

UkrGasBank Presentation

4th Concorde Capital Annual Conference

Kiev, 24-25 April 2008

UkrGasBank at a glance

"Ambitious in growth and prudent in risks"

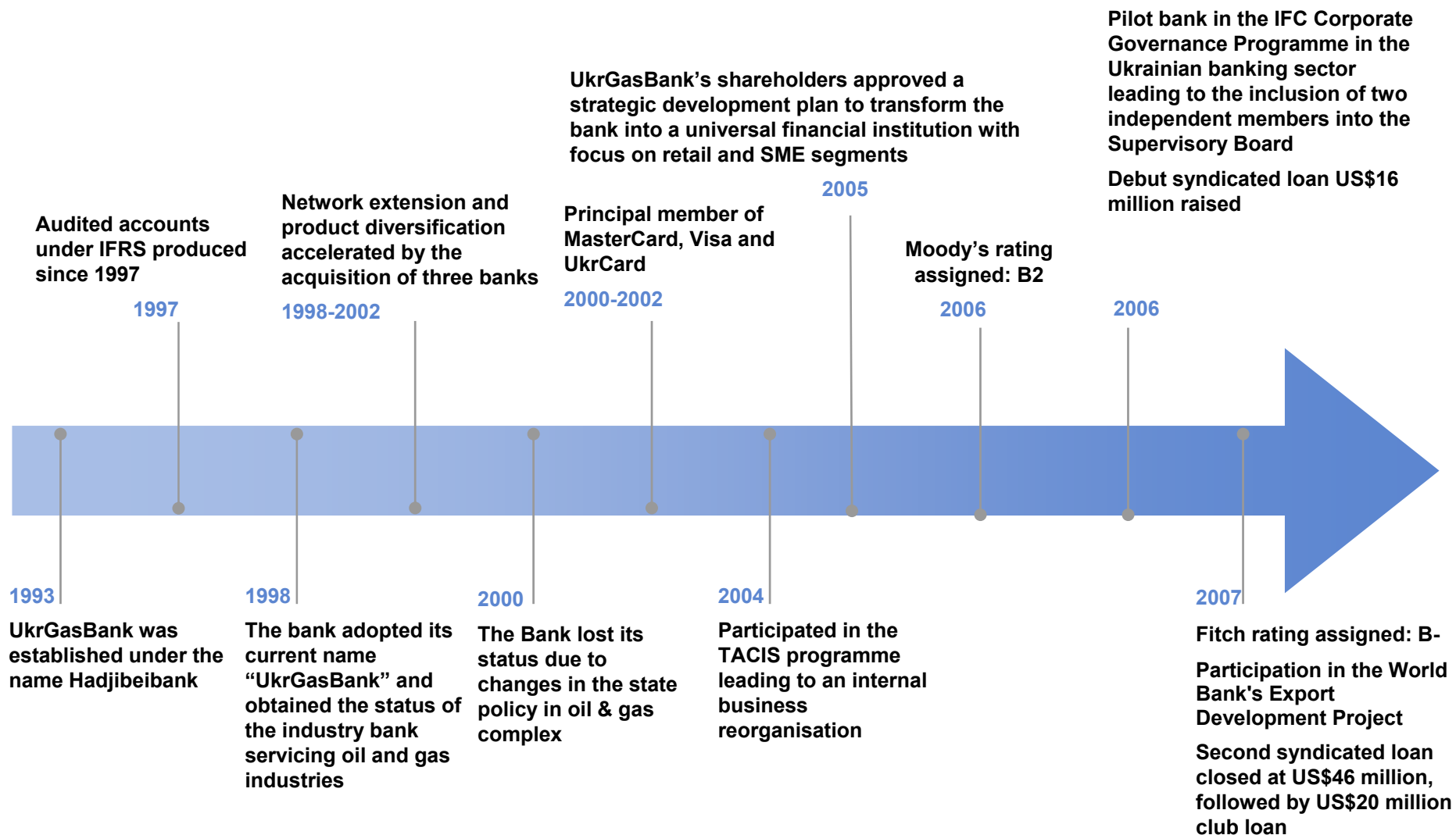
Category	Ranking
Assets	17
Shareholders' equity	19
Retail loans	21
Corporate loans	23
Retail deposits	11
Corporate deposits	21
Payment cards issued	12 ⁽¹⁾
Distribution network	10 ⁽²⁾

