

FUIB



Annual report 2016



What happens to the economy, the bank and the banking system

Here is the annual report of the FUIB for 2016

It is written in a plain and clear language.

Key indicators are presented in the form of a convenient and beautiful infographics.

From the report you will learn about the bank's activities and about what happened to the economy and the banking system of Ukraine in the last few years.

We have analyzed the basic figures, facts and trends, giving everyone the opportunity to draw their own conclusions.

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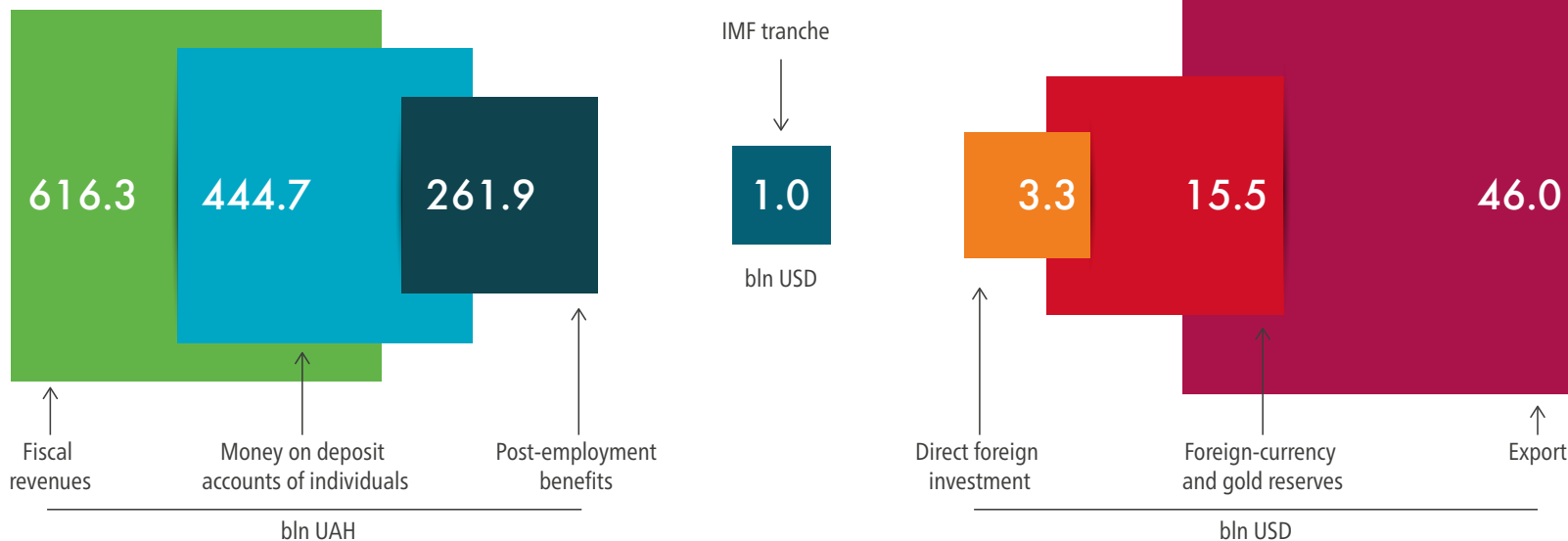
WHAT HAPPENED TO THE ECONOMY OF UKRAINE IN 2016



FUIB Annual Report 2016

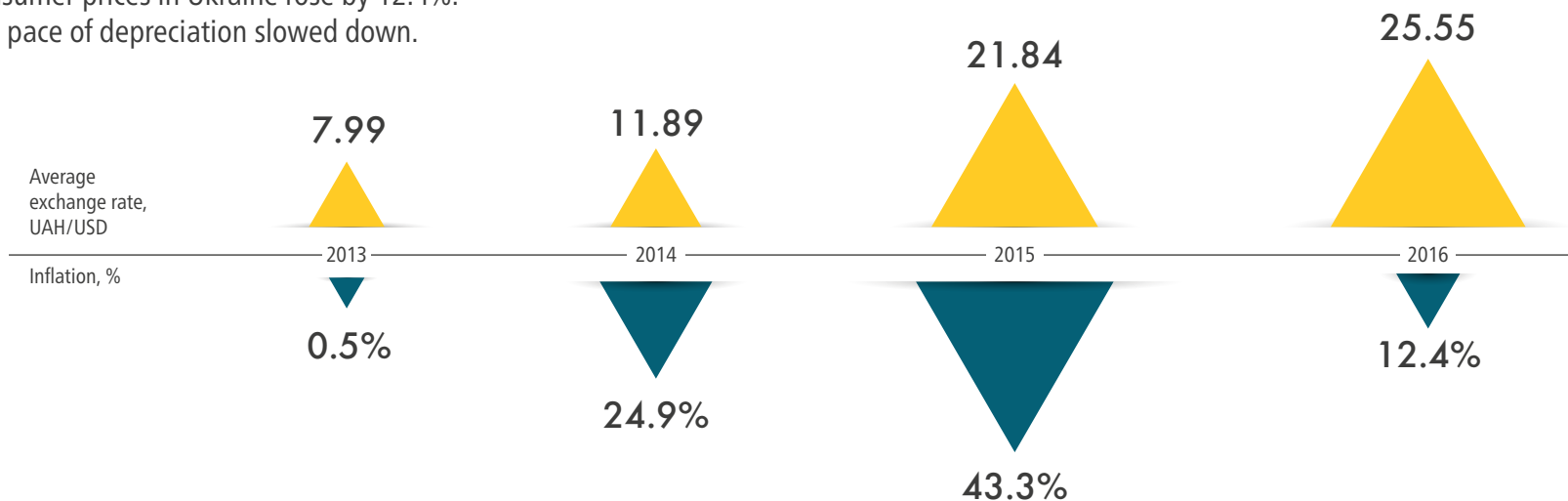
The economy of Ukraine

Money in the economy of Ukraine in 2016



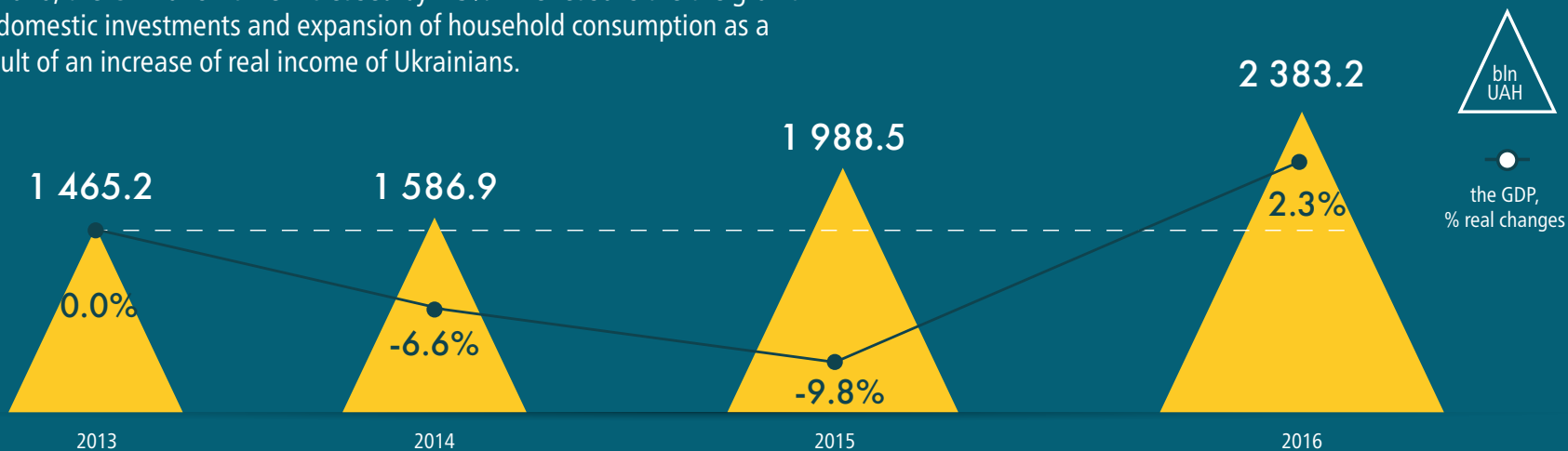
Inflation has slowed down. The depreciation of the hryvnia

Consumer prices in Ukraine rose by 12.4%.
The pace of depreciation slowed down.



