



Pavlović International Bank Inc.
Bijeljina

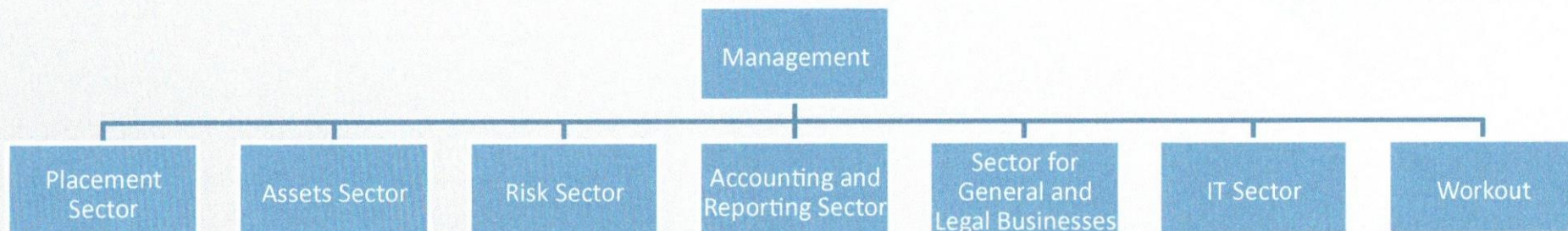
Presentation for the investors

- The Bank **was founded in 1999**; primary and current **majority shareholder is the Pavlović family**
- **The banking continuity** in Semberija since **1888** – the strong brand at the local market with the permanent loyalty of the clients
- **The only bank** with the seat in the Republic of Srpska whose central is **out of Banja Luka**
- The focus is on **the traditional banking business** without investments in the high-risk instruments (**50%** of the total assets refers to the loans given to the clients)
- **The investment segment** is managed exclusively through investment in **the state securities** (bonds and gilts)
- The application of **the new technologies** – adopted and successfully applied modern concepts: **e- and m-banking**

