

Annual Report 2020



Приорбанк

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Priorbank

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Foreword

Foreword



In 2020, Priorbank (the Bank) continued its 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 quality.

The Bank actively co-operated with international financial institutions having raised USD 53 million for financing of large and small- and medium-sized enterprises.

In Corporate Banking, Priorbank continued to focus on comprehensive banking services offering the clients a wide product range, which ensured the growth of non-lending income. The Bank launched a new product for legal entities (LE) – Salary Payment Sheets in the Internet Bank (IB) – distantly working employees, due to Covid-19 pandemic, can view their Salary Payment Sheet in the Mobile Bank (MB) Application.

The Bank successfully developed co-operation with small- and medium-sized enterprises (SMEs). The priorities were given to improvement of customer servicing technologies and processes, customer base expansion via the multi-channel distribution system (web-site, mobile agents, hunters, Contact Center). The share of the customers attracted via digital channels accounted for 22%. This resulted in SME Loan Portfolio growth by 21% and Liabilities growth by 24%. The Bank launched new acquiring products 'Software (Automated) Cash-Desk' (Program Cash-Desk) – 'iKassa', 'PriorSoftPos', the integrated Project 'PriorSoftPos + iKassa'.

The number of active Retail Customers increased by 4.5% having achieved 807 thd. clients, Premium Clients number increased by 20%. The Bank attracted 100.8 thd. new customers. More than 7 thd. LEs and Individual Entrepreneurs (IEs) were attracted for Salary Payroll Project via the multi-channel distribution system.

Priorbank arranged a number of marketing campaigns to raise local currency (LCY) funds to deposits. This resulted in the growth of the Bank's market share in PI's LCY deposits segment from 4.8 to 5.0%.

Priorbank is constantly developing and improving its distant banking services system (DBSS) and occupies leading positions on the market of distant services to PIs. In 2020, the number of active users of the mobile application increased by 51%. The Bank developed a payment sheet for P2P transfers between the bank cards issued by Belarusian banks. The clients have an opportunity to conclude trust management agreements in the IB.

In 2020, the Bank continued to implement the initiatives on creation of up-to-date and convenient servicing atmosphere, its branches digitalization and their efficiency increase. Priorbank opened three new digital branches, where the clients can apply for and manage the Bank's services themselves.

With the purpose to increase its efficiency the Bank systematically optimized the existing business processes. In 2020, the Bank centralized the process of replies on clients' enquiries and now the Quality Team is in charge of it. The Bank launched the Electronic Panel, a digital format of the documents exposition, which shall be placed at the Information Panel pursuant to NBB Regulation.

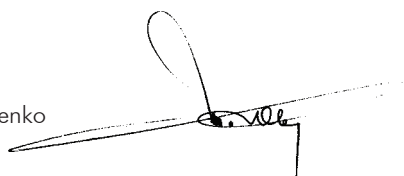
In 2020, the Bank continued to maintain the acceptable quality of its Loan Portfolio. The Bank efficiently adjusted its lending policies and risk approaches due to negative economic and other (thereof Covid-19) factors. The Bank stressed the emphasis on the risks natural hedging upon financing in FCY. Strict risk approach to customer lending, early warning signs system and constant work with problem loans enabled to maintain high Loan Portfolio quality.

Perspectives for 2021 will be affected by decrease of COVID-19 infected people due to mass vaccination. Given favorable developments, business activities growth will significantly support Belarusian economy recovery.

In 2021, 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 2021.

In conclusion I would like to express sincere gratefulness to all our clients and partners, all the Bank's employees for successful co-operation and positive Priorbank's results in 2020.

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 2020 financial year, the members of the Supervisory Board held 14 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 course of its monitoring and advisory activities, the Supervisory Board maintained direct contact with the responsible Management Board members, the auditor and heads of the internal control functions. It also maintained a continuous exchange of information and views with representatives from supervisory authorities on topical issues.

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

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

Considering what can honestly be described as an unprecedented year due to the challenges resulting from the COVID-19 pandemic, I would like to take this opportunity to sincerely thank the Management Board and all employees of Priorbank for their unwavering efforts, and also our customers for their continued trust during these exceptional times.

On behalf of the Supervisory Board

Andrii Stepanenko

Chairman of the Supervisory Board

The image features a vibrant yellow background. Overlaid on this are several overlapping, stylized geometric shapes that form a large, abstract letter 'P'. These shapes are composed of multiple parallel lines in shades of grey and white, creating a sense of depth and movement. The lines are arranged in a way that suggests a three-dimensional perspective, with some lines appearing to recede into the distance. The overall composition is modern and dynamic.

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 01.01.2021:

	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 01.01.2021:

in the Republic of Belarus – 12
abroad – 33

Employees as of 01.01.2021:

1,878

Customers as of 01.01.2021:

Corporate Clients – more than 2,000
Active SMEs – 32,251
Active Private Individuals – 807,054

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

- Best Bank in Belarus in 2019 (EMEA Finance)
- Best Investment Bank in Belarus in 2019 (EMEA Finance)
- Best Bank in Belarus among large banks (Myfin)
- Best corporate social responsibility project (for a mutual project with Unicef) (Myfin)
- Lending Leader (Myfin) (second place)
- Best Foreign Bank (Myfin) (second place)
- Best Innovative Bank (Myfin) (second place)

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

Supervisory Board

Supervisory Board

Andrii Stepanenko	Chairman of the Supervisory Board
Helmut Breit	First Vice-Chairman of the Supervisory Board
Nikolay Kadushko	Independent Director, Second Vice-Chairman of the Supervisory Board
Aleksander Lyakhov	Member of the Supervisory Board
Alexey Kapustin	Member of the Supervisory Board
Harald Kröger	Member of the Supervisory Board
Nikita Patrakhin	Member of the Supervisory Board
Renate Kattinger	Independent Director, Member of the Supervisory Board
Robert Wagenleitner	Member of the Supervisory Board
Zoya Yarmosh	Independent Director, Member of the Supervisory Board

Management Board

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



Macroeconomic Environment

Macroeconomic Environment

Monetary and Credit Policy, Inflation and FOREX Reference Rates

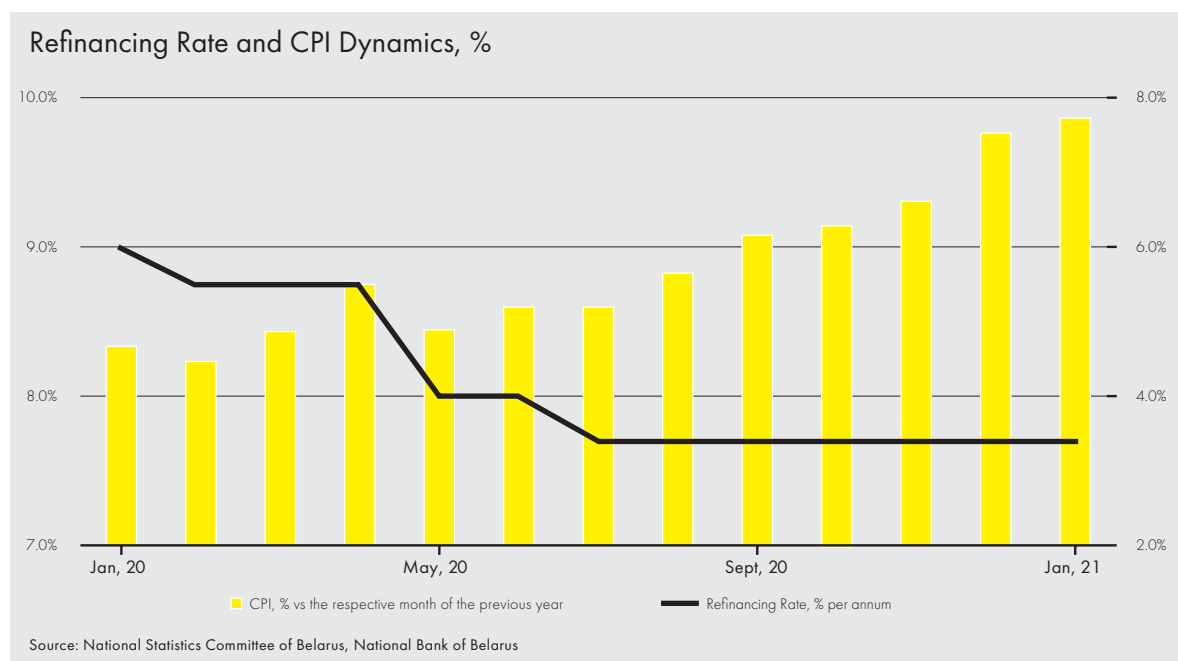
In 2020, COVID-19 pandemic affected Monetary and Credit Policy of the National Bank of Belarus (NBB), which resulted in the regulator's activity to maintain the balance between lending to large industrial enterprises and curbing the inflation rate and local currency (LCY) devaluation, keeping the minimum size of the International reserve assets (IRA).

To solve these tasks, the regulator from time to time limited BYN supply on the local financial market and used IRA to smooth sharp fluctuations of FX rates. Moreover, the volume of privileged directive lending of Governmental programs and state-owned enterprises was limited to 2.4 billion BYN. Stricter solvency assessment criteria for Pls lending conditions were introduced. Implementation of these measures enabled to keep the inflation within

7.4% by late 2020; BYN FX rate decreased vs USD by 23%, vs EUR by 35%; IRA stabilized at the level of about USD 7.2 – 7.4 billion.

In its turn, the Ministry of Finance, performed the budget due to reduction of budget expenses by 4.1% from the adjusted annual plan (primarily under the items 'National Economy' and 'General Governmental Expenses'), and thus reduced the deficit of Consolidated budget of RB to 2.09 billion BYN the adjusted annual plan for 2020 set 3.98 billion BYN.

Nevertheless, the National Bank was decreasing the refinancing rate from 9 to 7.75% per annum from January to July 2020. Meanwhile, from January 2020 till January 2021 the average legal entity LE(s) LCY loan rates for the period up to 1 year increased from 10.88% to 11.45% per annum, Pls LCY loan rates – from 7.80% to 8.54% per annum. The average LE(s) LCY deposit rates increased from 6.79% to 11.89% per annum, Private individual PI(s) LCY deposit rates – from 8.62% to 18.31% per annum.



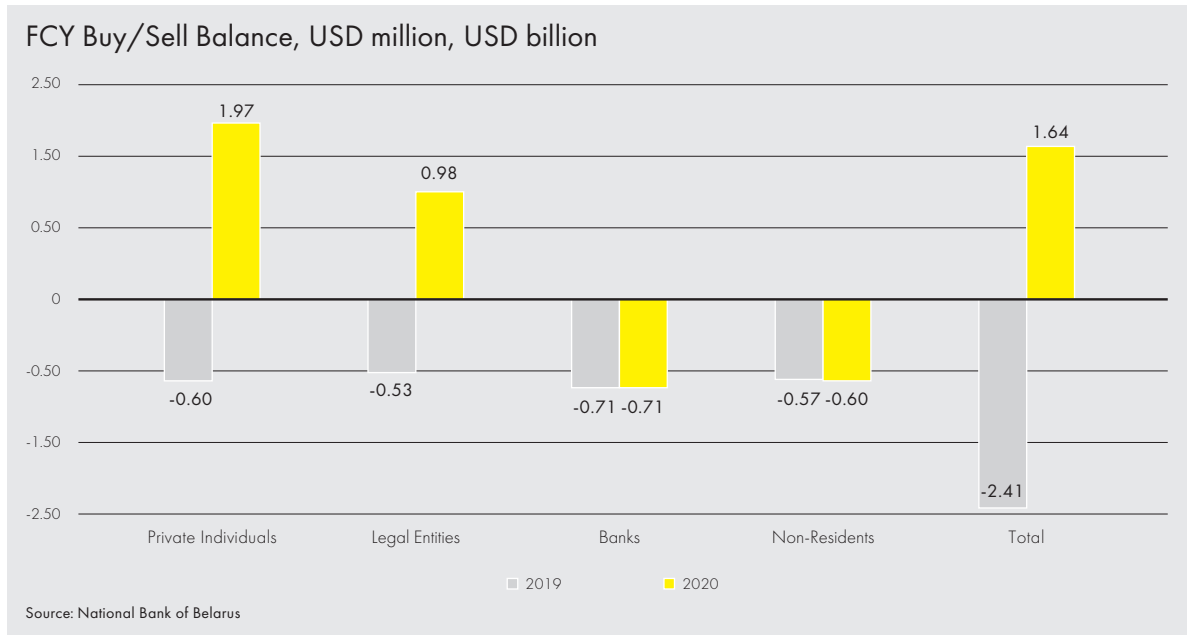
By late 2020, the Consumer Price Index (CPI) increased by 7.4% vs December 2019, having exceeded the National Bank target indicator of 5.0% yoy. The most significant prices growth was reported in the following sectors – 'consumer services' – by 8.4% and 'non-food products' – by 8.1%.

According to the estimates of the National Bank, the inflation exceeded the target indicator due to BYN devaluation

against key foreign currency for foreign settlements – RUB (by 2.4%), USD (by 22.6%), and EUR (by 34.7%), which affected the prices on the local market. Continuing to pursue moderately strict Monetary and Credit Policy and assuming lower devaluation pace of BYN against USD and EUR, in 2021 the regulator forecasts the inflation decrease vs 2020, and established the NBB Monetary Policy target inflation indicator of 5% for 2021 (December 2021 vs December 2020).

