

# Annual Report 2019



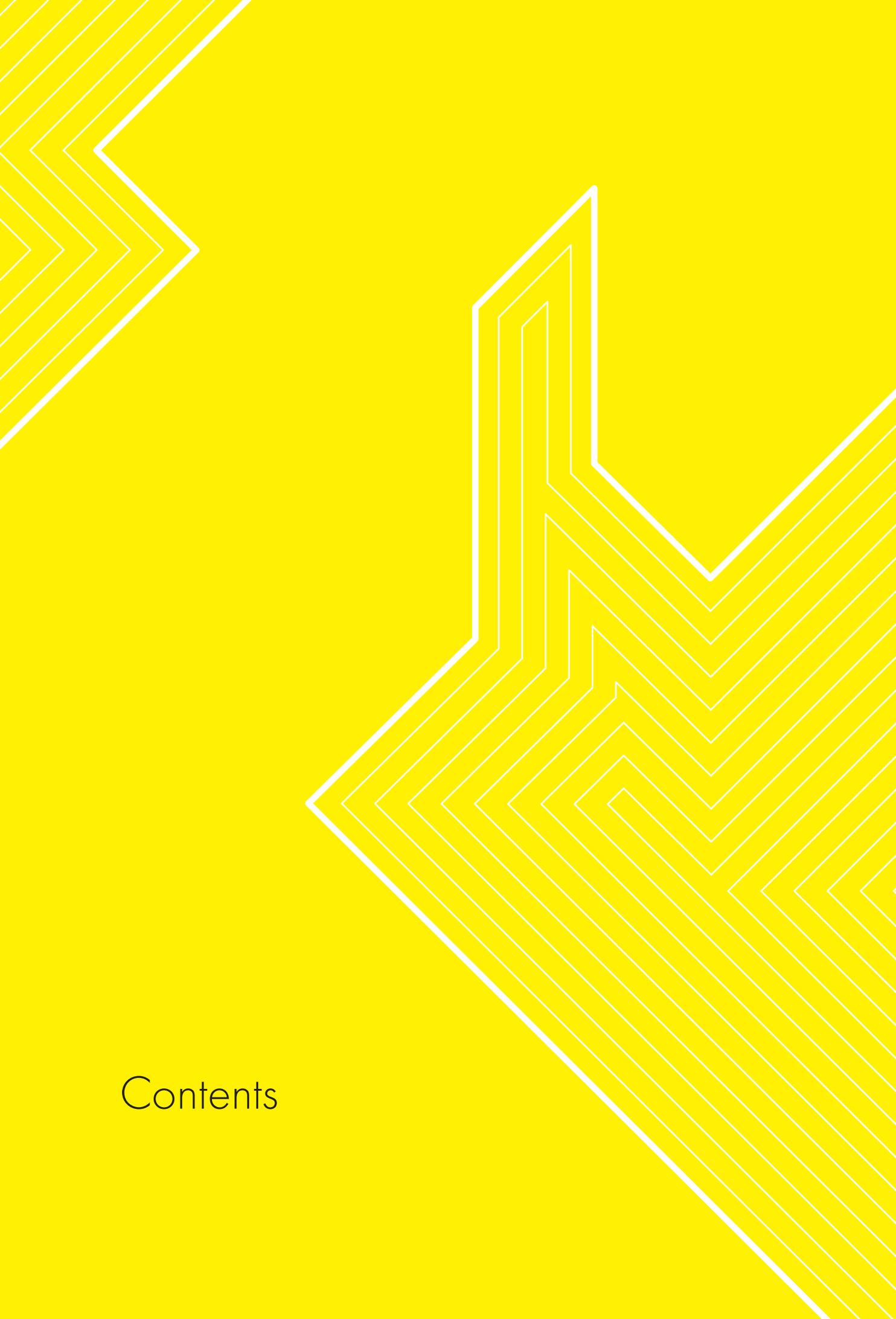
Приорбанк

RBI  
GROUP

**Priorbank**  
Member of RBI Group



***Priorbank***  
*Member of RBI Group*



# Contents

# Contents

Foreword	5
Highlights of Priorbank	9
Supervisory Board	11
Macroeconomic Environment	13
Corporate Banking. Small- and Medium-Sized Business	21
Business with Private Individuals	25
Treasury Operations. Securities Dealings	33
International Activities	37
Risk Management. Loan Portfolio of the Bank	41
Personnel	45
Information Technologies	47
Financial Information	
Audit report on annual individual accounting (financial) statements of Priorbank JSC, prepared based on the results of business activities for 2019	53
The Bank's Balance Sheet as of 1 January 2019	57
The Bank's Profit and Loss Statement for 2019	58
The Bank's Statement of Changes in Equity for 2019	60
Information on Total Gross Income for 2019	61
The Bank's Statement of Cash Flows for 2019	62
Audit report of an independent audit firm on the consolidated financial statements of "Priorbank" Joint-Stock Company for the period from 1 January 2017 to 31 December 2019	64
Consolidated statement of financial position as at 31 December 2019	68
Consolidated statement of profit or loss for the year ended 31 December 2019	69
Consolidated statement of comprehensive income for the year ended 31 December 2019	70
Consolidated statement of changes in equity for the year ended 31 December 2019	71
Consolidated statement of cash flows for the year ended 31 December 2019	72
Priorbank's Network	
The list of Priorbank banking services centers as of January 1 <sup>st</sup> , 2020	74
Raiffeisen Bank International at a glance	79
Raiffeisen Glossary	80
Network	
Addresses	82



Foreword

# Foreword



In 2019, Priorbank demonstrated stable development in all key businesses, having strengthened its positions on the local market as a reliable financial institution with a solid resource base and a well-balanced loan portfolio.

In Corporate Banking Priorbank continued to focus on comprehensive banking services offering the clients a wide product range and a high quality information and advisory support.

The Bank successfully developed co-operation with small- and medium-sized enterprises. The number of the attracted customers increased by 1.9 thd. yoy driven by the development of alternative attraction channels, as well as arranging of "smart" advertising and promotion campaigns for new clients. This resulted in SME Loan Portfolio growth by 21% and Liabilities growth by 24%.

The Bank actively co-operated with international financial institutions: the Bank raised more than USD 65 million for financing of large and small- and medium-sized enterprises.

Business with Private Individuals has become the driver of innovations, as well as of business volume growth. Pls Loan Portfolio increased by 40% or 247 million BYN. The number of issued credit cards increased by 51% to 111 thd., which enabled the Bank to occupy the 1<sup>st</sup> place with a market share exceeding 30%.

The Bank launched the deposit with flexible conditions, which provided the clients with an opportunity to construct a deposit themselves. In 2019, the Bank implemented the Project 'Transaction Scoring Card' based on the artificial intelligence, which significantly improved the loan underwriting process.

Priorbank occupies leading positions on the market of distant services to Pls, constantly developing and improving its distant banking services system (DBSS). In 2019, the key attention was focused on active promotion of mobile application Prior Online to the Bank's clients. The number of active users of the mobile application increased by 88.5 thd. or 40% to 309 thd. clients. The share of loans and credit cards applied for via electronic channels accounted for 5.3%, debit cards – 15%. Priorbank launched the services Apple Pay, Samsung Pay, Garmin Pay, enabling the clients to pay via mobile phones. More than 62% of all bank card transactions are executed on-line, confirming the quality of the rendered services.

In 2019 the Bank continued to implement initiatives fostering creation of up-to-date and convenient servicing atmosphere, its branches digitalization and efficiency increase. Large and middle-size branches are equipped with wi-fi, electronic queueing system, electronic FX rates monitors. Priorbank prepared for opening a new digital branch in Grodno, where customers can apply for the Bank's services by themselves and where they can manage their finances using electronic devices. The outlet is equipped with a self-service computer and a tablet, a comfortable zone for negotiations with the possibility of Skype on-line advisory.

With the purpose to increase its efficiency the Bank systematically optimized the existing business processes. In 2019, the Bank launched a new Cash Center with highly-speed counting and sorting equipment, enabling to improve the hard cash turnover cycle and reduce the time of hard cash counting sevenfold.

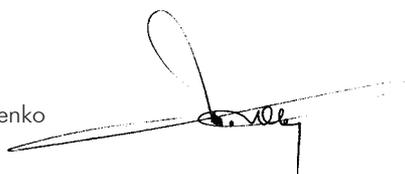
In the reporting year the Bank implemented the technology of intellectual processing of the unstructured data on hard paper or in the electronic form with the possibility of their further processing by a robot. The Contact Center continued to apply the artificial intelligence: since June 2019, a virtual consultant has been greeting and identifying the clients' inquiries at the voice channel. The consultant can communicate to the clients the card balance and inform on the problems in information systems servicing.

In 2019, the Bank continued to improve its Loan Portfolio quality. Strict risk approach to customer lending, early warning signs system and constant work with problem loans enabled to maintain high Loan Portfolio quality.

In 2020, Priorbank faces comprehensive and challenging tasks. However, the longstanding accumulated business experience on the financial market of the country, efficient management system and highly qualified personnel, constant endeavor to innovations will enable us to successfully perform the set objectives and ensure the Bank's efficient development in 2020.

In conclusion I would like to express sincere gratefulness to all our clients and partners, all the Bank's employees for their contribution to the Bank's development in 2019.

Sergey Kostyuchenko

A handwritten signature in black ink, consisting of a large loop at the top, followed by a horizontal line, and a vertical line extending downwards from the end of the horizontal line.

Chairman of the Board  
of Priorbank JSC



Ladies and Gentlemen,

In the 2019 financial year, the members of the Supervisory Board held 20 meetings.

The Supervisory Board regularly and comprehensively monitored the business performance and risk developments at Priorbank. 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 the 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 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.

In the 2019 financial year, the Supervisory Board activities was focused on implementation of the Bank's development strategic targets pursuant to the Bank's Charter and the Supervisory Board Bylaws.

The following issues were considered at the Supervisory Board meetings: reports of the Management Board, Audit Committee, Internal Audit activities, CRO, reports and recommendations on efficient operation of the systems of remunerations and compensations of Priorbank Holding, Risk Management System and risk level in 2018. The Supervisory Board approved Risk Management Strategy for 2019 and the Internal Audit Plan for 2019, the results of the Internal Control Rules implementation in 2018 and measures on improvement of the Internal Control System, the results of Priorbank Strategic Development Plan performance in 2016-2018, considered the reports on sponsorship assistance and other issues.

Summing up the results of Priorbank activities, it is worth mentioning that in general the Bank demonstrated stable development in all key business areas.

I would like to take this opportunity to thank our customers for their continued trust and all the employees of Priorbank for their hard work and unwavering efforts in 2019, as well as to ask for their continued commitment in tackling any challenges going forward.

On behalf of the Supervisory Board

Martin Gröll

Chairman of the Supervisory Board

The image features a vibrant yellow background. Overlaid on this are several grey, geometric shapes that form a stylized, multi-layered letter 'P'. The lines are of varying thicknesses, creating a sense of depth and movement. The 'P' shape is positioned in the upper right and middle sections of the frame. In the bottom left corner, the text 'Highlights of Priorbank' is written in a clean, black, sans-serif font.

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 01.01.2019:

	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 . . . . .	4.84%
Other legal entities . . . . .	1.11%

## Correspondent banks as of 01.01.2020:

in the Republic of Belarus – 12  
abroad – 30

## Employees as of 01.01.2020:

2,420

## Customers as of 01.01.2020:

Corporate Clients – more than 2,000  
Active SMEs – 30,500  
Active Private Individuals – 772,204

## 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;  
Bloomberg;  
VisaNET via VSAT;  
EPS NET via X.25.

## Auditor:

“Ernst & Young” Limited Liability Company –  
IFRS reporting and NFRS reporting

## Awards

- Most Active Issuing Bank in Belarus in 2018 (EBRD)
- Best Investment Bank in Belarus in 2018 (EMEA Finance)
- Best Foreign Bank in Belarus in 2018 (EMEA Finance)
- Best Acquisition Premium Banking (Raiffeisen Bank International)
- Best Bank in Belarus (Myfin)
- Best Bank in Belarus among large banks (Myfin)
- Lending Leader (Myfin)
- Best Foreign Bank (Myfin)

The image features a vibrant yellow background. On the right side, there is a large, dark grey, angular shape that resembles a stylized letter 'L' or a corner of a building. This shape is filled with a complex, repeating geometric pattern of white lines, creating a maze-like or architectural effect. In the top-left corner, there is a smaller, similar grey shape, also containing a white geometric pattern. The overall composition is modern and abstract.

Supervisory Board

# Supervisory Board

Breit Helmut	Head of Corporate Finance, Raiffeisen Bank International AG
Wagenleitner Robert	Managing Director, Head of Division Project Portfolio and Security, Raiffeisen Bank International AG
Grüll Martin	Member of the Managing Board, CFO, Raiffeisen Bank International AG
Kadushko Nikolay	Independent Director
Kapustin Alexey	Head of Division for International Mass Banking, Sales and Distribution, Raiffeisen Bank International AG; Advisor, JSC "Raiffeisenbank"
Kattinger Renate	Independent Director
Kröger Harald	CEO, Raiffeisen Centrobank
Lottersberger- Roschitz Gerda	Senior Regional Manager CIS Countries, Raiffeisen Bank International AG
Lyakhov Alexander	Director General of the State Production Association "Belorusneft" – Director General of the Republican Unitary Enterprise "Production Association "Belorusneft", Republican Unitary Enterprise "Production Association "Belorusneft"
Yarmosh Zoya	Independent Director

## Management Board

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



Macroeconomic  
Environment

# Macroeconomic Environment

## Monetary and Credit Policy, Inflation and FOREX Reference Rates

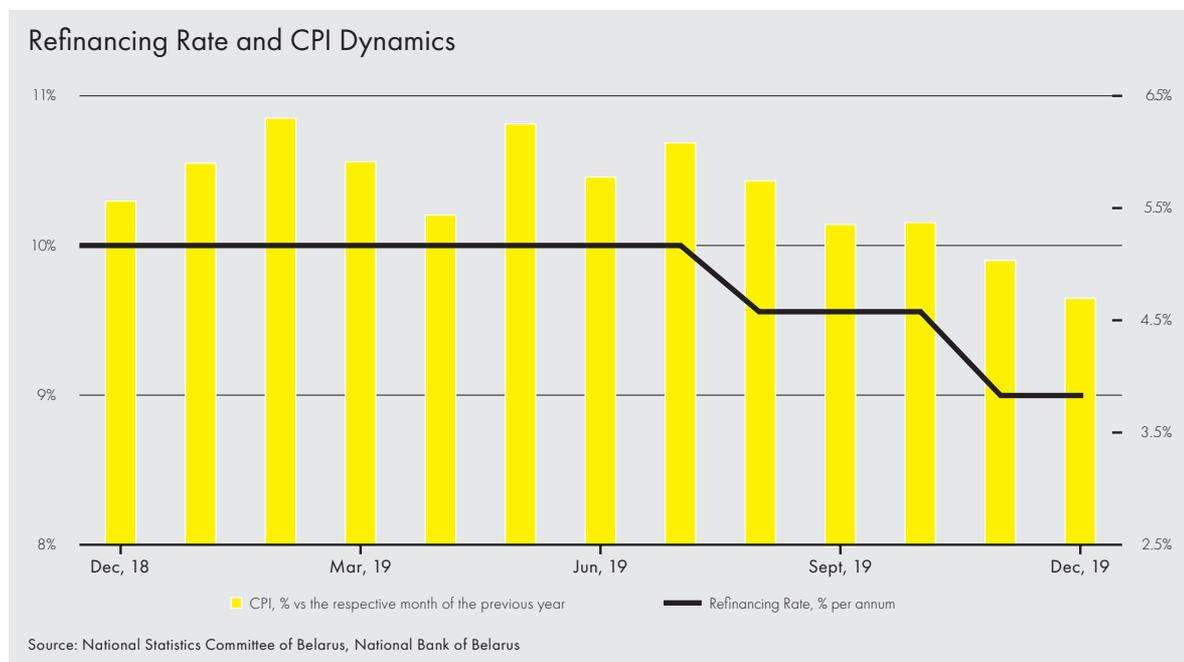
In 2019, the National Bank continued to curb money offer creating conditions for moderate growth of broadly defined money supply – about 12% annually eop. In its turn, the Ministry of Finance limited the privileged financing volume of state owned enterprises. The budget expenses of state management sector – Item ‘National Economy’ was performed by 95.9% from the annual plan, meanwhile the budget income allowed to finance such expenses in full volume – the annual budget surplus in 2019 exceeded the planned figure, and amounted to 3.5 billion BYN eop.

The National Bank interest rates policy was targeted at maintaining the balance between the necessity to stimulate the economic activity, on the one hand, and curb the inflation, on the other hand. Therefore, in 2019, the

National Bank decreased the interest rate in two stages: from 10.0% to 9.0% per annum. This led to decrease of local currency (LCY) one year loan interest rates for Legal Entities (LEs) from 11.13% to 10.63% per annum, for Private Individuals (PIs) – from 9.13% to 7.79% per annum respectively.

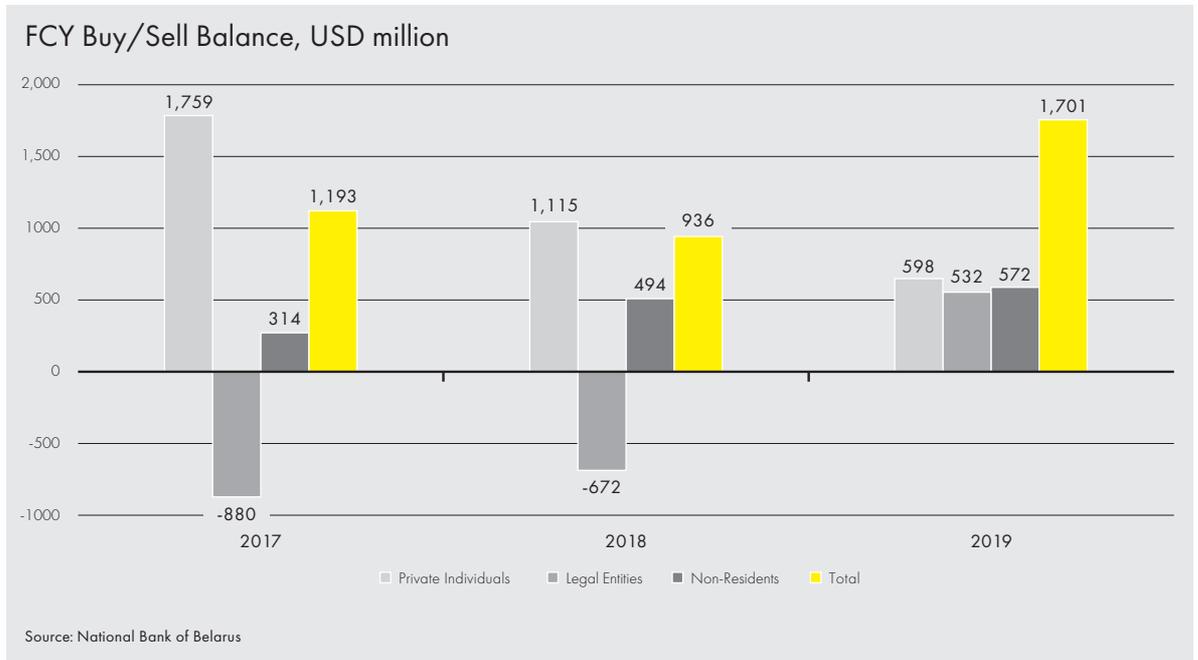
By late 2019, the Consumer Price Index (CPI) in December increased by 4.7% vs December 2018, which is lower than the National Bank target indicator of 5.0% yoy. The most significant prices growth was reported in the following sectors – “consumer services” – by 6.9% and “food products” – by 4.3%.

Low inflation level in 2019, moderate money offer, significantly higher interest rates of LCY deposits vs FCY deposits, consistent decrease of administrative regulation of local FX market have become prerequisites for both PIs and LEs interest in savings and settlements in LCY being significant supporting factors of LCY FX rate vs the currencies forming the FCY basket.



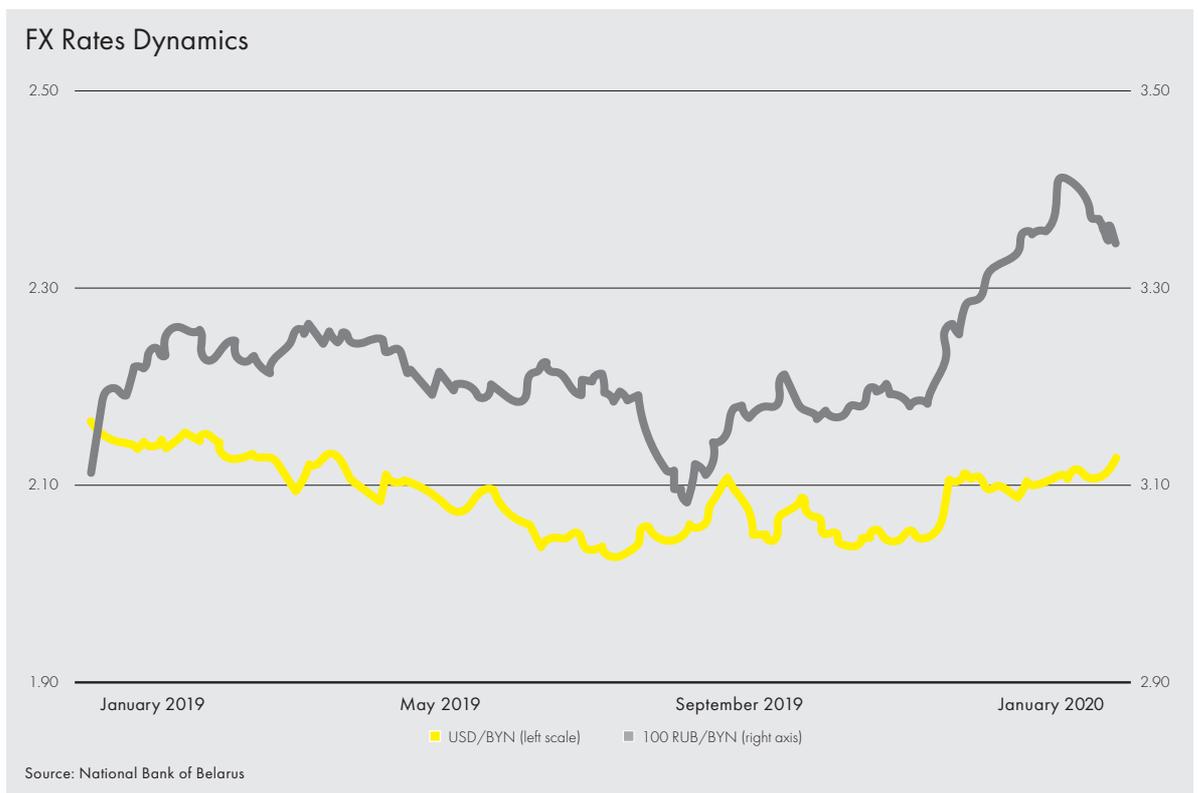
At the same time, change of conditions of crude oil delivery from Russia, as well as decrease of external debt refinancing volume from Russian sources did not put significant pressure on BYN FX rate. With the purpose to compensate reduced FCY cash flow caused by the aforementioned circumstances, the Ministry of Finance of the Republic raised additional funds on the international financial market and China.

