



CONCORDE CAPITAL

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The Ukrainian Banking Sector

Branching Out

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The Industry In Brief

Rapid Growth. The banking sector in Ukraine has almost doubled in size over the last two years. Total net assets during the 2001-04 period, along with loans and deposits in Ukrainian banks have increased almost four fold.

Potential. Despite rapid growth in recent years, Ukraine's banking sector still has room for expansion. Net banking assets represent only 41% of Ukraine's GDP, roughly one-fifth the average level in the EU area, and substantially lower than the 74% level in Central and Eastern Europe (CEE). In terms of profitability, steadily falling interest margins, combined with high expenditures on network development, will bring the segment closer to the level of European banks

Concentration. A consolidation process is currently taking place in the Ukrainian banking sector. The share of small-sized banks in total banking assets over the last three years has slightly decreased from 14.5% to 12.6%, while the largest 25 banks account for two-thirds of total assets. The current concentration in Ukraine's banking system is below the average level in the CEE region, with the market share of Ukraine's top-5 banks only controlling 37% of the market, compared to 64% in CEE. M&A activity in the banking sector is expected to intensify this year with foreign investors as key players. Two big M&A deals are in the pipeline for 2005 and Aval and Ukrsofsbank are potential targets.

Risks. An insufficiently developed capital market limits the potential of banks to gain revenues from investment operations. Rapidly growing loan activity will continue to exert pressure on bank capital and threatens to deteriorate loan quality. The concentrated ownership structure of most banks raises some concerns about corporate governance quality. Sensitivity to political factors on household deposits that account for some one-third of total banking liabilities, may be a source of potential liquidity problems for Ukrainian banks.

Trading. Of Ukraine's 162 active banks, only three trade on the PFTS: Aval (ranked second in terms of assets), Ukrsofsbank (ranked fourth) and Finbank (ranked 116th). All banking stocks have limited free-float and thin trading volumes.

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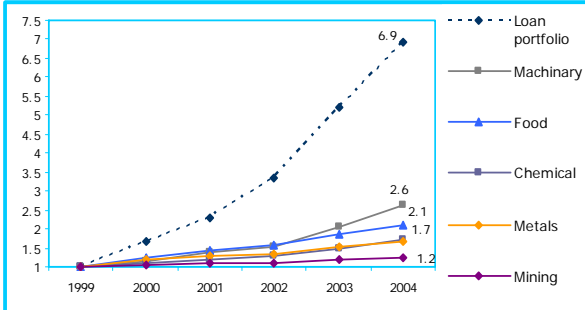
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Banking Sector Dynamics

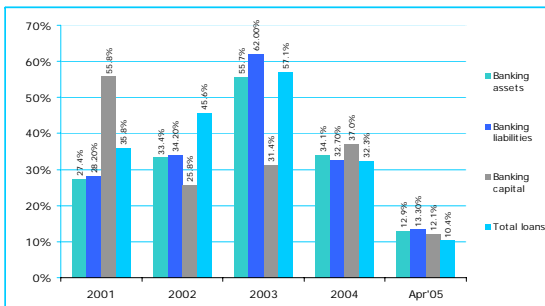
Ukrainian Banks: On The Rise

Growth Of Banking Loans & Industry Performance



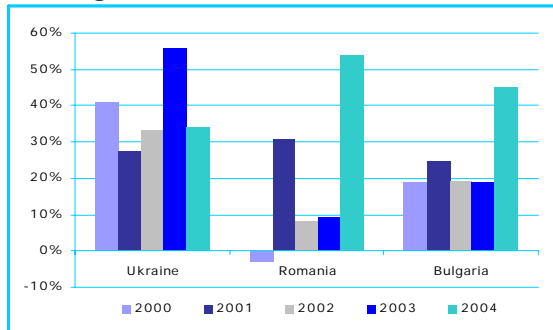
Source: National Bank, State Statistics Committee, Concorde Capital

Banking Sector Growth Dynamics



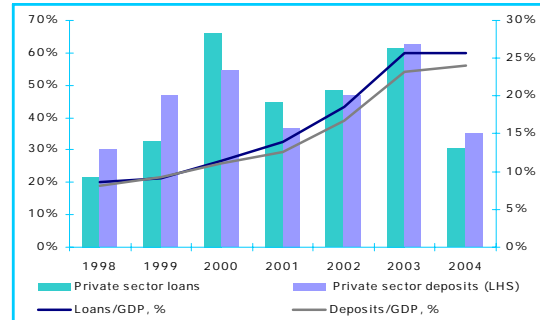
Source: National Bank

Banking Assets Growth Rates, %



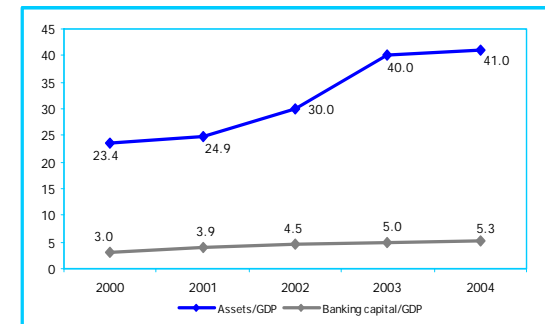
Source: National Bank, IMF

Private Sector Loans & Deposits



Source: National Bank, State Statistics Committee, Concorde Capital

Banking Assets & Capital, % of GDP



Source: National Bank, State Statistics Committee, Concorde Capital

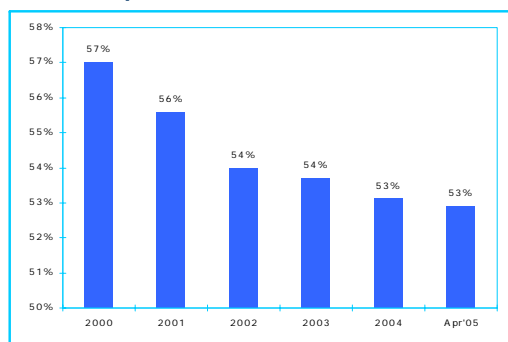
Since 2000, when Ukraine entered a new stage of economic expansion, the banking sector has grown at a remarkable rate, increasing almost six times over the last five years in terms of total lending. The pace of growth was several times higher than in other economic sectors.

The banking sector in Ukraine has performed well compared to other countries in Central and Eastern Europe (CEE). With an average asset growth rate of 38.3%, Ukraine's banking sector has been the fastest growing in CEE, outpacing Romania and Bulgaria at 20% and 25%, respectively. Overall deposit and lending growth in Ukraine is significantly higher than in CEE. For 2000-03, the compound average growth rates in lending and deposits were 56.8% and 56.5% respectively – compared to a 12% CAGR in CEE countries.

