



PIVDENNYI BANK GROUP

Investor presentation

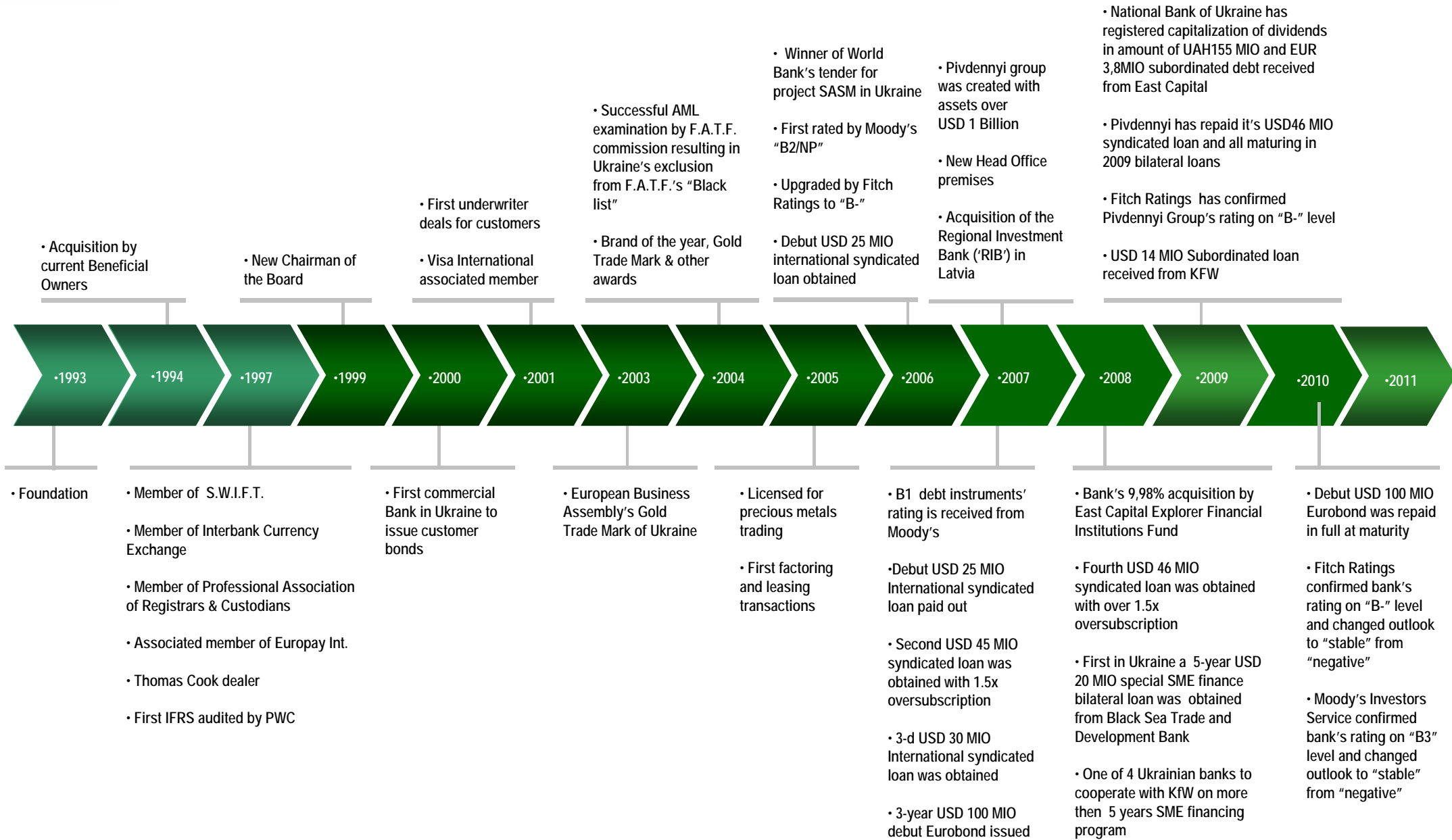
April 2011



- ❑ Founded in 1993 Pivdennyi Bank is a strong regional player and the 22nd largest Ukrainian Bank by total assets, 18th in terms of loan portfolio, 15th largest by corporate deposits and 16th by individual deposits
- ❑ Pivdennyi Bank holds a full banking license of the National Bank of Ukraine and a full license of the State Commission on Securities and Capital markets of Ukraine
- ❑ The Bank has its head office in Odessa with 17 branches and 140 outlets in Ukraine, 216 ATMs and 4200 point-of-sale (POS) terminals
- ❑ The Bank serves over 25000 corporate and SME customers and over 360000 individual customers
- ❑ Pivdennyi Bank Group is comprised by Pivdennyi Bank in Ukraine, daughter bank Regional Investment Bank in Latvia with a branch in Bulgaria, representative offices in Ukraine and Belgium
- ❑ The Bank is a member of S.W.I.F.T., Visa International, Mastercard, First Securities Trading System (PFTS), Ukrainian Interbank Currency Exchange, Professional Association of Registrars and Depositories (PAR), Interregional Stock Union, Fund for guarantying deposits of individuals
- ❑ The Bank has the following credit ratings :
Fitch Ratings: B- (sovereign rating is B); Outlook "Stable"
Moody's Investors' Service: B3; Outlook "Stable"
Credit Rating (Ukraine): uaA+
- ❑ Strong market position in the Southern Ukraine (20-30% depending on products)
- ❑ Large regional distribution network with growing presence outside home region
- ❑ Pivdennyi has a proven track records with 4 debt capital market syndicated loans and debut Eurobond successfully repaid in August 2010
- ❑ Pivdennyi Bank cooperates with KfW and Black Sea Trade and Development Bank under SME financing programs
- ❑ Small and Medium enterprises have traditionally been the main business line of the Bank
- ❑ The Bank has an experienced and stable management team with over 2500 employees



Historical Overview





Group's shareholder structure



Yuriy A. Rodin

Was born on January 21st, 1950, in Odessa. Resident of Ukraine, domiciled in Odessa.

Higher education – master of mathematics, certified in assets management by State securities and fund market commission

Recent activities:

1990 – Small Enterprise «Kompanjony», Director and owner
1992 - «Tekom» Ltd., General director and owner
1995- Chairman of Supervisory Council and major shareholder of JSB "Pivdennyi"
