



ANNUAL REPORT

First Ukrainian International Bank
2013

ABOUT US

3

FUIB Banking group

Chairmen address

FINANCIAL

7

RESULTS

Key performance indicators

Financial results

STRATEGIC

34

PRIORITIES

Vision

Corporate business

Retail business

BREAKTHROUGH

46

SOLUTIONS

Service quality

Service speed

Innovative products



Statement of the Chairmen of the Management and Supervisory Boards

We are a universal bank

*one of the most profitable, strong
and efficient banks in Ukraine*

We provide optimum banking solutions for businesses and individuals.

Our Banking Group, consisting of FUIB и Renaissance Capital banks, is developing actively in all segments.

1.3 million

individual customers

27 thousand

corporate
customers

725 outlets

countrywide

20/100

Ukraine's
largest companies

WE BELIEVE IN UKRAINE AND CREATE A SUCCESSFUL, STRONG
AND EFFICIENT BANK FOR OUR CUSTOMERS.



« We are building an organisation
with very good service,
in which new opportunities
will be created by technologies »

Sergey Chernenko

Chairman of the Management Board of FUIB

138 mln UAH

invested in efficiency
enhancement projects

555 mln UAH

record high net profit

4.2 out of 5

improved customer satisfaction



« We will maintain a healthy balance between profitability and reliability, with stability considered our key priority at this difficult time for Ukraine »

Ilya Arkhipov

Chairman of the Supervisory Board of FUIB
and Managing Director of SCM Advisors (UK) Limited

103.6%

Loans / Customer accounts

1.8%

ROA

10.2%

ROE



Financial performance

Main performance results

1.2 bln UAH

Profit before provisions

554.8 mln UAH

Net profit

32.2 bln UAH

Assets

24.6 bln UAH

Gross loan portfolio

21.1 bln UAH

Customer accounts

5.6 bln UAH

Equity

1.8%

Return on assets (ROA)

10.2%

Return on equity (ROE)

6.8%

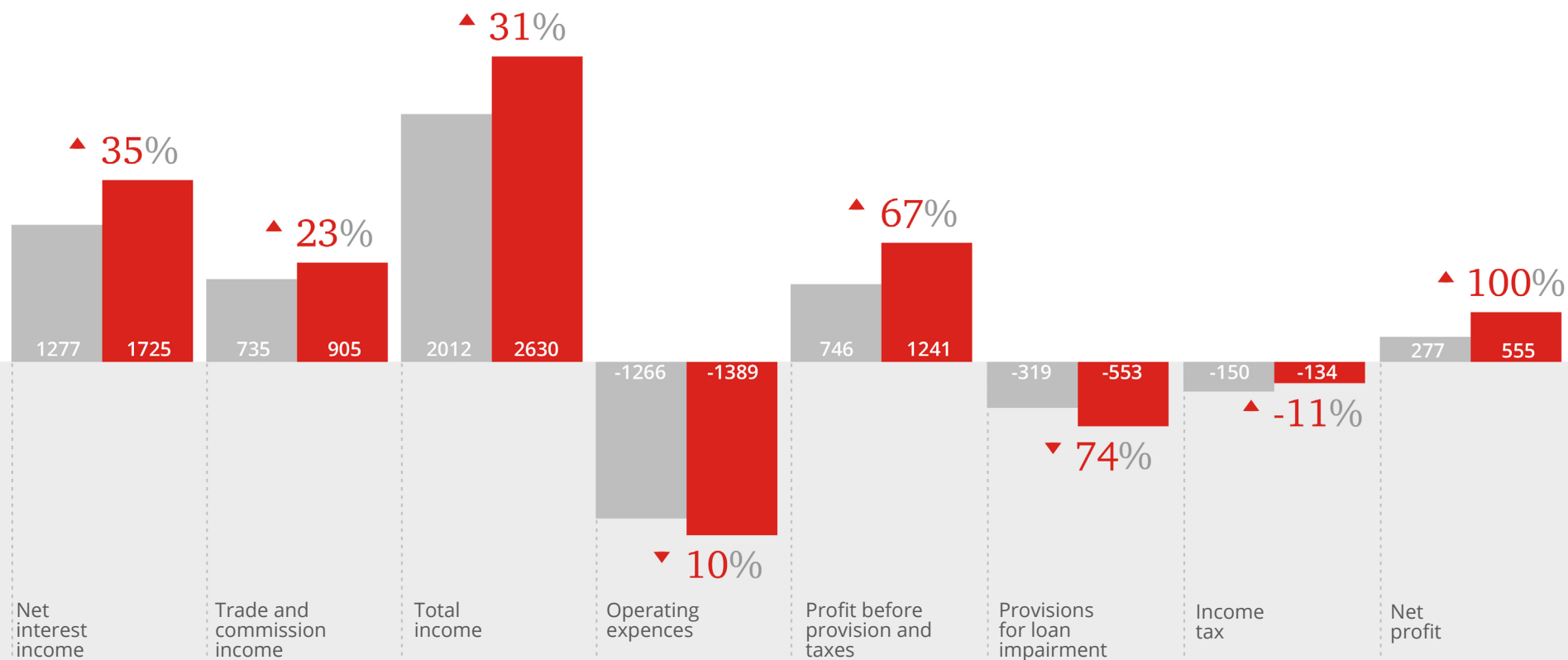
Net interest margin (NIM)

