

# Annual Report 2021



Приорбанк

RBI  
Group



**Priorbank**





***Priorbank***

**RBI**  
Group



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Foreword

# Foreword



In 2021, Priorbank JSC (the Bank) continued its development in all key businesses, expanding its client base in all segments, improving its services range and retaining its positions on the local market as a reliable financial institution with a solid resource base and a well-balanced loan portfolio quality.

In 2021, the Bank's assets increased by 4.4% to 5,517 million BYN, which enabled to retain the 3<sup>rd</sup> place in the banking system with a market share of 5.7%. The Bank's capital increased by 14.2% to 931 million BYN. The reputation of a reliable bank enables to retain the 2<sup>nd</sup> place on the market in terms of current accounts of Legal Entities (LEs) and Private Individuals (PIs) with a market share of 16% and 22% respectively.

With the purpose to raise long-term funding, the Bank continued active co-operation with international financial institutions. In 2021, Priorbank raised 171.5 million BYN, thereof 129 million BYN for PIs financing – housing construction and reconstruction using energy-efficient technologies.

In Corporate Banking, Priorbank continued to focus on comprehensive banking services offering the clients a wide product range. The Bank successfully developed digital services – Internet Bank (IB). IB upgrade enabled to increase the share of corporate clients subscribed to IB to 90%. The Bank completed transformation of its sales and service model in branches: launched new model of corporate clients servicing with distribution of functions among account managers and transaction managers.

The Bank successfully developed co-operation with small- and medium-sized enterprises (SMEs). Active client base increased in 2021 and new servicing model developed, which ensured growth of sales via digital channels (the share of the clients attracted via digital channels accounted for 29.7%). Priorbank launched a new package line for SME clients with an opportunity to choose the service model: personal account manager at branch, personal distant account manager and Contact Center.

Retail Client base increased. The number of active Customers increased by 4.1% having achieved 840 thd. clients, Premium Clients number increased by 15% having achieved 21.9 thd. clients. The Bank attracted 116 thd. new customers. Active Salary Payroll Projects of Legal Entities (LEs) and Individual Entrepreneurs (IEs) increased by 6.1% to 21.3 thd., such growth was ensured via the multi-channel distribution system. The Bank launched new products for local and foreign settlements.

Priorbank arranged a large-scale marketing campaign to attract pension clients, which resulted in increase of such clients by 1.4% to 154.4 thd.

Priorbank is developing and improving its distant banking services system (DBSS) and occupies leading positions on the market of distant services to Pls. In 2021, the number of active users of the mobile application increased from 51% to 58%. The share of new clients attracted via digital channels grew from 11.2% to 20.9% due to targeted marketing activities and lead generation in digital channels. The share of consumer lending via digital channels grew from 17% to 59%. A new opportunity for FX transactions at personal beneficial exchange rates in the mobile application Prior Online was offered for Premium Prime Package Clients.

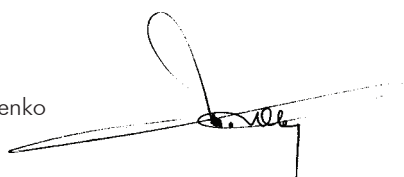
In 2021, the Bank's branch network consisted of 62 points of sale. Throughout 2021, Priorbank continued to implement initiatives to increase its network efficiency. Eight Bank's branches changed the customers service format to digital, and the number of such branches reached 14.

With the purpose to increase its efficiency, the Bank systematically optimized the existing business processes. The Bank modernized five branches, where created modern and convenient atmosphere for clients. 15 low-efficient branches were closed under the cost optimization program.

In 2021, the Bank ensured the acceptable quality of its Loan Portfolio owing to efficient reaction on external economic and political factors and maintaining of conservative approach to customers lending focusing on the most stable borrowers.

The financial result of the Bank's business in 2021 has become the profit of 166 million BYN.

Sergey Kostyuchenko

A handwritten signature in black ink, appearing to read 'S.K.' with a large loop at the top and a vertical line at the bottom.

Chairman of the Board  
of Priorbank JSC



Ladies and Gentlemen,

During the 2021 financial year, the members of the Supervisory Board held 17 meetings.

The Supervisory Board regularly and comprehensively monitored the business performance and risk developments at “Priorbank” JSC. Discussions were regularly held with the Management Board on the adequacy of capital and liquidity, as well as on the direction of the bank’s business and risk strategies. The Supervisory Board also dealt at length with further developments within corporate governance and monitored the implementation of corresponding policies. In course of its monitoring and advisory activities, the Supervisory Board maintained direct contact with the responsible Management Board members, the auditor and heads of the internal control functions. It also maintained a continuous exchange of information and views with representatives from supervisory authorities on topical issues.

Moreover, the Management Board provided the Supervisory Board with regular and detailed reports on relevant matters concerning performance in the respective business areas. Between meetings, the Supervisory Board maintained close contact with the Chairman and members of the Management Board. The Management Board was available when required for bilateral or multilateral discussions with members of the Supervisory Board, where applicable with the involvement of experts on matters being addressed.

The work undertaken together with the Management Board was based on a relationship of mutual trust and conducted in a spirit of efficient and constructive collaboration. Discussions were open and critical, and the Supervisory Board passed resolutions after fully considering all aspects. If additional information was required in order to consider individual issues in more depth, this was provided to members of the Supervisory Board without delay and to their satisfaction.

After yet another challenging year due to the COVID-19 pandemic, I would like to take this opportunity to sincerely thank the Management Board and all employees of “Priorbank” JSC for their unwavering efforts, and also our customers for their continued trust.

On behalf of the Supervisory Board

Andrii Stepanenko

Chairman of the Supervisory Board



The image features a vibrant yellow background. Overlaid on this are several overlapping, stylized geometric shapes that form a large, abstract letter 'P'. These shapes are composed of multiple parallel lines in shades of grey and white, creating a sense of depth and movement. The lines are arranged in a way that suggests a three-dimensional architectural structure, possibly a modern building facade or a complex data visualization. The overall composition is clean, modern, and visually striking.

# Highlights of Priorbank

# Highlights of Priorbank

## Establishment and start of activity:

January 1989

## The licence of National Bank of the Republic of Belarus:

Licence No. 12 dated July 24, 2019.

## The major shareholders as of 01.01.2022:

	Share in the Shareholder Authorized Capital
Raiffeisen CIS Region Holding GmbH, Austria . . . . .	87.74%
State Committee on Property of the Republic of Belarus . . . . .	6.31%
Private individuals . . . . .	4.83%
Other legal entities . . . . .	1.12%

## Correspondent banks as of 01.01.2022:

in the Republic of Belarus – 12  
abroad – 29

## Employees as of 01.01.2022:

1,744

## Customers as of 01.01.2022:

Corporate Clients – more than 2,200  
Active SMEs – 39,714  
Active Private Individuals – 839,886

## Membership in interbank unions, exchanges, associations:

Association of Belarusian Banks;  
Belarusian Currency-Stock Exchange;  
Visa International;  
MasterCard/Europay International;  
BelCard;  
Business Union of Entrepreneurs and Employers  
n.a. Professor M. Kuniyavsky.

## Information and telecommunication systems:

Internet;  
REFINITIV;  
SWIFT;  
VisaNET via VSAT;  
EPS NET via X.25.

## Auditor:

Foreign Unitary Audit Enterprise “Deloitte & Touche” – stand-alone NFRS reporting

Limited Liability Company “DRT Audit” (was reorganized from Foreign Unitary Audit Enterprise “Deloitte & Touche”) – consolidated IFRS reporting and consolidated NFRS reporting

## Awards

- Best Bank in Belarus in 2020 (Global Finance)
- Best Bank in Belarus in 2020 (EMEA Finance)
- Best Private Bank in Belarus in 2020 (EMEA Finance)
- Best Investment Bank in Belarus in 2020 (EMEA Finance)
- Best Bank in Belarus among large banks in 2020 (Myfin)
- Best corporate social responsibility project in 2020 (Myfin)
- Best Foreign Bank (Myfin) (second place)
- Best Innovative Bank (Myfin) (second place)
- “Most active issuing bank in Belarus under TFP 2021 (EBRD)”
- Low risk of experiencing material financial impacts from ESG factors 80th out of 947 (July 2020) (SME. Banking club)

The image features a vibrant yellow background. In the top-left and bottom-right corners, there are complex, layered geometric patterns. These patterns consist of multiple overlapping, jagged shapes that resemble a maze or a series of nested, irregular polygons. The colors of these patterns range from light grey to dark grey, with white outlines that create a sense of depth and complexity. The overall composition is modern and abstract.

Supervisory Board

# Supervisory Board

Andrii Stepanenko	Chairman of the Supervisory Board
Robert Wagenleitner	First Vice-Chairman of the Supervisory Board
Nikolay Kadushko	Independent Director, Second Vice-Chairman of the Supervisory Board
Alexey Kapustin	Member of the Supervisory Board
Renate Kattinger	Independent Director, Member of the Supervisory Board
Thomas Matejka	Member of the Supervisory Board
Dzmitry Matusевич	Member of the Supervisory Board (State Representative)
Nikita Patrakhin	Member of the Supervisory Board
Zoya Yarmosh	Independent Director, Member of the Supervisory Board

## Management Board

Sergey Kostyuchenko	Chairman of the Management Board
Vladimir Dedioul	Member of the Management Board
Vadim Matyushkin	Member of the Management Board
Bernd Rosenberg	Member of the Management Board
Andrey Ivankevich	Member of the Management Board



Macroeconomic  
Environment

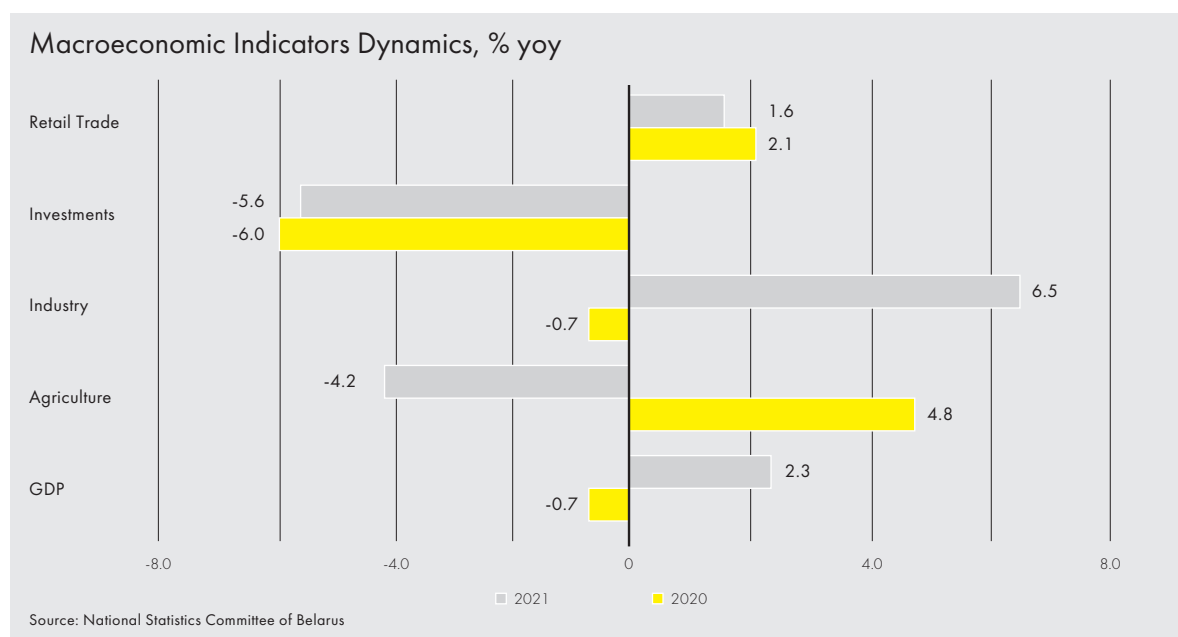
# Macroeconomic Environment

## Gross Domestic Product (GDP), Industrial Sector and Foreign Trade

In 2021, annual GDP growth of 2.3% was supported by development of industry and foreign trade, while the contribution of other economic sectors, e.g. agriculture, capital investments, internal trade was insignificant or vice versa negatively contributed to GDP.

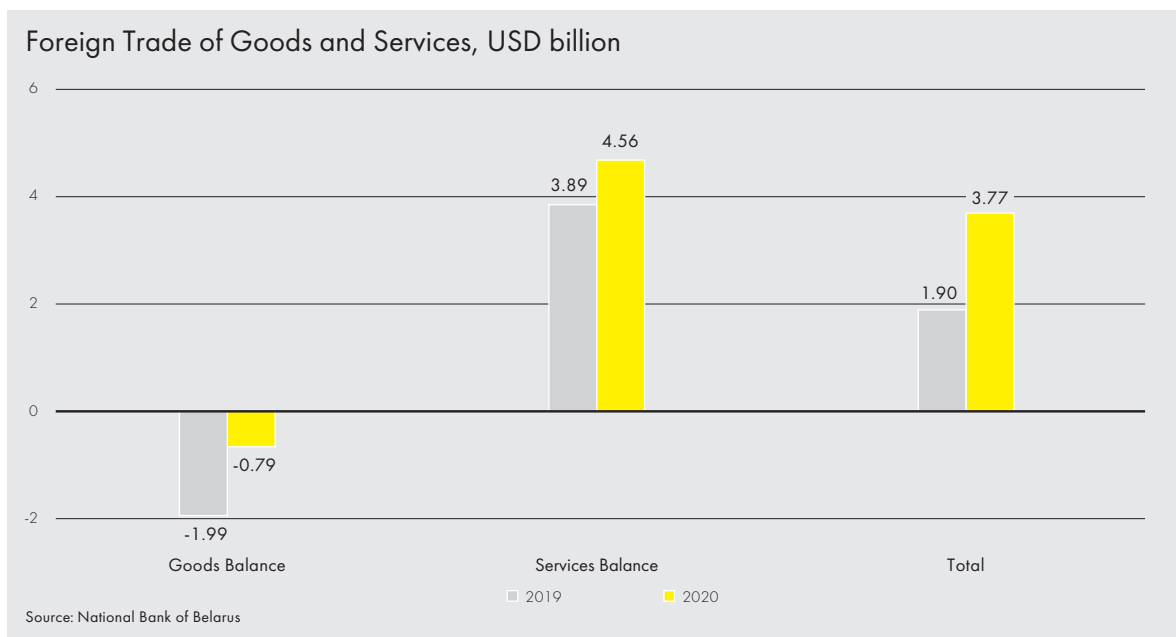
The major reason of growth in Belarusian industrial sector and foreign trade became efficient use of the

opportunities appeared for local manufacturers due to affect of COVID-19 on the world economy. Rise in prices for commodities and food, increase of period and cost of shipment of FMCG, intermediate and investment goods from China, shrinking of business activity caused by social restrictions or deep integration in trans-border goods exchange became factors having increased demand for Belarusian export of chemical, petrochemical and forestry goods on EU markets, as well as heavy machinery and food – on the Russian market. In general, for the past year maximum annual growth in output of machinery/equipment is estimated at about 15-20% yoy, wood processing industry – more than 6.5%.



Belarusian manufacturers of goods and services focused on foreign markets in 2021, which contributed to the growth of goods export vs the previous year by 37.4% to

USD 39.0 billion, services export grew by 16.4% to USD 10.2 billion.



