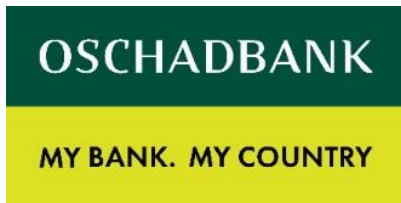


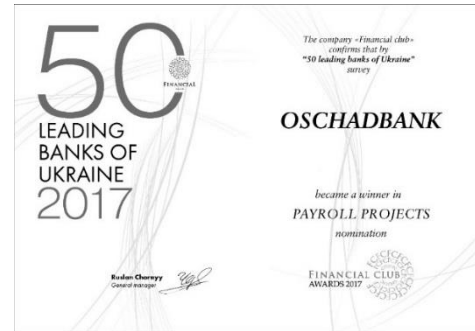
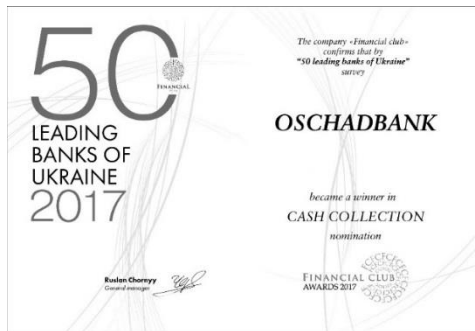
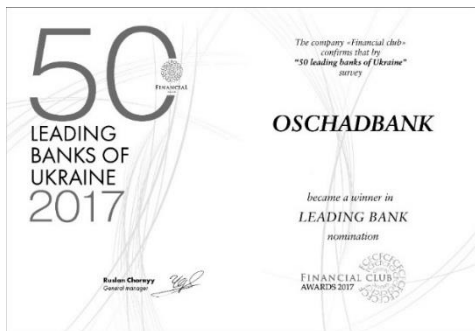


Oschadbank is No. 1
among the leading
banks of Ukraine



May 2018

Information for investors



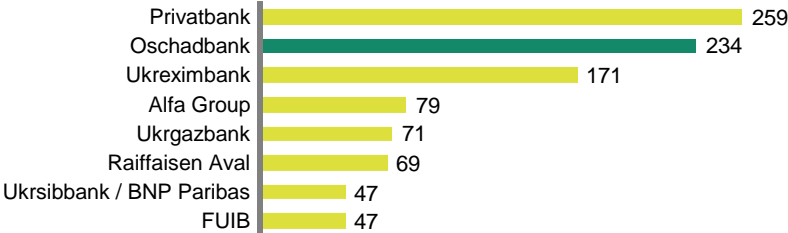
Ukraine's leading bank

- Ukraine's oldest bank, 100% owned by the Government of Ukraine
- Operates in retail, MSME and corporate business, as well as treasury markets
- Ukraine's only bank with retail deposits 100% guaranteed by the state
- Largest retail network across Ukraine (3205 outlets at end Dec 2017)
- Ukraine's largest net loan portfolio, 2nd largest portfolio gross of provisions
- Ukraine's second largest portfolio of customer accounts, second largest volume of retail accounts
- One of top lenders to Ukraine's real sector: over UAH 128bn (USD 4.6bn) in loans (gross of provisions)
- Memorandum of Understanding on Oschadbank Reform signed with EBRD and the Government
- Fruitful cooperation with other IFIs (EIB, EIF, GUF, etc.)
- Actively investing in cutting-edge IT: mobile banking, NFC-payments, etc.
- Ukraine's 2nd largest in terms of active payment cards, POS-terminals, self-service units, ATMs
- Wholesale liabilities include:
 - USD 700m due 2023 and USD 500m due 2025 in senior Eurobond issues
 - USD 100m subordinated debt due 2024

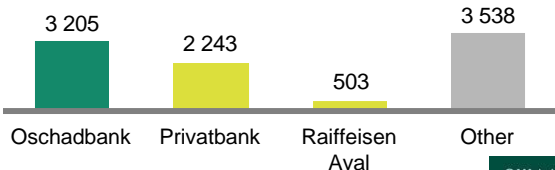
Oschadbank market position

Indicator	End 16	End 17
Total assets	16.8%	17.3%
Loan portfolio	11.9%	13.3%
Accounts of legal entities	17.8%	10.9%
Retail accounts	16.0%	18.0%

Oschadbank net assets size, end 2017, bn. UAH



Oschadbank retail network, end 2017



Cooperation with EBRD

Memorandum of Understanding between EBRD, Ukraine's Ministry of Finance and Oschadbank

- Signed in Nov 2016 by the EBRD, Government of Ukraine and Oschadbank
- Framework of cooperation to facilitate Oschadbank's commercialization and its preparation for privatization
- Oschadbank's efforts to be supported by EBRD (technical support and professional advice) and Ukraine's government (legislative back-up)
- Government expresses intention to seek Oschad 20% stake sale to a respected international investor
- EBRD to consider participation in the bank's partial privatization
- Transformation program 2016-2022 agreed between the bank and EBRD
 - Clearly defined steps and milestones to be completed/ sought by Oschadbank
 - Completion of program shall increase Oschad's pre-sale market value

EBRD-sponsored technical support

Strengthening capacity for the MSME lending (underway):

- Alignment / optimization of the MSME lending processes, standardization of the MSME portfolio
- Improvement of decision-making mechanisms in MSME lending (committees, authorities, accountability, control)
- Strengthening the functions of Underwriting, Risk Management, Portfolio Monitoring, Debt Collection