2006- Chairman of Supervisory Council and major shareholder of A/S Regionala Investiciju Banka, owns major stakes in a number of holding's companies



Mark Is. Bekker

Was born on May 11th, 1945 in Vladivostok, Russia

Resident of Ukraine, domiciled in Odessa

Higher education, degree in refrigeration technologies engineering

Recent activities:

1997-2006 - «Vivien» Ltd., Director and owner
2003-2006 – Deputy Chairman of Supervisory Council and major shareholder of JSB «Pivdennyi», owns major stakes in a number of holding's companies



Vadim V. Morokhovskiy

Was born on June 22nd, 1971 in Odessa Resident of Ukraine, domiciled in Odessa

Higher education – master of Banking, chess grand master

Recent activities:

Since 1995 - First Deputy Chairman of the Board of JSB «Pivdennyi»,
Since 1999 - Chairman of the Board of JSB «Pivdennyi»,
Since 1999 – shareholder of JSB "Pivdennyi", owns stake in a number of holding's companies

EAST CAPITAL

Founded in 1997, East Capital is a leading, independent asset manager specializing in Eastern European financial markets. The company, which is headquartered in Stockholm, with offices in Paris, Tallinn, Moscow, Oslo, Hong Kong and Milan,

East Capital Financials Fund AB

The East Capital Financial Institutions Fund is a EUR 500m private equity fund, which makes equity investments in companies within the financial sector in Eastern Europe ,

Pivdennyi Bank



+ family members
60,4554%

+ family members
17,5068%

+ family members
8,8704%

9,9820%

3,1854%

91,17%

Other Minority Shareholders



Regional Investment Bank

8,83%

Other Minority Shareholders



YURIY RODIN



MARK BEKKER



PIM DE BRUIJN
(independent director)

- 18 years with ABN AMRO, entirely international
- 8 years as an independent management consultant
- Partner at COB Europe LLC
- Senior Consultant at Contractor for ING IGA
- Associate Consultant at The Communications Group
- RAO and Manager of Ops/IT at ABN AMRO Bank NV



ALLA VANETSYANTS

- Acting First Deputy Chairman of the Board
- More than 8 years of banking experience
- Degree in English language and literature
- Joined Pivdennyi Bank in 2002 as a Senior Economist of Commercial Department
- 2003 - Head of Department in Corporate Division
- 2006 - Deputy Head of Financial Policy Division in Pivdennyi
- 2010 – Acting First Deputy Chairman of the Board



MARGOT JACOBS
(independent director)