In its turn, less intensive consumer import of goods on the background of rise in prices for industrial goods on the world market (12.1% in 2021), as well as slackening of investment import of goods in pandemic conditions (in 2021 growth 10.9%) led to reduction of goods foreign trade deficit to USD 0.79 billion vs USD 1.99 billion in the previous year. Furthermore, services import volume

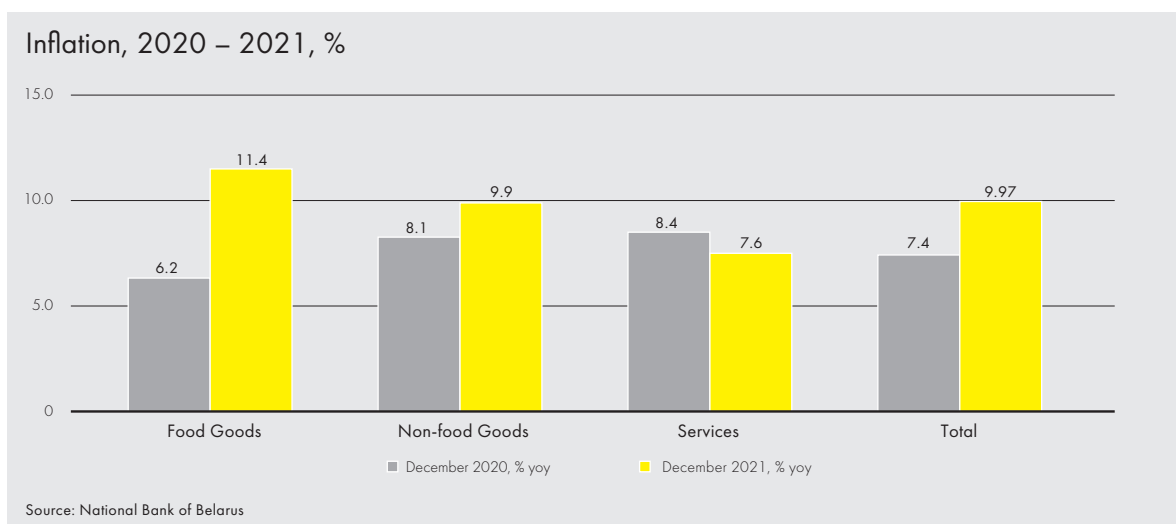
increased less than export, which contributed to the growth of services foreign trade surplus to USD 4.56 billion in 2021 vs USD 3.89 billion in 2020.

The general result of improvement of foreign trade indicators in 2021 was increase of surplus to USD 3.77 billion vs USD 1.90 billion in the previous year.

## Inflation

Economic development of Belarus in 2021 was determined not only by positive dynamics on the foreign markets. Globally increasing inflation evoked by pandemic negatively affected the local economy. Significant rise in global prices for commodities, food, industrial goods, as well as growth

of transportation costs affected the local market given open character of the Belarusian economy. Meanwhile, maintaining and development of economic co-operation with Russia enabled to avoid sharp rise in prices for fuel, energy, utilities and simultaneously with a complex of Government measures on prices regulation for socially important goods contributed to limitation of local inflation to 9.97%.

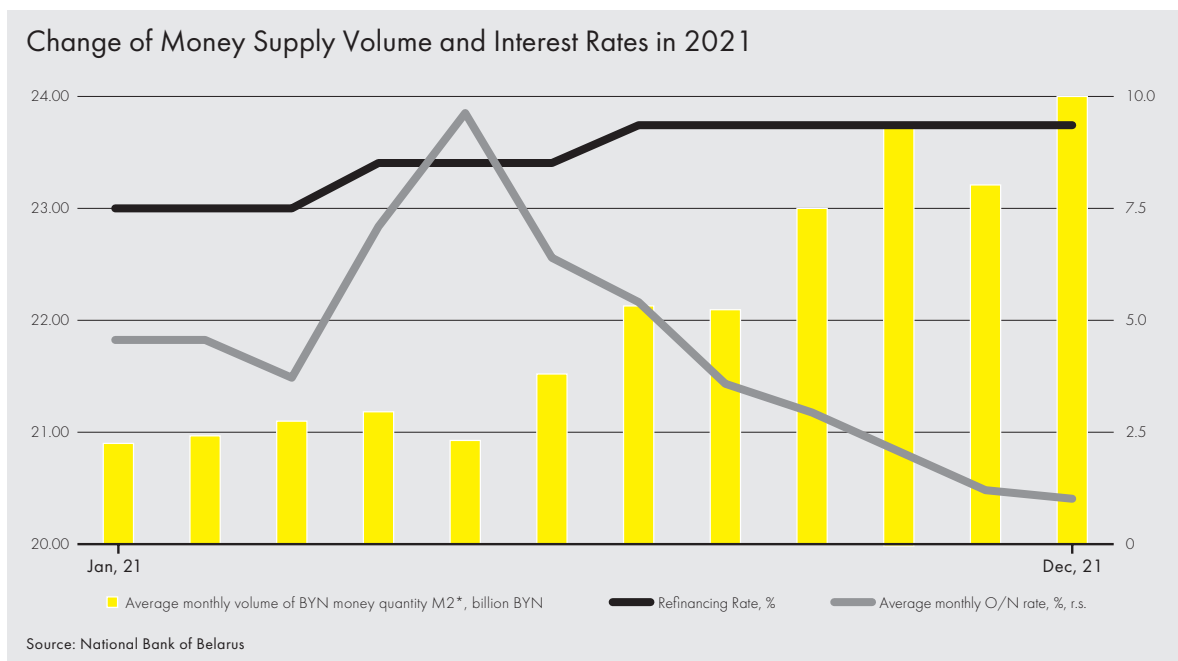


# Monetary and Credit Policy and FOREX Reference Rates

Weighted Monetary and Credit Policy of the National Bank of the Republic of Belarus (NB) significantly supported the inflation curb and maintaining of stability of the local financial market in 2021. Practical actions of the regulator throughout the last year targeted at interest rates changes and regulation of money supply, on the one hand, avoided

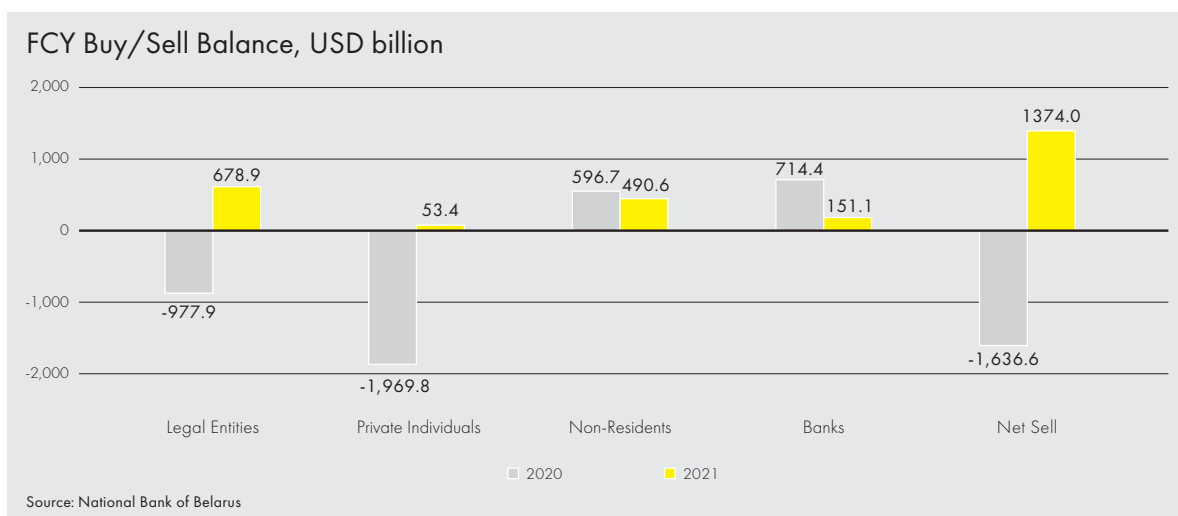
BYN deficit in the banking system, on the other hand, did not lead to uncontrolled growth of the money quantity upon provision of the financial support to state-owned enterprises in the pandemic environment.

In general, in 2021 the NB increased refinancing rate from 7.75 to 9.25% per annum while the average monthly volume of BYN money quantity (M2) grew from 20.8 billion BYN to 23.8 billion BYN.



Meanwhile, foreign currency (FCY) inflow to the local market grew due to export growth in 2021 to the amount of about USD 10 billion, which created opportunities for additional FCY supply by enterprises. Besides growth of exporters revenues, NB measures targeted at increase of Lo-

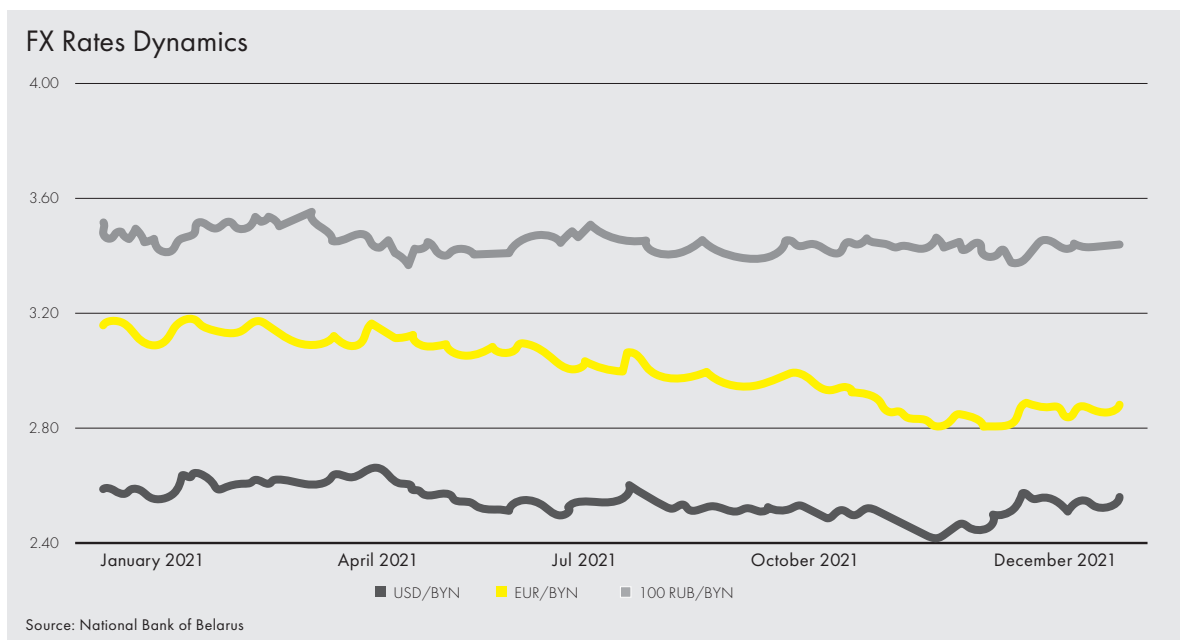
cal Currency (LCY) deposit interest rates in the second half year contributed to growth of private individuals savings in BYN. Influenced by these trends by late 2021 the net FCY sell amounted to USD 1.37 billion vs net buy to the amount of USD 1.64 billion in 2020.





Positive influence of changes on the local FX market, lack of pressure on BYN FX rates from BYN excessive supply in the economy last year created opportunities for BYN strengthening. By late 2021 BYN demonstrated strength-

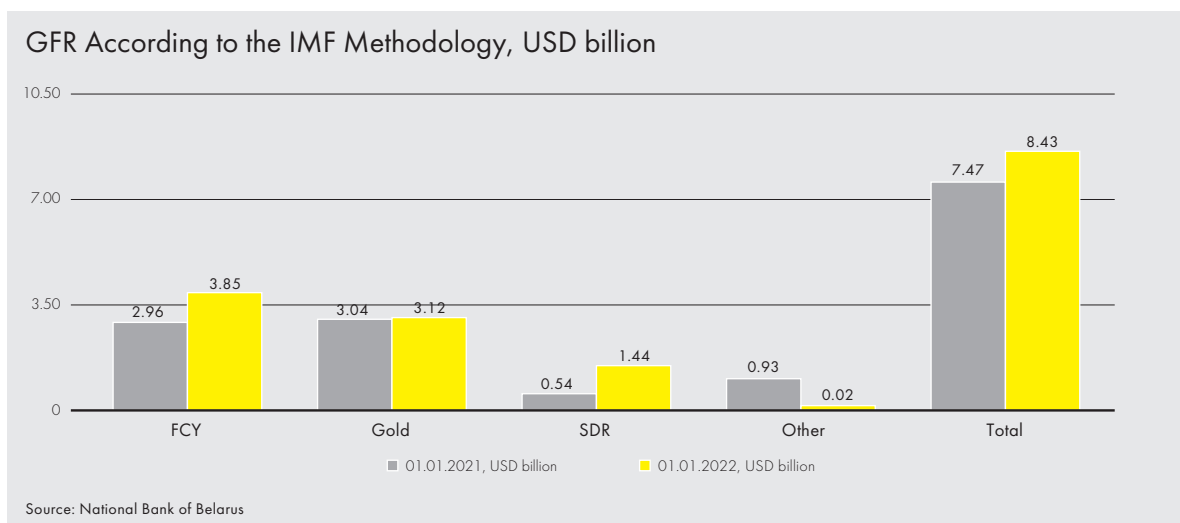
ening against all currencies in the FCY basket – by 1.19% against USD, by 1.57% against RUB, by 9.01% against EUR.



## Gold and Foreign Currency (FCY) Reserves (GFR)

Throughout 2021 (from 01.01.2021 till 01.01.2022) GFR volume increased by USD 0.96 billion or by 12.8%

to USD 8.43 billion in spite of the forecasted decrease to USD 6 billion. Meanwhile reserves nominated in FCY and SDR significantly increased in GFR structure last year – in FCY by USD 0.88 billion to USD 3.85 billion and in SDR by USD 0.9 billion to USD 1.44 billion.



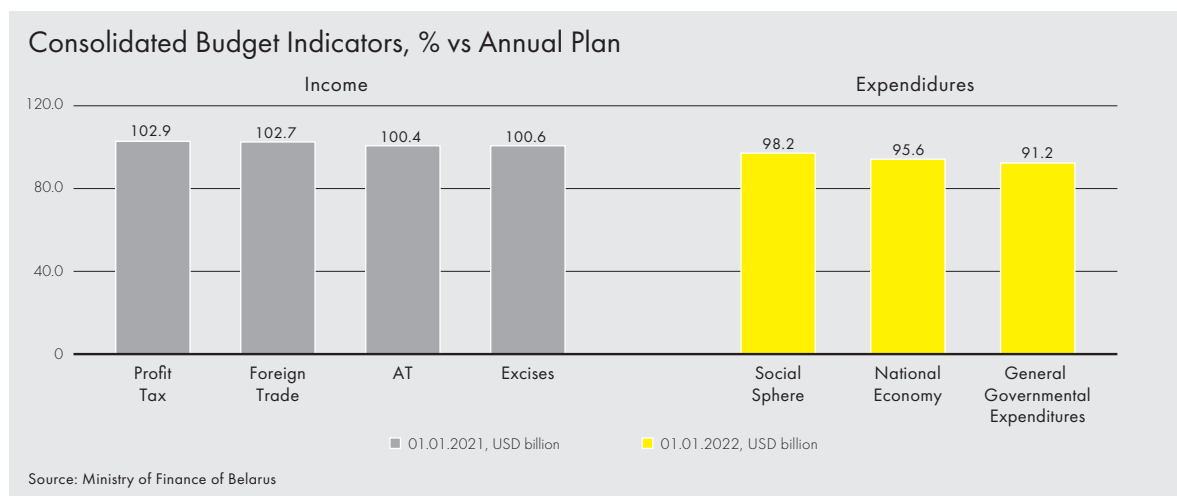
Last year GFR grew due to the following substantial reasons: increase of revenues from foreign trade, absence of excessive emission stimulation of state owned economic

sector, lack of GFR spendings to support BYN FX rates, ability of the Government to service foreign debt without additional GFR spendings.

## Budget Fulfilment and Foreign Debt

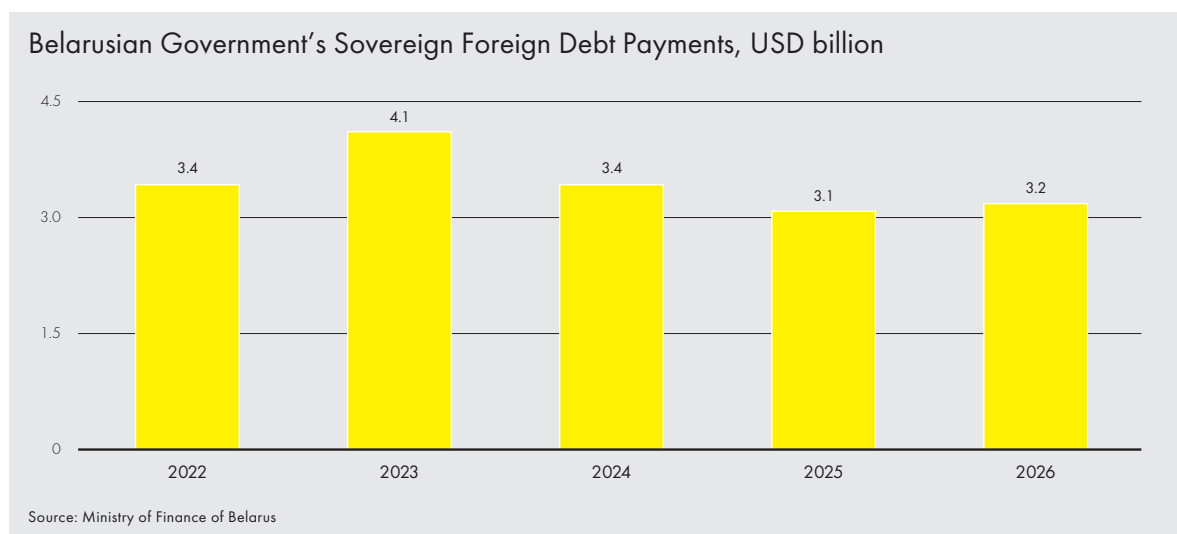
Ministry of Finance of Belarus in 2021 planned efficient utilization of internal resources in order to avoid significant reduction of budget social spendings in the conditions of

squeezing possibilities of external refinancing and given negative affect of EU/USA economic sanctions imposed on Belarus. This resulted in retaining of the additional budget income of +2.3% vs the annual plan for 2021 and decrease of expenditure budget by 3.0% vs the annual plan, which balanced the annual budget of Belarus with the surplus of 0.86 billion BYN.