Despite rapid growth in recent years, Ukraine's banking segment still has a great deal of potential. For a example, deposits as a percentage of GDP, in Ukraine is 23.2%, is far below 44% in CEE and 73% in the EU. Lending is similar, 25.7%, roughly one-fourth of the average level in the euro area and lower than the 34% in CEE countries. Taking into account total assets the difference is even more striking: Ukrainian banking assets are nearly 40% of GDP, compared with 74% in CEE and 201% in the euro area which clearly signals a great deal of catch-up potential.

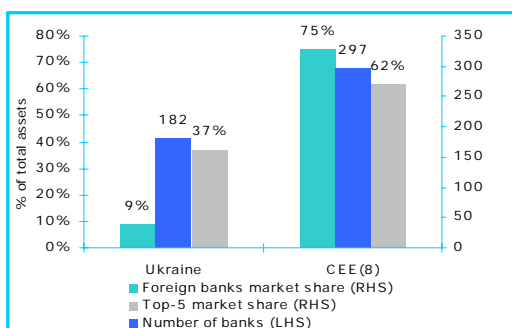
Banking System Structure

Share Of Top-10 Ukrainian Banks, % of total assets



Source: National Bank

Structure Of Ukrainian Banking Sector



Source: National Bank, Bank Austria Creditanstalt, Concorde Capital

	Total Assets (% of)		Loan Portfolio (% of)		Capital (% of)		Household deposits (% of)		Corporate Deposits (% of)	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
I	54.2	53.1	53.4	53.5	39	41.6	62.7	60.5	57.8	55.4
II	16.7	17.7	17.3	17.7	15.1	16.6	15.4	16	14.3	19
III	16.9	16.1	17.4	16.3	19.5	16.8	12.3	12.7	17.9	15.2
IV	12.2	12.6	11.9	12.5	26.4	25	9.6	10.8	10	10.4

Source: National Bank

The Ukrainian banking system consists of two levels, with the National Bank of Ukraine (NBU) at the top and 185 registered banks in the second rung. Of these, 162 were fully functioning as of May 1, 2005.

All commercial banks in Ukraine are classified into four groups by the size of their assets:

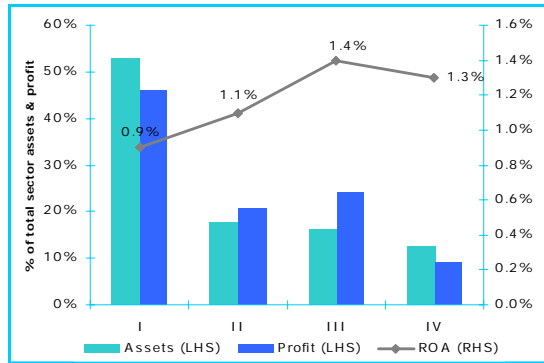
- I-Tier group, with assets exceeding UAH 2.5 bln (USD 495 mln), consists of ten banks, led by Privatbank which has been the leader five years in a row;
- II-Tier comprises 14 banks with assets greater than UAH 1.3 bln (USD 257 mln);
- III-Tier includes 31 banks with assets greater than UAH 0.4 bln (USD 79 mln);
- IV-Tier is the most numerous group, with 105 banks that have assets below UAH 0.4 bln (USD 79 mln).

The first two groups, or 13% of the total number of banks, together account for over 70% of the total assets in the banking system, with 54% of all loans granted by top-10 banks alone. However, the concentration of the Ukrainian banking system is two times less than the average level in CEE: the top-5 banks in Ukraine account for 37% of all banking assets, compared to 64% in the CEE region.

In contrast to CEE, foreign credit institutions took a late interest in Ukraine, mainly due to the high political and economic risks. As a result, there is still a relatively small number of foreign banks in Ukraine in terms of assets. One main reason is that Ukrainian legislation prohibits foreign banks to open subsidiaries. This law is currently under consideration in the Parliament, and we expect foreign banks to build up their presence in Ukraine in the coming years. In 2005, in addition to large banks such as Citigroup, ING, HVB and Raiffeisenbank, which has already been working in Ukraine for a long time, other European majors including Commerzbank and BNP Paribas announced their intentions to open structural divisions in Ukraine this year. We also expect the M&A process in the banking sector to intensify in 2005-06, with foreign banks playing a key role. Some big M&A deals are in the pipeline for this year, as Raiffeisenbank eyes Aval, the second-largest Ukrainian bank. In addition Ukrspotsbank, ranked number four, will probably witness a change in ownership by the summer's end.

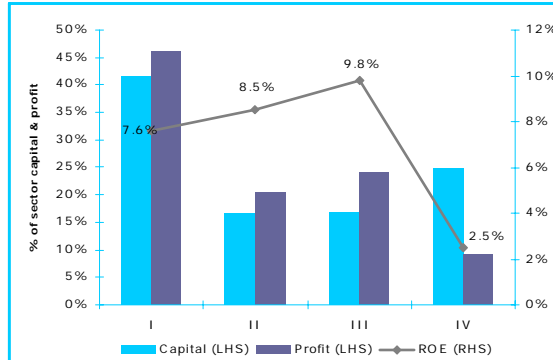
Ukrainian Banks: Profitability & Efficiency

ROA, Assets & Profit By Group



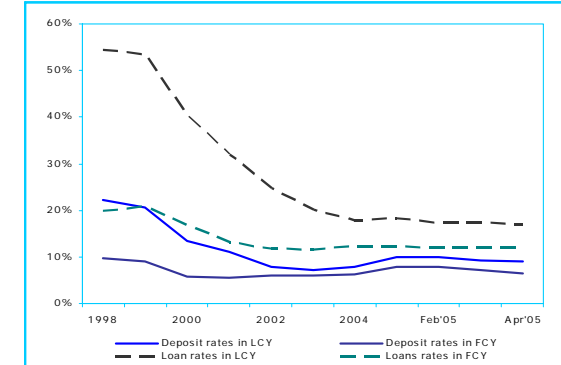
Source: National Bank

ROE, Capital & Profit By Group



Source: National Bank

Interest Rate Dynamics



Source: National Bank

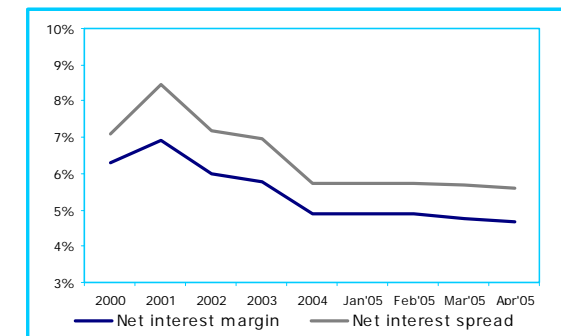
In terms of bottom line growth, the Ukrainian banking system has made a great deal of progress. On an aggregated basis, net income at all Ukrainian banks has grown at a 39.9% CAGR in 2000-04 to total USD238 mln in 2004.

