UAH billion, including:	126.6
- corporate client funds portfolio	85.3
- SME client funds portfolio	11.6
- retail client funds portfolio	29.7

^{*} Taking into account undepreciated premiums/discounts, accrued income and provisions for impairment of loans

MAJOR ACCOMPLISHMENTS OF THE YEAR

As of 01.01.2021, there were 278 operating sale points at clients' disposal in 162 settlements of Ukraine. As of 01.01.2021, the number of the Bank's clients is 2,342 thousand, including: 2,264 thousand retail clients, 71.5 thousand small and medium enterprise clients, 6.8 thousand corporate clients.

As of 01.01.2021, about 2,061 thousand payment cards issued by JSB UKRGASBANK are in circulation, of which about 482 thousand are active. In 2020, the Bank actively continued to develop the "ECO-Bank", its own multi-platform mobile application (introduced a "virtual" card, the ability to pay fines for traffic violations, payments on arbitrary details, UnionPay cards and SPACE became available), the number of users at the end of 2020 exceeded 506 thousand.

The volume of the securities portfolio as of 01.01.2021 amounted to UAH 53,009 million. The share of US treasury bonds in the Bank's securities portfolio at the end of 2020 amounted to 10.7%, or UAH 5,688 million.

During 2020, the Bank actively developed trade loan operations. The portfolio of these operations as of 01.01.2021 amounted to UAH 9.8 billion, including letters of credit of UAH 3.5 billion opened, letters of credit received of UAH 2.0 billion, guarantees provided of UAH 6.2 billion, guarantees received of UAH 1.7 billion, instruments on own liabilities of UAH 1.5 billion.

JSB UKRGASBANK has won the nomination "Best Trade Finance Bank of Ukraine 2021" following the results of the 11th annual Global Banking & Finance Review Awards competition. Leading part in this achievement was the support of trade finance agreements from the EBRD and IFC for trade support programs, as well as the use of "net" limits from foreign banks and counterparties.

Despite the challenges of 2020 related to the formation of provision for "green" loans and COVID-19, the Bank remains profitable. According to the results of 2020, JSB UKRGASBANK made a profit of UAH 411 million. The result was due to the following factors: operating income amounted to UAH 3,911 million. (including net interest income after expenses on credit losses amounted to UAH 1,693 million, non-interest income amounted to UAH 2,118 million, changes in expected credit losses on other assets amounted to UAH 100 million), administrative and other operating expenses amounted to UAH 3,401 million and the disbandment of other reserves amounted to UAH 1 million.



ABOUT THE REPORT

How to read this report?

This is the third report issued by UKRGASBANK. This sustainable development report, or corporate and social responsibility report is a review of results and achievements in all fields of activities: corporate governance, client relations, work environment, employees, environmental protection and supply and procurement chain, etc.

Such reporting approach was chosen due to the Bank's strategic responsibility to manage the effects of its activities on the social and ecological environment.

We provide readers with this report to have an idea of our approach, relevant activities and practice results in terms of sustainable development.

If you are a...



Businessman

Read more about the bank's business model and learn about the social responsibility concept that the Bank is guided by in its activities

- Our business model — p.27~48
- Sustainable development concept — p.54~71



Bank client

Find the details of a wide range of products and services designed to meet the current needs of clients. View the results of the bank's activities and its contribution to the development of "Green" funding

- Our business model — p.27~48
- Main about Ecobank — p.9~20



Colleague in the banking market

Learn the social responsibility concept that the Bank is guided by in its activities. Also, get familiar with the main results of the bank in the reporting year. Additionally, pay attention to our partners.

- Sustainable development concept — p.54~71
- Main about Ecobank — p.9~20
- Partners — p.79~83



Bank employee

Find out what rights and opportunities the Bank guarantees as a responsible employer, through what channels you can contact the Bank, what benefits are provided by the Trade Union. Also, get familiar with the main results of the bank in the reporting year.

- Our people — p.72~77
- Main achievements of the year — p.4~5

ABOUT THE REPORT

Report frameworks

The report covers the period from 1 January 2020 to 31 December 2020 and contains the information on the impact of UKRGASBANK's activities on economic, social and environmental aspects, as well as the results of activities in the field of sustainable development. The Report also provides the information on UKRGASBANK's key strategic plans for the future.

The report has been prepared in accordance with the standards of the Global Reporting Initiative in the field of GRI sustainable development (basic compliance option).

The report also contains information on UKRGASBANK's contribution to achieving the UN sustainable development goals. The previous Report, published in April 2020, covered the period from 1 January 2019 to 31 December 2019. In 2018, UKRGASBANK made a decision on issuing an annual Report to ensure greater transparency.

The currency of financial information is hryvnia, the national currency. Quantitative indices related to personnel management, labour safety, industrial safety and environmental protection were obtained from internal reporting forms.



Materiality Assessment

In order to highlight in the Report the aspects that are most important for key stakeholders and the Bank's activities, as well as to disclose the most relevant information, UKRGASBANK performed a materiality assessment in accordance with the main GRI principles.

We assessed whether aspects related to the specifics of the Bank's activities affect the decisions of key stakeholders and whether they have a significant economic, environmental or social impact.

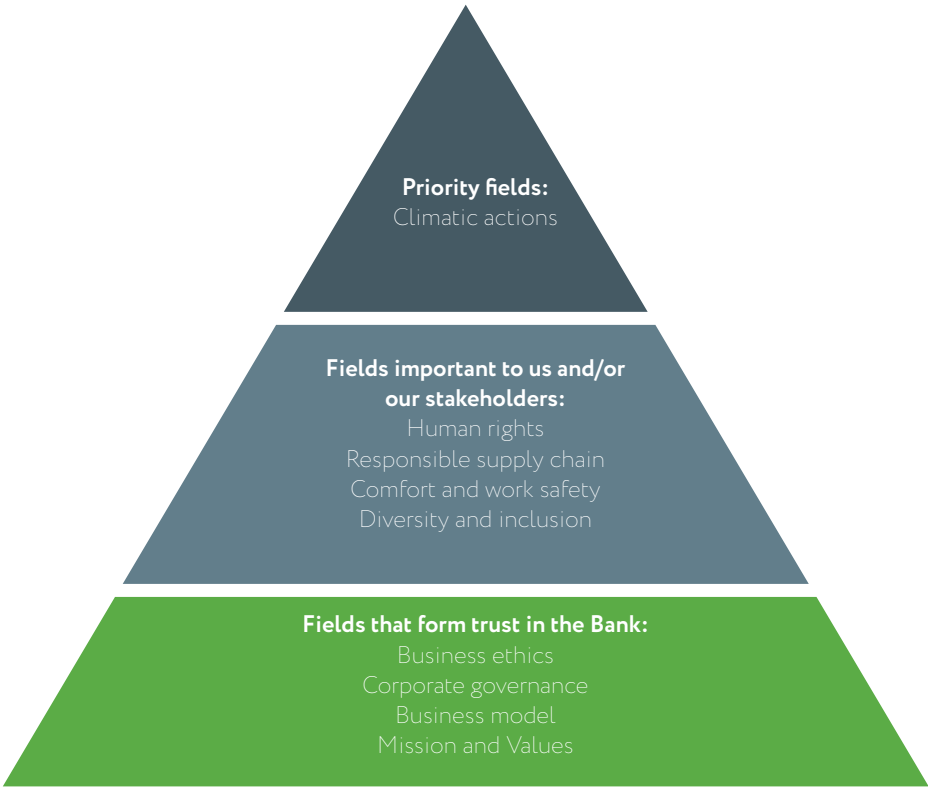
ABOUT THE REPORT

Materiality Assessment

To determine the list of significant aspects related to the specifics of the activities, we performed a comprehensive analysis of our activities during the reporting period and the results of interaction with key stakeholders. In addition, we took into account other aspects related to the activities of UKRGASBANK, in particular trends in the banking sector and the main expectations of investors and creditors.

As a result of the work performed, significant aspects of our activities have been identified, which reflect the environmental, social and economic impact of the Group’s activities.

The significance level of UKRGASBANK’s influence on each aspect is determined on the basis of the results of information analysis received from key business units and from the bank’s management, who gave an objective assessment of the UKRGASBANK’s activities and influence results in the field of sustainable development.



MAIN ABOUT ECOBANK

History

1993

Establishment of CJSC Joint-Stock Commercial Bank “Hadzhybeibank”;

1996

Change of name to “UKRGASBANK” and obtaining a license from the National Bank of Ukraine for the right to conduct transactions with currency assets;

1998

Joining the Association of Ukrainian Banks;

2004

UKRGASBANK in the TOP 20 banks of Ukraine;

2006

The bank was approved as a pilot bank in the IFC Corporate Governance in the Banking Sector of Ukraine project;

2009

81.58% of UKRGASBANK shares were owned by the State;

2013

Introduction of a special payment card for schoolchildren — Friendly Card;

2015

94.94% of UKRGASBANK shares were owned by the State;

2016

UKRGASBANK has signed an agreement with IFC to achieve Ukraine’s “green” economic potential;

2018

Adoption of the Bank’s own Environmental and Social Responsibility Policy. UKRGASBANK joined the Carbon Pricing Leadership Coalition (CPLC).

2019

Strengthening market position as the country’s leading Eco-Bank. Further development of the sustainable development concept.

2020

Development of active and passive bank operations, expansion of eco-products, intensification of SME segment development with the help of the “5-7-9%” funding initiative, UNIDO partnership.

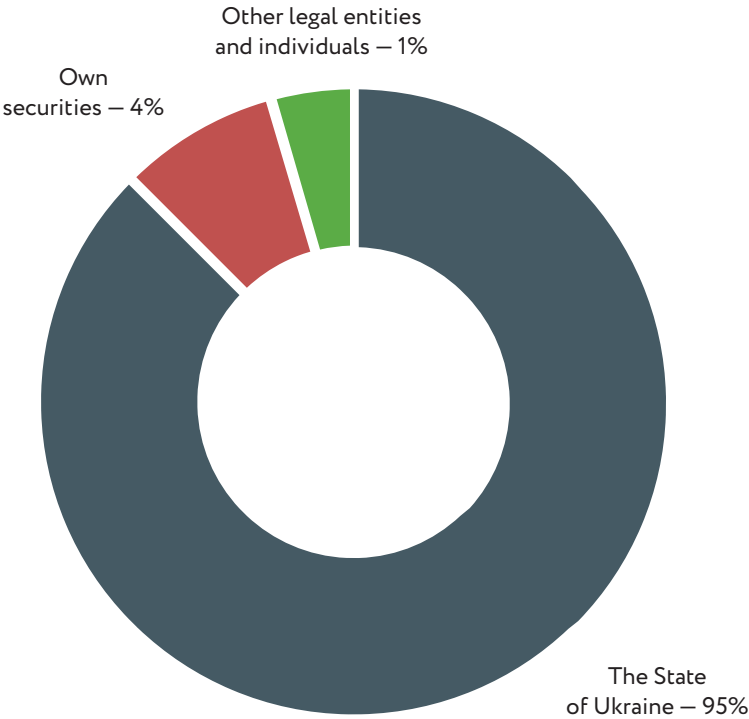
MAIN ABOUT ECOBANK

Ownership structure

During the period from 01.01.2020 to 31.12.2020 the authorized capital of JSB UKRGASBANK amounted to UAH 13,837,000,000 and was divided into 13,836,522,922 ordinary registered and 477,078 preferred registered shares, with a nominal value of UAH 1 each.

During the period from 01.01.2020 to 31.12.2020 inclusive, the participants of JSB UKRGASBANK were 1,527 legal entities and individuals: The State of Ukraine, represented by the Ministry of Finance of Ukraine, owns a share in the authorized capital of 94.940948%, 155 legal entities and 1,371 individuals, who owns a share of less than 1% each.

518,439,305 ordinary registered shares, which is 3.74676% of the authorized capital, are accounted for on the balance sheet of JSB UKRGASBANK (own securities) acquired in accordance with court decisions as repayment of borrowers' loans.



OUR VALUES



Professionalism

This principle is based on a professional approach to meeting client needs, for which purpose the Bank focuses on the development of its personnel, promotes their professional growth and improvement.



Reliability

Over the years, the Bank has confirmed its status as a reliable partner and continues to form the image of the Bank, which fulfils its responsibilities and cares about its reputation.



Responsibility

This principle applies to representatives of the Bank (employees, shareholders) and its partners and involves mutual responsibility of representatives of the Bank to each other and their responsibility to clients, partners and society.



Fairness

The principle of fairness is the key principle in the definition and application of risk management procedures and the determinant principle in its relations with clients, employees, shareholders and partners.



Information transparency

The Bank ensures the openness of complete and reliable information about its activities in accordance with legal requirements and corporate culture principles.



Respect

The principle of respect is the basis of the Bank's relations with its clients, shareholders, partners and interaction of employees of the Bank.

MAIN ABOUT ECOBANK

Our values



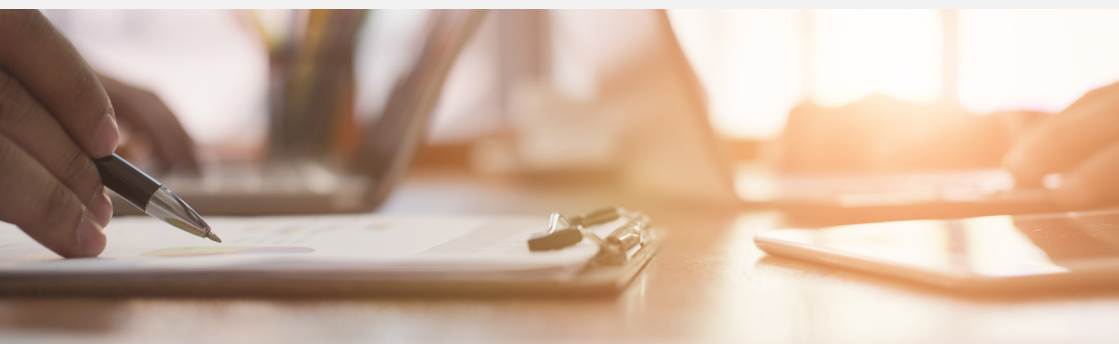
Cooperation and interaction

Through cooperation and interaction, the Bank seeks to deepen relations with its clients and partners to achieve better results.



Good faith

The principle of good faith governs the relations of employees, management and shareholders of the Bank, as well as the cooperation with clients and partners



In their activities, UKRGASBANK employees adhere to the common generally accepted values, principles, standards and norms of conduct enshrined in the Code of Conduct (Ethics) of JSB UKRGASBANK, approved by the decision of the Supervisory Board dated 09.04.2019 (Record No. 08) (hereinafter referred to as the Code).

The Bank's employees must comply with the mandatory rules of conduct set out in the Code and:

- strictly comply with the generally accepted ethical norms of conduct, business communication etiquette in daily cooperation with clients, partners, colleagues and management;
- professionally, in good faith and with due diligence and diligence to perform duties, decisions and instructions of the Bank's management;
- refrain from implementing management decisions or instructions if they contradict the requirements of legislation or acts of internal regulation/regulatory and methodological documents of the Bank, and report to the Compliance Department about such cases;

MAIN ABOUT ECOBANK

Our values



- do not carry out activities that violate moral and legal norms and may damage the interests reputation of the Bank, the client, business partners;
- report any possible risks to the Bank's immediate supervisor, the Compliance Department;
- facilitate internal or external official investigations, in particular checks on ethical violations or complaints of discrimination or harassment, do not conceal, distort information or refuse to provide information necessary for a proper official investigation.

The Bank has developed and approved the JSB UKRGASBANK Anti-Corruption Program (order of the Chairperson of the management board dated 03.04.2020 No. 62 n/pt), which is mandatory for all employees of the Bank.

In order to ensure the implementation of the anti-corruption program, the definition of legal, organisational and other measures aimed at minimizing corruption, introducing effective control and management of identified corruption risks in the Bank for execution of the order No. 291 n/pt dated 10.11. 2020, a commission for the corruption risks assessment (hereinafter referred to as the Commission) was established. The Commission identified corruption risks in the activities of UKRGASBANK for 2020, carried out their documentary definition and assessment.

The Commission identified the following corruption risks in the Bank's activities:

1

use (intervention) of Bank's information systems (databases) by employees for personal purposes;

MAIN ABOUT ECOBANK

Our values

2

use of official position for personal purposes;

3

insufficient level of the Bank's managers and employees basic knowledge regarding corruption, requirements of anti-corruption legislation and tools to prevent and combat corruption;

4

insufficient conditions publicity for accreditation of institutions and organisations in the Bank;

5

unreasonable overestimation of the needs for material resources;

6

use of information with limited access for own purposes and material enrichment;

7

availability of discretionary powers for responsible employees in approving the notary candidacy who may be involved in the certification of agreements concluded between the Bank and third parties;

8

the presence of discretionary powers for responsible employees in recognizing the debtor's debt as no chance to success and writing it off from the reserve, the criteria for the requirement to continue/terminate the debt collection work are not defined.

According to the Assessing Corruption Risks Procedure in UKRGASBANK, all identified corruption risks were assessed as medium-level risks.

Corruption risks in the Bank's activities for the period from 01.01.2020 to 01.01.2021, which would have a high and/or very high level, have not been identified.

After stabilization of the bank's activities in 2015, the management had to choose the further direction of the bank's development. Only a few sectors had the potential for sustainable development and funding opportunities in the stagnating economy, one of which was the renewable energy and energy conservation sector. Thus, it was decided to create a business model of a green bank that is completely new for Ukraine.

