

CONSOLIDATED REPORT
ON MANAGEMENT

2022



UKRSIBBANK
BNP PARIBAS GROUP

The bank for a changing world



CONTEXT

This CONSOLIDATED REPORT ON MANAGEMENT is prepared according to NBU Resolution №373 “Instruction about preparation and communication of financial reporting of Ukrainian banks” dated 24.10.2011 with the last changes and additions from 4th of April, 2018. This report is an integral part of the obligatory annual reporting. Financial figures are extracted from the Consolidated Financial Statements.

DISCLAIMER

The following document is related to the bank results and achievements in 2022 as well as to the bank organization at the end of 2022.

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WELCOME SPEECH BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Clients and Partners,

In 2022, Ukraine faced a totally new environment, because of the Russian aggression against Ukraine that started on 24 February, and this is also true for UKRSIBBANK. Safety and security of our staff have always been a key priority for the Bank in order to operate in good conditions and with as less danger as possible, and to allow business continuity. The main objective of UKRSIBBANK has been, in line with NBU requirements, to maintain the bank operation and to provide the needed liquidity to the market and to our customers. The bank reconsidered and adjusted quickly its strategy, to make it sustainable during the war. These conditions significantly accelerated the digitalization of banking, remote services and the emergence of new solutions for our clients

Throughout the year of war and in never-anticipated conditions, all teams of UKRSIBBANK demonstrated extraordinary dedication, resilience, efficiency and an admirable ability to continue business activity and to support customers and Ukraine's economy. In 2022, the bank remained a very active player on the market, did its best to constantly support large corporates, and to implement initiatives to support society. Due to the war, many employees and clients of the bank were repeatedly forced to change their place of residence, moving to other cities or seeking shelter abroad.

Local management proved to be very effective, including in ensuring safe relocation of both our employees and their families to other Ukrainian cities. Additionally, a substantial number of employees found support from other entities of the BNP Paribas entities, especially in Poland where BNP Paribas Bank Polska organized with remarkable speed accommodation and work places for many of our employees. Let me thank them all very warmly here.

The entire BNP Paribas Group admires and respects the heroic engagement of the UKRSIBBANK teams, who continue to work in extremely difficult and never-seen conditions.

I also want to express my sincere gratitude to all BNP Paribas Group teams, who reacted immediately to the war in Ukraine and offered various support measures for both bank employees and their family members. Also, the Group contributes to the relief effort in Ukraine via the established Rescue & Recovery Fund.

The entire BNP Paribas family around the world will continue to support Ukraine. UKRSIBBANK remains fully committed to its market and to the Ukrainian society, which it feels itself more than ever part of.

Yours faithfully,
François Benaroya
Chairman of the Supervisory Board
UKRSIBBANK BNP Paribas Group



WELCOME SPEECH BY THE CHAIRMAN OF THE MANAGEMENT BOARD



Dear customers and partners,

2022 was the most difficult year in the history of Ukraine. However, despite the challenges of 2022, UKRSIBBANK demonstrates stability and good results thanks to the dedicated work of our team, the support of the shareholders and the trust of 2 million customers.

Since the beginning of the war, the first priorities were to ensure the safety of our employees & their families, as well as to provide uninterrupted service to our clients: individuals, entrepreneurs, SMEs and corporate businesses. As one of Ukraine’s largest and systemic banks, UKRSIBBANK joined the National Bank of Ukraine’s project POWER BANKING: a network of emergency bank branches which are able to operate and to serve customers even during a blackout. Such branches are equipped with all necessary means and have several communication channels to ensure continuous service in case of a blackout.

At the same time, in 2022, the bank continued developing digital services. The previous experience of Covid-19 was very helpful to continue serving our customers both in our branches and through remote service channels: ATMs, online platforms UKRSIB online and UKRSIB business or remote commercial platforms. The bank strengthened further digital remote service solutions, which in combination with the bank’s branch network, allowed its customers to receive services in different cities in Ukraine and abroad. This would not have been possible without the continuous investments over the years into a quality IT system and cyber security framework.

During the year, the bank developed many offers for small and medium enterprises, opened consultation areas in Diia.Business centers in many Ukraine cities and continued the «Women in Business» program.

In 2022, the bank received again the Top Employer certificate in Ukraine. Furthermore, it became one of the winners of the local nomination «HR during the war» for implementing the «People First» program — social support for employees.

The bank also supported socially essential projects. Thus, together with the UN Global Compact Network in Ukraine, UKRSIBBANK contributed to the launch of the mental help project to help Ukrainians overcome the psychological effects of war. In addition, with the support of BNP Paribas, the bank joined the initiatives of the fundraising platform United 24.

Finally, I would like to warmly thank all the teams of our bank. Our employees who work faithfully in an extremely difficult external environment, with courage, dedication to support our clients and determination to contribute to a positive impact on the country’s economy. I would also like to express my gratitude to our colleagues who defend Ukraine. It would not have been possible without all of you.

Best regards,
Laurent Dupuch,
Chairman of the Management Board
UKRSIBBANK BNP Paribas Group



MACROECONOMICS AND BANK ORGANIZATION

Kyiv
Kontraktova Square

UKRAINE MACROEVOLUTION

The evolution of the situation on the battlefield remains the key determinant of the economic outlook. With active hostilities being driven to the Southeastern regions and Ukrainian forces pushing on with a counter-offensive campaign now, the Ukrainian economy showed signs of recovery in 3Q22. Both business and consumer sentiment stabilized over that period. The grain deal, business relocation, and flawless work of the banking system allowing continuous transactions have also contributed to that.

But because of extensive missile attacks and drone strikes on the country's critical infrastructure that resumed in October, posing new challenges to the economy, Ukraine's GDP fell by one third this year to -29.2%.

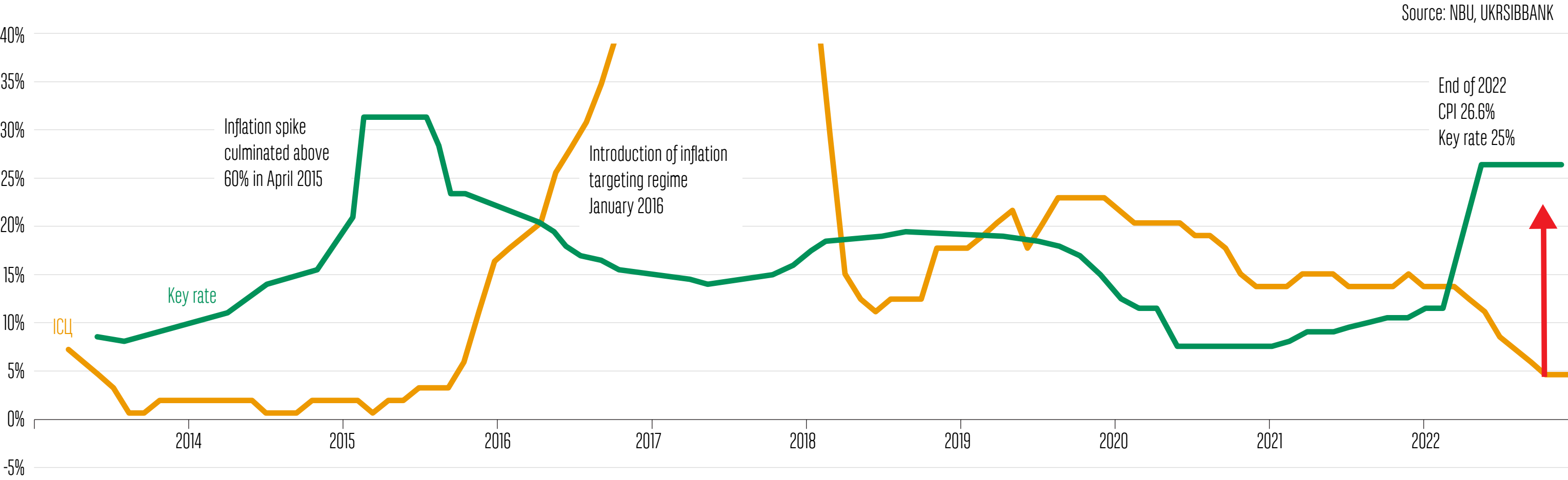
Next year, it will grow at a slower pace than was forecast before the start of Russia's mass missile attacks. This will slow the recovery of demand for financial services and cause additional credit losses for the banks.

Inflation remained high 26.6 % y/y due to the consequences of Russia's full-scale war against Ukraine, which led to the disruption of supply chains, destruction of production facilities, reduction in the supply of goods and services, the increase in business costs and electricity shortage. Food substituted fuel as a major inflation driver lately. Although many businesses have already adjusted to the war context, past disruptions in their operational processes keep echoing across various economic segments.

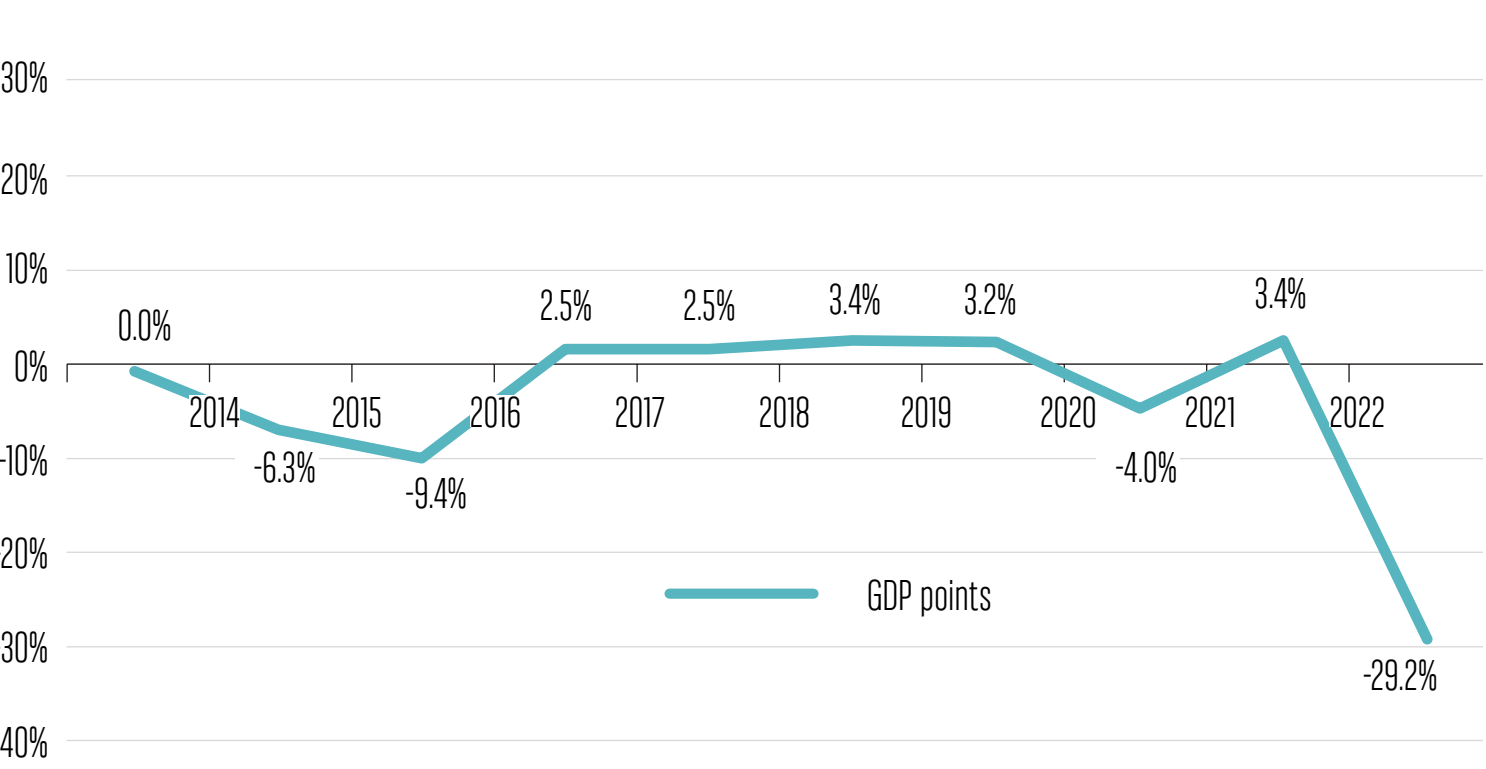
Components of the core CPI grew at a higher pace, reflecting high production costs, primarily of energy and logistics. The massive power outages, however, may add to food processing and storage costs, fuelling inflation in 1H23. Fuel prices accelerated due to higher demand (for generators) and difficulties with supplies.

In H2 2022 FX market pressures declined substantially, thanks to the exchange rate adjustment in summer as well as modifications of a number of FX restrictions. In July 2022, USD/UAH has been increased to 36.56.