In its turn, the Ministry of Finance duly paid foreign debt throughout the last year. The Government raised financing from external sources to the amount of USD 1.27 billion and from internal sources to the amount of USD 1.24 billion vs USD 3.15 billion and USD 0.46 billion respectively in the previous year to refinance payments

under the sovereign debt. Meanwhile, in 2021 the major financing sources were funds raised from the Russian Government and banks – more than USD 1.0 billion, while raised funds from financial organizations of other countries, thereof EU, USA and China amounted to only USD 0.3 billion.



In 2021, foreign sovereign debt decreased by USD 0.4 billion or 1.9% to USD 18.2 billion. Possibility to utilize GFR to the amount of USD 1.4 billion and local market funds to the amount of exceeding USD 1.0 billion, as well as agreements with Russia to raise additional financing or

payments refinancing under the sovereign debt reached by early 2022 will become support factors of due payments under the FCY sovereign debt in 2022 without additional burden on social spendings of the republican consolidated budget.



Corporate Banking.  
Business with Small  
and Medium-sized Enterprises

# Corporate Banking. Business with Small and Medium-sized Enterprises

## Corporate Banking

In 2021, Priorbank continued to develop the clients distant servicing and offer new services and products.

The Bank continued to focus on servicing its clients via a personal account manager system, which enabled the Bank to increase the number of active customers in corporate segment at over 2,000 companies.

## Key Activities Results:

- The share of non-lending (risk free) income exceeded 45% in operational income of Corporate Banking business;
- The Bank completed transformation of sales and service model at branches, launched a new corporate clients service model with distribution of functions between the personal account manager and transaction business manager;
- The Bank expanded business with mid-corporate segment clients and international companies.

Corporate sector focused on comprehensive and on-line services. Successful development of the Bank's digital services (Internet Bank) enabled to increase the share of corporate clients subscribed to the Internet Bank to 90%.

Developing Internet Banking and Mobile Banking, Priorbank achieved a large number of transactions via these

channels. The clients enjoy a new opportunity to distantly subscribe to the internet-acquiring service, sign a bank deposit agreement using Electronic Digital Signature (EDS). New requests were added and changed using M-code to comply with changes of the FCY legislation. The Internet Bank now provides an opportunity to its clients to visualize the Bank's product offers.

In 2021, Priorbank launched a highly-demanded functional for LEs and Individual Entrepreneurs (IEs) – payments in BYN from one account. This opportunity enables to both make payments using a corporate bank card and standard settlements using payment instructions. Before the innovation, clients needed to have several accounts to make different transactions. Priorbank endeavors to achieve simplicity and speed of its services, therefore, having launched this functional the Bank provided its clients with an opportunity to view online the funds having entered all the accounts, thereof card accounts.

Priorbank developed an opportunity to collect revenues from clients not using standard procedures of physical visits to the Bank's branch (cash counters) and without participation of the Bank's employees. The clients enjoy an opportunity to use self-service terminals not only for revenues, but also to debit their accounts, return business trip expenses, as well as insert money in the form of the loan.

The Bank is constantly continuing to expand its product line using up-to-date Digital Banking technologies.

## Business Development Key Achievements (New Banking Products):

- In order to execute FX transactions after creation of online quotations in 2020, the Bank continued to improve processes and entered the market with an upgraded separate new trading platform. This enabled to increase the volume of clients' online transactions via the trading platform without physical visits to the Bank and without participation of the personal account manager;
- Development and promotion of services using API in 2021 enabled to increase the number of clients utilizing this service. API opportunities allow the clients to view accounts information, work with documents (forming, approval, etc.), work with factoring documents (receive factoring agreements, receive payment reports, etc.);
- Trade financing processes automation enabled to complete the large project 'Documentary Transactions Automation'.

On the lending side, the risk-weighted approach allowed to keep the high quality loan portfolio volume.

## Factoring

In 2021, Priorbank was active in terms of factoring sale and offered the widest range of factoring products on the Belarussian banking market: with and without recourse, two-factor models of export and import factoring, factoring within the Decree of the President N 534 'On Stimulation of Export of Goods (Works, Services)'. The automation factoring process level is unique for the Belarussian banking market. 153 clients utilize factoring products. The total financing volume in 2021 amounted to 233.1 million EUR.

## SME Business

One of the key focus in business with SMEs in 2021 was active customer base expansion via the multi-channel distribution system (web-site/landing pages, marketing activities, Priorbank agents, hunters, Contact Center) and new servicing model development. In the result, the share of the customers attracted via digital channels accounted for 29.7%, the number of active clients grew by 28.1% having reached 35.4 thd. Priorbank launched a new package line for SME clients with an opportunity to choose the service model: personal account manager at branch, personal distant account manager and Contact Center. In 2021, the Bank implemented the project 'Smart Pricing': management of services package line based on the new servicing models; the Bank launched services packages income monetization model provided a client has fulfilled certain conditions.

With the purpose to develop its CRM System for LEs and IEs in 2021, Priorbank launched CRM sales based on the Next Best Offer (NBO) model. In order to increase efficiency, context communications with Priorbank clients are built based on the clients actual data analysis.

In 2021, Priorbank expanded its hardware for 'Software (Automated) Cash-Desk'— 'iKassa' with PAX A910 – a terminal more technological and beneficial for clients. The Bank arranged efficient marketing activities promoting mobile acquiring 'PriorSoftPos', which resulted in 1,076 new clients within 2 months. In order to pursue transparent Tariff Policy for its clients, the Bank developed a new pricing model for trade acquiring.

In order to develop API, in 2021, Priorbank completed partnership integration to support API for taxes automated calculation and tax reporting submission (Bittax) for the clients with simplified taxation system. The Bank completed testing of a new version of the API(WSO2) Shop and creation of the API domain for business. Priorbank started collaboration with RBI to launch the platform with the opportunity of integration of various payment systems based on API.

Alongside with this, in 2021, the Bank was actively developing and launching models of financing via electronic channels, based on pre-approved offers. Priorbank launched transaction scoring system, expanding pre-approved lending opportunities. Besides, the Bank is developing digital E2E lending process with automated lending decision making, as well as pre-approved E2E lending.



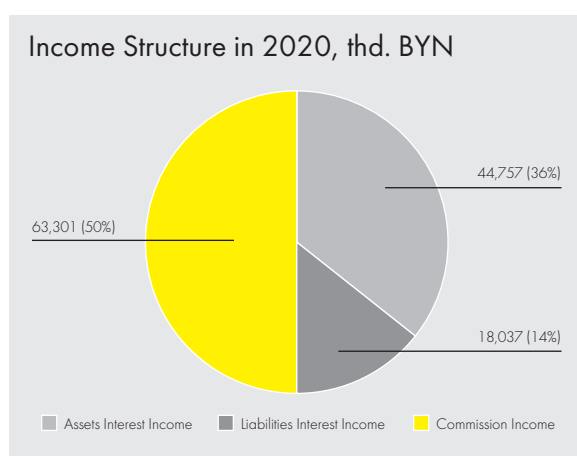
Business with Private  
Individuals

# Business with Private Individuals

## Financial Results of the Year

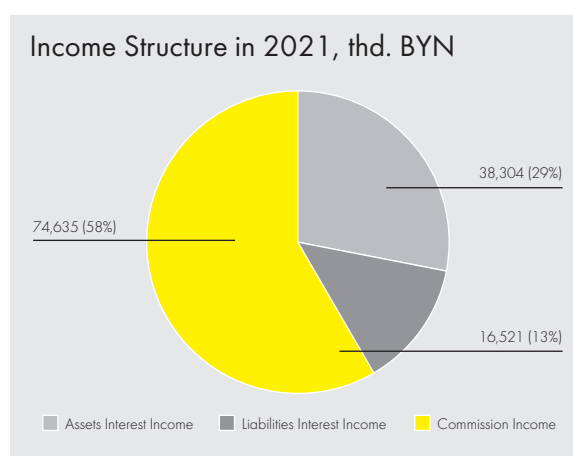
One of the key Pls business priorities in 2021 was further increase of the active client base due to new customers attraction for pension and salary payroll projects, as well as due to sale of payment cards 'Bright Card'. The total number of active clients increased by 4.1% or 32.8 thd. yoy to 840 thd.

In 2021, the Bank's Loan Portfolio increased by 3.4% to 872 million BYN.



In 2021, Priorbank was actively offering comprehensive banking services to both new and existing clients, which enabled to increase the number of active packages by 3% or 13.1 thd. to 505 thd. and increase Commission Income from Service Packages by 21%. Alongside, in 2021, the Bank increased Commission Income from P2P transfers by 45%.

In 2021, FX transactions via DBSS and payment cards grew by 28% vs 2020 due to a flexible exchange rates system depending on the transaction channel.



## Customer Relationship Management (CRM) – Cooperation with the Existing Clients in 2021

In 2021, the Bank's clients were involved to a maximum extent to the projects of co-operation with the Bank with offer of a wide range of products and services.

In particular, 46% of Pls and 45% of SMEs had access to special lending conditions. Owing to such programs the clients applied and received consumer loans under a simplified and fast procedure. The majority of the processes are focused at digital self-service channels, which is in line with up-to-date banking approaches and increases customer satisfaction.

The Bank paid utmost attention to improve financial literacy of our clients in investment banking and funds management using diversified savings and investment tools. Priorbank arranged training campaigns, offered

simple and more comprehensive products depending of the clients profile.

In the result, the share of clients, who use two and more bank's products increased from 58% to 62%, which leads to strengthening of relationships with the Bank, growth of income and clients loyalty.

The Bank also implemented the projects, which make Priorbank services more convenient and beneficial for its clients. Thus, the program 'Invite Your Friend' provides an opportunity to receive gifts from the Bank for invitation of friends to become Priorbank customers. The Mobile Application contains analytics on client's transactions with bright infographics and statistics, which allows the clients to deeper understand their cash flow and efficiently plan it.

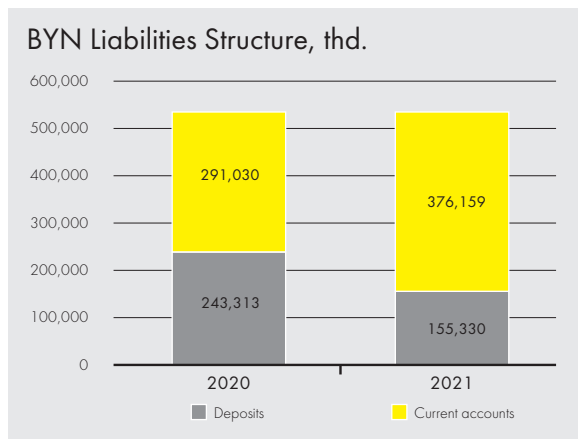
Priorbank continued to expand artificial intelligence application spheres in CRM. The Bank launched four predictive models for SME clients to select next best offers, model of SME products cross-segment sales from Pls database, NBO card payment stimulation model in order to decrease hard cash turnover.



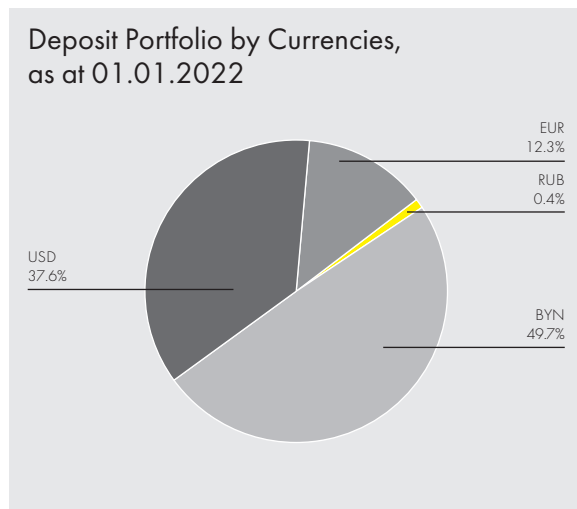
## Pls Deposits and Accounts

In 2021, LCY deposit portfolio was fixed at the amount of 155.3 million BYN.

Also in 2021, one of the key business targets were increase of balances on Pls current accounts in local currency. By late 2021 the indicator had grown by 29.25% to 376.2 million BYN.

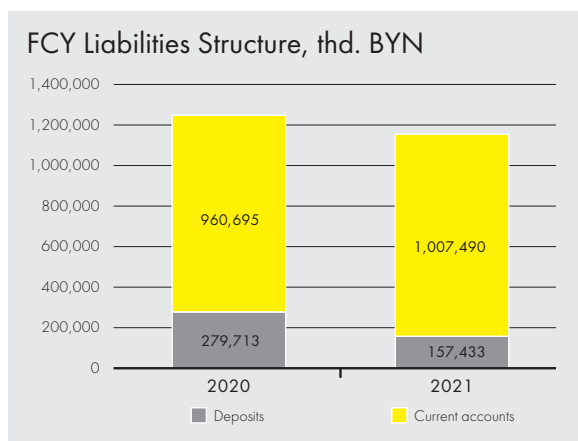


In 2021, Priorbank formed a diversified deposit portfolio structure by currencies, the share of BYN deposits increased to 49.7%.



## Loans

In 2021, according to the strategy, the Bank continued to pursue a low Interest Rates Policy towards FCY deposits, which resulted in drop of term FCY deposits portfolio by 43.7%. Meanwhile, FCY current account balances increased by 5% by late 2021.



In 2021, Priorbank maintained the 3<sup>rd</sup> place among the banks of the Republic of Belarus in terms of Pls loan portfolio volume, meanwhile, in terms of consumer lending volume occupied the 2<sup>nd</sup> place (the same as in 2020), as well as entered TOP 5 banks in terms of mortgage lending.

Throughout 2021, Priorbank was focused on Loan Portfolio quality maintenance, avoidance of NPL share growth, as well as increase of loans sales via distant service channels. In this connection, in 2021, not only existing, but also new clients enjoyed the opportunity to apply for electronic loans 'Prosche.net' and 'Best Purchases', which are disbursed E2E online via the Internet Bank or Mobile Application.

These products, thereof under preapproved offers, enjoyed great demand among all Priorbank client categories, which enabled to maintain positive trend in growth of share of consumer loans sales via digital channels from 17% in 2020 to 59% in 2021. Priorbank will further promote loans sales via digital channels.

## Payment cards

In 2021, Priorbank strengthened its positions in the total issue of plastic bank cards on the market of the Republic of Belarus, having maintained the 2<sup>nd</sup> place. The cards issue grew by 9% yoy, and the total issue – 1,432,262 cards.

Also, in 2021, Priorbank still remained the leader in terms of consumer lending having increased its credit cards market share from 37% to 45%.

The share of cashless settlements via cards in 2021 accounted for 68%, which exceeds the average market indicator. Priorbank is among the leaders in terms of cards transactions gross turnover – in 2021, Priorbank is ranked the 2<sup>nd</sup> with the gross turnover of 15.6 billion BYN, thereof 10.5 billion BYN – cashless payments for goods and services (+23%), and 5.0 billion BYN – hard cash withdrawal transactions (-1%). Meanwhile, cashless settlements via the Internet accounted for 17% of the total payments' turnover.

In early 2021, Priorbank announced issue of new card type – Belcard-Mir, and by late 2021 Priorbank implemented inter-system operations, which enabled our clients to pay via MIR terminals in Russia and partner countries.

It is also worth mentioning, that Priorbank card portfolio was enlarged by the cards Visa Signature and Mastercard World.

The clients can pay with Mastercards synchronized with fitness bands Xiaomi Mi Smart Band 6 and upgraded Mi Smart Band 4NFC.