- UkrGasBank ("UGB") was established in 1993
- Legal form: Open Joint Stock Bank
- Current shareholding structure was established in 2001
- Universal bank with strong focus on SME and retail banking
- Country-wide footprint with 305 points of sale and 404 ATMs as of 01.03.08
- Transparent shareholding structure
- World-best corporate governance practices
- Conservative risk management policy, with the Bank avoiding the speculative sectors of the economy
- Accounts audited by Deloitte & Touche under IFRS since 1997

Source: Ukrainian Banking Association as of December 31, 2007

(1) according to EMA (2) according to Bank

Major milestones



4 Highlights

based on audited IFRS 2007YE accounts

Implementation of an ambitious strategy enables UGB to be:

a long-term market share gainer:

Total assets: US\$2bn y-o-y growth 134%

Net loans: US\$932m y-o-y growth 128%

Total customer accounts: US\$1bn y-o-y growth 98%

well-capitalised:

Equity: US\$191m y-o-y growth 98%

highly profitable:

Net income: US\$16m, y-o-y growth 540%

one of the fastest growing

Ukrainian banks:

2005 - 2007 CAGR of 110% for total assets and 83% for deposits

Customer base: c.19,000 corporate and 440,000 retail clients

Market share 1.72% in 2007 (1.11% in 2005)

a trustworthy partner:

NPL/Gross loans: 1.8%

90% of customer loans are collateralised

74% of deposits are covered by liquid assets

rated by two international and one local rating agency:

Moody's: Stable

B2 Not Prime Short Term Foreign Currency Deposit Rating

E+ Financial Strength Rating

A2.ua - NSR Bank Deposits - Domestic Currency Rating

Fitch: Stable

B- Long-Term Issuer Default Rating

B Short-Term Issuer Default Rating

BBB-(ukr) National Long-Term Rating

D/E Individual

Support **5**

Credit Rating (Ukraine):

uaA- Long-Term Credit Rating (national scale)