CONSUMER PRICE INDEX (CPI) VS KEY POLICY RATE, %

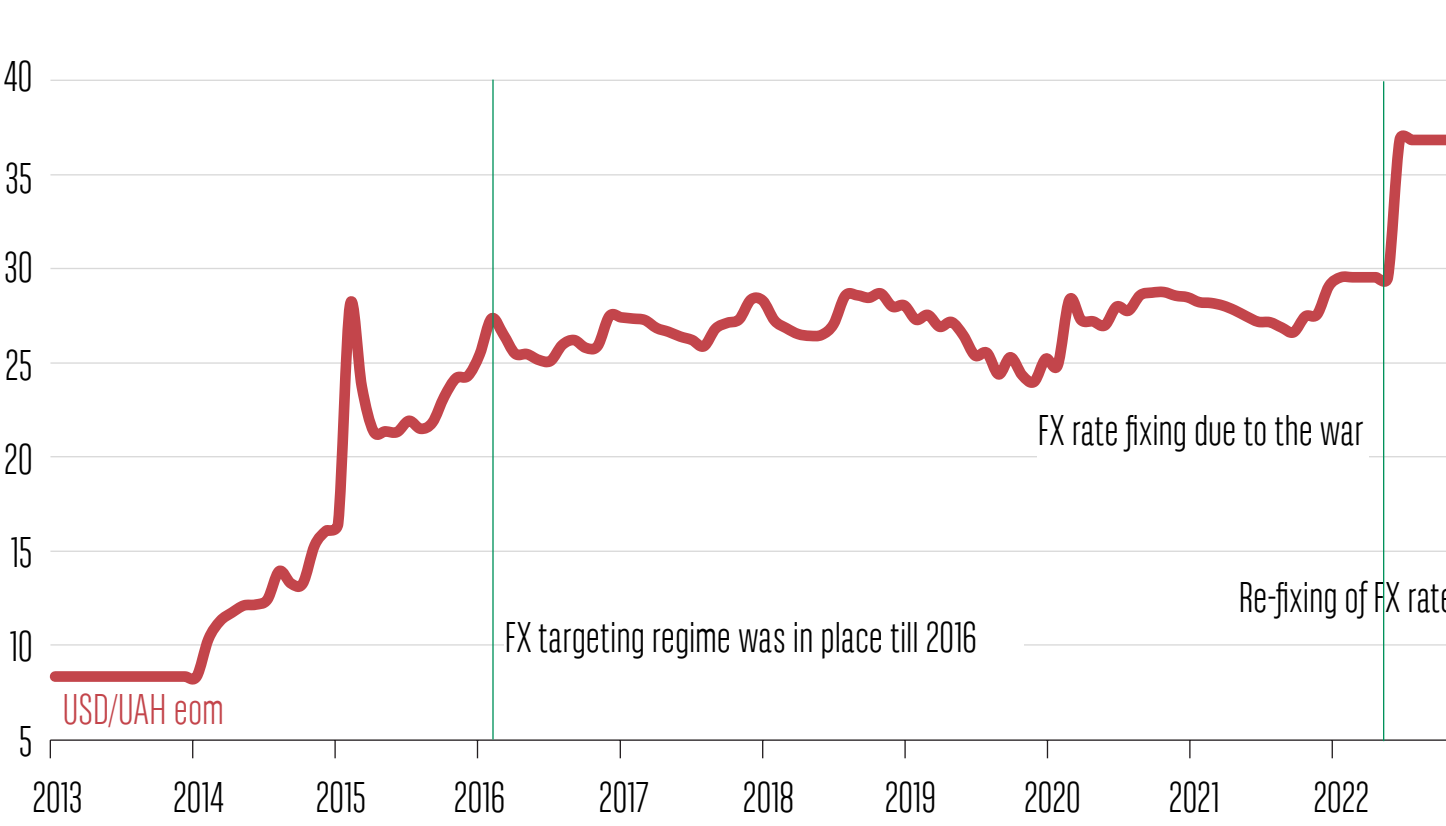


GDP EVOLUTION



Source: Ukrstat, UKRSIBBANK

USD/UAH EXCHANGE RATE

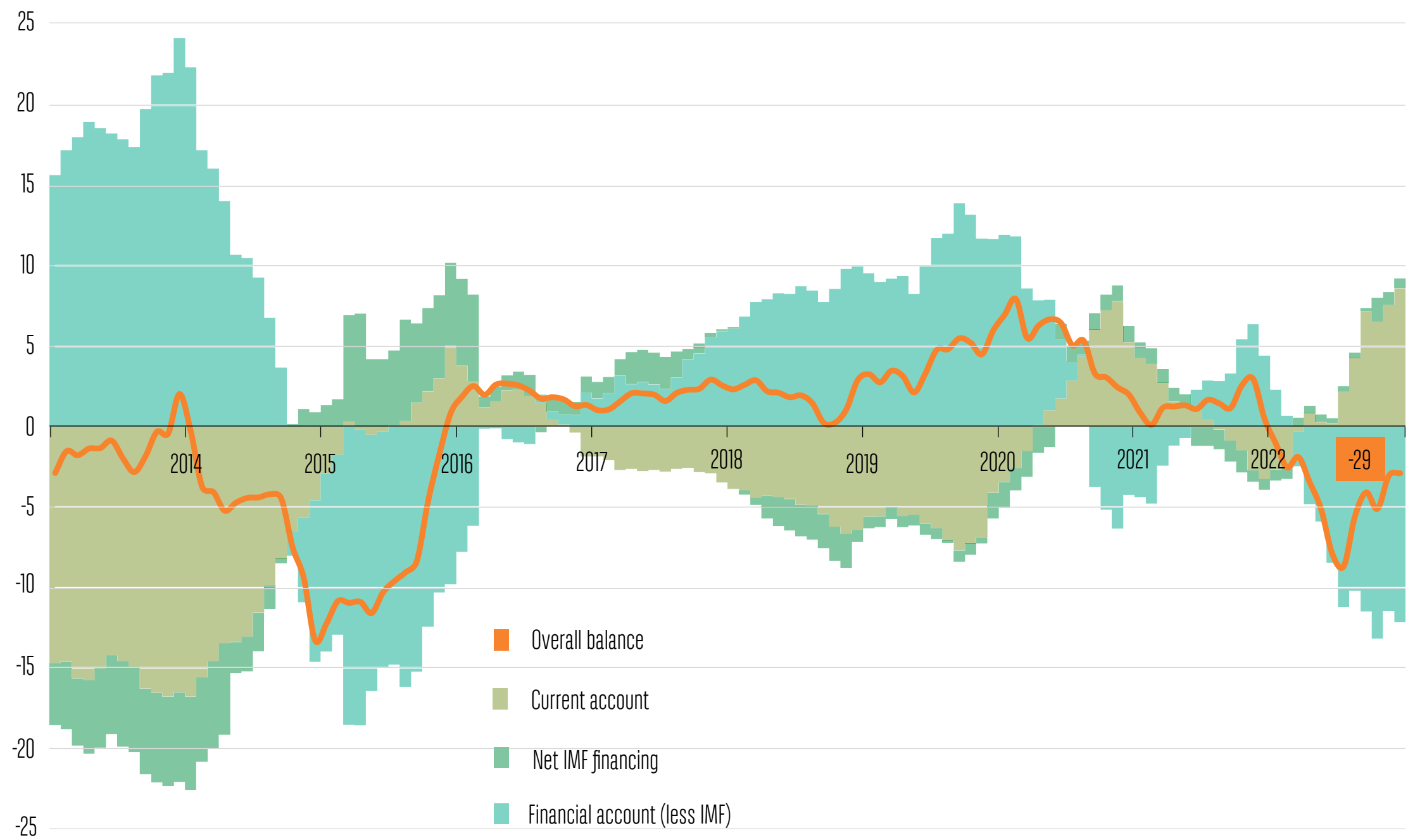


Source: NBU

UKRAINE MACROEVOLUTION

The deficit in trade in goods further widened primarily due to the increase in imports of petroleum products and equipment to go through the difficult winter as well as military equipment to defend the country. Additionally, the recovery of exports of goods was held back due to the intensified Russia’s blackmail over the grain initiative. External financial help remains the major source of FX funds for Ukraine, helping the authorities to cope with both State budget expenditures and local demand for FX.

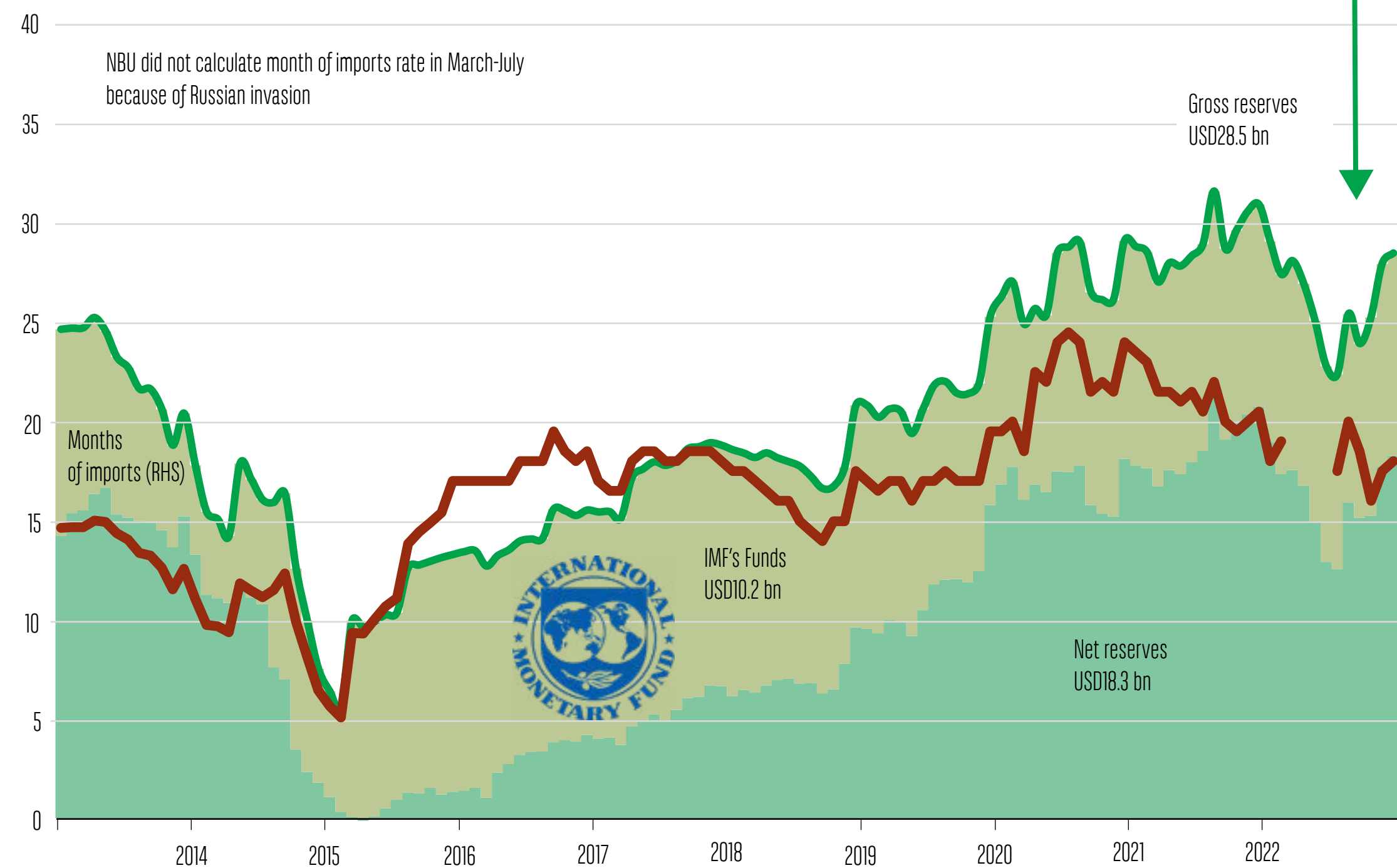
BALANCE OF PAYMENTS (TTM TO DEC 22), USD, BN



Source: NBU, TTM = Trailing 12 months

In recent months, the amounts of international financing have increased. In November, USD 2.5 bn was received as part of a macro-financial assistance from the EU and USD 1.5 bn as a grant from the USA. Since the beginning of the full-scale invasion till the end of December 2022, the amount of official financing has exceeded USD 31 bn. Thanks to stable inflows of foreign financing, international reserves grew to USD 28.5 bn.

NBU FX RESERVES, USD, BN



Source: NBU

ABOUT BNP PARIBAS GROUP

190 000
EMPLOYEES

65
COUNTRIES

€ 50.4 BILLION
REVENUES

€ 10.2 BILLION
NET INCOME GROUP SHARE

BNP PARIBAS GROUP AS OF TODAY

BNP Paribas is a top bank in the European Union and a major international banking establishment with almost 200-years history.