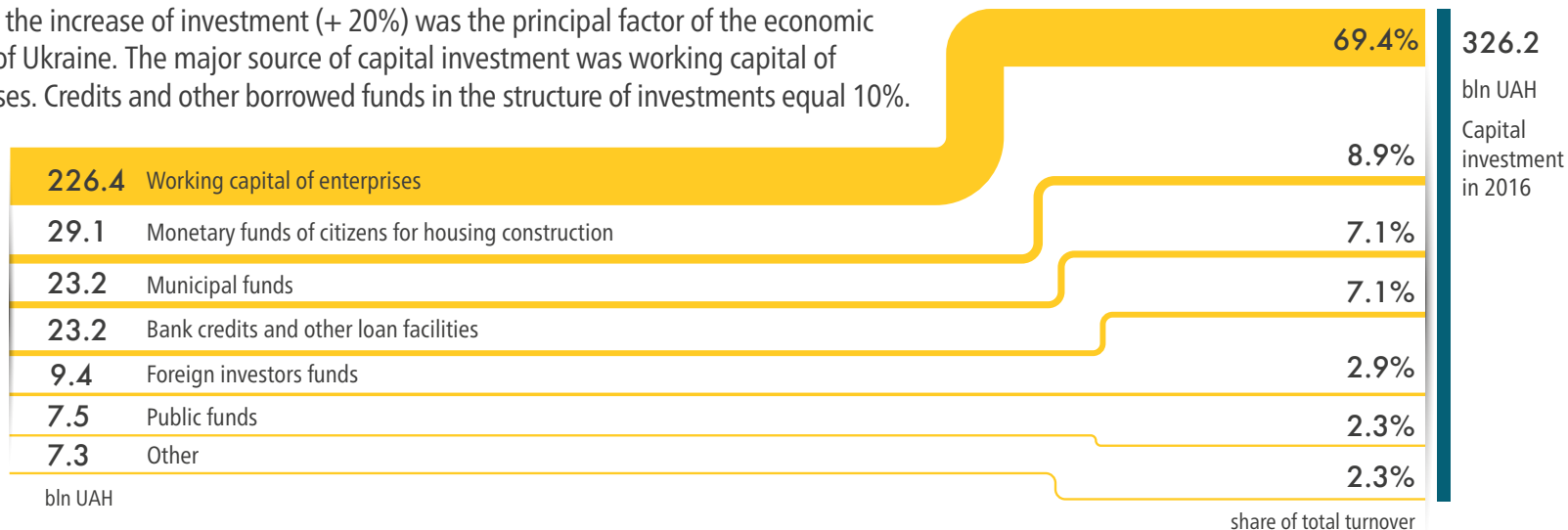
The economy of Ukraine began to recover

In 2016, the GDP of Ukraine increased by 2.3%. The reasons are the growth of domestic investments and expansion of household consumption as a result of an increase of real income of Ukrainians.

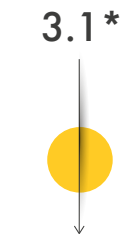


The volume of investments in Ukraine has increased

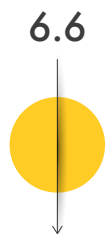
In 2016, the increase of investment (+ 20%) was the principal factor of the economic growth of Ukraine. The major source of capital investment was working capital of enterprises. Credits and other borrowed funds in the structure of investments equal 10%.



Inflow of direct foreign investments in Ukraine remains weak



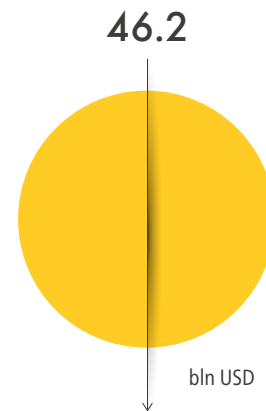
Ukraine



Kazakhstan



Poland

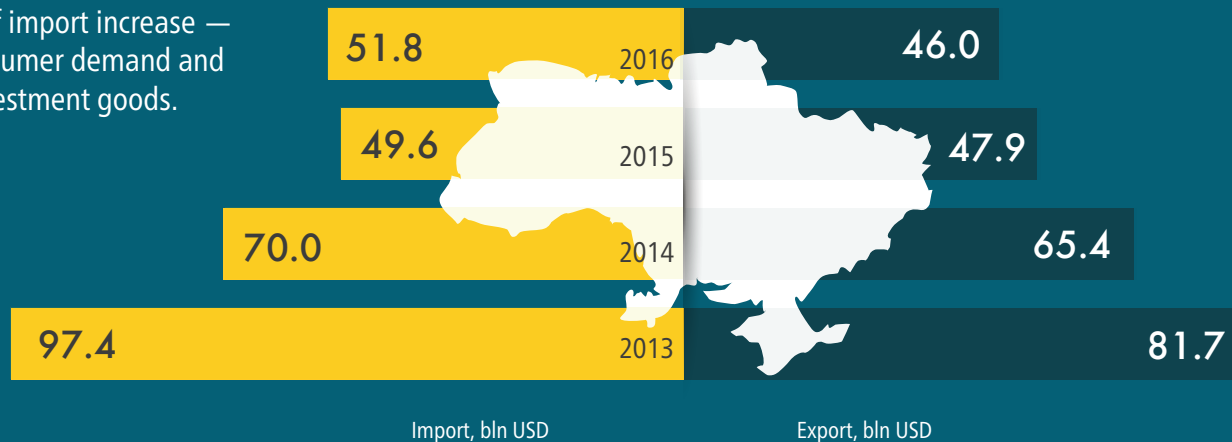


Germany

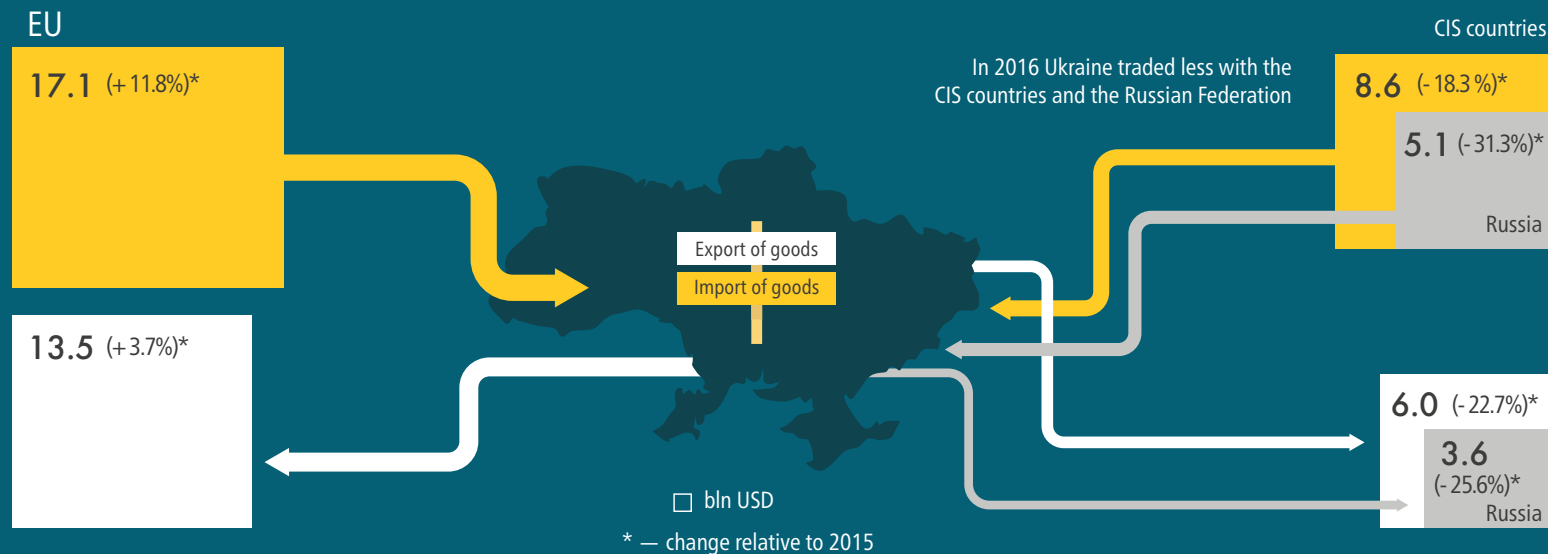
Ukraine exports less than imports

In 2016, export of goods and services reduced and import increased.

Basic reasons of import increase — recovery of consumer demand and demand for investment goods.



The geographical structure of foreign trade has changed significantly



WHAT HAPPENED TO THE UKRAINE'S BANKING SYSTEM IN 2016

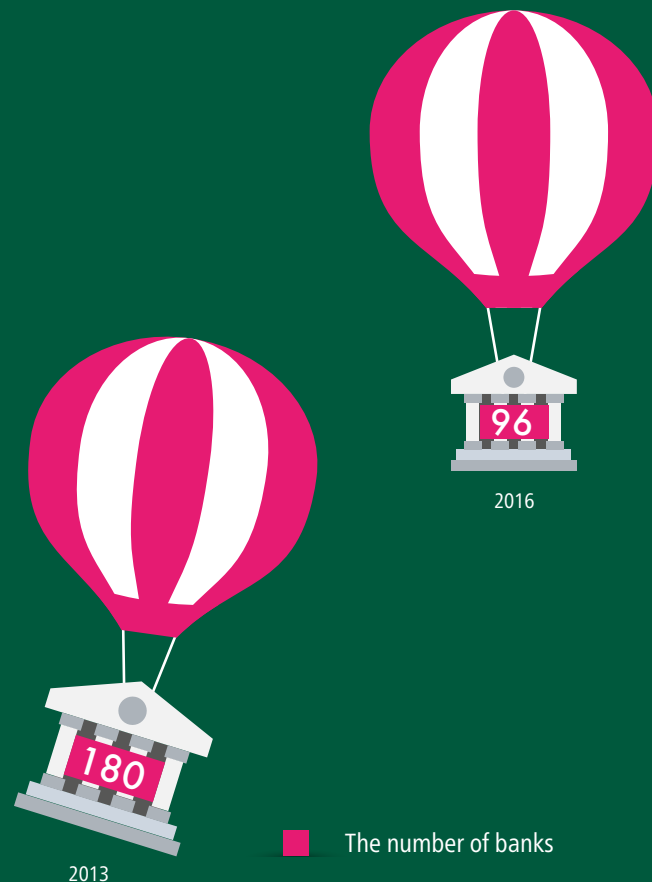


Transformation of the banking system

The large-scale transformation of the banking sector from the moment of finding Ukraine's independence continues.

The ultimate owners of all banks became known. The National Bank of Ukraine performs stress analysis in order to define the ability of banks to fulfill their obligations to against to clients.