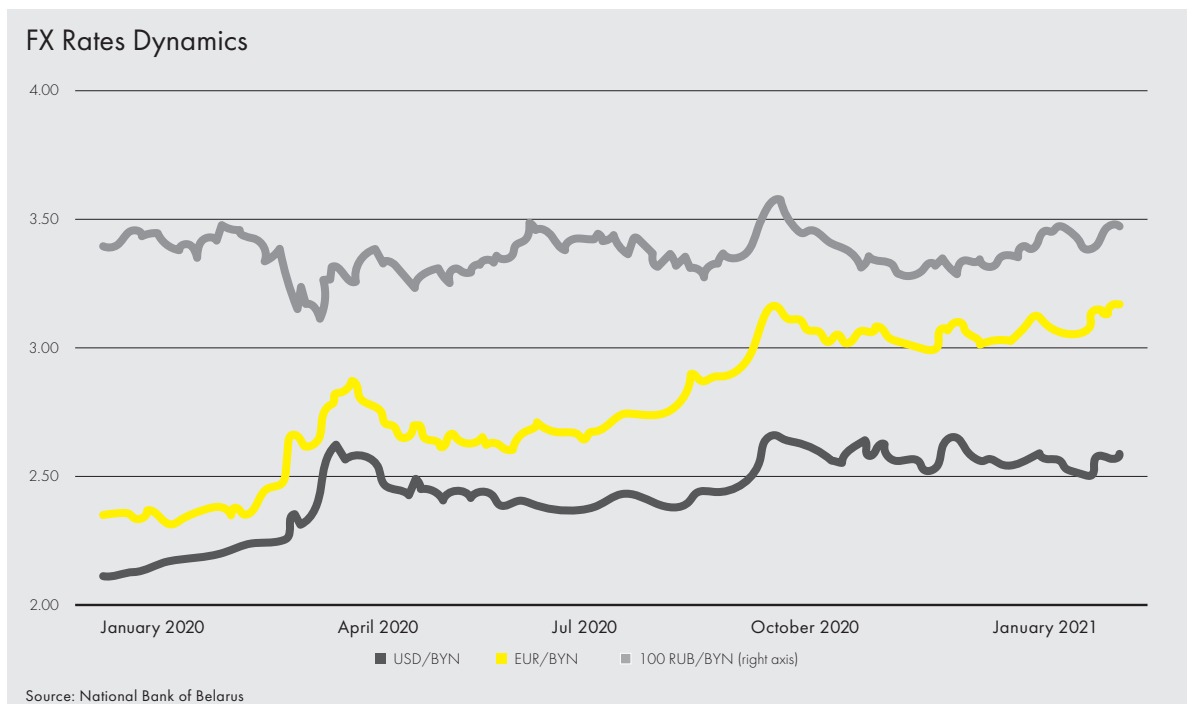
At the same time, the key reasons for more intensive BYN devaluation against USD and EUR in 2020 were decrease of foreign currency (FCY) inflow from foreign trade affected by COVID-19 pandemic, and increasing demand in FCY of enterprises and PI(s). In contrast to 2019, when PI(s) and LE(s)-residents sold about USD 1.1

billion net, in 2020 they bought about USD 2.95 billion net. In 2020, banks and LE(s)-non-residents sold USD 1.3 billion, USD 1.4 billion was raised from sale of Governmental Bonds on the foreign markets, and loans and borrowings received from Russia to the amount of USD 1.5 billion, all this compensated such FCY outflow.



In 2020, BYN devaluation results are as follows (from 31.12.2019 till 31.12.2020): RUB – from 3.4043 to

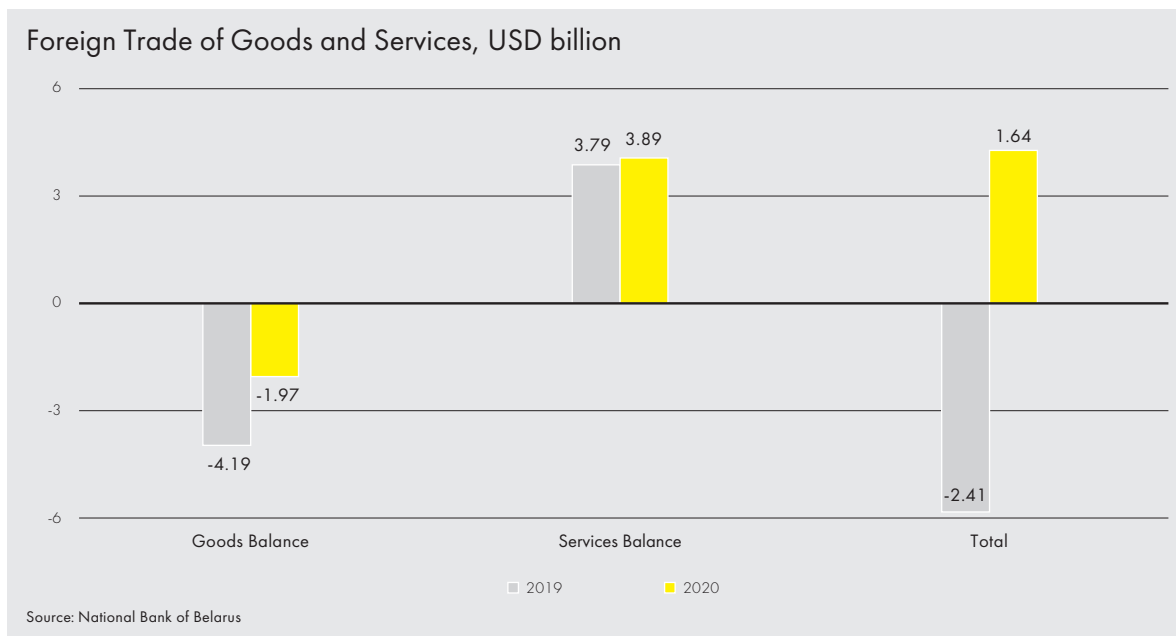
3.4871 100 RUB/BYN; EUR – from 2.3524 to 3.1680 EUR/BYN; and USD: from 2.1036 to 2.5789 USD/BYN.



Foreign Trade

In 2020, goods and services foreign trade balance was positive and amounted to USD 1.92 billion vs the negative balance of USD 0.40 billion in 2019. At the same time,

goods foreign trade balance in 2020 was negative to the amount of USD 1.97 billion (vs the negative balance of USD 4.19 billion in 2019). In its turn, the services foreign trade balance in 2020 was positive to the amount of USD 3.89 billion (vs the surplus of USD 3.79 billion in 2019).



The key reason for foreign trade balance improvement in the pandemic environment was limitation of consumer and investment import (by 10-13% yoy in January-No-

vember 2020), drop of import of interim energy, goods (by 34% in January-November 2020).

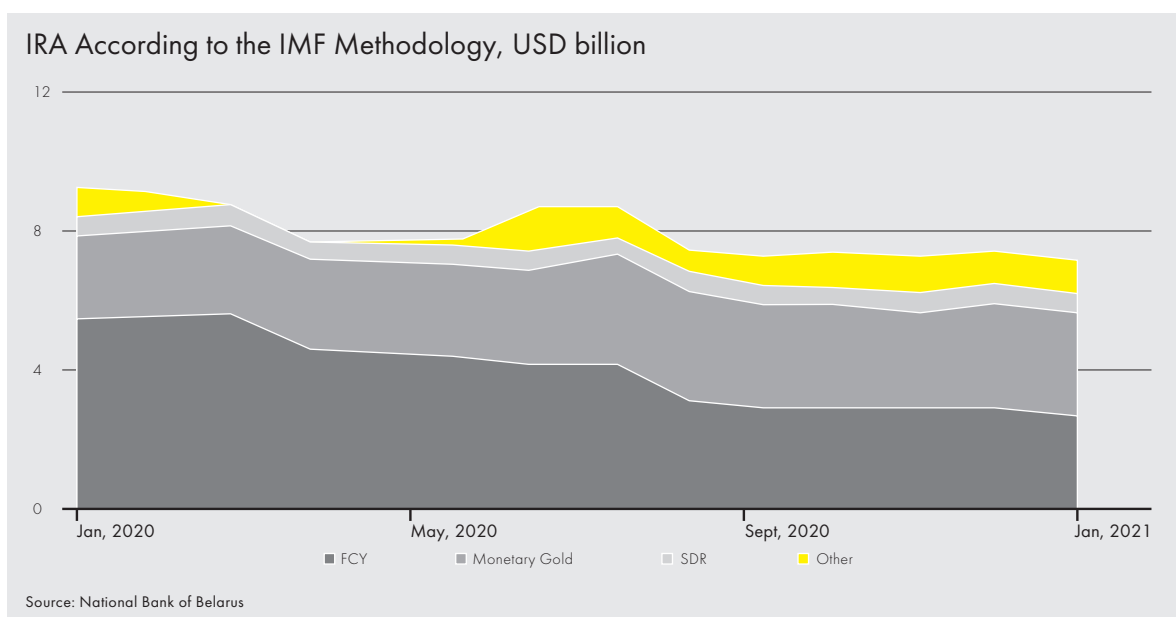
International reserve assets (IRA)

Throughout 2020 (from 01.01.2020 till 01.01.2021) IRA volume was decreasing from USD 9,393.5 million to USD 7,468.5 million by 20.5% or by USD 1,925.0 million.

Growth of internal demand in FCY and fall of FCY revenues from foreign trade caused by deterioration of trade

conditions and squeezing of purchasing power on oil products, fertilizers markets, and on the Russian market affected by COVID-19 pandemic, materially adversely affected IRA decrease in the previous year.

At the same time, payments under the external debt in 2020 did not affect IRA decrease, as the volume of the raised external funding of USD 3.1 billion exceeded the annual plan of the Ministry of Finance on the Governmental debt payments refinancing.



According to the Major Directions of the Monetary and Credit Policy for 2021, the volume of the International Reserve Assets as at 01 January 2022 taking into ac-

count 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 6.0 billion.

Gross external debt

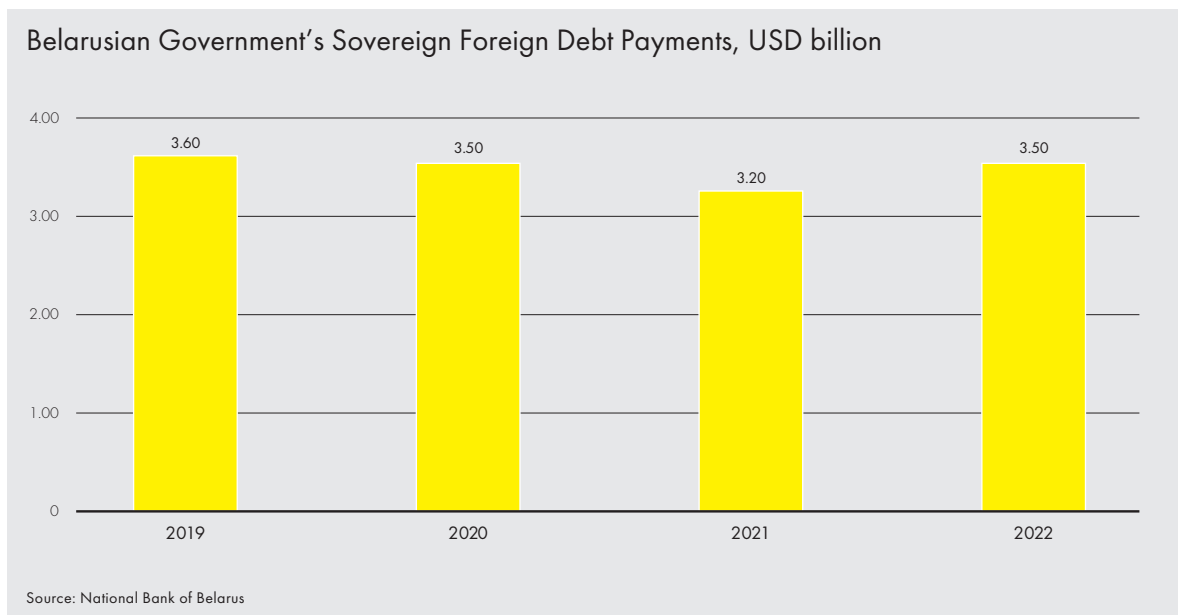
Gross external debt (GED) of Belarus as at 1 October 2020 amounted to USD 40.6 billion (66.2% of GDP), having decreased by 0.4% or USD 0.16 billion: USD 4,32 thd. per capita.

As at 1 October 2020, the share of long term and short-term obligations in the total volume of the GED constituted 75.8% and 24.2% respectively.

In 1-3 quarters of 2020, the Government spent USD 4.82 billion for the foreign debt payments (10.9% of GDP or 18.3% of the goods and services export), thereof USD 3.73 billion – for the principal repayment.

In 2020, Belarusian Government's sovereign foreign debt increased by 8.4% or USD 1.4 billion and as at 1 January 2021 amounted to USD 18.6 billion. Meanwhile, the Government raised sovereign borrowings to the amount of USD 3.15 billion to refinance payments under the debt. The major financing sources were funds raised from the Russian Government – USD 1.55 billion, and bonds allocated at foreign markets – USD 1.39 billion.

In 2020, the Government spent USD 1.64 billion for the foreign sovereign debt payment. The major amounts repaid were the debt to Russia – USD 1.09 billion, and the Chinese banks – USD 0.43 billion.

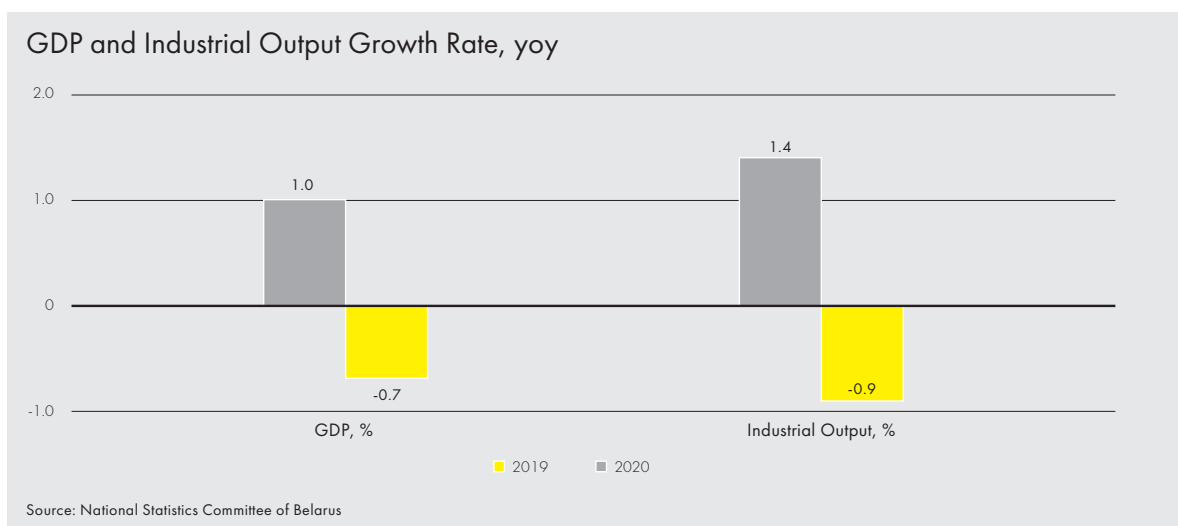


Gross Domestic Product (GDP)

Real GDP by late 2020 decreased by 0.9% vs increase of 1.4% in 2019.

