

CONSOLIDATED REPORT ON MANAGEMENT



UKRSIBBANK REPORT
2018



UKRSIBBANK
BNP PARIBAS GROUP

The bank for a changing world

This CONSOLIDATED REPORT ON MANAGEMENT is prepared according to NBU instruction #373 “On approval of “Instruction about preparation and communication of financial reporting of Ukrainian banks”” dated with 4th of April of 2018. This report is an integral part of obligatory annual reporting.



Philippe Dumel *
Chairman of the Management Board

Gregory Raison *
Deputy Chairman of the Management Board,
Head of Finance Department

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Deputy Chairman of the Management Board,
Chief Operating Officer

Hans Broucke *
Deputy Chairman of the Management Board,
Head of Corporate business

Volodymyr Radin *
Deputy Chairman of the Management Board,
Personal Finance Director

Dmytro Tsapenko *
Deputy Chairman of the Management Board,
Director for Treasury and Capital Markets

Konstantin Lezhnin *
Deputy Chairman of the Management Board of Retail
Banking

Sergiy Panov *
Deputy Chairman of the Management Board,
Head of Legal Department

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Head of Brand and Communication Service

Natalia Halunko
Head of Human Resources Management
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Head of Compliance control Department

Svitlana Maslakova
Director of registration and collection of debts

Valerii Bogushov
Head of Security Department

Eric Racineux
Head of Internal Audit Department

Jean-Eric Stoltz
Head of Risk Management Department



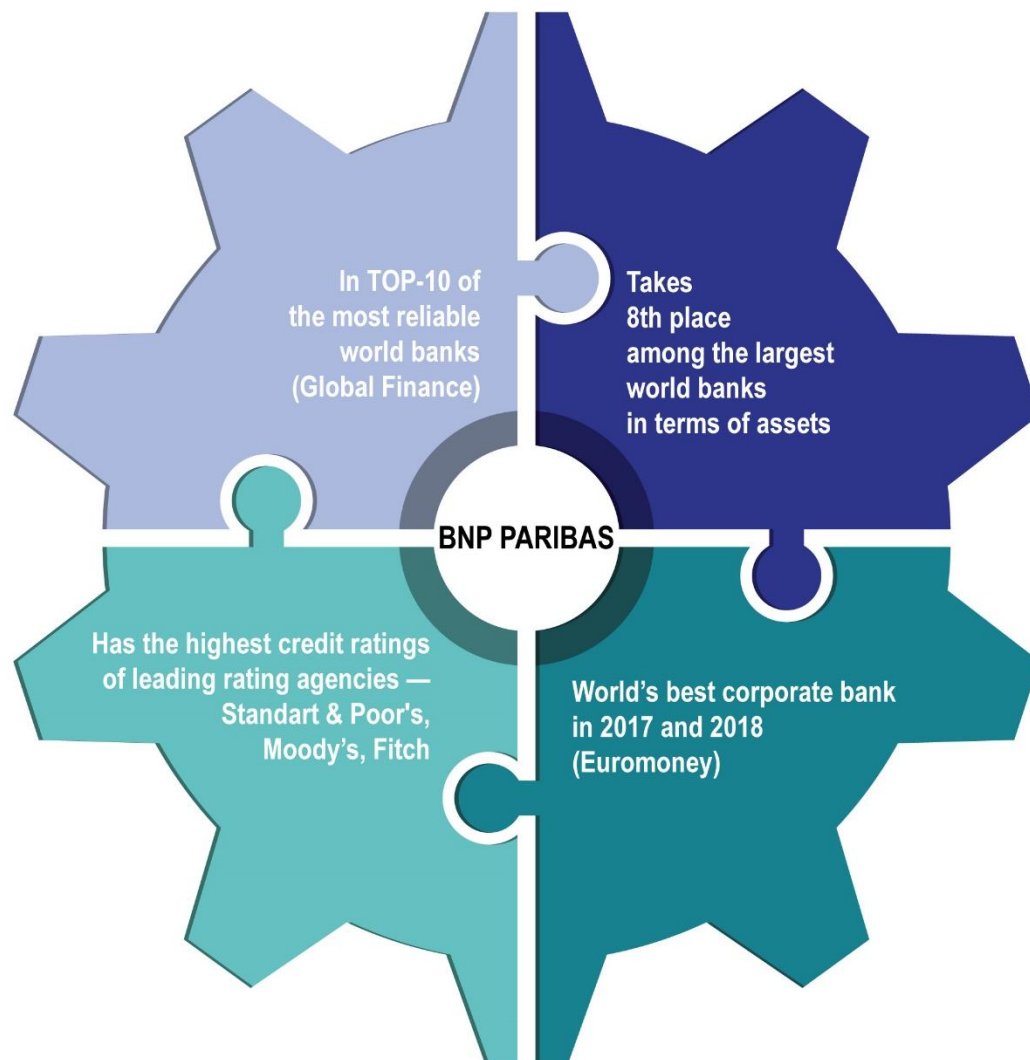
BNP PARIBAS

BNP Paribas is a European leader in the world market of banking and financial services with almost 200-years history.

In 2018 BNP Paribas has been awarded as the “World’s Best Bank for Sustainable Finance”, by Euromoney.

BNP Paribas — 1st European Bank on the list of the “Global 100 Most Sustainable Corporations” published annually at the occasion of the World Economic Forum opening in Davos, by the magazine Corporate Knights .

BNP Paribas obtained 2018 Top Employers Europe certification.