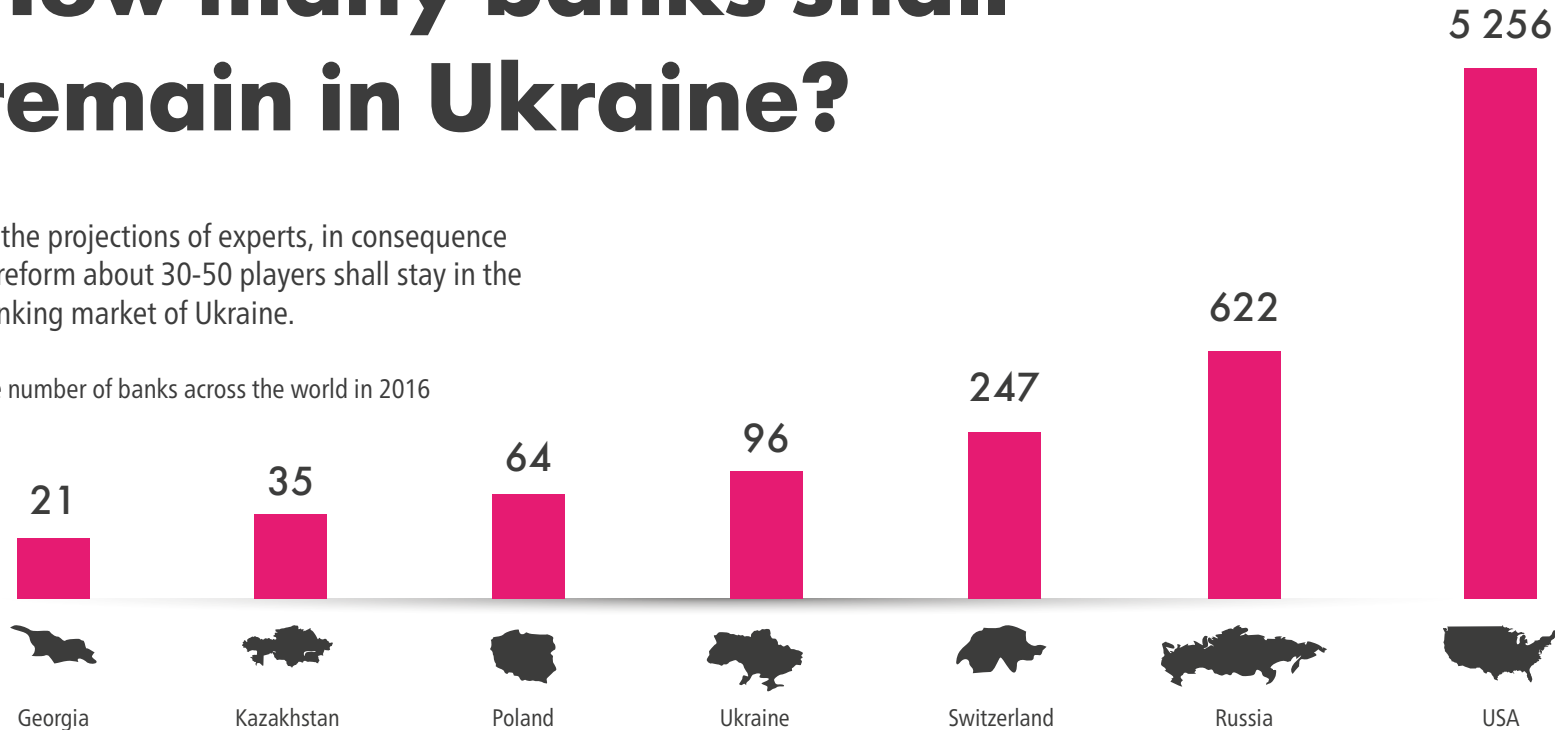
As a result, more than 80 banks are out of the market. They failed to meet the requirements of the National Bank and were a threat for the banking system.



How many banks shall remain in Ukraine?

By the projections of experts, in consequence of reform about 30-50 players shall stay in the banking market of Ukraine.

The number of banks across the world in 2016

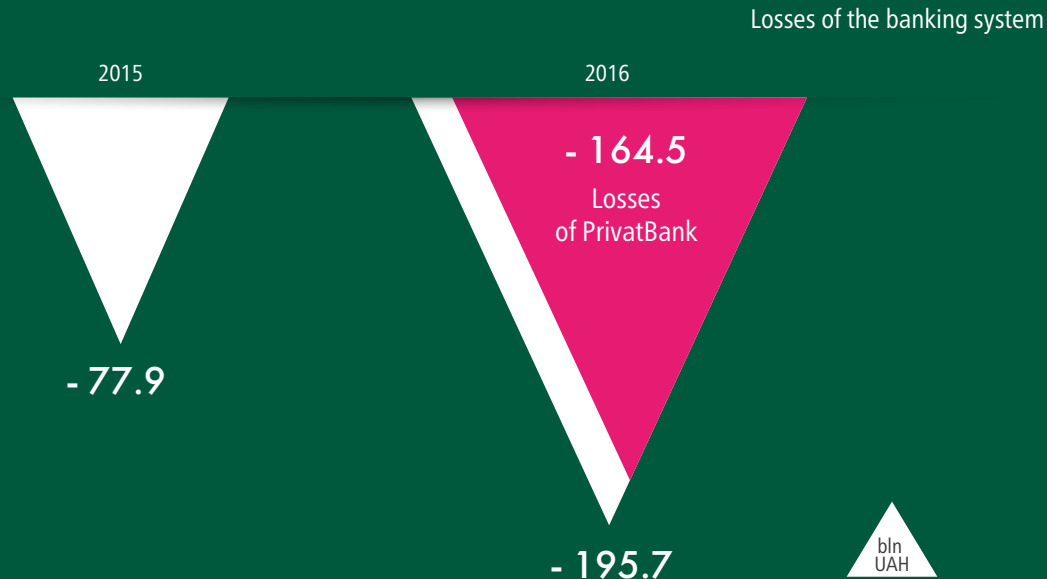


In 2016 the banking system suffered unprecedented losses

The major part of losses is connected to losses of PrivatBank, the largest bank of Ukraine that was nationalized in December 2016.

In order to secure the money on deposits, the government has undertaken the expenses by adding the capital to the bank.

As a result, high reserves were formed while the losses of the banking system increased 2.5 times.



What happens to money on the depositors that were kept in the insolvent banks

Deposit Insurance Fund (DIF) shall pay the money to the depositors of the insolvent banks through the agent banks.

In 2015, FUIB became an agent bank of the DIF.



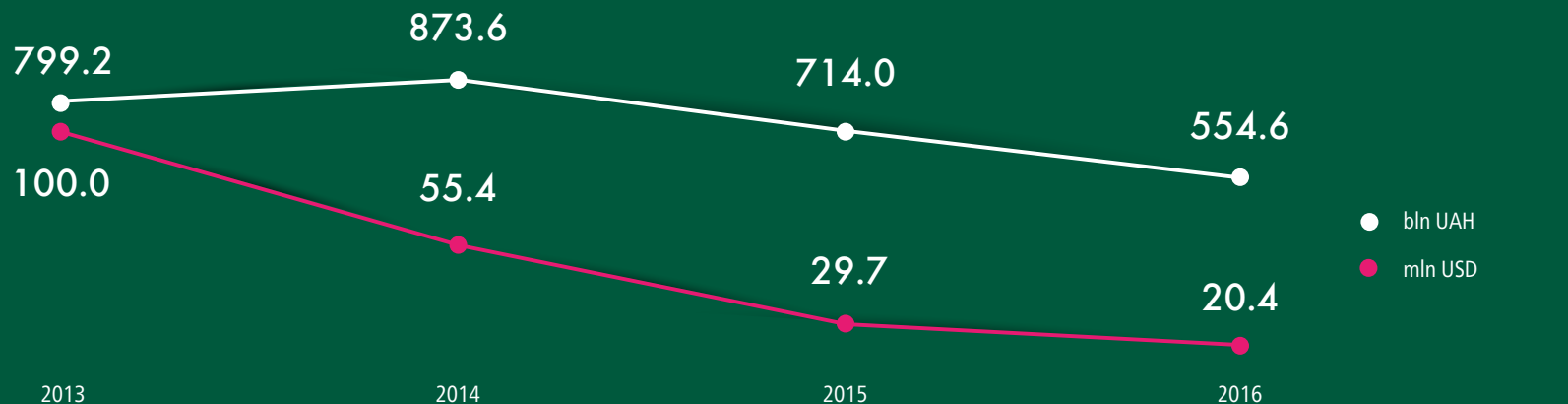
Return of banking credibility

Banking deposits increased. This implies that the loyalty of Ukrainians to the banking system restores.



Does the banking system credit the economy

The loan portfolio of banking system in hryvnia decreased in comparison with pre-crisis level, while the reduction of portfolio in US dollar equivalent was much more essential.



Capital expansion

In 2016, the capital of the banking system increased.
It was caused by the recapitalization of the banks as a result of NBU's stress analysis.



