

THIRD BOND ISSUE OF CJSC "PROCREDIT BANK", SERIES E

CJSC «ProCredit Bank»

Third Bonds Issue of CJSC «ProCredit Bank»

Bonds Issuer	CJSC «PROCREDIT BANK»
Issue Managers	JSIB «UkrSibbank» JSB «Raiffeisenbank Ukraine»
Payment Agent	JSIB «UkrSibbank»
Total Issue Volume	UAH 50 000 000
Face Value	UAH 1 000
Period of Circulation	36 months (11.04.2005 – 07.04.2008)
Coupon (nominal) Rate	13.5% per annum
Coupon Income Payment	91 days

Bank's Financials, IAS USD million

Indicator	2003	2004	Growth, %
Assets	72	133.5	85.4%
Capital	15.1	16.7	10.6%
Credit Portfolio, net	57.4	98.4	71.4%
Operating Income	6	12.6	110.0%
Net Profit	0.4	1.5	275%

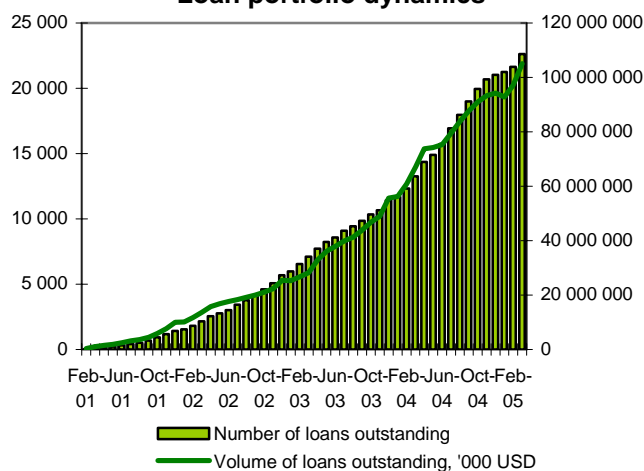
- «ProCredit Bank» is a full-fledged bank providing services to small and medium businesses and the general public
- The Bank is distinguished by its distinctly formulated mission and the development strategy, transparency and intelligibility of its business
- «ProCredit Bank» is a bank with foreign capital whose shareholders are the largest international financial organizations with long term orientation to support the Bank's activities in Ukraine
- «ProCredit Bank» belongs to the network of ProCredit banks operating in the sphere of micro-and SME crediting being represented in 18 countries, in some countries for more than 20 years
- The credit portfolio of «ProCredit Bank» increased 2.3 times up to \$58.8 million in 2003 and by 72.4% up to \$101.4 million during the year 2004
- The bank's share of bad debt accounts for 0.87% of its credit portfolio (Portfolio at Risk > 30 days, as of 31 December 2004) and is covered by its formed reserves more than 3.5 times
- The bank finances the larger part of its active operations by rather long and inexpensive resources granted by international financial organizations
- «ProCredit Bank» has been actively expanding the network of branches and the spectrum of services provided to its clients
- In September 2004 Fitch Ratings awarded ProCredit Bank a long-term B+ rating, the same rating which was assigned to Ukraine. Indeed, following the outstanding performance of the Bank at the last quarter of 2004, the bank's rating was later even upgraded to BB-, immediately following a similar improvement of the country rating.

Why are «ProCredit Bank» bonds worthy of buying?

- High reliability of the bonds issuer is provided by the high level of its credit portfolio diversification, the bank's technological effectiveness, the experience of its network working in the countries of Eastern Europe
- «ProCredit Bank» has full support from its owners, among them three first-class international financial institutions, EBRD, IFC and KfW (each rated 'AAA'), that hold 60% of the bank's shares and two well-established foreign investment companies, Western NIS and ProCredit Holding (rated investment grade 'BBB-').
- The bonds issuer has a positive public credit history and a record of successful bonds issues
- The bonds issuer is characterized by highest transparency of its business which is confirmed by Fitch Ratings and successful international audits by "Big Four" since its inception
- The bank is characterized by a high quality loan portfolio with extremely low arrears rates that are achieved through the use of a sophisticated and adequate credit technology, high quality management and a very high level of risk diversification (the average loan amount outstanding is USD 4,480)
- Liquidity of bonds will be supported by two large banks: «UkrSibbank» and «Raiffeisenbank Bank»