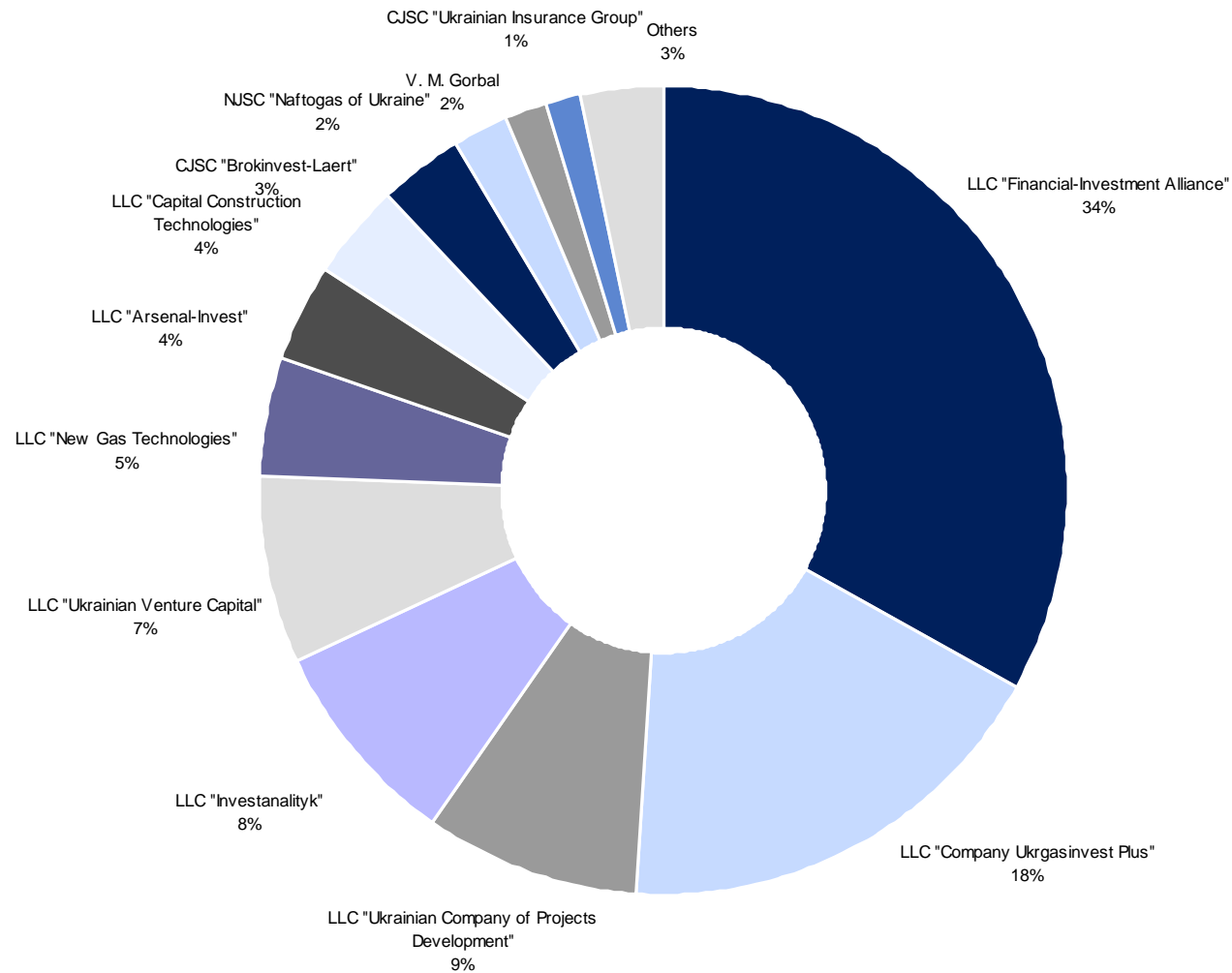
in compliance with regulatory requirements:

LLR/Gross Loans: 3.9%

CAR 15%

Tier 1: 10%

Shareholder structure



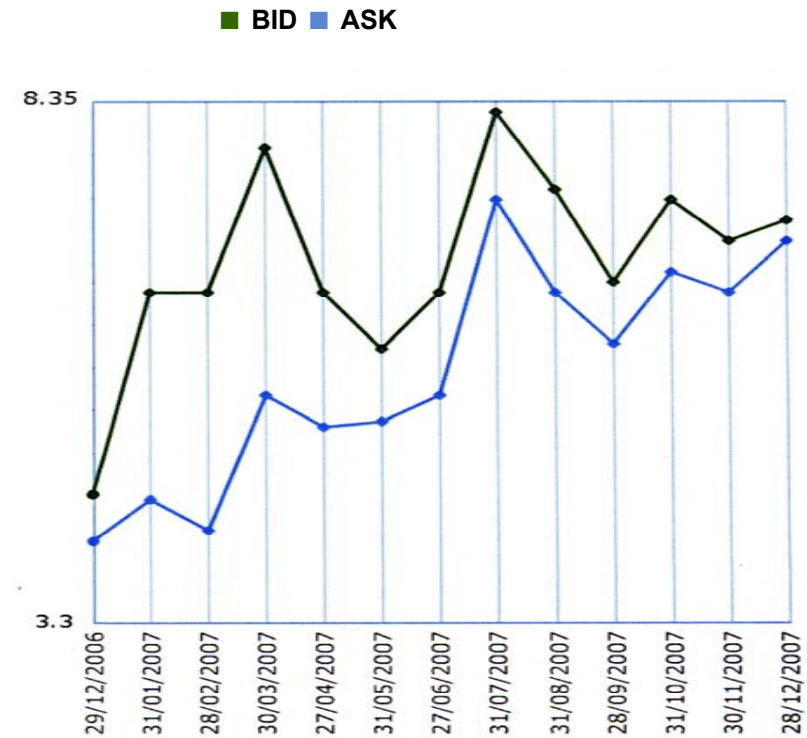
Beneficiary owners of the Bank are residents of Ukraine Mr. Vasyl Gorbali and Mr. Olexiy Omelyanenko.