WHAT HAPPENED TO FUIB IN 2016



FUIB is the largest among fully privately-owned Ukrainian banks



TOP-7

For net profit



TOP-8

For assets



TOP-8

For capital



TOP-6

Annual rating of
"50 leading banks
of Ukraine"



159

Number of
branches

Stability program of FUIB



1.2

bln UAH

Increase of authorized capital within the framework of the stress-analyses of NBU

in September 2016



0.49

bln UAH

Advanced repayment of the stabilization loan of the NBU

in May 2016



0.58

bln UAH

Tax payment to the state treasury of Ukraine

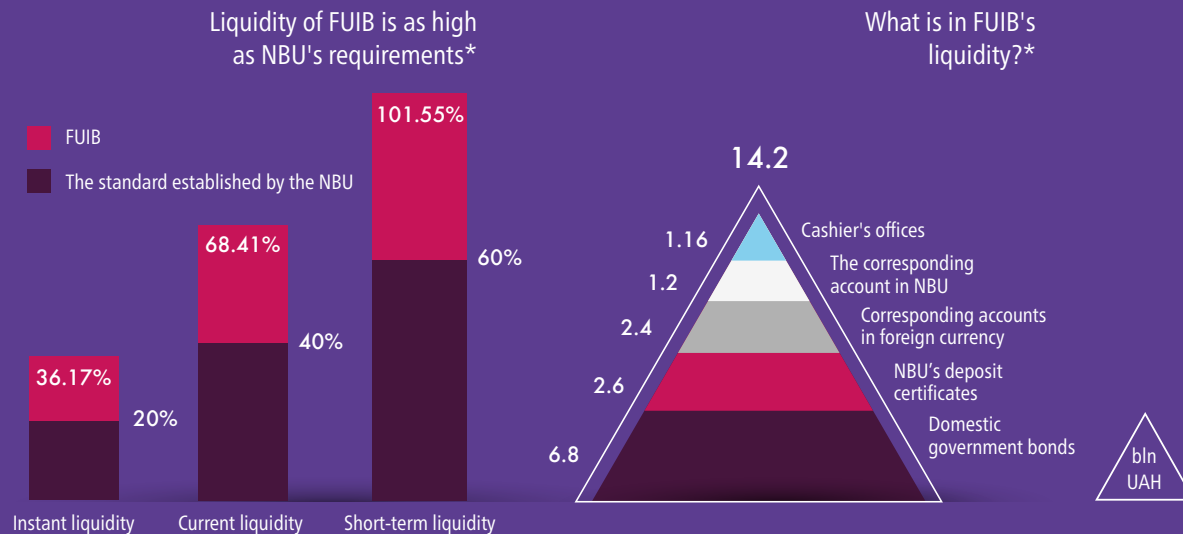
(FUIB is among the major taxpayers of Ukraine)

Liquidity is an indicator of bank's stability

This index indicates that the bank has sufficient funds to repay to clients' deposits on time.

The Bank forms a liquidity cushion which is the amount of funds within the NBU's requirements.

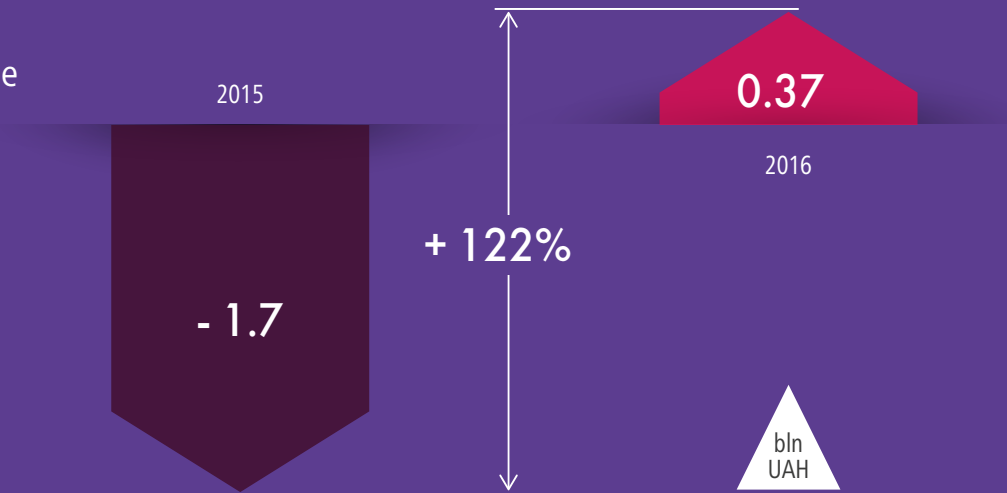
There are three types of liquidity: instant, current and short-term.



Profitable again!

In 2016, FUIB returned to profits while the whole banking system suffered losses.

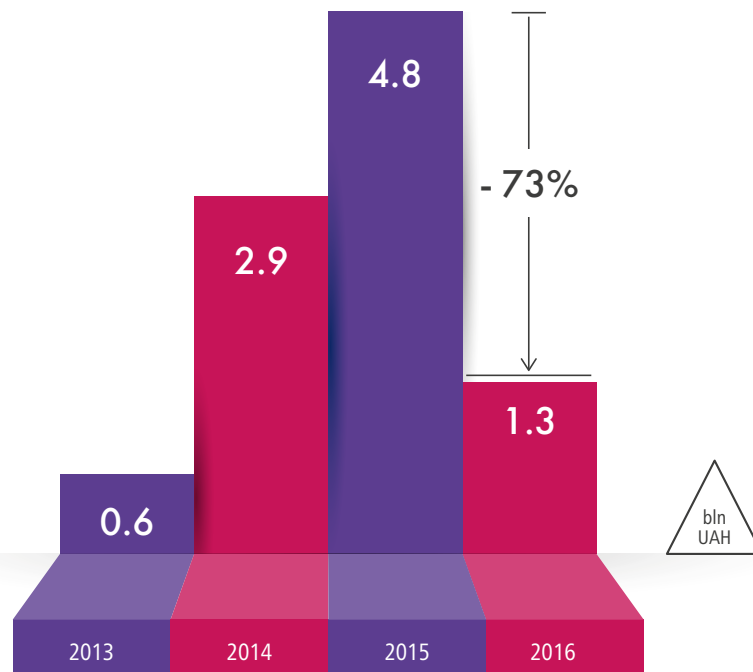
FUIB managed to decrease reserve expenditures and worked effectively with bad debtors.



FUIB has lowered reserves by 73%

Thanks to economic stabilization, the payment discipline of bank's debtors improved.

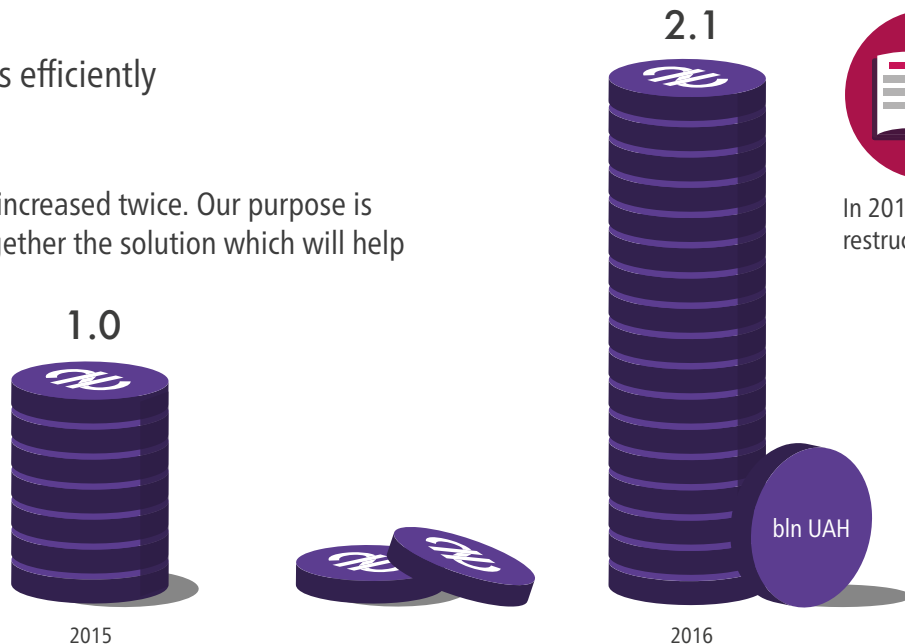
As a result, bank channeled more cash to its operational activity.



Debt management

The bank works with its debtors efficiently and systematically.

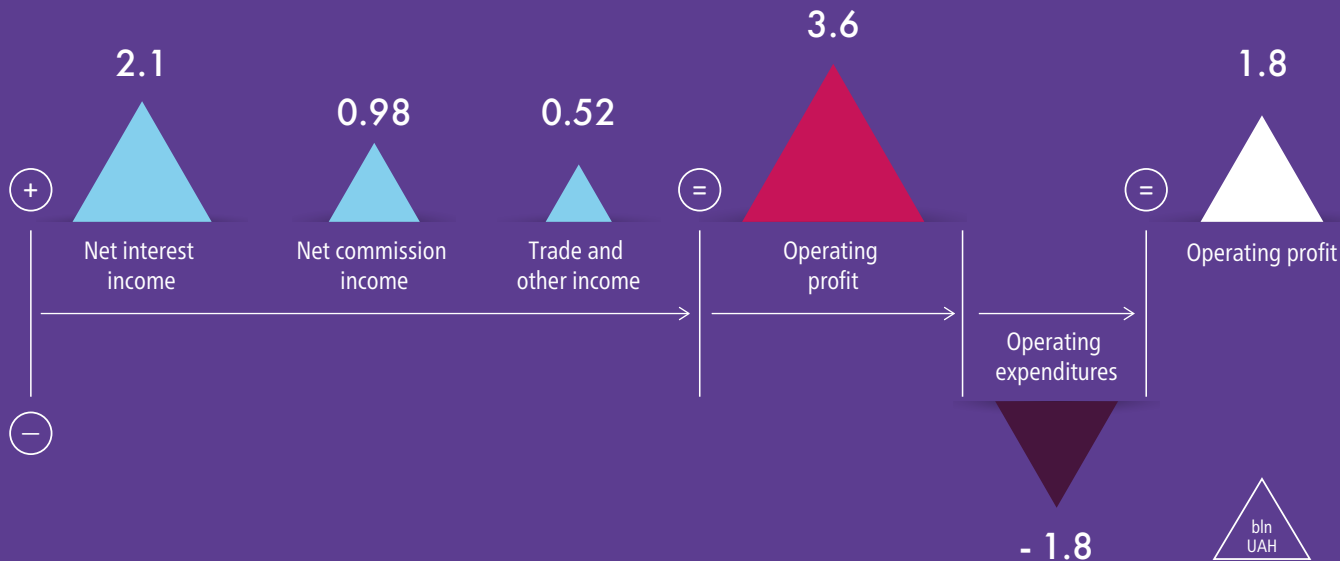
In 2016, the bad debt repayments increased twice. Our purpose is to support customers and to find together the solution which will help the client to work effectively.