Net sale of FCY by PIs and LEs significantly supported the stability of the local FX market both in 2019 and in a number of previous years. The following features of this local FCY source in 2019 are noted: reduction of net sale by PIs to USD 0.6 billion vs USD 1.1 billion in 2018, and net sale by LEs residents to the amount of USD 0.5 billion (vs net buying of 0.7 billion in 2018). In its turn, net sale by LEs non-residents in 2019 increased by USD 0.6 billion vs USD 0.5 billion in the previous year.



In general, moderate devaluation of BYN in 2019 resulted in weakening of local currency to RUB by 9.36% to 3.4043 100 RUB/BYN, while BYN strengthened to

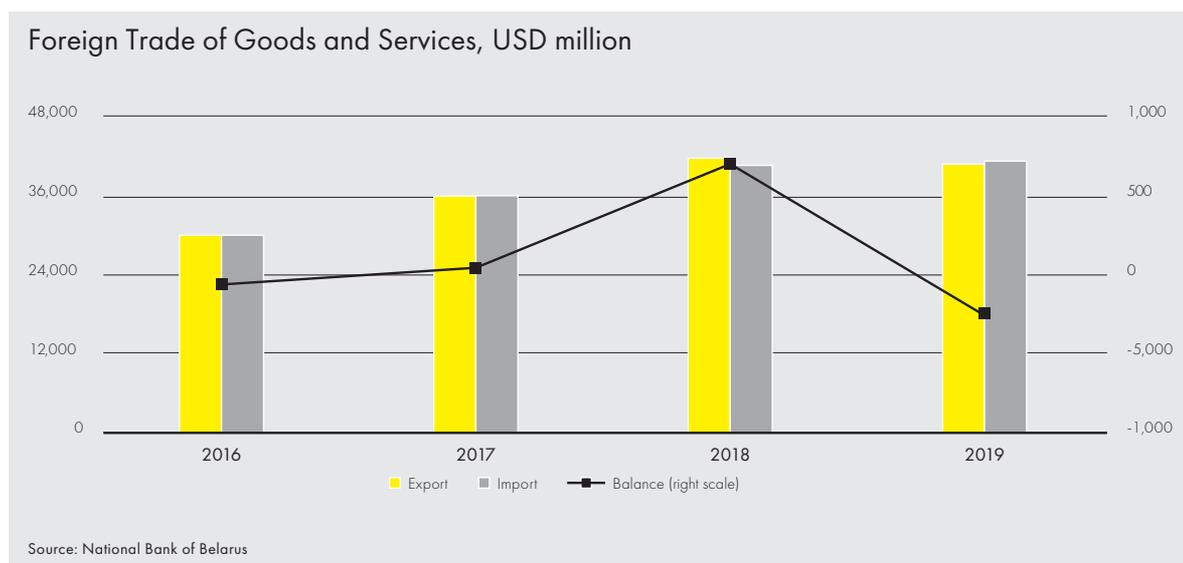
EUR by 4.89% to EUR/BYN 2.3524 and to USD by 2.60% to USD/BYN 2.1036 vs 31 December 2018.



## Foreign Trade

In 2019, goods and services foreign trade balance was negative and amounted to USD 0.3 billion vs the positive balance of USD 0.93 billion for the previous year. Goods foreign trade balance in 2019 was also negative to the

amount of USD 4.1 billion (vs the negative balance of USD 2.50 billion in 2018). At the same time, the services foreign trade balance in 2019 was positive to the amount of USD 3.8 billion (vs the surplus of USD 3.43 billion by late 2018).



Goods foreign trade deficit in 2019 grew due to reduction of goods export by 3.3% to USD 32.31 billion while the goods import increased by 1.3% to USD 36.39 billion.

The largest goods import growth in 2019 was driven by increase of consumer non-food goods (by 12.3% or USD 0.69 billion), as well as raw material and components, excluding energy goods (by 3.4% or USD 0.5 billion).

In its turn, the investment import of machinery and equipment in 2019 increased by 3.9% or USD 0.16 billion vs 2018.

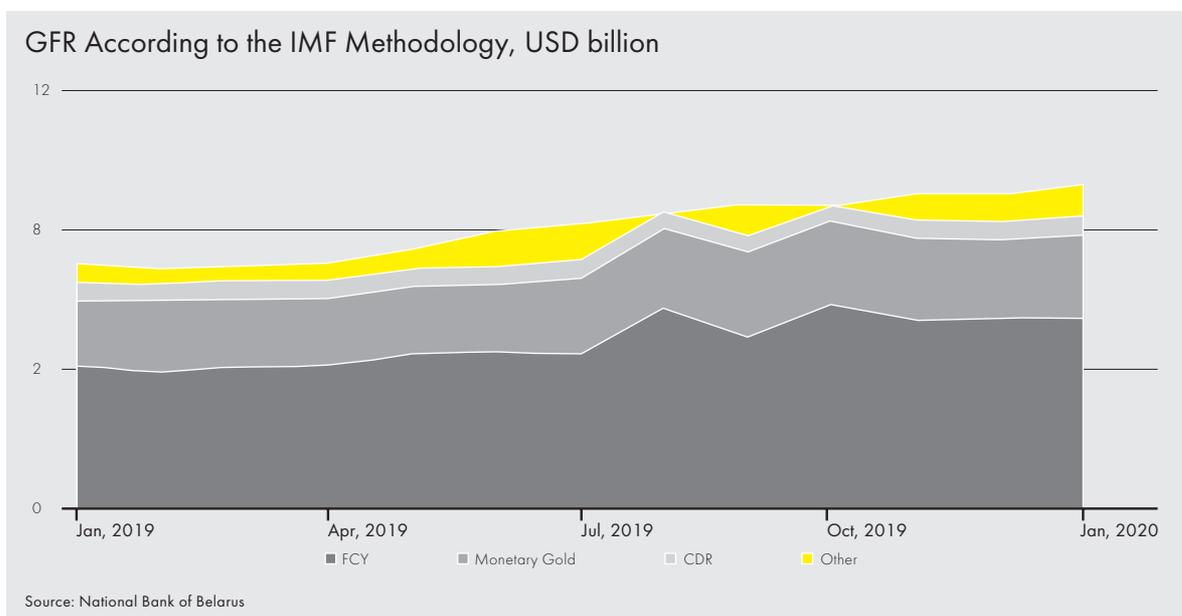
In 2019, the Russian Federation remained the major foreign trade partner, with a share of 49.2% in the total goods turnover volume. Meanwhile, export to RF in 2019 grew by 4.55 against 2018 to USD 13.59 billion, while the import from Russia dropped by 2.8% to USD 21.98 billion. The import from Russia fell due to contaminated oil incident in the 1<sup>st</sup> – 2<sup>nd</sup> quarters of 2019. At the same time, export volume to Russia in terms of value increased in all good groups, excluding energy intermediate goods. The most significant growth of export to Russia in 2019 was reported in the following goods groups: cheese, butter, milk and dairy products – by 20.4% - 46.9%, automobiles, wagons and their parts – by 82.6% or 3.7 times.

## Gold and Foreign Currency (FCY) Reserves

In 2019, the volume of Gold and Foreign Currency Reserves (GFR) increased by USD 2,235.9 million or by 31.2% vs 01.01.2019 and amounted to USD 9,393.5 million as at 01.01.2020.

The most significant sources of GFR replenishment were taxes and duties from foreign economic activities, as well as buying of the FCY on the local FX market.

Additional FCY funds entered GFR from allocation of FCY bonds issued by the Ministry of Finance on the local market and allocation of the Government Eurobonds on the international financial market. Rise in prices for monetary gold on the global market also positively affected GFR. According to the Major Directions of the Monetary and Credit Policy for 2020 the volume of the International Reserve Assets as at 01 January 2021 taking into account repayment of local and foreign obligations in FCY by the Government and the National Bank of the Republic of Belarus shall amount to at least USD 7.3 billion.



## Foreign Debt

Gross Foreign Debt (GFD) of Belarus as at 1 January 2020 amounted to USD 40.8 billion (64.5% of GDP), having increased by 3.7% or USD 1.5 billion: USD 4,330 per capita vs USD 4,150 as at 01.01.2019.

As at 1 January 2020, the share of long term and short term obligations in the total volume of the Gross Foreign Debt constituted 75.0% and 25.0% respectively, whereas in early 2019, the share of long term obligations constituted 75.8%, the share of short term obligations – 24.2%.

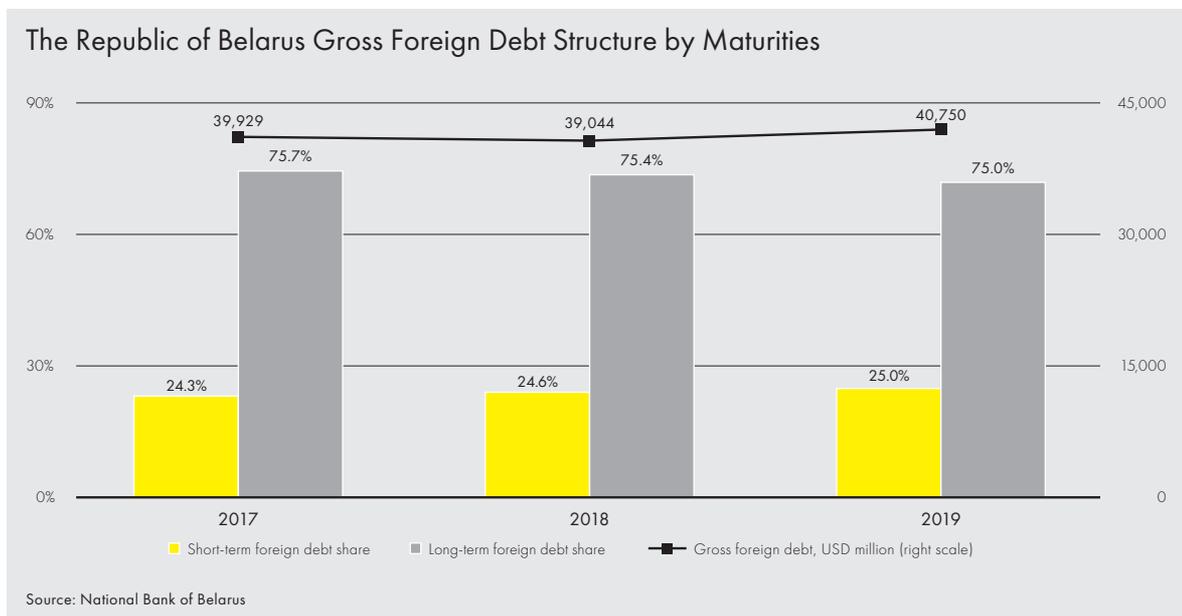
The long term foreign debt by 01.01.2020 increased by 2.7% or USD 0.8 billion to USD 30.6 billion vs 01.01.2019. The short term foreign debt also increased by 7.0% or USD 0.7 billion vs 01.01.2019 to USD 10.2 billion.

In 2019, the Government spent USD 6.4 billion for the foreign debt payments (10.1% of GDP or 15.2% of the

goods and services export), thereof USD 4.9 billion – for the principal repayment; USD 1.4 billion – for the interest payment.

In 2019, Belarusian Government's sovereign foreign debt increased by 1.4% and as at 1 January 2020 amounted to USD 17.3 billion. In 2019, the Government raised sovereign borrowings to the amount of USD 1.64 billion (vs USD 2.35 billion in 2018). The major financing sources were funds raised from the Russian Government and banks – USD 0.73 billion, loans of the Chinese banks – USD 0.64 billion, from the Eurobonds allocation – USD 0.15 billion.

In 2019, the Government spent USD 1.51 billion for the foreign sovereign debt payment vs USD 1.99 billion in 2018. The major amounts repaid in 2019 were the debt to the Russian Government and banks – USD 0.63 billion, to the Chinese banks – USD 0.45 billion, to Eurasian Stabilization and Development Fund – USD 0.35 billion.



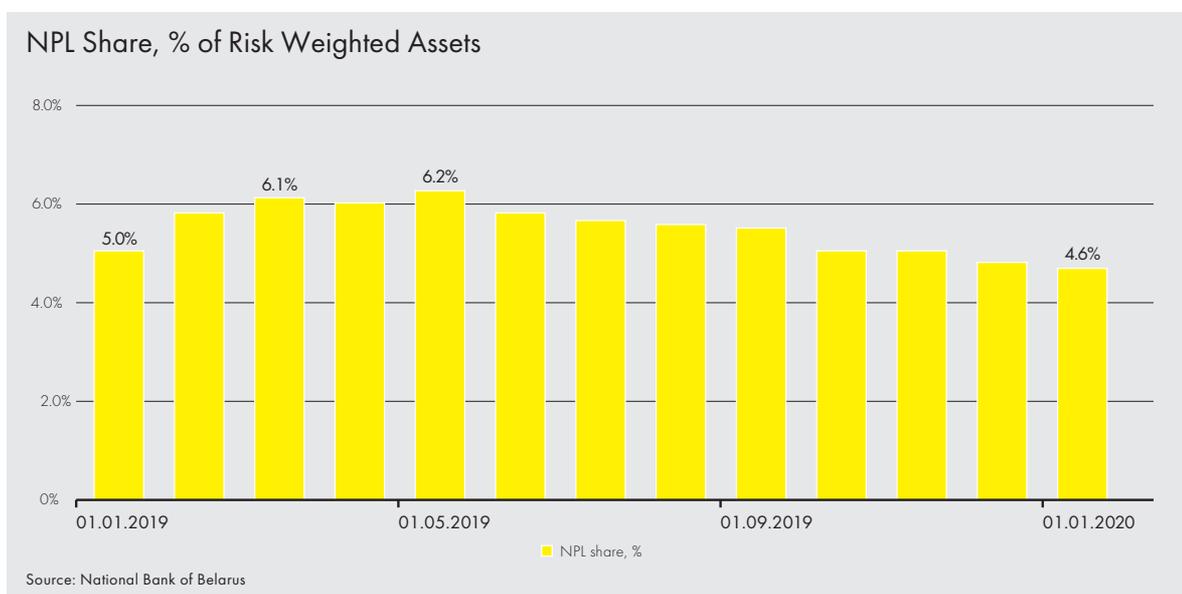
## Banking Sector

Low inflation growth rate, slackening of economic activities in the industrial sector, significant PIs demand for banking resources in the conditions of population real income growth exceeding 6.0% yoy, local currency moderate devaluation – all these factors external for the banks significantly affected Belarusian banking sector development indicators dynamics in 2019.

On the other hand, weighted risk-analysis, understanding of current financial situation and short-term outlook in Belarusian corporate segment stimulated banks to implement measures focused on loan portfolio quality improvement. The banks' efforts resulted in decrease of the share

of Non Performing Loans (NPL) in the banks' risk weighted assets from 6.2% in the first half of 2019 to 4.6% eop.

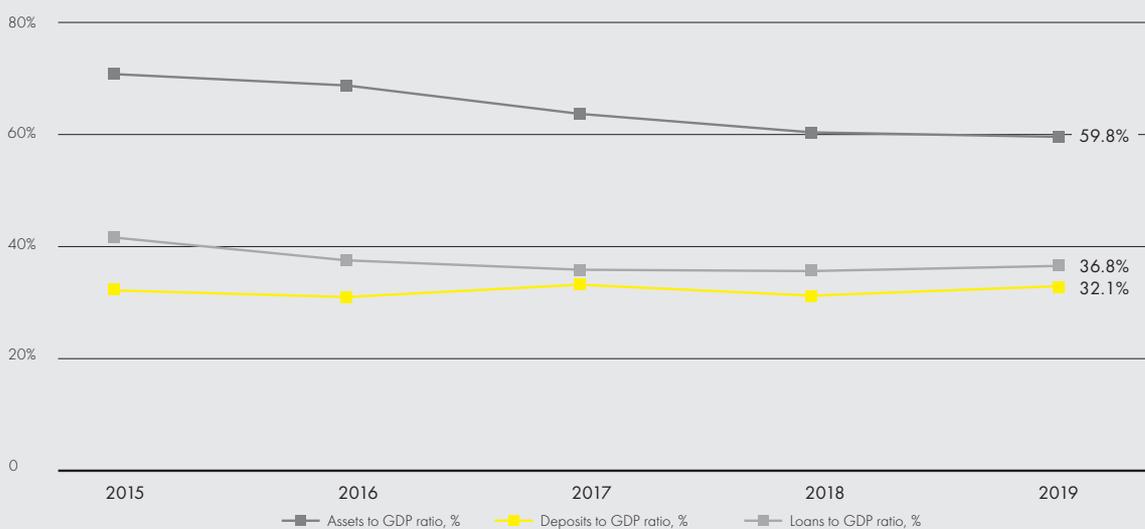
In spite of the limitation by the National Bank of the maximum permissible debt of PIs borrowers depending on their income, the volume of BYN loans to PIs in 2019 increased by 22.2% to 14.1 billion BYN. LEs were not so active in receiving bank loans and the demand depended on the enterprises' FCY assets availability. Privately owned companies demonstrated the greatest interest in FCY funds, which demand allowed to increase banks' loan portfolio by 12.8% to USD 4.2 billion, whereas state owned commercial enterprises increased the volume of BYN loan portfolio in its segment by 8.1% to 5.5 billion BYN.



In 2019, the National Bank continued to implement measures aimed at increase of local currency utilization in the economy. In the result, BYN assets increased by 17.8% to 38.96 billion BYN, in foreign currency – de-

creased by 0.5% to an equivalent of USD 18.7 billion. The share of FCY assets decreased from 55.1% as at 01.01.2019 to 50.3% as at 01.01.2020 respectively.

### The Banks' Assets, Deposits and Loans to GDP, %

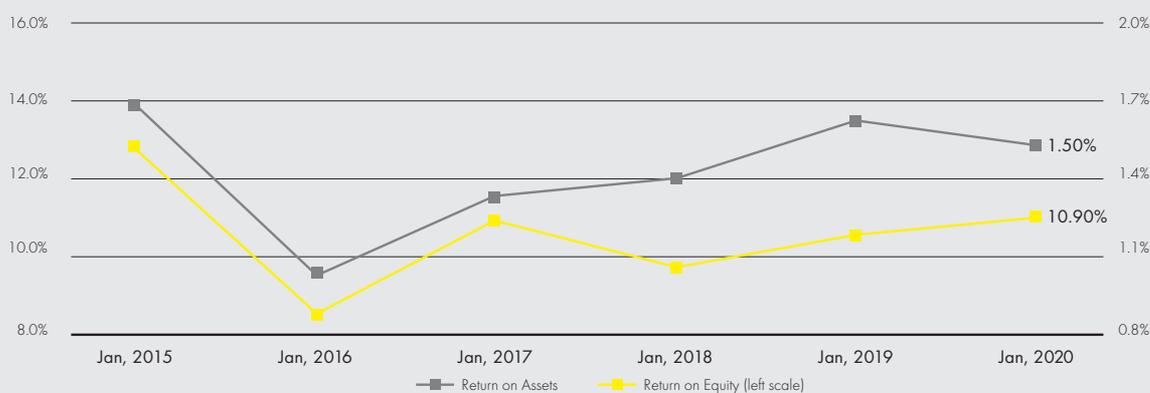


Source: National Bank of Belarus

The banks' liabilities in 2019 increased by 6.3%, meanwhile, LCY liabilities increased by 18.4% to 38.9 billion BYN, FCY liabilities decreased by 0.9% to an equivalent of USD 18.8 billion. In 2019, the LCY funds owed to resi-

dents increased by 24.1% to BYN 24.5 billion, FCY funds owed to residents decreased by 0.2% to an equivalent of USD 13.8 billion.

### Return on Assets and Equity Dynamics, %



Source: National Bank of Belarus

In 2019, banks increased their profit by 7.2% against the previous year to 1.2 billion BYN. Return on Equity

increased to 10.9% from 10.7% in 2018, Return on Assets decreased to 1.5% from 1.6% in 2018.

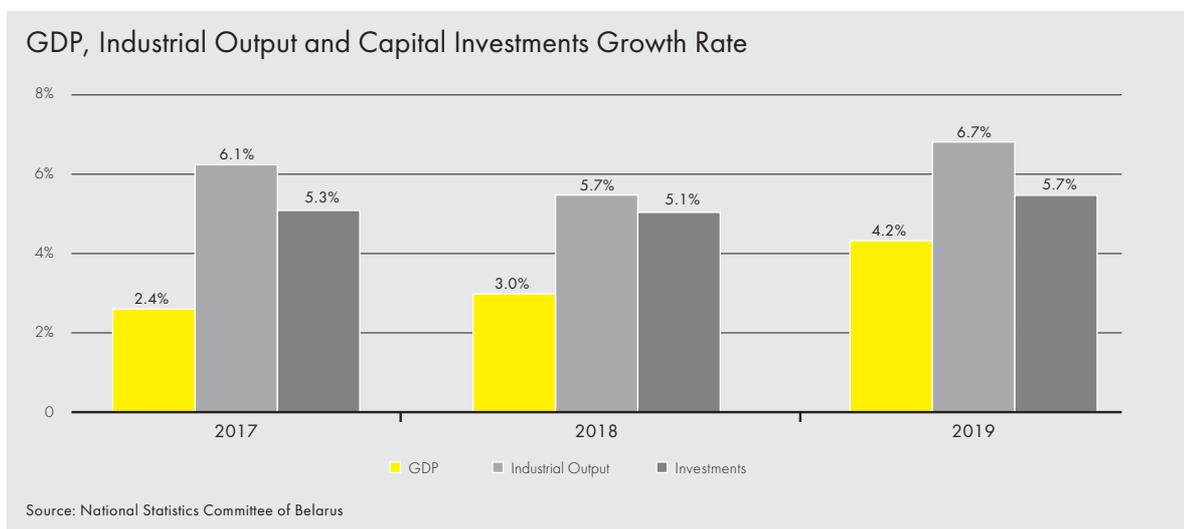
# Gross Domestic Product

Real GDP by late 2019 increased by 1.2% vs increase of 3.0% in 2018.