Western standards of corporate governance

- UGB entered the IFC Corporate Governance program in May 2006
- In line with IFC recommendations, two new committees under the Supervisory Council were created: the Audit committee and the Corporate Governance and Appointments Committee
- Bank's Supervisory Council comprises two independent members of the six: Mr Smyth, a reputed professional in the financial world as an expert in corporate governance, and Mr Yaremenko, former Member of the Board and Deputy Chairman of the National Bank of Ukraine.
- UGB has been publishing its audited annual financial reports based on IFRS since 1997; audited semi-annual and 9months IFRS financials started in 2007
- UGB received an "A" in governance rating and ranked 4th Bank by quality of governance in Ukraine by Concorde Capital, a leading Ukrainian investment bank
- First and the only Ukrainian bank to order a reputation audit from a qualified UK company in order to enhance its transparency and communication with investors

- UGB's stock is listed on the PFTS, the leading Ukrainian stock exchange with a market capitalization of US\$ 673m as of January 2008

Outstanding stock performance YTD, UAH



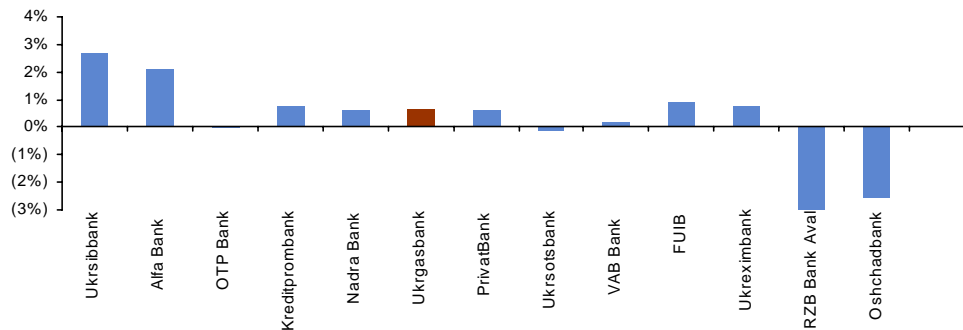
Source: PFTS

UGB is outperforming the sector...

by enhancing its competitive strengths

- Over the last five years, UGB has proven to be a market share gainer in the environment of fast growth in the Ukrainian banking sector
- Strong relationship in corporate banking sector with long experience in serving the natural gas business in late 1990s. Subsequently, UGB diversified its clientele into a broader sector to reach c. 19,000 corporate clients as of end-2007
- Efficient network of branches all over Ukraine. UGB aims to unify the business process in each outlet in order to cut rapidly its cost/income ratio to the lower range of the sector
- Strong liquidity compared to all other Ukrainian banks with more than 74% of customer deposit covered by liquid assets

Change in market share January 1, 2004-January 1, 2008



Source: Ukrainian Banking Association

UGB growth vs. Market's: 2005 - 2007

Corporate deposits	CAGR ('05-'07)	Growth rate	
		'06 vs. '05	'07 vs. '06
• UGB	109%	100%	119%
• Market	48%	36%	63%