BNP Paribas’s solid, diversified and integrated model ensures close cooperation between its business lines and a culture of technology and relevant innovation in the service of its customers. The Group helps retail customers, associations, entrepreneurs, smaller companies, corporate and institutional customers succeed in their projects by offering them financing, investment, savings and protection services.

Strengthened by these advantages and in accordance with its objectives, BNP Paribas plays its roles in full as a financier of the economy, a responsible investor, and an accelerator in the necessary transition towards a sustainable economy.

Through the strength of its diversified and integrated model and its unique position as a European leader, the Group is continuing to develop the service to its clients, the economy and society, and is launching its 2025 Strategic Plan.

UKRSIBBANK IS PART OF BNP PARIBAS GROUP, A WORLD TOP FINANCIAL GROUP

Key BNP Paribas awards in 2022.

BNP Paribas was recognized for leadership with 2022 Euromoney Global Awards:

- The World’s Best Bank for Markets
- The World’s Best Bank for Corporates
- The World’s Best Bank for Sustainable Finance
- The World’s Best Bank for ESG, Data and Technology

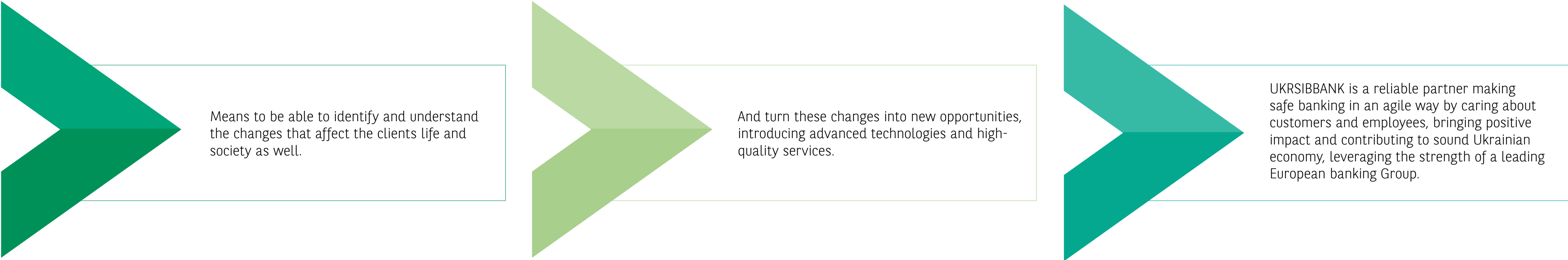
For the ninth year in a row, **BNP Paribas was awarded with the 2022 “Top Employers Institute” label.** This certification is made possible by BNP Paribas’ certification in eight countries of the Group: Belgium, France, Italy, Luxembourg, Poland, Turkey, Ukraine, and Spain.

BNP Paribas is the 1st French bank in **“Global 100 Most Sustainable Corporations”** ranking published by the magazine Corporate Knights.



UKRSIBBANK AS OF TODAY

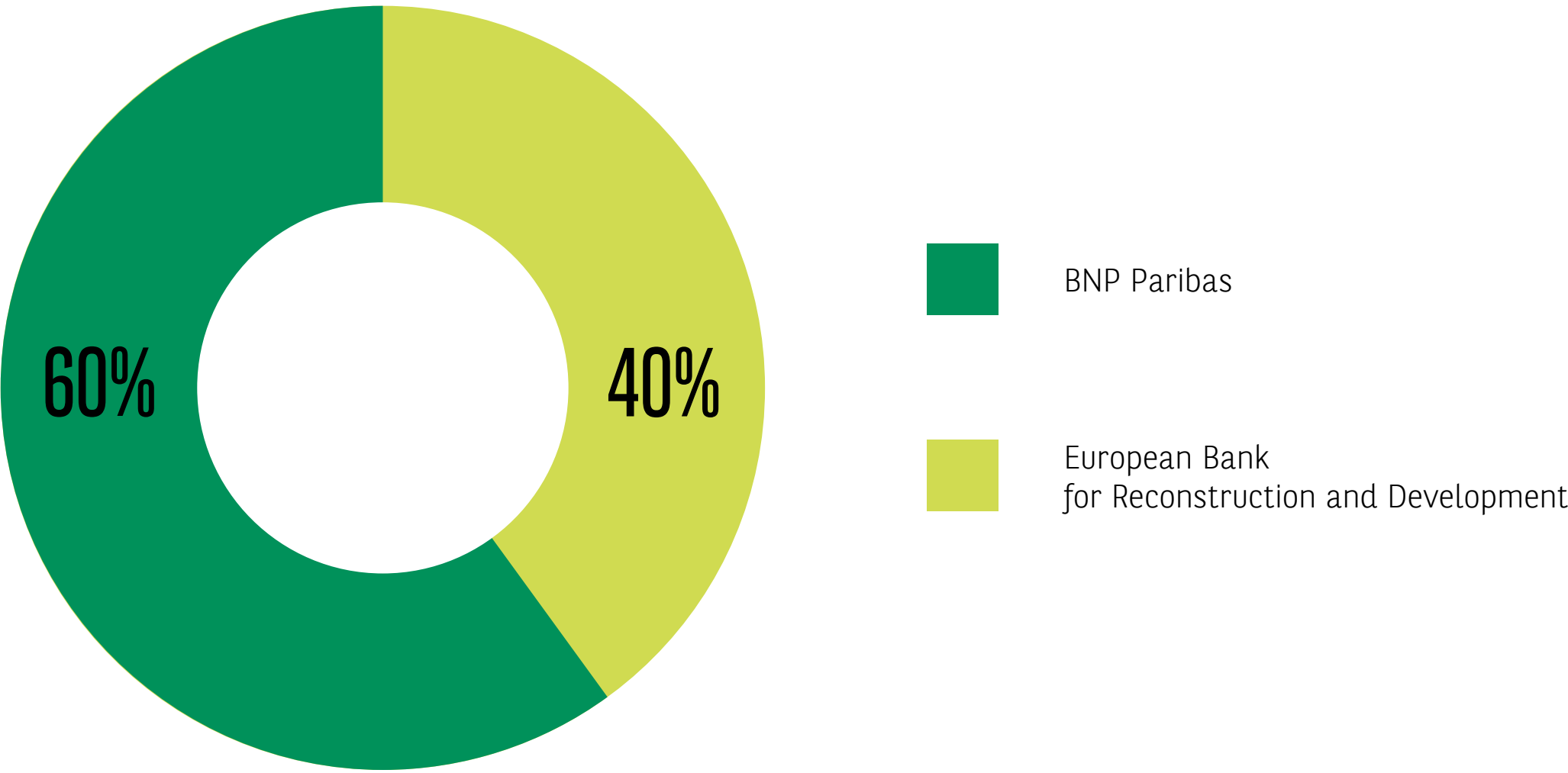
BEING THE BANK FOR A CHANGING WORLD



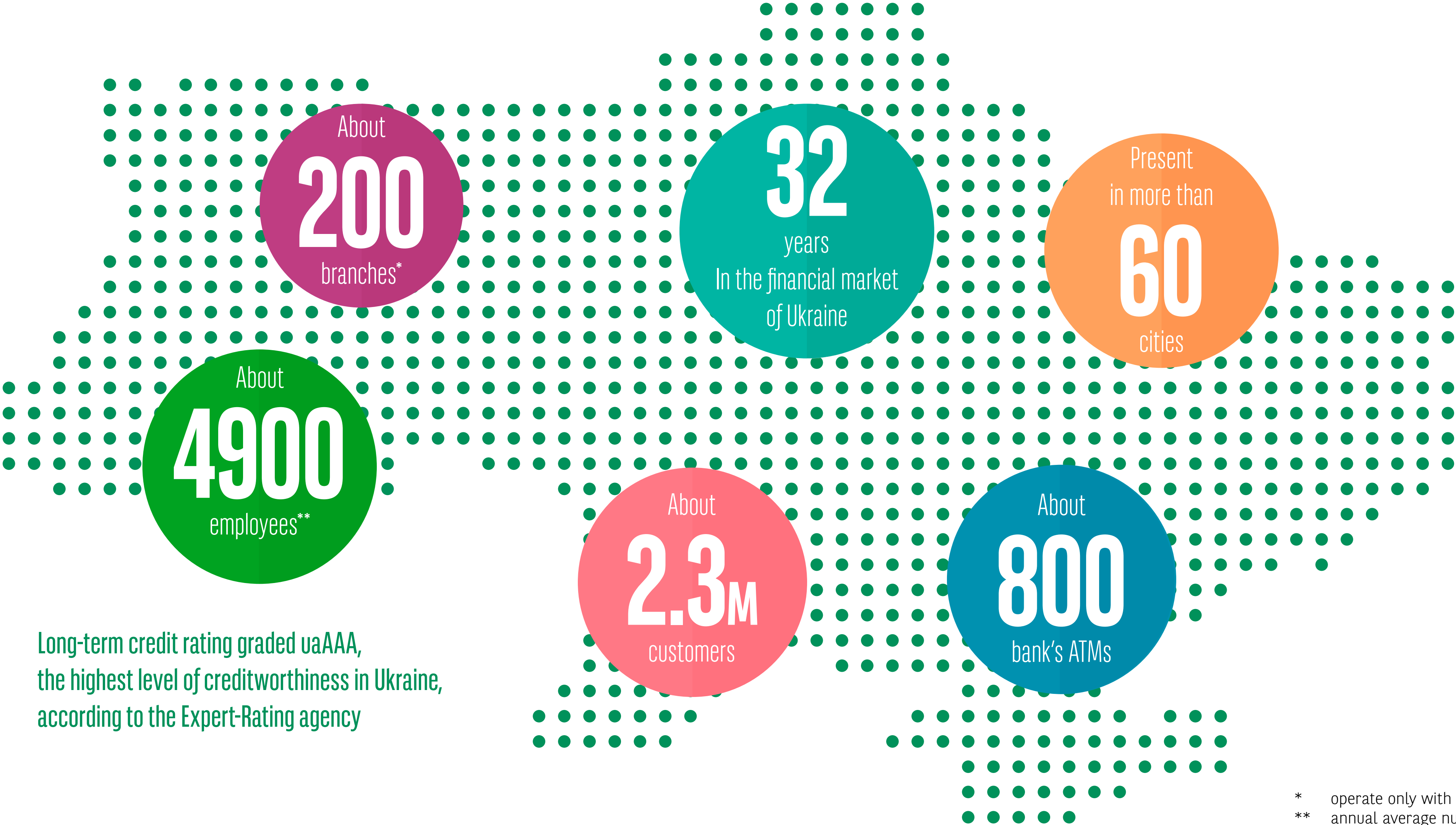
Nowadays, UKRSIBBANK is a universal bank that holds the top line of financial ratings in Ukraine and provides international level services. By working alongside our clients to promote a more environment friendly and a more inclusive economy, we make sustainable finance the foundation of our long-term growth.

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

SHAREHOLDERS OF UKRSIBBANK



UKRSIBBANK AS OF TODAY



SUPERVISORY BOARD MEMBERS AS OF THE END OF 2022

Head of the Supervisory Board	François BENAROYA
Member of the Supervisory Board	Luc DELVAUX
Member of the Supervisory Board	Mariusz WARYCH
Member of the Supervisory Board	Vincent METZ
Member of the Supervisory Board	Bertrand BARRIER
Member of the Supervisory Board	Claire LAUZERAL
Member of the Supervisory Board	Zulfira AKHMEDOVA
Member of the Supervisory Board	Pierre MIETKOWSKI
Member of the Supervisory Board	Dmytro SHOLOMKO



EXECUTIVES OF UKRSIBBANK BY THE END OF 2022



Laurent Dupuch*
Chairman
of the Management Board
UKRSIBBANK BNP Paribas Group



Olena Polianchuk*
Deputy Chairman
of the Management Board,
Head of Legal Department



Yuliia Kadulina*
Deputy Chairman
of the Management Board,
Personal Finance Director



Nataliia Savchuk*
Deputy Chairman
of the Management Board,
Chief Operating Officer



Dmytro Tsapenko*
Deputy Chairman
of the Management Board,
Head of Corporate Banking Department



Natalia Halunko
Head of Human Resources
Management Department



Jean-Eric Stoltz
Head of Risk Management
Department



Andrii Kashperuk*
Deputy Chairman
of the Management Board,
Head of Retail Banking



Piotr Konieczny *
Deputy Chairman
of the Management Board,
Head of Finance Department



Yanina Olkhovska
Head of Communications,
CSR and Engagement



Eric Racineux
Head of Internal
Audit Department



Sergiy Zagorulko *
Deputy Chairman
of the Management Board,
IT Director



Alla Vovk
Head of Debt Collection
and Recovery Department

* Management Board members

CORPORATE SOCIAL RESPONSIBILITY

Being the bank for a changing world means being responsible for the future.