Priorbank jointly with Visa arranged various promotional campaigns to attract clients, promote the Bright Card, thereof joint campaign with Coca-Cola, Tap2Phone technologies, Visa Classic cardholders can join the loyalty program PriorPlus.

The number of clients using contactless payment services in 2021 grew from 66 thd. to 100 thd., and the share of payments for goods and services via smartphones increased by 2% to 18% in December 2021.

Throughout the year, Priorbank cardholders were actively participating in the promotional campaigns arranged by the payment systems Visa International, MasterCard Worldwide and BELCARD on the Belarusian market.

## Self-Service Devices Network

In 2021, Priorbank continued to upgrade and optimize its self-service devices network – ATMs and Cash-Ins. As at late 2021, the Bank's acquiring network included 357 ATMs (the market share - 8.06%) and 224 Cash-Ins (the market share – 9.31%). The key focus was made on 24/7 self-service zones development, as well as development of servicing in the Bank's digital branches.

Cash-Ins offer a wide functionality regarding transactions with hard cash and payments. Priorbank ATMs allow to transfer funds from any card issued by any Belarussian bank to another card issued by any Belarussian bank. Cardholders of any Belarussian bank have the opportunity to change a PIN-code and make payments in favor of mobile operators, UNICEF charitable payments, and the Bank cardholders have an opportunity to set an electronic PIN-code (E-PIN) for new issued cards.

## Premium Banking for PIs

In 2021, Priorbank continued to render premium services for its clients, the number of premium clients grew by 16%.

Premium clients especially appreciate fast services and opportunity to conclude banking transactions distantly. Thus, the share of clients having chosen the distant premium service Premium Direct, grew from 66% to 75% in 2021. In 2021, premium clients continued to actively subscribe to services packages Premium Direct and Premium Prime. As at late 2021, 47% of the clients used the packages. Priorbank continued to provide to services packages users the privileges available not only for the client, but also for his family members. Services packages provide premium clients the opportunities to utilize free non-banking services from its partners, which increases the premium service value due to covering of non-banking services both in everyday life and during travelling.

In 2021, within the promotional campaign 'Only the Best for Friends' the Premium Clients got an opportunity to offer premium service to its friends or relations, receiving the bonus from the loyalty program PriorPlus. Within this promotional campaign new clients could appreciate Priorbank premium services under special conditions.

In 2021, Priorbank expanded DBSS functionality of Premium Services Packages. Premium Clients can monitor fulfilment of Premium Services Packages fee waiver criteria. Premium Prime Services Package clients can execute online self-service FX transactions at individual exchange rates.

## Contact Center (CC)

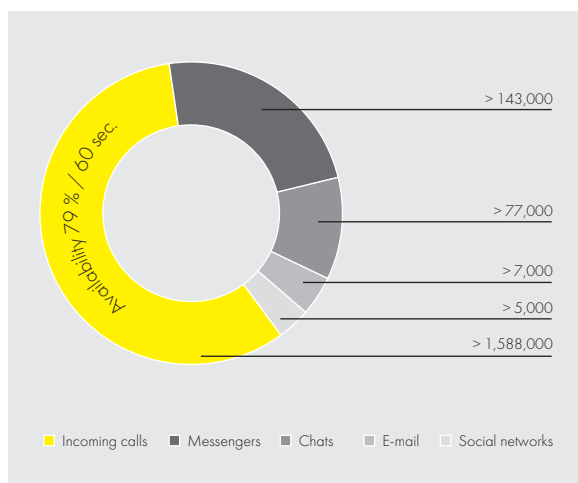
In 2021, the total number of inquiries to the Contact Center via all communication channels decreased by 5% to 1,822,000 vs 2020.

In 2021, the number of incoming calls decreased by 4.6% vs 2020 – Pls inquiries number dropped by 8.5%, while LEs inquiries increased by 18%. The share of Pls inquiries accounted for 81%, LEs inquiries – 18%, Premium Clients inquiries – 1%. In 2021, the share of Pls inquiries decreased by 4.4 % vs 2020, LEs inquiries share increased by 3.5%.

The average service level (availability) in the Contact Center in 2021 constituted 79%/60 seconds, which means that the operator joined 79% of the incoming calls within the first 60 seconds. The service level of the premium clients reached 90%/60 seconds.

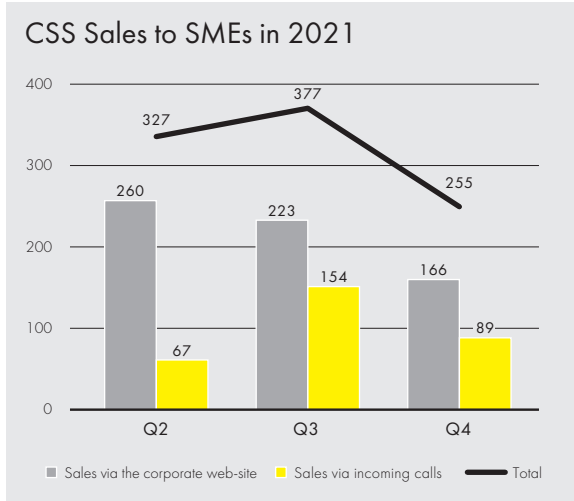
The share of digital channels in 2021 remained at the same level of 13% from the total incoming inquiries volume. The most frequently used channel was the chats in the messengers Viber and Telegram, the number of inquiries grew by 30% vs 2020 and exceeded 143 thd. In December 2021, the Contact Center started to process the messenger inquiries 24/7 for the clients convenience.

In 2021, the number of clients' inquiries via social networks Facebook, Twitter and VKontakte exceeded 5,000. The Contact Center also answered more than 7,000 incoming inquiries via e-mail, sent more than 17,000 SMS.



In 2021, the Contact Center recorded more than 50 thd. Voice Samples of Pls during the incoming calls processing. Totally, from the moment of biometric authentication project launch the Contact Center has recorded more than 332 thd. clients voice samples. Thus, more than 40% of the Bank's active clients use voice biometry to confirm their identity calling to the Bank.

In 2021, the Contact Center continued to actively sell the Bank's products to both new and existing clients. In 2021, the Contact Center sold more than 9 thd. plastic bank cards, an 82% growth vs 2020. In 2021, the Contact



Center started to sell cash and settlement services (CSS) to LEs. Throughout the year the Contact Center attracted 950 SMEs for cash and settlement services.

Customer satisfaction is one of the key indicator of efficient work with clients. Contact Center FCR increased by 90% in 2021 vs 85% in 2019-2020. Upon end of the call and chat the client is offered to answer the service satisfaction questionnaire. The clients' satisfaction level increased by 96.8%, while dissatisfaction level decreased by 3.3%. These are the best indicators for the past 5 years. Internal NPS in 2021 accounted for 79%, while the targeted indicator was 78%.

In 2021, the Contact Center completed the Project of Transformation of LEs servicing in the Contact Center, which resulted in redirection of all LEs calls to the CC from

28 branches. The CC processed more than 285 thd. calls in 2021, an 18% increase vs 2020. In 2021, the Contact Center opened new LEs servicing channels – online chat and e-mail.

In 2021, the CC significantly expanded the range of banking operations for PIs, which the clients could conduct without visiting the Bank. The most popular were as follows: debit cards issue, thereof issue and delivery of the Bright Card, transfers among accounts, bank services payment, pension cards re-issue, card delivery applications, cards unblocking applications, funds trust management agreement conclusion, funds trust management transactions.

Throughout 2021, a virtual consultant named VIC was greeting the clients and forwarded more than 1.15 million of their voice requests to operators, answered 109,501 inquiries without operators. The share of inquiries answered by VIC without switching to operators accounted for 9% vs 7% in 2020. The servicing quality was increased by improvement of clients voice detection and launch of new voice self-services: PIN-Code change and loan information, including current payment, principal amount and full repayment amount.

By late 2021, VIC could service 27 types of inquiries, thereof 7 of them with the clients voice identification. The corporate web-site and Internet Bank chat-bot serviced more than 40 the most popular clients inquiries. By late 2021, chat-bot automation level reached 14%.

## Branches

As at 1 January 2022, Priorbank branch network consisted of 62 points of sale (POSs), thereof 26 Banking Services Centers (BSCs), and 36 Remote Points of Sale.

Key Results of the Distribution Network Development, Successfully Completed Initiatives in 2021:

- 16 inefficient POSs were closed with the Distribution Network Optimization Program;
- 4 POSs were reconstructed with focus on clients distant digital servicing;

- 2 new digital self-service branches were opened;
- 7 branches changed the servicing format to digital: cash desks were changed to self-service devices.

Up-to-date branches format enables the clients to individually manage their finances and apply for the key products and services.

In 2021, the Bank continued to implement the Project: 'Branches Digital Transformation' and redirect the clients to distant digital channels (self-service devices, as well as expansion of distant services range by the Bank's employees). These activities will enable to optimize and reduce clients servicing time, meanwhile increase their satisfaction level. The Bank will continue to expand distant services opportunities, develop the clients self-service zones, centralize part of the processes.

The image features a vibrant yellow background. In the upper left, there are several parallel, light grey lines forming a jagged, zig-zag shape. A large, dark grey triangle with a fine, repeating geometric pattern is positioned in the lower right. Overlaid on this triangle and extending towards the top right are multiple layers of white and light grey lines, creating a complex, layered geometric pattern that resembles a stylized 'V' or a series of nested chevrons.

Treasury Operations.  
Securities Dealings

# Treasury Operations. Securities Dealings

## FOREX Transactions

On the foreign market Priorbank effects FX transactions and transactions on raising and allocation of funds with a wide range of reliable counterparties to regulate its FX and liquid position.

Prudent approach to the FX position management, ensuring FX risks mitigation, enabled to achieve all the planned targets in 2021. Due to client base growth FX transactions

internationalization increased, which in its turn led to decrease of the volume of the inter-bank FX transactions from 1.39 billion EUR to 1.09 billion EUR.

As in previous years, the Bank allocated excessive FCY liquidity mainly on the inter-bank non-residents market. In 2021, the average overnight allocation volume slightly decreased vs 2020 to USD 222 million.

## Local Money Market Transactions with Banks in LCY

In the first half of 2021, the National Bank of the Republic of Belarus supported LCY liquidity arranging lombard loan auctions for 7 and 180 days. NBB's liquidity support rates fluctuated insignificantly between 9.75-9.92% per annum. Interest rates on the inter-bank market in this period fluctuated between 4.7 - 9.3% per annum.

In the second half of 2021, the banking system LCY liquidity was excessive. Volumes and rates significantly

dropped – from 5.8% to 1.1% per annum. In the fourth quarter of 2021, the National Bank recommenced liquidity taking transactions by arranging deposit auctions with interest rates between 0.28 – 2.81% per annum.

In 2021, income from BYN inter-bank loans exceeded 456 thd. BYN, expenses amounted to 176.5 thd. BYN.

## Securities Dealings with Fixed Income

Priorbank remains one of the leaders on the Government Securities market. According to the Belarusian Currency and Stock Exchange (BCSE) rating, in 2021, Priorbank occupied the 6<sup>th</sup> place among 54 market participants.

In 2021, the Bank's Loan Portfolio grew by USD 30 million. This resulted in securities income in 2021 to the amount of 18.8 million BYN.

## Treasury Products

In 2021, Priorbank's FCY Buy/Sell transactions volume with LEs on the FCY over-the-counter market amounted to 21.6 billion BYN, having increased by 18.5% vs the previous year, enabling the Bank to significantly improve the Bank's position on this market segment.

Priorbank improved its rating to the 6<sup>th</sup> place among Belarusian banks in terms of the FCY Buy/Sell transactions volume on the Belarusian Currency and Stock Exchange FX trading, having achieved the transactions volume of 3.02 billion BYN, a 16.2% growth.

In the reporting year the companies increased interest to FX risk hedging: in 2021 the Bank concluded forward FX

transactions to an equivalent of 242.29 million BYN, a growth of 29.2 million BYN or by 13.7% vs 2020.

In order to maintain and ensure its liquidity Priorbank's average monthly deposits raised from LEs amounted to 502.9 million BYN.

Priorbank continued to actively conclude transactions with its own bonds on the secondary market. In 2021, three bonds issues to the amount of 250 million BYN were in circulation, the total transactions volume amounted to 79 million BYN.

# Liquidity Management

Priorbank liquidity position throughout 2021 was maintained at sufficient level. The Bank fulfilled liquidity requirements of the National Bank.

Priorbank pursued balanced liquidity management strategy by simultaneous management of both assets and liabilities. In 2021, the Bank increased sustainable liabilities base by raising long-term LCY funds. The liquidity position both in LCY and FCY increased.

# Custody services

In 2021, Priorbank's Custody Department offered the services of forming and keeping registers of shareholders, safekeeping and settlement of securities, payment of dividends, informed about corporate actions of the issuers and rendered other custody services.

In 2022, the development of conditions for providing custody services via smart digital communications, including InternetBank, will be the main development path.

The Bank's shareholders comprise of 435 legal entities owning 95.17% of shares and 15,166 private individuals owning 4.83% of shares. The majority share in the authorised capital of the Bank belongs to Raiffeisen CIS Region Holding GmbH (associated company of Raiffeisen Bank International AG).

The number of Priorbank's ordinary shares is 123,058,441, and privileged shares is 10,000. The nominal value of a share is 0.7 BYN.



The image features a vibrant yellow background. On the right side, there is a large, stylized architectural structure composed of numerous overlapping, grey, zig-zagging lines that create a sense of depth and complexity. A smaller, similar structure is visible in the top-left corner. The overall aesthetic is modern and geometric.

International Activities

# International Activities

## International activities

Many years Priorbank has been supporting clients in enhancing their international presence and exploring new markets. In 2021, the focus on the development of international activities was preserved.

Throughout the reporting year, the Bank closely cooperated with international financial organizations. Thus, together with the European Bank for Reconstruction and Development co-financing of the Bank's customers under the Funded Risk Participation program continued, that allowed customers to ease access to the financing tools and get loans at the attractive pricing.

In 2021 the resources of the International Finance Corporation in national currency were raised within the framework of the two projects, unique for the Belarusian market:

- 1) lending to private clients under the Green Economy (Green Housing and Renovation) program. The funds are used by clients for the construction and renovation of housing, implementing of "green" equipment;
- 2) Working Capital Solution and trade financing to SMEs in Belarus during the COVID-19 pandemic.

During the reporting year, the implementation of the strategy of excellent servicing growth in Financial Institu-

tions segment continued. To satisfy needs of FI partners, both in Belarus and abroad, Priorbank focused on individual approach to the entire range of services provided (setting best FX rates, a wide range of products within trade finance).

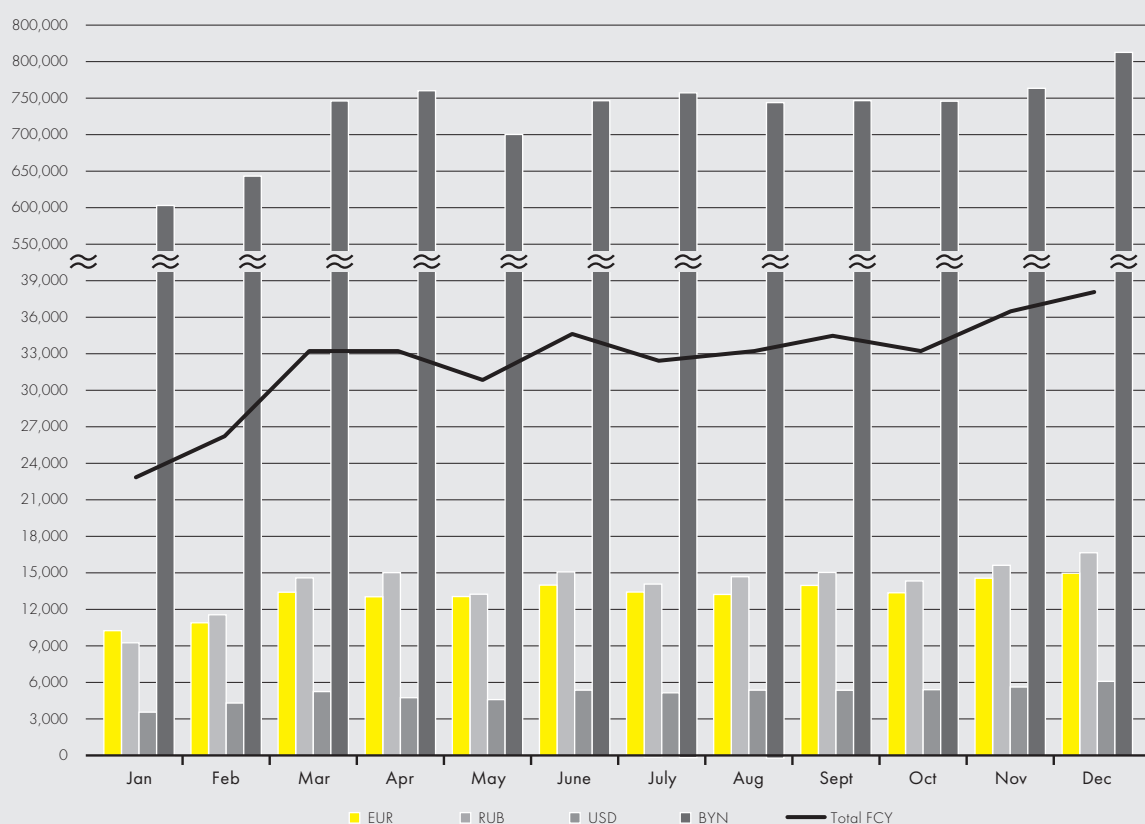
## Correspondent Banking

Reliability, proactivity and tailor-made service, inherent to the Bank at all times, allow partners to take advantage of cooperation with the Bank. The network of correspondent relations is constantly being streamlined based on present-day demands and needs of the Bank's customers.