According to its performance results for 2013, the Bank earned the net profit of UAH 554.8 mln, which is two times more than for 2012.

The main reason for growth in net profit for 2013 was the 31% increase in operating income.

COMPOSITION OF NET PROFIT, MLN UAH

● 2012 ● 2013



The profit before provisions and taxes grew by 67% through increases in the net interest income and net fee and commission income by 35% and 41% respectively.

The growth in the operating expense was moderate and totalled 10% because of the implementation of long-term strategic projects.

OPERATING PERFORMANCE

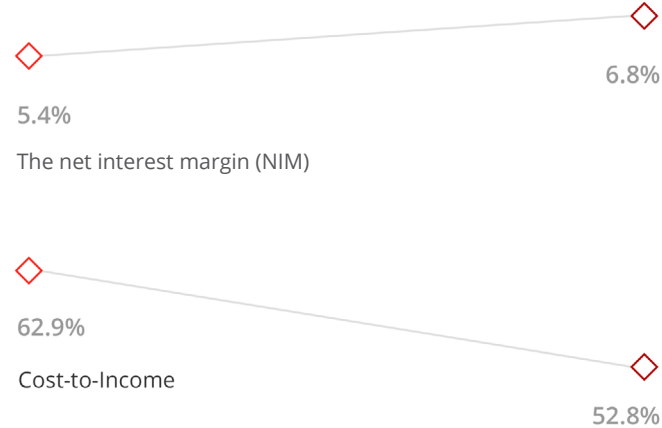
● 2012 ● 2013



The Group improved its ROE to 10.2% and ROA to 1.8%, while lowering the Cost-to-Income ratio from 63% to 53%.

OPERATING EFFICIENCY

◇ 2012 ◇ 2013



The net interest margin (NIM) grew to a record high of 6.8%.