- Senior Advisor
- More than 12 years of experience in the banking sectors of Russia and Eastern Europe
- Joined East Capital in 2006. Previously held senior positions at UFG and Charlemagne Capital
- MBA from Georgetown University and BA from Dartmouth College. CFA charter holder



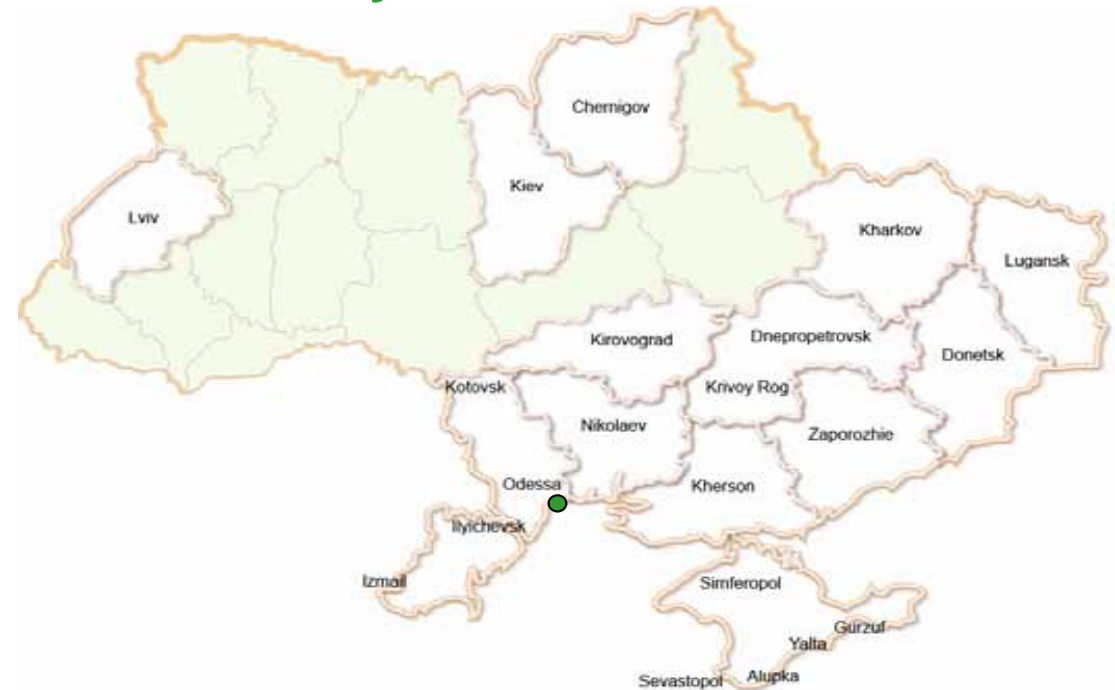
Pivdennyi Group's Geographic Presence

Regional Investment Bank



- ❑ Expansion strategy to European Union through opening of branches of Regional Investment Bank in CEE countries:
 - branch in Varna (Bulgaria) started its operations in 2H2009

Pivdennyi Bank



- ❑ Current Network:
 - 17 branches
 - 140 outlets
 - 200 currency exchange offices
 - 216 ATMs, 4200 point-of-sale ("POS") terminals



Pivdennyi Bank in Odessa

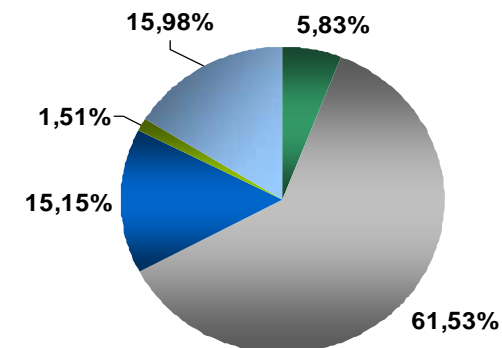
- ❑ Odessa region is one of the most important regions in the country :
 - Odessa region is the largest in Ukraine (5.5% of the territory) – 33.31 thousand km²
 - Odessa region contributes to 5.0% of the Ukrainian GDP and 5.1% of the total population (over 2.39 mln residents) and has the lowest level of unemployment in Ukraine
 - Odessa is one of the largest sea ports on the Black Sea and the largest in Ukraine
- ❑ Services sector, mainly represented by SMEs, is the main factor of growth
- ❑ Odessa region is Pivdennyi Bank's "home market"
- ❑ The Bank's market share in the region varies from 20% to 30.0% depending on products (up from 12.0% five years ago)
- ❑ The Bank has a very loyal customer base comprised mainly of SMEs and large corporates many of which have been with the Bank since its creation