Interest margins at Ukrainian banks are superior to top banks in the CEE and euro area. Ukrainian banks posted a net interest margin of 4.7% on average in 2004, while the CEE and EU average was 3.1% and 1.6%, respectively. However, the average ROE of Ukrainian banks is 8.4%, much lower than those posted by CEE banks (12%) and in the EU (11%). This is mainly due to the fact that banks in Ukraine have relatively higher levels of their own funds, as can be seen by their capital adequacy ratio of 16.9%, compared to just 12% at top CEE banks.

In terms of cost efficiency, banks in Ukraine look similar to those in CEE and in the EU, with a cost/income ratio of 66% in Ukraine, versus 64% and 61% for CEE and EU banks, respectively.

The steady decline of interest rates and decrease of interest spreads will move ROE and ROA figures closer to the CEE's average levels in the mid-term.

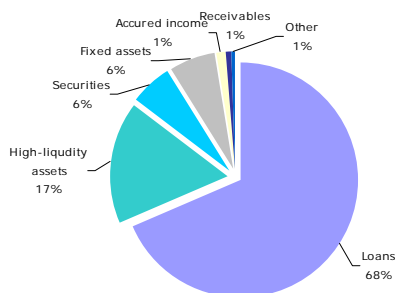
Ukraine Net Interest Margin & Spread



Source: National Bank

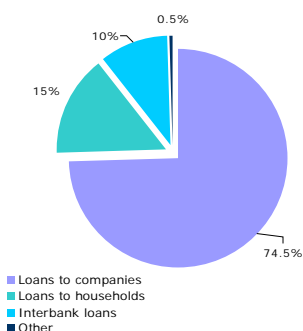
Assets: Structure & Dynamics

Banking Asset Structure In 2004, %



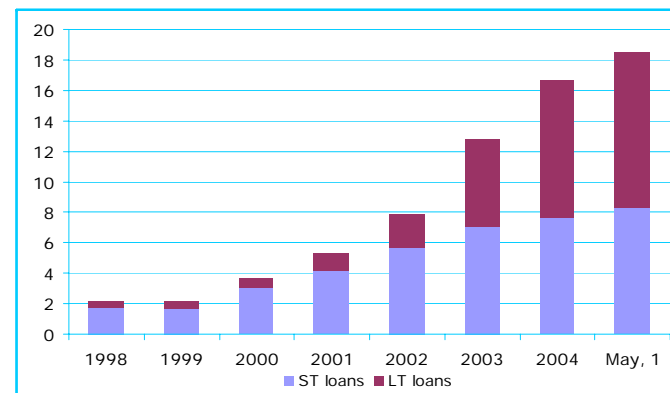
Source: National Bank

Loan Portfolio Structure In 2004, %



Source: National Bank

Banking Loans Breakdown By Term, USD mln



Source: National Bank

Ukrainian bank assets have grown considerably – 38.3% CAGR in 2000-03, far above CEE's 16% average.

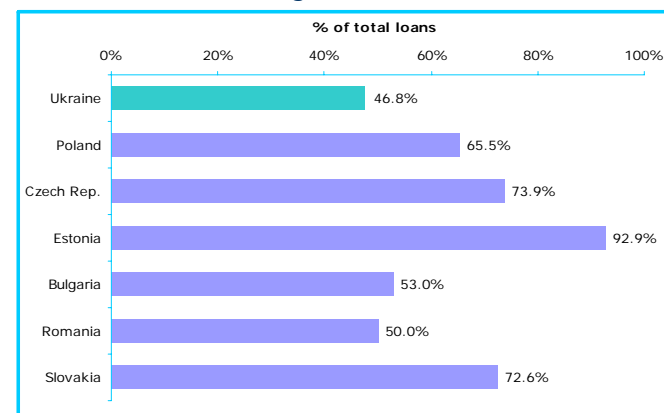
Over the past few years the structure of Ukrainian bank assets have not undergone significant changes. The largest portion of assets (~70%) is represented by loans, while the share of marketable securities remains quite minor at 6%.

Since 2000, loans have increased four-fold, to USD20.6 bln as of May 1, 2005. During this period corporate loans grew at 42.6% CAGR. However the most impressive growth was recorded in the amount of household loans: a 15-fold increase over the last five years. As a result the share of household loans in total lending grew from a minor 4% in 2000 to 15% in 2004.

The credit policy of Ukrainian banks has become more investment-oriented. The growth of long-term loans for the past four years was three times higher than the growth of the entire loan portfolio structure. This led to an increase in the LT loan share in total lending from 13% in 2000 to 46.8% in 2004. However, this is still far below the CEE average of ~65%. In reality, the ratio of LT/total loans is significantly lower than is officially stated as the number of loans classified by the banks as long-term are rolled-over extended short-term debts.

The quality of Ukrainian bank assets has improved recently. According to official statistics, the ratio of non-performing loans to total loans declined from 11.3% in 2000 to 3.2% in 2004. This is comparable to CEE banks. However, industry experts estimate that this figure in reality is higher – around 10%. This is mainly due to the wide-spread practice of extending past-due loans in order to avoid having to make additional payments to the reserve fund.

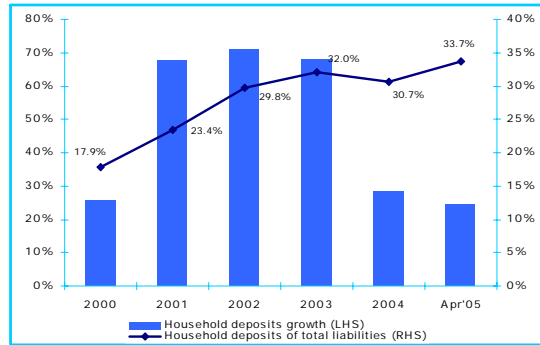
LT Loans/Total Lending Ratio In 2004. Ukraine vs CEE