MAIN ABOUT ECOBANK

Our mission and strategy

Focus on “Green Funding”

To become the leading Green Bank in Ukraine and meet a third of the funding needs of the energy efficiency sector

Goals of the State as a Shareholder

Increasing the value of banks, return on investment and reducing the state's share in the banking sector through the privatization procedure of state-owned banks

Increasing Ukrgasbank's investment attractiveness

In order to prepare the bank for privatization, the bank should increase its investment attractiveness by reducing the concentration in the portfolio of state-owned enterprises and increasing the share of the private sector through green funding, small and medium-sized enterprises and information technologies

Potential for development of renewable energy

Ukraine has the largest potential for renewable energy among the countries of South East Europe. According to the goal set at the national level, the share of renewable energy in the total consumption must be 11%² by 2020, and 25%³ by 2030. According to the IFC, Ukraine's potential to funding environmental projects is USD 73 billion (2016~2030)

Need to reduce energy intensity of Ukraine's economy

The Ukrainian economy is the fifth in the world in terms of energy intensity. Ukraine's energy efficiency must be 9% by the nationally determined contribution under the Paris Agreement by 2020. The investment required to achieve this objective is estimated at EUR 35 billion², which gives rise to a huge market potential.



MAIN ABOUT ECOBANK

Our mission and strategy

The Bank has set strategic development goals in its activities for 2020~2023:

1

Corporate Bank No. 1:

The Bank plans to further develop the largest business segments of corporate and medium business. The main efforts will be focused on the private sector. The priority fields of corporate and medium business will be:

- Retail and food industry;
- Agro-industrial complex;
- Mining industry;
- Information technology and mobile market;
- Large infrastructure projects;
- Municipalities and united territorial communities;
- Pharmaceutical industry;
- Import substitution and other industries.

An additional impetus for the development of corporate and medium business will be: digital banking by means of expanding the functionality of the “Client Bank” system, remote identification/electronic document management with customers, CRM implementation, as well as increasing transactionality by optimising the product line, cross-selling development (encashment, salary card projects, foreign exchange transactions, etc.).

2

Investment banking:

The Bank will transform this sector and focus its activities on providing services to organise capital raising in financial markets, brokerage services, intermediary services in stock trading, bonds and derivative financial tools and investment management services.



MAIN ABOUT ECOBANK

Our mission and strategy

The main activities in the field of investment banking will be:

- Underwriting, brokerage and securities trading;
- The Bank will act as a market maker in the market of domestic government bonds and municipal securities;
- Depository services;
- Consulting and asset management services.



3

Digital Bank No. 1:

Nowadays, the Bank is inferior to leading financial technology companies and certain players in the banking market in terms of digitalization and quality of digital services. By the end of 2020, the Bank plans to provide clients with an appropriate level of digital service quality that will comply with modern customer needs.

In 2021, UKRGASBANK aims to become a leader in providing digital services in the financial market, ahead of the main competitors, Monobank and PrivatBank. The Bank is planning to implement advanced digital solutions, using its leading positions in corporate business, small and medium businesses and a significant client base of retail customers.

4

Retail and micro business:

Household consumption is the main mover of GDP growth in 2017~2019. In 2019, household consumption accounted for 74% of Ukraine's GDP. In this regard, the main directions of retail business development will be to increase the client base by attracting economically active working age population, at the same time, the Bank will actively work in the direction of consumer lending and issuance of payment cards, which on the one hand will allow the Bank to increase profitability, and on the other hand will stimulate the domestic market. Nowadays, UKRGASBANK has the ability to quickly set up and target card products and the "Ecobank" mobile application. The increase in the client base will be ensured by the omnichannel of attracting new customers through bank branches, contact centre, mobile application, partner networks, geotargeting.

MAIN ABOUT ECOBANK

Our mission and strategy

5

Synergy of key business areas:

UKRGASBANK plans to effectively use the client base using CRM systems for cross-selling between different client segments. The Bank will focus on client activity and create a system for tracking the use of banking products and, accordingly, monitoring client activity. The key index of the client activity will be the analysis of his/her profitability with a further check increase per client. An updated assessment system will also be introduced, which will develop cross-selling and client activity.

6

Development of sales network, optimisation of Head Office and Directorates personnel:

The Bank is planning to improve the quality of service and expand the sales network as one of the main distribution channels to increase the client base, as well as to optimise the staff of the Head Office and Directorates.

7

Agile Approach:

The Bank is planning to implement an updated effective system for arrangement the relations between units in combination with combined management (functional and hierarchical subordination):

- the updated system will be aimed at improving the relationship between units/employees;
- the emphasis will be on the maximum operative obtaining a quality product/ result of the units interaction;
- increasing the self-organisation of the units interaction will contribute to the simplification of approaches and greater adaptability to changes in the needs of product/service customers.

8

Green Banking development:

Currently, UKRGASBANK is expecting the market of “green” energy to stagnate at least until the end of 2020. At the same time, the Bank is ready to return to the issue of funding relevant projects in the future and will focus on renewable energy projects (hereinafter referred to as the REP) as a global mover of “green” funding. The Bank is planning to diversify the REP portfolio by reducing the share of solar power plants and by increasing the share of wind farms and biofuel projects.

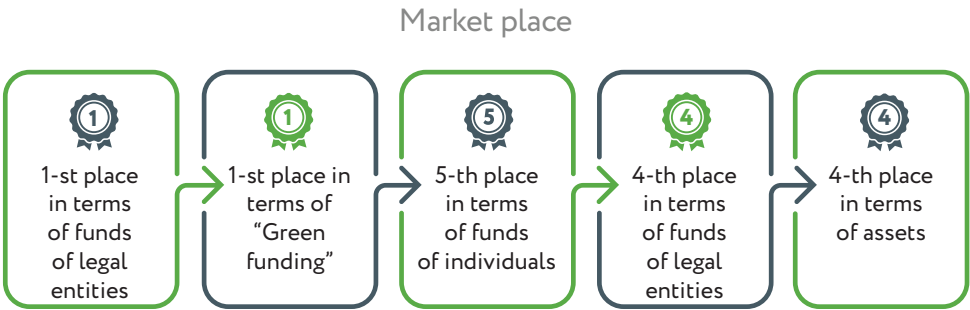
MAIN ABOUT ECOBANK

Our mission and strategy

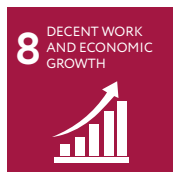
9

IFC’s entry into the funds of the Bank:

UKRGASBANK will take all necessary measures to finalize the loan agreement with the International Finance Corporation with the subsequent conversion of the loan into the funds of the Bank.



OUR BUSINESS MODEL



Since 2015, UKRGASBANK has been developing a completely new business model of a “Green” bank for Ukraine.

UKRGASBANK is a leading Eco-bank of Ukraine that cares about the environment by funding energy efficiency and renewable energy projects. Nowadays, the Bank is the undisputed leader in “green” funding.

UKRGASBANK, like all banks of the Green Bank Network, works in three areas.

1

The first: funding of alternative solar energy, hydropower, wind energy, etc.

2

The second: funding of energy-saving technologies from the installation of energy-saving light bulbs to huge equipment renovation projects.

3

The third: environmental protection.

The leading Ecobank of Ukraine focuses its activities on funding projects of corporate clients, small and medium-sized enterprises and individuals related to energy efficiency, renewable energy, resource efficiency and reduction technologies.

Our business model is aimed at developing the moving force of the Ukrainian economy in the renewable energy and energy efficiency sector, as well as supporting small and medium-sized enterprises. Due to the focus on these categories of clients, we strive to significantly influence the economy of Ukraine.

We do not engage in speculative business. We are strict about complying with all existing laws and about preventing white-washing, financial crimes and questionable business practices.

We do not support practices and activities that are harmful to the environment and society, and refuse to cooperate with clients who do not follow the rules and regulations. We also critically evaluate and constantly strive to improve our own internal environmental management system. We also invest in energy-efficient and environmentally friendly technologies to inspire and encourage society to do the same.

OUR BUSINESS MODEL

Products and services for SMEs

The Bank provides a full range of banking services for small and medium-sized enterprise clients, including settlement and cash services, acceptance of deposits and credit transactions.

The Bank identifies the following sub-segments of small and medium-sized enterprises that comply with the following criteria:



Medium-sized business clients:

- legal entities with the total revenue for the last reporting year less than the equivalent of UAH 300 million and with the total client funding by the Bank less than the equivalent of UAH 150 million;
- legal entities with the total revenue for the last reporting year exceeding or equal to the equivalent of UAH 100 million and/or with the total client funding by the Bank exceeding or equal to the equivalent of UAH 30 million;
- utilities and organisations;
- leasing companies of the company (except for leasing companies, which according to the relevant criteria belong to the “corporate business” segment).



Small business clients:

- belong to legal entities with the total revenue for the last reporting year less than the equivalent of UAH 100 million and with the total client funding by the Bank less than the equivalent of UAH 30 million;
- belong to individual entrepreneurs or self-employed persons with the total revenue for the last reporting year larger than or equal to the equivalent of UAH 5 million and/or with the amount of client funding by the Bank larger than or equal to the equivalent of UAH 2.5 million;
- belong to community trusts and unions, political parties, religious, community and charitable organisations, associations, consolidations of co-owners of apartment buildings, housing cooperatives.



Micro business clients:

- belong to individual entrepreneurs or self-employed persons with the total revenue for the last reporting year less than the equivalent of UAH 5 million and with the total client funding by the Bank less than the equivalent of UAH 2.5 million.

OUR BUSINESS MODEL

Products and services for SMEs

The Bank provides the following types of banking products to clients of the micro, small and medium enterprise segment:

1

Environmental protection.

- “Cash-settled” tariff plan;
- “Single cash-settled” tariff plan;
- “Social” tariff plan;
- “Single social” tariff plan.

2

Deposit products:

- “General Deposit Agreement” deposit;
- “Classical” deposit;
- “Overnight for SMEs” deposit;
- “Long-term perspective” deposit;
- “Education” deposit.

3

Credit products

The Bank provides a wide range of credit products to fund both investment and current needs of clients, including:

- Lending for investment needs (acquisition/repair/reconstruction by financial organisations and government agencies, in particular with: German-Ukrainian Fund, European Investment Bank, NEFCO, Ministry of Agrarian Policy, the Government of the Republic of Belarus, the Energy Efficiency Fund, the State Agency for Energy Efficiency and other partners;
- Leasing operations;
- Lending to replenish operating assets;
- Loans in the form of overdraft;
- Warranty operations.

OUR BUSINESS MODEL

Products and services for SMEs

The Bank offers its small and medium enterprise clients both its own credit products and loans within the framework of partnership programs with international financial organisations and government agencies, in particular with the Fund for Entrepreneurship Development, the Department of Industry and Entrepreneurship Development of the Kyiv City State Administration, the European Investment Bank, the Ministry of Agrarian Policy, the Government of the Republic of Belarus, the Energy Efficiency Fund, the State Agency for Energy Efficiency and other partners.

For clients and projects that meet the criteria of eco-banking, UKRGASBANK offers improved conditions for banking products. In particular, this applies to projects for the implementation of energy efficiency and energy renovation measures to reduce the negative impact on the environment, renewable energy projects.



Also in 2020, the funding clients sector under special conditions from partners was actively developed: for the purchase of agricultural machinery and equipment, specialized machinery and vehicles, mineral fertilizers, plant protection products, seeds and petroleum products.

During 2020, UKRGASBANK continued the positive dynamics of attracting clients for settlement and cash services and placing them temporarily free funds that was achieved through the unification of the product line and tariff plans, as well as the introduction of automation projects of operational processes, in order to provide more efficient client service. The Bank continued to improve services, develop and automate processes to meet client needs, in particular, through the implementation of the following measures during 2020:

- implementation of a new ECOBUM client bank payment processing service by means of a distance system 24/7. The ECOBUM service allowed entrepreneurs to manage their funds in real time. In particular, clients can use it to quickly track the status of documents, receive information about all accounts and agreements, submit and process applications for currency exchange, generate statements for export to an account or group of accounts online without any restrictions.
- improving the conditions for performing resource operations;
- implementation of stocks for certain groups of clients;
- improvement of the distance service system.

OUR BUSINESS MODEL

Products and services for SMEs

In 2020, UKRGASBANK updated the credit product line for SMEs clients, which takes into account their needs, activities and market conditions, as well as ensures an acceptable level of lending risks. The new program of financial state support of micro and small enterprises with the “Affordable Loans 5-7-9%” Fund for Entrepreneurship Development has become a driver of business development.

Within the program UKRGASBANK offers lending for the following purposes:



finance economic activity and refinance Borrowers credit indebtedness;



prevent the occurrence and spread coronavirus disease COVID-19, as well as to prevent and overcome its consequences;



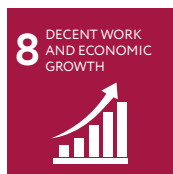
refinance the debt of the business entity on the loan (loans) provided by the bank (banks) of Ukraine.

Currently, UKRGASBANK is the leader among state banks of Ukraine in the volume of issued loans. The main program for supporting borrowers affected by COVID-19 is the program “Affordable loans 5-7-9%” of financial state support for micro and small enterprises, under which borrowers have the opportunity to both obtain financing on special terms and refinance existing loans under favourable conditions.



OUR BUSINESS MODEL

Products and services for corporate clients



According to the corporate business strategy for 2021, the target client (a legal entity individually and/or a legal entity within the business group) of corporate business is determined by a set of assessment of its key financial and economic characteristics, potential attitudes and commitment to banking products and services.

The main (generalized) parameters of the target Client are characterized by:

- Sales revenue equal to or larger than UAH 300 million. per year (according to the actual value of this index and performance characteristics separately, the Client is segmented into an average/large corporate client);
- Form of ownership – (a) private, with an open and clear structure, and (b) public;
For a private form of ownership, additional criteria shall be met: the forecast amount of net non-interest income from services – from UAH 5,000 per month; experience of the beneficiary of the client in the 3-year field, positive business reputation, absence of the conflict between the beneficiaries of the client and their criminal prosecution.

The key target groups of Clients, on the attraction of which the corporate business is focused in 2020, include:

- multinational companies with a decision-making centre in Ukraine and a significant share of foreign economic activity (driver of entry into the funds of IFC Bank);
- agricultural companies with a land bank from 10 thousand to 80 thousand hectares with diversified activities (driver of reforming and opening the land market in Ukraine that is planned and export orientation of agricultural growers);
- local budgets (including individual territorial communities) – region, city and amalgamated territorial community budgets;
- energy companies –suppliers, producers of electricity and operators of electricity distribution systems (driver of implementation of a new land market, implementation of the concept of ECO-banking, international support for projects with a positive environmental impact).

OUR BUSINESS MODEL

Products and services for corporate clients

The main products and services provided to corporate business clients in 2020 are:

Settlement and cash products, under which corporate clients are provided with comprehensive settlement and cash services for their business transactions in national and foreign currencies.

The main banking products and services include:

- 1 opening, servicing and maintaining current accounts;
- 2 conducting and processing payments in national and foreign currency;
- 3 issuing and maintaining corporate payment cards of international and national payment systems;
- 4 cash transactions, including cash collection;
- 5 currency exchange services, including the direct dealing channel (new product) and on the “forward” terms (new product);
- 6 opening and maintaining ESCROW accounts.



The Bank uses a wide range of electronic channels for the provision of settlement and cash services (Client Bank, Internet Banking, SMS Banking, financial control centre).

The Bank also implements an approach for targeted adaptation of tariff plans to the needs of corporate business clients, which includes the following service plans:



“Basic corporate” – the basic tariff plan for corporate clients;



“Basic”, a tariff plan to service state-owned, non-profit enterprises/institutions/organisations; enterprises/institutions/organisations of the fuel and energy complex with significant shareholding of the state in the authorized capital, gas supply enterprises, etc.



“ECO”, which is focused on the provision of banking services for corporate clients, whose main economic activity is “Electric power generation”, and which have a license for business activities for production of electric power at electricity facilities using alternative energy sources issued in accordance with the resolution of the National Commission for State Regulation of Energy and Public Utilities.

OUR BUSINESS MODEL

Products and services for corporate clients

The Bank deposit products make it possible to comply with the needs of corporate clients related to the term placement of temporarily free funds, current account balances. Such products implement:

- 1 a framework approach in establishing contractual relations with the client;
- 2 differentiation of the price parameter in accordance with the term of depositing funds (including depositing a balance of funds on the “overnight” terms);
- 3 product segmentation subject to the specifics of cash flows of individual client groups.



The Bank has implemented the following list of deposit products for corporate banking clients:

“General deposit” is a flexible deposit that makes it possible to place an unlimited number of time deposits (trenches) with different conditions (amount, term, interest rate, etc.) under one General Deposit Agreement, which enables the client to plan its own financial flows, placement of deposit trenches on the basis of applications for placement of the trench, which are integral parts of the General Deposit Agreement.

“Corporate Overnight” deposit

It is a deposit intended for clients of the corporate business segment that have funds on their current account with the Bank at the end of the operation day.

Main advantages of the deposit:

- ✓ Finding the Client’s funds in constant turn.
- ✓ Receiving extra income.
- ✓ Operative placement of funds on deposit (placement of each deposit trench does not require the conclusion of an additional agreement with the Bank).