City of Odessa



Pivdennyi's Loan Portfolio by Regions

As of 01/01/2011

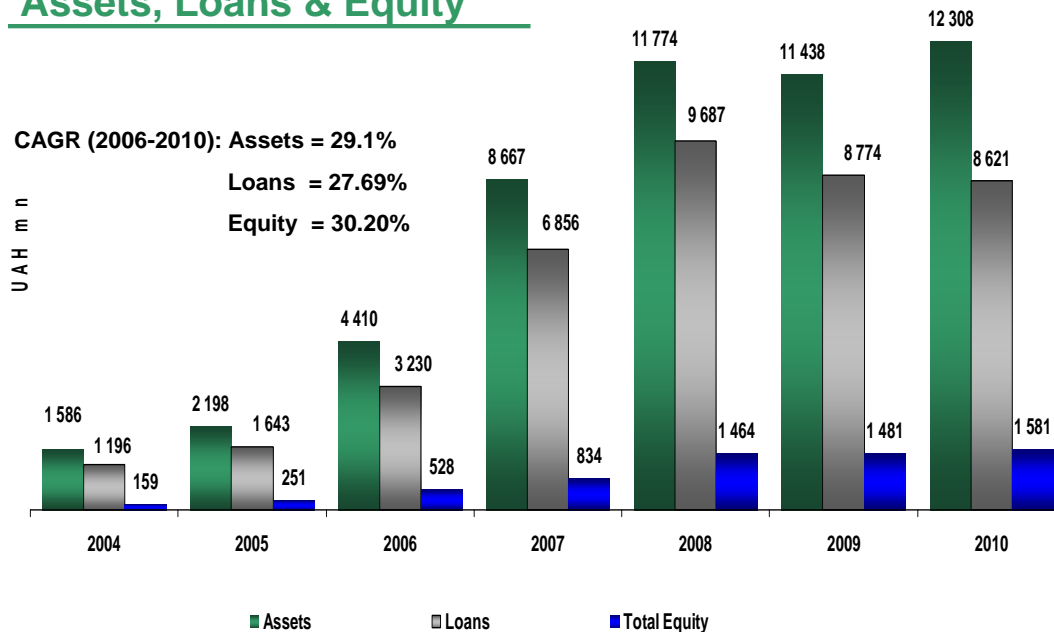


■ Non-residents ■ South ■ Central ■ West ■ East

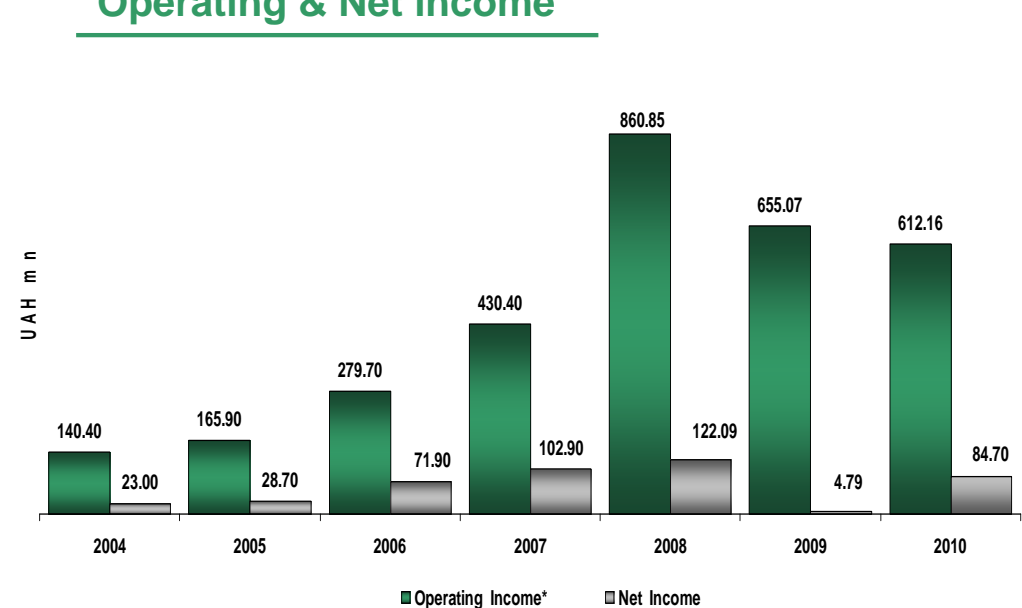


- ❑ Pivdennyi Bank is a classic universal commercial bank serving corporate (Large Corporates & SME) and retail customers and will target those segments within at least next 3 years
- ❑ The Bank will keep its focus on SME and corporate banking mainly through lending
- ❑ The Bank will retain its strong market position in the Southern Ukraine (20-30% depending on products)
- ❑ Pivdennyi bank will continue its cautious expansion strategy out of home region through a large distribution network