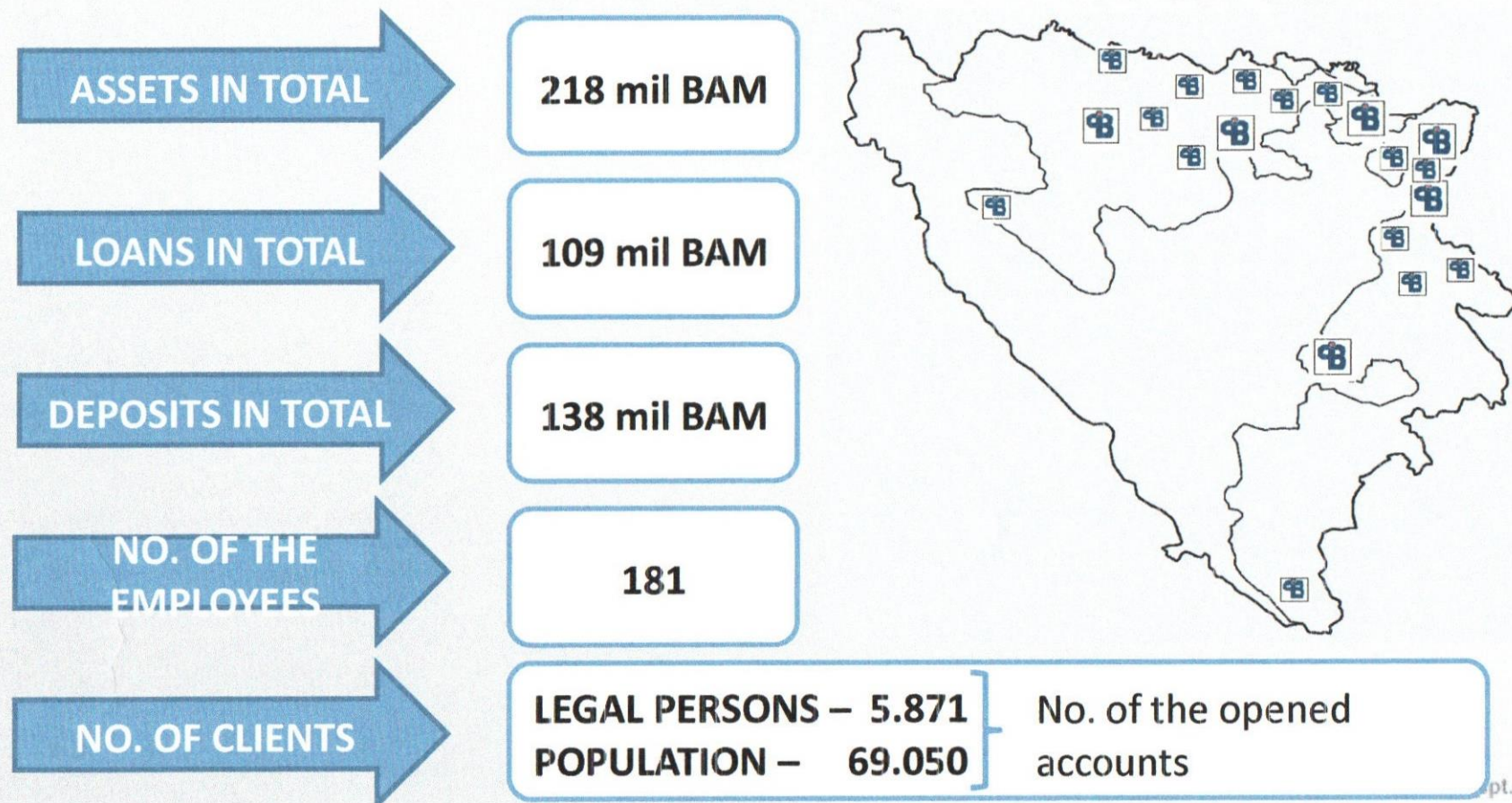
- **MISSION** of the Bank is to tend to stay a reliable partner to the clients, to offer high-quality and competitive products and services, as well as to contribute to the increase of the client's importance and the economic surrounding in which it operates by its responsible business
- **VISION** of the Bank is to be modern universal bank, which shall be recognized by the active approach on the market and with its financial services created according to the needs of the clients, primarily population, small and medium-size enterprises

MANAGEMENT AND ORGANISATION

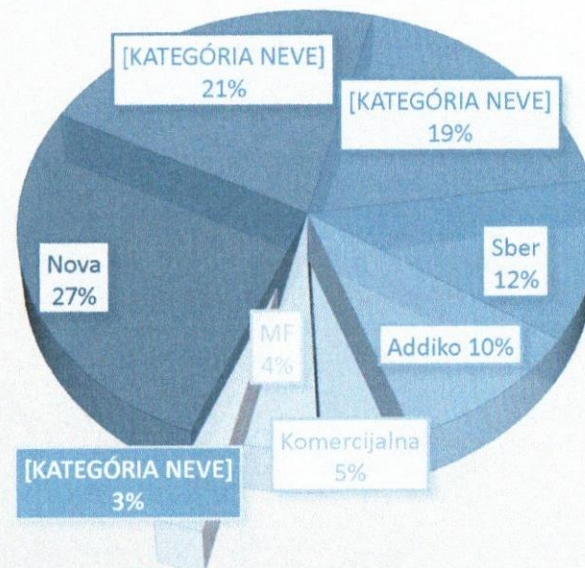
- The Management consists of three members (President of the Board and two members of the Board)
- The central functions are divided into 7 sectors:



- The coverage of the territory of the Republic of Srpska from Drinića-Petrovca to Trebinje (the network consists of **6 Subsidiaries + 24 other organizational parts**)

