

PIVDENNYI BANK GROUP

Investor presentation

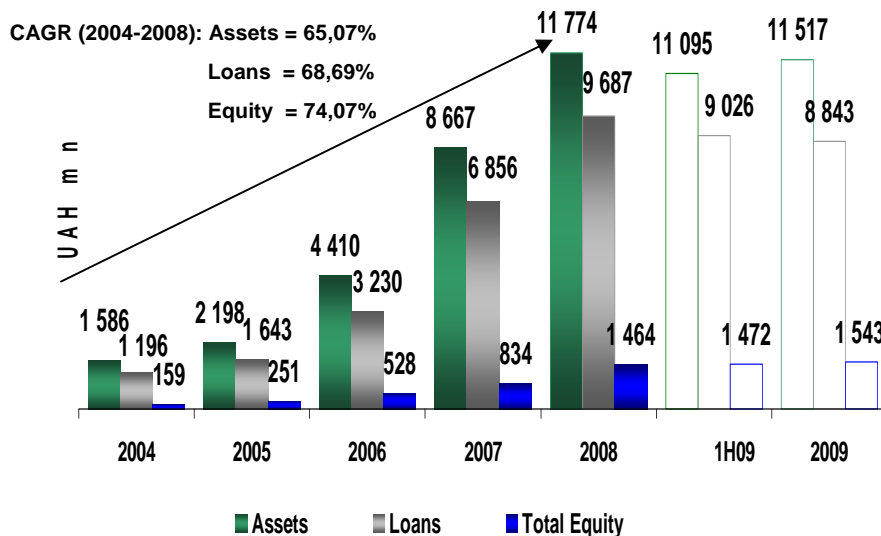
March 2010



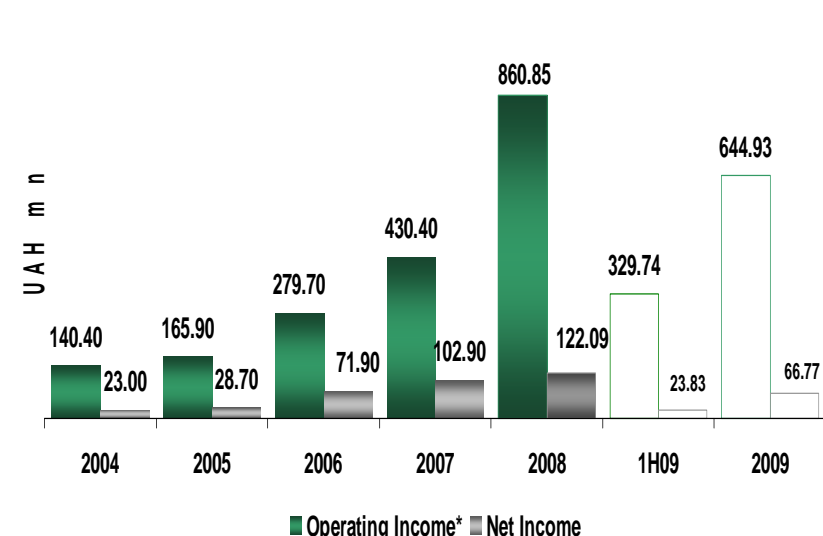
General description

- ❑ Pivdennyi Bank is a strong regional player and the 19th largest Ukrainian Bank by total assets and 17th in terms of loan portfolio with total equity exceeding UAH 1,5 billion
- ❑ Pivdennyi Bank offers a wide range of banking services to corporate (Large Corporates & SME) and retail customers
- ❑ SME banking has traditionally been the main business line
- ❑ Experienced and stable management team
- ❑ Strong market position in the Southern Ukraine (20-30% depending on products)
- ❑ Large regional distribution network with growing presence outside of home region
- ❑ Pivdennyi Bank Group was created in 2007 with the acquisition of Regional Investment Bank ('RIB') in Latvia