What is in FUIB's operating profit

Even in tough times the bank is able to show operating profit. The operating profit reveals how the bank earns money.

In 2016, FUIB received 1.8 bln UAH of operating profit.



What is in net profit

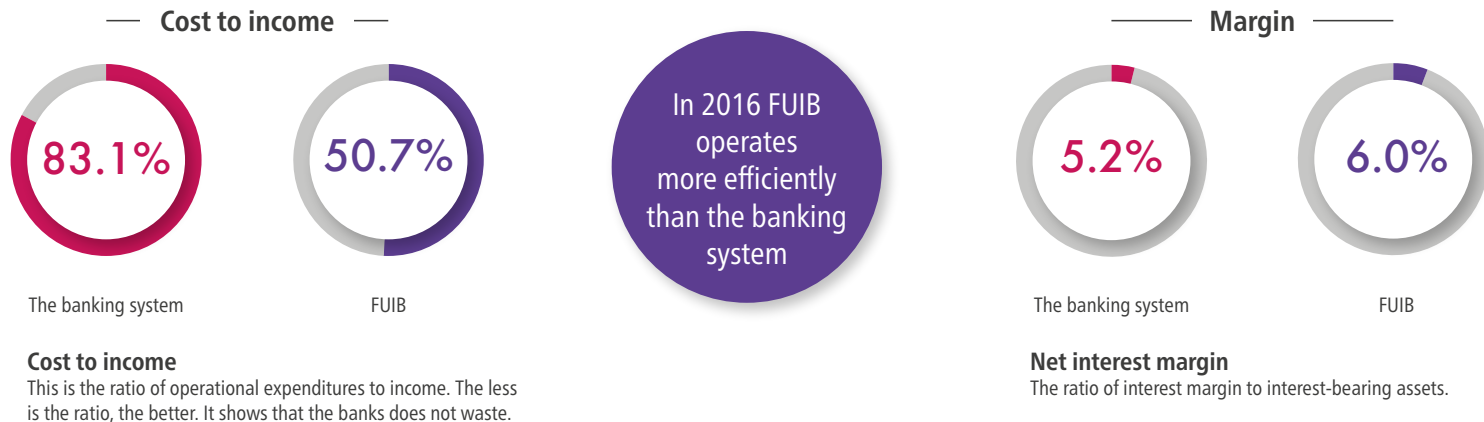
It is like a math equation: to get net profit, the operating profit should exceed reserves.

In 2016, the net profit of FUIB was equal to 0.37 bln UAH.

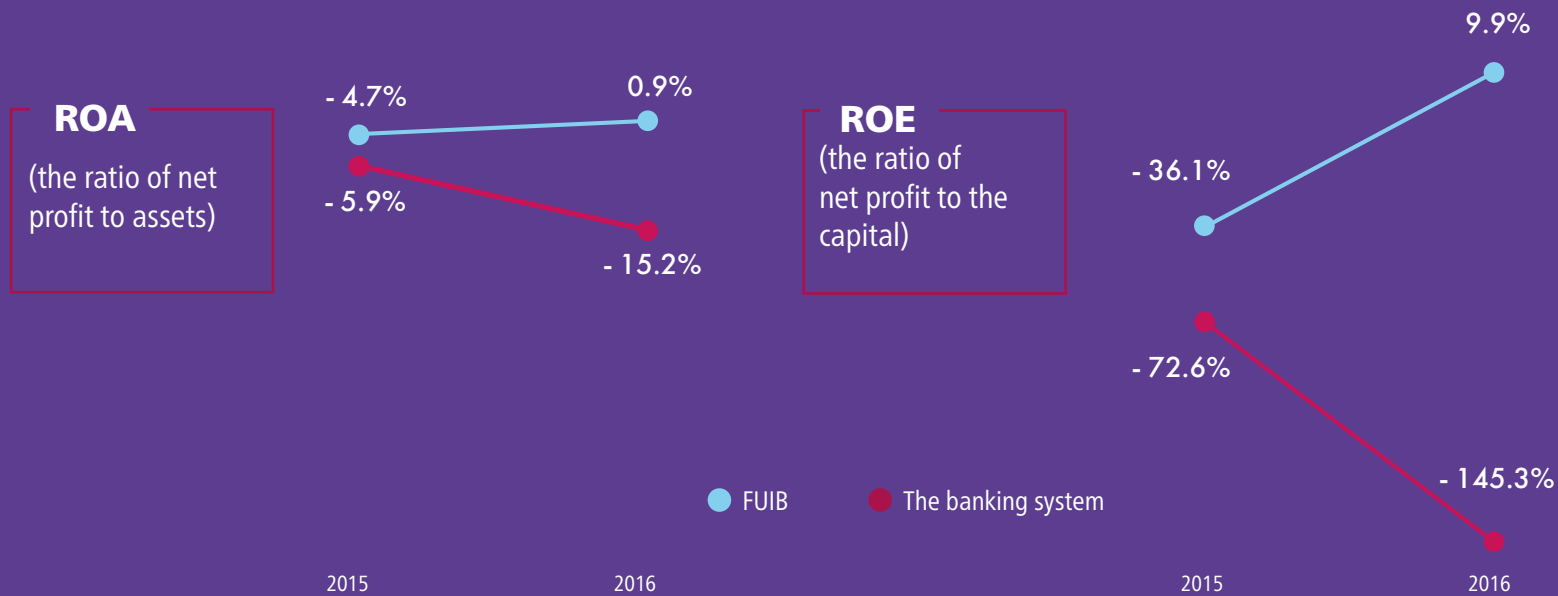


FUIB vs the banking system

Key performance indicators show the bank's efficiency.



What other indicators show the bank's efficiency

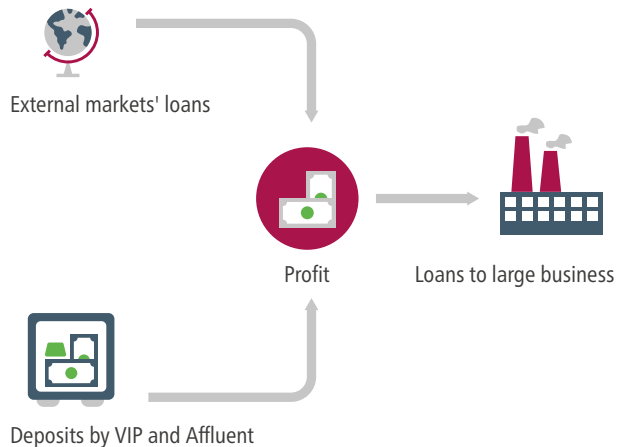


HOW DID THE BANK GAIN PROFIT IN 2016



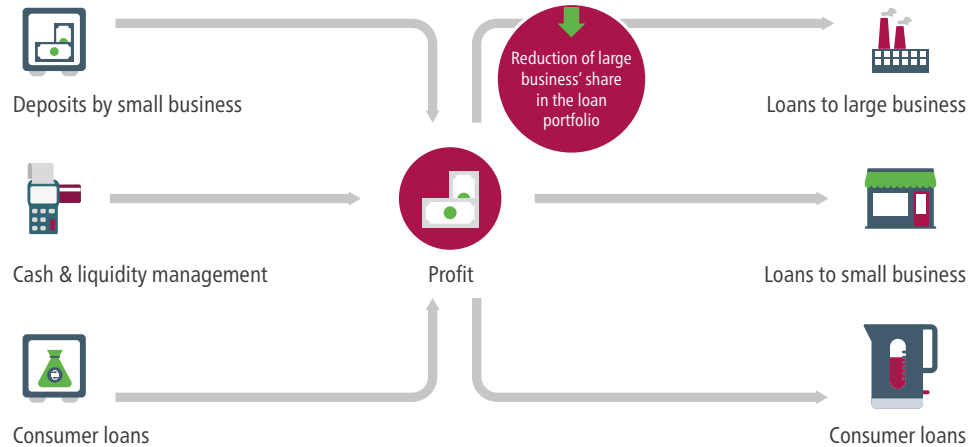
In 2016 FUIB continued to develop a new business model

Yesterday's business model



New business model

We have received: more customers, diversification of business, better stability improvement, and efficiency increase.



How did FUIB gain the profit in 2016

Operating profits by business lines.