GDP drop in Belarus in 2020 was more moderate as compared to the same indicators of the neighboring countries: thus, in Russia, Poland, and Baltic States GDP dropped by approximately 2-3% and more.

A slight drop of Belarusian GDP in 2020 became possible due to prevailing of the industries with insignificant loss from COVID-19 consequences – heavy industry (drop by 0.7% yoy), agriculture (growth by 4.9% yoy), freight transportation services (drop by about 2.4% yoy), telecommunication and IT (growth by 7.0% yoy).



The local market economic activities were additionally supported by increase of salaries and social welfare payments by the Government, which contributed to the

growth of population real income by 4.4% yoy and maintained positive dynamics in trade sector (retail turnover grew by 1.8% yoy in 2020).



Corporate Banking.
Small- and Medium-Sized
Business

Corporate Banking. Small- and Medium-Sized Business

Corporate Business

In 2020, Priorbank proved its image as a stable banking institution delivering high quality services.

In 2020, the Bank jointly with HO RBI, Vienna having invited the third party company, arranged the NPS questionnaire among corporate customers. According to the questionnaire results, Priorbank occupied the leading first place.

The key role in this result is positive perception of Priorbank as a reliable Western European bank. The account managers also received high appraisal.

The Bank continued to focus on servicing its clients via a personal manager system and a broad network of branches, which enabled the Bank to keep the number of active customers in corporate segment at over 1,900 companies.

Key Activities Results:

- customer base development focusing on Mid-Market privately-owned companies and International Groups;
- growth of non-lending (non-risk) income;
- internal processes optimization: standard operations centralization;
- FCY transactions control function automation;
- further improvement of the Internet Bank and Mobile Bank.

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

Business Development Key Achievements (New Banking Products):

- Based on the example of an individual product for a large corporate customer the Bank launched a new product for all legal entities – Salary Payment Sheets in the Internet Bank (IB) – distantly working employees, due to Covid-19 pandemic, can view their Salary Payment Sheet in the Mobile Bank (MB) Application (total salary amount, taxes and other deductions from salary).
- Co-operation and participation in joint projects “Cross-Selling to Corporate Clients in Network Banks”.
- Digital signing of factoring agreements (alongside with signing of deposit and loan agreements).
- Development of the FX Transactions Trading Site for LEs.

In 2020, Priorbank continued to issue corporate plastic bank cards. In terms of cashless settlements and corporate cards issue Priorbank is ranked the first in the Republic of Belarus. The Bank offered its clients new 24/7 opportunities:

- surrender receipts to Cash-In;
- IB transfers among corporate cards;
- change of limits and corporate cards blocking.

Priorbank pays utmost attention to the development of partner relations with its clients to improve the services quality. The Bank actively implements financing programs with the European Bank for Reconstruction and Development (EBRD).

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

In 2020, Priorbank continued active co-operation with international clients. Notwithstanding tough competition on the local banking market, Priorbank managed not only to retain, but even increase the business volume with large transnational groups of companies, represented both in Belarus and abroad.

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 No 534 '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.

The launched software web version created jointly by the Bank and JLLC System Technologies demonstrated positive results. The automation process level is unique for the Belarussian banking market.

132 clients utilize factoring products, 171 agreements were concluded. The total financing volume amounted to 195.3 million EUR.

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 and logistics real estate segments.

Priorbank actively continues to finance petrochemical and mining industries enterprises.

SME Business

One of the key focus in business with SMEs in 2020 was active customer base expansion via the multi-channel distribution system (web-site, mobile agents, hunters, Contact Center). In the result, the share of the customers attracted via digital channels accounted for 22%. A new distribution channel – "Hunters" was organized and 400 agent agreements were concluded. The Bank successfully launched the process of an account opening at the moment of the client's application via electronic distribution channels with further collection of documents. Priorbank developed a model of monetization of return under separate products, if a client performs certain conditions, and implemented the distant premium servicing standard.

Alongside with this, in 2020, the Bank was actively developing the pre-approved financing models via electronic channels. As a result, Priorbank started to develop a transaction scoring model expanding the abilities of the pre-approved lending, overdraft to SMEs using the corporate card, lending models to the clients using the Bank's acquiring services, and financing under the "Installments Payment" Program.

Moreover, Priorbank started to organize the process of digital E2E lending by developing the automated loan decision making procedure, as well as pre-approved E2E lending.

With the purpose to develop its CRM System for LEs and IEs in 2020 Priorbank developed 4 mathematics and

statistics models to formulate the best valuable proposition for clients and lead generating end-to-end monitoring system. The Bank upgraded the Data Mart for Client Profile analysis and CRM offers, as well as on-line client direct communications infrastructure.

In order to increase efficiency, transaction and lending products/operations are developed within Agile approach.

Within the framework of the 2020 MB Strategic Development Plan fulfilment, focused on client experience improvement and banking services bundle modernization, Priorbank launched the product "Pocket Account" in Mobile Application for micro-clients, implemented the clients onboarding system.

The Bank successfully launched new unique acquiring products: in April 2020, "Software (Automated) Cash-Desk" (Program Cash-Desk) – "iKassa" – a solution enabling to accept cards and book hard cash at one device transmitting the on-line information to tax inspection.

As an alternative solution, in June 2020, Priorbank jointly with VISA and IBA Group implemented innovative mobile acquiring service – PriorSoftPos – a technological solution enabling to accept contactless cards via a smartphone without any additional devices. Based on Priorbank example and experience, the service under this technology will be implemented in RBI Network Banks as the Group Solution. In October 2020, Priorbank offered its the integrated solution PriorSoftPos+iKassa, enabling not only to accept

contactless cards via a smartphone, but also simultaneously book hard cash at one device transmitting the on-line information to tax inspection, and thus delivering the traders from buying Cash-Desk and tax control equipment devices.

To support its clients in challenging business environment in 2020, the Bank launched the Internet-Acquiring Project "Online-Start" to shift business to on-line operation.

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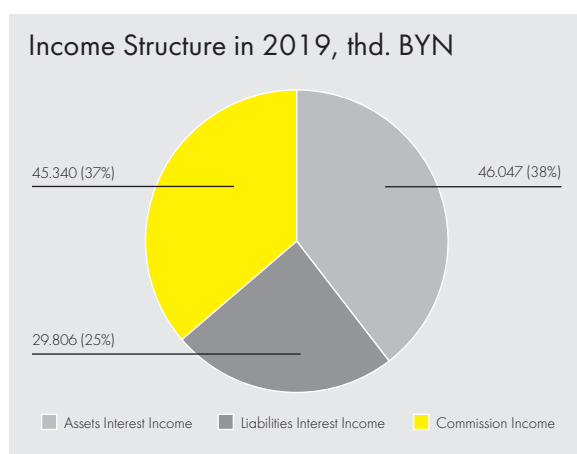
Business with Private
Individuals

Business with Private Individuals

Financial Results of the Year

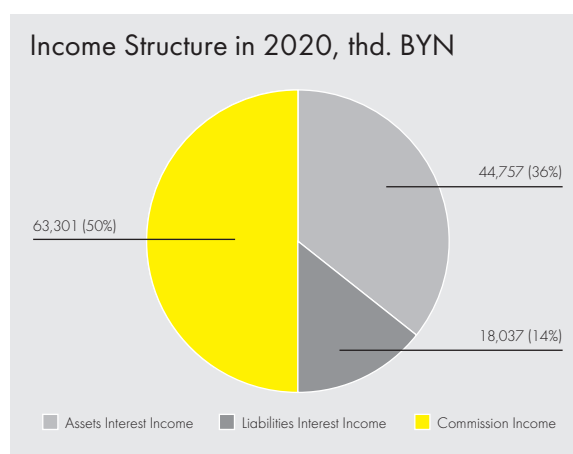
One of the key Pls business priorities in 2020 was further increase of the active client base due to new customers attraction (loans and salary payroll projects), as well as efficient customer retention campaigns. The total number of active clients increased by 4.5% or 34.9 thd. yoy to 807 thd.

In 2020, with the purpose to increase the Gross Income, Priorbank maintained its Loan Portfolio level of 2019. In the conditions of continuing excessive liquidity in FCY in 2020, liabilities Interest Income continued to drop.



In 2020, FX transactions via DBSS and payment cards grew by 35% vs 2019, due to flexible FX rates policy depending on the transaction channel. This resulted in FX Transactions Income growth by 139%.

Also, in 2020, Priorbank actively attracted new clients offering comprehensive banking services, which enabled to increase the number of active packages by 0.8% or 4.1 thd. to 492 thd. and increase Commission Income from Service Packages by 10%.



Customer Relationship Management (CRM) – Cooperation with the Existing Clients in 2020

The key priorities in 2020 in the conditions of rigorous pandemic environment were concern about the clients, launch of convenient and safe banking services.

Priorbank focused on recommendations to use digital channels, cashless payments and distant communication channels.

Regular training campaigns on handling with the Mobile Application, promotional campaigns and advertising games targeted at the growth of the Mobile Application's users enabled to increase the share of Prior Online

Mobile Application active clients to 50.6%. About 17% of consumer loans were disbursed E2E via digital channels (without a client's visit to the branch).

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

Owing to active CRM communications the share of clients using 2 and more products grew from 56.6% to 57.8%.

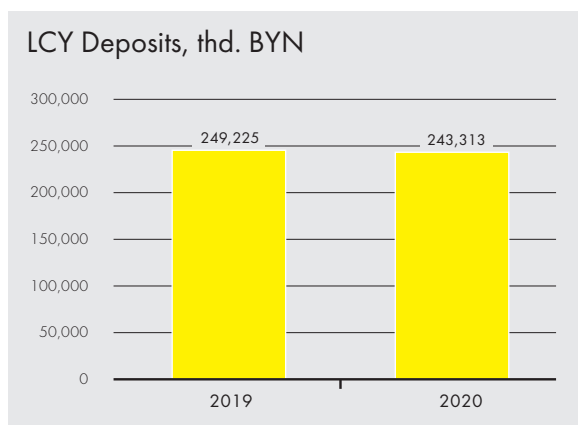
The Bank increased the share of context personalized contacts with clients to 73% in order to increase communications efficiency and clients' satisfaction. 86% of the active clients were covered by CRM campaigns.

Priorbank, jointly with the market leader W.Up., started the Group Project of active trigger personalized communications with clients in digital channels based on the deep analysis of the clients' profiles and their behavior.

PIs Deposits and Accounts

In 2020, LCY deposits were corrected by 2.4% and fixed at the amount of 243.3 million BYN.

The LCY deposits portfolio level was maintained due to competitive interest rates, a wide range of terms, dominating share of irrevocable deposits in the portfolio structure, as well as active targeted marketing and CRM campaigns throughout the year.

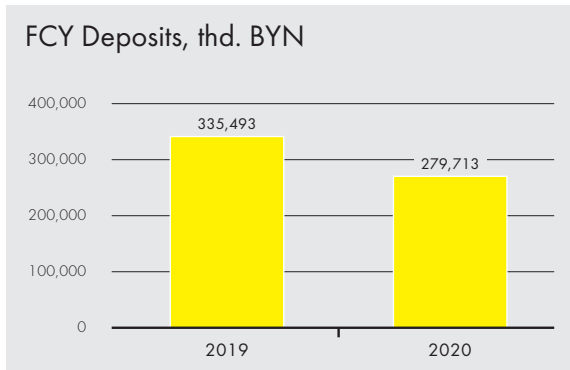


In 2020, the Bank continued to pursue a low Interest Rates Policy towards FCY deposits, which resulted in drop of term FCY deposits portfolio by 16.6%.

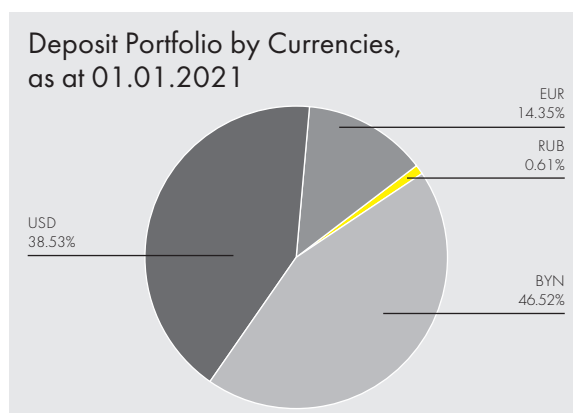
Loans

In 2020, Priorbank maintained the 2nd place among the banks of the Republic of Belarus in terms of consumer lending to PIs, and in terms of total volume of loans to PIs moved from the 2nd to the 3rd place. In 2020, Priorbank focused on keeping its Loan Portfolio quality, past due loan outstanding curbing, as well as loan products sales growth via distant distribution channels.

Throughout 2020, Priorbank was actively offering its clients pre-approved electronic loans "Prosche.net", which are disbursed E2E online via the Internet Bank or Mobile Application. Also, the salary payroll clients enjoyed the opportunity to open the electronic loan "Best Purchases" to buy goods from partner shops.



In 2020, Priorbank formed a diversified deposit portfolio structure by currencies, the share of BYN deposits increased to 46.5%.



These products enjoyed demand among Priorbank's clients, which enabled to increase the consumer loans share sold via digital channels from 13% in 2019 to 17% in 2020. Priorbank is targeted to retain this positive trend and continue to grow the loans share sold via digital channels.