EMPLOYEES

COUNTRIES

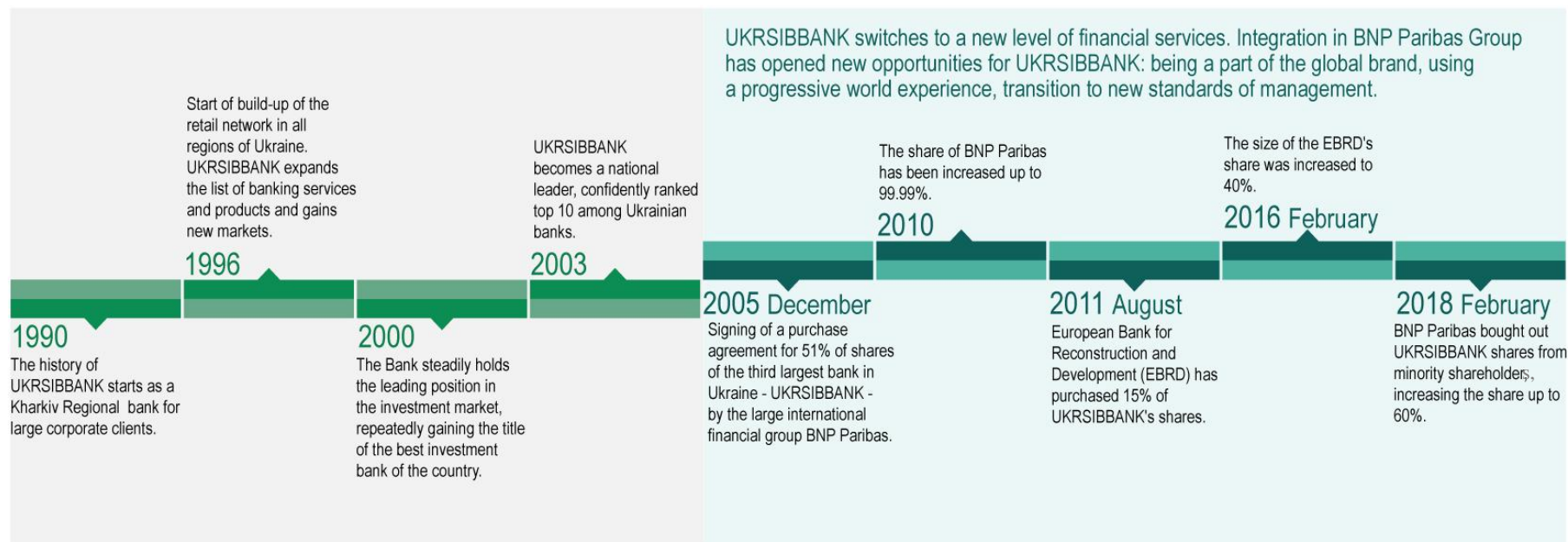
BILLION INCOME

BILLION NET PROFIT



<https://group.bnpparibas/en/group/bnp-paribas-worldwide>

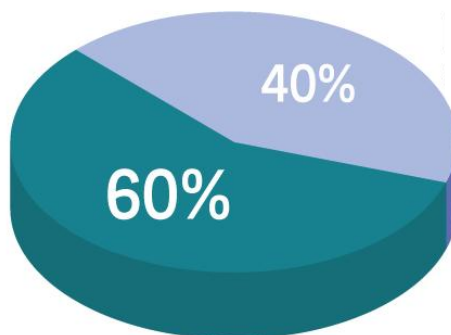
UKRSIBBANK BNP PARIBAS GROUP IS THE BANK FOR A CHANGING WORLD



Shareholders of UKRSIBBANK BNP Paribas Group



BNP PARIBAS



European Bank
for Reconstruction and Development

<https://my.ukrsibbank.com/ua/about-bank/>

Being the Bank for a changing world



To date, **UKRSIBBANK BNP Paribas Group** is a universal banking institution that holds the top line of financial ratings in Ukraine and offers services of international level.

UKRSIBBANK offers package services and integrated solutions, improves and simplifies processes, provides international support to its clients in the countries of presence of the BNP Paribas Group.

28 years
in the financial
market of Ukraine

-  In TOP-5 in profitability
-  uaAAA, the highest level of creditworthiness in Ukraine
-  More than 2 000 000 customers
-  300 branches

UKRSIBBANK services:

1 900 000

retail clients

170 000

SMEs

600

groups of corporate
companies

Being the bank of positive changes means being responsible for the future, continuing to improve the way we help our customers while contributing to sustainable and equitable growth.

Throughout the world, BNP Paribas employees are contributing the real economy. They help individuals, business, community organizations and institutions to succeed in their projects and find tangible solutions to concrete problems. At the heart of our commitment are corporate and social responsibility, ethics, diversity and inclusion, and promotion of human rights in the countries where BNP Paribas do business, whilst respecting local legislation and culture.

UKRSIBBANK as part of BNP Paribas Group and one of the largest Ukrainian bank plays an important role in society. Our aim is being a bank with high standards that has positive impact on: employees, clients, society and environment. We support causes where we can have major impact. We achieve this by aligning our products and services, partnerships, employer actions, transparent procurement policies, corporate social responsibility programs, and most importantly, engaging our employees in an active social position — staff-volunteering initiatives and entrepreneurial initiatives.



ENERGY TRANSITION

We are helping to drive the transition to more sustainable energy



ENTREPRENEURS

We are the Bank that promotes diversity among entrepreneurs and business-people, giving them the confidence to succeed



YOUNG PEOPLE

We are the Bank that seeks to include and involve the younger generation and get them to take part in the decisions that will determine the future



LOCAL ECOSYSTEMS

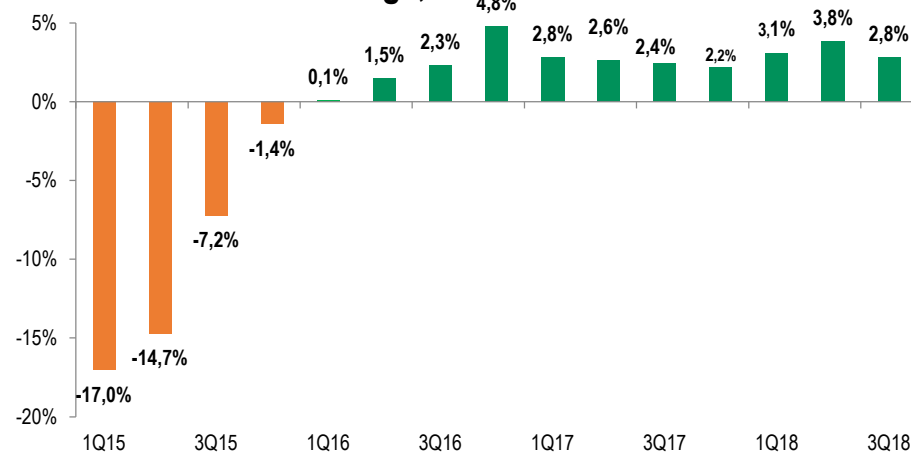
We want to make our contribution to society in all major geographies where the Group does business

Economic growth in Ukraine has been continuing for the last 11 quarters, steered by export oriented sectors such as agriculture. In 2018, the country enjoyed the highest grain harvest on record.

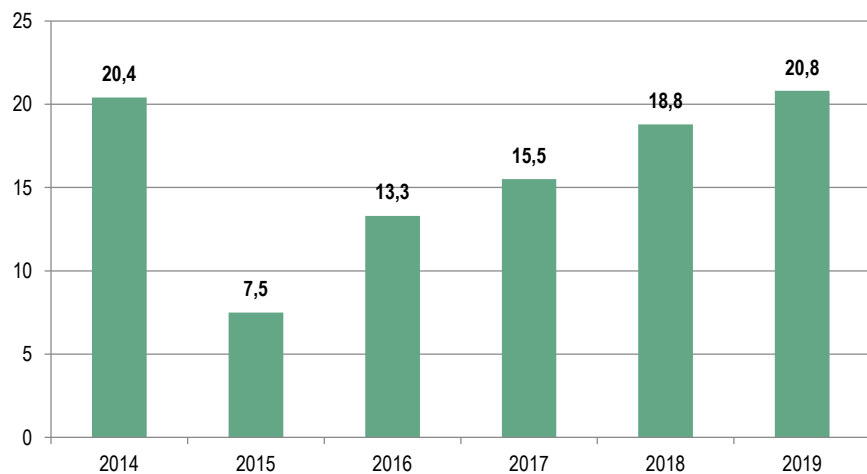
Consumer inflation was drastically reduced, having reached 9.8%. Ongoing fiscal consolidation has helped to maintain modest budget deficits.

As of end 2018, Ukraine's international reserves exceeded USD 20 bn.

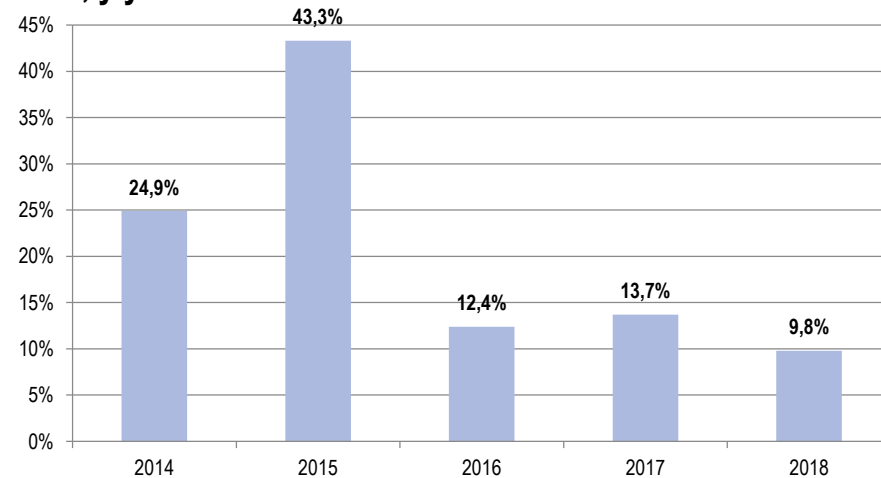
Ukraine's real GDP change, %



International reserves, USDbn (as of 1st January)



CPI, y/y



MISSION: to make financial life of our client simple, safe and rewarding.