No 4
by ROA & ROE

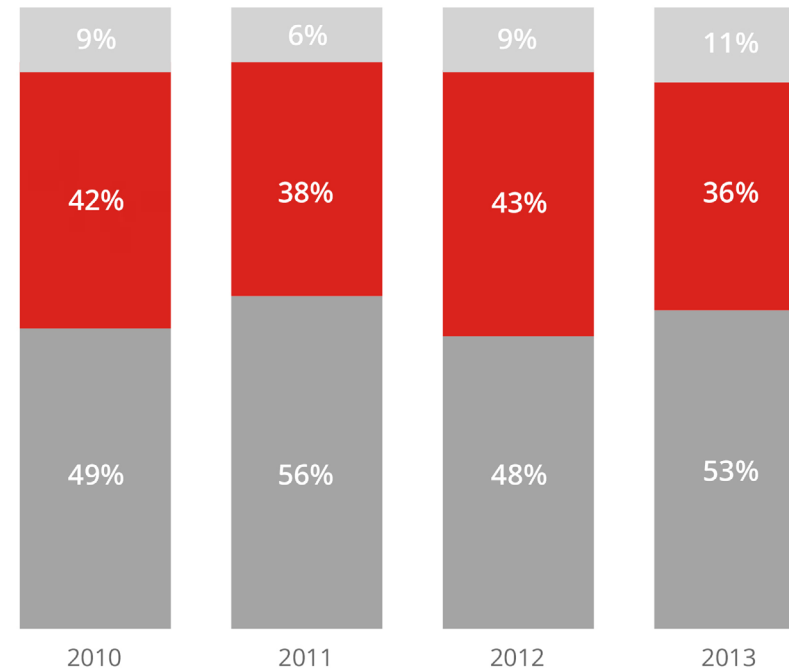
Steady growth in deposits

CUSTOMER ACCOUNTS
BY SEGMENTS, BLN UAH



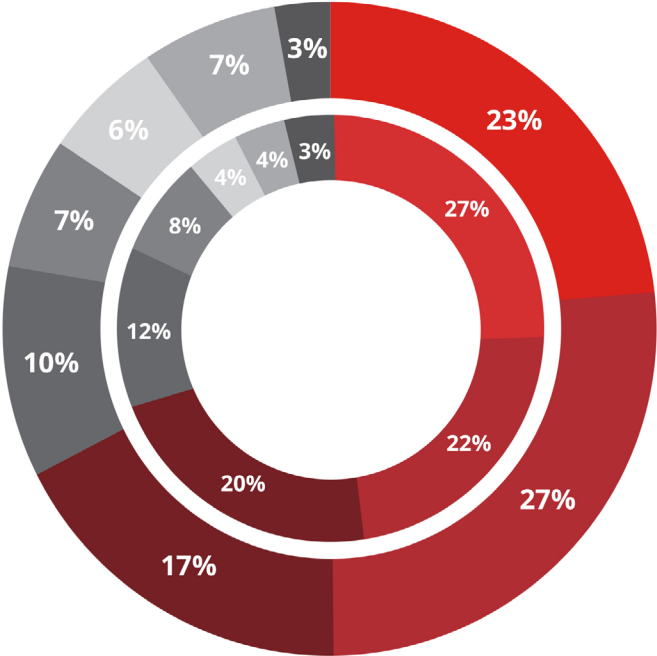
CUSTOMER ACCOUNTS
BY CURRENCIES, %

■ UAH ■ USD ■ EUR and other



Loan portfolio diversification

Loan portfolio diversification was achieved via an increase in the share of retail loans, and lending to agricultural and food industries.



GROSS CORPORATE LOANS BY INDUSTRIES, %

2012: internal
2013: external

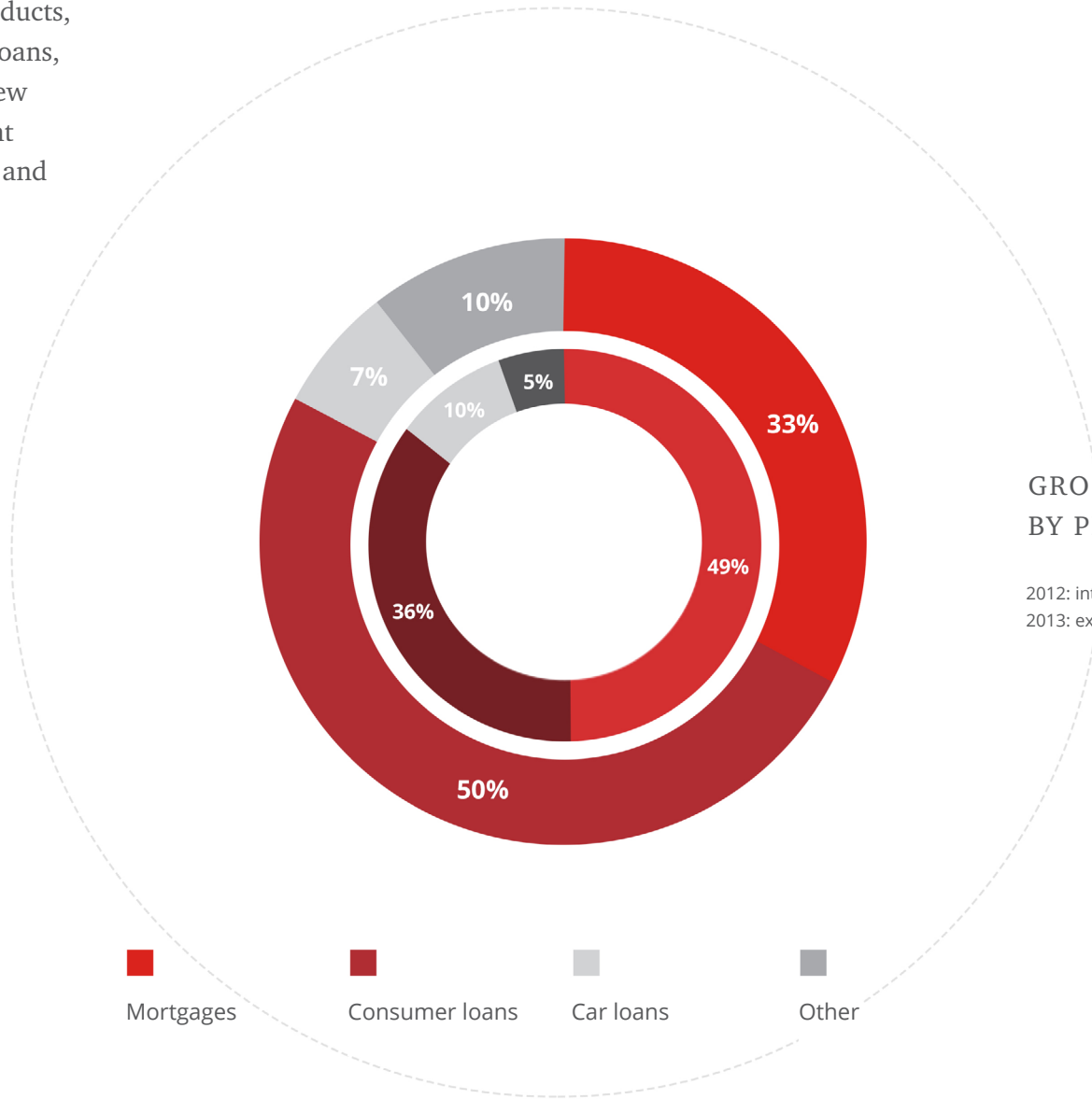
- Trade and agency services
- Food industry and agriculture
- Property development
- Metallurgy and mining
- Machine building
- Transport and infrastructure
- Non-banking financial institutions
- Other