Retail deposits	CAGR ('05-'07)	Growth rate	
		'06 vs. '05	'07 vs. '06
• UGB	71%	64%	78%
• Market	50%	46%	55%

Corporate loans	CAGR ('05-'07)	Growth rate	
		'06 vs. '05	'07 vs. '06
• UGB	80%	50%	118%
• Market	62%	56%	68%

Retail loans	CAGR ('05-'07)	Growth rate	
		'06 vs. '05	'07 vs. '06
• UGB	212%	305%	140%
• Market	114%	134%	96%

Source: Ukrainian Banking Association

Bank priorities

- Attain manageable and quality growth, outperforming the banking sector;
- Strengthen the Bank's market position and increase its market share in the Ukrainian banking sector to 3% by the end of 2012;
- Focus on expanding retail and SME customer base – the target customer groups of the Bank;
- Further expand the branch network and increase its capillarity (including opening of mini-offices, an up-to-date specialized new-format point of sale);
- Transparency and public information policy;
- Corporate governance meeting international standards and the world's best practices;
- Strong emphasis on enhanced risk management policies;
- Diversify funding sources;
- Maintain good brand recognition and excellent domestic and international track record.

International programs

- 2004
Participated in the EC TACIS program “Banking sector reform in Ukraine”, leading to an internal business reorganisation
- 2005
Pilot bank of the USAID “Program on the Development of Mortgage Loans in Ukraine”, leading to be the first Ukrainian bank-issued local MBS in March 2007 totaling UAH 50m
- 2006
Pilot bank of the IFC project “Corporate Governance in the Ukrainian Banking Sector”, leading to the inclusion of two independent members into the Supervisory Council
- 2007
The Bank is developing its export trade finance loan products by participating in the World Bank's Export Development Project

International track record: funding

- December 2006
US\$ 16m debut syndicated loan: 8 banks from 6 countries joined the deal
- June 2007
US\$ 46m syndicated loan: 12 banks from 10 countries joined the deal
- December 2007
US\$ 20m club loan (to refinance the debut loan): 9 banks from 6 countries joined the deal

Fully-fledged universal bank

UGB is focusing on serving corporate, SME and households

Corporate Banking

- Corporate and SME represent approximately 71% of the total credit portfolio as of y/e, or US\$687m
- Strong corporate customer base of close to 19,000 clients as of y/e 2007, of which 92% are SME
- Corporate banking has traditionally been the main orientation of the bank, but the bank is focusing to develop the SME business segment
- SME market is the most dynamically developing economy segment in Ukraine
- Corporate loan structure is dominated by credit lines for working capital purposes, which are extended and increased in accordance with customer needs
- UGB aims to maintain and enhance development of the Bank's market share in corporate banking through its unique relationship experience with leading Ukrainian companies

Retail banking

- To represent 29% of loan portfolio as of y/e, or US \$283m
- High fee-generative products:
 - credit cards
 - Co-branding plastic cards
- Fast growing retail customer base of 440,000 clients
- Retail loan portfolio: mortgage (51%), mortgage-backed loans (29%), car loans (15%), and overdraft (5%) as of y/e 2007
- One of the fastest growing segments in Ukraine
- Outstanding low level of NPLs due to:
 - Centralized system of decision-making
 - Efficient IT
 - Highly conservative risk management
- Developing its VIP and distant banking services