VISION: as a part of an international financial Group, we strive to be the most reliable and trustworthy bank, attractive and predictable financial partner for responsible customers. We contribute to the healthy Ukrainian economy through a flexible and prudent risk-based approach.

KEY ACTIVITY DIRECTIONS: The strategic choice of the shareholders is to build a resilient universal bank with strong and diversified client base giving reliable liquidity support, a reasonable credit risk policy, a strong compliance culture and a suitable cost/income ratio, formalized in a yearly budget and a 3-year roll forward plan.

CORPORATES

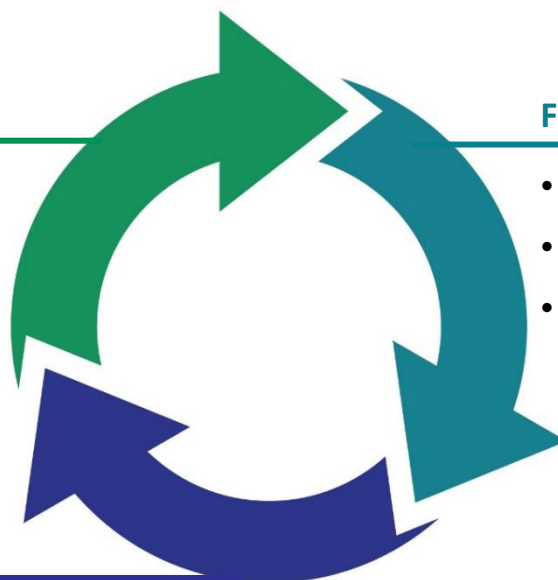
- "One Bank" philosophy
- Centralized team serving 3 segments :
 - multinational companies (MNC),
 - local corporates,
 - agri companies

FINANCIAL MARKETS

- Liquidity & interest rate risk management
- FX sales for corporate & retail customers
- Brokerage & custody services

RETAIL

- Primary focus on "Premium" segment and SME
- Innovative digital solutions
- Transactional business
- Large and stable deposits base
- Consumer loans



Our mindset: "One Bank"

UKRSIBBANK is an integral part of the One Bank approach within BNP Paribas Group. One Bank reflects our capacity to accompany corporate clients in their expansion abroad by leveraging BNP Paribas' international footprint (presence in 73 countries). The One Bank platform provides internationally operating corporates with seamless cross-border solutions and customer experience. One Bank is supported by a community of dedicated relationship managers who ensure the high standard level of service provided to our Clients.

Know-how at our clients' fingertips

Working in partnership with our clients (Multinational Corporations, Local Large Corporates, Agri) we help provide a full range of solutions to meet their ongoing needs across financing, treasury (FX), liquidity management, cash management, trade solutions and structured finance.

Corporate Lending

We work in partnership with our clients to help deliver optimal financing solutions, including working-capital facilities in UAH and hard-currency, mid-term financing for capital expenditure purposes. We help our clients to access the UAH market reliably and consistently. Benefiting from a large balance sheet and financing capabilities, we continue to commit our resources to service our clients.

Corporate Deposits

We provide an extensive range of solutions to help our Clients manage cash at each stage, from liquidity management to investment solutions for operational, reserve and strategic cash.

Trade Finance

Our trade finance franchise is recognised as one of the world's top three and the first in Europe. We enable Clients to optimise, secure and finance international transactions worldwide. We offer trade products and services including letters of credit (export, import), documentary collections, guarantees.

Cash management

We rely on a powerful global reach combined with an undisputed local footprint in Ukraine to serve our corporate Clients with strong advisory and innovative, customised solutions covering all aspects of cash management: local & international payments, mass payments, cash collection, corporate cards.

UKRSIBBANK electronic payment systems

- StarAccess local Ukrainian e-banking platform
- Connexis web-based banking platform available
 - ✓ in 45 countries including Ukraine
 - ✓ in 18 languages
 - ✓ and live for more than 6,100 customers
- Host to host SWIFTNet solution deployed
 - ✓ in 22 European countries including Ukraine
 - ✓ in 39 countries worldwide
 - ✓ and for 330+ customers

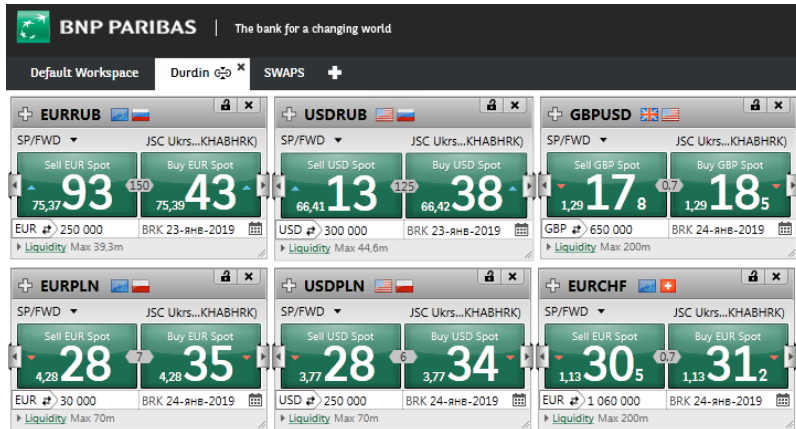
UKRSIBBANK BNP Paribas is one of the leading banks in Ukraine in terms of FX. We have built a balanced portfolio of exporters and importers, that gives us an opportunity to provide our clients with the best rates available on the market, even in times of turbulence and volatility on the market.

Key importers:

- FMCG (fast moving consumer goods)
- electronics and household appliances
- crop protection/seeds/ fertilizers
- tourist agencies
- oil and fuel
- car distributors
- machinery and equipment
- pharma

Key exporters:

- metals and mining
- agri producers
- agri traders
- IT and communication



Products and services proposed:

- Execution of buy/sell FX applications on SPOT
- Conversion of FX
- Real time FX operations – Direct Dealing Service
- Execution of FX forward buy/sell deals

Our Clients may also enjoy an access to the wide range of currencies for trading against both UAH and other currencies



Currencies traded:

USD, EUR, RUB, CHF, GBP, PLN, CAD, JPY, CNY, SEK, DKK, AUD, HUF, TRY

Network Strategy

Network Strategy aims at **transforming Retail into the most attractive bank** at the market with prime quality of services. **Less scattered and better managed network** (presence in 84 cities instead of 137 in 2015) with focus on key larger cities. Network coverage in cities of presence will be enhanced. This transformation delivers **the most efficient branches** and enables to develop business with a good cost/income ratio at the Regional management level focusing on upper segments in SME and individuals.

Digital

The Bank applies a lot of efforts in developing digital solutions for clients. New online banking for Individuals was launched in Sep'17 (new functionality and better usability: online chat, messengers, remote relationship managers). The Bank managed to increase the number of registered users from 150 K in Sep'17 to 530 K in Dec'18.

The Bank launched a new SME Online-banking in Dec'18. We plan to develop functionality and decommission the old platform by the end of 2019.

Constant work is being conducted to improve data processing in CRM and enrich it with more Customer data.

Our particular pride in innovation area was POPCORP conducted in 2018. Bank's collaboration with startups provided great results in improving value proposition for customers and quality of services.

The Bank sets a target "to reach 50% of sales in digital and remote" till the end of 2020 vs. 27% now.

Loans

Loans activity is focused on existing clients of the bank and best-selected external clients. The Bank grows its loan portfolio mainly financing SME clients with small tickets in the local currency (UAH), and the needs of individuals with personal finance products. Small pilots like SME agro financing projects allow to develop relations with reliable clients in agro sector. Optimization of credit processes is reached due to development of automated credit decision tools. We also improve our credit policy in order to keep good quality in new loans production.

Cards strategy

The Bank serviced 1,8M of active cards by the end of 2018. Due to animation of purchasing habits of cards users and market evolution, Purchasing to Total Volume ratio has grown to 27,5% in 2018 vs. 24,0% in 2017 and will continue to grow to 38 % in 2021.

