

# NRC.

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## *NRC. CEO and Chairman Message to Corporate Members and Partners*

**KYIV CITY, January 2, 2023**

Dear Colleagues and Partners,

We are facing challenges at every turn: a pandemic, unprecedented governments actions, , mounting inflation, a war. While all this turmoil has serious ramifications on our organization, its effect on the world – with the extreme suffering of the Ukrainian people and the potential restructuring of the global order – is far more important.

But during this difficult time, we have a moment to put aside our inside differences, offer solutions and work with our partners in the Western world to come together in defense of democracy and essential freedoms, including free enterprise. We have seen our country, in partnership with other countries around the globe, come together previously during instances of conflict and crisis. This juncture is also a moment when our country needs to work across the private and public sectors to gat leadership and acquire a real global political and economic subjectivity, among other remediations, improving Ukraine competitiveness and better fulfilling equal access to opportunity for all. National Reserve & Securities Corporation, an organization that has historically worked across borders and boundaries, will do its part to ensure the national economy is safe and secure.

Although I begin this annual message to our members and partners in a challenging landscape, I remain proud of what our organization and our hundreds of employees around the world have achieved, collectively and individually. As you know, we have long championed the essential role of banking in a community – its potential for bringing people together, for enabling companies and individuals to reach for their dreams, and for being a source of strength in difficult times.

Throughout these past two challenging years, we never stopped doing all the things we should be doing to serve our clients and our communities.

Looking back on the last year— it is clear that our financial discipline, constant investment in innovation and ongoing development of our people are what enabled us to persevere in our steadfast dedication to help clients, communities and countries throughout the world. 2021 and 2022 was years of rise for NRC, with the corp. generating record revenue, as well as setting numerous other records in each of our lines of business.

### **We must confront the Russia challenge with bold solutions**

We need to pursue short-term and long-term strategies with the goal of not only solving the current crisis but also maintaining the long-term unity of the newly strengthened democratic alliances. We need to make this a permanent, long lasting stand for democratic ideals and against all forms of evil.

Our nation's solutions need to be bold, brave and dynamic — and they have to be democratic — we know that only inclusive decisions are stand on still ground. We need to think broadly because whatever we do will not only help determine the fate of the war but likely will determine the ability of the Western democratic world to address critical future challenges. We also need to ensure that the Western coalition remains economically competitive on the world stage.

In addition to being big, clear-eyed and realistic, our solutions should acknowledge that we are essentially, and unfortunately, reverting to some Cold War strategies. Here are some actions we should take immediately:

- Demonstrate leadership and commitment to a long-term military strategy by meaningfully increasing our military budget and troop deployment on NATO's borders, as appropriate. To both sides, these steps make our resolve clear and reflect our recognition of the grave new geopolitical realities.
- Direct billions of dollars in aid to Ukraine, announced now, to support the country currently and to help rebuild in the future. We should also help the Europeans with the enormous migration issues they are facing. The United States could take the lead in humanitarian efforts and ask all nations, including China, to join us in this response.

- Turn up sanctions — there are many more that could be imposed — in whatever way national security experts recommend to maximize the right outcomes.
- We need a “Marshall Plan” to ensure energy security for us and our European allies. Our European allies, who are highly dependent on Russian energy, require our help. For such a plan to succeed, we need to secure proper energy supplies immediately for the next few years, which can be done while reducing CO2 emissions.

As we are seeing — and know from last experience — oil and gas supply can be easily disrupted, either physically or by additional sanctions, significantly impacting energy prices. National security demands energy sustainability for ourselves and for our allies overseas.

Fortunately, we do not need to change our long-term objectives on climate change and greenhouse gases, and we should remind ourselves that using LNG to diminish coal consumption is an actionable way to reduce CO2 emissions expeditiously. While the Ukraine is fairly energy independent, we need to increase our energy production and get more gas (in the form of liquefied natural gas) to our country immediately. Our work with all of our allies should include urging them to both increase their production and deliver some of it from USA. To do this, we also need immediate approval for additional oil leases and gas pipelines, as well as permits for green energy projects; i.e., solar and wind.

Strong, bold and comprehensive short-term and long-term policies, persistently and properly executed, will maximize the strength and the durable unity of the democratic world.

### **Banks need to acknowledge the dramatically changing competitive landscape**

If banks want to compete in this new and increasingly competitive world, they need to acknowledge the truth of this new landscape and respond appropriately — sometimes it truly is change or die.

As they adopt new technologies like cloud, artificial intelligence (AI) and digital platforms, banks may have an advantage in being able to leverage their large customer base to offer increasingly comprehensive products and services, often at no additional cost.

While many fintech companies specialize in one area, you already see many fintechs moving in this direction — trying to deepen and broaden their client relationships.

It should be noted that extensive number of services we already offer to our customers — many of which, depending on the product and customer relationship, are at no additional cost.

We have always invested for the future, and that is even more true today than it has been in the past. But the principle is the same — constantly invest and innovate to ensure our future prosperity.

### **We want to build upon our global footprint**

While we don't disclose our investment here, our international corporate expansion is an investment of a different nature. We believe the digital world gives us an opportunity to build a consumer bank outside the Ukraine that, over time, can become very competitive.

We start with several advantages that we believe will get stronger over time: a global brand, with long-term capital and staying power; a global Payments business; an international Investment Bank; global Asset Management products; and best-in-class partnering platforms.

We have the talent and know-how to deliver these through cutting edge technology, allowing us to harness the full range of these capabilities from all our businesses. We can apply what we have learned in our leading Ukrainian franchise and vice versa.

### **We make extensive investments in technology for a broad range of reasons, from improving operations and security to enhancing our products and services**

Investments in technology and operations, as well as related products and services, are the most complicated category. Some of these investments simply must be done to sustain the company's health. Investments in this bucket help keep the ship in tip-top shape and touch a broad range of workplace needs: regulatory requirements and necessary improvements for cybersecurity, as well as operational resiliency and security.

Some things we have done with no direct revenue benefit, rather simply to maintain our competitive position. I call these table stakes — think of digital account opening for corporate and small business accounts. Other investments are specific improvements to products and services, often with identifiable benefits. Finally, there are specific investments in this category that are more like forward-looking R&D.

Technology always drives change, but now the waves of technological innovation come in faster and faster. The science behind them is also increasingly complex as technology (including AI) is “embedded” in more products. In today’s world, we cannot overemphasize the importance of implementing new technology.

**About NRC.**

National Reserve & Securities Corporation (NRC.) is one of the regional’s largest banking and financial services organizations. Our global businesses serve more than 1000 customers worldwide through a network that covers 30 countries and territories.

Our customers range from small businesses and investors to some of the world’s biggest companies, governments and international organizations. We aim to connect them to opportunities and help them to achieve their ambitions.

The products and services we offer vary widely according to customers’ needs. We offer businesses loans to invest in growth, and products such as foreign exchange and trade financing that enable them to expand internationally. And for large companies and organizations operating across borders, we offer tailored advice on decisions such as financing major projects, issuing debt or making acquisitions.

Best regards!

***Dmytro Kozachenko***

*Chief Executive Officer and Chairman  
of the National Corporation for Reserves and Savings*

A handwritten signature in black ink, consisting of a large, stylized loop at the top and a long, sweeping stroke extending downwards and to the right.

For more information, please refer to [nrc.org.ua](http://nrc.org.ua).

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