In 2020, in order to support its borrowers facing difficulties with loan repayments, Priorbank offered loan holidays with the principal repayment moratorium for 3 months without the loan agreement maturity extension. Meanwhile, the respective supplementary agreements were concluded via the Internet Bank or Mobile Application, i.e. without visiting the branch.

Payment cards

In 2020, Priorbank strengthened its positions in the total issue of plastic bank cards on the market of the Republic of Belarus, having moved from the 3rd to the 2nd place. The cards issue grew by 6%, and the total issue – 1,310,437 cards, while generally the market dropped by -0.3%.

Also, in 2020, Priorbank still remained the leader in terms of consumer lending having increased its market share from 33% to 37%.

The share of cashless settlements via cards in 2020 accounted for 63%, which exceeds the average market indicator. Priorbank is among the leaders in terms of cards transactions gross turnover – in 2020, Priorbank is ranked the 2nd with the gross turnover of 13.7 billion BYN, thereof 8.6 billion BYN – cashless payments for goods and services (+17%), and 5.1 billion BYN – hard cash withdrawal transactions (-5%). Meanwhile, cashless settlements via the Internet accounted for 13% of the total payments' turnover.

In December 2020, Priorbank presented its clients a new product 'Bright Card' with a money-back function – 1% cash-back from all cashless payments focusing on its sales and promotion in digital environment. The card possesses a bright design and is issued in BYN for 4 years.

Having successfully launched the innovative payment services – Samsung Pay, Apple Pay and Garmin Pay, Priorbank, in 2020 continued to develop fast contactless payment services and announced FitBit Pay and Mi Pay services. In order to start payment by a smartphone or any other mobile device, it is just enough to add once any payment card Visa or Mastercard of Priorbank. Cashless payments became much more mobile and safer. Introducing new technologies, Priorbank, jointly with its partners, arranged marketing and promotional campaigns. The number of clients using contactless payment services in 2020 grew from 35 thd. to 66 thd., and the share of payments for goods and services via smartphones increased by 9% to 16% in December 2020.

Debit payment cards issue became more convenient and simpler. Clients can create and change PIN-codes not only in ATMs, but also via the Internet Bank and Mobile Application Prior Online in 2 clicks. It is not required to remember the previous PIN-code, which enabled the clients who forgot the PIN-code to also use this service.

Throughout the year, Priorbank cardholders were actively participating in the promotional campaigns arranged by the payment systems Visa International, MasterCard Worldwide and BELCARD on the Belarusian market. In the second half of 2020, Priorbank successfully rebranded the point loyalty program "Prior Plus".

Self-Service Devices Network

Priorbank continued to upgrade and optimize its self-service devices network – ATMs and Cash-Ins. As at late 2020, the Bank's acquiring network included 367 ATMs (8.6% of the market share) and 214 Cash-Ins (6,9% market share). The key focus was made on 24/7 self-service zones development.

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 Belarusian bank to another card issued by any Belarusian bank. Cardholders of any Belarusian bank have an opportunity to change the PIN-code and make payments in favor of mobile operators, UNICEF charitable payments, and the Bank cardholders have an opportunity to set an electronic PIN-code (E-PIN).

Premium Banking for PIs

In 2020, Priorbank premium services enjoyed increased demand from the clients, the number of premium clients grew by 20%.

Premium clients especially appreciate comprehensive approach, personal manager's focus on their financial plans and expectations, fast services and opportunity to conclude banking transactions distantly.

The share of clients having chosen the distant premium service Premium Direct, grew from 58% to 66%.

In 2020, premium clients were actively subscribing to new services packages Premium Direct and Premium Prime. As at late 2020, 30% of the clients used the packages. Services packages provide premium clients the opportunities to get discounts for the Bank's services, additional privileges while travelling, as well as provide banking products not only for a client, but also for his family members. In 2020, Priorbank offered its services packages clients to utilize new non-banking services from its partners, which make premium clients' life more comfortable: flat cleaning, rooms ozonation, windows cleaning.

Contact Center (CC)

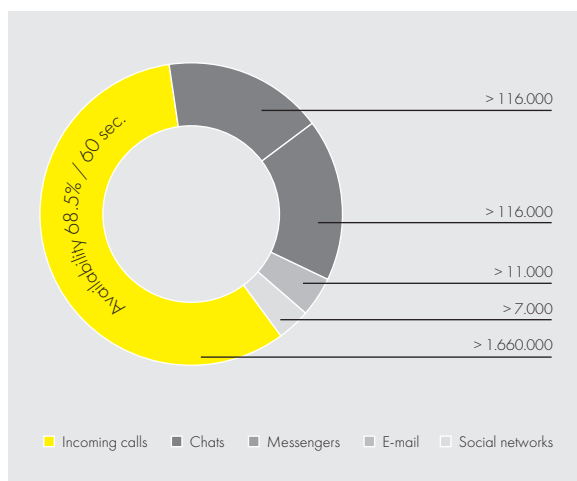
In 2020, the total number of inquiries to the Contact Center via all communication channels increased by 28% to 1,916,000.

In 2020, the number of incoming calls increased by 24% vs 2019. The main growth was provided by Pls inquiries by 26%. The share of Pls inquiries increased by 1.8% to 85.5% vs 2019, LEs inquiries share decreased by 1.5% to 14.5%.

The average service level (availability) in the Contact Center in 2020 constituted 68.5%/60 seconds, which means that the operator joined 68.5% of the incoming calls and chats within the first 60 seconds. The service level of the premium clients reached 85%/60 seconds.

The share of digital channels in 2020 increased by 3% vs 2019, the most frequently used channel was the chats in the Internet-Bank and the messengers Viber and Telegram, the number of inquiries grew almost threefold vs 2019 and exceeded 233 thd.

In 2020, the number of clients' inquiries via social networks Facebook, Twitter and VKontakte exceeded 7,000. The Contact Center agents also answered more than 11,000 incoming inquiries via e-mail, sent more than 27,000 SMS.



In 2020, the Contact Center recorded more than 50 thd. Voice Samples of Pls during the incoming calls processing. Each fifth client called to the Contact Center successfully confirmed his/her identity by voice biometrics.

In 2020, the Contact Center continued to actively offer the Bank's products to its clients. In 2020, the Contact Center sold about 5 thd. plastic bank cards, a 90% growth vs 2019. The number of the Internet Bank and Mobile Bank clients subscribed via the CC increased by 40%.

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 2019-2020. Upon end of the call and chat the client is offered to answer the service satisfaction questionnaire. Since July 2020, the clients may appraise the operator's work via the virtual voice consultant – VIC. In 2020, the clients' satisfaction level reached 84.8%, having increased by 15% from 73.7% in 2019.

In 2020, the CC became a participant of the Project on transformation of LEs servicing model. The Project resulted in redirection of all LEs mass segment calls to the CC. The CC processed more than 240 thd. calls in 2020, a 12% increase vs 2019. In 2021, the Contact Center is planning to process LEs inquiries also via chat and e-mail.

In April 2020, driven by Covid-19 pandemic, the CC created a group of specialists Mass Direct with the purpose to provide consumer loans' holidays distantly without visiting the Bank. Later the group learnt a wide range of traditional banking operations for Pls which the clients could conduct without visiting the Bank. In 2020, the group registered and processed more than 3,000 applications for loan holidays and executed more than 1,500 operations. The most popular were as follows: debit cards issue, pension cards issue and re-issue, early loan repayment, etc.

In August 2020, the CC established the Premium Line Group, which offered the premium clients 24 hours access to distant execution of banking operations with high quality services. By late 2020, the Premium Line processed 6,000 calls with the availability level of 85%/60 sec.

Throughout 2020, a new virtual consultant named VIC based on speech recognition technology was greeting the clients and identifying their requests on natural language. By late 2020, VIC had learnt to reply on 19 most popular inquiries without switching to the operator, which resulted in the clients' inquiries automation processing level growth from 2 to 11%. VIC had also learnt to notify the clients on maintenance works and unplanned breaks in information systems work. In December 2020, Priorbank launched the chat-bot VIC to support the clients on the corporate web-site and social network Facebook. In 2021, the CC is planning to implement clients (Pls) self-service with voice authentication, which will enable to cancel wrong attempts of the PIN-Code input, clarify the card status and its expiry date, find out the loan amount outstanding: current amount due and principal.

Bank branches

As at 1 January 2021, Priorbank branch network consisted of 76 points of sale (POSs), thereof 27 Banking Services Centers (BSCs), and 49 Remote Points of Sale.

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

- 3 new digital branches were opened – 2 in Minsk and 1 in Grodno,
- 8 inefficient branches were closed with the Distribution Network Optimization Program,
- 6 branches were added with 24/7 electronic self-service zones – in Borisov, Zhlobin, Bobruisk, Soligorsk and Minsk.
- 2 branches (in Minsk and Smorgon) were reconstructed:
 - Cash desks were changed to self-service devices,
 - These branches enable the clients to individually manage their finances and apply for the key products and services.

In 2020, the Bank started to launch the Projects: 'Branches Digital Transformation' and 'LEs Servicing Transformation'. These projects will enable to optimize and reduce clients servicing time, meanwhile increase their satisfaction level. It is supposed to expand distant services opportunities, to develop the clients self-service zones, to centralize part of the processes.

The image features a vibrant yellow background. In the upper left, there are several parallel, nested grey lines forming a jagged, arrow-like shape pointing towards the center. A large, dark grey triangle with a fine, repeating geometric pattern is positioned in the lower right. Overlaid on this triangle and extending upwards are numerous parallel grey lines that create a sense of depth and movement, resembling a stylized staircase or a series of overlapping planes. The overall composition is modern and architectural.

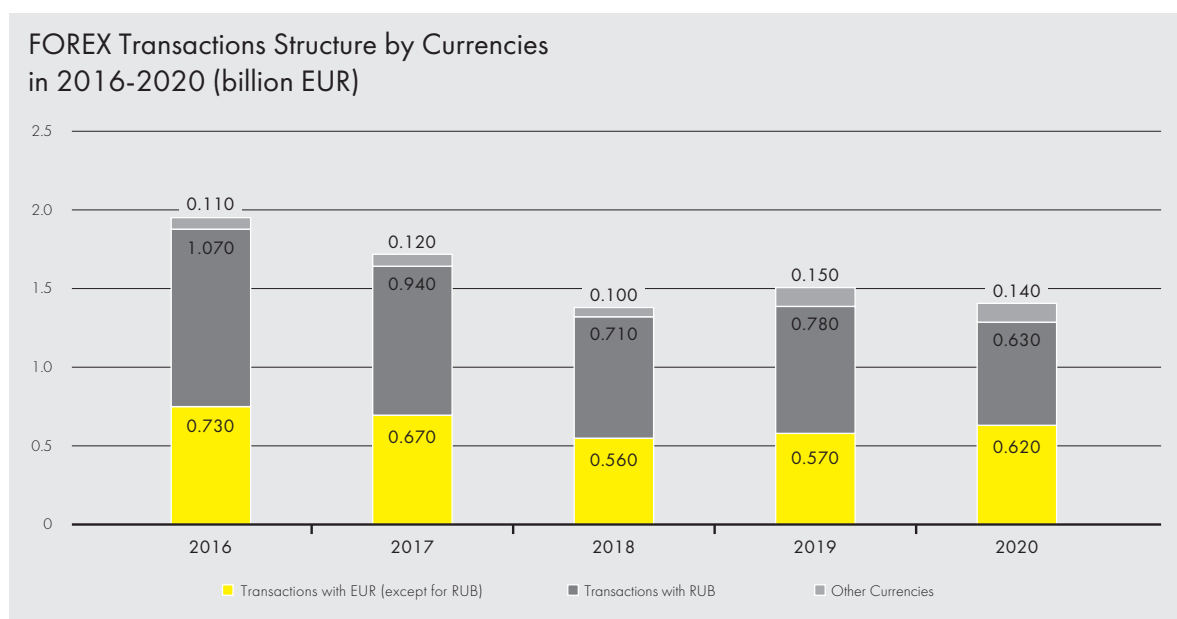
Treasury Operations.
Securities Dealings

Treasury Operations. Securities Dealings

FOREX Transactions

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

Prudent approach to the FX position management, ensuring FX risks mitigation, enabled to achieve all the planned targets in 2020, in spite of decrease of the volume of the inter-bank FX transactions from 1.5 billion EUR to 1.39 billion EUR.



As in previous years, the Bank allocated excessive FCY liquidity mainly on the inter-bank non-residents market. In 2020, the average overnight allocation volume slightly increased vs 2019 and amounted to USD 231 mil-

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

Local Money Market Transactions in LCY

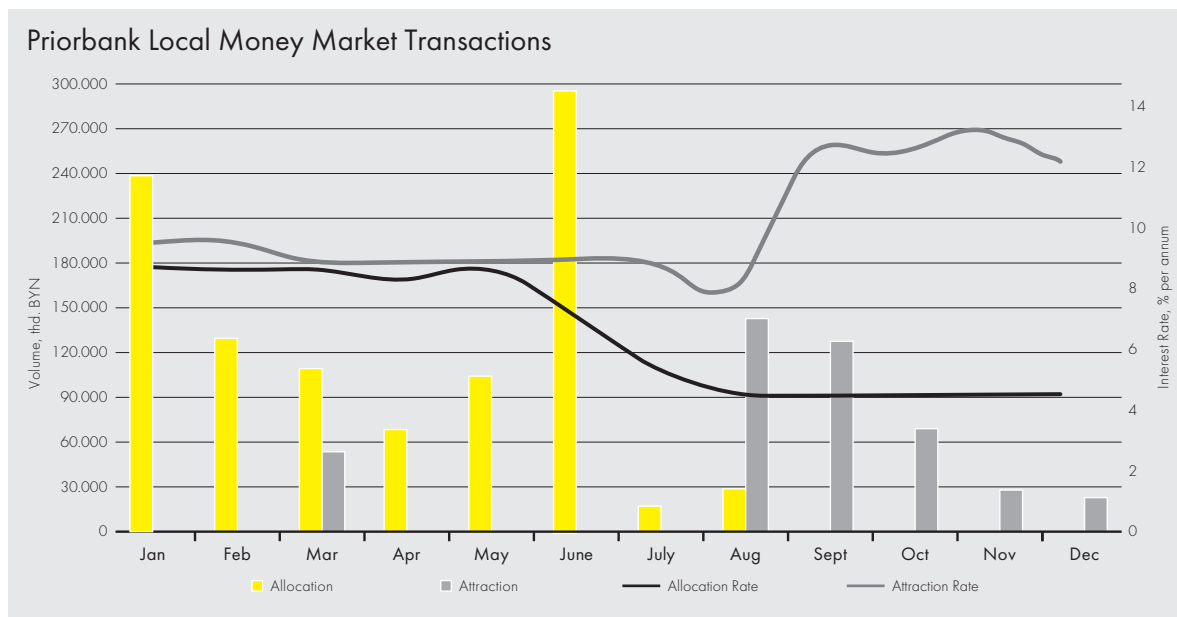
The banking system LCY liquidity in the first half of 2020 was generally positive. The inter-bank rates were ranged between 7.8% - 9.4% per annum. The inter-bank volumes fluctuated insignificantly, excluding March, when devaluation expectations increased and BYN FX rate substantially weakened vs FCYs.