Throughout 2021, the number of outgoing payments processed by the Bank came up to 9.2 million both internationally and locally (+3.5% YOY).

Along with maintaining a high level of payment efficiency, reducing transaction costs and using the latest digital experience, special attention is paid to compliance with international and local standards in "Know Your Customer" procedures and anti-money laundering measures. The Bank remains committed to ensuring safe and reliable correspondent relationships.

Dynamics of Outgoing Payments in 2021





Risk Management.  
Loan Portfolio of the Bank

# Risk management. Loan Portfolio of the Bank

## Risk Management System in the Bank

The purposes of the Risk Management System being the most crucial management element in the Bank are as follows:

- improvement of efficiency and results of financial and other business activities of the Bank by mitigation or prevention of adverse factors affect;
- efficient management of risks and capital, compliant with the Bank's risks profile, character and volume of banking transactions and other activities, and ensuring its financial reliability;
- ensuring of sufficient level of regulatory capital to fulfil the requirements of the National Bank of the Republic of Belarus.

The Bank identified and acknowledged as the key risks:

- credit;
- FX;
- interest;
- liquidity;
- operational.

## Credit Risk

The Credit Risk is the most important and comprehensive within the Bank's management system. The credit risk-management plays an important role in:

- the Bank's assets quality;
- making decisions aimed at stable operations;

- influence on the financial result of the Bank in the reporting period.

The Bank constantly manages the credit risk both within the concrete transactions and on the whole portfolio level focusing on risk concentration factor emerging in the result of the exposure unbalanced distribution.

Risk concentration is managed by the limits establishment on the client/group of connected clients, as well as by the establishment of the limits of industry, FX, and other concentration types. The Bank regularly monitors such risks, the limits are reviewed at least once a year.

The Credit Risk Division regularly analyses the ability of the existing and potential clients to fulfil their financial obligations, thereof by conducting of their financial analysis and credit history assessment. The Credit Risk is also managed by change of the credit limits, if required, development of financing structures mitigating risks (thereof taking into account the collateral quality).

Credit Risk Management (CRM) applies differentiated approaches to assess risks and financing criteria for each customer segment. Thus, default risk classification for corporate and medium-sized customers is conducted based on the rating approach, for Micro customers and PIs – using the scoring assessment model. The respective ratings are regularly reviewed, updated and validated.

## FX and Interest Risks

FX and Interest Risks are managed and controlled by the limits system setting and regular stress testing for FX risk, interest risk of trading and banking portfolio, applying the best practices offered by the Basel Committee.

## Liquidity Risk

The Bank manages assets taking into account the liquidity, daily monitors future cash flows and liquidity. In order to assess actual Bank's need in liquid funds, the Bank's specialists monitor the liquidity with the help of the gap analysis, liquidity indicators method, liquid funds reserve and stress testing. Within the risk management system development, the Bank implemented the process of monitoring and management of new liquidity ratios offered by Basel III.

## Operational Risk

In order to minimize operational losses, as well as improve operational risk management system (thereof cyber risk), the Bank monitors operational incidents, as well as other events negatively affecting the Bank's business activities, collects and analyses key risk indicators, assesses the Bank's exposure to operational risk based on the stress testing, operational risk assessment in the outsourcing. The Bank constantly improves corporate culture of the operational risk understanding and operational losses prevention methods.

## Risk Management Principles. Organizational Structure

Priorbank Risk Management system fully complies with NBB requirements and is based on RBI Group experience and principles. In addition to the regulator requirements, internal Priorbank risk management methods take into account character, scale and complexity of the Bank's business processes and respective risks. Priorbank applies advanced risk management approaches and ensures capital planning to cover risks given stress situations.

The Bank Top Management bodies play active role in Risk Management process.

Pursuant to Priorbank Risk Management Strategy, which is annually approved by the Bank's Supervisory Board, the Bank develops measures to achieve balanced risk/income ratio, sets tolerance towards key banking risks.

The Bank's Management Board organizes the Risk Management System and ensures the Bank's performance of the targets set by the Supervisory Board in this area, approves local standard acts of the Bank, developed to fulfil Priorbank Risk Management Strategy and regulating risk management policy, methods and procedures, as well as the order of decisions making, units interaction, distribution and delegation of authorities within the risk management process, ensures their efficient practical application. The Management Board is responsible for risk appetite limitation of business divisions generating risks by establishment of the system of limits and indicators by risk types.

The Bank ensures constant participation of the management bodies in organization and functioning of the Risk Management System, as well as clear distribution of risk management authorities and responsibilities among the Supervisory Board, Risk Committee, Management Board, and other Bank's bodies and executives, risk management units, risk generating units, and inter-action among all the aforementioned risk management process participants. The underlying organizational Risk Management principle is the clear separation of business units and risk management units at all levels (including Deputy Chairmen of the Board).

The Bank's risk management processes are constantly improving. New risk management approaches are developed both at the Bank's and RBI Group's level. RBI Group approaches and methods contribute to the introduction of up-to-date international risk management practices.

## Credit Risk Management Development in 2021

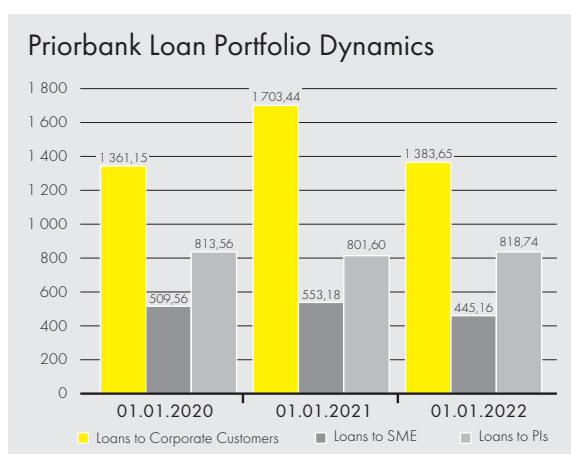
In 2021, due to some weakening of negative factors affect caused by unfavorable pandemic environment, the Bank's management bodies cancelled, thereof partially, a number of special measures introduced in 2020. At the same time, as foreign economic/political risks increased (e.g. change of sanctions regime), the Bank paid utmost attention to their mitigation.

Given global challenges and banking business development trends, in 2021, Priorbank continued to improve the credit risk management systems in the following directions:

- loan portfolio acceptable quality maintenance, operative response to the situation change (e.g. lending policies correction due to negative developments, thereof COVID) jointly with more active work with problem debt at early past due debt stages, thereof debt restructuring; application of advanced instruments in work with problem debt at late workout stages;
- lending process further optimization for legal entities segments focusing on efficiency improvement (thereof further products standardization, workflow reduction, separate business processes optimization/automation, etc.);
- review/update of target risk acceptance levels in the industries, other portfolio purposes;
- compliance with credit policies requirements, regular analysis of borrowers and due response in part of financing limits review, financing terms and condi-

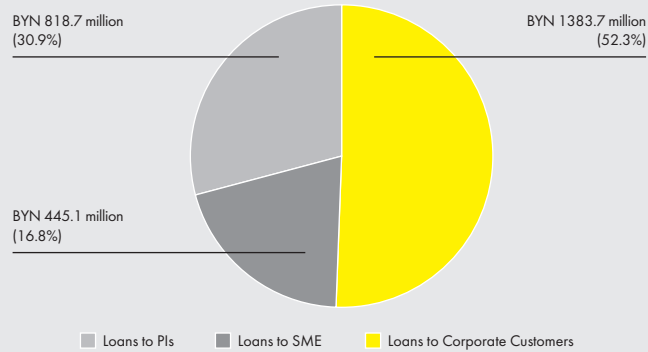
tions adjustment. Special attention was paid to the borrowers of cyclical industries, lending in FCY with monitoring of the borrowers with increased FX risk, long-term investment financing;

- further improvement of Credit Fraud Prevention System for LEs, focused on fraud identification and prevention;
- Risk Management IT support development.



In 2021 vs 2020, the Bank's Loan Portfolio (LP) decreased by 13.4%. Meanwhile, the LEs and IEs (Corporates, SMEs) LP dropped by 19.0%, and Pls Loan Portfolio grew by 2.1% 'having reached' the absolute figure of 2019. The key LP decrease factors were negative consequences of pandemic situation, as well as reduction of exposure of the Bank's largest clients caused by external economic/political reasons.

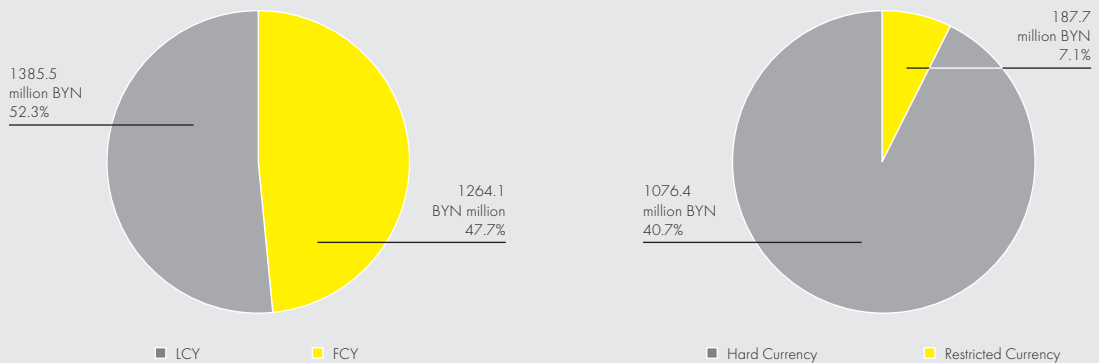
Priorbank Loan Portfolio Structure by Customers as at 1 January 2021



In 2021, Priorbank Loan Portfolio Structure underwent the following changes: the share of PIs loans in the Bank's Loan Portfolio Structure as at 01.01.2022 constituted 30.9%, having increased by 4.7% vs early

2021; respectively, the share of LEs and IEs loans in the Bank's Loan Portfolio Structure as at 01.01.2022 decreased by 3.4% vs early 2021.

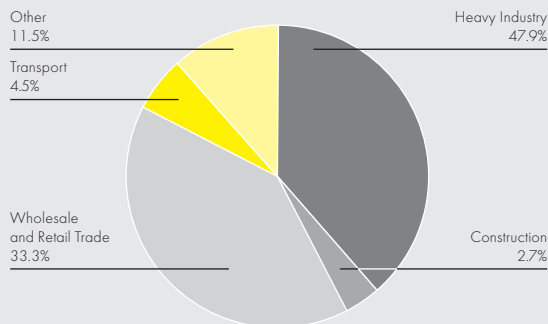
Priorbank Loan Portfolio Structure by Currencies as at 1 January 2022



By late 2021, LCY loans share dominated in the Bank's LP – 52.3% (as at late 2020 – 48.7% of the LP).

The share of the customers financing in FCY decreased by 3.5% vs early 2021.

### Priorbank LEs and IEs Loan Portfolio Structure by Industries as at 1 January 2022



The Loan Portfolio Structure by industries remained unchanged. In the LEs and IEs Loan Portfolio Structure as at early 2022 the largest share falls on heavy industry (47.9%), wholesale and retail trade (33.3% of the Loan Portfolio).

Due to conservative approach to lending with the purpose to mitigate credit risks, efficient Loan Portfolio management, constant improvement of risk management procedures and systems, currently, Priorbank possesses significant capital cushion and excellent assets quality.

One of the key success factors is high efficiency of Priorbank current Risk Management System. Its further development remains an important priority for the Bank.





Personnel

# Personnel

As at 01.01.2022, the headcount of the bank employees was 1,744 that includes 21% of male and 79% of female employees. Number of employees with the high education is 90 %. Priorbank organized an active work for attracting young specialists – talented graduates of higher educational institutions who had an internship at the Bank or graduated from Prior School. In 2021, 24 students were enrolled into Prior School classes. The bank provides scholarships to the best students of the universities twice a year. In 2021, scholarships were awarded to students who will become teachers of physics, mathematics and computer science.

In 2021, the number of employees of zoomers' generation (aged 18 to 25) was 158, the average age of the bank employees is 41 years.

## Key HR priorities in 2021 were:

- **Maintaining of innovation culture in the Bank:**
  - Regular on-line training of employees on innovative approaches in the banking business (Organization of remote work for employees, business analytics using Microsoft Excel, Power BI etc. trainings);
  - Organizing of regular informing of employees about the situation in the financial and banking markets in the Republic of Belarus and abroad;
  - The implementation of innovative ideas of the Bank's employees takes place within the framework of cross-functional Agile teams;
  - Maintaining of existing non-financial motivation tools and implementation of a new tool for recognizing employees involved in the development of innovative ideas and projects, as part of the year-end competition "Best Team of the Year" (nomination "Innovation").
- **Maintaining a high level of employee engagement and loyalty:**
  - Organization of work to maintain the involvement and loyalty of the bank's staff through upgrading of the existing (contests "Best manager of the year" and "Best team of the year" were upgraded) and introducing of new tools for non-financial motivation of staff (contest "Best in the work with customers");
  - Implementation of the action plan to maintain the engagement and loyalty of the Bank's staff based on the results of the Bank's staff engagement survey conducted in October 2020. A similar survey was organized in October 2021;
  - Further development of social programs with an emphasis on maintaining the health of employees in a pandemic (insurance, payment for medical services, etc.).

There were 70 competitions and contests in 2021 according to the results of which 523 winners were determined.

In 2021, traditional contests and competitions were organized. The «Best in Profession» contests were held online for the first time.

Annual competitions "Best Manager of the Year" and "Best Team of the Year" had been updated to popularize the mission and values of the Bank, the titles for which, from 2021, are awarded for compliance with the core values of the bank, expressed in the behavioral position of the employee - cooperation, initiative, training and development, responsibility, innovation.

- **Development of quality customer service culture:**

- Organization of the process of updating the Bank's Learning Management System, development of new electronic courses for the Bank's employees in order to develop the necessary competencies;
- Further use of the practice of regular online professional knowledge testing for cashiers, PIs, SMEs, Corporate Business employees;
- Expanding the scope of the 360-degree assessment methodology to promote the Bank's employees in positions based on the results of the year and when moving up the career ladder;
- Expanding the use of remote information and communication technologies in the recruitment process.

- **Maintaining the continuity of the workflow, caring for employees and customers in a pandemic:**

- Ensuring social distancing of personnel when performing work at workplaces;
- Regular monitoring of the dynamics of the incidence of viral diseases in the bank and informing employees about the current epidemiological situation in the Bank and the country;
- Consolidation of the practice of using optimal operating modes in departments to ensure high-quality customer service and protect the health of employees and customers of the Bank;
- Providing employees with personal respiratory protection and disinfectants, organization of disinfection of the Bank office premises, organization of temperature control of employees and clients at the entrance to the Bank premises;
- Continuation of the practice of ensuring the process of communication between the Bank's employees and holding meetings of the Bank's management bodies through remote information communication technologies;
- Popularization of the need to develop collective immunity and organization of vaccination in the Bank's premises in compliance with sanitary and epidemiological standards.

The image features a vibrant yellow background. In the upper left, there is a grey geometric shape composed of multiple parallel white lines that form a stylized arrow pointing towards the center. A large, white-outlined arrow shape is positioned in the center, pointing towards the bottom right. The interior of this arrow is filled with a complex, layered pattern of white and grey lines, creating a sense of depth and movement. The overall design is modern and technological.

