

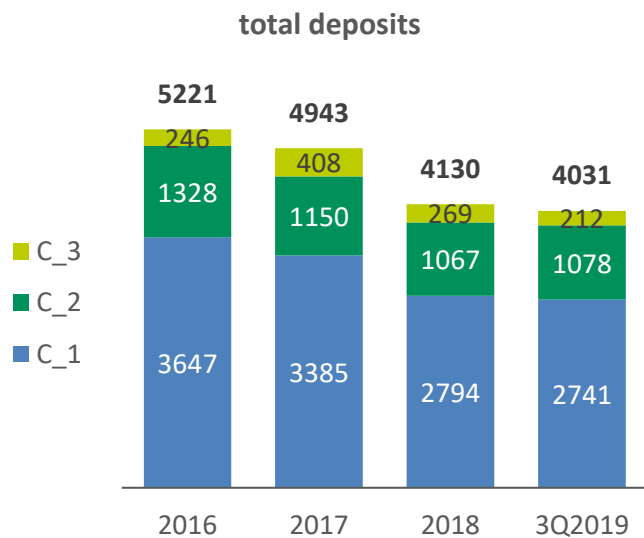
Corporate

Deposits Analysis

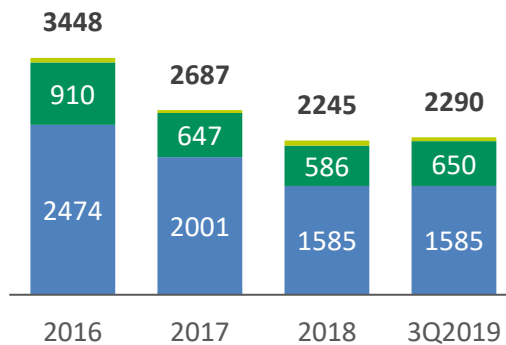


Corporate Deposits Overview: Tendency Towards Decline

Deposits by business centers (average per year), M UAH



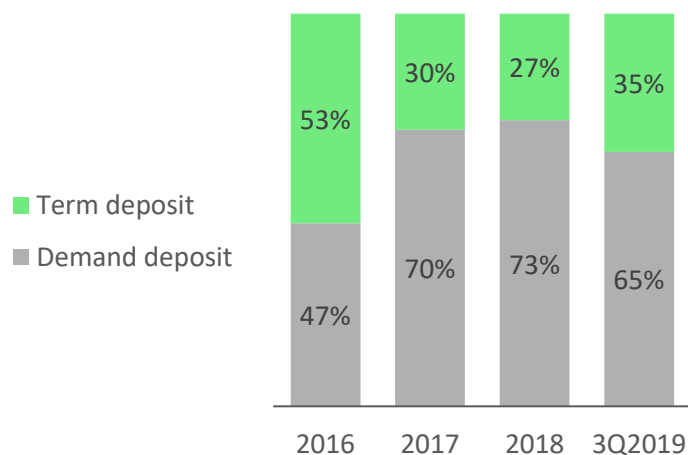
UAH deposits



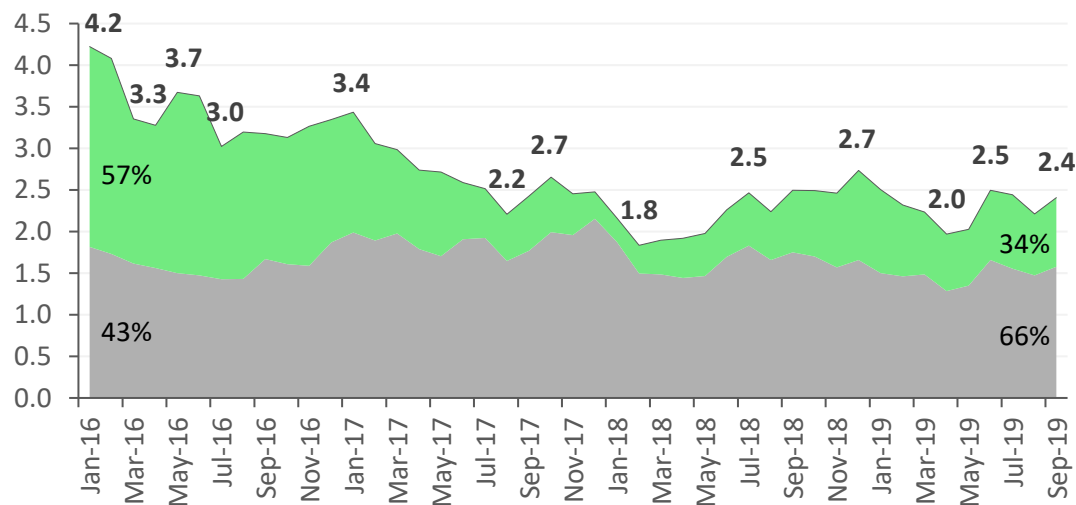
Changes for the last 4 years:

- total average yearly deposits have **decreased by -1,2B UAH (-23%);**
- average yearly **UAH** deposits have **decreased** even more drastically: **-1,2B UAH (-34%);**
- share of average monthly **term deposits** decreased by **23 p.p. to 34%.**

Structure of UAH deposits (average per year)



UAH deposits evolution (average per month), B UAH



Corporate UAH Deposits Evolution

Legend description

- Stable - Average deposits by groups that changed in Sep-19 vs Jan-18 within +/- 20%
- New - Newly attracted deposits in Sep-19 vs Jan-18
- Gone - Groups without deposits in Sep-19 vs Jan-18
- Activated - Average deposits increased in Sep-19 vs Jan-18 for more than 20% (excl. New)
- Deactivated - Average deposits decreased in Sep-19 vs Jan-18 for more than 20% (excl. Gone)

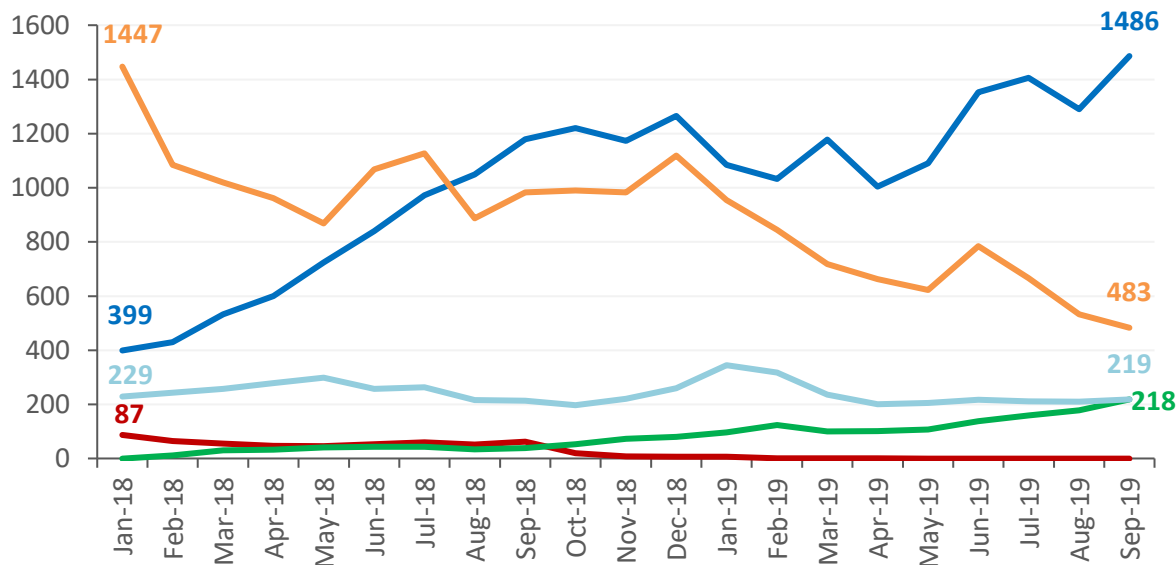
During analyzed period, **71 groups left** Corporate Business (-87M UAH or 3.6% of deposit base). At the same time, **86 new groups** of depositors brought **+218M UAH** (9.1% of deposit base).

During that period, **249 groups deactivated** (deposit base decreased by **-964M UAH**) which was compensated by **activation of 176 groups (+1087M UAH)**.

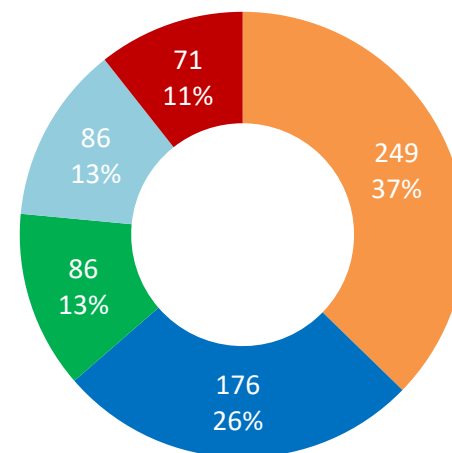
Deposits of **86 stable groups** (9.1% of deposit base) remain stable – **219M UAH**.