Within the retail loan portfolio, the traditional banking products, such as mortgage and car loans, are being substituted for new products that satisfy current customer needs (cash loan and credit card).

+14%
Consumer loans

-16%
Mortgages

-3%
Car loans



GROSS RETAIL LOANS
BY PRODUCTS, %

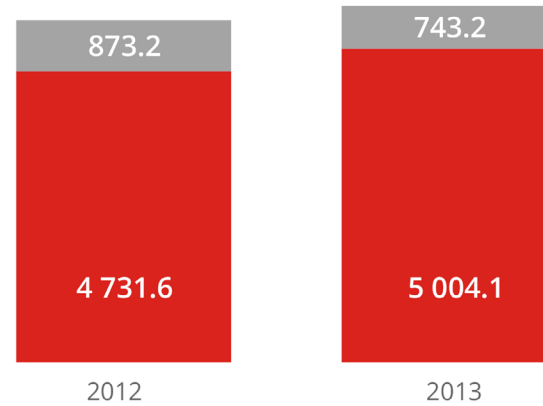
2012: internal
2013: external

- Mortgages
- Consumer loans
- Car loans
- Other

STRONG CAPITAL BASE

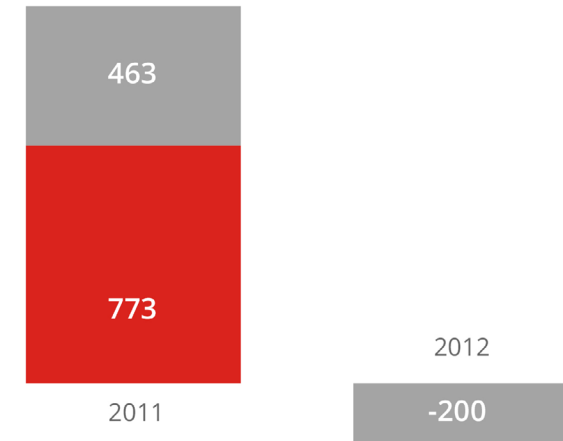
**TOTAL CAPITAL
(TIER 1 + TIER 2),
MLN UAH**

■ Tier 1 Capital ■ Tier 2 Capital



**CAPITAL CHANGE,
MLN UAH**

■ Share capital ■ Subordinated debt



One of the highest Capital Adequacy Ratios in the banking sector. No capital injection during 2013. Subordinated debt of 200 m UAH was repaid in 2012.

Strong shareholder with commitment to support with capital that was earlier injected in amount of USD 685 mln during 2006-2011 including the result of merger with Dongorbank.



Strategic highlights



« Our goal is maintaining
balanced growth as one
of Ukraine's largest universal
banks and delivering impeccable
customer service 24/7 »

We will continue working toward
business efficiency enhancement
and an ROE at 15% to 18%.

Sergey Chernenko

Chairman of the Management Board of FUIB

Corporate business

FUIB is one of the Ukraine's best corporate banks.

Our team offers unique innovative product and service solutions for large, middle and small businesses.