- ❑ Pivdennyi Bank Group performs its expansion to EEC region through the establishment of branches and representative offices of Regional Investment Bank ('RIB') in Latvia
- ❑ The Bank will continue its advancement to retail banking sector only through deposit taking and settlement products

Assets, Loans & Equity



Operating & Net income

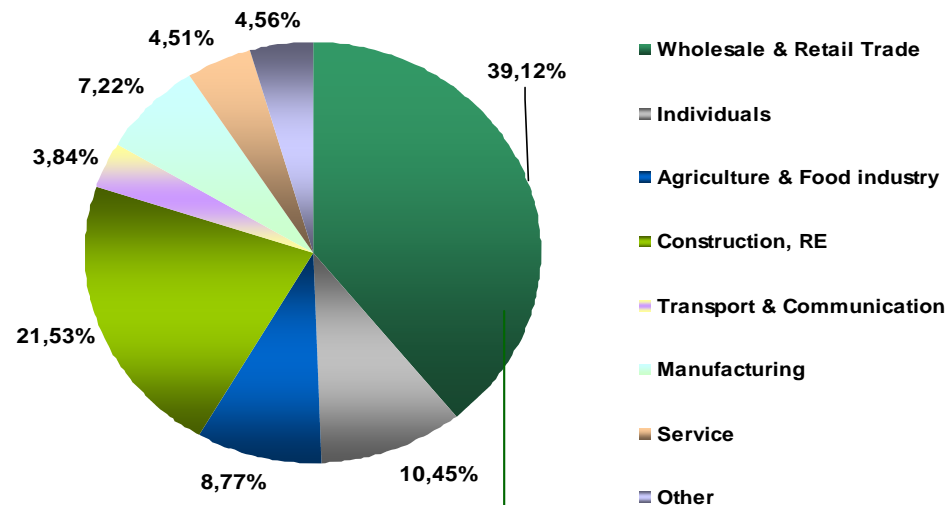




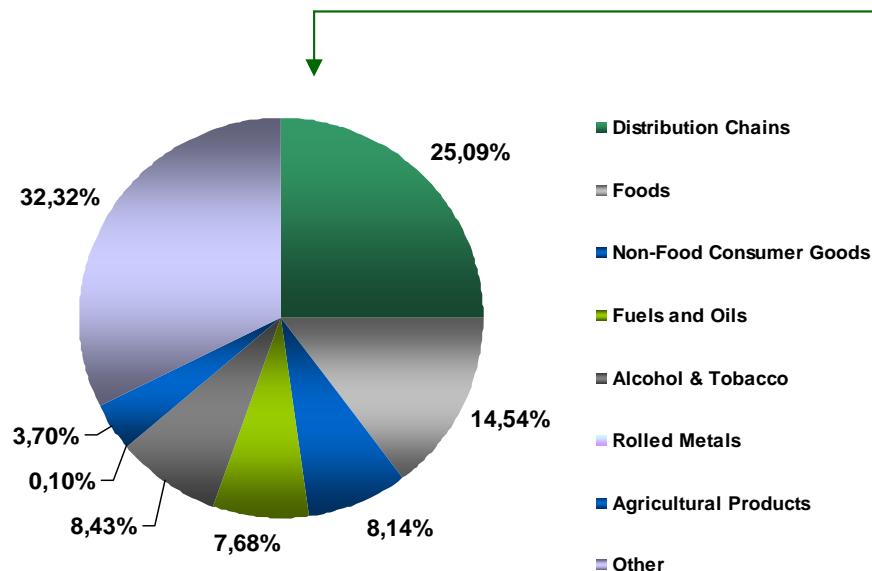
- ❑ Pivdennyi will retain its strategy in lending policy by focusing on selected cash-rich industries
- ❑ The Bank plans to keep current structure of its loan portfolio
- ❑ Cautious approach to retail lending
- ❑ Wide breakdown of industries exposure with further decrease in concentration is expected