Centralization of the branch network to increase its operational efficiency (consultant selection stage):

- Development of a centralized management model for the branch network (optimizing the number of branches by type and specialization; middle-office; planning and evaluation of efficiency)
- Centralized back-office, optimization of the organizational structure, internal control mechanisms, KPI
- Centralized process management

Oschadbank participation in EBRD Trade Facilitation Program

- Volume of EBRD trade finance line extended to Oschadbank: EUR 50mn
- Purpose: EBRD provides guarantees in support of Oschadbank customers, involved in export-import activities
- Agreement is part of a wider EBRD effort and will likely be followed by other funding arrangements
- Appr. USD 30mn utilized by the end of 2017

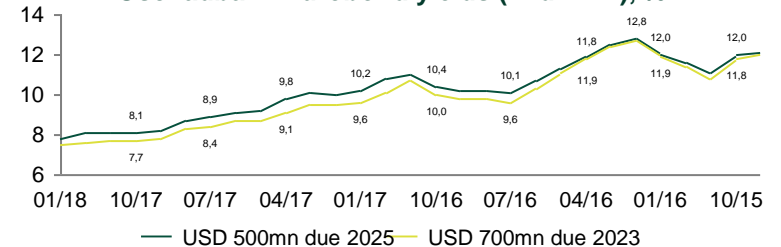
Highlights 2017

- Aggregate net income reached UAH 559mn in 12M 2017 (UAH 468mn in 12M 2016), corresponding to 2.4% in ROE and contributing to the bank's Basel CAR at 18.9%
- Solid liquidity cushion: Share of liquid assets at 68% by end 12M 2017
- Additional UAH 14.6bn injected to equity by the government (UAH 8.9bn in 1Q 2017 and UAH 5.8bn in late December 2017)
- Most rapidly growing acquiring business in Ukraine. Every 5th Ukrainian obtains his/her salary via Oschadbank
- Net fee and commission up by 27% in 12M 2017 vs 12M 2016 (including that from payment cards by 94%)
- USD 1.4bn arbitration against Russian Federation progressing: decision of the Permanent Court of Arbitration is being drafted and expected in a near future
- First state-owned bank in Ukraine to utilize the Law 'On Financial Restructuring'
- Share of non-performing loans (NPL) dropped to 45%, with NPL LLP coverage ratio rising to 94%

Oschadbank selected financial indicators

Indicator	FY 16	FY 17
ROE	4.0%	2.4%
CIR	68.2%	78.4%
NIM	3.8%	3.0%
COR	2.6%	1.0%

Oschadbank Eurobond yields (mid YTM), %



Oschadbank international credit ratings

Fitch	Long-term FC/LC IDR	B- (stable)
	Short-term FC IDR	B
Moody's	Long-term FC/LC debt	Caa2 (positive)
	BCA	Caa2

Seeking higher operating efficiency

Network further enhanced through a combination of:

- Shutdown of inefficient outlets
- Renovation of well-performing branches

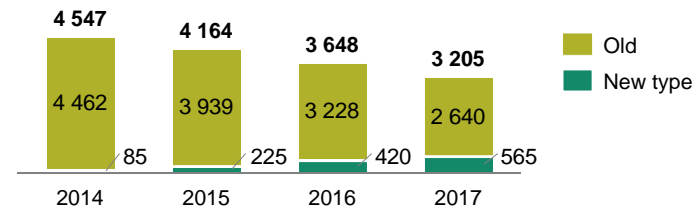
Focus on distant sales

- Self service areas doubled during the year (to 425)
- Number of self service terminals soared to 2.8k units (+1k vs end 2016)
- Number of web / mobile banking users nearly doubled, reaching 2.4mn people
- Every 4th holder of Oschad payment card is registered to “Oschad 24/7” (online mobile banking)

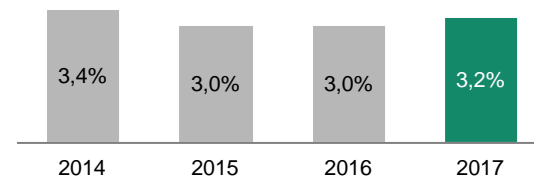
Ongoing centralization of processes (towards the Head Office level)

- “UnitedData” project initiated last year – aimed at consolidation of regional data storages into a single centralized system

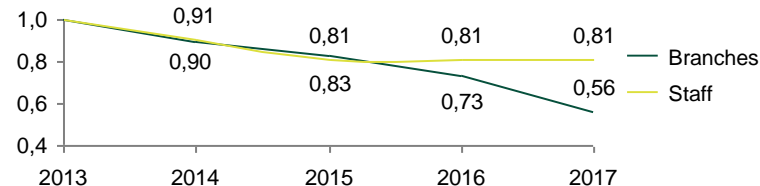
Number of outlets



OPEX / average assets



Branches and staff growth index (end 2013 = 1)



Remote sales driving commission income

Transactions via remote sales channels actively expanding

- Volume of remote payments soared to nearly 60% at end 2017 (vs 22% in late 2014)
- Number of web and mobile banking users reached 2.4mn people (+1mn during 2017)

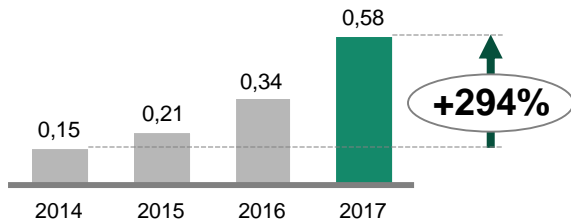
Most rapidly growing acquiring business amid Ukrainian banks