OUR BUSINESS MODEL

Products and services for corporate clients

"Standard" deposit

A classic deposit without the right to replenish/withdraw funds, with payment of interest on a monthly basis or at the end of the agreement term. The deposit is aimed at clients who have a clearly defined amount of temporarily surplus funds and the priority to get the most possible return.

Main advantages of the deposit:

- ✓ High profitability.
- ✓ Capitalization of interest – payment of interest upon interest will increase the client's income each month.
- ✓ Ability to independently determine the interest payment scheme (monthly or at the end of the agreement).

Deposit term – from 3 to 732 (inclusive) calendar days.



"Standard" deposit

A deposit for temporarily surplus funds of local budgets.

Main advantages of the deposit:

- ✓ Receiving income.
- ✓ Possibility to reduce the deposit amount without terminating the agreement and losing interest.
- ✓ Ability to replenish the deposit.
- ✓ Possibility of early withdrawal of the deposit without the application of a reduced interest rate.

Deposit term is from 3 to 350 (inclusive) calendar days, but only within the current budget period with mandatory return of the deposit no later than 20th of December of such a period.



OUR BUSINESS MODEL

Products and services for corporate clients

Deposit “EDUCATION” is intended for state and municipal higher education institutions, their standalone structural units, state and municipal vocational schools, their standalone structural units.

Deposit “Quick Flow” is a deposit for corporate clients that have the opportunity to deposit funds with the Bank for a short period of time. This deposit allows clients to receive income from the prompt and flexible management of working capital without terminating the agreement and losing interest, with the possibility of replenishing the deposit.

“Gold Standard” Deposit — Bank Gold deposit with the right to replenish

Main advantages of the deposit:

Reliable protection of funds from inflation.

The possibility of obtaining additional income by increasing the price of gold.

Competitive interest rate.

Ability to replenish the deposit.

The Bank’s **loan products** are focused on meeting the needs of corporate clients in obtaining credit funds on a targeted, repayable, paid, term and secured basis for lending for their current activities and investment purposes.

The product range includes:



investment products:

- Funding investment Eco-projects” is focused on project funding (investment projects in cooperation with IFC in the fields of: implementation of energy efficient technologies, use of renewable energy sources, more efficient use of natural resources (resource efficiency), reduction of harmful emissions into the environment, including aimed at creating and using renewable energy sources: solar (SPP), wind (WPP), hydro power (HPP), geothermal (TPP/CHPP), renewable biofuel (CHPP/boiler houses), biogas energy)
- “Lending for the purchase of transport, agricultural machinery and equipment”
- “Loan for the purchase of transport, agricultural machinery and equipment manufactured by the Republic of Belarus”
- “Financial leasing” is aimed at updating assets with a reduction in environmental impact by reducing fuel costs and indirectly emissions into the atmosphere;

OUR BUSINESS MODEL

Products and services for corporate clients

products to replenish operating assets

- “Operating assets lending”,
- “Loan on deposit for corporate clients”,
- “Overdraft for corporate clients”,
- “Trench credit line”,
- “Avalization of promissory notes to finance the operating assets of agro-industrial enterprises”.



When loans are granted to corporate clients, credit agreements are structured in accordance with the draft and additional lending conditions are set, which limit the increase of the debtor's credit risk in the future and give the Bank the right to take measures to revise loan conditions, including demanding early repayment and protection of the Bank's capital.

Lending operations to corporate clients are carried out using standardized terms and conditions of the Bank's products and using the recommended effective interest rates set by the Bank's Assets and Liabilities Management Committee. The Bank does not set interest rates that are less than the break-even rate for lending transactions. The Bank prefers floating interest rates for projects with a term of over 2 years.

Also, the recommended terms of credit products provide for monthly repayment of loans using an even repayment schedule of the principal amount under the project.



OUR BUSINESS MODEL

Products and services for corporate clients

Individual schedules are used for clients with seasonal/cyclical activity; there is a practice of contracts without a defined repayment schedule for loans secured by cash.

Also for a number of Banking products, if this is objectively required by the project itself, a grace period for repayment of the principal debt (from 3 to 15 months) is set, during which only interest on the loan operation is paid. Interest is paid by borrowers on a monthly basis.



The Bank implements an approach of complex servicing of a credit product for conducting credit operations under the General Loan Agreement (multi-product), which makes it possible to simplify the client's access to the whole range of credit products (of any form, type) within the total credit limit.

The Bank also offers specialized credit products to certain groups of clients — “Lending to municipalities” for local self-government authorities.

With the implementation of measures to combat the consequences and prevent the COVID-19 pandemic in Ukraine in 2020, the Bank has taken a set of measures to support borrowers:

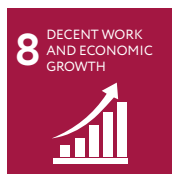
The current loan agreements were accompanied by changes in the legislation on non-application of penalties in case of violation of loan agreements, which were caused by the deterioration of the economic condition of certain client groups, the quality of payments, reduction of volumes;

The Bank supported client-based postponements of settlements under repayment schedules under current loan agreements and reduction of financial burden on interest rates when servicing credit debt due to adaptive reduction of the credit resources cost according to the market situation;

The Bank was the first that received the status of an authorized bank to implement the program of state financial support for small and medium enterprises, which directly included the application of the compensation rate for clients, affected by quarantine and restrictive measures related to the spread of acute respiratory disease COVID-19 caused by SARS-CoV-2 coronavirus in Ukraine.

OUR BUSINESS MODEL

Products and services for retail clients



Main UKRGASBANK products and services in terms of retail banking:



DEPOSIT PRODUCTS

“ECO-deposit”

Term deposit of individuals with interest at the end of the term or monthly, with the possibility of placement from 93 to 730 days, without early termination possibility, with automatic extension of the term

“Ecodeposit Plus”

Term deposit of individuals with interest at the end of the term or monthly, with the possibility of placement from 183 to 730 days, without early termination possibility, with automatic extension of the term

“Prolonged term”, “Prolonged classical”

Term deposits of individuals with the possibility of placement from 32 to 730 days, without early termination possibility, with automatic extension of the term

“Profitable 7”

Term deposit of individuals for a period of 7 calendar days with the auto-prolongation possibility, without early termination

“Drive Year”

A fixed-term deposit for a period of 367 days without automatic extension and early termination, with the possibility of replenishment. When replenished during the month for the next month, the placement is set at an increased interest rate.

“Profitable Steps”

A fixed-term deposit for a period of 31 days with the possibility of automatic extension up to 5 times. That is, the maximum term for placement of a deposit under this program is 186 days.

OUR BUSINESS MODEL

Products and services for retail clients

“PRO ZAPAS +”

The product provides for the opening of an account for the savings accumulation with an increased interest rate with the possibility of round-the-clock access to the accumulated funds.



SETTLEMENT AND CASH SERVICE PRODUCTS

TP “Private”	TP “Economy”	TP “Forex”
A current account used for settlement and cash transactions.	A current account for payment of deposit and accrued interest, for payment/receipt of money transfers.	A current account for margin trading transactions.
TP “Youth”, “Youth 2”	“DRIVE Packages for Employees of Organisations/Institutions”	“DRIVE Packages for Bank’s Clients”
An account to ensure implementation of a state youth lending project.	Individual clients who are employees of enterprises that have an agreement for payment card services (salary projects).	Clients are individuals who open a card account for their own needs.

OUR BUSINESS MODEL

Products and services for retail clients



RETAIL OVERDRAFT LENDING PRODUCTS



Universal card “Domovychok”

Universal deposit
credit card



“Eco-credit card”

universal deposit credit
card



VISA Signature credit card

universal deposit credit
card for Premier banking
clients



MORTGAGE RETAIL LENDING PRODUCTS

Car on credit all-inclusive (new cars)

A fixed-term loan for purchase of new passenger (not more than 8 passenger seats) cars (which will be used for personal and family purposes).

ECO Car on credit

A fixed-term loan for purchase of cars that will be used for personal and family purposes and which are driven by an electric motor/motors.

ECO Car on credit

A fixed-term loan for purchase of cars that will be used for personal and family purposes and which are driven by an electric motor/motors.

“Car loan” (pledged to the bank)

Term loan for the purchase of used cars (not more than 8 passenger seats) cars (which will be used for personal and family purposes)

Used cars on credit

Term loan for the purchase of cars sold by UKRGASBANK borrowers or their property guarantors, and which are collateral for existing outstanding loans of individuals or business entities

OUR BUSINESS MODEL

Products and services for retail clients

Housing on credit (secondary market)

A fixed-term mortgage loan secured by real estate for purchase of residential real estate on the secondary market.

"Housing on credit" (secondary market) with a floating % rate

Term mortgage loan secured by real estate for the purchase of residential real estate on the secondary market using a floating % rate

"Housing on credit" (secondary market) (pledged to the bank)

A fixed-term mortgage loan secured by real estate for purchase of residential real estates (apartments, houses, estates, etc.) on the secondary market (including land), which are sold by borrowers of JSB UKRGASBANK or their property surety providers, and which are collateral for current outstanding loans to individuals or legal entities.

Housing on credit (primary market)

A fixed-term mortgage loan for purchase of residential real estate (apartments) on the primary market (including for payment of a security payment/instalment under the Preliminary Agreement for Purchase and Sale of the Apartment between the Developer/owner of property rights to the apartment and the Borrower) from developers and in projects (houses) accredited by the bank.

"Loan secured by real estate"

A fixed-term mortgage loan secured by existing real estate: -to purchase residential real estate in the primary market; for other consumer purposes (for any consumer purposes).

"ECO ENERGY"

A fixed-term loan for purchase and installation of a solar power plant and/or for purchase and installation of heat pumps and related accessories.

"Deposit loan". A fixed-term loan for consumer purposes secured by property rights to funds deposited on the Borrower's deposit account intended for accounting of fixed-term deposits with JSB UKRGASBANK in national currency or foreign currency.

"Deposit loan"

Term loan for consumer purposes secured by property rights to funds placed on the Borrower's deposit account intended for accounting of term incomes (deposits) in UKRGASBANK in national currency or foreign currency.

OUR BUSINESS MODEL

Products and services for retail clients



PRODUCTS OF SECURITY-FREE RETAIL LENDING

“Warm housing”

Consumer unsecured loan for the purchase of energy efficient equipment and/or materials in the framework of the implementation of the Use of Funds Procedure provided in the state budget for the implementation of measures for the efficient use of energy resources and energy conservation and the State Targeted Economic Program for Energy Efficiency and Development of Energy Production from Renewable Energy Sources and Alternative Fuels 2010~2020.

individuals (including those who receive income from their own business (as entrepreneurs), but are credited as individuals)

“Eco-housing”

Consumer unsecured loan provided for purchase of:

- energy efficient equipment and/or materials;
- renewable energy sources; passenger cars that will be used for personal and family purposes and that use both a hybrid method of connecting engines to the drive of the car, and driven by an electric motor/motors;
- charging stations and the corresponding additional equipment for charging cars, which use both a hybrid method of connecting engines to the drive of the car, and are driven by electric motors.

individuals (including those who receive income from their own business (as entrepreneurs), but are credited as individuals)

OUR BUSINESS MODEL

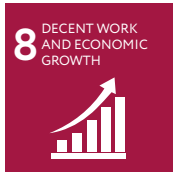
Products and services for retail clients

Methods and measures to support borrowers affected by COVID-19 (funding programs, etc.)

Measure/ product name	Description
Stop regular credit card payments	In order to reduce the debt burden on the borrower for a quarantine period, the bank stopped the requirement to make a minimum regular payment by credit card for bank clients
Cancel any penalties for non-compliance with contractual terms	In order to comply with the requirements of the Cabinet of Ministers and reduce the borrower's costs for the quarantine period, the bank did not charge any fines, penalties and commissions, as well as increased rates for overdue debt if the client fails to meet contractual terms
Short-term restructuring	The program aims to reduce the financial burden to 1 year and allows the client to postpone the payment of interest, extend the loan term by 1 year, review the interest rate, etc.
Breakdown of insurance payments by mortgage lending programs	In order to reduce the financial burden of the borrower and achieve the maximum level of reinsurance of collateral, clients are given the opportunity to pay an annual insurance payment of 2~4 parts

OUR BUSINESS MODEL

Risk Management System



The risk management strategy of JSB UKRGASBANK identifies the following list of significant risks:

No.	Risk type	Definitions
1	Credit risk	Probability of occurrence of losses or additional expenses, or failure to receive planned revenues as a result of debtor's/ counterparty's failure to fulfil the obligations assumed under the contract
2	Liquidity risk	the probability of occurring losses or additional losses, or loss of income due to the Bank's inability to finance the growth of assets and/or fulfilment of its obligations in a timely manner
3	Interest rate risk	the probability of losses or additional losses or loss of planned income due to adverse changes in interest rates. The interest rate risk affects both the Bank's profitability and the economic value of its
4	Market risk	Probability of losses or additional losses or non-receipt of profit as a result of unfavourable changes in foreign exchange rates, financial instrument value, etc.
5	Operational risk	probability of losses or additional losses or loss of planned income because of deficiencies or errors in the organisation of internal processes, intentional or unintentional actions of bank employees or other persons, failures in the bank's information systems or because of external factors. Operational risk includes legal risk, i.e. the probability of losses or additional losses, or non-receipt of planned revenues due to non-compliance by the parties to the terms of contracts due to their non-compliance with the law. The operational risk excludes the reputational risk and strategic risk.

OUR BUSINESS MODEL

Risk Management System

No.	Risk type	Definitions
6	Compliance risk	Probability of occurrence of losses/sanctions or additional expenses, or failure to receive planned revenues, or loss of reputation as a result of the Bank's failure to comply with the laws, regulations, market standards, rules of fair practice, corporate ethics, occurrence of conflict of interest, as well as internal documents of the Bank
7	Social risk	Probability of loss, additional loss, or loss of income because of danger to human health and safety, negative impact on local communities, cultural and archaeological heritage
8	Environmental risk	Probability of occurrence of losses or additional expenses, or failure to receive revenues as a result of environment pollution, as well as danger to biodiversity



The Bank's risk management system is built taking into account its size, business model, scale of activity, types and complexity of operations, and provides:

- defining;
- measurement (assessment);
- monitoring;
- reporting;
- control;
- mitigation of all significant risks of the Bank in order to determine the value of capital required by the Bank to cover all significant risks peculiar for its activities (internal capital)



OUR BUSINESS MODEL

Risk Management System

The risk management system complies with the following principles:



Efficiency

ensuring an objective assessment of the scale of the Bank's risks and the completeness of risk management measures with the optimal use of financial resources, personnel and information systems to manage the risks of the Bank;



Timeliness

ensuring timely (at an early stage) identification, measurement, monitoring, control, reporting and mitigation of all types of risks at all organisational levels;



Structuredness

clear allocation of risk management functions, responsibilities and powers between all structural units and employees of the Bank, and their responsibilities in accordance with such allocation;



Differentiation of responsibilities (differentiation of the control function from the Bank's operations)

avoiding a situation in which the same person carries out the Bank's operations and performs control functions;



Comprehensiveness and complexity

coverage of all types of the Bank's activities at all organisational levels and in all its units, assessment of mutual impact of risks;



Proportionality

correspondence of the risk management system to the Bank's business model, its systemic importance, as well as the level of complexity of transactions performed by the Bank;



Independence

freedom from circumstances threatening the impartial performance by the risk management department of its functions;

OUR BUSINESS MODEL

Risk Management System



Confidentiality

prevention of disclosure of information that is not subject to disclosure to persons who do not have the authority to receive it;



Transparency

disclosure of information on the risk management system and risk profile by the Bank.

When assessing all types of risks, the Bank takes into account the concentration risk. The Bank considers the concentration risk in the following terms:

- by the largest debtors/depositors and their groups;
- by business lines and products;
- by types of economic activity (industries) and geographical regions, counterparties of persons whose financial results depend on one type of activity or main product;
- by classes of debtors/counterparties, determined in accordance with the regulatory legal act of the National Bank of Ukraine on credit risk assessment;
- by types of ensuring the performance of debtors and counterparties of their obligations;
- by types of currencies.



The Bank assesses risks by financial instruments contained both in the business and bank books.

Information on risk management is published in the annual and interim statements of the Bank.

The Bank's risk management system is drawn up taking into account its size, business model, scale of activity, type and complexity of operations and provides detection, measurement (assessment), monitoring, reporting, control, mitigation of all significant risks of the Bank in order to determine the value of capital required by the Bank to cover all significant risks peculiar for its activities.

OUR BUSINESS MODEL

Risk Management System

The risk management system is based on the allocation of responsibilities between the Bank's units using the model of **three lines of protection**:

the first line — at the level of business units and support divisions of the Bank;

the second line — at the level of risk management divisions, which include the department of risk management and management of social and environmental risks, and the department of compliance;

the third line — at the level of the internal audit department as for checking and assessing the effectiveness of the risk management system.



Risk management structure:



Supervisory Board

The Supervisory Board defines and approves the risk management strategy, declaration of risk liability, credit policy, individual risk management policy, business continuity plan, crisis financing plan, strategy and operational plan for management of non-performing assets and recovered property, recognizes sources of capitalization and other funding of the Bank, considers reporting on the Bank's risk profile, considers the results of stress testing, approves the appointment and dismissal of CRO, identifies cases of prohibition (veto) of CRO, ensures the functioning and monitoring the effectiveness of the risk management system.



The Management Board

The Management Board is responsible for the overall approach to risk management and for implementation of the risk management strategies and principles approved by the Supervisory Board. The Management Board of the Bank delegates powers for operational risk management to collegial bodies of the Bank and sets limits on the powers of such collegial bodies.