Loan book Structure

As of 01.01.2011



Breakdown of the wholesale and retail trade

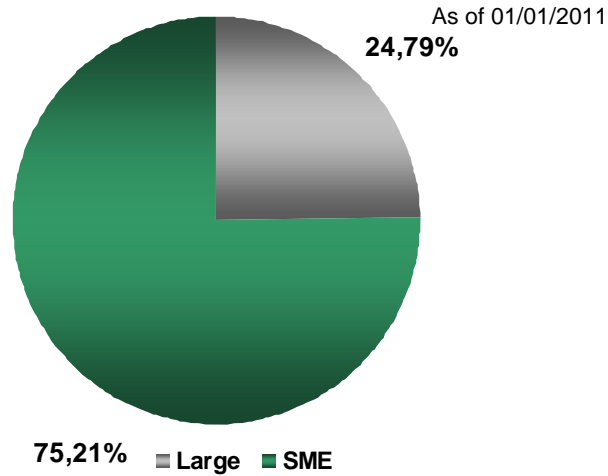


Non performing loans

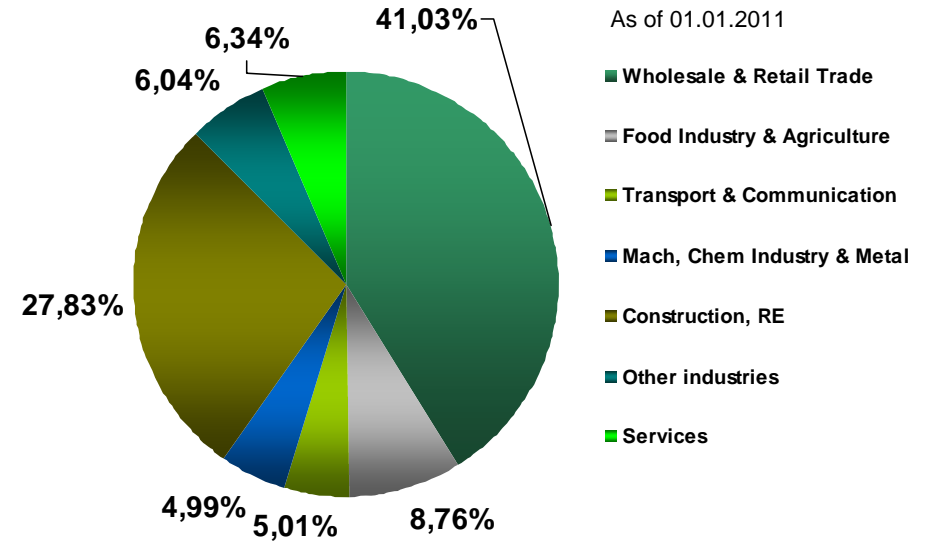
- ❑ As of 01.01.11 Pivdennyi Bank's level of NPLs comprised 5,07% of the gross loans and 61,7% of the LLP accordingly
- ❑ Bank plans to decrease level of NPLs to 1% of the gross loans within next 3 years