In August, on the background of BYN devaluation, the banking system liquidity deficit grew, which put additional pressure on the local FX market. Finally, volume and rates on the inter-bank lending market significantly grew (to 13-15.2% per annum). In those circumstances, the

National Bank of the Republic of Belarus (NBB) supported the banking system liquidity by arranging auctions on the open market, as well as using bilateral operations. NBB's liquidity support rates substantially increased to 19% per annum.

Further, given NBB's measures to stabilize BYN liquidity, the support volume dropped, the rates were formed at about 12% per annum.

In 2020, income from BYN inter-bank loans exceeded 6.5 million BYN, expenses amounted to 4.3 million BYN.



Securities Dealings with Fixed Income

As in previous years, Priorbank continued to buy high-liquid bonds of reliable issuers in order to diversify risks and ensure acceptable profitability. This resulted in securities income in 2020 to the amount of 12.1 million BYN.

Furthermore, the Bank actively operates on the secondary securities market being one of the leading players on the securities stock exchange market.

According to the Belarusian Currency and Stock Exchange rating, in 2020, Priorbank occupied the 3rd place in terms of the number of the concluded transactions (the 6th place in 2019) and the 6th place in terms of volume of the concluded transactions (10th place in 2019) among 62 market participants.

Treasury Products

In 2020, Priorbank's FCY Buy/Sell transactions volume on the FCY over-the-counter market amounted to 18.2 billion BYN, having increased by 5% vs the previous year, enabling the Bank to increase its market share to 13.7% on the FCY Buy/Sell transactions on the over-the-counter market.

Priorbank is ranked the 7th among Belarusian banks in terms of the FCY Buy/Sell transactions volume on the Belarusian Currency and Stock Exchange FX trading, meanwhile, Priorbank transactions volume grew by 46.5% to 2.6 billion BYN.

Priorbank is continuing to develop the 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 active clients by 6.7% vs the previous year, the number of active clients of the service 'Internet-Bank Trading Platform' by 56.5%, and the volume of FCY Buy/Sell transactions via this channel by 59%.

In the conditions of significant FX rates volatility, increased clients' interest to FX risk hedging ensured the growth of forward FX transactions by 13%.

Priorbank is stably ranked the 8th among Belarusian banks on legal entities' deposits market, having reached the average monthly legal entities' deposit portfolio to the amount of 509 million BYN.

In 2020, the clients kept the interest to Priorbank bonds, and, therefore, the Bank actively concluded transactions

with its bonds. The total transactions volume amounted to 250 million BYN with 3 bonds issues in circulation.

In 2020, 428 transactions were concluded with Priorbank's bonds of the total volume of 760 million BYN.

Liquidity Management

As in all previous years, in 2020, Priorbank paid utmost attention to the liquidity management process increasing its efficiency and improving results. Professional utilization

of the available liquidity management tools enabled the Bank to quickly adjust to the market situation.

Custody services

In 2020, Priorbank's Custody Division offered the services of forming and keeping registers of shareholders, safekeeping and settlement of securities, payment of dividends, informed about corporate actions of the issuers and rendered other custody services.

In 2021, the creation of conditions for providing custody services via smart digital communications, including the Internet Bank, will be the main development path.

The Bank's shareholders comprise of 436 legal entities owning 95.16% of shares and 15,249 private individuals owning 4.84% of shares. The majority share in the authorised capital of the Bank belongs to Raiffeisen CIS Region Holding GmbH (associated company of Raiffeisen Bank International AG).

The number of Priorbank's ordinary shares is 123,058,441, and privileged shares are 10,000. The nominal value of a share is 0,7 BYN.

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

International Activities

International Activities

International activities

Priorbank has always paid special attention to the international business of its customers. Being a well-funded institution, the 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 Program 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 SME customers to ease access to the financing tools and get loans at an attractive pricing. Companies and private individuals who have already used these products noted their positive economic effect. Priorbank intends to grant additional funds under the Unfunded Risk Participation Program and SME Loans together with EBRD and IFC in the upcoming years.

A track record of cooperation with IFC has been extended with a new and unique project – Green Housing and Renovation loan for private individuals. The proceeds of the loan will help private customers to get sources for residential housing renovation, mortgage and implementing of «green» equipment.

To meet the clients' needs Priorbank not only offers products like payments, deposits, foreign exchange, global securities services, investment products (trust management, funds of Raiffesen Capital Management), but also applies the individual approach to everyone (for example, individual rates for FX deals, full range of products under trade finance business).

Due to the gained experience through the decades of cooperation with RBI, EBRD, IFC, FMO, AKA and development institutions of Asia the international business can be structured by Priorbank in efficient way.

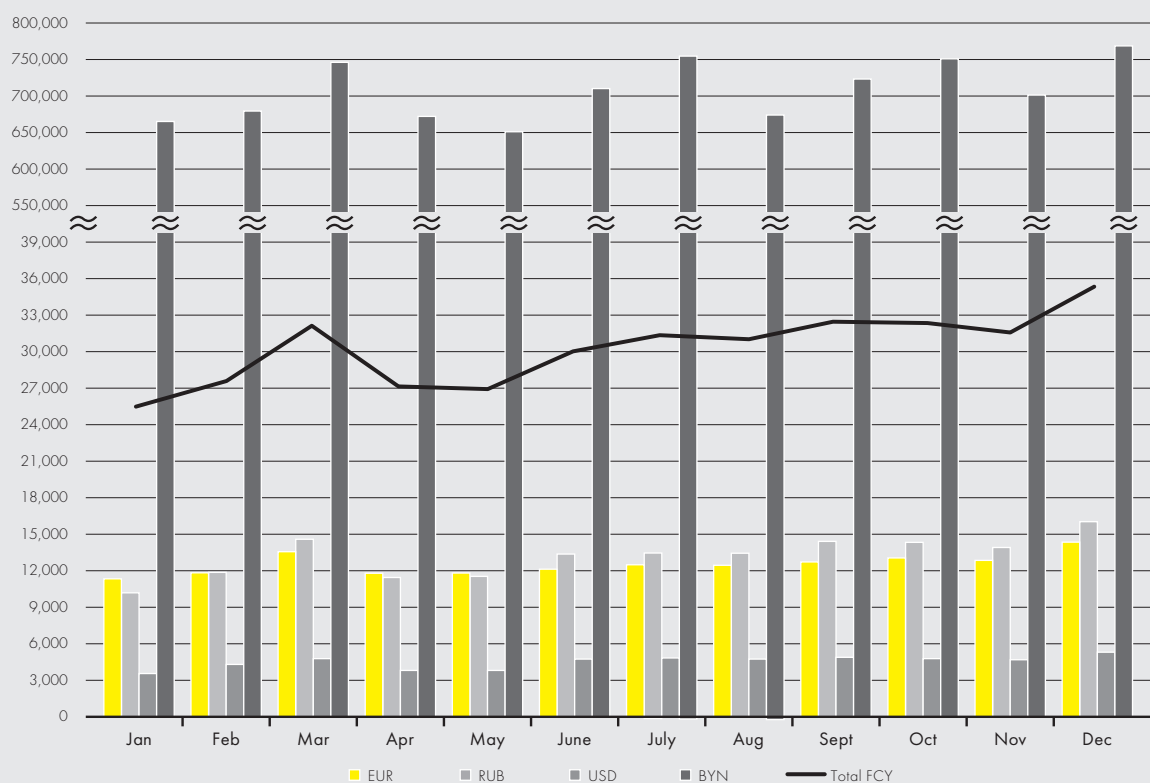
Correspondent Banking

At all times, reliability, proactive staff and tailor-made services enable our partners to take advantage of cooperating with Priorbank as their main clearing agent for BYN settlements. Despite the global COVID-19 pandemic, in 2020, Priorbank's LORO correspondent network expanded by 12%, with most of the growth coming from newly opened BYN accounts. The number of processed payments by the Bank came up to 9 million both internationally and locally. In 2020, Priorbank's market share in commercial payments outgoing from Belarus increased up to 21%.

Along with enhancing the efficiency of payments, including decreasing of transaction costs as well as using the latest IT solutions, special attention is paid to compliance with international and local standards in KYC procedures and AML controls. Bank is committed to ensure safety and integrity of correspondent relations and to assist its partners in gaining access to attractive business opportunities for themselves and their clients.

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	94-55.045.512/016	RAIFFEISEN BANK INTERNATIONAL AG	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

Dynamics of Outgoing Payments in 2020



Market share

	2018	2019	2020
Payments in BYN, %	10.30	10.32	10.35
Payments in FCY, %	18.03	18.72	21.31



Risk Management.
Loan Portfolio of the Bank

Risk management. Loan Portfolio of the Bank

Risk Management System in the Bank

The Risk Management System is the most crucial management element 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 banking transactions and other activities, and ensuring its financial reliability;
- ensuring of sufficient level of regulatory capital to fulfil the requirements of the National Bank of the Republic of Belarus.

The Bank identified and acknowledged as the key risks:

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

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 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.

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 focusing on risk concentration factor emerging in the result of the exposure unbalanced distribution.

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

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.

Credit Risk Management (CRM) applies differentiated approaches to assess counterpart 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 (thereof cyber 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

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

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

The Bank's Management Board organizes the Risk Management System and ensures the Bank's performance of the targets set by the Supervisory Board in this area, approves local standard acts of the Bank, developed to fulfil Priorbank Risk Management Strategy and regulating risk management policy, methods and procedures, as well as the order of decisions making, units interaction, distribution and delegation of authorities within the risk management process, ensures their efficient practical application.

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

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

Credit Risk Management Development in 2020

2020 was characterized by a challenging macroeconomic environment, influenced by various external and internal negative factors.

In the pandemic environment, the Bank's management bodies made respective decisions to support the clients in tough times:

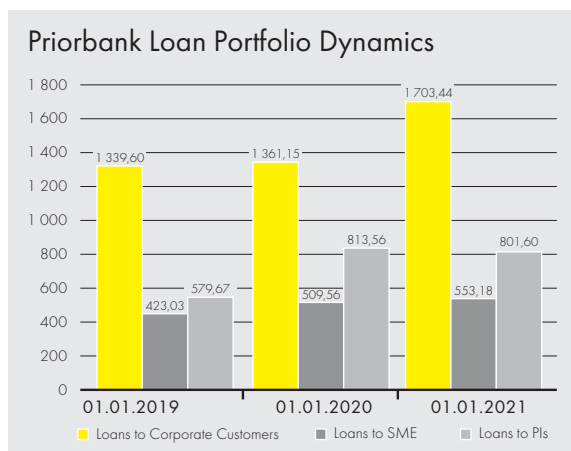
- the Bank suspended control over the borrowers' fulfilment of a number of financing covenants under the loan agreements, as well as cancelled some sanctions for breach of the covenants;
- the Bank developed and implemented simplified procedures for loan debt restructuring, thereof by providing moratoriums (installments) according to recommendations of the National Bank. The Bank did not increase the loan interest rates upon LEs and PIs loan debt restructuring. If a PI used the IB or MB, a borrower could utilize this offer without visiting the Bank;
- with the purpose to avoid excessive loan burden growth and given possible risk of future problems with loan repayment, the Bank established some restrictions for financing of the clients operating in industries with high risk, under the Bank's estimates, as well as separate customer categories; the Bank also adopted some restrictive measures for PIs financing with deviations from standard approaches and products, toughened financing criteria.