Primary focus: activation of **249 deactivated groups**.

Corporate groups average deposits evolution by category (M UAH)

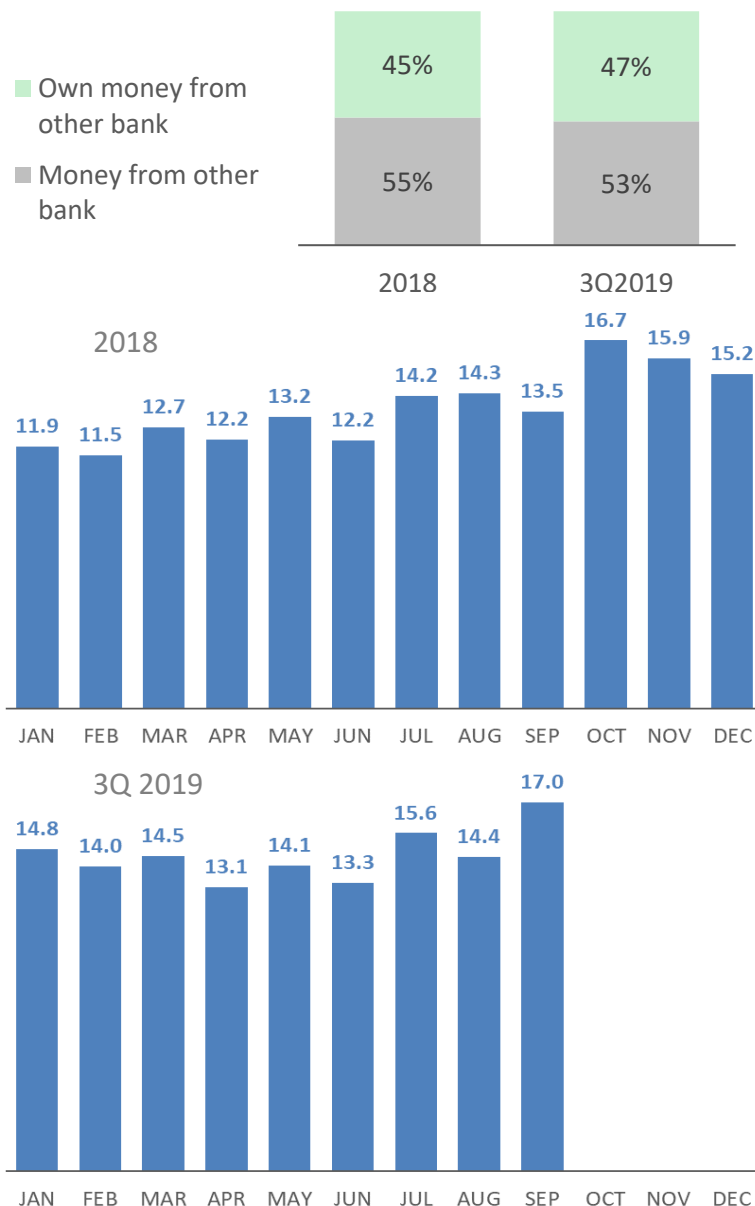


Number of groups by category
Jan-2018 - Sep-2019



Corporate UAH External Inflows Analysis

Structure of external UAH inflows (B UAH)



High own money transfers stake

Clients' **own money from other banks** in total UAH inflows accounted for **45% (74B UAH)** in 2018 and **47% (62B UAH)** during 3Q 2019.

Growing inflows

During 3Q 2019, **UAH inflows grew for 13% (+15B UAH)** and accounted for 131B UAH vs the same period of 2018.