Corporate business of FUIB



43

thousands

of corporate customers



7.7

thousands

of small and medium
business customers



18.5

bln UAH

corporate business'
liabilities



1.0

bln UAH

earnings on transactions
by corporate business

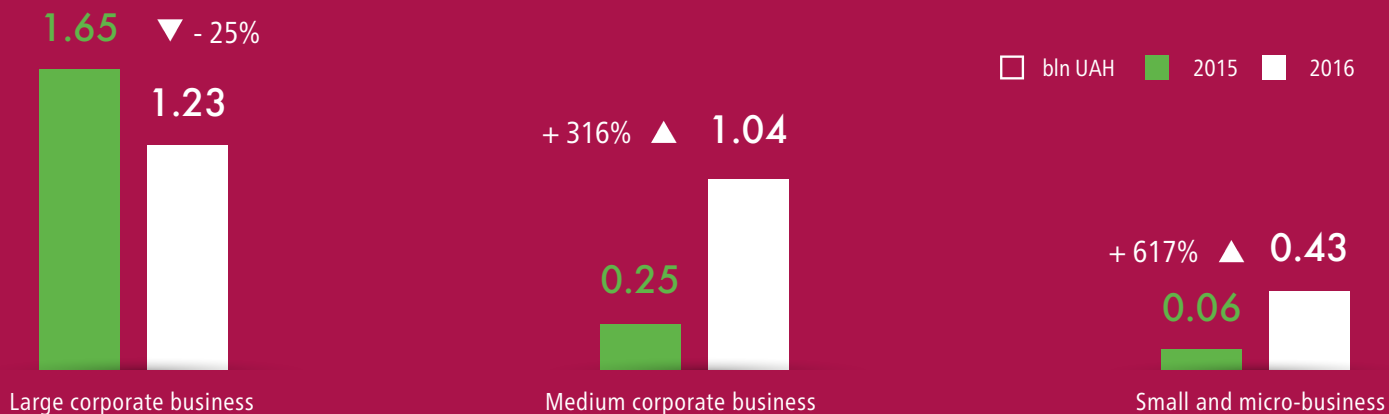
SMEs are in FUIB's focus

The bank actively develops credit financing of small and medium business.

At the same time, the bank reduces the share of large corporate business in the bank's loan portfolio.

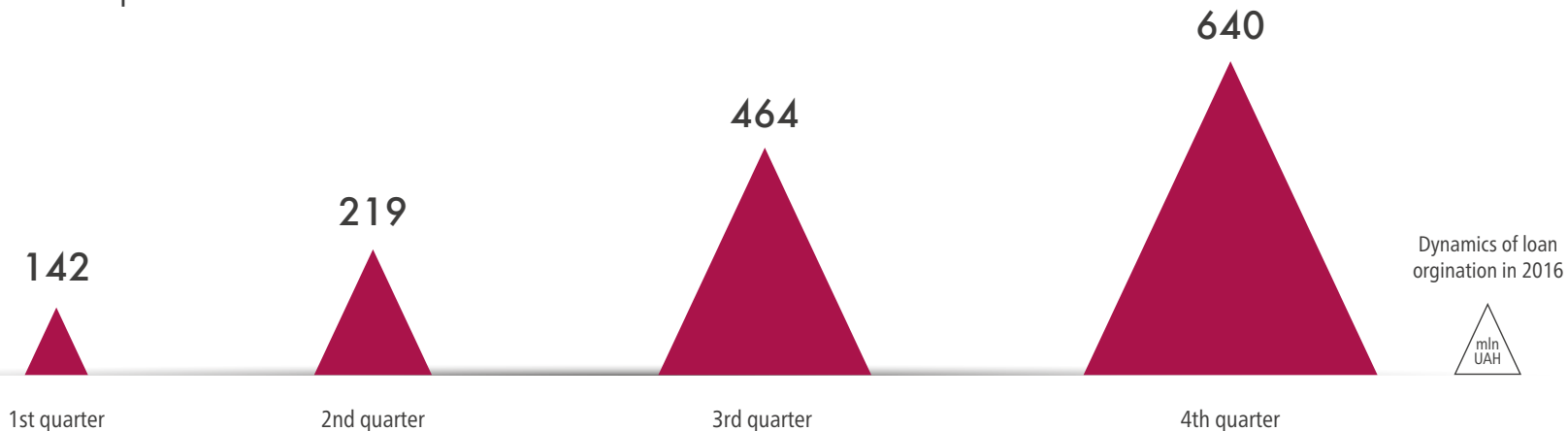


FUIB has the second highest rank in the nomination "SMEs Support" (Financial Oscar reward by "Business" magazine)

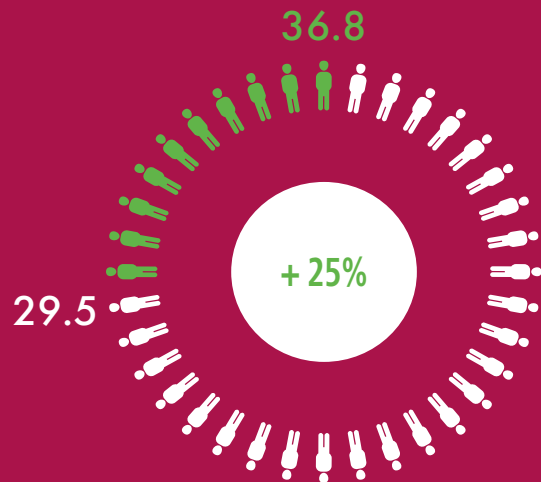


FUIB fully renewed creding in 2016

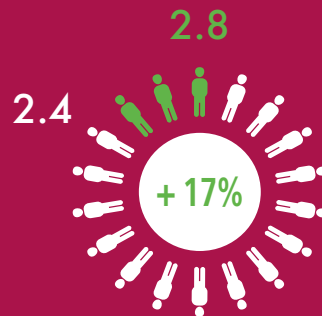
The total volume of loans originated in 2016 is equal to 1.47 bln UAH.



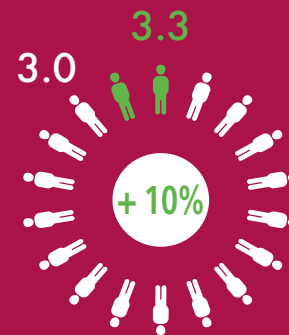
More and more corporate customers choose FUIB



Small and micro-business



Medium-sized business



Large business

👤 thousand customers ● 2015 ● 2016

Retail business of FUIB



1.0
mln

current customers



14.7
bln UAH

of retail business liabilities

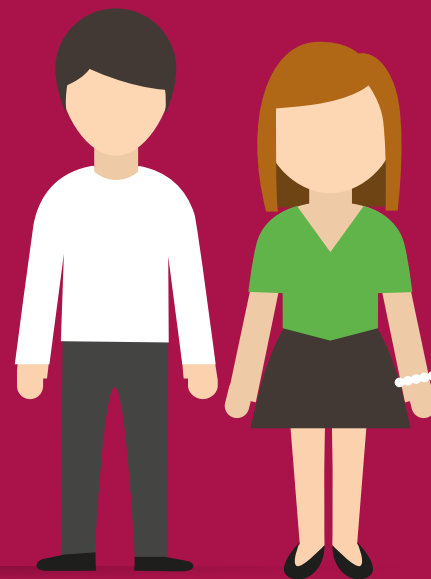
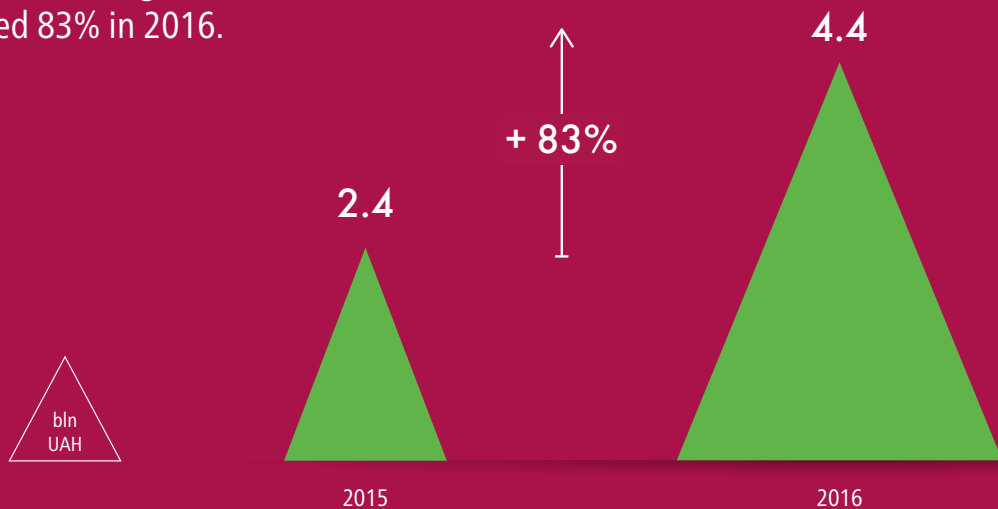


Nº 1

for targeted
consumer loans

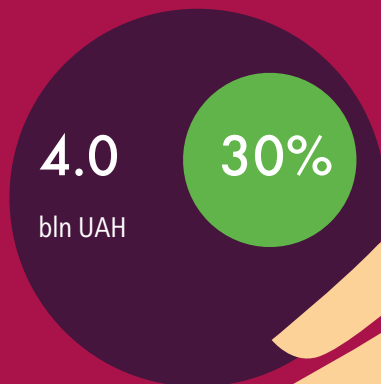
FUIB strengthened its market power in retail lending

The volume of originated loans increased 83% in 2016.



FUIB is an agent bank of the Deposit Guarantee Fund (DGF)

The DGF paid 4 bln UAH to the depositors of insolvent banks through FUIB in 2015-2016.



30% of compensated deposits were placed in FUIB.