«ProCredit Bank» Credit Portfolio Growth

Loan portfolio dynamics



Parameters of the Issue

Issuer	Closed Joint-Stock Company "ProCredit Bank"		
Issue Managers	JSIB «UkrSibbank» JSB «Raiffeisenbank Ukraine»		
Payment Agent	JSIB «UkrSibbank»		
Volume of the Issue (Series E)	UAH 50,000,000 (USD 9,451,796)		
Face Volume	UAH 1 000,0 .		
Date of the Issue	04/11/2005		
Circulation Period	36 months, from 11/04/05 till 07/04/08		
Coupon (nominal) Payment	13.5% fixed for the whole circulation period		
Coupon Period	91 days		
Payment Schedule	Beginning of coupon period	End of payment period	Date of coupon payment
	11.04.05	10.07.05	11.07.05
	11.07.05	09.10.05	10.10.05
	10.10.05	08.01.06	09.01.06
	09.01.06	09.04.06	10.04.06
	10.04.06	09.07.06	10.07.06
	10.07.06	08.10.06	09.10.06
	09.10.06	07.01.07	08.01.07
	08.01.07	08.04.07	09.04.07
	09.04.07	08.07.07	09.07.07
	09.07.07	07.10.07	08.10.07
	08.10.07	06.01.08	07.01.08
	07.01.08	06.04.08	07.04.08
Early Redemption Option	Not provided		
Issue Registration Number	№51/2/05 dated 10/03/05		

No part of this research may be reproduced or distributed in any manner without permission of JSIB UkrSibbank

This Research is provided exclusively for the purposes of information. It does not make a part of the documents to be submitted to any registration or otherwise public authorities in Ukraine in relation to the issue of securities as described herein. The Research is an informational document for potential investors and is represented in the form that would help them better understand the Issuer and risks relating to the Bond purchase. The Research is compiled so to provide potential investors with the information of the above-minimum level, disclosure of which is required by the Ukrainian law with registration of the Bond issue. The Issuer, after thorough estimation has been made, shall assume responsibility for the information relating to it and contained in the Research, and shall acknowledge that such information is true and accurate in all material respects, and is not misleading. Opinions and intentions of the Issuer herein are its conscientious opinions and intentions. This Research contains certain statements for future events. Such statements include considerable suggestions and personal judgments of the Issuer's management, which, in their turn, could appear either true or false. No guarantee exists with respect to that the events anticipated by the Issuer's management would happen in the future. This Circular does not include any representations or warranties, whether direct or indirect, made by the issue Managers as well as any other person acting on its behalf with respect to accuracy and completeness of data contained in this Research. Nevertheless, certain sections, where this is expressly indicated, reflect the Management's view point, which, however, can not be used in any formal letters and other documents. Each potential investor is to individually assess significance of the information herein, and in purchase of the Bonds it should rely upon investigations and other analyses as it would deem relevant.

The Issuer

ProCredit Bank (Ukraine) has started its operations in the beginning of the year 2001. Before the autumn of 2003 the Bank was bearing the name "Micro Finance Bank". The co-founders of the Bank have consequently decided to unify under a single brand name the network of the founded banks. The network was operating in the micro- and SME financing market for more than 20 years in 18 countries, including 10 operating in Eastern Europe, i.e. Albania, Bosnia, Serbia, Bulgaria, Romania, Macedonia, Kosovo, Georgia and Moldova and Ukraine. The Bank will expand its network by two banks this year.