High concentration

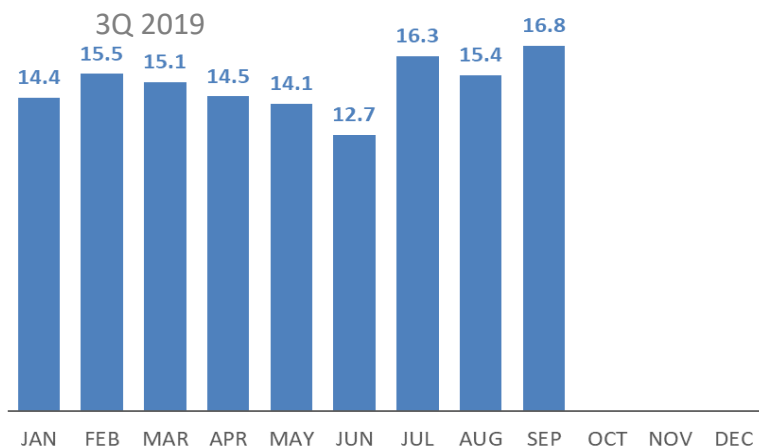
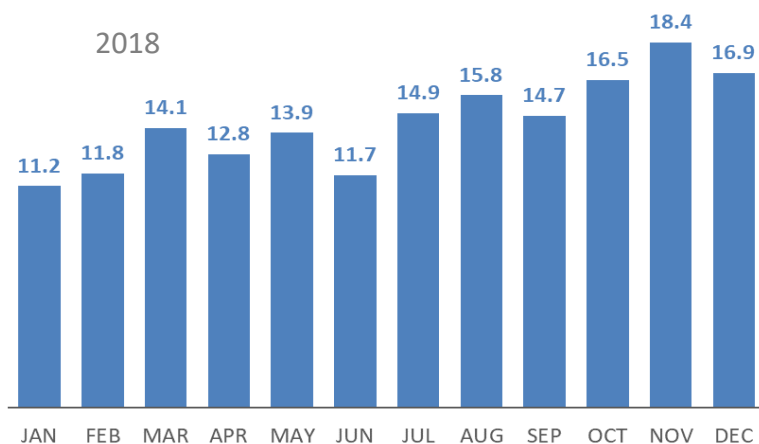
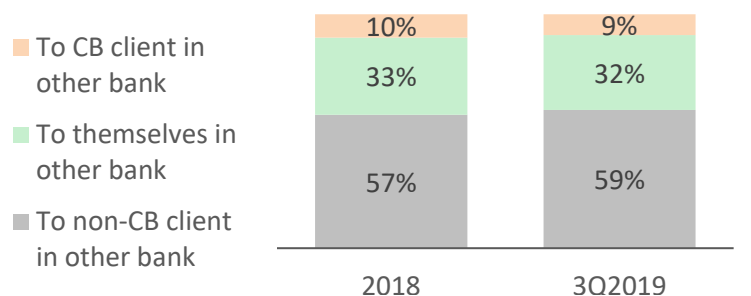
In 2018, up to **87% of UAH inflows** (143B UAH) were received by only **22% of clients** (119 groups). The same trend continued during 3Q 2019 – **85% of UAH inflows** (111B UAH) were received by only **18% of clients** (96 groups).

Corporate clients with external UAH inflows split by tiers (B UAH)

	Tier	# Groups	Money from other bank	Own money from other bank	Total UAH inflows
2018	>233.9M UAH	119	52%	48%	142.8
	73.4M UAH - 233.9M UAH	112	69%	31%	15.4
	18.7M UAH - 73.4M UAH	100	70%	30%	4.3
	2.4M UAH - 18.7M UAH	96	58%	42%	0.9
	<=2.4M UAH	112	59%	41%	0.0
	Total	539	55%	45%	163.4
3Q 2019	>233.9M UAH	96	50%	50%	110.9
	73.4M UAH - 233.9M UAH	103	67%	33%	14.0
	18.7M UAH - 73.4M UAH	115	64%	36%	4.7
	2.4M UAH - 18.7M UAH	119	64%	36%	1.1
	<=2.4M UAH	104	56%	44%	0.0
	Total	537	53%	47%	130.7

Corporate UAH External Outflows Analysis

Structure of external UAH outflows (B UAH)



Increase of inflows

Following the inflows growth **outflows rose for 11,6% (+14B UAH)** during 3Q 2019 vs 3Q 2018.

High concentration

90% (156B UAH) of UAH outflows **were made by 21% of clients** (119 groups) in 2018. During 3Q 2019, **89%** (120B UAH) of UAH outflows **were made by 19% of clients** (109 groups).

Point of attention

Clients transferred **more than 30% of money to themselves** – 57B UAH in 2018 and 43B UAH during 3Q 2019.

Almost 10% are the payments to CB clients in other banks – 17B UAH in 2018 and 12B UAH during 3Q 2019.