4000

new customers

TOP-3

by documentary operations, factoring and foreign exchange transactions

Best Corporate Bank in Ukraine

according to Kontrakty business weekly

20 of Ukraine's TOP 100

largest companies are our clients

20%

of the corporate business income comes from the SME segment

Best Corporate Banker

according to Kommersant Ukraine newspaper

1 bln USD

new loans and trade finance instruments

1.5 thousand

corporate customers using the Internet banking service of FUIB

BUSINESS GROWTH

We are showing great business dynamics and have grown our corporate portfolio at a rate twice higher than the industry average.

16%

Banking
industry

31%

FUIB

FUIB IS ONE OF THE LEADERS IN LENDING TO THE REAL ECONOMY. NEW LOANS AND TRADE FINANCE INSTRUMENTS TOTALLED USD 1 BLN.

EFFICIENCY

We increased the share of fee and commission income from corporate business in the net fee and commission income of the bank:

8.18%

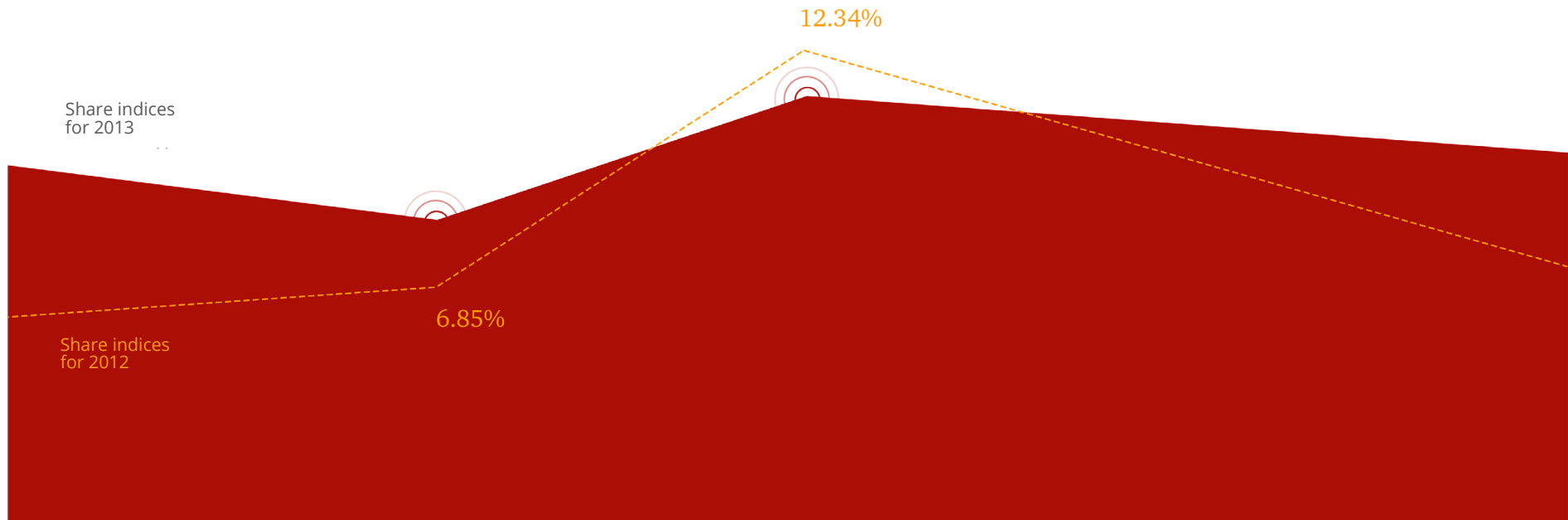
fee and commission income from documentary business in the net fee and commission income of the bank

11.43%

fee and commission income from foreign exchange operations in the net fee and commission income of the bank

22.8%

the share of net fee and commission income from corporate business in the net fee and commission income of the bank



DIVERSIFICATION

FUIB enhances its segment and industry diversification and decreases the borrower concentration in the portfolio. This strengthens our reliability, profitability, and facilitates our business development.

We are increasing the share of agriculture and food businesses in our credit portfolio and remain in metallurgy and mining. Over the last three years, the share of agricultural businesses in our loan portfolio tripled.

38%

Growth of SME assets

17%

Share of SME business in the corporate business assets

3.13%

Share of 40 largest borrowers in the assets of FUIB

27%

of the corporate portfolio are loans to agricultural businesses.