In 2019, industrial output slightly increased by only 1.0% yoy vs 2018 to 113.5 billion BYN (in 2018, 5.7% growth yoy). The most noticeable output growth was reported in vehicles production (buses, trucks, wagons, bicycles) – by 18.4%, as well as metallurgical industry (steel, finished rolled metal, pipes, bars, steel boilers) – by 9.8%, whereas machinery and equipment production (tractors, mine trucks, agricultural machinery and equipment) – dropped

by 7.4%. Meanwhile, Belarusian export leaders developed with the following indicators: oil processing industry dropped by 5.2%, chemical industry grew by 1.3% yoy.

In 2019, Capital Investments continued to grow – by 5.7% yoy to 27.85 billion BYN (in 2018, 6.0% growth yoy). Meanwhile, the largest growth was reported in the segment of investments for purchasing of machinery and equipment (by 11.18% yoy), whereas the investments growth to construction and assembly works (CAW) was more moderate (by 5.7% yoy). The share of Capital Investments in GDP grew to 21.1% against 20.4% in 2018.



In 2019, real population income increased by 6.3% vs 8.0% in 2018.

In spite of growth slackening in the industrial sector – remaining income growth, inflation and Pls loans rate drop

continued to support domestic demand, and contributed to retail turnover growth by 4.2% yoy (in 2018 – 8.4% growth).



Corporate Banking.  
Small- and Medium-Sized  
Business

# Corporate Banking. Small- and Medium-Sized Business

## Corporate Business

In 2019, Priorbank proved its image as a stable banking institution delivering high level services. The flexible custom-tailored approach applied by the Bank via a personal manager system and a broad network of branches enabled the Bank to keep the number of active customers in corporate segment at over 2,000 companies.

## Key Activities Results:

- active work with the customer base with a separate focusing on Mid-Market segment and International Groups;
- growth of non-lending income (FX-transactions, Salary Payroll Projects, active sale of bonds issued by Priorbank JSC);
- stirring up of hard cash acceptance via self-service terminals;
- active development of Digital Banking (Internet Banking 2, Mobile Banking);
- launch of instant payment system 24/7/365.

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

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

- promotion and issue of a new corporate card Visa Business Platinum;
- launch of a new product "Legal Entities Funds Individual Trust Management";
- the Bank approved a product "Confirmed Covered LC with Funds Allocation in a Foreign Bank";
- the Bank improved a limit approach upon lending to corporate clients (a simplified financial analysis was implemented).

Priorbank has been paying much attention to the partnership development to improve the quality of its customer service. Joint Financing Programs with the European Bank for Reconstruction and Development were actively implemented and fully operational.

On the lending side, the risk-weighted approach allowed to keep the actual lending volumes and maintain a good quality of the loan portfolio.

## Factoring

Priorbank offers the widest range of factoring products on the Belarussian banking market: with and without recourse, two-factor models, factoring within the Decree of the President N534 "On Stimulation of Export of Goods (Works, Services)".

The Bank actively co-operates in two-factor models with the Russian Federation, Poland, Germany, Lithuania, Turkey.

In 2019, the Bank launched new software created jointly by the Bank and JLLC System Technologies specialists. The automation process level is unique for the Belarussian banking market.

123 clients utilize factoring products, 144 agreements were concluded. The total financing volume amounted to 225.0 million EUR. Factoring volume in 2019 grew by 30%.

## Project and Structured Finance

Traditionally the Bank has been giving priority to financing of investment projects both of privately- and state-owned companies, financing of real estate facilities construction, thereof in food retail segments.

Priorbank actively continues to finance petrochemical and mining industries enterprises.

In 2019, Priorbank continued its active work with international companies. In spite of the high competition with other locally operative banks Priorbank not only managed to keep, but also to expand its business operations with major international corporate groups with a footprint both in Belarus and abroad.

## SME Business

In 2019, the aim of work was improvement of the services quality, optimization and improvement of technological processes. The result of this work was an increase in the number of attracted customers by 59%, a significant increase in the volume of lending using the resources of the Development Bank of the Republic of Belarus (the amount of concluded agreements amounted to 21.7 million BYN).

The number of lending customers increased by 17% due to targeted loan offers and regular CRM-campaigns.

Much attention was paid to attracting new customers. Great contribution to it was made by conducting targeted advertising on the Internet and promotions for new customers, centralized/controlled opening of accounts model for customers who have applied through the website/Contact center, CRM campaigns, development of alternative acquisition channels (launch of agency agreements). The share of customer acquisition via website was doubled.

## New technologies for business development with SMEs in 2019:

- The “Electronic contracts” functionality for signing loan and depo contracts was implemented in the Internet-bank for legal entities using electronic digital signatures.
- The “M-code” transaction confirmation technology was launched in the Mobile application for legal entities.
- Applications forms for getting loans were added to the Internet-bank for legal entities.
- The ability for start-up customers to register their business in a brand-new service BitOffice in a few clicks: fulfill online application form, receive the documents with instructions and send it to the registration authority.
- Organization of new service channels for SME clients: creation of a Credit Center in the Central Office from August 2019. The aim of this project is to centralize the lending process for SME customers and, as a result, increase the speed of decision-making on clients financing.



Business with Private  
Individuals

# Business with Private Individuals

## Financial Results of the Year

One of the key Pls business priorities in 2019 was further increase of the active client base due to new customers attraction (loans and salary payroll projects), as well as efficient customer retention campaigns. The total number of clients increased by 5.9% or 45.9 thd. yoy to 776.1 thd., meanwhile the number of active clients for the last year grew by 7.4% or 48.7 thd. to 705.9 thd.

In 2019, the Bank focused utmost attention on launch of new payment services for bank card holders, such as Apple Pay, Samsung Pay and Garmin Pay. The Bank also continued further development of distant Pls distribution channels. Thus, the clients have an opportunity to issue a virtual bank card, the Bank launched a special offer window in the Mobile Application and Internet Bank.

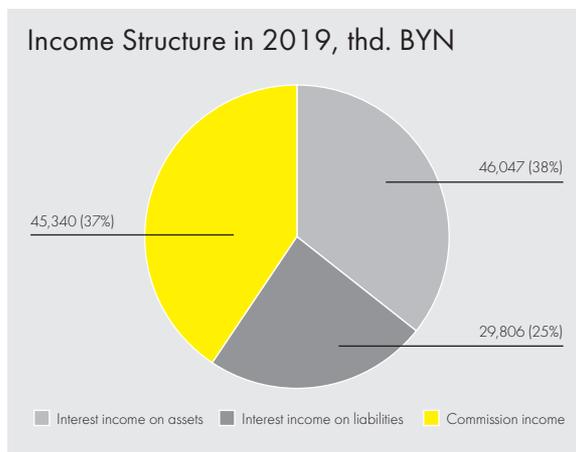
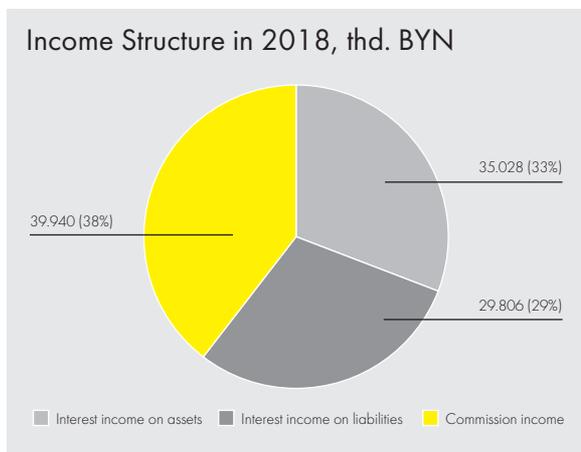
In 2019, with the purpose to perform the Gross Income target Priorbank significantly increased lending volume to

Pls on the background of further decrease of loan margin on the financial market. Thus, the Bank's BYN Loan Portfolio grew by 41% vs 2018. This resulted in the increase of share of the Interest Income on Assets from 33% to 38% in the total Income Structure.

Also, in 2019, Priorbank actively attracted new clients offering comprehensive banking services, which enabled to increase the number of active packages by 8.6% or 38.6 thd. to 488 thd. and increase Commission Income from Service Packages by 18.5%.

In the conditions of the existing longstanding excessive FCY liquidity in 2019 decrease of Interest Income on Liabilities continued.

In 2019, FX transactions via DBSS and payment cards grew by 28% vs 2018, due to flexible FX rates policy depending on the transaction channel. This resulted in FX Transactions Income growth by 21%.



## Customer Relationship Management (CRM) – Cooperation with the Existing Clients in 2019

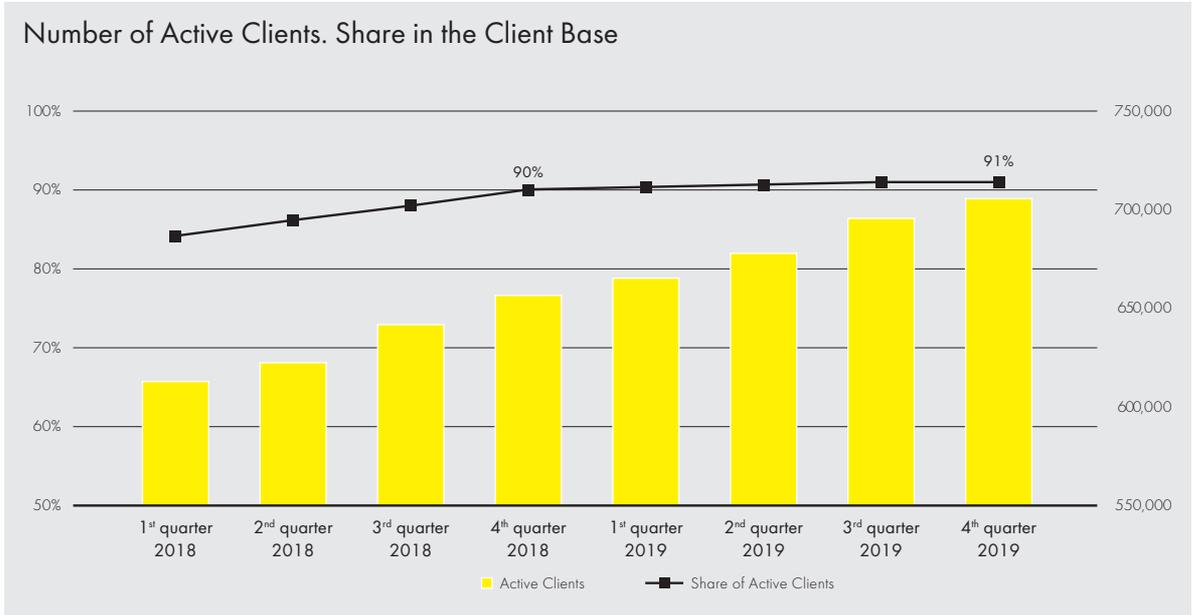
In 2019, CRM activities were focused on increase of the active clients' share, which resulted in the 91% share of the active clients in the total clients' number.

In 2019, the Bank arranged more than 700 campaigns and all Priorbank clients were involved in personalized

CRM communications. More than 60% of the clients were covered by banking products and services offers.

In order to increase clients satisfaction and improve business efficiency, the Bank launched the Next Best Action Project within the client oriented strategy implementation. Applying up-to-date technologies of machine teaching, the Bank developed 19 mathematic models targeted at selection of product or service, which matches the most closely a client's profile in a certain period of time. The main Project objectives are increase of clients satisfaction and involvement, sales growth, reduction of costs due to clients migration to digital service channels. The key distribution channels are the Bank's Contact Center and branches.

- Contents
- Foreword
- Highlights of Priorbank
- Supervisory Board
- Macroeconomic Environment
- Corporate Banking, Small- and Medium-Sized Business
- Business with Private Individuals
- Treasury Operations
- International Activities
- Risk Management, Loan Portfolio of the Bank
- Personnel
- Information Technologies
- Financial Information
- Network



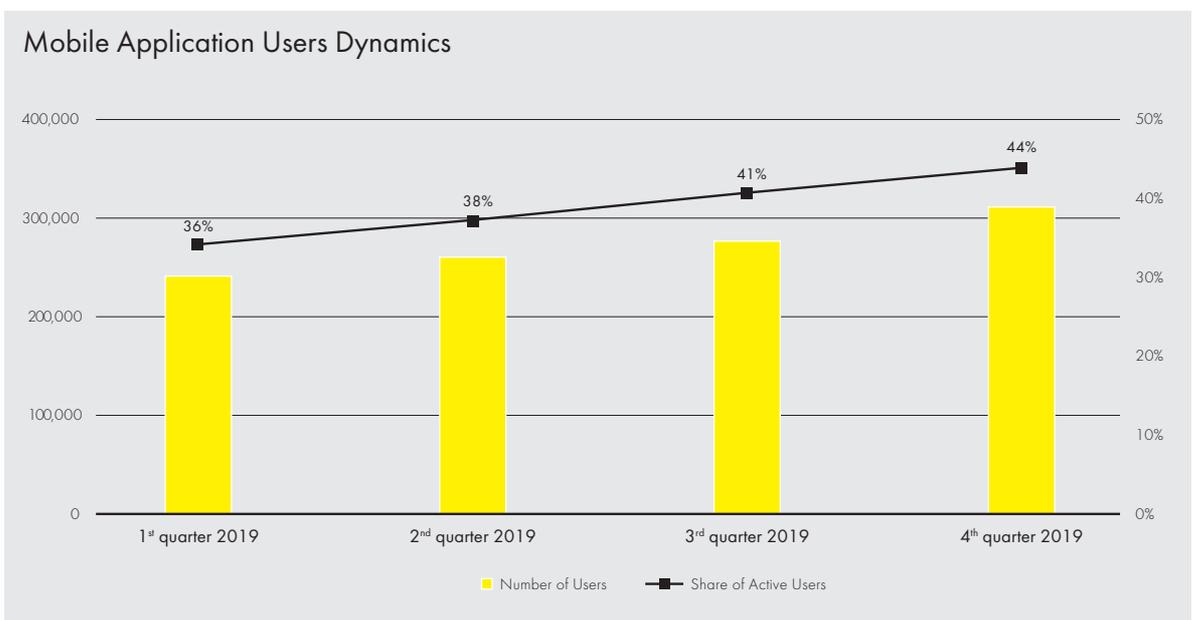
In order to increase the number of clients with pre-approved loan offers and to get additional possibility to provide loans to salary payroll clients, the Bank implemented the transactional scoring, which enables to construct convenient and fast lending processes for existing active clients of the Bank based on the analysis of their transactional behaviour.

In late 2019, the Bank developed and launched a new communication method with clients via the Internet-Bank and Mobile Application. The interactive widget made viewing of personal applications and messages for the

clients more convenient and accessible, and communications efficiency with the clients significantly improved.

The Bank paid utmost attention to improve financial literacy of our clients, regularly informed the clients on secure using of services and cards.

The Bank's strategic objective is still to increase the share of active users of Mobile Application. CRM activities were also targeted at electronic channels promotion and teaching of the clients to use services.

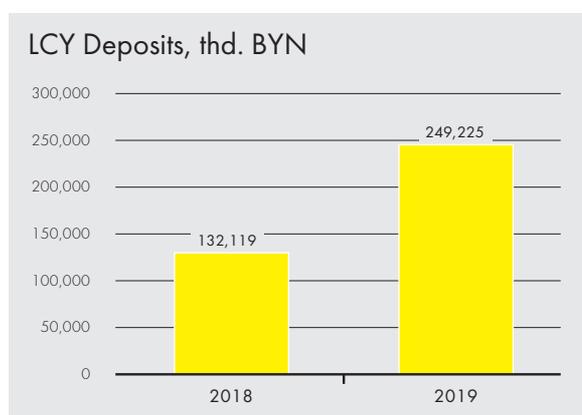


## PLS Deposits and Accounts

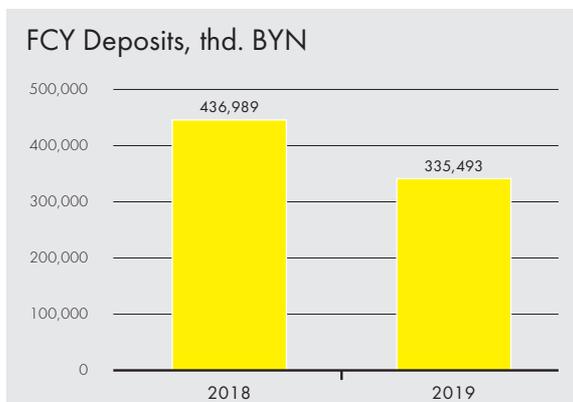
In 2019, LCY deposits grew by 89%. The positive trend is characterized by the deposits conditions attractiveness (high interest rates, convenient terms), as well as active marketing support and the clients trust to Priorbank.

The Bank offered a wide deposits range: both revocable and irrevocable.

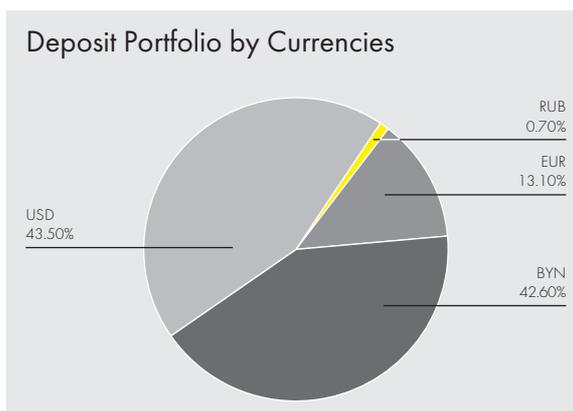
The share of irrevocable deposits in the LCY deposit portfolio increased from 76.5% to 90%.



In 2019, the Bank continued to pursue a conservative Interest Policy towards FCY deposits, which resulted in drop of term FCY deposits portfolio by 23%.



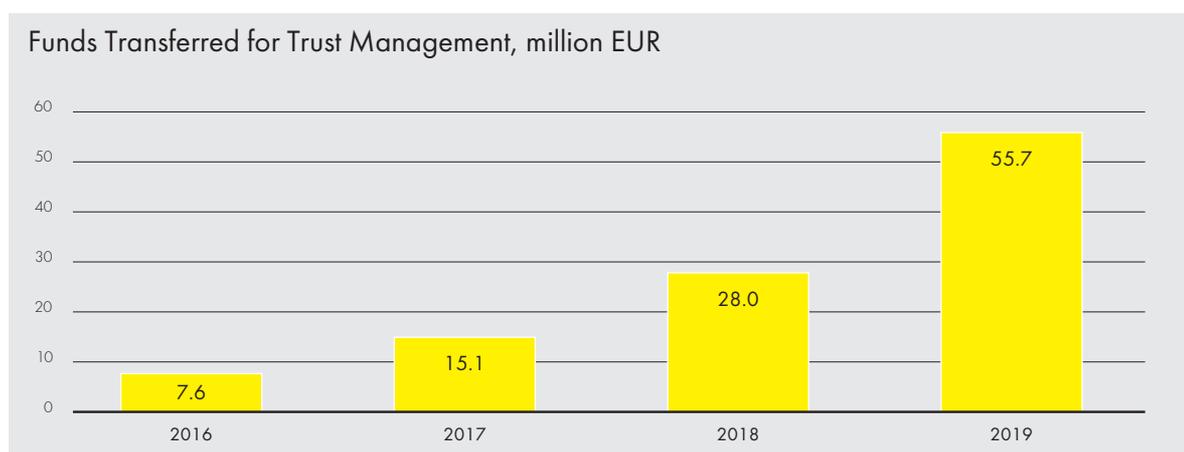
In 2019, the Bank formed a diversified deposit portfolio structure by currencies, the share of BYN deposits reached 42.6%.



## Investment products

Priorbank continued to grow assets of customers serviced within trust management. In 2019, the amount of funds

entrusted to the Bank for management increased by 99% to 55.7 million EUR. Today, the Bank occupies the leading positions on the funds trust management market in the Republic of Belarus.



In 2019, Priorbank actively promoted unique investment products on the local market. In March 2019, the Bank started to sell a new product – Raiffeisen Centrobank certificates.

From late March till December 2019, Priorbank clients allocated the total of 12 million EUR to the certificates. In

2019, the Bank actively offered ordinary and structured bonds issued by Raiffeisen Bank International.

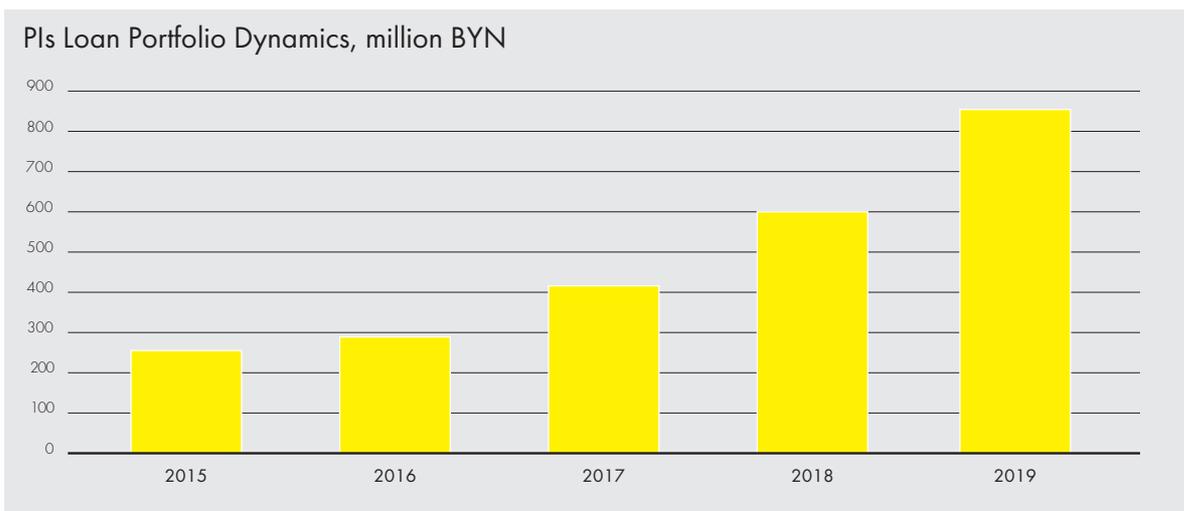
Further, the Bank is planning to offer new investment instruments, as well as to launch new progressive technological solutions in trust management processes.