OUR BUSINESS MODEL

Risk Management System



Risk Management Committee of the Supervisory Board

The Risk Management Committee of the Supervisory Board ensures the presence and up-to-date status of internal regulations governing the risk management process and the credit policy of the Bank, regularly monitors and analyses the current risk profile of the Bank, monitors compliance with risk appetite indicators determined in the risk appetite declaration.



Collegial bodies of the Board

The Credit Council, the Credit Committee, the Committee for Methodological Support of Risk Management of Retail, Small and Micro Business, the Commission for Bad Borrowings, the Commission for Monitoring of Client Credit Transactions, and the Credit Committees of Directorates manage credit risk within their powers delegated by the Board.

The Assets and Liabilities Management Committee manages liquidity risk, interest rate risk and market risk within its powers delegated by the Board.

The Operational Risk Management Committee manages operational risk within its powers delegated by the Board.

The Information Security Management Committee manages information risk as a component of operational risk within its powers delegated by the Board.



CRO (Chief Risk Officer) and his subordinate risk management units

CRO and its subordinate risk management units ensure timely identification, measurement, monitoring, control, reporting of significant risks, prepare and submit risk reports to the Supervisory Board, the Risk Management Committee of the Supervisory Board, the Board, the Management Board, develop and maintain up-to-date methods, tools and models of risk assessment, ensure coordination of work on risk management with other structural units of the Bank, calculate the risk profile of the Bank, ensure monitoring and prevention of violations of appetite risk indices and risk limits, control the approach of risk indices to the approved risk limits and initiate measures for preventing their violations, carry out stress testing,

OUR BUSINESS MODEL

Risk Management System



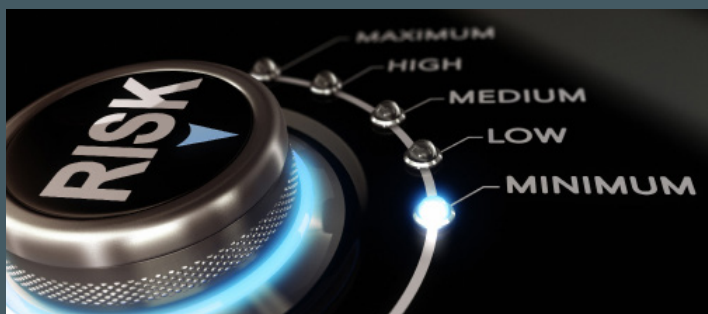
prepare conclusions for making credit decisions both on new loans and on changing the terms of acting/existing loans, prepare conclusions on the risks peculiar for new products until their implementation to make appropriate management decisions.



RISK APPETITE DECLARATION

The Bank determines (declares) the total risk appetite by setting aggregate risk limits and risk appetite for individual risks by setting risk limits for significant risks, which are defined by the current Risk Management Strategy of JSB UKRGASBANK:

- Credit risk;
- Liquidity risk;
- Interest rate risk;
- Market risks;
- Operational risk;
- Risk compliance;
- Environmental risk;
- Social risk.



The Declaration is developed in accordance with the assumptions provided for in the Bank's Budget, taking into account the prudential requirements of the National Bank of Ukraine (including those set for systemically important banks) and the covenants of the Bank to comply with agreements with international financial institutions.

The aggregate risk appetite includes the requirements to maintain the target credit rating according to the international scale, compliance with capital ratios and capital buffers, including the expected changes in prudential requirements and regulatory environment.

OUR BUSINESS MODEL

Risk Management System

Credit risk appetite

includes a system of indicators to control the quality of the loan portfolio (the share of non-performing assets and recovered property), the value of credit risk, limits on the risk of concentration of the largest borrowers, industries, etc.

Liquidity risk appetite

includes minimum values of liquidity coverage ratio (LCR) in all currencies and separately in foreign currencies, net stable financing ratio (NSFR), limitation of concentration indices in liabilities.

Interest rate risk appetite

includes indicators of sensitivity of net interest income and economic value of capital to parallel/non-parallel shift of profitability curves in the main currencies

Market risks appetite

is set both as the maximum values of positions sensitive to market risk, and as the value at risk calculated using a parametric model based on the Student's t-distribution with 7 degrees of freedom with a confidence interval of 99% on the horizon of 10 trading days.



Risk appetite for operational risk

is set as the maximum amount of direct losses from the realization of operational risk for the year. At the same time, regardless of the incident cost and the amount of potential damage, the Bank has established zero tolerance for operational risks related to incidents of internal fraud, negligence, disruption of the continuity of critical business processes

In 2019, no violations of risk limits were registered.

OUR BUSINESS MODEL

Risk Management System



Related party transactions

The Supervisory Board approved the Regulations on the Procedure for carrying out transactions with persons related to the Bank.

A person is related to the Bank from the moment the grounds for determining such person are related to the Bank.

The persons related to the Bank are:

- Bank controllers
- Persons who have a significant interest in the Bank and persons through whom these persons perform indirect ownership of a significant interest in the Bank.
- Managers of the Bank, Director of the Internal Audit Department, Chairman and members of the collegial bodies of the Supervisory Board and the Management Board of the Bank
- Related and affiliated persons of the Bank, including members of the banking group
- Persons who have a significant share through related and affiliated persons of the Bank
- Managers of legal entities and managers of banks who are related and affiliated persons of the Bank, director of the internal audit department, managers and members of committees of these persons

Persons who, in accordance with the characteristics of the nature of the relationship and/or the nature of transactions established by the National Bank of Ukraine, are defined as persons related to the Bank.

The following persons are not the Bank's related persons:

on the basis of affiliation:

- the state of Ukraine (represented by the relevant body of state power or administration and/or entities operating on the basis of state ownership only);
- territorial community (represented by the relevant local government);
- an international financial institution which the Government of Ukraine has concluded a cooperation agreement with and which privileges and immunities have been established for in accordance with the laws of Ukraine;



OUR BUSINESS MODEL

Risk Management System

The Bank determines the list of Bank's related persons which is approved by the Board on a monthly basis.

The Bank ensures that information about the Bank's related persons is updated on the basis of changes in information about a person identified as the Bank's related person, identification of new Bank's related persons, etc. The Bank must take measures to ensure that the transactions with the related parties comply with the requirements of the law upon occurrence of signs of relation of an individual or legal entity with the Bank.

The Bank has the right to refuse to carry out transactions with persons in respect of whom it is difficult or impossible to determine the existence or absence of relation with the Bank. The Bank ensures that changes are made in the list of the Bank's related persons on the basis of changes in information about a person identified as the Bank's related person, identification of new Bank's related persons, etc.

The Bank must inform such person thereof in writing no later than the next business day after recognition of the person as a Bank's related person and entry of the information in the list of Bank's related persons.

Transactions that require determining the affiliation of the counterparty to persons related to the Bank

Transactions that give rise to financial claims on persons related to the Bank, i.e.:

- placement of deposits and funds in settlements in other banks;
- granting of credits, including the considered bills;
- factoring operations, financial leasing,
- purchase of debt securities;
- purchase of shares and other fixed income securities;
- other transactions that give rise to bill receivables;

Provision by the Bank of financial liabilities to persons related to the Bank, i.e.:

- provision/issuance by the Bank of guarantees, sureties, letters of credit, avals and acceptances;
- provision of credit obligations by the Bank.

Agreements with Bank's related persons may not provide for terms and conditions that are not current market terms and conditions. The Bank carries out active transactions with Bank's related persons on terms that do not differ from the terms of active transactions with other persons. The lending eligibility criteria set out in the Credit Policy may not be adapted to the requirements and needs of Bank's related persons.

Agreements concluded by the Bank with Bank's related persons on terms and conditions that are not current market terms and conditions are deemed invalid from the moment of their conclusion.

OUR BUSINESS MODEL

Risk Management System

The following is not considered current market terms and conditions, in particular:

- Accepting less execution provision than required of other clients.
- Acquisition of low-quality or inflated property from a person related to the Bank.
- Investing in securities of a person related to the Bank that the Bank would not have made in another enterprise.
- Payment for goods and services of a person related to the Bank at prices higher than usual, or in such circumstances, when the same goods and services of another person would not be purchased at all.
- The sale of property to a person related to the Bank at a value that is lower than that which the Bank would receive from the sale of such property to another person.
- Accrual of interest and commissions on services provided by the Bank to persons related to the Bank who are smaller than usual.
- Accrual of interest on deposits attracted by the Bank from persons related to the Bank that are larger than usual.

The Bank shall take measures to ensure that transactions with related parties comply with the requirements of the legislation of Ukraine from the moment of occurrence of connection signs of individual or legal entity with the Bank. The Bank has the right to refuse to carry out transactions with persons in respect of whom it is difficult or impossible to determine the existence or absence of relation with the Bank.

The Supervisory Board makes decisions on the Bank's conclusion of agreements with persons related to the Bank in the cases and in the manner prescribed by the legislation of Ukraine.

The Management Board makes decisions on concluding agreements with the Bank related to the Bank in the manner prescribed by the legislation of Ukraine, and within the authorities (limits of the maximum amount of credit risk per person related to the Bank) established by the decision of the Supervisory Board.

The Management Board may delegate its authorities to make decisions on the Bank's conclusion of agreements



OUR BUSINESS MODEL

Risk Management System

with Bank-related persons to the Bank's collegial bodies and employees of the Bank.

If the agreement with the person related to the Bank causes exceeding the maximum credit risk limit set by the Supervisory Board of the Bank for one person related to the Bank, the decision to conclude such an agreement is made by the decision of the Supervisory Board of the Bank, provided that it does not cause a violation of the maximum value of credit risk for transactions with persons related to the Bank (H9).



Members of the Supervisory Board, the Management Board, collegial bodies of the Management Board and employees of the bank, to whom the authorities to carry out active operations with related parties is delegated, may not be involved in approving the decision to issue loans to related parties.

The Bank is prohibited from providing loans to any person to repay any obligations to a person related to the Bank, to acquire assets related to the Bank, except for products manufactured by that person, and securities placed or signed by the person.

The Bank is prohibited from indirectly carrying out credit operations with persons related to the Bank, including placement of funds in another bank for lending by this bank to persons related to the Bank.

During 2019, the Bank strictly adhered to the ratio of the maximum value of credit risk for transactions with related parties (H9) and legal restrictions on transactions with related parties to the Bank.

CORPORATE GOVERNANCE

Corporate Governance Principles



Corporate Governance Principles:

1

Ensuring the protection of the rights and legitimate interests of shareholders and equal treatment of all shareholders, regardless of the number of shares they hold and other factors;

2

Rational and clear division of powers between the Supervisory Board and the Board, as well as implementation of an appropriate accountability and control system, creation of the necessary conditions for timely information exchange and effective interaction between them;

3

Respect for the rights and taking into account of the legitimate interests of stakeholders (employees, creditors, government agencies and local government bodies, etc.) and active cooperation with them to create prosperity, jobs, and to ensure the financial stability of the Bank;

4

Determination of goals and main fields of the Bank's activity by the General Meeting;

5

Carrying out of strategic management of the Bank's activities and provision of effective control over the activities of the Board by the Supervisory Board;

6

Carrying out of well-balanced, diligent and effective management of current activities by the Board;

CORPORATE GOVERNANCE

Corporate Governance Principles

7

Timely disclosure of complete and reliable information about the Bank, including its financial condition, economic indicators, significant events, ownership and management structure in order to ensure the ability to make informed decisions by information users;

8

Effective control of the financial and economic activities of the Bank in order to protect the rights and legitimate interests of shareholders and clients of the Bank.

These principles shape the Corporate Governance Policies. The Bank undertakes to consistently adhere to the principles set forth in this Code during its activities and to make efforts to comply with them in its daily activities.

According to Article 10 of the JSB UKRGASBANK's Charter:

BANK GOVERNANCE BODIES



General Meeting of Shareholders.



The Management Board.

BANK SUPERVISORY BODIES



Internal Audit Commission.



Supervisory Board.

According to paragraph 12.30, Article 12 of the JSB UKRGASBANK's Charter, The Supervisory Board may form steady and temporary committees from among the members of the Supervisory Board to investigate and prepare for consideration at the meeting issues within the competence of the Supervisory Board. The following committees of the Supervisory Board were formed by the relevant decisions of the JSB UKRGASBANK Supervisory Board:

SUPERVISORY BOARD COMMITTEES

- Audit Committee;
- Risk Management Committee;
- Remuneration, Appointments and Corporate Governance Committee;
- Committee for attracting Investments and implementing the Development Strategy of JSB UKRGASBANK;
Committee on holding a tender for the sale of claims of the PUBLIC JOINT STOCK COMPANY OF JSB UKRGASBANK under credit agreements and agreements to ensure the fulfilment of obligations;
- Committee on attracting financing on the international capital market through JSB UKRGASBANK through the mechanism of issuing “Green” Bonds;
- Committee of the Supervisory Board on information technology development of JSB UKRGASBANK.

The personnel composition of the Supervisory Board as of 02.12.2020 is as follows:

COMPOSITION OF THE SUPERVISORY BOARD

- Davda Shrenik Diradzhlal – Chairman of the Supervisory Board, individual member;
- Shevaliov Artem Valentynovych, the shareholder representative of the state of Ukraine, Deputy Chairman of the Supervisory Board of JSB UKRGASBANK;
- Bahirov Teimur Mamedovych is an individual member of the Supervisory Board.
- Blashchuk Yurii Oleksandrovych is an individual member of the Supervisory Board.
- Volchko Oksana Yulianivna is an individual member of the Supervisory Board.
- Konias Slavomir Roman is an individual member of the Supervisory Board.
- Uliutin Denys Valeriiovych is a member of the Supervisory Board, representative of the shareholder of the state of Ukraine.

The Supervisory Board consists of 7 members: 5 independent members and 2 representatives of the State of Ukraine as a shareholder.

COMPOSITION OF THE SUPERVISORY BOARD BY CITIZENSHIP

The Supervisory Board consists of 5 citizens of Ukraine, 1 citizen of Poland and 1 citizen of the United Kingdom of Great Britain and Northern Ireland.

COMPOSITION OF THE SUPERVISORY BOARD BY GENDER

From the 7 members of the Supervisory Board, the distribution by gender is as follows: 1 woman and 6 men.

COMPOSITION OF THE SUPERVISORY BOARD BY AGE

By age groups according to the classification of the World Health Organisation, the distribution of the Supervisory Board is as follows: 1 member of young age, 4 members of middle age and 2 members of old age.



COMPOSITION OF THE MANAGEMENT BOARD

- Kravets Andrii Mykolaiovych – Chairman of the Board
- Dubrovin Oleksandr Vitaliiiovych – First Deputy Chairman of the Board
- Savoshchenko Tamara Yuriivna – Deputy Chairman of the Board
- Vasylets Nataliia Yevhenivna – Deputy Chairman of the Board
- Morozov Rodion Valeriiiovych – Deputy Chairman of the Board
- Kharitich Serhii Volodymyrovych – Deputy Chairman of the Management Board
- Chernyshov Denys Viktorovych – Deputy Chairman of the Board
- Chepinoha Liudmyla Anatoliivna – Member of the Management Board

All members of the Management Board are citizens of Ukraine.

SUSTAINABLE DEVELOPMENT CONCEPT

We believe that the sustainable development concept has made the transition from the common desire to a commercially viable solution in recent years.

Today, sustainable financing is not on the sidelines any more, but increasingly often has a key importance to the business of a financial institution. We help our clients to be competitive in the changing financial markets environment against the background of climate change. We seek to assist our clients in their positioning with successful commercial solutions in the future, in which sustainability is the basis for all industries and is integrated in all markets.

Moreover, we, as a financial institution, try to push our customers to minimize the negative impact on the environment and the social sphere.

The focus on sustainable development is reflected in the following bank documents:

- The Charter, which declares the desire of UKRGASBANK to contribute to the achievement of the sustainable development goals of the United Nations (UN SDG's) and the Paris Climate Agreement;
- UKRGASBANK's Code of Conduct includes such aspects as concern for the environment, labour rights, treatment of the consumers, human rights, the right to confidentiality, fair competition, combating bribery and combating corruption;
- The police of environmental and social responsibility of the bank, which declares a conscious responsibility for the results of the bank's activities and approves the main approaches for managing the direct and indirect impact of the bank on the environment and social sphere.

The important step in the development of UKRGASBANK was the creation in 2018 of the above-mentioned Policy, which expressed our belief in the importance of a healthy environment and our commitment to using our people, capital and ideas to solve critical environmental problems (in 2019, we released an updated policy). We continued to develop our commitment to the environment in selected strategic directions:



We approach environmental and social risk management with the same care and discipline as any other business risk, and we conduct a reliable process of analysing the environmental and social risks of our clients and potential clients when making decisions on client funding.



Minimization of our operational impact on the environment and social sphere is a necessary condition for a sound environmental policy and a necessary element of our core business.



Target clients of Ukgasbank are renewable energy enterprises/projects. Today, the loan portfolio of such clients has grown rapidly, and we are purposefully striving to increase funding for renewable energy and energy efficient solutions projects.

SUSTAINABLE DEVELOPMENT CONCEPT

Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, are a general challenge for action to end poverty, protect the planet and ensure peace and prosperity for all people in the world.

These 17 Goals represent the development of the success of the Millennium Development Goals; and, among other priorities, they also cover new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice. Goals are interrelated, i.e. the key to success in one of them is addressing the issues generally related to the other.