Assets, Loans & Equity

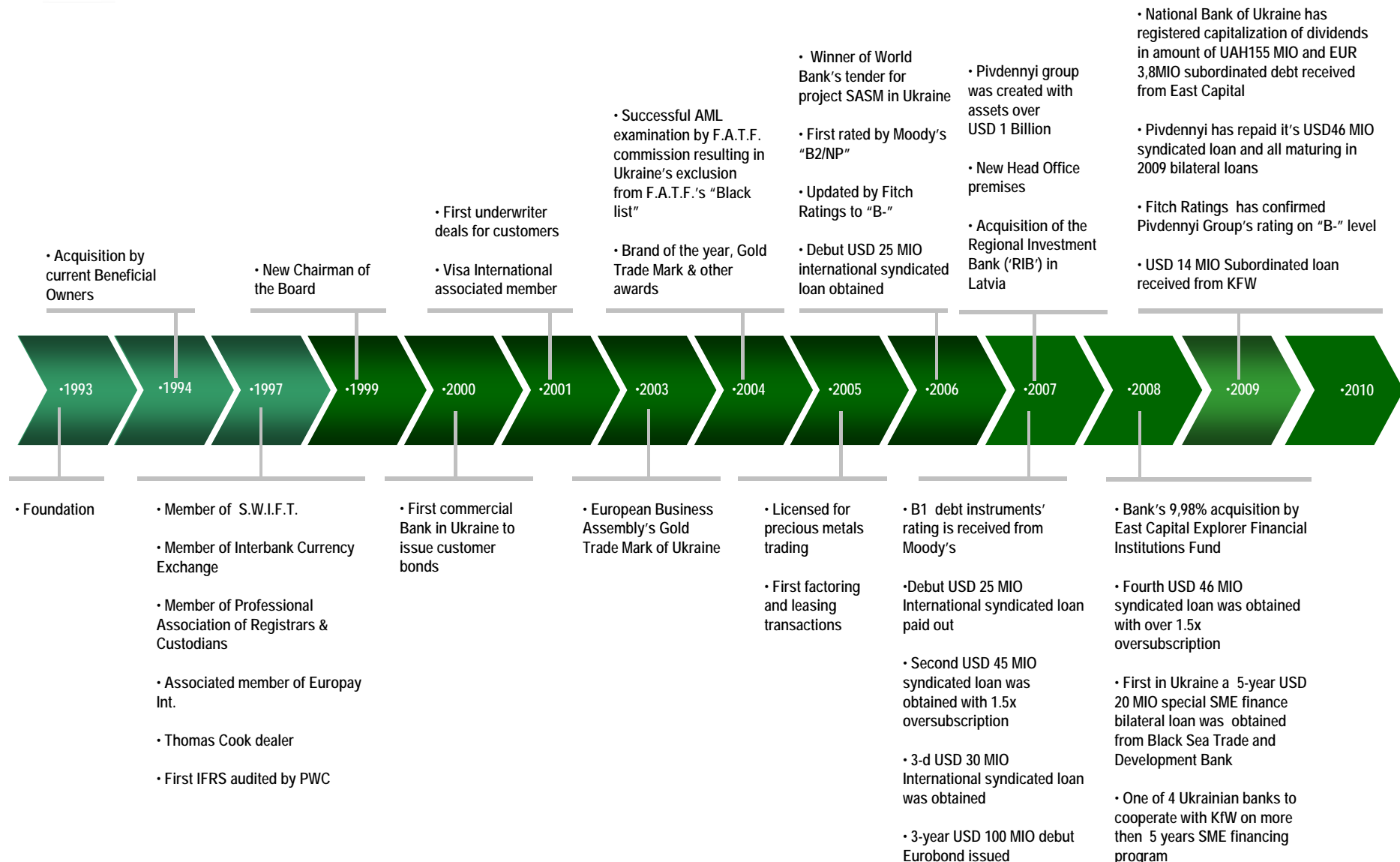


Operating & Net income





Historical Overview





Pivdennyi Group's Geographic Presence

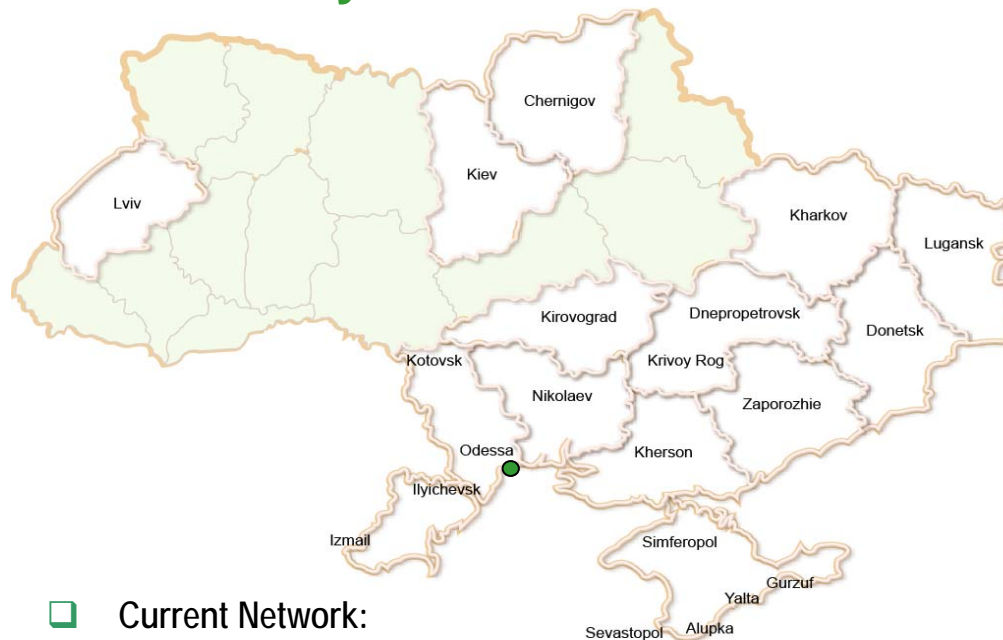
Regional Investment Bank



Expansion strategy to European Union through opening of the branches of Regional Investment Bank in CEE countries:

- branch in Varna (Bulgaria) started its operations in 2H2009
- branches in Romania and Germany are considered

Pivdennyi Bank



Current Network:

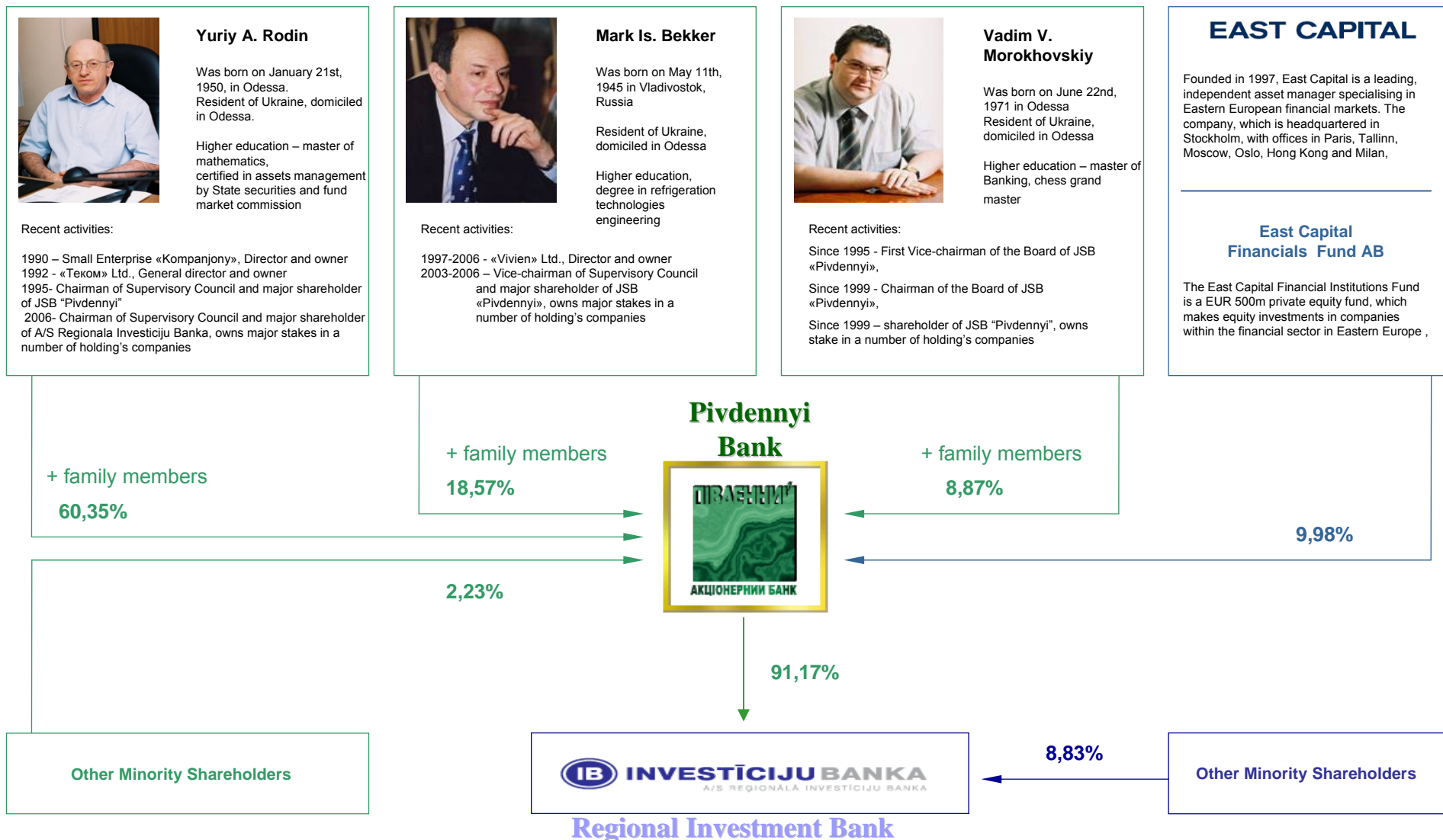
- 17 branches
- 135 outlets
- 200 currency exchange offices
- 212 ATMs, 3388 point-of-sale ("POS") terminals.

Organic growth strategy provides the coverage of all regions in Ukraine by the end of 2012.



PIVDENNYI Group

Group's shareholder structure





PIVDENNYI Group

Supervisory Board



YURIY RODIN



MARK BEKKER



PIM DE BRUIJN

- 18 years with ABN AMRO, entirely international
- 7 years as 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

- Deputy-Head of Financial Politics Division of the Bank
- More than 7 years of banking experience
- Degree in English language and literature
- Joined Pivdennyi Bank in 2002 as senior economist of commercial department
- 2003 - head of department in corporate division
- 2006 - deputy head of financial policy division in Pivdennyi Bank



MARGOT JACOBS

- Senior Advisor
- More than 11 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



Management Board



Mr. Vadim Morokhovskiy has served as Chairman of the Board since 1999. Mr. Morokhovskiy has a total of 14 years of banking experience, of which 12 years have been with the Bank. Mr. Morokhovskiy is also a member of the Supervisory Council and Credit Committee of the Regional Investment Bank (Latvia). He holds a Master's Degree in banking from Odessa Institute of National Economy.



Mrs. Lyudmila Khudiyash has served as Vice-Chairman of the Board since 1999. Mrs. Khudiyash has 24 years of banking experience, of which eight years have been with the Bank. She graduated from Odessa Institute of National Economy with a Master's Degree in banking.



Mrs. Lyudmila Oliferchuk has served as Vice-Chairman of the Board since 1993. Mrs. Oliferchuk has 28 years of banking experience, of which 14 years have been with the Bank. She holds a Master's Degree in banking from Odessa Institute of National Economy.



Mrs. Liya Morokhovskaya has served as Vice-Chairman of the Board since 2002. Mrs. Morokhovskaya has a total of 11 years of banking experience, all with the Bank. She graduated from Odessa State Economic University with a Master's Degree in banking.



Mrs. Lyudmila Kovalyonok has served as member of the Board since 1999. Mrs. Kovalyonok has 17 years of experience in banking, of which nine years have been with the Bank. She graduated from Odessa Institute of National Economy with a Master's Degree in banking.



Management Board



Mrs. Valentina Grechko has served as member of the Board since 1995. Mrs. Grechko has 32 years of banking experience, of which 12 years have been with the Bank. She holds a Master's Degree in law from Odessa State University.



Mrs. Elena Tsvetkova has served as member of the Board since 2002. Mrs. Tsvetkova has 16 years of banking experience, of which nine years have been with the Bank. She graduated from Odessa Institute of National Economy with a Master's Degree in finance.



Mr. Vadim Mokin has served as member of the Board since 2007. Mr. Mokin has 15 years of banking experience, of which eleven years have been with the Bank. He graduated from Supreme Banking School of Ukraine with a Master's Degree in banking.



Ms. Galina Chekeres has served as member of the Board since 2007. Ms. Chekeres has 21 year of banking experience, of which 12 years have been with the Bank. She holds a Master's Degree in accounting and analysis from Odessa Institute of National Economy.



Mrs. Anna Svoboda has served as member of the Board since 2007. Mrs. Svoboda has 12 years of banking experience, which have been with the Bank. She holds a Master's Degree in finance from Odessa Institute of National Economy.