- 35k POS units currently in operation
- Over 10k installed during 2017

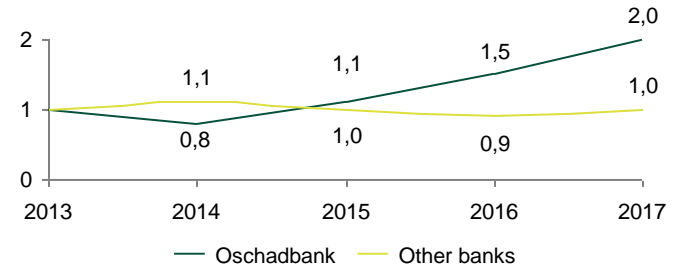
The bank is Ukraine's 2nd largest in terms of active payment cards, as well as ATMs

- Number of institutions contracted for salary payments reached 32.1k
- Salary payment arrangements gained 5.5k entities in 2017 alone
- Every 5th Ukrainian obtains his/her salary via Oschadbank

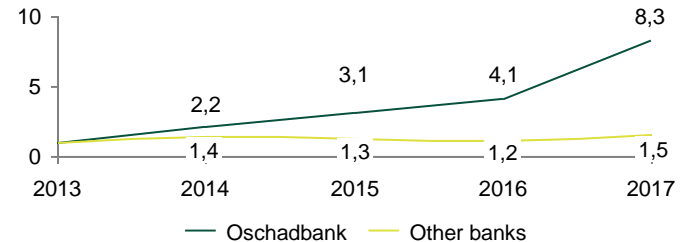
Payment card operations, net fee obtained, bn. UAH



Active cards growth index (end 2013 = 1)



POS units growth index (end 2013 = 1)



Corporate business

Along with accounts of individuals, the bank is Ukraine's #1 in terms of accounts of legal entities

One of the largest lenders to Ukraine's real sector (UAH 105bn of loans extended by now)

First state-owned bank in Ukraine to utilize the Law "On Financial Restructuring"

- Enacted in spring 2017 and allows for NPL resolution on preferential terms of taxation for participating banks
- Sep 2017: restructuring of three large NPL exposures completed (totaling UAH 1.4 bn.)
- More in the pipeline

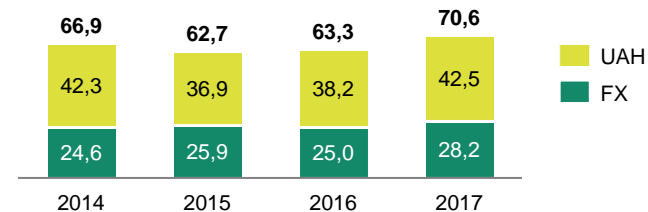
Sales of non-credit products emphasized

- Relationship management further enhanced to fuel cross sales
- Cash pooling, as well as other products, being introduced

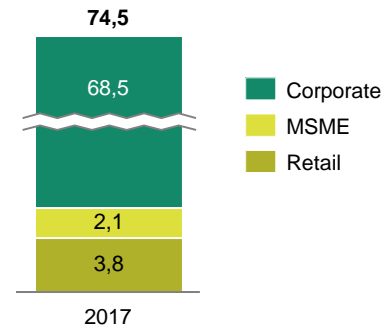
Credit risk management enhanced

- Credit risk "spinned off" into a separate department, underlining the bank's dedication to the credit risk control
- Share of NPLs in loans disbursed in Apr 2014 to 2017 is less than 1%

Loans to legal entities, net of provisions, bn. UAH



Oschadbank loan portfolio, bn. UAH



MSME

MSME segregated into a separate business line in Apr 2015

MSME support program launched in 3Q 2017

- Training courses, educational materials, business solutions and funding support carried out through designated MSME outlets
- Evidences the bank's strive to increase its presence in segment



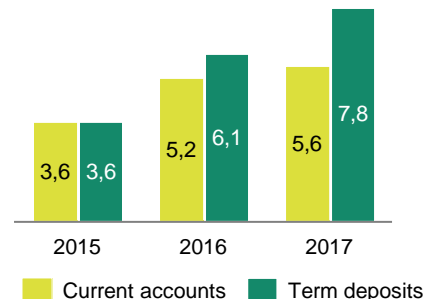
NPLs extended in 2H 2015 – 2017 has been virtually zero

New MSME funding and other support arrangements with IFIs

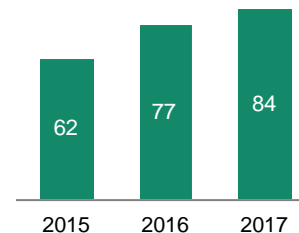
- UAH 300mn from German-Ukrainian Fund for on-lending to MSME at reduced interest rates
- Loan loss guarantee facility from European Investment Fund/ European Investment Bank totaling EUR 50mn
- First technical assistance project for MSME lending launched (provided by Frankfurt School of Management, sponsored by EBRD)
- Active cooperation with Western NIS Enterprise Fund (US Government)

Participation in Government MSME support programs as an agent bank (agricultural equipment partial cost refund, municipal SME support programs)

MSME current accounts and term deposits , bn. UAH



MSME active clients, ths.