UKRSIBBANK is a member of the UN Global Compact initiative. The bank is committed to the Ten Principles of the Global Compact in the areas of human rights, labor relations, the environment and the fight against corruption.

In 2022 by financing and servicing large and small companies, entrepreneurs, and individual clients, UKRSIBBANK continues to contribute to the development of Ukraine’s economy on a daily basis. As a partner, we help our clients implement projects that shape and improve their lives. At the same time, we adhere to the investment policy of responsible social and environmental financing, business ethics, support diversity and inclusion, involve a team and partners who share the values of sustainable development in socially important projects.

As part of the BNP Paribas Group, UKRSIBBANK implements 10 sectorial business-related policies: Defense and Security, Nuclear Energy, Agriculture, Palm oil, Wood

pulp, Coal-fired power generation, Mining, Unconventional Gas & Oil, Tobacco, Ocean Protection. In this regard, the group is a positive example for all international and local organizations, because its main intent is to make a positive contribution to the development of the community and the preservation of the planet.

Adhering to the social and environmental criteria identified by the Group in each sectorial policy considered to be the best practice in the relevant sector aims at maintaining a high reputation and encouraging clients’ engagement to improve their practices, for a better world.

All sectors are concerned by the respect of human rights; this is why it is included in all our sector policies.

Climate change and more specifically deforestation is addressed by a series of CSR sector policies for the agriculture, palm oil and wood pulp activities. We have a CSR policy for mining which also contains references to our No Deforestation principle.

Climate change/energy transition is addressed by CSR sector policies for coal-fired power plants, unconventional oil & gas, nuclear power, mining (more specifically thermal coal).

In addition, since 2022 UKRSIBBANK is progressively implementing a new dimension of the Sustainable development — ESG stream.

ESG stands for environmental, social and governance is a term used to represent an organization’s corporate financial interests that focus mainly on sustainable and ethical impacts. The main goal of ESG banking is to support projects and businesses that have a positive impact on the society and the environment. This can include investments in renewable energy, green infrastructure, affordable and energy-saving housing, and more. It is a new activity, which the bank is developing and promoting according to the BNP Paribas Group rules and local legislation standards.



ENGAGEMENT

Continuity of banking services is the key to a full-fledged everyday life of people and to the support of the country’s economy. Since February 24, the full team of UKRSIBBANK has been providing continuity of banking processes to ensure high-quality and necessary financial services to about 2 million clients as well as to support and implement socially responsible projects to contribute to the development of the country’s medicine.



ENTREPRENEURSHIP

Small and medium businesses are critical drivers of Ukraine’s economy. During the war, entrepreneurs and managers are showing incredible resilience, adaptability and perseverance.

To help entrepreneurs find answers to their questions, **UKRSIBBANK together with Mastercard launched special consultation areas in Diia.Business.** Here, every entrepreneur can receive information about financial solutions for the development of his/her business. Such consultation areas have already worked in Ternopil, Uzhhorod, Kryvyi Rih, Poltava, Odesa. An additional location is contemplated. The purpose of such centers is to stimulate the entrepreneurial community and to become an educational and networking hub, where local entrepreneurs could transparently exchange experience and learn. Here the bank helps companies with financial expertise as well. «Finansyst» is one of the educational programs that UKRSIBBANK supervises together with Mastercard. As part of the initiative, the bank’s experts provided a series of educational meetings with entrepreneurs in the centers and online platform of Diia.Business.

In 2022 the bank continued the program “Women in business” which aims to help women-entrepreneurs in the implementation of their business plans and ambitions. Such projects are of great importance during the war, because women found themselves in a particularly difficult economic situation. More than 5,000 Ukrainian women took part in bank’s seminars in 2022, they showed resilience and desire to develop their own business to support the economy of our country today and in the future. Also, in 2022 the bank supported key events for women. For instance, “Created by Women” contest in partnership with the French Chamber of Commerce and Industry etc.

SUSTAINABILITY

In 2022, for the second year in a row, UKRSIBBANK supported the **INTERNATIONAL SUSTAINABILITY FORUM**, which gathered like-minded people and change-makers on the topic of transition to a green model of the Ukrainian economy. As a member of the international financial Group BNP Paribas — the leader of sustainable financing in Europe, the bank is convinced that positive banking contributes to the sustainable development of the economy, reduces the impact on the environment, and at the same time ensures compliance with global values of society and high standards of corporate governance.

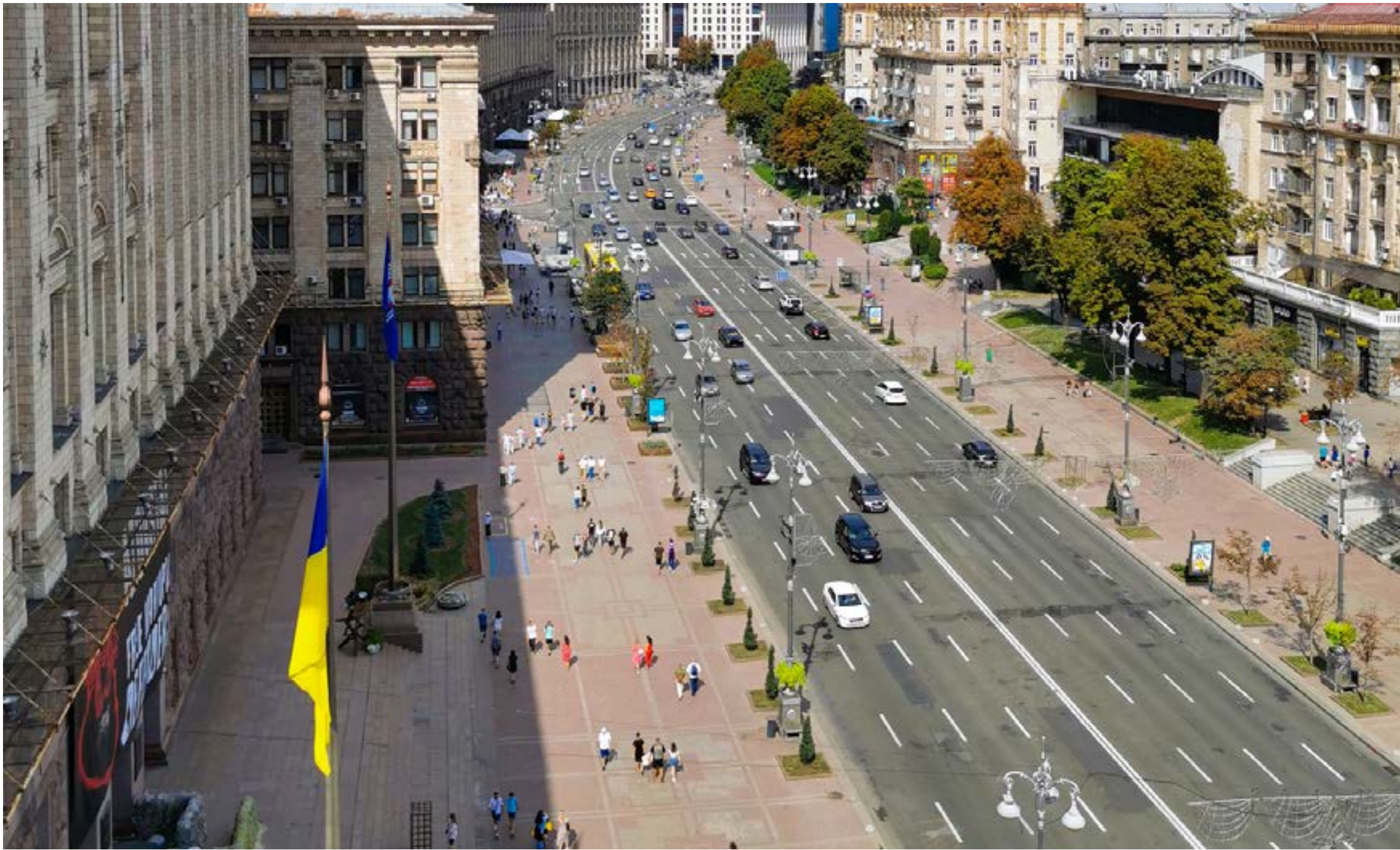
UKRSIBBANK constantly develops and supports a number of projects that have a positive impact on the future of our society and introduces progressive technological financial solutions that meet ESG criteria and the expectations of clients. Such decisions are relevant for the development and recovery of the economy of Ukraine, as well as the encouragement of people with various knowledge to create and develop business.

Also, as a socially responsible business UKRSIBBANK strives to have a positive impact on the environment. For this purpose, the bank implemented a Paper Policy, which contains rules for employees on responsible paper use, and targets for 2025. Each employee can help the bank to implement this policy, save resources and the environment by following the simple rules detailed in the document. Besides, UKRSIBBANK as part of BNP Paribas Group is committed to the environmental program «Green Company for Employees» to reduce direct environmental impact. Since 2019, the bank has been implementing its Policy to reduce single-use plastic in the bank and it encourages customers, partners and employees to join this initiative.

THINK LOCAL — SOCIETY

UKRSIBBANK with the support of BNP Paribas Group joined the fundraiser **for Medical Aid, by donating 28.8 million UAH via the United 24 fundraising platform** launched by the President of Ukraine as the main venue for collecting charitable donations in support of Ukraine. Fully-equipped ambulances will be purchased with this donation. It will help support Ukraine and its people by providing them with wider access to medical services.

Russia's aggression against Ukraine caused irreparable consequences not only for the physical, but also for the mental health of Ukrainians. According to the analytics, 15 million Ukrainians need psychological help. Among them there are children, adults, and elderly people. Unfortunately, not all Ukrainians can afford to pay for the services of a professional psychologist. **Together with the Global Compact Network Ukraine UKRSIBBANK launched the «Mental Help» project to help Ukrainians overcome the psychological consequences of the war.** This support is free of charge. We involve a professional team of psychologists in consultations. All sessions are conducted online.



YOUNG GENERATION

We believe that innovation is the voice of youth, so we support numerous projects aimed at developing the potential of young people, both students and kids.

For many years in a row, UKRSIBBANK has been implementing programs for students to develop talented young people and involve them in the development of the Ukrainian banking sector. So, the talented students could receive opportunities to join UKRSIBBANK team and build career in the international company. In 2022 UKRSIBBANK also engaged students in different projects, like AIESEC Forum Youth Speak, IT Security Champ 2022, etc.

Besides this, the bank pays attention to children and young people with special needs. For instance, for more than 10 years UKRSIBBANK has been supporting people with Down Syndrome through project Silver coin. Today, it is essential to involve society in projects, thanks to which we can develop the characteristics of each child, give the right to the existence of different views, progressive ideas or new role models in society.



ACTUAL RATINGS AND AWARDS 2022

**Long-term rating
at the level
of uaAAA**

at the national Ukrainian scale
according to the rating agency
«Expert-Rating».

**No. 1 in the rating of viability
of banks based on the results
of the first half of 2022**

according to the Mind.ua, a leading
business internet media.

**UKRSIBBANK was certified
as a TOP Employer 2022
in Ukraine and Europe**

as part of BNP Paribas, Top Employer
Institute certification.

**UKRSIBBANK is in the list
«50 Best Employers 2022»**

rating by Forbes Ukraine magazine.

No. 1 among banks
in the Forbes magazine rating
“30 resilient private companies
of Ukraine”.

**No. 2 in the rating of banks
by financial reliability
for the 2nd quarter of 2022**

according to the results
of the YouControl analysis.

**No. 3 in the bank stability
rating according
to the results
of the FinAwards**

provided by the minfin.com.ua.

**UKRSIBBANK’s contact center
is in the TOP 5 winners**
of the DZWINNER competition.

Kharkiv
The city garden
named after Taras Shevchenko

BUSINESS MODEL

UKRSIBBANK strategy is to be a universal bank that offers diversified products while maintaining a flexible and prudent risk-based approach. We are able to combine strengths and knowledge between business lines in order to provide the most appropriate products to our customers. Growing our client base and increasing loyalty is one of our key objectives.

MISSION: We are a reliable partner making safe banking in an agile way by caring about customers and employees, bringing positive impact and contributing to sound Ukrainian economy, leveraging also the strength of the leading European banking Group.

VISION: As part of an international financial Group, we strive to be the most reliable and trustworthy bank, an attractive and predictable financial partner for responsible customers.

**KEY
ACTIVITY
DIRECTIONS:** The strategic choice of the shareholders is to build a resilient universal bank with strong and diversified client base, reliable liquidity support, reasonable credit risk policy, strong compliance culture and acceptable cost/income ratio, formalized in an annual budget and in the 2025 plan based on Growth, Technology, and Sustainability.

UKRSIBBANK aims at becoming a leader in sustainable finance. By working alongside our partners and clients we promote a more environment-friendly and inclusive economy, we make sustainable finance the foundation of our long-term partnership. By so doing, our team makes a positive impact on the Ukrainian economy, society, and environment.