## Loans

In 2019, Priorbank maintained the 2<sup>nd</sup> place among the banks of the Republic of Belarus in terms of consumer lending to PIs and improved its positions in terms of total volume of loans to PIs, having moved from the 3<sup>rd</sup> to the 2<sup>nd</sup> place. These results have been achieved owing to active promotion of lending products among new and existing customers, development of co-operation with construction companies and real estate agencies, as well as car dealers.

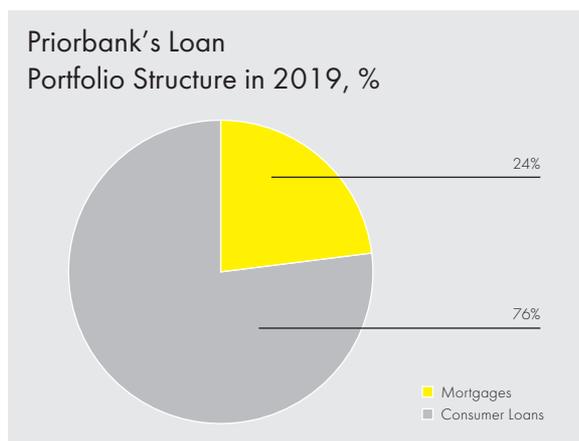
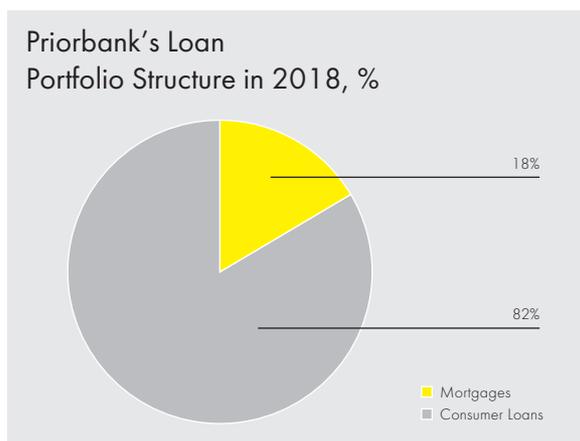
In 2019, PIs Loan Portfolio grew by 40%. The key products contributed to the PIs Loan Portfolio increase have been consumer loans, credit cards and mortgages.

In 2019, Priorbank increased the volume of mortgage loans to PIs by 83.9%. Meanwhile, the share of mortgage loans in Priorbank’s Loan Portfolio increased to 24%.



In 2019, Priorbank continued to offer its cardholders the service “Transfer by Installments” – the possibility to use

the cash on the credit card for a short-term period under beneficial conditions.



Also, throughout the year the payment by installments for goods and services by credit cards enjoyed the increasing popularity among the Bank's clients. By late 2019, the Bank expanded the network of partner-organizations where one can make purchases by the credit card at the interest rate of 0.01% per annum.

## Payment cards

In 2019, Priorbank strengthened its positions in the total issue of plastic bank cards on the market of the Republic of Belarus, having moved from the 5<sup>th</sup> to 3<sup>rd</sup> place. The cards issue grew by 14%, and the total issue – 1,232,270 cards.

Also, in 2019, Priorbank still remained the leader in terms of consumer lending having issued more than 35,000 credit cards (+46%).

The share of cashless settlements via cards in 2019 accounted for 58%, which exceeds the average market indicator. Priorbank is among the leaders in terms of cards transactions gross turnover – in 2019, Priorbank is ranked the 2<sup>nd</sup> with the gross turnover of 12.7 billion BYN, thereof 7.4 billion BYN – cashless payments for goods and services, and 5.3 billion BYN – hard cash withdrawal transactions. Meanwhile, cashless settlements via the Internet accounted for 12% of the total payments turnover.

In July 2019, Priorbank presented its clients a virtual card without plastic, which can be instantly issued in the Internet-Bank and Mobile Application Prior Online. The card is issued for the period of 4 years in any currency – USD, EUR, BYN and RUB. By late 2019, the Bank issued 15,000 cards.

Continuing to develop up-to-date payment instruments, as an alternative to bank cards, in September 2019, Priorbank presented contactless payment bracelets based on Visa Classic Cards, available in 4 colours. The clients can effect payments for goods and services in one touch by bracelets. Parents can receive a bracelet for the child, which is a good method of financial literacy.

In September-December 2019, Priorbank announced innovative payment services – Samsung Pay, Apple Pay and Garmin Pay. The clients have to add any card/cards either Visa or Mastercard issued by Priorbank to the special application installed on a smartphone or any mobile device. Cashless payments became more mobile and safe. Priorbank jointly with its partners arranged marketing and promotional campaigns. As at late 2019, more than 58 thd. cards were switched to the services.

Throughout the year, Priorbank cardholders actively participated in the national promotional campaigns

arranged by the payment systems Visa International, MasterCard Worldwide and BELCARD on the Belarusian market.

For the second year in a row, Priorbank jointly with the Payment System Visa sponsored the festival 'Rock for Bobrov'. Advertising games and special offers were arranged for the clients, as well as discounts were provided to the clients who executed contactless payments by a Visa card.

## Devices Network

In spite of active development of DBSS, Priorbank upgrades and optimizes its devices network – ATMs and Cash-Ins. As at late 2019, the Bank's acquiring network included 355 ATMs (8% market share) and 216 Cash-Ins (7% market share).

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 an opportunity to change the PIN-code and make payments in favour of mobile operators, and the Bank cardholders have an opportunity to set an electronic PIN-code (E-PIN).

## Premium Banking for PIs

In 2019, Priorbank changed approaches to defining of premium clients segment and offered premium services to all clients subscribed to a new Premium services package: Premium Direct or Premium Prime.

New services packages included privileges not only for a client, but also for his family members: additional cards, joint visits of business lounges of airports within the Lounge Key Program, common accounting of expenses. The services packages are filled according to the lifestyle of premium clients: travelling, funds investments on the international markets. In order to provide services convenience and high speed, the Bank implemented an opportunity to effect many banking transactions distantly for both Premium Direct and Premium Banking clients.

The clients enjoy an opportunity to get a full range of premium services with a reward: not to pay the fee for the package, if any of the following conditions is fulfilled – payment of purchases by the Bank cards, keeping of certain balance on the BYN card or investing a certain amount of money via Funds Trust Management service.

In 2019, the number of premium clients significantly grew by 34%.

## Contact Center

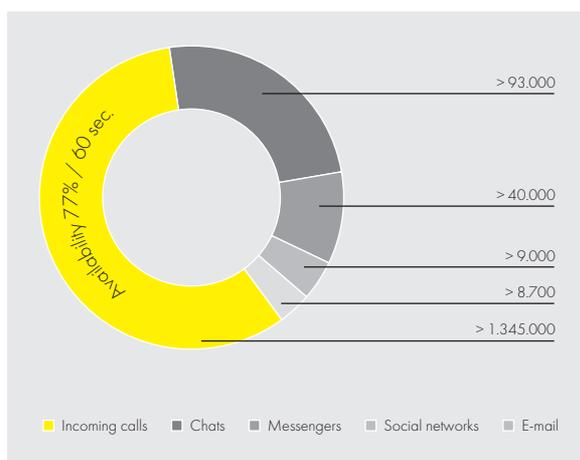
In 2019, the total number of inquiries to the Contact Center via all communication channels increased by 11% to 1,490,000.

In 2019, the number of incoming calls increased by 2.8% vs 2018 with a share of 90% of total inquiries via all communication channels. The main growth was provided by LEs inquiries. The share of LEs inquiries increased to 14% in 2019.

The average service level in the Contact Center in 2019 constituted 77%/60 seconds, which means that the operator joined 77% of the incoming calls and chats within the first 60 seconds. The service level of the premium clients reached 87%/60 seconds.

The share of digital channels in 2019 increased by 4.8% vs 2018, the most frequently used channel was the Internet-Bank Chat, where the Contact Center processed 94 thd. of inquiries. On 21 March 2019 the Bank launched a new communication channel for its clients via the messengers Viber and Telegram. The clients can use it in the Mobile Application and Corporate Web-Site. Throughout the year Contact Center operators processed more than 40 thd. clients inquiries via the messengers.

In 2019, the number of inquiries via social networks Facebook, Twitter and VKontakte increased by 80%, Contact Center processed more than 9,000 posts and comments. The Bank also answered more than 8,000 incoming inquiries via e-mail, sent more than 23,000 SMS.



In 2019, the Contact Center recorded more than 75 thd. Voice Samples of Pls during the incoming calls processing.

Currently, more than 33% of the Bank's active clients use voice biometry for identification during the phone call. The number of inquiries with voice biometry authentication increased by 80% in 2019 vs 2018. Each fourth client called to the Contact Center successfully confirmed his/her identity by voice.

Throughout the year, the Contact Center improved its positions as the sales center of the Bank's products and services to Pls. In 2019, the Contact Center increased the sold products by 11% in the total sales to Pls vs 2018. Credit Card became the most saleable product. Credit Cards sales increased by 44.6% vs 2018. In 2019, the Contact Center sold 24 thd. loans via the incoming and outgoing phone calls, which is by almost 15% more than in 2018. In 2019, the Contact Center focused on growth of sales of loans and current accounts via incoming phone calls, which resulted in 2.5 increase of loans sales vs 2018. The level of conversion via the incoming calls grew by 2.4%.

Customer satisfaction is one of the key indicator of efficient work with clients. Contact Center FCR has been stable at the level of 85% in 2018-2019. Upon end of the call and chat the client is offered to answer the service satisfaction questionnaire.

The share of clients switched to the service satisfaction questionnaire upon end of the call or chat increased by 30% in 2019 vs 2018, meanwhile the share of clients appraised the operator's service in 2019 remained unchanged at the level of 22%. The positive result is that the clients' dissatisfaction level decreased by 25%, while simultaneously the satisfaction level increased to 74% in 2019.



In 2019, the Contact Center continued to implement the Project on centralization of LEs calls regarding cash and accounts management issues. The calls of 15 Minsk BSCs and 15 regional BSCs were switched to Contact Center. The number of serviced calls during the year exceeded 215 thd. In 2020, the Contact Center is planning to continue interaction with BSCs in the following directions: centralization of LEs calls regarding cash and accounts management issues, administration of lending transactions of LEs micro and small clients.

On 26 February 2019, Priorbank launched a uniform widget Online Assistant at the Corporate and the Internet Bank web-sites as the 24/7 support tool for Pls customers. The client can choose the communication channel with the Bank based on the data on its accessibility: a call, a call back order, a chat or a letter via an e-mail.

In June 2019, a new virtual consultant named VIK started to greet and identify clients' inquiries at the Contact Center voice channel. It recognizes a client's speech, categorizes the inquiry reason and redirects the call to the operator, who has skills and access to handle it. The Bank developed and launched 11 dialogue customer self-services without the call redirection to an operator: card balance, card re-issue, switch-off SMS-info service, card recharge, card closure, notification of a client on an emergency situation. In 2020, the Contact Center is planning to implement a self-services with customer authentication by voice: clearing of wrong PIN-code attempts, setting, recovering and changing of a electronic PIN-code, card blocking, getting information on loan amount outstanding, etc. It is also planned to launch a chat-bot to support the clients in messengers and chat at the Corporate Web-Site.

## Bank branches

As at 1 January 2020, Priorbank operated 83 branches and HO. Priorbank's branches are divided in the following way: 30 Banking Services Centers (BSC), 53 Specialized Points of Sale.

In 2019, Priorbank continued to implement the initiatives focused on creation of up-to-date, digitized and convenient atmosphere for customers. New branch concept aims at enhancing of digital savviness image of the Bank.

During 2019 two regional branches were renovated:

- Man-operated teller counters were replaced by self-service machines;
- Renovated branch format provides customers with an opportunity to manage their finances by themselves and to apply for most frequently used products and services online.

Throughout 2019, the Project "Quality Service Standards Development and Implementation" was finished and rolled out in all the branches. Compliance with the Quality standards is supervised from the HO using remote voice recording system. The measures undertaken within the project enabled the Bank to improve NPS in 2019.



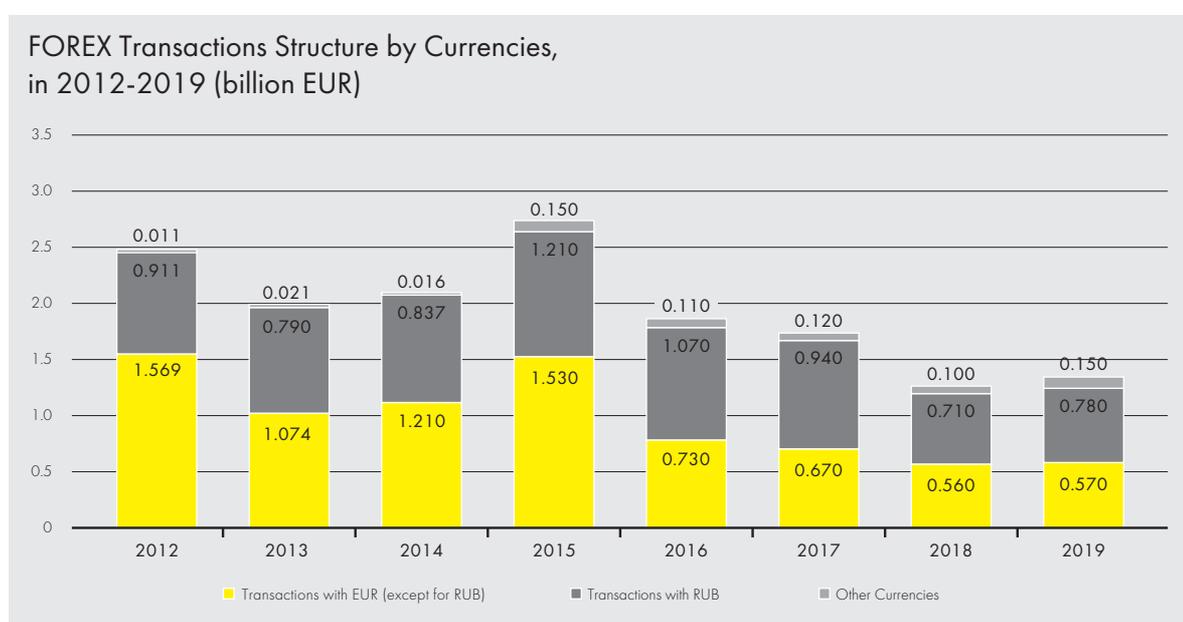
Treasury Operations.  
Securities Dealings

# 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 counterpartents to regulate its FCY and liquid position.

Prudent approach to the FX position ensuring FX risks mitigation enabled to achieve all the planned targets in 2019. Meanwhile, the volume of the inter-bank FX transactions in 2019 increased by 9.5% to 1.5 billion EUR.



As in previous years, the Bank allocated excessive FCY liquidity mainly on the inter-bank non-residents market. In 2019, the average overnight allocation volume remained almost unchanged vs 2018 and amounted to USD 226

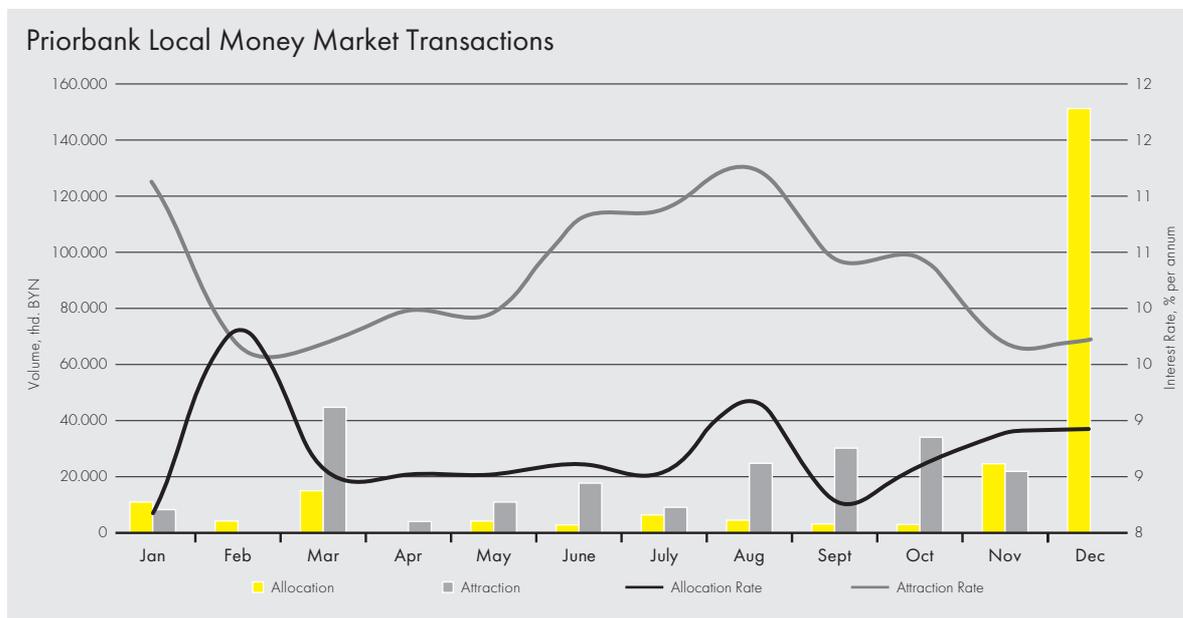
million, however, the declining trend of USD interest rates significantly decreased the Bank's income from these transactions.

## Local Money Market Transactions in LCY with Resident Banks

The banking system LCY liquidity in 2019 was generally positive. The inter-bank rates smoothly decreased and fluctuated between 10.2% - 9.2% per annum. Throughout the year the National Bank of the Republic of Belarus (NBB) pursued the quantitative monetary easing policy: the refinancing rate was decreased from 10 to 9% per annum, overnight loans interest rate – from 11.5 to 10% per annum. The interest rate on the permanently available funds of the NBB fluctuated from 8.5 to 8% per

annum. With the purpose to regulate the banking system liquidity NBB arranged auctions to allocate short-term bonds and attract deposits. The excessive liquidity taking price slightly fluctuated between 9.98-9.5% per annum, and dropped to 7.16% per annum in December 2019.

In 2019, income from BYN inter-bank loans exceeded 1,703 thd. BYN, expenses amounted to 1,760 thd. BYN.



## Securities Dealings with Fixed Income

In 2019, Priorbank actively invested to the economy of the republic buying bonds issued by the Ministry of Finance and the NBB.

In 2019, the Bank bought short-term NBB LCY bonds to the total amount of 6.2 billion BYN, and NBB bonds nominated in FCY to the amount of USD 81.1 million. Furthermore, the Bank actively worked with the securities on the international markets. Thus, in the reporting period, the Bank bought obligations of the Federal Government of the USA to the total amount of USD 69 million.

Priorbank's income from these transactions exceeded 21.5 million BYN in the reporting year.

Priorbank remained one of the leading players on the securities stock exchange market. According to the Belarusian Currency and Stock Exchange rating of the securities stock market participants, in 2019, Priorbank occupied the 6<sup>th</sup> place in terms of the number of the concluded transactions (8<sup>th</sup> place in 2018) and 10<sup>th</sup> place in terms of volume of the concluded transactions (8<sup>th</sup> place in 2018) among 62 market participants.

## Treasury Products

In 2019, Priorbank's FCY Buy/Sell transactions volume on the FCY over-the-counter market amounted to 15.5 billion BYN, having increased by 11.3% vs the previous year, enabling the Bank to increase its market share to 13.1% on the FCY over-the-counter market.

Priorbank is continuing develop and actively promote digital banking service 'Internet-Bank Trading Platform' enabling the clients to execute on-line FCY Buy/Sell transactions at current market exchange rates, which contributed to increase of the number of the Bank's

clients by 8.1% vs the previous year, the number of active clients of the service 'Internet-Bank Trading Platform' by 85.2%, and the volume of FCY Buy/Sell transactions via this channel by 29%.

In the conditions of significant FX rates volatility, increased clients interest to FX risk hedging service ensured the growth of forward FX transactions by 61%. In 2019, Priorbank increased the average monthly legal entities' deposit portfolio by 24% vs 2018 to 548.2 million BYN.

In 2019, the clients increased the interest to Priorbank bonds. With the purpose to satisfy the demand, the Bank additionally arranged 32<sup>nd</sup> issue of its bonds to the amount of 150 million BYN. Throughout the year, the Bank concluded 1,253 transactions with its bonds, having demonstrated a twofold growth vs 2018. The total

transactions volume amounted to 1,365.3 million BYN in 2019.

In the reporting period, the volume of the transactions concluded with bonds of third parties issuers increased more than twofold to 24.5 million BYN.

## Liquidity Management

Priorbank liquidity position in 2019 remained at sufficient level. The Bank performed all the Prudential Standards of the National Bank and international liquidity standards.

Priorbank pursued the liquidity balanced management strategy through simultaneous assets and liabilities management.

LCY liquidity was characterized by the following indicators:

- funds owed to customers growth by 477 million BYN or 45% (from 1,051 million BYN as at early 2019 to 1,528 million BYN as at late 2019);

- loan portfolio growth by 244 million BYN or 19% (from 1,292 million BYN to 1,536 million BYN);

- flexible interest policy regarding liabilities/assets management (change of transfer prices in order to optimize raised funds pricing and return on assets operations).

In 2019, Priorbank was increasing efficiency of the liquidity management processes improving the existing management models, which enabled the Bank to adequately adapt to changing market environment.