Given global challenges and trends of the banking business development, in 2020, Priorbank continued to improve the Credit Risk Management Systems in the following directions:

- constant loan portfolio acceptable quality maintenance, operative response to the situation change (e.g. lending policies correction due to negative developments, thereof COVID) jointly with more

active work with problem debts at early past due debt stages, thereof debt restructuring; application of advanced instruments in work with problem debts at late workout stages;

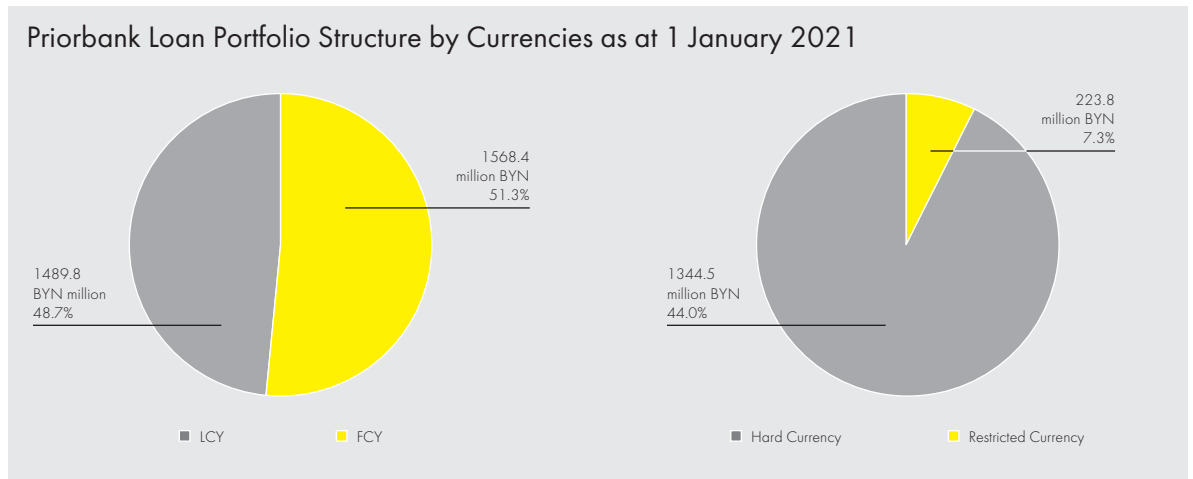
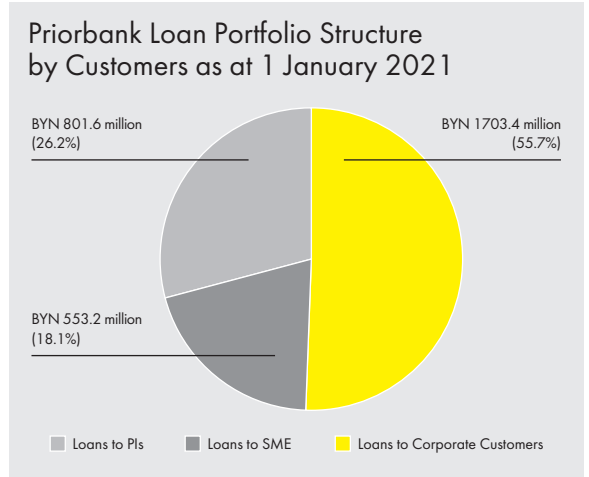
- lending process further optimization for legal entities segments focusing on efficiency improvement (thereof further products standardization, workflow reduction, separate business processes optimization/automation, etc.);
- review/update of target risk acceptance levels in the industries, other portfolio purposes;
- compliance with credit policies requirements, regular analysis of borrowers and due response in part of financing limits review, financing terms and 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 fraud identification and prevention;
- Risk Management IT support development.



In 2020 vs 2019, the LEs and IEs (Corporates, SMEs) Loan Portfolio (LP) grew by 20.6%, Pls Loan Portfolio – dropped by 1.6% (in 2019 vs 2018 – the growth constituted 6.1% and 40.3% respectively).

One of the key growth factors of LEs/IEs LP was Priorbank LP growth in FCY, thereof due to BYN devaluation.

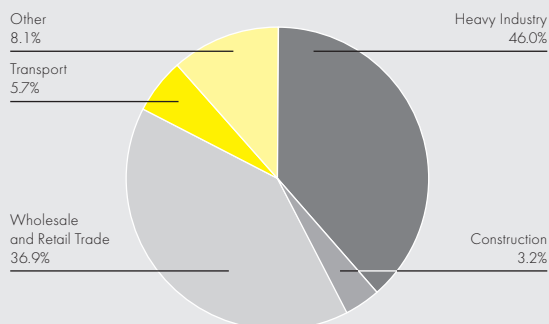
In 2020, given temporary Pls financing restrictions, as well as challenging pandemic environment all over the world, Priorbank Loan Portfolio Structure underwent respective changes: the share of Pls loans in the Bank’s Loan Portfolio Structure as at 01.01.2021 constituted 26.2%, having decreased by 4.1% vs early 2020; the share of LEs and IEs loans in the Bank’s Loan Portfolio Structure as at 01.01.2021 increased by 5 % vs early 2020.



The share of the customers financing in FCY increased by 3.8% vs early 2020. The FCY Loan Portfolio Structure

also changed in part of restricted currencies share slight increase.

Priorbank LEs and IEs Loan Portfolio Structure by Industries as at 1 January 2021



The Loan Portfolio Structure by industries remained unchanged. In the LEs and IEs Loan Portfolio Structure as at early 2021 the largest share falls on heavy industry (46.0%), wholesale and retail trade (36.9% of the Loan Portfolio).

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

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



Personnel

Personnel

As of 01.01.2021, the headcount of the Bank employees was 1,878 that includes 20% of male and 80% of female employees. Number of employees with the higher education is 90%. Priorbank organized an active work for attracting young specialists – talented graduates of higher educational institutions who had an internship at the Bank or graduated from Prior School.

In 2020, the number of employees of generation Z (aged 18 to 25) was 163, the average age of the bank employees is 40.4 years.

Key HR priorities in 2020 were:

- **Maintaining of innovation culture in the Bank:**
 - Regular on-line training of employees on innovative approaches in the banking business (adaptive transformation, software testing and other trainings);
 - Organizing of regular informing of employees about the situation in the financial and banking markets in the Republic of Belarus and abroad, conducting webinars on the use of investment instruments in the banking sector;
 - Accumulating of innovative ideas from the Bank employees in frame of Agile teams.
- **Maintaining high level of employee motivation and engagement:**
 - Developing of social programs with an emphasis on maintaining the health of employees within a pandemic (insurance, payment for medical services, etc.);
 - Upgrading of incentive schemes taking into account circumstances caused by the pandemic;
 - Organizing and encouraging of employees' mobile groups for supporting the business processes of the branches within the pandemic;

- Organizing of maintaining the involvement and loyalty of the bank's staff working remotely during the pandemic by the mean of the adaptation of existing and introduction of new staff motivation tools (contests "Best employee in the structural unit of the year" and "Best in customer service").

There were 32 competitions and contests in 2020 according to the results of which 358 winners were determined.

To promote and encourage the most active and talented employees the following contests were held: «Best Head Office Employee», «Best Branch Employee», «Best Structural Unit Employee of the Year», «Best Manager of the Year», «Best Department of the Year».

For achieving high results for the year 2020 traditional «Best of the Best» nominations were awarded for the best project and the best branches of Corporates, SMEs and PIs businesses.

- **Development of quality customer service culture:**
 - Internships and experience sharing programs for the Bank managers were moved to a remote format due to the epidemic situation in our country;
 - Professional knowledge testing were organized on a regular basis for cashiers, customer service, PI, SME, corporate business employees;
 - In 2020, 14 students were enrolled into Prior School classes;
 - 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, conducting interviews for recruiting through remote information communication technologies.

The image features a vibrant yellow background. In the top-left corner, there is a white geometric shape composed of several parallel, nested lines that form a jagged, arrow-like pattern pointing towards the center. On the right side, a large, complex graphic is formed by a grid of white lines that create a 3D effect of a tall, stepped structure. This structure is filled with a grey and white checkerboard pattern, giving it a textured, architectural appearance. The overall composition is modern and tech-oriented.

Information
Technologies

Information Technologies

- Biometrics for New To Bank private individuals customers remote identification in the internet bank was implemented.
- Computer Vision for processing of incoming unstructured client documents: business and IT design were completed.
- Further implementation of Natural Language Processing technology for automation of contact center processes: processing of messages in voice and text channels.
- Further implementation of robotization technology.

Open APIs:

- Further integration with group API platform Merlin: consumption of Countyly service for development of digital products and services.
- Payment API were implemented for outgoing payments of legal entities in local currency.

Data & Analytics, including Group Data Lake:

- Transaction score card for Private Individuals was implemented.
- Score card for micro clients was developed.
- Product sales campaign for Corpo clients was launched.

Continuous Integration and Delivery (CI/CD):

- Test automation pilot project for legal entities mobile banking was completed.
- Distributed version control system for tracking changes in source code was implemented for main IT systems.

New Architecture Principles:

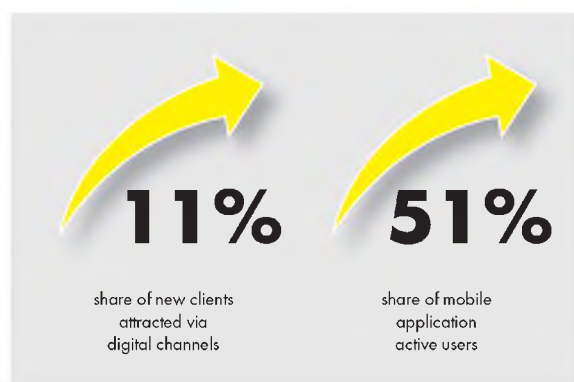
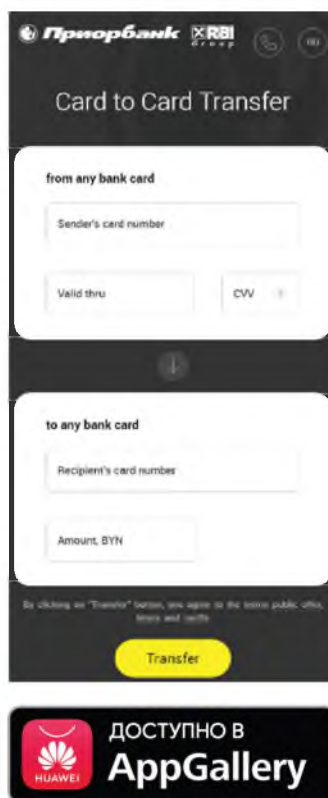
- Open Shift and Rancher platforms were implemented.

Real Time Integration:

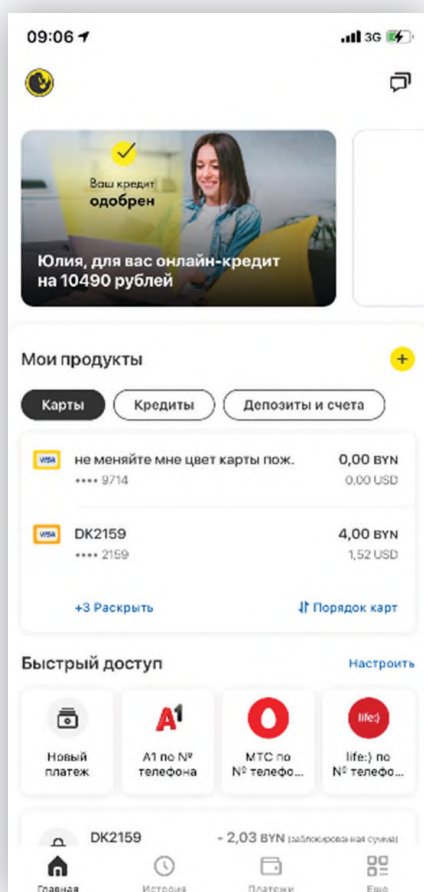
- Stream-processing SW platform (Kafka) was implemented.

Development of Electronic Business with PIs Implemented in 2020:

- P2P payment page for transfers among cards issued by Belarusian banks;
- Mobile Application Prior Online was published in Huawei AppGallery;



- The Bank arranged advertising games (promotions) using CRM campaigns, which resulted in growth of active client base from 40 to 51%;
- The share of new clients attracted via digital channels grew to 11% in the total number of new clients;
- The Bank started usability-testing sessions to improve CJM on separate functions and increase sales;
- Digital channels UX/UI improvement.

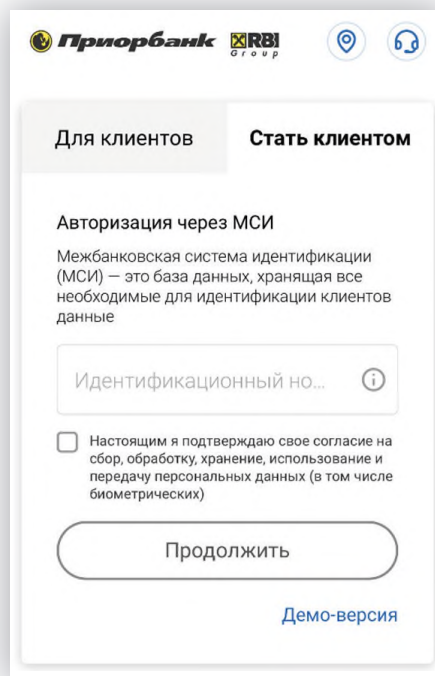


New Products

- Trust management agreements may be concluded in the IB;
- The Bank started to implement PUSH-notifications in distant channels for PIs;
- Registration procedure in the IB and MB was simplified;
- PIN-Code can be set/changed in the IB and MB;
- Pre-approved on-line loan 4017 "Prosche.net";
- Pre-approved on-line loan 4017 "Prosche.net" based on the transactional scoring;
- Loan holidays (principal repayment and interest payment moratorium) by conclusion of supplementary agreements in digital channels;
- Online consumer loan 4014 "Best Purchases" – for purchasing of goods in partner-shops for salary payroll customers;
- Anchor product for new clients "Bright Card" – can be opened distantly using biometric identification;
- Expansion of LCY deposits offer via the multi-channel platform (deposits in days). On-line deposits share growth from 18.8 to 21.7%.

New Projects

- The Bank implemented client identification process via MSI (Inter-bank Identification System) using additional video identification with instant issue of a virtual card;
- The Bank implemented an e2e analytics path and sales funnels via the web-site;
- The Bank started to implement a Group Project on personalized communications with clients in digital channels (jointly with RBI and W.Up);
- Active promotion of digital channels to increase self-service level in the pandemic environment (advertising campaigns promoting the Mobile Application, promotion of distant services for mass segment clients);
- The Bank placed personalized videos in the Mobile Application for separate customer categories.





Financial Information

Translation from the original in Russian



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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 2020 through 31 December 2020

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 2021 (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 individual 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 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 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 2021, its financial performance and changes in its financial position, including cash flows, for the year ended 31 December 2020 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 annual 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 annual 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 annual 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 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 57,9% 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).

15 February 2021

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, 15th floor.