To maintain organic growth...

- Support of extremely solid market share in Odessa region
- Franchise expanding outside of the home region to most economically developed and densely populated areas of Ukraine
- Development of the Bank's business along with development of customers' business
- Assets growth preserving their high quality

To develop corporate and SME business...

- Maintenance of a broad diversity of client base
- Strengthening the Bank's position in SME market being the most dynamically developing economy segment in Ukraine
- Development of the Bank's market share in corporate banking through using its unique and longstanding relationship experience with leading companies in trading, food production, beverages industry, metalware production, telecommunications.

To develop retail business...

- Expanding retail deposit base as an important funding source
- Cautious strategy for retail loan products
- Focusing on well secured loans
- Development of retail services range for seamen and employees of SME and corporate customers

To improve service standards...

- Further implementation of modern banking technologies
- Public awareness promotion
- Expanding distribution channels



PIVDENNYI Group

Crisis management strategy applied

Strategy for Loan restructuring applied

- Grading of the industries in order of survivability
- Complete financial consulting on stabilisation and business recovery
- Careful and cautious approach for restructuring
- Primary objective: survival of the customer and retention of their business

Strategy for Deposit management applied

- Deposits – have been and will be the main source for the bank's funding
- Attraction of customers and deposits from the banks facing problems
- Increase of the market share in retail deposits segment
- Maintain current balance between corporate and retail deposits
- Further diversification of the deposit base
- Expansion of "salary projects" for corporate, SME, municipal, state institutions, seamen payment cards' segments

Loan loss provisions

- Maintenance of LLP level not less than 5% of the loan book



Pivdennyi Bank in Odessa

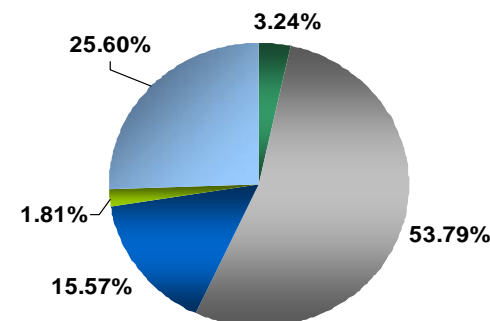
- ❑ Odessa region is one of the most important regions in the country :
 - Odessa region is the largest in Ukraine (5.5% of the territory) – 33.31 thousand km²
 - Odessa region contributes to 5.0% of the Ukrainian GDP and 5.1% of the total population (over 2.39 mn residents) and has the lowest level of unemployment in Ukraine
 - Odessa is one of the largest sea ports on 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 SMEs and large corporates many of which being with the Bank since its creation

City of Odessa



Pivdennyi's loan Portfolio Regions

As of 01/01/2010

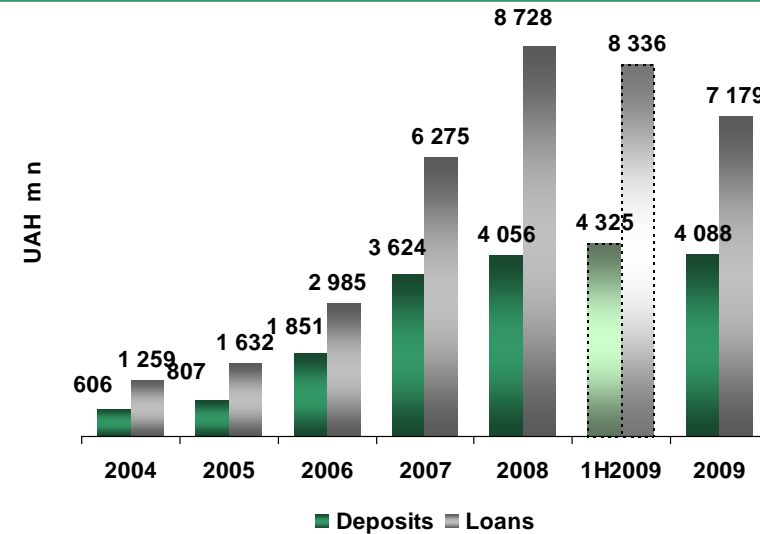


■ Non-residents ■ South ■ Central ■ West ■ East

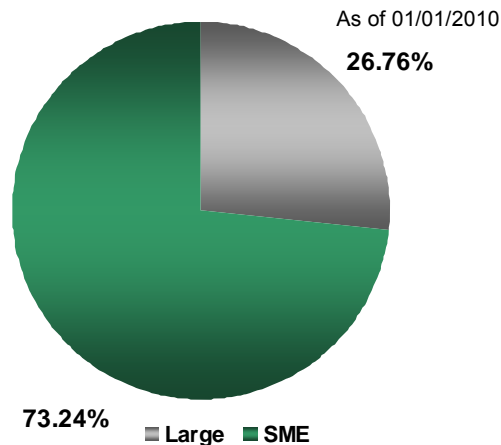


- ❑ Corporate Business (Large Corporate and SMEs*) is the Bank's primary business segment
 - Lending, deposit taking, opening and maintaining current accounts, trade finance and cash settlement transactions, factoring and leasing
- ❑ Clientele of more than 20,000 corporate (large and SME) customers
 - 96.0% of these entities were SMEs