# International Activities

# International Activities

## International activities

Priorbank JSC always pays special attention to the international business of its customers. Being a well-funded institution bank supports clients in exploration of new markets and backing up their international relations.

Priorbank is a member of Global Trade Finance Program of International Finance Corporation (IFC) and Trade Facilitation Programme of the European Bank for Reconstruction and Development (EBRD) that can be a solid ground for foreign trade business of any client.

Priorbank offers a number of products with unique terms like Funded Risk Participation together with the EBRD and RBI. It allows customers to ease access to the financing tools and get loans at an attractive pricing. Companies that have already used this product noted its positive economic effect. Considering this perfect track record of cooperation, Priorbank intends to reduce credit risk on customers by the means of Unfunded

Risk Participation Agreement with the EBRD, which was signed in 2019, and grant additional funds in the upcoming years. Taking into account the excellent experience of SME financing under the EBRD project, Priorbank managed to launch a new line for SME loans in local currency, which helps to meet rising needs of business.

Throughout 2019 the Bank worked closely with local and international group insurance companies. Among the products that have been successful with customers are deposits, currency exchange, securities, current accounts, issuing cards and salary projects.

Due to the gained experience through the decades of cooperation with RBI, the EBRD, IFC, FMO, AKA and development institutions of Asia we can offer our customers the most effective ways of international business support.

## Correspondent Banking

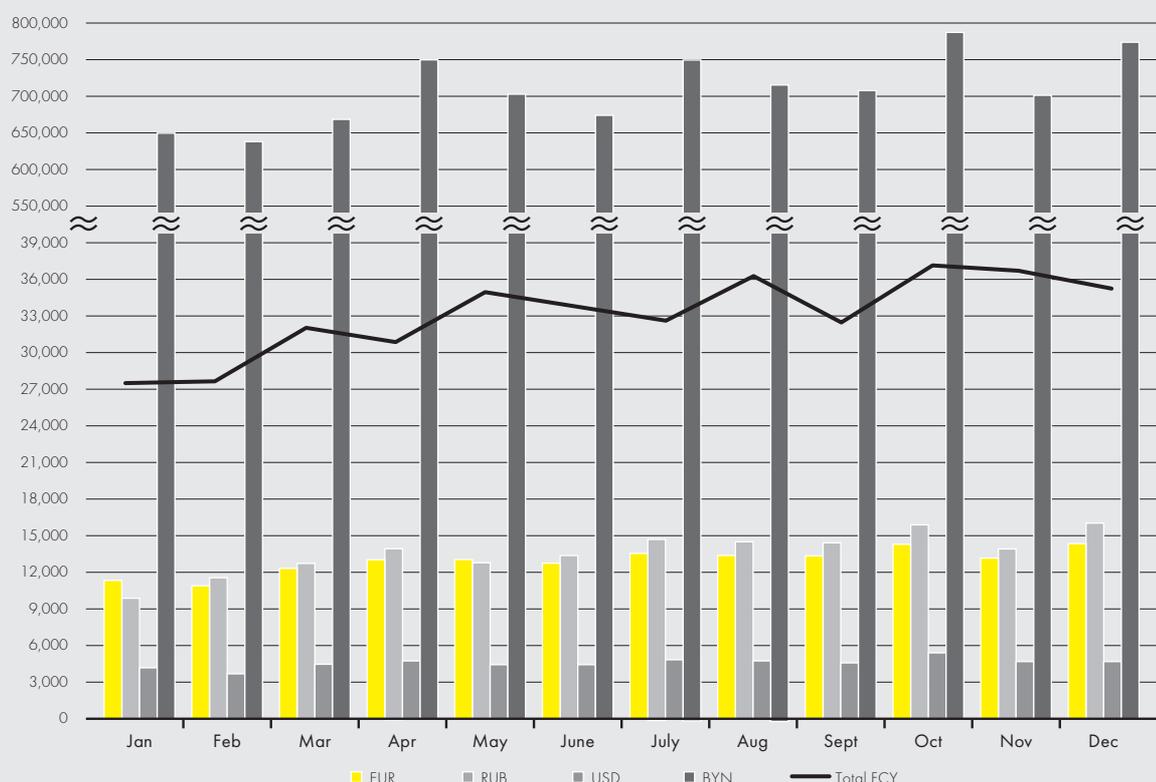
One of our main goals has always been to deliver top quality products and services at reasonable prices combined with high speed and comfort. The existing correspondent network and close integration into the international clearing systems enables Priorbank to route payments in all primary currencies to any destination.

We constantly work on improvement of payments efficiency, including the decrease of transaction costs as well as using the latest IT technologies. On the other hand, the safety of correspondent banking is ensured

by compliance with international and local standards in Know Your Customer procedures and Anti-Money Laundering controls. Additional attention is paid to the countries having the considerable trade volumes with Belarus, such as Russian Federation, Germany, Poland, Austria, Ukraine, People's Republic of China, USA and UK. In 2019, the amount of processed payments by the Bank came up to 9 million both internationally and locally, having increased by 8% yoy. Priorbank maintained its market share in all outgoing payments coming from Belarus at around 19%.

Market share	2017	2018	2019
Payments in BYN, %	10.27	10.30	10.32
Payments in FCY, %	18.39	18.03	18.72

## Dynamics of Outgoing Payments in 2019



## List of main correspondent banks

Currency	Account	Correspondent	City	Country	SWIFT Code
CHF	0835-0902029-13-010	CREDIT SUISSE AG	Zurich	Switzerland	CRESCHZZ80A
CNY	0101000111902569094	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD.	Beijing	China	ICBK CN BJ
EUR	55.045.512	RAIFFEISEN BANK INTERNATIONAL AG	Vienna	Austria	RZBA AT WW
GBP	63999084	BARCLAYS BANK PLC	London	United Kingdom	BARC GB 22
JPY	653-0428213	MUFG Bank, Ltd	Tokyo	Japan	BOTK JP JT
KZT	KZ586010011000268568	JSC HALYK BANK	Almaty	Kazakhstan	HSBK KZ KX
PLN	PL68102000161201110000027901	PKO Bank Polski SA	Warsaw	Poland	BPKO PL PW
RUB	30111810700000110023	AO RAIFFEISENBANK	Moscow	Russia	RZBM RU MM
RUB	30111810855550000010	JSC VTB BANK	Moscow	Russia	VTBR RU MM
RUB	30111810200000000136	SBERBANK OF RUSSIA	Moscow	Russia	SABR RU MM
SEK	81-55.045.512	RAIFFEISEN BANK INTERNATIONAL AG	Vienna	Austria	RZBA AT WW
UAH	1600564	RAIFFEISEN BANK AVAL	Kiev	Ukraine	AVAL UA UK
USD	36089449	CITIBANK NA	New York	USA	CITI US 33



Risk Management.  
Loan Portfolio of the Bank

# Risk management. Loan Portfolio of the Bank

## Risk Management System in the Bank

The Risk Management System purposes 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 bank's 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;
- support of prudent risk level by hedging, securitization, diversification and increase of profitability.

For these purposes, the Bank annually develops and its Supervisory Board (SB) approves Priorbank Risk Management Strategy. This guiding document defines the measures to achieve adequate risk/return ratio, establishes the Bank's tolerance towards the key banking risks:

- strategic;
- credit;
- market;
- liquidity;
- operational;
- reputational.

The Bank's Risk Management Organization is based on the experience and principles of RBI Group and fully complies with NBB requirements. In addition to the regulator's requirements Priorbank internal risk management methods take into account the character, scope and complexity of the Bank's business processes and corresponding risks. Priorbank applies advanced risk management approaches and ensures the capital planning to cover risks taking into account stressed conditions.

## Strategic Risk

Strategic Risk assessment forms the basis of general risk management system of any commercial bank. In order to assess the Strategic Risk level, the Risk Management Team develops a Multifactor Model enabling to assess the Bank's capital ability to compensate loss caused by various shocks.

## Credit Risk

The Bank constantly manages the credit risk, including its detection, assessment, development of mitigation measures and control both within the concrete transactions

and on the portfolio level. The Credit Risk is the most comprehensive within the risks structure and the most important for the Bank's management, therefore the credit risk-management plays an important role in bank's assets quality assessment, making decisions aimed at stable operations, as well as direct influence on the financial result of a commercial bank in the reporting period.

Utmost attention is paid to the risk concentration resulting in unbalanced exposure 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 lending transactions with clients are assessed based on their credit history, financial standing, transactions parameters and collateral quality. The Credit Risk is managed by regular analysis of the ability of the existing and potential clients to fulfil their financial obligations, as well as by change of the credit limits, if required, development of financing structures minimizing risks and loan portfolio management within the approved Credit Policies.

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

## Market Risk

The market risk is managed and controlled by the limits system setting and regular stress testing for FX risk, commodities 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, 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.

## Reputational Risk

As the business reputation in the current market environment is one of the key competitive advantages of any commercial bank, Priorbank implements a complex of measures in order to support a high quality assessment of the Bank's business activities by its clients, counter agents, shareholders, financial market participants, Governmental bodies, banking unions (associations) and other organizations.

## Risk Management Principles. Organizational Structure

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 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 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 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.

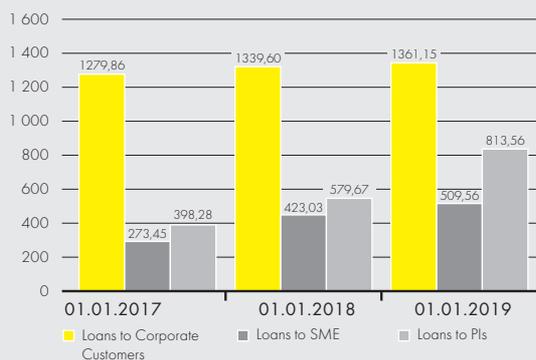
## Credit Risk Management Development in 2019

2019 was generally noted by stable macroeconomic environment, while the influence of separate external and internal negative factors remained.

Given global challenges and trends of the banking business development, in 2019, Priorbank continued to improve the Credit Risk Management Systems in the following directions:

- improvement and constant loan portfolio quality analysis, operative response to the situation change jointly with more active work with problem debts at early past due debt stages, thereof debt restructuring; application of new instruments in work with problem debts 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 level 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 conditions 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 prevention and identification of fraudulent actions;
- Risk Management IT support development.

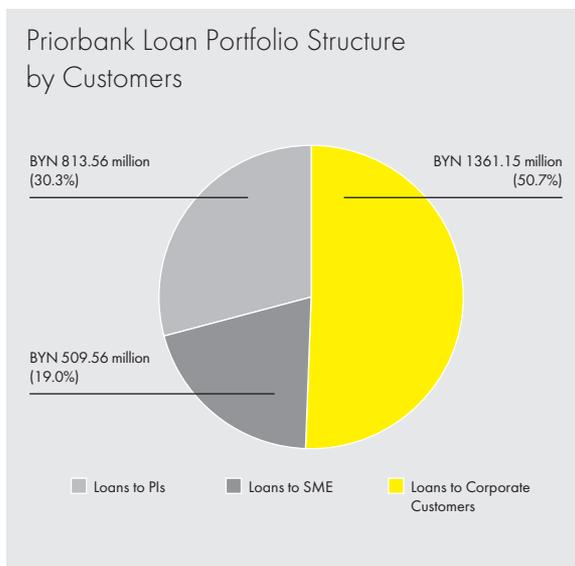
### Priorbank Loan Portfolio Dynamics



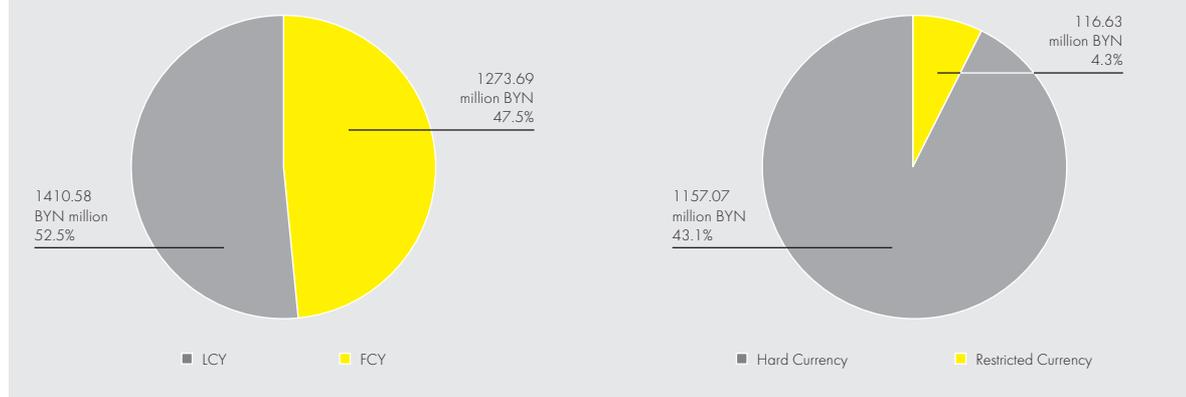
In 2019 vs 2018, the LEs and IEs (corporate, SME) Loan Portfolio grew by 6.1%, Pls – by 40.3% (in 2018 vs 2017 – by 13.5% and 45.5% respectively). One of the key growth factors were macroeconomic stabilization and drop of loans pricing, as well as launch of new products and lending process efficiency increase.

Given more active growth of Pls segment, Priorbank Loan Portfolio Structure underwent respective changes: the share of LEs and IEs loans in the Bank’s Loan Portfolio Structure as at 01.01.2020 accounted for 69.7%, having decreased by 5.6% vs early 2019; respectively, the share of Pls loans in the Bank’s Loan Portfolio Structure as at 01.01.2020 increased by 5.6% vs early 2019.

The share of the customers financing in FCY continued to drop – by 2.6% vs early 2019. This fact is connected with growth of attractiveness of LCY borrowings due to BYN loans interest rates drop. The FCY Loan Portfolio Structure also changed in part of restricted currencies share increase.



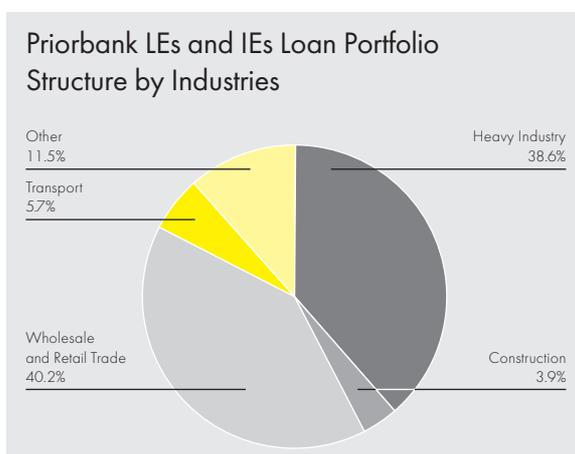
### Priorbank Loan Portfolio Structure by Currencies



The Loan Portfolio Structure by industries remained unchanged. In the LEs and IEs Loan Portfolio Structure as at early 2020 the largest share falls on wholesale and retail trade (40.2% of the Loan Portfolio), heavy industry (38.6%).

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 01.01.2020, the headcount of the Bank was 1,977 employees, thereof 20% of male and 80% of female employees. The number of employees with the high education is 90 %. Priorbank worked actively to attract young specialists – talented graduates of higher educational institutions who were on traineeships in the Bank or graduated from Prior School.

In 2019, the number of employees between the ages of 18 and 25 was 185 (Generation Z), 39.9 years is the average age of Priorbank employees.

## Key HR priorities in 2019 were:

- **Maintaining of innovation culture in the Bank:**
  - maintaining of non-financial motivation tools for employees aimed at generation of innovative ideas;
  - systematic employees training of innovative approach in banking;
  - lean methodology implementation: 538 ideas were generated in 2019, 60 of them were generated by the employees;
  - 90% of Priorbank employees work with Performance Management upgraded after revitalization process;
  - conducting a series of Agile trainings for managers and employees.
- **Maintaining high level of employees motivation and engagement:**
  - social programs were updated aimed at highly qualified and loyal employees (pension insurance, medical service program, etc.);
  - the incentive systems for Branch employees were updated aimed at improving of individual performance and customer service quality;
  - the role of competitions was strengthened as a tool for individual performance increasing.

In 2019, 33 competitions were run on the results of which 187 winners were determined.

Integrated competitions were implemented for retail business employees.

To promote and encourage the most active and talented employees the contests “The Best in Profession”, “Best of the Best in HO”, “Best of the Best in Branch”, were held. For achieving high results for the year 2019 traditional “The Best of the Best” nominations were awarded for the Best Division, the Best Manager, the Best Project and the Best Branches of Corporates, SMEs and Pls business.

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

- In order to further improve skills, required for high quality service provision:
  - more than 200 HO and Branch employees were trained on customer service quality and more than 80 webinars were organized;
  - professional knowledge testing organized on a regular basis for cashiers, customer service, Pls, SMEs, Corporates business employees;
  - in 2019, 18 students were enrolled into Prior School classes;
  - all customer quality service trainings were updated, new program for consultants sales skills development was implemented;
  - English classes for employees with own tutor and in groups were organized;
  - trainings and rotation organization for leaderships skills development for key position employees;
  - centralization of the recruitment system, implementation of Skype/telephone interview for the regions.

- **Bank’s results improvement through the formation of team competitive spirit and healthy lifestyle:**

- In 2019, the 23<sup>rd</sup> tourist rally among bank’s employees and their families was held. The badminton, ping-pong, billiards, volleyball competitions were organized. For the first time cycle-biathlon was held in 2019.

Moreover, the bank’s team took part in military-patriotic sporting game “Confrontation”; Minsk, Brest, Mogilev half marathons.

The image features a vibrant yellow background. On the right side, there is a large, stylized graphic of a building facade, rendered in a grey and black grid pattern. This graphic is composed of multiple overlapping, slightly offset layers, creating a sense of depth and architectural complexity. In the top-left corner, there are several white, nested, zig-zagging lines that form a series of parallel, angular shapes. The overall composition is modern and geometric, suggesting themes of technology, architecture, and digital design.

Information  
Technologies

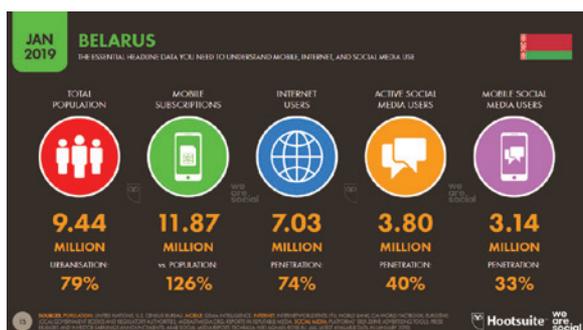
# Information Technologies

Nowadays, various alternative sales channels tend to enjoy increasing popularity among clients. Such channels provide quick access to services and allows clients not to visit a bank.

Distant Banking Services (DBS) improvement is the key priority of electronic banking services development. Lately, digital technologies have been actively implemented in the banking business due to continuous development of information technologies, as well as the increasing banks' interest in offering attractive distant services. Previously, in order to gain the market share, banks had to provide more beneficial and cheaper services and products vs their rivals. Now, it is required to focus the efforts on global digital technologies development trends, to apply innovative approaches, to combine specialized products with other products and services, thereof non-banking ones.

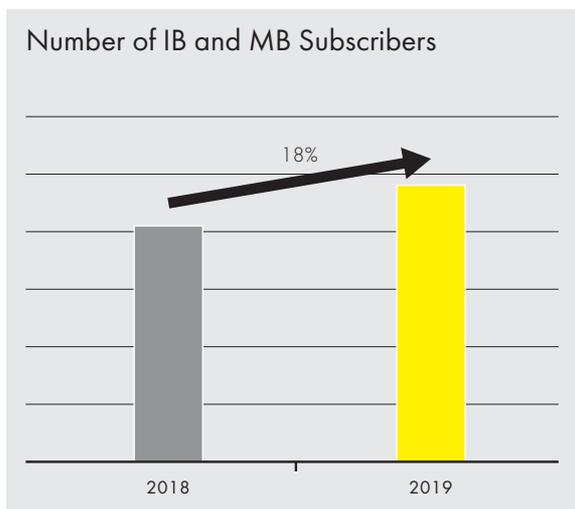
The most popular digital service among DBS is the Internet Banking (IB). As at early 2019, the share of cardholders subscribed to IB constituted 53.6% vs 49.3% as at early 2018.

The digital banking development strategy in 2016-2020 provides that by 1 January 2021 each bank of Belarus shall switch at least 60% of its clients (PIs) to DBS. According to the analytics, as at January 2019, the number of mobile communication users amounted to 11.87 million per 9.44 million inhabitants of Belarus, which is approximately 126% of population. The indicator increased by 3.1% (357 thd.) vs January 2018.



The number of the Internet users also increased by 4.5% to 7.03 million or 74% of the total population. The number of the Mobile Internet users amounts to 5.8 million – 61% of the total population.

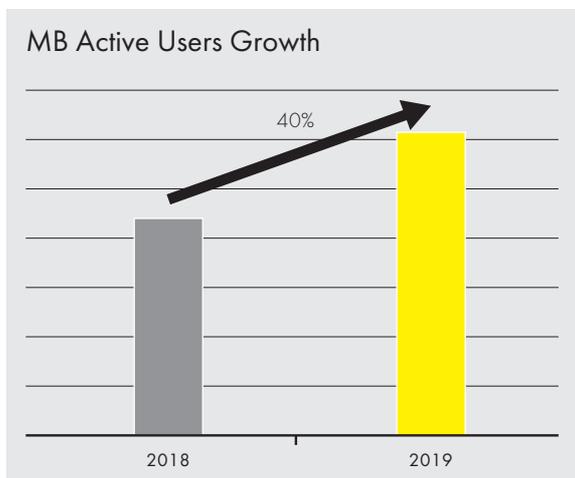
Priorbank still remains one of the market leaders in terms of DBS developing the most up-to-date customer service technologies like the Internet-Bank and Mobile Applications.