UAH outflows by categories of recipients in other banks (B UAH)

2018

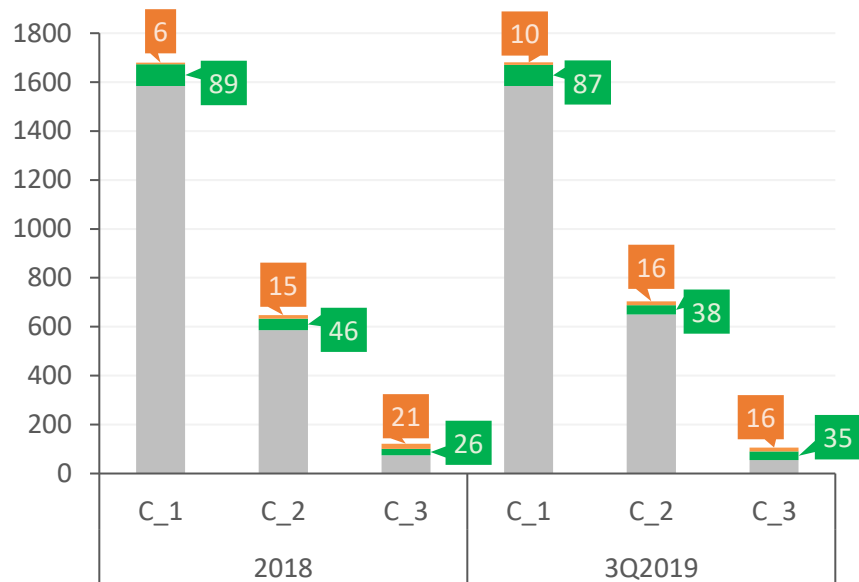
Tier	# Groups	To themselves in other bank	To CB client in other bank	To non-CB client in other bank	Total UAH outflows
>189.5M UAH	119	33%	11%	57%	155.6
54.7M UAH - 189.5M UAH	125	32%	6%	62%	13.2
12.6M UAH - 54.7M UAH	107	32%	3%	65%	3.1
2.0M UAH - 12.6M UAH	106	28%	4%	69%	0.6
<=2.0M UAH	107	18%	2%	79%	0.1
Total	564	33%	10%	57%	172.7

3Q 2019

Tier	# Groups	To themselves in other bank	To CB client in other bank	To non-CB client in other bank	Total UAH outflows
>189.5M UAH	109	32%	10%	58%	120.3
54.7M UAH - 189.5M UAH	103	31%	11%	58%	10.3
12.6M UAH - 54.7M UAH	120	32%	4%	64%	3.4
2.0M UAH - 12.6M UAH	122	25%	3%	72%	0.8
<=2.0M UAH	121	20%	4%	75%	0.1
Total	575	32%	9%	59%	134.8

Potential Corporate UAH Deposits Increase

Potential AVG monthly deposits increase by centers (M UAH)



■ Potential increase: AVG money to our clients (in other bank)

■ Potential increase: AVG money to ourselves

■ Fact AVG monthly deposits

Based on 3Q 2019 information, activation of **115 groups** that transfer relatively large amount of money (>0.2M UAH) to themselves in other banks can bring **+159M UAH** to the average monthly UAH deposits **(+7,0%)**.

Work with **39 groups** that transfer relatively large amount of money (>0.2M UAH) to CB clients in other banks (but could transfer them to accounts in our bank) can bring additionally **+41M UAH** to the average monthly UAH deposits **(+1,8%)**.