Bank plans to replace old ATMs and related software, to implement new recycling ATMs which improve customer experience, reduce cost of transportation and funding.

We already introduced new payment methods like contactless and wallets, and have plans for QR codes and credit installments.

Deposits

The Bank's deposits balance grew by 14,5% from the end of 2017 to 2018 with stable share of local currency at 65%. The Bank leverages on high share of Demand and savings deposits – 92%. Bank's market share of sight deposits slightly decreased from 6,9% in Dec'17 to 6,5% in Dec'18.

Clients

The Bank serviced 1,9 M clients as of the end of 2018. Key client segments remain Premium and SME segments, having reached 195K Premium and SME active clients (of which 125K Premium). Share of active clients of these two target segments (excluding pure Personal Finance clients) continues to grow from 12% in 2016 to 15% in 2018, with 20% target for 2020. Target for 2020 is 154K premium clients.

Reduction in the number of active clients is related to branches closure in small and medium size cities as well as new compliance rules implementation.

IT Evolution

Evolution of IT Infrastructure via the set of dedicated Programs aimed to:

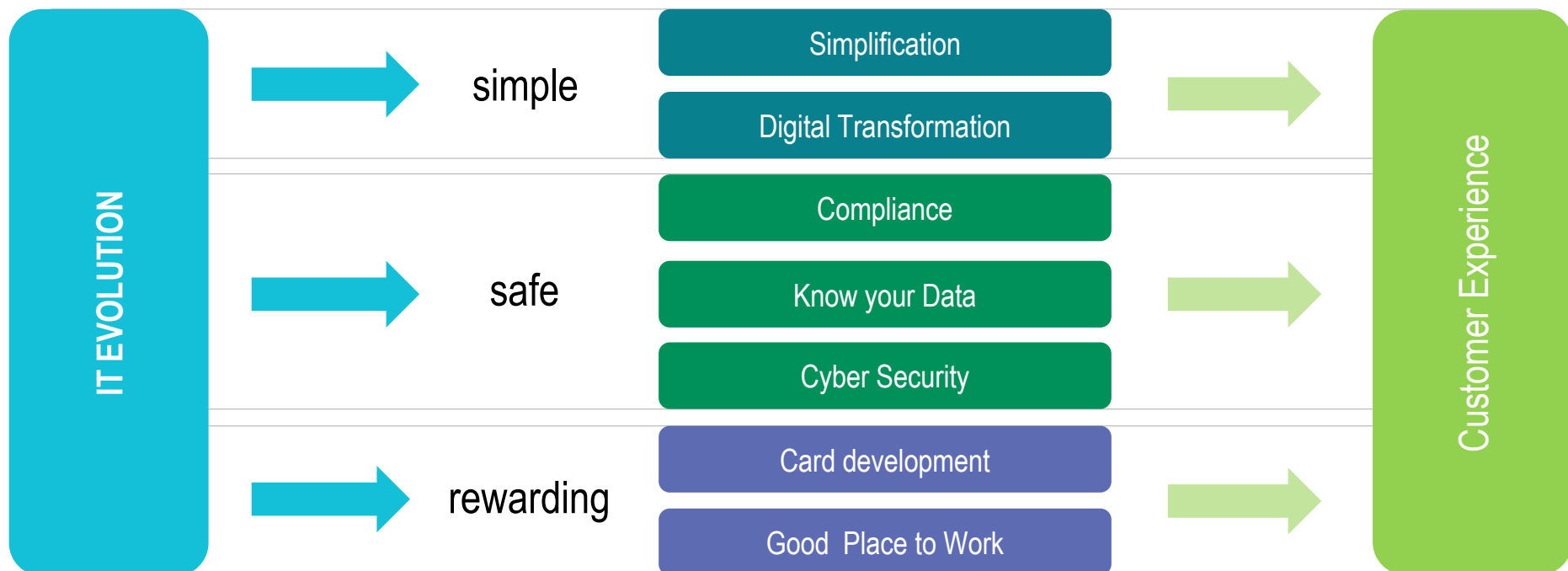
- Renovation of IT governance, processes and assets management
- Speed up development, product delivery and reinforce collaboration between business and IT, enabling smoother customer journey(IT renovation, ADMi),
- Ensure sustainable safe customer experience in the context of increasing cyber-threats
- Develop and manage Big Data: collecting, organizing, and sharing for Omni channel client experience
- Better employee engagement by the new IT standards of working place

Strategic programs

- Digital transformation - in depth transformation to become omni-channel
- Card development - ATM and POS renewal, acquiring, revolving outstanding,
- Simplification – E2E, streamline processes, eliminate pain points for customers
- Know Your Data - sanitize, protect and leverage data
- Compliance enhancement - complete remediation plan, implement new KYC
- Good Place to Work
- Cyber Security — to protect the Bank from Cyber threats

Customer centricity

- Customer Experience transformation is in the center of our strategic focus
- It is reached by implementation of Design Thinking and Customer Journey's tools and best practices on E2E processes, by cultivating Net Promoter Score culture across the bank (treating needs of external and internal customers) and regularly covered and monitored via Customer Lab events.



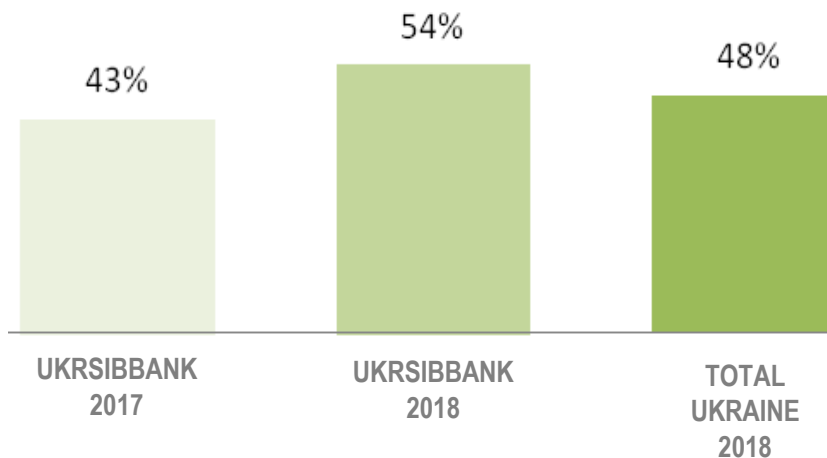
CLIENTS SATISFACTION: OUR PRIMARY OBJECTIVE

Measurement
methodology

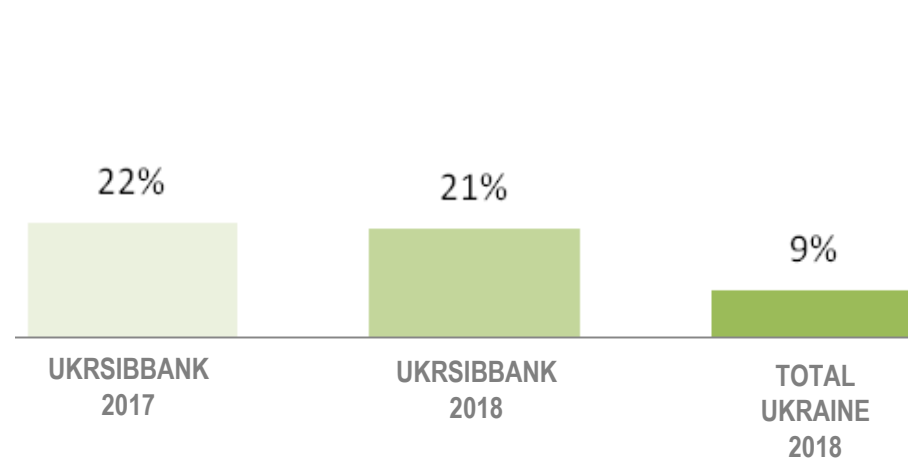
Survey: "HOW LIKELY ARE YOU TO RECOMMEND UKRSIBBANK TO FRIENDS OR FAMILY" (from 0 to 10)