Information  
Technologies

# Information Technologies

## Implementation of New Technologies:

- Biometrics for NTB remote identification Pls clients was implemented in mobile bank (for iOS and Android);
- Computer Vision for processing of incoming unstructured client documents: SW development started;
- Further implementation of Natural Language Processing technology for automation of contact center processes;
- Further implementation of robotization technology (for factoring transactions, deposit and trust funds maintenance processes).

## Open Banking:

- Further integration with group API platform Merlin: deployment of Norden App (PaaS);
- APIs: 48 local APIs are externalized + 6 RICE.

## Data & Analytics, including Group Data Lake:

- Dedicated Team is in place;
- Transaction Scoring for Pls & Micro;
- Integration with Group Data Lake;
- W.Up Digital Personalization Go-live.

## CI/CD:

- Test automation process is established for digital channels.

## Cloud:

- Corporate HR Portal implementation;
- Employee Engagement App Norden implementation (PaaS).

## New Architecture Principles:

- Containerization platform (K8s) is in place.

## Real Time Integration:

- Streaming platform (Kafka) is in place.



# Financial Information

Translation from the original in Russian



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# Independent Auditor's Report and Annual Financial Statements as at 1 January 2022

To the Shareholders and Management of "Priorbank" Joint Stock Company

## Audit Opinion

We have audited the annual individual financial statements (hereinafter - the "financial statements") of "Priorbank" JSC (hereinafter - the "Bank"), address: 31a V. Khoruzhei Str., Minsk, 220002, date of state registration: 12 July 1991, Decision No. 12, registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 100220190), which comprise the balance sheet as at 1 January 2022, statement of profit or loss, statement of changes in equity, statement of cash flows for 2021 and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 1 January 2022, and its financial performance and changes in its financial position, as well as its cash flows for the year then ended in accordance with the laws of the Republic of Belarus.

## Basis for Opinion

We performed our audit in accordance with the requirements of Law No. 56-Z of the Republic of Belarus "On Auditing" dated 12 July 2013 and the national rules of audit activity. Our responsibilities in accordance with the requirements are described further in the section "Audit Firm's responsibilities for the performance of audit of the financial statements" of the auditor's report. We complied with the independence principle in relation to the Bank according to the requirements of the laws and professional ethic standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The matter described below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Translation from the original in Russian

## Why was the matter determined to be a key audit matter?

### Provision for possible losses on loans to customers

As disclosed in Note 4.5 “Loans to Customers” and Note 11 “Financial Risk Management. Factors of Financial Risks”, as at 1 January 2022 the gross carrying amount of loans to customers before provision totaled BYN 2 871 219 thousand, the amount of the provision for possible losses totaled BYN 223 667 thousand.

The Bank creates the provision for possible losses on loans to customers relying on the classification of loans by risk groups: from group I (the lowest risk) to group VI (the highest risk), applying the appropriate provisioning rate from 0.5% (risk group I) to 100% (risk group VI).

The matter related to provisioning is a key audit matter due to the significance of the amounts of loans and provisions for the financial statements. Moreover, a risk group classification based on analyzing a number of financial and non-financial indicators, for example, assessing the adequacy of collateral for loans, considering the indicators of financial instability and other negative information about the debtor’s ability to fulfill their obligations, requires the Bank to exercise its professional judgment in identification of information relevant for decision-making and its interpretation in the context of a combination of factors that characterize the debtor’s ability to fulfill their obligations.

## Other Matters

The Bank’s financial statements for the year ended 31 December 2020 were audited by another audit firm that expressed an unmodified opinion in its auditor’s report dated 15 February 2021 with respect to those financial statements.

## The Bank’s Responsibilities for the Preparation of the Financial Statements

The Bank’s management is responsible for the preparation and fair presentation of the financial statements in accordance with the laws of the Republic of Belarus and for the Bank’s internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to errors and (or) fraud.

In preparing the financial statements the Bank’s management is responsible for assessing the Bank’s ability to continue as a going concern and the appropriateness of the going concern basis of accounting, as well as the appropriateness of disclosing matters related to the going concern in the financial statements, unless the management either intends to liquidate the Bank, cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank’s financial reporting process.

## Audit Firm’s Responsibilities for the Performance of Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Bank’s financial statements as a whole are free from material misstatement, whether due to fraud and (or) error, and to issue an auditor’s report that includes our opinion expressed in the required format. Reasonable assurance represents a high level of assurance, but does not

## How was the matter addressed in the audit?

As part of our performed audit procedures, we obtained understanding of the control procedures related to provisioning, including automatic control procedures related to algorithms of classifying loans to customers by risk groups and provision calculation for each risk group. We also performed sample testing of the effectiveness of the automatic control procedures related to calculation of overdue days, and manual control procedures related to assessment of the adequacy of collateral.

We reviewed the methodology for calculating provisions for loans to customers for its compliance with regulatory requirements and adequacy requirements, including criteria for assessing the financial position of borrowers and identifying the signs of negative information, and assessment of the adequacy of collateral.

We analyzed, on a sample basis, the assumptions used in assessing the financial position of individual borrowers, whether there are any signs of negative information, the adequacy of collateral, and reconciled the assumptions with supporting documents, if applicable.

On a sample basis we reviewed the correctness of the loan classification by risk groups taking into account the criteria established by the legislation and the Bank’s local policies and regulations, and reviewed the accuracy of calculating the provision amounts.

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guarantee that an audit conducted in accordance with Law No. 56-Z of the Republic of Belarus "On Auditing" dated 12 July 2013 and the national rules on auditing allows to detect all existing material misstatements. Misstatements can arise from errors and (or) fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Law No. 56-Z of the Republic of Belarus "On Auditing" dated 12 July 2013 and the national rules on auditing, the Audit Firm exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to error and (or) fraud; design and perform audit procedures responsive to those risks; obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud involves specifically designed measures aimed at its concealment.
- Obtain an understanding of the Bank's internal control, which is of audit interest, with the purpose of planning audit procedures, appropriate in the audit circumstances, but not with the purpose of expressing the audit opinion related to the system's operating effectiveness.
- Evaluate the appropriateness of the accounting policy applied by the Bank and the reasonableness of accounting estimates and related disclosure in the financial statements.
- Evaluate the correctness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained conclude, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosure in the financial statements. If there is no such disclosure or such disclosure is inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, however, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with all relevant requirements in relation to independence, and communicated with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

15 February 2022

General Director

O.I. Stepaneyeva  
Auditor qualification certificate No. 0001765 dated 12 November 2009 issued by the Ministry of Finance of the Republic of Belarus  
Certificate No. 65 on compliance with the qualification requirements to perform audit activities in the banking system dated 14 December 2011



Translation from the original in Russian

## Head of Audit & Assurance

M.A. Shachenkova  
Auditor qualification certificate No. 0002335 dated 23 December 2015 issued by the Ministry of Finance of the Republic of Belarus.  
Certificate No. 94 on compliance with the qualification requirements to perform audit activities in the banking system dated 21 January 2016

## Received by:

S.A. Kostyuchenko Chairman of the Management Board of "Priorbank" JSC

Name of the audited entity: "Priorbank" JSC

Audit Firm: Foreign Unitary Audit Enterprise "Deloitte & Touche"

Address: 220002, Republic of Belarus, Minsk, 31a V. Khoruzhei Str.

Address: 51A K. Tsetkin Str., Minsk, 220004, Republic of Belarus

Information on State Registration: Decision on state registration No. 12 of the National Bank of the Republic of Belarus dated 12 July 1991

Certificate of State Registration: Certificate of state registration No. 0098185 issued on the basis of the Decision of the Ministry of Foreign Affairs on 3 March 2014, UNP 101518377.

Registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 100220190

Registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 192458096

Member of the Audit Chamber; registration number of the entry in the register of audit organizations: 10045

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# Balance Sheet

## as at 1 January 2022 Priorbank Joint Stock Company


(in thousands of Belarusian Rubles)

Item	Code	Note	2021	2020
1 2	3	4	5	6
<b>1 ASSETS</b>				
2 Cash	1101	4.1	169,985	182,493
3 Precious stones and metals	1102		–	–
4 Cash and balances with the National Bank of the Republic of Belarus	1103	4.2	932,815	644,866
5 Due from banks	1104	4.3	1,014,733	705,267
6 Securities	1105	4.4	511,419	446,399
7 Loans to customers	1106	4.5	2,647,552	3,058,209
8 Derivative financial assets	1107	4.11	4,197	274
9 Long-term investments	1108	4.6	25,501	33,380
10 Property and equipment and intangible assets	1109	4.7	174,455	165,812
11 Income-bearing investments in tangible assets	1110	4.8	120	1,363
12 Property held for sale	1111	4.9	1,242	1,214
13 Deferred tax assets	1112		–	–
14 Other assets	1113	4.10	34,745	44,344
<b>15 TOTAL ASSETS</b>	<b>11</b>		<b>5,516,764</b>	<b>5,283,621</b>
<b>16 LIABILITIES</b>				
17 Due to the National Bank of the Republic of Belarus	1201		–	–
18 Due to banks	1202	4.12	332,008	173,570
19 Due to customers	1203	4.13	4,191,792	4,164,095
20 Securities issued by the Bank	1204	4.14	3,703	59,636
21 Derivative financial liabilities	1205	4.11	1,294	11,566
22 Deferred tax liabilities	1206		–	–
23 Other liabilities	1207	4.10	57,204	60,119
<b>24 TOTAL LIABILITIES</b>	<b>120</b>		<b>4,586,001</b>	<b>4,468,986</b>
<b>25 EQUITY</b>				
26 Share capital	1211	4.16	86,148	86,148
27 Share premium	1212		–	–
28 Reserve fund	1213	4.16	180,609	180,609
29 Revaluation reserve of balance sheet items	1214	4.16	68,979	73,654
30 Retained earnings	1215	4.16	595,027	474,224
31 TOTAL equity	121	4.16	930,763	814,635
<b>32 TOTAL LIABILITIES AND EQUITY</b>	<b>12</b>		<b>5,516,764</b>	<b>5,283,621</b>

Chairman of the Management Board

Temporary Acting Chief Accountant

Date of signing 15 February 2022



S. Kostyuchenko

S.I. Kaptsevich

Translation from the original in Russian

# Profit And Loss Statement for 2021

## Priorbank Joint Stock Company


(in thousands of Belarusian Rubles)

Item		Code	Note	2021	2020
1	2	3	4	5	6
1	Interest income	2011		310,124	302,697
2	Interest expenses	2012		99,163	105,457
3	Net interest income	201	5.1	210,961	197,240
4	Fee and commission income	2021		251,760	214,015
5	Fee and commission expenses	2022		135,026	114,451
6	Net fee and commission income	202	5.2	116,734	99,564
7	Net income on transactions with precious metals and stones	203		-	-
8	Net income on transactions with securities	204	5.3	(1,109)	(6,168)
9	Net income on foreign exchange transactions	205	5.4	67,910	110,379
10	Net income on transactions with derivative financial instruments	206	5.5	22,560	(13,641)
11	Net charges to provision	207	5.6	21,882	54,509
12	Other income	208	5.7	32,707	24,863
13	Operating expenses	209	5.8	184,928	186,792
14	Other expenses	210		17,651	18,859
15	Profit before tax	211		225,302	152,077
16	Income tax expense	212		59,031	43,339
17	<b>PROFIT</b>	<b>2</b>		<b>166,271</b>	<b>108,738</b>
18	<b>Data on earnings per share in Belarusian rubles</b>				
19	<b>Basic earnings per ordinary share</b>	<b>22</b>	<b>4.16</b>	<b>1.3511</b>	<b>0.8836</b>
20	<b>Diluted earnings per ordinary share</b>	<b>23</b>	<b>4.16</b>	<b>1.3511</b>	<b>0.8836</b>

Chairman of the Management Board

Temporary Acting Chief Accountant

Date of signing 15 February 2022



S. Kostyuchenko

S.I. Kaptsevich

Translation from the original in Russian

# Statement of Capital Changes for 2021

## Priorbank Joint Stock Company

(in thousands of Belarusian Rubles)

		Equity item						Total equity
Indicators	Code	Share capital	Share premium	Reserve fund	Accumulated profit (loss)	Revaluation reserve of balance sheet items		
1	2	3	4	5	6	7	8	9
<b>Section I. For the year preceding the reporting year</b>								
<b>1</b>	<b>Balance as at 1 January 2020</b>	<b>3011</b>	<b>86,148</b>	<b>–</b>	<b>126,738</b>	<b>414,680</b>	<b>81,503</b>	<b>709,069</b>
1.1	Including: results from changes in the accounting policy and (or) correction of material mistakes	30111	–	–	–	–	–	–
<b>2</b>	<b>Changes in equity items</b>	<b>3012</b>	<b>–</b>	<b>–</b>	<b>53,871</b>	<b>59,544</b>	<b>(7,849)</b>	<b>105,566</b>
2.1	Including: comprehensive income	30121	x	x	x	108,738	(2,250)	106,488
2.2	income allocation to funds	30122	–	x	53,871	(53,871)	x	–
2.3	transactions with the founders (participants)	30123	–	–	–	–	x	–
2.4	contributions by the founders (participants) to the share capital	301231	–	–	x	x	x	–
2.5	dividends paid to shareholders	301232	x	x	x	–	x	–
2.6	transactions with treasury shares	301233	–	x	x	x	x	–
2.7	shareholder contributions to the reserve fund to cover losses	301234	x	x	–	–	x	–
2.8	reallocation between equity items	30125	–	–	–	5,599	(5,599)	–
2.9	other changes	30126	–	–	–	(922)	–	(922)
<b>3</b>	<b>Balance as at 1 January 2021</b>	<b>3013</b>	<b>86,148</b>	<b>–</b>	<b>180,609</b>	<b>474,224</b>	<b>73,654</b>	<b>814,635</b>
<b>Section II. For the reporting year</b>								
<b>4</b>	<b>Balance as at 1 January 2021</b>	<b>3011</b>	<b>86,148</b>	<b>–</b>	<b>180,609</b>	<b>474,224</b>	<b>73,654</b>	<b>814,635</b>
<b>5</b>	<b>Changes in equity items</b>	<b>3012</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>120,803</b>	<b>(4,675)</b>	<b>116,128</b>
5.1	Including: comprehensive income	30121	x	x	x	166,271	–	166,271

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		Capital Items						
1	2	3	Authorized Capital	Paid in Capital	Reserve Fund	Accrue Profit (Loss)	Balance Items Revaluation Fund	Total Capital
1	2	3	4	5	6	7	8	9
5.2	income allocation to funds	30122	–	x	–	–	x	–
5.3	transactions with the founders (participants)	30123	–	–	–	(49,230)	x	(49,230)
5.4	contributions by the founders (participants) to the share capital	301231	–	–	x	x	x	–
5.5	dividends paid to shareholders	301232	x	x	x	(49,230)	x	(49,230)
5.6	transactions with treasury shares	301233	–	x	x	x	x	–
5.7	shareholder contributions to the reserve fund to cover losses	301234	x	x	–	–	x	–
5.8	reallocation between equity items	30125	–	–	–	4,675	(4,675)	–
5.9	other changes	30126	–	–	–	(913)	–	(913)
<b>6</b>	<b>Balance as at 1 January 2022</b>	<b>3013</b>	<b>86,148</b>	<b>–</b>	<b>180,609</b>	<b>595,027</b>	<b>68,979</b>	<b>930,763</b>

Chairman of the Management Board

Temporary Acting Chief Accountant

Date of signing 15 February 2022



S. Kostyuchenko

S.I. Kaptsevich

Translation from the original in Russian

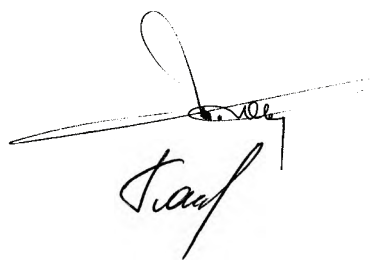
# Information on Total Gross Income for 2021

## Priorbank Joint Stock Company

(in thousands of Belarusian Rubles)

Item	Code	Note	2021	2020	
1	2	3	4	5	
1	Profit	301211	6	166,271	131,436
2	Other components of comprehensive income	301212		–	(2,097)
2.1	Including: revaluation of property and equipment and other property	3012121	4.7	–	(2,097)
2.2	revaluation of intangible assets	3012122	4.7	–	–
2.3	revaluation of securities	3012123		–	–
2.4	revaluation of hedging instruments	3012124		–	–
2.5	revaluation of other balance sheet items	3012125		–	–
<b>3</b>	<b>TOTAL comprehensive income</b>	<b>30121</b>		<b>166,271</b>	<b>129,339</b>