CORPORATES

- One Bank philosophy
- Centralized team serving 3 segments:
 - multinational companies (MNC)
 - local corporates
 - agri companies
- Financial Market:
 - liquidity & interest rate risk management
 - brokerage & custody services
 - Fx Sales for all Business lines

SME

- Providing daily banking solutions to support our clients through:
 - payments solutions
 - cards
 - deposits
 - loans
 - Insurance
- UKRSIB business

RETAIL

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

UKRSIBBANK FOR CORPORATE CLIENTS

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 65 countries).

The One Bank platform provides internationally operating corporate clients 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 foreign currencies, 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.

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, customized solutions covering all aspects of cash management: local & international payments, mass payments, salary projects, cash collection, Global Channels, e-commerce, merchant acquiring, corporate cards, int. reporting (MT940/942).

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

BNP Paribas trade finance franchise is recognized as one of the world’s top three and the first one in Europe. We enable clients to optimize, secure and finance international transactions worldwide. We offer trade products and services including letters of credit (export, import), documentary collections, guarantees, domestic supply chain financing (reverse factoring).

WHEN THE FULL-SCALE INVASION STARTED, UKRSIBBANK:

- Supported businesses financially, namely, continued financing the majority of the existing credit limits, allowed not to pay interest for credits in the first months of the war and didn’t apply penalties; temporarily cancelled commissions for acquiring;
- Supported business advisory, providing extended comments, organizing respective seminars on the legislative changes related to operations with cash balances and currency operations;
- Conducted necessary technical and organizational setup adjustments to ensure business continuity providing banking services both in online and offline formats;
- Remained a solid and resilient banking partner for our clients in the most turbulent environment ever faced by any BNP subsidiary;
- Streamlined, adapted and simplified processes whenever possible to be in line with new reality.

UKRSIBBANK ELECTRONIC PAYMENT SYSTEMS

UKRSIB business local Ukrainian e-banking platform

CONNEXIS WEB-BASED BANKING PLATFORM AVAILABLE

45 countries including Ukraine

20 supported languages

6 100+ customers

55 000+

number of users

10 000+

number of clients

HOST TO HOST SWIFTNET AND EBICS SOLUTIONS DEPLOYED

22 European countries including Ukraine

39 countries worldwide

330+ customers

FINANCIAL MARKETS IN UKRSIBBANK

UKRSIBBANK is one of the leading banks in Ukraine in terms of FX. We have built a balanced portfolio of exporters and importers which allows us to provide our clients with the best rates available on the market. Despite the turbulence and volatility in the war situation in Ukraine, we ensured the provision of our high standard products and services to our clients. UKRSIBBANK provides all LCAPM products and services allowed by the regulator.

KEY IMPORTERS

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

KEY EXPORTER

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

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, NDF buy/sell deals
- Offering FX swaps to clients

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

CURRENCIES TRADED in 2022:

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



UKRSIBBANK FOR RETAIL CLIENTS

CLIENTS

The bank provides financial services to individuals as well as businesses (incl. micro-enterprises).

The bank maintained its clients base, with open accounts and active products, stable and serviced 2.3m clients by the end of 2022. Key client segments Premium and SME grew by 6% compared to 2021, reaching 264k (of which 175k belong to Premium).

LOANS

In the current circumstances the bank focuses on safety and reliability for customers and conducts a restrained and prudent lending policy.

The bank focused its strategy on the portfolio, and clients monitoring, support and improvement of the level of services despite the war (including digital services).

SMALL AND MEDIUM BUSINESS

The bank significantly decreased SME loan portfolio (UAH) from 2.3B UAH to 0.6B UAH. Hundreds of clients received commercial extension of credit contracts and tens of clients received new limits.

INDIVIDUAL CREDIT SOLUTIONS

Wartime had a significant impact on consumer finance business and clients’ capability to service their debts. Bank applied all required measures to support clients during martial law period: over 125 thousands clients received credit holidays, followed by large-scale refinancing program, which provides tailored solutions depending on the difficulty of clients

DEPOSITS

The bank remains a key player on the market in terms of volumes, and maintained a solid development in 2022 by increasing its balance by 39%.

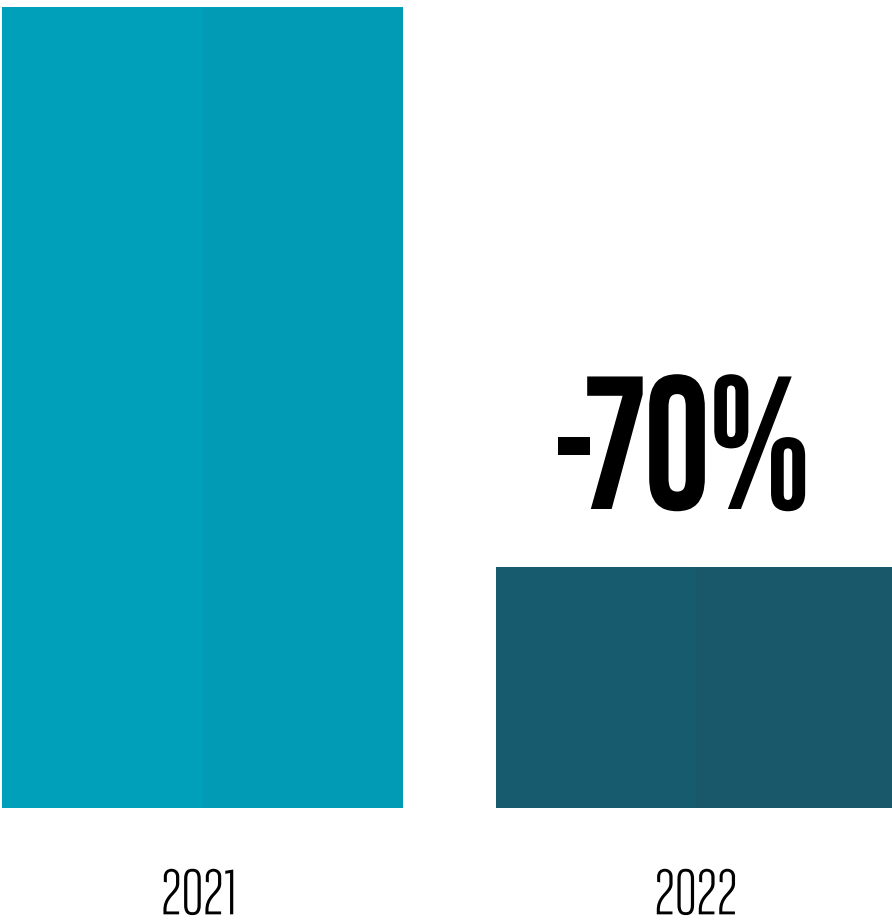
The bank offers its customers a whole range of products: demand deposits, savings accounts and term deposits.

2 350 000 CLIENTS

DEPOSITS GROWTH



LOANS DECREASE



UKRSIBBANK FOR RETAIL CLIENTS

NETWORK STRATEGY

Following worldwide market evolution, Retail strategy is to become a client-centric bank with the highest quality of services and customer journey focused on Omni channel. War time confirmed these priorities and set an ultimate transformation direction. Our focus is to build a high-quality flexible service model for upper segments in SME and individual clients.

To achieve this goal and to respond to the uncertainty of war time, the bank develops digital and remote customer service, which allows the clients to receive servicing countrywide and even abroad.

In physical branches, the bank’s goal is to maintain a good coverage with focus on key large cities (slight move to the west, keep business in key cities with good micro market potential) as well as to decrease cost-to-serve by optimizing branches service model.

DIGITAL

The bank takes significant efforts to develop clients’ digital solutions. The possibility of receiving remote service without visiting bank branches in the current conditions was acknowledged by the customers. Due to implementation of UKRSIB online, average active users per month increased from 27% (2018) to 67% (2022). Active usage of UKRSIB business by clients in 2022 and continuous improvement of the system is confirmed by 2022 the System Usability Scale (SUS is reliable tool for measuring the usability) index growth (SME 66 (+2), FCC 73 (+8), CB 78 (+7)).

Despite the large number of regulatory tasks, UKRSIB online implemented such features as: Diya — document sharing, ePidtrymka, finalized UX-design, and started development of new app etc. UKRSIB business added a bunch of new features and improvements in FX module, launched automated notifications, added tax payments for the salary module etc., developed new native mobile application (F&F in 1Q2023). A new corporate website has been launched in 4Q2022 on a new platform that offers better user’s experience for clients and new sales opportunities for the bank.

Further developments in 2023 are focused around: client’s experience improvements, full digital onboarding for individual and business customers, development of new mobile applications, increase of sales through digital and remote channels.

PAYMENT STRATEGY

The bank serviced a total of 1.8M active cards by the end of 2022. Customers benefit from different levels of packages: All Inclusive, Black Edition, World Elite packages, Corporate and Business cards for SME and Corporate clients.

War circumstances affected the consumer habits towards digitalization, changed a little bit the payment behavior, down in POS-transactions and growth in cash. We see positive trend of digital wallets usage (tokens). Volume of transactions increased in November (+19% YTY). Main drivers were cash withdrawal in ATM and domestic P2P.

Number of transactions dropped (-7% MtM and -9% YTY). Some clients relocated abroad or in the Western part of Ukraine. To support our clients facing cards’ expiry, expiration dates were extended until the end of war and virtual card usage was scaled up.

The main priority was and still is to ensure business continuity, nevertheless we continue working on Debit card package redesign, make preparations to launch Tap on phone solution and perform integration to Visa tokenization service to continue implementing innovative solutions.



STRATEGY & FINANCIAL PERFORMANCE

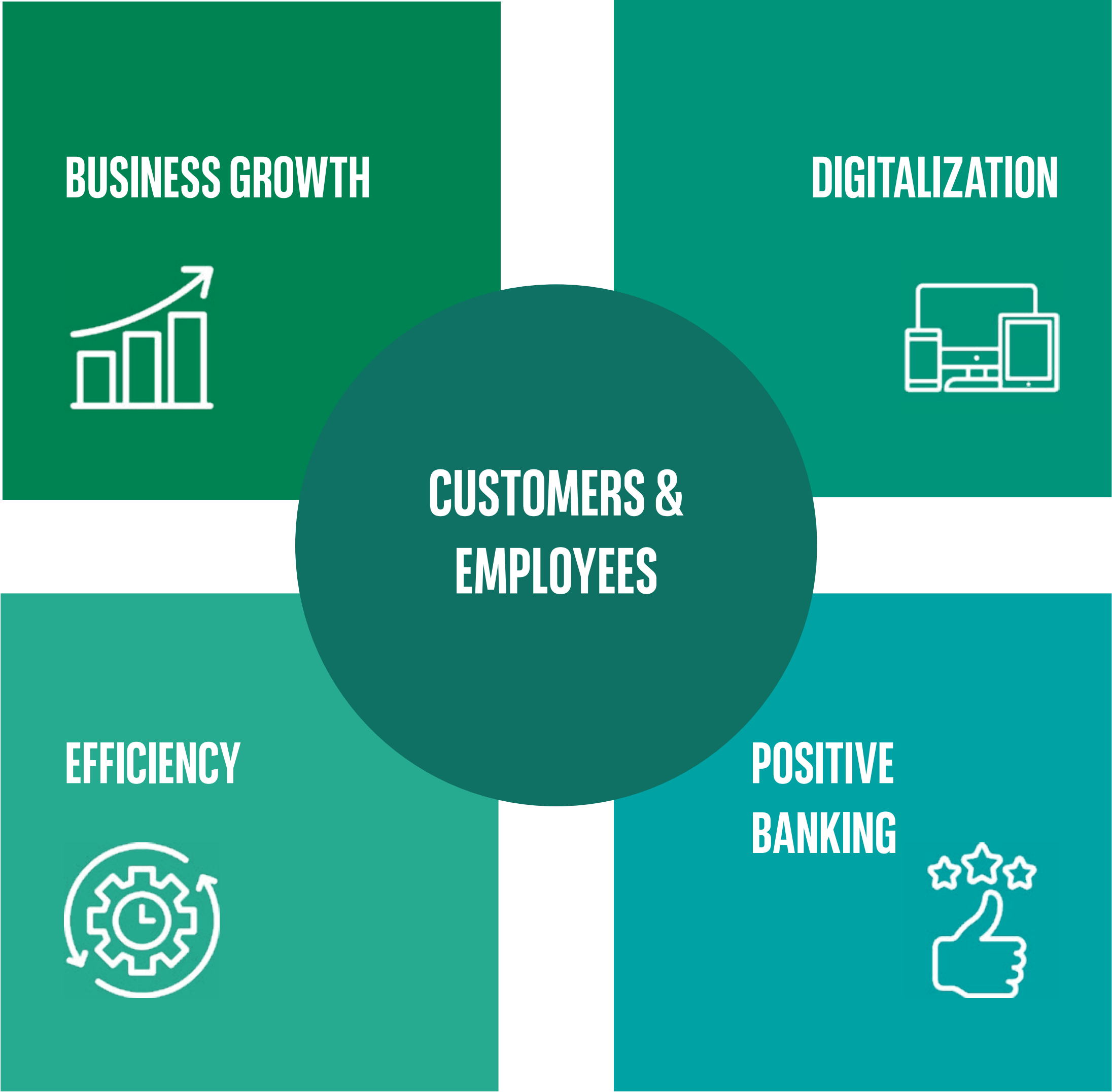
2022-2025 STRATEGIC PILLARS

MISSION

We are a reliable partner making safe banking in an agile way and leveraging the strength of a leading European Banking Group:

- caring about customers and employees
- contributing to sound Ukrainian economy
- bringing positive impact

UKRSIBBANK overall strategy follows main BNP Paribas orientations for 2022-2025 Strategic Plan and consists of the following pillars:



- Obviously, the strategy for 2022/2023 had to be revisited to adjust to the war conditions, and it will be further revised and adapted to the environment, once Martial Law for Ukraine will be abolished.
- At the moment the bank is focusing on the following strategic objectives:
 - to ensure safe bank operations in the current environment;
 - to invest in digitalization, IT, data usage, and getting required skills to support the necessary transformation of the existing business model;
 - to continue Agile transformation with prime focus on operational efficiency and transactional banking

Our long-term goal — is to be a partner of the country development, by beefing up the shares of the lending market and innovative services in profitable customer/ product niches, using also experience transferred from the BNP Paribas banking group to develop these segments.