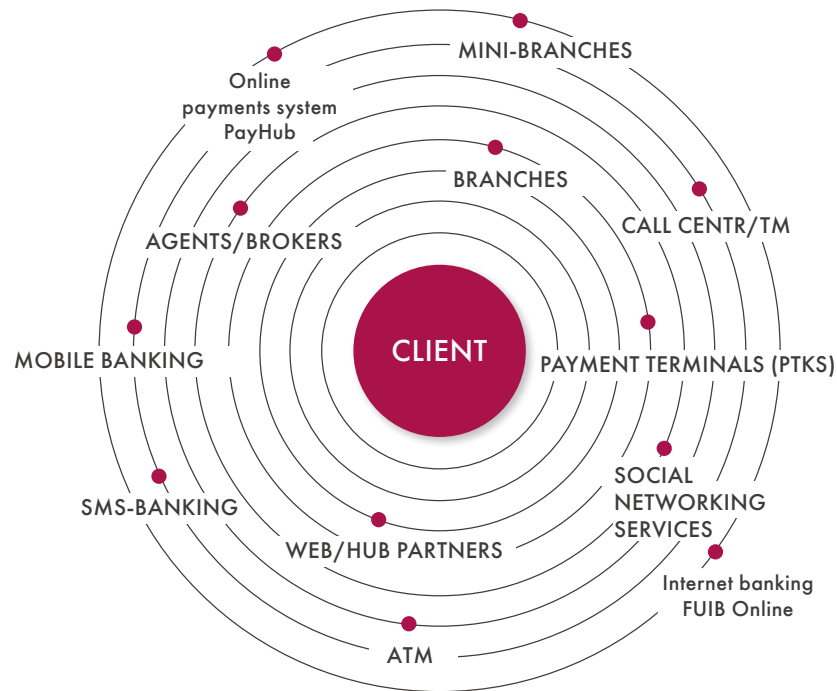
Client-centeredness is in bank's DNA

Client-centeredness is a delivery of quality services to customers 24/7 both in Ukraine and all over the world.

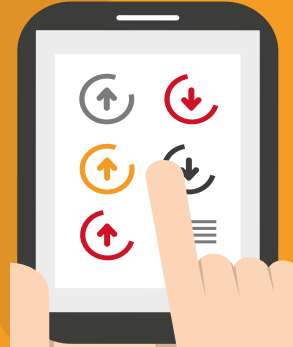
New positioning of the bank:



We work for you

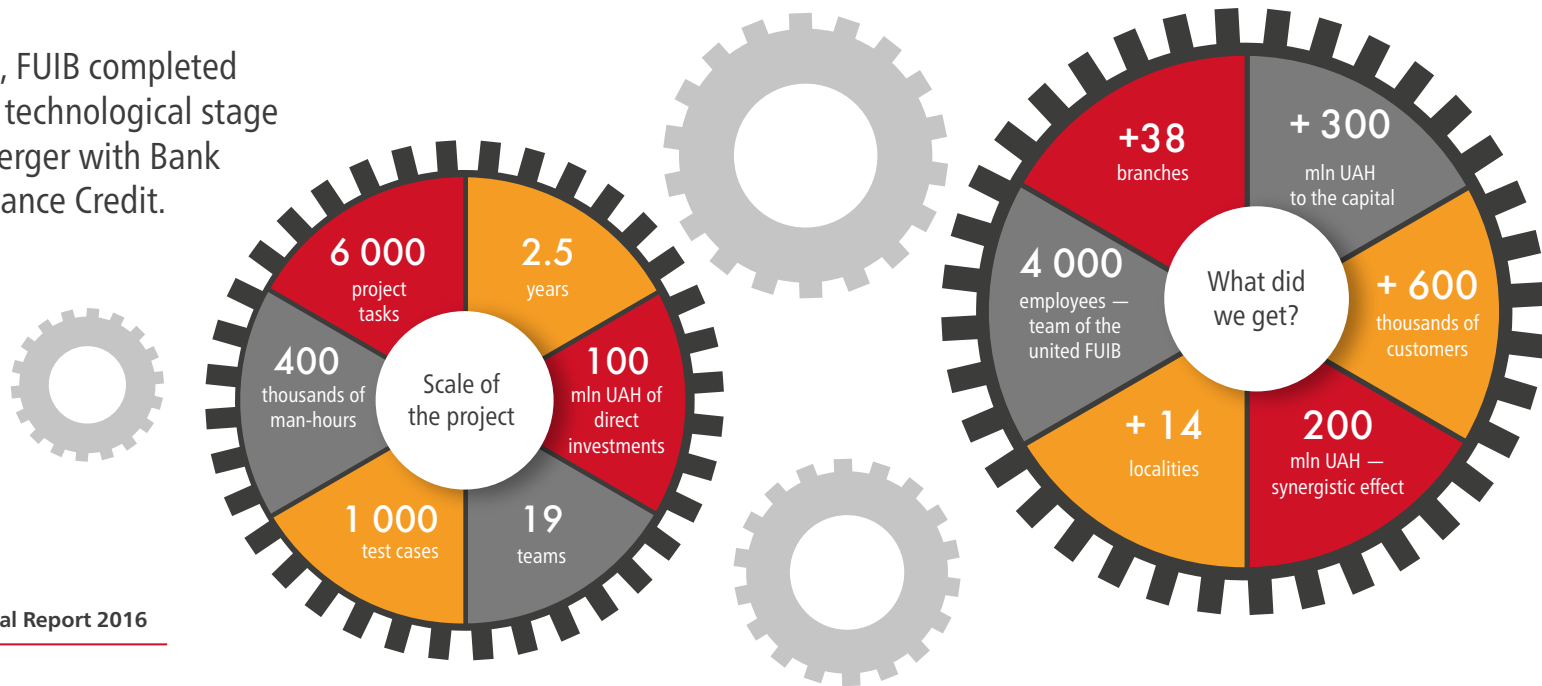


GO DIGITAL



The merger of FUIB and Bank Renaissance Credit is completed

In 2016, FUIB completed the last technological stage of its merger with Bank Renaissance Credit.



Focus on innovation

In 2016, FUIB began active transformation of its IT-architecture, it launched a number of digital projects aimed to improve the quality of services.

Remote channels could be used both by FUIB customers and non-customers.

Investments in general banking projects — 25 mln UAH.

The bank also began transformation of its large infrastructural directions, i.e. back-end systems, virtualization platform of the infrastructure and storage system and data processing.

Infrastructure investments — 46 mln UAH.

Main Digital projects in 2016



New Internet banking of FUIB Online



Payment system PayHub



Card to card



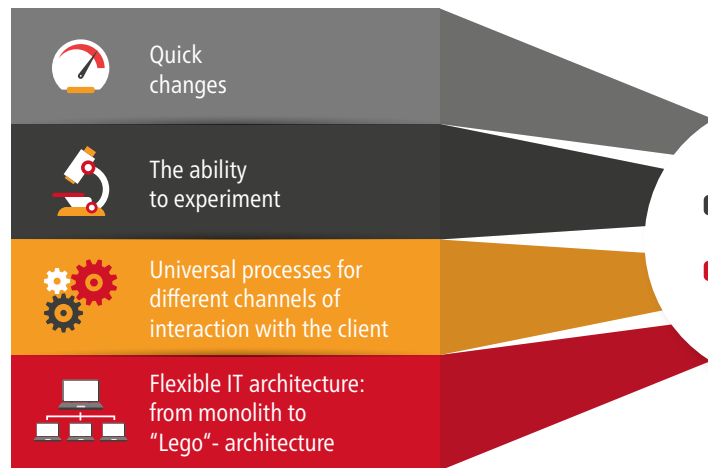
PTKS



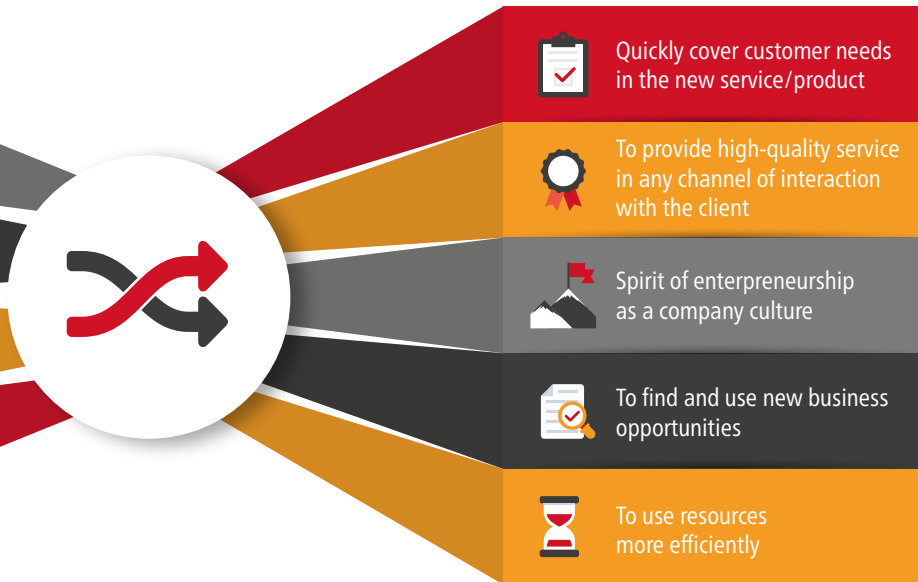
Cloud based EDS

Our goal is to create a digital core

We want to get:



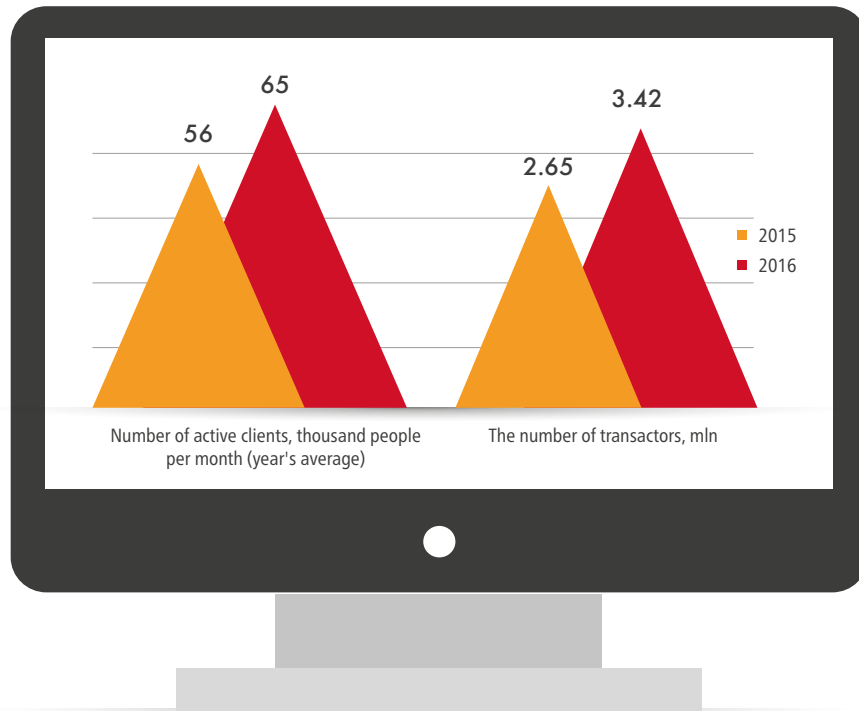
This will allow us:



Internet banking FUIB Online

In TOP-3 among Internet banking in the rating of "50 largest banks of Ukraine".