Net Promoter Score (NPS) = % of Promoters (answered 9..10) - % of Detractors (answered 0...6)

NPS MASS



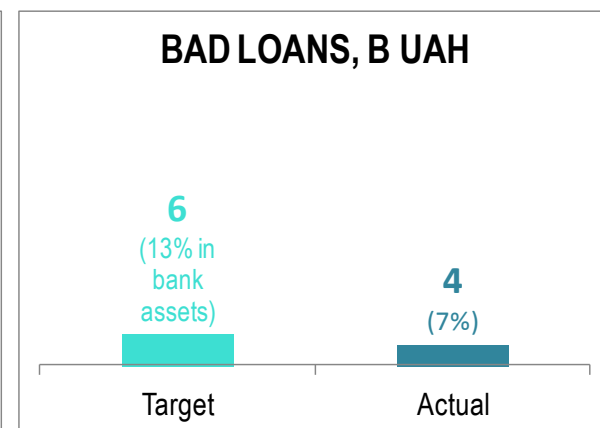
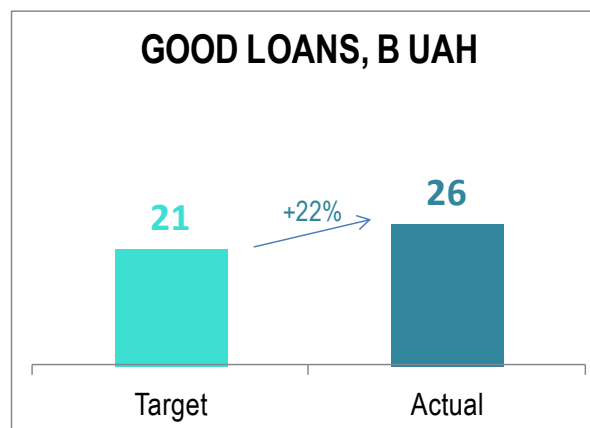
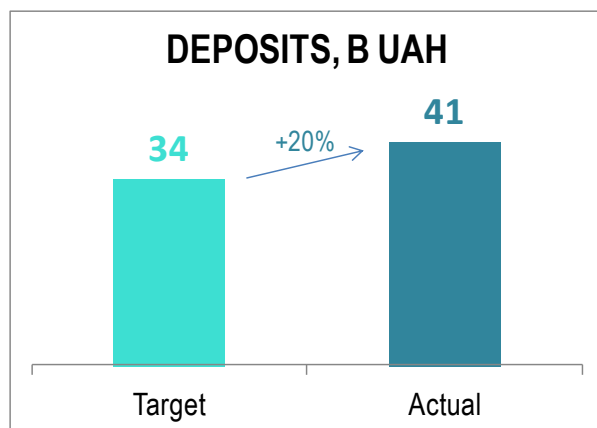
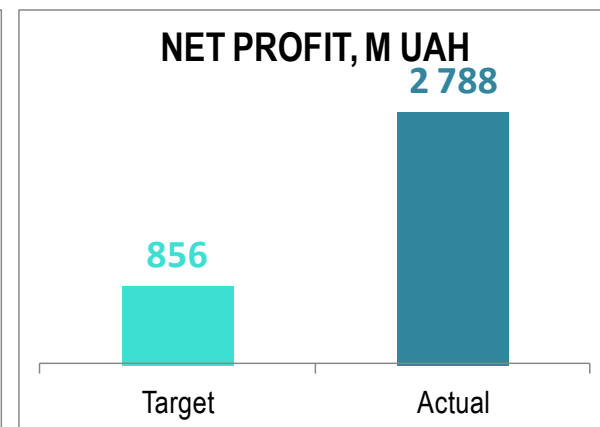
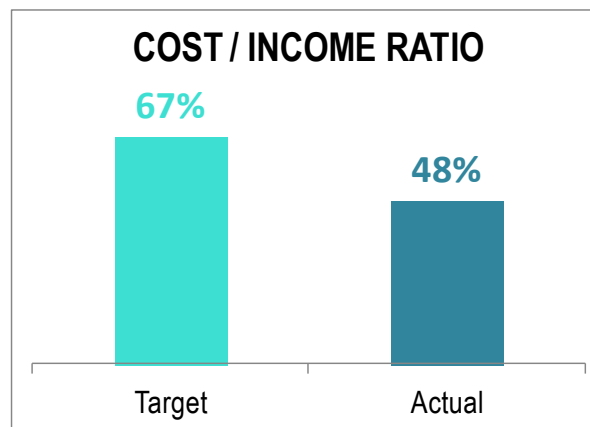
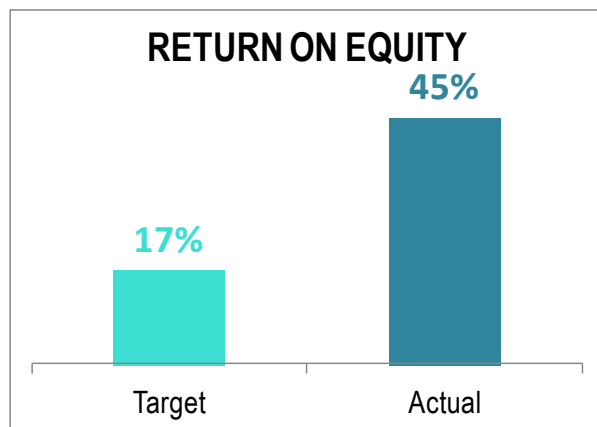
NPS PREMIUM



Our customers value:

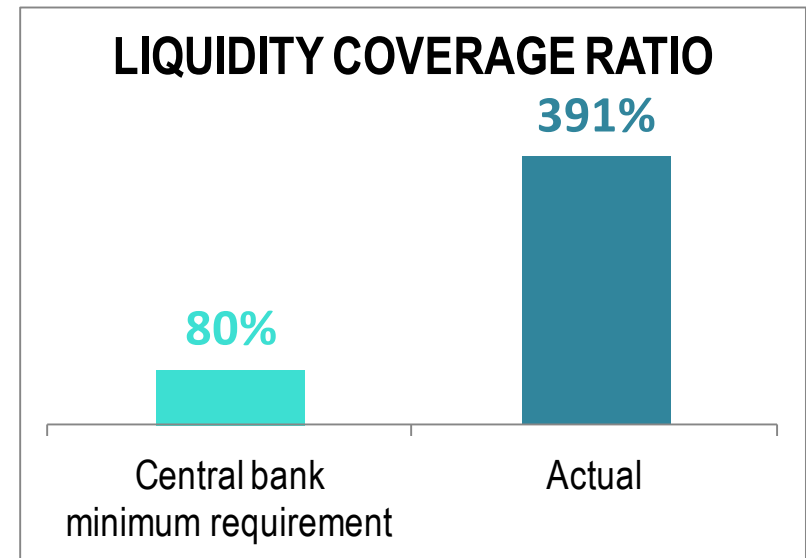
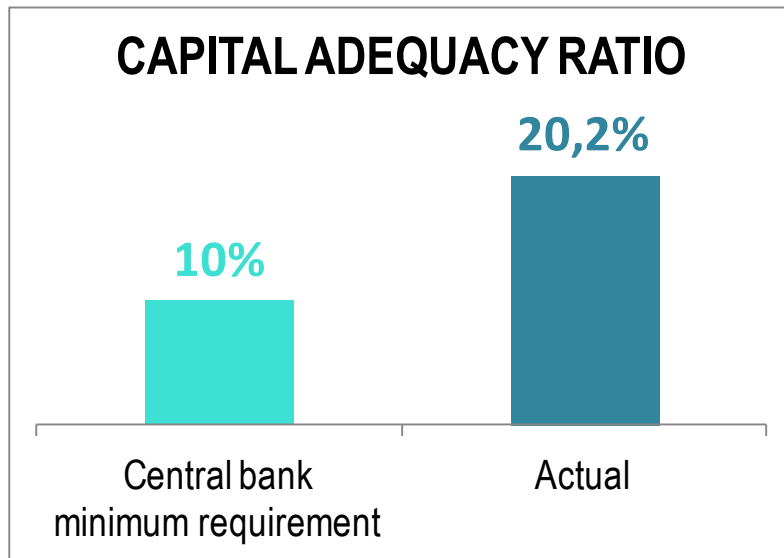
- Brand, reputation
- Quality of the service
- Price-tariffs
- Clear, easy, simple