Retail

Ukraine's 2nd largest and fastest growing customer accounts

- Evidence of the population's confidence
- Positive impact on the bank's liquidity

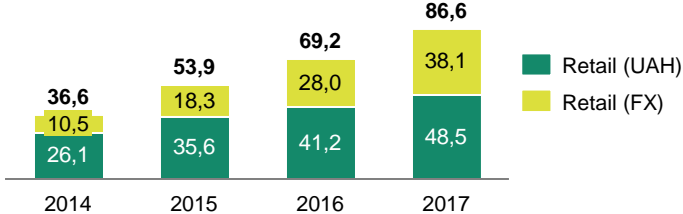
Premium banking launched in spring 2017

- Premium center in Kyiv, 40 premium service areas across Ukraine
- Client segmentation completed and developed
- Dedicated products, as well as new premium banking team, in place

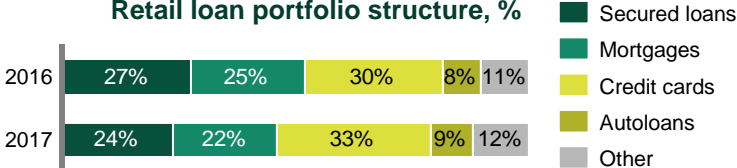
Run-up for a "lending factory" (mass lending) launch

- Segmentation of customer base completed
- Focus on mass market products – mortgages, car loans, credit cards and cash lending
- Scoring system calibrated
- Streamlined "soft collection" in place

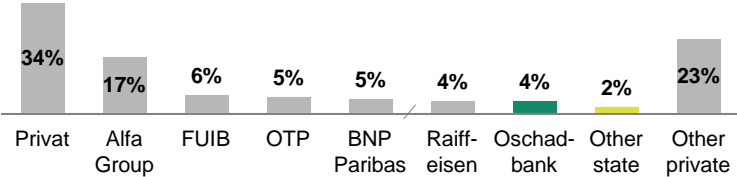
Customer accounts of individuals, bn. UAH



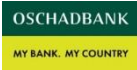



Retail loan portfolio structure, %



Share in Ukraine retail loan portfolio 2017, net of provisions, %



State-owned banks in 5 years

	 OSCHADBANK <small>MY BANK. MY COUNTRY</small>	 PrivatBank	 UKR EXIM BANK *	 українібанк
Privatization terms	2020 Sale of 20% to IFO 2022 IPO	2022 Full sale	2021 Sale of non-controlling interest (to be considered)	2018 Sale of 20% to IFO 2020 Sale of 75% to a strategic investor
Business model				
Retain share in...	Corporate	SME, retail	Export-import	SME, corporate
Increase presence in...	SME, retail	Corporate	-	-
Plan indicators 2022				
Net income	UAH 4.7 bln	UAH 8.4 bln	UAH 1.6 bln	-
ROE	15%	25%	12%	-
Additional	Reduce number of outlets from ~3300 to ~1900	Solve issues related to IT infrastructure	Reduce portfolio of non-export related loans	Increase financing of energy efficiency projects

ОЩАДБАНК

МІЙ БАНК. МОЯ КРАЇНА

* One of the two options of a strategy for Ukreximbank (under consideration)

Oschadbank strategy – 7 key components

Bank's strategy

- Increase shareholder value through **enhanced effectiveness**
- Remain Ukraine's **#1 universal** bank
- Prepare for **partial privatization by 2020**

Components

Retained leadership in corporate business:

- 1
 - refocus on middle-sized corporate customers and reduce reliance on lending to state-owned entities
 - improve efficiency management systems
 - reconsider efficiency of the bank's lending processes

Gradually increase presence in SME:

- 2
 - develop dedicated sale / offer functions

Strengthen position in retail and commission products:

- 3
 - increase fee income through a reassessment of products, as well as transition to e-channels
 - focus on a reassessment of liabilities
 - expand opportunities to become a leader in secured lending

Optimize the bank's network:

- 4
 - number of outlets slashed from ca. 3300 to 1900-2100
 - reallocate and / or optimize the remaining outlets

Information technologies:

- 5
 - develop a centralized support system
 - enhance digital communication channels and information security