Source: National Bank, Bank Austria Creditanstalt, RZB Group

Banking Liabilities: Structure & Dynamics

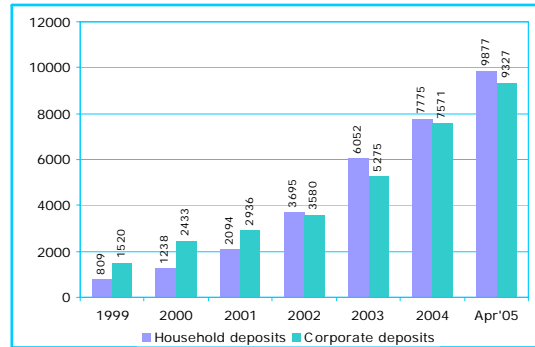
Household Deposit Growth Rates



Note: Growth rate as of April 2005 is YTD

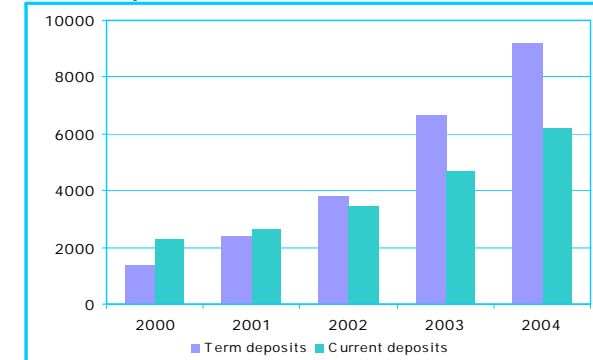
Source: National Bank, Concorde Capital

Corporate vs Household Deposits, USD mln



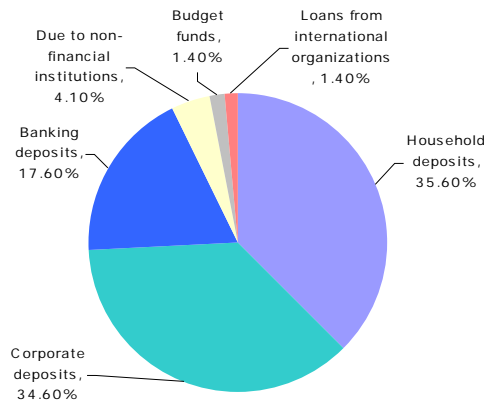
Source: National Bank

Total Deposits: Term vs Current, USD mln



Source: National Bank, Concorde Capital

Bank Liability Structure In 2004



Source: National Bank

The total liabilities of Ukrainian banks have risen sharply during the last few years – almost four times since 2000, with a 53.8% CAGR during 2001-04.

This growth was mainly driven by private sector deposits – 55.3% CAGR. Deposits from the corporate sector have more than tripled since 2000 reaching USD9.3 bln in April 2005. However, even more striking is the six-fold growth in household deposits from 2000 to 2004. This dramatic increase has given this sector a dominating 38.8% share in total banking liabilities. This tendency also signals growing confidence among Ukrainians in the banking system and their growing interest in saving.

In 2004, Ukraine saw a sudden drop in the growth rate of household deposits. The main cause of this drop was massive withdrawals during the Presidential election crisis late in the year. However, once the political situation stabilized, household deposits rapidly regained their previous high growth rate: 24.6% YTD in the first five months (nearly the annual rate of 28.3% for 2004).

In 2002, term deposits in Ukrainian banks exceeded current deposits for the first time in the country's history taking a 37.6% share in total bank liabilities. Since then the term deposits as a bank resource base have strengthened even more, increasing their share in total banking liabilities by 4.4% to 42% in 2004.

Fitch & Moody's Ukrainian Bank Ratings

Fitch

	Long-Term	Short-Term	Outlook
Nadra	B-	B	stable
FUIB	B-	B	stable
Privatbank	B	B	stable
Procreditbank	BB-	B	stable
Ukrsotsbank	B-	B	stable
Ukrsibbank	B-	B	stable
Ukreximbank	BB-	B	positive
Khreshatyk	B	B	stable

Moody's

	LT rating	Financial stability	Outlook
Privatbank	B2	D-	stable
Aval	B2	D-	stable
Ukreximbank	B2	E+	stable
Ukrsotsbank	B2	E+	stable
Ukrsibbank	B2	E+	stable
Nadra	B2	E+	stable
VaBank	B2	E+	stable
Index-Bank	B2	E+	stable
Pravex-Bank	B2	E+	stable
Kreditprombank	B2	E+	stable
Forum	B2	E+	stable

Ukrainian Banking Sector At Glance

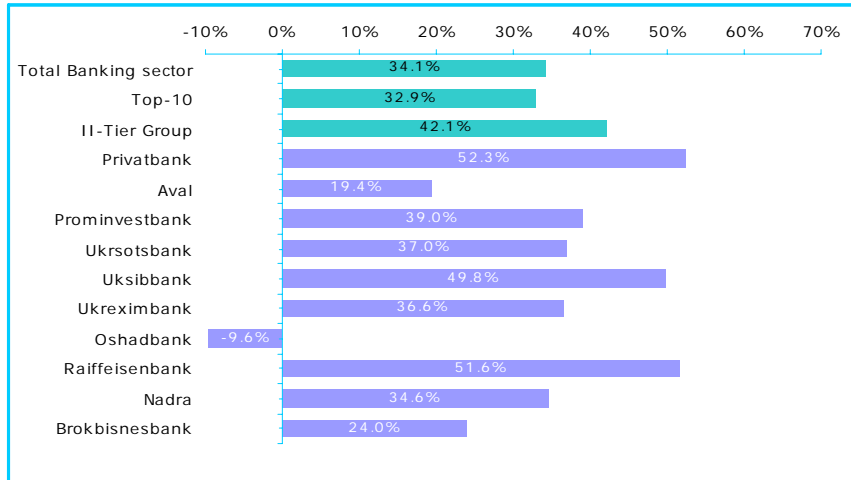
	2000	2001	2002	2003	2004	1.05.05
Number of banks	195	189	182	179	182	185
ROA (%)	-0.09	1.27	1.27	1.04	1.07	1.36
ROE (%)	-0.45	7.50	7.97	7.61	8.43	10.02
Capital adequacy (%)	15.53	20.69	18.01	15.11	16.81	16.86
Net interest margin (%)	6.31	6.94	6.00	5.78	4.90	4.68
Spread (between lending and deposit rates)	7.10	8.45	7.20	6.97	5.72	5.61
Household deposits (% of total liabilities)	21.7	28.1	35.4	36.8	35.5	38.8
Loans to households (% of total assets)	2.5	2.8	5.1	8.8	10.8	10.9
Corporate sector deposits (% of total liabilities)	42.7	39.4	36.5	32.0	34.6	36.6
Loans to corporate sector (% of total assets)	49	55.8	59.7	57.8	54.2	51.8
Maturity structure of loans (LT loans as % of total loans)	14.0	17.7	22.8	38.3	46.8	47.6
Non-performing loans (% of total loans)	11.3	5.8	4.5	3.4	3.2	3.0
Degree of financial intermediation						
<i>Bank assets/GDP, %</i>	23.4	24.9	30.0	40.0	41.0	n/m
<i>Loans/GDP, %</i>	11.5	13.9	18.6	25.7	25.9	n/m
<i>Deposits/GDP, %</i>	11.0	12.6	16.7	23.2	24.1	n/m
Concentration ratio (Top-10 banks' share in total assets, %)	57.0	55.6	54.0	53.7	53.1	52.9
Market share of state-owned banks (total assets, %)	n/a	14.0	12.0	9.5	8.2	7.8
Market share of foreign-owned banks (total assets, %)	n/a	8.4	7.4	7.6	8.1	8.9