SDGs work in a spirit of partnership and pragmatism, and are aimed at making the right choices in order to sustainably improve the quality of life for future generations. They contain clear benchmarks and targets that should be implemented by all countries in accordance with their own priorities and the global environmental problems in general. SDGs are an inclusive agenda. They eliminate the root causes of poverty and unite us to bring about positive change for people and the planet.

On the way to sustainable development, Ukrgasbank in partnership with local communities, business partners and authorities makes a significant contribution to achieving the Sustainable Development Goals. Achieving these Goals is an important task in various areas of the Bank's activity. This report illustrates the projects and activities through which Ukrgasbank contributes to achieving the UN Sustainable Development Goals.






With our sustainable development strategy and concept, we seek to contribute to achieving the UN global development goals. Based on the specifics of the Bank's operation, we have identified 7 sustainable development goals that are most important to us.



SUSTAINABLE DEVELOPMENT CONCEPT



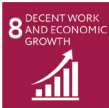



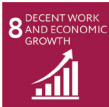
Sustainable Development Goals



Sphere of activity	Definitions	Sustainable Development Goals
Corporate governance	Implementation of practices ensuring fairness and transparency in relations with stakeholders, prevention of corruption, bribery and money laundering	
Internal environmental measures	Reduction of internal consumption of resources and carbon dioxide emissions. Definition of target indicators and methods to achieve them.	<div></div>

SUSTAINABLE DEVELOPMENT CONCEPT

Sustainable Development Goals

Economic development	Support to the development of Ukraine’s economy through supporting the development of strategic areas of the economy and the SME sector	 
Sustainable development concept (Sustainable finance)	The Bank has successfully implemented the Environmental Management System (EMS) based on three components: “Green” funding, reduction of the negative impact of the bank’s activities, and assessment and monitoring of environmental and social risks of borrowers.	    
Risk management	An integrated approach to risk analysis has been introduced, which includes environmental and social risk assessment	
Personnel development Working conditions and values of the employer	The bank seeks to create comfortable working conditions, including: gender equality, clear and understandable hierarchy and transparent communication between personnel. Personnel training is a mandatory element of the Bank’s development. Ukrgasbank actively uses various methods of both distance and classroom training in the bank’s activities as well as assessment and monitoring of environmental and social risks of borrowers.	 

SUSTAINABLE DEVELOPMENT CONCEPT

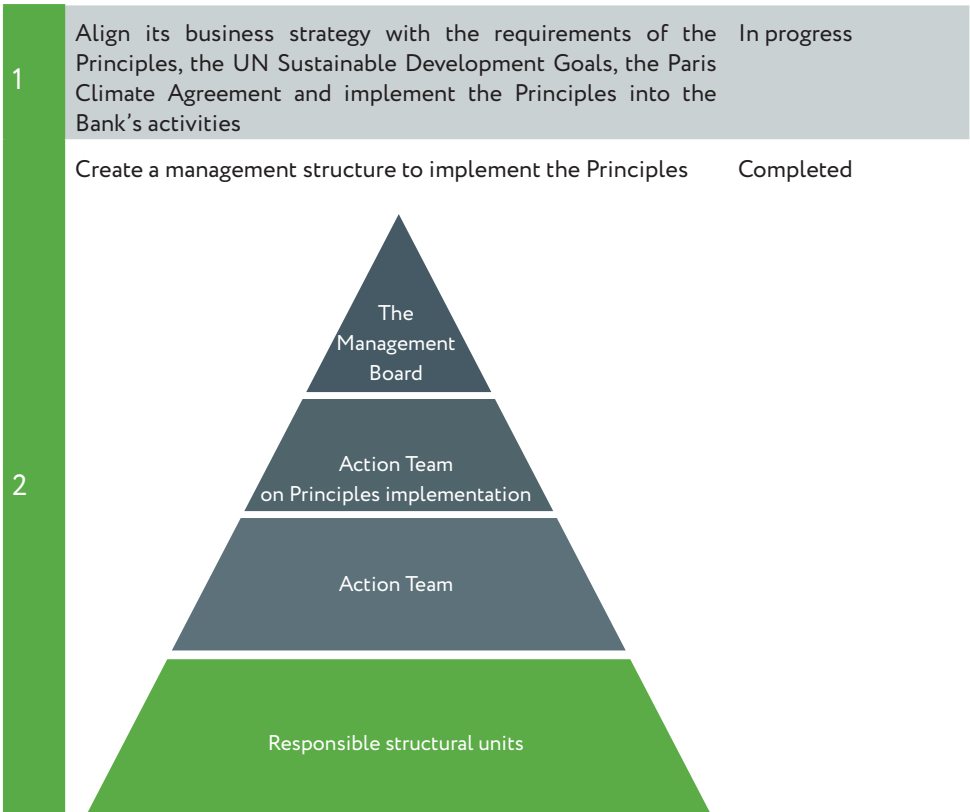
Sustainable Development Goals

One of the important guidelines for our future development is the Principles for Responsible Banking. In October 2019, the Bank joined the United Nations Environment Program Finance Initiative (hereinafter referred to as the UNEP FI) and is currently the only representative of Ukraine in this organisation.

UNEP FI is an international partnership between the UN and the financial sector, which aims to improve people’s quality of life, finance and promote sustainable development.

UNEP FI has developed the “Principles for Responsible Banking activities” (hereinafter referred to as the Principles), according to which banks must draw up their strategies in accordance with the needs of society and the principles of the Paris Climate Agreement, as well as to increase the positive impact and/or reduce the negative impact from its activities on the environment, society and the economy.

In this regard, the Bank has undertaken the following obligations:



SUSTAINABLE DEVELOPMENT CONCEPT

Sustainable Development Goals

3	<p>Analyse the impact from its activities on the environment, social and economic spheres. Based on the results of the impact analysis, priority areas have been identified in which the Bank's influence is the most significant:</p> <ul style="list-style-type: none">● Climate● Resource efficiency	Completed
4	<p>Within the implementation of the Principles in the Bank's activities, identify at least two tasks to increase the positive impact and/or reduce the negative impact of its activities on the environment, society and the economy;</p> <p>Target 1: Reduce CO2 emissions by 70,000 tons in 2021, 80,000 tons in 2022, and 100,000 tons in 2023 by financing energy efficiency, renewable energy and sustainable development projects.</p> <p>Target 2: Reduce electricity consumption in the Bank's premises by 480 thousand kW*h by 2024 (in 2021~2023) and reduce the paper consumption in the Bank by 3.2 tons by 2024 (in 2021~2023).</p> <p>Target 3: Stop financing coal industry starting from 2021.</p>	Completed
5	<p>Develop an action plan for the implementation and monitoring of the Principles in the Bank's activities and the achievement of sustainable development goals;</p>	Completed
6	<p>Encourage the clients to implement sustainable development practices in their activities;</p>	In progress
7	<p>Develop a mechanism for interaction with stakeholders on the implementation of the Principles;</p>	In progress
8	<p>Promote a culture of responsible banking among its employees;</p>	In progress

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Assessment and monitoring of environmental and social risks



The main document reflecting all aspects of the Environmental Management System is the developed and approved Environmental and Social Responsibility Policy, which includes the following components:





I Assessment and monitoring of Environmental and Social risks

Since 2017, it has implemented the system for assessing environmental and social risks of projects funded by the Bank.

Since 2018, the Bank has developed and implemented its own environmental and social responsibility policies.

The Bank is guided in its activities by sustainable development goals and performance standards of the International Finance Corporation (PS IFC). First of all, the Bank’s customers are checked whether they are restricted according to the exclusion list to funding (https://www.ukrgasbank.com/ecosoc_risk/)

The projects funded by the Bank are developed and implemented in accordance with the best Ukrainian and global practices. To help our clients and their projects to achieve this, we are guided by eight performance standards on environmental and social sustainability developed by the International Finance Corporation.

-  PS1 Assessment and managing of environmental and social risks of impacts on the enterprise;
-  PS2 Labour and Working Conditions;
-  PS3 Resource Efficiency and Pollution Prevention;
-  PS4 Community Health, Safety and Security;



PS5 Land Acquisition and Involuntary Resettlement;



PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources;



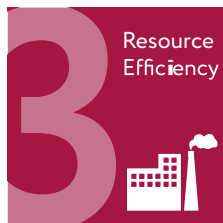
PS7 Indigenous Peoples;



PS8 Cultural Heritage.



Performance Standards



Renewable energy and energy efficiency projects, as well as other projects, are assessed by the significance criterion in accordance with the requirements of the Bank on environmental and social policy and efficiency.

Project size, location and potential environmental and social implications are taken into account. If the socio-environmental assessment reveals that the lending project does not meet or will not fully meet the requirements, the Bank develops an Action Plan on environmental and social work to achieve the appropriate standard of activity within the specified period and agrees it with the client.

Also, in the event of significant legislative deviations in social aspects and environmental issues, deferred lending conditions are established, only after the elimination of which the Bank will lend to the facility.

SUSTAINABLE DEVELOPMENT CONCEPT

The structure of the loan portfolio of business clients in the context of environmental and social risk category:

	31.12.2020		31.12.2019	
Total	49,713,787,220.19	100%	40,726,151,958.78	100%
Category A	5,249,912,168.93	11%	2,942,221,565.66	7%
Metallurgy	482,982,085.08	1%	428,836,792.58	1%
Gas production and trade	4,080,560,151.93	8%	2,043,152,492.73	5%
Energy trade	339,777,050.47	1%	0.00	0%
Agriculture and food industry	232,764,054.37	0%	0.00	0%
Chemical production	113,828,827.07	0%	470,232,280.35	1%
Category B	14,596,561,598.49	29%	7,953,934,124.20	20%
Metallurgy	2,190,230,315.47	4%	0.00	0%
Business real estate	1,396,737,932.82	3%	126,225,222.72	0%
Transport	2,472,918,093.10	5%	695,488,616.74	2%
Trade	1,244,336,053.89	3%	96,814,321.25	0%
Production	1,317,366,642.57	3%	1,397,710,748.06	3%
Construction	465,799,844.88	1%	1,372,738,411.26	3%
Electricity	2,890,330,907.22	6%	2,099,273,495.80	5%
Agriculture and food industry	2,497,472,991.50	5%	1,426,924,736.02	4%
Service sector	121,368,817.05	0%	0.00	0%
Category C	19,142,710,085.09	39%	16,006,574,738.78	39%
Electricity	10,527,838,759.00	21%	5,309,957,719.59	13%
Gas trade and transportation	3,330,962,147.05	7%	4,903,726,489.63	12%
Production	146,578,637.59	0%	0.00	0%
Business real estate	1,009,341,573.92	2%	71,518,465.20	0%
Municipality	1,931,144,752.54	4%	2,373,373,028.11	6%

SUSTAINABLE DEVELOPMENT CONCEPT

The structure of the loan portfolio of business clients in the context of environmental and social risk category:

	31.12.2020		31.12.2019	
Service sector	235,116,423.81	0%	12,593,907.94	0%
Trade	605,998,249.20	1%	1,000,524,041.98	2%
Energy trade	63,308,600.93	0%	0.00	0%
Transport	247,637,062.22	0%	96,229,657.93	0%
Road construction	1,002,928,640.79	2%	0.00	0%
Construction	9,542,045.04	0%	184,455,779.37	0%
Agriculture and food industry	32,313,193.00	0%	0.00	0%
Without classification	10,724,603,367.68	22%	13,823,421,530.14	34%
Construction	249,573,651.52	1%	363,132,512.25	1%
Gas trade and transportation	6,353,560.42	0%	8,681,370.03	0%
Production	874,158,068.00	2%	661,992,909.64	2%
Electricity	102,191,276.33	0%	1,191,996,829.74	3%
Business real estate	1,711,707,684.13	3%	1,556,148,558.76	4%
Metallurgy	78,622,592.83	0%	866,324,185.91	2%
Municipality	956,560,377.66	2%	82,803,098.50	0%
Agriculture and food industry	2,459,035,795.00	5%	1,905,144,874.95	5%
Service sector	1,102,738,934.00	2%	1,009,114,100.73	2%
Telecommunications (electrocommunications)	28,689,084.00	0%	596,903,818.79	1%
Trade	1,523,135,794.00	3%	3,040,383,201.00	7%
Energy trade	590,326,105.99	1%	0.00	0%
Transport	598,710,869.00	1%	37,527,634.66	0%
others	442,799,574.80	1%	34,779,184.12	0%

SUSTAINABLE DEVELOPMENT CONCEPT

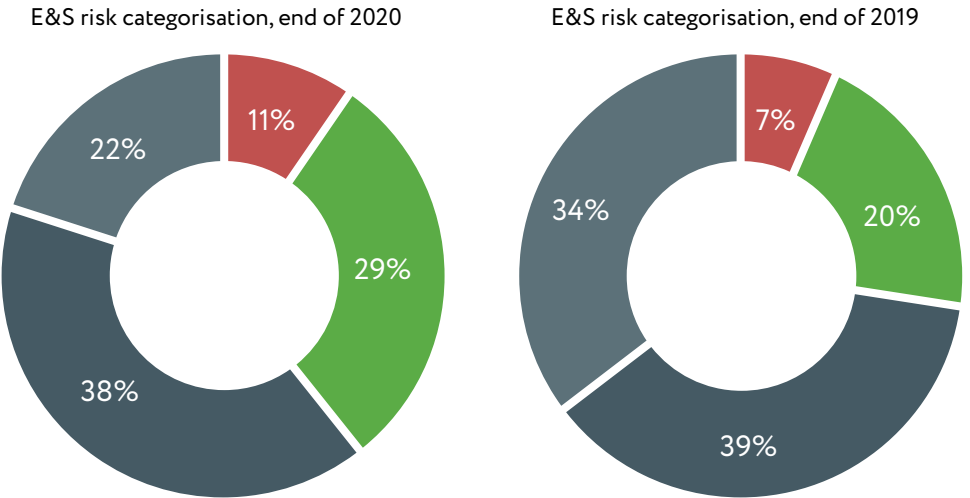
- 1

Category A projects: projects that have potentially significant environmental and social impacts require a detailed assessment process.
- 2

Category B projects: projects that have environmental and social impacts that can be assessed and managed.
- 3

Category C projects: projects that will cause insignificant or positive environmental or social impact.
- 4

Projects without classification: projects that are not subject to assessment based on the type of activity and/or materiality criterion, as well as projects that were funded by the bank before 2017 and for which no environmental and social assessment was performed



SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Funding of Eco-projects

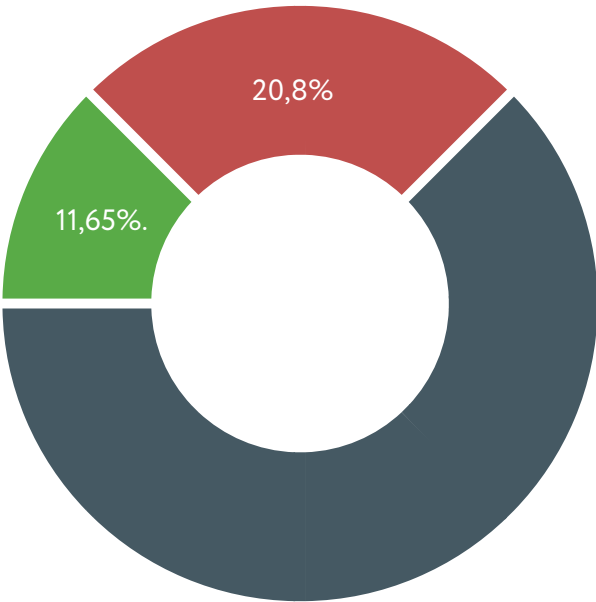


Environmental and social responsibility policy:

II Funding of “Green projects”

JSB UKRGASBANK has chosen Eco-Banking strategy as its strategy to provide banking services to clients that implement projects related to efficient use of resources and reduction of harmful impact on the environment in order to promote the growth of private and public investments in the following projects, fields of funding:

- Solar power plants (SPP);
- Wind power plants (WPP)
- Hydroelectric power plants (HPP)
- Thermal power plants on biofuels
- Thermal generation
- Transport
- Energy efficient measures and equipment, etc.

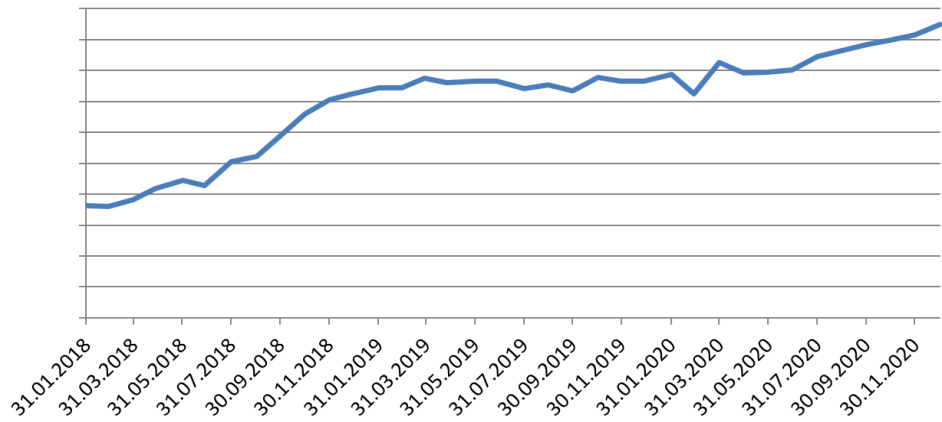


- The share of renewable energy projects in the Bank’s total loan portfolio is 20.8%.
- The share of energy efficiency and environmental projects in the Bank’s total loan portfolio is 11.65%.
- Total loan portfolio of the Bank.