Chairman of the Management Board



S. Kostyuchenko

Temporary Acting Chief Accountant

S.I. Kaptsevich

Date of signing 15 February 2022

Translation from the original in Russian

# Cash Flow Statement for 2021

## Priorbank Joint Stock Company

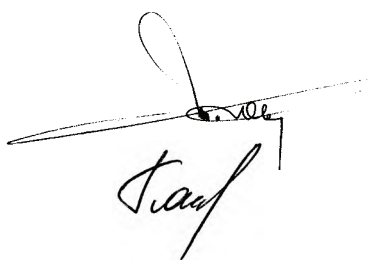
(in thousands of Belarusian Rubles)

	Item	Code	Note	2021	2020
1	2	3	4	5	6
<b>1</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
2	Interest income received	70100		309,442	301,554
3	Interest expenses paid	70101		(99,558)	(104,072)
4	Fee and commission income received	70102		251,923	213,937
5	Fee and commission expense paid	70103		(131,771)	(111,487)
6	Net income on transactions with precious metals and stones	70104		–	–
7	Net income on transactions with securities	70105		1,988	(3,313)
8	Net income on foreign exchange transactions	70106		82,286	73,829
9	Net income on transactions with derivative financial instruments	70107		–	–
10	Other income received	70108		47,880	26,652
11	Other expenses paid	70109		(169,586)	(166,055)
12	Income tax paid	70110		(57,489)	(36,068)
<b>13</b>	<b>Total monetary profit (loss) before changes in operating assets and liabilities</b>	<b>701</b>		<b>235,115</b>	<b>194,977</b>
14	Net decrease (increase) in cash due from the National Bank of the Republic of Belarus	70200		1,590	(10,270)
15	Net decrease (increase) in cash due from banks	70201		(196,776)	44,475
16	Net decrease (increase) in cash from securities (except for securities held to maturity)	70202		(75,905)	(93,990)
17	Net decrease (increase) in cash in the form of loans provided to customers	70203		249,452	(49,909)
18	Net decrease (increase) in cash from derivative financial assets	70204		15,907	3,147
19	Net decrease (increase) in cash from other operating assets	70205		(27,021)	32,103
<b>20</b>	<b>Total cash flows from changes in operating assets</b>	<b>702</b>		<b>(32,753)</b>	<b>(74,444)</b>
21	Net increase (decrease) in cash due to the National Bank of the Republic of Belarus	70300		–	–
22	Net increase (decrease) in cash due to banks	70301		149,853	(75,025)
23	Net increase (decrease) in customer accounts	70302		148,792	(22,664)
24	Net increase (decrease) in cash from securities issued by the Bank	70303		(55,927)	6,601
25	Net increase (decrease) in cash from derivative financial liabilities	70304		(7,544)	(5,940)
26	Net increase (decrease) in cash from other operating liabilities	70305		11,281	3,766
<b>27</b>	<b>Total cash flows from changes in operating liabilities</b>	<b>703</b>		<b>246,455</b>	<b>(93,262)</b>
28	Net cash flows received (used) from operating activities	70		448,817	27,271

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Item	Code	Note	2021	2020
<b>29 CASH FLOWS FROM INVESTING ACTIVITIES</b>				
30 Acquisition of property and equipment, intangible assets and other long-term assets	71100		(34,451)	(31,084)
31 Sale of property and equipment, intangible assets and other long-term assets	71101		1,666	2,236
32 Acquisition of long-term investments into share capitals of other legal entities	71102		–	–
33 Sale of long-term investments into share capitals of other legal entities	71103		3,022	–
34 Purchase of securities held to maturity	71104		–	–
35 Repayment (sale) of securities held to maturity	71105		–	–
<b>36 Net cash flows received (used) from investing activities</b>	<b>71</b>		<b>(29,763)</b>	<b>(28,848)</b>
<b>37 CASH FLOWS FROM FINANCING ACTIVITIES</b>				
38 Issue of shares	72100		–	–
39 Purchase of treasury shares	72101		–	–
40 Sale of repurchased treasury shares	72102		–	–
41 Payment of dividends	72103		(48,845)	(48)
42 Shareholder contributions to the reserve fund to cover losses	72104		–	–
<b>43 Net cash flows received (used) from financing activities</b>	<b>72</b>		<b>(48,845)</b>	<b>(48)</b>
<b>44 Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>73</b>		<b>(11,802)</b>	<b>52,769</b>
<b>45 Net increase (decrease) in cash and cash equivalents</b>	<b>74</b>		<b>358,407</b>	<b>51,144</b>
<b>46 Cash and cash equivalents as at the beginning of the reporting period</b>	<b>740</b>	<b>7</b>	<b>x</b>	<b>949,693</b>
<b>47 Cash and cash equivalents as at the end of the reporting period</b>	<b>741</b>	<b>7</b>	<b>1,308,100</b>	<b>x</b>

Chairman of the Management Board



S. Kostyuchenko

Temporary Acting Chief Accountant

S.I. Kaptsevich

Date of signing 15 February 2022

Notes to the annual financial reporting that are an integral part of the annual financial reporting of the Bank are not presented in this booklet.



Translation from the original in Russian



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# INDEPENDENT AUDITOR'S REPORT

To the shareholders, Supervisory Board, Audit Committee  
and Management Board of Priorbank Joint Stock Company

## Opinion

We have audited the consolidated financial statements of Priorbank Joint Stock Company (the "Bank") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

## Basis for opinion

We conducted our audit in accordance with Law of the Republic of Belarus On Auditing, the national rules of auditing activities effective in the Republic of Belarus and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Belarus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. That matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on that matter.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

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## Why was the matter determined to be a key audit matter?

### Measurement of expected credit losses on loans to customers

We consider this matter to be a key one, since the measurement of expected credit losses on loans to customers requires use of the estimates and assumptions that depend on subjective judgements of the Group's management and relevant balances are material.

Key areas of judgment and estimation uncertainty in respect of the allowance for expected credit losses on loans to customers include:

- Determination of the stage of loan impairment, based on the determination of whether a significant increase in credit risk or default has occurred;
- Estimation of the probability of default and loss given default;
- Impact of macroeconomic forecasts and sanctions on the measurement of expected credit losses.

When determining the stage of loan impairment and calculating expected credit losses, management of the Group uses mathematical models, data from both external and internal sources as well as complex and subjective judgments. Therefore, the auditor is required to increase the scope of audit procedures, apply comprehensive professional judgements and involve internal actuarial specialists to perform audit procedures to validate the estimates made by management.

Information about expected credit losses on loans to customers is disclosed in Note 9 Loans to Customers to the consolidated financial statements and Note 29 Risk Management to the consolidated financial statements.

## Other Matter

The Group's consolidated financial statements for the year ended 31 December 2020 were audited by another audit firm that expressed an unmodified opinion on those consolidated financial statements on 27 April 2021.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## How was the matter addressed in the audit?

Our audit procedures to verify the measurement of expected credit losses on loans to customers comprised:

- Obtaining understanding of the controls over allowance for expected credit losses recognition, as well as testing on a sample basis the effectiveness of automatic control procedures for calculating the number of overdue days;
- Assessing, with the help of internal actuarial specialists, the integrity and compliance of the methodology, models and methods used by the Group's management to determine expected credit losses with the requirements of IFRS 9 Financial Instruments, as well as reviewing the most significant model assumptions by comparing them to historical data, available market information and changes in default rates;
- Testing on a sample basis the completeness and accuracy of the data, including internal credit ratings, historical data, macroeconomic forecasts, used in the models for the expected credit loss calculation on the basis of internal and external sources;
- Obtaining information on the borrowers classified into credit impairment stages, and for selected borrowers — assessment of whether the impaired borrowers were appropriately classified for calculating the allowance for expected credit losses, based on the available information from external sources;
- Analyzing the impact of sanctions imposed on the Group's individual borrowers on the measurement of expected credit losses on loans to these borrowers; testing, on a sample basis, the assumptions and inputs used by the Group in assessing the impact of sanctions on expected credit losses related to relevant borrowers.

We also assessed the consistency of the disclosures in the consolidated financial statements with the requirements of IFRS 9 Financial Instruments.

Translation from the original in Russian

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of the Republic of Belarus On Auditing, the national rules on auditing effective in the Republic of Belarus and International Standards on Auditing, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit in accordance with the Law of the Republic of Belarus On Auditing, the national rules on auditing effective in the Republic of Belarus and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Translation from the original in Russian

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

14 May 2022

## Engagement partner

O.I. Stepaneyeva  
Auditor Qualification Certificate No. 0001765 dated 12 November 2009 issued by the Ministry of Finance of the Republic of Belarus.  
Certificate No. 65 on compliance with the qualification requirements to perform audit activities in the banking system dated 14 December 2011.

## Manager of the audit team

M.A. Shachenkova  
Auditor Qualification Certificate No. 0002335 dated 23 December 2015 issued by the Ministry of Finance of the Republic of Belarus.  
Certificate No. 94 on compliance with the qualification requirements to perform audit activities in the banking system dated 21 January 2016.

## Received:

V.V. Dedioul, Temporary acting as Chairman of the Management Board of Priorbank JSC

Name of the audited entity: "Priorbank" JSC

Audit Firm: Limited Liability Company "DRT Audit"

Address: 220002, Republic of Belarus, Minsk, 31a V. Khoruzhei Str.

Address: 51A K. Tsetkin Str., Minsk, 220004, Republic of Belarus

Information on State Registration: Decision on state registration No. 12 of the National Bank of the Republic of Belarus dated 12 July 1991

Certificate of State Registration: Certificate of state registration No. 0098185 issued on the basis of the Decision of the Ministry of Foreign Affairs on 3 March 2014, UNP 101518377.

Registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 100220190

Registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 192458096

Member of the Audit Chamber; registration number of the entry in the register of audit organizations: 10045

Translation from the original in Russian

## Consolidated Statement of Financial Position as at 31 December 2021

(in thousands of Belarusian Rubles)

Item	Note	2021	2020
<b>Assets</b>			
Cash and cash equivalents	6	2,119,935	1,483,756
Trading securities	7	48,672	53,329
Due from credit institutions	8	155,160	66,233
Loans to customers	9	3,066,195	3,544,888
Investment securities	11	561,851	386,786
Investment property	12	14,932	18,855
Property and equipment and right-of-use assets	13	150,667	151,434
Intangible assets	14	46,811	39,855
Current income tax assets		1,202	70
Deferred income tax assets	15	3,184	4,062
Other assets	17	59,715	38,178
Assets of disposal groups and non-current assets held for sale	10	273	186,212
<b>Total assets</b>		<b>6,228,597</b>	<b>5,973,658</b>
<b>Liabilities</b>			
Due to credit institutions	18	239,534	221,985
Customer accounts	19	4,172,584	4,122,962
Due to international financial institutions	20	306,492	218,064
Debt securities issued	21	3,703	56,268
Current income tax liabilities		5,371	11,261
Deferred income tax liabilities	15	42,512	39,535
Provisions	16,23	14,721	11,996
Other liabilities	17	249,458	57,986
Liabilities of disposal groups held for sale	10	–	179,053
<b>Total liabilities</b>		<b>5,034,375</b>	<b>4,919,110</b>
<b>Equity</b>			
	22		
Share capital		341,828	341,828
Additional paid-in capital		193	193
Foreign currency translation reserve		5,503	6,893
Retained earnings		817,426	686,654
Revaluation reserve for net pension liability		526	(7,545)
Revaluation reserve for investment securities		(104)	143
<b>Total equity attributable to shareholders of the Bank</b>		<b>1,165,372</b>	<b>1,028,166</b>
<b>Non-controlling interest</b>		<b>28,850</b>	<b>26,382</b>
<b>Total equity</b>		<b>1,194,222</b>	<b>1,054,548</b>
<b>Total equity and liabilities</b>		<b>6,228,597</b>	<b>5,973,658</b>

Signed and approved for issue on behalf of the Management Board

V.V. Dedioul


Temporary acting as Chairman of the  
Management Board

O.S. Cherepan

Director of the Controlling and  
Strategic Planning Department

14 May 2022

Translation from the original in Russian

## Consolidated Statement of Profit or Loss for the Year Ended 31 December 2021

(in thousands of Belarusian Rubles)

Item	Note	2021	2020
<b>Interest income calculated using the effective interest rate</b>		<b>325,828</b>	<b>312,586</b>
Other interest income		36,024	34,752
Interest expense		(103,054)	(111,069)
<b>Net interest income</b>	<b>24</b>	<b>258,798</b>	<b>236,269</b>
Credit loss expense	16	(24,672)	(45,923)
<b>Net interest income after credit loss expense</b>		<b>234,126</b>	<b>190,346</b>
Fee and commission income		246,853	210,472
Fee and commission expense		(135,728)	(126,166)
<b>Net fee and commission income</b>	<b>25</b>	<b>111,125</b>	<b>84,306</b>
Net gain/(loss) on trading securities		169	(1,958)
Net gains/(losses) from foreign currencies:			
- dealing transactions		105,264	60,367
- translation differences		(9,758)	62,497
Other income	26	18,195	17,626
<b>Non-interest income</b>		<b>113,870</b>	<b>138,532</b>
Personnel expense	27	(105,570)	(102,150)
Depreciation and amortization	12,13,14	(36,500)	(34,808)
Other operating expenses	27	(78,134)	(71,583)
Other gain/(loss) from provisions	16	4,962	(37)
<b>Non-interest expenses</b>		<b>(215,242)</b>	<b>(208,578)</b>
<b>Profit before income tax expense</b>		<b>243,879</b>	<b>204,606</b>
Income tax expense	15	(59,556)	(55,722)
<b>Profit for the year</b>		<b>184,323</b>	<b>148,884</b>
Attributable to:			
- shareholders of the Bank		179,892	144,248
- non-controlling interest		4,431	4,636
		<b>184,323</b>	<b>148,884</b>

Signed and approved for issue on behalf of the Management Board

V.V. Dedioul

O.S. Cherepan

14 May 2022



Temporary acting as Chairman of the  
Management Board

Director of the Controlling and  
Strategic Planning Department

Translation from the original in Russian

## Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

(in thousands of Belarusian Rubles)

Item	Note	2021	2020
<b>Profit for the year</b>		<b>184,323</b>	<b>148,884</b>
<b>Other comprehensive income</b>			
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:			
- Exchange differences on translation of the financial statements of foreign subsidiary	22	(2,207)	6,259
- Net change in fair value of debt instruments measured at fair value through other comprehensive income	22	(290)	18
- Income tax relating to components of other comprehensive income	15	73	(5)
<b>Net other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods</b>		<b>(2,424)</b>	<b>6,272</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
- Actuarial gain on defined benefit pension plan	22	10,762	3,621
- Gains/(loss) on equity instruments measured at fair value through other comprehensive income	22	(40)	70
- Income tax relating to components of other comprehensive income	15	(2,681)	(922)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>8,041</b>	<b>2,769</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>5,617</b>	<b>9,041</b>
<b>Total comprehensive income for the year</b>		<b>189,940</b>	<b>157,925</b>
Attributable to:			
- shareholders of the Bank		186,326	150,971
- non-controlling interest		3,614	6,954
		<b>189,940</b>	<b>157,925</b>

Signed and approved for issue on behalf of the Management Board

V.V. Dedioul



Temporary acting as Chairman of the  
Management Board

O.S. Cherepan

Director of the Controlling and  
Strategic Planning Department

14 May 2022

Translation from the original in Russian

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

(in thousands of Belarusian Rubles)

Attributable to shareholders of the Bank									
	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Revaluation reserve for net pension liability	Revaluation reserve for investment securities	Total	Non-controlling interest	Total equity
<b>As at 1 January 2020</b>	341,828	193	2,952	585,438	(10,261)	77	920,227	39,262	959,489
Profit for the year	–	–	–	144,248	–	–	144,248	4,636	148,884
Other comprehensive income for the year	–	–	3,941	–	2,716	66	6,723	2,318	9,041
<b>Total comprehensive income for the year</b>	–	–	3,941	144,248	2,716	66	150,971	6,954	157,925
Dividends declared and paid (Note 22)	–	–	–	(43,032)	–	–	(43,032)	(19,834)	(62,866)
<b>As at 31 December 2020</b>	341,828	193	6,893	686,654	(7,545)	143	1,028,166	26,382	1,054,548
Profit for the year	–	–	–	179,892	–	–	179,892	4,431	184,323
Other comprehensive income for the year	–	–	(1,390)	–	8,071	(247)	6,434	(817)	5,617
<b>Total comprehensive income for the year</b>	–	–	(1,390)	179,892	8,071	(247)	186,326	3,614	189,940
Dividends declared and paid (Note 22)	–	–	–	(49,230)	–	–	(49,230)	–	(49,230)
Sale and liquidation of subsidiaries	–	–	–	110	–	–	110	(1,146)	(1,036)
<b>As at 31 December 2021</b>	341,828	193	5,503	817,426	526	(104)	1,165,372	28,850	1,194,222