Investments in the project: 8.16 mln UAH.



Internet banking FUIB Online

TOP-10: what to try in FUIB Online?



Adaptive design:
try in various gadgets.



User picture: choose the one you like.



GeoLimits: on/off-regimes for limits on using your card abroad.



Online chat with customer service center. The average response time is about 30 seconds.



Payment directly from the home page: customize your templates for your utilities and other bills.



Ordering cards via Internet banking.



No fee charged: money transfers to your FUIB's account from other banks' cards.



New interface for opening deposits: the visual sorter is added to deposit rates list.



On/off options for automatic renewal and interest capitalization of deposits. You do not need to go to the bank anymore.



On/off option for 3-D Secure.

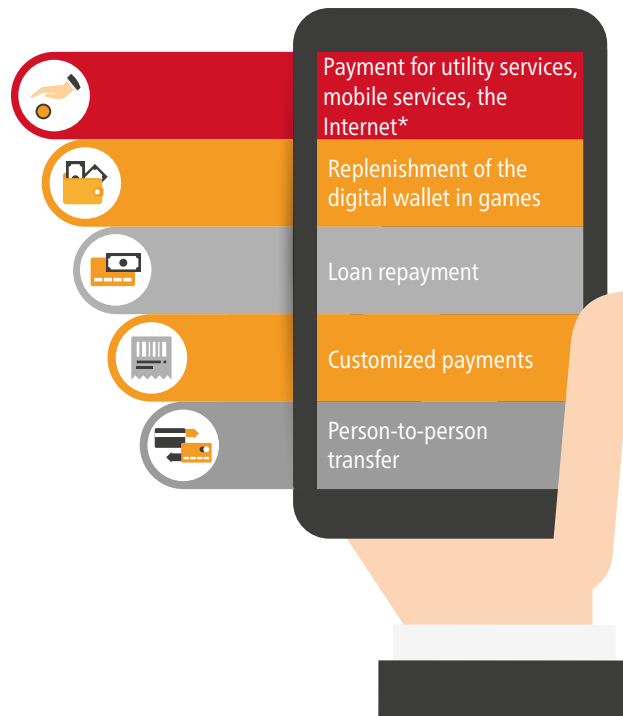
FUIB's online payment system PayHub

PayHub is one of a few payment services in Ukraine provided by a bank.

The service could be used both by FUIB's cardholders and other banks' cardholders.

Security and timeliness of cash transfers is guaranteed by FUIB's processing center.

TOP-5: what to try in PayHub?



* Connection to customers' accounts in Kyivengo and Dneproblenergo allows the customer to inform the provider about meters readings, to see the latest bill and the previous payment.

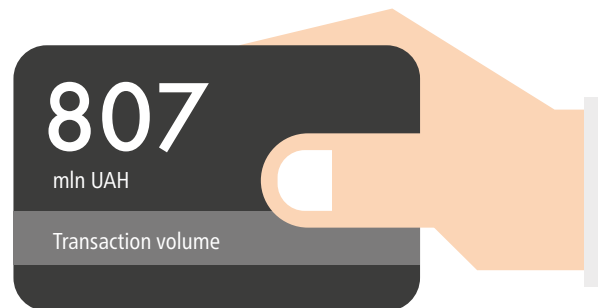
Card to card

FUIB provides a Card to card service. This is a momentary fund transfer between any bank cards of the Ukrainian banks.

It is enough to know only the card number of fund receiver to transfer the funds.

The transfer of funds is performed online within several minutes.

FUIB's processing center guarantees security and timeliness of cash transfer.

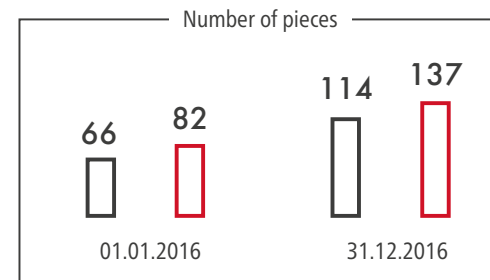
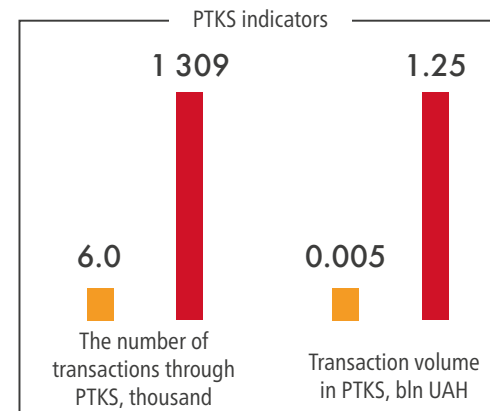
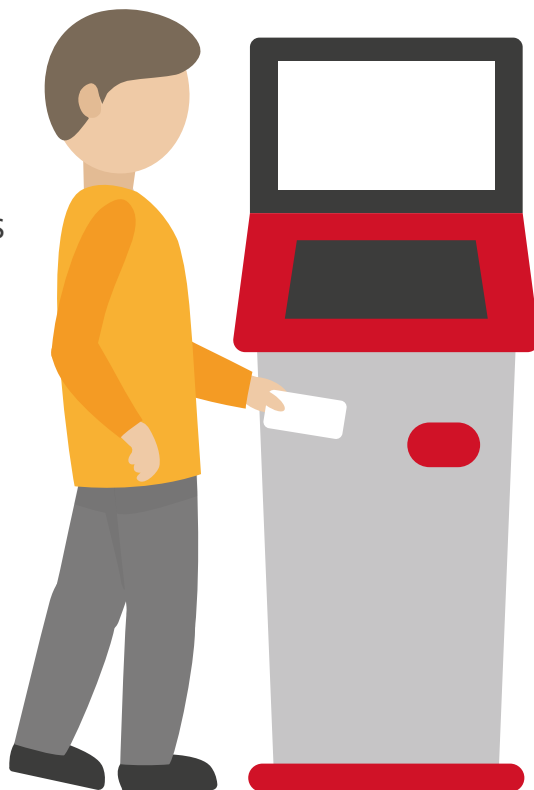


2016

PTKS

FUIB develops remote channels, in particular, equips PTKS branches in order to improve the quality of services in the bank's branches.

The number of payments through PTKS in 2016 increased by 135%.



■ 2015 ■ 2016 □ Branches □ PTKS

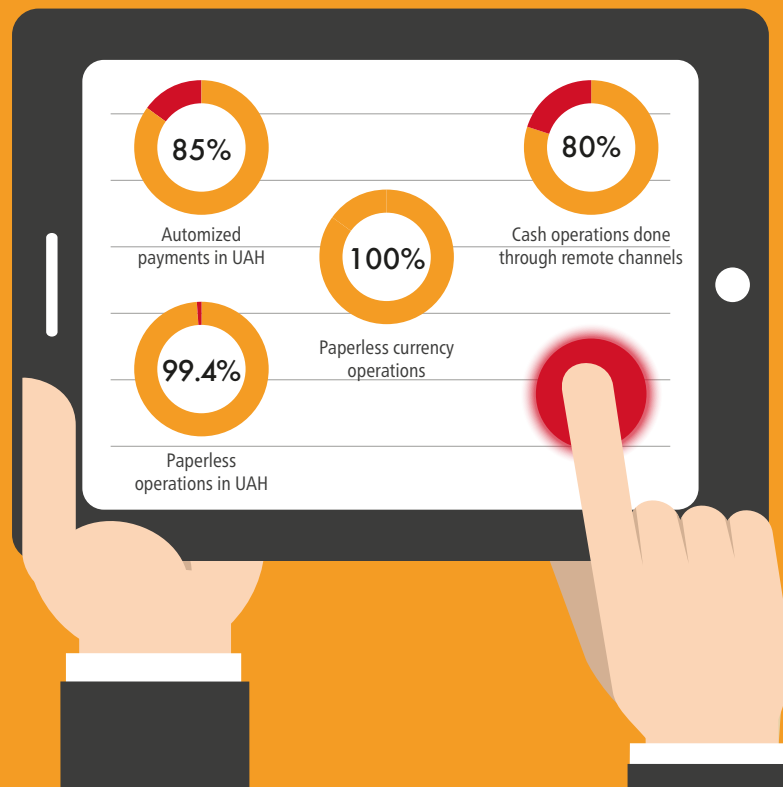
FUIB online corporate

FUIB develops remote channels of corporate customer services.

11 mln transactions annually.

There is no need for Java!

In April 2017 FUIB implemented "online EDS" (electronic digital signature). This service allows working in any browser without limitations and regular updating of Java.



FUIB: Go Digital

We do not just develop and implement digital projects

Our goal — the transformation of the whole bank!



We change the DNA of the company

We hope that we have answered all your questions.

But if you want to learn more, join us on social networks.