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Funding of Eco-projects

The development dynamics of the Eco-loans portfolio is as follows (UAH billion):



As a result of the “green” projects implementation, which were financed or refinanced by JSB UKRGASBANK, a significant level of greenhouse gas emissions reduction, primarily CO₂, was achieved in Ukraine, including:

1

As of 1 January 2021, since the beginning of the eco-banking implementation in May 2016, the total level of greenhouse gas emissions reduction due to the implementation of eco-projects of UKRGASBANK exceeds 1,404 thousand tons (including 1,043 thousand tons or 74.3% for renewable energy projects and 361 thousand tons or 25.7% for energy efficient renovation and sustainable development projects).

2

in 2020 the level of greenhouse gas reduction due to the implementation of UKRGASBANK’s eco-projects is 71 thousand tons (including 18 thousand tons or 25.4% for renewable energy projects and 53 thousand tons or 74.6% for energy-efficient renovation and sustainable development projects).

thousand tons of CO ₂	for 2020	Accumulative as of 01.01.2021	Accumulative as of 01.01.2020	Accumulative as of 01.01.2020
REP	18	1,043	1,025	770
Efficiency and sustainable development	53	361	308	286
Total	71	1,404	1,333	1,056

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Funding of Eco-projects



Nowadays, in Ukraine there are no open statistics on the amount of funding for environmental projects by individual financial institutions (including banks, both Ukrainian and foreign), each financial institution collects its own closed statistics on such projects, the consolidated information is absent. However, there is public information on REP facilities, that is why to calculate the share of UKRGASBANK in the market of “green” funding of Ukraine in 2018~2020, public information and own internal calculations on the volume of lending to “green” energy were used.

According to the State Agency for energy efficiency and energy saving of Ukraine in 2020, taking into account quarantine restrictions due to the COVID-19 pandemic and instability with green tariff payments due to abnormal natural conditions in winter and spring 2020 (significantly exceeded the forecast level of insolation) and the imbalance of the new model of the electricity market in Ukraine, EUR 1.2 billion were invested in REP projects in 2020; about EUR 3.7 billion were invested in REP projects in 2019; EUR 2.1 billion in 2018.

The following assumptions were used to calculate the share of REP projects funded by Banks and other financial institutions in 2018~2020:

- a. The weighted average share of credit funds in financing REP projects decreased to 10% in 2020. The financing calculated volume of REP projects at the expense of credit funds in 2018~2020 amounted to about EUR 1.9 billion;
- b. In 2018~2020, UKRGASBANK funded REP projects in the amount of EUR 0.4 billion, the Bank's share in the market of funding alternative energy projects amounted to 21%. The Bank's share in the market of funding REP projects for 2020 decreased from 28% to 20% by 8 percentage points. due to the decision to suspend funding of electricity power plant projects that receive funds at the “green” tariff as a result of the factors mentioned above.

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Funding of Eco-projects

Given the above negative trends in the renewable energy market in 2020, which minimally assessed the volume of lending to this segment of the “green” funding market in Ukraine, it was taken into account that the share of resource-efficient renovation and sustainable development projects (including health protection and COVID-19 countermeasures projects) in 2020 increased significantly due to funding for product 5-7-9 (eco). The share of UKRGASBANK in 2020 in funding investment projects “5-7-9” exceeded 30%.

In addition, in 2020 the share of UKRGASBANK in the market of funding “green” projects, other than REP, increased due to active funding of projects through financial eco-leasing.

It is calculated that the share of UKRGASBANK in funding resource-efficient renovation and sustainable development projects in Ukraine in 2020 amounted to at least 33%.



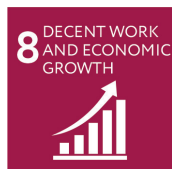
The Bank's share in the market of funding eco-projects, other than REP, in 2020 increased approximately from 28% to 33% by 5 percentage points through active lending to such projects through the “5-7-9” state program, development of financial leasing (eco) and a new direction implementation of funding eco-projects in UKRGASBANK sustainable development projects (namely medicine, waste management, etc.).

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Bank's internal projects

Environmental and social responsibility policy:

III Bank's internal projects



The Bank contributes to the protection of the environment by minimizing the negative consequences and increasing the positive impact in its work. Environmental protection takes place not only through implementation of the Bank's investment projects, but also through the rational consumption of resources in the Bank itself.

Electricity consumption

The total amount of electricity consumed in 2020 is 6,332,551 kW*h, the excess compared to 2019 was 345,172 kW*h (+5.8%). The excess occurred as a result of the opening of new branches (increase in the number of employees by 9% in 2020). At the same time, in 2020, electricity consumption per employee of the Bank decreased by 3%. This saving was achieved due to the fact that part of the personnel in connection with the COVID-19 pandemic was switched to remote work (only system units operate), consumption of monitors and computer peripherals and office equipment by such employees did not take place. In addition, by reducing the number of employees working in the office premises, saving in electricity consumption was achieved in the Bank's premises, where motion sensors are installed, by reducing the load at facilities of general use (corridors, kitchens, toilets, etc.).

The actually achieved reduction level of energy consumption in 2020 (3%) per one employee of the Bank corresponds to the planned level.

The total volume of water consumed in 2020 is 23,103 m³, a decrease compared to 2019 was 6,400 m³ (22%). At the same time, the reduction of water consumption per employee of the Bank in 2020 amounted to 28%. This saving was achieved due to the fact that part of the personnel related to the COVID-19 pandemic was transferred to remote work, which reduced water consumption at the Bank's premises.

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Bank's internal projects

The Bank's total consumption of fossil fuels by automobile transport for the reporting period is 730,689 litres, the excess compared to 2019 amounted to 187,672 litres (+34.6%) due to the purchase of additional cars (54 cars were purchased in 2020, the growth of the automobile park was 78%). At the same time, fuel consumption per car in 2020 decreased by 24.5% due to the purchase in 2020 of hybrid cars instead of gasoline, which were purchased by the Bank in previous years.

The volume of greenhouse gases generated as a result of the Bank's activity in CO₂ equivalent is 5,700 tons per year, for comparison in the previous year this index amounted to 9,730 tons per year.

The actually achieved reduction level of water consumption in 2020 (28%) per one employee of the Bank exceeds the planned level. For 2021, the goal for reducing water consumption is set at 3%, which is planned to be achieved by replacing and repairing faulty elements of the water supply and sewerage system, informing employees about the requirement for rational use of resources by e-mailing.



The Bank's total consumption of fossil fuels by automobile transport for the reporting period is 730,689 litres, the excess compared to 2019 amounted to 187,672 litres (+34.6%) due to the purchase of additional cars (54 cars were purchased in 2020, the growth of the automobile park was 78%). At the same time, fuel consumption per car in 2020 decreased by 24.5% due to the purchase in 2020 of hybrid cars instead of gasoline, which were purchased by the Bank in previous years.

The volume of greenhouse gases generated as a result of the Bank's activity in CO₂ equivalent is 5,700 tons per year, for comparison in the previous year this index amounted to 9,730 tons per year.

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Bank's internal projects

Goals for 2021:

Electricity: For 2021, the goal for reducing electricity consumption is set at 3%, which is planned to be achieved due to further implementation of energy efficiency measures according to ISO 50001 standard.

Water: For 2021, the goal for reducing water consumption is set at 3%, which is planned to be achieved by replacing and repairing faulty elements of the water supply and sewerage system, informing employees about the requirement for rational use of resources by e-mailing.

Supply chain

Understanding the indirect impact of the Bank's activities on local communities and the environment and the possibility of levelling these impacts have become an integral part of the Bank's corporate activities, so the Bank assesses all possible impacts, including impacts within the supply chain.

Sustainable procurement and supply are the key to success of a sustainable business. The UN Global Compact provides for responsibility for forming the procurement and supply chain as one of the most important business practices determining the leadership in sustainable development. According to the UN Global Compact, a sustainable supply chain includes responsible interaction with suppliers, as well as management of the environmental, social and economic impacts of business decisions throughout the life cycle of goods and services.

An important task for the Bank is to form policies, mechanisms and procedures for interaction with suppliers and contractors, which would ensure compliance of its business partners with the standards of responsible business practice, to form requirements in the field of industrial and environmental safety, labour protection, business ethics.

That is why in 2018, the Bank developed and started introducing social and environmental requirements for suppliers, which would allow the Bank to track and procure goods and services only from sustainable companies, which should also bolster the Bank's reputation. For example, for the period from 01.01.2019 to 01.01.2020, there were requirements for suppliers of printing paper (A4 paper made from secondary raw materials (210x297 mm)).

SUSTAINABLE DEVELOPMENT CONCEPT

Bank policy: Bank's internal projects

In the future, we also plan to disclose in the public reporting information on the management of responsibility in the supply chain, the mechanisms that ensure proper interaction with contractors and the regulation of procurement procedures.

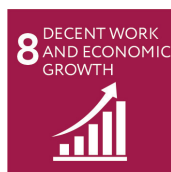
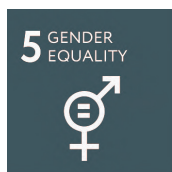
Facts:

- The total number of suppliers as of 01.01.2021 is 3,198.
- Number of new suppliers for the period from 01.01.2020 to 01.01.2021 is 63.
- The percentage of procurement costs from suppliers registered in Ukraine is more than 99.9%

In 2020, the bank purchased the following number of products from recycled materials (craft paper):

- A4 craft folders of 170,500 pieces;
- Craft packages of 13,000 pieces;
- A4 craft files of 360,000 pieces;
- Craft notebooks of 13,100 pieces;
- Quarterly calendars of 6,000 pieces;
- Day-books of 2,500 pieces;
- Craft paper handles of 20,000 pieces
- A4 office paper made of 100% recyclable raw materials, number of packs is 50,209, purchase price is UAH 4,198,651.38.

PERSONNEL MANAGEMENT AND DEVELOPMENT



Responsibility for providing an acceptable working environment for its employees is one of the areas of the Bank's development. Under the conditions of introduced quarantine and the threatening epidemiological situation related to the spread of coronavirus infection in the world and in Ukraine, the main priorities of the Bank's personnel policy in 2020 were: employees' health; guaranteeing the safest working conditions; care of material well-being; informational and moral psychological support of employees.

PERSONNEL MANAGEMENT AND DEVELOPMENT

During the quarantine, Bank employees were able to work remotely by introducing a remote work format, while keeping the remuneration of such employees at the pre-quarantine level. In addition, work was carried out to transform the Bank's premises into a safe environment for work and customer service, and modern disinfection tools were purchased for use. In order to minimize the negative impact during the quarantine period, the direction of internal communications was strengthened by regularly informing employees about current and important news of the Bank and the state, providing useful advice on the work organisation under the new conditions.

The total number of employees in the entire bank network is 4,460. 1,334 are men and 3,126 are women among them. Compared to the previous year, the number of personnel increased by 3%. The Bank completely supports family values, so in 2020 188 women went on maternity leave and childcare leave, with 118 women and 1 person returning to work after the end of the decree.

Distribution of the JSB Ukgasbank personnel by age as of 1 January 2021
(Main Bank and regional directorates)

Age range	Number	%	m	w
under 24	141	4	45	96
25 to 34	986	26	255	731
35 to 49	2467	52	696	1771
50 to 54	420	9	142	278
55 to 59	295	6	119	176
over 60	151	3	77	74
	4460	100	1290	3029

We adhere to fair pay for women and respect the rights of our employees to decent pay and working conditions.

PERSONNEL MANAGEMENT AND DEVELOPMENT

Percentage of actually accrued salaries of women to men
by category, namely:

Position	Total staff	Men	Women	Salary
	Number	Number	Number	(k)
2.1. Top management: Supervisory Board, Chairman of the Board, Deputy Chairmen of the Board, members of the Board, Chief Accountant	16	13	3	0.70
2.2. Deputy Chief Accountants, Directors/Deputy Directors of Departments	71	43	28	1.15
2.3. Managers/Deputy Managers of Departments	294	147	147	1.09

We care about acquiring and retaining talents. In 2020, 807 employees joined the Bank’s team, including 552 women and 255 men

79 employees were promoted to higher positions (heads of departments and their deputies, directors of departments and their deputies, directors of directorates, heads of departments), including 42 men and 37 women.

In 2020, the Bank accepted 8 students for internships.



PERSONNEL MANAGEMENT AND DEVELOPMENT

Personnel training

96 training courses were conducted and covered most of the bank's employees. For example, such important courses as:

- basic requirements of anti-corruption legislation — 92.5% of employees in 2020 were trained;
- UKRGASBANK continuity management — 91% of employees in 2020 were trained;
- to prevent conflicts of interest, 45% of employees in 2020 were trained;
- formation of corporate ethics as an element of the Bank's management system — 95% of employees in 2020 were trained;
- information course on "green" banking for new employees of the Bank;
- a training course on the UN Sustainable Development Goals;
- training course on "green" funding (ecological transport; energy-efficient renovation of manufacture equipment; funding of health care projects and counteraction to the consequences of pandemic diseases)
- many other specialized programs covering different number of employees.

UKRGASBANK also conducts regular weekly training and information e-mailing for the Bank's employees on sustainable development, in particular, protection of the environment and preservation of biological diversity, responsible consumption, implementation of energy and environmental management systems, etc.

In addition, the bank's employees actively participate in various external activities aimed at obtaining new knowledge and experience. In 2020, 381 employees took part in 64 different measures, enriching their knowledge with new valuable material.

The largest team of UKRGASBANK employees was present at the following measures:



'Conference: "Contemporary state and future of mortgage lending" — 245 employees;

'Information and consulting services: "Agile team transformation, application of flexible methodologies in work. Scrum"— 20 employees.

During 2020, the Trade Union Committee conducted the necessary actions aimed at fulfilling the basic tasks of the Trade Union, as defined by its Articles of Association.

PERSONNEL MANAGEMENT AND DEVELOPMENT

Trade union

The main activities of the JSB Ukrgasbank Trade Union of Employees

- 1 Sports and health work, sanatorium vouchers for union members and their children, medical insurance, annual professional examination with mandatory ONCO control, vaccination, sanitary provision, disinfectants and first aid kits, etc.
- 2 Cultural-mass work (celebrations, holidays, New Year's gifts and gifts for 1 September to children, trade union members, bouquets, tickets to concerts, conferences, excursions, tourist events, etc.)
- 3 Financial assistance to trade union members for treatment, childbirth, rehabilitation, for family reasons, for an anniversary, for demonstration of professional qualities, performance of important and particularly important tasks, as well as financial assistance for holidays (New Year, Banker's Day, Bank Day, 8 March, professional holidays)
- 4 Eco-cafe (provision of hot food with partial discount at the expense of the trade union)
- 6 Professional development (trainings, advance training courses, education, etc.)
- 7 Acquiring of specialized bank cards – membership cards under the Social Trade Union Card program, bank cards for teenage children of trade union members in order to promote financial literacy
- 8 Creating the own telephone network (based on the Life cellular operator)
- 9 Within the framework of propagation of ecological knowledge and skills – distribution of eco goods and eco plant products

In connection with the difficult epidemiological situation associated with the spread of coronavirus infection in Ukraine, the decision of the Cabinet of Ministers of Ukraine from 12 March 2020 introduced quarantine. In order to implement the recommendations for sanitary and anti-epidemic measures for the quarantine period in the context of a Covid-19 outbreak and to ensure the continued operation of the Bank, a decision was made to provide the Bank's employees with personal protective equipment (medical protective masks, disinfectants for hygienic hand treatment) and to disinfect the Bank's premises and vehicles.

During 2020, 58 meetings of the commission for coordination of actions of the Trade Union Committee and the UKRGASBANK administration were held for the period of quarantine related to coronavirus infection COVID-19, which addressed issues related to the purchase of personal protective equipment, disinfectants, devices for spraying disinfectants, bactericidal lamps, etc.

PERSONNEL MANAGEMENT AND DEVELOPMENT

Trade union

During the period from March to December 2020, they purchased and distributed among members of the Trade Union – employees of UKRGASBANK the following:

- protective masks medical 375,000 pieces;
- antiseptic for hands (gel) 2,000 litres;
- individual antiseptic for hands in bottles of 250 ml of 15,000 pieces.

In 2020, they purchased for disinfection of the Bank's premises and vehicles the following:

- UDR30 sprays on carts of 2 pieces;
- TF 35SP aerosol generators (portable) of 25 pieces;
- OZONE 20TKN industrial ozone generator of 1 piece;
- Kwazar Mars knapsack sprayers for 16 l of 300 pieces;
- protective suits of 6 sets;
- frames for disinfection of 7 pieces;
- disinfecting carpets of 500 pieces.

About 40,000 litres of disinfectants were used during the treatment of premises and vehicles using the cold mist method, disinfection frames and disinfection mats.

In addition, a 2-month reserve volume of personal protective equipment and disinfectants has been created.

500 bactericidal recirculators (quartz lamps) were purchased and distributed in the premises of the Main Bank and the Bank's Directorates.

In 2020, all employees of UKRGASBANK, who are members of the Trade Union, were insured in case of coronavirus infection COVID-19 in PJSC SK ASKO DS.

LABOUR SAFETY

The occupational health and safety management system is an integral part of the overall management system of the bank.

Providing the employees of the Bank with safe working conditions is created:

- passing of primary medical examinations by employees;
- conducting briefings on labour safety;
- appointment by orders of employees responsible for labour safety in the Directorates;
- appointment by orders of employees responsible for good technical condition and safe operation of electricity, gas, water supply and sewerage, elevators, safe operation of premises and buildings.