Source: GfK



Note: Deposits include term deposits and demand accounts

- High revenues growth achieved on low risk activity allowed to improve significantly the profitability as compared to expectations
- All business lines reached their targets in key indicators
- Significant success was achieved in improving the quality of the assets thanks to good quality of new loans production, effective collection activity and write-off/sale



CAPITAL:

- Profitable activity of 2017 and 2018 years allowed to pay 1 200 M UAH of dividends in 2018 and have strong capital surplus at the end of year.
- Results of stress-testing made by NBU in 2018 confirm resilience of the bank (https://bank.gov.ua/control/uk/publish/category?cat_id=84880327)
- UKRSIBBANK uses both Tier 1 and Tier 2 capital instruments

LIQUIDITY:

- Focus on clients needs and shareholders support (BNP PARIBAS [60%] and EBRD [40%]) provide confidence in sufficient liquidity in normal and stress scenarios
- Bank is not dependent on wholesale funding of local and international financial institutions. Deposits base is stable and diversified, and consists of Corporate clients deposits (represent around 30% of total deposits), SME (30%) and Individuals (40%).
- Bank follows low risky investment policy: doesn't plan to purchase subsidiaries or shares and has sold last financially significant subsidiary (AXA insurance company) in Q1 2019.

PEOPLE – OUR MOST VALUABLE ASSET

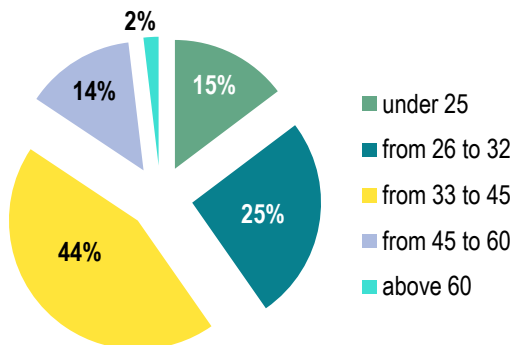
Total number of employees — 5.294

93% of bank's employees have higher education.

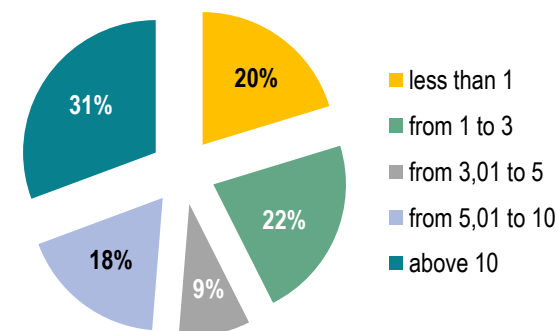
The overall compensation package of an employee includes three components:

- fixed compensation
- individual and/or collective variable compensation
- employee benefits

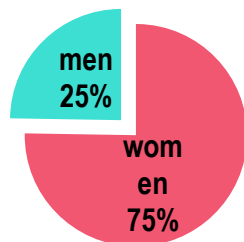
Age of employees



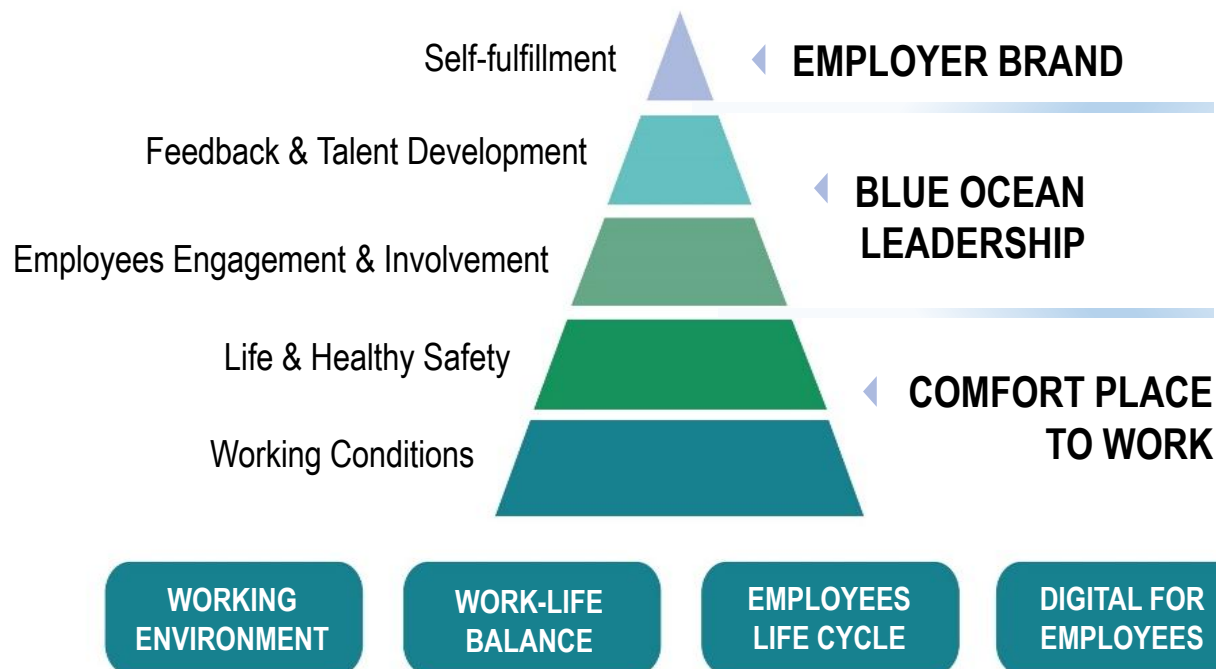
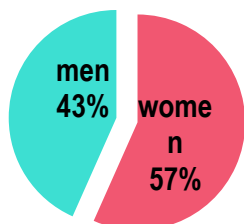
Length of Service



Gender balance employees



Gender balance management



Recently completed and ongoing IT innovations targeting fulfilment of “simple, safe and rewarding”

- ✓ New Internet and Mobile banking solution developed in cooperation of internal team with external supplier was launched back in 2017 and is rapidly evolving. User interface design of application is a winner of Red Dot Award 2018.
- ✓ Google Pay and Apple Pay services are available for clients
- ✓ New ATM management software is implemented to support global renewal of ATMs park and to make cash withdrawal more secured, user friendly and “innovation ready”
- ✓ Following assessment of supplier risk for “SmartVista cards processing application”, the rights on source code have been acquired to undertake development by own forces

Reliable technologies and infrastructure components from market leading vendors

- ✓ SAP for Banking as a core banking system
- ✓ Two modern Data Centers, regularly tested by disaster recovery exercises
- ✓ Oracle database management platforms
- ✓ Virtualized infrastructure (servers and desktop) based on VMware and Citrix technologies
- ✓ Diebold-Nixdorf ATM hardware and software



Industrialized IT processes is a basis of reliable and predictive partnership with clients

- ✓ Continuous improvement of IT production processes, to guarantee uninterrupted and secured services
- ✓ Proven Waterfall and modern Agile IT Project management approaches are combined to achieve best time to market, without compromising reliability of customer service and regulatory compliance
- ✓ Close supervision over architecture of IT system is introduced to minimize technological and cyber security risks
- ✓ Data quality, data management and data protection are addressed as parts of IT Systems design
- ✓ External development and consulting recourses are involved when required, thanks to flexible sourcing model
- ✓ Transparent IT procurement processes established for balancing cost-efficiency and ensure sustainability