IN 2013, FUIB WAS RECOGNISED AMONG THE THREE LARGEST LENDERS TO AGRICULTURAL BUSINESSES

according to InvestGazeta business weekly

Banking Group Retail Business

1.3 mln

active clients up
by 30% yoy

50%

growth in the number of clients
in consumer lending

UAH 11.4 bln

deposits

UAH 6.8 bln

loans

AS A UNIVERSAL BANK WE OFFER A COMPLETE RANGE OF
INNOVATIVE BANKING SOLUTIONS TO ALL CLIENT SEGMENTS.

Significant customer dynamic
by segment

+30%

of mass clients

+28%

of middle clients

+20%

of affluent clients

+29%

of VIP clients

**EXTRAORDINARY
GROWTH
IN DEPOSITS**

USD 11.4 bln

in deposits and current accounts
in both banks (+10,4%)

This dynamic embodies our
clients' trust in our brand and
FUIB's sustainable market
positions.

We were able to grow throughout
the year and attract an
extraordinary number of deposits
in the context of pricing ourselves
much lower than the market.

**STRONG CONSUMER
LENDING**

We continued to grow among the
top-3 players in the consumer
finance business and successfully
switched from POSes to
centralized brokerage platforms
at the main retail chains.

300 thousand
accounts

acquired during the year via
retail chains

UAH 6.8 bln

of gross loans in credit cards,
overdrafts and cash loans in both
banks

FUIB UNIVERSAL BANKING AND 'RENAISSANCE CREDIT'
BANK CONSUMER FINANCE BANKING
EXCEEDED EXPECTATIONS.

**REVOLVING
BUSINESS**

more than doubled between 2012
and 2013 (UAH 704 mln
credit cards and overdrafts)

**CASH LENDING
PORTFOLIOS**

grew over UAH 879 mln yoy
(UAH 2174 mln)



Stephan Guglieri
Executive Director
and Head of Group retail banking

« WE CONTINUED INCREASING OUR FOOTPRINT
ACROSS THE COUNTRY AND DOUBLED OUR PRESENCE,
INTRODUCING NEW FORMATS TO PROVIDE MORE COMFORT
TO OUR CLIENTS »

INCREASED PRESENCE

219

traditional branches

We are now present in 219 traditional branches and 23 Persona zones at different locations throughout Ukraine to service affluent and VIP clients.

23

Persona zones

54

Bank@work

We rolled out 56 Bank@work to bring services to our clients at their place of work.

1143

Sales Finance brokers

In sales finance, we deployed our presence in 1143 points of sale.

2211

Ukrposhta and partners

Through partnerships with Ukrposhta and others, we are present in another 2211 places under the brand of our partners



Breakthrough Solutions



Sergey Chernenko

Chairman of the Management Board

<< GOOD SERVICE PRESUMES BOTH CLASSIC BANK RELIABILITY AND ABILITY TO QUICKLY CHANGE, ADAPT, AND OFFER NEW SERVICES. THIS IS WHY WE ARE BUILDING A SERVICE ORGANISATION IN WHICH NEW POSSIBILITIES WILL BE CREATED BY TECHNOLOGIES >>

Service quality

ideal bank for all segments

FUIB satisfies banking needs of individual and corporate customers, providing optimum solutions for settling all matters at one bank.

We support current business needs and invest in technologies that will create new possibilities for our customers in the future.



Tomasz Wisniewski
Chief Operating Officer

« IN THE NEAR FUTURE WE WILL PROVIDE OUR CUSTOMERS WITH ALL THE COMMUNICATION MEANS FOR INTERACTING WITH THE BANK. THEY WILL BE ABLE TO CALL US ONLINE WHILE ABROAD, ASK QUESTIONS VIA ONLINE CHAT OR USE THE IVR FOR SELF-SERVICE; - ALL THIS WILL EASE OUR INTERACTION »

SELF-SERVICE CHANNELS PROVIDE 24/7 ACCESS TO THE BANK'S PRODUCTS AND SERVICES

The Call Centre has introduced the Interactive Voice Response (IVR) self-service system, handling half of customer enquiries and providing additional services.

The CC Operators handle customer enquiries from the corporate site, social media and promo desks, deal with complex customer enquiries and complaints received over the phone, and appoint meetings with customers in branches.

CALL CENTRE

95%

of incoming calls handled by the Call Centre

82%

of customer calls answered within 20 seconds

90%

of customers satisfied with complaint resolution handling

50%

of customer requests serviced through self-service systems

We guarantee good service

politeness, professional competence and successful resolution of the matter by the operator

**CUSTOMER SERVICE
QUALITY
MANAGEMENT**

FUIB studies customer needs and wishes by means of surveys, opinion polls and feedback.