PERSONNEL MANAGEMENT AND DEVELOPMENT

Labour Safety

- all responsible employees undergo training on labour safety and training on regulations on labour safety, for example: Rules of safety of gas supply systems, Rules of construction and safe operation of elevators, Rules of safe operation of electrical installations of consumers, and other rules necessary for the performance by responsible employees of their duties.
- conducting inspections of the labour safety condition in regional directorates and their departments, compiling reports and instructions on the results of inspections;
- accident investigation;
- arrangement of workplaces certification on compliance with their labour safety requirements;
- obtaining of literature and operational journals on labour safety;
- development of regulations on labour safety (regulations, instructions)
- all responsible persons are guided in their work by instructions on labour safety, approved by the Department of labour safety according to the schedule of inspections of directorates on labour safety (9 inspections were carried out in 2020 – KOD, SRD, KharKOD, KhOD, OOD, CherOD, KhmOD, VOD, ZhOD).



The following measures were taken during the inspection period:

- implementation of the measures by employees provided by the Procedure for prevention of incidents coronavirus infection COVID-19;
- availability of normative legal acts on labour safety and provided remarks and recommendations;
- availability of medicines in first aid kits;
- availability of fire extinguishers;
- training on labour safety was conducted by managers of departments in the format of a video conference;
- operation of high-risk equipment (gas equipment, elevators, switchboards) was tested and instructions and comments were provided to identify and eliminate hazards and minimize risks.

PERSONNEL MANAGEMENT AND DEVELOPMENT

Labour Safety

Employees may report work-related hazards or work in situations that they believe may cause injury or impair health to the “hotline”, report operational risks, or call to the health and safety department.

Investigation of injury incidents by employees of the Department of Labour Safety is carried out in accordance with current legislation, the Procedure for Investigation and Accounting of Non Work-Related Accidents dated March, 22

In 2020, an investigation was conducted on three incidents, the Bank is not to blame according to the results of investigations.

There are no labour safety fines for 2020

Bank employees have the opportunity to confidentially report unacceptable conduct/violation through the whistleblowing policy mechanism.

All operational risk incidents, including occupational safety and health, are sent to the operational risk management e-mail, as well as to the e-mail and mobile communications of the occupational safety department manager for further risk assessment and incident investigation.



PARTNERS

Cooperation with international financial institutions and organisations, as well as participation in international programs is one of the important activities of UKRGASBANK. In 2020, the Bank continued to actively establish and develop relations with international institutions and financial organisations.



International Finance Corporation (IFC)

In January 2021 UKRGASBANK has signed a loan agreement with the International Finance Corporation (IFC) to boost financing of sustainable energy and energy-efficient projects. An important component of the loan agreement is an equity conversion option, under which IFC can acquire a share of up to 20% in the bank's capital.

Preparations for the signing this agreement goes back to 2017 when a tripartite memorandum with IFC and the Ministry of Finance of Ukraine was concluded. The main purpose of the memorandum was to support the preparation for UKRGASBANK privatization. Since 2017, the Bank with the help of IFC has been preparing for privatization by improving corporate governance, commercializing the operations and reducing government participation in decision-making.

One of the key fields from where the cooperation started was a three-year eco-bank project. The advisory work that IFC has provided since 2016 as part of the eco-bank project has helped UKRGASBANK become the first climate finance bank in Ukraine. In October 2020, a cooperation agreement was signed with IFC aimed at further developing sustainable energy and other sustainable development projects, as well as supporting enterprises under the conditions of deteriorating economic activity in Ukraine caused by the COVID-19 pandemic.

In 2017, the Bank joined the Global Trade Finance Program (GTFP) as an issuing bank, and in November 2020, as a confirming bank. GTFP provides the Bank with access to 1,300 banks from more than 100 countries and significantly facilitates access into international markets for Ukrainian companies. In 2020, the program's transaction limit reached USD 70 million.

PARTNERS

The Energodim project, started back in 2019, is also currently underway, in which UKRGASBANK is a partner of IFC and the Energy Efficiency Fund. The project is aimed at implementing energy efficiency measures for condominium association.



European Bank for Reconstruction and Development

Since 2019, the Bank cooperates with the European Bank for Reconstruction and Development (EBRD) by joining the Trade Facilitation Program (TFP) as an issuing bank and a confirming bank. The program aims at financing export-oriented companies, supporting the country's economic development and creating new jobs.

Thanks to the program, Ukrainian companies have obtained expanded access to trading financial tools and a range of relevant products. The program facilitates the Bank's better integration into the regional and global economy through the development of strong trade communications and relationships between companies and banks in the EBRD' region of operations and beyond. In 2020, the trade finance limit was increased to EUR 170 million.



Black Sea Trade and Development Bank

In October 2020, the Bank has signed a EUR 30 million loan agreement with its new international partner, the Black Sea Trade and Development Bank. The purpose of the agreement is to finance energy efficiency, renewable energy, as well as to assist Ukrainian SMEs in recovering from the crisis caused by the COVID-19 pandemic.



Nordic Environment Finance Corporation (NEFCO)

Since 2019, the Bank has been cooperating with the Northern Environmental Finance Corporation (NEFCO) under a loan agreement. The purpose of the agreement is to support renewable energy and energy efficiency projects in Ukraine. The agreement provides for a 7-year program to finance program SME projects for up to EUR 10 million.

PARTNERS



European Investment Bank (EIB)

Another important area of the Bank's international cooperation in 2019 was cooperation with the European Investment Bank (EIB). In 2017, UKRGASBANK has joined the joint Project of Ukraine and the EIB APEX Loan for SMEs and Mid-caps project. The Project is aimed at development of SMEs by expanding their access to long-term financing for production needs and business development projects.

UKRGASBANK also continued its cooperation with the EIB under the Guarantee Facility, which was signed in autumn 2017. The Guarantee Facility is aimed at supporting lending to Ukrainian SMEs. It expands SMEs' access to loans by relaxing the collateral requirements.

Founding Signatory of:



United Nations Environment Program Finance Initiative

In October 2019, UKRGASBANK was the first Ukrainian bank to join the Principles for Responsible Banking and became a member of the United Nations Environment Program Finance Initiative (UNEP FI). The Principles for Responsible Banking set out the banking industry's role and responsibility in shaping a sustainable future and in aligning the banking sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement. The Principles for Responsible Banking align with the Ukrgasbank strategic goal to become the leading green bank in Ukraine. The Finance Initiative is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development.



SME Finance Forum

Since 2018, the Bank has been a member of the SME Finance Forum, which brings together financial institutions, technology companies and development finance institutions from all over the world to spur innovation, and promote the growth of SMEs. Participation in the Forum provides the Bank with new opportunities for SME lending, including access to lending resources and global practices in SME financing.

PARTNERS



United Nations Industrial Development Organisation

In June 2020, UKRGASBANK and the United Nations Industrial Development Organisation (UNIDO) have signed an agreement establishing the USD 1.5 million loan guarantee fund. The fund facilitates industrial companies with getting access to capital for implementation of energy management systems in line with ISO 50001 and other energy efficiency measures. The UNIDO partnership is particularly important for Ukrainian industry in the context of its recovery from the effects of COVID-19. Thanks to it, Ukrainian companies will receive additional support, which can be dedicated to improve assets optimization and bottom-line performance through energy efficiency, and ultimately help restore and strengthen business competitiveness.



Carbon Pricing Leadership Coalition (CPLC)

Since 2018, UKRGASBANK has been being a member of the Carbon Pricing Leadership Coalition (CPLC). Membership in the Coalition gives the Bank an opportunity to contribute to the development of green financing, since the greenhouse gas emission pricing system is aimed at encouraging green investment in the private sector, ensuring the necessary development rate of renewable energy sources and increasing energy efficiency in Ukraine.



Private Financing Advisory Network

UKRGASBANK is a partner of the Private Financing Advisory Network (PFAN) of the global network, which provides free expert support to green energy projects, in particular, provides assistance in preparing documentation for attracting funding to projects. The partnership with PFAN is an opportunity to overcome investment barriers between global investors and Ukrainian entrepreneurs and attract investment in promising green projects.

PARTNERS

Stakeholder Engagement Plan



The purpose of the Stakeholder Engagement Plan (hereinafter referred to as the SEP) is to identify and describe the requirements for consulting and disclosure, to identify key stakeholders, to provide strategies and tools for information exchange and consulting for each stakeholder, a description of the resources and responsibilities for the implementation of the SEP and details of reporting and documentation on consulting and disclosure of information related to the Bank's activities.

The SEP has been developed taking into account that all stakeholders are identified, and the development and implementation of new projects are accompanied with consultations. Also, the SEP complies with the IFC's Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets.

Legislative requirements and standards for consulting:

Ukraine is a party to the UNECE Aarhus Convention on Access to Information and Public Participation². Purpose of the Convention is to increase public involvement in the environmental decision-making process by public authorities and other actors of environmental decision-making. Therefore, people have the right to receive information on environmental issues relevant to the project. The national laws also provide for public involvement in decision-making.



PARTNERS

Stakeholder Engagement Plan

We strive to be transparent and responsible for all our actions.

Our work covers a wide range of industries at different stages of development. Therefore, we assess and monitor our projects according to strict criteria to ensure compliance with Ukrainian laws and best practices in the use of resources. We assess and establish appropriate risk indicators at the beginning of the project and apply a monitoring system throughout the project funding period to ensure compliance with all relevant resource conservation requirements and best practices.



Currently, we are on the way of improvement of the monitoring, reporting and verification system in accordance with international practices.



The purpose of the Bank is to promote implementation of environmental and other initiatives of private companies in Ukraine, which have a positive impact on sustainable development and improvement of local living conditions. To achieve sustainable development, the Bank sets high standards for its business and clients.

To ensure control of the possible or existing impact on the social and environmental situation for the project site, in 2018 the Bank introduced a Mechanism for filing and processing complaints of environmental and social manner. Individuals, NGOs, and local communities that may be directly or indirectly affected by Bank-financed projects may express concerns and apply to the Bank at the following address: grievances@ukrgasbank.com.

The Complaint Handling Scheme is an instrument for finding alternative ways of resolving disputes between the stakeholders and clients of the Bank.

In 2020, no new complaints on social and environmental issues were registered, and the Bank is working to improve the scheme for consideration of appeals and addressing existing problems.

IMPLEMENTATION OF THE PRINCIPLES OF RESPONSIBLE BANKING ACTIVITY

Requirements	Self-assessment summary	References/ links to bank's full response
<p>PRINCIPLE 1: "ALIGNMENT"</p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
1.1 Description of the business model	<p>The Bank operates in Ukraine. UKRGASBANK is a universal bank with a focus on green finance. Major client segments are corporate (including corporate VIP-clients), SMEs and retail banking; the Bank's green projects include investment projects that meet the criteria of UN Sustainable Development Goals.</p> <p>The Bank finances the following categories of green projects: 1) renewable energy projects; 2) resource saving projects (including energy saving and energy management); 3) other sustainable development projects, in particular ecological transport, environmental protection, public health protection and counteraction to the consequences of the pandemic, waste management, organic manufacture.</p>	Sustainable development report, pp. 20~37 ; 64~68
1.2 Aligning the business strategy	<p>Since its inception (2016) the "eco-bank" project at the Bank was aimed at contributing to the goals of the Paris Agreement (limiting the growth of air temperature on our planet to +1.5 °C from pre-industrial level) by financing the projects that would allow to achieve a significant reduction in greenhouse gas emissions (CO2, NOx, etc.).</p> <p>Moreover, in addition to eco-projects, in 2020 the Bank also started financing other projects under the Sustainable Development Goals (SDGs), including projects related to environmental protection (passive health care) and investment projects in evidence-based medicine (active health care).</p>	<p>Sustainable development report, pp. 54~59</p> <p>Environmental and social responsibility policy https://www.ukrgasbank.com/upload/file/es_policy_final_eng_dec2020.docx</p> <p>JSB "UKRGASBANK" Articles of Association, Clause 4.11 https://www.ukrgasbank.com/upload/file/charter_2020_eng.pdf</p>

IMPLEMENTATION OF THE PRINCIPLES OF RESPONSIBLE BANKING ACTIVITY

Principle 2: "Impact and Target Setting"

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact analysis	To determine the fields of maximum impact of UKRGASBANK on people and the environment, the analysis was performed using a special impact identification tool developed by UNEP FI – Portfolio Impact Identification Tool. Within the analysis performed, Ukraine's economic and environmental indices and the impact of UKRGASBANK through its loan portfolio on the main fields of activity were assessed. To do this, the structure of the Bank's loan portfolio by industry (according to the ISIC classification) was analysed. Based on the analysis conducted with the help of benchmarking and available qualitative information, two fields of maximum influence for the Bank were identified: (i) Climate and (ii) Resource efficiency.	UNEP FI – Portfolio Impact Identification Tool
2.2 Target setting	<p>Based on the Bank's impact analysis, the following targets have been identified:</p> <ol style="list-style-type: none"> 1. Reduce CO2 emissions by 70,000 tons in 2021, 80,000 tons in 2022, and 100,000 tons in 2023 by financing energy efficiency, renewable energy and sustainable development projects. 2. Reduce electricity consumption in the Bank's premises by 480 thousand kW^h by 2024 (in 2021~2023) and reduce the paper consumption in the Bank by 3.2 tons by 2024 (in 2021~2023). 3. Stop financing coal industry starting from 2021. <p>We plan to review our targets based on the impact analysis we are planning to conduct in 2021 in accordance with the requirements of the Principles for Responsible Banking.</p>	Sustainable development report, pp. 58~59
2.3 Plans for target implementation and monitoring	Targets and deadlines are defined and set. The monitoring process is currently being developed.	Sustainable development report, pp. 58~59
2.4 Progress on implementing target	The process of monitoring the progress in implementing the targets is currently being developed.	Sustainable development report, pp. 58~59

IMPLEMENTATION OF THE PRINCIPLES OF RESPONSIBLE BANKING ACTIVITY

Principle 3: “Clients and Customers”

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Policies and practices

The main documents that determine the sustainable development of the Bank are the Environmental and Social Responsibility Policy, the Code of Ethics and other internal documents.

In 2020, the Bank started a joint project with IFC, designed for 2021–2022, in order to promote financing of new eco-projects areas, including solar plants for own consumption; medical care; waste management, co-generation units, etc.

In 2020, the Bank also started the joint project with UNIDO to promote and finance on preferential terms measures for energy renovation and implementation of energy management system with ISO 50001 certification in Ukrainian enterprises.

Sustainable development report, pp. [54~57](#)

Environmental and social responsibility policy

https://www.ukrgasbank.com/upload/file/es_policy_final_eng_dec2020.docx

Eco-presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf

Eco-bank News: https://www.ukrgasbank.com/en/eco/webinar_ifc

Code of Ethics: <https://www.ukrgasbank.com/about/compliance/>

3.2 Sustainable practices in working with clients and customers

The Bank offers a number of credit products in the field of green finance.

Since 2019, the Bank has been offering a reduced interest rate for eco-projects that cut greenhouse gas emissions calculated per each Hryvnia of capital investments in the project. It is planned to expand the program to the projects that cut emissions of nitrogen oxides (NOx) and reduce the level of dust, in particular fine suspended particles in the air.

As part of the joint UNIDO project, the Bank provides funding to Ukrainian companies for the implementation of energy efficiency renovation measures on preferential terms.

Within the framework of the “5-7-9%” state program the Bank funds eco-projects of micro, small and medium enterprises and newly established enterprises and start-ups at a preferential interest rate in Ukraine.

In October 2020 and in January 2021 the Bank has signed loan agreements with the BSTDB and IFC, the purpose of which is to finance sustainable development projects of UKRGASBANK’s clients.

Sustainable development report, pp. [54~59](#)

Environmental and social responsibility policy

https://www.ukrgasbank.com/upload/file/es_policy_final_eng_dec2020.docx

Eco-presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf

IMPLEMENTATION OF THE PRINCIPLES OF RESPONSIBLE BANKING ACTIVITY

3.2 Sustainable practices in working with clients and customers	The implementation of green projects financed by the Bank allowed achieving the environmental effect of reducing greenhouse gas emissions (CO2, etc.) by 71 thousand tons in 2020.	Sustainable development report, pp. 54~59 Environmental and social responsibility policy https://www.ukrgasbank.com/upload/file/es_policy_final_eng_dec2020.docx Eco-presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf
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Principle 4: Stakeholders.
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Consulting and engaging the stakeholders	<p>We have identified key stakeholder groups we cooperate with and communicate with on a regular basis:</p> <ul style="list-style-type: none">• Government authorities: Ministry of Finance of Ukraine; National Bank of Ukraine;• IFIs that focus on sustainable development (including green energy, resource efficiency, and environmental protection projects), in particular, provide loans or guarantees to JSB "UKRGASBANK" for the implementation of green projects – IFC, EBRD, BSTDB, and UNIDO.• Other IFIs that promote sustainable development (CPLC, CDP, UNEP FI)• Bank clients	Presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf Sustainable development report, pp. 85
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Principle 5: "Governance and Culture"
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance structure	The Bank has established an eco-department (Department of Environmental Re-engineering and Implementation of Resource Conservation Projects) in 2016, which supports all eco-projects at the Bank, in particular:	Sustainable development report, pp. 58~59 Eco-presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf
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IMPLEMENTATION OF THE PRINCIPLES OF RESPONSIBLE BANKING ACTIVITY

5.1 Governance structure

- complex examination of “green” projects;
- calculation of key environmental indices and achieved environmental effect from the implementation of green projects financed by the Bank;
- providing expert advisory support to business units on environmental projects;
- development, monitoring of implementation and analysis of selling new eco-products;
- planning the green loan portfolio and setting targets for eco-projects;
- measures to promote and popularize eco-projects, eco- training for employees.