Source: National Bank, State Statistics Committee, Concorde Capital

Ukraine's Ten Largest Banks

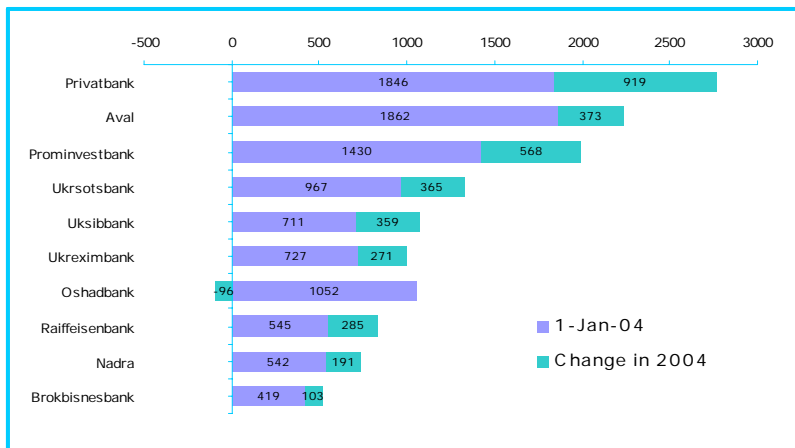
Mapping Ukraine's Top-10 Banks

Net Assets Growth Rates In 2004



Source: National Bank, Concorde Capital

Net Assets, USD mln



Source: National Bank, Concorde Capital

For the last three years the structure rating system for the top largest Ukrainian banks, in terms of assets has remained almost unchanged. Three banks: Privatbank, Aval and Prominvestbank are traditionally hold the highest ratings.

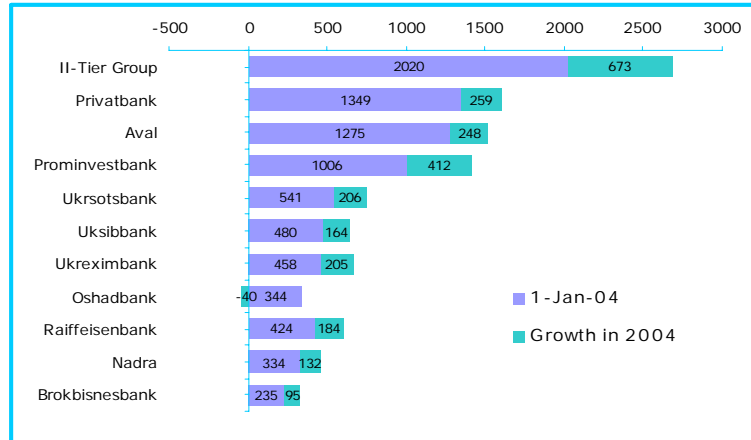
The top-10 Ukrainian banks account for more than half of the total banking assets. However since 1999 the concentration of banking assets in the largest Ukrainian banks has been steadily diluted: from 59.7% in 1999 to 53.1% currently. This change is due to the expansion of banks in the second-tier group in developing retail banking. As a result the assets of II-tier group banks grew at much faster rates than top-10 banks and the entire banking system: 42.1% vs. 32.9% and 34.1%, respectively.

Due to the lower interest spreads, the net interest margin for the top-largest banks, 4.8%, is slightly less than that of the III-tier banking group, 4.9% and far below IV-tier group, 5.8%. However, non-interest incomes play an important role at top-10 banks and account for 54.3% of total revenues that is considerably higher than 45% on average for all other banks. The non-interest margin of 5.4% at the top-10 banks is higher than 4.6% for smaller banks of II and III groups.

High expenditures on branch-network maintenance have affected the operational results of the top-10 banks, while the smaller banks of the second group still lack the larger group's economy of scales. This is reflected by the higher cost/income ratio of 68.2% for top-10 banks and 62.2% for II-tier group in comparison to 58.1% for III-tier banks which do not possess a large branch-network. As a result the top-10 banks post lower net income margins, at 5.2%, in comparison to 8.1% and 9.9% for smaller banks of I and II-tier groups. While the ten largest banks make up 53.1% of the total banking assets, their share income of the entire banking system is just 46.1% which gives them a lower ROA (0.9%) versus 1.1% for II-tier group, 1.4% for III-tier banks and 1.3% for IV-tier group of banks.