An independent contractor measures the satisfaction of our customers by applying Mystery Shopping methodology.

We use the findings of the independent customer satisfaction survey – Customer Satisfaction Index (CSI).

91.02

92.65

4.2 out of 5

Total Customer Service Quality
at the outlets of FUIB

Total Customer Service Quality
at the Call Centre

Overall Customer Satisfaction with
products and services of FUIB



Aleksey Volchkov
Deputy Chairman of the Management Board

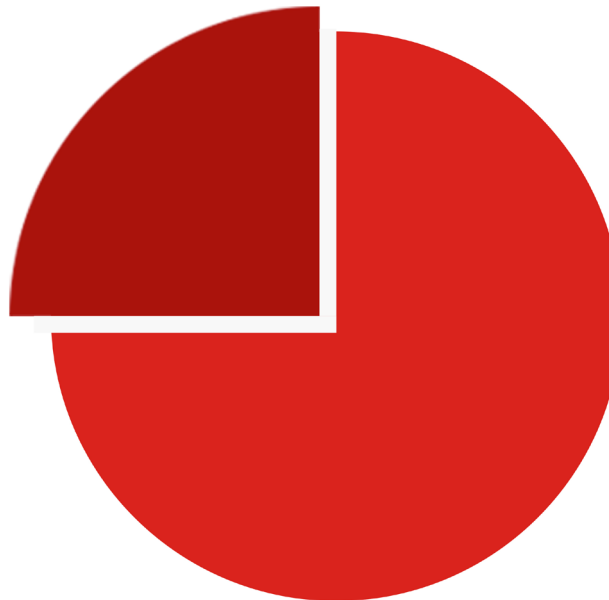
« SERVICE EXCELLENCE CONSISTS OF CUSTOMER COMFORT IN WORKING WITH OUR SPECIALISTS AND THE OPERATIONAL PROFICIENCY AND SPEED OF OUR IT SYSTEMS »

QUALITY FORMULA

25%

TECHNOLOGIES

possibility for creating
customer-convenient products
and processes



75%

SPECIALISTS

qualified financial consultants,
resolving all matters
for customers

ONE STOP SOLUTION SERVICE MODEL

Our One Stop Solution service model for corporate customers has been reinforced with documentary instruments and factoring as an alternative to loans, which significantly decreases costs borne by the customer when raising financing. Factoring in fact is an unsecured, quick and cheap loan, which finances the supplies from counterparties of middle-sized and large companies. Moreover, FUIB started offering foreign exchange control and direct dealing services. Customers are provided with unique consultations and service, ranging from customer specific pricing to performance of the most complex foreign exchange operations within legal boundaries.

CUSTOMIZED SOLUTIONS FOR CORPORATE CUSTOMERS

are possible thanks to the new platform, uniting the modern core banking system and Internet banking, which helps to optimise procedures, speed up processes and create customer specific solutions.

As a pilot test, customer specific solutions were developed for a number of large companies of SCM Group. For instance, for the DTEK Treasury FUIB created a system for centralised single-window management of funds of the 52 companies that are part of DTEK. FUIB proceeds to offering customer specific technological solutions for customers from middle and large segments. They will help to simplify the work with Client Bank, cut costs,

minimise cash handling routine, and automate processes towards their better manageability and synchronicity.

CUSTOMER SERVICE CHANNELS FOR SMALL BUSINESSES

have been broadened by means of an extended retail network and electronic communication channels. A customer can have all his personal and business matters resolved without visiting a Bank outlet, simply by using a bank card and the Internet banking service. The integration of the corporate and retail Internet banking platforms will make the use of distant banking services easier.

75%

of outgoing payments
are automatically processed

Moreover, FUIB applies autopilot
blocking know-how to payments
from blacklisted counterparties

automated payment processing
takes only

18 minutes

Service speed

Quick start for small business –
minimum time and package of
documents for starting work with
the Bank.

TIME-TO-YES

21 day

target deadline
for a decision on a loan
to a corporate customer

TIME-TO-CASH

receipt of loanable funds:

80%

of customers during 1 hour
instead of 40% during 2 hours



Stephan Guglieri

Executive Director and Head of Group retail business

<< QUALITY MEANS GUARANTEE OF GOOD, STABLE
CUSTOMER SERVICE, ALONG WITH HELP FROM SKILLED
PROFESSIONALS, CONVENIENT MODERN BANKING PRODUCTS,
AND TRUSTWORTHY 24/7 CUSTOMER SERVICE CHANNELS >>



Innovative products that fulfill the needs of our clients

We create products adapted
to client needs using market research
and understanding of customer expectations.