ProCredit Bank is an independent bank with 100% foreign capital participation. At present, the shareholders of the bank are the following financial organizations:

Organization name	Rating Moodys/S&P	Share in the Statutory Fund, as of 01.01.2005 %
European Bank for Reconstruction and Development	Aaa/AAA	19.999%
International Finance Corporation	Aaa/AAA	19.999%
Western NIS Enterprise Fund (USA)	-/-	20.000%
ProCredit Holding AG (Germany)	-/BBB-	20.002%
Kreditanstalt für Wiederaufbau (Germany)	Aaa/AAA	20.000%
Total		100,00%

Fitch Ratings, the international rating agency, had upgraded the rating of ProCredit Bank from B+ "Stable" to BB- "Stable" in January, 2005 parallel to the upgrade of the sovereign rating of Ukraine. This rating, among others, allows the bank to attract syndicated loans to finance its operations in future. It is worthwhile to mention, that the rating of the bank is equal to Fitch's sovereign rating of Ukraine and is the highest private company rating in Ukraine at present.

Summary of Issuer's Business

The development of the Ukrainian economy in the recent years was firmly connected with the progressive development of the small business sector. Micro, small and medium-sized private companies are playing the key role in creating new jobs and in the establishment of preconditions that allow a constant household income increase. The effective growth of this economy sector becomes possible only on condition of existence of available and affordable financial resources. ProCredit Bank was founded to provide financial services to the small business sector. Up until today, the core business of the Bank is focused strongly on satisfying the demand for credit resources from its main target group of borrowers (micro, small and middle-sized Ukrainian companies), and thus stimulating the further growth of this sector. The goal of the Bank is setting up the new standard of providing loans and other financial services to the private enterprises.

From the foundation day, the Bank developed its branch network actively. By the end of the year 2004, the network included 27 branches and 2 representative offices. The network of the Bank is present in such Ukrainian cities as Kyiv, Kharkiv, Poltava, Lviv, Donetsk, Odessa, Zaporizzhia, Dnipropetrovsk and Sumy (total 16 large and medium cities). The Bank is going to expand its network through opening new branches and reorganizing its representative offices into full-scale branch offices. In the nearest future the Bank plans to open additional branch offices in Kyiv, Donetsk, Kharkiv and Lviv, and also in 2 new cities.

The Bank follows the traditions of providing loan financing to small enterprises in Western Europe and the United States, and also utilizes its own extensive working experience of the micro-financial organizations in the Eastern Europe countries. The experience was successfully adapted to the Ukrainian market realities. In addition, the Bank possesses its own micro-crediting technology, with the following key fundamentals: fast client servicing, staff expertise and individual approach to every client. The processing of the standard loan application up to \$10,000 usually takes 2-3 days, while the express-loan for the smallest available loan amounts are provided to the customers within 24 hours.

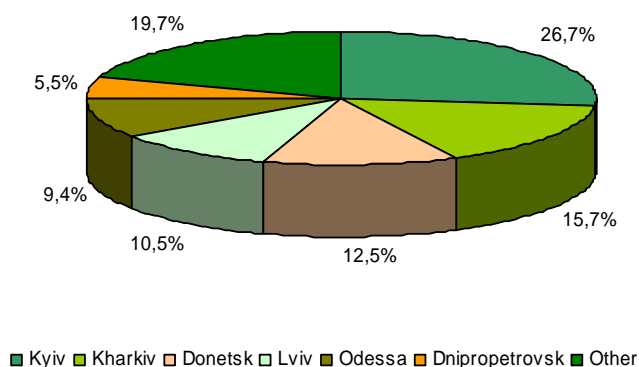
At present, the micro-crediting segment is growing fast due to the accelerating growth of demand from the borrowers. At the same time, most of Ukrainian banks are not able to provide adequate resources, suffering from the lack of flexibility in their crediting policy. This situation allows ProCredit Bank to take the leading position in the micro- and small business crediting segment.

The operating policy of the Bank is based on the optimal balance of risk- and profitability ratio, and on striving for cooperation with the best quality borrowers. Due to the innovative and flexible approach to the credit analysis, the Bank has granted more than 52,000 business loans since the year 2001. The total volume of such business loans disbursed is \$285 mln. The average outstanding loan amount equals to \$4,480, the average number of the loans granted by the bank by the end of the year 2004 was close to 2,000 loans per month.