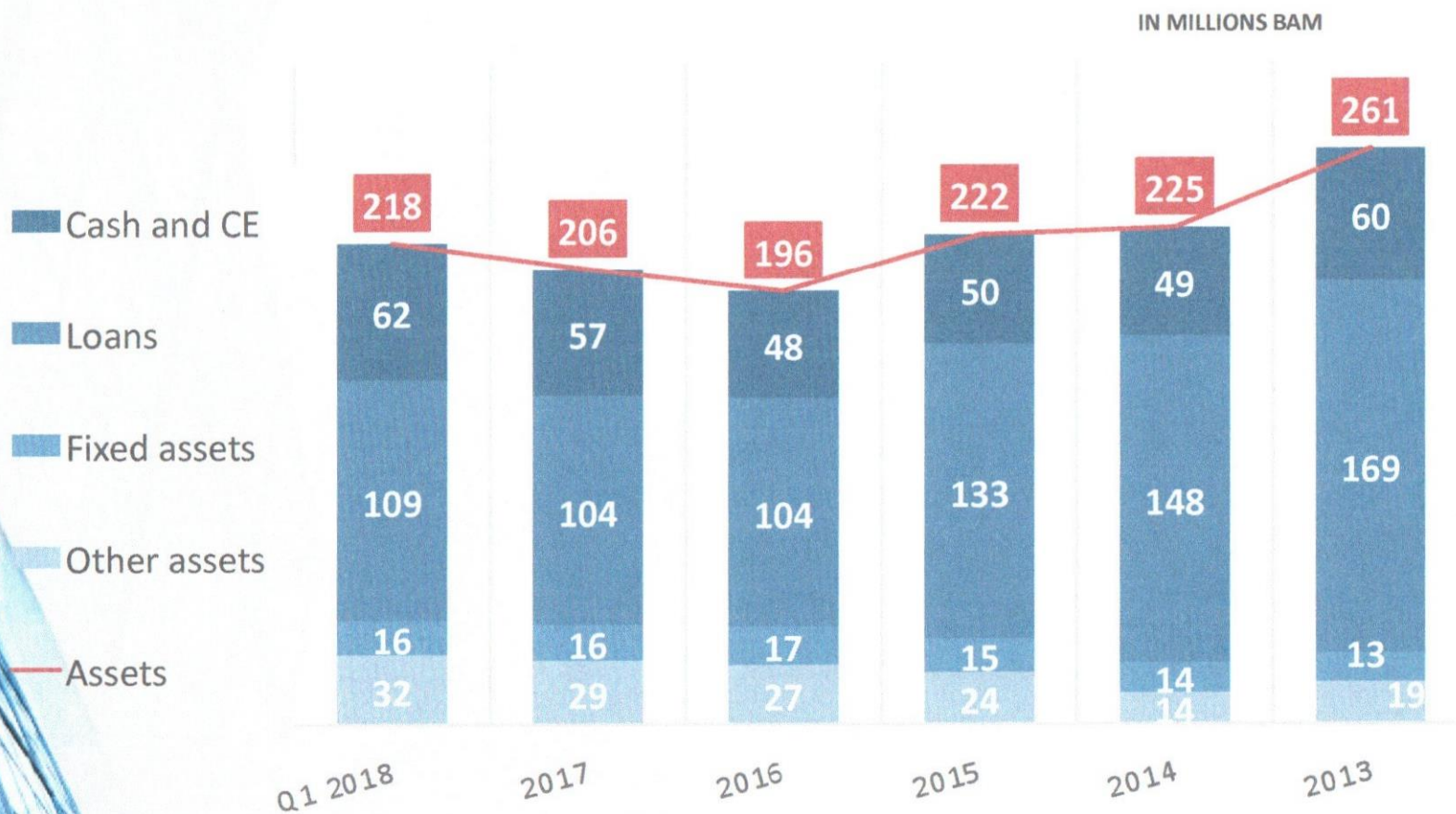


- On the territory of the RS there has been registered **8** banks (with **7** banks more from the FBiH, which also operate in the RS)
- The dominant participation of the foreign capital - **75%**
- The market participation of the Bank (by the property size):