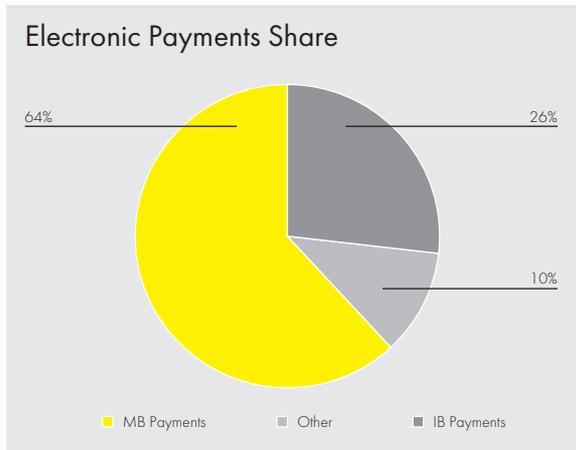
Thus, the number of unique clients switched to the IB and Mobile Applications Prior Online increased by 18% vs the previous year.

Three-four years ago, a mobile application was just an addition to the IB and had a limited functions set. Now, the mobile applications of the largest banks contain even more functions than the web-versions, and the number of subscribers is increasing.

Therefore, the Bank pays utmost attention to the development of new functionalities for mobile applications, owing to which the number of mobile bank users is rapidly growing and impetuously outstripping the Internet Bank utilization.



The number of the Mobile Bank (MB) active users increased by 40% vs the previous year. By late 2019, the share of such clients constituted 43 % and is stable continuing to grow.

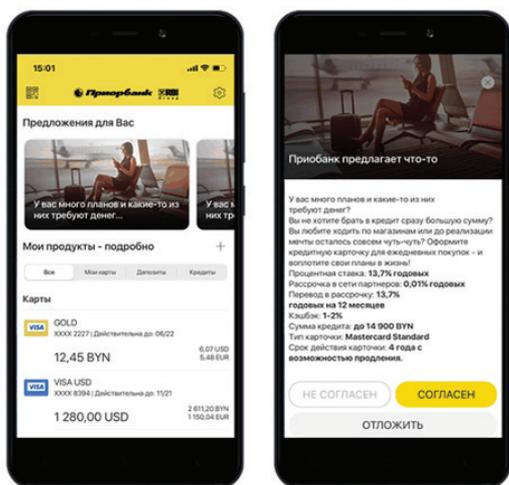


Increasingly larger number of clients pay regular accounts via electronic channels. By late 2019, 90% of payments are executed via the Mobile or Internet Bank. The service of cash transfers between cards is also actively developing. Increasingly more transfers are executed via the mobile bank.

In 2019, the Bank actively developed and improved DBS electronic channels. The utmost attention was paid to the development of the MB functionality and electronic products.

The Bank launched a special offer window in the Internet Bank and Mobile Application, enabling to study all the advantages of the Bank's offers.

A new section of Raiffeisen Research analytical materials for Premium Clients was added.



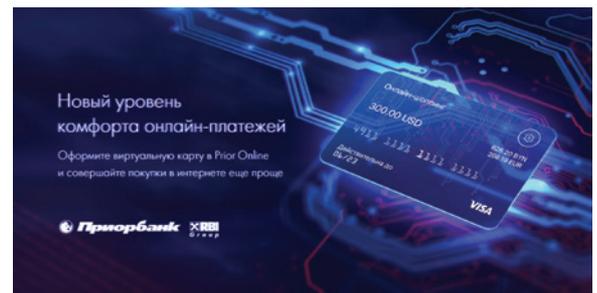
In the Internet Bank and Mobile Bank a client can unblock the card after 3 wrong entering of a PIN-code staying at home.



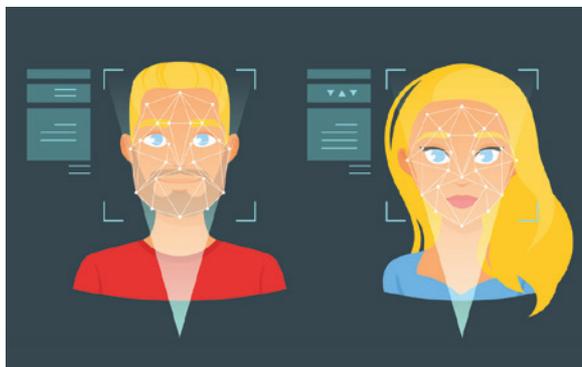
A Cash Transfer Request' function was added to the Mobile Application using a link, QR-code or NFC with an opportunity to add a comment to the transfer.

A client can also chose a cash currency for transfers in IB/MB between own and other clients' cards issued by Priorbank.

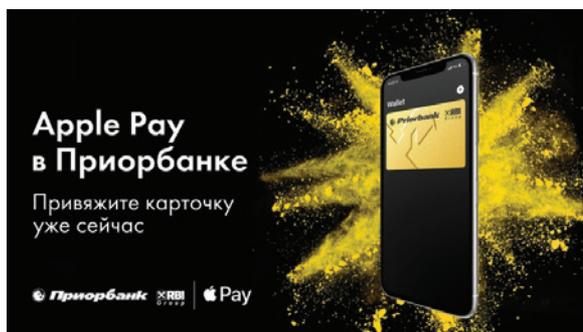
Priorbank issued a new virtual card, which can be instantly issued in the Internet-Bank and Mobile Application Prior Online and becomes active for the Internet payments right after its issue.



The card has no physical plastic, but contains the functions of standard payment plastic card of Visa Classic level, such as: 24 hours access to the Internet Bank Prior Online and Mobile Application; the card can be recharged via ERIP (Common Payment and Information Space) and other channels; cash transfer services from a card to another card (P2P); SMS services; convenient Internet payments; opening of online deposit; blocking/unblocking of the card and limits management; online account statement.



Also, Priorbank clients can authorize their identity via MSI (Inter-bank Identification System) using biometrical data.



The year 2019 ended by an important event for the development of the Mobile Application Prior Online: in early December Priorbank launched Apple Pay with the possibility to peg the card to Apple Wallet directly from the Mobile Application Prior Online and pay the purchases by Apple smartphones and Apple Watch.

In 2019, Priorbank actively dealt with external innovations.

On 23 May, Priorbank held the final stage of its contest Elevator Lab Bootcamp in the cinema Silver Screen. 9 teams represented their fintech projects to the jury to win the major prize – a two week traineeship in Vienna.



The ideas presented at final were well developed. One of the jury members – the manager of the Elevator Lab Program in Raiffeisen Bank International Istvan Kovach – remembered how such events are held in Europe. He noted that, if Belarusian developers had presented their projects in London, they would have had all the chances to succeed.

The team PaymentMethod won the Elevator Lab Bootcamp with the idea to simplify electronic payments to one click. The solution will enable not to enter client's card data each time when buying goods online. For this purpose the developers created a special button built in an internet shop web site and excluding complicated procedure of the data input. When a client clicks on the button, he/she is linked to the Mobile Bank. All the information from the internet shop is transmitted there, and the goods can be paid for with one click without entering the card number. The developers are planning to create the software for internet shops, integrate with ERIP, and become a partner of Visa Payment System.

# INNOVATION GARDEN

«Экосистема розничного банкинга»

On 6-7 June 2019, in the Start-up Hub 'Imaguru' Priobank held the first in its history Corporate Hackathon of ideas 'Retail Banking Ecosystem' within RBI Program "Innovation Garden".

Five perspective ideas, five cross-functional teams consisting of five participants. Representatives of various divisions gathered together: retail and corporate banking, financial analysis, compliance, risks and insurance, business analysis and IT administration, digital business and marketing, premium servicing and distant customer support, consulting and cash management servicing. The

teams consisted of the representatives of both Minsk and regional offices, specialists and managers.

One of the five ideas was chosen to represent Priobank at the international level of the Innovation Garden Program – 'Bank-Partner' with a comprehensive offer on banking services personalization and focus on timely informing of the Bank's clients on the important events.

The Program participants were awarded with personal certificates, tickets for World Entrepreneurship Week, golf team play, and other gifts.



## Development of Service for Legal Entities and Individual Entrepreneurs

Throughout 2019, the Bank continued to improve the Internet Bank 2.0 for LEs expanding its functionalities.

**This enabled to provide the following convenient services to the clients:**

- convenience for the users to work with documents in the system due to adding of the Section “My Documents”;
  - 24/7 internal and external payments in favor of LEs;
  - expansion of possibilities to execute credit operations;
  - signing of loan and deposit agreements by EDS (Electronic Digital Signature);
  - API development;
  - trading platform functionality development;
  - implementation of the functionality of cash uncontested recovery from accounts via AIS IDO (Automated Information System of Monetary Obligations Fulfillment).
- Functionality of Prior Business 2.0. – a mobile application for LEs and IEs – was significantly improved by implementation of the following features:
- payments signing by M-code, meanwhile M-code format was changed to the digital; M-code auto expand in iOS devices;
  - 24/7 internal and external payments in favor of LEs for iOS devices;
  - a functionality of salary and similar payments in favor of a company’s employees within salary payroll projects;
  - a new method of payments creation for iOS devices in favor of LEs and Pls by filling in of the requisites for new counter agents or by selection of counter agents from the existing list;
  - a functionality of “Guest Access” enabling the clients to securely work in the Mobile Application at another person’s electronic device.



# Financial Information

Translation from the original in Russian



**Ernst & Young LLC**  
 Klary Tsetkin st., 51A, 15th floor  
 Minsk, 220004, Republic of Belarus  
 Tel: +375 (17) 240 4242  
 Fax: +375 (17) 240 4241  
 www.ey.com/by

**ООО «Эрнст энд Янг»**  
 Республика Беларусь, 220004, Минск  
 ул. Клары Цеткин, 51А, 15 этаж  
 Тел.: +375 (17) 240 4242  
 Факс: +375 (17) 240 4241

# Audit report of the independent audit firm Ernst & Young LLC on the individual annual financial statements of "Priorbank" JSC for the period from 1 January 2019 through 31 December 2019

To Sergey Kostyuchenko  
 Chairman of the Management Board of "Priorbank" JSC

To the shareholders, Supervisory Board, Audit Committee  
 and Management Board of "Priorbank" JSC

To the National Bank of the Republic of Belarus

## Opinion

We have audited the accompanying individual annual financial statements (hereinafter, the "annual financial statements") of "Priorbank" Joint Stock Company (hereinafter, "Priorbank" JSC" or the "Bank", which comprise the balance sheet as at 1 January 2020 (Form 1), and the income statement (Form 2), statement of changes in equity (Form 3) and statement of cash flows for the year then ended (Form 4), and notes to the annual financial statements.

These annual financial statements were prepared by the Bank's management in accordance with Law of the Republic of Belarus On Accounting and Reporting, Resolution No. 728 of the Board of the National Bank of the Republic of Belarus On Approval of the Instruction on Organization of Accounting and Financial Reporting in the National Bank of Republic of Belarus, in Banks and Non-Bank Credit and Financial Institutions of the Republic of Belarus, Joint-Stock Company Development Bank of the Republic of Belarus dated 12 December 2013, Resolution No. 507 of the Board of the National Bank of the Republic of Belarus On Approval of the Instruction on Preparing Individual Annual Financial Statements by Banks and Non-Bank Credit and Financial Institutions of the Republic of Belarus, Joint-Stock Company Development Bank of the Republic of Belarus and other laws and regulations of the National Bank of the Republic of Belarus governing accounting and financial reporting procedures for the banks of the Republic of Belarus (hereinafter, the "accounting and reporting legislation of the Republic of Belarus").

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of "Priorbank" JSC as at 1 January 2020, its financial performance and changes in its financial position, including cash flows, for the year ended 31 December 2019 in accordance with the accounting and reporting legislation of the Republic of Belarus.

Translation from the original in Russian

## Basis for opinion

We conducted our audit in accordance with Law of the Republic of Belarus On Auditing Activity and the national auditing rules. Our responsibilities under those requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this report. We have complied with the principle of independence with respect to the audited entity as required by law, and the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the 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 annual financial statements of the current period. These matters were addressed in the context of audit of the annual financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the annual financial statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Key audit matter

### How our audit addressed the key audit matter

#### Special allowance for potential losses from loans to customers

Pursuant to Resolution No. 138 of the Board of the National Bank of the Republic of Belarus On Approval of the Instruction for Banks, Development Bank of the Republic of Belarus Joint-Stock Company and Non-bank Credit and Financial Institutions for Forming and Using Specialized Allowance for Potential Losses on Assets and Transactions not Recorded on the Balance Sheet dated 28 September 2006, assessment of the special allowance for potential losses from assets and transactions not recorded on the balance sheet (hereinafter, the "special allowance") is a key area of judgment for the Bank's management. Assessment of credit risks involves an extensive use of professional judgment and assumptions, as well as analysis of various factors, including borrower's financial position, realizable value of the collateral, etc.

Due to the significance of loans to customers, which account for 58,2% of total assets, and the significant use of judgment, the assessment of the special allowance represents a key audit matter.

The information about special allowance and the Bank's management approach to the assessment and management of credit risk is disclosed in Notes 4.5 and 11 of the Bank's annual individual financial statements.

Our audit procedures were performed with regard to the process of forming of special allowances for loans to legal entities and private individuals, including testing of loan agreements, collateral agreements, analysis of methodology for forming of special allowances, assessment of financial position of customers and identification of signs on negative information.

Our audit procedures included the check of allowances made for individually significant loans, as well as loans with higher credit risk. In particular but not limited to we analyzed the financial position of the customers, signs of negative information, existence of past due and prolonged exposures, expected future cash flows, sufficiency of collaterals for loans, including realizable value of the collaterals. We analyzed the consistency and relevance of management's judgments used to classification of loans to risk groups.

We performed audit procedures regarding the information of special allowances for loans to customers disclosed in the notes to the Bank's annual individual financial statements.

Translation from the original in Russian

## Responsibilities of the audited entity for the preparation of the annual financial statements

Management of the audited entity is responsible for the preparation and fair presentation of the annual financial statements in accordance with the laws of the Republic of Belarus, and for such internal control of the audited entity as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the annual financial statements, management of the audited entity is responsible for assessing the entity's ability to continue as a going concern and the appropriateness of the going concern principle, as well as for properly disclosing, as applicable, matters related to going concern unless management either intends to liquidate the audited entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the preparation of the audited entity's annual financial statements.

## Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements of the audited entity are free from material misstatement due to error and/or fraud, and to issue an auditor's report that includes our appropriately expressed audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Law of the Republic of Belarus On Auditing Activity and the national auditing rules will always detect a material misstatement when it exists. Misstatements can arise from error 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 the annual financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to the assessed risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud usually involves development of special measures aimed to conceal such misstatements.
- Obtain an understanding of internal control of the audited entity 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 internal control.
- Evaluate the appropriateness of accounting policies used by the audited entity and the reasonableness of accounting estimates and related disclosures in the annual financial statements.
- 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 audited entity'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 financial statements or, if such disclosures are lacking or inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of signing the auditor's report. However, future events or conditions may cause the audited entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, 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.

We provide those charged with governance with a statement that we have complied with all independence requirements and informed them of all relationships and other matters that may reasonably be regarded as risks that our independence might be compromised and, where applicable, related safeguards.

Translation from the original in Russian

Among the matters communicated to those charged with governance, we identify key audit matters and disclose them in our auditor's report (unless the law prohibits the disclosure of these matters or we determine that the adverse consequences of disclosing them would outweigh the benefits of such disclosure).

**Pavel Laschenko**  
General Director

Auditor's qualification certificate No. 0000738 of 14 May 2003 issued by the Ministry of Finance of the Republic of Belarus for an indefinite period of time.

Certificate of compliance with the qualification and business reputation requirements for auditors of banks, banking groups and banking holdings (No. 8 of 27 October 2004), issued for an indefinite period of time (last endorsed on 16 October 2017).

**Olga Yarmakovich**  
Head of the Assurance Department

Auditor's qualification certificate No. 0002233 of 10 October 2014 issued by the Ministry of Finance of the Republic of Belarus for an indefinite period of time.

Certificate of compliance with the qualification and business reputation requirements for auditors of banks, banking groups and banking holdings (No. 87 of 26 November 2014), issued for an indefinite period of time (last endorsed on 16 November 2017).

14 February 2020

### Details of the audited entity

Name: "Priorbank" Joint-Stock Company

"Priorbank" Joint-Stock Company was registered by the National Bank of the Republic of Belarus on 12 July 1991, registration No. 12.

Address: Republic of Belarus, 220002, Minsk, ul. V. Khoruzhey, 31-A.

### Details of the audit firm

Name: Ernst & Young Limited Liability Company

Certificate of State Registration No. 190616051 issued by the Minsk City Executive Committee on 15 December 2014.

Member of Auditors' Chamber since 26 December 2019.

Registration record of the audit firm in the audit register No. 10051 dated 1 January 2020.

Address: Republic of Belarus, 220004, Minsk, ul. K. Tsetkin, 51a, 15<sup>th</sup> floor.

Translation from the original in Russian

# Balance Sheet

as of 01 January 2019

## Priorbank Joint Stock Company

(thousand BYN)

Item	Index	Note	2019	2018	
1	2	3	4	5	
1	2	3	4	5	
<b>1</b>	<b>ASSETS</b>				
2	Cash	1101	4.1	129,374	118,563
3	Precious metals and stones	1102		–	–
4	Assets with the National Bank	1103	4.2	619,465	341,219
5	Amounts due from banks	1104	4.3	645,107	720,934
6	Securities	1105	4.4	286,328	259,362
7	Loans to customers	1106	4.5	2,684,263	2,342,303
8	Derivative financial assets	1107	4.11	172	45
9	Long-term investments	1108	4.6	25,888	22,354
10	Fixed and intangible assets	1109	4.7	173,474	183,364
11	Income yielding investments into tangible assets	1110	4.8	1,906	1,542
12	Assets for sale	1111	4.9	7,086	4,974
13	Deferred Tax Assets	1112		–	–
14	Other assets	1113	4.10	39,249	34,757
<b>15</b>	<b>TOTAL ASSETS</b>	<b>11</b>		<b>4,612,312</b>	<b>4,029,417</b>
<b>16</b>	<b>LIABILITIES</b>				
17	Amounts due to the National Bank	1201		–	–
18	Amounts due to banks	1202	4.12	228,121	326,219
19	Amounts due to customers	1203	4.13	3,563,135	2,953,172
20	Securities issued by the bank	1204	4.14	53,092	67,398
21	Derivative financial liabilities	1205	4.11	616	175
22	Deferred Tax Liabilities	1206		–	–
23	Other liabilities	1207	4.10	58,279	42,769
<b>24</b>	<b>TOTAL LIABILITIES</b>	<b>120</b>		<b>3,903,243</b>	<b>3,389,733</b>
<b>25</b>	<b>CAPITAL</b>				
26	Authorized capital	1211	4.16	86,148	86,148
27	Paid in capital	1212		–	–
28	Reserve fund	1213	4.16	126,738	126,738
29	Balance sheet items revaluation fund	1214	4.16	81,503	90,049
30	Accrued profit	1215	4.16	414,680	336,749
31	Total capital	121	4.16	709,069	639,684
<b>32</b>	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>12</b>		<b>4,612,312</b>	<b>4,029,417</b>

Acting Chairman of the Management Board



V. Matyushkin

Chief Accountant



V. Mantsivoda

Signing Date 14 February 2020

Translation from the original in Russian

# Profit And Loss Statement for 2019

## Priorbank Joint Stock Company

(thousand BYN)

	Item	Index	Note	2018	2017
1	2	3	4	5	6
1	Interest income	2011		284,061	237,789
2	Interest expenses	2012		80,300	56,053
3	Net interest income	201	5.1	203,761	181,736
4	Fee and commission income	2021		197,242	172,003
5	Fee and commission expenses	2022		96,738	80,848
6	Net Fee and commission income	202	5.2	100,504	91,155
7	Net precious metals and stones income	203		-	-
8	Net securities income	204	5.3	(2,086)	(1,236)
9	Net FOREX income	205	5.4	60,581	53,339
10	Net financial derivatives income	206	5.5	571	4,751
11	Net reserve assignments	207	5.6	4,627	(29,820)
12	Other income	208	5.7	15,501	14,391
13	Operational expenses	209	5.8	177,855	168,418
14	Other expenses	210		17,039	14,579
15	Profit before tax	211		179,311	190,959
16	Income tax	212		47,875	54,151
<b>17</b>	<b>PROFIT</b>	<b>2</b>		<b>131,436</b>	<b>136,808</b>
<b>18</b>	<b>Information on a profit per share in BYN</b>				
<b>19</b>	<b>Basic profit on an ordinary share</b>	<b>22</b>	<b>4.16</b>	<b>1.0681</b>	<b>1.1117</b>
<b>20</b>	<b>Watered profit on an ordinary share</b>	<b>23</b>	<b>4.16</b>	<b>1.0681</b>	<b>1.1117</b>

Acting Chairman of the Management Board



V. Matyushkin

Chief Accountant



V. Mantsivoda

Signing Date 14 February 2020

Translation from the original in Russian

# Statement of Capital Changes for 2019

## Priorbank Joint Stock Company

(thousand BYN)

		Capital Items						
Indicators	Index	Authorized Capital	Paid in Capital	Reserve Fund	Accrued Profit (Loss)	Balance Items Revaluation Fund	Total Capital	
1	2	3	4	5	6	7	8	9
<b>Section I. For the year preceding the year under report</b>								
<b>1</b>	<b>Balance as of 1 January 2018</b>	<b>3011</b>	<b>86,148</b>	<b>–</b>	<b>126,738</b>	<b>247,232</b>	<b>91,485</b>	<b>551,603</b>
1.1	Thereof: the result from changes in the accounting policy and(or) correction of the material mistake	30111	–	–	–	–	–	–
2	Change of the equity articles	3012	-	-	-	89,517	(1,436)	88,081
2.1	Thereof: gross income	30121	x	x	x	136,808	2,631	139,439
2.2	profit directed to replenishment of funds	30122	–	x	–	–	x	–
2.3	transactions with founders (shareholders)	30123	–	–	–	(50,461)	x	(50,461)
2.4	founders' (shareholders') contribution to authorized capital	301231	–	–	x	x	x	–
2.5	payment of shareholders' dividends	301232	x	x	x	(50,461)	x	(50,461)
2.6	transactions with own shares repurchased	301233	–	x	x	x	x	–
2.7	shareholders' monetary contributions into the reserve fund to cover losses	301234	x	x	–	–	x	–
2.8	redistribution among equity articles	30125	–	–	–	4,066	(4,066)	–
2.9	other changes	30126	–	–	–	(896)	(1)	(897)
<b>3</b>	<b>Balance as of 1 January 2019</b>	<b>3013</b>	<b>86,148</b>	<b>–</b>	<b>126,738</b>	<b>336,749</b>	<b>90,049</b>	<b>639,684</b>
<b>Section II. For the year under report</b>								
<b>4</b>	<b>Balance as of 1 January 2019</b>	<b>3011</b>	<b>86,148</b>	<b>–</b>	<b>126,738</b>	<b>336,749</b>	<b>90,049</b>	<b>639,684</b>
5	Change of the equity articles	3012	–	–	–	77,931	(8,546)	69,385
5.1	Thereof: gross income	30121	x	x	x	131,436	(2,097)	129,339