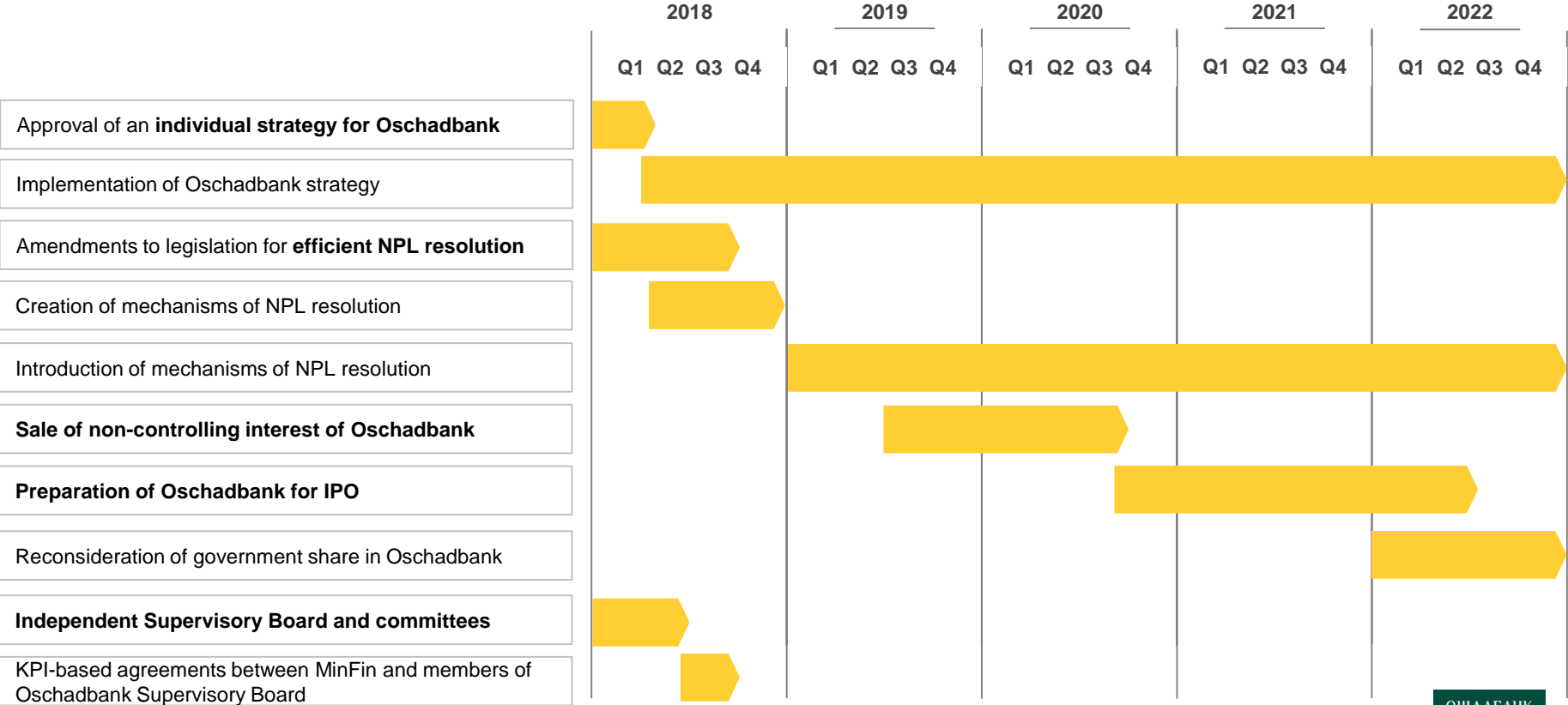
Operating model:

- 6
 - centralized support divisions and improved business processes

Risks and NPL management:

- 7
 - maintain cost of risks low through improved credit processes
 - improve repayment of existing NPLs and maximize their value in future

Roadmap of the strategy for SOBs – items related to Oschad



Annex 1. Oschadbank IFRS results 2017

IFRS financials: Balance sheet

UAH billion	YE 2017	YE 2016	YE 2015	YE 2014
Total assets	233.87	210.64	159.10	124.31
Cash and balances with NBU	12.23	10.44	5.63	4.53
Due from banks (net)	17.08	31.20	17.82	8.02
Financial instruments at fair value through profit or loss	21.77	17.15	10.10	4.25
Loans to customers (net)	74.50	65.95	65.46	70.24
Investments available for sale (net)	72.90	65.01	47.38	26.32
Investments held to maturity	25.20	12.64	7.20	6.89
P&E and other assets	10.19	8.25	5.51	4.06
Total liabilities	202.60	194.88	151.74	105.08
Due to banks and NBU	6.44	4.64	16.56	22.18
Customer accounts	150.15	145.59	94.25	56.21
Eurobonds issued	34.55	33.42	29.50	19.34
Other borrowed funds	7.30	7.04	7.15	5.25
Other liabilities	1.26	1.39	1.74	0.44
Subordinated debt	2.90	2.81	2.54	1.66
Total equity (including non-controlling interest)	31.27	15.76	7.36	19.24
Share capital	49.72	35.11	30.15	30.15
Accumulated deficit and other equity items	(18.45)	(19.35)	(22.80)	(10.92)
Total liabilities and equity	233.87	210.64	159.10	124.31

	YE 2017	YE 2016	YE 2015	YE 2014
USD/UAH	28.07	27.19	24.00	15.77
EUR/UAH	33.50	28.42	26.22	19.23

* Totals may not sum up to rounding

IFRS financials: Profit and Loss

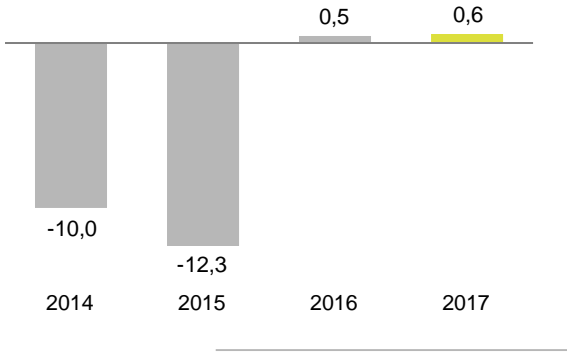
UAH billion	12M 2017	12M 2016	12M 2015	12M 2014
Interest income	19.75	19.49	18.37	13.67
(Interest expenses)	(14.23)	(13.61)	(12.47)	(8.35)
Net Interest before provisions	5.52	5.89	5.90	5.32
Release / (provision) for impairment losses on interest bearing assets	(1.93)	(3.20)	(15.73)	(9.66)
Net interest income	3.58	2.69	(9.83)	(4.34)
Net fee and commission income	2.70	2.12	1.63	1.26
Net gain / (loss) on foreign exchange deals and translation	(0.45)	(3.60)	(4.87)	(3.33)
Other non-interest gain / (loss)	1.87	4.84	5.05	0.54
Total operating income / (loss)	7.70	6.05	(8.01)	(5.88)
Operating expenses	(7.14)	(5.59)	(4.26)	(4.24)
Income / (loss) before tax	0.56	0.47	(12.27)	(10.11)
Income tax benefit / (expense)	0.00	0.00	0.00	0.10
Net income / (loss)	0.56	0.47	(12.27)	(10.02)