Translation from the original in Russian

Balance Sheet

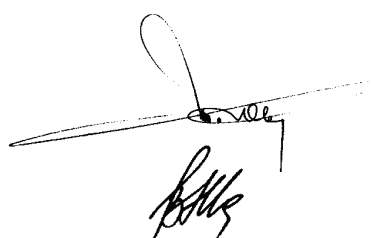
as of 01 January 2021

Priorbank Joint Stock Company

(thousand BYN)

Item	Index	Note	2020	2019	
1	2	3	4	5	
1	2	3	4	5	
1	ASSETS				
2	Cash	1101	4.1	182,493	129,374
3	Precious metals and stones	1102		–	–
4	Assets with the National Bank	1103	4.2	644,866	619,465
5	Amounts due from banks	1104	4.3	705,267	645,107
6	Securities	1105	4.4	446,399	286,328
7	Loans to customers	1106	4.5	3,058,209	2,684,263
8	Derivative financial assets	1107	4.11	274	172
9	Long-term investments	1108	4.6	33,380	25,888
10	Fixed and intangible assets	1109	4.7	165,812	173,474
11	Income yielding investments into tangible assets	1110	4.8	1,363	1,906
12	Assets for sale	1111	4.9	1,214	7,086
13	Deferred Tax Assets	1112		–	–
14	Other assets	1113	4.10	44,344	39,249
15	TOTAL ASSETS	11		5,283,621	4,612,312
16	LIABILITIES				
17	Amounts due to the National Bank	1201		–	–
18	Amounts due to banks	1202	4.12	173,570	228,121
19	Amounts due to customers	1203	4.13	4,164,095	3,563,135
20	Securities issued by the bank	1204	4.14	59,636	53,092
21	Derivative financial liabilities	1205	4.11	11,566	616
22	Deferred Tax Liabilities	1206		–	–
23	Other liabilities	1207	4.10	60,119	58,279
24	TOTAL LIABILITIES	120		4,468,986	3,903,243
25	CAPITAL				
26	Authorized capital	1211	4.16	86,148	86,148
27	Paid in capital	1212		–	–
28	Reserve fund	1213	4.16	180,609	126,738
29	Balance sheet items revaluation fund	1214	4.16	73,654	81,503
30	Accrued profit	1215	4.16	474,224	414,680
31	Total capital	121	4.16	814,635	709,069
32	TOTAL LIABILITIES AND CAPITAL	12		5,283,621	4,612,312

Chairman of the Board



S. Kostyuchenko

Chief Accountant

V. Mantsivoda

Signing Date 15 February 2021

Translation from the original in Russian

Profit And Loss Statement for 2020

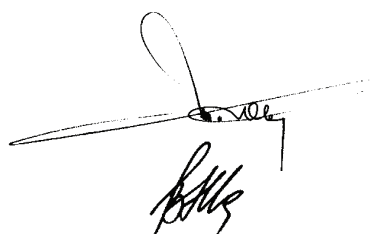
Priorbank Joint Stock Company

(thousand BYN)

	Item	Index	Note	2020	2019
1	2	3	4	5	6
1	Interest income	2011		302,697	284,061
2	Interest expenses	2012		105,457	80,300
3	Net interest income	201	5.1	197,240	203,761
4	Fee and commission income	2021		214,015	197,242
5	Fee and commission expenses	2022		114,451	96,738
6	Net Fee and commission income	202	5.2	99,564	100,504
7	Net precious metals and stones income	203		–	–
8	Net securities income	204	5.3	(6,168)	(2,086)
9	Net FOREX income	205	5.4	110,379	60,581
10	Net financial derivatives income	206	5.5	(13,641)	571
11	Net reserve assignments	207	5.6	54,509	4,627
12	Other income	208	5.7	24,863	15,501
13	Operational expenses	209	5.8	186,792	177,855
14	Other expenses	210		18,859	17,039
15	Profit before tax	211		152,077	179,311
16	Income tax	212		43,339	47,875
17	PROFIT	2		108,738	131,436
18	Information on a profit per share in BYN				
19	Basic profit on an ordinary share	22	4.16	0.8836	1.0681
20	Watered profit on an ordinary share	23	4.16	0.8836	1.0681

Chairman of the Board

Chief Accountant



S. Kostyuchenko

V. Mantsivoda

Signing Date 15 February 2021

Translation from the original in Russian

Statement of Capital Changes for 2020

Priorbank Joint Stock Company

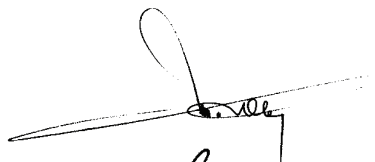
(thousand BYN)


		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
Section I. For the year preceding the year under report								
1	Balance as of 1 January 2019	3011	86,148	–	126,738	336,749	90,049	639,684
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	–	–	–	77,931	(8,546)	69,385
2.1	Thereof: gross income	30121	x	x	x	131,436	(2,097)	129,339
2.2	profit directed to replenishment of funds	30122	–	x	–	–	x	–
2.3	transactions with founders (shareholders)	30123	–	–	–	(59,071)	x	(59,071)
2.4	founders' (shareholders') contribution to authorized capital	301231	–	–	x	x	x	–
2.5	payment of shareholders' dividends	301232	x	x	x	(59,071)	x	(59,071)
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	–	–	–	6,446	(6,446)	–
2.9	other changes	30126	–	–	–	(880)	(3)	(883)
3	Balance as of 1 January 2020	3013	86,148	–	126,738	414,680	81,503	709,069
Section II. For the year under report								
4	Balance as of 1 January 2020	3011	86,148	–	126,738	414,680	81,503	709,069
5	Change of the equity articles	3012	–	–	53,871	59,544	(7,849)	105,566
5.1	Thereof: gross income	30121	x	x	x	108,738	(2,250)	106,488

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	53,871	(53,871)	x	–
5.3	transactions with founders (shareholders)	30123	–	–	–	–	x	–
5.4	founders' (shareholders') contribution to authorized capital	301231	–	–	x	x	x	–
5.5	payment of shareholders' dividends	301232	x	x	x	–	x	–
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	–	–	–	5,599	(5,599)	–
5.8	other changes	30126	–	–	–	(922)	–	(922)
6	Balance as of 1 January 2021	3013	86,148	–	180,609	474,224	73,654	814,635

Chairman of the Board





S. Kostyuchenko

Chief Accountant

V. Mantsivoda

Signing Date 15 February 2021

Translation from the original in Russian

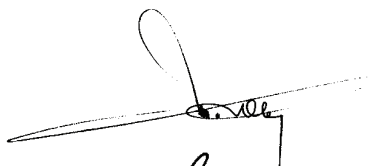
Information on Total Gross Income for 2020

Priorbank Joint Stock Company

(thousand BYN)

Item	Symbol	Note	2020	2019	
1	2	3	4	5	
1	Profit	301211	6	108,738	131,436
2	Other gross income components	301212		(2,250)	(2,097)
2.1	Thereof: revaluation of fixed assets and other property	3012121	4.7	(2,250)	(2,097)
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		–	–
3	TOTAL Gross Income	30121		106,488	129,339

Chairman of the Board



S. Kostyuchenko

Chief Accountant



V. Mantsivoda

Signing Date 15 February 2021

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Cash Flow Statement for 2020

Priorbank Joint Stock Company

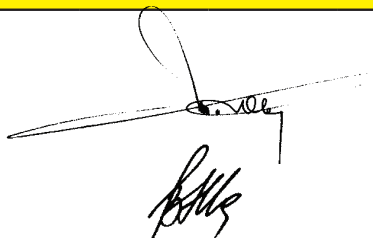
(thousand BYN)

	Item	Index	Note	2020	2019
1	2	3	4	5	6
1	OPERATIONS CASH FLOW				
2	Interest income received	70100		301,554	282,307
3	Interest expenses paid	70101		(104,072)	(79,253)
4	Fee and commission income received	70102		213,937	196,959
5	Fee and commission income paid	70103		(111,487)	(93,947)
6	Net precious metals and stones income	70104		–	–
7	Net securities income	70105		(3,313)	(2,087)
8	Net FOREX income	70106		73,829	66,052
9	Net financial derivatives income	70107		–	571
10	Other income received	70108		26,652	16,398
11	Other expenses paid	70109		(166,055)	(154,412)
12	Income tax paid	70110		(36,068)	(39,891)
13	Total profit (loss) before changes in operational assets and liabilities	701		194,977	192,697
14	Net decrease (increase) of funds with the National Bank	70200		(10,270)	(2,371)
15	Net decrease (increase) of funds due from banks	70201		44,475	18,627
16	Net decrease (increase) of funds in securities (except for securities retained till repayment)	70202		(93,990)	43,497
17	Net decrease (increase) of funds in loans disbursed to customers	70203		(49,909)	(397,708)
18	Net decrease (increase) of funds from derivative financial assets	70204		3,147	(127)
19	Net decrease (increase) of funds in other operational assets	70205		32,103	46,432
20	Total cash flow from change in operational assets	702		(74,444)	(291,650)
21	Net increase (decrease) of cash funds of the National Bank	70300		–	–
22	Net increase (decrease) of funds due to banks	70301		(75,025)	(2,719)
23	Net increase (decrease) of clients' funds	70302		(22,664)	656,891
24	Net increase (decrease) of cash funds from securities issued by the bank	70303		6,601	(14,224)
25	Net decrease (increase) of cash funds from derivative financial liabilities	70304		(5,940)	442
26	Net increase (decrease) of funds in other operational liabilities	70305		3,766	(95,685)
27	Total cash flows from change in operational liabilities	703		(93,262)	544,705
28	Net operational cash flow	70		27,271	445,752

Translation from the original in Russian

Item	Index	Note	2019	2018
29 INVESTMENT CASH FLOW				
30 Purchase of fixed, intangible, and other long-term assets	71100		(31,084)	(28,584)
31 Sale of fixed, intangible, and other long-term assets	71101		2,236	495
32 Purchase of long-term financial investments to authorized capital of other legal entities	71102		–	–
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)
35 Repayment (sale) of securities retained till repayment	71105		–	6,172,956
36 Net investment cash flow	71		(28,848)	(103,467)
37 FINANCIAL CASH FLOW				
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		(48)	(58,826)
42 Shareholders` monetary contributions into the reserve fund to cover losses	72104		–	–
43 Net financial cash flow	72		(48)	(58,826)
44 Influence of official exchange rate fluctuations on cash and its equivalents	73		52,769	(861)
45 Net increase (decrease) of cash and its equivalents	74		51,144	282,598
46 Cash and its equivalents as of the beginning of the period under report	740	7	x	898,549
47 Cash and its equivalents as of the end of the period under report	741	7	949,693	x

Chairman of the Board



S. Kostyuchenko

Chief Accountant

V. Mantsivoda

Signing Date 15 February 2021

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

Translation from the original in Russian



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Audit report of an independent audit firm on the consolidated financial statements of “Priorbank” Joint-Stock Company for the period from 1 January 2020 to 31 December 2020

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 2020, 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 2020, 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’ International Code of Ethics for Professional Accountants (including international independence standards) (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

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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
------------------	--

<p>Estimation of allowances for expected credit losses on loans to customers in accordance with IFRS 9 Financial Instruments</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>We analyzed consistency of management's assumptions applied in calculating the allowance for expected credit losses.</p> <p>We assessed the effect of the COVID-19 pandemic on the assumptions used by management when updating the approach to customer credit risk assessment and forecasting macroeconomic indicators.</p> <p>We analyzed the information related to the allowance for expected credit losses on loans, disclosed in the notes to the consolidated financial statements.</p>
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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.

In 2020, the Group updated its approach to customer credit risk assessment and macroeconomic parameters due to the effect of the COVID-19 pandemic.

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 29 to the consolidated financial statements.

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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.

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- 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 the auditor’s independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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**

27 April 2021

Audit report was received by

Chairman of the Management Board
of “Priorbank” Joint-Stock Company

O.M. Yarmakovich

**Head of Audit Department
Ernst & Young LLC, FCCA**

S.A. Kostyuchenko

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, K. Tsetkin str., 51 a, 15th floor

Translation from the original in Russian

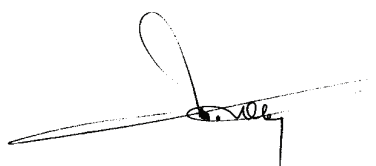
Consolidated statement of financial position as at 31 December 2020

(thousands of Belarusian rubles)

Item	Notes	2020	2019
Assets			
Cash and cash equivalents	6	1,483,756	1,361,764
Trading securities	7	53,329	41,776
Amounts due from credit institutions	8	66,233	80,783
Loans to customers	9	3,544,888	3,008,139
Investment securities	11	386,786	299,802
Investment property	12	18,855	19,648
Property and equipment and right-of-use assets	13	151,434	155,050
Intangible assets	14	39,855	33,946
Current income tax assets		70	159
Deferred income tax assets	15	4,062	2,176
Other assets	17	38,178	66,433
Assets of disposal groups and non-current assets held for sale	10	186,212	277
Total assets		5,973,658	5,069,953
Liabilities			
Amounts due to credit institutions	18	221,985	181,993
Amounts due to customers	19	4,122,962	3,544,225
Amounts due to international financial institutions	20	218,064	130,831
Debt securities issued	21	56,268	54,422
Current income tax liabilities		11,261	2,912
Deferred income tax liabilities	15	39,535	32,648
Provisions	16,23	11,996	8,098
Other liabilities	17	57,986	155,335
Liabilities of disposal groups held for sale	10	179,053	–
Total liabilities		4,919,110	4,110,464
Equity			
	22		
Share capital		341,828	341,828
Additional paid-in capital		193	193
Foreign currency translation reserve		6,893	2,952
Retained earnings		686,654	585,438
Revaluation reserve for the net pension liability		(7,545)	(10,261)
Revaluation reserve for investment securities		143	77
Total equity attributable to shareholders of the Bank		1,028,166	920,227
Non-controlling interest		26,382	39,262
Total equity		1,054,548	959,489
Total equity and liabilities		5,973,658	5,069,953

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

Sergey A. Kostyuchenko



Chairman of the Management Board

27 April 2021

Translation from the original in Russian

Consolidated statement of profit or loss For the year ended 31 December 2020

(thousands of Belarusian rubles)