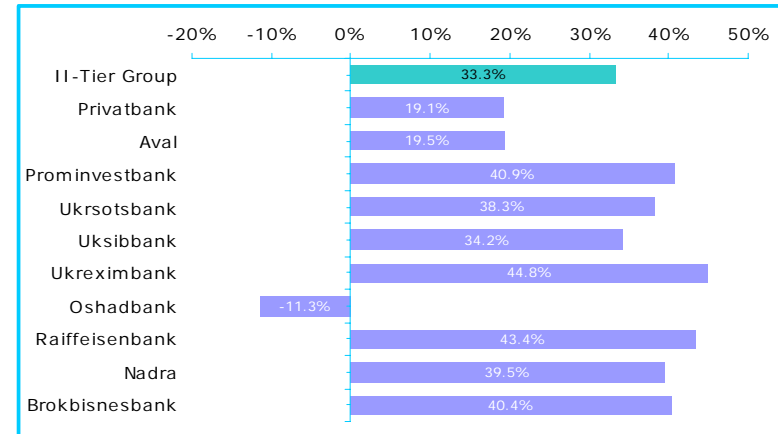
Top-10 Banks: Lending

Loan Portfolio, USD mln



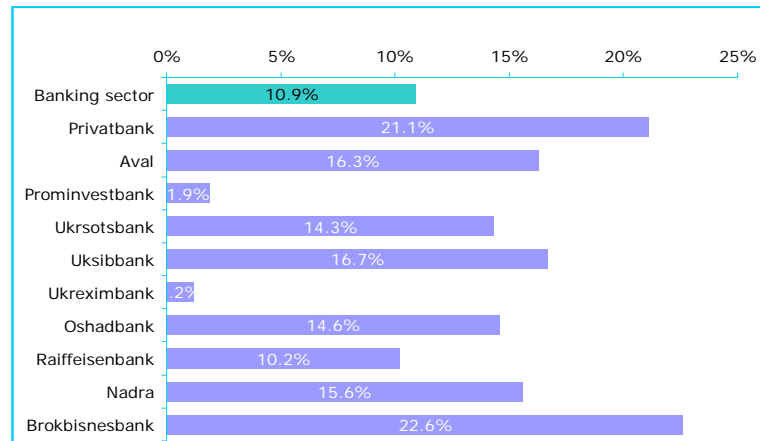
Source: National Bank, Concorde Capital

Loan Portfolio Growth In 2004



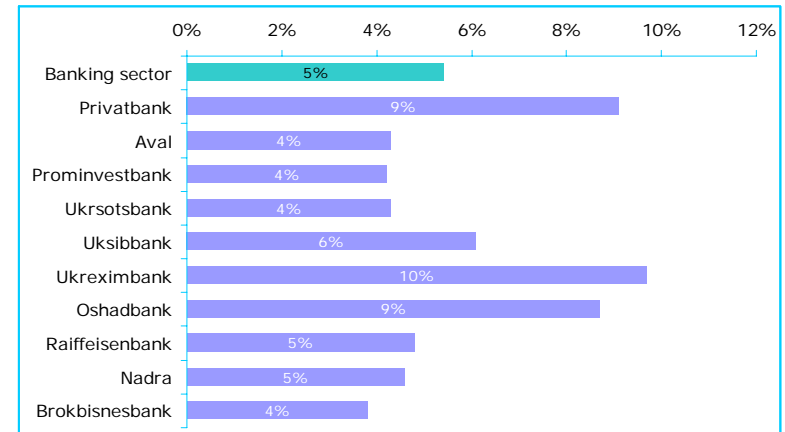
Source: National Bank, Concorde Capital

Household Loan Share, % of total loans



Source: National Bank, Concorde Capital

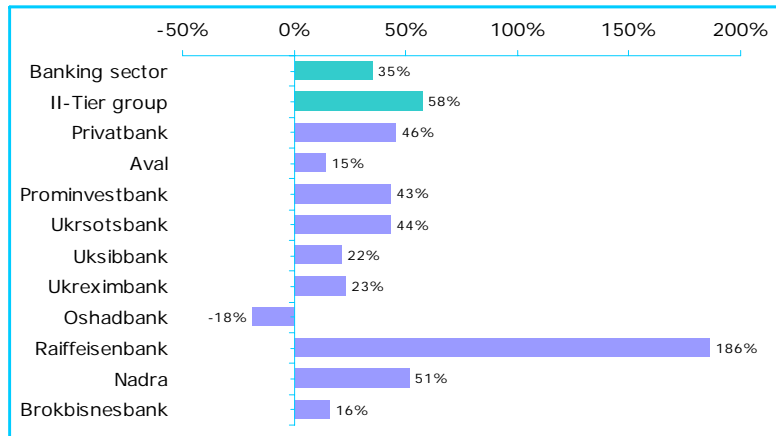
Provision For Loan Impairment, % of assets