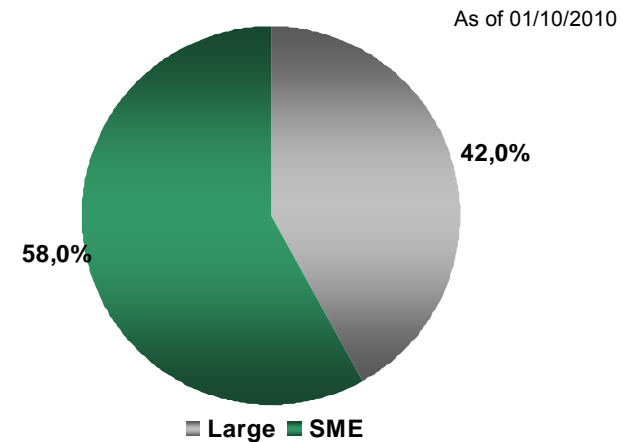
Corporate Loans and Deposits



Corporate Loan Portfolio



Corporate Deposit Portfolio



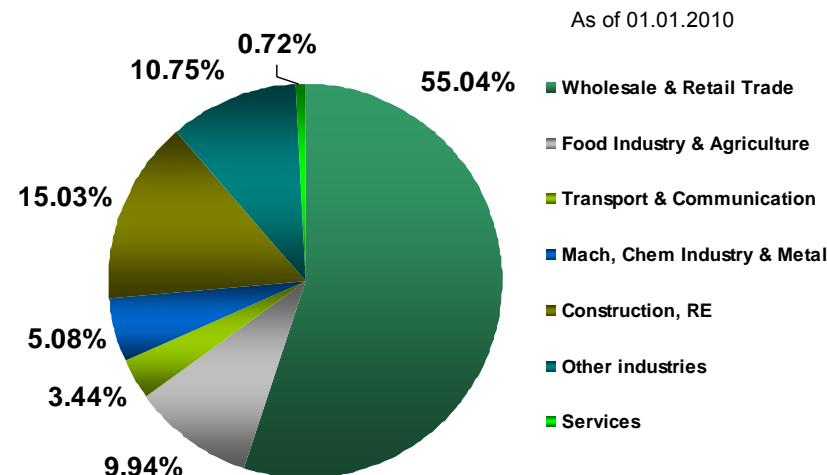
* corporate clients with sales of less than EUR 5m yearly and/or with up to 1000 employees



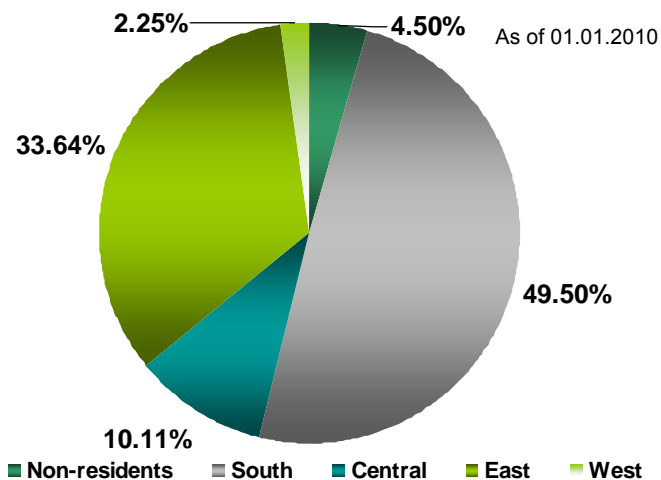
Focus on SME business

- ❑ Pivdennyi is a corporate bank with a strong focus on SMEs that account for 72.9% of the bank's corporate loan portfolio as of 01.07.09
- ❑ The Bank is relying on the strategy of maintaining long-term relationship with its customers
- ❑ SME loans structure is dominated by Credit Lines and Term Loans, which are extended and increased in accordance with customers' needs
- ❑ The main focus is on collateralized loans

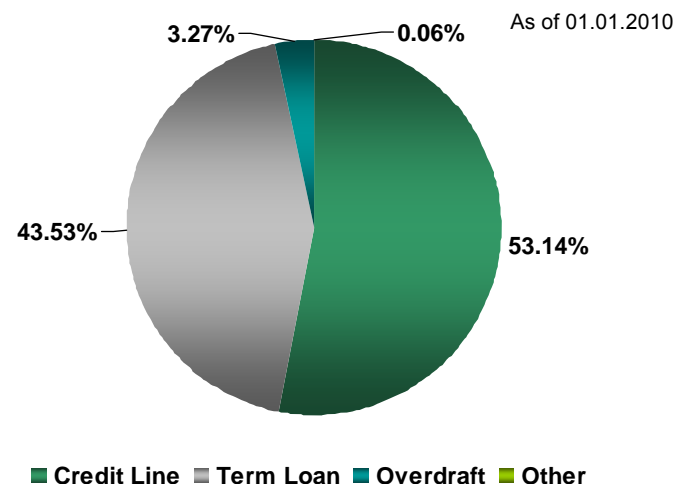
SME Loan Portfolio (Industry Breakdown)



Regional Structure of SME Loans



SME Credit Products





- ❑ 17th largest bank in Ukraine* in terms of retail deposits as per Association of Ukrainian Banks classification
 - Over 20% of regional market of retail deposits
 - Over 225 000 of individual customers

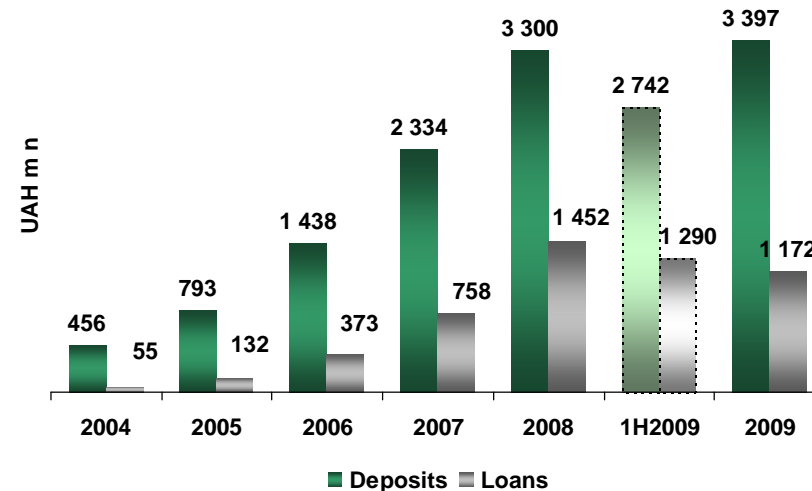
- ❑ The types of retail loan offered by the bank comprise mortgage, consumer and credit card loans