Translation from the original in Russian

		Capital Items						
Indicators	Index	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	profit directed to replenishment of funds	30122	–	x			x	–
5.3	transactions with founders (shareholders)	30123	–	–	–	(59,071)	x	(59,071)
5.4	founders' (shareholders') contribution to authorized capital	301231	–	–	x	x	x	–
5.5	payment of shareholders' dividends	301232	x	x	x	(59,071)	x	(59,071)
5.6	transactions with own shares repurchased	301233	–	x	x	x	x	–
5.7	shareholders' monetary contributions into the reserve fund to cover losses	301234	x	x	–	–	x	–
5.7	redistribution among equity articles	30125	–	–	–	6,446	(6,446)	–
5.8	other changes	30126	–	–		(880)	(3)	(883)
<b>6</b>	<b>Balance as of 1 January 2019</b>	<b>3013</b>	<b>86,148</b>	<b>–</b>	<b>126,738</b>	<b>414,680</b>	<b>81,503</b>	<b>709,069</b>

Acting Chairman of the Management Board



V. Matyushkin

Chief Accountant



V. Mantsivoda

Signing Date 14 February 2020

Translation from the original in Russian

# Information on Total Gross Income for 2019

## Priorbank Joint Stock Company

(thousand BYN)

Item	Symbol	Note	2019	2018	
1	2	3	4	5	
1	Profit	301211	6	131,436	136,808
2	Other gross income components	301212		(2,097)	2,631
2.1	Thereof: revaluation of fixed assets and other property	3012121	4.7	(2,097)	2,631
2.2	intangible assets revaluation	3012122	4.7	–	–
2.3	securities revaluation	3012123		–	–
2.4	hedge tools revaluation	3012124		–	–
2.5	other balance sheet items revaluation	3012125		–	–
<b>3</b>	<b>TOTAL Gross Income</b>	<b>30121</b>		<b>129,339</b>	<b>139,439</b>

Acting Chairman of the Management Board



V. Matyushkin

Chief Accountant



V. Mantsivoda

Signing Date 14 February 2020

Translation from the original in Russian

# Cash Flow Statement for 2019

## Priorbank Joint Stock Company

(thousand BYN)

	Item	Index	Note	2019	2018
1	2	3	4	5	6
<b>1</b>	<b>OPERATIONS CASH FLOW</b>				
2	Interest income received	70100		282,307	233,931
3	Interest expenses paid	70101		(79,253)	(55,304)
4	Fee and commission income received	70102		196,959	172,471
5	Fee and commission income paid	70103		(93,947)	(80,328)
6	Net precious metals and stones income	70104		–	–
7	Net securities income	70105		(2,087)	(1,236)
8	Net FOREX income	70106		66,052	52,804
9	Net financial derivatives income	70107		571	4,751
10	Other income received	70108		16,398	42,381
11	Other expenses paid	70109		(154,412)	(149,881)
12	Income tax paid	70110		(39,891)	(65,238)
<b>13</b>	<b>Total profit (loss) before changes in operational assets and liabilities</b>	<b>701</b>		<b>192,697</b>	<b>154,351</b>
14	Net decrease (increase) of funds with the National Bank	70200		(2,371)	(12,209)
15	Net decrease (increase) of funds due from banks	70201		18,627	(166,135)
16	Net decrease (increase) of funds in securities (except for securities retained till repayment)	70202		43,497	(95,697)
17	Net decrease (increase) of funds in loans disbursed to customers	70203		(397,708)	(330,147)
18	Net decrease (increase) of funds from derivative financial assets	70204		(127)	276
19	Net decrease (increase) of funds in other operational assets	70205		46,432	(26,217)
<b>20</b>	<b>Total cash flow from change in operational assets</b>	<b>702</b>		<b>(291,650)</b>	<b>(630,129)</b>
21	Net increase (decrease) of cash funds of the National Bank	70300		–	–
22	Net increase (decrease) of funds due to banks	70301		(2,719)	(95,077)
23	Net increase (decrease) of clients' funds	70302		656,891	558,991
24	Net increase (decrease) of cash funds from securities issued by the bank	70303		(14,224)	14,976
25	Net decrease (increase) of cash funds from derivative financial liabilities	70304		442	159
26	Net increase (decrease) of funds in other operational liabilities	70305		(95,685)	79,560
<b>27</b>	<b>Total cash flows from change in operational liabilities</b>	<b>703</b>		<b>544,705</b>	<b>558,609</b>
28	Net operational cash flow	70		445,752	82,831

Translation from the original in Russian

Item	Index	Note	2019	2018
<b>29 INVESTMENT CASH FLOW</b>				
30 Purchase of fixed, intangible, and other long-term assets	71100		(28,584)	(28,633)
31 Sale of fixed, intangible, and other long-term assets	71101		495	(257)
32 Purchase of long-term financial investments to authorized capital of other legal entities	71102		–	(400)
33 Sale of long-term financial investments to authorized capital of other legal entities	71103		–	–
34 Purchase of securities retained till repayment	71104		(6,248,334)	(2,073,054)
35 Repayment (sale) of securities retained till repayment	71105		6,172,956	2,147,033
<b>36 Net investment cash flow</b>	<b>71</b>		<b>(103,467)</b>	<b>44,689</b>
<b>37 FINANCIAL CASH FLOW</b>				
38 Issue of shares	72100		–	–
39 Re-purchase of own shares	72101		–	–
40 Sale of previously re-purchased own shares	72102		–	–
41 Payment of dividends	72103		(58,826)	(50,420)
42 Shareholders` monetary contributions into the reserve fund to cover losses	72104		–	–
<b>43 Net financial cash flow</b>	<b>72</b>		<b>(58,826)</b>	<b>(50,420)</b>
<b>44 Influence of official exchange rate fluctuations on cash and its equivalents</b>	<b>73</b>		<b>(861)</b>	<b>5,489</b>
<b>45 Net increase (decrease) of cash and its equivalents</b>	<b>74</b>		<b>282,598</b>	<b>82,589</b>
46 Cash and its equivalents as of the beginning of the period under report	740	7	x	615,951
47 Cash and its equivalents as of the end of the period under report	741	7	898,549	x

Acting Chairman of the Management Board



V. Matyushkin

Chief Accountant



V. Mantsivoda

Signing Date 14 February 2020

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



**Ernst & Young LLC**  
 Klary Tsetkin st., 51A, 15th floor  
 Minsk, 220004, Republic of Belarus  
 Tel: +375 (17) 240 4242  
 Fax: +375 (17) 240 4241  
 www.ey.com/by

**ООО «Эрнст энд Янг»**  
 Республика Беларусь, 220004, Минск  
 ул. Клары Цеткин, 51А, 15 этаж  
 Тел.: +375 (17) 240 4242  
 Факс: +375 (17) 240 4241

## Audit report of an independent audit firm on the consolidated financial statements of “Priorbank” Joint-Stock Company for the period from 1 January 2019 to 31 December 2019

To the Chairman of the Management Board  
 of “Priorbank” Joint-Stock Company  
 Mr. S. A. Kostyuchenko

To the shareholders, Supervisory Board and Audit Committee  
 of “Priorbank” Joint-Stock Company

### Opinion

We have audited the consolidated financial statements of “Priorbank” Joint-Stock Company (JSC) and its subsidiaries (hereinafter, the “Group”), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, 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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for opinion

We conducted our audit in accordance with the Law of the Republic of Belarus On Auditing Activity, National Rules for Auditing Activities effective in the Republic of Belarus and with International Standards on Auditing (ISA). Our responsibilities under those rules and 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 (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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of

Translation from the original in Russian

the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Key audit matter

## How our audit addressed the key audit matter

### Estimation of allowances for expected credit losses on loans to customers in accordance with IFRS 9 Financial Instruments

The estimation of the allowance for expected credit losses on loans to customers is a key area of judgment for the Bank's management.

The identification of factors of a significant increase in credit risk, including the identification of any changes in the risk of default occurring over the remaining life of a financial instrument, as well as the estimation of probability of default and loss given default involve significant use of professional judgment and assumptions.

The use of various models and assumptions in the calculation of expected credit losses can significantly affect the level of the allowance for expected credit losses on loans to customers. Due to substantial amounts of loans to customers and an extensive use of professional judgment, the estimation of the allowance for expected credit losses is a key audit matter.

The information on the allowance for expected credit losses on loans to customers and the Bank's management approach to assessing and managing credit risk are described in Notes 3, 9 and 28 to the consolidated financial statements.

Our audit procedures included the analysis of the methodology for estimating the allowance for expected credit losses on loans to individuals and legal entities, testing of controls over the customer lending process, estimates of allowances for expected credit losses, as well as procedures to identify factors of a significant increase in credit risk and indicators of loan impairment.

In respect of the assessment of the allowance for expected credit losses on loans to individuals and legal entities, we analyzed assumptions, tested input data used by the Bank, and analyzed the model for assessing the probability of default, the loss given default and macroeconomic overlay factors ratios. We verified the staging of loans by credit quality and recalculated the allowance for expected credit losses.

Our audit procedures also included the recalculation of the allowance for individually significant loans to legal entities and loans with higher credit risk exposure. We analyzed the financial position of customers, their credit ratings, overdue and renegotiated exposures, sufficiency of collateral.

We analyzed consistency of management's assumptions applied in calculating the allowance for expected credit losses.

We analyzed the information related to the allowance for expected credit losses on loans, disclosed in the notes to the consolidated financial statements.

Translation from the original in Russian

## Responsibility of management and the Supervisory Board of “Priorbank” JSC for the consolidated financial statements

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

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.

The Supervisory Board of “Priorbank” JSC is 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 Activity, National Rules for Auditing Activities 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 our audit performed in accordance with the Law of the Republic of Belarus On Auditing Activity, National Rules for Auditing Activities 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 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 auditors’ 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.

Translation from the original in Russian

- 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 the Supervisory Board and the Audit Committee of “Priorbank” JSC 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 the Supervisory Board and the Audit Committee of “Priorbank” JSC 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.

From the matters communicated with the Supervisory Board and the Audit Committee of “Priorbank” JSC, we determine those matters that were of most significance in the audit of the consolidated financial statements for 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.

Audit partner in charge of the engagement resulting in this independent auditor’s report is P. A. Laschenko.

---

P.A. Laschenko

General Director,  
Ernst & Young LLC  
FCCA

23 April 2020

#### Details of the audited entity

Name: “Priorbank” Joint-Stock Company

“Priorbank” Joint-Stock Company was registered by the National Bank of the Republic of Belarus on 12 July 1991, registration No. 12.

Address: 220002, Republic of Belarus, Minsk, V. Khoruzhey str., 31-A

#### Details of the audit firm

Name: Ernst & Young Limited Liability Company

Registered in the State Register of Legal Entities and Individual Entrepreneurs on 7 April 2005, Registration Number 190616051.

Member of the Audit Chamber since 26 December 2019.

Registration No. 10051 in the register of auditors, entered on 1 January 2020.

Address: 220004, Republic of Belarus, Minsk, Klary Tsetkin str., 51a, 15<sup>th</sup> floor

---

O.M. Yarmakovich

Head of Assurance Department  
Ernst & Young LLC, FCCA

Translation from the original in Russian

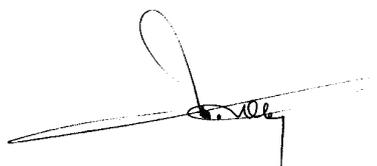
## Consolidated statement of financial position as at 31 December 2019

(thousands of Belarusian rubles)

Item	Notes	2019	2018
<b>Assets</b>			
Cash and cash equivalents	6	1,361,764	1,148,689
Trading securities	7	41,776	–
Amounts due from credit institutions	8	80,783	61,602
Loans to customers	9	3,008,139	2,657,347
Investment securities	10	299,802	306,989
Investment property	11	19,648	11,840
Property and equipment	12	155,050	156,550
Intangible assets	13	33,946	33,385
Current income tax assets		159	296
Deferred income tax assets	14	2,176	2,731
Other assets	16	66,710	63,606
<b>Total assets</b>		<b>5,069,953</b>	<b>4,443,035</b>
<b>Liabilities</b>			
Amounts due to credit institutions	17	181,993	261,725
Amounts due to customers	18	3,544,225	3,028,889
Amounts due to international financial institutions	19	130,831	60,406
Debt securities issued	20	54,422	68,025
Current income tax liabilities		2,912	297
Deferred income tax liabilities	14	32,648	33,191
Provisions	15, 22	8,098	2,111
Other liabilities	16	155,335	116,530
<b>Total liabilities</b>		<b>4,110,464</b>	<b>3,571,174</b>
<b>Equity</b>			
	20		
Share capital		341,828	341,828
Additional paid-in capital		193	193
Foreign currency translation reserve		2,952	3,517
Retained earnings		585,438	497,067
Revaluation reserve for the net pension liability		(10,261)	(6,437)
Revaluation reserve for investment securities		77	131
<b>Total equity attributable to shareholders of the Bank</b>		<b>920,227</b>	<b>836,299</b>
<b>Non-controlling interest</b>		<b>39,262</b>	<b>35,562</b>
<b>Total equity</b>		<b>959,489</b>	<b>871,861</b>
<b>Total equity and liabilities</b>		<b>5,069,953</b>	<b>4,443,035</b>

Signed and authorized for release on behalf of the Management Board of the Bank

Sergey A. Kostyuchenko



Chairman of the Management Board

23 April 2020

Translation from the original in Russian

## Consolidated statement of profit or loss For the year ended 31 December 2019

(thousands of Belarusian rubles)

Item	Notes	2019	2018
<b>Interest income calculated using the effective interest rate</b>		<b>294,215</b>	<b>247,188</b>
Other interest income		31,753	27,842
Interest expense		(83,820)	(61,335)
<b>Net interest income</b>	<b>23</b>	<b>242,148</b>	<b>213,695</b>
Credit loss income/(expense)	15	(1,562)	12,423
<b>Net interest income after credit loss expense</b>		<b>240,586</b>	<b>226,118</b>
Fee and commission income		191,054	166,824
Fee and commission expense		(107,426)	(94,330)
<b>Net fee and commission income</b>	<b>24</b>	<b>83,628</b>	<b>72,494</b>
Net gains from trading securities		49	–
Net gains from foreign currencies:			
- Dealing		66,777	59,641
- Translation differences		(6,661)	5,557
Other income	25	13,742	17,207
<b>Non-interest income</b>		<b>73,907</b>	<b>82,405</b>
Personnel expenses	26	(96,590)	(87,751)
Depreciation and amortization	11,12,13	(29,420)	(24,727)
Other operating expenses	26	(66,126)	(68,251)
Other expenses from provisions	15	(5,004)	–
<b>Non-interest expense</b>		<b>(197,140)</b>	<b>(180,729)</b>
<b>Profit before income tax expense</b>		<b>200,981</b>	<b>200,288</b>
Income tax expense	14	(50,540)	(41,095)
<b>Profit for the year</b>		<b>150,441</b>	<b>159,193</b>
Attributable to:			
- Shareholders of the Bank		147,444	149,896
- Non-controlling interest		2,997	9,297
		<b>150,441</b>	<b>159,193</b>

Translation from the original in Russian

## Consolidated statement of comprehensive income

### For the year ended 31 December 2019

(thousands of Belarusian rubles)

Item	Notes	2019	2018
<b>Profit for the year</b>		<b>150,441</b>	<b>159,193</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 a foreign subsidiary	21	(898)	830
- Net change in the fair value of debt instruments at fair value through other comprehensive income	21	(72)	67
- Effect of income tax	14	19	(17)
<b>Net other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent periods</b>		<b>(951)</b>	<b>880</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
- Actuarial gain/(loss) on defined pension plan	21	(5,099)	4,753
- Gains/(losses) from equity instruments measured at fair value through other comprehensive income	21	(1)	22
Effect of income tax	14	1,275	(1,194)
<b>Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods</b>		<b>(3,825)</b>	<b>3,581</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(4,776)</b>	<b>4,461</b>
<b>Total comprehensive income for the year</b>		<b>145,665</b>	<b>163,654</b>
Attributable to:			
- Shareholders of the Bank		143,001	154,050
- Non-controlling interest		2,664	9,604
		<b>145,665</b>	<b>163,654</b>

Translation from the original in Russian

## Consolidated statement of changes in equity For the year ended 31 December 2019

(thousands of Belarusian rubles)

	Attributable to shareholders of the Bank								Total equity
	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Revaluation reserve for the net pension liability	Revaluation reserve for investment securities	Total	Non-controlling interests	
<b>At 1 January 2018</b>	<b>341,828</b>	<b>193</b>	<b>2,994</b>	<b>397,632</b>	<b>(10,002)</b>	<b>65</b>	<b>732,710</b>	<b>25,958</b>	<b>758,668</b>
Profit for the year	–	–	–	149,896	–	–	149,896	9,297	159,193
Other comprehensive income/(loss) for the year	–	–	523	–	3,565	66	4,154	307	4,461
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>523</b>	<b>149,896</b>	<b>3,565</b>	<b>66</b>	<b>154,050</b>	<b>9,604</b>	<b>163,654</b>
Dividends declared and paid to shareholders of the Bank (Note 21)	–	–	–	(50,461)	–	–	(50,461)	–	(50,461)
<b>At 31 December 2018</b>	<b>341,828</b>	<b>193</b>	<b>3,517</b>	<b>497,067</b>	<b>(6,437)</b>	<b>131</b>	<b>836,299</b>	<b>35,562</b>	<b>871,861</b>
Effect of applying IFRS 16 (Note 3)	–	–	–	–	–	–	–	–	–
<b>Balance at 1 January 2019 restated in accordance with IFRS 16</b>	<b>341,828</b>	<b>193</b>	<b>3,517</b>	<b>497,067</b>	<b>(6,437)</b>	<b>131</b>	<b>836,299</b>	<b>35,562</b>	<b>871,861</b>
Profit for the year	–	–	–	147,444	–	–	147,444	2,997	150,441
Other comprehensive income/(loss) for the year	–	–	(565)	–	(3,824)	(54)	(4,443)	(333)	(4,776)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(565)</b>	<b>147,444</b>	<b>(3,824)</b>	<b>(54)</b>	<b>143,001</b>	<b>2,664</b>	<b>145,665</b>
Dividends declared and paid to shareholders of the Bank (Note 21)	–	–	–	(59,073)	–	–	(59,073)	–	(59,073)
Disposal of non-controlling interest	–	–	–	–	–	–	–	1,036	1,036
<b>At 31 December 2019</b>	<b>341,828</b>	<b>193</b>	<b>2,952</b>	<b>585,438</b>	<b>(10,261)</b>	<b>77</b>	<b>920,227</b>	<b>39,262</b>	<b>959,489</b>

Translation from the original in Russian

## Consolidated statement of cash flows

### For the year ended 31 December 2019

(thousands of Belarusian rubles)

Item	Notes	2019	2018
<b>Cash flows from operating activities</b>			
Interest received		319,359	268,146
Interest paid		(80,506)	(59,988)
Fees and commissions received		191,366	166,838
Fees and commissions paid		(106,863)	(94,297)
Gains less losses from foreign currencies		66,182	60,829
Other income received		13,818	12,130
Personnel expenses paid		(95,574)	(85,490)
Other operating expenses paid		(63,711)	(65,702)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>244,071</b>	<b>202,466</b>
<b>Net (increase)/decrease in operating assets</b>			
Trading securities		(40,465)	–
Amounts due from credit institutions		(20,971)	(6,648)
Loans to customers		(398,501)	(330,824)
Other assets		(218)	627
<b>Net increase/(decrease) in operating liabilities</b>			
Amounts due to credit institutions		(76,417)	(101,561)
Amounts due to international financial institutions		71,966	16,027
Amounts due to customers		562,044	616,301
Other liabilities		28,288	8,055
<b>Net cash from operating activities before income tax</b>		<b>369,797</b>	<b>404,443</b>
Income tax paid		(46,482)	(72,183)
<b>Net cash from operating activities</b>		<b>323,315</b>	<b>332,260</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities at amortized cost		(6,381,925)	(2,315,213)
Proceeds from redemption of investment securities at amortized cost		6,382,689	2,314,271
Purchase of securities at FVOCI		(33,763)	(36,282)
Proceeds from sale of securities at FVOCI		36,291	–
Proceeds from sale of property and equipment and investment property		5,296	25,671
Purchase of property and equipment, intangible assets and investment property	11,12,13	(36,863)	(40,492)
Sale of subsidiaries		1,134	–
<b>Net cash used in investing activities</b>		<b>(27,141)</b>	<b>(52,045)</b>

Translation from the original in Russian

Item	Notes	2019	2018
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt securities		502	57,965
Redemption of debt securities issued		(14,022)	(41,712)
Payments to repay lease liabilities		(2,571)	–
Dividends paid to shareholders of the Bank		(59,073)	(50,461)
<b>Net cash used in financing activities</b>	<b>32</b>	<b>(75,164)</b>	<b>(34,208)</b>
Effect of exchange rates changes on cash and cash equivalents		(7,923)	44,583
<b>Net increase in cash and cash equivalents</b>		<b>213,087</b>	<b>290,590</b>
<b>Cash and cash equivalents, beginning</b>		<b>1,148,692</b>	<b>858,102</b>
<b>Cash and cash equivalents, ending</b>	<b>6</b>	<b>1,361,779</b>	<b>1,148,692</b>

Notes comprising an integral part of the annual consolidated financial statements of Priorbank JSC as banking holding are not presented in this Report