	YE 2017	YE 2016	YE 2015	YE 2014
USD/UAH	28.07	27.19	24.00	15.77
EUR/UAH	33.50	28.42	26.22	19.23

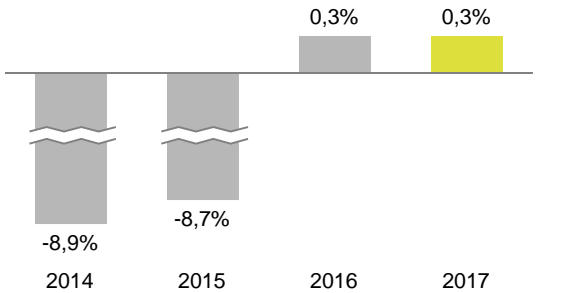
* Totals may not sum up to rounding

Net income

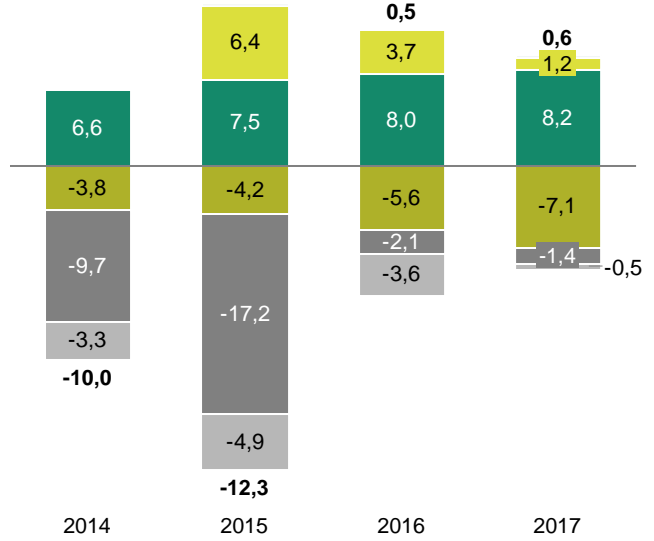
Net income (loss), bn. UAH



Return on assets, %



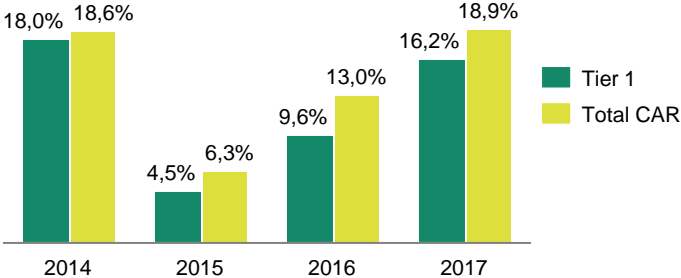
Net income (loss) structure, bn. UAH



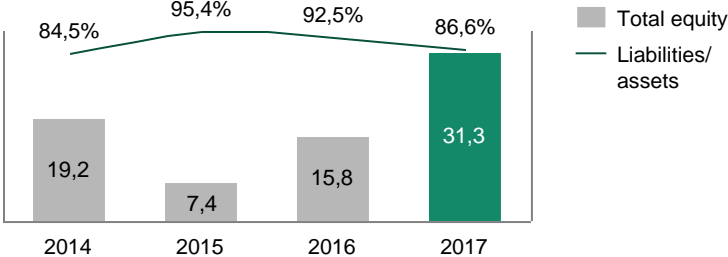
- Net interest, fee and commission
- Securities TPL
- FX deals and translation
- Aggregate provisions
- Opex