- ❑ As at 01.07.2009, the Bank had a network of 212 ATMs and 3388 point-of-sale terminals

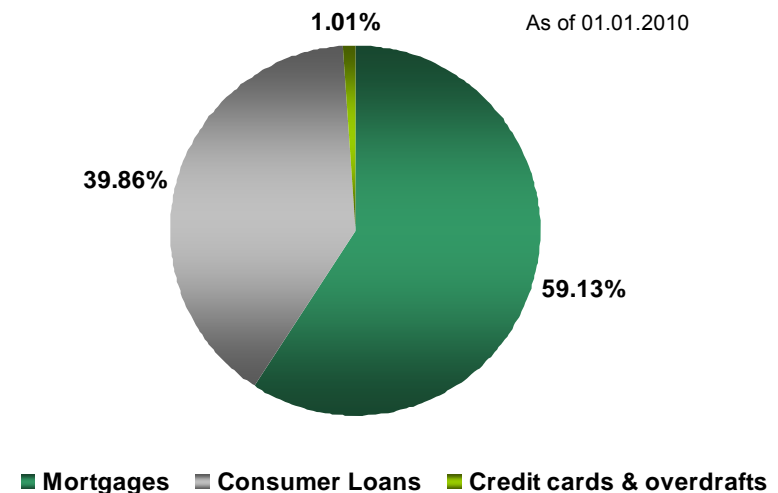
- ❑ 3rd place in Ukraine for average payment cards' balances

- ❑ The Bank is successfully targeting its services at seamen (over 60.0% of market), a large customer segment in Southern Ukraine which typically keep large balances on their current account

Retail Banking: Individuals



Composition of Retail Loan Portfolio

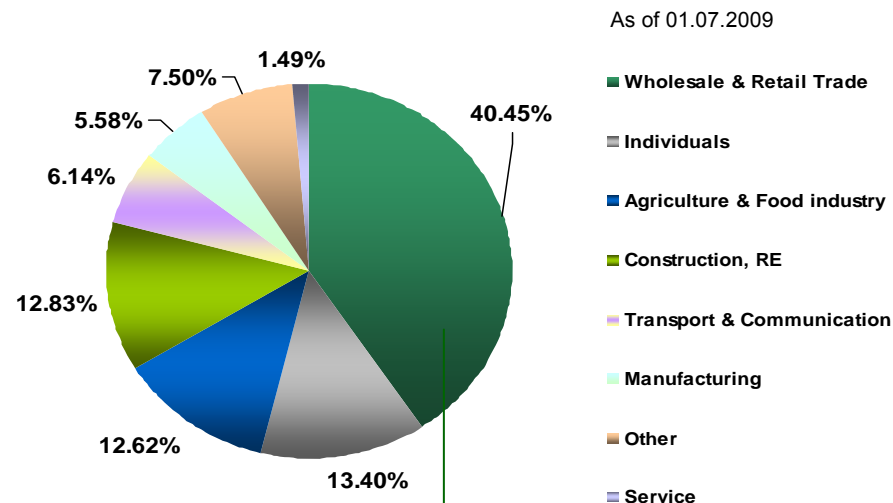


* As of 01.07.2009

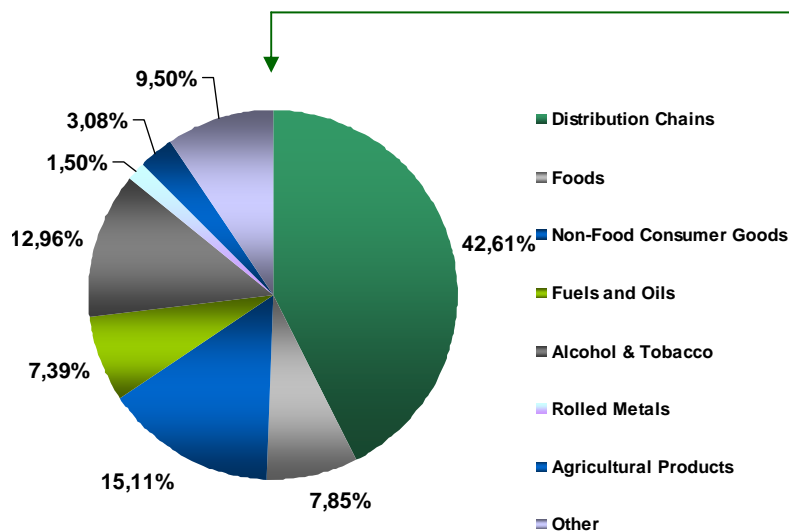


- ❑ Pivdennyi's lending policy focuses on cash-rich industries, with 40.45% of its loan portfolio directed to Trade & Commerce
- ❑ The retail loan portfolio was 13.40%
- ❑ CAGR 2004-2008 of 68.69%
- ❑ Wide breakdown of industries exposure with further decrease in concentration expected

Loan book Structure



Breakdown of the wholesale and retail trade



Non performing loans

- ❑ During 2005-2008 the level of non-performing loans was not exceeding 2% of total loans of the Group
- ❑ As of 01.01.10 Pivdennyi Bank's level of NPLs comprised 3,69% of the gross loans and 54,76% of the LLP accordingly