# Priorbank's Network as of January 1<sup>st</sup>, 2020



## Banking Services Centre 100

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

## Banking Services Centre 101

65A, Timiryazeva Str.  
Minsk, Belarus, 220035  
tel. +375 17 289 97 02

## Banking Services Centre 102

15/1, Logoisky Trakt  
Minsk, Belarus, 220113  
tel. +375 17 289 97 85

## Banking Services Centre 104

16A, Bogomolova Str.  
Soligorsk, Minsk Region  
Belarus, 223710  
tel. +375 174 23 87 00

## Banking Services Centre 107

143, V. Gostinec Str.  
Molodechno, Minsk Region  
Belarus, 222302  
tel. +375 176 73 02 71

## Banking Services Centre 109

105, Pritytskogo Str.  
Minsk, Belarus, 220136  
tel. +375 17 314 58 66

## Banking Services Centre 111

40, Masherova Ave.  
Minsk, Belarus, 220123  
tel. +375 17 289 98 02

## Banking Services Centre 112

101A, Gagarina str.  
Borisov, Minsk Region  
Belarus, 222526  
tel. +375 177 74 54 51

## Banking Services Centre 113

13, Komsomolskaya Str.  
Minsk, Belarus, 220030  
tel. +375 17 289 94 94

## Banking Services Centre 114

56/2, Partizanskiy Ave.  
Minsk, Belarus, 220026  
tel. +375 17 289 98 72

**Banking Services Centre 115**

91, Kropotkina Str.  
Minsk, Belarus, 220002  
tel. +375 17 289 92 81

**Banking Services Centre 117**

172, Nezavisimosti Ave.  
Minsk, Belarus, 220141  
tel. +375 17 268 10 90

**Banking Services Centre 119**

104, Dzerzhinskogo Ave.  
Minsk, Belarus, 220116  
tel. +375 17 376 84 21

**Banking Services Centre 200**

3, Tolstova Str.  
Vitebsk, Belarus, 210026  
tel. +375 212 35 91 24

**Banking Services Centre 201**

Bazarnaya Place  
Orscha, Vitebsk Region  
Belarus, 211038  
tel. +375 216 52 17 42

**Banking Services Centre 202**

1A, E. Polotskoy Str.  
Polotsk, Vitebsk Region  
Belarus, 211400  
tel. +375 214 41 01 81

## Banking Services Centre 300

63, Pervomayskaya Str.  
Mogilev, Belarus, 212030  
tel. +375 222 31 05 45

## Banking Services Centre 301

84, Socialisticheskaya Str.  
Bobruisk, Mogilev Region  
Belarus, 213809  
tel. +375 225 47 24 84

## Banking Services Centre 400

3A, Krasnoarmeyskaya Str.  
Gomel, Belarus, 246017  
tel. +375 232 58 06 99

## Banking Services Centre 401

162, Internacionalnaya Str.  
Mozyr, Gomel Region  
Belarus, 247760  
tel. +375 236 22 25 30

## Banking Services Centre 402

24A, Mikroraion 16  
Zhlobin, Gomel Region  
Belarus, 247200  
tel. +375 2334 2 65 01

## Banking Services Centre 500

6/1, B. Shevchenko  
Brest, Belarus, 224013  
tel. +375 162 22 11 38

**Banking Services Centre 501**

48A, Lenina Str.,  
Beloozersk, Brest Region  
Belarus, 225215  
tel. +375 1643 2 00 88

**Banking Services Centre 505**

71, Lenina Str.,  
Baranovichi, Brest Region  
Belarus, 225404  
tel. +375 163 41 16 60

**Banking Services Centre 506**

7, Lenina Str.  
Pinsk, Brest Region  
Belarus, 225710  
tel. +375 165 67 56 56

**Banking Services Centre 600**

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

**Banking Services Centre 602**

30, Pobedy Str.  
Lida, Grodno Region  
Belarus, 231300  
tel. +375 154 52 67 03

**Banking Services Centre 603**

14, Sovetskaya Str.  
Volkovysk, Grodno Region  
Belarus, 231896  
tel. +375 1512 4 55 67

# Raiffeisen Bank International at a glance

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 includes numerous other financial service providers active in areas such as leasing, asset management and M&A.

In total, almost 47,000 RBI employees serve 16.7 million customers in more than 2,000 business outlets, the vast

majority of which are in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

At year-end 2019, RBI's total assets stood at € 152 billion. The regional Raiffeisen banks hold approximately 58.8 per cent of RBI shares, with the remaining approximately 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.

## 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

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.

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

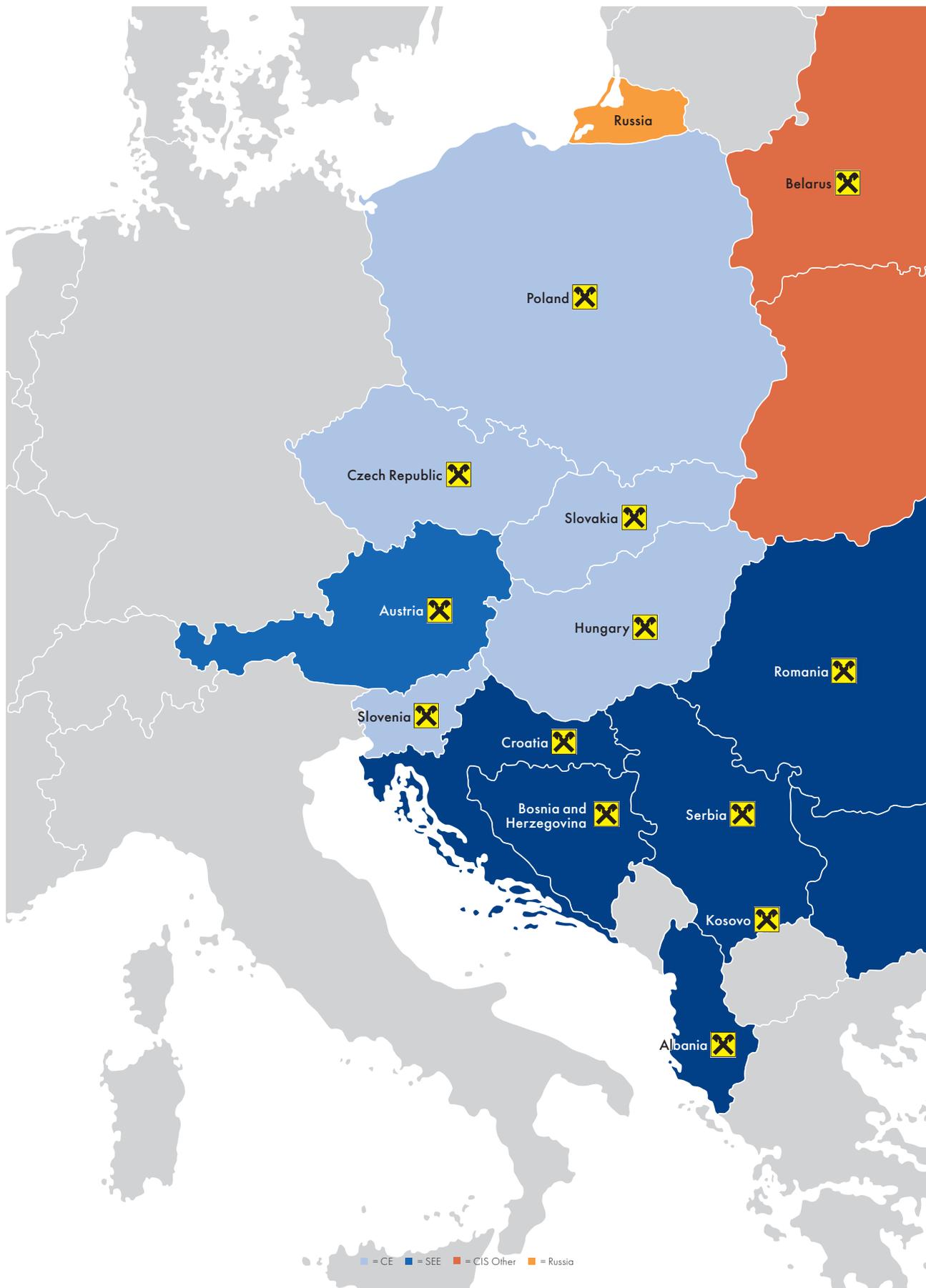
The Group owned and steered by RZB. Raiffeisen Bank International is the Group's largest unit.

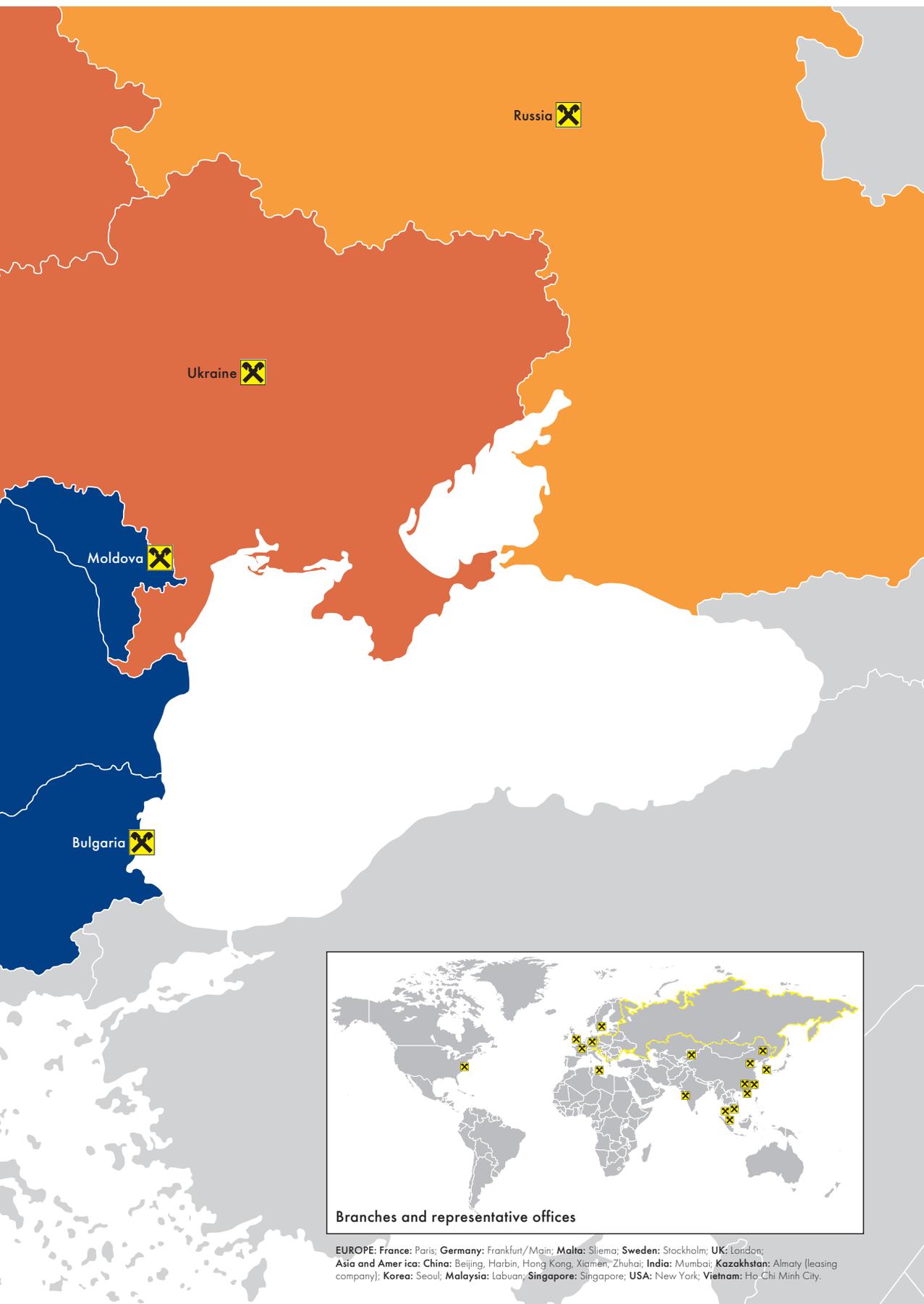
## Raiffeisen Banking Group

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.





Branches and representative offices

EUROPE: France: Paris; Germany: Frankfurt/Main; Malta: Sliema; Sweden: Stockholm; UK: London;  
 Asia and America: China: Beijing, Harbin, Hong Kong, Xiamen, Zhuhai; India: Mumbai; Kazakhstan: Almaty (leasing company); Korea: Seoul; Malaysia: Labuan; Singapore: Singapore; USA: New York; Vietnam: Ho Chi Minh City.

# Adresses

## Raiffeisen Bank International AG

### Austria

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

## CEE banking network

### Albania

Raiffeisen Bank Sh.A.  
European Trade Center  
Bulevardi "Bajram Curri"  
1000 Tirana  
Tel: +355-4-23 81 381  
SWIFT/BIC: SGSBALTX  
www.raiffeisen.al

### Belarus

V. Khoruzhey St. 31-A  
220002 Minsk  
Tel: +375-17-28 9-9090  
SWIFT/BIC: PJCBY2X  
www.priorbank.by

### Bosnia and Herzegovina

Raiffeisen Bank d.d.  
Bosna i Hercegovina  
Zmaja od Bosne bb  
71000 Sarajevo  
Tel: +387-33-75 50 10  
SWIFT/BIC: RZBABA2S  
www.raiffeisenbank.ba

### Bulgaria

Raiffeisenbank (Bulgaria) EAD  
55 Nikola I. Vapzarov Blvd.  
Business Center EXPO 2000 PHAZE III  
1407 Sofia  
Tel: +359-2-91 985 101  
SWIFT/BIC: RZBBBGSF  
www.rbb.bg

### Croatia

Raiffeisenbank Austria d.d.  
Magazinska cesta 69  
10000 Zagreb  
Tel: +385-72-626 262  
SWIFT/BIC: RZBHHR2X  
www.rba.hr

### Czech Republic

Raiffeisenbank a.s.  
Hvězdova 1716/2b  
14078 Prague 4  
Tel: + 420-412 446 400  
SWIFT/BIC: RZBCCZPP  
www.rb.cz

## Hungary

Raiffeisen Bank Zrt.  
Akadémia utca 6  
1054 Budapest  
Tel: +36-1-48 444-00  
SWIFT/BIC: UBRTHUHB  
www.raiffeisen.hu

## Kosovo

Raiffeisen Bank Kosovo J.S.C.  
Robert Doll St. 99  
10000 Pristina  
Tel: +383-38-222 222  
SWIFT/BIC: RBKOKKPR  
www.raiffeisen-kosovo.com

## Romania

Raiffeisen Bank S.A.  
Calea Floreasca 246C  
014476 Bucharest  
Tel: +40-21-30 610 00  
SWIFT/BIC: RZBRROBU  
www.raiffeisen.ro

## Russia

AO Raiffeisenbank  
St. Troitskaya 17/1  
129090 Moscow  
Tel: +7-495-777 17 17  
SWIFT/BIC: RZBMRUMM  
www.raiffeisen.ru

## Serbia

Raiffeisen banka a.d.  
Djordža Stanojevića 16  
11070 Novi Beograd  
Tel: +381-11-32 021 00  
SWIFT/BIC: RZBSRSBG  
www.raiffeisenbank.rs

## Slovakia

Tatra banka, a.s.  
Hodžovo námestie 3  
81106 Bratislava 1  
Tel: +421-2-59 19-1000  
SWIFT/BIC: TATRKBX  
www.tatrabanka.sk

## Ukraine

Raiffeisen Bank Aval JSC  
Vul Leskova 9  
01011 Kiev  
Tel: +38-044-490 8888  
SWIFT/BIC: AVALUAUK  
www.aval.ua

## Leasing companies

### Austria

Austria  
Raiffeisen-Leasing Gesellschaft m.b.H.  
Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-71 601-0  
[www.raiffeisen-leasing.at](http://www.raiffeisen-leasing.at)

### Albania

Raiffeisen Leasing Sh.a.  
European Trade Center  
Bulevardi "Bajram Curri"  
Tirana  
Tel: +355-4-22 749 20  
[www.raiffeisen-leasing.al](http://www.raiffeisen-leasing.al)

### Belarus

"Raiffeisen-Leasing" JLLC  
V. Khoruzhey 31-A  
220002 Minsk  
Tel: +375-17-28 9-9394  
[www.rl.by](http://www.rl.by)

### Bosnia and Herzegovina

Raiffeisen Leasing d.o.o. Sarajevo  
Zmaja od Bosne bb.  
71000 Sarajevo  
Tel: +387-33-254 340  
[www.rlbh.ba](http://www.rlbh.ba)

### Bulgaria

Raiffeisen Leasing Bulgaria OOD  
32A Cherni Vrah Blvd. Fl.6  
1407 Sofia  
Tel: +359-2-49 191 91  
[www.rlbг.bg](http://www.rlbг.bg)

### Croatia

Raiffeisen Leasing d.o.o.  
Radnicka cesta 43  
10000 Zagreb  
Tel: +385-1-65 9-5000  
[www.raiffeisen-leasing.hr](http://www.raiffeisen-leasing.hr)

### Czech Republic

Raiffeisen-Leasing s.r.o.  
Hvězdova 1716/2b  
14078 Prague 4  
Tel: +420-2-215 116 11  
[www.rl.cz](http://www.rl.cz)

### Hungary

Raiffeisen Corporate Lizing Zrt.  
Akadémia utca 6  
1054 Budapest  
Tel: +36-1-477 8709  
[www.raiffeisenlizing.hu](http://www.raiffeisenlizing.hu)

### Kosovo

Raiffeisen Leasing Kosovo LLC  
Rr. UCK p.n. 222  
10000 Pristina  
Tel: +383-38-222 222-340  
[www.raiffeisenleasing-kosovo.com](http://www.raiffeisenleasing-kosovo.com)

## Moldova

I.C.S. Raiffeisen Leasing S.R.L.  
Alexandru cel Bun 51  
2012 Chişinău  
Tel: +373-22-27 931 3  
www.raiffeisen-leasing.md

## Romania

Raiffeisen Leasing IFN S.A.  
Calea Floreasca 246 D  
014476 Bucharest  
Tel: +40-21-36 532 96  
www.raiffeisen-leasing.ro

## Russia

ООО Raiffeisen-Leasing  
Smolenskaya-Sennaya Sq. 28  
119121 Moscow  
Tel: +7-495-72 1-9980  
www.raiffeisen-leasing.ru

## Serbia

Raiffeisen Leasing d.o.o.  
Djordja Stanojevic 16  
11070 Novi Beograd  
Tel: +381-11-220 7400  
www.raiffeisen-leasing.rs

## Slovakia

Tatra-Leasing s.r.o.  
Černyševského 50  
85101 Bratislava  
Tel: +421-2-5919-3168  
www.tatraleasing.sk

## Slovenia

Raiffeisen Leasing d.o.o.  
Letališka cesta 29a  
1000 Ljubljana  
Tel: +386-8-281-6200  
www.raiffeisen-leasing.si

## Ukraine

LLC Raiffeisen Leasing Aval  
Stepan Bandera Av. 9  
Build. 6 Office 6-201  
04073 Kiev  
Tel: +38-044-590 24 90  
www.rla.com.ua

## Branches and representative offices – Europe

### France

RBI Representative Office Paris  
9-11 Avenue Franklin D. Roosevelt  
75008 Paris  
Tel: +33-1-45 612 700

### Germany

RBI Frankfurt Branch  
Wiesenhüttenplatz 26  
60 329 Frankfurt  
Tel: +49-69-29 921 924

### Poland

RBI Poland Branch  
Ul. Grzybowska 78  
00-844 Warsaw  
Tel: +48-22-578 56 00  
SWIFT/BIC: RCBWPLPW  
www.raiffeisen.pl

### Sweden

RBI Representative Office  
Nordic Countries  
Drottninggatan 89, 14<sup>th</sup> Floor  
11360 Stockholm  
Tel: +46-8-440 5086

### UK

RBI London Branch  
Tower 42, Leaf C, 9<sup>th</sup> Floor  
25 Old Broad Street  
London EC2N 1HQ  
Tel: +44-20-79 33-8000

## Branches and representative offices – Asia

### China

RBI Beijing Branch  
Beijing International Club Suite 200  
2<sup>nd</sup> Floor  
Jianguomenwai Dajie 21  
100020 Beijing  
Tel: +86-10-65 32-3388

RBI Representative Office Zhuhai  
Room 2404, Yue Cai Building  
No. 188, Jingshan Road, Jida,  
Zhuhai, Guangdong Province  
519015, P.R. China  
Tel: +86-756-32 3-3500

### India

RBI Representative Office Mumbai  
501, Kamla Hub, Gulmohar Road, Juhu  
Mumbai – 400049  
Tel: +91-22-26 230 657

### Korea

RBI Representative Office Korea  
#1809 Le Meilleur Jongno Town  
24 Jongno 1ga  
Seoul 110-888  
Tel: +82-2-72 5-7951

### Singapore

RBI Singapore Branch  
50 Raffles Place  
#31-03 Singapore Land Tower  
Singapore 048623  
Tel: +65-63 05-6000

### Vietnam

RBI Representative Office  
Ho-Chi-Minh-City  
35 Nguyen Hue Str.,  
Harbour View Tower  
Room 601A, 6<sup>th</sup> Floor, Dist 1  
Ho-Chi-Minh-City  
Tel: +84-8-38 214 718,  
Tel: +84-8-38 214 719

## Selected specialist companies

### Austria

Kathrein Privatbank Aktiengesellschaft  
Wiplingerstraße 25  
1010 Vienna  
Tel: +43-1-53 451-300  
www.kathrein.at

Raiffeisen Bausparkasse Gesellschaft m.b.H.  
Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-54 646-0  
www.bausparen.at

Raiffeisen Centrobank AG  
Tegetthoffstraße 1  
1015 Vienna  
Tel: +43-1-51 520-0  
www.rcb.at

Raiffeisen Factor Bank AG  
Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-21 974-57  
www.raiffeisen-factorbank.at

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.  
Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-71 170-0  
www.rcm.at

Raiffeisen Wohnbaubank Aktiengesellschaft  
Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-71 707-0  
www.raiffeisen-wohnbaubank.at

Valida Holding AG  
Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-31 648-0  
www.valida.at

### Czech Republic

Raiffeisen stavební spořitelna a.s.  
Koněvova 2747/99  
13045 Prague 3  
Tel: +420-800 112 211  
www.rsts.cz

Layout:  
Fidel Prokopovich  
Typography Colorado

© Priorbank JSC