Based on money transfers to themselves in other banks, M UAH

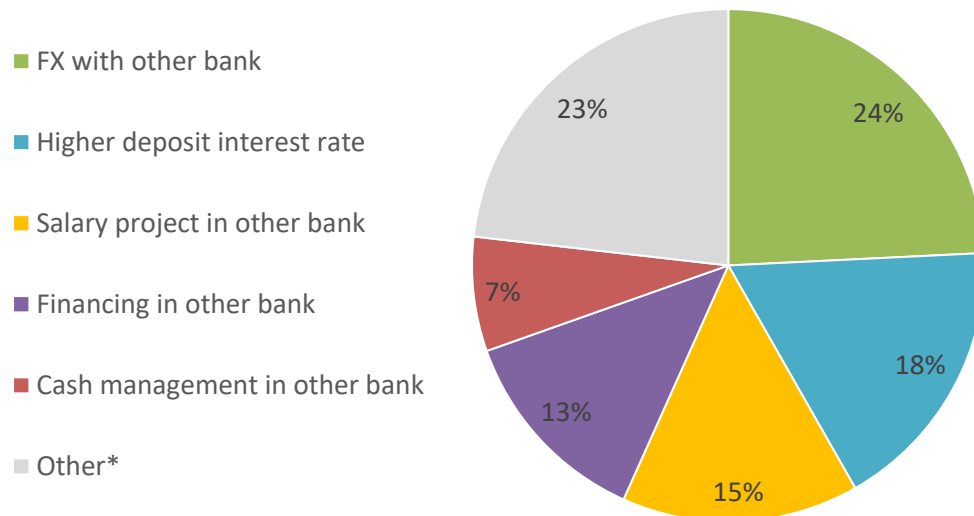
		2018				3Q 2019			
Client's AVG monthly potential	Business center	# of groups with potential	Fact AVG monthly deposits	Potential AVG deposits	Potential AVG deposits increase	# of groups with potential	Fact AVG monthly deposits	Potential AVG deposits	Potential AVG deposits increase
>1.7M UAH	C_1	15	314	56	18%	13	74	55	74%
	C_2	6	82	21	26%	8	117	17	15%
	C_3	2	43	22	52%	2	30	31	104%
		23	439	99	23%	23	221	103	47%
1-1.7M UAH	C_1	13	102	17	17%	12	188	16	8%
	C_2	9	44	11	26%	6	84	8	10%
	C_3	1	1	1	118%				
		23	147	30	20%	18	272	24	9%
0.2-1M UAH	C_1	40	375	16	4%	39	372	16	4%
	C_2	29	314	14	4%	26	265	12	5%
	C_3	7	7	3	35%	9	9	4	40%
		76	696	32	5%	74	646	32	5%
<=0.2M UAH	C_1	210	671	8	1%	232	834	9	1%
	C_2	77	136	4	3%	78	200	4	2%
	C_3	12	23	1	3%	13	16	0	3%
		299	830	12	1%	323	1049	14	1%
Total		421	2113	174	8.2%	438	2188	173	7.9%

Based on money transfers to CB clients in other banks, M UAH

		2018				3Q 2019			
Client's AVG monthly potential	Business center	# of groups with potential	Fact AVG monthly deposits	Potential AVG deposits	Potential AVG deposits increase	# of groups with potential	Fact AVG monthly deposits	Potential AVG deposits	Potential AVG deposits increase
>1.7M UAH	C_1					1	10	2	18%
	C_2	2	43	5	11%	1	17	3	18%
	C_3	2	43	19	45%	2	30	13	44%
		4	86	24	28%	4	56	18	32%
1-1.7M UAH	C_1	1	12	1	13%	3	16	3	22%
	C_2	4	106	5	5%	4	135	6	4%
	C_3					1	0	1	689%
		5	118	7	6%	8	151	11	7%
0.2-1M UAH	C_1	12	324	5	1%	9	73	4	6%
	C_2	11	78	5	7%	15	169	7	4%
	C_3	4	17	2	11%	3	4	1	33%
		27	419	12	3%	27	247	13	5%
<=0.2M UAH	C_1	251	897	3	0%	279	1084	4	0%
	C_2	87	299	3	1%	86	319	3	1%
	C_3	13	14	1	4%	14	19	1	3%
		351	1209	6	1%	379	1423	7	0%
Total		387	1832	49	2.7%	418	1877	48	2.6%

Potential Deposits Increase: Areas for Focus

TOP 5 reasons of outflows to themselves in other bank
(frequency of outflows)



*Other reason:

- Contractual obligations to pay via certain bank
- Dividend payments via other bank
- Split of contracts between two or more banks
- Purchasing the state bonds via other bank
- We are not the core bank
- Compliance issues
- Internal payments settings in other bank
- Budget reimbursement via state bank
- Lost relations on Group level

Ideas for money retention

1. compare clients' forex conditions (mark-up, fees) in our bank and others, offer new FX products & services(direct dealing service, appealing hedging solutions), simplify the control of client's foreign contracts;
2. review of deposits (term & demand) interest rates on case-by-case basis to find approaches of their increase for clients with big volumes at least;
3. analysis of clients' salary project conditions in other banks in order to make a more appealing offer in our bank;
4. analysis of clients' financing options & conditions in other banks and review our financing solutions that we can offer on case-by-case basis;
5. offer new cash management solutions;
6. also, it is worth informing clients that some of their counterparties are clients of our bank and can receive payments through their accounts here.