PIVDENNYI Group

Ukrainian Banking system

Ratio of accrued but not repaid interest to loan portfolio							
01.01.2009				01.02.2009			
Loan portfolio, UAH thousands	Interest accrued but not repaid	Ratio to loan portfolio		Loan portfolio, UAH thousands	Interest accrued but not repaid	Ratio to loan portfolio	
Ukroprombank	11 277.7	1 806.2	16.02%	Ukrgasbank	8 622.3	1 231.7	14.29%
Nadra	22 084.4	2 876.2	13.02%	Nadra	21 810.2	2 978.6	13.66%
Ukrgasbank	8 724.1	1 096.2	12.57%	Brokbusinessbank	10 491.6	1 127.6	10.75%
Brokbusinessbank	10 338.1	1 060.1	10.25%	Rodovid	4 945.2	500.1	10.11%
Rodovid	4 904.5	502.1	10.24%	Finance and Credit	15 202.2	1 312.6	8.63%
Alpha Bank	23 503.6	1 855.1	7.89%	Alpha Bank	23 229.1	1 968.4	8.47%
Finance and Credit	15 449.1	1 212.3	7.85%	Forum	15 746.4	1 268.4	8.06%
Svedbank	16 894.8	1 259.2	7.45%	Delta Bank	3 879.3	311.9	8.04%
Forum	15 874.3	1 166.1	7.35%	Svedbank	16 804.1	1 342.3	7.99%
Delta bank	3 924.0	277.9	7.08%	Creditprombank	11 018.0	829.0	7.52%
V.A.B. Bank	5 765.2	393.6	6.83%	V.A.B. Bank	5 714.4	428.5	7.50%
Creditprombank	11 070.3	748.3	6.76%	VTB Bank	24 613.3	1 825.9	7.42%
VTB Bank	24 638.9	1 612.0	6.54%	Universal bank	6 523.3	469.2	7.19%
Pravex Bank	5 352.9	344.4	6.43%	Pravex Bank	5 284.9	356.8	6.75%
Universal Bank	6 568.8	422.5	6.43%	Ukrsocbank	38 008.0	2 364.5	6.22%
Ukrsocbank	38 362.9	2 243.8	5.85%	Ukrsibbank	42 670.6	2 181.8	5.11%
Dongorbank	4 735.3	249.9	5.28%	Dongorbank	4 686.9	236.7	5.05%
Ukrsibbank	43 270.2	2 057.0	4.75%	Prominvestbank	23 828.2	1 185.1	4.97%
Prominvestbank	23 437.1	1 106.1	4.72%	Privatbank	73 154.1	3 289.0	4.50%
Privatbank	72 080.2	3 205.6	4.45%	Ukreximbank	46 823.8	2 064.7	4.41%
Ukreximbank	46 677.2	1 904.4	4.08%	Raiffeisen Bank Aval	46 682.5	2 015.0	4.32%
Raiffeisen Bank Aval	46 930.3	1 818.1	3.87%	Khreschatik	3 882.8	165.5	4.26%
FUIB	13 117.9	466.4	3.56%	FUIB	12 992.5	505.1	3.89%
Khreschatik	3 954.1	138.9	3.51%	Erste Bank	5 839.6	191.0	3.27%
Erste Bank	5 879.2	193.5	3.29%	OTP Bank	27 966.3	899.0	3.21%
OTP Bank	28 181.9	879.3	3.12%	Oschadbank	42 997.8	1 096.5	2.55%
Oschadbank	43 703.1	1 165.8	2.67%	Unikredit Bank	7 828.5	124.0	1.58%
Unicredit bank	7 884.9	117.1	1.49%	PIVDENNYI	7672	69.7	0.91%
PIVDENNYI	8293.7	64.7	0.78%	ING Bank Ukraine	7 030.7	52.4	0.75%
ING Bank Ukraine	6 941.4	47.8	0.69%				

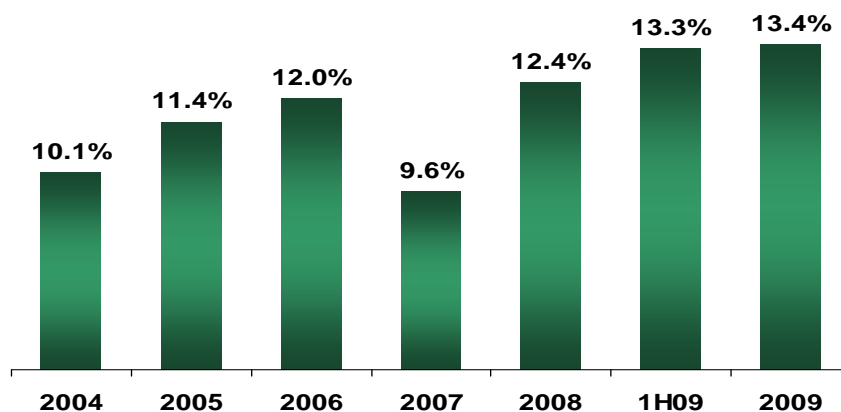


- ❑ Management intends to keep equity ratio above 12.0% in the future
- ❑ The majority shareholders are willing and able to support the Bank by additional capital
 - Pivdennyi's shareholders provide regular capital injections
 - Dividends to shareholders have always been capitalised
- ❑ The majority shareholders are now considering an additional UAH 100-200 MIO equity injection in 2010.