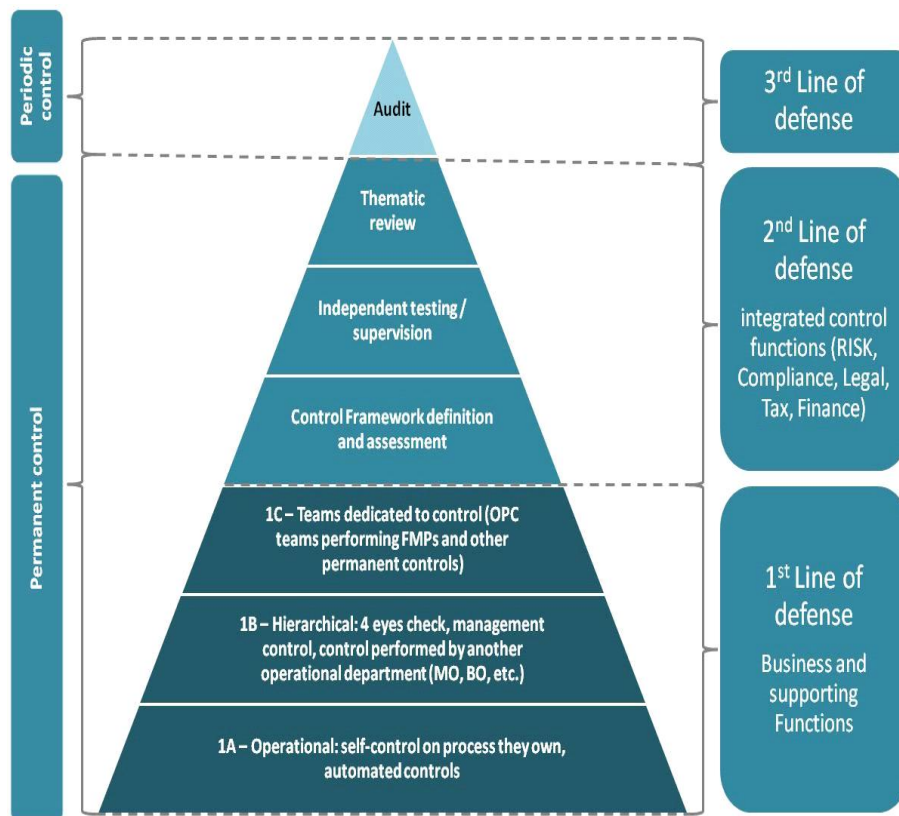
Cyber Security is one of the top priority for the Bank in open fast-changing digital world

- ✓ Informational Security Management System of the bank evolves in line with strengthening requirements of National Bank of Ukraine, BNPP and international standards (ISO 27000, NIST, PSI DSS, etc) through Cyber Security Program
- ✓ Market best practices and leading vendors solutions used in order to guarantee protection of bank assets and safety of customer operations (DDoS and malware protection, vulnerability scan, anti-fraud and cyber incidents management, etc)

RISK

RISK is a fully integrated and independent control function

- ✓ RISK is the second line of defense over risk management activities of UKRSIBBANK
- ✓ The Chief Risk Officer reports to the Supervisory Board of the Bank
- ✓ The Chief Risk Officer has a direct and independent access to the Supervisory Board



RISK is a key part of UKRSIBBANK's internal control framework

- ✓ RISK accompanies the Bank's development with a business-minded spirit
- ✓ Provides a fast, complete and reliable information on Bank's risk profile
- ✓ Offers high quality risk management expertise to the Bank's stakeholders
- ✓ Fosters risk anticipation and position RISK as a prospective watchtower
- ✓ Prepares the Bank for high and higher regulatory expectations

RISK COVERAGE

RISK

MISSIONS

- ✓ RISK advises the Bank on risk appetite definition
- ✓ RISK contributes as an objective “second pair of eyes” that risks taken on by the Bank align with its policies
- ✓ RISK reports and alerts Bank Management of the status of risks to which the Bank is exposed
- ✓ RISK contributes to the development and growth of the risk culture within the Bank
- ✓ RISK perimeter encompasses: credit and counterparty risk, market risk, funding and liquidity risk, interest rate and FX risk of the Banking book, and operational risk
- ✓ RISK covers all Bank’s activities
- ✓ To provide an holistic view of the risk profile to the Bank’s Management and Supervisory Boards, RISK coordinates with the relevant control function(s) to ensure relevant risk assessment, aggregation and reporting

In order to meet these expectations, Risk management system today has the following priorities:

- ✓ To focus on critical review of lending framework to make it solid and efficient
- ✓ To update and fully formalize risk appetite statement and risk appetite framework which will cover all major risks toward which the Bank is exposed.
- ✓ To be innovative and digital in all directions of risk management to make our processes (both IT and operational) clear, effective, efficient and adapted to the changing environment.
- ✓ To complete and to strengthen the adaptation of relatively new areas of risk management, such as: data protection, corporate and social responsibility, operational risk controls over not yet covered Bank’s areas, compliance risk and other.
- ✓ To actively spread risk culture through the Bank organization and to raise the level of risk awareness of all employees at all levels of the Bank’s activity.



ORGANIZATION OF COMPLIANCE TEAM IS DESIGNED TO COVER ALL COMPLIANCE AND FINANCIAL SECURITY TOPICS



Market Integrity

Market Integrity aims at adherence to Ukrainian and International laws and rules applicable to: circulation of confidential, material non-public and privileged information and prevention of insider trading, operations on financial instruments, pre and post market transparency rules, prevention and detection of market abuse, detection and management of conflict-of-interest situation related to concerned employees and divisions.

Protection Interests of Clients (PIC)

PIC aims to comply with: treat all our customers fairly, in all situations; provide them with products and services that best meet their needs and that they properly understand; communicate to clients on products' features, costs and risks, in a fair, accurate and not misleading way; apply fair and transparent pricing; deal with clients' complaints in a fairly and timely manner; comply with all local laws and regulations.



Periodic controls

Compliance Control and Risk Management

CCRM is responsible for the second level of controls on Compliance by performing Fundamental Monitoring Points (FMPs) which aim at ensuring that the first-level controls are carried out effectively and in compliance with the existing procedures.

FMPs are mandatory controls designed by the Group, addressing the major risks, assessed on a regular basis and properly managed. FMPs assist Management in identifying ineffectively controlled risks and help management to correct the differences on a timely basis. During **2018** CCRM performed approximately **35 different FMPs** with different frequency, and covered such Compliance areas, as Client Interests Protection and Professional Ethics, Financial Security, including AML and Sanctions.

Anti-Bribery and Corruption

Anti-Bribery and Corruption program sets up zero tolerance for corruption. It is developed to fight against corrupt practices including bribery, intention to obtain personal advantages using Bank and Bank's internal information and also to any corrupt practice identified on the part of our customers or counterparties, of which employees might become aware when carrying out a banking or financial operation.



Compliance policies

Professional Ethics

Professional Ethics refer to the professional behavior of the Bank's employees: the domain ensures that their private interests do not prevail over the professional responsibilities as Bank's employees. The domain establishes professional conduct rules, part of the Code of Conduct, aiming at protecting the Bank and its employees against the risk of corruption, market abuse and conflicts of interests, gifts and invitations received and offered, outside business activity of the employees, close relatives subordination. Also each employee has a right to inform about any breach of internal policies, Code of Conduct, Ukrainian laws and foreign regulations by using Whistleblowing channel. The processes are governed by the Group procedures and Ukrainian law.