Capital adequacy

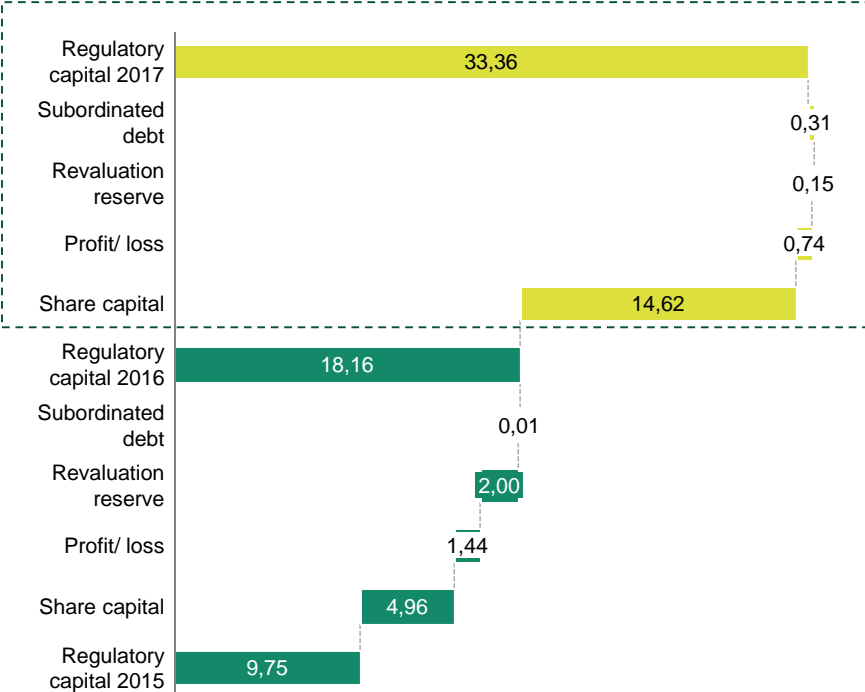
Basel capital adequacy ratio



Equity, bn. UAH

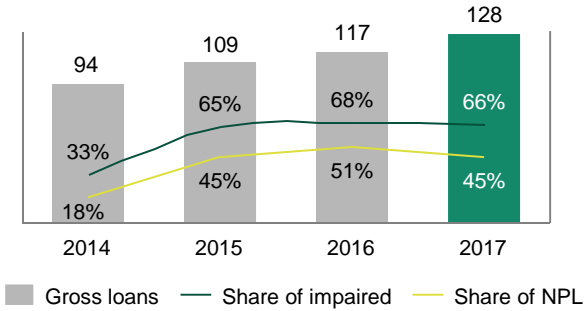


Regulatory capital, bn. UAH

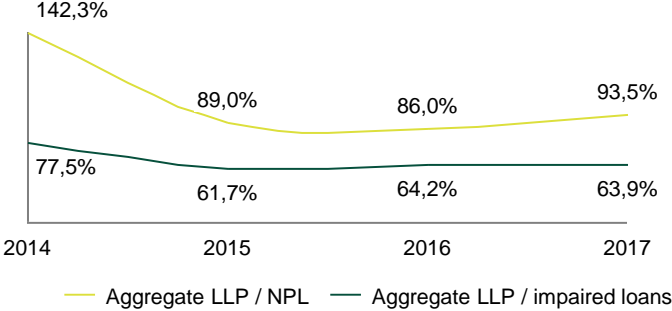


Loans quality

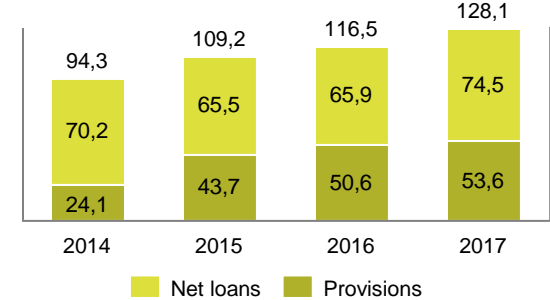
Aggregate loan portfolio, bn. UAH



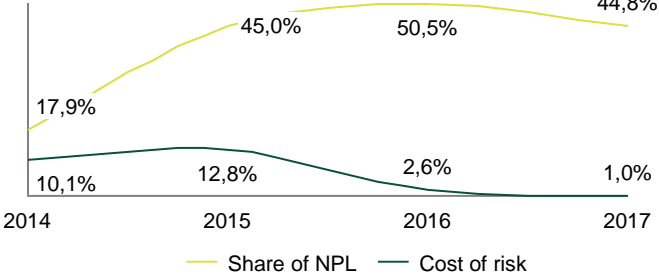
Loan loss provision coverage, %



Loans to customers, bn. UAH

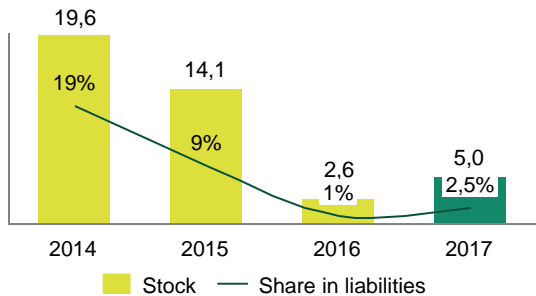


NPL vs cost of risk, %

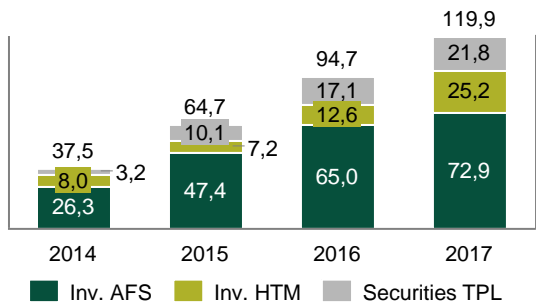


Liquidity position

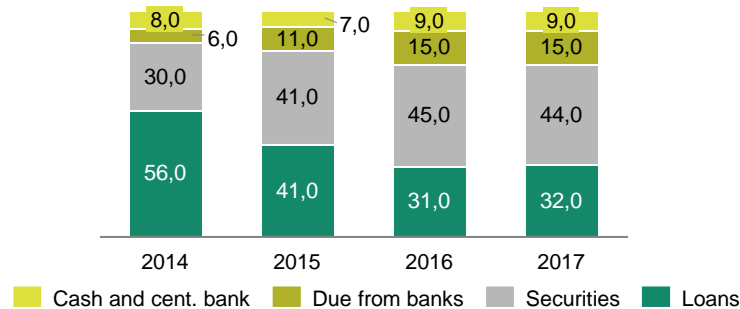
Due to the NBU , bn. UAH



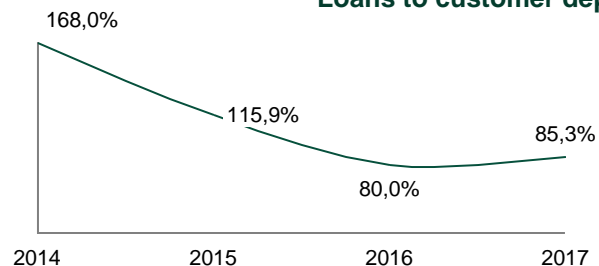
Security holdings, bn. UAH



Composition of assets, net of provisions, %