FINANCIAL RESULTS & STRUCTURE

KEY 2022 HIGHLIGHTS

- The bank business model demonstrated resilience to extreme changes in the external environment this year, as evidenced by good Gross Operating Results (+7.5 bUAH), which in full covered the rapidly increased Cost of Risk (-3.1 bUAH).
- Conservative lending policies consequently implemented throughout the last years, aimed at supporting the best customers. Efforts were concentrated on managing the increased risks during the year, resulting in a relatively limited growth of NPL ratio to 14.8%, while Loans/Deposits ratio decreased from 43% to 16% at the end of the year.
- Business continuity plan (BCP) introduced earlier already but fully activated since February 24th, 2022 ensured the proper adaptation of the bank’s operations to the ongoing hostilities by reallocating staff, flexible management of the network operations whenever it was safe, availability of IT systems/platform for both customer and employees. Meanwhile, a robust system of expenses management allowed to keep expenses at the budget level in spite of the sharp growth of BCP costs.

FORWARD LOOKING STATEMENT

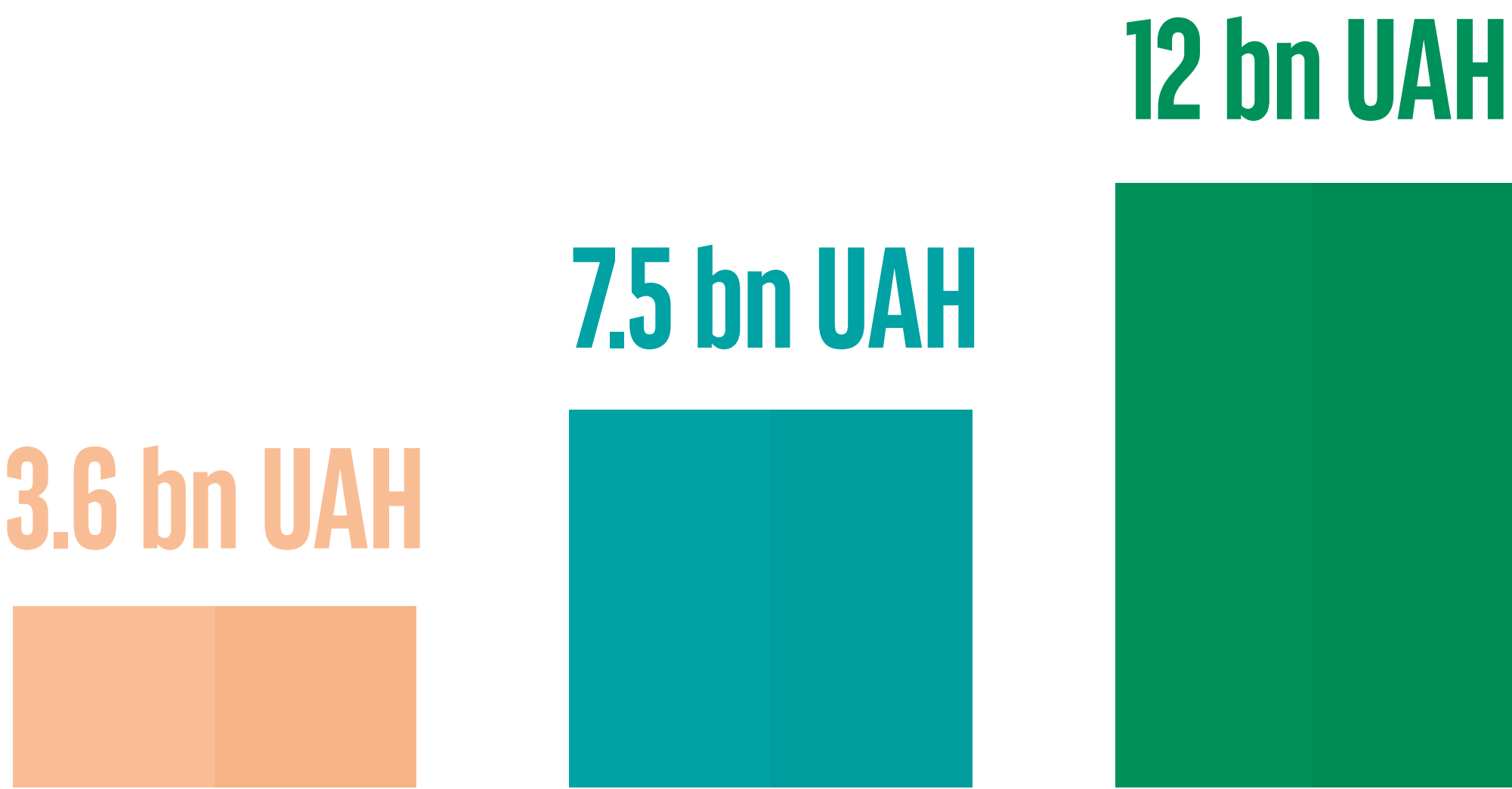
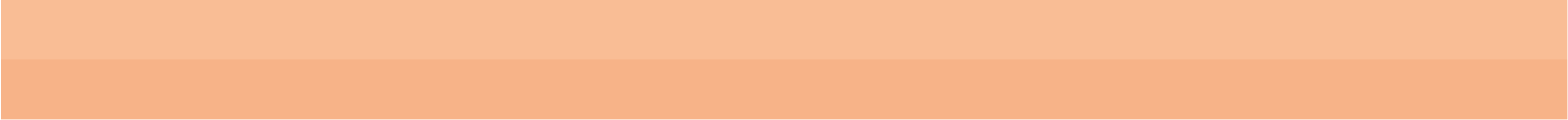
- The bank will continue to operate the universal banking model with necessary adjustments driven by the changes in the customers’ expectations and by external macro and geopolitical environment.
- The primary short term objectives of the bank, taking into account the current level of uncertainty, is to ensure bank’s operations through implementation of business continuity plan, employees’ safety and financial stability.
- The bank is continuing investing into ongoing transformation, aiming to actively participate in the post war recovery of Ukraine.

2022 KEY PERFORMANCE INDICATORS

LOANS



DEPOSITS



PROFIT (1)

GROSS OPERATING INCOME

NET BANKING INCOME

(1) Profits Before taxes

CAPITAL AND LIQUIDITY STRUCTURE

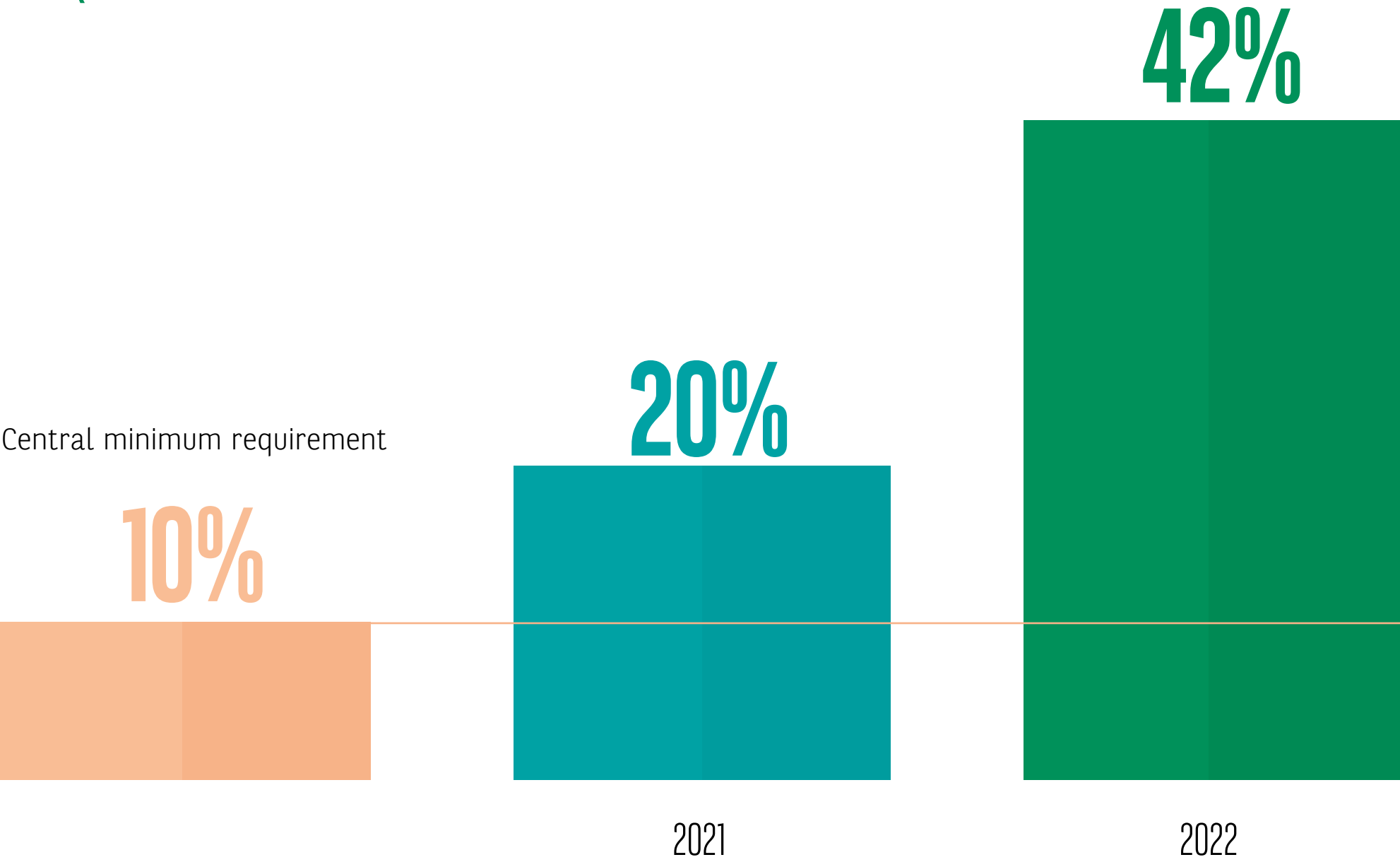
CAPITAL

- The bank’s profitable activity during last years, with the strong focus on risk management, together with restrictions of the Central Bank on capital distribution, led to excessive capital surplus at the end of year;
- Within the normal course of business and during the year, BNP Paribas continues to provide some guarantees to the bank;
- UKRSIBBANK uses both Tier 1 and Tier 2 capital instruments for managing capital.