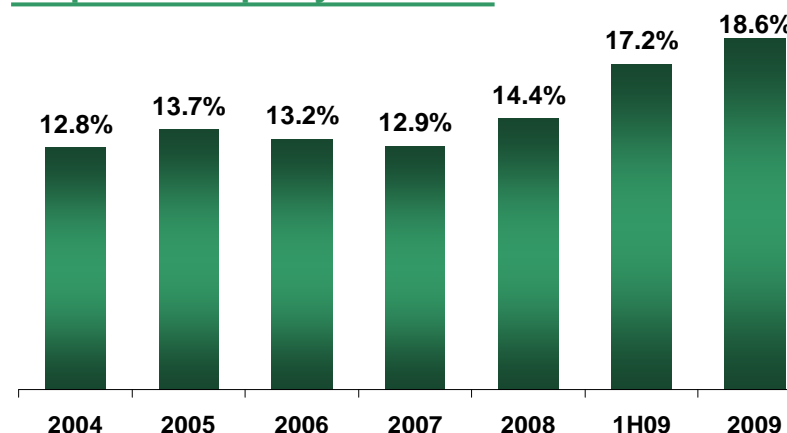
Capital Adequacy*

UAH MIO	2007	2008	1H09	2009
Total Risk Adjusted Assets, Off-Balance Sheet Commitments and Market Risk	6465,7	10189,6	9010,5	9369,8
Share capital	563,9	655,4	875,3	875,3
Share premium	0	335,6	335,6	335,6
Retained earnings	157,1	278,4	81,5	124,4
Minority interest	13,5	19,6	20,1	21,1
Tier-1 capital	734,5	1289,0	1312,5	1356,4
Tier-1 capital ratio	11,4%	12,7%	14,6%	14,48%
Revaluation reserve for fixed assets	91,0	99,9	91,3	103,0
Revaluation reserve for investment securities available for sale	1,1	1,1	1,6	1,1
Subordinated debt	0	0	80,7	199,6
Currency translation reserve	7,5	73,5	66,4	82,3
Tier-2 capital	99,6	174,5	240,0	386,0
Tier-1 and Tier-2 capital	834,1	1463,5	1552,5	1742,3
Capital adequacy ratio	12,9%	14,4%	17,2%	18,6%

Equity Ratio (Equity/Total Assets)



Capital Adequacy Ratio*

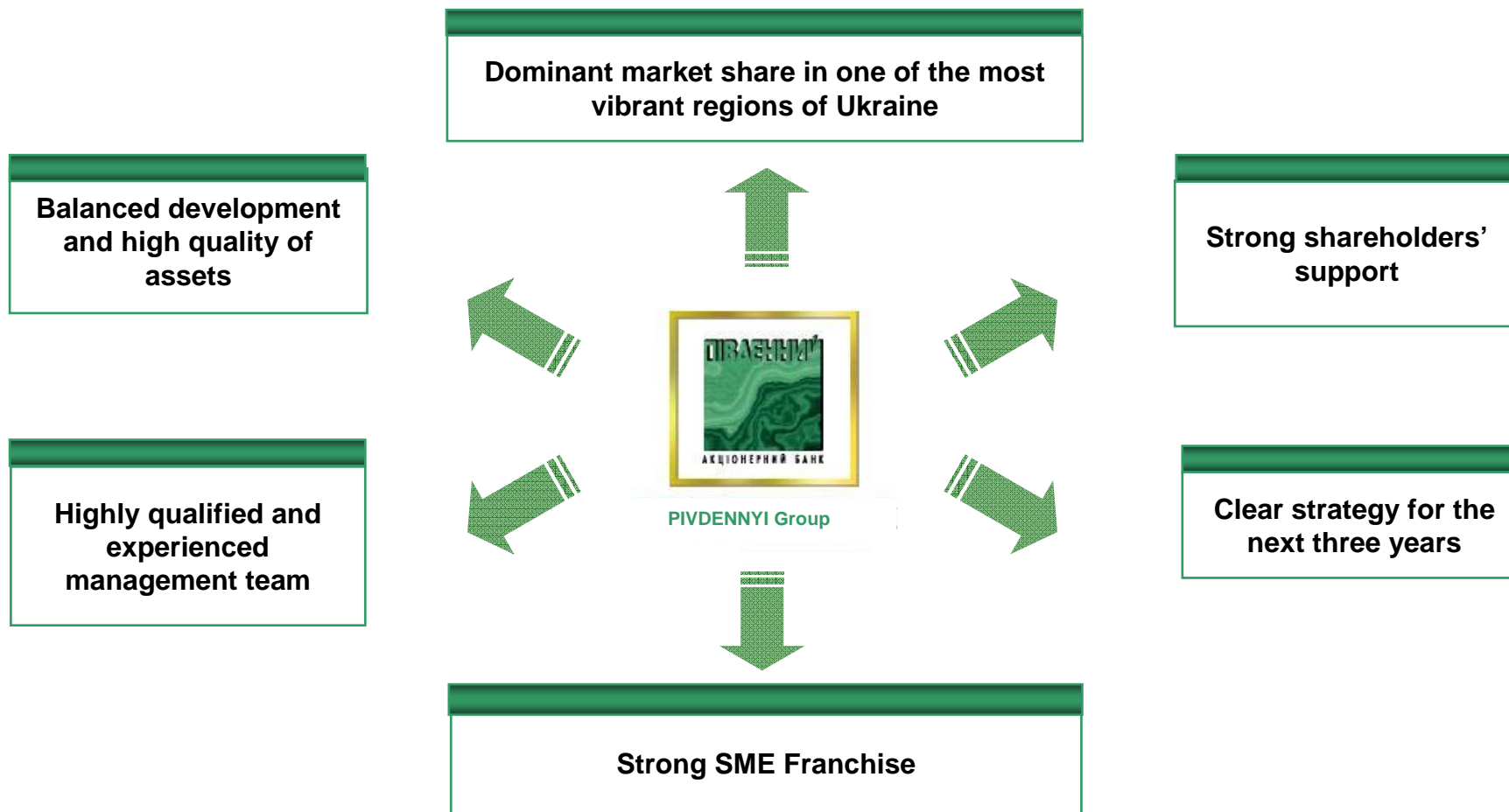


* Basel 2



PIVDENNYI Group

Investment Highlights





PIVDENNYI Group

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