Investment banking and brokerage

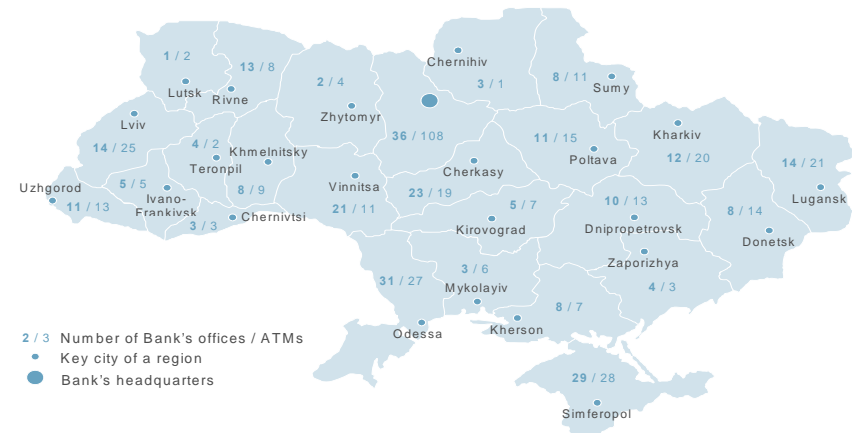
- Bank's brokerage services include execution of trades for corporate and retail clients
- UGB is engaged in proprietary trading:
 - Conservative investment policy with 95% of its portfolio consisting of liquid debt securities
 - The portfolio is limited to 10%-12% of the total assets, or < 100% of the Tier 1 capital
- UGB offers financial consulting services, including financial analysis and payment agent services
- UGB is one of the leading underwriters of domestic bonds and serves as a market maker on the secondary bond market
- In March 2007 UGB was the first Ukrainian bank to issue mortgage-backed securities, issuing UAH 50m worth in total
- Bank is a leader in precious metals operations with an estimated market share of 15%

Enhancing distribution channels

UGB is the leader in its peer group by points of sale

Existing coverage: 305 points of sales and 404 own ATMs as of 1Q2008

- o Branches: 19 (incl. Kyiv Head Office)
 - Outlets: 286
 - Type A: 23
 - Type B: 160
 - Type C: 99
 - Mini-Office: 4
 - ATM: 404
 - access to c. 3000 ATMs through partner network
 - POS terminals 437
- o **Call centre (Help desk):**
 - Support service for customers
 - Marketing research and client database management
- o **M-banking:**
 - SMS report
 - M-banking



o Distribution network development

Date	2002	2003	2004	2005	2006	2007	2008F
Branches	18	18	20	21	23	19	19
Outlets	34	45	74	100	141	268	399
ATMs	29	78	152	196	242	382	658
POS terminals	n/d	n/d	121	156	218	408	660

Excellent growth track record

Key financial data

	US\$ '000	2004	2005	2006	2007
		Profit and loss statement			
All averages are calculated as an average of the figure at the beginning and the figure at the end of the reporting period	Net interest income	9,439	18,670	26,332	69,495
	Operating income (before LLP)	21,989	30,609	45,340	102,426
	Operating expenses	(15,667)	(22,331)	(34,520)	(59,576)
	Profit before taxes	2,020	3,603	4,538	23,056
Net interest margin is calculated as follows: net interest income (before provisioning) is divided by the average of interest earning assets (cash and cash equivalents, cash balances with NBU, loans to customers and other banks, securities portfolio)	Net income	1,306	2,185	2,528	16,180
		Balance sheet			
	Net loans	177,196	229,778	408,201	931,963
	Total assets	265,267	469,928	885,728	2,074,943
	Customer accounts	199,635	308,577	524,338	1,037,097
	Shareholders' equity	26,410	52,280	96,846	190,669
		Key ratios			
ROAA is calculated as follows: net income is divided by the average of total assets	Net interest margin	4.3%	5.6%	4.3%	5.3%
	Net commission income / operating income	24%	20%	19%	17%
ROAE is calculated as follows: net income is divided by the average of shareholders' equity	Cost / income ratio (before LLP)	71%	73%	76%	58%
	Staff costs / operating costs	35%	43%	48%	n/a
	Provisions / loans (gross)	4.7%	5.6%	4.6%	3.9%
	Customer accounts / Net loans	113%	134%	129%	111%
	ROAA	0.6%	0.6%	0.4%	1.1%
	ROAE	5.8%	5.6%	3.4%	11.3%

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