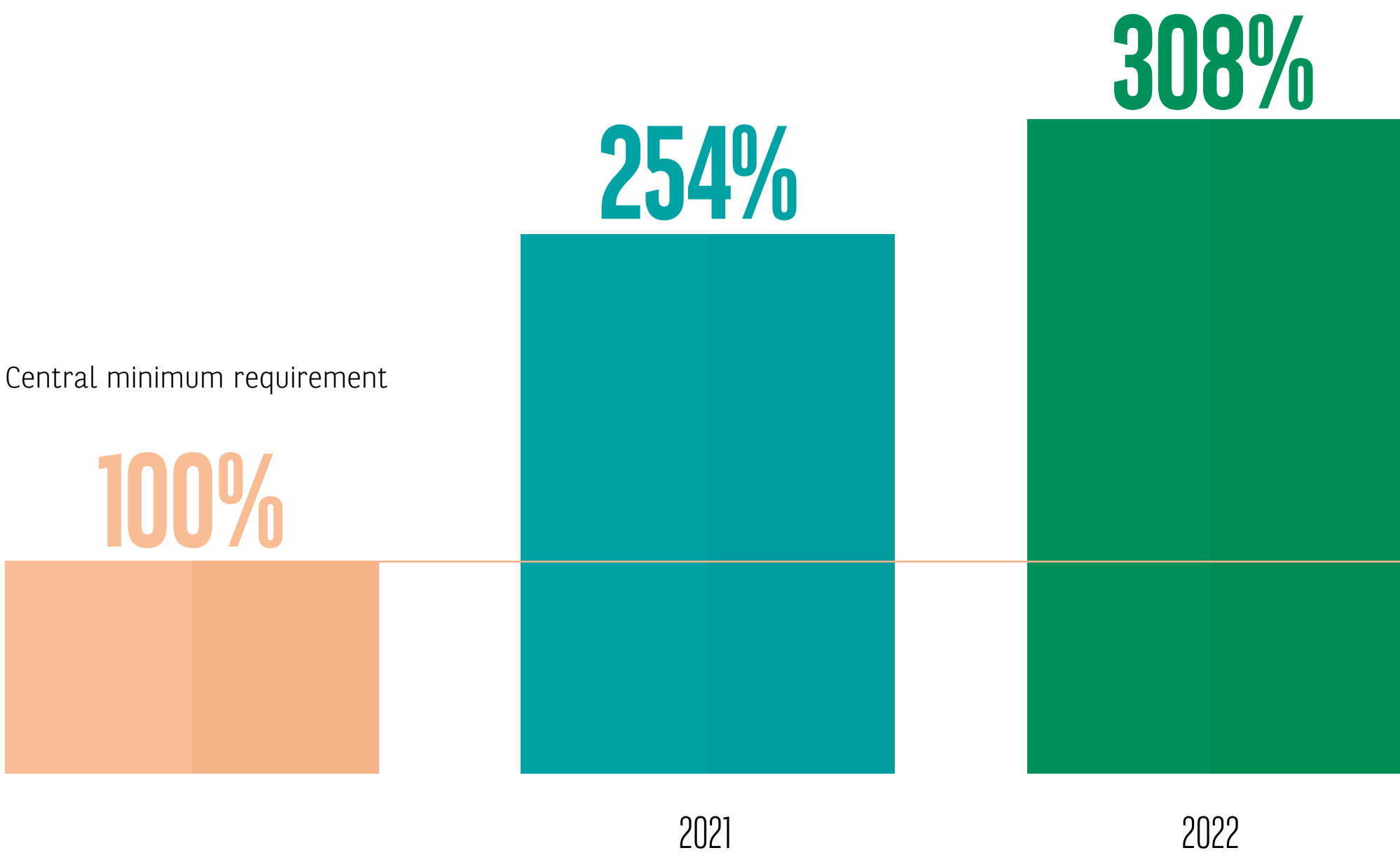
LIQUIDITY

- By nature, the bank must ensure sufficient liquidity at all times, be it under normal or stressed scenarios, to gain and retain the confidence of its clients;
- The bank is not dependent on wholesale funding of local or international financial institutions. Its deposits base is stable and diversified, and consists of Corporate, SME and Individual clients’ deposits;
- The bank keeps available liquidity with BNP Paribas and within the normal course of business performs interbank operations only with good rated foreign banks and a limited number of local banks (State-owned, or subsidiaries of foreign banks);
- The bank follows a careful investment policy and doesn’t plan to purchase subsidiaries or shares.

CAPITAL ADEQUACY RATIO



LIQUIDITY COVERAGE RATIO

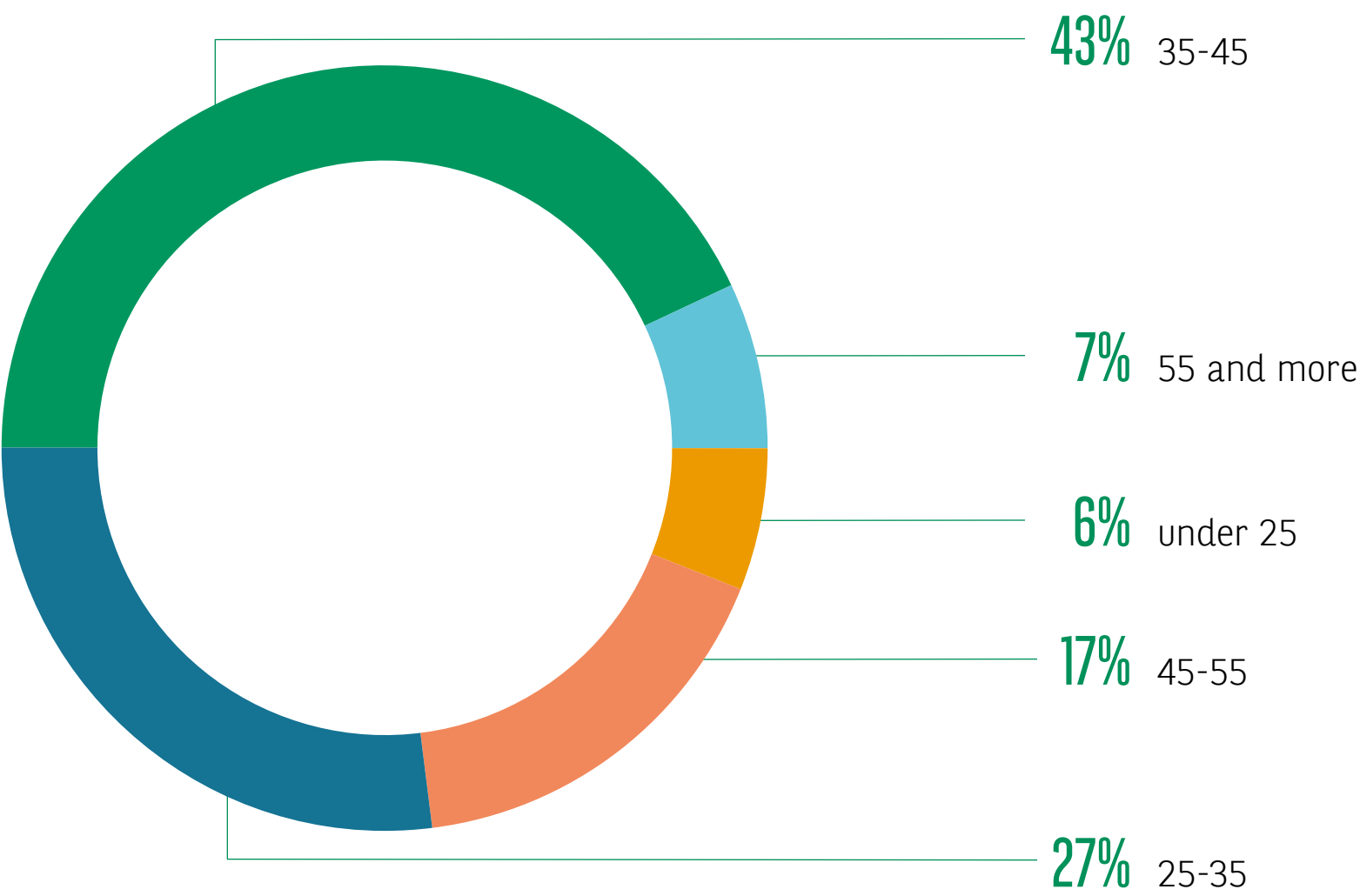


Odesa
The Odesa Academic Opera
and Ballet Theater

BUSINESS PARTNERS

PEOPLE ARE OUR MOST VALUABLE ASSET

UKRSIBBANK EMPLOYEES BY AGE BRACKETS



4340 The total number of employees (at the end of 2022)

93% of bank's employees have higher education

38 years Average AGE

8 years and **1** month Average SENIORITY

The overall compensation package of an employee includes three components:

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

UKRSIBBANK received 'Top Employers 2022' certificate in Ukraine and Europe. For the third year in a row, UKRSIBBANK was certified by the Top Employers Institute as the top employer in Ukraine and Europe. UKRSIBBANK is the only bank in Ukraine that received the certification of the best employer.



UKRSIBBANK became one of the winners of the «HR of wartime» nomination, presenting the «People First» program.

The «People First» employee social support program is aimed at retaining employees regardless of their location, ensuring continuous business operations and customer support.

GENDER RATIO AMONG USB EMPLOYEES



GENDER RATIO AMONG USB MANAGERS



PEOPLE ARE OUR MOST VALUABLE ASSET

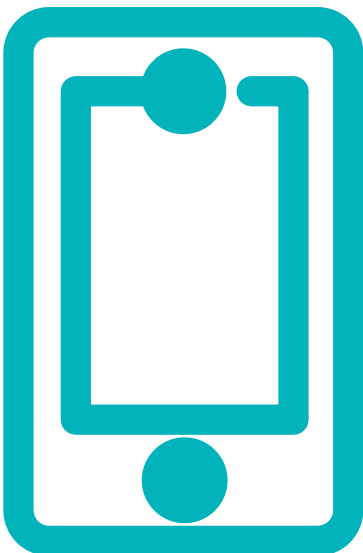


NEW WAYS OF WORKING



BRICKS

- OPTIMIZED REAL ESTATE
- DESK SHARING
- HOT DESKING



BYTES

- REMOTE WORKING
- HELPFUL IT SUPPORT



BEHAVIOR

- PEOPLE CARE
- WELL-BEING
- HYBRID MODEL

To respond to the new reality of our work, the bank has implemented a new program **“New ways of Working”**. This program includes introduction of hybrid work model, increase of digitalized tools and change management to better support our employees.

INFORMATION TECHNOLOGIES

ENSURING OPERATIONS OF THE BANK AND IMPROVING ITS RESILIENCE TROUGH INFRASTRUCTURE PROJECTS ARE KEY PRIORITIES DURING WAR TIME

- An additional disaster recovery datacenter was created abroad in order to guarantee IT service availability
- Upgraded Data Centers setup is regularly tested by disaster recovery exercises
- M365: Corporate mailboxes were migrated to Azure cloud as part of disaster resilience improvement and MS Teams extended capabilities of remote work were implemented
- Virtual Data Domain in Azure guarantees safe storage of banking systems backup
- Starlinks equipment was installed for critical branches and offices as backup solution in case of unavailability of telecom providers

SOLID IT GOVERNANCE FRAMEWORK

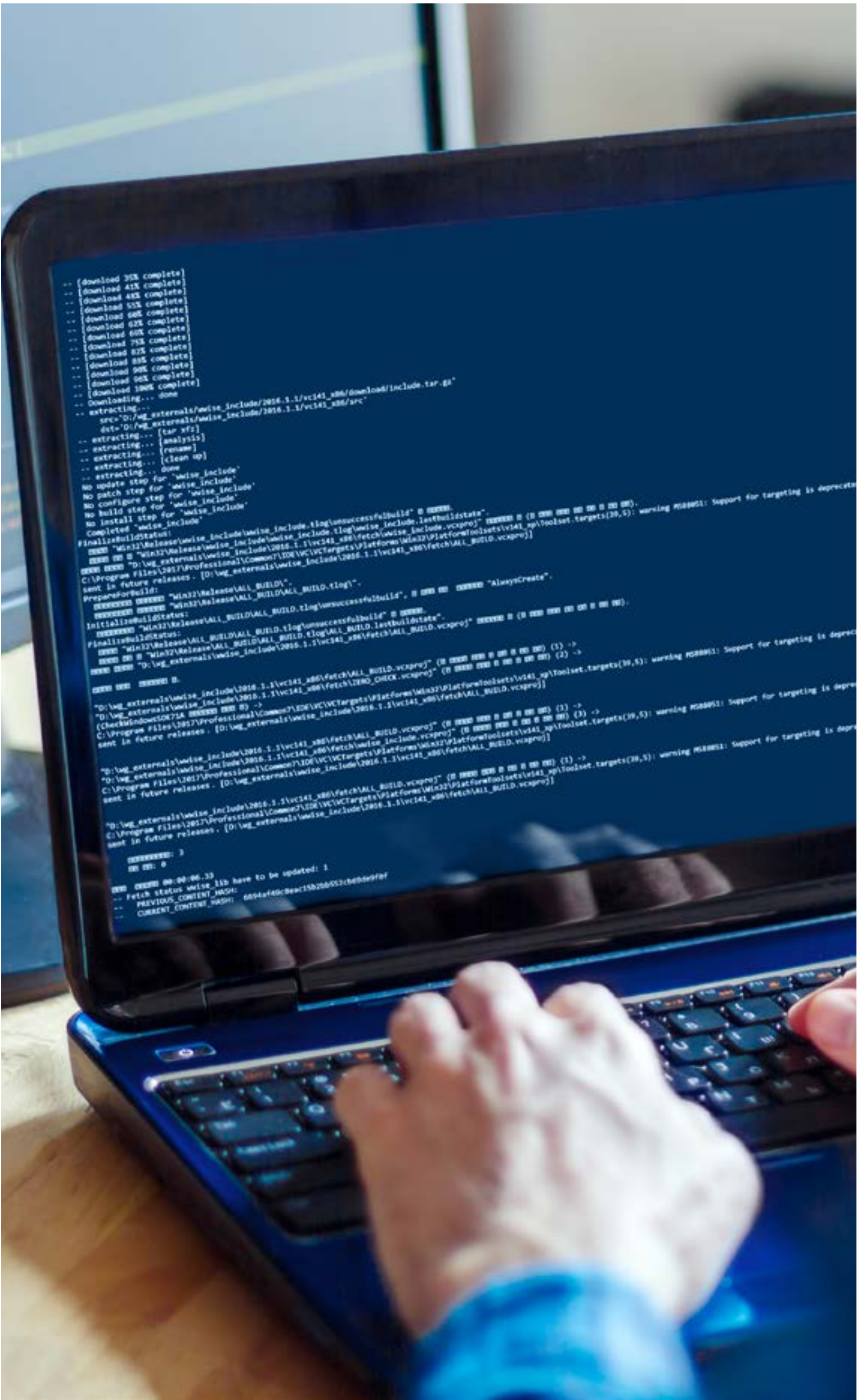
- Continuous improvement of IT production processes, including automation, to guarantee uninterrupted and secured services
- Agile way to implement changes in critical areas, aiming to achieve better time to market, to satisfy clients demands and regulatory requirements
- Close supervision over architecture of IT system was implemented to minimize technological and cyber security risks
- Data quality, data management and data protection were addressed as parts of IT Systems design
- Transparent IT procurement processes were established for balancing cost-efficiency and ensure sustainability
- IT Risk Management framework was implemented in order to industrialize the IT setup and to better manage challenges
- External development and consulting resources were involved, when required, thanks to flexible sourcing model