FINANCIAL INDICATORS – BALANCE SHEET

- Gross assets



FINANCIAL INDICATORS – BALANCE SHEET

- Liabilities + Capital



FINANCIAL INDICATORS – INCOME STATEMENT

in thousands BAM

(U 000 KM)	Q1 2018	2017	2016	2015.	2014.	2013.
INTEREST INCOME	1,801	10,815	14,011	15,399	16,530	15,706
INTEREST EXPENSES	501	2,492	3,424	4,140	5,470	5,092
NET INTEREST INCOME	1,300	8,323	10,587	11,259	11,060	10,614
OPERATING INCOME	1,434	6,124	5,344	8,953	20,707	14,702
NON-INTEREST EXPENSES	3,643	13,493	33,140	19,174	30,814	24,457
INCOME (LOSS) BEFORE TAXES	(909)	954	(17,209)	1,038	953	859
TAX	21	81	0	612	215	225
NET INCOME (LOSS)	(930)	873	(17,209)	426	738	634

The realized loss in the 2016 was made because of the assets cleaning – by issuing the value corrections for the loans, which have been repaid with delay (NPL). The mentioned loss is not the irreversible expense and it can be compensated by the loan repayment or the collateral selling.

The Bank estimates that in the period of the upcoming 2 years there will be at least 50% of the NPL paid and in that way the gain from the annulment of the value corrections in the sum of 12.3 million BAM will be made.

This gain belongs to all the shareholders equally to their participation in the capital.

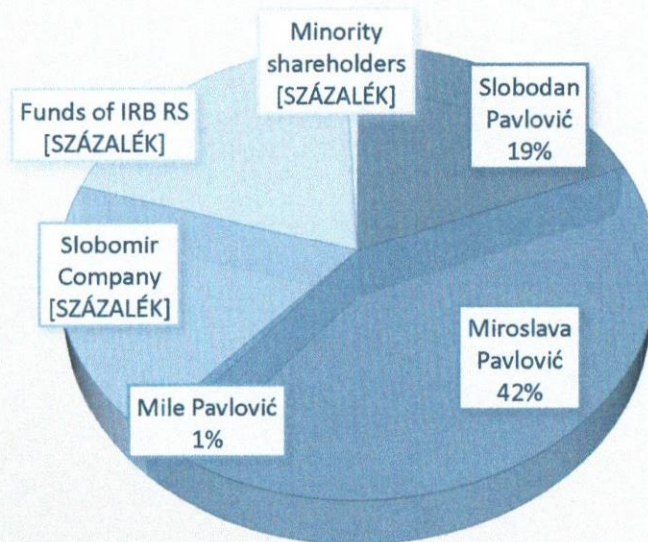
- **Participation of the low-quality assets** whose growth was stopped and the coverage was increased by the reserve corrections
- **Macro economic challenges** – economic and political surrounding (need for the recapitalization for the growth of the macroeconomic risks; this procedure is for the reason of the overall situation applied in many world banks)
- **Media campaign** which is led against the Bank negatively influenced the assets, which dropped by more than 20% no matter of the recovery

- **Strengthening of the capital base and dispersion of the structure of the shareholder capital**
- „Clean start“ – **new cycle of growth and development** of the Bank due to its stabilization with the fresh capital (the planned average annual **growth** of the placements at the level of **10%** in the period from 2017 – 2020)
- **Servicing of the loan portfolio** – loan process and payment system is significantly advanced by the introduction and development of the Sector for Risks and Restructuration
- Orientation to the so called **retail banking** by which the greater risk dispersion and higher profitability is reached (farmers, population, entrepreneurs, small and medium-size enterprises)
- **Diversification of the deposit portfolio**