Personal banking in a form of Persona Club

We launched personal banking in the form of a club to improve the quality of service for affluent and VIP customers, generating a very positive client response. The Club

membership card allows clients to use modern private areas in a number of our branches, and the services of a personal account manager, available up to 7 days

a week for client convenience. Persona Elite managers are able to meet the client wherever they are.



Credit cards *Emotio and Ratio*

This credit card was launched based on customer needs, not credit features. Two different types of card have been initiated – Ratio and Emotio. Ratio is for

clients who prefer the traditional usage of the card and ATMs, and are cautious about costs and fees. Emotio is based on customers who have more of a shopper's attitude,

and need an instrument to facilitate their shopping or traveling.



Cash loans new-to-bank

We set up the new cash lending operation addressed to open market in FUIB branches via “Renaissance Credit” platform. New clients can get an open market cash loan in the branches of FUIB.

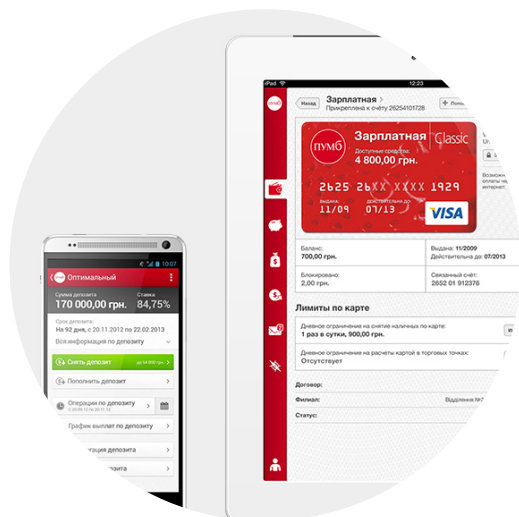


PUMB Touch

We created a range of products and services for young people aged 16 up to 28 including students, working students and recent graduates. The product is built around the lifestyle of its potential clients as reflected in 8 original designs: for guys – Hipster, Rapper, Scooterer and Biker; for girls – Melomane, Eccentric, Blonde and Hippie.

Basic services of the PUMB Touch package include: current account in the national currency; MasterCard with one of 8 designs; PUMB Online Internet banking service; SMS banking; additional security layer through 3-D Secure technology; free transfers between all accounts at PUMB Online; fee-free and unlimited cash withdrawals from ATMs of FUIB; fee-free ac-

count replenishment and fee-free account balance increase by other persons at the Bank's cash desk. The PUMB Touch annual service fee is UAH 50.



iPumb for iPad and Android

FUIB launched iPUMB application for iPad users, which is a mobile version of Internet banking PUMB Online. This application was certified by Apple and is available in 3 languages: Ukrainian, Russian and English. The application uses all iPad advantages and an easy touch screen interface simplifies

the control and management of personal funds. All banking operations are done by hand. The application is available in the AppStore. To sign in a client of FUIB should enter the same username and password that is used to sign in at PUMB online.

Free application iPUMB for Android OS smartphones, a mobile version of the PUMB Online Internet banking system, has been developed by in-house experts of FUIB and is available at the application market Google Play. It is a fully functional application, which helps its user to work with online banking on their phone: view their account balances, top up mobile phone accounts, make utility and other payments, open, replenish and withdraw deposits, order and block cards, repay loans, etc.



Value club

Star club is a loyalty program in which participants receive instant discounts when paying for goods and services with a payment card of FUIB or “Renaissance Credit”

bank. “Star Club” has more than 1,000 sales outlets throughout Ukraine. Discounts are available at retail outlets of the program partners where the “Star Club”

logo is displayed. Our intention for 2014 is to expand the club further and provide enhanced loyalty options for our clients.



International Money Transfers

Now Western Union, UNiStream, CONTACT and MoneyGram, the four international money transfer systems, are available to FUIB clients for making local and international money transfers.



E-tickets via IB for FC Shakhtar

With the Football Tickets Purchase service of PUMB online, one can buy tickets to Shakhtar Donetsk games anywhere in the country.

All booked tickets are saved and available for print out at any time. It is not necessary to exchange thus printed out tickets at ticket

offices of the stadium, as they bear the bar code that is scanned on entering the stadium.

Thank you for viewing!