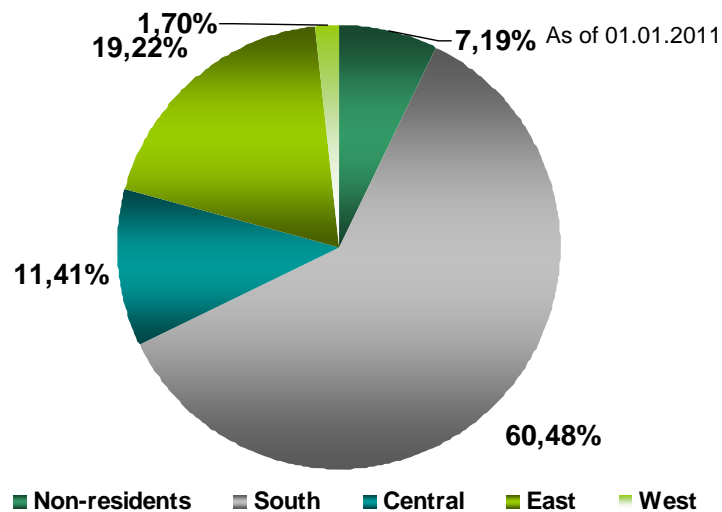
Corporate Loan Portfolio



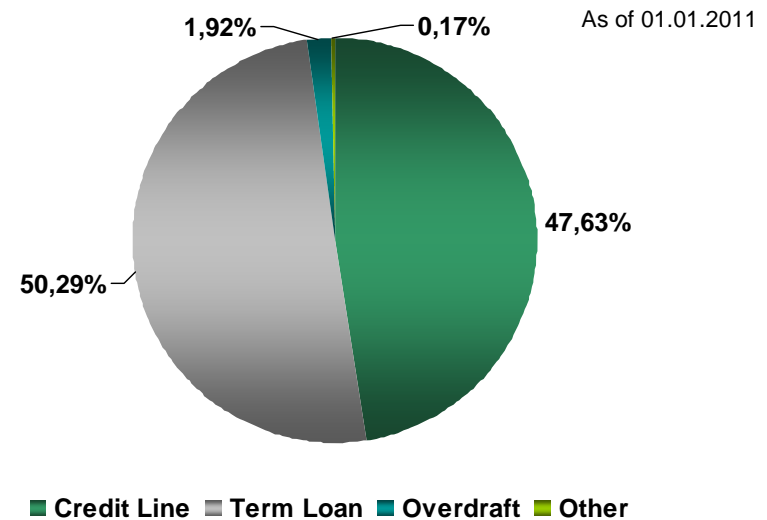
SME Loan Portfolio (Industry Breakdown)



Regional Structure of SME Loans*



SME loan products



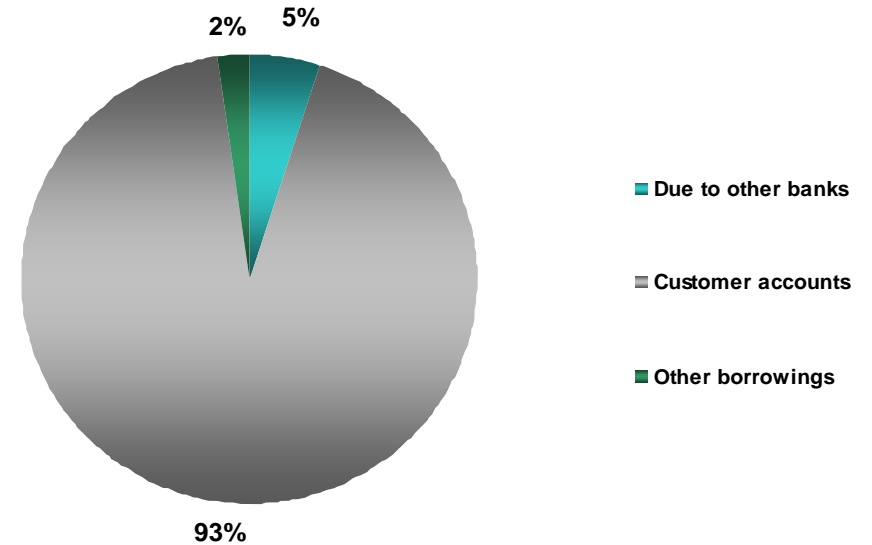
* corporate clients with sales of less than EUR 5m yearly and/or with up to 1000 employees



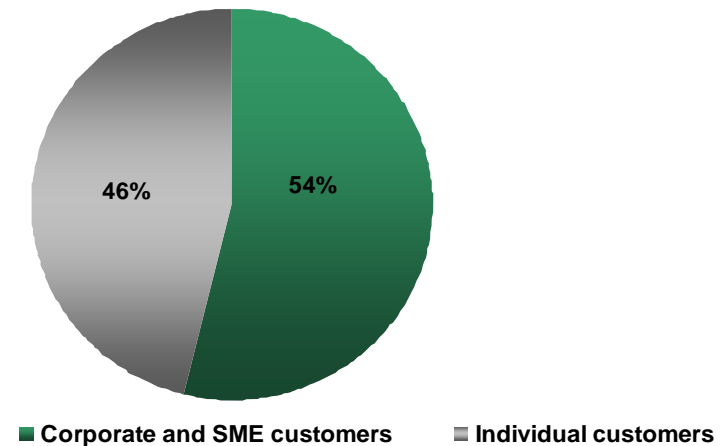
- ❑ Pivdennyi will retain its funding strategy by focusing on customer deposits in the local market
- ❑ The Bank plans to keep current structure of its funding
- ❑ Cautious approach to DCM borrowings will be in place
- ❑ Increase in the level of deposits through implementation of new products within settlement products line is expected
- ❑ Pivdennyi bank plans to tap the market with a new Reg S USD150-200MIO Eurobond
- ❑ The Bank will continue its activity in syndicated loans market and bilateral cooperation with International Financial Organizations