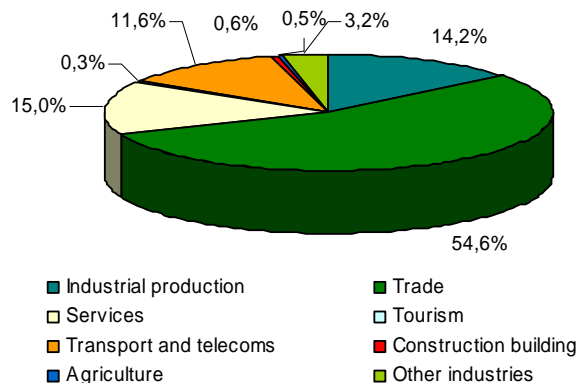
The loan portfolio of the Bank is characterized by a very high level of loan size and borrower type diversification. A significant share in the portfolio belongs to loans with 1-year maturity and longer. These loans were granted mostly in foreign currency and were financed by the stockholders funds. The borrowers of the Bank represent the sectors of the Ukrainian

economy where the share of micro- small and medium-sized businesses is relatively big, such as wholesale and retail trade. It must be pointed out that such a highly diversified loan portfolio structure is unique for the Ukrainian banking market.

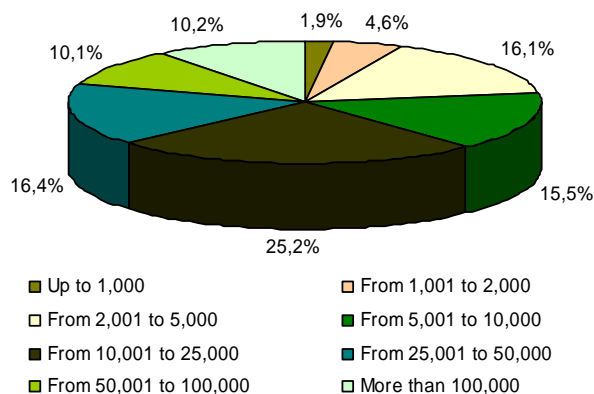
Loan portfolio by region



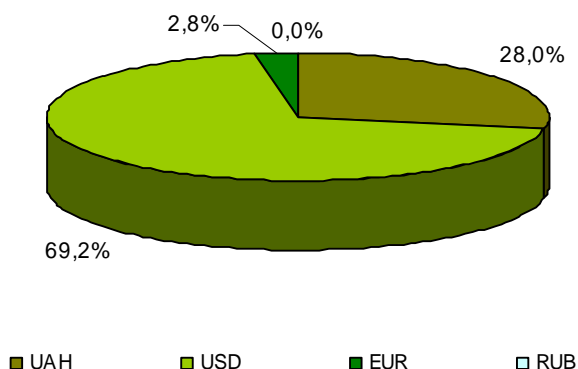
Loan portfolio by economy sector



Loan portfolio by loan amount



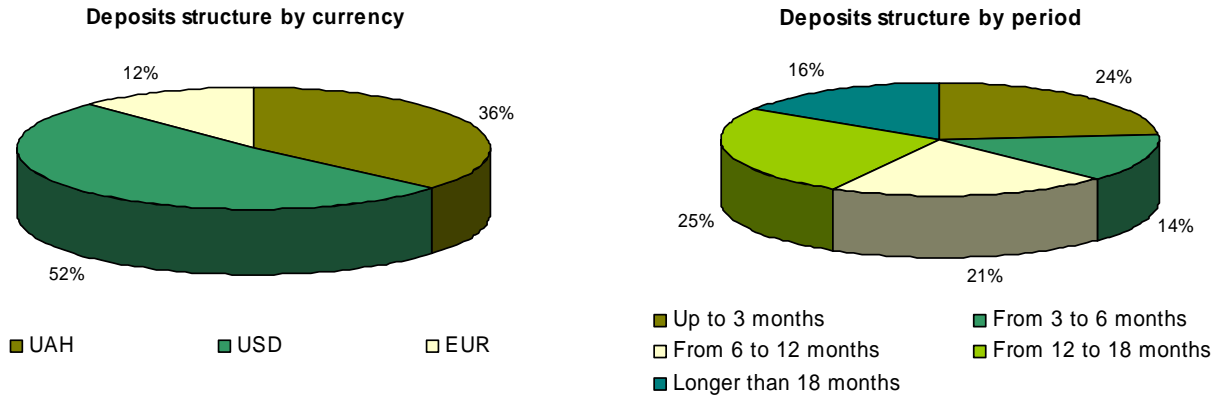
Loan portfolio by currency



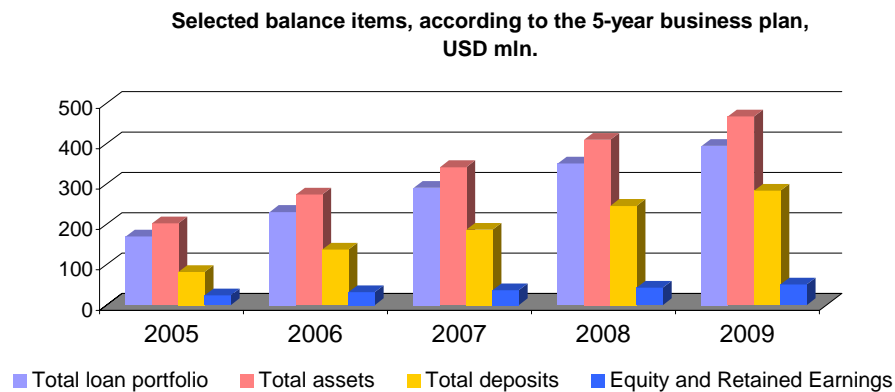
The funds provided by the international financial organizations (including the Bank's stockholders) dominate in the structure of the sources of financing of the Bank. By the end of the 1st quarter of the year 2005, the volume of the attracted funds exceeded \$50 mln. Most of the funds provided have the form of credit lines.

Organization Name	Credit line size, as of March 29 th 2005	Rate and repayment scheme
European Bank For Reconstruction and Development	\$7.7 mln.	LIBOR+4% (3,25%), equal half-year repayments in 2005-2008
European Bank For Reconstruction and Development	\$11.0 mln.	LIBOR+3.75%, equal half-year repayments in 2010-2011