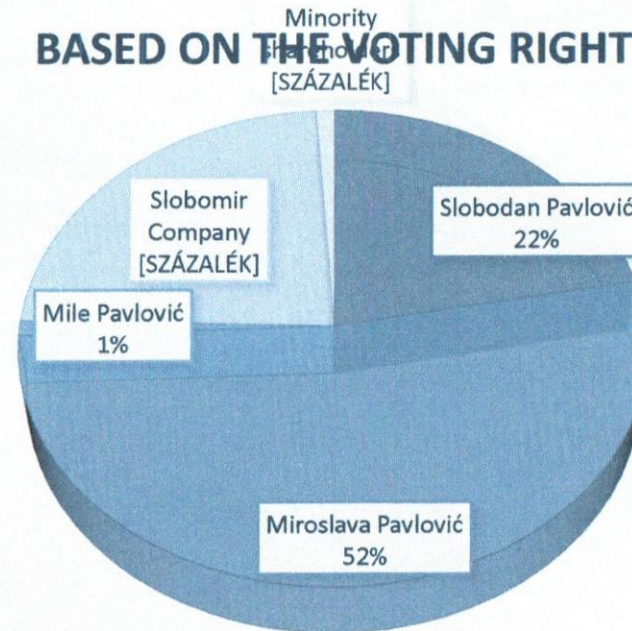
SHAREHOLDER STRUCTURE

- Current property structure (condition 31st March 2018):

BASED ON THE BASIC CAPITAL



BASED ON THE VOTING RIGHT

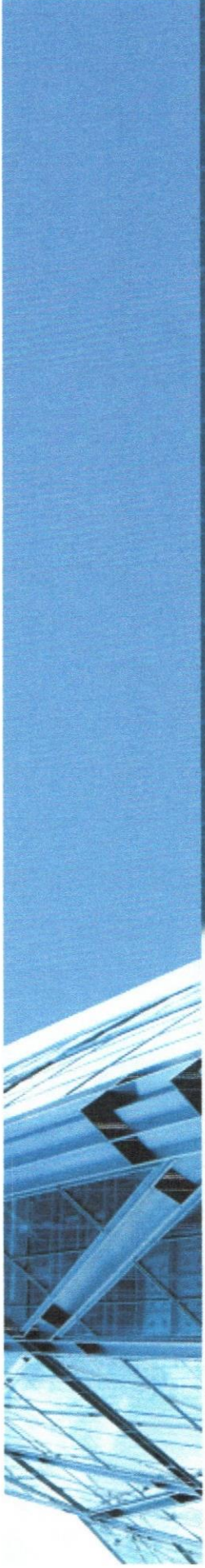


- Total basic capital: 25.744.179 BAM
- Priority shares without the voting right: 6.000.000 BAM
- Regular shares with the voting right: 19.744.179 BAM

ADVANTAGES OF THE INVESTMENT IN THE BANK

- Future **profitability**; expected productivity is greater than the other alternative options
- Banking is the branch which has **high barriers** for the entrance, which significantly complicates the access (capital census for the bank foundation is **15 mil BAM** with **great start-up investments**); **by recapitalization/ takeover** of the existing subject makes it **easier** to accomplish the stated **entrance in the branch**
- **Diversification** of the own investments and the financial sector
- **Advancement of the own business** through directing the business partners (buyers and suppliers) for the work via "own" bank

- The Bank owns **great potential**, especially at the **local market** (Semberija), where it has been recognized as a domestic institution with trust
- **Chance** for **the entrance to the banking industry** as a prestige branch (without great investments and complicated procedures); The Bank has **the developed infrastructure and business network**
- The existing regular banking **risks** can be **held in the regulatory frames by the recapitalisation**
- **Recapitalisation** of the Bank strengthens the grounds for **the realization of the profit aims**
- **More shareholders** who participate in making decisions **contributes to the better management**



**THANK YOU FOR YOUR
ATTENTION!!!**