Source: National Bank, Concorde Capital

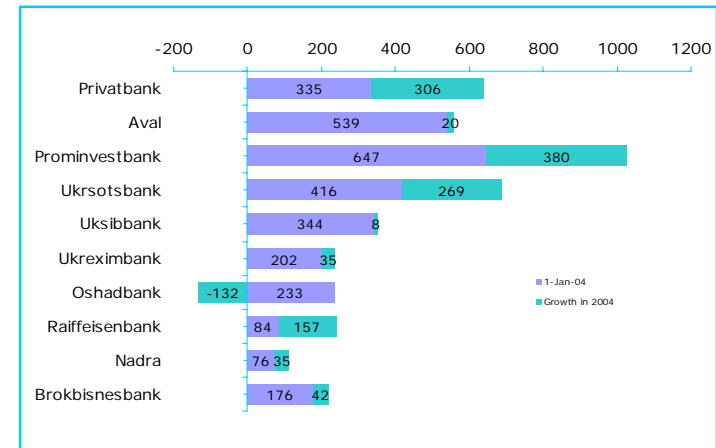
Top-10: Deposits

Growth Of Private Sector Deposits In 2004



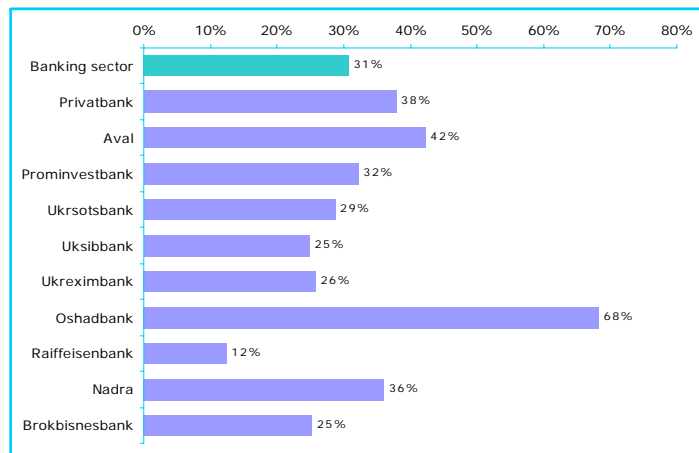
Source: National Bank, Concorde Capital

Corporate Deposits, USD Mln



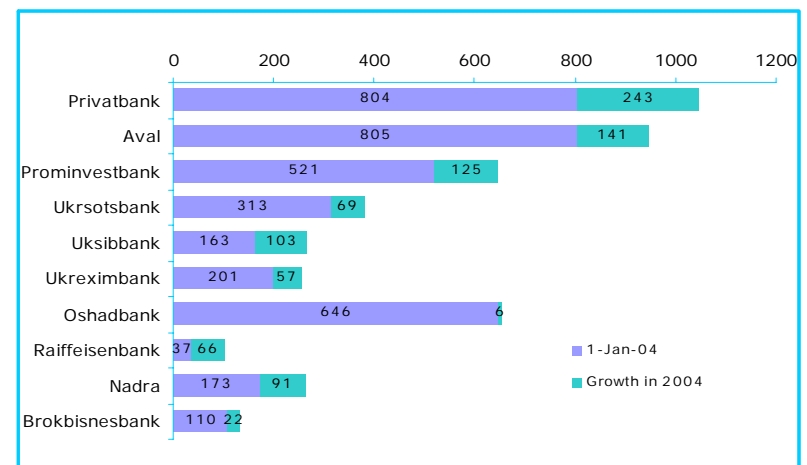
Source: National Bank, Concorde Capital

Household Deposits, % of total liabilities



Source: National Bank, Concorde Capital

Household Deposits, USD Mln



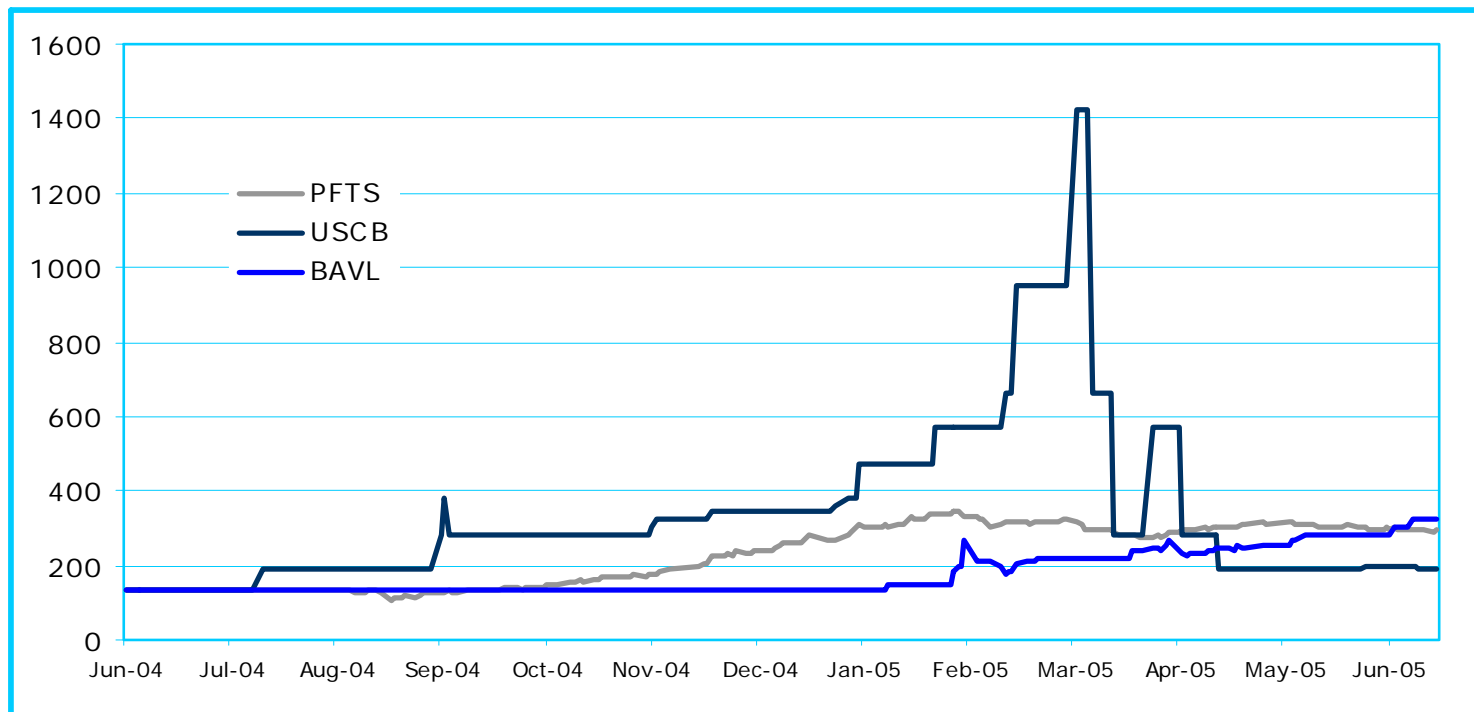
Source: National Bank, Concorde Capital

Top-10 Banks: Ownership

	Total assets, USD mn	Ownership	Comments
Privatbank	2776	Privat Group: Privat-Intertrading (29%), Sentoza Ltd. (25%), Vist Ltd. (25%), Solm Ltd. (21%)	The bank is a core asset of the Privat financial-industry group.
Aval	2338	Management: > 80%	Since the start of 2005, the management has been negotiating to sell an 80-100% stake to Raiffeisenbank
Prominvestbank	2000	Management: > 50%	
Ukrsotsbank	1334	Ferrous Trade International (Interpipe group): ~90%	The bank was valued at USD300 mn during negotiations with Vneshtorgbank (Russia). Currently, Russia's Alfa-Bank and some western banks are targeting Uksotsbank's acquisition in 2005-06.
Ukrsibbank	1072	Ukrainian Metallurgical Company (Ukrsib Group): 50.1%	
Ukreximbank	999	state: 100%	
Oshadbank	957	state: 100%	
Raiffeisenbank	832	Raiffeisen Group: 100%	
Nadra	734	Continium Group: 54%	
Brokbisnesbank	522	S.Buryak and A.Burayk: 35% and 37.5%; Consern Stirol: 20%	

Stock Market

Bid Prices, rebased



Source: PFTS

Stock	Mkt price USD	Mcap USD mln	Liquidity	PFTS	Spread	Free Float	FF Mcap USD mln	Avg Monthly Trading USD mln	Annualized FF Turnover
Aval	0.05	500	Low	listed	12%	10%	50.0	0.2	4.8%
Ukrsotsbank	0.1	69	Low	listed	206%	10%	6.9	n/a	n/a

Second-Tier Banking Group Performance

	Assets USD mn	Asset Growth, %	Loan Growth, %	Deposit Growth, %	Net income USD mn	ROA, %	ROE, %
Ukrprombank	448.8	136.3	140.0	90.9	2.4	0.75	3.5
Finance & Credit	431.0	23.6	45.7	33.7	1.3	0.32	3.6
Express Bank	405.6	208.4	78.2	368.9	6.9	2.56	24.1
FUIB	372.9	42.4	34.4	51.7	6.6	2.07	9.1
Kreshatyk	353.6	95.6	86.5	117.8	2.2	0.82	7.8
Forum	344.6	55.9	65.4	49.6	3.5	1.23	10.2
Pravex Bank	309.7	-0.9	12.9	15.6	1.5	0.47	6.5
Pivdenniy	301.6	29.1	26.9	10.3	3.3	1.25	12.3
ING Bank	301.3	34.4	8.2	109.3	4.4	1.68	18.7
Dongorbank	278.4	103.5	39.7	162.3	8.9	4.31	23.5
Ukrgazbank	269.3	32.0	34.6	21.4	2.3	0.97	9.5
Kreditprombank	263.3	6.9	10.3	22.9	2.8	1.09	7.9
Kredyt Bank	251.5	14.1	24.5	18.4	1.5	0.63	5.4
Vabank	244.1	34.5	5.6	54.7	1.5	0.71	9.5
<i>Average</i>	<i>326.8</i>	<i>58.3</i>	<i>43.8</i>	<i>80.5</i>	<i>3.5</i>	<i>1.1</i>	<i>8.5</i>
<i>Top-10 avrg</i>	<i>1346.4</i>	<i>34.3</i>	<i>30.9</i>	<i>42.7</i>	<i>10.9</i>	<i>0.9</i>	<i>7.6</i>