CONTINUOUS INNOVATIONS AND RELIABLE TECHNOLOGIES FROM LEADING MARKET VENDORS

- SAP for Banking, as a Core Banking system: evolution strategy was validated and implementation process started
- Oracle database management platforms were updated to the newest version
- Virtualized infrastructure (servers and desktops) was implemented based on VMware and Citrix technologies
- OpenShift and Kubernetes enriched capabilities of internally developed software were introduced
- UKRSIB online and UKRSIB business remote solutions (for individuals and legal entities respectively) were reequipped with new mobile applications
- Data Hub was implemented based on Big Data technological stack, CRM capacity was upgraded, particularly enabling real-time marketing campaigns with clients.

CYBER SECURITY IS ONE OF THE TOP PRIORITIES FOR THE BANK IN THE OPEN AND FAST-CHANGING DIGITAL WORLD

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



RISK MANAGEMENT



RISK PERIMETER ENCOMPASSES

- Credit risk
- Counterparty risk,
- Market risk,
- Funding and liquidity risk,
- Interest rate and FX risk of the Banking book,
- Operational risks

GOVERNANCE

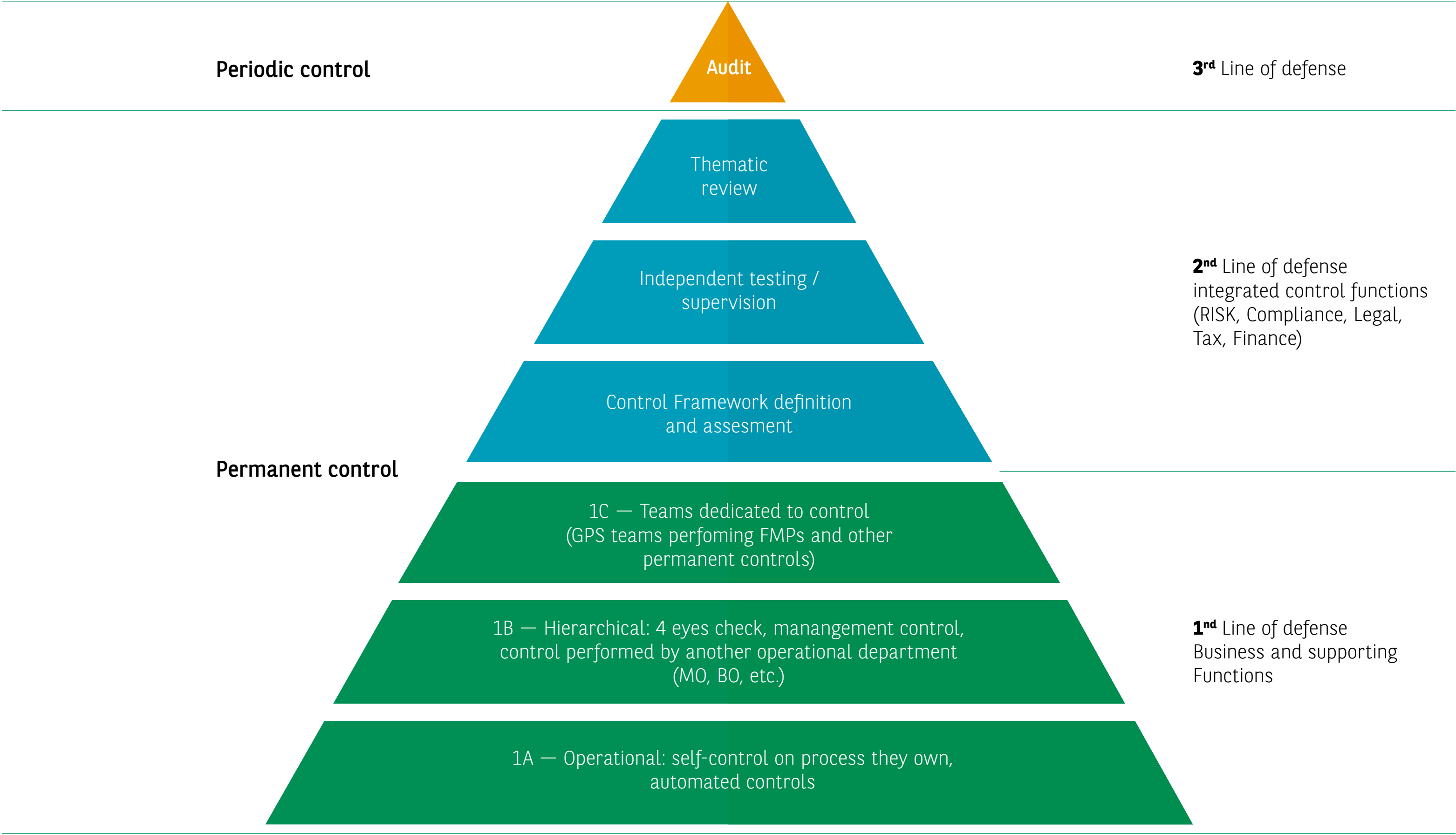
- Risk Department is a fully integrated and independent control function. The Chief Risk Officer reports independently to the Supervisory Board of the Bank
- Risk Department is the second line of defense over risk management activities of UKRSIBBANK

PERMANENT CONTROL SYSTEM

Risk department is a key part of UKRSIBBANK’s internal control framework

- Risk department 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 positions risk as a prospective watchtower
- Prepares the bank for high and higher regulatory expectations

THE BANK’S INTERNAL CONTROL SYSTEM:
THE THREE LINES OF DEFENSE SCHEME



COMPLIANCE — DESIGNED TO COVER ALL COMPLIANCE AND FINANCIAL SECURITY TOPICS

GOVERNANCE

- Since 2018, the Compliance Committee of the Supervisory Board has been held quarterly with the objective of monitoring the implementation of the requirements of the Regulator and of the BNP Paribas Group Compliance principles.
- A separate Financial Monitoring Committee is also held on a quarterly basis, as required by Ukrainian legislation.
- Compliance Department is a fully integrated and independent control function. The Chief Compliance Officer reports independently to the Supervisory Board of the Bank.
- Head of Compliance Control Department has a right of veto.

FINANCIAL SECURITY — AML

- Financial monitoring duties in accordance with Local Anti-Money Laundering (AML) Law & NBU requirements.
- The process of Cash Deposit/Withdrawal Approval is fully implemented in line with BNP Paribas Group best practices.
- Cross border transactions of clients are scrutinized in line with the NBU Regulation #8 and NBU Regulation #18.
- Clients' transactions are monitored — both automatically (via NetReveal tool) and manually — in order to ensure that suspicious activities are timely identified, investigated and duly reported, in line with the Group's requirements and local regulations.

FINANCIAL SECURITY — KYC/KYI/KYS/KYX

- Know Your Client (KYC) policy of the bank is based on the Group KYC Global Policy and on Local Anti-Money Laundering (AML) Law & NBU Regulation 65 (rules for on-boarding / recertification, AML risk scoring, documents / information collection, clients' financial security segmentation, etc.).
- Ensuring implementation of policies: on work with Politically Exposed Persons (PEPs), Relatives and Closely Associated to PEPs; on AML risk scoring, on CAC and KYC/KYI/KYS/KYX global policies.
- Ensuring review of clients, intermediaries and suppliers on electronic Customer Acceptance Committee (eCAC) based on predefined criteria.
- Providing expert opinion on all procedures in the bank pertaining to KYC/KYI/KYS/KYX topics.

FINANCIAL SECURITY — SANCTIONS

- Permanent screening of clients against all applicable sanctions lists (Ukraine, Office of Foreign Assets Control (OFAC), United Nations (UN), European Union (EU), France, etc) using Group screening tool.
- Filtering of all international transactions against all applicable sanctions lists (Ukraine, OFAC, UN, EU, France, etc.) using group filtering tool.
- Filtering of domestic transactions against UA sanctions lists is conducted via UKRSIBBANK database tool.



COMPLIANCE

PROTECTION OF INTERESTS OF CLIENTS (PIC)



PIC aims to ensure that the bank:

- treats all customers fairly, in each situation; provides them with products and services that best meet their needs and personal situation;
- communicates to clients on products’ features, costs and risks in a clear, fair and accurate way;
- applies fair and transparent pricing; deals with clients’ complaints in a fair and timely manner;
- ensures that the interests of a client always prevail;
- complies with all local laws and regulations in PIC issues.

PROFESSIONAL ETHICS



PE domain ensures:

- employees’ commitment to never use inside information for personal transactions;
- avoiding conflicts of interests generated by outside business activities;
- that employees’ private interests do not prevail over their professional responsibilities as bank’s employees;
- compliance with the Group and local requirements in PE area;
- establishing specific rules and requirements, as a part of the Code of Conduct;
- functionality of the Whistleblowing framework.

COMPLIANCE CONTROL AND RISK MANAGEMENT



Within CCRM, the activities are focused on:

- implementation and continuous enhancement of the Permanent Control framework across the Compliance Function;
- supervision of Compliance related controls performed by LoD1 in the frame of Independent Testing and consultations;
- performance of the check & challenge and follow-up of “compliance related” historical incidents, RCSA couples and recommendations;
- articulation of data collection for Key indicators (KPRI), risk assessments
- procedure management and statistical data support.

ANTI-BRIBERY AND CORRUPTION



ABC program sets up zero tolerance for corruption and aims to:

- fight corrupt practices including bribery;
- prevent corrupt practices from our customers or counterparties;
- conduct specific due diligence on 3rd parties presenting a risk of corruption;
- provide respective trainings and communications;
- set additional ABC related controls in all the bank activities

MARKET INTEGRITY



MI aims at the adherence to Ukrainian and International regulations applicable to:

- circulation of sensitive, material non-public information and prevention of insider dealings;
- operations on financial instruments on Forex and Capital Markets;
- promotion of free, fair competition;
- detection management and prevention of conflict-of-interests situations related to the Bank, one or several clients, interests of the client linked to a transaction;
- prevention of Market Abuse, establishing Surveillance tools.

INTERNAL AUDIT (3RD LINE OF DEFENSE)

Internal Audit, responsible for periodic control, is part of the Inspection General function. It contributes to the protection of the activity and the 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 bank’s activities. Internal Audit can take up any subject and has free access to all information in the whole Group.

Audit Plan was determined based on the results of the Risk Assessment and constraints in terms of audit cycle and resources. The Risk Assessment is performed on an annual 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.



A large cable-stayed bridge spans a wide river. The bridge has a tall central pylon with numerous stay cables fanning out to support the deck. In the background, a city skyline is visible under a clear blue sky. The water reflects the bridge and the sky.

We are a reliable partner

making safe banking

in an agile way by caring about

customers and employees,

bringing positive impact and contributing to sound

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leveraging the strength

of a **leading European**

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