Western NIS Enterprise Fund	\$3.65 млн.	LIBOR+4%, equal half-year repayments in 2005-2007
Western NIS Enterprise Fund	\$2.5 mln.	8% annual rate, redemption in June 2005
International Finance Corporation	\$2.5 mln.	LIBOR+4%, equal half-year repayments in 2005-2007
International Finance Corporation	\$8.5 mln. (\$1.5 unused)	LIBOR+4%, equal half-year repayments in 2005-2009
Black Sea Trade and Development Bank	\$7.5 mln.	LIBOR+3,5%, redemption in Jan. – Jul 2007
Kreditanstalt für Wiederaufbau	\$3.57 mln.	LIBOR+4%, equal half-year repayments in 2004-2007
German-Ukrainian Fund (funded by KfW)	EUR 1.4 mln.	2 loans. EURIBOR+1,5% redemption in 2005-2007
Overseas Private Investment Corporation	\$10.0 mln.	US Treasury Rate+3.25%, equal half-year repayments in 2007-2009

In order to diversify its sources of financing the Bank attracts deposits from corporate and individual clients, issues bonds and actively operates on the interbank loan market.



The Bank follows the strategy of widening its range of client products and constantly adds new services to the existing list. In the year 2005, the bank plans to introduce such products as Internet banking, instant issue credit cards, and further develop the agriculture crediting business. The main efforts, however, will continue to be focused on the micro-, small and medium-sized businesses segment. The Bank plans to grant 30,000 more loans with a total volume of \$140-\$150 mln. in the year 2005, which is 70% up y/y. The other targets for the year 2005 are: loan portfolio expansion up to \$170 mln., assets growth by 54% up \$203 mln., net income growth up to \$2.3 mln., capital growth up to \$5 mln. equivalent.