Since 2017, the Bank has implemented an environmental and social risk management system and created a relevant unit.

In addition, a separate working group was established by the Bank to implement the Principles for Responsible Banking.

Sustainable development report, pp. [58~59](#)
Eco-presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf

5.2 Initiatives and measures

In order to raise awareness of sustainable practices, training courses for the Bank’s employees are periodically conducted and newsletters are sent.

In future, training activities are planned to implement the Principles for Responsible Banking.

Measures have also been taken to promote sustainable development ideas among the Bank’s employees:

- energy management (energy efficient lamps, motion sensors, control system and automatic shutdown of computer and office equipment during non-operating hours, monitoring of water consumption, etc.);
- eco-management (waste sorting, using green stationery (from recycled materials), minimizing paper consumption, etc.).

Sustainable development report, pp. [54~71](#)
Eco-presentation https://www.ukrgasbank.com/upload/file/green_banking.pdf

IMPLEMENTATION OF THE PRINCIPLES OF RESPONSIBLE BANKING ACTIVITY

5.3 Governance structure for the implementation of the Principles	A dedicated working group was established in 2020 to implement the Principles for Responsible Banking. Targets and objectives are approved by the Management Board of UKRGASBANK.	Sustainable development report, pp. 58~59
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Principle 6: “Transparency and accountability”
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Progress in implementing the Principles of Responsible Banking	The Bank publishes GRI non-financial report annually. In future, the Bank is planning to disclose information on the implementation of the Principles for Responsible Banking.	Sustainable development report
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Annex 1 – Identification of significant topics according to GRI

GRI Standard	Indicator number	Indicator name	Page in the Report	References and comments
GRI 101: Foundation 2016				
GENERAL DISCLOSURES				
GRI 102:	Organisation profile			
General Disclosures 2016	102-1	Name of the organisation		Public Joint-Stock Company Joint-Stock Bank "UKRGASBANK"
	102-2	Types of activities, brands, products and services	21~36	Products and services for SMEs
	102-3	Location of the head office		16-22 Bohdana Khmelnytskoho Str., 01030 Kyiv
	102-4	Territories (countries) of operation	5	Major accomplishments of the year
	102-5	Type of ownership and legal form	10	Ownership structure
	102-6	Markets served	19	Market place
	102-7	Scale of the organisation	5	Major accomplishments of the year
	102-8	Information on employees and other workers	72~75	Our team
	102-9	Supply chain	71	Supply chain
	102-10	Significant changes to the organisation and its supply chain		No significant changes occurred during the reporting period
	102-11	Precautionary principle or approach	38~49	Risk management system social and environmental policy of the bank social and environmental responsibility of the bank
	102-12	External initiatives	54~71	Green funding
	102-13	Membership in associations	79~83	Address of the Chairperson of the Management Board

Annex 1 – Identification of significant topics according to GRI

GRI 102: General Disclosures 2016	Strategy			
	102-14	Statement from senior decision-maker	3	Address of the Chairperson of the Management Board
	102-15	Key impacts, risks and opportunities	9 38~49	Ecobank at a glance
	Ethics and Integrity			
	102-16	Values, principles, standards and rules of behaviour	11~14	Ecobank at a glance: Our values
	Governance			
	102-18	Corporate governance structure	50~53	Ecobank at a glance: Corporate Governance
	Stakeholder engagement			
	102-40	List of stakeholder groups	84~85	Stakeholder Engagement Plan
	102-41	Collective bargaining agreements	77~79	Primary trade union of the bank. Collective agreement covers all the company staff
	102-42	Identifying and selecting stakeholders	84~85	STAKEHOLDER ENGAGEMENT PLAN
	102-43	Approach to stakeholder engagement	84~85	STAKEHOLDER ENGAGEMENT PLAN
	Reporting practice			
	102-46	Defining report content and material topic boundaries	6 7	DEFINING MATERIAL TOPICS ACCORDING TO GRI
	102-47	List of material topics	8	DEFINING MATERIAL TOPICS ACCORDING TO GRI
	102-48	Restatements of information		No restatements

Annex 1 – Identification of significant topics according to GRI

GRI 102: General Disclosures 2016	102-49	Changes in reporting (changes to the material topics and their boundaries)		There were no changes in the reporting period
	102-50	Reporting period	7	This report covers the data from 1 January up to 31 December 2019
	102-51	Date of the most recent report	7	01.05.2019
	102-52	Reporting cycle	7	Annual reporting
	102-53	Contact point for questions regarding the report		КОHTAKTИ
	102-54	Claims of reporting in accordance with the GRI Standards		The report is prepared in accordance with the GRI Standard. Compliance level – “Basic version”
	102-55	GRI content index		DEFINING MATERIAL TOPICS ACCORDING TO GRI
	102-56	External report assurance		The report was not assured by an external company
SPECIAL DISCLOSURE INDICATORS				
GRI 200 Economic Standards				
Economic performance				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8	Corporate governance
	103-2	The management approach and its limits	8	Corporate governance
	103-3	Evaluation of the management approach	50~53	Corporate governance
GRI 201: Economic Performance 2016	201-1	Economic value generated and distributed	50~53	Major accomplishments of the year
	201-4	Financial assistance received from government	5 55~71	Ukr gasbank did not receive any financial aid from the government in the reporting period
Indirect economic impact				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8	Corporate governance
	103-2	The management approach and its limits	50~53	Corporate governance

Annex 1 – Identification of significant topics according to GRI

GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	50~53	Corporate governance
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	5 55~71	Main achievements of the “Green funding” year The concept of sustainable development
Procurement practices				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 71~72	Supply chain
	103-2	The management approach and its limits	8 71~72	Supply chain
	103-3	Evaluation of the management approach	71~72	Supply chain
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	71~72	Supply chain
Prevention of corruption				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 13~14	Corporate governance
	103-2	The management approach and its limits	8 13~14	Corporate governance
	103-3	Evaluation of the management approach	13~14	Corporate governance: CORPORATE GOVERNANCE PRINCIPLES
	205-1	Operations assessed for risks related to corruption	13~14	Corporate governance: CORPORATE GOVERNANCE PRINCIPLES
	205-2	Implementation of anti- corruption policies and procedures, personnel training	74	Training
	205-3	Confirmed incidents of corruption and actions taken		No corruption cases were recorded in 2019
GRI 300 Environmental Standards				
Materials				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 55~72	Corporate governance Sustainable development concept

Annex 1 – Identification of significant topics according to GRI

GRI 103: Management Approach 2016	103-2	The management approach and its limits	8 55~72	Corporate governance Sustainable development concept
	103-3	Evaluation of the management approach	55~72	Corporate governance Sustainable development concept
GRI 301: Materials 2016	301-2	Recycled input materials used	72	Internal Projects
Energy				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 55~72	Sustainable development concept
	103-2	The management approach and its limits	55~72	Sustainable development concept
	103-3	Evaluation of the management approach	55~72	Sustainable development concept
GRI 302: Energy 2016	302-4	Reduction of energy consumption	69~71	Internal Projects
Water and waste water				
GRI 303: Water and Sewage 2018	303-1	Water consumption	69~71	Internal Projects
Emissions				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 55~72	Sustainable development concept
	103-2	The management approach and its limits	55~72	Sustainable development concept
	103-3	Evaluation of the management approach	55~72	Sustainable development concept
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	69~71 64~68	Internal Projects Green funding/Eco-projects
Sewage water and waste				
GRI 103: Management Approach 2016	103-2	The management approach and its limits	8 55~72	Sustainable development concept
GRI 306: Sewage and Waste 2016	306-2	Waste by type and disposal method		Internal Projects

Annex 1 – Identification of significant topics according to GRI

Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 55~72	Sustainable development concept
	103-2	The management approach and its limits	8 55~72	Sustainable development concept
	103-3	Evaluation of the management approach	55~72	Sustainable development concept
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations		There are no facts of non-compliance with environmental laws and regulations
GRI 400 Social Standards				
Employment				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 72~75	Our team
	103-2	The management approach and its limits	72~75	Our team
	103-3	Evaluation of the management approach	72~75	Our team
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	72~75	Our team
Labour/Management Relations				
GRI 103: Management Approach 2016	103-2	The management approach and its limits	72~75 50~53	Corporate governance
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes		According to the applicable laws of Ukraine, such period is 2 months.
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-2	The management approach and its limits	77~79	Labour Safety

Annex 1 – Identification of significant topics according to GRI

GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	77~79	Labour Safety
	403-5	Employees training on occupational health and safety	77~79	Labour Safety
Training and Education				
GRI 103: Management Approach 2016	103-2	The management approach and its limits	74	Our team
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	74	Personnel training
Diversity and equal opportunities				
GRI 103: Management Approach 2016	103-1	Defining material topics and their boundaries	8 50~53	Corporate governance
	103-2	The management approach and its limits	50~53	Corporate governance
	103-3	Evaluation of the management approach	50~53	Corporate governance
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	50~53	Corporate governance
	405-2	Ratio of basic salary and remuneration of women to men	50~53 73~74	Corporate governance
Prevention of discrimination				
GRI 103: Management Approach 2016	103-2	The management approach and its limits	50~53 13	Corporate governance
GRI 406: Non- Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	50~53 13	Corporate governance

Annex 1 – Identification of significant topics according to GRI

GRI 103: Management Approach 2016	103-2	The management approach and its limits	Corporate governance
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Not applicable Child labour and compulsory labour are prohibited in accordance with the effective laws in Ukraine. The company does not operate in countries where there is a high risk of human rights violations, including the use of child labour.



Annex 2 – Electricity consumption

Regional directorates	2019	2020	Dynamics of consumption, %	
	kW*h		Total	Per 1 employee calculation
Central office	1,549,767	1,734,019	11%	-1%
Vinnitsia region	234,257	234,016	-0.1%	-4%
Volyn region	75,059	79,674	6%	-1%
Dnipropetrovsk region	300,638	341,257	12%	2%
Zhytomyr region	89,339	79,072	-13%	-11%
Zakarpattia region	152,995	165,381	7%	21%
Zaporizhzhia region	111,713	118,579	6%	-10%
Ivano-Frankivsk region	77,081	69,187	-11%	-30%
Kyiv region	1,263,258	1,236,730	-2%	-16%
Kirovohrad region	124,905	131,280	5%	-2%
Lviv region	206,673	278,963	26%	22%
Mykolaiv region	39,761	50,711	22%	-10%
Odesa region	305,218	352,497	13%	18%
Poltava region	157,222	113,603	-38%	-36%
Rivne region	246,394	257,196	4%	4%
Sumy region	137,572	105,769	-30%	-5%
Eastern region	75,186	74,672	-1%	-10%
Ternopil region	61,399	65,698	7%	-15%
Kharkiv region	170,164	177,117	4%	-4%
Kherson region	75,321	83,503	10%	4%
Khmelnysk region	112,206	109,891	-2%	-13%
Cherkasy region	301,334	350,333	14%	10%
Chernivtsi region	59,943	69,394	14%	14%
Chernihiv region	59,974	54,009	-11%	45%
TOTAL	5,987,379	6,332,551	5.8%	-3%

Annex 3 – Water consumption

Regional directorates	2019	2020	Dynamics of consumption, %	
	kW ² h		Total	Per 1 employee calculation
Central office	10,049	2,491	-75%	-78%
Vinnitsia region	1,412	1,349	-4%	-8%
Volyn region	158	287	82%	70%
Dnipropetrovsk region	1,174	1,243	6%	-4%
Zhytomyr region	413	472	14%	14%
Zakarpattia region	1,006	780	-22%	-13%
Zaporizhzhia region	852	971	14%	-4%
Ivano-Frankivsk region	451	534	18%	-8%
Kyiv region	3,882	4,478	15%	-1%
Kirovohrad region	419	436	4%	-3%
Lviv region	816	817	0%	-9%
Mykolaiv region	177	249	41%	-1%
Odesa region	1,348	1,430	6%	9%
Poltava region	1,083	1,087	0%	-11%
Rivne region	1,258	1,179	-6%	-7%
Sumy region	770	705	-8%	13%
Eastern region	423	518	23%	11%
Ternopil region	296	433	46%	16%
Kharkiv region	992	979	-1%	-9%
Kherson region	414	426	3%	-3%
Khmelnysk region	791	791	0%	-11%
Cherkasy region	857	912	6%	0%
Chernivtsi region	117	274	134%	131%
Chernihiv region	346	262	-24%	22%
TOTAL	29,503	23,103	-22%	-28%

Annex 4 – Eco-projects in the context of regions and purpose

Corporate business	
Vinnytsia OD	
Biogas	49.6%
HPP	25.76%
SPP	24.64%
Volyn OD	
Equipment (energy-saving)	94.91%
Transport	5.09%
Dnipropetrovsk OD	
Biogas	7.33%
Biomass	42.54%
Generation (Thermal)	30.84%
SPP	19.29%
Zakarpattia OD	
SPP	100.00%
Zaporizhzhia OD	
Environment	20.29%
Complex energy efficiency project	20.36%
SPP	59.35%
Ivano-Frankivsk OD	
SPP	100.00%
Kyiv OD	
Biogas	2.39%
Biomass	0.98%
Construction (energy efficiency)	18.37%
WPP	9.91%
HPP	7.12%
SPP	61.23%

Annex 4 – Eco-projects in the context of regions and purpose

Corporate business	
Lviv OD	
SPP	100.00%
Odesa OD	
Construction (energy efficiency)	41.86%
Complex energy efficiency project	58.14%
Rivne OD	
Generation (Thermal)	100.00%
Sumy OD	
Complex energy efficiency project	100.00%
Ternopil OD	
Transport	100.00%
Cherkasy OD	
Biomass	95.74%
Generation (Thermal)	4.26%

Annex 5 – Loan portfolio in the context of environmental and social risk category

	31.12.2020		31.12.2019	
Total	49,713,787,220.19	100%	40,726,151,958.78	100%
Category A	5,249,912,168.93	11%	2,942,221,565.66	7%
Metallurgy	482,982,085.08	1%	428,836,792.58	1%
Gas production and trade	4,080,560,151.93	8%	2,043,152,492.73	5%
Energy trade	339,777,050.47	1%	0.00	0%
Agriculture and food industry	232,764,054.37	0%	0.00	0%
Chemical production	113,828,827.07	0%	470,232,280.35	1%
Category B	14,596,561,598.49	29%	7,953,934,124.20	20%
Metallurgy	2,190,230,315.47	4%	0.00	0%
Business real estate	1,396,737,932.82	3%	126,225,222.72	0%
Transport	2,472,918,093.10	5%	695,488,616.74	2%
Trade	1,244,336,053.89	3%	96,814,321.25	0%
Production	1,317,366,642.57	3%	1,397,710,748.06	3%
Construction	465,799,844.88	1%	1,372,738,411.26	3%
Electricity	2,890,330,907.22	6%	2,099,273,495.80	5%
Agriculture and food industry	2,497,472,991.50	5%	1,426,924,736.02	4%
Service sector	121,368,817.05	0%	0.00	0%
Category C	19,142,710,085.09	39%	16,006,574,738.78	39%
Electricity	10,527,838,759.00	21%	5,309,957,719.59	13%
Gas trade and transportation	3,330,962,147.05	7%	4,903,726,489.63	12%
Production	146,578,637.59	0%	0.00	0%
Business real estate	1,009,341,573.92	2%	71,518,465.20	0%
Municipality	1,931,144,752.54	4%	2,373,373,028.11	6%
Service sector	235,116,423.81	0%	12,593,907.94	0%
Trade	605,998,249.20	1%	1,000,524,041.98	2%
Energy trade	63,308,600.93	0%	0.00	0%

Annex 5 – Loan portfolio in the context of environmental and social risk category

	31.12.2020		31.12.2019	
Transport	247,637,062.22	0%	96,229,657.93	0%
Road construction	1,002,928,640.79	2%	0.00	0%
Construction	9,542,045.04	0%	184,455,779.37	0%
Agriculture and food industry	32,313,193.00	0%	0.00	0%
Without classification	10,724,603,367.68	22%	13,823,421,530.14	34%
Construction	249,573,651.52	1%	363,132,512.25	1%
Gas trade and transportation	6,353,560.42	0%	8,681,370.03	0%
Production	874,158,068.00	2%	661,992,909.64	2%
Electricity	102,191,276.33	0%	1,191,996,829.74	3%
Business real estate	1,711,707,684.13	3%	1,556,148,558.76	4%
Metallurgy	78,622,592.83	0%	866,324,185.91	2%
Municipality	956,560,377.66	2%	82,803,098.50	0%
Agriculture and food industry	2,459,035,795.00	5%	1,905,144,874.95	5%
Service sector	1,102,738,934.00	2%	1,009,114,100.73	2%
Telecommunications (electric communications)	28,689,084.00	0%	596,903,818.79	1%
Trade	1,523,135,794.00	3%	3,040,383,201.00	7%
Energy trade	590,326,105.99	1%	0.00	0%
Transport	598,710,869.00	1%	37,527,634.66	0%
others	442,799,574.80	1%	34,779,184.12	0%