Funding Structure

As of 01.01.2011



Breakdown of the customer accounts

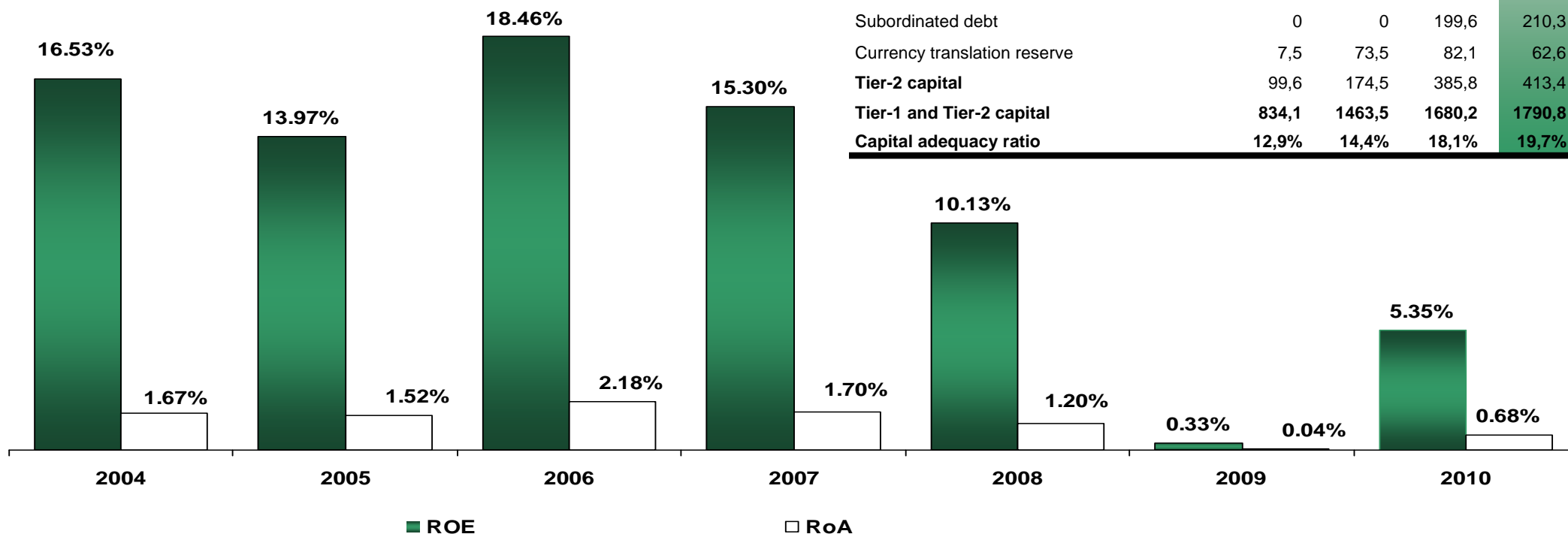




- ❑ Current major shareholders plan to retain current level of control over the bank
- ❑ Shareholders plan to sell to the market a 10-20% stake of newly issued shares
- ❑ Management intends to keep equity ratio above 12.0% in the future
- ❑ The majority shareholders are willing and able to support the Bank by additional capital
 - Shareholders provide regular capital injections
 - Dividends to shareholders have always been capitalised

UAH MIO	2007	2008	2009	2010
Total Risk Adjusted Assets, Off-Balance Sheet Commitments and Market Risk	6465,7	10189,6	9282,8	9096,6
Share capital	563,9	655,4	875,3	927,0
Share premium	0	335,6	335,6	335,6
Retained earnings	157,1	278,4	62,8	95,9
Minority interest	13,5	19,6	20,7	18,9
Tier-1 capital	734,5	1289,0	1294,4	1377,5
Tier-1 capital ratio	11,4%	12,7%	13,9%	15,1%
Revaluation reserve for fixed assets	91,0	99,9	103,0	140,5
Revaluation reserve for investment securities available for sale	1,1	1,1	1,1	1,1
Subordinated debt	0	0	199,6	210,3
Currency translation reserve	7,5	73,5	82,1	62,6
Tier-2 capital	99,6	174,5	385,8	413,4
Tier-1 and Tier-2 capital	834,1	1463,5	1680,2	1790,8
Capital adequacy ratio	12,9%	14,4%	18,1%	19,7%

Efficiency





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