Item	Notes	2020	2019
Interest income calculated using the effective interest rate		312,586	294,215
Other interest income		34,752	31,753
Interest expense		(111,069)	(84,482)
Net interest income	24	236,269	241,486
Credit loss expense	16	(45,923)	(1,562)
Net interest income after credit loss expense		190,346	239,924
Fee and commission income		210,472	191,054
Fee and commission expense		(126,166)	(106,764)
Net fee and commission income	25	84,306	84,290
Net gains/(losses) from trading securities		(1,958)	49
Net gains/(losses) from foreign currencies:			
- Dealing		60,367	66,777
- Translation differences		62,497	(6,661)
Other income	26	17,626	13,742
Non-interest income		138,532	73,907
Personnel expenses	27	(102,150)	(96,590)
Depreciation, amortization and impairment	12,13,14	(34,808)	(29,420)
Other operating expenses	27	(71,583)	(66,126)
Other expenses from provisions	16	(37)	(5,004)
Non-interest expense		(208,578)	(197,140)
Profit before income tax expense		204,606	200,981
Income tax expense	15	(55,722)	(50,540)
Profit for the year		148,884	150,441
Attributable to:			
- Shareholders of the Bank		144,248	147,444
- Non-controlling interest		4,636	2,997
		148,884	150,441

Translation from the original in Russian

Consolidated statement of comprehensive income For the year ended 31 December 2020

(thousands of Belarusian rubles)

Item	Notes	2020	2019
Profit for the year		148,884	150,441
Other comprehensive income			
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	22	6,259	(898)
- Net change in the fair value of debt instruments at fair value through other comprehensive income	22	18	(72)
- Income tax related to components of other comprehensive income	15	(5)	19
Net other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent periods		6,272	(951)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
- Actuarial gain/(loss) on defined pension plan	22	3,621	(5,099)
- Gains/(losses) from equity instruments measured at fair value through other comprehensive income	22	70	(1)
- Income tax related to components of other comprehensive income	15	(922)	1,275
Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods		2,769	(3,825)
Other comprehensive income for the year, net of tax		9,041	(4,776)
Total comprehensive income for the year		157,925	145,665
Attributable to:			
- Shareholders of the Bank		150,971	143,001
- Non-controlling interest		6,954	2,664
		157,925	145,665

Translation from the original in Russian

Consolidated statement of changes in equity For the year ended 31 December 2020

(thousands of Belarusian rubles)

	Attributable to shareholders of the Bank							Non-controlling interests	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		
At 1 January 2019	341,828	193	3,517	497,067	(6,437)	131	836,299	35,562	871,861
Profit for the year	–	–	–	147,444	–	–	147,444	2,997	150,441
Other comprehensive loss for the year	–	–	(565)	–	(3,824)	(54)	(4,443)	(333)	(4,776)
Total comprehensive income for the year	–	–	(565)	147,444	(3,824)	(54)	143,001	2,664	145,665
Dividends declared and paid to shareholders of the Bank (Note 22)	–	–	–	(59,073)	–	–	(59,073)	–	(59,073)
Disposal of non-controlling interest	–	–	–	–	–	–	–	1,036	1,036
At 31 December 2019	341,828	193	2,952	585,438	(10,261)	77	920,227	39,262	959,489
Profit for the year	–	–	–	144,248	–	–	144,248	4,636	148,884
Other comprehensive income for the year	–	–	3,941	–	2,716	66	6,723	2,318	9,041
Total comprehensive income for the year	–	–	3,941	144,248	2,716	66	150,971	6,954	157,925
Dividends (Note 22)	–	–	–	(43,032)	–	–	(43,032)	(19,834)	(62,866)
At 31 December 2020	341,828	193	6,893	686,654	(7,545)	143	1,028,166	26,382	1,054,548

Translation from the original in Russian

Consolidated statement of cash flows

For the year ended 31 December 2020

(thousands of Belarusian rubles)

Item	Notes	2020	2019
Cash flows from operating activities			
Interest received		342,567	319,359
Interest paid		(107,944)	(81,168)
Fees and commissions received		210,964	191,366
Fees and commissions paid		(125,933)	(106,201)
Gains less losses from foreign currencies		77,437	66,182
Other income received		17,461	13,818
Personnel expenses paid		(97,236)	(94,573)
Other operating expenses paid		(71,020)	(63,711)
Cash flows from operating activities before changes in operating assets and liabilities		246,296	245,072
Net (increase)/decrease in operating assets			
Trading securities		(4,509)	(40,465)
Amounts due from credit institutions		(31,221)	(20,971)
Loans to customers		(99,507)	(398,501)
Other assets		5,211	(218)
Net increase/(decrease) in operating liabilities			
Amounts due to credit institutions		3,128	(76,417)
Amounts due to international financial institutions		52,690	71,966
Amounts due to customers		(25,879)	562,044
Other liabilities		47,994	27,287
Net cash from operating activities before income tax		194,203	369,797
Income tax paid		(41,735)	(46,482)
Net cash from operating activities		152,468	323,315
Cash flows from investing activities			
Purchase of investment securities at amortized cost		(308,865)	(6,381,925)
Proceeds from redemption of investment securities at amortized cost		168,029	6,382,689
Purchase of securities at FVOCI		(30,226)	(33,763)
Proceeds from sale of securities at FVOCI		40,568	36,291
Proceeds from sale of property and equipment and investment property		11,462	5,296
Purchase of property and equipment, intangible assets and investment property	12,13,14	(44,611)	(36,863)
Sale of subsidiaries		–	1,134
Net cash used in investing activities		(163,643)	(27,141)

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Item	Notes	2020	2019
Cash flows from financing activities			
Proceeds from issue of debt securities		2,451	502
Redemption of debt securities issued		(545)	(14,022)
Payments to repay lease liabilities		(2,854)	(2,571)
Dividends paid to shareholders of the Bank	22	(62,866)	(59,073)
Net cash used in financing activities	33	(63,814)	(75,164)
Effect of exchange rates changes on cash and cash equivalents		197,050	(7,923)
Net increase in cash and cash equivalents		122,061	213,087
Cash and cash equivalents, beginning		1,361,779	1,148,692
Cash and cash equivalents, ending	6, 10	1,483,840	1,361,779

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 1st, 2021



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Banking Services Centre 602

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Banking Services Centre 603

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Volkovysk, Grodno Region
Belarus, 231896
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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, around 45,000 RBI employees serve 17.2 million customers from more than 1,800 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 2020, RBI's total assets stood at around € 166 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

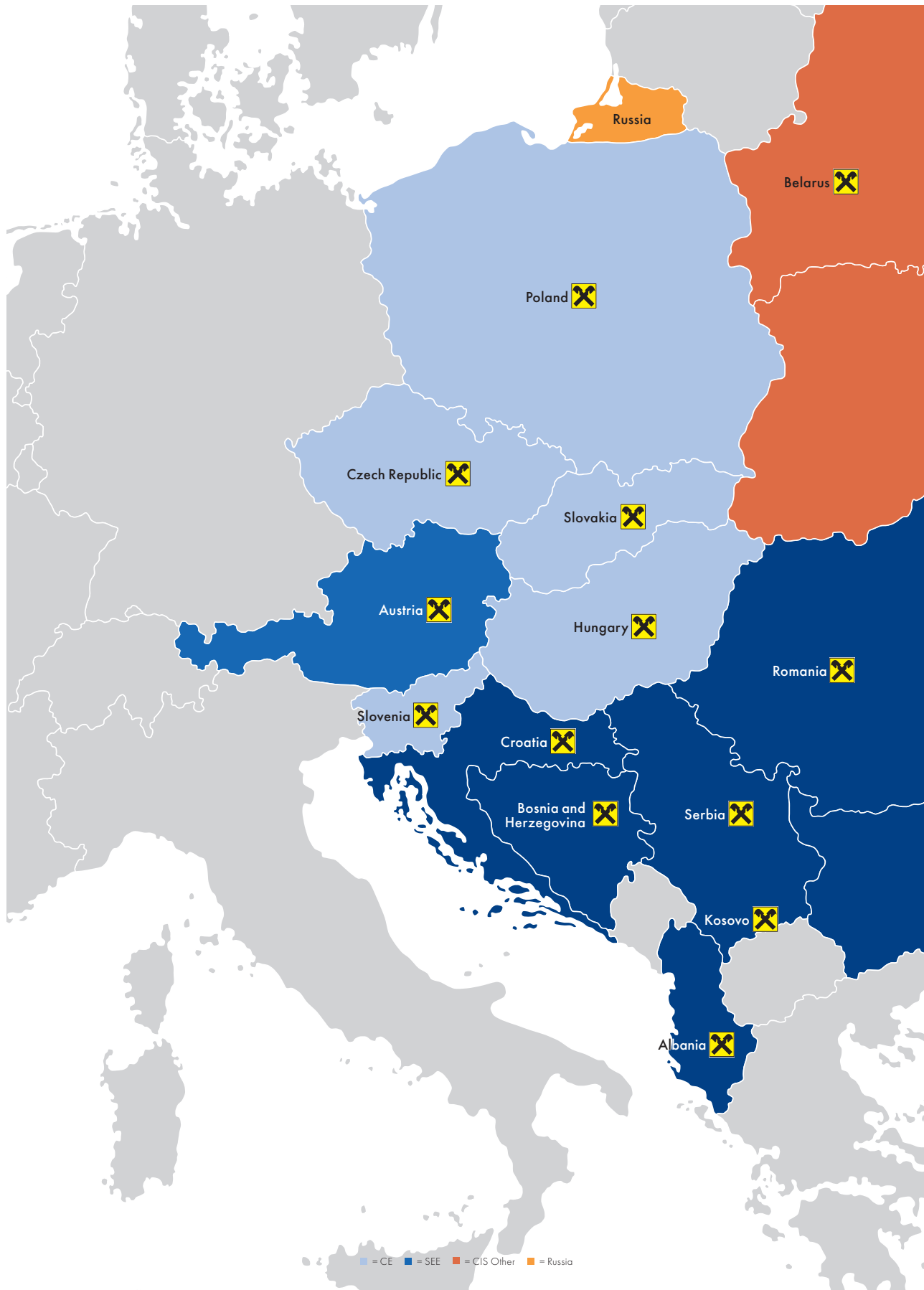
The Group owned and steered by RZB. Raiffeisen Bank International is the Group's largest unit.

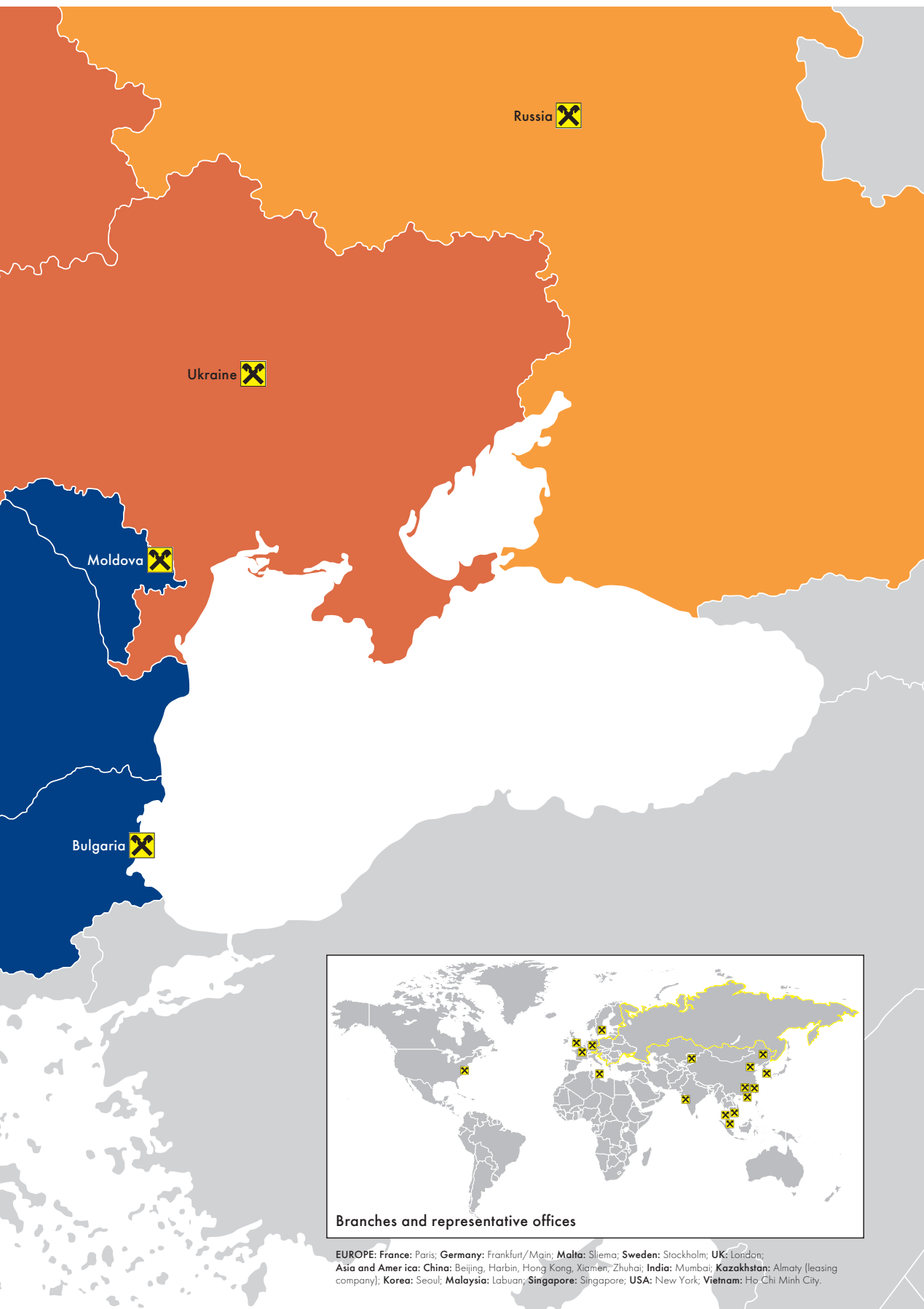
Raiffeisen Banking Group

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.

Network

Financial Information

Information Technologies

Personnel

Risk Management: Loan Portfolio of the Bank

International Activities

Treasury Operations

Business with Private Individuals

Corporate Banking: Small- and Medium-Sized Business

Macroeconomic Environment

Supervisory Board

Highlights of Priborbank

Foreword

Contents

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