Signed and approved for issue on behalf of the Management Board

V.V. Dedioul

Temporary acting as Chairman of the Management Board

O.S. Cherepan

Director of the Controlling and Strategic Planning Department

14 May 2022



Translation from the original in Russian

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2021 (Continued)

(in thousands of Belarusian Rubles)

Item	Note	2021	2020
<b>Cash flows from operating activities</b>			
Interest received		357,854	342,567
Interest paid		(103,490)	(107,944)
Fee and commission received		246,824	210,964
Fee and commission paid		(135,787)	(125,933)
Income less expenses from foreign currency transactions		90,794	77,437
Other income received		19,061	17,461
Personnel expenses paid		(98,334)	(97,236)
Other operating expenses paid		(70,207)	(71,020)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>306,715</b>	<b>246,296</b>
<b>Net (increase)/decrease in operating assets</b>			
Trading securities		(718)	(4,509)
Due from credit institutions		(33,788)	(31,221)
Loans to customers		332,931	(99,507)
Other assets		(14,144)	5,211
<b>Net increase/(decrease) in operating liabilities</b>			
Due to credit institutions		27,088	3,128
Due to international financial institutions		99,295	52,690
Customer accounts		172,924	(25,879)
Other liabilities		25,776	47,994
<b>Net cash inflows from operating activities before income tax</b>		<b>916,079</b>	<b>194,203</b>
Income tax paid		(64,868)	(41,735)
<b>Net cash inflows from operating activities</b>		<b>851,211</b>	<b>152,468</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities at amortized cost		(5,361)	(308,865)
Proceeds from redemption of investment securities at amortized cost		14,919	168,029
Purchase of securities at FVTOCI		(75,702)	(30,226)
Proceeds from sale of securities at FVTOCI		–	40,568
Proceeds from sale of property and equipment and investment property		6,114	11,462
Purchase of property and equipment, intangible assets and investment property	12,13,14	(42,523)	(44,611)
Proceeds from sale of subsidiaries		3,005	–
<b>Net cash used in investing activities</b>		<b>(99,548)</b>	<b>(163,643)</b>

Translation from the original in Russian

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2021 (Continued)

(in thousands of Belarusian Rubles)

Item	Note	2021	2020
<b>Cash flows from financing activities</b>			
Proceeds from debt securities issued		–	2,451
Repayment of debt securities issued		(52,562)	(545)
Repayment of lease liabilities		(2,633)	(2,854)
Dividends paid to the shareholders of the Bank	22	(48,845)	(62,866)
<b>Net cash outflows from financing activities</b>	<b>33</b>	<b>(104,040)</b>	<b>(63,814)</b>
Effect of exchange rate changes on cash and cash equivalents		(11,487)	197,050
<b>Net increase in cash and cash equivalents</b>		<b>636,136</b>	<b>122,061</b>
<b>Cash and cash equivalents as at the beginning of the reporting year</b>		<b>1,483,840</b>	<b>1,361,779</b>
<b>Cash and cash equivalents as at the end of the reporting year</b>	<b>6, 10</b>	<b>2,119,976</b>	<b>1,483,840</b>

Signed and approved for issue on behalf of the Management Board

V.V. Dedioul



Temporary acting as Chairman of the  
Management Board

O.S. Cherepan



Director of the Controlling and  
Strategic Planning Department

14 May 2022

# Priorbank's Network as of January 1<sup>st</sup>, 2022



## Banking Services Centre 100

38A, Radialnaya Str.  
Minsk, Belarus, 220070  
tel. +375 17 289 96 02

## Banking Services Centre 101

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## Banking Services Centre 102

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## Banking Services Centre 104

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## Banking Services Centre 107

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Mogilev, Belarus, 212030  
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## Banking Services Centre 500

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## Banking Services Centre 505

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tel. +375 163 41 16 60

## Banking Services Centre 506

7, Lenina Str.  
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tel. +375 165 67 56 56

## Banking Services Centre 600

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Grodno, Belarus, 230025  
tel. +375 152 77 28 36

## Banking Services Centre 602

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Belarus, 231300  
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## Banking Services Centre 603

14, Sovetskaya Str.  
Volkovysk, Grodno Oblast  
Belarus, 231896  
tel. +375 1512 6 26 74

# Raiffeisen Bank International at a glance

Raiffeisen Bank International (RBI) regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. Subsidiary banks cover 13 markets across the region. In addition, the Group comprises numerous other financial service providers that are active in areas such as leasing, asset management and M&A.

In total, around 46,000 RBI employees serve 19 million

customers from around 1,800 business outlets, the vast majority of which are in CEE. At year-end 2021, RBI's total assets was approximately € 192 billion.

RBI AG shares have been listed on the Vienna Stock Exchange since 2005. The regional Raiffeisen banks hold approximately 58.8 per cent of RBI shares with the remaining 41.2 per cent in free float.

## Raiffeisen Glossary

### Gable Cross

The gable cross is part of the trademark used by almost every company in the Raiffeisen Banking Group and RZB Group in CEE. It represents two stylized horse's heads, crossed and attached to the gable of a house. It is a symbol of protection rooted in old European folk tradition: a gable cross on the roof was believed to protect the house and its occupants from outside dangers and to ward off evil. It symbolizes the protection and security that the members of the Raiffeisen banks enjoy through their self-determined collaboration. Today, the gable cross is one of Austria's best-known trademarks and a well-recognized brand in CEE.

universal bank, RBI ranks among the top five banks in several countries. This role is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. RBI has positioned itself in CEE as a fully integrated corporate and retail banking group with a comprehensive product offering. At the end of 2014, around 52,000 RBI staff served approximately 14.8 million customers in around 2,900 business outlets in CEE.

In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international customers as well as major multinational clients operating in CEE. All in all, RBI employs about 55,000 staff/employees and has total assets of approximately € 122 billion.

### Raiffeisen Bank International

Raiffeisen Bank International AG regards Central and Eastern Europe (including Austria) as its home market. For over 25 years, RBI has been operating in Central and Eastern Europe (CEE), where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers. As a

RBI has been listed on the Vienna stock exchange since 25 April 2005 (as Raiffeisen International up until 12 October 2010). RZB, which functions as the central institution of the Austrian Raiffeisen Banking Group (RBG), remained the majority shareholder following the merger. As at year-end 2014, RZB held approximately 60.7 per cent of RBI's stock, with the remaining shares in free float.

## RZB

Founded in 1927, Raiffeisen Zentralbank Österreich AG (RZB) is the central institution of the Austrian Raiffeisen Banking Group (RBG) and acts as group center for the entire RZB Group, including RBI. RZB functions as the key link between RBG and RBI, with its banking network in Central and Eastern Europe (CEE) and numerous other international operations.

## RZB Group

The Group owned and steered by RZB. Raiffeisen Bank International is the Group's largest unit.

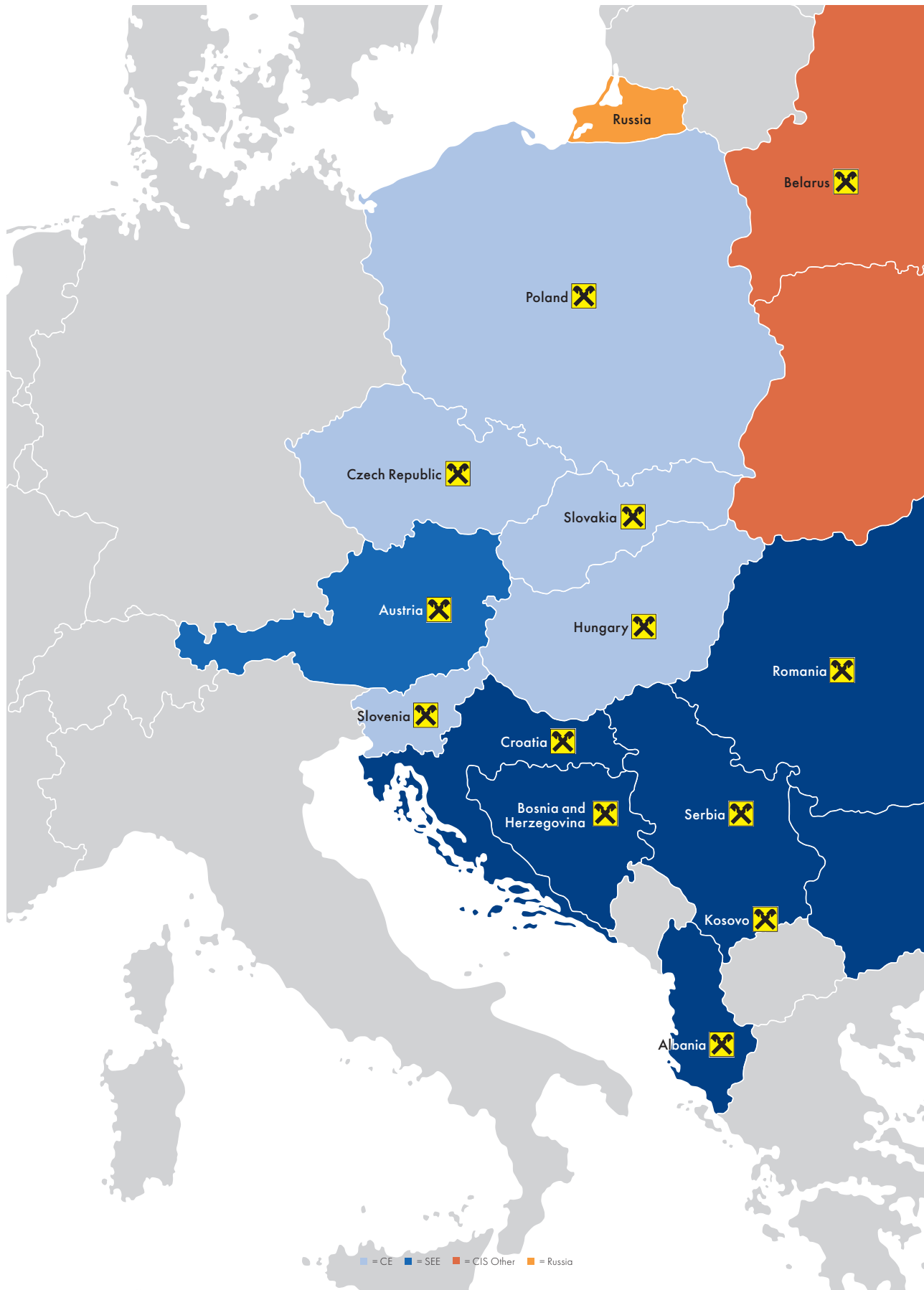
## Raiffeisen Banking Group

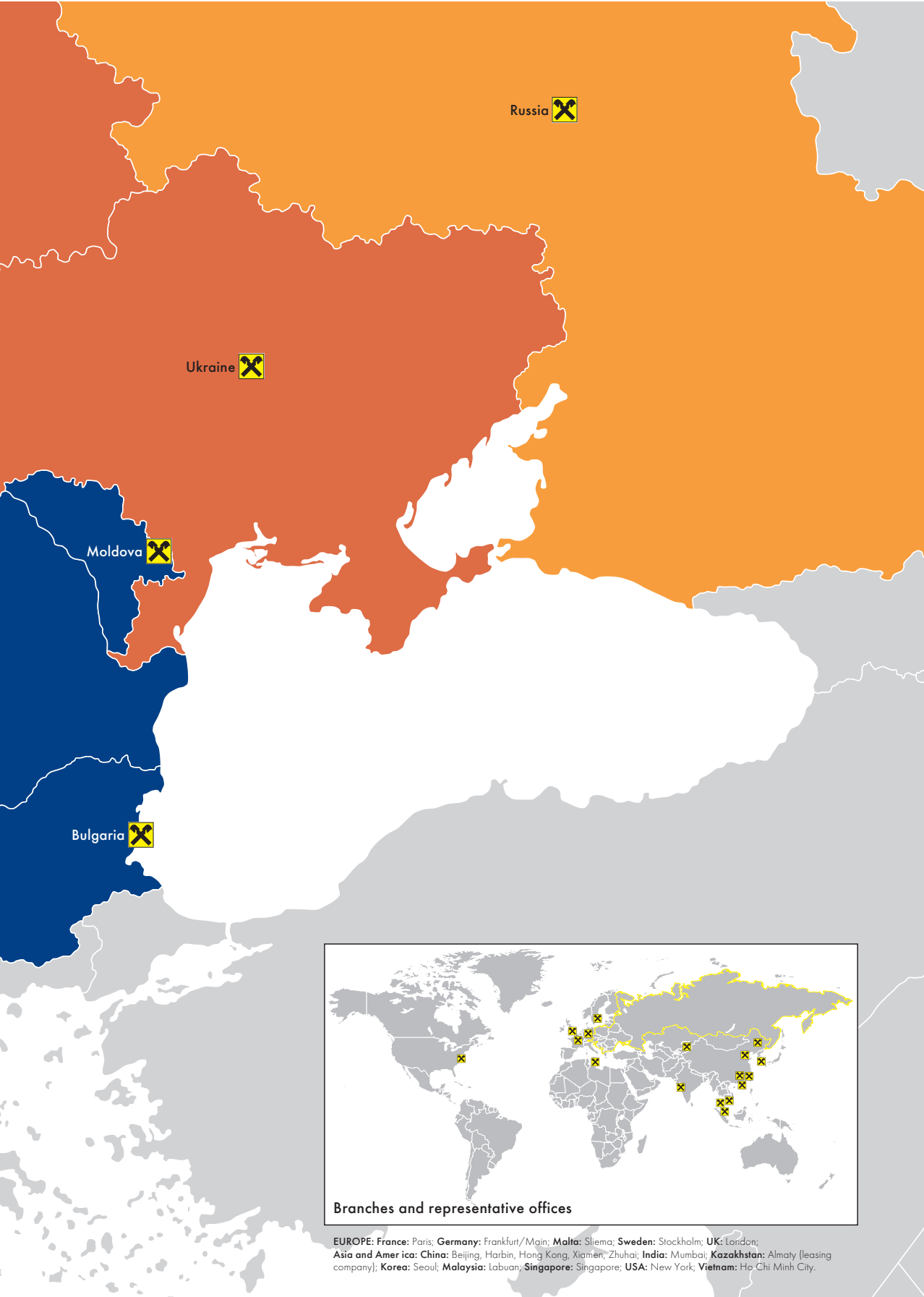
With total assets of € 285.9 billion as at 31 December 2014, RBG is Austria's largest banking group. As at this reporting date, RBG managed € 92.8 billion in domestic customer deposits (excluding building society savings), of which € 49.4 billion were held in savings deposits.

RBG has thus maintained its market share of around 30 per cent and, once more, its role as market leader among Austria's banks. RBG's strong market position was achieved through healthy organic growth. RBG consists of Raiffeisen Banks on the local level, Regional Raiffeisen Banks on the provincial level and RZB as central institution. RZB also acts as the link between the international operations of its group and RBG. Raiffeisen Banks are private cooperative credit institutions, operating as universal banks. Each province's Raiffeisen Banks are owners of the respective Regional Raiffeisen Bank, which in their entirety own approximately 90 per cent of RZB's ordinary shares.

The Raiffeisen Banks go back to an initiative of the German social reformer Friedrich Wilhelm Raiffeisen (1818 – 1888), who, by founding the first cooperative banking association in 1862, has laid the cornerstone of the global organization of Raiffeisen cooperative societies. Only 10 years after the foundation of the first Austrian Raiffeisen banking cooperative in 1886, already 600 savings and loan banks were operating according to the Raiffeisen system throughout the country. According to Raiffeisen's fundamental principle of self-help, the promotion of their members' interests is a key objective of their business policies.







# Adresses

## Raiffeisen Bank International AG

### Austria

Am Stadtpark 9  
1030 Vienna  
Tel: +43-1-71 707-0  
SWIFT/ BIC: RZBATWW  
www.rbinternational.com

## CEE banking network

### Albania

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