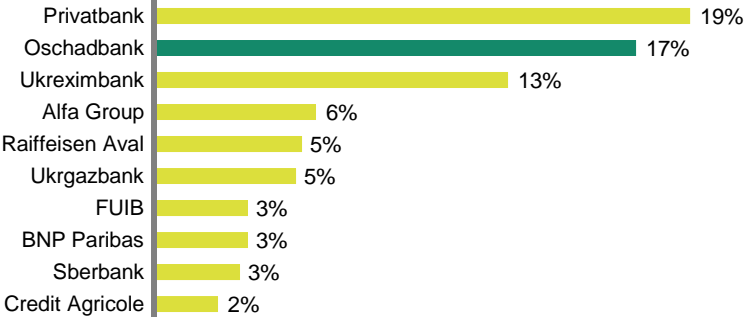
Loans to customer deposits, %



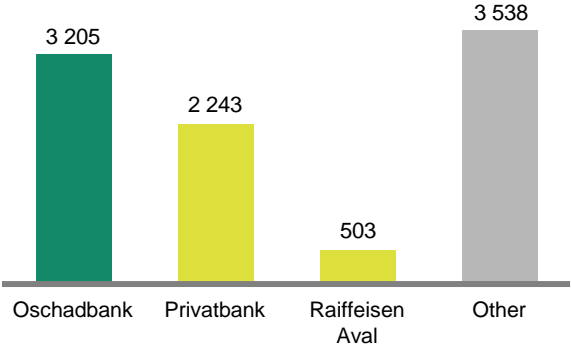
Annex 2. Oschadbank market position 2017

Ukraine's second largest

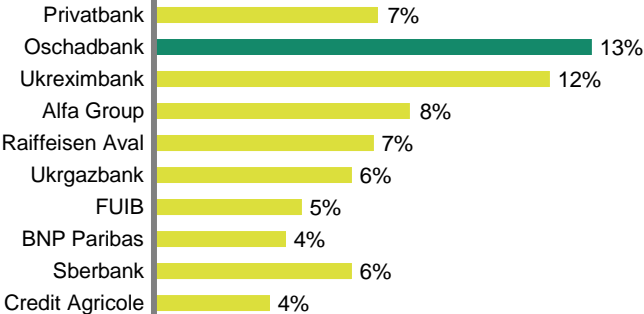
Total assets share – TOP 10 banks, %



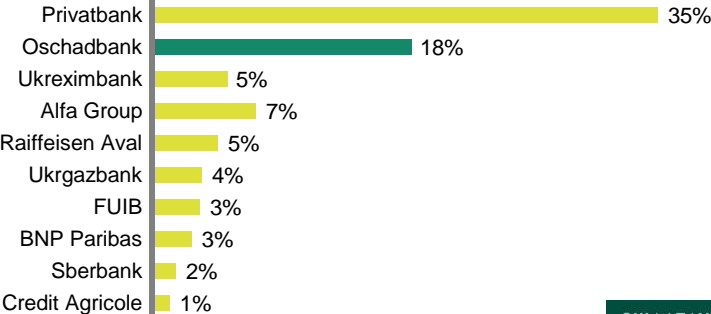
Number of outlets



Loan portfolio share, less LLP, %



Accounts of individuals share, %

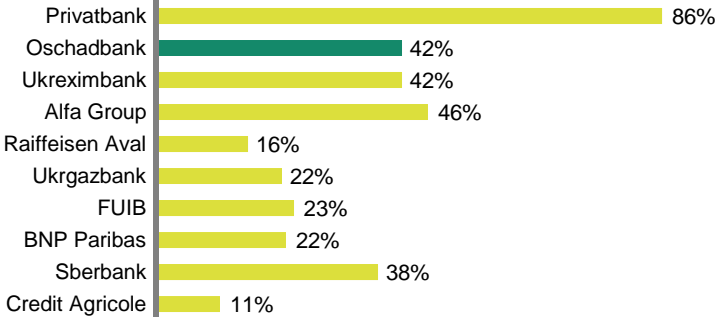


Selected market indicators

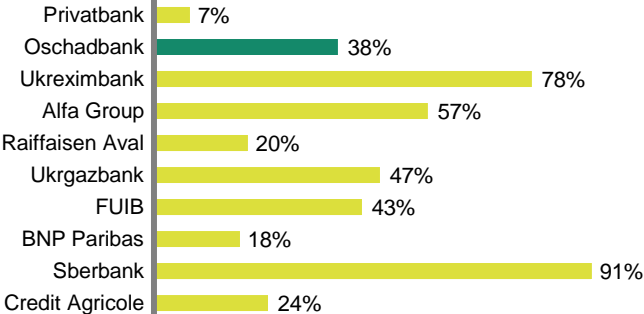
Profit after tax, bn. UAH



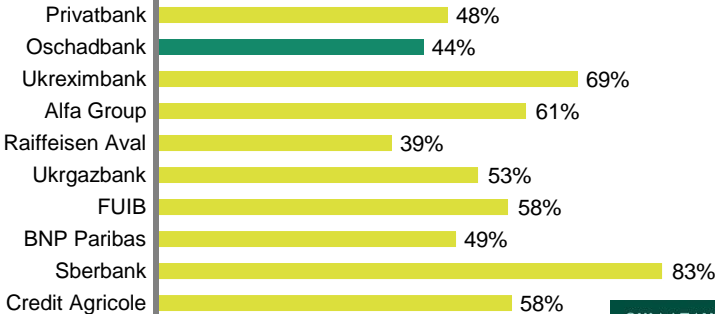
Loan loss provision coverage, %



Share of FX in aggregate lending portfolio, %



Share of FX in aggregate customer accounts, %



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