Income Statement of CJSC "ProCredit Bank" in accordance with International Financial Reporting Standards, USD '000 –

	2004	2003	2002
Interest income	16,305	7,239	3,062
Interest expense	(5,380)	(2,275)	(697)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	10,925	4,964	2,365
Provision for loan losses	(1,023)	(1,102)	(567)
NET INTEREST INCOME	9,902	3,862	1,798
Net gain on foreign exchange operations	558	541	1,128
Fee and commission income	2,268	1,796	1,048
Fee and commission expense	(302)	(264)	(87)
Other income	171	85	52
NET NON-INTEREST INCOME	2,695	2,158	2,141
OPERATING INCOME	12,597	6,020	3,939
OPERATING EXPENSES	(10,448)	(5,307)	2,392
PROFIT BEFORE OTHER PROVISIONS AND INCOME TAX	2,149	713	1,547
Provision for losses on other transactions	(18)	(12)	(8)
PROFIT BEFORE INCOME TAX	2,131	701	1,539
Income tax expense	(602)	(298)	(546)
NET PROFIT	1,529	403	993

Source: CJSC "ProCredit Bank", audited by Deloitte & Touche Ukraine

Balance Sheet of CJSC "ProCredit Bank" in accordance with International Financial Reporting Standards, USD '000.

ASSETS	2004	2003	2002
Cash and balances with the National Bank of Ukraine	9,348	2,500	398
Loans and advances to banks, less allowance for loan losses	16,635	7,997	3,013
Loans and advances to customers, less unamortized loan origination fee and allowance for loan losses	98,368	57,423	25,031
Income tax assets	500	668	
Tangible assets, less accumulated depreciation	7,797	3,024	221
Intangible assets, less accumulated amortisation	481	226	2,550
Other assets, less allowance for other losses	337	222	124
TOTAL ASSETS	133,466	72,060	31,337
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits from banks	13,496	11,142	1,933
Loans from international financial organisations ("IFO") and non-banking institutions, less unamortized loan origination fee	58,658	31,892	15,771
Customer accounts	35,485	11,558	3,931
Debt securities issued	8,843	2,300	-
Income tax liabilities	96	-	80
Other liabilities	155	43	25
Total liabilities	116,733	56,935	21,740
SHAREHOLDERS' EQUITY:			
Share capital	14,137	14,067	8,941
Share premium	147	146	146
Retained earnings	2,449	912	510
Total shareholders' equity	16,733	15,125	9,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	133,466	72,060	31,337

Source: CJSC "ProCredit Bank", audited by Deloitte & Touche Ukraine

CONTACTS

JSIB «UkrSibbank»

04116 Ukraine Kyiv
3 Sholudenko str.
phone.: 201 22 54, 230 48 54
fax: 230 48 54

www.ukrsibbank.com

Raiffeisenbank Ukraine

01033 Ukraine Kyiv
43 Zhilyanska str.
phone.: 490 05 40, 490 05 42
fax: 490 05 40

Head of Investment Banking Alexander Sulyayev
(044) 201 22 74
as@ukrsibbank.com

Head of Corporate Finance Denis Mikhov
(044) 201 22 54
d_mikhov@ukrsibbank.com

Head of Research Ruslan Kilmukhametov
(044) 537 49 17
rk@ukrsibbank.com

Head of Fixed Income Konstantin Stetsenko
(044) 201 22 74
skv@ukrsibbank.com

Head of Treasury Vyacheslav Molodkin
phone: (044) 490 05 42
vyacheslav.molodkin@rbu-kyiv.raiffeisen.at

Treasury Expert Sergey Kamenyar
phone: (044) 490 05 28
sergey.kamenyar@rbu-kyiv.raiffeisen.at