Source: National Bank, Concorde Capital

International Comparison

Basic Banking Indicators: Ukraine vs CEE

	Assets/GDP, %	Total loans/GDP, %	Deposits/GDP, %	Loan CAGR 00-03 %	Deposit CAGR 00-03 %
Ukraine	40	25.7	23.2	56.8	56.5
Poland	65	31	39	8	5
Hungary	79	39	40	22	14
Czech Rep.	107	35	63	-4	2
Slovakia	83	34	67	1	9
Slovenia	89	42	52	15	15
Croatia	105	61	61	24	21
Bulgaria	50	26	34	44	22
Romania	33	18	21	46	37
CEE(8)*	74	34	44	12	10
Euro Area*	201	102	73	4	6

* Unweighted average

Source: National Bank, Bank Austria Creditanstalt, Concorde Capital

Ukrainian Banking Sector Profitability vs CEE & EU

	ROE, %	ROA, %	Capital adequacy ratio, %
Ukraine	8.4	1.1	16.8
<i>EU-15 (Top 50)*</i>	<i>11.0</i>	<i>0.4</i>	<i>11.0</i>
<i>EU-CEE(5) (Top 31)**</i>	<i>12.0</i>	<i>1.1</i>	<i>15.0</i>
Poland	5.0	0.4	13.6
Hungary	20.0	2.1	13.7
Slovakia	16.0	1.6	22.2
Czech Rep.	17.0	1.0	14.5
Slovenia	13.0	2.0	11.6
Romania	18.2	2.5	20.0
Bulgaria	18.7	2.4	22.0

* unweighted average

** unweighted average for EU's 5 new members: Poland, Hungary, Czech Rep., Slovakia, Slovenia

Source: National Bank, Bank Austria Creditanstalt, RZB Group, Concorde Capital

	Net interest margin, %	Non-interest income/ Total revenues, %	Cost/Income ratio, %
Ukraine	4.9	50.6	65.5
<i>EU-15 (Top 50)*</i>	<i>1.6</i>	<i>47</i>	<i>61</i>
<i>EU-CEE(5) (Top 31)**</i>	<i>3.1</i>	<i>42</i>	<i>64</i>
Poland	2.8	57	75
Hungary	4.0	37	54
Slovakia	3.5	24	58
Czech Rep.	2.9	38	60

* unweighted average

** unweighted average for EU's 5 new members: Poland, Hungary, Czech Rep., Slovakia, Slovenia

Source: National Bank, Bank Austria Creditanstalt, RZB Group, Concorde Capital

Ukrainian Banks vs EM Peers

	Assets growth %		Loan growth, %		Deposit growth, %		Operating profit growth, %		Net interest income/ Total Revenue, %		Net income, USD mn	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
<i>Aval</i>	<i>66</i>	<i>19.4</i>	<i>68</i>	<i>19.4</i>	<i>48.9</i>	<i>14.6</i>	<i>35.6</i>	<i>33.9</i>	<i>48.3</i>	<i>41.4</i>	<i>2.2</i>	<i>3.4</i>
<i>Ukrsotsbank</i>	<i>67.1</i>	<i>37</i>	<i>86.4</i>	<i>37.9</i>	<i>77.7</i>	<i>43.6</i>	<i>31.7</i>	<i>25.9</i>	<i>47.6</i>	<i>43.7</i>	<i>11.3</i>	<i>16.2</i>
<i>Ukrribank</i>	<i>108</i>	<i>45.6</i>	<i>120</i>	<i>35.1</i>	<i>102</i>	<i>21.5</i>	<i>81.9</i>	<i>65.5</i>	<i>49.2</i>	<i>54.6</i>	<i>7.7</i>	<i>15.2</i>
FHB	170	34.3	162.6	124.5	0	0	119.9	40.3	92.2	101.3	3424	7428
Bank Millennium	3	5.9	-4.4	-30.6	-1.2	13.1	-71	347.3	50.4	34.2	41	241
Kredyt Bank	-2	-9.2	-6.7	-21	-4.9	-8.2	-29.6	38.5	46.4	43.5	-1567	185
BRE	11.3	7.1	24.6	-9.7	17.2	18.2	-28.9	56.4	26.5	32.8	0.2	-10.8
INGBSK	7.3	20.9	-4.5	-16.8	3.9	25.9	-8.7	22	56.4	47.7	31	366
Bank Handlowy	3.5	2	-3.3	-25.3	10.2	-5.5	-27.9	-12.1	37.2	43.9	251	420
Peer Average	32.2	10.2	1.1	-20.7	5.0	8.7	-33.2	29.0	43.4	40.4	80.8	254.1

Source: Financial statements from banks, CAIB, Concorde Capital

Note: Peer group was chosen on the basis of comparable market capitalization

Ukrainian Banks vs. EM Peers (Cont'd)

	Net interest margin, %		ROA, %		ROE, %		Cost/Income Ratio, %	
	2003	2004	2003	2004	2003	2004	2003	2004
Aval	6.5	5.5	0.15	0.17	1.55	1.65	83.2	86.2
Ukrsotsbank	5.9	4.6	1.5	1.4	12.4	11.8	73.1	69.9
Ukrrsibbank	7.4	7.6	1.5	1.8	17.9	15.4	54	58.9
FHB	4.6	4.1	1.6	2	41	48.9	56.6	38.9
Bank Millennium	3.4	3.4	0.2	1.2	2.3	12.9	91.1	74.5
Kredyt Bank	3.3	3.1	nm	0.8	nm	17.5	85.2	78
BRE	1.1	1.8	0	-0.9	0.3	nm	90.7	90.3
INGBSK	3.5	2.8	0.1	1.1	1.1	12.5	68.2	65.2
Bank Handlowy	2.6	3	0.8	1.3	4.2	6.9	70.8	75.2
Peer Average	3.1	3.0	0.5	0.9	9.8	19.7	77.1	70.4

Source: Banks' financial statements, CAIB, Concorde Capital

	MCap, USD mn	P/E		P/B		P/Operating profit	
		2003	2004	2003	2004	2003	2004
Aval	500	227	147	2.9	2.0	2.8	2.1
Ukrsotsbank	69	6.1	4.2	0.67	0.4	0.74	0.57
FHB	352	21.3	10.9	6.9	4.4	7.0	5.6
Bank Millennium	783	63.7	10.8	1.5	1.3	26.5	5.9
Kredyt Bank	775	nm	12.0	2.9	1.7	7.1	6.9
BRE	1078	nm	nm	1.8	1.9	29.4	21.2
INGBSK	1636	176.8	14.7	2.0	1.7	10.7	8.7
Bank Handlowy	2622	36.4	21.7	1.5	1.5	15.7	17.9
Peer Average		40.5	14.0	2.8	2.1	16.1	11.0

Source: Banks' financial statements, CAIB, Concorde Capital

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