Governance

1. With the aim to fulfill requirements of NBU Regulation 64, at the end 2018 Compliance Committee of Supervisory Council was created.
2. Financial Monitoring Committee meets on monthly basis
3. Reporting on Compliance issues to the Supervisory Board of the Bank
4. Reporting on Financial monitoring issues to the Management Board of the Bank
5. Head of Compliance Control Department has a right of veto

Financial Security — AML

1. In accordance with Local Anti-Money Laundering (AML) Law & NBU requirements financial monitoring duties are duly fulfilled.
2. Follow of BNP Paribas Group requirements specialized AML tool — NetReveal is implemented to identify and to keep under control untypical clients activity.
3. Aiming to enhance control over certain risky type of operations, a strict process of Cash Deposit Approval is implemented.
4. Cross border transactions of clients are scrutinized with respect to NBU Regulation #8.
5. To mitigate risk of unwilling involvement in activities connected to “self-named-authorities” at occupied territories, client’s activity held in the areas neighboring temporarily occupied territories in the east part of Ukraine is kept under special control by using in-house developed scenarios.

Financial Security — KYC

1. Definition of Know Your Client (KYC) policy of the Bank based on Local Anti-Money Laundering (AML) Law & NBU Regulation 417 (rules for on-boarding / recertification, AML risk scoring, documents / information collection, clients financial security segmentation, etc.).
2. Ensuring review of clients on electronic Customer Acceptance Committee (eCAC) and suspicious Customer Acceptance Committee (sCAC) based on predefined criteria.
3. Know Your Client advisory, providing expert opinion.
4. Ensuring implementation of policy on work with Publicly Exposed Persons (PEPs) and Relatives and Close Associated to PEPs.
5. Escalation of High Risk PEPs to BNP Paribas Group.
6. Provision of Compliance opinions for targeted clients before loan granting.

Financial Security — Sanctions

1. Permanent screening of clients against all applicable sanctions lists (Office of Foreign Assets Control (OFAC), United Nations (UN), European Union (EU), France, Ukraine, etc) with using SUN Safewatch tool.
2. Filtering of all international transactions against all applicable sanctions lists (OFAC, UN, EU, France, Ukraine, etc.) with using SHINE Fircosoft tool.
3. Detection, analysis and reporting of potential sanctions circumvention cases and voluntary self-disclosure reports.
4. Sanctions advisory functions.
5. Corporate Social Responsibility (CSR) advisory functions for two sectorial policies (defense and armament, nuclear energy).
6. Definition and adaptation of critical sanctions related procedures and processes: Global sanction policy and sanctions guidelines, Major sanctioned countries and residents policies, Assets freezing policies, etc.

LOW RISK



MEDIUM RISK



HIGH RISK





- ✓ In charge of **periodic control**, **Internal Audit** is part of Inspection General function and contributes to the **protection of the activity and reputation** of the Bank by fulfilling its role as the **third line of defense**.
- ✓ Internal Audit, as defined in the IIA (Institute of Internal Auditors) International Professional Practices Framework, is “an **independent, objective assurance and consulting activity** designed to add value and improve an organization's operations”.
- ✓ Internal Audit continuously **interacts with the other Control Functions** (Compliance, Risk and Legal) to ensure coordination across their respective activities. In addition, it has regular contacts with regulators and external auditors on subjects of common interest.
- ✓ Internal Audit performs **control assignments a posteriori** according to a **multi-annual plan**, which covers all of the bank's activities. Internal Audit can take up any subject and has free access to all information in the whole Group.
- ✓ **2018 Audit Plan** was determined based on the results of the **Risk Assessment** and constraints in term of the audit cycle and resources. The Risk Assessment is performed on a yearly basis for each Audit Unit and combines an assessment of the **inherent risk** with the quality of the **GRC (Governance, Risk Management, Internal Control)** to define a residual risk.
- ✓ The Head of Internal Audit department directly reports to the Supervisory Board of the Bank.

- The rating agency **"Expert Rating"** confirmed the long-term **credit rating of UKRSIBBANK at uaAAA level** on the national Ukrainian scale, which means the highest level of creditworthiness.
- **№ 1 by quantity of implemented projects IQ energy** by the EBRD
- **Operational Excellence Award** by Deutsche Bank
- Mastercard BANK 2018 — **Premium competencies** — best services for Premium clients in Ukraine (2016-2018).
- Finalist of Best Loyalty Programme of the Year — **Financial Services and Loyalty Without a Name** by Loyalty Magazine Awards for the exceptional loyalty project **Ochevygoda**
- **№ 1 Overdrafts** by Financial Club Award 2018
- **№ 1 in the rating of banks' resilience** by financial portal Minfin
- **TOP-3 of the most reliable banks of Ukraine** by investment company Dragon Capital
- **TOP-3 of the most reliable Ukrainian and foreign banks of Ukraine** in 2018 by Internet-edition "Forinshurer"

APPENDIX

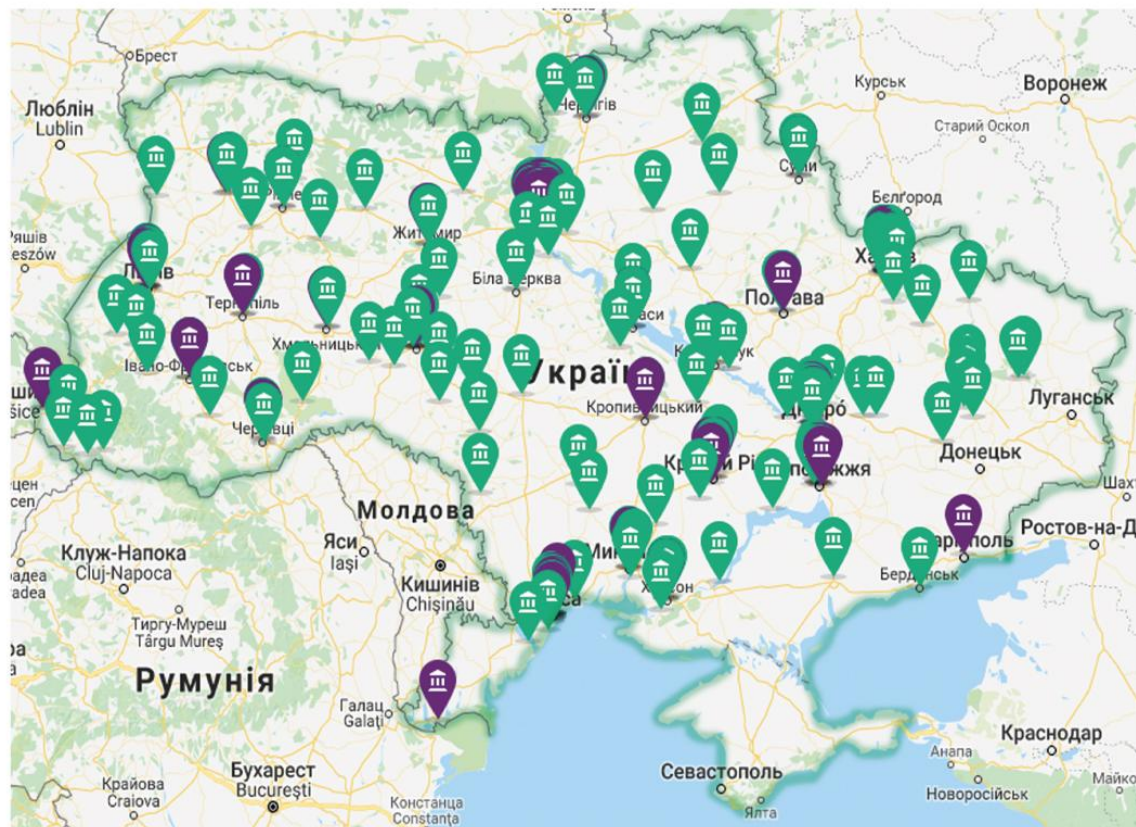
Branch network in Ukraine

300
working
Retail branches

84
cities

ATM network

1 000
Bank's ATMs



https://my.ukrsibbank.com/ua/branches_atms/map/